ARKANSAS INDEPENDENT PRODUCERS & ROYALTY OWNERS

A history of success working for the oil and natural gas industry in Arkansas

Severance Tax Legislation

AIPRO lead the fight to oppose HB 1992 in the 2011 legislative session to increase gas severance tax for the second time in 30 months. The proposal would have imposed a 7% flat severance tax, making Arkansas one of the highest taxed states in the U.S. The previous increase enacted in 2009 had already raised more than $121 million in new taxes for Arkansas highways, as well as local city and county roadways. The measure was eventually defeated after the oil and gas industry mounted a strong display of unity at the Capitol against any additional severance tax.

Severance Tax Ballot Issue

AIPRO opposed efforts by Sheffield Nelson to place a severance tax increase on the 2012 General Election ballot. THE NATURAL GAS SEVERANCE TAX ACT OF 2012 would have increased Arkansas's severance tax to a flat 7%. This would have cost producers and royalty owners millions in additional tax dollars, damaged the state's economy and threated thousands of Arkansas jobs. A legal challenge by industry to the validity of the signatures collected by paid canvassers uncovered thousands of invalid signatures and prevented the measure from appearing on the ballot.

Environmental Legislation

In the 2011 legislative session, environmental groups including the Arkansas Public Policy Panel and Citizens First Congress had a package of seven bills introduced to increase the environmental community's influence on natural gas exploration and drilling. They include proposals for:

- Annual inspection of wells to account for use and effects of chemicals in the drilling process;
- Requiring bonds for gas drilling operations;
- Water quality;
- Air quality;
- Disclosure of drilling chemicals;
- Noise limitations and best noise practices; and
- A Landowner's Bill of Rights.

As a result of the efforts against this group of bills, six of the bills were defeated and referred to interim study and one was never considered.

Education and Outreach - Policy Makers

Early in AIPRO's history, it became evident that legislators, quorum courts, county judges and other policy makers were woefully unfamiliar with the oil and gas industry and what was involved in the production of hydrocarbons. AIPRO responded by developing an informative publication to assist in answering the questions that policy makers were asking and that they were being ask. *Oil and Natural Gas in Arkansas: An Educational Message from the Arkansas Oil and Natural Gas Community* became an invaluable tool in dealing with the concerns and uncertainty surrounding the rapidly changing hydrocarbon industry in the state.

Educational and Outreach - Public

In 2011, Arkansas Energy Rocks Program began with an idea to reach civic groups about the oil and gas community. In 2014, it was expanded to include school programs. Teachers were recruited to help build a website: www.ArkansasEnergyRocks.com. Classroom visits followed in April, reaching approximately 350 children.

In June of 2014, the first Teacher Energy Education Workshop was held in Conway. The three-day workshop provided 24 teachers the opportunity to experience and learn the importance of the oil and gas industry to Arkansas.

In 2018, the program has grown to more than 44 schools and 8,000 students. Two Teacher Energy Education Workshops were conducted that year and all three production areas of the state are now included in the workshop program.

Eminent Domain

During the 2017 legislative session, our biggest success was ensuring the defeat of HB 2086, an eminent domain bill that would have enacted burdensome regulatory measures related to pipeline projects. AIPRO worked with the Arkansas Petroleum Council to coordinate expert testimony in the House Insurance and Commerce Committee. In the end, the bill received only one vote in favor of passage.

AACD Study

In the spring of 2018, the Arkansas Assessment Coordination Department (AACD) hosted a public meeting in Little Rock, where representatives from Resource Technologies Corp. presented an overview of their report on the valuation of oil and natural gas and its recommendations. The industry had an excellent turnout. All production areas were represented in the standing-room-only crowd of approximately 150 people, which included assessors, judges and others. After the consultants called the meeting to order and began the review, producers took an active role in asking questions and challenging assumptions made in the report, respectfully disagreeing with some of the information provided and its conclusions. Because of the questions and challenges to the report, the consultants concluded the meeting early. Since that time, AACD has distanced itself from the report.

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