



**Texas
Independent
Producers and
Royalty Owners
Association**

NATURAL GAS IN TEXAS: GLOWING STRONGER EVERY DAY ANNUAL CONVENTION IN HOUSTON FEBRUARY 24-26



T. Boone Pickens
Entrepreneur/Businessman



G. Steven Farris
CEO, Apache Corp.



Regina Hopper
CEO, America's Natural Gas Alliance

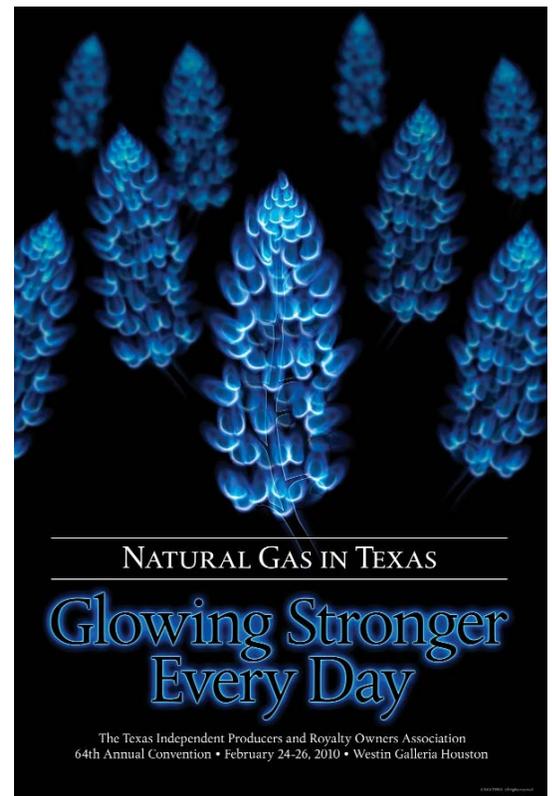
Registration is filling up fast for TIPRO's 64th Annual Convention Feb. 24-26 in Houston featuring industry icon T. Boone Pickens, Apache Corporation's Chairman/CEO G. Steven Farris, and America's Natural Gas Alliance President/CEO Regina Hopper. "There's quite a buzz associated with this meeting!" said Convention Chair Castlen Kennedy. "The Westin Galleria is already booking up and we're already surpassing many of our goals for sponsorship and attendance. Our program, format and speakers are really a draw."

We're reading in headlines every day more positive news about the benefits of natural gas. It's the solution for our state, our country and, best of all, to our industry's future growth," says TIPRO President Tad Mayfield. "The timing, location and focus on this topic at our upcoming convention is really resonating with our members. It's an exciting time for us at TIPRO and we want ALL our members participating at the convention."

The Convention Theme of "Natural Gas in Texas: Glowing Stronger Every Day" will be demonstrated in displays and exhibits of natural gas vehicles, appliances and more at the Galleria mall which is a first at a TIPRO Convention offering the general public the opportunity to see how they can use high-efficiency, environmentally-friendly resources powered by natural gas, including vehicles provided by Encana, Apache and a CNG motorcycle provided by Chesapeake.

If you haven't registered for the convention yet, may we suggest you do so A.S.A.P. since deadlines (Feb. 1) are fast approaching along with hotel availability. See the registration form on page 5 for more details and page 4 for the full agenda.

For sponsorship opportunities please contact Joanne McCord-Reynolds at 512.477.4452, or email her at joanne@tipro.org. To register for the convention, visit www.tipro.org. For Westin Galleria reservations call 800.228.3000.



TIPRO PRESIDENT'S MESSAGE: JOBS, JOBS, AND JOBS... CLEAN BURNING NATURAL GAS



Walter G. "Tad" Mayfield

With a depressed economy, state and federal budget woes, and a Texas and US unemployment rate of 8.3% and 10% respectively, our message should be jobs, jobs, and jobs... clean burning natural gas. With this message in mind, I am greatly looking forward to TIPRO's 64th Annual Convention this February 24-26 at the Westin Galleria in Houston with this year's theme being, Natural Gas In Texas: Glowing Stronger Every Day. T. Boone Pickens, G. Steven Farris, CEO, Apache Corp, Regina Hopper, CEO, America's Natural Gas Alliance, and our additional inspirational speakers will certainly be carrying the message for our industry. I hope you and your fellow employees, friends, and family will be able to join us for this most unique and exciting convention covering the full state of the art energy spectrum from upstream E&P shale play issues to downstream natural gas vehicles and appliances that need promotion by our industry. If our fellow citizens, environmental groups, and government leaders can understand the importance clean burning natural gas will and must play as an integral part of the American energy equation and how this relates to jobs, TIPRO's mission, "To preserve the ability to explore and produce oil and natural gas and promote the welfare of our members" may be further carried out. This mission is good for our industry, but, more importantly, it's vital for the well being of our state and country.

Last month our country unexpectedly lost 85,000 jobs and has lost 7.2 million jobs since the start of the recession. The underemployment rate which includes those who have given up looking for work and the part time workers who would like to work full time has risen to 17.3%. The saying at college commencement ceremonies has been, "Welcome to the unemployment line." Our politicians, regulatory agencies, and environmental groups must have the best interests of our children and the unemployed in mind when creating laws and regulations so they don't inhibit the ability of the independent producer to invest in our country which provides homemade energy, pays much needed taxes, and provides sorely needed American jobs. Energy employers are quite concerned with the House and Senate proposed capping of carbon by 83% by year 2050; the recent EPA CO₂ endangerment finding, EPA's announcement to tighten up smog standards in several Texas Cities without regard to cost; Ken Salazar substantially increasing environmental review processes for drilling permits on federal land; a movement to regulate hydraulic fracking under the Safe Drinking Water Act; proposals to eliminate deductions for intangible drilling costs and percentage depletion, EPA's new and expensive spill prevention, control and countermeasure plan requirements, CFTC's proposed stricter controls on the oil and gas futures markets; and taxes that will be on the table as congress looks for ways to close our ballooning federal budget deficit. Now that comprehensive healthcare legislation has had a serious setback due to the Massachusetts election of Republican Senator Scott Brown, the attention of our federal legislature may well turn to the energy industry.

On the state level, Texas will be trying to plug a multi-billion dollar budget gap this next legislative session and high cost and marginal well severance tax exemptions are already under review. Additionally, this budget gap could very well affect funding for the Railroad Commission during this next legislative session. We are at the beginning of the Sunset Review Process for the Texas Railroad Commission, Texas Commission on Environmental Quality, Texas Water Development Board, and Public Utilities Commission of Texas, all of which will have an impact on our industry. Recent calls for a moratorium on drilling in the Barnett Shale could have statewide and perhaps nationwide implications if not dealt with properly. These are just a few of the many background movements in preparation for the 2011 state legislative session that could affect the ability of Texas to remain conducive for the exploration and production of oil and natural gas.

With the existing numerous and comprehensive state and federal laws along with new state of the art drilling and production technologies, our industry has the desire and incentive, and is being a good steward of the environment. Slowdowns in exploration and production will cause a decrease in the U.S. production of low carbon natural gas. Additionally, while we are potentially imposing enormous new costs and regulatory hurdles on American industry, we are sending our jobs and manufacturing to countries such as China, India, and Russia who do not have our high standards of environmental controls nor our best interests in mind. Inevitably, this will result in less American industry and an increase in particulate matter and acid gas emissions in these foreign countries due to their lack of sulfur scrubbers and other pollution controls. All the while, our economy stumbles, our citizens struggle finding jobs, and our college graduates are all dressed up with nowhere to go.

With 80% of our Texas exploration and production being for clean burning natural gas, and with the new paradigm and blessing for our country of having over 100 years of natural gas due to recent shale technologies, let's send out the message from TIPRO's Annual Convention that Texas natural gas is "Glowing Stronger Every Day." Thank you for your support of TIPRO, and remember jobs, jobs, jobs....clean burning natural gas!

Sincerely,

Tad Mayfield

TEXAS ELECTIONS

In the always contentious arena of Texas politics, our state is in for another round as the candidates for 2010 statewide races start lining up. Below is a first glance list of the players seeking statewide offices for your review. TIPRO will monitor the issues and the candidates and provide background and feedback when issues pertain to oil and gas exploration and production. Every vote counts and hotly contested races can be pivotal to local, regional, statewide and national issues. This was evident with Republican Senator-Elect Scott Brown's election earlier this month in Massachusetts as his election has ramifications on the balance of power in Washington on many timely issues such as health care and energy issues. As well, there are Congressional, Texas House and Senate races which we suggest you review in your local district.

CONSOLIDATED CANDIDATE LIST STATE WIDE OFFICE HOLDERS

(In bold – Incumbent)

R Governor Kay Bailey Hutchison

R Governor Debra Medina

R Governor **Rick Perry**

D Governor Alma Ludivina Aguado

D Governor Felix (Rodriguez) Alvarado

D Governor Bill Dear

D Governor Clement E. Glenn

D Governor Star Locke

D Governor Farouk Shami

D Governor Bill White

R Lieutenant Governor **David Dewhurst**

D Lieutenant Governor Linda Chavez-Thompson

D Lieutenant Governor Ronnie Earle

D Lieutenant Governor Marc Katz



R Attorney General **Greg Abbott**

D Attorney General Barbara Ann Radnofsky

R Comptroller of Public Accounts **Susan Combs**

R Land Commissioner **Jerry Patterson**

D Land Commissioner Bill Burton

D Land Commissioner Hector Uribe

R Agriculture Commissioner **Todd Staples**

D Agriculture Commissioner Kinky Friedman

D Agriculture Commissioner Hank Gilbert

R Railroad Commissioner **Victor G. Carrillo**

R Railroad Commissioner David Porter

D Railroad Commissioner Jeff Weems

TIPRO Members: Sunset Task Force Online Survey Now Available on TIPRO.org We Need Your Input!

Last month TIPRO finished its regional Sunset Task Force meetings and is finalizing its report. The State Issues Committee will continue the process and the Board will take action next month at the Annual Convention. But there's still an important way for you to provide input -- that's through our online survey. TIPRO has compiled an easy-to-access, timely survey where members can add their insight to the Sunset Review issue.

Please take the short few minutes it will take to answer these questions. (*Your name can be kept confidential.*) Data will be compiled as part of TIPRO's official input to the state's review of the important regulatory agencies that oversee our industry. Changes will be made that will impact Texas for 10 years or more. So, please take a few moments to add your input. Go to www.tipro.org to participate in the survey. Thank you!

Calendar of Events

FEBRUARY 10, 2010
HOUSTON – IPAA/TIPRO
Leaders in Industry
Luncheon, 11:30 a.m.
Houston Petroleum Club.
For info call 512.477.4452

FEBRUARY 11-12, 2010
Houston – NAPE EXPO
GRB Convention Center
For info visit
www.napeexpo.com.

FEBRUARY 24-26, 2010
HOUSTON – TIPRO's
Annual Convention, Westin
Galleria Hotel. For info call
512.477.4452

MARCH 10, 2010
HOUSTON – IPAA/TIPRO
Leaders in Industry
Luncheon, 11:30 a.m.
Houston Petroleum Club.
For info call 512.477.4452



MEETING AGENDA

Phone 512.477.4452 Fax 512.476.8070 919 Congress Avenue Suite 1000 Austin, Texas 78701



TIPRO's 64th Annual Convention

Westin Galleria Hotel • Houston, Texas

February 24 – 26, 2010

Wednesday - February 24, 2010

- 10:00 Registration opens
Exhibits open until 5:00
- 1:30 Welcome - **TAD MAYFIELD, PRESIDENT**
- 1:40 State and Federal Issues Update
Briefing on interim legislative studies including local government authority, Agency rulemakings including carbon sequestration, inactive wells and air quality. TIPRO Sunset Task Force and the state's review of agencies including the Texas Railroad Commission.
- 3:00 Technical Presentation
Boyd Heath, CHAIRMAN/CEO
NETWORK INTERNATIONAL
- 4:00 Membership Meeting
- 4:15 Barnett Shale:
Industry Responds to Public Concerns
What's driving the recent media frenzy and how industry has responded to the challenge.
Ed Ireland, EXECUTIVE DIRECTOR
BARNETT SHALE ENERGY EDUCATION COUNCIL
Victor G. Carrillo, TEXAS RAILROAD
COMMISSION
- 5:30 Welcome to Houston Reception
- 7:00 Dinner on your own

Thursday - February 25, 2010

- 8:00 Breakfast & Exhibit Area
- 9:00 Introduction & Welcome
Richard A. Varela,
TIPRO EXECUTIVE VICE PRESIDENT
- 9:15 Opening Keynote:
G. Steven Farris, CHAIRMAN/CEO
APACHE CORPORATION
- 10:15 Washington View
Regina Hopper, PRESIDENT
AMERICA'S NATURAL GAS ALLIANCE
- 11:15 Exhibit Information Area
- 12:00 Keynote Presentation & Luncheon
T. Boone Pickens,
ENTREPRENEUR/BUSINESSMAN
- 1:45 Panel: *Creating Markets for Natural Gas*
Moderator: **Walter "Tad" Mayfield,**
GOLDSTON OIL CORPORATION
Power Sector – **Tom Payton, OXY**
Vehicle Outlook – **Rich Kolodziej,**
NATURAL GAS VEHICLES OF AMERICA
Conservation and Residential Use –
Teri Green, TEXAS GAS SERVICE
- 3:45 Supply & Price Outlook –
Rick Carr, DELOITTE
- 5:30 President's Reception followed by Dinner

Friday - February 26, 2010

- 8:30 TIPRO Audit Committee Meeting
- 10:00 TIPRO Board Member Meeting

FOR COMPLETE REGISTRATION PACKET VISIT WWW.TIPRO.ORG

MEETING REGISTRATION FORM

TIPRO's 64TH ANNUAL CONVENTION • FEBRUARY 24-26, 2010 • WESTIN GALLERIA HOUSTON

Phone 512.477.4452 Fax 512.476.8070 919 Congress Avenue Suite 1000 Austin, Texas 78701



REGISTRATION FEES

TIPRO Member/Member Spouse Fees

- \$425 Member (Full Convention)..... Before Feb. 1
- \$495 Member (Full Convention)..... After Feb. 1
- \$395 Spouse (Full Convention)

Member Single Event Tickets

- \$250 Thursday Keynote Presentation and Luncheon featuring T. Boone Pickens
- \$5000 Thursday Keynote Lunch Table Sponsor (Includes 10 Luncheon Tickets)
- \$175 Thursday President's Dinner Only

Non-Member/Non-Member Spouse Fees

- \$695 Non-Member (Full Convention) (Registration includes 1 year regular TIPRO membership)
- \$495 Spouse (Full Convention)

Non-Member Single Event Tickets

- \$300 Thursday Keynote Presentation and Luncheon featuring T. Boone Pickens
- \$7500 Thursday Lunch Table Sponsor (Includes 10 Luncheon Tickets and includes 1 year explorer TIPRO membership)
- \$225 Thursday President's Dinner Only



Please contact TIPRO Staff at 512.477.4452 if you have any special dietary concerns or other needs.

REGISTRATION TOTAL:

\$

ATTENDEE INFORMATION

Name: _____ Title/Position: _____
 Company: _____ Email: _____
 Address: _____ City/State/Zip: _____
 Phone: _____ Fax: _____

PAYMENT INFORMATION

VISA MASTERCARD AMEX Check (make checks payable to TIPRO)

Credit Card Number: _____ Expiration Date: _____

Name on Card: _____ Signature : _____

Billing Address: _____ Billing Zip Code: _____

CANCELLATION POLICY

To receive a refund, TIPRO must be notified of your cancellation no later than **Friday, February 19, 2010**. No-shows will not receive refunds.

Several TIPRO-Member Companies Ranked Best to Work For by *Fortune*



We've always known how hard working TIPRO member companies are hard working in achieving their goals. Now several are being recognized for the positive workplace atmosphere they provide to their employees to help them get their jobs done efficiently, effectively and happily. *Fortune* magazine's list of 100 companies rated best to work for ranked Devon Energy, based in Oklahoma City, the highest in of our group at #20. Chesapeake Energy, based in Oklahoma City is ranked #34; EOG Resources based in Houston ranked #67, and PricewaterhouseCoopers was ranked #71.

"It is especially gratifying for Devon to receive this recognition at a time when the nation slowly recovers from a recession," said Larry Nichols, Devon's chairman and chief executive officer. "To make the list for a third straight year is a remarkable achievement for Devon, and it speaks to the character and dedication of our employees. Devon is a great place to work largely because of our employees and the values, commitment and perseverance they have shown during this turbulent time for our industry."

Chesapeake's #34 ranking was a jump from the #73 slot last year. Aubrey K. McClendon, Chesapeake's Chief Executive Officer, commented, "We are honored to have been selected again this year as one of America's 100 best places to work. We place a very high priority on creating a work environment and culture in which our employees deliver extraordinary performance while achieving professional and personal growth. This winning combination of great talent and a unique culture promises a very bright future for Chesapeake in the years ahead."

EOG, which made the list for the fourth consecutive year, was recognized by the magazine in the categories of "Top Pay," "Best Health Care Benefits" and "Never Having a Layoff," company spokesman Elizabeth Ivers said.

Bob Moritz, US chairman and senior partner of PricewaterhouseCoopers, said "PWC has a culture and long history of providing its people with extensive opportunities to develop professionally, to thrive within an inclusive and respectful workplace environment, to manage their work and personal lives through its distinctive work/life programs and initiatives, and to participate in meaningful activities in support of its local communities."

TIPRO congratulates all these worthy members.

WASHINGTON, D.C. CALL UP

In March TIPRO leaders plan to travel to Washington D.C. to lobby our Texas Congressional delegates to seek support for issues relating to Texas oil and gas exploration and production. It's just one more way your Association is working on your behalf seeking favorable support regarding such important industry issues as carbon capture, hydraulic fracturing, depletion taxes, SPCC plan requirements and more. We will travel there to share our stories face-to-face with our legislators so they realize how important independents are to the backbone of this state providing jobs, services and tax revenue to our fellow citizens. Please let us know of any particular issues you recommend we review with lawmakers. Thank you for your support.

Have You Been Defrauded in an Oil and Gas Investment?

Nelson S. Ebaugh, P.C., represents investors in litigation and arbitration.



Nelson S. Ebaugh, P.C.
Attorneys & Counselors

1001 McKinney, Suite 550
Houston, TX 77002
Phone: (713) 752-0700
www.ebaughlaw.com

TIPRO'S NEWEST MEMBER

Donna Warndof, Vice President of Public Affairs, and her husband Richard Ford are the proud parents of a new son Thomas Charles Warndof Ford. He was born January 9, 2010 at 4:18 pm, at 8 lbs. 1 oz. and 21



inches. Mother and son are healthy and happy and TIPRO wishes them continued good health.

ENERGY IN DEPTH HYDRAULIC FRACTURING UPDATE

Lip gloss, sunscreen, and gummy bears – any idea what these three things have in common? Key ingredients of each are derived from a barrel of oil, believe it or not – so-called “petroleum distillates” that are essential to making everyday household items like deodorant and shampoo work the way they’re intended, albeit used in small enough quantities to ensure they’re safe for the millions of Americans who consume them.

You know what else is considered a petroleum distillate? Diesel fuel. Thankfully, you won’t find any of that in your lip balm. And the truth is, you won’t find any of it in the solutions used during the hydraulic fracturing process either.

Of course, regardless of the materials used in fracturing a well, for those interested in determining how safe the procedure is, the central question remains a simple one: How is that substance supposed to find its way through inches-thick steel casing cemented into the well bore? In other words, what are the pathways of exposure here? What exactly is it about a technology that’s been used millions of times that just now supposedly is detrimental to our drinking water supplies? State regulators learned long ago that the way you protect groundwater is by keeping oil production fluids out of it. It’s a system that works; it doesn’t need EPA to be called in to slap it around.

On those questions, the Environmental Working Group (EWG) doesn’t claim to have many answers. In fact, all the group appears able and willing to claim in its recently posted white paper is that diesel fuel is being used in frac operations – notwithstanding the fact that federal statute explicitly identifies diesel fuel as a substance that, if used, immediately lands that operation under the regulatory authority of EPA.

But why would a fossil fuel-distillate like diesel be targeted for elimination when the formations being fractured already contain naturally occurring fossil fuels as it is? Good question. But it was. And so today, diesel fuel is simply not used in fracturing operations. Except in the trucks, of course – they still need diesel to run.

Nonetheless, there you see “diesel” popping up again on EWG’s list of “petroleum distillates used in hydraulic fracturing,” with the group even citing an Aug. 2009 document published by the Pennsylvania Department of Environmental Protection (DEP) to back up its assertion. The only problem? The report to which they point says precisely the opposite of what EWG alleges. Here’s the report. See there on page 2 where it says the use of diesel fuel in fracturing operations has been “discontinued”? EWG must not have.

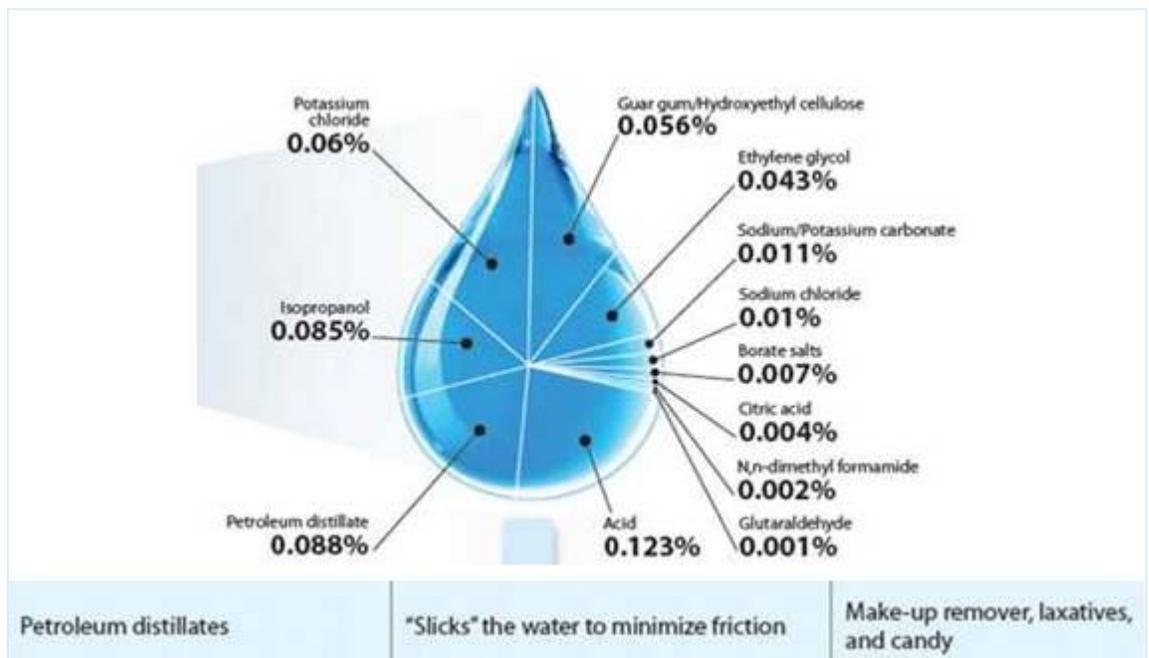
But let’s get back to these petroleum distillates for a second. Sure, you can find them in nail polish and wax paper, but how much of the fracturing solution do these things actually make up? Well, remember first that more than 99.5 percent of the materials used in a typical fracturing job is water and sand. So what makes up the remainder? Included below is a cut-away image of one of Energy In Depth’s most popular downloads.

Fluid Contents

Adapted from a similar chart organized by the U.S. Department of Energy and the Ground Water Protection Council, this document shows us a couple things: For starters, specific to the one-half of one-percent of the fracturing solution that’s not water or sand, only 0.088 percent of what remains is made up of these distillates. And second: Even if you accept the premise that infinitesimally small amounts of those distillates are used in the typical frac job, we’re talking about a substance that you could just as easily find in “make up remover, laxatives, and candy.” Furthermore, most of these distillates originated from the hydrocarbons that reside in the formations that they are being pumped into.

As for the other blatant errors in the EWG report, perhaps we’ll leave some of those for another day. After all, how many times should we be expected to remind these folks that hydraulic fracturing has never been regulated under the Safe Drinking Water Act, and therefore would’ve never needed an “exemption” from it?

Our sense is that, by now, they know what’s factually accurate in this debate and what is not.





Texas Independent Producers and Royalty Owners Association

TIPRO represents more than 2,000 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.

www.tipro.org

www.EnergyInDepth.org

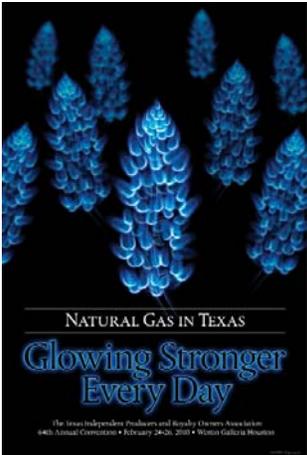
TIPRO — PRODUCING TEXAS' ENERGY for AMERICA

919 Congress Ave., Suite 1000, Austin, Texas 78701, Phone: 512.477.4452, Fax: 512.476.8070



THANK YOU

TO OUR 64TH ANNUAL CONVENTION SPONSORS TO DATE



THERE IS STILL TIME TO SPONSOR!

FOR INFORMATION CONTACT JOANNE AT 512.477.4452

OR EMAIL JOANNE@TIPO.ORG