

8/26/2010

Summer NAPE® Success Marked by Addition of new "NAPE Conference"

Staff Contact: Fred Lawrence

Last week's Summer NAPE was marked by a new addition to the NAPE schedule, the full-day NAPE Conference. The Conference was held on Wednesday, a day before the NAPE floor show began and featured IPAA leadership and staff in a prominent afternoon roundtable session that focused on energy policy and the current regulatory challenges.

IPAA Chairman Bruce Vincent was joined by U.S. Rep. Kevin Brady (R-8-TX) with IPAA Director of Government Relations and Industry Affairs Joel Noyes serving as moderator for an in-depth look at the current state of energy policy in Washington D.C. and a discussion over what role the industry and independent producers play in bringing their message to Washington.

Addressing the ongoing energy debates in Washington and the importance of lawmakers hearing directly from constituents on the role oil and gas producers play in American energy production, Rep. Brady spoke frankly to the attendees: "I'm not sure if you're aware, but you've been dragged into the arena and are being pounded every day... and the question is, are you going to put up a fight?"

During the roundtable discussion, Chairman Vincent and Rep. Brady took questions from the audience as Noyes engaged them both on the latest issues the industry is facing in Washington, from taxes to regulatory threats. Vincent, sticking to points he had made in the press throughout the week, reiterated the importance of fighting back against the moratorium on offshore production that has been imposed by the Obama administration without a clear, practical end.

The moratorium also came up several other times throughout the day of the Conference, in earlier discussions on the deepwater Gulf of Mexico outlook during the "Executive Viewpoint" portion of the day and as well as between attendees during breaks.

The conference was sponsored by IHS and following an opening welcome from Robin Forte, executive vice president of NAPE expo, IHS CERA Vice President Pete Stark led the day's discussion off with a look at "The 'Shale Gale' – Now it's about Gas and Oil!" Oil and shale discussions were a dominant topic throughout the morning and afternoon sessions, the final panel of the day focusing on "game changing" technologies.

The NAPE show itself then continued its strong tradition of success for attendees on Thursday and

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Friday. IPAA would like to thank all of those who stopped by our booth on the floor and welcome the new members that joined last week.

Beyond the deals made on the show floor, NAPE was also successful in its other role it has taken as a vehicle to support the nation's wounded veterans. Through the Industry Luncheon, held Thursday, NAPE has now raised more than \$1,300,000 for wounded soldiers.

For more information on last week's Summer NAPE and to learn about the upcoming NAPE show in February, please visit www.napexpo.org

Energy Jobs Rallies to Be Held Next Week

Staff Contact: Joel Noyes

Next Wednesday, September 1st, Houston, Port Arthur and Corpus Christi, TX will be hosting the Texas Rally for Jobs. These energy/job rallies will provide an opportunity for both the countless men and women whose livelihoods depend on the oil and natural gas industry and consumers who rely on access to affordable energy to express their concerns about energy proposals from Congress and the administration that could have negative impacts on the daily lives of everyday Americans and on the American economy.

IPAA is serving as a partner for these rallies and calling on its membership for rally attendees and volunteers. Please contact KKoehler@consumerenergyalliance.org if you would like to volunteer, and please pass this along to friends and family who may be interested in participating.

Volunteers are needed on-site next Tuesday (8/31) and Wednesday (9/1) to help stuff rally kits and gather action cards from rally attendees. More details below:

- **Rally Kit Stuffing:** Volunteers are needed on-site the day before the rallies to assemble rally kits. Kits consists of branded "Rally for Jobs" shopper bags and various collateral.
- **On-site Recruitment:** Volunteers are needed the day of the rallies to canvass the crowd, encourage people to fill out action cards and gather attendee information using clipboards and sign-up sheets.

Doors open at 10:30 a.m. Rally Locations:

Houston: George Brown Convention Center
Port Arthur: Port Arthur Civic Center
Corpus Christi: American Bank Center

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For more information, please visit www.rallyforjobs.org.

IPAA Wildcatter Fund Candidate Profile - Rep. Eric Cantor (R-VA)

Staff Contact: Brent Golleher

Rep. Eric Cantor (R-VA) is the five-term Representative of the 7th District of Virginia. Cantor received a bachelor's degree from George Washington University and his law degree from the College of William and Mary. He also holds a master's degree from Columbia University. Prior to his time in Congress, Cantor was an attorney and a member of the Virginia House of Delegates. He has been a member of the U.S. House of Representative since 2000.

In late 2008, Cantor was elected to serve as the Republican Whip for the 111th Congress. He serves on the Ways and Means Committee and has emerged as a key ally for independent oil and gas producers on taxes and other small business issues. He is also a supporter of expanded access and a vocal critic of cap and trade.

Make Plans to Attend IPAA's Upcoming Meetings/Events

Staff Contact: Nikki McDermott

OGIS San Francisco
October 12-14, 2010
The Palace Hotel
San Francisco, California

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

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,

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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.

Rig Count

Staff Contact: Fred Lawrence

	<u>8/20/10</u>	<u>8/13/10</u>	<u>Year Ago</u>
Land	1616	1608	947
Inland Waters	14	12	7
Offshore	21	20	31
U.S. Total	1651	1640	985
Gulf of Mexico	21	20	29
Oil	655	636	280
Gas	985	992	695
Miscellaneous	11	12	10

Source: Baker Hughes