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EPA TO DROP GROUNDWATER INVESTIGATION IN PAVILLION, WYOMING

The U.S. Environmental Protection Agency (EPA) will drop its study of groundwater near the rural town of Pavillion, Wyoming, and instead support investigation activities conducted by the state, the federal agency announced on June 20, 2013. Led by the Wyoming Department of Environmental Quality (WDEQ) and the Wyoming Oil and Gas Conservation Commission (WOGCC), state regulators

will continue the evaluation of the water quality of certain domestic water wells in the area, as well as examine the integrity of oil and gas wells and historic pits in Pavillion.

“It is in everyone’s best interest – particularly the citizens who live outside of Pavillion – that Wyoming and the EPA reach an unbiased, scientifically supportable conclusion,” commented Wyoming Governor Matt Mead. “I commit that Wyoming will work in a thoughtful and productive manner as further investigation is initiated.”

The EPA first began to assess the water quality in Pavillion after receiving resident complaints about smells, taste and adverse changes to the water. Consequently, in December 2011, the agency unveiled its draft Pavillion groundwater report, erroneously claiming hydraulic fracturing operations had caused groundwater contamination in nearby domestic water wells. However, following five separate phases of water sampling, EPA efforts to evaluate any potential migration pathways from deeper gas production zones to shallower domestic water wells in the Pavillion gas field proved to be inconclusive. As a result, the federal agency says it will discontinue its investigation, and instead back state efforts to analyze and review Pavillion water quality. The federal agency also announced it does not plan to finalize or seek peer review of its draft Pavillion groundwater report that was previously released, and does not intend to rely upon any conclusions published within the draft report.



“We believe that EPA’s focus going forward should be on using our resources to support Wyoming’s efforts,” added EPA Acting Administrator Bob Perciasepe. “We applaud the leadership of Wyoming in conducting further investigation and assuring safe water and look forward to partnering with the state as it conducts its investigation.”

“Encana has chosen to make a grant in the amount of \$1.5 million to the Wyoming Natural Resource Foundation to be used for further investigation by the state of Wyoming and for a statewide education and awareness program through the Wyoming Association of Conservation Districts related to best practices and permitting guidelines for the benefit of Wyoming’s citizens and industries in conjunction with initiatives that support and protect rural water supplies,” added Jeff Wojahn, President of Encana Oil and Gas (USA) Inc., which operates in the region under review.

The state of Wyoming is expected to conclude its investigation and release a final report on water quality in Pavillion no later than September 30, 2014.

TRANSPORTATION FUNDING DERAILED WITH END OF SPECIAL SESSION, BUT NOT DEAD

Following an 11-hour filibuster of a controversial abortion bill during the final day of the legislature’s first special session, Texas lawmakers did not have the opportunity to discuss and approve transportation funding for the state. Senate Joint Resolution 2, authored by Senators Robert Nichols and Tommy Williams, would have proposed a constitutional amendment for Texans to vote on in November that provided for the transfer of revenue from the Economic Stabilization Fund, commonly known as the Rainy Day Fund, to the state highway fund, as well as authorize the payment of principal and interest on certain highway improvement bonds.

The bill had already successfully passed out of the Senate with a unanimous vote and passed out of the House with a vote of 105-28. However, members of the Senate still needed to concur with the House amendments to the bill or call for a committee to work out the differences, but ran out of time before being able to do so. However, the legislation will be reconsidered again during the second special session of the legislature, which will convene on Monday, July 1.

CHAIRMAN'S MESSAGE

TIPRO Members -

In another attempt to tighten local regulation of oil and gas development, last week members of the Dallas City Council's Plan Commission again considered amending an existing city ordinance to require a 1,500-foot buffer zone or setback for all drilling rigs operating within city limits. Already the city of Dallas mandates a 300-foot setback between a drilling rig and the nearest residence or business -- however, this latest proposal to extend the city's requirements would impose a setback farther than any of the surrounding cities, some of which force a setback up to 1,000 feet. As witnessed in the North Texas city of Southlake, for instance, these kinds of ordinances all but ban drilling activities, and effectively halt production in the area.

All of this comes just months after the Dallas Plan Commission considered a permit application by Trinity East Energy, LLC, to drill and produce on park land near the Trinity River in northwest Dallas. For the second time, the commissioners ultimately declined to approve the company's request, but will continue to review city ordinance that details regulations for drilling in Dallas.

The city of Dallas sits atop the Barnett Shale formation, one of the largest onshore natural gas fields discovered in the United States. Drilling techniques that were first utilized in the area to access deposits of natural gas, including technological advancements related to hydraulic fracturing and horizontal drilling, have helped spur an energy revolution in regions throughout the nation and across the world. Through the years, more than 13.6 trillion cubic feet (Tcf) of natural gas has been produced from the Barnett Shale, with 18,920 wells in operation as of April 2013.

The unconventional development of natural gas in the Barnett Shale has allowed for tremendous job creation for Texans and stimulated the region's economy. 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. The Perryman Group also estimates 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.

Meanwhile, the city of Fort Worth has over 1,700 wells drilled within the city limits and has collected, to date, over \$200,000 in bonus and royalty payments, with no deaths attributed to fracing the Barnett Shale in the city.

Increasing domestic production of natural gas also offers many other benefits as well, including enhanced energy security for America and a clean, alternative fuel choice for drivers. Natural gas burns cleaner, reducing the level of smog-producing pollutants in the air and contributing to a nationwide decline of carbon dioxide emissions. As more convert their vehicles to use natural gas, there will continue to be significant progress towards cleaning the air in Texas communities and helping sustain best practices for the environment. However, with the imposition of unnecessary, overly burdensome regulations, it can become too costly for companies to continue to produce and force them to halt operations.

The Dallas City Plan Commission will continue its discussion of the 1,500-foot setback proposal, as well as examine other related drilling issues, at their next meeting held on July 11, 2013, in the Council Chambers of City Hall at 1500 Marilla Street in Dallas. I urge all members of TIPRO to closely track any developments pertaining to this important issue, as the commission's decision on this ordinance amendment could cause a negative ripple effect across the country and impact the ability to explore for and produce oil and natural gas in the future. For those of you that work in the Dallas-area metroplex, I ask that you please consider attending this meeting in person, if you are able to do so, as a physical presence at these meetings has the greatest impact on the outcome. As we have seen in the past, these kinds of City Council meetings often prompt a large media event, with a substantial number of misinformed environmental activists turning out in force to make a spectacle of themselves, and spread an anti-frac, anti-fossil fuel message before council members. They frequently will use ruthless tactics to gain attention and publicize falsehoods about hydraulic fracturing. Instead, we need to have better representation of the energy industry at these hearings in order to set the record straight and share the truth surrounding oil and gas development in an urban setting. Together we must continue our efforts to educate members of the Dallas City Council Plan Commission, as well as other elected officials and the general public, on the science behind hydraulic fracturing.

For those unable to attend the meeting on July 11, please take a moment to write members of the Planning Commission and express your opinion on this very important matter: www.dallascityhall.com/pdf/DevSvcs/CityPlanCommissionMembers.pdf. Thank you.

Sincerely,




David F. Martineau

Calendar of Events

JULY 10, 2013 HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (832) 233-5502.	AUGUST 8-10, 2013 SAN ANTONIO — TIPRO's Summer Conference & Golf Tournament, Westin La Cantera For info, call: (512) 477-4452	AUGUST 14, 2013 HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (832) 233-5502.	AUGUST 14-16, 2013 HOUSTON — Summer NAPE Expo, George R. Brown Convention Center For info, call: (817) 847-7700.
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Registrations with shirt sizes must be received by July 26, 2013, to receive guaranteed size.

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TIPRO's Summer Conference & Golf Tournament

Westin La Cantera Resort, San Antonio, Texas

August 8-10, 2013

AGENDA

THURSDAY, AUGUST 8, 2013 GOLF TOURNAMENT

- 1:00 p.m. Golf Tournament
- 5:30 p.m. 19th Hole Reception
- 7:00 p.m. Dinner on Your Own

FRIDAY, AUGUST 9, 2013 COMMITTEE MEETINGS

- 8:30 a.m. Audit Committee Meeting
- 10:00 a.m. TIPRO Board Meeting

FRIDAY, AUGUST 9, 2013 GENERAL SESSION

- 1:00 p.m. Opening Remarks
Chairman David Martineau
- 1:10 p.m. Welcome Remarks
Senator Carlos Uresti
- 2:00 p.m. Oil & Gas Innovation and Technology
Greg Powers, SVP of Technology, Halliburton
Dr. Cal Cooper, Worldwide Manager, Apache
Mark Brocklehurst, Director of Technology and Sales, GE Oil & Gas
- 3:15 p.m. Break
- 3:30 p.m. "Our Energy Future: Buyer or Seller?"
Dr. Ken Morgan, TCU
- 4:30 p.m. Federal Issues Update
U.S. Congressman John Carter
- 5:30 p.m. Welcome Reception
- 7:00 p.m. Dinner on Your Own

SATURDAY, AUGUST 10, 2013 GENERAL SESSION

- 8:00 a.m. Membership Breakfast
- 9:00 a.m. State Issues Update
Teddy Carter, VP of Government Affairs, TIPRO
Representative Jim Keffer
Representative Jason Isaac
Representative Harvey Hilderbran
Senator Tommy Williams (Invited)
- 10:15 a.m. Tax Update
Dale Craymer, President, TTARA
- 11:00 a.m. Break
- 11:15 a.m. Corporate Keynote Presentation
Robert Drummond, President, North America Schlumberger
- 12:30 p.m. Afternoon Break/Family Time
- 6:00 p.m. Chairman's Reception & Dinner

Presentation of the 2013 Mr. TIPRO Award

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deadline to book your room at
the discounted rate will be
July 9th!*

PRESIDENT OBAMA UNVEILS BROAD PLAN TO ADDRESS CLIMATE CHANGE

On Tuesday, June 25, 2013, President Barack Obama outlined bold new plans to address climate change and help the country reduce greenhouse gas emissions and carbon pollution. Specifically, to meet his administration's environmental goals, the President has issued a Presidential Memoranda ordering the U.S. Environmental Protection Agency (EPA) to enforce new standards, regulations and guidelines, as appropriate, that cut pollution from new and existing power plants.

"For the sake of our children, and the health and safety of all Americans, I'm directing the EPA to put an end to the limitless dumping of carbon pollution from our power plants, and complete new pollution standards for both new and existing power plants," said President Obama. "I'm also directing the EPA to develop these standards in an open and transparent way, to provide flexibility to different states with different needs, and build on the leadership that many states, and cities, and companies have already shown."

"In fact, many power companies have already begun modernizing their plants, and creating new jobs in the process," added the president. "Others have shifted to burning cleaner natural gas instead of dirtier fuel sources. So the idea of setting higher pollution standards for our power plants is not new. It's just time for Washington to catch up with the rest of the country. And that's what we intend to do."

President Obama also instructed the EPA to work with the U.S. Department of Energy and other federal and state agencies, as necessary, to promote the development and deployment of cleaner technologies that will help further reduce power needs. He pledged up to \$8 billion in loan guarantees to support investments in technological innovations pertaining to an array of advanced fossil energy and efficiency projects. In addition, his order suggested imposing new energy efficiency requirements for appliances in the future. By taking such action, the president hopes to reduce carbon pollution by at least 3 billion metric tons cumulatively by 2030, equivalent to more than half of the annual carbon pollution from the U.S. energy sector, as well as help commercial, industrial and multi-family buildings become at least 20 percent more energy efficient by the year 2020.

Moreover, the new climate plan establishes a long-term commitment to partnering with industry and stakeholders to better develop fuel economy standards for heavy-duty vehicles, which will help save families money at the pump and further reduce the nation's reliance on foreign oil and fuel consumption.

The new regulations and standards must be proposed by the EPA no later than June 1, 2014, and have to be finalized by June 1, 2015, states the Presidential Memoranda.

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FRITO-LAY TO BUILD 7 PUBLIC CNG STATIONS

As part of the company's ongoing commitment to alternative fuel, Frito-Lay, a snack-food subsidiary of PepsiCo, revealed new plans to break ground on at least seven public CNG fueling stations located across the U.S. Frito-Lay will also continue to grow its CNG fleet, the company announced, bringing the total number of its CNG tractors to 208. Collectively, these CNG tractors will represent 20 percent of Frito-Lay's fleet, making Frito-Lay's CNG fleet one of the largest in the country.

"This initiative to build much-needed natural gas infrastructure for large commercial vehicles is part of Frito-Lay's deep commitment to the environment," said Mike O'Connell, senior director for fleet operations, Frito-Lay North America. "When all 208 CNG tractors are in service, Frito-Lay will eliminate 7,863 metric tons of carbon emissions, the equivalent of over 1,125 cars annually."

The new fueling stations will help support the rising use of CNG, providing necessary infrastructure for those that are currently using or considering alternative fuel vehicles. According to Frito-Lay, the seven new fueling stations, along with three other stations that will be in operation this year, will begin at a total expected annual volume of two million gallons and grow to a little over eight million gallons in five years. The company expects to build CNG stations in Rosenberg, Texas; Perry, Georgia; Jonesboro, Arkansas; Orlando, Florida; Charlotte, North Carolina; and Beloit, Wisconsin.

The move by Frito-Lay will also help reduce its total fuel consumption and greenhouse gas emissions by 50 percent by the year 2020, the company estimates.

RRC CHAIRMAN BARRY SMITHERMAN ANNOUNCES CAMPAIGN FOR ATTORNEY GENERAL

Barry Smitherman, chairman of the Texas Railroad Commission (RRC), will run for the 2014 Republican nomination for the state's next Attorney General. In his public announcement released on Monday, June 24, 2013, Smitherman indicated his intention to run as the 51st Texas Attorney General was dependent on current Attorney General Greg Abbott not to seeking re-election. It is widely speculated Abbott will choose to run for Texas Governor in 2014.

Following Smitherman's announcement, a new candidate has already emerged for the open seat at the RRC. Malachi Boyuls, a Dallas-area businessman, has launched his campaign to run for the Republican nomination for commissioner of the state agency. "In Texas, energy is the driving force behind our thriving economy," said Boyuls. "We must continue to elect bold, conservative leaders who will fight against an ever-encroaching federal government's overregulation and senseless mandates; leaders who are committed to fighting for Texas jobs and ensuring the Texas energy industry remains vibrant, growing and a global leader."

UNCONVENTIONAL OIL & GAS WATER MANAGEMENT FORUM TO BE HELD JULY 9-11 IN DALLAS

Members of TIRPO are invited to attend a special Summer Spotlight Series hosted by the Ground Water Research & Education Foundation (GWREF) that will focus on unconventional oil and gas water management. The event will be held at the Gaylord Texan hotel in Grapevine July 9-11, 2013, and highlight the potential risks and challenges associated with protecting water resources in areas of rapidly expanding shale-gas development. Presenters will also discuss current regulation of hydraulic fracturing and well-bore integrity standards, in addition to strategies for data management. Oil and gas professionals, researchers, consultants, field investigators, engineers, geologists and government officials are all expected to attend.

To learn more about the water forum or register to attend, visit: www.gwpc.org/events.

SALARIES RISE FOR PETROCHEMICAL ENGINEERS, NEW STUDY REVEALS

Over the last two years, the median salary of chemical engineers has grown to \$120,000, reports the American Institute of Chemical Engineers (AIChE) in a new study recently released by the organization. This represents a 9 percent increase in median salary, up from the average salary of \$110,000 reported in 2011, indicating an improved economy and rebound of the job market for engineers.

Chemical engineers working in Texas, particularly in the petrochemical industry, appear to earn more, being paid an average salary of \$140,000, notes AIChE.

Overall, unemployment for the profession is down to 2.1 percent, a noteworthy drop compared to the unemployment rate of 3.8 percent for chemical engineers in 2011.

The positive growth for the profession is largely attributed to the increasing development of shale formations across the nation, leading to a surge in hiring of chemical engineers in the petroleum industry and refining business.

To evaluate and analyze current employment trends for chemical engineers in the U.S., AIChE conducted a survey among 3,145 members earlier in the year regarding compensation and other relevant factors, including salary disparities based on gender.

"This salary survey shows that chemical engineering is a fantastic career that compensates both women and men fairly," commented June Wispelwey, executive director for AIChE. "Chemical engineering is a profession with a wide range of career opportunities, which makes a chemical engineering degree increasingly attractive to women. I have seen the opportunities for women grow throughout the course of my career, and would encourage any woman to consider a chemical engineering career."

The report released by AIChE also indicates a gap in salary relating to education, age and work experience associated with chemical engineering.

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