



Texas
**Independent
Producers and
Royalty Owners
Association**

TIPRO CLOSES THE NASDAQ STOCK MARKET: ASSOCIATION HIGHLIGHTS ECONOMIC IMPACT OF PRODUCERS

In an ongoing effort to showcase the many economic contributions and growth of the Texas oil and gas industry, the Texas Independent Producers & Royalty Owners Association (TIPRO) and member executives closed the NASDAQ Stock Market in New York City on Monday, September 15, 2014.

“As the leading state advocacy organization representing independent oil and gas producers and royalty owners in Texas, TIPRO remains focused on promoting the unprecedented economic impact of the E&P sector. Opportunities such as the NASDAQ Closing Bell ceremony allow us to share our message on a national platform,” said Raymond James Welder, chairman of TIPRO. “We can’t overstate the importance of smart energy policies on local, state and federal levels, which will create jobs, establish America as a global energy leader and help keep us secure for generations to come.”

Advancements in horizontal drilling and hydraulic fracturing have made it possible to produce increased levels of oil and natural gas from unconventional shale formations, with domestic crude oil production approaching historic levels not seen since the 1970s. Independent oil and gas producers, who collectively drill up to 95 percent of the oil and natural gas wells in America, continue to lead the industry in this growth and the many related benefits for the country.

“Thanks to continued improvements and innovation in exploration and production methods, the United States is now officially the largest producer of oil and natural gas in the world, with Texas leading the way,” added Ed Longanecker, president of TIPRO. “The industry provides billions of dollars in critical funding annually that support all levels of our economy, including public education, Medicaid, children’s health insurance programs, infrastructure investment, child protective services, and water conservation, to name a few. What’s occurring today is nothing but remarkable, and we are proud to play a role in that success each and every day, along with the millions of Americans and companies that are driving this industry, our economy and country forward.”

According to TIPRO, the U.S. oil and gas industry directly employed over 1 million workers in 2013, up 3 percent from the year prior. Collectively, the oil and gas industry is responsible for direct and in-direct employment of more than 9 million workers in the U.S. Last year, the oil and gas industry paid a national annualized wage of \$103,400, which is approximately 108 percent more than the average private sector wage of \$49,700, and higher than average wages for construction, manufacturing, wholesale trade, information, professional services, health care, financial services and education services. Payroll in the U.S. oil and gas industry was \$103 billion in 2013.

“OPPORTUNITIES SUCH AS THE NASDAQ CLOSING BELL CEREMONY ALLOW US TO SHARE OUR MESSAGE ON A NATIONAL PLATFORM... WE CAN’T OVERSTATE THE IMPORTANCE OF SMART ENERGY POLICIES ON LOCAL, STATE AND FEDERAL LEVELS, WHICH WILL CREATE JOBS, ESTABLISH AMERICA AS A GLOBAL ENERGY LEADER AND HELP KEEP US SECURE FOR GENERATIONS TO COME.”

**-- RAYMOND JAMES WELDER,
TIPRO CHAIRMAN**

In the state of Texas, the oil and gas industry employed 411,600 in 2013, adding over 23,000 new jobs from the previous year, for a growth rate of 6 percent. More than 40 percent of all direct jobs in the industry are located in the Lone Star State. The oil and gas industry in Texas paid an annual average wage of \$118,900 in 2013, compared to an annual average private sector wage of \$52,100. Texas continues to lead the country in total oil and natural gas production, with more than 809 million barrels of oil produced and 7.9 trillion cubic feet of natural gas over the past 12 months. Texas currently produces 3 million barrels of the 8.5 million produced daily in the U.S. An estimated 12.5 million mineral owners in our country also directly benefit from the surge in domestic production, 2.5 million of which are located in the state of Texas.



Members can watch the TIPRO-NASDAQ Ceremony online at <http://bit.ly/1B8bPUt>.

Also be sure to check out event photos on page 4...

PRESIDENT'S MESSAGE

TIPRO Members-

Although it is difficult to believe, we are only a few short months away from the start of another legislative session here in Texas. The state's 84th regular legislative session will officially begin on Tuesday, January 13, 2015, less than three months from now.

Interim committees are hard at work at the capitol in Austin, holding meetings and hearings to examine critical state issues ahead of the next session. Among the many interim charges issued by the House Speaker and Lieutenant Governor, state officials are currently in the process of studying the impact of expanding oil and gas exploration and production activities across the state. Legislators are not only reviewing the positive impacts of increasing exploration and production, but also some of the new challenges occurring in different regions of Texas. Committee members are also considering the P5 permitting process at the Railroad Commission, and the appropriation of general revenue dollars allocated to the Railroad Commission for improvements in IT systems. A special legislative subcommittee also continues its work to review seismic activity in the state, and clarify the root cause of earthquakes occurring in North Texas.

As we expand our team by soon welcoming a new government and regulatory manager, I want to assure our members that TIPRO remains engaged with our state legislators as we prepare for session. We continue to meet regularly with key representatives and senators that handle affairs related to energy development in Texas. Moreover, with the help of TIPRO's Board of Directors, State Issues Committee, Regulatory Issues Committee and TIPRO task forces, our association is positioned to again undertake the upcoming legislative session in 2015. As one of the nation's largest statewide associations representing independent oil and gas producers and royalty owners, we are confident we will continue to successfully block any onerous legislation which may be filed, and help promote beneficial legislation that will be conducive to growth of the Texas oil and gas industry. For more than 68 years, TIPRO has served as a relentless advocate for the Texas oil and gas industry.

Day-in, day-out, we remain committed to our mission of preserving the ability to explore and produce oil and natural gas and promoting the general welfare of TIPRO members. If there is ever anything we can do to help you or your business, please let us know. Thank you.

Sincerely,




Ed Longanecker

DOE STUDY AFFIRMS HYDRAULIC FRACTURING IS SAFE, DOESN'T CONTAMINATE WATER

In a new field study prepared by the U.S. Department of Energy's (DOE) National Energy Technology Laboratory (NETL), scientists have again confirmed that hydraulic fracturing does not cause groundwater contamination. After monitoring the induced fracturing of six horizontal Marcellus Shale gas wells in Greene County, Pennsylvania, NETL researchers hoped to investigate whether natural gas or fluids from the hydraulically fractured Marcellus Shale had migrated 3,800 feet upward to an overlying Upper Devonian/Lower Mississippian gas field during or after fracing.

"Current findings are: 1) no evidence of gas migration from the Marcellus Shale; and 2) no evidence of brine migration from the Marcellus Shale," the researchers determined.

Sampling began two months prior to hydraulic fracturing operations to establish pre-existing background conditions. Later, gas samples for the study were collected up to eight months after hydraulic fracturing and up to five months later for produced water samples. Samples of gas and produced water continue to be collected monthly (produced water) and bimonthly (gas) for analysis from seven Upper Devonian/Lower Mississippian gas wells.

"Conclusions of this study are: 1) the impact of hydraulic fracturing on the rock mass did not extend to the Upper Devonian/Lower Mississippian gas field; and 2) there has been no detectable migration of gas or aqueous fluids to the Upper Devonian/Lower Mississippian gas field during the monitored period after hydraulic fracturing."

With this new report by federal investigators, there is even more evidence that hydraulic fracturing does not contaminate groundwater and thus, does not pose a credible threat to drinking water resources.

TIPRO Calendar of Events

<p>OCTOBER 8, 2014 HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (832) 233-5502.</p>	<p>OCTOBER 24, 2014 DALLAS — Texas Energy Update 2014 Conference, Belo Mansion. For info, call: (214) 207-0369.</p>	<p>OCTOBER 28, 2014 HOUSTON — 3rd Annual Texas Top Producers Awards Banquet, Houston Petroleum Club. For info, call: (512) 477-4452.</p>	<p>NOVEMBER 19, 2014 HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (832) 233-5502.</p>
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EAGLE FORD SHALE GENERATES \$87 BILLION IN ECONOMIC OUTPUT FOR TEXAS IN 2013

Many are aware of the positive economic impact the Eagle Ford Shale in South Texas offers, but a new report released by the University of Texas at San Antonio (UTSA) is shedding more light on exactly how much stimulus the shale field provides. During 2013, production of oil and natural gas in the Eagle Ford Shale generated more than \$87 billion in total economic output for the state. The Eagle Ford also provided more than \$4.4 billion to local and state governments, as well as supported nearly 155,000 jobs.

“The immense economic development is providing the wherewithal to address needs that are important to both industry and communities,” commented Robert McKinley, UTSA associate vice president for economic development. “Investments in infrastructure -- roads, water, wastewater, education, medical facilities and other things -- are the key foundational components needed to ensure the long-term viability of many rural communities in the region.”

The latest Eagle Ford study, UTSA’s fourth, examined the economic impact of the shale play on the 21 counties directly and indirectly involved in production. The 15 core counties where activity is most prevalent are Atascosa, Bee, DeWitt, Dimmit, Frio, Gonzales, Karnes, La Salle, Lavaca, Live Oak, Maverick, McMullen, Webb, Wilson and Zavala. The six neighboring counties where significant activity not including extraction is occurring are Bexar, Jim Wells, Nueces, San Patricio, Uvalde and Victoria.

“The ongoing activity presents South Texas community leaders with a rare opportunity to ensure the long-term viability of their cities, towns and counties,” added Thomas Tunstall, research director of the UTSA Institute for Economic Development.

Researchers point out the expanding opportunities for economic diversification in South Texas, thanks to the high level of oil and gas activity in the Eagle Ford. Rural communities can now enjoy prospects of economic development beyond merely job growth. “For South Texas, the potential options for diversification include things like higher margin agricultural products such as olives and olive oil processing, spinach and other food processing, geothermal energy, tourism, hunting, outdoor recreation, water recycling and desalination, and wine-making,” according to the study.

Forecasts indicate the strong likelihood of ongoing economic growth in the Eagle Ford in the future. By 2023, the 21-country region will support more than 196,660 full-time jobs and generate more than \$137 billion for Texas, UTSA projects. It also will supply over \$4 billion to both local governments and to the state.

“With the enormous growth in our energy sectors, in particular the Eagle Ford Shale play, comes a multitude of challenging opportunities,” said Texas Senator Carlos Uresti. “State policy makers, business leaders and other stakeholders rely on the best research available from our higher education community, such as UTSA, in order to tackle these challenges and ensure our state takes full advantage of this vital opportunity.”

The report was prepared by the Center for Community and Business Research at the University of Texas at San Antonio’s Institute for Economic Development. UTSA is also in the midst of conducting additional projects to support stakeholders in the Eagle Ford region. Notably, the school says the Center for Urban and Regional Planning in the UTSA College of Architecture, Construction and Planning regularly consults with communities across South Texas on planning, design, environmental, housing and development issues. Likewise, the UTSA College of Public Policy and Institute for Economic Development are collaborating to develop and strengthen municipal governments in the Eagle Ford Shale and West Texas regions.

TEXAS NATURAL GAS SUMMIT IN AUSTIN WILL CONNECT ENERGY COMPANIES, JOB SEEKERS

Growing the market for natural gas vehicles in Texas helps expand and sustain good-paying jobs in the oil and gas sector, and ensures the use of a clean-burning fuel. In the past year, oil and gas jobs grew nearly 5 percent statewide, helping Texas continue to lead the nation in job creation. The Texas Natural Gas Summit, scheduled for October 23 at the Palmer Events Center in Austin, will highlight the connection between natural gas vehicles and jobs for Texans.

“The jobs featured at the Summit are crucial. The industry expects both domestic and export markets to grow, which will likely maintain demand for workers down the road for some time,” said Railroad Commissioner David Porter, whose first year Natural Gas Initiative — aimed at expanding natural gas markets in Texas — culminates with the event. “This year gave us unprecedented growth in the number of natural gas vehicles, fuel sales, fueling stations and jobs created. I look forward to building on this record in 2015 and beyond.”

The Summit, which is being coordinated by Commissioner Porter, is free and open to the public. Over 60 companies from across Texas will participate in the job fair and trade show, surpassing the original number of anticipated exhibitors. Jobs that companies are looking to fill at the event include: welders; accountants and finance professionals; drilling, petroleum, reservoir, production, mechanical, pipeline and process engineers; mechanics; truck drivers; sales and marketing professionals; construction workers, rig hands and field service technicians, and more.

Sign up to attend the Texas Natural Gas Summit by visiting <http://bit.ly/1o3nHmO>.

“The Eagle Ford continues to exceed expectations and currently attracts the most capital investment of any shale field in the U.S.”

CHECK OUT PICTURES FROM THE TIPRO-NASDAQ CLOSEING BELL CEREMONY



TEXAS DRILLING BOOM LEADS TO RECORD DEPOSITS TO STATE'S PERMANENT SCHOOL FUND

The Texas General Land Office (GLO) is reporting that more than \$1 billion has been deposited into the state's Permanent School Fund, crushing all previous records and representing record earnings. The state agency credits increasing use of revolutionary hydraulic fracturing technologies by oil and gas producers, which in turn has resulted in private energy companies competing to outbid each other for access to Permanent School Fund lands that previously were of marginal value. Lease rental income on Permanent School Fund land was up more than 653 percent in 2014, and lease bonus income rose by 86 percent over 2013, according to the GLO.

"Our top job here at the GLO is to earn money for the school kids of Texas. These numbers prove we're doing our job very well. Better than ever, in fact," Land Commissioner Jerry Patterson said.

Patterson added, "Oil and gas have been very good for public education in Texas, but we're really starting to see the fruits of our efforts to diversify our income stream."

The Permanent School Fund helps pay for the state's share of K-12 public education. Overall, since 2003 until 2014, the GLO has managed to deposit a total of \$8.1 billion into the Permanent School Fund—bringing the grand total up to \$16 billion.

EPA COMMENDS THE RRC FOR REGULATORY INITIATIVE

In a letter sent earlier this month by the U.S. Environmental Protection Agency (EPA) Region Six Office, federal regulators offered their support to the Texas Railroad Commission (RRC) for their work to develop new regulations for wastewater disposal wells and fluid injection into productive reservoirs.

"The proposed regulations were reviewed by multiple Ground Water/Underground Injection Control program engineers and scientists. All applaud the RRC's efforts to ensure it has sufficient regulatory authority to respond to any event of this type where concerns may arise," said the letter.

"The RRC's proposed regulatory changes represent a step forward in allowing for an enhanced program authority to protect the citizens of Texas in those instances when injected induced seismicity is suspected, and the EPA fully supports your efforts in this area."

Proposed amendments to Statewide Rules (SWR) 3.9 and 3.46 were announced at the August 12, 2014, open meeting at the commission. The rule amendments aim to minimize any risks of containment of fluids in injection intervals. Among other measures, the proposed changes will require additional permit application information for injection wells in areas where a greater risk exist for fluid migration. Furthermore, the amendments will clarify the commission's authority to modify, suspend or terminate a permit if fluids are not confined to the appropriate injection interval.

SUPPLY CHAIN INDUSTRIES FOR UNCONVENTIONAL OIL & GAS SUPPORT OVER 500,000 JOBS

Outside of the E&P sector, a diverse group of industries are also expanding thanks to unconventional oil and gas development, according to a new study published by IHS. The study, titled "Supplying the Unconventional Revolution: Sizing the Unconventional Oil and Gas Supply Chain," offers a comprehensive assessment of the unconventional energy supply chain in the U.S. Manufacturers of steel pipe, construction equipment and railcars are all examples of supply chain industries, as are sand and gravel producers and professional and technical labor.

According to IHS, in 2012, employment related to unconventional oil and gas production in these supply chain industries totaled 524,000 jobs. By 2025, these industries are expected to grow 45 percent to 757,000 jobs, equal to 41 percent of total direct and indirect employment supported by unconventional oil and gas value chain activity.

"It is an important part of the story that the unconventional oil and gas producers sit atop long and diverse supply chains that run through the U.S. economy," said Brendan O'Neil, managing director, consulting, IHS Economics and Country Risk. "The growth in unconventional production has become an important source of economic activity for these industries at a time when many of their other primary markets were experiencing decline as a result of the recession."

Some of the other noteworthy findings by IHS include:

- Supply chain industries will contribute more than \$16 billion in government revenues in 2015, up from \$13 billion in 2012
- By 2025, supply chain industries will contribute approximately \$23 billion in government revenues
- Total gross output from this group of industries is expected to grow from \$145.7 billion in 2012 to \$205.9 billion in 2025, contributing the equivalent of nearly one half a percent total U.S. gross output each year
- Total labor income generated by employment in these industries is expected to reach nearly \$60 billion in 2025, up from \$41 billion in 2012. The average income per employee is estimated to be about \$79,000, exceeding the average annual U.S. wage of \$68,000
- Jobs supported by supply chain activity in producing states were nearly 460,000 in 2012 and are expected to increase to 630,000 jobs in 2025, with construction and support activities for oil and gas operations being the highest source of employment contributions

The study measured across 56 North American Industry Classification System (NAICS) sectors, analyzing the economic activity specific to those industries that directly and indirectly support unconventional oil and gas activities in the upstream, midstream and downstream segments of the energy value chain. "Supplying the Unconvention Revolution" is the latest iteration of IHS research on shale activity and sizes the supply chain that supports upstream, midstream and downstream activity across the lower 48 U.S. states.

YOU'RE INVITED TO THE 3RD ANNUAL TEXAS TOP PRODUCERS AWARDS BANQUET



**TUESDAY, THE TWENTY-EIGHTH OF OCTOBER
SIX THIRTY P.M.
THE PETROLEUM CLUB OF HOUSTON
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YOUR FAMILY AND FRIENDS TO ATTEND**

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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

DON'T FORGET TO REGISTER TO VOTE!

This year's general election will be an important one, as Texans select new leaders for a number of statewide offices. From Texas Governor to Lieutenant Governor, Railroad Commissioner, Land Commissioner and Comptroller, there are a number of critical races in 2014. Make sure you have registered to vote - your application must be received in the Voter Registrar's office or postmarked at least 30 days before an election for you to be eligible to vote in that election. Therefore, this year the deadline to register to vote will be on October 6, 2014.

Learn more at votetexas.gov!



TCEQ WILL HOST AIR PERMITTING SEMINAR OCTOBER 15-16

The Texas Commission on Environmental Quality (TCEQ) is currently accepting registrations for its Advanced Air Permitting Seminar, to be held next month on October 15-16, 2014, at the Austin Convention Center in Austin, Texas. Seminar participants will receive updates on air permitting rules, requirements and issues for a variety of industries, including the oil and gas sector.

Continuing education credits will be offered to professional engineers and professional geoscientists in attendance.

To view the conference agenda or to register, visit the following web page: www.tceq.state.tx.us/p2/events/air-permitting.html. If unable to register electronically, call (877) 451-8700, or email tceqevents@swift-solutions.org.

H2O CONFERENCE DISCUSSES IMPLEMENTATION OF THE STATE WATER PLAN

Joined by state leaders, Texas regulators and local officials, the H2O Water Conference *Turning the Water Wheel* provided a comprehensive review of efforts to implement the State Water Plan. Water providers, water customers, agriculture and wildlife advocates, water policy gurus, journalists and economic development professionals all participated in the two-day meeting, held on September 11-12, 2014.

The one-of-a-kind interactive conference featured panel discussions on House Bill 4, the legislature's joint committee on desalination, water planning in Texas and future policy issues related to the State Water Plan. New technology developments and water-energy nexus also were discussed during the water conference held in Fort Worth.

PROMOTE YOUR BUSINESS IN TIPRO'S NEXT ANNUAL MEMBERSHIP DIRECTORY

Advertising opportunities are now available in the 2015 TIPRO Membership Directory. This is your annual opportunity to reach key decision-makers in the E&P sector, including CEOs, vice presidents, managers, business owners and royalty owners in the top-ranked state for crude oil and natural gas production.

The deadline to reserve your space in the association's next membership directory is October 16. For more information, please contact Matthew Yates at (352) 333-6014 or myates@naylor.com.

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**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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