



Region IV -AAPL Director's Report

Quarterly Board Meeting Report – Coeur d'Alene, Idaho – September 19, 2010

President Steve Wentworth called the meeting to order. AAPL business discussed during the meeting is as follows:

Seating of Directors:

The following Directors were seated:

David Dubiel-Ark-La-Tex Association of Professional Landmen
David Nolen- Austin Professional Landmen's Association
Ken Gummo-Canadian Association of Petroleum Landmen
Don Key-Fort Smith Association of Professional Landmen
Randy Browne-Houston Association of Professional Landmen
David Seay-Professional Landmen's Association of New Orleans
Rick D Larson-Landman's Association of North Dakota
Cindy Mercer-San Antonio Association of Professional Landmen
Adam W Robinson-Tulsa Association of Petroleum Landmen
Brad Eubanks-West Houston Association of Professional Landmen
Jim Thomas-Wichita Association of Petroleum Landman

Staff Report provided by EVP Marty Schardt:

The first Field Landman Institute was held in Fort Worth on August 9, 2010, and was a huge success with approximately 200 landmen attending. Wendy Dalton, Field Landman Committee Chairperson, indicates that they received 80 new member applications.

Orientation for new board members was held at the AAPL Headquarters in Fort Worth on August 11, 2010, followed by dinner in the Fort Worth Stockyards.

During the month of August our EVP visited associations in North Dakota, Montana and Wyoming and looks forward to many more local association visits this year with NHAPL scheduled next on October 14, 2010, at the Greenspoint Club.

The AAPL booth at summer NAPE was a success by providing the opportunity for attendees to share experiences and issues and for AAPL to learn how to better serve the membership.

The annual AAPL audit will begin the last week of August. Information should be available for the December board meeting.

The By-Laws and Policy Manual review is ongoing by chair Michael Curry, and will be discussed at the December board meeting.

The new AAPL website continues to have problems that are currently be reviewed and resolved. All member comments for improvements are appreciated and we look forward to better performance soon. A suggestion box was initiated on the website in August. Suggestions and future visions for AAPL may be submitted online at suggestions@landman.org

Education

During the 2010 calendar year 113 RPL and 43 CPL exams were taken thus far, with 31 RPL applications approved, 13 CPL applications approved, and 28 RL applications approved. Landman scholarships were awarded to Petroleum/Energy Land Management students at University of OK, Texas Tech, Tulsa, the University of Louisiana at Lafayette and Western State

College of Colorado. The fall education program has events scheduled in Norman, OK, Santa Fe, NM, Denver, CO, San Antonio, TX, Lafayette, LA, East Lansing, MI, Houston, Fort Worth, Denver, CO and Oklahoma City, OK. By year's end 31 programs across the nation will have been provided in 19 cities.

Membership

AAPL added Brent Schreiber as the new Membership & Business Development Manager on August 16, 2010. Brent's goal is to increase membership and strengthen AAPL's relationship with the Local Associations.

As of August 23, 2010 AAPL had 9,911 renewed members with 233 new members, with total membership at 9,964. The board approved \$50 membership campaign at the June board meeting, for those new members attending a Field Landman Seminar.

Publications

The AAPL staff is in the process of producing the 2011 Landmen's Directory, which will have a new look and feel. All members will have their member type, and their join date added to their contact information. Also, the geographical, company and independent sections will be added back to the printed version.

The Vail Annual Meeting realized a 19% advertising increased with revenue over \$25,000.00, with approximately 800 in attendance.

NAPE Report provided by Robin Forte and Christi Payne:

The economy seems to have impacted summer NAPE, but attendee registration was at 5700 up 4%. Booth sales were down 3.5%. The half day E&P Forum was replaced with an all day conference headlined by John Richels, President and CEO of Devon. The conference achieved success with approximately 700 registrants.

Something new this year was the addition of commercial concessions, four interactive "You Are Here" kiosks for locating companies, and a NAPE souvenir Store with NAPE logo items.

Texas Railroad Commissioner Michael Williams was the industry luncheon featured speaker. The NAPE American Heroes Fund indicated that five home lots for Operation Finally Home had been purchased and the next two recipients of cost-free homes were announced. During the luncheon approximately \$100,000 was raised to support severely wounded American Vets.

Summer NAPE will be held on August 17th through the 19th, and priority booth registration forms were due September 23, 2010. NAPE 2010 booth sales are on tract with last year.

NAPE Management LLC is owned as follows:

AAPL-50.5%
IPAA-29%
SEG-10%
AAPG-10%

Non-Equity Participants
SIPES-.5 NPI
HGS-.5 NPI

Within 90 days of show NAPE funds AAPL distribution.

Treasurer's Report provided by Brooks Yates:

For the period ending June 30, 2010, as compared to June 30, 2009, total assets have increased from \$14,068,088 to \$17,110,610, realizing an increase of \$3,042,522, or 21.6%. For the same period revenues have increased from \$6,062,515 to \$6,900,693, or 13.82%. Expenses have decreased from \$3,621,688 to \$3,582,023 or 1.1%. An increase of revenue over expenses

realized from \$2,440,827 to \$3,318,671 or 1.36%, attributable to improvement in realized and unrealized gains in the investment portfolio.

As of June 30, 2010, investments are at \$16,632,763, being an increase of \$3,332,714 of 25.1%, due to a portfolio gain of \$5,918,531, the transfer of \$1,500,000 from checking to the Luther King Custody account and closing of cash account into custody account.

President & Executive Committee Report:

AAPL Annual Meeting at the Boston Park Plaza, June 8th through June 11, 2011.

Steve Wentworth indicated that a Houston Law firm had been retained as to staff allegations. All AAPL and NAPE staff were interviewed, with one letter of support provided by a staff member on behalf of Robin Forte. Steve has concluded that the situation has been addressed.

Steve Wentworth met with Paul Nielsen and Alan Morgan offsite during the summer NAPE and answered many of their questions and concerns. Those questions remaining to be answered will be forthcoming in an upcoming email from Steve. He indicated that the meeting was amicable and a success.

The AAPL 2007-2008 tax returns had inconsistencies regarding Robin Forte's compensation due to the revised IRS Form 990. AAPL retained CPA firm, Rylander, Clay & Opitz, LLP, addressed the items in a letter.

The NAPE office cost is currently at \$28,000 for rent, \$18,000 for build-out, \$13,000 for service, \$21,000 for software, etc., shared by NAPE Partners with AAPL at 51%.

It was disclosed that Robin Forte had obtained 2,300,000 hotel booking points while associated with AAPL and it was determined that 60,000 points had been used but none within the past five years. As there is no current policy addressing same, future discussion for policy development will be conducted. The board voted to donate all points to the Wounded Soldiers and Hyatt will be contacted for a matched donation.

A Special Investigating Committee was announced and will be chaired by Jack Sweeny to investigate claims made by AAPL Watch. An accountant has been retained and a report will be provided to the Ethics Chair, Roger Soape, by the December board meeting.

The 2012 Annual Meeting will be held in San Francisco.

Texas Association of Landmen was addressed per information provided by Pam Feist. It appears that this organization was first formed for in-house landmen and due to lack of response was opened to Field Landmen. The association has no formal ties with AAPL.

Committees & Other Entities Reports:

Various committee reports were provided with key highlights as follows:

There was discussion to provide public access to the AAPL membership directory and the board approved a motion to move the issued to the IT/Website Committee for study and recommendations.

Arnold L Schulberg reported that the West Virginia UPL Task Force determined that the West Virginia Bar Association's Committee did not appear interested in our concerns raised over their issue as to the unauthorized practice of law as addressed by our governmental affairs specialist.

As indicated in the staff report, the first Field Landman's Institute was a huge success held on August 9, 2010 at the Fort Worth Elks Lodge. Two speakers were featured, Davin McGinnis of Scott, Douglass & McConicco in Austin, Texas who spoke on "Land and Regulatory Issues Related to Horizontal Drilling in Texas," and Mike Curry who spoke on AAPL's Code of Ethics and Standards of Practice Policies. Chaired by EOG's Wendy Dalton, the Institute provides a speaker and dinner for \$50, which may be applied toward the first year's membership. Current AAPL members are welcomed gratis. Locations chosen this year for future institutes are North

Texas, Michigan, West Virginia, Pennsylvania, New York, North Dakota, Wyoming, Colorado, New Mexico, Texas; Permian Basin, Eagleford Shale area, Louisiana; Shreveport, New Orleans, and Arkansas.

Membership Chair, Pam Feist, reported that there are still concerns with the AAPL 50% rule for local association compliance, as local chapters defined categories differently. A discussion was held regarding the requirement of a Director or local President's signature for new membership applications and the board voted in favor of removing the requirement.

Randy Nichols, IT/Website Committee Chair, indicated they are upgrading the back office computer and website with leading edge technology. The initial budget is set at \$100,000, with recommendations to be provided at the December board meeting. He also indicated that he was looking for experienced IT people to assist with his committee. Randy further indicated that they would distribute Paul Nielsen's LANDNEWS in the future.

James Bourbeau reported on the introduction of a New York Senate Bill dated June 10, 2010, to suspend hydraulic fracturing to review and analyze the effects upon water quality, air, environmental, safety and public health. The Bill did not pass the Assembly and the Senate passed legislation that would extend the last two-year moratorium covering the DEC Environmental Impact Study and now part of the Hydraulic Fracturing Study until May 15, 2011.

James also indicated that Pennsylvania plans to introduce a bill to restrict drillers from constructing well pads or drilling within flood plains. Also, on the agenda is "No State Forest Lands Left for Gas Leasing," "Pooling in Pennsylvania," "Clean and Green Legislation," and the "New TDS Standard to Take Effect By End of Month," which requires oil and gas related wastewater for treatment and discharge to surface water to meet a 500 MG/l standard. This is to protect against odor and taste in drinking water.

The AAPL Board will meet December 5th, 2010, in Carlsbad, CA. Should you have questions or concerns on behalf of NHAPL that you would like for me to address at the upcoming board meeting please contact me by email or by telephone at (936) 494-0222. It is a pleasure serving you.

Warm regards,
Cynthia D. Hardin, RPL