



**Texas  
Independent  
Producers and  
Royalty Owners**

## TIPRO LEADERS IN WASHINGTON, D.C.

**Worries About Proposed Fiscal 2010 Federal Budget and Regulatory Changes Prompts Action by TIPRO**

The proposed U.S. Budget for Fiscal 2010 circulating in Washington, D.C. points to worsening implications for our industry and TIPRO has responded with quick action in the form of face-to-face meetings with the Texas Congressional Delegation in the nation's capital as well as a letter to President Barack Obama (See text of letter on page 3.) TIPRO was able to alert lawmakers of the ramifications of tax provisions regarding IDC, Percentage Depletions, Geologic and Geophysical Deductions, and Section 199 tax deductions.

TIPRO President Tad Mayfield; TIPRO Board Members Joe Abel, Scott Anderson; Federal Issues Committee Chair Todd Ennenga, State Issues Committee Chair Lindsey Dingmore and TIPRO Executive Vice President Adam Haynes met in Washington, D.C. with many of the Texas Delegation (see list below) the week of March 9 explaining, "Eliminating tax credits and heaping on more tax burdens runs counter to what we're trying to do in our businesses," said TIPRO President Tad Mayfield. "We expressed to our leaders we'll need their help to educate this new Administration that we have many of the same goals of reducing foreign oil reliance, keeping jobs here in the U.S., and stimulating the economy. But if we lose the very tax provisions that allow us to run our businesses, it will hurt domestic production - not help it."

The Obama Administration is new and green in every sense of the word - green for environmental aims and green in its inexperience in understanding our industry. According to new Secretary of Energy Steven Chu in his statement before the Committee on the Budget in the U.S. Senate March 11, he acknowledges the dilemma our country faces, "The President's Budget recognizes the enormous challenges and threats we face because of the ways we use energy. Today, we import roughly 60 percent of our oil, draining resources from our economy and leaving it vulnerable to supply disruptions. Much of that oil is controlled by regimes that do not share our values, weakening our security," stated Chu. "Additionally, if we continue our current rates of greenhouse gas emissions, the consequences for our climate could be disastrous. If we, our children, and our grandchildren are to prosper in the 21st century, we must decrease our dependence on oil, use energy in the most efficient ways possible, and lower our carbon emissions. Meeting these challenges will require both swift action in the near-term and a sustained commitment for the long-term to build a new economy, powered by clean, reliable, affordable, and secure energy."

The intent of the policies and the actual initiatives planned to get there is where the disconnect occurs for TIPRO. Members have recourses available with the call to action to Legislators and knowledge that this Association is doing all it can to save this industry's vital interests. *Oil & Gas Journal's* Reporter Nick Snow expressed in his "Washington Pulse Blog: The single most important thing to remember is that these are only proposals at this stage," said Snow on March 2. "They still need to be approved by Congress. There are still some (Congressional) members there who understand the oil and gas business and will speak up for keeping the tax exemptions for intangible drilling costs, marginal wells, tertiary injectants and passive losses for working interests in properties...federal lawmakers and their staffs pay closer attention to individual constituents because they represent actual votes...staffs will certainly need to hear from as many people as possible about why the Obama Administration's oil and gas tax proposals are such a bad idea, but it will need to be soon. Otherwise, hearings will be under way and the issues will be on the table without this important information."



### TIPRO CONGRESSIONAL VISITS

Rep. Joe Barton (District 6)  
Rep. Michael Burgess (District 26 )  
Rep. John Carter (District 31)  
Rep. Henry Cuellar (District 28)  
Rep. John Culberson (District 7)  
Rep. Lloyd Doggett (District 25)  
Rep. Chet Edwards (District 17)  
Rep. Louie Gohmert (District 1)  
Rep. Charles Gonzalez (District 20)  
Rep. Kay Granger (District 12)  
Rep. Gene Green (District 29)  
Rep. Ralph Hall (District 4)  
Rep. Ruben Hinojosa (District 15)  
Rep. Sheila Jackson Lee (District 18)  
Rep. Randy Neugebauer (District 19)  
Rep. Pete Olson (District 22)  
Rep. Solomon Ortiz (District 27)  
Rep. Silvestre Reyes (District 16)  
Rep. Ciro Rodriguez (District 23)  
Rep. Mac Thornberry (District 13)

*Leaders continued on Page 5*



President Walter G. "Tad" Mayfield

## TIPRO PRESIDENT'S MESSAGE

This has been a very busy few months for TIPRO, and I wanted to update you on several fronts. Adam, Joe, Scott, and I just returned from a much needed visit to Washington, D.C. after meeting with most of our Texas Congressional Delegation. We carried the message that the tax provisions in President Obama's budget would do much harm to exploration and production. Additionally, we emphasized that the new

federal environmental regulations envisioned by the Waxman hearings would be equally harmful and that effective state regulations are not "loopholes." We drove the point that clean burning home grown natural gas should be part of the solution to help solving our country's energy needs. I feel that we made progress with our message, however, I am even more convinced now that we have a challenging path ahead of us.

While we were in D.C., Donna Warndof was doing great work holding down the fort with state legislative issues which have been numerous, formidable, and dynamic during this Legislative Session. More than 4,000 bills have been filed and we have been

actively tracking roughly 400 ~ some of which may cause serious harm to our industry. Two weeks ago TIPRO held its annual convention in Austin and a large group of us spent a day at the Capitol to educate our State Representatives about the oil and gas business and to express our concerns of more government regulation and taxes being proposed.

At this point in the Legislative session, time is critical with many of the issues discussed and TIPRO needs to maintain a consistent message on policy issues that has the consensus and backing of our members.

The Annual Convention was very successful with an informative group of speakers and an effective day at the Capitol. I would like to give my heartfelt thanks to our hard working TIPRO staff as well as our Chair of the Meetings Task Force, Castlen Moore, Apache Corp. along with her committee members for such a well-planned event.

We receive clear value from the time, talent, and funding that we give to TIPRO. I would like to especially thank each one of you for all that you do to help TIPRO and our industry. I encourage all of our members to remain steadfast. TIPRO and our industry are in need of your help.

**SINCERELY,**

*Walter G. Mayfield*

## CO<sub>2</sub> - A COMMODITY, NOT A WASTE

When addressing the issue of maximizing energy and managing carbon the overarching theme is to factor that CO<sub>2</sub> is a commodity, not a waste. With the possible categorization of CO<sub>2</sub> being listed as an air pollutant by the U.S. Environmental Protection, the benefits and detriments of CO<sub>2</sub> were discussed at a hearing March 11 by the Texas Energy Resources and Environmental Regulations Committees. Speaking on behalf of Texas independents was Tommy McKenzie, of Occidental Petroleum Corp., who championed CO<sub>2</sub> as integral to enhanced oil recovery which results in increasing the life of an oil field, thus creating jobs and increasing revenue for the state of Texas. Moreover, carbon sequestration has a more than 35-year track record of being overseen by the Railroad Commission with satisfactory results.

"If Congress develops a 'Cap and Trade Program' for dealing with CO<sub>2</sub>, that is further evidence that it is a commodity, expressed Adam Haynes, TIPRO EVP. "You don't trade trash - you trade and buy products."

Furthering the commodity argument, Steve Melzer, of the Texas Carbon Capture and Storage Association said, "because of CO<sub>2</sub>'s use in the oil fields, it should be treated not as a waste product, but as a commodity." He said, "more energy is produced through the use of CO<sub>2</sub> than from wind and solar combined," as was quoted in his testimony.

Current Railroad Commission Chairman Carrillo added that the Commission has been overseeing carbon sequestration for more than 35 years with no major incidences. As a matter of fact, the RRC has been regulating the withdrawal and injection of gases and fluids from Texas for 100 years. TIPRO states that it's logical that the regulation for this process ought to remain right here in Texas with the Commission who has overseen its use for so long. While the Texas Commission on Environmental Quality will have a role in monitoring and capturing CO<sub>2</sub> from the stacks at industrial sources, the storage of the product is best left to the RRC.

Dr. Scott Tinker of the University of Texas at Austin's Bureau of Economic Geology said in his testimony, "Texas' offshore brine deposits are prime locations for the storage of perhaps billions of tons of CO<sub>2</sub>. Plus several million tons more than currently used could be devoted to enhanced oil recovery in West Texas, which could prove to be an economic bonanza for the state," said Tinker.

Adam Haynes continued, "Tinker knows about Texas rocks. He is the state's geologist. Firms, government agencies and even other countries seek his advice. When he advocates that carbon sequestration issues are best suited to remain under RRC jurisdiction, we wholeheartedly agree, and Texas should listen to him. As a matter of fact, since Dr. Tinker thinks it's a good idea to use a pilot project on state lands, we are not opposed to that as a test case—with the appropriate oversight from RRC and General Land Office - to see what large scale storage of CO<sub>2</sub> would do."

## TIPRO's CALL TO ACTION - FROM TIPRO TELEGRAM SENT MARCH 13

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The proposed U.S. Budget for Fiscal 2010 circulating in Washington, D.C. holds worsening signs for the independent oil and gas industry. Eliminating tax provisions and heaping on more tax burdens run counter to the goals of our businesses - produce more American natural gas and oil to balance energy security with a cleaner environment. Unfortunately, the going is getting tougher and is not going to get better unless we shift courses.

It is our job to educate this new Administration to whom we are and how vital we are to the future of energy in the U.S. **TIPRO encourages you to send a copy of the TIPRO sample letter to your Legislators in Washington and here in Texas.** The letter is available on our website at [www.tipro.org](http://www.tipro.org).

But, don't stop there. We also encourage our members to use all available options to make your voices heard in Washington, D.C. This includes going to IPAA's website and sending its version of a letter to Legislators.

[https://www.bipac.net/issue\\_alert.asp?g=IPAA&issue=Budget\\_Tax\\_Proposals&parent=IPAA](https://www.bipac.net/issue_alert.asp?g=IPAA&issue=Budget_Tax_Proposals&parent=IPAA).

And also, if you'd like, add your name to a petition circulating at <http://www.gopetition.com/petitions/stop-obama-tax-increases.html>. Or better yet, do all three. It is time to get off the sidelines and get in the game because if you are not playing, you are going to lose! As always, we are available to answer questions and provide information on issues.

## TIPRO's LETTER TO PRESIDENT BARACK OBAMA

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March 12, 2009

President Barack Obama  
President of the United States of America  
1600 Pennsylvania Ave. NW  
Washington, DC 20500

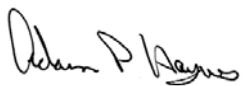
Dear Mr. President,

Your campaign platform included a new emphasis on using clean energy sources, reducing our country's dependence on foreign oil and focusing help for average hard working Americans and small business owners. We couldn't agree with you more! Let us introduce ourselves; we are the 2,500 member-strong TIPRO representing domestic oil and gas producers in Texas. Our industry provides 82% of U.S. natural gas production. Our industry employs 77,500 workers in Texas and paid more than \$4 billion in severance taxes in Texas alone in 2008. We are ready and willing, and clean-burning natural gas is able to serve as the bridge to the future of alternative fuel sources.

We know these are tough times. You're going to need all hands on deck to get this ship turned around ~ we're here to help. However, the tax provisions your Fiscal 2010 Budget proposes to eliminate, and the taxes it would add will hurt the economy and increase our dependence on foreign sources of oil. You seem to have us confused with the much bigger integrated companies - the Majors - who have gasoline stations - that's not us. We're the wildcatters who get natural gas and oil out of the ground and we run very different businesses than them. The Majors don't rely on the Intangible Drilling Costs, Percentage Depletions, Marginal Wells tax credits, and Domestic Production deductions the way we do. If you take away our incentives to explore for natural gas, that's not getting "big oil" to pay for renewable energy sources. It will cripple our business so badly that exploration of clean burning natural gas will be untenable. Renewable energy and independent producers of natural gas are linked. When the sun isn't shining or when the wind doesn't blow, it is natural gas that will serve as the clean-burning fuel source that powers this nation forward to economic recovery. We're your partner, certainly not your adversary here.

We have many of the same goals you have: reducing dependence on Middle East oil, keeping jobs at home and stimulating the economy. We are the small businesses you're trying to protect. And as you work to create jobs, don't forget or hamstring American companies that are still providing good jobs, even though our commodity prices have fallen dramatically. We all want to get started off on the right foot. So, Mr. President, welcome aboard. We're all in the same boat. Please, don't set sail and force us to leave our life preservers, because with the choppy waters ahead, we're going to need them and you're going to need us.

Respectfully,



Adam P. Haynes  
Executive Vice President

## TEXAS LEGISLATURE SETS RECORD AT FILING DEADLINE

With the bill filing deadline coming last Friday, members filed more than 1,200 bills last week, exceeding 7,000 bills total filed for this session. Friday marked the end of the period in which members can file bills for consideration during the session without special circumstances.

The number of bills is up by more than 20% compared to last session. The members of the House filed nearly 4,697 bills, while Senators have 2,447 bills under consideration. TIPRO is tracking more than 800 of these measures through the various stages of the legislative process. We have a complete list and a brief description of the bills located on the website at [www.tipro.org](http://www.tipro.org) in a members-only area of the State Issues section. We certainly appreciate you taking some time to review the list and notify us of any particular concerns.

With the filing deadline past, the legislature shifts its attention to the committee process (see related story on carbon storage) and floor debates. This past week saw the Senate embroiled in a debate over voter identification measures that lasted more than a day. The contentious debate carried over to the first part of this week when the Senate moved the bill to the House with a 19-12 vote. The House has taken a little longer to get organized and has yet to debate a bill on the floor, though multiple measures made their way through the committee process this week and will soon reach the full House.

Despite the lack of floor action, all House and Senate committees are in full working mode. This week TIPRO has testified in three committees, including the main committees of Senate Natural Resources and House Energy Resources. Bills in those committees included measures related to controls on carbon emissions and capture, permitting and notice requirements for oil and natural gas operations by cities and counties. In other committees there were notices for groundwater districts, restrictions on natural gas compressors and a proposal to create an eminent domain permitting process.

The next two weeks will see hearings on eminent domain, inactive wells and other proposals related to the Oil Field Clean-Up Fund, the RRC's name and number of commissioners, tax issues, and the ongoing appropriations process for funding the Railroad Commission. We will continue keep you updated throughout the session and work to preserve our industry's ability to explore and produce oil and natural gas and to promote the general welfare of all our members!

## WELCOME NEW TIPRO MEMBERS

**Mr. Bruce Arendale**  
*Arendale, Inc.*

**Mr. Matt Bailey**  
*Baker Hughes - Hughes Christensen*

**Mr. Arthur N. Budge, Jr.**  
*Five States Energy Company, L.L.C.*

**Mr. Carlos De Ayala**  
*Beryl Oil and Gas LP*

**Mr. Mick Dow**  
*Landman*

**Mr. Larry Glenn**  
*Crady Jewett & McCulley, LP*

**Mr. James B. Griffis**  
*Five States Energy Company, L.L.C.*

**Mr. Curtis F. Harrell**  
*Citation Oil & Gas Corp.*

**Mr. Richard Harrison**  
*Five States Energy Company, L.L.C.*

**Mr. Robert (Bob) Hayes**  
*Summit Energy*

**Mr. Melvin (Mel) Henkes, Jr.**  
*Whitley Penn, LLP - Hogan Oil Company*

**Mrs. Mary Key Hensley**

**Mr. W. H. Kopczyński, Jr.**  
*New Gulf Operating, L.L.C.*

**Mr. Ronnie Luster**  
*Willis HRH of Texas, Inc.*

**Mr. Charles McCann**  
*Raintree Royalties, LP*

**Movest Capital**

**Mr. Mickey Neff**  
*Holly Well Service, Inc.*

**Mr. Steve Olson**  
*Nabors Well Services, Ltd.*

**Mr. Douglas A. Polk**  
*Vallourec & Mannesmann  
Tubes Corporation*

**Mr. Tracy A. Poole**  
*New Gulf Operating, L.L.C.*

**Mr. Will Porter**  
*Arena Resources, Inc.*

**Mr. Clay Ranck**  
*El Ran, Inc.*

**Mr. Terry W. Roberson**  
*Farnsworth & VonBerg LLP*

**Mr. Brian J. Shelton**  
*Farnsworth & VonBerg LLP*

**Mr. David K. Smith**  
*Lott Energy Partners*

**Mr. Gary Stone**  
*Five States Energy Company, L.L.C.*

**Mr. Kurt Wind**  
*KW International*

## Leaders from page 1

Todd Ennenga, Director of Policy and Govt. Affairs at Devon Energy Corp. says “Overall, the Legislators we spoke to understood and listened to our message that the proposals would have a detrimental impact on domestic independent producers’ ability to meet the energy needs of our country ~ which runs counter to the goal of greater energy independence. Especially during this critical economic downturn, it would be a detrimental impact for loss of jobs, revenues for states and our ability to meet supply and demand for natural gas,” implored Ennenga. “Now those Legislators will need to illuminate Legislators in other states who don’t have production to understand the issues.”

“We independent producers supply the majority of U.S. supply for natural gas. These provisions will impact our ability to re-invest our cash flow and earnings back into drilling programs at a time when we need to continue operations to meet our country’s energy requirements,” said Ennenga. “In the next 18 months as the economy gets back on track demand will continue but domestic production will have suffered being able to meet supply/demand needs.”

The following is an exploration of the issues TIPRO leaders distributed to the Congressional Delegation educating how the budget proposals hurt small business and cost American energy jobs.

### What are Intangible Drilling Costs (IDCs)?

The capital costs of exploring and developing oil, natural gas and geothermal recourses are expenditures which may be deducted as a current business expense rather than depreciated or amortized over the life of the well. IDCs typically include physical items with no salvage value and other costs associated with preparing and completing a well for the production of oil, gas, or geothermal steam or water. These may include wages, fuel, site preparation, concrete, and supplies used below ground when completing wells. Large integrated companies cannot expense IDCs so the elimination of this provision will not impact “big oil,” but hurt smaller companies that produce more than 85% of the clean-burning natural gas used in America. Most manufacturing businesses are eligible for research and development tax credits in the year the expense is incurred. IDCs are similar for independent producers, except our costs are treated as a deduction, not a credit.

### What is Percentage Depletion Allowance?

This tax provision has been available to producers since the 1920s. Also known as the Small Producers Exemption, this provision allows entities to deduct 15% of their gross income from oil and gas production. It was passed to encourage participation in high-risk ventures like American oil and natural gas exploration. This provision has been limited to the smallest companies and royalty owners since 1990. This tax benefit is not available to large companies that process more than 50,000 barrels per day or entities owning more than 1,000 barrels of oil or 6,000,000 cubic feet of gas average daily production. The budget changes will not “cost big oil” but will reduce the amount of capital available for American natural gas production by small businesses.

### What is Geologic and Geophysical Deduction?

Geologic and geophysical (G&G) work is primarily research work that producers perform to locate and develop oil and natural gas reserves. G&G work helps producers minimize unnecessary drilling. Producers can amortize G&G expenses incurred in connection with exploration activities within the U.S. G&G costs can be amortized over 24-months from the tax year in which the expenses were incurred. Large integrated companies are already subject to a seven-year amortization schedule and will not be impacted by the proposed budget changes.

### What is Section 199 tax deduction?

The Domestic Production Activities provision allows businesses a tax deduction for “qualified production activities.” This tax incentive encourages businesses to produce goods in America and not ship those jobs overseas. Independent producers are eligible for a 6% deduction for domestic production while other businesses are entitled to a 9% rate of deduction. Major integrated companies are not eligible for this deduction so “big oil” is not impacted by the proposed budget changes. Other businesses eligible for this deduction are motion picture producers, video game developers, computer software designers, architects and construction services.

## Upcoming Events

### MARCH 24, 2009

Dallas— TIPRO Tuesday Luncheon, 11:30 a.m.  
Dallas Petroleum Club.  
For info call (512) 477-4452.

### APRIL 8, 2009

HOUSTON— IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info call (512) 477-4452.

### APRIL 29, 2009

Ft. Worth— TIPRO Tuesday Luncheon, 11:30 a.m.  
Ft. Worth Petroleum Club.  
For info call (512) 477-4452

### MAY 13, 2009

HOUSTON— IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info call (512) 477-4452.

## SPCC Rules: Too Far-Reaching and Too Fast

TIPRO filed comments on March 3 urging the Environmental Protection Agency to slow down its adoption of rules that potentially would impact more than 900,000 well sites in the U.S. asking the industry to transition to a complex set of rules within months—by Nov 20, 2009. This compliance window is too narrow, unduly burdens smaller producers, and will ultimately prove harmful for environmental protection. Also, as TIPRO commented originally, the Association still has concerns about the inclusion of produced water containers in the coverage of the rules. These containers do not contain large amounts of hydrocarbons and should not be included as a covered facility under the rules. We question the costs of including these containers in the final rule and do not believe the benefit of inclusion significantly adds to the environmental protection of the final rule. Again, we urge the EPA to do a cost benefit analysis on the inclusion of produced water containers in the final rule.

The EPA has grossly underestimated the number and diversity of facilities impacted by the new rules. While most oil production facilities are covered by the rules, many natural gas production facilities may be covered by the rules as well. Since the new rules changed the interpretation of produced water and condensate, it is likely natural gas facilities heretofore exempt from SPCC rules will have to file new plans and comply with the rules. This fact alone greatly expands the number of sites that are subject to plans and will put a strain on the number of qualified professionals able to prepare proper plans.

TIPRO believes the initial compliance date of Nov. 20, 2009 is too short for the number of facilities that must now comply with the rules. This fact is especially true for smaller producers. TIPRO believes that extending the compliance deadline to December 5, 2010 – two years after publication in the *Federal Register* – is more appropriate for a rule that will have such a wide ranging impact on operations at this nation's oil and gas production facilities.

TIPRO will keep members informed of the status of the SPCC Rules and the outcome of our comments.

## MARCH MADNESS - IN BASKETBALL AND BANKING

March Madness usually refers to college basketball tournaments, but Managing Director of Guggenheim Partners, LLC, Tim Murray, made reference to “madness” in the state of the banking industry, at a joint luncheon meeting of TIPRO/IPAA members March 11 in Houston. He said, “This bracket represents a whimsical look at the state of disarray in the capital markets today...so many mergers and takeovers have occurred, the capital markets are in a continual state of transition. With uncertainty over the new administration's policies, the industry is under significant stress early in 2009 with declining oil and gas prices, potentially increased government regulation and taxation ~ business activity is almost at a standstill.”

“Most commercial banks are only supporting existing clients and not seeking new ones,” said Murray. “Most of the larger investment banks are converting to a commercial bank format, which provides cheaper deposit funding and potentially government assistance, but comes with much tighter government supervision. This should not impair their traditional advisory and capital-raising activity, but will curtail their higher risk, proprietary trading and securitization activity. Most alternative capital providers are not only providing new capital to the industry, but are depressing the market by liquidating their existing portfolios at below-par levels. Private equity firms should have an excellent opportunity to accumulate assets and management teams at substantially lower levels than where the market was a short nine months ago. Independents would be wise to avoid any capital provider with a ‘mark-to-market’ balance sheet, in which their capital support could be withdrawn due to market forces beyond their control.”

“Independents will be under tremendous stress this year with declining commodity prices significantly decreasing their credit availability which is so necessary to support their capital programs. To weather this storm, the suggestion is to be pro-active with their capital providers and maintain communication. Hedges that exceed the lender price deck should be added to increase the borrowing base. Near term hedges that are not usually reflected in the borrowing base could be monetized to generate cash to prepay debt. The traditional strategies of reducing operating and overhead expenses should be pursued. The capital expenditure budget should be focused on projects that enhance the borrowing base. If sufficient capital is not available, seek partnerships to diversify and stretch your capital dollars. Relying on asset sales to generate cash to repay debt will be very challenging in 2009. Uncertainty over commodity prices and the lack of available capital to fund acquisitions have essentially shut down the M&A activity in the industry. Unless additional equity can be raised to repay the loan, some accommodation with the lender must be made to amortize the debt over time.”



See Murray's presentation including this March Madness slide on our website at [www.tipro.org](http://www.tipro.org).

## TIPRO SAYS FAREWELL TO LONGTIME EXPLORER L. FRANK PITTS

The Texas Independent Producers and Royalty Owners Association announces the passing of an industry giant, L. Frank Pitts. Mr. Pitts died peacefully at his Dallas home on March 16, 2009 with members of his family by his side. He was 98.

Recognized for his leadership of Pitts Oil Company for almost seven decades, his commitment to the oil and gas industry is unparalleled. Mr. Pitts' sense of the industry and America was important and his appreciation was evident. He has said, "I love this industry and the people in it. I love being in a business where a man's word is his bond. The independents are a great group of people who are finding and producing a product that consumers want because energy is important to this nation."

An independent oil and natural gas producer for almost seven decades, Pitts participated in the drilling of more than 3,000 wells in exploration for oil and natural gas. "His contribution to this industry and nation cannot be measured in barrels of oil or MCF of natural gas. It is much larger and will last much longer," said Adam P. Haynes, TIPRO's Executive Vice President.

Pitts was actively involved in a wide range of industry associations and political action groups. He served two terms as President of Texas Independent Producers and Royalty Owners Association (TIPRO). He was a member of the National Petroleum Council, an advisory group to the Secretary of the Department of Energy, and served under every Secretary since the inception of the Department in 1977. He served on the Natural Gas Committee of the Independent Petroleum Association of America (IPAA). He was the 1978-1979 Chairman of the Industry Forum of the American Petroleum Institute. In 1984, Texas Governor Mark White appointed Pitts to the Interstate Oil and Gas Compact Commission, an organization headed by the governors of 29 oil and gas producing states, and continuously served under appointment of all the subsequent Texas Governors.

The many honors awarded him by industry associates include the 1989 Texas Independent Producers and Royalty Owners' highest honor, the Mr. TIPRO Award. In addition to TIPRO, Mr. Pitts' contributions were recognized by other entities including, the Chief Roughneck Award presented at the Independent Petroleum Association of America (IPAA) Annual Meeting in 1979; the 2001 Pioneer of the Year Award presented by the Texas Railroad Commission, to recognize outstanding Texans who have contributed to the oil and gas industry; the 1993 IPAA Karney Cochran Award to honor a lifetime of distinguished service to community, industry, and country; the American Association of Petroleum Landmen has honored him with both its Distinguished Service Award and its Special Award for Industry Leadership; and in 1996 The Southwestern Legal Foundation recognized his extraordinary civic and professional contributions to the oil and gas industry with its prestigious John Rogers Award. In 2006, the Interstate Oil and Gas Compact Commission presented him with the Warwick Downing Award for exemplary service and dedication. In April he will be honored with the 2009 Hero of Industry Award presented by the National Stripper Well Association.

As a dynamic spokesman for the energy industry in the United States, Pitts was a frequent expert witness and conferee in Washington with members of the Senate, the House of Representatives, and Executive leadership concerned with oil and natural gas policy. He was especially active with state government leaders in Austin. In 2003, he was recognized by Governor Rick Perry who said, "You are a Texan second to none. Just as the Texans of days gone by, who worked tirelessly to build a foundation of excellence, you have served with distinction, displaying always the characteristic energy, entrepreneurship and vision that have defined a legacy that will live on for the generations to come."

While he was an activist in his industry, Pitts also made time for involvement in a significant number of community organizations. He helped found the World Affairs Council of Dallas/Fort Worth and went on to serve as Chairman of the Board and Chairman Emeritus. In 1994 he received the Council's H. Neil Mallon Award for Distinguished Civic Service. He also helped in the formation of the Dallas Opera, serving on various committees and remained a Trustee. He worked with the Baylor University Medical Foundation, serving as Chairman of the Board and a member of the Executive Committee. Pitts was a member and past President of Park Cities Rotary Club, a member of Dallas Citizens Council and a lifetime Deacon of Park Cities Baptist Church, where he was a member for 60 years. At SMU, where he was a member of the Board of Advisors of the Maguire Energy Institute, he established four endowed Presidential Scholarships, a Scholars Fund and an endowed lecture series in oil and gas.

Mr. Pitts is survived by his daughter, Linda, and her husband, William A. Custard, three grandchildren: W. Allen Custard III and his wife, Mason, Martha E. Custard, Laura Custard Hurt and her husband, G. Ellison Hurt III, and four great-grandchildren, all of Dallas; a brother, Troy N. Pitts of Wesson, Mississippi, a sister-in-law, Ida M. Olson of Alexandria, Virginia, a cousin, Dr. Charles L. Lloyd, Jr. and his wife, Sandy, of Dallas and numerous nieces, nephews and cousins. He was preceded in death by his beloved wife, Mary Martha, young son, Lloyd Franklin Pitts, Jr., his great-grandson, Elijah Christian Noel Hurt, and his brother, Shelby D. Pitts, of Dallas.

In lieu of flowers, please consider a memorial to the Maguire Energy Institute, SMU - Cox School of Business, P. O. Box 750333, Dallas, Texas 75275, World Affairs Council of Dallas/Fort Worth, 325 North St. Paul Street, Suite 2200, Dallas, Texas 75201, Baylor Health Care System Foundation, 3600 Gaston Avenue, Barnett Tower - Suite 100, Dallas, Texas 75246, or a charity of your choice.



# RAILROAD COMMISSIONERS SELECT NEW EXECUTIVE DIRECTOR

Texas Railroad Commissioners have selected John Tintera as the new executive director for the state's top energy regulatory agency. The Railroad Commission regulates oil and natural gas exploration and production activities, pipeline safety, and natural gas utilities.

Tintera has been with the Railroad Commission since 1990, and was appointed Interim Executive Director January 2, following the December 31, 2008 retirement of the agency's former Executive Director Rich Varela.

At the agency, Tintera previous positions were Deputy Director of Technical Permitting and Administrative Compliance; Assistant Director of Site Remediation; Manager of Special Response; and district office geologist in Wichita Falls . Before joining the Commission, Tintera worked for 10 years as a petroleum geologist in private industry. Tintera has bachelor's and master's degrees in geology from Michigan State University and Bowling Green State University, respectively.



John Tintera



## Register Now for TIPRO Tuesday

March 24, 2009 11:30 a.m. Dallas Petroleum Club

Speaker: Stephen Bell, Senior Vice President  
Business Development & Land, Cimarex Energy Company

See details on [www.tipro.org](http://www.tipro.org) or call (512) 477-4452.



### Texas Independent Producers and Royalty Owners Association

With more than 2500 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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