

JANUARY/FEBRUARY 2021

# KIOGA

THE VOICE OF THE KANSAS INDEPENDENT PETROLEUM INDUSTRY

## CHALLENGING ISSUES FACE 2021 KANSAS LEGISLATURE

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The image features the CVR Refining logo at the top center, with 'CVR' in a large, bold, black font and 'refining™' in a smaller, black font below it. A yellow swoosh underline is positioned under the 'R' in 'CVR'. The background is a photograph of a refinery at sunset or sunrise, with tall distillation columns and complex piping silhouetted against a bright, orange sky. In the foreground, a white tanker truck is parked on a paved area, facing away from the camera. The truck's tank has the text 'Refining in the Mid-Continent since 1906' printed on it in a black, serif font.

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since 1906

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**DAVID BLEAKLEY**  
KIOGA CHAIRMAN

Looking back over the KIOGA goals that were formulated when I took office in 2019 and clarified in my Chairman's Message for the 2020 January/February newsletter, we have begun to see the completion of many of these goals over the past year and we will continue to see others come to fruition in 2021. From the finance and budget reports at our December Board Meeting, members have already seen the effects and cost savings from outsourcing the HR and accounting functions. The rollout of the new KIOGA newsletter beginning with this issue and the January 2021 reveal of KIOGA's new website should be exciting and refreshing for the membership. The goals set forth at the beginning of my term as Chairman have been and are now being accomplished because of a dedicated group of hardworking KIOGA members. The primary driver for these accomplishments has been the Executive Committee with its various subcommittees: Finance, HR, Investment, Bylaws and Marketing with input from the Strategic Planning Committee along with buy-in to this restructuring plan from the Board of Directors, and hard work on these goals by Ed Cross, our President/COO. This has truly been a group effort with individual after individual standing up to make this happen. I/we believe the membership will be pleased with the position KIOGA finds itself in after this restructuring. With the integration of the new outsourcing (HR, Accounting, Newsletter, Website), Revised Bylaws, and office consolidation, we anticipate there will be bumps

## THROUGH HARD WORK, VISION 2020 BECOMES REALITY

2020 WILL GO DOWN AS ONE OF, IF NOT THE MOST DIFFICULT YEARS OF OUR LIVES, BOTH PERSONALLY AND FROM AN INDUSTRY STANDPOINT. WE ARE NOT OUT OF THE WOODS BY ANY MEANS, BUT 2021 HAS THE POTENTIAL TO SEE REAL TANGIBLE IMPROVEMENTS.

along the road; however, with your understanding and patience, we will make it as user friendly as possible with value added for our membership as the ultimate outcome.

With these changes, KIOGA also closes a chapter in our history which we cannot leave without recognizing a person who has served the organization faithfully for almost 19 years—**Kelly Rains**. She has represented KIOGA well through the years and managed the operational side of our organization from Wichita. She will be missed but will be serving as a consultant through the 2021 Annual Convention where we plan to honor her for her many years of service to KIOGA and the Oil and Gas Industry. Please plan to attend the August 15–17, 2021 Annual Convention at the Hyatt Regency in Wichita so you can personally thank Kelly for her commitment to our Association.

Change is always hard for all of us and closing the Wichita office in the city where KIOGA started was no easy decision. These same decisions are going on all over the country in our industry and others as we all must downsize and concentrate our finances and energy on the mission for our organization: to fight to keep us all in business and strongly advocate for our industry and our livelihoods. As stated in my Chairman's Message from the November/December 2019 Newsletter, I emphasized the ABC's (Advocacy, Business and Camaraderie) which I strongly believe will always be top priorities for our organization.

Throughout this pandemic, KIOGA has continued to provide value to its members in the form of continued e-mails of KIOGA Express, updates and informative White Paper reports that President/COO Ed Cross has written, PPP Loan Information, and Legislative Plans for 2021. New in 2020 and continuing in 2021, the

KIOGA Webinar Series has been enthusiastically received by our membership. President/COO Ed Cross developed these webinars and has done a terrific job of organizing the ongoing series with interesting speakers covering many important subjects. The webinars have been well attended even by State and Federal Legislators. With the restructuring nearly complete, we can now turn our attention to other important areas of KIOGA that need the same energizing: namely, additional outreach to our members, revitalization of our membership program, and more opportunities for camaraderie—to name a few. We can work on these areas as the vaccines are being distributed; hopefully, the pandemic will wind down and we will be able to implement these plans when live gatherings commence again. The Executive Committee, Board of Directors, the Standing Committees, and Staff continue to work hard for this organization and its membership which is the main reason why you are a member of KIOGA. I encourage all non-members to join today and to take an active role in the work of our Association.

As KIOGA starts a new chapter in our history with one office in Topeka focused on our mission, we welcome our new Administrative Assistant, Holly McGinnis. She has strong experience and comes highly recommended. I encourage all our members to get to know her as she is excited to be a part of KIOGA and looks forward to working with all our members in the future.

As always, I welcome your input and am always available to discuss ideas, concerns, or member needs. My cell phone number is 620-365-9419.

Best wishes for all in 2021. ✍

Sincerely,

*David P. Bleakley*  
KIOGA Chairman

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**EDWARD CROSS**  
KIOGA PRESIDENT

**F**or most of us, 2020 was a very tumultuous and challenging year. As I look back, I reflect on the blessings of last year with optimism and anticipation for the New Year.

We can all be proud of the hard work and effort that KIOGA Officers and Executive Committee members devoted to restructuring KIOGA operations and revising KIOGA's bylaws. I specifically want to recognize these officers and executive committee members: **David Bleakley** (KIOGA Chair), **Andrea Krauss** (KIOGA Chair—Elect), **Ed Nemnich** (KIOGA Northwest Vice Chair), **Charlie Wilson** (KIOGA Southwest Vice Chair), **Alan Banta** (KIOGA South Central Vice Chair), **Barry Hill** (KIOGA East Vice Chair), **Scott Fraizer** (Treasurer), **Jeff Bloomer** (Secretary), **Ken White**, **Dan Schippers**, and **Jeff Kennedy**. The time, work, and effort that each of these leaders devoted to KIOGA was remarkable. Please make sure to thank each of these leaders when you get the opportunity.

Going forward in 2021, KIOGA has made several changes to improve operational efficiencies and emerge stronger after this downturn. These value-added changes will save time and money and enhance membership value by improving operations and enhancing KIOGA's advocacy priorities.

We have brought on new partnerships to save time and money. Our human resource functions are now outsourced to professionals at Syndeo (a Wichita-based company). Our accounting functions are now outsourced to professionals at BT

## A NEW YEAR BRINGS NEW OPPORTUNITIES

& Co., P.A. (a Topeka-based company). We have overhauled our communications outsourcing our website to professionals at Singularis Group (a Mission, Kansas-based company) and outsourcing our newsletter to professionals at E&M Consulting, Inc. (a Minnesota-based company).

KIOGA's fully integrated business model is designed to build legacy value for KIOGA members. KIOGA manages spending as a single enterprise-wide process that is implemented in a category-specific way to allow better resource deployment. KIOGA's streamlined budget and improved processes will reduce costs and improve operating efficiencies.

We are also starting 2021 by launching our new newsletter. This magazine is the first edition of our new newsletter, which is specifically designed to deliver practical information about federal and state policy discussions, regulatory issues, business strategies, and important emerging trends affecting your business.

The beginning of 2021 also brings the launching of KIOGA's revised website. Our newly constructed website was launched in January and embraces the modern tools of successful communication and advocacy including online communication tools that blend messaging with content and invites interaction. Visit [www.kioga.org](http://www.kioga.org) today!

KIOGA has also transitioned to one office in Topeka. This has resulted in tremendous cost savings as we merge duplicate functions into one office and streamline operations. KIOGA's primary priority is to advocate for the Kansas oil and gas industry on legislative, regulatory, and public perception concerns. Being in Topeka makes sense since Topeka is the hub for Kansas legislative and regulatory action that impacts the Kansas oil and gas industry.

Many of you have tuned in to our series of webinars. KIOGA initiated our series of industry

webinars in late 2020 to provide educational opportunities for KIOGA members on important issues, regulations, and topics of interest. We began with our **Let's Talk About...** series of webinars which presented seven webinars that covered topics that were scheduled for the cancelled KIOGA 2020 Annual Convention. We followed that up with our **Focus on the Issues** series of webinars which presented five webinars full of informative content to guide future business and policy decisions. We will be providing additional webinars in 2021. To provide this service, KIOGA seeks sponsorships to enable these online tools and highlight our incredible sponsors. If you would like to be a sponsor of our webinars, please contact our office at 785-232-7772 for more information.

January also brought the start to the 2021 Kansas Legislative Session. KIOGA is working to minimize legislative assaults on the oil and gas industry and optimize legislative target opportunities. In preparation, we developed our 2021 State & Federal Legislative/Regulatory Agenda and presented the agenda to Governor Kelly and key Kansas legislators in January. The agenda lays out what's important to KIOGA members and where we stand on energy, tax, and regulatory issues.

The oil and gas industry has lived through several ugly downturns, and we know that patience, persistence, insight, and innovation pay off. Like all of you, KIOGA too has worked to improve operational efficiencies. We move forward in 2021 together to focus on value reconstruction and prepare for brighter days ahead.

Thank you for all you do for your family, your business, and your community to advance KIOGA and the Kansas oil and gas industry. ✍

*Edward P. Cross*

# Announcing Our New, Dynamic KIOGA Newsletter!



**W**e are excited to announce the launch of our updated newsletter! This is the first issue of the updated KIOGA newsletter. Our goal with this dynamic newsletter is to better serve our membership needs. We are working to ensure that the content we create and deliver with the KIOGA newsletter in 2021 and beyond is beneficial to you.

The newsletter will be published six times per year and will deliver practical information about federal and state policy discussions, regulatory issues, KIOGA public relations efforts, business strategies, and important emerging trends affecting your business.

KIOGA's newsletter continues to be a nationally-recognized and industry-leading communication tool. KIOGA has received many positive endorsements from members, other oil and gas groups, national publications, and professionals from across the nation. Some recent comments received 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 my number one resource for keeping up with federal and other issues.”*

## KIOGA

# New Members

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

### **Broc Holleyman**

Basin Environmental & Safety Technologies  
Oklahoma City, OK

### **Stacey Baughman**

National Compliance Management Services  
Hutchinson, KS

### **John Helm**

Helm Energy Company  
Tulsa, OK

# KIOGA TRANSITIONED TO ONE OFFICE IN TOPEKA

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Beginning in 2021, KIOGA transitioned to one office in Topeka, closing the KIOGA Wichita office at the end of December 2020. This has resulted in tremendous cost savings as we merge duplicate functions into one office and streamline operations. Going forward all communication with KIOGA should be directed to the KIOGA office in Topeka at:

## **Kansas Independent Oil & Gas Association**

800 SW Jackson Street, Suite #1400

Topeka, Kansas 66612-1216

Phone: 785-232-7772

Email: [holly@kioga.org](mailto:holly@kioga.org)



**HOLLY MCGINNIS**  
ADMINISTRATIVE ASSISTANT

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## KIOGA WELCOMES NEW STAFF MEMBER

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Holly McGinnis joined the staff of KIOGA as Administrative Assistant on December 7<sup>th</sup>.

Holly has a degree from Johnson County Community College and 15+ years' experience as a front office coordinator for a wholesale fuel supplier and as business manager for a private chain of pharmacies.

"Holly's experience, management skills, and positive character will make her a valuable asset to KIOGA," said Edward Cross, KIOGA President. "Her excellent work ethic and organization skills will assist KIOGA in reaching our goals."

Holly will be working in the KIOGA office in Topeka. She looks forward to meeting KIOGA members at KIOGA events throughout the coming year. If you call the KIOGA office in Topeka, please welcome Holly!

# KIOGA 2019–2021

## OFFICERS AND STAFF

IF YOU DO NOT KNOW THEM ALREADY, PLEASE MEET THE KIOGA 2019-2021 OFFICERS AND KIOGA STAFF. THE KIOGA 2019-2021 OFFICERS ARE AS FOLLOWS:



**KIOGA Chair David P. Bleakley**

David P. Bleakley is Executive Vice-President of Colt Energy, Inc., Mission, Kansas where he has been employed for over 31 years with responsibility for the acquisition and divestiture of oil and gas producing and nonproducing properties, new leasing activities, and coordinating land, legal, and title along with landowner relations. From 1980–1989, he was President and Owner of Bleakley Energy, Inc., an oil and gas exploration, development, and production company he founded in 1980. Prior to forming Bleakley Energy, Inc., he was employed by the Charles E. Bleakley Investment Company and served as manager of the land, oil & gas, and farming operations as well as Co-Manager of their Crossie Angus Farms. In addition, he served as Treasurer of Bleakley Development Co., Inc., a residential and commercial real estate development company in Kansas City.

David currently serves as Chairman of the Board of Directors for the Kansas Independent Oil and Gas Association (KIOGA 2019-2021), served as the Eastern Vice-Chair of KIOGA from 2015-2019, and as a KIOGA Board Member for 20 years. David is past President of the Eastern Kansas Oil and Gas Association (EKOGA 1994-1996) and continues to serve on the Board of Directors. He was the EKOGA representative to the Kansas Corporation Commission Oil and Gas Advisory Committee for 21 years (1998-2019), served as Chairman of both the EKOGA Legislative Committee and the EKOGA Environmental Committees for over 20 years, provided many industry testimonies to the Kansas Legislature throughout his 20 plus years of service, helped establish the Washburn Law School Energy Scholarship Fund in honor of Professor David Pierce, served as EKOGA Annual Convention Chair, and as Tri-Chair of the 1998 IOCC (Now IOGCC) Annual Conference held in Kansas City.

Bleakley is a founding member of the Missouri Independent Oil and Gas Association (MIOGA) where he served on the Board of Directors and as Treasurer. He also served on the Missouri Oil and Gas Council as MIOGA's Representative and was named Vice-Chairman of the Council. David was the lead industry negotiator for the current Missouri Oil and Gas Rules and Regulations which direct the Missouri Department of Natural Resources (MDNR) as the primary oil and gas industry regulator. As representative from the Missouri Oil and Gas Council, David was invited to speak on the outlook for energy at the 2014 Inaugural Main Meeting in North America for the Official Monetary and Financial Institutions Forum sponsored by the Federal Reserve in St. Louis.

Prior to involvement in KIOGA, EKOGA, and MIOGA, David served on the Board of Directors of the Kansas City Chapter of the American Petroleum Institute (API).

He is a long-time member of the American Association of Petroleum Landmen (AAPL) and the National Association of Division Order Analysts (NADOA). He received a BS in animal science and industry in 1978 from Kansas State University.

David serves outside the industry as an Advisory Board Member of the Saint Luke's Marion Bloch Neuroscience Institute at St. Luke's Hospital, Kansas City, Missouri, was a past delegate to the Kansas Episcopal Diocesan Convention and is an active member of the United Methodist Church of the Resurrection in Leawood, Kansas.



**KIOGA Chair-Elect**  
**Andrea Krug Krauss**

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Andrea Krug Krauss is a graduate of Kansas State University with Bachelor of Science degrees in Accounting and Agricultural Economics and a Master of Business Administration. In addition, she is a Certified Public Accountant.

Since 2003, Andrea has been Secretary/Treasurer of John O. Farmer, Inc., a producer with operations throughout central and western Kansas. She has been an active member of the Kansas Independent Oil & Gas Association for 17 years and has been on the Board of Directors since 2013, serving as Chairman of the Federal and State Tax Committee and as a member of the Ad Valorem Tax Committee. She currently also serves on the Executive Committee as the Finance Committee Chairman. Andrea was the 2015 recipient of the KIOGA President’s Leadership Award.

Andrea also currently serves as Chairman of the Board of Trustees of the Sunflower Foundation, having been appointed by Attorney General Derek Schmidt in 2013. Additionally, she is on the boards of Russell Development, Inc., Russell PRIDE, Inc. and the Gamma Phi Beta House Corporation at Kansas State University. She also serves on the Russell Co. 4-H Program Development Committee and the St. John Lutheran Church Council.

Andrea has previously been elected to and served on the USD 407 School Board and the Russell County Hospital Board. Andrea has also served as Chairman of the Russell Area Chamber of Commerce and is a Past District Governor of Rotary District 5670/5680.

Andrea was a member of the 2019 class of Leadership Kansas. She was a 2019 recipient of the Rotary District 5680 Service Above Self Award, and in 2016, was the recipient of the Russell Area Chamber of Commerce Community Service Award.

She lives on her family’s farm southwest of Russell, along with her husband, Tom, who farms and ranches with her father. Her family raises registered Hereford and Angus cattle and produces wheat and grain sorghum. Andrea and Tom have one daughter, Katherine, who is a junior at Kansas State University.



**KIOGA Southwest Vice Chair**  
**Charles Wilson**

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Charlie Wilson is Vice President of Berexco LLC, and since 1980, has been responsible for a variety of different duties both within and outside the oil industry, and over the years has been an active member of the Kansas Independent Oil and Gas Association. After graduating from the University of Kansas in 1974 with a BS degree in business administration and accounting, Charlie practiced as a Certified Public Accountant before joining Berexco. Charlie has served as a trustee and officer on a number of non-profit and trade association boards and currently is a member of the Executive Committee of the Kansas Independent Oil and Gas Association.



**KIOGA Northwest Vice Chair**  
**Edward S. Nemnich**

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Ed Nemnich has worked in the oil and gas industry for over 40 years, holding positions at Aladdin Petroleum and Gulf Oil Corporation/Chevron. He is a graduate of Northwest Kansas Area Vocational-Technical School.

Nemnich started K&N Petroleum, Inc., an oil and gas operating and producing company in central Kansas, in 1987. He is also a partner of D.S. & W. Well Servicing, Inc. in Great Bend since 2000.

Nemnich currently serves as the Kansas Independent Oil & Gas Association (KIOGA) Northwest Vice Chair and also serves as Chair of the KIOGA Insurance & Safety Committee. He served as the 2011 KIOGA Assistant Convention Chairman and the 2012 KIOGA Convention Chairman.

Nemnich is also a member of the Association of Energy Service Companies (AESC) Board of Directors and currently serves as Secretary/Treasurer of the Kansas Chapter of the American Energy Service Companies (AESC). He also serves on the Financial Committee for the Western Kansas Chapter of the American petroleum Institute (API).

Ed and his wife Diane have two children, Kyle E. Nemnich and Lisa A. Lane. Kyle is Field Superintendent at K&N Petroleum, Inc. and Lisa works for Ameriprise Financial in Hays, Kansas, and is the Human Resources Director at K&N Petroleum, Inc.



**KIOGA South Central Vice Chair  
Alan Banta**

Alan D. Banta, President of Trans Pacific Oil Corporation, has been employed with Trans Pacific Oil Corporation for over 35 years. He graduated with a BS in geology and a minor in mathematics in 1979. Course work emphasis was on petroleum geology. He is also the Managing Member of Trans Pacific Properties, LLC, Commerce Street Development Partners, LLC and Fireworx, LLC—all real estate holding entities. Professional Affiliations include Kansas Independent Oil & Gas Association as Vice Chair of South Central Region, Kansas Oil & Gas Resources Board as past Chairman and executive committee member, Society of Economic Geologists, Kansas Geological Society, Kansas Geological Library, American Association of Petroleum Geologists, Society of Exploration Geophysicists, and American Association of Professional Landmen. Outside of the industry, Alan serves as Chairman-elect of Downtown Wichita and as a Board member of the Wichita Metro Crime Commission.



**KIOGA East Vice Chair Barry Hill**

Barry Hill is the Chief Executive Officer of Vess Oil Corporation (“Vess Oil”) effective July 2012, and is responsible for the coordination and supervision of exploration and production, the acquisition of oil and natural gas reserves and the planning, directing, and coordinating of finance activities. Mr. Hill joined Vess Oil in February 2010 as Vice President and Chief Financial Officer and served in that position through June 2012. Prior to joining Vess Oil, Mr. Hill spent approximately ten years in the Energy Investment Banking group of Raymond James & Associates, Inc., completing numerous public equity offerings, advisory engagements and private securities assignments for a wide spectrum of energy industry clients, including many exploration and production companies, until his departure in January 2010. Mr. Hill currently serves on the Executive Committee for the Kansas Independent Oil and Gas Association, and is a member of the Young President’s Organization of Dallas. Mr. Hill earned his AB in economics with honors from Harvard College in 1998 and an MBA from the Darden Graduate School of Business at the University of Virginia in 2003.



**KIOGA Treasurer Scott Fraizer**

Scott Fraizer is President/Treasurer of Woolsey Companies, Inc. Mr. Fraizer received a BS degree in business administration and accounting from the University of Kansas in 1970 and is a Certified Public Accountant. He was in audit with Peat Marwick Mitchell & Co for Oil and Gas companies as well as other industries. Scott has worked for the Woolsey Companies for 20 years beginning with his first stint from 1980 through 1985. From 1985 until he rejoined Woolsey, he was site financial leader for two Fortune 500 manufacturing companies and has also worked with companies in refined petroleum products trading, rent-to-own, investment banking and floor covering. He has been in his current position with Woolsey since 2005. Scott has been the Treasurer for KIOGA for over nine years.



**KIOGA Secretary Jeff Bloomer**

Jeff Bloomer is President of Sunrise Oilfield Supply, LLC. Jeff has been with Sunrise since 2008. He graduated from Emporia State University with a BS in mathematics and accounting in 1980. His work history involves an initial stint with Sunrise when it was owned by Slawson Oil Company, and his position at that time was Controller. Jeff then took a 20-year detour outside of the Oil Industry where he worked at a NASDAQ Listed Manufacturing Company with locations in 15 different countries. He held the positions of CFO and then as CEO/President until the business was sold. Jeff joined back up with Sunrise after it became independently owned. Jeff has been involved with several Non-Profit Board positions and is currently on the board of Equity Bank, Petroleum Club and Kansas Independent Oil and Gas Association.

## KIOGA STAFF



**KIOGA President &  
Chief Operating Officer,  
Edward Cross**

Edward Cross serves as President of the Kansas Independent Oil & Gas Association (KIOGA) where he is responsible for public policy advocacy and interaction with external stakeholders including elected officials, regulators, government decision-makers, and community leaders. Cross has served in this position since September 2003. At KIOGA, Cross is director of staff, editor of the Association's publications, serves as an industry spokesperson for media and other forums, and is an industry advocate as a registered legislative agent. On behalf of KIOGA members, Cross lobbies in both Topeka and Washington, D.C.

Cross serves as an executive board member to the Domestic Energy Producers Alliance (DEPA) and a board member of the Council for a Secure America (CSA). He is an active member of the Independent Petroleum Association of America (IPAA) and serves as an advisory committee member to the U.S. Global Leadership Coalition (USGLC).

Cross also serves as Secretary/Treasurer of the Liaison Committee of Cooperating Oil and Gas Associations, a network of state and regional trade associations that represent the independent oil and gas exploration and

production industry in the U.S. where he is responsible for coordinating the organization's efforts.

Cross is a Kansas appointed Associate Representative to the Interstate Oil & Gas Compact Commission (IOGCC). The IOGCC is a national organization representing the Governors of 37 oil and gas producing states. At IOGCC, Cross has served as Chair of the Public Outreach Committee, one of eight standing IOGCC committees.

In November 2018, Cross was named a finalist for the 2018 *Petroleum Economist* magazine Energy Executive of the Year award. In April 2015, Cross was recognized for his national leadership by being honored with the Distinguished Leadership Award from the National Stripper Well Association. In January 2013, Cross was named by *Ingram's*, a Kansas City business magazine, as one of the "50 Kansans You Should Know". Cross has published eight peer-reviewed papers on economic, environmental, and energy education issues facing the independent oil and gas industry. He is a licensed professional geologist and holds a BS in geology and an MBA from Southern Illinois University.



**KIOGA Administrative Assistant  
Holly McGinnis**

Holly graduated from Johnson County Community College and has 15-plus years' experience as a front office coordinator for a wholesale fuel supplier and as business manager for a private chain of pharmacies. Holly's experience, excellent work ethic, management skills, and positive character make her a valuable asset to KIOGA.



**MURFIN**  
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# CHALLENGING ISSUES FACE 2021 KANSAS LEGISLATURE

Kansas Lawmakers Begin 2021 Session



**T**he 2021 Kansas Legislative session began on January 11<sup>th</sup>. Last year's session saw only eight bills signed by Governor Kelly. All of the work of legislators and various interest groups were shut down, first over stagnation of policy perspectives and then the COVID-19 pandemic which closed down everything. This leaves a lot on the plate for 2021. Many KIOGA members have been participating in legislative and regulatory meetings focusing on issues important to the Kansas oil and gas industry. KIOGA has also engaged in interim committee hearings to cover the interests of the independent oil and gas industry.

**What to Expect in the Upcoming Session**—The 2020 elections resulted in the Kansas House of Representatives being 87 Republicans and 38 Democrats, with the Republicans gaining three seats. The November elections resulted in the Kansas Senate being 29 Republicans and 11 Democrats. Democrats didn't pick up enough seats to block overrides of gubernatorial vetoes, and Republicans still run both chambers.

Nobody expected Democrats to take the majority of seats in either chamber, but the new members and political party numbers will likely influence just what direction some issues might head and/or what issues are going to be addressed during the 2021 Kansas Legislative Session.

Legislators selected leadership posts and committee assignments in December. KIOGA's support for pro-business and pro oil and gas candidates in the 2020 election cycle was very successful. KIOGA is poised to be in a very strong position for the 2021 Kansas legislative session. KIOGA is working to develop positive relationships with many of the new members of the Kansas legislature and will continue to nurture our positive relationships with returning legislators.

**Economic Forecast**—On November 6<sup>th</sup>, the Kansas Consensus Revenue Estimating Group (CREG) projected state revenues to grow by \$477 million for the remainder of FY 2021 (which ends June 30, 2022) and fall by \$224 million in FY 2022. The Kelly administration will likely look to expand government expenditures in the upcoming 2021 legislative session while Republicans will likely want to pass additional funds back to the taxpayer. Governor Kelly's desire to expand government and Republican's desire to pass additional funds back to taxpayers becomes the starting line for the battles between the Governor and the Legislature for the upcoming 2021 Legislative Session.

#### **KIOGA State Advocacy Strategy**

The 2021 Kansas Legislative Session began January 11, 2021. The KIOGA legislative agenda for the 2021 legislative session will be one in which we will work to minimize legislative assaults on the independent oil and gas industry and optimize legislative targets of opportunity. In preparation, KIOGA prepared our annual state and federal legislative/regulatory, communication agenda. KIOGA President Edward Cross presented this agenda to Governor Kelly and key Kansas legislators in January. The agenda lays out what's important to KIOGA members and where we stand on energy, tax, and regulatory issues.

#### **Meeting with Governor Kelly and Key House & Senate Leadership**

KIOGA President Edward Cross met with Governor Kelly in January 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 will also meet with the House Speaker Ron Ryckman and Senate President Ty Masterson in separate meetings in January to discuss energy issues and begin laying groundwork for the upcoming 2021 Kansas Legislative Session.

**KIOGA Presentations to Key Committees**—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 2021, including the impact of COVID-19, low oil prices, federal legislative and regulatory challenges, and state legislative and regulatory challenges. Cross made these presentations before the **Kansas Senate Utilities Committee** and the **Kansas House Energy Committee** and the **Kansas House Appropriations Committee** in January. The presentations provided a summary of America's energy picture today, the state of the Kansas oil and gas industry, and the challenges and opportunities facing the small businesses that make up the Kansas independent oil and gas industry.

**KIOGA Reference Material**—KIOGA is proactive and prepared in advance of the 2021 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 2021)—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 2021)—a white paper that summarizes America's energy picture today, challenges faced by the small businesses that make up the Kansas oil and gas industry, and what industry is doing to address those challenges;
- *The Whole Fracking Story—Regulatory & Policy Considerations* (January 2021)
- *Hydraulic Fracturing & Drinking Water Contamination* (January 2021)
- *Climate Issues* (January 2021)
- *Facts About Induced Seismicity* (January 2021)
- *Seismic Activity in Kansas* (January 2021)
- *Induced Seismicity & Injection Wells in Kansas* (January 2021)
- And More

KIOGA shares these white papers, fact sheets, reports, brochures, and other informational pieces with key state legislators. The reference material is 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).

## “ 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.

### **Oil & Gas Issues in the 2021 Kansas Legislative Session**

Several potential issues affecting the Kansas independent oil and gas industry could emerge during the 2021 Kansas Legislative Session. The Legislature will not likely be interested in raising taxes which could bring broader scrutiny of taxes and tax provisions. However, KIOGA stays vigilant and works to defend our industry's critical tax provisions.

**KIOGA to Support Abandoned Well Legislation**—KIOGA will be helping to advance proposals addressing abandoned well issues in the 2021 Kansas Legislative Session. These proposals will be led by the Kansas Corporation Commission (KCC). The first is a proposal to consolidate the two plugging funds. Currently, there are two industry fee funds for plugging abandoned wells with no responsibility party. One fund is used for abandoned wells drilled prior to 1996 and the second fund is used for abandoned wells drilled after 1996. The fund for wells drilled after 1996 is used infrequently and often builds in value creating a target for legislative sweeps. We will propose combining the two funds so that funds paid by industry to plug abandoned wells with no responsible party can be used to plug such wells across the state, regardless of when they were drilled. A second bill will instill regulatory certainty into abandoned well plugging responsibility. Both industry and the KCC have been plagued by the question of who is responsible for plugging orphaned wells since the Kansas Appeals Court in January 2015 overturned the Quest Order. The court held that a company acquiring a lease was not responsible for plugging any orphan wells found on it as long as the company did not cause those abandoned wells to become environmental hazards. KIOGA will be advancing legislation in the 2020 session to clarify responsibility for abandoned wells.

**Energy Policy**—KIOGA supports a rational, data-driven, common-sense approach to energy policy that recognizes our best energy future can only be achieved through a true all-of-the-above energy strategy. We will oppose policies picking winners and losers among energy sources and technologies. We will oppose policies that impose mandates that increase costs when sourcing energy. We will encourage the least restrictive method of regulation that supports the goal of protecting the public without limiting business activity.

**Kansas Energy Choice Act**—Some U.S. cities are proposing outright bans on the use of natural gas equipment and connections in new buildings and construction. That same uninformed notion has also emerged in some Kansas communities. However, banning natural gas would not only negatively impact local business, customers and communities, it also threatens to take away the right of the people to choose their energy. Efforts will be advanced in the 2021 legislative session to ensure Kansans continue to have access to energy choices, including natural gas, which offers a clear pathway to

the shared goal of reducing emissions while maintaining the affordability, reliability and the quality of life that Americans enjoy. KIOGA will be supporting efforts to advance legislation prohibiting Kansas municipalities from banning natural gas in new homes and buildings.

**Environmental Activists Expected to again introduce uninformed oil and gas regulation bills**—Several issues affecting KIOGA members could emerge during the 2021 Kansas Legislative Session. Each of the last seven years, the Sierra Club and other activists have had bills introduced that include a list of onerous rules and regulations designed to stop oil and gas production. This laundry list of oil and gas regulations that have no environmental benefit but high associated costs and 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. The foundations for these proposals are based on unfounded information and activist propaganda.

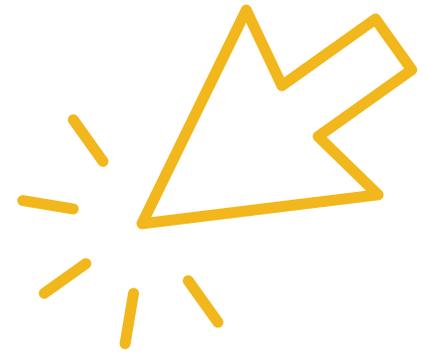
This upcoming session (2021) will likely see the same. We can expect activists to try to advance legislative proposals to create a risk pool to compensate property owners suffering earthquake damage, force the KCC to consider potential seismicity in issuing permits for injection wells, and imposing a volume cap on wells throughout the state.

KIOGA stays keenly poised to address any attempts by those who oppose American oil and gas development to promote legislation and/or regulations designed to stop oil and gas production. KIOGA President Edward Cross will be meeting with key legislative leaders and committee chairs in advance of the legislative session to provide fact-based scientific information about injection wells, seismic activity, hydraulic fracturing, climate issues, and more. KIOGA is prepared and ready to defend the oil and gas industry at every opportunity.

**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 provides 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 January 2020 and examined the effectiveness of current Kansas ratemaking practices and examines options available to the 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. The second part of the study was completed in July 2020 and looked at how Kansas' electric rates affect the state's economy. We can expect legislative hearings and discussions of these study results.

**Other Issues**—Several more issues may emerge during the 2021 Kansas Legislative Session. In the past, some have tried to advance proposals to change oil and gas tax structures with schemes that expose oil and gas operations to higher tax rates. KIOGA will stay vigilant in defending the industry against any taxation schemes that attempts to unfairly target the oil and gas industry for higher taxes. KIOGA will be ready to provide relevant information if such a proposal emerges. KIOGA will stay vigilant in identifying and preparing for additional emerging issues. ✍

# KIOGA Pleased to Announce the Launch of our New Website



VISIT [KIOGA.ORG](http://KIOGA.ORG) TO GET UPDATES, EVENT SCHEDULES, AND MORE

**T**he new website is creative, interactive, and gives better access to web pages. KIOGA members will find useful information to stay current on state and federal issues, energy policies, environmental and regulatory matters, and the work of KIOGA. KIOGA members can learn about the advocacy efforts in which KIOGA has and is engaged that create value for each KIOGA member. In addition, the website allows KIOGA members easy access to state and federal policymakers with a legislative issues guide that

includes a legislator/policymaker tool finder. The new website also includes e-commerce tools that allow folks to register for KIOGA events, pay dues, and more.

The new website embraces modern tools of successful communication and advocacy and feature online communication tools that blend messaging with content and invites interaction. Social networking are incorporated into the new website to present information the public can peruse to learn about the reach and magnitude of oil and

natural gas and how they enrich life experiences and enhance quality of life.

We will be constantly updating our content with helpful information, newsletters, new events, and more. We hope you find the new website with a fresh look and easy to access information. We hope to establish this website as a source of information for KIOGA members and anyone looking for credible information about the Kansas oil and gas industry.

Visit [www.kioga.org](http://www.kioga.org) today! *K*

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## ENERGY INDUSTRY EVALUATES VALUE OF

# ESG Reporting

**E**nvironmental, Social, and Governance (ESG) reporting is likely to dominate conference discussions and market evaluation criteria for the foreseeable future. While this may seem daunting and arbitrary to some, numerous resources have emerged to help operators, service companies and individuals navigate this new landscape with smart advice that elevates the good already being done. What should be clear is that it is not going away anytime soon.

“ESG is nothing new for the oil and gas industry. Independent operators are good stewards of the land, value a diverse and talented workforce, and put accountability first with every handshake or deal signed,” said Edward Cross, KIOGA President. “KIOGA values the tools that allow for operators to tell their story of fueling the American economy with innovation and hard work but will firmly oppose tests and efforts designed to put an end to domestic oil and natural gas production.”



An ESG-minded company may attract more investment, as well as send a positive message. In some cases, the ESG standards have become the leading indicators of measuring management competence, risk management, and financial performance.

A Sustainable, Responsible, Impact (SRI) investment strategy is based on the belief that a commitment to the principals of Corporate Social Responsibility (CSR) will generate long-term competitive financial returns, as well as positively impact our society. For investors and lenders, reducing the risk associated with sustainability of performance is immensely important.

Corporate Social Responsibility (CSR) goes beyond the law. It is about self-regulation and reveals a company's guiding principles, operating philosophy, and behaviors toward all stakeholders. The goal is to ensure a company's actions positively impact all stakeholders. CSR includes programs, policies and practices related to employees, suppliers, customers, and society.

A sustainability report is an attempt to engage and communicate a company's performance to a diverse set of stakeholders including investors, banks, consumers, communities where we work, employees, and policymakers.

For producers, a couple of key areas to focus on are emissions management, water management, safety, and community involvement. Sustainable, Responsible and Impact Investing (SRI) is an actual investment strategy where ESG and CSR come into play.

SRI criteria are used to make investment decisions. SRI refers to evaluating the long-term sustainability of a company's performance due to the evolving importance of good corporate citizenship such as reputation, employment, purchasing decisions and more. Transparency on the issues of

environment, social responsibility and corporate leadership are becoming more important.

Some investors turn their backs on companies that don't offer this information. There is a need to “tell our story” to compete in the financial market. Most brokerage firms and mutual funds invest in companies that follow ESG criteria.

To be effective, an ESG report should generally include a company's impact on climate change and carbon emissions, water use, conservation efforts, anti-corruption policies, board compilation including how directors are elected, the audit committee structure and diversity in gender.

However, it is important to also highlight diversity in industry backgrounds inside the board of directors. Of course, safety measures, data protection, employee engagement including efforts for positive team dynamics and transparency from management to teams are all important metrics. Also include information about your company's community development, local corporate engagement and giving.

Companies should communicate their ESG analysis and plans to investors and the community at large. It should be posted on their website and easily available to the public.

Suggestions for an effective ESG plan should include: 1. Develop your Company's ESG philosophy and priorities. 2. Determine which ESG issues and data are material to your company and to key stakeholders. 3. Set a goal to publish an ESG or Sustainability Report or ESG Website once you have sufficient ESG information to report. 4. Incorporate ESG practices into your operations, where appropriate, as well as management and board oversight. 6. Review and update the ESG portion of your website and your ESG/ Sustainability report at least annually. *K*

# KIOGA Industry Webinar Series Provide Educational Opportunities for KIOGA Members!

**KIOGA CONTINUES OUR INDUSTRY WEBINAR SERIES.** KIOGA is hosting regular webinars to bring our members informative content that will guide future business and policy decisions. The first series of webinars (**Let's Talk About...** webinar series) presented seven webinars covering topics that were scheduled for the cancelled KIOGA 2020 Annual Convention. The second series of webinars (**Focus on the Issues...** webinar series) presented five webinars.

The mission of the virtual webinars is to provide educational opportunities for KIOGA members on important issues, regulations, and topics of interest. Many of the webinars were recorded and can be found on the KIOGA website at [kioga.org](http://kioga.org). The webinars have been a resounding success! Participation in the webinars has been very good and includes:

- U.S. Secretary of State Mike Pompeo – 213 participants
- Kansas Congressional Panel Discussion – 126 participants
- What happens now? – 115 participants
- Disposal Wells, Abandoned Wells, & All Things KCC – 112 participants
- Electric Rate Update – 105 participants
- KCC Panel Discussion – 101 participants
- Raising America's Energy IQ – 95 participants
- Helium Opportunities in Kansas – 85 participants
- Kansas Oil & Gas Lease Panel Discussion – 83 participants
- Kansas Strong Update – 50 Participants
- Storytelling with Data – 42 Participants

KIOGA thanks all our sponsors for the webinar series. You help keep KIOGA strong!

More KIOGA industry webinars are being planned. Please contact the KIOGA office at 785-232-7772 or [holly@kioga.org](mailto:holly@kioga.org) for sponsorship opportunities. Also, the 2021 KIOGA Midyear Meeting is scheduled April 14–16, 2021 in Garden City, Kansas and the KIOGA 2021 Annual Convention is scheduled for August 15–17, 2021 in Wichita, Kansas.

KIOGA continues to serve our members as we navigate the uncertainty associated with the COVID-19 pandemic. Thank you for your patience and understanding. ✍

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

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- Transfer of Operator
- Well Inventory Management
- Water Injection Reports

Project Management  
 Oil & Gas County Assessments  
 Insurance Management  
 Mineral Tax Exemption  
 Property Tax Exemption  
 Tier II Reporting/SPCC Plan Management

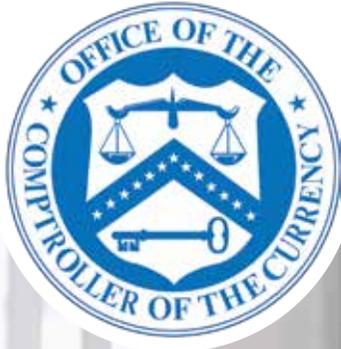
Lesli has a Bachelor's degree in Business and is a 3rd generation operator in Eastern Kansas. Lesli is a Board Member for KIOGA, EKOGA & Kansas Strong.

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# FAIR ACCESS TO BANK SERVICES, CAPITAL, AND CREDIT

Comptroller of the Currency Proposes Rule





**I**n November 2020, the Office of the Comptroller of the Currency (OCC) proposed a rule to ensure fair access to banking services provided by national banks, federal savings associations, and federal branches and agencies of foreign bank organizations.

The proposal would codify more than a decade of OCC guidance stating that banks should provide access to services, capital, and credit based on the risk assessment of individual customers, rather than broad-based decisions affecting whole categories or classes of customers.

The proposed rule would ensure that banks meet their responsibility to provide their services fairly since they enjoy special privilege and powers because if the system fails to provide fairness to all, it cannot be a source of strength for any.

Despite the OCC's statements and guidance over the years about the importance of assessing and managing risk on an individual customer basis, some banks continue to employ category-based risk evaluations to deny customers access to financial services.

In June 2020, the Alaska Congressional delegation sent a letter to the OCC discussing decisions by several of the nation's largest banks to stop lending to new oil and gas projects in the Arctic. The letter noted the critical importance of the energy sector to the U.S. economy, as well as the jobs, state revenue, and diplomatic and national security benefits attributable to the oil and gas industries targeted by the banks' actions. In the letter, the authors described as unfair the effects of this decreased lending on the population of Alaska as a whole. The letter also stated that, although the authors believed that the banks' rationale was political in nature, the banks had ostensibly relied on claims of reputation risk to justify their decisions.

The OCC requested information from several large banks to better understand their decision-making. The responses received indicate that, over the course of 2019 and 2020, these banks had decided to cease providing financial services to one or more major energy industry categories, including coal mining, coal-fired electricity generation, and/or oil exploration in the Arctic region. The terminated services were not limited to lending, where risk factors might justify not serving a particular client (e.g., when a bank lacked the expertise to evaluate the collateral value of mineral rights in a particular region or because of a bank's concern about commodity price volatility). Instead, certain banks indicated that they were also terminating advisory and other services that are unconnected to credit or operational risk.



On December 14, 2020, Alaska Governor Mike Dunleavy announced his administration will introduce legislation at the start of the 32<sup>nd</sup> Alaska Legislature that requires state departments and agencies to end existing relationships

and partnerships with financial institutions that have chosen to stop financing oil and gas exploration and development in the arctic.

"For over 40 years, the United States has benefited greatly from exploration and development of our arctic resources," said Governor Dunleavy. "It makes no sense for Alaska to allow financial institutions to benefit handsomely from Alaska's financial activities on one hand, while working against our interests on the other. Oil and gas exploration in the arctic has created thousands of jobs and billions of dollars in revenue benefiting Alaskans and the country as a whole." ❧

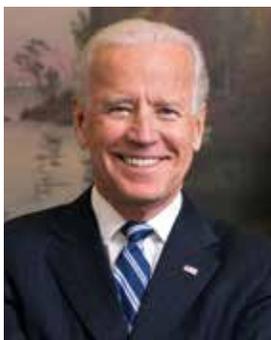
# OIL & GAS OUTLOOK IN WASHINGTON

## New President and New Congress

**W**ith the start of 2021 and the new 117<sup>th</sup> Congress, energy policy continues to be a prominent topic of discussion in Washington. President Joe Biden and many House and Senate Democrats are promoting a return to energy policies that overregulate, pick winners and losers in the marketplace, and make American energy increasingly expensive and uncompetitive.

One of the most important takeaways from last November election results is that KIOGA's bipartisan approach to addressing key federal energy, tax, and regulatory issues over the past 12 years has gotten more important and will be critical going forward. KIOGA has developed significant positive relationships with key Democrat and Republican policymakers that make us one of the most effective voices in Washington for small onshore independent oil and gas producers. Our messages are as strong today as they were before the election.

"We cannot be silent with the new Congress and the Biden administration," said Edward Cross, KIOGA President. "We must voice our concerns. KIOGA will be working hard to meet with members of the new Administration and newly elected Senate and House members in early 2021."



### **BIDEN ADMINISTRATION AND U.S. ENERGY**

Joe Biden's election to the office of U.S. President combined with Democrats gaining control of the U.S. Senate and retaining control of the U.S. House of Representatives could have significant impacts to the oil and gas industry. Impacts to the oil and gas industry will likely come in the form of executive orders.

Like the Obama/Biden presidency before him, President Trump enacted a great deal of energy-related policy via executive orders. The obvious vulnerability of any executive order is that it usually can be easily reversed by a successor in office. Thus, the most immediate impacts of the Biden presidency will come in the form of efforts to increase regulation on the energy industry via the reversal of various Trump executive actions.

The Biden administration and Congress could move forward on policy that seeks expanded domestic energy production focused on all energy related resources, from conventional sources such as oil, natural gas, coal, and nuclear power, to renewable sources focused on wind, solar, geothermal, and other renewable energy projects. However, achieving consensus would likely be very difficult. Wide ideological differences still exist, especially regarding the efficacy of focusing resources on the development of renewable versus traditional energy sources. Moreover, related issues such as the exportation of domestic energy sources, clean energy standards for utilities, and overall environmental protection will remain as obstacles to the success of any energy-related legislative effort.

While energy policy will be a prominent topic of discussion in politics and media, absent bipartisan cooperation, moving forward on a national energy policy will be difficult at best.

### **BIDEN CABINET NOMINEES SIGNAL BIG CHANGES IN WASHINGTON**

During his presidential campaign, President Biden adopted liberal climate change priorities calling for an end to fossil fuel production and use and a restoration of the failed energy policies of the Obama-era. Biden's cabinet picks underscore his commitment to the Obama-era legacy of failed green jobs.



**Biden Nominates Michael Regan to Lead the EPA**—In December 2020, Biden nominated North Carolina regulator Michael Regan to lead the EPA. The pick is a major nod to the Democrat party's progressive wing.

Regan, who started his career as a staffer in the EPA's air office before leading climate and clean energy work at the Environmental Defense Fund, would be in charge of the agency most central to carrying out Biden's ambitious climate change plans, which call for eliminating carbon dioxide emissions from the power grid by 2035 and putting the country on a path toward net-zero emissions by 2050. Much of the work is expected to be reversing and re-imposing many of the unnecessary regulations eliminated by the Trump EPA.



**Biden Nominates Jennifer Granholm as Energy Secretary**

**—**In December 2020, Biden nominated former Michigan Governor Jennifer Granholm to lead the Department of Energy as Energy Secretary. Most of the Energy Department’s budget is devoted to maintaining the country’s nuclear weapons arsenal, but it also operates 17 national labs that have helped develop advanced technology used in fossil fuels, renewables, and nuclear energy. Under former President Obama,

the Energy Department oversaw tens of billions of dollars in loan guarantees and grants for wind and solar development. The failure of those efforts were underscored by the scandal over Solyndra, a solar technology company that collapsed after taking more than \$500 million in federal funds. Granholm has sought to position herself as a figure who can help U.S. industry transition to a clean energy economy, a process that Biden has made one of his priorities.



**Biden Nominates Deb Haaland to Lead DOI**

**—**In December 2020, Biden nominated U.S. Representative Deb Haaland (D-NM) to lead the Department of Interior (DOI) as Interior Secretary. Haaland chaired a House Subcommittee on National Parks, Forests and Public Lands and served on Biden’s climate engagement advisory council and is a co-sponsor of the green new deal. She is the original co-sponsor of the “American Public Lands

and Waters Climate Solution Act”, which would direct DOI and the Forest Service to achieve net-zero greenhouse gas emissions from public lands and waters by 2040. Haaland backs the “30 by 30” initiative, a proposal that would set a national goal of protecting at least 30% of U.S. lands and waters by 2030.



**Biden Nominates Janet Yellen as**

**Treasury Secretary**—Biden nominated Janet Yellen for Treasury Secretary in December 2020. Yellen was picked by Obama in 2014 as chair of the Federal Reserve. She has also served as president of the Federal Reserve Bank of San Francisco and, during the Clinton administration, chair of the White House Council of Economic Advisers. On climate change specifically, Yellen’s stance for years has

revolved around her support for a carbon tax, which she called a “textbook solution” to global warming.

President Biden’s picks to lead the EPA, Department of Energy, Department of Interior, and Treasury Secretary proves that he is committed to advancing an anti-energy agenda under the guise of climate change.

The fact is, the U.S. now leads the world in energy production and has drastically lowered consumer energy costs for American families and small businesses, and has the cleanest air quality in over 30 years. Biden’s picks to lead the EPA, Department of Energy, Department of Interior, and Treasury Secretary have repeatedly expressed hostility to American energy development. All Americans should be concerned that the Biden administration will roll back our nation’s progress, resulting in higher energy costs for families and small businesses, while ensuring that we have to rely on geopolitical rivals like Russia for reliable energy sources.

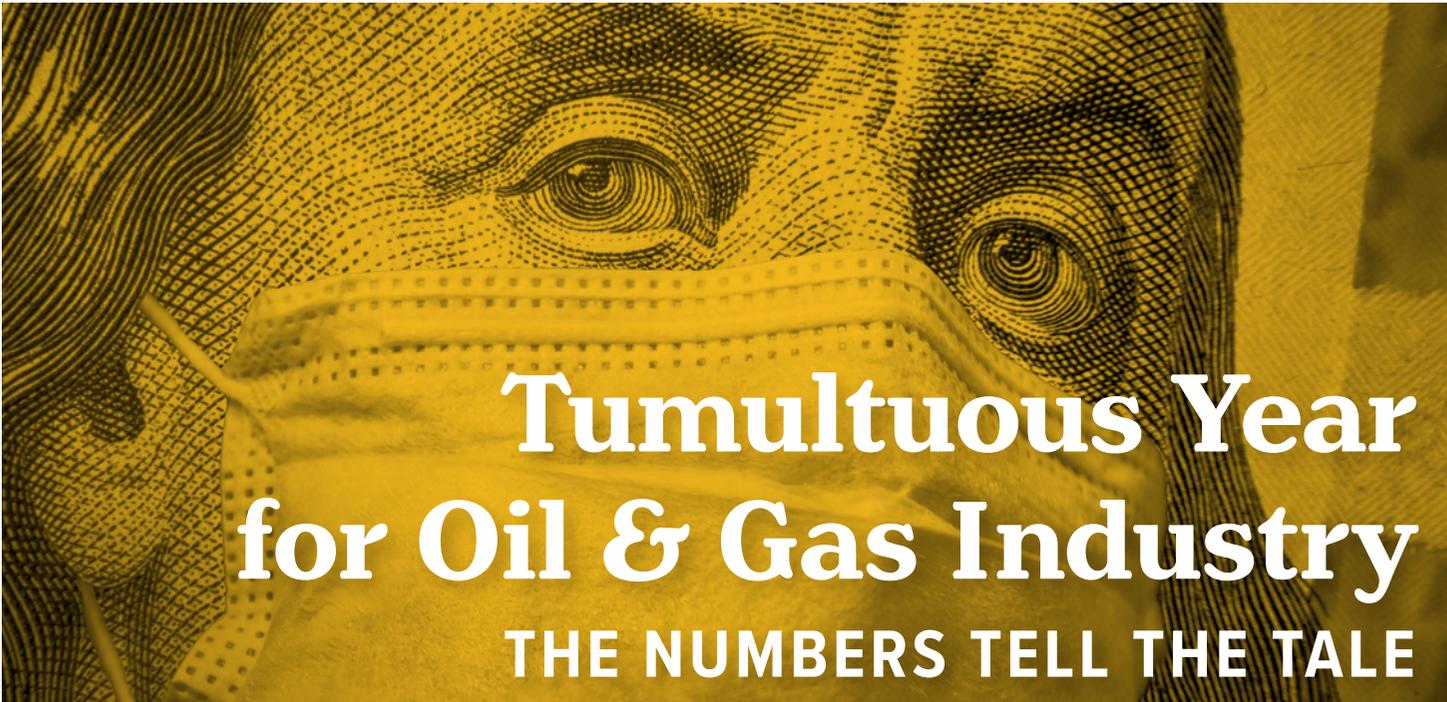
KIOGA has encouraged key members of the U.S. Senate to look long and hard at these nominees and hold them accountable during the confirmation process for their policies that would roll back American energy progress.

**WHAT IS KIOGA DOING?**

KIOGA continues to work with key members of Congress. KIOGA President Edward Cross is an executive board member of the Domestic Energy Producers Alliance (DEPA), board member of the Council for a Secure America (CSA), advisory board member of the U.S. Global Leadership Coalition (USGLC), committee member of the Independent Petroleum Association of America (IPAA), and Kansas Associate Representative to the Interstate Oil & Gas Compact Commission (IOGCC). KIOGA works with our allies at DEPA, IPAA, CSA, USGLC, IOGCC and others to engage not only in advocacy, but also legal challenges.

The relationships KIOGA has built over the last 12 years with several key Democrat and Republican federal policymakers (over 350) puts us in a unique position to educate federal policymakers about the importance of prioritizing policies for getting and keeping our nation energy independent. We will diligently work going forward in 2021 to consolidate relationships built over the last 12 years to address both policy and regulatory reform challenges.

Good advocacy requires quality analytical work, and KIOGA continually updates our facts sheets and reference material. We are becoming increasingly more productive as many Congressional members are looking more and more to our group for guidance on issues impacting the small businesses that make up the independent oil and gas industry. We have many challenges ahead of us. But, real progress has been made in telling our story to key policymakers. We will continue and the battle will be grueling, but know your KIOGA team has and will continue to give our all. ✪



# Tumultuous Year for Oil & Gas Industry

## THE NUMBERS TELL THE TALE

CALENDAR YEAR 2020 WAS A VERY CHALLENGING YEAR FOR EVERYONE. OUR STATE, NATION, BUSINESS OWNERS, AND EMPLOYEES HAD THEIR WORLD TURNED UPSIDE-DOWN BECAUSE OF A VIRUS.

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**T**he oil and gas industry was not only negatively impacted by the COVID-19 pandemic, but was also hit by a concurrent global crude oil supply shock. Demand destruction created by COVID-19 AND the concurrent supply shock had a profound impact on the Kansas oil and gas industry.

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

Crude oil prices averaged \$29.79 per barrel in 2020. The December 2020 Energy Information Administration (EIA) Short-Term Energy Outlook (STEO) forecasts Kansas Common crude oil to average about \$37 in 2021. However, the market is fraught with uncertainty, and 2021 could experience volatile price fluctuations.

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

"These informational pieces highlight how oil and natural gas uniquely impacts many aspects

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

### **INDEPENDENT OIL AND GAS INDUSTRY LEADS THE WAY**

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

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

## KANSAS INDUSTRY ACTIVITY

Oil and natural gas activity in Kansas slowed dramatically in 2020. The Kansas oil and gas industry produced over 28 million barrels of oil and over 167 billion cubic feet of natural gas in 2020. Nearly 84% of the value of the Kansas oil and natural gas industry comes from oil production and 16% comes from natural gas production. The industry saw 4-23 drilling rigs running each month during 2020 (a 59% decrease from 2019 and down 91% from 2014). The KCC reports over 530 drilling permits were issued in 2020 (down 56% from 2019 and down 92% from 2014). Kansas oil production fell by 14.5% in 2020, which followed a 4.4% drop in 2019 and 3.1% drop in 2018. Kansas oil production has dropped by 42.6% since 2014. Kansas natural gas production fell by 9.2% in 2020 and has decreased by 41.2% since 2014. While the average oil well in Kansas produces 2 BOPD and the average natural gas well produces 29 Mcf per day, the industry supports more than 100,000 jobs, \$3 billion in family income, and pay \$1.4 billion and state and local taxes.

## KANSAS OIL & GAS INDUSTRY STRATEGIC ANALYSIS

KIOGA has prepared several reports and white papers on the oil and natural gas industry's impact on the economic vitality of Kansas and the level of state taxes imposed on the industry. The report shows that the oil and natural gas industry is a key contributor to the Kansas economy.

After many decades of productive stewardship, oil and natural gas resources continue to play an important part of the livelihoods of Kansans throughout the state. The Kansas oil and natural gas industry is a critical part of the Kansas economy. In 2020, the Kansas oil and natural gas industry generated nearly \$1.2 billion in output, put tens of thousands of people all across Kansas to work each day, and pumped hundreds of millions of dollars into the state's economy; money that helped support families, fund schools, and build roads. The Kansas oil and natural gas industry is a vital element of the Kansas economy today and will be a critical part of the economy going forward.

The COVID-19 pandemic destroyed about 30% of crude oil demand worldwide. The energy outlook for 2021 remains subject to heightened levels of uncertainty because responses to COVID-19 continue to evolve. Reduced economic activity related to the COVID-19 pandemic caused changes in energy demand/supply patterns in 2020 and will continue to affect these patterns in 2021.

The fallout from COVID-19 and concurrent crude oil supply shock has a profound impact on the Kansas oil and gas industry. Oil and gas exploration and production activity in Kansas and across the nation has slowed dramatically. Operators across Kansas and the nation have responded quickly by laying down rigs, shutting in production, and cutting capex by as much as 60%.

Kansas producers are focusing on the most resilient short-cycle projects and concentrating on their core competencies and smaller producer advantages. Kansas producers are working to optimize supply chain relationships, improve operational efficiencies, reduce and refocus capex, and examining acquisition and divestiture opportunities. Operators are high-grading and drilling only the best projects. In many cases, improved productivity is less about improved technology and more about better application of existing technology.



## THE INDEPENDENT OIL AND NATURAL GAS PRODUCERS CONTINUE TO LEAD THE WAY IN THE KANSAS OIL AND NATURAL GAS INDUSTRY. INDEPENDENT PRODUCERS ACCOUNT FOR OVER 92% OF THE OIL AND 63% OF THE NATURAL GAS PRODUCED IN KANSAS.

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

- Kansas lost over \$180 million in oil and gas output in 2020.
- Lost Kansas oil and gas production reduced Kansas gross state product (GSP) by \$360 million in 2020.
- Royalty payments dropped by over \$400 million across Kansas in 2017-2019.
- Family income dropped by \$341 million across Kansas in 2017-2019.

- Severance tax collections on oil and natural gas production decreased by about 43% in 2020 and are down nearly 84% from 2014 levels.
- Ad Valorem taxes collections on oil and natural gas decreased 41% in 2020 and is down 77% from 2014 levels.
- Over 15% of the value of oil and natural gas produced is paid in taxes. And that doesn't include sales taxes, income taxes, or the taxes imposed on final products. This makes the oil and gas industry one of the most heavily taxed industries in Kansas.
- The Kansas oil and gas industry pays taxes not just once, but multiple times before the oil and natural gas reaches its final destination. Taxes are imposed on oil and natural gas while still in the ground, then again when they are produced, when transported, when refined, and again when sold as final products. Plus the Kansas oil and gas industry is subject to all other general business, and income taxes that other businesses pay. These taxes reduce the rates of return on new exploration and production investments by an average of 26.5%.

KIOGA also updates our continually evolving State of the Oil & Gas Industry white paper that summarizes America's energy picture today, challenges and opportunities faced by the small businesses that make up the Kansas oil and gas industry, and what industry is doing to address those challenges. You can find the white paper titled *State of the Oil & Gas Industry—Dynamic Challenges Facing Kansas Oil & Gas Industry* on KIOGA's website at [www.kioga.org](http://www.kioga.org).

During the give and take of public discourse, few truly stop to think how absolutely essential oil and natural gas are to our lives, to our prosperity and security, and to our future. Oil and natural gas are the foundation of our energy-dependent economy. They profoundly affect how we live and work. They are key to our mobility, to keeping our homes and businesses warm, to providing us with electric power, and to supplying the raw materials for countless consumer and industrial products.

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



KIOGA —

# Working for You

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

As a member of KIOGA, you join nearly 3,500 independent producers, allied service and supply companies, and industry professionals who benefit from KIOGA's services and programs in government relations, business development, information services, and much more. Our industry faces many challenges. Thanks to KIOGA members, voters and policymakers are learning that the oil and gas industry is working for them, the economy, and the environment.

## GOVERNMENT RELATIONS

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

- **Tax Reforms**—advocating provisions to improve capital retention including maintaining critical federal oil and gas tax provisions (percentage depletion and IDCs); advocating the reinstatement of the suspension of the net income limitation on percentage depletion for marginal properties; improved the market

for crude oil (advocating for the lifting of the ban on the export of U.S. crude oil); providing comments to U.S. Senate Finance Committee and U.S. House Ways & Means Committee on importance of retaining critical oil and gas tax provisions; creating a special priority interest for oil and gas producers in oil and gas sold to an oil and gas purchaser and proceeds of the sale; addressing legislation regarding evidence used to determine value of production for property taxes; opposing severance tax increases; continually advocating industry positions in ad valorem tax valuations; and more.

- **Environmental Reforms**—opposing Sierra Club legislative proposals to impose onerous state hydraulic fracturing regulations; opposing onerous surface rights legislative proposals; opposing onerous Sierra Club legislative proposals to impose a moratorium on certain disposal wells and to create an earthquake risk pool to be funded by industry; working cooperative partnerships to stem federal regulation of gathering line safety regulations; providing comments to the USEPA, USFWS, BLM, and other federal agencies on regulatory proposals addressing emissions (methane), hydraulic fracturing, endangered species (lesser prairie chicken), waters of the U.S.; advocating legislation to require congressional approval of major new federal regulations; and more.
- **Resource Access**—advocating legislation to aid in the maintenance of clean record title pertaining to mineral and royalty interests; securing agreements with the Securities Commission to preserve the oil and gas securities exemption; advocating legislation allowing the unitization of more than one oil

and gas reservoir constituting a single pressure system and allowing unitization under certain circumstances without order of the KCC; opposing legislation calling for format standards for documents to be recorded by the register of deeds.

- **Legislative Contact Volunteer Program**—provides financial support for elected officials who listen, understand, and support the needs and concerns of the independent oil and gas producers. The program supports pro oil and natural gas candidates, primarily in tight races where funding can make a difference.
- **Multi-Dimensional Public Information Campaign**—When our industry is attacked in the media, KIOGA stands ready to respond. KIOGA has developed fact sheets, talking points, issue briefs, press kits, and industry information on current and relevant energy and industry topics. Major Kansas media outlets, policymakers, and many public groups depend on KIOGA's expertise and explanations and turn to KIOGA as the leading oil and gas industry news source in Kansas.

#### **BUSINESS DEVELOPMENT**

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

- **KIOGA Annual Convention**—Annual conventions held in Wichita that unite independent producers and oil and gas industry representatives to share ideas, network with peers, participate in thought-provoking sessions, and hear updates regarding KIOGA's government relations activities in Topeka and Washington.
- **KIOGA Midyear Meeting**—A midyear meeting rotated throughout western Kansas that offers excellent networking and educational opportunities for independent oil and gas producers and allied service and supply companies.
- **Insurance Program**—a value-added member service exclusively available through a paid KIOGA membership that provides comprehensive insurance products capable of covering all your exposure with expanded limits of specific coverage on general and pollution liability, underground resources, downhole, as well as the basic coverages on equipment, buildings, autos, and workers' compensation.

## “ AS A MEMBER OF KIOGA, YOU JOIN NEARLY 3,500 INDEPENDENT PRODUCERS, ALLIED SERVICE AND SUPPLY COMPANIES, AND INDUSTRY PROFESSIONALS WHO BENEFIT FROM KIOGA'S SERVICES AND PROGRAMS IN GOVERNMENT RELATIONS, BUSINESS DEVELOPMENT, INFORMATION SERVICES, AND MUCH MORE.

- **Webinars**—KIOGA hosts regular webinars that provide KIOGA members informative content that guide future business and policy decisions. This value-added member service provides educational opportunities for KIOGA members on important issues, regulations, and topics of interest.

#### **INFORMATION SERVICES**

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

- **KIOGA Newsletter**—published six times per year delivering practical information about national and state policy discussions, regulatory issues, public relation efforts, business strategies, and important emerging trends affecting your business.
- **American Oil & Gas Reporter**—a fast-paced monthly magazine that covers the industry from A to Z.
- **KIOGA President Report**—communication on ongoing KIOGA activities.
- **KIOGA Website**—includes important up-to-date information on legislative, regulatory, and policy issues. Fact sheets, talking points, media clips, and more are also available to KIOGA members, the general public, and media.
- **Federal and State Legislative Updates**—keeps members current with federal and state legislative issues.
- **KIOGA Express/KIOGA Updates**—email communication tools designed to keep membership abreast of ongoing and breaking oil and gas news.
- **State of the Oil & Gas Industry White Papers**—white papers continually updated 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.

- **Kansas Oil & Gas Industry Strategic Analysis**—an annual comprehensive report that provides the latest information on the economic impact of the Kansas oil and gas industry including statistics on Kansas oil and gas industry activity, taxes, production, issues, challenges, and opportunities.
- **KIOGA Listening Tours**—KIOGA regularly conducts listening tours across Kansas to listen to the thoughts, ideas, and concerns of the Kansas oil and natural gas industry. The informal roundtable events provide an opportunity for KIOGA members to share concerns and thoughts about important state and federal issues that affect them and their businesses and what they believe is important for growth and protection of the oil and gas industry and the Association.

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

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



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## KIOGA ENGAGED:

# ADDRESSING ENERGY POLICY CHALLENGES

“ AMERICANS WHO HAVE OBSERVED STAY-AT-HOME ORDERS OR QUARANTINED THEMSELVES AT HOME THIS YEAR NEED TO LOOK AROUND AND THINK ABOUT WHAT THEIR LIVES WOULD BE LIKE IF THEY NO LONGER HAD AMPLE AND AFFORDABLE POWER, OR NATURAL GAS TO USE TO COOK THEIR MEALS.

**K** IOGA continues to spearhead many oil and gas industry efforts to address many challenges including energy policy, carbon tax, emissions, and more.

**Energy Policy**—In the 1970s, many experts forecasted a permanent energy shortage in the U.S. Fast-forward to today and we see the U.S. is the top producer of oil and natural gas in the world. Technological developments and efficiency gains have resulted in U.S. oil production doubling since 2011. The energy shortage predicted in the 1970s has not come true. In reality, we did not have an energy shortage in the 1970s, but had a shortage of imagination and loss of confidence in our ability to innovate.

Soaring output from oil producing regions across the U.S. has been the main driver of the transition. But with the emergence of the COVID-19 pandemic and corresponding demand destruction, we are now seeing declines in production. In addition, some uninformed policymakers and environmental activists have called for a ban on hydraulic fracturing (HF).

Without HF, studies by IHS Global Insight indicate 50% of America's oil wells and 33% of America's natural gas wells would be closed.

Domestic oil production would be slashed by 183,000 barrels per day and domestic natural gas production would be slashed by 245 billion cubic feet per day. By 2025, our nation's real GDP would be lowered by \$7.1 trillion, \$1.9 trillion in state and local tax revenue would be lost, \$3.7 trillion in household income would be lost and more than 19 million jobs would be lost, including 10,000–14,000 Kansas jobs.

A ban on HF would also damage America's standing in the world. We would surrender our status as a global energy superpower and weaken our national security as we become more reliant on foreign sources of energy.

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

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

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

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

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

**Green New Deal**—President Biden released his energy and environment plan which reflected much of the Green New Deal (GND) introduced in 2019 by U.S. Representative Alexandria Ocasio-Cortez (D-NY) and includes an enormously damaging and historically large tax increase. The plan calls for setting a 100% clean-electricity standard by 2035 and investing \$2 trillion over four years on clean energy. Members of both parties have called the idea unrealistic. The GND is the far-left's wish list dressed up to look like serious policy. The philosophies and ideas behind this textbook socialism are not just foolish, they're dangerous. Biden's plan is out-of-touch with working people and the economy.

This is not the first time Biden has advanced an anti-energy agenda under the guise of climate change. Biden is promising to repeat the Obama-

Biden legacy of failed green jobs, but this time he intends to spend more taxpayer money on what will likely be another failed enterprise. Biden plans to spend \$2 trillion that could be better used to assist the economy in its recovery from the coronavirus pandemic.

Facts debunk GND ideas. Many scientists, policymakers from both parties, and common sense have discredited the ideas proposed in the GND. Climate science conventional wisdom is flawed, relies on alarmist scenarios, and exaggerates economic impacts. The GND will fail for many reasons. One is that the people pushing it seem oblivious to the needs of low-income families, who would be directly hurt by the plan.

The whole idea behind the GND is to take fossil fuels away from the people. And the bureaucrats are nowhere near having a replacement for fossil fuels, nor will they ever be until they embrace nuclear energy. Sooner or later, the people will figure this out.

Regardless of the urgency, or lack thereof, of the climate issue, the GND is not something America can remotely afford to implement.

Inexpensive energy is necessary for economic advancement by the world's poor and for recovery from the staggering economic effects of COVID-19. Ideological opposition to fossil fuels is an anti-human stance that views ordinary people not as problem-solving sources of ingenuity but as only mouths to feed, producing environmental damage.

Americans who have observed stay-at-home orders or quarantined themselves at home this year need to look around and think about what their lives would be like if they no longer had ample and affordable power, or natural gas to use to cook their meals. Because, make no mistake about it, that is what Biden is really proposing.

The choices policymakers make in 2021 and beyond will determine whether we build on America's energy progress or shift to foreign energy sources with lower environmental standards. You can't address the risks of climate change without America's oil and natural gas industry, which continues to lead the world in emissions reductions while delivering affordable, reliable, and cleaner energy to all Americans.

**Carbon Tax**—Taxing carbon to tackle climate change is one of those big ideas that have long held a kind of bipartisan sway. President Biden's climate action plan would cost \$16 trillion—or

about \$55,000 for every American. However, a nationwide survey conducted in late 2020 indicated Americans don't place high priority on climate change. Moreover, when asked how much they are willing to pay to address climate change, the median response was consistently between \$25 and \$50 a year. Public support for climate action appears to be broad, but it is shallow. Addressing climate change enjoys widespread approval, until climate action comes with a tangible price tag.

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

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





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

Recently, several major integrated companies who were once powerful skeptics of global warming, are now supporting a carbon tax. Clearly, this is just a ploy to stifle competition. Major integrated companies can pass along tax increases to consumers while small companies

that are not integrated from production through end-product do not have the ability to pass along tax increases.

The power to tax involves the power to destroy, and never more so than in the case of a carbon tax. That's because unlike other taxes, a carbon tax is designed to tax away the base on which it is levied.

**U.S. Doesn't Need a Carbon Tax**—Even if the U.S. imposed some kind of carbon tax, it would not make a difference to global climate. In 2018, U.S. carbon emissions were around 5,100 billion metric tons from all sources, an almost 20% drop below emissions in 2007. While U.S. greenhouse gas emissions have been falling in recent years, world carbon emissions keep increasing by an average of more than 300 gigatons each year for the last decade, driven primarily by China's and India's increasing demand for energy. Together, these two countries now account for one-third of world carbon emissions. China and India are not going to impose a carbon tax on themselves. Doing so would increase their energy costs and reduce their economic growth. Neither will Russia, nor countries in the Middle East, nor developing nations whose primary concern is improving the economic well-being of their citizens.

**Emissions**—According to EPA Greenhouse Gas (GHG) reporting data, oil and gas methane emissions account for only 1.22% of total U.S. GHG emissions. The EPA found that U.S. GHG emissions fell 2.7% from 2017 to 2018. This downward trend occurred even as U.S. oil and natural gas production grew dramatically.

The fact is, our nation's 21<sup>st</sup> century oil and gas renaissance has made domestically produced oil and gas economical and abundant. This market-driven success has helped our nation to achieve significant emission reductions. The U.S. emitted 12% fewer energy-related carbon emissions in 2018 than 2005. The oil and gas industry played a significant role in reducing U.S. greenhouse gas emissions by over 20% over the last decade.

The latest Energy Information Administration (EIA) data (2019) 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.

In the latest report from the Energy Information Administration (EIA), U.S. carbon emissions are the lowest they have been in nearly seven decades. Even more interesting is the fact that U.S. carbon emissions dropped while emissions from energy consumption for the rest of world increased by 1.6%. The U.S. emitted 15.6 metric tons of CO<sub>2</sub> per person in 1950. After rising for decades, it has declined in recent years to 15.8 metric tons per person in 2017, the lowest measured levels in 67 years. European emissions rose 2.5% and Chinese emissions rose 1.6% along with Hong Kong's 7% surge. **America leads the world in environmental quality.**

The men and women of the oil and gas industry reject the stale mindset of last century's thinking peddled by some that oil and gas production and environmental stewardship are not compatible. ✎

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# OIL & GAS INDUSTRY PROVIDE OUTLOOK FOR 2021 IN SURVEY

**75% think 2021 will be better or about the same for the industry, but anticipate a fight against federal overreach**

**A**s the Biden administration takes office, energy professionals from across the nation are concerned about federal overregulation and other issues but are generally positive about the industry's future. This was the overall sentiment from a Texas Alliance of Energy Producers survey of more than 160 oil and gas professionals conducted in late November 2020.

Representing a broad cross-section of the industry, the respondents weighed in on their outlook, concerns, challenges, and priorities. They also provided pointed suggestions for federal and state officials heading into 2021.

The oil and gas industry is resilient, and the optimism reflected in this survey shows that. Concerns about economic conditions and burdensome federal overreach are very real, but these results and comments demonstrate a determination to fight and persevere.

**2021 Outlook:** Three-quarters of those surveyed believe the industry will be better or about the same one year from now. The price of oil is the number one concern, followed by demand for oil and gas, federal overregulation, and environmental activism.

**Top 2021 Priorities:** Increasing production, maintaining business, and growing the business are the top three priorities for 2021.

**Respondents Recommendations:** How to tackle all these challenges, concerns, and priorities in 2021 are the looming questions. The respondents provided their advice.

Citing a lack of understanding about the industry's beneficial impacts, the respondents highlighted the need for increased public education, public relations, and marketing.

The respondents gave recommendations on State regulation. The professionals surveyed suggest that states maintain a "sensible" and "smart" regulatory framework. Predictably, the majority prefers less regulation, but nearly as many believe the current amount of regulation is sufficient.

On the issue federal regulatory overreach, some variation of "stay out of our way" was the most common response, emphasizing the desire for reduced regulation and fear of overregulation. Others suggested more oil and gas exports, reducing or eliminating foreign imports, no ban on fracking, and increased emphasis on/support for natural gas. ⚡

## KIOGA CALENDAR

Event Name	Date	Location
AESC 2021 Annual Meeting	February 16–19, 2021	Montgomery, TX
Great Bend Oil & Gas Hall of Fame	April 10, 2021	Great Bend, KS
KIOGA 2021 Midyear Meeting	April 14–16, 2021	Garden City, KS
IOGCC Annual Business Meeting	May 15–18, 2021	Oklahoma City, OK
KIOGA 2021 Annual Convention	August 15–17, 2021	Wichita, KS
NAPE Summit (in-person)	August 18–20, 2021	Houston, TX
NAPE Summit (Virtual)	August 9–September 3, 2021	

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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.

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