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CONGRESSIONAL COMMITTEE EXAMINES BENEFITS OF LIFTING CRUDE EXPORT BAN

During a congressional hearing in Washington D.C. on July 8, 2015, federal leaders considered the advantages to lifting the nation's existing ban on oil exports. Members of the U.S. House Committee on Agriculture convened to hear from experts on energy development and the rural economy, learning how removing the export ban could help to benefit Americans nationwide. Debate over the dated energy policy issue has continued to rise in recent months, particularly with reduced oil prices limiting the

ability of American producers to compete in the global market.

"The majority of oil development takes place in rural areas like Texas' Eleventh Congressional District, and when development slows or prices swing wildly, the health of those rural communities suffers. Allowing a forty-year old law to dictate our nation's energy policy is simply not in the best interest of the American people. According to studies, if we were to lift the ban today, we would see close to a million new jobs nationwide in just a few years. Lifting the oil export ban will grow our economy, it will also improve our geopolitical position and it will lower gas prices," said Congressman K. Michael Conaway, R-Texas, chair of the U.S. House Committee on Agriculture.

Allowing the free trade of oil by repealing the crude export ban would offer a plethora of benefits, echoed Railroad Commission Chairman David Porter, including an increase of domestic production, savings for consumers at the gas pump, economic growth and enhanced national security. Chairman Porter was amongst the distinguished panelists to testify before the committee on July 8th. "The U.S. crude oil export ban is a left-over relic from another period of time. Forty years ago the United States was in the midst of the Arab oil embargo and faced gasoline shortages across the country. The crude export ban was put in place out of fear of increased dependence on foreign oil and the need to protect our dwindling domestic oil supply," explained Chairman Porter. "The world today is a much different place and the circumstances we faced in the 1970s are no longer relevant or true today. Technological advancements have allowed U.S. producers to tap new sources of oil and natural gas from shale formations, including from the Permian Basin and Eagle Ford in Texas. Development of our shale resources has been a game-changer and presents the U.S. with the opportunity to be the world's largest producer of both oil and natural gas."

At the hearing, committee members also listened to testimony from Continental Resources CEO Harold Hamm, IHS Senior Director Jamie Webster, U.S. Government Accountability Office Natural Resource Director Frank Rusco, North Dakota Petroleum Council Vice President Kari Bjerke Cutting and CME Group Executive Chairman and President Terrence A. Duffy.

"The issue speaks for itself. It's a win for the consumer, a win for the producer and a win for America's strategic interests," said Congressman Joe Barton, R-Texas, of ending the ban on U.S. crude oil exports. Congressman Barton is author of H.R. 702, introduced earlier this year, which would prohibit restrictions on the export of crude oil. H.R. 702 is currently under review by Congress.

Meanwhile, in May, officials from the state of Texas sent a strong message to federal lawmakers after both chambers in the state legislature overwhelmingly supported Senate Concurrent Resolution 13, which urges the U.S. Congress and the president to recognize that crude oil exports and free trade are in America's national interest and should end the ban on crude oil exports.

SENATOR JUDITH ZAFFIRINI ADDED TO TIPRO SUMMER CONFERENCE LINE-UP

TIPRO is pleased to announce that Texas Senator Judith Zaffirini will present at the association's upcoming Summer Conference on Friday, August 7, at the Hyatt Hill Country Resort in San Antonio.

Senator Zaffirini successfully passed a total of 102 bills during the 2015 Texas Legislative Session - more than any other legislator this past session. In addition to her commendable legislative accomplishments, Zaffirini also maintains an active role in addressing issues relevant to the development of the Eagle Ford Shale, much of which spans across her district. In March, Zaffirini was elected co-chair of the Eagle Ford Shale Legislative Caucus, a group of more than 30 legislators who focus on issues related to oil and gas activities in the region. Senator Zaffirini and other legislators initially organized the caucus in 2012 in efforts to champion short- and long-term solutions to ease the impacts of the shale on transportation, education, public safety, housing, the environment and other areas.

During her remarks at the TIPRO meeting, the senator will review notable legislative issues for members of the Texas oil and gas industry, highlighting bills which passed this session and discussing priorities for legislators during the interim.

In addition to Senator Zaffirini, other state officials will also present and participate in this year's Summer Conference. Members are encouraged to view the full agenda for association's 2015 meeting, and register to attend the event, by visiting www.tipro.org.

CHAIRMAN'S MESSAGE

TIPRO Members -

In a letter sent July 6, 2015, to the Texas House Energy Resources Committee, Committee Chairman Drew Darby revealed his priority issues for the interim term. Specifically, Chairman Darby cited oil equipment theft and allocation wells as two unresolved issues that deserve further examination by the committee, and eventually the Texas Legislature. Over the course of the 84th Legislative Session, the committee heard hours of testimony on the topics, though related legislation ultimately failed. Consequently, Chairman Darby will suggest that House Speaker Joe Straus designate the issues amongst his Interim Charges for additional consideration and evaluation by state legislators.

Chairman Darby also informed committee members that he will be working with staff of the Sunset Commission ahead of the upcoming Sunset Review of the Texas Railroad Commission (RRC) that is to be performed next session. During Sunset, the daily activities and purpose of government agencies in Texas are fully reviewed. Through the process, the Sunset Commission evaluates operations, hears public testimony and prepares a package of proposed recommendations to present to the full Legislature. The Legislature then uses the information to closely examine the need for and performance of existing state agencies, as well as consider new and innovative changes that could improve functions at an agency.

The state's oil and gas regulatory agency previously was under Sunset review in 2013 and 2011 - both times, however, RRC Sunset legislation failed to pass and statutory changes were not enacted.

Under the next comprehensive review of the RRC, the Sunset Commission must include an assessment of other state agencies that are capable of performing the RRC's functions, if the agency were to be dissolved; and the RRC will be required to pay all costs of the review.

Based on past Sunset reviews, it is very likely that a name change for the state agency will be discussed. Other potential recommendations could focus on campaign finance reform, leadership structure for the commission, funding of the agency and general IT improvements for the RRC.

As conversations continue to ramp up regarding the RRC Sunset review, TIPRO will engage members of the association to determine the official position of our organization on suggested changes for the commission.

Sincerely,

Raymond James Welder III

New CNG station opens near Houston

Natural gas refueling infrastructure continues to expand in Texas. In early July, a new compressed natural gas (CNG) fueling station opened in Katy, located along Interstate 10. The station will provide fast-fill CNG for heavy duty trucks as well as medium and light-duty vehicles.

"We're starting to build along major routes now so you can go from here to Florida in a semi (truck)," commented Bob Baldwin, president and CEO of Katy-based CNG 4 America, which constructed the new CNG station. CNG 4 America also currently manages stations in Bryan and Rosenberg, Texas, with five other stations under development in San Marcos, Austin, Sulphur Springs and La Porte, as well as Lafayette,



Louisiana. The company says that it expects to build multiple truck accessible stations per year for the foreseeable future.

Railroad Commissioner Ryan Sitton and State Representative Mike Schofield both spoke at the grand opening ceremony of the new Katy CNG fueling station on July 7, 2015.

U.S. Department of Energy data shows that there are more than 1,500 CNG fueling stations in the country, including about 850 that are open to the public. Texas offers 70 public CNG stations, with an additional private 40 stations built for corporate trucking fleets and other uses.

Recently the Texas Railroad Commission announced that Texas CNG and LNG sales had nearly doubled in one year's time, increasing 78 percent from Fiscal Year 2014. The statistic indicates a strong trend toward conversion to NGVs in Texas.

TIPRO Calendar of Events

JULY 29-30, 2015
SAN ANTONIO — South
Texas Oilfield Expo,
Henry B. Gonzalez
Convention Center.
For info, call: (866) 918-5550.

AUGUST 6-8, 2015
SAN ANTONIO — TIPRO
Summer Conference &
Golf Tournament, Hyatt
Hill Country Resort.
For info, call: (512) 477-4452.

AUGUST 12, 2015
HOUSTON — IPAA/TIPRO
Leaders in Industry
Luncheon, 11:30 a.m.
Houston Petroleum Club.
For info, call: (832) 233-5502.

AUGUST 19-20, 2015
HOUSTON — Summer
NAPE Expo,
George R. Brown
Convention Center.
For info, call: (817) 847-7700.

U.S. FISH AND WILDLIFE INITIATES REVIEW FOR NEW SPECIES

Status reviews have officially been announced by the U.S. Fish and Wildlife Service for the Arizona toad, Cascade Caverns salamander, Rio Grande cooter and the alligator snapping turtle. The initiation of the review comes in response to a petition filed in 2012 by the Center for Biological Diversity. This decision is commonly referred to as a 90 day finding. During the finding period, the U.S. Fish and Wildlife Service seeks to gather comprehensive information on the species' biology, range, habitat requirements, genetics and taxonomy, population trends and distribution patterns.

By initiating the review, the U.S. Fish and Wildlife Service has determined the petition presented considerable information which indicated the potential need for the species protection under the Endangered Species Act. Information on each of these species will be collected until August 31, 2015.

In Texas, the Rio Grande cooters are said to be located in the southwest and alligator snapping turtles are found in the northeast corner of the state. The Cascade Caverns salamander is also found in the Lone Star State. More information on each of the species habitat location is below:

- Alligator snapping turtle 15 states, including Texas and Oklahoma
- Arizona toad Arizona, California, Nevada, New Mexico, and Utah
- Cascade Caverns salamander Texas
- Rio Grande cooter New Mexico, Texas and Mexico

WHAT THE IRAN NUCLEAR DEAL COULD MEAN FOR TEXAS PRODUCERS

On Tuesday, July 14, in Vienna, global diplomats declared the nation of Iran and other world powers had reached a historic deal to curb Iran's nuclear program, which as part of the negotiations means that international sanctions placed on Iranian oil exports will be lifted. As holder of the world's fourth-biggest crude reserves, the news signifies that Iran will soon be able to provide vast supplies of crude to other countries, undoubtedly reshaping global oil markets.

Iranian Oil Minister Bijan Namdar Zanganeh says Iran can increase exports by 500,000 barrels a day as soon as sanctions are lifted, then export an additional 500,000 a day in the following six months.

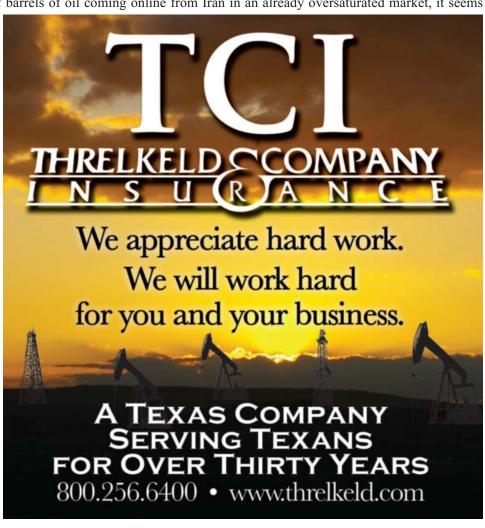
Though it will still be months until Iran sanctions are actually lifted, economists are already looking ahead to the overall impact on the price of crude. With hundreds of thousands of barrels of oil coming online from Iran in an already oversaturated market, it seems

increasingly unlikely the price of oil will be going up much in the near term.

In fact, some analysts are now projecting the value of oil could drop an extra \$8 per barrel, if not more. When the Iran deal was first announced, West Texas Intermediate, the U.S. crude benchmark, slumped 2.5 percent on the New York Mercantile Exchange, but mostly recovered later in the day.

Until market conditions shift and the prices of oil rebound, Texas producers will need to continue to adopt more efficient, innovative operations to reduce production costs. As oil companies hope to withstand the current price environment and maintain a platform for profitable growth in the future, it will remain critical for executive leaders to strategically plan all future drilling activities. Maintaining flexibility when possible will also allow energy companies the ability to scale development, depending on service costs and changing commodity prices.

Meanwhile, the Iran deal has fueled further arguments on the necessity of lifting the U.S. ban on crude oil exports. Some argue that if not for the other economic benefits to removing the ban, the situation should compel Congress and President Barack Obama to give American producers access to the same global market that Iran will be supplying.



Business groups argue the EPA ignored laws in move to expand regulatory power

Another lawsuit has been filed against the U.S. Environmental Protection Agency (EPA) and U.S. Army Corps of Engineers, challenging new regulations finalized by the federal entities that expand the government's definition of what bodies of water are subject to the Clean Water Act. The regulatory changes expand the jurisdiction of the U.S. government by allowing the EPA and other federal departments to manage streams, wetlands and other smaller bodies of water not previously under the control of the federal government. This added layer of unnecessary government oversight on water resources could present complex legal and technical issues in the future, particularly for developers and property owners who likely will have to hire hydrologists and lawyers before starting even basic projects.

On Monday, July 9, 2015, the U.S. Chamber of Commerce and the National Federation of Independent Business (NFIB) filed suit seeking to overturn the new "Waters of the United States" (WOTUS) rules, alleging that the agencies failed to comply with their statutory obligation to assess the economic harm that numerous industries and small businesses will suffer because of the regulation.

Under the Regulatory Flexibility Act (RFA), federal agencies are required to consider alternatives whenever a proposed regulation will have a significant adverse impact on small companies and business operating in the United States. In this instance, the group maintains that the EPA and Army Corps failed to perform such analysis, instead rushing to implement rules that ultimately will hurt American businesses.

"The EPA and the Army Corps have rewritten the Clean Water Act in an effort to expand their power and—in the process—have completely ignored their obligation to seriously consider small business impacts," said Karen Harned, executive director of the NFIB Small Business Legal Center, a non-profit foundation that defends the legal rights of small business owners. "These are runaway bureaucracies that have the power to destroy family businesses and local economies with shock-and-awe penalties of \$37,500 per day."

"Two weeks ago, the EPA adopted the deeply flawed WOTUS rule, ignoring flaws identified by the business community, farmers and agriculture leaders, manufacturers, and other vital stakeholders," said U.S. Chamber Senior Vice President of Environment, Technology, & Regulatory Affairs William Kovacs. "By redefining what constitutes a 'water of the United States' the agency sidestepped the Clean Water Act, Administrative Procedure Act, and the U.S. Constitution."

There has been a flood of legal challenges filed in reaction to the new WOTUS rules, including a lawsuit filed June 29, 2015, on behalf of the state of Texas, Texas Department of Agriculture, Texas Commission on Environmental Quality, Texas Department of Transportation, Texas General Land Office, Railroad Commission of Texas, Texas Water Development Board, and the states of Louisiana and Mississippi. Multiple other lawsuits were also filed in other states by stakeholders opposing the water rules prepared by the EPA and Army Corps of Engineers.

U.S. Representative blasts EPA over unnecessary regulatory actions

Last week, during a hearing by the U.S. House Science, Space, and Technology Committee, testimony was heard from Environmental Protection Agency (EPA) Administrator Gina McCarthy regarding the agency's overreaching regulatory agenda. "Over the last year, the EPA has released some of the most expensive and expansive regulations in its history," remarked U.S. Representative Lamar Smith (R-TX), chairman of the committee.

Additionally, Administrator McCarthy was asked about how the agency justified some of its more recent rules, with the EPA's Clean Power Plan proposal and new federal ozone standards specifically called into question. Committee members also examined the EPA's lack of independence. The Science Committee recently requested information and documents related to the EPA's development of the proposed Waters of the U.S. rule and the agency's inappropriate lobbying of outside organizations to generate grassroots support. Attention was also drawn to the inappropriate relationships between the EPA and outside environmental groups. Email exchanges presented to the committee between environmental groups such as the National Resources Defense Council, the Sierra Club and the League of Conservation Voters and a former associate administrator from the EPA Office of Policy reveal that draft documents were shared with outside groups, which were then urged to write reports in support of EPA actions.

BLM SEEKING PUBLIC COMMENT ON PROPOSED RULE TO MODERNIZE OIL & GAS REGULATIONS

The Bureau of Land Management (BLM) has proposed new regulations which would modify the measurement of royalty payments for oil and gas production from Federal and Indian leases. According to the BLM, the new rules would accomplish the following:

- · Establish uniform procedures for designating official points for oil and gas measurement for royalty accounting purposes, known as facility measurement points, that are applicable to new and existing leases;
- · Codify existing guidance related to approving commingling, and provide acceptable conditions for the approval of off-lease oil and gas measurement;
- · Update requirements related to the use of valve and drain seals, prohibitions on the use of meter by-passes, and related reporting requirements;
- · Require operators of new and existing oil and gas facilities to provide new site facility diagrams designed to help BLM meet its oversight responsibilities; and
- · Require purchasers and transporters to comply with the same standards as operators with respect to records. Public comment on the proposed measures will be accepted through September 11, 2015.

TWO LAWYERS WALKINTO ABAR...

The owner buys them both a beer to thank them for helping secure the land for his bar, navigating tax issues, and reviewing his employee handbook. Cheers.

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2015 EAGLE FORD EXCELLENCE AWARDS: CALL FOR ENTRIES

STEER is opening its call for nominations for the third annual Eagle Ford Excellence Awards. The awards are focused on honoring members of the oil and gas community for diligent efforts to preserve the environment, ensure safety in and around the Eagle Ford Shale region and give back to the community they live in and serve.

Eagle Ford Excellence Award categories include:

- Environmental Stewardship: To be considered for this category, organizations must demonstrate elements of innovation in reducing environmental impact through implementation of practices or use of technology benefiting the environment, current, practical applications of the solution or initiative and long-term, sustainable environmental benefits.
- Safety Performance: To win an award in this category, applicants must have developed specific initiatives or products that have reduced the risk to workers and members of the local community. These initiatives should be evident in the company's culture and safety record.
- Community and Social Investment: To receive an award in this category, the organization must show true commitment to the community. The applicant should have provided a benefit to deserving individuals or groups, positively impacted the company or organization's reputation in the communities in which it works, or provided a measurable and positive impact on its surrounding community.
- STEER Impact Award: This category is intended for nonprofit organizations and educational facilities working with the oil and gas industry in the Eagle Ford Shale. For consideration in this category, organizations must demonstrate excellence in: education, economic development, workforce development/training, safety performance, community relations or environmental stewardship.

Award entries and nominations must be submitted before the deadline of Thursday, September 10, 2015 at 5:00 p.m. CST. Full details on the categories and additional information, including entry forms, can be found at steer.com. A small sample of previous winners include: Holt Cat, NuStar, Halliburton and Aggreko.

TXDOT PROMOTES SAFE DRIVING IN THE PERMIAN WITH NEW CAMPAIGN

This summer, through the agency's "Be Safe, Drive Smart" public education campaign, the Texas Department of Transportation (TxDOT) is urging motorists in West Texas to exercise extra caution when driving through energy work zones.

"Oil and gas activity has created higher volumes of traffic in many parts of our state," commented Tryon Lewis, chairman of the Texas Transportation Commission. This is especially true in the Permian Basin, where the rise in E&P operations has spurred an increase in the number work crews and trucks on area roads, and unfortunately, led to an influx of traffic crashes in the region. According to law enforcement, the leading cause of crashes in the area is failure to control speed.

In partnership with the oil and gas industry, law enforcement and local communities, the goal of TxDOT's new campaign is a reduction in crashes and fatalities on Texas roadways. The campaign will include safety messages on TV, radio, billboards and gas pumps. Amongst the messaging of the "Be Safe, Drive Smart" promotion, drivers are asked to give trucks adequate space on the road and diligently obey speed limits.

"Ultimately, each individual driver is responsible for his or her safety," said TxDOT Executive Director Lt. Gen. Joe Weber, USMC (Ret). "When you get behind the wheel, you owe it to yourself and others on the road to obey traffic signs and be aware of your surroundings."

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In addition, TxDOT reports that the state continues to deliver on projects funded through Proposition 1. The measure, which was approved by Texas voters in November 2014, helps to address unmet funding needs for transportation projects in the Lone Star State. Specifically, Proposition 1 dedicates a portion of oil and gas tax revenue to the State Highway Fund in an effort to improve safety, mobility and connectivity across the state.

To date, a combination of Proposition 1 and other funding has resulted in approximately \$172,891,350 being allocated to repairing and improving roads in the Permian Basin region.

RRC OFFERS NEW, TOLL-FREE CONTACT NUMBER FOR EMERGENCIES

Earlier this month, the Texas Railroad Commission (RRC) launched a new toll-free telephone number for reporting emergencies to the agency - providing additional access to regulatory staff in the event of an emergency situation. The new toll-free phone number, (844) 773-0305, continues the commission's efforts to make the agency accessible to the public, industry stakeholders and emergency responders. The toll-free number is offered in addition to the commission's previously existing emergency number, (512) 463-6788, to provide another method of reporting emergencies when necessary.

"The new toll-free emergency line at the commission is intended to provide additional support and make contact with our staff more streamlined and efficient, both during an event, and as part of any subsequent investigation," said RRC Chairman David Porter.

RRC Commissioner Ryan Sitton also commented, "Working in partnership with local officials and other state agencies, our staff is ready at all times to assist with emergencies."

"Public safety and the protection of our natural resources are our highest priority at the commission," added Commissioner Christi Craddick. "While we never want to see an emergency situation arise, our staff is on call and ready to support emergency responders including providing information and overseeing any related cleanup efforts."



HOUSE APPROPRIATION CHAIRMAN ANNOUNCES RETIREMENT

State Representative John Otto, R-Dayton, announced last week that he does not intend to seek re-election for the 85th Legislative Session. Rep. Otto was elected to the Texas House in 2005 after serving on the Dayton City Council and on the Dayton Independent School Board.

Last session, Speaker of the House Joe Straus appointed Rep. Otto as the chairman of the House Committee on Appropriations. Bringing to the legislature extensive knowledge on budget and tax issues, Rep. Otto played a key role in the passage of tax relief measures during the 84th session.

In a statement on his decision to retire, Rep. Otto said, "I want to thank the voters of House District 18 for their support and encouragement over the years." He continued, "This was not an easy decision, but I never intended for this experience to be a lifelong endeavor. After accomplishing much of what I set out to do when first elected, the time is right for me to step aside."

Since his announcement, Rep. Otto has endorsed Liberty County Attorney Wesley Hinch to take the seat for House District 18.



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