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From: Sam Knaizer [REDACTED]@BPX.COM]
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Subject: L48 Bi-Weekly Update - July 13, 2018
COGCC 2018 Init 97 GIS Assessment 20180702.pdf
2017 Gas.pdf
2017 Oil.pdf

QUICK NOTES:

- Democratic Congressman Jared Polis selected former State Representative Dianne Primavera as his running mate in the 2018 gubernatorial election. Colorado Republican gubernatorial candidate Walker Stapleton on Wednesday picked Arvada's Lang Sias, a state lawmaker and former U.S. Navy pilot, to be his running mate.
- Erie's Board of Trustees approved the six-month moratorium on oil and gas development Tuesday by a vote of 5-2. The ordinance stipulates that town staff, and yet to be named consultants, will examine current land use codes to discern whether or not they need to be revised "to protect and preserve the public health, safety, welfare and the environment."
- The *Albuquerque Journal* [reported](#) on July 8 that New Mexico could play a "pivotal role" in Secretary Ryan Zinke's plans to dramatically reorganize the U.S. Department of the Interior and shift some of its management out of Washington, DC.
- The Oklahoma Corporation Commission (OCC) released a list of the top 100 oil and gas producers in 2017. BP L48 is 6th in natural gas production (see attached).
- Gross receipts for the state of Oklahoma in the past 12 months have hit an all-time high.
- Senator Barrasso has proposed to change the Endangered Species Act which would provide states a greater role in managing wildlife that is threatened with extinction. The bill would lessen the authority the U.S. Fish and Wildlife Service has over determining which species deserve protections and carrying out the law (see Objective 3 below).

BPA KEY OBJECTIVES

Redacted - First Amendment

Redacted - First Amendment

LOWER 48 STATE AFFAIRS: KEY ENGAGEMENTS FROM REPORT PERIOD (All States)

Redacted - First Amendment

LOWER 48 STATE AFFAIRS: BUSINESS INTELLIGENCE/KEY HIGHLIGHTS FROM REPORT PERIOD (All States)

Colorado

- **Polis picks Komen Colorado CEO as Running Mate, Stapleton Picks State Rep Sias of Arvada:** Democratic Congressman Jared Polis selected former State Representative Dianne Primavera as his running mate in the 2018 gubernatorial election. Primavera became CEO of Susan G. Komen Colorado in 2017, and resigned effective Monday in hopes of becoming lieutenant governor. Primavera was part of the Colorado legislature from 2007 to 2011, and again from 2013 to 2017. Notably, the one of the first stops for the newly formed ticket was in Durango to talk healthcare. Meanwhile, Colorado Republican gubernatorial candidate Walker Stapleton on Wednesday tapped Lang Sias, a state lawmaker and former U.S. Navy pilot, to be his running mate. Sias, a GOP state representative from the Denver suburb of Arvada, lost bids for Congress and two state Senate elections before he was appointed to fill a state House vacancy in 2015. The Arvada Republican co-sponsored bipartisan legislation in 2018 to examine Colorado's health care costs, and he was part of the last-minute compromise bill to reform Colorado's Public Employees Retirement Association.

- **Record Spending in Colorado's Gubernatorial Primary Totals Nearly \$30MM:** Colorado's eight candidates in the June 26 gubernatorial primary took in close to \$30 million. That's more than all gubernatorial candidates raised in 2010 and 2014 combined. Democratic nominee Congressman Jared Polis led the way, spending \$11.3 million on his campaign. Also spending nearly one million dollars on his behalf was The Sierra Club, which doesn't disclose donors, and Bold Colorado, which was funded in large part by the nonprofit Gay & Lesbian Victory Fund. Coming in second was third-place Democratic finisher Mike Johnston, largely boosted by super PAC Frontier Fairness, which spent \$5.2 million. That group was fueled by \$2 million from former New York City Mayor Michael Bloomberg and \$1 million from LinkedIn co-founder Reid Hoffman. Republican businessman Victor Mitchell finished second in his four-way contest and third overall in spending, putting in nearly \$5 million of his own cash. GOP nominee Treasurer Walker Stapleton spent \$1.9 million, including \$1 million of his own cash. Another \$1.7 million was spent on his behalf by super PACs funded by a combination of nonprofits and business interests. Notably, about 800 of Stapleton's 2,200 individual contributors already gave the maximum \$1,150, so Stapleton will need to tap a new group of donors for the general election. Polis, meanwhile, is accepting individual donations at a maximum of \$100. The next filing deadline is August 1.

- **Erie Approves 6 Month Moratorium:** Erie's Board of Trustees approved a six-month moratorium on oil and gas development Tuesday by a vote of 5-2. It could effectively stymie sections of Weld County, an area that includes Extraction Oil & Gas, Inc.'s subsidiary 8 North LLC's recently announced plans for two new well sites. The ordinance stipulates that town staff, and some unnamed consultants, will examine current land use codes to discern whether or not they need to be revised "to protect and preserve the public health, safety, welfare and the environment." Discussion of drilling moratoria for oil and gas companies has emerged in places around Denver that historically have not been flash points for industry. The city council of Commerce City, home to the region's large oil refineries, will talk next month about a possible drilling moratorium in response to residents' concerns about applications for new wells. And in nearby Arapahoe County, a six-month moratorium on oil and gas water disposal wells started in late June.

New Mexico

- **Deputy Interior Secretary Bernhardt Says New Mexico Could Play "Pivotal Role" in DOI Reorganization:** The *Albuquerque Journal* [reported](#) on July 8 that New Mexico could play a "pivotal role" in Secretary Ryan Zinke's plans to dramatically reorganize the U.S. Department of the Interior and shift some of its management out of Washington, DC. Deputy Interior Secretary David Bernhardt – second-in-command at DOI – told the *Journal* in a recent interview that Albuquerque "could possibly be the site of a national Bureau of Land Management headquarters." Zinke's plan is to create 12 or possibly 13 management districts that would encompass all the relevant Interior agencies in each district and move some agency headquarters – such as the Bureau of Land Management – out of Washington and into the western United States. Interior officials hope to have the new boundaries in effect by 2019.

- **Progressive PACs Pouring Cash Into New Mexico Campaigns:** A wealthy entrepreneur – Chuck Feeney – has been giving away his fortune for decades, and now his efforts are propping up New Mexico's best-funded political action committee, the *Santa Fe New Mexican* [reported](#) on July 9. The "Better Future for New Mexico" PAC sprouted up just this election season, backed groups in some of the most contentious legislative primaries in the state and has quickly emerged as the political action committee with the most money heading into November. The group had nearly \$420,000 on hand by the end of June, according to campaign finance reports filed last week. Most of the PAC's funding – \$300,000 – has come from the Civic Participation Action Fund. The fund was created a few years ago by the Atlantic Philanthropies, a coalition of charities financed by Feeney. In 2014, Atlantic Philanthropies announced one of its charities had dedicated \$50 million to setting up the Civic Participation Action Fund, which describes itself as "advancing democracy through civic engagement among people of color." In New Mexico, the fund's money has gone to some of the most heated races of the year.

- **National Governors Association (NGA) Summer Conference Convening in Santa Fe on July 19:** The *Albuquerque Journal* [reported](#) on July 8 that “more than 20 governors are scheduled to descend on Santa Fe for the National Governors Association’s three-day-long summer meeting” on July 19-22. In all, about 1,500 attendees are expected, including foreign dignitaries and ambassadors from China, Mexico, Japan, Kenya and more than a dozen other nations. Some top White House officials could also show up for the meeting, the *Journal* reported. “Santa Fe was selected as the host city for this year’s summer meeting last year, and the event will be a last hurrah of sorts for Governor Susana Martinez (R), who is barred from seeking a third consecutive term in office and will step down at the end of this year. Montana Governor Steve Bullock, a Democrat, is scheduled to take the reins as the new NGA chair, replacing outgoing Nevada Governor Brian Sandoval, a Republican, whose year-long term is expiring. In addition, the Democratic Governors Association (DGA) and the Republican Governors Association (RGA) will each be hosting receptions for Governors in Santa Fe on July 20.

Oklahoma

- **Political/State Update:** Gross receipts for the state of Oklahoma in the past 12 months have hit an all-time high, [State Treasurer Ken Miller said last week](#). The state generated \$12.18 billion, according to his office, which topped the previous high of \$12.1 billion reported in February 2015 by \$73 million. The state, which just completed fiscal year 2018, also reported gross receipts increasing by \$1.2 billion for fiscal year 2018. That’s an 11.1 percent bump compared to fiscal year 2017. “It would appear Oklahoma’s economic engine is hitting on all cylinders,” Miller said. “In addition to the revenue picture, leading and lagging economic indicators paint a positive picture for the state’s economy.” The Oklahoma Tax Commission attributes \$33.8 million in June revenue to changes in legislation enacted during 2017. The additional revenue comes primarily from changes in sales tax exemptions and gross production tax incentives.
- **Kingfisher County Produced Water Line Update:** OKOGA posted a [video](#) on social media interviewing a Newfield Exploration representative to address the issue. Roxanna Herrera received communication on this video from her activities in Energy Water Initiatives and API. The OKOGA Communications Committee will be contracting for a professional campaign to educate the public on temporary pipelines and seek action from residents to stop the county commissioners ban.
- **Oklahoma earthquakes continue to decline significantly halfway through 2018.** The latest [United States Geological Survey](#) (USGS) and [U.S. Energy Information Administration](#) (EIA) data show that the number of “felt” Oklahoma earthquakes —those registering magnitude 2.8 or greater on the Richter scale — have continued to decline at the midway point of 2018, even as oil production in the Sooner State soars to [record levels](#). The monthly average of M-2.8 or greater earthquakes so far in 2018 is 76 percent below the monthly average in 2015, when seismic activity peaked in the state, and the number of felt earthquakes this past June was 86 percent below Oklahoma’s most seismically active month of June 2015.
- **Recreational Marijuana SQ 797 is getting closer to being on the ballot in November:** The [effort](#) to gain the 123,725 signatures is gaining momentum, especially after the OK State Department of Health’s Emergency Rules which have upset many voters and will likely draw a lawsuit from the ACLU.

Texas

- **RRC:** Meeting with SVP of East Texas Development Jamie deMahy and VP of Drilling Glenn Nohavitza to discuss a RRC directive related to the use of critical quality cement to cover the base of useable quality water (BUQW). The meeting included Railroad Commissioner Ryan Sitton and his chief of staff. The meeting was a follow-up to an earlier meeting BP had with the agency’s oil and gas division director, which resulted in the RRC rescinding the directive until further notice. The objective of the meeting was to underscore the safety, business and well control risks associated with the RRC directive and to encourage a much deeper deliberation before the agency makes its final decision.

• **TIPRO & TEA:** Meeting with TAE's president and TIPRO's chief lobbyist July 5 to review next steps for trade association support of L48's produced water recycling bill. In the case of TIPRO, the issue will need to be brought before the association's Water Committee, then the Regulatory and Legislative Committees. TIPRO strongly encouraged BP to consider alternative funding mechanisms in the event TIPRO's members would not be willing to support a bill with a large fiscal note. BP is in discussions with TTARA (BP is a member) to consider tax exemption provisions that could be amended. In the case of TAE, the association will include it as a priority item for discussion in next week's TAE meeting with government relations representatives. TAE's president also said that the Texas Water Recycling Association, which he helped institute, could be re-activated specifically to address this issue. The recycling association has been dormant the last couple of years.

- **TTARA:** Meeting with President Dale Craymer to discuss potential tax reductions for water recyclers. During the meeting a review of a L48's water treatment /recycling bill proposal took place, a suggestion to move the bill proposal from the Natural Resource code and place it into the water code was noted. This effort to re-frame the bill would highlight the proposal as a new water source for the state and the tool to achieve it would be the severance tax reduction. A secondary meeting will take place soon.
- **State Representative:** Meeting with Jason Modglin the COS for State Rep. Drew Darby (Chairman of the Energy Resources Committee) took place to discuss water treatment/recycling technology. A follow up meeting with a water recycler and the COS is set for July 16th. This recycler is permitted to treat poor quality water and discharge it into waters of the U.S. The process has been in operation by this recycler since 2013 in the state of Pennsylvania.

Wyoming

- **BLM Oil & Gas Lease Sale:** A June BLM auction for parcels in Carbon, Sublette, Sweetwater and Uinta counties. Southland Royalty Company was the highest bidder at \$3,104/acre. Bids from the sale brought in \$35.99 million with proceeds payable toward to federal and state governments.
- **Wyoming Revenue Up:** Total income from sales and use taxes increased by significantly in Q1 of 2018 for the state of Wyoming. Sales and products that are taxable accelerated to \$3.9 billion.
- **ESA Reform Bill:** Senator Barrasso has proposed to change the Endangered Species Act which would provide states a greater role in managing wildlife that is threatened with extinction. The bill would lessen the authority the U.S. Fish and Wildlife Service has over determining which species deserve protections and carrying out the law.
- **Rock Springs RMP:** Conservation groups are pushing the Green River City Council to sign a letter to be sent to Governor Mead that asks for 140,000 acres of oil and gas leases to be deferred in areas of the red desert.

LOWER 48 STATE AFFAIRS: ADDITIONAL ITEMS

- **Boulder County Commissioners** publicly supported the 2,500 foot setback measure.
- **Colorado Gov. John Hickenlooper urged Interior Secretary Ryan Zinke to** relocate the Bureau of Land Management headquarters **to Grand Junction.**
- **Colorado production is** continuing to set records.
- **Dr. Coburn Abandons Attempt to Stop Tax Increases** After Supreme Court Ruling

