



**Texas
Independent
Producers and
Royalty Owners
Association**

STATE REGULATORY AGENCIES PARTNER TO ENSURE RELIABLE ELECTRIC GENERATION FOR TEXANS THIS SUMMER

As Texas braces for another hot summer, state regulators are hoping to take proactive action to ensure adequate electric generation in the coming months to satisfy power needs for Texans during times of peak demand. On June 25, 2018, the Texas Railroad Commission (RRC) and the Public Utility Commission (PUC) issued a notice to natural gas pipeline operators and electric generation plant operators in the Lone Star State, encouraging operators to work together to maintain availability of pipeline transmission capacity during the summer months. In the notice, RRC Chairman Christi Craddick and PUC Chairman DeAnn Walker cite concerns over possible fuel disruptions for natural gas power plants due to scheduled maintenance on pipelines. During the required tests, pipelines are unable to deliver natural gas, which fuels electric generation plants across Texas. As a result, Craddick and Walker are calling on stakeholders to work with the RRC's Oversight and Safety Division to schedule required pipeline testing outside of peak demand months.

"Pipeline safety is one of the most important areas we regulate at the RRC," Chairman Craddick said. "Integrity testing of gas transmission pipelines is a critical part of our safety requirements and should be scheduled to maximize operational availability. We must all work together to make sure the citizens of Texas are able to keep their air conditioning running, fans blowing, and lights on during the hot Texas summer."

"Gas fired electric generation plants make up nearly 40 percent of our ERCOT's electric generation, so we need to be sure they are online during times of peak demand," added Chairman Walker. "With our state's robust economy and growing population, demand is higher than ever. Therefore, teamwork is the key to a successful summer for all Texans."

According to the RRC and PUC, agency staff are monitoring electric generation needs during peak demand months and assisting with necessary coordination of pipeline transmission capacity to best ensure natural gas availability for electric generation facilities.

NEW USGS ASSESSMENT ESTIMATES VAST RESERVES FOR SOUTH TEXAS' EAGLE FORD GROUP

"Texas is so well-known for its history of oil and gas production that it's almost synonymous with petroleum. Texas continues to remain in the forefront of our nation's energy supply chain with remarkable increases in production and reserves due to the revolutionary unconventional techniques used to release previously unrecoverable resources."

-- Dr. Jim Reilly, USGS Director

A new assessment released June 22nd by the United States Geologic Survey (USGS) is offering greater insight on the undiscovered, technically recoverable hydrocarbon resources available within the Eagle Ford Group of Texas. The Eagle Ford Group, a series of oil and gas accumulations stretching across South Texas, contains estimated means of 8.5 billion barrels of oil, 66 trillion cubic feet of natural gas, and 1.9 billion barrels of natural gas liquids, according to the USGS.

Comprised of seven continuous assessment units, the Eagle Ford Group "contains one of the most prolific accumulations of oil and gas in the United States," says USGS in its study. In fact, the latest findings place the Eagle Ford Group in the top five USGS assessment results for mean continuous oil and gas resources. "This assessment is a bit different than previous ones, because it ranks in the top five of assessments we've done of continuous resources for both oil and gas," commented USGS scientist Kate Whidden, lead author for the assessment. "Usually, formations produce primarily oil or gas, but the Eagle Ford is rich in both."

To view additional details, including download the USGS assessment, TIPRO members may visit energy.usgs.gov.

OPEC AGREES TO RAISE PRODUCTION OUTPUT

Members of the Organization of Petroleum Exporting Countries (OPEC) struck a deal Friday, June 22nd to increase oil production by nearly a million barrels a day, in attempts to bring stability back into global markets. The decision marks the first time in 18 months that the oil cartel has formally boosted output, after agreeing in 2016 to cap its overall production.

U.S. President Donald Trump had been pressuring OPEC to increase its oil supply levels to alleviate pressure on higher oil prices. Ahead of OPEC's decision, the president tweeted in a message to Twitter, "Hope OPEC will increase output substantially. Need to keep prices down!"

PRESIDENT'S MESSAGE

TIPRO Members,

Last week, the Arlington City Council voted unanimously to set the minimum reciprocal setback distance of 300 feet for residential development in proximity to gas wells.

When TIPRO first learned of the proposed ordinance passed by the Planning and Zoning Commission a few weeks ago, it was expressed to the public that the ordinance was an effort to prevent future encroachment of residential structures on gas well drilling sites. TIPRO commended the city for being forward-thinking at a time when the production of oil and natural gas in Texas continues to grow seemingly commensurate with the growth in population in areas like Arlington.

While TIPRO supported the requirement that no new residential structure may be built within 300' of an existing gas well site, we expressed strong opposition to some of the other provisions of the original proposed ordinance, namely the requirement that new Special Use Permit (SUP) applicants for gas well drilling be required to own the surface property within a 300' radius of the proposed drill zone.

TIPRO attended work sessions and a city council hearing in Arlington in recent weeks to meet with council members to express our opposition to the ordinance and explain the negative impact such requirements would present on our members' ability to operate and develop assets in the Barnett Shale, as well as the corresponding legal ramifications if this ordinance were to be adopted.

Based on TIPRO's regular interaction with council members and city staff, and strong communication from local operators, the onerous provisions in the original proposal were eliminated and in mid-June, the council advanced an ordinance that accomplished their goals without causing an unnecessary burden for operators or adopting a regulation that conflicted with state law. We commend the City of Arlington for working with all stakeholders on common sense, science based regulations that support the responsible development of oil and natural gas and the communities in which they operate.

Thank you,
Ed Longanecker



Ed Longanecker

TIPRO HOSTS MEETING WITH EPA OVER PRODUCED WATER STUDY

On Tuesday, June 19, TIPRO hosted representatives from the U.S. Environmental Protection Agency (EPA) to discuss a produced water study proposed by the agency. Members of the association joined the discussion in person and by phone to engage with the EPA on the subject, which was a lengthy and fruitful review of the challenges faced by the industry in dealing with disposal wells, produced water reuse/recycling, and other forms of produced water disposal such as surface discharge. Although the study is somewhat small in scope, TIPRO will continue working with our members and delegates from the EPA to help them understand the significant regulatory and economic issues that exist when dealing with produced water use/reuse.

GOVERNOR ABBOTT PRESSES PRESIDENT TRUMP TO RECONSIDER STEEL AND ALUMINUM TARIFFS

In a letter sent Thursday, June 28th to President Donald Trump, Texas Governor Greg Abbott asked the president to reconsider new tariffs being imposed on steel and aluminum imports that threaten to limit future economic growth in Texas. In his outreach to the president, Governor Abbott referenced the impact such tariffs pose to the oil and gas industry, along with other American business sectors. "According to U.S. Census data, Texas accounted for more than \$8.3 billion in steel and aluminum imports last year, which is more than double any other state. These steel and aluminum imports are crucial for the construction and maintenance of drilling wells, pipelines, and other infrastructure that are the backbone of our oil and gas industry. The construction of significant portions of this infrastructure depends on certain types of steel for which there is no U.S. manufacturer, and industry experts estimate that the new tariffs will dramatically increase the costs of completing wells in shale formations and building more LNG production lines," Abbott explained.

TIPRO President Ed Longanecker praised Governor Abbott for his support of Texas businesses being adversely affected by the Trump Administration's tariffs on steel and aluminum imports. In a statement, Longanecker said, "As the leading producer of oil and natural gas in the country, operators in the state of Texas will continue to see a significant increase in the cost for material used in exploration and production activities, including Oil Country Tubular Goods (OCTG) and Line Pipe (LP), until the tariffs are removed. We join Governor Abbott in calling on the president to discontinue the levies against steel and aluminum imports."

TIPRO Calendar of Events

JULY 11, 2018 HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.	AUGUST 8, 2018 HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.	AUGUST 8-9, 2018 SAN ANTONIO — TIPRO 2018 Summer Conference, Hyatt Hill Country Resort. For info, call: (512) 477-4452.	AUGUST 15-16, 2018 HOUSTON — Summer NAPE Expo, George R. Brown Convention Center. For info, call: (817) 847-7700.
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RAILROAD COMMISSION WITHDRAWS PROPOSED CHANGES TO SWR 3.52 AND 3.53

During the June 19th Railroad Commission Open Meeting, the three Railroad Commissioners voted unanimously to withdraw proposed amendments to testing requirements for oil wells under Statewide Rules 3.52 and 3.53. This past spring, the agency had considered adjusting requirements to allow operators to elect not to perform or file a production capability test for a well after the initial test was filed, except in certain circumstances. This rule change also included revisions to Form W-10, the Oil Well Status Report. However, upon receiving public comment, the commissioners have agreed to pull the proposal after stakeholders presented concerns over the regulatory changes, including the potential loss of data to producers and mineral owners.

RRC TO REQUIRE OPERATORS TO FILE WELL LOGS ELECTRONICALLY BEGINNING SEPT. 1ST

In a notice sent June 27th to oil and gas operators in Texas, the Railroad Commission (RRC) has advised that beginning September 1, 2018, operators will be required to use the commission's Digital Well Log Submission application available through the RRC Online System to electronically file well logs with the agency. The updated requirement follows Statewide Rule 16 (16 Texas Administrative Code §3.16), as amended effective April 28, 2015, which provides that "each electric log must be filed with the commission electronically in a manner acceptable to the commission if the commission has the technological capability to receive the electronic filing." Therefore, the agency is implementing new standards for filing digital well logs electronically. In doing so, the commission says, "the elimination of paper logs is reducing costs to operators and the commission's Oil and Gas Division by reducing staff time spent converting paper logs into an acceptable digital form."

The RRC Online System for filing digital well logs can be found at <http://webapps.rrc.state.tx.us/dwl/>. Operators will be able to file electronic well log data digitally in both Log ASCII Standard (.LAS) and Tagged Image File Format (.TIFF). For additional information on the RRC Online System, visit <https://bit.ly/2MsuJJP>.

To view the commission's complete notice distributed to operators, please see <https://bit.ly/2KqnMEO>.

TEXAS SENATOR CARLOS URESTI RESIGNS FROM OFFICE

State Senator Carlos Uresti (D-San Antonio) resigned from his seat in the Texas Legislature last week, days before the politician was sentenced to 12 years in prison in federal court after being convicted of 11 felonies earlier this year. "After 22 years of public service to the great state of Texas - both as the state representative for District 118 and the state senator for District 19, I formally announce my resignation as state senator effective June 21, 2018," Uresti wrote in a statement released Monday, June 18. "As you know, I am in the process of ensuring that justice is served... I need to attend to my personal matters and properly care for my family. So, keeping in mind the best interests of my constituents and my family, I believe it to be most prudent that I step down from my elected office to focus on these important issues." Following the announcement of the guilty verdicts against Senator Uresti this past February, Lt. Governor Dan Patrick had already stripped Uresti of his roles on Senate legislative committees. "As lieutenant governor, I do not have the authority to remove Senator Uresti from the Texas Senate but I have notified his office that he will be relieved of his committee assignments, effective immediately," Patrick had said in late February.

Texas Governor Greg Abbott has since ordered an emergency special election in Senate District 19 for Tuesday, July 31, 2018, for the purpose of electing a state senator to serve out the unexpired term of Senator Carlos Uresti. "The indictment and ultimate conviction of Senator Uresti for fraud and money laundering has already left District 19 without effective representation in the Texas Senate for over a year," said Governor Abbott. "With the 86th Legislative Session approaching, and ongoing interim legislative committee hearings, it is imperative to fill this vacancy to ensure that Senate District 19 is fully represented as soon as possible."

With the filing deadline for the special election having passed on Monday, June 25, eight candidates submitted applications in the contest to fill Uresti's open seat in the Senate, including Uresti's brother Tomas Uresti. Among the eight total candidates who filed, four are Democrats, three are Republicans and one is Libertarian.

LBB DIRECTS STATE AGENCIES TO OFFER BUDGET PROPOSALS SHOWING 10 PERCENT CUTS

The Texas Legislative Budget Board (LBB) in June called on leaders of state agencies to begin evaluating funding needs as the state starts work on the 2020-21 biennial budget in preparation of the 86th Legislative Session. Agency heads are being asked to prepare a baseline request for General Revenue Funds and General Revenue-Dedicated Funds, which may not exceed the sum of amounts expended in fiscal year 2018 and budgeted in fiscal year 2019. Further, agencies must also submit a supplemental schedule to the LBB detailing opportunities to slash spending by an additional 10 percent (in 2.5 percent increments) in General Revenue and General Revenue Dedicated Funds. "It is imperative that every state agency engage in a thorough review of each program and budget strategy and determine the value of each dollar spent," reads the memorandum issued by the LBB on June 22, 2018. "While the state's economic landscape is positive and a balance is projected to accrue in the treasury, agencies are directed to be vigilant in their spending and continue to be responsible stewards of state resources."

A spokesman for the LBB said the referenced 10 percent budget reductions appeal to a "hypothetical scenario" and are supplemental to primary funding requests for state agencies. Such requests for reduced budgets are a "routine part of the process."

TRUMP ADMINISTRATION FLOATS PLANS TO OVERHAUL EXECUTIVE BRANCH

As part of broad efforts by President Trump to reorganize the federal government, new details have been released by the White House on how the administration is hoping to restructure the executive branch. At a cabinet meeting on Thursday, June 21, officials described the plans as helping to achieve goals of “draining the swamp,” and modernizing the federal government.

The sweeping proposal would combine regulatory responsibilities for several agencies, and would consolidate several environmental programs that are currently divided among different agencies. Specifically, under the plan, the Department of Interior would gain the Commerce Department’s National Marine Fisheries Service (NMFS) and aspects of the Army Corps of Engineers Civil Works, while transferring some environmental cleanup programs to the Environmental Protection Agency (EPA). Additionally, functions handled by NMFS would be merged under the U.S. Fish & Wildlife Service (USFWS) branch. “President Trump is a businessman who knows that an effective operation needs to be organized for success, which is exactly why he is leading this commonsense reorganization of the executive branch,” said U.S. Secretary of the Interior Ryan Zinke. “By merging agencies that handle similar, if not the same, functions we would be able to greatly improve services to the American people and better protect the land and wildlife under our care.”

A majority of the proposed reorganization plans would require congressional approval prior to implementation. To download a copy of the administration’s “Reform Plan and Reorganization Recommendations,” visit <https://bit.ly/2Iaz5M6>.

EPA, U.S. ARMY CORPS SEND PROPOSED WOTUS REWRITE TO WHITE HOUSE FOR REVIEW

Since last year, the Trump Administration has been working to rescind the 2015 “waters of the United States” (WOTUS) policy, and instead looking to replace the rule that defines federal waters under the Clean Water Act (CWA). On June 15, 2018, the Environmental Protection Agency (EPA) and Department of the Army (Army) announced they have submitted a redefined WOTUS proposal to the Office of Management and Budget (OMB) for interagency review, moving the process one step further along. The agencies will issue the proposal for public comment after the interagency review process is complete.

“Farmers, ranchers, landowners, and other stakeholders are counting on EPA to listen to their input when it comes to defining ‘waters of the United States,’” remarked EPA Administrator Scott Pruitt. “Today, we are taking an important step toward issuing a new WOTUS definition and answering President Trump’s call to ensure that our waters are kept free from pollution, while promoting economic growth, minimizing regulatory uncertainty, and showing due regard for the roles of the federal government and the states under the statutory framework of the Clean Water Act.”

MIDLAND CITY COUNCIL APPROVES AMENDMENTS TO HISTORIC PIONEER WATER DEAL

On Tuesday, June 19, the Midland City Council signed off on amendments to its contract with Pioneer Water Management, a wholly owned subsidiary of Pioneer Natural Resources, which will accommodate additional resources needed to cover increased costs for labor, construction and other design improvements for the city’s wastewater treatment plant. The partnership between the city and Pioneer, struck in 2016, will provide Pioneer reclaimed water from the plant for reuse in oil and gas development in return for its backing of upgrades to the city’s water infrastructure. “This agreement represents a significant milestone for the city of Midland. With approval of these amendments, construction can begin,” Midland City Councilman Spencer Robnett said last week. “We are fortunate to have responsible and dedicated corporate partners in Midland; Pioneer is a shining example of that,” he added.

Tim Dove, president and CEO of Pioneer Natural Resources, commented, “We recognize one of the best things we can do for Midland is limit the need for freshwater in our operations, and thanks to this innovative partnership we have created an affordable, reliable, long-term source of water for Pioneer while at the same time providing the city with necessary infrastructure upgrades.”

The recently adopted contractual amendments detail the terms and costs for engineering, procurement and construction for upgrades to Midland’s water management system, which had changed since the initial approval of the contract.

TIPRO’S SUMMER MEETING IS JUST AROUND THE CORNER -- REGISTER TODAY TO ATTEND!

This August, TIPRO will return to San Antonio for the association’s annual Summer Conference! The association’s two-day meeting will be held August 8-9 at San Antonio’s Hyatt Hill Country Resort, bringing together TIPRO members, industry leaders, and government officials. The conference will begin with a member reception on the evening of August 8, followed by a full day speaker lineup on August 9th and will conclude with TIPRO’s Chairman’s Dinner, the Mr. TIPRO Award Ceremony and Casino Night later that evening.

During the conference, the association is pleased to announce Texas Secretary of State Rolando Pablos will join TIPRO members to review Texas’ strategic partnership with Mexico, and discuss ongoing negotiations of the North American Free Trade Agreement (NAFTA). Mike Howard, chairman and CEO of Howard Energy Partners, also will speak at TIPRO’s conference on midstream trends and challenges, an increasing issue of importance as oil and gas producers in Texas face growing pipeline constraints, particularly in the Permian Basin. Other presenters at TIPRO’s Summer Conference will preview the upcoming 86th Texas Legislative Session, share relevant state and federal oil and gas regulatory updates, discuss fall-out from the Trump Administration’s steel and aluminum tariffs, and highlight other priorities for Texas independents and royalty owners.

Make your plans today to participate in TIPRO’s 2018 conference on August 8-9 at the Hyatt Hill Country Resort! Please see registration and sponsorship information on the pages that follow, or visit TIPRO’s website at www.tipro.org for additional conference details.



TIPRO Summer Conference Registration Form

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



REGISTRATION FEES:

MEMBER FEES:

(Includes all conference sessions and meals)

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

CHILDREN:

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

NON-MEMBER FEES:

(Includes all conference sessions and meals)

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

CHILDREN:

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

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

ATTENDEE INFORMATION:

Attendee Name: _____ Registered Spouse: _____

Company: _____

Address: _____

Email Address: _____

Phone: _____ Fax: _____

Children's Names: _____

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

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

PAYMENT:

Total: \$ _____

Method of payment (please check desired option):

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



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

Name _____ Company _____

Phone Number _____ Credit Card Number _____ Exp. Date _____

Billing Address _____ Security Code _____ Signature _____

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

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



TIPRO Summer Conference Sponsorship Opportunities

GOLD | \$6,000

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

SILVER | \$3,500

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

BRONZE | \$2,000

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

GIVE-AWAY ITEM SPONSORSHIPS:

Each sponsorship below includes 1 complimentary meeting registration badge and company logo printed on item that will be distributed to attendees at the TIPRO conference.

TOTE BAG SPONSOR | \$2,500

TUMBLER WATER BOTTLE SPONSOR | \$2,500

LANYARD SPONSOR | \$1,500

OTHER SPONSORSHIP OPPORTUNITIES:

HOSPITALITY SUITE SPONSOR | \$2,500

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

AMENITY SPONSOR | \$1,500

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



**To sign up to sponsor TIPRO's 2018 Summer Conference,
please fill out and return the form on the following page.**

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

Sponsor Registration Form

SPONSORSHIP LEVELS

PLEASE CHECK DESIRED SPONSORSHIP CHOICE

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

ADDITIONAL SPONSORSHIPS

PLEASE CHECK DESIRED SPONSORSHIP CHOICE

- ☐ HOSPITALITY SUITE SPONSOR | \$2,500
☐ TOTE BAG SPONSOR | \$2,500
☐ TUMBLER SPONSOR | \$2,500
☐ AMENITY SPONSOR | \$1,500
☐ LANYARD SPONSOR | \$1,500

ATTENDEE INFORMATION

BADGE 1:

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



BADGE 2:

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

BADGE 3:

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

PAYMENT INFORMATION

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

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

Forms must be accompanied by payment.



Reserve your hotel accommodations today at San Antonio's Hyatt Hill Country Resort for TIPRO's 2018 Summer Conference. Please call (210) 647-1234 to book your hotel room for the TIPRO Summer Meeting on August 8-9!



THE TIPRO TARGET



Texas Independent Producers & Royalty Owners Association

With nearly 3,000 members, TIPRO is the nation's largest statewide association representing both independent producers and royalty owners. Our members include small family-owned companies, the largest publicly traded independents and large and small mineral estates and trusts.

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