



**Texas
Independent
Producers and
Royalty Owners
Association**

TIPRO PREPARES FOR UPCOMING 65TH ANNUAL CONVENTION

CONVENTION TO BE HELD IN AUSTIN, MARCH 1-2

With just weeks to go until TIPRO's 65th Annual Convention in Austin, preparation for the two-day event is in full force. March 1 and 2 will offer a unique chance to hear dynamic speakers address the latest developments on matters that affect the energy industry.

This year's convention will feature presentations on topics most pertinent to the industry today - with updates on both state and federal issues. Occurring at the same time as Texas' 82nd Legislative Session, there will also be plenty of

opportunity to address timely issues, from the tremendous state budget deficit to Sunset review of state agencies and much more. Texas Lt. Gov. David Dewhurst will give opening remarks for the convention, and former Arkansas Governor Mike Huckabee will serve as the keynote speaker of the event. In his speech, Huckabee will discuss national energy policy and the role domestic energy producers play in our nation's security. Editors Harvey Kronberg of *The Quorum Report* and Evan Smith of *The Texas Tribune* will also offer a political outlook, and Bureau of Economic Geology Director Scott Tinker will share a global energy perspective. An economic perspective will also be provided by Abdon Rangel of PricewaterhouseCoopers, who will give insight on the impact of federal tax reform.

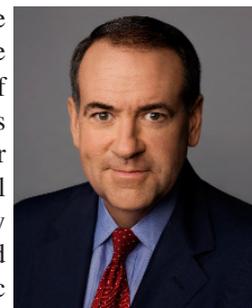
"TIPRO is excited to present a strong lineup of speakers for the annual convention this year, as we come together to mark an important birthday for our association," said Justin Furnace, president of TIPRO.

There will also be a special lunch on the lawn of the historic Texas Capitol Grounds during the second day of the annual meeting, allowing convention attendees the unique opportunity to gather where all the action takes place. And with such close proximity to their offices, state legislators and key staff will join in the fun.

"We have had an incredible showing of support from sponsors this year," said Rich Varela, senior vice president and director of development for TIPRO. "We are thrilled to see more sponsors sign up for our annual convention than ever before, with an increase both in the number of sponsors participating and the amount raised. This indicates the growing support for our organization, which has been building for quite some time. We are excited for the chance to gather with members and convention attendees to learn the latest news affecting the oil and gas industry."

It's not too late to register - see the full agenda on page 6 and a registration form on page 7. You can also find more information online regarding TIPRO's upcoming convention at: <http://tipro.org/Convention.aspx>.

Convention information continued on page 6



Gov. Mike Huckabee

RRC ADOPTS EMERGENCY RULINGS FOR H.B. 2259

MOTION COMES AFTER PETITION FILED BY TIPRO, OTHER STATE ASSOCIATIONS

In response to two petitions filed to resolve issues with H.B. 2259, enacted during the 81st Legislative Session, the Railroad Commission (RRC) has elected to adopt rules that will ease problems associated with the bill. All three Commissioners voted in favor of inclusion of the fluid level test language as proposed by TIPRO, as well as several other state associations. The RRC also will implement an emergency rule on establishing a hearing process for annual organization report (P-5) renewal. However, the original proposal for three 30-day extensions was denied, replaced instead by one 45-day extension.

Both emergency rules were filed at the Texas Register and became effective on February 8, 2011. They will last for 120 days, while the RRC moves forward in permanently adopting rule changes for both issues.

More details on H.B. 2259 can be found in the cover story of the February 3 edition of *The TIPRO Target*.

Due to TIPRO's 65th Annual Convention, please watch for the next edition of the *TIPRO Target* on Thursday, March 10. We will feature exclusive coverage of the convention and insight into all that happens during the two day event!

CHAIRMAN'S MESSAGE

TIPRO Members,

While there are a number of significant issues pertinent to the industry that currently demand our attention, one topic that seems to be of growing concern is drilling tax incentives. With our state experiencing a budgetary crisis, elected officials are looking to any source they can to make-up for the shortfall. This could threaten the security of tax incentives which promote exploration and production of oil and gas and provide thousands of Texans with jobs. Critical for industry growth, it is these incentives that have encouraged development of new sources in Texas like the Barnett Shale, the Haynesville, the Eagle Ford, Wolfberry and the Granite Wash formations. They have even led to an increase in statewide gas production from just 5.5 percent in 1990 to over 56 percent in 2009. Moreover, during Fiscal Year 2010, the oil and gas industry - including upstream, pipes, and downstream - paid approximately \$7.4 billion in state and local taxes and royalties. As a share of business-paid taxes and royalties (all industries combined), both state and local, oil and gas contributed a total of 15.9 percent this past year. Since independents account for a majority of the drilling activity, tax incentives are necessary to help these producers continue exploration and production in regions across Texas.



Stephen N. Castle

Similarly, on the federal level, the Obama administration has again taken aim on the industry, proposing to eliminate tax incentives directed towards oil and gas. On Monday, President Obama announced his recommended Fiscal Year 2012 budget, wherein more than \$43.6 billion in tax incentives for drilling were removed. Fees for exploration on federal lands were dramatically increased, and an additional \$134 million was added for oversight of exploration in the Outer Continental Shelf. Royalty fees paid from production on federal lands onshore could also be raised, and there could be an increase in the geological and geophysical amortization period for independent producers to seven years, which is projected to save \$1.4 billion. The proposed budget also adds billions of dollars towards supporting clean energy technologies and energy research, redirecting funds that otherwise would have been allocated to several Department of Energy fossil-energy research programs. This is not the first time Obama has made suggestions to eliminate fossil fuel tax deductions, advocating instead for renewable and clean energy projects. Other occasions have allowed President Obama to threaten to remove much needed tax incentives, including the last two State of the Union addresses.

These incentives have a huge economic return, giving approximately \$4 of economic growth for each dollar invested. Eliminating tax incentives for drilling is not the answer. Not only would it discourage job creation, it actually could reduce the amount of revenue the government brings in, as it would inhibit projects from the industry. With the oil and gas industry paying income taxes, royalties and other fees at an effective rate much higher than most other industries, this could ultimately cost the government billions of dollars in revenue. Now is the time we must come together to fight for tax credits that supply much needed economic growth, give our Texans jobs and ensure development of sources of oil and natural gas.

Furthermore, in just a couple short weeks, TIPRO's 65th annual convention will finally be here. I am excited to have the opportunity to again meet one-on-one with members of our great organization, as well as participate in the insightful meetings where we are all sure to learn a great deal on issues central to the industry today. Attending the legislative call-ups, wherein we will visit with state representatives and senators, will be especially important as we push for what matters most. By banding together to have a collective voice, we will work to ensure our state officials better understand the impact oil and gas has in Texas, and all the economic benefits it provides day in, day out. I want to urge all members of TIPRO to attend this special event, as it is a critical time to stand up and make our voices heard.

Sincerely,

Calendar of Events

MARCH 1 & 2, 2011	MARCH 9, 2011	APRIL 6, 2011	MAY 10, 2011
AUSTIN TIPRO's 65 th Annual Convention, Omni Downtown. For info, call: (512) 477-4452.	HOUSTON IPAA/TIPRO (Wednesday) Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club For info, call: (512) 477-4452.	HOUSTON IPAA/TIPRO (Wednesday) Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club For info, call: (512) 477-4452.	KILGORE East Texas TIPRO Technical Symposium and Business Reception. For info, call: (512) 477-4452.

PUBLIC AFFAIRS UPDATE

Committees have been assigned in both chambers, and business at the Capitol is picking up. Budget hearings are proceeding in the House and Senate, emergency legislation is moving through the process, and other bills are making their way to the appropriate committees. However, little legislation has gone much further than that at this point. Sen. Hegar, Chairman of the Texas Sunset Advisory Commission, has announced he will be carrying the Railroad Commission Sunset Bill, while Sen. Joan Huffman will carry the TCEQ Sunset Bill in the Senate. The deadline for filing all legislation is March 11, so we will likely see a surge of bills prior to that.



Teddy Carter

Multiple legislators and their staff, as they are honing their ideas for legislation, have been consulting with TIPRO to understand the viewpoint of the independent producer and royalty owner. While plenty of opportunity exists to weigh in on legislation after it has been filed, this has been a wonderful chance to influence change on legislation that is still being drafted and researched. We have encouraged these legislators to help us preserve a business-friendly financial and regulatory environment so that Texas can continue to be a world leader in oil and gas production. We are also constantly reminding legislators of the benefits that our industry has provided, and continues to provide, to the State of Texas and its citizenry.

The 65th TIPRO Annual Convention is rapidly approaching and, with much of our staff being fairly new to the association, we are looking forward to the chance to introduce ourselves to you, as well as catch up with those of you that we have already met. We are in the process of putting together teams of TIPRO members to go visit legislative offices during the convention. These meetings are a great opportunity for legislators and their staff to hear directly from those who are most affected by the policies they implement during the legislative session, and allow them to put a face on the independent producer and royalty owner. Please make sure you register for the convention as soon as possible, and let us know if you would like to be included in our visits with legislative offices.

As Director of Public Affairs, I am committed to protect and advance the interests of the entire TIPRO membership. It is my hope that these updates will provide you the knowledge and comfort that we never stop working for you. Thank you for placing your trust in us. Should you wish to contact me, I can be reached at headquarters by phone at (512) 477-4452, or via e-mail at tcarter@tipro.org.

--Teddy



Resources for the Future

EOG Resources, Inc. is one of the most active drillers in the United States. Our goal is to identify and develop new sources of North American crude oil and natural gas so that we can help improve America's and the world's energy supply. We are proud to operate in Texas and look forward to being a good neighbor for many years to come.

EOG is a proud sponsor of TIPRO's 65th Annual Convention

EOG Resources, Inc.
1111 Bagby, Sky Lobby 2
Houston, TX 77002
(713) 651-7000
www.eogresources.com



U.S. HOUSE ENERGY AND POWER SUBCOMMITTEE HOLDS HEARING IN D.C.

Last week, members of the U.S. House Energy and Power Subcommittee listened to testimony during a hearing in Washington to discuss the U.S. Environmental Protection Agency's (EPA) regulation of greenhouse gases through the Clean Air Act. Representatives used the opportunity to unveil the "Energy Tax Prevention Act of 2011," which attempts to prevent the EPA from having the authority to regulate greenhouse gases. Republicans in support of the bill have expressed concerns on significant job losses, should the federal government continue to regulate gas emissions. Texas Congressman Joe Barton spoke out during the hearing, warning the EPA is "trying to put the American economy in a straight-jacket" with its efforts to regulate, "costing Americans millions of jobs and hundreds of billions of dollars a year." Democrats, on the other hand, have argued that science demands mandates, and without action through the EPA, officials aren't doing enough to protect the air quality of American cities.

Texas Attorney General Greg Abbott testified at the hearing, accusing the EPA of creating its own rules to overturn the Texas regulatory system. "We think the EPA is doing nothing more than trying to interfere with the rule of law and the state of Texas' ability to increase jobs," said Abbott. "Texas remains committed to working with the EPA to improve air quality and hold polluters accountable. But Texas cannot support the EPA, and in fact must challenge it, when it pursues regulations that are contrary to the law and devastating to the economy."

Abbott has been firm in his stand against the EPA, filing six lawsuits against the federal agency to defend Texas' right to regulate air emissions. Earlier this month, Abbott also sent a letter to President Obama and other prominent congressional leaders urging limitations on the federal agency. Stressing it is up to Congress, not unelected bureaucrats, to decide how the federal government regulates greenhouse gases, Abbott requested support for legislation that would restrict the reach of the EPA.

EPA Administrator Lisa Jackson also spoke at the hearing, defending the agency's takeover of permitting in Texas earlier this year. Jackson explained that without federal intervention, Texas businesses would not be able to obtain permits needed for building or expansion.

The debate is sure to continue as lawmakers work to evaluate the need for federal regulation through agencies like the EPA.

Texas cannot support the EPA, and in fact must challenge it, when it pursues regulations that are contrary to the law and devastating to the economy.

**-- Greg Abbott,
Texas Attorney General**



**MARATHON is proud to support
TIPRO's 65th Annual Convention**

TEXAS HOUSE AND SENATE COMMITTEES ANNOUNCED

Speaker of the House Joe Straus announced the Texas House of Representatives committees for the 82nd legislature on Wednesday, February 9. Following senate committee appointments that were released the preceding week, all committees will now work to address the hundreds of bills that have been filed on issues most pressing to the state today. "I have tried to apply the interests and expertise of individual members to our State's challenges, and to make sure the geographic and demographic diversity of Texas is fairly represented," said Straus.

Texas House of Representatives

Appropriations:

Chair: Rep. Jim Pitts
 Vice-Chair: Rep. Sylvester Turner
 Rep. Jimmie Don Aycock
 Rep. Angie Chen Button
 Rep. Warren Chisum
 Rep. Myra Crownover
 Rep. Drew Darby
 Rep. Dawnna Dukes
 Rep. Craig Eiland
 Rep. Helen Giddings
 Rep. Lance Gooden
 Rep. Scott Hochberg
 Rep. Eric Johnson
 Rep. Susan King
 Rep. Dee Margo
 Rep. Armando Martinez
 Rep. Ruth Jones McClendon
 Rep. Doug Miller
 Rep. Geanie Morrison
 Rep. John Otto
 Rep. Diane Patrick
 Rep. Jim Pitts
 Rep. Debbie Riddle
 Rep. Charles Schwertner
 Rep. Mark Shelton
 Rep. Raul Torres
 Rep. Mike Villarreal
 Rep. John Zerwas

Business & Industry:

Chair: Rep. Joe Deshotel
 Vice-Chair: Rep. Rob Orr
 Rep. Dwayne Bohac
 Rep. John Garza
 Rep. Helen Giddings
 Rep. Sid Miller
 Rep. Rob Orr
 Rep. Chente Quintanilla
 Rep. Burt Solomons
 Rep. Paul Workman

Energy Resources:

Chair: Rep. Jim Keffer
 Vice-Chair: Rep. Myra Crownover
 Rep. Stefani Carter
 Rep. Tom Craddick
 Rep. John Davis
 Rep. Charlie Howard
 Rep. J.M. Lozano
 Rep. Ralph Sheffield
 Rep. Mark Strama

Environmental Regulation:

Chair: Rep. Wayne Smith
 Vice-Chair: Rep. Jessica Farrar
 Rep. Jose Aliseda
 Rep. Lon Burnam
 Rep. Warren Chisum
 Rep. Kelly Hancock
 Rep. Ken Legler
 Rep. Lanham Lyne
 Rep. Ron Reynolds

Land & Resource Management:

Chair: Rep. Rene Oliveira
 Vice-Chair: Rep. Tim Kleinschmidt
 Rep. Rafael Anchia
 Rep. Rodney Anderson
 Rep. Fred Brown
 Rep. John Garza
 Rep. Lois Kolkhorst
 Rep. George Lavender
 Rep. Dee Margo

Natural Resources:

Chair: Rep. Allan Ritter
 Vice-Chair: Rep. Tracy King
 Rep. Marva Beck
 Rep. Brandon Creighton
 Rep. Chuck Hopson
 Rep. Jim Keffer
 Rep. Tracy King
 Rep. Lyle Larson
 Rep. Eddie Lucio III
 Rep. Trey Martinez Fischer
 Rep. Doug Miller
 Rep. Four Price

Ways & Means:

Chair: Rep. Harvey Hilderbran
 Vice-Chair: Rep. John Otto
 Rep. Wayne Christian
 Rep. Gary Elkins
 Rep. Naomi Gonzalez
 Rep. Lanham Lyne
 Rep. Trey Martinez Fischer
 Rep. Jim Murphy
 Rep. Allan Ritter
 Rep. Mike Villarreal
 Rep. Beverly Woolley

Texas Senate

Natural Resources Committee:

Chair: Sen. Troy Fraser
 Vice-Chair: Sen. Craig Estes
 Sen. Bob Duell
 Sen. Robert Duncan
 Sen. Kevin Eltife
 Sen. Glenn Hegar
 Sen. Juan "Chuy" Hinojosa
 Sen. Mike Jackson
 Sen. Robert Nichols
 Sen. Kel Seliger
 Sen. Carlos Uresti

CONVENTION MEETING AGENDA

TUESDAY - MARCH 1

10:00 a.m. REGISTRATION OPENS

GENERAL SESSION

- 1:00 WELCOME ADDRESS
STEPHEN CASTLE
COWBOYS RESOURCES CORP. & TIPRO CHAIRMAN
- OPENING REMARKS
LT. GOV. DAVID DEWHURST
- 1:30 POLITICAL OUTLOOK PANEL
HARVEY KRONBERG - *THE QUORUM REPORT*
EVAN SMITH - *THE TEXAS TRIBUNE*
MODERATOR: JUSTIN FURNACE, TIPRO
- 2:30 TEXAS LAND COMMISSIONER
JERRY PATTERSON
INVITED
- 3:30 BREAK
- 3:45 "GLOBAL ENERGY OUTLOOK"
SCOTT TINKER
BUREAU OF ECONOMIC GEOLOGY,
THE UNIVERSITY OF TEXAS AT AUSTIN
- 5:00 WELCOME TO AUSTIN RECEPTION
- 7:00 DINNER ON YOUR OWN

WEDNESDAY - MARCH 2

7:00 a.m. REGISTRATION OPENS

GENERAL SESSION

- 8:00 MEMBERSHIP BREAKFAST AND ANNUAL MEETING
PAST CHAIRMAN'S RECOGNITION
- HATS OFF AWARD PRESENTATION
2011 RECIPIENT REP. RICK HARDCASTLE
- 9:00 INTRODUCTION & WELCOME
STEPHEN CASTLE,
COWBOYS RESOURCES CORP. & TIPRO CHAIRMAN
- 9:05 STATE ISSUES PANEL
JAMES LE BAS
FORMER SEN. KIP AVERITT
JIM GRACE - BAKER & BOTTS
MODERATOR: TEDDY CARTER, TIPRO
- 10:00 "ANTICIPATING THE IMPACT OF FEDERAL TAX REFORM"
ABDON RANGEL
PRICEWATERHOUSECOOPERS LLP
- 11:00 BREAK
- 11:15 CAPITOL CALL UP
GENERAL INFORMATION OF GROUPS AND PACKETS
- 12:00 LUNCH ON THE LAWN
SOUTHWEST CORNER OF CAPITOL GROUNDS
- 2:00 TIPRO CAPITOL CALL UP
APPOINTMENTS WITH LEGISLATORS
- 5:30 CHAIRMAN'S RECEPTION AND DINNER
FORMER GOV. MIKE HUCKABEE

THURSDAY - MARCH 3

- 8:30 a.m. TIPRO AUDIT COMMITTEE MEETING
AUSTIN ROOM
- 10:00 TIPRO BOARD MEMBER MEETING
AUSTIN ROOM

To learn more details
about TIPRO's
upcoming 65th Annual
Convention and
download a registration
packet, visit our
website at:
www.tipro.org.



REGISTRATION INFORMATION

MEMBER REGISTRATION FEES: NON-MEMBER REGISTRATION FEES:

- | | |
|---|--|
| <input type="checkbox"/> Member: \$ 495 | <input type="checkbox"/> Non-Member: \$ 675
(Registration includes 1 year regular TIPRO membership) |
| <input type="checkbox"/> Spouse: \$ 325 | <input type="checkbox"/> Non-Member Spouse: \$ 450 |
| <input type="checkbox"/> Dinner Ticket: \$ 250 (Open Seating) | <input type="checkbox"/> Non-Member Dinner Ticket: \$ 350 (Open Seating) |
| <input type="checkbox"/> Reserved Table for 10: \$ 3,000 | <input type="checkbox"/> Non-Member Reserved Table for 10: \$ 4,000 |



Special dietary needs or other considerations?
Please contact TIPRO staff at (512) 477-4452

Fax form to (512) 476-8070
or visit www.tipro.org
for online registration.

ATTENDEE INFORMATION

Name of Attendee: _____
 Company: _____ E-mail: _____
 Street Address: _____
 City/State/Zip Code: _____
 Phone: _____ Fax: _____ Cell: _____
 Registered Spouse: _____

PAYMENT INFORMATION

Payment Method: VISA MASTERCARD AMEX CHECK NO: _____
 Name: _____ Company: _____
 Billing Address: _____
 Credit Card No.: _____ Exp. Date: _____
 Signature: _____ CID: _____

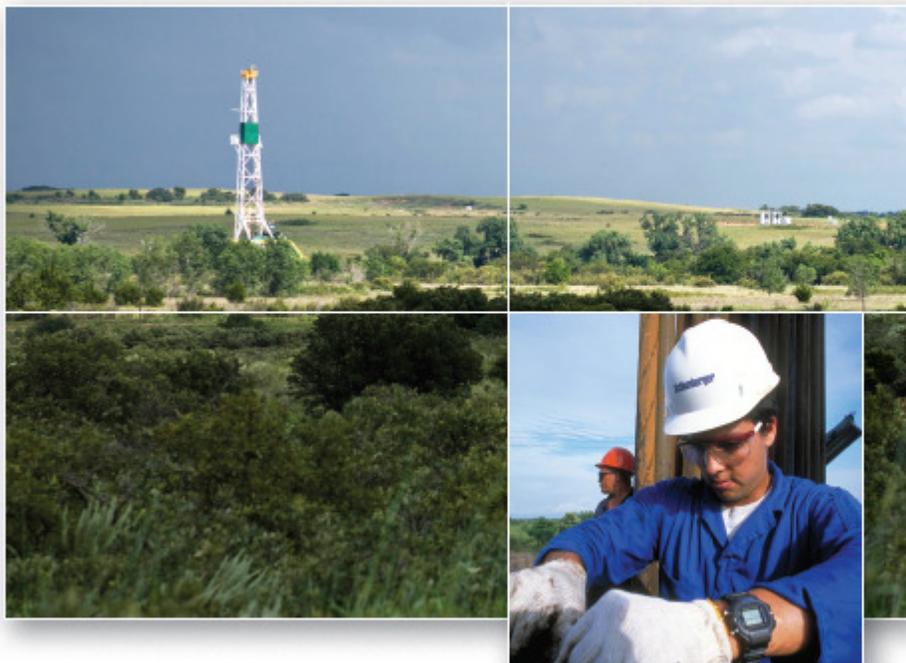
CANCELLATION POLICY

In order to receive a refund, TIPRO must be notified of your cancellation no later than
Friday, February 18, 2011.

Mail Registration form to TIPRO at 919 Congress Avenue, Suite 1000, Austin, TX 78701
Registration forms must be accompanied by payment.



Unlocking the true potential



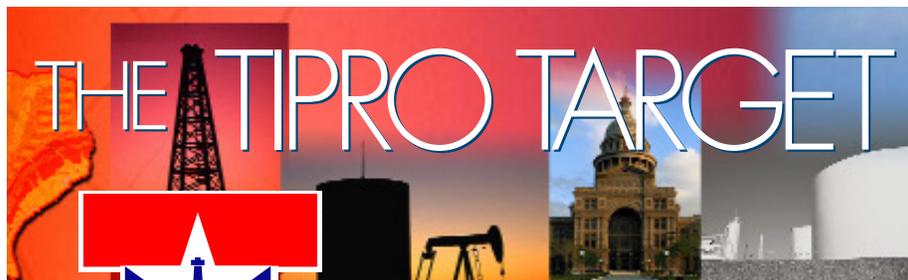
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Achieve sustainable results

Unlocking the true potential of your shale gas reservoir requires an integrated drilling, evaluation, and completion program that addresses both vertical and lateral heterogeneity. Experience in more than 2,700 shale gas wells has taught us that when you seek the best reservoir quality and completion quality, you maximize production, decrease cost, and ultimately tap into more productive intervals.

Read our latest news on Shale Gas at www.slb.com/shalegas

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Texas Independent Producers and Royalty Owners Association

With more than 2,100 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.

www.tipro.org

www.EnergyInDepth.org

TIPRO — PRODUCING TEXAS' ENERGY for AMERICA

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