

# KIOGA

*The Voice of the  
Kansas Independent  
Petroleum Industry*

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## KIOGA 2020 Midyear Meeting

Putting our Energy Back into Kansas!

The 2020 Kansas Independent Oil & Gas Association (KIOGA) Midyear Meeting will be held **April 15-17, 2020** at the **Clarion Inn & Convention**



**Center** in Garden City, Kansas. The KIOGA Midyear Meeting was last held in Garden City in 2017 and we are happy to be returning.

Attending KIOGA's 28th Annual Midyear Meeting is more important than ever before. As we bring together industry leaders, professionals, and federal and state officials, you will have a unique opportunity to participate in a variety of discussions and activities. These will address current issues and tackle real challenges. That is why we need you at this year's KIOGA Midyear

**Continued on Page 12**

**Kansas Independent  
Oil & Gas Association**



**KIOGA 2020 Midyear Meeting**  
Clarion Inn & Convention Center  
Garden City, Kansas

*Register today! Call Kelly Rains at the KIOGA Wichita Office at 316-263-7297 or register online at [www.kioga.org](http://www.kioga.org).*

**Putting Our Energy Back Into Kansas!**

Since 1937, the Kansas Independent Oil & Gas Association (KIOGA) has successfully led and served the industry as the voice of the Kansas independent petroleum industry. KIOGA's greatest strength continues to be member opinions and experiences that help shape our discussions with federal and state policymakers and the media. KIOGA member meetings such the Midyear Meeting offer the ideal format for members to share experiences, ideas, and challenges with friends, colleagues, policymakers, and other leaders from across the state and nation. The KIOGA Midyear Meeting Committee is developing an outstanding program offering you an excellent line-up of speakers, a wide variety of exhibitors, and entertainment. Make plans to join us on April 15-17, 2020 at the Clarion Inn & Convention Center in Garden City to visit exhibitor booths, listen to seminars, visit with other producers and friends, and just enjoy yourself!

**Kansas Independent  
Oil & Gas Association**

**Wichita Office**  
229 E. William - Suite 211  
Wichita, Kansas 67202  
316-263-7297  
Fax 316-263-3021  
Email: [kelly@kioga.org](mailto:kelly@kioga.org)

**Topeka Office**  
800 S.W. Jackson Street  
Suite 1400  
Topeka, Kansas 66612  
785-232-7772  
Fax 785-232-0917  
Email: [ed@kioga.org](mailto:ed@kioga.org)



**What to expect at this year's Midyear Meeting**

- Learn what KIOGA is doing to ensure your business is successful well into the future
- Value-Added Business Development Seminars to help build your business
- Trade Show/Networking opportunities
- Dinner and Entertainment
- Golf Tournament and Sporting Clays

# KIOGA Advertisers

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Lanny Butner  
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**Officers**

- David Bleakley - Chairman**
- Ed Nemnich - Northwest Vice Chair**
- Charles Wilson - Southwest Vice Chair**
- Alan Banta - South Central Vice Chair**
- Barry Hill - East Vice Chair**
- Scott Fraizer - Treasurer**
- Jeff Bloomer - Secretary**

**Staff**

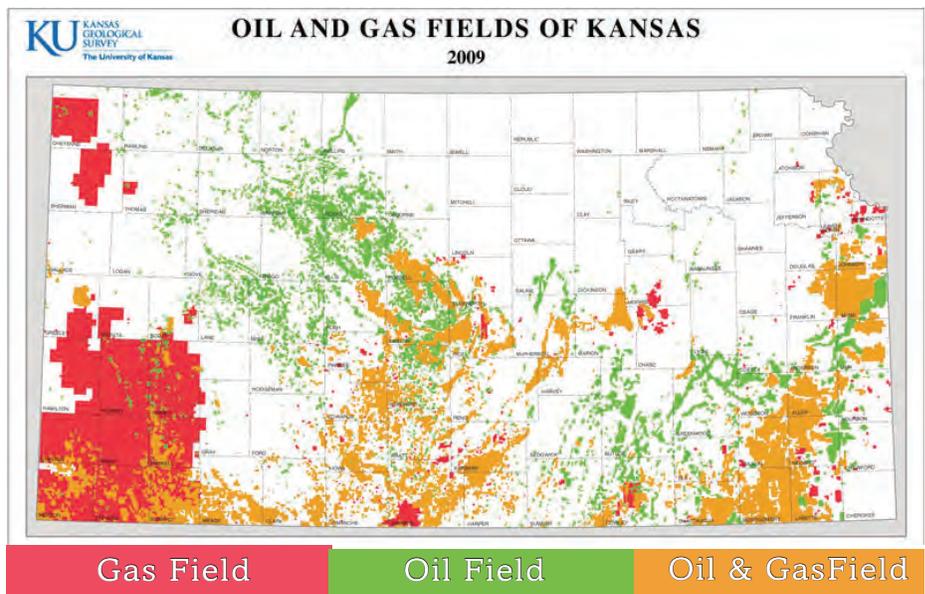
- Edward Cross - President**
- Kelly Rains - Operations Manager**

The Kansas Independent Oil & Gas Association (KIOGA) believes in seeking common ground, through common sense solutions, to the challenges facing the Kansas oil and gas industry. Our bipartisan approach provides a uniquely powerful voice for our members at the state and national level.

**Our work is critical.  
Your support is vital.**

KIOGA Wichita Office  
229 E. William - Suite 211  
Wichita, Kansas 67202-4027  
316-263-7297

KIOGA Topeka Office  
800 SW Jackson Street - Suite 1400  
Topeka, Kansas 66612-1216  
785-232-7772





# Message from the Chairman

David Bleakley  
2019-2021, Chairman KIOGA

As I write this message, the Oil and Gas Industry is facing very uncertain times indeed. Russia has refused to cut their production any further to compensate for the destruction of the world's energy demand caused by fears of the coronavirus and to help the U.S. Shale producers. Saudi Arabia has retaliated and has just launched an all-out price war after OPEC talks with Russia collapsed adding more insult to an already soft price; the coronavirus is wrecking havoc on the global economy; the stock market is in rapid decline; and, the political climate continues to be challenging to our industry.

In difficult times like these, we must all pull together to make sure our story and pain is heard by the public. **AMERICANS NEED OUR ENERGY.** Reliable alternative energy sources are **NOT** currently an option to fulfill the energy demands of this country.

## ADVOCACY

During the current legislative session, President Ed Cross has been extremely busy meeting with legislators and advocating for our interests on both the State and National level. The Abandoned Well bill is moving through the process and will soon be heard on the floor of the House then the Kansas Senate. President Cross has received many requests to provide White Papers and Research on pending issues and continues to keep all our members informed on the status of everything facing KIOGA members and our industry. Please read his emails and educate yourself on all these issues. Ed continues to do outstanding work advocating for our association, but we can help ourselves by understanding the issues and telling the Oil and Gas Industry story in our own companies and in all of our own communities.

## BUSINESS

*“Let our advance worrying become advance thinking and planning.” – Winston Churchill*

I commend the Executive Committee of KIOGA for their commitment and foresight to provide strong financial leadership in positioning our association for the uncertain times ahead. Each member of this Executive Committee willingly answered the call and have spent many hours during the past six months in meetings, on conference calls, listening to our members and staff, analyzing our current position, and making recommendations for the future. It has been my privilege to work with each one of these knowledgeable and engaged individuals. I look forward to seeing many of our KIOGA members at the Mid-Year Meeting so each one will have an opportunity to hear from the Executive Committee and other Committee Chairmen on the projects they are working on to benefit and strengthen our individual companies and our Kansas Independent Oil and Gas Association.

In the Fall, I appointed three EXEC Members to Chair committees and complement the work of Scott Fraizer as KIOGA Treasurer. These committees were tasked with studying three areas of our Finance structure and bringing

Other Committees have also been working diligently on a variety of pending issues:

By-Laws Chair – Jeff Kennedy  
By-Laws Revision for future presentation, comments, and approval

Dialogue Groups – organized by Jeff Kennedy and Alan Banta

Many good ideas surfaced including the need for a New Strategic Plan with a concise Mission Statement, pathways to leadership more clearly defined, increasing membership, & updates for marketing communication materials and website

Annual Convention Chair – Mike Pisciotte

Many good ideas for changes in the annual meeting this year to lower costs & improve the annual event for our members, trade show vendors, and all attendees

Tax Committee Chair – Richard Koll

Presentation to Kansas Department of Revenue on state of Kansas Oil & Gas Industry & projected 2020 prices which included the potential impact of Coronavirus on price

Governor Kelly's Arbuckle Study Working Group – Dana Wreath, Dylan Klaus and Ken White have been representing KIOGA and the industry very well by educating the working group on Class 1 and Class 2 wells with substantive information. Further meetings are scheduled.

## CAMARADERIE

Please mark your calendars for the Mid-Year Meeting in Garden City, Kansas April 15, 16, & 17, 2020. This will be a time for us to meet together as a group and to be updated on many issues and on KIOGA's advocacy plans. Your participation and continued financial support are vital to KIOGA and the future of our industry. Through your support, KIOGA will continue to stand strong as the leader for the oil and gas industry in Kansas and as a nationally recognized Oil and Gas Association leader.

Finally, I leave you with a famous quote used by many through the years:

*"When you reach the end of your rope, tie a knot and hang on!"*

The Independent oil and gas men and women are a tough breed; we will hang on and survive to prosper again another day!

Strength through Perseverance --

David P. Bleakley  
KIOGA Chairman



recommendations for improvements. The following Chairmen have done excellent work and have discussed their findings with the Executive Committee. These committee reports will be presented to the Board of Directors at the Mid-Year Meeting in April. A brief summary of their work is presented below:

Finance Chair – Andrea Krauss (Controller and Sec/Treas of John O. Farmer, Inc.)

Review of the internal accounting system & recommendations for improvements

Review of accounting reports & financial management tools for decision making with recommendations for improvements

HR Chair – Alan Banta (President of Trans Pacific Oil Corporation)

Evaluation of our current operational structure

Implementation of a new employee manual and new job descriptions

Investments – Barry Hill (CEO of Vess Oil)

Meeting with Intrust Money Manager to review current risk profile & portfolio to develop an updated Investment Policy

Monthly cash flow analysis and potential New Member Dues Revenue Analysis for future forecasting

KANSAS OIL AND GAS MUSEUM FOUNDATION  
PRESENTS:

2020  
Hall of Fame  
Inductees

# The 2020 Hall of Fame Induction Dinner & Ceremony

SATURDAY, APRIL 18, 2020  
SOCIAL HOUR ~ 6 PM  
DINNER ~ 7 PM

GREAT BEND EVENTS CENTER  
3111 10TH ST.  
GREAT BEND, KS 67530

TICKETS \$50 PER PERSON  
MAY BE PURCHASED ON OUR FACEBOOK PAGE OR  
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KANSAS OIL & GAS MUSEUM FOUNDATION  
PO BOX 1294 GREAT BEND, KS 67530

GUEST SPEAKER,  
CONGRESSMAN ROGER MARSHALL, M.D.

THE NEWLY RENOVATED KANSAS OIL & GAS HALL OF FAME  
MUSEUM WILL BE OPEN FOR TOURS ON  
SATURDAY, APRIL 18TH FROM 10AM TO 5PM  
5944 10TH STREET, GREAT BEND, KANSAS

*Proceeds benefit the Kansas Oil & Gas Museum Foundation*

FOR ADDITIONAL INFORMATION PLEASE CONTACT:  
JOHN FRANCIS AT (620) 786-9920 OR  
CHRISTOPHER SMITH AT (620) 792-7301



JOHN O. FARMER III



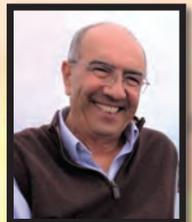
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GENE ZAID



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PIERCE MUSGROVE



J.C. MUSGROVE



GEORGE E. MILLER, JR.



KENNETH LINK

# KIOGA Mark your Calendar

Event Name	Date	Location
Energy Council Energy & Env. Conf	March 12-15, 2020	Washington, D.C.
TORP/PTTC Best Practices for Pro Water	March 24-25, 2020	Wichita, KS
KIOGA 28th Midyear Meeting	April 15-17, 2020	Garden City, KS
NSWA Energy Gala	April 17, 2020	Oklahoma City, OK
Kansas O&G Museum Hall of Fame	April 18, 2020	Great Bend, KS
SPE Improved Oil Recovery Conf.	April 18-22, 2020	Tulsa, OK
Mid-America Prospect Show	May 7, 2020	Wichita, KS
EKOGA Midyear Meeting	May 7, 2020	Fall River, KS
IOGCC Annual Business Meeting	May 17-19, 2020	Oklahoma City, OK
AAPG 2020 Annual Convention	June 7-10, 2020	Houston, TX
IPAA Midyear Meeting	June 29 - July 1, 2020	Newport Beach, CA
IADC Drilling Onshore Conf.	May 21, 2020	Bismarck, ND
Summer NAPE	August 12-13, 2020	Houston, TX
KIOGA 83rd Annual Convention	August 16-18, 2020	Wichita, KS



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**[www.paragongeo.com](http://www.paragongeo.com)**

Looking for  
Registration Forms?

# KIOGA.org



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

# Membership is Influence

## Your KIOGA Membership Makes a Difference

When you get your KIOGA dues statement, have you ever wondered what that represents? What do I get for my membership dues? How can my membership make a difference in the oil and gas industry?

KIOGA is a non-profit member organization, so we work to use your dues in an effective manner to represent you in Topeka and Washington, D.C. Our biggest expenses are related to government relations and the opportunity to keep you informed.

When KIOGA meets with state legislators or federal policymakers, one of the first points KIOGA makes is that we represent nearly 4,000 members which includes over 1,400 companies. This is very significant because they are all voters. Other organizations represent large companies, but not necessarily voters.

What does this mean for you? It means state legislators and federal policymakers listen to KIOGA's position on issues, and if we support an issue, it helps them vote for that issue. IF KIOGA opposes an issue, they will work to find a solution. They don't like to upset voters.

For 83 years, KIOGA has helped the Kansas independent oil and gas industry prosper through all kinds of market conditions!

KIOGA identifies and interprets public policies and regulations that are fundamental to your success

– **the who, what, where, how, and why behind oil and gas legislation, policy, regulation, and public relations.** KIOGA is the government relations branch for your company. Our quick analyses and evaluation of issues and concerns facing the Kansas oil and gas industry result in significant arbitrage value for you and your company who benefit from our substantial first-mover advantages. Our personal and frequent contacts 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 your concerns are heard in Topeka and Washington, D.C.

KIOGA has developed programs that meet your business development needs and offers you opportunities to participate in meaningful ways. These efforts differentiate KIOGA from other advocacy groups. You receive analyses and publications that help keep your business competitive and current on industry trends and issues. KIOGA's publications don't just cover the Kansas oil and gas industry. We understand that credible analyses and information is crucial to your success in today's market. We understand your need for cost effective operating strategies, enhancing access to capital, and improved efficiencies. So, KIOGA publications deliver practical information about national and state policy discussions, regulatory issues, public relations activities, business strategies, new

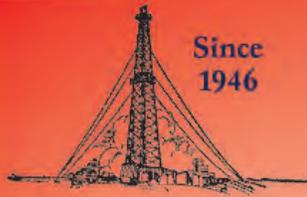
sources of capital, and important emerging trends affecting your business.

KIOGA has always believed that the key to building an outstanding organization was in developing proactive programs that met the needs of our members. At the same time, we have never forgotten that our primary priority is to advocate for the Kansas oil and gas industry. We understand the difficulties you faced during hard times and the patient caution taken during not so bad times. KIOGA continues to develop a strong voice through our membership growth and have created a government relations program second to none. Our track record reflects our emphasis on results.

The bottom line is that unsound policies threaten the profit and growth opportunities of every company in the oil and gas industry. KIOGA will not lose focus of this fact. We are "keepin' it real" and are committed to protecting the interests of the Kansas oil and gas industry.

**You know you can succeed in the oil and gas industry. Let KIOGA make your job a little easier.**

If you are not a member of KIOGA, we encourage you to join. Through KIOGA you can play a significant role in our efforts to win the political battles in Topeka and Washington, D.C. and the public relations battle in the court of public opinion. Join us today. Your membership does make a difference!



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1946

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**email: [iog@iogsi.com](mailto:iog@iogsi.com)**

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**Contact KIOGA**

**Office: 316-263-7297 Fax: 316-263-3021**

**[KIOGA@SWBELL.NET](mailto:KIOGA@SWBELL.NET)**

# KIOGA Member News

## KIOGA EDUCATIONAL FOUNDATION

### Our Mission

We are a 501 (c) (3) organization that conducts educational programs & provides educational materials relating to energy sources, and processes. We have implemented a grant program to teachers and schools across Kansas for STEM (Science, Technology, Engineering and Math) related projects. KEF will work in conjunction with Kansas Strong and KIOGA to identify grant prospects. The grants will provide funding for items such as books, curriculum, equipment, field trips and supplies to help teachers implement STEM Education.



### Types of Support

To date, the KIOGA Educational Foundation has awarded several grants, totaling over \$4,700. The grants have been used to provide the following types of support:

Field Trips
Dot & Dash Robots
Robotics Competition Expenses
Math & Science Critical Thinking Tools
Math Teaching Aids
Leadership Camp Costs
3D Printers

### How You Can Help

Consider making a yearly donation to KEF so that we can continue to help teachers and students with their STEM projects. Contact your school, talk to the teachers and let them know about the STEM grant program.

Donations can be sent directly to:  
KIOGA Educational Foundation  
229 E. William, Suite 211  
Wichita, KS 67202  
kef@kioga.org

Gordon Parks Academy | Wichita, KS  
Leadership Camp



"KAY camp has also helped my kids become more independent, develop better social skills and have a positive attitude. The KAY outlook inspires them to dream big and take action. It teaches them responsibility inside and outside of the classroom. ... My children and I are extremely thankful for being given the opportunity to benefit from the KAY camp leadership experience."

**100% of funds donated are used to fund grant requests**

### Testimonials

Marshall Elementary | Eureka, KS  
3D Printer



"I just wanted to get back to you with some pictures and another heartfelt thank you for the grant money. We were able to purchase the 3D printer and we are working on learning how to use it!! We have had some success and continue to learn more everyday."

Heller Elementary | Neodesha, KS  
Tulsa Geoscience Center Field Trip



**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:*

Lloyd Kesner Parrish, Jr.    Parrish Corporation    Wichita, KS

# KIOGA New Members

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

Name	Company	City & State
Kay Bleakley	NKD Farms, LLC	Mission Hills, KS
Stan Smyth	Smyth Oil & Gas Services, Inc.	Ulysses, KS
Jason Breit	Jacam Chemicals	Hays, KS
Nigel Rayner	Summit ESP, a Halliburton Service	Tulsa, OK
Carol Schuetze	Dodge City Kenworth	Wichita, KS



## SOER Workshop Series

SOER workshops are a low-cost way to catch up on regulatory compliance, stay up-to-date on the latest technology and gain professional development.

Oklahoma City   Enid   Ardmore   Tulsa   Ponca City   Woodward

- Clean L.A.W. - Land.Air.Water
- Water Management for Operators
- Perfs, Plugs & Packers
- Practical Applications of Bioremediation for the Small Operator
- Gas Contracts: Understanding the Full Value Chain
- Navigating State Forms and Websites with OCC & OTC
- SPCC Rule Training and State & Federal Air Regulations

**For a complete list of dates or to register, visit [SOEROK.COM](http://SOEROK.COM)**

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# 2020 Midyear Meeting

## Continued

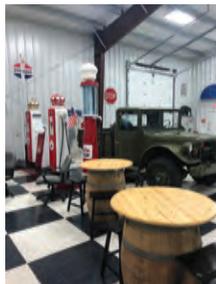
Energy Back into Kansas

Meeting. We need to hear how these issues, concerns, and challenges affect you and your business.

**Steve O'Brate** and **HJ Swender** of American Warrior, Inc. have led the Midyear Meeting Committee in putting together a dynamic program. The 2020 KIOGA Midyear Meeting provides a perfect setting in which to share experiences, ideas, and challenges with policymakers and other leaders in the oil and gas industry.

The 2020 KIOGA Midyear Meeting will kick-off on Wednesday, April 15th with a cocktail party at Man Cave Deluxe. Join us for food, drinks, entertainment, and networking. The facility will be filled with antique cars. Shuttles will provide transportation to and from the Clarion Inn.

The 2020 KIOGA Midyear Meeting will once again provide a **trade show**.



The trade show provides an excellent opportunity for companies to exhibit the latest products and services available to the oil and gas industry.

Thursday, April 16th will see a number of seminars from

an excellent lineup of speakers addressing business development needs and issues currently impacting the way we do business. Hear about potential carbon capture utilization and storage (CCUS) opportunities and learn about the legal and regulatory frameworks needed to advance these opportunities from **Eugene Holubnyak** of the Kansas Geological Survey and **Chris Steincamp** of the law firm Depew, Gillen, Rathbun, & McInteer LC in a presentation titled **Challenges and Opportunities for Carbon Capture and EOR in Kansas**.

After lunch, a 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 in a presentation titled **2020 Kansas**



**Oil & Gas Outlook.** Panelists include **Cecil O'Brate** of American Warrior, Inc. **Adam Beren** of Berexco LLC, and current KIOGA Chairman **David Bleakley** of Colt Energy, Inc. The panel discussion will be moderated by KIOGA President Edward Cross.

Meeting participants will also have the opportunity to tour **Palmer Manufacturing**. Established in 1944, Palmer Manufacturing is one of the lead manufacturers of fiberglass and steel tanks in the U.S. Guests will tour the plant and see the processing equipment. Tours will be conducted in the morning and afternoon of April 16th with tour shuttles leaving from the Clarion Inn.

The KIOGA Board Meeting and General Membership Meeting gives meeting participants the opportunity to hear first-hand about current federal and state government issues affecting oil and gas businesses and the latest efforts KIOGA has been involved to help build your business.

The Thursday evening entertainment begins with a cocktail party on the Terrace at the Clarion Inn. Enjoy cocktails, network with friends, and just enjoy yourself. Several local legislators have been invited to make brief comments during the cocktail hour. Following the cocktail event, dinner will be served in the Ballroom.

Friday, April 17th will bring a **golf tournament** at the Golf Club at Southwind and **Sporting Clays** at Garden City Trap & Skeet Club. Breakfast burritos will be served in the Clarion Inn lobby prior to the events and lunch will be served at both events.

The 2020 KIOGA Midyear Meeting offers excellent networking and

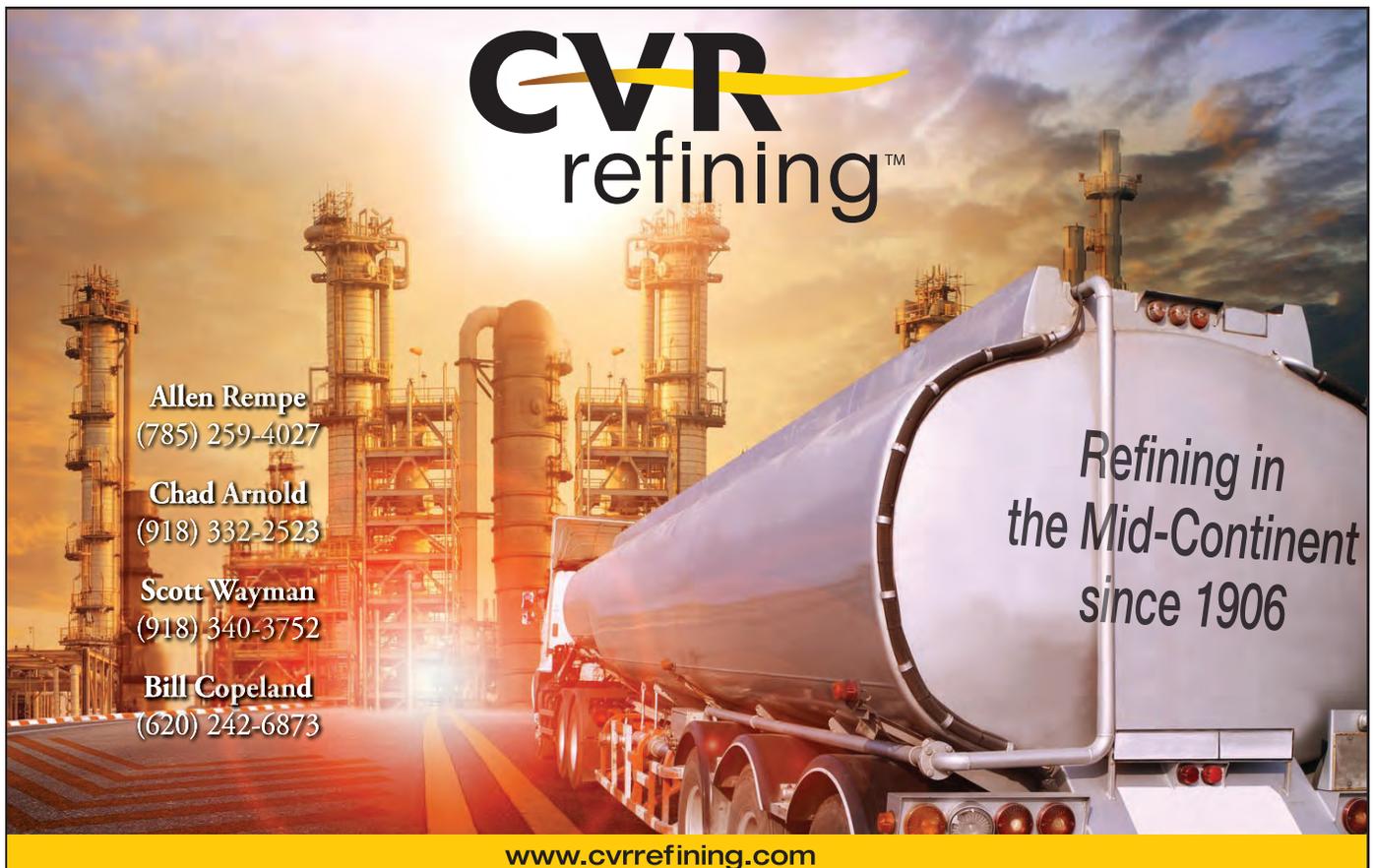


educational opportunities to independent oil and natural gas producers. For registration information, contact the KIOGA Wichita Office at 316-263-7297 or visit our website at **www.kioga.org**. Advanced registration will be accepted through Saturday, April 11, 2020. Cancellations received prior to Friday, April 10, 2020 entitle the registrant to a full refund. No refunds will be given after April 14, 2020. Refunds will not be made for “no shows”. The registration desk will open at 8:00 a.m. on Thursday, April 16th for onsite registration. KIOGA has secured special room

rates for overnight accommodations at the Clarion Inn & Convention Center (620-275-7471) and the Heritage Inn & Suites (620-277-7477). Hotel room reservations should be made directly with the hotel. Cut-off date to receive the special KIOGA room block rate at the Clarion Inn & Convention Center is March 25, 2020 and the cut-off date for the Heritage Inn & Suites is March 20, 2020. Make sure you mention KIOGA when making your reservation.

**Room Reservations**  
**Clarion Inn**  
**620-275-7471**  
**Heritage Inn & Suites**  
**620-277-7477**

**Registration forms**  
**www.kioga.org**  
**or contact**  
**kioga@kioga.org**



**Allen Rempe**  
(785) 259-4027

**Chad Arnold**  
(918) 332-2523

**Scott Wayman**  
(918) 340-3752

**Bill Copeland**  
(620) 242-6873

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# Targeting the Issues

## KIOGA 2020 Communications Strategy

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.

**Next Step to Raising Energy Awareness** – KIOGA 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 technical, 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.

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 Communication Strategy for 2020**

KIOGA has taken the oil and natural gas industry in Kansas to a new and unprecedented level of communication

and public engagement. Through aggressive media campaigns, speaking engagements, school presentations, editorials, and media interviews, KIOGA has placed a much greater emphasis on science-based information.

KIOGA's Next Step to Raising Energy Awareness program is designed to move the oil and natural gas industry from merely having a dialogue with the opposition to the forefront of a multidimensional public information campaign. It is working. We have achieved significant media coverage, including over 50 media inquiries in the last year, multiple mentions in mainstream media articles, op-eds in print newspapers across Kansas and elsewhere, and speaking engagements at 22 public forums across Kansas and elsewhere over the last year.

KIOGA's communication efforts 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.

### **Policy Issues Direct Public Information Efforts**

- KIOGA's communication strategy in 2020 is to highlight the issues that often get buried underneath the political positioning.

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.

**Getting the Message Out** – KIOGA continues our vigorous campaign speaking at public forums across Kansas and elsewhere. KIOGA has made presentations at 22 public forums in the last year. 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.

Going forward in 2020, KIOGA has speaking engagements scheduled with the **Society of Independent Professional Earth Scientists (SIPES)** in Wichita, the Dwight D. Eisenhower Excellence in Public Service Series in Independence, the **Vanguard Club** in Kansas City, and the U.S. Global Leadership Coalition (USGLC) **State Leaders Summit** in June. KIOGA has also made multiple informational presentations before Kansas legislative committees during the 2020 Kansas Legislative Session.

After all, KIOGA knows that the independent oil and gas industry has the tools needed for economic revitalization. KIOGA's public outreach efforts work hand-in-hand with our government relations programs to enhance the effectiveness of KIOGA's advocacy efforts. In light of the current economic and political uncertainty, KIOGA is currently focused on three communication priorities:

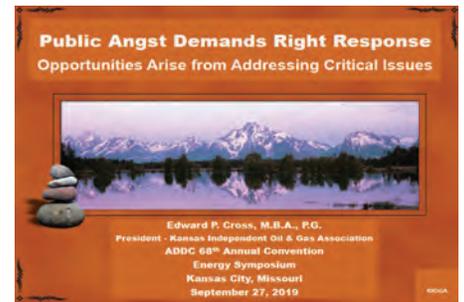
- Educating policymakers & the public on critical energy policy, tax, and regulatory issues
- Developing good media relations, and
- Keeping KIOGA members informed

### 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. Current focus is on bringing a wealth of new information on energy to the forefront, deploying an aggressive communication strategy designed to separate fact from fiction, reality from myth, and proven practices from hyperbole. KIOGA is advocating



**KIOGA Editorials** - KIOGA editorials continue to be published by newspapers and media across Kansas and elsewhere. Thirteen (13) KIOGA editorials have been published by media across Kansas and elsewhere in 2019 and we already have 3 editorials published in 2020. KIOGA President Edward Cross wrote an editorial on energy policy titled **What is Our Energy Future?** that appeared in 17 Kansas newspapers on January 25th. He wrote a letter to the editor titled **A Much Needed Injection of Truth** in response to an editorial that sought to blame oil and gas injection wells for seismic activity near Hutchinson. The editorial and letter to

**Continued on page 16**

# Targeting the Issues

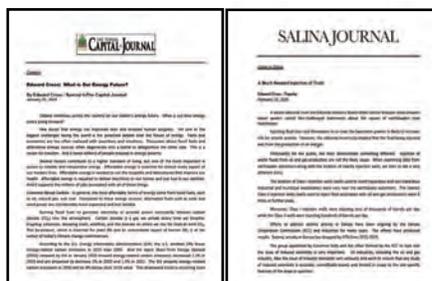
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### Communications

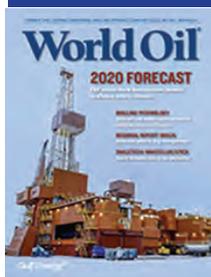
the editor appeared in 17 Kansas newspapers in late January and late February. The 17 Kansas newspapers include:

- Butler County Times-Gazette
- Hays Daily News
- Hutchinson News
- McPherson Sentinel
- The Kansan (Newton)
- Ottawa Herald
- Salina Journal
- Wellington Daily News
- Dodge City Globe
- Garden City Telegram
- Kiowa County Signal
- Pratt Tribune
- St. John News
- Leavenworth Times
- Topeka Capital-Journal
- Gyp Hill Premier (Medicine Lodge)
- Coffeyville Journal

KIOGA editorials 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 oil and gas industry's values align with societal values and illustrates and describe how the industry enriches life experiences and enhances our quality of life.



Going forward, World Oil magazine and the Bakken Oil Business Journal has asked KIOGA President Edward Cross for articles and editorials addressing energy policy and public perception challenges. The Energy Education Partnership, Inc. (EEPI), a non-profit corporate organization consisting of representatives appointed to serve on the Interstate Oil & Gas Compact Commission (IOGCC) is working to develop programs for state regulatory field inspector education and training. KIOGA President Edward Cross serves as Vice Chair of the EEPI. Cross has been sharing several papers and presentations on basic oil and gas operations with the EEPI group to help develop a field inspector training program.



### Developing Good Media Relations

KIOGA has taken on a number of communication and advocacy initiatives to educate lawmakers, consumers, media, and the public 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's employs a 5-point strategy for developing media relations and improving the industry's image and credibility:

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

Developing good media relations are an important tool for achieving the goals of KIOGA. KIOGA's Next Step to Raising Energy Awareness program educates media and the 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. Some of the most recent provide fact-based information on the dynamic challenges facing the oil and gas industry, oil market dynamics, economic impact of low oil prices, energy tax policy, hydraulic fracturing, air emission regulations, climate issues, Endangered Species Act and more.

about oil prices, hydraulic fracturing, air emission regulation, seismic activity, and other topics. Following presentations before Kansas legislative Committees in January and February 2020, KIOGA President Edward Cross was interviewed live by KSN and Kansas Public Radio which was broadcast to stations throughout Kansas.

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.

The KIOGA Newsletter has received many positive endorsements from members, other oil and gas groups, and professionals from across the nation. Some of the comments KIOGA has received in the last few months include:

*"Your newsletter is very informative and easy to comprehend. It is about the only source I now read to stay current."*

*"Your newsletter is excellent. I consider it as my number one resource for keeping up with federal and other issues."*

- 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



KIOGA members have appeared on TV reports and have been quoted in several media outlets throughout 2019.



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

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 will be conducting a series of radio interviews with the Kansas Farm & Ranch Radio Network over the next several weeks and months to raise awareness about the challenges and opportunities facing the small businesses that make up the Kansas oil and gas industry. The news and information will be broadcast on 39 radio stations throughout Kansas. KIOGA has engaged in over 50 media inquiries in the last year.

### Keeping Members Informed

KIOGA continues to keep

**continued on Page 20**

# What's Our Best Energy Policy Going Forward?



A message from  
your KIOGA President,  
Edward Cross

Debate continues across our state and nation on our 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. The world expects and deserves better.

We currently have the most sensible approach to energy development, both short-term and long-term. Where government policy has been absent, free markets have filled the void with great success.

Today, we see some groups and some elected officials promoting energy policies driven by a zero-sum game philosophy for energy that says we must have less fossil fuels so that we can have more of something else. There are a number of energy plans around the nation that have failed because they use central planning to start with a preferred resource and work backwards. With all the propaganda circulated today across the nation about energy, energy plans often have agenda-driven connotations

about some kind of framework to assess carbon risk all leading to some kind of green standard often referred to as sustainable.

All too often proposals to establish some kind of green standard 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, that really only takes more resources from the private sector to support swelling government. The result is average households would have to pay significantly more for goods and services. Families that spend a bigger portion of their household income on transportation, utilities, and household goods are hurt, not helped, by such schemes.

If the goal is really to reduce emissions, it's worth noting that we are already doing a good job of achieving that goal. According to the U.S. Energy Information Administration (EIA), the U.S. emitted 23% fewer energy-related carbon emissions in 2015 than 2005. And the latest EIA Short-Term Energy Outlook (STEO) showed energy-related carbon emissions dropped 2.1% in 2019 and are projected to drop 2% in 2020 and 1.9% in 2021.

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 EIA projects U.S. energy-related carbon emissions in 2050 will be 4% below their 2018

value. This downward trend is occurring even as U.S. oil and natural gas production grows dramatically.

EIA data also show natural gas is responsible for 2.8 billion metric tons of carbon dioxide emission reductions since 2005. That represents 61% of overall power sector reductions during that time-frame and 57% more than reductions attributable to renewables.

A February 2020 survey from Politico/Harvard has a clear message for President Trump and the Democratic candidates vying to replace him: lower health care costs. According to the survey, the vast majority of Americans rank cutting health care and prescription drug costs as top priorities heading into election season, regardless of party affiliation. Those topics polled as far more important than passing a major health system overhaul like 'Medicare for all' or taking aggressive action on climate change. Climate change was ranked 11th in voter's top priorities heading into the 2020 election season, regardless of party affiliation. The poll suggests Americans are concerned with immediate problems



facing their families and friends rather than sweeping policy changes. Even among Democrats, the top issues are pocketbook issues, not the big system reform debates.

Clearly, 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.

The U.S. has a unique opportunity to show the world how energy abundance can be used as a positive force to lift people up, which is different than a philosophy of embracing a zero-emissions world. More than a billion people around the world face challenges for adequate food and education, clean water, and protection from heat and cold due to a lack of access to energy. We should work to ensure more people have access to safe, affordable, and reliable energy, no matter which state, nation, or continent they reside. Because to rise out of poverty and enjoy health and safety, people need more energy, not less.

If we are to continue our positive energy trends, we must implement energy policies based on current reality and our potential as an energy leader. The key going forward is to

avoid placing unnecessary political or legal obstacles in the way of innovation and expansion. That's a prescription for economic prosperity and a cleaner environment.

We should set aside the acrimony and division that has marked too much of past energy policy discussions and work together on a positive forward-looking energy future. A rational, data-driven, common-sense approach to energy policy is what our nation and states need.

We need energy policy based on science, the free market, and entrepreneurial spirit. This approach is not just good business, it's good stewardship and a much better strategy for improving the quality of life for all. Those who act on our behalf at all levels of government should use those principles as the foundation for their energy policy decisions.



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# Targeting the Issues

## Continued

### Communication

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.

- Other KIOGA Publications – educational brochures and white papers providing information on the state of the oil and gas industry, hydraulic fracturing, energy policy, KIOGA Federal & State Legislative/Regulatory/Communication Agenda, KIOGA membership benefits, Kansas oil and gas industry statistics, and more.

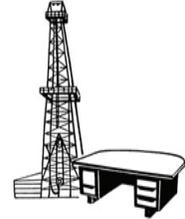


### Plan for Growth Going Forward

While improved communication is certainly one element of a stronger relationship with the American public, it is by no means the only change needed to improve industry's reputations and build a higher level of trust. Success for oil and gas companies going forward will require a dramatic transition in more than just business strategy. Oil and gas companies will have to develop new corporate cultures, customer-facing philosophies and everyday business practices that are aligned with the public's desire for a more environmentally conscious, more consumer-oriented industry. That is a tremendous undertaking that will impact every function within the typical oil and gas company.

Surviving for another 100 years will require new skills and strengths, and an outward focus that strives to meet consumer needs. The winners will be those companies that can grasp the monumental changes under way today and reinvent themselves.

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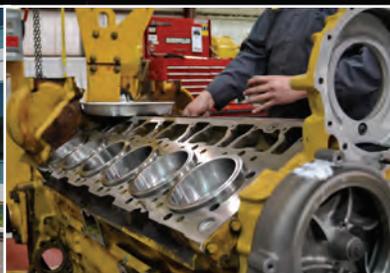
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# EPA Studying Produced Water Management



In 2019, the EPA issued a draft study on how wastewater is managed from onshore oil and gas production. The agency said the undertaking would identify challenges and opportunities surrounding the potential benefits of reusing the wastewater. According to the EPA, many entities expressed support for increasing opportunities for discharge of oil and gas extraction wastewater to surface waters, especially where these wastewaters could address critical water resource needs. Some entities expressed concern that discharges to surface waters could have adverse environmental impacts. The EPA accepted comments on the draft study in 2019. KIOGA submitted comments.

**Background** - The oil and gas production industry uses large amounts of water, particularly in unconventional drilling, with much of the water coming from existing or potential useable water sources. Similarly, the industry generates significant wastewater volumes that are expected only to increase over time. Most produced water is currently managed by disposal in underground injection wells, where the water is disposed at depths below geologic units containing useable groundwater, thus, at least in

part, removing water that was once a potential resource from the available water cycle. With water scarcity representing a growing concern for dozens of states, EPA is asking whether current wastewater management options sufficiently meet states' and tribes' policy needs, and whether produced water should be viewed more as a potential resource and not only as a waste requiring disposal.

The oil and gas industry has been asking itself these same questions over many years, thus explaining the growing trend of recycling produced waters for re-use in exploration and production operations within the oil and gas field where the produced waters originated. Other beneficial reuses of produced waters are however limited, with EPA noting only a few other examples of such re-uses, including (i) using produced water for dust suppression and deicing (with some states now reconsidering the wisdom of this option), and (ii) using produced water in the irrigation of crops (primarily in California). According to EPA, the discharge of treated produced waters to surface waters was rare, and primarily consisted of (i) limited discharges as permitted under 40 CFR Part 435, Subpart E (primarily in Wyoming, for agriculture and wildlife propagation), (ii) discharges from publicly owned treatment works (POTWs) that accepted produced waters from certain types of wells, a practice that was prohibited in August 2019 for pollutants from unconventional oil and gas extraction activities, and

(iii) treated discharges from centralized waste treatment facilities that accept produced waters from multiple facilities for treatment, mostly in the Marcellus and Utica shale areas of Pennsylvania, Ohio, and West Virginia.

**Stakeholders and Concerns Expressed** - As part of its study, EPA met with a variety of groups, including states agencies with responsibility for aspects of produced water management, state agencies with interests in the use of water for agricultural purposes, tribes, oil and gas industry members, non-governmental organizations (NGOs), members of academia, POTWs, technology vendors and services providers.

Many state agencies, some tribes, and many industry representatives were supportive of the concept of allowing produced water to be regarded as an additional source of water to supplement existing surface and groundwater supplies. EPA reported that one agency was even evaluating the recovery and re-use within the oil and gas sector of produced water already injected into disposal wells. These agencies observed that many ancillary benefits could arise from allowing producers to treat and discharge produced water, including reducing the need for expensive installation and maintenance of road and pipeline infrastructure, potentially reducing emissions from truck traffic, conserving disposal capacity of underground disposal formations, and reducing

intent to be covered by such general permits and then comply with the general permit's conditions, may be an option to alleviate the timing concern.

**Implications** - Many of the stakeholders that EPA interviewed expressed the view that increased treatment and discharge options could potentially be a positive development for the oil and gas industry and for public agencies as they develop policy to address water scarcity. However, a recurring theme from many stakeholders was that the lack of data regarding produced water chemical composition and the potential effects associated with those chemicals could represent a significant impediment to implementation of broader discharge

options. With states facing growing water needs, diverting more produced water from disposal to re-use may become an even more pressing priority. Faced with this reality, concerns regarding the protection of health and the environment from risks associated with the discharge of produced water may trigger the need for accumulation and analysis of data from individual producers and injection well disposal facilities. Such data could guide the development of future treatment guidelines and discharge parameters. EPA's recent study may serve as an initial step in justifying those data accumulation efforts, and perhaps requiring the collection and transmittal of such data through regulation.

the risks associated with potential induced seismicity arising from injection operations. Some state agencies raised issues, however, concerning the ownership of produced water, and whether issues regarding the payment of royalties related to such water, or minerals extracted from the water during treatment, may arise from broad re-use of produced water.

Not all state agencies or industry representatives were supportive of providing additional discharge options to producers, believing that existing management methods were sufficient. These parties believed that long term liability concerns and the generally higher cost of pre-discharge treatment counseled against more broadly available discharge options. Some agencies, NGOs, and academics also expressed concern about how little is known regarding the composition of produced water, given that the chemistry associated with different oil and gas formations may vary and thus prevent the application of uniform treatment requirements and discharge limitations that would adequately address toxicity, human health and ecological risks. Moreover, both state agencies and industry representatives voiced concerns regarding whether individual discharge permit application processing times could adequately address the speed and nimbleness with which the oil and gas industry frequently operates. Field wide general discharge permits, which can authorize categories of discharges for persons who file notice of their



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# 2020 Kansas Legislative Session Update

## KIOGA Remains Vigilant on Many Issues



The 2020 Kansas Legislative Session is nearing completion and several of KIOGA's priority issues are still in play. The 2020 Kansas Legislative Session kicked off on January 13th and is scheduled to gavel out for first adjournment on April 3rd. The veto session is scheduled to begin April 27th.

The 2020 Kansas Legislative Session has seen many tough policy debates on issues critical for the Kansas oil and gas industry. And with all 165 state lawmakers up for reelection in 2020 as well as an open U.S. Senate seat, there are lots of political headlines. That is why every legislative session KIOGA prepares a legislative/regulatory/communication agenda.

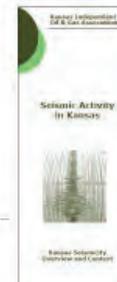
KIOGA Chairman David Bleakley and KIOGA President Edward Cross visited with several KIOGA members across the state last October in our annual listening tour to hear our members concerns and receive input about state and federal issues. The core focus of KIOGA's work at the Statehouse during the 2020 legislative session has been on protecting the Kansas oil and gas industry from increased costs while also defending industry gains made in recent years. The KIOGA legislative agenda

for the 2020 legislative session is one in which we work to minimize legislative assaults on the independent oil and gas industry and optimize legislative targets of opportunity.

KIOGA is proactive and prepared in advance of the 2020 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 2020) – 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 2020) – 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;
- Hydraulic Fracturing – Regulatory & Policy Considerations (January 2020)
- Hydraulic Fracturing & Drinking Water Contamination (January 2020)
- Climate Issues (January 2020)
- Facts About Induced Seismicity (January 2020)
- Seismic Activity in Kansas (January 2020)

- Induced Seismicity & Injection Wells in Kansas (January 2020)
- Property Taxes in Kansas (January 2020)
- And More



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](http://www.kioga.org).

**Meeting with Governor Kelly and Key House & Senate Leadership** – KIOGA President Edward Cross met with Governor Kelly in January and again in February to provide an update on the state of the Kansas oil and gas industry and to share KIOGA's legislative





agenda which lays out what's important to KIOGA members and where we stand on energy, tax, and regulatory issues. Cross also met with House Speaker Ron Ryckman (R-Olathe) and Senate President Susan Wagle (R-Wichita) in January in separate meetings to discuss energy issues and lay groundwork for the 2020 Kansas Legislative Session. Cross also met with the House Minority Leader Tom Sawyer (D-Wichita), House Speaker Pro Tem Blaine Finch (R-Ottawa), House Minority Whip Jim Gartner (D-Topeka) and Senate Vice President Jeff Longbine (R-Emporia). In addition, Cross met with the Chairs of the House Energy Committee, House Appropriations Committee, House Tax Committee, Senate Utilities Committee, Senate Judiciary Committee, and Senate Insurance & Financial Institutions Committee. Cross discussed the state of the Kansas oil and gas industry and what 2020 may hold for the Kansas oil and gas industry, abandoned well legislation, injection well issues, seismic issues, carbon capture issues, electric issues, and more.

**Legislative Actions**

KIOGA President Edward Cross was invited and made informational presentations about the state of the Kansas



oil and gas industry and the key challenges and opportunities the industry faces in 2020, including the impact of volatile oil prices, federal legislative and regulatory challenges, and state legislative and regulatory challenges. Cross has also met with a number of key legislators multiple times during the legislation session.

KIOGA is currently tracking 18 issues of interest to the independent oil and gas industry. The legislative session is ongoing and anything can and does happen, but here is an update on some of the important issues current as of this writing:

**KPERS** – On February 25th, the Kansas House gutted Governor Kelly's proposed 25-year re-amortization of the Kansas Public Employee Retirement System (KPERS) actuarial shortfall scrapping the refinance plan. But the House kept her proposal for a \$268 million payback this fiscal year for previous years' shortfalls in appropriation. The re-amortization plan was a key component of Governor Kelly's budget plan and was the first major slap-down of a significant Kelly initiative this session. The measure would have reduced the state's contribution to the state pension program (KPERS) freeing up money Governor Kelly wanted to use for growing state government programs, expand Medicaid, and more. The proposal came under strong criticism from Republican leaders in both chambers, who maintained the refinancing plan

would endanger state and school workers' pensions and would cost the state over \$4 billion in interest money. The February 25th House vote essentially killed the measure.

**Taxes** – On February 25th, the Kansas Senate passed (39-0) its major property tax restraint bill which would tie local units of government budgets to the amount of property tax money spent the year before. The measure would also trigger a round of public hearings should a local government want to spend more property tax money, even if the unit's taxable valuation increases.

On February 24th, the Senate Tax Committee passed on to the full Senate a tax cut for social security benefits. Under the proposed measure Social Security benefits can be deducted from state income tax for either single or joint filers if the filers report from all sources income of less than \$75,000 a year. Reportable income above \$75,000 triggers the "cliff" at which all income is taxed, including Social Security.

**Medicaid Expansion** – On February 24th, Senate Public Health & Welfare Chair Gene Suellentrop (R-Wichita) said his committee was not going to consider Medicaid expansion until the proposed constitutional amendment on abortion is passed. The Medicaid expansion bill died on turnaround day (February 27th). However, Suellentrop said that if the abortion resolution is passed, he has ways to revive the Medicaid bill for consideration. Suellentrop said he rejected the premise that one legislator has the right to negotiate with the Governor on behalf of the entire Senate and any improvements to that plan by the Senate Committee are somehow out of line. That Senator is Majority Leader Jim Denning (R-Overland Park).

**Continued on page 26**

# 2020 Kansas LegislativeContinued

KIOGA remains Vigilant

## Governor Kelly Proposes to Move the Kansas Energy Office out of KCC

Governor Kelly has proposed to move the Kansas Energy Office out of the Kansas Corporation Commission (KCC) and to the Department of



Administration in her Executive Reorganization Order #46 (ERO 46). KIOGA President Edward Cross met with the Governor's Chief of Staff, Government Affairs Director, and Policy Coordinator on February 5th and again on February 19th to discuss KIOGA concerns with the proposed energy office move. Governor Kelly followed-up the meeting with a communication on February 7th that she said explained her vision for the Energy Office. Governor Kelly said:

- This reorganization will preserve the Energy Office's existing programs in the KCC, while expanding its scope to include energy planning, policy development and stakeholder outreach.
- Governor Kelly is committed to unlocking the potential of Kansas' diverse energy landscape and charting the path for a sustainable and balanced energy future. She has always stressed the importance of an "all of the above approach" to energy policy.
- Governor Kelly's office will release more details about the Office in the coming months. She will also have discussions

about who will lead the new Energy Office once it clears the legislature.

- Governor Kelly has always strived to bring in leaders that are informed, balanced, and effective public servants. This selection to lead the new Energy Office will be no different.
- The director of the Office will be well-equipped to bring in stakeholders from across the energy landscape to have critical policy discussions about the energy future of our state. The director will be someone who can bring everyone to the table to engage in thoughtful, practical, and inclusive energy planning discussions.

The House Energy Committee held a hearing on Governor Kelly's ERO 46 on February 11th. KIOGA President Edward Cross met with the House Energy Committee chair and several committee members on February 10th and expressed KIOGA concerns with moving the Energy Office out of the KCC. He also met with House and Senate leadership to express KIOGA's concerns. Cross told them the same thing he told the Governor and her staff. That KIOGA is concerned that the reorganization is about promoting energy policies driven by a zero-sum game philosophy for energy that says we must have less fossil fuels so that we can have more of something else. There are many examples of state energy plans that fail because they start with a preferred resource and work backwards. Many such energy plans have agenda-driven framework to assess carbon

risk, all leading to some kind of green standard, often referred to as "sustainable". Cross told them that a rational, data-driven, common-sense approach to energy policy is what our state and nation require. We need energy policy based on science, the free market, and entrepreneurial spirit. The key is to avoid placing unnecessary political or legal obstacles in the way of innovation and expansion.

On February 11th, the House Energy Committee passed to the full House the committee's disapproval of Governor Kelly's plan to move the Energy Office (ERO 46). The House Energy Committee also passed a resolution (HCR 6031) to disapprove ERO 46. On February 19th, the Senate Utilities Committee held a hearing on the Governor's plan to move the Energy Office out of the KCC. All indications are the House and/or Senate will likely reject the Governor's plan to move the Kansas Energy office out of the KCC (ERO 46). Kansas House and Senate Democrats have chided the actions are politically motivated and designed to damage Kelly's administration. Republicans have countered that the ERO was a unilateral decision made by the Governor without adequate stakeholder input.

## KIOGA Testifies in Support of KCC Abandoned Well Bills

– On February 13th, KIOGA Chairman David Bleakley testified in support of



bills regarding abandoned wells before the House Appropriations



Committee. The bills were brought by the Kansas Corporation (KCC) and propose to combine to two abandoned well plugging funds, provide procedures for reimbursement for parties who wish to plug abandoned/orphaned wells, and established regulatory certainty into abandoned/orphaned well plugging responsibility. KCC Commissioner Dwight Keen and KCC Oil & Gas Conservation Division Director Ryan Hoffman introduced and testified in support of the bills. Bleakley's proponent testimony was joined by proponent testimony from Chris McGown, President of EKOGA. Proponent testimony was also submitted in written form from John O. Farmer, Inc. and the Kansas Farm Bureau. Several folks, led by the Sierra Club, expressed opposition to the bills. KIOGA is currently working to advance the bills. Broader political dynamics surrounding the Governor's EROs and legislative actions surrounding unrelated issues have introduced additional layers of complexity that KIOGA is working through.

**Carbon Capture Utilization & Storage (CCUS)** - The Kansas Geological Survey (KGS) and others are looking to advance CCUS legislation in Kansas. In December and January, KIOGA President Edward Cross joined in conversations with KGS and other stakeholders to discuss CCUS issues. In 2018, KIOGA provided federal policymakers information about the challenges Kansas operators have with the IRS tax credits for CO<sub>2</sub> enhanced oil recovery. The original KGS CCUS legislative proposal raised several red flags for Kansas operators. The CCUS is a very complicated issue with the potential for lots of

unintended consequences that could affect large segments of industry in many ways. The issue has not been adequately vetted with all affected stakeholders. KIOGA invited to KGS to provide an informational seminar at the KIOGA Midyear Meeting in Garden City in April to present information about sequestration and storage aspects of CCUS. KGS agreed to participate in our Midyear Meeting in April and said they would not be pushing for anything this legislative session other than expanding pipeline rights-of-way to include carbon dioxide.

**Electric Rate Study** – An electric rate study bill passed the Kansas Legislature in 2019 that directed the Legislative Coordinating Council (LCC) to authorize a study of retail rates of



Kansas electric public utilities. The study would provide information that may assist future legislative and regulatory efforts in developing electric policy that includes regionally competitive rates and reliable electric service. The bill requires the study to be completed in two parts. The first part was completed in early January 2020 and examined the effectiveness of current Kansas ratemaking practices and examined options available to the Kansas Corporation Commission (KCC) and the Kansas Legislature to affect Kansas retail electricity prices to become regionally competitive while providing the best practicable combination of price, quality, and service. London Economics International (LEI) was the firm selected to complete the first part of the study.

LEI released their 324-page study in early January 2020. KIOGA has reviewed the full report and engaged in discussions and next steps during the 2020 legislative session. KIOGA Electric Committee Chair Adam Beren testified before the Senate Utilities Committee on February 11th during an informational hearing on the LEI study. Beren expressed concerns KIOGA had with the report and provided ideas for ways Kansas can improve energy costs for Kansas oil and gas producers. The second part of the study will be completed by July 1, 2020 and will look at how Kansas' electric rates affect the state's economy. KIOGA will be engaged in this part of the study as well.

**Environmental Assaults** - 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.

### Conclusion

The summary presented falls short of all the activity occurring at the Legislature. KIOGA continues to be alert and vigilant for legislative and/or regulatory issues and concerns that could impact the Kansas oil and gas industry. KIOGA will continue to diligently advocate for the Kansas independent oil and gas industry throughout the 2020 legislative session. In the end, win or lose, know your KIOGA team has and will continue to give our all.

# Democratic Presidential Candidates Differ on Hydraulic Fracturing

## Climate Change Ranked 11th in Voter Priorities

The notion of banning hydraulic fracturing is dividing Democrats running for president and increasingly dividing Democrats in the presidential battleground state of Pennsylvania, where hydraulic fracturing has vaulted it to the number 2 natural gas producing state behind Texas.

In a recent Democratic primary debate, Senator Bernie Sanders was



asked what he tells workers who would lose their jobs to a hydraulic fracturing ban.

Sanders said he would tell Pennsylvania oil and natural gas workers that scientists are predicting irreparable damage to the world without incredibly bold action with the next six or seven years.

Joe Biden said he did not support a ban on hydraulic fracturing saying; “If we enforce some of the rules on fracking so that they don’t release methane into the air and into the



water, you will make a big difference, but we

are not going to get rid of fracking for a while.”

Banning hydraulic fracturing is an idea that is widening fault lines between Democrats and their traditional allies in organized labor. Pennsylvania’s top Democrats, including Governor Tom Wolf and U.S. Senator Bob Casey, have tried to discourage talk of a hydraulic fracturing ban, while labor leaders point to thousands of building trades members working on gas drilling sites, laying billions of dollars of pipelines and building massive refineries.

### Climate Change Surges All the Way to 11th in Top Priorities for Voters

– Americans have a clear message for President Trump and the Democratic candidates vying to replace him: lower health care costs. According to a recently released survey, the vast majority of Americans rank cutting health care and prescription drug costs as top priorities heading into election season, regardless of party affiliation. Those topics polled far more important than passing a major health system overhaul like ‘Medicare for All’ or taking aggressive action on climate change.

Climate change was ranked 11th in voter’s top priorities heading into the 2020 election season, regardless of party affiliation. The poll suggests Americans are concerned with immediate problems facing their families and friends rather than

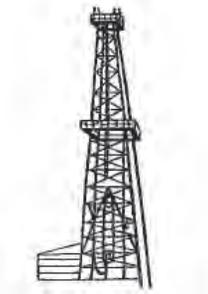
sweeping policy changes. Even among Democrats, the top issues are pocketbook issues, not the big system reform debates.

### Legal Victory on Climate Change

– Nearly every American depends on petroleum products in their daily lives, and today they can rest more soundly, for now at least. In early 2020, a New York State Supreme Court judge found that the state’s attorney general failed to establish evidence that ExxonMobil engineered a ‘longstanding fraudulent scheme to deceive investors and the investment community concerning the company’s management of the risks posed to its business by climate change.’ The judges ruled that managing greenhouse gas emissions is reserved to the EPA under the Clean Air Act and that plaintiffs cannot use tort law as a means of setting global warming related regulatory policy. With decisions coming in other states, energy producers and consumers who rely on affordable, reliable energy can only hope these baseless lawsuits will finally end.

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# Injection Well/Seismic Issues Lead State Regulatory Concerns

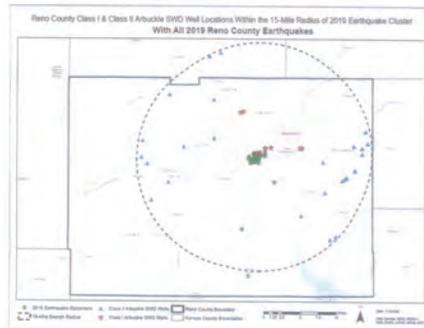
KIOGA has been engaged in a number of state regulatory issues over the past several months. Several KIOGA members have participated in regulatory meetings focusing on issues important to the independent oil and gas industry.

## Governor Kelly Forms Arbuckle Study Work Group

Governor Kelly has formed an Arbuckle Study Workgroup to study Arbuckle injection/seismic activity. The Governor asked for KIOGA representation on the workgroup and KIOGA representatives **Dana Wreath** of Berexco LLC, **Ken White** of White Exploration, Inc. and **Dylan Klaus** of Vess Oil Corporation have been appointed to the workgroup. Dana, Ken, and Dylan met with the workgroup coordinator in Topeka on January 29th to begin expressing KIOGA concerns with the Arbuckle injection/seismic activity issue. The whole workgroup met in Topeka on February 7th when KIOGA members urged limiting any disruptive data gathering for any study.

KIOGA President Edward Cross met with Governor Kelly last November and again on February 5th and talked about the Arbuckle issue. Governor Kelly hopes the workgroup could come up with a study plan by September 1, 2020 and then establish a time table for completing the study. Cross told

the Governor and her staff that KIOGA takes the issue of injection wells/seismic concerns very seriously and continually works to find fact-based scientific solutions. He explained that the real issue is that any injection well (Class I or Class II) drilled into and injecting into the granite wash or even the Reagan Sand formation in high seismic risk areas increases risk for seismic activ-



ity. Cross provided the Governor and her staff several information pieces KIOGA developed (*Facts About Induced Seismicity, Seismicity & Injection Wells in Kansas, Seismic Activity in Kansas, and KCC developed map of locations of recent earthquake epicenters and Class I and Class II wells*).

As far as the workgroup, Cross said KIOGA would be helpful by ensuring any study is correct, scientifically-based, and limited in scope to the site-specific features of the areas in question. When asked, Cross expressed his opinion that

seismic activity in Reno County near Hutchinson is likely caused by high volumes being injected into the granite wash and/or Reagan Sand by Class I injection wells located very close to the earthquake epicenters. He suggested KDHE follow the proven regulatory response that the KCC did when seismic issues were an issue in south-central Kansas. If KDHE would follow the KCC model, we would likely see a decrease in seismic activity near Hutchinson. Cross suggested helping Hutchinson find money to divert the relatively fresh water they are disposing in Class I wells to a sewage treatment plant would be money better spent than spending \$2.5 million on an Arbuckle Study.

## House Energy Committee holds Informational hearing on Kansas Seismicity

– On February 11th, the House Energy Committee held an informational hearing on Current Trends in Seismicity in Kansas. Rolfe Mandel and Rick Miller from the Kansas Geological Survey (KGS) provided the briefing. Also, Tom Stiles of the KDHE presented A Briefing on the KDHE UIC Class I program. The Committee Chair allowed KIOGA President Edward Cross time for a brief industry response to the KGS and KDHE comments. Cross provided brief remarks, but more importantly, he provided written comments to the committee and met with each

committee member individually to talk through the Arbuckle injection/seismicity issue.

### **KCC Opens Docket Concerning Investigation of Earthquakes in Reno and Rooks Counties**

On January 30th, the Kansas Corporation Commission (KCC) voted unanimously to open general investigation dockets for both Reno County and Rooks County. The



dockets will provide a publicly available space to share all information gathered by KCC staff.

The use of general investigation dockets is the same approach the KCC used in 2015 to address public safety concerns due to seismicity in south central Kansas. In that docket, the KCC issued two orders limiting injection volumes and required operators who had drilled to depths beyond the Arbuckle formation to plug back from well depths that permitted injection or disposal in basement rock. The result was a decrease in seismic activity.

KCC Conservation Division Director, Ryan Hoffman, provided the status report and noted that the facts established in Reno and Rooks counties are quite different. In Reno County, there is a mix of Class I wells regulated by the KDHE, which are situated in close proximity to the earthquake epicenters. There are also Class II oil and gas wells regulated by the KCC.

Hoffman said in Rooks County, there are only Class II wells and

some of those may be deeper than the Arbuckle formation. There is also a history of naturally occurring seismicity in the area.

### **KIOGA Meets with KCC Chair Susan Duffy**

KIOGA President Edward Cross met with the KCC Chair Susan Duffy on February 14th when he listened to her take on the direction of the KCC. The meeting was a very productive meeting with discussion of several ongoing issues of



importance to the Kansas oil and gas industry including abandoned well issues, Arbuckle injection/seismicity issues, emission issues, electric rate issues, carbon capture issues, and more. Cross provided Chair Duffy with a packet of information with all the reports and white papers KIOGA developed for the ongoing Kansas Legislative session.



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# Significant Challenges Face Election-Year Congress

## Sanders introduces Bill to Ban Hydraulic Fracturing



Congress has a long list of legislative priorities in 2020 and voters have strong opinions on many of those issues. The second year of the 116th Congress will present some delicate challenges for policymakers in this election year.

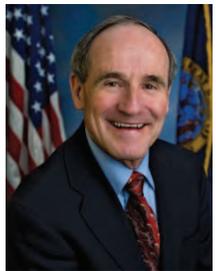
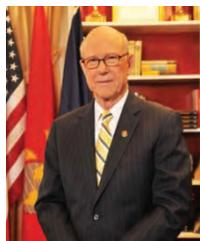
### Energy Bill Passes U.S. Senate

– In early March, the U.S. Senate passed a major piece of energy legislation. The measure binds together about 50 energy-related proposals. Democrats criticized the bill for not doing enough about climate. However, the bill was not about climate change. The bill was more about a range of emerging technologies that will help keep energy affordable even as it becomes cleaner.

More specifically, the bill mandates greater energy efficiency in federal buildings, offers rebates for consumers who buy efficiency appliances, extends for 15 years incentives for hydroelectric power,

and subsidizes wind, solar, and geothermal energy, as well as advanced batteries. The package also establishes a study for technology using coal and natural gas, and fund techniques for capturing carbon dioxide. Environmental activist groups say the bill does too little to slash the use of fossil fuels.

KIOGA President Edward Cross received communications from several federal policymakers in early March asking for KIOGA's take on the broad energy bill. Cross was contacted and communicated with several members of the U.S. Senate Finance Committee and U.S. Senate Energy Committee including Senators **Roberts (R-KS)**, **Crapo (R-ID)**, **Enzi (R-WY)**, **Cassidy (R-LA)**, **Young (R-IN)**, **Barrasso (R-WY)**, **Risch (R-ID)**, and **Daines (R-MT)**. Cross urged vigilance to make sure amendments are not attached to the measure that would eliminate or restrict critical oil and gas tax provisions, namely percentage depletion and IDCs. Cross followed-up each of the conversations with written documentation and reference information.



### Federal Lawmakers Look at Prospects for Amending Natural Gas Act

– Abusive over-charging by the pipelines on the purchase of natural gas is a very serious issue for small independent oil and gas producers. While most of the problem is due to low natural gas prices, there appears to be substantial predatory pricing going on as well. Addressing this issue is a priority concern for KIOGA.

Natural gas pipeline policies came under fire in Congress on February 5th as Democrats and some Republicans took aim at pipeline

rates, regulatory approval policies, and the treatment of landowners along routes.

Several Democrats on the House Energy and Commerce Committee spoke favorably of the idea of giving federal regulators authority to order retroactive refunds when rates charged for use of a gas pipeline are no longer judged to be reasonable.

Republicans did not openly oppose the idea, though some counseled caution and one Republican cosponsored bipartisan legislation January 30th to mandate such refunds.

Representative Frank Pallone Jr. (D-N.J.), chairman of the committee, recommended a bill be introduced that would allow refund orders to be retroactive to the date a complaint was filed.

Pallone spoke at a hearing of the energy subcommittee of the House Energy and Commerce Committee that explored ways to modernize the Natural Gas Act. The hearing included the question of why the Federal Energy Regulatory Commission (FERC) should be authorized to order retroactive refunds for electric transmission overcharges but not for interstate gas pipeline overcharges.

### **Bernie Sanders Introduces Bill to Ban Hydraulic Fracturing**

– In early February, Senator Bernie Sanders (I-VT) introduced a bill that would ban hydraulic fracturing by

2025. The legislation would immediately prevent federal agencies from issuing federal permits for expanded



hydraulic fracturing, new hydraulic fracturing, new pipelines, new natural gas or oil export terminals and other gas and oil infrastructure. A House version of the legislation is being spearheaded by Representatives Ocasio-Cortez (D-NY) and Soto (D-FL). By February 1, 2021, permits would be revoked for wells where hydraulic fracturing takes place and that are

within 2,500 feet of a home, school, or other inhabited structure. The wells would be required to stop operations. Hydraulic fracturing for oil and natural gas would become illegal on all onshore and offshore land in the U.S. by January 1, 2025.



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# Kansas Oil Industry Turns 160

## Industry Celebrates 160 Years



The presence of petroleum has been known in Kansas for as long as there have been people crossing the plains. After a visit to Pennsylvania in January 1860 and hearing about the August 1859 success of Colonel Edwin Drake's oil well near Titusville, Pennsylvania, George W. Brown, a Lawrence newspaperman, joined Erastus Heath, a local member of the Kansas Territorial Legislature, to drill the first oil well in Kansas eight miles east of Paola, Kansas in what is today Miami County in June 1860. And so began the Kansas oil industry.

The history of the oil industry in Kansas is an American story. A story of daring talent, of dedication to an idea even if the odds were great, of the unshakable belief that in America, all things are possible. Here are a few things that occurred in 1860 when those first Kansas oil producers lived:

1. Abraham Lincoln was elected President, marking the first Republican to hold that office.
2. The Pony Express began its mail delivery service from St. Joseph, Missouri to Sacramento, California.
3. South Carolina became the first State to secede from the U.S.
4. The first British Golf Open was held.
5. The Winchester rifle was invented.

From plastics to medicines, from kerosene to jet-fuel, from mascara to Vaseline, from the oils that lubricate our machines to the asphalt we drive on, most aspects of our lives are impacted by the petroleum industry. The refining of kerosene from oil dramatically changed the course of everyday life by providing an economical, safe, and widely available illuminate to light up the night throughout the world. The refining of gasoline from oil has dramatically changed the course of transportation, commerce, and warfare throughout the world. Achievements by Colonel Edwin Drake in Pennsylvania and entrepreneurs like George Brown in Paola, Kansas ignited a triumph of American ingenuity, inventiveness, and diligence in developing new technologies, new business models, and new industries which remain an inspiration for Americans.

The Kansas oil industry's 160 year celebration creates a unique opportunity for Kansas to focus on the historical significance of oil. The industry's sesquicentennial celebration is an opportunity to spotlight Kansas' historical role as a leader in the development of energy. The Kansas oil industry was a leader and innovator of 20th century technologies that helped expand oil production in times when more energy was critical for our nation. The discovery of the El Dorado field in Butler County in 1915 was one of the largest oil strikes of the time. Indeed, the Allied Forces High Command recognized the need for oil during World War I and transformed what had once been the farm town of El Dorado into a petroleum center that had a profound influence on the lives of people in El Dorado, Wichita, Augusta,

Towanda, and beyond. And now we are using 21st century technology to help fuel our nation, fund the State of Kansas, and enhance the quality of life for people across Kansas and the world. The positive impacts of energy on our economy, culture, and environment has never been more important.

The Kansas Independent Oil & Gas Association (KIOGA) is proud to be a part of the history of the Kansas oil industry and look forward to being a part of the ongoing history of our industry. From our beginning in 1937, KIOGA has grown from a small group of producers into the lead state and national advocate for Kansas independent oil and natural gas producers, working along side other national, state, and regional associations to assure networking opportunities and facilitate the effortless exchange of educational materials and information on our nation's vital production of oil and natural gas resources. KIOGA is driven and led by a robust membership of nearly 4,000 folks from 1,400 companies. Successfully advocating on behalf of Kansas' independent oil and natural gas producers for more than 83 years, KIOGA continues to stand as the primary voice for Kansas independent oil and gas producers.

The history of the Kansas oil industry is an American story of industrious entrepreneurs who exhibited the pioneering spirit this country is known for, of innovation, speculation, and perseverance. All contributed to the founding and development of the Kansas oil industry, which has, and continues to transform the world.

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# Trump's Budget Prioritizes Energy Dominance Agenda



President Trump delivered his 2020 State of the Union address on February 4th. The President focused on the economy, manufacturing, and trade. He mentioned energy three times, emphasizing his oil and gas record. “Thanks to our bold regulatory reduction campaign, the United States has become the number 1 producer of oil and natural gas anywhere in the world, by far,” he said. Bernie Sanders complained that President Trump skipped any mention of climate change in his State of the Union address. Democratic presidential candidates nearly all support some version of the Green New Deal which would lead to soaring energy costs and power outages.

Over the past three years, the Trump administration has dismantled many of the failed energy policies of the previous administration unleashing America’s oil and natural gas producers from crippling federal regulations. President Obama tried mightily and failed spectacularly to stop the nation’s oil and gas revolution. While much has been accomplished, much more is needed to free our energy markets

and empower consumers and businesses to make their own energy choices.

**Trump Announces 2021 Budget** - The White House laid out its policy priorities for a second Trump term on February 10th in the 138-page budget, which asked Congress for a total of \$4.8 trillion to fund the president’s priorities across the federal government in fiscal 2021.

That figure would mean a slight increase in federal spending overall and would enable the Trump administration to grow the military to include the US Space Force and to fund infrastructure projects like the border wall.

The administration recommends \$12.7 billion for the Interior Department, roughly 13% less than the fiscal 2020 enacted level that Congress approved in last year’s spending deal.

The president’s proposal prioritizes a continued energy dominance agenda and highlights the continued gains made in US oil and gas production.

“Energy production has created jobs in areas of the United States where job opportunities were scarce,” the budget proposal stated.

The proposal reiterates the administration’s commitment to lease the coastal plain of the Arctic National Wildlife Refuge for potential oil and gas drilling. The tax overhaul

of 2017 mandated the first sale in ANWR take place within four years.

The president would also increase funding for the Bureau of Ocean Energy Management’s renewable energy program, which is tasked with carrying out the offshore wind leasing program, to \$22 million from the \$19 million Congress appropriated in fiscal 2020.

The budget document lays out what President Trump would like to do with a second term, including an extension to the 2017 tax cuts and continued efforts toward deregulation.

Also, it includes his report that his pro-business policies have resulted in a “blue-collar”

economic boom that has benefited workers, especially those in the energy sector.

In the budget proposal, as in the State of the Union address, Trump celebrated the United States’ arrival as a major oil and gas producer that’s set in 2020 to be a net petroleum exporter.

“More jobs, lower costs, and American dominance — these are predictable results of our pro-energy policies,” Trump wrote in his budget request.

The EPA would receive \$6.7 billion for fiscal 2021 — a 27% cut compared with enacted levels. It also would slash its workforce by about 11%, to the lowest levels since 1985.

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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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# OSHA Revises & Renews NEP on Silica

## Hydraulic Fracturing Operations Affected



Effective February 4, 2020, the Occupational Safety & Health Administration (OSHA) has revived its National Emphasis Program (NEP) on respirable crystalline silica for general industry, maritime and construction to “identify and reduce or eliminate” silica-related hazards.

OSHA canceled the NEP on October 26, 2017 – about a month after construction employers were required to comply with the agency’s silica standard and eight months before general industry and maritime employers were required to comply. The program initially launched in January 2008.

The revived NEP includes an updated list of target industries. Using this list, OSHA area offices will generate randomized lists of covered establishments under their jurisdictions for targeted inspections.

OSHA is implementing a 90-day period of compliance assistance before targeted inspections begin. Inspections under this program are set to begin on May 5, 2020. State

Plans and OSHA regional and area offices must participate in the NEP, but area and regional offices are not required to implement corresponding regional or local emphasis programs on silica.

Particles of respirable crystalline silica typically are released into the air during cutting, crushing, drilling, grinding and sawing materials such as bricks, cinder blocks, mortar, stone and rock. One of the most common forms of silica dust is quartz.

In the oil and gas industry, employees can be exposed to silica during hydraulic fracturing operations. The silica regulation for general industry, 1910.1053 (including oil and gas extraction) went into effect June 23, 2018 with two exceptions for hydraulic fracturing operations. The requirement for the implementation for engineering controls was delayed until June 23, 2021. The silica standards lower the permissible exposure limit (PEL) to 50 micrograms per cubic meter averaged over an 8-hour period. Medical surveillance for exposures above the PEL for 30 days or more per year became enforceable on June 23, 2018 and for employee exposures below PEL but at or above the action level will become enforceable June 23, 2020.

Employers are eligible for assistance from one of the listed On-Site OSHA Consultation Programs found at [www.osha.gov/consultation/directory-text](http://www.osha.gov/consultation/directory-text). These programs are

operated separately from OSHA’s enforcement program. The service is free and confidential, and there are no citations or penalties. Designed primarily for smaller employers, the consultation program can help identify hazards in workplaces and find effective and economical solutions for eliminating or controlling them.

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