



**Texas
Independent
Producers and
Royalty Owners
Association**

FORMER OBAMA CABINET MEMBERS OFFER PRAISE FOR HYDRAULIC FRACTURING

Presenting last week at the 2013 Domenici Public Policy Conference in Las Cruces, New Mexico, former Interior Secretary Ken Salazar reaffirmed the positive benefits associated with hydraulic fracturing, and emphasized the impact of the shale revolution on the nation's energy independence. "We are at a good place," said Salazar. "Let's celebrate because we are at a good place today, in 2013." He

added, "the United States is also well on its way to surpassing Saudi Arabia as the largest oil producer in the world." Further, during his remarks, Salazar reiterated hydraulic fracturing is a safe process for extracting oil and natural gas.

On the same day, former Energy Secretary Steven Chu offered his support of fracturing while giving a speech at a conference in Columbus, Ohio. Stating fracturing can be done in a safe and environmentally responsible way, Chu discussed some of the technological advancements that have helped enhance domestic exploration and production of shale formations throughout the country. He also noted how ongoing innovations are allowing operators to enhance well construction and further encourage recycling and reuse during drilling operations.

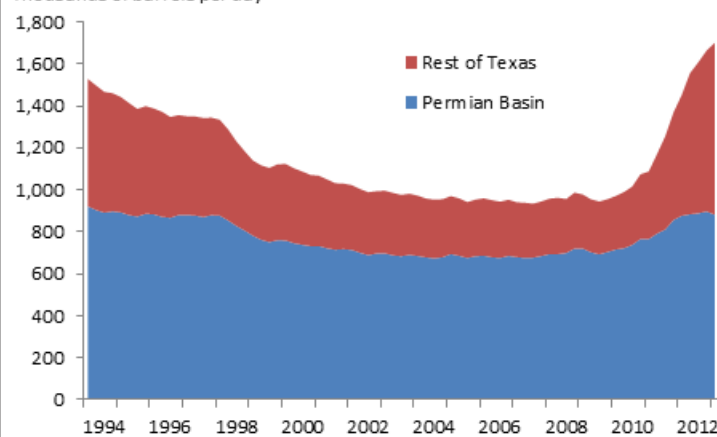
WEST TEXAS RENAISSANCE: THE PERMIAN BASIN ENJOYS REVIVAL THANKS TO FRACING

Although the geologic fields have experienced development for nearly a century, to-date, the Permian Basin remains one of the most prolific regions in the entire nation. Utilizing hydraulic fracturing, horizontal drilling and other technological innovations, in recent years independent producers have been able to access mineral deposits unlike ever before. As a result, Texas counties situated in the heart of the Permian Basin continue to produce more oil than any other counties in Texas.

This has provided a positive effect on the regional economy, as oil and gas companies increase their levels of operation and further expand business activities. According to a recent report published by the Federal Reserve Bank of Dallas, taxable retail sales in the Permian counties have grown much more quickly than in the rest of the state. Additionally, Texas Permian counties have enjoyed strong levels of job creation. Since 2010, employment in these counties has grown 4.6 percent per year, compared with 3.1 percent for the rest of Texas.

Texas Oil Production in Permian Basin and Rest of State

Thousands of barrels per day



SOURCE: Railroad Commission of Texas.

LT. GOV. DAVID DEWHURST APPOINTS LAWMAKERS TO COMMITTEE ON TRANSPORTATION FUNDING

In efforts to help manage funding for highway infrastructure improvements in the Lone Star State, Texas Lieutenant Governor David Dewhurst has formed an interim Senate Committee on Transportation Funding. In the months to come, the group of legislators will also work to address the Texas Department of Transportation's (TxDOT) plan to convert paved roads to gravel in South and West Texas.

Members of the new committee will include Senators: Tommy Williams (Chair), Robert Nichols (Vice-Chair), Juan "Chuy" Hinojosa, Donna Campbell, Kevin Eltife, Kel Seliger, Kelly Hancock, Carlos Uresti and Judith Zaffirini.

"Texans deserve the best roadways for their dollar and I'm confident this team will bring a deliberate, innovative approach to the transportation challenges facing our state," said the Lieutenant Governor. "I have asked that they address the unpaved roads issue at their first meeting. With Senator Williams leading the charge, I'm confident they'll find an effective, conservative approach."

"With several billion dollars' worth of trade traveling through our roads on a daily basis, it is important to understand that transportation is more than just cars and trucks driving on a road," commented Senator Hinojosa, new member of the committee. "Transportation means economic growth. Transportation means jobs. I look forward to working with the committee to find ways to ensure that Texans can remain proud of our transportation system."

PRESIDENT'S MESSAGE

TIPRO Members -

Last week, a groundbreaking study was released by The University of Texas at Austin, which confirmed methane emissions from fracing are far lower than original estimates by the U.S. Environmental Protection Agency (EPA). The comprehensive report, completed in partnership with the Environmental Defense Fund (EDF) and nine participating oil and gas companies, included direct measurements of methane emissions from onshore natural gas production sites across the United States. Data sampling was designed to be representative of company operations in the Gulf Coast, Mid-Continent, Rocky Mountain and Appalachian regions, with measurements collected from active equipment at 150 production sites with 489 wells, 27 well completion flowbacks, nine well unloadings and four well workovers.

Extensive analysis from the year-long study showed that the majority of hydraulically fractured well completions had equipment in place to reduce methane emissions by as much as 99 percent. Because of the innovative technology, methane emissions from the well completions were 97 percent lower than the EPA's 2011 national emission estimates.

More specifically, for well completion flowbacks, which help to clear fractured wells of liquid to allow for gas production, methane emissions ranged from 0.01 Mg to 17 Mg, with an average of 1.7 Mg. However, in the 2011 EPA National Emission Inventory - released in April 2013 - the federal agency estimated that there was an average of 81 Mg per event, a calculation considerably off-mark. That's the equivalent of methane emissions approximately 50 times higher than what the latest research shows.

In total, experts found that wells emitted about 20 percent less greenhouse gases than what the EPA had previously estimated.

UT's research team also made the first reported measurements of unloading emissions, helping to build regional and national inventories on the levels of methane being released during this process. Until now, only limited data on this topic has existed, due to the varied frequencies of liquids unloading and the complex geological differences in formations across the country. However, researchers still note that a larger sample size will be required to accurately characterize an average rate of emissions from unloadings.


Collectively, all of these new findings are significant, and something we should certainly take note of. Particularly as critics and activists try to bash hydraulic fracturing and falsely claim it is unsafe and harmful to the environment.

It is my hope that with additional data collection and scientific analysis, we will be able to provide a better understanding of true emissions associated with hydraulic fracturing and oil and gas production. Previously, estimates of methane emissions from E&P activities were just that - estimates. Consequently, it led to a wide-range of projections for total industry emissions nationwide, and painted a false impression of how much methane is being leaked into the atmosphere during completion activities. In this instance, the EPA's approximations were substantially wrong, and further exemplify the need for more scientific data on related environmental issues, especially when such information is going to be used by the federal agency to shape regulatory oversight of the oil and gas industry in the future.

Case-in-point, as we all can probably recall, just last year the EPA announced plans to enforce new standards aimed at reducing air pollution associated with oil and natural gas production. The new rules represent the first federal air standards for natural gas wells that are hydraulically fractured, and include requirements for several other sources of pollution in the oil and gas industry that are currently not regulated at the federal level. While right now many companies are voluntarily choosing to use emissions reduction technologies (as exemplified by UT's recent study), effective January 2015, all new fractured wells will be required to use green completions. The new rules by the EPA strive to yield a 95 percent reduction in emissions of volatile organic compounds (VOC) from the more than 11,000 new gas wells that are hydraulically fractured each year in the United States.

Fortunately for our industry, researchers expect that the findings from this new study will help to better inform policymakers, the public and other stakeholders by providing much-needed data on the sources of methane emissions from domestic E&P operations. It will also help advance national and international scientific and policy discussions in the future with respect to oil and natural gas development and use.

Sincerely,




Ed Longanecker

Calendar of Events

OCTOBER 9, 2013	OCTOBER 29, 2013	NOVEMBER 13, 2013	DECEMBER 11, 2013
HOUSTON — IPAA/TIPRO	HOUSTON — Texas	HOUSTON — IPAA/TIPRO	HOUSTON — IPAA/TIPRO
Leaders in Industry	Top Producers	Leaders in Industry	Leaders in Industry
Luncheon, 11:30 a.m.	Awards Banquet, 6:30 p.m.	Luncheon, 11:30 a.m.	Luncheon, 11:30 a.m.
Houston Petroleum Club.	Houston Petroleum Club.	Houston Petroleum Club.	Houston Petroleum Club.
For info, call: (832) 233-5502.	For info, call: (512) 477-4452.	For info, call: (832) 233-5502.	For info, call: (832) 233-5502.

SENATOR JANE NELSON TO CHAIR 2014-15 SUNSET ADVISORY COMMISSION

Appointments for the 2014-15 Sunset Advisory Commission have been announced by the Lieutenant Governor and Speaker of the House. Each designates five members for the Commission, in addition to one member of the public to participate. From the Texas Senate, Sunset members will include: Jane Nelson (Chair), Brian Birdwell, Dan Patrick, Juan “Chuy” Hinojosa and Charles Schwertner. From the Texas House, members will include Representatives Harold V. Dutton, Jr. and Four Price. Two seats are still to be determined.

“I look forward to the challenge of leading a critical Sunset review cycle that will set the course forward for our health and human service agencies, the Workforce Commission and other key entities,” said Senator Nelson. “The Sunset process allows us to put our state agencies under a microscope, consider whether they are still needed and evaluate their overall effectiveness. I am honored to be appointed chair and eager to get started.”

The Sunset Advisory Commission was created by the Texas Legislature in 1977. Its purpose is to review the operation and efficiency of more than 150 state agencies in Texas, with each agency typically subject to Sunset review every 12 years. During the next Sunset cycle, agencies including the Texas Workforce Commission and the State Office of Administrative Hearings (SOAH) will undergo review.

TCEQ ACCEPTING NOMINATIONS FOR 2014 ENVIRONMENTAL EXCELLENCE AWARDS

Nominations are now being accepted for the 2014 Texas Environmental Excellence Awards, the state's highest environmental honor. The awards, coordinated by the Texas Commission on Environmental Quality (TCEQ) on behalf of the Office of the Governor, recognize an individual, community, company or organization that significantly reduce waste, conserve natural resources and prevent pollution.

“The honorees selected for these prestigious awards represent an understanding of stewardship we must embrace to protect our natural resources for future generations,” said TCEQ Chairman Bryan W. Shaw, Ph.D.

If your organization is taking action to protect our state's natural resources, TIPRO encourages you to apply today. Don't miss your chance to receive well-deserved recognition for successful projects that can help us all do more to protect the environment. The application process is free, easy and garners credibility for your company.

For more information, including access to the application form, visit www.teea.org/apply. The deadline to apply for the Texas Environmental Excellence Awards is Friday, October 4, 2013.

RRC COMMISSIONER ISSUES LETTER ON POTENTIAL LISTING OF LESSER PRAIRIE CHICKEN

Although the U.S. Fish & Wildlife Service (USFWS) has until March 30, 2014, to decide whether to list the Lesser Prairie Chicken (LPC) as threatened under the Endangered Species Act (ESA), Texas Railroad Commissioner (RRC) David Porter recently issued a letter to Daniel Ashe, director of the federal agency, explaining the detrimental effects such a listing could have in Texas and on the economy as a whole.

“I am writing to express my strong opposition to listing the LPC as threatened or endangered under the ESA,” said Commissioner Porter. “As the primary regulator of the oil and gas industry in Texas – an industry that would be significantly affected by this decision – I feel it is imperative that the detrimental impacts of such a listing are fully understood and appreciated.”

Porter continued, “I believe that listing this species as threatened or endangered would severely limit exploration and production activity in the Permian Basin, one of the country's most prolific hydrocarbon-bearing regions. The Texas Permian Basin alone produces nearly one million barrels of oil per day, accounting for more than half of our state's total oil production. It also supports thousands of jobs and provides millions of dollars in state revenue.”

Commissioner Porter emphasized efforts are already underway to develop a conservation plan as an alternative to listing the LPC as threatened. He also stressed the importance of enacting policies which protect the environment while at the same time allowing for natural resource production that is vital to the well-being of the country.

REMINDER: RRC TO HOST REGULATORY WORKSHOPS ON STATEWIDE RULES 9, 13 & 46

Multiple regulatory workshops are being offered by the Texas Railroad Commission (RRC) in various cities across Texas to educate operators on Statewide Rules 9, 13 and 46. If you have not already done so, register today to attend, as seating is limited. Seminars will include:

Statewide Rule 13: Casing, Cementing, Drilling, Well Control & Completion Requirements

October 9, 2013 - Dallas, Texas

October 24, 2013 - San Antonio, Texas

November 6, 2013 - Corpus Christi, Texas

November 13, 2013 - Houston, Texas

Statewide Rules 9 and 46: Proposed Amendments for Disposal Wells and Fluid Injection into Productive Reservoirs

October 9, 2013 - Dallas, Texas

Requests will be processed on a first-come, first-served basis and there is no charge for attendance. Learn more, or register online, by visiting www.rrc.state.tx.us/education/seminars/OG2013.php. For questions, contact the RRC's Oil and Gas Division directly by phone at (512) 463-6810 or e-mail OGEEvents@rrc.texas.gov.

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HELP SECURE A RELIABLE WATER SUPPLY FOR TEXAS

This November, Texans will have the opportunity to vote on Proposition 6, which supplements funding for the State Water Plan. Prop. 6 would amend the state constitution to allow for the creation of the State Water Implementation Fund for Texas (SWIFT) to finance priority water projects and ensure the availability of adequate water resources in Texas. If passed, \$2 billion will be pulled from the state's Rainy Day Fund to provide the necessary capital for water project development and construction of needed infrastructure.

Prop. 6 has already garnered a wide array of support, including endorsements from state officials and Texas legislators.

"Our projections show that \$2 billion would fully implement the State Water Plan as it exists today," said State Representative Allan Ritter on the issue earlier this year. "With that one-time capital investment, we could provide adequate, meaningful funding to the plan and achieve the state's goals of supporting local entities in the implementation of projects."

By voting to approve Prop. 6, Texans will help implement a long-term solution for funding of crucial water projects across the state.

Proposition

6

DON'T FORGET TO REGISTER TO VOTE!



TIPRO reminds all members to sign up to vote in the upcoming election, which will take place on Tuesday, November 5, 2013. Eligible Texans who are not yet registered to vote must do so by Monday, October 7, 2013, in order to participate. Early voting will last between October 21 and November 1. Note that all voters also are now required to present an approved form of photo identification when voting in person.

The 2013 Election will be an important one for our state, as voters will have the opportunity to approve Proposition 6, related to water funding in Texas. A number of other important items will be on the ballot as well, including eight other constitutional amendments - so don't miss out on your chance to cast a vote and make your voice heard.

For additional voter information, or details on how to register to vote in Texas, visit www.votetexas.gov.

U.S. TREASURY SECRETARY WARNS OF ECONOMIC DANGERS ON FAILING TO RAISE DEBT LIMIT

Although the U.S. is slowing rebounding from the last economic recession, the federal government could run out of money to cover net expenses by October 17, unless Congress votes to extend the nation's borrowing authority and raise the existing debt ceiling, reported U.S. Treasury Secretary Jack Lew in a letter addressed to members of Congress on Wednesday, September 25. The debt ceiling, which now stands at \$16.699 trillion, places a limit on the total amount of debt that the Treasury Department can issue, in efforts to control the amount of money that is being borrowed by the U.S. government.

"The U.S. should never have to choose, for example, whether to pay Social Security to seniors, pay benefits to our veterans, or make payments to state and local jurisdictions and health care providers under Medicare and Medicaid," said Secretary Lew. "There is no way of knowing the damage any prioritization plan would have on our economy and financial markets. It would represent an irresponsible retreat from a core American value: We are a nation that honors all of its commitments."

According to the Congressional Budget Office, if the debt limit is not increased by Congress before extraordinary measures are exhausted, the Treasury could default on payment of the government's debt obligations.

"The debt limit impasse that took place in 2011 caused significant harm to the economy and a downgrade to the credit rating of the United States," warned Secretary Lew. "The drawn-out dispute caused business uncertainty to increase, consumer confidence to drop, and financial markets to fall. If Congress were to repeat that brinksmanship in 2013, it could inflict even greater harm on the economy. And if the government should ultimately become unable to pay all of its bills, the results could be catastrophic."

MAKE PLANS TO ATTEND THE TEXAS ENERGY UPDATE CONFERENCE ON OCTOBER 4

Register now to attend the 2013 Texas Energy Update Conference on Friday, October 4, 2013, from 7:30 a.m. to 11:30 a.m. at the Belo Mansion in Dallas, Texas. This half-day event will provide an update on the current economic and regulatory climate for the energy industry in Texas.

During the 2013 Texas Energy Update, Timothy Dove, president and COO of Pioneer Natural Resources, will provide an overview of ongoing energy trends and domestic deals. His remarks will be followed by an economic update of the effect of the shale boom, as provided by Mine K. Yucel, vice president and director of the Federal Reserve Bank of Dallas. Additionally, a panel of state regulators and industry experts will address water's impact on energy development. This panel will include Railroad Commissioner Christi Craddick, Texas Water Development Board Advisor Mark Ellison and Michael Goldman, shareholder at Guida Slavich & Flores, P.C. A separate panel will discuss current M&A activity and forecast future growth for the energy marketplace beyond 2013. This final panel is comprised of dealmakers from Mitchell Energy Advisors, E-Spectrum Advisors and Stephens, Inc.

As TIPRO is an industry sponsor of this event, association members may register for the discounted price of \$50. To register, please visit www.texasenergyupdate.org.

HALLIBURTON OPENS NEW OPERATIONS CENTER TO SERVE PRODUCERS IN THE EAGLE FORD

Oilfield services company Halliburton has opened a new Operations Center in San Antonio to serve the growing needs of producers in the Eagle Ford Shale and surrounding markets.

“Our new facility enables us to provide a wide range of services and support to our customers along the Eagle Ford corridor, as well as other South Texas fields,” said Paul Sheppard, vice president of Halliburton’s Southeast region. “Whether it’s opening or expanding a facility or creating innovative solutions and technologies, we do what it takes to help our customers effectively and efficiently develop their energy resource.”

According to the company, the 150-acre, 400,000-square-foot facility is strategically located in southern Bexar County within the Eagle Ford operations area. The center includes a 10,000-square-foot state-of-the-art laboratory and real-time operations center, a 112,000-square-foot truck maintenance shop, a wireline and perforating facility, a mud plant and a double-sided cement bulk plant.

Over 550 employees from the San Antonio-area have already been hired to work at the new Operations Center. By the end of 2013, Halliburton expects to support approximately 1,000 employees at the South Texas facility.

RRC PLANS TO HIRE MORE INSPECTORS

Speaking at a conference earlier this week, Railroad Commissioner (RRC) Christi Craddick indicated more field inspectors will be hired by the state agency to help monitor and investigate industry operations in Texas, particularly for pipeline and distribution systems. “We have about 700 people, give or take, and we got more money for pipeline inspection - 32 people,” said Commissioner Craddick. “Overall, we have 160,000 miles of pipeline to inspect.”

By hiring additional personnel, the RRC will be in a position to enhance regulatory oversight in the Lone Star State and ensure operators are in compliance.

~ REMINDER: INDIVIDUAL MEMBERSHIP DIRECTORY LISTING DEADLINE APPROACHING ~

Don’t forget to submit your updated contact information for TIPRO’s next membership directory. You should have recently received your 2014 membership directory listing form in the mail. Please submit your updated information back to TIPRO as soon as possible.

If you need assistance or did not receive your copy of the form, please contact TIPRO’s Membership Coordinator Anjelica Torres by email at atorres@tipro.org or by phone at (512) 477-4452.

FINALISTS OF THE TEXAS TOP PRODUCERS AWARDS FEATURED IN OCTOBER’S *TEXAS MONTHLY*

The Texas Independent Producers & Royalty Owners Association (TIPRO), in partnership with the publishers of *Texas Monthly* and the Best Companies Group (BCG), is proud to announce the finalists of the 2013 Texas Top Producers awards. These outstanding professionals are currently featured in the October edition of *Texas Monthly* magazine, currently available on newsstands.



The first of its kind, the Texas Top Producers program recognizes the greats of the Texas oil and gas industry. Award winners were categorized by profession, including Best CEOs, Best Landmen, Best Geoscientists and Best Engineers. Overall, nearly 90 finalists were recognized, all of whom represent the best in the business.

Be sure to pick up your copy of the October *Texas Monthly* to check out the entire section, entitled “Texas Top Producers: Lone Star Leaders in the Oil and Gas Industry.”

REGISTER NOW FOR AWARDS BANQUET CELEBRATING THE INDUSTRY’S TOP PROFESSIONALS

Mark your calendar and sign-up to attend the 2013 Texas Top Producers awards banquet, set to be held on the evening of Tuesday, October 29, 2013, at the Houston Petroleum Club in Houston, Texas. Top winners of the Texas Top Producers awards will be announced during the event, including the Best CEOs, Best Engineers, Best Geoscientists and Best Landmen.

Underwritten by PricewaterhouseCoopers, this awards banquet will serve as a special occasion for members of the Texas oil and gas industry to join together and celebrate the best professionals in the business. During the event, award recipients will be recognized for their outstanding accomplishments in recent years. In addition, the banquet will also prove to be a great opportunity to connect with other professionals in the E&P sector and meet new business associates.

Nearly 300 industry professionals attended last year’s awards banquet, and space is limited for this year’s event. Please RSVP today to ensure your seat.

To sign up to attend, simply fill out the form on page 7 of this newsletter and return back to TIPRO. You can also register online through TIPRO’s website. For questions, contact Stephen Coffman at (512) 477-4452.



**AWARDS BANQUET
TUESDAY, THE TWENTY-NINTH OF OCTOBER
SIX THIRTY P.M.
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REFUNDS WILL NOT BE GIVEN AFTER THIS DATE.

ALL RESERVATIONS MUST BE ACCOMPANIED BY PAYMENT.

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FOR MORE INFORMATION, CONTACT TIPRO AT (512) 477-4452



HELP CELEBRATE THE INDIVIDUALS WHO HAVE REVOLUTIONIZED OUR NATION'S ENERGY FUTURE...

MARK YOUR CALENDAR TO ATTEND THE 2013 TEXAS TOP PRODUCERS AWARDS BANQUET, HONORING THE BEST CEOs, BEST ENGINEERS, BEST LANDMEN AND BEST GEOSCIENTISTS IN THE LONE STAR STATE. THE EVENT WILL TAKE PLACE THE EVENING OF TUESDAY, OCTOBER 29, 2013, AT THE PETROLEUM CLUB OF HOUSTON.



TO LEARN MORE OR TO PURCHASE TICKETS FOR THE BANQUET, SEE PAGE 7 OF THIS NEWSLETTER OR CONTACT STEPHEN COFFMAN AT (512) 477-4452.

EVENT HOSTED BY:



2013 BANQUET UNDERWRITER:



**Texas Independent
Producers &
Royalty Owners
Association**

With more than 2,500 members, TIPRO is the nation's largest statewide association representing both independent producers and royalty owners. Our members include small family-owned companies, the largest publicly traded independents and large and small mineral estates and trusts.

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