

**Texas
Independent
Producers and
Royalty Owners
Association**

COULD AN END TO THE U.S.-CHINA TRADE WAR BE IN SIGHT?

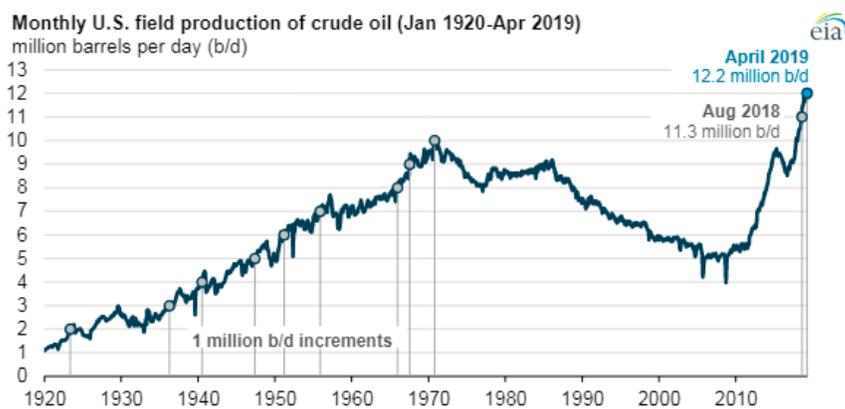
Following a meeting between U.S. President Donald Trump and Xi Jinping, president of China, at the end of June, the two officials have agreed to restart trade negotiations, which had previously stalled in mid-May. The leaders of the world's two largest economies met the week before last on the sidelines of the Group of 20 (G-Summit) in Japan, reaching a deal to refrain from issuing any new tariffs on each other's imports for the time-being as trade negotiations pick back up.

Leading up to the meeting between President Trump and President Xi Jinping, U.S. Treasury Secretary Steven Mnuchin had indicated that if the Chinese were "unwilling to head in the right direction" on a trade deal, the United States was weighing options to levy additional tariffs against Beijing. "The president is perfectly happy to move forward with tariffs to re-balance the relationship," warned Secretary Mnuchin in an interview with CNBC on June 9, 2019.

However, with the two nations now agreeing to reignite trade conversations, the Texas Independent Producers & Royalty Owners Association (TIPRO) is encouraged to learn of progress between the United States and China to potentially reach a truce over the trade war involving the two nations, although the organization still expresses concern and some skepticism regarding a long-term solution. "As negotiations resume regarding trade matters, TIPRO remains hopeful that leaders of the two countries will agree to a suitable deal officially bringing an end to the ongoing trade war, which has inflicted negative consequences to important sectors of the U.S. economy, including the U.S. oil and natural gas industry," said TIPRO President Ed Longanecker.

TIPRO has vocalized concerns over the trade war since the Trump Administration first applied tariffs on billions of dollars worth of Chinese products under Section 301 in 2018. The 18-month long trade war has led to retaliatory tariffs placed against American-made products, including energy resources produced in the United States. As recent as this past May, the Chinese Finance Ministry announced it was increasing levies on U.S. liquefied natural gas (LNG) exports from 10 percent up to 25 percent beginning on June 1, 2019. "China was the third-largest buyer of U.S. LNG before the trade war started, but now we are lucky if they rank in the top 25. And though the Chinese government has not yet applied tariffs to imports of U.S. crude, U.S. oil exports to China also have essentially dried up," observed Longanecker. "TIPRO hopes the Trump Administration will achieve a fair deal with China bringing a resolution to the trade war and terminating tariffs against U.S. energy products," he emphasized.

U.S. OIL PRODUCTION TOPS 12 MILLION BARRELS PER DAY FOR FIRST TIME EVER



Source: U.S. Energy Information Administration, *Petroleum Supply Monthly*

The United States has again shattered production records for domestic oil output, confirms new data released by the U.S. Energy Information Administration (EIA). In April, U.S. crude oil production and lease condensate reached 12.2 million barrels per day (b/d), the first time that monthly U.S. crude oil production levels have surpassed 12 million b/d.

The state of Texas supplied almost 5 million b/d of the record volume of oil, making it the top area for crude oil production in the United States. The Gulf of Mexico meanwhile produced a record 1.98 million b/d in April.

Much of the increased levels of domestic production have been driven by activity from the Permian Basin, spanning across western Texas and eastern New Mexico. According to the EIA, the Permian accounts for about 63 percent of Texas and 96 percent of New Mexico crude oil production.

Altogether, from January 2018 to April 2019, Texas crude oil production increased by 1.1 million b/d (28 percent) while New Mexico production increased by 345,000 b/d (64 percent), say analysts with the EIA. The EIA forecasts that Permian production will average 4.4 million b/d in 2019, a 920,000 b/d increase from its 2018 average.

PRESIDENT'S MESSAGE

TIPRO Members,

At a ceremony in the East Room of the White House, President Donald Trump was joined by members of his cabinet Monday, July 8th to celebrate America's leadership on environmental concerns. In the last two and a half years, since President Donald Trump took office, we have watched a fundamental shift unfold in Washington that is finally providing regulatory relief while still allowing America to remain a global leader for environmental standards. Today, pollution is on the decline, we have the cleanest air on record and we are making great progress on expanding access to clean, drinkable water. These accomplishments under the Trump Administration come at the same time officials have been successful in scaling back many of the unnecessary, burdensome regulations hindering growth of the U.S. oil and gas industry. Federal entities, such as the U.S. Environmental Protection Agency and U.S. Interior Department, have adopted regulatory practices that favor boosting energy development, promote economic growth, and support environmental stewardship.



Ed Longanecker

President Trump's American "energy dominance" agenda has helped to restore regulatory certainty for the U.S. oil and natural industry, allowing for continued investment in drilling operations by America's independent producers. Independents, who develop 91 percent of the nation's oil and natural gas wells, reinvest up to 150 percent of their cash flow back into new American production, an essential element in supporting the national economy and America's energy security.

Policies implemented by the Trump Administration have expanded the U.S. economy and opened new doors for environmental advancements, as the president and his cabinet have continued to champion new breakthroughs that keep the environment clean. As stated Monday by President Trump, a strong economy is vital to maintaining a healthy environment. When we innovate, we are able to unleash technologies and processes that make the environment better, while supporting domestic production, taking it away from foreign polluters and bringing it back to American soil.

The environmental leadership of the U.S., including the nation's oil and natural gas industry, is something that should be praised, not vilified for political gain. The U.S. oil and gas industry is making significant progress in reducing energy emissions as domestic production continues to set new records.

Methane emissions from onshore U.S. oil and natural gas production fell 24 percent, while oil and natural gas production rose 65 percent and 19 percent, respectively, from 2011 to 2017, according to data from the U.S. Environmental Protection Agency and the Energy Information Administration. These positive energy emission trends are primarily attributable to voluntary actions from operators, including investment of over \$250 billion in greenhouse gas mitigating technologies by U.S. oil and natural gas companies over the past 20 years.

Increasing use of natural gas for electricity generation has also resulted in reductions in the emissions of carbon dioxide (CO2) and criteria air pollutants. In fact, in 2017, the U.S. led the world in carbon emission reductions for the third consecutive year and for the ninth time this century. Since 2000, our nation's energy-related carbon emissions have declined more than any other country on earth.

Only through a fair, stable regulatory environment has the country been able to accomplish such major achievements, leading to cleaner air and water resources in the United States. Meanwhile, unbalanced policies like the so-called 'Green New Deal' – a proposal announced earlier this year in Congress that would force the U.S. to move away from use of fossil fuels -- would have a detrimental impact not only to the nation's energy supply, but also harm the economy, all while hindering important advancements and innovations pursued by U.S. companies to help the environment.

Additionally, the United States today continues to dominate as a global leader in environmental success. Although the United States withdrew its participation from the Paris Accord two years ago, America still is making great strides to improve the environment and protect our natural resources. In all likelihood, the U.S. will still satisfy the commitments required under the Paris Agreement without spending tens of billions of dollars on other countries that do not have our same commitment to environmental standards. Since 2005 – the starting point for the Paris Climate Accords – total U.S. greenhouse gas (GHG) emissions have dropped by 12 percent and total GHG emissions from fossil fuel combustion have decreased nearly 15 percent. Meanwhile, every one of the signatories of the Paris Accord lags behind America in overall emissions reductions.

President Trump's pro-energy agenda has supported record levels of domestic production, strengthened the economy and improved national security, while decreasing our nation's dependence on foreign sources of oil and natural gas. The Affordable Clean Energy rule for power plants, auto emissions rules, 'Waters of the U.S.' rule, and federal methane regulations are among key areas of focus for the Administration, and rightly so. Advancing economic growth, energy security, and protecting the environment are not mutually exclusive. TIPRO commends President Trump for maintaining his focus on supporting American energy dominance, sensible regulations and protecting the environment for future generations.

TIPRO Calendar of Events

<p>AUGUST 7-9, 2019 SAN ANTONIO — TIPRO's 2019 Summer Conference, Hyatt Hill Country Resort. For info, call: (512) 477-4452.</p>	<p>AUGUST 14, 2019 HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.</p>	<p>AUGUST 21-22, 2019 HOUSTON — Summer NAPE Expo, George R. Brown Convention Center. For info, call: (817) 847-7700.</p>	<p>SEPTEMBER 11, 2019 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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RRC CHAIRMAN REVIVES EFFORTS TO EXPAND ENERGY EDUCATION IN TEXAS SCHOOLS

At the start of July, Wayne Christian, the new chairman of the Texas Railroad Commission, issued a new request for Texas to expand its energy curriculum provided to high school students. A letter penned by Chairman Christian on July 1, 2019, to Texas Education Agency Commissioner Mike Morath calls for support of creating a new energy program in Texas high schools that would further advance energy education in the state and better prepare Texas students for workforce opportunities with the oil and gas sector after they graduate.

“The United States is now the largest producer of oil and gas in the world. With that growth has come an explosion of high-paying jobs,” wrote Chairman Christian. “Last year, Texas led the nation in oil and gas jobs with 352,371 Texans employed, yet from welders to truck drivers to petroleum engineers, companies cannot find qualified employees fast enough,” explained the chairman.

Since taking office as an oil and gas regulator, Christian has prioritized energy education and workforce issues. As part of efforts to prepare the industry’s future workforce, in the Fall of 2017, Christian launched the Texas Energy Education and Workforce Development Initiative bringing together members of industry, academia and government to develop solutions to ensure a strong workforce that will support a prosperous oil and gas industry. At one of the meetings hosted by Christian, TEA staff discussed the possibility of creating an energy cluster designation for Texas high schools.

“Creating an energy cluster designation for public schools will introduce Texas students to the incredible opportunities in the oil and gas industry and teach them more about the abundant natural resources our state is blessed with,” continued Christian. “This should ensure that Texas students are first in line for the new jobs and opportunities this growth creates.”

Read Chairman Christian’s letter to TEA Commissioner Morath at: <https://rrc.texas.gov/media/52892/7-7-19-tea-letter.pdf>.

RAILROAD COMMISSION APPROVES STRATEGIC PRIORITIES FOR COMING FISCAL YEAR



During last month’s open conference of the Texas Railroad Commission, commissioners approved the Oil & Gas Division’s ‘Monitoring & Enforcement Plan’ for Fiscal Year 2020. Included as part of the new plan are strategic priorities the agency seeks to accomplish over the year to come, which involve accurate demonstration of the commission’s oil and gas monitoring and enforcement activities in addition to tactical use of available resources to ensure public safety and environmental protection. According to the agency, to achieve such goals, the Railroad Commission plans to build on technology improvements to continue to enhance public access to monitoring and enforcement data and information. “In 2019, with the release of Commission Online Inspection Lookup (Commission OIL), the public gained searchable access to inspection and violation data. With efforts to begin in fiscal year 2020, and continue through the biennium, the commission will implement improvements for public access to enforcement case information with enhanced search options and the ability to filter and download search results,” says the commission.

In addition, the commission reports it will increase the number of oil and gas inspectors employed by the state to survey onshore and offshore wells in Texas. In the upcoming fiscal year, the commission is planning to recruit and train 12 new inspectors to meet its mission to ensure the safe production of Texas’ natural resources. Increasing the number of qualified oil and gas inspectors will help the commission meet new well inspection targets. During fiscal year 2020, the commission signals it will inspect approximately 100,000 wells to meet its newly updated performance objectives. The commission also will continue its work on the state managed well plugging program, utilizing funds available in the Oil & Gas Regulation and Cleanup Fund to plug 850 wells during the next fiscal year.

View the commission’s final ‘Monitoring & Enforcement Plan’ by visiting: https://www.rrc.texas.gov/media/52600/og-me-plan_2020.pdf.

WITH TEXAS’ 86TH SESSION COMPLETE, REGULATORY AGENCIES HIGHLIGHT LEGISLATIVE SUCCESS

With Texas’ 86th Legislature now adjourned, the state’s primary regulatory agencies managing energy and environmental resources are offering a closer look at key bills passed during the 2019 Legislative Session that will support regulatory work performed in Texas.

As part of its June e-newsletter, the Railroad Commission has put out a review highlighting important bills passed in 2019 involving the regulatory agency and state’s energy industry. The commission points to several bills approved by the state legislature that will improve operations at the agency, as well as mentions other noteworthy policy measures expected to boost energy production in Texas, along with legislation passed to protect critical infrastructure and bills that will improve pipeline safety. As bills begin to take effect on September 1, 2019, the agency notes that Railroad Commission staff will be working during the remainder of 2019 to implement the changes made by the 86th Legislature. Check out the Railroad Commission’s complete legislative wrap-up at the following link: <https://bit.ly/32i8fg8>.

Meanwhile, the Texas Commission on Environmental Quality (TCEQ) has also published a new article explaining major legislation that will affect the TCEQ and its processes. Amongst the main bills described by the commission, TCEQ calls out House Bill 2771 which will transfer the state’s portion of the wastewater permitting authority from the Texas Railroad Commission to TCEQ. “Although implementation will require significant initial effort, we anticipate improvements in permitting efficiency and regulatory consistency in the long run,” says David Galindo, TCEQ Water Quality Division director. “We look forward to working with the public and the regulated community on rulemaking and program implementation.” Moreover, in its new legislative update, the TCEQ outlines budgetary allocations that will help improve processing times for environmental permits, expand the state’s air monitoring program, and advance efforts to reduce air emissions in Texas. Review the TCEQ’s legislative overview by visiting: go.usa.gov/xy8H7.

GOVERNOR ABBOTT CALLS SPECIAL ELECTION TO FILL OPEN SEAT FOR HOUSE DISTRICT 100

A special election will be held November 5th to fill the open seat in the Texas House of Representatives for District 100, covering parts of Dallas and Mesquite. Texas Governor Greg Abbott issued a proclamation announcing the special election on July 3, 2019, to replace outgoing state Representative Eric Johnson, who recently was elected mayor of Dallas. Before resigning from the legislature, Johnson served on four prominent committees, including the House Committee on Redistricting, the House Committee on Ways and Means, the House Committee on Investments and Financial Services, and the House Select Committee on State and Federal Power and Responsibility.

Early voting for the Special Election for House District 100 will begin on Monday, October 21, 2019.

OPEC EXTENDS PRODUCTION CUTS FOR ANOTHER NINE MONTHS

Members of the Organization of the Petroleum Exporting Countries (OPEC) finalized an agreement with a Russia-led group of 10 countries on July 2nd to continue limitations on oil production through early 2020. OPEC's oil supply cuts will now last until next March in an effort to prevent oil prices from sliding as production levels keep rising, particularly from the United States. During a news conference last Monday, Saudi Energy Minister Khalid al-Falih suggested that from time to time, OPEC and non-OPEC countries need to trim production to prevent extreme volatility in global markets. The producer group and its allies have approved reductions to oil output since 2017, after oil prices had tumbled dramatically. "I have no doubt in my mind that U.S. shale will peak and the decline like every other basin in history. The question is when," said al-Falih after OPEC announced it would extend its cap on oil production. Al-Falih advised that until U.S. production slows, it would be "prudent for us that have a lot at stake also for those of us who want to protect the global economy to make adjustments."

UT-AUSTIN TO TAP OIL FUND TO OFFER TUITION ASSISTANCE

In an effort to make public education more affordable, leaders of The University of Texas at Austin announced on Tuesday, July 9th the establishment of a \$160 million endowment that will provide financial assistance for middle- and low-income families beginning in the fall of 2020. The endowment will pull funds from the state's Permanent University Fund, which includes money collected from oil and gas royalties earned on state-owned land in West Texas.

The university's Board of Regents voted unanimously Tuesday to approve the endowment, which expands UT Austin's Texas Advance Commitment program for in-state undergraduate students to completely cover tuition and fees for students from families that earn up to \$65,000 a year who have financial need, and provide some assured tuition support to students from families with incomes of up to \$125,000 who have financial need. "Recognizing both the need for improved access to higher education and the high value of a UT Austin degree, we are dedicating a distribution from the Permanent University Fund to establish an endowment that will directly benefit students and make their degrees more affordable," Kevin Eltife, chairman of the UT Board of Regents, said. "This will benefit students of our great state for years to come."

"There is no greater engine of social and economic mobility than a college degree, and this initiative ensures that more Texans will benefit from a high-quality UT Austin education. The use of Permanent University Funds to invest directly in students demonstrates the strong commitment of the Board of Regents and UT Austin to the values of public higher education," UT Chancellor James Milliken said.

TIPRO MEMBERS DOMINATE LIST OF 'TOP 10' DRILLERS IN THE STATE

Citing data provided by the Texas Railroad Commission, the *Houston Chronicle* this week highlighted the top drillers in the state of Texas during the first half of 2019. The *Chronicle* looked at the total number of statewide drilling permits issued by the commission to companies to compile its list of 'Top 10' drillers, which included: XTO Energy, EOG Resources, Diamondback Energy, Occidental Petroleum, Pioneer Natural Resources, Endeavor Energy Resources, Chevron, Apache Corporation, Concho Resources and BP.

TIPRO is proud to represent all of the top 10 drillers in Texas and the Permian.

RESERVE YOUR SEAT FOR TIPRO'S SUMMER CONFERENCE!



Next month, the Texas Independent Producers & Royalty Owners Association (TIPRO) will return to San Antonio for the association's 2019 Summer Conference. Sign up today to participate in the two-day meeting, which will be held at the Hyatt Hill Country Resort in San Antonio on August 7-8. Presenters at this year's TIPRO conference will discuss industry M&A trends, review state and federal policy priorities for the oil and gas sector, share the latest on water, innovation and infrastructure, and cover other key areas of concern for Texas independents and royalty owners.

On the pages that follow, please see the conference agenda, as well as information on registration and available sponsorship opportunities.

If you have not already done so, don't wait to reserve your hotel accommodations at the Hyatt Hill Country Resort for TIPRO's 2019 meeting. Call (210) 647-1234 to book your hotel room today for the association's Summer Conference. **Don't delay -- TIPRO's discounted hotel rate of \$203 will end on Wednesday, July 17.**

Additional event details can be found on the association's website at: <http://tipro.org/meetingevents/summer-conference>.



TIPRO's 2019 Summer Conference Agenda

WEDNESDAY, AUGUST 7TH

- 1:00 P.M. Audit Committee Meeting
- 3:00 P.M. Board Meeting
- 5:30 P.M. Welcome Reception

THURSDAY, AUGUST 8TH

- 8:00 A.M. Breakfast
- 9:00 A.M. - Noon General Session Presentations
- 12:00 P.M. Networking Luncheon
- 2:00 - 4:00 P.M. General Session Presentations
- 6:00 P.M. TIPRO Reception
- 7:00 P.M. Chairman's Dinner
- Casino Night

Featured Presentations Include:

- ▶ *The Texas Energy Legacy*
Commissioner Ryan Sitton, Railroad Commission of Texas
- ▶ *Have the M&A and Capital Markets Reset to a New Normal?*
William Marko, Managing Director, Jefferies LLC
Timothy Perry, Managing Director, Co-Head of Global Oil & Gas Investment Banking and
Capital Markets, Credit Suisse Securities (USA) LLC
- ▶ *Collaborative Completions – Oilfield Technology*
Panos Adamopoulos, CEO, Seismos Inc.
- ▶ *The (R)evolution of Technology in Halliburton*
Gregory L. Powers, Ph.D., Vice President, Global Innovation, Halliburton
- ▶ *Where Science is Not Settled: Innovation Fuels Texas Oil and Gas*
Cal Cooper, Ph.D., Director, Special Projects and Emerging Technology, Apache Corporation
- ▶ *Transporting World-Class Permian Growth*
Sam Brown, Senior Vice President, Pipeline Business Development, Plains All American Pipeline, LLP



TIPRO 2019 Conference Registration Form

On August 7-8, TIPRO looks forward to returning to the Hyatt Hill Country Resort in San Antonio, Texas, for the association's annual summer conference. We hope to see you this August for TIPRO's 2019 Summer Meeting!



REGISTRATION FEES:

MEMBER FEES:

(Includes all conference sessions and meals)

- Member: \$450
- Spouse: \$275
- Dinner-Only Ticket: \$150

CHILDREN:

- 13-17 Years Old: \$100
- 12 Years Old - Under: Free

NON-MEMBER FEES:

(Includes all conference sessions and meals)

- Non-Member*: \$650
*Registration also includes 1 year regular TIPRO membership
- Non-Member Spouse: \$325
- Dinner-Only Ticket: \$250

CHILDREN:

- 13-17 Years Old: \$100
- 12 Years Old - Under: Free

Interested in also playing a round of golf with other members of TIPRO? Please check the box to be contacted and paired up to play golf at the Hyatt Hill Country's golf course on Friday, August 9.

ATTENDEE INFORMATION:

Attendee Name: _____ Registered Spouse: _____

Company: _____

Address: _____

Email Address: _____

Phone: _____ Fax: _____

Children's Names: _____

In order to help us plan our conference, below please confirm which events all registered guests will be attending by checking the corresponding box:

	Member/Non-Member	Spouse	Child	Child	Child
Welcome Reception	<input type="checkbox"/>				
Breakfast	<input type="checkbox"/>				
Luncheon	<input type="checkbox"/>				
Chairman's Dinner	<input type="checkbox"/>				

PAYMENT:

Total: \$ _____

Method of payment (please check desired option):

- Check # _____, made payable to TIPRO
- Charge my: VISA MASTERCARD AMEX

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

Name _____ Company _____

Phone Number _____ Credit Card Number _____ Exp. Date _____

Billing Address _____ Card Security Code _____ Signature _____

Mail form to TIPRO at: 919 Congress Avenue, Suite 1000, Austin, Texas 78701 or fax to (512) 476-8070.

Forms must be accompanied by payment. In order to receive a refund, TIPRO must be notified of your cancellation no later than July 31, 2019.

Online registration is also available through the TIPRO website at www.tipro.org.



TIPRO Summer Conference Sponsorship Levels

GOLD | \$6,000

- ▶ 4 complimentary meeting registrations
- ▶ Special recognition at the Chairman's Dinner
- ▶ Logo will be prominently displayed on event signage

SILVER | \$3,500

- ▶ 2 complimentary meeting registrations
- ▶ Special recognition at the Keynote Luncheon
- ▶ Logo will be prominently displayed on event signage

BRONZE | \$2,000

- ▶ 1 complimentary meeting registration
- ▶ Acknowledgement during the TIPRO conference
- ▶ Logo will be featured on event signage

OTHER SPONSORSHIP OPPORTUNITIES:

HOSPITALITY SUITE SPONSOR | \$2,500

Receive 1 complimentary meeting registration and exclusive recognition in the hospitality suite.

AMENITY SPONSOR | \$2,500

Receive 1 complimentary meeting registration and company logo printed on notecard placed along with amenity in guest's hotel room.

CASINO NIGHT GIFT BASKET SPONSOR | \$1,000

Sponsors are asked to provide at least one item with your company logo to be included in a special giveaway basket during TIPRO's Casino Night. All other prize items will be provided by TIPRO.

Thank you to our 2019 event sponsors:



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To sign up to sponsor TIPRO's 2019 Summer Conference, please visit www.tipro.org or contact Joanne Reynolds at (512) 477-4452 or email joanne@tipro.org.

Join fellow Tipro members for an exciting evening of fun and entertainment at

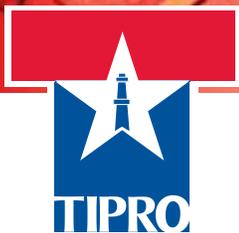
TIPRO'S CASINO NIGHT

hosted the evening of August 8th during the association's 2019 Summer Conference!

Enjoy casino style games and the chance to win several prizes at TIPRO's Casino Night, to be held Thursday, August 8th as part of the TIPRO Summer Conference in San Antonio! Spouses are welcome to join.

Sponsorship opportunities are also available for this year's Casino Night. Sign up today as a sponsor to connect your brand with members of TIPRO and promote your business to other professionals in the oil and gas community.

For additional information or to sign up to participate in the event, contact TIPRO at info@tipro.org or visit www.tipro.org.



**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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