



**Texas  
Independent  
Producers and  
Royalty Owners  
Association**

According to the EIA, each American household is now on track to save approximately \$747 a year, thanks to lower oil and gas prices. “Between June 2014 and February 2016, the inflation-adjusted Brent crude oil and Henry Hub natural gas prices declined 71 percent and 56 percent, respectively. Prices for these two benchmarks are significant, as changes in the Brent crude oil price often lead to changes in gasoline, diesel, and heating oil costs, while changes in the Henry Hub price affect natural gas prices and, to a lesser extent, electricity prices. The energy component of the consumer price index decreased by 35.3 percent, reflecting the influence of declining spot prices on household energy prices.”



## U.S. SHALE DEVELOPMENT HELPS LOWER COST OF LIVING EXPENSES FOR AMERICANS

Average U.S. household energy costs are down, in large part thanks to increasing domestic oil and gas development, new government data confirms. Analysis published earlier this month by the U.S. Energy Information Administration (EIA) shows declining energy prices have reduced household expenses and lowered cost of living expenditures.

## RAILROAD COMMISSION, TIPRO RESPOND TO SUNSET STAFF REPORT ON THE AGENCY



As the Sunset Advisory Commission launches its 2016-2017 Review Cycle of state entities, several weeks ago staff of the advisory body released a report focused on the Texas Railroad Commission, detailing a series of recommendations aimed at improving efficiencies and effectiveness of the regulatory agency.

Within the report, staff have suggested changing the name of the agency to the Texas Energy Resources Commission, in efforts to better reflect the commission’s important functions. Staff also have called for several changes to enhance the agency’s enforcement and monitoring. Additionally, legislators have been advised to transfer oversight of natural gas utility ratemaking to the Public Utility Commission. An overhaul of bonding requirements for operators was also included amongst the recommendations by Sunset Advisory Commission staff.

“Few agencies are as steeped in the Texas mystique as the Railroad Commission. Created 125 years ago at a time when regulating rates and operations of railroads made it arguably one of the most important and powerful government agencies in the country, the commission’s profile grew still higher when it assumed responsibility for regulating oil and gas production and associated pipelines. In its heyday, the actions of the Railroad Commission largely determined the global price of oil... But the world has changed,” the report said. “The recommendations in this report aim to better prepare and position the agency to achieve its important mission.” Sunset staff note that some of the recommended changes to the Railroad Commission were previously suggested during former Sunset reviews of the agency. “This approach reflects the continuing need for better and more efficient ways for Texas to regulate the oil and gas industry, and is not a reflection of Sunset staff simply maintaining a semblance of consistency with past recommendations.”

The Railroad Commission has already submitted its formal response to the suggested changes by Sunset staff. TIPRO members may access the agency’s comments and view the commission’s position on each Sunset recommendation via the link below:

<http://bit.ly/1Oo1FGK>

This week, TIPRO also will submit feedback regarding the Sunset recommendations for the Railroad Commission. “TIPRO’s Sunset Task Force Committee has reviewed the recommendations and encourages continued efforts to increase the Railroad Commission’s efficiencies and effectiveness,” said Ed Longanecker, president of TIPRO. “Our membership applauds the Railroad Commission for recognizing the oil and gas industry’s rapid evolution and providing comprehensive regulations that continue to protect public safety and our state’s natural resources.” For those that would like to review TIPRO’s response to the Sunset Recommendations, please reach out to TIPRO’s government affairs team at (512) 477-4452 or email [LMiller@tipro.org](mailto:LMiller@tipro.org).

All comments on the Sunset Advisory Commission’s Staff Report on the Railroad Commission are due by Friday, May 13, 2016.

## EPA ISSUES NEW SUITE OF REGULATIONS FOR OIL & GAS SECTOR

On Thursday, May 12, 2016, the U.S. Environmental Protection Agency (EPA) unveiled a suite of new comprehensive regulations geared towards dramatically cutting methane emissions from U.S. oil and gas production over the next decade.

The final standards will curb methane emissions from new, reconstructed and modified processes and equipment, along with reducing VOC emissions from sources not covered in 2012 rules by the EPA. These sources include hydraulically fractured oil wells, and other equipment used across the industry.

The new rules are part of the Administration's strategy under President Obama's Climate Action Plan to reduce methane emissions, and will keep the Administration on track to achieve its goal of cutting methane emissions from the oil and gas sector by 40 to 45 percent from 2012 levels by 2025.

Officials have estimated the regulation would cost the industry about \$530 million in 2025.

"Even with the significant rise in oil and natural gas production in recent years, methane emissions have fallen thanks to ongoing innovation and improvements in exploration and production methods," said Ed Longanecker, president of TIPRO. "EPA's own data shows methane emissions from hydraulically fractured gas wells have fallen 79 percent since 2005. 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 2006 and 2014, 61.4 percent of carbon dioxide emissions reductions in the U.S. electric power sector came from fuel shifting toward natural gas. Onerous and unnecessary regulations only cause more strain on our economy, increased expense to consumers and the companies that employ American workers, with little or no true environmental benefit."

## EPA ADVISORS AFFIRM NO WIDESPREAD, SYSTEMIC GROUNDWATER IMPACT FROM FRACKING

Recently, the Hydraulic Fracturing Panel of the Environmental Protection Agency's (EPA) Science Advisory Board (SAB) released its final review of the EPA draft report, "*Assessment of the Potential Impacts of Hydraulic Fracturing for Oil and Gas on Drinking Water Resources*."

Preliminary conclusions from the panel, which were disclosed at the start of the year, appeared to have misinterpreted data on hydraulic fracturing activities, placing undue emphasis on specific, isolated instances of water impacts unrelated to the hydraulic fracturing process. From this, it seemed as though the panel would ultimately ask the EPA to change its scientific findings based on what the advisors admit were outliers.

In response to some of the initial findings, TIPRO submitted a letter to EPA Administrator Gina McCarthy on this issue in January, saying: "Hydraulic fracturing has been safely and successfully employed throughout Texas for decades. Since its first application in the 1940s, hydraulic fracturing has been thoroughly studied by state and federal agencies, third party organizations and prestigious universities. The EPA's conclusion of no widespread, systemic impacts correctly and accurately describes its findings. This claim is not just our opinion, but supported by scientific consensus. Numerous studies on hydraulic fracturing in Texas - U.S. Government Accountability (2012) ; Jackson et al., Environmental Science and Technology (2015) ; Scott Kell, Ground Water Protection Council (2011) - have been conducted and all reach the same conclusion: hydraulic fracturing is NOT a source of concern for groundwater contamination."

In the Hydraulic Fracturing Advisory Panel's final report, advisors no longer are trying to reverse EPA's finding that hydraulic fracturing has not led to "widespread, systemic" impacts on groundwater. Instead advisors are simply recommending "modifying adjectives" and additional context within the EPA assessment.

## SECRETARY OF THE INTERIOR: 'KEEP IT IN THE GROUND' ACTIVISTS ARE "NAÏVE"

Speaking to a reporter at an event last week in California, U.S. Secretary of the Interior Sally Jewell said environmental activists pushing to completely eliminate use of fossil fuels ignore the fact that the country is heavily dependent on oil, natural gas and coal. Simply put, unrealistic demands by protesters calling for an immediate shift to renewable energy sources are impossible, stated Jewell.

"It's going to take a very long time before we can wean ourselves from fossil fuels, so I think that to 'keep it in the ground' is naïve, to say we could shift to 100 percent renewables is naïve," Jewell told *The Desert Sun* newspaper on May 6.

Satisfying the nation's energy demands is complicated, acknowledged Jewell, and for the time being at least, America's energy needs are largely fulfilled with oil and gas, not renewable sources. "We really have to have a blend over time, and a transition over time, that recognizes the real complexity of what we're dealing with," Jewell added.

### TIPRO Calendar of Events

JUNE 8, 2016	JULY 13, 2016	AUGUST 10, 2016	AUGUST 10-11, 2016
HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.	HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.	HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.	HOUSTON — Summer NAPE Expo, George R. Brown Convention Center. For info, call: (817) 847-7700.

## OBAMA ADMINISTRATION DROPS APPEAL OF COURT RULING ON LESSER PRAIRIE CHICKEN

The U.S. government announced this week that it will drop efforts to designate the Lesser Prairie Chicken as a threatened species under the Endangered Species Act (ESA).

Last Fall, a federal judge from Texas vacated the Lesser Prairie Chicken from the Endangered Species List, issuing a ruling on September 1, 2015, against the U.S. Fish and Wildlife Service (USFWS) on its original designation of the bird as a threatened species. U.S. District Judge Robert A. Junell found that the USFWS failed to follow its own procedures in determining whether the bird should receive federal protection under the ESA. Specifically, the agency did not thoroughly consider active conservation efforts when making the listing decision, including activities associated with the Lesser Prairie Chicken Range-Wide Plan (RWP).

In fact, aerial surveys have shown that the Lesser Prairie-Chicken population is growing, affirming success of ongoing conservation efforts over the past couple years. In its 2016 annual report, released on March 31, 2016, the Western Association of Fish and Wildlife Agencies (WAFWA) reported that the estimated range-wide population of the bird had increased by 25 percent to just over 29,000 chickens.

Although the U.S. Department of Justice intended to fight the decision issued by the U.S. District Court for the Western District of Texas, on Tuesday, May 10, 2016, it filed a motion to dismiss its appeal of rulings on the Lesser Prairie Chicken.

“I have said all along that with a little rain, we will see the Lesser Prairie Chicken population bounce back,” said U.S. Senator Pat Roberts (R-Kansas). “As we have come to expect with the Obama administration, they never let common sense get in the way of a costly regulation.”

Senator Roberts also warned, “We have certainly not seen the last of the Obama Administration’s regulatory agenda.”

When it comes to the Lesser Prairie Chicken, the USFWS maintains it still intends to continue to “reassess the status of the species based on the court’s ruling and the best available scientific data.”

## U.S. COMMERCE DEPARTMENT UPDATES POLICIES TO LIFT RESTRICTIONS FOR OIL EXPORTS

The U.S. Department of Commerce’s Bureau of Industry and Security (BIS) published a final rule on Thursday, May 12, to amend its Export Administration Regulations (EAR) and remove the short supply license requirements that formerly applied to the export of crude oil from the United States. The measure will bring the agency into compliance with a 2016 omnibus spending bill Congress had passed late last year mandating that “no official of the Federal Government shall impose or enforce any restriction on the export of crude oil.”



**SAVE *the* DATE**

**MAKE PLANS TO  
JOIN TIPRO  
AUGUST 17-18  
AT THE HYATT  
HILL COUNTRY RESORT  
IN SAN ANTONIO  
FOR THE  
ASSOCIATION'S  
ANNUAL SUMMER  
CONFERENCE. WATCH  
FOR MORE DETAILS  
TO BE ANNOUNCED  
ON TIPRO'S 2016  
SUMMER MEETING  
IN THE COMING  
WEEKS.**



## FEDERAL LAWMAKERS SLAM PROPOSED CUTS TO FOSSIL FUEL RESEARCH

Federal energy research and development programs were under the microscope Wednesday, May 11, as members of the U.S. House Energy Subcommittee held a hearing in Washington D.C. to examine the work of the U.S. Department of Energy's (DOE) Office of Fossil Energy. During the oversight hearing, the congressional subcommittee heard testimony from DOE Assistant Secretary for Fossil Energy Chris Smith, who discussed the DOE's research programs and initiatives.

"The DOE is committed to working with industry, our National Labs, and other stakeholders to develop the science and innovative technologies that will allow the nation to use its abundant fossil energy resources in a way that meets our energy needs, ensures environmental responsibility, and secures U.S. leadership in the global clean energy economy," Smith told the subcommittee.

Smith also said, "Technology innovation is critical to this effort. Our programs have made substantial progress toward meeting these goals, and we believe these continued advances will help ensure that the U.S. will continue to lead the world in energy technology innovation."

***"Fossil fuels are America's dominant energy source, and provide over 80 percent of energy around the world. With those statistics in mind, DOE should prioritize the type of early stage research in fossil energy that will lead to next generation technology to access our natural resources, move fossil fuels safely to consumers, and use them more efficiently in our cars and power plants,"***  
***-Energy Subcommittee Chairman Randy Weber***

access our natural resources, move fossil fuels safely to consumers, and use them more efficiently in our cars and power plants," commented Energy Subcommittee Chairman Randy Weber (R-Texas). "Through the national labs, the department should take the lead on fossil energy technology innovation, conducting the foundational research that allows the private sector to commercialize ground breaking technology."

"DOE refuses to prioritize early stage research and development for innovative fossil energy exploration and production technologies or research to develop and integrate technology to make coal-fired power plants more efficient. Instead, the Fossil Energy R&D program has become singularly focused on carbon dioxide management," said Chairman Lamar Smith (R-Texas). "DOE should expand access to America's oil and gas resources, not use limited federal research dollars to help the EPA measure emissions. Unfortunately, fossil energy innovation does not appear to be a priority for this administration."

Be that as it may, on Wednesday, federal lawmakers criticized the administration's proposed budget for fossil energy research and development, saying the DOE's 2017 budget allocations "appear to be at odds with America's energy resources and needs."

Specifically, in the DOE fiscal year 2017 budget request, the budget for Fossil Energy R&D was cut by \$32 million, while the proposed funding for research into energy efficiency and renewable forms of energy sources would be increased \$2.1 billion.

Ironically, the same day of the congressional hearing, the U.S. Energy Information Administration (EIA) released a new outlook projecting that fossil fuels would still account for 78 percent of energy use by the year 2040.

Considering the DOE's budget request for the next year, however, it would appear there is a misaligned emphasis from the federal agency regarding priority funding for energy R&D programs.

"Fossil fuels are America's dominant energy source, and provide over 80 percent of energy around the world. With those statistics in mind, DOE should prioritize the type of early stage research in fossil energy that will lead to next generation technology to

## U.S. DEPARTMENT OF ENERGY WILL HOST WORKSHOP ON AMERICA'S ENERGY SECURITY

As the United States enjoys increasing supplies of oil and natural gas, government officials will review the impact to America's energy security. On Friday, May 13, 2016, the U.S. Department of Energy will host a workshop in Washington, D.C., to explore new opportunities and challenges relating to U.S. energy security. During the workshop, experts and policy advisors will also discuss potential regulatory solutions considered appropriate to addressing oil and gas security challenges for the United States. The event is open to the public.

"The U.S. oil and gas security picture has changed dramatically in the past decade, as domestic production of both fuels has soared, the share of oil imports has dropped, and the U.S. is poised to be a net exporter of natural gas. For different reasons, U.S. oil and gas producers now face a low price environment and demand changes increasingly driven by policy, and both oil and gas producers face challenges in siting and protecting infrastructure," describes the workshop announcement from the Energy Department. "Meanwhile, many other countries, including a number of close U.S. allies, continue to struggle with the intersection of oil and gas supplies and geopolitical concerns. Other countries—including a number that have historically had challenging relationships with the U.S.—are finding a new place in the energy geopolitical balance as the U.S. role shifts. And even in a time of relative abundance, a significant supply or price disruption is still feasible. What are today's oil and gas security challenges for both the U.S. and other key allies, and what policy solutions are most relevant to address those challenges?"

## STATES FILE BRIEF SUPPORTING KEYSTONE XL PIPELINE

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This week, Texas, along with five other states, filed an Amicus Brief, in support of TransCanada and the Keystone XL Pipeline. TransCanada is currently pursuing legal action responding to the Obama Administration's decision to deny a Presidential Permit for the Keystone XL Pipeline.

The Amicus Brief is supported by every state that the pipeline would pass through, including Montana, South Dakota, Nebraska, Kansas, Oklahoma and Texas. It reads: "In this case, the states' interest and the national interest is in promoting environmentally-sound interstate and international commerce by constructing the Keystone XL Pipeline, which would lead to tens of thousands of jobs and billions in economic development, especially in small and often struggling communities in the Amici States. Because the Constitution vests the power to regulate interstate and international commerce, such as the Pipeline, exclusively in the Congress, and Congress has expressed its approval of the Pipeline, the Executive has acted unlawfully in its interference with interstate and international commerce by prohibiting the Pipeline."

"States like Oklahoma, which the Keystone XL Pipeline runs through, want this project completed. Oklahoma's economy has already been boosted by the creation of good-paying jobs, and the project will continue to create jobs throughout the rest of the country. Congress has the sole authority to approve the project, and they have already done so. It is unconscionable that the president and his administration would continue to interfere with the completion of the pipeline despite the fact that he has no authority to unilaterally prohibit any and all foreign commerce he does not like," commented Oklahoma Attorney General Scott Pruitt. "Furthermore, the president's own State Department has concluded, after years of study, that the pipeline will do little to directly harm the environment or increase greenhouse gas emissions, so his actions to prohibit the pipeline are solely an attempt to place his 'legacy' and political ambition above our country's ability to move closer to energy independence."

## COLORADO SUPREME COURT STRIKES DOWN LOCAL FRACKING BANS

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At the start of May, the Colorado Supreme Court struck down local government prohibitions against hydraulic fracturing. In separate rulings, the court said on May 2<sup>nd</sup> that a fracking moratorium in the city of Fort Collins and a ban in Longmont, Colorado, were invalid because state law and regulations pre-empted them.

"Even were we to accept the argument that fracking is not the only way to produce oil, gas or other hydrocarbons," the court said, "it appears undisputed that fracking is now standard for virtually all oil and gas wells in Colorado... Like the ban on fracking that we invalidated in Longmont, Fort Collins's fracking moratorium renders the state's statutory and regulatory scheme superfluous."

Colorado Governor John Hickenlooper expressed support of the court's ruling. "We appreciate the Supreme Court's guidance on balancing private property rights and local government jurisdiction of oil and gas operations in Colorado. Striking the right balance is not only important to public health and safety, it has enormous implications for our state's economy," said Governor Hickenlooper.

## REMINDER: VOTE IN TEXAS PRIMARY RUN-OFF ELECTIONS

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Don't forget that the Texas Primary Run-off Election will take place later this month on Tuesday, May 24. Early voting begins next week on Monday, May 16, and ends on Friday, May 20.

On the ballot, voters will select both party candidates in the race for the Texas Railroad Commission. Democratic candidates Grady Yarborough, a former schoolteacher from San Antonio, and Cody Garrett, a former party campaign director and journalist from the Austin area, each are running in the Democratic party's election for Railroad Commission. Meanwhile, on the Republican side, Rosenberg rancher and real estate mogul Gary Gates is running against former state Representative Wayne Christian in the Republican run-off election for the open seat at the commission that regulates the Texas oil and gas industry.

Texas Secretary of State Carlos H. Cascos reminds voters they may not cross parties between the primary and the primary run-off election. "If you voted in a party's primary or nominating convention, you must stick with that party for any runoff elections," said Cascos. "Eligible Texans who did not vote in the primary or participate in a nominating convention are free to vote in either primary run-off election." Although Texas voters must stick with the same party for the primary runoff if they voted in the primary, they are not obligated to any party for the November General Election.

## WILL A SHAKE-UP IN SAUDI ARABIA'S REGIME HAVE AN IMPACT ON THE GLOBAL OIL MARKET?

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After the 20-year tenure of Saudi Arabian oil minister Ali al-Naimi was abruptly ended last weekend, many energy analysts have since questioned whether the sudden Saudi regime change could influence the global oil market. According to reports, on May 7, al-Naimi was pushed out as Saudi's oil minister in favor of Khalid al-Falih, the head of the state-owned oil company Saudi Aramco.

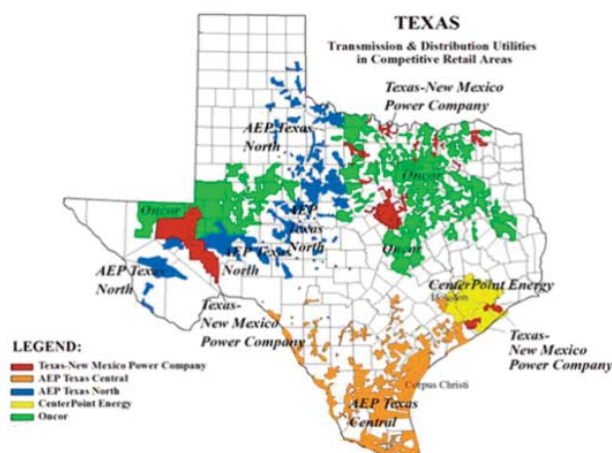
Saudi Arabia, one of the world's largest producers of crude oil, has a heavy influence on OPEC. In his first statement as the new oil minister, al-Falih said that "Saudi Arabia will remain committed to maintaining our role in international energy markets and strengthening our position as the world's most reliable supplier of energy."

This year has already proved to be a tumultuous and volatile time for the oil and gas industry, with oil prices plummeting in early 2016. In recent months, Saudi Arabia has initiated conversations with other OPEC producers to discuss a potential agreement to limit crude output and alleviate oversupply in the global oil market, though any kind of deal to freeze production levels still has yet to be finalized.

# TIPRO MEMBERS IN DEREGULATED AREAS ARE SAVING 20-30% ON ELECTRIC BILLS— ARE YOU?

## AN UPDATE FROM THE TIPRO POWER COALITION

Alongside the natural gas market, electricity rates are going up! TIPRO members including Goldston Oil and Great Western Drilling have capitalized on low market rates. Dollars saved help during a time of recovery and industry reorganization. If you have wells or operations in the areas identified on the map below, please contact TIPRO's Power Coalition representative, Jessica Dusek, for an analysis. No obligation, and worth the time to review comparisons among our 10+ providers. Please email [Jessica.dusek@nrgsimplysmart.com](mailto:Jessica.dusek@nrgsimplysmart.com) or call (512) 676-0928. This is the time to save while every penny counts!



This map doesn't include the Sharyland service territory that transitioned to competition in March of 2014.

With current shifts in oil production, many companies are finding ways to cut back on expenses, and learning how to manage new assets. With this, comes dealing with deregulated markets for the first time. Natural gas prices are at an all-time low, and you have the opportunity to capitalize on the market and save money. As a member of TIPRO, you have direct access to TIPRO's Power Coalition.

Electricity is one of the highest expenses within a business operation. To shop energy rates through TIPRO's Power Coalition, you will receive a savings analysis and rate comparison on your fixed rate. You will also be provided an estimate of transmission and distribution charges, based on the prior year of usage. There is no additional cost to perform a savings-analysis. Existing members are saving thousands upon thousands of dollars, given current market conditions. Also, members are in no way contractually-bound to an agreement unless they choose to move forward with an electricity contract through a specific provider.

Services include:

- Invoice Reviews
- Meter Adds and Drops
- Extended Customer Service Support
- Billing Disputes
- Expiration Notices

### **Frequently Asked Questions:**

**What is a Deregulated Energy Market?** When you have the ability to shop energy rates, and compare between providers--also known as a "competitive" market.

**What is a Letter of Authorization?** This is on the first page of the Easy Forms. You are authorizing the TIPRO Power Coalition to pull your usage and shop rates in the market place.

**What is a Letter of Exclusivity?** Located on the backside under Representation Agreement on the attached Easy Forms, this states you are agreeing to have a broker represent you while shopping for your electricity rates. You cannot have more than one broker at one time. Note, you do not have to sign this if you are not comfortable, rates can still be shopped through the TIPRO Power Coalition.

Participating in TIPRO's Power Coalition provides you with buying power and gives you leverage on current market conditions, while indirectly contributing back to TIPRO. This takes away the "middle-man" and puts dollars back in your pocket, as well as your industry.

*"Throughout my career, TIPRO has always provided me with a multitude of valuable tools and resources. Recently, our company experienced substantial savings on our electric rates through the TIPRO Power Coalition. The organization also continues to be the most effective and respected state advocacy group representing independent oil and gas producers in the state of Texas."*

*-Walter G. "Tad" Mayfield, president of Goldston Oil Corp.*

If you would like to learn more, please contact Jessica Dusek by calling (512) 676-0928 or email [Jessica.dusek@nrgsimplysmart.com](mailto:Jessica.dusek@nrgsimplysmart.com).



## “OIL AND GAS PROPERTY TAX: OIL PRICE ISSUE FOR ROYALTY OWNERS”

### BY DAMIEN LARSON, MYSKA & VANDERVOORT

Tax notices of appraised value are now being sent out to royalty owners across the nation for oil and gas wells in the state of Texas. One of the major components of the discounted cash flow methodology used to achieve fair market value is the oil price. Unfortunately, there is one appraisal firm in Texas that is not using the oil price that is clearly specified in the Texas Property Tax Code (Section 23.175) to generate a fair taxable value.

For those royalty owners who have an interest in a county that is represented by Pritchard & Abbott, there is a direct concern that you are getting over-appraised, at times significantly.

Section 23.175 clearly states:

*“If a real property interest in oil or gas in place is appraised by a method that takes into account the future income from the sale of oil or gas to be produced from the interest, the method must use the average price of the oil or gas from the interest for the preceding calendar year multiplied by a price adjustment factor as the price at which the oil or gas produced from the interest is projected to be sold in the current year of the appraisal. The average price for the preceding calendar year is calculated by dividing the sum of the monthly average prices for which oil and gas from the interest was selling during each month of the preceding calendar year by 12.”*

The current problem with Pritchard & Abbott’s appraisal methodology is that a ‘Reference Price’ for oil is being used that can be \$2-\$12/bbl higher than what was actually received by the royalty owner. The calculation of the average of the 12 months of 2015 for the lease is not being used. Attempts by industry and tax agents to get Pritchard & Abbott to adjust the oil price to what is specified in the Tax Code have so far been ignored.

Royalty owners are encouraged to do their homework and find out which appraisal firm is handling the county that their interest is located. Pritchard & Abbott handles approximately half of all counties in Texas. If Pritchard & Abbott is involved with your lease, royalty owners should contact them to ask what oil price is being used on their appraisal and prepare for a possible protest.

Damien Larson is a partner in the firm Myska and Vandervoort, which specializes in oil and gas property tax. Larson is a licensed tax consultant in the state of Texas and a registered engineer in Texas. Any royalty owners who have further questions about this methodology or need assistance in this matter may email [damien@mvproptax.co](mailto:damien@mvproptax.co).

## FEDERAL AGENCIES PROPOSE POLICY CHANGE TO BOOST CONSERVATION OF ENDANGERED SPECIES

On May 3, 2016, the U.S. Fish and Wildlife Service (USFWS) and NOAA Fisheries proposed revisions to the Candidate Conservation Agreements with Assurances (CCAAs) policy under the Endangered Species Act (ESA). According to the two agencies, the revisions, which do not change requirements of participating landowners, aim to simplify the process of developing and approving CCAAs. Changes also strive to encourage additional participation in conservation agreements. “The USFWS and NOAA Fisheries are actively working to engage conservation partners and the public in the search for improved and innovative ways to conserve and protect imperiled species, even before they are listed under the ESA.”

USFWS and NOAA Fisheries say that regulatory changes to CCAA revisions will “build on the success of the Obama Administration in improving regulations and implementing the ESA in new and innovative ways.”

For more details on proposed policy changes, visit <http://1.usa.gov/1rI4iOL>. Public comments regarding the recommended regulatory revisions will be accepted until July 5, 2016.

## U.S. ENERGY CARBON DIOXIDE EMISSIONS WERE LOWER IN 2015 THAN 10 YEARS AGO



Last year, U.S. energy-related carbon dioxide (CO<sub>2</sub>) emissions fell 12 percent below 2005 levels, reported the U.S. Energy Information Administration (EIA) on May 9, 2016. The decline indicates positive progress by the energy industry in reducing air emissions, even as the nation experiences growth in domestic energy operations.

“Many of the changes in energy-related CO<sub>2</sub> emissions in recent history have occurred in the electric power sector because of the decreased use of coal and the increased use of natural gas for electricity generation,” explained the EIA.

Overall, fuel-use changes in the power sector have accounted for approximately 68 percent of the total energy-related CO<sub>2</sub> reductions from 2005 to 2015, the EIA said.

Despite confirmed reductions in carbon dioxide emissions, on top of declines with other types of emissions, the U.S. government still continues to pursue overly burdensome regulations for the energy sector.



*"Your Property Taxes Are Controllable  
with the Right Representation."*

*Contact:*

*Damien Larson*

*(281) 341-5454*

*damien@mvproptax.co*

## Specializing in Oil and Gas Ad Valorem Tax

Myska and Vandervoort LLC is a national property tax consulting firm with experience in managing client portfolios and minimizing tax liability. We pride ourselves in providing personal attention to each account we represent. Our primary goal is to minimize property tax liability by providing a turnkey service for our clients which ensures accuracy in required filings and compliance with mandated deadlines. Our belief is that your property taxes are controllable with the right representation.



## THE TIPRO TARGET



**Texas Independent  
Producers &  
Royalty Owners  
Association**

With more than 3,000 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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