



Texas

**Independent
Producers and
Royalty Owners
Association**

TEXAS LIEUTENANT GOVERNOR, STATE LAWMAKERS PRESENT AT TIPRO'S ANNUAL CONVENTION

On March 2-3, 2015, TIPRO proudly hosted state and federal officials, energy regulators and industry experts, as well as members of the association, in conjunction with TIPRO's 69th Annual Convention in Austin, Texas. The event kicked off on the afternoon of March 2nd with remarks from General Land Commissioner George P. Bush, who detailed the impressive growth of the Permanent School Fund in recent years, thanks to surging oil and gas development on state owned lands in West Texas. "This past year, we were proud to announce that we generated over \$1.2 billion for the first time in one single fiscal year thanks to oil and gas producers who entered into leases on public lands." With record levels of income pouring into the fund, Commissioner Bush explained there is now additional revenue available to help pay for public education in Texas.

At the TIPRO Convention, U.S. Congressman Bill Flores also presented, talking on the importance of implementing a federal energy strategy that allows for continued exploration and production of domestic resources.

Later, Carlos Rubinstein, chair of the Texas Water Development Board (TWDB), gave an overview of the State Water Plan and the State Water Implementation Fund for Texas, commonly known as SWIFT. SWIFT was created in 2013 by the Texas Legislature and approved by Texas voters to provide affordable, ongoing state financial assistance for projects in the State Water Plan. Chairman Rubinstein highlighted the types of projects that will be prioritized through the SWIFT, including those that help support water conservation and reuse as well as those projects which will serve rural communities and agricultural needs.

As part of the convention's political outlook panel, Ross Ramsey with the *Texas Tribune* and Harvey Kronberg of *The Quorum Report* then discussed priority issues for lawmakers during the 84th Legislative Session, and speculated on how leaders from the House and Senate might vote on popular bills this session.

Ed Hirs, managing director for Hillhouse Resources, concluded the day's presentations with an economic outlook, gauging some of the challenges and solutions facing the U.S. oil and gas industry with respect to global market conditions.

That evening, attendees of the convention were joined by state legislators and members of their staff for TIPRO's Legislative Reception.

The next day, on Tuesday, March 3, TIPRO hosted a membership breakfast and meet-and-greet with Lori Wrotenbery, director of the oil and gas division at the Texas Railroad Commission. House Energy Resources Chairman Drew Darby, House Energy Resources Vice Chairman Chris Paddie then participated in the State Issues Panel, illuminating current statewide issues which could impact independent producers and royalty owners in Texas in the next couple of years, including water, tax cuts and local control issues.

Additionally, Mark Truax, senior manager for Pac/West Communications, updated attendees on public perception of hydraulic fracturing. Truax described grassroots campaigns which have been utilized in the last couple years to educate the public on oil and gas development in the U.S.

As part of the 69th Annual Convention, TIPRO also conducted more than 30 legislative office visits to reinforce priority issues and highlight the many positive contributions of the Texas oil and natural gas industry. TIPRO meetings included House Speaker Joe Straus, Representatives Phil King, Drew Darby, Lyle Larson, Trent Ashby, Chris Paddie, Brooks Landgraf, Cecil Bell Jr., Tony Dale, Eddie Lucio III, Morgan Meyer and staff members for Lieutenant Governor Dan Patrick, Senator Craig Estes, the Senate Natural Resources Committee, Representative Jim Keffer, Senator Kevin Eltife and Senator Carlos Uresti.

That evening, at the Chairman's Dinner, Lieutenant Governor Dan Patrick provided remarks on energy issues which are being discussed at the state capitol.

The association also honored state Senator Kel Seliger at the Chairman's Dinner with the Hats Off Award, TIPRO's highest award which recognizes those who make significant contributions for the organization, as well as the entire oil and gas industry.

TIPRO would like to thank all attendees and sponsors of the association's 69th Annual Convention for their support and participation!

For more coverage, see pages 6-7...



PRESIDENT'S MESSAGE

TIPRO Members -

Earlier this week, House Energy Resources Chair Drew Darby filed House Bill 40, an important piece of legislation which strives to address the ongoing issue of local control. As we have seen in a handful of cities across the state of Texas, including the North Texas city of Denton, municipal governments are attempting to enact ordinances which take aim on oil and gas development. Oftentimes, these initiatives are spearheaded through campaigns by environmental activist organizations, as opposed to community residents. As Texas Governor Greg Abbott recently pointed out, gone unchecked, this patchwork quilt of bans, rules and regulations erodes the Texas model... we cannot allow unchecked overregulation by cities to turn the Texas miracle into the California nightmare.

House Bill 40, and its companion Senate Bill 1165, will still preserve local authority; however, it will confirm the state's role in regulation by expressing that municipalities may not regulate aspects of oil and gas activity that are already under the exclusive jurisdiction of the state.

As the legislation reads, "Laws and policy of this state have fostered successful development of oil and gas resources in concert with the growth of healthy and economically vibrant communities for over 100 years. The legislature recognizes that in order to continue this prosperity and the efficient management of a key industry in this state it is in the state's interest to explicitly confirm the authority for regulation of oil and gas activities within the state."

Consequently, under the policy, a municipality is not authorized to enact, amend, or enforce an ordinance otherwise preempted by state or federal law. House Bill 40 and Senate Bill 1165 also would require any local ordinance to be "commercially reasonable," defined as a condition that permits a reasonably prudent operator to fully, effectively, and economically exploit, develop, produce, process, and transport oil and gas. This means that a municipality may not effectively prohibit oil and gas operations.

The act would take effect immediately if it receives a vote of two-thirds of all the members elected to each house. If it does not receive the vote necessary for immediate effect, the legislation would go into effect on September 1, 2015.

TIPRO would like to thank Chairman Darby for his leadership on this issue, as well as extend our appreciation to all of the bill authors, which includes: Representatives Phil King, Jim Keffer, Senfronia Thompson and Rene Oliveira, as well as Senators Troy Fraser, Eddie Lucio, Jr., Kevin Eltife, Kel Seliger and Donna Campbell.

TIPRO actively supports House Bill 40 and Senate Bill 1165, as well as all general efforts by the Texas legislature to better define local control, protect state regulated business practices and prevent a patchwork of onerous regulations that infringe on property rights and negatively impact our state economy. Sensible regulations and responsible oil and gas development co-exist across our state and have proven to be a winning combination to keep families and workers safe, hundreds of thousands of Texans employed, energy affordable, and our economy strong.

Sincerely,




Ed Longanecker

UPDATE: JUDGE MOVES DENTON FRACING BAN LAWSUIT TO DENTON COUNTY

The General Land Office's lawsuit challenging Denton's hydraulic fracturing ban will be considered in Denton County, after a judge granted a request to move the case from Travis County, where the lawsuit was originally filed last November. Attorneys for the city of Denton had argued that the lawsuit should be heard in a local court, prompting the request of transfer to Denton County.

The General Land Office is seeking a permanent injunction on Denton's hydraulic fracturing ban, maintaining that the ban is unconstitutional. The agency argues that the hydraulic fracturing prohibition is in violation of Article I, Section 16 of the Texas Constitution, because it prohibits the Land Commissioner from performing his duties, who is constitutionally charged with the solemn fiduciary obligation to maximize revenues from leasing public school lands. Also, according to Texas law, no home-rule ordinance shall contain any provision inconsistent with the general laws enacted by the Texas legislature. Moreover, the General Land Office states that the Denton hydraulic fracturing ban conflicts with state regulation and is preempted by state law.

TIPRO Calendar of Events

APRIL 8, 2015	MAY 13, 2015	JUNE 10, 2015	JULY 8, 2015
HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (832) 233-5502.	HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (832) 233-5502.	HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (832) 233-5502.	HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (832) 233-5502.

MORE THAN 100 TEXAS LEGISLATORS SUPPORT REPEAL OF U.S. CRUDE EXPORT BAN

On Monday, March 9, at the Texas capitol in Austin, the House Energy Resources and International Trade & Intergovernmental Affairs committees held a joint hearing to discuss crude oil and natural gas exports. During the hearing, state legislators reviewed existing federal oil and gas export policies, and considered House Concurrent Resolution 57, which urges the U.S. Congress to end the ban on crude oil exports. To date, over 100 Texas representatives have signed on to H.C.R. 57. The two legislative committees also discussed H.C.R. 63, which pushes for Congress to expedite natural gas exports.

“Congress should update our national trade policy to benefit Texas producers and consumers,” state Representative and House Energy Resources Committee Chair Drew Darby, R-San Angelo, said at Monday’s hearing.

The three commissioners from the Texas Railroad Commission also testified at the March 9th hearing, offering their support for changes to the U.S. trade policy. “The U.S. crude oil export ban that was put into place decades ago no longer makes sense in current times,” said Christi Craddick, chair of the Texas Railroad Commission. “While trade restrictions put a strain on this important American industry and threaten future oil production, expanding markets for U.S. crude oil will incentivize production and create a more vibrant energy sector.”

Meanwhile, Railroad Commissioner David Porter told lawmakers that lifting the crude export ban could help make U.S. oil prices more competitive. “Not being able to export into the international oil market with every other country in the world makes us subject to volatile OPEC prices. Currently, WTI crude is valued at around \$50 a barrel, while Brent prices are roughly \$60. That’s a 20 percent spread. With Texas producing about three million barrels per day (source: EIA), that’s about a billion dollar difference each month for our economy.”

“I applaud the Texas Legislature for recognizing the importance of lifting the oil export ban,” remarked Railroad Commissioner Ryan Sitton. “The growth in production in Texas and the United States over the last six years has dwarfed production in other countries. We are in a position to establish a new normal whereby we get beyond discussions of energy independence and focus our efforts on dominating global energy markets. To fully realize this opportunity, the United States needs a comprehensive energy plan; something we haven’t really ever had. That would include repealing the oil export ban, revising or eliminating the Jones Act and getting the Keystone Pipeline built. I fully support our state’s strong stance to make these energy policy changes a reality and allowing Texans to compete in a market free of government manipulation.”

H.C.R. 57 and H.C.R. 63 were left pending in committee, but could be voted on at a future hearing. On Tuesday, March 10, the Senate version of the resolution, Senate Concurrent Resolution 13, was passed by the Senate Committee on Natural Resources and Economic Development with a vote of 9-0.



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SENATE PASSES TRANSPORTATION FUNDING LEGISLATION

During the first week of March, the Texas Senate approved Senate Bill 5 and Senate Joint Resolution 5, just 37 business days into this legislative session. The two pieces of legislation, filed by Senators Robert Nichols and Jane Nelson, constitutionally dedicate a portion of the existing sales tax on new and used automobiles to the State Highway Fund, in efforts to provide the Texas Department of Transportation (TxDOT) a predictable revenue stream which they can use to implement long-range transportation plans across the state of Texas. Conservative forecasts for this revenue stream indicate this could generate approximately \$2 billion more annually for transportation infrastructure maintenance and development.

As the first bill to be passed during the 84th Legislative Session, the swift approval of SB 5 and SJR 5 by the Senate reinforces the legislature's commitment to road funding.

"I want to thank Senate Transportation Chair Robert Nichols for taking the lead on such an important issue that affects all Texans," said Texas Lieutenant Governor Dan Patrick. "The passage of S.B. 5 and S.J.R. 5 are the first substantive bills the Senate has pushed closer to implementation. Ending our reliance on debt and the diversions of existing gas tax revenue will help redirect additional sources of funding where they belong. Making transportation a top priority keeps the Senate in sync with Governor Abbott's emergency item and with what Texans expect their senators to do. With the energy and efficiency the Senate has demonstrated, we are one step closer to providing relief to our ailing transportation infrastructure. Let's keep moving Texas forward."

S.B. 5 and S.J.R. 5 now will be considered by members of the Texas House of Representatives. It is expected that the House will budget less funding for roads, based off of the House Appropriations Committee's proposal for transportation development.

LEGISLATORS AGAIN PUSH TO RENAME TEXAS RAILROAD COMMISSION

For the third consecutive session in a row, state lawmakers again this year will attempt to rename the Texas Railroad Commission to more accurately reflect the work of the agency. Two different bills propose two alternative names -- House Bill 224, authored by Representative Ryan Guillen (D-Rio Grande City), would change the name of the agency to the Texas Energy Resources Commission, while House Bill 1106, filed by Representative Larry Phillips (R-Sherman), goes for a shorter name, Texas Energy Commission.

Some argue that a name change is necessary for the Railroad Commission, as the agency actually is responsible for oversight of the energy industry - including oil and gas development - rather than railroads, as its name implies. Meanwhile, others say that there is no need to change the name of an agency that is known around the world for its energy regulation.

Both H.B. 224 and H.B. 1106 have been referred to the House Energy Resources Committee for consideration by lawmakers.

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LEGISLATIVE UPDATE FROM THE CAPITOL

On Wednesday, March 11, TIPRO's President Ed Longanecker testified before members of the House State Affairs Committee in support of House Bill 540, by Representative Phil King, relating to the submission to the attorney general of a petition proposing the enactment or repeal of a municipal ordinance.

To date, there have been 60 bills filed in the legislature under the oil and gas subject index. Altogether, there is a total of 4,333 bills which have been filed in the Texas House, and 1,622 filed in the Senate. The deadline for bill filing is this Friday, March 13th.

Below are some of the pertinent bills which TIPRO is currently tracking:

- House Bill 1972, by Representative Jim Keffer, relates to certain exemptions from the requirement to obtain a permit from a groundwater conservation district.
- House Bill 2132, authored by Representative Tom Craddick, also clarifies groundwater permit exemptions for water wells used in oil and gas production. It would require owners or operators of a water well for oil and gas to comply with groundwater rules.
- House Bill 2230, filed by Representative Lyle Larson, relates to the authority of the Texas Commission on Environmental Quality to authorize an injection well used for oil and gas waste disposal to be used for the disposal of non-hazardous brine.
- House Bill 2236, authored by Representative Ramon Romero, pertains to the requirements for the casing and cementing of an oil or gas well.
- Senate Bill 951, by Senator Carlos Uresti, which addresses the allocation of oil and gas lease and royalty payments derived from land deeded to Texas counties for road purposes.

GOVERNOR ABBOTT APPOINTS RRC LEADERS TO SERVE ON NATIONAL ENERGY BOARDS

On February 24, 2015, Texas Governor Greg Abbott announced the appointment of Christi Craddick, chair of the Texas Railroad Commission, to serve as his designee to the Southern States Energy Board (SSEB). Created in 1960, the SSEB is an interstate compact organization, comprised of the governor and a legislator from each House and Senate of 16 southern states and two territories.

"I am honored to serve as Governor Abbott's designee to this vital organization," commented Chairman Craddick. "As attorney general and now as governor, he has long shared the vision that energy production is best regulated at the state level. As we work together, we will keep Texas and all states first in the responsible development of our nation's vast mineral reserves. State governing bodies have the most to gain by properly managing natural resources and economic activity and the most to lose from mismanagement. In Texas, we know that incentives for conservation and improving efficiency, rather than stifling technological development with excessive regulation, is the most effective tool of environmental stewardship. I look forward to sharing ideas with our fellow energy producing states as we continue to set the standard in regulating one of the most technologically advanced industries in the world."

Later that same week, Governor Abbott also announced the designation of Ryan Sitton, the 49th commissioner of the Railroad Commission, to serve as his designee to the Interstate Mining Compact Commission (IMCC) for a term to expire at the pleasure of the governor. The IMCC is a multi-state governmental organization representing natural resource and environmental protection interests with the purpose of advancing protection and restoration of land, water and other resources affected by the mining industry.

"I appreciate Governor Abbott's confidence in me to represent Texas in this very important role, and I look forward to working with our fellow member states on the IMCC," Commissioner Sitton said. "It is critical to the future of our state and our nation that we protect and manage our natural resources in ways that allow us to maximize their potential for economic opportunity, protect our environment and ensure these resources are available for generations to come."

Commissioner Sitton will take over the position for Railroad Commissioner David Porter, who honorably represents Texas on the Interstate Oil and Gas Compact Commission (IOGCC) and will now serve as the IOGCC's 2nd Vice Chairman.

"I've enjoyed representing Texas on the IMCC, and I know Ryan will serve Texas well as part of this important organization," said Commissioner Porter. "I look forward to continuing my service on the IOGCC representing and defending our state's interests."

TEXAS ADDS 20,000 JOBS, REMAINS ECONOMICALLY RESILIENT

The Texas workforce grew by over 20,000 jobs in January 2015, reports the Texas Workforce Commission (TWC), with growth in nine of 11 major industries. As a result, the state's seasonally adjusted unemployment rate fell to 4.4 percent in January down from 4.6 percent in December 2014. The Texas unemployment rate has been at or below the national rate for more than 96 consecutive months.

"This latest labor market data indicates that our state is approaching the 12 million jobs milestone, with 11,769,600 jobs now in Texas," said TWC Commissioner Representing Employers Hope Andrade. "Employers continue to propel Texas on a path paved with growth and innovation."

"The state of Texas is continuing to lead the nation in job growth by leveraging our state's greatest natural resource – the people of Texas who've developed an incredibly robust and resilient economy," commented Texas Governor Greg Abbott. "And while the January job numbers are a testament of the strength of Texas' economy, there is more we must do to boost our job market beyond our borders and compete on the global stage. By diversifying investments, streamlining regulations and reducing the business franchise tax, we will cultivate an even stronger, more effective economy where all Texans are afforded the opportunity to innovate and to prosper."

PHOTOS FROM TIPRO's 69TH ANNUAL CONVENTION



PHOTOS FROM TIPRO'S 69TH ANNUAL CONVENTION



FRACFOCUS DATABASE TO SEE MAJOR IMPROVEMENTS THIS YEAR

FracFocus, the nationwide database for disclosing chemicals used in the hydraulic fracturing process, will incorporate new functionalities and performance improvements in 2015. The coming release of improvements to FracFocus' system functionality were announced last month by the Ground Water Protection Council (GWPC) and Interstate Oil and Gas Compact Commission (IOGCC), joint venture partners in the FracFocus initiative.

Some of the new features for FracFocus include:

- Reducing the number of human errors in disclosures;
- Expanding the public's ability to search records;
- Providing public extraction of data in a "machine readable" format; and
- Updating educational information on chemical use, oil & gas production and potential environmental impacts.

There will also be an installation of new self-checking features in the system to help companies detect and correct possible errors before disclosures are submitted to FracFocus. This includes detecting errors related to Chemical Abstract Service numbers (CASRN's) to ensure they meet the proper format. Other features, such as pulldown menus and new search fields, will help the public's ability to locate information through the website.

According to FracFocus, improvements will continue the site's goal in providing highly accurate information about chemicals used in individual hydraulic fracturing operations. An additional dozen small improvements are also planned, in order to allow participating companies and the public to access data more efficiently.

Four years after the launch of FracFocus, the registry database continues to expand. With nearly 100,000 accessible disclosures and more than 1 million visitors to the site from 134 countries, FracFocus will continue to develop new capabilities and enhance functionality for public use.

In the state of Texas, operators are required to disclose chemical ingredients and water volumes used in hydraulic fracturing treatments through the FracFocus database, under Statewide Rule 29, Texas Administrative Code, Title 16, Part 1, §3.29. SWR 29, which went into effect February 2012, represents one of the nation's most comprehensive rules for disclosure of chemical ingredients used in hydraulic fracturing fluids. Prior to the rule's passage, many Texas operators conducting hydraulic fracturing were voluntarily entering data on hydraulic fracturing chemical ingredients into the FracFocus website.

STATE-FUNDED NATURAL GAS GRANTS PROVIDE SUBSTANTIAL ECONOMIC IMPACT FOR TEXAS

A new study released by the University of Texas at San Antonio's Institute for Economic Development shows three state grants supporting natural gas programs have helped to stimulate the Texas economy, and have successfully encouraged rising use of natural gas across the Lone Star State. The three grants, administered by the Texas Commission on Environmental Quality (TCEQ), include: the Clean Transportation Triangle (CTT), the Alternative Fueling Facilities Program (AFFP) and the Texas Natural Gas Vehicle Program (TNGVP).

According to the UTSA report, last year the three natural gas programs collectively generated \$128 million in economic impact, \$79.1 million in gross state product and helped to support 927 full-time jobs in 2014. The three grants, which totaled \$52.9 million, generated that impact through the construction of new natural gas fueling stations and the adoption of natural gas vehicles. The grants also had a positive economic impact the year prior, in 2013, generating approximately \$30.2 million in economic output and \$14.7 million in gross state product, in addition to supporting 132 full-time jobs.

"Our research shows that public investment in natural gas fueling stations and the vehicles they support is positively and significantly impacting the Texas economy by providing jobs and improving air quality for the state," said Tom Tunstall, director of research at the UTSA Institute of Economic Development.

"We all want to keep our economy strong and our air clean, and this study shows how the Texas Clean Transportation Triangle helps us do exactly that," said state Representative Jason Isaac (R-Dripping Springs). "That's why I filed House Bill 652 to block efforts of transferring state revenue away from the fund that supports the Triangle. We have a broad coalition, including Sierra Club, Texas Chemical Council, America's Natural Gas Alliance, Texas Association of Business, and the City of Austin, among others, which shows that this is an issue that transcends party lines."

Natural gas vehicles are the most popular alternative fuel vehicle choice in the state, according to data released by the Texas Railroad Commission. The commission estimates that more than 7,000 NGVs are currently in operation in Texas. And thanks to its lower carbon content, natural gas burns cleaner than gasoline or diesel fuels, offering added environmental benefits.

"Natural gas is generating big benefits for Texas," said Texas Railroad Commissioner David Porter. "By investing in programs like the Texas Clean Transportation Triangle and my Natural Gas Initiative to get more natural gas vehicles on Texas roads, we're supporting Texas jobs and keeping our economy strong. This study is a great reminder that when we use more Texas-produced natural gas to make vehicle fleets cleaner, we all benefit."

Economists from UTSA predict that the impact of the three grants will continue to skyrocket in the next three years, generating the following economic stimulus by the year 2018:

- \$484 million in total economic output;
- \$302 million gross state product; and
- 3,076 full-time jobs.

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LEGISLATION PUSHES FOR STATE FLEET CONVERSIONS TO NATURAL GAS

On Thursday, March 12, Lieutenant Governor Dan Patrick and Senator Carlos Uresti announced the filing of Senate Bill 12, legislation that will provide incentives for the conversion of state government vehicle fleets to cleaner-burning natural gas.

“This measure would encourage the conversion of state government vehicle fleets to cleaner-burning natural gas, making more use of a Texas product and at the same time reducing air pollution in our state,” remarked Senator Uresti. “Senate Bill 12 would use existing state revenue to provide financial incentives for state agencies, counties and cities to convert or replace vehicles to models that use less polluting alternative fuels. It also would expand a program to provide state grants to build and operate alternative fueling stations that are open to the public. It is the intent of this bill to require state agencies or entities that operate more than 15 vehicles to apply for grants to convert or replace vehicles to models that use compressed natural gas, liquefied natural gas, liquefied petroleum gas hydrogen fuel cells or electricity.”

TEXAS NATURAL GAS WORKSHOP TO BE HELD ON MARCH 26

Texas Railroad Commissioner David Porter will host a Natural Gas Workshop in Austin on Thursday, March 26, to help identify key issues, priorities and opportunities to expand natural gas usage in Texas. The natural gas workshop will consist of four stakeholder panels, with time for questions and discussion.

State Senator Judith Zaffirini, Representative Jason Isaac and other legislators will present at the workshop, along with fleet managers and E&P operators, who together will discuss opportunities to increase use of Texas natural gas. Dr. Ken Morgan, director of the Texas Christian University (TCU) Energy Institute, will moderate the panel discussions.

To learn more, and sign up for the workshop, visit: www.rrc.state.tx.us/alternative-fuels/public-education-and-outreach/events/texas-natural-gas-workshop/.

Since the fall of 2013, Commissioner Porter has led a series of natural gas workshops across the state, as part of his Natural Gas Initiative. Participants at the natural gas workshops and seminars have had the unique opportunity to engage experts in a dialogue regarding perceived barriers and opportunities associated with expanding demand for natural gas in Texas.

COLD WEATHER DRIVES DEMAND FOR NATURAL GAS

As part of the agency's short term outlook, the U.S. Energy Information Administration (EIA) reports that national inventory levels of natural gas dropped in February, following recent cold temperatures which affected much of the nation, resulting in a spike in demand. “As of February 27, natural gas working inventories totaled 1,710 Bcf, 492 Bcf (40 percent) above the level at the same time in 2014 and 143 Bcf (8 percent) below the previous five-year (2010-14) average for the week. Following the extremely cold weather last winter, inventories were 1,000 Bcf below the five-year average in mid-April 2014. After strong builds over the summer and weak draws during the early winter, natural gas working inventories briefly surpassed the five-year average in mid-February. However, recent cold temperatures have contributed to inventory levels falling back below the five-year average.”

Through the end of March, the EIA projects natural gas inventories will total 1,587 Bcf, close to the five-year average and 730 Bcf more than levels reported last year, at the end of March 2014.

PRESIDENT OBAMA VETOES KEYSTONE PIPELINE LEGISLATION

In a widely anticipated move, on Tuesday, February 24, President Barack Obama formally vetoed S. 1, the Keystone Pipeline legislation passed by Congress. “I am returning herewith without my approval S. 1, the ‘Keystone XL Pipeline Approval Act.’ Through this bill, the United States Congress attempts to circumvent longstanding and proven processes for determining whether or not building and operating a cross-border pipeline serves the national interest... Because this act of Congress conflicts with established executive branch procedures and cuts short thorough consideration of issues that could bear on our national interest -- including our security, safety, and environment -- it has earned my veto,” said President Obama in a prepared statement.

The President's decision on the Keystone legislation was met with criticism from members of Congress, who were hopeful the President would approve the bill and permit construction of the Keystone Pipeline.

House Speaker John Boehner commented, “For at least 42,000 Americans, according to the administration's own estimates, this project would mean the shot at a good-paying job and the ability to provide for their families. For all of us, it would mean stronger economic growth and a more stable and affordable energy supply to help protect against huge price spikes. With hardworking, middle-class families still struggling to get by, that should give the president plenty of cause to reconsider his veto threat and sign this bill into law.”

“It is very disappointing to see that President Obama has once again elected to put the priorities of radical environmentalists ahead of the needs and priorities of hardworking American families,” commented Congressman Bill Flores (R-Texas). “Rather than listening to the will of the American people, he let a political agenda stand in the way of a bipartisan bill that would generate thousands of jobs, economic growth and enhanced energy security for America. The president has given his veto pen to Washington insiders and special interest groups. Through this veto, the president is blocking domestic job creation and sending American jobs to China.”

Following the President's veto, the U.S. Senate was unable to garner enough support to override the President's veto of S. 1, the bipartisan Keystone XL infrastructure jobs bill.

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