Award Winning

The Override

Every Landman Wants One!

Volume IX , Issue V | May, 2015

Los Angeles Association of Professional Landmen

Presidents Message

Jason Downs, RPL, President
Breitburn Management Company LLC

Another term comes to an end and we are ready to pass the baton to LAAPL's incoming President, Ernest Guadiana, Esq. who will do a superb job leading our group in 2015-16.

On behalf of myself, the officers and board members, we would like to thank you members for a great year and I am proud and honored to have served this group of fine professionals over the last year. Let us look forward to a new term with optimism and continued success.

I hope to see everyone at the next few LAAPL events, May luncheon with guest speaker E. Ryan Stephenson, Mickelson Golf Classic located at the gorgeous Angeles Nationals Golf Course and West Coast Land Institute held this year in Marina Del Rey, California.

LAAPL Annual Call for Dues

Sarah Downs, RPL
Downchez Energy, Inc.
LAAPL Treasurer

We will begin accepting LAAPL membership dues starting on May 10th until July 1st. See attached Renewal Form for your convenience. Renewal is $40.00; please send your renewal notices along with your payment as follows:

Sarah Downs, RPL
LAAPL Treasurer
Downchez Energy, Inc.
419 Main Street #357
Huntington Beach, Ca 92648

Inside This Issue:

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

Meeting Luncheon Speaker

California's Oil and Gas Lien Act: Offense & Defense

Ryan Stephensen is an associate litigation attorney with the Sacramento law firm Day Carter & Murphy LLP. His civil litigation experience includes complex contract disputes, gas pipeline easements and ownership issues, drilling contracts, surface access rights, adverse possession, slander of title issues, seismic survey licenses, deed interpretation, the Dormant Minerals Act, quiet title claims, condemnation actions, gas storage issues, and oil and gas liens.

Ryan also assists clients with compliance with oil and gas regulations, water use regulations, and other environmental regulations, including those promulgated under SB 4.

Ryan earned his J.D. degree in 2006 from the University of California, Davis, King Hall School of Law, where he graduated Order of the Coif.

Opinionated Corner

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

The end is near as your Newsletter/ Publishing Co-Chair for the year 2014-2015. Ever aware there is someone lying in wait to replace me weighs heavily my mind. While we still have the capacity to carry on, I would like to take this opportunity to express thanks to the following persons for making "The Override" a continuous success; i). The LAAPL executive board and our current president, Jason Downs, RPL, Breitburn Management Company LLC, ii). the legal community who have provided the content for our Cases/ Issues of the Month, iii) Cliff Moore for his willingness to provide editorial oversight; and iv). Star of this award winning publication, Randall Taylor, RPL, of Taylor Land Services.

Speaking of successes, The Override took first place again in the small chapter category. The presentation of the award will be given by the American Association of Professional Landmen in Nashville. Randall Taylor, RPL, Co-chair of the Newsletter/Publishing Committee will be accepting the award on behalf of LAAPL.

There is a glimmer of light for me personally, unofficially, our Chapter Vice President, Ernest Guadiana, Esq., gave me the nod at the last chapter board meeting that more than likely we will continue to hold onto the helm of this award winning newsletter for 2015-2016.

Meanwhile, Godspeed to all who plan to venture out during the summer vacation season and join the millions who do so.

Scheduled LAAPL Luncheon Topics and Dates

September 17th
TBD

November 19st
TBD

January 28th
[4TH Thursday]

Annual Joint Meeting with
Los Angeles Basin Geological Society

March 17th
TBD

May 19th
TBD

Officer Elections

2015 West Coast Landman's Institute

This year's WCLI is set for September 23rd through the 25th at the Marriott Marina Del Rey, located near LAX.

Ernie Guadiana, Esq., of Locke Lord and Rae Connet, Esq., of Petroland Services, are this year's Educational Chairs.

Along with our array of top notch speakers, we still anticipate the annual Dave Kilpatrick update.

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

None to Report

None to Report

Corrections

Chapter Board Meetings

Cliff Moore
Independent
Chapter Secretary

The LAAPL Board of Directors and Committee Members held its board meeting at the Long Beach Petroleum Club immediately following the LAAPL luncheon meeting. The matters discussed at the March meeting are as follows:

- New LAAPL logo voted on. New logo will be presented at the next luncheon.
- Tikti Pentarakis accepted as new member.
- James Pham and VP Ernest Guardiana volunteered for the WCLI committee.
- Other issues pertinent to the operations of LAAPL

The LAAPL Board of Directors and Committee Chairs normally hold its Board Meetings in the same room as the luncheon meeting after the speaker has wowed us. We encourage our members to attend the meetings to see your Board of Directors and Committee Chairs in action.

Treasurer's Report

As of 3/12/2015, the LAAPL account showed a balance of	$ 22,218.76
Deposits	$ 3,470.00
Total Checks, Withdrawals, Transfers	$ 2,996.58
Balance as of 5/16/2015	**$ 22,692.18**
Merrill Lynch Money Account shows a total	$ 11,096.90

2013—2014 Officers & Board of Directors

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

Ernest Guadiana, Esq.,
Vice President
Locke Lord LLP
213-687-6741

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

Cliff Moore
Secretary
Independent
818-588-9020

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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
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Luna Glushon
310-556-1444

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Independent
(310) 349-0051 Ext 112

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Luna & 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

LAAPL Donation Accepted

Each year LAAPL donates $300.00 to the American Oil & Gas Historical Society, a non-profit organization dedicated to preserving the history of the oil patch. On many occasions "The Override" has pulled interesting oil lore for republication. The AOGHS website is full of historical information about this great industry that transformed the world.

Recently, Mr. Bruce Wells, Executive Director of AOGHS, sent a note of gratitude to LAAPL's Board for our donation, as he does each year we send our contribution to support this organization.

Bruce can be reached at:

Bruce Wells, Executive Director
American Oil & Gas Historical Society
www.aoghs.org
3204 18th Street, NW
Washington, DC 20010
(202) 387-6996 Cell: (202) 696-4014

www.aoghs.org or

http://oilpro.com/brucewells.

Our Honorable Guests

March's luncheon topic caused our meeting to have a full house. Our guest of honor who attended:

Sean Murphy, Partner
Day Carter Murphy Law Firm

Lawyers' Joke of the Month

Jack Quirk, Esq.
Bright and Brown

My Favorite Animal

Our teacher asked what my favorite animal was, and I said, "Fried chicken."

She said I wasn't funny, but she couldn't have been right, because everyone else laughed. My parents told me to always tell the truth. I did. Fried chicken is my favorite animal. I told my dad what happened, and he said my teacher was probably a member of PETA.

My Dad said they love animals very much. I do, too. Especially chicken, pork and beef. Anyway, my teacher sent me to the principal's office. I told him what happened, and he laughed, too. Then he told me not to do it again.

The next day in class my teacher asked me what my favorite live animal was. I told her it was chicken. She asked me why, so I told her it was because you could make them into fried chicken. She sent me back to the principal's office. He laughed, and told me not to do it again.

I don't understand. My parents taught me to be honest, but my teacher doesn't like it when I am.

Today, my teacher asked us to tell her what famous person we admire most. I told her, "Colonel Sanders."

Guess where I am headed now ...

Happy 196th Birthday, Colonel Drake!

At the Core

A favorite slice of oilpatch lore,
Deals with an apple – more precisely – the core.
Took food to the well, did drillers of yore,
And dined best they could on the drilling rig floor.

They'd show up for work with a lunch pail or sack,
And a Rome or Delicious or maybe a Mac -
For apples were tasty and easy to pack,
And they made a nice lunch or an afternoon snack.

Each day after meals, over shoulder they'd fling,
The old apple core, and then early next spring,
When the snow melted and robins would sing,
New trees would sprout 'round the well in a ring.

When you're out in the woods, scouting old wells,
Climbing up hills and marching down dells,
Remember this bit of lore you've heard tell:
It's there in the circle where apple trees dwell.

- Kathy J. Flaherty, 2015
(More Oily Odes, in press)

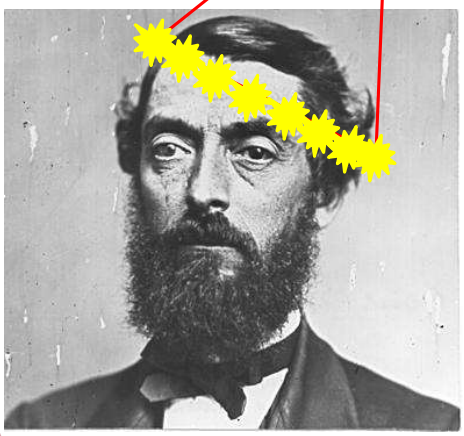
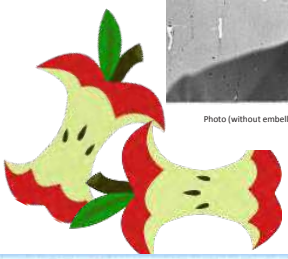


Photo (without embellishments!) courtesy of PHMC, Drake Well Museum, Titusville, PA.



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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

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2015 – 2016 Officer Election

The LAAPL's Board of Directors duly appointed Paul Langland, Esq., Independent, as LAAPL's Nominations Chair, to seek out qualified candidates for officers. The list of qualified candidates[1] has been set forth below and the elected officers will serve from July 1st, 2015 – June 30th, 2016. Officers will be elected by a vote of membership in attendance at the May 21, 2015, chapter meeting held at the Long Beach Petroleum Club. Nominations will also be accepted from the floor at the May 21, 2015, regular meeting.

President[2]	Ernest Guadiana, Esq.
Past President[3 & 4]	Jason Downs, RPL, BreitBurn Management Company

OFFICE	**CANDIDATE**
Vice President	☐ JR Billeaud
	☐ Steve Harris, CPL
	☐ _____
Secretary	☐ Cliff Moore, Independent
	☐ _____
Treasurer	☐ Sarah Downs, RPL
	☐ _____
Directors (Vote for two only)	☐ Randy Taylor, RPL
	☐ Joe Munsey, RPL
	☐ L. Rae Connet, Esq.
	☐ _____

[1]Per Section 7(7)(a) prior to the regular meeting scheduled nearest to April 15th of each membership year, the membership will be provided with a list of the nominees for officers of Vice President, Secretary, Treasure and the two (2) Directors.
[2]Per Section 7(3) the Vice President shall succeed to the office of the President after serving his or her term as Vice President and shall hold the office of President for the next twelve (12) months.
[3]Per Article 8 (2) the outgoing President shall serve as Past President.
[4]Per Article 8 (2) the outgoing President shall serve as Director.

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Legislative Update

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

OIL AND GAS INDUSTRY WRONGLY IMPLICATED IN CALIFORNIA DROUGHT

(Article written by P. Anthony Thomas, CIPA Director of Government Relations)

California is in the midst of a four-year drought which means there is a lack of a healthy snowpack in the Sierras and a lack of run-off throughout the state.

As many Californians are learning the hard way, water is a precious resource that many have taken for granted. Are we in desperate times? Many opinion leaders believe so. Governor Jerry Brown has just instituted a statewide Executive Order for a 25% reduction in water use. However, desperate times call for a villain - a person, or in this case an industry, who can be viewed as the cause of such a natural disaster. California's oil and gas industry has been implicated in a myriad of environmental impacts including earthquakes, contamination of drinking water, polluting the air with greenhouse gas emissions (GHG), and now the industry is being viewed as a major contributor to the drought.

The Oil Industry has been accused of using more than its fair share of water due to hydraulic fracturing (HF). The 70 million gallons of water used for HF has been a rallying cry for the environmental community to bring attention and ultimately additional oversight of oil and gas production in California. Industry has repeatedly stood by the belief that water used for HF is a miniscule amount compared to the enormous amount that is reported by the environmental community. The numbers seem to speak for themselves: one acre-foot is equal to 325,851 gallons of water, and the 70 million gallons used for HF equates to 214 acre-feet - - a drop compared to 34 million acre-feet that agriculture uses. Seventy million gallons may sound like a large number, but in the context of California's drought, it's not. Last December, NASA noted that it would take 11 trillion gallons to end California's drought. Meanwhile, California oil and gas producers actually provided the agriculture industry with more than 30,000 acre-feet of water in 2014. Translation: the oil and gas industry created 150 times as much water than it used in hydraulic fracturing.

A recent blog post by Michael Campana, a hydrologist at Oregon State University, substantiated the numbers, citing the 70 million number, and noting that in 2010, California's freshwater "withdrawals" amounted to "31 billion gallons per day or 11.3 trillion gallons per year." Droughts are slow moving catastrophes that have occurred throughout California's existence. A low snowpack from the Sierra Nevada Mountains which flows into the San Joaquin will result in less water overall than in good snow fall years. Hydraulic Fracturing accounts for 0.00062% (or 0.0000062) of the state's annual freshwater withdrawals. A lot of water? The math seems to speak for itself.

Ultimately the responsibility for California's future lies with our political leadership, who need to develop the kind of typically bold approaches past generations have embraced. Some have suggested building new storage capacity. Desalinization, widely used in the even more arid Middle East, notably Israel, has been blocked by environmental interests but could tap a virtually unlimited supply of ocean water which lies close to the state's most densely populated areas. Essentially the state could build enough desalinization facilities, and the energy plants to run them, for less money than any public works project (past and present).

Water in California has always been political. Since the 1970's, California's water system has become the prisoner of politics and posturing. The aqueducts connecting the population centers with the Sierra snowpack are all products of an earlier era including the Los Angeles aqueduct (1913), Hetch-Hetchy (1923), the Central Valley Project (1937), and the California Aqueduct (1974). The primary opposition to expansion has been the green left, which rejects water storage projects as unnecessary.

The oil and gas industry will continue to use science and sound engineering practices for water use and will continue to thwart any information to the contrary. For more information, contact P. Anthony Thomas.

Legislative Update
continued on page 10

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SUIT FILED VERSUS DOGGR TO STOP OIL WASTEWATER INJECTION

Environmentalists filed a preliminary injunction to immediately stop the daily illegal injection of millions of gallons of oil field wastewater into protected groundwater aquifers in the state.

Officials with the state's Division of Oil, Gas, and Geothermal Resources (DOGGR) have admitted that their agency improperly permitted more than 2500 wells to pump oil industry wastewater and fluids from enhanced oil recovery techniques like acidization and steam flooding into groundwater aquifers that should be protected under the federal Safe Drinking Water Act.

NEW REPORTING RULES CAUSES DOGGR DELAY

The state's oil and gas agency has missed the deadline for reporting on the use of water by oil producers in California, saying that the large volume of information required could not be processed in time,

The California Department of Conservation failed to meet an April 30 deadline for making public a broad range of information regarding the source, volume and disposal of water used in oil and gas production.

Senate Bill 1281, which was passed last year, requires oil operators to give specifics on the source, quality and treatment of all injected waters along with the quality, disposal and treatment of all produced waters. This bill vastly increased the data the state is required to collect from oil companies. Regulators are now required to track 200 billion data elements, officials said, far exceeding the data management capacity of the state's Division of Oil, Gas and Geothermal Resources.

The next quarterly reporting deadline is July 31, but officials could not say when the agency will submit the information.

BILL APPROVED DEALING WITH HF AND SEISMIC ACTIVITY

California lawmakers have approved a bill dealing with hydraulic fracturing's effect on seismic activity and methane emissions. A.B. 1490 would put a moratorium on nearby HF after an earthquake of 2.0 or greater in magnitude, until the state Division of Oil, Gas and Geothermal Resources determines that HF does not heighten the risk of seismic activity.

BUTTE COUNTY SUPERVISORS BAN HF DISPOSAL

The Butte County Board of Supervisors has approved an ordinance that would ban the storage or disposal of hydraulic fracturing waste within the county. The vote regarding the waste generated by injecting fluids into the ground to stimulate oil and natural gas production was 4-1.

SHORT LIVED CLIMATE POLLUTANTS CONCEPT PAPER RELEASED

The Air Resources Board (ARB) has released, for public review, a concept paper to initiate discussion on the development of a Short-Lived Climate Pollutant Reduction Strategy.

Short-lived climate pollutants (SLCPs) include methane, tropospheric ozone, black carbon, and fluorinated gases. They are powerful climate forcers that remain in the atmosphere for a much shorter period of time than longer-lived climate pollutants, including carbon dioxide. Their relative potency, when measured in terms of how they heat the atmosphere, can be tens to thousands of times greater than that of carbon dioxide (CO2).

Senate Bill 605 requires ARB, in coordination with other state agencies and local air districts, to develop a SLCP Strategy by the end of 2015, to further reduce SLCP emissions in California.

The Concept Paper presents initial ideas that will be considered and evaluated in the coming months by ARB staff, in coordination with other agencies, as it develops a SLCP Strategy pursuant to SB 605. The concepts included in this discussion draft do not represent commitments at this time, nor do they comprise an exhaustive list of elements or considerations that may be included in the Strategy or shape its development. The intent of the paper is to elicit new ideas and refine strategies to reduce emissions of SLCPs throughout the state.

The Concept Paper will be discussed at a May 27, 2015, public workshop. The comments received on the Concept Paper will inform the development of a draft Strategy that ARB expects to release for public comment later this summer. ARB welcomes broad participation among stakeholders, experts and interested parties throughout this process.

The Concept Paper and workshop notice can be found at ARB's Short-Lived Climate Pollutant website at: http://www.arb.ca.gov/cc/shortlived/shortlived.htm. The website also contains a link for submitting written comments. An agenda and presentation will be posted before the workshop.

Supreme Court of Ohio Rejects Local Governments' Attempts to Regulate Oil and Gas Activities

By
Craig P. Wilson, Esq., Partner, Nicholas Ranjan, Esq., Partner
Bryan D. Rohm, Esq., Associate, and Leigh Argentieri Coogan, Esq, Associate
Law Firm of K & L Gates, LLP

In the Appalachian basin, several states have recently faced the issue of whether local governments have the ability to regulate oil and gas operations, potentially causing a maze of varying rules and requirements from one township to the next. While court decisions in Pennsylvania and New York have permitted local governments to exercise such authority, the Ohio Supreme Court recently reached the opposite result. In State ex rel. Morrison v. Beck Energy Corp.,[1] the Supreme Court of Ohio held that the Home Rule Amendment to the Ohio Constitution[2] does not grant a local government the power to enforce its own oil and gas ordinances over Ohio's comprehensive regulatory scheme for oil and gas operations in Ohio's oil and gas statute, R.C. Chapter 1509.

Although the Ohio Supreme Court's decision in Morrison is limited to the specific ordinances in question, the decision provides indication that Ohio's comprehensive regulatory scheme for oil and gas operations likely will control in the event of conflict between a municipality's power under the Home Rule Amendment and the state's oil and gas requirements.

What Happened in Morrison?

Beck Energy attained a state permit from a division of Ohio Department of Natural Resources (ODNR) to drill an oil and gas well in the city of Munroe Falls, pursuant to R.C. Chapter 1509. However, the city of Munroe Falls filed a request for injunctive relief preventing Beck Energy from drilling until it complies with five local ordinances. The first of the five ordinances "is a general zoning ordinance in Chapter 1163 that prohibits any construction or excavation without a 'zoning certificate' issued by the zoning inspector." Additionally, the "remaining four ordinances [. . .] specifically relates to oil and gas drilling." Moreover, "[a] person who violates any of the ordinances in [. . .] Munroe Falls Codified Ordinances is guilty of a first-degree misdemeanor and 'shall be imprisoned for a period not to exceed six months, or fined not more than one thousand dollars ($1,000), or both.'"

The trial court granted an injunction in favor of the city, but "[t]he court of appeal reversed, holding that R.C. 1509.02 prohibited the city from enforcing the five ordinances." The Supreme Court of Ohio accepted the city's appeal.

Key Holdings and Analysis

The Supreme Court of Ohio held that R.C. 1509.02 supersedes the city of Munroe Falls' ordinances under Mendenhall v. Akron's[3] three-step analysis for determining whether a municipal ordinance must yield to a state statute when a city exercises its Home-Rule power.

The city argued that its Home-Rule power allows a municipality to impose ordinances relating to oil and gas drilling and production notwithstanding state oil and gas law. However, under Mendenhall, "a municipal ordinance must yield to a state statute if (1) the ordinance is an exercise of the police power, rather than of local, self-government, (2) the statute is a general law, and (3) the ordinance is in conflict with the statute." Under this three-step analysis, the Morrison Court held that the city's ordinances do not represent a valid exercise of its Home-Rule power.

The Ordinances Constitute an Exercise of Police Power

Ohio law makes clear that within the meaning of the Home Rule Amendment, "any municipal ordinance, which prohibits the doing of something without a municipal license to do it, is a police regulation." The Court noted that, "[t]he city does not dispute that its ordinances constitute an exercise of police power rather than local-self government." Furthermore, "the city's ordinances do not regulate the form and structure of local government," but rather, the ordinances go as far as criminalizing "the act of drilling for oil and gas without a municipal permit."

R.C. 1509.02 Is a General Law

The Court held that R.C. 1509.02 is a general law under Mendenhall. The city argued against categorizing R.C. 1509.02 as a general law, because it cannot apply to the western part of the state where oil and gas drilling does not occur; thus, the city asserted, R.C. 1509.02 neither applies to all parts of the state alike nor operates uniformly throughout the state. The Court,

Case of the Month - O&G
continued on page 14

however, rejected this argument, and held that regardless of where oil and gas drilling occurs within the state of Ohio, R.C. 1509.02 applies and operates uniformly throughout the state and, therefore, is a general law.

The Ordinances Conflict with R.C. 1509.02

Finally, the Court recognized that "[t]he city's ordinances conflict with R.C. 1509.02 in two ways." First, the ordinances prohibit state-licensed oil and gas production within Munroe Falls, which is what R.C. 1509.2 allows. The state permit Beck Energy obtained "expressly 'granted permission' to 'Drill [a] New Well' for 'Oil & Gas' within Munroe Falls. But the city ordinances would render the permit meaningless unless Beck Energy also satisfied the permitting requirements in Chapters 1163 and 1329 of the Munroe Falls Ordinances." The city argued that the laws do not conflict, because the city and the state regulate two different areas of oil and gas activities: "the ordinances address 'traditional concerns of zoning,' whereas R.C. 1509.02 relates to 'technical safety and correlative rights topics.'" The Court rejected this argument, and recognized that "[t]his is a classic licensing conflict under [the] home-rule precedent." Furthermore, the "ordinances and R.C. 1509.02 unambiguously regulate the same subject matter—oil and gas drilling—and they conflict in doing so."

The second conflict the Court identified related to the General Assembly's intention "to preempt local regulation on the subject." R.C. 1509.02 "not only gives ODNR 'sole and exclusive authority to regulate the permitting, location, and spacing of oil and gas wells and production operations' within Ohio; it explicitly reserves for the state, to the exclusion of local governments, the right to regulate 'all aspects' of the location, drilling, and operation of oil and gas wells, including 'permitting relating to those activities.'" Furthermore, it "prohibits cities from exercising powers that 'discriminates against, unfairly impedes, or obstructs' the activities and operations covered by R.C. 1509.02." Therefore, the city's ordinances were found to conflict with R.C. 1509.02 and, because all three parts of Mendenhall's analysis were met, the Court held that the city's ordinances did not represent a valid exercise of its home-rule power.

What is Morrison's Impact?

Although the Ohio Supreme Court limited its ruling to the city's five ordinances at issue in this case, the Court made it clear that "the Home Rule Amendment to the Ohio Constitution, Article XVIII, Section 3, does not allow a municipality to discriminate against, unfairly impede, or obstruct oil and gas activities and production operations that the state has permitted under R.C. Chapter 1509." Going forward, if and where municipalities attempt to regulate oil and gas operations, oil and gas companies should closely evaluate whether the Morrison decision precludes those efforts.

Mr. Craig P. Wilson can be reached at craig.wilson@klgates.com

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Mr. Bryan D. Rohm can be reached at bryan.rohm@klgates.com

Ms. Leigh Argentieri Coogan can be reached at leigh.argentiericoogan@klgates.com

Notes:

[1] Slip Opinion No. 2015-Ohio-485.

[2] Article XVIII, Section 3.

[3] 881 N.E.2d 255 (2008).

FERC Policy Statement Regarding Pipeline Recovery of System Modernization Costs

By
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On April 16, 2015, the Federal Energy Regulatory Commission ("FERC" or the "Commission") issued a Policy Statement on Cost Recovery Mechanisms for Modernization of Natural Gas Facilities (the "Policy.Statement")[1], opening the door for interstate natural gas pipeline companies to recover system modernization costs from shippers through surcharges and tracker mechanisms. The Policy Statement, which will impact interstate natural gas pipelines and their shippers alike, will go into effect on October 1, 2015.

The Policy Statement, which was approved unanimously by the five commissioners, closely tracks the Commission's November 20, 2014 Proposed Policy Statement, and is specifically intended to address costs incurred by pipelines related to pipeline safety and greenhouse gas emission ("GHGs"). FERC explicitly recognizes that allowing the surcharge mechanisms that fall within the purview of the Policy Statement represents a departure from its past practice.[2] Historically, with narrow exceptions, the Commission has been reticent to allow regulated pipeline companies to establish surcharge mechanisms. However, as the Commissioners pointed out in their discussion at the April 16, 2015 meeting, including FERC's newly installed Chairman, Norman Bay, the Policy Statement is aimed at incentivizing the modernization of U.S. interstate natural gas pipeline infrastructure in the face of emerging issues, like pipeline integrity and methane leakage.

One of the most critical aspects of the Policy Statement is that the Commission expressly declines to limit potential recovery to costs incurred in complying with existing laws and regulations. Instead, the Commission determined that "all prudent one-time capital costs that satisfy the eligibility requirements may be included in a cost modernization tracker, regardless of whether PHMSA, FERC, EPA, or some other government agency has adopted a regulation requiring incurrence of the cost."[3] In light of the substantial uncertainty surrounding federal and state GHG-related laws and regulations and multiple pending U.S. Pipeline and Hazardous Materials Safety Administration rulemakings, the absence of a tie to a specifically enacted law or implemented agency regulation may present an opportunity for pipelines to seek a more liberal recovery from shippers for voluntary system modernization initiatives.

Anticipating shippers' concerns, however, the Commission confirmed that it will not approve a pipeline's proposed surcharge mechanism if it finds that the costs were not prudent. Specifically, the Commission has included provisions that seek to ensure that any related surcharge mechanisms are narrowly tailored and do not become "runaway trackers." To that end, the Commission will require interstate natural gas pipelines to satisfy five standards, described in greater detail below, to establish a system modernization surcharge mechanism.

Importantly, as noted above, the Commission explains that the Policy Statement is intended to benefit pipeline companies that take proactive measures to address certain issues even before government regulations imposing modernization requirements are finalized.[4] Outgoing FERC Chairman Cheryl LaFleur noted in her comments at the April 16, 2015 meeting that such issues include increased reliance on natural gas, changing pipeline safety regulations, and an increasing emphasis on GHG emissions. Although the Commission declines to limit the regulatory initiatives for which pipelines may be able to recover related costs through a surcharge mechanism, the Policy Statement does specifically mention PHMSA's pending pipeline safety regulations and the Environmental Protection Agency's ("EPA") anticipated GHG regulations. FERC references the high percentage of existing natural gas pipelines that were built prior to 1970, when PHMSA's regulations went into effect, and the fatal September 2010 San Bruno, California pipeline incident.[5] In response to the Pipeline Safety, Regulatory Certainty, and Job Creation Action of 2011, pending rulemakings will expand PHMSA's jurisdictional reach by, for example, eliminating certain provisions that grandfathered pre-1970s pipelines and increasing other regulatory requirements for interstate natural gas pipelines. By all indications, the $2.5-3.5 billion in federal funding proposed by the Obama Administration in the Quadrennial Energy Review, released on April 21, 2015, to support states' pipe replacement programs will focus on gas distribution systems, not interstate pipelines.[6] Consequently, FERC's surcharge and cost tracker mechanism appears to be the sole method for interstate pipeline operators to recover the costs of system modernization projects to comply with new pipeline safety requirements. In addition, the Policy Statement references EPA's 2014 White

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Paper and the Department of Energy's statements, both discussing methane leaks associated with natural gas compressors and related infrastructure.[7]

While the Policy Statement leaves room for the Commission to render decisions on proposed system modernization surcharges on a case-by-case basis, the language suggests an attempt to balance the need for flexibility to ensure that pipelines are able to recover their cost of service with the requirement to protect rate payers from pipeline over-collection. The contours of the surcharge mechanisms that will be permitted under the principles outlined in the Policy Statement will be defined over time, through rate cases under Section 4 of the Natural Gas Act ("Section 4 rate case"), both full and limited, and pipeline settlements with their shippers. Interstate pipeline companies seeking to implement surcharge mechanisms will need to work closely with shippers in order to try to gain support for such proposals. Shippers for their part will have to review closely the pipelines' proposals to ensure the surcharge mechanisms meet the five standards FERC establishes in the Policy Statement.

Five Standards and Additional Considerations in the Policy Statement

The five standards set forth in the Policy Statement that pipelines will have to satisfy to establish a system modernization surcharge mechanism establish a foundation for the implementation of an objective surcharge mechanism. These standards, described in greater detail below, are:

Standard 1: Review of Existing Rates;

Standard 2: Eligible Costs Must be Limited;

Standard 3: Avoidance of Cost Shifting;

Standard 4: Periodic Review of the Surcharge; and

Standard 5: Shipper Support.

The Commission also addressed questions related to accelerated amortization of capital costs included in a modernization surcharge mechanism, whether full or partial reservation charge credits will be required for service disruptions related to system modernization projects, and pipelines' return on equity. These issues are discussed in greater detail following the review of the five standards.

Standard 1: Review of Existing Rates.

In order to receive authorization for a modernization surcharge mechanism, a pipeline must have had its base rates publicly available in its FERC tariff recently reviewed to demonstrate that the existing base rates are just and reasonable. FERC notes that this could be accomplished either (1) through a general Section 4 rate case, during which all of the underlying costs and resulting rates are subject to review, or (2) through a "collaborative effort between the pipeline and its customers."

The Policy Statement maintains the requirement that a pipeline seeking to establish a modernization cost surcharge demonstrate that its existing rates are just and reasonable. While a full Section 4 rate case is an option available to pipelines to satisfy this burden of proof, the Commission explains that it is also "open to considering alternative approaches," and will make determinations on a case-by-case basis. As it has done in rate proceedings in the past, the Commission encourages pipelines seeking modernization cost recovery mechanisms to provide their shippers with robust supporting data and information. In light of the significant time and cost associated with full Section 4 rate cases, it is likely that many pipeline companies will seek to avail themselves of "alternative approaches," whether through settlements with customers or through other methods.

Standard 2: Eligible Costs — One-Time Capital and Certain Non-Capital Costs Targeted at Regulatory Compliance, Safety, or Efficiency Goals.

Notably, as a threshold matter, the Commission declines to limit eligible costs to those incurred in compliance with already enacted laws and currently effective regulations. Instead FERC finds that it is in the public interest to encourage voluntary pipeline initiatives to improve safety and efficiency, regardless of whether such initiatives are in response to a government law or regulation.

On a more granular level, the costs that would be eligible for recovery through the mechanism generally must be one-time capital costs that are incurred to modify existing system infrastructure to (1) comply with new, more stringent regulations

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and/or (2) employ new technologies that reasonably increase safety and/or efficiency. The Commission maintains its existing position that ordinary capital maintenance costs should not be included in a cost recovery mechanism and, to this end, pipeline companies will be required to demonstrate that the costs included in the recovery mechanism do not fall within this category. Pipelines may seek to use a recent history of their ordinary capital system maintenance costs as a means for establishing a representative level of capital maintenance costs to exclude from a proposed modernization surcharge mechanism.

Although the Policy Statement is targeted at recovery of one-time capital costs, the Commission explains, albeit reluctantly, that pipelines may be able to recover certain non-capital costs, such as those "directly related to the modernization projects" on which the proposed surcharge mechanism is based, a statement that can be expected to lead to significant disputes between pipelines and their customers.

Finally, pipeline companies must identify specifically each capital investment to be recovered and an upper limit on the capital costs related to each project to be included in the recovery mechanism, although pipelines may be permitted to modify this list and the associated cost limits at a later time. Again, this flexibility in modifying the upper limit could result in challenges from shippers that certain costs were incurred imprudently.

Standard 3: Avoidance of Cost Shifting.

In keeping with Commission policy, interstate natural gas pipelines will be required to design the proposed recovery mechanism so that it protects its captive customers from cost shifts if the pipeline loses shippers or has to offer increased discounts to retain customers. The Policy Statement notes that one way to achieve this goal is for the pipeline to agree to a floor for the billing determinants that can be used to design the recovery mechanism.

Standard 4: Periodic Review of the Surcharge.

Pipeline companies will be required to include a method to allow for periodic review of the recovery mechanism and the pipeline's base rates to ensure that they remain just and reasonable. The Commission notes that it will establish appropriate procedures to address any complaints that raise an issue of material fact regarding the continued justness and reasonableness of a pipeline's base rate or surcharge. We expect pipelines may look to existing FERC-approved surcharge or tracker mechanisms for examples of how to structure any proposal.

Standard 5: Shipper Support.

Pipeline companies will be required to demonstrate that they worked collaboratively with shippers to seek support for the recovery mechanism. The Commission will not require 100% shipper support, which is consistent with the way that the Commission generally handles settlements in Section 4 rate cases.

Additional Considerations

In addition to the standards noted above, the Commission addressed the following:

Accelerated Amortization. The Commission will allow pipelines and shippers to determine whether accelerated or non-accelerated amortization of the capital costs included in the recovery mechanism is warranted.

Reservation Charge Crediting. Initially, the Commission will address on a case-by-case basis the issue of whether full or partial reservation charge credits should be provided when the pipeline must interrupt primary firm service to install or repair facilities related to the modernization surcharge mechanism. FERC policy requires that pipelines provide full reservation charge credits to primary firm customers when service is interrupted for a non-force majuere event and requires partial reservation charge credits during force majuere events. Over time, it is possible that a general Commission policy will emerge from the individual case determinations.

Return on Equity. While it declines to require an automatic reduction in a pipeline's return on equity if the pipline has a modernization surcharge mechanism, the Commission explains that it may take the surcharge mechanism into consideration when determining whether a pipeline's level of recovery is just and reasonable.

Conclusion

The potential for significant added costs to a shipper's overall transportation charges on interstate pipelines as a result of these potential new interstate natural gas pipeline surcharges, coupled with FERC's decision not to tie the acceptance

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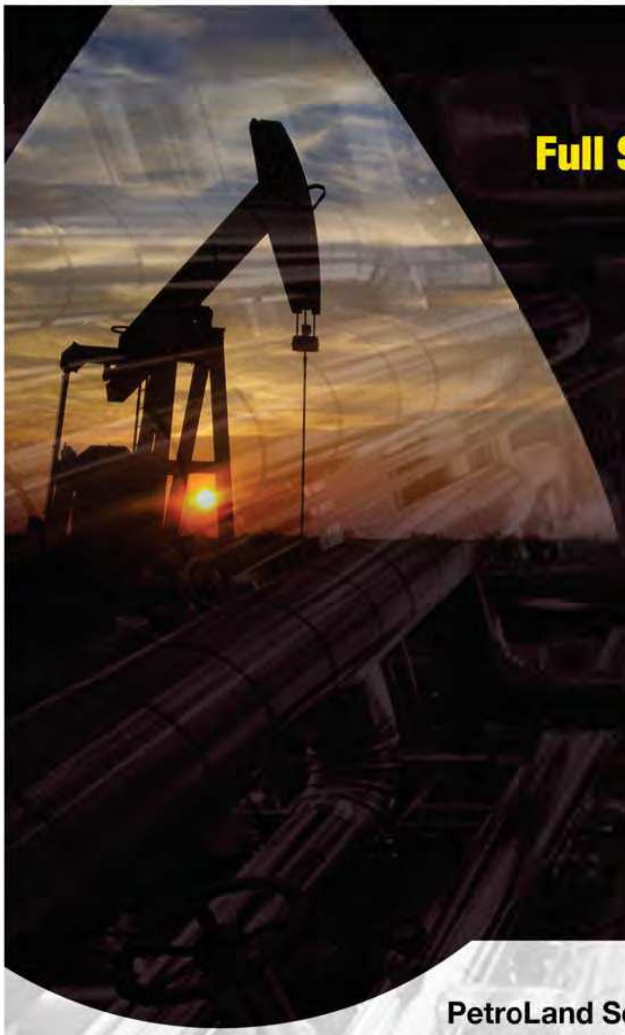

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of modernization costs to enacted laws or implemented regulatory regimes, likely will result in significant challenges to individual pipeline's proposals as they are filed with FERC. Moreover, the Commission likely will continue to draw boundaries around its Policy Statement as more and more pipelines seek FERC approval for proposed surcharge mechanisms to recover the modernization costs. As a result, interstate pipelines and shippers alike will have to follow multiple proceedings to discern the evolving parameters of FERC's newly announced Policy Statement.

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Notes:

[1] Cost Recovery Mechanisms for Modernization of Natural Gas Facilities, 151 FERC ¶ 61,047 (2015) [hereinafter Policy Statement]. The Policy Statement was published in the Federal Register on April 22, 2015. 80 Fed. Reg. 22,366.

[2] Policy Statement at P 33.

[3] Policy Statement at P 68 (emphasis added).

[4] Policy Statement at PP 68-71.

[5] Policy Statement at P 26.

[6] Dep't of Energy, Quadrennial Energy Review: Energy Transmission, Storage, and Distribution Infrastructure at 2-38 (2015), available at http://energy.gov/epsa/quadrennial-energy-review-qer (last visited Apr. 22, 2015).

[7] Policy Statement at PP 28-29.

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STOEL RIVES COLLABORATES WITH RESPECTED AIR QUALITY LAWYER IVAN TETHER

Sacramento, CA — Stoel Rives LLP, a full-service U.S. business law firm, is pleased to announce a strategic collaboration with Tether Law and its principal, respected air quality and environmental attorney **Ivan Tether**. In his firm's capacity as Advisor and Consultant, Mr. Tether brings more than 30 years of legal experience to Stoel Rives clients.

Tether Law's environmental practice includes air quality, hazardous waste and toxics matters, including Proposition 65, as well as litigation over property contamination. In particular, Mr. Tether adds significant experience with air quality issues in the Los Angeles area and throughout Southern California to Stoel Rives' environmental practice. He has represented clients before air districts in close to 200 variance petitions, including matters before the South Coast Air Quality Management District, plus the Ventura County and San Joaquin Valley Air Pollution Control Districts. He is an authority on air issues facing the regulated community, and his experience with administrative law and agencies makes Mr. Tether a valuable resource for clients working through solutions with regulators.

"Ivan has experience in some of the most regulated air districts in the country," says Krista McIntyre, practice group leader for the firm's Environment, Land Use and Natural Resources group. "He brings deep knowledge and agency relationships to Stoel Rives' clients that significantly enhance our services for regulated industries, such as natural resources extraction, manufacturing and infrastructure development."

Mr. Tether is chair of the L.A. Environmental Committee of the California Independent Petroleum Association and President of the California Small Business Alliance. He is a former trustee and environmental section chair of the L.A. County Bar Association.

Stoel Rives is ranked ninth in the United States according to *Law360's* list of the largest environmental law practices. The group includes more than 60 environmental law and natural resources professionals with decades of experience representing clients across a broad range of environmental compliance and litigation. The firm's California attorneys report on developing legal issues at www.californiaenvironmentallawblog.com.

# # #

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Guest Article

Hydraulic Fracturing Controversy Is Contrived

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www.naturalgasnow.org blog and
Thomas D. Gillespie, Professional Geologist
January 30, 2015

The hydraulic fracturing controversy, such as it is, doesn't amount to much. It is largely contrived, in fact, if we look at how it has evolved.

Hydraulic fracturing is an old, tried and true technology. Oil and gas wells have been hydraulically fractured since 1949. Somewhere around one million wells have been hydraulically fractured in America alone and there has been not one single instance where the well stimulation has resulted in an impact to drinking water. There have been a few spill incidents over that time, but that is no different than any operations of any industry – I am not being cavalier about it or saying it is OK, but that has nothing to do with hydraulic fracturing. There have even been some mistakes made with well installations, but, again, those were not related to the hydraulic fracturing process.

But the point is, it has been going on in many states for decades and there was no controversy about it – did you even know there was such a thing as hydraulic fracturing before about six to seven years ago? The only thing new is the combination of horizontal drilling (also nothing new) with existing hydraulic fracturing technologies. The current hydraulic fracturing controversy is, in fact, simply contrived.

Natural Gas Powered Hydraulic Fracturing Unit

Suddenly It's Controversial?

After a million wells and no direct impacts, everyone suddenly decided that the frac'ing process has the potential to impact drinking water or other water resources and it is therefore controversial.

Here we confront the dilemma with misuse of the word "controversial." When something such as hydraulic fracturing is described as a controversial practice it does not mean that people disagree with each other about aspects of it, or the safety of it. It means, to those who wish it were so, that the actual practice of hydraulic fracturing is rife with uncertainties which no-one comprehends – a process beyond the abilities of the natural gas companies to predict or control what will happen and beyond the control of the regulatory agencies to ensure protection of human health and the environment. In this newer, more sexy meaning, the hydraulic fracturing controversy exists only because some people seem to think, and others want us to think, it is a dice roll as to what might happen. It isn't.

Without going into the technical details, I can state the concerns about the direct impact of hydraulic fracturing on water supplies are wholly without merit. I will be happy to supply the technical basis for that conclusion if anyone is interested (my graduate research was in hydraulic fracturing). But allow me to reiterate to provide the best support – proof in the pudding – that my asseveration is correct: there have been over one million oil and gas wells which have been hydraulically stimulated without a single instance of an impact to drinking water aquifers or surface water as a direct result of the hydraulic fracturing process.

As you might have heard, the US EPA is not party to the hydraulic fracturing bonanza. But for a number of years it has been trying to insert itself into the arena and regulate it. Let's look at this and it will show how EPA created the controversy.

The EPA does not regulate the oil and gas industry, partly as a result of the agency's own design. It does not regulate the operations of the industry at all. The only authority it would have is over wastes, air emissions and the potential impact to drinking water resources via the Safe Drinking Water Act. The agency rightly delegated the regulatory authority it had to the various states where operations occur.

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That is the actual function of the EPA. To establish uniform standards and research, set appropriate protection goals and allow the states to administer their own programs under that knowledge-based umbrella. The purpose of EPA is patently not to directly regulate industries; it has no direct regulatory authority over the operations of the industry The waste and drinking water issues are the ones of interest for our current consideration.

Why Hydraulic Fracturing Isn't Directly Regulated by the EPA

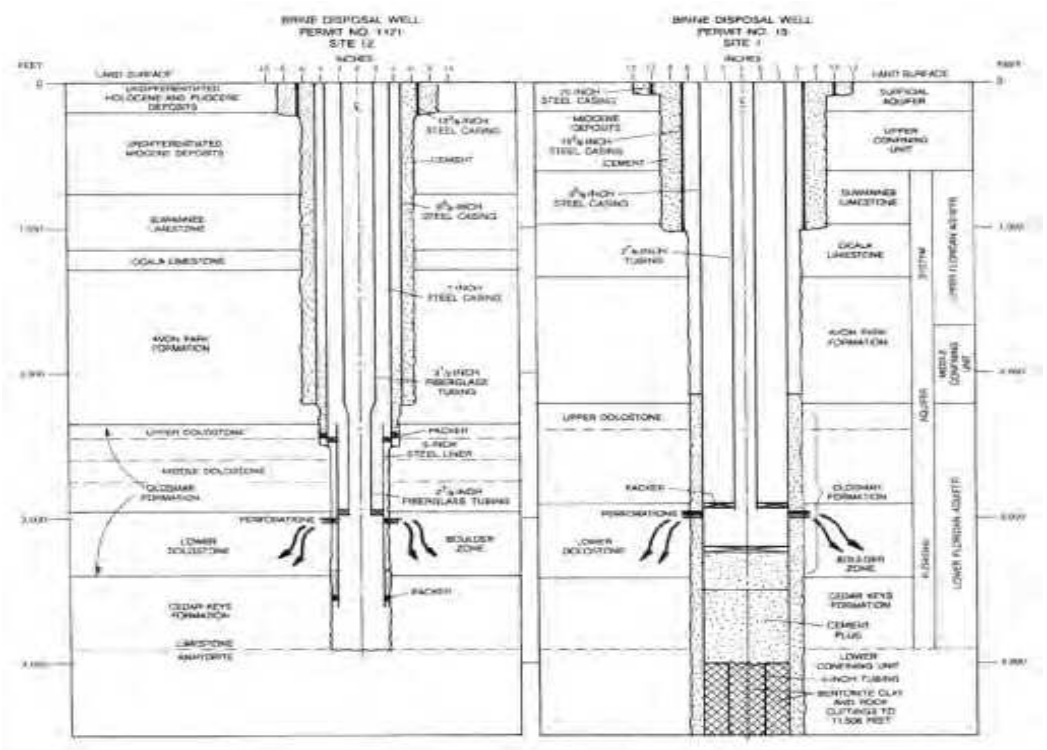
Apart from normal solid wastes, the industry, as many others, produces liquid wastes as well – mostly naturally occurring groundwater which comes out of the ground with the oil and gas. Because it is extremely hot down in the oil and gas zone, the hot groundwater reacts with the rocks and dissolves salts from them.

So, the water which comes out is called an oil field brine. It is extremely salty, typically dark brown to black, contains dissolved metals – and is the natural condition of deep groundwater whether oil & gas wells were drilled or not. When it is brought to the surface in an oil or gas well, it is a by-product of operations – a waste. As for most industries which produce liquid wastes, the oil industry has been allowed to dispose that brine in deep underground injection wells – putting it back where it came from, essentially.

Depiction of Disposal Well Operation – USGS

EPA defined five classes of injection wells for various wastes. Oil field brine wells are Class 2. And. it is a relatively innocuous waste compared to the stuff other industries are allowed to inject within the other four classes of injection wells.

The authority to regulate deep underground injection, along with most other functions developed by EPA, was delegated to the states decades ago, so EPA does not regulate it at all. Throughout the 60 year history of hydraulic fracturing, EPA has maintained its hands-off stance regarding injection of oil field brines (EPA has actually only been around for forty of those years). The two issues, notice, are not related. Brines are produced from any oil or gas well, so the injection of oil field brines into a Class 2 Injection Well is not something associated only with hydraulically stimulated wells.



Regardless of the absence of an exclusive relationship between deep well injection and hydraulic fracturing, an environmental watch-dog group in Alabama in the mid 1990s filed suit against EPA, insisting the Agency should regulate hydraulic stimulation of a coal bed methane field under the premise that it constituted a Class 2 injection well. EPA argued that the regulation of injection wells is for the disposal of wastes and stimulation fluid is not a waste. EPA also concluded that its duplicative regulation would be an unnecessary and excessive financial burden on the US economy.

The battle raged for a few years until, in 2004, the 4th US Circuit Court in Alabama ruled the regulations were not specific to wastes and the agency must regulate hydraulic fracturing, despite the fact that the state already regulated it. The ruling only applied to coal bed methane and to the 4th circuit, but the precedent was set.

But, and here is the uncharacteristic part, EPA did not want to be involved in the hydraulic fracturing industry. To circumvent the 2004 court ruling, Congress, in 2005, amended the law to exempt hydraulic stimulation fluids from the deep

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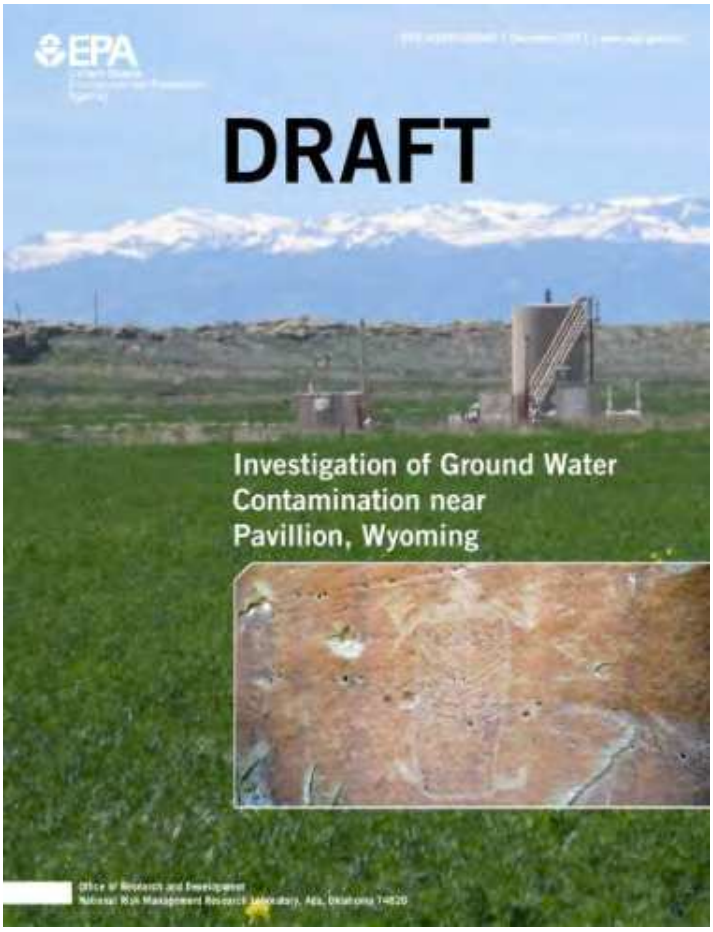
underground injection regulations and EPA was satisfied that it could continue to operate as it had for decades.

Fast Forward to the Marcellus Shale Revolution



Fast forward to 2008. The Marcellus Shale revolution had begun and was running up to mid-season form. Late in the year, the Obama campaign succeeded in the November elections. Obama was sworn into office in late January 2009 and he rapidly appointed Lisa Jackson as Administrator of the EPA. By summer of that same year, less than six months later, EPA announced that it suspected a link between hydraulic fracturing and contamination of drinking water and it moved into Pavillion, Wyoming and Dimock, Pennsylvania to prove its case.

Just three years after EPA had struggled mightily to stay out of this issue and leave it to the states where the authority rightly was vested – just three years after the agency's arguments in court were that there was no adverse impact of injecting oil field brines and the hydraulic stimulation fluids were even more innocuous than the naturally produced brines – it was taking the opposite position.

Now, the important issue is that both of those two states had been delegated the authority to administer the environmental protection of their own water resources (those resources are not federal resources – they are state resources). Moreover, the industry which EPA alleged caused contamination was regulated by the states – not the federal government. EPA actually had no right to move in to either area to conduct an investigation.

The agency rapidly conducted investigations which its own sister agency, The United States Geological Survey, characterized as sloppy and a travesty of poor methodology and flawed, premature conclusions. By September of 2009, EPA published the following statements:

- methane is released during drilling and fracing and other gas well work;
- methane is at significantly higher concentrations in aquifers after gas drilling and is perhaps a result of fracing;
- the methane migrating in aquifers is both from shallower younger formations and the older Marcellus Shale;
- methane and other gases released during drilling apparently cause significant damage to water quality;
- in some case the aquifers recover in under a year but in other cases the damage is long term

Every single conclusion was without any foundation whatsoever and collectively they were, quite frankly, false. Also, if you have worked with EPA (I have for decades) this is not aberrant behavior. This is exactly how the agency operates the Superfund program; identify an issue and make it a problem in which the Agency must be involved to protect everyone and to show the state how to 'do it right.'

As a result of those initial EPA missives and the positive conclusion about hydraulic fracturing's impacts on drinking water, a public furor and outcry arose which reverberated around the world – and continues to this day. But, more to EPA's purpose, hard on the heels of the EPA announcements, the new Congress (2010) directed EPA to conduct an investigation into the possible impacts of hydraulic fracturing on drinking water supplies That is what the new EPA had been angling for. An official invitation to shove their oar into the fossil fuel industry.

Once the agency had a Congressional directive to interpose into the states' rights and to determine whether federal regulation of hydraulic fracturing was necessary, EPA announced that there were no real data to support the conclusions it had so

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positively posited previously and quietly dropped all further consideration of both Pavilion and Dimock. In other words, there was no issue, just as the USGS concluded.

Opening the Doors of Regulation Through Hydraulic Fracturing Controversy

In short, as soon as the Obama administration began its reign it muscled into two of the states where hydraulic fracturing was occurring, fabricated unsupported conclusions before proper data were even available, conducted a shoddy investigation and publicized bad data to support its pre-conceived position, whipped local residents into a frenzy of concern, hatred and distrust of the natural gas industry, created a hydraulic fracturing controversy by making positive conclusions of a causative effect between fracing and contaminated groundwater, spread that controversy nationwide and got itself inserted by Congress into the States' rights, and then backed away from its original 'controversial' stance. But, it was now in and able to interfere in the fossil fuel industry.

In the time since, EPA has expanded the scope of its charge and is trying to regulate every facet of the hydraulic fracturing industry, with only 20% of its work now focused on its charge to determine if there is direct impact of hydraulic fracturing on drinking water. The remaining 80% of it current work statement is focused on taking control over the regulatory authority of the oil and gas industry.

I have already been more political in this post than is my wont, so I will not carry this farther except to say that currently, and for the foreseeable future, fossil fuels are the only reliable source of energy we have, and the current administration is as anti-fossil fuel as they come. Let me provide one quote from the 2014 state of the union address: Our energy supplies include "natural gas from hydraulic fracturing, if conducted safely and in an environmentally friendly manner" (emphasis added). What is that statement, other than feeding the fake controversy?

What could be safer in this industrial society than an industry which has installed 1,000,000 hydraulically fractured wells without a discernible impact on water supplies? Obama makes it sound as if the practice is inherently unsafe, but his administration, the federal government, will make certain the bad petroleum companies are only allowed to do this in a manner his EPA concludes is safe. There it is – "inherently unsafe." In other words, a controversial practice.

Hydraulic fracturing is not controversial. It is an extremely well proven technology which is inherently safe. Is there a chance for a spill? As in every industry, yes there is. Such spills however, are generally related to operations above the ground and are not related to the deep hydraulic fracturing.

The Obama administration has made hydro-fracturing a controversial issue where no controversy should exist. But, then, this administration has made the entire energy industry a controversial subject in a manner it was not previously. What is not controversial about energy is that modern civilization is impossible without it. Good health, longevity, proper nutrition for everyone is not possible without energy.

The real controversy (in the Obama EPA sense) is that there are a large number of people who are using specious arguments to prevent the distribution of cheap, abundant, clean energy and its benefits to the world so all people can join the first world and live decent lives. These people wage their war on energy independence and prosperity under the guise of saving the Earth. They are "holier than thou" and, curiously, within the context of branding hydraulic fracturing as controversial, they brook no actual controversy, in the Websterian meaning of the word.

They are self-contradictory because, while using the term 'controversial' in discourses about hydraulic fracturing as a means to imply the practice is inherently unsafe, they allow no controversy. They treat it is a dangerous practice – period. That attitude is the reason I find myself at odds with some in the environmentalist movement in recent years.

EDUCATIONAL CORNER

James D. Pham, JD, Cal Pacific Land Services
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Where: Pittsburgh, PA
RL/RPL Continuing Education Credits: 6.0
CPL Recertification Credits: 6.0
CPL/ESA Ethics Credits: 0.0

One Day JOA Workshop
When: May 20, 2015
Where: Billings, MT
RL/RPL Continuing Education Credits: 7.0
CPL Recertification Credits: 7.0
CPL/ESA Ethics Credits: 0.0

Field Landman Seminar
When: May 21, 2015
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CPL Recertification Credits: 2.0
CPL/ESA Ethics Credits: 0.0

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When: May 14, 2015
Where: Morgantown, WV
RL/RPL Continuing Education Credits: 6.0
CPL Recertification Credits: 6.0
CPL/ESA Ethics Credits: 0.0

Basics of Geographic Information System
When: May 18, 2015
Where: Fort Worth, TX
RL/RPL Continuing Education Credits: 5.0
CPL Recertification Credits: 5.0
CPL/ESA Ethics Credits: 0.0

Pooling Seminar
When: May 21, 2015
Where: Houston, TX
RL/RPL Continuing Education Credits: 5.0
CPL Recertification Credits: 5.0
CPL/ESA Ethics Credits: 0.0

Due Diligence Seminar
When: May 29, 2015
Where: Denver, CO
RL/RPL Continuing Education Credits: 5.0
CPL Recertification Credits: 5.0
CPL/ESA Ethics Credits: 0.0

June 2015

Negotiations Seminar
When: June 2, 2015
Where: Fort Worth, TX
RL/RPL Continuing Education Credits: 6.0
CPL Recertification Credits: 6.0
CPL/ESA Ethics Credits: 0.0

Due Diligence Seminar
When: June 9, 2015
Where: Oklahoma City, OK
RL/RPL Continuing Education Credits: 5.0
CPL Recertification Credits: 5.0
CPL/ESA Ethics Credits: 0.0

Oil and Gas Land Review, CPL/RPL Exam
When: June 3, 2015 – June 6, 2015
Where: Moon Township, PA
RL/RPL Continuing Education Credits: 17.0
CPL Recertification Credits: 17.0
CPL/ESA Ethics Credits: 1.0

One Day JOA Workshop
When: June 10, 2015
Where: Dallas, TX
RL/RPL Continuing Education Credits: 7.0
CPL Recertification Credits: 7.0
CPL/ESA Ethics Credits: 0.0

CPL Exam Only
When: June 17, 2015
Where: Nashville, TN
RL/RPL Continuing Education Credits: 0.0
CPL Recertification Credits: 0.0
CPL/ESA Ethics Credits: 0.0

RPL Exam Only
When: June 18, 2015
Where: Nashville, TN
RL/RPL Continuing Education Credits: 0.0
CPL Recertification Credits: 0.0
CPL/ESA Ethics Credits: 0.0

Oil and Gas Lease Fundamentals
When: June 26, 2015
Where: Bismarck, ND
RL/RPL Continuing Education Credits: 6.0
CPL Recertification Credits: 6.0
CPL/ESA Ethics Credits: 1.0

2015 AAPL Annual Meeting
When: June 17, 2015 – June 20, 2015
Where: Nashville, TN
RL/RPL Continuing Education Credits: 18.0
CPL Recertification Credits: 18.0
CPL/ESA Ethics Credits: 3.0

Marketable Title: Understanding Runsheets, Title Opinions & Curative
When: June 24, 2015
Where: San Antonio, TX
RL/RPL Continuing Education Credits: 0.0
CPL Recertification Credits: 0.0
CPL/ESA Ethics Credits: 0.0

Applied Land Practices
When: June 30, 2015
Where: Denver, CO
RL/RPL Continuing Education Credits: 6.0
CPL Recertification Credits: 6.0
CPL/ESA Ethics Credits: 0.0

July 2015

Negotiations Seminar
When: July 6, 2015
Where: Evansville, IN
RL/RPL Continuing Education Credits: 6.0
CPL Recertification Credits: 6.0
CPL/ESA Ethics Credits: 0.0

CPL Exam Only
When: July 10, 2015
Where: Jackson, MS
RL/RPL Continuing Education Credits: 0.0
CPL Recertification Credits: 0.0
CPL/ESA Ethics Credits: 0.0

Oil and Gas Land Review, CPL/RPL Exam
When: July 14, 2015 – July 17, 2015
Where: Denver, CO
RL/RPL Continuing Education Credits: 17.0
CPL Recertification Credits: 17.0
CPL/ESA Ethics Credits: 1.0

JOA Workshop
When: July 21, 2015 – July 22, 2015
Where: Houston, TX
RL/RPL Continuing Education Credits: 14.0
CPL Recertification Credits: 14.0
CPL/ESA Ethics Credits: 0.0

Ethics 360
When: July 9, 2015
Where: Grand Rapids, MI
RL/RPL Continuing Education Credits: 0.0
CPL Recertification Credits: 0.0
CPL/ESA Ethics Credits: 4.0

RPL Exam Only
When: July 10, 2015
Where: Jackson, MS
RL/RPL Continuing Education Credits: 0.0
CPL Recertification Credits: 0.0
CPL/ESA Ethics Credits: 0.0

Oil and Gas Lease Fundamentals
When: July 20, 2015
Where: San Antonio, TX
RL/RPL Continuing Education Credits: 6.0
CPL Recertification Credits: 6.0
CPL/ESA Ethics Credits: 0.0

Basics of Geographic Information System
When: July 24, 2015
Where: Oklahoma City, OK
RL/RPL Continuing Education Credits: 5.0
CPL Recertification Credits: 5.0
CPL/ESA Ethics Credits: 0.0

Pooling Seminar
When: July 31, 2015
Where: Coraopolis, PA
RL/RPL Continuing Education Credits: 5.0
CPL Recertification Credits: 5.0
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

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 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

Los Angeles Association of Professional Landmen

MEMBERSHIP RENEWAL APPLICATION

Name of Member _____ Spouse _____
(First, Middle, Last) *(First, Last)*

Title _____Independent ☐ In-House ☐ Years as a Landman_____

Employer & Address _____

_____

Business Phone _____ Fax _____ Cell _____

e-mail _____

Previous Employers_____

_____

Home Address _____Home Phone_____

Per the Los Angeles Association of Professional Landmen's By-Laws I am renewing as an
☐ Active Member ☐ Associate Member ☐ Life member ☐ Honorary Member

Are you interested in working on any of the following with the LAAPL?
☐ Board of Directors ☐ Golf Tournament ☐ Other as needed

Are you a member of the American Association of Professional Landmen? ☐ Yes #_____ ☐ No
Note your AAPL professional designation(s) ☐ CPL #_____ ☐ RPL #_____ ☐ RL #_____ ☐ ESA #_____

I hereby submit for renewal membership in the *LOS ANGELES ASSOCIATION OF PROFESSIONAL LANDMEN*, an independent non-profit association dedicated to the understanding, promotion, and advancement of professional Landmen in the State of California, and their fellow workers in the petroleum industry. I attach the annual dues of Forty Dollars ($40.00) for the fiscal year commencing July 1st.

Date _____ Signature of Applicant _____

For LAAPL Use Only

Date Received: _____Amount Received: _____ Check Number:_____

Dues accepted for period: _____

Please return this form along with your check payable to the Los Angeles Association of Professional Landmen [LAAPL] to:

Cambria Henderson, OXY USA Inc., Membership Chair
301 E. Ocean Blvd., Long Beach, CA 90802
Long Beach, CA 90802
Cambria_Henderson@oxy.com (562) 495-9373

www.laapl.org

The 2015 LAAPL Mickelson Golf Classic

Los Angeles Association of Professional Landmen

Friday, August 7, 2015

Angeles National Golf Club
Located in Sunland CA

Directions:
Go to www.angelesnational.com
9401 Foothill Blvd.
Sunland, California 91040
(818) 951-8771

LAAPL cordially invites you to participate in the 2015 LAAPL Mickelson Golf Classic "Shotgun" fundraiser to be held at Angeles National Golf Club in Sunland California. LAAPL will donate the net proceeds realized from the tournament to the R.M. Pyles Boys Camp, thus we encourage you to "sponsor" generously. Please return your checks with completed sponsorship forms and logos as soon as possible and no later than July 25, 2015, as only 48 golf reservations are available. Cocktail hour, buffet dinner, raffle and awards ceremony will follow. We look forward to your participation.

EVENT SPONSORSHIPS AVAILABLE from $150
(Please see attached form)

2015 LAAPL MICKELSON GOLF CLASSIC

Hosted by the Los Angeles Association of Professional Landmen
Friday, August 7, 2015, Angeles National Golf Club

SPONSORSHIP FORM

The Los Angeles Association of Professional Landmen is proud to host the 2015 Mickelson Classic, a "Shotgun" charity golf tournament. The tournament continues to honor William A. Mickelson, much respected for his leadership in the LAAPL, as well as for his prowess on the golf course. This year's fundraiser beneficiary is the R. M. Pyles Boys Camp (www.pylescamp.com). Join us for a day of fun and the opportunity to make positive changes in the lives of area youth.

_____

Company **Phone**

_____

Contact e-mail

_____

Address City State Zip

Please show your support by making a contribution in one or more of the following:

____ "HOLE IN ONE": Full page ad – plus presenting sponsor status in all tournaments material and program sponsorship $2000.00
(Includes golf, lunch and dinner for Two Foursomes)

____ "EAGLE": Full page ad - plus special recognition in tournament & program ….....$1100.00
(Includes golf, lunch and dinner for a Foursome)

____ "BIRDIE": Half page ad - golf tournament program $550.00
(Includes golf, lunch and dinner for Two players)

____ "PAR": Quarter page ad - golf tournament program $275.00
(Includes golf, lunch and dinner for One player)

____ "CLUBHEAD SPECIAL": ……..……$150.00
(Includes your name listed in tournament materials and golf tournament program)

Please make your checks payable to LAAPL, mail payment and sponsorship forms to: (Credit Cards accepted through Paypal)

Jason Downs
BreitBurn Management Co.
515 S. Flower Street, 48th Floor
Los Angeles, CA 90071
tel. 213-225-0347, jason.downs@Breitburn.com

I am enclosing a check payable to LAAPL in the amount of $_____ and will e-mail my camera ready artwork directly to jason.downs@Breitburn.com

REGISTRATION FORM

Hosted by the Los Angeles Association of Professional Landmen
Friday, August 07, 2014, Angeles National Golf Club

CHECK IN:	**10:00 AM**	**GOLF** (inc's lunch & dinner)**:**	**$200**
TEE TIME:	**11:30 AM**		
DINNER:	**5:00 PM**	**DINNER ONLY:**	**$50**

Name:_____ Special Request _____

Sponsor Spot ____ Golf Spot ____ Dinner Only ____

Name:_____ Special Request _____

Sponsor Spot ____ Golf Spot ____ Dinner Only ____

Name:_____ Special Request _____

Sponsor Spot ____ Golf Spot ____ Dinner Only ____

Name:_____ Special Request _____

Sponsor Spot ____ Golf Spot ____ Dinner Only ____

I am enclosing a check payable to LAAPL in the amount of $_____ for ____ Golfers ____ Dinners

Comments:

Tournament format will be a 4-man shotgun scramble. Prizes will be awarded for 1st place, longest drive, and closest to the pin. **Club Rules:** No coolers on the course, no golf carts driven on vehicle parking lot, shirts with collars only (no t-shirts, sweats, tank tops, denim, short shorts or cut-offs).