

EXEC REPORT

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The Texas Alliance of Energy Producers and approximately 50 other independent oil and gas producers from across the nation participated in a major lobbying effort in Washington, D.C. during the week of March 1-5 to preserve the current tax provisions and defeat several environmental issues.

The Alliance has been working with Rep. **Gene Green** of Houston and others within the Texas delegation to defeat the repeal of eight tax provision that are included in the President's proposed 2011 budget. Green and **Harry Teague** of New Mexico and 17 Democratic colleagues, sent a letter to Chairman **John Spratt** of the House Budget Committee urging the committee not to include the President's proposed oil and gas tax increases within the congressional budget.

The tax repeals would discourage energy companies from new investments in additional projects and jobs while disproportionately penalizing America's small, independent producers. Among the proposed tax repeals essential to the energy industry include: Intangible Drilling and Development Costs (IDCs), Percentage Depletion, Enhanced Oil Recovery (EOR) Tax Credit, Passive Loss Exception for Working Interests in Oil and Gas Properties, Geological and Geophysical (G&G) Amortization, Marginal Well Tax Credit, and the Manufacturing Tax Deduction.

Overall, nine Texas Democrats signed the letter. They include **Ciro Rodriguez** (San Antonio), **Charlie Gonzalez** (San Antonio), **Henry Cuellar** (Laredo), **Chet Edwards** (Waco), **Silvestre Reyes** (El Paso), **Al Green** (Houston), **Solomon Ortiz** (Corpus Christi), **Ruben Hinojosa** (Mercedes) and **Sheila Jackson Lee** (Houston).

Also, Rep. **Joe Barton**, ranking member of the House Energy and Commerce Committee, and others introduced House Joint Resolution 77 expressing disapproval of a move to regulate carbon dioxide as a pollutant by the Environmental Protection Agency (EPA). Barton said if EPA were to implement the regulations, economic activity would be damaged, and the Congress should overturn EPA's intention to regulate carbon dioxide.

Senator **Lisa Murkowski** of Alaska has spearheaded a movement in the Senate that also prevents EPA moving forward.

Hydraulic fracturing has surface again as Chairman **Henry Waxman**, House Energy and Commerce Committee, sent letters to eight companies that are involved in hydraulic fracing asking them to provide information about the chemicals used. The Alliance presented information to members of Congress showing that there usually is about 8,000 feet (more than a mile) of solid rock between the location of fracs and fresh water zones. We also pointed out that states have regulated the drilling process for more than 60 years and there never has been a proven case where hydraulic fracturing polluted.

The Alliance team included Chairman **Mark Metzler**, **Mike Elyea**, and Alliance staffers **Alex Mills**, **Bill Stevens**, **Gloria Leal** and **Charlie Stenholm**.

80th ANNUAL MEETING, APRIL 20-21

Make plans to attend the premier oil & gas event of the year: the **Alliance Expo and Annual Meeting** of the Texas Alliance of Energy Producers. Last year, more than 4,000 tickets were sold as people viewed the 350 booths, ate great barbecue and heard informative speakers. The keynote speakers for the 80th Annual Meeting are **Bruce Vincent**, Chairman of the Independent Petroleum Association of America, and **Carl Michael "Mike" Smith**, Executive Director of the Interstate Oil and Gas Compact Commission. A limited number of booths and sponsorships are still available. For information, call **Donna Brown** or **Jo Ann Baker** at (800) 299-2998. Registration information is also on the Alliance's website: www.texasalliance.org and click on "Alliance Expo & Annual Meeting".

If you do not want to receive any faxes from the Texas Alliance, please call (800) 299-2998, or fax (940) 723-4132, or send an e-mail to texasalliance@texasalliance.org. Please include your name, company, fax number and phone number for verification purposes.