American Association of Professional Landmen Update 2018-19

Michel E. Curry, CPL, JD

Henry Resources LLC Midland, Texas AAPL President 2018-19

AAPL UPDATE

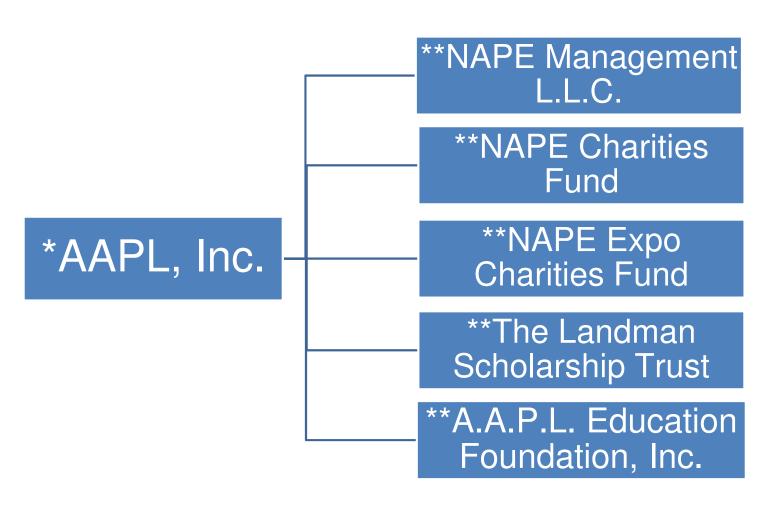
STATE OF THE ASSOCIATION

Organization

Assets

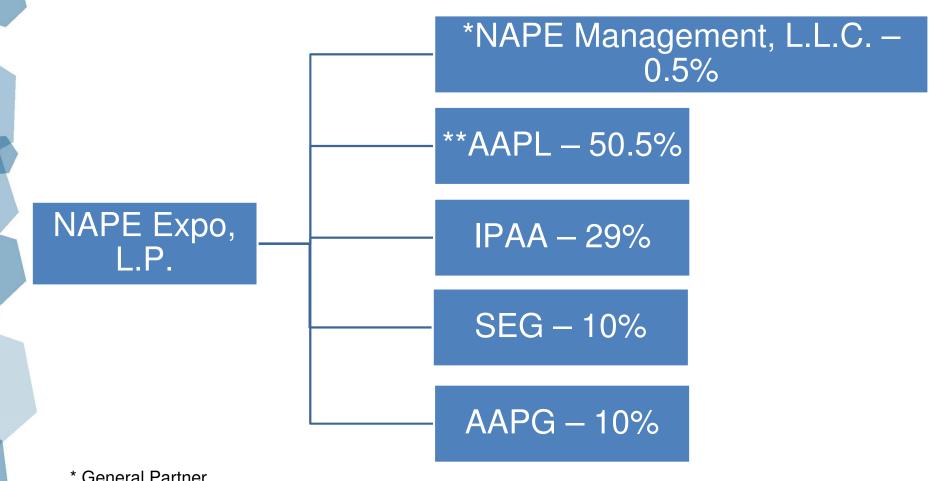
Mission

ACTIVITIES, PROGRAMS & NEW DEVELOPMENTS FOR 2018-2019



^{*} Board of Directors elected/appointed by local affiliated associations

^{**} Board of Directors appointed by AAPL



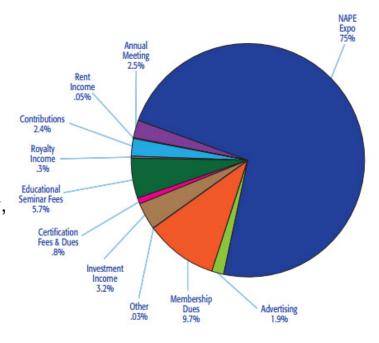
^{*} General Partner

^{**} AAPL distributes a 0.5% interest to the Houston Geological Society and to the Society of Independent Petroleum Earth Scientists per terms of the partnership agreement. (Section 6.04 – Special Endorser Fee Allocation.)

NAPE – Where Deals Happen

NAPE continues to grow

- +10% increase in Exhibitors 2019 Summit v 2018
- Similar increase in attendees
- Global Business Conference continues to grow
- Connections & Conversations feature added
- Charities Luncheon Former President & First Lady, George W. and Laura Bush
- NAPE Charities has donated more than \$3 million to Veteran's charities
- Career Fair significantly expanded



Budget Overview

	BUDGET	BUDGET*
Ordinary Income	2018 \$6,728,800	2019 \$7,382,295
■ From Investments	2018 \$ 992,400	2019 \$ 295,071
Total Income	2018 \$ 7,721,200	2019 \$7,677,366
Expense Budget	2018 \$7,137,413	2019 \$7,302,366
 Depreciation 	2018 \$ 450,000	2019 \$ 375,000
Total Expense	2018 \$7,587,473	2019 \$7,677,366

Fiscal Year = July 1 - June 30 each year.

^{* 2019-2020} Fiscal Year draft budget numbers, not yet finalized.

18-19 Budget Overview

Ordinary Income

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51% NAPE Income and Management Fee (~ $3.56MM)
26% Dues and Fees (~ $1.78MM)
9% Education Registration (
4% Ad Sales (~$1.39MM)
7% Annual Meeting (
3% Other, Rent, Royalty, etc. (
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Interest / Dividend / Financial Account Gains, less Tax

(~ \$992,400)

18-19 Budget Overview

Expense Budget

- 51% Labor & Benefits
- 9% Education
- 6% Publications
- 6% Building Overhead & Maintenance
- 7% Annual Meeting
- 4% Board Meetings & Director/Chairman Travel
- 5% Systems Licenses
- 5% Financial Mgt. Fees, Audit, Legal
- 1% Lobbying & Gov. Relations
- 2% Office Supplies & Postage
- 2% Staff, Pres. And EVP Travel
- 2% Msc.

Plus Depreciation of Capital Assets

AAPL Financial Investment Accounts

As of September 30, 2018:

- AAPL \$28,760,364 (>14% YOY)
- AAPL Educational Foundation, Inc. \$4,426,308 (>12% YOY)
- AAPL Landman Scholarship Trust \$7,851,903 (>5.9% YOY)

AAPL Investment Income

- Advisors suggest spending no more than about 4% of the account balance annually to allow accounts to continue to grow. (Luther King Capital Mgmt.)
 - Historical Return > 8%
- The AAPL Educational Foundation, Inc. and The Landman Scholarship Trust
 - programs and missions are primarily funded through income from the investment accounts for each entity and, unlike AAPL, have no other sources of income.

AAPL ORGANIZATION

FIVE PEOPLE PARTS OF AAPL

- Staff 22 AAPL / 7 NAPE +1 Open = 30
- Executive Committee Officers: Pres., 1st VP, 2nd VP, 3rd VP,
 Treasurer & Secretary, each have specific areas of supervision
- Board of Directors one elected by each local association*
- Committee Chairmen and Assistant Chairmen
 - where the work happens, 20 Active Committees (6-15 members each)
- Membership the bedrock of the association

Directors' Responsibilities

- Responsible for the direction of AAPL
- Attend Meetings
 - Orientation, 3 Board Meetings, Annual Meeting
 - Approve Budget authorize expenditures & programs
 - Vote on policy changes, bylaw proposals, ethics matters
 - 2 year term
- Critical link between Locals and AAPL
 - Local Association Representative
 - Your voice in AAPL

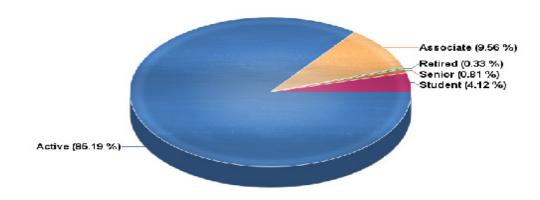
Committee Responsibilities

- Chairman facilitates committee meetings and assists in delivering program
 - Submits budget input in January for the following year's budget
 - Submits additional budget requests for in-year programs over and above approved budget in place through the ExCom and to the Board
 - Directs activities of the committee (e.g. Education, Forms, Ethics, Certification, Membership)
- Assistant Chair prepares to move to chair the following year
- Committee Members
 - Provide valuable input and ideas
 - Implement committee projects



Membership By Type

06/25/2018



Member Type	Members
Active	14,053
Associate	1,577
Retired	54
Senior	133
Student	680
Total Membership:	16,497

AAPL's Mission What AAPL is Really About

AAPL Mission

Mission:

AAPL's mission is to promote the highest standards of performance for all land professionals, to advance their stature, and encourage sound and ethical stewardship of energy and mineral resources.

AAPL Mission

Mission:

Promote the highest standards of performance

Education

Advance the stature of landmen and the profession

Recognition & Advocacy

Encourage ethical stewardship of energy and mineral resources.

Ethical standards of conduct in all things -

Do the right thing for the right reason.

Education for 2018-19

- 62 live seminars nationwide, 17 unique topics
- 21 seminars offered by webinar
- 14 seminars available on-line
- New content:
 - Field Land Practices
 - Structuring a Deal Petroleum Economics
 - Structuring a Deal Negotiations Strategy & Techniques
 - \$15,000 available annually to members Tuition Assistance

Redesign of Education Committee

- Emphasis on
 - Relevancy
 - Deliverability
 - Quality

Relevancy

- Topics of Current Interest
- Topics of Local/Regional Interest
- Useful In Today's Industry Environment
- Reference For Future Problem Solving
- Provide Technical Skills and Tools
- Help Land Professionals Perform Their Jobs Better

Deliverability

- Provide Networking Opportunities
 - Local programs in concert with local associations
 - Larger seminar venues sponsored by AAPL
- Any time, any place
 - Webinar
 - Online
 - Live
- Affordable FREE THIRD THURSDAY VIDEOS

Quality

- Qualified Speakers
- Well Researched Materials
- Quality Video/Online Products

AAPL Mission

Mission:

Advance the stature of landmen and the profession Recognition & Advocacy

Advocacy

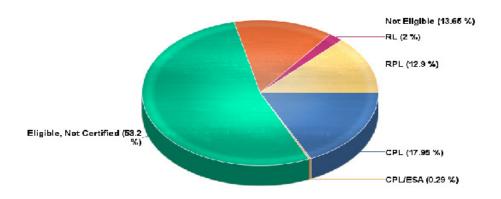
- Protect the Land Profession from Legal Attack
- Advocacy, including amicus briefs, regulatory letters and sponsored legislation
- Governmental Affairs Bulletin
- Voter Voice Grassroots digital advocacy platform to reach and influence elected officials and regulators directly on important issues
- Training and assistance on employee misclassification, tax issues and independent contractor best practices
- Funding for voter education on critical issues
 - Two recent examples



Advocacy

- Advocacy, including amicus briefs and sponsored legislation
 - Dundics v. Ohio: Landman licensing
 - AAPL was involved from the beginning by filing Amicus Briefs at each stage of the ligitation;
 - Worked closely with the Ohio Oil & Gas Association to (i) educate the opposition groups (realtors, bar association & legislators), and (ii) negotiate and draft legislation that was ultimately signed into law.
- Funding for voter education on critical issues
 - Colorado Proposition 112 AAPL funded public outreach & education effort





Certification	Total
CPL/ESA	48
CPL	2,962
RPL	2,128
RL	330
Eligible, Not Certified	8,777
Not Eligible	2,252
Total Membership:	16,497

35.38% of Members are Certified; 53.2% of Members are eligible but NOT Certified

Certification

- Certification sends a message to industry decision makers, to your peers and to the public:
 - <u>Competency</u> education, experience, broad knowledge, proven by examination
 - <u>Dedication</u> continuing education, staying curren<u>t</u>
 - Professional not just a job, a commitment to excellence
 - **Ethical** standards of practice, character, honesty, trust
- Certification results in higher compensation:
 - RPL 7-20%
 - CPL 11-28%

Certification

- EFFECTIVE DECEMBER 9, 2018, on recommendation of the Certification Committee and approval of Bylaws & Policy Committee, and unanimous vote of the Board of Directors, the criteria for certification was revised:
 - <u>Section 1.</u> "Landwork" shall mean the actual performance or supervision of any one or more of the following functions:
 - A. Negotiating for the acquisition or divestiture of mineral rights.
 - B. Negotiating business agreements that provide for the exploration for and/or development of minerals.
 - C. Determining ownership in minerals through the research of public and private records.
 - D. Reviewing the status of title, curing title defects, providing title due diligence and otherwise reducing title risk associated with ownership in minerals or the acquisition and divestiture of mineral properties, but shall not include division order or lease analyst functions.
 - E. Managing rights and/or obligations derived from ownership of interests in minerals.
 - F. Unitizing or pooling of interests in minerals.

Certification

• **EFFECTIVE DECEMBER 9, 2018**, on recommendation of the Certification Committee and approval of Bylaws & Policy Committee, and unanimous vote of the Board of Directors, the criteria for certification was revised:

II. Requirements of Certification as an RPL or a CPL

A. AAPL Membership

All applicants for Certification as an RPL or a CPL must be active members of AAPL for at least one year prior to submitting an application and must maintain their membership in order to maintain their CPL or RPL status.

B. Work Experience

The terms, "Land Professional", "Landwork" and "Landman", as used in this Section II, shall be as defined by Article II – Definitions of the AAPL Bylaws.

In order to obtain certification, a Landman must be primarily engaged in the performance of Landwork items A, B and/or C above ("Qualifying Landwork").

A CPL applicant must satisfy the AAPL Certification Committee that the applicant has a minimum of ten "credit years" of full-time experience as a Land Professional, a thorough knowledge of Landwork, demonstrated by passing an appropriate examination, and has been primarily engaged or actively seeking continued employment in Qualifying Landwork for at least the immediate past two years at the date of application. Credit years shall not be applied towards time in which applicants are both full-time students at a college or university and engaged in full-time Landwork, unless applicant can prove to the satisfaction of the Certification Committee Chairman that the college classes taken were outside of normal business hours or did not in any way interfere with full-time Landwork.

An RPL applicant must satisfy the AAPL Certification Committee that the applicant has a minimum of five "credit years" of full-time experience as a Land Professional, a thorough knowledge of Landwork, demonstrated by passing an appropriate examination, and has been primarily engaged or actively seeking continued employment in Qualifying Landwork for at least

Member Benefits & Services

Member Benefits & Involvement

- Advisory Landman Connection
- Committee Volunteer Application Process
 - Committee appointments will start in in February/March and run through June
- Compensation Survey Available on the website
- Job Postings Land News, Job Board
- Tuition Assistance AAPL accredited seminars & education events
 - Includes NAPE Global Business Conference
 - Includes AAPL Annual Meeting
 - \$300 maximum per event, two times per year
 - Apply online

AAPL Contract Center - Forms

Available Forms:

- AAPL JOA From 610-2015
- AAPL JOA Form 610-1989 (with Horizontal Modifications)
- AAPL JOA Form 610-1989
- AAPL JOA Form 610-1982
- AAPL Gas Balancing Agreement
- AAPL Recording Supplement
- AAPL Confidentiality Agreement
- AAPL Master Land Services Contract (MLSC)
- COPAS 2005 Accounting Procedures Form



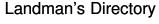
New Forms in Development for 2018-2019:

- AAPL Model Form Participation Agreement
- AAPL Model Form Purchase and Sale Agreement
- Multi-state Acknowledgements
- Toolkit of commonly used forms
 AOGLs, AORI's, Aff., ROW, etc.

Member Communications & Information

According to the 2017 Membership Survey, the Landman Magazine and Landman's Directory were ranked as the top benefits to members.

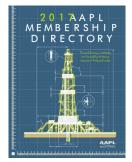
Landman Magazine



AAPL Annual Report

Annual Meeting Program





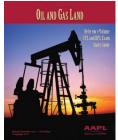


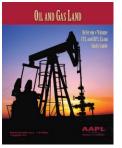


OF PROFESSIONAL LANDME

Oil and Gas Law Comparison (By State & Topic)

Reference Books





AAPL Education Foundation, Inc.

- Approximately \$90,000 available annually for grants
- \$565,351 in disaster relief grants 2017-2018
 - Grants available recently for California fires, Alaskan earthquakes, and Pennsylvania flooding
- - Seminar assistance is available to local associations

Landman Scholarship Trust Financials

- Narrow Focus Provide Scholarship Assistance to Students at colleges and universities with AAPL accredited programs.
- \$240,000 in scholarships for 2018-19

Landman Scholarship Trust

(14 AAPL Accredited PLM/EM Programs)

Provided \$240k in scholarships during 2018-2019 academic year:

- University of Oklahoma 18 students \$85,000
- Texas Tech University 6 students \$25,000
- West Virginia University 6 students \$27,500
- University of Louisiana Lafayette 1 student \$5,000
- University of Tulsa 8 students \$22,500
- Western State University of Colorado –2 students \$7,500
- University of Wyoming 1 student \$5,000
- Marietta College 2 students \$12,500
- Colorado Mesa 2 students \$7,500
- Oklahoma City University 4 students \$20,000
- University of Oklahoma Law 4 students \$20,000
- Tulsa Grad 1 student \$2,500

Annual Meeting

- Networking
- Professional Development
- 2018 Denver Annual Meeting 890 in attendance
 - 637 Members }
 - 127 Guests } Total 764
 - 48 Non-Members
 - 49 Speakers, Staff, Past Presidents
 - 29 Students
- 2019 Pittsburgh Annual Meeting June 19-22, 2019
 - 1,700 members in local area and adjacent states

Annual Meeting

Annual Meeting 2019 (June 19-22) Pittsburgh, PA

- ☐ Registration opened January 2nd.
- \Box New events this year: Horizon Breakfast honoring women in energy and preconference day workouts in the park both included with the all-inclusive attendee registration prices.

Keynote Speaker: Alexandra Pruner, director & former CFO TPH, Director Plains All American Pipeline.

First Class Dual Track Education Schedule

- ☐ Opening Reception at Heinz Field Hot Play Happy Hours
- ☐ Landman Bash at the Historic William Penn Ballroom Pirates are in town for 3 games Tuition Assistance Available





QUESTIONS

