



Texas

**Independent
Producers and
Royalty Owners
Association**

INDUSTRY BLASTS PROPOSED EPA REGULATIONS AT HEARING IN DALLAS

On September 23, the U.S. Environmental Protection Agency (EPA) listened to public testimony in Dallas on the agency's proposed air regulations for the oil and gas sector. More than 100 individuals spoke at the EPA hearing, including former TIPRO Chairman David F. Martineau.

"The EPA's new plan to reduce methane emissions does not make sense. According to the EPA's own Greenhouse Gas Inventory, methane emissions from natural gas production have fallen 35 percent since 2007, even as natural gas production increased 22 percent," Martineau stressed at Wednesday's hearing. "This EPA data also shows methane emissions from hydraulically fractured gas wells have fallen 73 percent from 2011 to 2013. Meanwhile, carbon dioxide emissions are at their lowest levels in 20 years because of the shift in power generation from coal to natural gas... These proposed rules and potential carbon tax will do nothing but be an economic detriment to our economy."

The EPA proposal is under the Obama Administration's Climate Action Plan, which in part strives to reduce greenhouse gas emissions. In addition to its new methane rules, the federal agency also has proposed two related rulemakings to clarify permitting requirements for the oil and gas industry in states and Indian country. Ultimately, the updated standards work to lessen the industry's methane emissions in the U.S. by as much as 45 percent over the next ten years compared to 2012 levels.

The EPA estimates this new rule could cost the oil and gas sector between \$320 million to \$420 million annually by 2025, but would reduce health care costs and offer other environmental benefits.

Business leaders joined by oil and gas representatives contend that the regulatory scheme by the EPA will only add complicated, costly bureaucratic layers that'll remove flexibility and innovation, while also discouraging the development of American shale resources. This rule - coupled with the other regulatory proposals coming from the U.S. federal government - will have an adverse effect on the economy by hurting businesses, jeopardizing jobs and eroding the personal savings of American citizens, without having any measurable impact on improving the environment or public health.

Comments will be accepted by the EPA on the proposed oil and gas air regulations through November 17, 2015.

CONGRESSIONAL COMMITTEE VOTES TO LIFT THE BAN ON CRUDE EXPORTS

The U.S. House Energy and Commerce Committee has voted to send House Resolution 702 – bipartisan legislation that would lift the ban on U.S. crude oil exports – to the full House chamber for consideration. The energy panel approved the resolution with a vote of 31-19 on September 17, 2015.

Following the favorable vote on the House Resolution, Energy and Commerce Committee Chairman Fred Upton commented, "America wins when we support free trade and open markets. Much has changed since 1975 when these restrictions were imposed but the dramatic growth in domestic oil output over the last decade has flipped the script. The administration now supports lifting Iran's ban on oil exports – and we should all agree it's time to lift the ban on American exports. Creating jobs, keeping energy affordable, boosting energy production, and improving our energy security – these are all important to folks in Michigan and a bill that accomplishes all four is worthy of all our support."

The nearly 40-year old policy measure has been a hot topic throughout 2015, as an increasing number of officials have come to understand the limitations the ban has imposed on the U.S. oil and gas sector. Countless studies have affirmed the positive economic stimulus that could be provided, amongst other benefits, should the federal government elect to repeal the crude export ban.

WHITE HOUSE OPPOSES GOP BILL TO ALLOW OIL EXPORTS

White House press secretary Josh Earnest told reporters in mid-September that President Barack Obama will not back any legislation by Congress aiming to lift the country's ban on crude oil exports. The White House spokesman was quoted as saying, "This is a policy decision that is made over at the Commerce Department, and for that reason, we wouldn't support legislation like the one that's been put forward by Republicans."

Earnest continued his remarks on a potential policy change by noting, "The administration believes that the American people are better served by making sure that we pursue the kind of approach that also invests in renewable energy that will be good for the long-term benefits of our economy, creating jobs -- particularly in the renewable industry -- while at the same time making decisions that are consistent with the public health and well-being of our communities and children."

PRESIDENT'S MESSAGE

TIPRO Members--

On top of the recent onslaught of proposed regulations by our federal government, the Obama Administration is also preparing to announce new standards for venting and flaring natural gas.

The Interior Department's Bureau of Land Management (BLM) is drafting a plan to limit venting and flaring of natural gas on all public lands that are managed by the agency. The rule will seek to update existing policies to reduce venting, flaring, and leaks of natural gas from onshore wells located on Federal and Indian oil and gas leases. According to the BLM, the proposal would establish new requirements and provide other incentives to diminish waste of gas, as well as clarify when royalties apply to lost gas.

The federal agency has moved to take action on this rulemaking by submitting its proposal to the White House's Office of Management and Budget for review on Friday, September 18. After the review is completed by the White House, the proposed venting and flaring regulations can then be publicly released and opened for comment. Many expect this will happen before the end of this year.

Despite unfounded claims made by the executive branch of the U.S. government, we should keep in mind that whenever possible American producers continue to utilize cutting-edge technologies to capture gas and transport it to market, avoiding venting and flaring activities in the oilfield. That said, when the release or burning of natural gas does occur at the wellhead, we can trust that it is done in a safe and responsible manner. Before adopting new costly industry restrictions, regulators also need to recognize that in some instances flaring is also an important safety measure. When equipment or pipes become over-pressured, safety valves within the equipment automatically send gas into the flare stacks until pressures reach a safe level. Moreover, while new pipelines are coming online to support oil and gas production, in many cases the necessary infrastructure is lacking in remote shale formations, presenting additional challenges to operators hoping to transport natural gas to market.

Before pursuing added regulatory mandates against American oil and gas development, we hope our federal leaders will first consider these important facts.

Regards,

Ed Longanecker



Ed Longanecker

JOIN GENSCAPE IN HOUSTON ON SEPTEMBER 30 FOR UPCOMING OIL & GAS SYMPOSIUM: THE NEW FUNDAMENTALS OF TRANSPARENCY

The New Fundamentals of Transparency Symposium is ideal for analysts and traders who want to learn how big data continues to improve market insight and transparency. Attendees will be equipped with leading-edge data to make informed, confident decisions.

Sessions will explore diverse perspectives, the latest trends, and new abnormalities, as well as deliver expert and proprietary views on the current and future states of the oil and gas markets. Presenters include TIPRO Chairman Ray Welder from Welder Exploration & Production, Seth Kleinman from CitiGroup, and Dr. Jim Duncan from ConocoPhillips. In addition, panel discussions will cover the global oil supply chain, the state of natural gas and NGLs supply and demand, and an outlook for the global oil market. These panels will be moderated by representatives from *The Wall Street Journal*, *The Economist*, and *The Financial Times*.

You're invited to join this exclusive group of leaders and experts for a day of education and valuable networking. **TIPRO members save \$650 on registration by using the discount code TIPRO. Register here: <http://www.event.com/d/frqszs/4W>**

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TIPRO Calendar of Events

OCTOBER 14, 2015	OCTOBER 27, 2015	OCTOBER 30, 2015	NOVEMBER 18, 2015
HOUSTON — IPAA/TIPRO	HOUSTON — Texas	DALLAS — 2015	HOUSTON — IPAA/TIPRO
Leaders in Industry	Top Producers	Texas Energy	Leaders in Industry
Luncheon, 11:30 a.m.	Awards Banquet,	Update Conference,	Luncheon, 11:30 a.m.
Houston Petroleum Club.	Houston Petroleum Club.	Belo Mansion.	Houston Petroleum Club.
For info, call: (832) 233-5502.	For info, call: (512) 477-4452.	For info, call: (214) 207-0369.	For info, call: (832) 233-5502.

Market your business through this upcoming exclusive TIPRO publication:



Special Publication

Texas Independent Producers & Royalty Owners Association

Editorial Content

- Texas production reaches record levels of output
- Texas Railroad Commission prepares for the agency's upcoming Sunset Review
- Texas works proactively to synchronize traditional regulatory approaches with issues unique to horizontal drilling

Publication Details

Publication date: December 7, 2015

Profile content due: October 16, 2015

Ad material due: November 2, 2015

Profile costs:

\$14,500 2 pages

\$8,500 1 page

\$4,500 1/2 page

\$3,000 1/3 page

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Overview:

The *Oil & Gas Journal* and TIPRO are again partnering to produce a special publication, which will provide an in-depth review of evolving regulatory oversight of the oil and gas industry in Texas.

Sponsorship "Profiles" and Advertising:

Companies invited to participate in this special prospect can feature products or programs developed for supply chain efficiency in addition to mention company capabilities. PennWell Custom Publishing will work with your team to craft a one or two page "profile." A professionally designed profile with top-notch writing and graphics is a powerful way to communicate your story. This type of approach lets your message dovetail perfectly with the editorial content of the publication.

Copies of this publication containing your PennWell written profile will be distributed as outlined above. Further, you will receive 50 copies for your own communications, marketing and promotional efforts. Visitors to OGJ Online can also directly link to your company website from the online version of the publication. Additionally, display advertising will be accepted.

Unique Distribution Model:

PennWell and TIPRO are working together to ensure this unique publication gets into the hands of key management at operating companies, drilling contractors and the financial community, in addition to other professionals who are interested in learning more on the Texas oil and gas industry.

Additionally, more than 50,000 copies of the publication will be produced! Distribution methods include:

- Delivery of the publication to operators, drilling contractors and others as a poly-bagged with selected circulation from *Oil & Gas Journal*.
- Prominent feature on OGJ Online, the top-visited oil and gas industry website containing current news and 12 years of *Oil & Gas Journal* archives. The section will be shown in its entirety, and will also provide links to the websites of sponsoring companies.
- Copies of the publication will be distributed from PennWell's booth at major industry trade shows, as well as at TIPRO association events, for one year from publication date.
- Key state officials and legislators will also be sent a copy of the publication, so that they can learn more details on development oil and gas resources in Texas.

INTERIOR SECRETARY ACKNOWLEDGES AGENCY LIMITATIONS, ONGOING BACKLOG OF INSPECTIONS

Though the Interior Department and Bureau of Land Management (BLM) have been moving swiftly to update regulatory standards for oil and gas development on Federal and American Indian lands, agency head Sally Jewell recently acknowledged some of the shortfalls the agency continues to face.

“We do not have the resources necessary to do the job,” Jewell said while presenting last week at a breakfast sponsored by the Christian Science Monitor. Apparently, the BLM has a “major backlog of inspections” as it tries to keep pace with America’s drilling boom.

Jewell explains that due to the agency’s backlog and inability to keep up with well inspections, the Obama Administration wants to increase fees for oil and gas drillers, so that the BLM can hire more than 60 additional inspectors. The proposed fee has stalled in Congress, however, and has yet to garner much support.

COMMENT PERIOD EXTENDED FOR PROPOSED BLM OIL & GAS REGULATORY CHANGE

The Bureau of Land Management (BLM) has extended the public comment period for a recently proposed rule aiming to modernize oil and gas regulations.

The proposed changes would help ensure that oil and gas producers are paying the correct Federal royalties, according to the agency. The BLM is responsible for ensuring accurate measurement and accounting for all oil and gas produced on Federal and Indian lands. Changes to Order 3 [the respective rulemaking] would include, among other things, the creation of uniform standards for locating, tracking, and reporting facility measurement points; new reporting requirements for oil and gas purchasers and transporters; and clarification of theft and fraud reporting.

In efforts to provide the public with more time to review and offer feedback on its draft rule, the BLM has granted a 28-day extension for the public comment period, allowing comments to be submitted until October 9, 2015.

GREATER SAGE-GROUSE DOES NOT REQUIRE ESA PROTECTION, USFWS RESOLVES

Thanks to historic conservation efforts across the western United States, the U.S. Fish & Wildlife Service (USFWS) has determined that the greater sage-grouse does not warrant protection under the Endangered Species Act (ESA). Interior Secretary Sally Jewell made the announcement on Tuesday, September 22, joined at a press conference by several officials, including governors from the states of Colorado, Nevada, Wyoming and Montana, in addition to leaders from the federal government.

A comprehensive conservation strategy, labeled as the largest land conservation effort in U.S. history, has helped over the past five years to significantly reduce threats to the greater sage-grouse across 90 percent of the species’ breeding habitat.

“Today’s decision reflects the joint efforts by countless ranchers and partners who have worked so hard to conserve wildlife habitat and preserve the Western way of life,” remarked U.S. Agriculture Secretary Tom Vilsack of the sage-grouse determination. “Together, we have shown that voluntary efforts joining the resources of private landowners, federal and state agencies, and partner organizations can help drive landscape-level conservation that is good for the sage-grouse, ranching operations, and rural communities. Through the comprehensive initiatives on both public and private lands, the partnership has made and will continue to make monumental strides in supporting the people and wildlife that depend on the sagebrush landscape.”

The sage-grouse ruling has received a range of mixed reviews. Some have criticized the resulting federal conservation plan, warning that oil and gas producers will still suffer from more restrictive land management conditions out West.

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GROUP OF CONGRESSMEN CALL FOR IMPEACHMENT OF EPA ADMINISTRATOR

Six House members from Texas have joined a group of 12 other U.S. Congressmen in calling for the impeachment of Gina McCarthy, leader of the U.S. Environmental Protection Agency (EPA). Through House Resolution 417, McCarthy is accused of allegedly committing perjury before the Committee on Oversight and Government Reform of the House of Representatives on July 29, 2015, and having made false statements before the Committee on Science, Space, and Technology of the House of Representatives on July 9, 2015, in addition to testifying false statements before the Committee on the Environment and Public Works of the United States Senate and the Committee on Transportation and Infrastructure of the House of Representatives on February 4, 2015.

By such conduct, EPA Administrator McCarthy is guilty of high crimes and misdemeanors and therefore should be removed from office and disqualified to hold and enjoy any office of honor, trust, or profit under the United States, resolves the articles of impeachment.

After being introduced on September 11, the legislation was referred to the House Committee on the Judiciary.

The six Texans who co-sponsored House Resolution 417 include: Representatives Brian Babin, Michael Burgess, Louie Gohmert, Sam Johnson, John Ratcliffe and Randy Weber.

TEXAS GOVERNOR APPOINTS LEADERS OF TCEQ, STATE SOIL & WATER CONSERVATION BOARD

Texas Governor Greg Abbott has appointed Jon Niermann of Austin to the Texas Commission on Environmental Quality (TCEQ) for a term to expire August 31, 2021. Niermann fills the seat formerly held at the commission by Zak Covar, who left the agency this past summer.

Niermann previously served as chief of the Environmental Protection Division in the Texas Attorney General's Office. Prior to his role at the office of the Attorney General, he was an attorney at Baker Botts, L.L.P., where he was recognized with the Judge Thomas Gibbs Gee Award for Outstanding Pro Bono Service and the Judge Suzanne Covington Pro Bono Service Award. Niermann received a Bachelor of Arts from the University of California, Santa Barbara, and a Master of Business Administration and a Juris Doctor from the University of Oregon.

Additionally, earlier this month Joe Ward was reappointed by Governor Abbott to serve on the State Soil and Water Conservation Board for a term set to expire on February 1, 2017. The Soil and Water Conservation Board is charged with administering Texas' soil and water conservation law, and coordinates conservation and nonpoint source water pollution abatement programs throughout the state. Ward is a full time rancher and operates a Santa Gertrudis cow-calf operation. He has interests in an insurance consulting business and investments in land and family-owned restaurants. He is well known for his involvement in the local community of Telephone, Texas.



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PETITION ASKS UT, A&M CHANCELLORS TO SUPPORT HYDRAULIC FRACTURING

In a petition directed to University of Texas Chancellor William McRaven and Texas A&M Chancellor John Sharp, oil and natural gas proponents are urging the two education leaders to support responsible energy development on University Lands in Texas.

In recent years, UT and Texas A&M have seen their endowments grow by 70 percent thanks to shale development in West Texas, with almost \$1 billion flowing in annually from oil and gas revenue.

Chancellors McRaven and Sharp are asked to openly defend continued oil and natural gas development on University Lands and reject calls from those who are advocating for bans on American energy development.

TIPRO members are invited to sign this petition online in support of hydraulic fracturing on University Lands. To do so, please visit: <http://w.heyo.com/6fe472>.



INDUSTRY GROUP CHALLENGES ENVIRONMENTAL ACTIVISTS TO GO WITHOUT FOSSIL FUELS

They like to talk the talk, but are they willing to walk the walk? The Western Energy Alliance is calling on environmental activists “who hate oil and gas” to pledge to live fossil fuel free for one week and see what it’s really like to go without the benefits of fossil fuels. The nationwide Fossil Fuel Free Week will run September 28 through October 2, 2015.

“The Fossil Fuel Free Challenge provides the opportunity to show those who oppose responsible oil and natural gas development that they’d be poorer, sicker, less educated, colder in winter, and hotter in summer while generally leading a dull and deprived life,” the group says. “But for anyone who thinks life is better without fossil fuels, then we challenge you to go one week without them.”

The campaign also serves to remind the general public of the many products and daily conveniences provided through fossil fuels that support community needs and society’s modern lifestyle. Fossil fuels heat our homes and fuel our cars. They are also used to make medicines, cosmetics, plastics, synthetic fabrics, and so forth. It’s easy to forget, but your shoes, sunglasses, tires, tennis balls and even televisions are all products of fossil fuels.

To learn more about the Fossil Fuel Free Challenge, visit www.FFFChallenge.com.

PARTIES AGREE TO DROP LAWSUITS AGAINST DENTON HYDRAULIC FRACTURING BAN

Two lawsuits challenging the Denton hydraulic fracturing ban have been dropped, after litigants agreed that all disputed claims were now moot given that the ban has been lifted and no further extensions of the drilling moratorium have been passed or proposed by the Denton City Council.

Following the passage of a ban on hydraulic fracturing in the city of Denton last November, the General Land Office (GLO) and the Texas Oil & Gas Association (TXOGA) each pursued legal action fighting the local ordinance and other associated drilling restrictions. However, after the state of Texas enacted legislation through House Bill 40 regarding local jurisdiction of oil and gas development, members of the Denton City Council voted 6-1 on June 17, 2015, to repeal the city’s hydraulic fracturing ban ordinance, while the moratorium ordinance expired August 18, 2015.

“The City of Denton believes this is the appropriate course of action and is pleased that both the TXOGA and GLO litigation has been dismissed,” reads a city press release on the dropped lawsuits.

TIPRO MEMBERS INVITED TO TEXAS ENERGY UPDATE CONFERENCE

The 2015 Texas Energy Update Seminar is scheduled for Friday, October 30, at the Belo Mansion in downtown Dallas, Texas, from 7:00-11:30 a.m. This annual forum is designed to provide independent oil and gas producers and other energy-related executives with an update on current energy developments.

A prestigious line-up of speakers is scheduled to present at the event, including:

- Kelcy Warren, chairman of Energy Transfer Partners
- Thomas Petrie, chairman of Petrie Partners and author of “Following Oil”
- Chris Paulsen, vice president of business development for Pioneer Natural Resources
- Frank Burke, CEO of Brigadier Oil & Gas
- Kyle McGraw, EVP, chief development officer and director of Legacy Reserves LP

This half-day conference is sure to provide a valuable opportunity to hear from distinguished leaders in the oil and natural gas industry, as well as offer a unique networking forum for business development purposes. TIPRO is proud to serve as an industry sponsor of this event. TIPRO members can register at a 16 percent discounted rate of \$50, which includes a breakfast buffet.

For additional details and to register for the seminar, please visit www.texasenergyupdate.org.

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