



## Texas Independent Producers and Royalty Owners Association

On Tuesday, March 29, 2016, committee members listened to testimony from leaders of the Texas Commission on Environmental Quality (TCEQ), the Public Utility Commission of Texas (PUC) and the Electric Reliability Council of Texas (ERCOT). Special focus was given to the EPA's Clean Power Plan and the Regional Haze Plan, which aims to reduce air pollution.

During the legislative hearing, Texas regulators underscored the financial burden of implementing such expansive federal regulations, with little benefit actually expected to the environment and public health.

"I'm convinced we're not getting any health benefits from lowering the ozone. Ozone is lower now than it has been in the last 30 years," said Bryan Shaw, chairman of the TCEQ. "I think we're chasing the wrong rabbit."

Meanwhile, PUC Executive Director Brian Lloyd warned the panel of lawmakers that in order to obtain the types of reductions in carbon emissions the EPA wants, some Texas plants critical to local electricity reliability would have to shut down. Ultimately, Lloyd suggested the administration's Clean Power Plan may not survive current court challenges. "We think the plan does not adequately understand how power markets work and was dangerously cavalier," Lloyd told the committee.

## LAWMAKERS WARNED FEDERAL ENVIRONMENTAL REGULATIONS COULD HURT TEXAS ECONOMY

Members of the Texas House Select Committee on Federal Environmental Regulation met the last week of March to learn how an array of regulations by the Obama Administration could affect Texas and its economy. The new legislative committee was created in November by Speaker of the House Joe Straus, and directed to take a comprehensive look at how rules from the U.S. Environmental Protection Agency (EPA) will impact jobs, energy rates and future economic development in the Lone Star State.



## EPA LAUNCHES NEW VOLUNTARY METHANE REDUCTION PROGRAM FOR OIL & GAS SECTOR

In efforts to further mitigate methane emissions by the oil and natural gas sector, the Obama Administration announced a new voluntary reduction program on Wednesday, March 30. The U.S. Environmental Protection Agency (EPA) launched the program in partnership with 41 founding companies in the oil and gas sector. The agency's new "Natural Gas STAR Methane Challenge Program" builds and expands upon the existing Natural Gas STAR Program.

"Today, we are expanding our voluntary partnerships to reduce methane emissions from the oil and gas sector through our new Methane Challenge program, which is a platform for companies to transparently report actions to reduce methane emissions and to be publicly recognized as leaders in reducing methane emissions in the United States," said EPA Administrator Gina McCarthy. "The voluntary Methane Challenge program is one important part of our overarching strategy to reduce methane emissions, and complements regulatory efforts that will help the United States meet the Obama Administration's goal of reducing methane emissions by 40 to 45 percent by 2025."

According to the EPA, the Methane Challenge Program will provide partner companies with a platform to make company-wide commitments to cut emissions from sources within their operations by implementing a suite of best management practices within five years. Transparency is a fundamental part of the program, and partner achievements will be tracked by submitting annual data directly to EPA. The Methane Challenge Program has the potential to achieve significant emissions reductions in a cost-effective way, adds the EPA, and is an important component of the Administration's methane strategy.

Learn more about the Methane Challenge Program and list of partner companies at: <https://www3.epa.gov/gasstar/methanechallenge>.

## PRESIDENT'S MESSAGE

### TIPRO Members-

In the same month we've again seen horrific terrorist attacks abroad, members of Congress are revisiting the need to strengthen America's energy security. On March 22, 2016, Texas Congressman Pete Olson, vice chair of the U.S. House Energy and Power Subcommittee, introduced House Resolution 4826, titled "the Energy and American Security Act," which acknowledges the role of U.S. energy policy in protecting our national security. The bipartisan legislation also recommends further facilitation and coordination between the Department of Energy (DOE) and the Department of Defense (DOD) to refine American capabilities to hinder Islamic State oil production and cut off a main source of revenue for their terrorist activities.

The effort, which has already earned backing by members of Congress, is well-timed. A recent poll showed that Americans are increasingly worried over U.S. national energy security. The survey, which was released this past February by The University of Texas at Austin, also indicated a majority of Americans hope for increased energy independence for the United States.

Much like leaders in Washington D.C., state officials in Texas have also advocated for additional measures to boost our country's security, including the enhanced protection of U.S. energy infrastructure, following radical terrorist attacks in Paris, Brussels and elsewhere. On several occasions, Railroad Commission Chairman David Porter has voiced concerns over the protection of critical energy infrastructure and domestic oil and natural gas facilities, especially here in the state of Texas. Texas, which produces nearly 40 percent of crude oil and 30 percent of natural gas in the United States, could be particularly vulnerable to an attack, Chairman Porter has previously warned in a letter to U.S. Secretary of Homeland Security Jeh Johnson. As recent as January of this year, Chairman Porter again repeated his concerns and urged the federal government to strengthen its commitment to protecting the American people from terrorist groups by increasing the level of security for our existing energy network.

Our association appreciates the attention and priority that has been given to this important issue by state and federal officials. Fortunately, in recent years, U.S. producers already have greatly helped to strengthen our energy security and reduce our nation's dependence on foreign oil. Thanks to America's shale revolution, domestic energy production has hit record-breaking levels. As a result of such strong gains in U.S. oil and gas development and production, every day we are one step closer to solidifying our energy independence and building a bright future for our country.

Sincerely,



Ed Longanecker



Ed Longanecker

## TEXAS LEGISLATOR CALLS FOR EMBARGO AGAINST SAUDI ARABIAN OIL

As low commodity prices continue to slow drilling activity across the Lone Star State, one Texas legislator is calling for the United States to end the stronghold of OPEC and enact an embargo against Saudi Arabian oil. In an opinion editorial published in the *San Antonio Express-News* newspaper on March 27, State Representative Lyle Larson, who serves House District 122, said, "The United States should no longer allow Saudi Arabia to hold it hostage... As a result of the Saudi-increased output in an effort to weaken the development of the Texas shale play and other highly productive shale plays throughout the nation, our energy companies have suffered, with production slowing to a crawl and job losses climbing steeply."

"Saudi Arabia took these steps with the knowledge that it would shut down U.S. oil and gas development, causing us to become reliant on its product again. After nearly a year of extremely low oil prices and 40 years of irrational, unstable behavior by the Saudis, we stand at a crossroads. It's time we take a stand and institute an embargo on Saudi Arabian oil," Representative Larson proposed.

Pursuing such an embargo would position America to bolster energy partnerships with our neighbors, Canada and Mexico, added the Texas lawmaker. It would also support ongoing efforts to assist Pemex in developing oil resources in northern Mexico where the Eagle Ford shale extends south of the United States border. Representative Larson resolved that such action would allow North America to achieve complete energy independence from OPEC.

### TIPRO Calendar of Events

APRIL 7, 2016	MAY 11, 2016	JUNE 8, 2016	JULY 13, 2016
HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.	HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.	HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.	HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.

## GOVERNOR ABBOTT ANNOUNCES MEMBERS OF NEW STATE SEISMIC ADVISORY COMMITTEE

On March 24<sup>th</sup>, Texas Governor Greg Abbott announced the appointment of nine members to the Technical Advisory Committee for the Bureau of Economic Geology (BEG) at The University of Texas at Austin (UT). Robie Vaughn, owner of Vaughn Capital Partners, LLC, has been named presiding officer and chair of the new advisory group. He is a co-founder and member of the Dallas Producers Club and member of the Dallas Petroleum Club and of the Society of International Business Fellows. Vaughn also is a member of The University of Texas System Chancellor's Council Executive Committee, Harry Ransom Center Advisory Board and the McDonald Observatory and Department of Astronomy Board of Visitors and a life member of The University of Texas at Austin Development Board, President's Associates, Texas Exes and Texas Cowboys Alumni Association. Other members of the advisory group include:

- Dan Hill, a professor and the Stephen A. Holditch Department Head Chair of the Harold Vance Department of Petroleum Engineering at Texas A&M University.
- Chris Hillman, city manager for the City of Irving.
- Dana Jurick, manager of Seismic Analysis for the Geoscience and Reservoir Engineering Organization at ConocoPhillips Company.
- Hal Macartney, geoscience manager of sustainable development for Pioneer Natural Resources.
- Kris Nygaard, senior stimulation consultant for ExxonMobil Upstream Research Company.
- Craig Pearson, state seismologist for the Railroad Commission of Texas.
- Brian Stump, a professor and the Albritton Chair of Geological Sciences at Southern Methodist University.
- Scott Tinker, state geologist of Texas, director of the BEG, acting associate dean of research and Edwin Allday Endowed chair of subsurface geology and professor at UT's Jackson School of Geosciences. Additionally, Tinker is current president of the American Geosciences Institute, representing over 250,000 geoscientists worldwide.

The advisory committee was created in 2015 by the Texas Legislature, under House Bill 2, to provide guidance to the BEG on the use of funding for the state's TexNet Seismic Monitoring Program. With up to \$4.47 million allocated in funding for the new initiative, TexNet will enhance the ability of the state of Texas to gather information and analyze data on subsurface seismic activity.

Members of the new technical advisory committee have also been tasked by the governor with facilitating collaborative research relationships between BEG and other universities in Texas, and advising on the preparation of a status report for the governor and state legislature.

Terms for this committee will expire at the pleasure of the governor.

## USGS FORECASTS RISK OF HUMAN-INDUCED SEISMIC ACTIVITY

Could Oklahoma be as prone to earthquake activity as the state of California? The U.S. Geological Survey (USGS) suggests that could now be the case in a new report released on Monday, March 28, 2016.

According to the USGS, the central region of the United States has undergone the most dramatic increase in seismicity over the past six years. "From 1973 to 2008, there was an average of 24 earthquakes of magnitude 3.0 and larger per year. From 2009 to 2015, the rate steadily increased, averaging 318 per year and peaking in 2015 with 1,010 earthquakes. Through mid-March in 2016, there have been 226 earthquakes of magnitude 3.0 and larger in the central U.S. region. To date, the largest earthquake located near several active injection wells was a magnitude 5.6 in 2011 near Prague, Oklahoma."

For the first time, the federal agency also has published government maps showing potential ground-shaking hazards from not only natural earthquakes but also human-induced seismic events. In the past, USGS maps solely identified risk of natural earthquake hazards in analysis and forecasts.

"By including human-induced events, our assessment of earthquake hazards has significantly increased in parts of the U.S.," Mark Petersen, chief of the USGS National Seismic Hazard Mapping Project, said in a statement. "This research also shows that much more of the nation faces a significant chance of having damaging earthquakes over the next year, whether natural or human-induced."

Six states were cited in the new USGS report as holding the largest risk of experiencing induced earthquakes over the coming year. The states listed in order from highest to lowest potential hazard include: Oklahoma, Kansas, Texas, Colorado, New Mexico and Arkansas. Oklahoma and Texas have the largest populations that could be exposed to induced earthquakes, noted the USGS.

"We are using the best available data and principles to determine when, where and how strong the ground could shake from induced earthquakes," said Petersen. "Of course there is a level of uncertainty associated with this and all hazard maps, as we are still learning about their behavior and can only forecast with probability—instead of predict with certainty—where earthquakes are likely to occur in the future. Testing these maps after a year will be important in validating and improving the models."

Though some have tried to link wastewater disposal by the oil and gas industry as a potential cause of induced seismicity, current research confirms that most injection wells are not associated with earthquake activity. In fact, according to Energy In Depth, approximately 99.45 percent of disposal wells operate without seismicity.

The USGS suggests that their latest seismic outlook could be used by government officials to make more informed decisions in the future, as well as emergency response personnel working to assess vulnerability and provide safety information to those who are in potential danger. Engineers also could utilize the data when evaluating earthquake safety of buildings, bridges, pipelines and other important structures.

## LEGAL BATTLE CONTINUES OVER U.S. HYDRAULIC FRACTURING RULES

After a U.S. District Judge granted a preliminary injunction against federal hydraulic fracturing regulations last fall, the U.S. Bureau of Land Management (BLM) now is pushing to have the decision overturned. Lawyers representing the federal agency are trying to convince the 10<sup>th</sup> Circuit Court of Appeals in Denver to allow the BLM to impose more rules on oil and gas drillers.

Six months ago, U.S. District Judge Scott Skavdahl found that the BLM took regulatory action beyond its expressed authoritative scope as granted by Congress when it implemented new standards for hydraulic fracturing on federal and tribal lands. The judge also resolved that when preparing the rules, the BLM had failed to demonstrate hydraulic fracturing presents harm to the environment for which further regulation was necessary by the federal government. Consequently, as the courts consider the legal challenges to the set of federal regulations, Judge Skavdahl issued an order on September 30, 2015, that prevented the BLM hydraulic fracturing rule from going into effect while any related litigation was still pending.

The Obama Administration, however, counters Judge Skavdahl's ruling. "Because Congress has never excluded hydraulic fracturing from BLM expressly delegated authority, the district court erred," BLM lawyers argued in their opening brief filed with the court of appeals on Monday, March 21, 2016. "Substantial scientific and technical evidence in the record supports BLM's expert conclusion that today's greatly expanded hydraulic-fracturing operations pose a risk to groundwater, especially if well casings are inadequately designed or constructed."

Still, the state of Colorado, North Dakota, Utah, and Wyoming, along with the Independent Petroleum Association of America (IPAA) and Western Energy Alliance, continue to fight the federal regulations in court, reasoning that states have a proven record of protecting the environment and safeguarding the public, and have adopted updated policies years before the president's administration even started to consider modifying federal regulations for hydraulic fracturing. The group also maintains that the new federal rule is simply another layer of regulatory overreach, and attempts to enforce complex, unnecessary regulations on the oil and gas industry.

## SUPREME COURT TAKES UP CASE TIED TO FEDERAL OVERREACH

This week, judges serving on the nation's highest court will review the case of *United States Army Corps of Engineers v. Hawkes Co.* Through the case, the Supreme Court will consider whether the U.S. Army Corps of Engineers' determination that property held by Hawkes, a peat-mining enterprise, contained streams and wetlands that were justified for protection under the Clean Water Act.

Though the case has received little coverage in the papers, depending on the judicial ruling and outcome of this case, there could be repercussions to a wide-array of U.S. industries, including the energy sector, mining, manufacturing, electricity, water utilities, road construction and maintenance, real estate, and agriculture, for instance.

Some background on the case: In 2010, Hawkes applied for a permit from the Corps seeking to mine peat on a wetland property located in Minnesota. The Corps issued a letter back to the company a year later with a "preliminary determination" finding that the property contained jurisdictional or protected water sources. Although the nearest traditional navigable water, the Red River of the North, was 120 miles away from the property site, in the government's preliminary determination, the Corps asserted that the wetlands in question were connected to that river by culverts, unnamed streams, and another river. In 2012, after a series of additional meetings and site visits, the Corps issued an "Approved Jurisdictional Determination" (JD) -- a document stating whether waters of the United States are absent or present on a particular parcel. Through its JD, the Corps affirmed its initial finding that the property under review contained waters of the United States. Hawkes later sued the Corps in 2013, alleging that the JD was arbitrary and capricious in violation of the Administrative Procedure Act (APA). A district court dismissed the suit, but the Eighth Circuit Court reversed the decision.

In its suit, Hawkes is also seeking a court ruling as to whether a JD is to be considered a "final agency action" subject to judicial review. The federal government says that JDs are a courtesy, not even mentioned in the Clean Water Act, and should not be subject to judicial review, especially since the Corps issues tens of thousands of permits each year - enough to clog the courts if all applicants wished to seek reviews. The agency contends that if every informal agency action were to be judicially reviewable, there could be undue burden placed against agency decision-making. Nevertheless, a ruling by the Supreme Court in favor of the Corps would inflict serious harm on businesses and landowners. The Chamber of Commerce of the United States of America said in an amicus brief filed on the case that "many industries regularly confront issues concerning the scope of the Clean Water Act and would be adversely affected if they were unable to challenge a jurisdictional determination by the Army Corp of Engineers. Without the timely ability to seek judicial review under the APA, the Chamber's members will be blocked from conducting routine activities on their property until they endure an expensive, vague, and time-consuming regulatory process. These burdens will cause substantial harm to the Chamber's members; indeed, in many instances, the cost of compliance or the risk of exorbitant penalties will force them to abandon valuable projects and activities altogether."



## RRC QUESTIONS REASONING BEHIND DRILLING BAN BY U.S. ARMY CORPS OF ENGINEERS

In mid-March, the U.S. Army Corps of Engineers (USACE) enacted a ban against all drilling, hydrofracturing and extraction activity near Joe Pool Lake in Grand Prairie, Texas. Officials from the Corps announced on March 15<sup>th</sup> that, “USACE has adopted a 4,000-foot exclusion zone at Joe Pool Dam. Within that zone no drilling will be allowed, regardless of depth. USACE is also working to protect the project from the effects of induced seismicity by limiting injection wells within five miles of Joe Pool Dam.” The measures went into effect immediately.

The decision to limit oil and gas exploration and other mineral extraction activities near Joe Pool Lake followed the completion of a USACE study that had evaluated the impacts associated with the development of the gas-rich Barnett Shale formation, which underlies Joe Pool Dam. The study, prepared by engineering consulting firm DLZ National, Inc., utilized both published data and site specific information obtained from drilling companies to assess possible impacts that drilling, hydraulic fracturing, injection and extraction could have on the structural integrity of the project. The study also evaluated the adequacy of the existing 3,000-foot exclusion zone, the corps reports, which was adopted more than 20 years ago.

State regulators in Texas have since questioned the need for tougher drilling restrictions by the USACE. In a letter to the USACE, Texas Railroad Commission Executive Director Kimberly Corley called out the federal agency for failing to engage in a formal rule-making process and for expanding its no-drilling zone without first consulting the commission or other appropriate state agencies. “We would like to understand how USACE made these decisions and how it intends to implement its actions,” Corley wrote.

The Railroad Commission holds primary authority to oversee oil and gas development in Texas, including drilling operations and hydraulic fracturing activities, and has effectively regulated the state’s oil and natural gas industry for almost 100 years. “In discharging its responsibilities, the Railroad Commission’s highest priority is protection of public safety and our natural resources,” emphasized Corley to the USACE.

Some have insinuated the regulatory dispute could ultimately land in court. When it comes to defending enforcement of the drilling ban, a spokesman for the USACE said, “If we had to resort to a court of law, that is what we would do.”

## RRC SEISMOLOGIST CRAIG PEARSON TO LEAD COMMISSION’S MIDLAND OFFICE

As of April 1, 2016, current Railroad Commission Seismologist Dr. Craig Pearson will take the helm as the new district director for the commission’s Midland office. Pearson has been with the agency for the past two years serving as a seismologist for the state.

## OIL AND GAS PRICE DROP HAS THE ‘TEXAS MIRACLE’ ON ICE, CAUTIONS TTARA

Research from the Texas Taxpayers and Research Association (TTARA) is shedding light on how the downturn in Texas’ oil and gas industry is impacting Texas’ entire economy. A new report from the Austin-based association, titled “*Miracle on Ice? What Low Oil Prices Mean for Texas*,” looks closely at how a curtailment of activity in the oil and gas patch is hurting the state economy. “The ‘Texas Miracle,’ as our state’s nation-leading economic engine has been dubbed, is currently on ice,” said TTARA President Dale Craymer, author of the report. “Much of Texas’ growth has been fueled by oil and gas, and the recent price drop has taken its toll... Although the state continues to add jobs, for the first time in 12 years our job engine has been lagging the rest of the nation.”

Key findings from the new TTARA report include:

- The loss of over 600 rigs equates to a drop in Texas investment of more than \$40 billion;
- Texas itself is part of the reason for the oversupply of oil on the market and the corresponding price drop;
- Unlike many previous “busts,” Texas state finances remain sound today for several reasons;
- While Texas should still add another 1 percent to its jobs tally in 2016, job creation this year will be less than what the state is used to; and
- While lower oil and gas prices have and will continue to hurt the industry and related sectors, Texas also has a large energy-consuming economy that benefits from low energy prices.

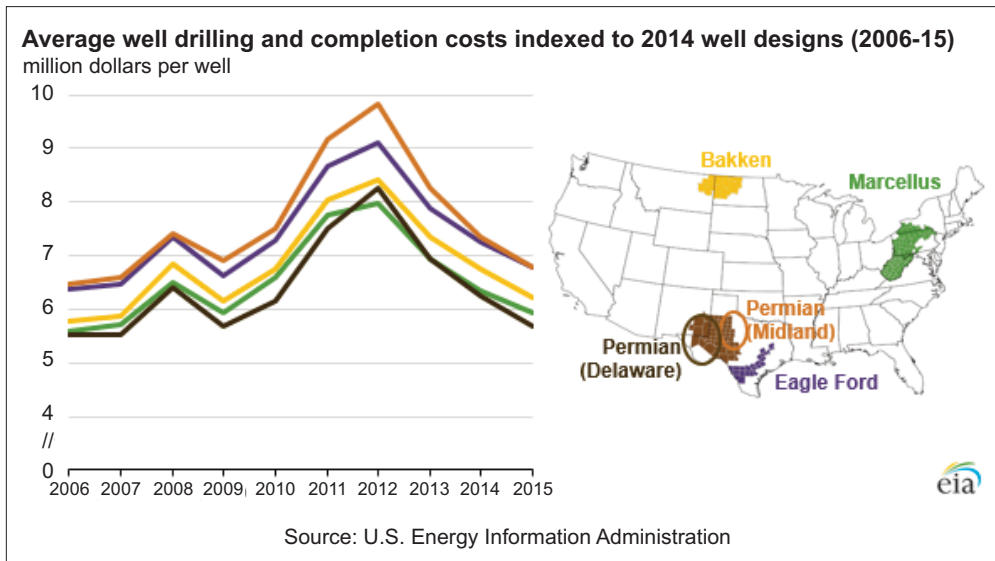
The research report concludes, “While the nation as a whole may benefit from lower prices, it is a body blow to Texas, a state which produces over a third of the nation’s oil. Oil and gas are five times more important to the Texas economy than they are to the nation as a whole.” To download the complete TTARA report, visit <http://www.ttara.org/files/document/file-56f2da91b3234.pdf>.

## TEXAS LT. GOV. RECEIVES NATIONAL AWARD FOR ENERGY & ENVIRONMENTAL STEWARDSHIP

Texas Lieutenant Governor Dan Patrick was recently honored for his leadership in energy and environmental stewardship. During the National Lieutenant Governors Association (NLGA) meeting last week in Washington D.C., in partnership with General Electric (GE), Lieutenant Governor Patrick was recognized for playing a key role with energy and environmental stewardship in the Lone Star State, enhancing the lives of constituents and positively impacting every aspect of American life. “It is an honor to receive this nationally recognized award from the NLGA and GE,” commented Patrick. “Texas has a lot to offer that can potentially change how the entire country uses fuel. We have an abundant amount of natural gas that is cheap, clean and will create jobs. The Texas Senate has lead by example by continuing to push to convert government vehicles to natural gas, through attrition, over the next decade. This will save taxpayers millions, strengthen the natural gas market and improve air quality in Texas.”

## EIA: WELL COSTS DROP 30 PERCENT OVER THE LAST THREE YEARS

A new report released in March by the U.S. Energy Information Administration (EIA) shows that the costs of upstream drilling activities have fallen by as much as 30 percent since 2012. The analysis, prepared by IHS Global Inc. (IHS), reviewed costs on a per-well basis in unconventional formations including the Eagle Ford Shale, Bakken, Marcellus, and the Midland and Delaware plays within the Permian Basin. “Since 2012, costs per well have decreased because of reduced overall drilling activity and improved drilling efficiency and tools. Changes in costs and well parameters, such as the need to drill deeper or longer lateral wells, have affected the onshore oil plays differently in 2015, with recent per-well costs ranging from 7 percent to 22 percent below 2014 levels,” said the report.



Changes in technology have helped to improve the profitability of oil and gas development, supporting higher productivity per well and lowering costs, noted the report. Improved well designs have also reduced drilling and completion times, decreased total well costs, and increased well performance.

In Texas, the average cost of a well in the Eagle Ford dropped from \$7.6 million in 2014 to \$6.5 million in 2015 while Midland Basin wells costs slid down to an estimated \$7.2 million in 2015. Data showed that Delaware Basin wells cost fell to \$5.2 million in 2015, down from \$6.6 million in 2014.

## NEW WELLS ACCOUNTED FOR NEARLY HALF OF LOWER 48 TOTAL OIL PRODUCTION IN 2015

Wells drilled in the last two years made up 48 percent of total U.S. crude oil production last year, up from 22 percent in 2007, according to the U.S. Energy Information Administration (EIA). The federal data agency reported on Tuesday, March 22, that almost half of the crude oil pumped in the Lower 48 states came from wells drilled after the start of 2014, a trend stemming from the increase in development of shale formations.

“Production from new wells has grown as advances in horizontal drilling and completion techniques led to growth in oil production from low-permeability tight reservoirs... Horizontal wells drilled into tight formations tend to have very high initial production rates, but they also have steep initial decline rates. With steep decline rates, constant drilling and development of new wells is necessary to maintain or increase production levels,” explained the EIA.

## TEXAS PRODUCES 1.014 BILLION BARRELS OF CRUDE OIL IN LAST 12 MONTHS

As the top producing state in the nation, Texas produced more than 1.014 billion barrels of crude oil in the last 12 months, according to new statistics released by the Railroad Commission of Texas (RRC). “This is a remarkable accomplishment for our industry,” commented Ed Longanecker, president of TIPRO.

Production rates have continued to steadily rise, with large jumps in output sourced by the Eagle Ford Shale and Permian Basin. Collectively, Texas preliminary January 2016 crude oil production averaged 2,453,651 barrels daily, estimates the RRC, compared to the 2,224,170 barrels daily average of January 2015. The state’s top oil producing counties are listed below.

RANK:	COUNTY:	CRUDE OIL (BBLS):
1.	KARNES	6,268,292
2.	LA SALLE	4,692,548
3.	MIDLAND	4,302,305
4.	DEWITT	4,006,611
5.	MARTIN	3,300,722
6.	UPTON	3,240,671
7.	GONZALES	3,128,463
8.	MCMULLEN	3,088,081
9.	REEVES	2,950,553
10.	ANDREWS	2,930,913

# “INDUSTRY RECOVERY, ASSET ACQUISITION, AND SAVINGS ON ENERGY EXPENSES”

## AN UPDATE FROM THE TIPRO POWER COALITION

Did you know energy rates are at an all-time low? At a time of industry recovery, operational efficiencies are a must—and every penny counts. With the shift in oil production, many companies are finding ways to cut back on expenses, and learning how to manage new assets. With this, comes dealing with deregulated markets for the first time. Natural gas prices are at an all-time low, and you have the opportunity to capitalize on the market and save money. As a member of TIPRO, you have direct access to TIPRO’s Power Coalition.

The TIPRO Power Coalition was created five years ago in 2011, enabling the association to provide commercial and residential electric power to members at substantial savings. By aggregating power consumption needs, this coalition offers reduced electric rates for lease and facility operations as well as residential supplies for employees, contractors and associates of members.

Electricity is one of the highest expenses within a business operation. To shop energy rates through TIPRO’s Power Coalition, you will receive a savings analysis and rate comparison on your fixed rate. You will also be provided an estimate of Transmission and Distribution charges, based on the prior year of usage. **There is no additional cost to perform a savings-analysis. Existing members are saving thousands upon thousands of dollars, given current market conditions.** Also, members are in no way contractually-bound to an agreement unless they choose to move forward with an electricity contract through a specific provider.



Services include:

- Invoice Reviews
- Meter Adds and Drops
- Extended Customer Service Support
- Billing Disputes
- Expiration Notices

*“Throughout my career, TIPRO has always provided me with a multitude of valuable tools and resources. Recently, our company experienced substantial savings on our electric rates through the TIPRO Power Coalition. The organization also continues to be the most effective and respected state advocacy group representing independent oil and gas producers in the state of Texas.”*

*-Walter G. “Tad” Mayfield*

*President of Goldston Oil Corp. and Former Chairman of TIPRO*

**What is a Deregulated Energy Market?** When you have the ability to shop energy rates, and compare between providers -- also known as a “competitive” market.

**What is a Letter of Authorization?** This is on the first page of the Easy Forms. You are authorizing the TIPRO Power Coalition to pull your usage and shop rates in the market place.

**What is a Letter of Exclusivity?** Located on the backside under Representation Agreement on the attached Easy Forms, this states you are agreeing to have a broker represent you while shopping for your electricity rates. You cannot have more than one broker at one time. Note, you do not have to sign this if you are not comfortable, rates can still be shopped through the TIPRO Power Coalition.

Participating in TIPRO’s Power Coalition provides you with buying power and gives you leverage on current market conditions, while indirectly contributing back to TIPRO. This takes away the “middle-man” and puts dollars back in your pocket, as well as your industry.

*“The personal attention I get by being part of the TIPRO Power Coalition has saved us time and money. Having this program as a resource is a great benefit for those who don't have a full-time energy manager.”*

*--Lloyd Armstrong, vice president of Milagro Exploration*

Is your production located in a deregulated market? If you are, or would be interested in learning more about the association’s Power Coalition program, please contact:

Jessica Dusek

NRG Simply Smart

Phone: (512) 676-0928

Email: [Jessica.dusek@nrgsimplysmart.com](mailto:Jessica.dusek@nrgsimplysmart.com)



# THE CHALLENGE OF CHANGE 2016 Convention

June 29-July 1

The Renaissance  
Worthington Hotel  
Ft. Worth

**Network with the citizens who own Texas' natural resources.**

*The National Association of Royalty Owners is the only national organization representing solely and without compromise, oil and gas royalty owners' interests.*

**The NARO TX annual convention provides an excellent opportunity for companies like yours to present information about your products and services directly to your target market on a person-to-person basis. The relaxed and informal atmosphere encourages a positive exchange of information along with an opportunity to answer questions related to individual situations.**

For more event information and to view/print the sponsor exhibitor package for this event visit [www.naro-us.org/texas](http://www.naro-us.org/texas) or contact Cynthia Simonds **800-558-0557**



**Texas Independent  
Producers &  
Royalty Owners  
Association**

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.

919 Congress Avenue, Suite 1000  
Austin, Texas 78701  
Phone: (512) 477-4452  
Fax: (512) 476-8070  
[www.tipro.org](http://www.tipro.org)