



Through the Years

NTOGA

The years leading up to World War II were active for independents in Texas. Banquet tickets at the 1939 Annual Meeting cost \$2, and the association's budget was \$16,000. **D.G. Gray** replaced **J. Ed Erwin** as Executive Vice President in 1939. NTOGA President **J.S. Bridwell** reported to the Board on January 3, 1938 that he had just returned from Washington and "that the work being carried on for the retention of the depletion allowance was moving along in fine style," but the Board needed to continue working to pass the legislation because "without it none of us could stay in business for long.

Oil field theft continued to concern the association. Its Special Investigator, **J.T. Bentley**, reported that more than \$5,000 in stolen equipment had been recovered in his first year. The association continued its policy of giving a \$100 reward for the arrest and conviction of anyone stealing oil field equipment.

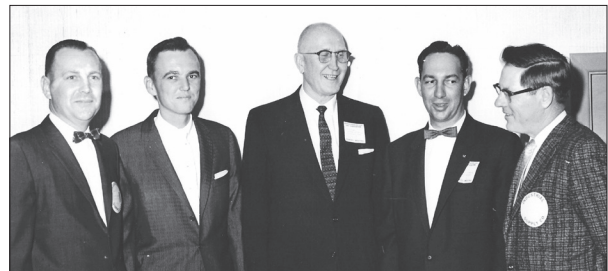
On May 13, 1940, leaders from the independent oil and gas industry throughout Texas met in Wichita Falls to establish a committee of Texas independent oil producers composed of three members from each association. The purpose of the committee was to enforce prorationing across Texas.

Following the bombing of Pearl Harbor by Japan on December 7, 1941, the association and the oil industry was thrown into chaos. **P.F. Gwynn**, Chairman of the Budget Committee, wrote a memo to the Board on January 26, 1942 stating: "It is impossible to anticipate all the unusual expenses that may be incurred during the coming year. We are faced with a grave national emergency... The oil industry is ready and willing to make any and all proper sacrifices that will be helpful to the common cause..."

From the beginning to the end of World War II, independent oil producers struggled to produce adequate supplies of crude oil while under price controls and dealing with shortages of steel, rubber and workers. Independent oilmen such as **Jerry Vinson** and **Ed Kadane**, both of Wichita Falls, stepped forward to serve when needed. Vinson led the scrap metal drive, and Kadane served as Chairman of the Gasoline Rationing Board. Vinson also was instrumental in getting one of 12 material depots in the U.S. located in Wichita Falls.

After World War II, the industry faced many readjustments. The oil industry faced a 10% decline in demand to 4.8 million barrels per day. Industry concerns were that the transition from a war economy to peacetime would cause an oversupply of oil and drive down price. The industry had been operating under price controls during the war years, but stripper wells received a "premium payment" of an additional \$0.20 a barrel. The first price increase – \$0.10 on November 15, 1946 – raised prices to \$1.70 per barrel. The next year there were five price increases totaling \$1.35.

Association leaders viewed imported oil as a threat to the economic and national security of the U.S. They fought against a grant and export license authorizing Aramco to export enough steel pipe to begin construction of its pipeline in the Middle East, but it became apparent that the federal government was "committed to a policy of encouraging the development of American concession in the Middle East."



Both photos above are from a 1950's-era NTOGA Annual Meeting (exact date unknown)

The Texas Legislature in 1947 tried to tax crude oil on a graduated schedule, but a group of association leaders went to Austin and were successful in killing the tax provision. The association supported a voluntary pooling bill, but opposed a forced pooling legislation. Both pooling bills died.

In 1952, the NTOGA President **Marvin McCullough** lobbied the federal government to increase crude oil prices, but federal officials did not agree. So, the association began an effort to lobby Congress to deregulate oil prices. Crude oil imports increased 21.6% in 1952 from the same period in 1951 to about 1 million barrels per day. "If this continues, we can expect the Texas Railroad Commission to consider further cuts in our state's allowable production for the month of August," wrote Executive Vice President **Fred Sehnann** in a Bulletin to members.

By 1955, the association had joined forces with the Independent Petroleum Association of America and other oil and gas associations in a strong push to get Congress to restrict oil imports.

President **D.C Norwood** led the association in lobbying the House and Senate in 1955-1956 a bill that constituted a congressional declaration that the federal government shall not regulate production and price of natural gas.



Mozelle Cherry (center) is shown preparing for the 1973 NTOGA Annual Meeting.

In 1956, NTOGA hired **Mozelle Cherry** as Executive Secretary. The members felt Cherry's influence and efficiency in many ways through her 25 year career with the association. Upon retirement, an award was named in her honor, and was presented each year to a woman in the oil and industry for their exemplary service to the oil and gas industry. The Mozelle Cherry Award was presented for many years at the association's Annual Meeting. Cherry came to Wichita Falls from Gibson County, Tennessee, where she had been the first female attorney to practice law in the county.

An oversupply of crude oil depressed prices. Oil allowables were reduced in Texas, Oklahoma, and Kansas, but imports continued to increase. Independents protested to Washington in a meeting with Secretary of Interior Udall on May 25, 1964. They asked for substantial reduction in imports, but "Mr. Udall has not been impressed," wrote Executive Vice President **George W. Anderson, Jr.**

President **Bill Thacker** wrote in the December 2, 1971 Bulletin: "As you can see from this report, our problems are no longer those concerned with allowables and Railroad Commission rules so much as with federal legislation and regulation."

Because of inflation and other economic conditions, President **Richard Nixon** placed price controls on just about everything, including crude oil with many different categories. The ceiling price for old oil (North Texas) was \$5.16, but new, released and stripper oil sold for \$10 in December 1975.

On July 20, 1979, President **Robert E. Vinson** wrote: "Our industry has just come through one of the darkest, most discouraging periods. The domestic petroleum industry as a whole has been wrongfully blamed for the gasoline shortages which have angered and frustrated such a large number of people." Vinson called President **Jimmy Carter's** "decontrol" proposal a "hoax."

In 1979, **Tom Haywood** took the position of NTOGA Executive Vice President. Senator Haywood served for 10 years before leaving to run for office. He did not win that first election, nor did he win the



To celebrate NTOGA's 75th Anniversary an event honoring all past presidents was held. NTOGA was pleased to showcase its history with 11 former presidents including (left to right): Hollis Sullivan, Roy Pitcock, Jr., Mike Elyea, Bill Setzler, Don Hupp, Larry Hulsey, Roy Pitcock, Sr., Gary Shores, Ed Spraggins, Bill Thacker, and David Kimbell, Sr.

second election. But those of you who knew Tom, know that the word “quit” was not in his vocabulary. His biggest challenge lay ahead of him, his battle with Parkinson’s Disease. He did not give up. As a matter of fact, he was going to announce his candidacy for re-election just before he passed away. In 2001, the association created the *Senator Tom Haywood Lifetime Achievement Award*, and Sen. Haywood was the first recipient.

Joey Aboussie was hired in 1990 at Executive Vice President and led the association through turbulent times including the physical waste of proven natural gas reserves due to unreasonably now prices. The NTOGA board addressed the issue with a resolution in 1991.

In April 1991, NTOGA held the 61st Annual Meeting in Wichita Falls and included as guest speakers were Railroad Commission Chairman **Robert Kruger**, Commissioner **James E. Nugent**, and Commissioner **Lena Guerrero**. The slate of officers elected were President **Gary Shores** and Vice Presidents **Vincent Gunn** and **Robert Osborne**.

By 1994, prices had dropped to \$13 per barrel and the association took its message to Washington and Austin. If something wasn’t done, more and more producers would leave, fewer wells would be drilled, new reserves would not be found to replace current production, low-volume and high-cost wells would be plugged prematurely. Initially, Washington failed to act even though crude oil imports soared to more than 10 million barrels per day, which exceeded 50% of domestic needs. Oil production fell by more than 700,000 barrels per day from just 10 years ago. Approximately 500,000 jobs were lost.

Eight association members testified before a U.S. Commerce Department hearing on the threat of crude oil imports to national security under Section 232 of the Trade Expansion Act. NTOGA President **Don Hupp** noted that in 1989 under another Section 232 filing, the DOC found that the level of import (then 47%) was a threat to national security and oil imports had grown to 50% in 1994. DOC again found the threat to national security, but President **Bill Clinton** did nothing that would change the trend.



Alex Mills became NTOGA's EVP in 1994, and led the organization through many changes including the merger with WeCTOGA in 2000.



NTOGA hosted Texas Governor Ann Richards at the 1994 Annual Meeting. EVP Joey Aboussie (left) and long-time member Larry Hulsey (right) are shown with Gov. Richards.

Alex Mills moved to Wichita Falls in 1994 to take over as Executive Vice President after living eight years in Washington, D.C. where he served as Vice President of the Independent Petroleum Association of America. He also had served as Executive Vice President of the West Central Texas Oil & Gas Association in Abilene from 1981 to 1986.

Crude oil price volatility plagued the industry throughout the 1990s, reaching a low of \$8 posted price in December 1998. President **Mike Elyea** organized a petition drive. More than 12,000 people signed the petitions asking Washington to help. Also, the associations helped form an organization, Save Domestic Oil, to file an anti-trust lawsuit against several foreign producers. The association did not win the lawsuit, but it got the Clinton Administration’s attention.

The deregulation of interstate pipelines by FERC Order 636 in the early 1990s led to the development of a task force of the Railroad Commission to study the impact on gathering

lines in Texas. FERC’s action unbundled services and allowed producers to ship their gas to a market for a fair and reasonable fee but left the regulation of gathering systems to the state. Part of the RRC’s study

would include transportation rates and access at peak delivery times.

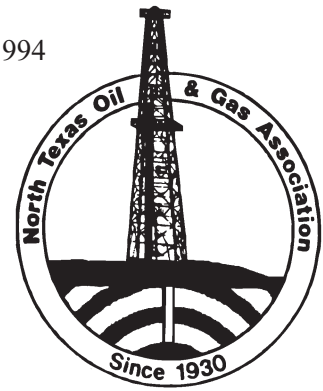
Environmental problems increased. The association hired **Rich Munn** in 1994 to keep members informed about the mountain of environmental and safety laws and regulations at the federal, state and local level. The battle spilled over from the legislative and regulatory arenas into the courthouse. Environmental groups sued the oil industry over hydraulic fracturing techniques, and the industry filed lawsuits against EPA over expansion of regulations.

Public education reached new heights as the association as it implemented the *National Energy Education Development (NEED)* program into 30 public school science curriculums.

When the industry celebrated its 70th anniversary in 2000, it implemented its Legends Merit Award program honoring members that had made a long-time contribution to the betterment of the industry, community and country.

Six months later, NTOGA and WeCTOGA merged to form the Texas Alliance of Energy Producers with 1,621 members. It had three offices (Austin, Houston, and Wichita Falls), and remains focused on serving the needs of its members.

The final chapter of our 90th Anniversary history will be presented in the December issue of *News-Line*.



Membership Benefit

The Alliance has set up a new help-line to assist members with compliance questions or other regulatory issues. While we do not provide legal advice, the Alliance has expertise that no other organization can provide.

Questions? Email Regulatory-Hotline@texasalliance.org

The Alliance continues to work diligently to provide benefits important to our members

Providing Accelerator Capital For Your Company's Growth!

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- Want to monetize your assets?
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EnRes Resources, LLC, provides a non-traditional alternative to bank debt, mezzanine debt with zero equity relinquishment

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