



2020 IPANM ANNUAL UPDATE

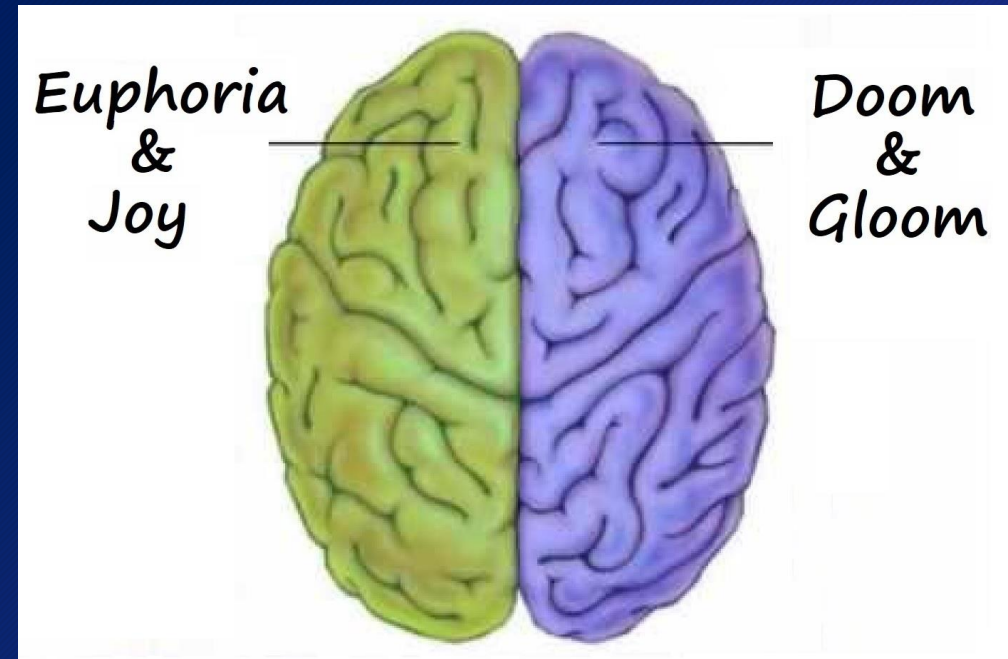
July 30, 2020
Jim Winchester
IPANM
Executive Director



Oil & Gas in New Mexico in 2020:

Oil & Gas in New Mexico in 2020:

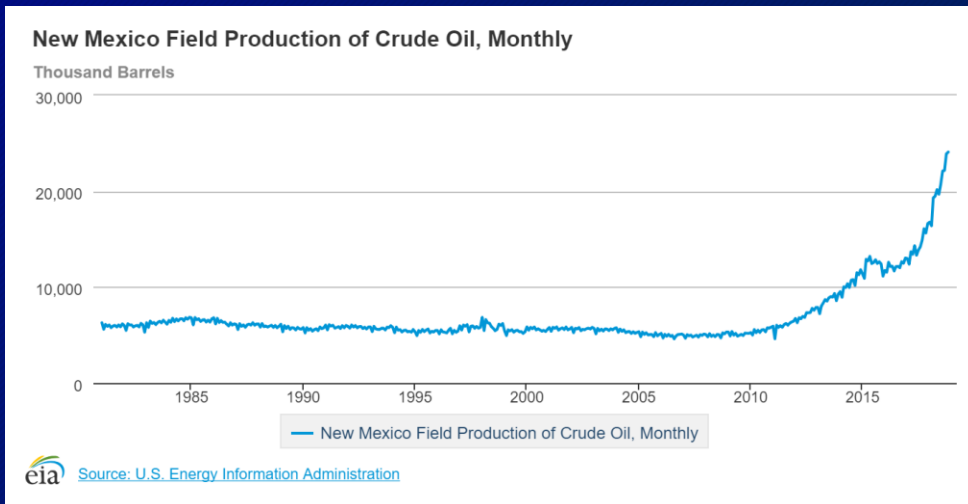
A Bipolar Business



High Highs



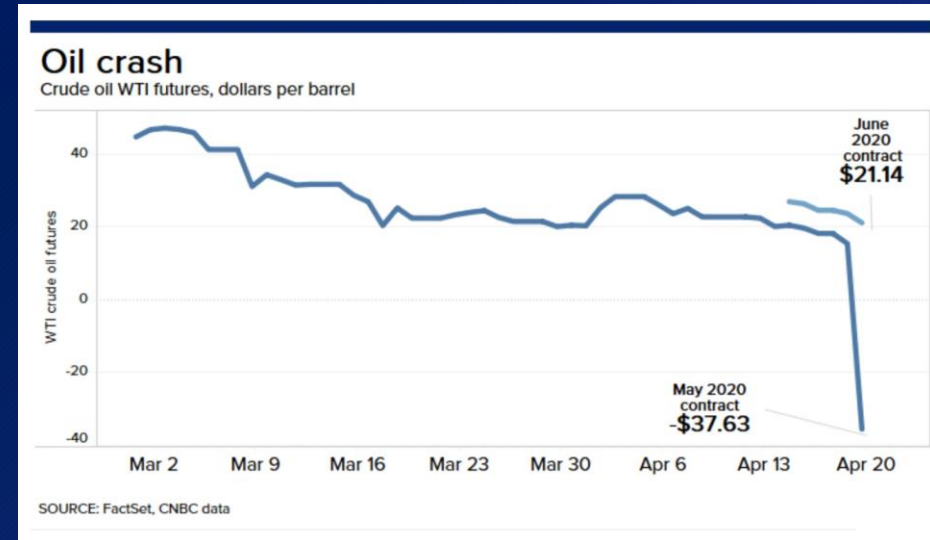
Turned a State Budget Deficit into a \$1.2 billion surplus in 2-years with another with another billion for 2020....UNTIL.....



Low Lows



**The
Price
Crash**



- **Forced a Special Session to plug a \$600 million hole for FY20**
- **Projected \$1 Billion hole for FY21**

2020

Biggest Industry Threats to New Mexico →



- **Low Oil & Gas Prices**
- **COVID-19 Recovery
(Supply/Demand)**
- **OPEC++ Politics**
- **2020 Election**
- **New Methane Rules**



Assistance



Federal Oil & Gas Relief

- **60-Day Temporary Shut-In Program (Discontinued)**
(BLM accepted temporary shut-ins w/o demonstrating well economics because it was obvious...)
- **Temporary Royalty Relief Program (Discontinued)**
- **IRS: Change to Marginal Well Production Tax Credit**
(Credit amount for tax years beginning in calendar year 2019 is \$0.08 per 1,000 cubic feet.)
- **Net Operating Loss (NOL) Tax Relief**
- **2019 Tax Payment Extensions**



Assistance



Federal Funding Relief

C.A.R.E.S.

- **Paycheck Protection Program (PPP)**
*(21,924 loans to New Mexico businesses = \$2.2 billion processed as of July 8th.)
(\$132 billion remains in PPP funding with extension to August 8th.)*
- **Economic Injury Disaster Loans (EIDL)**
(9,650 have been distributed to New Mexico businesses for a total of \$566 million.)

H.E.A.L.S.

- **The next Federal Stimulus Package under debate.**

2020



Announced Yesterday!



U.S. Department of the Interior
Bureau of Land Management

News Release

BLM Headquarters Office

Media Contact: blm_press@blm.gov

July 29, 2020

The Trump Administration proposes updates to oil and gas regulations

Proposed changes ensure fair return for taxpayers and clarify regulations for producers

WASHINGTON – In support of President Donald J. Trump’s [America-First Energy Strategy](#), the Bureau of Land Management (BLM) today announced proposed revisions to three key regulations governing oversight of oil and gas production and reporting. The proposed regulations are designed



Assistance



Pushing for State Relief

- **Engaging the Governor & State Agencies**
 - IPANM Recommendations (Written & Conference Calls) for Relief
 - Governor Discussion with IPANM Board Members in May
- **State Land Office Comment Letters & Testimony**
- **IPANM Representation on Economic Recovery Task Force**
- **Comparing Notes with other State Trade Associations**



Assistance



State Oil & Gas Relief

- OCD: Under Economic Hardship Conditions, operators can apply for a blanket Agreed Compliance Order for up to a 36-month temporary shut-in extension.
- OCD: Acknowledges increased site inspections. Due to inspectors not performing any inspections that require other parties to be on site. UIC tests requiring an OCD inspector are currently suspended and will be rescheduled for a future date.
- OCD: Mailed NOV's that require 30-days to remedy can be extended to 90-days on case-by-case basis. Contact OCD as soon as you receive NOV's.
- IPANM asked members for feedback on production limits: 75% No 25% Yes



Assistance



State Oil & Gas Relief

- **SLO:** Shut-in provisions for up to a year
- **SLO:** Oil and gas lessees seeking a special exception for an extension of an oil and gas lease shall directly contact the Assistant Commissioner of Minerals, Jordan Kessler, via email, at jkessler@slo.state.nm.us.
- **SLO:** Oil and gas lease sales continue, but many (if not all) require minimum bid.
- **WARNING:** SLO in-house review to justify raising \$25,000 blanket bond on remediation activities. (In response to failure of HM 29 in House during 2020 Session.)

2020



The 2020 Election Opportunity

2020



National Race:

- 97 Days To Election is An Eternity
- Loyal Base & Trump Ground Game

New Mexico Congressional Races:

- CD 2 Race
- U.S. Senate Race

State Races:

- Fundraising Momentum for Pro-Oil & Gas Candidates & Causes
- Opportunities To Switch D Seats to Rs, especially in the Senate

2021



Biggest Industry Threats to New Mexico →

- 2021 Legislative Session
- Fracking Bans
- New Methane Rules

**The 2021 NM
Legislative Session**



Get Ready...

The Budget Blowout

The 2021 NM Legislative Session



Get Ready...

The Budget Blowout

2020

A \$600 Million Hole

- “Rainy day” Reserve Funds from 25% to 12%
- CARES Stimulus Money
- Reduction of Teacher Raises; Reduced Funding for Early Education & Free Tuition Initiative

The 2021 NM Legislative Session



Get Ready...

The Budget Blowout

2020

A \$600 Million Hole

- “Rainy day” Reserve Funds from 25% to 12%
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2021

Another Billion Dollar Hole

- 1/3 Cuts
- 1/3 Robbing the Permanent Fund
- 1/3 Raising Taxes on top of last year’s tax increase

**The 2021 NM
Legislative Session**



Get Ready...

Anticipated 2021 Anti-Oil & Gas Bills

Increasing Penalty Authority Fine Amounts

State Environmental Review Act

Royalties on Vented Gas

Increased Royalty Levels on State Land

Tax Increases

Statewide Fracking Ban

**The 2021 NM
Legislative Session**



IPANM on Offense...

Mobilizing for 2021

- **Guidance Committee directing Legislative Affairs**
- **IPANM Members in Santa Fe**
- **Strong Partners & Coalitions**
- **Topical Messaging**
- **Pro-Oil & Gas Legislation**

**The 2021 NM
Legislative Session**



IPANM on Offense...

Decreasing OCD Fees on APDs & Permits

Royalty Relief

Extension of Temporary Shut-Ins

Regulatory Relief

Fiscal Responsibility – No New Taxes!

Small Business Protections

Fracking Messaging



IPANM on Offense...



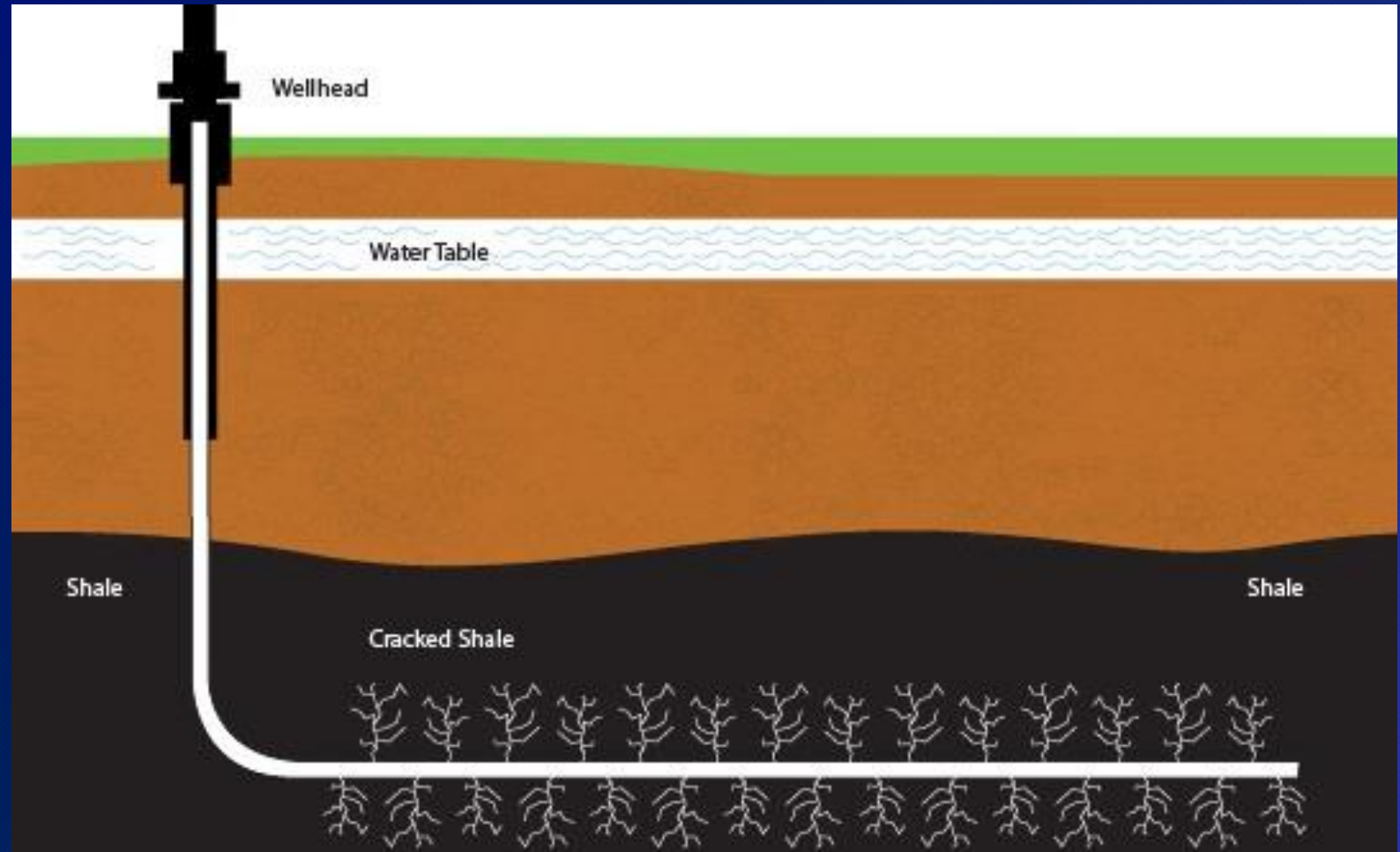
“If you ban it and don’t understand it, then you don’t support an all-of-above energy plan.”

**Governor Michelle Lujan Grisham
to Independent Producers
July 11, 2019**

Fracking Messaging



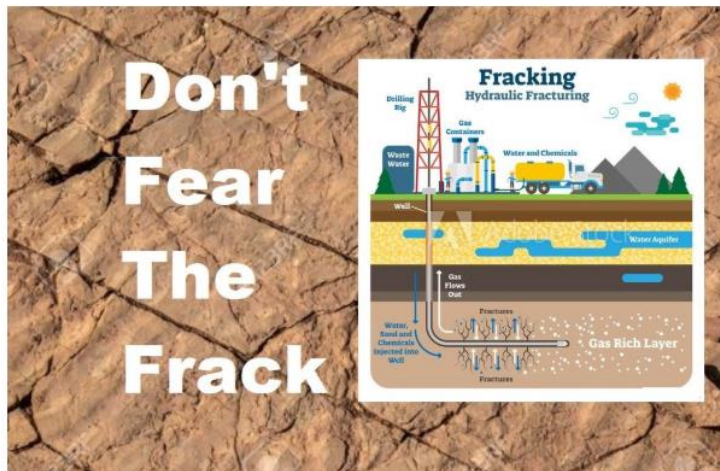
**Safe, Effective &
Will Lead to
Economic
Recovery**



Fracking Messaging



Sharpe: New Video Highlights 'Don't Fear The Frack'



George Sharpe, IPANM Member (Nov. 18, 2019) – IPANM Member, Columnist, Energy Instructor and Investment Manager at Merrion Oil & Gas in Farmington recently released his latest educational video entitled Don't Fear The Frack.

Please take a few minutes to watch this informative video, and then share the link (<https://www.youtube.com/watch?v=K-Icr2IWCwo>) with your friends and co-workers!

G Don't Fear the Frack

Watch later

Share

Fracking Messaging



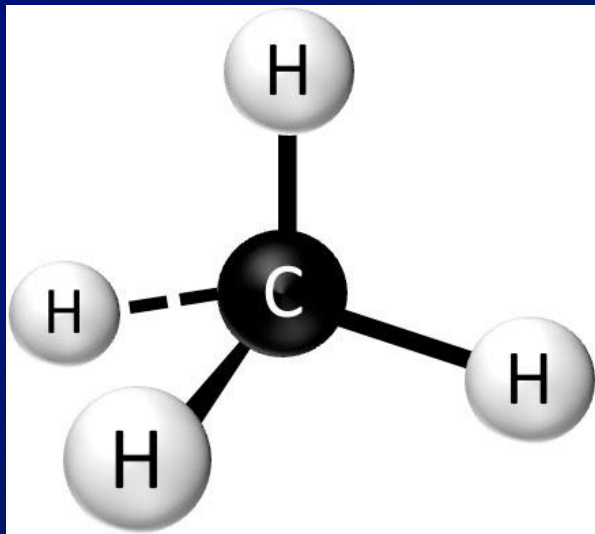
The Economic Benefits of Hydraulic Fracturing to New Mexico – and The Consequences of a Potential Ban (Dec 2019)



Methane



Rulemaking Hearings 2020 Implementation 2021



Update from
Methane Committee Chair
(& Incoming Board President)
Ryan Davis
of
Merrion Oil & Gas

2021



Let's End
on High
Note

2021



Hope can set you free.

-- STEPHEN KING

Let's End on High Note

2021



Hope can set you free.

-- STEPHEN KING

COVID Recovery

2021



Hope can set you free.

-- STEPHEN KING

The 2021 Price Rebound

2021



Hope can set you free.

-- STEPHEN KING



EIA: Oil Demand To Hit Pre-COVID Levels In 2021



U.S. demand for petroleum and liquid fuels is expected to remain below the 2019 average from before the COVID-crisis until August 2021, despite the uptick in consumption in recent weeks, the U.S. Energy Information Administration (EIA) said on Monday.

2021



Hope can set you free.

-- STEPHEN KING

Expected Natural Gas Price Increase Would Help San Juan Basin



Santa Fe New Mexican (June 8, 2020) – To say times are tough for energy companies in the San Juan Basin would be an understatement.

The market for natural gas is so bad right now that T. Greg Merrion (former IPANM Board President) has shut in nearly half of his family-owned company's wells, most located in northwestern New Mexico.

But that could soon change.

If Merrion and key industry analysts are correct, there might be a silver lining in the oil crash caused by the coronavirus pandemic – it could end up helping northwestern New Mexico natural gas producers and even give a lift to state revenue in a time of crisis.

[Expected Natural Gas Price Increase Would Help San Juan Basin](#)

2021



Hope can set you free.

-- STEPHEN KING



2020 IPANM ANNUAL GOLF OUTING

Registration & Sponsorships Open for 2020 Annual Golf Outing

*Event to be held in October with COVID-19 restrictions in effect;
Reserve a spot, a foursome, or sponsorship today with no money down!*

The 2020 IPANM Annual Golf Outing is set for October 16, 2020 at the Nancy Lopez Golf Course at Spring River in Roswell! IPANM and Spring River have been working to ensure this event will meet COVID-19 Health Restriction Guidelines, while also providing a fun time for members and sponsors. Please see the links below to sign up for sponsorships, which guarantees a certain number of golfer registrations depending on sponsorship level. Members may also register for golf as participants. **Due to uncertainty of the COVID pandemic, IPANM is only taking reservations for golf participants and sponsorships with all payments to be collected via CASH or CHECK the day of the event.**



[Click Here to Register](#)

[Click Here to go to IPANM Golf Webpage!](#)

2021



Hope can set you free.

-- STEPHEN KING



ipanm.org/2020golfoutingroswell

Welcome Kacy!



kacybrown@ipanm.org

