



Texas
Independent
Producers and
Royalty Owners
Association

TIPRO'S ANNUAL CONVENTION IS A NATURAL GAS "REVIVAL"



T. Boone Pickens
Entrepreneur/Businessman



G. Steven Farris
CEO, Apache Corp.



Regina Hopper
CEO, America's Natural Gas Alliance

[With such a large volume of pertinent important information from speakers and panelists at this Convention, our coverage will be provided in two parts. First, in this issue we'll feature the keynote speakers and national focus. In the next Target we'll feature State issues; Barnett Shale; and economics and markets effecting natural gas.]

TIPRO's 64th Annual Convention in Houston last month was part informative meeting and part revival. Hundreds of attendees learned and were emboldened as the "good news" of the prospects of natural gas were shared. Speaker Regina Hopper, ANGA's President urged convention attendees to "Be evangelists for natural gas." TIPRO says Amen Sister!

Adding to the spirited feeling, T. Boone Pickens in his keynote address, said the timing for natural gas is perfect. "The combination of hydraulic fracturing, horizontal drilling and the abundance of shale formation discoveries is nothing short of 'divine intervention.'"

Even Apache Corporation's CEO G. Steven Farris was there to convert the masses – convincing them to "convert" their car's gasoline fuel tank to natural gas.

Just as natural gas delivers as a superior fuel, TIPRO delivered for its members with a convention that got people fired up. Rarely has there been a time when independent producers have been able to see the prospects for their business tied so closely to the opportunity to help reduce the U.S.' dependence on foreign energy sources as strongly as it is now. Natural gas is something we can be proud to get behind. We're thankful for its abundance, its use as a bridge to alternatives and as a way for our country and state to be lifted from the gloom of recession since it creates jobs and strengthens the economy. Pumped up about the possibilities that lie ahead, attendees walked away encouraged and motivated to spread the gospel of natural gas to their communities, to lawmakers and to stakeholders.

T. Boone Pickens – Cheap Oil is No Energy Plan

Keynote Speaker T. Boone Pickens brought his Picken's Plan message to our group of willing listeners. But more than "preaching to the choir" Pickens has taken his message to the highest levels of political leaders, to national media outlets and to the global marketplace. A petroleum engineer who started a small business, has made billions of dollars, Pickens now is a tireless advocate identified world wide for his common sense approach to energy policy. He urged attendees to push the U.S. advantage. "I'm for anything American," said Pickens. "The natural gas reserves we have are huge with a fuel source that's cleaner, cheaper and it's OURS!" Pickens adds that with the U.S.'s expansive amount of natural gas, we're now leading the world, "We have more than Russia and the Saudis. It's now time for us to be the *producers* not just the *consumers*."

TIPRO PRESIDENT'S MESSAGE BY WALTER G. "TAD" MAYFIELD



Walter G. "Tad" Mayfield

It is about time that my home town of Houston, the natural gas capital of the world, had a convention to promote a product for which we devote 80% of our exploration. I want to give many thanks to the TIPRO family and friends for making TIPRO's 64th Annual Convention such a great success! TIPRO indeed furthered its mission of preserving independent's ability to explore and produce oil and natural gas and promote the welfare of its members. Our speakers were strong, we promoted our industry, and we offered an abundance of networking opportunities due to the great attendance. Choosing to focus our convention on natural gas was an opportunity to spotlight one of our state's best environmental and job creating treasures. If it's clean enough to cook your children's breakfast in your kitchen with an open source flame, it's most assuredly clean enough to heat our homes, create our electricity, and power our transportation. This resource is abundant, clean-burning, shovel ready and can be the solution to reduce our country's dependence on foreign energy sources. The theme: *Natural Gas in Texas: Glowing Stronger Every Day* demonstrates the positive direction our industry is taking.

We're all incredibly grateful to our generous sponsors who support TIPRO's mission with dollars and dedication. We also appreciate the hard work and inspiration Convention Chair Castlen Kennedy provided to make our gathering so successful. The TIPRO staff brings all the elements together to make things flow smoothly and effectively as well; we couldn't do all this without all of them.

Along with the panels and speakers, Association business was conducted including a Membership and a Board of Director's Meeting. At the Membership Meeting Stephen N. Castle, owner/president of Cowboys Resources, Corp. in Midland was elected to take over the helm of TIPRO after my term of office ends, July 1. Steve is a long-time member of TIPRO, has served on the Board for several years and brings a wealth of experience personally and professionally to TIPRO's top leadership position. With life-long oil and gas experience, Steve has worked for Mobil, Tom Brown, Hanley Petroleum and started Cowboys Resources Corp. in 1999. Steve earned an Accounting degree from Angelo State University and an MBA from University of Denver. He's also a founder/director of First National Bank in Midland. Married to Kay Salisbury Castle for 39 years, they have three grown children. Steve serves on more boards than Home Depot has including 30+ of leadership with Boy Scouts of America; Midland College, Midland West Rotary Club; Midland Chamber of Commerce; Past President of Permian Basin Petroleum Association; and many more church and civic organizations. The most significant benefit to our membership when I hand the torch to Steve is that TIPRO will be significantly upgrading my position.



Stephen N. Castle

The Membership also elected to adopt TIPRO's Amended and Restated Bylaws. Among other modifications, terms for Class A Board of Directors will increase from two years to three to keep continuity on the TIPRO Board. Also, titles of Association officers will also revise to better reflect their service to the organization. The President will now become Chairman and the Executive Vice President becomes President as of July 1. To view TIPRO Bylaws, go to www.tipro.org.

Additionally, print and trade reporters covered the TIPRO convention and wrote about it in their publications. From the *Houston Chronicle*, *Oil & Gas Journal*, *Oil & Gas Investor* and even the Dow Jones Bureau reported to their readers about the "can-do" attributes of natural gas. Also be sure to read in-depth follow up of the meeting in April's *American Oil & Gas Reporter*. When these media outlets speak, their thousands of readers listen. TIPRO received a huge peak through earned media with free publicity through these respected publications. That encourages more investment in the industry, more members for TIPRO and more opportunities for growth.

TIPRO has the forward momentum to lead this industry in preserving exploration and production in the good ol'e US of A. We have more battles than ever facing our industry both on the Federal and State levels. Thanks once again to all of our members, sponsors, and friend for your support of TIPRO and our industry. The truth is on our side, and with your help, natural gas in Texas will indeed be "Glowing Stronger Every Day."

Sincerely,

Tad Mayfield

Convention from page 1

Pickens added that we'll be foolish if we don't capitalize on this opportunity to gain energy independence. He said if this country thinks the education and health care problems are worrisome now, wait until the next ten years when 70% of our country's oil will be imported at \$300 per barrel. Our country won't be able to afford much else. "We've GOT to have an energy plan, if we don't then we're left with rising amounts of imported oil. Each Presidential administration since Nixon has promised that will be eliminated, and none have made it happen nor even presented a plan to get there." For more details on the Pickens Plan go to www.pickensplan.com. Following his speech TIPRO members were delighted when Pickens recalled fondly some of the first Association leaders and how he has followed TIPRO people and policy through the years.

Natural Gas Really Can Change Our Country

ANGA's Regina Hopper made her first official state association speech to *the* association leading the pack in promoting natural gas – TIPRO. An engaging, articulate speaker Ms. Hopper focused her remarks on the future of communication channels to get the word out to lawmakers, media and the public. "First we need to communicate very effectively, how natural gas is sustainable, clean, American and is available *right* now," said Hopper. "For power generation, transportation and more, this fuel can be put to use to reach President Obama's goals. This is an administration who is listening but not acting on them. As a matter of fact, at a business roundtable discussion this week, the President mentioned solar, coal, nuclear and wind sources, but *not* natural gas. Why is natural gas being left out? Well, there are a lot of political reasons why. And that's why ANGA was formed. Not to supplant state groups, but to support efforts."

After trumpeting the positives of natural gas, Hopper continued. "Our competitors can't argue with the attributes, so they're going to try to twist the message. We're under attack. We need to outline a 'risk-benefit analysis' for those who don't get it. Once the benefits message is understood, we can fight it and then try to get ahead of it."

At this pivotal moment, natural gas is at a crossroads. "This issue really can change our country" advocated Hopper. And with that change, she urged the industry to revise how we're getting our message out. ANGA can work on a national level in political venues, but how can we get the word out on more of a grassroots level? Those efforts must be made with new determination in a new venue that is electronic she said. "We care — we believe in what you're doing. So help be our evangelists. Help us build allies. Help us in social media, through Facebook™, Twitter™ and blogs." Erroneous messaging is communicated incessantly 24/7 on Cable TV, talk radio, and viral electronic communiqués. As a result, much political imbalance is created in the new media/political environment we live in. Whom can we believe? Whom can we trust with facts? "If we aren't in the discussion, it's not that we're invisible, it's that we're irrelevant." She appealed to the group to get on board of social media and blogging to get the message out beyond traditional venues of the past; "Follow us on Twitter™, view our blog," said Hopper. "Our message must be repeated over and over." To view the ANGA blog and more details, go to www.ANGA.US.

Natural Gas's Technological Breakthroughs – "That Changes Our Future!"

Apache Corporation's President/CEO G. Steven Farris spoke about the need to educate the public on our industry and the positive attributes of natural gas. "What's gone on in the last five years is the most revolutionary technological advancements in drilling than I've seen in my 37 years in the oil and gas industry," said Farris. "This is because of the integration of various sciences for hydraulic fracturing and pad drilling," he discussed. Confirmed by the EIA (Energy Information Administration) and the Colorado School of Mines, there's an at-least 100, probably 200-year supply of natural gas available. "That changes our future," proclaimed Farris. "This isn't rocket science – natural gas is cheaper, cleaner and if we educate the public about the comparisons economically, environmentally and for national security, all points lead to natural gas. This is how we can get to President Obama's emission goals."

When you review the economics, it starts with jobs continued Farris. "The fact is, going forward, developing our natural gas is a solid path to creating the jobs we need getting people back to work and earning a paycheck they can spend back in their communities. According to an IHS Global Insight report, 31 different states have more than 10,000 jobs related to natural gas. "If natural gas were a state, the industry would be one of the largest states by GDP," with \$385 Billion.

Coordinating with TIPRO's natural gas glowing bluebonnet convention theme, Farris recalled how Texas' own first lady, Ladybird Johnson, urged fellow citizens to clean up litter on the sides of the roads and instead plant wildflowers. "It's going to take ingenuity like that to further the goals."

Apache put its words to deeds by switching its own fleet to CNG trucks and displayed its converted Chevrolet Tahoe in the Galleria mall for the public to view during the Convention at the Westin Galleria Hotel.

Farris encouraged TIPRO and its members to educate the public and the Texas Delegation to the benefits of natural gas. The answer, he said, is to urge the public to *demand* natural gas. It's already being done in other countries. "In Pakistan and Argentina there are over 1.5 million CNG vehicles each. The U.S. has barely 6% of that. How can we be 6% of Argentina with all the natural gas we have?" For more details go to www.apache.com.

[More Convention coverage will appear in TIPRO's next Target and go to www.tipro.org to see more convention presentations and photos.]

NATURAL GAS IN TEXAS:



Tad Mayfield, Goldston Oil Corporation; Victor Carrillo, Texas Railroad Commission Chairman; and Ed Ireland, Barnett Shale Energy Education Council by Chesapeake Energy's natural gas-powered chopper.



T. Boone Pickens provides keynote luncheon address.



Stephen N. Castle, Cowboys Resources Corp.; Regina Hopper, America's Natural Gas Alliance; Donna Warndorf, TIPRO; and Tad Mayfield, Goldston Oil Corporation.



Explorer member Lindsey Dingmore, XTO Energy Inc. and the Honorable State Representative Marc Veasey (D-95 Tarrant).



Becky Escott, Encana Oil & Gas (USA) Inc. and Encana's natural gas-powered Honda Civic.



Creating Markets for Natural Gas Panel: Rich Kolodziej, Natural Gas Vehicles of America; Tom Payton, Occidental Energy Ventures Corp., Teri Green, Texas Gas Service; and moderator, Tad Mayfield, Goldston Oil Corporation.

GLOWING STRONGER EVERY DAY



Luncheon sponsor Vaughn O. Vennerberg, II, President, XTO Energy Inc. introduces T. Boone Pickens.



G. Steven Farris, Apache Corporation Chairman and CEO, and Castlen Kennedy, Apache Corporation and Apache's natural gas-powered Chevrolet Tahoe.



Convention Sponsors Becky Escott and Deborah West of Encana Oil & Gas (USA) Inc. and Mark Gipson, Devon Energy Corporation.



Rich Kolodziej, Natural Gas Vehicles of America and Tad Mayfield, Goldston Oil Corporation.



Past President Joseph C. Abel, M.D. Abel Co. and wife Cindy, visit with Audit Committee Chairman John Swords, Tracker Services LLC and Convention sponsor Gary Rohmer, PricewaterhouseCoopers.



Explorer members David F. Martineau, Pitts Oil Company, LLC; Rex White, Jr., Attorney and Counselor at Law; and Joseph C. Abel, M.D. Abel Co. listen to T. Boone Pickens' presentation.



T. Boone Pickens and the Honorable State Senator Tommy Williams (R-4 Harris and SE Texas).

MERCURIAL RESULTS IN TEXAS ELECTION PRIMARIES - HOW WILL INDEPENDENTS BE EFFECTED?

REPRINTED FROM THE *TIPRO TELEGRAM*, MARCH 4, 2010

Some incumbents fared well in the Texas Primaries and some did not. With Texas Governor Rick Perry winning the Republican primary after a contentious battle between he and Sen. Kay Bailey Hutchison, industry knows where he stands. Perry now faces Democratic Gubernatorial Primary winner Bill White who handily defeated a pack of opponents. As a former U.S. Deputy Secretary of Energy and former Mayor of Houston, the Texas energy capital, how would the independent oil and gas producing industry in Texas fare under his administration should he win?

Texas Railroad Commission Chairman Victor Carrillo was unsuccessful in winning his Republican primary to remain as a candidate for the position. David Porter, a CPA from Giddings won the primary. Porter's priorities, according to his website are: "The safety and health of the people living and working near oil wells and pipelines; The safety and preservation of ground and surface water; Making sure all regulations adopted are cost efficient to burden the private sector the least amount necessary to accomplish the needed safety objectives; and provide a strong voice for Texas energy."

Houston oil and gas lawyer Jeff Weems is the Democratic contender for Texas Railroad Commission since he was unopposed in his first-ever election run.

TIPRO's Executive Vice President Rich Varela said, "As the political landscape changes, so must TIPRO's efforts. We will go through the process of educating new legislative members and Commissioners as soon as we have a final count on all the changes."

TIPRO's Vice President of Public Affairs Donna Warndof said, "The elections mean the first of several big changes for our industry in Texas. We do not yet know if it will involve a party change but we will have at least one new Railroad Commissioner in 2011 after Chairman Carrillo's loss. There will also be changes on the House Energy Resources Committee. Rep. Tara Rios Ybarra's loss means the vacancy on the committee of a Democrat supportive of the industry, which may be difficult to replace. This week's elections also saw the defeat of long time friend of industry Rep. Tommy Merritt. These results and those in the fall, coupled with announced retirements, will have a cumulative effect on the composition of the new Legislature."

TIPRO will keep members up-to-date on Texas' legislative and regulatory fronts. For more information, please contact TIPRO headquarters at 512.477.4452 or go to www.tipro.org.

THE ASSOCIATION HONORS ONE OF ITS OWN J.R. HURD AS MR. TIPRO



J.R. Hurd, Hurd Enterprises Ltd. and wife Joanie at the President's Dinner.

In recognition of his outstanding services to Texas, his beloved San Antonio, independent producers and TIPRO, Explorer member and past president J.R. Hurd, Hurd Enterprises Ltd. was honored with the 2010 Mr. TIPRO award at the President's Dinner at the 64th Annual Convention in Houston, Texas.

Hurd is recognized as "A forward thinker and visionary whose leadership is called upon when entities need an innovative and hardworking businessman, a persuasive advocate, and an enthusiastic participant to set a new direction, J. R. Hurd has been instrumental in the growth and reformation of the Texas Independent Producers and Royalty Owners Association. Mr. Hurd served as President for the Association from 2004-2006 and served in various other capacities on the Board of Directors during many years of dedication to the Association. During his Presidency, Mr. Hurd guided a complete restructure of the articles of incorporation and new compliance procedures for the Board of Directors, while simultaneously refocusing TIPRO's efforts back to advocating for independent producers in Austin and Washington DC."

In recognition of his extraordinary contributions and commitment, TIPRO is proud to present Mr. Hurd with the Mr. TIPRO award for 2010.

To The Core

At XTO Energy, we challenge convention,
unlock hidden potential, and deliver on promises.

We're XTO to the core.



TIPRO Thanks Our Annual Convention Supporting Organizations



Calendar of Events

**APRIL 6, 2010
(TUESDAY)**

HOUSTON – IPAA/TIPRO
Leaders in Industry
Luncheon, 11:30 a.m.
Houston Petroleum Club.
For info call 512.477.4452

MAY 4, 2010

KILGORE – TIPRO
East Texas Mixer,
East Texas Oil Museum &
Meadowbrook Country
Club. For info call
512.477.4452

SAVE THE DATE

AUGUST 12-13, 2010

TIPRO's Summer Conference & Golf Tournament
Hyatt Hill Country Resort
San Antonio, Texas



**Texas Independent
Producers and
Royalty Owners
Association**

TIPRO represents more than 2,000 independent producers and royalty owners. Our members include small family-owned companies, the largest publicly traded independents and large and small mineral estates and trusts.

www.tipro.org
www.EnergyInDepth.org

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