



The Override

Every Landman Wants One!

Volume IX , Issue II

November, 2014



Los Angeles Association of Professional Landmen

Presidents Message

Jason Downs, RPL, President
Breitburn Management Company LLC

Welcome back, especially to those who attended the West Coast Land Institute held in Las Vegas, Nevada this year. It was a great event and we are glad everyone who attended made it back to California safe and sound. We appreciated the change in location and I heard a majority of attendees voice how much they enjoyed the setting as well. My personal recommendations for next year would include Lake Tahoe or Napa for WCLI 2015.

For those who read the September President's Message Column (If you have not, please visit www.laapl.com to download any prior The Override issues), we would like to continue discussing September's topic we wrote

Inside This Issue:

~ Click on a topic to take you to that article ~

Presidents Message	1
Luncheon Speaker	1
Opinionated Corner	2
New Members & Transfers	3
Treasury Report	3
Scheduled Luncheon Topics	3
LAAPL & LABGS Joint Luncheon	4
Honorable Guests	4
Lawyer's Joke of the Month	6
Appointed Chairs & Regional Dir.	6
Case of the Month - R of W	8
Case of the Month - O & G	10
Legislative Update	12
Educational Corner	16
AB 1888 - Transfer Tax	20
WI & NRI Workshop Flyer - Attach 1	
BC Lease Agmt - Attach 2	

in our inaugural column. As you may recall, this was my best attempt to be a true "Californian" and complain why Rule of Capture doesn't work. (It however works extremely well for a select few.) I will dodge your bullets if this happens to be your sacred cow. So where should we start looking for a solution? We have a few abstract thoughts we plan to lay out during the tenure of being Chapter President, though we doubt any of these will ever become reality in California. So this exercise is just for fun and I will continue discussing the topic in future 2014-15 President's Messages.

Abstract thought #1: How could we get people more on our side similar to the other parts of the country and/or like our neighbor to the north? Maybe creating laws which attributes a small royalty or at least monitoring rentals to the landowners of record would work. How would this work, for whom and why?

In Canada, or more specifically, in most of the Provinces, the mineral rights are leased from the Crown. If the Crown holds the mineral rights on your surface estate, a prospector can obtain an agreement with the Crown. Then the lessee needs to negotiate an agreement with the surface estate owner who can negotiate their own terms and likely will negotiate a royalty of their own; however, the surface owner does not have the right to refuse permission for oil and gas development and exploration. This may come more into play if a state like California ever passed legislation which would remove oil and gas rights from having a dominant estate.

What is involved in a surface lease agreement? A surface lease agreement grants a company access to privately

Presidents Message
continued on page 4



Meeting Luncheon Speaker

"What is the Real Price of Free Trade?"



Free trade agreements have been sold as the solution for increasing trade between countries and maximizing economic opportunities.

However, the actual results show something entirely different.

Arthur R. Thompson will discuss the real price of free trade and questions why current free trade agreement discussions are involving subjects outside of trade, including climate change, sustainable development, homeland security, and the military and international courts.



Opinionated Corner

Joe Munsey, RPL
Publications/Newsletter Co-Chair
Southern California Gas Company

Can I personally gloat? RE: Republicans Controls the Senate. In the spirit of the upcoming holidays we will refrain from reveling and keep our theme on the lighter side.

We all experience the joy of opening bills from local utility companies then only to groan when our eyes gaze to the bottom line. Once we come to grips with the amount of our salaries we are expected to fork over that month to our utility friends, if you are like me, we haphazardly foliage through whatever the company has stuffed in the envelope. It amazes me at times who directs the individual(s) writing the copy for those "Public Notices."

Several years ago the granddaddy of the water district here in Southern California inserted a brochure asking its customers to have on standby in our remodeled master bathroom a 5 gallon bucket to save the initial cold water we "waste" while waiting for things to heat up. Then we were instructed to save the "waste water" and use it for the garden or other purposes. Just imagine when the king pin of the water district came home with his/her new white 5 gallon bucket and announced to his/her spouse exactly what they were to do each morning to be in compliance and in the spirit of the newly minted green campaign. Well, we can only suspect where the 5 gallon bucket ended its life, probably elsewhere in the house as a storage bid. Who wants to do chores each morning hauling off 5 gallon buckets of water as if living on the farm?

Here are a few perky ideas from a

recent brochure found in my local waste management bill.

"Become independent of disposable plates, cups and utensils and bring reusable party ware. This is not only good for the environment, but also saves money in the long run." Imagine the CEO of this company explaining to his/her spouse on the day of the big company picnic regarding the new rules of the house. While our CEO is looking for the silverware and china, the real boss is informing the domestic help to gather up the plastic disposables and he/she will "explain" to our CEO why this plan really does not work in the real world.

Let's drop in on the conversation. "Dear, the reason why the company is doing so well and we live in our tony neighborhood is based entirely upon your company getting rid of plastic waste. If I re-call, one of the big contracts the company won from the park districts involves plastic liners filled to the brim in the company's disposal receptors, the fees to maintain them and haul away to a waste site you manage while charging those fabulous fees to do so. Let's be reasonable, no big contract means less cash flow to company – well you get the picture dear. You're really just a highly-paid garbage man." You can be assured who won the battle.

Here is another platitude from the brochure. "For a greener barbeque, consider using lump coal made from invasive tree species or harvested from sustainable managed forests." Ummm....now we have to read the labels to make sure the lump of coal is from invasive tree species. The SCAQMD may want to look into this matter of encouraging the use of charcoal here in Southern California – thought it was banned.

Taking that idea a bit further, would also apply during the Christmas season when leaving a lump of coal to the kiddies. Trust Saint Nicholas received the notice.

Well, from what I understand, all the companies in the forest products industry actually use the 1000 year plan to manage their forest holdings to ensure the companies are around for the great grandchildren and beyond. It is a prerequisite to be in the business. The person writing this copy may have forgotten that factoid.

Here is the final one so we can end this column; since we are heading into the Thanksgiving Holiday. "Use aluminum foil instead of plastic wrap to cover and store food. Foil can be cleaned and reused, or crumpled up and tossed into recycling bin, making it the better option."

Well, let's give the CEO some kudos, he/she is still thinking about those contracts for hauling recyclable waste away to the company's managed waste sites. However, no plastic wrap means we do away with those park benches made from recycled plastic wrap.

As to cleaning and recycling the aluminum foil, thought that went the way of the do-it-yourself oil change when the greatest generation got hip to the disposal society.

Before we leave you for the remainder of the year, and we often repeat this, support our troops and keep them in your prayers. Enjoy your Thanksgiving and be thankful for this year's blessings. Bask in the joy of Christmas, or Hanukkah, and spread peace on earth towards all. God Bless America!



Randall Taylor, RPL
Petroleum Landman

Taylor Land Service, Inc.
30101 Town Center Drive
Suite 200

Laguna Niguel, CA 92677
949-495-4372

randall@taylorlandservice.com

2013–2014 Officers & Board of Directors

Jason Downs, RPL
President
Breitburn Management Company LLC
213-225-5900

Ernest Guadiana, Esq.,
Vice President
Law Firm of Dentons US
213-623-9300

Paul Langland, Esq.
Past President
Independent
310-997-5897

Cliff Moore
Secretary
Independent
818-588-9020

Sarah Downs, RPL
Treasurer
Downchez Energy, Inc.
562-639-9433

Joe Munsey, RPL
Director
Southern California Gas Company
562-624-3241

L. Rae Connet, Esq.,
Director
President, PetroLand Services
310-349-0051

Mike Flores
Region VIII AAPL Director
Luna Glushon
310-556-1444

Newsletter/Publishing Chair
Joe Munsey, RPL, Co-Chair
Randall Taylor, RPL, Co-Chair

Communications/Website Chair
Odysseus Chairetakis
PetroLand Services
310-349-0051

Membership Chair
Cambria Henderson, J.D.
California Resources Corporation
562-495-9373

Education Chair
James D. Pham, J.D.
Independent
(310) 349-0051 Ext 112

Legislative Chairs
Olman Valverde, Esq., Co-Chair
Mike Flores, Co-Chair
Luna E. Glushon
310-556-1444

Golf Chair
To be determined

Nominations Chair
To be determined

Hospitality Chair
Chip Hoover, Independent
310-795-7300
Leah Hoover, Independent
310-795-2272



New Members and Transfers

Cambria Henderson OXY USA Inc., LA Basin Asset Membership Chair

Welcome! As a Los Angeles Association of Professional Landmen member, you serve to further the education and broaden the scope of the petroleum landman and to promote effective communication between its members, government, community and industry on energy-related issues.

New Members

Jessica Bradley
Land Services and Regulatory
Compliance Specialist
Warren E&P, Inc.
100 Oceanate, Suite 950
Long Beach, CA 90802
(562) 685-9069

Lauren Feccia
Attorney/ Paralegal
Laurendfeccia@gmail.com
(214) 793-3700

Suzy Husner
Landman
Petroland Services
3625 Del Amo Blvd., Suite 330
Torrance, CA 90503
(310) 349-0051

Allison Foster
Land Systems Coordinator
Brietburn Management Company LLC
515 S. Flower St. Suite 4800
Los Angeles, CA 90071

New Member Requests

Paul Cowdery
Dr. of Sales and Business Development
ParcelQuest
2330 W. Bidwell St., Suite 200
Folsom, CA 95630
Paul.cowdery@parcelquest.com
(916) 817-2211

Transfers

None to Report

Corrections

None to Report



Treasurer's Report

As of 4/1/2009, the LAAPL account showed a balance of	\$ 21,262.43
Deposits	\$ 1,660.00
Total Checks, Withdrawals, Transfers	\$ 653.75
Balance as of 4/30/2009	\$ 22,268.68
Merrill Lynch Money Account shows a total	\$ 11,096.90

LAAPL and AAPL'S WI/NRI Workshop Hold Joint Luncheon Friday November 14th

As a reminder to Chapter members and industry friends, LAAPL will not be holding its regularly scheduled November luncheon on November 20th, which is the third Thursday of the month.

The LAAPL and the AAPL's Working Interest/Net Revenue Interest Workshop will share the same luncheon date on Friday, November 14th, at the Long Beach Petroleum Club.

Scheduled LAAPL Luncheon Topics and Dates

November 14th

Arthur R. Thompson
"What is the Real Price of Free
Trade?"

January 22nd

[4TH Thursday]
Annual Joint Meeting with
Los Angeles Basin Geological Society

March 19th

TBD

May 21st

TBD
Officer Elections



Presidents Message
continued from page 1

owned land for the purposes of constructing and maintaining aboveground structures (such as a wellsite or battery) necessary for operations. The agreement also specifies any conditions relating to the commitments and responsibilities of both the company and the landowner, including the payment of compensation. Furthermore, the agreement requires compensation review ability every 3 - 4 years. Each Province or Territory has its own governing agency and separate regulations. The minimum contents of an agreement are the prescribed requirements in the Surface Lease Regulation. The B.C. Ministry of Energy, Mines and Petroleum Resources helped to facilitate the negotiation of the (See attachment 2) surface lease agreement.

In effect, these laws essentially protect the surface land owners similar to how forced pooling regulations in Oklahoma protects their respective mineral owners.

In conclusion, this hypothetical idea may work by providing protection and compensation to those affected by your oil and gas operations, and it may provide some "skin in the game" for those affected. Allowing an open awareness to the surrounding resident's co-habitable environment may be a good thing.

Surrounding residents may learn to trust and welcome their neighboring producers, hopefully with open arms. This may be especially important if legislation is ever passed in California revoking oil, gas and mineral rights as the dominate estate. Beverly Hills and other surrounding California cities in essence have already accomplished overriding dominate estate laws with zoning and ordinance restrictions. The idea is to create a system which would be the best possible outcome for the majority to use and enjoy here in California.

Who completed the attached surface lease agreement? The surface lease agreement was a recommendation of the Northeast Energy and Mines Advisory Committee (NEEMAC). It was negotiated through the cooperation of NEEMAC member landowner groups, regional government, and the oil and gas industry, including:

- Custodians of the Peace Country Society
- Peace River Regional District
- Peace River Forage Association (B.C.)
- Canadian Association of Petroleum Producers (CAPP)
- Small Explorers and Producers Association of Canada (SEPAC)
- Canadian Association of Petroleum Landmen (CAPL)

Resources:

[http://www.landman.ca/pdf/2014/Saskatchewan%20SRB%20Aug 11 2014 SK Surface Rights Legislation - Summary of Potential Changes.pdf](http://www.landman.ca/pdf/2014/Saskatchewan%20SRB%20Aug%2011%2014%20SK%20Surface%20Rights%20Legislation%20-%20Summary%20of%20Potential%20Changes.pdf)

www.ogc.gov.bc.ca

B.C. Reg. 497/74 in the Petroleum and Natural Gas Act. The B.C. Oil and Gas Commission (OGC) has developed a Landowner's Information Guide that answers many of the basic questions a landowner may have.

Oklahoma Forced Pooling

Our Honorable Guests

September's luncheon was another successful LAAPL Chapter luncheon meeting held at the Long Beach Petroleum Club. Our guests of honor who attended:

Many who longed to be there were there in spirit.

LAAPL & LABGS Hold Annual Joint Luncheon

The Los Angeles Association of Professional Landmen and the Los Angeles Basin Geological Society will hold its joint luncheon in January 2015. Please note the date of the luncheon is the fourth Thursday of January and the location is at the Grand at Willow Street Conference Center.

Luna & Glushon

ATTORNEYS

PROUDLY SERVING THE
OIL & GAS INDUSTRY FOR 30 YEARS



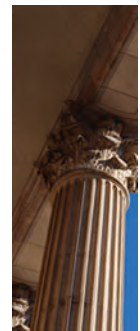
ENERGY LAW



BUSINESS



REAL ESTATE



LITIGATION

The firm's representative work includes oil and gas acquisitions, project finance, both onshore and offshore, title opinions, pipeline agreements and easements, and major construction contracts.

For more information, contact:

Dennis R. Luna

Luna & Glushon

at: (310) 556-1444 or
dluna@lunaglushon.com
1801 Century Park East, Suite 2400
Los Angeles, CA 90067-2326

"My experience as a petroleum engineer (PE) and a Harvard Law graduate, allows our firm to provide you with legal guidance in any oil and gas matter."

... Dennis R. Luna

www.lunaglushon.com





**Expertly Serving Oil
& Gas Stakeholders**

**PetroLand Services is a
Full Service Land Company providing:**

- 🔥 Oil, Gas & Mineral Consulting
- 🔥 ARC/GIS Mapping
- 🔥 Secure Online Maps
- 🔥 Title Research
- 🔥 Due Diligence
- 🔥 Title Curative / Probate Matters
- 🔥 Seismic Permitting
- 🔥 Leasing
- 🔥 Surface & Mineral Acquisitions
- 🔥 Right-of-Way Title & Acquisitions
- 🔥 Permitting and Regulatory Compliance
- 🔥 Land Administration
- 🔥 File Management

PetroLand Services is a full-service consulting firm providing professional land services to the oil and gas industry, attorneys, utilities, title insurers, pipeline companies, developers, land owners and public agencies. Our firm is uniquely positioned to assist with leasing, permitting, acquisitions, divestitures, due diligence and the day-to-day operational challenges of drilling and producing in high-density urban environments throughout the Country.

L. Rae Connet, Esq. - President
California - (310) 349-0051
rconnet@petrolandservice.com

Jeff Martinez, RPL - Vice President
Louisiana - (337) 278-0787
jmartinez@petrolandservice.com

Lawyers' Joke of the Month

**Jack Quirk, Esq.
Bright and Brown**

Some common Tools explained...

DRILL PRESS: A tall upright machine useful for suddenly snatching flat metal bar stock out of your hands so that it smacks you in the chest and flings your beer across the room, denting the freshly-painted project which you had carefully set in the corner where nothing could get to it.

WIRE WHEEL: Cleans paint off bolts and then throws them somewhere under the workbench with the speed of light . Also removes fingerprints and hard-earned calluses from fingers in about the time it takes you to say, 'Oh s**@!'

SKIL SAW: A portable cutting tool used to make studs too short.

PLIERS: Used to round off bolt heads. Sometimes used in the creation of blood-blisters.

BELT SANDER: An electric sanding tool commonly used to convert minor touch-up jobs into major refinishing jobs.

HACKSAW: One of a family of cutting tools built on the Ouija board principle... It transforms human energy into a crooked, unpredictable motion, and the more you attempt to influence its course, the more dismal your future becomes.

WISE-GRIPS: Generally used after pliers to completely round off bolt heads. If nothing else is available, they can also be used to transfer intense welding heat to the palm of your hand.

OXYACETYLENE TORCH: Used almost entirely for lighting various flammable objects in your shop on fire. Also handy for igniting the grease inside the wheel hub out of which you want to remove a bearing race.

TABLE SAW: A large stationary power tool commonly used to launch wood projectiles for testing wall integrity.

HYDRAULIC FLOOR JACK: Used for lowering an automobile to the ground after you have installed your new brake shoes , trapping the jack handle firmly under the bumper.

BAND SAW: A large stationary power saw primarily used by most shops to cut good aluminum sheet into smaller pieces that

more easily fit into the trash can after you cut on the inside of the line instead of the outside edge.

TWO-TON ENGINE HOIST: A tool for testing the maximum tensile strength of everything you forgot to disconnect.

PHILLIPS SCREWDRIVER: Normally used to stab the vacuum seals under lids or for opening old-style paper-and-tin oil cans and splashing oil on your shirt; but can also be used, as the name implies, to strip out Phillips screw heads.

STRAIGHT SCREWDRIVER: A tool for opening paint cans. Sometimes used to convert common slotted screws into non-removable screws and butchering your palms.

PRY BAR: A tool used to crumple the metal surrounding that clip or bracket you needed to remove in order to replace a 50 cent part.

HOSE CUTTER: A tool used to make hoses too short.

HAMMER: Originally employed as a weapon of war, the hammer nowadays is used as a kind of divining rod to locate the most expensive parts adjacent the object we are trying to hit. It is especially valuable at being able to find the EXACT location of the thumb or index finger of the other hand.

UTILITY KNIFE: Used to open and slice through the contents of cardboard cartons delivered to your front door; works particularly well on contents such as seats, vinyl records, liquids in plastic bottles, collector

magazines, refund checks, and rubber or plastic parts. Especially useful for slicing work clothes, but only while in use.

SON-OF-A-BITCH TOOL: (A personal favorite!) Any handy tool that you grab and throw across the garage while yelling 'Son of a BITCH!' at the top of your lungs. It is also, most often, the next tool that you will need.

REMEMBER SAFETY IS NO ACCIDENT!

SPECTRUM
Land Services



**"Beyond Service ...
Solutions"**

Corporate Headquarters
725 Town & Country Road
Suite 410 • Orange, CA 9286
Tel: (714) 568-1800
Fax: (714) 568-1805

Visit us on the web: www.spectrumland.com

JAMES C. KARO
ASSOCIATES
LAND SERVICES

serving the LA and San Joaquin Basins

303.279.0789

TELL THE STATUS QUO TO WATCH ITS BACK.



AT PURPLE LAND MANAGEMENT, WE BELIEVE THERE'S A DIFFERENT WAY TO PROVIDE LAND SERVICES. A WAY THAT BUCKS INDUSTRY CONVENTIONS IN FAVOR OF NEW IDEAS THAT ACHIEVE BETTER RESULTS. A WAY THAT USES THE LATEST TECHNOLOGY TO DRIVE DOWN COSTS AND AMP UP EFFICIENCIES. A WAY THAT SEES OUR WORK AS PART OF A REVOLUTION DESIGNED TO MAKE OUR COMMUNITIES AND OUR COUNTRY BETTER. THIS WAY IS THE **PURPLE WAY**- AND IT'S THE HEART AND SOUL OF WHO WE ARE, WHAT WE DO AND HOW WE DO IT.

OUR SERVICES



LEASE NEGOTIATION & ACQUISITION



GIS CONSULTING



RIGHT-OF-WAY ACQUISITION



COMPLEX CURATIVE



TITLE SERVICES



ACQUISITION DUE DILIGENCE



PROJECT MANAGEMENT



MITIGATION BANKING

WWW.PURPLELANDMGMT.COM

PLM - WEST
BAKERSFIELD, CA



facebook.com/PurpleLandMgmt



[@PurpleLandMgmt](https://twitter.com/PurpleLandMgmt)



[@PurpleLandMgmt](https://www.instagram.com/PurpleLandMgmt)

Case of the Month - Right of Way



Property Reserve on Hold: Supreme Court to Review Eminent Domain Right of Entry Statutes

By Bradford B. Kuhn, Esq.
Law Firm of Nossaman LLP

Permission to Publish
All Rights Reserved

Just a few months ago, the California Court of Appeal handed down a significant decision in *Property Reserve v. Superior Court* which nearly eviscerated public agencies' ability to make use of the statutory "right of entry" procedure to gain access to private property to conduct any significant investigations and testing. The Court held that any notable physical intrusion onto private property constituted a taking, meaning the public agency needed to proceed with an eminent domain proceeding. The decision caused an uproar among public agencies across the state. Well, pump the brakes: the California Supreme Court just decided to review the case.

The Court will decide the following issues:

Do the geological testing activities proposed by the public agency (in this case, the Department of Water Resources) constitute a taking?

Do the environmental testing activities (soil borings, endangered species testing, etc.) constitute a taking?

If so, do the precondemnation entry statutes (Code Civ. Proc., §§ 1245.010-1245.060) provide a constitutionally valid eminent domain proceeding for the taking?

What does this all mean? Well, for now, the *Property Reserve* case is no longer the law (meaning it cannot be cited as precedent for the time being). Once the Supreme Court issues its decision, we'll know a lot more about what public agencies can and cannot do with respect to pre condemnation investigation and testing. Perhaps the Court will side with public agencies, concluding that such actions do not rise to the level of a taking, or that the right of entry statute afford sufficient protections when agencies undertake investigation and testing. Or, perhaps the Court will side with property owners, concluding that any invasion onto private property must afford owners with the necessary protections of just compensation and the right to a jury trial. Or maybe we'll get some more bright lines on just what will and what will not be allowed.

For the time being, agencies arguably can go back to business as usual, using the right of entry statutes for early testing and investigation. But it's still risky business: any sophisticated property owner is still going to make the same arguments the owners made in the *Property Reserve* case, or at least argue that any trial court cannot allow for such activities until the Supreme Court issues its decision.

Stay tuned.

THE LAW FIRM OF

BRIGHT AND BROWN

GRATEFULLY ACKNOWLEDGES THE CONTINUING SUPPORT OF OUR FRIENDS AND CLIENTS IN THE OIL AND GAS INDUSTRY AS WE CONTINUE A TRADITION OF PRACTICE IN THE AREAS OF BUSINESS, REAL PROPERTY AND ENVIRONMENTAL LITIGATION; EXPLORATION AND PRODUCTION TRANSACTIONS; MINERAL TITLE REVIEW AND OPINIONS; LAND USE, ZONING, ENVIRONMENTAL AND OTHER PERMITTING AND ADMINISTRATIVE MATTERS.

550 NORTH BRAND BOULEVARD
SUITE 2100
GLENDALE, CALIFORNIA 91203
(818) 243-2121 OR (213) 489-1414
FACSIMILE (818) 243-3225

MPI

MAVERICK PETROLEUM, INC.

Complete Oil and Gas Land Services
1401 Commercial Way, Suite 200
Bakersfield, California 93309
Phone: (661) 328-5530
Fax: (661) 328-5535
e-mail: glp@mavpetinc.com

Lease Availability Checks
Title Searching
Title Curative
Drillsite Title Reports
Lease Negotiations
Surface Damage Negotiations
In House Support

Division Orders
Due Diligence Work
Acquisitions and Divestitures
Right-of-Way Acquisitions
Complete 3-D Seismic Services
Well Permitting
Digital Mapping

Gary L. Plotner
President

BAPL President 1985-86 & 2003-04
AAPL Director 1988-90 & 2002-03 & 2004-05

Serving the Western United States since 1983



MPI

MAVERICK PETROLEUM, INC.

Complete Oil and Gas Land Services

1401 Commercial Way, Suite 200

Bakersfield, California 93309

Phone: (661) 328-5530, Fax: (661) 328-5535

www.mavpetinc.com

Lease Availability Checks

Title Searching

Title Curative

Drillsite Title Reports

Lease Negotiations

Surface Damage Negotiations

In House Support

Division Orders

Due Diligence Work

Acquisitions and Divestitures

Right-of-Way Acquisitions

Complete 3-D Seismic Services

Senate Bill 4 Compliance

Digital Mapping

Gary L. Plotner, President

glp@mavpetinc.com

BAPL President 1985-86 and 2003-04

AAPL Director 1988-90, 2002-03, and 2004-07



**SPECIALISTS IN
OIL AND GAS LEASING IN CALIFORNIA**



How Untimely Service Can Be Deadly To Your Takings Claim

*By Benjamin Z. Rubin, Esq.
Law Firm of Nossaman LLP*

Permission to Publish - All Rights Reserved

If you ask ten attorneys what keeps them up at night, at least six of them will recount nightmares about missing a filing deadline. I know what you're thinking. How hard can it be? You just look in the Code, find the applicable limitations period, and then you're off. However, as with all things law related, it very rarely is that simple. In a decision issued by the Second Appellate District, the court explained why filing deadlines are not the only thing lawyers should have nightmares about. In *Excelaron, LLC v. County of San Luis Obispo* (No. B248051, July 24, 2014) 2014 Cal. App. Unpub. LEXIS 5200, the Court of Appeal upheld the dismissal of plaintiff's inverse claim with prejudice, because the timely filed complaint was not timely served.

Plaintiff, the owner of various mineral estates in an unincorporated area of the County of San Luis Obispo, applied for a conditional use permit to drill and operate oil wells on its various estates. The County, however, denied the application, and in its Notice of Final Action stated:

Pursuant to Section 1.09.040 of the San Luis Obispo County Code, please be advised that the time within which judicial review must be sought is governed by the provisions of California Code of Civil Procedure section 1094.6 and Chapter 1.09 of the San Luis Obispo County Code (copy enclosed).

Both the County Code section 1.09 and California Code of Civil Procedure section 1094.6 states that a complaint must be filed within 90 days of the final decision; they are silent on the Issue of Service. Within 90 days of the decision, consistent with the requirements in the County's Code and California Code of Civil Procedure section 1094.6, the plaintiff filed a petition for Writ of Mandate and Complaint for Inverse Condemnation. Two days later, a first Amended Petition and Complaint was filed adding three additional petitioners and a new claim under the California Environmental Quality Act (CEQA). The Complaint sought approximately \$6.24 billion in damages (that's with a "b").

One hundred twenty nine days after the Final Decision was issued, the Complaint was served on the County. The County subsequently demurred to the entire Petition and Complaint on the ground that the plaintiffs had failed to comply with the service requirement in Government Code section 65009. Government Code section 65009, which only applies to a certain segment of land use decisions, including decisions relating to conditional use permits, states that except as provided therein, "no action or proceeding shall be maintained . . . by any person unless the action or proceeding is commenced and service is made on the legislative body within 90 days after the legislative body's decision[.]" Based on the failure to comply with the service requirement in Government Code section 65009, the trial court granted the demurrer without leave to amend.

On appeal, plaintiff asserted four arguments: (1) the County was estopped from relying on Government Code section 65009; (2) Government Code section 65009 was preempted by County Code section 1.09; (3) the County waived the protection of Government Code section 65009 by enacting County Code section 1.09; and (4) Government Code section 65009 does not apply to CEQA or inverse condemnation claims.

Plaintiff's estoppel argument was premised on the language in the County's final decision regarding Government Code section 1094.6 and County Code section 1.09. Plaintiff asserted that by specifically identifying sections Government Code 1094.6 and County Code section 1.09, the County knowingly and willfully misled the plaintiffs into believing that the claims would be timely so long as they were served within 90 days of the final decision. The Court of Appeal made short work of this argument, however, as it found that this exact argument had already been rejected in *Honig v. San Francisco Planning Dept.* (2005) 127 Cal.App.4th 520 and *Beresford Neighborhood Assn. v. City of San Mateo* (1989) 207 Cal.App.3d 1180. In light of these authorities, the court of appeal stated that "[a]lthough it might be better practice to include a reference to Government Code section 65009, the County's failure to do so here provides no basis for us to deem it estopped from asserting the statute as a defense." The court similarly rejected plaintiff's waiver and preemption arguments.

Finally, the court of appeal turned to the question of whether Government Code section 65009 applied to the CEQA and inverse claims. The court concluded that the CEQA claim was barred, relying on the plain language of Government Code section 65009 and *Royalty Carpet Mills, Inc. v. City of Irvine* (2005) 125 Cal.App.4th 110, since the claim "essentially and

necessarily” challenged the County’s decision to deny the application. The court reached the same conclusion with respect to the inverse claim, explaining that the gravamen of the claim hinged “on the validity of the County’s decision to deny the application[.]” Thus, the Court of Appeal concluded that the inverse "cause of action is subject to section 65009's statute of limitations."

Accordingly, because the Petition and Complaint was not served within 90 days, the Court of Appeal affirmed the dismissal of a timely filed inverse claim that had an estimated value of \$6.24 billion, with prejudice. Now that is a nightmare scenario.

Mr. Rubin can be reached at brubin@nossaman.com.



PETRU CORPORATION
A Full Service Land Company

TIMOTHY B. TRUWE
Registered Professional Landman
Registered Environmental
Property Assessor

**250 Hallock Drive, Suite 100
Santa Paula, CA 93060-9218**
**(805) 933-1389 Fax
(805) 933-1380**

<http://www.PetruCorporation.com>
Petru@PetruCorporation.com

Title Searches / Reports
Title Consulting / Research
Oil, Gas, Mineral Land Consulting
Water & Geothermal
Management / Administration
Leasing & Land Contracts
Title Engineering
Right-of-Way Consulting
Environmental Studies
Subdivisions / Parcel Maps
Permits / Regulatory Compliance
Expert Witness & Due Diligence
AutoCAD / Map Drafting



DOWNCHEZ
ENERGY, INC.

Title Leasing Document and Database Management GIS Mapping
419 Main Street #357 Huntington Beach, CA 92648 858.699.3353
www.downchezenergy.com




Venoco, Inc. is an independent oil and natural gas company founded in 1992. Venoco is continually recognized for practices that exceed safety and environmental compliance, thanks to the hardworking and experienced employees.

www.venocoinc.com

CONTACTS
Thomas E. Clark: RPL, Executive Land Manager
Patrick T. Moran: RPL, Senior Land Negotiator
Sharon Logan: CPL, Senior Landman
Sam Sheehan: Landman, GIS Technician

VENOCO, INC.
Corporate Office 370 17th St., Suite 3900
Denver, CO 80202
(303) 626-8300
Regional Office 6267 Carpinteria Ave., Ste 100
Carpinteria, CA 93013
(805) 745-2100

Legislative Update



by Mike Flores & Olman Valverde, Esq.
Luna & Glushon



Anti-Fracking Proposition P Defeated

Santa Barbara County voters rejected Proposition P, a proposed ban on hydraulic fracturing and other “high intensity” oil and gas operations. Because of its likely impact on almost all well maintenance activity, the ban would have effectively shut down most oil and gas operations in the county.

The measure was rejected by an overwhelming 60% of voters Tuesday, Nov. 4.

The initiative was backed by a group called the Santa Barbara County Water Guardians. Energy industry experts said Proposition P would have halted at least 90% of oil and gas operations in the county within five years.

They noted that, in addition to fracking, the proposition would have barred cyclic steam injection, along with construction of roads, pipelines or tanks “in support of” these methods. It would also have prohibited the granting of “discretionary permits” that are required not only for new wells but for routine maintenance and replacement of worn-out equipment.

The business community, along with newspapers including the *Santa Barbara News Press*, the *Santa Maria Times*, the *Lompoc Record*, the *Santa Barbara Independent*, and the *Pacific Coast Business Times*, recommended against the proposal.

They argued it would result in the loss of over 1,000 jobs and \$16 million in tax revenue to the country, and could expose the county to litigation from property owners who would lose income from mineral rights. (As posted on *The California Oil & Gas Report* on November 5, www.caloilgas.com)

California Election Roundup

While national headlines show significant improvements for the GOP in the 2014 midterm elections, the results in California are decidedly mixed.

Democrat Jerry Brown won an unprecedented fourth term in Tuesday’s general election. Gov. Brown now has the distinction of being the oldest-sitting and longest-serving governor in the history of California.

Democrats continued their sweep of all state wide offices, maintaining control of the Governor’s office, Lt. Governor, Treasurer, Attorney General, Insurance Commissioner, Controller and Secretary of State. No Republican candidate has won state wide election in California since 2006.

Overall voter turnout was low, with only 30.9% of registered voters casting a ballot.

The low turnout seemed to help Republican candidates in local races. California Republicans gained seats in both houses of the Legislature and have defeated the supermajority held by Democrats since 2012.

Republican challengers may also make gains in the U.S. House of Representatives in four seats that are currently held by Democrats. These elections are currently listed as “close contests” by the Secretary of State in which there is less than a two percent difference between the candidates.

With the passage Proposition 2, which creates a “rainy day fund” in the state budget, California’s credit rating on general obligation bonds was raised from A to A-plus by major credit-rating house Standard & Poor’s.

Hydraulic Fracturing Bans Pass in 2 Counties

In San Benito and Mendocino Counties, voters approved bans on high-intensity oil production techniques. In San Benito, nearly 57 percent of voters supported Measure J. Mendocino’s Measure S passed decisively with 67 percent of the vote.

No public records of past fracking in San Benito exist; during the campaign, oil producers emphasized that no plans to frack there are underway. State records document no active wells within Mendocino county borders.

Texas City Bans Hydraulic Fracturing

In a clear indication of issues we continue to face in California are now spreading to other areas of the USA. Voters in the oil-rich North Texas City of Denton voted to ban further permitting of hydraulic fracturing, upsetting a campaign backed by big oil and gas companies opposing the measure.

The vote made Denton, which sits atop a large natural gas reserve, the first city in Texas to pass such a ban. It sets up a legal showdown between the city and industry groups which have warned the ban could be followed by lawsuits and a severe hit to Denton's economy.

Scores of cities in other states have considered similar bans over health and environmental concerns. But the proposal in Denton was a litmus test on whether any community in Texas — the nation's biggest oil and gas producer — could rebuff the industry and still thrive.

For more than a decade, Denton has drawn its lifeblood from the huge gas reserves beneath its streets. The gas fields have produced \$1 billion in mineral wealth and pumped more than \$30 million into city bank accounts.

LA City Council to Consider Aliso Canyon Oil Drilling Resolution

The Los Angeles City Council will consider a resolution requesting an environmental impact report for proposed oil drilling in Aliso Canyon near Porter Ranch.

The Termo Company, which already has 18 wells in the area, would like to build as many as 12 new wells on three new well pads north of the Santa Susana Mountains ridgeline.

Councilmember Mitch Englander submitted a resolution in July urging the Los Angeles County Department of Regional Planning to conduct a thorough environmental review, including an environmental impact report of Termo's plan.

The drilling would not take place in the city's jurisdiction, but some Porter Ranch residents are concerned the project may affect them. The nearest new well would be located 1.65 miles from residents on West Via Urbino.



A broad range of **experience** in providing specialized services to the energy and utility industries.

Anderson Land Services is a **Full Service Land Company** providing:

- Mineral and Surface Title Reports
- Lease Acquisition
- Right of Way Acquisition
- Drillsite Abstracts
- Due Diligence
- Seismic Permitting
- Surface Damage Settlements
- In-House Support
- Acquisitions & Divestitures
- Title Curative



Joseph M. Anderson, President
joe@andersonlandservices.com

661-873-4020

Fax: 661-323-4001
1701 Westwind Drive, Suite 129
Bakersfield, CA 93301
www.AndersonLandServices.com

Legislative Update
continued from page 13

Ralph Combs, project manager for Termo, has said they have no plans for hydraulic fracturing, or fracking, at the site. However, Combs said they did frack two wells, one in 2007 and one in 2011.

Kern County Scores an Important Court Victory Against Chevron USA Inc.

Kern County scored an important court victory against Chevron USA Inc. on October 24 in a landmark property tax case that had threatened a key source of local government funding.

A state appeals court ruling supported the county's assertion that drilling new wells increases the value of oil property. It rejected Chevron's claim such activity merely preserves the land's value.

The case was viewed as a landmark not only because it could have set a precedent affecting other oil-producing counties around the state. It was also important in that about a dozen other local oil companies have filed property tax appeals using the same legal argument as Chevron.

The ruling deals with a lawsuit Chevron filed against the county in October 2010 claiming it had been overcharged about \$3.5 million in property taxes from 2006 to 2008.

Over that period, the company reported drilling more than 1,800 wells in the McKittrick, North Midway, Kern River, Midway Sunset, Lost Hills and Cymric oil fields. While some of these wells were intended to recover previously untapped reserves, Chevron said others were drilled merely to replace wells no longer working properly.

Kern officials said if they had lost the case, the county might have had to repay \$17.8 million in property taxes Chevron and other oil producers claimed the county has overcharged them since 2006. That sum represents 4 percent of the discretionary spending in the county's general fund this year.

CIPA, WSPA AND IOPA Comment on New Proposed Rules of SB 4

The California Department of Conservation's Division of Gas Oil and Geothermal Resources (DOGGR) have released a third version of proposed rules for Senate Bill 4 (SB 4). The new proposals cover a multitude of areas including oil stimulation work, what size earthquakes must be reported, the timeframe which residents have to request groundwater testing and a host of other rules that industry must adhere to. Under this new paradigm, California will function under the strictest regulations covering the oil and gas industry in the country and possibly the world.

A trio of trade associations, including the California Independent Petroleum Association (CIPA), the Western States Petroleum Association (WSPA), and the Independent Oil Producers Association (IOPA), submitted comment letters to the state agency last week in reference to the proposed rules. The trio's comments have been consistent throughout the "comment periods" requesting that the operations and practices are transparent and the organizations willingness to abide by the additional reporting requirements but to also inquire as to the reason more information is needed, how it will be analyzed and used.

CALIFORNIA
EMINENT DOMAIN REPORT

www.CaliforniaEminentDomainReport.com

Follow it.

MAKING IT HAPPEN.
NOSSAMAN LLP

www.nossaman.com

**Nossaman's
Eminent Domain and
Valuation Group**

Rick E. Rayl, Chair
F. Gale Connor
Bernadette Duran-Brown
David Graeler
Bradford B. Kuhn
David J. Miller
James C. Powers
Ashley J. Remillard
Benjamin Z. Rubin
Michael G. Thornton

Powering California's Economy

Our experienced lawyers help oil and gas clients succeed by advising on all aspects of their businesses, including:

- SB 4 compliance - New
- Title opinions
- Siting and permitting
- Regulatory approvals
- Environmental compliance
- Litigation
- Exploration, joint venture and farm-out agreements
- Property tax issues
- Joint operating agreements
- Unit and pooling agreements



 **STOEL RIVES** LLP
ATTORNEYS AT LAW

Follow SB 4 developments at
www.stoel.com/sb4

Michael N. Mills
(916) 319-4642 | mnmills@stoel.com

Thomas A. Henry
(916) 319-4667 | tahenry@stoel.com

Alaska **California** Idaho Minnesota Oregon Utah Washington and Washington, D.C.

EMBRACING TECHNOLOGY TODAY – LEADING THE NATION'S LAND SERVICE INDUSTRY TO THE FUTURE



- Due Diligence
- Lease Acquisition
- Abstracts
- Seismic Permitting
- Surface Acquisition
- Mineral Title
- Lease Administration
- Right Of Way
- GIS
- Pipeline
- Mining

Nationwide Service

WOLCOTT LLC

Mineral Land Services Since 1977

POWERED BY
SuCHRIS
DATA SOLUTIONS, LLC

CAPTURE. PROCESS. DELIVER.
Your Data Matters

Explore more at:

www.wolcottllc.com

970-241-7146



Educational Corner

EDUCATIONAL CORNER

James D. Pham, JD, Independent
Education Chair

Listed below are continuous educational courses available for the fourth quarter of 2014. The American Association of Professional Landmen (AAPL) is committed to providing education seminars and events that support our membership base. In addition, you can generally earn credits by attending our luncheons based upon speaker and subject matter.

If you would like more information, please contact LAAPL's Education Chair James Pham, JD. at (949) 500-0909 or jdpham@email.com.

November 2014	
---------------	--

Oil and Gas Land Review, CPL/RPL Exam	WI/NRI Workshop
--	------------------------

When: November 10 - 13, 2014	When: November 13, 2014
------------------------------	-------------------------

Where: Fort Worth, CA	Where: Bakersfield, CA
-----------------------	------------------------

RL/RPL Continuing Education Credits: 18.0	RL/RPL Continuing Education Credits: 6.0
---	--

CPL Recertification Credits: 18.0	CPL Recertification Credits: 6.0
-----------------------------------	----------------------------------

CPL/ESA Ethics Credits: 1.0	CPL/ESA Ethics Credits: 0.0
-----------------------------	-----------------------------

WI/NRI Workshop	RPL/CPL Exam Only
------------------------	--------------------------

When: November 14, 2014	When: November 15, 2014
-------------------------	-------------------------

Where: Los Angeles, CA	Where: Roswell, NM
------------------------	--------------------

RL/RPL Continuing Education Credits: 6.0	RL/RPL Continuing Education Credits: 0.0
--	--

CPL Recertification Credits: 6.0	CPL Recertification Credits: 0.0
----------------------------------	----------------------------------

CPL/ESA Ethics Credits: 0.0	CPL/ESA Ethics Credits: 0.0
-----------------------------	-----------------------------

Pooling Seminar	Fundamentals of Land Practices & OPTIONAL RPL Exam
------------------------	---

When: November 18, 2014	When: November 20 - 21, 2014
-------------------------	------------------------------

Where: San Antonio, TX	Where: Oklahoma City, OK
------------------------	--------------------------

RL/RPL Continuing Education Credits: 5.0	RL/RPL Continuing Education Credits: 7.0
--	--

CPL Recertification Credits: 5.0	CPL Recertification Credits: 7.0
----------------------------------	----------------------------------

CPL/ESA Ethics Credits: 0.0	CPL/ESA Ethics Credits: 1.0
-----------------------------	-----------------------------

Applied Land Practices	
-------------------------------	--

When: November 24, 2014	
-------------------------	--

Where: Midland, TX	
--------------------	--

RL/RPL Continuing Education Credits: 7.0	
--	--

CPL Recertification Credits: 7.0	
----------------------------------	--

CPL/ESA Ethics Credits: 0.0	
-----------------------------	--

AAPL's Home Study program allows members to earn continuing education credits at their own convenience and schedule. The courses cover the issues most relevant to today's landman and cost between \$30 and \$75 to complete.

To receive continuing education credits via a home study course:

- [Download or print out the course \(PDF format\)](#)
- [Answer all questions completely](#)
- [Submit the answers as instructed along with the appropriate fee](#)



FREEPORT-McMoRAN OIL & GAS

Proud Sponsor of Los Angeles Association of Professional Landmen

San Joaquin Valley & Central Coast Office
1200 Discovery Drive, Suite 100
Bakersfield, CA 93309

Jennifer L. Cox
Land Manager
Phone: (661) 395-5276
Fax: (661) 395-5294
jennifer_cox@fmi.com

John C. Gilbert
Senior Landman
Phone: (661) 395-5218
Fax: (661) 395-5294
john_gilbert@fmi.com

John R. Billeaud
Landman
Phone: (661) 395-5286
Fax: (661) 395-5294
john_billeaud@fmi.com

Michelle Anderson
Land Technician
Phone: (661) 395-5519
Fax: (661) 395-5294
michelle_anderson@fmi.com

Los Angeles Office
5640 S. Fairfax Ave, Los Angeles, CA 90056

Charlotte Hargett
Land Technician
Phone: (323) 298-2206
Fax: (323) 296-9375
charlotte_hargett@fmi.com

Rae Connet
Contract Land Consultant
Phone: (323) 298-2211
Fax: (323) 296-9375
rae_connet@fmi.com

Educational Corner - continued

If you have questions or would like more information, please contact AAPL's Director of Education Christopher Halaszynski at (817) 231-4557 or chalaszynski@landman.org or LAAPL's Education Chair James Pham, JD, at (949) 500-0909 or jdpham@email.com.

General Credit Courses

[#100](#) Environmental Awareness for Today's Land Professional

Credits approved: 10 CPL/ESA/RPL/RL

\$75.00 – Buy Now

[#101](#) Due Diligence for Oil and Gas Properties

Credits approved: 10 CPL/RPL/RL

\$75.00 – Buy Now

[#102](#) The Outer Continental Shelf

Credits approved: 5 CPL/RPL/RL

\$37.50 – Buy Now

[#104](#) Of Teapot Dome, Wind River and Fort Chaffee: Federal Oil and Gas Resources

Credits approved: 5 CPL/RPL/RL

\$37.50 – Buy Now

[#105](#) Historic Origins of the U.S. Mining Laws and Proposals for Change

Credits approved: 4 CPL/RPL/RL

\$30.00 – Buy Now

[#106](#) Going Overseas: A Guide to Negotiating Energy Transactions with a Sovereign

Credits approved: 4 CPL/RPL/RL

\$30.00 – Buy Now

[#108](#) Water Quality Issues: Safe Drinking Water Act (SDWA)/Clean Water Act (CWA)/Oil Pollution Act (OPA)

Credits approved: 4 CPL/ESA/RPL/RL

\$30.00 – Buy Now

[#109](#) Common Law Environmental Issues and Liability for Unplugged Wells

Credits approved: 4 CPL/ESA/RPL/RL

\$30.00 – Buy Now

Ethics Credit Courses

Two ethics courses are available. Each course contains two essay questions. You may complete one or both of the questions per course depending on your ethics credits needs. Each question answered is worth one ethics continuing education credit.

[#103](#) Ethics Home Study (van Loon) – 1 or 2 questions

Credits approved: 2 CPL/RPL/RL & 2 Ethics

\$15.00 per question – Buy Now

[#107](#) Ethics Home Study (Sinex) – 1 or 2 questions

Credits approved: 2 CPL/RPL/RL & 2 Ethics

\$15.00 per question – Buy Now



ENERGY | FIELD SERVICES | SURVEY

"I make land management more manageable."

*Blake, Project Manager
Percheron Energy*



DISCOVER THE PERCHERON EXPERIENCE

FULLY INTEGRATED LAND SERVICES
YOU CAN COUNT ON

From right-of-way to surveying, lease acquisitions to environmental support, Percheron delivers consistent, reliable and fully integrated land services throughout the United States. You need people on your side who know every aspect of the industry. We bring together the right people, process and technology to create the complete Percheron Experience—so you get consistent results, every time.

Visit us at
2014 NAPE Rockies, Booth #508
Dec 10-12 | Denver, CO

TO LEARN MORE call **888.232.3149** | visit percheronllc.com

© Copyright Percheron Ilc. 2014

IF OIL AND GAS LAW IS THE NEW FAD, WE'VE BEEN TRENDY FOR THREE DECADES.

At Day Carter Murphy we work in the oil and gas industry all day, every day.
And we've been doing it for over thirty years.

- Jim Day
- Julie Carter
- Sean Murphy
- Jane Luckhardt
- Tracy Hunckler
- Carlin Yamachika
- Josh Baker
- Ralph Nevis
- Ryan Stephensen



DAY ■ CARTER ■ MURPHY LLP

DAYCARTERMURPHY.COM

AB 1888



THE DOCUMENTARY TRANSFER TAX ACT

ASSEMBLY BILL NO. 1888

WHAT IS THE DOCUMENTARY TRANSFER TAX ACT?

The **Documentary Transfer Tax Act** sanctions the board of supervisors of a county, or city and county, to enforce a tax with respect to specified instruments that transfer specified interests in real property.

The act requires the amount of tax due and the location of the property to show on the face of the document, and if the person submitting the document for recordation requests, that the amount of tax due be shown on a separate paper attached to the document.

The act outlaws the recorder from recording any deed, instrument, or writing subject to the tax, unless paid at the time of recording, and requires a signed statement of the amount of tax due on the face of the document or on the separate paper as provided by the act.

WHAT IS AB 1888?

Assembly Bill No. 1888 – Transfer Tax Disclosure amends the Documentary Transfer Tax Act requirements (refer to Sections 11932 and 11933 of the Revenue and Taxation Code).

This bill will delete the requirement that, upon request, the amount of tax due be shown on a separate paper attached to the document, and will make an identical change to the signed declaration requirement.

As of January 1st, 2015,
documentary transfer tax amounts will
no longer be private information.

Note: More information on AB 1888 and the Documentary Transfer Tax Act may also be referenced online: California Legislative Information (www.leginfo.ca.gov) and California State Board of Equalization (www.boe.ca.gov).

Disclaimer: This information is for general informational purposes only and does not constitute investment, financial, tax, or legal advice. Please contact an investment, financial, tax, or legal advisor regarding your specific situation.

Talk to your Commonwealth sales executive to learn more about how
AB 1888 may affect your next title and escrow transaction.



Keith Warther

VP, Sales Manager
4100 Newport Place, Suite 120
Newport Beach, CA 92660
Direct: (949) 338-8263
keith.warther@cltic.com

WHO DO YOU WANT TO SUPPORT?



YOUR HOUSE **OR** THE WHITE HOUSE?

WHY SELL NOW?

- Oil prices are dropping and may continue.
- Tax cuts expiring on December 31 means long-term capital gains tax goes from 15% to 23.8% and 35% ordinary income tax to 43.4%.
 - Maximize your estate value now while prices are still high and tax rates are still low.
- Cost average your tax bracket from 43.4% every month to 15% once!

Call or email Noble TODAY to maximize the full value of your asset

J.D. (DOUG) BRADLEY
Sr. V.P., Land Acquisitions & Divestitures

972-788-5839
buying@nobleroyalties.com

NOBLE ROYALTIES, INC.





WORKING INTEREST & NET REVENUE INTEREST CALCULATION WORKSHOP



Friday, November 14, 2014
Long Beach Petroleum Club
Long Beach, CA

www.landman.org

facebook.com/AAPLAmericasLandmen
Twitter: @AAPLLandman



Brief Overview

This workshop is intended to equip land professionals with elementary skills for working interest and net revenue interest calculations. Instruction is limited to NRI and WI calculations which may be found in leases, assignments, operating agreements and associated documents.

Instructor: Doug Potter

Event: Working Interest/ Net Revenue Interest Calculations Workshop

Hotel: Long Beach Petroleum Club, 3636 Linden Avenue, Long Beach, CA 90807

Date/time of event: 8:00am- 4:30pm

Cost: pre-registration: \$250 for members, \$375 for non-members; after October 31st the price goes up \$50.

Class Capacity: 40

Accreditation: 6 CPL/RPL/RL credits

Workshop Covers:

Effects of Typical Lease Clauses

- Granting Clause
- Royalty Clause
- Proportionate Reduction Clause
- Assignment Clause
- Pooling Clause

Analysis of Calculations & Concepts

- Average Royalty vs. Weighted Average Royalty
- Tract Participation Factor (TPF)
- Balancing Owner
- Lease vs. Tract vs. Unit vs. Fieldwide Unit
- Surface Acreage Allocation vs. Volumetric Allocation

Farmouts

JOA & Non-Consent Penalty

Materials Provided

- Working Interest Workbook

Materials Attendee Must bring

- basic hand-held calculator

Course Agenda

Friday, November 14th

- 8:00am: Registration & Continental Breakfast
- 8:15am-11:30am ***Working Interest/ Net Revenue Calculations Workshop***
- Effects of Typical Clauses
 - Analysis of Calculations & Concepts
 - Farmouts
 - JOA & Non-Consent Penalty
- 11:30am-1:00pm LAAPL Luncheon with a speaker
- 1:30pm-4:30pm ***Working Interest/ Net Revenue Calculations Workshop***

*Note: Schedule subject to change

Topics Covered

This one-day workshop will begin with simple examples and progress towards complex examples, teaching the fundamental calculations for Royalties, ORRIs, Net Revenue Interests and Working Interests. After attending this workshop, you will understand the fundamental progressions and calculations of WI & NRI as an unleased mineral interest becomes leased and progresses to become part of a producing tract, oil unit, gas unit, and field-wide unit; learn the consequences of changing WI & NRI for Leases, Assignments, Unitizations, Farmout BPO/APO scenarios and JOA Non-Consent Penalties.

The WI & NRI Calculation Workshop is a must for all Land Professionals. This workshop is a culmination of presentations delivered over the last ten years to hundreds of land professionals, attorneys and accountants at national conventions, professional land associations and Fortune 100 companies.

Instructor



Instructor: Douglas M. Potter

Douglas M. Potter received his BS in Geology in 1976 and MBA in Finance in 1981 from the University of Colorado in Boulder. As a Geologist, Potter worked for Conoco in Wyoming [Uranium] and Cordillera Exploration in Bolivia [Gold]. As a company Landman, Potter worked for Phillips Petroleum [Oil Shale] and Atlantic Richfield Company [O&G]. Potter is currently with Anadarko Petroleum Corporation as the US Land – Technical Staff Training and Development Coordinator. Potter's diversified background includes serving in other capacities, including Independent Landman, Division Order Analyst, Lease & Title Analyst and Supervisor of GIS Mapping. Potter is a Certified Professional Landman, a Certified Division Order Analyst and a Certified Lease & Title Analyst.

Tuition Assistance

Tuition Assistance: The AAPL Education Foundation has established a new tuition assistance program that will pay the registration fee for any AAPL member who desires to attend an AAPL operated educational event but cannot do so due to financial limitations. To receive assistance, an AAPL member must submit a written request for assistance along with the event registration form. The request must indicate the reason that assistance is needed, the years of AAPL membership (*minimum two years*), and list all other programs for which tuition assistance was approved (*maximum of two events per year*). The names of registrants requesting financial assistance will remain confidential.

Tuition assistance is available for all AAPL operated education programs except the annual meeting. This includes all AAPL Institutes, Seminars, Workshops, and Oil & Gas Land Reviews (*CPL/RPL*) and exam. Assistance for these programs is limited to two per year.

Transfers and Cancellations:

All requests for transfers and cancellations must be made in writing and all must be made before **Friday, October 31st, 2014.**

Individuals may transfer their registration to another individual for this event at no additional charge. **Transfers to another AAPL event may be made for \$25 if made prior to October 31st, 2014.** After that date, **no transfers will be accepted.**

Registrations may be cancelled for a refund, less a \$25 administration fee, if made prior to October 31st, 2014. After that date, no refunds will be granted. Registrants not entitled to a refund will receive a copy of the written materials.

AAPL retains cancellation rights. In the unlikely event of cancellation, AAPL will attempt to notify all pre-registrants.

THE DEADLINE FOR TRANSFERS AND CANCELLATIONS IS 5:00 p.m. on Friday, October 31st, 2014.

After October 31, 2014, the registration fees are \$300 for AAPL members and \$425 for non-members.

AAPL Contact

Stephanie Rickels

Education Meeting Planner

Phone: 817-847-7700

Email: srickels@landman.org

Address: 4100 Fossil Creek Blvd

Fort Worth, TX 76137

EVENT REGISTRATION

You can also register online at www.landman.org

**WI/NRI
1114WI**

Long Beach, CA
Nov 14, 2014

Name: _____ AAPL # _____

Company: _____

Address: _____

City, ST ZIP: _____

Phone: _____ Fax : _____

E-mail: _____

Registrations & Payment Received:

MAIL TO:

REMIT CHECK:

AAPL
P.O. Box 225395
Dallas, TX 75222-5395

REMIT CREDIT CARD:

AAPL
4100 Fossil Creek Blvd.
Fort Worth, TX 76137
Fax: (817) 847-7704

Thru 10/31/14

After 10/31/14

WORKSHOP

AAPL Member	<input type="checkbox"/>	\$250	<input type="checkbox"/>	\$300
NonAAPL Member	<input type="checkbox"/>	\$375	<input type="checkbox"/>	\$425
PLM/ERM Student	<input type="checkbox"/>	\$0	<input type="checkbox"/>	\$50
Tuition Assistance	<input type="checkbox"/>	\$0	<input type="checkbox"/>	\$50
<i>(Request Attached)</i>				

ATTENTION: If you are paying by check, please note that AAPL cannot process your registration until the check has cleared; this delays your registration process by at least two days. AAPL recommends that you pay by credit card whenever possible to ensure quick reservation and

CALL OR E-MAIL

QUESTIONS TO:

Stephanie Rickels
(817) 847-7700
srickels@landman.org

Payment Information

Credit Card #: _____

Exp. Date: _____ Card Security Code (CSC): _____

Name on Card: _____

Signature: _____

PART 2
PROVINCE OF BRITISH COLUMBIA
SURFACE LEASE
GENERAL INSTRUMENT

AGREEMENT made this _____ day of _____, 20__

BETWEEN:

(hereinafter called the “Owner”)

AND

(hereinafter called the “Operator”)

Definitions

“**Approvals**” means rights to the Petroleum and Natural Gas pursuant to a drilling licence, permit or Petroleum and Natural Gas Lease with the Ministry of Energy and Mines, and a Well Authorization from the Oil and Gas Commission, both as amended from time to time.

“**Certificate of Restoration**” means a certificate issued by the Oil and Gas Commission certifying that, in the Commission's opinion, all or part of a location is restored.

“**Lands**” means the real property owned or to be purchased by the Owner other than Crown Lands and described in item 2 of the Form C,

“**Natural Gas**” has the same meaning as defined in the *Petroleum and Natural Gas Act*.

“**Owner**” means the person registered in the Land Title Office as the registered owner of the land surface or as its purchaser under an agreement for sale.

“**Petroleum**” has the same meaning as defined in the *Petroleum and Natural Gas Act*.

THIS AGREEMENT (“LEASE”) WITNESSES:

Lease and Grant

1. In consideration of the sum of \$10.00, other good and valuable consideration and compensation as set out herein, the Owner hereby leases and grants to the Operator all those parts or portions of the Lands (hereinafter referred to as the “Leased Area”) as shown as a solid black line in the reference plan attached hereto as Schedule “A”, for an initial term of 20 years commencing on the date of execution of the Lease by the Owner (“the Effective Date”), for:

- (a) Subject to the Approvals, the drilling of a single well and the construction and operation of such other facilities as may be necessary for the development and production of Petroleum, Natural Gas, and related hydrocarbons and such other substances that may be produced in association with or incidental to the production thereof; and for no other purposes except the abandonment and reclamation of the Leased Area.

The Owner is granting to the Operator no more rights or interests in the Lands than that which is necessary to enable the Operator to exercise its rights under the Approvals.

1.1 Subject to reasonable notice to the Owner, the Owner further gives to the Operator consent to enter upon the Lands and conduct land surveys of the Leased Area from time to time for the purpose of preparing or amending the reference plan for the Leased Area for the term of the Lease.

First Year Consideration

2. For the first year of the term hereby granted, the Operator shall pay to the Owner as compensation and otherwise the sum of _____ Dollars (\$ _____).

The Operator shall pay the amount of \$ _____, which represents payment for the compulsory aspects of the entry, occupation or use, within 90 days of the Effective Date or the date of the last of the Approvals, whichever comes later.

The Operator shall pay the balance of the sum set out at the beginning of this clause to the Owner within one year of the Effective Date or prior to entry on the Leased Area, whichever comes first, for any purpose except surveying, or topsoil testing as set out in clause 7, or archaeological assessment, or purposes related to obtaining the Approvals.

Annual Payment

3. After the first year, the Operator shall pay to the Owner in advance as annual compensation and otherwise the sum of _____ Dollars (\$ _____) (the "Annual Compensation").

Statutory Clauses

4. The following clauses are required by B.C. Reg. 497/74 (the "Surface Lease Regulation") to form part of this Lease:

- (a) The Leased Area shall not be used for purposes other than those set out in the Lease unless the Owner consents in writing to such use.
- (b) The Leased Area may not be reduced without the written consent of the Owner and the Operator.
- (c) If the Operator fails or neglects to make payment required pursuant to this Lease and such default shall continue for a period of 90 days after demand therefor shall have been made, the Owner may terminate this Lease.
- (d) The Operator may, upon not less than 90 days notice to the Owner, terminate this lease on or after the expiration of the second year term.

These statutory clauses may not be deleted, amended or replaced unless and until the Surface Lease Regulation is deleted, amended or replaced by an Order in Council.

Environmental Practices

5. The Operator shall operate and maintain the Leased Area in accordance with good oil field and environmental practices.

Fencing and Security of Leased Area

- 6.
- (a) If reasonably required and requested by the Owner, the Operator shall erect on the boundary of the Leased Area or part thereof, a good substantial fence and livestock guard or gate.
 - (b) The Operator shall replace any existing fences it has moved for its purposes and repair all fences it may damage.
 - (c) The Operator shall ensure that it, its employees, agents, and contractors close and lock all gates as required by the Owner, and the Operator shall supply the Owner with a list of contacts in case of emergencies or other Owner concerns. It shall be reasonable for the Owner to ask for and to obtain evidence of identity from anyone purporting to exercise the Operator's right of access.

Topsoil

7. The Operator shall conserve the topsoil in accordance with good environmental practices, and the applicable legislation. Where required by legislation or requested by the Owner, before the surface of the Leased Area is entered, the Operator shall take such samples and record such information as would be prescribed by the Agricultural Land Commission or its delegated authority as if the Leased Area were within the Agricultural Land Reserve.

Weed Control

8. The Operator shall be responsible for timely general maintenance and timely weed control of the Leased Area. Soil sterilants may be used only with the prior written consent of the Owner, and only in accordance with applicable legislation.

Use of Leased Area by Owner

9. The Owner and any person claiming by, through or under the Owner shall have the right to use the Leased Area
- (a) if necessary to gain access to the parts of the Lands severed or otherwise affected thereby; and
 - (b) for livestock at large, and for those purposes the Operator shall provide such crossings and other works as may be reasonably required,
- subject to the Operator's right to use the Leased Area for its operations.

Taxes

10. The Operator shall promptly pay and satisfy all taxes, rates and assessments that may be assessed or levied against the Leased Area as a result of its use and occupation of the Leased Area.

11. If the Owner is a non-resident of Canada, the Owner agrees that the Operator may deduct income, withholding or other taxes from any payment to the Owner in compliance with the provisions of the *Income Tax Act*, tax agreements or treaties or other statutes of Canada or its Provinces as are from time to time enacted and amended, whereupon the timely remittance by the Operator of the balance of the payment to

the Owner shall be deemed to constitute full performance by the Operator in respect of such payment, unless an exemption from such withholding is established by the Owner.

Discharge of Encumbrances

12. The Operator may, at its option and after notice to the Owner, pay any mortgages, encumbrances, liens and interests which may be assessed against the Lands from time to time. If the Owner has a bona fide dispute with the authorities respecting the propriety of such mortgages, encumbrances, liens and interests, and if the Operator exercises its right under this paragraph, it shall be with the express provision that it is doing so pursuant to its interest under the Lease and without prejudice to the Owner's rights. The Operator shall be entitled to set off the amounts paid against any sums payable to the Owner by the Operator under the terms of the Lease.

Removal of Equipment and Material

13. At all times during the term or any renewal of this Lease, the Operator shall have the right to remove from the Leased Area all equipment and material of every kind which it may have placed in, on or under the Leased Area.

Abandonment and Restoration

14. Prior to the expiration of this Lease and abandonment of the Leased Area, the Operator shall have removed from the Leased Area all equipment and material of every kind which it may have placed in, on or under the Leased Area and all excavations shall be filled in, in compliance with the existing regulations; the Operator shall restore the Leased Area to the same condition that existed immediately prior to the Operator's entry, to the extent that it is reasonably practicable to do so, failing which, the Operator shall be liable for compensation payable to the Owner for the continuing loss of use, adverse effect, and inconvenience such failure may impose. If the Operator fails to fulfil its obligations under this paragraph within the term of this Lease, then this lease shall continue solely for the purposes of obtaining a Certificate of Restoration. The Operator shall diligently and continuously proceed to perform all such work and undertake all such actions to obtain a Certificate of Restoration. If the Operator still fails to fulfil such obligations, then such failure shall be deemed to be a fundamental breach of this Lease and, in addition to damages payable to the Owner, this Lease shall, upon notice by the Owner to the Operator, terminate. The statutory obligation upon Operator to obtain a Certification of Restoration shall nevertheless continue.

Compensation for Damages

15. The Operator shall pay to the Owner compensation for damages suffered by the Owner to that portion of the Lands that are not included in the Leased Area as a result of the actions of the employees, agents or contractors of the Operator. Damage may include damage to surface and ground water sources, livestock, growing crops, fences, buildings, or other improvements of the Owner, upon the Lands outside of the Leased Area. The payment of damages by the Operator to the Owner under this paragraph shall be damages and not payment for a license. Unless prior consent has been granted by the Owner, (the burden of proof of which is on the Operator) any actions of the Operator, its employees, agents, or contractors beyond the boundaries of the Leased Area and on the Lands shall constitute an actionable trespass and a continuing trespass on a day-to-day occurrence basis until it shall cease and be remedied. The Owner shall be entitled to punitive damages if the activity that caused the trespass was wilfully done or knowingly continued.

Indemnification

16. The Operator indemnifies and saves harmless the Owner from any and all liabilities, damages, costs, claims, suits, or actions arising out of the Operator's operations, now or in the future on the Lands or the Leased Area save and except liabilities, damages, costs, claims, suits, or actions arising out of the gross negligence or wilful misconduct of the Owner, its agents, servants, employees, or contractors. The Operator shall take out and maintain adequate insurance to satisfy its obligations.

Quiet Enjoyment

17. The Owner warrants that he has good title to the Lands, has full power to grant and lease the Leased Area, and that the Operator upon observing and performing its obligations on the Operator's part, and not being in default, shall peaceably possess and enjoy the Leased Area and the rights granted during the term of this Lease and any renewal without any disturbance or interruption from the Owner.

Review of Annual Compensation

18. Notwithstanding anything contained in this Lease to the contrary, the amount of Annual Compensation payable shall be subject to periodic review every four (4) years during the term and any extension of the term, or as provided for in the applicable legislation, whichever is the shorter period.

Deemed Liability

19. A decision by a regulatory authority or court that the Operator has breached a regulation, statute or bylaw relating to the activity shall be deemed proof of liability of the Operator to the Owner for damages related to the breach.

Default-General

20. With the exception of clause 4(c)
- (a) If the Operator is in default of any of its obligations under this Lease, then the Owner may give the Operator notice stating the nature of the default. Upon receipt of the notice, the Operator shall use best efforts to remedy the default in a timely and diligent manner;
 - (b) If, after receiving notice, the Operator fails to remedy the default, the Owner may:
 - i. remedy the default itself, in which case the Operator shall be liable for the Owner's reasonable expenses in connection therewith, or
 - ii. pursue any and all other rights and remedies available to it under this Lease, at law or in equity;
 - (c) Interest shall be payable on any outstanding payments under this Lease at the annual prime rate set from time to time by the Owner's preferred commercial Canadian bank for its preferred customers, plus 2% compounded annually;
 - (d) A decision by the Owner not to enforce or rely upon a default of the Operator shall not be construed as a waiver of the Owner's right to exercise all remedies in respect of any subsequent default.

Assignment

21. The Parties may delegate, assign, or convey to other persons, any of the powers, rights, and interests granted by this Lease, and may enter into all agreements or contracts and perform all necessary acts to give effect to the provisions of this clause. The assigning Party shall provide written notice within 30 days to the other Party of any delegation, assignment or conveyance of this Lease.

Renewal

22. If the Operator is not in default at the time of renewal, the term of this Lease shall be automatically extended for a further twenty (20) year term. The payment for the first year of the new term shall be the Annual Compensation paid in the final year of the previous term, unless it is revised in accordance with Clause 18. All clauses and amendments, including this renewal clause, shall continue in effect for the renewal term.

Time

23. Time is of the essence of this Lease.

Notices

24. All notices under the lease must be in writing. Notices may be delivered personally or by letter addressed to the party to whom the notice is being given. Any such notice shall be deemed to be delivered to the addressee fourteen (14) business days after mailing by prepaid regular mail.

Addresses

25. Unless changed by notice, the addresses of the Parties are:
Operator:

Telephone:

Owner:

Telephone:

Headings

26. The headings of the paragraphs in this Lease have been inserted for reference only and do not define, limit, alter or enlarge the meaning of any provision of this Lease.

Enurement

27. This Lease shall enure to the benefit of and be binding upon the Owner, his heirs, executors, successors and assigns and upon the Operator, its successors and assigns.

Entire Agreement

28. This Lease (including any terms and conditions that may be set forth in Schedule B to this Lease) constitutes the entire agreement between the Parties. Any amendment to this Lease must be in writing and signed by both Parties.

Conflict with Legislation

29. If the whole or any part of any clause of this Lease shall be determined by a court of competent jurisdiction to be in conflict with any provision in any legislation, including regulations, or any direction or order of any administrative entity established by, and acting in accordance with, any legislation, then such clause or part thereof shall be deemed invalid and unenforceable. The invalidity or unenforceability of the whole or any part of any clause of this Lease shall not affect the validity or enforceability of the whole or any part of any other clause or the remainder of such clause.

Information Disclosures and Consents

30.

- (a) The Owner consents to the collection, use and disclosure by the Operator of the Owner's personal information contained in this Lease and any personal information collected as permitted or contemplated under this Lease. Without restricting the generality of the foregoing, the Owner's personal information may be collected, used or disclosed by the Operator in order to conduct its business activities, which may include surface lease negotiations or compensation proceedings with other landowners and compliance with any legal and regulatory requirements.
- (b) The Operator consents to the collection, use and disclosure by the Owner of the Operator's information contained herein and any information collected as permitted or contemplated under this Lease. Without restricting the generality of the foregoing, the Operator's information may be collected, used or disclosed by the Owner in order to conduct its business activities, which may include surface lease negotiations or compensation proceedings with other Operators and compliance with any legal and regulatory requirements.
- (c) The Owner and the Operator acknowledge that this Lease and any amendments thereto are required to be submitted to the Mediation and Arbitration Board.
- (d) By execution of this Lease, the Owner and Operator agree that the lease and any information contained herein and any amendments thereto may be disclosed by the Mediation and Arbitration Board and the Registrar of Land Titles, and the Parties expressly consent to such disclosure.

31.

- (a) The Operator shall submit this Lease in its entirety to the Mediation and Arbitration Board within 90 days of its execution and delivery.
- (b) The Operator shall similarly submit any amendments to this Lease, including the results of any rental reviews. It is acknowledged by the Owner that the interest conveyed to the Operator by this Lease constitutes a registerable interest in land. Upon termination of this Lease such registration shall be removed by, and at the cost of, the Operator.

Singular, Plural, Gender

32. Wherever the singular or masculine is used herein, the same shall be construed as meaning the plural or feminine or a body corporate, where the context or the parties so require, and where a party is more than one person, all covenants shall be deemed to be joint and several.

IN WITNESS WHEREOF the parties have caused this agreement to be executed as of the day and year first above written.

SIGNED AND DELIVERED

by the Owner(s) in the presence of:

_____)	
(Signature of Witness))	_____
)	
)	
)	
)	
)	_____
)	
_____)	
(Business Address of Witness))	

by the Operator
by a duly Authorized Signatory of

(Name of Operator)

Per: _____
(AUTHORIZED SIGNATORY)

SCHEDULE " A "

Attached to and made part of a Lease dated the _____ day of _____, 20____
between _____ as Owner and _____ as Operator.