



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

STAKEHOLDERS DISCUSS PLAN TO PROTECT ENDANGERED SPECIES IN TEXAS

In early July, the U.S. Fish and Wildlife Service (USFWS) announced that they would grant a six-month extension before issuing a final determination on the potential listing (endangered/threatened) of the Lesser Prairie-Chicken (LPC) under the Endangered Species Act. A LPC listing could have a drastically negative effect on operations in Texas, Oklahoma, Kansas, Colorado and New Mexico.

According to USFWS, the decision to grant the extension would allow for the gathering of additional scientific data and public comment that many consider necessary for review prior to making a final listing determination.

Over the past two years, a group of stakeholders from these five affected states has diligently worked with state wildlife agencies, ecosystem researchers and others to develop a range-wide conservation plan aiming to increase the population of the LPC and encourage voluntary conservation of the species and its habitat. The group continues with their work to date, using feedback from the USFWS to further hone the draft range-wide plan (RWP) into an acceptable finished product. With conservation agreements currently in place in Texas, New Mexico and Oklahoma, the immediate goal for those working on the RWP is to preclude the need for a final listing of the LPC.

Texas plays an imperative role in the sustained progress of this group, but in recent weeks opponents of the plan have spoken out against the state's continued involvement. Opposition centers on claims that the RWP generates uncertainty for industries across the state by not providing a conduit for operational contingency plans in a post-listing environment. Consequently, some have suggested Texas' involvement with the plan be tempered for the time being to allow for a more comprehensive review of the RWP.

In contrast, proponents of the RWP are wary of any degree of Texas withdrawal from the multi-state plan at this time, perceived or otherwise. The RWP is an unprecedented collaborative regional effort and Texas' involvement is an integral piece. Many fear without Texas' continued participation in the plan, a listing of the LPC could be eminent. TIPRO has worked alongside other state and regional trade associations, including the Permian Basin Petroleum Association, the Panhandle Producers and Royalty Owners Association, and the Texas Alliance of Energy Producers to support the continued advancement of the RWP.

"The RWP has been in development for several years now. Is there is still work to be done on it? Sure," says Teddy Carter, vice president of government affairs for TIPRO, "but it is the only avenue seeking to completely prevent a listing that we at TIPRO are aware of, and we are not ready to give up on that possibility."

Carter continues, "Some folks want to accept the listing as a foregone conclusion and focus on minimizing post-listing production stoppage. That's a very prudent approach and I don't see anything wrong with it; every company ought to be able to pursue whatever path they choose, that's their business. If viable alternatives to the RWP are presented to the USFWS, the agency should have to give genuine consideration to those plans and explore the idea of multiple options for stakeholders. Regardless, the RWP and the attempt to stop a listing should not suffer just because some want to take a different tack."

The USFWS will make a final listing determination for the LPC no later than March 30, 2014.

TIPRO TO HOST BANQUET CELEBRATING INDUSTRY'S TOP PROFESSIONALS ON OCTOBER 29TH

The Texas Independent Producers & Royalty Owners Association (TIPRO) cordially invites you to join them for an awards banquet honoring the 2013 Texas Top Producers. This special event will be held on the evening of Tuesday, October 29, 2013, at the Houston Petroleum Club in Houston, Texas.

Earlier this year, nominations for each of the Texas Top Producers award categories -- comprising of Best CEOs, Best Geoscientists, Best Landmen and Best Engineers -- were collected and reviewed by the TIPRO Texas Top Producers awards committee. The leading 15 contenders for each category were then selected to be featured in the official Texas Top Producers survey, which launched in May. The top winners of the awards will be announced at the banquet on October 29.

Underwritten by PricewaterhouseCoopers, this awards banquet will serve as a special occasion for members of the Texas oil and gas industry to join together and celebrate the top professionals in the Lone Star State. During the event, finalists and winners of this distinguished award will be recognized for their outstanding accomplishments in recent years. The banquet will also prove to be a great opportunity to network with other professionals in the E&P sector and meet new business associates in the industry.

The association hopes that you will mark your calendar to attend the 2013 Texas Top Producers awards banquet! To register to attend, see pages 3-4 of this newsletter.

CHAIRMAN'S MESSAGE

TIPRO Members -

As some of you may be aware, in recent weeks, members of the Dallas City Plan Commission and the City Council have again taken up the contentious issue of natural gas drilling within city limits. They have been working to examine permit applications for drilling in nearby areas, and are seriously considering imposing new regulations that would require a 1,500-foot buffer zone or setback for all drilling rigs operating within city limits, which would all but ban E&P activities..

This debate has been an ongoing one, first arising when the Trinity East Energy Company applied for a drilling permit to operate on parkland and floodplains near the Trinity River in northwest Dallas. Ultimately, the Dallas Plan Commission elected to recommend denial of Trinity East's zoning application - twice. As a result, on Wednesday, August 28, the Dallas City Council voted down Trinity East's permit to drill, raising real concerns of the future ability to explore or produce within city limits. This action also opens the city to the threat of a future lawsuit by Trinity East, who has held a lease with Dallas for 5 years and in that time has already paid \$19 million to the city.

Further, on Thursday, August 22, the City Plan Commission again gathered to discuss proposed changes to Dallas' drilling ordinance and further evaluate recommendations to modify local rules. Unfortunately, as feared, misinformed environmentalists - who dub themselves "fractivists" - showed up in full force to this meeting to spread falsehoods about the process of hydraulic fracturing. In fact, nearly all of the bogus claims that were made by these community activists can be quickly debunked if you take the time to examine the scientific evidence and related facts about oil and gas production. Study after study disproves allegations that are being made by fractivists. Just one example to prove my point: during the August 22 meeting, environmentalists testified that the Texas Commission on Environmental Air Quality (TCEQ) has stated there is more air pollution coming from the energy industry in Dallas-Fort Worth than all the cars and trucks in the area... however, TCEQ Chairman Bryan Shaw has said on record that "after several months of operation, state-of-the-art, 24-hour air monitors in the Barnett Shale area are showing no levels of concern for any chemicals. This reinforces our conclusion that there are no immediate health concerns from air quality in the area, and that when they are properly managed and maintained, oil and gas operations do not cause harmful excess air emissions."

At this point in time, it remains unclear what the Dallas City Council will ultimately decide to do on this significant issue. Nonetheless, it is my hope that these elected officials remember the facts. Hydraulic fracturing has been safely used in this country for over 65 years, and each day, operators continue to take proactive measures to prevent any harm to the environment and ensure public safety. Moreover, oil and gas development provides substantial support to the economy, including in the Dallas-Fort Worth area. Council members should remember that in 2011, Barnett Shale activity collectively supported over 100,000 jobs in North Texas and generated \$11.1 billion in annual output, according to a study published by the Perryman Group. It is also estimated that counties, cities, and school districts in the region received close to \$730.6 million in 2011 in additional fiscal revenues due to the Barnett Shale and related activity. The benefits are there - we just have to allow companies to operate.

I encourage all members of TIPRO to continue to monitor developments on this issue, as it could have major implications in other cities across Texas.

Sincerely,



TIPRO FORMS REGULATORY ISSUES COMMITTEE

The newly formed TIPRO Regulatory Issues Committee (TRIC) is equipped to examine and respond to any regulatory developments that may have significant impact upon the production of oil and/or natural gas in the United States, with a primary focus on the state of Texas. The TRIC differs from the TIPRO State and Federal Issues Committees by focusing its efforts on the technical review and impact of regulatory actions, rather than the broader public policy impact. Company representatives participating on the TRIC must be directly involved with the regulatory affairs of their company and prepared to actively participate in technical review and analysis of current and proposed rules and regulations governing oil and gas operations. The TRIC will coordinate as needed to combine their expertise with that of the TIPRO's other standing committees to provide appropriate response measures to regulatory actions taken by state and federal agencies. Any regulatory professional from a TIPRO member company may participate in TRIC meetings. If interested in joining, please contact Lindsey Skinner or Teddy Carter at (512) 477-4452.

Calendar of Events

SEPTEMBER 11, 2013	OCTOBER 9, 2013	OCTOBER 29, 2013	NOVEMBER 13, 2013
HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (832) 233-5502.	HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (832) 233-5502.	HOUSTON — Texas Top Producers Awards Banquet, 6:30 p.m. Houston Petroleum Club. For info, call: (512) 477-4452.	HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (832) 233-5502.



David F. Martineau



THE TEXAS INDEPENDENT PRODUCERS &
ROYALTY OWNERS ASSOCIATION
CORDIALLY INVITES YOU TO JOIN THEM
FOR AN AWARDS BANQUET
HONORING THE



TUESDAY, THE TWENTY-NINTH OF OCTOBER
SIX THIRTY P.M.
THE PETROLEUM CLUB OF HOUSTON
HOUSTON, TEXAS

COCKTAIL ATTIRE

KINDLY REPLY BY THE FIFTEENTH OF OCTOBER

(512) 477-4452

2013 UNDERWRITER





AWARDS BANQUET
TUESDAY, THE TWENTY-NINTH OF OCTOBER
SIX THIRTY P.M.
THE PETROLEUM CLUB OF HOUSTON
HOUSTON, TEXAS

WE ENCOURAGE YOU TO ALSO INVITE
 YOUR FAMILY AND FRIENDS TO ATTEND

TABLE - RESERVED SEATING FOR 10: \$1,250
 INDIVIDUAL TICKET: \$100

NAME: _____

COMPANY: _____

ADDRESS: _____

CITY: _____ STATE: _____ ZIP: _____

PHONE: _____ EMAIL: _____

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OR

PURCHASE TICKETS: # _____

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TIPRO MUST RECEIVE NOTICE OF CANCELLATION
 BY THE TWENTY-FIFTH OF OCTOBER.
 REFUNDS WILL NOT BE GIVEN AFTER THIS DATE.
 ALL RESERVATIONS MUST BE ACCOMPANIED BY PAYMENT.

PLEASE RETURN FORM, WITH PAYMENT, TO:
 TIPRO, 919 CONGRESS AVE., STE. 1000, AUSTIN, TX 78701
 OR FAX TO (512) 476-8070

FOR MORE INFORMATION, CALL TIPRO AT (512) 477-4452

COMMENT PERIOD ENDS FOR PROPOSED BLM FRACING RULE

TEXAS REGULATOR SAYS THAT THE LONE STAR STATE SHOULD BE EXEMPT

As the August 23 deadline approached to submit feedback over proposed federal regulations for hydraulic fracturing, last week one Texas regulator at the Railroad Commission (RRC) voiced concerns over the impact such rules could potentially have on future oil and gas development in the Lone Star State.

“States are much more effective in encouraging oil and gas exploration, development and production, while still protecting the environment and human health,” said RRC Commissioner Christi Craddick, in a letter addressed to the Bureau of Land Management (BLM) and the Secretary of Interior. “It is clear that federal law and regulations detract operators from investments on federal lands, driving them towards production on non-federal land that is governed by greater regulatory certainty.”

In her letter sent Thursday, August 22, Craddick also pointed out that since 2012, all of the increases in oil and gas production have been on non-federal lands. A Congressional Research Service report from March 2013 demonstrated that since the year 2007, production of natural gas on federal lands fell by as much as 33 percent, while production on state and private lands grew by up to 40 percent.

Additionally, the RRC Commissioner emphasized the efficiency in issuing permits to drill by states, as opposed to the federal government. “In Texas, an operator generally may obtain a drilling permit in two to five days. Other states have similar permit processing timeframes,” Craddick said. “However, I understand that BLM currently takes 180-290 days to process an application for a permit to drill.”

Craddick added that to-date the BLM has failed to note any state with insufficient hydraulic fracturing regulations in place. “As this proposed rule is duplicative and cumbersome and creates undue cost to operators with no further safeguard to our environment, I stress that this rule is unnecessary in states currently regulating hydraulic fracturing,” Craddick said. “I strongly believe that the proposal will discourage oil and gas production on federal lands in Texas and elsewhere, resulting in a missed opportunity to reduce the staggering national debt and our nation’s reliance on foreign oil.”

Similarly, the entire congressional delegation from Wyoming also made a comparable request to Interior Secretary Sally Jewell, asking that Wyoming and other states that currently regulate hydraulic fracturing be exempt from planned federal regulation of fracing.

The topic is a contentious one, as altogether the BLM received more than 100,000 comments on its proposed rules.

Earlier in the year, Secretary Jewell had said that additional federal rules for fracing on federal land are necessary to reconcile the patchwork of state fracing rules. Spokespersons for the federal agencies continue to assert that any new federal regulations on hydraulic fracturing will avoid unnecessary duplications or delays, and will instead complement the efforts of some states, such as Texas.

The new federal regulations by the BLM are expected to be finalized by the end of the year.

TxDOT’S CONTROVERSIAL GRAVEL-ROAD PLAN ON HOLD... FOR NOW

In efforts to cut costs and save the agency money, officials at the Texas Department of Transportation (TxDOT) recently announced plans to convert nearly 83-miles of paved rural roads to gravel. However, upon learning the news, state legislators acted swiftly to halt such plans, demanding a 60-day moratorium be instated in order to review any proposals for road conversions in South and West Texas on a case-by-case basis.

“Even if gravel conversion is a proper solution for some paved segments, many questions remain about the safety of such conversions and the shortcomings of TxDOT’s implementation process for the entire project,” commented Texas Senator Carlos Uresti, who worked to resolve some of the state’s transportation issues with the passage of his bill SB 1747 during the past legislative session. “Before embarking on this plan, TxDOT administrators should have engaged legislators and community leaders from the affected areas. By failing to do so, the agency imposed a unilateral solution on these communities with no notice, no opportunity to seek alternative solutions, and no clear understanding of what to expect in the future.”

In addition to SB 1747, after a third special session was called by the Governor on the topic, state lawmakers also agreed to a constitutional amendment that will allow \$1.2 billion to fund highway construction and maintenance in Texas. The measure will be left to voters to approve on the November 2014 ballot. For a full recap of the past legislative session, log on to TIPRO’s Legislative Action Center online, available through the TIPRO website, and download the association’s “End-of-Session Report.”

REPORT: DOMESTIC SHALE DEVELOPMENT INCREASES NATION’S ENERGY SECURITY

There’s no doubt about it: domestic development of unconventional oil and gas resources has increased America’s energy security. A new report, released by the U.S. Chamber of Commerce’s Institute for 21st Century Energy, shows that rising E&P activity in the U.S. last year helped lower the nation’s energy security risk by 6 percent, a remarkable drop in such a short period of time.

“The impacts of the unconventional oil and natural gas boom lowered U.S. energy security risks in 2012 by increasing supply security, reducing net imports and putting downward pressure on energy costs and expenditures,” noted the study.

Further, study analysts have found that the drop in energy security risks in 2012 was the second largest seen in the past 40 years.

Titled “*The Index of U.S. Energy Security Risk: Assessing America’s Vulnerabilities in a Global Energy Market*,” the annual report strives to regularly measure the nation’s progress and assess the impact of policy decisions on America’s energy security. The information is then used to unify policymakers, regulators, business leaders and the American public behind a common sense energy strategy to help keep America secure, prosperous and clean, according to the organization.

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At XTO Energy, we know success is built by the right balance of tools and talents. So we focus our expertise on oil and gas basins rich with opportunities. Then, using the best technology, we find smarter ways to grow reserves and production. Bottom line, we are equipped to outperform.



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THE TIPRO TARGET



**Texas Independent
Producers &
Royalty Owners
Association**

With more than 2,500 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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