



**Texas  
Independent  
Producers and  
Royalty Owners  
Association**

## TIPRO HOSTS SUCCESSFUL FEDERAL CALL-UP TRIP IN WASHINGTON D.C.

Although domestic production of oil and natural gas is at an all-time high, proposed energy policies by the federal government could slow the remarkable growth of the U.S. E&P sector. Accordingly, a group of oil and gas executives from Texas - all members of the Texas Independent Producers & Royalty Owners Association (TIPRO) - traveled to Washington D.C. to meet with U.S. Congressmen and their staff during the association's annual D.C. Call-Up on May 6-8, 2014, to discuss potential policy challenges and opportunities for the oil and gas sector at the federal level. Altogether, the group met with more than 35 congressional offices, who together represent 14 different states from across the country. TIPRO also visited multiple government agencies that oversee domestic energy development, including the U.S. Environmental Protection Agency (EPA), U.S. Department of Interior (DOI), U.S. Fish and Wildlife Service (USFWS) and the Department of Energy.

"These meetings allow members of our industry to share the important story of American oil and gas development," said Ed Longanecker, president of the association. "We provide the opportunity for real CEOs and company leaders to detail the impact of federal regulations on their business' bottom line."

During the D.C. call-up, TIPRO members highlighted key issues currently facing the oil and gas industry, such as government oversight and regulation of hydraulic fracturing by federal agencies as opposed to individual states. The group also explained the need for critical tax provisions utilized by independent oil and gas producers, such as intangible drilling costs (IDCs) and percentage depletion allowances.

"Efforts to eliminate tax policies that have encouraged domestic exploration and production for over a century are constant, not to mention the ever expanding oversight of U.S. oil and gas development," said Longanecker. "It's imperative that we strongly reinforce the critical role of independents and the importance domestic oil and gas production to our nation."

"Texas continues to maintain its position as the country's top producer of both oil and natural gas," added Teddy Carter, vice president of government affairs for TIPRO. "However, if we hope to sustain the expansion of E&P activities in the Lone Star State, as well as throughout the country, we will need a stable regulatory environment that is conducive to growth."

During this year's D.C. call-up, participants also emphasized the substantial economic support generated from the development of mineral resources. "Hundreds of thousands of jobs are backed by the oil and gas industry, not to mention the millions of dollars in tax revenue paid each year by producers to local, state and federal treasuries," noted Longanecker. "These are statistics we need for all of our country's leaders to understand and appreciate."

TIPRO also was proud to host the following nine Congressmen for dinner during the trip:

- U.S. Representative John Carter (R-TX)
- U.S. Representative Henry Cuellar (D-TX)
- U.S. Representative Cory Gardner (R-CO)
- U.S. Representative Phil Gingrey (R-GA)
- U.S. Representative Trey Gowdy (R-SC)
- U.S. Representative Kenny Marchant (R-TX)
- U.S. Representative Randy Neugebauer (R-TX)
- U.S. Representative Randy Weber (R-TX)
- U.S. Representative Roger Williams (R-TX)

The association would like to thank all of the members who took part in this important annual meeting.



## PRESIDENT'S MESSAGE

TIPRO Members-

At the end of this month, the primary run-off election will take place, with several important races for statewide office still up in the air. Perhaps most significantly to the oil and gas industry, the Republican nomination for Texas Railroad Commissioner remains undecided. Ryan Sitton and Wayne Christian are the two Republican candidates still in the running for the seat that is to be vacated by Barry Smitherman, current chairman of the state agency. The winner of this run-off race will face Democratic candidate Steve Brown in the November general election. Other major races to note in this year's Texas primary run-off election include lieutenant governor, attorney general and agriculture commissioner, just to name a few.

I want to encourage all of you to cast a vote in this run-off election, as your participation is imperative. Inevitably only a small percentage of Texans actively vote in the primaries, and even fewer partake in the run-off elections. Whether you live in West Texas, or down near the Eagle Ford, please get out the vote and help decide who will serve as our state's future leaders. Early voting will last from May 19-23, with the primary election run-off taking place on Tuesday, May 27. When at the ballot, keep in mind that if you voted in the March primary election, you must vote in the same party runoff.



**Ed Longanecker**

On a separate note, TIPRO is now accepting nominations for the association's annual Texas Top Producers awards. Working in partnership with the publishers of *Texas Monthly*, and with the support of the American Association of Petroleum Geologists (AAPG) and the American Association of Professional Landmen (AAPL), we look forward to again honoring exceptional petroleum professionals in the Lone Star State through this awards program. Divided into four categories of Best CEOs, Best Engineers, Best Geoscientists and Best Landmen, Texas Top Producers highlights the accomplishments and careers of the best professionals in the Texas oil and gas industry.

We call on all members of the association to nominate a deserving candidate or business colleague online through the TIPRO website at [www.tipro.org](http://www.tipro.org), or simply fill out and return the form on page 3 of this newsletter. Full details on the criteria for each of the award categories can also be found on TIPRO's website. Please note that the deadline to submit a nomination for consideration will be June 24, 2014.

This summer, nominations will be reviewed by the TIPRO-Texas Top Producers Awards Committee, comprised of past award winners and distinguished TIPRO members. The committee will select the top finalists, and ultimately the winners in each category. Results will be published later this year in *Texas Monthly* magazine, as well as featured in a special independent *Texas Top Producers* publication. An awards banquet hosted by TIPRO will also be held in October at the Houston Petroleum Club to honor the 2014 Texas Top Producer award recipients. During the event, 2014 Texas Top Producer finalists will be celebrated and the top winners announced.

Again, please help us by nominating a petroleum professional from the Texas oil and gas industry who is worthy of special recognition. The nomination process is short and will only take a moment of your time. Thank you.

**Sincerely,**

## MARK YOUR CALENDARS FOR TIPRO'S SUMMER CONFERENCE & GOLF TOURNAMENT!

Come spend the final days of summer with TIPRO at one of the best resorts in Texas! You're invited to TIPRO's annual Summer Conference & Golf Tournament, which is scheduled to take place August 7-9, 2014, at the Hyatt Hill Country Resort in San Antonio, Texas.

We will be sending you formal registration information in the next few weeks, but please circle the dates on your calendar. Please feel free to also let your interested colleagues, friends and family members know about our event, as we would love to welcome them to participate as well. For more information, please call TIPRO at (512) 477-4452.

### TIPRO Calendar of Events

JUNE 11, 2014	JULY 9, 2014	JULY 9-10, 2014	AUGUST 7-9, 2014
HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (832) 233-5502.	HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (832) 233-5502.	SAN ANTONIO — South Texas Oilfield Expo, Henry B. Gonzalez Convention Center. For info, call: (866) 918-5550.	SAN ANTONIO — TIPRO's Summer Conference & Golf Tournament, Hyatt Hill Country Resort. For info, call: (512) 477-4452.

# 2014 TIPRO TEXAS TOP PRODUCERS AWARDS NOMINATION FORM

Please complete as much of the following as you can regarding the proposed nominee. Information will be used by the TIPRO-Texas Top Producers Committee to select finalists and winners for this year's awards program. Please fill out all required fields, as identified by the \* symbol.

Name of Nominee\*: \_\_\_\_\_ Nominee's Title\* \_\_\_\_\_

Nominee's Company\*: \_\_\_\_\_ Nominee's Address: \_\_\_\_\_

Nominee's Phone Number: \_\_\_\_\_ Nominee's Email: \_\_\_\_\_

Nomination Category (please check applicable profession)\*:

CEO

LANDMAN

ENGINEER

GEOSCIENTIST

1.) Years of relevant industry experience: This includes the number of years working for the oil and gas industry and/or within a specific discipline.\*

1-5 Years

6-10 Years

11-15 Years

16-20 Years

21-25 Years

26-30 Years

30+ Years

2.) Describe specific accomplishments and examples of the candidate's work:\*

3.) Leadership qualities: What sets the candidate apart from others within the identified discipline?\*

4.) Professional History: Please summarize the candidate's background as best possible.

a) Education:

b) Industry Experience:

c) Company Affiliations:

d) Licenses and Certifications:

e) Professional Memberships:

5.) Please provide any additional notable information about the candidate that should be taken into consideration:

Nominated By: This information will be used for internal purposes only.\*

Name:	
Company:	
Address:	
Phone Number:	
Email:	
Relationship to nominee:	

**Please return form to TIPRO by mailing to: 919 Congress Avenue, Suite 1000, Austin, Texas or fax form to (512) 476-8070. Questions? Please contact TIPRO at (512) 477-4452.**

## LEGISLATIVE SUBCOMMITTEE EXAMINES SEISMIC ACTIVITY IN TEXAS



The House Energy Resources Subcommittee on Seismic Activity convened on Monday, May 12, to discuss recent earthquakes that have occurred in areas adjacent to oil and gas production and disposal wells. During the hearing, legislators listened as testimony was presented from a variety of stakeholders, from academic experts and energy regulators to industry representatives and environmental groups.

The hearing began with comments from Alan Brundrett, mayor of Azle, and Lynda Stokes, mayor of Reno. Each of their North Texas towns have been the focal point of interest since last November, after experiencing an escalation in seismic activity.

Dr. Brian Stump from Southern Methodist University and State Geologist Dr. Scott Tinker, director of the Bureau of Economic Geology, also offered a scientific perspective on the complex topic.

Later, state regulators from the Texas Railroad Commission (RRC) reiterated the importance of further study and need of additional data to

help determine the true cause, impact, and location of seismic activity in North Texas and elsewhere.

“The RRC is tasked with promoting the energy production that is vital to our state and nation and protecting the health and safety of Texas citizens. As Railroad Commissioner, I take these responsibilities very seriously and appreciate the commission’s opportunity to testify at today’s hearing,” said RRC Commissioner David Porter in a statement issued after the legislative hearing. “It is imperative that the commission base its rules and regulations on sound science and proven facts, not speculation and theories. The commission’s seismologist, Dr. Pearson, is dedicated to closely examining and studying seismic activity in Texas in order to gain an understanding of what, if any, human activity induces these seismic events. We look forward to collaborating closely with the members of this committee and the rest of the legislature as we work diligently to find answers and determine any future course of action.”

At the hearing, testimony was also offered by representatives of the oil and gas industry. Judy Raab of Quicksilver Resources spoke on behalf of the industry seismic workgroup, of which TIPRO is a participant, along with other trade associations. Jim Carlisle from Fasken Oil and Ranch, James Newman with Basic Energy Services and the Texas Royalty Council’s Tricia Davis also testified before the committee on Monday. Together, each offered their support and cooperation for any ongoing or upcoming efforts to better understand the cause of seismic activity in Texas.

Lastly, during the meeting, members of the Environmental Defense Fund and Sierra Club called on Texas to reopen Statewide Rule 9 at the RRC and use regulatory action taken by other states (specifically Ohio and Arkansas) as a model for changes to rules in Texas. Suggested rule changes include: requiring seismic analysis of formations and surrounding areas, requiring pre-and post-monitoring of seismic activity, establishment of specific permit limits related to amount of fluid, depth of fluid, and type of formation, and establishment of specific permit conditions to allow stoplight and mitigation measures. Additionally, they requested the legislature pass legislation to more specifically authorize the RRC to consider, address, and take action on seismic activity associated with disposal wells.

## RRC COMMISSIONER CHRISTI CRADDICK TO HOST WATER CONSERVATION SYMPOSIUM

In efforts to highlight water recycling and conservation in the oil and gas field, Texas Railroad Commissioner Christi Craddick will host an Oil & Gas Water Conservation and Recycling Symposium in Austin on May 22, 2014. Invited industry representatives will provide information on their current water recycling efforts and accomplishments. A discussion on future water recycling efforts and ways to enhance water conservation in Texas will follow.

This meeting comes one year after the Railroad Commission adopted new rules to accelerate the deployment of water recycling technologies in Texas.

“Industry advancements in recycling in the past year have proven this rule amendment to be a key piece in efforts toward water conservation in oil and gas production,” Commissioner Craddick recently said. “Our state is fortunate, indeed, to have a vast wealth of natural resources in the form of water, and in the mineral riches that are found in our oil and gas fields. We have proven that we can enjoy the benefits of both.”

## ENERGY EXPERT SAYS THE WHITE HOUSE IS LIKELY TO LIFT OIL EXPORT BAN

One renowned energy expert anticipates the Obama Administration will lift the nation’s 40-year-old ban on exporting oil. Presenting at a symposium in San Antonio on Wednesday, May 14, 2014, Amy Myers Jaffe, executive director of energy and sustainability at the University of California, Davis, predicted a strong probability the crude export ban will be removed. A step in the right direction, Jaffe said the U.S. should modify its policies in order to receive full benefits from surging production of oil and gas.

“It’s not in our interest to hold our oil and gas inside our borders,” explained Jaffe. “If we don’t export oil and gas from the United States, (it) is going to flow to Canada or Mexico as it’s already doing — and they’re going to export their oil and gas, so it’s going to be the same thing.”

## TCEQ NOW ACCEPTING APPLICATIONS FOR CNG-INCENTIVE PROGRAM

Up to \$7.7 million in financial incentives is being made available by the Texas Commission on Environmental Quality (TCEQ) to help Texans with the purchase or lease of eligible new vehicles powered by compressed natural gas (CNG), liquefied petroleum gas (propane), or electric drives.

As enacted by the 83<sup>rd</sup> Texas Legislature under Senate Bill 1727, the Texas Emissions Reduction Plan's Light-Duty Motor Vehicle Purchase or Lease Incentive Program was revised to provide up to \$2,500 in funding per eligible vehicle.

Owners or lessees are eligible for the following incentive amounts:

- o Purchase - \$2,500
- o Lease - \$2,500 (4-year lease term); \$1,875 (3-year to <4-year lease term); \$1,250 (2-year to < 3-year lease term); and \$625 (1-year to < 2-year lease term).

The TCEQ has compiled a full list of vehicle makes and models that manufacturers report may meet the eligibility criteria and be available for sale or lease in Texas. This list will be updated whenever a manufacturer submits new information.

“Only vehicles sold through a franchised dealer in Texas, or leased from a leasing company licensed to do business in Texas may be eligible,” noted the TCEQ. “Vehicles purchased from the manufacturer or from an out-of-state dealer would not be eligible. For leased vehicles, the vehicle must be purchased by the leasing company from a franchise dealer in Texas as well. Recipients of the grant will be required to title, register, and operate the vehicle in Texas for one year.”

Visit [terpgrants.org](http://terpgrants.org) or call 1-800-919-8377 to apply. Applications for the program will be accepted by the TCEQ through June 2015, or until all funding is depleted.

## EPA CONSIDERS NEW REGULATIONS ON FRACING

New federal regulations could be in store for the oil and gas industry, after the U.S. Environmental Protection Agency (EPA) issued an advance notice of proposed rulemaking on May 9, 2014. The federal agency announced it will collect public comments for 90 days on whether it should mandate disclosure of chemicals used during the hydraulic fracturing process. Specially, the EPA seeks input on the types of chemical information that should be reported and disclosed under the Toxic Substances Control Act (TSCA), and the best approaches to collecting this information.

“Today’s announcement represents an important step in increasing the public’s access to information on chemicals used in hydraulic fracturing activities,” said James Jones, assistant administrator for the EPA’s Office of Chemical Safety and Pollution Prevention. “The EPA looks forward to hearing from the public and stakeholders about public disclosure of chemicals used during hydraulic fracturing, and we will continue working with our federal, state, local, and tribal partners to ensure that we complement but not duplicate existing reporting requirements.”

The EPA hopes that new disclosure rules will promote transparency and safety of unconventional oil and gas activities while at the same time strengthening protection of air, water, land and communities. Following the 90-day comment period, the agency will evaluate all submitted comments as it considers appropriate next steps to take.

Although currently there are no specific federal requirements for operators to disclose hydraulic fracturing chemicals on federal and Indian lands, hundreds of companies already report frac fluid components online through the [FracFocus.org](http://FracFocus.org) registry. In the state of Texas, all operators are required to report all of the ingredients and water volumes used to hydraulically fracture wells in Texas. Other top oil and gas producing states also have similar requirements in place.

Many argue that proposed regulations by the EPA, and likewise the U.S. Department of Interior, are duplicative of pre-existing state regulations. Additional unnecessary federal requirements could ultimately discourage domestic oil and gas production on federal lands in Texas and elsewhere across the nation.

## TEXAS CONGRESSMAN EMPHASIZES NEED FOR ROBUST U.S. ENERGY POLICY

Speaking on a panel during the Offshore Technology Conference in Houston last week, U.S. Congressman Bill Flores detailed how Washington politics have limited the energy renaissance taking place across the country. Flores, who represents Texas’ 17<sup>th</sup> Congressional District, explained, “in order to have a healthy economy, America has to have abundant and affordable energy supplies, but the administration doesn’t get it.”

During his remarks, Congressman Flores highlighted a lengthy list of examples on how Washington bureaucrats have stood in the way of domestic energy production. He described the U.S. Environmental Protection Agency (EPA) as a “runaway regulatory stream that is inflicting further harm on America’s manufacturing base.” Meanwhile, he continued, the Bureau of Safety and Environmental Enforcement (BSEE) still takes far too long to process drilling permit applications, and, he added, after more than five years, the President has yet to approve the Keystone XL Pipeline. All the while, more than a dozen federal agencies are in the process of studying hydraulic fracturing and shale development. Inevitably, Flores forewarned, these studies are used as precursors to added regulation. Altogether, the overly-burdensome level of federal oversight could hurt industry growth, and dampen oil and gas activity in the future.

“Our country is now on the cusp of becoming energy secure for the first time in decades,” Flores added. “An energy-secure United States is vital for the rest of the world.”

## CITY OF DENTON IMPOSES TEMPORARY MORATORIUM ON DRILLING

On Tuesday, May 6, 2014, the Denton City Council unexpectedly voted to enforce a temporary moratorium on all gas drilling inside the city's limits. As a result, there can be no new gas well permits issued or physical drilling at new or existing sites inside Denton until September 9, 2014.

The move by the city council came just one day before the Denton Drilling Awareness Group formally submitted a petition with 1,936 signatures asking the city to permanently ban hydraulic fracturing in the city of Denton. Accordingly, the city secretary will have 20 days to validate that the signatures belong to registered voters in Denton. The petition must have a minimum of 596 signatures validated.

If the petition receives proper validation, it will then be presented before members of the city council for consideration, who can either adopt it as a local city ordinance, or place it on the November ballot for voters to decide the outcome.

The city of Denton is located in North Texas, near Dallas, and sits atop the Barnett Shale. If approved, the city-wide fracking ban would represent the first of its kind to be implemented in the entire state of Texas.

## DEPARTMENT OF ENERGY REQUESTS INFORMATION ON SUBSURFACE ENGINEERING

The U.S. Department of Energy (DOE) issued a Request for Information (RFI) on May 9, 2014, seeking input from geologists on challenges related to subsurface engineering.

"Major sources of uncertainty in the subsurface environment include variable lithology, structure, and in situ stresses and the resulting variations in fracture initiation and growth processes, geochemical reactions and multi-phase flow at a variety of scales," explained the DOE. "These processes occur in the deep subsurface accessible only by wells. To realize the full potential of subsurface resources, improvements are needed in characterization, monitoring, prediction and ultimately control of fracture and flow processes over scales ranging from nanometers to kilometers."

After collecting input from the industry, academia, national laboratories, and other federal agency stakeholders, the DOE hopes to spur an ongoing dialog on the subject so as to enable significant improvements in the understanding of the character and behavior of the subsurface environment and improve the ability to access, predict, manipulate and monitor the subsurface.

The deadline to submit information will be on Friday, May 23, 2014. To learn more details, visit: <http://bit.ly/1sqKZCK>.

## DEVON, GE PARTNER TO DRIVE UNCONVENTIONAL RESOURCE INNOVATIONS

Two oil and gas companies will partner to collaborate and drive innovations that will enhance the performance and economics of unconventional oil and gas projects. On Monday, May 12, 2014, Devon Energy and GE Oil & Gas announced a new Technology Collaboration Agreement (TCA) to accelerate the development and testing of products in shale formations. Under the alliance, GE will work with Devon on driving technology advancements for artificial lift systems used for increasing the flow of liquids from production wells and advanced drilling technologies, as well as water treatment solutions.

"Devon has a long-standing commitment to developing innovative approaches to produce oil and natural gas," said John Richels, president and chief executive officer of Devon. "This relationship with GE is another great opportunity to accelerate development of new technologies and create solutions that are important to our industry, our communities and the customers who benefit from these breakthroughs."

"We will collaborate with Devon using the GE Oil & Gas Technology Center to develop ideas that can be quickly tested in the field," said Lorenzo Simonelli, president and CEO of GE Oil & Gas. "We aim to quickly deploy technologies that can improve the economics and operational performance of unconventional oil and gas projects throughout the United States and around the world as more countries seek to develop their oil and natural gas resources."

GE's new Oil & Gas Technology Center is scheduled to open next year in Oklahoma City. The center will capitalize on its close proximity to customers and to an important oil and gas producing region. According to GE, the center will focus on solutions related to production systems, well construction, water use optimization, CO2 solutions and energy systems, and will draw on the company's cross-business expertise to drive breakthroughs in the oil & gas space. It will attract oil & gas industry influencers from all around the globe and serve as a focal point for building new working relationships with the state's university network, including the University of Oklahoma, Oklahoma State University, University of Tulsa and Oklahoma City University.

## TEXAS CONTINUES 10-YEAR STREAK AS BEST STATE FOR BUSINESS

For the tenth consecutive year, the Lone Star State has again been recognized as the best state for business, according to survey results compiled by *Chief Executive* magazine. Over 500 CEOs and business leaders across the U.S. were polled this year, asked to grade states on a variety of measures including tax and regulatory regime, the quality of the workforce and the quality of the living environment. Cost of living, public education and affordable housing were other factors also taken into consideration.

Texas again earned the title of best state for business thanks to its noteworthy GDP growth, low unemployment rates and low taxes. According to the magazine, Florida, Tennessee, North Carolina and South Carolina rounded out list of the top five best states for business. Meanwhile, this year's survey indicated the five worst states for business were California, New York, Illinois, New Jersey and Massachusetts.

## PERMIAN DRIVES INCREASE IN HORIZONTAL OIL-DIRECTED DRILLING ACTIVITY

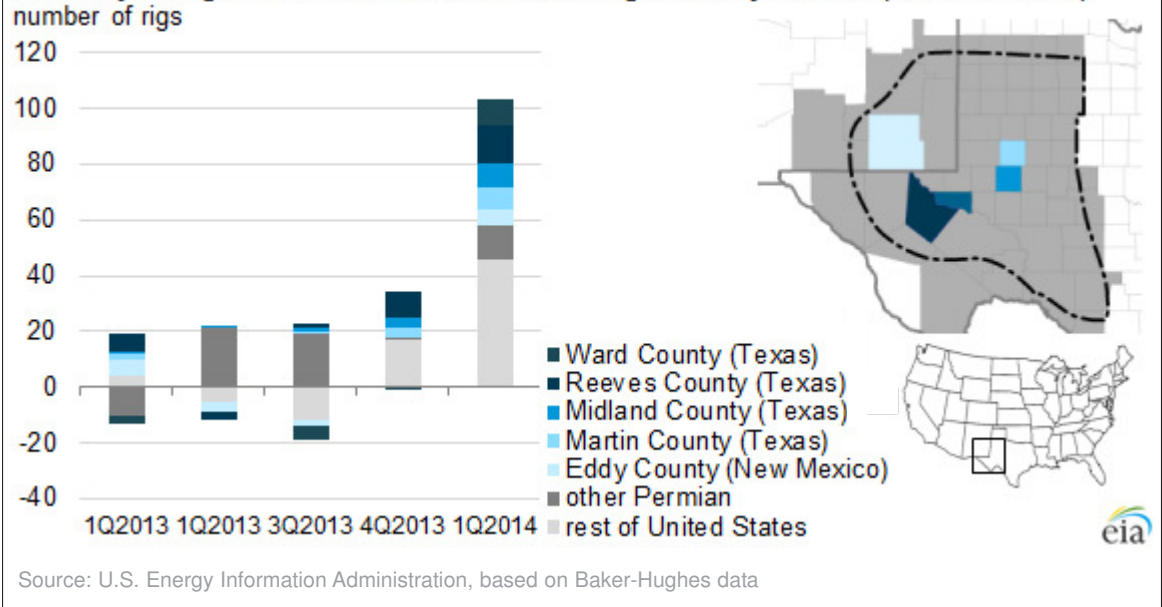
Over the past five months, horizontal oil-directed drilling activity in the U.S. has grown significantly, the U.S. Energy Information Administration (EIA) reported on Thursday, May 15, 2014. A large portion of drilling operations were concentrated in the Permian Basin, which spans across West Texas and southeastern New Mexico. In fact, the federal agency calculates that from December 27, 2013, until May 9, 2014, the number of horizontal, oil-directed rigs in the Permian Basin rose by 63, accounting for 50 percent of the total increase in the United States.

According to the EIA, during the first quarter of 2014, almost 80 percent of all new horizontal, oil-directed drilling in the Permian Basin took place in just five counties that contained such formations. These counties were Reeves County, Texas (14 rig increase);

Ward County, Texas (9 rig increase); Martin and Midland County, Texas (8 rigs each); and Eddy County, New Mexico (6 rig increase). The high-growth formations in these counties include the Spraberry, Wolfcamp, and Bone Spring formations.

Interestingly, the number of horizontal drilling rigs in the Permian exceeded the amount operating in other popular shale formations, notes the EIA. "At the beginning of 2013, both the Eagle Ford Shale in South Texas and the Williston Basin in North Dakota and Montana, which contains the Bakken Shale, exceeded the Permian Basin in the number of oil-directed horizontal drilling rigs. By the end of 2013, the Permian Basin's 215 rigs surpassed both the Eagle Ford and Williston Basin, which had 173 and 164 rigs, respectively. During the first quarter of 2014, the increase in oil-directed horizontal rigs in the Permian Basin was more than four times the combined increase in the Eagle Ford and Williston Basin."

**Quarterly change in the horizontal oil-directed rig count, by location (1Q2013-1Q2014)**



## ENCANA BUYS FREEPORT-McMoRAN EAGLE FORD ASSETS FOR \$3 BILLION

Freeport-McMoRan has agreed to sell its Eagle Ford Shale assets to the oil and gas subsidiary of Encana for \$3.1 billion, the company announced last Wednesday, May 7. The deal includes 45,500 net acres in the region and produced 53,000 barrels of oil equivalent per day during the first quarter of 2014. With estimated net reserves of 59 million barrels of oil equivalents and a drilling inventory of approximately 400 locations, last year the assets accounted for 13 percent of Freeport's total oil production.

"Our team built a solid position in the Eagle Ford which will enable Encana to build on our success," James Flores, Freeport vice chairman and president and CEO of Freeport Oil and Gas, said in a statement. "The transaction is part of our plan to monetize approximately \$4 billion in energy assets to provide meaningful proceeds for debt repayment while enabling us to refocus our asset base and capital allocation on our strategic growth areas in the Gulf of Mexico, which we believe provide industry leading margins, high impact long-term growth opportunities and superior investment returns."

As one of the most prolific and profitable resource plays in North America, Encana anticipates the central position in the core of the Eagle Ford will lend high returns on their investment.

The deal is expected to close during the second quarter of 2014.

## THOUSANDS OF INDUSTRY WORKERS RALLY IN PENNSYLVANIA

More than 2,500 natural gas workers and supporters participated in a rally last week in Harrisburg, Pennsylvania, to show their support for energy development in the region. Dubbed a "shale celebration," officials called it the largest gathering on the capitol steps in years.

"Five years ago, in 2008, we produced a quarter of Pennsylvania's natural gas demand out of the Marcellus," said Dave Spigelmyer, president of the Marcellus Shale Coalition, the group that helped organize the rally. "Today we're producing 20 percent of America's natural gas demand. It's an incredible leap in a short period of time."

Many of the individuals participating in the rally used the occasion to express their gratitude for the tremendous economic support generated in their communities from oil and gas activity. Thanks to increasing development from the Marcellus formation in the Northeast, job creation and tax revenue are up significantly. As an example, one individual said the unemployment rate in his local town had dropped from 10 percent to 0 percent.



www.energen.com

**ENERGEN**  
RESOURCES



**Texas Independent  
Producers &  
Royalty Owners  
Association**

With more than 2,500 members, TIPRO is the nation's largest statewide association representing both independent producers and royalty owners. Our members include small family-owned companies, the largest publicly traded independents and large and small mineral estates and trusts.

---

919 Congress Avenue, Suite 1000  
Austin, Texas 78701  
Phone: (512) 477-4452  
Fax: (512) 476-8070  
www.tipro.org

---