Award Winning

The Override

Every Landman Wants One!

Volume VII, Issue V | November, 2012

Los Angeles Association of Professional Landmen

Presidents Message

Rae Connet, Esq.
PetroLand Services

THE FRACING DEBATE HEATS UP

On October 10, 2012, Cardno Entrix released a comprehensive study on hydraulic fracturing in the Inglewood Oil Field in Los Angeles County. The Study identified no significant environmental harm from hydraulic fracturing. (Cardno Entrix Hydraulic Fracturing Study) The Study, which was mandated by a settlement agreement between the County of Los Angeles, environmental groups, and Plains Exploration and Production Company, was conducted by an independent environmental consulting firm. In addition to finding no "significant environmental inpact" (a finding that under CEQA negates the need for an EIR) the Study found:

- "Emissions associated with high-volume hydraulic fracturing were within standards set by the regional air quality regulations of the South Coast Air Quality Management District."
- "groundwater quality in monitor wells did not show impacts from high-volume hydraulic fracturing and high-rate gravel packing."
- "Tests…showed no effects on the integrity of the steel and cement casings that enclose oil wells."
- "Studies…showed no detectable effect on ground movement or subsidence."
- "measurements of vibration and seismicity…indicates that high-volume hydraulic fracturing and high-rate gravel packs had no detectible effects on vibration, and did not induce seismicity (earthquakes)."
- "The Los Angeles County Department of Public Health conducted a community health assessment that found no statistical difference of the health of the local community compared to Los Angeles County as a whole." And concluded that "the conduct of

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Inside This Issue:

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Meeting Luncheon Speaker

"Notices Between Lessor and Lesses"

David A. Ossentjuk is a partner in the Westlake Village offices of Musick, Peeler & Garrett LLP. He specializes in business, energy and environmental litigation, oil and gas transactional matters, and environmental aspects of real estate transactions. Mr. Ossentjuk has successfully litigated numerous general business disputes involving claims for breach of contract, trespass, nuisance, fraud, breach of fiduciary duty, business torts, corporate and partnership dissolution, and insurance coverage. He regularly advises clients regarding oil and gas matters, including conveyance, leasing, operational and title issues, compliance with federal, state and local oil and gas regulation, and related litigation and administrative proceedings.

Opinionated Corner

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

The end of the world did occur as the ancient Mayan civilization prognosticated, or was that the big silver screen's version of the Mayan apocalypse?

The $64,000.00 question is where are we headed now? We have the answer – as of the writing of this column, you have 50 days left to shop until you drop for Christmas, or if you are of the another persuasion, 33 days left to stock up on Hanukkah gifts. However, before we arrive to the gift giving season there is Thanksgiving Day to celebrate. An occasion to ponder thanks and offer our gratitude while we gleefully eye an oven roasted turkey stuffed with secret ingredients only known to the matriarch of the house.

It is still morning in America – what's not to love about that? The demise of the fossil fuel tethered masses are not quite ready yet to go the way of the dinosaurs due to certain election results. Clean energy junkies and good ole hydrocarbon devotees will continue to drive side by side going nowhere fast somewhere out on the freeways.

Before I 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!

New LAAPL Educational Chair

Chapter President Rae Connet appointed **Sarah Duffy** of Nomadic Land Services as the LAAPL's Educational Chair for the 2012 – 2013 term. Sarah comes to the Chapter by way of the Colorado oil patch.

Jason Downs of DownChez Energy had served as Education Chair for 2011 – 2012. Jason's indefatigable efforts and fulfilling his duties is greatly appreciated.

We look forward to Sarah keeping the LAAPL informed of all things educational; we certainly admire her enthusiasm as a new member of LAAPL and taking on the duties of the Educational Chair.

Lawyers' Joke of the Month

Jack Quirk, Esq.
Bright and Brown

Shot my first turkey yesterday.

Scared the hell out of everyone in the frozen food section…....

Gettin' old can be so much fun!!

Treasurer's Report

As of 4/1/2009, the LAAPL account showed a balance of	$ 20,302.86
Deposits	$ 40.00
Total Checks, Withdrawals, Transfers	$ 8,157.33
Balance as of 4/30/2009	**$ 12,185.53**
Merrill Lynch Money Account shows a total	$11,096.90

Our Honorable Guests

September's luncheon was another successful LAAPL Chapter luncheon meeting. Our guest of honor who attended:

Ruston Reeves, Independent

2012–2013 Officers & Board of Directors

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

Joe Munsey, RPL
Past President
Southern California Gas Company
949-361-8036

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

Adrienne Wiggins
Secretary
PetroLand Services
310-349-0051

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

Thomas G. Dahlgren
Director
Warren E&P
562-590-0909 Ext. 204

Stephen Harris, CPL
Director
Independent
562-624-3241

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
Jason Downs
Downchez Energy, Inc.
858-699-3353

Education Chair
Sarah Duffy
Nomadic Land Services
707-815-7253

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

Golf Chair
Open

New Members and Transfers

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 and government, community and industry on energy-related issues.

Jonathan Click
Click Energy, (Land Services)
Independent
723 Main Street
Houston, TX 77002
(832) 725-9910

John Mark Williams
Independent
(214) 725-4511

Mona Herbert
Right of Way Advisor
3900 Kilroy Airport Way, Suite 210
Long Beach, CA 90806
(562) 290-1519

Kathleen Henderson
Occidental Petroleum
301 E. Ocean Blvd, Suite 300
Long Beach, CA 90802
(562) 495-9373

Sarah Duffy
Nomadic Land Services
729 Bookcliff Ave.
Grand Junction, CO 81501
(707) 815-7253

Ken Langan, Esq.
Attorney
Southern California Gas Co.
555 West Fifth St. Suite 1400
Los Angeles, CA 90013
(213) 244-2959

Albert Garcia, Esq.
Attorney
Southern California Gas Co.
555 West Fifth St. Suite 1400
Los Angeles, CA 90013
(213) 244-2958

Transfers

None to Report

Case of the Month - Right of Way

WHEN ADOPTING A RESOLUTION OF NECESSITY, CAN FAILING TO CONSIDER A SUBSTITUTE CONDEMNATION CONSTITUTE A GROSS ABUSE OF DISCRETION?

By Bradford B. Kuhn, Esq,
Law Firm of Nossaman LLP
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While most lawsuits typically start with the filing of a complaint, eminent domain cases really start one key step earlier, with the condemning agency's adoption of a Resolution of Necessity. The Resolution establishes (i) the agency's right to take the property and (ii) the scope of the acquisition. In order to adopt a Resolution, the agency must make a set of findings, including finding that "[t]he proposed Project is planned and located in the manner that will be most compatible with the greatest public good and the least private injury." In Council of San Benito County Governments v. Hollister Inn, Inc., No. H036629 (Sept. 19, 2012) the Court of Appeal grappled with a trial court's ruling that the agency's finding on this subject constituted a gross abuse of discretion because the agency purportedly had not properly analyzed whether it should condemn substitute access for a property that was losing its key access point because of the project.

At issue was whether Code of Civil Procedure section 1240.350 provided the agency with the authority – and, potentially, the obligation – to condemn substitute access as a result of the project's taking of the Hollister Inn property's main access point. At the hearing on the Resolution of Necessity, the agency declined to consider the owner's request that it secure alternative access for the owner across an adjacent property, concluding that it had no authority to condemn access rights from one private owner in order to convey them to another private owner. The owner argued that this decision constituted an abuse of discretion, arguing that section 1240.350 provided the agency with the authority to do the very thing it claimed it could not do.

The trial court agreed with the owner, concluding that the agency's refusal to consider the condemnation of alternative access qualified as a gross abuse of discretion. The court explained that if the agency did not consider condemning substitute access, it could not truly weigh whether its acquisition would create the least private injury. The court issued a conditional dismissal, providing the agency with an opportunity to hold another public hearing to cure the defect in its Resolution. The court also awarded the owner more than $200,000 in attorneys' fees. The agency held another hearing, and the case was ultimately settled, but the agency reserved its right to appeal the abuse of discretion finding.

On appeal, the court analyzed in detail the basis for condemning substitute property and the standards applicable when reviewing the findings contained in a Resolution of Necessity. In the end, the court reversed the abuse of discretion finding, wiping out the attorneys' fees award. But the path it took to reach that conclusion contained several interesting stops along the way.

Mr. Kuhn can be reached at bkuhn@nossaman.com.

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hydraulic fracturing during the analyzed period did not contribute or create abnormal health risks."

Nevertheless, California's environmental community continues its push back against oil and gas production throughout the state. On October 17, 2012, The environmental law firm, Earthjustice, filed suit in Alameda County Superior Court on behalf of four environmental plaintiffs (the Center for Biological Diversity, Earthworks, Environmental Working Group and Sierra Club) claiming that DOGGR has failed to consider or evaluate the risks of fracturing ("fracing"), as required by the California Environmental Quality Act (CEQA). The lawsuit filed today in Alameda County Superior Court is available here: (Earthjustice's Complaint)

The Center for Biological Diversity issued the following news release:

"As hundreds of California oil and gas wells undergo dangerous hydraulic fracturing, or fracking, without government oversight, environmental advocates went to court today to force the agency responsible for regulating the oil and gas industry to abide by the state's foremost law that protects public health and the environment."

The complaint alleges, among other things that several common fracing chemicals are listed under the California Proposition 65 program based on their potential to cause cancer and/or reproductive harm. The complaint further alleges that the public does not presently know the precise makeup of most fracing fluid since the oil and gas companies have taken the position that the information is a proprietary trade secret. The true is that anyone with access to the Internet can look find what additives are used during hydraulic fracturing – including on a well-by-well basis – by visiting www.FracFocus.org.

Prior to the complaint being filed, a DOGGR representative responded to a media question about fracing by stating that DOGGR has not permitted or monitored the impacts of fracing and has never formally evaluated the potential environmental and health effects of the practice. This was an unfortunate response, and definitely not accurate. California producers have been fracing wells throughout California for 40 years and every one of those wells was permitted by DOGGR. DOGGR's regulatory oversight has, and continues, to require producers to submit detailed drilling plans with their Notices of Intent ("NOIs") to drill. In issuing the permits, DOGGR has, and continues, to protect the public and the groundwater aquifers throughout the State. A typical Permit to Conduct Well Operations for an injection well contains the following:

- DOGGR sets the maximum allowable surface injection pressure for the well
- DOGGR sets the injection gradient not to exceed a specified psi per foot
- DOGGR requires injection through tubing with packer, set in cement casing
- DOGGR approves the zone of injection
- DOGGR requires a pressure test to demonstrate the mechanical integrity of the casing before injection begins
- DOGGR requires a pressure test every 5 years on each injection well
- DOGGR requires the producer to furnish an injection survey that demonstrates the confinement of the injected fluid – within 90 days of commencement of injection and every 24 months thereafter
- DOGGR must be notified to WITNESS the initial pressure test and each pressure test every 5 years
- DOGGR must be notified to WITNESS the running of the initial injection survey and each survey every 24 months

DOGGR has been and continues to regulate the well integrity of each and every well throughout the State. While the agency is presently drafting comprehensive regulations that will apply to all wells, throughout the last 40 years, the wells have been regulated on a well-by-well basis.

It is incumbent upon us, as Land Professionals, to carry the truth out into the public debate. We are the ones who most directly interface with members of the public. We hear their concerns and fears when negotiating leases or buying minerals, at cocktail parties, on the beach, in the grocery store. We must step up to the plate and give them facts.

Here's what the experts say:

- Bill Ellsworth, a geophysicist with the U.S. Geological Survey, said earlier this year: "We don't see any connection between [hydraulic fracturing] and earthquakes of any concern to society."
- U.S. Dept. of Energy and Ground Water Protection Council: "[B]ased on over sixty years of practical application and a lack of evidence to the contrary, there is nothing to indicate that when coupled with appropriate well construction; the practice of hydraulic fracturing in deep formations endangers ground water. There is also a lack of demonstrated evidence that hydraulic fracturing conducted in many shallower formations presents a substantial risk of endangerment to ground water." (May 2009).
- Dr. Mark Zoback, Professor of Geophysics, Stanford University: "Fracturing fluids have not contaminated any water supply and with that much distance to an aquifer, it is very unlikely they could." (Stanford News)
- In April of this year, current EPA Administrator, Lisa Jackson stated: "In no case have we made a definitive determination that [hydraulic fracturing] has caused chemicals to enter groundwater."

I hope you will join me as I attempt arm myself with the facts so that I am prepared to disarm the fear mongers and assist our industry and our State in continuing to produce local oil and gas reserves. Stay informed and stay employed.

- L. Rae Connet

LAAPL Legislative Affairs Update

By Olman J. Valverde, Esq. & Mike Flores, Co-Chairs, Legislative Affairs Committee
Luna & Glushon

AB 1966 SIGNED INTO LAW (Ma-SanFrancisco)

As discussed in the previous legislative update, AB 1966 was passed by the legislature during the recent legislative session and it now has been signed into law by Governor Jerry Brown. The bill requires notification to surface owners before a mineral owner can come onto the surface. For non-disturbance activity, a 5-day notice will be required upon first entry: for surface disturbance activity, 30 days notice will be required upon first entry. Terms of a surface use agreement will supersede these requirements. Early versions of the bill language included up to 120 days notice and potential forfeiture of profits, both of which were negotiated out of the bill.

CARB Cap and Trade Auctions Begin

The "cap-and-trade" program of selling pollution credits at auction, the centerpiece of California's global warming law, AB 32, was launched on November 14. It's part of a landmark law approved in 2006 that seeks to cut the state's production of carbon dioxide, methane and related gases to 1990 levels — about 17% lower than current amounts — by 2020. The market-based program covers about 350 industrial businesses operating a total of 600 facilities throughout the state. They include cement plants, steel mills, food processors, electric utilities and refineries. Starting in 2015, the program will also cover distributors of natural gas and other fuels. These businesses have been issued free credits worth 90% of their recent emissions. Now they must either cut their greenhouse gas production to that level or buy credits to make up the difference. Companies that have more credits than they need can sell them at the auction, and the state will sell additional credits as well.

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Guest Article

THINGS MAY NEVER BE THE SAME BETWEEN LOCAL FARMERS AND OILMAN – PART II

By John Cox

"The Bakersfield Californian" Staff Writer

Originally Published in "The Bakersfield Californian" August 26, 2012

The two economic giants have long co-existed in rural Kern County, where they often work out mutually beneficial arrangements for sharing space and oil revenues.

But lately their relationship is showing signs of strain as drilling expands ever deeper into agricultural areas.

A pair of lawsuits have been filed challenging state reviews of oil projects proposed on Kern ag land. Separately, a bill pending in Sacramento would impose new notice requirements on oil companies entering someone else's property.

These actions, though not all of them initiated by farmers, could shift the balance of power between the two industries.

Notably, they aim to do so using different strategies -- and if successful, they could affect dealings between growers and oil companies in different ways.

Shafter farmer Jim Neufeld, a plaintiff in one of the lawsuits, said farmers like him who don't own all the mineral rights under their farmland are "not anxious" to have someone come onto their land.

He acknowledged that mineral right owners -- in his case, Denver-based oil producer Venoco Inc. -- are entitled to surface access. But he said farmers naturally have an interest in pushing for "fair rules."

"How would you like it if they were coming to town and literally drilling in your backyard?" Neufeld asked.

Oil industry spokesman Rock Zierman, head of the trade group California Independent Petroleum Association, said disputes between oil companies with mineral rights and farmers with surface rights are usually settled amicably.

"I don't think there is a brewing conflict between agriculture and oil," he said. "There may be in some isolated cases. But that's just what they are -- isolated."

The two lawsuits deal with alleged violations of the California Environmental Quality Act, the landmark law that requires government officials to review possible impacts of projects including oil wells.

One of the suits was filed July 13 in Kern County Superior Court by the Sierra Club, apparently without any involvement by the company whose land is at issue. The other suit was filed May 18 in Sacramento County Superior Court by Neufeld, his wife and their associate.

Seeking Disclosure

The Sierra Club suit claims the state Division of Oil, Gas and Geothermal Resources, part of the Department of Conservation, failed to perform an adequate environmental review before approving an application by Kentucky-based Century Exploration Resources LLC to drill an exploration well in a Kern County vineyard. The suit specifically asks the court to declare DOGGR in violation of CEQA.

A lawyer for Century Exploration, which is named in the suit as a real party in interest but not as a defendant, said the company believes the suit lacks merit.

According to the suit, the drilling project entails building a 225-foot by 350-foot well pad and a 510-foot by 20-foot access road. DOGGR's review concluded that the project constituted a "minor alteration to land."

A representative of the property's surface owner, Ceres-based Bronco Wine Co., best known for its Charles Shaw label, said the company knows almost nothing about the suit.

The vice chairman of a local chapter of the Sierra Club, Gordon Nipp, said the environmental advocacy organization selected that project not with the primary intention of protecting farmland. He said the group mainly wants the state to do a better job of studying and disclosing environmental impacts.

"That's the democratic way of doing things," Nipp said.

He added that the group has written letters expressing concerns about the state's environmental reviews of other local oil projects as well, but that these have less potential than the lawsuit has to establish helpful precedent.

Similar Suit, Different Aim

The other lawsuit takes a different approach. It claims DOGGR approved the Venoco project without considering the cumulative impact of the company's 18-well Three Amigos Project.

"DOGGR's piecemeal approach to reviewing the environmental impacts of developing 'exploratory' wells masks the true impacts of the proposed project, and violates CEQA requirements, " the suit states.

Venoco declined to comment on the suit.

State officials would not discuss the two lawsuits. But they noted that different projects merit different levels of review, and that decisions on what level of scrutiny to give rural oil projects take into account things like well pad size, new roads and proximity to residents.

"It has to be a case by case situation," said James Pierce, senior staff counsel at the Department of Conservation.

Jason Marshall, DOGGR's chief deputy director, said the division sometimes witnesses conflict between surface

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rights owners and mineral rights owners over property access.

"That's not a CEQA issue, though, " he said. "It's not an environmental issue."

The best way to resolve such a dispute, he said, is for the two parties to work it out privately before anyone applies for an oil drilling permit.

A Legislative Approach

The bill pending in Sacramento, proposed by Assemblywoman Fiona Ma, D-San Francisco, would make changes to California provisions regarding surface rights and mineral rights.

Existing law requires mineral rights owners to provide written notice to surface owners before drilling.

Ma's bill, AB 1966, would impose at least five days' notice before a mineral rights owner may enter a property to perform non-disruptive activities such as surveying and testing. The notice would have to specify the date and estimated length of time of the entrance, among other things.

More significantly, the bill would further require a minimum of 60 days' notice in writing before any surface disruption could take place, including drilling.

As of May, the bill was supported by the Kern County Farm Bureau and the California Farm Bureau Federation. Since then, however, the bill has been amended twice. Repeated requests for comment from the two organizations were unsuccessful.

Zierman, the trade group CEO, declined to state his group's position on the bill. He noted Friday, however, that amendments to the bill have been drafted and that he was waiting to see them.

PROTECTING OPERATORS UNDER THE 1989 AAPL FORM OF OPERATING AGREEMENT

H. Martin Gibson, Esq.
John J. Harris, Esq.
Austin Henley, Esq.
SNR Denton US LLP

Article V.A. of the 1989 AAPL form of Joint Operating Agreement ("JOA") contains the following exculpatory clause:

"Operator shall conduct its activities under this agreement as a reasonable prudent operator, in a good and workmanlike manner, with due diligence and dispatch, in accordance with good oilfield practice, and in compliance with applicable law and regulation, but in no event shall it have any liability as Operator to the other parties for losses sustained or liabilities incurred except as may result from gross negligence or willful misconduct. [emphasis added]"

How broad is that release? The answer may depend upon which AAPL form JOA you've used.

On August 31, 2012, the Texas Supreme Court released its opinion in Reeder v. Wood County Energy, LLC et al. Wendell Reeder, an individual, was the operator under a 1989 form of JOA, which covered existing, producing wellbores located in Wood County, Texas. Reeder did not own any working interest in the wellbores personally, but he did own a percentage interest in a limited partnership which held 87.5% of the working interest in the wellbores covered by the JOA. Individuals and estates held the remaining 12.5% of the working interest in the wellbores. The wells covered by the JOA needed expensive repairs but the working interest owners ("WIOs"), including the limited partnership (which was not controlled by Reeder), refused to pay. Reeder, as operator, spent his own money trying to preserve the wells but, ultimately, the RRC suspended production from the wells. The WIOs sued Reeder for damages for failing to maintain production in paying quantities, for lost leases and loss of the unit.

In the trial court, the jury found that Reeder had breached is duty as operator by failing to maintain production in paying quantities or other operations in the field and that the exculpatory clause above applied to the breach of contract claim. The court of appeals disagreed and held that the gross negligence and willful misconduct instruction should not have been included in the jury charge. Reeder then appealed to the Texas Supreme Court.

The Court started by asking whether the exculpatory clause in the JOA sets the standard to adjudicate breach of contract claims.

The Court then compared the language to prior cases analyzing the exculpatory clause. A similar clause was found in Castle Tex. Prod. Ltd. P'ship v. Long Trusts, 134 S.W.3d 267 (Tex. App. – Tyler 2003, pet denied):

[Operator] . . . shall conduct and direct and have full control of all operations on the Contract Area as permitted and required by, and within the limits of, this agreement. It shall conduct all such operations in a good and workmanlike manner, but it shall have no liability as Operator to the other parties for losses sustained or liabilities incurred, except such as may result from gross negligence or willful misconduct.

The court of appeals noted the difference between the phrase "its activities under this agreement" contained in the Reeder JOA and the phrase "all such operations" contained in the Long Trusts case. Nevertheless, the court of appeals held that the exculpatory clause applied only to claims that Reeder breached his duties in operations not that he breached the JOA more generally. In several prior cases, courts of appeal had construed the phrase "all such operations" to apply the exculpatory clause only to claims that the operator had failed to act as a reasonably prudent operator for operations in the field and not for other breaches of the JOA.

The AAPL changed the exculpatory clause in the 1989 Model Form Operating Agreement to cover "activities under [the JOA]" whereas the 1977 and 1982 forms' exculpatory clause covered "all such operations [under the JOA]" The state and federal cases limiting the scope of the exculpatory clause in JOAs were interpreting the 1977 and 1982 forms of JOA. In the Reeder case, the parties had used the 1989 form of JOA which refers to operator's "activities under this agreement" instead of "all such operations."

The court found the change significant and broadened the protection of operators. The court found that "agreed standard exempts the operator from liability for its activities unless its liability-causing conduct is due to gross negligence or willful misconduct."

Finding that Reeder did not act with gross negligence or willful misconduct, the court rendered judgment in favor of operator (Reeder) on the contract claims.

The court did not address the meaning of "activities" and, thus, sets the stage for additional lawsuits. In fact

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"activities" is used in the 1989 JOA in the exculpatory clause and in only two other provisions; once in Article IV.A. where costs for hearings on spacing or pooling applications are allowed if "necessary and proper for the activities … under this agreement," and once in Article VII where the parties are obliged to "act in good faith in their dealings with each other with respect to activities hereunder."

It is our surmise that the AAPL changed the wording, abandoning one of the few interpreted clauses in the JOA, because of the argument that "operations" (which is used upwards of 50 times in the JOA but is not defined) was too narrow and applied only to actions taken on and around the drillsite; in attempting to broaden the protection to cover physical actions taken under the agreement which do not constitute operations, the court may have restricted all contract claims by Non-Operators against Operators including such things as making COPAS audit adjustments, liability for production proceeds or funds received under AFEs, and even the Operator's share of JIBs -- unless the Non-Operators can prove that the Operator acted with gross negligence or willful misconduct.

If you are drafting a new JOA, care should be taken to distinguish between contract claims that arise solely under the JOA between WIOs and claims that are based on the Operator's "activities" that could involve third party claimants, so that the higher standard of gross negligence or willful misconduct will apply only to the latter. One should also be aware that most of the contract claims addressed by the courts are claims that the Operator failed to conduct its activities as a reasonably prudent operator or in a good and workmanlike manner -- which obligations appear in Article V.A. of the JOA, immediately before the exculpatory clause. Courts, generally, have not specifically addressed contract claims arising outside of Article V.A., but, as in the Reeder case, they have not limited their decisions to Article V.A.

Martin Gibson can be reached at: martin.gibson@snrdenton.com

John Harris can be reached at: john.harris@snrdenton.com

Austin Henley can be reached at: austin.henley@snrdenton.com

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Finding that Reeder did not act with gross negligence or willful misconduct, the court rendered judgment in favor of operator (Reeder) on the contract claims.

The court did not address the meaning of "activities" and, thus, sets the stage for additional lawsuits. In fact "activities" is used in the 1989 JOA in the exculpatory clause and in only two other provisions; once in Article IV.A. where costs for hearings on spacing or pooling applications are allowed if "necessary and proper for the activities … under this agreement," and once in Article VII where the parties are obliged to "act in good faith in their dealings with each other with respect to activities hereunder."

It is our surmise that the AAPL changed the wording, abandoning one of the few interpreted clauses in the JOA, because of the argument that "operations" (which is used upwards of 50 times in the JOA but is not defined) was too narrow and applied only to actions taken on and around the drillsite; in attempting to broaden the protection to cover physical actions taken under the agreement which do not constitute operations, the court may have restricted all contract claims by Non-Operators against Operators including such things as making COPAS audit adjustments, liability for production proceeds or funds received under AFEs, and even the Operator's share of JIBs -- unless the Non-Operators can prove that the Operator acted with gross negligence or willful misconduct.

If you are drafting a new JOA, care should be taken to distinguish between contract claims that arise solely under the JOA between WIOs and claims that are based on the Operator's "activities" that could involve third party claimants, so that the higher standard of gross negligence or willful misconduct will apply only to the latter. One should also be aware that most of the contract claims addressed by the courts are claims that the Operator failed to conduct its activities as a reasonably prudent operator or in a good and workmanlike manner -- which obligations appear in Article V.A. of the JOA, immediately before the exculpatory clause. Courts, generally, have not specifically addressed contract claims arising outside of Article V.A., but, as in the Reeder case, they have not limited their decisions to Article V.A.

Martin Gibson can be reached at: martin.gibson@snrdenton.com

John Harris can be reached at: john.harris@snrdenton.com

Austin Henley can be reached at: austin.henley@snrdenton.com

Guest Article

SOCALGAS CONFERENCE ACCELERATES INTEREST IN NATURAL GAS-POWERED VEHICLES

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September 28, 2012 All Rights Reserved

SoCalGas' NGV Program brings together automakers, experts to promote light-duty natural gas vehicles

The dramatic cost savings realized by fueling cars and trucks with natural gas instead of gasoline or diesel was on display last week as Southern California Gas Co. (SoCalGas) hosted its first Light-Duty Natural Gas Vehicle Conference at the Energy Resource Center in Downey.

The conference featured the latest developments in compressed natural gas (CNG) technology and natural gas vehicles (NGV).

NGV market expanding

In recent years, most major heavy-duty transit and refuse fleets in Southern California have switched from diesel to clean-burning natural gas.

The switch has resulted in the growth of one of the largest networks of CNG fuel stations in the U.S. It has also sparked an interest among U.S. automakers to join Honda in the increasing market potential of NGVs.

"The continuous high price of gasoline is putting the spotlight on vehicles powered by compressed natural gas," said Hal Snyder, vice president of Customer Solutions for SoCalGas. "Natural gas is a domestic resource that is clean, cheap and abundant -- and helps create jobs here in the U.S. When considering cost, efficiency and environmental benefits, natural gas is one of our nation's most attractive energy sources."

"Green Car of the Year"

At the conference, representatives from major automakers, including Honda, provided insights on the growth of the NGV market.

Honda demonstrated their all-new Honda Civic Natural Gas, which was named "Green Car of the Year" at the 2012 Los Angeles Auto Show and has solo driver carpool lane access until 2015. Other automakers discussed how they are re-entering the market by providing customers with factory-built, bi-fuel vehicles that run on CNG or gasoline.

Attendees and employees also learned about refueling natural gas vehicles at home and access to special natural gas rates offered by SoCalGas.

Conference programs and events provided an overview of the latest regulatory policies and funding developments affecting the NGV industry as well as opportunities to fuel and drive an NGV.

NGVs: Did you know?

According to the Environmental Protection Agency,

- natural gas emits about 30 percent fewer greenhouse gas emissions than gasoline;
- reduces smog-producing pollutants by up to 90 percent; and
- costs up to 50 percent less than gasoline or diesel.

The average price in September for CNG at SoCalGas stations is $1.94 for the energy equivalent of a gallon of gasoline or diesel. This is among the lowest CNG prices in the last 15 years.

There are more than 100,000 NGVs in the U.S.

Southern California currently has nearly 100 public-access compressed natural gas fueling stations serving more than 17,000 natural gas-powered vehicles.

SoCalGas is adding 1,000 new natural gas-powered trucks to its fleet and plans to upgrade all 13 company-owned public-access CNG stations.

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DOGGR Sued Over Hydraulic Fracturing

A lawsuit filed in October in Alameda County Superior Court charges that the California Department of Conservation and Division of Oil, Gas, and Geothermal Resources (DOGGR) has failed to consider or evaluate the risks of hydraulic fracturing, which they view as a violation of the California Environmental Quality Act (CEQA). DOGGR regulates onshore and offshore oil and gas drilling in California. It also is the lead agency under the California Environmental Quality Act (CEQA) for approving and issuing permits for new oil and gas wells in three counties. The nonprofit environmental law firm Earthjustice filed the lawsuit on behalf of the Center for Biological Diversity, Earthworks, Environmental Working Group and Sierra Club. The plaintiffs seek declaratory judgment that DOGGR violated CEQA by issuing permits without requiring adequate environmental analysis, and want it enjoined from issuing any more permits until it analyzes the impacts of hydraulic fracturing.

DOGGR Gives Peek into HF Regulation

California's Division of Oil, Gas & Geothermal Resources (DOGGR) revealed details about the regulations it is currently drafting to govern hydraulic fracturing, at both the September 18th South Coast Air Quality Management District Hydraulic Fracturing Symposium and at the September 20th Oil and Gas Workgroup. State Oil and Gas Supervisor Tim Kustic qualified his statements appropriately noting that hydraulic fracturing is not a new process in California and has been employed in the state for over 50 years. Unlike most of the hydraulic fracturing in the eastern United States, the primary function of hydraulic fracturing in California is to stimulate crude oil production, not the production of natural gas. The recent public attention paid to hydraulic fracturing in the state is not the result of any change in the practice or any new environmental problems locally, in Mr. Kustic's estimation. Rather, it is the result of the heightened public and media scrutiny in Pennsylvania, Ohio, New York, and elsewhere.

Mr. Kustic indicated that DOGGR has not historically collected data on hydraulic fracturing activities in California, largely because it does not change the physical structure of the well and thus does not require a new or separate permit or even notification to DOGGR. The draft regulations will likely call for the gathering of hydraulic fracturing-related data both before and after the hydraulic fracturing occurs. Kustic made it very clear that the lack of historical information does not mean that hydraulic fracturing has gone unregulated. DOGGR's extensive regulations cover all aspects of well construction and operation, including wells subjected to hydraulic fracturing.

Mr. Kustic then outlined the content of the proposed regulations, noting that nothing has been finally determined and certain issues are still being evaluated. In brief summary, he laid out the following elements currently under consideration:

- Operators would be required to provide notification to DOGGR before engaging in hydraulic fracturing. As yet undetermined is whether notification to the public would also be required, as was contemplated by Senate Bill 1054, which failed on the Senate floor in May.
- DOGGR is reviewing its current well construction regulations as part of the process of considering new hydraulic fracturing regulations. Implicit in that review is the possibility that such regulations may be modified to address concerns associated with hydraulic fracturing.
- Well integrity testing will likely be required to ensure that the well casing is structurally sound before hydraulic fracturing activities begin.
- Inspection of nearby wells, particularly old abandoned wells whose structural integrity may raise concerns, may be required before hydraulic fracturing occurs.
- The structural integrity of the cap rock above the fracture zone may need to be tested to protect against potential migration of hydraulic fracturing fluids or hydrocarbons, as well as to ensure conservation of the hydrocarbon resource.
- Groundwater protection will likely be addressed, beyond existing well casing requirements.
- Fluid management, including the disclosure of the contents of the hydraulic fracturing fluid (an issue raised by Assembly Bill 591, which failed in the Senate Appropriations Committee in August) will be addressed in the regulations. Such disclosure requirements will likely create exemptions to address trade secret concerns.
- Operators would be required to report to DOGGR following completion of hydraulic fracturing operations. The details of such reporting were not disclosed.

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- Operators might be required to report on post-hydraulic fracturing water disposal.
- Fluid management, including the disclosure of the contents of the hydraulic fracturing fluid (an issue raised by Assembly Bill 591, which failed in the Senate Appropriations Committee in August) will be addressed in the regulations. Such disclosure requirements will likely create exemptions to address trade secret concerns.
- Operators would be required to report to DOGGR following completion of hydraulic fracturing operations. The details of such reporting were not disclosed.
- Operators might be required to report on post-hydraulic fracturing water disposal.

DOGGR currently has full authority to draft and adopt the regulations, but is limited in three areas. First, DOGGR lacks authority to ban hydraulic fracturing in the state. Second, DOGGR may lack full authority to compel disclosure of information subject to trade secret protection under California law. Third, DOGGR has limited authority relative to the disposal of produced water other than that which is re-injected back into Class II wells.

A first draft of the regulations should be produced by the end of this year. They will then be subjected to public review and comment, a process that may be repeated - perhaps multiple times - if the regulations undergo significant revisions. When asked for a timeline Kustic indicated his hope that the regulations will be adopted within a year of the first draft.

Inglewood Field Hydraulic Fracturing Study Finds No Negative Environmental Impact

Arguments against hydraulic fracturing in California took a hit when Plains Exploration and Production Company (PXP) released the results of an independent study that found hydraulic fracturing was not a threat to the environment in the Baldwin Hills area of Los Angeles County. The study, by an independent consultant, reviewed the potential impacts of hydraulic fracturing as part of a 2011 lawsuit settlement with Culver City and environmental groups, which opposed PXP's use of hydraulic fracturing. The study was developed over the course of a year and evaluated the site specific impact of several completions conducted at the oil field. The study, which was peer-reviewed by two outside specialists, addresses concerns about groundwater contamination, well integrity, earthquakes, air emissions and community health. The study is the first site specific study of its kind in California and will provide community and policy leaders tangible monitoring results they can use to provide factual answers to questions about hydraulic fracturing.

A summary of the study's findings:

- Microseismic monitoring: Microseismic monitoring confirmed that the high-volume hydraulic fracturing took place at least 1.5 miles below the designated base of fresh water.
- Groundwater: Groundwater beneath the Inglewood Oil Field is not a source of drinking water, but before-and-after tests of groundwater quality showed no effects from high-volume hydraulic fracturing high-rate gravel packing. The study also provides evidence to demonstrate there is no hydrologic connection between the oil field and the area where the nearest public groundwater well is located.
- Well integrity: Testing before, during and after the use of high-volume hydraulic fracturing and high-rate gravel packing showed no effects on the integrity of the steel and cement casings that enclose oil wells.
- Methane: Methane readings detected during the soil and groundwater testing were minor and fell below EPA recommended monitoring levels. The test results found no indication of impacts from high-volume hydraulic fracturing or high-rate gravel packing.
- Ground movement and subsidence: Before-and-after studies found no detectable effect on ground movement or subsidence from high-volume hydraulic fracturing and high-rate gravel packing.
- Induced Earthquakes: Vibration and seismicity measurements, including data from the California Institute of Technology-Baldwin Hills accelerometer, found no detectable effects on vibration and no induced seismicity from high-volume hydraulic fracturing and high-rate gravel packing.
- Noise and Vibration: The use of hydraulic fracturing and high-rate gravel packing in the Inglewood Oil Field remained within the noise and vibration limits of the CSD.
- Air Emissions: The emissions associated with high-volume hydraulic fracturing were within the standards set by the

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South Coast Air Quality Management District.

- Community Health: A health assessment conducted by the L.A. County Department of Public Health which analyzed a time period during which conventional hydraulic fracturing and high-rate gravel packing had been conducted at the Inglewood Oil
- Field, found no statistical difference between areas near the field and L.A. County as a whole. Therefore, it is reasonable to conclude these activities did not create adverse health risks.

Community Questions the Findings the Inglewood Field Fracturing Study

According to a Oct. 15 article by the LA Times, the community is questioning the validity of the independent study assessing the impact of hydraulic fracturing at the Inglewood Oil Field released by PXP (referred to above). Critics, after days of reviewing the study, say it lacks independent scientific scrutiny and that at least one of the peer reviewers has close ties to the energy industry. Moreover, the critics say, the report's conclusion is based on near-term impacts and fails to address fears of long-term damage — such as the potential risk of chemical additives leaching into groundwater. The report was peer reviewed by two firms selected by the oil company and Los Angeles County.

Los Angeles County Supervisor Mark Ridley-Thomas, whose district includes the communities around the field, advised caution.

"The point is, we have more than one peer reviewer here," Ridley-Thomas said. "It's hardly done; it is up for further examination, further discussion and this is an important step in the process, but hardly a conclusive one."

Dave Quast of Energy in Depth, an advocacy group funded by the energy industry, hopes the report will be useful to other gas and oil companies. "The study reconfirms what scientists have been saying all along; that it's a safe and proven technology that's been used for more than 60 years," he said.

Critics, though, say the report is tainted because one of the reviewers, John Martin of JPMartin Energy Strategy, is a well-known consultant for the oil and gas industry and is already embroiled in a controversy involving another study on hydraulic fracturing. As director of the State University of New York at Buffalo's new Shale Resources and Society Institute, Martin co-wrote a study this spring that said fracturing was becoming safe in Pennsylvania due to state oversight and better industry practices.

Dozens of homeowners who live near the Inglewood Oil Field have seen giant cracks form on their property. The area is on the Newport-Inglewood fault.

All of this comes as new regulations for fracturing are being drafted by the California Department of Conservation, which oversees the drilling, maintenance, and plugging of oil, natural gas and geothermal wells. Jason Marshall, chief deputy director, confirmed the department is reviewing the Inglewood report. "As we draft regulations ... we surely will be looking to any information or studies that identify areas of concern, whether those studies focus on individual wells or fields," he said.

That worries Dr. Tom Williams, a retired geologist and engineer, who for 40 years has assessed hundreds of such reports for various companies and government agencies. He fears the study will lead to expanded use of fracturing before long-term damage is assessed and will set a bad precedent in California, the fourth-largest oil-producing state. "Hermosa Beach is going through the electoral process to stop oil drilling, and the new oil field operator will probably use the Inglewood Oil Field report as a means of trying to convince voters not to stop oil development," he said.

Environmental and community groups say the Inglewood report is based on the effects of a single fracturing stage of two vertical wells, when the company plans to fracture horizontally in many stages. Effects those stages might have on the Newport-Inglewood fault need to be taken into account, they said.

But the California Independent Petroleum Assn. defends the method and argues that it has created thousands of jobs, billions in tax revenues and has led to more energy security for the country. Armed with the Plains Exploration study, proponents say they hope fracturing will play a key role in California's Monterey and Santos shale formations, estimated to hold 15.4 billion barrels of oil.

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Senate Pro Tem Steinberg to Convene Stakeholder Meeting re CEQA

In a news release by the office of State Senate President pro Tempore Darrell Steinberg, the Senator announced plans to convene stakeholder meetings and at least one informational hearing before the Legislature convenes in January to examine necessary reforms of the California Environmental Quality Act (CEQA). Steinberg includes CEQA reform as a priority on his agenda for the upcoming legislative session.

"I have always been a strong believer and staunch defender of the California Environmental Quality Act. For more than four decades, CEQA has protected California communities and preserved our wildlife habitat, our farmlands and the natural treasures of this state," said Steinberg (D-Sacramento). "But like any well-intentioned law in existence for more than 40 years, changes are needed to eliminate abuses. We must ensure CEQA is used to protect our environment through a more efficient and timely process."

At the end of the current legislative session, Steinberg pledged to take up the mantel of CEQA reform as a priority in 2013, with the goal of preserving the law's strengths while improving the measure to root out abuses that stifle the economy. Toward that end, the Pro Tem is announcing his intended recommendation to Senate Rules that Senator Michael Rubio be appointed Chair of the Senate Committee on Environmental Quality for the upcoming legislative session. Rubio (D-Bakersfield) was elected to his first Senate term in 2010. He has authored legislation on the state's environmental quality act, permit streamlining and clean energy.

Educational Corner

Sarah Duffy, Nomadic Land Services
Education Chair

Need continuous education credit? The American Association of Professional Landmen (AAPL) is committed to providing education seminars and events that support our membership base. Listed below are continuous education courses available for the upcoming months. You can also earn credits by attending our luncheons based upon speaker and subject matter. Please visit www.landman.org to browse all of the upcoming nationwide events.

November 2012

JOA Seminar – Comprehensive Review of Operating Agreement and Well Trades
When: November 5-6, 2012
Where: Houston, TX

RL/RPL Contunuing Education Credits	14.0
CPL Recertification Credits	14.0
CPL/ESA Ethics Credits	0.0

Working Interest/Net Revenue Interest Calculations Workshop
When: November 12-13, 2012
Where: Midland, TX

RL/RPL Contunuing Education Credits	6.0
CPL Recertification Credits	6.0
CPL/ESA Ethics Credits	0.0

Working Interest/Net Revenue Interest Calculations Workshop
When: November 14, 2012
Where: Houston, TX

RL/RPL Contunuing Education Credits	6.0
CPL Recertification Credits	6.0
CPL/ESA Ethics Credits	0.0

Oil & Gas Land Review CPL/RPL Exam

When: November 14-17, 2012
Where: Fort Worth, TX

RL/RPL Contunuing Education Credits	18.0
CPL Recertification Credits	18.0
CPL/ESA Ethics Credits	0.0

Field Landman Seminar

When: November 15, 2012
Where: Lafayette, LA

RL/RPL Contunuing Education Credits	2.0
CPL Recertification Credits	2.0
CPL/ESA Ethics Credits	0.0

Oil & Gas Titles Workshop

When: November 30, 2012
Where: Pittsburg, PA

RL/RPL Contunuing Education Credits	7.0
CPL Recertification Credits	7.0
CPL/ESA Ethics Credits	1.0

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December 2012

California Oil Conference

When: December 4-5, 2012
Where: Long Beach, CA

RL/RPL Contunuing Education Credits	0.0
CPL Recertification Credits	0.0
CPL/ESA Ethics Credits	0.0

Fundamentals of Land Practices & RPL Exam

When: December 6-7, 2012
Where: Williamsport, PA

RL/RPL Contunuing Education Credits	7.0
CPL Recertification Credits	7.0
CPL/ESA Ethics Credits	1.0

Field Landman Seminar

When: December 6, 2012
Where: Mars, PA

RL/RPL Contunuing Education Credits	2.0
CPL Recertification Credits	2.0
CPL/ESA Ethics Credits	0.0

JOA Workshop – A Comprehensive Review of Operating Agreements and Well Trades

When: December 12-13, 2012
Where: Denver, CO

RL/RPL Contunuing Education Credits	14.0
CPL Recertification Credits	14.0
CPL/ESA Ethics Credits	0.0

Working Interest/Net Revenue Workshop

When: December 14, 2012
Where: Fort Worth, TX

RL/RPL Contunuing Education Credits	6.0
CPL Recertification Credits	6.0
CPL/ESA Ethics Credits	0.0

January 2013

Principles of Land Practices

When: January 10-11, 2013
Where: Houston, TX

RL/RPL Contunuing Education Credits	14.0
CPL Recertification Credits	14.0
CPL/ESA Ethics Credits	1.0

JOA Workshop – A Comprehensive Review of Operating Agreements and Well Trades

When: January 15-16, 2013
Where: Lafayette, LA

RL/RPL Contunuing Education Credits	14.0
CPL Recertification Credits	14.0
CPL/ESA Ethics Credits	0.0

Oil and Gas Land Review, CPL/RPL Exam

When: January 23-26, 2013
Where: Tulsa, OK

RL/RPL Contunuing Education Credits	18.0
CPL Recertification Credits	18.0
CPL/ESA Ethics Credits	1.0

Field Landman Seminar

When: January 24, 2013
Where: Roswell, NM

RL/RPL Contunuing Education Credits	2.0
CPL Recertification Credits	2.0
CPL/ESA Ethics Credits	0.0

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APPL Home Study Program

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

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.

General Credit Courses

#100 Environmental Awareness for Today's Land Professional
Credits approved: 10 CPL/ESA/RPL
$75.00

#101 Due Diligence for Oil and Gas Properties
Credits approved: 10 CPL/RPL
$75.00

#102 The Outer Continental Shelf
Credits approved: 5 CPL/RPL
$37.50

#104 Of Teapot Dome, Wind River and Fort Chaffee: Federal Oil and Gas Resources
Credits approved: 5 CPL/RPL
$37.50

#105 Historic Origins of the U.S. Mining Laws and Proposals for Change
Credits approved: 4 CPL/RPL
$30.00

#106 Going Overseas: A Guide to Negotiating Energy Transactions with a Sovereign
Credits approved: 4 CPL/RPL
$30.00

#108 Water Quality Issues: Safe Drinking Water Act (SDWA)/Clean Water Act (CWA)/Oil Pollution Act (OPA)
Credits approved: 4 CPL/ESA/RPL
$30.00

#109 Common Law Environmental Issues and Liability for Unplugged Wells
Credits approved: 4 CPL/ESA/RPL
$30.00

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 & 2 Ethics
$15.00 per question

#107 Ethics Home Study (Sinex) – 1 or 2 questions
Credits approved: 2 CPL/RPL & 2 Ethics
$15.00 per question

30th Annual West Coast Landmen's Instutute a Success

The 30th Annual West Coast Landmen's Institute held September 26-28, 2012, at the Laguna Cliffs Resort & Spa in Dana Point, was a huge success due to all of our sponsors and the record number of attendees – 197 in attendance! We also had a record number of guests attend, and were honored to have the American Association of Professional Landmen's (AAPL) President, Mr. Jim DewBre, CPL, give us an informative update of the AAPL's recent accomplishments in legislation, and what to expect in our future.

The success of this event could not have been possible without the dedication of our volunteers. A "Special Thank You" goes out to our 2012 WCLI Committee, and to their employers for allowing time from work to coordinate this event:

Yvonne Hicks, Secretary (Track Participants) – Maverick Petroleum, Inc.

Mary Costa, Treasurer (Track Sponsors and Expenses) – Berry Petroleum, Inc.

Joe Munsey, RPL Co-Chair (Speakers) – SoCalGas

Mike McPhetridge, Co-Chair (Activities) – Bonanza Creek Energy, Inc.

Ron Munn, Co-Chairman (Sponsorships) – Chevron USA Inc.

Rick Peace, Co-Chairman (Resort Coordinator) – White Wolf Land Service

Also important is all of the support we receive from our sponsors and the record amount of income:

Company Sponsor	Amount
Bright and Brown	5,000.00
Chevron U.S.A. Inc.	2,500.00
Day Carter & Murphy	2,500.00
Maverick Petroleum, Inc.	2,500.00
Plains Exploration & Production Company (PXP)	2,500.00
30th SNR Denton US LLP	2,500.00
Vaquero Energy	2,500.00
Venoco, Inc.	2,500.00
Vintage Production California	2,500.00
Warren E & P, Inc.	2,500.00
White Wolf Land Service	2,500.00
Aera Energy, LLC	1,500.00
Anderson Land Services	1,500.00
Berry Petroleum Company	1,500.00
E & B Natural Resources	1,500.00
Erlich, Pledger Law, LLP	1,500.00
Petroland Services	1,500.00
Slattery, Marino & Roberts	1,500.00
Stoel Rives LLP	1,500.00
Petroleum Land Mgmt	750.00
Petru Corporation	750.00
Seneca Resources Corporation	750.00
West Coast Land Service	750.00
Law Offices of Rod C. Reynolds	250.00

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Michael E. Hurst & Associates 250.00

The Termo Company 250.00

We had presenters from as far away as Alaska and Louisiana, but in addition to these states, we had attendees from Texas, Oregon, and Colorado. Thank you all for your support of this educational event that focuses on our industry.

Please mark your calendars for next year's event on September 25-27, 2013, with the location to be determined.