



**Texas
Independent
Producers and
Royalty Owners
Association**

NEW TIPRO REPORT CAPTURES ECONOMIC IMPACT OF OIL AND GAS DEVELOPMENT IN THE PERMIAN BASIN OVER THE LAST DECADE

The Texas Independent Producers & Royalty Owners Association (TIPRO) this week released its latest installment of the association's "State of Energy Report" series entitled "*A Decade of the Permian Basin*," exploring employment and production trends in the Permian Basin over the past 10 years. As highlighted by TIPRO in the association's latest report, total oil production in the Permian has grown by a staggering 1.2 billion barrels since 2009, marking a 371 percent increase in oil output during the past decade. This growth has allowed the Permian today to become the world's top-producing oilfield, providing higher output than Saudi Arabia's Ghawar field and propelling America to officially take the title as world's largest oil producer.

Since 2009, TIPRO reports oil production in the region has increased from less than 1 million barrels per day (b/d) to more than 4 million b/d in 2019, with some forecasting Permian oil production to nearly double by 2023. Just last year, Permian oil production grew by 255 million barrels compared to 2018 production levels, for a record 1.5 billion barrels produced. Natural gas production in the Permian also increased by 1.1 trillion cubic feet of gas (Tcf) in 2019 compared to the previous year, for a record 5.3 Tcf of gas. Between 2009-2019, total production of natural gas in the Permian rose by 3.6 Tcf, a 217 percent increase.

Over the last decade, certain counties in the Permian have recorded astronomical production growth, with six Permian counties each experiencing an increase in production of more than 100 million barrels of oil between 2009-2019, according to TIPRO. This included Reeves County, Texas (with production growth of 190,830,039 barrels), Midland County, Texas (171,452,907 barrels), Lea County, New Mexico (150,644,890 barrels), Loving County, Texas (118,962,284 barrels), Martin County, Texas (111,056,172 barrels), and Eddy County, New Mexico (103,322,689 barrels).

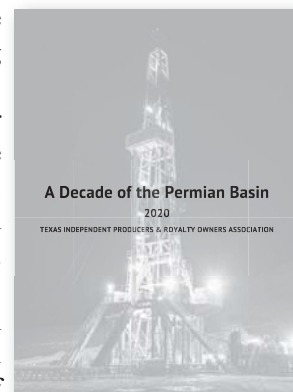
The dramatic rise in oil and gas development over the last ten years in the Permian has offered unmatched economic support to the region and state, boosting employment opportunities within the oil and natural gas industry and providing other significant economic value. Direct oil and natural gas employment in the Permian Basin totaled 87,603 in 2019, finds TIPRO, representing an increase of nearly 43,000 jobs since 2009. The largest increase in oil and gas employment recorded between 2009-2019 occurred in Midland County (20,802), followed by Ector (7,693), Eddy (4,985), Lea (2,407), and Hockley (1,513). The Texas oil and gas industry continues to be one of the most inclusive business sectors, offering well-paid jobs and career placement across many different demographics. In 2019, Permian companies employed more than 12,560 women and 48 percent of all oil and gas jobs were held by Hispanic or Latino workers. Approximately 54 percent of Permian Basin oil and gas workers are between the ages of 25-44, while 37 percent are 45 years or older. Permian jobs also pay extremely well, with an average annual wage of \$98,000, which is 101 percent higher than average private sector wages in the region.

Rising business activity in the Permian Basin also has supported growth of other business sectors and promoted economic growth in other capacities as well. The total number of oil and gas businesses operating in the Permian Basin surpassed 3,350 in 2019. Meanwhile, the total U.S. goods and services purchased by the Permian Basin oil and gas industry exceeded an estimated \$26 billion in 2019.

Though there has been a heavy focus on expanding drilling and development in the Permian during the past 10 years, Texas producers have nonetheless been met with a series of challenges, including limitations with takeaway capacity in West Texas that in more recent years has restricted options to move oil and gas supplies to market. TIPRO notes additional pipeline capacity added in the region in 2019, including Kinder Morgan's 2 billion cubic feet of gas (Bcf/d) Gulf Coast Express Pipeline, has helped alleviate pressures by offering additional takeaway capacity from the Waha Hub in the Permian Basin to demand markets on the Gulf Coast at the Agua Dulce Hub. Five new oil pipelines are also set to open in the region through 2021, bringing more infrastructure online.

Other general concerns affecting businesses in the Permian relate to shifting commodity prices along with a reduction in available capital that has forced more operators to adopt a cash flow yield model and scale back spending on drilling projects. "Despite market challenges, the U.S. will continue to lead the world in oil and natural gas production thanks to our prolific shale formations, continued innovation, improvements and efficiencies in exploration and production methods, and the remarkable men and women that comprise this industry," stated TIPRO President Ed Longanecker.

See TIPRO's complete report by visiting http://bit.ly/A_Decade_Of_The_Permian. Find other oil and gas insights through the TIPRO website at <http://tipro.org/newsroom/tipro-energy-reports>.



CHAIRMAN'S MESSAGE

TIPRO Members,

As we embark on a new year and new decade, it is a time of change for the oil and gas industry in Texas. Shifting conditions naturally present questions for future expectations, though at the same time offer new opportunities to an industry that in recent years has reached global energy dominance.

While we ponder what 2020 will bring for the E&P sector in Texas, it is fitting to reflect back on how far we've come and assess where we stand today. This rings particularly true for the Permian Basin, which has experienced an unbelievable transformation to now become the most prolific energy formation we have.

Accordingly, TIPRO is proud to partner with Hart Energy on the distribution of its commemorative book, *The Permian Basin: The Play That's Changing Everything*, which honors the rich history and legacy of the Permian the last 100 years. In conjunction with the release of this special publication celebrating the Permian Basin, TIPRO this week put out a new analysis highlighting employment and production trends in the basin specifically over the last decade, capturing the momentous expansion of oil and gas development in this great energy-producing region since 2009.

Inside the association's new report, TIPRO shares meaningful insights on historic production growth in the Permian, as well as details significant economic contributions of the industry, including job creation and other notable economic benefits. Readers can even track changes in production and industry employment by individual counties located within the Permian across Texas and New Mexico.

Beyond the powerful economic stimulus created from oil and gas development in the Permian, it is because of this major formation that our nation is also realizing greater energy independence enabling the U.S. to become less dependent on international oil supplies. This has been of great relief as we've seen firsthand with current situations unfolding in the Middle East.

Although oil and gas production in the Permian reached an all-time high last year, with promise of even greater recovery rates in the future, several concerns have impacted domestic energy development in the basin, including regional bottlenecks associated with pipeline constraints, accompanied by broader challenges involving federal trade policies in addition to suppressed market conditions and lower commodity prices. A reduction in available capital for operators in more recent times also has dampened growth of industry employment with further cuts expected in the first quarter of 2020.

Amid resurgent drilling throughout the shale formation the past ten years, the Permian also is confronting other issues relating to housing shortages, transportation infrastructure, education and health care which have affected local communities in the region. Nevertheless, industry players -- with the backing of trade groups like TIPRO -- remain committed to supporting those residing in the Permian and offering solutions for the betterment of the community.

As the world's largest oil-producing field in the world, the Permian holds a bright future ahead. Advancing technologies and new oilfield innovations will further support energy development here, allowing the U.S. to maintain its status as a global energy powerhouse and generating other critical economic value.

Through our organization's reports and other resources, TIPRO will continue to deliver educational and insightful information on industry trends to our members, elected officials and the public. As a statewide trade association, TIPRO is proud to represent producers operating in the Permian and throughout the state of Texas, and is dedicated to our mission of protecting the ability to explore and produce oil and natural gas. Best,

Eugene Garcia



Eugene Garcia

SENATE COMMITTEES TO MEET LATER THIS MONTH TO REVIEW INTERIM CHARGES

Members of the Senate Committee on Natural Resources and Economic Development will meet jointly with the Senate Committee on Water and Rural Affairs on Wednesday, January 22nd to consider two legislative charges covering the state's groundwater regulatory framework along with current laws, processes and options for water supply and storage. This will mark the first public hearing held this interim session for both committees, where they will review interim assignments and form recommendations to improve groundwater regulation, management, and permitting in Texas, and also determine ways to promote the state's water supply, storage, availability, valuation, movement, and development of new sources. In coming months, the committees will also take up other interim charges pertaining to eminent domain laws and the balance of private property rights with continued expansion of oil and gas infrastructure. Lawmakers will also study local economic development incentives and monitor implementation of legislation passed by the 86th Legislature.

TIPRO Calendar of Events

<p>JANUARY 14, 2020 SHREVEPORT — TIPRO District Meeting with Chairman Chris Paddie, 6:30 PM - 8:30 PM. Member-only event. For info, call: (512) 477-4452.</p>	<p>FEBRUARY 6-7, 2020 HOUSTON — 2020 NAPE Expo, George R. Brown Convention Center. For info, call: (817) 847-7700.</p>	<p>FEBRUARY 12, 2020 HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.</p>	<p>MARCH 11, 2020 HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.</p>
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TEXAS' TOP OIL AND GAS REGULATORS LOOK BACK ON ACCOMPLISHMENTS FROM THE PAST YEAR

In 2019, the Railroad Commission of Texas achieved new regulatory triumphs allowing Texas to further enhance its protection of natural resources and public safety, while also extending improvements of regulatory functions and processes. At the end of December, the agency reflected on its accomplishments from the last year with the release of its '2019 Year in Review,' highlighting a busy year at the agency which included significant IT improvements modernizing commission platforms along with meaningful steps taken to enhance the transparency of rulemakings and other regulatory actions.

"At no time in the Railroad Commission's 100 years of regulating the Texas energy industry have our duties and responsibilities been more diverse and widespread. At the same time everyone in our agency is unified and focused on protecting the public and environment while supporting a vital economy for all Texans," stated the commission.

Specifically, in 2019, the Railroad Commission began transitioning data from an antiquated mainframe system to a modern, cloud-based platform, with support from TIPRO, industry trade groups and the Texas Legislature. It also initiated several new online filings for Texas producers, and last January launched the RRC Online Inspection Lookup (RRC OIL) application, a web-based program providing the public with the ability to search online the inspection and compliance history of all Texas wells. Furthermore, the commission in 2019 beat expectations by plugging orphan wells at a historic rate. Meanwhile, state inspectors surpassed performance targets for statewide safety inspections, driving close to 5,541,000 miles across Texas to inspect more than 133,000 wells.

The agency was also able to secure a healthy budget for the 2020-2021 fiscal biennium during the 2019 Texas Legislative Session, receiving \$280 million in appropriations from the legislature -- \$30 million more than the agency requested. Lawmakers approved funding for 22 additional inspectors for the commission's oil and gas and pipeline safety departments, reports the agency, and appropriated additional funds for well plugging and the agency's computer mainframe transition. Also of note, in September the Railroad Commission began accepting applications for two-year inactive well certifications for operators seeking a severance tax exemption, after the implementation of Senate Bill 533 passed by the legislature in 2019. The bill, heavily championed by TIPRO, establishes a five-year severance tax exemption for oil or gas produced from a well designated by the Railroad Commission as a two-year inactive well.

The commission's complete '2019 Year in Review' publication can be found here: <https://bit.ly/2QudCF7>.



REPRESENTATIVE CYRIER APPOINTED CHAIRMAN OF SUNSET ADVISORY COMMISSION

Speaker of the House Dennis Bonnen in late December appointed state Representative John Cyrier (R-Lockhart) as the next chairman of the Sunset Advisory Commission, taking over the leadership role from Representative Chris Paddie (R-Marshall) who led the commission during the last legislative cycle. Representative Paddie remains a member of the advisory commission, as does Representative Stan Lambert (R-Abilene) who will continue to serve as a member of the Sunset Commission during the 87th Legislature. Other House members newly appointed to the panel by Speaker Bonnen include Representatives Terry Canales (D-Edinburg) and Craig Goldman (R-Fort Worth) as well as public member Julie Harris-Lawrence.

The Sunset Advisory Commission, which works to review the performance of state agencies, includes 12 members total -- five Senators, five Representatives, and two individuals representing the public, each appointed by the lieutenant governor and the speaker of the House. The position of chair rotates between the House of Representatives and the Senate every two years; this coming cycle, the commission will be led by a member from the House. To date, Lieutenant Governor Dan Patrick has not yet announced appointments for open positions on the Sunset Advisory panel on the Senate side. During the upcoming 2020-2021 Review Cycle, the Sunset Commission will notably review the Texas Department of Agriculture, Texas Economic Development and Tourism Office, Texas Parks and Wildlife Department and the Office of State-Federal Relations, amongst other entities. The Railroad Commission of Texas meanwhile is not due to undergo another Sunset review again until the 2028-2029 cycle.

EPA EXPANDS SELF-AUDIT DISCLOSURE PROGRAM FOR UPSTREAM OIL & GAS FACILITIES

The U.S. Environmental Protection Agency (EPA) is giving existing owners of oil and natural gas exploration and production facilities the option to participate in its voluntary self-audit and disclosure program which it hopes will incentivize regulatory compliance and in turn further improve air quality in U.S. communities. Last March, the EPA first unveiled a new self-audit program open to new upstream facility owners to motivate companies to take action to make necessary changes to equipment and return to compliance for violations, offering rewards such as reduced penalties for a limited time. Now, the program will be available to existing owners of oil and natural gas exploration and production facilities for a period of 12 months to accelerate compliance, as part of EPA's National Compliance Initiative – *Creating Cleaner Air for Communities by Reducing Excess Emissions of Harmful Pollutants*. Under the program, enrolled participants will have the opportunity to find, correct, and self-disclose Clean Air Act violations, with clearly defined civil penalty mitigation beyond what is offered by the EPA's existing self-disclosure policies. "By temporarily expanding our self-audit program to existing owners, we expect more facilities to return to environmental compliance," said EPA Assistant Administrator for Enforcement and Compliance Assurance Susan Bodine. "This incentive to identify, correct, and self-disclose violations will provide additional public health and environmental protection in the surrounding communities."

Find more information on the EPA's self-audit program for upstream facility owners by visiting: <https://bit.ly/300gbBZ>.

NEW STUDY SHOWS PROPOSED FRACKING BAN WOULD HAVE CATASTROPHIC ECONOMIC IMPACT

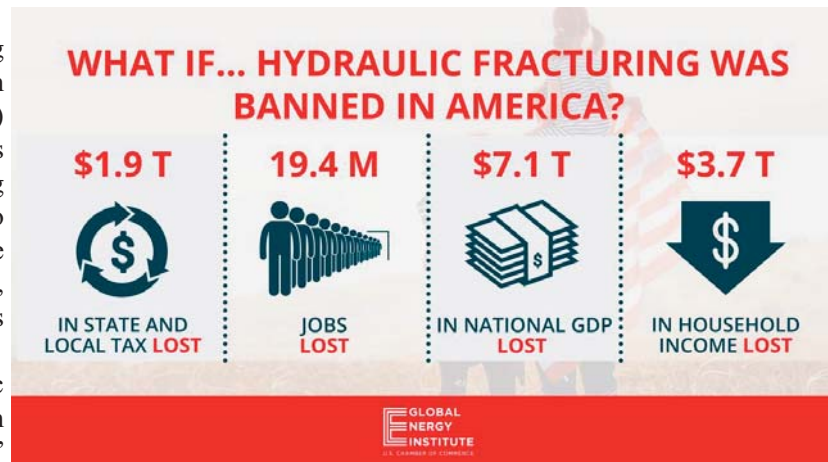
As the 2020 election season gets underway, some leading presidential candidates have promised to pursue a nationwide ban on hydraulic fracturing if elected as commander-in-chief in November, threatening thousands of American jobs, risking billions of dollars in economic growth and jeopardizing national energy security. A new study recently released by the U.S. Chamber's Global Energy Institute dives deeper into the impact of such a ban, if one were to be enacted, quantifying the economic risks if hydraulic fracturing was no longer allowed in the United States.

Inside the report, the Institute finds that a ban on fracking across the U.S. would eliminate 19 million jobs between 2021-2025, while reducing U.S. Gross Domestic Product (GDP) by \$7.1 trillion over the same period. Meanwhile, energy prices across the U.S. would skyrocket, with natural gas prices rising by as much as 324 percent, causing household energy bills to quadruple and the cost of living to increase by \$5,661 for the average American, according to the Institute's analysis. By 2025, the price of gasoline would double and government revenues would plummet by almost \$1.9 trillion.

"Increased oil and gas production driven by hydraulic fracturing has been fueling America's sustained period of growth over the past decade, while making us both cleaner and stronger," said Marty Durbin, president of the Global Energy Institute. "Our study shows that banning fracking would have a catastrophic effect on our economy, inducing the equivalent of a major recession and raising the cost of living for everyone across the country. This bad idea should be abandoned."

In its study, the Institute also draws attention to how a hydraulic fracturing ban in the U.S. would lead to geopolitical setbacks, compelling America to need to return to a state of dependence on other energy producers like Russia and OPEC after a reduction in domestic energy output due to fracking limitations. By all accounts, the U.S. would be forced to increase outside imports of oil and natural gas, reversing substantial gains made in more recent times as the country works to become energy independent.

Understand other impacts a potential ban on hydraulic fracturing could have by downloading the full report here: <https://bit.ly/2FrFtz>.



TRUMP ADMINISTRATION MOVES TO ADOPT SUBSTANTIAL CHANGES TO ENVIRONMENTAL RULES

At the start of the new year, the White House announced proposed sweeping changes to the National Environmental Policy Act (NEPA) that would make it easier for companies to construct new pipelines, build highway projects and develop other important infrastructure in the United States. By adopting policy updates to the environmental regulations, the Trump Administration hopes to narrow the scope of NEPA and end unnecessary delays for infrastructure development. Under the administration's proposal, federal agencies no longer will take climate change into account when measuring the impact of major infrastructure projects under review by the government, essentially eliminating a prominent provision included under NEPA. Currently, agencies are mandated by NEPA to assess the extent to which proposed federal actions affect everything from endangered species to water quality and air emissions linked to climate change. The law, signed into effect by President Richard Nixon on January 1, 1970, has been used regularly as a tactic by environmental groups and activists attempting to delay or block infrastructure projects, mining, drilling and logging from receiving necessary permits to be built.

In a statement issued January 1st marking the 50th anniversary of the environmental law, President Donald Trump acknowledged though the goals of NEPA remain the same, the environmental review process has become increasingly complex and difficult to navigate since NEPA was initially enacted. "Project sponsors and ordinary Americans seeking decisions on permits from the federal government can face significant uncertainty and delays that can increase costs, derail important projects, and threaten jobs for American workers and labor union members," he suggested. As a result, on January 9, President Trump and members of the executive branch unveiled planned changes for NEPA expected to cut red tape and remove legal constraints on construction and energy production in the U.S. Other adjustments would set deadlines and page limits for environmental reviews so that agencies would have to finish their most exhaustive reviews within two years.

SIGN UP TODAY TO SPONSOR TIPRO'S 2020 CONVENTION!

As the Texas oil & gas industry enters a new decade and era, you are invited to join the Texas Independent Producers & Royalty Owners Association (TIPRO) at the association's 2020 Annual Convention to hear from experts on what changes could be in store for the state's Upstream E&P sector. The two-day conference will be held March 23-24, 2020, at the Hilton Anatole Hotel in Dallas.

TIPRO encourages members to book your hotel room for the convention early and take advantage of TIPRO's discounted room rate at the Anatole of \$239 per night. You can reserve your accommodations by calling (214) 748-1200 or make your reservation online by visiting the following link: <https://book.passkey.com/e/49969960>.

We hope you will also consider showing your support of this event by signing up as a sponsor. Please find additional details regarding available sponsor packages on the pages that follow. Exhibit opportunities are also available at the TIPRO convention this year.

Other event information, including the line-up of presenters and complete schedule of activities, will be released soon.



TIPRO SPONSORSHIP OPTIONS

Sponsor Levels:

GOLD LEVEL: \$10,000

- Four all-access badges to TIPRO's Annual Convention
- Four additional tickets for non-registered guests to the Chairman's Dinner
- Reserved table for eight at the Chairman's Dinner
- Acknowledgement on all event materials and banner recognition
- Complimentary full-page advertisement in the event program
- Complimentary half-page advertisement in *The TIPRO Target* newsletter

SILVER LEVEL: \$7,500

- Three all-access badges to TIPRO's Annual Convention
- Three additional tickets for non-registered guests to the Chairman's Dinner
- Acknowledgement on all event materials and banner recognition
- Complimentary half-page advertisement in the event program
- Complimentary half-page advertisement in *The TIPRO Target* newsletter

BRONZE LEVEL: \$5,000

- Two all-access badges to TIPRO's Annual Convention
- Two additional tickets for non-registered guests to the Chairman's Dinner
- Acknowledgement on all event materials and banner recognition
- Complimentary half-page advertisement in the event program
- Complimentary half-page advertisement in *The TIPRO Target* newsletter

BLUE RIBBON LEVEL: \$3,500

- Two all-access badges to TIPRO's Annual Convention
- Acknowledgement on all event materials and banner recognition
- Complimentary half-page advertisement in the event program
- Complimentary quarter-page advertisement in *The TIPRO Target* newsletter

RED RIBBON LEVEL: \$2,500

- One all-access badge to TIPRO's Annual Convention
- Acknowledgement on all event materials and banner recognition
- Complimentary quarter-page advertisement in the event program
- Complimentary quarter-page advertisement in *The TIPRO Target* newsletter

WHITE RIBBON LEVEL: \$1,500

- One all-access badge to TIPRO's Annual Convention
- Acknowledgement on all event materials and banner recognition
- Acknowledgement in the event program
- Acknowledgement in *The TIPRO Target* newsletter

Other Contributing Sponsorships:

HOSPITALITY SUITE SPONSOR: \$3,500

(EXCLUSIVE -- LIMIT ONE SPONSOR)

- Exclusive branding and recognition as sponsor of TIPRO's hospitality suite
- Logo recognition on signage prominently displayed in the TIPRO suite
- One all-access badge to TIPRO's Annual Convention

CONFERENCE TOTE BAG SPONSOR: \$3,000

(EXCLUSIVE -- LIMIT ONE SPONSOR)

- Company logo or name featured on totebags distributed to all TIPRO convention attendees
- One all-access badge to TIPRO's Annual Convention

CONFERENCE TUMBLER SPONSOR: \$3,000

(EXCLUSIVE -- LIMIT ONE SPONSOR)

- Company logo or name featured on tumbler bottles distributed to all TIPRO convention attendees
- One all-access badge to TIPRO's Annual Convention

CONFERENCE LANYARD SPONSOR: \$2,000

(EXCLUSIVE -- LIMIT ONE SPONSOR)

- Company logo or name featured on lanyards distributed to all TIPRO convention attendees
- One all-access badge to TIPRO's Annual Convention

SUPPORTING SPONSOR: \$500

- Recognition as a supporting sponsor in the event program and other event materials

To confirm availability of sponsor packages or learn more about sponsorship of TIPRO's convention, please contact Joanne Reynolds at (512) 477-4452 or email joanne@tipro.org.



SPONSOR COMMITMENT FORM

SPONSORSHIP LEVELS

PLEASE SELECT LEVEL OF PARTICIPATION

- GOLD | \$10,000
- SILVER | \$7,500
- BRONZE | \$5,000

- BLUE RIBBON | \$3,500
- RED RIBBON | \$2,500
- WHITE RIBBON | \$1,500

- SUPPORTING SPONSOR | \$500

ADDITIONAL SPONSORSHIPS

PLEASE CHECK DESIRED SPONSORSHIP CHOICE

- HOSPITALITY SUITE SPONSOR | \$3,500
- TUMBLER SPONSOR | \$3,000

- TOTE BAG SPONSOR | \$3,000
- LANYARD SPONSOR | \$2,000 *SOLD OUT

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BADGE 1 - PRIMARY CONTACT:

Name: _____

Title: _____

Company: _____

Address: _____

Phone: _____ E-mail: _____

Mark if Attending: TIPRO Welcome Reception TIPRO Breakfast TIPRO Luncheon TIPRO Chairman's Dinner



BADGE 2:

Name of Attendee: _____ Email: _____

Mark if Attending: TIPRO Welcome Reception TIPRO Breakfast TIPRO Luncheon TIPRO Chairman's Dinner

BADGE 3:

Name of Attendee: _____ Email: _____

Mark if Attending: TIPRO Welcome Reception TIPRO Breakfast TIPRO Luncheon TIPRO Chairman's Dinner

BADGE 4:

Name of Attendee: _____ Email: _____

Mark if Attending: TIPRO Welcome Reception TIPRO Breakfast TIPRO Luncheon TIPRO Chairman's Dinner

PAYMENT:

Sponsorship Level: _____ Sponsorship Total: _____

Payment Method: VISA MASTERCARD AMEX CHECK NO: _____

Print Name: _____ Company: _____

Billing Address: _____

Credit Card No.: _____ Exp. Date: _____

Signature: _____ CID: _____

Please return your completed form by mailing to: TIPRO, 919 Congress Avenue, Suite 1000, Austin, Texas 78701.

Forms must be accompanied by payment.

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3-7 FEB 2020
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THE TIPRO TARGET



**Texas Independent
Producers &
Royalty Owners
Association**

With nearly 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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