

To: Stout, Robert [REDACTED]@bp.com]
From: Miner, Robert [/O=MSXBP/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=[REDACTED]]
Sent: Tue 14/03/2017 2:21:54 PM (UTC)
Subject: FW: Weekly report: RM, Wind, Petrochem, Shipping, L48

Here is another as an example.

Robert Miner
Senior Director
Communications & External Affairs
BP America
[REDACTED]@bp.com
[REDACTED] (cell)

From: Miner, Robert
Sent: Sunday, February 26, 2017 11:46 PM
To: Ellis, Joe; Genovese, Robert (BP) [REDACTED]@bp.com); Folse, Laura; Sierra, Luis M; Johnson, Jeff (Shipping); Harvey, John; Nowobilski, Peter J; Cochrane, Phil; Cross, Iris M; Kidd, Bill; Thomas, Larry; Stultz, Mark; Chen, Matthew; Constantin, Dawn M; Degiusti, Stephen
Cc: Poulton, Teri (Consoldane); Viso, Maria Antonietta; Lanier, Hope; Rybarczyk, Ronald D; Bujano, Gil; Thompson, Mike; Killen, Patrick; Knaizer, Sam; Nazminia, Cameron; Clanton, Brett; Abendhoff, Michael R; Griest, Allison; Barnett, Paula G; Beach, Holly; Clark, Lena; Stutz, Rachel; Nolan, James; Brien, Michael P; Matthews, Jason; Walker, Ryan; Swink, Suzanne [REDACTED]@bp.com); Hyland, Karen; van Hoogstraten, David Jan; Williams, Lance; Franceschi, Alexandra; Magruder, Kathleen [REDACTED]@bp.com); Haubein, Jennifer; Gannon, Paul; Herrera, Roxana; Sitomer, Gabrielle; Smith, Chris D; Laney, Margaret D; Stalter, George; Akrawi, May; Stidman, Eric B.; Garifalos, Erin; Schubert, Eric; Myer, Bob C; Pirtle, Lisa; Hanson, Eric; Onadiji, Folasade; Williams, Erin
Subject: RE: Weekly report: RM, Wind, Petrochem, Shipping, L48

Team development:

Eric Schubert from NAGP gave our team a primer on electric power transmission, Ercot and the market-based approach that made it successful, regional transmission organizations around the country, the advantages of natural gas to quickly and reliably balance power supply and demand and more. Eric helped the team think through our advocacy points on behalf of natural gas, the relationship between natural gas and renewable energy, better energy infrastructure and more. With Rick Perry taking over the Department of Energy, the potential for a Texas energy veteran to join FERC, a possible infrastructure bill, pipeline and eminent domain legislation on the east coast and multiple energy policy debates going on in our states, this was a very relevant discussion. Many thanks from the team to Eric for taking the time to help us do our jobs better.

BLM venting and flaring rule:

Redacted - First Amendment

Remediation Management

Objective: Support consent decree negotiations in Ancaonda and Butte

At a DGA meeting this weekend, Governor Bullock told Joe Ellis he would be willing to help our relationship with the new county executive in Anaconda, who he has known since childhood.

Objective: Defer Superfund listing of Yerington site and put NDEP in the lead there

Redacted - First Amendment

Objective: Mitigate litigation issues in Montana and advance tort reform agenda in Montana and Louisiana

BPA_HCOR_00287225

Christian lawsuit: SLA and the Press Office met held a call with Legal's Jim Lucari to discuss upcoming oral arguments in front of the Montana Supreme Court. The venue for the oral arguments has been switched to a large hall at the University of Montana because of the Court's anticipation that there may be significant public and media interest. C&EA's social and digital team will begin to monitor social media in Missoula for any early indicators of demonstrations or other public activity. Closer to the event, Legal will meet again with C&EA to evaluate a potential media response.

The Associated Press ran an article that received extensive play on the Christian lawsuit. The article largely favors the plaintiffs side in the case. BP is mentioned as the corporate owner of Atlantic Richfield Company. (article attached below)

Other:

Paulsboro, NJ: Remediation Management learned this week that an official grand opening of the Port of Paulsboro will take place in conjunction with the arrival of the first vessel to the port next week. Patricia Gallery will speak on behalf of the company at the event, which was postponed when a technical issue with a dock crane delayed the initial arrival. Rybarczyk will support and is attempting to set up a meeting with Assemblyman John Burzichelli. Viso has drafted talking points and a background briefing which is in review. Remediation Management learned this week that an official grand opening of the Port of Paulsboro will take place in conjunction with the arrival of the first vessel to the port next week. Patricia Gallery will speak on behalf of the company at the event, which was postponed when a technical issue with a dock crane delayed the initial arrival.

Newtown Creek, NY: A reporter from NY1 reached out to the Newton Creek Group's public affairs consultant asking if the NCG would like to make a statement regarding Governor Cuomo's announcement on imploding the old Kosciuszko bridge. The NCG declined to comment.

BP Wind Energy

Objective: Maximize external benefit of repower plan, if executed

Poulton shared Bloomberg's article about BPWE repower plans with AWEA, NAM (via Kolenda) and US Comms shared it on social media with excellent engagement. She also sent the article to state reps in Kansas and Texas with plans to share further in Colorado next week. The same article appeared in daily clips/social associated with NAM (thanks to Sally), AWEA and the Governor's Wind Coalition.

Objective: Support development of global AE strategy

C&EA will review a list of potential alternative energy sites developed by Miner, Viso and Poulton at properties existing within the BP portfolio, including a number of Remediation Management sites to the new AE US development officer this week.

Objective: Support optimization efforts, scout opportunities and identify potential partners and off-takers

Poulton and Barnett are coordinating business input to assess risks associated with potentially challenging proposed legislation in Texas. The bills deal with assigning regulatory oversight of wind operations in the state, bonding requirements for decommissioning wind turbines and repeal of critical tax abatement provisions.

Objective: Re-engage with the larger Wind industry and increase significance of BPWE within it

Poulton participated in brainstorming sessions with NAM's Energy & Resource Policy team to discuss ways BPWE could support and leverage BP's memberships in NAM and AWEA. Areas of potential collaboration include messaging campaigns (NAM's recent focus group work suggests strong public support for messages confirming that industries are working toward a renewable energy future) and several shared policy objectives: including transmission lines/grid in infrastructure bill proposals (NAM sees value in adding this), impact of wind industry supply chain (small manufacturers in particular) and the economic/job benefits of repowering aging wind turbines. Poulton has connected NAM and AWEA policy teams for future discussions/collaboration. We see abundant opportunity for BP to lead this collaboration in a number of areas helpful to all parties, including political advocacy, legislative agendas and veteran training/hiring.

Objective: Maximize reputational benefit of BPWE to BP America

Poulton coordinated with various CERA planners to solidify Laura Folse's participation in the week's events. Miner and Poulton will meet with Folse next week to prep her for a panel appearance – a strategic discussion about the future of renewables and a closed door leadership circle discussion.

As a part of AWEA's state policy committee, Poulton and Knaizer (L48) were invited to participate in a lobby day March 1 in Denver. Poulton and Knaizer are coordinating on messages to advance their combined legislative advocacy strategy connecting L48 and Wind Energy to advance BP's influence in Colorado. Poulton will hear about the state of affairs from wind lobbyists, will meet with Gov. Hickenlooper's key energy policy staff, will meet with state house and senate leaders and will connect with elected officials representing BP's wind farm, as well as the Vestas factories delivering repower components.

Petrochemicals

Cooper River

OBJECTIVE: Mitigate the impact of development adjacent to the Cooper River Plant

- **SCMA Legislation:** The House Labor, Commerce and Industry (LCI) Committee is expected to take up H. 3653, the Manufacturing Liability Protection bill in a full committee hearing next Thursday. The subcommittee that considered the bill last week unanimously voted to report the bill out favorably to the full committee. The SCMA lobbying team has been working diligently this week to shore up votes in committee to ensure passage and has been successful in securing bipartisan support, including a number of bill sponsors from the often green-leaning Legislative Black Caucus. If successful, the bill will go to the full House the first full week in March. Meanwhile, the Senate bill (S323) is scheduled for further consideration by the a Senate LCI subcommittee on March 7th.
- **Berkeley County Schools (1):** Freeman met with both the Academy Coordinator and the Director of Career and Technical Education at Berkeley County Schools to discuss BP's engagement with the new Philip Simmons High School that will open for the 2017-18 school year. This is the third planned school to open as part of the southern portion of the Cainhoy Plantation development. BP has worked collaboratively with the sister schools – Philip Simmons Elementary and Philip Simmons Middle this year – to develop BP-branded opportunities for students to engage in STEM subject matter. BCSD is interested in BP's financial and hands-on support of one of the PSH career academies focused on STEM subjects (such as engineering or mechatronics).
- **Berkeley County Schools (2):** Leaders at the Berkeley County School District have asked BP Cooper River to consider providing a safety training for district teachers and/or principals ahead of the 2017-18 school year, based on our value of safety and the excellent track record and culture of safety at the BP Cooper River plant. Freeman will work with HSSE leaders at the plant to determine interest and feasibility.

Other activities:

Center for Birds of Prey: As part of their collaborative "Learning Initiative" with BP, the Center for Birds of Prey will host four groups of students from Cainhoy Elementary School (a high poverty school near BP Cooper River) for field trips in March. Pre-K and K on 3/21, 1st and 2nd grade on 3/22, 3rd and 4th grade on 3/28 and 5th graders on 3/29. Freeman is working with the BP Social Media Team, Berkeley County Schools, and the Center for Birds of Prey to maximize social media coverage and with the BP Press Office on outreach to local media with photos and a story pitch.

Redacted - First Amendment

SC's 5th Congressional District: Following the confirmation of Congressman Mick Mulvaney as Director of the Office of Management and Budget, there is a crowded field to fill his Congressional seat in a special election. Among the lead candidates are SC Representatives Ralph Norman and Tommy Pope. Norman is a developer who once ran

unsuccessfully in a bid to unseat then Congressman John Spratt. He has resigned his House seat to focus full-time on the election. Pope, who serves as SC House Speaker Pro Tempore, is an attorney and former solicitor, best known for his successful prosecution of Susan Smith in the death of her two young sons.

Texas City:

Other activities:

Galveston County Day at the Capitol: BP is sponsoring Galveston County Day at the Capitol next week. This will provide an opportunity to engage Texas legislators in Austin and show that BP Texas City Chemicals is still an important partner in the region. C&EA will attend in representation of TCC.

Lower 48

Colorado

KEY ENGAGEMENTS FROM REPORT PERIOD

Redacted - First Amendment

- **February 14:** COGCC Meeting Regarding Orphan Well Legislation (Denver)
- **February 15:** Colorado Energy Coalition Meeting (Denver)
- **February 16:** Meeting with Bayfield City Manager (Bayfield, CO)
- **February 16:** La Plata County Planning Commission Meeting (Durango, CO)
- **February 16:** La Plata Energy Council Executive Director's Meeting (Durango, CO)
- **February 21:** Advanced Industries Welcome New CO OEDIT Director (Denver)
- **February 22:** Metro Chamber EDC Board of Governor's Meeting (Denver)
- **February 23:** CPC Air Committee Meeting for CTG Rulemaking (Denver)

BUSINESS INTELLIGENCE / KEY HIGHLIGHTS FROM REPORT PERIOD

- **Colorado AG Sues Boulder County Over Moratorium:** Colorado Attorney General Cynthia Coffman sued Boulder County last Tuesday for failing to lift its ban on oil and gas development. The Boulder County Board of County Commissioners had instituted a block on all new applications for oil and gas development in the county in early 2012, and has subsequently either reimposed or extended the moratorium eight times. In fact, two of those extensions came after the Colorado Supreme Court ruled in May that local bans on oil and gas development are preempted by the Colorado Oil and Gas Conservation Act, and overturned the city of Fort Collins' five-year moratorium, and the city of Longmont's permanent ban on hydraulic fracturing. The lawsuit seeks a declaratory judgment that Boulder County's moratorium is preempted, and a permanent injunction barring the county and its board of commissioners from enforcing it. Boulder still plans on holding a public hearing on March 14th to discuss new oil and gas regulations, and on March 23rd the commissioners will vote on proposed regulations. Notably, Governor John Hickenlooper issued a statement questioning the need for the lawsuit even as he reaffirmed the oil and gas industry's rights under state law. "We would have preferred working with the county and other stakeholders to resolve this issue without (resorting) to the courts," Hickenlooper said. "While we understand and respect the county's desire to put in place rules that reflect current technologies available to the oil and gas industry, we also must uphold state law."
- **Democrat Lawmakers Stage Protest Against Colorado AG after Boulder Lawsuit:** Led by Democrats, the Colorado House rejected a supplemental budget bill last Thursday in apparent protest of Republican Attorney General Cynthia Coffman. The extraordinary 44-20 vote against a routine \$316,000 spending measure came two days after the AG filed a lawsuit against Boulder County regarding its moratorium. The budget bill provided no money directly related to the legal challenge, but Democratic lawmakers used it to voice their objections against Coffman, a potential candidate for governor in 2018. House Democratic leadership left the door open to reconsider the supplemental budget bill for Coffman's department at a later date. It is likely that her funding request will ultimately be approved later this session.
- **Broomfield City and County Holds "Public Educational" Forum:** Earlier this week Broomfield held a public forum to discuss proposed development by Extraction Oil and Gas and allay fears over their plans to drill 139 wells near local neighborhoods in Broomfield. The majority in attendance, roughly 500 people, were anti-industry.

City staff, Extraction Oil & Gas, a representative from Broomfield Air and Water, representatives from surrounding neighborhoods, Matt Lepore from the Colorado Oil and Gas Conservation Commission, and a representative from Colorado Department of Public Health and Environment Air Division were all given an opportunity to present. Audience questions mainly centered around oil and gas inspections, future legislation, rulemaking, and also Broomfield's new Comprehensive Planning Committee. Council members will hold a second hearing on February 28th to evaluate a new comprehensive plan. At the same meeting, Broomfield City Council is expected to vote on a temporary moratorium.

- **Hickenlooper Adds Two New Communications Hires:** Gov. John Hickenlooper hired Marie Logsden to serve in a new role as director of strategic communications and Jacque Montgomery will join as press secretary. The reorganization came after the governor's top spokeswoman, Kathy Green, resigned in January to start a private consulting firm. Hickenlooper's interim communications director, Holly Shrewsbury, will step down, effective March 15, to enter private practice. Logsden spent the past 13 years at Planned Parenthood of the Rocky Mountains, where she most recently served as senior vice president of communications. Montgomery, a former broadcast journalist, most recently served as executive communications consultant at Kaiser Permanente Colorado. The two new hires started February 22.
- **University of Colorado Denver Releases Study on Associations between Oil & Gas Development and Childhood Leukemia:** On Wednesday, February 15th the University of Colorado at Denver (UCD) released a study titled 'Childhood hematologic cancer and residential proximity to oil and gas development'. The study attempts to associate childhood leukemia with oil and gas development, all of which is very circumstantial and fails to develop any hard evidence. Lisa McKenzie, Assistant Research Professor for the UCD, has published similar studies in the past that quickly received criticism from public health officials such as, Dr. Larry Wolk, Chief Medical Officer and Executive Director of the Colorado Department of Public Health and Environment.
 - Link to study: <http://journals.plos.org/plosone/article?id=10.1371/journal.pone.017042>.
 - Link to CPC's Press Release: <http://www.api.org/news-policy-and-issues/news/2017/02/15/co-health-officials-concerned-over-misle>
 - Energy in Depth Analysis: <https://energyindepth.org/national/for-a-second-time-colorado-health-officials-disavow-research-team-favored-by-anti-fracking-activists/>
- **Momentum Continues to Build Behind a Hickenlooper Presidential Run in 2020:** Gov. John Hickenlooper continues to fuel rumors that he is a top contender for the Democratic nod in 2020. Appearing on CNN, and other major new media outlets, Hickenlooper is raising his profile and perhaps working to polish his public persona. He is being taken so seriously as a potential contender for the 2020 presidential race that the Trump administration is reportedly running a deep scan on him and three other prominent Democrats.
- **CPC's Executive Director speaks on BLM Methane and Waste Prevention Rule:** On Thursday, February 23rd, Tracee Bentley, Executive Director of the Colorado Petroleum Council (CPC), held a press call with multiple reporters to explain the negative impacts that the BLM Methane and Waste Prevention rule will have on American consumers and local economies. She stated that "despite our industry's success in reducing methane emissions, the BLM has imposed a flawed regulation that adds significant costs and reduces local revenues, without corresponding environmental or consumer benefits." She reiterated that Colorado already operates under some of the most stringent rules in the country and the BLM Methane Rule is duplicative and costly. She urged the U.S. Senate to support the disapproval resolution passed by the House.

New Mexico

KEY ENGAGEMENTS FROM REPORT PERIOD

- **February 10:** Albuquerque Hispano Chamber Gala with Ray Dempsey, VP and Chief Diversity Officer, BP America; Kathleen Martinez, Senior Director, National Strategic Partnerships, BP America; and other VIP guests seated at BP America's table – including several New Mexico state legislators and other government officials (Albuquerque)
- **February 14:** NMOGA Legislative Affairs Committee (Santa Fe)

- **February 16:** New Mexico Governor's Office/CENAGAS (Mexico State-Run Pipeline Company) Delegation Visit and Field Tour of BP L48 Central Delivery Point (CDP) in the San Juan Basin (Farminaton)

Redacted - First Amendment

- **February 21:** NMOGA Legislative Affairs Committee (Santa Fe)
- **February 22:** NMOGA Environmental Affairs Committee (Santa Fe)
- **February 23:** State Senate Conservation Committee Hearing on SB 307 – Enhanced Oil & Gas Act Penalties (Santa Fe)
- **February 23:** Four Corners Economic Development Energy & Petrochemicals Meeting (Conference Call)
- **February 23:** NMOGA Regulatory Practices Committee (Santa Fe)

BUSINESS INTELLIGENCE / KEY HIGHLIGHTS FROM REPORT PERIOD

- **Senate Conservation Committee Holds First Hearing on Oil & Gas Penalty Bill, Passes 5-3:** A bill that seeks to enhance the enforcement powers of the New Mexico Oil Conservation Division (NMOCD) has passed its first committee hearing in Santa Fe on a party-line vote of 5 to 3, with Democrats voting in the majority to support the bill. The state Senate Conservation Committee endorsed legislation on Thursday, February 23, that would restore the state's ability to impose penalties for violations of the Oil and Gas Act of 1935. A 2009 state Supreme Court decision (*Marbob v. NM Oil Conservation Commission*) had previously held that NMOCD was not authorized under state law to directly fine oil & gas operators for violations and must instead pursue civil remedies via the state District Court system. The current version of the penalty bill – as drafted by Conservation Voters New Mexico and sponsored by State Senator Richard Martinez (D) – would also make the following changes to state statute:
 - Add a civil penalty of not more than \$10,000 for each violation and \$10,000 for each day of continuing violation when an unauthorized discharge of any contaminant pollutes or threatens to pollute groundwater or bodies of water in excess of any state or federal water quality standard;
 - Change the language for punishment of criminal violations of the Oil and Gas Act from a maximum \$5,000 fine and maximum prison term of three years to a third degree felony charge (which is also currently punishable by a maximum \$5,000 fine and maximum prison term of three years, but that punishment could be enhanced by the State Legislature in the future);
 - Move jurisdiction from the state District Court for the oil & gas producing county where the violation occurred to the First Judicial District Court (Santa Fe), which is known for being anti-industry;
 - Provide for public hearings to “assist” NMOCD in assessing the severity of civil penalties for violations of the Oil and Gas Act;
 - Remove the “knowing and willful violation” language from the existing penalty statute, which has been the accepted standard for Oil and Gas Act violations since 1935;
 - Clarify the language regarding fines of \$1,000 per each day for violations that do not involve groundwater or bodies of water. Under state law, in the case of a continuing violation, each day of violation currently constitutes a separate and distinct violation.
- **Halfway Through the Legislative Session, Many of Governor Susana Martinez's Recent Appointees Still Remain Unconfirmed:** With just 23 days remaining in the state legislative session, top officials from several of New Mexico's key cabinet departments – including Governor Martinez's Secretary-Designates of the Environment Department and the Energy, Minerals & Natural Resources Department (EMNRD) – are still awaiting confirmation committee hearings and floor votes in the State Senate. It remains unclear how many of Governor Martinez's appointees will actually get a vote before the State Senate adjourns on Saturday, March 18. The state's current budget shortfall will make confirmation hearings even more difficult than usual, as the Senate Rules Committee only has enough cash to conduct background checks on roughly half of the Governor's pending appointees – per the “Feed Bill” that was approved at the beginning of the session by the State Legislature and signed into law by the Governor. Environment Secretary Butch Tongate is up for confirmation after Governor

Martinez tapped him in August 2016 to replace Ryan Flynn, who left his role as the state's top environmental regulator to lead the New Mexico Oil & Gas Association (NMOGA). Additionally, Governor Martinez appointed Ken McQueen in December 2016 to head EMNRD, which is responsible for overseeing oil & gas activities in the state. McQueen's appointment has drawn the ire of environmental groups, which have been quick to point out that he until recently served as a vice president for WPX Energy in the San Juan Basin.

- **Report from BP L48 Midstream VP Brandon Rumbelow on Mexico Gas Export Project Meetings in Farmington & Santa Fe (Feb. 16-17):** *"We participated in multiple briefings/events in Farmington, as well as in several roundtable discussions with Governor Susana Martinez and Secretary-Designate Ken McQueen (Energy, Minerals & Natural Resources Department) in Santa Fe. Additionally, the West Ops team hosted a tour of the Pump Mesa CDP and conducted the Farmington safety briefing / issuance of PPE. There was also a visit to a Merrion Oil & Gas well site. The delegation, the Governor's staff, and WPX Energy CEO Rick Muncrief (also along for the tour) were all very complimentary of the professionalism of the team and quality of the site visits. The headline of the visit is that the export pipeline project from New Mexico to Mexico is more likely now than ever before. Basically, the regulated power company in New Mexico – New Mexico Gas Company – was recently acquired by a Canadian conglomerate. As a condition for state approval of the deal, the utility will be required to complete a line from the southern leg of Kinder Morgan's El Paso pipeline to the Mexican border. They already have a 12" line that goes 3/4ths of the ~25 mile distance, so they need to only complete the final leg of the line. On the demand side, the Mexican state pipeline operator – Centro Nacional de Control del Gas Natural (CENAGAS) – was cautiously optimistic about their ability to identify and connect to local demand across the border, either in Ciudad Juarez or at nearby manufacturing facilities elsewhere in Chihuahua. The outstanding actions now lie with New Mexico Gas Company and CENAGAS to bridge the gap and complete the line. As for BP L48 and BP Integrated Supply & Trading (IST), we remain supporters of the project from an atmospheric and analytical perspective, and are engaged with Kinder Morgan and other stakeholders in the event that greater demand for New Mexico natural gas is identified and the completion of a phase two lateral to Mexico becomes feasible."*

Oklahoma

KEY ENGAGEMENTS FROM REPORT PERIOD

February 13-14: MT Home due to illness

February 15: OK State Chamber Board Meeting and legislative reception

Redacted - First Amendment

February 22: Meeting with Jonathon Small, OK Council of Public Affairs

Redacted - First Amendment

February 24: OKOGA Legislative Sportsman's Caucus (MT travel to Hughes County)

(In and out of the State Capitol this week)

EARTHQUAKES

See attached updated volume levels for injection to Arbuckle formation for the OCC's Area of Interest (AOI). The AOI map and individual company list does not have our assets so we should not be impacted.

Critics find fault with Oklahoma's approach to its unrivaled man-made earthquake troubles (Tulsa World)

http://www.tulsaworld.com/homepagelatest/how-we-got-here-critics-find-fault-with-oklahoma-s/article_a6289794-04aa-58f2-b4b6-292fb68e0386.html

Earthquake analysis: See which companies have injected billions of barrels of wastewater into the ground (Tulsa World)

http://www.tulsaworld.com/earthquakes/earthquake-analysis-see-which-companies-have-injected-billions-of-barrels/article_71e23a77-31b9-5a80-9162-902c04dadc3a.html

BUSINESS INTELLIGENCE / KEY HIGHLIGHTS FROM REPORT PERIOD

- **BP / L48:** The State Legislature completed its 3rd week of the session. Key legislation includes Discovery Reform HB 1570 (see attached), the multi-unit legislation is still under negotiation. Thompson is working with Steve Smith but it is similar to the legislation we have worked on for the last 4 years. John Reeves is drafting legislation to support SB 264 by Speaker Pro-Tem Shultz and Rep. Watson.

- **Gov Fallin Appoints Hunter as AG**

With the U.S. Senate approval of Scott Pruitt's nomination as administrator of the EPA last week, Governor Mary

Fallin appointed Secretary of State Mike Hunter to the post of state attorney general. Hunter served as first assistant attorney general under Pruitt until Fallin last year named him secretary of state and special legal counsel. He starts his new duties immediately. Hunter served as Oklahoma's secretary of state under then-Gov. Frank Keating. He also served as Keating's chief liaison to the Legislature, the state judiciary and the state's federal delegation. Assistant Secretary of State Tod Wall will temporarily assume the duties of secretary of state until the governor names Hunter's successor.

- **Gross Production Tax Increase Suggested**

Per OKOGA: At the beginning of this week, talk of a proposed gross production tax increase circulated the state capitol. The oil and natural gas industry is the largest single source of tax revenue in the state, paying total direct state taxes of \$2 billion in FY2015, or 22 percent of all state taxes annually. OKOGA continues to educate state leaders and decision makers about the share of state and local taxes the industry pays. Thankfully, some state leaders also understand that the oil and gas industry has not yet recovered from depressed prices. In a statement addressing the shortfall in funding for FY-2018, Senate Pres. Pro Tempore Mike Schulz (R-Altus) said, "The budget picture didn't get any brighter today, but that's not all that surprising considering the lingering effects of huge slumps in the energy sector and agriculture sector – the two main drivers of Oklahoma's economy."

Texas

KEY ENGAGEMENTS FROM REPORT PERIOD

February 13: TXOGA Legislative Committee meeting

February 14: TIPRO State Issues Committee meeting

February 15: TXOGA Regulatory Practices Committee

February 16: TIPRO State Issues meeting

BUSINESS INTELLIGENCE / KEY HIGHLIGHTS FROM REPORT PERIOD

- **BP / L48:** Texas state production data from the Railroad Commission (RRC) noted BP to be 18th in gas production within the State for the year 2016. BP was 22nd in 2015.
 - Production increased from 63,988,140 to 75,904,077 mcf.
 - An 18% rise in gas production. BP should be near or within the top10 at the end of 2017. (BP is not within the top 32 for oil production)
 - BP passed companies such as Marathon, OXY, Swift Energy and Samson Lone Star.
- **RRC:** Railroad Commission presents 2018-19 budget request to Senate Finance Committee - priorities include more inspectors, IT modernization, and sustainable revenue source. The Commission's budget request totals \$85 million for Fiscal Year 2018 and \$85 million for Fiscal Year 2019.
 - To ensure the Commission continues to meet its mission of protecting public safety and the environment, it is requesting an additional \$16.1 million. These funds would be used for staff retention through salary parity with other state agencies, additional oilfield safety and pipeline safety inspectors and enhanced enforcement tracking capabilities.
 - Exceptional item requests include:
 - Priority 1: Salary Parity; \$4.3 million (biennial total)
 - Priority 2: Additional Inspectors for Enhanced Oilfield Safety and Pipeline Integrity Initiative; \$8.8 million and 55 Full Time Equivalent employees (biennial total)
 - Priority 3: Inspection / Enforcement Tracking and Reporting System; \$3 million and 7 FTEs (biennial total)

The Commission is also requesting a supplemental appropriation of approximately \$45 million.

- **RRC Enforcement Update:** As part of its ongoing mission to increase transparency, the RRC is adding quarterly oil and gas enforcement data to the agency's website. The additions are part of the RRC's continued commitment to informing Texans about the agency's actions to protect public safety and the environment.
 - Beginning with the first quarter Fiscal Year 2017 report, new enforcement information posted includes:
 - Number of oil and gas facility inspections with no violation
 - Number of statewide oil and gas rule violations
 - Number of major statewide oil and gas rule violations
 - Number of district-initiated severance/seal orders

Major violation now is defined as a safety or pollution-related violation that causes a significant impact to public safety or the environment, is accompanied by conditions that indicate a significant impact to public safety or the environment is imminent, or is the result of deliberate disregard of Commission rules and regulations related to public safety or environmental protection
- **TIPRO and TXOGA Meetings:** Agenda consisted of a multitude of issues encompassing RRC Budget, Texas Emissions Reduction Plan (TERP- SB 26), a series of HB's & SB's, and Critical Infrastructure Coalition update.
- **Sunset Commission:** Chairman introduces HB 1818 (RRC Sunset bill) requiring the RRC to:
 - Develop and implement a policy to encourage Negotiated Rulemaking and Alternative Dispute Resolution
 - Develop and publish an annual plan to use the oil and gas monitoring and enforcement resources to best ensure public safety and minimize damage to the environment. Requires the annual plan to include a report that shows the effectiveness of the Commission's oil and gas monitoring and enforcement activities over time.
 - Allows the Commission to establish by rule pipeline safety and regulatory fees to be assessed for permits and/or registrations for pipelines under the Commission's Pipeline Safety Program.
- **Charitable Contribution:** ETX BU to sponsor building within Longview's children's 'safety city' (example photos attached). Safety City is a non-profit organization dedicated to improving the quality of life for our local and surrounding communities by offering hands-on safety education. Safety City is a joint effort of the Longview Area Educators, Longview Business Community, the Longview Fire Department and the Longview Police Department. The Safety City facility is a child-size city with buildings, streets, sidewalks, red lights, stop signs, etc.; the only one of its kind in the East Texas Area. For more information about Safety City, or to schedule a class, please visit www.longviewsafetycity.com.
- **TXOGA Comments:** On Monday, February 13, TXOGA submitted comments to the EPA regarding the proposed rule implementation of the 2015 National Ambient Air Quality Standard for Ozone: Nonattainment Area Classifications and State Implementation Plan Requirements. TXOGA opposed: (1) limiting a Section 179B demonstration to only areas that adjoin an international border, (2) requiring all Section 179B demonstrations show adaption of all reasonably available control measures, and (3) requiring wildfire emissions remain constant throughout the planning period.

Wyoming

KEY ENGAGEMENTS FROM REPORT PERIOD

- **February 13:** Overview of Wyoming Air Quality Rules (BP Air Quality Team)
- **February 15:** Minerals Committee Interim Topics Meeting
- **February 15:** PAW Legislative Committee Meeting
- **February 16:** Wyoming Congressional Awards with Suzanne Swink
- **February 16:** Upper Green River Basin Ozone Discussion (BP Air Quality Team)
- **February 21:** Revenue Committee SB 236 Education Funding Hearing
- **February 22:** Wamsutter OC Visit
 - Contributions Committee Restart Meeting
 - Sage Grouse Buffer Zone Meeting
- **February 22:** PAW Legislative Committee Meeting (Conference Call)

- **February 24:** Meeting with Wyoming Business Alliance Exec. Director Bill Shilling
- **February 24:** UW Reclamation Restoration Center Conference Call
- **February 24:** Wyoming Legislator Appreciation Dinner

BUSINESS INTELLIGENCE / KEY HIGHLIGHTS FROM REPORT PERIOD

- **Rigs:** 17 rigs are now operating in Wyoming. At this time last year, 11 rigs were operational.
- **Orphaned Wells:** WOGCC made public their plans to plug over 1,000 orphaned CBM wells in the Powder River Basin with continued funding from the Oil and Gas Conservation Tax
- **Riverton not part of the Wind River Reservation:** The Tenth Circuit Court of Appeals reaffirmed that the City of Riverton is not within the boundaries of the Wind River Indian Reservation. The Court ruled in Wyoming's favor, rejecting the EPA decision to change the historic boundaries of the Reservation.
- **Budget Deal:** The full Wyoming House and Senate will consider a deal on Monday which would cut \$25 million from public schools beginning July 1, 2017 and another \$20 million by July 1, 2018. Speaker of the House Steve Harshman (a teacher by profession) opposes an adopted deal in the Senate to cut \$91 million in cuts to education and looks forward to the conference committee to reach a "compromise".
- **Unpaid Mineral Property Tax:** An ad valorem tax bill which passed the House 54-6 died in the Senate. The bill sought to establish ad valorem taxes as a lien surviving foreclosure actions until paid in full or until released by the lienholders (counties).

Calendar

February 27-28 TIPRO Annual Convention in Austin

March 1-2: Colorado Renewable Energy Lobby Days (Poulton to participate)

March 1: Galveston County Day at the Capitol (Viso will participate)

March 1: NMOGA Northwest Public Lands Committee in Farmington (Killen to participate)

March 1: PAW Legislative Committee Meeting

March 2: OKOGA Legislative Committee meeting (Thompson to participate)

March 2: Meeting with Colorado Senate President (Knaizer to lead)

March 6: NMOGA Communications Committee (Killen to participate)

March 6: Annual WOGCC meeting (Nazminia to participate)

March 7: NMOGA Legislative Affairs Committee (Killen to participate)

March 8: Texas Chemical Council Day at the Capitol (Viso, Barnett and Cross to participate)

March 8: BLM Leasing Unites Workshop (Nazminia to participate)

March 8: Wyoming Energy Alliance Wyoming conference call (Nazminia to participate)

March 7-8 TXOGA Board Meeting in Austin

March 9: Colorado Petroleum Council State of Energy in Colorado (Knaizer to attend)

March 15: SC Governors School for Science and Math "Townes with a Twist" event (James Shively is on the Board of Directors, BP is a sponsor of the event and Freeman will support)

March 22: Texas Energy Day at the Capitol, Viso, Cross, Bujano and Barnett to support

March 22: BP Day at the South Carolina Statehouse, Lanier to support

March 23-24: SCMA Annual Meeting, Charleston, SC. BP is a sponsor and Freeman serves on the Board. Freeman and Cooper River LT members will attend.

March 30: SC Chamber of Commerce Safety Awards, Columbia, SC (Freeman to support)

April 4: SC Chamber of Commerce Washington fly-in and evening reception hosted by BP's DC office (Freeman to lead supported by DC office)

April 18-19: PTSD River Challenge overnight at BP Cooper River (supported by the Cooper River Veterans BRG)

April 26: SC Legislative Women's Caucus – Jean Laney Harris luncheon (Freeman to support)

May 16 (tentative): BP Cooper River \$200 million infrastructure celebration with the media and external stakeholders (Freeman to lead with Abendhoff and Miner to support)

Landowners say EPA botched cleanup, now they want a shot

By Matt Volz
Associated Press
February 24, 2017

George Niland wonders whether he should wear a respirator when he mows his lawn. Serge Myers laments not being able to garden in his backyard. Rob Phillips puzzles over why his 22 acres have been marked as an unblemished island surrounded by a sea of contamination.

The three men all live in the shadow of a 585-foot-tall smokestack that has been preserved as a state park that nobody can visit because of the pollution at the site. Visitors are guided to a viewing area about a mile away to see the stack,

which is taller than the Washington Monument.

Residents rallied to keep the stack as part of the legacy of southwestern Montana's mining days, when copper was king and the ore processed in the nearby town of Anaconda was used to electrify the United States.

The flip side of that legacy is the arsenic and other toxic metals that spewed from the smokestack for nearly a century and settled in the ground for miles around the old copper smelter.

Three years after BP-owned Atlantic Richfield Co. shut down the Anaconda smelter in 1980, the U.S. Environmental Protection Agency designated 300 square miles surrounding it as a Superfund site because of the hazard to human health and the environment. The major concern was high concentrations of arsenic in the soil and water, a contaminant that can cause cancer and a range of other diseases.

Niland, Myers and Phillips are among dozens of residents in this small company town next to Anaconda who say federal officials have botched the environmental cleanup, which is in its 34th year, and they want a shot at cleaning their own yards. They claim the EPA and Atlantic Richfield have given their community short shrift, partially cleaning only two dozen yards, and now have no plans to return.

"We've watched it over the years, and they've cleaned completely around us," said Niland, a former worker for the railroad that hauled ore and slurry between Butte and Anaconda. "We didn't even know we were contaminated until we got our dirt sampled and then found out that, geez, we shouldn't even let the kids play out there."

Ninety-eight Opportunity residents are suing Atlantic Richfield, also known as Arco, to force the company to pay for the cleanup they want: the removal and replacement of all their soil to a depth of 2 feet, and permeable barriers installed underground to keep arsenic in the shallow groundwater from flowing onto their property.

Their aim is to cut the level of arsenic in the soil to about 15 parts per million, which they say is the natural level of arsenic in the soil. However, the EPA's remediation plan won't clean a residential yard unless it contains more than 250 parts per million arsenic — a level that Opportunity residents call arbitrary and worry is still unsafe.

"We'd like it cleaned up to what it would have been had the smelter not existed," Phillips said.

Arsenic levels in the Opportunity residents' yards vary. Myers said an initial test found his yard measured 167 parts per million, which is below the EPA's cleanup threshold. However, a later test found parts of his yard contained 300 parts per million, and Myers was scheduled for a cleanup in 2014 that never happened.

The company — backed by the EPA — argues the plaintiffs' plan interferes with the Superfund cleanup, which Arco has spent \$400 million implementing.

EPA spokesman Robert Moler said the work in the Opportunity residents' yard has been completed, and the 250 parts per million cleanup threshold is within the federal agency's "acceptable cancer risk range."

"The goal of the cleanup plan is to protect human health, not to restore soil levels to original conditions," Moler said.

BP spokesman Brett Clanton declined to comment, citing the pending litigation. In a filing to the Montana Supreme Court, Arco attorney John Davis wrote, "Only EPA has the authority to select the environmental remedy at a Superfund site and to compel a responsible party to perform or pay for that remedy."

Myers, who worked at the smelter for 17 years, said not all Opportunity residents agree with the plaintiffs' decision to go after Arco. One man who drew a pension from Arco asked why he would want to bite the hand that feeds him, he said.

Myers said he, too, feels that ambivalence. He is proud of his work and what Anaconda's industry did for the nation, but he just wants to clean his yard, and he bristles at being told he can't do it.

"There is stuff that you cannot do because they stop you," Myers said. "If we had the money, my yard would be cleaned. I really would clean it. I'd hire the best they had to clean the darn thing."

An expert for the plaintiffs previously testified the cleanup they are seeking would cost between \$50 million and \$57 million, according to court filings, which averages to between \$650,000 and \$740,259 per yard.

After nearly eight years of litigation and a string of victories by the plaintiffs, the case was about to go to trial last year when Arco asked the Montana Supreme Court to intervene. The high court will decide whether the federal law that guides environmental cleanups on Superfund sites prevents the residents of Opportunity from seeking restoration damages from Arco in state court. The high court has scheduled arguments to be heard April 7.

The EPA supports Arco's position. The residents' plan would impose more stringent cleanup levels than those that Arco and the federal agency negotiated, Justice Department attorney Matthew Oakes wrote to the court.

If the lawsuit is successful, it will lead to other landowners suing for their own fixes and hurt the chances of successfully negotiating future Superfund cleanup settlements with polluters, Oakes wrote.

"Even if EPA could coordinate with the landowners, recognizing this claim could lead to more claims affecting hundreds of thousands of additional contaminated acres," he wrote.

The federal agency's opposition is galling to Niland, Myers and Phillips. The way they see it, the EPA is taking Arco's side over the people the agency is supposed to be protecting from polluters.

"If there's any justice, there's got to be a day in court for us," Myers said. "Our families deserve this, and so do the other people in our area."

Robert Miner
Senior Director
Communications & External Affairs
Remediation Management, Wind,
Petrochemicals, Shipping (US)
[REDACTED]@bp.com
[REDACTED] (cell)