



**Texas
Independent
Producers and
Royalty Owners
Association**

TIPRO SEARCHING FOR NEW GOVERNMENT AFFAIRS MANAGER

Earlier this month, Teddy Carter, who has served as TIPRO's lead government relations representative since July of 2010, announced he has accepted a position with Devon Energy to serve as the company's public and government affairs lead for Texas. Carter will be opening Devon's Austin office in September. TIPRO would like to thank Teddy for his service to the association's membership over the past four years,

and congratulate him on this new opportunity.

"It has been a pleasure working with Teddy," commented Ed Longanecker, president of TIPRO. "As the association's vice president of government affairs, he has made many substantive contributions to our advocacy program. He will be missed, but we look forward to working with him in his new role."

Before Carter's acceptance of his new role, the TIPRO Board of Directors promoted Lindsey Skinner to the position of director of government and regulatory affairs for the association. Skinner, who has served as TIPRO's public affairs representative since 2012, was informed of the Board's decision at the recently held TIPRO Summer Conference in San Antonio.

On Skinner's promotion, Carter remarked, "Lindsey has done nothing but excel since day one with TIPRO. I am confident that Lindsey's ability, combined with Ed's leadership and the support of our incredible TIPRO staff, will result in an even further elevated level of service for TIPRO members."

In addition to Skinner's promotion, TIPRO is now accepting resumes from individuals interested in joining the TIPRO government affairs team.

"TIPRO remains committed to representing the oil and gas sector, and we look forward to the addition of a new staff member to aid in the continuance of an increased profile at the state legislative and regulatory level," commented Ray Welder, current chairman of TIPRO.

The position made available will be for manager of government and regulatory affairs. This individual will be responsible for assisting with all legislative and regulatory advocacy efforts, and will help to represent the association before various governmental stakeholders in Texas, including the Texas Legislature, Railroad Commission and the Texas Commission on Environmental Quality.

For more information, please visit TIPRO's website at www.tipro.org. All interested parties should submit their resume to Ed Longanecker at ELonganecker@TIPRO.org.

RRC COMMISSIONER WARNS OF NEED TO PROTECT ENERGY INFRASTRUCTURE ALONG BORDER

In a letter sent to U.S. Customs and Border Protection (CBP) Commissioner R. Gil Kerlikowske on August 22, Texas Railroad Commissioner David Porter expressed concerns over border security and the protection of vital U.S. interests and infrastructure. Specifically, Porter's apprehension stems from several recent reports which indicate unsettling communication between terrorist groups ISIS, Al-Qaeda and Mexican cartels - which have long been active along Texas pipeline rights-of-way.

"The reports detail some very disturbing accounts of Mexican drug cartels using Texas oil routes to transport narcotics and illegal aliens, which endangers the lives of agency inspectors, the oil and gas industry and in turn, the economic security of the United States," said Commissioner Porter. "Over 425,000 miles of pipeline bring the economic lifeblood of Texas and the nation to market, with the oil and gas industry making up more than one-third of the Texas economy. A significant portion of this pipeline infrastructure and economic activity is in the Eagle Ford Shale in South Texas, which is in the direct path of this potential hotbed of terrorist activity. The commission has dozens of inspectors and field staff in the South Texas area whose lives are put in danger on a regular basis each time their job calls them to perform duties in areas made unsafe by cartel activity."

"If we don't have stronger border security in these energy producing areas, they will become too dangerous to occupy, and oil and gas production will come to a halt in one of the most productive areas of the country," he added.

According to Porter, border patrol is so occupied by the overflow of illegal alien children that agents are neglecting vulnerable pipeline rights-of-way and opening the border to the cartel, drug smugglers, and potential terrorists. "The border patrol should be protecting our people and industry from terrorists, and not acting as a nanny-service."

Commissioner Porter plans to visit the area to see the situation first hand, and determine what steps, if any, the Texas Railroad Commission needs to take moving forward to address the urgent matter and assure the protection of Texas' pipeline infrastructure in the future.

GUEST OP-ED: “TECHNOLOGY WILL REDUCE NEED FOR FLARING”

BY OMAR GARCIA, PRESIDENT OF THE SOUTH TEXAS ENERGY & ECONOMIC ROUNDTABLE (STEER)

The Eagle Ford Shale has been an economic game changer for South Texas and has led to greater energy independence for our nation. The present oil and gas shale formations are developed with cutting-edge technology that not only sustains development but has also led to safer and cleaner operations for our industry and the communities where we operate.

This atmosphere thrives on creativity and innovative solutions, fostering many processes and programs that safeguard the air near oil and natural gas development areas.

One of these safeguards is the use of flaring — the necessary, controlled and safe burning of natural gas. Because natural gas is extremely valuable, natural gas is only flared when necessary.

Companies would rather capture gas and transport it to market through a pipeline or use the natural gas for operations instead of burning it. In fact, more companies are deploying equipment called vapor recovery units for that purpose.

According to a study released by Barclays in February 2014, gas production from oil wells overtook gas-well gas in driving aggregate Eagle Ford gas output higher last year. Other companies are deploying programs to use the natural gas produced from their sites to power operations.

There are three reasons why flaring is necessary. The first is for the testing of oil production. After drilling and hydraulic fracturing are complete, wells are tested to determine their flow rate. The results are essential in determining the equipment needed to move gas from the wellhead to the pipeline.

While the smaller pipelines connected to individual wells are being constructed, the natural gas is burned.

Second, flaring is an important safety measure. When equipment or pipes become over-pressured, safety valves within the equipment automatically engage to send gas into flare stacks until pressures reach a safe level.

The third reason is due to the lack of pipeline infrastructure. Pipeline infrastructure is rapidly increasing throughout the Eagle Ford Shale region, yet there are some areas that lack the necessary infrastructure to transport natural gas to market.

According to the Texas Railroad Commission, more than 16,000 miles of pipeline were added across the state between 2010 and 2013. Our industry continues to work with pipeline companies to further develop this important infrastructure that will lead to a greater reduction in flaring.

Flaring is regulated and permitted through the Railroad Commission of Texas. The Commission's Statewide Rule 32 allows an operator to flare gas while drilling a well for up to 10 days after its completion for operators to conduct well potential testing.

In some cases, flaring for extended periods of time may be necessary. As is often the case in new exploration areas, pipeline connections are not typically constructed until after a well is completed, tested and proven to be productive.

The oil and gas industry continues to develop new techniques to reduce flaring and emissions within the Eagle Ford Shale, and in some cases has been able to completely eliminate the need to flare at the well site.

STEER and its members are committed to protecting and preserving the health of the environment, communities and individuals in and around the Eagle Ford Shale region while producing the resources that make it possible to drive our children to soccer practice, heat and cool our homes and prepare dinner for our families.

SALE OF NATURAL GAS MOTOR FUEL IN TEXAS GREATLY EXCEEDS EXPECTATIONS

In Fiscal Year 2014, tax revenue from the sale of compressed natural gas (CNG) and liquefied natural gas (LNG) in Texas was 220 percent higher than original estimates, earning the state nearly \$2.2 million, reports the comptroller office. Forecasters had initially projected sales tax revenue from natural gas motor fuel to be approximately \$992,000 during the last fiscal year, but with more and more consumers embracing natural gas vehicles, associated tax revenue has continued to climb upwards, doubling the state's fiscal 2014 natural gas motor fuel tax income.

“These collections are more than double the estimated amount,” commented Railroad Commissioner David Porter on the news. “At 15 cents per gallon equivalent, \$2,178,199 of motor fuel tax equals sales of 14,521,326 gallon equivalents of natural gas.” A “gallon equivalent” is the amount of CNG or LNG with the same energy content as a gallon of gasoline or diesel fuel.

“Natural gas vehicles are becoming mainstream faster than expected,” Porter said. “And there's plenty of room for growth. These excellent sales figures represent only a fraction of potential sales, as more fleet operators take advantage of the cost savings, lower emissions and energy-security benefits of Texas natural gas.”

As additional fueling stations become available across the state, more Texans are expected to convert to natural gas vehicles.

TIPRO Calendar of Events

<p>SEPTEMBER 10, 2014 HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (832) 233-5502.</p>	<p>OCTOBER 8, 2014 HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (832) 233-5502.</p>	<p>OCTOBER 24, 2014 DALLAS — Texas Energy Update 2014 Conference, Belo Mansion. For info, call: (214) 207-0369.</p>	<p>OCTOBER 28, 2014 HOUSTON — 3rd Annual Texas Top Producers Awards Banquet, Houston Petroleum Club. For info, call: (512) 477-4452.</p>
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Texas Top Producers

LONE STAR LEADERS IN THE OIL AND GAS INDUSTRY

**YOU ARE
CORDIALLY INVITED
TO THE 3RD ANNUAL
TEXAS TOP PRODUCERS
AWARDS BANQUET**

**PLEASE JOIN TIPRO ON
THE EVENING OF TUESDAY, OCTOBER 28,
AT SIX THIRTY P.M.
AS WE GATHER AT THE
HOUSTON PETROLEUM CLUB
TO CELEBRATE THE
2014 TEXAS TOP PRODUCER HONOREES**

COCKTAIL ATTIRE

KINDLY REPLY BY OCTOBER 14, 2014

FOR MORE INFORMATION, SEE PAGE 4 OF THIS NEWSLETTER

**TO LEARN ABOUT BANQUET SPONSORSHIP OPPORTUNITIES,
PLEASE CONTACT STEPHEN COFFMAN AT (512)-477-4452 OR
EMAIL SCOFFMAN@TIPRO.ORG**



**AWARDS BANQUET
 TUESDAY, THE TWENTY-EIGHTH OF OCTOBER
 SIX THIRTY P.M.
 THE PETROLEUM CLUB OF HOUSTON
 HOUSTON, TEXAS**

WE ENCOURAGE YOU TO ALSO INVITE
 YOUR FAMILY AND FRIENDS TO ATTEND

TABLE - RESERVED SEATING FOR 10: \$1,500
 INDIVIDUAL TICKET: \$140

NAME: _____

COMPANY: _____

ADDRESS: _____

CITY: _____ STATE: _____ ZIP: _____

PHONE: _____ EMAIL: _____

I WOULD LIKE TO:

RESERVE A TABLE: # _____

OR

PURCHASE TICKETS: # _____

METHOD OF PAYMENT:

ENCLOSED FIND A CHECK MADE OUT TO TIPRO

PAY BY CREDIT CARD

CREDIT CARD NO.: _____ EXP. DATE: _____

CID: _____ SIGNATURE: _____

TIPRO MUST RECEIVE NOTICE OF CANCELLATION
 BY THE TWENTY-FOURTH OF OCTOBER.
 REFUNDS WILL NOT BE GIVEN AFTER THIS DATE.
 ALL RESERVATIONS MUST BE ACCOMPANIED BY PAYMENT.

PLEASE RETURN FORM, WITH PAYMENT, TO:
 TIPRO, 919 CONGRESS AVE., STE. 1000, AUSTIN, TX 78701
 OR FAX TO (512) 476-8070

QUESTIONS? PLEASE CALL TIPRO AT (512) 477-4452

NEW STUDY REVIEWS PHASES OF UNCONVENTIONAL ACTIVITY IN THE U.S.

Examining unconventional shale activity in the U.S., consulting firm Wood Mackenzie says in a new report that the oil and gas industry is entering a new phase of development.

“In the last decade the unconventional onshore sector in the U.S. has already gone through two distinct cycles and is now transitioning into its third phase,” said Robert Clarke, head of unconventional upstream research for Wood Mackenzie in Houston. “The first chapter was built around a large group of highly productive shale gas assets and was defined largely by production growth. The second wave was defined by a smaller grouping of high margin tight oil plays. Now, independent producers are leading the shift to the latest, quickly unfolding phase - which Wood Mackenzie dubs ‘Unconventional 3.0’ – focusing on brownfield exploration essentially re-evaluating once marginal assets that were previously considered to be insufficiently permeable for commercial drilling. In this current phase, the most modern aspects of the two techniques that define unconventional projects – long lateral horizontal drilling and isolated multi-stage hydraulic fracturing – are being used to exploit all types of rock volumes in mature basins.”

“The emergence of the unconventional 3.0 phase of development in the U.S. could provide the bridge for international unconventional projects to be successful. To date, operators have struggled to build unconventional 1.0 and 2.0 projects outside of North America. However, the development of international plays does not need to follow the same sequence of phases as has been successful in the U.S. We hypothesize that a functioning unconventional sector can be created in numerous countries by utilizing the same operational mentality and field development techniques that are being leveraged in the current '3.0' phase of U.S. developments. Countries that have suitable assets must hold mature fields with redevelopment potential, be receptive to hydraulic fracturing, and have proven their ability to let operators deploy the right equipment,” Clarke asserts.

In its latest analysis, Wood Mackenzie suggests that shale development will occur on a wider-scale in the coming years, with countries mimicking the U.S. template for exploration and production. Specifically the firm cites Mexico, the United Kingdom, Russia and Poland as international examples with strong potential for future unconventional success.

“The shift towards using unconventional field techniques on virtually any type of stratigraphy is presenting a wider unconventional opportunity set than early shale explorers ever anticipated.”

OXY BREAKS GROUND ON NEW MIDLAND OFFICE COMPLEX

Joined by Texas Governor Rick Perry, on Tuesday, August 26, leaders of Occidental Petroleum Corp. broke ground on a new 600-employee office complex in Midland, Texas. Once construction is completed in late 2015, the complex will serve as the center of Oxy’s oil and gas operations in the Permian Basin.

“The men and women of the Midland area who will work at this facility will help Oxy continue to achieve their own great things, and in the process add their own stories to the ongoing tale of our state's economic success,” said Governor Perry. “When it comes down to it, that's really what it's all about: good people, working in good jobs, making better lives for themselves and their families.”

During the ground-breaking ceremony, Governor Perry was also joined by former Texas House Speaker Representative Tom Craddick, Representative Tyron Lewis, Midland Mayor Jerry Morales and Occidental Petroleum President and CEO Steve Chazen.

Earlier this year, Occidental announced it would spin off its California assets and relocate its corporate headquarters from Los Angeles to Houston. Oxy is one of the largest in the U.S., based on equity market capitalization, and currently the largest operator and producer of crude oil in the Permian Basin, employing more than 12,000 Texans.



Photo credit: Office of the Governor

TIPRO MEMBERS INVITED TO THE 2014 TEXAS ENERGY UPDATE CONFERENCE IN DALLAS

The annual Texas Energy Update Conference has been scheduled for Friday, October 24, 2014 at the Belo Mansion in Dallas. This year’s event will focus on “How Technology Increases Activity and Producers’ Profits.”

Phil Rykhoek, president, CEO and director with Denbury Resources, will be the keynote speaker. Philip H. “Pete” Stark, Ph.D with IHS Energy, will also present during the conference on “Sustaining the U.S. Unconventional Oil & Gas Revolution.”

Additionally, executives from Baker Hughes, Halliburton and Schlumberger will participate in the conference’s technology panel, discussing the latest technological advances that have increased activity and producers’ profits.

The half-day conference will conclude with CEO Perspectives of the Energy Marketplace, featuring Magnum Hunter CEO Gary Evans.

The mission of Texas Energy Update is to provide educational content for the energy industry regarding economic, legislative, regulatory and technological changes affecting the bottom-line of independent energy producers.

Members of TIPRO are eligible for a discounted registration rate of \$50. For more information, visit www.texasenergyupdate.org.



OUR TEXAS PRIDE RUNS DEEP

Rig at Oxy's Permian operations in Denver City, Texas

- > No.1 oil producer in Texas
- > Largest producer of crude oil in the Permian Basin
- > A global leader in carbon dioxide (CO₂) flooding for enhanced oil recovery
- > A growing oil and gas producer in South Texas
- > More than 15,000 employees and contractors in Texas



Operating in Texas since 1963
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Texas Independent Producers & Royalty Owners Association

With more than 2,500 members, TIPRO is the nation's largest statewide association representing both 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.

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