



**Independent
Producers and
Royalty Owners
Association**

TIPRO LAUNCHES NEW WEBSITE, NEW SOURCE FOR INFORMATION

In today's world of rapid communication and viral messages, constant connection with membership is necessary. TIPRO is proud to announce the association is launching a redesigned website that will offer the opportunity to stay continuously updated with the latest news. With information organized in a more efficient manner, viewers will be able to quickly access the information they desire most. A new "Issues" section will also allow readers to select specific topics

of concern and learn more background on those subjects making headlines today. Visitors will be able to better understand the economic impact of oil and gas, hydraulic fracturing, regulation, Texas legislation, federal issues, as well as environmental concerns from drilling.

TIPRO will maintain the same domain, www.tipro.org.

"A strong communications effort is vital given the amount of misinformation out there about our industry," said Justin Furnace, president of TIPRO. "It will offer the latest updates to those seeking information on the oil and gas industry, not only today, but also on a continuous basis."

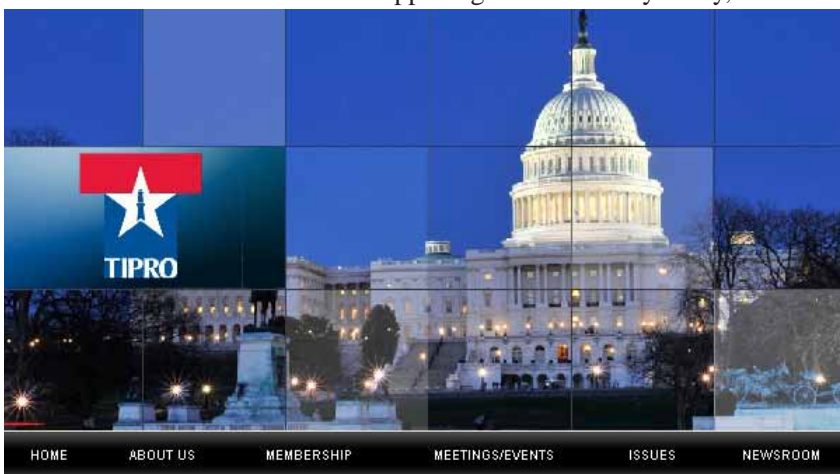
"This website is a positive step forward for the association," said Rich Varela, senior vice president and director of development for TIPRO. "The new website will allow TIPRO to be a go-to source for others to learn what is happening in the industry today, and how they might become more involved. It will allow us all to be more responsive when issues arise."

TIPRO members will have exclusive access to presentations from conventions and conferences, as well as have the opportunity to view qualified data on production for their region of the state in the future. The "Members-Only" section will be password protected - for those having trouble accessing this portion of the site, please contact Laura Stubbins at laura@tipro.org.

As always, members will have the chance to view the association's calendar and register online for upcoming events, including regional receptions and annual conventions.

Participants are also encouraged to engage other industry professionals on TIPRO's social media outlets, through Facebook, Twitter and LinkedIn. These sources allow ongoing conversation and help to stimulate new ideas for existing problems.

"We invite all to take the time to explore the features of the new site," added Furnace. "But remember to check back often as it will continue to evolve into an even more effective communications tool."



LATEST NEWS:

- [Porter: Texans don't fear science, neither should the EPA](#)
David Porter, FortWorth Star-Telegram
- [Harrisville shale: Technology makes it a game-changer](#)
Casey M. Ippley, Tyler Morning Telegraph
- [Oil pipeline sparks South Texas jobs boom](#)
CBS News
- [Much-needed financing is set for Kennedy](#)
Jennifer Hillier, San Antonio Express-News

WELCOME

The Texas Independent Producers & Royalty Owners Association (TIPRO) has grown to become one of the largest statewide organizations of its kind, serving more than 2,300 independent producers and royalty owners. Since 1946, TIPRO has fought on both state and federal levels to preserve the ability for independents to explore and produce oil and natural gas.

Day-in, day-out, the association strives to ensure elected officials, local leaders and the public gain better understanding of oil and gas operations and appreciate the positive economic effects. Now is as exciting a time as ever for the energy industry, with advances in technology providing a bright future. As these opportunities continue to

REPORT: U.S. COULD BECOME TOP OIL PRODUCER

Although for some time we have known the potential of natural gas production from shale plays, a new report suggests similar potential exists for oil as well. Vast reserves, previously locked in formations, now are accessible thanks to advancements in technology, allowing new opportunities for the U.S. to become less dependent on foreign energy sources.

The National Petroleum Council, comprised of industry, academic, government and other officials, released a new study announcing that oil from shale formations alone could produce 2 million to 3 million barrels of oil per day by 2035, with the right circumstances. This could help make the U.S. one of the top producers of oil in the world.

Story continued on page 4

PRESIDENT'S MESSAGE

TIPRO Members -

Earlier this week President Obama announced a new budget plan for the upcoming fiscal year, proposing the elimination of a number of critical oil and gas tax provisions. Although his plan strives to eliminate \$3 trillion from the federal deficit over the next 10 years, by removing such tax incentives, the plan actually will fail to stimulate economic growth and hurt job creation in the years to come.

Among those deductions targeted in his proposal are Intangible Drilling Costs (IDCs) and Percentage Depletions for oil and natural gas wells. Large integrated companies do not utilize these tax provisions, thus meaning small independent producers, many of whom are TIPRO members, will suffer the consequences. Elimination of such allowances will remove capital that would otherwise be invested in maintaining and developing American production by smaller producers, which equates to less American energy supplies and more dependence on foreign sources. His proposal also would bar oil and gas companies from claiming domestic manufacturing deductions or claiming tax credit on payments to foreign governments - including petroleum income taxes.

Additionally, the new plan proposes a \$4-per-acre, use-it-or-lose-it fee on all new non-producing oil and gas leases on land and offshore. The administration claims, in theory, this will help motivate oil and gas companies to get leases into production or relinquish them so that the tracts can be leased to another party instead. However, as many will agree, our industry already has enough incentive as is to develop leases quickly, and given the regulatory environment at the federal level, they are often the reason we don't develop faster.

All this is just the most recent attempt from the administration to target our industry. Too many times in the past we have seen efforts to repeal tax provisions for oil and gas. And regrettably, President Obama is in good company, with a number of other Congressmen looking to remove incentives for the oil and gas industry, as they incorrectly believe raising taxes is the best way to generate increased revenue for the federal government.

With our nation already suffering from high unemployment and the ongoing threat of another economic recession, we all must do more to ensure that our elected officials understand the impact of removing such tax provisions. Rest assured, through it all, TIPRO will continue to do its part to spread the word, as we work to preserve the ability to explore and produce oil and natural gas and promote the general welfare of our members.



Justin Furnace

Sincerely,

ACTIVE ON LINKEDIN? BE SURE TO 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 be sure to follow TIPRO on twitter (@T_I_P_R_O). Connect by going to http://twitter.com/T_I_P_R_O.

Calendar of Events

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



The Joint Association, a group of energy trade associations of which TIPRO is a member, recognized Chairman Keffer for his outstanding work during the 82nd Legislative Session in Abilene on Tuesday, September 20. Chairman Keffer received the Legislative Champion Award and was presented with a personalized etched glass award on behalf of the Texas Oil and Gas Industry, thanking him for his efforts as chair of the House Energy Committee.

REMINDER - MEMBERSHIP DIRECTORY LISTING DEADLINE APPROACHING

Don't forget to submit your updated contact information for TIPRO's next membership directory. You should have received your 2012 membership directory listing form in the mail - deadline for all updates will be **September 30, 2011**.

If you need assistance or did not receive your copy of the form, please contact Laura Stubbins at laura@tipro.org.

SURVEILLANCE SYSTEMS COULD BE MANDATORY FOR GAS DRILLING SITES IN ARLINGTON

An ordinance amendment proposed to the Arlington City Council could require round-the-clock video surveillance at natural gas well sites. Facilities within 1,000 feet of homes or other protected areas would be forced to install security cameras, in efforts to improve security and identify causes of gas releases. Although, many natural gas operators already voluntarily monitor well sites, new requirements could make it more of a challenge to operate in the region.

Currently there are over 300 gas well permits for locations throughout the city, and 25 more permits pending.

"The industry is going to be here for a long time, and we want to take the necessary, proactive precautions that help keep the sites safe," Fire Chief Don Crowson said.

The Council is also considering ordinances that would require drillers to paint emergency shut-off valves red so they can be quickly identified, significantly raising road damage fees paid by companies and setting time limits for drilling, as well as increasing the number of residents notified during the initial permitting process. Though the city has not experienced any catastrophes at well sites, the new amendments aim to improve site security.

Although the council has discussed amendments for more than a year, there have not been any adopted revisions to the city ordinance since 2007. The council plans to hold at least one more work session on the issue before holding a public hearing and vote.



"GASLAND II" COMING SOON

Although exact details have yet to be released, a sequel to the documentary "Gasland" remains in production and is set to air sometime next year on HBO. Details on what the documentary will cover are also not known as this time. Many officials have questioned the merits of the first film directed by Josh Fox, citing incorrect information included within the movie about natural gas development.

In an interview about the film "Gasland," John Hanger, the secretary of the Pennsylvania Department of Environmental Protection, said the film was "fundamentally dishonest and a deliberately false presentation for dramatic effect."

Contrary to many of the film's false allegations, as we all know, natural gas production is heavily regulated with local, state and federal standards to prevent accidents. The natural gas community remains committed to the safe and responsible development of this energy source, ensuring proper procedures are taken throughout the process, from initial permits to well construction to water disposal.

TIPRO TO PRESENT AT EPA PUBLIC HEARING NEXT THURSDAY

Next Thursday, Sept. 29, the U.S. Environmental Protection Agency (EPA) will hold a public hearing in Arlington to receive input on the agency's proposed standards to reduce air pollution from oil and gas drilling operations. The hearing will begin at 9 a.m. in the Arlington Municipal Building, and last until 8 p.m. TIPRO will testify at the hearing, as well as submit technical comments responding to the proposed standards.

Public hearings on the matter will also be held in Denver and Pittsburgh.

The EPA must issue a final rule by Feb. 28, 2012.

119 ORGANIZATIONS URGE PRESIDENT OBAMA TO SUPPORT NATURAL GAS DEVELOPMENT

Touting the benefits to increased natural gas production, a diverse group of industry associations and businesses asked President Obama in a letter to encourage the domestic development of natural gas and support hydraulic fracturing. From energy groups to grocers and realtors, over 119 organizations asked the President to recognize the potential from natural gas drilling - which provides job creation, economic growth and energy security.

"Natural gas is an enormously versatile fuel that helps power our nation and enhances its energy security," read the letter. "There is huge potential to expand development, which can strengthen our nation's economic recovery and put people back to work. Without hydraulic fracturing, that potential will not be realized, and we will not enjoy the tremendous economic and job creation benefits our nation's abundant supplies of natural gas will provide. Government policies must encourage the continued investment in new energy development and allow it to proceed efficiently."

Emphasizing the proven track record of hydraulic fracturing over the last 60 years, the letter also points to the need for state regulation of the industry rather than federal. Citing the fact that state regulators best understand the regional and local geological conditions, they are in a better position to protect groundwater and drinking water sources.

U.S. COULD BECOME TOP OIL PRODUCER - CONTINUED FROM PAGE 1



"North America's oil resources are also much larger than previously thought," revealed the report. "These oil resources offer substantial supply for decades and could help the United States reduce, though not eliminate, its reliance on imported oil."

In the report, the council also highlighted the benefits to increased development of domestic energy resources, from creation of millions of jobs to additional economic activity and increased revenue to government.

However, as noted in the report, the only way that the U.S. can realize these opportunities is if the resources are developed prudently. Future access will depend largely upon responsible development practices, and enhancement of the energy markets through policies and regulations that mitigate price volatility and harmonize market rules.

The report came in response to a request made by Energy Secretary Steven Chu, who asked the group to examine U.S. resources based on economic prosperity, environmental sustainability, energy security and prudent development.

COMMODITY PRICES FALL SHARPLY IN RESPONSE TO FEARS OF RECESSION

Amid concerns of a new economic recession, commodity prices dropped dramatically on Thursday, September 22, as investors quickly sold off their stocks. The price of commodities for oil and metals continued to fall throughout the day, due in part to worries that demand would decline if the world economy continues to slow.

The price of oil fell to \$80.68, the lowest seen since August 19. Dropping more than \$5 a barrel, the drop represents more than 6 percent.

Overall, the Dow continued to suffer, with the average down 429 points, or 4 percent, reaching a total of 10,695. Global markets took a hit as well, with Asian and European stocks also getting hammered.

**3rd Bi-Annual South West Texas
Oil & Gas Trade Show
October 20-21, 2011
Ozona, TX-Crockett County**

Employment Recruiting, Visibility, Networking

Wednesday, October 19th-

-Registration & Exhibitor Set-up, 10am-4pm
-"Pump Jack" Golf Open, 12pm-5pm
-BBQ Dinner Hosted by DCP Midstream,
5:30-8:30pm

Thursday, October 20th-

Fair Park Convention Center
-Trade Show 9am-6:30pm
-Networking Luncheon 11:30am- 1:30pm

Civic Center

-Dinner w/Keynote Speaker, 7:15-8:30pm
Texas Land Commissioner
Jerry Patterson

Friday, October 21st-

-Trade Show 9am-2pm

*Still time to register as Exhibitor or Attendee, FMI
Call 325/392-3737 or visit www.ozona.com
Hosted by the Ozona Chamber of Commerce*

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NATURAL GAS PRICES FALL AGAIN

Reaching the lowest level in nearly 11 months, natural gas futures prices continued to drop after forecasts the government will report a bigger-than-average rise in inventories. Not since Oct. 27, 2010, have settlement prices reached such low levels, close to \$3.73 per million British thermal units on the New York Mercantile Exchange. Inventories were reported at 3.1 trillion cubic feet in the week ending Sept. 9, up 87 billion cubic feet. Despite the growth in marketed gas production, the number of gas drilling rigs also is on the rise. Twenty additional rigs were operating last week, bringing the U.S. total to 912, making it the highest level since January.

NEW CHESAPEAKE LEARNING CENTER OFFERS THE PUBLIC "RING-SIDE SEAT" TO DRILLING

Members of the public will have new opportunity to learn all about hydraulic fracturing operations at the new Chesapeake Learning Center in Grapevine, Texas. The 2.5-acre site features seven gas wells, producing gas from more than 600 acres. With a covered pavilion full of educational materials and an observation area, visitors will have a "ring-side seat" to activity on the well padsite. The center will educate the public so they better understand natural gas operations and the process of hydraulic fracturing.

The center will be open to the public 24 hours a day, seven days a week. There is no charge and free parking will be provided.

COMPTROLLER LAUNCHES WEBSITE ON ECONOMIC IMPACT OF FEDERAL REGULATION

Texas Comptroller Susan Combs has launched a new website, called "Keeping Texas First," to educate Texans on pending and future federal actions, related to endangered species, air and water, which could impact the Texas economy. The website provides information on more than 100 plant and animal species found in Texas that have received or are slated for federal review within the next five years, including the Dunes Sagebrush Lizard and Lesser Prairie Chicken. An interactive map within the site will allow users to see which Texas counties contain endangered or potentially endangered species.

"This new website, which will be updated regularly, reports on pending and future federal actions that carry a real risk of hurting the Texas economy and the livelihood of individual Texans," said Combs. "Land is a part of our Texas heritage and Texans fully understand the necessity to protect our environmental assets. But environmental protection does not have to stifle economic growth or place excessive restrictions on land use."

Often the environmental data used in the federal decision-making process is outdated or not adequate. This site hopes to alleviate that problem by offering frequently updated information. "When making decisions about Texas, the data must be crystal clear, geographically relevant and based on solid science," added Combs.

The new site, intended as an informational resource for affected businesses and landowners, will also feature federal regulatory timelines, so Texans can gather necessary data and pursue efforts to provide input on federal actions in a timely manner. Those interested can also find details on other pending environmental actions, including the expansion of federal authority under the Clean Water Act and new rules on hazardous air pollutants, cooling water intake and cross-state air pollution.

Moreover, the site will offer details of the potential economic impacts and hefty price tags that could result from burdensome federal regulation. Case studies show how such action will harm the ability of landowners to use their properties productively and result in significant economic impact.

To view the new website, visit: <http://www.keepingtexasfirst.org>.

TIPRO's 4TH ANNUAL BUSINESS DEVELOPMENT RECEPTION TO BE HELD IN SAN ANTONIO



Make plans to attend TIPRO's 4th 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. Learn more on how natural gas will continue to grow in use as a transportation fuel. Reception to follow.

Speakers:

Frank Chapel - Apache Corporation

Rick Poorman - JW Power Compression and Dispensing Facilities

Jean Durdin - Parkway Chevrolet

This event is free for all TIPRO members.

Special thanks to event sponsors 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.



TIPRO's 4th 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.

TOGETHER WE HAVE THE
ENERGY
TO MOVE AMERICA FORWARD



AMERICA'S CHAMPION OF NATURAL GAS™

Chesapeake Energy Corporation congratulates TIPRO on its 65th anniversary. As the number one driller and second-largest producer of natural gas in America, we know natural gas holds the promise of true energy security and a clean energy future for our nation. Let your city officials and representatives know how natural gas can pave the way to lower CO₂ emissions and less dependence on foreign oil. Natural gas is something we should all champion. chk.com

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THE TIPRO TARGET



**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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