

Kansas Independent Oil & Gas Association (KIOGA)

2021 State & Federal Legislative/Regulatory/Communication Agenda



We've Got Your Back

Founded in 1937, the Kansas Independent Oil & Gas Association (KIOGA) is a nonprofit member organization representing oil and gas producers in Kansas, as well as allied service and supply companies.

KIOGA exists to promote the development of oil and natural gas resources in Kansas through bipartisan, common-sense solutions to challenges facing the oil and natural gas industry. KIOGA represents the interests of the oil and gas industry at the local, state, and federal levels of government. Our active presence before the Kansas Legislature, U.S. Congress, and state and federal regulatory agencies means that the concerns of independents like you are foremost in the minds of legislators and government officials. Our cooperative partnerships with the Domestic Energy Producers Alliance (DEPA), Independent Petroleum Association of America (IPAA), Interstate Oil & Gas Compact Commission (IOGCC) and others means the concerns of Kansas independent oil and gas producers are heard in Topeka and Washington.

KIOGA 2021 Legislative & Regulatory Objectives	p.2
Letter from KIOGA President	p.3
KIOGA 2021 State Legislative & Regulatory Strategy	p.4
KIOGA 2021 Federal Legislative & Regulatory Strategy	p.5
KIOGA 2021 Communication Strategy	p.6
KIOGA Membership Value	p.7
Upcoming Events	P.8

KIOGA 2021 Legislative/Regulatory Objectives

KIOGA is here to help!

Our industry continues to face many challenges. We have powerful enemies that want to severely limit our access to abundant reserves of oil and natural gas, shut down drilling because of exaggerated issues, litigate us to death, and unfairly tax and regulate us to the breaking point. We are straining to adjust to a host of potential harmful issues that raise pointed questions about our industry's future.

The challenges we face today have grown both in number and complexity. Those who oppose American energy development at the state and federal level use environmental and regulatory issues to disrupt orderly oil and natural gas development and influence policymakers. They use these issues not to make energy development better, but to impede or stop oil and natural gas development.

KIOGA proudly works with leaders in the Kansas Legislature, U.S. Congress, and state and federal regulatory agencies. KIOGA's efforts in government affairs is unparalleled.

Though we face many familiar legislative and regulatory challenges in 2021, KIOGA stands

stronger and more united than ever to face these obstacles and seek meaningful opportunities to evolve and succeed. To be a member of KIOGA is to be among the premier oil and gas companies in Kansas and across the nation.

As a professional advocate for the Kansas oil and natural gas industry, KIOGA has used our significant advocacy experience and talent to form strong and productive bipartisan relationships with state and federal policymakers as well as state and federal regulatory agencies.

The bottom line is that unsound policies, regulations, and public perceptions threaten the profit and growth opportunities of every company in the oil and natural gas industry. Companies need the best and latest advocacy and public outreach efforts. That is what you get with KIOGA.

For the oil and gas industry, the challenges never end. Let KIOGA be your partner in success. We provide unmatched public policy advocacy and a powerful voice for you in state and federal government.



KIOGA Government Relations

With nearly 3,500 members, KIOGA is the lead state/national advocate for the Kansas oil and gas industry. KIOGA identifies and interprets public policies and regulations that are fundamental to our member's success. Our quick analyses and evaluations of issues and concerns result in significant arbitrage value for KIOGA members who benefit from our substantial first-mover advocacy advantages. We engage on state and federal regulatory issues and meet with key state and federal policymakers on policy issues. We continue to build relationships and work with allies at the state and federal level. Finally, we litigate when necessary.

Three major success drivers set KIOGA apart from other oil and gas groups and make us the lead state and national advocate for the Kansas oil and natural gas industry: 1.) Intellectual Capital; 2.) Volunteerism, and; 3.) Leadership.



Letter from KIOGA President Edward Cross

For over 160 years, the oil and gas industry has been a vital part of Kansas's way of life and at KIOGA our goal is to help ensure our industry thrives well into the future.

KIOGA's vision is simple - to promote the development of Kansas's oil and natural gas resources for the betterment of society. We recognize that our members truly are the fabric of many communities throughout Kansas. KIOGA members not only employ and support over 100,000 Kansans and their families with good-paying jobs boosting our state economy, but also pay significant taxes and often make significant charitable gifts that support communities and general overall well-being of our state.

Through rigorous engagement at the state and federal level, KIOGA works to create a more stable and predictable political and regulatory environment for our members. We are committed to being a positive, credible, and proactive voice for industry, promoting

respectful dialogue and education to advance oil and gas interests at the state and federal level.

In 2020, our mission manifested itself in many positive ways including:

- **Legislative Success:** In light of the COVID-19 crisis, KIOGA worked with the Kansas Department of Revenue to amend the ad valorem crude oil price schedule adjusting the price from \$46/barrel to \$23/barrel, worked with Kansas Governor Kelly to ensure oilfield workers were classified as "essential workers", provided policy change recommendations to the Kansas *Special Committee on Economic Recovery* and more. KIOGA engaged at the federal level by providing fact-based information on oil market COVID-19 impacts and market dynamics to the White House and 350 federal policymakers, and more.
- **Regulatory Success:** Engaged Kansas Corporation Commission (KCC) on issues concerning KCC budget, abandoned wells, temporary abandonment, potential regulatory amendments, and more. At the federal level, KIOGA pushed for an exclusion for low-volume wells in EPA's new methane rule and those provisions made the final cut.

- **Public Outreach:** KIOGA launched our industry webinar series to bring informative content to guide future business and policy decisions. We also spoke at 15 public forums, engaging in over 50 media inquiries, and provided 13 editorials to media across Kansas and the nation.

It is only with your support that we were able to accomplish these goals. KIOGA wants to build on this momentum in the coming year and your support allows us to continue to proactively engage state and federal policymakers and regulatory officials to aggressively defend our industry and promote the development of Kansas's oil and natural gas resources.

KIOGA takes our charge seriously and pursues excellence on your behalf each day. KIOGA is an investment in our energy future.

A handwritten signature in black ink that reads "Edward P. Cross". The signature is written in a cursive style and is contained within a white rectangular box with a thin black border.

**Edward Cross , President
Kansas Independent Oil &
Gas Association**

KIOGA 2021 State Legislative Strategy

The core focus of KIOGA's work at the Statehouse during the 2021 legislative session will be on protecting the Kansas oil and gas industry from increased costs while also defending industry gains made in recent years.

Energy & Environment: KIOGA supports a rational, data-driven, common-sense approach to energy policy that recognizes our best energy future can only be achieved through a true all-of-the-above energy strategy. We will:

- Oppose any legislation designed to stop oil and gas production or measures that have very little environmental benefit but high associated costs. This includes restrictions on hydraulic fracturing, waste management, emissions, injection wells, or other measures designed to stop oil and gas production.
- Support measures to instill regulatory certainty into abandoned/orphaned well plugging responsibility.
- Support measures to combine abandoned/orphaned well plugging funds.

- Support measures that establish procedures for reimbursement for parties who wish to plug abandoned/orphaned wells.
- Support a legislative study on the competitiveness of Kansas energy rates, including electric generation deregulation.
- Oppose policies picking winners and losers among energy sources and technologies.
- Support efforts to limit or block federal regulations which overreach and impose undue expense and regulatory burden on the Kansas oil & gas industry.
- Oppose mandates and policies that increase costs when sourcing energy.
- Encourage the least restrictive method of regulation that supports the goal of protecting the public without limiting business activity.

Taxation: KIOGA will urge the legislature to reduce cost of doing business, and will :

- Oppose any measures that target oil and gas industry for increased local or state tax base.
- Support measures that reduce government spending instead of increasing the cost of doing business through tax increase.



KIOGA 2021 State Regulatory Strategy

State regulatory engagement is a core focus for KIOGA as we work to protect operational certainty across the state. KIOGA works to improve & maintain relationships with decision makers and key stakeholders across the state's regulatory bodies.

Our regulatory efforts emphasize engagement at all levels with state regulatory agencies, including but not limited to, the Kansas Corporation Commission, Kansas Department of Health & Environment, Kansas Department of Revenue Property Valuation Division, Governor's Arbuckle Study Work Group, and more.

In 2021, KIOGA will continue efforts on active regulatory initiatives and engage in future regulatory policy developments affecting Kansas.

KIOGA 2021 Federal Legislative Strategy

KIOGA is fully engaged in advocacy in Washington, D.C. and takes our issues directly to congressional policymakers. We have met with over 350 federal policymakers over the last 12 years as well as key agency decision makers and have developed positive credible relationships with many key Democrat & Republican members of Congress. KIOGA works with our allies at the Domestic Energy Producers Alliance, Independent Petroleum Association of America, Liaison Committee of Cooperating Oil & Gas Associations, Council for a Secure America, U.S. Global Leadership Coalition, National Stripper Well Association, and others to engage not only in advocacy, but also legal challenges.

One of the most important take-aways from the 2020 federal election results is that KIOGA's bipartisan approach to addressing key federal tax & regulatory issues has gotten more important and will be critical going forward. We have developed significant positive relationships with key Democrat & Republican policymakers that make us one of the most effective voices in Washington for small onshore independent oil & gas producers. **Our messages are as strong today as they were before the election.**

KIOGA continues to engage to address energy policy challenges, flaws in the "Green New Deal", and providing facts about oil & gas industry emissions.

Taxation: KIOGA worked very hard in 2017 to educate members of Congress about the importance of retaining percentage depletion and intangible drilling cost (IDC) tax provisions. These efforts paid off as these key tax provisions were retained. In 2019 and 2020, challenges to oil & gas tax provisions again emerged. KIOGA engaged early-on meeting with Key Congressional policymakers to provide a foundation and resource for credible information regarding these critical tax provisions. Going forward in 2021, KIOGA will oppose any federal legislation that eliminates or changes key oil & gas tax provisions.

Infrastructure Improvements: KIOGA supports the expansion of natural gas, NGL and crude oil pipelines to transport domestic products to market.

Free Markets for All Energy: KIOGA opposes picking winners and losers in energy, but supports letting the market work. KIOGA supports federal energy and tax policies that treat all energy sources equally, allowing market demand to drive efficiencies. KIOGA supports energy policy decisions based on



science, the free market, and entrepreneurial spirit.

KIOGA 2021 Federal Regulatory Strategy

KIOGA federal regulatory efforts emphasize common sense regulatory policy. One of KIOGA's top federal regulatory priorities is supporting EPA's 2020 corrections to the flawed methane emissions rule. KIOGA opposes any listing of the lesser prairie chicken (LPC) under the Endangered Species Act but instead supports positive solutions that protect the LPC without causing unnecessary harm to the livelihoods of people across Kansas.

In 2021, KIOGA will work to improve and maintain relationships with decision makers and key stakeholders across federal regulatory bodies. KIOGA will continue efforts on active regulatory initiatives and engage in future federal regulatory policy developments affecting Kansas.

KIOGA 2021 Communication Strategy

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. An informed public has never been more necessary.

For years, KIOGA has served as the primary source of information on issues ranging from oil and gas taxation, environmental issues, energy policy, economic impact of the oil and gas industry and more. As the debate around oil and gas production continues to resonate around the country, KIOGA continues to provide fact-based scientific information to inform policymakers and the public about the economic and environmental benefits of safe and responsible oil and gas development. However, we recognized early-on that responding to public concerns about oil and gas issues with technical information alone did not address the visceral concerns of the public.

In response, KIOGA launched our *Next Step to Raising Energy Awareness* campaign in 2017. This program combines tech-

nical, fact-based, scientific information with explanations of how integral responsibility is to industry actions. In addition, the communication strategy demonstrates how oil and gas lift people up by enriching life experiences and enhancing the quality of life for all people. The program empathizes with people's concerns, shows leadership in addressing those concerns, and underscores the considerable extent to which industry and societal values align all of which help foster public trust and support.

Since being launched, KIOGA's *Next Step to Raising Energy Awareness* program has taken the Kansas oil and gas industry to a new and unprecedented level of communication and public engagement. Through aggressive public outreach efforts including speaking engagements, editorials, media interviews, and more, KIOGA has moved the oil and gas industry from merely having a dialogue with policymakers and the public to the forefront of a multidimensional public education effort. It is working! KIOGA has spoken at 22 public forums, engaged in over 50 media inquiries, and provided 13 editorials to media across Kansas and the nation in 2019.

KIOGA's 2021 communication strategy is to highlight the is-



ues that often get buried underneath the political positioning. KIOGA's public outreach efforts work hand-in-hand with our government relations programs to enhance the effectiveness of KIOGA's advocacy efforts.

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 retaining talent to access to capital, regulatory stability, tax fairness, and more.

KIOGA - Voice of the Kansas Independent Petroleum Industry



Your Membership Makes a Difference!

When addressing the benefits of KIOGA membership, we can begin with our motto “**KIOGA - Voice of the Kansas Independent Petroleum Industry**”. KIOGA is an everyday, frontline representative of the Kansas independent oil and natural gas industry.

Membership in KIOGA gives you:

A United Voice in Topeka and Washington

- Few independent businesses have the budget, time, and expertise to individually tackle issues at the federal, state, and local levels of government as well as regulatory issues.
- KIOGA is the government relations branch for each of our members. Our personal and frequent contacts with key policymakers means our members concerns are heard in Topeka and Washington.

The Power of Unity

- KIOGA achieves results through a strong coalition of independent businesses with a common purpose and goal optimizing our effectiveness on critical issues.

Access to Legislative and Business Information

- Whether you need to know how to comply with the latest laws and regulations or need legislative updates on pending issues, KIOGA provides you with timely information that can affect your company’s profit and growth opportunities.
- KIOGA Newsletter published 6 times a year that covers government relations issues and other industry topics important to you.
- KIOGA Website at www.kioga.org for industry information and online communication capabilities.
- KIOGA Express is an email information service that keeps members abreast of ongoing and breaking oil and natural gas industry news.
- *The American Oil & Gas Reporter*, a fast-paced monthly magazine that covers the industry from A to Z.
- KIOGA President Reports and KIOGA Federal & State Legisla-

tive Reports keep members current with federal and state legislative, regulatory, and policy issues.

A Way to Build Public Understanding

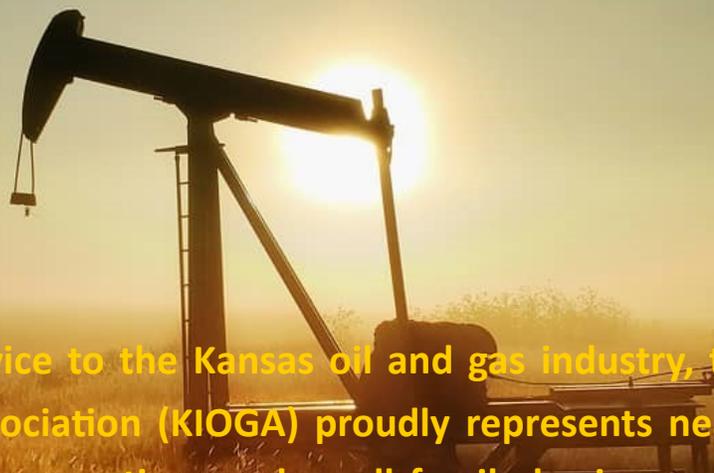
- Today, public perception continues to be a major challenge facing the domestic oil and gas industry. Join our efforts to fight the negative public image that has made voters and policymakers unsympathetic to major problems confronting independent oil and gas producers.

If you are not a member of KIOGA, we encourage you to join. Through KIOGA you can play a significant role in 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!

Upcoming Events

Kansas Oil & Gas Day Legislative Reception - January 20, 2021 - Topeka, Kansas
KIOGA 2021 Midyear Meeting - April 14-16, 2021 - Garden City, Kansas
KIOGA 2021 Annual Convention & Expo - August 15-17, 2021 - Wichita, Kansas

**The LEADING VOICE for
the Kansas oil and gas industry since 1937.**



In its 84th year of service to the Kansas oil and gas industry, the Kansas Independent Oil & Gas Association (KIOGA) proudly represents nearly 3,500 members, including industry executives and small family businesses. As one of the nation's premier statewide oil and gas associations, KIOGA proudly advocates for increased development of natural resources and works to protect the ability to explore and produce oil and natural gas. For more information, please visit www.kioga.org or call 785-232-7772.

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