



TIPRO
Texas
**Independent
Producers and
Royalty Owners
Association**

TIPRO's 66TH ANNUAL CONVENTION IN DALLAS FEATURES STRONG LINE-UP OF SPEAKERS, DRAWS LARGE CROWDS

TIPRO's 66th Annual Convention, held in Dallas last week, kicked off with a bang as the association presented the prestigious Hat's Off award to Texas Lt. Gov. David Dewhurst, who has been a strong advocate for oil and gas development in the Lone Star State. In his acceptance speech, Lt. Gov. Dewhurst illuminated the positive economic impact that increased oil and gas activity has made in the

state, paying special note to the jump in state funds from severance taxes, which have helped to balance the Texas budget without raising taxes. "For that, I want to specifically thank the oil and gas industry," proclaimed Dewhurst.

CEOs and Executive Officers of leading oil and gas producers presented during the Convention, addressing the opportunities and challenges that industry can expect in the years to come. Chairman of Quicksilver Resources, Toby Darden, offered hope to Convention attendees, stating "we are an industry not of scarcity but abundance - this is a great time!" Darden also discussed Quicksilver's strategy for drilling in different North American formations, from early entry acreage acquisition to building infrastructure and development (large-scale) resource and conversion to value.

Gary Evans, CEO of Magnum Hunter Resources Corp., highlighted his company's operations in three of the most prolific unconventional resource plays in the United States - the Williston Basin, Eagle Ford and Marcellus Shale. "As we continue to drill in Shale plays, we all get better and better," he noted. During his presentation, Evans also discussed how new regulations have negatively impacted operators across the nation, from increased permit fees to delays in review of applications. "It is just amazing to me how short-sighted some politicians can be, especially considering how much money we spend in their states and the number of employees we have. They have done nothing but try to put handcuffs on this industry. And I'm afraid this could be just the beginning."

Mark Ellis, CEO of LINN Energy, talked about the unique growth and success of LINN's business throughout the last five years. LINN Energy, which targets oil and natural gas properties that offer long-life, high-quality production with predictable decline curves and low-risk development opportunities, focuses on formations like the Permian Basin. "If you are in the business to buy mature assets, you want to be in basins where they have fragmented ownership and stable high-margin type assets, then you really have to be in the Permian. We have been pretty active in this play and have had good success. It's a good play that is generating good economics."

Story continued on page 3...



EPA WITHDRAWS ADMINISTRATIVE ORDER AGAINST RANGE RESOURCES

On Friday, March 30, 2012, the U.S. Environmental Protection Agency (EPA) announced it has dropped its 15-month emergency administrative order against Range Resources, in which the federal agency alleged the company was responsible for methane contamination of two private water wells located in Parker County, Texas.

"Resolving the lawsuits with Range allows the EPA to shift the agency's focus in this particular case away from litigation and toward a joint effort on the science and safety of energy extraction," said Jennah Durant, spokeswoman for the EPA. "The EPA and Range will share scientific data and conduct further well monitoring in the area, and Range will also provide useful information and access to EPA in support of EPA's scientific inquiry into the potential impacts of energy extraction on drinking water."

After originally asserting that drilling efforts from Range had caused methane gas to migrate into the water aquifer in December 2010, the EPA ordered Range Resources to supply water to residents as it continued to look the matter.

However, following months of investigation, in March 2011, Commissioners at the Texas Railroad Commission (RRC) unanimously agreed that Range Resources was not responsible for the methane found in the Parker County water wells.

Story continued on page 5...

PRESIDENT'S MESSAGE

TIPRO Members-

I want to extend a special thanks to all of you for helping to make the association's 66th Annual Convention in Dallas such a success. We had record levels of sponsorship for this year's meeting, and the highest level of attendance seen in years. The speakers did a great job of providing insightful, enlightening information on the current state of the oil and gas industry, and foretold what issues threaten to have the largest impact on operations in the years to come.

During our Association's Membership Meeting held at the Annual Convention, *David Martineau* was elected as TIPRO's next Chairman of the Board. Martineau has extensive experience in the industry, and will serve as a great leader for our association. He is currently exploration manager for Pitts Oil Company, LLC, where he is responsible for the evaluation and selection of new exploration programs. He received a Bachelors of Science Degree in Geology from The University of Texas at Austin and is a Certified Petroleum Geologist and licensed as a Texas Professional Geoscientist. David is an active member of the American Association of Petroleum Geologists, and serves as an Associate Trustee for the AAPG Foundation. He is a current member of the Interstate Oil & Gas Compact Commission, the Barnett Shale Water Conservation and Management Committee, Dallas Geological Society and Society of Independent Professional Earth Scientists. He is also on the Board of the Texas Independent Producers and Royalties Owners and is on the Board of the Foundation for Energy Education and Executive Committee of the Texas Alliance of Energy Producers. David served 11 years on the Geological Foundation Advisory Council of The University of Texas and is currently a member of The University of Texas Systems Chancellor's Council Executive Committee.



Justin Furnace

I also want to congratulate *Todd Wehner, Patricia Boswell McCall, Allen Gilmer, Lindsey Dingmore, Levert Gillman* and *John Smitherman*, who were elected to serve a second term on the Board, beginning July 1, 2012.

With the guidance of our board members and ongoing support from our members, TIPRO is in a great position to continue to pursue our mission of fighting to preserve the ability to explore and produce oil and natural gas and promoting the general welfare of our members. Since 1946, our association has worked hard to create a positive image for the exploration and production sector in Texas by educating elected officials and the general public on economic truths of oil and natural gas supply and demand. Each day we strive to advocate on behalf of Texas independent producers and royalty owners, and seek to create a favorable business climate for the oil and gas industry.

Now more than ever is it imperative we band together to fight the enormous issues facing our industry today. Once again, I thank all of our members, sponsors, exhibitors and friends for their support of our 66th Annual Convention, our association and our industry.

Sincerely,

CONNECT WITH TIPRO ONLINE TO GET TIMELY INDUSTRY UPDATES

Receive up-to-the-minute news on the latest happening in the oil and gas industry by following the **Texas Independent Producers & Royalty Owners Association** online. From Twitter to Facebook and LinkedIn, TIPRO's social media accounts offer innovative ways to get information quickly and allow the chance to connect with other professionals in the industry.

Visit our website at www.tipro.org to learn more.



Calendar of Events

APRIL 11, 2012	MAY 8, 2012	MAY 9, 2012	JUNE 13, 2012
HOUSTON IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (713) 503-1298.	KILGORE TIPRO S 3 RD Annual East Texas Conference, East Texas Oil Museum. For info, call: (512) 477-4452.	HOUSTON IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (713) 503-1298.	HOUSTON IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (713) 503-1298.

COVERAGE OF TIPRO'S 66TH ANNUAL CONVENTION - CONTINUED FROM PAGE 1

At the Convention's CEO Luncheon, Marathon Oil Corporation's Chairman, President and CEO Clarence Cazalot, gave insight to the evolution of Marathon since the company was formed in 1887, and discussed the company's decision to drill in formations like the Eagle Ford Shale in South Texas. "The Eagle Ford Shale two years ago wasn't even on our radar screen; today, it is frankly the focus of our company," said Cazalot. "It is a big part of our investment, a big part of our efforts and a big part of our value creation as well." Cazalot also stressed the opportunities and challenges that lie ahead, including a commitment to educate landowners, royalty owners and the public on drilling operations in local communities. Cazalot spoke of the danger of overregulation of hydraulic fracturing, which could be one of the biggest issues that industry faces. Nonetheless, Cazalot remains optimistic for the future. "What I know is that oil and gas are going to be fuels of the future - the facts demonstrate the world, our nation, is going to need a lot more oil and gas for a long period of time, and we now have an opportunity to talk about energy independence. It is an exciting time, and a great business to be in!"

Representative Jim Keffer, Chair of the House Energy Resources Committee, addressed ongoing battles with unnecessary federal regulation, despite a boom of economic benefits from the oil and gas industry. "It is just amazing how blessed the state of Texas is right now with activity. It feels like every week there is a new play and new formation that is being found," said Keffer. "It is a crying shame that every politician does not understand how well the oil and gas industry is doing and how it has helped with employment. We continue to have to fight the federal government and fight the U.S. Fish & Wildlife and the EPA. But rest assured, the state of Texas is fighting that fight and working to ensure there is sanity. We all have to have discussions with D.C. and fight that fight to go forward."

Barry Smitherman, Chairman of the Texas Railroad Commission, also spoke to Convention attendees of the increasing oil and gas production in Texas. "Both rig counts and drilling permits in Texas are up dramatically," he said. "We see that the number of rigs is at its highest level since about 1985, and we are on pace at the RRC to issue more permits than 1983. This is a terrific story for the incredibly productive industry in our state."

Other presenters at TIPRO's 66th Annual Convention included political analyst William Kristol, economist Mine Yucel, Representative Harvey Hilderbran, Rep. Warren Chisum, Roland Sledge, Christi Craddick, LOGA's Don Briggs, OIPA's Mike Terry, OOGA's Penny Seipel and Elizabeth Ames Jones.

Overall, more than 270 oil and gas professionals were in attendance of this year's Annual Convention, making the event one of the most successful in the association's history.

TIPRO thanks all speakers, sponsors, exhibitors and attendees for their generous support of this year's meeting!

Event photos on page 4...



TOBY BAKER APPOINTED AS NEW TCEQ COMMISSIONER

Gov. Rick Perry has appointed Toby Baker to serve as Commissioner for the Texas Commission on Environmental Quality (TCEQ), effective April 16, 2012. Baker takes the place of former Commissioner Buddy Garcia, whose term expired last August.

Baker previously served as a policy and budget advisor on energy, natural resources and agriculture issues for the Governor's Office, where he was also the liaison between the office and members of the Legislature, constituents, the Railroad Commission of Texas, TCEQ, Texas Parks and Wildlife Department, Texas Department of Agriculture and the Texas Animal Health Commission. He formerly served as a natural resource policy advisor to Sen. Craig Estes, as well as director and clerk of the Texas Senate Subcommittee on Agriculture, Rural Affairs and Coastal Resources.

Baker received a bachelor's degree from Texas A&M University and a Master of Public Service and Administration from the Texas A&M George Bush School of Government and Public Service.

Baker's term as Commissioner of the TCEQ will expire on August 31, 2017.

TUBING. CASING. LINE PIPE.



Trident Steel Corp.

Helping to control your costs
for tubular goods and line pipe.

800-777-9687

sales@tridentsteel.com

www.tridentsteel.com

Sales & Stocking Locations

**Texas • Arkansas • Kansas • Missouri
Louisiana • Oklahoma • Colorado**

PICTURES FROM TIPRO'S 66TH ANNUAL CONVENTION!



EPA DROPS ORDER AGAINST RANGE RESOURCES - CONTINUED FROM PAGE 1

Instead, evidence successfully demonstrated that the gas found in domestic water wells came from the shallower Strawn gas field, which begins about 200 to 400 feet below the surface. Meanwhile, the gas produced from Range was drawn from the much deeper Barnett Shale field, found more than 5,000 feet below surface. Range Resources also proved gas wells were mechanically sound, without any leaks, further showcasing that hydraulic fracturing did not cause any water contamination in the area.

“By dropping their court case and enforcement actions, the EPA now acknowledges what we at the RRC have known for more than a year: Range Resources' Parker County gas wells did not contaminate groundwater,” said RRC Chairman Barry Smitherman. “This announcement is a vindication of the science-based processes at the RRC. It is good to see EPA reconsidering their tactics after being rebuked by the federal courts twice in the past two weeks. I will remain vigilant to ensure that the EPA uses the highest standards of science instead of making arbitrary regulations designed to further President Obama's anti-fossil fuel agenda.”

“Today's decision reflects my long standing position that the EPA and the Obama administration should stay out of regulatory matters in Texas and let us remain in charge of protecting our own natural resources,” added RRC Commissioner David Porter.

EPA DELAYS ISSUING NEW AIR REGULATIONS FOR THE OIL AND GAS INDUSTRY

The U.S. Environmental Protection Agency (EPA) will not issue new air standards for the oil and gas industry for another two weeks, delaying the agency's long-awaited decision to impose greater restrictions on air emissions. Under the terms of a revised consent decree between the EPA and environmental groups, the agency must now act no later than April 17, 2012.

“The EPA and parties have agreed to a two-week extension on a consent decree to issue final air rules for the oil and natural gas industry,” commented Betsaida Alcantara, spokeswoman for the EPA. “The agency requested the additional time to fully address the issues raised in the more than 156,000 public comments we received on the proposed rules.”

The new air standards, originally proposed on July 28, 2011, aim to reduce emissions of volatile organic compounds by one-fourth across the oil and gas industry, including a nearly 95 percent reduction in VOCs emitted from new and modified hydraulically fractured gas wells. The new rules would apply to the more than 25,000 wells that are fractured and refractured each year across the country, as well as to storage tanks and other pieces of equipment.

Even with the two-week delay, it is unclear whether the EPA will modify their proposed rules to allow enough flexibility for independent producers to implement changes without affecting operations or businesses. Overburdensome and unnecessary regulations on industry operations threaten development, and could restrict job creation, reduce government revenue and limit energy security.

DEPT. OF INTERIOR UNVEILS EXPEDITED PROCESS FOR DRILLING ON PUBLIC LANDS

During a recent trip to the Bakken Formation in North Dakota, Secretary of the Interior Ken Salazar announced new initiatives to speed up the sale and processing of federal oil and gas leases. With a new automated tracking system that will reduce the time needed to review drilling permits, the Bureau of Land Management (BLM) - the agency responsible for oil and gas production on federal onshore lands - will be able to better monitor applications at every step and quickly identify any missing or incomplete information.

“With the help of new technology, the Bakken play here in North Dakota is generating impressive energy production for our country and creating thousands of American jobs, as well as substantial royalty revenues for the state, tribes and taxpayers,” said Secretary Salazar. “By upgrading and improving our oil and gas drilling permit processing systems and technologies we believe we can improve efficiencies while ensuring thorough reviews for safety and compliance.”

The new National Oil and Gas Lease Sale System (LSS) will provide a standardized format and electronic capabilities, improve workflow process and streamline the phrases of competitive oil and gas lease sales. Currently, on average, approximately two-thirds of the time it takes to process an application is spent waiting for more information from an operator-applicant. BLM expects the new system to reduce the average permit review time to as few as 60 days, down from an average of 298 days.

“Better government efficiency is certainly positive,” commented Rep. Doc Hastings, R-Washington and Chairman of the House Natural Resources Committee. “But the real problem over the past three years of the Obama administration isn't slow computers but policies that punish and discourage American-made energy on public lands.”

The new system is projected to be fully online by May 2013.

TIPRO MEMBERS TO RECEIVE A DISCOUNT FOR DUG FORT WORTH 2012

DUG™ has become THE conference where industry leaders network and discuss the world's unconventional resource opportunities. As operators move beyond the Barnett shale into truly global prospecting, the DUG agenda leads the way! Join more than 2,400 professionals from 800+ companies as they share drilling plans and review how unconventional plays are changing global energy markets. Be there for a special DUG luncheon with Dr. Condoleezza Rice, former National Security Advisor on Tuesday, April 24, 2012.

Members of TIPRO will receive a discounted rate. Simply register online at <https://www.regonline.com?eventID=971206&rTypeID=495542>, using the registration code DUG697 (all caps).



TIPRO's 3rd Annual East Texas Conference

May 8, 2012 | Kilgore, Texas



Please plan to join us for TIPRO's 3rd Annual East Texas Conference on May 8, 2012. Held at the East Texas Oil Museum in Kilgore, Texas, this event will feature exciting presentations on future oil and liquids development in East Texas.

Dr. Fred Wang, research scientist for the Bureau of Economic Geology, and Harold E. McGowen III, CEO and President of Navidad Resources LLC, will present during the conference.

Conference presentations will begin at 3:30 p.m., with a reception to follow at the Meadowbrook Country Club. State Rep. David Simpson will speak at the reception, providing a legislative update.

Agenda:

- 2:00 p.m. - Museum opens to TIPRO members
- 3:30 p.m. - Conference presentations begin:
Dr. Fred Wang, Bureau of Economic Geology;
Harold E. McGowen III, Navidad Resources LLC;
- 5:30 p.m. - Reception at Meadowbrook Country Club
State Rep. David Simpson

SPECIAL THANKS TO EVENT SPONSORS:



HOST COMMITTEE:





TIPRO's 3rd Annual East Texas Conference

When: May 8, 2012

Where: East Texas Oil Museum
Hwy. 259 at Ross St.
Kilgore, Texas 75662
Ph: (903) 983-8295

Price: Free for TIPRO members;
\$35.00 for non-TIPRO members

Registrant Information:

(Please use one form per person)

Name: _____ **Company:** _____

Billing Address: _____ **City/State/Zip:** _____

Phone: _____ **E-mail:** _____

Payment Information:

Number of attendees: ____ **Please charge my credit card a total of \$**_____

☐ AMEX ☐ VISA ☐ MC

Card Number: _____ **Exp. Date:** _____

Signature: _____

Or find my check #_____ **enclosed for \$**_____.

TIPRO must receive notice of cancellation by Friday, May 1, 2012.
Refunds will not be given after this date. No shows will not receive refunds.
Reservations must be accompanied by a form of payment.

Please remit payment to:

Texas Independent Producers & Royalty Owners Association
919 Congress Ave., Ste. 1000, Austin, TX 78701 Ph: (512) 477-4452, Fax: (512) 476-8070
Register online for the event at www.tipro.org.

Pitts Oil Company, LLC Dallas Production, Inc. Custard & Pitts Investment, Co.

TIPRO SUPPORT

6 - EXPLORER MEMBERS
36 - ASSOCIATE MEMBERS

MR. TIPRO RECIPIENTS

1989 L. FRANK PITTS
1994 SHELBY PITTS

CHAIRMAN OF TIPRO

L. FRANK PITTS 1980-1982

SHELBY PITTS 1985-1987

DAVID F. MARTINEAU 2012-2014

PROUD SPONSORS OF THE 66TH ANNUAL CONVENTION
CONGRATULATIONS DAVID!



**Texas Independent
Producers &
Royalty Owners
Association**

With more than 2,300 members, TIPRO is the nation's largest statewide association representing both independent producers and royalty owners. Our members include small family-owned companies, the largest publicly traded independents and large and small mineral estates and trusts.

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