

THE LONE STAR PIPELINE

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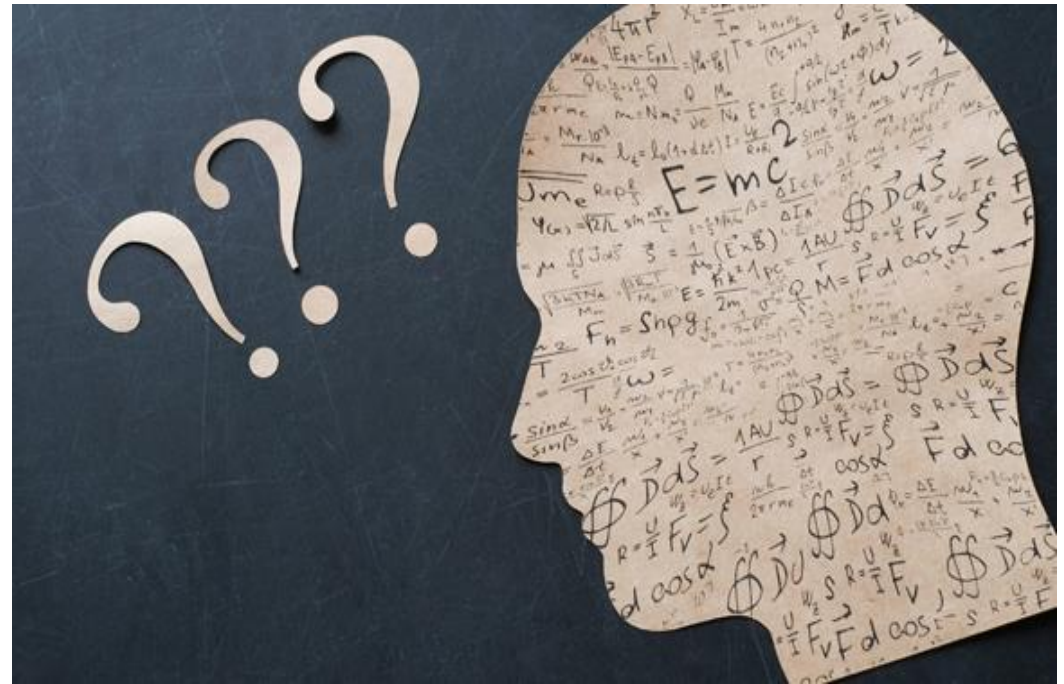
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Our Purpose

The Association of Desk and Derrick Clubs (ADDC) is a non-profit, international organization whose purpose is to promote the education and professional development of individuals employed in or affiliated with the petroleum, energy, and allied industries and to educate the general public about these industries.

Our Mission

Our mission is to enhance and foster a positive image to the global community by promoting the contribution of the petroleum, energy, and allied industries through education by using all resources available.



IPAA: Industry Must Be Willing To Ask Politicians Tough Questions

Thursday, February 11, 2016

By **DEON DAUGHERTY** | **RIGZONE STAFF**

Regardless of which party captures the crowning jewel of American politics in November, the energy industry’s challenges from the federal government will continue well beyond the Obama Administration’s tenure in the White House.



That’s from Dan Naatz, senior vice president of governmental relations and political affairs with the Independent Petroleum Association of America (IPAA), who shared his insights on energy issues during this election cycle at the 2016 NAPE Summit Business Conference.

The eventual lifting of the ban on crude oil exports was a pivotal moment for the industry, Naatz said, but the industry impact will take time.

“Nobody at our shop said that passing crude exports was going to solve the problem short term, but the ability of the United States to export crude, as a policy, is a good thing for everybody,” he said. Our customers want open markets – the ability to move their crude out. It’s a big change, and I don’t think people realize how much work went into it.”

Politicians believed that if they voted to lift the ban – and the price of gasoline went up as a consequence – they would be punished by voters.

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IPAA: Industry Must Be Willing To Ask Politicians Tough Questions

“Politicians don’t want to be at a town hall meeting and answer, ‘Hey, you voted for crude oil exports and raised my gasoline prices 50 cents,’” he said.

IPAA and others provided officials with reports – from both sides of the aisle – that cast doubt on that theory.

And after the ban was lifted, both the price of crude and gasoline have continued to drop.

“It was really one of those things where when a door got slammed, a window opened, and that’s how you do it in Washington,” he said. “You have to find another way; you have to be nimble.”

Regulatory ‘Tsunami’ On Federal Lands

Producers will remain subject to the whims of a Bureau of Land Management (BLM) that operates under Obama-produced rules that make operating a challenge, especially on federal lands, he said.

“What’s happening on federal lands is instructive of what the administration’s position is toward oil and natural gas development, fossil fuel development, and the way they’re going about it [to] making it challenging for companies to operate,” he said.

The administration’s attempt to regulate hydraulic fracturing at the federal level is viewed as an impediment – one that is currently being hammered out in the courts.

“One of our arguments on hydraulic fracturing is that states are in a far better position to regulate hydraulic fracturing. States know their geology, their hydrology, they know how to do this better than the federal government,” Naatz said. “We put our stake in the ground on this one.”

Other rules that dictate endangered species from the bureau penalize the industry when the industry isn’t involved in a species’ decline, he said.

Endangered species “has nothing to do with federal lands. It really is a hammer,” he said. “It is a club that will stop anything from going forward. And if you’re not tuned into this, you need to be because it’s one way the environmental community is really attacking the oil and gas industry development.”

For example, he said, the declining population of the Monarch butterfly has nothing to do with the oil and gas industry, but whether it’s added to the endangered species list could hamper oil and gas efforts on federal land. The delicate insect is vulnerable to loss of habitat and food sources, he said – not the energy industry.

And offshore, a heavy regulatory push is taking aim at the industry, he said. After the Macondo incident, the industry stepped up to address offshore safety, but the federal government implemented its own new rules that made drilling offshore more expensive and difficult.

“It goes to this narrative that the White House has, which is to keep fossil fuels in the ground,” he said, adding there is a systemic effort by federal agencies to slow things down and make it as difficult as possible for companies to access and operate on federal lands.

The administration argues that with the energy renaissance, access to federal land isn’t needed, Naatz said. But that argument doesn’t recognize the future need to access those resources or that their production provides budget cash to state and federal governments for public services, such as schools.

“We have \$18 trillion in national debt. I’m not saying oil and gas is going to fix \$18 trillion debt – but we’re going to need those resources, and nobody’s talking about that,” he said. “And it’s going to be a huge deal as we move forward. We’ve got to be creative with how we solve those problems.”

What’s driving the administration to be so aggressive in pushing additional regulations on the industry? It’s President Obama’s desire to have solutions to climate change as part of his legacy, Naatz said.

“Don’t forget that the day he got elected, he said we’re going to ‘heal the planet.’ That hasn’t gone away,” he said. Democrats could only get health care reform through Congress, and so, the administration has pursued climate change through the regulatory process.

And consequently, companies must be prepared to ask tough questions of candidates, many of whom don’t like being put on the spot.

Platitudes such as, “Just watch. It’ll be fantastic,” won’t fix anything, he said. When the president began calling for a \$10 per barrel tax on crude, House Speaker Paul Ryan, a Republican from Wisconsin, said it was dead on arrival. But that might not be the case with a Democrat in the position. And when companies believe strongly about proposals, they should comment as part of the Congressional record.

“Politics matter,” he said.



MEETING INFORMATION

- Our meetings are generally held the second Thursday of each month at 6:00PM at the Brookhaven Country Club. (3333 Golfing Green Dr | Farmers Branch, TX 75234
- The cost of dinner is \$30, cash or checks made payable to Lone Star Desk and Derrick Club of Dallas | RSVPs must be made by the second Tuesday at 10:00AM unless otherwise stated.
- Prior to the meeting, there will be a Social Hour from 5:00-6:00PM with a cash bar.

February Meeting Flyer

Lone Star D & D of Dallas

Thursday, February 18

Mr. Rick Griffin of IHS and he will give us a presentation titled:

"The Petroleum Industry Resets: Perspectives on the Road Ahead"

Given the current state of the energy industry, Mr. Griffin's presentation will be a very timely message. Please plan to attend to be a part of this important message.

NOTE: Hackberry Creek Country Club

The Hackberry Creek Country Club is located about 10 minutes away from Brookhaven.

At the meeting's conclusion there will be a drawing for a cash prize!

COST

\$30.00 - Cash/Check

\$31.00 - Credit



Hackberry Creek Country Club

1901 W. Royal Lane
Irving, TX 75063



Dates and News

MONTHLY MEMBERSHIP MEETINGS

18th Feb 17th Mar 21st Apr

MONTHLY BOARD MEETINGS

29th FEB 28th MAR 25th APR



Educational Seminar
February 27th |
Legacy Tower One
Plano, TX 75024

OIL AND GAS TERMS THE LETTER "E"

- E&A:** Abbreviation for exploration and appraisal.
- E&P:** Abbreviation for exploration and production.
- Enhanced oil recovery:** A process whereby oil is recovered other than by the natural pressure in a reservoir.
- Exploration drilling:** Drilling carried out to determine whether hydrocarbons are present in a particular area or structure.
- Exploration phase:** The phase of operations which covers the search for oil or gas by carrying out detailed geological and geophysical surveys followed up where appropriate by exploratory drilling.
- Exploration well:** A well drilled in an unproven area. Also known as a "wildcat well".



- 2/03 - Melissa Bell
- 2/06 - Gailene Jaques
- 2/08 - Carolyn Hale
- 2/22 - Erica Haley
- 2/22 - Pepper Krugman
- 2/27 - Renee Durham
- 2/27 - Karen Keller

SYMPATHY

2/2/16 – Marguerite Moser with the Alberta Foothills Desk and Derrick Club passed away January 23, in Calgary, Alberta. She was 99 and a charter member of the Alberta Foothills club and ADDC President in 1966. A memorial service will be held March 3. You may send condolences to the family via the website www.fostersgardenchapel.ca.

1/18/16 – Linda Dean with the Farmington Desk and Derrick Club lost her father, Bobby Carman, 83, on January 18. You may send your condolences to: Linda (& Randy) Dean, 713 Ocio Place, Farmington, NM 87401
Her email is bliss44_srdlkd@msn.com

1/11/16 – Susan Ellis with the Wichita Falls Desk and Derrick Club lost her mother, Imogene Ayer, 90 on January 11. You may send your condolences to: Susan Ellis, P.O. Box 4060, Wichita Falls, TX 76308

1/15/16 - Beatrice Henshaw Wilcox with the El Dorado Desk and Derrick Club passed away January 15, in El Dorado, AR. "Babe" was 101 and a charter member of the El Dorado club. Memorials may be made to donor's choice

1/5/16 – Dora Morgan Hanna with the El Dorado Desk and Derrick Club passed away January 5 in El Dorado, AR. Dora was 91 and began her career working for Murphy Oil Corporation. Memorials may be made to donor's choice.

January Meeting Recap

Trends and Deals
Jason A. Schumacher
Partner

Distressed Oil & Gas Assets

- Two Questions Worth Exploring:
- What has gotten us here?

1. Oversupply Has Led to Falling Prices

- How Much is Oversupplied?
- Where Did It Come From?

2. Why should I not be so worried?

- Supply events ~ Demand events
- Financial guys picking up steam
- Distressed Deals That Are Coming

Why are distressed deals coming?

Simple math with two dynamics colliding

- Undercollateralized
 - Oil and gas company or service company borrowed this much = \$\$
 - Collateral to support loan is now worth this much = \$
- Cash Flow Problems
 - Oil and gas company or service company has expenses this much per month, including their bank = \$\$
 - Cash flow per month is now this much = \$

How do companies fix being undercollateralized?

- A. Shrink the loan
 - Use cash on hand to pay down loan
 - Use new money to pay down loan through equity investment or sale of assets
- B. Have a more flexible bank

Distressed Deals are coming - Four kinds:

- Assets Sales or Whole-Company Mergers
- Equity Investments
- Stretchy Debt
- Bankruptcy Chaos

Assets for sale

- Debt for sale
- Creditors trying to recover on debts
- Investors/management teams trying to survive on the other side

Memorandums of JOAs

- Almost every JOA allows for Operators and Non-Operators to file of record a Memorandum of JOA
- Preserves lien rights under the JOA for non-payments

Schedules for MSA's

- Make sure your service contracts have a separate Schedule for every order
- Never know when you need to hop into court or bankruptcy court

Credit Support Mechanisms

- Credit Support mitigates risk from a party on the other side of a contract
- Gives you a better chance of collecting should the other side not perform

Credit Support Mechanisms

- Two common credit support mechanisms:
 - Letters of Credit
 - Guaranty from Parent Entity

Credit Support Mechanisms

Common places where you see this:

- **Purchasers of production**
 - Long-term vendors
 - Contract operators



January Meeting Pictures





Lone Star Desk and Derrick
Club of Dallas
P.O. Box 600416
Dallas, TX 75360

info@lonestardandd.org
www.lonestardandd.org

The 2016 Board of Directors

February 2016

President
Renee Durham

First Vice President
Carla Tracy

Second Vice President
John Ezell

Board Advisor
Pat Blanford

Secretary
Cecelia Thorne

Treasurer
Gailene Jaques

Director of Education
Jenny Bueno

Director of Leadership
Polly Marek

Director of Public Relations
Ian W. Stage man

Director of Rules
Jennifer Fenner

Parliamentarian
Ann Hallam

February is for Heart Awareness, Valentine's Day, President's Day, Flag Day and Mardi Gras!
A time of celebration!

2016 is off to a great start! Our January meeting brought us Jason Schumacher and his presentation about our distressed industry. We were blessed to have two of our scholarship recipients at our January meeting. It is always good to put a face with a name and know there are individuals out there that want to enter into and recognize the future of our industry. We were so glad we were able to help these students and hope our industry rebounds and is back into full swing by the time they graduate.

Lone Star may be young as an organization and just starting to get going, but we know that providing scholarships to those in school will ultimately help our industry. Desk and Derrick is not young, has been educating those in our industry for many decades, has evolved over the years and recognizes our industry needs to know that they are here to help educate those in our industry.

Jenny, as our Education Director, has diligently been working and set up a workshop for Saturday, February 27. It will be beneficial to those that are looking for work or just interested in knowing what resources are out there and how to access them. In this day and age technology is constantly changing and "Education is the key to the Future."

Now is the time to stay connected and in tune with what is happening so please renew your membership and take the opportunity to network and stay informed with those in Desk and Derrick and oil & gas.

Our February meeting will be February 18, due to Brookhaven having a remodel issue, we will have to change to Hackberry Creek Country Club, for February only. We have been assured by Brookhaven this change will only be a one-time affair. Thank you for your patience.

Your Board has been busy and has some great plans for this year! If anyone would like to serve on a committee please let one of the Board members know and we will get you connected. Polly Marek is already working on our Clay Shoot to be held on November 4. If anyone or their company would like to help with the clay shoot or sponsorship for the club please let us know. The industry slump may only be temporary, but we are forging ahead and going to make this a good year. Be sure to check the calendar for upcoming events such as The Texas Energy Council Symposium and the Region IV Conference.

Looking forward to seeing all of you at our February 18th meeting.

Renee Durham



Copied from the ADDC Website

Link: <https://www.addc.org/members/>

February President's Message

WHAT WILL BE SHALL BE AND ONLY WE CAN CHANGE THE OUTCOME....

I hope that everyone affected by the recent snow storms have not suffered any damage. I know some of you will be digging out of snow for some time. Please be careful in your travels. We have just come from a very productive meeting in Tulsa, OK at the 2016 Budget and Planning Meeting. What a wonderful group of professionals we have helping to lead this association. It was my honor to be with the RD's, Wayne Ammons, Andre Martin, Melinda Montgomery and Val Williams at this meeting. So many good ideas and suggestions were brought up and many of these came from you our members. Thank you for sharing your thoughts and ideas with the board. It makes our jobs so much easier. Please keep them coming. The board made some very thoughtful and educated decisions based on the down turn of our industry and decline of company support. We MUST recruit more new members and WE MUST retain those members we already have. This is a MUST and we as members must step up and invite more people to our meetings and activities. This is the only way we will survive as an Association. We, as current active members must also make some changes that will enhance our educational opportunities and excite others to join us. We all worked very hard on the budget for 2016. A final budget will be sent to the Club Presidents to share with the membership in the upcoming weeks. Member services from ADDC are \$41.77 per member. The ADDC dues paid from each club are \$45.00. After making needed cuts from this year's budget, we still have a deficit of \$40,000 for this year alone. This can be attributed to decline in Membership...loss of members = loss in revenue! Can we overcome this?? Of course we can we are strong professional people who know and understand the value of Education. The ADDC Board over the past two years is listening to you, the members. We wanted better technology, more exposure, advertising and educational seminars. And all this costs money as we move into the 21st century. We are still making adjustments and working on new ideas to cut costs and get new members. I encourage you all to send us your ideas, thoughts and plans to help build our membership and to make our Association the best ever. We have the best members and I know that we will survive through this downturn and be stronger and better as we navigate these rough waters. Thank you all for your commitment to excellence and I look forward to hearing from each of you and want your thoughts and ideas. Be vigilant and diligent and make 2016 the best year ever for our Association.

Connie Harrison

2016 ADDC President





SAT/FEB 27TH

10:00 A.M. – 12:00 P.M.

TECHNOLOGY SEMINAR

Great opportunity to gain valuable skills and increase your professional marketability in our ever changing technological world. If you have questions about navigating on social media, want to create a LinkedIn profile, or learn helpful job/interview tips. Plan to attend!



**Callie Miller &
Jacqueline May
from High Profile
Staffing &
Recruiting**

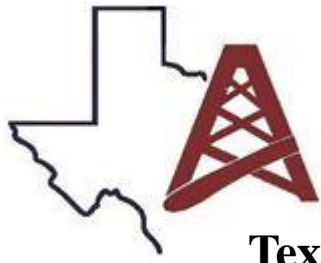
**Discuss and Q&A
on LinkedIn/Social
Media**

- Basics,**
- **profile setup**
 - **job search tools**
 - **interview tips**
 - **resumes**
 - **networking**
 - **thank you protocol**
 - **etc ...**

LEGACY TOWER ONE

**7250 Dallas Parkway
Plano, TX 75024
(High rise on the
Southeast corner of Legacy
and Dallas Parkway)**

**Saturday, Feb 27th
10:00 a.m. – 12:30 a.m.**



Texas Alliance of Energy Producers

February 9, 2016

RE: An open letter to members of the U.S. House of Representative from Texas

Today, President Obama, in his last budget to Congress, proposed a \$10-per-barrel tax on crude oil produced in the U.S. A \$10-per-barrel tax on an industry already in a deep decline would be a death sentence. The Texas Alliance of Energy Producers vigorously opposes this tax increase, and urges you to oppose this oppressive tax. The Alliance can provide technical help to any member of Congress.

He also proposed **repealing** key tax provisions that are critical to small independent oil and gas producers:

- percentage depletion,
- expensing of intangible drilling costs (IDCs),
- the exception to passive loss limitations for working interests,
- enhanced oil recovery credit,
- repeal the domestic manufacturing deduction for oil and gas, and
- increase amortization period for geological and geophysical costs to seven years.

The drilling rig count in Texas is down by 68 percent from 2014, drilling permits are off 70 percent, and oil and gas well completions have each declined by about 60 percent. Karr Ingham, petroleum economist and author of the Texas Petro Index, said the steep declines have resulted in massive layoffs, causing statewide oil and gas industry employment to decline more than 72,000 jobs and counting.

A \$10 tax on a barrel of crude oil that is selling for about \$30 is ludicrous. President Obama's new tax defies economic logic, and lacks common sense.

This is not a tax on Big Oil, because 92 percent of the oil produced in the U.S. is produced by independent oil producers not the major, integrated oil companies. It is an attack on small business and American energy security.

In addition to crippling the country's independent producers, crude oil imports will increase, and consumer prices will rise.

All of this is in addition to the new regulations proposed by the Environmental Protection Agency dealing with air emission and waters of the U.S., Endangered Species Act expanded, and even possible federal regulation of hydraulic fracturing.

Sincerely,

Alex Mills, President

The Texas Alliance of Energy Producers is the largest statewide oil and gas association in the nation that represents independents. Please contact Alex Mills at alexm@texasalliance.org for more information.

D. Alex Mills
President & Chief of Staff
Texas Alliance of Energy Producers
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Wichita Falls, Texas 76301
P: 940.723.4131
F: 940.723.4132
www.texasalliance.org

Spotlight



BUFFIE DRENNAN-CAMPBELL

Oil and Gas Property Manager, Argent Mineral Management

Buffie brings years of oil and gas expertise to the Argent Mineral Management team. Prior to Argent, she was Vice President and Oil & Gas Property Manager at J.P. Morgan Chase Bank. Her responsibilities included managing all aspects of lease administration, title verification, deed/contract preparation and interpretation, gas marketing and general administration of a client's oil and gas portfolio, with a particular emphasis on non-profit foundations and charitable trusts.



Prior to J.P. Morgan, Buffie was the managing partner at Campbell & Castillo. Over a period of 5 years, she drafted oil and gas title opinions, division order title opinions, and stand-up title opinions for energy companies drilling throughout Texas. In addition, she reviewed mineral title abstracts for drilling operations in Colorado, North Dakota and Oklahoma.

Buffie is an attorney, licensed in both Texas and North Dakota, and a Certified Petroleum Landman (GPL), the highest honor bestowed by the American Association of Petroleum Landmen. A member of the Dallas County Bar Association and the Fort Worth Association of Petroleum Landmen, the LoneStar Desk and Derrick Club, and the Women's Energy Network, Buffie previously served as Board Member and President of the Flower Mound Bar Association.

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MAILING ADDRESS

*The Lone Star D&D Club of Dallas
P. O. Box 600416
Dallas, Texas 75360-0416*

ONLINE RESOURCES

*Club Website: www.lonestardandd.org
Facebook: [Click Here](#)
Public Calendar: [Click Here](#)
ADDC Website: www.addc.org
Club Email: info@lonestardandd.org
Texas Energy Council Website: www.texasenergycouncil.org*

