



*La Jolla Cove, December 3, 2010*



## Region IV -AAPL Director's Report

### **Quarterly Board Meeting Report – Carlsbad, California – December 4, 2010**

**President Steve Wentworth called the meeting to order and Brooks Yates gave the invocation. AAPL business discussed during the meeting is as follows:**

#### **Seating of Directors:**

The following substitute Director was seated:

Tony Krakauskas for the New Mexico Landmen's Association

#### **Staff Report provided by EVP Marty Schardt:**

There was a brief overview on AAPL designations and trademarks

There is mold in four of the AAPL offices at a cost of \$120,000 for renovations.

The new Education Director was introduced, Christopher Halasznski, PhD

#### **NAPE Report provided by Robin Forte and Christy Payne:**

Summer NAPE 2010, net to AAPL at \$640,284 plus management fee at \$266,653.

Approximately 1200 booths have been sold for NAPE 2011, scheduled for February 16 through February 18, 2011. A full-day conference is scheduled for February 16, with keynote speaker Steve Mueller, CEO and President of Southwestern Energy, and an executive editorial to be provided by former Shell President, John Hofmeister.

**Highlights of Winter NAPE 2011:**

The International Forum will be a full day event featuring a Statoil VP as the keynote speaker.

The Heroes luncheon will be held on Thursday with featured country superstar LeAnn Rimes. Cost-free homes will be presented to wounded soldiers.

The Icebreaker will be followed by the Houston Rockets/Philadelphia 76ers game at the Toyota Center. Tickets will be available from \$40 to \$200.

Booth registration and housing is open for Summer NAPE 2011. Attendee registration opens in spring.

American Hero's Fund Update:

ABC's Extreme Makeover: Home Edition will feature an American Hero, and AAPL received a credit.

NAPE has raised \$1.3 million for the Heroes fund and has provided direct Christmas gifts for a hundred thousand soldiers.

150 families will receive \$75,000, to save their homes from foreclosure.

**Treasurer's Report provided by Brooks Yates:****Balance Sheet:**

Total assets have increased from \$15,267,352 to \$18,347,628, realizing a 20.2% gain.

**Statement of Income and Expenses:**

Revenues have increased from \$2,306,679 to \$2,375,749, realizing a 3% gain, with expenses at an 11.3% increased from \$654,655 to \$728,358. The increase in expenses is due to the addition of the new EVP, and additional support staff, management staff and increase in professional expenses related to the Ethics Committee special review.

**Statement of Investments Accounts:**

Invested funds as of September 30, 2010, are \$18,0770,530, being a 21.6% increase. AAPL transferred \$3,500,000 from checking to investments covering the September 30, 2009 through September 30, 2010 period. The securities market value for this same period declined by \$300,000.

**President & Executive Committee Report:**

The AAPL President has attended various meetings around the country and Canada.

The AAPL Annual Meeting will be held at the Boston Park Plaza, June 8<sup>th</sup> through June 11, 2011, and the keynote speaker will be Karl Rove. The proposed agenda includes the following topics:

Canada's Oil and Gas Industry, Shale for Non-Shale Landmen, Negotiations, Railroad Commission of Texas Overview, Gas Storage Facilities, Comparative Review of Oil and Gas Law in Appalachia, IRS Issues for the Broker and Independent Landman, GIS, Environmental Effects and Litigation Resulting from the BP Oil Spill, IPAA-Lobbying Activities, Overview, Business Etiquette-The Professional Landman, Post Production Costs, Ethics, and Women in Oil and Gas

82<sup>nd</sup> Regular Session of the Texas Legislature update as provided by Jay Howard, Partner, HillCo Partners:

The Texas Legislature will convene on January 11, 2011, to address several issues inclusive of a budget shortfall of approximately \$20 billion, legislative redistricting and sunset legislation to reauthorize several state agencies. Issues affecting the land profession may include landman services sales tax, condemnation/property rights, and hydraulic fracturing. The unauthorized practice of law and the licensing issues are not expected to be issues this session due to the state cost to implement a new regulatory entity. Hillco has indicated that they will fight the sales tax issue.

The 2012 Annual Meeting will be held in San Francisco.

## **Committees & Other Entities Reports:**

Various committee reports were provided with key highlights as follows:

### Ethics Committee-Roger Soape:

Roger Soape indicated that the forensics CPA report should be available in 30 days as to the Special Investigating Committee chaired by Jack Sweeny to investigate claims made by AAPL Watch.

### By-Laws Committee-Michel E Curry:

A timeline was provided as to the by-laws revision with a vote to be taken on the final revision at the 2010 Annual Meeting.

### Legislative/Regulatory Committee-James R Bourbeau:

Updates included New York, Pennsylvania, Colorado, Oklahoma, Texas, and Utah. A New York press release dated June 14, 2010, indicated that the new gas drilling moratorium bill was unnecessary due to the positive economic impact on the state. A study indicated that the Marcellus Shale region generated 280,000 jobs with \$6 billion in government revenue. However, a bill passed by the New York Senate would impose a natural gas moratorium on Marcellus exploration including current drilling with safe tract records. Presented bill opposition indicates a delay in this economic development opportunity, and a delay in economic recovery.

Pennsylvania governor declared a natural gas severance tax dead, and an executive order was signed banning future oil and gas leasing of DOC and DCNR lands. The state generated \$4.5 million in royalties from approximately 700,000 acres of state owned land, since 2008.

Colorado had a few bills introduced affecting renewable energy and utilities. HB10-1158 was postponed indefinitely, which seeks to determine wind ownership and right to use.

Oklahoma had a busy legislative session. Several bills became law including the following: the Oklahoma Energy Security Act; the Oklahoma Wind Energy Development Act; a repeal of the OK Oil and Gas Owners' Lien Act and the establishment of the Oil and Gas Owners' Lien Act of 2010; a bill that provides for the gross production tax rebates for horizontal and deep wells for 2010 and 2011 production periods; a bill that modifies the statutory probate procedure as to the conveyance of certain mineral interest and a court clerk requirement to accept affidavits as prepared by statute and the treatment of same as valid conveyances; a bill that modifies the apportionment of state oil and gas taxes; a bill that allows an oil and gas distributor to utilize electronic payment for royalty payments.

The Texas Railroad Commission adopted amended rules relative to inactive wells as to well restoration to active status, plugging wells that have no potential and plugging extensions for future potential producing wells. Also, all injection/disposal permits to include verbiage indicating a three-year expiration date.

Utah may see the introduction of surface owner protection legislation in the next session.

Public Lands Committee-Marc Randal Strahn:

A summary included Utah, Montana, Nevada, and Eastern US.

Potash interest in Utah has delayed the BLM application process and surface accommodation legislation on the agenda.

Montana has federal survey concerns as to meeting certain requirements for official survey designation as the BLM lacks funding to expedite same.

Nevada is included in the states in which the BLM has proposed 1.6+ million acres to be designated as "Treasured Landscapes." The USFS has closed all roads unless designated as open.

The Eastern US has initiated a pilot program for resolving private, state and county road claims on public lands. It appears to modify the Bush Administration policy implemented in 2006. The Pennsylvania governor has announced that there will not be further development on state forest lands and mineral rights.

Awards Committee-Katherine Chalfant:

Award entries are due by January 28, 2011. Committee will meet in February to review and select award recipients.

Certification Committee-Matt Smith:

The committee is seeking clarity as to the "Retired CPL" status being eliminated by vote in 2009. The committee has suggested revising the RPL designation to allow application from active landmen without a degree and hope to have an amendment before the board in March.

Membership Committee-Pamela D Feist:

There has been a slight decrease in membership and programs are in place to attract new members, such as the Field Landman Seminars and new membership campaigns, as well as a new study to assist in the organization of new local association affiliation.

Field Landman Committee-Wendy Dalton:

The committee continues to see new member recruitment success from the field landman seminars with a current total of 200 new AAPL members. Seminars are being planned with potential venues in Utah, California, North Dakota, Pennsylvania, West Virginia, Indiana, Arkansas, Louisiana, Tulsa and the Eagle Ford Shale area.

Publications Committee-Aaron R Yost:

Committee reviews articles for the Landman Magazine and Landman 2.

Education Committee-Mark A Acree:

Potential topics and speakers for the annual meeting to be held in Boston determined and indicated above in the President/Executive Committee Report.

International Oil Scouts Committee-Karen Morales/Pam Florek:

Proposes AAPL sponsorship for the Drake Museum's Educational trailer at winter NAPE, for purpose of educating children as to the oil and gas industry. The mobile unit is sponsored in part by IOSA and Offshore Oil Scouts Association.

Website Committee-Randy H Nichols:

AAPL website development is ongoing. No timeline indicated as to completion.

The AAPL Board will meet March 19-20, 2011, in Santa Fe, New Mexico. 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 [cynthia@hardinenergy.com](mailto:cynthia@hardinenergy.com) or by telephone at (936) 494-0222.

Wishing you a blessed holiday season and a prosperous New Year!

Warm regards,

**Cynthia D. Hardin, RPL**

