



**Texas
Independent
Producers and
Royalty Owners
Association**

TIPRO's 64th Annual Convention in Houston – Let's Get "Glowing!" Natural Gas in Texas: Glowing Strong Every Day

Now that TIPRO's 64th Annual Convention is just a few days away, we're eager to lay out the welcome mat for TIPRO members and guests to Houston, the nation's energy capital. On Feb. 24-26 we'll all be gathered to hear from the one and only T. Boone Pickens, Apache Chairman G. Steven Farris, ANGA's CEO Regina Hopper as well as many other expert speakers and panelists who will discuss industry issues, and we'll hear updates on association news. The latest full agenda is on page 4.

If you haven't registered yet, there's no time to lose. Please go to page 5 or www.tipro.org or call TIPRO headquarters at 512.477.4452. The convention hotel Westin Galleria is already SOLD OUT! However, TIPRO members and guests can get reservations at a "sister" property connected to the Galleria, the Westin Oaks Houston, located at 5011 Westheimer at Post Oak, by calling 713.960.8100 or 866.716.8137. For room reservations, please contact Joanne McCord Reynolds at 512.477.4452 for assistance.

"It's exciting that after months of planning and promotion, the convention is coming together so well," said Convention Chair Castlen Kennedy, of Apache Corp. "Registration numbers are up and there's a real 'energy' about our program, pun intended!"

"By focusing our convention on the topic of natural gas it's an opportunity to spotlight one of our state's best treasures," said TIPRO President Tad Mayfield. "Natural gas' value, which seemed "intangible" before now has been harnessed to bring us "tangible" success. Our mission is to educate and promote this wonderful resource that's abundant, clean-burning, and can be the solution to reduce our country's dependence on foreign energy sources. The theme 'Natural Gas in Texas: Glowing Stronger Every Day' demonstrates the positive direction our industry is taking."

TIPRO again thanks our generous sponsors who support our mission with dollars and dedication. TIPRO believes everyone who attends the convention will walk away encouraged, motivated, and enlightened on ways to make their company run better and stronger. The Association's mission is to represent its members' voice in Texas and beyond and this meeting allows us

to hear your concerns and feedback so we can help your company keep its course clear of hurdles as it runs the race in the marketplace.



See Encana's CNG Honda Civic on display at TIPRO's Galleria Mall Exhibit

TIPRO's EVP CORNER



Rich Varela

I've been here a "whole" month and I've truly enjoyed getting to know TIPRO leaders, members and staff. I sincerely appreciate the help everyone has provided for my initial orientation and guidance. Tad Mayfield, our TIPRO President, has been especially instrumental to me as I get up to speed. I continue to get "immersed" in the many important and challenging issues such as the Sunset Task Force Review, state budgetary shortfalls which will put pressure on oil and gas production incentives and much more.

In April, I will accompany several TIPRO members on a trip to Washington, DC to lobby Congress members for favorable support to enable continued development of oil and gas reserves in Texas. Among the issues to discuss are IDCs, hydraulic fracturing, depletion allowance, carbon cap and trade, and more.

Following our Annual Convention and the trip to Washington, DC, I plan to travel around the state to meet members, listen to local concerns, and discuss our plans to address state issues and recruit new members. I look forward to being able to make a difference and thanks again to all members for their support and encouragement.

See Our Ad in the *Houston Chronicle!*

Tuesday, February 23, 2010

Convention from page 1

Topics and panel discussions include: Creating Markets for Natural Gas; Supply, Price and Industry Outlook for the Future; and Barnett Shale Issues. Speakers include Texas Railroad Commission Chairman Victor Carrillo; Rick Carr, Principal at Deloitte LLP; Boyd Heath, President of Network Intl.; Ed Ireland, Barnett Shale Energy Education Council; Tom Payton, Occidental Energy Ventures Corp.; Rich Kolodziej, Natural Gas Vehicles of America; and Teri Green, Texas Gas Service. In addition to technical presentations, meetings on state and federal issues, and Association business, there also will be the President's Reception and Dinner Thursday evening.

A first for a TIPRO meeting, at the Galleria Mall there will be displays and exhibits of natural gas vehicles, products and more. Provided by Encana, Apache and a CNG-powered motorcycle by Chesapeake Energy, these demonstrations offer the general public the opportunity to see how high-efficiency, environmentally-friendly resources powered by natural gas can be part of their everyday lives.

Full Convention Registration is available to TIPRO members for \$495 and \$695 for non-members. We look forward to seeing you soon in Houston for TIPRO's Annual Convention. So let's get "glowing!"



**NATURAL GAS IN TEXAS:
Glowing Stronger
Every Day**





Texas Independent Producers & Royalty Owners
Association 64th Annual Convention
Wednesday, February 24 - Thursday, February 25

Keynote Speaker: T. Boone Pickens
Westin Galleria, 2060 West Alabama

Never before has the promise of natural gas resonated more than now. Production innovations have led to an unprecedented level of excitement in natural gas contributing to its abundant domestic supply. We're positioning TIPRO to lead the industry in Texas to promote the benefits of this superior energy source for our state. We invite you to join TIPRO and attend our 64th Annual Convention -- the place to hear dynamic speakers, network with colleagues and see for yourself what the buzz is all about!

Speakers:

G. Steven Farris, Apache Corporation	Regina Hopper, America's Natural Gas Alliance
Boyd Heath, Network International	Tom Payton, Occidental Petroleum Corporation
Ed Ireland, Barnett Shale Energy Education Council	Rich Kolodziej, Natural Gas Vehicles of America
Rick Carr, Deloitte LLP	Teri Green, Texas Gas Service
The Honorable Victor G. Carrillo, Chairman, Texas Railroad Commission	

Galleria Mall Exhibits feature CNG powered vehicles and more!

To register go to www.tipro.org
or call 512.477.4452






Calendar of Events

MARCH 10, 2010

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

**APRIL 6, 2010
(TUESDAY)**

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

MAY 12, 2010

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

JUNE 9, 2010

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

STRONGER Hydraulic Fracturing Guidelines



With the issue of the hydraulic fracturing drilling process getting so much attention as of late, one would think the sky is falling -- when actually that couldn't be further from the truth. One of the groups that has helped dispel rumors and brought varying industry representatives for a clearer more objective understanding of the process has been STRONGER (State Review of Oil and Gas

Environmental Regulations). Its task force on hydraulic fracturing made up of representatives from oil and gas, environmental groups, and legislative and state regulatory entities has studied the issue and provided the results of that study for review. In establishing a best practice approach to drilling processes, the STRONGER task force has established reasonable expectations and conclusions -- the main one being that on the state level, hydraulic fracturing already has well-established rules and regulations that thoroughly cover the process. This quote from the study further illustrates the point of why regulations are better kept at the state level instead of on a federal level: "The states vary too much in climate, geology, hydrology, topography, and other factors to be amenable to one-size-fits-all regulation. Instead, the guidelines outline the key elements of effective state oil and gas environmental regulatory programs and establish environmental goals or objectives for those programs."

TIPRO's former EVP Adam Haynes, who now serves as Chesapeake's director of government relations is a member of the STRONGER task force on hydraulic fracturing. He said the task force met several times and accomplished what it set out to do in reviewing standards and making recommendations.

The hydraulic fracturing guideline has been posted on the STRONGER, Inc. website for review by any interested parties at www.strongerinc.org

EPA Official: State Regulators Doing Fine On Hydrofracking

Article Reprint from *Dow Jones Newswires* By Ian Talley Monday, February 15, 2010



State regulators are doing a good job overseeing a key natural gas production technique called hydrofracking and there's no evidence the process causes water contamination, a senior federal environment official said Monday. Environmentalists and some lawmakers are pressing to give the Environmental Protection Agency federal oversight of the process, concerned that the drilling technique is contaminating water supplies. State regulators and the natural gas industry have been fighting against federal regulation, saying it could prevent or delay development of trillions of cubic feet of new resources.

The process, which injects water, sand and a small amount of chemicals into natural gas reservoirs under high pressure, has opened new deposits to development, dramatically expanding estimates for domestic production. "I have no information that states aren't doing a good job already," Steve Heare, director of EPA's Drinking Water Protection Division said on the sidelines of a state regulators conference here. He also said despite claims by environmental organizations, he hadn't seen any documented cases that the hydro-fracking process was contaminating water supplies.

In its 2011 budget, the EPA is seeking to spend \$4 million to study the environmental impacts of the process. Bill Kappel, a U.S. Geological Survey official, said contamination of water supplies is more likely to happen as companies process the waste water from hydrofracking. In some instances, municipal water systems that treat the water have reported higher levels of heavy metals and radioactivity.

"Treatment of the [waste] water hasn't caught up with the hydro-fracking technology," Kappel said. But both re-injection of that waste water and water treatment at the surface is already regulated by the federal government under the Safe Drinking Water and Clean Water Acts. Although legislation in the House and Senate to bring greater federal oversight of the hydro-fracking process hasn't gained momentum, Heare said even if such proposals are approved, it wouldn't likely have a dramatic affect on regulation. States would still have the right under the Safe Drinking Water Act to use their own regulatory standards. The National Association of Regulatory Utility Commissioners has pushed to maintain state's primacy in oversight of oil and gas activities.

Contrary to some press reports, Heare also noted that the EPA wasn't conducting any current investigations linking hydrofracking to water contaminations. Companies such as Range Resources Corp. (RRC: 51.465, 1.765, 3.55%), EOG Resources Inc. (EOG: 93.07, 2.08, 2.29%), Devon Energy Corp. (DVN: 68.77, 1.64, 2.44%), Royal Dutch Shell PLC (RDSA: undefined, undefined, undefined%) and Chesapeake Energy Corp. (CHK: 25.655, 0.715, 2.87%) say the process is multiplying their reserves. For example, the Marcellus deposit that lies under Pennsylvania, Virginia, Ohio and New York is estimated to hold more than 500 trillion cubic feet, compared to total conventional natural-gas resource estimates in the U.S. of around 378 trillion cubic feet, according to the U.S. Geological Survey.

TIPRO's 64TH ANNUAL CONVENTION AGENDA

WEDNESDAY - FEBRUARY 24

- 10:00 **Registration opens**
Exhibits open until 5:00 - Plaza II
- General Session - Plaza I - Sponsored by TC Technologies**
- 1:30 Welcome - **TAD MAYFIELD, TIPRO PRESIDENT**
- 1:40 State and Federal Issues Update
DONNA WARNDORF, VICE PRESIDENT OF PUBLIC AFFAIRS, TIPRO
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
J. BOYD HEATH, CHAIRMAN/CEO, NETWORK INTERNATIONAL
- 3:45 Break Plaza II - *Sponsored by Devon Energy*
- 4:00 Membership Meeting
- 4:15 Barnett Shale: *Industry Responds to Public Concerns*
ED IRELAND, EXECUTIVE DIRECTOR, BARNETT SHALE ENERGY EDUCATION COUNCIL
VICTOR G. CARRILLO, CHAIRMAN, TEXAS RAILROAD COMMISSION
What's driving recent conflicts and how industry has responded to the challenge.
- 5:30 Welcome to Houston Reception - West Alabama Room
- 7:00 Dinner - On your own



THURSDAY - FEBRUARY 25

- 8:00 Breakfast & Exhibit Area - Plaza II - *Sponsored by Parkway Chevrolet*
- General Session Part I - Plaza I - Sponsored by PricewaterhouseCoopers**
- 9:00 Introduction & Welcome
Walter "Tad" Mayfield, President Goldston Oil Corporation - TIPRO President
- 9:15 Opening Keynote:
G. Steven Farris, Chairman/CEO Apache Corporation
- 10:15 Washington View
Regina Hopper, President/CEO America's Natural Gas Alliance
- 11:15 Exhibit Information Area - Plaza II and Galleria Mall
Break Sponsored by El Paso Corp.
- 12:00 Keynote Presentation & Luncheon - Monarch Room
T. Boone Pickens
Sponsored by XTO Energy
- General Session Part II - Plaza I - Sponsored by Occidental Petroleum Corp**
- 1:45 Panel: *Creating Markets for Natural Gas*
Moderator: **Walter "Tad" Mayfield, Goldston Oil Corporation**
Power Sector – **Tom Payton, Occidental Energy Ventures Corp.**
Vehicle Outlook – **Rich Kolodziej, Natural Gas Vehicles of America**
Conservation and Residential Use – **Teri Green, Texas Gas Service**
- 3:30 Break - Plaza II - *Sponsored by EOG Resources*
- 3:45 Industry Trends and Outlook for 2010 and Beyond **Rick Carr, Deloitte LLP**
- 5:30 President's Reception followed by Dinner - Monarch Room
Sponsored by Goldston Oil Corporation

FRIDAY - FEBRUARY 26

- 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.

THE NEW SPCC RULE: ARE YOU IN OR OUT?

The *TIPRO Target* newsletter from November 24, 2009, contained an article about the EPA's recently revised Spill Prevention, Control, and Countermeasures (SPCC) regulation, and its impact on the oil and gas industry. This article provides additional information concerning how the changes in that rule, along with recent court rulings and associated rule and policy changes, have an important impact on the applicability of the rule itself to various types of oil and gas facilities.

Companies frequently assume that all oil storage facilities, meeting the minimum volume thresholds, will require an SPCC plan. Even with the latest SPCC revisions, the question quickly becomes "can we do a self-certified plan?" However, a more fundamental issue should also be addressed. Does the facility, regardless of the quantity of oil on site, require an SPCC plan at all? In the applicability section of the SPCC rule [40 CFR 112 §1 (b)], the rule only applies to facilities that:

"...could reasonably be expected to discharge oil in quantities that may be harmful, as described in part 110 of this chapter, into or upon the navigable waters of the United States or adjoining shorelines..."

Previous agency interpretations have taken the broadest possible meaning of the phrase "navigable water". This was known as the "migratory bird" guidance, and essentially included any body of water, no matter how temporary or seasonal, and regardless of how far removed the water may be from a traditional navigable water (TNW - i.e. a waterway that actually carries boat traffic). The migratory bird guidance led to virtually every location in the US being able to impact a navigable water. The SWANCC decision reversed the migratory bird guidance, but left the regulated community in doubt as to what criteria would be used in the future to determine navigable waters. The Rapanos guidance has since established 3 major criteria that the EPA and COE will use to determine navigable waters:

1. Traditionally Navigable Waters (TNW), and any adjacent wetlands (even if the wetland doesn't directly connect to the TNW)
2. Relatively Permanent Waters (RPW), and any wetlands that "directly abut" the RPW (note that this isn't the same as "adjacent")
3. Other isolated and / or non-RPW waters or wetlands that have a "significant nexus" to a TNW

While this guidance introduces its own ambiguity (what is a "significant nexus"?), it is widely regarded as significantly reducing the number of locations that would impact navigable waters. Thus, it also reduces the number of locations in the US that will require SPCC plans. Arid areas, such as those in West Texas, are widely affected by this change in guidance, and facilities that have historically had SPCC plans may no longer require them. Oil and Gas operators should use competent personnel or consultants to analyze each of their locations, using the Rapanos guidance, and document the potential to impact (or not impact) navigable waters. For more detailed information on the SPCC issue, please see www.spcc.pro.

W. R. (Bill) Byrd, PE, is President of RCP Inc., a professional engineering and regulatory consulting firm serving more than 100 clients in the oil and gas industry. RCP has developed hundreds of SPCC plans for single-tank facilities up to the largest refining / chemical complexes in the US.

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

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!



Proposed 2011 U.S. Budget Goes from Counterproductive to Destructive

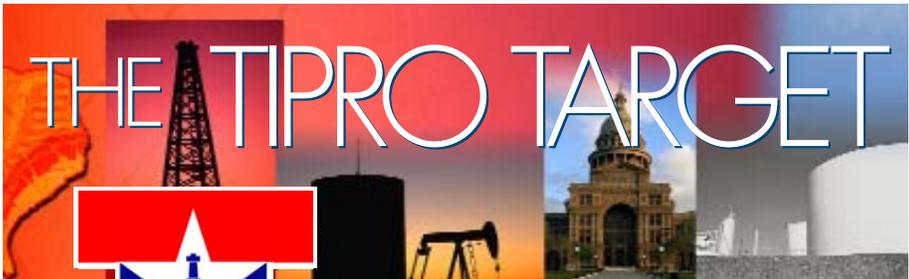
Recently the White House released its proposed 2011 Budget with the title, “Rescuing the Economy.” It begins with a quote from the President “Moving from recession to recovery, and ultimately to prosperity, remains at the heart of my Administration’s efforts.” However, the Administration’s continued stance on eliminating tax credits and at the same time heaping more taxes on the oil and gas industry defeats the very goals the Administration espouses in creating jobs and attempting to stimulate the U.S. economy. The Administration states, “...Even as we increased our short-term deficit to rescue the economy, we have refused to go along with business as usual, taking responsibility for every dollar we spend, eliminating what we don’t need, and making the programs we do need more efficient...In addition to closing loopholes ... and ending subsidies for big oil, gas, and coal companies.” As if oil and gas exploration and production weren’t risky enough, this approach is counterproductive in the least, and at most destructive to a vital American industry that given the chance could be the core of our country’s economic turnaround. The Administration keeps adding to our country’s debt with bailouts for the auto industry, banks, and proposed health-care remedies. Already, our dependence on foreign oil sources further saturates our deficit. If we looked within our own shores at our own resources and to our own American companies trying to remain viable, we have the solution if only we could convince the Administration that we’re not the pariahs it makes us out to be. Stripping independent oil and gas operators of the tax incentives and credits that are necessary to our business model would be like sending a soldier into battle armed with only a pistol against an enemy in a tank with an UZI— the outcome doesn’t fare well for that soldier. What serviceman wants to take those odds? Not one who expects to survive long. And the threat of that soldier’s demise would look a lot like an independent’s chances of survival too.

According to a recent article in the *Ft. Worth Star Telegram* written by Bernard Weinstein, associate director of the Maguire Energy Institute and professor of Business Economics at SMU, “Hiking taxes on domestic energy companies could also derail the shale gas revolution under way in many parts of the nation. A decade ago, the conventional wisdom had it that natural gas production was on a permanent decline. But thanks to new drilling technologies, the U.S. Energy Department estimates we have at least 90 years of proven and potential reserves from shale formations in Texas, Louisiana, West Virginia, Pennsylvania, New York and other states. This clean domestic resource can be used for power generation, home heating, transportation and petrochemicals while reducing our dependence on imported oil. What’s more, the exploration, production, processing, transmission and delivery of shale gas can support tens of thousands of new, sustainable American jobs.”

Fighting against the odds we independents are going to need to call in for back up. That’s where our Texas Congressional Senators and Representatives come in. We need to tell them our story, urge them to help in our fight and be our eyes and ears in Washington as we continue this battle within our own borders. That’s the reason why TIPRO leaders will be traveling to Washington, D.C. in March to meet with legislators who represent our districts in Texas. “We need to keep pounding this message in Washington that they have to stop throwing hurdles in front of us when we have mutually beneficial goals of seeing our country reduce dependence on foreign oil, and help bolster our economy with jobs, and revenue,” said Walter G. “Tad” Mayfield, TIPRO President. On the trip to visit lawmakers in Washington, D.C., Mayfield will be accompanied by TIPRO’s New Executive Vice President Rich Varela, and, tentatively, the following TIPRO members: Joseph C. Abel, M.D. Abel Co.; Stephen N. Castle, Cowboys Resources Corp.; Obie Obrien, Apache Corp.; Donna Warndorf, TIPRO Vice President of Public Affairs; and representatives of other member companies as well.

TIPRO Appreciates its Annual Convention Supporting Organizations





**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
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TIPRO THANKS OUR CONVENTION SPONSORS FOR THEIR GENEROUS SUPPORT

