

LOBBY WATCH

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Passing Gas in the Capitol:

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48 Lawmakers Have Stakes In Major Natural Gas Firms

Public and Self Interests Clash as a Huge Tax Break Gets Personal

More than a fourth of the lawmakers debating whether to repeal a multi-billion-dollar tax break for natural gas producers reported that in 2009 they had personal interests in one or more of Texas' top 32 natural gas producers.

The Legislative Budget Board says the exemption has cost the state \$7.4 billion over the past six years.¹ In 2010 the exemption was worth \$405.6 million just to its top five beneficiaries: Devon Energy, XTO (an Exxon subsidiary), EnCana, Chesapeake Operating and EOG Resources, according to partial data that the Texas Comptroller provided to the *Houston Chronicle*.² Not coincidentally, these same

five companies lead the list of the state's top 32 natural gas producers in 2010 (see list below).

Texas' budget crisis has prompted calls to repeal this multi-billion-dollar tax exemption that could fill huge holes in the state budget. Yet Senate Finance Committee Chair Steve Ogden recently said, "I don't sense that there is a lot of enthusiasm for repeal," among his colleagues.³ This prompted *Lobby Watch* to scour legislative personal financial disclosures to see who boasts personal stakes in Texas' top gas companies. In protecting this huge loophole in a time of burning need might some legislators be covering their own assets?

Senators Reporting Personal Interests In the Gas-Tax Loophole

Senator (Party)	Town	Portfolio of Major Gas Producers (No. of Shares)
Rodney Ellis, D	Houston	Anadarko (100-499); Apache (100-499); BP (100-499)
Kevin Eltife, R	Tyler	Exxon (100-499)
Troy Fraser, R	Horseshoe	BP (1,000-4,999); Devon (100-499); Exxon (500-999); Southwestern (100-499); XTO (100-499)
Chris Harris, R	Arlington	Royalties (all worth \$10,000-\$24,999) in: Carrizo, Chesapeake, Devon & XTO
Robert Nichols, R	Jacksonville	BP (1,000-4,999); Chevron (1,000-4,999); Conoco (500-999); Exxon (500-999); Pioneer (100-499); Shell (500-999)
Steve Ogden, R	Bryan	Chevron (100 to 499); Exxon (100 to 499)
Kel Seliger, R	Amarillo	Cabot (500-999); Devon (100-499); Range (500-999); Southwestern (500-999); XTO (500-999)
Royce West, D	Dallas	Southwestern (<100); Chesapeake (1,000-4,999)
Tommy Williams, R	Woodlands	Chesapeake (<100); Exxon (100-499)
Judith Zaffirini, D	Laredo	Royalties: BP (>\$25,000); Shell (\$500-\$4,999)

House Members With Personal Interests In the Gas-Tax Loophole

Member (Party)	Town	Portfolio of Major Gas Producers (No. of Shares or Income Value)
Rodney Anderson, R	Grand Prairie	Exxon (100-499); Newfield (<100)
Bill Callegari, R	Katy	BP (27); Cabot (18); Chevron (90); Conoco (90); Exxon (169); XTO (74)
Byron Cook, R	Corsicana	BP (100-499); Chevron (100-499); Conoco (100-499; Devon (100-499); Exxon (1,000-4,999)
Tom Craddick, R	Midland	Chevron (1,000-4,999); Exxon (500-999)
John Davis, R	Houston	Exxon (100-499); Shell (100-499)
Dawanna Dukes, D	Austin	Conoco (< 100)
Harold Dutton, D	Houston	Shell (100-499)
Craig Eiland, D	Galveston	Apache Corp (100-499); BP (100-499); Chevron (100-499); Cimarex (100-499); Conoco (500-999); Devon (100-499); El Paso (1,000-4,999); EOG (100-499); Exxon (100-499); Shell (100-499)
Gary Elkins, R	Houston	Exxon (100-499)
Dan Flynn, R	Van	Shell (<100)
John Frullo, R	Lubbock	Chesapeake (500-999)
Charlie Geren, R	Fort Worth	EOG (>\$25,000; Exxon (1,000-4,999; \$10,000-\$24,999); Quicksilver (>10,000)
Will Hartnett, R	Dallas	Exxon (500-999); Range (\$10,000-\$24,999)
Ana Hernandez, D	Houston	Conoco (100-499)
Charlie Howard, R	Sugar Land	Chesapeake (100-499); Chevron (100-499); Devon (1,000-4,999); Southwestern (500-999); Pioneer (100-499)
Todd Hunter, R	Corpus	Anadarko (<100); BP (100-499); Cabot (<100); Chevron (100-499); Conoco (100-499); Devon (<100); El Paso (500-999); Exxon (100-499); Shell (100-499)
Jim Jackson, R	Carrollton	Pioneer (100-499)
Jim Keffer, R	Eastland	Andadarko (100-499)
Phil King, R	Weatherford	Cimarex (100-499)
Susan King, R	Abilene	Chevron (100-499)
Tim Kleinschmidt, R	Lexington	Ballard (<100)
Lois Kolkhorst, R	Brenham	Exxon (100-499)
John Kuempel, R	Seguin	Sandridge (100-499)
Jodie Laubenberg, R	Parker	Exxon (100-499)
Lanham Lyne, R	Wichita Falls	Conoco (<\$5,000)
Robb Orr, D	Burleson	XTO (1,000-4,999)
Tan Parker, R	Flower Mound	Chevron (<100)
Jim Pitts, R	Waxahachie	Exxon (>10,000)
Four Price, R	Amarillo	Cabot (6); Chevron (31); Conoco (32); Exxon (33); XTO (23)
Richard Raymond, D	Laredo	Royalties: Chesapeake (\$500-\$4,999); Chevron (>\$25,000); Conoco (\$5,000-\$9,999)
Eddie Rodriguez, D	Austin	Exxon (100-499)
Charles Schwertner, R	Georgetown	Devon (100-499); Chesapeake (100-499)
Kenneth Sheets, R	Dallas	XTO (100-499)
Mark Shelton, R	Fort Worth	Exxon (100-499)
David Simpson, R	Longview	BP (100-499); Conoco (<100)
John Smithee, R	Amarillo	Forest Oil royalties (\$5,000-\$9,999); Interests in five Shell wells.
Joe Straus, R	San Antonio	Chevron (<100); Conoco (<100); Devon (<100); EOG (<100); Exxon (<100)
Van Taylor	Plano	Exxon (1,000-4,999); Sandridge (<\$5,000)

Note: Largest holdings shown for members reporting same stock more than once.

Checking a database of personal financial disclosures that state officials filed for 2009, researchers struck “fracking” pay dirt, finding that 39 lawmakers had personal interests in one or more of the companies that produce the most Texas natural gas.

Because 2009 disclosures exclude several dozen new lawmakers, researchers then checked recent disclosures filed by all new lawmakers except Rep. Ron Reynolds (who has not filed his legally required personal financial statement). Together, these searches revealed that 10 Senators (32 percent of the Senate) and 38 House members (25 percent) have reported personal interests in companies that are major producers of Texas natural gas.

While some of these investments holdings are modest, 10 lawmakers reported portfolios containing thousands of shares or royalties worth tens of thousands of dollars.⁴

Half of Texas’ top 32 gas producers now are spending up to \$4 million on 73 Texas lobby contracts (see next page). For some lawmakers, the lobby can make a personal pitch for saving this lucrative loophole. •

Texas’ Top Gas Producers in 2010

Rank	Energy Company	Gas Production In 2010 (BCF)
1	XTO Energy, Inc.	704,584
2	Devon Energy Production	644,906
3	Chesapeake Operating, Inc.	549,625
4	EOG Resources, Inc.	322,192
5	EnCana Oil & Gas, Inc.	224,503
6	Samson Lone Star, LLC	143,329
7	ConocoPhillips Co.	142,416
8	Sandridge Expl. & Prod.	125,913
9	Quicksilver Resources, Inc.	124,336
10	Anadarko Expl. & Prod.	121,937
11	Anadarko Petroleum Corp.	100,939
12	Exxon Mobil Corp.	95,026
13	Chevron USA, Inc.	93,365
14	Forest Oil Corp.	92,996
15	Shell Western Exp. & Prod	90,714
16	BP America Production Co.	79,771
17	Apache Corp.	75,552
18	El Paso Exploration & Prod.	70,956
19	Burlington Resources	66,594
20	Cimarex Energy Co.	65,956
21	Enervest Operating, LLC	65,584
22	Highmount Expl. & Prod.	63,950
23	Range Production Co.	63,262
24	Pioneer Natural Resources	57,881
25	Newfield Exploration Co.	57,245
26	Carrizo Oil & Gas, Inc.	48,854
27	Southwestern Energy Prod.	47,737
28	Mobil Producing	43,229
29	Cabot Oil & Gas Corp.	40,477
30	Williams Prod. Gulf Coast	38,476
31	Comstock Oil & Gas, LP	36,587
32	Ballard Exploration Co.	36,552
TOTAL:		4,535,444

Source: Texas Railroad Commission

2011 Texas Lobby Contracts By Major Gas Producers

Major Gas Producer	Min. Value of Contracts	Max. Value of Contracts	No. of Contracts
Exxon Mobil Corp.	\$550,000	\$880,000	9
Shell	\$250,000	\$460,000	13
Chevron	\$250,000	\$425,000	8
Devon Energy Corp.	\$250,000	\$400,000	3
Chesapeake Energy Corp.	\$150,000	\$320,000	6
Apache Corp.	\$140,000	\$310,000	7
El Paso Corp.	\$120,000	\$260,000	5
EOG Resources, Inc.	\$110,000	\$235,000	6
Pioneer Nat'l Resources	\$100,000	\$150,000	1
ConocoPhillips	\$60,000	\$125,000	3
British Petroleum	\$50,000	\$120,000	3
Encana Oil & Gas	\$45,000	\$110,000	4
Anadarko	\$50,000	\$100,000	1
Range Production Co.	\$25,000	\$60,000	2
Newfield Exploration Co.	\$25,000	\$50,000	1
Carrizo Oil & Gas Inc.	\$10,000	\$25,000	1
TOTALS:	\$2,185,000	\$4,030,000	73

Top Current Lobbyists for Top Gas Producers in Texas

Lobbyist	Min. Value of Contracts	Max. Value of Contracts	No. of Gas Contracts	Lobbyist's Company (or Top Gas Client[s])
K. Daniel Hinkle	\$150,000	\$300,000	3	(Apache, BP, El Paso)
Lisa K. Anderson	\$150,000	\$290,000	6	(Devon)
Ronald Kinnan Golemon	\$150,000	\$250,000	6	KG Strategies
Jayne Cox	\$150,000	\$200,000	1	Shell Mgr. of Gov. Affairs
Linda B. Koenig	\$150,000	\$200,000	1	Chevron Mgr. of Gov. Affairs
Judy M. Bigon	\$150,000	\$200,000	1	Nielsen Merksamer Parrinello
Sara K. Tays	\$100,000	\$150,000	1	Exxon Public Affairs Mgr.
Gary D. Compton	\$100,000	\$150,000	1	Jackson Walker, LLP
Royce Pabst Poinsett	\$100,000	\$150,000	1	McGinnis Lochridge & Kilgore
Gaylord Armstrong	\$100,000	\$150,000	1	McGinnis Lochridge & Kilgore
Keith Strama	\$60,000	\$125,000	2	Beatty Bangle Strama, P.C.
G. David Blackmon	\$50,000	\$100,000	1	El Paso E&P Co.
Adrian G. Acevedo	\$50,000	\$100,000	1	(Anadarko)
Greg Macksood	\$50,000	\$100,000	1	Chesapeake Energy
Mark Louis Gipson	\$50,000	\$100,000	1	Devon Energy Gov. Relations
D. Lindsey Dingmore Jr.	\$50,000	\$100,000	1	Nielsen Merksamer Parrinello
Adam P. Haynes	\$50,000	\$100,000	1	Chesapeake Energy
Thomas N. Sellers	\$50,000	\$100,000	1	ConocoPhillips
Robert D. Miller	\$50,000	\$100,000	1	Locke Lord Bissell & Liddell
Urban F. O'Brien III	\$50,000	\$100,000	1	Apache Corp.
Chris Hosek	\$50,000	\$100,000	2	(Newfield & Range)
Stephen H. Perry	\$45,000	\$100,000	3	Chevron Gov. Affairs Mgr.

NOTES

- ¹ "Budget Report Urges Another Look At Natural Gas Tax Breaks," *Austin American-Statesman*, February 3, 2011.
- ² "Big Names Win Big Tax Breaks, *Houston Chronicle*, March 30, 2011.
- ³ "Gas Drilling Tax Breaks Will Be on the Table for State Senate Panel," *Fort Worth Star-Telegram*," April 18, 2011.
- ⁴ See Senators Fraser, Harris, Nichols, West and Zaffirini, for example, and Representatives Cook, Craddick, Eiland, Geren, Orr, Pitts, Raymond and Van Taylor.