Masks Required by Kelly Order
Recovery at Risk?

The economy has been engaged in a slow recovery from the worst of the coronavirus, and the accompanying improvement in energy demand has been evident in crude oil prices. Kansas crude oil postings topped $53/bbl in early January prices and then dipped below $11/bbl in March and below $1/bbl in April. Crude oil prices began to recover thereafter, surpassing $25/bbl in May before pushing above $30/bbl in late June and early July.

What seemed to be an improving set of data on the spread of COVID-19 has since worsened, prompting Kansas Governor Laura Kelly to issue an executive order that went into effect on July 9th mandating all Kansans to wear masks in public, although counties have the choice about whether to opt out. More than 90 Kansas counties opted out of the
Please join the Kansas Independent Oil & Gas Association (KIOGA) as we host Kansas Senator Pat Roberts, Kansas Representative Roger Marshall, M.D., Kansas Representative Ron Estes, and Kansas Representative Steve Watkins for a discussion about what the impacts of COVID-19 and the economy will have on voters and how national energy conversations could influence Kansas’s electoral outcomes. Watch KIOGA communications for webinar registration and sponsorship opportunities.
KIOGA Advertisers

KIOGA thanks the following companies for their support through advertising in our newsletter.

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Front Cover
Janel Haumont
Photo Memorabilia

Have a photograph you would like to see on the cover? Send to kIOGA@kioga.org

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

Staff

Edward Cross - President
Kelly Rains - Operations Manager

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

Our work is critical.
Your support is vital.

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

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

KIOGA Newsletters

Contact Wichita Office for additional copies

Share Your Newsletter
Encourage Others to Join

OIL AND GAS FIELDS OF KANSAS
2009

Gas Field  Oil Field  Oil & Gas Field
Message from the Chairman

David Bleakley
2019-2021, Chairman KIOGA

Our Virtual Annual Convention will take place.

Fellow KIOGA Members,

Even though we were not able to have an in-person Mid-year meeting and General/Board meeting in Garden City this year and had to cancel the in-person Annual Convention and General/Board meeting for August, Ed is working with the program schedule from the Convention Committee to setup a Virtual Annual Convention. The Convention Committee had a new format with a good schedule lined up for this year’s convention, and we hope you find the congressional panel and breakout sessions to be informative and helpful. Along with the Virtual Annual Convention, your elected officers, committees, volunteers, and President Ed Cross have been very busy. We are all working hard researching vendors and reviewing proposals necessary to retool, update, and build a KIOGA for the future -- even in these trying times.

Our goal is to continue to energize our membership by bringing tangible value to our members through active committee participation and improved communications in a new website, newsletter, zoom video meetings/seminars, and legislative action alerts at a sustainable cost and within budget. We want to focus on what KIOGA can do to help our members survive, keep up to date with important information, fightback any adverse legislation, and stay engaged with the association during these difficult times. We are leaving no stone unturned to find savings within KIOGA to be able to provide these exciting updated services to our membership and look for new opportunities to gather and enjoy our membership camaraderie.

We have already received many positive comments from members who have heard about our efforts and support this new path forward--both with their encouragement and their financial commitments. More details about these exciting new ideas will be presented at our virtual General/Board meeting (Date TBD). Each member will be informed of the General/Board meeting date and provided previous notice of all items that will be discussed at that meeting. Please feel free to contact me (620-365-9419), Ed Cross, your regional vice-Chairmen, any member of the Executive Committee, or any member of the Board of Directors with any suggestions or thoughts you may have.

Stay safe, stay strong, and stay tuned to KIOGA for the latest updates and information you need to know about our industry.

Sincerely,

David Bleakley
KIOGA Chairman
What a difference one month makes. This time last month, I wrote to you with excitement about the upcoming 83rd KIOGA Annual Convention and EXPO and asking for your support. You heeded the call with your generosity. At this time, I respectfully ask you to maintain your generosity and allow your contribution to KIOGA to stand.

Since my letter, Sedgwick County issued an order, which expires August 9, 2020, requiring mask to be worn in all public spaces and which restricts gatherings to no more than 45 persons. This 45-person limitation is well below what we have envisioned and come to expect from our flagship KIOGA event.

I have been monitoring local, state and national trends surrounding Covid-19. Unfortunately, the trends do not bode well for larger events anytime soon. My own personal beliefs about this viral situation aside, I do not hold hope for the easing of gathering restrictions that would accommodate our event of 400-500 people. By cancelling now, we can secure full refunds of deposits and prepayments made to the Hyatt and Century II, totaling over $50,000, and begin to plan for an alternative course of action.

As such, I recommended to the Executive Committee that the physical events in August be cancelled. The vote was unanimous. In the spirit of the Kansas oil and gas industry, however, we will salvage components in a novel way.

KIOGA now intends to hold golf, sporting clays, and bingo in October. We are working with Terradyne Country Club in Andover to host the golf tournament, bingo, and an all-members’ reception. The sporting clays participants will join the reception after the shoot. This plan allows critical social and industry-networking fun. As more information is presented, I truly hope you opt to participate at one or more of these functions.

KIOGA plans to present the Kansas Congressional Delegation Panel, Board and Member Meeting, and the four breakout sessions in a virtual, online format. Ed Cross is coordinating the logistics of the Legislative Panel, which could be coupled with Board Meeting. The breakout sessions will be presented one per month for four months. We will be working with the presenters to facilitate these events. All virtual events will be provided at no charge to viewers.

Despite the turn of events this year, KIOGA is still in need of your generosity and support. Without the Annual Convention, KIOGA is facing a significant budget deficit this year. I would like to offer you the opportunity to keep your sponsorship this year in place instead of seeking a refund. Your generosity will help KIOGA get through this year and ensures that the association and its committed staff can continue its vital role as the Kansas oil and gas industry’s collective voice and advocacy role.

In order to promote exposure value to your business, we will highlight all continued sponsors at each outing event with physical signage; recognition at each broadcast event and further highlighted in two (2) KIOGA newsletters.

Please let us know if we can count on your continued support. Do not hesitate to contact Kelly Rains at the Wichita office 316.263.7297, if you have any questions regarding our convention, or KIOGA in general.

Thank you in advance for your sponsorship of our uniquely modified 83rd Annual Convention and Expo.

See you soon!

Regards,
Michael A Pisciotte
2020 Convention Chairman
Continued

Masks Required by Kelly

Recovery at Risk?

mask mandate. The order states that face masks must be worn in indoor and outdoor spaces if the 6 feet social distancing cannot be achieved.

Crude oil price increase is the simultaneous function of declines in production and climbing energy demand from its worst days in April. Improving energy demand, primarily for transportation fuel, is synonymous with the re-opening of the economy, and now it appears that economic restart may be at least somewhat stalled. However, these requirements are not nearly as restrictive as the initial shutdown of the economy.

Though some commerce is restricted, this order does not prevent Kansans from moving around, traveling, shopping, or dining out. Spending, employment, and other measures of economic activity have improved steadily over the last two months after suffering the worst declines on record, and these new restrictions are not likely to reverse those gains.

However, another round of economic lockdown would be very damaging to the economy and would wreak havoc anew in the oil and gas industry.

With prices stabilizing as demand returns, Governor Kelly’s order allows us to get back to work but use common sense to protect our fellow Kansans - wear a mask, practice social distancing, and wash your hands.

Gasoline demand reached its pandemic low point the week of April 3, 2020, falling to about 5.07 million barrels per day, down from nearly 9.5 million bpd the week of March 6th.

Gasoline demand has returned to 8.78 million bpd as of last week, but that is still down by nearly 1 million barrels per day (bpd) compared to this time last year. The lower demand is reflected in the price of a gallon of gasoline, which averaged about $1.96/gallon in Kansas over the July 4th holiday for the first time since 2004 according to AAA.

About 85% of each barrel of crude oil is used to manufacture transportation fuel, and under normal circumstances gasoline comprises about 56% of that total, according to the US Energy Information Administration (EIA).

EIA also reports that diesel makes up some 33%, and jet fuel rounds out the transportation fuel total with about 11%.

Air travel has taken a beating, down by close to 75% by some estimates. While gasoline demand is on the rise, jet fuel demand continued to decline through the end of June.

Summer travel in 2020 will clearly be well below 2019 levels, but encouragingly for gasoline, the primary product from crude oil, most of those that are traveling will be taking to the road.
# KIOGA Mark your Calendar

<table>
<thead>
<tr>
<th>Event Name</th>
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<td>NAPE Summer Virtual Expo</td>
<td>August 11-27, 2020</td>
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<td>KIOGA <em>Let’s Talk About.</em> Webinar</td>
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<td>NSWA 14th Annual Energy Gala</td>
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<td>IADC Annual Meeting</td>
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<td>2020 Kansas Water Conference</td>
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<td>IPAA Annual Meeting</td>
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# SOER Workshop Series

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

- Oklahoma City
- Enid
- Ardmore
- Tulsa
- Ponca City
- Woodward

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

For a complete list of dates or to register, visit [SOEROOK.COM](http://SOEROOK.COM)
KIOGA continues to be engaged in addressing energy policy challenges. The U.S. currently has a better, more sensible approach to energy development than any other country in the world, both short-term and long-term. Where government policy has been absent, free markets have filled the void with great success.

KIOGA has been engaged by providing input on crude oil market dynamics, addressing flaws in the “green new deal”, and providing facts about carbon capture and oil and gas industry emissions. 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.”

**Federal Policymakers Seek KIOGA Input on Current Crude Oil Market Impacts**

In June, KIOGA was asked by several federal policymakers for our take on the current crude oil market dynamics and the impact of the current oil market situation on the small businesses that make up the independent oil and gas industry. KIOGA President Edward Cross had provided federal policymakers, the White House, Kansas Governor Kelly, and other key state and federal decision-makers last April. Cross updated the report titled Crude Oil Market Dynamics and on June 10th sent it to 17 federal policymakers (including Republican and Democrat Senators and Representatives), the White House, the entire Kansas Congressional delegation, Kansas Governor Kelly and others. The report summarizes the potential implications from oversupplied markets and the anticipated demand destruction. Several federal policymakers and the White House expressed appreciation for the information saying: “Your report is very informative and easy to comprehend.”

**Meeting with U.S. Energy Secretary Brouilette**

In June, the Domestic Energy Producers Alliance (DEPA) executive board met with U.S. Energy Secretary Dan Brouilette via Zoom. KIOGA President Edward Cross is a DEPA executive board member. Secretary Brouilette said the most recent labor reports provides growing reasons for hope that the economy is recovering. He shared the latest Energy Information Administration Short-Term Energy Outlook. Secretary Brouilette underscored the information in the report that states that the largest declines in energy consumption has already occurred and that demand will continue to rise. He also said the U.S. Department of Energy is currently working with the U.S. Defense Department (DOD) on a DOD request to purchase additional oil for storage.

**Carbon Capture Studies**

In July, the National Petroleum Council (NPC) briefed Interstate Oil & Gas Compact Commission (IOGCC) representatives on two recent NPC studies on carbon capture. As a Kansas Associate Representative to the Interstate Oil & Gas Compact Commission (IOGCC), KIOGA President Edward Cross participated in the Zoom webinar. The NPC briefed the group on the finding of their studies and suggested potential actions or projects states could take to address the recommendations of the report. Takeaways
from the webinar include:

1. Carbon capture projects are likely to move forward. There are currently more than 600 carbon capture projects, including both secure geological storage at deep saline formations and enhanced oil recovery projects.

2. Proposed regulations provide a compliance pathway for satisfying the reporting requirements. For long-term storage, taxpayers should comply with Subpart RR of the Clear Air Act’s greenhouse gas reporting rule. For enhanced oil recovery projects, taxpayers may choose either Subpart RR or alternative standards developed by the American National Standards Institute (ANSI).

3. Taxpayers can claim the credit if they utilize the captured carbon for a purpose for which a commercial market exists, instead of storing it. Additional guidance is needed to determine what commercial markets the IRS will recognize and how they will go about making those determinations.

4. The proposed regulations offer flexibility to contract with third parties to dispose the captured carbon and to pass the section 45Q credit to the disposing party. Contracts must meet certain procedural requirements, including commercially reasonable terms and not limiting damages to a specified amount.

5. If the captured carbon dioxide leaks, the carbon capture tax credit is subject to recapture by the IRS. The taxpayer who claimed the credit bears the recapture liability, but IRS guidance permits indemnities and insurance for credit recapture.

6. The partnership allocation revenue procedure issued in February 2020 provides flexibility for the section 45Q credit relative to other tax equity structures, by only requiring 50% non-contingent contributions by an investor member. This may make projects easier to finance, especially in light of the other contracting flexibility in the proposed regulations.

**China Trade Deal**

U.S. Senator Pat Roberts (R-KS) met with U.S. Trade Representative Robert Lighthizer at the White House in May to discuss Phase 1 of the China Trade Deal. Senator Roberts reached out to KIOGA for information on how the deal might impact Kansas oil and gas producers. The energy trade section of the deal commits China to increasing its purchases of American energy products — crude oil, refined products, liquefied natural gas and coal — from 2017. The countries agreed that shipments should increase from the 2017 level by no less than $18.5 billion this year and be at least $33.9 billion above the same baseline in 2021. KIOGA President Edward Cross provided Senator Roberts and his staff a report laying out what the trade deal means for U.S. oil and gas and expressed KIOGA support for a trade deal that could potentially open more markets for U.S. crude oil and natural gas.

**U.S. House Democrats Announce Climate Guide**

Democrats on the U.S. House Select Committee on the Climate Crisis recommended a federal clean electricity standard, a carbon price and a national net-zero emissions goal, as part of the wide-ranging report they officially unveiled on July 1st. The plan seeks net-zero emissions by 2050 and calls for 100% clean vehicles by 2035. The 538-page report was crafted largely without input from the panel’s Republicans and is widely seen as a climate guide for Democrats if they win control of government in 2021. The ambitious plan to combat climate change, a move intended to reassure their base of supporters, inflamed Republican opponents. Republicans are using the plan in this election year to paint Democrats as environmaniacs out of touch with working people and the economy.
KIOGA Educational Foundation

Our Mission

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

Types of Support

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

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

How You Can Help

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

Donations can be sent directly to:

KIOGA Educational Foundation
229 E William, Suite 211
Wichita, KS 67020
kef@kioga.org

Testimonials

Manhall Elementary | Eureka, KS
3D Printer

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

Heller Elementary | Neodesha, KS
Tulsa Geoscience Center Field Trip

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

100% of funds donated are used to fund grant requests

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100% of funds donated are used to fund grant requests

Please consider making KIOGA Educational Foundation as your donation in lieu of flowers. KEF is dedicated to the education of teachers and students, on the benefits of the oil and gas industry

KEF | 229 E William Suite 211 | Wichita, KS 67020

In Memory Of:
## KIOGA New Members

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

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<th>Company</th>
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<td>Upright Energy</td>
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<td>Robert L. Williams, Jr.</td>
<td>Pathway Petroleum, LLC</td>
<td>Wichita, KS</td>
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<tr>
<td>Adam Cohen</td>
<td>Patriot Reserves, LLC</td>
<td>Denver, CO</td>
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<tr>
<td>James E. Kitchel</td>
<td>Entransco Energy, LLC</td>
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Fossil Fuels Still Supply 84% of World Energy

On June 23rd, BP released its Statistical Review of World Energy 2020. The Review covers energy data through 2019, and provides a comprehensive picture of supply and demand for major energy sources on a country-level basis. This annual report is one of the most important sources of global energy data. It is a primary source of data for numerous companies, government agencies, and non-government organizations. Some highlights from the report include:

Primary energy consumption grew by 1.3% last year, which was less than half the rate of 2018 (2.8%). Nevertheless, this still represents the 10th consecutive year that the world set a new all-time high for energy consumption. The largest share of the increase in energy consumption, 41%, was contributed by renewables. Natural gas contributed the second largest increment with 36% of the increase. However, as an overall share of energy consumption, oil remained on top with 33% of all energy consumption. The remainder of global energy consumption came from coal (27%), natural gas (24%), hydropower (6%), renewables (5%), and nuclear power (4%). Cumulatively, fossil fuels still accounted for 84% of the world’s primary energy consumption in 2019.

China was responsible for three-quarters of the world’s energy consumption growth, followed by India and Indonesia. The U.S. and Germany posted the largest declines.

Oil consumption also grew to a new record, again led by demand from China. But global oil production fell for the first time in a decade, as growth in the U.S. was more than offset by OPEC production cuts. Given the impact Covid-19 is having on the world’s energy markets, it looks like 2018 may stand as the high mark for oil production for at least a couple of years.

Natural gas consumption rose by 2% in 2019 as the share of natural gas in primary energy consumption rose to a record high of 24.2%. Natural gas production grew to a new record, with U.S. production accounting for almost two-thirds of this increase.

Renewable energy continued its growth streak. Wind was the largest contributor, but solar was close behind. China once again led all countries in consumption of renewables, followed by the U.S. and Japan. The share of renewables in power generation increased to 10.4%, surpassing nuclear power for the first time.
Products of Oil & Gas

GASOLINE
Gasoline is the most important petroleum product. It is used to fuel automobiles, motorcycles, trucks, golf carts, lawn mowers and edgers.

SYNTHETIC RUBBER
Synthetic rubber was developed during World War II. Today we see it in gloves, tennis shoes, boots, swimming floats, balls, hoses, stoppers, tires, rubber bands, belts, skate wheels, shoe heels and balloons.

SYNTHETIC FABRICS
Synthetic fabrics such as nylon, Orlon, Dacron and Dynel are all made from petroleum. Parachutes are made of nylon. Carpets, rope and Astro-Turf are made from synthetic fabrics.

WAXES
Waxes are used to make waxed paper, candy, gum, candles, soap and crayons.

MEDICINES
Medicines such as aspirin, antibiotics, Vasoline, alcohol, ammonia, antibiotics and antiseptics all contain petrochemicals.

PLASTICS
Plastics come in a large variety. Everything from bowling balls to camera film to garbage cans.

CARBON BLACK
Carbon black goes into paints and inks, rubber and cement, batteries and radio and television tubes.

NATURAL GAS & PROPANE
Natural gas and propane cook our food, heat our homes and workplaces, and make petrochemicals and plastic products we use every day.

COSMETICS
Today, soap, cleansing creams, toothpaste, toothbrushes, combs, curlers, shampoo, hair spray, lotion, cologne, baby oil, lipstick, eyebrow pencil, nail polish, hand cream, shaving cream and suntan lotion all come from oil.
Reasons to Celebrate

Industry Celebrates 160 Years

Looking back at the challenges Kansas independent oil and gas producers have faced and the multitude of political barriers we have overcome, ours is the ultimate story of blood, sweat, tears, willpower, unity, and passion. As independents, we know the oil and gas business is fraught with tremendous risk and carries extreme geological, commercial, and financial exposure. These very challenges have defined the generations of Kansas independent oil and gas producers who have played and continue to play a vital role in meeting our nation’s energy needs. And it is time to celebrate the industry’s accomplishments.

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

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

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

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

The Kansas oil industry’s 160 year celebration creates a unique opportunity for Kansas to focus on the historical significance of oil. The Kansas industry’s 160 year celebration is an opportunity to spotlight Kansas’ historical role as a leader in the development of energy. The Kansas oil industry was a leader and innovator of 20th century technologies that helped expand oil production in times when more energy was critical for our nation. The discovery of the El Dorado field in Butler County in 1915 was one of the largest oil strikes of the time. And now we are using 21st century technology to help fuel our nation, fund the State of Kansas, and enhance the quality of life for people across Kansas and the world. The positive impacts of energy on our economy, culture, and environment has never been more important.
The Kansas Independent Oil & Gas Association (KIOGA) is proud to be a part of the history of the Kansas oil industry and look forward to being a part of the ongoing history of our industry. From our beginning in 1937, KIOGA has grown from a small group of producers into the lead state and national advocate for Kansas independent oil and natural gas producers, working along side other national, state, and regional associations to assure networking opportunities and facilitate the effortless exchange of educational materials and information on our nation’s vital production of oil and natural gas resources. KIOGA is driven and led by a robust membership of nearly 3,500 folks from 1,400 companies. Successfully advocating on behalf of Kansas’ independent oil and natural gas producers for more than 83 years, KIOGA continues to stand as the primary voice for Kansas independent oil and gas producers.

The history of the Kansas oil industry is an American story of industrious entrepreneurs who exhibited the pioneering spirit this country is known for, of innovation, speculation, and perseverance. All contributed to the founding and development of the Kansas oil industry, which has, and continues to transform the world.
The oil and gas industry and the economy in general can be helped by getting people back to work. The longer this goes on, the deeper you dig the hole; the harder it is to crawl out. The solution for our industry and everybody is to get people back to work.

Once demand and prices return to normal, several things should be considered to help the Kansas oil and gas industry, none of them involving bailouts.

We need to find solutions to high Kansas electric rates - which hurt not just the oil industry, but general economic development as well.

Kansas rates are the highest in our region and Kansas consumers spend more than $1 billion per year more on electricity than just 10 years ago. With electric costs that are 30-50% of expenses, oil wells in rural Kansas could run for many years longer with more competitive electricity prices. Who will be left to absorb the high fixed costs that burden rates? Oklahoma rates can be more than 50% less than in Kansas.

Renewable energy sources like wind need to be carefully considered going forward. The state has adequate renewable energy generation, and careful study is required before allowing more subsidies. Methane and carbon dioxide emissions are significantly down in the U.S. even as oil and gas production has dramatically increased. We must resist unduly penalizing and regulating the fossil fuel industry for political expediency.

The oil and gas industry has lived through several ugly downturns before, and we know that patience, persistence, insight, and innovation pay off. We move forward together to focus on value reconstruction and prepare for brighter days ahead.

EIA Raises Oil Price Forecast

The U.S. Energy Information Administration (EIA) has raised its Brent and West Texas Intermediate (WTI) oil price forecasts again, the organization’s July Short Term Energy Outlook (STEO) report has revealed. According to the latest STEO, the EIA now expects the Brent spot price to average $40.50 per barrel in 2020 and $49.70 per barrel in 2021. In June these prices were forecasted to hit $35.14 per barrel in 2020 and $43.88 per barrel in 2021 and in May they came in at $30.10 per barrel in 2020 and $43.31 per barrel in 2021.
However, surging coronavirus cases raises concern about demand. Surging infections across major economies is leading to the tightening of restrictions to curb the outbreak, with the virus showing no signs of abating. Oil’s rally from its plunge below zero in April slowed in early July after a tumultuous few months sparked by virus-driven demand destruction. Historic output cuts from OPEC and its allies look to be extended through August.

Goldman Sachs Sees Oil Demand Returning to Pre-Coronavirus Levels by 2022

Goldman Sachs said a pick-up in commuting, a shift to private transportation and government efforts to improve economies with higher infrastructure spending should help global oil demand return to pre-coronavirus levels by 2022. Demand is expected to fall by 8% this year, before rebounding 6% in 2021 and fully recovering to pre-pandemic levels by 2022, the U.S. bank said on July 2nd. The bank expects gasoline to stage the fastest demand recovery among oil products, while jet fuel consumption, which has been hit the most by the pandemic, could suffer more as consumer confidence in air travel is likely to stay low in the absence of a vaccine. While fuel demand is gradually recovering as lockdown measures ease, a second coronavirus wave could quickly undermine the trend. A recent Reuters poll estimated oil prices will consolidate at around $40 a barrel this year, with a recovery gaining steam in the fourth quarter and into 2021 on OPEC-led production cuts and as economies limp back from coronavirus lockdowns.

Saudi Aramco CEO on Oil Markets: The Worst is Behind Us

The worst is behind us in oil markets, says Saudi Aramco President and Chief Executive Officer Amin H. Nasser. Already-recovering demand has him “very optimistic” for the second half of 2020 and countries are now better prepared for a second wave of COVID-19 if and when it occurs. In a conversation with Daniel Yergin, vice chairman, IHS Markit, Nasser talked about the near-term outlook for oil markets. “The worst is behind us. We went from -$40 to +$40 with WTI. In April we were looking at demand of about 75-80 million b/d with significant supply at that time. Currently you are looking at almost close to 90 million b/d. I’m very optimistic about the second half of this year. We see it in China today—it’s almost at 90%. In gasoline it’s around 95% in China. Gasoline and diesel are picking up to pre-COVID levels. Jet fuel is still lagging in terms of less air travel. More countries will start opening up. So, we see that reflected in the demand on crude.”

Saudis Hike Oil Prices to Key Markets on Rising Energy Demand

Saudi Arabia raised pricing for August oil shipments to Asia, the U.S. and northern Europe amid signs that energy demand is continuing to recover from its coronavirus-triggered collapse. The move comes as the world’s biggest crude exporter pushes other major producers to join it in cutting supply to re-balance the market. OPEC+ has been reducing crude production since last April to drain stockpiles. The group agreed in June to extend cuts totaling nearly 10 million barrels a day -- roughly 10% of world supply before the pandemic hit -- for a third month until the end of July. They plan to scale them back after that.

Challenges on How to Price U.S. Crude Oil Emerging

Two companies have released price benchmarks for oil in the U.S., challenging West Texas Intermediate (WTI) crude as the standard indicator of the cost of the commodity. The two new benchmarks are measured on the Gulf Coast, where much of the action in the oil market takes place these days. S&P Global Platts created the Platts American GulfCoast Select and Argus Media launched the American Gulfcoast Select. Both were started on June 26th. U.S. oil companies have been producing so much oil in recent years that they have begun shipping nearly a third of it overseas. That’s made the Gulf Coast a new central hub of the domestic oil market. But the way that oil is priced in the U.S. depends on a futures contract based at a landed hub in Cushing, Oklahoma.
A message from your KIOGA President, Edward Cross

For over 160 years, the oil and gas industry has been a vital part of Kansas’s way of life and at KIOGA our goal is to help ensure our industry thrives well into the future. It is an honor to work for this association and the members that make the Kansas oil and gas industry so special. Thank you for what you do. I was speaking recently with a KIOGA board member who summed up our work very succinctly by saying: “KIOGA exists to serve and care for our members”.

Information is a big part of that service. KIOGA provides updates and resources important for the Kansas oil and gas industry. Our KIOGA Express and KIOGA Updates digital communication tools provide frequent reports to get you up to speed on the relevant Kansas and national energy news. We also have periodic KIOGA President Reports that bring you up to date on the policy work KIOGA is spearheading. And we continue to produce the nationally recognized and industry-leading KIOGA Newsletter, which will soon be in digital format.

In addition to effective communications to our members, KIOGA has led on strong advocacy for independent oil and natural gas producers in Topeka and Washington D.C. Ever present in our mind is the upcoming Kansas Legislative Session, beginning in January 2021. With the ongoing economic crisis resulting from COVID-19, lawmakers will be looking to raise revenue and make cuts to existing agency budgets. KIOGA is committed to defending the oil and gas industry from additional tax and fee hikes and ensuring the substantial tax revenue already paid in goes to fund the work of regulators at the Kansas Corporation Commission (KCC).

For the rest of the summer, we are working to bring more exclusive content to our members with the use of virtual meetings with lawmakers, regulators and industry leaders. As we confirm these dates and speakers, we will invite you to participate through KIOGA Express, KIOGA Updates, and KIOGA President Reports.

Through rigorous engagement at the state and federal level, KIOGA works to create a more stable and predictable political and regulatory environment for our members. We are committed to being a positive, credible, and proactive voice for industry, promoting respectful dialogue and education to advance oil and gas interests at the state and federal level. We accomplish this through the three pillars of our Business Strategy: Legislative, Regulatory, and Outreach.

Though we face many familiar legislative and regulatory challenges, KIOGA stands stronger and more united than ever to face these obstacles and seek meaningful opportunities to evolve and succeed. To be a member of KIOGA is to be among the premier oil and gas companies in Kansas and across the nation.

For the oil and gas industry, the challenges never end. KIOGA takes our charge seriously and pursues excellence on your behalf each day. Let KIOGA be your partner in success. We provide unmatched public policy advocacy and a powerful voice for you in state and federal government. KIOGA is an investment in our energy future!
Public Angst Demands Right Response

An informed public has never been more necessary

For decades, the oil and gas industry has lamented the industry’s public perception and the lingering lack of trust between the public and industry. Americans seem to have never been less mindful of the importance of oil and natural gas in their day-to-day lives, nor more skeptical toward companies that find, produce, and deliver the oil and gas that make modern living possible.

Policymakers will respond to public concerns. Negative public attitudes encourage policy and regulation that reflect those public concerns. As the oil and gas industry continues to face the enormous challenge of providing adequate and reliable energy supplies in the years ahead, an informed public has never been more necessary.

Energy Paradox

While we all have our heads down trying to figure out how to operate our projects effectively, the international development sector is being transformed by a decarbonization agenda that is defining the future of global energy.

Energy at scale provides a critical foundation for economic development. Today, 84% of global energy comes from fossil fuels.

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. We all expect our heat to run, gas stations to have fuel, and lights to never flicker all at an affordable price. Around the world, billions of people are expecting a middle-class quality of life and its requisite available, affordable, reliable energy. None of this demand is going away soon. 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. Many times the public works under the assumption that we don't need fossil fuels anymore. A stark example is anyone who wants to end oil and gas production while still benefitting from oil and gas based materials and fuels.

The problem is that all of that takes at least three paragraphs and 45-60 minutes to explain. In the meantime, the United Nations and environmental activist groups integrate decarbonization into every component of its work.

What is ESG? – Public traded oil and gas companies are contorting themselves under shareholder pressure to respond to climate concerns. Privately held oil and gas companies have largely remained immune to this pressure. However, individual investors are increasingly interested in in some kind of framework to assess carbon risk, a “green” standard often referred to as sustainable. Today, we hear these efforts described as “ESG” for “environmental, social, governance”. The availability and cost of capital could increase for companies slow to embrace a proactive ESG strategy.

The most likely common ground that oil and gas companies can develop with fossil fuel opponents is the shared desire to create prosperity globally. The energy and environment conversation seems to always be about climate and the future of energy. ESG strategies should contemplate industries role in both.

There is a real connection between global energy expectations and the oil and gas industry. U.S. greenhouse gas emissions fell significantly from 2005 to 2017, even while oil and gas production skyrocketed. The EPA reports that total U.S. CO2 emissions decreased nearly 12%, while methane emissions were reduced by more than 14% since 2005. The shift to natural gas for electricity generation resulted in 57% more emission reductions than renewables from 2005-2018. The U.S. oil and gas industry has proven that over the long-term, we can lead the world in production and environmental stewardship.

Next Step to Raising Energy Awareness

There is a very real opportunity to create a stronger, more effective connection with the American public that recognizes their values and concerns and allows them to understand better the critical role that oil and gas play in America’s everyday lives. This type of connection is more than an opportunity. Earning the trust of the American public will become an absolute necessity to protect and enhance the many key elements of business success – from recruiting and retention of talent to access to
capital, regulatory stability, tax fairness, and more.

KIOGA’s public information efforts highlight the many different and important ways oil and natural gas benefit people’s lives. This effort is the next step to raising energy awareness. KIOGA’s vigorous Next Step to Raising Energy Awareness was launched in 2017. This campaign not only addresses concerns about the economic and environmental issues with accurate, fact-based, scientific information that separates fact from fiction, reality from myth, and proven practices from hyperbole; but also includes information about how the oil and gas industry and companies care about people’s needs and concerns. KIOGA’s latest public information efforts brings important information and messages about the reach and magnitude of oil and natural gas, the products made from oil and natural gas, and oil and natural gas’ contributions to everyday lives. Our 2020 public information efforts continues our successful ongoing efforts while expanding the scope to illustrate the central role oil and natural gas play in sparking invention, advancing technological breakthroughs, and enabling a modern quality of life.

As part of KIOGA’s expanded public information effort, we will be updating our website and social media to include information that the public can peruse about the reach and magnitude of oil and gas and how they enrich life experiences and enhances quality of life.

Where to from here?

People want to know that the oil and natural gas industry cares. As oil and gas industry advocates, we all need to continue to address public concerns about important economic and environmental issues with accurate, fact-based information that separates fact from fiction, reality from myth, and proven practices from hyperbole.

However, we also need to augment our approach to addressing big issue visceral concerns to include information about how the industry and companies care about people’s needs and concerns. We should communicate and illustrate how responsibility is an integral part of industry’s considerations and decisions.

Technical answers alone are lost on the public and come across to many as out of touch. Combining technical answers with communication about the integral role of responsibility in industry’s actions through such things as transparency, empathy for people’s concerns, leadership in addressing concerns, and underscore how industry’s values align with societal values all help to secure public trust, loyalty, commitment and support.

KIOGA’s Actions

When our industry is attacked in media, by activist groups, or others, KIOGA stands ready to respond. KIOGA has developed fact sheets, talking points, issue briefs, press kits, and industry information on current and relevant energy and industry topics. Major Kansas media outlets, policymakers, and many public groups depend on KIOGA’s expertise and explanations and turn to KIOGA as the leading oil and gas industry news source in Kansas.

KIOGA targets policymakers and the public with information and messages that set the record straight on many issues. KIOGA advocates sensible state and federal policies that will help encourage more American oil and natural gas production. We leverage our early preparedness to create opportunities with federal and state lawmakers, opinion leaders, media, and third-party groups. As signs of success, we’re seeing more and more third party organizations, lawmakers, and congressional and state legislator staffers using KIOGA talking points, fact sheets, and analyses in their communications.

Included in KIOGA’s fact sheets and messages are information that communicates how the independent oil and natural gas industry cares and addresses people’s needs and concerns. We illustrate how responsibility is an integral part of industry’s decisions and considerations.

KIOGA’s public information initiatives efforts are proactive, forward-looking efforts. The Association has worked to develop salient messages and thorough, well-prepared materials to counter threats and attacks to the independent oil and natural gas industry.

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KIOGA recognized nationally as a leader in raising energy awareness - KIOGA President Edward Cross authored and published articles about the need for energy awareness initiatives. These articles and papers appeared in publications across the nation including World Oil magazine and the American Oil & Gas Reporter. Cross has also made presentations before national groups including the Interstate Oil & Gas Compact Commission (IOGCC) on the development of effective energy awareness campaigns.

The KIOGA newsletter continues to be a nationally recognized and industry-leading communication tool. KIOGA has received many positive endorsements from members, other oil and gas groups, national publications, and professionals from across the nation. Some comments KIOGA has received in the last few months include:

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

“You are excellent! I consider it as my number one resource for keeping up with federal and other issues.”

KIOGA’s public information efforts expanded in 2019-2020 to highlight the many different and important ways oil and gas benefit people’s lives. Our messages are designed to illustrate the central role oil and gas play in sparking innovation, advancing technological breakthroughs, and enabling a modern quality of life.

Our messages focus on affordable energy as an essential component for almost every aspect of our modern lives. The most affordable forms of energy come from fossil fuels. Fossil fuels are needed throughout the world to lift people up, which is different than a philosophy of embracing a zero-emissions world. Today, we see some political candidates and environmental activist groups advocating a shift away from fossil fuels and many hope this thinking will be the wave of the future. But, that kind of thinking is a threat to economic development in the U.S. and around the world. More than a billion people around the world face challenges for adequate food and education, clean water, and protection from heat and cold due to a lack of access to energy.

Getting the Message Out
KIOGA is currently using editorials, white papers, webinars, and Zoom opportunities to get our message out. KIOGA President Edward Cross has published several editorials, articles, and white papers in media across Kansas and elsewhere in 2020 including:

• We’ve been through tough times before;
• Tumultuous Times – Rapid Transition from Economic Growth to Decline;
• Crisis brings oil, gas challenges into focus;
• A much needed injection of truth;
• What is our energy future?
• Crude Oil Market Dynamics

KIOGA in the news – Over the last several months, several KIOGA members engaged media to talk about oil prices, COVID-19 impacts, and more. KIOGA Chairman David Bleakley and former KIOGA Chairman Ken White provided comments on the oil market situation for an article that appeared in the Topeka Capital-Journal. Former KIOGA Chairmen Dick Schremmer and Ken White as well as KIOGA South/Central Vice Chair Alan Banta provided interviews to KSN and KWCH 12 in Wichita on April 21st. Former KIOGA Chairman Nick Powell and KIOGA President Edward Cross provided comments on the oil market situation for an article in the Sentinel. Eagle Communications in Hays, Kansas ran an interview with KIOGA President Edward Cross on the Gary Shorman Forward Ever program in June.
The Vanguard Club in Kansas City, and the U.S. Global Leadership Coalition (USGLC) State Leaders Summit and more.

The Center for Economic Development and Business Research at Wichita State University has asked KIOGA President Edward Cross to write an article summarizing Kansas oil and gas industry economic impact and forecast going forward for their 2021 Kansas Economic Outlook publication.

The Energy Education Partnership, Inc. (EEPI), a non-profit corporate organization consisting of representatives appointed to serve on the Interstate Oil & Gas Compact Commission (IOGCC) is working to develop programs for state regulatory field inspector education and training. KIOGA President Edward Cross serves as Vice Chair of the EEPI. Cross shared several papers and presentations on basic oil and gas operations with the EEPI group to help develop a field inspector training program.

Fort Hays State University (FHSU) Tiger Media Network released a news article titled Falling Oil Prices: How it Affects Kansas. The article was written by FHSU graduate student Guowei Li and included comments from Dr. Yang Jiao, Assistant Professor of Economics at FHSU, and KIOGA President Edward Cross.

Reaching Out - Going forward, when it is safe and COVID-19 restrictions are relaxed, KIOGA has several speaking engagements scheduled with the Dwight D. Eisenhower Excellence in Public Service Series in Abilene, Schremmer (former KIOGA Chairman) and former KIOGA Chairman Nick Powell have also addressed the NSWA group in previous NSWA virtual producer roundtable discussions.

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

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

Help Support Pro Oil/Gas Policymakers

KIOGA is making a positive difference and creating value for the Kansas oil and gas industry. Our goal is not to be the biggest industry association, just the most effective; and the key to that is value-added participation.

The 2021 Kansas legislative session may generate many issues that will affect KIOGA members. With the ongoing economic crisis resulting from COVID-19, lawmakers will be looking to raise revenue and make cuts to existing agency budgets. We must support those legislative candidates who understand the value provided by the oil and gas industry to the economy of Kansas and defend the oil and gas industry from additional tax and fee hikes and ensure the substantial tax and fee revenue already paid goes to fund the work of regulators at the Kansas Corporation Commission (KCC). The core focus of KIOGA’s work at the Statehouse has been on protecting the Kansas oil and gas industry from increased costs while also defending industry gains made in recent years. KIOGA’s 2021 legislative goals will most likely focus on minimizing impacts of negative legislative assaults on the independent oil and gas industry and optimize legislative targets of opportunities. More specific legislative goals will be evaluated later this year.

KIOGA has initiated our Legislative Contact Volunteer Program. The program is designed to provide financial support to pro oil and natural gas political candidates, primarily in tight races where funding can make a difference. The program also targets political candidates who serve in leadership roles and/or serve on legislative committees of primary concern to the oil and gas industry.

KIOGA members play a vital role in our government relations efforts. Our industry is sure to face significant challenges in the years ahead. Providing financial support to political candidates who share our goals for responsible oil and natural gas development and serve in leadership and/or on key legislative committees is vital.

Several anti-oil and natural gas development groups provide financial support to political candidates who either support or are open to supporting their anti-oil and natural gas ideas. We must support those candidates who listen, understand, and support the needs and concerns of the independent oil and natural gas industry. Candidates who share our goals are often your own legislator, but may also be legislators from other districts around the state. Your specific legislator may or may not serve on the key legislative committees that many oil and natural gas issues come before. Financially supporting pro-oil and natural gas legislators builds positive relationships and strengthens KIOGA’s government relations efforts. In addition, our legislative friends espouse our positions during caucuses when issues and bills concerning our industry are discussed between legislators. We must financially support those legislators who are open to our concerns, wherever they live in Kansas.

By making a modest financial contribution to key legislators identified by KIOGA, we can make a difference! KIOGA looks at a number of factors when evaluating candidates. We look beyond the candidates voting record on the floor and watch how they vote in their committees on energy issues important for oil and gas producers. We also look at leadership roles of the candidates and the competitiveness of the candidate’s campaign. Personal visits with candidates also help determine a candidate’s position and
understanding of oil and gas issues.

KIOGA supported 48 state candidates during the last election cycle, providing financial support to pro oil and natural gas candidates of which 45 were successful. KIOGA also supported candidates in leadership roles. During the last election cycle, KIOGA's support had a success rate of nearly 94%. KIOGA members and staff participate in several events for state candidates during the election cycle. Our participation allows us the opportunity to interact with candidates and educate them on issues of importance to our industry. Many Senators and Representatives have expressed their sincere appreciation to KIOGA for the financial support and manner in which we assign the responsibility to our members.

KIOGA will continue to work to ensure the voice of the Kansas independent petroleum industry is heard. KIOGA's involvement will help support elected officials and decision-makers who share the goals for responsible oil and gas development to build a safer and more secure energy future. Watch for your opportunity to participate in this year’s Legislative Contact Volunteer Program or contact the KIOGA Wichita Office at 316-263-7297 to express your wish to be included as a participant in the program. By working together, we can make a difference!
Finding Signal Through the Noise

KIOGA Stays Vigilant and Engaged on Federal Regulatory Challenges

KIOGA’s advocacy efforts on the federal regulatory challenges facing the Kansas oil and gas industry continue. 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, 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.

EPA Spending Bill Aims to Block Revised Methane Rule

Language in an EPA spending bill unveiled on July 6th would bar the agency from advancing a rulemaking for oil and gas methane emissions even though the rule is expected to be finalized before the spending bill takes effect. EPA’s rollback of an Obama-era standard limiting oil and gas methane emissions is already under review at the White House and is expected to be final in July. It corrects a political policy decision by the Obama administration and replaces the misguided Obama-era methane rule with a much more appropriate rule to regulate volatile organic compounds (VOCs) from oil and natural gas production. While the fiscal 2021 spending measure for EPA and the Interior Department unveiled by the House Appropriations Committee on July 6th is expected to move swiftly in the House, it covers the fiscal year that begins in October. And Congress’ annual appropriations process routinely goes into extra innings. EPA’s move to rescind and replace the methane rule is one of the last important climate actions expected before the end of President Trump’s first term. It would also do away with the legal basis for EPA to regulate existing oil and gas infrastructure for methane. KIOGA submitted comments to the EPA in November 2019 supporting the EPA proposal to change the regulated emission from methane to VOC because it gives EPA the opportunity to fully understand the potential consequences of future options and design those that are necessary to be fair and cost effective. KIOGA shared these comments with several members of the U.S. House Appropriations Committee in early July.

KIOGA Weighs-in on Trump Administration Plans to Reduce Federal Regulations

On June 9th, the Trump administration told federal agencies they had 14 days to submit plans on how they will eliminate and modify regulations that impede economic recovery from the recession created by the COVID-19 pandemic.

In response, the EPA rolled out a proposal that would require public comments on new regulatory guidance documents and allow petitions for killing old ones. At issue are nonbinding guidance documents, memos and notices that clarify rules and regulations. Republicans have long derided such guidance documents as “regulatory dark matter.” The current EPA proposal, “EPA Guidance: Administrative Procedures for Issuance and Public Petitions,” emerged from a 2019 executive order from President Trump and has been described by EPA Administrator Andrew Wheeler as a way to boost transparency and ensure that the agency “is not creating new regulatory obligations through guidance.”

KIOGA joined the Domestic Energy Producers Alliance (DEPA) to offer comments on regulatory guidance documents. In a June 22nd letter to EPA Administrator Andrew Wheeler, KIOGA said “...unless guidance has gone through the proper administrative procedure including publication in the Federal Register, guidance documents should not be used to impose new standards of conduct on persons.”
KIOGA Provides Comments on Federal Gas Gathering Line Proposal

The federal Pipeline and Hazardous Materials Safety Administration (PHMSA) published a gas Pipeline Regulatory Reform notice of proposed rulemaking (NOPR) on June 9th. Many of PHMSA’s proposals affect natural gas producers through regulation of gathering and efforts to move the point of regulation upstream toward the wellhead. KIOGA President Edward Cross is a member of the Independent Petroleum Association of America (IPAA) Pipeline Safety Task Force. This IPAA task force met (via Zoom) and agreed to submit a letter to PHMSA urging that they reconsider the NOPR section pertaining to free gas connections originating from production and rural gathering facilities. PHMSA has focused on farm taps as service lines. KIOGA joined with IPAA on June 18th to offer comments to PHMSA. The comments state in part:

For producers, farm taps usually have provided access to a homeowner’s property for an oil and gas lease or for a right of way to lay piping. In return, the homeowner usually would contract with a plumber to install the necessary equipment to receive the producer’s gatherer’s gas off the tap. The gas is often “free,” or the homeowner would be allowed a specific volume of “free” gas, then pay for volumes taken above that amount. These were viewed as contractual arrangements that did not fall within federal jurisdiction covering taps off transmission or distribution lines. The homeowner owns the pipeline, the meter, the regulator, and all equipment. The producer allows the homeowner access to the supply point but does not control nor own any of the equipment. As such, producers cannot enter onto a homeowner’s property (trespass) and be required to inspect facilities they do not own (trespass and liability). Production pipeline is unregulated by PHMSA. Farm taps should be unregulated as well.

Federal Orphan Well Funding

On June 16th, KIOGA received inquiries from several federal policymakers including members of the Kansas congressional delegation regarding our thoughts on including federal funds to plug orphan wells in the next COVID-19 relief package. KIOGA President Edward Cross provided the policymakers facts and information to counter some of the misinformation they had received regarding the orphan well issue. Many news outlets report more than 3.2 million abandoned oil and gas wells across the nation. However, the Interstate Oil & Gas Compact Commission (IOGCC) conducted a survey in 2019 and found about 57,000 documented abandoned wells across the nation. A June 19, 2020 report lays out how the number of wells and cost of plugging have been overestimated.

KIOGA also told the federal policymakers that Kansas oil and gas producers already pay into a state plugging program to plug abandoned/orphaned wells in Kansas. We would be concerned that federal funds allocated to plug abandoned/orphaned wells could cause the state government to look at the fee funds paid by Kansas oil and gas producers to plug abandoned/orphaned wells as funds they could sweep to use for something else. Federal funds allocated to plug abandoned/orphaned wells could risk the fee funds the Kansas oil and gas industry have been paying for decades. Several other oil and gas states too have weighed in. Ohio said they also have a state plugging fund but have only been able to spend about two-thirds of the funds available because they had a hard time getting the limited number of qualified contractors in Ohio to bid on the jobs. This case is true in Kansas as well.

USFWS Release Environmental Impact Statement on Regulations Governing Take of Migratory Birds

Recently, the U.S. Fish and Wildlife Service (USFWS) released their Draft Environmental Impact Statement (DEIS) for regulations governing incidental take under the Migratory Bird Treaty Act (MBTA). The Trump Administration seeks to make changes that will bring the MBTA back into alignment with the original intent of the law. The DEIS and its finalization is an important step in clarifying the legal role of the MBTA to support species protection while limiting inappropriate legal impacts on otherwise lawful activities. Public comments on the DEIS close on July 20th. KIOGA submitted comments to the record and will keep membership apprised of the process as things advance.
We’ve Been Through Tough Times Before

Article Written by KIOGA President Edward Cross that appeared in June 2020 issue of World Oil magazine

As we advance through these challenging times, it has been impressive to me over the last few months to see how oil and gas producers respond to adversity through leadership and action. Yours is a story of daring talent, of dedication to an idea even when the odds are great, and of the unshakeable belief that in America all things are possible.

I am lucky to be able to work on things I like to work on. But I am even more lucky to get to work with the men and women that make up this great industry.

Overcoming hurdles - Looking back at the challenges oil and gas producers have faced over the past and the multitude of political barriers we have overcome, ours is the ultimate story of blood, sweat, tears, willpower, unity, and passion. We know the oil and natural gas business is fraught with tremendous risk and carries extreme geological, commercial, and financial exposure. These very challenges have defined the generations of oil and gas producers who have played and continue to play a vital role in meeting our nation’s energy needs.

The history of the oil and gas industry is an American story of industrious entrepreneurs who exhibited the pioneering spirit this country is known for, of innovation, speculation, and perseverance. All contributed to the founding and development of the oil and gas industry, which has, and continues to transform the world. Looking at the history of the oil and gas industry gives us strength and courage going forward. We have many reasons to be optimistic about our future.

A good example from our past came during the Great Depression. The Great Depression ushered in a new era of thinking about how industries in general and oil and gas in particular should grow and how waste could be prevented. People began to worry that too much production in a time of too little demand might not only be a formula for disastrous drops in prices but also an incentive for waste. Sounds familiar, eh?

Overproduction and marginal wells - In 1931, the concept that the oversupply problem should be solved first by eliminating imports was just coming to the forefront. J. Edward Jones, a New York businessman, said the problem was not domestic overproduction but a market distortion resulting from imports.

Proration, an agreement between companies to limit product to suit the market, was initially a private sector response to enormous declines in price. But, just as the railroads learned in the 1880s, proration did not work unless everybody agreed to it, or a greater power, such as the government, had a way to uniformly enforce it.

In 1908, Kansas resident Alfred (Alf) Landon graduated from the University of Kansas and initially entered banking. However, in 1912, he became an independent oil producer, based in Independence, Kansas. After a brief period in the U.S. Army during World War I, Landon returned to Kansas and, by 1929, the growing oil industry had made him a millionaire. He was instrumental in establishing the Mid-Continent Oil and Gas Association.

In 1931, Landon argued that if marginal well producers were forced out of business, their production would be forever lost and there might come a time when it was sorely needed. He organized efforts to persuade Standard Oil of Indiana to buy the production from marginal wells. As a result, marginal wells stayed in production. Al Landon went on to become Governor of Kansas in 1933 and was the Republican nominee for U.S. President in 1936, when Democrat Franklin D. Roosevelt ran successfully for his second term.

Technology and expertise - Achievements by Colonel Edwin Drake in Pennsylvania and entrepreneurs across the nation ignited a triumph of American ingenuity, inventiveness, and diligence in developing new technologies, new business models, and new industries that remain an inspiration for Americans. The oil and gas industry was a leader and innovator of 20th century technologies that helped expand oil production in times when more energy was critical for our nation.

And now we use 21st century technologies to make our nation a leader in energy production and environmental stewardship. The impact of energy on our economy, culture, and environment has never been more important.

Today’s oil and gas producer no longer peers out from under oil-soaked hard
hats. They may have degrees in geology or petroleum engineering hanging on the wall beside diplomas for business administration or finance. They can speak fluently in the language of bankers and analysts. If they don’t have the knowledge to handle legal and regulatory tasks a thousand times more complex than those faced in the not so distant past, he or she may have staff or access to professionals that specialize in traversing the legal and financial potholes on the road to success.

Oil and gas producers have survived a past marked by frequent cycles of high and low prices and increasing public misunderstanding of their work and opposition to their activities. For the future, we can expect more of the same. But we will find the right ways to survive in the future as well.

**Persevering through current challenges** - Today, crude oil and natural gas market dynamics, federal and state policy issues, government regulation, and constant litigation by environmentalist opponents are fundamental challenges to independent producers. Yet, oil and gas producers simply will not give up. They never have, despite the challenges, because risk-taking is a way of life.

Our industry has lived through several ugly downturns before, and we know that patience, persistence, insight, and innovation pay off. I look forward to working with oil and gas producers and our partners across the nation to come together, take stock, and prepare for brighter days ahead.

I was recently asked by media about the oil and gas industry story, what it means, and what is important to know about the oil and gas industry. I told them that the oil and gas industry is an exciting industry where innovation is a constant. I want people to know how hard the oil and gas industry works and how focused our industry is on performance and continuous improvement. Our industry never stops thinking about the next improvement, technology, or innovation that will improve our nation’s energy security. But most importantly, I want people to know that the oil and gas industry isn’t just working hard on what we learned. We are working hard to advance what we can do in the future.
**Biden Campaign Releases Climate Plan**

**Nation’s Energy Future at Crossroad**

On July 14th, former Vice President Joe Biden’s campaign released an updated energy and environment plan. The plan calls for setting a 100% clean-electricity standard by 2035 and investing $2 trillion over four years on clean energy.

**Wake Up Joe!**

Democratic presidential nominee Joe Biden’s new plan marks a clear shift toward liberal’s climate change priorities and cutting the use of fossil fuels. Biden said his plan would create 10 million jobs. But even the New York Times noted that the plan’s job-creation claims were “rosy” and “vague”. The U.S. oil and gas industry currently supports 10 million good-paying American jobs, provides $714 billion in labor income and contributes more than $1 trillion to our GDP.

To be clear, parts of Biden’s energy plan are sensible. It does not include a ban on hydraulic fracturing, the process used to extract oil and natural gas from dense rock formations. But it's also clear that a massive increase in renewable energy is a central part of Biden’s plan.

Biden’s blueprint also calls for the creation of a climate conservation corps modeled after the work relief program President Franklin Delano Roosevelt created during the Great Depression. The plan also embraces Senator Chuck Schumer’s (D-NY) plan to rapidly turn over the nation’s automobile fleet, with taxpayers enticed by cash vouchers to trade in their gas-powered cars for plug-in electric, hybrid, or hydrogen fuel cell cars. The initiative also would steer tens of billions toward building charging infrastructure.

“I. Am. Shook! Look, like, honestly, gardening — food, that comes out of dirt. Like, it’s magic.” — Alexandria Ocasio-Cortez, Biden Climate Advisor

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

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

“We stand at a crossroads for the nation’s energy future and the choices policymakers make in 2020 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 American.”

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**KIOGA Campaign**

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KIOGA Launching New “Let’s Talk About…” Webinar Series

KIOGA 2020 Annual Convention Canceled

Given our need to make responsible decisions concerning the health and well-being of all our attendees, exhibitors, and staff, the KIOGA executive committee decided to cancel the KIOGA 2020 Annual Convention scheduled August 16-18, 2020 in Wichita.

While Kansas and the entire nation has begun the process of restarting business activities interrupted by the COVID-19 pandemic, there is still no certainty as to when the pandemic will end and the orders prohibiting large gatherings will be lifted. We are carefully reviewing and assessing alternative plans.

Going forward, KIOGA is launching our new “Let’s Talk About…” series of webinars on August 17th with a conversation with the Kansas Congressional Delegation. Thereafter, KIOGA will host regular webinars to bring our members informative content that will guide future business and policy decision-making. We plan to offer regular webinars addressing the topics that were scheduled for the KIOGA 2020 Annual Convention including the Kansas

Congressional Panel Discussion - Helium Opportunities in Kansas - Kansas oil and gas lease issues - data analysis messages with high impact visuals, - KCC Regulatory Update. Our aim is to showcase the significant work of the KIOGA Annual Convention Committee and allow KIOGA members the ability to participate and fully benefit from the comprehensive KIOGA convention seminars and presentations. Sponsorship opportunities will be available for the KIOGA webinar series.

We are working to reschedule the golf tournament and sporting clays tournament for a date-to-be-determined in October 2020. Watch KIOGA communications for more details. The next KIOGA Midyear Meeting is scheduled for Garden City, Kansas in April 2021 and the KIOGA 2021 Annual Convention is scheduled for Wichita, Kansas in August 2021. KIOGA continues to serve our members as we navigate the uncertainty associated with the COVID-19 pandemic. Thank you for your patience and understanding.
KCC Nominee Clears Senate Confirmation Panel

Governor Kelly’s nominee to the Kansas Corporation Commission (KCC) won the approval of a Senate committee on June 24th, saying he would be an independent voice despite representing large industrial power users in the past. Overland Park utilities lawyer Andrew French can now take a seat on the three-commissioner agency until his confirmation is voted on by the full Kansas Senate next year. He replaces Shari Feist-Albrecht.

Senator Rob Olson (R-Olathe) asked French about what role the KCC should have in developing the state's energy policy. French said that while the KCC may set some energy policy in individual cases, that is an overall decision that should be made by the legislature and the governor. French said: “I don't see that role being housed with the KCC. My personal view is the KCC is probably most effective at taking direction when someone else creates the state energy plan and implementing that direction.”

Last legislative session, KIOGA was concerned that Governor Kelly's proposal to move the Kansas Energy Office out of the KCC and to the governor's office would establish an agenda-driven energy office to promote energy policies driven by a zero-sum game philosophy for energy that says we must have less fossil fuels so that we can have more of something else. KIOGA believes energy policy should emanate from the Legislature and not regulatory agencies like the KCC or others. That Governor Kelly Energy Office Executive Reorganization Order was rejected by the Kansas House in March 18th.

Olson asked French if he thought the KCC's current regulation of the oil and gas industry was adequate. French said he thought the KCC currently does a good job of regulating the oil and gas industry.

Senate Vice President Jeff Longbine (R-Emporia) asked French whether he would support deregulating utilities as a member of the KCC. French said that was a policy question best left to the legislature.
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- Access to legislative & business information
- A Way to build public understanding
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Liberal Environmentalist Apologizes for “Climate Scare”

Environmental activists continue to exploit and manipulate media into presenting what is essentially propaganda, what we would now call fake news, as a science story when, in fact, much of what they spread isn’t science at all. These days, it seems that perspectives don’t matter; numbers don’t matter; all that matters is that everyone, everywhere, join the climate crusade and pull their moral weight — regardless of whether your business has the competence or your industry is capable of reducing emissions.

Liberal Environmentalist Apologizes for ‘Climate Scare’ saying ‘We Environmentalists Have Misled the Public

A prominent environmentalist and climate change activist has penned an open letter apologizing for what he calls a three-decade “climate scare.” Michael Shellenberger, the founder and president of the nonprofit Environmental Progress, has been on the front lines of the battle to warn of the irreversible effects of climate change for decades.

On June 29th, the activist wrote that he and others in his field have been guilty of misleading the global population about the dangers posed by climate change.

“On behalf of environmentalists everywhere, I would like to formally apologize for the climate scare we created over the last 30 years. Climate change is happening. It’s just not the end of the world,” Shellenberger wrote on the Environmental Progress website.

“It’s not even our most serious environmental problem,” he added.

Noting he has been an environmentalist for 30 years, Shellenberger further added he felt he needed to set the record straight, and his sources are the same often cited by green community leaders.

At least this whole ordeal is helping put what is really important back in perspective

On May 19th, environmental activists at a gathering at the Swiss ski resort of Davos said the coronavirus pandemic threatens to derail any progress made in recent years to deal with climate change. The activists said ‘years of progress’ on addressing climate change could be undone and that it is important for countries to make sure environmental issues are at the heart of recovery plans.
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