



Texas

**Independent
Producers and
Royalty Owners
Association**

DAVID PORTER UNANIMOUSLY ELECTED CHAIRMAN OF TEXAS RAILROAD COMMISSION

During the Railroad Commission's Open Meeting on June 9, 2015, David Porter was unanimously elected to serve as chairman of the state agency. Chairman Porter has served as Railroad Commissioner since he was elected statewide by the people of Texas in November 2010. During his term at the commission, Chairman Porter has led several oil and gas initiatives. Upon taking office in 2011, Chairman Porter created the Eagle Ford Shale Task Force, the first of its kind at the Railroad Commission, to

establish a forum that brings the community together to foster a productive and forward-looking dialogue regarding drilling activities in the Eagle Ford Shale. Later, in 2013, Chairman Porter also launched his Texas Natural Gas Initiative: a series of statewide events that bring stakeholders together to discuss business opportunities, challenges and regulatory barriers and solutions for natural gas conversion and infrastructure – focusing largely on the transportation and exploration and production sectors.

In the last four years, Chairman Porter has been appointed to the Interstate Oil and Gas Compact Commission as the official representative of Texas and currently serves as second vice-president of the organization. In addition, he is an advisory board member for the Texas Journal of Oil, Gas, and Energy Law. From 2011-2014, Chairman Porter also served as the official representative on the Interstate Mining Compact Commission.

"As Railroad Commissioners, it is our job to make sure industry produces efficiently and economically, and does so in the safest, most responsible manner possible. We meet our responsibilities at the Commission – we've been doing it for over a century – and I am honored to serve as chairman during this important time for our state," said Chairman Porter.

"Texas is blessed with an abundance of natural resources, but we aren't the nation's leading energy producer just because of our geology. Regulatory framework matters," he continued. "Unfortunately, our state and its regulatory framework are under attack from Washington, D.C. Perhaps our greatest challenge comes from EPA regulations brought on by Obama's war on fossil fuels. We must continue to challenge federal overreach because Texans know how to oversee Texas oil and gas production better than Washington does."

Both Railroad Commissioners Christi Craddick and Ryan Sitton extended their praise of Chairman Porter's leadership in recent years. "I am pleased to turn over the responsibilities of chairman to my colleague Commissioner David Porter. After working alongside him for the past two and a half years, I know his knowledge, steady approach, and dedication to the agency will guide his leadership and keep the commission on a path toward an even stronger future," commented Commissioner Craddick, who was the immediate past chair of the agency. Commissioner Sitton added, "David's thoughtful approach to very challenging issues facing the commission should give Texans confidence that this agency will be proactive in keeping them safe while encouraging the responsible production of our natural resources."

GOVERNOR ABBOTT SIGNS LEGISLATION PROVIDING OVER \$4 BILLION IN TAX RELIEF

Greg Abbott, governor of Texas, signed legislation on Monday, June 15, that will provide more than \$4 billion in tax relief for Texans. The following bills have been signed into law by the governor, offering tax cuts in the state of Texas:

- **HB 32** (D. Bonnen, R-Angleton; Nelson, R-Flower Mound): Relating to the computation and rates of the franchise tax; decreasing tax rates.
- **SB 1** (Nelson, R-Flower Mound; D. Bonnen, R-Angleton): Relating to certain restrictions on the imposition of ad valorem taxes and to the duty of the state to reimburse certain political subdivisions for certain revenue loss; making conforming changes.
- **HB 7** (Darby, R-San Angelo; Nelson, R-Flower Mound): Relating to certain fiscal matters affecting governmental entities; reducing or affecting the amounts or rates of certain taxes, assessments, surcharges, and fees.
- **SB 1760** (Creighton, R-Conroe; D. Bonnen, R-Angleton): Relating to the transparent and equitable application of ad valorem tax procedures.

"Hardworking Texans have forged a strong and diversified economy, growing more jobs last year than any year in the history of Texas," said Governor Abbott. "But we cannot be complacent. The best job creation program is tax reduction. While other states are increasing taxes and driving out businesses, the state of Texas is cutting more than \$4 billion in taxes and fees."

Throughout the 84th Texas Legislative Session, TIPRO supported multiple forms of tax cuts, and actively participated in a broad coalition of trade organizations favoring tax relief in the form of sales, franchise and property tax reductions.

CHAIRMAN'S MESSAGE

TIPRO Members-

This month, the U.S. Environmental Protection Agency (EPA) published its long-awaited draft assessment examining the potential impact of hydraulic fracturing for oil and gas on groundwater resources. After extensive review, the agency found that there is no evidence indicating hydraulic fracturing activities have caused any widespread, systemic impacts to drinking water in the United States.

The five-year government study, conducted at the request of Congress, synthesizes available scientific literature and data to assess the potential for hydraulic fracturing to impact the quality or quantity of drinking water resources, and identifies factors affecting the frequency or severity of any potential changes. Altogether, the assessment features the most complete compilation of scientific data on the subject to date, with over 950 sources of information, published papers, numerous technical reports, information from stakeholders and peer-reviewed EPA scientific reports.

In reaction to the recent EPA assessment, I appreciate the point made by one of our state's own oil and gas regulators, Railroad Commissioner Christi Craddick, when she said, "Texans have known for sixty-plus years that hydraulic fracturing when well-regulated, is not only safe but critical to unleashing America's true oil and gas production potential... There is not one case on the books in Texas where hydraulic fracturing has caused groundwater pollution and it's my hope the EPA's findings will contribute to a better public, fact-based understanding of this critical industry technique."

This latest government analysis refutes a common myth spread by anti-oil and gas activists, who falsely claim that hydraulic fracturing contaminates groundwater resources. In this instance, I am pleased to see science again verify the truth.

The EPA's hydraulic fracturing drinking water study will be finalized after review by the Science Advisory Board and public review and comment. The EPA advises that the assessment can be used by federal, tribal, state, and local officials; industry; and the public to better understand and address any vulnerabilities of drinking water resources to hydraulic fracturing activities in the future.

Sincerely,

Raymond James Welder III

REGISTER TODAY FOR TIPRO'S SUMMER CONFERENCE & GOLF TOURNAMENT!

Sign up today to attend TIPRO's 2015 Summer Conference & Golf Tournament, which will be held at the Hyatt Hill Resort & Spa in San Antonio on August 6-8, 2015.

The annual meeting will kick off with a welcome reception on Thursday, August 6, for TIPRO members, colleagues, friends and family. General session will then follow on Friday, August 7, with a full day of insightful presentations from distinguished industry professionals and elected officials. Presentation topics include: recap of the 84th Texas Legislative Session, tax update, oil & gas market forecast, as well as much more.

Confirmed speakers include:

- Brent Halldorson, chief operating officer for Fountain Quail Water Management
- Dave Milam, EVP of product management and marketing for WellAware
- Seth Kleinman, managing director and global head of energy strategy for Citibank
- Dale Craymer, president of the Texas Taxpayers and Research Association
- Bob Sherwin, managing member of Bionic Soil Solutions USA

The conference will conclude Friday evening with the Chairman's Dinner and Casino Night. The next day, the association's golf tournament will take place on the expansive Hyatt Hill Country golf course.

To register for TIPRO's 2015 Summer Conference & Golf Tournament, please see pages 3-4 of this newsletter. Members may also register online at www.tipro.org.

Sponsorship opportunities are available. If interested, please contact Stephen Coffman at (512) 477-4452.

Don't forget to also book your hotel accommodations by calling (210) 647-1234. Ask for the TIPRO rate of \$196. Act now - the deadline for the group discount will be July 16, 2015.

TIPRO Calendar of Events

JULY 8, 2015	JULY 29-30, 2015	AUGUST 6-8, 2015	AUGUST 12, 2015
HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (832) 233-5502.	SAN ANTONIO — South Texas Oilfield Expo, Henry B. Gonzalez Convention Center. For info, call: (866) 918-5550.	SAN ANTONIO — TIPRO Summer Conference & Golf Tournament, Hyatt Hill Country Resort. 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.

CONFERENCE REGISTRATION FORM

TIPRO is excited to again host its annual Summer Conference & Golf Tournament at the Hyatt Hill Country Resort in San Antonio, Texas, on August 6-8. Recognized as one of the best resorts in the state of Texas, we look forward to seeing you there for the association's summer meeting!



REGISTRATION FEES:

MEMBER FEES:

(Includes all conference sessions & meals)

- ☐ Member: \$395
- ☐ Spouse: \$245
- ☐ Dinner-Only Ticket: \$150

CHILDREN:

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

NON-MEMBER FEES:

(Includes all conference sessions & meals)

- ☐ Non-Member*: \$595
*Registration also includes 1 year regular TIPRO Membership
- ☐ Non-Member Spouse: \$295
- ☐ Dinner-Only Ticket: \$250

CHILDREN:

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



ATTENDEE INFORMATION:

Attendee Name: _____ Registered Spouse: _____

Company: _____

Address: _____

City/State/Zip Code: _____

Email Address: _____

Phone: _____ Fax: _____

Children's Names: _____

T-Shirt Size (please indicate shirt size for each registrant):

____ Youth Small ____ Youth Medium ____ Youth Large ____ Small ____ Medium ____ Large ____ XLarge ____ XXL Large

In order to help us plan our conference, below please confirm which events you 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 _____

*Registrations with shirt sizes must be submitted by July 24, 2015, to receive guaranteed size.
Please return form to TIPRO at: 919 Congress Avenue, Suite 1000, Austin, Texas 78701 or fax to (512) 476-8070.
Forms must be accompanied by payment. No refunds after July 31, 2015.*



TIPRO'S ANNUAL GOLF TOURNAMENT

DATE:

Saturday, August 8, 2015

TEE TIME:

7:30 a.m.

LOCATION:

Hyatt Hill Country Resort
San Antonio, Texas

FORMAT:

Four-Man Scramble

COMPETITIONS:

Hole-in-One Giveaway,
Longest Drive Contest,
Closest to the Pin, and
much more!

FOURSOME:

\$680

INDIVIDUAL:

\$180

QUESTIONS?

Contact TIPRO at
(512) 477-4452 or email
scoffman@tipro.org



GOLF SPONSORSHIPS:

19TH HOLE RECEPTION & AWARDS SPONSOR* | \$5,000

Receive 2 complimentary golf registrations, 1 complimentary meeting registration, company logo featured on tournament trophies, exclusive opportunity to present golf awards and company logo prominently displayed on all event signage.

GOLF HAT SPONSOR* | \$2,000

Receive 1 complimentary golf registration and company logo printed on golf tournament hat.

BEVERAGE CART SPONSOR (2 SPONSORSHIPS AVAILABLE) | \$1,500

Receive 1 complimentary golf registration and company logo featured on tournament beverage carts. Sponsors may use golf cart to interact with and hand out promotional items to tournament participants.

DIVOT TOOL & BALL MARKER SET SPONSOR* | \$1,500

Receive 1 complimentary golf registration and company logo printed on divot tool & ball marker set.

GOLF TOWEL SPONSOR* | \$1,500

Receive 1 complimentary golf registration and company logo featured on tournament golf towels.

~~KOOZIE SPONSOR* | \$1,000~~ *SOLD OUT*

Receive 1 complimentary golf registration and company logo featured on tournament golf koozies.

~~DRIVING RANGE SPONSOR* | \$750~~ *SOLD OUT*

Receive 1 complimentary golf registration and company logo displayed prominently on signage on driving range prior to tournament.

HOLE SPONSOR | \$500

Company logo displayed on signage, and opportunity to interact with tournament participants at assigned tee box.

*One sponsorship available

PARTICIPANTS:

Name:	Company:	Email Address:	Handicap:

PAYMENT:

Sponsorship: _____

Total: \$ _____

Method of payment (please check desired option):

☐ Check # _____, made payable to TIPRO

☐ Charge my: ☐ VISA ☐ MASTERCARD ☐ AMEX

Name

Company

Phone Number

Credit Card Number

Exp. Date

Billing Address

Security Code

Signature

Please return form to TIPRO at: 919 Congress Avenue, Suite 1000, Austin, Texas 78701 or fax to (512) 476-8070.
Forms must be accompanied by payment.

DENTON'S HYDRAULIC FRACTURING BAN IS THE MOST EXPENSIVE BAN IN AMERICA

With taxpayer costs topping \$1 million, the hydraulic fracturing ban in Denton has quickly become one of the most expensive bans in the nation, reports the North Texans for Natural Gas (NTNG) organization. More than \$220,000 has been spent on legal fees in defense of the ban. Moreover, in the past four years, the city of Denton has spent close to \$920,000 writing rules and updating local ordinances to accommodate oil and gas development and to protect public health and safety, city officials recently said.

CITY OF DENTON REPEALS BAN ON HYDRAULIC FRACTURING

This week, members of the Denton City Council voted 6-1 to repeal the city's existing ban on hydraulic fracturing. The infamous ban, adopted after voters approved the measure last November, prohibited hydraulic fracturing in the city of Denton. In a statement, the city council said, "As this ban has been rendered unenforceable by the state of Texas in [House Bill] 40, it is in the overall interest of the Denton taxpayers to strategically repeal the ordinance. Doing so not only potentially reduces ongoing court costs and attorneys fees related to ongoing litigation, but it also significantly mitigates problems and perceptions associated with operational discrepancies between the ban ordinance and newly-adopted state law, to which the city is bound to comply. HB 40 is the law now in the state of Texas. Denton will comply with it so long as it remains valid."

Last month, with overwhelming bi-partisan support from the Texas Legislature and local government leaders throughout the state, Governor Greg Abbott signed HB 40, which affirms the state's exclusive jurisdiction over oil and natural gas development. The new statute also outlines and clarifies the criteria necessary for adopting local ordinances that regulate surface activity incident to oil and natural gas exploration and production.

STATE FINDS NO CONCLUSIVE EVIDENCE WELLS CAUSED NORTH TEXAS EARTHQUAKE

Following comprehensive testing and analysis on five disposal wells in Johnson County, the Texas Railroad Commission has determined that there is no conclusive evidence suggesting disposal wells were a causal factor in seismic activity which occurred in the area on May 7, 2015. Pursuant to the commission rules on seismicity adopted last year, the state ordered additional testing of wells to determine the effect of nearby injection operations on pressures within subsurface rock formations and evaluate any potential connection to the 4.0 North Texas earthquake. The five wells tested are all located within 100 square miles of the estimated epicenter of the seismic event. Expert analysis by the commission's staff seismologist, geologists, and petroleum engineers concluded these results do not indicate any bounding faults in the immediate vicinity of the wells tested.

"We appreciate the cooperation of the operators to voluntarily shut down and collect data that will help us better understand what, if any relationship there is between these wells and seismicity," said Dr. Craig Pearson, staff seismologist for the Railroad Commission. "While we can't say at this time there is a connection, this is the beginning of the process, not the end in analyzing and understanding whether there is any correlation and what, if any action by the commission may be necessary in the future to protect public safety and our natural resources."

The Railroad Commission says that its staff will continue to work closely with seismic researchers and industry to collect, analyze and evaluate seismic data, geological information and oil and gas activity in the region to determine if there is any connection. Well and reservoir testing data can be viewed online at: www.rrc.state.tx.us/about-us/resource-center/research/special-studies/johnson-county/.

RRC TO HOST OIL & GAS REGULATORY CONFERENCE AND TECHNICAL WORKSHOP IN JULY

The Railroad Commission's Oil & Gas Division will host a Regulatory Conference and Technical Workshop next month in Austin on July 14-15, 2015. The two-day conference will include a series of presentations addressing a wide-range of topics, including discussions on pertinent statewide rules that are of significance to operators in the Lone Star State. Conference participants will also have the opportunity to ask questions of regulatory experts, and discuss subjects related to the forms and filing procedures associated with the Railroad Commission of Texas' Field Operations, Administrative Compliance and Technical Permitting department.

For additional information on the commission's upcoming regulatory conference and workshop, please visit <http://bit.ly/1R4CeKM>.

GOVERNOR ABBOTT APPOINTS NEW LEADER OF TEXAS WATER DEVELOPMENT BOARD

Carlos Rubinstein will step down as chairman of the Texas Water Development Board (TWDB), the leader announced last week. His retirement from the board will be on August 31. Rubinstein has served in the position for nearly two years, after being appointed by former Governor Rick Perry in August 2013. Just months after Rubinstein joined the TWDB, Texans approved the \$2 billion allocation from the state's Rainy Day Fund to help pay for water infrastructure development, including new pipelines and treatment plants.

Bech K. Bruun has since been named as the new chairman of the TWDB by Governor Greg Abbott, effective immediately and for the term to expire at the pleasure of the governor. Bruun has served as a board member of the TWDB since September 2013. He previously held a variety of positions in Governor Rick Perry's administration, culminating in his service as appointments director. Bruun has also served as the government and customer relations manager for the Brazos River Authority (BRA). His legislative experience includes service as chief of staff to state Representative Todd Hunter (District 32) during the 81st Legislative Session and as general counsel to the House Committee on Judiciary and Civil Jurisprudence.

TIPRO MEMBERS RECOGNIZED BY NEWSWEEK AS TOP GREEN COMPANIES IN THE U.S

The Texas Independent Producers & Royalty Owners Association would like to congratulate the following member companies for being recognized on *Newsweek's* recent list of 2015 Top Green Rankings. In partnership with Corporate Knights Capital, HIP (Human Impact + Profit) Investor Inc., and leading sustainability minds from non-governmental organizations and the academic and accounting communities, *Newsweek* has ranked the world's largest companies on corporate sustainability practices and overall environmental impact. TIPRO members earning distinction include:

Hess Corporation
Exxon Mobil Corporation
Schlumberger Limited
Chevron Corporation
ConocoPhillips
Anadarko Petroleum Corporation
Baker Hughes Incorporated
Occidental Petroleum Corporation
Apache Corporation
Devon Energy Corporation
Marathon Oil Corporation
Noble Energy, Inc.
Halliburton Company
Chesapeake Energy Corporation
Murphy Oil Corporation
Southwestern Energy Company
National Oilwell Varco, Inc.
Cabot Oil & Gas Corporation
EOG Resources, Inc.
Plains All American Pipeline, L.P.
Cimarex Energy Co.
Concho Resources Inc.
Cheniere Energy, Inc.
Pioneer Natural Resources Company
Continental Resources, Inc.

NEW HARVARD REPORT EXPLAINS WHY SHALE DEVELOPMENT IS “A WIN-WIN”

Identifying unconventional shale development as a historic opportunity for America, a new report published by experts at Harvard Business School (HBS) and The Boston Consulting Group (BCG) offers a comprehensive plan to allow the United States to fully capitalize on its energy advantage, drive U.S. competitiveness and stimulate much-needed job and economic growth. The report also provides guidance on how the country can create a “win-win” strategy for developing domestic unconventional oil and gas resources.

“Unconventional gas and oil represents perhaps the single largest source of competitive advantage and economic opportunity for the United States over the next decade or two, at a time when both are badly needed,” said Michael E. Porter, a professor at HBS, a co-chair of the school's multiyear U.S. Competitiveness Project, and a co-author of the report. “But there is a real risk that American citizens, companies, and communities will fail to capitalize on this historic opportunity because of misunderstanding and distrust. Our research makes clear that, contrary to popular perception, the U.S. can capture the full economic benefits of unconventional gas and oil while also substantially addressing local environmental impacts and making major strides toward a lower-carbon energy system.”

Key findings from the new Harvard report include:

- The development of unconventional energy offers an unprecedented opportunity for increasing U.S. competitiveness and growing well-paying jobs that are accessible to the average citizen.
- The local environmental impacts of hydraulic fracturing can be managed cost effectively—without hindering the economic opportunity—by using known processes, filling gaps in regulation, and improving enforcement.
- Unconventional natural gas is the only feasible, cost-effective way for the U.S. to substantially reduce greenhouse gas emissions through 2030.
- By 2030, the development of unconventional gas and oil could: support 3.8 million jobs with wages twice the national median, produce average annual energy savings of \$1,070 per household, and contribute almost \$600 billion in annual GDP and \$160 billion in government tax revenue.

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**Texas Independent
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Association**

With more than 2,800 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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