



**Texas
Independent
Producers and
Royalty Owners
Association**

TIPRO WELCOMES EUGENE GARCIA AS NEW CHAIRMAN

TIPRO is pleased to welcome Mr. Eugene Garcia, President, Hurd Enterprises, Ltd., as the association's new Chairman. A longtime Board member of the organization from San Antonio, Eugene is the first "Third Generation Chairman" of TIPRO, following in the footsteps of his grandfather, Ambassador John G. Hurd (who served as chairman from 1960-1962), and his uncle, JR Hurd (who was TIPRO chairman from 2004-2006).

After receiving a degree in aerospace engineering from Texas A&M University, Garcia received a master's degree from Florida State University. He then began work as a payload project engineer for NASA before becoming a supervisor at Intel. He served as a manager for Dell from 1999-2004, and then became co-president of the Hurd family entities.

Garcia serves on the board of several organizations, including the Texas Independent Producers & Royalty Owners Association, Habitat for Humanity of San Antonio, University of Texas McDonald Observatory, Mission Road Ministries and First Presbyterian Church. He is also a member of the San Antonio Country Club and the San Antonio German Club.

TIPRO invites you to join us for our upcoming Summer Conference in San Antonio, August 8-9, to learn more about Mr. Garcia's priorities for TIPRO during his two year term as Chairman. Additional details for the conference can be found in this edition of the TIPRO Target.



UPSTREAM M&A ACTIVITY EXPECTED TO SEE DRAMATIC INCREASE PER QUARTERLY REPORT

Leading energy data analytics company Drillinginfo is forecasting a significant increase in upstream Mergers & Acquisitions (M&A) activity in the second half of 2018, following on the heels of a lower than average second quarter this year. Quarterly M&A averages dating back to 2009 have been approximately \$17.8 billion, whereas only \$8.7 billion occurred in 2Q 2018.

The report, which is set to be released in the near future, forecasts that major divestments occurring as a result of Wall Street's push for positive cash flow over the last year could lead to one of the largest upticks in M&A activity in history. Currently, there are over \$50 billion worth of deals available due to exploration and production (E&P) companies getting rid of non-core assets to focus on single basin or "core-of-the-core" areas. This wealth of assets, paired with relief from the concern of low oil-price risk, could provide an extremely favorable market for buyers of all types.

Value (\$billion) by Top Plays

Play	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	TOTAL	%TOTAL	%2Q2018
Conventional	\$1.1	\$5.7	\$1.9	\$4.2	\$2.8	\$2.8	\$18.5	19%	32%
Utica	\$0.1	\$0.0	\$0.4	\$0.1	\$0.1	\$1.5	\$2.2	2%	17%
Bakken	\$0.2	\$0.0	\$2.0	\$0.4	\$0.0	\$1.4	\$4.0	4%	16%
Eagle Ford	\$3.7	\$0.8	\$0.4	\$1.0	\$3.3	\$1.1	\$10.2	10%	12%
Delaware Unconv.	\$13.7	\$1.2	\$0.6	\$1.3	\$1.8	\$0.7	\$19.4	20%	8%
Multiple/Other	\$0.1	\$0.9	\$0.6	\$0.8	\$2.5	\$0.6	\$5.7	6%	7%
Niobrara	\$0.1	\$0.0	\$0.3	\$1.6	\$0.1	\$0.3	\$2.4	2%	3%
Haynesville	\$0.0	\$0.1	\$0.6	\$0.0	\$0.0	\$0.1	\$0.9	1%	2%
Midland Unconv.	\$4.3	\$1.1	\$0.9	\$0.1	\$10.8	\$0.1	\$17.3	18%	1%
Barnett	\$0.1	\$0.0	\$0.2	\$0.0	\$0.6	\$0.1	\$0.9	1%	1%
Marcellus	\$0.8	\$9.6	\$0.3	\$0.4	\$0.0	\$0.0	\$11.1	11%	0%
SCOOP/STACK	\$0.9	\$0.0	\$4.1	\$0.1	\$0.0	\$0.0	\$5.1	5%	0%
Total	\$25.1	\$19.5	\$12.3	\$10.1	\$22.0	\$8.7	\$97.8	100%	100%

PRESIDENT'S MESSAGE

Dear TIPRO Members,

I wanted to take a moment to once again thank Allen Gilmer for his service as TIPRO's Chairman over the past two years, and for his unrelenting efforts to support our industry throughout his career. We are extremely fortunate that Allen dedicates his time to engage with TIPRO and our issues, and we should all strive to emulate his passion for oil & gas and his very vocal and impactful actions to promote this extraordinary industry.



Throughout TIPRO's history, countless individuals have contributed their time, money and energy to ensure the success and survival of the Texas oil and gas industry and our organization's mission. We are honored to continue in that tradition with our new Chairman, Mr. Eugene Garcia, President, Hurd Enterprise, Ltd. As referenced previously, Eugene is the first "Third Generation Chairman" of TIPRO, following in the footsteps of his grandfather, John G. Hurd, and his uncle, J.R. Hurd.

Seeing this type of multi-generational engagement was one of the many things that attracted me to TIPRO nearly six years ago. Passion for an industry that emanates from generation to generation is a rare quality, and one that you will not find in every business sector. It illustrates a unique level of commitment to supporting the mission and success of our organization over the past 72 years, and it creates an environment that is conducive to growth and opportunity through the development of oil and natural gas. The impact and importance of our industry is truly without comparison, therefore it is something that constantly deserves, and is completely worthy of, our efforts to defend it.

Thank you again to Allen and Eugene for their willingness to serve, and thank you to all TIPRO members throughout our history for their continued dedication to this great cause.

Ed Longanecker
President, TIPRO

CONTINUING LEGAL EDUCATION CREDITS AVAILABLE AT TIPRO SUMMER CONFERENCE

Good news for licensed attorneys: the TIPRO Summer Conference seminars have been accredited by the State Bar of Texas for continuing legal education credit hours! The conference seminars will provide discussion over noteworthy legislative and regulatory developments for the oil and gas industry, as well as an overview of industry trends and an outlook for the E&P sector. Attendance at the seminars is eligible for up to 5.0 MCLE and State Bar College credit hours.

**VISIT TIPRO
AT
SUMMER NAPE
Booth 1648**

LOOKING TO GET MORE INVOLVED WITH TIPRO?

WE HAVE A NUMBER OF COMMITTEES AND TASK FORCES AVAILABLE TO OUR MEMBERS, AS WELL AS OPPORTUNITIES TO NETWORK WITH MEMBERS, LEGISLATORS, AND INDUSTRY PROFESSIONALS THROUGH VARIOUS CONFERENCES, RECEPTIONS AND REGIONAL EVENTS.

TIPRO COMMITTEES: LEGAL, STATE ISSUES, & REGULATORY

TIPRO TASK FORCES: ROADS, LOCAL ISSUES, & WATER

FOR MORE INFORMATION CONTACT RUSTY SMITH, DIRECTOR OF GOVERNMENT AND REGULATORY AFFAIRS, AT [RSMITH@TIPRO.ORG](mailto:rsmith@tipro.org).

TIPRO Calendar of Events

AUGUST 8, 2018 HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.	AUGUST 8-9, 2018 SAN ANTONIO — TIPRO 2018 Summer Conference, Hyatt Hill Country Resort. For info, call: (512) 477-4452.	AUGUST 15-16, 2018 HOUSTON — Summer NAPE Expo, George R. Brown Convention Center. For info, call: (817) 847-7700.	SEPTEMBER 12, 2018 HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.
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TIPRO's 2018 Summer Conference

AGENDA

WEDNESDAY, AUGUST 8TH

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

THURSDAY, AUGUST 9TH

- 8:00 A.M.** **Breakfast**
Inaugural TIPRO Oil & Gas Industry Advocacy Award
- 9:00 A.M.** **General Session**
Welcome & Sponsor Recognition
Ed Longanecker, President, TIPRO

Opening Remarks
Eugene Garcia, TIPRO Chairman, President, Hurd Enterprises
- 9:15 A.M.** **Texas Legislative Update (.75 CLE)**
State Representative Drew Darby, Chairman, House Energy Resources Committee
- 10:00 am** **Washington D.C. Update –**
“Federal Priorities Facing Texas Oil & Gas” (.75 CLE)
U.S. Representative Will Hurd
- 10:45 A.M.** **Break**
- 11:00 A.M.** **“The Texas-Mexico Energy Nexus” (1 CLE)**
Texas Secretary of State Rolando Pablos
- Noon** **Keynote Luncheon**
Matt Gallagher, President, Chief Operating Officer, Parsley Energy
- 1:30 P.M.** **Break**
- 2:00 P.M.** **“Texas Midstream Trends” (.75 CLE)**
Mike Howard, Chairman and Chief Operating Officer, Howard Energy Partners
- 2:45 pm** **“Driving Reservoir Growth and Innovation” (.75 CLE)**
Stephen Ingram, VP Production Enhancement, Halliburton
- 3:00 P.M.** **“Texas Downstream Trends” (1 CLE)**
- 4:00 P.M.** **Afternoon Break**
- 6:00 P.M.** **TIPRO Reception & Chairman’s Dinner**
2018 Mr. TIPRO Award Presentation
- 7:30 P.M.** **Casino Night**



TIPRO Summer Conference Registration Form

On August 8-9, TIPRO is excited to return to the Hyatt Hill Country Resort in San Antonio, Texas, for the association's annual summer conference. We look forward to seeing you there this August for TIPRO's 2018 summer meeting!



REGISTRATION FEES:

MEMBER FEES:

(Includes all conference sessions and meals)

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

CHILDREN:

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

NON-MEMBER FEES:

(Includes all conference sessions and meals)

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

CHILDREN:

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

☐ Interested in playing a round of golf with other members of TIPRO? Please check the box to be contacted and paired up to play golf at the Hyatt Hill Country's golf course on Friday, August 10.

ATTENDEE INFORMATION:

Attendee Name: _____ Registered Spouse: _____

Company: _____

Address: _____

Email Address: _____

Phone: _____ Fax: _____

Children's Names: _____

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

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

PAYMENT:

Total: \$ _____

Method of payment (please check desired option):

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



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

Name _____ Company _____

Phone Number _____ Credit Card Number _____ Exp. Date _____

Billing Address _____ Security Code _____ Signature _____

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

Forms must be accompanied by payment. In order to receive a refund, TIPRO must be notified of your cancellation no later than July 31, 2018.



TIPRO Summer Conference Sponsorship Opportunities

GOLD | \$6,000

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

SILVER | \$3,500

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

BRONZE | \$2,000

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

OTHER SPONSORSHIP OPPORTUNITIES:

HOSPITALITY SUITE SPONSOR | \$2,500

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

AMENITY SPONSOR | \$1,500

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

THANK YOU TO OUR 2018 SPONSORS



**Sponsorship Questions? Please contact Joanne Reynolds
at (512) 477-4452 or email joanne@tipro.org.**

Sponsor Registration Form

SPONSORSHIP LEVELS

PLEASE CHECK DESIRED SPONSORSHIP CHOICE

- ☐ GOLD | \$ 6,000
☐ SILVER | \$ 3,500
☐ BRONZE | \$ 2,000

ADDITIONAL SPONSORSHIPS

PLEASE CHECK DESIRED SPONSORSHIP CHOICE

- ☐ HOSPITALITY SUITE SPONSOR | \$2,500 ☐ AMENITY SPONSOR | \$1,500

ATTENDEE INFORMATION

BADGE 1:

Name of Attendee: _____
Company: _____
Address: _____
City/State/Zip Code: _____
Phone: _____ Fax: _____
E-mail: _____



BADGE 2:

Name of Attendee: _____ Company: _____
Phone: _____ E-mail: _____

BADGE 3:

Name of Attendee: _____ Company: _____
Phone: _____ E-mail: _____

PAYMENT INFORMATION

Sponsorship Level: _____ Sponsorship Total: _____
Payment Method: ☐ VISA ☐ MASTERCARD ☐ AMEX ☐ CHECK NO: _____
Print Name: _____ Company: _____
Billing Address: _____
Credit Card No.: _____ Exp. Date: _____
Signature: _____ CID: _____

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

Forms must be accompanied by payment.

TIPRO COMMENDS ABBOTT FOR LETTER TO TRUMP REGARDING STEEL & ALUMINUM TARIFFS

Texas Governor Greg Abbott recently sent a letter to President Trump asking him to consider the negative impact that the steel and aluminum tariffs, and associated retaliatory measures by the impacted countries, would have on the oil & gas industry in Texas. “Texas alone has 225,000 jobs in oil and gas exploration, production, and services, which is nearly twice as many as the 140,000 jobs nationally in steel and aluminum production that the new tariffs are intended to safeguard. Economists estimate that the U.S. can expect to lose between one and 1.5 oil and gas jobs for every steel or aluminum job saved by the new tariffs,” commented Abbott.

As a follow-up to our continued outreach to state and federal officials regarding these tariffs, TIPRO praised Governor Abbott for also weighing in on the negative impacts they would bring to the Texas economy. “We commend Governor Abbott for his support of Texas businesses being impacted by the Trump Administration’s recent tariffs on steel and aluminum imports. As described by the governor in his outreach to President Trump, these tariffs present negative consequences to American industries, including the oil and gas sector, and should be reconsidered. Such policy threatens to limit the recovery of the oil and gas industry from the downturn, jeopardizes well-paying jobs, and could adversely affect the economy of Texas and nation as a whole.”

TIPRO SUBMITS COMMENTS TO EPA OVER DRAFT NEW OWNER AUDIT POLICY

Early last week, TIPRO submitted comments to the Environmental Protection Agency (EPA) regarding their draft New Owner Audit Policy, reiterating remarks made by the Independent Petroleum Association of America (IPAA) and the American Petroleum Institute (API). The draft proposal allows companies who have newly acquired facilities to conduct a voluntary self-audit for compliance with the Clean Air Act (CAA) and, if corrective actions are identified in the process, allows those companies certain immunities from enforcement actions while they work to resolve the identified issues. While the idea of the audit policy is commendable, TIPRO has concerns over adverse impacts that could occur from the proposal, namely due to confusion over the delegation of authority and poorly constructed provisions in Appendix B.

In the letter, TIPRO President Ed Longanecker stated, “Like most regulatory proposals, independent producers face far greater impacts to their companies as a result of this draft audit policy.” “Giving new owners the opportunity to self-report, and address, identified compliance issues without the threat of burdensome enforcement actions and penalties is precisely the type of joint effort between EPA and industry for management of environmental impacts that we should work towards. As proposed, however, this audit policy raises many questions that will be of consequence to the regulated oil and natural gas community, and highlights broader issues with the delegation of authority between EPA and state regulators.”

You can read TIPRO’s full comments at https://drive.google.com/file/d/1FIRvhYT4ko_vOIvJ-FJ-ci4WcEHjyKbA/view.

CHENIERE PARTNERS WITH CME GROUP TO DEVELOP US LNG FUTURES CONTRACT

In a historical move, Cheniere Energy is partnering with Chicago based market operator CME Group to develop the first futures contract for the delivery of US LNG. Although futures contracts are already traded on American and Asian LNG, this new contract for the actual delivery of the product would allow for more efficient and effective price risk management, per the CME Group. Currently, LNG exporters do not have a global benchmark as is the case with other commodities such as Brent crude oil- contracts are handled directly with buyers of the product. This direct buyer-seller interaction leads to a lack of price transparency; these futures contracts could be the first step in what would be a lengthy process of creating a globally integrated LNG market. Of the deal, Cheniere’s chief commercial officer Anatol Feygin commented, “This agreement is the first step towards a new LNG futures contract that can bring greater transparency and liquidity to the liquefied natural gas marketplace.”

XTO ENERGY ANNOUNCES SUCCESS WITH METHANE EMISSIONS REDUCTION PROGRAM

Since 2016, TIPRO member XTO Energy Inc. reports the company has slashed its methane emissions by 9 percent, offering a substantial drop in overall emissions from its oil and gas operations. Last year, XTO announced the launch of its methane management program aimed at mitigating emissions from its production and midstream facilities across the United States. Presenting at the World Gas Conference last month in Washington, D.C., XTO President Sara Ortwein described significant progress and improvements already achieved from the program in conjunction with other company initiatives, noting XTO “is building on what we have learned to make continued progress in reducing emissions and identifying areas for further improvement.”

As part of the company’s efforts to reduce methane emissions, XTO already has phased out approximately two-thirds of existing high-bleed pneumatic devices across its U.S. operations. According to the company, XTO also has deployed low-emission design technologies in new developments, including improved tank emission control design and installing instrument air packages, which use compressed air instead of natural gas to actuate pneumatic controllers, at new tank batteries and compressor stations.

XTO is a subsidiary of ExxonMobil, which has pledged to reduce overall methane emissions across its worldwide operations by 15 percent by the year 2020.



919 Congress Avenue, Suite 1000, Austin, Texas 78701

Phone: (512) 477-4452 | www.tipro.org

**Texas Independent Pro-
ducers &
Royalty Owners Associa-
tion**

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.



Reserve your hotel accommodations today for TIPRO's Summer Conference on August 8-9 at the Hyatt Hill Country Resort in San Antonio! Contact the Hyatt Hill Country to secure your room for the TIPRO Conference by calling (210) 647-1234.

***Act fast -- the deadline to book a room with the discounted TIPRO hotel rate is Wednesday, July 18!**

