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Morning News Clips 3/26/2022

- [Texas Take](#)

- [Texas Tribune: The Brief](#)

- [Politico Playbook](#)

State News

Houston Chronicle – Benjamin Wermund: [Do Ted Cruz’s Kids Go To A Woke Private School In Houston? Not Quite, Say St. John’s School Alumni.](#) [Web]

Border Report – Sandra Sanchez: [South Texas Border Congressman Plans To Remain In Seat Even If Special Election Is Called](#) [Web]

Business/Economy

- *KXAN* – Jeremy Tanner: [Report: Texas Is The 16th Most Innovative State](#) [Web]

Health Care

- *Houston Chronicle* – Jeremy Blackman: [Feds Give Texas A Short-Term Reprieve In Impasse Over Billions In Medicaid Funding](#) [Web]

- *Texas Tribune* – Karen Brooks Harper: [Feds Restore Billions In Halted Payments To Texas Hospitals, But The Fight Over Uninsured Care Continues](#) [Web]

Criminal Justice

- *Houston Chronicle* – Nicole Hensley: [Ex-Harris County Deputy Who Initially Blamed Wife For Viewing Child Sex Abuse Images Sentenced To Prison](#) [Web]

Opinion/Editorial

- *Dallas Morning News* – Philip Jankowski: [Energy Production: Why Texas Can’t Immediately Fill The Russian Oil And Gas Gap](#) [Web]

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State News

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Do Ted Cruz's Kids Go To A Woke Private School In Houston? Not Quite, say St. John's School Alumni.

By Benjamin Wermund
Houston Chronicle

National hot takes and news reports this week asserting that U.S. Sen. Ted Cruz sends his daughters to a Houston private school with an “anti-racist” mission had some alumni of St. John’s School scratching their heads.

For starters, the pricey River Oaks academy had a rebel mascot, an ode to the Confederacy, for nearly 60 years before ditching it in 2004, with resistance from some alumni.

Past students say the school has made a real effort at progress in recent years, with its headmaster promising two years ago to eliminate “racism of any type — including institutional racism — within our school community and beyond.”

But it is still a far cry from a bastion of wokeness it has been portrayed as, they say, with some of its highest-profile antiracism efforts coming only under pressure from the school community, and current students saying they still feel underrepresented. The school did not respond to a request for comment on Friday.

“They have a lot to still do,” said Kory Haywood, one of two Black students in the Class of 2013 who described the school as isolating.

“You get to see the social class play out in real life at a very young age,” he said. “The kids from River Oaks who live around the school are a faction. The kids from West U, usually a faction. Memorial. It was just different crowds you got to see.

“The Black students and the POCs there just tried to make their way there the best they could.”

The headmaster’s 2020 vow that the school “must be anti-racist” came amid pressure from Black students and alumni after the George Floyd killing in 2020. His letter to the community at the time acknowledged the school’s initial response was “inadequate and failed to connect with the deep pain and anguish felt by our community.”

“Boy howdy, the stories I could tell,” tweeted Irene Vázquez, another former St. John’s

student. “I love to clown Ted Cruz as much as the next person, but anti-racist my ass.”

Cruz’s anti-CRT rant throws sparks

St. John’s, alumni say, is a far cry from the Georgetown Day School that Cruz claimed was “overflowing with critical race theory” as he grilled Judge Ketanji Brown Jackson about its curriculum during her confirmation hearing for the U.S. Supreme Court this week. Critical race theory is an academic term for the study of lingering systemic and societal racism.

Jackson, who would be the first Black woman to serve on the high court, sits on the board of the Washington private school, which she explained under questioning from Cruz was founded in an era of legal segregation by white Jewish and Black parents who wanted their children to attend school together.

Cruz’s rant against critical race theory during the questioning fueled a round of backlash articles that noted his own daughters went to a school with some of the same books and values.

Haywood called Cruz an “epitome of a large faction of the school” whose attacks on critical race theory this week resonated with many alumni.

Ditching the rebel mascot came only after the school had tried to morph it into a version of James Dean’s “Rebel Without a Cause” from the 1950s. At the time of the switch, a St. John’s coach told the Chronicle that most alumni and people involved with the school were for keeping it The Rebels, but under pressure it was changed to Mavericks.

Still, the school has made a long, public push to be more inclusive to students of color. And many of its more recent efforts appear to address the types of experiences Haywood and others described there.

44% of student body are students of color

St. John’s has started offering courses including “Issues of Justice and Equity in the Twenty First Century” and “Black lives in Post-Reconstruction America.”

The school’s website includes a three-point strategic plan for diversity and inclusion, which calls for greater outreach to “those communities and families who might otherwise not consider St. John’s as a viable education option.” And it aims to make diversity, equity and inclusion “foundational aspects of our educational program.”

The school reports 44 percent of its student body are students of color. Fifteen percent attend on financial aid or scholarships.

Some alumni say those inclusion efforts were already underway as far back as 2009.

“The term ‘woke’ was not in vogue in the 2000s when I was there, but the school administration CERTAINLY tried its best to make me feel welcome,” said Jose Ordonez, who graduated in 2009. “In fact, it almost got to the point where it felt a little suffocating in how far they wanted to appear solicitous to any of my concerns as a minority.”

Ordonez said they “essentially dragooned me into helping organize a Hispanic Heritage Assembly, where we would share a bit of our culture to the entire school to make them a little

less sheltered, I suppose.”

Despite the school’s efforts, students of color have recently expressed feeling underrepresented in the student newspaper, Review Online.

One student of Vietnamese and Korean heritage told the Review Online in January that she feels the school’s East Asian Affinity Group excludes some ethnicities.

“When we talk about the East Asian experience at St. John’s, a lot of it is not applicable to me,” she said. “It’s just frustrating to deal with constantly feeling underrepresented.”

Another student, Mark Doan, shared that his peers incorrectly assume he is Chinese.

“In class, we started singing ‘Happy Birthday’ in Latin, English, Mandarin and Spanish,” Doan told the Review Online. “When we sang in Mandarin, people were looking at me, expecting me to sing. I’m Vietnamese.”

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[\[BACK TO TOP\]](#)

-

South Texas Border Congressman Plans To Remain In Seat Even If Special Election Is Called

By Sandra Sanchez

Border Report

U.S. Rep. Vicente Gonzalez told Border Report he won’t give up his current congressional seat if Texas Gov. Greg Abbott calls a special election in the neighboring district for which Gonzalez is running in the fall.

Gonzalez is the Democratic nominee in the November election for Texas’ 34th Congressional District on the South Texas border.

U.S. Rep. Filemon Vela, Jr., a Democrat, has represented District 34 since 2013 but suddenly announced Thursday that he will be stepping down before his term is up in January.

South Texas border congressman confirms he is retiring early

Abbott has not said whether he will call a special election to fill District 34 spot, but if he does, Gonzalez said he won’t run for it.

Under congressional rules, the governor of a state has the option to call a special election if a sitting lawmaker decides to step down early or due to special circumstances.

“I intend to stay in District 15 until the end of the term and I will be on the ballot in the newly drawn District 34, that includes my home this November,” Gonzalez told Border Report on Friday from his office in McAllen, Texas.

Recent redistricting changes to the voting map made by the Republican-led Texas Legislature moved Gonzalez’ McAllen residence into the newly drawn District 34, and out of District 15.

Incumbent South Texas congressman now running in neighboring border district
The new District 15 is a seat that Republicans hope to flip red in November.

Monica De La Cruz narrowly lost to Gonzalez in 2020 and earlier this month easily won the primary election for the Republican nomination for District 15.

Ruben Ramirez and Michelle Vallejo are in a runoff for the Democratic nomination in District 15.

Gonzalez said he won't give up his current District 15 seat before January and he is helping to locate a viable Democratic candidate to run for District 34 in the interim, should a special election be called.

"We have a Democrat that will run and win that district and finish the year in the event that happens. I certainly hope he does call a special election and we have a couple of great candidates that are from these communities that will be successful in the special election and will finish the term in the event that Congressman Vela leaves and a special election is called," Gonzalez said.

He said he is confident that he will win in November and says he looks forward to representing constituents on the Gulf Coast in Brownsville and Cameron County, and he said the area brings new opportunities for growth with SpaceX and its burgeoning deep-water port.

SpaceX's South Texas launch facility located at Boca Chica Beach is within Congressional District 34 on the Gulf Coast. (Sandra Sanchez/Border Report File Photo)

"We intend to win in November and start the New Year representing this new area of the southern part of Texas," Gonzalez said.

If a special election is held, the winner would only hold that seat through the end of this year.

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[\[BACK TO TOP\]](#)

-

Business/Economy

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Report: Texas Is The 16th Most Innovative State

By Jeremy Tanner

KXAN

When it comes to innovation, not all states are equal, according to a new study ranking all 50 U.S. states and the District of Columbia.

WalletHub weighed two major factors – human capital and innovation environment – in their comparison.

Human capital is comprised of STEM professionals, science & engineering graduates, projected STEM-job demand by 2028, among other educational measures, while the innovation environment includes the number of tech companies, patents per capita, average internet speed, number of startups and net migration, among other elements.

"According to the results of the ranking, knowledge and technology outputs are America's particular strengths," the study's authors said in their report. "Some of the biggest innovations

the U.S. has produced recently are the COVID-19 vaccines.”

Kylie Jenner, Travis Scott changing son’s name because it ‘didn’t feel like it was him’ Washington D.C. took the top spot, followed by Massachusetts, Washington, Maryland, Colorado, Virginia, California, Delaware, New Hampshire and Utah, rounding out the top ten.

Source: WalletHub

The bottom ten states in the study were, in order, Oklahoma, Kentucky, Iowa, South Dakota, Nebraska, Arkansas, West Virginia, North Dakota, Louisiana, and, in last place, Mississippi.

When it comes to inviting innovation, there are things states can do to move up the rankings, experts say.

“State policymakers can encourage innovation by creating a lifelong learning society committed to developing supportive working relationships,” Haleh Karimi, assistant professor management at Bellarmine University told WalletHub. “Innovation happens through engagement, teamwork, and collaboration. Furthermore, having a tax incentive program would also help encourage an innovative society.”

In the coming years, Karimi says she thinks the best skills to have will be a combination of in-demand technical skills and soft skills such as creativity, teamwork, leadership, human connection and more.

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[\[BACK TO TOP\]](#)

-

Health Care

-

Feds Give Texas A Short-Term Reprieve In Impasse Over Billions In Medicaid Funding

By Jeremy Blackman

Houston Chronicle

The Biden administration on Friday approved new frameworks for reimbursing Texas hospitals that provide indigent care, though it has yet to sign off on individual transactions or say what will happen this fall when billions in federal aid to the state is set to expire.

The decision, sent to state health officials as part of a pending lawsuit, is a short-term relief for hospitals. The Democratic administration and Republican state leaders have been at odds for months over how Texas pays for its share of the cost. Hospital and state health officials welcomed the announcement.

“Texas hospitals were urgently pushing for this clarity, which has been desperately needed in the midst of an ongoing public health emergency,” Texas Hospital Association president John Hawkins said. “On behalf of our hospitals and patients, we are incredibly grateful.”

The approval extends funding through August, providing up to \$3.3 billion in federal aid, though it’s unclear how soon the payments could begin to flow.

In a letter to the state, the federal Centers for Medicare and Medicaid said it reserved the right to deny “any specific Medicaid financing mechanism.” The agency has questioned for months

the legality of how Texas funds its state match. In several counties, hospitals group together to put up the cash and then reportedly pay each other off later when they receive enhanced waiver payments.

Medicaid rules prohibit profit-sharing if the government is directly or indirectly involved, and the federal inspector general's office is now investigating the deals in Texas.

Proponents say the arrangements are legal, since they're done privately.

Propping up the safety net

Over the past decade, Texas has become especially reliant on federal dollars to prop up its minimal Medicaid program. That money, sent through what's known as an 1115 waiver, helps pay for emergency care to low-income Texans without government or private insurance.

The state sued the Biden administration last year over its decision to revoke a massive, 10-year waiver extension made in the final days of the Trump presidency, and state and federal health officials have remained at odds over the state's funding scheme ever since.

Earlier this month, a federal judge in East Texas ordered the Centers for Medicare and Medicaid to decide one way or the other on new waiver payments to hospitals by this week.

Friday's announcement only covers one portion of the waiver; litigation over its renewal is still pending.

The extension reversal last year divided hospital and patient advocates, many of whom are uneasy about the state's increasing dependence on waiver dollars as a solution for the state's indigent care problem. Texas has both the biggest uninsured population — about 5 million people — and the highest uninsured rate of any state.

The administration may have been trying to pressure the state into funding more of its health safety net. State leaders have refused to expand Medicaid under the Affordable Care Act, leaving about a million low-income Texans without coverage. The state's Medicaid program also has historically low reimbursement rates for providers, including hospitals.

But even strong supporters of the president have lobbied him in recent weeks for some measure of relief, arguing that hospitals are in danger of having to cut back services or close altogether.

The Biden administration on Friday "chose to stand with people," said U.S. Rep. Sheila Jackson Lee, a Houston Democrat. She noted that Texas Children's Hospital in Houston, for example, was facing a \$50 million loss from the dispute.

"It is now on the state of Texas to take this concern and try to fix this broken system," Jackson Lee said. "It is a broken system, and it is an uncaring system that does not acknowledge that all people in the state of Texas deserve good health care."

Christine Mann, a spokeswoman for the Texas Health and Human Services Commission, said the decision "allows us to move forward with improving quality and access to care while stabilizing the health care safety net throughout the state."

The state has already applied to renew the payments for the next fiscal year, Mann said.

Federal officials have been concerned for months about the funding scheme Texas uses to access its waiver dollars. Typically, states do so with matching funds from their general revenue or through statewide provider taxes.

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[\[BACK TO TOP\]](#)

Feds Restore Billions In Halted Payments To Texas Hospitals, But The Fight Over Uninsured Care Continues

By Karen Brooks Harper

Texas Tribune

Federal health officials on Friday restored \$7 million a day in funding to Texas hospitals after stopping it six months ago over concerns about how the state pays for health care for uninsured Texans.

Until last September, Texas had tapped this funding, which comes through what is known as the 1115 Medicaid waiver, to reimburse hospitals for patients who use Medicaid. Most states are able to get these dollars by matching the federal dollars from their general revenue.

But Texas had come up with its own mechanism known as the Local Provider Participation Funds, in which private hospitals set up taxing districts and sent that money through local and state governments to the U.S. Centers for Medicare and Medicaid Services.

However, after it was discovered some hospitals profited from the Medicaid payments and covered the tax for other hospitals, CMS halted the payments in September while it argued with the state over whether that LPPF system is allowed.

Whether the system violates the rules of the state's 10-year 1115 funding agreement with CMS remains an open question.

But Friday's decision means some \$7 million per day in federal funds to Texas hospitals can start flowing again while federal officials take a closer look. The decision is retroactive to September, when it was initially stalled, so the facilities will also get the funds that would have been coming in for the past six months had they not been stopped.

The end to the stalemate "has been desperately needed in the midst of an ongoing public health emergency," said John Hawkins, president and CEO of the Texas Hospital Association. "On behalf of our hospitals and patients, we are incredibly grateful."

Meanwhile, the U.S. Department of Health and Human Services has ordered an audit of how that unique Texas LPPF funding mechanism works and is being used, a nod to federal concerns that it's against the rules. If it's found to be a violation, Texas would have to come up with another way to draw down those federal dollars, such as taking the money from general revenue or implementing a uniform statewide tax on hospitals, for example.

Hawkins said his group is "closely evaluating" that issue.

Local governmental entities have entered into these agreements with hospitals at an increasing

rate since 2013.

“We hope to continue working closely with our state and federal partners on the structural elements of these programs and a path forward that best suits the people of Texas who need our care,” Hawkins said.

Texas has the nation’s highest number of uninsured residents, estimated at 5 million, and also has the country’s biggest share of residents — at least 18% — who are not covered.

When they show up in emergency rooms, the hospitals care for them and then are reimbursed in part by the 1115 Medicaid waiver, which has brought some \$30 billion to Texas in the past decade for uncompensated care, mental health programs and similar services.

The 1115 waiver was set to expire this year after federal health officials last April rescinded a 10-year Trump-era extension to the agreement — which Texas has had with CMS since 2011 and is up for review every few years.

Then last summer, a judge reinstated the extension while the fight made its way through the courts.

The 1115 waiver was meant to be temporary while Texas transitioned to an expanded Medicaid program under the Affordable Care Act of 2010, but that never happened because the U.S. Supreme Court ruled in 2012 that states couldn’t be forced to expand Medicaid.

Since then, the state has relied on the waiver for various programs to care for Texas’ uninsured population, with Republican state leaders frequently leaning on it in their arguments against Medicaid expansion. The state and about a dozen others that have not expanded Medicaid have come under increasing pressure to do so from the Biden Administration.

The basis of Texas Attorney General Ken Paxton’s lawsuit fighting the end of the 1115 waiver is that Biden is using it as a weapon to force the state to expand the program.

A majority of Texans support expanding Medicaid to include millions more mostly working poor people, according to recent surveys.

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[\[BACK TO TOP\]](#)

Criminal Justice

-

Ex-Harris County Deputy Who Initially Blamed Wife For Viewing Child Sex Abuse Images Sentenced To Prison

By Nicole Hensley

Houston Chronicle

A former Harris County sheriff’s deputy was sentenced Friday to 10 years in prison on charges of possession of child pornography after his ex-wife testified that he blamed her for viewing lewd images because she had not been intimate enough.

Without handcuffs, Donald Dehnert was led into a holding room for Harris County Jail

inmates as his family watched after the sentencing — the maximum for an offense of that nature and longer than what prosecutors recommended. Judge Kelli Johnson of the 178th District Court handed down the punishment.

“This type of case is very troubling, and considering the evidence, the striking thing is you violated the community you were sworn to protect,” Johnson said, adding that she took issue with Dehnert’s apparent attempt to blame his ex-wife and his father’s death for his actions.

“You are the reason there’s a market for child pornography,” she continued.

In a joint law enforcement investigation, authorities in 2018 accused Dehnert and dozens of others of committing internet crimes against children. Dehnert at one point messaged with an undercover officer about meeting with two young girls — a rendezvous that did not happen.

The charges ballooned to 10 counts after the initial investigation, records show. Most of the charges were dropped last October after a guilty plea.

A separate charge of criminal solicitation to commit aggravated sexual assault of a child in Dallas County is pending.

An investigator with the Harris County District Attorney’s Office testified Monday that he found several thousand images and videos that had been deleted but not erased from a flash drive seized from Dehnert’s Kingwood home in March 2018.

“There were a lot of different abuse pictures,” investigator Michael Gray told the court during a pre-sentencing investigation, a type of hearing after some pleas to aid a judge’s decision on punishment.

About a week after Dehnert was arrested, he was fired from the sheriff’s office — an agency where he had worked for 26 years and where several relatives also worked.

Dehnert’s ex-wife, also a sheriff’s deputy, took the stand and described how Dehnert confronted her amid the allegations. Aspects of her testimony were not allowed in the courtroom because it involved alleged offenses for which the defense was not given notice.

“He said that if I had been a better wife, this is something he wouldn’t have done,” she said. “I didn’t understand how I could make him want child pornography.”

She has not spoken to Dehnert in the three years since his arrest and sat opposite from him the courtroom ahead of his sentencing. The two divorced in 2019.

Dehnert, when questioned, said he no longer blames his ex-wife for his actions.

“That was wrong of me at the time,” Dehnert said.

He made a tearful reference to the 2013 death of his father, a retired investigator with the district attorney’s office, and how the viewing of inappropriate images of children followed that. His online behavior progressed to entering chat rooms in which sex acts with children were discussed.

The images found on his electronic devices were unsolicited from those chat rooms, Dehnert said.

The prosecutor in the case, Timothy Goodwin, described what he said was Dehnert's escalating behavior. He stayed in those chat rooms despite the images being shared and then engaged in a conversation with an undercover officer about giving a child NyQuil to relax them for a sex act, the prosecutor said.

"It was a fantasy chat," Dehnert continued. "In my mind, there were no children."

Former Houston Police Chief Art Acevedo addressed Dehnert's arrest in June 2018 while summarizing the dozens of people, including a Houston Police Department sergeant, arrested in an online sexual exploitation investigation spanning eight Southeast Texas counties.

"He had an AR-15 with him," Acevedo then said. "He actually admitted under an interrogation that he was going to sexually assault this individual, this young girl, and then he was going to rob her. That's how sick these people are."

Dehnert's defense attorney, Mark Bennett, had requested probation in the case.

"This was very disappointing," Bennett said as he left the courtroom. "Even the state asked for three years. We are stunned that the judge trebled the state's recommendation."

The judge said she determined that probation was not a reasonable punishment because she did not believe Dehnert had accepted responsibility for his actions. The alarming nature of the images was also an issue, she continued.

Though prosecutors asked for at least three years Monday, they called the judge's decision appropriate.

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[\[BACK TO TOP\]](#)

Opinion/Editorial

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Energy Production: Why Texas Can't Immediately Fill The Russian Oil And Gas Gap

By Philip Jankowski

Dallas Morning News

Stephen M. Robertson can glance at traffic in Midland and tell you if oil is booming or busting.

Concerns over domestic energy are running high as Russia's invasion of Ukraine rages on. But during business hours, Robertson can take a look at the volume of trucks — or the lack thereof — on the roads and get a clear indication of whether the Permian Basin, a vast stretch of West Texas and New Mexico nearly the size of Minnesota, is humming with production.

When production is down, Robertson sees trucks idling about the city. But not now, and not for the past several months.

“Right now those trucks, yeah, they are out in the field,” said Robertson, the executive vice president of the Permian Basin Petroleum Association, an advocacy group.

Texas’ oil and natural gas production has rebounded in a big way from the COVID-19 doldrums and is projected by the U.S. Energy Information Administration to post record production this month. That record likely will be broken again in April, the EIA projects.

These never-before-seen levels of production come as many political leaders in Texas and Washington, especially Republicans, are calling for the U.S. to ramp up oil and natural gas production in the wake of a burgeoning energy crisis triggered by the Russian invasion of Ukraine just more than a month ago.

But those calls for sharp increases in production amid soaring gasoline prices are likely to go unheeded. Investor resistance to expansion, a lack of infrastructure, labor shortages and political signals from the White House are major obstacles leading large companies to eschew reinvestment despite West Texas crude oil prices remaining above \$100 a barrel.

Any move to boost production would require full buy-in by oil and natural gas producers in Texas. By itself, the Lone Star State is the third-largest producer of oil in the world, home of two of the five largest oil fields in the world — the Permian and the Eagle Ford Shale.

However, the state is already at or nearing peak capacity. The infrastructure doesn’t exist to accommodate increased exports of liquefied natural gas to a European continent thirsty for American resources.

So anyone hoping for Texas to swoop in and save the day is going to have to wait.

The political pressure

At an industry conference in early March in Houston known as CERAWeek, CEOs of top-tier oil and natural gas producers such as ExxonMobil and Chevron rubbed elbows with high-ranking government officials such as President Joe Biden’s climate czar, John Kerry, and the president of Colombia. On the third day of the conference, Energy Secretary Jennifer Granholm addressed a crowd of hundreds of energy executives and analysts.

In the face of oil prices that topped out at about \$130 earlier that week and a ban issued on Russian oil just one day prior, Granholm called for oil and natural gas to rise to the occasion, but signaled that the Biden administration’s emphasis on making an energy transition from fossil fuels to clean renewable energy will remain a centerpiece of his energy policy.

“Right now, we need oil and gas production to rise to meet current demand,” Granholm said. “And we are here as well to work with anyone and everyone who is serious about taking a leap toward the future by diversifying your energy portfolio to add clean fuels and technologies like many of you already are starting to do or have been doing.”

This was no “drill baby, drill” moment, and since oil and gasoline prices began climbing amid the turmoil overseas, calls from Republicans in the state have been near universal: Texas oil can save the day, if only Biden would get out of the way.

“Texas can drill enough oil & natural gas to keep prices low here in America & in Europe if Biden would get out of the way,” Gov. Greg Abbott tweeted on Feb. 24 as bombs rained down

on Kyiv.

“The Lone Star State is ready to meet U.S. energy needs and help our European allies meet theirs,” Texas Railroad Commission Chairman Wayne Christian said in a March 18 opinion piece posted on the commission’s website. “Mr. President, please just give Texas the green light.”

While many politicians continue to implore Biden to increase oil and gas production, the investor indigestion to rapid expansion in the industry might only be quelled by a sea change in the administration’s energy policy.

Biden’s signals and market realities

Even with Granholm’s plea to the industry to ramp up production to meet demand, some are still looking for Biden to pivot from a policy that has prioritized renewables over the U.S.’s fossil fuel industry.

“That’s one small step for Secretary Granholm,” Texas Oil and Gas Association President Todd Staples said. “We need one giant leap from President Biden.”

But a survey published Wednesday by the Federal Reserve Bank of Dallas showed that a majority of industry insiders believe it is investor pressure, and not Biden, that has led to reluctance to expand production infrastructure despite significant increases in the price of West Texas crude, which has been selling at more than \$100 a barrel for the majority of March.

“The message from the White House, Capitol Hill and Wall Street has been that oil and gas is a dying industry and one that needs to be abandoned,” one unnamed exploration and production firm wrote in to the survey.

Just under 60% of executives believe investor pressure to maintain “capital discipline” at publicly traded oil companies — industry giants like Exxon Mobil, BP and Chevron — is preventing those companies from growing, according to the survey.

Earlier this month in Houston, the chief financial officer of Devon Energy — one of two firms sitting on thousands of permits in the Permian Basin — said the company will refrain from increased expansion despite the massive increase in oil prices.

“Frankly, even if there was, a call for us to dramatically grow production beyond the growth that’s already planned for this year just isn’t in the cards,” Devon CFO Jeff Ritenour said.

Ritenour continued that investors are not calling for serious investment and that any major increases in his company’s production would take a significant amount of time.

The Dallas Fed’s quarterly survey of oil producers showed half of the large firms that responded expected to increase production 5% or less. Twenty-five percent said they would keep production flat.

“Investors dumped huge funds into shale drilling only to discover that when oil prices dropped, very little value existed at the end of the day,” one Fed respondent wrote. “Investors have demanded restraint and capital discipline of their client companies.”

Industry insiders indicated that unwillingness to invest in increasing production was largely unrelated to costs, with about 30% stating the price of West Texas crude had no bearing on investors' lack of desire to grow the industry.

Several respondents also reported labor shortages as a reason for not increasing production.

Still, the regulatory framework required for increasing operations, especially outside of Texas, presents an investment risk that many aren't willing to accept.

Many in the industry saw Biden's decisions to cancel the Keystone Pipeline and to place a moratorium on new drilling on federal lands on and offshore as a signal of hostility toward the industry. Even though the Keystone Pipeline would have increased oil production only by a small percentage, the signal from Biden has resonated.

Staples, the head of the Texas Oil and Gas Association, said the Federal Energy Regulatory Commission is another impediment to investment in oil and gas production. The agency recently issued a policy statement tightening regulations on the creation of new interstate natural gas pipelines, possibly adding a fresh round of regulatory appeal for pending pipelines.

Senate Minority Leader Mitch McConnell called the new regulations "especially baffling" and on Thursday called for the new climate controls on natural gas pipelines to be repealed.

"All of these things tell an investor or an operator that you're going to face delays," Staples said. "You're going to face roadblocks, you're going to face hurdles. And so it's a chilling effect on ramping up production."

At the very least, it is a mixed message with the new regulations and Biden in Brussels, where he announced Friday a plan to redirect a substantial amount of American liquefied natural gas to Europe.

Filling the Russian void

Russia's invasion of Ukraine exposed the energy insecurity of European countries that have become reliant on Russian natural gas in recent years as the Nord Stream Pipeline allowed Russia producers to bypass neighboring former Soviet republics and pump gas under the Baltic sea directly to Europe's biggest consumer — Germany.

The question now is whether the U.S. and Texas can send natural gas to fill the gap.

Europe imported roughly 5.5 trillion cubic feet of natural gas from Russia in 2021, according to the International Energy Agency. Texas produced 8 trillion cubic feet of natural gas in 2020, according to the U.S. Energy Information Administration.

On paper, it appears Texas could easily step in and fill the gap as Europe pivots from Russian gas. But the U.S. consumes the vast majority of the gas it produces. And while production continues to break records, less than 25% of natural gas produced is exported.

And while Texas still leads the country in natural gas production, it makes up a smaller fraction of the U.S.'s total production in comparison to the vast amount of oil produced in the Eagle Ford Shale and the Permian Basin.

“You won’t be able to replace all Russian natural gas exports to Europe with U.S. LNG [liquefied natural gas],” said Anne-Sophie Carbeau, a Paris-based researcher at the Center on Global Energy Policy at Columbia University. “That’s the first thing. The second thing is that LNG exports are de facto limited by export capacity. There is no spare capacity in the LNG business.”

Exporting liquefied natural gas is a cumbersome process that requires chilling natural gas to -260 degrees, rendering the gas into a liquid that compresses it to 1/600th the size for shipping across the ocean.

LNG is exported from six ports along the Gulf Coast and the Atlantic Coast, with two export terminals each in Texas and Louisiana comprising a large majority of the exports. In Corpus Christi, the site of one of Texas’ terminals, the port CEO told The Dallas Morning News in early March that as the Russian invasion of Ukraine began, he almost immediately saw significant increases in natural gas exports to Europe.

Typically, port CEO Sean Strawbridge said, about 30% of LNG leaving his port heads to Europe. That jumped to about 70% following the invasion.

But it’s not as much LNG leaving Texas as he would like. The crowded port could handle more, Strawbridge said, but the export of LNG remains constrained by the infrastructure required and investor pressure against reinvestment.

“We’re not seeing as rapid increases as we’d like to see, but that is more a product of the EEP space — energy, exploration and production — the upstream space,” he said.

Even as the U.S. is projected to set new export records for LNG in 2022 as new projects come online at Louisiana terminals and in Corpus Christi, the billions of cubic feet of natural gas departing U.S. shores will not be able to immediately fill the gap left by a European embargo of Russian resources.

Creating new LNG export terminals is a years-long process that requires billions of dollars in investment that runs the risk of becoming mired in the regulatory process, even under administrations less hostile to fossil fuels.

While exports to Europe rise, the continent that places a higher premium on clean energy than the U.S. might also turn toward coal to diversify its energy resources, Carbeau said. Germany did something similar following the 2011 Fukushima disaster in Japan, firing up coal when pressure was on to shutter nuclear power.

“Europe as a whole wants to get rid of Russian gas, and in order to get rid of Russian gas, you need to basically reduce your gas consumption,” she said. “That requires more renewables and to keep using coal.”

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[\[BACK TO TOP\]](#)

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