

# GOVERNMENTAL AFFAIRS REPORT

## FEDERAL – Legislative

### **S. 4405 – Repeal of the Methane Emissions Fee.**

On May 23, Sen. Ted Cruz (R-TX) and 11 cosponsors introduced [S. 4405](#), a bill to eliminate the new methane emissions fee as required by the 2022 Inflation Reduction Act. [Read more](#). Sen. Cruz said that Biden administration officials “have driven up inflation and jeopardized American jobs and energy security, all of which would be made significantly worse by the methane emissions fee in the Inflation Reduction Act. This fee will particularly harm Texas by undermining producers in the Permian Basin and across the state.” The bill is supported by the Independent Petroleum Producers of America, American Exploration and Production Council, Permian Basin Petroleum Association, Texas Alliance of Energy Producers, U.S. Oil & Gas Association, and the American Petroleum Institute, among others. [Read more](#).

### **H.J. Res. 162 – Congressional Nullification of Dunes Sagebrush Lizard Endangered Species Rule.**

On May 31, Rep. August Pfluger (R-TX) introduced [H.J. Res. 162](#) to nullify through the Congressional Review Act the Biden administration’s recent classification of the dunes sagebrush lizard as an endangered species under the Endangered Species Act (ESA). [Read more](#). We previously covered the rulemaking in the May 28, 2024, AAPL Governmental Affairs Report (See *Endangered and Threatened Wildlife and Plants; Endangered Species Status for the Dunes Sagebrush Lizard*; [89 Fed. Reg. 43748](#)) According to Rep. Pfluger, “Listing the sagebrush lizard under the ESA is an incredible threat to energy production developed in the Permian Basin.” [Read more](#).

**Sen. Joe Manchin, Chairman of the U.S. Senate Committee on Energy & Natural Resources, Leaves Democratic Party.** On May 31, Sen. Joe Manchin of West Virginia, who is also the powerful Chairman of the U.S. Senate Committee on Energy & Natural Resources, announced he has left the Democratic party but will retain his chairmanship as an Independent. [Read more](#). As reported, “The change comes as Manchin has repeatedly clashed with President Joe Biden — and his former Democratic colleagues — over a host of matters, most prominently implementation of the Inflation Reduction Act, Democrats’ landmark climate law. Manchin has also joined Republicans on numerous votes seeking to overturn Biden administration’s energy and climate actions.” [Read more](#).

### **Congressional Letter to U.S. Attorney General Regarding Oil Producer Price-Fixing Allegations.**

On June 4, Congressional Democrats on the House Judiciary Committee sent a letter to U.S. Attorney General Merrick Garland and the U.S. Department of Justice seeking an investigation into alleged antitrust issues among U.S. oil producers, OPEC, and OPEC+. The representatives wrote, “As members of the House committee charged with oversight of the nation’s antitrust laws, we write to express our alarm about price fixing in the U.S. oil industry. Major oil producers appear to be colluding with each other and foreign cartels to keep prices high, padding their profits at the expense of American consumers. We urge you to use the full authority of the Department of Justice to investigate and, where necessary, prosecute this anticompetitive conduct.” [Read the letter here](#).

**Congressional Letter to U.S. Securities and Exchange Commission Regarding the Climate Disclosure Rule.** As an update to our March 18, 2024

Governmental Affairs Report, on June 4, a group of Congressional Democrats sent a letter to the Chairman of the U.S. Securities and Exchange Commission (SEC) requesting answers to a series of questions regarding implementation of the SEC's new climate disclosure rule. (See [The Enhancement and Standardization of Climate-Related Disclosures for Investors](#) and [Read the SEC Press Release here.](#)) As we reported, that rule, which “will require registrants to provide certain climate related information in their registration statements and annual reports [and] will require information about a registrant’s climate-related risks that have materially impacted, or are reasonably likely to have a material impact on, its business strategy, results of operations, or financial condition,” is currently on hold due to legal challenges, but the lawmakers are still seeking a response from the SEC by June 18, 2024. [Read the letter here.](#)

## **FEDERAL – Regulatory**

### **BLM Land Management Plan Update – Wyoming.**

On May 16, the Bureau of Land Management (BLM) announced it has “issued a final supplemental environmental impact statement (SEIS) and proposed amendment to its Buffalo Field Office land use plan. Release of the final SEIS and proposed amendment opens a 30-day public protest period. The BLM developed the SEIS and plan amendment in response to a 2022 order from the United States District Court for the District of Montana. The BLM’s proposed alternative, Alternative A, would amend the 2015 Buffalo Field Office resource management plan and make BLM-managed coal resources in the planning areas unavailable for future leasing. Federal coal production is anticipated to continue through 2041 under existing leases.” [Read more.](#)

### **Voluntary Carbon Markets Policies and Principles.**

On May 28, the Biden administration released a [Joint Statement of Policy and New Principles for Responsible Participation in Voluntary Carbon Markets](#). The joint statement sets forth voluntary principles for carbon market participants to follow. The administration provided, “Observers have found evidence that several popular crediting methodologies do not reliably produce

the decarbonization outcomes they claim. In too many instances, credits do not live up to the high standards necessary for market participants to transact transparently and with certainty that credit purchases will deliver verifiable decarbonization. As a result, additional action is needed to rectify challenges that have emerged, restore confidence to the market, and ensure that VCMs [voluntary carbon markets] live up to their potential to drive climate ambition and deliver on their decarbonization promise.” [Read more here for a summary of the decarbonization principles.](#) The White House stated that, “High-integrity, well-functioning VCMs can accelerate decarbonization in several ways. VCMs can deliver steady, reliable revenue streams to a range of decarbonization projects, programs, and practices, including nature-based solutions and innovative climate technologies that scale up carbon removal.” [Read more.](#)

## **FEDERAL – Judicial**

### **Climate Change Policies – U.S. Supreme Court.**

On May 22, a coalition of 19 Republican state attorneys general filed suit in the U.S. Supreme Court to challenge progressive state actions that impose “ruinous liability and coercive remedies on energy companies through state tort actions governed by state law in state court” to circumvent federal legislative action or federal regulatory policies. In [Alabama v. California](#) (Case No. not yet docketed), the litigants are seeking to block lawsuits filed by five states (California, Connecticut, Minnesota, New Jersey, and Rhode Island) against fossil fuel companies. As reported by law firm Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., this “Supreme Court petition demonstrates even more clearly how issues surrounding climate change and a transition from fossil fuels to sustainable energy have become a partisan division in the United States. In the simplest terms, this lawsuit is a request by one group of states — identifying with one of two political parties — that the federal government intervene and block the law enforcement activities of another group of states — identifying with the other political party. This partisan divide complicates the development of a coherent and comprehensive energy policy in the United States, and creates uncertainty for companies operating

(or attempting to operate) in this area.” We will keep AAPL members updated if the Supreme Court accepts the complaint for review. [Read more.](#)

**BLM Leasing Rule – Wyoming.** On May 15, the Western Energy Alliance, along with other oil and gas associations, filed a lawsuit in Wyoming federal court challenging the BLM’s final rule, *Fluid Mineral Leases and Leasing Process* (89 Fed. Reg. 30916), which AAPL covered in detail in the April 29 and May 28 issues of the Governmental Affairs reports. That rule, as mandated by the 2022 Inflation Reduction Act, increases royalty rates, rentals, and minimum bids for BLM-issued oil and gas leases. The rule also imposes a fee for the submittal of an expression of interest for leasing Federal oil and gas and updates the bonding requirements for leasing, development, and production. In *Western Energy Alliance v. Haaland* (Case No. 1:24-cv-00100), the litigants argue that the rule “represents a sea change to BLM’s oil and gas leasing program. While BLM contends the Leasing Rule will improve ‘the leasing process by ensuring proper stewardship of public lands and resources,’ the Rule’s impact will be to deter development of federal oil and gas, disproportionately affect small companies, effectively close eligible and available lands to new leasing, and violate BLM’s duty to promote oil and gas development as a multiple use of federal lands. At its heart, the final rule is procedurally deficient, arbitrary and capricious, and contrary to law. The Court should invalidate and vacate the Leasing Rule.” The Western Energy Alliance has specifically noted the onerous new bonding requirements, arguing that “the exorbitant bonding amounts that will price small independents out of the market. The rule increases individual bonds from \$10,000 to \$150,000 and statewide bonds from \$25,000 to \$500,000, but the statewide bonds are misleading as they only cover about seven leases. Even a small company with a modest project will have many more than seven federal leases, meaning that their bonding amounts will be in the multi-millions. The bonding amounts are particularly egregious since there are just 37 orphan wells out of more than 90,250 wells on federal lands. BLM’s increase by 15- to 20-fold in order to take care of a problem on just .04% of all wells is way out of proportion.” [Read more.](#)

## STATE – Legislative

**For all 570+ bills AAPL is currently monitoring and tracking for members, please see the continuously updated member-exclusive AAPL Governmental Affairs Bill Tracking Summary spreadsheet,** available through the AAPLConnect LANDNEWS and Governmental Affairs Network member forums [here](#) or on the AAPL website [here](#).

## STATE – Regulatory

**Wind Project Rulemaking – Ohio.** On May 30, new rules from the Ohio Power Siting Board (OPSB) took effect. These rules affect wind and solar generation projects (as well as pipeline and electric transmission). [You may access the complete rulemaking docket here.](#) As reported by law firm Bricker Graydon LLP, “the Order culminates in a multi-year process that began with a series of workshops at the onset of the COVID-19 pandemic and a subsequent stakeholder comment process.” [Read a complete summary of the rule provisions here.](#) For background, the “OPSB is a state agency in Ohio responsible for siting certain energy generation and transmission infrastructure facilities that fall within the definition of a ‘major utility facility,’ including utility-scale wind and solar projects.” Subject to a “multi-phase approval process of the OPSB,” are “Wind projects that are designed for, or capable of, operation at an aggregate capacity of five or more megawatts (MW), and all other energy generation projects that are designed for, or capable of, operation of 50 MW or more. In recent years, jurisdiction has been applied to stand-alone battery storage projects with capacity of 50 MW or greater.” [Read more.](#)

## INDUSTRY NEWS FLASH

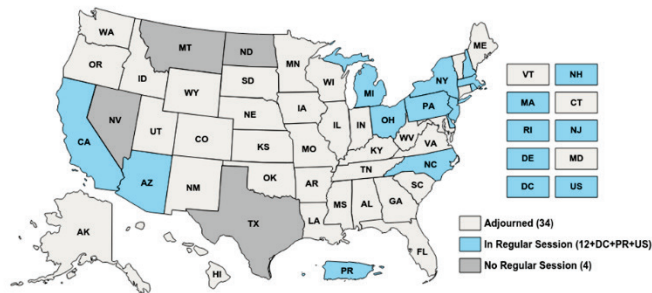
► **ConocoPhillips to Buy Marathon Oil in \$22.5B Deal.** On May 29, ConocoPhillips agreed to acquire Marathon Oil Corporation in an all-stock transaction valued at \$22.5 billion. “This acquisition of Marathon Oil further deepens our portfolio and fits within our financial framework, adding high-quality, low cost of supply inventory adjacent to our leading U.S. unconventional position,” said Ryan Lance,

ConocoPhillips Chairman and Chief Executive Officer. [Read more.](#)

► **OPEC+ Extends Oil Production Cuts through 2025.** On June 3, *Oil & Gas Journal* reported that “in a series of ministerial meetings held June 2, OPEC+ decided to prolong the 3.66 million b/d production cut (announced in 2022 and 2023) for 1 year until end-2025 and extend the voluntary 2.2 million b/d production cut by eight members for another quarter until end-September 2024.” [Read more.](#)

## LEGISLATIVE SESSION OVERVIEW

### States in Session



**Session Notes:** **Arizona, California, Michigan, North Carolina, Ohio, and Pennsylvania** are in regular session. The **U.S. Congress** is also in session.

The following states adjourned their 2024 legislative sessions on the dates provided: **Illinois** (May 29), **Oklahoma** (May 30) and **Louisiana** (June 3).

**Kansas** Democratic Gov. Laura Kelly has [called](#) for a special session to start on June 18. According to the [Kansas Reflector](#), the session will aim to reduce property, sales and income tax in the state. This follows Governor Kelly’s veto of the legislature’s tax bill, which she thought was too aggressive in cutting taxes and would create fiscal issues for the state. Kelly says the session “provides the opportunity for bipartisan collaboration on comprehensive tax relief that does not threaten Kansas’ solid fiscal foundation.”

**New Mexico** Democratic Gov. Michelle Lujan Grisham has called for a special session starting July 18. According to her [press release](#), the special session will take up additional public safety protections. Some issues that will likely be addressed include pedestrian safety on roads and in public spaces, laws allowing courts to intervene for those who need substance abuse or mental health help and enhanced penalties for felons in possession of guns, according to [KRQE](#). The session is expected to last several days.

**Ohio** adjourned its special session on May 31 after passing [two bills](#) related to state elections. The special session was called by Republican Gov. Mike DeWine to ensure that Democratic President Joe Biden could appear on the state’s ballot in November, and legislators passed [a bill](#) during the special session that would delay the deadline for a party’s nominee to be selected to appear on the ballot. However, according to [Spectrum News 1](#), the bill is now unnecessary as the Democratic Party announced a virtual rollcall ahead of the convention that will allow the President to be nominated in time to fit the state’s original ballot timeline. During the session, legislators also passed [a bill](#) that would ban foreign nationals from contributing to statewide ballot campaigns.

**Utah** Republican Gov. Spencer Cox announced his intention to call a special session sometime between June 18-20 during interim hearings. According to [Fox 13 News](#), the special session would be used to address concerns over a powerplant in central Utah that plans to shift away from fossil fuels despite the objections of many lawmakers. It would also clean up several other bills, though Governor Cox has yet to announce an official agenda for the session.

**Signing Deadlines** (by date): **Oklahoma** Republican Gov. Kevin Stitt has until June 14 to act on legislation or it is pocket vetoed. **Missouri** Republican Gov. Mike Parson has until July 1 to act on legislation or it becomes law without signature. **Alaska** Republican Gov. Mike Dunleavy has 20 days from presentment, excluding Sundays, to act on legislation or it becomes law without signature. **Florida** Republican Gov. Ron DeSantis has 15 days from presentment to act on

legislation or it becomes law without signature. **Illinois** Democratic Gov J.B. Pritzker has 60 days from presentment to act on legislation or it becomes law without signature. **Louisiana** Republican Gov. Jeff Landry has 20 days from presentment to act on legislation or it becomes law without signature. **Tennessee** Republican Gov. Bill Lee has 10 days from presentment, excluding Sundays, to act on legislation or it becomes law without signature.

The following states are currently holding interim committee hearings or studies: [Alabama](#), [Arkansas](#), [Colorado](#), [Connecticut](#), [Idaho](#), [Indiana](#), [Kansas](#), [Kentucky](#), [Maine](#), [Maryland](#), [Minnesota](#), [Montana](#), [Nevada](#), [New Mexico](#), [North Dakota](#), [Oregon](#), [South Carolina](#), [South Dakota](#), the [Texas House](#), [Utah](#), [Virginia](#), [Washington](#), [West Virginia](#) and [Wyoming](#).

The following states are currently posting 2024 bill drafts, pre-files and interim studies: [Nebraska](#), [North Dakota](#) and [Utah](#). ■

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