

APGA Weekly Update, July 6, 2017

Offshore Oil and Gas Leasing Program Announced

On June 29, Secretary of the Interior Zinke announced that the Bureau of Ocean Energy Management (BOEM) will begin a public comment period for a new five-year National Offshore Oil and Gas Leasing Program on the Outer Continental Shelf (OCS) from 2019-2024. The notice was published in the Federal Register on July 3, marking the beginning of the 45-day comment period.

This initiative is a key component of the Administrations' push to promote domestic energy exploration and development. Five-year plans under the Obama Administration had blocked off many potential lease tracts in the OCS. This new comment period marks an opportunity for increased natural gas production and a strong step for the future of the industry.

BOEM specifically requested that the oil and gas industry provide information on several areas, based on their market expectation as of 2017. Generally, the industry should comment on "unleased hydrocarbon potential" and future oil and gas market expectations. Additionally, BOEM is seeking comment on specific planning areas, timing and number of lease sales, and lead time to produce in those areas.

Under the Outer Continental Shelf Lands Act, the Interior Department must develop and deploy an oil and gas leasing program, which includes lease sales and periodic reviews. Section 18 of the act also requires public input on the program. This Request for Information and Comment (RFI) includes all 26 OCS Planning Areas, as well as areas currently unavailable under congressional or presidential action such as the Eastern Gulf of Mexico. The Draft Proposed Program (DPP) will be formed using public comment from industry and other groups/individuals and will include a schedule of leases as well as location plans. Comments will close on August 17, 2017.

The five-year plan determines where and when companies can lease OCS lands for energy production. Areas in the plan are considered for leasing but do not have to be leased. Areas not included in the plan may not be leased. APGA will be submitting comments to BOEM on the new plan.

For questions on this article, please contact Doug MacGillivray of APGA staff by phone at 202-464-0834 or by email at dmacgillivray@apga.org.

Senate Agriculture Committee Confirms CFTC Chair

On June 29, the Senate Agriculture Committee voted to approve President Trump's nomination of J. Christopher Giancarlo to serve as Chairman of the Commodity Futures Trading Commission (CFTC). Acting Chair Giancarlo was originally nominated by President Obama in August 2013 and was confirmed by the Senate in June 2014 for a term that expires in April 2019. He has been serving as Acting Chair of the CFTC since January 20. Prior to joining the CFTC, Acting Chair Giancarlo served as the Executive Vice President of GFI Group Inc., a financial services firm. In a speech earlier this year, Acting Chair Giancarlo stated that it was time for the CFTC to "reinterpret its regulatory mission" by focusing on fostering economic growth, enhancing U.S. markets, and "right-sizing" its regulatory footprint.

Over the last several years, APGA has worked closely with the CFTC on a wide variety of issues ranging from the need to increase market transparency to aggregate position limits. More recently, APGA is seeking a clarification regarding margin requirements and the impact they will have on natural gas prepayment transactions.

The next step in Acting Chair Giancarlo's nomination will be action by the full Senate which could take place soon after the Senate returns from its July 4 recess. For questions on this article, please contact Dave Schryver of APGA staff by phone at 202-464-2742 or by email at dschryver@apga.org.

Plan Now to Attend the 2017 Leak City Workshop

Registration is open now for the 2017 Natural Gas Fall Workshop at the Leak City training facility in Athens, Ala., this September 11-14. The workshop is co-sponsored by APGA, the Alabama Natural Gas Association, Alabama Public Service Commission, Athens Utilities, Mississippi Natural Gas Association, Mississippi Public Service Commission, Municipal Gas Authority of Georgia, Southern Gas Association and Tennessee Gas Association.

The workshop features: operations-focused training for field level operating personnel; professional development for engineers (continuing education), supervisors, team leaders and managers; as well as regulatory compliance and safety roundtables for supervisors, managers and directors. Leak City offers both classroom and hands-on training. Many courses include testing and evaluation to satisfy operator qualification evaluation requirements. The workshop also includes a large indoor and outdoor exhibit of operations-related equipment and services.

The agenda for the workshop can be found [here](#). Space is limited, and in prior years many of the classes have sold out quickly, so register now to ensure space is available for the courses you wish to attend. [Click here to register online!](#) For questions on this article, please contact John Erickson of APGA staff by phone at 202-464-0834 or by email at jerickson@apga.org.

APGA Participates on FERC Technical Conference

On June 29, Donnie Sharp, Senior Natural Gas Supply Coordinator for Huntsville Utilities, participated as APGA's representative in a Federal Energy Regulatory Commission (FERC) Technical Conference addressing the state of liquidity and transparency in physical natural gas markets. The focus of the conference was on the robustness of the price indexes and potential steps that can be taken to increase transparency and support greater robustness in natural gas price formation. The session included three panels. The first panel was comprised of representatives from the price indexes and trading hubs. The panel focused on issues related to the liquidity of natural gas indices, the degree of industry reliance on index-based contracts rather than fixed-price contracts, the decline in fixed-price reporting to index developers, and whether natural gas indices accurately reflect market conditions.

The second panel, which Donnie was a member of, consisted of representatives from pipelines, local distribution companies and other market representatives. The panel's discussion focused on the industry's use of physical natural gas price indices, potential improvements that can be made to increase

the likelihood that natural gas indices will reflect the market value at particular locations, and concerns about the liquidity of the natural gas indices used in tariffs. The conference concluded with a panel focused on actions that can be taken to help develop more reliable, and transparent price information in natural gas markets.

FERC is also allowing for the submission of formal comments as a follow-up to the conference and APGA intends to supplement Donnie's participation with additional comments. It is anticipated that FERC staff will develop a report summarizing the discussion of the conference but it is unclear what, if any, next steps the Commission may take on this issue.

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