

4/29/2010

Senate Begins Debate on Financial Reform

Staff Contact: Susan Ginsberg

After three failed cloture votes to begin debate on financial reform, Republicans ultimately agreed by unanimous consent to commence Senate floor debate. Several key senators made floor statements on April 29. Amendments will not be offered until Tuesday, May 4.

IPAA continues to push for approval of a clear and effective end user exemption, while cautioning that financial reform should not overly restrict the number of counterparties needed for a liquid market.

When Senate action begins, a Dodd-Lincoln substitute bill will be offered as an amendment for the entire financial reform bill. An exemption from clearing for commercial end users is included in the Dodd-Lincoln substitute. It also includes a far-reaching provision requiring financial firms to spin off their derivatives trading operations. Such action, which is beyond anything proposed by the Obama Administration and the Federal Reserve, could constrict the number of counterparties with whom end users can hedge. Some centrist Democrats have raised concerns that this proposal may be too harsh and could have unintended consequences.

Banking Committee Chairman Dodd hopes to complete Senate action on this bill within two weeks, with a goal of reconciling a Senate bill with the House-passed financial reform bill by Memorial Day.

Deepwater Horizon Update

Staff Contact: Brendan Bradley

The update below is from the government-industry group coordinating the response to the Deepwater Horizon. The Unified Command's website is www.deepwaterhorizonresponse.com.

DATE: April 29, 2010 12:34:32 CST

The unified command continues with a comprehensive oil well intervention and spill-response plan following the April 22 sinking of the Transocean Deepwater Horizon drilling rig 130 miles southeast of New Orleans. More than 1,000 personnel are involved in the response effort both on and offshore with additional resources being mobilized as needed.

The Minerals Management Service remains in contact with all oil and gas operators in the sheen area. Currently, no production has been curtailed as a result of the response effort.

Incident Facts:

A flyover on Wednesday, April 28 at 2:00 p.m. (CDT), continued to show a large, rainbow sheen with areas of emulsified crude, approximately 16 miles off the coast of Louisiana.

On April 28 at approximately 4:45 p.m. (CDT), the response team conducted a successful controlled burn and is evaluating conducting additional burns.

More than 174,060 feet of boom (barrier) has been assigned to contain the spill. An additional 243,260 feet is available and 265,460 feet has been ordered.

To date, the oil spill response team has recovered 18,180 barrels (763,560 gallons) of an oil-water mix. Vessels are in place and continuing recovery operations.

76 response vessels are being used including skimmers, tugs, barges and recovery vessels.

98,361 gallons of dispersant have been deployed and an additional 75,000 gallons are available.

Five staging areas are in place and ready to protect sensitive shorelines. These areas include:

Biloxi, Miss., Pensacola, Fla. Venice, La., Pascagoula, Miss., and Theodore, Ala.

Weather conditions for April 29 - Winds from the southeast at 5-15 mph, choppy rough seas.

126 people were on the Deepwater Horizon drilling rig when the incident occurred. 11 remain unaccounted for; 17 were injured, 3 of them critically. 1 injured person remains in the hospital.

To report oiled or injured wildlife, please call 1-800-557-1401.

To discuss spill related damage claims, please call 1-800-440-0858.

To report oil on land, or for general Community and Volunteer Information, please call 1-866-448-5816.

For the latest information, please visit www.deepwaterhorizonresponse.com.

IPAA Wildcatter Fund Candidate Profile - Rep. Charles Boustany (R-LA)

Independent Petroleum Association of America

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Staff Contact: Cortney Hazen

Rep. Charles Boustany is the three-term Representative from the 7th District of Louisiana. Born and raised in Lafayette, LA, Boustany holds a B.A. from the University of Louisiana at Lafayette and an M.D. from Louisiana State University School of Medicine. Prior to his time in Congress, Boustany was a heart surgeon in private practice. He has been in the U.S. House of Representatives since 2004.

Boustany has been a consistent voice for the oil and natural gas industry. As a member of the tax-writing Ways and Means Committee, Boustany has been a vocal advocate for the tax initiatives that are crucial to the independent producer.

Passive Loss Exception for Working Interests – Information Needed

Staff Contact: Ryan Ullman

The Obama Administration has proposed to repeal the passive loss exception for working interests in oil and natural gas properties. IPAA is opposing this repeal. In presenting arguments to Congress, members ask about the importance of the issue to operators in their states. IPAA would like to develop a list of companies that value the provision and their states of operation.

In this tax provision, Congress permitted taxpayers to deduct losses from oil and natural gas investments if the investments are made in the form of a working interest. That is, it is an interest that carries with it the obligation to share in the costs to develop the resources on the property. To qualify, the taxpayer must hold the working interest through an entity that does not limit liability with respect to the interest. Thus, a taxpayer who holds a working interest in this prescribed fashion and puts up capital to fund the drilling of oil and natural gas wells is entitled to deduct their share of tax losses resulting from the drilling expenditures. If the passive loss exception is repealed, working interest owners who are not the actual operator of a property- e.g., all other investors - would have to treat the property as a passive investment.

Please contact Ryan Ullman, rullman@ipaa.org, to provide information.

Make Plans to Attend IPAA's Upcoming Meetings/Events



America's Oil & Gas Producers

Washington Report

IPAA Offshore Committee Meeting

May 7, 2010
The Petroleum Club of Houston
Houston, TX

IPAA-TIPRO Luncheon

May 12, 2010
The Petroleum Club of Houston
Houston, TX

OGIS London

June 10, 2010
The Credit Suisse Building
London, England

IPAA Midyear Meeting

June 16-18, 2010
The Broadmoor
Colorado Spring, CO

Please visit www.ipaa.org/meetings for more information.

Rig Count

Staff Contact: Fred Lawrence

	<u>4/23/10</u>	<u>4/16/10</u>	<u>Year Ago</u>
Land	1415	1421	899
Inland Waters	14	14	5
Offshore	53	56	51
U.S. Total	1482	1491	955
Gulf of Mexico	52	55	49
Oil	514	506	202
Gas	956	973	742

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Miscellaneous	12	12	11
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Source: Baker Hughes

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