



**Independent  
Producers and  
Royalty Owners  
Association**

## NEW CERTIFICATION REQUIREMENTS COMING FOR GEOSCIENTISTS?

Geoscientists working in Texas could be required to meet more certification standards, if newly proposed rules are passed by the Texas Board of Professional Geoscientists (TBPG). Current statute provides that geoscientific work performed exclusively in exploring for and developing oil, gas, or other energy resources does not require a license if the work is done for the benefit of private industry.

An Oil and Gas Advisory Workgroup was established by TBPG in November 2009 to address issues that individuals and companies in the oil and gas community face in daily business interactions.

The Workgroup is composed of TBPG Board members and several professional geoscientists affiliated with related professional associations. Recently the Workgroup petitioned for new rules that would provide more restrictions on qualified exemptions for licensure. Specifically some of the geoscientific work that will no longer be exempt includes:

- Geoscientific work and reports in support of determination of CO<sub>2</sub> emission reduction credits, including CO<sub>2</sub> sequestration credits;
- Geoscientific work and reports in support of plans for mineral exploration when the plans of exploration are to be used, or are likely to be used, to seek financing from the public;
- Geoscientific work and reports in support of an oil and gas prospectus, or private placement memoranda, used to seek funding of an oil or gas exploration or development project;
- Geoscientific work and reports in support of reserve estimates where those reserve estimates are intended to be used for financial purposes;
- Geoscientific work, including reports and plans, for shale fracturing, including geoscientific work for the monitoring of shale fracturing; and
- Geoscientific work and reports in support of predictions of pore pressure.

If passed, the new requirements could possibly limit prospecting opportunities marketed to the public and restrict wildcatting.

The proposed rules have already been posted for publication in the Texas Register, open for a 30 day public comment period. The deadline for all comments regarding the proposed rules is October 31, 2011.

## CALL TO ACTION:

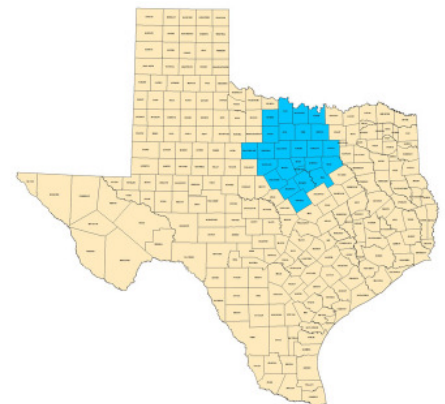
TIPRO members are encouraged to send comments on the matter to Teddy Carter at [tcarter@tipro.org](mailto:tcarter@tipro.org). TIPRO will compile all input and submit formal comments to the Texas Board of Professional Geoscientists before the October 31<sup>st</sup> deadline.

## REPORT REVEALS IMPACT OF BARNETT SHALE: \$65.4 BILLION, 100,000 JOBS

A new independent economic study, commissioned by the Fort Worth Chamber of Commerce, exposes the tremendous impact of industry activity in the Barnett Shale and the positive economic effects on local and state economies. Prepared by the Perryman Group of Waco, "A Decade of Drilling" report reveals that the drilling boom has pumped \$65.4 billion into North Texas cities, and supported more than 100,000 jobs, directly and indirectly, during the last 10 years.

"Approximately 38.5 percent of the incremental growth in the economy of the region over the past decade has been the result of Barnett Shale activity. Moreover, the overall economic contribution of this phenomenon now constitutes about 8.5 percent of the local business complex," said the report.

Wage and salary employment in the region is also about 8.7 percent higher than it would be without the Barnett Shale.



*Story continued on page 4...*

## CHAIRMAN'S MESSAGE

TIPRO Members -

Threats of another economic recession, or "double-dip recession," continue to instill fear in the minds of American consumers and businessmen. With Europe caught in a debt crisis and looming potential for a global emergency, the nation's mood continues to decline when it comes to the state of the economy. Each week, investors keep reducing estimates of financial growth and scaling-back on predictions of market expansion. Just this past Tuesday, Federal Reserve Chairman Ben Bernanke warned members of the U.S. Congress that 9 percent unemployment and slow economic growth is not good, and more must be done to ensure our recovery continues in the months ahead and does not falter.

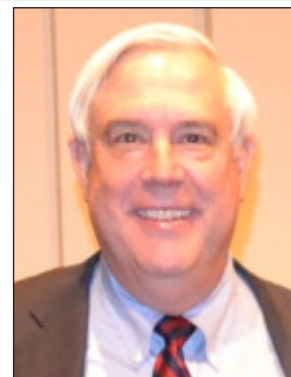
While the financial wellbeing of global markets might be out of our control, domestically the solution is simple. If our federal government would recognize the potential of the oil and gas industry to bolster our national economy, Americans would feel a lot more confident and a lot less doubtful. As exemplified at a job fair in South Texas earlier this week, oil and gas operations in the Eagle Ford Shale are giving Texans new hope with an abundance of job vacancies that need to be filled. Up to 1,000 job opportunities were available, with more openings to be filled at future job fairs in the region.

This scene plays out across the country in communities that host oil and natural gas drilling. Not just in Texas, but also in Northeastern states home to the Bakken and Utica Shales, among many others.

According to an IHS Global Insight study, in 2010, independent oil and gas producers operating onshore accounted for nearly 400,000 direct jobs. They also generated \$263 billion in gross economic output and \$69.2 billion in federal and state revenue and royalty payments.

Studies like this reveal the potential for the oil and gas industry to support our economy, giving jobs and revenue when it is needed most. Without the right policies in place and legislation that encourages exploration and production, the number of job opportunities available will dwindle, government revenue will decline and energy production will plummet.

In critical times like these, we must make continued efforts to educate our fellow Americans and elected officials on the important role energy plays in supporting our economy. By doing so, we will help to ensure a positive future for our industry and our nation. As always this is what we do, and it is what TIPRO does on a daily basis. The association exists to preserve the ability to explore and produce oil and natural gas and to promote the general welfare of its members.



**Stephen N. Castle**

Sincerely,

## ACTIVE ON LINKEDIN? BECOME A PART OF TIPRO'S GROUP!

For those on LinkedIn, make sure to search for the "Texas Independent Producers & Royalty Owners Association" group. Then, click to join to be able to become part of the conversation on oil and gas, receive timely updates and connect with others in the industry. To view, go to: <http://www.linkedin.com/groups?mostPopular=&gid=2871231>.



Also follow TIPRO on twitter (@T\_I\_P\_R\_O). Connect by going to [http://twitter.com/T\\_I\\_P\\_R\\_O](http://twitter.com/T_I_P_R_O).

## Calendar of Events

OCTOBER 12, 2011	OCTOBER 19, 2011	OCTOBER 20-21, 2011	NOVEMBER 9, 2011
HOUSTON IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (713) 503-1298.	SAN ANTONIO TIPRO S 4 <sup>th</sup> Annual Central Texas Business Development Reception, 5:30 p.m. San Antonio Petroleum Club. For info, call: (512) 477-4452.	OZONA 3 <sup>rd</sup> Bi-Annual SouthWest Texas Oil & Gas Trade Show, Crockett County Fair Park Convention Center. For info, call: (325) 392-3737.	HOUSTON IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (713) 503-1298.

## TIPRO TESTIFIES AT EPA PUBLIC HEARING ON ADDITIONAL AIR REGULATIONS

Industry representatives and environmentalists gathered Thursday, September 29, at a hearing held by the U.S. Environmental Protection Agency (EPA) to present testimony on proposed rules which would limit air emissions at oil and gas wells. The regulations for the oil and gas industry, which aim to change standards for air emissions, could have a dramatic effect on drilling for natural gas in Texas and across the country. Companies could be forced to spend millions of dollars to come into compliance, despite the fact that current air toxic standards are deemed acceptable by the agency.

“Regulation should be based on actual facts and evidence, not theories or projections,” said Carter. “If current evidence shows that risk from oil and gas is acceptable, then no additional regulation should be required until the next review period. Regulation for regulation’s sake is a dangerous path that can potentially cause greater harm than good; TIPRO urges the EPA to not present solutions to problems that do not currently exist.”

Although the comment period for the matter lasts until October 31, 2011, TIPRO and others are working hard to persuade the EPA to extend the timeline so that all stakeholders have ample opportunity to properly review and comment on this significant rule package and make appropriate plans for implementation.

## TCEQ TO HOLD AIR PERMITTING SEMINAR AND OIL AND GAS FACILITIES WORKSHOP

Later this month, the Texas Commission on Environmental Quality (TCEQ) will host an Advanced Air Permitting Seminar, and a Oil and Gas Facilities Workshop. Held October 26-27 in Austin, Texas, the two-day event is designed for engineers, environmental staff or managers of permitted facilities, consultants, and owners of business or industrial facilities operating in Texas. The Advanced Air Permitting Seminar will provide updates on air permitting rules, requirements, and issues for a variety of industries, while the Oil and Gas Facilities Workshop will focus on air permitting issues as they relate specifically to oil and gas facilities.

For more details or to register, visit: <http://www.tceq.texas.gov/p2/events/AdvancedAirPermitting>.

## WATCH FOR THE NEXT EDITION OF *UPSTREAM TEXAS*

The Fall/Winter edition of TIPRO's magazine *Upstream Texas* will soon be available. In this latest issue, read about how, through booms and busts, family-owned businesses have survived and prospered. Many of TIPRO's members continue to lead family operations, stepping in to take over where their fathers and grandfathers left off. Read the fascinating stories of the Boswell, Hurd and Brown families and find out details of how these families have continued to manage their businesses generation after generation. Moreover, discover how natural gas is revolutionizing the energy mix, providing vast opportunities to transform the energy landscape and support demand world-wide.

Within the magazine, also find profiles of U.S. Representative Bill Flores, member of the House Committee Natural Resources, Texas General Land Commissioner Jerry Patterson and William “Bill” Albrecht, president of Occidental Oil and Gas Corporation.

Look for your copy of the magazine to arrive in the mail this month!



## PLAN TO ATTEND TIPRO'S BUSINESS DEVELOPMENT RECEPTION IN SAN ANTONIO



Join us for TIPRO's 4<sup>th</sup> Annual Central Texas Business Development Reception on October 19 from 5 to 7 p.m. at the San Antonio Petroleum Club in San Antonio, Texas. Listen as a panel of experts discuss CNG/NGV Fleet management, providing input from producer, consumer and implementation viewpoints. Also learn more on how natural gas will continue to grow in use as a transportation fuel. Three natural gas vehicles will also be on display at the event. Reception to follow.

Speakers:

Frank Chapel - Apache Corporation  
Rick Poorman - J-W Power Company  
Jean Durdin - Parkway Chevrolet

This event is free for all TIPRO members.

Special thanks to event sponsors Blue Rock Energy Capital, Western National Bank, DrillingInfo, EnCap Investments L.P., Orion Drilling Company, CIMA Energy Ltd, Graves and Co., and Environmental Management Service. Thanks also to the host committee, J-W Measurement Company and Bruington Engineering, Ltd.

Register now! A registration form for the event can be found on page 5 of this newsletter.

## DEVELOPMENT OF SHALE GAS WILL BE “A GAME-CHANGER” FOR THE U.S.

The potential for the United States to develop unconventional gas reservoirs and dramatically improve energy security is "real," according to panelists of the Shale Gas Subcommittee (SGS), who presented during an October 4 hearing held by U.S. Senate Committee on Energy and Natural Resources.

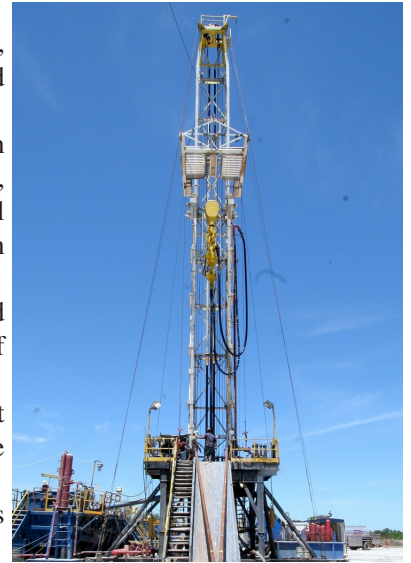
The SGS, which was formed earlier this year by U.S. Secretary of Energy Steven Chu, previously presented a list of 20 recommendations in August to improve the safety and environmental performance of shale gas production.

All together, panelists emphasized the need for state regulation of oil and gas activity rather than federal. "States are much closer to the community than the federal government," said Daniel Yergin, subcommittee chairman and chairman of IHS Cambridge Energy Research Associates. "Regional geology means drilling regulations, fracturing regulations, and best practices are different in Pennsylvania than in Texas."

Steven Holditch, chairman of the Texas A&M University Petroleum Engineering Department and subcommittee member, added, "Historic oil-producing states all believe they do a good job of regulating oil and gas - I see no reason to challenge that."

In response to the testimony provided by the Subcommittee, Sen. John Hoeven stressed that regulation should be done "in a way that empowers the state and empowers the industry to move forward."

The SGS will issue another report November 18 that is expected to detail progress made since its original report released in August.



## RRC HOLDS HEARING ON PROPOSED FRACING DISCLOSURE RULES

Railroad Commissioners and staff received mostly praise for their development of rules that will require disclosure of fluids used during the hydraulic fracturing process, at a public hearing held Wednesday, October 5. Receiving input from academia, industry and the environmental community, the open meeting lasted little more than an hour. TIPRO's Teddy Carter was in attendance, speaking on behalf of the association.

"TIPRO and its member companies know that hydraulic fracturing is safe, and requiring disclosure of the chemicals used in the process is a great way to provide increased transparency to Texas citizens," said Carter. "We are truly hopeful that this will generate a new level of comfort for the public with regard to oil and natural gas production in Texas and serve to dispel many of the misconceptions that currently exist."

Rice Chemistry Professor Dr. Andrew Barron also pointed out how required disclosure will help to de-mystify much of the process and the chemical ingredients associated with fracing. With the implementation of the new rules, the public will receive more disclosure and protection than what the Food and Drug Administration (FDA) and U.S. Department of Agriculture (USDA) requires for the food and beverages that we consume each day. "Once you understand what is being used in a frac job is similar to what you're consuming every day, it becomes less of a mystery," Barron said.

Written comments on the proposed rules will be accepted until October 11. With the help of TIPRO's Environmental Task Force, TIPRO is preparing to file formal written comments next week.

The Commission is expected to have rules finalized by the end of this year.

## BARNETT SHALE IMPACT STUDY, CONTINUED FROM PAGE 1

Local tax revenue from drilling was also detailed in the study. The group estimates that in 2011 alone, counties, cities, and school districts in the region will receive nearly \$730.6 million in additional fiscal revenues due to the Barnett Shale and related activity. The State will also likely receive another \$911.8 million, for a total gain in local and State taxes of approximately \$1.6 billion.

"We commissioned the study to see how or if the economic downturn had impacted past projections about the industry," said Bill Thornton, president and CEO of the Chamber. "What we found was that it's a bulwark of our economy. Here's an activity that was virtually non-existent a decade ago, and now -- thanks to new technology developed here -- is generating huge benefits in terms of tax revenues, payroll and personal income for our region and the state."

To-date, the Barnett Shale has yielded more than 9 trillion cubic feet of natural gas. Over 70 rigs are currently drilling within 24 counties in the region.

To view a copy of the entire study, visit: [www.fortworthchamber.com/BarnettShaleStudy11.pdf](http://www.fortworthchamber.com/BarnettShaleStudy11.pdf)



# TIPRO's 4<sup>th</sup> Annual Business Development Reception

**When:** October 19, 2011  
5 p.m. to 7 p.m.

**Where:** San Antonio Petroleum Club  
8620 N New Braunfels, Suite 700  
San Antonio, Texas 78217  
Ph: (210) 824-9014

**Price:** Free for TIPRO members;  
\$35.00 for non-TIPRO members

### Registrant Information:

(Please use one form per person)

Name: \_\_\_\_\_ Company: \_\_\_\_\_

Billing Address: \_\_\_\_\_ City/State/Zip: \_\_\_\_\_

Phone: \_\_\_\_\_ E-mail: \_\_\_\_\_

### Payment Information:

Number of attendees: \_\_\_\_\_ Please charge my credit card a total of \$ \_\_\_\_\_

AMEX     VISA     MC

Card Number: \_\_\_\_\_ Exp. Date: \_\_\_\_\_

CID Number: \_\_\_\_\_ Signature: \_\_\_\_\_

Or find my check # \_\_\_\_\_ enclosed for \$ \_\_\_\_\_.

TIPRO must receive notice of cancellation by Wednesday, October 12, 2011.  
Refunds will not be given after this date. No shows will not receive refunds.  
Reservations must be accompanied by a form of payment.

### Please remit payment to:

Texas Independent Producers & Royalty Owners Association  
919 Congress Ave., Ste. 1000, Austin, TX 78701 Ph: (512) 477-4452, Fax: (512) 476-8070  
Register online for the event at [www.tipro.org](http://www.tipro.org).

## EAGLE FORD OPERATORS LOOK TO FILL 1,000 JOB POSITIONS

In the South Texas town of Beeville, nearly 25 oil and gas companies gathered on Tuesday, October 4, to fill open positions that will assist with the region's oil and gas boom. The Eagle Ford Shale-themed job fair, hosted by Job News USA, offered opportunities ranging from entry level to management to CDL drivers. Seeking nearly 1,000 qualified applicants, employers were pleasantly surprised to see nearly double in attendance, with an estimated 2,000 job-seekers converging for the event.

Drilling activity from the Eagle Ford Shale is providing new job opportunities for Texans at a time when it is most needed. As fears of a second economic recession grow and national unemployment levels continue to remain high, major job fairs like this showcase the benefits to increased oil and gas activity.

The next job fair is planned for November 8 in San Antonio.

## “SMITHERMAN SEES NORTH AMERICAN ENERGY INDEPENDENCE: ROSIER OUTLOOK WON'T HAPPEN WITHOUT FRACKING, HE ADDS”

BY POLLY ROSS HUGHES, REPRINTED WITH PERMISSION OF *TEXAS ENERGY REPORT*

Development of the massive Eagle Ford Shale play in South Texas and approval of a controversial oil sands pipeline from Canada could free the United States from its dependence on two politically hostile oil suppliers, a top Texas energy official said Tuesday.

Not only does North America have the potential to gain energy independence from unfriendly countries like Iran and Venezuela, but an abundance of shale gas could turn the United States into an energy exporter in the next decade, Texas Railroad Commissioner Barry T. Smitherman told members of the Gulf Coast Power Association at its annual meeting in Austin.

Smitherman, recently appointed by Gov. Rick Perry to the petroleum-regulating Railroad Commission after chairing the Texas Public Utility Commission, said production from the Eagle Ford is estimated to climb to 800,000 barrels a day by 2015 and to 1 million barrels a day thereafter.

"The ability to find and extract and deliver this product out of the Eagle Ford Shale has the opportunity to completely change global energy dynamics, including potentially one day exporting natural gas from America," he said.

Another million barrels of oil could eventually land at Texas Gulf Coast refineries if the U.S. Department of State approves the proposed Keystone XL Pipeline, Smitherman said.

"That's a big number. It makes a big difference in my goal of energy independence," he said.

The pipeline would deliver heavy crude from Canadian oil sands to Texas, but the project has drawn intense environmental opposition. Republican-dominated Nebraska also fears the pipeline could endanger its critical water supply from the Ogallala Aquifer.

Smitherman said a combination of emerging shale plays - the Barnett in North Texas, Marcellus in Pennsylvania, Bakken in North Dakota and Eagle Ford in South Texas - holds the promise of freeing North America from its dependence on OPEC oil production. The United States currently consumes about 7.5 million barrels a day produced domestically versus nearly 5 million from OPEC and nearly 5 million from Canada and Mexico combined. Other non-OPEC oil supplies another 2.7 million barrels a day.

While Saudi Arabia produces about one-third of OPEC's oil, the other large producers include Iran (10-12 percent) and Venezuela (about 8 percent).

"I don't know about you, but those three really don't give me a warm and fuzzy feeling," Smitherman said, noting that Venezuelan President Hugo Chavez "has called our president the devil" and Iranian President Mahmoud Ahmadinejad has also demonized the United States.

"I think we are well positioned to be in a spot where we have some degree of control over our own destiny," he said. "The amount we get from Iran could probably be made up from the import capability we get from the Keystone project. Clearly with the continued development of the Eagle Ford Shale, we could eliminate our need to import from Venezuela or Iran."

Smitherman told Texas Energy Report that the United States could even become an energy exporter of liquid natural gas (LNG) within 10 years, perhaps to developed countries such as Japan or Germany, which is retiring its nuclear plants early. He said companies that built LNG importing facilities along the Gulf Coast could retrofit those for a few more billion dollars into exporting facilities instead.

That's not to say obstacles don't or won't stand in the way of Smitherman's optimistic energy future, he said in response to questions from the audience.

"None of this happens without hydraulic fracturing," he said. "If for some reason that stops, the ability to economically recover this resource stops as well."

He said the U.S. Environmental Protection Agency is currently conducting an investigation into the impact of fracking on water supplies. That includes a few locations in North Texas' Wise County "where perhaps there were some underlying circumstances that make that not a typical candidate for examining," he said, noting that there have been cases of poor completions or where a well was not cased correctly.

"That's not a fracking issue," he added. "That's a well completion issue. So, we're urging them to look more broadly."

# TIPRO Limited-Edition Ruger Shotgun



TIPRO is proud to offer to its members the opportunity to purchase a limited edition TIPRO-engraved shotgun.

The firearm, created by A&A Engraving, Inc., is a Ruger Red Label over and under 12 gauge shotgun.

With a 5 tone gold finish, the shotgun showcases artwork specific to the association and the oil and gas plays active in Texas. The Number 1 firearm is available, as well other numbered pieces up to Number 25.

With hunting season in full swing and the holiday season around the corner, this is a great time to consider this firearm for yourself or another special person.



Contact Rich Varela at [rvarela@tipro.org](mailto:rvarela@tipro.org) or call (512) 477-4452 to learn more. You can also visit our website at [www.tipro.org](http://www.tipro.org).



# The ability to tackle what's next

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**pwc**

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## Texas Independent Producers & Royalty Owners Association

With more than 2,300 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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