



**Texas  
Independent  
Producers and  
Royalty Owners  
Association**

TIPRO's 64th Annual Convention in Houston in two weeks is on track to be one of the most successful gatherings the Association has hosted in years! The convention is quickly shaping up to be the hottest ticket in town Feb 24-26 where dynamic speakers, hard-hitting topics and the list of attendees reads like a "Who's Who" in the oil and gas exploration and production industry.

If you haven't registered yet, we strongly urge you to send your registration forms in today to TIPRO headquarters by going to [www.tipro.org](http://www.tipro.org), or the form is available on page 5. The convention hotel Westin Galleria is already SOLD OUT! However, TIPRO members and guests can get reservations at a "sister" property connected to the Galleria, the Westin Oaks Houston, located at 5011 Westheimer at Post Oak, by calling 713.960.8100 or 866.716.8137. For more assistance, contact Joanne with TIPRO at 512.477.4452.

"Natural Gas in Texas: Glowing Stronger Every Day" serves as TIPRO's Annual Convention theme and as an indication of where the industry is heading. Never before has the promise of natural gas resonated more than now. Production innovations have led to an unprecedented level of excitement in natural gas. We're positioning TIPRO to lead the industry in Texas to promote the benefits of this superior energy source for our state.

Featuring industry icon T. Boone Pickens, attendees will hear him speak on his Pickens Plan for promoting natural gas legislation. Pickens has the ear of lawmakers and the media and has taken his message to the highest levels. After President Obama's recent State of the Union address he urged, "I am hoping the President will note that nearly 70 percent of the oil we import is used as transportation fuel in the form of gasoline or diesel. Half of what we import comes from OPEC nations, many of whom are not friends of the U.S. Both Democrats and Republicans want to provide solutions, and find common ground. There is growing awareness that expanding the use of natural gas as a transportation fuel is an effective approach to address three public expectations...cleaner air, the national security threat of our ever-increasing dependence on foreign oil, and job creation. We have the best chance in decades to solve this problem."

Regina Hopper, CEO of America's Natural Gas Alliance will be providing a Washington perspective. For most, this will be the first opportunity to hear from this dynamic, articulate speaker who is an ideal representative for the industry. For natural gas, this is a time that is a game-changing moment in its evolution. "We have an extraordinary story to tell. Clean, abundant,



**Chesapeake's Natural Gas Chopper**

Photo Courtesy of TLC

**Natural Gas** continued on page 8



**T. Boone Pickens**  
Entrepreneur/Businessman



**G. Steven Farris**  
CEO, Apache Corp.



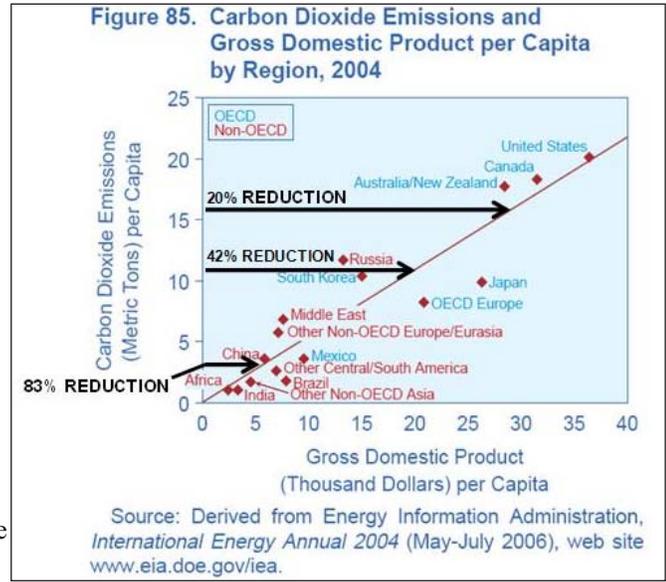
**Regina Hopper**  
CEO, America's Natural Gas Alliance

# TIPRO PRESIDENT’S MESSAGE: NO TIME TO GO WOBBLY

“This is no time to go wobbly,” former U.K. Prime Minister Margaret Thatcher said regarding her country’s government. Instead of wobbly knees, we now have wobbly jobs due to the Obama administration’s budget once again calling for the elimination of the expensing of intangible drilling costs and percentage depletion. This once again would cause a serious blow to domestic exploration and energy jobs. Fortunately, and unlike last year, this year’s budget does not project revenue from a yet to be passed Cap and Trade on “greenhouse” gas emissions (GHG). However, this is nothing to be complacent about. With the EPA’s greenhouse gas (including CO<sub>2</sub>) endangerment finding last December, the EPA has already set itself on the formal path to regulate CO<sub>2</sub>. In what is known as the “Tailoring Rule,” EPA proposed 25,000 tons per year (TPY) of carbon dioxide equivalent emissions as the threshold level of emissions which would subject a facility to GHG regulation. This regulation already has started to have a chilling effect on U.S. investments in industry at a time when our country can least afford it.

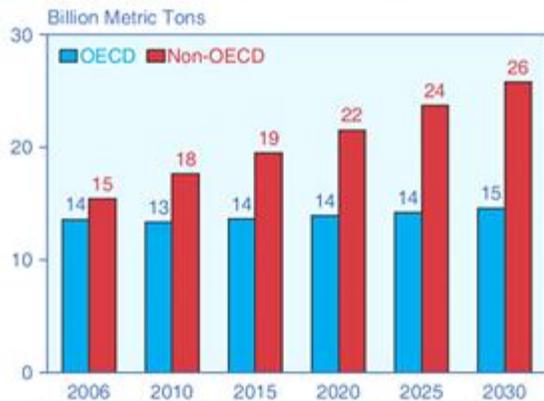
Adding to this chill is the CO<sub>2</sub> lawsuits from plaintiff attorneys that may be just beginning. Last October, the Fifth Circuit found in *Comer v. Murphy Oil* that residents and owners of land along the Mississippi Gulf Coast had standing to assert claims against various oil and energy companies for alleged injury to their private property from defendants’ greenhouse gas emissions (claiming the rise in sea level and added ferocity of Hurricane Katrina destroyed their property). The defendants include more than 33 companies from various industries, including utilities, oil, gas, coal, and chemicals.

According to the Energy Information Agency, 86% of our energy comes from carbon. For the past 25 years about 86% of our energy has come from carbon, and the EIA projects that 83% of our energy sources will come from carbon by year 2030 after only a modestly projected 14% increase in energy consumption. The EIA is projecting a greater need for carbon, and it will take more energy to grow our economy. We must use energy more efficiently, however, it still takes more carbon energy to create badly needed jobs and grow. Our US economy is carbon based and has been carbon built. In a 2004 chart by the EIA of the GDP per capita versus CO<sub>2</sub> per capita output for various countries, the U.S. is shown to have the highest GDP and CO<sub>2</sub> per capita output of the listed countries. The other countries tend to fall back around a line that will ultimately approaches near 0 output. When imagining the Waxman-Markey or Kerry-Boxer bills cutting U.S. carbon by 83% by year 2050, the U.S. would fall behind China, Mexico and be not far from Africa using this trend line.



## WHAT DIFFERENCE DOES IT MAKE TO THE WORLD IF WE FREEZE U.S. CO<sub>2</sub> EMISSIONS?

**Figure 80. World Energy-Related Carbon Dioxide Emissions, 2006-2030**



Sources: 2006: Energy Information Administration (EIA), International Energy Annual 2006 (June-December 2008), web site www.eia.doe.gov/iea. Projections: EIA, World Energy Projections Plus (2009).

The argument that the U.S. could increase GDP by cutting CO<sub>2</sub> and using more non-carbon energy could only be rationalized if the non-carbon energy sources were more competitive and less expensive than the carbon energy used by our competitors such as China, India, and Russia. If non-carbon energy were indeed more competitive and less expensive, it most assuredly would not need heavy taxpayer subsidies.

Like a monkey swinging through the trees, you need to have a vine in front of you before you let go of the one behind. With energy, we presently do not have a good carbon alternative that can keep our energy prices down so the U.S. can remain competitive in an increasingly hyper competitive world. We very much need all our energy sources and should always be supporting research for new economic and alternative sources. However, the administration is trying to pick winners and losers by choosing heavy subsidies for more expensive renewables and other non-carbon energy sources so that they may better compete while taxing low cost carbon energy. Having the government pick chose energy sources instead of an open and free market economy most assuredly will lead to higher energy prices which will push jobs and industry to countries like China, India, and Russia who do not have our high standards of pollution

## RRC CHAIRMAN CARRILLO ISSUES STATEMENT ON BARNETT SHALE AIR EMISSIONS ISSUES



**Victor G. Carrillo**

Recently, the Railroad Commission of Texas (RRC) discussed issues relating to air quality in the Barnett Shale natural gas producing region near Fort Worth. We heard testimony from Dish, Texas Mayor Calvin Tillman (population 180). Mayor Tillman, claiming he's not a "radical, anti-drilling environmentalist," alleges that Barnett Shale development has led to "toxic air" and that it is his belief "that each of these companies as well as the regulatory bodies over them are fully aware of what toxins are emitted from these facilities and attempted to hide this." He joins Fort Worth Democratic Representative Lon Burnam in urging the RRC to impose a seven county drilling moratorium for at least one year on Barnett Shale natural gas drilling.

Mr. Tillman bases his claim, in part, on a study performed by a private firm (Wolf Eagle Environmental Engineers & Consultants, LLC) hired by the city. Wolf Eagle found some elevated levels of benzene, among other volatile organic compounds (VOCs).

This testimony came on the same day that the Texas Commission on Environmental Quality (TCEQ) released a statement that a recent three-day sampling of 126 natural gas production sites near Fort Worth found "No Cause for Concern" related to Barnett Shale exploration and production activities. The TCEQ report noted: "In fact, the majority of the testing during that trip found no detection of volatile organic compounds at all," said TCEQ's John Sadlier, Deputy Director of the Office of Compliance and Enforcement. "At the sites where our monitoring staff detected odors, or our instruments detected the possible presence of VOCs, we collected more sensitive air canister samples. When analyzed, these samples showed either non-detection or levels of VOCs below levels which would cause any short-term or long-term health concerns." Benzene was among the 22 VOCs for which the air tests were conducted.

This underscores my comments that practical, common sense solutions are needed to protect the public health but without crippling our Texas economy. Reactionary policy could have a devastating effect on Barnett Shale development that has been critically important to the Texas economy, jobs, and domestic energy security. Like most Texans, when I first heard about the preliminary air emission reports, that we may have elevated levels of certain VOC's like benzene, I was concerned. However, I also understood that we were a long way from having enough scientific data to definitively determine the exact source and levels of these compounds. We are just now beginning to collect sufficient data from impartial, non-biased sources to accurately assess the emission and exposure levels in the communities within the Barnett Shale.

Since 1982, the Texas Legislature put in place a Memorandum of Understanding (MOU) between the RRC and TCEQ delineating our respective areas of jurisdiction and responsibilities. The two state agencies are already working together, along with local communities like Fort Worth to address these important concerns. TCEQ Chairman Shaw and I have agreed that both state agencies should continue to coordinate and cooperate on this and other areas of concern. While the final answer is not in on this, the recent TCEQ air emission report goes a long way in helping Texans better understand the issue. We will continue to remain engaged, to participate in relevant meetings, and to monitor the overall situation. We understand that TCEQ will soon install a continuous air monitoring station in the Barnett Shale area to further monitor the situation.

Texas remains the premier energy producing state in the nation, producing over seven trillion cubic feet of natural gas in calendar year 2009 – the most, by far, of any other state. The Barnett Shale trend now produces in 23 north-central Texas counties around Fort Worth and is the largest urban drilling environment in the world. As of December 2009, approximately 14,000 producing wells have been drilled in the trend and over 6 trillion cubic feet of clean-burning natural gas have been produced from 2000-2009 alone. Today, the Barnett Shale contributes over 25% of total Texas natural gas production. In an economic impact report a few years ago, it was estimated that the Barnett Shale would contribute 100,000 jobs and multiple billions of dollars to the Texas economy. Put another way, projections have estimated that between 2001 and 2015 the Barnett Shale will contribute \$100 billion dollars in output and one million person-years of employment at the very time when Texas and our nation most need jobs, economic development and domestic energy security.

This is a vitally important issue to Texas. Not only from a public health standpoint but also from an economic standpoint with tens of thousands of jobs at stake. Therefore solutions need to be based on scientific facts gathered and analyzed by independent bodies, not conjecture and accusations. TCEQ's efforts will not stop with this study and they will continue their monitoring and collection effort. The Railroad Commission will continue to play an active role in the ongoing discussions with both state and local officials. An outright drilling moratorium as suggested by Democratic Representative Lon Burnam, based on the facts we have in hand to date, would be a drastic overreaction to this issue and would negatively impact Texas.



# MEETING AGENDA

Phone 512.477.4452 Fax 512.476.8070 919 Congress Avenue Suite 1000 Austin, Texas 78701



## TIPRO's 64th Annual Convention

Westin Galleria Hotel • Houston, Texas

February 24 – 26, 2010

### Wednesday - February 24, 2010

- 10:00 Registration opens  
Exhibits open until 5:00
- 1:30 Welcome - **TAD MAYFIELD, PRESIDENT**
- 1:40 State and Federal Issues Update  
Briefing on interim legislative studies including local government authority, Agency rulemakings including carbon sequestration, inactive wells and air quality. TIPRO Sunset Task Force and the state's review of agencies including the Texas Railroad Commission.
- 3:00 Technical Presentation  
**Boyd Heath, CHAIRMAN/CEO**  
NETWORK INTERNATIONAL
- 4:00 Membership Meeting
- 4:15 Barnett Shale:  
*Industry Responds to Public Concerns*  
What's driving the recent media frenzy and how industry has responded to the challenge.  
**Ed Ireland, EXECUTIVE DIRECTOR**  
BARNETT SHALE ENERGY EDUCATION COUNCIL  
**Victor G. Carrillo, TEXAS RAILROAD**  
COMMISSION
- 5:30 Welcome to Houston Reception
- 7:00 Dinner on your own

### Thursday - February 25, 2010

- 8:00 Breakfast & Exhibit Area
- 9:00 Introduction & Welcome  
**Richard A. Varela,**  
TIPRO EXECUTIVE VICE PRESIDENT
- 9:15 Opening Keynote:  
**G. Steven Farris, CHAIRMAN/CEO**  
APACHE CORPORATION
- 10:15 Washington View  
**Regina Hopper, PRESIDENT**  
AMERICA'S NATURAL GAS ALLIANCE
- 11:15 Exhibit Information Area
- 12:00 Keynote Presentation & Luncheon  
**T. Boone Pickens,**  
ENTREPRENEUR/BUSINESSMAN
- 1:45 Panel: *Creating Markets for Natural Gas*  
Moderator: **Walter "Tad" Mayfield,**  
GOLDSTON OIL CORPORATION  
Power Sector – **Tom Payton, OXY**  
Vehicle Outlook – **Rich Kolodziej,**  
NATURAL GAS VEHICLES OF AMERICA  
Conservation and Residential Use –  
**Teri Green, TEXAS GAS SERVICE**
- 3:45 Supply, Price & Industry Outlook –  
**Rick Carr, DELOITTE**
- 5:30 President's Reception followed by Dinner

### Friday - February 26, 2010

- 8:30 TIPRO Audit Committee Meeting
- 10:00 TIPRO Board Member Meeting



FOR COMPLETE REGISTRATION PACKET VISIT WWW.TIPRO.ORG

# MEETING REGISTRATION FORM

TIPRO'S 64TH ANNUAL CONVENTION • FEBRUARY 24-26, 2010 • WESTIN GALLERIA HOUSTON

Phone 512.477.4452 Fax 512.476.8070 919 Congress Avenue Suite 1000 Austin, Texas 78701

## REGISTRATION FEES

**TIPRO Member/Member Spouse Fees**

- \$425 Member (Full Convention)..... Before Feb. 1
- \$495 Member (Full Convention)..... After Feb. 1
- \$395 Spouse (Full Convention)

**Member Single Event Tickets**

- \$250 Thursday Keynote Presentation and Luncheon featuring T. Boone Pickens
- \$5000 Thursday Keynote Lunch Table Sponsor (Includes 10 Luncheon Tickets)
- \$175 Thursday President's Dinner Only

**Non-Member/Non-Member Spouse Fees**

- \$695 Non-Member (Full Convention) (Registration includes 1 year regular TIPRO membership)
- \$495 Spouse (Full Convention)

**Non-Member Single Event Tickets**

- \$300 Thursday Keynote Presentation and Luncheon featuring T. Boone Pickens
- \$7500 Thursday Lunch Table Sponsor (Includes 10 Luncheon Tickets and includes 1 year explorer TIPRO membership)
- \$225 Thursday President's Dinner Only

 Please contact TIPRO Staff at 512.477.4452 if you have any special dietary concerns or other needs.

**REGISTRATION TOTAL:** \$

## ATTENDEE INFORMATION

Name: \_\_\_\_\_ Title/Position: \_\_\_\_\_  
 Company: \_\_\_\_\_ Email: \_\_\_\_\_  
 Address: \_\_\_\_\_ City/State/Zip: \_\_\_\_\_  
 Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

## PAYMENT INFORMATION

VISA     MASTERCARD     AMEX     Check (make checks payable to TIPRO)

Credit Card Number: \_\_\_\_\_ Expiration Date: \_\_\_\_\_  
 Name on Card: \_\_\_\_\_ Signature : \_\_\_\_\_  
 Billing Address: \_\_\_\_\_ Billing Zip Code: \_\_\_\_\_

## CANCELLATION POLICY

To receive a refund, TIPRO must be notified of your cancellation no later than **Friday, February 19, 2010**. No-shows will not receive refunds.

## President's Message from page 1

controls nor our best interests in mind. There would indeed be an unintended and detrimental environmental and employment consequence resulting from American energy being more expensive than our competitors. U.S. labor is already more expensive than our main competitors, and our products can even less compete with more expensive energy thrown on top.

And what difference will cutting US CO<sub>2</sub> make? According to the EIA, 2010 projected CO<sub>2</sub> emissions from the Non-OECD (Organization for Co-operating and Developed) countries such as China, India, and Russia are already close to 50% higher than the OECD countries such as U.S., Europe, Japan, and are projected to grow nearly 50% by year 2030. All the while, the CO<sub>2</sub> emissions from the OECD countries are projected to remain flat.

Additionally, there's now growing debate about the science of human-caused climate change, and more skepticism of the Intergovernmental Panel on Climate Change reports due to hacked e-mails from East Anglia University showing compromised science now known as "Climategate." In a book I encourage you to read, *Fire, Ice, Paradise*, author Leighton Stewart lays out the many climate drivers that have had a known affect on our temperatures over millions of years — with the greatest of these drivers being the variations in the sun and the earth's changing orbit around the sun. Additional resources that I find helpful on this subject include Rob Bradley's [instituteeforenergyresearch.org](http://instituteeforenergyresearch.org), and Leighton Stewards, [Plantsneedco2.org](http://Plantsneedco2.org) websites.

With all of this said, clean burning, abundant, American made, job creating, shovel-ready and tax-paying natural gas is a hands-down winner when considering cost and the environment. It's the lowest carbon emitter of any carbon fuel, and if it's clean enough to burn in an open source flame in your kitchen cooking your children's breakfast, it's most assuredly clean enough to generate our electricity, power appliances, and run our automobiles. With the new shale technology, our country is now blessed to have inexpensive and abundant natural gas that only now is starting to be realized. Additionally, natural gas has a smaller land footprint per btu output and uses a fraction of the amount of water when generating electricity as compared to other major sources of energy (see Scientific American *Energy vs. Water* by Michael E. Webber). On all fronts, natural gas is the clear environmental winner when compared to other energy sources and should be strongly supported by the environmental community.

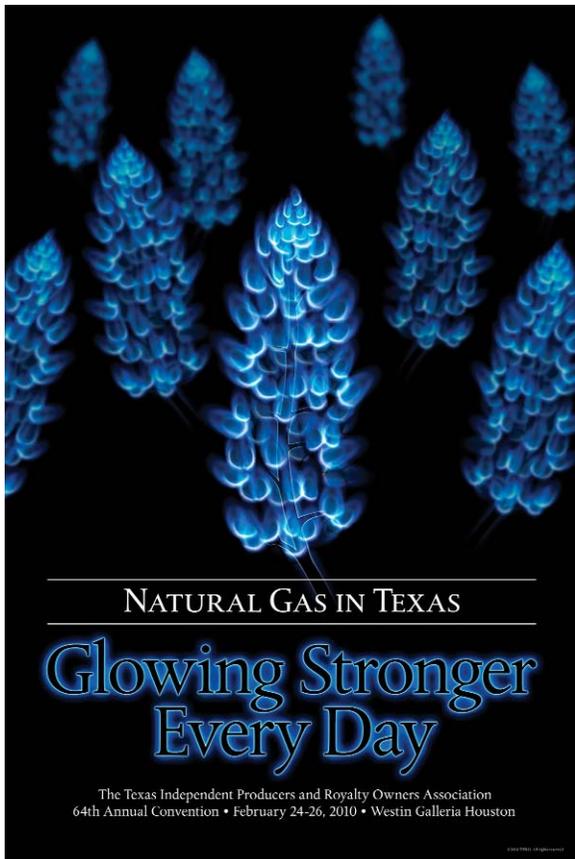
We do need to heed the advice of Margaret Thatcher and not have wobbly knees during these most challenging times. If we stand together and voice the truth about American exploration and production, the truth will stand on its own. Thank you for your support of TIPRO, and I hope that you will join us at our Annual Convention February 24-26 at the Westin Galleria, Houston where T. Boone Pickens and other dynamic speakers will be showcasing America's energy future with natural gas.

## **TIPRO Members: Sunset Task Force Online Survey on TIPRO.org** **Deadline February 15 and We Still Need Your Input!**

**Recently TIPRO finished its regional Sunset Task Force meetings and is finalizing its report. The State Issues Committee will continue the process and the Board will take action next month at the Annual Convention. But there's still an important way for you to provide input -- that's through our online survey. TIPRO has compiled an easy-to-access, timely survey where members can add their insight to the Sunset Review issue.**

**Please take the short few minutes it will take to answer these questions. (*Your name can be kept confidential.*) Data will be compiled as part of TIPRO's official input to the state's review of the important regulatory agencies that oversee our industry. Changes will be made that will impact Texas for 10 years or more. So, please take a few moments to add your input. Go to [www.tipro.org](http://www.tipro.org) to participate in the survey. Thank you!**

# TIPRO THANKS OUR CONVENTION SPONSORS FOR THEIR GENEROUS SUPPORT



TIPRO is thrilled with the positive feedback it has received on the 64th Annual Convention theme and logo of "Natural Gas in Texas: Glowing Stronger Every Day" with the blue flame forming the field of glowing Bluebonnets. Representing the abundance of this superior fuel, the environmentally-friendly attributes of natural gas and especially as it resembles Texas' beloved bluebonnet wildflower. Please note that the theme, "Glowing Stronger Every Day" and the glowing bluebonnets visual are copyrighted, and as such may not be used without prior written permission. Anyone interested in licensing the theme or theme graphic should contact Jim Sipowicz with Shell Media, Inc. at 512.415.3446 or sipowicz@shellmedia.com

**Still need a hotel room for Annual Convention?**

The Westin Galleria Hotel is sold out, but rooms are still available at the Westin Oaks. Please call 713.960.8100 to reserve your room or contact Joanne at 512.477.4452 or joanne@tipro.org for assistance.



## TIPRO Appreciates its Supporting Organizations



# THE TIPRO TARGET



## Texas Independent Producers and Royalty Owners Association

TIPRO represents more than 2,000 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.

[www.tipro.org](http://www.tipro.org)

[www.EnergyInDepth.org](http://www.EnergyInDepth.org)

**TIPRO — PRODUCING TEXAS' ENERGY for AMERICA**

919 Congress Ave., Suite 1000, Austin, Texas 78701, Phone: 512.477.4452, Fax: 512.476.8070

## Natural Gas from page 1

affordable natural gas is one of America's best-kept secrets. ANGA was formed to get this message out. And, now it is my honor and pleasure to lead this vital effort. We will reach out to Capitol Hill, the Administration, state and local elected leaders, electric utilities, large transportation fleets, the media and to the many diverse voices engaged in national and global debates on climate change and energy policy. We want to be a constructive participant and partner in creating solutions for a cleaner, smarter energy future."

G. Steven Farris, President/CEO of Apache Corporation will speak from the perspective of an independent operator -- one of the most successful in Texas and overseas. There also will be panel discussions on Creating Markets for Natural Gas; Supply, Price and Industry Outlook; and Barnett Shale Issues. Speakers include Texas Railroad Commission Chairman Victor Carrillo; Rick Carr, Deloitte; Boyd Heath, Network Intl.; Ed Ireland, Barnett Shale Energy Education Council; Tom Payton, OXY; Rich Kolodziej, Natural Gas Vehicles of America; and Teri Green, Texas Gas Service. In addition to technical presentations, meetings on state and federal issues, and Association business, there also will be the President's Reception and Dinner Thursday evening.

A first for a TIPRO meeting, at the Galleria Mall there will be displays and exhibits of natural gas vehicles, products and more. Provided by Encana, Apache and a CNG-powered motorcycle by Chesapeake Energy, these demonstrations offer the general public the opportunity to see how high-efficiency, environmentally-friendly resources powered by natural gas can be part of their everyday lives.

Full Convention Registration is available to TIPRO members for \$495 and \$695 for non-members. We look forward to seeing you soon to focus on natural gas which is driving TIPRO members to Houston!

## Calendar of Events

**MARCH 10, 2010**

HOUSTON— IPAA/TIPRO  
Leaders in Industry  
Luncheon, 11:30 a.m.  
Houston Petroleum Club.  
For info call 512.477.4452

**APRIL 6, 2010  
(TUESDAY)**

HOUSTON— IPAA/TIPRO  
Leaders in Industry  
Luncheon, 11:30 a.m.  
Houston Petroleum Club.  
For info call 512.477.4452

**MAY 12, 2010**

HOUSTON— IPAA/TIPRO  
Leaders in Industry  
Luncheon, 11:30 a.m.  
Houston Petroleum Club.  
For info call 512.477.4452

**JUNE 9, 2010**

HOUSTON— IPAA/TIPRO  
Leaders in Industry  
Luncheon, 11:30 a.m.  
Houston Petroleum Club.  
For info call 512.477.4452