



Texas

**Independent
Producers and
Royalty Owners
Association**

LEGISLATION PROPOSED IN THE TEXAS LEGISLATURE TO ADDRESS THE STATE'S WATER NEEDS

Two bills filed Thursday, January 10, will strive to address Texas' increasing water needs by establishing funding for water projects which are part of the State Water Plan. House Bills 4 and 11, authored by Rep. Allan Ritter, chairman of the House Natural Resources Committee, propose a one-time allocation of \$2 billion from the state's Economic Stabilization Fund, or Rainy Day Fund, to help finance

new reservoirs, pipelines and other water-supply projects.

"Our projections show that \$2 billion would fully implement the State Water Plan as it exists today," said Ritter. "With that one-time capital investment, we could provide adequate, meaningful funding to the plan and achieve the state's goals of supporting local entities in the implementation of projects. It is vital for the future of Texas that a dedicated source of revenue be established for funding the State Water Plan. Our economy depends on it, our communities depend on it, and ultimately, our daily lives depend on it."

The bills also call for setting aside at least 20 percent of the new revolving fund for conservation efforts to help save and reuse more of the state's water.

"Members of the Texas House understand the importance of water to business, agriculture and all Texans," commented House Speaker Joe Straus. "I am confident that the House will take bold, substantial action to address our water needs this session, and the filing of these bills formally begins that process."

Similar proposals have also been set forth by Texas Lt. Gov. David Dewhurst and Rep. Lyle Larson, who have suggested that money should be pulled from the Rainy Day Fund to help fund various water projects across Texas associated with the State Water Plan.

If formally adopted by lawmakers, this legislation would mark the first time that the state government has funded its long-range water plan.

Ongoing drought conditions remain a main concern for state officials, as experts predict that should Texas fail to implement a State Water Plan, by 2060 nearly 50 percent of Texans will lack sufficient water supply during times of severe drought conditions. Drought conditions cost Texas businesses and workers billions of dollars in lost income every year. Those losses could grow to surmount \$116 billion annually, according to H204Texas.

Although the oil and gas industry only accounts for approximately 1 percent of the state's overall water use, water conservation is a top priority for producers. Advancements in technology and new innovations over the last couple of years have allowed operators to lessen the amount of water needed for oil and gas operations. Companies have been able to substantially increase the amount of water they can recycle and reuse, and have increased their use of brackish water, rather than fresh water.

***"MEMBERS OF THE TEXAS
HOUSE UNDERSTAND THE
IMPORTANCE OF WATER TO
BUSINESS, AGRICULTURE AND
ALL TEXANS. I AM CONFIDENT
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BOLD, SUBSTANTIAL ACTION
TO ADDRESS OUR WATER
NEEDS THIS SESSION"
-HOUSE SPEAKER JOE STRAUS***

TIPRO CONGRATULATES JOE STRAUS ON HIS RE-ELECTION AS SPEAKER OF THE HOUSE

During the commencement of the 83rd Texas Legislative Session, the Honorable Joe Straus was re-elected for a third term as Speaker of the Texas House of Representatives. Tea party favorite Rep. David Simpson, R-Longview, who had challenged Straus in the race for Speaker, withdrew his name from the contest hours before the vote. As Speaker of the House, Straus will be responsible for leading the 150-member chamber for the next two years. He will appoint the membership of standing committees, as well as designate the chair and vice chair for each committee.

Speaker Straus was first elected to the Texas House of Representatives in a special election in February 2005. He represents San Antonio's 121st District, which includes the Bexar County communities of Alamo Heights, Olmos Park, Terrell Hills and northeast San Antonio.

CHAIRMAN'S MESSAGE

TIPRO Members -

Speaking on behalf of TIPRO and our state's independent producers and royalty owners, on January 23 I will travel to Washington D.C. and participate in a panel hosted by weekly TV news program *The Hard Question*TM at the National Press Club, before an audience drawn from the world's press. This will be the first of four conversations hosted by *The Hard Question*TM on the future of American energy policy. The theme of this particular panel that I will attend, titled "Setting the Course on Energy," will focus on oil and gas development in the United States. Future regulation of industry operations and the influence of President Obama on Congress regarding energy will also be up for discussion during the event, in addition to the role and impact of the media on energy and environmental policies and public opinion. I look forward to this opportunity to continue to advocate for the oil and gas industry and to address the importance of domestic exploration and production. U.S. Rep. Pete Olson (R-Texas), a member of the House Energy & Commerce Committee, will be on hand at the event, as will other industry experts W. Herbert Hunt of Petro-Hunt and Bruce Vincent of Swift Energy.



David F. Martineau

As most of you know, with the 83rd Texas Legislature and 113th U.S. Congress now both in session, it is a critical time for us to spread the message of the powerful economic impact our industry has and to continue to emphasize all of the benefits associated with increased drilling of natural resources. Thanks to the surge in activity in shale formations across the state, from the Permian Basin to the Eagle Ford Shale, Texas is able to enjoy the advantages of rising oil and gas production. Just last week Texas Comptroller Susan Combs released a better-than-expected outlook for state revenue and provided an update on the ever-growing Economic Stabilization Fund, commonly referred to as the Rainy Day Fund. The new surplus of money, coupled with the state's low unemployment rate, indicates a strong rebound in Texas following the most recent economic recession. However, nationwide, our country unfortunately is not in a position to boast of similar economic gains. Our President and U.S. Congressmen continue to struggle with the best way to address financial troubles. In fact, in a letter sent to Congress this week, U.S. Treasury Secretary Timothy Geithner indicated that the federal government could reach its debt-ceiling as soon as mid-February, causing irreparable harm to the national economy and imposing economic hardship on millions of individuals and businesses. As a result, Geithner urged lawmakers to extend the normal borrowing authority in efforts to avoid the risk of default. All this comes only weeks after a deal was narrowly passed to avert the fiscal cliff, another situation which could have devastated our nation's economy. The uncertainty surrounding our national economy makes it challenging for businesses to make investments, for fear of another recession around the corner.

All the while, one solution remains clear: increasing domestic oil and gas development can help to support the economy at a time when it is needed most. Our industry provides well-paying jobs, in addition to other large contributions made to government coffers through local, state and federal taxes. We must continue to work to educate our elected officials, as well as members of the general public, on this important topic so they can appreciate all the oil and gas industry does to provide a bright future for our state and nation.

On a separate note, I want to encourage all of you to sign up now to sponsor and attend our association's 67th Annual Convention next month. This year the meeting will be held in Austin, at the Sheraton Hotel downtown, on February 26-28. During the Convention, we will host several exclusive events for all of the Texas Legislative offices to attend, so they may have the chance to meet and interact with members of TIPRO. As you know we have close to 50 new legislators in office, some of which could be from yours or a neighboring district, so your presence to meet with these new legislators would be extremely helpful. From our Legislative Reception to Lunch on the Lawn and Capitol Call-Up Meetings, we hope we can count on your participation. We need our members to help us continue to reinforce the importance of the Texas oil and gas industry. As it is one of our association's most important events of the year, I hope to see you there. For additional details, including the Convention agenda and registration form, please see pages 4-5 of this newsletter, or you can visit TIPRO's website anytime online at www.tipro.org.

Sincerely,

Calendar of Events

FEBRUARY 5-8, 2013	FEBRUARY 13, 2013	FEBRUARY 26-27, 2013	MARCH 20, 2013
HOUSTON Winter NAPE Expo, George R. Brown Convention Center For info, call: (817) 847-7700.	HOUSTON IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (832) 233-5502.	AUSTIN TIPRO S 67 th Annual Convention, Sheraton Hotel Downtown. For info, call: (512) 477-4452.	HOUSTON IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (832) 233-5502.

RRC SUNSET: ADVISORY COMMISSION MAKES FINAL DECISIONS ON RECOMMENDATIONS

In a hearing held Wednesday, January 9, 2013, members of the Sunset Advisory Commission made final decisions regarding the recommendations set forth by the Sunset staff on the future of the Texas Railroad Commission (RRC). Although overall the Sunset Commission agreed with most of the staff's proposed recommendations for improvements to the state agency, including changing the name of the agency and requiring RRC Commissioners to resign to run, members did not agree with requiring RRC Commissioners to post campaign contributions on the RRC's website.

Additionally, the Advisory Commission eliminated the requirement to move independent hearings for contested gas utility and enforcement cases to the State Office of Administrative Hearings (SOAH). As stated by the RRC Commissioners, "The RRC's gas utility rate cases were heard at SOAH for a brief period from 2001 to 2003. The transfer of gas utility contested rate cases did not represent an improved, more efficient, or better process, just a different and more costly one. The Commission has enormous in-house expertise among its technical staff, attorneys, and hearings examiners that is absolutely critical to the effective administration and enforcement of its various regulatory programs." In lieu of Recommendation 1.6, the Commission adopted a modification to statutorily require the RRC to develop a policy in rule to prohibit and ensure against any inadvertent ex-parte communications between hearing examiners and the Commissioners, and hearing examiners and technical staff that are parties to a hearing. This recommendation would require RRC Commissioners to not have any contact with the hearing examiners other than in a formal public hearing.

The Sunset Advisory Commission did move to eliminate the cap on the Oil and Gas Regulatory and Cleanup Fund, a provision which TIPRO opposed.

All statutory changes adopted by the Sunset Advisory Commission will be presented to the Legislature later this Spring in the agency's Sunset bill.



INTERIOR SECRETARY KEN SALAZAR TO STEP DOWN IN MARCH

Ken Salazar, secretary of the U.S. Department of Interior, has announced that he will resign from the federal agency by the end of March. Salazar, who has presided over the Interior Department for the last four years, initiated a historic overhaul of the Interior's management of oil and gas resources, including helping to craft new regulations for hydraulic fracturing operations on federal lands.

"I have had the privilege of reforming the Department of the Interior to help lead the United States in securing a new energy frontier, ushering in a conservation agenda for the 21st century, and honoring our word to the nation's first Americans," said Salazar. "I thank the more than 70,000 employees at the Department for their dedication to our mission as custodians of America's natural and cultural resources. I look forward to helping my successor in a seamless transition in the months ahead."

Before becoming the 50th secretary of the Interior Department, Salazar served as a U.S. senator and as attorney general for Colorado. Salazar also served in the Cabinet of Gov. Roy Romer as the executive director of the Colorado Department of Natural Resources. He earned a political science degree from Colorado College in 1977 and graduated with a law degree from the University of Michigan in 1981 before working as a water and environmental lawyer in the West.

"I want to thank Ken for his hard work and leadership on behalf of the American people," said President Obama of Salazar's resignation. "As the Secretary of the Interior, Ken has helped usher in a new era of conservation for our nation's land, water, and wildlife. Ken has played an integral role in my Administration's successful efforts to expand responsible development of our nation's domestic energy resources. In his work to promote renewable energy projects on our public lands and increase the development of oil and gas production, Ken has ensured that the Department's decisions are driven by the best science and promote the highest safety standards."

After eight years working in Washington, D.C., Salazar plans to return to his home state of Colorado.

REGISTER NOW FOR TIPRO'S 67TH ANNUAL CONVENTION, FEBRUARY 26-28!

TIPRO's 67th Annual Convention is quickly approaching -- sign up today to attend or sponsor! The event, set to take place February 26-28, 2013, at the Sheraton Hotel in Austin, Texas, will provide attendees with insight on the latest issues impacting the Texas oil and gas industry. Industry analysts and energy regulators are scheduled to present during the Convention, as well as state legislators. TIPRO's Annual Convention will also offer exclusive opportunities to meet and network with members of the association and other professionals working for the oil and gas industry. For additional information, or to register, please see pages 4-5 of this newsletter or visit www.tipro.org.

TIPRO MEMBERS ANNUAL MEETING NOTICE

In accordance with Article IV, Section 1, of the TIPRO Bylaws, Chairman David Martineau hereby calls a Membership Meeting for all TIPRO members in conjunction with the 67th Annual Convention. The Annual Membership meeting will be held on February 27 at 8:00 a.m. during the Membership Breakfast in the Capitol View Terrace Room of the Downtown Sheraton Hotel. TIPRO Members will be asked to vote on recommended candidates for the TIPRO Board of Directors, with terms beginning July 1, 2013.

AGENDA

TUESDAY, FEBRUARY 26

10:00 A.M. REGISTRATION OPENS

GENERAL SESSION

1:00 P.M. WELCOME ADDRESS
DAVID F. MARTINEAU,
CHAIRMAN, TIPRO

1:30 "TRANSFORMATION OF THE TEXAS
OIL & GAS INDUSTRY: NEW WAYS OF
DOING BUSINESS FOR NEW TIMES"
ANDREW WEISSMAN
SENIOR ENERGY ADVISOR, HAYNES & BOONE

2:30 STATE REGULATORY UPDATE
CHRISTI CRADDICK,
TEXAS RAILROAD COMMISSIONER

3:00 BREAK

3:15 POLITICAL OUTLOOK PANEL
HARVEY KRONBERG, THE QUORUM REPORT
ROSS RAMSEY, THE TEXAS TRIBUNE

4:15 CLEAN WATER STUDY 2012
RPSEA

5:30-9:00 WELCOME TO AUSTIN/
LEGISLATIVE RECEPTION
ENTERTAINMENT PROVIDED BY
THE EGGMEN BAND

WEDNESDAY, FEBRUARY 27

7:00 A.M. REGISTRATION OPENS

GENERAL SESSION

8:00 MEMBERSHIP BREAKFAST AND
ANNUAL MEMBERSHIP MEETING

9:00 STATE ISSUES PANEL
REP. JIM KEFFER, CHAIRMAN,
HOUSE ENERGY RESOURCES COMMITTEE
REP. DENNIS BONNEN, CHAIRMAN,
SUNSET ADVISORY COMMISSION
KEN ARMBRISTER, FORMER STATE SENATOR

10:00 KEYSTONE XL PIPELINE UPDATE
TRANSCANADA CORPORATION REPRESENTATIVE

10:45 BREAK

11:00 CAPITOL CALL-UP INFORMATION
ASSIGNMENT OF GROUPS AND TALKING POINTS

11:45 BUS DEPARTS FOR CAPITOL

12:00 P.M. LUNCH ON THE LAWN
SOUTHWEST CORNER OF CAPITOL GROUNDS

12:30 SPECIAL PERFORMANCE BY THE
DALLAS COWBOYS CHEERLEADERS

12:45 AUTOGRAPH SESSION

2:00 CAPITOL CALL-UP MEETINGS
APPOINTMENTS WITH LEGISLATORS

4:30 BUS DEPARTS FOR HOTEL

6:00 CHAIRMAN'S RECEPTION & DINNER
KEYNOTE SPEAKER TBA

2013 HAT'S OFF AWARD PRESENTATION
REP. JIM KEFFER

TO RESERVE YOUR HOTEL

ROOM AT THE SHERATON

HOTEL, PLEASE CALL

(512) 478-1111. DON'T

DELAY - THE DEADLINE TO BOOK FOR

THE DISCOUNTED TIPRO RATE OF

\$189 IS **JANUARY 26, 2013!**



THURSDAY, FEBRUARY 28

8:30 A.M. TIPRO AUDIT COMMITTEE MEETING

10:00 TIPRO BOARD MEMBER MEETING

REGISTRATION INFORMATION

MEMBER REGISTRATION FEES:

INCLUDES ALL AGENDA EVENTS & MEALS

MEMBER - FULL REGISTRATION: \$ 495

SPOUSE - FULL REGISTRATION: \$ 325

WEDNESDAY-ONLY BADGE:

WEDNESDAY-ONLY BADGE: \$ 395 (INCLUDES MEALS)

NON-MEMBER REGISTRATION FEES:

INCLUDES ALL AGENDA EVENTS & MEALS

NON-MEMBER - FULL REGISTRATION: \$ 695
(Registration includes 1 year regular TIPRO membership)

NON-MEMBER SPOUSE - FULL REGISTRATION: \$ 475

WEDNESDAY-ONLY BADGE:

WEDNESDAY-ONLY BADGE: \$595 (INCLUDES MEALS)



SPECIAL DIETARY NEEDS OR
OTHER CONSIDERATIONS?
PLEASE CONTACT TIPRO STAFF
AT (512) 477-4452.

**FAX FORM TO (512) 476-8070
OR VISIT WWW.TIPRO.ORG
FOR ONLINE REGISTRATION**

ATTENDEE INFORMATION

Name of Attendee: _____

Company: _____

Address: _____

City/State/Zip Code: _____

Phone: _____ Fax: _____

E-mail: _____

Registered Spouse: _____



PAYMENT INFORMATION

Payment Method: VISA MASTERCARD AMEX CHECK NO: _____

Print Name: _____ Company: _____

Billing Address: _____

Credit Card No.: _____ Exp. Date: _____

Signature: _____ CID: _____

CANCELLATION POLICY

In order to receive a refund, TIPRO must be notified of your cancellation no later than
Friday, February 15, 2013

Return registration form to TIPRO at: 919 Congress Avenue, Suite 1000, Austin, Texas 78701.
Registration forms must be accompanied by payment.

STATE BUDGET BOOSTED BY INCREASING OIL AND GAS ACTIVITY

Increasing development of oil and gas in Texas has helped to bolster the state's budget, which is now in a much more stable position than two years ago, reports Texas Comptroller Susan Combs. Combs projects that the state will have approximately \$101.4 billion available for general-purpose spending during the 2014-15 biennium. Absent any legislative appropriations, the state's Rainy Day Fund is also expected to grow to \$11.8 billion.

"Texas experienced a very strong rebound from a severe recession," said Combs. "The state's robust economic recovery led to better-than-expected revenue collections in major taxes such as the sales tax, oil and natural gas production taxes and motor vehicle sales taxes. The outlook for both the economy and state revenue is for continuing expansion as the fast-growth of the economic recovery gives way to moderate, sustained growth."

"This revenue estimate is more evidence that we made the right decisions two years ago by budgeting carefully to meet the challenges of the national recession," commented Texas Gov. Rick Perry. "The Texas formula of low taxes, reasonable regulations, fair courts and a quality workforce is the best way to continue creating jobs and growing our economy. Even as we head into the 83rd Legislative Session with higher revenues, we still need to focus on separating our wants from our needs, and continue to follow the conservative fiscal principles that have led to Texas' ongoing success and will keep Texas strong."

REP. GUILLEN FILES HOUSE RESOLUTION FOR ROAD FUNDING

State Rep. Ryan Guillen, D-District 31, has filed the first resolution of the 83rd Legislative Session addressing funding for road repairs. In House Joint Resolution 63, Guillen proposes a constitutional amendment that dedicates a portion of the state's oil and gas tax revenue to construction, reconstruction, acquisition, and expansion of roads in counties in which a shale formation is located. If approved, the proposed constitutional amendment would be submitted to voters for approval during the November 5 election.

Rep. Guillen is now serving in his sixth term in the Texas House representing the South Texas counties of Atascosa, Brooks, Duval, Jim Hogg, Kenedy, La Salle, Live Oak, McMullen, Starr, and Willacy.



CITY OF DENTON APPROVES NEW ORDINANCE FOR AREA DRILLING

In a 5-1 vote, on Tuesday, January 15, 2013, members of the Denton City Council passed new rules pertaining to local drilling and production of natural gas. With the new regulations in place, in the future, drill sites will have to utilize closed-loop drilling systems and "green" completions. Flaring, though not directly prohibited, now will be subject to the city's noise ordinance, which could lead to a fine of \$2,000 per day. The minimum setback distance has also increased to 1,200 feet, up from 1,000 feet. Other provisions of the ordinance will impact the city's insurance and zoning requirements, among other restrictions.

The ordinance will go into effect upon publication, which is expected to occur in about two weeks.

RRC'S SMITHERMAN TO LEAD NATIONAL ASSOCIATION'S NATURAL GAS COMMITTEE

Texas Railroad Commission (RRC) Chairman Barry Smitherman has been appointed to chair the National Association of Regulatory Utility Commissioners' (NARUC) Committee on Natural Gas. NARUC's Natural Gas Committee works to spread awareness and understanding of issues affecting the transportation, distribution and sale of natural gas. Members of the committee work closely with the Federal Energy Regulatory Commission and the U.S. Departments of Energy and Transportation to set and influence public policy, share best practices and foster innovative solutions to improve regulation.

"I am honored to chair the Committee on Gas, and I thank President Jones for this opportunity," said Chairman Smitherman. "Natural gas already plays a central role in our energy resource mix, and this role will only grow as gas usage expands. Thanks to new technologies, natural gas prices are affordable and natural gas is an abundant domestic source of energy. However, we must use it prudently, safely and reliably. The Committee on Gas will explore numerous issues, including pipeline safety, electricity interdependencies with natural gas, use of natural gas for transportation, Liquefied Natural Gas (LNG) exporting and much more."

TIPRO MEMBER COMPANIES RECOGNIZED AS FORTUNE'S BEST TO WORK FOR

TIPRO congratulates EOG Resources, Chesapeake Energy Corp., Devon Energy, PricewaterhouseCoopers and Hilcorp Energy Company for being selected as some of the top companies to work for in America in 2013 by Fortune Magazine. These TIPRO member companies offer outstanding employment opportunities, high wages, great benefits and unique corporate cultures. They were also honored for having strong job growth and the largest average pay per salaried employees.

TADD OWENS NAMED NEW CHAIR OF TIPRO'S STATE ISSUES COMMITTEE

TIPRO is pleased to announce Tadd Owens of Pioneer Natural Resources Company will serve as the new chair of the association's State Issues Committee, taking over for Adrian Acevado and Rex White. Owens is the director of government affairs for Pioneer, responsible for managing the company's government affairs activities in Texas, Alaska and Colorado, and supports the company's federal government affairs efforts in Washington, D.C. He currently serves as a board member for both the Permian Basin Petroleum Association and South Texas Energy and Economic Roundtable. Owens graduated with honors from Carleton College with a Bachelor of Arts degree in political science.

TIPRO would like to extend a special thank you to Owens, as well as all other members of the committee, for their ongoing commitment to the association. It is with their guidance and active participation that TIPRO is able to successfully advocate for the Texas oil and gas industry.

VISIT TIPRO AT BOOTH #3703 DURING WINTER NAPE!

The Texas Independent Producers & Royalty Owners Association (TIPRO) hopes to see you at the upcoming 2013 Winter NAPE Expo, February 5-8, 2013, at the George R. Brown Convention Center in Houston. TIPRO will be located at booth #3703 - please stop by and visit us! TIPRO's President Ed Longanecker and Director of Development Stephen Coffman will both be in attendance representing the association.

The NAPE Expo is the world's largest E&P (upstream) expo, providing a marketplace for the buying, selling and trading of oil and gas prospects and producing properties via exhibit booths. The NAPE experience is dedicated to high-level networking and gives attendees the opportunity to visit prospectors, investors, vendors and others in the oil and gas industry. Winter NAPE now hosts approximately 1600 booths and 16,000 attendees.

For more information or to view the schedule of events, floor plan and list of exhibitors, visit NAPE's website at: www.napeexpo.com.

APACHE ONE OF THE FIRST COMPANIES TO USE ONLY NATURAL GAS TO POWER FRAC JOBS

Thanks to advancements in technology and new innovative practices, Apache is poised to become one of the first companies to use only natural gas to power hydraulic fracturing operations, which can be one of the most energy-intensive processes required by the industry. Currently, just 1 percent of drilling rigs and zero full frac spreads are powered by natural gas. However, with the help and expertise of service providers, engineers were able to develop a way to connect natural gas to pumping engines.

According to Apache, a single frac job in the Granite Wash Stiles Ranch would typically require approximately 36,290 gallons of diesel. Using mid-December prices of \$3.40 per gallon for diesel, the total fuel bill would be approximately \$123,386 for such an operation. At current gas prices, including transportation, the total fuel cost using dual-fuel engines with gas drops to \$74,473. This is a 40 percent reduction in fuel cost.

"This is a real trend and it's happening now," said Mike Bahorich, executive vice president of technology for Apache. "We're witnessing a sea change in the industry that will have a great impact not only on how much less oil is imported but also will help keep our air clean."

USGS CONFIRMS: NO GROUNDWATER CONTAMINATION FROM FRACING IN ARKANSAS

After sampling water from more than 127 shallow domestic wells, the U.S. Geological Survey (USGS) has confirmed hydraulic fracturing in the Fayetteville Shale formation did not contaminate groundwater sources, where previously concerns were raised regarding groundwater contamination. Scientists analyzed water-quality data from each of the 127 well samples taken during 2011, focusing specifically on chloride concentrations as well as methane concentrations and carbon isotope ratios.

"This new study is important in terms of finding no significant effects on groundwater quality from shale gas development within the area of sampling," said Marcia McNutt, director of USGS.


Results from the analysis showed methane and chloride concentrations were not any higher in 2011 than they were in samples collected from nearby areas between the years of 1951 and 1983, and were also similar in level to samples pulled from wells more than 2 miles outside of gas-production.

"None of the data that we have looked at as part of this study suggests that any groundwater contamination is resulting from natural gas production activities," said Tim Kresse, hydrologist for USGS.

The Fayetteville Shale, spanning across six counties in north-central Arkansas, has seen increasing activity in recent years. As of April 2012, approximately 4,000 producing gas wells had been completed in the shale play.

This report published by the USGS helps to further prove hydraulic fracturing operations and production of natural gas does not contaminate water resources. The findings are particularly significant as the U.S. Environmental Agency (EPA) continues its investigation of the impact hydraulic fracturing has on groundwater supplies.




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 PROSPECT EXPO

Feb. 5-8, 2013
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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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