



**Texas
Independent
Producers and
Royalty Owners
Association**

CONGRESS CONSIDERS HYDRAULIC FRACTURING LEGISLATION

Leading up to the Thanksgiving holidays, members of Congress considered a series of pro-drilling bills aimed at promoting American oil and gas production. More specifically, the proposed legislation supports domestic development of natural resources by streamlining government oversight of oil and gas operations and providing a regulatory environment conducive to industry growth.

H.R. 2728, the “Protecting States’ Rights to Promote American Energy Security Act,” would restrict the federal government from imposing new rules on fracing which are duplicative of pre-existing state regulations. This pertains to federal agencies such as the U.S. Environmental Protection Agency (EPA) and the Bureau of Land Management (BLM) in the Department of the Interior (DOI), which under the Obama administration have repeatedly attempted to enact additional restrictions on hydraulic fracturing and shale development. The bipartisan bill, introduced by Representatives Bill Flores (R-TX) and Henry Cuellar (D-TX), calls for maintaining the current oil and natural gas regulatory structure in those states that already enforce effective, environmentally responsible regulations, including the state of Texas. Ultimately, the legislation strives to protect American jobs and generate additional economic growth through unconventional development of shale formations. On Wednesday, November 20, House members passed the bill with a vote of 235-187.

Similarly, H.R. 2850 - the “EPA Hydraulic Fracturing Improvement Act” - details guidelines for the EPA’s ongoing study of the potential impacts of hydraulic fracturing on drinking water resources. It would require the EPA to follow objective scientific principles and ensure a rigorous peer review process to maximize the study’s usefulness for both scientists and decision-makers.

“The EPA, like every other governmental institution, answers to the American people,” commented Representative Lamar Smith (TX-R). “Everyone agrees that we need to protect the environment, but we should do so in a way that is open and honest. It appears the EPA bends the law and stretches the science to justify its own objectives. We need to know whether the agency is telling the truth to the American people.”

Likewise, H.R. 1965, the “Federal Lands Jobs and Energy Security Act of 2013,” would amend the existing Mineral Leasing Act to update the permitting process for drilling on federal lands. In fact, under the proposed bill, a permit application would be deemed approved if the Secretary of the Interior has not made a decision on it by 60 days after its receipt. It also prescribes a notice requirement for denial of an application. “In recent years we have seen a boom in energy jobs and economic growth on state and private lands. I believe the only reason we haven’t seen that same dynamic growth on federal lands is because of excess regulations,” said Representative Doug Lamborn (CO-R), who authored the bill. “It’s time we return to common sense policies that will help struggling Americans dig out of the financial mess that is the Obama economy.”



OIL & GAS JOBS RANK AMONG BEST IN THE U.S., ACCORDING TO NEW POLL

A number of oil and gas jobs rank among the best professions in the nation for their growth opportunities, impressive salaries and high levels of job satisfaction, according to a new poll released by CNNMoney and PayScale. Petroleum engineer, petroleum geologist, geophysicist, reservoir engineer, energy analyst, environmental engineer and geotechnical engineer all were featured on this year’s list of 100 top careers in the U.S.

Analysts considered a variety of factors when identifying the best jobs in the country, including: job growth estimates between 2010-2020, according to BLS forecasts; median pay for experienced workers; the estimated number of people working in each field; and overall job satisfaction, according to a PayScale’s survey on quality-of-life factors amongst 200,000 workers. Education requirements, promotion opportunities and work environment were also considered by experts when ranking America’s best jobs this year.

PRESIDENT'S MESSAGE

TIPRO Members -

During his weekly address to the American people, on Saturday, November 16, President Barack Obama highlighted the substantial growth in domestic oil and gas development over the past few years. The president's speech discussed several significant milestones for the American E&P sector, described the nation's renewed hope for energy independence and detailed the positive economic benefits provided by rising oil and gas production in the U.S. As stated by President Obama:

"We produce more natural gas than anyone – and nearly everyone's energy bill is lower because of it. And just this week, we learned that for the first time in nearly two decades, the United States of America now produces more of our own oil here at home than we buy from other countries. That's a big deal. That's a tremendous step towards American energy independence... More good jobs. Cheaper and cleaner sources of energy. A secure energy future. Thanks to the grit and resilience of American businesses and the American people, that's where we're heading."

Although our industry continues to closely monitor onerous, often overly-burdensome regulations proposed by his administration, nonetheless I am encouraged to see President Obama publicly acknowledge just some of the many positive rewards offered from domestic exploration and production of oil and gas. He is not alone either - other senior cabinet members and regulatory officials have also recently gone on record and offered praise of hydraulic fracturing and domestic oil and gas production.

Further, the president's address on energy comes at an important time, as members of Congress continue discussions on our nation's energy policies.

The fact remains, the oil and gas industry is able to provide unparalleled support to the economy by creating American jobs and generating much-needed tax revenue for local, state and federal government treasuries. Moreover, by reducing our country's dependence on foreign oil, we have further strengthened America's energy security, and consequently, our own future. Thanks to the increasing development of U.S. shale plays and other tight reservoirs, we are now close to becoming the world's top producer, surpassing Russia and Saudi Arabia. However, through it all, the oil and gas industry remains committed to adhering to local, state and federal regulations. Operators continue to take extensive precautions in order to ensure the safety of all workers, local communities and the environment.

TIPRO will continue to monitor the ongoing debate over federal regulation of our industry as it plays out.

Sincerely,




Ed Longanecker

VISIT TIPRO'S ONLINE LEGISLATIVE ACTION CENTER TODAY!

All TIPRO members are encouraged to regularly visit the association's online Legislative Action Center for pertinent updates on local, state or federal issues that threaten to impact the Texas oil and gas industry. There you will find several resource guides, with essential information on how to reach key legislative committees and regulatory agencies that oversee oil and gas development. You may also download a copy of TIPRO's "2013 End-Of-Session Report" to learn about the outcome of the most recent legislative session in Texas. Additionally, members may review summaries from past TIPRO State Issue Meetings, as well as find details on proposed rulemakings and mark their calendars for upcoming industry hearings, seminars and workshops.

A benefit exclusive to TIPRO members, the Legislative Action Center is easy to access, day or night. Simply visit the TIPRO website at www.tipro.org, and under the "Policy & Advocacy" tab at the top of the webpage, select "Legislative Action Center." You will be asked to input your username and password to enter this portion of the website. In the event that you do not know or have forgotten your TIPRO username and password, please contact TIPRO's Membership Coordinator Anjelica Torres at (512) 477-4452 or email atorres@tipro.org.

By collectively making use of the Legislative Action Center, we will amplify the industry's efforts to fight for the ability to develop natural resources here in Texas and across the entire nation.

Calendar of Events

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| <p>DECEMBER 11, 2013 HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (832) 233-5502.</p> | <p>JANUARY 8, 2014 HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (832) 233-5502.</p> | <p>FEBRUARY 4-7, 2014 HOUSTON — Winter NAPE Expo, George R. Brown Convention Center For info, call: (817) 847-7700.</p> | <p>FEBRUARY 12, 2014 HOUSTON — IPAA/TIPRO Leaders in Industry Luncheon, 11:30 a.m. Houston Petroleum Club. For info, call: (832) 233-5502.</p> |
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TCEQ ANNOUNCES GRANTS, WORKSHOPS FOR DEVELOPMENT OF NGV INFRASTRUCTURE

The Texas Commission on Environmental Quality (TCEQ) has announced that it plans to distribute up to \$7.6 million in grants in efforts to continue the development of a network of alternative fuel and natural gas fueling stations in the Lone Star State. As part of the Texas Emissions Reduction Plan (TERP), the Clean Transportation Triangle (CTT) and Alternative Fueling Facilities Program (AFFP) grants will be offered to qualifying entities that intend to build, own and operate alternative fuel and/or natural gas fueling stations in eligible Texas counties.

According to the TCEQ, CTT and AFFP grants will help offset a portion of the cost associated with the construction of new facilities or the reconstruction of existing facilities to provide new services or capabilities dispensing natural gas or alternative fuels. Eligible fuels for the CTT include compressed natural gas or liquefied natural gas. Eligible alternative fuels for the AFFP include biodiesel, hydrogen, methanol, natural gas, propane and electricity.

Moreover, the state agency plans to host a series of workshops to discuss grant requirements and the application process. Workshops are tentatively scheduled for the following dates:

Tuesday, December 3, 2013 - 1:30-3:00 p.m.

TCEQ Headquarters

12100 Park 35 Circle, Building F, Room 2210, Austin, Texas

Wednesday, December 4, 2013 - 1:30-3:00 p.m.

Tracy Gee Community Center

3599 Westcenter Drive, Room AR-1, Houston, Texas

Thursday, December 12, 2013 - 10:30 a.m.-12:00 p.m.

Alamo Area Council of Governments

8700 Tesoro Drive, Al J. Notzon III Board Room, San Antonio, Texas

Friday, December 13, 2013 - 1:30-3:00 p.m.

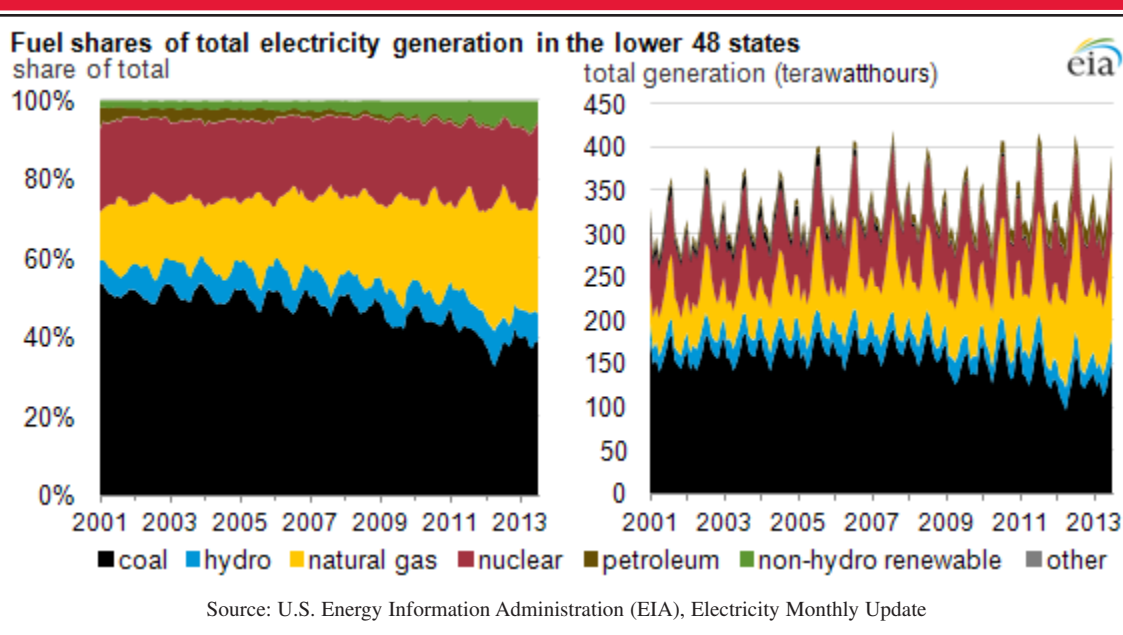
North Central Texas Council of Governments

616 Six Flags Drive, Centerpoint II, Metroplex Conference Room, Arlington, Texas

For more information, call (800) 919-8377 or visit the TERP grants website at www.tceq.texas.gov/airquality/terp.

NATURAL GAS PLAYS GROWING ROLE IN U.S. ELECTRICITY MARKET

With rising domestic production from America's shale formations, natural gas has increasingly helped support the U.S. electricity market in recent years. In fact, the U.S. Energy Information Administration (EIA) reports the mix of fuels used to generate electricity for homes, factories and businesses across the country continues to change, particularly as coal loses some of its share of the generation market to natural gas and other non-hydroelectric renewables. Although the EIA notes that the generation mix is not completely uniform - and varies significantly by region depending on available



resources and regional market prices - natural gas will continue to account for greater portions of the nation's power generation in the future.

Natural gas is an abundant, alternative fuel source that burns cleaner, with up to 80 percent fewer NOx emissions, and virtually no sulfur dioxide, mercury or particulate pollution. Recent studies have confirmed increasing use of natural gas has also contributed to the overall decline in greenhouse gas emissions nationwide. Last year, carbon dioxide emissions fell to their lowest amount since the year 1994. These emissions were 13 percent below the 2005 level - equivalent to taking millions of cars off of the road.

FEDERAL GOVERNMENT COLLECTS \$14.2 BILLION IN REVENUE FROM OIL AND GAS

During Fiscal Year 2013, the U.S. Department of Interior (DOI) collected more than \$14.2 billion from oil and gas production on public lands and offshore waters. This near-record haul represents a 17 percent increase over the previous fiscal year, equivalent to a surplus of \$2 billion in revenue.

“Domestic energy production infuses funding into communities across the United States that creates American jobs, fosters land and water conservation efforts, improves critical infrastructure, and supports education,” said Secretary of the Interior Sally Jewell. “The funding reflects significant energy production from public resources in the United States and serves as a critical revenue stream for federal and state governments and tribal communities.”

Energy revenues were distributed to local, state, federal and tribal accounts to support a variety of critical public programs, ranging from school funding to infrastructure improvements and water conservation projects.

According to the DOI, as part of their share of revenues collected from oil, gas and mineral production on federal lands, the top states receiving revenue include: Wyoming (\$933 million); New Mexico (\$479 million); Utah (\$138 million); Colorado (\$130 million); California (\$102 million); North Dakota (\$90 million); Montana (\$36 million); Louisiana (\$27 million); Alaska (\$19 million) and Texas (\$17 million).

The agency attributes the surge in revenue to the \$2.77 billion in bonus bids received for new oil and gas leases for offshore drilling, as well as higher levels of energy exploration and production throughout the U.S.

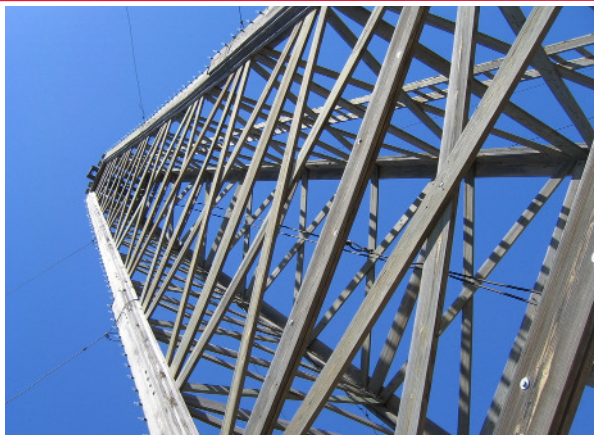
NEW DOCUMENTARY OFFERS FACTS ON HYDRAULIC FRACTURING

In efforts to spread awareness and better educate the public on hydraulic fracturing, a new documentary titled “Down Deep: Unearthing the Truth About Hydraulic Fracturing” has been released. The film, commissioned by oil and gas company WPX Energy, features conversations with experts, landowners, neighbors and industry executives.

In conjunction with the documentary, WPX also has launched a new website to share facts regarding fracing. Accessible at www.downdeep.com, the website gives Americans the facts they need to make their own informed decisions on domestic development of oil and gas from shale formations.

Using real facts and interviews with third parties, the company says it hopes the documentary and website will take on the dishonest politicking and misguided environmentalism that has become entangled with the public’s image of fracing.

“Fracing has become an easy target for pop culture and the media through the lack of factual information available to the public. We want that to change. Which is why we made Down Deep. We hope you will consider the facts that it presents - and please, share it with others.”



AIRPORT EXPANSIONS SLATED FOR COTULLA AIRPORT, THANKS TO EAGLE FORD GROWTH

Since drilling in the Eagle Ford took off five years ago, the South Texas city of Cotulla has experienced tremendous growth. As a result, city leaders recently announced that the Cotulla-La Salle County airport will undergo a \$9 million expansion to better serve those looking to visit the area to check on their oil-and-gas operations. The expansion will allow for the airport to expand its runway from 5,000 to 6,000 feet, build a parallel taxiway and double the amount of parking space.

“The rate at which we’ve been growing is exceptional because we don’t have a lot of locally based airplanes,” says E.T. Page, manager of the Cotulla airport. “However, we have a lot of people who fly in for hunting, ranching and to conduct oil and gas business.”

Already, in the last 14 years, the city’s airport has undergone two major construction projects thanks to higher levels of traffic to the region.

Project managers anticipate the airport expansion to be completed by May 2014.

TIPRO MEMBERS WILL LIKE THEIR ODDS IN THE \$25,000 FedEx ADVANTAGE SWEEPSTAKES!

Enroll now in the TIPRO Shipping Program at www.PartnerShip.com/TIPRO, and you’ll receive one entry into the FedEx Advantage Sweepstakes. Once you’re enrolled, every eligible FedEx® shipment that you make - up to 50 - between November 4, 2013, and December 27, 2013, becomes another chance to win over 100 prizes totaling more than \$25,000.

If you are already enrolled in the TIPRO Shipping Program, register to receive your first entry in the sweepstakes by visiting the following website: <http://emails.fedex.com/m/p/fdx/windfall/registration.asp>. You will also be eligible to receive additional chances based on your FedEx® shipping during the Sweepstakes time period.



This tip is brought to you by PartnerShip®, the company that manages the TIPRO Shipping Program. For more information or to enroll in the program, email sales@PartnerShip.com or call (800) 599-2902.

DALLAS CITY COUNCIL TO VOTE NEXT MONTH ON STRICTER DRILLING RULES?

The Dallas Morning News reports that in a few short weeks, on Wednesday, December 11, 2013, the Dallas City Council could take a vote on stricter regulations for drilling in the city. City Council members will consider a proposal to extend drilling set-back requirements from 300-feet to 1,500-feet away from homes, businesses, churches and other protected uses. If passed, the local ordinance would enforce one of the strictest set-back requirements in the state of Texas.

Previously, in August, the Dallas City Council voted down a drilling permit application by Trinity East Energy Company to operate on parkland and floodplains near the Trinity River in northwest Dallas.

TIPRO will keep tracking developments on this contentious issue, as it could spur other major cities across the state and nation to re-examine existing set-back requirements.

TEXAS GOVERNOR HIGHLIGHTS JOB CREATION, ECONOMIC GROWTH OF THE LONE STAR STATE

Speaking at a recent luncheon hosted by the Texas Public Policy Foundation, Texas Governor Rick Perry emphasized the state's growing economy and impressive job creation. Joined by economist Dr. Arthur Laffer, he contrasted the conservative fiscal principles that have helped Texas become a national leader against those states that have burdened families and businesses, such as California.

"Just as we have seen in recent years, Texas continues to outperform California in terms of employment rate, growth in output and gross domestic product," stated Governor Perry.

Added Dr. Laffer, "The differences between California's and Texas' economic policies and performances couldn't be more stark. Texas has a low-tax, business friendly environment. California has punitively high tax rates and seems to put up every possible barrier to entry for business."

To download a case study analyzing the two states, and investigating the overall impact of big government on the economy, visit: www.texaspolicy.com/sites/default/files/documents/2013-11-TXvsCA-update-LafferDeVoreMooreDrinkwater.pdf.

"RESEARCHERS: HYDRO-FRACED GAS WELLS DECLINE AFTER 5 YEARS"

BY POLLY ROSS HUGHES, REPRINTED WITH PERMISSION OF THE *TEXAS ENERGY REPORT*

Engineers and scientists at The University of Texas at Austin have developed a new model for predicting future production rates of natural gas wells in North Texas' Barnett Shale.

Tapping into historical data from horizontal wells in the Barnett, the researchers applied a simple physics theory to model the decline curves and estimate falling rates of production over time. The method can also help energy companies accurately identify low- and high-producing horizontal wells, according to UT.

The researchers - Tad Patzek, chair of the Department of Petroleum and Geosystems Engineering in the Cockrell School of Engineering; Michael Marder, professor of physics in the College of Natural Sciences; and Frank Male, a graduate student in physics - describe their new model in a paper "Gas production in the Barnett Shale obeys a simple scaling theory," published this week in the *Proceeding of the National Academy of Sciences*.

The team tested its theory by analyzing 10 years of gas production data from the Barnett Shale that is licensed to the university by IHS CERA, a market and economic information provider. They found that gas production in individual wells begins declining after five years. Also, they learned that wells generally produce less gas than previously predicted and that production can be increased if hydraulic fracturing connects better to the natural fractures in the rock.

"With our model at hand, you can better predict how much gas volume is left and how long it will take until that volume will be depleted. We are able to match historical production and predict future production of thousands of horizontal gas wells using this scaling theory," Patzek said in announcing the research.

"The contributions of shale gas to the U.S. economy are so enormous that even small corrections to production estimates are of great practical significance," Patzek added. "We are able to predict when the decline will begin. Once decline sets in, gas production goes down rapidly."

Additionally, the researchers have tentatively concluded that many wells are on track to produce only about 10 percent of their potential, based on a finding that most horizontal wells for which predictions are possible underperform so-called theoretical production limits.

The researchers found that scaling theory correctly predicted the behavior of about 2,000 wells in which production had begun to decrease exponentially in the past 10 years. Patzek said production forecasts would become more accurate as more data becomes available.

Well production could be greatly enhanced if hydro-fractures could connect better to natural fractures in the surrounding rock, the team concluded. High porosity and permeability between natural cracks and hydrocracks lead to higher producing wells. When the connection is weak, a low producing well results, the researchers found.

"If this finding spurs research to understand why wells underperform, it may lead to improved production methods and eventually increase gas extraction from wells," Marder said.

Shell and the Alfred P. Sloan Foundation supported the paper.

The Texas Independent Producers & Royalty Owners Association



For over 67 years, TIPRO has stood strong to protect the ability to explore for and produce oil and natural gas in the state of Texas. Now representing more than 2,500 independent oil and gas producers and royalty owners, TIPRO proudly works with leaders in the Texas Legislature, U.S. Congress and regulatory agencies to share the story on the importance of domestic energy production.

Consider upgrading your membership today to directly help strengthen the association's ability to represent and serve members of the Texas oil and gas industry.

To learn more, contact TIPRO at (512) 477-4452



**Texas Independent
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Association**

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

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