



THE TIPRO TARGET



Texas Independent Producers and Royalty Owners Association

TIPRO testifies on oilfield theft at House Energy Resources Committee hearing

Addressing state lawmakers Tuesday at the Texas capitol in Austin, Ryan Paylor, director of state government and regulatory affairs for the Texas Independent Producers & Royalty Owners Association (TIPRO), spoke about the association's heavy engagement to help put a stop to oilfield theft, a serious and escalating problem in Texas that is costing producers, royalty owners and the state millions of dollars annually.

"During the 88th interim, we established TIPRO's Oilfield Theft Task Force to develop solutions to address this type of criminal activity. We also created a survey to better track and quantify these crimes," Paylor told members of the House Energy Resources Committee, who met on April 21st for their first legislative hearing of the interim session. "We have worked closely with Texas legislators, Texas Congressional leaders, state and federal law enforcement, the Railroad Commission and other stakeholders to identify meaningful solutions, several of which took the form of legislation last year."

Paylor also in his testimony explained TIPRO's endorsement of [House Bill 48](#) passed in the last legislative session, creating a specialized oilfield theft prevention unit with dedicated investigators and stronger enforcement tools. Paylor also mentioned in his remarks TIPRO's strong support of [Senate Bill 494](#) to establish the STOPTheft task force to improve coordination across state and local agencies and various stakeholders. "Together, these bills have already begun to deliver results through better intelligence sharing, faster response times, and more effective prosecutions," Paylor affirmed.



President Trump invokes Defense Production Act to boost U.S. fossil fuel production

On April 20, 2026, President Trump signed five presidential memorandums invoking wartime authorities provided under the Defense Production Act (DPA) to accelerate and grow domestic energy production. This move frames the expansion of oil, natural gas and coal output as a matter of "defense readiness" and national security. The new [orders](#), which build upon a national energy emergency declared by President Trump on January 20, 2025, comes amid a global energy supply crunch, major market disruptions and instability in the vital Strait of Hormuz shipping passageway following the U.S. conflict with Iran, prompting the president and other cabinet officials to contend that "inadequate and intermittent" energy supplies could leave the U.S. vulnerable to hostile foreign actors, necessitating the new DPA memorandums that were signed this week by President Trump.

In addition to the presidential orders aimed at accelerating domestic oil and gas development, federal leaders have also in recent days been working to rally U.S. producers to boost drilling and raise their output. Bloomberg reports that a videoconference was held in mid-April with U.S. Interior Secretary Doug Burgum, Energy Secretary Chris Wright and senior executives from major operators and independent producers to try to convince energy companies to ramp up production.

State and federal regulators warn operators to be on alert for heightened risk of cyber attacks

Recent advisories from the U.S. Environmental Protection Agency (EPA), the Cybersecurity and Infrastructure Security Agency (CISA) and Railroad Commission of Texas warn energy companies of an increased possibility of cyber attacks and cyber exploitation. These attacks are targeting internet-facing operational technology (OT) devices, including programmable logic controllers (PLCs) across U.S. critical infrastructure, and in some cases have caused operational disruption and financial loss as well as disruptions caused by malicious interactions with the project files and the manipulation of data displayed on human machine interface (HMI) and supervisory control and data acquisition (SCADA) displays.

To help strengthen cyber resilience, operators are being advised to take the following steps:

- Remove PLCs from direct internet exposure via secure gateway and firewall.
- Query available logs for the provided IOCs in the corresponding time frames.
- Check available logs for suspicious traffic on the ports associated with OT devices, including 44818, 2222, 102, and 502, especially traffic originating from overseas hosting providers.
- For Rockwell Automation devices:
 - Place the physical mode switch on the controller into run position.
 - Contact the authoring agencies and Rockwell Automation for guidance if you believe your organization was targeted.

TIPRO members can find additional resources below:

- [EPA advisory](#)
- [CISA advisory](#)
- [Railroad Commission advisory](#)

A message from TIPRO's President

Dear TIPRO members,

Aside from the unique market conditions we are currently experiencing, the past 30 days have been productive for our industry from a policy standpoint and in advancing TIPRO's core mission. In addition to hosting our successful [80th Annual Convention](#) in Houston, TIPRO has remained highly engaged on priority issues at both the state and federal levels, delivered timely and substantive communication to our members, provided expert insight and analysis in more than a [dozen media articles](#), maintained active and informative content across our social media platforms reaching over 300,000 followers collectively, and hosted multiple member events focused on networking, education and engagement.

Several examples from the past month include:

- Submitting TIPRO comments to the U.S. Fish and Wildlife Service under Docket No. FWS-R2-ES-2025-1661 regarding the status review of the lesser prairie-chicken under the Endangered Species Act.
- Developing comprehensive recommendations through TIPRO's Inactive Well Task Force for the upcoming Texas Railroad Commission rulemaking implementing Senate Bill 1150, which will expedite the plugging of inactive wells meeting specific criteria.
- Submitting member-driven recommendations to the Texas Railroad Commission on the implementation of a produced water and injection volume reporting system funded through House Bill 500.
- Providing comments to the Texas Railroad Commission on a proposal for Response to Oil and Gas Emergencies.
- Submitting comments on Docket Nos. OG-26-00030823 and OG-26-00030824 to amend special field rules for the Eagle Ford 1 & 2) fields.
- Publishing TIPRO's bi-weekly [TIPRO Target newsletter](#) and the TIPRO ['Week in Review'](#) updates every Friday afternoon. These member-exclusive communications deliver timely updates on policy, legal developments, industry news and TIPRO's own analysis of their impact on Texas producers and royalty owners.
- Participating in the quarterly STOPTheft Task Force meeting on April 2nd, created by Senate Bill 494 during the 89th Legislative Session to combat oilfield theft.
- Hosting TIPRO's [joint monthly luncheon](#) with the Houston Producers Forum and IPAA on April 21st in Houston featuring guest speaker Anatol Feygin, EVP and chief commercial officer of Cheniere Energy, which examined key market trends in U.S. LNG exports. During the event, I also delivered opening remarks highlighting several priority policy issues facing the Texas oil and gas industry.
- Also on April 21st, TIPRO's Director of State Government and Regulatory Affairs Ryan Paylor, provided public testimony before the House Energy Resources Committee interim hearing on the implementation of House Bill 48 (creating an organized oilfield theft prevention unit within DPS) and Senate Bill 494. TIPRO also testified on nine separate occasions during the 89th Legislative Session in support of oilfield theft legislation.
- TIPRO Chairman Grant Johnson served as a guest speaker at a joint CCAPL/CCGA event in Corpus Christi on April 15th, where he emphasized TIPRO's ongoing policy work on behalf of the industry.

TIPRO's dedicated staff remains deeply committed to supporting member priorities every single day. At the recent event in Corpus Christi, Chairman Johnson also shared an example that captures one of many aspects that makes TIPRO unique. Toward the end of his presentation, an executive raised his hand and recounted how several years ago he left a message for me regarding a pressing issue his company was facing. Within five minutes, and while on vacation, I returned his call and the matter was quickly resolved. We take great pride in being highly accessible and results-oriented in addressing the unique needs of our members while effectively advocating for our entire industry. None of this would be possible without the tens of thousands of individuals, families, and companies we have represented over the past 80 years. Your continued support and involvement are critical to our organization and to the future strength and prosperity of the Texas oil and natural gas industry.

Thank you,
Ed Longanecker



Ed Longanecker

Texas' energy leadership spotlighted during congressional hearing on Capitol Hill

At a legislative hearing held earlier this month by the U.S. House Energy and Water Appropriations Subcommittee, U.S. lawmakers spoke with Energy Secretary Chris Wright about the critical role Texas has played in powering the country and providing essential energy supplies to the nation's allies.

Secretary Wright, in his remarks, acknowledged the importance of Texas' energy leadership, giving particular attention to the Gulf Coast and Corpus Christi, which has experienced strong growth in energy exports in recent years. "Corpus is absolutely essential. Not only for American energy production, but of course it is our biggest gateway to ship crude oil abroad, and a huge gateway to ship LNG abroad," he said.

TIPRO CALENDAR OF EVENTS

MAY 19, 2026	JUNE 16, 2026	JULY 21, 2026
HOUSTON — TIPRO/HPF/IPAA "Leaders in Industry" Luncheon. For information, email info@houstonproducersforum.org .	HOUSTON — TIPRO/HPF/IPAA "Leaders in Industry" Luncheon. For information, email info@houstonproducersforum.org .	HOUSTON — TIPRO/HPF/IPAA "Leaders in Industry" Luncheon. For information, email info@houstonproducersforum.org .

Elk Range Royalties CEO to speak at the next TIPRO-HPF-IPAA luncheon on May 19th

Charlie Shufeldt, chief executive officer and president of [Elk Range Royalties](#), will be the featured presenter next month at the 'Leaders in Industry' luncheon hosted by the Texas Independent Producers and Royalty Owners Association (TIPRO), Houston Producers Forum (HPF) and Independent Petroleum Association of America (IPAA). The event will take place on Tuesday, May 19th at the Petroleum Club of Houston.



Shufeldt formed his company, Elk Range Royalties, in early 2020s to acquire minerals and royalties in core oil and gas basins in the U.S. Elk Range remains an active buyer of mineral and royalty interests in the U.S. and has partnered with NGP Energy, an investment firm with an over 30-year history of investing in the oil and gas business. Elk Range now has a portfolio of over 300,000 net royalty acres (NRAs) and an interest in over 23,500 producing wells.

Prior to forming Elk Range, Shufeldt was a co-founder and managing director of IOG Capital, LP and president of IOG Resources, LLC. During his time with IOG, the company was a pioneer in structuring DrillCo transactions, deploying over \$800mm in capital across more than 500 wells since 2015. Shufeldt began his career with Bank of America in California and New York before moving to Texas with HBK Capital Management. He is a Chartered Financial Analyst (CFA) and holds a bachelor's degree from Stanford University, where he studied Economics and Computer Science. Shufeldt has remained involved with his alma mater and previously served as chairman of the Stanford Doerr School of Sustainability's Petroleum Investments Committee (PIC). He remains an active leader in the Young Presidents Organization (YPO) Dallas Chapter and serves on the board of several Dallas non-profits.

To sign up for next month's TIPRO-HPF-IPAA "Leaders in Industry" luncheon with Shufeldt, please [click here](#).

Comments now being accepted on Texas' Draft 2027 State Water Plan

The Texas Water Development Board (TWDB) approved the Draft 2027 State Water Plan on April 16, 2026, outlining a projected \$174 billion investment needed over 50 years (2030–2080) to address water supply needs across the state. The total nominal costs to implement recommended projects under the draft water plan are more than double the cost of the last State Water Plan, published by the TWDB in 2022. The TWDB attributes the dramatic increase in cost to a variety of reasons, including: inflation in construction costs since the last plan; the extension of the planning horizon an additional 10 years out to 2080; lingering supply chain impacts following the COVID-19 pandemic, which likely contributed to overall inflation of construction costs over the five-year period; the inclusion the Toledo Bend Reservoir project as a recommended strategy as part of a mediated agreement to an interregional conflict (\$9.8 billion added to the total plan cost); the growing backlog of near-term recommended—but not yet implemented—water supply projects that remain in the plan; the broader trend that water supply infrastructure projects are increasingly costly as regions pursue more distant, complex, or marginal sources of supply.

The approved draft represents a two-phase approach the TWDB hopes to follow for the upcoming State Water Plan. The TWDB says it has developed this "Phase I" of the 2027 State Water Plan on an accelerated schedule to facilitate the State Water Implementation Fund for Texas (SWIFT) program financial assistance commitment deadline of July 2026, well ahead of the statutory deadline of January 5, 2027, with a final, more comprehensive version being planned for adoption by January 2027.

The TWDB is collecting public comments on the Draft 2027 State Water Plan until 5:00 p.m. on Thursday, May 29, 2026. Comments may be submitted online [here](#).

In addition to written comments submitted via the TWDB's online form, the TWDB will also receive relevant comments concerning the Draft 2027 State Water Plan at a public hearing scheduled for 1:00 p.m. on Wednesday, May 27, 2026, in room 170 of the Stephen F. Austin Building in Austin, located at 1700 North Congress Avenue, and via Teams Meeting (Meeting ID: 280 904 566 316 4; Passcode: fp9Lk2bs. Audio access only: 512-298-6360; phone conference ID: 508 590 523#). If you would like to provide public comments in person or via virtual attendance, please fill out the [online registration form](#), and send it to SWPPublicComment@twdb.texas.gov before May 27, 2026.

After consideration of public comments and making any necessary corrections, the TWDB will finalize the 2027 State Water Plan. The TWDB anticipates considering plan adoption at its July board meeting.

TIPRO members can find more information about the Draft 2027 State Water Plan and download a copy of the plan by visiting: www.twdb.texas.gov/waterplanning/swp/2027/index.asp.

Registration opens for RRC's Regulatory Conference - early bird rates available until April 26th!

Oil and gas producers, pipeline operators, industry professionals and representatives are invited to sign up for the Railroad Commission of Texas' 2026 Regulatory Conference, happening this Summer. The annual event this year will return to the Kalahari Resort in Round Rock, Texas, north of Austin, on July 13-15.

Attendees of the three-day conference will receive guidance on the laws, rules and compliance procedures affecting hydrocarbon production, pipeline safety and critical infrastructure in the state of Texas. Plus, this year, the commission says it will offer sessions specifically regarding Alternative Fuels Safety and Surface Mining and Reclamation.

In addition to an extensive list of expert speakers and state regulators who will lead sessions at the conference, State Representative Drew Darby (House District 72), the current chairman of the Texas House Committee on Energy Resources, will also be at the convention to speak during a fireside chat on Monday, July 13.

Registration is now open - sign up before Monday, April 26th to take advantage of early bird registration pricing and save \$100 per person for the 2026 Railroad Commission of Texas Regulatory Conference. Rates for the conference are as follows:

- Early Bird Registration: \$650 (Available now through April 26)
- Regular Registration: \$750 (April 27 - May 27)
- Late Registration: \$900 (Starts May 28)

TIPRO members can find more information and sign up for the Railroad Commission's annual Regulatory Conference [here](#).

Railroad Commission provides new Mechanical Integrity Test schedule notification system

As part of the [State Tracking and Reporting \(LoneSTAR\)](#) project, the Railroad Commission of Texas recently announced a new Mechanical Integrity Test (Form H-5) notification system has been developed to prevent delays in relaying the H-5 test schedule and to provide a comprehensive list of H-5 violations and delinquencies. According to the commission, the notification system will impact UIC wells permitted under Statewide Rules 9, 46, 81, 82, 95, 96, 97 and 16 TAC §5.202 (a)(2).

Effective this summer starting June 1, 2026, the commission said it will no longer mail H-5 notifications to the address listed on an operator's Organization Report (Form P-5). Instead, all H-5 notifications will be sent to the primary email address designated on the Form P-5, which will be shared in a Microsoft Excel spreadsheet. The Microsoft Excel spreadsheet will include the following tabs:

- Well Test and Survey Schedule – A list of all UIC wells with an MIT due within the next six months.
- Delinquency Notice – A list of all overdue H-5.
- H-5 Violation Notice – A list of all outstanding inconclusive and failed violations generated from an H-5 test filing.

In addition to transitioning away from the paper-based H-5 notifications, the frequency of notification letters will change from quarterly to monthly, advised the commission. All H-5 notifications will be sent online on the first working business day of each month.

The H-5 notification system update does not affect the process for submitting an H-5 filing with the commission or the current H-15 system. All H-5 tests must be filed online using the Railroad Commission's Online System (<https://webapps.rrc.texas.gov/security/login.do>). The results of any submitted H-5 filing will continue to be emailed to the H-5 filer; however, the mailed paper letter for each failed MIT and inconclusive MIT will no longer be sent. Instead, the commission explains that it will be listed in the H-5 Violation Notice tab on the Excel spreadsheet.

Please note that a primary email must be defined on the Form P-5, but a LoneSTAR account is not required to receive the H-5 notification. If an individual does not have an email registered on Form P-5, they will not receive any of the aforementioned notices. If you need to update your organization's primary email address, this can be done in one of the following two ways:

- File an online Form P-5 (Record Only) using the resources and videos found on the Railroad Commission's website. <https://www.rrc.texas.gov/oil-and-gas/rrc-lonestar/lonestar-videos/>.
- Submit a P-5 Address Change Form by mail - learn how at www.rrc.texas.gov/media/hd3ewkif/address-change-form-current.pdf.

For questions, contact the commission's Oil & Gas Injection Permits unit at H5info@rrc.texas.gov or call (512) 463-6792.

U.S. House passes bill changing how states account for foreign emissions in the regulatory process

The "Foreign Emissions and Nonattainment Clarification for Economic Stability (FENCES) Act" passed last week through the U.S. House of Representatives. The legislation, led in the House by U.S. Congressman August Pfluger (TX-11), reins in government overreach and protects states, energy producers and manufacturers by bringing long-overdue clarity and fairness standards to the Clean Air Act, while maintaining strong federal standards for air quality.



The bill specifically clarifies that all foreign emissions, whether natural or man-made, are excluded when determining whether a state meets national air quality standards or when reviewing new facility permits. The bill also allows states to account for foreign emissions earlier in the process, rather than waiting until all other requirements are complete, providing greater certainty and efficiency.

"The passage of my FENCES Act is a win for American businesses and workers who have been unfairly penalized for pollution beyond their control. By ensuring that foreign emissions and natural events, such as wildfires, are not counted against air monitoring data, this bill brings long-overdue fairness and certainty to the permitting process," explained Congressman Pfluger. "This means fewer delays, lower costs for consumers, and more confidence for businesses looking to invest and create jobs. It is a practical, commonsense fix that protects our economy and the integrity of our air quality standards."

Speaker of the House Mike Johnson (LA-04) expressed support for the bill's passage in the House, saying in a statement, "The FENCES Act ensures states are not punished by Biden-era regulations for foreign emissions outside of their control. By passing this legislation, Republicans are providing workers and businesses the economic certainty they deserve and protection from unfair regulatory penalties. I commend Representative Pfluger for his leadership to restore common sense to our permitting system."

U.S. Senator Cynthia Lummis (R-Wyoming), who has introduced companion legislation for the FENCES Act in the Senate, also praised House members for voting to advance the bill. "I'm thrilled to see the FENCES Act move one step closer to becoming law," said the senator. "This legislation will help drive innovation and economic growth by cutting unnecessary red tape. At the same time, the FENCES Act preserves strong Clean Air Act standards while implementing commonsense policies that account for pollution beyond a state's control. I look forward to seeing this legislation make its way to the Senate."

In addition to backing from several key House Republican leaders, the FENCES Act has also received widespread outside support, including endorsement from industry and manufacturing groups.

TIPRO members can read the full bill text [here](#).

Bill introduced in Congress would shield energy producers from leftist climate litigation

New legislation is hoping to thwart the rise of frivolous climate lawsuits targeting America's energy sector and bring an end to a growing patchwork of state "climate superfund" laws that harm U.S. energy producers and props up radicalized 'green' energy ideals. The Stop Climate Shakedowns Act, filed this month in Congress, would defend American energy producers by prohibiting climate-related liability lawsuits from being brought in either state or federal court. These kinds of lawsuits seek to hold energy companies financially or criminally liable, while superfund laws are being designed to inflict multi-billion-dollar penalties on companies for past emissions and other alleged contributions to "climate change." Vermont and New York have both passed "climate superfund" laws, while legislators in at least nine other states, including California, Hawaii, Minnesota, Massachusetts, Maine, New Jersey, Oregon, Rhode Island, and Virginia, are considering similar proposals.

Key aspects of the Stop Climate Shakedowns Act:

- Prohibits retroactive climate liability lawsuits and other proceedings to implement or enforce an energy penalty law.
- Dismisses pending lawsuits and proceedings on the date of the bill's enactment.
- Voids state energy penalty laws and preempts any states' attempts to regulate interstate and global emissions.
- Affirms that the federal government maintains the exclusive authority and jurisdiction to regulate greenhouse gas emissions and other interstate environmental standards.

The bill is sponsored by U.S. Senator Ted Cruz (R-TX) and cosponsored by Senators Mike Lee (R-UT), Ted Budd (R-NC) and Tom Cotton (R-AR). U.S. Representative Harriet Hageman (R-WY) introduced the House version of the legislation.

"Radical environmental groups have waged a coordinated campaign to weaponize our judicial system against American energy producers, including many in Texas. They're using meritless lawsuits to bankrupt our energy industry, kill good paying jobs, and drive up the cost of electricity and gasoline for hardworking families. I am proud to lead this bill to stop that abuse to protect American jobs, lower energy costs, and defend American energy dominance," Senator Cruz said.

Senator Lee, chairman of the U.S. Senate Committee on Energy and Natural Resources, said, "America's energy producers take hit after hit from climate extremists who target them with excessive lawsuits. Our bill will stop the climate shakedown and end lawfare against the energy workers keeping America's lights on."

"The American people deserve access to reliable, affordable energy. No country in the world does that better than right here in the U.S., but our domestic energy producers are constantly under attack, with climate activists weaponizing our court system. I stand with Senator Cruz to end climate lawfare suits," said Senator Budd.

"Energy security is national security, and we will not self-sabotage our critical industries with a cascade of costly lawsuits and extreme penalties that jeopardize American drilling," remarked Representative Hageman. "America's energy producers should be protected from the dangerous legal precedent that would be set by the retroactive punishment of lawful activity."

TIPRO members can access the full bill text [here](#).

U.S. natural gas exports projected to surge by up to 30 percent by 2027

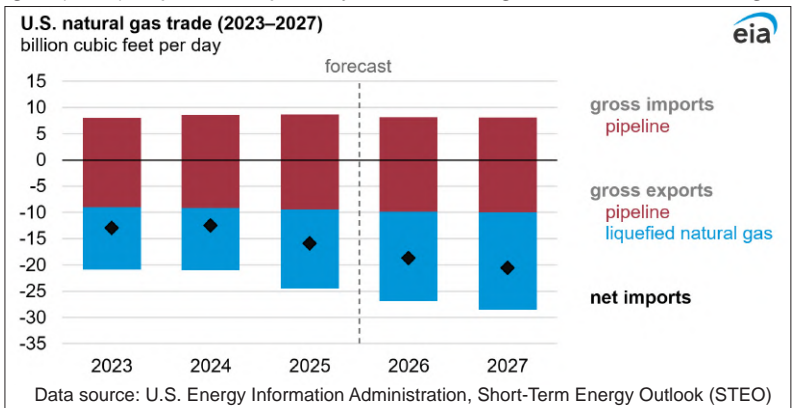
U.S. natural gas exports are poised to see dramatic growth over the next couple of years, the U.S. Energy Information Administration (EIA) highlighted recently in a new analysis, with the latest projections showing natural gas exports from the U.S. rising by as much as 30 percent by the end of 2027. Rapid expansion in liquefied natural gas (LNG) exports is a primary driver in the growth of U.S. natural gas exports, explained the EIA, supported by five LNG export projects that will start operations and ramp up production by the end of next year. The EIA also points to rising natural gas pipeline exports, mainly to Mexico, as supporting U.S. natural gas export growth.

"In our forecast, net exports of U.S. natural gas (exports minus imports) grow 18 percent to 18.7 billion cubic feet per day (Bcf/d) in 2026. In 2027, net exports increase another 10 percent to 20.5 Bcf/d," said EIA analysts.

"We forecast that U.S. LNG exports rise 1.9 Bcf/d in 2026 to average 17.0 Bcf/d and increase by an additional 9 percent (1.5 Bcf/d) in 2027. We forecast natural gas pipeline exports to grow by 4 percent (0.4 Bcf/d) in 2026 and 2 percent (0.2 Bcf/d) in 2027," experts from the EIA also noted.

The military conflict in Iran, which has [disrupted](#) global energy flows through the Strait of Hormuz, is leading U.S. LNG export terminals to run at slightly higher utilization rates, despite already running at relatively high rates in 2025, the EIA mentioned. "The disruptions to LNG exports near the Strait, mostly concentrated in Qatar, currently represent over 10 Bcf/d, or [20 percent of global supply](#). Qatar also sustained damage to 17 percent of its export capacity after a March 18 [attack](#) on the Ras Laffan LNG export facility damaged two liquefaction trains. QatarEnergy estimates repairs on the damaged trains could take up to five years," the EIA advised. The circumstances are significantly increasing demand for LNG cargoes from outside the strait, including LNG shipments originating from the United States.

U.S. pipeline exports are also expected to continue increasing over the next two year period, reaching 9.8 Bcf/d in 2026 and 10.0 Bcf/d in 2027, after rising 0.4 Bcf/d in 2025 to average 9.5 Bcf/d, according to the EIA. "This upward trend is driven by Mexico's [growing demand for natural gas](#), both from growth in power generation and the development of [two new LNG export facilities](#) expected to come online over the next two years. Those facilities will be fed by U.S.-origin pipeline gas exports. The Energia Costa Azul LNG terminal and the second phase of Fast LNG Altamira Floating LNG production vessel (called FLNG2) will have a combined 0.6 Bcf/d of export capacity and are expected to come online in 2026 and 2027, respectively."



"Structured sale or one-off offer? What independent producers and royalty owners should know before divesting"

By Bo Wanger, VP Business Development - Oil & Gas Asset Clearinghouse

At some point, most independent producers and royalty owners face the same decision: it's time to sell an asset. Maybe production has matured and the position no longer fits your portfolio. Maybe you're consolidating capital for a new opportunity. Maybe an unsolicited offer just landed in your inbox, and the number looks reasonable enough to consider.

Whatever the circumstance, how you sell matters just as much as when you sell. Independent operators often have deep expertise in acquiring and developing assets, but the divestiture side of the business doesn't always get the same level of strategic attention. A quick handshake deal might feel efficient, but it can also mean leaving significant value on the table.

This article breaks down the key differences between accepting a one-off offer and running a structured, brokered sale process, so you can make an informed decision the next time you're ready to divest.

The One-Off Offer: Convenient, but at What Cost?

Unsolicited offers are a regular occurrence in the oil and gas business. A buyer reaches out directly - sometimes a neighbor operator, sometimes an acquisition fund - and presents a number. The appeal is obvious: no marketing period, no preparation, and a potentially fast close. For small, low-value interests, that simplicity can make sense.

But there are real trade-offs. With a single buyer at the table, there is no competitive tension driving the price upward. The offer reflects what that one party is willing to pay, not what the broader market would bear. Buyers making unsolicited bids are often sophisticated acquirers who have already done preliminary analysis and are banking on the seller not fully understanding current market valuations. Without a competitive process, it's difficult to know whether the number you're looking at represents 70 cents on the dollar or the full value. There are also due diligence gaps to consider. In a direct negotiation, the buyer typically controls the timeline and the information flow. Sellers may not have organized their own production data, title records, or financial history in a way that supports a strong negotiating position. That asymmetry favors the buyer.

How a Structured Sale Process Works

A structured sale - whether it's a live auction, sealed-bid process, or negotiated transaction managed by a broker - is designed to do one thing: create competition for your asset. The mechanics vary depending on the type and size of the property, but the general framework follows a consistent pattern.

First, the asset goes through a thorough evaluation. Engineering data, production history, revenue streams, lease terms, and title information are compiled into a comprehensive data package. This is the foundation of the process, the cleaner and more complete the data, the more confidence buyers have, and confident buyers bid higher.

Next, the asset is marketed to a qualified buyer pool. A good brokerage firm maintains a network of thousands of vetted buyers, operators, mineral acquisition companies, private equity groups, and individual investors who are actively looking for opportunities that match specific criteria. Rather than relying on one party's interest, your asset is exposed to the full spectrum of potential buyers.

Finally, the sale is executed through a competitive format. In a live or online auction, multiple bidders compete in real time, which can push pricing well beyond initial expectations. In a negotiated transaction - typically used for larger, more complex assets - the broker manages a structured bid process with multiple parties, maintaining competitive pressure through controlled rounds of engagement. Either way, the seller benefits from market-tested pricing rather than a single buyer's opening position.

What Sellers Often Overlook

In The Oil & Gas Asset Clearinghouse's experience, a few patterns stand out when it comes to what sellers underestimate about the divestiture process.

Data preparation is the biggest lever. Many sellers assume their asset "speaks for itself." In reality, how data is organized and presented directly impacts buyer confidence and, ultimately, bid levels. A well-constructed data room - with clear production summaries, organized title records, and transparent financial reporting minimizes the uncertainty discount buyers build into their offers. The upfront effort of preparing that package almost always pays for itself in higher bids.

Timing matters, but not in the way most people think. Sellers often wait for "the right price environment" to divest, watching commodity tickers and hoping for a sustained rally. While commodity prices do influence valuations, the bigger factor in most deals is asset-level fundamentals: production trends, remaining reserves, operator activity in the area, and lease terms. A well-marketed asset with strong fundamentals can achieve premium pricing regardless of whether WTI is at \$65 or \$80. Conversely, waiting too long can mean selling into declining production and a shrinking buyer pool.

Lotting strategy affects outcomes. How properties are grouped for sale can significantly influence results. A diverse portfolio might achieve the highest aggregate value when separated into logical lots that appeal to different buyer types: an operator might pay a premium for the working interests in their area of focus, while a mineral fund bids aggressively on the royalty package. A skilled broker structures the offering to maximize total proceeds across all lots, not just find a single buyer for the whole portfolio.

When Does a Structured Process Make Sense?

Not every asset requires a full marketing campaign. For very small, low-value interests or situations where a seller has a long-standing relationship with a buyer they trust, a direct deal can be perfectly appropriate. But as a general guideline, if the asset or portfolio has a value in the range of \$10,000 and above, a structured process is worth serious consideration. The cost of running a proper sale is almost always recovered through higher pricing driven by competition.

A structured approach is especially valuable when you're selling a diverse portfolio (mixing working interests, royalties, or overriding royalty interests), when the asset is in an active basin with strong buyer interest, or when you're uncertain about current market valuations. In each of these cases, exposing the asset to multiple buyers reveals true market value - which is something a single offer, no matter how well-intentioned, simply cannot do.

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The Bottom Line

Independent producers and royalty owners spend years building and managing their asset portfolios. The divestiture decision deserves the same level of care and expertise that went into acquiring and developing those positions in the first place. A structured sale process isn't about adding complexity for its own sake, it's about ensuring you capture the full value of what you've built.

Whether the right approach for your situation is a live auction, a sealed-bid process, or a negotiated transaction depends on the asset itself. The principle holds across all of them: competition creates value, and an informed seller is a stronger seller.

About Oil & Gas Asset Clearinghouse

Founded in 1992, Oil & Gas Asset Clearinghouse has brokered more than 32,000 transactions and billions of dollars in asset sales across the United States. We help independent producers, royalty owners, and energy companies run structured sale processes for non-core assets, mineral and royalty positions, working interests, and more. To learn more or explore current listings, visit ogclearinghouse.com or email info@ogclearinghouse.com.

ERCOT power market update - Q2 2026

ERCOT continues to experience some of the fastest load growth in the nation, fueled by data center expansion, population growth, and industrial activity - all of which are tightening supply-demand balances heading into summer 2026. Reserve margins have improved to approximately 17 percent, but reliability risk persists during peak heat-driven demand periods, and the growing share of solar and battery storage introduces intermittency that increases reliance on dispatchable generation. Forward prices entering Q2 are elevated due to summer scarcity risk, though near-term pricing may offer a brief seasonal reprieve before cooling demand accelerates. Buyers with index exposure should consider structures that limit extreme price spikes - such as fixed blocks, caps, or hybrid index products - particularly during high-risk peak periods.

What This Means for TIPRO Members

With ERCOT prices capable of shifting every 15 minutes, waiting on slow quotes or broker follow-ups creates unnecessary risk in a market like this. The TIPRO Power Texas program, powered by Arise Energy, gives members direct access to real-time supplier quotes, clear pricing comparisons, and expert support - all in one place. If your energy contract expires in the next 6-8 months, now is a smart time to evaluate your options while Q2 shoulder-season pricing may still work in your favor. TIPRO members can get started at ariseenergy.com/tipro or reach out directly to dedicated TIPRO advisor Nick Evans at Nick.evans@ariseenergy.com or call (214) 892-8157.

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