



PESA Government Affairs – Spring 2019

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What do we do?

We work with our member companies to identify, analyze and advocate for legislative and regulatory issues that impact PESA members and customers at the state and federal levels.

We do this by establishing relationships with elected officials and their staff to expand the reach and influence of the service, supply and manufacturing sector and by maintaining an open and productive dialogue with regulators at relevant government agencies.

Policy Priorities



1. JOBS & THE ECONOMY

- The oilfield services and equipment sector is a major contributor to our country's steady economic growth in recent years.
- PESA members employ more than 106,000 individuals in high paying jobs all over the country.

2. OFFSHORE ACCESS

- The U.S. Outer Continental Shelf (OCS) is estimated to contain some of the greatest quantities of undiscovered oil and natural gas resources.
- The Department of the Interior (DOI) estimates undiscovered, technically recoverable OCS resources to be 90 billion barrels of oil and 327 trillion cubic feet of gas.

3. TRADE

- Historically, tariffs and quotas have been proven to reduce economic competitiveness and increase manufacturing costs.
- The imposition of tariffs on Chinese imports used in the manufacturing process in the United States will increase the cost of these products. This increase would have to be passed on down the line.

4. SUSTAINABLE ENERGY

- The United States should move towards an energy mix that utilizes our domestically occurring resources while also provides reliable and affordable energy to our citizens and our economy.
- Wind, Solar and other renewables should play a role, however clean burning, plentiful, natural gas should also play a significant part in our energy future. Increased use of natural gas domestically, as well as increasing our exports of LNG, will benefit the American economy and help secure our sustainable future.

Target Audience



- CONGRESS

- 435 voting Members of the House
- 100 Senators
- Thousands of Congressional staff

- FEDERAL GOVERNMENT

- Thousands of political appointees
- Thousands of federal agency employees

- STATE GOVERNMENTS

- Governors
- State agencies
- State legislators



U.S. Congress



115th CONGRESS

- **TAX REFORM**
 - Tax Cuts and Jobs Act of 2017
 - Manufacturing index is at 61.3%, highest in 14 years
 - Business investment increased at a rate of 8.3%
 - Disposable personal income is up 2.9% since last year
 - Consumer confidence is at a 17-year high
- **REDUCED RED TAPE**
 - Congressional Review Act
 - Repealed rule that gave more power to the federal government by diluting local and state input into land management
 - REINS Act – requires Congressional approval for all new regulations that cost more than \$100 million
 - Increased transparency in rulemaking process, allowing more input from the people

116th CONGRESS

- **CLIMATE CHANGE**
 - Newly-created House Select Committee on the Climate Crisis can hold hearings, write reports and bring public attention to political issues; cannot introduce legislation or issue subpoenas.
 - Investigations of federal agencies and industry
- **ACTION ON TARIFFS**
 - Legislation to reduce President's power to levy import tariffs
 - Put pressure on Administration

Confusion Over Trump Tariffs





**When do the
tariffs end?**

**What is their
impact?**

- There is no timetable
- Tariffs are easier to impose than repeal
- Tariffs have a lasting impact: 40,000 steel industry jobs were lost in the five years after the Bush Administration imposed steel tariffs in 2002
- Retaliatory tariffs usually come after, escalation is always likely



TARIFFS: EXCLUSION PROCESS

Companies with products listed on the United States Trade Representative's tariff list may apply for an exclusion.

10-25% on hundreds of Chinese goods imported to the US

Three lists detailing products included in the tariffs have been posted so far, may not be the end

State Issues



COLORADO

- SB 181, passed in Senate, now in House
- Changes makeup of Colorado Oil and Gas Conservation Commission
- Changes permitting practices
- Amends current preemption law
- Gives local governments land use authority over siting

NEW MEXICO

- Produced a record 250 million barrels of oil in 2018, increase of 46% over 2017
- Legislative Session ended March 16
- Lawmakers sent record high \$7 billion budget to Governor
- State revenues high because of boom in SENM
- Anti-fracking bill did not pass

OKLAHOMA

- Temporary water lines continue to be an issue
- Oklahoma Corporation Commission working on new guidance for temporary water lines
- Budget at record high due to production
- Industry cautions state revenue collections are reliant on production
- State needs to diversify
- State has lost 20 rigs since beginning of the year



WAYS TO GET INVOLVED



Any questions?