Does fracking cause earthquakes? Here is Your Answer!

During hydraulic fracturing, the micro seismic events are generally less than magnitude minus two (-2) or minus three (-3) on the Richter scale. A study of hydraulic fracturing-related seismic activity found that the combination of geological factors necessary to create a higher-than-normal seismic event was “extremely rare” and such events would be limited “to around magnitude 3 on the Richter scale as a ‘worst-case scenario.”

For reference, a magnitude three earthquake is described by the United States Geological Survey (USGS) as causing “vibrations similar to the passing of a truck or the same as a gallon of milk falling off a kitchen counter” there were also “no detectable effects on vibration” — and no water or air quality problems either — from hydraulic fracturing.

The amount of seismic energy released during hydraulic fracturing in fact, does not pose a high risk of inducing earthquakes, according to the National Research Council. An Oklahoma Geological Survey study on seismicity near hydraulic fracturing activities concluded that it was “impossible to say with a high degree of certainty whether or not earthquakes were triggered by natural means or by nearby hydraulic-fracturing operation.”

In cycles of about every six months, we get a new round of stories along the lines that "fracking causes earthquakes too!" This is not true or mostly not true. As with all things shale-related, anti-drillers take a kernel of truth and blow it out of proportion, making it untrue. That’s the case with fracking and earthquakes.

A British scientist leading a research team at Durham University has just published new research analyzing "hundreds of thousands" of cases of fracking to see whether or not they produced earthquakes. What did the researchers find? In hundreds of thousands of cases of fracking, there have been three cases where earthquakes were caused by the fracking that could be felt—and they were extremely mild, on the low end of the Richter scale. Let’s run the numbers. If we assume the sample size was 300,000, 3 divided by 300,000 is 0.00001. Your odds of getting struck by lightning standing on one foot in the middle of a snow storm in Bali are greater. Yeah, fracking does not cause earthquakes—ever.

The earthquake felt in the Texas Panhandle earlier this month was not caused by fracking. It was suggested that the small quake could have been caused by an injection well or water well that was built on an active fault. That is almost certainly not the case. Amarillo sits on top of an ancient mountain range. Small earthquakes have been recorded here from the time that men have been here to feel them. The nearest oil and gas activity to the recent quake is over 7 miles away. While it is impossible to prove a negative, to suggest that oil and gas activity caused that earthquake is absurd. The significance of these studies cannot be overstated and proves—yet again—that fracking does not cause earthquakes—at least quakes that can be felt.
The Texas legislative season was off to a running start when Governor Greg Abbott delivered his first major policy address to the Texas Legislature in early February and laid out an ambitious agenda for the next two years.

Governor Abbott stated that Texas faces many challenges: the need for better schools, more roads, border security, better health care and more jobs. More liberty, less government and ethics reforms!

For fiscal conservatives, he vowed to deliver a leaner government and started by cutting his own budget by 10 percent. To middle class parents, he promised to make higher education more affordable.

Abbott also unveiled the five “emergency” items he wants to put on the legislative fast track. It was no surprise that border security and transportation would be on the list, but Abbott also included pre-K programs and higher education research funding on the list.

During this legislative year the PPROA Board and staff are actively reviewing House and Senate bills being filed during this session. We are bringing you the latest filings that are critical to our industry and will keep you apprised each month on where they stand and how it appears the vote may go. From time to time, we will ask for your input regarding the effect these bills will have on you and your interests.

We are in the early stages of planning a summer party for PPROA members and their guests. We hope this will be a chance to network and have some fun without having to conduct business! Be watching for details!

Our next quarterly meeting will be held April 16th. Watch for the details in our next Pipeline.

Your membership is important to us! Please remember to contact us should you have questions or need anything!
Life at PPROA continues to be fast, furious and fun. I thought I knew a lot about the oil and gas industry but every day brings a new challenge and a new experience. I was invited by the Texas Alliance of Energy Producers to attend meetings on Feb 2-3 in Austin which included dinner with the Lieutenant Governor, Dan Patrick along with other association member companies.

Along with having had the privilege of having dinner with the Lieutenant Governor, I also was introduced to the newly elected head of the Texas Railroad Commission, Ryan Sitton, and his Chief of Staff and Legal Counsel, Jared Craighead. These introductions and relationships are invaluable to our association.

I continue to participate in several calls weekly with the Texas Alliance of Energy Producers, TIPRO, Texas Star Alliance and TXOGA. I will keep you informed of those discussions. Please make sure if there are issues you want addressed with other associations or legislators to let me know. Typically these bills are reviewed and discussed and a recommendation for the industry as a whole is made. At times depending on the issue or bill there may be conflicts on those recommendations.

Committees – PPROA needs to create a legislative, development and events committee.

Legislative - The legislative committee would review the House and Senate bills and report our recommendation to our legislators.

Development - The development committee will be responsible for developing and retaining memberships, reviewing membership dues, advertising fees and fundraising.

Events - The events committee will be responsible for developing special events including and not limited to the annual convention.

Quarterly Combined Meetings – Our next quarterly joint meeting will be held April 16th. We will send out details in the near future for location. If you have a topic you would like to have addressed, I will be glad to secure someone to address your interests!

PPROA Administrative Improvements
Newsletter – We have a new digital newsletter! Cynthia and I continue the challenge to improve our membership offerings by adding business related articles of general interest. A guest column gives membership the opportunity to share that knowledge and promote their business. Encourage your vendors to become a member and take advantage.

Facebook – PPROA now has 241 Facebook Likes. We would love to double that. If you have a Facebook page, please ask your Facebook friends to “Like” PPROA. This is a valuable way to promote our association and our industry in a positive way and it’s FREE! www.facebook.com/pproa1929

Phones – New phones and internet are installed! We increased our internet efficiencies and also have a new phone system donated by Doug Fisk! There were no increased costs and better service!

Chamber Ribbon Cutting – Celebrate with us and enjoy St. Patrick’s Day on March 17th at the PPROA office. The Chamber, PPROA members and special guest, along with the media will have a chance to participate in our office update. Refreshments will be served.

Until next time…….
New Record: Oil and Gas Industry Paid $15.7 Billion in Taxes and Royalties, Most in Texas History

Despite prices, oil and gas industry poised to continue tremendous contribution to Texas economy and state, local tax coffers

AUSTIN – The Texas oil and natural gas industry paid a record $15.7 billion in state and local taxes and royalties in 2014, the highest such collection from the oil and gas industry in Texas history, according to new economic data released by the Texas Oil & Gas Association (TXOGA) today. The oil and gas industry supports fully 41 percent of the Texas economy, up from 33 percent in the previous year.¹

“As production in Texas has skyrocketed, local taxes and royalties paid by the Texas oil and natural gas industry reached a record $15.7 billion in 2014, more than double the total in 2010,” said Todd Staples, president of TXOGA. “Taxes and royalties paid by the oil and gas industry directly fund our roads, schools, first responders, essential public services, and more. We are proud to see safe and responsible oil and gas production contributing so significantly to help the state meet the needs of Texans.”

“Despite decreased oil prices, Texas remains an oil and gas state and the industry is central to our economy. Back in 2012, when daily oil production was a million barrels a day less than today, the oil and gas industry paid a hefty $12.1 billion in state and local taxes and royalties,” said Staples. “In 2009, the price of oil was around $60 a barrel and Texas produced about a third of today’s oil production levels and produced significantly less natural gas. That year, Texas oil and gas industry paid $8.5 billion in state and local taxes and royalties.”

“Even in years when oil and gas tax revenue doesn’t make history, state and local tax revenue from the oil and gas industry always makes a tremendous impact for the people of Texas,” said Staples.

The positive impact of oil and gas tax revenue takes many forms. The state’s Rainy Day Fund, funded almost exclusively by oil and gas severance taxes, has been used to support public schools, children’s health insurance, economic development initiatives, and more. Last year, voters approved a constitutional amendment to direct billions of dollars in oil and natural gas tax revenue toward Texas highways. Just before that, Texans approved using $2 billion from the Rainy Day Fund to fund the state’s water plan. Oil and gas royalties and leases also fund the Permanent School Fund, which supports Texas public schools. The Fund, worth $37.7 billion, recently became the largest education endowment in the nation.

Beyond paying taxes and royalties, oil and natural gas activity supports 41 percent of the Texas economy as measured by Gross State Product. “The oil and gas industry creates an economic ripple effect, with every direct oil and gas job creating additional jobs in supporting industries,” said Staples. “Because the oil and gas industry invests in goods like pipe and machinery and services such as construction and engineering, the economic multiplier associated with oil and gas production is tremendous.” A typical job in petroleum refining, for example, drives another 26 jobs in other sectors across the Texas economy.²

In 2014, the oil and natural gas industry directly employed 418,000 Texans,³ with indirect economic gains resulting in another 1.8 million Texas jobs in supporting industries and sectors.⁴ “More than 2.2 million Texans have a job that’s a result of oil and gas activity in our state,” said Staples.

¹ Sources: U.S. Bureau of Economic Analysis, and Tax & Fiscal Consulting
² IMPLAN economic impact model
³ Source: Texas Workforce Commission
⁴ Tax & Fiscal Consulting, Austin, TX
The surge in oil and gas production in Texas is made possible by hydraulic fracturing or fracking, a 60-year old technique that frees oil and natural gas trapped in tight shale rock formations. Notably, as production has increased dramatically, methane emissions from oil and gas operations have decreased significantly, according to data from the U.S. Environmental Protection Agency.\(^5\)

“Science-based and predictable oil and gas regulation will help keep Texas prosperous, with a safe environment and a healthy economy,” said Staples.

<table>
<thead>
<tr>
<th>TAXES &amp; ROYALTIES PAID BY OIL &amp; GAS INDUSTRY (FY 2014)</th>
<th>Amount in Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property *</td>
<td>$ 4,310</td>
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<tr>
<td>Sales, state and local *</td>
<td>2,919</td>
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<tr>
<td>State franchise tax *</td>
<td>370</td>
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<tr>
<td>Production of oil **</td>
<td>3,874</td>
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<tr>
<td>Production of natural gas **</td>
<td>1,900</td>
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<tr>
<td>Oil and gas well servicing **</td>
<td>130</td>
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<tr>
<td>Other taxes *</td>
<td>331</td>
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<tr>
<td>Total Taxes *</td>
<td>$ 13,834</td>
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<tr>
<td>Royalties to State Funds**</td>
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<tr>
<td><strong>Total Paid</strong></td>
<td>$ 15,662</td>
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</tbody>
</table>

* Estimated, Tax & Fiscal Consulting, Austin  
** Source: Texas Comptroller's Office

### JOBS BY SECTOR

<table>
<thead>
<tr>
<th>Oil and Gas Industry Sectors</th>
<th>Texas Jobs</th>
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<tbody>
<tr>
<td>Source: Texas Workforce Commission</td>
<td>Direct</td>
</tr>
<tr>
<td>Crude Petroleum &amp; Natural Gas Extraction</td>
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<tr>
<td>Natural Gas Liquid Extraction</td>
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<tr>
<td>Drilling Oil and Gas Wells</td>
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<td>Support Activities, Oil/Gas Operations</td>
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<tr>
<td>Natural Gas Distribution</td>
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<tr>
<td>Petroleum Refineries</td>
<td>20,756</td>
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<tr>
<td>Petrochemical Manufacturing</td>
<td>15,935</td>
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<tr>
<td>Oil and Gas Field Machinery &amp; Equipment</td>
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<tr>
<td>Petroleum Merchant Wholesalers</td>
<td>17,188</td>
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<tr>
<td>Pipeline Transportation</td>
<td>16,296</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>418,060</strong></td>
</tr>
</tbody>
</table>

CASENOTE

In re EOG Res., Inc., No. 02-13-00440-CV, 2014 WL 580178 (Tex. App.—Fort Worth Feb. 12, 2014, no pet.) (mem. op.), held that Lessee’s geologic and seismic data was privileged trade secret information and not subject to pre-trial discovery by Lessor absent a showing that the information requested was necessary to prevent fraud or an injustice. David and Shelly Richey (“Lessor”) filed suit alleging that their oil and gas lessee, EOG Resources, Inc. (“Lessee”), failed to include Lessor’s land in a pooled unit located near their property and that Lessee improperly drained oil and gas from their property. In discovery, Lessor requested Lessee’s geologic and seismic data located within one mile of their property, which both parties agreed was privileged trade secret information. Texas Rule of Evidence 507 establishes the privilege to refuse to disclose a trade secret, but only if the suppression of the trade secret information does not result in fraud or injustice. When it is established that the information requested is a trade secret, the burden shifts to the party requesting production to establish that the information is necessary for a fair adjudication of the claims.

Lessor’s expert witness testified that the geologic and seismic data was “pertinent,” “helpful,” “essential,” and “necessary” to Lessor’s claim. However, the expert failed to explain why the data was “necessary” and conceded that the Lessor could have obtained the same information themselves but for “cost and [lack of] expertise.” The expert also testified that it “probably” would not do Lessor any good to spend Lessor’s own money on obtaining such information. The court concluded that Lessor did not demonstrate that the “failure to obtain the trade secret information sought would so impair the presentation of the case that the result would be unjust.” The court also noted that records about operations in a common reservoir are generally available from the Railroad Commission. Therefore, the court held that Lessor failed to meet Lessor’s burden under Rule 507 and protected the trade secret data from discovery.

The opinion appears to apply existing law to exceptionally weak expert testimony. The evidence was arguably discoverable if, for no other reason, to establish Lessee’s knowledge and intent.

Jeff McCarn may be contacted at (806) 345-6340 or jmccarn@bf-law.com
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MEMBERSHIP OPPORTUNITIES

Three levels of member participation:
- Corporate - min. of 4 persons @ $125 each
- Producer/Industry Support - $175
- Royalty Owner - $125

Benefits:
- Representation - Advocates the interests of members
- Information - Relevant industry information
- Networking - Meeting events with industry speakers
- Convention - Special membership rates
- Newsletter - Receive the Pipeline newsletter

ADVERTISING OPPORTUNITIES

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<th>Frequency</th>
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<th>Half Page 7.5&quot;w x 5&quot;h or 3.75&quot;w x 10&quot;h</th>
<th>Quarter Page 3.75&quot;w x 5&quot;h</th>
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<tr>
<td>1 issue</td>
<td>$425</td>
<td>$225</td>
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Prices apply to camera-ready ads prepared as high resolution (300 dpi) graphic in jpg, tif, pdf or png formats. Color proofs are preferred.

For more information about membership or advertising, visit the Member Services page at PPROA.ORG.
Kimrad is a major transporter of petroleum crude oil and condensate in Texas and Oklahoma and other parts of the country. Drivers are fully trained to “properly work the oil” and are capable of loading and unloading in many different configurations.

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HB 1552 Craddick, Tom (R) Relating to oil and gas wells that traverse multiple tracts. This bill proposes amending section 85.046 of the Natural Resource Code governing the conservation of oil and gas. The law allows an operator or lessee who has the right to drill an oil and gas well on multiple tracts independently to, if approved by the RRC, drill, operate, and produce an oil and gas well that traverses multiple tracts to prevent waste, promote conservation, and protect correlative rights. If there is no agreement among owners of royalty and mineral interests as to the allocation of production among the tracts, the operator or lessee shall proportionately allocate production as he reasonably believes reflects the amount produced from each tract. If there is an agreement, the agreement prevails over the operator or lessee’s determination. An affected party has an opportunity to apply to the RRC for a hearing where the RRC will determine whether the production allocation under this section: 1. will harm the correlative rights of the working or royalty interest owners; 2. is necessary to prevent waste or adequately protect the correlative rights of the affected owners; and accurately attributes to each affected interest owner its fair share of the aggregated production.

Bill History: 02-18-15 H Filed

HB 1556 Miller, Rick (R) Relating to prohibition of certain regulations by a county, municipality, or other political subdivision.

Bill History: 02-18-15 H Filed

HB 1633 Romero, Ramon (F)(D) Relating to application and notification requirements for a permit to drill an oil or gas well in or near an easement held by the Texas Department of Transportation.

Bill History: 02-19-15 H Filed

HB 1635 Guillen, Ryan (D) Relating to the management of groundwater, including the classification of and the obtaining of information regarding groundwater and the formulation of desired future conditions by a groundwater conservation district.

Bill History: 02-19-15 H Filed

HB 1637 Guillen, Ryan (D) Relating to the use of certain money deposited to the state highway fund for transportation projects in energy-producing regions of this state.

Bill History: 02-19-15 H Filed

HB 1642 Pickett, Joe (D) Relating to the rights, remedies, and liability of certain owners and operators of environmentally contaminated property.

Bill History: 02-19-15 H Filed

HCR 57 Anchia, Rafael (D) Urging the U.S. Congress to end the ban on crude oil exports.

Companions: SCR 13 Seliger, Kel (Identical) 2-17-15 S Filed

Bill History: 02-10-15 H Filed

SB 603 Hinojosa, Chuy(D) Relating to the Texas Emissions Reduction Plan.

Companions: HB 652 Isaac, Jason (Identical) 2-19-15 H Introduced and referred to committee on House Environmental Regulation

Bill History: 02-17-15 S Filed

SCR 13 Seliger, Kel (R) Urging the U.S. Congress to end the ban on crude oil exports.

Companions: HCR 57 Anchia, Rafael (Identical) 2-10-15 H Filed

Bill History: 02-17-15 S Filed
Oil & Gas Discussions Must be Based on Science

- Sensible regulation and responsible production co-exists across Texas and can co-exist everywhere to keep our communities safe and our economy strong.

- 1,500-foot setback requirements amount to a de facto ban; people who oppose oil and gas development have said so publicly. Research confirms that 600-foot setbacks protect public health.

- Communities should base decisions about oil and natural gas activity on sound science, not discredited research. A study that has been cited in College Station recently, about higher risk of cancer within a half mile of a well, has been discredited and decommissioned because the authors used flawed methodology and inflated their findings dramatically.

- Properly conducted research shows that natural gas activity doesn't result in air exposures that would pose health concerns.

- The former administrator of the EPA herself said she was not aware of any instance when fracking contaminated groundwater.

- Be an advocate for sensible regulations that are based on sound science and that encourage jobs and investment. Junk science has no place here.
Your will or trust was prepared so that your assets will be distributed according to your wishes after your death. These documents can also reduce estate taxes. However, certain events can cause these documents to become outdated and create family stress and unpleasant tax results.

Revised tax laws and life’s ever-changing circumstances make estate planning an ongoing process. That’s why a periodic review of your will or trust is an essential part of estate planning. Here is a partial list of occurrences that could cause your will or trust to be outdated:

- Your marital status has changed
- Your heir’s marital status has changed
- You have relocated to a different state
- Your assets have changed significantly in value
- You have sold or acquired a major asset(s)
- There is a change in your personal representative
- You wish to change heirs
- Estate laws have changed

Are your named beneficiaries up to date on your insurance policies, IRA accounts, and pension plans? For example, did you forget to remove your ex-spouse, or a deceased relative as your beneficiary?

Did you know that if you have an insurance policy to cover your final expenses or estate that you should have a second opinion life insurance review? About every five years, you should have a review. Many times you can purchase the same insurance for less money or get more coverage for the same premium. It is certainly a good move to seek a review.

You should never overlook or put off these issues, because if you pass on, it is too late to make changes.

If you have questions about how your changed circumstances may impact your estate taxes, please give this office a call.

Ed Nichols, President, Brown, Graham & Company, P.C., Tax – Estate Planning
Oil Export News – How We Can Win!

Many Americans now favor lifting the crude oil export ban as long as higher gas prices don't result. (They won't.) With the House and Senate both focusing heavily on energy initiatives, now is the time to unshackle domestic crude oil producers and allow them to participate freely in the global marketplace.

With American energy production booming and gas prices plummeting, it's difficult to imagine a return to the shortages that characterized the 1973 Arab oil embargo. But Saudi Arabia, Kuwait, and the rest of the Organization of Petroleum Exporting Countries (OPEC) have recently launched a price war to force Americans back to a dependency on foreign energy. They are being aided by an outdated U.S. policy prohibiting the export of domestic crude oil. The best way for American legislators to combat OPEC's aggression is to lift this ban. Scrapping this outdated policy will secure American progress towards energy independence. It's easy to see why OPEC is scared. Innovative extraction techniques like hydraulic fracturing and horizontal drilling have boosted U.S. oil production by 4 million barrels per day in just the last six years. Consequently, U.S. demand for OPEC oil has dropped to its lowest level since the Reagan administration.

The OPEC Countries don't like Oklahoma, Texas, North Dakota, Ohio, Pennsylvania, California and New Mexico. Those states hold significant shale oil and natural gas reserves, and the increased production of American oil has jeopardized the economic well-being of the oil-producing countries that make up OPEC. In the United States, oil and natural gas producers work in a free market. When commodity prices are high, producers are encouraged to drill new wells. As prices fall, the number of active drilling rigs falls with it. Ebbs and flows of oil and gas prices come with the free market. The goal is to find a happy medium – a selling price for American crude oil that encourages investment in exploration and production but also gives consumers affordable energy.

Twenty-one senators are urging the Obama administration to swiftly authorize an exchange of heavy Mexican crude with a lighter U.S. variety and make broader changes to ease the flow of oil between the countries. The group of senators, led by Lisa Murkowski, R-Alaska, and Heidi Heitkamp, D-N.D., endorsed a request to export 100,000 barrels per day of light U.S. oil and condensates in exchange for heavy Mexican crude. Regulators at the Commerce Department's Bureau of Industry and Security can approve such exchanges on a case-by-case basis under existing trade laws. These potential transactions are in the national interest and, if applied for, should be authorized without delay. Such a move would "harmonize" trade policy with Canada, with which the export of oil is allowed, Murkowski, the chairman of the Senate Energy and Natural Resources Committee, said in a statement. "President Reagan authorized oil exports to Canada 30 years ago—a decision that contributed to lower consumer fuel prices and greater domestic energy production," Murkowski said. "Mexico deserves the same treatment. This is an opportunity for Congress and the administration to work together for the common good."

Exporting oil could equate to more jobs, production and investment. A flood of oil from the nation's emerging shale plays, among them the Permian Basin, has overwhelmed the global marketplace. That, in turn, has helped send crude prices tumbling 60 percent from a little more than $100 in June to a little more than $50 a barrel today. "We were too good at our jobs," said Scott Sheffield, chairman and chief executive officer of Pioneer Natural Resources while discussing the nation's "shale oil revolution" with members of the Permian Basin Association of Division Order Analysts. With oil prices low, now is the time to lift the 40-year ban on exporting domestic crude, he said. Sheffield told the audience that gasoline prices are based on Brent crude, which brings $8 to $10 more than West Texas Intermediate. So not only are producers and royalty owners not getting a fair price, but consumers are paying more for gasoline, he said.

Now is the time to export domestic crude. With oil prices low, now is the time to lift the 40-year ban on exporting domestic crude. Lifting the ban now would be less painful for consumers if gasoline prices were to rise. The differential between WTI and Brent - now ~$8/bbl - is widening, and allowing exports to narrow that spread could equate to an additional $8-$10/bbl for U.S. producers.

Information taken from the weekly report of OIL EXPORTS NEWS
Texas Senate proposed $4.6 billion in tax cuts

Homestead Exemption. Current exemption is $15,000. Proposed exemption is 25% of market value - today’s market average equals $33,625

Franchise Tax. Lowers the Franchise Tax rates by 15%

Small Business Exemption. Increase the Small Business Tax Exemption from $1 million gross to $4 million. If your business grosses less than $4 million you do not pay the Franchise Tax.

Lieutenant Governor Dan Patrick endorses tax cuts of $4.6 billion

AUSTIN — Lt. Gov. Dan Patrick and most of the Senate upped the political ante on cutting taxes Tuesday, endorsing a plan to provide $4.6 billion in business and property tax relief, $600 million more than previously announced.

The tax cut package consists of three bills:

One by Senate Finance Committee Chair Jane Nelson, R-Flower Mound changes how the school homestead property tax exemption is calculated. The exemption now is $15,000. Nelson’s bill changes the exemption to equal 25 percent of the median home market value in Texas. With the median home in Texas valued at $134,500, Nelson said the exemption would be $33,625 per homestead. The change would result in $2.4 billion in property tax relief in 2016-2017.

Nelson and Senator Charles Schwertner, R-Georgetown introduced bills to cut the business franchise tax 15 percent. The bills would exempt businesses with $4 million or less in annual revenues from paying the tax. Under the current law, the businesses with $1 million or less in yearly revenues are exempted. With the change, 52 percent of Texas businesses would not have to pay the franchise tax thus providing meaningful tax relief to small and medium-sized businesses. These cuts are projected to save business owners more than $2 billion.

Bill Hammond, CEO of the Texas Association of Business, called the plan “a strong starting point”. and called for the Legislature to consider eliminating the inventory property tax on business to boost manufacturing.

“We would like to see further rate reduction of the franchise tax rather than increasing the number of businesses that are exempt,” he said.
Independent Petroleum Association of America
An Introduction for the 114th Congress

Who are America’s independent producers?

For 85 years, the Independent Petroleum Association of America (IPAA) has represented thousands of our nation’s independent oil and natural gas producers. While operating in over 30 states across the country, these independent business owners are the primary producers of America’s supply of these resources – developing 95 percent of American oil and natural gas wells. These companies account for 54 percent of America's oil production, 85 percent of its natural gas production, and support over 2.5 million American jobs.

What are the economic benefits of oil and natural gas production in America?

Jobs. Nearly two-thirds of America’s independent producers are small businesses. Onshore independent producers supported 2.1 million American jobs in 2010 and offshore independents operating in the Gulf of Mexico accounted for more than 200,000 jobs in 2009, according to a study conducted by IHS Global Insight.

Economic Benefits and Taxes. Billions of dollars are injected into the American economy every year by the oil and natural gas industry, in the form of royalties, taxes, bonus payments, and salaries paid to the millions of individuals employed by these companies. According to an IHS Global Insight study, the onshore independents’ ecosystem contributed $320.6 billion in economic activity, accounting for 2.2 percent of U.S. GDP, in 2010. Independents operating in the offshore Gulf of Mexico accounted for $38 billion in economic benefits in 2009.

Decrease in Oil Imports. According to Energy Information Administration, net oil imports dropped from 60.3 percent of products supplied in 2005 to 40 percent in 2012 and a preliminary estimate of 27.2 percent in 2014.

IPAA’s Top Legislative Priorities for the 114th Congress:

1. Oil Exports – IPAA is committed to reversing the unnecessary, outdated ban on crude oil exports. Studies show that by lifting the four-decades-old ban on oil exports, the United States would see increased investment in free trade, economic growth, new American jobs, and would reduce our need for importing foreign oil from volatile regions of the world, all while reducing our national trade deficit. IPAA will work with Congress to advance proposals that will expand the export of crude oil and condensates. IPAA will also continue educating the Obama Administration and other key stakeholders.

2. Oversight of Administrative Actions – The Obama Administration has been quick to act on regulatory items without the consent of Congress. While regulation is essential, it is also important for there to be checks and balances on those regulations. IPAA will work closely with Congress to ensure only appropriate regulatory actions are implemented.

3. Job Creation – Independent producers support more than 2 million jobs in the United States. IPAA will work to educate Congress and highlight the importance of the oil and natural gas industry to the American economy.

Did You Know?
The top oil-producing states in 2013 were:
1 Texas, 2 North Dakota, 3 California, 4 Alaska, 5 Oklahoma, 6 New Mexico, 7 Louisiana, 8 Colorado, 9 Wyoming, 10 Kansas

The top natural gas-producing states in 2013 were:
1 Texas, 2 Pennsylvania, 3 Louisiana, 4 Oklahoma, 5 Wyoming, 6 Colorado, 7 New Mexico, 8 Arkansas, 9 West Virginia, 10 Utah

In 2012*, the top oil/gas-consuming states were:
1 Texas, 2 California, 3 Louisiana, 4 Florida, 5 New York, 6 Pennsylvania, 7 Illinois, 8 Ohio, 9 New Jersey, 10 Michigan

According to the Energy Information Administration’s 2014 annual energy forecast, in 2040 over 63 percent of America’s energy use will come from oil and natural gas.

*latest available data
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Amarillo National Bank
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Connor McMillon Mitchell & Shennum
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EnergyNet
Happy State Bank & Trust Company
Kenai Drilling
Kimrad Transport, LP
Unit Texas Drilling, LLC

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### Active Drilling Locations By County - PPROA Service Area

Texas Panhandle/western OK, SW KS - 2/20/15 RigData, Inc.

<table>
<thead>
<tr>
<th>County</th>
<th>Operator(s)</th>
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<tbody>
<tr>
<td>Beckham</td>
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<tr>
<td>Ellis</td>
<td>Atlas, PPP, Jones, Duncan</td>
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<tr>
<td>Hansford</td>
<td>Titan, Laddex</td>
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<tr>
<td>Hardeman</td>
<td>MCG, Trio</td>
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<td>Hemphill</td>
<td>Atlas, LeNorman, Devon, LeNorman, Patterson, LeNorman, Mewbourne, ConocoPhillips, BP, Unit</td>
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<tr>
<td>Lipscomb</td>
<td>Nomac, EOG, Jones, LeNorman</td>
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<tr>
<td>Meade</td>
<td>Duke, O'Brien</td>
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<tr>
<td>Moore</td>
<td>Spradling, Travelers</td>
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<td>Ochiltree</td>
<td>Kenai, Remnant, Patterson, Mewbourne, Unit</td>
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<td>Potter</td>
<td>Cactus, Apache, Horizon, LeNorman, Nabor, Patterson, Apache</td>
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<td>Roberts</td>
<td>Nomac, Chesapeake, Patterson, Mewbourne, Unit Texas, BP Operating</td>
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<tr>
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<td>Trinidad, Pantera</td>
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<tr>
<td>Wheeler</td>
<td>Cactus, EnerVest, Helmerich, Horizon, 4P Energy, Unit</td>
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</table>

Data provided by RigData.com

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**OILFIELD FUNNIES**

**WILDCATTER’S SON-IN-LAW**

A successful Wildcatter's daughter married a roughneck and the father had a meeting with his new son-in-law. "I love my daughter, and now I welcome you into the family," said the man.

"To show how much we care for you, I've made you a 50-50 partner in my business. All you have to do is go out into the patch every day and learn the operations."

The roughneck interrupted, "I hate just driving around. I can't stand the lack of dangerous activity."

"I see," replied the father-in-law. "Well, then you can work in the office and take charge of some of the operations."

"I hate office work," said the roughneck. "I can't stand being stuck behind a desk all day."

"Wait a minute," said the father-in-law. "I just gave you half interest in a profitable business, but you don't like field work and won't work in a office. What am I going to do with you?"

"Easy," said the roughneck… "Buy me out."
<table>
<thead>
<tr>
<th>Operator</th>
<th>Lease</th>
<th>Date</th>
<th>TD</th>
<th>Operator</th>
<th>Lease</th>
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**Drilling Permits By County - Dist. 10**

1/19/15 – 2/19/15 DrillingInfo.com
Published ten times a year by the Panhandle Producers & Royalty Owners Association

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Currie Smith
ACS-ODS Oil & Gas

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Cynthia Johnson - Office Manager

RRC District 10 Production Data
January 2014 - December 2014

<table>
<thead>
<tr>
<th>County</th>
<th>Oil (BBL)</th>
<th>CH Gas (MCF)</th>
<th>GW Gas (MCF)</th>
<th>Cond. (BBL)</th>
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Total 21,447,681 106,088,748 520,036,913 10,706,318

source: http://webapps.rrc.state.tx.U.S./PDQ

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