



Kansas Independent Oil & Gas Association

THE VOICE OF THE KANSAS
INDEPENDENT PETROLEUM INDUSTRY

SEPTEMBER/OCTOBER 2021

Pompeo Headlines KIOGA 2021 Annual Convention in a Return to Kansas

New Logo—Same Mission

10

KIOGA 2021 Annual Convention
Leading Oil & Gas Event in Kansas!

14

Congress Returns to Washington

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MANAGERS

Caleb Tindal
 Kayla Grams

LAYOUT & DESIGN

Collin Clyne

COPY EDITORS

Molly Muth &
 Victoria Luing



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ANDREA KRAUSS
KIOGA CHAIR

LOOKING AHEAD TO KIOGA'S FUTURE

As I begin my term as KIOGA Board Chair, I see an organization with a bright future, but much yet to accomplish. During the last two years under Past Chair David Bleakley's leadership, KIOGA has been transformed and modernized into an organization which is well positioned to serve its members for many years into the future. I offer my sincere admiration and thanks to David Bleakley for having the determination to lead our organization through the very difficult process of change and for ensuring that KIOGA is well-positioned to work on behalf of the oil and gas industry for many years to come.

I think perhaps an oilfield analogy is an appropriate way to describe the recent changes to KIOGA. Our organization was blessed with many years of flush production. Unfortunately, those days are over. Good operators don't just drill a well, put it on the pump, and then ignore it while it slowly declines until it has to be plugged. They go back in and do a rework to increase production. The past two years have been like a rework for KIOGA. We made repairs to the management of KIOGA's finances and operations, in order to make it more efficient and effective. But, while we were at it, we opened up new zones of opportunity—through a new website, a new

public image, and improved communication to our membership. I believe the efforts made over the last two years will pay out quickly, by adding more value for our members and producing better results for the dues our members pay.

However, the work is not done. The oil and natural gas industry is facing greater challenges than ever before. Threats seem to be coming from every direction. It is impossible to open up the newspaper or turn on the news and not read or hear the daily attacks against our industry. It can certainly be disheartening that there seems to be no recognition of the fact that the oil and gas industry is a key contributor to the high standard of living Americans now enjoy.

I believe that there is strength in numbers. We need to increase our critical mass as an organization in order to have any chance of fighting those who wish to put us all out of business. A focus of mine for the next two years will be that of increasing KIOGA's membership. But, we need your help too. Please ask your business associates whether they belong to KIOGA. If they don't, please ask them to consider joining.

We also need our members to be engaged in the work of KIOGA. Please consider volunteering to serve on a KIOGA committee. Contact either Ed

Cross or me for more information about the work our committees do. The more involvement we have from our members, the greater the impact we will have in our advocacy efforts.

And speaking of committee service, I would like to thank Will Boone and the members of the Annual Convention Committee and Sub-Committees for the fantastic job they did in planning our Annual Convention. Those in attendance were able to hear from informative speakers, network with others in the industry, and enjoy socializing with old friends. I would like to extend a special thanks to Ed Cross and Holly McGinnis for all of the behind-the-scenes work they did to make the event come together. With attendance of over 600, there is no doubt that the Annual Convention was a huge success all the way around.

I look forward to spending the next two years working to make KIOGA an even stronger organization and will be looking for new ways in which KIOGA can add value to its members. Please let me know what KIOGA can do to help you. Feel free to call me any time. ✍

All the best,

A handwritten signature in black ink, appearing to read 'Andrea Krauss', written in a cursive style.

KIOGA Chair



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THIS IS WHAT HAPPENS WHEN POLITICAL ORTHODOXY DRIVES ENERGY POLICY

We are witnessing dramatic changes in our energy landscape and economy. Such developments have a profound impact on the independent oil and natural gas industry and underscore our need to stay ever-vigilant in defense of our industry.

Due to political agendas targeting oil and natural gas production, federal and state debate over taxes, regulatory issues, and energy policy often puts the oil and gas industry in the cross-hairs. Also, groups of activists across the nation continue to work to obstruct responsible energy development under a false belief that oil and gas production and use are incompatible with environmental progress. Mischaracterizing oil and gas activity has been, and continues to be, a common practice and strategy for these groups.

President Biden and his supporters continue to look for every opportunity to attack, weaken, and destroy domestic oil and natural gas production, including carbon and/or methane tax proposals, unilaterally increasing federal regulation of oil and natural gas production, and proposing to eliminate critical oil and gas cost recovery tax provisions.

Unreasonable regulations and executive orders are becoming a hallmark of the Biden presidency. The Biden administration's actions are making it harder for our economy to recover and damaging our nation's future energy security.

That's not only bad politics; it's bad policy and an unnecessary drag on the economy. This is an example of what happens when political orthodoxy drives energy policy and highlights the need to get our nation's energy policy right. When we hear calls for higher taxes or greater regulatory burdens on U.S. businesses without any basis in science, we see a political agenda at work—all at the expense of American consumers.

Increasing taxes and regulations results in fewer jobs because businesses spend their resources on tax burdens and regulatory compliance instead of job creation. When tax expenditures and regulatory costs increase more than the real economy, the results are destructive to economic growth. The wrong governmental policy framework generates wrong policy, and this is what we have been seeing in Washington. We need a change in basic policy.

The oil and gas industry has done such a good job of creating abundant, affordable, always-available energy that the world takes it for granted. Because energy is so reliable and available, the public believes they no longer require it.

We all encounter this paradox anytime we engage in a conversation about energy and the environment. In many instances, the public assumes we don't need fossil fuels anymore. A stark example is anyone who wants to end oil and gas production while still benefiting from oil- and gas-based materials and fuels.

The oil and natural gas industry can be part of the solution to our nation's energy policy challenges. Entrepreneurs in the private sector and smart, state-led policies have created and will continue to drive American energy leadership. And no state is a better example of what good energy policy can mean than Kansas.

For decades, Kansas has been at the forefront of all aspects of the American energy sector and continues to be a leader. The men and women of Kansas have long demonstrated that developing energy resources that promote economic growth need not come at the expense

of the state's stunning beauty, delicate ecosystems, and other natural resources.

I think lawmakers and regulators in Washington could learn much from how Kansas' oil and natural gas industry, state regulators, and Kansans from every part of the state work together to create energy policies that encourage safe and responsible energy development, protect the environment, and provide economic growth.

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.

The U.S. has a unique opportunity to show the world how energy abundance can be used as a positive force to lift people up, which is different than a philosophy of embracing a zero-emissions world.

We should work to ensure more people have access to safe, affordable, and reliable energy. Because to rise out of poverty and enjoy health and safety, people need more energy, not less.

American energy policy is not a Republican issue or a Democrat issue. It is an American prosperity and leadership issue. The American people want, expect, and deserve elected leaders who will place

what's best for our state and nation's economy and energy future above partisan ideology and political posturing.

I strongly believe the American people need and want moral, intellectual, and strategic clarity and courage from our policymakers at both the state and federal levels.

Policymakers at all levels should pursue energy policies that drive economic growth, lower costs for consumers, protect the environment, increase American competitiveness, and use our considerable resources as a way to lift people up. ✕

Edward P. Cross

KIOGA President

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ANDREA KRAUSS BECOMES 2021–2023 KIOGA BOARD CHAIR

New Officers and Directors Elected



Andrea Krauss, KIOGA Chair

Andrea Krauss, Secretary/Treasurer of John O. Farmer, Inc. in Russell, Kansas became the 2021–2023 KIOGA Board Chair at the KIOGA Board Meeting held during the 84th KIOGA Annual Convention on August 15 in Wichita.

Since 2003, Krauss 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 KIOGA for 18 years and has been on the Board of Directors since 2013, serving as Chair 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 Chair. Krauss was the 2015 recipient of the KIOGA President's Leadership Award. Krauss was honored in March 2021 by being selected by *Ingram's Magazine* for the 2021 class of 50 Kansans You Should Know. *Ingram's*, a Kansas City business magazine, selected 50 Kansans they identified as high achievers, critical thinkers and visionaries who understand and embrace the values they consider typically Kansan and have made their mark on the state.

Krauss also currently serves as Chair 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.

Krauss has previously been elected to and served on the USD 407 School Board and the Russell County Hospital

Outgoing KIOGA Chair David Bleakley congratulated by incoming KIOGA Chair Andrea Krauss



Board. Krauss has also served as Chair of the Russell Area Chamber of Commerce and is a Past District Governor of Rotary District 5670/5680.

Krauss 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.

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. She becomes the first female KIOGA Board Chair.

Krauss brings a unique set of skills and leadership at a time when the challenges facing the oil and gas industry are equally unique. She replaces outgoing Chair David Bleakley of Mission Hills, Kansas who completed his two-year term at KIOGA's Annual Convention in Wichita on August 17.

Twelve Directors were elected for a term ending in August 2023 including:

- Will Boone, Wildcat Resources, Inc., Wichita, KS
- Todd Flott, Scout Energy Partners, Dallas, TX
- Jeff Kennedy, Martin Pringle, Wichita, KS
- Dylan Klaus, Vess Oil Corporation, Wichita, KS
- Shawn Maclaskey, Maclaskey Oilfield Services, Inc., El Dorado, KS
- Austin Mai, Mai Oil Operations, Inc., Dallas, TX
- Kyle Nemnich, K&N Petroleum, Inc., Great Bend, KS
- Nate Jiwanlal, Trans Pacific Oil Corporation, Wichita, KS
- Chris Toy, Knighton Oil Company, Inc., Wichita, KS
- Randy Trimble, Trimble & Maclaskey Oil LLC, Gridley, KS
- Tyler Turner, Jeter Law Firm, Hays, KS
- Matt Watson, Merit Energy Company LLC, Dallas, TX

Also, twelve Directors were elected for a term ending August 2025 including:

- Adam Beren, Berexco, LLC, Wichita, KS
- Will Darrah, Darrah Oil Company, LLC, Wichita, KS

- Mark Evenson, Evenson Auctioneers, Inc., Wichita, KS
- David Exstrum, Lario Oil & Gas Company, Wichita, KS
- Barry Hill, Vess Oil Corporation, Dallas, TX
- Margery Nagel, F.G. Holl Company, LLC, Wichita, KS
- Ed Nemnich, K&N Petroleum, Inc., Great Bend, KS
- David Powell, Colt Energy, Inc., Mission, KS
- Jay Prudhomme, Merit Energy Company, LLC, Dallas, TX
- Michael Reilly, Grand mesa Operating Company, Wichita, KS
- Ryan Schweizer, McCoy Petroleum Corporation, Wichita, KS
- Dana Wreath, Berexco, LLC, Wichita, KS

The Directors unanimously elected the following officers:

- South Central Vice Chair— Timothy Hellman, Lotus Operating Company, LLC, Wichita, KS
- Treasurer—Jeff Bloomer, Sunrise Oilfield Supply, LLC, Wichita, KS
- Secretary—Daniel Schippers, DaMar Resources, Inc., Hays, KS



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NEW LOGO—SAME MISSION

Meet the New KIOGA Logo



We are excited to present the new KIOGA logo, which was unveiled at the KIOGA Board Meeting on August 15.

KIOGA has used the same logo for many years. But, our association has evolved over the years to become a much broader advocate for the Kansas oil and gas industry. We wanted a new logo that honored tradition, but also looked to the future with a modern look.

A good reason to change a logo is that it's not doing the job you want it to do. And because a simpler, more distinctive design could do that job better. Our design goal was to better match how we look to our current values and mission. The important thing about a logo is that whenever people see you in the wild, they should recognize that it's you.

So, KIOGA formed an ad hoc committee to work with the team from Hexcode Designs, LLC of Wichita to create a new visual identity. The KIOGA ad hoc committee consisting of Andrea Krauss, Ken White, Austin Mai, Aaron Young, David Bleakley, and Edward Cross worked with the team from Hexcode Designs through several iterations of a design. We chose the colors of the flag of the State of Kansas. We chose a simpler and more recognizable drilling rig and used a font that is deliberately clean and modern. Finally, we bordered the logo with the outline of the State of Kansas to reflect that we are a state-wide organization.

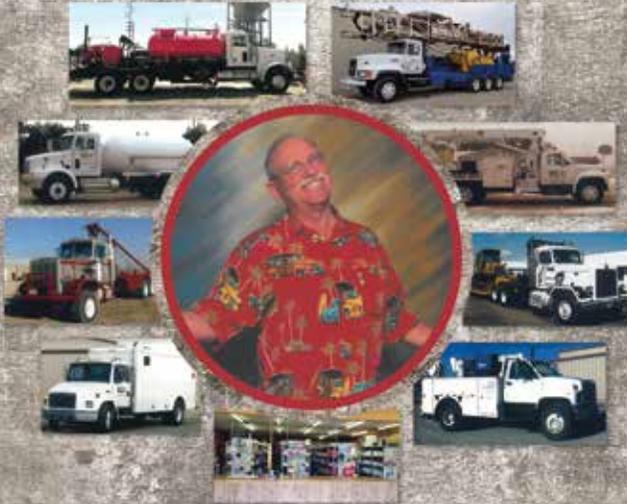
The end result is a new logo that we believe is crisp, approachable, smart, friendly, and connected. This new logo is more refined, scales easily, and works better in more places. We hope you like this new look! ✍

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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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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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Pompeo Headlines KIOGA 2021 Annual Convention in a Return to Kansas

In a return to Kansas, former U.S. Secretary of State Mike Pompeo reflected on his time in the Trump administration, took time to weigh in on the current situation in Afghanistan, and touched on his political future.

Pompeo was the keynote speaker at the KIOGA 2021 Annual Convention in Wichita on August 16. He is the first former KIOGA member to ever become U.S. Secretary of State.

Pompeo's comments before a crowd of about 600 highlighted some of the accomplishments of the Trump administration's foreign policy including:

- Its rapid and decisive reaction to the spring 2020 oil price drop that at one point saw crude prices enter negative territory;
- To pull U.S. troops out of Afghanistan in a safe, orderly manner.

On the first matter, Pompeo recalled that he had received appeals from KIOGA, as well as individual KIOGA members.

“The most grueling 72 hours I had in my time was when crude prices fell to negative \$30,” he described. “I slept for only a couple hours over the course of that weekend.”

Pompeo said some petroleum exporting countries welcomed subzero prices as a means to destroy U.S. oil and gas companies. To protect a vital industry, he says Trump administration officials acted quickly. This included reaching out to members of the Organization of Petroleum Exporting Countries, as well as other exporters such as Mexico and Russia.

“The collapse of what was going to be pricing and energy production in the United States would have massive long-term ramifications,” he explained. “We made clear there were things the United

States was going to demand and that there were tools available for the United States [to use] in the event that they did not behave in a way we knew to be consistent with what mattered for our country and its economy.”

Fortunately, Pompeo recounted, he had spent the previous three years building significant relationships with leaders around the world. Sometimes those relationships proved complicated, he noted, such as when evidence surfaced to indicate Saudi Arabia was behind the disappearance of journalist Jamal Khashoggi. After that, Pompeo was pilloried by many for continuing to engage with Saudi Crown Prince Mohammed bin Salman, but Pompeo said such engagement presumably weighed in Salman's willingness to discuss ways to protect U.S. oil producers from calamity.

“Recall, too, I had built up a deep relationship with the leadership in Mexico; we had worked diligently alongside

them on a new trade agreement, and we found ways to work with them [on oil prices],” he related. “We had put the hard work in to build out these relationships. We made clear to them that America would be good to its word and we expected them to do the same.”

Before long, Pompeo noted, “We had to only deal with the demand side of the problem and not with a massive supply problem.”

When he turned his attention to Afghanistan, Pompeo said that from the beginning of his tenure as secretary of state, President Trump stressed that he wanted to bring the U.S. soldiers stationed there home while making sure the country would not revert to being a base for international terrorism.

Toward that end, Pompeo recounted, he became the leader of a negotiation team on the other side of a table from top Taliban officials. “I flew to Doha, Qatar, and knew I was walking into a room with a man who had killed a close friend of mine,” he described. “And yet, I was on a mission. President Trump had given me a list of the things we must do, and so I was determined.”



According to Pompeo, the Trump administration mandated accountability to commitments in its dealings with the Taliban, and made it clear that breaking promises would have steep consequences. Moreover, he said, the administration not only notified the Taliban when it breached its commitments, but exacted tangible costs.

“From the time we got that deal done, not a single American was killed in the course of 12 months,” Pompeo observed. “The Taliban understood that if

it touched an American, let alone killed an American—indeed as we had phrased it, ‘if you scare an American’—there would be real costs and we would come find them.”

That resolve appeared to depart with the Trump administration, he intimated, expressing grief at the swift collapse of the Afghan government and the ensuing chaos. “The fact [the Biden administration] hauled out the military before our diplomats makes no sense,” Pompeo lamented. “Failing to make it clear to the Taliban that if they chased us out of town, we were going to chase them back to their towns, is horrific foreign policy. It is dangerous, as you can see from what is taking place in Afghanistan today.”

In discussing his political future, Pompeo indicated his focus is on campaigning for candidates ahead of next year’s midterm elections.

“I’m campaigning for candidates across America. I’ve done dozens of events. We are out making sure President Biden’s team doesn’t own both levers in Congress in January 2023.” ✦



KIOGA 2021 ANNUAL CONVENTION LEADING OIL & GAS EVENT IN KANSAS!



Nearly 700 participants from oil and gas exploration and production companies, service/supply companies, financial institutions, and government agencies converged on Wichita for the KIOGA 84th Annual Convention and Expo held August 15–17, 2021 at the **Century II Performing Arts & Convention Center**. The event drew 79 sponsors and five hospitality suites, and 50 exhibitors filled the exhibitor hall for a well-attended event.

The 2021 KIOGA Annual Convention focused on *Honoring Tradition and Building the Future*. Many legislators, government officials, dignitaries, and business leaders from around the state and nation joined in the convention, including the 70th U.S. Secretary of State **Mike Pompeo**, U.S. Congressman **Ron Estes**, U.S. Congressman **Tracey Mann**, U.S. Congressman **Jake LaTurner**, Kansas Attorney General **Derek Schmidt**, KCC Chairman **Andrew French**, KCC Commissioner **Dwight Keen**, and former

Kansas Governor **Jeff Colyer**. In addition, **25 Kansas State Senators, 31 Kansas State Representatives**, and 33 state agency officials and other special guests joined in the convention.

The Chairman's welcome reception kicked off the convention where the group was entertained by the music of the **William Flynn Trio**. The KIOGA Convention Committee, led by **Will Boone**, once again developed an outstanding program offering excellent speakers, a wide variety of exhibitors, and entertainment. Convention Coordinator **Holly McGinnis** did an outstanding job organizing the logistics. A great deal of teamwork made this year's convention an overwhelming success. Convention participants were able to share ideas, network with peers, participate in thought-provoking sessions, and hear updates on KIOGA's association activities.

Keynote Speaker—70th U.S. Secretary of State Mike Pompeo
Convention attendees heard a phenomenal keynote address from the **70th**

U.S. Secretary of State Mike Pompeo during the luncheon plenary session on August 16. A few days prior to arriving at our convention, Pompeo was interviewed by Sean Hannity on Fox News. Pompeo did an excellent job in the interview and put in a nice plug for KIOGA.

Pompeo's keynote address at the KIOGA 2021 Annual Convention focused on energy policy issues, President Joe Biden's weak leadership as the Taliban take over Afghanistan, and his political future.

Pompeo's presence and speech at the KIOGA Annual Convention was covered by several media groups, including TV stations KWCH and KSN as well as the *Topeka Capital-Journal*, *Wichita Eagle*, and *Oklahoma Energy Today* to name a few.

KIOGA made some changes to the convention format in 2021, including holding the opening breakfast plenary session in the exhibitor area. Folks were able to enjoy breakfast and learn about the amazing products and services offered by our exhibitors.

KIOGA Board of Directors and General Membership Meeting
KIOGA Chair **David Bleakley** welcomed the board and general membership. **David Bleakley, Andrea Krauss**, and **Ken White** unveiled the new KIOGA logo. The KIOGA Board of Directors and General Membership Meeting featured a presentation on the direction and priorities of the Kansas Corporation Commission (KCC) from KCC Chairman **Andrew French**. Board members and general membership also heard a presentation from KIOGA executive committee members **Barry Hill, Andrea Krauss**, and **Scott Frazier**

updating the board on the progress of the KIOGA Vision 2020 Plan. **Edward Cross**, KIOGA president, reported to membership on KIOGA's federal and state legislative and regulatory activities, advocacy strategy, and summarized the progress of KIOGA's public information efforts and initiatives. **Warren Martin** gave an update on the Kansas Oil & Gas Resources Fund. **Ken White** gave the Nomination Committee report.

Four individuals were recognized for their leadership during the board meeting, and the board elected directors and officers. See articles in this newsletter for more information.

Trade Show

For the 22nd year, we were excited to host our two-day trade show. The 2021 KIOGA Convention saw **50 exhibitors** participate in the trade show expo. A cocktail mixer kicked-off the trade show. We want to extend a special thanks to our exhibitors who made the 2021 KIOGA Annual Convention trade show a resounding success!

Technical Sessions

Over 200 participants attended each of the breakout technical presentations made during the Conference. One of the morning technical sessions was a public forum with members of the Kansas Congressional delegation including Kansas Congressman **Ron Estes**, **Tracey Mann**, and **Jake LaTurner**. The forum titled "**The Changing Face of Energy Policy**" was moderated by KIOGA President Edward Cross. The panelists spent about one and a half hours discussing energy policy issues, providing insights, and answering questions from the audience.

Another concurrent morning session examined operational measures to reduce electric costs. The session titled "**Stop Giving Co-ops Free Money; The Effects of Over Pumping and a Strategy to Combat it**" was presented by **Spencer Alef** and **Kevin Elledge** of Petro

Power. Attendees learned about optimizing pumping operations to reduce electric costs.

The afternoon technical sessions saw two concurrent sessions with subject matter experts discussing climate science and land/legal implications of unitization for enhanced recovery purposes. **Mike Thompson**, a renowned meteorologist, provided a very intriguing presentation on how the current narrative on climate science has turned into a danger and a disaster for our society and our country in a presentation titled "**The Weaponization of Climate Science.**"

A second concurrent session titled "**Land and Legal Implications of Unitization for Enhanced Recovery Purposes**" saw **Jon Schlatter** of the Law Office of Morris Laing and **Nathan Jiwantal**, legal counsel and land manager of Trans Pacific Oil Corporation, lead a discussion about how to effectively execute unitization for enhanced recovery purposes.

Entertainment

Convention attendees enjoyed the **Hydrocarbon Carnival** during the *Kansas Strong* cocktail party following the afternoon seminars. "**Boone's Backyard Party**" was the theme for the evening entertainment function. Convention attendees enjoyed the food stations

with abundant backyard cuisine. Lots of activities kept convention attendees entertained with cornhole, beer pong, checkers, ladder golf, and giant jenga. Attendees also participated in a live auction of donated items including fire pits donated by KIOGA, cornhole game donated by Holly McGinnis, six Kansas City Chief tickets and parking pass donated by Sunrise Supply, polo package donated by Darrah Oil, a six-bottle wine collection donated by Mike Reilly, and a three-bottle whiskey collection donated by Will Boone.

Golf—Sporting Clays—Bingo

The Annual KIOGA Golf Tournament hosted 148 golfers and was held at Crestview Country Club using both the North and South Courses. The KIOGA Sporting Clays Tournament saw 40 shooters, and Bingo Bash saw 28 participants.

Special thanks goes to our members, sponsors, contributors, supporters, and exhibitors for making the KIOGA 84th Annual Meeting and Convention a resounding success. With this year's convention behind us, we begin planning for more value-added features to make next year's convention even more successful! ⚡



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The Membership that Makes a Difference!



Most of you probably have a membership to Amazon or Sam's to buy things for the house or groceries. Many of you may have a membership to an airline club for travel or one of the online programs that are out there. You might even have a membership to a gym or workout facility to help you stay in shape. If you like to play golf or tennis, you may have a membership to a club of some kind.

But do you have a membership in an organization that is looking out for your business, your taxes, and your livelihood?

That is what we do at the Kansas Independent Oil & Gas Association (KIOGA):

KIOGA represents the interests of the oil and gas industry at the local, state, and federal levels of government. KIOGA is committed to ensuring that tomorrow's economic climate will be one in which our members can grow and prosper. Our active presence before the Kansas Legislature, U.S. Congress, and state and federal regulatory agencies mean that the concerns of independents like you are foremost in the minds of legislators and government officials. Our cooperative partnerships and networking with other state associations, the Domestic Energy Producers Alliance (DEPA), the Independent Petroleum Association of America (IPAA), U.S. Global Leadership Coalition (USGLC), National Stripper Well Association (NSWA), Interstate Oil

& Gas Compact Commission (IOGCC), Council for a Secure America (CSA), and Energy Education Partnership, Inc. (EEPI) mean the concerns of Kansas Independent oil and gas producers are heard in Topeka as well as Washington.

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

Membership in KIOGA gives you:

A United Voice in Topeka and Washington

- Few independent businesses have the budget, time, and expertise to individually tackle issues at the federal, state, and local levels of government as well as regulatory issues.

The Power of Unity

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

Access to Legislative and Business Information

- Whether you need to know how to comply with the latest laws and regulations or need legislative updates on pending issues, KIOGA provides you with timely information that can affect your company's profit and growth opportunities.

- KIOGA Newsletter published six times a year that covers government relations issues and other industry topics important to you.
- KIOGA website at www.kioga.org for industry information and online communication capabilities.
- KIOGA Express is an email information service that keeps members abreast of ongoing and breaking oil and natural gas industry news.
- *The American Oil & Gas Reporter*, a fast-paced monthly magazine that covers the industry from A to Z.
- KIOGA President Reports and KIOGA Federal & State Legislative Reports keep members current with federal and state legislative, regulatory, and policy issues.

A Way to Build Public Understanding

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

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



MEMBERSHIP APPLICATION

THANK YOU FOR YOUR COMMITMENT TO KIOGA.

Please indicate your desired membership level and return this form, along with payment to:

800 SW Jackson Street, Suite #1400, Topeka, Kansas 66612-1216.

You may also join online at www.kioga.org.

Company: _____

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How do you prefer to receive communication from KIOGA? Email Mail

Enroll me as a Producer Member and bill me accordingly.
(If you are an operator in Kansas, we ask you to consider joining as a producer member. Contact KIOGA for more details.)

Enroll me as a Regular Member at \$300.00 Voluntary Public Relations Fund at \$25

For my annual KIOGA dues investment of \$ _____ ,

Please charge my: Mastercard VISA Discover Amex

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Find my check enclosed



CONGRESS RETURNS TO WASHINGTON

KIOGA Engages in Several Critical Energy Issues

Congress returned to Washington on September 13 to begin session. KIOGA continues to be engaged in addressing energy policy challenges.

KIOGA has provided key federal policymakers input on critical oil and gas tax provisions, crude oil market dynamics, addressing flaws in the “green new deal,” facts about oil and gas industry emissions, and more. In addition to the Kansas Congressional Delegation, KIOGA has communicated with 17 federal policymakers (both Democrat and Republican) this year.

“We stand at a crossroads for the nation’s energy future, and 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,” said KIOGA President Edward Cross. “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.”

White House Begs OPEC+ to Increase Oil Production while Stifling Opportunities to Expand American Oil Production

Before the pandemic, the U.S. had become the world’s largest oil producer. Thanks to private innovation, the end of the U.S. oil export ban, and President Donald Trump’s deregulation, America was importing far less foreign oil and had reduced the strategic leverage of foreign producers such as Russia’s Vladimir Putin. But since taking office, the Biden administration has canceled North American oil pipeline projects; canceled oil leasing in Alaska; suspended oil leases on federal land (even after a court ruled the moratorium illegal); and invoked the Endangered Species Act as part of a strategy to reduce drilling. Why does President Biden think oil produced by foreign dictators in Russia, Iran, and Saudi Arabia is more desirable than oil drilled by American entrepreneurs?

As Americans continue to face a fragile economy, it is important to pull back the curtain on the ideologically driven processes the Biden administration is using to justify an avalanche of costly rules. KIOGA is vigilant in staying on top of these issues and reporting to membership. KIOGA works with our allies at DEPA, IPAA, Liaison Committee of Cooperating Oil & Gas Associations, NSWA, USGLC, and others to engage not only in advoca-

cy, but also in legal challenges. Please check our website at www.kioga.org for all the latest information on KIOGA’s efforts on behalf of the Kansas independent oil and gas industry.

KIOGA Federal Advocacy Strategy

KIOGA is fully engaged in federal advocacy in Washington, D.C. We are taking our case directly to congressional policymakers. We have met with (live and virtual) over 150 federal policymakers over the last two years as well as key agency decision-makers and have developed credible relationships with a number of key Democrat and Republican members of Congress. We are assisting a number of U.S. Senate and House members with credible information to defend against efforts to eliminate critical oil and gas tax provisions, impose federal hydraulic fracturing oversight, Endangered Species Act abuses, impose emissions regulations, and more.

KIOGA works with our allies at the Domestic Energy Producers Alliance (DEPA), Independent Petroleum Association of America (IPAA), National Stripper Well Association (NSWA), U.S. Global Leadership Coalition (USGLC), Council for a Secure America (CSA), Liaison Committee of Cooperating Oil & Gas Associations, and

others to engage not only in advocacy, but also in legal challenges.

Congress Advances Infrastructure Package and Begins Work on Budget Reconciliation Package

On August 10, the U.S. Senate voted 69–30 to pass the bipartisan infrastructure bill with 19 Republicans joining all Democrats and Independents to move the measure out of the Senate. The approximately \$1.2 trillion bipartisan infrastructure package includes \$550 billion in new spending on roads, bridges, transit, ports, broadband, and water infrastructure.

Against that backdrop, a key element of the Senate infrastructure bill is a bipartisan legislative package advanced by the Energy and Natural Resource Committee, led by Chair Joe Manchin (D-WV). The bill reported out of committee in mid-July, provides billions of dollars for energy infrastructure, environmental projects, and water infrastructure projects.

Of note, title six of the bill as reported out of committee would direct the Secretary of Interior—in coordination with the Secretary of Agriculture and in consultation with the Interstate Oil and Gas Compact Commission as applicable—to establish a program for orphan well plugging, remediation, and restoration, aimed at reducing methane emissions. A specific component would be through a five billion dollar grant program targeted at states and Indian tribes that would prioritize abandoned well site clean-up on federal lands by the greatest need, while intending to create tens of thousands of jobs in the process. The bill would also establish a federal grants program for states to fund cleanup on state and private lands.

Now that the \$550 billion infrastructure package is approved, the bill moves to the U.S. House, where Democratic moderates have pressured Speaker Nancy Pelosi (D-CA) to take the legislation up immediately. But she said the House would only move on the bipartisan in-

frastructure bill once the Senate passes a FY 2022 Budget Reconciliation legislative package. Without the reconciliation package passing first, the Speaker will be hard pressed to gather enough yes votes (the House Democrat majority is three seats) from either the progressive wing of her party or the Republican side of the aisle, which would kill the Senate-passed infrastructure bill.

U.S. Senate Democrats Release Budget Resolution for \$3.5 Trillion Reconciliation Package

The U.S. Senate Democrats passed their \$3.5 trillion budget blueprint—technically known as the budget resolution—on August 11, the day after final passage of the bipartisan \$550 billion infrastructure package. Expected to be in the legislation that implement the resolution are programs that would expand federally backed social and healthcare programs, address climate change, extend middle class tax cuts, and roughly pay for half of the package by raising taxes on the wealthy and corporations. Many of these provisions were previewed in President Biden’s American Jobs Plan and American Families Plan.

The text of the budget resolution includes instructions to Senate committees to draft legislation, consistent with the 3.5 trillion annual spending level, that will expand programs covering health, energy, the environment, agriculture, paid family leave, extend the child tax credit, as well as expand Medicare benefits to include dental, vision and hearing, and other federal programs. On the tax side, it would expand the state and local tax deduction (SALT), extend middle class tax cuts, all to be partially paid for by various tax increases on carbon, corporations, and those making over \$400,000 per year.

The blueprint only vaguely references corporate tax reform as a funding source. There has been no public discussion of eliminating critical oil and gas tax provisions as part of the “pay fors” for the budget. However, President Biden’s budget proposal repeals

these oil and gas tax provisions. KIOGA and other oil and gas groups assume that they will likely be included in the budget resolution, and our advocacy strategy is premised on a fight to ensure they are not included in the FY ‘22 Budget Reconciliation legislation that will be crafted as a result of passage of the budget blueprint.

U.S. House Takes Action on the Budget and Infrastructure Measures

—On August 27, the U.S. House passed, by a party-line vote of 220–212, a multi-section procedural measure which includes the adoption of the Senate-passed FY 2022 budget resolution or “blueprint” and outlines a date certain for voting on the Senate-passed infrastructure bill.

With the House’s adoption of the FY 2022 budget resolution by both chambers, the budget reconciliation process begins. This process will allow congressional Democrats to pass a ten-year, \$3.5 trillion annual expansive social spending and tax package aimed at implementing President Biden’s budget proposal.

The FY 2022 budget resolution directs 13 House and Senate committees to write and markup their legislative components of the reconciliation package by September 15.

To achieve this, each committee gets an instruction that they use to develop legislative language that will result in spending and/or revenue raised to achieve the \$3.5 trillion annual spending target.

Once the multiple bills are marked up and passed by the committees, the House Budget Committee will then bundle them together into a single, mammoth bill prior to a vote by the House, which is likely to occur during the week of September 20.

The U.S. House Ways and Means Committee—the tax writing committee that would consider elimination of percentage depletion and IDC—is scheduled to meet September 9 and 10,

and then again on September 13 and 14, to review and markup its contribution to the reconciliation package.

In the Senate, 12 Senate committees are also tasked by the FY 2022 budget resolution with writing their parts of the reconciliation package by September 15.

This is expected to be followed by debate and an amendments process to the Senate bill prior to passage, with only a simple majority being required.

Given the tight time frames, it is expected Senate Democrats will work with their House Democratic counterparts behind-the-scenes to come to agreement on various policy and spending items.

The U.S. House will consider the \$1.2 trillion Senate-passed Infrastructure bill no later than September 27.

In order for the U.S. House to realistically pass the Senate-passed Infrastructure bill by September 27, both the House and Senate will need to have made significant progress on the budget reconciliation package prior to that date. So, there is skepticism at this stage those dates will be fully met, though many forces—not the least of which are the moderate Democrats—are expected to keep the pressure on toward meeting that date.

The bottom line: the process, the dates, and efforts at consensus across the chambers regarding reconciliation is very fluid. KIOGA continues to track and engage when necessary.

House Passes Major Spending Bills

—The U.S. House of Representatives passed a massive appropriations package in early August containing 7 of the 12 annual appropriations bills, including the Energy-Water (E&W) and Interior-EPA measures. The \$617 billion package passed on a 219–208 party line vote. The bill included \$43.4 billion for Interior Department and EPA,

including a 23% increase for the Environmental Protection Agency (EPA), with much of it aimed at delivering on the Biden administration’s commitment to address climate change.

Despite the House passage of nine annual appropriations bills before departing for the August recess, it appears likely that Congress will be forced to turn to a temporary continuing resolution (CR)—legislation to fund the government at last year’s levels—to avoid a government shutdown on October 1 (the start of the new fiscal year), while the Senate completes its appropriations work and the two chambers craft new appropriations funding for FY 2022.

Biden’s Budget Proposal Repeals Industry Tax Provisions

—President Biden issued his first full budget proposal on June 4, a 1,700 page plan detailing a dramatic increase in the size and scope of the federal government with more than \$6 trillion in spending over the coming fiscal year. Vast new spending would be paired with significant tax increases on corporations and the wealthy. The budget includes the same changes to oil and gas industry tax provisions discussed in the U.S. Senate Finance Committee in late May. Among the provisions proposed to be repealed are percentage depletion for oil and gas wells and expensing of intangible drilling costs.

Like most presidential budgets, the documents will be largely aspirational. Congress controls the government’s purse strings, and with Republicans almost uniformly opposed to most of Biden’s spending and all of his tax increases, he and allied Democrats face difficulty enacting any of it into law. Lawmakers from both sides have made clear they’re unlikely to adopt Biden’s proposals in full.

KIOGA Takes Concerns Directly to Congress

KIOGA continues to be engaged in addressing energy policy challeng-

es. KIOGA has been engaged by providing input on energy policy, oil and gas industry methane emission issues, Endangered Species Act concerns, and addressing flaws in the “green new deal.” In addition to the Kansas Congressional Delegation, KIOGA has communicated with 17 federal policymakers (both Democrat and Republican) this year.

“We cannot be silent with this Congress,” said Edward Cross, KIOGA president. “We must voice our concerns. The oil and gas industry has proven that over the long-term it is possible to lead in energy production and environmental stewardship. The key is to avoid placing unnecessary political or legal obstacles in the way of innovation and expansion. American energy policies that value 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.”

What Can We Expect from Congress the Rest of 2021?

As of this writing, there does not appear to be broad-based support for a tax on methane or a domestic carbon tax via the major budget bill slated for Senate action this fall. But, that has not stopped advocates for a methane tax or carbon tax and those who want to eliminate critical oil and gas tax provisions like percentage depletion deduction and expensing intangible drilling costs (IDCs) from continuing to push for inclusion in budget legislation. Senator Joe Manchin (D-WV) is a key policymaker. Senator Manchin is chair of the U.S. Energy Committee and is absolutely critical for many of our issues.

As of now, Senator Manchin is siding with Republican allies to retain critical oil and gas tax provisions over the Democrat’s agenda to “stick it to the oil and gas industry.” Over the

coming weeks and months, both sides will continue to push their priorities for what should and should not be included in the Reconciliation bill.

KIOGA President Edward Cross met face-to-face with U.S. Senator **Joe Manchin** (D-WV) twice this year and engaged Senator Manchin in a Zoom meeting as well. Cross explained the importance of retaining critical oil and gas tax provisions like percentage depletion and IDCs. Cross also met with U.S. Senators **John Barrasso** (R-WY), **Todd Young** (R-IN), and **Mark Warner** (D-VA) from the Senate Finance Committee and U.S. Representatives **Kevin Brady** (R-TX) and **Ron Estes** (R-KS) from the U.S. House Ways & Means Committee emphasizing that the oil and gas industry does not receive government subsidies, only standard tax deductions for business operations.

Cross followed up the face-to-face meetings with written correspondence to the U.S. Senate Finance Committee, U.S. Senate Energy Committee, U.S. House Ways & Means Committee, and Joint Committee on Taxation. KIOGA's correspondence stated our opposition to proposed changes to the Internal Revenue Code that would eliminate critical oil and gas tax provisions. The correspondence encouraged the committees to:

"... avoid using the tax code as a weapon to discriminate against any particular economic sector. The oil and natural gas industry should not be prevented from recovering costs that other industries are eligible to receive simply because they operate in a different economic sector. The U.S. tax code allows industries across the manufacturing sector to recover costs related to job creation and other operational investments. These common tax mechanisms allow these companies to create jobs, invest in our communities, and deliver the energy that working families rely on every day."

As tax discussions continue, percentage depletion remains a prime target. We will have to fight to justify percentage



depletion, which is arguably the most important tax provision we have. The relationships KIOGA has built over the last 10-plus years with several key Democrat and Republican federal policymakers puts us in a unique position to educate federal policymakers.

KIOGA has prepared for these battles and is fully engaged. Face-to-face meetings are crucial to keep our interests protected. We are assisting a number of U.S. Senate and House members with credible information to defend against efforts to eliminate critical oil and gas tax provisions, impose federal hydraulic fracturing oversight, address Endangered Species Act abuses, impose emissions regulations, and more.

KIOGA On The Ground

For much of 2017, 2018, 2019, 2020, and 2021 KIOGA President Edward Cross has been communicating and meeting with key federal policymakers and staffers on issues important for Kansas oil and gas producers. These issues include energy policy, tax issues, methane emission regulations, lesser prairie chicken concerns, crude oil price concerns, market dynamic issues, and climate issues. KIOGA delivered messages to policymakers and government officials to show that KIOGA is willing to work with them to achieve their objectives and shared interest in sustaining reforms that

enhance American oil and natural gas exploration and production. The meetings have been very productive.

KIOGA Federal Advocacy Strategy Going Forward

KIOGA will continue to work with key congressional members and the Biden administration. KIOGA President Edward Cross is an executive board member of the Domestic Energy Producers Alliance (DEPA), advisory board member of the U.S. Global Leadership Coalition (USGLC), board member of the Council for a Secure America (CSA), and committee member on several committees of the Independent Petroleum Association of America (IPAA).

Going forward, we will be working hard with Republicans and Democrats to maintain our relationships. In preparation, KIOGA has updated many of our fact sheets and reference material on all the issues impacting Kansas oil and gas producers. We provide discussion and copies of the reference material to each of the policymakers and/or their staff.

KIOGA is recognized and plays a vital role in providing credible information to key Democrat and Republican policymakers and regulatory officials. KIOGA has established a forward-looking presence with key federal Republican and Democrat policymakers and regulatory officials, and we will remain focused. ♣

Kansas Oil & Gas Industry Leaders Honored

JEFF KENNEDY, SCOTT FRAIZER, ALAN BANTA, AND KANSAS STATE REPRESENTATIVE TROY WAYMASTER RECOGNIZED FOR THEIR LEADERSHIP



From L to R Kansas State Representative Troy Waymaster, Jeff Kennedy, Scott Fraizer, Edward Cross, Alan Banta

Several oil and gas industry leaders were recognized for their dedication, participation, and commitment to the Kansas oil and natural gas industry during the KIOGA Board Meeting on August 15 at the 2021 KIOGA Annual Convention. **Kansas State Representative Troy Waymaster** received the 2021 KIOGA President's Leadership Award. In addition, **Jeff Kennedy**, **Scott Fraizer**, and **Alan Banta** received the 2021 KIOGA Outstanding Service Award.

KIOGA President's Leadership Award—A special award to recognize individuals who have made unique contributions to the success of KIOGA's state and/or federal advocacy efforts. These individuals often subordinate their personal gain to help the industry as a whole by providing insights, time, consideration, and leadership to KIOGA to address critical and key state and federal advocacy issues and concerns. The

recipient of the 2021 KIOGA President's Leadership Award was **Kansas State Representative Troy Waymaster**. Representative Waymaster was our legislative champion in 2020 and 2021, guiding the KIOGA-supported abandoned/orphaned well plugging legislation to passage. Honoring Representative Waymaster with the KIOGA President's Leadership Award is a small way we can say thank you for his extraordinary efforts guiding this important legislation through the legislative process. Representative Waymaster joins past KIOGA President's Leadership Award winners U.S. Senator Pat Roberts, Kansas State Senator Rob Olson, Adam Beren, Andrea Krauss, Dave Dayvault, Richard Koll, David Nickel, Dave Murfin, Tim Hellman, and Steve Dillard.

KIOGA Outstanding Service Award—A special award to recognize individuals who have made unique contributions to the legal needs of KIOGA and guidance

to KIOGA operations and KIOGA Board of Directors. These individuals often subordinate their personal gain to help industry as a whole with their tireless efforts and contributions to KIOGA. The recipients of the 2021 KIOGA Outstanding Service Award were **Jeff Kennedy**, **Scott Fraizer**, and **Alan Banta**. Jeff Kennedy has provided amicus briefs and legal guidance to KIOGA for many years. Scott Fraizer served as KIOGA Treasurer for 10 years, and Alan Banta served as a KIOGA Vice Chairman for 10 years. Honoring Jeff, Scott, and Alan with the KIOGA Outstanding Service Award is a small way we can say thank you for their amazing dedication, commitment, and efforts. Jeff, Scott, and Alan join past KIOGA Outstanding Service Award winners Jon Callen, Tim Scheck, Klee Watchous, Mark Shreve, Adam Beren, Nick Powell, Alan DeGood, and Joe Schremmer. *κ*



Kansas State Representative Troy Waymaster and KIOGA President Edward Cross

Important Marginal Well Production Credit (MWC) Information for Marginal Natural Gas Wells

If you have marginal natural gas wells, be sure to take advantage of the Internal Revenue Service (IRS) credit for production of natural gas from marginal wells during taxable years beginning in calendar year 2020.

IRS Notice 2021-34, page 1194 provides the applicable reference price for qualified natural gas production from qualified marginal wells during taxable years beginning on the calendar year 2020 for the purpose of determining the marginal well production credit (MWC) under Section 451 of the Internal

Revenue Code. The applicable reference price for taxable years beginning in calendar year 2020 is \$1.94 per 1,000 cubic feet (Mcf).

This notice also provides the credit amount used for the purpose of determining the MWC for taxable years beginning in calendar year 2020. The credit amount is determined using the 2020 inflation adjustment factor of 1.3245 and the application reference price of \$1.94 per Mcf. The credit amount for taxable years beginning in calendar year 2020 is \$0.66 per Mcf. *K*



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The World is Not Ending

Latest U.N. Climate Report Not Supported by Sound Science

The United Nations Intergovernmental Panel on Climate Change (IPCC) released their latest climate report on August 9. Hysterical media headlines like “Code Red for Humanity” clamored about “extreme” and “unprecedented” warming likely to be “irreversible.”

We've all heard politicians and media outlets asserting that "extreme" weather, like the recent heatwave in the Pacific Northwest or increased rainfall during hurricanes, is caused by climate change. And these predictions are nothing new. In 1995, a United Nations report predicted that rising temperatures would cause all the beaches in the Eastern U.S. to disappear by 2020.

Misinformation and scare tactics like this are used by environmental activists to drive a politicized climate agenda with no apparent regard for the contradictions in their own statements or the costs to American families who need affordable energy to live their lives.

So, it's not a surprise that it was underreported when climate experts on both sides of the political spectrum flat-out denied the claim that climate change caused recent heatwaves. More high temperature records were set during the first half of the 20th century than during the past 50 years.

We all want a cleaner environment now and for future generations. But, these over-the-top claims are simply meant to instill fear and are damaging to those of us who want to find real solutions for both our environmental and energy futures.

Fortunately, the true state of our climate is far from disastrous. In fact, both climate science and thousands of years of human history show this is the best time yet to be alive.

The U.N. IPCC latest report fails to acknowledge serious flaws in its data and undermines its own legitimacy by ignoring scientific uncertainties. The IPCC is reporting more of the same climate alarmism but moving the goalposts as its predictions continue failing to come true.

The U.N. says: The scale of recent climate change is unprecedented.

The science says: Ample evidence, entirely ignored by the IPCC, suggests that global temperatures were warmer at several other periods in human history. The IPCC has made almost no progress since its last report explaining the causes of warming before 1950 and the pause in warming that occurred for the three decades after that.

The U.N. says: Human-induced climate change is worsening severe weather in every part the globe, including heat waves, heavy precipitation, droughts, and hurricanes.

The science says: Chapter 11 of the report specifically notes low confidence in data surrounding long-term hurricane frequency or intensity. Similarly, wildfires and floods are actually on the decline, and recent heat waves in the Pacific Northwest are small potatoes compared to the 180- and 240-year mega-droughts the region experienced between 800 and 1400

A.D. There is strong evidence that the IPCC is cherry-picking studies to support its desired conclusions.

The U.N. says: In order to stop "irreversible" warming, we must reach at least net zero CO2 emissions, along with strong reductions in other greenhouse gas emissions.

The science says: The same unreliable data models used to predict mass catastrophe based on faulty and outdated energy trends also show that even totally eliminating U.S. fossil fuel consumption would have nearly no effect. The minuscule benefits of reducing CO2 emissions do not justify the vast challenges of living with unreliable, unaffordable energy. Policymakers must weigh our relatively low climate risk with the numerous more pressing problems facing the American people, including disaster resiliency and the rising costs of energy, health care, and other goods that are eating away at paychecks. ✗

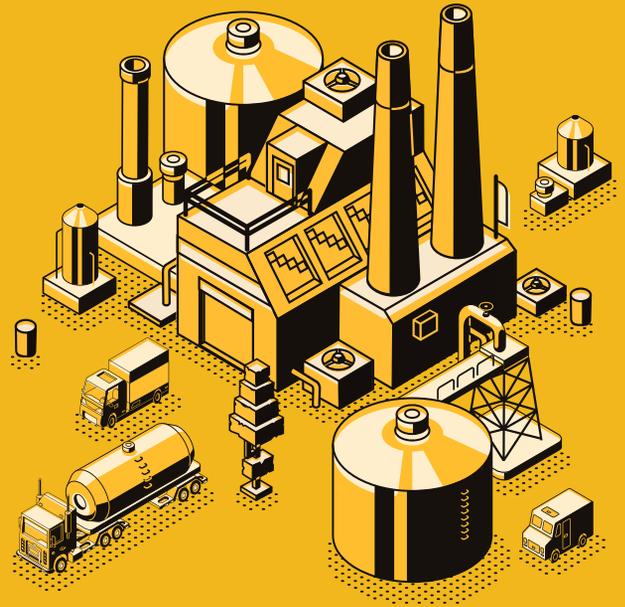
Sources:
www.texaspolicy.com



The image is a promotional graphic for AssuredPartners ENERGY. It features a blue and green logo on the left, consisting of a stylized 'A' with horizontal lines. To the right, the text 'AssuredPartners' is written in a serif font, with 'ENERGY' in a smaller, sans-serif font below it. The background is a photograph of an oil pumpjack in silhouette against a sunset sky. At the bottom, there is a dark blue banner with white text that reads 'a powerful insurance and risk management program'. Below this banner, contact information is provided: 'Shani Hoebener • shani@assuredpartners.com • (316) 841-2076'.

Energy Matters— A Lot

BY EDWARD CROSS, PRESIDENT,
KANSAS INDEPENDENT OIL & GAS ASSOCIATION



Energy matters—a lot. In the last 200 years, global life expectancy has doubled. Extreme poverty has dropped from 90% of humanity to 10% and falling. The growth in human liberty and the dramatic increase in available energy are likely the two main catalysts for this tremendous progress.

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.

We should avoid energy policies driven by a zero-sum philosophy for energy that says we must have less fossil fuel so we can have more of something else. History has shown that short-sighted energy plans often fail because they start with a preferred resource and work backwards. The Biden administration's energy plan promises to repeat the Obama/Biden legacy of failed energy policy, but this time he intends to spend more taxpayer money on what will likely be another failed enterprise.

According to the U.S. EPA and U.S. EIA, the U.S. decreased energy related CO₂ emissions in 2019 more than any other country. Since 2005, U.S. greenhouse gas (GHG) emissions have fallen by 12%, total CO₂ emissions have fallen by 14%, methane emissions have fallen by 4%, and power sector CO₂ emissions have fallen by 33%. The EPA's GHG reporting data show the aggregate share of GHG inventory from oil and natural gas production is just 1.22% of total U.S. GHG emissions. America leads the world in environmental quality.

Reality has a way of biting back if you're not paying attention to it. The Biden administration's desire for extensive and unnecessary climate regulations will drive up the cost of energy. Higher energy costs disproportionately harm low-income groups. The Biden administration's energy policy is out-of-touch with working people and the economy.

It doesn't make sense to place unnecessary political and legal obstacles in the way of responsible American oil and natural gas production, cancel oil pipelines, discourage investment in fossil fuels, stimulate demand through outlandish spending, and then beg OPEC+ (where oil is produced under much less-strict environmental standards) for more oil to contain inflation.

The oil and gas industry has done such a good job of creating abundant, affordable, always-available energy that the world takes it for granted. Energy is so woven into our daily lives that few question whether it will be there, or where it comes from. Because energy is so reliable and available, the public believes they no longer require it.

We often encounter this paradox anytime we engage in a conversation about energy and the environment. Some folks assume that we don't need fossil fuels anymore. A stark example is anyone who wants to end oil and gas production while still benefiting from oil and gas based materials and fuels.

The U.S. has a unique opportunity to show the world how energy can be used as a positive force to lift people up—which is different than a zero-emissions philosophy. To rise out of poverty and enjoy health and safety, people need more energy, not less. We should all work together to ensure more people have access to safe, affordable, and reliable energy, no matter which state, nation, or continent they reside. ❧

Kansan Recognized for National Oil & Gas Leadership

Cecil O'Brate Receives NSWA Leadership Award

The National Stripper Well Association (NSWA) took a moment to recognize some of America's distinguished energy leaders at its 15th Annual Energy Gala held in Oklahoma City, Oklahoma on August 20, 2021. The NSWA presented its 2021 leadership awards before an audience of U.S. independent oil and natural gas industry policy and business leaders.

The NSWA honored Cecil O'Brate with the 2021 NSWA Distinguished Leadership Award. Cecil O'Brate is president of American Warrior, Inc. of Garden City, Kansas and a KIOGA member. Cecil O'Brate is a long-time industry leader who knows how to build a company through hard work, innovation, and entrepreneurial creativity. The honor was bestowed to Cecil O'Brate by NSWA Chairman Dick Schremmer.

In addition, the NSWA honored U.S. Senator James Langford (R-OK) with the 2021 NSWA Legislator of the Year Award, Darlene Wallace of Columbus Oil Company in Seminole, Oklahoma with the 2021 NSWA Member of the Year Award, and Pat O'Neal of O'Neal Oil & Gas Company of Fort Worth, Texas with the 2021 NSWA Hero of Industry Award.

"This was a wonderful evening, as we took a moment to recognize some of America's true energy leaders," said Dick Schremmer NSWA chairman.

"The critical importance of America's independent oil and natural gas producers to our nation's economy and energy security could not be clearer. Addressing the many challenges affecting the nation's smallest and most economically vulnerable wells before Congress, the administration, and the federal bureaucracies requires strong leaders. The NSWA Annual Energy Gala celebrates the accomplishments of leaders that make extraordinary contributions to step up and to get

others to step up and get active on the issues that affect the independent oil and natural gas industry."

KIOGA is delighted to see one of our own honored by a national association. Cecil O'Brate is a true icon of the Kansas oil and gas industry and the American oil and gas industry. We are proud of Cecil O'Brate. Kansas was well-represented at the event with over 20 folks from the Kansas oil and gas industry in attendance. ✕





Methane Emissions and Lesser Prairie Chicken Concerns Lead Federal Regulatory Issues

KIOGA Continues Vigorous Multi-Tiered Defense of Industry

The Biden administration continues to pursue broad regulatory actions in many areas. Expanding federal regulation of oil and natural gas production appears to be a target. American oil and natural gas producers are under siege from agencies like EPA, USFWS, and others.

KIOGA's advocacy efforts on the federal regulatory challenges facing the Kansas oil and gas industry continues. KIOGA is actively engaged and vigilant in staying on top of federal regulatory concerns impacting Kansas oil and gas producers and reporting to membership. KIOGA continues to work with our allies at DEPA, IPAA, and Liaison Committee of Cooperating Oil & Gas Associations and others to engage not only in advocacy on the regulatory

front, but also in legal challenges. Since there is not room to include an in-depth look into all of KIOGA's efforts in every issue of our newsletter, please check our website at www.kioga.org for the latest information on KIOGA's efforts on behalf of the Kansas independent oil and gas industry.

KIOGA Submits Comments to EPA on Proposed Oil & Gas Methane Rule

Federal methane regulatory policy is an important issue. On April 28, the U.S. Senate voted to approve a measure to rescind the Trump EPA rule that removed methane from regulation as a pollutant. Democratic Senate Majority Leader Chuck Schumer called this move a "big deal" in fighting climate change. The U.S. Senate approved the measure in a 52-42 vote. Schumer, along with fellow Democratic Senator

Martin Heinrich (D-NM) and Senator Ed Markey (D-MA) and Independent Senator Angus King (I-ME), introduced their resolution in the U.S. Senate under the Congressional Review Act (CRA), a 1996 law that allows Congress to reverse federal rules implemented in the last days of a past administration with a simple majority. Three Republican senators, Senator Susan Collins (R-ME), Senator Lindsay Graham (R-SC), and Senator Rob Portman (R-OH), also voted for the measure. This action essentially reinstates the 2012 and 2016 New Source Performance Standards (NSPS) for oil and natural gas under Subpart OOOO and OOOOa of the Clean Air Act.

The Trump EPA rule to remove methane as the targeted emission not only followed the text of the Clean Air Act, but also significantly reduced reg-

ulatory burden to the industry and streamlined other requirements. Under the Trump rule, protection of human health and the environment would have continued through controls for volatile organic compounds (VOCs) for the production and processing segments of the industry, reducing methane at the same time. The same technology that manages methane also manages VOCs. However, changing the targeted emission to be regulated from VOCs to methane opens a pathway to the regulation of one million existing facilities (“existing sources”), 750,000 of which are small business operations.

The CRA action on this rule represents another of the Biden administration’s measures to eliminate fossil fuels under the Green New Deal.

KIOGA Engages EPA on Oil & Gas Methane Rule

—In mid-June, the U.S. Environmental Protection Agency (EPA) held listening sessions to gather input from the general public for a proposed new rule to regulate methane from new and existing sources in the oil and natural gas industry.

The EPA actions are in response to President Biden’s Executive Order 13990. Executive Order 13990 called on EPA to consider issuing a proposed rule by September 2021 to strengthen standards for methane emissions from new, reconstructed, and modified oil and natural gas sources and to address methane emissions from existing sources. The EPA will come out with a proposal by the end of September 2021, which will open another comment period. The final EPA methane rule will likely come out in late spring to early summer 2022.

However, the U.S. Senate’s use of the CRA to rescind the Trump rule significantly complicates the EPA’s effort to issue a new methane rule in September 2021. The CRA requires that any new replacement regulation that would be

passed cannot be “substantially similar” to the one already repealed under the CRA without explicit Congressional approval. A new strictly “methane” rule would not pass that test.

The EPA’s listening sessions were held June 15–17. The EPA heard from a multitude of concerned citizens. Each person received five minutes to make comments. Former KIOGA Chairman Nick Powell provided comments on June 16, and KIOGA President Edward Cross provided comments on June 17. Other oil and gas producers and groups from across the nation also made comments along with environmental activists and others. In general, industry comments focused on cost-of-compliance issues and the need for the EPA to recognize the low production well emission profile.

EPA has also established a Small Business Advocacy Review (SBAR) panel to review oil and natural gas New Source Performance Standards (NSPS). KIOGA President Edward Cross was invited to participate as a “Small Entity Representative” (SER) on the SBAR. In addition to Cross’ representation of Kansas, other SERs included representatives from the oil and gas industry in West Virginia, Pennsylvania, Michigan, Indiana, Kentucky, Oklahoma, and two national associations (DEPA and IPAA). The SBAR met with EPA in a Zoom meeting on June 29, July 6, July 29, and August 3. The EPA asked the SERs for information to justify provisions to help small businesses.

KIOGA’s comments to the EPA during the listening session and SBAR meeting emphasized the Kansas oil and gas industry’s recognition of the importance of environmentally sound, cost-effective regulations to manage methane emissions. KIOGA encouraged EPA to find a regulatory pathway designed for the sources it regulates. Big new oil and natural gas wells and low producing older wells have differing emission profiles. KIOGA told the EPA that any regulatory

actions should recognize the differences between these existing small operations and newly built large facilities.

The EPA asked each of the SERs of the SBAR panel to submit written comments regarding concerns and suggestions for EPA’s proposed new rule to regulate methane. Cross submitted comprehensive written comments on behalf of KIOGA to the EPA on July 8. KIOGA’s comments focus on the significant cost-of-compliance issues and the need for EPA to recognize the low production well emission profile. KIOGA’s comments emphasized the Kansas oil and gas industry’s recognition of the importance of environmentally sound, cost-effective regulations to manage methane emissions. KIOGA encouraged EPA to find a regulatory pathway designed for the sources it regulates. Big new oil and natural gas wells and low producing older wells have differing emission profiles. KIOGA told the EPA that any regulatory actions should recognize the differences between these existing small operations and newly built large facilities. KIOGA also submitted comments to the official EPA Oil & Natural Gas Sector New Source Performance Standards Docket on July 29. You can find a copy of the July 2021 comments KIOGA submitted on KIOGA’s website at www.kioga.org.

KIOGA Submits Comments to USFWS on Listing of the Lesser Prairie Chicken as Threatened/Endangered

The U.S. Fish and Wildlife Service (USFWS) is looking to expand federal protections of two distinct population segments of the lesser prairie-chicken (LPC). Officials announced that after completing a 12-month court ordered review, USFWS will seek to list the Southern Distinct Population Segment (DPS) of the LPC as endangered under the ESA and also believes the Northern DPS of the bird warrants protection as a threatened species with a rule issued under section 4(d) of the ESA. The northern segment includes Kansas. If

both subspecies receive final protections as proposed, then the two DPSs of the lesser prairie-chicken will be added to the List of Endangered and Threatened Wildlife and be covered by protections from the ESA.

The status of the LPC has long been a focus of environmental petitions and lawsuits, pursued the past 25 years by environmental advocacy organizations, with heightened legal activity experienced over the past decade. Notably, in 2014, the USFWS issued a final rule listing the LPC as a threatened species under the ESA (79 FR 19973) and concurrently published a final 4(d) rule for the bird (79 FR 20073). However, on September 1, 2015, this final listing rule for the LPC was vacated by the United

States District Court for the Western District of Texas, which also mooted the final 4(d) rule. On July 20, 2016, the USFWS published in the Federal Register a final rule that removed the LPC from the List of Endangered and Threatened Wildlife in accordance with the court decision (81 FR 47047).

KIOGA has long advocated that the best scientific and commercial information available demonstrates that the LPC does not meet the ESA's definitions of either a threatened or endangered species. KIOGA President Edward Cross met with U.S. Department of Interior (DOI) following the filing of activists' lawsuit and told DOI that the LPC has rebounded from historic lows, and through a combination of public and

private efforts, the LPC is now better protected than at any previous time. A listing of threatened or endangered will not provide any additional conservation benefits above what already exists.

USFWS extended the comment period for their proposal until September 2, 2021. KIOGA President Edward Cross prepared and submitted comprehensive comments on behalf of KIOGA on July 30, 2021. KIOGA's comments provided a body of information to support a "Not Warranted" USFWS determination for listing the LPC. You can find a copy of the comments KIOGA submitted to the U.S. Department of Interior (DOI) on KIOGA's website at www.kioga.org. ❧

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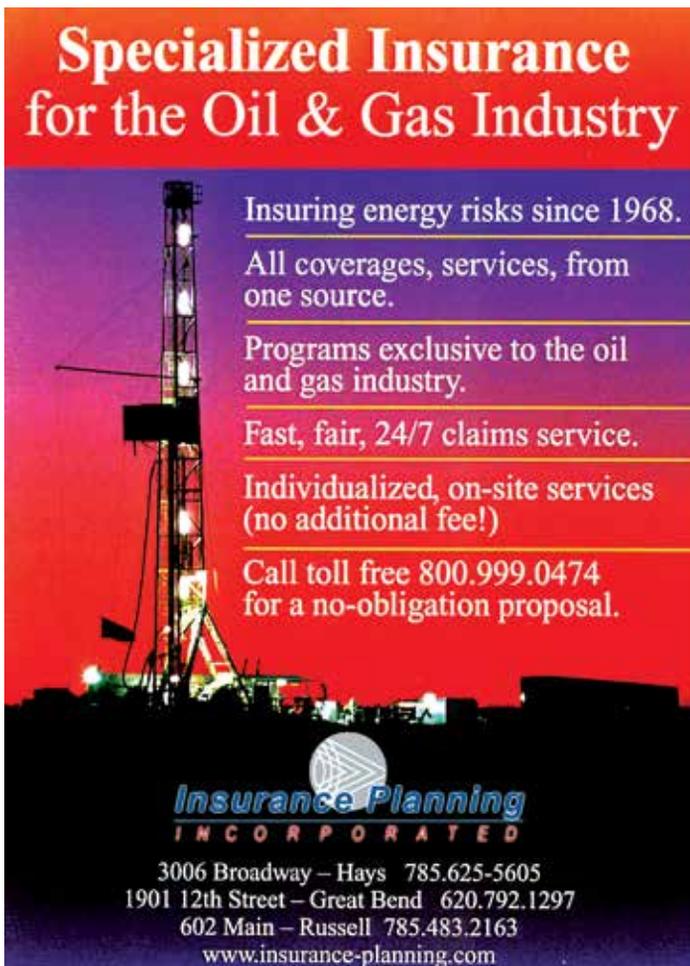
Mark your calendars for Friday, October 29, 2021 for the WBA/KIOGA Oil & Gas Continuing Legal Education (CLE). The CLE event will be held at the Wichita Bar Association Office located at 225 North Market, Suite 200 in Wichita.

Advancements throughout the oil and gas industry have brought a number of changes to legal issues impacting the oil and gas industry. In order to keep abreast of these changes, KIOGA is pleased to join the Wichita Bar Association (WBA) to offer CLE seminars.

Several topics of interest to oil and gas producers will be presented at this year's meeting. Topics include:

- Case law update—What have courts done with oil and gas law over the last year?
- JOA updates and nuances
- Valuations of oil and gas interests
- Paying quantities refresher and litigation nuts and bolts
- In-depth look at indemnity provisions
- Ethics

The conference has pending CLE credit in Kansas and Missouri. To register online go to www.wichitabar.org or call Cameron Martin at WBA at 316-263-2251 ext. 101 or email at cmartin@wichitabar.org. ✍



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Kansas Electric Rates are Too High

Sign a Petition to Help Stop the Continued Increase in Electric Rates in Kansas



As most Kansans know, our electric bills keep getting higher and the prospect of our utilities reducing them seems unlikely. KIOGA and other groups and individuals are requesting Kansas House and Senate Legislators to place a temporary moratorium on electric rate increases of any kind by our electric providers until the legislators devise ways to lower rates that are more competitive with our peer states. We make this request because:

1. A recent study of electric rates in Kansas commissioned by the Kansas Legislature determined that electric rates in the state had increased by 34% over the last decade and were higher than the regional and national averages. Rates in the Energy area were up over 70% and most co-ops had either increased or had higher rates to begin with.
2. The U.S. Energy Information Administration (EIA) shows that Kansas had the sixth largest increase in electric rates out of all 50 states over a similar time frame, and Kansas went from 34th highest to 16th highest in the nation.
3. Kansans are paying nearly \$1 billion more per year for electricity than we were 10 years ago—money that

is no longer in circulation in the Kansas economy. To make matters worse, Kansas consumers will pay over \$500,000,000 more due to the rolling blackouts in the polar vortex of February 2021.

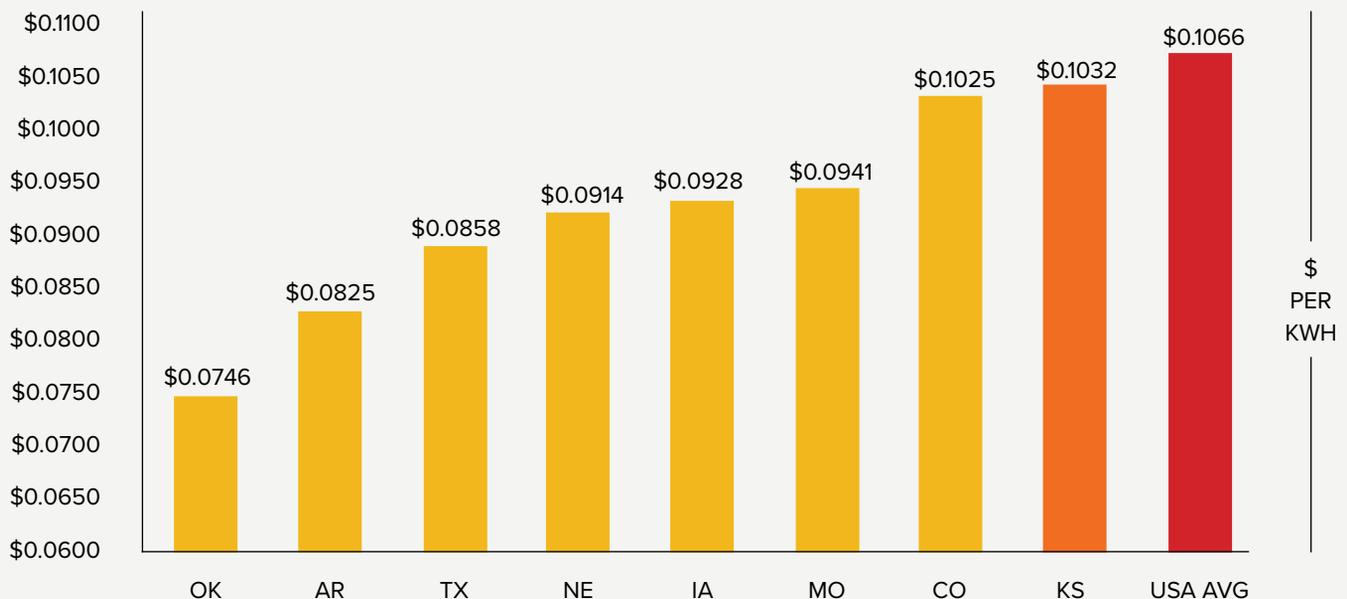
4. High electric rates in Kansas hurt economic development, making it difficult to attract new business and harder for certain businesses to survive.
5. High electric rates are hard on many families, especially our senior citizens with fixed incomes and those earning minimum or average wages.
6. Kansas utilities have way more generating assets than they need, yet more projects are being commissioned in Kansas.
7. Kansans want to do what is right, but we don't want to pay for what we don't need. It's time for our Legislators to step in and make Kansas electric rates competitive again.

Please consider signing the petition today. Please ask your friends, family, and co-workers to sign the petition as well. You can sign the petition by scanning the QR code above. ⚡

Regional Electricity Prices

All Sectors—Regional, Commercial, Industrial (Jan. 2020–Dec. 2020)

Source: U.S. EIA Electric Power Monthly, Dec. 2020 Report (Table 5.6.B)



Where Do Production Optimization And Lattice Dynamics Intersect?

Production Optimization can be defined as a fundamental practice to ensure recovery of developed reserves while maximizing profits. Profit maximization, in turn, is the capability of an operator to earn the maximum profit while minimizing cost. In financial management, profit maximization is the process which increases the earnings per share of the business.

Simplistically, the financial performance of a particular well is influenced by the characteristics of the well and reservoir such as pressure, well productivity, depth, diameter of the well, and physical properties of the fluids.

Oil properties such as API gravity, cloud point, pour point, paraffin content, asphaltene content, and viscosity affect well profitability. Water properties also impact profitability due to scale, corrosion, and disposal costs. Lastly, gas can be corrosive as well as effect pumping efficiency. When these three types of fluids comingle, emulsions can also be problematic and thus affect production volumes and remediation costs.

Historically, on-going chemical programs have been employed to improve well profitability. Unfortunately, chemical programs are costly, do not end, and do not always yield the desired results, hence the need for hot oiling, knife cutting, or other costly workover techniques.

Since this article is about the intersection of production optimization and lattice dynamics, let's change gears and discuss lattice dynamics which are produced by motions of the atoms in a crystal or more generally, any solid material.

We need to understand lattice dynamics to have a complete picture of solid materials (including pure crystals, salts, and alloys), and indeed of amorphous materials too. Understanding lattice dynamics is important for several key applications. The propagation of sound waves in crystals are a practical example of the role of lattice dynamics. For example, the absorption of certain frequencies is directly due to the existence of specific motions of a solid lattice. Lattice dynamics also gives us properties such as superconductivity, thermal conductivity, and thermal expansion. In the study of lattice dynamics, atomic motions are frequently found to be adequately described as harmonic travelling waves. Each wave can be fully characterized in terms of its wavelength, angular frequency, amplitude and direction of travel. Therefore, it is possible to take advantage of properties of waves including constructive and destructive interference which provides access to the filtering of frequencies from a broadband source.

Revelant's patented band-pass filter technology is the intersection of production optimization and lattice dynamics. The lattice vibrations

of the Revelant tools are used to guide or control crystal polymorphism in oil and water.

The Revelant materials are not magnetic or nuclear, they do not use radio frequency, they are not "charged" nor are they externally powered. They absorb the energy of the surrounding environment and filters specific frequencies of the energy source. The filtered frequencies are transmitted and drive *changes in the physical characteristics of the well fluids*. In this way, the materials affect the way that molecules in the fluids vibrate and changing molecular-level vibrations affects how molecules interact with one another.

Laboratory Analysis



Sample	Pour Point (°F)	Gravity (°API)	Cloud Point (°F)	Viscosity (cP)
Before	-0.4	27	161.1	18,500
After	-11.2	34	67.3	10

The results are production at a lower cost because paraffin commonly remains soluble, asphaltenes continue to be dispersed, calcium carbonate crystal polymorphs change and/or remain more soluble, and the oil/water interfacial tension is changed affecting emulsions, oil carryover, and tank bottoms.

"Started working with Revelant five years ago. Had my doubts at first but after many tools run in different basins and formations, I am a believer and proponent of this technology. In many applications it has greatly reduced if not eliminated the chemical program and any scheduled hot oil treatments. We have also seen a reduction in workover costs. Looking forward to see what they come up with next." Robert Herritt, Huntington Energy LLC.

For more information, visit www.revelant.com

Author Amber Krummel, PhD is an associate professor at Colorado State University and leads Revelant's R&D efforts.



KIOGA CALENDAR

Event Name	Date	Location
AAPG Midcontinent Section Meeting	October 5–8, 2021	Tulsa, OK
Kansas Economic Outlook Conference	October 12, 2021	Pittsburg, KS
Kansas Economic Outlook Conference	October 14, 2021	Salina, KS
Oklahoma Oil & Gas Expo	October 14, 2021	Oklahoma City, OK
Kansas Oil & Gas Museum Foundation Hall of Fame Induction Dinner & Ceremony	October 23, 2021	Great Bend, KS
Wichita Bar Association/KIOGA CLE Conference	October 29, 2021	Wichita, KS
Federal Reserve Bank of Kansas City 2021 Energy Conference	November 5, 2021	Virtual
IOGCC Annual Meeting	November 7–9, 2021	Santa Fe, NM
Governor's Conference on the Future of Water in Kansas	November 17–18, 2021	Manhattan, KS
KIOGA Board & General Membership Meeting—Suppliers Party	December 1, 2021	Wichita, KS

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

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The newly renovated Kansas Oil & Gas Hall of Fame Museum will be open for tours
on Saturday, October 23 from 10 a.m.—4 p.m.
For a list of hotel accommodations, please visit: www.exploregreatbend.com/lodging.

For additional information, please contact John Francis at 620-786-9920 or
Christopher Smith at 620-792-7301.

2021 Hall of Fame Inductees



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Cecil O'Brate



Kirk Rundle



R.A. (Dick) Schremmer



Gene Zaid



James Remsberg



Barbara Oringderff



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