



**Texas
Independent
Producers and
Royalty Owners
Association**

TIPRO MEMBER, APACHE CORPORATION, DISCOVERS SIGNIFICANT NEW RESOURCE PLAY IN WEST TEXAS

In the southern portion of Texas' Delaware Basin, part of the larger Permian Basin, Apache Corporation says that it has discovered a new resource play, called the "Alpine High." The company publicly announced its discovery of the new Texas oilfield on Wednesday, September 7, 2016, revealing that the Alpine High has 4,000 to 5,000 feet of stacked pay in up to five distinct formations including the Bone Springs, Wolfcamp, Pennsylvanian, Barnett and Woodford.

"Today's announcement is the culmination of more than two years of hard work by the Apache team. While other companies have focused on acquisitions during the downturn, we took a contrarian approach and focused on organic growth opportunities. These efforts have resulted in the identification of an immense resource that we believe will deliver significant value for our shareholders for many years," commented John J. Christmann IV, Apache's chief executive officer and president. "We are incredibly excited about the Alpine High play and its large inventory of repeatable, high-value drilling opportunities. We have thousands of low-risk locations in the Woodford and Barnett formations alone, and we are looking forward to further delineating what we believe will be a significant number of oil-prone locations in the Pennsylvanian, Wolfcamp and Bone Springs."

Apache says that it has secured 307,000 contiguous net acres (352,000 gross acres) at an average cost of approximately \$1,300 per acre. Within its acreage position across the Alpine High play, the company estimates that there are 75 trillion cubic feet (Tcf) of rich gas (more than 1,300 British Thermal Units) and 3 billion barrels of oil in the Barnett and Woodford formations alone. Apache notes it also foresees other significant oil potential in the shallower Pennsylvanian, Bone Springs and Wolfcamp formations.

Apache reports it has already drilled 19 wells in the play, with nine currently producing in limited quantities due to infrastructure constraints.

To learn more about this resource play discovery, visit <http://bit.ly/2bSDfb4>.

TIPRO AND FLOTEK CONTINUE CAMPAIGN TO COMBAT CHILD HUNGER EPIDEMIC

TIPRO and Flotek are continuing their campaign to end child hunger in Texas and are encouraging members of the association to take part in this effort throughout September – also Hunger Action Month – whether by making a donation or volunteering at local food banks to distribute food to vulnerable families.

"While it has only been six days since the campaign launched, we are encouraged by the early response we have seen so far," said John Chisholm, chairman of the board, CEO and president of Flotek. "With three weeks left in the month, we ask that TIPRO members consider joining us in contributing to this important effort to make a difference in the lives of Texas children struggling with hunger."

In Texas, 1.7 million households are considered food insecure, more than any other state besides California, according to the U.S. Department of Agriculture. In 2015, the percentage of food insecure children in southeast Texas increased to 26 percent from 24.7 percent the previous year, according to the Houston Food Bank. This means one in four children – or 18,630 kids – are at risk of hunger every day.

"The effects of hunger can be detrimental to children's growth and development in ways that leave long-term impact on their future and our communities," said TIPRO President Ed Longanecker. "Given the rate of child hunger is increasing in Texas, it's a matter of urgency that we come together to reverse this trend and address the issue of food insecurity right in our own backyard."

Hunger also has a profound impact on a child's learning abilities. According to No Kid Hungry, a national campaign dedicated to ending childhood hunger in Americas, three out of four American public school teachers say they have taught students who regularly come to school hungry, and nine out of 10 teachers say they are concerned about the long-term effects hunger on children. Research has backed this through a study by Partnership for America's Economic Success, a business partnership for early childhood and economic success, that shows by the third grade, children who were food insecure in kindergarten experienced a 13 percent drop in their reading and math scores compared to their food-secure peers.

To help combat this hunger epidemic, Flotek employees will be volunteering on September 9 and September 30 to help distribute meals to vulnerable families as part of the local food banks' kids program, such as the Kids Café, which provides healthy meals and snacks to kids in after school and summer meal programs, and Backpack Buddy, which delivers nutritious food on weekends for at-risk children in K-12 grades.

To make a donation or lend a helping hand, please visit www.makingadifference.com.

PRESIDENT'S MESSAGE

TIPRO Members -

At the end of August, environmental organization Earthworks released a new oil and gas report, entitled "Gasping for Breath." This latest installment from Earthworks once again ignores scientific data showing that oil and natural gas development is not a major contributor of ozone levels in Texas. The reality is ozone levels have actually been trending downward for decades even as oil and natural gas production has increased. This organization unfortunately has a documented history of misrepresenting emissions data to advance their cause, which is to slow or stop the development of hydrocarbons in our country.

The state of Texas has the nation's most comprehensive air monitoring systems in place, and the oil and natural gas industry is one of the most heavily regulated sectors in the country. As members of our association are well aware, operators are required to comply with a vast framework of state, local and federal regulations covering all aspects of exploration and production activities, including air quality and emissions.

Properly conducted research, analyzing millions of air samples in Texas, has repeatedly confirmed the fact that oil and gas activity does not pose public health concerns. This includes a recent study showing that shale gas activities have not resulted in higher Volatile Organic Compounds (VOCs) levels that pose a health risk.

Other studies using faulty modeling and scare tactics have made similar accusations as those suggested by Earthworks, but were later decommissioned, thoroughly debunked and were found to be clearly tied to anti-oil and gas activist groups and related research.

It's worth noting that the U.S. Environmental Protection Agency's (EPA) own data shows that methane emissions from hydraulically fractured gas wells have fallen 79 percent since 2005. Even the activists' so-called gold standard — the Intergovernmental Panel on Climate Change — has stated the rapid deployment of hydraulic fracturing and horizontal drilling technologies is a key reason for the reduction of greenhouse gas emissions in the United States. Further, between 2005 and 2015, 68 percent of carbon dioxide emissions reductions in the U.S. electric power sector came from fuel shifting toward natural gas. Recently the head of the U.S. Energy Information Administration (EIA) projected U.S. CO2 emissions will be at their lowest level since 1992, even after a 9 percent decline in these emissions between 2005-2014.

In response to this recent report published by Earthworks, energy regulators have also called into question some of the claims alleged by the environmental activist organization against the oil and gas industry. Andrea Morrow, spokesperson for the Texas Commission on Environmental Quality (TCEQ) - the lead environmental agency that regulates air quality for the state of Texas - told the *Fort Worth Star-Telegram* last week that according to peer-reviewed literature recently published nationwide, the percentage of children with asthma has plateaued and even slightly decreased since 2008, all during the same period that oil and gas activity has dramatically increased. These statistics were "notably missing" from the Earthworks report, she noted. Likewise, TCEQ Air Quality Director David Brymer also voiced doubts in the *Star-Telegram's* coverage about how Earthworks used its computer models to produce the information and analyzed that data. Brymer also reinforced the fact that the state of Texas has already taken its own vigorous steps to control industry emissions, with much success.

To say that additional, yet cost effective and reasonable, regulation is needed is an oxymoron and impossibility with activist groups like Earthworks and the EPA. Over the past several years, America's oil and natural gas industry has continued to be inundated with new overbearing regulations developed by the federal government. Collectively, our industry currently faces more than 40 onerous and unnecessary federal regulations, including the EPA's carbon emissions regulations that could total nearly \$300 billion in compliance costs from 2022 - 2033. Research has shown that since 2009, under the Obama Administration, the EPA alone has published over 3,900 final rules in the Federal Register, amounting to nearly 33,000 pages in length. This includes promulgation of more than 100 rules specifically relating to greenhouse gas (GHG) emissions, which will have economic impacts measured in the billions of dollars.

These anti-oil and natural gas policies being advanced by politically biased agencies and environmental activist organizations offer little, if any, true environmental benefits, but could very well threaten our national economy and the success of our nation's energy industry.

I hope that members of our association will join TIPRO in continuing to push back against these misleading, falsified reports on oil and gas development, as we remain dedicated to our efforts in setting the record straight and educating Texans with actual facts and science.

Thank you,
Ed Longanecker



Ed Longanecker

TIPRO Calendar of Events

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| <p>SEPTEMBER 14, 2016 HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.</p> | <p>OCTOBER 12, 2016 HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.</p> | <p>NOVEMBER 9, 2016 HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.</p> | <p>DECEMBER 14, 2016 HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.</p> |
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TIPRO & TXOGA SETTLE CITY OF ARLINGTON LAWSUIT

After numerous unsuccessful attempts to collaborate with the City of Arlington regarding proposed changes to the City Fire Code in 2012, which would have imposed an additional fee, or tax, for oil and natural gas companies operating in the city, the Texas Independent Producers & Royalty Owners Association (TIPRO) and the Texas Oil & Gas Association (TXOGA) ultimately filed a joint lawsuit to challenge the proposed tax that same year. After more than four years, a settlement agreement with the City was reached last week. Below is a summary of some of the more positive accomplishments resulting from TIPRO and TXOGA's legal efforts on this matter:

- First, the industry won on the City's summary judgment with regard to standing. This is especially important to organizations such as TIPRO because the City of Arlington was challenging the associations' ability to dispute municipal regulations on behalf of its members. The court's ruling upheld our standing to challenge the fees and actions taken by the City. More importantly, the City challenged the trial court's ruling by interlocutory appeal, and the Court of Appeals upheld the trial court's ruling in an opinion that was favorable to our industry.
- Second, the crux of the lawsuit centered around the City's enactment of a "Fireman's Fee" to support the hiring and training of additional fire personnel in order to handle natural gas well issues. This fee and related justification were unwarranted and discriminatory, in part, because: by separate ordinance, operators were already responsible for reimbursing the city for costs in the unlikely event that a gas well incident occurred; other industries were not similarly taxed despite graver dangers; and the City's permitting fees were already more than covering the existing gas well inspections. Because of the success on the appeal and the pressure of the lawsuit, the City repealed the Fireman's Fee, which means the association's accomplished their main goal.
- Third, the City attempted to recoup some of the money lost on its Fireman's Fee by increasing its existing administrative fee on gas well operations. This fee was negotiated back down in exchange for dismissing the remainder of the legal challenge. However, TIPRO is only required to dismiss without providing releases and without prejudice to refile the lawsuit, if needed. This was a logical compromise given the success in forcing the City's repeal of the Fireman's Fee.
- Fourth, these achievements resulted in real cash savings for industry members. The association's negotiated a stay, during which the City would not seek to enforce its Fireman's Fee during the pendency of the case. The Fireman's Fee was \$2,500 a year per well. This stay alone, during the pendency of litigation, resulted in almost \$2.5 million dollars saved by the industry. Further, the City repealed the Fireman's Fee and reduced the annual administrative fee. These accomplishments equate to nearly \$500,000 a year in fees saved by companies operating in the City of Arlington.

Considering these points, this is a fairly wholesome victory for our members, as well as the entire Texas oil and gas industry. A sincere thanks to all of the individuals, attorneys at Winstead PC, and member organizations who were directly involved in this case over the past four years.

TEXAS REGULATOR CALLS ON THE MEDIA TO DO BETTER WHEN REPORTING ON OIL & GAS ISSUES

The media need to be more accurate when reporting highly technical news, especially when it comes to covering issues that relate to oil and natural gas development. That's the message emphasized in a special op-ed penned by Texas Railroad Commissioner Ryan Sitton. In the editorial piece, the energy regulator called out members of the media for misleading Texans when publishing disingenuous, incorrect headlines and erroneous information on industry oversight.

"As an engineer with 20 years' experience in oil and gas, and a Railroad Commissioner, it's my job to make sure that the 27 million people of our state are accurately informed about the energy industry and feel confident in how oil and gas is being produced. Fear tactics and attention-grabbing headlines don't serve anyone, and it's important Texans know that the very same industry putting thousands of people to work, millions of dollars into our schools and roads, and money into our economy, is the same one working to keep them and the environment safe," wrote Commissioner Sitton.

"Fear tactics and attention-grabbing headlines don't serve anyone, and it's important Texans know that the very same industry putting thousands of people to work, millions of dollars into our schools and roads, and money into our economy, is the same one working to keep them and the environment safe."
-Railroad Commissioner Ryan Sitton

CHRISTI CRADDICK: COASTAL BEND REGION HELPS TEXAS REMAIN A GLOBAL ENERGY LEADER

Speaking before members of the Corpus Christi business community last Thursday, September 1, Railroad Commissioner Christi Craddick highlighted the importance of the Coastal Bend region to the oil and gas industry and the entire state of Texas. "Less than a year ago, the first crude oil exports to leave U.S. shores in more than 40 years set sail from Port Corpus Christi showing Texas energy will compete and win anywhere in the world, and the Coastal Bend will help us lead the charge," Commissioner Craddick said. "The role of the port in helping Texas remain a global energy leader cannot be overstated, and in fact will only grow more critical with a new harbor bridge and massive infrastructure improvements on the way."

Beyond the value of the Port of Corpus Christi, during her presentation at a joint meeting with the United Corpus Christi Chamber of Commerce and the Rotary Club of Corpus Christi, Commissioner Craddick also commented on other advantages that will support the region as the E&P sector looks to overcome the industry's downturn, including its proximity to the Eagle Ford Shale formation and the close location to the nearby growing Mexican economy.



1 IN 5
CHILDREN

in the U.S. go to bed each
night wondering when they
will have their next meal.

**BUT THAT
CAN CHANGE.**



**FLOTEK AND TIPRO ARE PARTNERING
TOGETHER TO MAKE A DIFFERENCE IN
THE FIGHT AGAINST CHILD HUNGER.**

In the month of September, Flotek will donate 1 percent of all sales from the Complex nano-Fluid® product line—our patented chemistry technology made from extracted orange peels—to local food banks where we operate.

We invite you to join us in our mission to end child hunger and donate today.

For more information, visit www.makingadifference.com.

TEXAS RAILROAD COMMISSION ACCEPTING COMMENTS ON PROPOSED RULE CHANGES

As part of the Railroad Commission's (RRC) Texas Oilfield Relief Initiative, the agency has proposed rule amendments to 16 Texas Administrative Code §3.15 (Statewide Rule 15) in efforts to more accurately track when inactive wells have been returned to production, and help to reduce the administrative burden for those wells and associated costs to the oil and gas industry. The RRC is currently accepting public comment on the rule amendments to SWR §3.15 -- the deadline to submit feedback to the agency for consideration regarding proposed changes will be noon on Monday, September 26, 2016.

In addition, the RRC is accepting public comment on a proposal to discontinue the following oil and gas forms, also part of the agency's Texas Oilfield Relief Initiative:

- Form C-1, Carbon Black Plant Report
- Form C-2, Application for Permit to Operate a Carbon Black Plant
- Form G-9, Gas Cycling Report
- Form GT-3, Monthly Geothermal Gatherer's Report
- Form MD-1, Optional Operator Market Demand Forecast for Gas Well Gas in Prorated Fields
- Form R-4, Gas Processing Plant Report of Gas Injected
- Form R-7, Pressure Maintenance & Repressuring Plant Report

According to the RRC, the forms were identified as obsolete during a review of all the RRC forms required for permit applications and reporting purposes. These forms are not referenced in RRC enabling statutes nor RRC rules, and they either are no longer required to be filed with the RRC or they request information that is not necessary to the RRC's regulatory functions. Discontinuing the forms will reduce regulatory and administrative burdens on the oil and gas industry and RRC staff. Additional information on the forms can be found on the RRC website via the following link: www.rrc.texas.gov/about-us/resource-center/forms/proposed-form-changes. Please note that the comment period for this proposal will close at noon on Monday, October 10, 2016.

Lastly, the RRC is accepting public comment on proposed rule amendments to 16 Texas Administrative Code §3.28 (Statewide Rule 28) regarding deliverability testing requirements for gas wells as part of the Oilfield Relief Initiative. The proposed amendments would adjust the methodology regarding deliverability testing requirements for gas wells to minimize the frequency of such tests, thereby reducing the administrative burden for those wells and associated costs to the industry. The deadline to submit comments will be noon on Monday, October 10, 2016.

For more information on any of the proposed RRC regulatory amendments outlined above, visit the commission's website at www.rrc.texas.gov.

STATE LEGISLATORS TO REVIEW CHALLENGES OF IMPLEMENTING EXTENSIVE EPA REGULATIONS

State lawmakers will meet in Austin this month to study the impact and identify challenges Texas faces in implementing federal regulations by the U.S. Environmental Protection Agency (EPA). Members of the House Select Committee on State and Federal Power and Responsibility are scheduled to convene for a hearing on Tuesday, September 13th to consider the extent to which state regulation and policy are influenced by mandates attached to federal funding. Specifically, the committee will identify areas in which benefits to federal funding are outweighed by compliance costs at the state level and areas in which federal mandates may be unconstitutional. Committee members also will examine the success or failure of efforts by other states to cut ties to federal funding.

This select committee, formed during the interim legislative session by Speaker of the House Joe Straus, will also review the resolutions approved by the Legislature during recent legislative sessions calling on the federal government to take certain actions, and determine what, if any, actions were taken by the federal government pursuant to such resolutions. The committee will discuss how these resolutions could be made more effective, and what other avenues may be available to the Legislature as an alternative to or in addition to these resolutions.

Similarly, at the end of the month, on Wednesday, September 28, the Senate Committee on Natural Resources & Economic Development will take up implementation of federal EPA regulations, including, but not limited to, the EPA plans to reduce methane and Volatile Organic Compounds (VOCs) from oil and gas facilities, ozone standards and regional haze rules. The legislative group will then form recommendations for legislative or constitutional action that the committee considers necessary.

TEXAS LT. GOV. ANNOUNCES NEW APPOINTMENTS TO RAINY DAY FUND LEGISLATIVE PANEL

Senators Paul Bettencourt and Donald 'Don' Huffines have been appointed by Texas Lieutenant Governor Dan Patrick to serve on the Joint Select Committee to Determine a Sufficient Balance of the Economic Stabilization Fund (ESF). The purpose of this legislative committee will be to determine and adopt a sufficient balance in the ESF -- commonly referred to as the state's Rainy Day Fund -- for the next fiscal biennium.

"Texas is a significant economic influence to the world and maintaining one of the largest Rainy Day Funds in the nation is part of our success," commented Lieutenant Governor Patrick. "I know Senator Bettencourt and Senator Huffines will ensure our Rainy Day Fund continues to be well financed and reflects the priorities of Texans."

The fund is primarily supported by oil and natural gas production tax revenue. Members of the joint select committee will work to ensure an appropriate amount of revenue remains available in the state's Rainy Day Fund.

TEXAS COMPTROLLER ANNOUNCES STATE'S REVENUE FOR FISCAL YEAR 2016

On Wednesday, September 7, 2016, Texas Comptroller Glenn Hegar released final totals for the state's revenue collection during Fiscal Year 2016. According to the comptroller, net revenue available for general purpose spending after severance tax revenues are set aside for transfer to the Economic Stabilization Fund (ESF) and the State Highway Fund (SHF) was \$49.9 billion, 1.3 percent below the Certification Revenue Estimate (CRE) projection of \$50.6 billion. Sales tax revenue for the year was also down 3.5 percent from CRE projections, totaling \$28.2 billion. Oil production and regulation tax revenue was \$1.7 billion during Fiscal Year 2016, while natural gas tax revenue topped \$579 million, and franchise tax revenue was \$3.9 billion.

"Given the prolonged weakness in the oil and gas sector and the continued downward trend of sales taxes when compared year over year, we expected total tax collections to come in below estimates. However, the current budget continues to work. Unlike other energy states, Texas doesn't need to make cuts to the current budget and will end the fiscal year with a substantial balance," Comptroller Hegar reassured.

Based on fiscal 2016 oil production tax collections, approximately \$879 million will be transferred to ESF, also known as the Rainy Day Fund, as well as the SHF. After the transfer of funds is completed, the comptroller reports that the ESF will then total \$10.1 billion, a record high.

GROUP REVIEWS IMPACT IF ENERGY DEVELOPMENT WERE BANNED ON FEDERAL LANDS

Over the years, some politicians and interest groups have called for a ban against oil, gas, and coal production on federal lands and waters... but if such policies were to be enacted, what would be the impact to the United States? A special report released in August by the U.S. Chamber's Institute for 21st Century Energy takes a substantive look at the potential economic impact to America if such energy bans were ever to be adopted.

The Energy Institute's new report found that if energy production were prohibited on federal lands and waters, it would cost the U.S. \$11.3 billion in annual royalties, 380,000 jobs, and \$70 billion in annual GDP. Additionally, nearly 25 percent of America's oil, natural gas and coal production would be halted. "American voters deserve to understand the real-world impacts of the proposals that candidates and their allies make," said Karen Harbert, president and CEO of the Energy Institute. "In an effort to appeal to the 'keep it in the ground' movement, a number of prominent politicians have proposed ending energy production on federal lands, onshore and off. Their proposals will have a direct, harmful effect on the American economy, and in particular decimate several states that rely heavily on revenues from federal land production. Given the implications, these policy proposals should not be taken lightly."

To learn more, download a full copy of this report by visiting the following link: <http://bit.ly/2cdDBgy>.

FEDERAL SAGE GROUSE CONSERVATION PLAN COULD RESTRICT ENERGY DEVELOPMENT OUT WEST

At the start of September, federal land managers issued formal guidance for the implementation of conservation plans striving to protect the Greater Sage-Grouse, a large ground-dwelling bird that inhabits 186 million acres in eleven western states. The U.S. Bureau of Land Management (BLM) published seven Instruction Memorandums on September 1, 2016, which clarify aspects of the federal agency's land use plans as it seeks to fulfill commitments under the U.S. government's Sage Grouse conservation plans. The Instruction Memorandums cover oil and gas leasing and development, grazing, and the collection and use of land management data.

"The implementation policies we are releasing were developed in coordination with our partners in the states and interested stakeholders," said BLM Director Neil Kornze. "These Instruction Memorandums respond to state and stakeholder desires to see clear and consistent application of our management activities across the western Greater Sage-Grouse states while providing the flexibility needed to respond to local situations and concerns. Although each policy guides the specifics of a single issue in great detail, they all share the same goal of effectively conserving the West's sagebrush sea for the benefit of the people and animals who depend on it."

In September 2015, the U.S. Fish and Wildlife Service (USFWS) determined that protection for the Greater Sage-Grouse under the Endangered Species Act (ESA) was not necessary as the bird does not face an immediate risk of extinction, nor does it in the foreseeable future. Instead, the USFWS, joined by other federal entities, chose to pursue a special initiative to protect, restore and enhance important Sage-Grouse habitat in efforts to preclude any need to list the species. The BLM's new Instruction Memorandums are part of the Sage-Grouse initiative.

Congressman Rob Bishop (R-UT), chair of the U.S. House Committee on Natural Resources, criticized the BLM over its new guidelines for the Sage Grouse, calling the BLM's conservation plan "bad news" for Western states. In a prepared statement, Congressman Bishop said: "The Administration's decision not to list the Sage Grouse last year was a cynical ploy all along. These plans, written as if the Sage Grouse were listed, are proof it was an underhanded, de facto listing scheme that further oppresses western states. Secretary Salazar promised that state plans would be used. The Administration is going back on their commitment, which is why Congress is taking measures to help them keep their word. These management plans are not about the Sage Grouse at all. Once again, the Obama Administration is tying up energy development and seizing state-level conservation efforts. The only sensible way forward is to allow the state and local governments—who have the best knowledge—to manage the land in their own backyards."

Meanwhile, the oil and gas industry maintains that the federal Sage Grouse plan ignores extensive conservation measures already being taken by energy companies to protect this species and its habitat. These new federal standards that will be implemented in western states are likely to discourage, and even restrict, oil and gas drilling activities.

D.C. APPEALS COURT TO HEAR CLEAN POWER PLAN ARGUMENTS IN LATE SEPTEMBER

The D.C. Circuit Court of Appeals is scheduled to hear arguments over the federal government's Clean Power Plan on Tuesday, September 27, 2016.

The U.S. Environmental Protection Agency (EPA) announced its final Clean Power Plan in August 2015, providing new federal standards aimed at cutting carbon pollution that is driving climate change. However, just after the new regulation was published in the federal register, a bipartisan coalition of 24 states -- including Texas -- sued the EPA over the Administration's Clean Power Plan. Later, on February 9, 2016, the Supreme Court issued a stay preventing implementation of the Clean Power Plan pending the outcome of judicial review.

A final ruling from the court is not expected until early 2017.

COLORADO BALLOT MEASURES SEEKING TO LIMIT OIL & GAS DEVELOPMENT FAIL

Colorado officials confirmed in late August that a pair of anti-fracking initiatives have failed to collect enough valid signatures to go before the state's voters this fall. Secretary of State Wayne Williams announced on August 29th that two proposed ballot measures seeking to add additional limitations on oil and natural gas drilling in Colorado will not make the November ballot because supporters didn't collect enough valid voter signatures. One of the proposed initiatives -- Initiative No. 75 -- would have given local governments in Colorado the authority to regulate oil-and-gas development, including banning hydraulic fracturing. The other measure, Initiative No. 78, called for a mandatory 2,500-foot setback around oil-and-gas operations.

The state of Colorado requires citizens who are trying to get an issue placed on the ballot to submit 98,492 authentic voter signatures. While backers of the two energy measures did collect enough signatures for each proposal, there were not enough to compensate for the number of signatures that were rejected during the random sample, according to the office of Secretary Williams, ultimately causing Initiative No. 75 and Initiative No. 78 to fail.

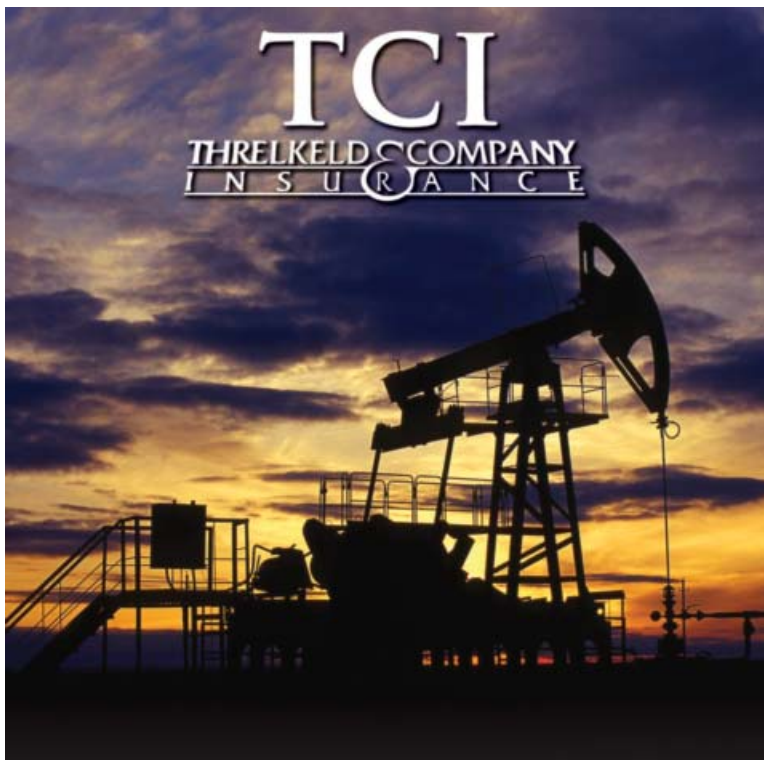
NEW ANALYSIS SHOWS SUBSTANTIAL DECLINE IN OPEC'S OIL EXPORT REVENUE

What a difference a year can make. Members of the Organization of the Petroleum Exporting Countries (OPEC) earned \$404 billion in net oil export revenue in 2015, a figure that represents a huge drop in earnings, according to data recently released by the U.S. Energy Information Administration (EIA). Compared to earnings from just one year prior, OPEC revenue from oil exports was down 46 percent from \$753 billion that was earned by members of OPEC in 2014.

"OPEC members' net oil export revenue has fallen as crude oil prices have declined. The monthly average Brent spot price dropped from \$112 per barrel (b) in June 2014 to \$38/b in December 2015. Based on EIA price forecasts, which are subject to a wide range of uncertainty, OPEC revenue is expected to fall to \$341 billion in 2016 before rising to \$427 billion in 2017," estimates the EIA.

The rapid drop in earnings bring OPEC's 2015 oil export revenue to the lowest level collected in nearly 11 years. "OPEC members' 2015 net oil export revenue was at the lowest level since 2004, with significant implications for the fiscal condition of member countries that rely heavily on oil sales to fund social programs and to import other goods and services. In inflation-adjusted terms, OPEC net oil export revenue totaled \$606 per person in 2015, down 83 percent from the 1980 level of \$3,500 per person," the EIA describes.

In early September, speculation continued to circulate on the possibility of a production freeze by OPEC, which would alleviate pressure on the market and could raise oil prices. OPEC members are scheduled to meet later this month to discuss ways to stabilize the market, and could agree to cap output of crude oil. Russia, the largest oil exporter outside OPEC, signed a pact with Saudi Arabia on September 5th to work together in the oil market, a positive sign some say. Still, other analysts express doubt that any such agreement to cap output will actually occur. A similar proposal discussed by OPEC earlier this year collapsed in April.



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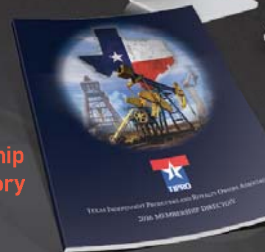
Mike Ross

Project Manager | Naylor Association Solutions
(352) 333-3485 | mross@naylor.com

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