



**Texas
Independent
Producers and
Royalty Owners
Association**

occur during the second half of next year as more liquefied natural gas export capacity comes online.”

The EIA director also said that while exports of natural gas may be on the rise, there is still plenty of supply to satisfy demand at home. “Although U.S. natural gas exports are increasing, there are still abundant supplies to meet domestic demand as natural gas inventories are expected to be at a record high for the start of the upcoming winter heating season,” said Sieminski.

The state of Texas is the leading producer of natural gas in the United States. According to the latest statistics released by the Texas Railroad Commission, an estimated 616,993,278 thousand cubic feet (mcf) of natural gas was produced from Texas wells in April. Preliminary total gas production in Texas as of April increased to an average 20,566,443 mcf a day, up from the 19,572,603 mcf daily average by Texas of April 2015.

U.S. ON TRACK TO EXPORT MORE NATURAL GAS THAN IT IMPORTS

The United States could set history next year thanks to the skyrocketing levels of domestic energy production. In its latest energy outlook, the federal government projects that during 2017 the United States will become a net exporter of natural gas.

“For the first time since 1957, the United States is on track to export more natural gas than it imports,” said Adam Sieminski, the director of the U.S. Energy Information Administration (EIA). “This will



GLO'S ONLINE OIL & GAS LEASE SALE BRINGS IN NEARLY \$100 MILLION FOR TEXAS SCHOOLS

The General Land Office's landmark oil and gas lease sale will benefit the state's Permanent School Fund (PSF), which lends financial support to Texas schoolchildren.

Previously, anyone wishing to develop oil and gas reserves on PSF land had to physically submit a bid to the GLO, in a process that had changed little since the 1950s.

Last year, under the direction of Commissioner Bush, the GLO hosted its first oil and gas lease sale online with much success.

During the state's first online oil and gas lease sale in August of 2015, PSF tracts of land brought in more than \$20 million for 11,820 acres, according to the GLO. The GLO reports that its second online lease sale in January 2016 raised approximately \$11 million for 4,393 acres.

Tuesday's lease sale shattered expectations, however. The average price per acre is now valued at more than \$7,000 — three times higher than last year.

In a landmark sale of the state's oil and gas leases, this week, the Texas General Land Office (GLO) earned more than \$98 million, with the proceeds going to the Permanent School Fund (PSF) to help pay for Texas public education. The lease sale was hosted online for the third time by the GLO on Tuesday, July 19, allowing the agency to expand the target market pool beyond just local producers and drive additional competition in the global marketplace.

“Through innovation the Texas economy can still thrive, even in a soft oil and gas market,” Land Commissioner George P. Bush said after the sale. “The success of [Tuesday's] online lease sale is due to our commitment of welcoming the modern technologies of our 21st Century economy into government practice. Taking our business practices online opens up the bidding process to more producers and investors, and access creates opportunity. Today we find ideas on Pinterest, sell on Etsy, buy from Amazon and get lunch from Uber. Putting these energy lease sales online just makes sense. Texans demand a more efficient, effective government and we are delivering it at the GLO.”

CHAIRMAN'S MESSAGE

Can you think of a time when our industry was more on its heels? When a growing and alarming proportion of ordinary Americans are buying into an insidious false narrative designed to present an image so negative about our industrial processes that it would compel 40 or so otherwise rational people to share a bus with and subject themselves to the caterwauling of Yoko Ono for a couple of days? Talk about penance!

Frac'ing. Starts with an F sound and ends with a k sound. Who would have thought that a clever diminutive created by engineers to describe an important industrial process, in the hands of groups like the Sierra Club, the Natural Resource Defense Fund, and their affiliates, a PR assault weapon that they privately credit with being the largest moneymaker in the history of their movement? Like some sort of demonic cycle, that money is used to further alienate our fellow citizens from the important and valuable work we do. Our industry stands for Prosperity and Abundance for nearly everyone we touch, ESPECIALLY the less well off among us. Never has the difference been greater between the real value of what we bring to the people of the planet and the public perception of that value, and it's not a simple mistake.



Allen Gilmer

Through your efforts, you have opened for the world and Texas a treasure chest of new wealth that will be measured in trillions of dollars gifted to a world economy that desperately needs this low cost energy. Against a backdrop of a sputtering global economy, the wealth you create is hugely distributed across vast cross sections of America and pays the highest average salary of any American industry across all strata of workers. Further it provides our politicians with the rare treat of not lying when speaking of US energy independence, while also providing them with a huge geopolitical hammer by which they can translate those benefits to those that want to be our friends and secure ourselves against societies that absolutely despise what we stand for.

That this would be something our fellow citizens would want to destroy is incredible, terrifying, and insane. "Keep It In The Ground" is merely code for "Destroy Our Children's Future."

If you agree, or even if you don't, please consider joining us at the TIPRO Summer Policy Meeting at the beautiful Hyatt Hill Country just west of San Antonio August 17-18. The agenda is fresh, new, and quite exciting. Two oil and gas social media experts, James Hahn and Russ Capper join social media marketing pioneer Ken Cho to discuss in a roundtable discussion entitled "Strategies for Countering Anti-Oil and Natural Gas Agendas." Also on the agenda will be the timely "The Future of Water and Waste," "Pay Your Fair Share (and No More) in Property Taxes," a preview of the upcoming legislative session, including Local vs. State control that we all thought we had put to bed last session, the Membership Breakfast Presentation featuring the new book "Fueling Freedom: Exposing the Mad War on Energy" by Texas Public Policy Foundation's Kathleen Hartnett White, and our Keynote Presentation by Jody Elliot, president of Domestic Oil and Gas, Occidental Petroleum.

There has never been a more important time to be a member of TIPRO. Do you realize that you owe your livelihood today to TIPRO and its members? Sounds like pure spin, doesn't it?

It isn't.

Past TIPRO Chairman Tad Mayfield wrote a very large personal check, along with each member of his E&P team at Goldston Oil, to fund a lawsuit against a surprise effort by the EPA to arbitrarily define E&P activity as "when the bit starts turning" instead of when we build location, thus forcing EVERY WELL in the US to undergo a federal permitting process that would take months and cost 5 to 6 digits per well. Enjoy NOT having that? Thank Tad, his team and TIPRO. None of the big guys or any other organization even saw this coming.

During the years I have been involved in TIPRO, I have had the privilege of observing how some exceptional people have lead this "herd of cats" that constitutes the independent producers and royalty owners of the US's largest producing state with, by far, the largest recoverable resource. They did so without expectation of reward or accolade. In fact, all are likely to be embarrassed to be recognized for their contributions. Roger Plank of Apache was the chair who first recruited me to the board. Followed by San Antonio's JR Hurd, Midland's Joe Abel, the aforementioned Tad Mayfield, Houston's Scott Anderson, Midland's Steve Castle, Dallas' Dave Martineau, and San Antonio's Ray Welder, these individuals instilled strong governance and capable financial discipline to an organization that has been extraordinarily effective session after session WITHOUT handing out checks to various campaigns. During that time, they have deflected at least a dozen real shots to the head of Texas' most important industry, as incredulous as it may seem. Donating their time and wisdom along the way, earlier Chairmen Marshall's Rusty Howell, and Austin's Rex White didn't ride off into the sunset after their terms, but have remained vigorous and active board contributors. Every one of these people have left a huge and lasting contribution to TIPRO, our industry, and the proverbial "school children of Texas."

None of us got where we are alone. We stood on the shoulders of giants that preceded us, and that mentored and encouraged us in our work. No one learns the oil business in college. We learn it from those that have done it well. I, for one, am excited at both the number and quality of this newest generation who are making the courageous decision to throw their hats in with ours. That decision comes with a lot more societal resistance than I faced. They are the next generation of risk takers and world changers. We fight today so to preserve an industry that may be unique in inviting more people to join it and to compete within it.

RAILROAD COMMISSION TO HOST OIL & GAS REGULATORY SEMINAR AUGUST 16TH

The Texas Railroad Commission will host a one-day seminar in Corpus Christi on August 16th to review regulatory requirements enforced by the agency. A variety of topics that will be covered during the workshop, including:

- drilling permits;
- completions;
- inactive well requirements (Statewide Rule 15);
- oil, gas or geothermal resource operations in hydrogen sulfide areas (Statewide Rule 36);
- production reporting;
- pipeline accident and incident reporting;
- pipeline permitting;
- surface casing exceptions (Statewide Rule 13); and
- website queries for proration.

The early bird registration fee for this seminar is \$150 per person through August 5, 2016. The commission notes that the registration fee will jump to \$200 per person on and after August 6. For more details on this upcoming regulatory workshop, or to register to attend, please visit: <http://bit.ly/29JtlrX>.

Last month, the Railroad Commission hosted similar seminars in Houston. More than 200 industry professionals participated in the regulatory workshops. “These seminars allow industry and agency leaders the opportunity to engage in meaningful dialogue so that the agency can review current processes and further increase efficiencies,” said the agency.

NEW LEADERSHIP ANNOUNCED AT THE TEXAS RAILROAD COMMISSION

The Railroad Commission (RRC) has announced several new leaders that will serve the state agency. According to the commission, Scott Buchholtz joins the RRC as the new director of human resources. In the role, Buchholtz will be instrumental in managing the commission’s adoption of the Centralized Accounting and Payroll/Personnel System (CAPPS). Buchholtz holds over 20 years’ experience in human resource development, having worked in both public and private entities, and has successfully led two national rollouts of PeopleSoft’s human resource enterprise system.

Jessica Byrne will serve as the new director of administration for the RRC. With more than 15 years’ experience in operations management leading cross-functional teams, developing process improvement plans, and improving organizational effectiveness, she brings a wealth of technical and management expertise to support the RRC.

Finally, the RRC has welcomed James “Denny” Kingsley as the agency’s new director of surface mining and reclamation. Kingsley has more than 36 years of experience in surface mining, serving in both technical and executive leadership roles. In his most recent position as president and general manager of Texas Westmoreland’s Jewett Mine facility, Kingsley was responsible for overseeing all aspects of the operation including production, engineering, safety and environmental compliance.

GOVERNOR APPOINTS TOYOTA EXECUTIVE TO THE TEXAS TRANSPORTATION COMMISSION

Laura Ryan has been appointed by Texas Governor Greg Abbott to serve on the Texas Transportation Commission, for a term to expire on February 1, 2017. The Texas Transportation Commission oversees statewide activities of the Texas Department of Transportation (TxDOT), and is responsible for policymaking regarding the state’s highway system, developing a statewide transportation plan, assisting the development of public transportation and adopting rules for TxDOT’s operation.

Ryan holds more than 20 years of experience working in the automotive industry. Ryan is currently the vice president of market representation and dealer development for Gulf States Toyota in Houston. She was previously appointed by Governor Abbott to the Texas Department of Motor Vehicles (TxDMV) Board and was also designated by the governor as chair of the board. Following her appointment to the Transportation Commission, Ryan will be stepping down from the TxDMV Board. During her tenure as chair of the TxDMV Board, Ryan helped to initiate many processes to make the department more innovative, customer-oriented, and efficient.

Ryan replaces former board member Jeff Moseley at the Texas Transportation Commission. Moseley, who had not completed his term at the commission, resigned July 1. Following his departure at the commission, Moseley announced he has joined Texas Central Partners, a private company working to develop a high-speed rail project that will connect Dallas and Houston.

TIPRO Calendar of Events

<p>AUGUST 10, 2016 HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.</p>	<p>AUGUST 10-11, 2016 HOUSTON — Summer NAPE Expo, George R. Brown Convention Center. For info, call: (817) 847-7700.</p>	<p>AUGUST 17-18, 2016 SAN ANTONIO — TIPRO’s Summer Conference, Hyatt Hill Country Resort. For info, call: (512) 477-4452.</p>	<p>SEPTEMBER 14, 2016 HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.</p>
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DON'T MISS TIPRO'S 2016 SUMMER CONFERENCE!

FEATURED SPEAKERS WILL INCLUDE:



**Keynote Presenter
Jody Elliott,**
President of
Domestic Oil & Gas,
Occidental Petroleum



Kathleen Harnett White,
Energy Expert, Author
and Former TCEQ
Commissioner



**TIPRO's New
Chairman
Allen Gilmer,**
CEO of
DrillingInfo



Harold Cook,
Political Analyst for
Time Warner Cable News
"Capital Tonight Show"



**State
Representative
Larry Gonzales,**
Chair of the
Texas Sunset
Advisory
Commission



Anastasia Valdes,
CEO of
Water Markets Inc.

This August, TIPRO is excited to host the association's annual summer meeting at the Hyatt Hill Country Resort in San Antonio. Join TIPRO on August 17th & 18th for this important conference, where industry experts and well-respected leaders will share the latest on opportunities and challenges for the Texas E&P sector.

Topics to be discussed:

- Regulatory hurdles for Texas independent producers
- Strategies for countering anti-oil and natural gas agendas
- Texas and national political outlook
- Preview of the 2017 Texas Legislative Session
- Review of property taxes
- Panel discussion on the future of water and waste
- And much more!

Register today to participate in the association's 2016 summer meeting. Sponsorship opportunities are also still available. To learn more, call TIPRO at (512) 477-4452.

**VIEW THE COMPLETE PROGRAM AGENDA AND
SIGN-UP TO ATTEND TIPRO'S CONFERENCE AT
WWW.TIPRO.ORG**



USFWS OFFICIALLY DELISTS LESSER PRAIRIE-CHICKEN FROM ENDANGERED SPECIES LIST

In accordance with court order, on Tuesday, July 19, 2016, the U.S. Fish & Wildlife Service (USFWS) removed the Lesser Prairie-Chicken from the Federal List of Endangered and Threatened Wildlife.

The Lesser Prairie-Chicken, a species of prairie grouse renowned for its colorful spring mating display, inhabits a large geographic landscape spanning across five states, including Texas. Although the species had been designated as threatened in 2014 by the federal government, last fall, a federal judge from Texas vacated the Lesser Prairie Chicken from the Endangered Species List.

In September, U.S. District Judge Robert A. Junell ruled against the USFWS on its original designation of the bird as a threatened species, finding that the USFWS had failed to follow its own procedures in determining whether the Lesser Prairie-Chicken should receive protection under the Endangered Species Act (ESA). Specifically, the agency did not thoroughly consider active conservation efforts when making the listing decision, including activities associated with the Lesser Prairie Chicken Range-Wide Plan (RWP).

The RWP, managed by the Western Association of Fish and Wildlife Agencies (WAFWA), has proven to be successful with its efforts to ensure long-term viability of the Lesser Prairie-Chicken through voluntary cooperation by landowners and industry. As described by WAFWA, the RWP has allowed industry to continue operations while reducing and mitigating impacts to the bird and its grassland habitat. "Industry contributions support conservation actions implemented by participating private landowners," WAFWA reports. "To date, industry partners have committed over \$60 million in enrollment and mitigation fees to pay for conservation actions, and landowners across the range have agreed to conserve over 130,000 acres of habitat through 10-year and permanent conservation agreements."

Just a few weeks ago, on July 1, 2016, the latest results from an aerial survey of the Lesser Prairie-Chicken were released, showing that the bird's population remains stable.

The USFWS says that the administration's move to delist the Lesser Prairie Chicken as a threatened species -- and the agency's decision not to appeal the court's ruling on the status of the bird -- does not constitute any type of biological determination as to whether or not the Lesser Prairie-Chicken actually warrants federal protection.

"The storied prairie landscape of the Southwest is of tremendous economic and cultural importance. It is also a critical area for the birds, mammals, reptiles and other animals that rely on this unique habitat," said Dan Ashe, director for the USFWS. "Responding to this court ruling by removing the bird from the Federal List does not mean we are walking away from efforts to conserve the Lesser Prairie-Chicken. Far from it. We are undertaking a new status review to determine whether listing is again warranted, and we will continue to work with our state partners and others on efforts to protect vital habitat and ensure this flagship of the prairies survives well into the future."



FIFTH CIRCUIT BLOCKS EPA'S REGIONAL HAZE RULES



In what has been called a 'win for Texas,' the U.S. Fifth Circuit Court has temporarily blocked the U.S. Environmental Protection Agency's (EPA) Regional Haze Plan. In a ruling issued last Friday, July 15, 2016, the court placed a stay against implementation of the EPA's air regulations, which seek to reduce haze and visibility impairment in national parks and wilderness areas.

Texas, joined by other industry petitioners, filed a lawsuit in February to challenge the EPA's federal takeover of "regional haze" air permitting programs from the states. Texas also later filed a motion with the court asking for a stay of enforcement of the federal rule pending the resolution of the legal challenge.

Texas Attorney General Ken Paxton hailed the court's decision, saying that the EPA's regional haze policy would impose up to \$2 billion in costs to the power industry without achieving any significant changes in the time period as included in the Federal Implementation Plan.

More than 20 local Texas chambers of commerce, in addition to the Texas Association of Business (TAB) and the U.S. Chamber, have expressed support of the lawsuit brought by the state of Texas fighting this EPA permitting program. "Texas is perfectly capable of cleaning up our air using our own rules and programs," remarked Stephen Minick, vice president of governmental affairs for TAB. "In fact, Texas already has developed a plan that satisfies federal requirements. We don't need the federal government imposing far more expensive regulations that will cause the cost of energy to skyrocket."

Minick added, "It's not just businesses that will suffer from skyrocketing energy costs due to this rule. We all pay electric bills and no one will be immune to these higher costs. All Texans would be hurt by this federal action."

NORTH DAKOTA SUES EPA OVER NEW METHANE RULES FOR OIL & GAS FACILITIES



The state of North Dakota is suing the U.S. Environmental Protection Agency (EPA) over its updated regulations for methane emissions at oil and gas sites. The EPA finalized its new standards aimed at limiting methane emissions by the oil and gas sector in May, as part of the Obama Administration's initiative to address climate change. Under the rule, operators must meet new requirements for detecting and repairing leaks and face new standards for limiting emissions from pneumatic pumps. Under the regulation, the EPA also set emission limits for completions of hydraulically fractured oil wells.

In mid-July, in a filing with the District of Columbia Circuit Court of Appeals, North Dakota argued that the EPA's new rule is "arbitrary, capricious, an abuse of discretion and not in accordance with law."

North Dakota is the first state to legally challenge this policy from the EPA.

HOUSE GOP INTENSIFY PROBE OVER CLIMATE CHANGE CASE

Republicans serving in the U.S. House issued a series of subpoenas on July 13th demanding that the New York and Massachusetts attorneys general turn over documents relating to their investigations of Exxon and climate change. Federal lawmakers commanded that eight environmental organizations also share information relating to this case with Congress.

"The attorneys general are pursuing a political agenda at the expense of scientists' right to free speech," said Congressman Lamar Smith (R-Texas), chair of the U.S. Science, Space, and Technology Committee. "The committee has a responsibility to protect First Amendment rights of companies, academic institutions, scientists, and nonprofit organizations. That is why the committee is obligated to ask for information from the attorneys general and others."

House Energy Subcommittee Chairman Randy Weber (R-Texas) also expressed frustration over the denial of First Amendment rights for companies by some of the nation's attorneys general, commenting: "Since when did it become a crime to express or hold an opinion? The difference of opinions is what makes our country so strong and unique. It's this freedom without censorship or restraint that helped build our country. However, this posse of attorneys general believe that those whose opinion, or scientific research, conflicts with the alleged consensus view on climate change should be the subject of investigation and prosecution by government officials - talk about a chilling effect on free speech."

Earlier this month, letters were sent to the respective officials and organizations reiterating prior requests for documents and communications to be provided to Congress pertaining to the undue investigations of Exxon and oil companies over climate change. The attorneys general and environmental groups involved previously had refused to comply with Congress' review of this matter.

U.S. HOUSE PASSES EPA, INTERIOR APPROPRIATIONS BILL

In mid-July, the U.S. House of Representatives approved House Resolution 5538, the Fiscal Year 2017 Interior and Environment Appropriations bill that allocates funding for the U.S. Department of the Interior (DOI), the U.S. Environmental Protection Agency (EPA), the Forest Service, the Indian Health Service, and various independent and related federal agencies.

In total, the bill provides \$32.1 billion in funding for the government agencies, \$64 million below the enacted level for Fiscal Year 2016 and \$1 billion below President Obama's budget request. The legislation also contains policy provisions to stop bureaucratic regulatory overreach that harms U.S. industries and hinders economic and job growth.

House Appropriations Chairman Hal Rogers said, "This is a balanced bill that invests in federal programs to help address critical current needs and to guarantee a brighter future for our nation, and I'm proud that the House approved it. It will rein in the federal bureaucracy to stop many harmful and unnecessary regulations that destroy economic opportunity and kill jobs."

The U.S. oil and gas industry has also expressed support of the passage of the Interior-EPA appropriations bill, as it would further restrict excessive regulatory action against the energy sector seen in recent times by the federal government.

Meanwhile, the Obama Administration issued a statement in opposition to the House Appropriations Bill, saying: "The bill underfunds core DOI programs as well as the EPA's operating budget, which supports nationwide protection of human health, and vital air, water and land resources. The funding levels in the bill would significantly hamper investments that reduce future costs to taxpayers by facilitating increased energy development, ensuring adequate levels of cybersecurity, and maintaining operations, facilities and infrastructure in national parks, refuges, forests, public lands, and Indian Country. These reductions would make it more difficult for States and businesses to plan and execute changes that would decrease carbon pollution and address the challenges facing the nation from climate change."

If the president were presented with H.R. 5538, his senior advisors would recommend he veto the bill.

TCEQ GRANTS AVAILABLE THROUGH THE TEXAS EMISSIONS REDUCTION PLAN

The Texas Commission of Environmental Quality (TCEQ) is now accepting applications for New Technology Implementation (NTI) Grants. Up to \$3.5 million in grants will be available under the program, which is part of the through the Texas Emissions Reduction Plan, for eligible individuals and businesses who build, own, and operate new technologies that reduce emissions from point sources or store electricity related to renewable energy.

The TCEQ notes that there are three project categories for the NTI grants:

- Advanced Clean Energy projects that involve the use of certain hydrocarbons (coal, natural gas, or petcoke), biomass, solid waste, or derived-hydrogen fuel cells, while meeting minimum emissions reductions requirements;
- New Technology projects that reduce emissions of regulated pollutants (such as criteria pollutants or hazardous air pollutants) from point sources; and
- Electricity Storage projects that store electrical energy related to renewable energy sources.

For interested applicants, the agency plans to host a grant application workshop in Austin next month to review the grant requirements and the application process. The TCEQ workshop will be held on Wednesday, August 17, at 1:30 p.m. at 12100 Park 35 Circle, Building F, Room 2210A in Austin. No reservation is required.

The deadline to apply for the emission-reduction grants will be October 18, 2016. For detailed information on how to apply, informational workshops, and grant application forms, go to www.terpgrants.org or call toll-free at 1-800-919-TERP (8377).

HOUSTON-AREA H-E-B STORES TO INSTALL NATURAL GAS 'MICROGRID' BACKUP GENERATORS

Texas-based H-E-B, one of the nation's largest grocery retailers, is preparing to install backup generators that utilize natural gas for a projected 45 stores operating in the greater Houston region.

On July 12, the company announced its plans to partner with Texas Microgrid LLC and Enchanted Rock, Ltd. (ERock) to make use of natural gas-powered microgrids that lend a sufficient amount of electrical reliability to meet the energy needs of an entire store when normal utility power is not available.

“Our H-E-B Houston area stores experience intermittent power outages,” said George Presses, vice president of fuel and energy for H-E-B. “We are in need of a reliable back up power system that will keep our stores up and running without any interruption to our partners, customers or communities due to a weather event or a general, short term grid outage.”

Thomas McAndrew, founding partner and managing director of ERock said, “We are proud to partner with H-E-B and help further its mission to serve the communities in which it operates. H-E-B is a forward thinking leader in its field and we are excited to continue building the relationship between H-E-B and Texas Microgrid/ERock.”

Situated on the Texas Gulf Coast, H-E-B said that its Houston stores in particular were highly susceptible to the detriments of a variety of weather events such as tropical storms, hurricanes, flooding, high winds and more. Due to weather risks posed to its electric needs, H-E-B was prompted to take further steps in order to ensure that its stores can remain open whenever utility service may go down.

NEW USGS ASSESSMENT REVIEWS NATURAL GAS RESERVES IN TEXAS' VAL VERDE BASIN

Texas' lesser-known Val Verde Basin could hold at least 5 trillion cubic feet of natural gas and 187 million barrels of natural gas liquids, according to a new study by the U.S. Geological Survey (USGS).

In an assessment released this month, the USGS examined technically recoverable tight-gas resources in Canyon sandstones of the state's Val Verde Basin, which is located northwest of San Antonio.

The new USGS estimate is positive news for Texas, which holds over a quarter of the nation's natural gas reserves. Approximately 15,000 wells have already been drilled in the Val Verde area.

To download a copy of this report, visit the USGS Energy Resources website online via the following link: <http://energy.usgs.gov>.



U.S. OPERATORS WILL CUT \$150 BILLION FROM BUDGETS BY 2017

Following the downturn of the oil and gas industry, U.S. producers have slashed budgets and will continue to do so to adjust to market conditions, details a new report released Thursday, July 21. Energy research firm Wood Mackenzie estimates drilling budgets will continue to be reduced over the coming year, with development in the Bakken and Eagle Ford taking an especially hard hit.

“Out of the more than \$370 billion in global capital expenditures cut by upstream developers across 2016 and 2017, \$150 billion was slashed in the U.S. Lower 48 alone — more than three times any other single country. Largely due to responsiveness and flexibility in the unconventional space, spending in the U.S. dropped 56 percent compared to a global decline of 30 percent,” said Wood Mackenzie.

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With more than 3,000 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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