



TIPRO'S PRESIDENT JUSTIN FURNACE MOVING ON; SEARCH BEGINS FOR NEW LEADER OF THE ASSOCIATION

Justin Furnace, president of the Texas Independent Producers & Royalty Owners Association (TIPRO), has announced that he will be resigning his position, effective August 12, 2012.

"Over the last couple of years, Justin's hard work has strengthened our association tremendously," commented Steve Castle, former chairman of TIPRO. "Under his direction, TIPRO has achieved

numerous accomplishments, including the association's largest increase in membership in decades. Justin was incredibly effective in his efforts to defend our state's independent producers and royalty owners, and he will be greatly missed."

Prior to becoming president of the association in May 2010, Furnace served as chief of staff and legal counsel to Victor Carrillo, former chairman of the Texas Railroad Commission. There, he was the top policy advisor to the Chairman, in charge of evaluating, assessing and implementing all legal, technical and legislative strategies. Prior to his tenure at the Railroad Commission, Furnace practiced law at the Beaumont office of Mehaffy Webber as an associate in the firm's business and litigation departments. A graduate of Hardin-Simmons University, Furnace later received his Doctorate of Jurisprudence from Texas Tech University's School of Law.

Furnace has accepted a position in Houston with Hilcorp Energy Company, where he will serve as the company's corporate manager of external affairs.

"Because of his unique leadership, we are saddened to learn of Justin's departure, but the entire Board wishes him well on his new venture," commented David Martineau, chairman of TIPRO. "This is a critical time for the oil and gas industry, and we feel confident we will find the right candidate to fill the position. In the meantime, we are very fortunate to have Rich Varela, senior vice president and a past TIPRO president, agree to serve as interim president of the association while we search for a new leader; therefore, we will not miss a beat during this transition period."

Accordingly, TIPRO is looking for a new president to lead all aspects of the association. In addition to managing all personnel and finances, the president will report directly to the Board of Directors and implement plans to accomplish the association's mission, goals, membership recruitment and fundraising. Successful candidates will have a Bachelor's degree and management experience, with solid working knowledge of the oil and natural gas business. They must possess excellent oral and written communications skills as well as good negotiation skills. An understanding of the Texas and U.S. legislative process will also be helpful to perform extensive government relation services for TIPRO's members.

Interested parties should send a copy of their resume and cover letter to rvarela@tipro.org by **September 15, 2012**. A search committee will then contact finalists for writing samples and to set up an interview.

For additional information on the association's mission, goals and objectives, please visit TIPRO's website at www.tipro.org.

WINNERS OF THE TEXAS TOP PRODUCERS AWARD FEATURED IN AUGUST *TEXAS MONTHLY!*

The Texas Independent Producers & Royalty Owners Association (TIPRO), in partnership with the publishers of *Texas Monthly* and the Best Companies Group (BCG), is proud to announce winners of the Texas Top Producers award are currently featured in the August edition of *Texas Monthly!* The magazine is currently available on newsstands.

The first of its kind, the Texas Top Producers program recognizes the greats of the Texas oil and gas industry. Award winners were categorized



by profession, including Best CEOs, Best Landmen, Best Geoscientists and Best Engineers. Overall, nearly 60 were honored, all of whom represent the best in the business.

Be sure to pick up your copy of the August *Texas Monthly* to check out the entire section, entitled "Texas Top Producers, Lone Star Leaders in the Oil and Gas Industry," beginning on page 72 of the magazine.

CHAIRMAN'S MESSAGE

TIPRO Members-

First off, I want to take a moment to express my gratitude to the Board of Directors and all of TIPRO's members for granting me the opportunity to serve as the leader of our fine association. I have been a long time member of TIPRO, serving on the Board since 2007, and am proud to have been selected as our new Chairman. I am looking forward to working with all of our association's members in the months to come, as we continue our mission of fighting to preserve the ability to explore for and produce oil and natural gas and work to promote the general welfare of our membership.

These are amazing times for TIPRO. Over the last couple of years, a significant number have joined the association, allowing for a 13 percent increase in membership size. This growth, coupled with strong levels of event sponsorship, is critical for the development of our association, and will help in our endeavors to represent the state's independent oil and gas producers and royalty owners.

Additionally, with recent advancements in technology and the discovery of new shale formations, our entire industry is also flourishing. Production continues to drastically chart upwards in regions like the Permian Basin and Eagle Ford Shale, supplying a positive impact on our state's economy, despite the unpredictable and unstable nature of the national economy.

Considering how many well-paying jobs our industry supports and the amount of taxes we pay, we need for the general public, as well as our elected officials, to appreciate how oil and gas development helps Texas and the United States.

Accordingly, the Texas oil and gas industry, in addition to TIPRO, is showcased in this month's edition of *Texas Monthly*. This publication, which reaches millions of individuals around the country, will help to further educate the public on all that our industry does and the importance of continued development of oil and gas resources. The special section, entitled "Texas Top Producers, Lone Star Leaders in the Oil and Gas Industry," is a unique opportunity to spread awareness. I thank all for their participation and support of this program during the last several months, and recommend everyone to pick up a copy of the August edition of the magazine to check out the section.

To honor the winners of this distinguished award, TIPRO will be hosting an awards banquet on the evening of Tuesday, September 11, 2012, at the Petroleum Club of Houston. The event, underwritten by PricewaterhouseCoopers, will serve as a special occasion for all of us to join together and celebrate the top professionals in the state. I hope many of you will be able to join us; additional details on the event are included on page 4 of this newsletter.

On a separate note, after recently learning of the departure of TIPRO's president, Justin Furnace, we now begin the search for the next president of our organization. The president, who is responsible for directing staff efforts in Austin, works to implement plans to accomplish the association's mission, goals, membership recruitment and fundraising, and will report directly to the Board of Directors. I encourage all of those interested in applying for the open position to email a copy of their resume and cover letter to Rich Varela at rvarela@tipro.org by September 15 for consideration. More information is also available on TIPRO's website at www.tipro.org.

Sincerely,




David F. Martineau

JOIN TIPRO'S GROUP ON LINKEDIN TO CONNECT WITH OTHER INDUSTRY PROFESSIONALS

Become a member of the Texas Independent Producers & Royalty Owners Association's group on LinkedIn to receive updates and connect with other professionals in the oil and gas industry.

Learn more about how to follow TIPRO online by visiting www.tipro.org.

Calendar of Events

AUGUST 8, 2012	AUGUST 9-11, 2012	AUGUST 22-24, 2012	SEPTEMBER 11, 2012
HOUSTON IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (713) 503-1298.	GALVESTON TIPRO s Summer Conference & Golf Tournament, Moody Gardens Resort. For info, call: (512) 477-4452.	HOUSTON Summer NAPE Expo, George R. Brown Convention Center For info, call: (817) 847-7700.	HOUSTON Texas Top Producers awards banquet, Houston Petroleum Club. For info, call: (512) 477-4452.

TIPRO CONGRATULATES ALL WINNERS OF THE FIRST ANNUAL TEXAS TOP PRODUCERS AWARD

The Texas Independent Producers & Royalty Owners Association (TIPRO) would like to congratulate all winners of the 2012 Texas Top Producers award. The first of its kind, this annual program recognizes the best professionals in the Texas oil and gas industry.

To determine award winners, the Best Companies Group (BCG), an independent polling and research company, conducted an electronic survey among professionals in the Texas oil and gas industry in the spring of 2012. Divided into four different professional categories, individuals were selected by receiving top votes from other professionals in the industry.

Best CEOs:

Winners have proved to be instrumental to the growth and success of their company, and have helped generate positive results for stockholders, investors and partners over the last 10 years. They also have significant experience managing company operations within Texas. Winners have been divided into three categories, based on their company's total production in Texas.

Large-

- Stephen Chazen
Occidental Petroleum Corp.
- James Hackett
Anadarko Petroleum Corp.
- Aubrey McClendon
Chesapeake Energy Corp.
- Mark Papa
EOG Resources, Inc.
- Scott Sheffield
Pioneer Natural Resources

Medium-

- Matthew Cabell
Seneca Resources Corp.
- William Deupree
Escondido Resources II, LLC
- Charles Goodson
PetroQuest Energy, Inc.
- George Solich
Cordillera Energy Partners III, LLC
- Raymond James Welder III
Welder Exploration & Production, Inc.

Small-

- David Arrington
Arrington Oil & Gas Operating, LLC
- Michael Scott Cone
Tri-C Resources
- John Hoffman
Black Elk Energy
- Fred G. Yates
Yates Energy Corp.

Best Landmen:

Winners are well known for their ability to negotiate contracts while at the same time demonstrating fairness, integrity and honesty in their dealings with others. They have significant experience completing large mineral acquisitions in Texas and also are active in technical organizations and professional societies.

- Carl Campbell
Alamo Resources, LLC
- Wendy Dalton
EOG Resources, Inc.
- Jim Dewbre
Southwestern Energy Co.
- David Frye
EOG Resources, Inc.
- Robert Hagens
Pioneer Natural Resources
- Mike Hinze
NFR Energy, LLC
- Craig Jobe
Ronin Ki, LLC
- Grant Johnson
Lone Star Production Co.
- Steve Mahanay
BHP Billiton
- Danny McGraw
Cinco Energy Services
- Randy Nichols
Cinco Energy Services
- Paul Nielsen
Kilburn Law Firm, PLLC
- Jim Perkins
Southwestern Energy Co.
- Bill Rex
Hunt Oil Company
- Jack Richards
Devon Energy Corp.
- Steve Wentworth
EOG Resources, Inc.

Best Engineers:

Winners have distinguished themselves as leaders in the industry's traditional engineering segments, such as reservoir, drilling, production, economic analysis and surveillance. They also have made significant contributions in designing, supervising and completing major engineering projects in Texas, which have achieved prominent technical results.

- Travis Black
Devon Energy Corp.
- Tom Blasingame
*Texas A&M
Petroleum Engineering*
- Denny Bullard
Pioneer Natural Resources
- William Cobb
William Cobb & Associates, Inc.
- Trent Foltz
Albrecht & Associates, Inc.
- Henry Galpin
Pioneer Natural Resources
- Ed Hance
Pioneer Natural Resources
- Steve Holditch
*Texas A&M
Petroleum Engineering*
- Daniel Lockwood
New Tech Global
- Michael Richardson
Jetta Operating Company, Inc.
- Neale Roberts
ConocoPhillips
- Matt Stahl
Stress Engineering Services
- Michael Tunstall
Halliburton
- Kurt Vandervort
Stress Engineering Services

Best Geoscientists:

Winners have an established reputation for their ability to map geologic strata and formations for the purpose of identifying deposits or accumulations of hydrocarbons in Texas. They also have demonstrated advanced skill in utilizing and developing technology that has led to the development of oil or gas reserves in Texas.

- Javier Adame
Exxon Mobil Corporation
- Jana Payne Beeson
BHP Billiton/Petrohawk
- Brent Boyd
Anadarko Petroleum Corp.
- Devin Dennie
Devon Energy Corp.
- William Gee
Chesapeake Energy Corp.
- Allen Gilmer
DrillingInfo
- John Kapchinske
Chesapeake Energy Corp.
- Mike McKee
Jetta Operating Company, Inc.
- Joseph Molyneux
Exxon Mobil Corporation
- Van Mount
Anadarko Petroleum Corp.
- Gordon Roberts
Jetta Operating Company, Inc.
- Gregg Robertson
First Rock, Inc.
- Adrienne Ruthven
Exxon Mobil Corporation
- Rebecca Saltzar
Exxon Mobil Corporation
- Dan Steward
Republic Energy, Inc.
- Scott Tinker
Bureau of Economic Geology



THE TEXAS INDEPENDENT PRODUCERS &
ROYALTY OWNERS ASSOCIATION
CORDIALLY INVITES YOU TO JOIN THEM
FOR AN AWARDS BANQUET
HONORING THE



TUESDAY, THE ELEVENTH OF SEPTEMBER
SIX THIRTY P.M.
THE PETROLEUM CLUB OF HOUSTON
HOUSTON, TEXAS

COCKTAIL ATTIRE

KINDLY REPLY BY THE SEVENTH OF SEPTEMBER

(512) 477-4452

2012 UNDERWRITER





**AWARDS BANQUET
 TUESDAY, THE ELEVENTH OF SEPTEMBER
 SIX THIRTY P.M.
 THE PETROLEUM CLUB OF HOUSTON
 HOUSTON, TEXAS**

WE ENCOURAGE YOU TO ALSO INVITE
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 INDIVIDUAL TICKET: \$100

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COMPANY: _____

ADDRESS: _____

CITY: _____ STATE: _____ ZIP: _____

PHONE: _____ EMAIL: _____

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- RESERVE A TABLE: # _____
- OR
- PURCHASE TICKETS: # _____

METHOD OF PAYMENT:

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 - PAY BY CREDIT CARD
- CREDIT CARD NO.: _____ EXP. DATE: _____
- CID: _____ SIGNATURE: _____

TIPRO MUST RECEIVE NOTICE OF CANCELLATION
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 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

FOR MORE INFORMATION, CALL TIPRO AT (512) 477-4452

EPA CONFIRMS WATER IN DIMOCK, PENNSYLVANIA, IS SAFE

The U.S. Environmental Protection Agency (EPA) has completed its review of drinking water wells located in Dimock, Pennsylvania, concluding area water to be safe for consumption. Between January 2012 and June 2012, the EPA collected samples of drinking water that served 64 Dimock homes, in attempt to evaluate whether residents of the small community had access to safe drinking water.

“Our goal was to provide the Dimock community with complete and reliable information about the presence of contaminants in their drinking water and to determine whether further action was warranted to protect public health,” said EPA Regional Administrator Shawn M. Garvin. “The sampling and an evaluation of the particular circumstances at each home did not indicate levels of contaminants that would give EPA reason to take further action. Throughout EPA’s work in Dimock, the agency has used the best available scientific data to provide clarity to Dimock residents and address their concerns about the safety of their drinking water.”



The EPA’s recent results match analysis previously provided by state-certified laboratories and the Pennsylvania Department of Environmental Protection (DEP). In their own investigation of the area’s water quality, state regulators already had found that data does not indicate that the well waters present an immediate health threat.

“All of us at Cabot are pleased with the Dimock water test results announced by the EPA,” commented Dan O. Dinges, President, Chairman and Chief Executive Officer of Cabot Oil & Gas Corporation, the most active drilling company in the township, in a prepared statement. “The conclusions reached by the EPA mirror those previously made by the Pennsylvania Department of Environmental Protection and Cabot. I am satisfied that concerns over water quality have been studied to the highest levels of scrutiny. I hope this will finally put this matter to rest and I personally want to thank all those members of the community who were supportive throughout this period.”

Following the results of their latest testing, the federal agency announced it has no further plans to conduct additional water sampling in Dimock.

CONSUMPTION OF NATURAL GAS TO CONTINUE TO GROW WORLD-WIDE

In a report compiled by the International Energy Agency (IEA), analysts predict consumption of natural gas will swell in the next five years. China is expected to more than double its use of the resource, while the Middle East and other Asian countries also increase their demand for natural gas. North America will also benefit from growing use, with low natural gas prices causing gas to generate as much electricity as coal in the United States by 2017.

“The Golden Age of Gas has dawned in North America, but its continued expansion worldwide depends on producing gas and bringing it to the market in a way that is friendly to investors and society as a whole,” said Maria van der Hoeven, executive director of the IEA. “As gas competes against other energy sources in all market segments, notably in the power sector, pricing conditions are a key element to keep it competitive everywhere. This medium-term report aims to facilitate investor decisions by providing a timely, in-depth analysis of the current trends and what we expect to take place over the coming five years.”

LAST CHANCE TO REGISTER FOR TIPRO’S SUMMER CONFERENCE - EVENT TWO WEEKS AWAY!

On August 9-11, 2012, members of TIPRO and other industry professionals will gather for the association’s annual Summer Conference & Golf Tournament, which will be held at the beautiful Moody Gardens Resort in Galveston, Texas. A strong line-up of speakers is scheduled to present during the Conference, including Bill Albrecht, president of Occidental Oil and Gas Corp., U.S. Congressmen Bill Flores and Pete Olson, Railroad Commissioner David Porter and more. Attendees will learn the latest updates on those issues threatening to impact the oil and gas industry in the months ahead, and will hear complete political analysis during this crucial election year.

This family-friendly event will be packed full of fun. As always, TIPRO events provide exclusive opportunities to reconnect with fellow TIPRO members as well as meet others working in the industry. There will be a reception each evening of the Conference, in addition to the Chairman’s Dinner and Party on Saturday, August 11.

For additional information, including a complete agenda and registration form, visit www.tipro.org.

See you there!

PRODUCTION IN PERMIAN BASIN CONTINUES TO RISE, SUPPORTING TEXAS AND THE U.S.

Production levels in West Texas' Permian Basin continue to chart upwards, following the development of enhanced-recovery practices and an increase in drilling of several formations located in the area.

During 2011, oil production from the Texas Permian Basin accounted for 71 percent of statewide Texas oil production, and 14 percent of the total United States oil production, according to data obtained by the Texas Railroad Commission (RRC) and the U.S. Energy Information Administration (EIA).

Last year, approximately 286 million barrels (MMBBL) of oil were produced from the region, up from the nearly 260 MMBBL which was produced two years earlier in 2009. In 2011, the rig count in the Permian Basin totaled 355, as compared to 103 operating in 2009. Currently 133,000 total wells are carried on the proration schedule in the Permian Basin, 22,000 of which are listed as active injection or disposal wells. More than 82,000 are listed as active producing wells.

Since oil production began in the Permian Basin in 1921, total cumulative oil production equates to approximately 29 billion barrels of oil and 75 trillion cubic feet of gas. However, experts predict that in the future, recoverable oil and natural gas resources in the region could surpass what has already been produced over the last 90 years.

RRC PASSES NEW REVOLVING DOOR POLICY

During an open hearing held Tuesday, July 17, 2012, the Texas Railroad Commission (RRC) passed a new Revolving Door Policy, compliant with Chapter 572 of the Texas Government Code, in efforts to reinforce procedure for former commissioners, executive directors and upper-level staff after they leave the RRC.

"For two years after a commissioner or executive director leaves the agency, he or she may not appear before the Commission or otherwise communicate with current commissioners, agency officers or employees with the intent to influence agency action on behalf of any person and in connection with any matter," reads the policy. "In order to minimize any appearance of impropriety, all former commissioners and former executive directors of the RRC must direct all communications with the agency to the Commission's open records coordinator."

According to the adopted policy, failure to comply with procedure and report all communication with former commissioner or

executive directors will be documented, and could result in disciplinary action, including termination of employment at the state agency.

Additional agency policies regarding media and elected officials are expected to be discussed during the next open hearing at the RRC.



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RRC OFFERS BRADENHEAD PRESSURE GUIDANCE TO DISTRICT OFFICES

In an attempt to provide uniformity and increase regulatory certainty, the Texas Railroad Commission has issued a guidance document to all district offices regarding the reporting and management of bradenhead pressure in Texas. The document clarifies that a minimal amount of bradenhead pressure is allowed. This pressure is called the Annular Pressure Threshold (APT), and is determined on a well-by-well basis. The APT pressure is the amount of pressure that poses no risk to the integrity of the well completion, and thus poses no risk of communication with usable quality water. Pressures above the APT must be addressed and mitigated by the operator. This procedure is being implemented as a pilot project for a period of 12 months. The Railroad Commission anticipates that Statewide Rule 17 will be opened for revision in the summer of 2013 to incorporate this guideline into the rule.

For the full text of the document, visit the following website: www.tipro.org/UserFiles/BHP_Guidance_Final_071812.pdf.

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THE TIPRO TARGET



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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