



Texas
**Independent
Producers and
Royalty Owners
Association**

WAYNE CHRISTIAN, GRADY YARBROUGH ADVANCE IN RACE FOR TEXAS RAILROAD COMMISSION

On May 24, voters in Texas took part in 22 party primary run-off races — 16 Republican, 6 Democratic. During the state's primary run-off election, voters decided who will represent their party in races where no candidate had formerly secured a majority of the votes. The run-off finalizes which Republican and Democrat candidates will be on the ballot in November's General Election.

The race for Texas Railroad Commissioner remained close during Tuesday's primary run-off. With 100 percent of precincts reporting, former state Representative Wayne Christian secured the Republican party nomination for Railroad Commissioner, defeating Houston-area businessman Gary Gates.

In the Democratic run-off for the same seat at the Railroad Commission, Grady Yarbrough, a former educator from Tyler, defeated opponent Cody Garrett to win the party nomination.

Christian and Yarbrough will face off later this year during the General Election to fill the position currently held by agency Chairman David Porter, who announced last December he would not seek re-election.

TIPRO STATEMENT ON NEW SEISMICITY STUDY

A study published by faculty at the University of Texas and Southern Methodist University on May 17th reported that earthquakes caused by human activity have been occurring in Texas since the 1920s. The study claims a connection between seismic events in the state and the oil and natural gas sector, and recommends a five-question "test" for ascertaining whether a seismic event is natural or manmade.

"This latest report ignores several important factors and presents subjective assertions regarding a connection between oil and natural gas development and seismic activity. For instance, none of the questions focus on subsurface pressures or fluid movements, which the U.S. Environmental Protection Agency (EPA), academics and numerous state regulatory agencies have all recommended as key elements of determining whether a particular event is induced or not. The report also almost entirely ignores current efforts underway to provide more concrete data on seismic activity in the state," said Ed Longanecker, president of TIPRO.

In 2014, the Texas Railroad Commission made revisions to Statewide Rules 3.9 and 3.46, establishing some of the most stringent regulations in the nation on seismicity. The updated rules require operators to collect disposal well volumes and pressures in addition to historic data on seismic events in proximity to a disposal well, among other new requirements. The changes also affirm the commission's authority to modify, suspend, or terminate a permit for saltwater or other oil and gas waste disposal for just cause.

Additionally, during the 84th Texas Legislative Session, several state legislators worked to move forward additional appropriations on seismic research. Through passage of House Bill 2 in 2015, \$4.47 million was appropriated out of general revenue to the University of Texas at Austin's Bureau of Economic Geology for TexNet, a program responsible for the purchase and deployment of seismic equipment, maintenance of seismic networks, modeling of reservoir behavior for systems of wells in the vicinity of faults, and the establishment of a technical advisory committee. On March 24, 2016, Texas Governor Greg Abbott announced the members of the newly formed technical advisory committee for statewide seismic monitoring.

"The report seeks to preempt proactive research efforts currently underway designed to identify the true cause of seismic events in the state of Texas. While the report makes reference to some of these initiatives, the data presented is premature, deficient in making a definitive connection to oil and natural gas activities, and unnecessary given the amount of focus, structure and funding allocated to this issue. TIPRO supports continued collaboration, research and analysis pertaining to earthquake mitigation, risk assessment, and related regulations. This latest study only hinders efforts currently underway and future progress on the issue of seismicity in Texas," said Longanecker.

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CHAIRMAN'S MESSAGE

TIPRO Members-

As I write (May 15), wildfires burn the oil sands of Canada, and current estimates relay a million barrels a day is off line. Nigeria is a kleptocratic basket case, with Shell proclaiming force majeure and evacuating staff due to militant attacks on off-shore platforms, and Nigeria's output is the lowest in two decades. Those few Libyans still able to get the word out recently stated that oil production from their war-torn, patched together nation could fall to zero within a month. Resource-rich Venezuela is now officially a Communist paradise, with food scarce and electricity barely intermittent. In Syria, the hallowed road to Damascus is littered with IEDs, and the Saudi/Sunni-backed ISIS is still fighting Assad's army, when taking a break from beheading that country's few remaining Christians. In Iraq, Baghdad's government is near collapse, the formerly secure Green Zone is under attack, and in the north the Kurds are fighting the Turks, when they aren't pushing back ISIS, or the Iranian/Shias, depending, it seems, on the day of the week. If that's not enough, Russian Migs are buzzing the U.S. Navy in the Baltic Sea, and at various flash points thousands of miles from Texas, American and Russian troops stare at each other with increasingly twitchy trigger fingers.



Raymond James Welder III

Meanwhile, in Saudi Arabia, there is a new oil sheriff; the 80 year old Ali al-Naimi was replaced (by royal decree, no less) with the 55 year old Saudi Aramco Chairman, Khalid al-Falih, a well-respected "technocrat," as he is described. Time will tell what this means for Saudi Arabia's oil output, but given that Mr. al-Falih is a graduate of Texas A&M, don't expect that country to choke back production – all the Aggies I know like to drill wells and sell oil. Besides, the Saudis need the money to continue to buy farms and water rights in California and Arizona, and to expand their burgeoning refinery footprint along the U.S. gulf coast.

But the good news is... according to the talking heads on CNBC: The price of a barrel of oil fell today. TIPRO members must ask themselves, who needs fiction, when reality is so hard to believe?

When I started as a staff geologist in this business for Dan Hughes some 25 years ago, Mr. Hughes advised to not become too concerned with the current conditions of our industry, because next month will likely be different. What was true then is true today, and in order to survive and thrive, TIPRO members must continue their efforts to lower costs on existing production, and to prepare for the next inevitable cycle.

TIPRO members have done an extraordinary job developing oil and natural gas fields across the state, and by so doing, lessened our country's dependence on foreign energy sources, not entirely friendly to U.S. interests. Despite this act of patriotism which additionally abetted the financial sovereignty of millions of Americans (something our government once cared about), there are many in positions of authority who continue to attack and hinder the ability to explore for and produce oil and natural gas. Just this month, President Obama's bureaucrats with the currently misnamed Environmental Protection Agency issued new rules on oil and gas producers to solve the administration's latest problem du jour, methane leaks. Set aside the logical fact that every producer wishes to sell every molecule produced, U.S. methane emissions have fallen by a full third since 1980 (while the U.S. population has grown by a third) almost entirely thanks to the increased drilling for and producing of natural gas.

Today more than ever, TIPRO's importance can't be overstated. In keeping with its mission, TIPRO will continue its work to protect the rights to explore for and produce oil and natural gas. Whether the issue is the Sunset Review of the Texas Railroad Commission, the proper regulation of pipeline tariffs, the protection of state funds to adequately regulate the industry in a clear, sensible, and consistent manner, or a myriad of other matters of special import, TIPRO serves its members as a strong and credible advocate for the producers and royalty owners of Texas.

It has been one of my great honors to serve as the chairman of TIPRO. I'm excited that industry leader Allen Gilmer has graciously accepted the role of incoming chairman. I urge each of you to redouble your commitment to TIPRO, to reach out to those who are natural allies and potential members, and to help in TIPRO's critical endeavor. Tom Jefferson once reminded his contemporaries that the price of freedom is eternal vigilance, and that price must be paid by each generation. By committing ourselves to TIPRO, we make good on our own payment.

Thank you,

Raymond James Welder III

TIPRO Calendar of Events

JUNE 8, 2016	JULY 13, 2016	AUGUST 10, 2016	AUGUST 10-11, 2016
HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.	HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.	HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (202) 857-4733.	HOUSTON — Summer NAPE Expo, George R. Brown Convention Center. For info, call: (817) 847-7700.

WHITE HOUSE THREATENS TO VETO LEGISLATION MISSING OIL TAX

As federal lawmakers consider appropriations legislation to fund the U.S. Department of Transportation for the next fiscal year, last week the White House threatened to veto Congress' spending package because President Barack Obama's proposed oil tax was not included within the bill.

The White House released a statement on Monday, May 16, expressing disappointment over the proposed legislation because it failed to support the president's vision for a 21st Century Clean Transportation Plan. The plan, unveiled in February, had called for a \$10.25-per-barrel tax on crude oil, paid by U.S. oil companies, to raise funding for advanced energy technologies and to support the development of clean transportation infrastructure across the country. "The administration urges Congress to consider strategic opportunities to enhance revenue and investments to support a new, clean, sustainable transportation system and increase the competitiveness and productivity of the economy."

Many elected officials, including Congressional leaders, have widely criticized the president's proposed oil tax since it was announced earlier this year. Speaker of the U.S. House Paul Ryan has said, "A \$10 tax for every barrel of oil produced would raise energy prices—hurting poor Americans the most. The president should be proposing policies to grow our economy instead of sacrificing it to appease progressive climate activists. As this lame-duck president knows, [the oil tax] is dead on arrival in Congress."

On May 19, the U.S. Senate passed the appropriations legislation, minus the president's suggested oil tax, by a vote of 89 to 8, sending the legislation to the U.S. House for approval.

CONGRESSIONAL COMMITTEE TAKES ACTION ON OZONE BILL

Earlier this month, on May 12, 2016, the U.S. House Energy and Power Subcommittee voted to advance House Resolution 4775, known as "the Ozone Standards Implementation Act of 2016," to the next step in the legislative process. The bill, authored by subcommittee Vice Chairman Pete Olson (R-TX), would provide states with the flexibility and time needed to implement new ozone standards and address other practical implementation challenges under the National Ambient Air Quality Standards (NAAQS) program, which is administered by the U.S. Environmental Protection Agency (EPA).

"States have worked hard over the last few decades to reduce ozone levels and improve air quality," said Representative Olson. "The trend has been positive in lowering emissions and providing cleaner air. We must keep this trend in the right direction, while balancing that goal with available technology and states' ability to meet new levels. My bill provides needed flexibility so that states and localities can adequately achieve new, lower standards with time for compliance. I'm proud that this common sense bill enjoys bipartisan support and look forward to moving it through the committee process and getting it to the floor for a vote."

In October 2015, the EPA updated federal ozone standards under the Clean Air Act, promulgating a new 8-hour ozone standard of 70 parts per billion (ppb) to replace the former 8-hour standard of 75 parts per billion (ppb), which was announced in 2008 but only published for implementation by the EPA in March of 2015.

Under the agency's current schedule for implementing the new 2015 ozone standards, states would be required to submit designation recommendations by October 1, 2016, and the EPA would designate areas as being in nonattainment before October of next year. Because the 2008 ozone standards have not been revoked by the agency, states now face the prospect of implementing two different ozone standards simultaneously. Prior to EPA's decision to issue the 2015 standards, nearly 700 national, state, and local organizations and stakeholders had requested that EPA retain the 2008 standards and not establish a new additional lower standard. Despite the requests, the EPA moved forward with updated ozone standards anyways.

H.R. 4775 would offer more time for states to implement ground-level ozone standards and emission requirements under the NAAQS as published in 2015. The bill also provides that no revision of EPA ozone standards shall be proposed prior to October 2025.

H.R. 4775 has received strong support from a diverse group of industries across the country, including backing by over 60 associations and trade organizations. Collectively, the group of state and national trade associations issued a letter of support on April 18, 2016, that was sent to Congressional leaders urging passage of the federal legislation. The letter reads: "Notwithstanding concerns expressed by thousands of elected officials, state agencies, businesses, community groups, and other stakeholders, the EPA issued the 2015 standards without addressing the overlap with the 2008 standards and the enormous impacts that dual implementation would have on limited state resources, permitting, and the economy. It is now up to Congress to address these issues, and that is why we support the introduction of H.R. 4775. By better aligning the 2015 ozone standards with the 2008 standards and their associated emissions reductions, H.R. 4775 will help prevent unnecessary nonattainment designations and cost burdens, without sacrificing environmental protection. The legislation's permitting relief and other reforms are also an important step towards air standards that balance environmental protection and economic development. In sum, H.R. 4775 and the related appropriations request provide a common-sense plan that maintains continued air quality improvement without unnecessarily straining state and local economic resources. We strongly encourage Congress to act quickly on this critical legislation."

State environmental regulators also have expressed support of the ozone bill. Testifying last month before members of the House Energy and Power Subcommittee, Dr. Bryan W. Shaw, chairman of the Texas Commission of Environmental Quality (TCEQ), said, "[This] legislation will allow states to focus their limited resources on fully implementing the 2008 standard, as well as the cascade of other new expensive regulations coming out of the EPA."

Last Wednesday, May 18, the full House Energy and Commerce Committee passed H.R. 4775 by a vote of 30 to 23, sending the bill to the full House for its consideration.

U.S. LAWMAKERS LOOK TO SLASH EPA FUNDING, BLOCK OBAMA ENVIRONMENTAL RULES



This week, the U.S. House Appropriations Committee released its proposed fiscal year 2017 Interior and Environment Appropriations bill, which outlines funding for federal entities including the U.S. Environmental Protection Agency (EPA), the Department of the Interior, the Forest Service, the Indian Health Service, and other independent and related agencies. The bill as proposed would cut funding for the agencies by \$64 million below the fiscal year 2016 enacted level, and is nearly \$1 billion short of the President's budget request.

Specifically, the bill allocates \$7.98 billion in funding for the EPA over the next fiscal year, representing a reduction of \$164 million below the fiscal year 2016 enacted level and \$291 million below the President's budget request, according to the House Appropriations Committee. The EPA's regulatory programs are decreased by \$43 million (6 percent) below current levels and \$187 million (21 percent) below the President's request. Appropriations are also reduced for the U.S. Fish and Wildlife Service by \$17 million below the fiscal year 2016 enacted level, and lessened \$10 million below the fiscal year 2016 enacted level for the Bureau of Land Management (BLM).

The federal legislation also contains policy provisions geared towards stopping bureaucratic regulatory overreach that harm U.S. industries and hinder economic and job growth. "This bill will stop many harmful and unnecessary regulations – by the EPA and others – that hurt recovering communities and kill jobs," said House Appropriations Chairman Hal Rogers (R-KY). Under the legislation, the EPA would be prohibited from implementing several onerous environmental regulations, including new greenhouse gas regulations for new and existing power plants, new methane emission requirements, the Waters of the U.S. rule, and other federal rules.

"Job creation and wage growth continue to be stifled because American job creators wake up every day worrying about what new regulation the Obama administration will issue next. The EPA's overreach continues to cause economic harm, and this bill denies funding for more job-killing regulators while providing necessary resources to effective programs that actually improve the environment and protect our natural resources," commented Interior Subcommittee Chairman Ken Calvert (R-CA).

COURT DELAYS REVIEW OF CLEAN POWER PLAN UNTIL SEPTEMBER

The full U.S. Court of Appeals for the District of Columbia Circuit will hear arguments on the legality of the Clean Power Plan on September 27, 2016. A three-judge panel had been scheduled to hear the case in a matter of weeks on June 2, but considering the high likelihood of an appeal from whichever side were to lose, the full Court of Appeals announced in mid-May that it instead will review the case later this year, potentially shaving months off the time before the case could be heard by the higher court.

Although it is rare for the full Court of Appeals to make such procedural jumps prior to the smaller panel's review and decision, rules allow for such measures when a case "involves a question of exceptional importance."

The Clean Power Plan, finalized by the U.S. Environmental Protection Agency (EPA) in August 2015, would impose new federal regulations aimed at cutting U.S. carbon pollution from the power sector by 870 million tons, or 32 percent below 2005 levels, in 2030. The suite of new environmental rules from the Obama Administration also would apply additional standards to limit carbon pollution from any new, modified and reconstructed power plants.

More than two dozen states, including Texas, have since sued the EPA over its Clean Power Plan. Additionally, over 100 advocacy groups, electric utilities and coal mining companies have also have legally challenged the Clean Power Plan. On February 9, 2016, the Supreme Court issued a stay against implementation of the Clean Power Plan pending final judicial review.

STATES DEMAND EPA HALT FEDERAL SPENDING ON CLEAN POWER PLAN

In a letter sent last week to regulators at the U.S. Environmental Protection Agency (EPA), Texas Attorney General Ken Paxton and West Virginia Attorney General Patrick Morrisey advised the federal agency to stop its spending of federal tax dollars on implementation of the Clean Power Plan, since the Supreme Court has issued a stay on the regulations pending judicial review.

"The entire point of the Supreme Court's extraordinary action in putting a stop to the Power Plan was to preserve the status quo pending the outcome of the litigation. The EPA should respect that action by leaving things the way they are until the courts have had their say," reads the letter, sent on May 16, 2016.

The chief legal officers from Texas and West Virginia expressed concern after a group of 14 state environmental agency officials had requested the EPA offer supplemental information and technical assistance relating to the final Clean Power Plan—despite the stay of the Clean Power Plan. The EPA also had been asked to continue to spend federal taxpayer dollars to help with planning for compliance with the Clean Power Plan.

The letter from Paxton and Morrisey to the EPA adds, "Continued work on these programs during the stay calls into question your agency's commitment to the Supreme Court's stay order... At a minimum, we urge you to consider that you are spending scarce resources on a rule that the Supreme Court has indicated raises serious legal questions."

TEXAS WATER DEVELOPMENT BOARD ADOPTS 2017 STATE WATER PLAN

Leaders of the Texas Water Development Board (TWDB) voted unanimously on May 19th to adopt the 2017 State Water Plan. The plan is based on 16 regional water plans developed by regional water planning groups, and strongly emphasizes water conservation, amongst other strategies, to ensure Texas communities will have adequate water supplies in the future.



“The new state water plan projects that Texas’ population will increase more than 70 percent by the year 2070,” commented TWDB Board Chairman Bech Bruun, “and the 2017 State Water Plan is our most comprehensive effort to date to ensure we adequately address the water needs of our growing population. The plan contains more than 5,500 strategies that help us conserve the water we have while also creating additional water supplies.”

“Water is essential to the economic engine of Texas,” said TWDB Board Member Peter Lake. “If a severe drought occurs in the next four years and the state does not have sufficient water supplies, the economic impact could be a loss of 424,000 jobs and \$73 billion of gross domestic product. Implementing the strategies in this state water plan is a critical financial investment in our state’s future.”

TWDB Board Member Kathleen Jackson noted aquifer storage and recovery and direct potable reuse, in particular, increased significantly in the 2017 plan as compared to Texas’ 2012 State Water Plan. “These increases demonstrate the state’s commitment to exploring a variety of strategies to meet the state’s long-term water demands, including those that rely on the advancements of innovative technology,” said Jackson.

The TWDB is the state agency charged with collecting and disseminating water-related data, assisting with regional planning and preparing the state water plan for the development of the state’s water resources. The TWDB produces a new state water plan every five years. The TWDB’s 2017 State Water Plan will be submitted to the governor, lieutenant governor, and the Texas Legislature by January 2017.

TEXAS WATER DEVELOPMENT BOARD WELCOMES NEW EXECUTIVE ADMINISTRATOR

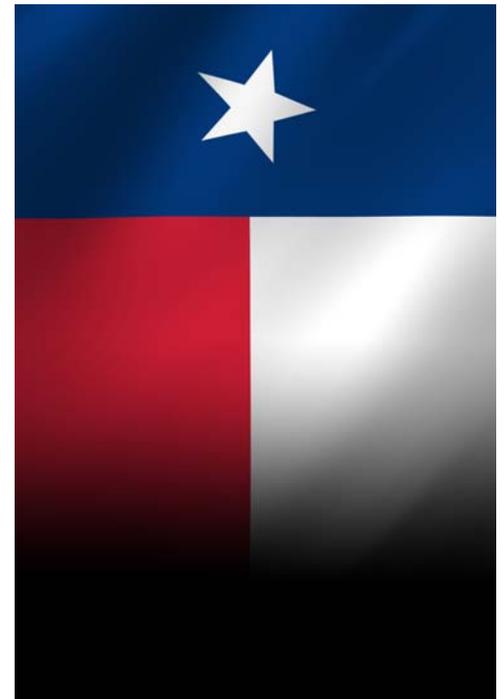
Jeff Walker has been named as the new executive administrator of the Texas Water Development Board (TWDB), the state agency announced on May 19. Walker has served in various positions at the TWDB for more than 25 years, including director of project development, team lead for financial assessment, financial analyst, and agricultural conservation specialist. He holds a Master of Business Administration from Texas State University and a Bachelor of Science degree in agricultural economics from Texas A&M University.

TEXAS EXPECTED TO AVOID ECONOMIC RECESSION, DESPITE DOWNTURN IN ENERGY SECTOR

The Federal Reserve Bank of Dallas says that Texas is likely not headed for recession, in spite of the downturn with the state’s energy sector. In a new report released in late May, Dallas Fed economists conclude that, despite challenges, Texas will continue adding jobs and should be able to dodge an economic recession. While job growth in the Lone Star State may be weak in the near future, the Dallas Fed cautions, a more diversified Texas economy will help the state avoid a repeat of the 1980s.

“As we look beyond 2015 and 2016, I am very optimistic about the future of this district. As the headwinds from energy begin to fade I believe our great strengths will come to the fore. Our central location, favorable business and regulatory climate, skilled workforce and numerous ports are all key elements of this optimism,” said Robert Kaplan, president and CEO of the Federal Reserve Bank of Dallas.

Nonetheless, leading into the next legislative session, state lawmakers have been directed to take a close look at the impact of low oil and gas prices to Texas and future funding of state programs. In a letter sent in April to budget writers, Speaker of the House Joe Straus said, “When the last legislative session adjourned, West Texas Intermediate crude prices averaged close to \$60 per barrel; last month, that price averaged closer to \$37 per barrel. For nearly 12 years, Texas job growth outperformed many other states and the nation as a whole. However, with job losses in the energy and manufacturing sectors, that is no longer the case. The impact is also being felt on the state’s finances... Writing a balanced and disciplined state budget that appropriately funds our top priorities will be a significant challenge.”



INDUSTRY COALITION CHALLENGES FEDERAL PLAN FOR SAGE GROUSE LAND USE

Last September, the U.S. government announced new plans to withdraw millions of acres of federal land currently available for energy and mining purposes, in efforts to further conserve habitat of the Greater Sage Grouse. The Greater Sage Grouse, a large ground-dwelling bird, inhabits approximately 186 million acres across 11 western states.

Oil and gas associations, however, argue that the proposed plan from the U.S. Bureau of Land Management (BLM) and U.S. Forest Service ignores successful conservation plans already implemented by states and stakeholders. As a result, on May 12, 2016, the Western Energy Alliance, joined by the North Dakota Petroleum Council, filed a lawsuit in the U.S. District Court for the District of North Dakota challenging federal Sage Grouse land use plans.

“Before the federal Sage Grouse plans were finalized, oil and natural gas companies had implemented more than 770 specific protections for Sage Grouse, while reducing impact on the land by 70 percent with horizontal drilling and advanced hydraulic fracturing,” said Kathleen Sgamma, vice president of government and public affairs at the Western Energy Alliance. “In addition, states, counties, federal agencies, industries, ranchers, private landowners and conservation groups had come together to successfully protect the Sage Grouse and its habitat. As a result, Sage Grouse populations have not only rebounded but are stable over the long-term. Local and state efforts tailored to actual conditions on the ground are effectively protecting the Sage Grouse and its habitat. Despite that success, the federal government has imposed top-down, centralized plans that are less effective than state and private efforts and will needlessly kill jobs and economic growth in the West.”

Although the Greater Sage Grouse will not be listed as an endangered or threatened species under the Endangered Species Act, federal officials still have chosen to pursue plans that would limit oil and natural gas development and other public land users. In addition to the energy associations, western states, counties, ranchers, and other industry groups are also challenging the federal conservation plans in court.

“By ignoring sound science, the agencies are exaggerating the impact of oil and natural gas development on Sage Grouse, and failing to recognize that oil and natural gas development coexists with Sage Grouse conservation. The draconian measures go well beyond reasonable mitigation of impact. We are disappointed BLM and the Forest Service persist with top-down, centralized management of sage grouse on public lands that discourages more effective western efforts,” added Sgamma.

UNITED STATES REMAINS WORLD’S TOP OIL AND NATURAL GAS PRODUCER



The United States remained the world’s top producer of petroleum and natural gas hydrocarbons in 2015, according to the U.S. Energy Information Administration (EIA). The federal data agency reported on May 23, 2016, that the U.S. again beat out Russia and Saudi Arabia, the second and third leading producers in the world, as top producer last year.

Despite the sustained low price environment last year, and a drastic drop in operating rigs across the nation, the U.S. has continued to see a boost in oil and natural gas output, particularly with production from tight oil and shale gas formations.

According to the EIA, “several factors kept hydrocarbon production increases in Russia smaller than increases in the United States in 2015. Although Russian petroleum production

continued to increase, natural gas production declined because of poor economic conditions and a mild winter, which resulted in lower domestic demand for natural gas. Russia’s total combined production of petroleum and natural gas increased by just 0.1 quadrillion Btu in 2015.” The EIA also notes that while Saudi Arabia’s total petroleum and natural gas hydrocarbon production rose by 3 percent in 2015, the U.S. still outpaced its production levels. “The United States produced more than twice the petroleum and natural gas hydrocarbons as Saudi Arabia produced in 2015.”

OIL PRICES RALLY; OPEC PRESIDENT SAYS FAIR PRICES STILL BADLY NEEDED

During the week of May 23, 2016, oil prices continued to tick upwards, even briefly climbing above \$50 per barrel for the first time in more than six months. Some analysts have labeled the trend as a “rebalance of the market.”

Still, many leaders caution that crude is still not trading at a “fair price.” Ahead of the upcoming OPEC meeting, scheduled to take place next week in Vienna, OPEC President Mohammed bin Saleh al-Sada said a minimum price of \$65 a barrel is “badly needed at the moment” for the oil industry.

U.S. CONSUMPTION OF NATURAL GAS PROJECTED TO RISE DRASTICALLY

New projections estimate that U.S. consumption of natural gas will rise from 28 trillion cubic feet (Tcf) in 2015 to 34 Tcf in the year 2040, an average increase of about 1 percent annually for the next 25 years. Data released by the U.S. Energy Information Administration (EIA) on May 26, 2016, shows that much of this growth in natural gas consumption will stem from the industrial and electric power sectors. The EIA attributes persistent, relatively low prices of U.S. natural gas as one of the primary drivers for rising natural gas consumption.

“The industrial and electric power sectors make up 49 percent and 34 percent of this growth, respectively, while consumption growth in the residential, commercial, and transportation sectors is much lower,” reported the EIA.

In addition, although natural gas use in vehicles will grow rapidly in the years to come, according to the EIA, beyond the year 2030, it only will account for a small portion of U.S. natural gas use.

The EIA also notes natural gas consumption through 2040 will presumably remain relatively flat in the residential and commercial sectors because of increased efficiency of natural gas equipment such as furnaces and water heaters.

PIONEER NATURAL RESOURCES CHAIRMAN & CEO SCOTT SHEFFIELD TO RETIRE

On May 19, 2016, Pioneer Natural Resources announced that Scott D. Sheffield will retire as the company’s chief executive officer, effective December 31, 2016. Sheffield will continue as executive chairman of the company's board of directors through December 31, 2017, at which time he will retire as an executive and employee of the company but remain on the board.

“Scott Sheffield has truly been a visionary leader in the energy industry,” said Lead Director Ken Thompson. “For more than 30 years, he guided Pioneer and its predecessor companies to build one of the premier oil shale resource companies in the United States. Despite the challenges facing the energy industry today, Pioneer is in excellent financial shape with great assets and a strong, experienced leadership team in place. Pioneer’s corporate culture is second to none thanks to Scott, and it shows in our people, assets, balance sheet and top-tier performance.”

Timothy L. Dove will succeed Sheffield as Pioneer Natural Resources’ chief executive officer upon his retirement at the end of the year, the company reports. Dove has served as Pioneer’s president and chief operating officer since 2004.

“It is the ultimate honor to succeed Scott Sheffield,” said Dove. “He laid a solid foundation on which we have built one of the most successful independent E&P companies. Pioneer has a special culture with talented people who give us a competitive advantage. With more than 20,000 drilling locations in some of the best rock in the world, we have the assets and people to continue to achieve top-tier performance in the coming years.”

TIPRO MEMBERS INVITED TO SPECIAL BOOK SIGNING AND RECEPTION IN AUSTIN FOR “FUELING FREEDOM: EXPOSING THE MAD WAR ON ENERGY”

A new book is exposing details behind the shocking campaign of misinformation about global warming. In their new book, *Fueling Freedom: Exposing the Mad War on Energy*, experts Stephen Moore and Kathleen Hartnett White reveal startling facts about the profound human value of abundant, concentrated, and versatile energy.

Below is an excerpt with more details on the book:

The past two centuries witnessed the most astonishing leap in human welfare in history. But now the leaders of the world’s most prosperous and advanced nations are determined to undo it.

The ability to harness the enormous energy packed into fossil fuels—coal, oil, and natural gas—meant that for the first time, most human beings could enjoy a life that was not “poor, nasty, brutish, and short.” Virtually all the necessities of life—food, heat, clothing, shelter—depend on the conversion of energy. It was the transition from muscle, wind, and wood to fossil fuels as the chief source of that energy that gave us modern life.

Incredibly enough, throwing that all away is now considered a serious national policy.

Radical environmentalists have convinced many of the global elite that the greatest threat to mankind is climate change produced by the burning of fossil fuels—a view that has hardened into a ferociously enforced dogma. The Paris Agreement of 2015 embodies their goal of an unprecedented regression to the limited horizons of preindustrial societies.

In *Fueling Freedom*, the madness of the green war on abundant energy is fully uncovered. The new book is now available in stores or may be ordered online through Amazon.

TIPRO members are invited to a special discussion with the authors and a book signing on Tuesday, June 14, in celebration of the book’s release. The free event will be held at the Texas Public Policy Foundation office, located at 901 Congress Avenue, in Austin, Texas. For more information, please contact Olivia Gustin at ogustin@texaspolicy.com or call (512) 472-2700.

You get good at doing

There is a process to everything we do and it starts with identifying the right questions and the important place to begin. Knowing where to start and what to ask comes from experience and discipline of thought. This is just the beginning of what we provide to our clients.

With more than 5,300 industry-dedicated professionals located in strategic energy centers, we can help companies everywhere they operate. PwC's US energy practice includes more than 920 professionals serving companies of all sizes across all sectors. PwC has more than 100 years of experience serving energy companies, including some of the world's largest national oil companies and international oil companies.

We're a network of firms in 157 countries with more than 208,000 people who are committed to delivering quality in assurance, tax and advisory services. Tell us what challenges you are facing or find out more by visiting us at www.pwc.com.

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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.

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