



**Texas
Independent
Producers and
Royalty Owners
Association**

TIPRO WELCOMES NEW MANAGER OF GOVERNMENT AFFAIRS

The Texas Independent Producers & Royalty Owners Association (TIPRO) is excited to welcome aboard Servando Esparza as the organization's new manager of government affairs. Esparza holds extensive legislative experience, having worked in the Texas Senate for the past four legislative sessions.

Esparza began his work at the Legislature in 2007 as a Senator Gregory Luna Legislative Scholar in Senator Kip Averitt's office. From 2007 - 2010, he worked for state Senator Kip Averitt in the Senate Committee on Natural Resources Office, which has jurisdiction over the majority of oil and gas legislative issues. Later, during the 82nd and 83rd Legislative Sessions, Esparza worked for state Senator Leticia Van de Putte as a policy analyst. Most recently, he was director of special projects for Senator Van de Putte's race for Lieutenant Governor.

As the association's new manager of government and regulatory affairs, Esparza will be responsible for assisting with all legislative and regulatory advocacy efforts for TIPRO. He will also help to represent the association before various governmental stakeholders in Texas, including the Texas Legislature, the Railroad Commission and the Texas Commission on Environmental Quality.

"With the addition of Servando to our government affairs team, TIPRO is well positioned to continue to successfully advocate for our state's independent producers and royalty owners, especially leading into the next legislative session," said Ed Longanecker, president of TIPRO. "Now more than ever before, we remain committed to representing the Texas oil and gas industry, offering our membership an increased profile on the state legislative and regulatory levels."

HALLIBURTON TO ACQUIRE BAKER HUGHES

In what some are calling the deal of the decade, on Monday, November 17, 2014, oilfield service giant Halliburton Company announced a definitive agreement to acquire Baker Hughes Incorporated for \$34.6 billion.

"We are pleased to announce this combination with Baker Hughes, which will create a bellwether global oilfield services company and offer compelling benefits for the stockholders, customers and other stakeholders of Baker Hughes and Halliburton," said Dave Lesar, chairman and chief executive officer of Halliburton. "The transaction will combine the companies' product and service capabilities to deliver an unsurpassed depth and breadth of solutions to our customers, creating a Houston-based global oilfield services champion, manufacturing and exporting technologies, and creating jobs and serving customers around the globe."

According to Halliburton and Baker Hughes, on a pro-forma basis, the two combined companies had 2013 revenues of \$51.8 billion, more than 136,000 employees and operations in more than 80 countries around the world.

"This brings our stockholders a significant premium and the opportunity to own a meaningful share in a larger, more competitive global company," commented Martin Craighead, chairman and chief executive officer of Baker Hughes. "By combining two great companies that have delivered cutting-edge solutions to customers in the worldwide oil and gas industry for more than a century, we will create a new world of opportunities to advance the development of technologies for our customers. We envision a combined company capable of achieving opportunities that neither company would have realized as well – or as quickly – on its own, all while creating exciting new opportunities for employees."

Corporate executives from the two oilfield service companies say that following the merger, they will be able to provide a larger, more comprehensive suite of products and services to customers in virtually every oil and natural gas producing market in the world.

Lesar concluded, "We believe that the expertise of both companies' employees and leaders will be a competitive advantage for the combined company. Together with the people of Baker Hughes, we will establish a team to develop a detailed and thoughtful integration plan to make the post-closing transition as seamless, efficient and productive as possible. We look forward to welcoming the talented employees of Baker Hughes and are pleased they will be joining the Halliburton team."

HALLIBURTON



CHAIRMAN'S MESSAGE

TIPRO Members,

With the election now behind us, our attention shifts to the upcoming legislative session here in Texas, which will officially begin on Tuesday, January 13, 2015.

Starting last Monday, November 10, state representatives and senators began to pre-file bills to be considered by the 84th Legislature. As you might expect, those bills filed first are often the most high profile and consequently have a higher chance of receiving the attention of legislators.

To date, 491 bills have been pre-filed; 178 from the Senate and 313 from the House. Of those, six pertain to the oil and gas industry.

Ahead of the 84th Legislative Session, TIPRO's government affairs team is already hard at work identifying top priorities and developing best strategies for session. TIPRO is also preparing to meet one-on-one with our state's newly-elected freshmen legislators and their staffs.

True to the association's mission, TIPRO wants to ensure that going into the next session, our lawmakers understand the facts surrounding oil and gas development in the Lone Star State. In efforts to preserve the ability to explore and produce oil and natural gas, we need for all of Texas' policymakers to appreciate the energy industry, as well as recognize the critical economic support provided by our sector. As TIPRO recently reported in its "State of Energy" analysis, the oil and gas industry directly supports more than 400,000 jobs in Texas. Additionally, I should note that in fiscal year 2013, Texas oil and gas companies collectively paid a record \$13.6 billion in state and local taxes and royalty payments.

As oil and gas production levels continue to rise in Texas, state funds are directly benefiting, particularly through the ongoing expansion of the Economic Stabilization Fund, commonly referred to as the Rainy Day Fund. The Rainy Day Fund, which is fueled almost entirely by oil and natural gas severance taxes, has been tapped in years past to help pay for public schools and health care, amongst other important public services. With increasing E&P activity throughout Texas' shale plays, in the last few years alone, lawmakers have witnessed the state's revenue grow remarkably, which in turn has eased budgetary constraints.

Accordingly, last session, Texas legislators approved initiatives that directed appropriated funds towards two of the state's most pressing issues: water conservation and transportation infrastructure. With billions of dollars being used to finance these budgetary needs, which was generated by revenue from oil and gas severance taxes, all Texans were protected from a tax increase. We can expect a similar circumstance this coming session as well.

The Texas oil and gas industry continues to lead the country in employment and production. Undoubtedly, much of our success has been achieved thanks to the pro-business environment in the Lone Star State, as well as the sensible approach by our state officials from a legislative and regulatory perspective.

TIPRO members can be assured that in the coming weeks and months, our association will persist with efforts to educate Texas officials on oil and gas development, so that we may maintain our industry's prosperity in the coming years.

Sincerely,

Raymond James Welder III



Raymond James Welder III

GLENN HEGAR RESIGNS FROM TEXAS SENATE; SPECIAL ELECTION SET FOR OPEN SEAT



After having recently been elected to serve as the 25th Comptroller of Public Accounts for the state of Texas, on Friday, November 14, 2014, state Senator Glenn Hegar notified Governor Rick Perry of his intent to resign from the office of Senator for the 18th Senatorial District, effective Friday, December 5.

"I am extremely honored, humbled, and grateful to the citizens of Texas who have elected me as their next comptroller," Hegar said. "I extend my deep and profound gratitude to the constituents of Senate District 18 for allowing me to be their voice in the Texas Senate for the last eight years. Serving the citizens of Senate District 18 has been a tremendous honor, and I will always be grateful for the privilege to serve as a member of the Texas Legislature since 2003."

As a result, Texas Governor Rick Perry has since set Saturday, December 6, 2014, as the special election date to fill the open Senate seat vacated by Glenn Hegar. The early voting period for this special election will begin on Wednesday, November 26.

The winner will serve the remainder of Senator Hegar's term, which expires in 2016.

TIPRO Calendar of Events

DECEMBER 10, 2014	JANUARY 7, 2015	FEBRUARY 11, 2015	FEBRUARY 11-13, 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 — Winter NAPE Expo, George R. Brown Convention Center. For info, call: (817) 847-7700.

RRC OIL & GAS DIRECTOR GIL BUJANO RETIRES FROM AGENCY

After serving 30 years within the Texas Railroad Commission's (RRC) Oil and Gas Division, Gil Bujano has announced his retirement from the state agency. Throughout his expansive career with the division, Bujano held a variety of different roles, including: engineer, assistant director, deputy director, and most recently, director of the division.

"Mr. Bujano's extensive experience and insight into the oil and gas community's regulatory environment will be greatly missed," commented Ed Longanecker, president of TIPRO. "On behalf of our association's membership, I thank Gil for his dedication and years of service to the commission and the oil and gas industry."

RICH PARSONS NAMED NEW COMMUNICATIONS DIRECTOR FOR RRC

Effective November 12, 2014, Rich Parsons was named new communications director for the Railroad Commission of Texas (RRC).

RRC Chairman Christi Craddick said, "I am excited to have Rich join our communications team and welcome his many years of experience to help us continue to tell our great success story of the RRC and Texas oil and gas regulation."

Parsons comes to the commission from Governor Rick Perry's office, where he served as deputy director of communications since March 2013. Before joining the Governor's office, Parsons was director of communications for the Texas Secretary of State; vice president of public affairs for Hahn Public Communications; and press secretary and senior advisor for the Lieutenant Governor. Prior to his roles for the state government, from May 1998 to September 2006, Parsons worked as a broadcast journalist for Austin's KXAN NBC-affiliate television station.

"In this historic time for oil and gas production, it is more important now than ever to make sure the public has accurate information about the energy renaissance in Texas and the hard work of the RRC," stressed Commissioner David Porter. "Rich is a welcome and important addition to this agency, and I look forward to working with him."

Commissioner Barry Smitherman added, "With his extensive background in not only state government communications, but also broadcast journalism, I am confident that Rich can help our media team continue to clearly communicate with reporters and help educate the public about our important regulatory activities."



USFWS DESIGNATES GUNNISON SAGE-GROUSE AS THREATENED SPECIES

Last week, the U.S. Fish and Wildlife Service (USFWS) announced its decision to list the Gunnison sage-grouse as a threatened species under the Endangered Species Act (ESA). This ground-dwelling bird, which is found primarily in southwestern Colorado and southeastern Utah, is best known for its large size, dark brown color, long, pointed tails, and association with sagebrush habitats.

Originally, in January 2013, the federal government proposed the Gunnison sage-grouse to receive endangered status under the ESA, but conservation efforts initiated by the states of Colorado and Utah, tribes, local communities, private landowners and other involved stakeholders significantly helped reduce threats to the bird. As a result, the agency determined listing the bird as endangered is not necessary at this time, and instead opted to categorize the bird as threatened, which offers greater regulatory flexibility.

"While many people hoped that the extraordinary conservation efforts by our partners in Colorado and Utah would resolve all the threats faced by the Gunnison sage-grouse, the best available science indicates that the species still requires the Act's protection," said USFWS Director Dan Ashe. "This is a work in progress, however, and we will continue to join our partners in protecting and restoring the rangelands with the hope that, in the near future, the Gunnison sage-grouse will no longer need additional protection."

"We applaud the combined efforts of our many agency and local partners, as well as private landowners across the species' range, for tackling the significant challenges faced by the Gunnison sage-grouse," added Ashe. "Colorado Parks and Wildlife and Gunnison County in particular are to be commended for their many years of diligent, effective work to conserve habitat through easements and conservation agreements with landowners. Their work has made a difference that will allow more flexibility in managing this species under the ESA."

According to the USFWS, loss and fragmentation of sagebrush habitats are chief causes in the decline of Gunnison and greater sage-grouse populations. The most substantial current and future threats to the bird include habitat loss and decline due to human development and associated infrastructure.

When evaluating a species for protection under the ESA, the USFWS must use the best available scientific information. However, such data is often outdated and limited. In fact, the Western Energy Alliance contends the bird's population is far greater than the information that was considered by the USFWS.

Although the bird's habitat is outside of Texas, the threatened listing of the Gunnison sage-grouse still poses concern to many members of the oil and gas industry. Much the same as with the dunes sagebrush lizard and lesser prairie chicken, the greater sage-grouse habitat overlaps significant oil and natural gas basins across the West.

Due to this USFWS determination, future oil and gas development will likely be restricted in Colorado and Utah shale formations, with economic and social consequences in western rural communities.

HOW MANY LAWYERS DOES IT TAKE TO CHANGE A LIGHTBULB?

A single lawyer should be able to handle it.
Let's not overthink this one.

At Gray Reed, our work is no joke . . . because our practice revolves around your business. We aim to be nimble and effective, helping to solve your problems with ease and simplicity. To us, efficiency is a virtue. We're all about your bottom line – **we'll leave the punchlines to someone else.**



KEYSTONE PIPELINE LEGISLATION FAILS IN U.S. SENATE

By a single vote, Democrats in the U.S. Senate defeated legislation on Tuesday, November 18, that would have approved construction of the Keystone XL pipeline. Altogether, 60 votes were needed to pass the Keystone legislation (S. 2280) in the Senate, and while all 45 Republicans from the Senate and 14 Democrats voted in favor of the bill, policymakers nonetheless failed to gain enough approval for the proposed legislation.

The 875-mile Keystone pipeline would allow the delivery of up to 830,000 barrels per day (bpd) of crude oil from the Western Canadian Sedimentary Basin (WCSB) in Canada and the Bakken Shale Formation in the United States to Steele City, Nebraska, for onward delivery to refineries in the Gulf Coast area. TransCanada Keystone Pipeline first applied for its permit back in 2008 to start construction on the pipeline, but is still waiting to receive approval from the U.S. government.

"I'm disappointed that we couldn't get the votes to approve this important infrastructure project, but this isn't over. The Keystone XL pipeline will be a top priority next year for the new majority," emphasized U.S. Senator Lisa Murkowski, R-Alaska, who serves on the U.S. Senate Energy and Natural Resources Committee. "It's been over six years that this project has been under review – that's more than enough time for President Obama to make a decision. There is little dispute about whether this pipeline is in the national interest. It will boost our economy, our security, and our competitiveness."



In late January, the U.S. State Department released its final "Environmental Impact Study" (EIS) on the Keystone XL pipeline project. After comprehensive study and lengthy investigation, the State Department concluded the pipeline would have little impact on greenhouse gas emissions and climate change – one of the primary arguments used by environmentalists against Keystone XL.

"Since 2008, almost 10,000 miles of oil pipelines have been constructed in the United States – the equivalent of eight Keystone XL pipelines – and yet our project sits idle, all while the U.S. continues to import over seven million barrels of oil from unstable countries that do not share American values," said Russ Girling, president and CEO of TransCanada. "Keystone XL is an \$8 billion, privately funded project that improves American energy security, minimizes the environmental and safety impacts of moving that oil to U.S. refineries and continues to have the support of a strong majority of Americans."

Following the release of the EIS study, Secretary of State John Kerry must establish whether the project is "in the national interest," a determination that includes economic, environmental, national security and foreign policy implications. Although statute requires that the decision be made 90-days after the release of the environmental impact statement, the State Department delayed the process in April 2014 after a Nebraska district court blocked the governor's decision to allow the pipeline to pass through the state, ruling that the governor did not have the proper jurisdiction to make such an assessment.

Ultimately, President Barack Obama has the authority to approve or deny the Keystone project, although it remains uncertain when he might take up the permit for consideration. However, Congress could send a bill to the president's desk demanding that he approve the pipeline, but even then, President Obama would have the ability to veto the bill, if he desired to do so.

NEW LEADER OF THE U.S. HOUSE NATURAL RESOURCES COMMITTEE ANNOUNCED

U.S. Representative Rob Bishop of Utah will chair the House Natural Resources Committee in the next Congress, following the retirement of present committee chair, Doc Hastings. Currently, Congressman Bishop is chairman of the Public Lands and Environmental Regulation Subcommittee.

"I am honored to have been selected to serve in this important new role at the Natural Resources Committee," commented Congressman Bishop. "As chairman, I will work to ensure that our unique and abundant federal resources are properly managed and that a fair balance is reached between conservation and multiple use. Doc Hastings leaves big shoes to fill and I am grateful for all that he has done to advance and address natural resource policies."

TEXAS CONGRESSMAN RECEIVES LEADERSHIP ROLE ON ENERGY & COMMERCE COMMITTEE

Congressman Pete Olson (R-TX) announced on Wednesday, November 19, 2014, that he has been selected by House Energy and Commerce Committee Chairman Fred Upton (R-MI) to serve as the vice chairman of the Energy and Power Subcommittee.

"Congressman Olson has been a team player from his first day on this committee. His depth of knowledge on energy issues representing Houston, a proud energy hub, are an asset to the Energy and Power Subcommittee. As we begin the 114th Congress, his leadership on clean air issues and domestic energy development will serve our efforts well," said Fred Upton, chairman of the Energy and Commerce Committee.

"Serving on the Energy and Power Subcommittee has been critical to representing Houston, the energy capital of the world and its supporting industries," Representative Olson said. "I'm humbled to add my voice to the strong leadership of Chairman Whitfield as we work to grow America's energy economy."

CRUDE OIL AND LEASE CONDENSATE PRODUCTION HITS 28-YEAR HIGH

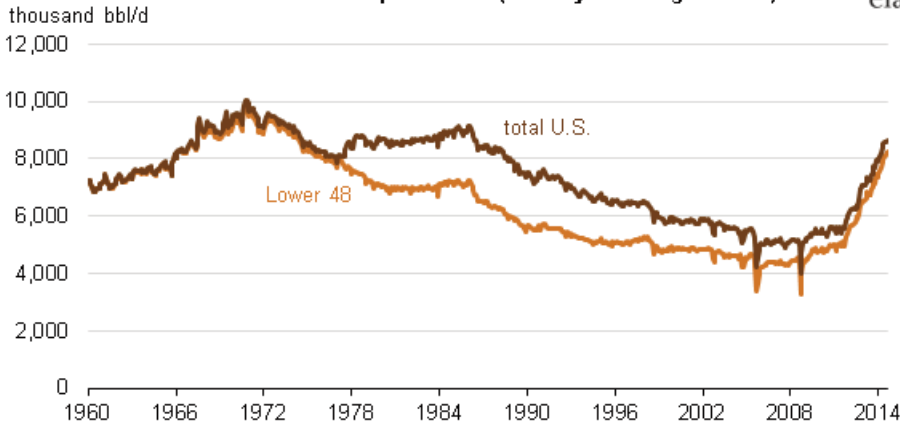
According to the U.S. Energy Information Administration (EIA), in August 2014, U.S. crude oil and lease condensate production exceeded 8.6 million barrels per day (bbl/d), a volume not recorded since July 1986. More than half of total U.S. production was accounted for by production from three basins in three states, said the EIA, including Texas, North Dakota and New Mexico.

“Production from the Permian Basin in Texas and New Mexico accounted for 1.66 million bbl/d, while the Eagle Ford Shale in the Western Gulf Basin, also located in Texas, produced 1.57 million bbl/d. The Bakken Shale in North Dakota’s Williston Basin accounted for 1.13 million bbl/d,” the EIA estimated.

Altogether, a total of 1,904 rigs were actively drilling during August, 1,578 of which targeting liquids. “Now typical of the industry, horizontal rigs represent the most common rig type with 1,330 active drilling operations in August, while 374 vertical and 210 directional drilling rigs were operational, respectively. Higher rig counts, along with improvements in drilling productivity, are expected to increase U.S. liquids production to nearly 9.7 million bbl/d by December 2015,” noted the EIA.

In the United States, in 2014, the highest-ranked tight oil producing reservoirs have included Texas’s Eagle Ford and Wolfcamp formations, North Dakota’s Bakken-Three Forks formations and New Mexico’s top Spraberry and Bone Springs formations. The EIA also reported impressive production gains this year in Oklahoma’s Woodford Shale formations, Colorado’s Niobrara formation, Utah’s Green River formations, Ohio’s Utica and Point Pleasant formations, and the Marcellus Shale formations in West Virginia and Pennsylvania.

U.S. crude oil and lease condensate production (January 1960-August 2014)



Source: U.S. Energy Information Administration, Petroleum Supply Monthly

SOUTH TEXAS COLLEGE OF LAW LAUNCHES NEW OIL AND GAS LAW INSTITUTE

The South Texas College of Law, located in downtown Houston, has announced it will launch the region’s first Oil & Gas Law Institute to address the growing legal needs in the energy industry. As one of the city’s oldest law schools, South Texas College already has established a legacy of preparing graduates to serve as legal counsel for oil and gas businesses. However, the newly formed Oil & Gas Law Institute will build on existing curriculum, seeking to respond to the specific, practical needs of law firms and the energy industry, and provide students with the education and training they need to make immediate contributions to the oil and gas sector.

“With the United States in the midst of an historic energy transformation and Houston at the heart of it, South Texas College of Law knew it was the right time to establish the Oil & and Gas Law Institute,” said President and Dean Donald J. Guter. “Our goal is be the national leader in oil and gas law education. The needs are great, and we believe there is no better place to have this Institute than at South Texas College of Law in downtown Houston.”

“South Texas has a unique opportunity to be the leading law school for educating and training practice-ready graduates in the oil and gas industry – and that is attractive to potential employers,” said Christopher Kulander, who has been selected as initial director of the Institute. “The workforce needs of the oil and gas industry continue to grow, particularly in the legal arena. South Texas fully understands this fact and is prepared to address those demands through the Institute’s diverse classes and programs.”

“The Institute is an important endeavor for Houston, the state of Texas and the nation’s oil and gas industry,” Kulander added. “We look forward to significantly enhancing oil and gas law education in this country.”

APACHE DONATES BUR OAK TREE TO CAPITOL GROUNDS FOR TEXAS ARBOR DAY CELEBRATION

In celebration of Texas Arbor Day, TIPRO member company Apache Corporation donated a bur oak tree to the lawn of the Texas Capitol on November 7, 2014. Joined by Texas A&M Forest Service representatives and state officials, a tree planting ceremony was held in Austin at the state capitol, led by Julie Straus, wife of Texas Speaker of the House Joe Straus. The tree planting ceremony and rally also honored the Texas Forestry Association’s 100th anniversary.

“Apache takes pride in joining organizations across Texas in a commitment to the environment through tree conservation,” said Obie O’Brien, vice president of governmental affairs for Apache. “Educating residents on the benefits of planting and caring for trees is vital to preserving the communities where we work and live.”

“Apache has been a valuable partner in our reforestation efforts to plant trees across Texas and a large portion of the United States,” said Paul Johnson, urban forestry program coordinator for Texas A&M Forest Service. “This donation is particularly nice because Apache gave a beautiful bur oak tree that will hopefully be part of the capitol grounds for years to come.”

In addition to the bur oak tree, Apache reports it has distributed nearly 4 million trees in 17 U.S. states since 2005, with nearly 1.5 million of those trees having been planted throughout the state of Texas.

LETICIA VAN DE PUTTE ANNOUNCES CANDIDACY FOR SA MAYOR, WILL RESIGN FROM SENATE

State Senator Leticia Van de Putte will resign her seat in the Texas Senate and run for mayor of her hometown of San Antonio, the legislator announced this week.

After the Senator sends a letter to the Texas Governor formally declaring her intent to resign, Governor Rick Perry will then call a special election for the open seat. However, Van de Putte says that she will not vacate her seat in the Senate until the winner of the special election is officially sworn in, in efforts to ensure her party is not down a Senate member when the 84th Legislative Session begins on January 13, 2015.

Van de Putte has represented Texas Senate District 26, covering parts of Bexar County, since 1999. After the 83rd Legislative Session, she was named as one of the state's top 10 Best Legislators by *Texas Monthly*. Van de Putte is also a practicing pharmacist in San Antonio and previously served five terms as a state representative.

In the race for San Antonio mayor, Van de Putte was face former state Representative Mike Villarreal. Since announcing his candidacy for mayor, Villarreal has also resigned from the Texas House of Representatives.

Additional changes are expected in the Texas Legislature since Representatives Trey Martinez Fischer and Jose Menendez have declared their intention to run for the Senate seat.

“FINDING COMMON GROUND ABOUT WHAT’S UNDERGROUND”

BY CHRISTI CRADDICK, CHAIRMAN OF THE TEXAS RAILROAD COMMISSION

This year's election was remarkable for many reasons, including the decision by Denton residents to ban hydraulic fracturing in their community. The first of its kind in Texas, this vote has caused a bit of an uproar. As the state's primary regulator of the oil and gas industry, the Railroad Commission of Texas is focused on fulfilling its charter and bringing clarity to what has become a contentious situation over Denton's ban.

As Chairman of the Texas Railroad Commission who has been in and around the energy industry for decades, I understand the impact of misinformation on people's perception of technology. Additionally, some confusion may persist about the commission's role and how its authority intersects with local control.

Let me be clear: The voice of the people of Denton should not be overruled; rather, cities and state regulators should work together to fulfill their responsibilities to the people. In the end, a solution that keeps the local and state economies strong and the will of Denton's citizens intact is not only possible, but an obligation.

For 90 years, the Railroad Commission of Texas has served as the state's primary regulator of the oil and gas industry. Its overriding responsibilities are to ensure the efficient production and safe transportation of our state's energy resources while minimizing environmental effects. We have managed the surge in Texas' oil and gas production well, albeit in an incredibly dynamic environment. Our guidelines, rules and actions are grounded in science and almost a century of regulatory experience, so we can move confidently when addressing challenges.

The energy industry has long been a prime driver of our state's economic vitality. Yet, those economic gains are meaningless without the health and safety of our citizens and our environment. Ensuring the continued success of Texas' oil and gas industry involves shared responsibility. The commission's role centers on issuing drilling permits, overseeing them and regulating operators. Conversely, companies doing business here must comply with city ordinances and be good neighbors in the communities where they operate.

Since hydraulic fracturing became a widely used practice in Texas, it has been plagued by a cloud of misinformation, mainly due to groups more interested in scaring people than actually understanding the complex science of minerals extraction. Setting the hyperbole aside reveals a simple truth: Hydraulic fracturing has never contributed to a single instance of groundwater contamination in Texas – never.

While surprising to some, that fact is due in large part to the diligence of the Railroad Commission of Texas in ensuring the safety of oil and natural gas production statewide through a rigorous process of permitting, monitoring and inspecting operations. Without exception, we hold companies accountable whenever water quality or production-related pollution is in question. Texas is our home, too. Our interests are your interests.

Over the years, as energy companies across the state have extracted oil and gas deposits from deep underground, their operations have often approached the boundaries of municipalities like Denton. In those instances, it would be best when the Commission could work with local governments to implement sensible guidelines. One of local governments' most useful tools in such situations is the setback requirement, which establishes minimum distances between drilling operations and buildings like schools, homes and churches. In my own hometown of Midland, energy companies have long worked safely within the constraints of a standard 500-foot setback.

As a result of this vote, it's less likely a reasonable model of peaceful cooperation will be available to the people of Denton. In the meantime, Denton County will lose jobs, tax revenues, business development, and the other economic benefits that come with oil and gas production, our state's most iconic and lucrative industry.

The people of Denton need to know that the Railroad Commission of Texas is your ally – an informed partner in your efforts to preserve your public safety, while tapping the vast economic benefits that come with localized energy production. In a world where misinformation and sensationalism too often drive the public discourse, let's embrace the truth, adopt reasonable approaches to the challenges we face, and share the prosperity that follows.



EQUIPPED TO HANDLE YOUR SUCCESS
MEETING INVESTMENT MANAGEMENT NEEDS ACROSS TEXAS AND BEYOND



**Texas Independent
Producers &
Royalty Owners
Association**

With more than 2,800 members, TIPRO is the nation's largest statewide association representing both independent producers and royalty owners. Our members include small family-owned companies, the largest publicly traded independents and large and small mineral estates and trusts.

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