The PIOGA Press

The monthly newsletter of the
Pennsylvania Independent Oil & Gas Association
February 2023 • Issue 154

Gas Stoves - A Culture Fire

The gas stove debate seemed to spark a flame out of nowhere in mid-January. Bloomberg reported that the US Consumer Product Safety Commission (CPSC) was considering a ban on gas stoves, citing health concerns. On January 9th, Richard Trumka, a commissioner at CPSC told Bloomberg that the organization was considering a ban on gas stoves, amid rising concerns about harmful indoor air pollutants.

"Gas stoves can emit dangerous levels of toxic chemicals – even when not in use – and CPSC will consider all approaches to regulation," Trumka tweeted. Several days later, after a fierce culture war, Trumka clarified his statement - stressing that the government is not looking to take away anyone's stove and that any ban would apply only to new gas stoves, not existing ones.

For now, the federal government has no plan to ban gas stoves – however, may cities and states are banning gas hookups in new construction but no federal, state or municipal authority is coming to seize gas stoves.

The Study that Started the Fire

Long before gas stoves lit up social media, they were a topic of concern among health-conscious parents due to research that suggested children were threatened by the presence of these so-called air pollutant-generating appliances.

This noted concern ignited a social fire, after a new study published in the International Journal of Environmental Research and Public Health by researchers at Rocky Mountain Institute (RMI) attributed child asthma to the use of gas stoves.

Researchers at RMI estimated that 12.7 percent of all current cases of pediatric asthma in the United States can be attributed to the use of gas stoves.

"Our results quantify the U.S. public health burden attributed to gas stove use and childhood asthma," the researchers wrote in the study published in December 2022.

The researchers at RMI used the data from past studies to estimate the rate of childhood asthma linked to exposure to gas stoves. Then they matched that with the estimated number of known gas stoves in the U.S. to calculate the 12.7% figure.

There has been much criticism regarding the study and many critics say the researchers failed to factor in the findings of the most comprehensive global study on the topic conducted to date – the 2013 International Study of Asthma and Allergies in Childhood (The ISAAC Study).

Continues on page 2

Gas Stoves *Continued from page 1*

The ISSAC Study concluded there was "no evidence of an association between the use of gas as a cooking fuel and either asthma symptoms or asthma diagnosis."

Other critics fault the study for not distinguishing between gas stoves and other environmental factors that could contribute to a diagnosis.

RMI manager, Brady Seals, told the Washington Examiner in an email that the institutes study "does not assume or estimate a casual relationship" between childhood asthma and natural gas stoves. "It only reports on a population-level reflection of the relative risk given what we know about exposure to the risk factor."

Nicole Jacobs, from Energy in Depth, summarized RMI's findings in her related article published on January 13. "Bottomline – RMI's claim of a casual link between gas stove usage and childhood asthma was always suspect. The fact that one of the lead authors had to publicly backtrack weeks later – albeit after countless headlines repeating the claim were published – suggests that the study cannot withstand scrutiny."

Social Media Lights up

Fiery reactions lit up social media after the SPSC commissioner floated the idea of a ban of gas stoves due to rising concern about their correlation with hazardous indoor pollutants and link to childhood asthma.

Lawmakers shot off aggressive tweets: "If the maniacs in the White House come for my stove, they can pry it from my cold dead hands. COME AND TAKE IT!!" (Re. Ronny Jackson, R-Texas).

"God. Guns. Gas Stoves." (US Rep Jim Jordan, R-Ohio).

Joe Manchin (US Senator, D- West Virginia), called the ban "a recipe for disaster." "The federal government has no business telling American families how to cook their dinner. I can tell you the last thing that would ever leave my house is the gas stove that we cook on."

South Carolina Rep. Jeff Duncan (R) – "Gas stoves are the next thing the Biden Administration is coming after in their latest power grab. Washington bureaucrats should have no say in how Americans prepare their dinner."

Chefs across the states also fumed at the idea - using social media and news outlets to showcase their genuine concerns about how a ban on gas stoves – natural gas itself – would impact the restaurant sector and cooks/chefs.

Chef, Andrew Gruel, posted a video on Twitter showing himself "strapped" to his restaurant kitchen gas range, bound by a piece of blue painted tape. "In protest of the suggested ban on gas stoves, I'm staying taped to this stove forever," he wrote.

Almost everyone has a stove, so almost everyone has an opinion – even as it has become more clear that any federal ban is unlikely. However, across the nation, there are 99 cities that have passed policies, rules or ordinances making it very difficult for consumers to purchase and install a gas stove. (Source: Zero Emission Building Ordinances - BDC - buildingdecarb.org)

The Ban of Natural Gas – Coming to a city near you

The banning of natural gas and natural gas appliances stretches from coast to coast as New York City, Los Angeles and San Francisco are just a few of the cities where gas appliances are prohibited in new construction.

Roughly 40 percent of American households have gas stoves. In 2021, more than twenty cities in America had implemented bans. In the less than two years since, bans have multiplied five-fold. The threat is real.

Cities including Los Angeles, San Diego, San Francisco, Seattle and New York City – which are collectively home to more than 10 million Americans – have enacted varying restrictions on natural gas hookups impacting gas-powered furnaces, ovens and stoves.

Governor Kathy Hochul is proposing to make New York the first state in the U.S. to ban natural gas heating and appliances in new buildings.

Continues on page 3

During Hochul's state-of-the-state address, Hochul proposed to ban the use of fossil fuels for heating and appliances (stoves) in home by 2025, and a ban for businesses and larger structures by 2028.

In May 2022, the Los Angeles City Council passed a motion that would ban most gas appliances in new residential and commercial construction in the city, citing an effort to combat climate change.

Washington, D.C., passed a new all-electric mandate for new homes and low-rise apartment buildings in 2022.

Seattle banned gas furnaces and water heaters in commercial buildings and large apartment buildings, but still allows gas cooking.

In Massachusetts, a Boston suburb tried to add an all-electric requirement to its building code in 2019, but the state attorney general said that it conflicted with state law; last year (2022), the state passed a law that will let 10 communities implement bans.

In Washington State, lawmakers passed a law in 2022 banning all natural gas appliances in new commercial construction projects and some residential buildings beginning this summer.

Last month, Montgomery County, Maryland, ban natural gas in new buildings. Home to more than 1 million residents, will require all new construction to rely solely on electric equipment.

Keeping the Flame

Twenty states have adopted preemption laws that will prevent local decision-making over fuels used to power homes and other buildings. These states, include: Alabama, Arkansas, Arizona, Florida, Georgia, Indiana, Iowa, Kansas, Kentucky, Louisiana, Mississippi, Missouri, New Hampshire, Ohio, Oklahoma, Tennessee, Texas, Utah, West Virginia and Wyoming. Bills have been introduced but not successfully enacted so far in four states: Colorado, Michigan, North Carolina and Pennsylvania.

An Ignited Debate….

In a matter of days, those blue-flamed cooktops have become symbolic flames of the partisan battle over the future of the nation's energy.

This much is true, though: Many local governments in multiple states have either moved or are moving to decrease their carbon footprints by prohibiting natural gas hookups in new buildings. Other states are preventing banning of natural gas through preemptive laws.

In all these states – there are those willing to keep the fire burning and there are those who are a mere candle in the wind, backing an all-electric movement. Proving, the stove wars are unlikely to burn out anytime soon… ■

Referenced Articles/Research Sources

Gas stoves debate explodes in Washington - POLITICO - https://www.politico.com/newsletters/power-switch/2023/01/12/gas-stoves-spark-explosive-debate-in-washington-00077666

Gas stoves and the problematic politics of sacrifice (msn.com) - https://www.msn.com/en-us/news/technology/gas-stoves-and-the-problematic-politics-of-sacrifice/ar-AA16JMHH

Gas stoves became part of the culture war in less than a week. Here's why | WUSF Public Media https://wusfnews.wusf.usf.edu/2023-01-21/gas-stoves-became-part-of-the-culture-war-in-less-than-a-week-heres-why

"They can pry it from my cold dead hands": Rumors of a gas stove ban ignite a right-wing culture war | Salon.com - https://www.salon.com/2023/01/13/they-can-pry-it-from-my-cold-hands-rumors-of-a-gas-stove-ban-ignite-a-right-wing-culture/

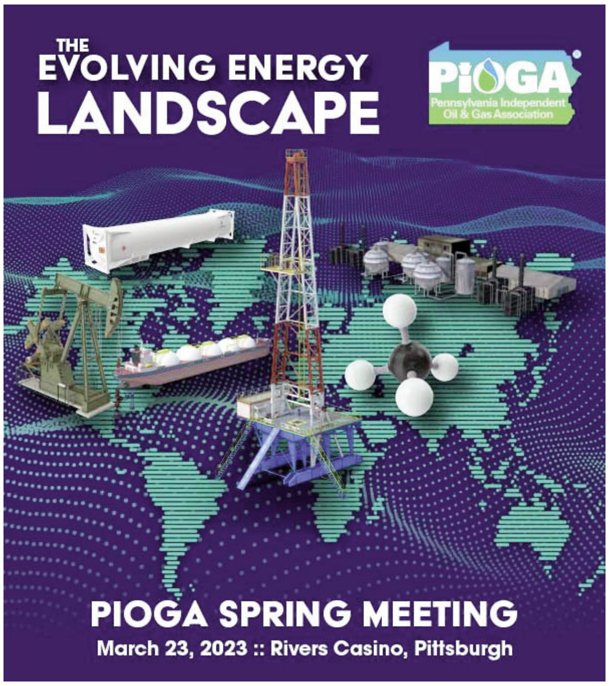
The next front in the culture wars: Gas stoves | The Week - https://theweek.com/congress/1019982/the-next-front-in-the-culture-wars-gas-stoves

Legislative Update
Yaw and Senate Bill 143

Senate Bill 143 (Yaw, R – Lycoming): This legislation would amend Title 53 (Municipalities Generally) to prohibit a municipality from adopting a policy that restricts, prohibits, or has the effect of restricting or prohibiting the connection or reconnection of a utility service based upon the type of source of energy to be delivered to an individual consumer within the municipality.

To read more on Senate Bill 143:

https://www.legis.state.pa.us/cfdocs/billInfo/billInfo.cfm?sYear=2023&sInd=0&body=S&type=B&bn=143



We hope you will join us for PIOGA's Spring Meeting – The Evolving Energy Landscape – as we showcase the issues and opportunities of the ever-evolving energy world we live in and depend on. Attend and learn how the energy landscape is dynamic and always shifting due to advances in technology and changing regulations, consumer preferences, government intervention and economics.

Don't miss this year's 2023 Spring Meeting & Exhibition on Thursday, March 23, at Rivers Casino, featuring presentations from top experts providing thought-provoking information about the future of energy, along with updates on the regulatory, legislative, market development and business climate issues impacting your business now. In addition, the event will again feature an exclusive vendor exhibit area and, as always, plenty of time for networking.

Agenda

Registrations opens at 7:45 a.m. The program kicks off at 8:45 and lasts until 5 p.m. followed by a networking reception and casino time until 7. Below are speakers confirmed as of the beginning of February. Be sure to visit www.pioga.org > PIOGA Events for updates.

- **Conference Open & Welcome** – Gary Slagel, Steptoe & Johnson PLLC and PIOGA Chairman of the Board
- ***Opening Speaker*** – **The Evolving Energy Landscape - API's Industry Outlook.** Dr. R. Dean Foreman, Chief Economist, American Petroleum Institute (API)
- **The Hype over Hydrogen: What it is and What are the Potentials?** Len Paugh, Head of Gas Development, Long Ridge Energy & Power
- **Appalachian Storage Hub Update & Realities.** Zach Evans, VP, CCUS & Reservoir Storage National Market Lead, WSP.
- **Water Disposal - Challenges and Opportunities.** (Panel Discussion) - Ben Wallace, COO, Penneco Environmental Solutions; Jean Mosites, Attorney, Babst Calland; Matt Ciprich, Director of Water Services, Equitrans; Moderated by Teresa McCurdy, TD Connections & PIOGA Water & Waste
- **Air Emissions Regulatory Update - What you need to know about VOC Regs and Quad O.** Jim Elliott, Attorney, Spilman Thomas & Battle, PLLC.
- **Net Zero: An Existetial Threat to Grid Reliability.** Gordon Tomb, Senior Advisor, CO2 Coalition.

Continues on page 5

Registration

Registration opened on February 1, and you can save by taking advantage of early-bird pricing in effect until March 1. The cost for PIOGA members is $350 and $450 for non-members, a savings of $100 off the standard rates. A special student rate is available too. (Participants must be 21 years of age or older and present valid photo ID to enter the facility).

Exhibitor and sponsor opportunities

Again, this year we will have an exclusive Vendor Exhibit Area that allows your company to showcase its products or services and meet face-to-face with attendees of the meeting. By exhibiting at the Spring Meeting your company will get great visibility and have the ability to network and make business connections. Twenty-three spaces are available on a first come, first served basis. Until March 1, early-bird prices are $1,250 for PIOGA members and $1,500 for nonmembers. For any spaces remaining after that date, the cost goes up $250.

Exhibitor registration includes two conference registrations along with lunch and the networking reception, a 6-foot table and two chairs, and recognition as a Bronze-level sponsor.

Sponsoring the Spring Meeting allows your company the opportunity to market to and network with hundreds of oil and gas executives and operations staff in the upstream and downstream sectors. There is a sponsorship level—both exclusive and general—for every budget. Be sure to check the event page of our website for the complete list of levels and features.

Register Now

Make your plans now to attend! The event takes place in the spacious Grand Ballroom at Rivers Casino on Pittsburgh's North Shore. It's easy to get to and parking is free. If you're coming from out of town, PIOGA has secured a special rate at the new Landing Hotel – attached to the casino, and our events page lists other hotels in the vicinity as well.

Find out more at 2023 Spring Meeting - PIOGA (www.pioga.org/event/2023-spring-meeting/) ■

PIOGATech
PIOGA's Technical Seminar Series

February 23 - Fundamentals of Safety Leadership for Oil and Gas Workers - 9 am to 3 pm at the Holiday Inn Express & Suites Pittsburgh SW- Southpointe. https://pioga.org/event/piogatech-fundamentals-safety-leadership-mentors/

April 25 - TBA - 9 am to 3 pm. Venues to be determined. https://pioga.org/event/piogatech-tba/

June 27 - Safety/Fall Protection - 9 am to 3 pm. Venues to be determined. https://pioga.org/event/piogatech-safety-fall-protection/

August 24- Environmental Topic/TBA- 9 am to 3 pm. Venues to be determined. https://pioga.org/event/piogatech-environmental-topic-tba/

October 17- Safety Topic/TBA- 9 am to 3 pm. Venues to be determined. https://pioga.org/event/piogatech-safety-topic-tba/

December 14- Air Quality Compliance Training- 9 am to 4 pm. Venues to be determined. https://pioga.org/event/piogatech-air-quality-compliance-training/

Press Release from American Refining Group,

ARG expands hydrotreated base oil product line

American Refining Group Inc. (ARG) announced the expansion of its hydrotreated base oil product offerings.

ARG President and Chief Operating Officer Jon Giberson said, “We are pleased to introduce a selection of new hydrotreated base oils with improved color, oxidative stability, and reduced sulfur content.”

ARG’s line of new hydrotreated base oils includes Kendex® 0070, 0100, 200H, 250H, 300H, 325H, 500H and 600H.

Giberson said, “American Refining Group stands for unrivaled quality in refined products. From our reliable ARGold Legacy™ and the well-received ARGold™ bright stocks, to Kendex® 0060HT and 0150H, these new hydrotreated base oils add still more versatility to the ARG product line that our customers rely on and trust.”

Giberson added that the new hydrotreated base oils may be of particular interest to blenders of industrial lubricants such as process oils, hydraulic and gear oils, as well as elastomer, rubber, and plasticizer applications.

Made in Pennsylvania, ARG’s products are regionally sourced and widely distributed to various industries. To learn more, visit www.amref.com/products/ and reach out to an ARG salesperson with any questions via the product inquiry form.

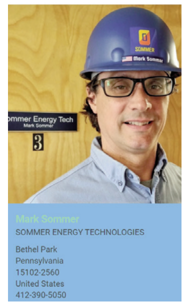
Established in 1881, ARG’s unique facility is situated on approximately 131 acres in Bradford, Pennsylvania, the heart of McKean County and the birthplace of the U.S. domestic oil industry more than 100 years ago. The refinery has a rated capacity of 11,000 barrels per day and processes light, sweet, paraffinic crude. This type of crude is available domestically, and ARG purchases most of its crude from sources in Pennsylvania, Ohio, New York and West Virginia.

ARG feedstocks are converted into high-quality waxes, lubricant base oils, gasoline and fuels, as well as a wide variety of specialty products. American Refining Group’s state-of-the-art blending and packaging facilities produce a full spectrum of finished lubricants. These products are available in a broad range of package sizes, including bulk, and can be delivered by rail or truck. The facility’s commitment to quality is proven through its packaging plant and refinery’s certifications to ISO 9001:2015 and Made in USA standards.

For more information about ARG, visit www.amref.com or follow the refinery on Facebook and LinkedIn. ■

PIOGA Membership Directory

PIOGA's membership directory always available to members – online and hardcopy.



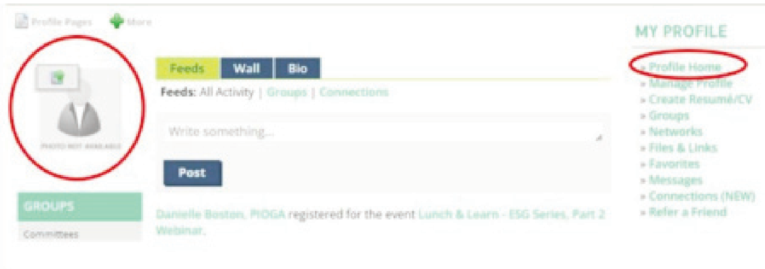
Have you been utilizing the PIOGA membership directory in the Members Only area of the website to find colleagues and new contacts? We wanted to remind you that this online resource is always available to you if you are searching for a contact. To find the directory, just sign-in using your account log-in and password and once you are on the homepage look at the top menu for Directories.

We're pleased to announce that the online directory has a new and improved look! Check it out!

In addition to a slick new look, you can see the profile pictures of members!

If you haven't uploaded your profile photo yet please do so soon! That helps for more member connections and for you to get recognized!

How to upload your photo



Sign-in your account at https://members.pioga.org/login.aspx or go to www.pioga.org Log-In (top right menu). Then go to Profile Home on the right side menu. Hover over the photo image on the left until you see the green arrow appear > click on the arrow > select and upload photo.

How to search in the online directory - Once you are on the membership directory page -

1. If you are trying to view all PIOGA members in a certain membership category – you will click on the link for that corresponding category. So, if you are searching for a particular Producer member, you will now click Producer members to pull all members that are in this category. Please note that this search will pull all member companies in that category including the MAIN Contact Only of that company.

2. If you are trying to find a specific employee from a certain company (not just the Main Contact) - click on the link that states Membership - ALL Contacts and input the company name and hit continue. This search will pull all contacts in the PIOGA database from that company.

Also, please note that if you don't see your company or a certain company in the directory that could mean that their membership account is overdue or "suspended" and they will no longer be listed in the directory until their membership is active or "unsuspended" again. If you feel that your company should be listed and you don't see it in the directory, please contact Debbie@pioga.org to inquire.

2023-2024 Membership Directory (hardcopy) - Planning is underway for the 2023-2024 membership directories and they will be available early summer for all members. Please check your mailbox for the Membership Directory Update letters that should arrive in March. The letters will be mailed to the Main Company contact and we ask that you thoroughly review your membership listing and make any necessary revisions and return to PIOGA by May 1, 2023. The directory listing will include your company name, address, website, phone number and website. Aditionally, all company contacts will be listed. This is also the time to remove any employees that are no longer with your company and to add new employees that you would like to be listed and get the benefits of PIOGA membership. Please remember that full members (all member categories except Associate, Royalty Owners and Student members) can list up to 20 employees under the company membership account. Thank you in advance for your review and return of the membership directory letters.

Lastly, you don't need to wait until the yearly membership listing letter arrives to alert us if your company has a new address or a new colleague you'd like to add to your account. Please contact Deana McMahan at deana@pioga.org throughout the year with any changes to your membership account. We want to have the most up-to-date information so we can ensure you (and your colleagues) are receiving all PIOGA correspondence and that other members have access to your updated information too. ■

Governor Josh Shapiro Executive Order to Improve Occupational Licensing Process

On January 31, Governor Josh Shapiro held a press conference to unveil and sign an Executive Order designed to improve the Commonwealth's occupational licensing, permitting, and certification processes. The initiative aims to reduce wait times for Pennsylvanians to get a response from the state on matters ranging from obtaining a cosmetology license to obtaining a Department of Environmental Protection issued permit for a large-scale construction project, and everything in between. Joining the Governor was Lieutenant Governor Austin Davis and Secretary of the Commonwealth, Al Schmidt, as well as license holders from various professions including Maureen May, President of the PA Association of Staff Nurses and Allied Professionals, and a salon owner and barbershop owner who each spoke briefly about their experiences dealing with their respective licensing boards.

In the Governor's remarks, he announced that this executive order will move the executive agencies into action by giving them 90 days to review all licenses, certificates and permits, analyze all of their individual processes, and provide recommendations for a time-certain response on every type of application. Then, the Governor's Office will put a firm timeline in place for each and every type of permit, license, and certificate application. Finally, agencies will then be expected to meet those timelines, and if an agency does not respond to an applicant within that timeframe, the agency will be required to refund that Pennsylvanian's application fee.

Governor Josh Shapiro stated the following:

1. One of the most common ways Pennsylvanians interact with their state government is when they apply for a license, a permit, or some kind of certificate. When someone wants to work as a nurse here in Pennsylvania, they need to apply to the State Board of Nursing in order to get their license, and they need that license to go to work. When folks want to open up a beauty salon or a barber shop, they need to apply for a license for that too. When a major infrastructure project that will positively transform a community wants to break ground, they oftentimes need to apply for a permit through the Department of Environmental Protection.

2. With today's executive order that I will sign momentarily, we are going to give Pennsylvanians certainty and speed. I want to be very clear about something: every permit and every application we receive will still be vetted with a very careful eye, and not every permit should be or will be approved. My administration is committed to protecting Pennsylvanians public health, safety and our environment. What we will guarantee through this Executive Order and our following actions is certainty, so workers and businesses are no longer left in limbo.

3. We are going to provide faster, more efficient customer service to Pennsylvanians. Pennsylvania, like many other states, is facing a critical labor shortage among frontline workers, from nurses to teachers. At a time when we need every qualified nurse and hospital worker on the job, we cannot have nurses kept off the job because of paperwork delays, because of the uncertainty that exists

4. The executive order directs all state agencies, boards, and commissions to compile a catalog of the licenses, permits and certificates they issue

Lieutenant Governor Austin Davis stated the following:

1. I've often said, I'm the proud son of a union bus driver and a hairdresser. Doing hair allowed

Continues on next page

my mom to use her creativity and her business savvy to earn a living and help put food on our table. It gave her the flexibility to earn a living while helping to raise our family and run our home. It's a skill set that is incredibly important, as we all realized during the pandemic when everybody was trying to do their own hair.

2. This administration is committed to addressing the underlying issues that are barriers for true economic growth here in the Commonwealth of Pennsylvania. These barriers can be challenging, particularly for black and brown small business owners and workers. Small businesses like beauty salons and barbershops are often the backbone of our neighborhoods and communities. They create a sense of community. Under our administration, we're going to make sure small businesses and workers have what they need to succeed.

Questions asked to and answered by speakers at press conference:

Q: Permitting is a complicated process and some agencies like DEP complained about not having enough funding or staffing to be timelier. So, how do you implement this? Fulfilling a license for a professional might be different than an environmental water permit for a big construction project.

A: Governor Josh Shapiro stated since the licenses can be different, they can have very different timelines. The speed that we act on a barber license will be quicker than a DEP permit for a large construction project. "We will sacrifice nothing when it comes to public health, public safety, and environmental protection." If during the course of this 90-day review, it's determined by an individual agency that they need additional help in order to meet the processing times, then that would be something we'd consider with lawmakers when it comes time for a budget, or we may reallocate resources within an existing budget line.

Q: How are you going to make sure that permits are still going through the right processes as you speed things up to meet these deadlines?

A: Governor Shapiro stated: Nothing can do away with a statutory requirement or a regulatory requirement as it relates to a particular permit. What we're saying here is, we're going to move more quickly and we're going to provide certainty for the public. If we say it's going to be 90 days, it'll be 90 days; and if we get to day 91, and we haven't provided you an answer, we're going to give your money back. Government needs to move quicker. It doesn't mean that in moving quicker, we sacrifice public health or safety or the protection of our environment.

Q: When should people expect these deadlines to be set by your administration?

A: Governor Shapiro stated: the 90-day clock started today [January 31]. We'll get the reports back from the agencies, and then the Governor's Office will review, analyze and establish processing times based on agency recommendations.

Q: The money-back guarantee sounds a lot like a warranty plan. When you cash in on a warranty, there's always this wiggle room and these other exceptions.

A: Governor Shapiro stated: It will all be published, so you will know exactly what the terms are. We will be very open with the public about how the process works and the exact timeline for each individual license permit application.

Q: This is your third executive order, and correct me if I'm wrong, but they all seem to be pro-business type executive orders that the business community has applauded you for. I believe the Washington Post said today you're on a GOP charm offensive. Does this fall under that category, and what is your response?

A: Governor Shapiro stated: I think this is about making government more effective and efficient. This is about customer service, giving the public the answers that they deserve from our government. Pennsylvanians deserve a government that's going to stand up and do the same for them.

Q: Have you heard any feedback from the General Assembly?

A: Governor Shapiro stated: We've had a lot of really good conversations with leaders and

Continues on page 10

Gmerek Update *Continued from page 9*

rank-and-file members of both parties who have encouraged us to do more when it comes to the reform of our application process. Through this process, we may learn that we need some statutory changes.

Q: Do you have any sense as to whether this will require more staff to get done. If you're promising dates and certainly, will that require more staff to process this?

A: Governor Shapiro stated: We don't know. That's what this 90-day process is for – so the agencies can let us know. They may find that they need to reallocate resources; they may find that they need more people to do this work. They'll report that back to us. If more resources are needed above and beyond the current compliment, then we'll be working with the lawmakers to fashion a budget that allows us to meet the needs of the public through the various agencies. I'm not going to predetermine the outcome for either the Secretary of the Commonwealth or any other Secretaries, but we'll be happy to report back to you when they're done. ■

To read the full Executive Order - Click Here

Executive Order 2023-07 - Building Efficiency in the Commonwealth's Permitting,Licensing, and Certification Processes - (https://pioga.org/publication_file/Executive_Order_ 2023_07.pdf)

Pennsylvania Independent Oil & Gas Association

Choose how you get your news

If you now receive a printed copy of The PIOGA Press in the mail each month but prefer to read it online only, please email Deana McMahan at deana@pioga.org to opt out of the hard-copy version. Current and past issues are always available by clicking on the News & Resources tab at pioga.org.

Become a 2023 PIOGA Partner

2023 PIOGA PARTNER LEVELS	Yearly Sponsorship Amount	Networking Events (5-7 per year) Comp tickets	Golf Events (2 per year) Comp tickets	Clay Events (2 per year) Comp tickets	PIOGA Meetings (1-2 per year) Comp tickets	Committee/ PIOGATech (4-6 per year) Comp tickets	Advertising discounts	Logo Recognition, website, newsletter, printed signage
KEYSTONE	$10,000	2	2	2	2	2	30%	YES
EXECUTIVE	$7,500	2			2	2	20%	YES
MEETINGS	$5,000				4		10%	YES
GOLF	$4,000		4					YES
CLAYS	$4,000			4				YES
COMMITTEE/ PIOGATECH	$3,500					2		Committee meetings, PIOGA Press and eWeekly
ENGINEER	$2,500							PIOGA Meetings, PIOGA Press and eWeekly
DRILLER	$1,500							PIOGA Meetings and PIOGA Press

It's not too late to become a PIOGA Partner! Get all the benefits for the year and get your company recognizedThe program was launched five years ago in response to member requests for a "one stop" yearlong event sponsorship option for budgetary purposes. The program also offers unique opportunities – like the Committee Partner—to both support the association's work and make your company stand out all year long.

We also continue to offer traditional event-by-event sponsorships.

The various Partner levels and their benefits are shown in the accompanying table. If you have any questions or are ready to sign on now, contact Debbie Oyler at debbie@pioga.org or 724-933-7306 ext. 22.

And finally, a big thank-you to the members who were 2022 PIOGA Partners. We greatly appreciate your support! ■

Don't forget your 2023 PIOGA dues

For most PIOGA members, now is the time to renew your membership for 2023. The 2023 dues renewal invoices have been sent via email and regular mail and were directed to the main contact of your company membership.

Your PIOGA membership has always been a great value, worth far more than the amount you pay in dues. For more than a century, PIOGA and our predecessor associations have prided ourselves on our role of bringing together a widely diverse range of companies, individuals and interests to collaborate for the benefit of the entire industry. As stated on our website's homepage, working together, we help members accomplish that which they cannot achieve alone. What you can be sure of is that PIOGA is working harder than ever to advocate for Pennsylvania's oil and gas industry. Understanding the interconnectedness of all facets of the industry is crucial to the success of our industry. Coming together to work on today's challenges is imperative and effectively communicating to our stakeholders is paramount.

If you would like to know more about how we are working together on behalf of the entire Pennsylvania oil and gas industry, please take a few minutes to read a summary of our activities at pioga.org/publication_file/PIOGA_Overview_and_Accomplishments.pdf. You'll also find suggestions about how to increase the value of your membership, such as participating PIOGA committees and taking advantage of member discounts.

Thank you in advance for continuing to be a PIOGA member in 2023 and beyond. Questions about your membership? Contact Debbie Oyler, Director of Member Services, at debbie@pioga.org or 724-933-7306 ext. 22. ■

PIOGA®
Pennsylvania Independent Oil & Gas Association

JUST THE FACTS

© PIOGA 2023

Natural Gas Moratoriums in the U.S. - What Could Go Wrong?

With various types of bans on natural gas heating systems in future building construction being enacted by local governments and a U.S. Consumer Product Safety Commissioner casually mentioning a national ban on the sale of new natural gas stoves last month, our Just the Facts for February 2023 takes a brief look at the real-world consequences of eliminating the energy source used by about half of homes in America for heating and for their electricity source. We hope you can take a few minutes to read the information here, and share it with co-workers, colleagues, family and friends.

The broad advantages of American-produced natural gas are almost too numerous to count, including stability in pricing, an abundant supply, the ability to provide on-demand availability, the safety of the national delivery system and cleaner air. Government intervention to limit these benefits may continue, but market forces – along with the grounded belief in freedom of choice in the U.S. - can be expected to favor the use of more natural gas, not less, in the future. A January 2023 EIA analysis about electric generation in Pennsylvania over the past 20 years may best reflect this fact: natural gas-fired plants produced only 2 percent of the Commonwealth's electricity in 2001. That amount jumped to 52 percent in 2021.

To read more from this month's Just the Facts – and to share it with friends and colleagues – visit the Latest News and Blog section at pioga.org.

PIOGA's Diversity Committee Lunch & Learn Series for 2023

PIOGA's Diversity Committee's First Lunch & Learn Series for 2023 Focusing on ESG

On January 18, over 50 people virtually attended the Diversity Committee's first Lunch & Learn series for 2023 focused on ESG. Deana Stephens of Steptoe & Johnson PLLC, the committee's chair, kicked off the virtual Lunch & Learn event by introducing Joe Baran of Bertison-George, LLC. as the new ESG subcommittee leader within the Diversity Committee. Stephens also gave a little background on the ESG series and announced Part 2 will be held on February 15.

Baran gave a very informative 30-minute presentation with an overview of ESG and how ESG could benefit the small to mid-size oil and gas companies within PIOGA. He also explained the popularity of the analytics due to regulatory pressure to disclose ESG data. Baran finished his session by summarizing the importance of ESG to the oil and gas industry.

PIOGA extends a sincere thank you to the Deana Stephens on her efforts to bring the Diversity Committee's awareness in a new and positive light. Join us for the next three parts of this four-part series. Kris Macoskey from Civil & Environmental Consultants, Inc. will be our next speaker on February 15, focusing on "Environmental" in ESG.

Check out PIOGA's event page for more information on the ESG Lunch & Learn Series:
https://pioga.org/event/lunch-learn-esg-series-part-2/

Did you miss the ESG Lunch & Learn last week? Here's the link to the recording if you want to view the session. https://pioga.org/publication_file/Lunch_and_Learn_ESG_Series_Part_1_Baran_Recording.mp4

Joe Baran
ESG Subcommittee Chair
Bertison-George, LLC

Deana Stephens
Diversity Chair
Steptoe & Johnson PLLC

PIOGA Members in the Community

PIOGA is looking for more Members in the Community feature stories! If you are a PIGOA member and have a positive community story to share - please reach out to meghan@pioga.org.

We are looking for stories of community impact - education programs, volunteering, positive industry outreach, donations, etc.

It is time to showcase all the good in our industry and shed light on the positives! These feature stories/articles will be used in PIGOA's social media and future marketing materials!

If you have any questions or suggestions for articles - please reach out! Together we can educate and promote the Oil & Gas industry!

PIOGA Member Profile:
Share Your Story!

Welcome to PIOGA! We would like to offer you the opportunity to introduce yourself to other members via our monthly newsletter, *The PIOGA Press.* The PIOGA Profile section of the newsletter gives members a chance to share information about their company and the products and services they offer to others in Pennsylvania's oil and natural gas industry. We encouage you to take advantage of this free member service.

PIOGA Profile submission guidelines

- Include a brief history of your company. When and where was the company founded, and by whom? Is the company new to the oil and gas industry in general or to Pennsylvania?
- Describe the products and services you offer specifically for the oil and gas industry. Do you have a product in particular that sets your company apart from the competition, or a new product you would like to highlight?
- If applicable, tell how the business has been positively impacted by Pennsylvania's oil and gas industry? Have you expanded, added employees or opened new locations?
- Include a website address and/or phone for readers to use.
- Your submission may be a maximum of 400-450 words and should be provided as a Word document. Please use minimal formatting—bold and italic fonts are fine, as are bulleted or numbered lists. Your submission is subject to editing for length, clarity and appropriateness.
- Include your company logo or a photo. Images should be high-resolution (300 dots/pixels per inch or higher) and in any common graphics format. Please include identifications for any people or products in a photo. Send image files separately, not embedded in your document.
- All material should be emailed to **Meghan Keely, PIOGA Director of Internal Communications, at meghan@pioga.org.** Your submission will be confirmed on receipt, and we will use submissions in the order in which they are received. This is a free service to our member companies and publishing dates are at the discretion of PIOGA. If you have questions or want to follow up on a submission, email Meghan or call 814-671-2484.

Interested in submitting articles, news releases or advertising for *The PIOGA Press?* Contact Meghan Keely at the email address or phone number shown above.

Climate-Related Disclosures for Federal Suppliers Disclosed

Published by Babst Calland - Authored by Gina Falaschi Buchman, Justine Kasznica, and Susanna Bagdasarova

On November 14, 2022, the Department of Defense (DoD), General Services Administration (GSA), and National Aeronautics and Space Administration (NASA) published a proposed Federal Acquisition Regulation (FAR) rule that would require certain federal suppliers to annually disclose their greenhouse gas (GHG) emissions and climate-related financial risks, as well as set GHG emissions reduction targets, on an annual basis. 87 Fed. Reg. 68,312 (Nov. 14, 2022) (Proposed Rule). The Proposed Rule entitled the "Federal Supplier Climate Risks and Resilience Rule" implements President Biden's Executive Order 14030, directing a number of federal agencies to take action to address climate-related risks and the Administration's push toward net-zero emissions procurement by 2050.

The Proposed Rule would introduce a new FAR subpart 23.XX containing mandatory GHG emissions[1] disclosure and reporting requirements for major federal suppliers, which are divided into "significant" and "major" contractors for purposes of the applicable requirements. "Significant contractors," defined as federal contractors receiving at least \$7.5 million but less than \$50 million in federal contract obligations in the prior fiscal year, must conduct a GHG inventory of their annual Scope 1[2] and Scope 2[3] emissions and report the total annual emissions in the System for Award Management (SAM). "Major contractors," defined as federal contractors receiving more than \$50 million in federal contract obligations in the prior fiscal year, are subject to the same requirement with respect to Scope 1 and Scope 2 emissions and must also conduct and report the results of a GHG inventory of their annual Scope 3[4] emissions.

Major contractors are also required to use the Carbon Disclosure Project (CDP)[5] Climate Change Questionnaire annually to complete a publicly available disclosure of their Scope 1, Scope 2, and Scope 3 emissions as well as their climate risk assessment process and any risks identified. In addition, major contractors must identify and publicly disclose science-based targets to reduce their GHG emissions.

Under the proposed regulatory framework, a federal supplier is presumed to be nonresponsible (and therefore ineligible for contract awards) until the relevant contracting officer confirms that the contractor has (itself or through its immediate owner or highest-level owner, as defined in the FAR), complied with the applicable requirements of the Proposed Rule.

Certain entities are exempted from the Proposed Rule's reporting and disclosure requirements, including higher education institutions, nonprofit research entities, state or local governments and federal management and operating (M&O) contractors which derive at least 80 percent of their annual revenue from such M&O contracts. Additionally, if a major contractor qualifies as a "small business" or is a nonprofit organization, it is subject only to the reporting requirements of a significant contractor. The requirements may also be waived by the Senior Procurement Executive for emergencies, national security, or other mission essential purposes.

1 GHG is defined to include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, nitrogen trifluoride, and sulfur hexafluoride.

2 "Scope 1" emissions are GHG emissions from sources that are owned or controlled by the reporting company.

3 "Scope 2" emissions are GHG emissions associated with the generation of electricity, heating and cooling, or steam, when these are purchased or acquired for the reporting company's operations but occur at sources other than those owned or controlled by the entity.

4 "Scope 3" emissions are GHG emissions that are a consequence of the operations of the reporting entity but occur at sources other than those owned or controlled by the entity.

5 The CDP is a nonprofit organization that runs a disclosure system for companies, cities, states, and regions to manage environmental impact and scores these entities based on questionnaires submitted.

Continues on next page

Significant and major contractors will be required to report Scope 1 and Scope 2 emissions one year following the publication of the final rule. Major contractor requirements to disclose Scope 3 emissions, climate-related risks, and science-based targets begin two years following the publication of the final rule.

If this Proposed Rule is finalized, many companies with government contracts, particularly small businesses, will be required to calculate and report GHG emissions and climate-related financial information for the first time. Preparations of such disclosures is costly and may require the hiring of new personnel or outside contractors to complete calculations and compile and organize information. In addition, companies without government contracts may be asked by customers or suppliers with government contracts to estimate or account for their GHG emissions as part of the supply chain. Finally, public disclosure of climate-related financial information could subject companies to litigation risk by shareholders, investors, or non-governmental organizations.

From a practical standpoint, many oil and gas companies may already calculate and report GHG emissions under other federal, state, or permit requirements, including companies required to report under the EPA's Greenhouse Gas Reporting Program (GHGRP). EPA's GHGRP regulations generally apply to (1) direct GHG emissions sources that emit at least 25,000 metric tons of CO2-equivalent (CO2e, the amount of CO2 emissions with the same global warming potential as the number of metric tons of another GHG) per year; (2) fuel and industrial gas suppliers; and (3) facilities with underground CO2 injection wells. Other companies voluntarily set GHG emission reduction targets as part of their sustainability initiatives. The annual calculating and reporting of GHG emissions to satisfy other obligations may lessen the burden of the Proposed Rule on certain companies affected both directly and indirectly by the proposal.

The DoD, GSA, and NASA will accept comments on the Proposed Rule until February 13, 2023 on the Federal e-rulemaking portal (www.regulations.gov). ■

If you have any questions about the Proposed Rule or submission of comments, please contact Gina Falaschi Buchman at (202) 853-3483 or gfalaschi@babstcalland.com, Justine M. Kasznica at (412) 394-6466, or jkasznica@babstcalland.com, or Susanna Bagdasarova at (412) 394-5434 or sbagdasarova@babstcalland.com.

Babst Calland
Attorneys at Law

Gina Falaschi Buchman

gfalaschi@babstcalland.com

Justine M. Kasznica

jkasznica@babstcalland.com

Susanna Bagdasarova

sbagdasarova@babstcalland.com

RGGI is just plainly wrong for Pennsylvania and the USA

Article written by Ken Komoroski, Partner, Earth & Water Law

The facts show that the Regional Greenhouse Gas Initiative ("RGGI") is wrong for Pennsylvania and for the USA. This article will debunk claims by environmental groups about RGGI.

Let's be upfront about this. Groups like the Natural Resources Defense Council (NRDC), PennFuture (PF) and Clean Air Council (CAC) could collaborate to write a book entitled "How to Misinform to Accomplish Your Misguided Goals." They could also be the subject of a book entitled - "The Ends Don't Justify the Means Especially When You Are Wrong About the Ends."

To demonstrate the problem caused by groups like NRDC/PF/CAC, the following are quotes taken directly from NRDC's website. (Similar, if not identical, claims are made by PF, CAC and others.) The NRDC statements are copied (in italics) and are then followed by facts and commentary. The responsive facts are taken from the following government resources: PA Electric Generation Emissions by Fuel prepared by the U.S. Energy Information Administration (EIA); PA Fossil Fuel Generation CO2 calculated Emission Factors and CO2 Emissions (EIA); PA Electric Generation 2019 and 2020 (EIA); Sales to Ultimate Customers (Megawatt hours) by State by Sector by Provider, 2019 and 2020 (EIA); Pennsylvania DEP ICF Revised Modeling May 3, 2021 (PADEP). As best I can discern, NRDC gets its data from unknown and/or heavily-biased sources. Okay, let's begin.

NRDC - "The Regional Greenhouse Gas Initiative (also known as RGGI or "Reggie") is a pioneering, market-based program to cut climate-altering carbon pollution from power plants in 11 Northeast and Mid-Atlantic states."

"REGIONAL" - According to the U.S. Energy Information Administration, the top six primary energy-producing states are Texas, Pennsylvania, Wyoming, Oklahoma, West Virginia, and North Dakota. There are no coal-fired power plants in New England and most of the coal and natural gas fired power plants that are RGGI-targeted are located in Pennsylvania, Ohio, West Virginia - along the Ohio River Valley - and also along the Eastern Seaboard; well south of these seven RGGI-States. "Targeted" would be a more honest term to use.

"PIONEERING" - On December 20, 2005, the governors of Connecticut, Delaware, Maine, New Hampshire, New Jersey, New York, and Vermont signed a memorandum of understanding aimed at developing a program for lowering power sector CO2 emissions in the northeastern and mid-Atlantic region. It included a catchy slogan – the "Regional Greenhouse Gas Initiative." It is "pioneering" in their view because it was set into motion after these states failed to be able to force power plant reductions under the Clean Air Act, for a variety of scientific and legal reasons. "Desperate" and "political" would be more honest terms to use.

"MARKET-BASED" - The definition of market-based is: "organized so that companies, prices, and production are controlled naturally by the supply of and demand for goods and services, rather than by a government." The RGGI-States inaugural endeavor was a "model" regulation for states to adopt for limiting CO2 emissions. "Cap and trade" programs are absolute limits on emissions imposed by the government and trading programs are designed to REDUCE emissions through trading impositions and expiration of emission credits. "Command and control" would be a more honest term to use.

Some chemistry may be helpful. Air is 78% nitrogen (N) and 21% oxygen (O). Combustion of methane (CH4) results in the formation of CO2, H2O and NOx. The NOx then can react photochemically and naturally to create atmospheric ozone (O3), but not always.

Thus, RGGI was created by these 7 states to cause government-forced reductions in the use of fossil fuels that are used to create energy. The RGGI-States were unable to force other States to reduce NOx emissions under the

Clean Air Act due to unsupportable claims, so they switched to efforts to go after CO2 emissions instead of NOx – from the exact same power producing operations.

NRDC: "Since its 2009 launch, RGGI has saved consumers hundreds of millions of dollars on energy, with billions more in savings to come; created thousands of new jobs; and improved public health while helping to cut carbon pollution from the region's power plants in half."

"SAVINGS" - There will be no savings for consumers. Instead, RGGI will dramatically increase costs to consumers if Pennsylvania becomes a participant. The price paid by electric customers in Pennsylvania will be far in excess of the RGGI revenues that will be received by the PADEP. While the RGGI revenues to PA DEP will be $745 million in 2025 based upon the ICF modeled generation, the RGGI-caused price increase will be $1.275 BILLION PER YEAR. Out of that total annual increase of $1.275 billion, $858 million will be paid by Pennsylvania electric customers – each year. As a result, Pennsylvania citizens will pay far more for electricity (including for recharging the electric vehicles they may own) and electric generating plants that currently provide vast economic benefits to PA will be forced into early retirement or to reduced operational levels that inevitably will cause total shutdown - due to simple economics. "Increased costs" would be a more honest term to use.

NRDC: "RGGI's well-documented success shows how flexible, market-based approaches to cutting power plant pollution benefit everyone."

"SUCCESS" - Aside from the fact that NRDC does not define its view of "success," PADEP has determined by its own modeling studies that there is no reduction in CO2 that can be attributed to RGGI if PA chooses to participate.

NRDC cannot support its confusing/contrary view. Since nearly all the electric power generating sources of CO2 that could be curtailed are located outside of the RGGI-States, there have been no CO2 reductions in the RGGI-States and "success" (whatever that is) can only be predicted, not "documented." Nonetheless, NRDC consistently publishes blogs to try to discredit "misinformation," but NRDC only uses data from the RGGI states that have no power plants. "Burdens without benefits" would be a more honest term to use.

"BENEFITING EVERYONE" - Since RGGI will increase costs for consumers and lead to curtailment and shutdown of power generating facilities while shifting manufacturing and energy production to other countries with lesser, if any, emissions controls, RGGI will not benefit "everyone," but will hurt millions of people - from a human health standpoint and from a cost standpoint. "Hurting the planet and its people" would be a more honest term to use.

NRDC: The program is a model for other states and regions hoping to reap economic, health, and social benefits in the transition to clean energy that we need to solve the climate crisis.

The above is a marketing statement by NRDC and could be subject to enforcement by the Federal Trade Commission (FTC). According to the FTC:

"When the Federal Trade Commission finds a case of fraud perpetrated on consumers, the agency files actions in federal district court for immediate and permanent orders to stop scams; prevent fraudsters from perpetrating scams in the future; freeze their assets; and get compensation for victims. When consumers see or hear an advertisement, whether it's on the Internet, radio or television, or anywhere else, federal law says that ad must be truthful, not misleading, and, when appropriate, backed by scientific evidence. The FTC enforces these truth-in-advertising laws, and it applies the same standards no matter where an ad appears – in newspapers and magazines, online, in the mail, or on billboards or buses. The FTC looks especially closely at advertising claims that can affect consumers' health or their pocketbooks."

How are not the NRDC's bold statements fraud perpetrated on consumers adversely affecting consumers' health and their pocketbooks? They claim savings when there will in fact be dramatic

Continues on page 21

State & Federal Legislative Forecast Breakfast

On January 12, PIOGA's Political Action Committee in partnership with the Washington County Chamber of Commerce Political Action Committee held a legislative breakfast to discuss state and federal legislative issues. During the breakfast participants gained insights from panelists on the new legislative session.

The panelists included: Ben Wallace (Moderator) - COO Penneco Oil Company, Inc. & Penneco Environmental Solutions, LLC; Alex Halper - Director, Government Affairs Pennsylvania Chamber of Business & Industry; Jezree Friend -AVP, External Relations Manufacturer & Business Association; and Charlie Gerow - CEO, Quantum Communications.

Check out some photos from the event!

cost increases to consumers. Regional air pollution will increase further as energy production and manufacturing continue to be forced to neighboring non-RGGI states such as Ohio and West Virginia. Global air pollution will increase further as energy production and manufacturing continue to be forced to other countries such as China, India and Russia.

Why do these environmental groups purposely mislead? Perhaps NRDC, PF and CAC wanted to do something good initially. Likely these groups enjoyed receiving adulation for the perception of their efforts to save the environment. But have you ever seen these groups admit they were wrong? RGGI is an example of where they should and then move forward with support of fair solutions. Otherwise, the benefits they proclaim won't be achieved and the costs and burdens will cripple this country and enrich other countries, at the added expense of health and safety. I can guarantee you that when the post-mortem is prepared, NRDC, PF and CAC will neither acknowledge blame nor provide reparations. How do we prevent this from happening?

The answer: You have a voice. PIOGA does an excellent job of speaking on your behalf. I can tell you from considerable lobbying experience and many informal discussions with federal, state and local elected officials, trade association information is very helpful, but it can also be distributed by its members with effective results.

Additionally, elected officials are not the only audience to target. In litigation, I have obtained information from some prominent environmental groups where I learned/confirmed that they receive money from several non-profit organizations, e.g. the Heinz Endowments. They also receive money from individual donors. These nonprofits and individual donors do not want to spend their money unwisely and they can be persuaded, with facts, that the groups and causes they consider funding annually are not worthy. Furthermore, the members of environmental groups can be educated and informed so that they can add their voices to the effort. The keys to change here are: (1) make sure you only use provable facts; (2) use a consistent message; (3) speak like human being (not a lawyer or industry-paid consultant); and (4) be open to competing points of view.

Swing into action and make your voices effectively heard. What are you waiting for? Perhaps this can help guide you. Recall the NRDC claims:

NRDC: The Regional Greenhouse Gas Initiative (also known as RGGI or "Reggie") is a pioneering, market-based program to cut climate-altering carbon pollution from power plants in 11 Northeast and Mid-Atlantic states—Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, Vermont, and Virginia. Since its 2009 launch, RGGI has saved consumers hundreds of millions of dollars on energy, with billions more in savings to come; created thousands of new jobs; and improved public health while helping to cut carbon pollution from the region's power plants in half. RGGI's well-documented success shows how flexible, market-based approaches to cutting power plant pollution benefit everyone.

This can and should be re-written as:

The New England States That are Without Energy Production, But Want Electric Vehicles Without Understanding the Sources of Electricity, Also Want a Carbon Dioxide Targeted Command and Control Plan That Forces Others to Spend Money Without Producing Environmental Benefits While Moving More Jobs Overseas and Un-employing Many Americans and Reducing New Job Opportunities – RGGI is a Desperation Move Due to Lack of Scientific and Legal Basis in Other Attempts – RGGI is a Political Move (also known as "Frivolously Spending Other People's Money") That Will Cost Consumers Billions of Dollars While Worsening Public Health and Hurting Everyone. ■

Ken Komoroski was a partner for more than 20 years at two of the largest, most prestigious law firms in the world, K&L Gates and later Morgan, Lewis & Bockius, before moving his practice to E&W Law. https://www.earthandwatergroup.com/our-professionals/ken-komoroski/

Link to Article: https://strive.com/a-solution-is-in-sight-for-the-esg-controversy/

A Solution is in Sight for the ESG Controversy

Article was published by Strive.com on January 16, 2023. Authored by Vivek Ramaswamy

It's fine for investors to support social objectives, but only with disclosure and affirmative consent.

Last year's ESG backlash spawned a vigorous debate about the use of environmental, social and governance factors in capital allocation. I met with numerous state financial officers, pension-fund boards, policy makers and corporate leaders who solicited my perspectives and those of competing asset managers as they grappled with fiduciary questions relating to ESG.

These discussions appear to have prompted the Big Three asset managers—BlackRock, State Street and Vanguard—to undertake small reforms, likely aimed at mitigating legal liability risk. Vanguard withdrew from the Net Zero Asset Managers initiative (though it remains affiliated with at least four similar associations); BlackRock and State Street announced new proxy voter choice programs (albeit only for a fraction of client assets and thus far limiting third-party alternatives to proxy advisory firms that also promote ESG); all three began to offer greater transparency to states about their proxy voting policies (although they are still opaque about the content of most shareholder engagements, which Vanguard defines as "direct contact with companies to discourage undesirable corporate behavior").

ESG is far from dead. But there may be a solution in sight to the ESG debate: disclosure to and consent from capital owners.

When investing money, individuals and other capital owners typically use financial intermediaries such as wealth managers and pension funds. These intermediaries are asset allocators, putting money into instruments such as index funds and mutual funds. Asset managers control these funds, buying stocks and bonds issued by publicly traded companies, and the boards of public companies allocate capital across corporate projects.

Wealth managers, pension funds and asset managers, unlike corporate directors, aren't merely fiduciaries but also trustees. They are held to the highest legal standard—the "sole interest rule," according to which a "fiduciary shall discharge his duties . . . solely in the interest of the participants and beneficiaries and . . . for the exclusive purpose of providing benefits to participants and their beneficiaries," as the U.S. Supreme Court put it in Central States, Southeast & Southwest Areas Pension Fund v. Central Transportation (1985).

The sole-interest rule is codified in state constitutions, statutes and case law. Trustees aren't permitted to make investments to advance nonpecuniary interests or social causes but must act solely and exclusively to maximize retirees' "financial benefits," in the case of pension funds, as the Supreme Court held in Fifth Third Bancorp v. Dudenhoeffer (2014). Because pension-plan trustees must be solely motivated by considerations of financial return, "mixed motive" investing is per se unlawful, as multiple state attorneys general noted in legal opinions last year.

Large asset managers integrate ESG objectives into their investment approaches in one of two ways. The first is through dedicated ESG or sustainability funds, which systematically exclude or underweight securities in disfavored sectors such as fossil fuels, tobacco and firearms. These funds represent a small portion of total assets under management—less than 6% as of last year in BlackRock's case. If dedicated ESG funds accurately disclose their policies and the ultimate capital owners are informed of them before making investment decisions, there's no legal problem. People are free to use their money to promote any social causes they like.

The second and more prevalent way that asset managers promote ESG is through "stewardship," which refers to proxy voting and shareholder engagement. The largest asset managers use stewardship to promote ESG principles in all their portfolios, including non-ESG index funds.

In 2022, large asset managers including BlackRock voted in favor of implementing racial-equity audits at companies like Apple and Home Depot notwithstanding that the companies' boards recommended against doing so. Similar examples abound with large asset managers imposing emissions caps, ESG-linked executive compensation and board diversity mandates across corporate America. Many capital owners strongly disagree with these objectives even though their money was used to support them.

As legal scrutiny intensified, ESG advocates started to claim that their proxy-voting and shareholder-engagement practices aren't intended to advance social or political objectives but are motivated solely by financial considerations. Courts are likely to reject these claims given that candid descriptions of ESG invariably acknowledge that its goal is to advance "socially responsible," "moral" or "social impact" outcomes and to allow investors to "put their money where their values are."

An activist group pushing for Apple's 2022 racial-equity audit said its mission was to "hold companies accountable for the ways they perpetuate white supremacy." The Dutch nonprofit that in 2021 proposed an emissions cap at Chevron stated that its intention was to fight climate change. BlackRock and State Street used client funds to vote for both proposals, with no real financial justification for either. The boards of Apple and Chevron initially declined to adopt these proposals even though they enjoy broad legal deference, whereas the asset managers, bound by the sole-interest rule, voted for them. That maximizing value was their sole motivation isn't credible.

But there's a better defense for ESG-promoting asset managers: disclosure. Large asset managers are gradually becoming more transparent as pension-fund clients press them on their ESG practices. In recent months, BlackRock has written letters to officials in red and blue states alike about its ESG policies. BlackRock and State Street testified before the Texas Legislature last month.

Regulators are demanding greater transparency too. In November, the Securities and Exchange Commission enacted a new rule requiring asset managers not only to disclose proxy votes but to categorize them in buckets like "environment or climate," "diversity, equity and inclusion" or "other social issues." If asset allocators in possession of such disclosures continue to invest or recommend the investment of capital into ESG-promoting funds, BlackRock and State Street can plausibly argue that they implicitly consented to the use of non-pecuniary factors.

That passes the buck of liability up to asset allocators. They shouldn't be allowed to make such decisions on their clients' behalf without express permission.

A combination of pro-disclosure policies and investor education can solve that problem. Lawmakers concerned about the use of ESG in capital markets need not ban it. They can simply require that capital owners be informed by their asset allocators whether their money is invested in an ESG-promoting fund and provide express consent to do so. Some capital owners will say yes, others will say no. But their dollars wouldn't be used to advance social policies they don't expressly support. If that is achieved, the ESG debate in the asset-management industry will be mostly over. ■

***** Mr. Ramaswamy is executive chairman of Strive Asset Management.***

Pennsylvania Court Upholds Cross-Unit Drilling Under Act 85

Published by Steptoe & Johnson PLC - Authored by Nathaniel Holland and Bridget Furbee

On January 24, 2023, the U.S. District Court for the Middle District of Pennsylvania held that Act 85 of 2019, which permits drilling horizontal oil and gas wells across existing drilling units, is not unconstitutional.

Lessor Warner Valley Farm LLC sued Lessees SWN Production Co. LLC and Repsol Oil & Gas USA LLC, alleging that they breached the terms of a 2006 lease by drilling a well that crossed the boundary of the lessor's unit. Warner Valley also sought a declaration that Act 85 was void under the Contracts Clauses of the U.S. and Pennsylvania constitutions.

The District Court granted summary judgment to both lessees, ruling that Act 85 was valid and that the 2006 lease permitted cross-unit drilling. The District Court found that Act 85 did not impair the 2006 lease because the Act does not affect leases that expressly forbid cross-unit drilling. Thus, while Act 85 effectively lifts the 330-foot regulatory barrier to cross-unit drilling, it leaves the parties free to contractually prohibit cross-unit drilling. In addition, Act 85's requirement that the lessees reasonably allocate production between existing units did not impair an existing provision of the lease.

The District Court further held that even if Act 85 substantially impaired the 2006 lease, it was justified by its goals of reducing the economic costs and environmental impacts of oil and gas drilling. Finally, the District Court held that the 2006 lease did not forbid cross-unit drilling, citing the broad terms of the lease's pooling and unitization clause.

If you have any questions regarding how this decision could impact you, please contact one of the authors of this alert.

STEPTOE & JOHNSON PLLC

Nathaniel Holland

nate.holland@steptoe-johnson.com

Bridget Furbee

bridget.furbee@steptoe-johnson.com

Articles of Interest

Opinion Article - Authored by Brian Linville. Published in the Pittsburgh Post-Gazette on January 13, 2023.

Brian Linville: The Pittsburgh region is key to an American industrial renaissance

The Pittsburgh region is key to an American industrial renaissance

America emerged from the Second World War as an industrial colossus. With its human and physical capital relatively unscathed by the destruction of war, robust growth generated unprecedented — and broad-based — prosperity. More people than ever could move up socially and economically. Americans believed in their chance for a better future.

But after that, things changed. The past half century, by contrast, witnessed the outsourcing of much of our manufacturing base, and with it many of the ladders to opportunity that the working class had relied upon. America today is poised to reverse this trend, and developments in the Pittsburgh region are key facilitators.

What led to de-industrialization in the first place? People and businesses respond to incentives and do what is in their self-interest. With respect to allocating capital, this usually translates into investments that maximize the risk-adjusted return on investment.

Consider a scenario: it's 1980 and a company is evaluating where to build a

Continues on page 26

PIOGA Member News

Article published in the Pittsburgh Business Times on February 3, 2023. Authored by Paul J. Gough

Well plugging company opens West Virginia headquarters

Next LVL Energy, a well plugging and retirement company acquired by Diversified Energy, has moved its headquarters from Pittsburgh to Bridgeport, West Virginia.

The firm was founded by oil and gas industry veterans Brad Maddox, Clay Cochran and Keith Coleman in 2020 and headquartered in the Pittsburgh region. The company's focus is on well plugging and maintenance, a field that is big in Appalachia and will grow by leaps and bounds due to hundreds of millions of dollars flowing to the region over the next few years.

Next LVL was acquired in February 2022 by Diversified Energy, a Birmingham, Alabama, natural gas producer whose thousands of wells in Appalachia are primarily traditional and unconventional that have long been in the ground. Diversified has been building up its capabilities in well plugging as it moves through its portfolio and retires wells that are at the end of their service life.

Diversified plans to retire at least 200 wells a year. It now has 15 rigs that it uses to do that work, up 70% from a year ago.

Next LVL has about 100 employees, and the operations are centralized out of Bridgeport but available throughout West Virginia, Pennsylvania and Ohio.

The Bridgeport site is Next LVL's new headquarters and training facility. A ribbon-cutting was held Friday morning that was attended by Gov. Jim Justice.

"Diversified Energy's continued investment in well retirement operations demonstrates our longstanding commitment to be responsible stewards of assets from acquisition through retirement," Diversified CEO Rusty Hutson Jr. said. "We're proud to build the premier plugging company in the Appalachian region, and this new headquarters will only further integrate these operations into the heart and soul of our daily strategy, benefiting our existing operations, the environment and the local communities we're proud to call home." ■

DIVERSIFIED energy

PIOGA's online Career Center

Did you know that our website offers the ability for companies to post open positions? To help in your employee recruitment efforts, go to pioga.org and click on Careers.

Pittsburgh *Continued from page 24*

new manufacturing facility. The firm's directors consider a variety of sites — the U.S., East Asia, Latin America, Western Europe. They must consider factors including human capital, proximity to suppliers and customers, technology, capital markets, property rights (physical and intellectual), infrastructure, corruption, energy costs, labor costs, tariffs, regulations, and taxes.

The U.S. looked attractive in many areas, but had a huge disadvantage in labor costs. That often drove companies' decisions to move production elsewhere. This happened often, and the total effect was profound. The Federal Reserve reports that America lost roughly 7 million manufacturing jobs between 1980 and 2020, despite the population increasing by over 100 million.

Now imagine a similar scenario today. Directionally the status quo remains: American labor continues to be more expensive, but we compare favorably across many other categories. What has changed is the magnitude of our relative advantages and disadvantages, and these changes have the net effect of making the U.S. much more desirable as a destination for investment than it was previously.

Two of the most significant shifts have been in labor and energy costs, and developments in the Pittsburgh region have been critical to both.

First, consider labor: manufacturing has become more capital intensive and less labor intensive. This has not occurred at the same speed across industries, but in general it is now possible to produce a larger quantity of widgets per employee. The relative significance of unit labor costs has declined as a result.

Pittsburgh, and especially the ecosystem that has developed around Carnegie Mellon University, is a global hub for robotics, industrial automation, and artificial intelligence, all key drivers of this trend. Furthermore, the magnitude of our disadvantage per unit of labor has declined as labor unions have lost influence in the U.S. and foreign workers have gradually demanded higher compensation.

Meanwhile, a massive advantage in energy costs has emerged. Here again the Pittsburgh region, and more specifically the fracking of the Marcellus and Utica Shales, has been critical. Industrial production tends to be highly energy intensive, and energy costs in the U.S. are a fraction of those faced by firms in Europe and Asia.

The U.S. also has an advantage in energy security. Robust domestic supply makes rationing, blackouts, or other constraints on commercial usage comparatively unlikely.

While these two changes are among the most important, other factors come into play. For example, post-Covid supply chain issues highlighted the advantages of having production close to end markets and the risks of just-in-time inventory systems and far-flung supplier networks. The perceived risk of tariffs has increased, both due to the China trade war and increased hawkishness on the subject by politicians in both parties.

Tax reform in 2017 made U.S. corporate taxes much more competitive globally. The importance of our deep and liquid capital markets has grown as production has become more capital-intensive. Risks of intellectual property theft and government interference, especially in the case of China, have become more salient.

Taken together, these changes enhance the appeal of investments in America and set the conditions to reinvigorate our economy and reverse a decades-long trend of deindustrialization. This applies to America writ large and there will be robust competition within the U.S. for this investment.

We should look to further enhance our advantages while mitigating disadvantages. Areas of opportunity include promotion of domestic energy production and infrastructure, improved permitting processes, enhanced research and development either directly or by incentivizing the private sector, "upskilling" and career advancement programs, and skills-based immigration reform.

Whether by accident or design, there is a tremendous opportunity before us to ensure that the 21st Century, like the 20th before it, is an American Century. Carpe Diem. ■

Brian Linville, a native of Washington County, lives in Pittsburgh where he works in the financial services industry, after serving as a Submarine Officer in the U.S. Navy.

PIOGA PARTNERS 2023

KEYSTONE PARTNERS

American Refining Group, Inc. — Refine everything.

Ergon — a company that works

EXECUTIVE PARTNERS

Huntley & Huntley

Kriebel Energy

Penneco Environmental Solutions, LLC

Snyder Brothers Inc.

MEETING PARTNERS

Babst Calland — Attorneys at Law

Steptoe & Johnson PLLC

T & F Exploration

CLAY SHOOT/GOLF PARTNERS

BLX — Independent Producer of Natural Gas

Billman Geologic

CEC — Civil & Environmental Consultants, Inc.

Pipeliners Union 798 United Association

Cleveland Brothers CAT

Energy Transfer

Patriot Exploration Corporation

ShalePro Energy Services

COMMITTEE/PIOGATech PARTNERS

Moody and Associates, Inc.

UECU

ENGINEER PARTNERS

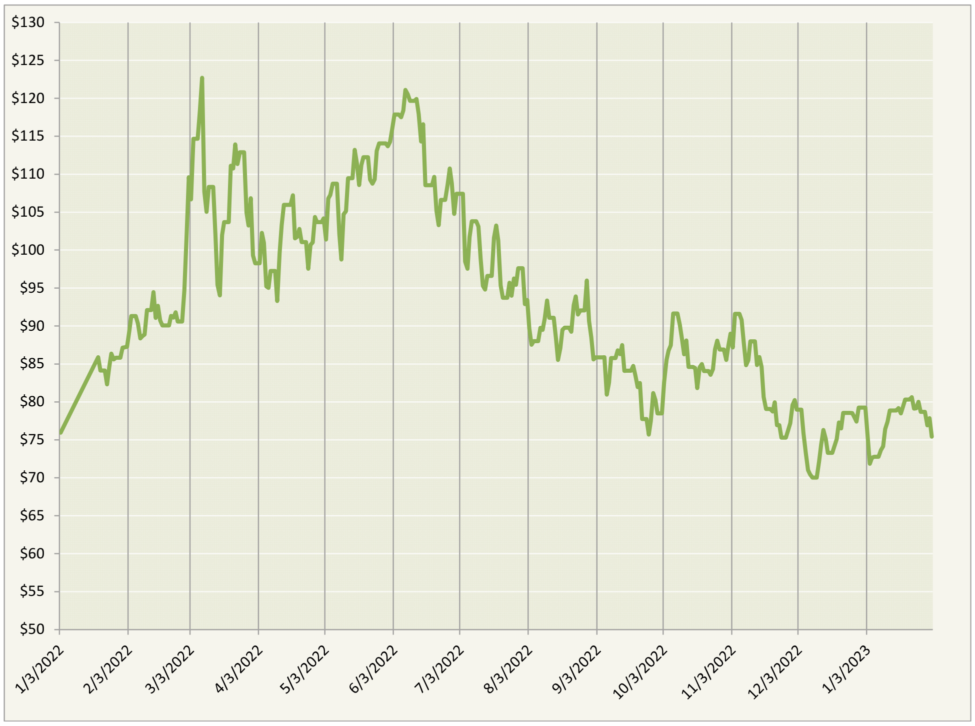
Gmerek Government Relations, Inc.

Greylock Energy

igsenergy

Oil & Gas Dashboard

Penn Grade Crude Oil Prices



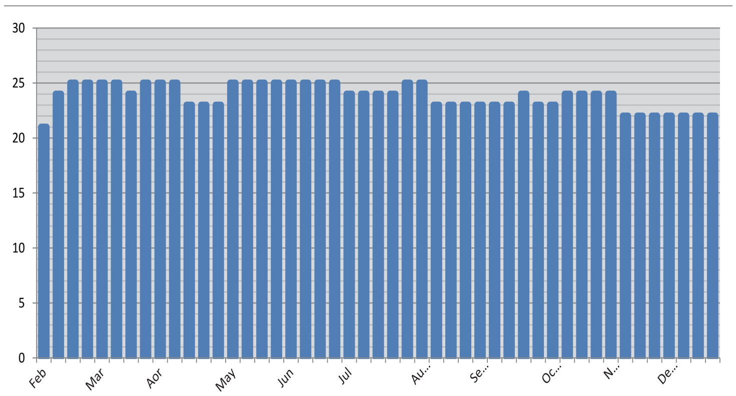
Sources
American Refining Group: www.amref.com/Crude-Prices-New.aspx
Ergon Oil Purchasing: www.ergon.com/crudeoil
Gas futures: quotes.ino.com/exchanges/?r=NYMEX_NG
Baker Hughes rig count: bakerhughesrig-count.gcs-web.com/na-rig-count
NYMEX strip chart: Mid American Natural Resources
Basis futures values: BHE Eastern Energy Field Services

Natural Gas Futures Closing Prices

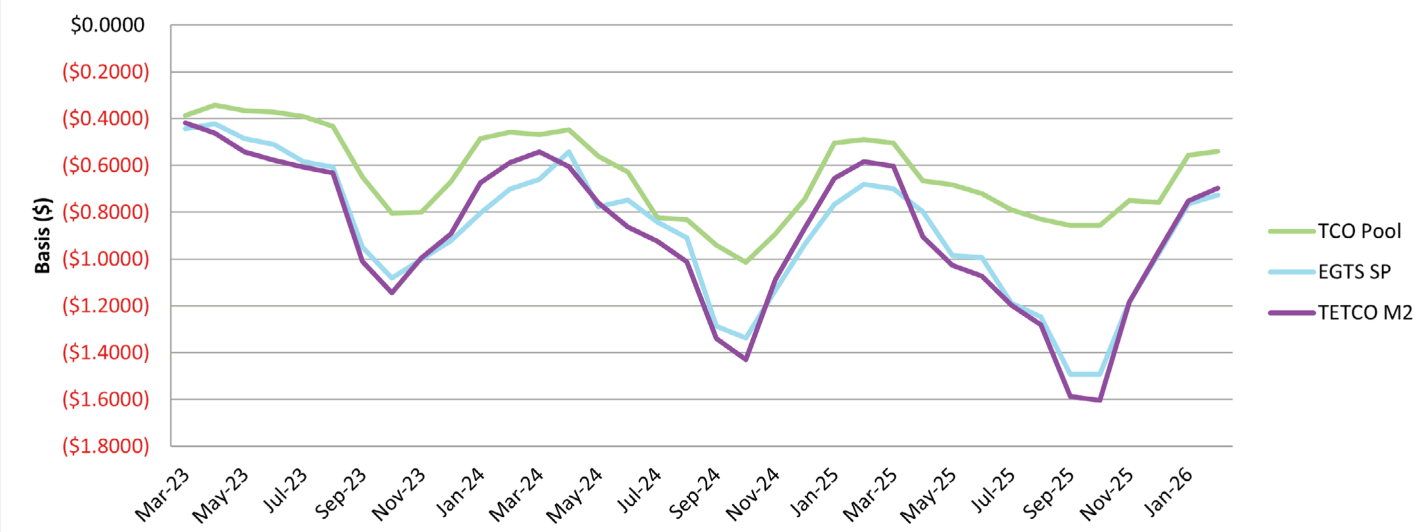
March 2023	2.499
April	2.569
May	2.696
June	2.878
July	3.059
August	3.117
September	3.071
October	3.150
November	3.548
December	3.958
January 2024	4.185
February 2024	4.070

Prices as of February 7

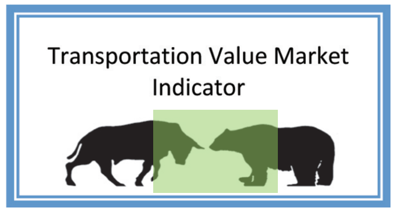
Pennsylvania Rig Count



Basis Futures Values



Northeast Pricing Report — January 2023



Provided by Bertison-George, LLC
www.bertison-george.com

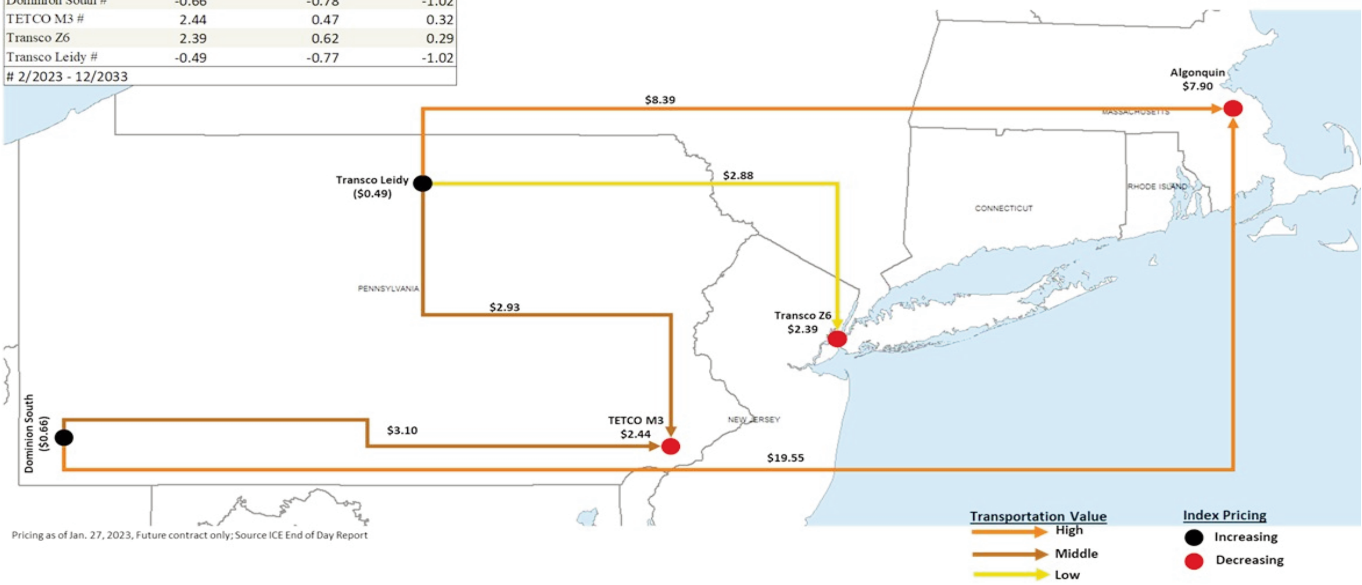
In the past month the Henry Hub has dropped approximately 51%. The Algonquin basis is also down almost 42% from February 2022. Outside of the current short-term arctic blast, there is not much in the way of fundamental support for pricing. For February, Algonquin lost $10.55 per MMBtu from the January basis. TETCO M3 and Transco Z6 dropped $5.31 and $5.43 per MMBtu, respectively. Dominion South and Transco Leidy actually increased by $0.44 and $0.33 per MMBtu. There was a similar pattern for the rolling one-year rolling average. Algonquin lost $2.29 per MMBtu, while TETCO M3 and Transco Z6 fell $0.50 and $0.68 per MMBtu. Dominion South and Transco Leidy jumped $0.24 and $0.27 per MMBtu. For the full-term trading period all points dropped. Algonquin lost the most by $1.31 per MMBtu.

Every transportation value plummeted. This month the routes to New England had the greatest decreases with the Dominion South and Transco Leidy falling from $10.99 to $10.88 per MMBtu respectively. The transportation value to Transco Z6 and TETCO M3 decreased between $5.76 and $5.64 per MMBtu. TETCO M3 to Transco Z6 dropped the least at $0.12 per MMBtu.

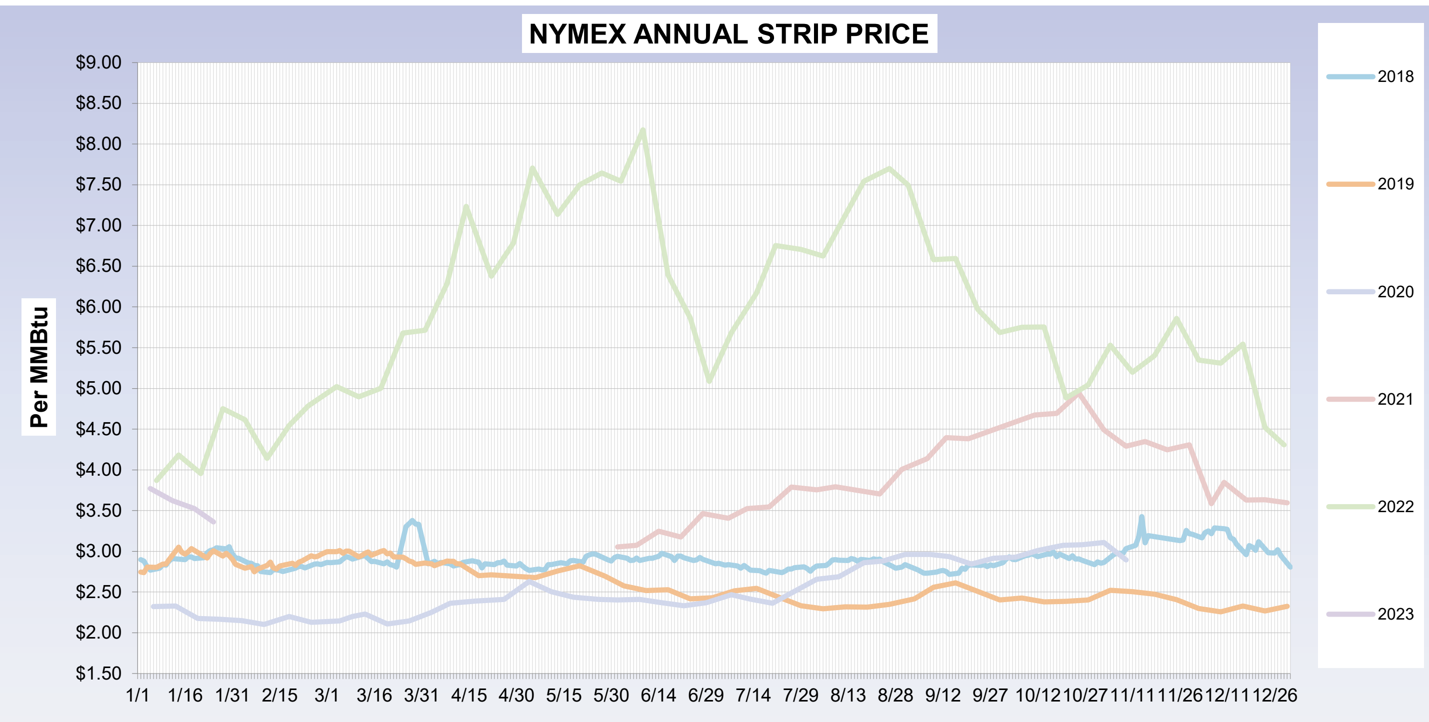
Natural Gas Basis Future Pricing

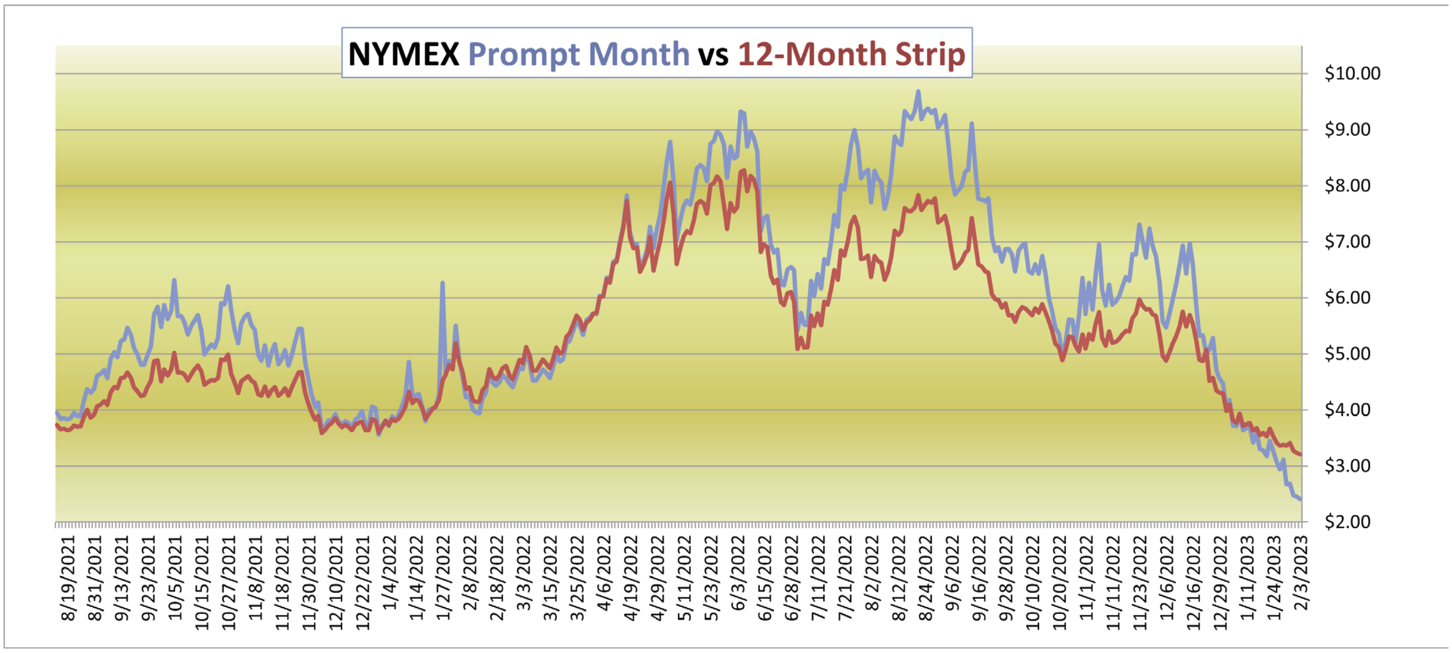
Location	Pricing Term: 2/2023	2/2023-1/2024	2/2023-12/2027
Algonquin	7.90	3.00	2.96
Dominion South #	-0.66	-0.78	-1.02
TETCO M3 #	2.44	0.47	0.32
Transco Z6	2.39	0.62	0.29
Transco Leidy #	-0.49	-0.77	-1.02

2/2023 - 12/2033



Pricing as of Jan. 27, 2023, Future contract only; Source ICE End of Day Report





Spud Report: January

The data show below comes from the Department of Environmental Protection. A variety of interactive reports are available by going to the Office of Oil and Gas Management page at www.dep.pa.gov and choosing Report from the menu. The table is sorted by operator and lists the total wells reported as drilled last month. **Spud** is the date drilling began at a well site. The **API number** is the drilling permit number issued to the well operator. An asterisk (*) after the API number indicates a conventional well.

Operator	Wells	Date	API#	County	Municipality
Branch, John D *	3	1/3/23	123-48636	Warren	Warren City
		1/24/23	123-48635	Warren	Warren City
		1/30/23	123-48729	Warren	Warren City
Bull Run Resources *	2	1/9/23	083-57441	McKean	Lafayette Twp
		1/18/23	083-57440	McKean	Lafayette Twp
Cameron Energy Co *	3	1/10/23	123-48720	Warren	Sheffield Twp
		1/24/23	123-48717	Warren	Sheffield Twp
		1/31/23	123-48716	Warren	Sheffield Twp
Chesapeake Appalachia	20	1/10/23	015-23785	Bradford	Leroy Twp
		1/10/23	015-23786	Bradford	Leroy Twp
		1/10/23	015-23790	Bradford	Leroy Twp
		1/10/23	015-23787	Bradford	Leroy Twp
		1/10/23	015-23788	Bradford	Leroy Twp
		1/10/23	015-23791	Bradford	Leroy Twp
		1/3/23	015-23757	Bradford	Overton Twp
		1/3/23	015-23756	Bradford	Overton Twp
		1/4/23	015-23781	Bradford	Overton Twp
		1/4/23	015-23782	Bradford	Overton Twp
		1/1/23	015-23803	Bradford	Tuscarora
		1/1/23	015-23802	Bradford	Tuscarora
		1/2/23	015-23805	Bradford	Tuscarora
		1/2/23	015-23804	Bradford	Tuscarora
		1/19/23	015-23792	Bradford	Tuscarora
		1/19/23	015-23793	Bradford	Tuscarora
		1/24/23	015-23794	Bradford	Tuscarora
		1/24/23	015-23797	Bradford	Tuscarora
		1/24/23	015-23795	Bradford	Tuscarora
		1/24/23	015-23796	Bradford	Tuscarora
Coterra Energy Inc.	9	1/16/23	115-23039	Susquehanna	Dimock Twp
		1/16/23	115-23040	Susquehanna	Dimock Twp
		1/16/23	115-23041	Susquehanna	Dimock Twp
		1/16/23	115-23042	Susquehanna	Dimock Twp
		1/16/23	115-23043	Susquehanna	Dimock Twp
		1/16/23	115-23044	Susquehanna	Dimock Twp
		1/16/23	115-23045	Susquehanna	Dimock Twp
		1/24/23	115-23047	Susquehanna	Forest Lake
		1/24/23	115-23048	Susquehanna	Forest Lake
Holden Oil & Gas *	1	1/17/23	123-48672	Warren	Watson Twp
INR OPR LLC	1	1/18/23	063-37548	Indiana	Armstrong
KCS Energy Inc. *	3	1/9/23	123-48704	Warren	Watson Twp
		1/19/23	123-48713	Warren	Watson Twp
		1/30/23	123-48707	Warren	Watson Twp
Range Resources Appalachia	8	1/2/23	125-29016	Washington	Amwell Twp
		1/2/23	125-29018	Washington	Amwell Twp
		1/2/23	125-29019	Washington	Amwell Twp
		1/3/23	125-29017	Washington	Amwell Twp
		1/30/23	125-28995	Washington	Donegal Twp
		1/30/23	125-28992	Washington	Donegal Twp
		1/30/23	125-28993	Washington	Donegal Twp
		1/30/23	125-28994	Washington	Donegal Twp
Repsol Oil & Gas USA LLC	6	1/3/23	081-21956	Lycoming	McIntyre Twp
		1/5/23	081-21957	Lycoming	McIntyre Twp
		1/9/23	081-21959	Lycoming	McIntyre Twp
		1/11/23	081-21960	Lycoming	McIntyre Twp
		1/13/23	081-21958	Lycoming	McIntyre Twp
		1/30/23	117-22206	Tioga	Hamilton Twp
Seneca Resources Co LLC	5	1/31/23	117-22209	Tioga	Delmar Twp
		1/31/23	117-22188	Tioga	Delmar Twp
		1/31/23	117-22189	Tioga	Delmar Twp
		1/31/23	117-22190	Tioga	Delmar Twp
		1/31/23	117-22191	Tioga	Delmar Twp
SWN PROD CO LLC	2	1/25/23	115-23049	Susquehanna	Franklin Twp
		1/25/23	115-23050	Susquehanna	Franklin Twp
Wilmoth Interests Inc *	1	1/10/23	123-48651	Warren	Sheffield Twp

	Jan.	Dec.	Nov.	Oct.	Sept.
Total Wells	**64**	**45**	**75**	**73**	**58**
Unconventional Gas	51	37	59	52	34
Conventional Gas	0	0	0	0	0
Oil	13	8	14	14	19
Combination Oil/Gas	0	0	2	7	5

New PIOGA members — welcome!

FLOGISTIX
Kristin Hincke
6529 N. Classen Blvd. Oklahoma City, OK 73116
Allies & Providers

GAI Consultants, Inc.
Scott Burnsworth
385 East Waterfront Dr. Homestead, Pa 15120
Allies & Providers

Calendar

PIOGA events

Information: www.pioga.org > PIOGA Events

Lunch & Learn - ESG Series, Part 2
February 15. Webinar

Cigar Event
February 16. Burn, Pittsburgh

The Appalachian STEPS Network Meeting
February 16, Oglebay Resort & Conference Center, Wheeling, WV.

PIOGATech - Fundamentals of Safety Leadership for Oil and Gas Workers and Encouraging Safety Leadership Skills and Safety Leaders as Mentors in the Short Service Employee Program
February 23, Holiday Inn Express & Suites, Pittsburgh SW/Southpointe

PIOGA Commitee Meeting Day
March 8. The Chadwick - Wexford

2023 Spring Meeting
March 22 - 23. Rivers Casino, Pittsburgh.

Other events

Appalachian Shale Energy Outlook 2023-Seven-week free online webinar series. February - March. http://mwhendersonconsulting.com/webinar/

MSC's Oil and Gas Spill Remediation Training - February 16. https://pioga.org/event/mscs-oil-and-gas-spill-remediation-training/

The Great Energy Gathering - March 15.https://events.r20.constantcontact.com/register/eventReg?oeidk=a07ejlny8sff01b73ed&oseq=&c=37eb9438-e01f-11eb-a8a9-fa163e8f1741&ch=37edadc2-e01f-11eb-a8a9-fa163e8f1741

PIOGA Members and Industry Partners - Please email meghan@pioga.org to advertise upcoming events.

Pennsylvania Independent Oil & Gas Association
115 VIP Drive, Suite 210, Wexford, PA 15090-7906
724-933-7306 • www.pioga.org

Harrisburg Office (Kevin Moody)
212 Locust Street, Suite 300, Harrisburg, PA 17101
717-234-8525

Oil Region Office (Meghan Keely)
304 East Bissell Ave., Oil City, PA 16301
814-671-2484

Pennsylvania Independent Oil & Gas Association

Pennsylvania: The Keystone to America's Energy Future®

115 VIP Drive, Suite 210
Wexford, PA 15090-7906

Address Service Requested

PRESORTED
STANDARD
U.S. POSTAGE PAID
PITTSBURGH, PA
15290
PERMIT NO. 1211