



IN THE PIPELINE

TEXAS PIPELINE ASSOCIATION NEWSLETTER

SUMMER 2021

WELCOME TO THE SUMMER 2021 EDITION OF *IN THE PIPELINE*

Since publication of the last issue of *In the Pipeline* in the fall of 2020, much has happened, including the postponement of our Winter 2021 issue due to Winter Storm Uri. Thure addresses this in his President's column on page two, as do all our contributors with comprehensive coverage of the 87th Texas Legislative Session as it pertains to the Texas midstream industry.

In addition, in January TPA elected a new chairman, Shay Bluntzer. Bill Ward was elected TPA's vice chairman. Please see Shay's bio, as well as the full roster of TPA's Board of Directors, and enjoy the Summer 2021 issue of *In the Pipeline*.



SHAY BLUNTZER, CHAIRMAN, TEXAS PIPELINE ASSOCIATION

Shay Bluntzer was elected chairman of the Texas Pipeline Association in January 2021, after serving on the TPA Board of Directors since 2013. In his role as executive director of Public Affairs at NuStar – a publicly traded limited partnership based in San Antonio and one of the largest independent liquids terminal and pipeline operators in the nation – Shay has been instrumental in building the company's profile at the highest levels of government. He also serves as a member of the Board of Directors for NuStarPAC, a political action committee dedicated to the advancement of NuStar's business objectives.

Shay serves on the Board of Directors for the Energy Infrastructure Council, an organization dedicated to the improvement and enhancement of the United States' energy infrastructure. He also serves on the government relations committees of several prominent national, state and local trade associations in the energy sector. Shay previously served on the Board of Directors for the Boys & Girls Clubs of San Antonio and is a dedicated volunteer and avid supporter of the United Way and Haven for Hope. He holds a degree in public administration from Texas State University.

2021 BOARD OF DIRECTORS

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TEXAS PIPELINE ASSOCIATION

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604 W 14TH ST., AUSTIN, TX 78701

512.478.2871

WWW.TEXASPIPELINES.COM

For comments or submissions, please contact:

Jeannine Wheeler at Pure Energy PR

jjwheeler@pureenergypr.com

Editor: Jeannine Wheeler

MESSAGE FROM THE PRESIDENT



Friends,

Welcome to the after-session edition of In the Pipeline! After a brief session break, this edition contains a great deal of information on the legislation that was considered during the 87th Texas Legislature, along with summaries and some timelines for the implementation of passed legislation. It also contains an updated Board of Directors list, as well as some industry news that has occurred during the last several months. It's a comprehensive issue and we offer our thanks to all of the contributors and companies who have shared their thoughts and views with TPA.

This past legislative session was one like we've never seen. At the beginning, there was extremely limited access to the Capitol and the discussion of many is that the state budget would be the only issue of significance to pass. Then Winter Storm Uri hit, along the same time that vaccines were becoming more available and activity around the legislature started to get busier. By April, the Capitol was in full swing like a normal session, but with the exception that complex issues were being addressed in a much more expedited fashion to try to beat end-of-session deadlines. TPA's major piece of legislation, fair and workable eminent domain reform, was right in the middle of it all. But thanks to the year-and-a-half of hard work prior to session, TPA and its member companies were able to prevent efforts to try and overhaul the legislation to make it punitive for entities with eminent domain authority. By working with Chairman Deshotel and Chairman Burns, the eminent domain reform bill passed without any amendments and was signed into law by Gov. Abbott. This was a remarkable achievement that could not have happened without the steadfast advocacy and hard work of the people in our industry.

TPA member companies were also heavily involved in the negotiations of other legislation relating to bulk storage vessels and were instrumental in helping craft legislation relating to Winter Storm Uri. What eventually passed the legislature was far more workable for industry than what was originally proposed. Again, TPA member companies proved to be invaluable in these discussions by having the expertise and knowledge to guide the narrative and produce something that was satisfactory to the members of the legislature and allowed industry to continue to efficiently operate. There is still work to be done in these areas with respect to agency rulemaking, but industry's starting position was improved because of the groundwork that was placed.

And other exciting news for TPA, we will be having our first in-person Board Meeting in over a year and a half at La Cantera in San Antonio! At our meeting, TPA will host Railroad Commissioner Jim Wright at a luncheon where he will be the keynote speaker. We are looking forward to seeing everyone in person again!

We hope you find this edition of In the Pipeline beneficial and we encourage member companies to send any news or happenings that we can share, as it is always helpful to spread the great things our industry is doing for our state. And as always, all the staff at TPA stands ready to work on issues to assist industry and advocate for a productive business environment. We are grateful for the opportunity to work for an industry and our member companies, who do so many positive things to make all our lives better. We look forward to visiting with all of you soon and wish you and your families health and happiness.

All my best,
Thure Cannon

IMPORTANT DEVELOPMENTS REGARDING OIL AND NATURAL GAS PERFORMANCE STANDARDS

By Don Lewis, Duggins Wren Mann & Romero, LLP

On Sept. 14, 2020, the U.S. Environmental Protection Agency (EPA) published a rule entitled "Oil and Natural Gas Sector: Emission Standards for New, Reconstructed, and Modified Sources Review." Consistent with other environmental regulations finalized by the Trump Administration, the rule eased regulatory burdens on industry established by the oil and gas new source performance standards (NSPS) by (1) removing sources in the transmission and storage segment from the source category; (2) rescinding the NSPS (including VOC and methane requirements) applicable to those sources; and (3) rescinding the methane-specific requirements of the NSPS applicable to sources in the production and processing segments. In the rule, EPA also interpreted the Clean Air Act to provide that EPA, before promulgating NSPS for certain air pollutants, must first determine that the pollutant causes or contributes significantly to dangerous air pollution.

That, however, was not the end of the story. A federal law called the Congressional Review Act (CRA) authorizes Congress to disapprove, and thus eliminate, recently promulgated agency rules. Passage of a CRA resolution of disapproval means that the rule may not continue in effect and is treated as though it had never taken effect. After the election of President Biden, the Sept. 14, 2020 rule was targeted by the Biden Administration and Democratic leaders in Congress for revocation under the CRA.

Accordingly, in April 2021, the Senate voted 52-42 to disapprove the Sept. 14, 2020 rule, and in June 2021, the House of Representatives also voted (229-191) to disapprove the rule. The resolution of disapproval was signed by President Biden on June 30, 2021. When that happened, the narrowing of the oil and gas NSPS accomplished by the Trump Adminis-

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tration on Sept. 14, 2020 was erased from the books as if it never happened. An EPA guidance document issued shortly after the resolution was signed states, among other things, that (1) sources in the transmission and storage segment that commenced construction, reconstruction or modification after Sept. 18, 2015 are subject to the methane and VOC requirements in the 2016 NSPS (Subpart 0000a); and (2) sources in the transmission and storage segment that commenced construction, reconstruction or modification after Aug. 23, 2011 and on or before Sept. 18, 2015 are subject to the VOC requirements in the 2012 NSPS (Subpart 0000).

Although that was a major development with respect to performance standards for the oil and gas industry, it is unlikely to be the only one. EPA has announced that it is developing new and more restrictive performance standards – both for new or

modified sources and for existing sources in the industry – with a proposal expected in September. Imposition of new standards upon existing sources could pose significant cost burdens on companies, as it might require retrofitting of existing equipment to meet the new standards.

This is in keeping with President Biden’s Executive Order 13990, issued shortly after his inauguration, which directed EPA to consider issuing a proposed rule by September 2021 to strengthen standards for methane emissions from new, reconstructed and modified oil and natural gas sources and to address methane emissions from existing sources. It is part of the Biden Administration’s more aggressive approach to environmental regulatory enforcement, which has already touched many different areas of federal law and is expected to continue throughout President Biden’s term.

TPA TAKES STOCK OF THE OIL AND GAS INDUSTRY BILLS THAT ARE NOW LAW FOLLOWING THE 87TH TEXAS LEGISLATIVE SESSION

By Jennifer Coffee, TPA Legislative Director and General Counsel

Sunday, June 20, 2021 marked the end of Gov. Abbott’s veto period and thus, the *de facto* end of the state’s 87th regular session. Below is an overview of the oil and natural gas bills that passed. Those bills that were neither vetoed nor signed nonetheless became law without signature. Bills marked with an asterisk indicate the authorization of a rulemaking proceeding.

Winter Weather Bills

State lawmakers responded to February’s deadly winter storm power outages with a few key pieces of legislation designed to modify the state’s power grid and begin to address some issues exposed by the storm — such as requiring energy supply chain facilities to modify infrastructure to withstand more extreme weather conditions and developing a services securitization program. Senate Bills 2 and 3 are the two major power grid reform bills that passed.

SB 2 by Sen. Kelly Hancock (R-North Richland Hills) changes the makeup of the Electric Reliability Council of Texas’ (ERCOT) board of directors, reducing the number of members from 16 to 11 and requiring instead that the Governor, Lt. Governor and House Speaker appoint a committee to make these board selections (as opposed to so-called “industry insiders” appointing them).

Signed by Gov. Abbott; effective immediately

SB 3* by Sen. Charles Schwertner (R-Georgetown) formalizes the Texas Energy Reliability Council (TERC) at the Railroad Commission of Texas (RRC), creates the Texas Electricity Supply Chain and Mapping Committee to identify and designate critical facilities in the

electric supply chain, and perhaps most importantly, deals with the weatherization of facilities that serve the electrical grid, including power plants and natural gas supply facilities. While some say this new legislation unjustly requires more weatherization for electricity generators than for gas facilities, we believe it strikes the right balance by requiring only those gas facilities deemed “critical” by the RRC to weatherize. There is little sense in requiring those gas operations that are not responsible for putting power on the grid to undergo costly retrofits before such time where they are expected to provide gas. Had the state of Texas covered the cost of weatherization for facilities, perhaps those more sweeping proposed measures would have been more feasible. Unfortunately, the Texas Senate did not approve a \$2 billion plan to help companies pay for weatherization, despite the governor’s claim to do so immediately following the storm. Thus, companies are expected to bear the brunt of the cost to retroactively equip their facilities to comply with new regulations.

Signed by Gov. Abbott; effective immediately

**Requires rulemakings by the Public Utilities Commission of Texas (PUC), the Texas Commission on Environmental Quality (TCEQ) and the RRC*

HB 3648* by Rep. Charlie Geren (R-Fort Worth), relating to the designation of certain gas and electric facilities as “critical” infrastructure, also passed both chambers, but the provisions of this bill are in large part already incorporated into the body of SB 3.

Signed by Gov. Abbott; effective immediately

**Requires rulemakings by the PUC and RRC*

SB 2154 by Sen. Charles Schwertner (R-Georgetown), relating to the governance of the PUC increased the number of commission

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appointments from three to five, adding additional criteria and parameters for qualification and requiring appointment of the chair within 30 days of the bill's effective date. Other persons not eligible for appointment are certain registered lobbyists, employees of trade associations or their spouses or persons serving, employed or financially in certain positions that pose conflicts of interest.

Signed by Gov. Abbott; effective immediately

Three bills were introduced and passed to deal with the financial fallout of the storm: SB 1580, HB 1520 and HB 4492.

SB 1580 by Sen. Kelly Hancock (R-North Richland Hills) establishes a procedure for electric cooperatives to securitize about \$2.4 billion in debt.

Signed by Gov. Abbott; effective immediately

HB 1520 by Chairman Chris Paddie (R-Marshall) lays out a similar process for gas utilities to securitize roughly \$4.5 billion in debt.

Effective Immediately

HB 4492 by Chairman Chris Paddie (R-Marshall) allows companies and utilities to securitize their debt from costs and charges by ERCOT that pay for grid reliability services and calls for an \$800 million loan from the state's Economic Stabilization Fund (commonly known as the Rainy Day Fund), to pay off shortfalls owed to ERCOT by market participants who have since filed for bankruptcy, left the market or won't be able to pay what they owe for some other reason.

Effective Immediately

Eminent Domain

See page 6 for further details on HB 2730.

HB 2730* by Chairman Joe Deshotel (D-Port Arthur) relating to the acquisition of real property by an entity with eminent domain authority and the regulation of easement or right-of-way agents. The result of years of intense negotiations, the following provisions summarize consensus on language that makes significant modifications to the eminent domain process, while ensuring the building of critical infrastructure continues to keep pace with our state's growing population and needs.

Key Provisions

- *Landowner's Bill of Rights (LOBR) remains at the Office of the Attorney General with public comment (not officially a rulemaking).
- LOBR will include the right to file a complaint against a registered easement or right-of-way agent.
- In dealing with private entities, landowners are given required easement terms, unless a waiver is signed, or the landowner provides his or her own form.
- Addendum will be added to the LOBR with the easement terms attached.

- *Right-of-way agent education developed by the Texas Real Estate Commission (TREC), which is given rulemaking authority.
- Special commissioner's and alternates appointment front-end timeline is formalized, creating deadlines to appoint and strike commissioners.

Signed by Gov. Abbott; effective Jan. 1, 2022

HB 4107 by Rep. Dustin Burrows (R-Lubbock) relating to the notice of entry for the purpose of exercising the power of eminent domain by a common carrier pipeline establishes that entities with eminent domain authority seeking to conduct a survey must provide a 48-hour notice period before they can conduct a survey on the property. During the layout of the bill, both Sen. Kolkhorst (R-Brenham) and a representative from the South Texas Property Rights Association noted that more time would be needed in order to move livestock and make accommodations for planned hunts, even though it is not necessary for either to be done for a survey. Ultimately, the bill language remained as suggested by TPA.

Signed by Gov. Abbott; effective immediately

SB 721 by Sen. Charles Schwertner (R-Georgetown) relating to the disclosure of appraisal reports in connection with the use of eminent domain authority states that the entity seeking eminent domain authority has up until three business days before a special commissioners hearing to turn over any and all appraisal reports they've acquired relating specifically to the property to be used in determining the entity's opinion of value, if an appraisal report is to be used at the hearing. This is already a requirement for landowners and the bill makes it a reciprocal requirement for condemning entities.

Signed by Gov. Abbott; effective Sept. 1, 2021

SB 725 by Sen. Charles Schwertner (R-Georgetown) relating to the qualification of land for appraisal for ad valorem tax purposes as agricultural land and the liability for the additional tax imposed on such land if the use of the land changes as a result of a condemnation. In prior sessions, TPA has supported legislation to prevent the reclassification of agricultural use land when part of it is taken by eminent domain. The bill as filed would apparently prevent such reclassification of land if the right-of-way is less than 200-feet-wide, which would exclude most or all pipeline easements.

Signed by the Gov. Abbott; effective Sept. 1, 2021

SB 726 by Sen. Charles Schwertner (R-Georgetown) relating to establishing actual progress for the purposes of determining the right to repurchase real property from a condemning entity increases the number of completed actions required from two to three and adds "contracting with," preparation of an easement language and application for a "certificate" to develop to the list of qualifying actions.

Signed by Gov. Abbott; effective Sept. 1, 2021

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Other Legislation

SB 900* by Sen. Carol Alvarado (D-Houston) relating to the safety of storage vessels, also known as the Aboveground Storage Tanks bill, directs the TCEQ to establish a program of performance standards for the design, construction, operation and maintenance of tanks, particularly as they perform during accidents and natural disasters. A new definition of storage vessels is created for certain vessels with a capacity of 21,000 gallons or more and containing a substance regulated under Chapter 26 of the Water Code. (Exempts 11 vessels that are federally preempted from regulation, contain substances that are not particularly volatile or hazardous and/or used in operations that are not considered high-risk.) The commission may grant further exemptions to tanks that are considered low-risk. The language provides suggested industry acceptable standards (national consensus standards) for the commission to consider but allows operators to use alternative standards to achieve the same overall safety goals, so long as they are, in fact, industry-accepted standards.

Operators must register tanks within 30 days and report their compliance status to the commission but will not be required to make physical alterations to their tanks until their next regularly scheduled out-of-service maintenance period or by Sept. 1, 2037, whichever is sooner. Language allows for exceptions if the operator demonstrates that doing so would be technically impracticable. Operators must certify compliance every 10 years, and TCEQ must conduct on-site inspections every five years and keep the information they obtain confidential. Allows for collection of reasonable certification fees to be paid by the member, for the purpose of administering the program.

Signed by Gov. Abbott; effective Sept. 1, 2021

**Requires rulemakings by TCEQ*

HB 17 by Chairman Joe Deshotel (D- Port Arthur) relating to a restriction on the regulation of utility services and infrastructure based on the energy source to be used or delivered. Prohibits regulatory authorities, planning authorities and political subdivisions from (1) adopting or enforcing regulations with the intent of directly or indirectly restricting the connection or reconnection of a utility service (i.e., construction, maintenance or installation of infrastructure for a

utility based on the type or source of energy being delivered to the end-use customer); (2) imposing an additional or different charge based on the type of utility; or (3) discouraging installation of facilities for delivery or use of a utility based on the type of energy to be delivered to the end-use customer.

Signed by Gov. Abbott; effective immediately

SB 13 by Sen. Brian Birdwell (R-Granbury) would require state entities – including state pension funds and Texas’ massive K-12 school endowment – to divest from companies that refuse to invest in or do business with fossil fuel-based energy.

Effective Sept. 1, 2021

HB 1428 by Rep. Dan Huberty (R-Kingwood) relating to contingency fee contracts removes the current requirement for Attorney General of Texas approval of a political subdivision's entry into a contingent fee contract for certain legal services, if the purpose of the contract is to collect a delinquent "obligation." As filed, the bill made it easier for political subdivisions to enter into contingent fee contracts, a mechanism that has previously been used by some to sue companies for alleged violations of environmental regulations. The bill author worked with TPA to add language excluding penalties under Chapter 7 of the Water Code from the types of obligations eligible under the bill, thereby eliminating our concerns.

Signed by Gov. Abbott; effective Sept. 1, 2021

SB 211 by Sen. Judith Zaffirini (D-Laredo) relating to judicial review of acts by the TCEQ reduces the time allowed to file an appeal for a ruling, order, decision, administrative order or other act by the TCEQ from 45 to 30 days.

Signed by Gov. Abbott; effective Sept. 1, 2021

SB 219 by Sen. Brian Hughes (R-Tyler) relating to civil liability and responsibility for the consequences of defects in the plans, specifications or related documents for the construction or repair of an improvement to real property was initially of concern as far as how it would apply to certain aspects of critical infrastructure. The bill author worked with industry to alleviate most, if not all, concerns, as those facilities are exempt from the bill.

Effective Sept. 1, 2021

THANK YOU TO THE LEGISLATIVE COMMITTEE

By Anne Billingsley, ONEOK, Inc., TPA Legislative Committee Chair

I have heard several people in the Texas Capitol realm say that this was the hardest session to navigate – from COVID-19, the winter storm, endless Zoom meetings and the uncertainty of many things out of our control. I want to thank TPA’s Legislative Committee for its patience and diligence during this time. Although it is not the same when you are unable to meet in person, this committee was continuously helpful and worked together to push across the finish line on several important issues to TPA, such as eminent domain reform and bulk storage vessel legislation. Thank you for your participation, staying in close communication and giving your company’s input to help us be a stronger association. As we move into special sessions, I look forward to continuing to work with all of you.

SB 3 – EXTREME WEATHER PREPAREDNESS LEGISLATION – SUMMARY AND TIMELINE FOR IMPLEMENTATION

By Phil Gamble, The Law Office of Phil Gamble

SB 3 was signed by Gov. Abbott on June 8, 2021 and became effective immediately. SB 3 was the Texas Legislature's response to outages associated with February's Winter Storm Uri. The legislation contains amendments to the Natural Resources Code, Utilities Code and Water Code. Briefly stated, SB 3 requires the Railroad Commission of Texas (RRC) and the Public Utility Commission of Texas (PUC) to adopt rules to strengthen the electricity supply chain and to decrease the frequency of extended power outages. The RRC is required to adopt rules to establish a process to designate certain natural gas facilities and entities associated with providing natural gas as "critical customers" or "critical gas suppliers" during energy emergencies. Facilities eligible for designation include natural gas production, processing and transportation infrastructure, as well as related water handling and disposal facilities. Once designated, these facilities must be prepared to operate during a weather emergency. HB 3648 requires the RRC to adopt rules no later than Dec. 1, 2021.

SB 3 establishes the Texas Electricity Supply Chain Security and Mapping Committee (Mapping Committee). The Mapping Committee's purpose is to map the electricity supply chain. The electricity supply chain includes facilities used for producing, treating, processing, pressurizing, storing or transporting natural gas for delivery to

electric generation facilities. The committee is required to produce the Electricity Supply Chain Map no later than Sept. 1, 2022.

The RRC is required to adopt rules requiring a gas supply chain facility operator to implement measures to prepare to operate during a weather emergency. The weatherization requirements only apply to facilities included on the Electricity Supply Chain Map and designated as critical by the RRC. SB 3 requires the RRC to adopt these rules not later than six months after the date the Mapping Committee produces the Electricity Supply Chain Map. The rules will include inspection of gas supply chain facilities by the RRC and penalties for noncompliance.

Finally, SB 3 formalizes the Texas Energy Reliability Council (TERC). Membership is comprised of the RRC chair, PUC chair, chief executive of the PUC, TCEQ chair, Texas Transportation chair, ERCOT president, the Texas Division of Emergency Management (TDEM) chief, five persons to represent the natural gas supply chain, five persons to represent the electric industry, three persons to represent energy sectors not otherwise represented and five persons to represent industrial concerns. TERC is required to file a report not later than Nov. 1 of each even numbered year on the reliability and stability of the electricity supply chain.

87TH TEXAS STATE LEGISLATURE PASSES MEANINGFUL EMINENT DOMAIN REFORM

By Carol Sims, Coalition for Critical Infrastructure

HB 2730 marked the culmination of six years of hard negotiations between the Coalition for Critical Infrastructure (CCI) and landowner organizations to reach consensus on reforms that provide more transparency and accountability, without creating litigation traps that would delay projects and increase costs for everybody.

The passage of the legislation also follows a successful strategy commenced two years ago (after the failure of negotiations to produce a bill in 2019) of offering a proactive CCI reform proposal from which to work. This strategy resulted in House Land & Resource Management Chair Joe Deshotel (D-Beaumont) and House Agriculture Chair Dewayne Burns (R-Cleburne) coming together as co-authors of HB 2730 and securing a stakeholder consensus. The consensus bill passed the House without amendments by a 143-1 majority, and then cleared the Senate by a 31-0 majority. Sen. Lois Kolkhorst (R-Brenham), the author of eminent domain legislation that passed the Senate in each of the last three sessions, got the bill over the finish line just as the clock expired. This effort could never have succeeded without the leadership of these three legislators, nor without the concerted effort of stakeholder groups, such as TPA.

HB 2730 by Rep. Joe Deshotel (D-Beaumont), Sen. Lois Kolkhorst (R-Brenham)

Signed by Gov. Abbott; effective Jan. 1, 2022

- Amends §402.031, Government Code, to add to the Landowner Bill of Rights (LOBOR) notice of the property owner's right to file a written complaint with the Texas Real Estate Commission (TREC) regarding misconduct by easement or right-of-way (ROW) agents;
- Requires the LOBOR to include an addendum of required terms for the instrument of conveyance of a pipeline or electric utility easement;
- Requires the Office of the Attorney General (OAG) to conduct a biennial review of the LOBOR with public input;
- Amends Chapter 1101, Occupations Code, to require easement or ROW agents to complete required courses to obtain or renew a certificate of registration (16 hours every two years);
- Prohibits an easement or ROW agent from receiving a financial incentive to make an offer the agent knows or should know is lower than adequate compensation;
- Amends §21.0113, Property Code, to require the written initial offer

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- to include a copy of the LOBOR, an addendum of easement terms, and a prominent notice of whether the offer includes damages to the remainder, if any, or a written appraisal that includes damages to the remainder, if any, prepared by a certified appraiser;
- Requires the initial offer to include an instrument of conveyance with the required terms under §21.0114 unless the entity has previously provided it, the property owner desires a different form, or the property owner provided a form to the entity before the initial offer;
- Requires the offer to include the name and phone number of an entity employee or legal representative;
- Adds §21.0114, Property Code, to establish required easement terms for certain for-profit pipeline and electric transmission entities;
- Requires the entity to notify the property owner of the owner's right to negotiate: (1) to recover damages (or a notice that the consideration for the easement includes damages) for damage to vegetation or income loss from agricultural production or other leases; (2) to require the entity to maintain commercial liability insurance or self-insurance against the entity's negligence;
- Permits the entity and the property owner to agree to different easement terms, including terms different than or not included in the condemnation petition;
- Permits the entity and the property owner to negotiate subsequent amendments to the easement, which must be provided to the property owner seven days before the date the entity files a condemnation petition (unless otherwise agreed);
- Amends §21.012(c), Property Code, to require the entity to provide the condemnation petition to the property owner's counsel on receipt of written notice that the owner is represented by counsel;
- Amends §21.014, Property Code, to require the trial court to appoint special commissioners not later than the 30th calendar day after the petition is filed;
- Requires the court to appoint two alternative commissioners and limits the time period in which the entity or property owner may strike a special commissioner to 10 calendar days after the date of the order appointing commissioners or 20 days after the date the petition was filed;
- Permits a party to exercise a strike after the other party has stricken a commissioner, if the party has not already exercised a strike; and
- Requires the entity to provide a copy of the court's order appointing special commissioners to the property owner and the owner's counsel, if applicable.

**SB 721 by Sen. Charles Schwertner (R-Georgetown),
Rep. Ben Leman (R-Iola)**

Signed by Gov. Abbott; effective Sept. 1, 2021

Adds §21.0111(a-1), Property Code, to require an entity seeking to acquire property by eminent domain to provide to the property owner, at least three business days before the special commissioners' hearing, all current and existing appraisal reports relating specifi-

cally to the owner's property and used in determining the entity's opinion of value, if the report is intended to be used at the hearing.

**SB 725 by Sen. Charles Schwertner (R-Georgetown),
Rep. Ben Leman (R-Iola)**

Signed by Gov. Abbott; effective Sept. 1, 2021

Amends §23.46, Tax Code, to provide that the penalty for a change of use of agricultural land as a result of condemnation is the personal obligation of the condemnor. Provides further that a portion of a parcel of land is not diverted to nonagricultural use because it is subject to a right-of-way less than 200 feet wide acquired by eminent domain, as long as the remaining land qualifies for agricultural use.

**SB 726 by Sen. Charles Schwertner (R-Georgetown),
Rep. Ben Leman (R-Iola)**

Signed by Gov. Abbott; effective Sept. 1, 2021

Amends §21.101, Property Code, to change the definition of "actual progress" by requiring three of the specified actions to be completed rather than two and by eliminating two actions from the list: the acquisition of a tract or parcel adjacent to the property for the same public use project for which the owner's land was acquired from the list of actions and the adoption by a governing body of a development plan that indicates the entity will not complete more than one action before the 10th anniversary of the acquisition of the owner's property. The bill also carves out navigation districts, port authorities, and water districts implementing a project included in the state water plan, which are only required to complete one action, provided that the governing body adopts a development plan indicating that it will not complete more than one action within 10 years.

HB 4107 by Rep. Dustin Burrows (R-Lubbock), Sen. Lois Kolkhorst (R-Brenham)

Signed by Gov. Abbott; effective Sept. 1, 2021

Amends §111.019, Natural Resources Code, to require a common carrier, before entering property for the purpose of a preliminary survey to be used in connection with the power of eminent domain, to provide the property owner with a written notice of intent to enter and an indemnification provision against any damages caused by the survey. Requires the notice to be provided by the 2nd day before entry and include the name and phone number of a person to contact with questions or objections. Limits entry to only that part of the property on the proposed pipeline route or location of pipeline appurtenance and only to performing the survey. Bars removing, cutting or relocating a fence (unless the landowner consents) without prompt restoration. Requires restoration of the land to its previous condition, removal of equipment and sharing with the landowner of any non-privileged information acquired by the survey. Does not prevent an entity in a civil action from seeking survey access rights or seeking to prevent interference.



CHAIRMAN KING ON HOW PIPELINES DELIVER PROSPERITY TO HIS TEXAS HOUSE DISTRICT

The oil and gas industry, of which pipelines are an integral part, is vital to the economy of Texas and the nation. TPA has reached out to Texas state legislators to inquire about the importance of the industry to the residents and businesses of their districts. Here, Rep. Ken King (R-Canadian), speaks about his district, which includes 17 counties in the Panhandle and the South Plains of Texas. He currently serves as chairman of the House Culture, Recreation and Tourism Committee and is a member of the House Public Education Committee and the Energy Council. He also serves on the House Research Organization (HRO) Board of Directors. The HRO is an organization that provides unbiased information regarding each bill that is heard on the House floor. In addition, Rep. King is a member of various caucuses in the House, including the Rural Caucus, the Republican Caucus, the Energy Caucus, the Texas Legislative Manufacturing Caucus and the Sportsman Caucus.

Q. A businessman in the energy services sector, you are also a former Canadian ISD School Board president and one of Texas' top public education experts – which is a relevant tie-in with the oil and gas industry, as its contributions are essential to state education funding. Can you talk about how important the industry is to the overall Texas budget, as well as its education funding?

A. The oil and gas industry is vital to public education. Last year alone, the severance tax put more than \$1 billion into the Foundation School Program, which is the primary funding source for all Texas schools. In general, Texas' budget depends on the productivity of oil and gas as well. Because these commodities are taxed on a percentage of production, the more production, the more money the state collects. Additionally, the jobs in these sectors provide high wages, which vitalizes the Texas economy through sales tax collections. Oil and gas is probably THE most important industry to the state of Texas.

Q. Are energy services a substantial source of jobs and tax revenues in your district? What benefits does it provide and why are they important?

A. About half of my district is oil and gas. Because of the high-paying jobs, it increases our local sales tax, which helps the entire tax base in those areas. Those higher wages allow individuals to be able to afford property, which helps our housing market, and incentivizes people to stay in small towns instead of leaving to make more money in the urban areas.

Q. How has the pandemic affected your district, and do you see the oil and natural gas industry as part of the recovery?

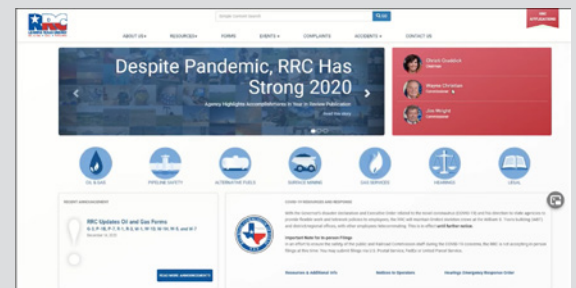
A. There was a lot of job loss in my district, like the rest of Texas, and this put a real strain on the unemployment offices. As we recover, like most recoveries in the past, we recover from higher food, fuel and fiber costs, all three of which are produced in House District 88. I believe my district, and the oil and gas industry as a whole, will be front and center in the recovery efforts.

INDUSTRY NEWS

NATIONAL POLL SAYS AMERICANS IN BROAD SUPPORT OF PIPELINES

A nationwide poll by the Grow America's Infrastructure Now (GAIN) Coalition, found that 60 percent of respondents cited pipelines as the "safest and best method" of transporting oil and gas. Those polled were considerably more likely to choose pipelines over other options, such as by rail or truck. Among those polled, 53 percent of respondents said they have a positive view about pipelines in general; 30 percent are neutral and only 17 percent are negative. Among those polled, 79 percent of respondents said the U.S. should not shut down pipelines "that have been safely operating" and 59 percent disagreed with the administration's decision to cancel the Keystone XL Pipeline. Eighty seven percent believe that the U.S. should continue to work towards becoming energy independent and not rely on foreign sources to meet energy demands. "Both Democrats and Republicans widely support strengthening American energy capabilities and lessening our reliance on foreign energy sources, while bolstering investment in energy infrastructure," said pollster Ryan Munce.

RRC LAUNCHES WEBSITE WITH USER-FRIENDLY ENHANCEMENTS



Earlier this year, the Railroad Commission of Texas (RRC) unveiled a new website with a revamped layout that is designed to be easier to navigate and more task-oriented. Key changes include menu options at the top of the site that provide a one-stop shop for operators and the public. For more information, watch this handy video [tutorial](#).

INDUSTRY NEWS

U.S. STANDS OUT ON FLARING REDUCTION

A recent global report saw some marked improvements in gas flaring. According to the [Global Gas Flaring Tracker Report](#), the United States performed particularly well in 2020, with gas flaring falling by 32 percent from 2019 to 2020, partly due to an 8 percent drop in oil production, but also through the construction of infrastructure to use gas that would otherwise be flared. The United States' reduction accounted for 70 percent, or 5.5 billion cubic meters (bcm) of the global decline. These and other findings are included in the report, jointly authored by the Global Gas Flaring Reduction Partnership and the World Bank.

TIPRO/TNG REPORT UNDERSCORES FLARING PROGRESS IN PERMIAN BASIN

Methane emissions intensity in the Permian Basin has declined over 70 percent the past eight years as oil production more than tripled over the same period, according to an analysis by Texans for Natural Gas (TNG), a project of the Texas Independent Producers and Royalty Owners Association (TIPRO). These and other key findings are included in the report, [Flaring Progress in the Permian: Leading the World](#). "This analysis makes clear the industry's commitment to reducing methane and flaring in the Permian. These data bring to light how innovators in Texas are increasing production to meet rising world energy demands while slashing emissions of greenhouse gases," said Ed Longanecker, president of TIPRO. "As the U.S. oil and natural gas industry continues to show quantifiable progress in reducing energy emissions, having data that tells the full story is critical, and helps us roadmap where we can, and need, to improve."

INVESTING IN U.S. NATURAL GAS PIPELINES SUPPORTS NET-ZERO TARGETS

According to a recent [report](#) by the Columbia/SIPA Center on Global Energy Policy, "Cutting back on the burning of coal, oil and natural gas will be critical to transitioning the country to the lower-carbon energy system it needs to achieve decarbonization targets." And it recommends more, not fewer, pipelines to achieve that goal. "While it may seem counterintuitive, investing more in the domestic natural gas pipeline network could help the U.S. reach net-zero emission goals more quickly and cheaply. Fortifying and upgrading the system could prepare the existing infrastructure to transport zero-carbon fuels as they become available and, in the meantime, reduce harmful methane leaks from natural gas."

ATMOS ENERGY DEPLOYS INNOVATIVE TECHNOLOGY, UNDERSCORING COMMITMENT TO SAFETY AND THE ENVIRONMENT



TIPA member Atmos Energy recently deployed a state-of-the-art gas cloud imaging (GCI) camera with continuous leak detection and monitoring at its Tri-Cities storage facility, furthering its commitment to safety and reducing methane emissions. This technology pinpoints leak location, source and direction. GCI technology uses imaging, coupled with machine learning analytics, to also determine the shape of a gas plume and measure the concentration of a leak, allowing for immediate repair.

"We regularly evaluate new technology as it is brought to market and incorporate innovative solutions into our operations," said Marlan Jarzombek, Atmos Pipeline - Texas vice president of storage and compression. "The GCI camera enhances our ability to monitor our compression and storage assets, providing yet another pathway to provide safe and reliable service and helping to preserve the environment. Atmos Energy is finalizing plans to adopt this technology throughout its enterprise storage operations."

Each gas has a unique emission or absorption signature in the long-wave infrared spectrum, known as the fingerprint region, which makes it possible for the GCI camera to differentiate between them. Its powerful imaging engine analyzes hyperspectral data from every pixel at a rate of 60 times per second to identify more than 50 gases, capturing a gas leak on video in the form of a visual cloud and illustrating the size and direction that the plume is moving.

Including investments in new technology, Atmos Energy allocates more than 85 percent of its capital spending to enhance the safety and reliability of its distribution and transportation systems, delivering efficient and affordable energy to its customers and communities. System modernization efforts include pipe replacement programs and leak repair prioritization, which further contribute to the company's goal of reducing methane emissions by 50 percent from 2017 to 2035.

NEWS BRIEFS



ON LEFT: Mike Howard, CEO of Howard Energy Partners – a TPA member company – with Railroad Commissioner Jim Wright at his swearing in ceremony on Jan. 4. Said Commissioner Wright on the day: “Oil and natural gas will make up the majority of our nation’s energy for decades to come and it is best for our state, our nation and the world if that energy is produced right here in Texas. As commissioner, I will work to streamline enforcement and increase transparency at the Commission, with the ultimate goal of creating a sustainable and dependable lifestyle for all Texans supported by our state’s abundant natural resources.”

ATMOS ENERGY’S 10-YEAR PARTNERSHIP WITH AFRICAN AMERICAN MUSEUM IN DALLAS

The African American Museum in Dallas is the only one of its kind in the southwestern region of the nation devoted to preserving and displaying African American artistic, cultural and historical materials. It has one of the largest African American folk-art collections in the U.S., combining the research of its world-renowned staff with its award-winning design expertise to create high-quality exhibitions and events.

For more than a decade, Atmos Energy [has donated](#) more than \$100,000 to the African American Museum to support many of its programs, including its summer literacy and arts programs. “Giving back to the community is part of who we are as a company, and our partnership with the African American Museum is a rare opportunity to support the preservation of our incredible history and enhance summer programs for Dallas students,” said Oric Walker, Atmos Energy vice president of public affairs and a museum trustee.



PRESENTING THE \$100,000 CHECK AT THE AFRICAN AMERICAN MUSEUM

FROM LEFT: Susan Harris, David Park, Sheena Morgan, Dr. Harry Robinson Jr. (president and CEO of the museum) and his granddaughter Kamili Murithi, Travis Cooper, John Paris, Vonceil Jones Hill (African American Board of Trustees chair), Chris Felan, Oric Walker, Troy Paige, Tammy Espinoza and Jeff Knights. (Photo taken prior to COVID-19.)

ENBRIDGE SETS NEW ENVIRONMENTAL, SOCIAL AND GOVERNANCE GOALS – NET ZERO GHG EMISSIONS BY 2050

Enbridge has announced its goals on [reducing emissions](#) from its operations, as well as increasing diversity in the company. Enbridge’s new and enhanced Environment, Social and Governance (ESG) goals include:

- Net zero greenhouse gas (GHG) emissions by 2050, with an interim target to reduce GHG emissions intensity 35 percent by 2030;
- Increased representation of diverse groups within its workforce by 2025, including a goal of 28 percent from racial and ethnic groups, along with new initiatives to enhance supplier diversity;
- Strengthening diversity on its board of directors with a goal of 40 percent representation of women and 20 percent of racial and ethnic groups by 2025;
- Annual safety and reliability targets that drive continuous improvement towards its goal of zero incidents, injuries and occupational injuries and implementation of robust cyber defense programs; and
- Incentive compensation linked to progress on ESG targets and goals.

TEXAS METHANE & FLARING COALITION ANNOUNCES GOAL OF ENDING ROUTINE FLARING BY 2030

The Texas Methane & Flaring Coalition has issued a [statement](#) that it supports industry’s continued progress to end routine flaring and shares a goal of ending this practice by 2030. TPA, as well as six other Texas trade associations and more than 40 Texas oil and natural gas companies, is a member of the Coalition. Said Thure Cannon, president of TPA, “The Texas midstream industry supports the Texas Methane & Flaring Coalition’s goal to end routine flaring by 2030. TPA member companies look forward to playing a significant role in achieving this goal, as it is recognized that the availability and construction of essential infrastructure is proven to reduce emissions while transporting the hydrocarbon products that Texans rely on every day.” You will also want to check out the group’s [Myth Buster](#), which is useful for overcoming common misconceptions about Texas flaring and emissions. Please share it widely.

TPA IN THE NEWS

BELOW ARE SOME RECENT MENTIONS OF TPA IN THE NEWS.



Opinion: Guest Comment, Thure Cannon, President of the Texas Pipeline Association (TPA), *World Pipelines*, (page 6), July 2021

★ THE TEXAS TRIBUNE

Coverage: Texas could give landowners more say in eminent domain negotiations under bill sent to Greg Abbott's desk, *The Texas Tribune*, May 27, 2021

★ THE TEXAS TRIBUNE

Coverage: Two years after ITC chemical fire in Deer Park, Texas close to making new safety rules for industry, *The Texas Tribune*, May 23, 2021

NGI

Coverage: Texas Natural Gas Service Assured in New Construction with Governor's OK, *Natural Gas Intelligence*, May 19, 2021

NEW MEMBERS



TPA 2021/2022 BOARD MEETING DATES AND LOCATIONS

| | |
|------------------------|--------------------------------------|
| Friday, July 16, 2021 | San Antonio, La Cantera Resort & Spa |
| Thursday, Oct. 7, 2021 | TBD |
| Friday, Jan. 14, 2022 | Houston, C. Baldwin Downtown |

THIS ISSUE'S CONTRIBUTORS

Anne Billingsley, ONEOK, Inc.
Jennifer Coffee, Texas Pipeline Association
Don Lewis, Duggins Wren Mann & Romero, LLP
Phil Gamble, The Law Office of Phil Gamble
Carol Sims, Coalition for Critical Infrastructure
Allison Newsum, Graphic Designer

TWEET THIS!

HELP SPREAD THE WORD. IF YOU'RE ON TWITTER, PLEASE TAKE A FEW MINUTES TO SHARE THESE PRO-INDUSTRY TWEETS!



Texas Pipeline Assoc @TexasPipelines · Jun 23
 Line 3 pipeline attack by left slammed by oil, gas exec: Why would anyone shut it down? It is safe, affordable energy. And America needs more of it right now. @mj_sommers @APLeconomy foxbusiness.com/energy/oil-gas... #pipelines #energy #jobs #economy



Line 3 pipeline attack by left slammed by oil, gas exec: Why would any... Mike Sommers, the American Petroleum Institute president and CEO, argued on Wednesday that "restricting pipeline development and ... foxbusiness.com



Texas Pipeline Assoc @TexasPipelines · Jun 21
 DYK a typical #Texas county receives an estimated \$12,350 in property taxes every year for each mile of pipeline located in the county? That's a lot of \$ for our cities and towns. #pipelines #energy #txlege #budget #education #counties bit.ly/382wpR4



A typical Texas county receives an estimated **\$12,350 in property taxes per year for each mile** of pipeline located in the county.

TEXAS PIPELINE ASSOCIATION | taxaspipelines.com | Update to the Economic Impacts of the Texas Oil and Gas Pipeline Industry, Texas Tech University study, Commissioned by the Texas Pipeline Association, September 2020.



Texas Pipeline Assoc @TexasPipelines · Jun 14
 Most Voters Say Pipelines Are 'Safest And Best Method' Of Transporting Oil And Gas, Poll Finds. #pipelines #oilandgas #infrastructure #texas #fossilfuels #gasprices dailycaller.com/2021/06/10/pol... via @dailycaller



Most Voters Say Pipelines Are 'Safest And Best Method' Of Transportin... A majority of likely voters support the use of oil and gas pipelines and believe it's the "safest and best method" of transporting fossil fuels. dailycaller.com