



**Texas
Independent
Producers and
Royalty Owners
Association**

TEXAS SECRETARY OF STATE RESIGNS

Secretary of State Rolando Pablos will step down from his position as the state's chief elections officer effective as of December 15, 2018. After serving two years, Secretary Pablos is returning to his private law practice. Spending two years in that position is very common amongst his predecessors. In Secretary Pablos' official statement he goes on to say, "with the midterm elections successfully behind us, and the 86th legislative session around the corner, I believe this would be a good time to begin the process of transitioning out of my position and passing the baton to the next secretary of state." In addition to the

election responsibilities, the Secretary serves as senior advisor and liaison to the Governor for Texas Border and Mexican Affairs and serves as Chief International Protocol Officer for Texas.

Secretary Pablos has held many leadership positions for the State of Texas; including, Public Utility Commissioner, Texas Racing Commission Chairman and Honorary Consul to Spain. He was also the founding CEO for El Paso-based Borderplex Alliance and Uriel Americas, a renewable energy company. Earlier this week, Governor Abbott appointed Joe Esparza to serve as Deputy Secretary of State. This second-ranking position within the Secretary of State's Office has been vacant for more than a year. Mr. Esparza is a Veteran who has worked for Governor Abbott in many capacities. He has worked in the Governor's Appointment Office, served as a senior-level campaign staffer and represents the Governor in a variety of veterans' affairs issues. Governor Abbott is expected to appoint the 112th Texas Secretary of State shortly after Rolando Pablos' exit date of December 15th. The Texas Secretary of State is one of six officials named in the Texas Constitution forming the Executive Department of the state. Upon nomination the candidate will then go on to be confirmed by the senate



Rolando Pablos

OPEC ANNOUNCES CUTS FOR JANUARY 2019

OPEC's announcement of cuts to production in January 2019 brings US producers some much needed relief. While the news is good for US markets, the hope that it could positively change the course of investment and production has yet to be determined. In recent months US shale investors have been focused on higher profits and not increased production leaving oil prices hovering longer than expected. Ideally the recent cuts will increase investment back to the energy sector and halt declining oil prices. Finding a balance that allows markets to resume to \$50-\$55 per barrel is ideal for both US producers and consumers for the long term. While markets have shown positive reactions following the announcement, many traders may be hesitant until the January cuts are implemented. The threshold of output that was heavily elevated in November prior to the negotiated cuts and talks of what some players outside of OPEC may produce on their own contribute to whether or not the cuts will relieve the global oversupply enough to positively affect US producers.

"The OPEC production cuts are a positive sign," says TIPRO President Ed Longanecker, but OPEC production had already increased previously in relation to Iran sanctions, and at the urging of President Trump, the reduction comes from higher output numbers. Qatar also decided to pull out of OPEC and increase production by 1.7 million barrels per day. This would further pressure supply and exceed announced OPEC "production cuts." "Any OPEC production cuts are positive, and will enable US producers to gain more market share globally, but the true impact on global supply is negligible" Longanecker adds.

TIPRO Calendar of Events

JANUARY 9, 2019 HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.	FEBRUARY 13, 2019 HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.	FEBRUARY 13-15, 2019 HOUSTON — Annual NAPE Summit, George R. Brown Convention Center. For info, call: (817) 847-7700.	FEBRUARY 26-28, 2019 AUSTIN — TIPRO'S 73rd Annual Convention, Sheraton Austin Hotel at the Capitol. For info, call: (512) 477-4452.
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PRESIDENT'S MESSAGE

TIPRO Members-

As we near the end of 2018 and prepare for a new year of opportunities and challenges facing the Texas oil and natural gas industry, I would like to thank you for your membership and encourage your direct involvement with our association in the coming months.

As the largest statewide association representing independent oil and gas producers and royalty owners, TIPRO's membership is comprised of the state's leading independents and hundreds of small to mid-sized operators. With your support, over the past year we have continued to make meaningful strides representing the interests of our members and industry at all levels of government. As an example, this year TIPRO successfully engaged at the local level to oppose a proposed drilling ordinance in the City of Arlington mandating that new Special Use Permit (SUP) applicants for gas well drilling be required to own the surface property within a 300' radius of the proposed drill zone. As you know, onerous drilling ordinances at the local level have a tendency to spread, hence the reason our association monitors them closely. Unfortunately, similar issues will continue to be a challenge in the coming year.

TIPRO has also been one of the most visible and vocal U.S. oil and gas trade associations on many other issues this year, including the impact of steel and aluminum tariffs, import quotas, NAFTA renegotiations, escalating trade disputes with China, and federal air quality regulations. As we prepare for the 86th Texas Legislative Session, TIPRO has also worked extensively on numerous interim charges in recent months that will become legislative priorities next year, including charges related to transportation and infrastructure investment, water use, seismicity monitoring, and reactivating inactive wells, to name a few. Collectively, TIPRO will monitor or lobby more than 300 pieces of legislation next session that impact independent oil and gas producers and royalty owners.

Beyond our meaningful advocacy work, TIPRO offers the most active schedule of programmatic activity in Texas for our members to network, learn and engage in issues that impact our industry. This year we held over twenty forums, in addition to our regular legislative, legal and regulatory committee meetings, that attracted more than 2,500 attendees. In addition, TIPRO regularly communicated with the media and thousands of independent producers and royalty owners via our comprehensive communication program.

We look forward to another active year representing our members and industry on your priorities. Please consider attending our Freshman Legislator Reception in Austin on January 15th, our Oil and Gas Education Briefing in the Texas State Capitol on January 16th, and please be sure to register to attend TIPRO's 73rd Annual Convention. The two-day meeting will be held February 26-28 in Austin, and will feature a strong line-up of respected industry leaders and experts. Sticking with tradition, our association also will be hosting TIPRO's capitol call-up meetings in conjunction with the convention, allowing members the opportunity to meet directly with Texas legislators and their staff on issues that matter most to you and your business.

On behalf of TIPRO, I hope you have a blessed holiday and prosperous new year. Thank you again for your continued support and involvement.

Sincerely,
Ed Longanecker





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TCEQ NAMES NEW GENERAL COUNSEL, AMONGST MANY OTHER RECENT LEADERSHIP MOVES



Mary Smith has been chosen by TCEQ Commissioners to serve as General Counsel, effective January 1, 2019. Ms. Smith joins the agency after serving 15 years at the Office of Attorney General. She worked in the Environmental Protection Division as Manager for the Environmental Enforcement and Natural Resources Sections. In this capacity, she worked on regulatory issues pertaining to TCEQ, RRC, Texas Parks & Wildlife Department, General Land Office and others. Prior to working in state government, Ms. Smith spent time working in Washington D.C. for the U.S. Senate Energy and Natural Resources Committee. Ms. Smith holds a bachelor's degree from the University of Kansas, and a JD from The University of Texas at Austin.

The General Counsel position became open after Tucker Royall resigned to become the Director of the Texas Senate Committee on Natural Resources and Economic Development. In the past few months,

TCEQ has seen several leadership changes. Commissioner John Niermann was named Chairman, Governor Abbott appointed Commissioner Emily Lindley and Toby Baker was named Executive Director. The Governor is still working on appointing the third and final commissioner.

SPEAKER NOMINEE DENNIS BONNEN ANNOUNCES POLICY TEAM

State Representative Dennis Bonnen (R-Angleton), the Texas House of Representatives Republican Caucus nominee for Speaker of the House and heir-apparent for the position, announced a slate of policy advisors that will serve in his administration after the election is held on opening day of the 86th Legislative Session. The list of staff includes many well respected and recognized names from offices on all ends of the political spectrum and both chambers of the legislature. Of the new team, Representative Bonnen said, "with their wide range of policy expertise and diverse backgrounds working in all areas of state government, I'm confident in this team's ability to advance legislative items that reflect the will of the House and the priorities of each Member."

Representative Bonnen entered the race for Speaker after a coalition of legislators began advocating for his candidacy in late October. Despite numerous other candidates having already announced, Bonnen was able to quickly coalesce support around his candidacy. The Republican Caucus met recently to discuss their nomination for Speaker, and Bonnen received unanimous support in the endeavor- theoretically providing him with the requisite amount of votes to win the race. Bonnen has also previously touted support not only from the Republicans but from a number of Democrats as well.



The full list of recently announced policy additions is as follows:

- Gardner Pate; Director of Policy & General Counsel
- Lana Abduldaem ; Policy Office Coordinator
- Kyler Arnold; Policy Advisor to the House for Health and Human Services
- Oscar Garza; Policy Advisor to the House for Transportation and General Government
- Amanda Lopez; Assistant General Counsel & Policy Advisor to the House for Tax and Financial Institutions
- Will McAdams; Policy Advisor to the House for Business and Regulated Industries
- Shakira Pumphrey; Policy Advisor to the House for Criminal Justice, Law Enforcement, and Veterans' Affairs
- Jennifer Saenz; Assistant General Counsel & Policy Advisor to the House for Natural Resources, Water, and Agriculture
- Andrea Sheridan; Policy Advisor to the House for Education
- Jesse Sifuentez; Assistant General Counsel & Policy Advisor to the House for Insurance and Civil Law

CAROL ALVARADO WINS SPECIAL ELECTION IN SD6

On Tuesday, December 11, State Representative Carol Alvarado (D-Houston) won the special election for State Senate District 6 with 50.4% of the vote, avoiding a runoff by a margin of 59 votes. Democratic State Representative Ana Hernandez came in second in the special election, with 24.3% of the vote, followed by Republican candidate Martha Fiero with 23.2% of the vote and finally Democratic candidate Mia Mundy with 2.1%.

This special election was called to replace Congresswoman-elect Sylvia Garcia, who won the election to Texas' 29th Congressional District during the general election in November. Garcia was in the middle of her most recent term as a State Senator, therefore did not have to resign from the seat to run for Congress. Alvarado's margin of victory is still well within the realm of a recount, however, although no announcement has been made as of yet whether any of the candidates will request an official recount.



86TH LEGISLATIVE PRIORITIES FOR TIPRO MEMBERS

The 86th Texas Legislature officially convenes on January 8, 2019, for another regular session. The Texas legislature, which meets every two years for 140 days, is required to pass a state budget and consider legislative proposals. Thousands of bills will be filed to address many issues facing the collective constituency in Texas. This includes hundreds of bills that pertain to the Texas oil and gas industry, a cornerstone of the state economy. Some of the many legislative priorities facing Texas producers and mineral owners next session will include:

Transportation

Transportation infrastructure investment, road repair and maintenance have been key priorities for the Texas oil and natural gas industry for many years. Quality infrastructure benefits local communities and ensures that product can get to market in the most efficient way, promoting a healthy and vibrant economy. This issue is of critical importance to support continued oil and natural gas operations, as well as to protect the millions of individuals utilizing our roadways on a daily basis. TIPRO, along with the entire oil and gas industry, remains committed to working with all stakeholders on identifying solutions to improve the quality of state and county roads.

Workforce Development

As the state's oil and gas industry continues to grow at a rapid pace, ensuring that a qualified workforce is available to support that sustained growth is crucial. Currently the Texas oil and natural gas industry is facing a shortage of available talent as production and employment needs keep growing. With the right state policies in place, Texas can prepare the workforce of the future to allow the continued success of the oil and gas industry and other key sectors.

Environmental Issues

Water conservation and air quality standards are two issues state lawmakers will focus on during the 2019 Legislative Session. TIPRO diligently advocates for fair regulatory policies that will enhance environmental stewardship, without promoting administrative barriers that hinder economic growth through slower permitting or reduced exploration and production activities. The organization also promotes water conservation through recycling and reuse, and positive energy emission trends resulting from ongoing innovation, industry best practices and over \$200 billion in investment in greenhouse gas emitting technologies over the past two decades.

Ad Valorem Taxes

If you ask any property owner in Texas what their policy priorities might be, getting relief from the growing burden of rising property taxes is likely at the top of their list. Texas does not have an income tax, so property taxes are a vehicle for funding various aspects of local and state government, such as local infrastructure and public schools. Recent reports have indicated, however, that since 1997 property tax collections in Texas have increased 195 percent. The state's oil and gas producers are certainly not immune to these tax increases, and TIPRO is focused on achieving beneficial and permanent solutions to this ever-rising problem.

Renewed Production

During times of economic downturn, operators face the same tough decisions as any other business owner; occasionally that means halting production from certain wells. The Railroad Commission has reported an annual average of over 100,000 inactive wells for the past few decades, many of which are still economically viable. Texans know that every barrel counts, so TIPRO will continue to work with policy-makers to find commonsense solutions to bringing inactive and orphaned wells back to production, and provide the tools necessary to sustain that production regardless of the economic and regulatory climate.

Critical Infrastructure

As production increases in key basins, having adequate pipeline infrastructure to transport oil and gas is essential. To address takeaway capacity constraints in West Texas, pipelines are being expanded, built, planned or proposed. However, the bottleneck may not be fully resolved until late 2019, assuming infrastructure projects and production stay on track. This market challenge illustrates the importance of having sufficient infrastructure in place to support further oil and gas production and its transportation, industry employment, and to sustain an important tax revenue base that supports all aspects of the state economy. TIPRO will continue to advocate for a balanced approach to critical infrastructure needs that recognizes the dominance of the mineral estate, existing laws and regulations, and private property rights. The oil and gas industry is the backbone of the Texas economy, supporting over 1 million direct and indirect jobs and an annual payroll exceeding \$40 billion. Texas leads the nation in crude oil and natural gas production, contributing over 40 percent of U.S. crude oil production and approximately 30 percent of U.S. natural gas. Additionally, Texas producers paid state taxes and state royalty payments in excess of \$11 billion last year, which support all areas of the state, including transportation and infrastructure investment, water conservation projects, schools and education and first responders, to name but a few. Finally, the Texas Economic Stabilization Fund, which is funded almost entirely by oil and gas severance taxes, will have a projected balance of \$12 billion over the next biennium. The oil and natural gas industry will continue to be essential in meeting our state's financial obligations, priorities and supporting the overall Texas economy. TIPRO looks forward to working with legislators on these important issues and other energy policies that support the responsible development of oil and natural gas and the enormous benefits it provides to our state.

TIPRO's 73rd Annual Convention

February 26-28, 2019
Austin, Texas

Sponsorship Opportunities:

2018 TOP SPONSORS:



SPONSOR LEVELS ~

All packages receive acknowledgement on all promotional materials and conference signage.

Gold Sponsor

\$10,000

- Four (4) all-access badges to TIPRO's Annual Convention, including spouse registration for each attendee
- Reserved table for eight (8) at the Chairman's Dinner
- Full-page advertisement included in the Convention program
- Half-page advertisement included in The TIPRO Target newsletter

Silver Sponsor

\$7,500

- Three (3) all-access badges to TIPRO's Annual Convention, including spouse registration for each attendee
- Reserved seating at Chairman's Dinner
- Full-page advertisement included in the Convention program
- Half-page advertisement included in The TIPRO Target newsletter

Bronze Sponsor

\$5,000

- Two (2) all-access badges to TIPRO's Annual Convention, including spouse registration for each attendee
- Half-page advertisement included in the Convention program
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Blue Ribbon Sponsor

\$3,500

- Two (2) all-access badges to TIPRO's Annual Convention, including spouse registration for each attendee
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- Quarter-page advertisement included in The TIPRO Target newsletter

Red Ribbon Sponsor

\$2,500

- One (1) all-access badge to TIPRO's Annual Convention, including spouse registration for each attendee
- Quarter-page advertisement in the Convention program
- Quarter-page advertisement in The TIPRO Target newsletter

White Ribbon Sponsor

\$1,500

- One (1) all-access badge to TIPRO's Annual Convention

Supporting Sponsor

\$500

- Acknowledgement on all promotional materials and conference signage



Please contact Joanne Reynolds at (512) 477-4452 or joanne@tipro.org to confirm availability or learn more about sponsorship packages for TIPRO's 73rd Annual Convention. visit www.tipro.org for more information.

TIPRO'S 73RD ANNUAL CONVENTION SPONSORSHIP FORM

SPONSORSHIP LEVELS

PLEASE CHECK DESIRED SPONSORSHIP CHOICE

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Forms must be accompanied by payment.



SAVE THE DATE

5th ANNUAL

WEST TEXAS

OIL AND GAS CONVENTION

MARCH 27-28, 2019

MIDLAND, TX

HORSESHOE PAVILION

MARCH 27

4-7:30 PM

MIXER ON SHOW FLOOR
CONCERT AFTER 8-10PM

MARCH 28

9 AM - 5 PM

THE TIPRO TARGET



**Texas Independent
Producers &
Royalty Owners
Association**

With nearly 3,000 members, TIPRO is the nation's largest statewide association representing both independent producers and royalty owners. Our members include small family-owned companies, the largest publicly traded independents and large and small mineral estates and trusts.

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