

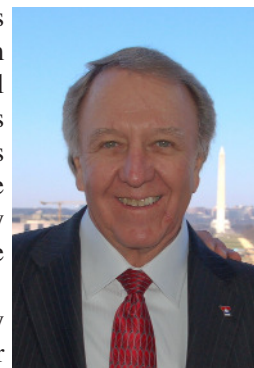


DAVID F. MARTINEAU TO BECOME CHAIRMAN OF TIPRO ON JULY 1

The Texas Independent Producers & Royalty Owners Association (TIPRO) will welcome a new Chairman on July 1, 2012, as David F. Martineau succeeds Stephen Castle in the leadership role. Martineau, currently an exploration manager for Dallas-based Pitts Oil Company, LLC., has worked in the oil and gas industry for more than 50 years. He received a Bachelors

of Science Degree in Geology from The University of Texas at Austin and is a Certified Petroleum Geologist and licensed as a Texas Professional Geoscientist. He is an active member of several technical organizations, including the American Association of Petroleum Geologists (AAPG), the Interstate Oil & Gas Compact Commission (IOGCC), the Barnett Shale Water Conservation and Management Committee, the Dallas Geological Society and the Society of Independent Professional Earth Scientists. He is also on the Board of the Foundation for Energy Education and the Executive Committee of the Texas Alliance of Energy Producers. Currently he is also a member of The University of Texas Systems Chancellor's Council Executive Committee.

"David will be a great leader for our association," said Justin Furnace, president of TIPRO. "His industry knowledge and expertise will help us all as we promote domestic development of oil and gas and fight for fair regulation of the oil and gas industry."



David F. Martineau

REGISTER TO ATTEND TIPRO'S SUMMER CONFERENCE AUGUST 9-11!



Register now to attend TIPRO's Summer Conference and Golf Tournament, set to be held on August 9-11, 2012, at Moody Gardens Resort & Spa in Galveston, Texas. With an agenda full of insightful presentations and entertaining activities, this will not be an event you want to miss.

Enjoy the chance to reconnect with fellow TIPRO members while learning the latest happening in the oil and gas industry. This year's Conference will feature an outstanding line-up of speakers, including executive officers, Congressional representatives and state regulatory officials. General Session presentations will provide attendees with insight on a wide range of topics, including: how industry CEOs are acclimating to a shifting business environment, state and federal issues and complete political analysis during this crucial election year.

This is also a family-friendly event, so we encourage you to bring your spouse and children along for the fun. Whether you go for par on the golf course, visit the Aquarium and Rain Forest or take a dip in Moody Garden's Palm Beach Pool and Lazy River, you are sure to create great memories while staying as a guest at this resort. The island of Galveston also offers a number of enjoyable activities for you and the family, including Schlitterbahn's Island Waterpark and the new Pleasure Pier, which is full of roller coaster rides, carnival games and souvenir shops. You're also invited to enjoy a deep sea fishing excursion with fellow TIPRO members and friends on Thursday, August 9, if you would prefer not to participate in the golf tournament.

Find more details regarding the conference agenda, registration and sponsorship on pages 3-5 of this newsletter. Information is also available on TIPRO's website at www.tipro.org.

The TIPRO office will be closed on Wednesday, July 4, with
normal office hours resuming Thursday, July 5.
HAPPY INDEPENDENCE DAY!



CHAIRMAN'S MESSAGE

TIPRO Members-

Earlier this year as I was driving to a drilling location in Glasscock County (near Garden City), I was thinking about all the things that go on into drilling an oil well. The risk, the cost, the excitement and most of all, the fun and love of our industry, all came to mind. As I got back in my truck, the temperature showed 107 degrees, so I turned on the AC and radio to hear a new soothsayer Zach Brown singing "...I've got my toes in the water, a\$\$ in the sand, not a worry in the world, a cold beer in my hand, life is good today, life is good today..."

As I enjoy my final days serving as the Chairman of TIPRO, I look back and smile at all of the accomplishments made by our association throughout the last two years. Our membership size has grown by 13 percent, with more and more individuals and companies signing up to join TIPRO each and every day. This growth, coupled with our enhanced communication efforts over the last couple years, has strengthened our ability to share the story of the importance of American oil and gas exploration and production and educate lawmakers on the ins and outs of the oil and gas industry. Over the last two years, our association has also improved membership benefits by implementing new affinity programs, such as the TIPRO Power Coalition, which help members save money. Plus, we have increased the size of TIPRO staff to fully manage membership needs and boost the association's government relations at both the state and federal levels.

In recent years, the oil and gas industry as a whole has also made great progress. Technological advancements have led to a revival in drilling activity throughout the Lone Star State, from the Eagle Ford Shale in South Texas to near my hometown in the Permian Basin in West Texas and everywhere else in between. This increase in exploration and production in our great state has supplied a tremendous number of benefits, from helping lessen our country's dependence on foreign oil to putting Texans and Americans back to work. As seen here in Midland, for instance, our unemployment rate is one of the lowest in the state, as well as the entire country. This is all thanks to the oil and gas industry. We also provide critical funds to government coffers, even in times of economic hardship. Last year alone, our industry paid \$9.3 billion in taxes and royalties to state and local treasuries, which helped support public schools, hospitals and emergency services.

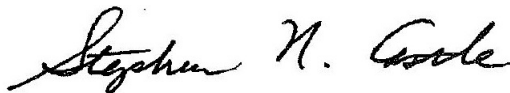
However, despite the positive economic impact that oil and gas development provides, significant challenges for the industry remain. The federal government, including regulatory agencies like the U.S. Environmental Protection Agency (EPA) and U.S. Fish & Wildlife Service (USFWS), continues to launch attacks on Texas and the oil and gas industry. Attempting to impose restrictive, overburdensome and often unnecessary regulations on our industry; the actions by these agencies pose significant threat to our livelihoods and ability to operate. No longer do we simply have to worry about our business' bottom line - now we also have to consider the substantial cost just to stay in compliance.

In the months ahead, we will also have our work cut out for us here in Texas as we gear up for the next Legislative Session, and prepare for the upcoming Sunset review of the Texas Railroad Commission. A number of state issues command our attention, including infrastructure, water use, road repairs, well bore integrity and much more. Because we will have a lot of new Representatives and Senators in Austin and Washington who know nothing about our industry, TIPRO will again have to educate them on the importance of the oil and gas industry.

I now pass the banner and flag over to David F. Martineau, an excellent selection, long standing member of TIPRO and one of our association's board members, who was elected by membership as the next Chairman during TIPRO's most recent Annual Convention in March. With David's guidance, our association will continue to fight hard to preserve the ability to explore for and produce oil and natural gas in America, and work to promote the general welfare of our members.

As my favorite philosopher, Jimmy Buffet, sings, "...wasted away in Margaritaville..." and most recently singing alongside Alan Jackson, "...it is only half past twelve, but I don't care, it is five o'clock somewhere..." It has been my privilege and honor to serve as your Chairman and lead the charge on behalf of our state's independent producers and royalty owners. Thanks to all of you - the board, staff, TIPRO members and friends, and especially to God and my wife and family - for allowing me the opportunity to serve.

Sincerely,




Stephen N. Castle

Calendar of Events

JULY 11, 2012		AUGUST 8, 2012		AUGUST 9-11, 2012		AUGUST 22-24, 2012	
HOUSTON	IPAA/TIPRO	HOUSTON	IPAA/TIPRO	GALVESTON	TIPRO s	HOUSTON	Summer
Leaders in Industry		Leaders in Industry		Summer Conference &		NAPE Expo,	
Luncheon, 11:30 a.m.		Luncheon, 11:30 a.m.		Golf Tournament,		George R. Brown	
Houston Petroleum Club.		Houston Petroleum Club.		Moody Gardens.		Convention Center	
For info, call: (713) 503-1298.		For info, call: (713) 503-1298.		For info, call: (512) 477-4452.		For info, call: (817) 847-7700.	



Summer Conference & Golf Tournament

*Moody Gardens Resort & Spa
Galveston, Texas
August 9-11, 2012*

THURSDAY - AUGUST 9, 2012 GOLF TOURNAMENT

- 1:00 p.m. Golf Tournament
- 5:00 p.m. 19TH Hole Reception
- 7:00 p.m. Dinner on your own

FRIDAY - AUGUST 10, 2012 COMMITTEE MEETINGS

- 8:00 a.m. Audit Committee Meeting
- 9:30 a.m. TIPRO Board Meeting

FRIDAY - AUGUST 10, 2012 GENERAL SESSION

- 1:00 p.m. Welcome Address
Chairman David Martineau
- 1:10 p.m. Keynote Presentation
*Bill Albrecht
President, Occidental Oil and Gas Corp.*
- 2:15 p.m. Outlook on Natural Gas Markets
*Marshall Adkins
Director of Energy Research, Raymond James*
- 3:15 p.m. Ice Cream Social Break
- 3:30 p.m. Congressional Panel
*Congressman Bill Flores
Congressman Pete Olsen*
- 4:45 p.m. Regulatory Update
Railroad Commissioner David Porter
- 5:30 p.m. Welcome to Galveston Reception
- 7:00 p.m. Dinner on your own

Make your hotel reservations today!

*Don't miss the chance to book a room for the discounted group rate of \$189 - the deadline to reserve a room with the reduced rate is **July 19!***

*Call Moody Gardens at
(888) 388-8484 to book a room!*

SATURDAY - AUGUST 11, 2012 GENERAL SESSION

- 8:00 a.m. Membership Breakfast
- 9:00 a.m. State and Federal Issues Update
*Teddy Carter
Director of Public Affairs, TIPRO*
- 10:15 a.m. CEO Presentation
TBA
- 11:00 a.m. Break
- 11:15 a.m. "A look ahead at the 2012 Elections"
*Mark Delsignor
Founder, Perception Insight*
- 12:00 p.m. Afternoon Break/Family Time
- 6:00 p.m. Chairman's Dinner & Party
Casino Night



Register Today for TIPRO's Summer Conference!

REGISTRATION FEES:

☐ Member @ \$375: _____

☐ Spouse @ \$195: _____

Children:

☐ 13-17 years old @ \$150: _____

☐ 6-12 years old @ \$100: _____

☐ 5 and under @ \$75: _____

☐ Non-Member @ \$475: _____

☐ Non-Member Spouse @ \$295: _____

Children:

☐ 13-17 years old @ \$175: _____

☐ 6-12 years old @ \$125: _____

☐ 5 and under @ \$100: _____

****NOTE:** Spouse and children rates include reception, breakfast and dinner and conference T Shirt

GOLF REGISTRATION FEES:

Member:

Golf _____ @ \$109: _____

Handicap(s): _____

Non-Member:

Golf _____ @ \$179: _____

Handicap(s): _____

**Visit www.tipro.org
for online registration.
No refunds after August 2.**

NOT A GOLFER?

For those who do not want to play golf, TIPRO will help arrange a deep sea fishing excursion off of the beautiful Texas Coast on Thursday, August 9. If interested, please check the box below and provide your contact information:

☐ Yes! I would be interested in deep sea fishing. Phone: _____ Email: _____

Galveston also offers one of best waterparks in the country - Schlitterbahn! Located just across the street from the Moody Gardens hotel, the park has over 33 family-friendly attractions. Discounted tickets are available for TIPRO Summer Conference attendees:

☐ Adults (ages 12+) @ \$36.80: _____

☐ Children (ages 3-11) @ \$30.30: _____

ATTENDEE INFORMATION:

Attendee name: _____ Spouse: _____

Company: _____

Street Address: _____

City/State/Zip Code: _____

E-mail: _____ Phone: _____

Fax: _____ Cell: _____

Children's Names: _____

T-shirt size (please check one per paid registrant):

____ Youth Small ____ Youth Medium ____ Youth Large ____ Small ____ Medium ____ Large ____ XLarge ____ XXLLarge

REGISTRATION TOTAL: \$

Payment Method: ☐ VISA ☐ MASTERCARD ☐ AMEX ☐ CHECK NO: _____

Name: _____ Company: _____

Billing Address: _____

Credit Card No.: _____ Exp. Date: _____

CID: _____ Signature: _____

Registrations with shirt sizes must be received by July 27, 2012, to receive guaranteed size.
Fax form to (512) 476-8070 or mail to TIPRO at: 919 Congress Avenue Suite 1000, Austin, Texas 78701
For additional information, contact TIPRO at (512) 477-4452, or visit www.tipro.org.





Sponsorship Opportunities for TIPRO's Summer Conference!

☐ Gold Level - \$6,000

Receive 4 complimentary registrations
& recognition at all events

☐ Silver Level - \$3,000

Receive 2 complimentary
registrations & sponsor recognition

☐ Bronze Level - \$1,500

Receive 1 complimentary
registration & sponsor recognition

☐ Hospitality Suite Sponsor

Receive 1 conference registration &
recognition in hospitality suite

One sponsorship available



REGISTRATION SPONSORSHIP OPPORTUNITIES

☐ T-Shirt Sponsor - \$4,000

Receive 1 conference registration &
company logo printed on back of
Conference T-shirts

One sponsorship available

☐ Koozie Sponsor - \$1,500

Receive 1 conference registration &
company logo on koozies
(printed in one color)

One sponsorship available

☐ Lanyard Sponsor - \$1,000

Receive 1 conference registration &
company logo on lanyards
(printed in one color)

One sponsorship available

GOLF SPONSORSHIP OPPORTUNITIES

☐ 19th Hole Reception - \$2,000

Receive 2 golf registrations,
19th Hole Reception signage &
sponsor recognition

One sponsorship available

☐ Visor Sponsor - \$2,000

Receive 2 golf registrations &
company logo embroidered
on visors

One sponsorship available

☐ Beverage Cart - \$1,500

Receive 2 golf registrations,
cart signage &
tournament signage

Two sponsorships available

☐ Driving Range - \$750

Receive 1 golf registration,
driving range signage &
tournament signage

Two sponsorships available

☐ Hole Sponsor - \$500

Receive 1 golf registration &
recognition on Tee Box

Name on Sponsor Registrations	Company Name	Handicap
1.		
2.		
3.		
4.		

SPONSORSHIP TOTAL: \$

Payment Method: ☐ VISA ☐ MASTERCARD ☐ AMEX ☐ CHECK NO: _____

Name: _____ Company: _____

Billing Address: _____

Credit Card No.: _____ Exp. Date: _____

CID: _____ Signature: _____

Fax form to (512) 476-8070 or mail to TIPRO at: 919 Congress Avenue Suite 1000, Austin, Texas 78701
For additional information, contact TIPRO at (512) 477-4452, or visit www.tipro.org.



“ENERGY AND WATER TALK TURNS TO FRACKING IN EAGLE FORD”

BY POLLY ROSS HUGHES, REPRINTED WITH PERMISSION OF THE TEXAS ENERGY REPORT

Texas oil and gas industry leaders, fearful of federal regulatory creep and mindful of homegrown anxieties over the state drought, insisted Wednesday that hydraulic fracturing is safe and its water usage continues to drop.

Testimony before the joint hearing of the House Committees on Energy Resources and Natural Resources focused on the Eagle Ford Shale in South Texas, which one leading operator is betting will out-produce all other shale formations in Canada, the United States and Mexico.

“We feel very confident the Eagle Ford is going to turn out to be, if not already, the most prolific shale reservoir developed in North America today,” said Lance Robertson, vice president-Texas for Marathon Oil Co.

“This will not be a short-lived activity level. The wells will continue to produce for 20 to 40 years,” he said, predicting average wells in the formation's seven-to-eight most active counties will recover, on average, half a million barrels of oil each.

Marathon's aggressive investments in the Eagle Ford have turned heads. Robertson said in the past 12 months, the company has invested \$5.5 billion in Eagle Ford acquisitions and plans to add \$1.5 billion net each year for the next five years to develop them. The company's total direct and indirect employee base in Texas, meanwhile, has grown to 4,300 now from just 2,000 a year ago.

From the start, Robertson said, the company has been mindful of its water use, making an early decision to minimize its use of fresh water suitable for drinking or agriculture. During fracking operations, companies blast millions of gallons of water, laced with chemicals and sand, deep into the earth through horizontal drilling. The process breaks up the shale, releasing oil or gas so it can be produced.

This year, Marathon's use of the freshest water suitable for drinking amounts to 2.7 percent of its fracking needs. All of the rest is higher and higher in salinity, he said.

In November, Marathon converted 100 percent of its frack water from 'slick' water, a type of soapy mixture, to water mixed with polymer gels using the guar bean from India. The latter produces a thicker, more viscous fluid that can handle more sand. By switching to the polymer gel mix, Marathon reduced its water consumption by 40 percent in the first 90 days on a well-to-well basis, Robertson told lawmakers.

“It's important to remember that the term ‘water’ does not necessarily mean fresh water, and it certainly does not mean drinking quality water,” said Corey Pomeroy, vice president and general counsel of the Texas Oil & Gas Association.

“Brackish water and produced water have been used for a very long time in traditional exploration and production activities, and from a strictly technical perspective as technology evolves, hydraulic fracturing will be less dependent on fresh water,” he added. “There are challenges, however, that industry is committed to overcome in order to provide greater use of brackish water and the reuse of produced water.”

Pomeroy said they include reliability and economic feasibility of treatment technology, regulatory impediments, transportation and infrastructure issues, disposal of solid wastes and landowner objections.

“Water conservation is at the top of everyone's minds today. A deep shale gas well hydraulic fracturing job can require 3-5 million gallons of water,” agreed Mark Homer, government affairs consultant for America's Natural Gas Alliance.

But, he insisted the industry increasingly is “using less to get more” by switching to gels as an alternative to 'slick' frack fluid and looking to water treatment and recycling technologies that allow treatment and reuse at the drill site. The latter eliminates the need for outgoing trucks to haul wastewater and reduces the need for fresh water supplies.

“This allows,” Homer said, “for 100 percent reuse and many of the barrels of water can be reused over 100 times when properly recycled.”

Already well water volumes have dropped by one third in the Eagle Ford Shale in the four years the formation has been in play, he noted.

Energy Resources Committee Chairman Jim Keffer (R-Eastland) warned the companies that water is going to be a “huge issue” in the next legislative session and suggested they get busy explaining their operations to policymakers.

He called it a “huge misstep” and “miscalculation” by the oil and gas industry to refuse to be interviewed for the 2010 documentary *Gasland*, which aired on HBO, and which the industry has tried to debunk ever since.

“The facts need to be there. Not emotion and hyperbole and whatever,” Keffer added.

Teddy Carter, public affairs director for the Texas Independent Producers and Royalty Owners Association, said efforts to tie fracking to groundwater contamination are not finding as much foothold as they once did.

“Just because these short jabs at the industry don't hold water - pardon the pun - doesn't mean industry opponents aren't playing a long game,” he added.

Citing EPA investigations into “unfounded and premature” water contamination claims in Texas, Pennsylvania and Wyoming that turned out not to be caused by fracking, he said, “the damage caused is remedied with whispered recanting.”

Story continued on page 7...

“ENERGY AND WATER TALK” ... CONTINUED FROM PAGE 6

Combining those events with former EPA Region 6 Administrator Al Armendariz caught on video comparing enforcement strategies to Roman crucifixion, he added, "Whether you're a conspiracy theorist or not, it's difficult to deny the possibility of a long-play agenda whose aims go beyond the protection of our groundwater. "

He noted recent statements by Interior Secretary Ken Salazar suggesting that federal fracking regulations are needed to shore up gaps in insufficient state regulations, and protested that Texas regulations are sufficient.

"This state should not be required to cede authority to the federal government when we are handling our business appropriately. Such a shift would be devastating for oil and gas, not just in Texas but throughout the country," Carter said.

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RAILROAD COMMISSION SUNSET REVIEW UPDATE

In a public hearing held on Tuesday, June 26, 2012, Railroad Commission (RRC) Chairman Barry Smitherman provided an update on the upcoming Sunset review of the state agency. On August 2, 2012, Sunset staff will meet with RRC staff to discuss proposed changes for the agency. Among the items to be considered, Chairman Smitherman announced that during that future meeting, he would like to propose the RRC's enforcement team become its own division, reporting directly to the executive director. Accordingly, this would cause modifications in the agency's organizational chart.

"I agree this is something we should give serious consideration to," commented Commissioner David Porter. "We consider that an extremely important function and valuable process and part of the agency."

Additionally, Chairman Smitherman announced that he would like to see revisions made to the RRC's revolving door policy, in efforts to hold current and former employees to the highest ethical standards that are consistent with the statute and regulations.

"I've been working with the staff to develop new guidelines to be certain that current and former employees remain well within the law regarding our revolving door statute, and in the next conference I will propose those for consideration," said Chairman Smitherman.



COASTAL PROTECTION FEE TO BE TEMPORARILY SUSPENDED

Effective July 1, 2012, the Texas Comptroller of Public Accounts will temporarily suspend the Coastal Protection Fee. For the first time in at least seven years, no fee will be collected or required to be paid on crude oil that is transferred to or from a marine terminal on or after July 1, 2012, or until notice of the reinstatement of the fee is published in the Texas Register.

The balance of the account reached its statutory ceiling of \$20 million after exceeding the maximum amount allowed by state law.

“TRUTHLAND” DOCUMENTARY SHARES THE REAL FACTS OF OIL AND GAS DEVELOPMENT

A new documentary is taking aim on “Gasland,” hoping to educate the public with the real facts on oil and gas development in America. Titled “Truthland,” the movie follows a teacher from rural Northeast Pennsylvania named Shelly on her search for answers on hydraulic fracturing and domestic development of shale plays.

"When we were told we could have natural gas under our farm, we felt very blessed," said Shelly. "But that excitement was tempered somewhat by the negative stories we had heard about hydraulic fracturing. Then came 'Gasland,' and that made it even tougher to determine what the truth really was. Well, the science teacher in me had questions, and I owed it to my family to go out and find out what was real. To get our questions answered, I knew I needed to go where the experts were. And so, that's exactly what I did."

Set to be screened this summer at 35 different stops stretching across more than a dozen states, “Truthland” strives to set the record straight and debunk many of the allegations originally presented in “Gasland.” Over a dozen energy and environmental experts in six states are featured in the film, including university professors, scientists, engineers, state and federal lawmakers, farmers and property owners. These experts discuss the technological process

"My biggest disappointment in 'Gasland' was that basically a guy that doesn't understand the industry at all goes and tells a story, which truly is a story, with a lot of it fiction and people falling into it," explained Gary Hanson, an LSU Shreveport hydrologist, in the film. "It really disturbs me the things that he (Gasland Director Josh Fox) misrepresents. The misrepresentation was terrible."

Neither Shelly nor any of the experts who appear in the movie were compensated for their participation. The movie was produced by Energy In Depth in coordination with the Independent Petroleum Association of America (IPAA), with all costs associated with production underwritten by the oil and gas industry.

Watch the 34-minute documentary for free online by visiting www.truthlandmovie.com. The website also features extended, unedited interviews with the experts and additional information on the hydraulic fracturing process.

Happy 66th Anniversary TIPRO!

--From our family to yours



BOPCO, L.P.



A BASS LEGACY COMPANY



**Texas Independent
Producers &
Royalty Owners
Association**

With more than 2,500 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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