

KIOGA

*The Voice of the
Kansas Independent
Petroleum Industry*

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Sunrise in the oil field

Oil & Gas Day at the State House

Exceptional Communication Venue for Kansas Oil and Gas Industry

The Kansas Independent Oil & Gas Association (KIOGA) along with the Eastern Kansas Oil & Gas Association

(EKOGA) and the Kansas Petroleum Council (KPC) hosted an “Oil & Gas Day” legislative reception in the Kansas **State Capitol in Topeka** on January 23, 2019. Several KIOGA, EKOGA, and KPC members made the trip to Topeka despite the snowy weather to showcase the Kansas oil and gas industry and to remind legislators and government officials about the challenges facing the oil

and gas industry and the importance of oil and gas to our state.

The event was originally planned to be a breakfast event. However, snowy winter weather delayed the start of the Legislature. We adjusted and made our event a brunch. A Kansas country breakfast was offered to all Kansas legislators, government officials, and

Continued on page 10



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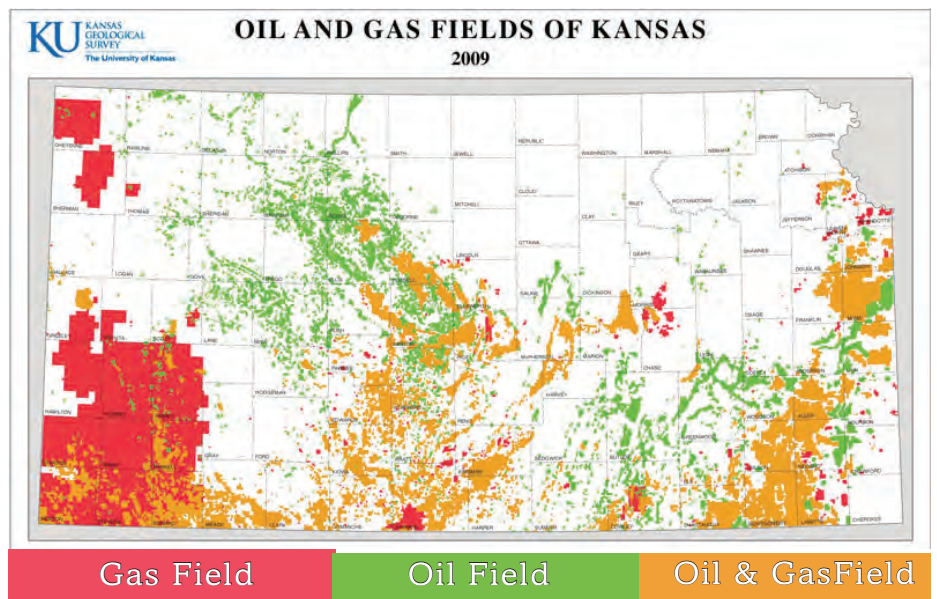
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Message from the Chairman

Ken White
Chairman, KIOGA

This is what I would like to say to Governor Kelly.

Dear Governor Kelly:

Congratulations on your election as Governor of our great State. Regardless of political affiliations or ideology, I think we all want you to be successful in enhancing the lives of all who live here. We know that there are a lot of issues on your agenda, and maybe a fresh start is just what we need to help the Kansas economy move forward. I for one think Kansas is a well-kept secret, and I wouldn't mind it staying that way, but there is obviously room for improvement and the continued growth of our state's economy can only help all of us.

As Chairman of the Kansas Independent Oil & Gas


Association, let me tell you about the Kansas oil and gas industry. The story of the Kansas oil and gas industry is an American story of industrious entrepreneurs who exhibit the pioneering spirit this state and nation is known for, of innovation, speculation, and perseverance. I know you are not real familiar with us, because I don't think the committees you served on as a State Senator were involved with oil and gas issues. That's alright, we are happy to assist you with any factual information that you may need concerning our contributions to the State.

In 2018, the Kansas oil and gas industry supported over 118,000 jobs, and paid \$1.4 Billion in state and local taxes. Those who want us to go away have never revealed a plan to replace all of that. Our industry provided \$3 Billion in family income to the state. I am not against other forms of energy, but none of them can replace the jobs, the taxes, or the income. These numbers and others put us at or near the top of almost any list of industries providing a significant economic impact in the state. Oil is used for much more than just gasoline. It sounds real attractive to eliminate oil and natural gas from our lives, but in reality, it just does not work.

In the last few years there has been a lot of discussion about induced seismicity in the state,

or earthquakes, being caused by the underground injection of oil and gas wastewater and industrial or municipal wastewater. Mistakes were made, but our industry and the Kansas Corporation Commission have taken steps to correct the problem and make sure it does not happen again. This proactive stance has reduced seismic activity in the state by 63% from 2015 to 2018, including a 39% decrease from 2017 to 2018. Earth Scientists generally agree that a very small number of disposal wells, in a very small specific geographical area in the southern part of the state were responsible for this increase in seismic activity. The issue is taking care of itself, and there are no reports of widespread damage as a result of this short lived phenomenon. When looking at this issue, please consult with Earth Scientists and not internet blogs or retired journalists.

The history of oil and gas production in our



state has a rich and vibrant history that is as much a part of our heritage as are wheat farms and cattle ranches. I have a unique perspective on this, as I am actually a city boy from Johnson County who has roamed the back roads of western Kansas for over 38 years. I can tell you for a fact, that without the production of oil and natural gas, our state would be a much different place. Residents of the northeast part of the state do not understand that in some Kansas counties, taxes derived from oil and gas production provide as much as half of some counties tax revenue, or more. If that source of revenue for those counties is lost, I don't see the other counties sharing their wealth. Here is a story that I feel defines our industry's contribution to the quality of life in Kansas

Back in 1994, I had several oil and gas exploration projects in the northeastern part of Pratt County. On one of them, I bought an oil and gas lease on an 80-acre tract from a longtime farmer who had lost quite a bit of land to mortgage foreclosure in previous years. The piece of land that I leased was about all that he had left. At that time, this family had owned land in the area for several generations and it was very hard to make a living off of dry land wheat. This nice gentleman had 4 children. The three older ones had moved away looking for better opportunities

outside of farming. The youngest child, in his 20's, had special needs and lived at home with his parents. He spent his days riding around with his father either on the tractor or in the pick-up. This is what you did in Preston, Kansas. There were no group homes or assisted living facilities for the young man to live in. I drilled a well on this lease and got a really nice oil well. Oil was about \$16.00 to \$17.00 per barrel at the time. The well started out at about 150 barrels of oil per day and the first monthly check the farmer received for his royalty interest was about \$9,500.00. Upon receipt of the check the farmer sent me a very nice Thank-you note telling how much he appreciated what we had done. His check the second month was for about \$8,500.00, and once again, I received a lovely note from he and his wife expressing their gratitude. The third revenue check generated yet another Thank-you note.

I finally called him up and said "Ben, you don't need to keep thanking me every time you receive a check". He responded; "You just don't get it, before you drilled this well, we had no idea how we were going to take care of our son once my wife and I pass on". "We have lost nearly everything we own and now I know that my son will be safe and taken care of no matter what happens to the farm". I was speechless, as I probably needed the well as much as he did, but it did reinforce my feelings that I hold to this day, that the exploration and production of oil and gas in Kansas improves all of our lives.

Almost 25 years later, I still own

and operate this well. The grateful couple and their special son have all passed away, and the remaining children share the royalty interest on that well, which in 2018 still amounted to over \$6,500.00. By the way, 25 years ago that well was completed using a Fracture Treatment and the well has utilized an Arbuckle Salt Water Disposal Well for its entire life. There have been no earthquakes, damage to ground water, or pestilence or famine. The wheat comes up each year.

So Governor Kelly, please know that last year the Kansas oil and gas industry generated, put tens of thousands of people all across Kansas to work, and pumped hundreds of millions of dollars into the state's economy. This great industry enhances life experiences and improves the quality of life for people in Kansas and throughout the world. All I ask is that when it comes to the Kansas oil and gas industry, please listen to facts and not rhetoric. We'll be happy to provide you any information that you need.

Best of luck. We are all pulling for you to help protect and expand our economy, and help keep Kansas the best place in the country to produce oil and natural gas. Our state's natural resources are a vital part of our success.

Ken White

Oil & Gas Appraisal Guide Issued

Oil Price Bulletin & Natural Gas MAF Adjusted

The Kansas Department of Revenue Property Valuation Division (PVD) issued their 2018 Oil & Gas Appraisal Guide, Crude Oil Price Bulletin, and Natural Gas Marketing Adjustment Factor (MAF) on January 25, 2019. General Kansas crude oil was set at **\$44** and eastern Kansas crude oil was set at **\$39**. The PVD also issued a natural gas MAF to be used with the

prior year's net weighted average price per lease on the gas assessment rendition. The 2018 natural gas MAF is **0.95**. The MAF reflects a 5% downward adjustment for market conditions anticipated over the course of the current tax year. No major changes were made for the 2019 Oil & Gas Appraisal Guide. Commercial SWD issues are still pending appellate decisions, so no changes dealing with commercial SWD's were made for the 2019 Guide. Several KIOGA members met with PVD officials on January 23rd

to discuss crude oil and natural gas pricing issues including **Richard Koll** (KIOGA Ad Valorem Tax Committee Chairman), **Andrea Krauss** (KIOGA Federal & State Committee Chair), **Ken White** (KIOGA Chairman), **Dave Dayvault**, and **Edward Cross** (KIOGA President). Also, **Steve Dillard** (KIOGA Natural Gas Committee Chairman) researched and provided some invaluable information the KIOGA team used in our discussions.



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KIOGA Mark your Calendar



Event Name	Date	Location
Desk & Derrick Lunch	February 13, 2019	Wichita, KS
Winter NAPE Expo	February 13-15, 2019	Houston, TX
AESC 2019 Winter Meeting	February 13-15, 2019	New Orleans, LA
NSWA 2019 Energy Gala	April 12, 2019	Oklahoma City, OK
KIOGA Midyear Meeting	April 17-19, 2019	Mulvane, KS
IOGCC Annual Business Meeting	May 5-7, 2019	Oklahoma City, OK
AAPG 2019 Annual Conference	May 19-22, 2019	San Antonio, TX
IPAA Midyear Meeting	June 24-26, 2019	Colorado Springs, CO
KIOGA 82nd Annual Convention/Expo	August 11-13, 2019	Wichita, KS

**Kansas Department of Revenue
Property Valuation Division
Appraisal Courses**

Introductory Level Courses

February 4-6, 2019 Dodge City, KS
February 18-20, 2019 Topeka, KS

Advanced Level Courses

February 7-8, 2019 Dodge City, KS
February 21-22, 2019 Topeka, KS

Oil & Gas Appraisal ?Guide Seminar

February 26-27, 2019 Topeka, KS

For more information and registration, go online to the Kansas Customer Service Center at www.ksrevenue.org to the Kansas Customer Service Center (KCSC) and click on the Customer Service Center "Register Now" link in the upper right-hand corner.

U.S. Senator Pat Roberts Announces Retirement

2020 U.S. Senate Election Map Intriguing



U.S. Senator Pat Roberts announced on January 4th that he will retire from the U.S. Senate when his term expires in two years. He said

he will finish his term, continuing to serve as chair of the Senate Agriculture Committee. Roberts served 16 years in the U.S. House, representing Kansas' First District, and for 22 years so far in the Senate. He said that "never in my wildest dreams" did he think he would become the longest serving congressman in Kansas' history.

Senator Roberts has been a shining example of statesmanship for more than 38 years. The work he has done for our state is second to none.

"Senator Roberts is an absolute champion for the Kansas oil and gas industry," said Edward Cross KIOGA President. "Through the years, he is far and away the most engaged and best Senator to work with on tax, energy, and environmental issues. On behalf of all of the fine folks in the Kansas oil and gas industry, thank you Senator Roberts for your leadership and many years of service."

2020 U.S. Senate Election Map Intriguing

The 2018 U.S. Senate elections saw 33 Senate seats up for election which included 9 seats held by Republicans and 24 held by Democrats (including 2 held by independent who caucus with Democrats. In 2020, 34 Senate seats will be up for election with 22 held by Republicans and 12 held by Democrats.

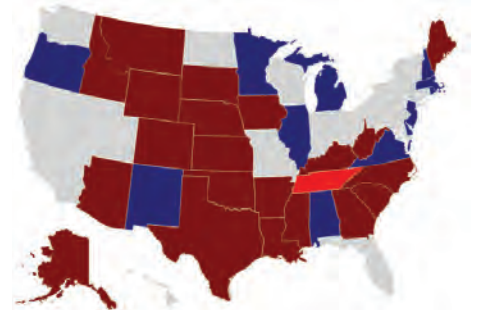
The 2020 U.S. Senate elections look better for Democrats, but not great. In 2020, Republicans will have to defend more seats, but they will do so in friendly states that voted heavily for Trump in 2016. So they are still up for grabs, but many will be hard to flip for Democrats.

There are a few opportunities for pickups by the Democrats, with both Senators Susan Collins (R-ME) and Cory Gardner (R-CO) up for re-election in states that voted for Clinton in 2016. After a few Iowa House Districts flipped to the Democrats in 2018, Joni Ernst's seat seems a likely target for Democrats in 2020. They will also try to win in blue-trending North Carolina and pick off Arizona's other Senate seat.

Republicans will have some opportunities too. Doug Jones (D-Alabama) is the most vulnerable incumbent, as a Democratic senator in a deeply red state. New Hampshire, Minnesota, and Virginia will be tough but winnable races in 2020.

Winning the U.S. Senate looks like a tough challenge for Democrats in 2020.

The U.S. Senate is always very tough for Democrats. Democrats have more voters clustered in fewer states. In the 2016 election, President Trump won 30 states, while Hillary Clinton won just 20. That means 60 senators serve in Trump states, while 40 serve in Clinton states. Democrat voters are concentrated in urban areas, and big urban areas are concentrated in just a few states.



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Encourage others to join!



If you would like additional copies... contact the office.

KIOGA

New Members

We welcome the following members to the KIOGA family. Thank You for your continued support!

Name	Company	City & State
Tyson Broyles	Rock Ridge Drilling, LLC	Thornton, CO
Nick Broyles	Rock Ridge Drilling, LLC	Garden City, KS
Guillermo Fernandez	Micro-TES, Inc dba LIVENTIA	San Antonio, TX

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From Page 1

Oil & Gas Day

Continued

Exceptional communication venue

other decision-makers. Over 12 KIOGA members joined KIOGA **Chairman Ken White** and our legislative sponsor **State Senator Rob Olson (R-Olathe)** in welcoming legislators and governmental decision-makers to **Kansas Oil & Gas Day** at the State Capitol.



“The difference this day makes for the Kansas oil and gas industry is tremendous,” said Edward Cross, KIOGA President. “By having oil and gas producers from across the state taking part, our legislative leaders and governmental decision-makers will have no doubt about the challenges and opportunities facing the Kansas oil and gas industry.”

As part of the “Kansas Oil & Gas Day” legislative event, KIOGA members met with several key legislators after the brunch to discuss issues important to the Kansas oil and gas industry. In addition, KIOGA President Edward Cross made presentations before the Kansas House Energy Committee, Kansas House Appropriations Committee, and the Kansas Senate Utilities Committee on the state of the oil and gas industry

and the challenges and opportunities facing the Kansas oil and gas industry.



Several legislators and government officials joined the reception including:

- **House Majority Leader Dan Hawkins (R-Wichita)**
- **House Speaker Pro Tem Blaine Finch (R-Ottawa)**
- **House Minority Leader Tom Sawyer (D-Wichita)**
- **House Majority Whip Blake Carpenter (R-Derby)**
- **House Energy Committee Chair Joe Seiwert (R-Pretty Prairie)**
- **House Tax Committee Chair Steve Johnson (R-Assaria)**
- **House Appropriations Committee Chair Troy Waymaster (R-Bunker Hill)**
- **Senate Majority Whip Elaine Bowers (R-Concordia)**
- **Senate Utility Committee Chair Ty Masterson (R-Andover)**
- **Senate Commerce Committee Chair Julia Lynn (R-Olathe)**
- **Senate Financial Institutions & Insurance Committee Chair Rob Olson (R-Olathe)**
- **53 State Representatives**
- **16 State Senators**



In addition, a number of agency decision-makers and legislative staffers stopped by to visit. Turnout for the reception was exceptional. Over **200** people attended the reception.

Many legislators, government officials, and other decision-makers expressed their gratitude for the breakfast, camaraderie, and discussions saying they look forward to our event every year because “it is the best breakfast reception of the entire session”. The good will and positive relationships we nurture at this annual event provides phenomenal value for our industry. The 2019 reception marks the 13th consecutive year we have organized the event and we are delighted that our friends at EKOGA and KPC joined us to host the event. The event has proven to be an exceptional venue and opportunity for our industry to communicate and with state legislators and government decision-makers on issues important to our industry.





Teaching Today's Children About Tomorrow's Energy

KIOGA Education Foundation

The KIOGA Educational Foundation (KEF) has given out five grants to date. We are in the process of taking applications thru the end of December to award other Kansas Schools for their STEM (Science, Technology, Engineering and Math) projects. If you know a school that would fit in this category, please have their school contact us.

Grants awarded to date:

- Gordon Parks Academy - Wichita, KS
- Heller Elementary - Neodesha, KS
- Marshall Elementary - Eureka, KS
- Victoria Elementary - Victoria, KS
- Spaght Science & Communications - Wichita, KS

If you are interested in donating to the the program, contact KEF at kef@kioga.org. Check out the new Facebook page.



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Communication Priorities Key in Today's Environment

KIOGA's Communication Strategy for 2019

For years, KIOGA has served as a primary source of information for the media on issues ranging from oil and gas taxation, environmental issues, economic impact of oil and gas industry and more. Leading the way for the Kansas oil and natural gas industry in Topeka, Washington, and the media, KIOGA has established a set of core policy initiatives and laid an impressive amount of groundwork over the past several years in a positive direction and prepares for 2019. These efforts have been guided by a volunteer board of directors and leadership structure that KIOGA President Edward Cross believes has resulted in one of the strongest and most unified voices for the industry in Topeka and Washington.

KIOGA Communication Strategy for 2019

Across the nation, the oil and gas industry continues to face public perception challenges. The problem has a potentially negative impact, both on the industry's ability to explore and drill for oil and gas, and on America's future access to oil and gas supplies.

Three big communication challenges have emerged for the oil and gas industry. Briefly, these challenges and KIOGA's basic strategy for overcoming them include:

Challenge 1: Citizens have been taught that oil and gas are inherently

immoral

Strategy: Reframe communication around a different definition of moral

Challenge 2: Citizens have been taught that it's okay to be biased against oil and gas

Strategy: Reframe communication around evenhanded evaluation

Challenge 3: Citizens have been taught to be suspicious of anyone's motives who supports oil and gas development

Strategy: Communicate using testimonial and opinion pieces

During 2018, KIOGA achieved significant media coverage, including over 50 media inquiries, multiple mentions in mainstream media articles, op-eds in print newspapers across Kansas and elsewhere, and speaking engagements at 38 public forums across Kansas and elsewhere.

KIOGA's communication strategy for 2019 is to continue the progress we have made over the last several years and highlight the important role the independent oil and gas industry plays in our quality of life. Media kits have been distributed to media across Kansas providing fact sheets and reference materials describing how our industry can create more jobs, reduce the deficit, and enhance our nation's energy security. Our efforts are bringing a wealth of information on energy to the forefront separating fact from fiction, reality from myth, and proven practices from hyperbole. We focus on informing policymakers, media, and the public of the key advantages available to our nation

through increased domestic oil and gas production.

In light of the current economic and political uncertainty, KIOGA is currently focused on three communication priorities:

- Educating policymakers and the public on critical energy policy, tax, and regulatory issues
- Developing good media relations, and
- Keeping KIOGA members informed

Educating Policymakers and the Public

KIOGA has established a strong voice with federal and state lawmakers and the media and have helped keep misguided legislation from advancing further. KIOGA brings attention to the facts through:

- Quantitative analyses and increased information to policymakers, media, and the public
- New initiatives that target specific policy debates, and
- Updated efforts to keep industry informed

KIOGA targets policymakers and the public with messages and energy education initiatives to set the record straight on many issues. KIOGA is advocating sensible state and federal policies that will help encourage more American oil and natural gas production.

When our industry is attacked in the media, KIOGA stands ready to respond. KIOGA has developed fact sheets, talking points, issue briefs, press kits, and industry information on current and relevant energy and industry topics.

Major Kansas media outlets depend on KIOGA's expertise and explanations and turn to KIOGA as the leading oil and natural gas industry news source.

Next Step to Raising Awareness

- There is a very real opportunity to create a stronger, more effective connection with the American public that recognizes their values and concerns and allows them to understand better the critical role that oil and gas play in America's everyday lives. This type of connection is more than an opportunity. Earning the trust of the American public will become an absolute necessity to protect and enhance the many key elements of business success – from recruiting and retention of talent to access to capital, regulatory stability, tax fairness, and more.

KIOGA's public information efforts highlight the many different and important ways oil and natural gas benefit people's lives. This effort is the next step to raising energy awareness. KIOGA's latest public information efforts brings important information and messages about the reach and magnitude of oil and natural gas, the products made from oil and natural gas, and oil and natural gas' contributions to everyday lives. Our 2019 public information efforts will continue our successful ongoing efforts while expanding the scope to illustrate the central role oil and natural gas play in sparking invention, advancing technological breakthroughs, and enabling a modern quality of life.



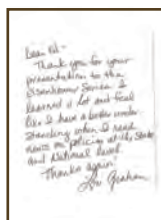
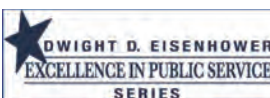
As part of KIOGA's expanded public

information effort, we have updated our website and social media to include information that the public can peruse about the reach and magnitude of oil and gas and how they enrich life experiences and enhances quality of life.



Getting the Message Out - KIOGA continues our vigorous campaign speaking at public forums across Kansas and elsewhere. The presentations summarize America's energy picture today, the challenges faced by the small businesses

that make up the Kansas independent oil and gas industry, and what industry is doing to address those challenges. KIOGA presentations bring to light the facts and science about important energy issues and topics from injection wells and earthquakes to hydraulic fracturing and energy policy. We also include facts and information in every presentation on how the oil and gas industry greatly enhances quality of life for all. Fossil fuels are needed throughout the world to lift people up, which is different than a philosophy of embracing a zero-emissions world. KIOGA members spoke at 38 public forums in 2018.



KIOGA Speaks at 2018 Kansas Economic Outlook Conference - The Center for Economic Development



and Business Research (CEDBR) at Wichita State University hosted the 2018 Kansas Economic Outlook Conference at the Century II Performing Arts and Convention Center in Wichita on October 4th. The conference was well-attended (780+) and focused on financial markets, state and local economic issues, agriculture sector, and oil and gas sector. The oil and gas segment of the conference included a discussion of supply/demand issues, trade, and contribution of the oil and gas to the Kansas economy. KIOGA President Edward Cross delivered a presentation on oil and gas market dynamics and the state of the Kansas oil and gas industry. Cross also moderated a panel discussion of Kansas oil and gas producer outlooks and plans going forward. Panelists included **Adam Beren**, Chairman & President of Berexco, **Dave Murfin**, President of Murfin Drilling, and **Nick Powell**, Owner and President of Colt Energy.

KBA/KIOGA CLE – The 43rd Annual KBA/KIOGA CLE Conference was held in Wichita on October 12th. Advancements throughout the oil and gas industry have brought a number of changes to legal issues that regulate the oil and gas industry. In order to keep

continued on page 14

Communication Strategy

Continued

KIOGA's Communication Strategy



a b r e a s t
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A s s o c i a t i o n
(K B A) a n d

KIOGA came together for the 43rd year to offer a continuing legal education (CLE) seminar. The conference saw nearly 70 folks attend! Presentations were made by several KIOGA members including KIOGA Chairman Ken White, Will Darrah, and KIOGA President Edward Cross.

Labor Challenges - Labor shortages continue to be felt throughout the Kansas oil and gas industry and have been limiting activity. A Time Magazine article in July discussed America's fastest-growing jobs by State for 2019. The fastest-growing job in Kansas was "Oil Equipment Operator with growth projected at 16% and average annual salary of \$61,000.

In an effort to boost oil and gas industry employment and promote jobs and careers in the Kansas oil and gas industry, KIOGA revised our **Kansas Oil & Gas Industry Toolkit**. The concept uses an innovative strategy that draws upon the business acumen of the Kansas oil and gas industry to develop guidelines for aligning business strategy with staffing strategies in order to effectively recruit and retain qualified talent. The goal of the program is to better connect job

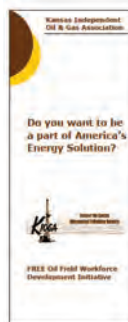
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i n d u s t r y. T h e t o o l k i t w a s u s e d d u r i n g
t h e p r e s e n t a t i o n s a t **Wamego High
School** in September. KIOGA made
p r e s e n t a t i o n s t o s e v e r a l s c i e n c e a n d
b u s i n e s s c l a s s e s a n d a t a s p e c i a l s e m i n a r
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p r e s e n t a t i o n s a t **Rock Creek High
School** and **Wabaunsee High
School** in 2019.

Job Title	Job Description	Typical Education	Typical Salary	Typical Location	Typical Hours	Typical Career Path
Accounting Assistant	Assists in the preparation and review of financial statements, reports, and other financial information.	High School Diploma or GED	\$15,000 - \$20,000	Office	40 hours per week	Accounting Assistant, Accounting Clerk, Accounting Manager
Administrative Assistant	Assists in the management of the office, including scheduling, correspondence, and general office duties.	High School Diploma or GED	\$15,000 - \$20,000	Office	40 hours per week	Administrative Assistant, Office Clerk, Office Manager
Business Development Representative	Identifies and generates leads for the company, including cold calling, networking, and social media outreach.	High School Diploma or GED	\$15,000 - \$20,000	Office	40 hours per week	Business Development Representative, Sales Representative, Sales Manager
Customer Service Representative	Provides customer support and assistance, including answering questions, resolving complaints, and processing orders.	High School Diploma or GED	\$15,000 - \$20,000	Office	40 hours per week	Customer Service Representative, Sales Representative, Sales Manager
Human Resources Assistant	Assists in the recruitment, hiring, and onboarding process, including scheduling interviews, conducting background checks, and preparing new hire paperwork.	High School Diploma or GED	\$15,000 - \$20,000	Office	40 hours per week	Human Resources Assistant, HR Clerk, HR Manager
Inventory Control	Tracks and manages the company's inventory, including receiving, storing, and distributing goods.	High School Diploma or GED	\$15,000 - \$20,000	Warehouse	40 hours per week	Inventory Control, Warehouse Worker, Warehouse Manager
Legal Assistant	Assists in the preparation and review of legal documents, including contracts, leases, and agreements.	High School Diploma or GED	\$15,000 - \$20,000	Office	40 hours per week	Legal Assistant, Paralegal, Attorney
Marketing Assistant	Assists in the development and execution of marketing campaigns, including social media management, email marketing, and content creation.	High School Diploma or GED	\$15,000 - \$20,000	Office	40 hours per week	Marketing Assistant, Social Media Manager, Marketing Manager
Operations Assistant	Assists in the day-to-day operations of the company, including scheduling, inventory management, and general office duties.	High School Diploma or GED	\$15,000 - \$20,000	Office	40 hours per week	Operations Assistant, Office Clerk, Office Manager
Project Assistant	Assists in the management of projects, including scheduling, budgeting, and reporting.	High School Diploma or GED	\$15,000 - \$20,000	Office	40 hours per week	Project Assistant, Project Clerk, Project Manager
Quality Control	Checks and inspects products to ensure they meet the company's quality standards.	High School Diploma or GED	\$15,000 - \$20,000	Warehouse	40 hours per week	Quality Control, Warehouse Worker, Warehouse Manager
Receptionist	Answers the phone, greets visitors, and directs them to the appropriate department.	High School Diploma or GED	\$15,000 - \$20,000	Office	40 hours per week	Receptionist, Office Clerk, Office Manager
Sales Representative	Identifies and generates leads for the company, including cold calling, networking, and social media outreach.	High School Diploma or GED	\$15,000 - \$20,000	Office	40 hours per week	Sales Representative, Business Development Representative, Sales Manager
Systems Administrator	Manages and maintains the company's IT systems, including servers, networks, and software.	High School Diploma or GED	\$15,000 - \$20,000	Office	40 hours per week	Systems Administrator, IT Support, IT Manager
Training Assistant	Assists in the development and delivery of training programs, including scheduling, materials preparation, and classroom management.	High School Diploma or GED	\$15,000 - \$20,000	Office	40 hours per week	Training Assistant, Training Clerk, Training Manager
Warehouse Worker	Handles the loading and unloading of goods, including picking, packing, and shipping orders.	High School Diploma or GED	\$15,000 - \$20,000	Warehouse	40 hours per week	Warehouse Worker, Warehouse Clerk, Warehouse Manager

Job Family	Description	Typical Education	Typical Salary	Typical Location	Typical Hours	Typical Career Path
Administrative	Assists in the management of the office, including scheduling, correspondence, and general office duties.	High School Diploma or GED	\$15,000 - \$20,000	Office	40 hours per week	Administrative Assistant, Office Clerk, Office Manager
Business Development	Identifies and generates leads for the company, including cold calling, networking, and social media outreach.	High School Diploma or GED	\$15,000 - \$20,000	Office	40 hours per week	Business Development Representative, Sales Representative, Sales Manager
Customer Service	Provides customer support and assistance, including answering questions, resolving complaints, and processing orders.	High School Diploma or GED	\$15,000 - \$20,000	Office	40 hours per week	Customer Service Representative, Sales Representative, Sales Manager
Human Resources	Assists in the recruitment, hiring, and onboarding process, including scheduling interviews, conducting background checks, and preparing new hire paperwork.	High School Diploma or GED	\$15,000 - \$20,000	Office	40 hours per week	Human Resources Assistant, HR Clerk, HR Manager
Inventory Control	Tracks and manages the company's inventory, including receiving, storing, and distributing goods.	High School Diploma or GED	\$15,000 - \$20,000	Warehouse	40 hours per week	Inventory Control, Warehouse Worker, Warehouse Manager
Legal	Assists in the preparation and review of legal documents, including contracts, leases, and agreements.	High School Diploma or GED	\$15,000 - \$20,000	Office	40 hours per week	Legal Assistant, Paralegal, Attorney
Marketing	Assists in the development and execution of marketing campaigns, including social media management, email marketing, and content creation.	High School Diploma or GED	\$15,000 - \$20,000	Office	40 hours per week	Marketing Assistant, Social Media Manager, Marketing Manager
Operations	Assists in the day-to-day operations of the company, including scheduling, inventory management, and general office duties.	High School Diploma or GED	\$15,000 - \$20,000	Office	40 hours per week	Operations Assistant, Office Clerk, Office Manager
Project Management	Assists in the management of projects, including scheduling, budgeting, and reporting.	High School Diploma or GED	\$15,000 - \$20,000	Office	40 hours per week	Project Assistant, Project Clerk, Project Manager
Quality Control	Checks and inspects products to ensure they meet the company's quality standards.	High School Diploma or GED	\$15,000 - \$20,000	Warehouse	40 hours per week	Quality Control, Warehouse Worker, Warehouse Manager
Receptionist	Answers the phone, greets visitors, and directs them to the appropriate department.	High School Diploma or GED	\$15,000 - \$20,000	Office	40 hours per week	Receptionist, Office Clerk, Office Manager
Sales	Identifies and generates leads for the company, including cold calling, networking, and social media outreach.	High School Diploma or GED	\$15,000 - \$20,000	Office	40 hours per week	Sales Representative, Business Development Representative, Sales Manager
Systems Administration	Manages and maintains the company's IT systems, including servers, networks, and software.	High School Diploma or GED	\$15,000 - \$20,000	Office	40 hours per week	Systems Administrator, IT Support, IT Manager
Training	Assists in the development and delivery of training programs, including scheduling, materials preparation, and classroom management.	High School Diploma or GED	\$15,000 - \$20,000	Office	40 hours per week	Training Assistant, Training Clerk, Training Manager
Warehouse	Handles the loading and unloading of goods, including picking, packing, and shipping orders.	High School Diploma or GED	\$15,000 - \$20,000	Warehouse	40 hours per week	Warehouse Worker, Warehouse Clerk, Warehouse Manager



Developing Good Media Relations

KIOGA has taken on a number of communication and advocacy initiatives to educate lawmakers, consumers, media, and school children about the importance of American oil and natural gas production and why it is so critical to the future of our economy and energy security. KIOGA employs a 5-point strategy for developing media relations and improving the industry's image and credibility:

- **We provide sincere, honest, and frequent communication with media.**
- **We put a face on the industry.**
- **We explain oil and gas industry values and educate about the integrity of our industry.**
- **We provide industry information.**
- **We establish a long-term commitment.**

Developing good media relations are an important tool for achieving the goals of KIOGA. KIOGA's ongoing campaigns educate the media and public about energy security issues and the integral role of responsibility in the oil and gas industry's activities. KIOGA continually develops and update fact sheets, white papers, and reference materials on important energy policy, economic, and environmental issues.

KIOGA members have appeared on TV reports and have been



quoted in several media outlets throughout 2018.

Ziyen Energy, a Scottish-American energy company launched in 2017 went public in 2018. Ziyen put together a pitch deck which focuses on their



America First Oil Drilling Plan and was looking for information and quotes they could use. Ziyen executive management read editorials on energy policy written by KIOGA President Edward Cross that appeared in national publications and asked to use the material in their pitch deck. They also requested to use an excerpt from one of the editorials as quote. Cross agreed and the quote recently appeared on Ziyen's NASDAQ Board display in Times Square, New York.

KIOGA members have also provided comments for articles in the **Hays Daily News**, **Garden City Telegram**, **Wichita Eagle**, **Topeka Capital-Journal**, **Kansas City Star**, **Hutchinson News**, **Gyp Hill Premier**, **Coffeyville Journal**, and more. KIOGA has also provided a number of interviews to radio, newspaper and other media outlets providing information about oil prices, hydraulic fracturing, air emission regulation, seismic activity, and other topics to media throughout Kansas and elsewhere including:

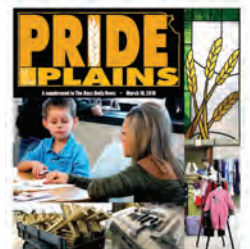


As issues affecting oil and natural gas production continue to dominate media focus, KIOGA continues to raise our profile as a source for the media. We continue our aggressive campaign to not only educate policymakers, but also educate the public on policy issues.

KIOGA Opinion Editorials - KIOGA opinion editorials (OpEd) continue to be published by newspapers across Kansas and the nation including the **Kansas City Star**, **Wichita Eagle**, **Hays Daily News**, **Salina Journal**, **Topeka Capital-Journal**, **Gyp Hill Premier**, **Great Bend Tribune**, **Dodge City Globe**, **Holton Recorder**, **Manhattan Mercury**, **Garden City Telegram**, **Coffeyville Journal**, and **Hutchinson News** to name a few as well as newspapers in other states. All KIOGA OpEd's focus on relaying messages that our state and nation must continue to move forward to promote comprehensive energy policy that will improve America's energy supply and

national security and that oil and natural gas must be a part of our energy solution. In addition, KIOGA communicates how responsibility is an integral part of industry's considerations and decisions. KIOGA emphasizes how the independent industry's values align with societal values and illustrate and describe how the industry and enriches life experiences and enhances our quality of life. Editorials published in 2018 include:

- Energy Makes Holiday Season Bright;
- Oil & Gas Policy Integral to 2018 Economic Outlook;
- Our Nation's Best Energy Future;
- Public Perception Challenges Critical for Oil & Gas Industry;
- 2017 - A Stabilizing Year for Oil & Gas Industry;
- Responsibility Integral to Oil and Gas;
- Get the Facts About Injection Wells and Seismicity;
- A Consequential Moment for Energy Policy is at Hand;
- What is Our Best Energy Policy Going Forward?
- Kansas Energy Development is Crucial to America's Independence;
- And more



Continued on page 16

Communication Strategy

Continued



Several KIOGA editorials have received attention from several key federal policymakers and oil and gas groups across the nation.

The White House said; “This is fantastic! Thank you for all you do to advance the message on energy.”

- Communications was received from several key federal policymakers saying; “Very interesting article that reinforces what has been happening over the past few years.”
- An oil producer from Kentucky said; “. . . excellent piece, probably the best overall statement I’ve read!”
- An energy advocate from Washington, D.C. said: “Extremely well-written and persuasive. It should be required reading for all policymakers and regulators.”

Keeping Members Informed

KIOGA Western Kansas Listening Tour - KIOGA Chairman Ken White and KIOGA President Edward Cross toured western Kansas on October 31st-November 1st 2018 to listen to the thoughts, ideas, and concerns of Kansas oil and natural gas producers. Roundtable discussions were held in **Great Bend**, **Garden City**, and **Hays**. KIOGA also visited producers in **Wichita** in October and November.

Turnout for each of the events were great! The informal roundtable events provided an opportunity for producers and KIOGA members to share concerns and thoughts about important state and federal issues that affect them and



Great Bend



Hays



Garden City

their businesses and what they believe is important for growth and protection of the oil and gas industry and the Association. KIOGA greatly appreciates the opportunity to seek the advice of our members on issues important to our industry.

K I O G A continues to keep members abreast of what’s going on in Washington, Topeka, and the media through our information services including:

- **KIOGA Newsletter** - published 6 times per year delivering practical information about national and state policy discussions, regulatory issues, public relation efforts, business strategies, and important emerging trends affecting your business.
- **American Oil & Gas Reporter** – a fast-paced monthly magazine that covers the industry from A to Z.
- **KIOGA President Report** – communication on ongoing KIOGA activities.
- **KIOGA Website** – includes important up-to-date information on legislative, regulatory, and policy issues. Fact sheets, talking points, media clips, and

more are also available to KIOGA members, the general public, and media.

- **Federal and State Legislative Updates** – keeps members current with federal and state legislative issues.
- **KIOGA Express** – an email communication tool designed to keep membership abreast of ongoing and breaking oil and gas news.
- **Kansas Oil & Gas Industry Strategic Analysis** – an annual comprehensive report that provides the latest information on the economic impact of the Kansas oil and gas industry including statistics on Kansas oil and gas industry activity, taxes, production, issues, challenges, and opportunities.
- **KIOGA App** – for use in iPhone, iPad, and Android phones and tablets. The app has:
 - Membership list with filter and search option
 - GPS touch to dial and email feature
 - Map view and GPS navigation of well locations
 - Service providers contact information & map location of rigs
 - Events section
 - Social media and blog interactive area
 - Staff contact area
 - Annual and Midyear Convention itinerary with GPS location mapping and note taking tools
 - Legislative issues guide with legislators tool finder
- **INAlert** - KIOGA also deploys

INAlert, an instant communication technology that is accessible by mobile devices.

- **Other KIOGA Publications** – educational brochures and white papers providing information on the state of the oil and gas industry, hydraulic fracturing, energy policy, oil and gas drilling promotions, KIOGA membership benefits, Kansas oil and gas industry statistics, seismic activity, and more.

Moving Forward

KIOGA will continue to provide science-based information and inform policymakers and the public about the economic and environmental benefits of safe and responsible oil and natural gas development.

KIOGA will be taking advantage of several public information opportunities in the coming year speaking at public forums, writing editorials, participating in on-site educational events, and more.

KIOGA's public information efforts continue to make a huge positive difference for the Kansas oil and natural gas industry. With continued public misconceptions about important oil and gas economic and environmental issues, KIOGA will continue to provide credible information and education to lawmakers, media, and the general public.




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KIOGA Member News



Eureka Elementary
students enjoying and
learning about their new
3D Printer



KIOGA Education Foundation

KEF has given out five grants to date.

Gordon Parks Academy - Wichita, KS

Heller 'Elementary - Neodesha, KS

Marshall Elementary - Eureka, KS

Victoria Elementary - Victoria, KS

Spaght Science & Communication Magnet - Wichita, KS

KEF now has a Facebook Page - look for it and share

Please consider making KIOGA Educational Foundation as your donation in lieu of flowers.

KEF is dedicated to the education of teachers and students, on the benefits of the oil and gas industry.

KEF - 229 E William Suite 211 - Wichita, KS 67202

In Memory Of:

E.G. Elbie McNeil

J. Fred Hambright

Byron E Hummon Jr.

Barbara Oringderff

LaVerna Ann Boger

Retired Petroleum Geologist

J. Fred Hambright, Inc.

Hummon Corporation

The Territorial

Retired oil producer

Wichita, KS

Wichita, KS

Medicine Lodge, KS

Liberal, KS

Wichita, KS

KIOGA Newsline Update

CALL TODAY - 316.269.5464

Please feel free to edit and use the story to fit your format. Let us know if there is someone you would like to hear. These can also be heard on the website.

Line 1

Dick Schremmer, Bear Petroleum talks about the upcoming Midyear Meeting in Haysville.

Upcoming

Edward Cross, KIOGA President will discuss his thoughts on 2019 and working with the new legislation.



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that have grown from this land and
have been committed to the
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2018 - A Year of Recovery for Oil & Gas Industry

Industry Refocused Capex on Most Resilient Projects

These are critical times for the Kansas oil and natural gas industry, economically and politically. The challenges we face grow in number and complexity are exacerbated by a volatile oil and natural gas price environment. The advocacy efforts of the Kansas Independent Oil & Gas Association (KIOGA) have only gotten more urgent.

Crude oil prices fell 75% over 20 months beginning in 2014. While we experienced price recovery during periods in 2017 and 2018, the industry experienced a 33% decline in prices in November and December 2018. Once again the market is fraught with uncertainty and 2019 could experience volatile price fluctuations.

KIOGA has compiled statistics that paint a remarkable picture of the oil and natural gas industry's impact on the Kansas economy and the level of state taxes imposed on the industry. KIOGA has prepared several white papers and reports that provide a summary of the current state of the oil and natural gas industry.

"These informational pieces highlight how oil and natural gas uniquely impacts many aspects of our life," said Edward Cross, KIOGA President. "Whether it is providing well-paying jobs, saving consumers thousands of dollars each year on their energy bills, producing the building blocks for products we use every day, or developing innovations that have reduced air emissions to historic lows, the oil and natural gas industry is a vital part of the Kansas and U.S. economy."

Independent Oil and Gas Industry Leads the Way

The independent oil and natural gas producers continue to lead the way in the Kansas oil and natural gas industry. Independent producers account for over 92% of the oil and 63% of the natural gas produced in Kansas.

Kansas independent oil and natural gas producers have some significant advantages. The independent oil and natural gas producers in Kansas have developed strong skill sets based on their size and scale. Independents historically use their resources to the fullest and therefore accelerate the process of creating value from their assets. Independents are typically able to run quicker and leaner than larger companies. Finally, Kansas independents know Kansas geology and how to develop wells in Kansas. They are able to apply that unique knowledge to address issues as they arise. Kansas independent producers have a subsurface intelligence that you cannot buy and gives them a very unique competitive advantage. Kansas independent producers have a significant advantage by running lean but being smart. All of this gives independents some significant advantages.

Kansas Industry Activity

Oil and natural gas activity in Kansas stabilized in 2018. The Kansas oil and gas industry produced nearly 36 million barrels of oil and over 185 billion cubic feet of natural gas in 2018. Nearly 83% of the value of the Kansas oil and natural gas industry comes from oil production and 17% comes from natural gas production. The industry saw 28-49 drilling rigs running each month during 2018 (a 29% increase from 2017 but down 65% from 2014). The KCC reports 1,903 drilling permits were issued in 2018 (a 14% increase from 2017 but down 71% from 2014). Kansas oil production fell by 1.5% in 2018, which

followed a 5.5% drop in 2017 and 16.7% drop in 2016. Kansas oil production has dropped by 28.6% since 2014. Kansas natural gas production fell by 14.1% in 2018, which followed a 12% drop in 2017. Kansas natural gas production has dropped 35% since 2015. While the average oil well in Kansas produces 2.5 BOPD and the average natural gas well produces 32 Mcf per day, the industry supports 118,000 jobs, \$3 billion in family income, and pay \$1.4 billion and state and local taxes. Interestingly, in 2018 oil prices rose by 33% and natural gas prices rose by 4.7%. Oil production decline slowed considerably in 2018, but natural gas production continued to decline significantly. The rise in oil and natural gas prices helped compensated for the production decline in terms of tax collections as severance and ad valorem tax collections to the state and counties rose slightly in 2018.

Kansas Oil & Gas Industry Strategic Analysis



KIOGA has prepared a report on the oil and natural gas industry's impact on the economic vitality of Kansas and the level of state taxes imposed on the industry. The report shows that the

oil and natural gas industry is a key contributor to the Kansas economy.

After many decades of productive stewardship, oil and natural gas resources continue to play an important part of the livelihoods of Kansans throughout the state. The Kansas oil and natural gas industry is a critical part of the Kansas economy. The Kansas oil and natural gas industry generated nearly a \$2.6 billion in output, put tens of thousands of people all across Kansas

to work each day, and pumped hundreds of millions of dollars into the state's economy last year; money that helped support families, fund schools, and build roads. The Kansas oil and natural gas industry is a vital element of the Kansas economy today and will be a critical part of the economy going forward.

Oil prices improved most of 2018. However, oil prices fell 33% in November and December 2018. However, there appears to be an overall belief that the industry is stabilizing and is on the upswing. Kansas producers are focusing on the most resilient short-cycle projects and concentrating on their core competencies and smaller producer advantages. Operators are high-grading and drilling only the best projects. In many cases, improved productivity is less about improved technology and more about better application of existing technology. However, there still exists a juxtaposition between those producers that are more aggressively engaging in development activity and those that are still dealing with leverage on their balance sheets and adhering to cash flow neutrality.

KIOGA put together our annual Kansas Oil & Gas Industry Strategic Analysis study to highlight the importance of the oil and gas industry in Kansas. You can find the complete report on KIOGA's website at www.kioga.org. Some of the key findings include:

- Crude oil prices rose by 33% in 2018, although much of that gain was lost again in the last quarter of 2018.
- Kansas lost over \$730 million in oil and gas output since 2014.
- Royalty payments dropped by over \$400 million across Kansas in 2017-2018.
- Family income dropped by \$341 million across Kansas in



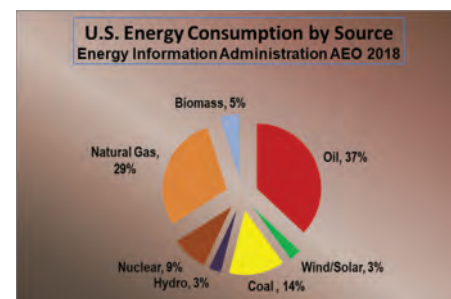
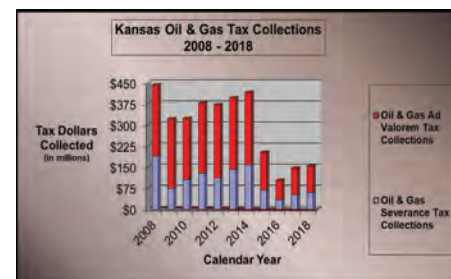
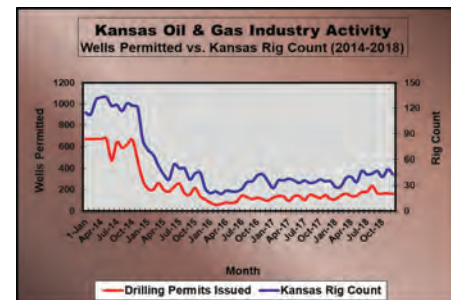
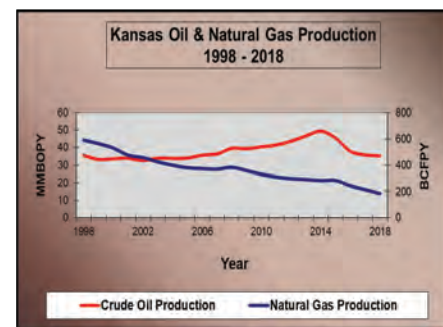
and what industry is doing to address those challenges. You can find the white paper titled State of the Oil & Gas Industry – Dynamic Challenges Facing Kansas Oil & Gas Industry on KIOGA's website at www.kioga.org.

During the give and take of public discourse, few truly stop to think how absolutely essential oil and natural gas

- 2017-2018.
- Severance tax collections on oil and natural gas production increased by about 13% in 2018 but remain 62% below 2014 levels.
- Ad Valorem taxes collections on oil and natural gas stayed flat in 2018 but remain 63% below 2014 levels.
- More than \$152 million in severance and ad valorem taxes was paid by the oil and natural gas industry during the last year, making the oil and gas industry one of the most heavily taxed industries in Kansas, as over 11% of the value of oil and natural gas produced is paid in taxes. And that doesn't include sales taxes, income taxes, or the taxes imposed on final products.
- The Kansas oil and gas industry pays taxes not just once, but multiple times before the oil and natural gas reached its final destination. Taxes are imposed on oil and natural gas while still in the ground, then again when they are produced, when transported, when refined, and again when sold as final products. Plus the Kansas oil and gas industry is subject to all other general business, and income taxes that other businesses pay. These taxes reduce the rates of return on new exploration and production investments by an average of 26.5%.

are to our lives, to our prosperity and security, and to our future. Oil and natural gas are the foundation of our energy-dependent economy. They profoundly affect how we live and work. They are key to our mobility, to keeping our homes and businesses warm, to providing us with electric power, and to supplying the raw materials for countless consumer and industrial products.

Oil and natural gas are an integral part of our society. Much of our high standard of living can be traced to the use of petroleum. The Kansas oil and natural gas industry fuels America, helps the Kansas economy, and makes positive contributions to our way of life!



Hoffman Elected Chairman of The Energy Council



Kansas State Representative Kyle Hoffman (R-Coldwater) was unanimously elected Chairman of The Energy Council for 2018-2019 at the Council's

Annual meeting in Oklahoma City.

The Energy Council is a legislative organization comprised of 13 states and two international affiliates, drawn from

the major energy producing regions of the United States and Canada. The Energy Council provides a forum for discussing government policies regarding energy and the environment.

"It is a real honor to be elected Chairman of The Energy Council, especially as the Council's first Chairman from my home state of Kansas," said Hoffman. "The year is off to a great start with the addition of West Virginia and I look forward to working with their legislators and the rest of the Council over the coming months."

Representative Hoffman has served in the Kansas House of Representatives since 2011. He is currently Vice Chair of the Kansas Appropriations Committee, Legislative Budget Committee, and K-12 Budget and Finance Committee.

KIOGA congratulates Representative Hoffman and extend our best wishes for success!

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Keen Elected New Chair of Kansas Corporation Commission

KCC Looking to Revise Regulations



D w i g h t Keen was elected chair of the state's three-member utility regulatory agency on January 17th. Keen will lead the three-member

utility regulatory commission that includes Shari Feist-Albrecht and Jay Emler. He succeeds Shari Feist-Albrecht as chair. Keen, appointed by former Governor Jeff Colyer, is in a four-year term that expires in 2022.

We will remain dedicated to enhancing the public safety and well-being of Kansans through our commitment to delivering results that advance the public interest," said Keen in accepting the Chairmanship.

Commissioner Keen has experience in business, law and government. His prior legal, finance and business experience includes serving as a securities attorney with the National Association of Securities Dealers, Inc. (presently FINRA) in Washington, D.C.; serving as the Senior Financial Analyst and Counsel to the Director of Corporate Finance for a large money center bank in New York City; practicing corporate and securities law with two prominent Wichita law firms; and serving as Chairman of the Board of Directors

of the Kansas Independent Oil & Gas Association (KIOGA). From 1998 to 2010. Keen was an Adjunct Professor of Business for the Graduate School at Friends University in Wichita where he taught five graduate level business courses.

"We extend Commissioner Keen best wishes for success," said Edward Cross, KIOGA President. "His professionalism, demeanor, business savvy, and regulatory experience makes him an excellent choice for KCC Chair. He is an incredible asset to the KCC."

KCC Looking to Revise Regulations

The Kansas Corporation Commission (KCC) Oil & Gas Advisory Board has formed groups to look into specific topics and report back recommendations to the Advisory for potential regulatory amendments, deletions, or additions. Several KIOGA members are participating in each work group discussion. Four groups of advisory board members will look at:

- Topic: K.A.R. 82-3-100 series of regulations. Purpose: This working group will review the 100 series regulations and provide suggestions for updating the entire series of regulations.
- The KCC outlined several areas they think need updated including definitions, TA well regulations, licensing, and notices/protests. The KCC is developing a markup of regulations they

think need attention. The KCC encouraged industry to identify areas where the 100 series regulations need work. Several KIOGA members participated in the work group discussion and we encourage operators to submit input on 100 series regulations you think need the most work. The group continues discussions.

- Topic: K.S.A. 55-179 Amendment or Replacement. Purpose: The Commission's interpretation of this statute has changed over the years and the current status is unclear in light of the *Denman* decision and the investigatory docket related to potential regulations. Staff would like to discuss potential statutory changes to eliminate the uncertainty related to the current statute.
- This group discussed amending statutes giving the KCC authority to modify abandoned well regulations. KIOGA representatives cautioned that any amendment drafted be narrow in scope on what authority it is granting limiting it only to the regulations relating to abandoned well responsibility. The group also discussed combining the two state plugging funds. And the group discussed redrafting regulations to be very clear on who is responsible

for plugging liability. KIOGA representatives emphasized using criteria established in the Quest Case (*an operator taking new oil and gas lease would only be responsible for plugging wells that they drill, that they rework, or that their operations on the lease impact*). The group continues discussions.

- Topic: Finance Working Group. Purpose: This working group will review reported revenue and track production trends to advise if regulatory amendments are necessary to the oil and gas production assessments.
- KIOGA representatives participated in this work group discussion as dialogue began on the KCC budgeting process, cost and revenue projections, mill levy changes, and other sources of revenue. The group continues discussions.
- Topic: 15-CONS-770-CMSC. Purpose: This working group will discuss drafting potential permanent regulations based on the Commission's Orders in the salt-water injection volume limitation docket for portions of south-central Kansas.
- This work group met and agreed with the KCC proposal to draft permanent regulations based on the KCC's Orders in the salt-water injection volume

limitation docket for portions of south-central Kansas. KCC is working to draft regulations for working group review. The group will meet again after the KCC has developed the draft regulations.

Good News From Colorado

In a decision favorable to the oil and natural gas industry, the Colorado Supreme Court ruled on January 14th that the Colorado Oil & Gas Conservation Commission (COGCC) cannot give more weight to the public health, safety and the environment when considering new drilling permits.

The case, COGCC v. Martinez, required the court to decide whether the COGCC "properly declined to engage in rulemaking to consider a rule" proposed by an anti-fracking group. Their proposed rule would have precluded the COGCC from issuing any oil and gas drilling permits "unless the best available science demonstrates, and an independent third-party organization confirms, that drilling can occur in a manner that does not cumulatively, with other actions, impair Colorado's atmosphere, water, wildlife, and land resources, does not adversely impact human health, and does not contribute to climate change."

A division of the state court of appeals had found in favor of the rule proponents. The supreme court reversed the earlier judgment, concluding that the COGCC "is required (1) to foster the development of oil and gas resources, protecting and enforcing the rights of owners and producers, and (2) in doing so, to prevent and mitigate significant adverse environmental impacts to the extent necessary to protect public health, safety, and welfare, but only after taking into consideration cost-effectiveness and technical feasibility."



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KIOGA Comments on EPA Proposed Methane Rule

Federal Regulatory Reforms Continue

Over the last two years, President Trump has repeatedly emphasized his commitment to making America a dominant player in the world energy markets. This rhetoric has underpinned a set of policies designed to deregulate and encourage oil and gas activity.

The Trump administration continues dismantling the failed energy policies of the previous administration eliminating 22 unnecessary regulations for every new one it creates. Over the last 2 years, over 1,600 workers left the EPA, while fewer than 400 were hired. The exodus has shrunk the agency's workforce by 8%.

The Trump administration has proposed a number of revised regulations that favor President Trump's energy dominance agenda over duplicative and punishing regulations. The Administration said that in order to achieve energy dominance through responsible energy development, we need smart regulations, not punitive regulations.

KIOGA continues to engage key federal policymakers and key federal regulatory agency decision-makers to address many of the concerns of Kansas independent oil and gas producers.

Deregulation Agenda

The White House released the administration's latest regulatory plan in December 2018. The Unified Agenda of Regulatory and Deregulatory Actions



include all of the regulatory and deregulatory actions federal agencies intend to pursue in 2019. The Unified Agenda reports on all actions administrative agencies plan to issue in 2019. The agenda is designed to demonstrate the Trump Administration's ongoing commitment to fundamental regulatory reform.

The Agenda includes new deregulatory actions, as well as the withdrawal and reconsideration of other regulatory actions. Agencies are instructed to carefully assess the costs and benefits of each regulatory and deregulatory action to ensure the benefits of regulations substantially justify the costs. The latest Agenda reflects the following broad regulatory reform priorities:

- **Advancing Regulatory Reform:** Agencies continue to identify ineffective regulations for revision and repeal across a variety of sectors. Consistent with Administration priorities, agencies have proposed actions to streamline infrastructure development, promote emerging technologies, and provide relief for small businesses.
- **Public Notice of Regulatory Development:** In order to provide timely and accurate notice to the public of upcoming deregulatory and regulatory actions, agencies have targeted actions likely to occur in the next 12 months and have withdrawn or

delayed other actions.

- **Transparency:** In support of the Administration's commitment to transparency, the latest Agenda has enhanced search capabilities and functionality.
- **Consistent Practice Across the Federal Government:** The latest Agenda reflects core Administration priorities for reducing regulatory burdens across administrative agencies.

Methane

Last October, the EPA published in the Federal Register its proposed changes to its rules on methane emissions from oil and gas infrastructure. The proposal involves targeted improvements to the 2016 New Source Performance Standards (NSPS) for the oil and gas industry that streamline implementation, reduce duplicative EPA and state requirements, and significantly decrease unnecessary burdens on domestic energy producers.

KIOGA has been and continues to be engaged addressing methane emission concerns and the dynamics of EPA's efforts to revise its Subpart OOOOa New Source Performance Standard for methane. The big problem with the methane rule is that it opens an existing source pathway that is really problematic if there is no framework for low-production wells. KIOGA President Edward Cross met with the Senior Advisor to the EPA Administrator and urged the EPA to reinstitute a low-production well provision and also reinstate an off-ramp as wells decline. KIOGA encouraged EPA to look into using the stripper well

definition in the tax code to determine what constitutes a low-production well because that is a known standard.



The Obama-EPA removed the exclusion of low-producing wells from its fugitive emissions program based on a specious Environmental Defense Fund (EDF) study that characterized small wells as ‘super emitters.’ KIOGA provided the new Acting EPA Administrator, Andrew Wheeler, a copy of KIOGA’s white paper demonstrating and exposing the mendacity of the flawed EDF study. KIOGA maintains that wells with less production also have fewer emissions. But, those who accept EDF’s study maintain that is unimportant because small wells have the same number of components as large ones. That is not likely true.

The current EPA presented industry a chance to help ourselves and reduce the regulatory burden. The Obama-EPA associated leaks with the number of components at a well site. The Obama-EPA grossly overestimated the number of components at low production sites. The current EPA asked for defensible data and supporting information to show that the number of components at low production wells sites is much smaller than originally stated. KIOGA joined 18 other state, regional, and national oil and gas groups last year to challenge the EPA methane rules. KIOGA has coordinated with our methane litigation coalition to gather data and information on the number of components at low-production well sites. KIOGA sent

a low production well component survey to our members last November seeking information on the number of components at low-production well sites. Thanks to the outstanding response from our members, we gathered information from 272 Kansas wells. In addition, KIOGA developed comments that provide economic and scientific information on the impact of methane emission regulation on marginal wells demonstrating and exposing the mendacity of the flawed EDF study. KIOGA comments and the Industry Methane Coalition comments (which include the methane emission survey) were submitted to the EPA in December 2018.

In October 2018, the U.S. Department of Energy (DOE) announced the approval of a project to quantify methane emissions from marginal oil and gas wells. KIOGA President Edward Cross met with Energy Secretary Rick Perry in May 2018 to encourage DOE support for the survey. DOE also met with several other groups too who encouraged support for the survey. The survey is needed to demonstrate that the contribution of methane emissions from marginal oil and gas wells are much lower than what the EPA determined and used in its methane rule. Having the information necessary to counter the specious EDF study can provide a basis for future decisions on whether low producing well regulations are needed.

The EPA made it very clear that if we do not provide data and specific examples to support our comments, EPA will not revise the proposal. That



is why the work that we do (the methane emission survey, KIOGA comments, methane coalition comments, and the DOE study) is critical going forward. KIOGA submitted a

comprehensive white paper on the impact of methane regulations on marginal oil and gas producers in Kansas that includes compliance cost estimates, project economics, documentation burden, and more. The KIOGA white paper included defensible data and supporting information to help build a solid position for reinstating a low-production well exemption. KIOGA also join the industry methane litigation coalition comments to EPA.

EPA Proposes to Rescind Clean Water Rule

In December 2018, the EPA and Department of Army proposed a rule to rescind the Clean Water Rule and re-codify the regulatory text that existed prior to 2015 defining “Waters of the United States” or WOTUS. The Trump administration is moving forward with a significant rollback of this Obama-era clean water regulation that has become a rallying cry for farmers and property-rights activists opposed to federal overreach.

The new proposal would ease Washington’s oversight of small bodies of water, undoing a regulation President Donald Trump has called “a massive power grab.” The new rule would replace the regulation known as the “Waters of the United States” rule that expanded federal protections to smaller rivers and streams. Federal over-reach masquerading as environmental protectionism has been replaced by common sense and respect for private property in this EPA proposal, said EPA Administrator Andrew Wheeler. This proposal will replace the Obama administration’s broad regulation which greatly expanded the scope of federal authority over land and waterways in the U.S. Ultimately, it will prevent the federal government from telling private landowners, farmers, ranchers, and others in Kansas and across America what

Continued on page 28

EPA Proposed Methane Rule

Continued

Federal Regulatory Reforms

they can and cannot do with their private property.

The Clean Water Act of 1972 makes it illegal to pollute “navigable” waters. Over the decades, disputes arose over the government’s changing definition of “navigable” with opponents complaining the definition was too broad. Two Supreme Court decisions in 2001 and 2006 came down on the side of landowners, ruling that ponds at the bottom of a gravel pit and a marsh miles from any lake or river were not navigable and thus not subject to the act. Wheeler said he wants the rule to reflect the court rulings.

Clean Water Act May Be Reviewed by U.S. Supreme Court -

The Trump administration is pushing the U.S. Supreme Court to review the Clean Water Act. The Department of Justice (DOJ) has recommended the high court decide whether the landmark environmental law applies to pollution that travels through groundwater before reaching federally regulated water.

“Given the potential breadth of those provisions, and the ways in which groundwater may be connected to navigable waters, the question presented here has the potential to affect federal, state, and tribal regulatory efforts in innumerable circumstances nationwide,” Solicitor General Noel Francisco told the court.

At issue is the proper interpretation of the law’s central provision barring the discharge of “any pollutant to navigable waters from any point source” without a permit. The term navigable waters, broadly defined as “waters of the United States,” does not generally

include groundwater.

In a 2018 case involving wastewater wells in Maui County, the 9th US Circuit Court of Appeals ruled that the county lacked the necessary permit for its wastewater discharges, which migrated through groundwater to the Pacific Ocean. That pollution triggered the Clean Water Act, the court said, because it was “fairly traceable” to a point source. Later in the year, the 4th US Circuit Court of Appeals issued a similar ruling in a case involving a Kinder Morgan Energy Partners LP pipeline rupture that leaked gasoline into groundwater, eventually reaching nearby streams in South Carolina. The 4th Circuit said the Clean Water Act applied because the gasoline reached federal water through a “direct hydrological connection.”

Other recent decisions in the 6th US Circuit Court of Appeals and back in the 4th Circuit have either rejected that approach entirely or set limits on it.

“The courts of appeals are divided on the question whether a CWA ‘discharge of a pollutant’ occurs when pollutants are released from a point source to groundwater and migrate through, or are conveyed by, groundwater to navigable waters,” the brief says. “The Court should resolve that important question.”

Proposed Federal Gas Gathering Line Regulation

The Pipeline and Hazardous Materials



Safety Administration (PHMSA) in 2016 proposed several changes to

existing regulations applicable to gathering lines in rural areas as part of its larger natural gas pipeline rulemaking. The Independent Petroleum Association of America (IPAA) formed a Pipeline Safety Task Force and asked KIOGA President Edward Cross to join the group. The group met in early December and agreed to offer a three-part proposal to PHMSA. We respectfully suggested PHMSA move forward by:

1. Subjecting those gathering lines greater than 16” in diameter listed in Class 1 and Class 2 locations to the existing requirements of Type B pipelines;
2. Collect additional information relating to all gathering lines through abbreviated annual reports and incident reporting; and
3. Reconfirm the use of American Petroleum Institute Recommended Practice 80 (RP 80) existing definition of gathering and those limitations found in 49 CFR 192.8.

We feel these suggestions would ensure rural, large diameter, high-pressure gas gathering lines for which PHMSA has expressed concern would meet certain requirements going forward. These suggestions will be presented to PHMSA in late January or early February.



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Come to Mulvane Kansas for an exciting 27th Annual Midyear Meeting

Wednesday - April 17th

Starting at 5:00 pm there will be The Dickster Bash - come for fun, food, and entertainment. There will be a shuttle to and from the Casino

If you are interested in having dinner at the Woodfire Grille, don't forget to go before 9:00 pm. The Tin Lizard Bar & Grill is open until 1:00 am. Take time to enjoy the Casino while you are there.

Thursday - April 18th

Thursday is a packed day. Registration opens at 8:00 am and the trade show goes from 9:00 am - 4:00 pm. Take time to stop by the booths.

The morning breakout session starts at 10:00 am with lunch going from 11:30 am until 1:30 pm. This will be in the same room as the trade show. Come have lunch and visit all the vendors. The afternoon breakout session starts at 2:00 pm. There will be a board/general membership meeting at 4:00. followed by a cocktail reception at 6:00 pm. Our dinner will be held in the banquet room with special guest speaker Congressman Dr. Roger Marshall.

Morning breakout - Advancing your Data Analysis with Microsoft Excel

Certified Microsoft Office Specialist Master, Dawn Monroe, will share tips to customize your Excel environment. She will explain best practices for managing large data sets and demonstrate how to summarize your data with Excel PivotTables. Attendees are welcome to bring laptops for this hands-on workshop.

Afternoon breakout - 2019 Kansas Oil & Gas Outlook

The past few years have been particularly challenging times for Kansas oil and natural gas producers. The Kansas oil and gas industry has proven its resiliency by doing more with less and applying technology better to help them become more efficient. This panel of Kansas oil and gas industry experts will look at some of the strategies Kansas companies have used to survive, share their views on the current state of oil and gas markets, and provide an outlook for what the future might have in store for the industry.

Friday - April 19th

Derby Country Club will have the golf outing with registration starting at 8:00 am and 9:00 shot gun start. Shady Creek will host the sporting clay tournament starting at 9:00 am. Lunch provided for both events.

Oil & Gas Policy Integral to 2019 Economic Outlook



A Message from your
KIOGA President, Edward
Cross

Debate continues across the country on our nation's energy future. What is our best energy policy going forward? Few doubt that energy has improved lives and enabled human progress. Yet one of the biggest challenges facing the world is the polarized debate over the future of energy. Facts and economics are too often replaced with assertions and emotions. Discussion about fossil fuels and alternative energy sources often degenerate into a battle to delegitimize the other side. This is a recipe for inaction. And it keeps billions of people trapped in energy poverty. Almost 40% of humanity has access to only rudimentary forms of energy and a very low standard of living. The world expects and deserves better.

Energy Policy - In the 1970s, many experts forecasted a permanent energy shortage in the U.S. Fast-forward to today and we see the U.S. is the top producer of oil and natural gas in the world. Technological developments and efficiency gains have resulted in U.S. oil production doubling since 2008. U.S. oil production is now projected to grow another 50% over the next decade. The energy shortage predicted in the 1970s has not come true. In reality, we did not have an energy shortage in the 1970s, but had a shortage of imagination and loss of confidence in our ability to

innovate.

Concerns About Carbon - Fossil Fuels are needed throughout the world to lift people up, which is different than a philosophy of embracing a zero-emissions world. Over 80% of the energy that the peoples of the world use to survive come from fossil fuels, because that is the cheapest, most plentiful, most reliable source ever developed. Anyone who cares about our environment and climate recognize that cheap, plentiful, reliable energy is essential.

Burning fossil fuels to generate electricity or provide power necessarily releases carbon dioxide (CO₂) into the atmosphere. Carbon dioxide is a gas we exhale every time we breathe. Erupting volcanoes, decaying trees, wildfires, and the animals on which we rely for food all emit CO₂. This by-product, which is essential for plant life and an unavoidable aspect of human life, is at the center of today's climate change controversies.

There is vigorous debate about the effects of carbon emissions. The United Nation's Intergovernmental Panel on Climate Change (IPCC) released its latest climate change report in October 2018. In case you hadn't heard, we are all doomed. Yet, the world mostly yawned. But an EPA report released later in October 2018 shows the world may not be ending after all. According to new EPA data, greenhouse gas emissions, mostly CO₂, fell 2.7%

from 2016 to 2017. This downward trend is occurring even as U.S. oil and gas production grows dramatically.

Beware of Crocodile Tears - All too often state and federal proposals to tax carbon directly or launch new carbon tax schemes have much more to do with raising revenue than helping our environment. For those who prefer higher taxation to spending cuts, having an entirely new source of revenue is appealing. However, taxing carbon only takes more resources from the private sector to support swelling state and federal government.

A recent study analyzed probable effects of a U.S. carbon tax that starts at \$20 per ton and then rises 4% per year, which is in line with recent proposals. The study suggested that such a tax would decrease household consumption, due to the increased cost of goods. The average household would have to pay 40% more for natural gas, 13% more for electricity, and more than 20 cents per gallon extra for gasoline. Costs would rise even more in subsequent

fact-based energy policy that grows our economy, creates well-paying jobs, and maintains our nation's global energy leadership. Voters' clearly expect their elected leaders to place what's best for our state and nation's economy and energy future above partisan ideology and political posturing.

A Better Way - The energy policy choices our nation makes today are among the most important and far-reaching policy decisions we will make in the 21st century. If we are to continue our nation's positive energy trends, we must implement energy policies based on current reality and our potential as an energy leader. American energy policy should focus on what's important: American jobs, American energy security, and American global energy leadership.

The U.S. currently has a better, more sensible approach to energy development than any other country in the world, both short-term and long-term. Where government policy has been absent, free markets have filled the void with great success.

Energy prices affect all corners of the economy, and keeping up with demand is essential for maintaining a high standard of living. Thankfully, that doesn't require abandoning efforts to protect the environment. The key is to avoid placing unnecessary political or legal obstacles in the way of innovation and expansion. Let America's entrepreneurs continue modernizing our energy technology as they work to meet growing demand. That's a prescription for economic prosperity and a cleaner environment.

Just a few years ago, no one would have imagined the U.S. could increase production of oil and natural gas while cutting carbon

emissions, which are now the lowest they have been in nearly seven decades. The oil and gas industry has proven that over the long-term, it is possible lead in energy production and environmental stewardship. By focusing on more efficient use of energy, it is possible to lower emissions without imposing a carbon tax or even more environmental restrictions.

An American energy policy that values innovation over regulation can turn energy policy challenges into great opportunities for economic growth and energy security. This approach is not just good business, it's good stewardship and a much better strategy for improving the quality of life for all.

The fact is our nation's 21st century oil and gas renaissance has made domestically produced oil and natural gas economical and abundant. This market-driven success has helped our nation achieve significant emission reductions. The oil and gas industry has helped prove, conclusively, that oil and gas production and environmental stewardship are compatible.

Going forward into 2019, we need smart pro-growth energy policies. Americans support developing domestic energy resources and believe that can be done in a way protective of our environment. Policymakers at all levels should pursue energy policies that drives economic growth, lower costs for consumers, protects the environment, increases American competitiveness, and uses our considerable energy resources as a way to lift people up. For our part, the oil and natural gas industry will continue our high standard of environmental stewardship.

years.

Price hikes like these can only mean lower standards of living and less opportunity. Families that spend a bigger portion of their household income on transportation, utilities and household goods are hurt, not helped, by carbon tax schemes that make traditional forms of energy more expensive.

Taxing carbon to tackle climate change is one of those big ideas that have long held a bipartisan sway. However, recent polls continue to show climate change lagging behind health care, jobs, immigration, and the federal budget deficit among voters' priorities. In addition, fuel-tax riots in Paris in December and the defeat of a carbon-fee ballot measure in the state of Washington in November shows the difficulty of getting people to support a levy on the energy sources that heat their homes and power their cars. Public support for climate action appears to be broad, but it is shallow. Addressing climate change enjoys widespread approval, until climate action comes with a tangible price tag.

Citizens around the world will continue to reject climate policies that cost them personally, either by direct taxation or by undermining the competitiveness of their own economies.

The good news is that recent polls show that the American voter clearly want policymakers to set aside outdated assumptions and partisan talking points and work together on safe, responsible, and

Oil & Gas Outlook in Washington

Challenging Issues Emerge for 2019



KIOGA continues to fight against attempts by the federal

government to impose additional tax increases and regulatory hurdles on the oil and natural gas industry. KIOGA worked hard to meet these challenges throughout 2018 and is prepared to continue our aggressive campaigns in 2019.

The White House released the administration's latest regulatory plan, a sweeping survey for all federal agency actions, in December 2018. The Unified Agenda of Regulatory and Deregulatory Actions include all of the regulatory and deregulatory actions federal agencies intend to pursue in 2019. Energy market challenges, federal spending and budget issues, and federal regulatory reforms all present concerns and challenges for the Kansas independent oil and natural gas industry going forward into 2019. KIOGA continues to be engaged working with Trump Administration officials and Congressional members.

"KIOGA has worked with our allies to make tremendous strides over the last several years," said Edward Cross, KIOGA President. "We made a number of new friends in Congress, both Republican and Democrat, for the oil and natural gas industry. But we must stay vigilant in voicing our concerns and educating policymakers, media, and the public on the issues. As we enter 2019,

we truly have something to build upon and can be proud of the bipartisan support we have developed for the oil and natural gas industry."

Democrats Take Control of U.S. House as 116th Congress Convenes



Democrats took control of the U.S. House of Representatives as the 116th Congress commenced in early January 2019. The Republicans expanded their control of the U.S. Senate by gaining two seats in the 2018 election. Democrats gained 37 seats in the U.S. House 2018 elections to take control of the U.S. House. Representative Nancy Pelosi (D-CA) was elected the new U.S. House Speaker with 51% of the vote.

Some House Democrats Push Climate Change Agenda

Some U.S. House Democrats are embracing a sweeping progressive plan to tackle climate change that includes massive increases in government spending. The "Green new Deal" would eliminate fossil fuels from all electricity generation and transportation, forcing Americans to rely largely on expensive and unreliable renewable technologies like wind and solar power. The Institute for Energy Research estimates that new solar power generation is nearly five times more

expensive than using existing fossil-fuel powered electricity. Wind power is 3.5 times costlier. These higher costs would drive up the price of all goods and services. And because all manufacturing would also be required to rely on 'green' power, industries in the U.S. would struggle to match the prices of their foreign competitors, forcing some businesses to either close or move overseas.

While it is unlikely to become law, we can expect the plan to permeate the 116th Congress and 2020 presidential campaign. The plan is more a shift in messaging than actual policy in response to activists' failure to advance climate change policy through other efforts.

Incoming U.S. House Speaker Nancy Pelosi (D-CA) said she would form a new special committee to look at climate change, but it won't have the authority to pass any bills. Speaker Pelosi said the new Select Committee on the Climate Crisis would not have any legislative jurisdiction. In other words, the committee is irrelevant. The committee was formed to assuage concerns of newly elected left wing representatives led by Representative Alexandria Ocasio-Cortez (D-NY). The House Democrat



tapped to chair the new climate change panel is Kathy Castor (D-FL). Castor previewed her legislative pushed in late January, and it's not the 'Green New

Deal' being pushed by the left wing of the Democrat Party. The new committee will push for legislation on fuel economy standards.

In addition, a new Climate Solutions Caucus has also been formed in the U.S. House. Representative Ted Deutch (D-FL) and Representative Francis Rooney (R-FL) were appointed co-chairs of the new caucus.

On January 17th, every member of Congress received a letter about the 'Green New Deal'. Sent by 626 environmental groups, the letter calls on lawmakers to support the 'Green New Deal' idea popularized by left-wing Representative Ocasio-Cortez (D-NY). The letter shows how far Ocasio-Cortez and her allies still have to go in gathering support for the "Green New Deal". Six of the largest and most influential environmental activist groups did not sign it: the Sierra Club, the Natural Resources Defense Council, the Environmental Defense Fund, Mom's Clean Air Force, Environment America, and the Audubon Society. Also, two green groups founded by deep-pocketed Democratic celebrities are also absent; Al Gore's Climate Reality Project and Tom Steyer's NextGen America.

Polls show climate change still lags behind health care, jobs, immigration, and the federal budget deficit among voters' priorities. But Democrats are under pressure from activists on the left. The more Democrats prioritize climate change over workers and wages, the more they risk sending a message to the working class that they don't really care about your priorities any longer.

A December 2018 report by Global Energy Institute found that anti-energy

activists have prevented at least \$91.9 billion in domestic economic activity and eliminated nearly 730,000 job opportunities across the nation. In addition, federal, state, and local governments missed out on more than \$20 billion in tax revenue.

Carbon Tax

Taxing carbon to tackle climate change is one of those big ideas that have long held a bipartisan sway in Washington. However, fuel-tax riots in Paris in December and the defeat of a carbon-fee ballot measure in the state of Washington in November shows the difficulty of getting people to support a levy on the energy sources that heat their homes and power their cars. Public support for climate action appears to be broad, but it is shallow. Addressing climate change enjoys widespread approval, until climate action comes with a tangible price tag.

In January, KIOGA President Edward



Cross was contacted by U.S. Senator Todd Young (R-IN), U.S. Senator Mark Warner (D-VA), and Congressman Doug Collins (R-GA) asking for KIOGA thoughts on carbon tax proposals. Cross said that all too often state and federal proposals to tax carbon directly or launch new carbon tax schemes have much more to do with raising revenue than helping our environment. For those who prefer higher taxation to spending cuts, having an entirely new source of revenue is appealing. However, taxing carbon only takes more resources from the private sector to support swelling state and federal government.



A recent study analyzed probable effects of a U.S. carbon tax that starts at \$20 per ton and then rises 4% per year, which is in line with recent proposals. The study suggested that such a tax would decrease household consumption, due to the increased cost of goods. The average household would have to pay 40% more for natural gas, 13% more for electricity, and more than 20 cents per gallon extra for gasoline. Costs would rise even more in subsequent years.

Price hikes like these can only mean lower standards of living and less opportunity. Families that spend a bigger portion of their household income on transportation, utilities and household goods are hurt, not helped, by carbon tax schemes that make traditional forms of energy more expensive.



Exxon Promoting Carbon Tax

– Exxon, once a powerful skeptic of global warming, is now among the first oil companies to put money into the fight to make climate change a political priority in Washington. Exxon has committed \$1 million over two years to promote a national tax on carbon as a way to address the environmental issue. Exxon hopes the initiative will appeal to Republicans and open doors for Exxon's peers to follow. Exxon officials have said for years they support a carbon tax. Clearly, this is just a ploy by Exxon to stifle competition. Major integrated companies can pass along any tax increase to consumers while small companies that are not integrated from

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Oil and Gas Outlook

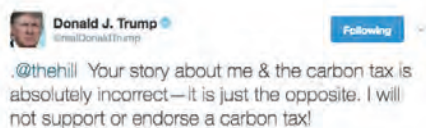
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Challenging Issues

production through product do not have the ability to pass along any tax increase.

Lawmaker Carbon Tax Ideas –

Two Republican lawmakers in Congress have said they would like to see a carbon tax of \$24 per ton. Four Democratic lawmakers in Congress have pegged the price at \$50 per ton. Liberal think tanks have said the price needs to be \$230 per ton. President Trump has said something more like \$1 to \$7 per ton by 2020. Democrats in general are supporting a new carbon tax, but won't seriously talk about it unless they have the presidency and Congress. On the other side, President Trump and Republicans firmly oppose any efforts to increase the cost of energy through taxes and regulations.



U.S. Doesn't Need a Carbon Tax

– Even if the U.S. imposed some kind of carbon tax, it would not make a difference to global climate. This is what KIOGA President told several federal lawmakers in October and November. In 2017, U.S. carbon emissions were around 5,100 billion metric tons from all sources, an almost 20% drop below emissions in 2007. While U.S. greenhouse gas emissions have been falling in recent years, world carbon emissions keep increasing by an average of more than 300 gigatons each year for the last decade, driven primarily by China's and India's increasing demand for energy. Together, these two countries now account for one-third of world carbon emissions. China and India are

not going to impose a carbon tax on themselves. Doing so would increase their energy costs and reduce their economic growth. Neither will Russia, nor countries in the Middle East, nor developing nations whose primary concern is improving the economic well-being of their citizens.

Look for Bipartisan Action on Clean Energy Development

– Members of both parties have indicated they see opportunities in a divided Congress for bipartisan action on clean energy development, even if comprehensive legislation to combat climate change seems highly unlikely. Democrats are looking at a potential infrastructure package, which President Trump has also emphasized, as a key vehicle to achieve progress on clean energy. Particularly, Democrats favor improving energy efficiency in publicly funded projects; modernizing the electricity grid to accommodate the use of more wind and solar; rebuilding transmission and distribution lines to make them more resilient to severe weather events and wildfires; accelerating the development of electric vehicle charging stations; and providing incentives for localities to purchase electric buses.

Hydraulic Fracturing Bills Introduced in New Democrat-Controlled House

Ten years after the Democrats last controlled the U.S. House of Representatives, anti-fracking lawmakers are using the same playbook to fight fossil fuel development. In mid-January, Representative Darren Soto (D-FL)

introduced legislation seeking to re-establish an Obama-era rule for fracking on federal lands. He also introduced a fracking disclosure act, copycat legislation from 2009.

The bills rely on old, defeated tactics have virtually no chance of becoming law. Soto's bills are trying to bypass a 2016 court ruling reaffirming that states, not the EPA or BLM, have authority to regulate hydraulic fracturing within their borders.

Crude Oil Prices

Crude oil prices declined significantly in November and December 2018. Prices were down more than 33% from the four-year highs set in early October. The U.S. imposed sanctions on Iran in November taking Iranian oil off the market. However, the Trump administration granted waivers to Iran's 8 biggest customers for six months (until May 5, 2019). Trump said he wanted the sanctions to go into effect slowly to guard against shocks to the oil market that might cause global price spikes. In December 2018, OPEC broke an impasse over production cuts and agreed to a larger-than-expected cut. OPEC and its partners, namely Russia, agreed to remove 1.2 million barrels a day from the market.

Trump Pressures Saudi Arabia and OPEC to Keep Prices Low –

President Trump pressured OPEC, and Saudi Arabia in particular, to maintain production levels to keep crude oil prices low. Balancing the oil market is a task with many competing interests. President Trump's twitter comments on

OPEC deliberations added pressure to Saudi Arabia's ability to communicate effectively between competing interests and added political intrigue between Saudi Arabia and President Trump. But in the end, Saudi Arabia's energy minister Khalid al-Falih said "I don't need permission to cut."

KIOGA Weighs-in on Trump Administration Position on Crude Oil Prices – President Trump's calling for OPEC to keep oil production flowing and prices low is a complicated issue for Kansas producers. KIOGA President Edward Cross communicated the concerns of Kansas producers with the Trump administration's position on crude oil prices to several key federal policymakers and Kansas Public Radio. Cross provided information to staffers with U.S. Senate Energy Committee Members Barrasso (R-WY), Risch (R-ID), Hoeven (R-ND), Cassidy (R-LA), and Manchin (D-WV). Cross also provided the information to staffers with the U.S. House Energy Committee Members Shimkus (R-IL), Scalise (R-LA), Olson (R-TX), and Engel (D-NY). Cross said:

President Trump should be advancing policies which would lead to stable oil prices at a level which supports healthy and robust economic activity.

Historically, high oil prices slowed economic activity and low oil prices led to a strong economy. However, the leadership role the U.S. plays in world oil markets has helped flip the historic model. Today, with the U.S. leadership role in world oil markets, higher oil prices give rise to an increase in production and jobs in the U.S. Job creation is a huge positive trade-off.

To understand this better, let's look at

capital expenditures (capex) which are funds used by companies to maintain or increase the scope of their operations. This kind of spending is very good for an economy. It builds infrastructure, it creates jobs, and is an investment in the future. Companies make these investments because they believe they will get a good return. When the price of oil crashes those investments become unprofitable and capex gets cut. As a result, family income drops, employment falls, and oil production falls.

The ripple effects are everywhere. If you think about the role of oil in your life, it is not only the primary source of many fuels, but is also critical to our lubricants, chemicals, pharmaceutical, plastics, and many other items. If you think about all the jobs, supplies, and services that are associated with all those industries and the large payrolls and their effects on consumer spending, you will begin to get a picture of the enormity of the oil and gas industry.

The longer oil prices remain low, the more the industry constricts. In turn, considering the economic impact of the oil and gas industry, that would be detrimental for the economy as a whole. Clearly, lower oil prices do not compensate for the loss of capex in the U.S. economy.

KIOGA's Federal Advocacy Strategy Going Forward

KIOGA is fully engaged in federal legislative and regulatory advocacy. We are taking our case directly to congressional policymakers and regulatory agency decision-makers. We have met with over 350 federal policymakers over the last 9 years as well as key agency decision-makers and have developed credible relationships with a number of key Democrat and Republican members of Congress. We are assisting a number of U.S. Senate and House members with credible information to defend against efforts to eliminate critical oil and gas tax provisions, impose federal hydraulic fracturing oversight, Endangered Species Act abuses, impose emissions regulations, and more.

KIOGA works with our allies at the Domestic Energy Producers Alliance (DEPA), Independent Petroleum Association of America (IPAA), National Stripper Well Association (NSWA), U.S. Global Leadership Coalition (USGLC), Liaison Committee of Cooperating Oil & Gas Associations, and others to engage not only in advocacy, but also in legal challenges.

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KIOGA Engaged in Addressing Energy Policy Challenges

The U.S. Economy expanded at a 2.9% pace in 2018 and is projected to grow 2.3% in 2019. At the same time, tariff-related bottlenecks and the trade war with China are headwinds for economic expansion. This reduction in growth (from 2.9% to 2.3%) has fueled fears of an economic slowdown in 2019. The threat of recession and slowdown in the world economy could significantly reduce oil demand. However, should the U.S. and global economy expand more than projected, crude oil demand would increase putting pressure on global crude oil stocks and upward pressure on prices.

Energy Policy – In the 1970s, many experts forecasted a permanent energy shortage in the U.S. Fast-forward to today and we see the U.S. is the top producer of oil and natural gas in the world. Technological developments and efficiency gains have resulted in U.S. oil production doubling since 2008. U.S. oil production is now projected to grow another 50% over the next decade. The U.S. is projected to be energy independent by 2020-2021. The energy shortage predicted in the 1970s has not come true. In reality, we did not have an energy shortage in the 1970s, but had a shortage of imagination and loss of confidence in our ability to innovate.



America turned into a net oil exporter in December 2018, breaking 75 years of continued dependence on foreign oil and marking a pivotal, even if brief, moment toward what President Trump has branded ‘energy independence’. The shift to net exports is the dramatic result of an unprecedented boom in American oil production. U.S. crude oil shipments reached a record 3.2 million barrels in early December 2018. The power of OPEC has been diminished, undercutting one of the major geopolitical forces of the last half century.

The Trump administration and the 116th Congress have an opportunity to reset the harmful energy policies of the last administration. According to 2016 EPA Greenhouse gas (GHG) reporting data, oil and gas methane emissions account for only 1.22% of total U.S. GHG emissions. The EPA found that U.S. GHG emissions fell 2.7% from 2016 to 2017. This downward trend is occurring even as U.S. oil and natural gas

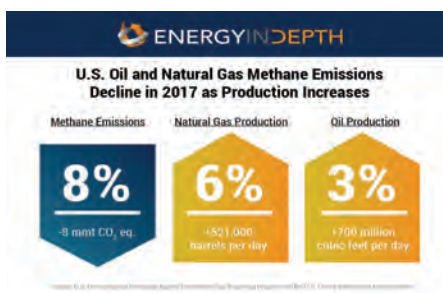
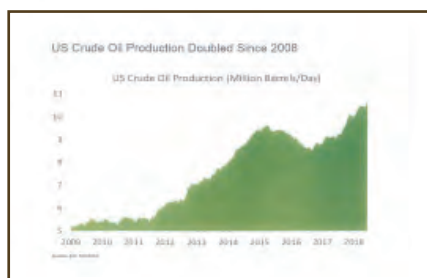
production grows dramatically.

The EPA also found that methane emissions from hydraulic fracturing fell 81% between 2012-2014. Methane emissions from the oil and gas sector declined by 8% last year, marking the 5th consecutive year of decline. Studies show that the proposed Obama EPA methane rules would only reduce global warming by 4 one-thousandths of one degree (0.004) by the year 2100.

The fact is our nation’s 21st century oil and gas renaissance has made domestically produced oil and gas economical and abundant. This market-driven success has helped our nation to achieve significant emission reductions. The U.S. emitted 23% fewer energy-related carbon emissions in 2015 than 2005. The oil and gas industry played a significant role in reducing U.S. greenhouse gas emissions by over 20% over the last decade.

In the latest report from the Energy Information Administration (EIA), U.S. carbon emissions are the lowest they have been in nearly seven decades. Even more interesting is the fact that U.S. carbon emissions dropped while emissions from energy consumption for the rest of world increased by 1.6%. The U.S. emitted 15.6 metric tons of CO2 per person in 1950. After rising for decades, it has declined in recent years to 15.8 metric tons per person in 2017, the lowest measured levels in 67 years. European emissions rose 2.5% and Chinese emissions rose 1.6% along with Hong Kong’s 7% surge.

The men and women of the oil and gas industry reject the stale mindset of last century’s thinking peddled by some that oil and gas production and



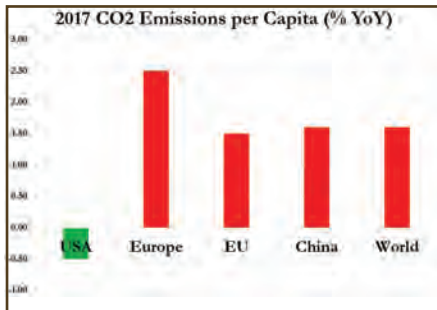
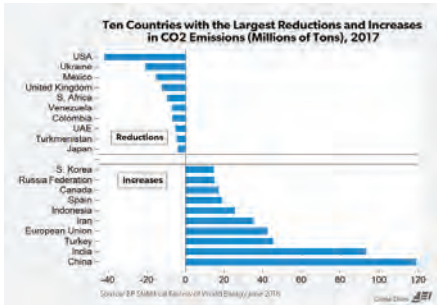
production and environmental stewardship. By focusing on more efficient use of energy, it is possible to lower emissions without imposing a carbon tax or even more environmental restrictions. An American energy policy that values innovation over regulation can turn energy policy challenges into great opportunities for economic growth and energy security. This approach is not just good business, it's good stewardship and a much better strategy for improving the quality of life for all.

Energy prices affect all corners of the economy, and keeping up with demand is essential for maintaining a high standard of living. Thankfully, that doesn't require abandoning efforts to protect the environment, because newer technology is cleaner technology. The key is to avoid placing unnecessary political or legal obstacles in the way of innovation and expansion. Let America's entrepreneurs continue modernizing our energy technology as they work to meet growing demand. That's a prescription

for economic prosperity and a cleaner environment.

America's newfound status as a global energy superpower has created economic opportunities and a cleaner environment here at home as well as stability around the world. The oil and gas industry is leading the way in technology developments and innovative solutions to find new and better ways to produce and use energy. In order to harness our abundant natural resources and spur innovation, we need elected officials who support forward-looking policies.

Few doubt that energy has improved lives and enabled human progress. Yet one of the biggest challenges facing the world is the polarized debate over the future of energy. Facts and economics are too often replaced with assertions and emotions. Discussions about fossil fuels and alternative energy sources often degenerate into a battle to delegitimize the other side. This is a recipe for inaction. And it keeps billions of people trapped in energy poverty. Almost 40% of humanity, or three billion people, have access to only rudimentary forms of energy and a very low standard living. The world expects and deserves better.



environmental stewardship are not compatible.

Energy Policy Challenges - The U.S. currently has a better, more sensible approach to energy development than any other country in the world, both short-term and long-term. Where government policy has been absent, free



markets have filled the void with great success.

Just a few years ago, no one would have imagined the U.S. could increase production of oil and natural gas while cutting greenhouse gas emissions, which are now near 25-year lows. The oil and gas industry has proven that over the long-term, it is possible lead in energy



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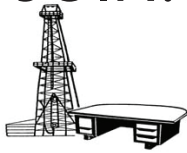
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For more information about the **Wichita Desk and Derrick** and to learn about member eligibility, visit our Wichita Desk and Derrick facebook page, or contact **Shannon Wiseman**
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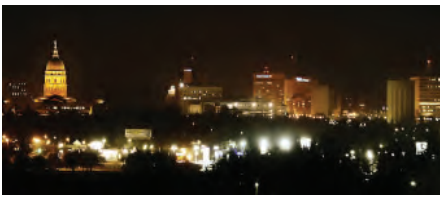
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Kansas Lawmakers Begin 2019 Session

Challenging Issues Face 2019 Kansas Legislature



The 2019 Kansas Legislative session began on January 14th. Governor Kelly delivered her first “State of the State” address on January 16th outlining her key issues including Medicaid expansion, early childhood education, mental health services, and K-12 education funding. However, significant budget challenges could result in a high-pressure session for legislators.

KIOGA Participates in 2019 Kansas Gubernatorial Inauguration



KIOGA participated in the 2019 Kansas Gubernatorial inauguration activities for Governor Laura Kelly and Lieutenant Governor Lynn Rogers. KIOGA was present during the swearing-in ceremonies on the south lawn of the Kansas State Capitol on January 14th. KIOGA also participated in Inaugural Dinner and Ball at the Kansas Expocentre in Topeka on January 14th. KIOGA visited with newly elected Governor Laura

Kelly, Lieutenant Governor Lynn Rogers, and several elected officials congratulating them on their election.

Budget Challenges Lead Session Agenda

State of the State Address - Governor Kelly delivered her “State of the State” address on January 16th saying she will carve K-12 spending from the general budget so lawmakers can work separately and quickly on it to constitutionally finance schools. She vowed to expand Medicaid and said she would put together a working group to figure out a way to boost the safety of children in the state’s custody. Senate President Susan Wagle (R-Wichita) said she believes schools are adequately funded now, and that the state’s programs to protect children could use some revisions, but she’s not for expanding KanCare and doesn’t believe the state can afford much of what Kelly proposed. House Speaker Ron Ryckman (R-Olathe) said he agrees with Kelly on the need for fiscal responsibility, but didn’t hear much in the speech that would get Kansas there. He said the state is on track for a \$900 million balance in its budget year, but that Kelly’s ideas would likely wreck that financial stability.

Budget – Governor Kelly’s budget proposes to decrease the KDOT sales tax sweep and re-amortize the actuarial shortage in the Kansas Public Employee Retirement System (KPERs) trust fund. That re-amortization would give Kelly about \$145 million in additional cash to spend that would allow her to increase K-12 spending by \$92 million per year

and decrease the KDOT sweep. The new 30-year KPERs payment schedule would cost billions of dollars in additional interest over those years. The KPERs board voted to oppose the re-amortization plan at every opportunity. Conservative legislators vowed to refuse to make the statutory changes needed to lengthen the amortization period. The KPERs proposal appears to free up enough money for both the KDOT sweep decrease and the K-12 spending boost. Governor Kelly will be challenged to get transportation and school partisans to support her KPERs move, which would be a tough stance politically.

The 2019 legislative session started with \$106.7 million more revenue for FY 2019 than expected, according to the latest Consensus Revenue Estimating Group (CREG) projections. Real US GDP grew by 2.9% in 2018 while Real Kansas GSP grew by 1.8%. Calendar Year (CY) 2019 US GDP is expected to grow 2.3% and Kansas GSP is expected to grow 1.8%.

What to expect – Kansas legislators faces many challenges in 2019. Some of these challenges include meeting workforce demands, ongoing school finance litigation, a pending case before the Kansas Supreme Court about the constitutionality of any caps on non-economic damages, Kansas revenues that are much higher than expected, Kansas’ competitive position on sales and income tax rates, Kansas’ high corporate income tax rate, and response to U.S. Supreme Court Wayfair decision on internet sales tax.

KIOGA State Advocacy Strategy

KIOGA has prepared for the 2019 legislative session. KIOGA Chairman Ken White and KIOGA President Edward Cross visited with several KIOGA members across the state last October and November to listen to concerns about state and federal issues. KIOGA's legislative agenda was discussed and reviewed during the KIOGA Board Meeting on December 5, 2018, and was generally determined to be one in which we will work to minimize legislative assaults on the independent oil and gas industry and optimize legislative targets of opportunity.

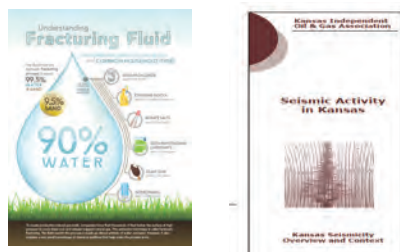
KIOGA Reference Material – KIOGA is proactive and has prepared in advance of the 2019 Kansas Legislative Session by developing and updating several white papers, fact sheets, brochures, and other informational pieces in advance of the session. These include:

- *Kansas Oil & Gas Industry Strategic Analysis* (January 2019) – an annual comprehensive report that provides the latest information on the economic impact of the Kansas oil and gas industry including statistics on Kansas oil and gas industry activity, taxes, production, issues, challenges, and opportunities;
- *State of the Oil & Gas Industry – Dynamic Challenges Facing Kansas Oil & Gas Industry* (January 2019) – a white paper that summarizes America's energy picture today, challenges faced by the small businesses that make up the Kansas oil and gas industry, and

what industry is doing to address those challenges;

- *The Whole Fracking Story – Regulatory & Policy Considerations* (January 2019)
- *Hydraulic Fracturing & Drinking Water Contamination* (January 2019)
- *Climate Issues* (January 2019)
- *Facts About Induced Seismicity* (January 2019)
- *Seismic Activity in Kansas* (January 2019)
- *Induced Seismicity & Injection Wells in Kansas* (January 2019)
- *Property Taxes in Kansas* (January 2019)
- *Economic Impact of Steel and Aluminum Tariffs* (January 2019)
- And More

The best advocates for the oil and gas industry are you! Keep an eye out for communications from KIOGA with a request to contact your state legislator. Just a few phone calls and emails can make an enormous difference.



KIOGA shared these white papers, fact sheets, reports, brochures, and other informational pieces with key state legislators. The reference material was also shared with the Kansas Congressional delegation and other key federal policymakers. Many state and federal policymakers have expressed their gratitude for factual scientific-based

information. All of the reference material can be found on the KIOGA website at www.kioga.org.

Meetings with Key Legislators - KIOGA President Edward Cross met with House Speaker Ron Ryckman (R-Olathe) and Senate President Susan Wagle (R-Wichita) in early January. He also met with the House Minority Leader Tom Sawyer (D-Wichita), House Speaker Pro Tem Blaine Finch (R-Ottawa), House Majority Whip Blake Carpenter (R-Derby), House Minority Policy Chair Eileen Horn (D-Lawrence), Senate Vice President Jeff Longbine (R-Emporia), Senate Majority Leader Jim Denning (R-Overland Park), and the Senate Assistant Minority leader Oletha Faust-Goudeau (D-Wichita). In addition, Cross met with the Chairs of the House Energy Committee, House Appropriations Committee, House Rural Revitalization Committee, Senate Utilities Committee, and Senate Insurance & Financial Institutions Committee. Cross discussed the state of the Kansas oil and gas industry and what 2019 may hold for the Kansas oil and gas industry, impact of volatile oil prices, federal methane issues, electric rates, environmental assaults (injection wells, induced seismicity, etc.), abandoned well issues, and tax issues.

KIOGA Presentations to Key Committees – KIOGA President Edward Cross made presentations about the state of the Kansas oil and gas industry and the key challenges and opportunities the industry faces in 2019, including the impact of volatile oil prices, federal legislative and regulatory challenges, and state



Continued on page 42

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2019 Session Continued

Challenging Issues

legislative and regulatory challenges. Cross made these presentations before the Kansas Senate Utilities Committee and the Kansas House Energy, Utilities, & Telecommunications Committee on February 7th.

Oil & Gas Issues

Several potential issues affecting the Kansas independent oil and gas industry could emerge during the 2019 Kansas legislative Session. Activists continue efforts to disrupt orderly oil and gas development in Kansas. They work backwards from a conclusion using an innuendo-filled collection of unfounded allegations to generate anxiety around injection wells and oil and gas development in general. They offer ideas that are contradictory or otherwise separated from reality and try to manufacture debate that confuses policymakers and the public with assertions that are out of context and need more information for a complete and informed discussion. Mischaracterizing oil and gas activity has been and continues to be a common practice and strategy of activist groups across the nation. This pattern of accusation without scientific evidence is intended to create public anxiety about oil and gas production and to discredit effective regulatory programs. They want to change the way the oil and gas industry is regulated. Activists across the country commonly assert that the oil and gas industry is under-regulated or even unregulated. These are false assertions. Examination of the issues demonstrates its mendacity. Nevertheless, they continue tactics to denigrate and demean current

state regulatory programs. This is a tired, worn-out, unsuccessful strategy. KIOGA, individual operators, and others will be working diligently to counter misleading activist campaigns with accurate, fact-based, scientific information. We could see attempts to introduce bad legislation. We will be vigilant and work hard to counter any such attempts.

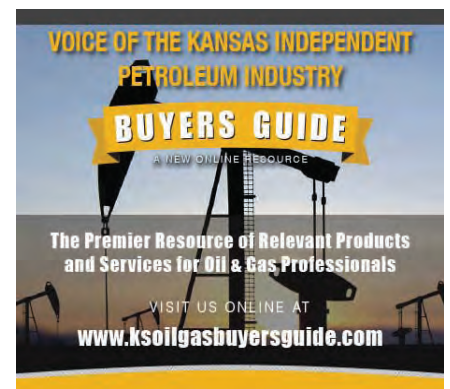
Several potential issues affecting the Kansas independent oil and gas industry could emerge during the 2019 Kansas Legislative Session. During the 2018 Kansas Legislative Session, lawmakers rejected uninformed injection well/earthquake bills advanced by the Sierra Club and other activists. Cindy Hoedel, an environmental activist, said activists will again try to advance legislative proposals to create a risk pool to compensate property owners suffering earthquake damage, force the KCC to consider potential seismicity in issuing permits for injection wells, and imposing a volume cap on wells throughout the state.

KIOGA stays keenly poised to address any attempts by those who oppose American oil and gas development to promote legislation and/or regulations designed to stop oil and gas production. The Sierra Club annually proposes a laundry list of oil and gas regulations that have no environmental benefit but high associated costs. This list includes carefully thought-out restrictions on hydraulic fracturing, waste management, emissions, moratoriums on injection wells, establishing an earthquake risk pool fund, and other measures with the goal of stopping oil and gas production. KIOGA is prepared and ready to defend the oil and gas industry at every

opportunity.

Several more issues may emerge during the 2019 Kansas Legislative Session. In the past, some have tried to advance proposals to change oil and gas tax structures with schemes that expose oil and gas operations to higher tax rates. KIOGA will stay vigilant defending industry against any taxation schemes that attempts to unfairly target the oil and gas industry for higher taxes. KIOGA will be ready to provide relevant information if such a proposal emerges. KIOGA will stay vigilant identifying and preparing for additional emerging issues.

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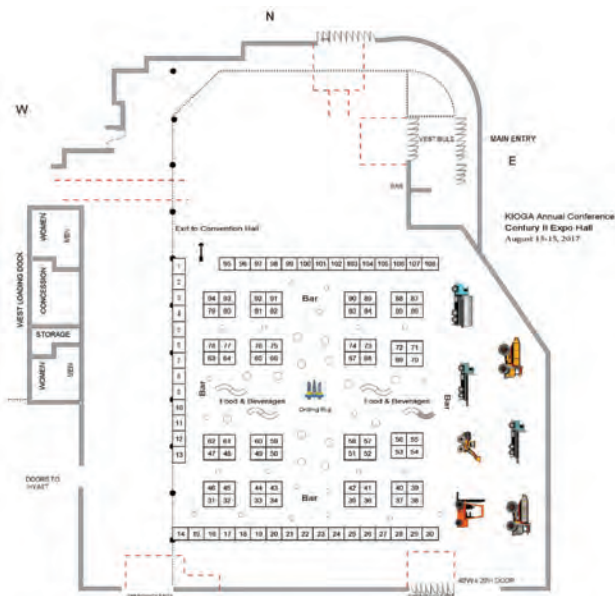
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KIOGA - Working for You



Each year, the Kansas Independent Oil & Gas Association (KIOGA) tackles new challenges in Topeka, Washington, in the state and federal regulatory agencies, and before the courts. KIOGA's advocacy efforts have ensured a robust future for Kansas's oil and gas producers. It is clear, that your support of KIOGA and our programs have led to successful advocacy efforts of our industry.

As a member of KIOGA, you join over 4,200 independent producers and allied service and supply companies who benefit from KIOGA's services and programs in government relations, business development, information services, and much more. Our industry faces many challenges. Thanks to KIOGA members, voters and policymakers are learning that the oil and gas industry is working for them, the economy, and the environment.

Government Relations

KIOGA is the government relations branch for each of our members. Our personal and frequent contact with key legislators and decision-makers effectively influence public policy on behalf of KIOGA members. Our cooperative partnerships with other state and national associations means the concerns of Kansas independent oil and gas producers are heard in Topeka and Washington. KIOGA is your state and national advocate and promote issues such as:

- **Tax Reforms** – advocating provisions to improve capital retention including maintaining critical federal oil and gas tax provisions (percentage depletion and IDCs); advocating the reinstatement of the suspension of the net income limitation on percentage depletion for marginal properties; improved the market for crude oil (advocating for the lifting of the ban on the export of U.S. crude oil); providing comments to U.S. Senate Finance Committee and U.S. House Ways & Means Committee on importance of retaining critical oil and gas tax provisions; creating a special priority interest for oil and gas producers in oil and gas sold to an oil and gas purchaser and proceeds of the sale; addressing legislation regarding evidence used to determine value of production for property taxes; opposing severance tax increases; continually advocating industry positions in ad valorem tax valuations; and more.
- **Environmental Reforms** – opposing Sierra Club legislative proposals to impose onerous state hydraulic fracturing regulations; opposing onerous surface rights legislative proposals; opposing onerous Sierra Club legislative proposals to impose a moratorium on certain disposal wells and to create an earthquake risk pool to be funded by industry; working cooperative partnerships to stem federal regulation of gathering line safety regulations; providing comments to the USEPA, USFWS, BLM, and other federal agencies on regulatory proposals addressing emissions, hydraulic fracturing, endangered species (lesser prairie chicken), waters of the U.S.; advocating legislation to require congressional approval of major new federal regulations; and more.
- **Resource Access** – advocating legislation to aid in the maintenance of clean record title pertaining to mineral and royalty interests; securing agreements with the Securities Commission to preserve the oil and gas securities exemption; advocating legislation allowing the unitization of more than one oil and gas reservoir constituting a single pressure system and allowing unitization under certain circumstances without order of the KCC; opposing legislation calling for format standards for documents to be recorded by the register of deeds.
- **Legislative Contact Volunteer Program** – provides financial support for elected officials who listen, understand, and support the needs and concerns of the independent oil and gas producers. The program supports pro oil and natural gas candidates, primarily in tight races where funding can make a difference.
- **Multi-Dimensional Public Information Campaign** – When our industry is attacked in the media, KIOGA stands

ready to respond. KIOGA has developed fact sheets, talking points, issue briefs, press kits, and industry information on current and relevant energy and industry topics. Major Kansas media outlets, policymakers, and many public groups depend on KIOGA's expertise and explanations and turn to KIOGA as the leading oil and gas industry news source in Kansas.

Business Development

KIOGA provides numerous business development and networking opportunities for members including:

- KIOGA Annual Convention – Annual conventions held in Wichita that unites independent producers and oil and gas industry representatives to share ideas, network with peers, participate in thought-provoking sessions, and hear updates regarding KIOGA's government relations activities in Topeka and Washington.
- KIOGA Midyear Meeting – A midyear meeting rotated throughout western Kansas that offers excellent networking and educational opportunities for independent oil and gas producers and allied service and supply companies.
- KBA/KIOGA Oil and Gas Conferences – Conferences held in Wichita and around the state to learn about legal issues affecting the independent oil and gas industry.
- Insurance Program – a value-added member service

exclusively available through a paid KIOGA membership that provides comprehensive insurance products capable of covering all your exposure with expanded limits of specific coverage on general and pollution liability, underground resources, downhole, as well as the basic coverages on equipment, buildings, autos, and workers compensation.

Information Services

KIOGA keeps members abreast of what's going on in Washington, Topeka, and the media through our information services including:

- KIOGA Newsletter - published 6 times per year delivering practical information about national and state policy discussions, regulatory issues, public relation efforts, business strategies, and important emerging trends affecting your business.



- American Oil & Gas Reporter – a fast-paced monthly magazine that covers the industry from A to Z.
- KIOGA President Report – communication on ongoing KIOGA activities.
- KIOGA Website – includes



important up-to-date information on legislative, regulatory, and policy issues. Fact sheets, talking points, media clips, and more are also available to KIOGA members, the general public, and media.

- Federal and State Legislative Updates – keeps members current with federal and state legislative issues.



• KIOGA Express – an email communication tool designed to keep membership abreast of

ongoing and breaking oil and gas news.

- Kansas Oil & Gas Industry Strategic Analysis – an annual comprehensive report that provides the latest information on the economic impact of the Kansas oil and gas industry including statistics on Kansas oil and gas industry activity, taxes, production, issues, challenges, and opportunities.



KIOGA regularly conducts listening tours across Kansas to listen to the thoughts,

ideas, and concerns of the Kansas oil and natural gas industry. The informal roundtable events provide an opportunity for KIOGA members to share concerns and thoughts about important state and federal issues that affect them and their businesses and what they believe is important for growth and protection of the oil and gas industry and the Association.



- KIOGA App – for use in iPhone, iPad, and Android phones and tablets. The app

has:

- Membership list with filter and search option
- GPS touch to dial and email feature
- Map view and GPS navigation of well locations
- Service providers contact information and map location of rigs
- Events section
- Social media and blog interactive area
- Staff contact area
- Annual and Midyear Convention

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Working for you Continued

itinerary with GPS location mapping and note taking tools

- Legislative issues guide with legislators tool finder
- INAlert - KIOGA also deploys INAlert, an instant communication technology that is accessible by mobile devices.

Other KIOGA Publications – educational brochures and white papers providing information on the state of the oil and gas industry, hydraulic fracturing, energy policy, oil and gas

drilling promotions, KIOGA membership benefits, Kansas oil and gas industry statistics, seismic activity, and more.

If you are not a member of KIOGA, we encourage you to join. All members receive the services and products outlined above plus more with individual memberships starting at just \$300 annually. Through KIOGA you can play a significant role in our efforts to win the political battles in Topeka and Washington and the public relations battle in the court of public opinion. Be a part of the solution. Join us today! Your membership does make a difference!

Get on Board the KIOGA Express

Anyone in your company can sign up to receive our KIOGA Express. Contact the Wichita office and sign up today to start being informed.
kioga@kioga.org



Looking for
Registration Forms?
KIOGA.org

Or contact the Wichita office
if you would like a brochure sent to you.



Lesli has been an invaluable resource to my company by finding ways to reduce costs and helping us stay current with ever-changing regulations.
--Doug Evans, DE Explorations, Inc.--

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Lesli has a Bachelor's degree in Business and is a 3rd generation operator in Eastern Kansas. Lesli is an EKOGA board member and a member of KIOGA.










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