



**Texas
Independent
Producers and
Royalty Owners
Association**

OFFICIALS LOOK AT CROSS-BORDER ENERGY INTEGRATION OPPORTUNITIES FOR TEXAS AND MEXICO

Members of the Border Trade Advisory Committee (BTAC) convened in Austin last Monday, September 19th to continue conversations on opportunities for cross-border energy integration between the state of Texas and Mexico. During the BTAC meeting, Texas Railroad Commissioner Ryan Sitton, Hunt Mexico President Enrique Marroquin, and Dr. Regina García-Cuéllar, chief of staff to the director general

of PEMEX, participated in a panel discussion reviewing efforts underway to reform Mexico's energy sector. "We are fortunate to have individuals and organizations from throughout the border region here today who are committed to advancing dialogue on the future of the Texas-Mexico Energy Nexus," said Texas Secretary of State Rolando Pablos, who is chair and presiding officer of the BTAC. "There is a unique opportunity for Texas companies to participate in Mexico's rapidly expanding energy landscape. By strengthening collaboration on energy infrastructure, we can work to inject even more opportunities for economic growth on both sides of the border."

"We have an incredible opportunity in Texas to provide Mexico with much-needed energy resources while stimulating our own economy," observed Commissioner Sitton. "Right now, Mexico imports about 112,000 million cubic feet of natural gas each month from Texas via pipeline. By 2019, U.S. natural gas exports to Mexico will double, and that means more money for our schools, roads, hospitals and economy. Mexico's energy reforms and demand coupled with near historic highs in U.S. production are creating an enormous opportunity from which both countries will benefit."

IN LARGEST SALE TO DATE, UNIVERSITY LANDS EARNS \$118 MILLION FROM PERMIAN LEASES

Earning more than \$118 million in revenue, University Lands (UL) recently held its largest lease sale ever, successfully leasing over 43,000 acres of land for oil and gas development in West Texas' Permian Basin. UL manages the surface and mineral interests of approximately 2.1 million acres of land across 19 counties in West Texas for the benefit of the Permanent University Fund (PUF). Money generated from UL lease sales, combined with royalties from wells drilled on the lands, supports more than 20 educational and health institutions across both The University of Texas System and Texas A&M University System.

NEW RESEARCH INDICATES PROLIFIC PERMIAN COULD HOLD 60-70 BILLION BARRELS OF OIL

The Permian Basin still holds an estimated 60 billion to 70 billion barrels of technically recoverable resources, worth \$3.3 trillion at current prices, according to new data from energy researchers with IHS Markit. A new analysis from IHS, released on September 25, lends better understanding of the Permian Basin's complete resource potential. To conduct this new analysis, which has been in the works for more than three years, researchers say they used a historical well and production database including more than 440,000 Permian Basin wells, along with a new proprietary software tool that for the first time enabled them to leverage interpreted formation 'tops' data to identify accurate formations for completion intervals on hundreds of thousands of wells. "Using a new technology we developed, we've leveraged our proprietary IHS Markit interpreted formation-tops data to identify accurate formations for completion intervals on hundreds of thousands of wells, and the results change the game for this basin and for geologists' interpretations," said John Roberts, executive director of global subsurface content operations at IHS Markit. "It has significantly changed our understanding of the extent of many formations in the Permian Basin and the potential of those formations to yield additional hydrocarbons."

Since production began in the Permian in the 1920s, drillers have pumped more than 39 billion barrels (cumulative) of oil from the basin. According to IHS Markit, with the onset of horizontal drilling and new completion technologies during the past decade, the production decline in the Permian has been reversed and the basin is on track to soon eclipse its previous peak.



PRESIDENT'S MESSAGE

TIPRO members,

TIPRO continues to track various economic indicators and data related to the Texas oil and natural gas industry, including production, employment, establishments and wages, to name a few. When I speak to various groups, I like to highlight historical trends, current statistical data and the overall positive impact of oil and natural gas on our state and country, all to help further quantify and reinforce the importance of domestic oil and natural gas development. We use various sources to track data, including the Bureau of Labor Statistics, utilizing a specific set of North American Industry Classification System (NAICS) codes to define industry, DrillingInfo, and others.

When compiling data for the first quarter (Q1) of 2017, Texas had a total of 11,616 oil and natural gas establishments, which represents a decline of 433 compared to the fourth quarter (Q4) of 2016, and a decline of 851 compared to Q1 of last year. As defined in previous installments of TIPRO's *State of Energy Reports*, establishments refer to single economic units, or business, usually a single location. Companies can have multiple establishments at multiple locations in a given state. The largest decline between Q4 and Q1 this year was in the Oil and Natural Extraction sector with a decline of 639. The Support Activities for Oil and Gas Operations sector showed an increase of 122 establishments between Q4 and Q1, but a decrease of 102 compared to Q1 of last year. We are seeing some positive trends in Drilling Oil and Gas Wells with an increase of 60 establishments between Q4 and Q1.

Texas oil and natural gas employment figures showed a decline of 2,787 jobs between Q4 and Q1. The largest decline was again in the Oil and Natural Extraction sector, with a loss of 15,140 or loss of 21,632 compared to Q1 of last year. Support Activities for Oil and Gas Operations showed a gain of 7,328 jobs between Q4 and Q1, followed by an increase of 3,708 jobs in the Drilling Oil and Gas Wells sector for two largest sectors for employment growth.

These employment and establishment trends correspond with increased activity and production in key Texas shale formations and overall increased efficiency in the E&P process. Recent data shows growth in Permian production by approximately 62,000 barrels of oil per day (BOPD) to 2.5 million barrels of oil per day (MMBOPD) and evidence of production growth in the Eagle Ford Shale. The Texas Railroad Commission reported preliminary Texas crude oil production of 75 MBPD for the month of July with updated figures likely falling within the 82-84 MBPD range, slightly lower or flat compared to July of 2016, but higher than June 2017 production numbers. The impact of Hurricane Harvey is expected to be negligible. At its peak, it briefly disrupted 9 percent (0.8 MMBD) of U.S. crude production and 26 percent (4.8 MMBD) of US refining capacity.

Clearly the industry is still adjusting from the consistently low price environment, but it's evident that operators are doing more with much less and will emerge much more competitive and efficient. Despite challenging market conditions over the past several years, the Texas oil and gas industry has remained a cornerstone of our state economy, supporting hundreds of thousands of direct jobs and providing billions of dollars in tax revenue that supports all aspects of our state, including roads and infrastructure investment, water conservation programs, schools and education, and first responders to name a few. We are proud to support this industry and the countless benefits, protections and conveniences it provides.

If you would like additional details on economic trends in the Texas oil and natural gas industry, please don't hesitate to contact me.

I also want to encourage members to mark your calendar to see TIPRO close the NASDAQ stock market next month on Monday, October 30. The association, joined by member executives, will travel to New York City to participate in the NASDAQ closing bell ceremony. This event will also be streamed live for those who would like to watch online. Watch for additional details to be announced in the coming weeks on the TIPRO-NASDAQ market close. Thank you.

Ed Longanecker



Ed Longanecker

TIPRO CHAIRMAN NAMED RECIPIENT OF THE 2017 UTEP DISTINGUISHED ALUMNI AWARDS

Allen Gilmer, current chairman of TIPRO and the executive chairman and cofounder of DrillingInfo, has been named a recipient of The University of Texas at El Paso (UTEP) Distinguished Alumni Awards for 2017. Gilmer will receive the award and be recognized during a special dinner hosted at the university next Friday, October 6. "Throughout the history of Texas Western College and UTEP, there have been some true giants who have earned their degrees at this outstanding university," Gilmer said. "I am amazingly humbled by being recognized as one of UTEP's distinguished alumni."

TIPRO Calendar of Events

<p>OCTOBER 11, 2017 HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.</p>	<p>OCTOBER 30, 2017 NEW YORK — TIPRO 2017 NASDAQ Market Closing, New York City. For info, call: (512) 477-4452.</p>	<p>OCTOBER 30 - NOV. 1, 2017 SANANTONIO — INTERNATIONAL PETROLEUM ENVIRONMENTAL CONFERENCE, Hyatt Regency Hotel. For info, call: (918) 631-3088.</p>	<p>NOVEMBER 8, 2017 HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.</p>
--	--	---	--

TEXAS GOVERNOR INDICATES STATE WON'T TAP RAINY DAY FUND FOR HARVEY RELIEF

Texas Governor Greg Abbott said Tuesday, September 26th that the state will refrain from pulling funds out of the Economic Stabilization Fund - known as the Rainy Day Fund - to contribute to relief and rebuilding efforts following Hurricane Harvey. The hurricane, which hit Texas in late August, caused substantial damage to Houston and areas along the Texas coast, estimated to be in the billions of dollars. For now at least, Governor Abbott indicated there are sufficient funding mechanisms in place to assist Texans, and that the state would not consider withdrawing from the Rainy Day Fund until at least 2019, when the state legislature is back in session.

GOVERNOR ABBOTT ANNOUNCES CHANGES TO SENIOR STAFF

Texas Governor Greg Abbott announced at a news conference on Monday, September 18th changes to his senior staff, including the promotion and hiring of several new members of his administration. TIPRO members are advised of the following staff changes in the office of the governor, which will take effect October 1, 2017:

- Luis Saenz will serve as Governor Abbott's chief of staff
- Steven Albright will serve as Governor Abbott's senior advisor for state operations
- Reed Clay will serve as Governor Abbott's counselor and chief operating officer
- John Colyandro will serve as Governor Abbott's senior advisor and policy director
- Walter Fisher will serve as Governor Abbott's legislative director
- Sarah Hicks will serve as Governor Abbott's budget director
- Matt Hirsch will serve as Governor Abbott's deputy chief of staff and communications director
- Peggy Venable will serve as Governor Abbott's appointments director
- Tommy Williams will serve as Governor Abbott's senior advisor for fiscal affairs

"While there are big shoes to fill, I'm confident the team I'm introducing today is up to the task," remarked Governor Abbott. "There are big ideas I plan to tackle in the upcoming session, and this team will be integral in spearheading those efforts. We have already started working to ensure a smooth transition, and we will continue our work to keep Texas the beacon of opportunity."

BUGG APPOINTED CHAIRMAN OF TEXAS TRANSPORTATION COMMISSION

J. Bruce Bugg, Jr. has been named by Texas Governor Greg Abbott as chairman of the Texas Transportation Commission, the governor's office announced on September 19, 2017. Bugg was first appointed to serve as commissioner of the agency by Governor Abbott in February 2015, and confirmed for the role by the Texas Senate in March of that year. The Texas Transportation Commission governs the Texas Department of Transportation (TxDOT) and is responsible for policymaking regarding the state's highway system, developing a statewide transportation plan, assisting the development of public transportation and adopting rules for TxDOT's operation.

Bugg previously was chairman and president of the Texas Economic Development Corporation and a senior advisor to then-Governor Rick Perry on the state of Texas' economic development strategies and initiatives from 2012 to May 2014. Bugg also served as the governor's appointee on the Board of Directors of Humanities Texas in Austin, Texas. Bugg is currently the chairman and CEO of Argyle Investment Co., LLC, chairman, president and CEO of Southwest Bancshares, Inc., Texas Hill Country Bancshares, Inc., and Capitol of Texas Bancshares, Inc., and chairman of The Bank of San Antonio and The Bank of Austin. He is chairman and trustee of The Tobin Endowment, co-founder and founding chairman of the Bexar County Performing Arts Center Foundation, which owns and operates the Tobin Center for the Performing Arts in San Antonio, and former chairman of the UT Health Cancer Center Board of Governors.

REPRESENTATIVE PHIL KING ANNOUNCES RUN FOR SPEAKER OF THE TEXAS HOUSE

State Representative Phil King (R-Weatherford) will challenge Representative Joe Straus (R-San Antonio) to lead the House chamber as Speaker of the House in 2019, Representative King announced on Friday, September 22. "I have served in the House under the leadership of three different speakers," King said in a statement. "What I have learned is that the role of the presiding officer is not to control the House, but rather to facilitate, assist and empower all members to represent their districts, promote their ideas, and implement their policies." King represents the people of Parker and Wise counties in the Texas Legislature. He is a member of the House Energy Resources Committee, and chair of the Homeland Security & Public Safety Committee. At a conference over the weekend, House Speaker Straus expressed confidence that his colleagues in the legislature will support him for a sixth term as speaker during the state's next Legislative Session. If re-elected to the leadership role, Straus would break records for holding the longest tenure as speaker, responsible for presiding over the Texas House.

RAILROAD COMMISSION EXECUTIVE DIRECTOR RESIGNS

Kimberly Corley, executive director of the Texas Railroad Commission, has resigned from the agency, effective November 7. Corley had served in the role since early 2016. Before joining the commission, Corley held several executive leadership positions with Shell Oil Company, as well as served in various positions with oil and gas and pipeline companies including Kinder Morgan Energy Partners, El Paso Corporation and Tenneco Energy.

TIPRO PARTICIPATES IN WORKFORCE DEVELOPMENT SUMMIT HOSTED BY COMMISSIONER CHRISTIAN

As part of a new initiative aimed at promoting industry workforce, Railroad Commissioner Wayne Christian recently hosted a summit in Austin to bring together members of industry, academia and government to review workforce opportunities for the state's energy sector. TIPRO was in attendance of the forum, held on September 20.

During the summit, stakeholders discussed ways in which the Texas education system, state agencies and the private sector can work together to meet workforce needs and continue to power the energy sector forward. Participants also identified which regions of Texas hold the greatest need for employees and reviewed specific job positions at oil and gas companies that do not currently have adequate workforce available. "As commissioner, it is my job to ensure the safe and reliable production of oil and natural gas, which creates jobs and fuels our economy. One of the biggest threats to these jobs, isn't a lack of natural resources under the ground, but a shortage of trained employees to meet future demand," remarked Commissioner Christian. "Our organizational meeting was a great success, as it connected stakeholders and started an on-going dialogue that I hope to continue in the months and years to come," continued Christian. "It is important for stakeholders to hear from one another, to ensure our education and training align with the needs of a growing industry and future growth." Commissioner Christian plans on visiting with stakeholders in different regions of the state over the next few months to continue conversations over workforce needs for the Texas oil and gas industry.

"We must get serious about how we meet the educational needs of our young people so they have the tools they need to keep Texas energy a global leader. A strong workforce means a prosperous oil and gas industry and a prosperous oil and gas industry means a thriving Texas,"
-- Railroad Commissioner Christian

TEXAS COMPTROLLER WARNS FIGHT OVER DUNES SAGEBRUSH LIZARD COULD BE REVIVED

Following the surge in oil and gas development in Texas in the last decade, the habitat of one particular lizard - the Dunes Sagebrush Lizard - was an issue in the spotlight for many years. In 2010, the sand-colored lizard was proposed to be listed as a protected species. However, in 2012 the matter was put to rest after the U.S. Fish and Wildlife Service (USFWS) declined to "list" the lizard under the Endangered Species Act. A listing was deemed unnecessary after the Texas Comptroller's office finalized a voluntary conservation plan that would protect the lizard and its habitat.

Today, the lizard is once again a focus of the USFWS and the industry. As activity has continued expanding in the Permian Basin, acreage has been a popular commodity – not only for producers, but also for suppliers. One category of supplier in particular, sand mining – mining fine grain sand for hydraulic fracturing – has caused a threat of disruption to the lizard's habitat. In a recent letter to the USFWS, an environmental advocacy group noted that nearly 300 acres had been threatened with operations located on or near sand dunes between February and August of this year, and that based on lease information, it was likely another 23,000 acres or 10 percent of the lizard's habitat could be threatened as more sand miners enter the area. According to a letter from the comptroller's division of economic growth and endangered species management, fortunately, most of the companies planning to operate in the area have revised course and are willing to do what is necessary to protect the habitat. In the coming months, the comptroller's office and the oil and gas industry have committed to ongoing conversations with USFWS and with the sand mining industry to continue to encourage protection of the lizard's habitat.

TCEQ OFFERS GRANTS THROUGH ALTERNATIVE FUELING FACILITIES PROGRAM

The Texas Commission on Environmental Quality (TCEQ) is now accepting applications for grants offered through the agency's Alternative Fueling Facilities Program (AFFP). Up to \$6 million is available to businesses and individuals who qualify for the grant program, reports the TCEQ. The grants will be used to offset costs of building or modifying alternative fueling facilities across Texas, including facilities that dispense natural gas. Eligible fuels for the AFFP include natural gas, as well as biodiesel, hydrogen, methanol, propane, and electricity.

Grants are available in certain parts of the state. To see a map and list of eligible counties - as well as view additional information on AFFP grants - visit <https://www.tceq.texas.gov/airquality/terp/ctt.html>. Applications will be accepted by the TCEQ through Tuesday, January 16, 2018.

This November, the TCEQ will also host eight AFFP grant application workshops to review grant requirements and the application process. The workshops are scheduled for the following cities and dates:

- El Paso: November 1 at 1:00 p.m., Rio Grande Council of Governments, 8037 Lockheed Drive, Suite 100, El Paso, TX 79925
- Tyler: November 8 at 9:00 a.m.; Large Conference Room, TCEQ Region 5, 2916 Teague Dr., Tyler, TX 75701
- Arlington: November 9 at 9:00 a.m., NCTCOG, 616 Six Flags Drive, Arlington, TX 76011
- Laredo: November 14 at 9:00 a.m., Laredo Chamber of Commerce, 2310 San Bernardo Ave, Laredo, TX 78040
- Corpus Christi: Nov. 15 at 9:00 a.m., CBCOG Large Conference Room, Coastal Bend COG, 2910 Leopard Street, Corpus Christi, TX 78408
- San Antonio: November 20 at 9:00 a.m., 8700 Tesoro, San Antonio, TX 78217
- Austin: November 21 at 9:00 a.m., TCEQ's Austin Office, Building E, 2nd Floor, Room 254S, 12100 Park 35 Circle, Austin, TX 78753
- Houston: November 28 at 9:00 a.m., Houston-Galveston Area Council, 3555 Timmons Ln #120, Houston, TX 77027

RRC CHAIRMAN PLEDGES SUPPORT FOR STRATEGIES TO STRENGTHEN THE NATION'S ENERGY INDUSTRY

Christi Craddick, chairman of the Texas Railroad Commission, this week visited with federal officials in Washington D.C. to discuss strategies to further strengthen the nation's energy industry. Craddick was in town for the 127th meeting of the National Petroleum Council (NPC), an advisory body to the secretary and the Department of Energy that provides counsel, information and recommendations on matters related to oil and natural gas and related industries, including governmental response to environmental and energy conservation, technology, legal issues, and emergency situations. Craddick was appointed as a member of the NPC last summer for the 2016-17 term, representing the views of states in public policy decision-making at the federal level.

While in Washington D.C., Chairman Craddick met with U.S. Secretary of Energy Rick Perry, who has submitted a request to NPC members to study two items: the changing dynamics of oil and gas transportation infrastructure, and potential pathways for better carbon capture, utilization and storage. U.S. Secretary of the Interior Ryan Zinke as well as Deputy Secretary of Energy Dan Brouillette also participated in the NPC meeting on Tuesday.

"Our country's energy industry has achieved unbelievable advancements in innovation over the last decade, maximizing their ability to produce huge volumes of energy while decreasing emissions with clean technologies. The administration in Washington is taking every step necessary to allow for industry modernization and growth, unleashing President Trump's vision of American energy independence. As a member of the NPC, I am proud to support these studies and help drive forward an even brighter future for American energy," commented Chairman Craddick.

U.S. ENERGY SECRETARY SIGNALS FRUSTRATION OVER ANTI-FOSSIL FUEL ACTIVISTS

Interrupted by hecklers while speaking at an oil conference this week, U.S. Energy Secretary Rick Perry on Monday addressed anti-fossil fuel protesters directly by asserting that fossil fuels are in fact saving lives, despite wild claims often circulated from environmental activist organizations. "It upsets me when some guy stands up and says, 'What are you going to do, you're killing people,'" Perry said, according to Bloomberg, at a meeting of the National Petroleum Council in Washington D.C. "No sir. You want to kill people, you take energy away from them..." Perry reasoned. He added, "This industry is leading the world in affecting the climate and affecting the climate in a positive way. I'm proud to be a part of this industry. You want to talk about saving lives that's what we are doing."

XTO TO EXPAND METHANE REDUCTIONS FROM OIL AND GAS ACTIVITIES

This week ExxonMobil and its subsidiary XTO Energy - a member of TIPRO - announced the company is expanding efforts to develop and deploy new, more efficient technologies to better detect and reduce emissions from its facilities across the United States. "We are implementing an enhanced leak detection and repair program across our production and midstream sites to continually reduce methane emissions, and are also evaluating opportunities to upgrade facilities and improve efficiency at both current and future sites," XTO President Sara Ortwein said on Monday, September 25. "Our comprehensive initiative is underscored by a technology research and testing effort, and includes personnel training, equipment phase out and facility design improvements."

Through a pilot program completed earlier this year in the Midland Basin, XTO says that it already has successfully tested new low-emission designs using compressed air instead of natural gas to operate pneumatic equipment helping regulate conditions such as level, flow, pressure and temperature. Within three years, XTO expects to phase out the use of high-bleed pneumatic devices and replace them with versions that run on compressed air. The company indicates that similar designs could be used for new and existing central tank batteries and satellites as well in efforts to reduce the potential for methane emissions.

As the company works to adopt new solutions to further diminish methane emissions, XTO is also continuing to work with ExxonMobil's Upstream Research Company and third-party equipment manufacturers to further advance development of more efficient, state-of-the-art equipment which detects, quantifies and reduces emissions at production sites. This builds on an extensive portfolio of more than two dozen existing methane research projects and pilots already under way, according to the company.

Moreover, ExxonMobil has participated in studies conducted by The University of Texas and the Environmental Defense Fund as part of the company's efforts to better understand the magnitude and characteristics of oil and gas industry-related methane emissions.

"Combining our field experience with the research capabilities at ExxonMobil upstream research provides us with unique insights as we look to develop and deploy new, more efficient technologies," Ortwein said.

NEW SITE, 'FRACTCHECK,' CLARIFIES FACTS ABOUT HYDRAULIC FRACTURING

A new interactive website called 'FractCheck' has launched to educate Americans on the truths behind hydraulic fracturing activities. Fractcheck.com - launched by the Texans for Natural Gas group - allows users to take quizzes and watch videos to understand what is "fract" and what is fiction about hydraulic fracturing. Visitors of the site also can submit claims to be verified for accuracy. FractCheck.com will help keep fractivists' false claims in check and serve as a helpful resource for those seeking facts that are backed up by real science. Check the site out today!

CONGRESSIONAL COMMITTEE CONTINUES PROBE ON RUSSIAN ATTEMPTS TO INFLUENCE U.S. ENERGY

Texas Congressman Lamar Smith (R-TX21), chairman of the U.S. House Science, Space, and Technology Committee, sent letters to the CEOs of Facebook, Twitter and Alphabet Inc. on Tuesday, September 26th requesting documents and information relating to the purchase of anti-fracking and anti-fossil fuel advertisements by Russian entities on the social media platforms. “In light of Facebook’s disclosure of over \$100,000 in social media advertising associated with Russian accounts focused on the disruption and influence of U.S. politics through social media, it is likely that Russia undertook a similar effort using social media to influence the U.S. energy market,” the letter states. “The American people have a right to know whether the information they are hearing, seeing, and reading is being presented on behalf of a foreign government. Social media platforms, such as Twitter and Facebook, have the ability to serve as an effective propaganda arm conveying specific messages to geographically targeted audiences. The committee is concerned that divisive social and political messages conveyed through social media have negatively affected certain energy sectors, which can depress research and development in the fossil-fuel sector and the expanding potential for natural gas.” As such, on behalf of the House Science, Space and Technology Committee, the chairman has directed the executive leaders of Facebook, Twitter and Alphabet to submit relevant information and documentation no later than October 10, 2017. Further, the appropriate personnel from Facebook has been asked to provide a briefing to committee staff on the issue before October 10.

Chairman Smith, joined by Energy Subcommittee Chairman Randy Weber (R-TX14), this past July also called on the Department of Treasury to launch an investigation into allegations that Russian state sponsored entities had interfered in the U.S. energy market by funneling Russian funds to radical environmental groups opposed to all fossil fuels.

COURT DISMISSES APPEAL OVER BLM FRACTURING REGULATION

In mid-September, the United States Court of Appeals for the Tenth Circuit dismissed an appeals case that had attempted to overturn a prior ruling which found the Bureau of Land Management’s (BLM) regulation on hydraulic fracturing to be illegal. Given the uncertain future of the regulation, the court concluded on September 21st that it would be a waste of judicial resources to continue litigation over the rule, and found dismissal of the legal challenge was appropriate at this time.

Over the summer, the BLM announced in the Federal Register a proposal to formally rescind the 2015 rule on hydraulic fracturing activities—a rule that was never in effect due to pending litigation. Public comments over the regulatory rescission were accepted by the BLM through Monday, September 25. The oil and gas industry has expressed full support of the BLM’s proposed action to overturn the federal hydraulic fracturing regulation, which would have hindered energy production, constrained economic growth, and prevented job creation.

WHITE HOUSE MAKES TAX PLANS PUBLIC

In recent weeks, President Donald Trump has traveled to cities across the nation to promote his vision for overhauling the nation’s tax system. Now, the White House has published more specific details on the administration’s plans for changes to the tax code. The plan, written by senior administration officials and the Republican chairmen of the House and Senate tax-writing committees, includes a reduction in the number of individual tax brackets and elimination of most personal deductions. The corporate tax rate would also be slashed to 20 percent, representing a substantial cut from the current rate of 35 percent.

“We have a once-in-a-generation opportunity to give American workers and businesses the level playing field they deserve and make us competitive once again on the world stage,” said National Economic Council Director Gary Cohn. “The administration and Congress have worked together to develop this unified framework for tax reform, which will grow our economy, create jobs, and provide relief for working families. This framework will deliver on the president’s promise to end the rigged system that has kept our workers and businesses down for too long.”

At this time, it remains uncertain whether important provisions and deductions for the energy sector will be targeted as part of the administration’s tax reform plan. Many business tax credits would be repealed under the revised tax framework, though the fate of specific tax provisions such as Intangible Drilling Costs and percentage depletion deductions were not directly cited in the tax reform plan announced this week. America’s 7,000-plus independent oil and natural gas producers, who drill more than 90 percent of the nation’s wells, rely on such tax incentives to continue participation in high-risk ventures like oil and natural gas exploration.

As officials consider reform of the country’s tax code, it remains essential that policies maintain successful provisions supporting growth and continued investment in the U.S. oil and natural gas sector.

MEMBERSHIP REMINDER: SUBMIT YOUR ANNUAL MEMBERSHIP DIRECTORY FORM TO TIPRO

Don’t forget to submit your annual membership form to TIPRO by **Friday, October 6th** for the association’s next membership directory. You should have recently received your form in the mail - 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 call (512) 477-4452. If TIPRO does not receive your updated form by the deadline date, we will consider the contact information on file as accurate and will publish it in the association’s 2018 Membership Directory.

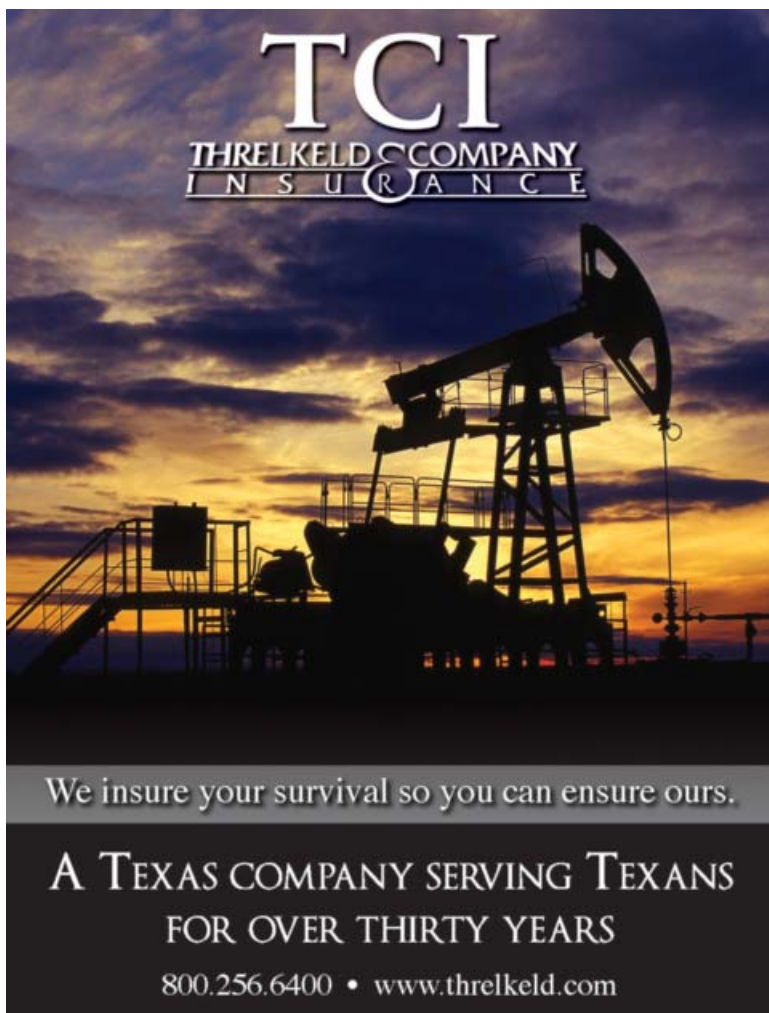
U.S. CRUDE AND PETROLEUM EXPORTS HIT RECORD-LEVELS IN THE FIRST HALF OF 2017

In the first half of 2017, crude oil exports from the United States were up 57 percent compared to export rates seen in the first half of 2016, according to new analysis released by the U.S. Energy Information Administration (EIA). At the end of September, the EIA reported that crude oil exports during the first half of 2017 had increased by more than 300,000 barrels per day (b/d) from the first half of 2016, and petroleum product exports grew as well. “Crude oil and propane exports each reached record highs of 0.9 million b/d, and distillate exports reached a record of 1.3 million b/d,” said EIA analysts. The rise of U.S. oil exports comes after policy changes were implemented in December 2015 that lifted restrictions on the export of crude oil from the United States.

PIPELINE WEEK SHOWCASES ECONOMIC IMPACT FROM TEXAS’ PIPELINE INDUSTRY

With more than 440,000 miles of pipeline infrastructure crisscrossing the Lone Star State, Texas’ extensive pipeline network is crucial to the transport of oil and gas from the well site to refineries and terminals, and then ultimately moving fuel on to stations, businesses and homes to meet America’s energy demands. In efforts to showcase the importance of Texas pipelines, the Texans for Natural Gas organization released a new whitepaper in September that details facts and promotes other economic benefits of Texas pipeline operations and construction. Key facts from the whitepaper include:

- Pipelines support 511,899 jobs nationwide, and 165,000 jobs in Texas alone.
- The Texas pipeline industry provides approximately \$1.6 billion in annual state and local tax revenue that helps to fund public services.
- Pipelines in Texas add over \$18 billion in gross state product each year.
- There are 440,000 miles of pipelines in Texas, enough to wrap around the Earth 17 times.
- Pipelines are the safest means of transporting oil and natural gas, compiling an impressive 99.999 percent safety record.
- Nationwide, pipelines deliver 16.2 billion barrels of oil and petroleum products every year, which is actually a 20 percent increase since 2010.
- Since 2006, increased use of natural gas for electricity in the United States has prevented more than 1.5 billion metric tons of CO₂ emissions.
- Natural gas exports via pipeline to Mexico increased by over 320 percent between 2006 and 2016.



TCI
THRELKELD COMPANY
INSURANCE

We insure your survival so you can ensure ours.

A TEXAS COMPANY SERVING TEXANS
FOR OVER THIRTY YEARS

800.256.6400 • www.threlkeld.com

In conjunction with the release of its latest whitepaper, the Texans for Natural Gas group also celebrated Pipeline Week during the week of September 18-22. Through a social media advocacy campaign, the group disseminated pertinent facts on pipelines.

DEADLINE APPROACHING FOR ABSTRACTS FOR SMU GEOTHERMAL LAB CONFERENCE

The Southern Methodist University (SMU) Geothermal Lab will host its next conference *Power Plays: Drilling into Geothermal Energy Applications* in January on the SMU campus in Dallas, Texas. Abstracts for the conference are still being accepted until October 13th for the poster session, a 15-20 minute oral presentation, a panel discussion, or an interactive discussion of a case study or project in the planning stages.

Topics include:

- Reservoirs: exploration, enhancement and productivity
- Drilling and Downhole Advancements: oil & gas laterals, geothermal hydroshearing
- Engineering Techniques: heat extraction, technology
- Novel Applications: deep direct use for utilities or buildings, micro to macro generation
- Case Studies and Planned Project Discussions: approaches, challenges, solutions

To submit your abstract for consideration, please email: geothermal@smu.edu before Friday, October 13, 2017. For more information, please visit the following website: <http://bit.ly/2xBETdS>.

Connect with
TIPRO



Members are encouraged to connect with the oil and gas community by following TIPRO on Twitter, Facebook, and LinkedIn. Each outlet represents a unique way to join the conversation and receive updates on what is happening, as it happens.



@T_I_P_R_O



Texas Independent Producers &
Royalty Owners Association



Texas Independent Producers &
Royalty Owners Association

THE TIPRO TARGET



**Texas Independent
Producers &
Royalty Owners
Association**

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

919 Congress Avenue, Suite 1000
Austin, Texas 78701
Phone: (512) 477-4452
Fax: (512) 476-8070
www.tipro.org
