



The Override

Every Landman Wants One!

Volume IX, Issue III

January, 2015



Los Angeles Association of Professional Landmen

Presidents Message

**Jason Downs, RPL, President
Breitburn Management Company LLC**

For those who have been reading since September, I have been discussing the topic, "This is my best attempt to be a true "Californian" and complain why Rule of Capture doesn't work. (It however works extremely well for a select few.)" However, considering the current state of our industry and the rapid fall in oil prices, I want to diverge from the topic this month and cover another burning thought, "An idea on how to keep your workforce when times are tough."

Just like 2008-2009, oil & gas prices



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are falling faster than we can count. So I decided to reminisce and take a look at what Joel Miller, RPL, and Joe Munsey, RPL, said in the September and November, 2008 override newsletters respectively. Joel Miller, RPL, stated, "What a crazy summer! As of Monday, Sept 2nd [2008] oil prices have dropped about 25% in 2 months while natural gas prices have dropped about 45%. Oil continues its precipitous plunge and natural gas prices remain near their lows. Certain industry executives are forced to sell some or all their common stock to meet margin calls and companies are selling assets in order to obtain desperately needed cash. Lines of credit are shriveling up and major projects are being put on hold."

And Joe Munsey, RPL, followed up in November with, "The year 2008 is shortly coming to an end and thought it would be interesting to look back to what we had to say this time last year. Here goes...oil was pushing \$80 in November; we took a look into the crystal ball and predicted \$90 oil by year's end. How'd we do? The New Year came in

*Presidents Message
continued on page 5*

Meeting Luncheon Speaker

**"Understanding the Energy System:
Past, Present, and Future"**

Forecasting oil (and gas) prices is nearly impossible and that unexpected events are almost always the norm. Here we are again in the middle of volatility.

Donald Paul is the Executive Director of the USC Energy Institute, Professor of Engineering, and William M. Keck Chair of Energy Resources at the University of Southern California. The USC Energy Institute supports research, education, and workforce development initiatives with industry and government. Emerging program areas are the redevelopment opportunities for the LA Basin, the application of new visualization and "Big Data" technologies for oil and gas information, and the application of advances in materials science to drilling technology.

Dr. Paul had a distinguished 33-year career with the Chevron Corporation, retiring in June 2008 as Vice President

*Luncheon Speaker
continued on page 5*



Opinionated Corner

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

The *Opinionated*
Corner is out
looking for higher
Oil & Gas Prices!
See you next Issue!

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LAAPL and LABGS Hold Annual Joint Luncheon

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

When: Thursday, Jan 22nd
[4th Thursday of the Month]

Time: 11:30am

Cost: \$20 with reservations
\$25 without reservations

Meeting Place:
The Grand at Willow Street
Conference Center
4101 East Willow Street
Long Beach, CA

Speaker: **Donald Paul, Ph.D., M.S., B.S.**, Executive Director of the USC Energy Institute, Professor of Engineering, and William M. Keck Chair of Energy Resources at the University of Southern California, Edward

Topic:
“Understanding the Energy System:
Past, Present, and Future”

Contact: Graham Wilson
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Online at www.labgs.org.



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Treasurer's Report

As of 4/1/2009, the LAAPL account showed a balance of	\$ 22,268.68
Deposits	\$565.00
Total Checks, Withdrawals, Transfers	\$ 3,585.64
Balance as of 4/30/2009	\$ 19,248.04
Merrill Lynch Money Account shows a total	\$ 11,096.90

Scheduled LAAPL Luncheon Topics and Dates

January 22nd [4TH Thursday]
Annual Joint Meeting with
Los Angeles Basin Geological Society
Donald Paul, Ph.D., M.S., B.S.,
“Understanding the Energy System:
Past, Present, and Future”

March 19th
Daniel Tormey, ENVIRON
International Corporation
“Social License to Operate”

May 21st
TBD
Officer Elections

Early Bird Reminder for LAAPL Annual Dues

**Sarah Downs, RPL
Downchez Energy, Inc.
LAAPL Treasurer**

Sarah Downs, Chapter Treasurer will be calling for dues late Spring; which will be due by June 2015 for the 2015 – 2016 year. Cost: a bargain at a mere \$40.00.



Lawyers' Joke of the Month

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

Ancient Telephone Networks:

After having dug to a depth of 10 meters last year, Scottish scientists found traces of copper wire dating back 100 years and came to the conclusion that their ancestors already had a telephone network more than 100 years ago.

Not to be outdone by the Scots, in the weeks that followed, English scientists dug to a depth of 20 meters, and shortly after, headlines in the English newspapers read: "English archaeologists have found traces of 200-year-old copper wire and have concluded that their ancestors already had an advanced high-tech communications network a hundred years earlier than the Scots."

One week later, "The Kerryman," a southwest Irish newsletter, reported the following: "After digging as deep as 30 meters in peat bog near Tralee, Paddy O'Droll, a self-taught archaeologist, reported that he found absolutely nothing. Paddy has therefore concluded that 300 years ago, Ireland had already gone wireless."



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Presidents Message
continued from page 1

with \$100 oil, went over \$140 and now it is flirting with \$65 - \$72 a bbl as of the date of the writing of this column. What will next year bring?"

Well, that about sums it up for 2014 and unfortunately in 2008, the following year was not great. Is 2015 a repeat of 2009? We certainly hope not. So how can we stave off upcoming layoffs if prices don't increase immediately?

Here's an idea that's been floated by two of the richest people in the world, Carlos Slim and Richard Branson, the 3-10 Work Schedule. Instead of cutting a position, you can cut ½ a position with this easy change and have no brain drain from your company. Each person works three 10 hours days a week and starts on Monday through Wednesday; the other person starts on Wednesday through Friday. On days off, people are accessible by phone and email. A 40 hour work week becomes a 30 hour work week and each participant will earn 75% of their prior gross income, thus 25% less for 25% less work hours. This would save jobs, create jobs, keep brainpower and give the U.S. worker a 4 day weekend every week.

Hopefully things rebound, but if not, let's think outside the box and keep as many people employed as possible. Let's create the Good Luck for 2015.



Luncheon Speaker
continued from page 1

and Chief Technology Officer. Dr. Paul currently serves as a Senior Advisor at the Center for Strategic and International Studies in Washington D.C. and in 2014, was re-appointed by the U.S. Secretary of Energy to the National Petroleum Council.

Dr. Paul holds B.S., M.S., and PhD degrees from MIT and an honorary doctorate from the Colorado School of Mines.

LAAPL Nominations Committee

Jason Downs, RPL, Chapter President, has appointed Paul Langland, Esq., Independent, as LAAPL's Nominations Committee Chair. Paul will be seeking out qualified candidates for officers. The officers will serve from July 1st, 2015 – June 30th, 2016. For all qualified members interested in submitting their names as candidates are encouraged to contact the Committee Chair. Paul can be reached at 310-997-5897 or langlandlaw@gmail.com.

Per Section 7 (7a) of the By-laws, the membership will be provided with a list of nominees for officers for Vice President, Secretary, Treasurer and two (2) Directors at the March meeting. Further nominations from the floor will also be accepted at the March meeting. Members whose names are placed in nomination must give prior consent to be nominated and by mail or email up to May 1, 2015. The election will take place at the last regular meeting of the Association this fiscal year, which is scheduled for May 21, 2015.

Nominations for LAAPL 2015 - 2016 Officers

Get Ready...Set.....Go!

It is that time of the year to start considering a run for a LAAPL Chapter Officer for the 2015 – 2016 term. The following offices are open:

- President¹
- Vice President
- Treasurer
- Secretary
- LAAPL Local Director
- LAAPL Local Director

¹ 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.

Chapter Board Meetings

Cliff Moore Independent Chapter Secretary

The LAAPL Board of Directors and Committee Members held a tele-conference meeting on November 13, 2014. The matters discussed at that meeting are as follows:

- Updating the website to show new Officers, Directors and Chairs, etc.
- Voting in new members.
- Agreed to donate \$4,319.60 to Pyles Boys Camp from the proceeds of the Mickelson Golf Classic.
- Chapter name change from Los Angeles Association of Petroleum Landman to Los Angeles Association of Professional Landman and notification with Secretary of State.
- Other issues pertinent to the operations of LAAPL.

The LAAPL Board of Directors and Committee Chairs normally hold its Board Meetings directly following and in the same room as the luncheon. We encourage our members to attend the meetings to see your Board of Directors and Committee Chairs in action.

Our Honorable Guests

Our November guests of honor who attended:

- John E. Selck, JBS
- Joe Panzarello, JBS
- John Trautmanne, PB
- Eftihi Pentarakis, PetroLand
- Drew Jenkins, Signal Hill Petroleum



Case of the Month - Oil & Gas

2 Sign or Not 2 Sign: Which Statute of Frauds Governs Oil & Gas Leases?

By

*George A. Bibikos, Esq., Partner; David I. Kelch, Esq., Associate
Law Firm of K & L Gates, LLP
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In a recent decision, the Pennsylvania Superior Court resolved an open question of state law regarding which one of two alternative statutes of frauds apply to oil and gas leases, in the process making clear that for an oil and gas lease, only the grantor of the interest must sign.

In *Nolt v. T.S. Calkins & Assocs., et al.*, ---A.3d---, No. 1214 MDA 2013, 2014 PA Super 141 (Pa. Super. Ct. July 7, 2014), the court concluded that the “general” Pennsylvania statute of frauds—rather than the statute of frauds in the Pennsylvania Landlord and Tenant Act—applies to oil and gas leases, such that their validity cannot be challenged solely on the basis that the lessee’s signature is missing.

The “general” statute of frauds in Pennsylvania applies to conveyances of interests in real property and requires that instrument be “signed by the party” granting the interest (i.e., by the grantor or, in the case of an oil and gas lease, the lessor). 33 P.S. § 1.

On the other hand, the Pennsylvania Landlord and Tenant Act requires that a lease of “real property” for a term of three years or more must be signed by “the parties making or creating the same” (i.e., the lessor and the lessee must sign), or the lease is one at-will only (and, thus, potentially terminable by either party at any time). 68 Pa.C.S. § 250.202.

Although oil and gas leases are universally understood to create an arrangement far different from that of a typical landlord and tenant, the commentary to the Landlord Tenant Act suggests that its version of the statute of frauds (as opposed the “general” statute) applies to leases of any “interests in land,” including “the right to extract oil, coal, stone, iron, ore, etc.”

In *Nolt*, the lessors invoked the statute of frauds in the Landlord and Tenant Act to challenge the validity of their oil and gas lease. They claimed that, although they signed the oil and gas lease, the statute of frauds in the Landlord Tenant Act requires that both the lessor and lessee sign (the lessees had not signed the lease at issue, as is typical of many oil and gas leases).

The Superior Court rejected the lessors’ claim and concluded that the “general” statute of frauds applies to oil and gas leases. The court reasoned that “an oil and gas lease, despite the use of the term ‘lease,’ actually involves the conveyance of property rights[.]” The Court noted that the law in Pennsylvania “unequivocally establish[es] that rights to oil and gas are to be treated as transfers of estates in property and not leaseholds.” Because the lessor signed the instrument granting the oil and gas rights to the lessee, the lease satisfied the applicable statute of frauds despite the fact that the lessee had not signed it.

At this point, the Superior Court’s decision forecloses the use of the statute of frauds as a basis for challenging the validity of an oil and gas lease as long as the lessor signed it. If the lessors seek appeal of the decision to the Pennsylvania Supreme Court, however, the industry will want to keep careful watch and consider friend of the court involvement on the proceedings, as a contrary result could call into question many thousands of leases in Pennsylvania that contain only the signature of the lessor.

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What Do You Do When the Bank Wants Your Condemnation Award?

*Rick Rayl, Esq., Partner
Law Firm of Nossaman LLP*

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Property owners typically have a lot on their minds when they find out that the government is going to be taking their property. For residential owners, they need to worry about where they are going to live with their families once the agency takes possession of their home. For business owners, they have to figure out how to run a business while planning for a forced relocation — a relocation that may be coming at a terrible time or on a terrifyingly fast schedule.

The owners must also worry about whether they are receiving the right amount of money — i.e., the “just compensation” the agency must pay them for the taking. This comes in the form of payment for the fair market value of the property, but it can also include amounts for furniture, fixtures, and equipment and/or payments for lost business goodwill. And where the government only needs part of the property, the owner must also learn about “severance damages” and how they are calculated.

And then there’s the final nasty surprise that some owners face, the one that is the point of this post. Once the owner finally gets everything sorted out and reaches a deal with the condemning agency, they may find their lender standing in front of them with open hands, waiting for their part of the proceeds. And if that weren’t enough, the bank may also hand them a bill for the bank’s attorneys’ fees incurred in the eminent domain action.

I deal with these issues every day; they do not strike me as unduly complicated or frightening. But I’m an eminent domain lawyer, and I’ve represented clients on all of these types of issues for more than 20 years. When I try to think like a more typical property owner — one who may not even really know what eminent domain is when the government first knocks on the door — I think about situations where I have been the one out of my element. (Sitting in a doctor’s office while they try to explain what they really mean when they say “cardiac incident” quickly comes to mind.)

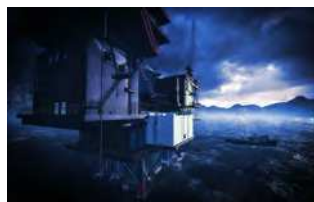
The first thing to know when faced with lender demands is not to panic, and not to immediately sign whatever the lender puts in front of you. Loan documents are lengthy and complicated, and they typically contain language (that the lender will gladly point you to) that sure makes it seem like the lender really does get the condemnation proceeds, and that it can force you to pay whatever costs — including attorneys’ fees — that the lender has incurred.

But there are some legal rules that may change things, and you will want to talk with an eminent domain attorney before agreeing to give the lender anything. The most important of these rules is that despite what the loan documents may say, the law limits what the lender can receive, particularly when the government is only taking part of the property. Specifically, the lender’s rights depend on the taking creating an impairment of the lender’s security. Determining what constitutes an impairment is itself a murky issue, but one in which the property owner may fare much better than the loan documents suggest.

And when it comes to attorneys’ fees, the lender may indeed have the right to force the owner to bear those costs, but again there are other issues in play. There may be a way to structure a deal under which the condemning agency agrees to pay those lender fees. And if that doesn’t work, the lender still must typically prove that the fees incurred were reasonable.

The bottom line is that these lender issues seem to crop up at the worst possible times, when owners are already overwhelmed with the many other issues facing them, and it is all too easy to agree to what the lender says and turn over money that need not be relinquished. The point of this post is to suggest that owners in that situation resist the urge to capitulate, at least until they have talked with an attorney who understands these issues and can provide proper guidance.

Mr. Rayl can be reached at rrayl@nossaman.



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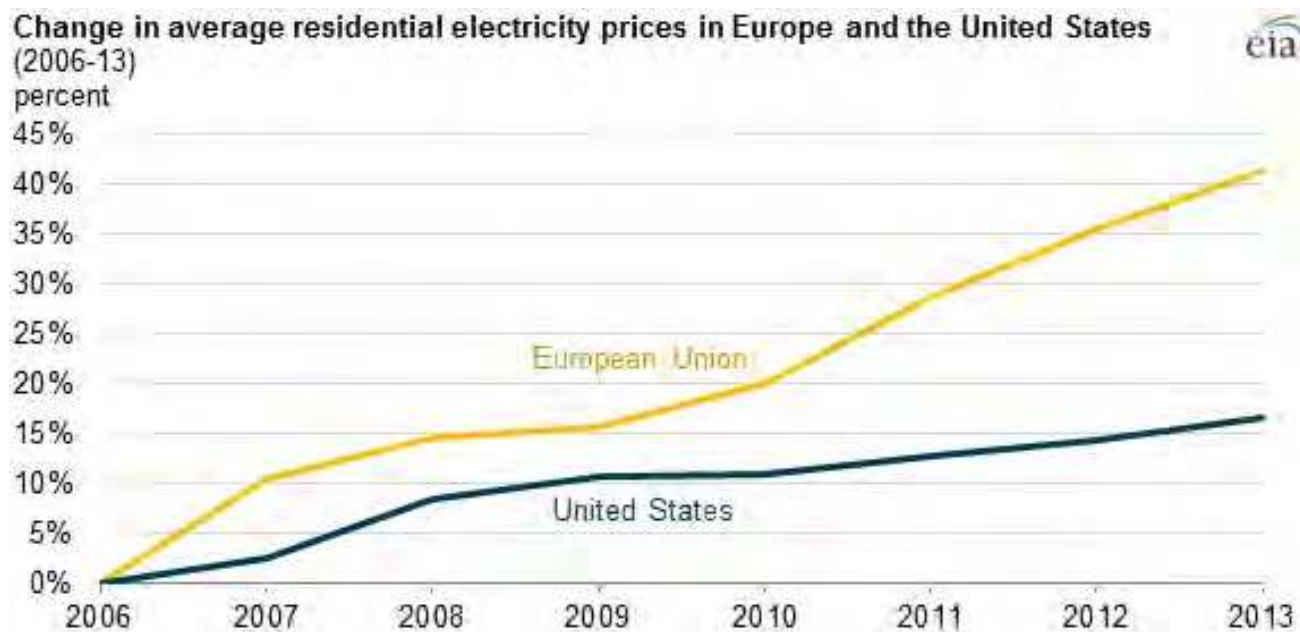
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European Residential Electricity Prices Increasing Faster Than Prices In United States

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Source: U.S. Energy Information Administration (November 2014)



Source: U.S. Energy Information Administration and Eurostat

Note: European Union average consists of 27 member countries in 2006, 28 member countries for all other years.

European residential electricity prices have historically exceeded U.S. prices, and the gap has widened in recent years. In 2013, average residential electricity rates in European Union (EU) countries were more than double rates in the United States. Regulatory structures—including taxes and other user fees, investment in renewable energy technologies, and the mix and cost of fuels—all influence electricity prices.

In 2013, average EU residential prices were 0.20 euro per kilowatt-hour (euro/kWh), which translates to about 26.57 cents per kilowatt-hour (cents/kWh), a 43% increase from the average 2006 price of 18.80 cents/kWh. In that same time, U.S. prices increased only 17%, from 10.40 cents/kWh to 12.12 cents/kWh.

These averages mask wide differences across the European Union, ranging from 11.99 cents/kWh (Bulgaria) to 39.42 cents/kWh (Denmark) in 2013. Denmark and Germany have some of the highest prices in the region, while Bulgaria is the only country in the EU-28 with residential prices lower than the U.S. average in 2013.



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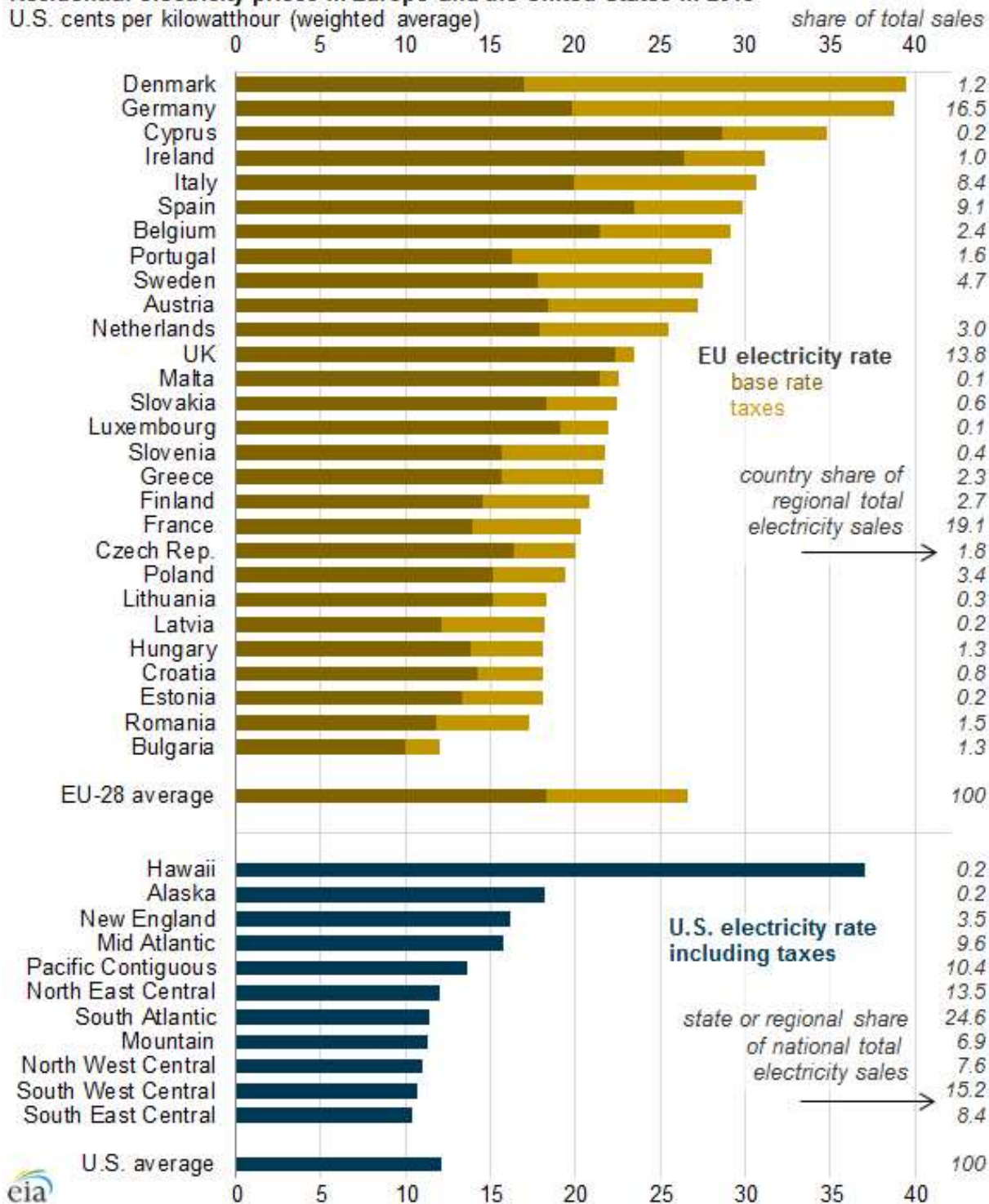
BAPL President 1985-86 and 2003-04

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



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Residential electricity prices in Europe and the United States in 2013



Source: U.S. Energy Information Administration, Electric Power Monthly; Eurostat
Note: A conversion factor of 1.328 Euros/USD was used. Percent share of residential sales are 2012 values.

The range of electricity prices across the United States is also wide. In 2013, the average residential U.S. price was 12.12 cents/kWh, with a range in the Lower 48 states of 8.67

TELL THE STATUS QUO TO WATCH ITS BACK.



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cents/kWh (Washington) to 18.84 cents/kWh (New York). At 36.99 cents/kWh, Hawaii has the highest residential electricity prices in the United States because of the high cost of transporting generation fuel to the islands; its residential rates are near Denmark's.


Taxes and levies explain high prices in some European countries. EU countries taxed residential electricity rates at an average of 31% in 2013, up from an average of 23% in 2006. These values vary greatly by country, with tax rates in 2013 as low as 5% in the United Kingdom (UK) and up to 57% in Denmark.

In Germany, where taxes and levies account for about half of retail electricity prices, transmission system operators charge residential consumers a renewable energy levy that is used to subsidize certain renewable generation facilities. Overall, nonhydro renewable electricity generation in the European Union [increased its share from 6% in 2006 to more than 12% in 2013](#), while in the United States it increased from 2.5% to more than 5%.

In addition, Germany committed to reducing the number of operating nuclear plants in the country and introduced policy incentives to reduce electricity generation from coal. Replacing these existing facilities and their fuels with new generation sources has also increased their electricity cost.

Natural gas has accounted for an increasing share of U.S. generation as domestic natural gas production increases have allowed for a greater supply to be available at relatively low cost. Although [about 18%](#) of 2012 EU generation came from natural gas, most EU countries consume more natural gas than they produce and thus rely on pipeline or liquefied natural gas (LNG) imports. From 2006 to 2013, prices for natural gas at the main trading hubs in the UK and Germany increased by more than a third, while prices at the U.S. benchmark Henry Hub [decreased by 45%](#).

Principal contributors: Cara Marcy, Alexander Metelitsa

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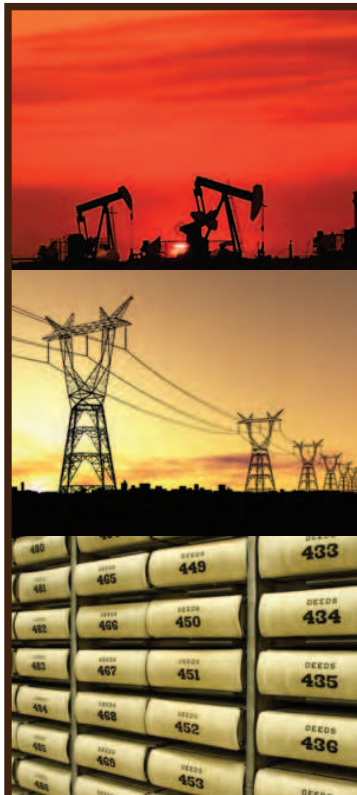
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New Members and Transfers

Cambria Henderson, J.D.
Membership Chair
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New Members	Transfer
<p>Paul Cowdery ParcelQuest 2330 E. Bidwell St. Suite 200 Folsom, CA 95630 (916) 817-2211</p>	<p>Chuck Wadell Cal Pacific Land Services 7222 Endinger Suite 200 Huntington Beach, CA 92647</p> <p>To: Chuck Wadell Cal Pacific Land Services 7245 Garden Grove Boulevard, Suite M Garden Grove, CA 92841 714.799.0999 714.679.9091</p>
New Member Requests	Welcome Back [Reinstatement]
<p>Andrew Jenkins Signal Hill Petroleum, Inc. 2633 Cherry Ave. Signal Hill, CA 90755 (562) 326-5237</p> <p>Eftihios Pentarakis Independent (310) 406-4730</p>	<p>None to Report</p>



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Legislative Update



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



Statement from Department of Conservation Re: Release of EIR

On January 14th, the Department of Conservation, through its Division of Oil, Gas and Geothermal Resources, published a Draft Environmental Impact Report (EIR) titled “Analysis of Oil and Gas Well Stimulation Treatments in California.”

Senate Bill 4 requires the Division to prepare an Environmental Impact Report (EIR) pursuant to the California Environmental Quality Act (CEQA) in order to provide the public with detailed information regarding any potential environmental impacts associated with well stimulation treatments in California.

The public review period for this Draft EIR begins on January 14, 2015 and will end on March 16, 2015. Written comments on the Draft EIR may be submitted and must be received on or before March 16, 2015. During the comment period, the Department and the Division will conduct six public comment meetings throughout the State to receive verbal and written comments on the Draft EIR.

To access the Draft EIR and detailed information on how to provide comments, please see the following link to the Department of Conservation’s webpage:

<http://www.conservation.ca.gov>

Independent Science Study on Well Stimulation Released

Pursuant to Senate Bill 4, the California Natural Resources Agency (CNRA) commissioned the California Council on Science and Technology (CCST) and Lawrence Berkeley National Laboratory (LBNL) to conduct an independent scientific assessment of well stimulation, including hydraulic fracturing, in California. On January 14, 2015, CCST released Volume I of the assessment to the public.

Volume I, which is titled "An Independent Scientific Assessment of Well Stimulation Technologies in California: Well Stimulation Technologies and their Past, Present, and Potential Future Use in California", provides the factual basis describing what well stimulation treatments (WST) are, how they are conducted in general and practiced in California, and where they have been and are being used for oil and gas production in the state.

To view or download the report, please visit the CCST website at: http://www.ccst.us/projects/hydraulic_fracturing_public/SB4.php

The full independent scientific assessment will be issued in three volumes. Volumes II and III will be released in July 2015. Volume II will assess the potential impacts of WST with respect to water, air quality, and greenhouse gas emissions, as well as induced seismicity, ecology, traffic and noise. And Volume III will present case studies to assess environmental issues and qualitative hazards for specific geographic regions, based on findings in Volume I and Volume II.

State to Examine Monterey Shale Potential

The oil and gas potential of the vast Monterey shale formation will be the focus of an upcoming study by an independent panel of scientists operating under direction of the state Legislature. “We’re going to look at what it would really take to get a good estimate,” said Jane Long, who is spearheading the study for the California Council on Science and Technology.

The Monterey shale underlies the San Joaquin Valley and parts of Monterey County. In 2011, the U.S. Energy Information Agency estimated it held 15.4 billion barrels of untapped oil — more than any place in the U.S.

But in 2014, the agency dramatically lowered its estimate to 600,000 million barrels.

The Legislature directed the California Council on Science and Technology to lead the study, which is the focus of intense scrutiny by lawmakers, oil and gas interests and environmentalists. In a statement, Western States Petroleum Association President Catherine Reheis-Boyd said her organization was still reviewing the details and would continue participating in the process. But some environmentalists blasted the study and the concurrent release by the state Department of

*Legislative Update
continued on page 17*

Conservation of a draft environmental impact report on potential fracking regulations. The report found that banning future well stimulation techniques is not “environmentally superior overall,” partly because it would force the state to import oil from elsewhere.

Ninety-six percent of the fracturing operations in the state happens in the lower San Joaquin Valley, and the technique is responsible for 20 percent of the state’s oil and gas production since 2001.

California Issues New Interim HF Regulations

California’s Division of Oil, Gas, and Geothermal Resources had issued final interim regulations (effective January 1, 2014) to implement California’s new fracking statute (SB 4), with permanent rules to follow by January 2015.

The Division’s interim regulations are supported by a narrative description that provides the Division’s view of fracking, including the differences between hydraulic fracking, acid fracking and acid matrix stimulation, a brief summary of pre SB 4 requirements and summarizes the SB 4 interim operator requirements. The interim regulations distinguish well stimulation (which is subject to the regulations) from mere underground injection. These regulations overlay an existing regulatory framework in California on oil and gas wells that is not specific to fracking and which contains requirements not included in the interim regulations.

The interim requirements include:

A definition of well stimulation (“treatment of a well designed to enhance oil and gas production or recovery by increasing the permeability of the formation”) and description of it as a short term and non-continual process for the purposes of opening and stipulating channels for the flow of hydrocarbons. The interim regulations describe actions as not well stimulation, including routine well cleanout work and underground injection projects.

No requirement that the operator obtain Division approval, but the operator cannot undertake the well stimulation unless

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- Land use permitting and related environmental review

it has submitted a written Treatment Notice form 10 days in advance, which the Division must certify as complete. The operator must also give notice to the Division of well stimulation at least 72 hours in advance.

Confirmation of the obligation to retain a third party (i) to identify and give notice to nearby property owners and tenants (within 1500 foot radius of the wellhead or within 500 feet of the horizontal projection of the subsurface parts of the well) and (ii) to sample groundwater if requested by the neighboring property owner. In this regard, nearby property owners are entitled to demand water quality testing.

Disclosure within 60 days following the end of well stimulation treatment of information regarding the composition and disposition of well stimulation fluids.

Operator requirements including spill contingency plans to address the handling of well stimulation fluid and additives.

SB 4 and the interim regulations also addresses the manner in which trade secrets are to be handled. Information regarding the chemical composition of well stimulation fluids must be submitted to the Division, although it can be marked as a trade secret. There are provisions as to what will happen if the Division does not agree or there is third party demand for the information, including ensuring that a supplier can move for a preliminary injunction before the information is released.

To view the regulations please visit: <http://www.conservation.ca.gov>

Gov. Brown Wants to Cut Petroleum Use by 50%

In his inaugural address on Jan. 5, Gov. Brown laid out carbon reduction goal that calls for a 50% reduction in petroleum use by cars and trucks by 2030, additionally the state is to obtain 50% of its electricity from renewable sources by 2030. He also proposed to immediately make a greater investment in roads and bridges.

“Taking significant amounts of carbon out of our economy without harming its vibrancy is exactly the sort of challenge at which California excels,” Brown said. “This is exciting, it is bold and it is absolutely necessary if we are to have any chance of stopping potentially catastrophic changes to our climate system. Equally important is having the roads, highways and bridges in good enough shape to get people and commerce to where they need to go,” Brown said.

The state has accumulated an estimated \$59 billion worth of needed upkeep and maintenance, he said. “Each year, we fall further and further behind, and we must do something about it,” Brown added. “So I am calling on Republicans and Democrats alike to come together and tackle this challenge.”

City of Goleta City Council Votes to Shut Down Veneco Plant

Nearly two years ago, Veneco proposed to reopen an old well off Haskell’s Beach in Veneco’s Ellwood Onshore Facility (EOF), the processing plant between Sandpiper Golf Club and the Bacara Resort that the oil company took over in 1997. With the State Lands Commission expected to approve that project on Wednesday, the City of Goleta took preemptive steps in City Hall on December 16, 2014.

A split Goleta City Council called for a March 2015 hearing to consider shutting down the EOF for good. The council also sent a strongly worded letter to the State Lands Commission, reiterating concerns over the “inadequate” environmental analysis of the project and a number of errors made by State Lands’ staff. The March hearing will fall under the protocol of an updated ordinance, also passed by the same split of votes.

But the council majority determined those concerns were outweighed by what staff called an “archaic” ordinance that would have required quasi-judicial proceedings that could be triggered by any member of the public. The updated ordinance, which still needs a second vote to be adopted in January, now puts City Council in charge of proposing such terminations, establishes a standard five-year shutdown timeline that can be appealed (there was no previous minimum), and turns the process into a more familiar public hearing, sans stenographers, lawyers, and cross-examinations, which the old ordinance required.

That control was very much called in doubt by Veneco’s proposal to reopen the old well, accessed from a rusty pier extending from the bluffs below Sandpiper and shut down in the mid-1990s due to leaks when Mobil owned it. Since March 2013, Veneco and the State Lands Commission have steadily argued that the oil field was repressurizing, that the reopened well wouldn’t extend the life of the EOF, and that if the city didn’t process the permits required, Veneco would pursue oil processing atop the pier.

State Lands Approve Veneco Ellwood Oil Well

Despite the City of Goleta's move on toward a possible shut down of Veneco's Ellwood Onshore Facility (EOF), the State Lands Commission on Wednesday, December 17, 2014, essentially approved the reopening of an old well off Haskell's Beach and directed the resulting oil be processed at the EOF. The well is accessed through one of the two piers that extend from the bluffs below Sandpiper Golf Club, and has not been operational since it was turned off due to a leak in 1994 when Mobil owned it.

The unanimous vote in favor of the associated environmental report, which comes nearly two years since the project was first proposed, came after a presentation explained that repressurization of the well was likely — and possibly dangerous, that moving the oil up the coast for processing at Las Flores Canyon would be more environmentally damaging, and that the additional oil would only amount to about 2 percent of what's processed daily at the EOF, which mainly handles Platform Holly oil and gas. Additionally, the PRC 421 Recommissioning Project, as it's known, would last for about 20 years while Veneco expects Platform Holly to pump for another 40-plus, so the new flow would not extend the life of the facility.

The City of Goleta and Santa Barbara environmentalists argued against many of those claims, and they pointed to a number of errors in the environmental report that State Lands staff prepared. Attorney Alison Krumbein of the Sohagi Law Group, which the city retained for this matter, referred to numerous points of "deferred analysis and deferred mitigation" that she said "permeates the project." Goleta Mayor Paula Perotte said those "critical errors" — including as miscalculation of backup capacity — were a "cause to pause," and she added that processing the oil at the EOF is a "step backwards. On Tuesday night, she and councilmembers Jim Farr and Michael Bennett voted instead to call a hearing in March 2015 to determine whether the EOF, which was deemed a nonconforming use in 1991, be shut down for good; councilmembers Roger Aceves and Tony Vallejo voted against that idea.

All that said, the vote by the State Lands Commission, which believes Veneco has a vested right to the oil field, was not unexpected. City Attorney Tim Giles is weighing options explaining that the city could sue over the environmental report, or it could wait for Veneco to submit applications for the remaining permits needed from the city to move the project along. But a third option is most hopeful. "Ian Livett said Veneco is willing to discuss a path forward that would lead to termination of the EOF," said Giles. "If they are willing to engage the discussion ... there's productive dialogue to be had."

After the vote on Wednesday, Livett, a vice president at Veneco, was thinking similarly. He said Veneco was "pleased" with the State Lands vote and "disappointed" with the city's moves on Tuesday, but he said the company is still willing to try and work things out. "Veneco is open to discussions with the city to see if we could find some sort of way through this situation that would be of benefit to all parties," said Livett. "We absolutely would like to sit down with the city."

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Water Reporting Requirements for Oil and Gas Operators Increased This Year

*Day Carter & Murphy LLP
Josh Baker, Esq., Partner
Brian Hamilton, Esq., Associate*

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Despite various attempts throughout 2014 to further burden California oil and gas operators with additional rules, regulations and prohibitions, the year ended with only two changes to the Public Resources Code (“PRC”) that directly affect the industry, both of which were effective the first day of 2015: The addition of PRC Section 3226.3 and amendment of PRC Section 3227.

Senate Bill (“SB”) 1281 added Section 3226.3 to require the Division of Oil, Gas and Geothermal Resources (“DOGGR”) to provide an annual inventory of all unlined oil and gas field sumps to the State Water Resources Control Board and regional water quality control boards. The Central Valley Regional Water Quality Control Board (the “CVWB”) is one of the main reasons for this new requirement, partly because a prior request made by it to DOGGR for an inventory of unlined sumps was apparently only partially answered.

The CVWB has made locating and investigating unlined sumps a priority, and as many readers are likely aware, the board is and has been actively investigating which operators in its jurisdiction (which includes, among others, Kern, Kings and Fresno counties) may be using unlined sumps for the discharge of wastewater without proper and/or up-to-date “waste discharge requirement” permits. This past December the CVWB stepped up its investigations, and during the week of December 15th, the CVWB sent inspectors out in force to pull water and soil samples from unlined sumps. The CVWB is most concerned about sumps that overlie viable groundwater. Nonetheless, it is attempting to locate and inspect all sumps associated with oil and gas production. The CVWB is enforcing basin plan water quality limits on unpermitted sumps, requiring remedial cleanup for improperly closed sumps and revising waste discharge requirements for permitted sumps where the CVWB feels the requirements are inadequate to protect groundwater quality. As Section 3226.3 now requires DOGGR to provide an annual inventory of unlined sumps, the CVWB and other regional water quality control boards will be more equipped to go after those well owners that may be discharging wastewater without proper authority.

SB 1281 also amended the reporting requirements of PRC Section 3227 to require additional water-related information for common exploration and production operations, similar to the type of water-related information required to be reported for well stimulation activities under SB 4. Prior to the enactment of SB 1281, Section 3227 required oil and gas well owners to file monthly reports with DOGGR showing, among other things, the amount of oil, gas and water produced from each well during the prior month; what disposition was made of produced gas and water; and the amount of fluid or gas injected into each well for enhanced recovery, underground hydrocarbon storage and/or wastewater disposal. As of January 1 of this year, well owners are additionally required to regularly report the following water-related information:

1. The source (e.g., well, water supplier or point of diversion) and volume of any water injected into each well used for enhanced recovery or underground hydrocarbon storage, including the water used to generate or make up the composition of any injected fluid or gas;
2. The treatment of water and use of treated or recycled water in the owner’s field operations; and
3. The specific disposition, disposal method or method of recycling or reuse of all water used in or generated by an owner’s field operations, including any temporary onsite storage, discharge to sumps or surface water, or sale or transfer of such water.

Interestingly, the language of SB 1281 requires the above-information to be reported both monthly and quarterly, despite the questionable duplicity. DOGGR’s Notice to Operators regarding SB 1281 (dated December 8, 2014), however, appears to interpret the amendments to Section 3227 as only requiring the additional water-related information to be reported on a quarterly basis. Ideally, the confusion caused by this discrepancy will be fixed by the Legislature and/or DOGGR as soon as possible, but in the meantime we are advising our operator-clients to be prepared to comply with both reporting formats until the issue is resolved.

The enactment and implementation of SB 1281 come at a time when California is experiencing one of its worst droughts

in years. Public concern is growing about the amount and source of water that is used in oil and gas field operations and how the industry disposes of produced water. The main purpose of the legislation is to accumulate more information in this regard, which could very well be used as the basis for future legislative attempts to further regulate the industry. In the meantime, the industry should perhaps be thankful that certain requirements and prohibitions contained in prior versions of SB 1281 were removed during the legislative process, including provisions that would have prohibited well owners from using groundwater for new exploration projects under certain circumstances, and a provision that would also have required owners to only use recycled water for new exploration projects during any period that a state of emergency exists because of a drought. While these provisions may have lacked sufficient legislative clout in light of the significant impacts they could have had on oil and gas operators and the jobs and tax revenue that operators provide, only time will tell whether these or similar provisions will reappear in some form for debate during the 2015-2016 California legislative session.

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EDUCATIONAL CORNER

James D. Pham, JD, Independent
Education Chair

Time for Education

So oil prices are way down, I hear, and possibly going down further. That means some professionals in the oil and gas industry may be out of work, or maybe your workload had lessened up a bit. The first thought that crossed my mind was to hit the gym, run the beach and get back into shape. But, after some thought and some extra time on the living room couch, the smarter move, I felt, was to educate yourself in a shale oil and gas industry that, in the long term, is thriving and competing with OPEC nations for a cut of the international demand for energy. I believe in the shale oil and gas industry here in the United States and believe the tight oil and gas revolution will continue once demand for petroleum goes up. We also believe that we are a society of consumption, and, eventually, we are going to need to use oil and gas which will, eventually, cause oil prices to climb back up (Our very own President even said so, recently, on TV). We also am a proponent of hydraulic fracturing coupled with horizontal drilling as a solution to supply our world energy demands. My initial thought was technological advances will overcome any argument that anti-fracktivist can bring against hydraulic fracturing. I believe this to be true. A colleague of mine just wrote a short blurb on a new technological advancement in fracking called "cryogenic fracking," an idea of a waterless method of fracking that has taken the industry by storm. See John W. Howard, CPL, *Too Much Clay? Chill out. Why Cryogenic Fracturing May Be The Answer.* <http://oilpro.com/post/8190/too-much-clay-chill-out-why-cryogenic-fracturing-may-answer> (last updated November 2014).

Nonetheless, the point is oil prices will rebound and this drop off in oil prices and land work is temporary. Think of the times when you were so busy you could not make that local landman networking event or attend the local AAPL seminar. Maybe you thought of applying for the Registered Landman (RL) or Registered Professional Landman (RPL) designations, or considered sitting for the Certified Professional Landman (CPL) certification. Well, now may be the time to do it. If you have the time, it's always good to study up and educate yourself in the industry you work in. That is what we are here for. Consider the following classes or networking events below. Hopefully, I will see some of you at future events and maybe we can talk about whether OPEC will cut its production to prevent oil prices dropping further. We would love to chat with you and maybe we can learn something new together. I hope to see you around.

Listed below are continuous educational courses available for the first quarter of 2015. The American Association of Professional Landmen (AAPL) is committed to providing education seminars and events that support our membership base. In addition, you can generally earn credits by attending our luncheons based upon speaker and subject matter. The AAPL's Field Landman Seminar will be held at the Boathouse on the Bay in Long Beach, CA on January 29, 2015. If you would like more information, please contact me at (949) 500-0909 or jdpham@email.com. Have fun learning something new!

January 2015

Oil and Gas Land Review, CPL/RPL Exam

When: January 12, 2015 – January 15, 2015

Where: Midland, TX

RL/RPL Continuing Education Credits: TBA

CPL Recertification Credits: TBA

CPL/ESA Ethics Credits: **TBA**

One-Day JOA Workshop

When: January 13, 2015

Where: Evansville, IN

RL/RPL Continuing Education Credits: TBA

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Educational Corner - continued

Field Landman Seminar

When: January 15, 2015

Where: Tyler, TX

RL/RPL Continuing Education Credits: TBA

CPL Recertification Credits: TBA

CPL/ESA Ethics Credits: **TBA**

Basics of Geographic Information Systems

When: January 26, 2015

Where: Houston, TX

RL/RPL Continuing Education Credits: TBA

CPL Recertification Credits: TBA

CPL/ESA Ethics Credits: **TBA**

Field Landman Seminar

When: January 29, 2015

Where: Long Beach, CA

RL/RPL Continuing Education Credits: 2.0

CPL Recertification Credits: 2.0

CPL/ESA Ethics Credits: **0.0**

WI/NRI Workshop

When: January 16, 2015

Where: Denver, CO

RL/RPL Continuing Education Credits: TBA

CPL Recertification Credits: TBA

CPL/ESA Ethics Credits: **TBA**

Field Landman Seminar

When: January 28, 2015

Where: Bakersfield, CA

RL/RPL Continuing Education Credits: 2.0

CPL Recertification Credits: 2.0

CPL/ESA Ethics Credits: **0.0**

February 2015

Field Land Practices with Optional RPL Exam

When: February 3, 2015 – February 4, 2015

Where: Wichita, KS

RL/RPL Continuing Education Credits: TBA

CPL Recertification Credits: TBA

CPL/ESA Ethics Credits: **TBA**

WI/NRI Workshop

When: February 6, 2015

Where: The Woodlands, TX

RL/RPL Continuing Education Credits: TBA

CPL Recertification Credits: TBA

CPL/ESA Ethics Credits: **TBA**

Pooling Seminar

When: February 6, 2015

Where: Dallas, TX

RL/RPL Continuing Education Credits: TBA

CPL Recertification Credits: TBA

CPL/ESA Ethics Credits: **TBA**

RPL/CPL Exam Only

When: February 7, 2015

Where: Bismarck, ND

RL/RPL Continuing Education Credits: TBA

CPL Recertification Credits: TBA

CPL/ESA Ethics Credits: **TBA**

Due Diligence Seminar

When: February 9, 2015

Where: Bakersfield, CA

RL/RPL Continuing Education Credits: TBA

CPL Recertification Credits: TBA

CPL/ESA Ethics Credits: **TBA**

Current CA Oil and Gas Conservation Issues and Concerns – Half Moon Education Seminars

When: February 10, 2015

Where: Bakersfield, CA

RL/RPL Continuing Education Credits: 6.0

CPL Recertification Credits: 6.0

CPL/ESA Ethics Credits: **0.0**

Oil and Gas Land Review, CPL/RPL Exam

When: February 17, 2015 – February 20, 2015

Where: Tulsa, OK

RL/RPL Continuing Education Credits: TBA

CPL Recertification Credits: TBA

CPL/ESA Ethics Credits: **TBA**

JOA Workshop

When: February 24, 2015 – February 25, 2015

Where: Lafayette, LA

RL/RPL Continuing Education Credits: TBA

CPL Recertification Credits: TBA

CPL/ESA Ethics Credits: **TBA**

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Educational Corner - continued

Rocky Mountain Land Institute

When: February 26, 2015 – February 27, 2015

Where: Salt Lake City, UT

RL/RPL Continuing Education Credits: TBA

CPL Recertification Credits: TBA

CPL/ESA Ethics Credits: **TBA**

Field Landman Seminar

When: February 26, 2015

Where: Midland, TX

RL/RPL Continuing Education Credits: TBA

CPL Recertification Credits: TBA

CPL/ESA Ethics Credits: **TBA**

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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.

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[#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

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[#108](#) Water Quality Issues: Safe Drinking Water Act

(SDWA)/Clean Water Act (CWA)/Oil Pollution Act (OPA)

Credits approved: 4 CPL/ESA/RPL/RL

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

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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

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Field Landman Seminar



FIELD LANDMAN SEMINAR



Thursday, January 29, 2015
Boathouse on the Bay
Long Beach, CA

www.landman.org

facebook.com/AAPLAmericasLandmen
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Brief Overview

The American Association of Professional Landmen and the AAPL Educational Foundation invite you to attend a **FREE** Field Landman Seminar- no-shows will be charged \$25. The Trustees of the AAPL Educational Foundation initiated these events to provide a forum for field landmen to gather for education, networking, and good food, all at no cost to all AAPL Active Members and \$50.00 to non-members attending. This program designed for Field Landmen to have the opportunity to register to become a member of the AAPL.

The \$50.00 registration fee covers this education class, happy hour, dinner, plus your membership application fee and dues through the next occurring June 30th. Please note: You can fill out your application prior to attending this seminar and bring it with you for processing.

The program begins with happy hour and a Buffet dinner, and will be followed by an AAPL Update and two presentations:

<u>Speaker</u>	<u>Speaker</u>
Rae Connett, Esq., Petro Land Service	Mike Flores, Luna and Glushon
“Preemption: State vs. Local Regulation of Oil and Gas Operations”	“Political and Legislative Update”



Event: Field Landman Seminar

Venue: Boathouse on the Bay 190 North Marina Drive Long Beach, CA 90803

Date/time of event: Thursday, January 29, 2015 || 5pm-9pm

Registration Cost: Free for members, \$50 for non-members which does go towards your membership application fee and dues through the next occurring June 30th if approved when you turn in a membership application at the event.

Cancellation Policy: Please cancel within 5 days of the event or you will be charged \$25.

Accreditation: 2 CPL/RPL/RL credits

AGENDA

Thursday, January 29th:

5:00 PM	Registration & Happy Hour
6:00	Dinner
7:00	Speaker: Rae Connett
8:00	Speaker: Mike Flores
9:00 PM	Adjourn

AAPL Contact

Stephanie Rickels

Education Meeting Planner

Phone: 817-847-7700

Email: srickels@landman.org

Address: 4100 Fossil Creek Blvd

Fort Worth, TX 76137



EVENT REGISTRATION

You can also register online at www.landman.org

**Field Landman
129FLS**

Long Beach, CA
January 29, 2015

Name: _____ AAPL # _____

Company: _____

Address: _____

City, ST ZIP: _____

Phone: _____ Fax : _____

E-mail: _____

Registrations & Payment Received:

Deadline January 22, 2015

MAIL TO:

REMIT CHECK:

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

Field Landman

- AAPL Member \$0
- NonAAPL Member \$50

REMIT CREDIT CARD:

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

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

*****Please cancel within 5 days of the event or you will be charged \$25.**

CALL OR E-MAIL

QUESTIONS TO:

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

Payment Information

Credit Card #: _____

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Signature: _____

Seminar Agenda

Conservation Issues Created by Fundamental Principles of Oil & Gas Law

Fundamental principles of oil and gas law
 "Mineral-related" entry, use and improvement
 Tract specific vs. cooperative development
 Rudimentary forms of cooperative development
 Cooperative subsurface development

J. Quirk

How Can You Hurt An Incooperative "Mineral Estate" Without Hiring a Medium?

What a mineral estate is (incooperative) and what it isn't (coporeal); a long tradition with deep roots
 California principles of "damages"—actual hurt versus "ill-gotten gains"
 Adverse possession
 Theories of damage as applied to mineral interests
 The dangers of blurring the lines in an age of sound bites:
 --*Starr & Starr Cotton Growers v. Avera*, and others

J.M. Kinney

Who Are Those Guys? - Changes in the Regulatory Environment for California Oil and Gas Producers

Implementation of SB4 by the Department of Conservation, Division of Oil, Gas and Geothermal Resources (DOGGR)
 Dealing with other California regulatory agencies
 The scope and permissible extent of local regulations of oil and gas exploration and production operations
 Potential litigation issues associated with the changed regulatory environment

J. Harris

Conservation Issues Raised by the Current and Potential New Underground Injection Control (UIC) Regulations

The current regulatory scheme
 EPA/DOGGR power sharing and respective jurisdictions
 EPA's recent criticisms of DOGGR UIC program and enforcement
 DOGGR's proposed responses to EPA's concerns—when and if DOGGR revises the regulations, what are they likely to look like?
 Potential impacts on operators

D. Ossentluk

Current California Oil and Gas Conservation Issues and Concerns
 Bakersfield, CA - Tuesday, February 10, 2015



HalfMoon Education Inc.
 PO Box 278
 Altoona, WI 54720-0278

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Learning Objectives

- You'll be able to:**
- Explain** the conservation issues created by fundamental principles of oil and gas law.
- Discuss** California principles of "damages"—actual hurt versus "ill-gotten gains".
- Understand** the implementation of SB4 by DOGGR and how to deal with other California regulatory agencies.
- Evaluate** the EPA's recent criticisms of DOGGR UIC program and enforcement and learn what any likely revisions will be.



Current California Oil and Gas Conservation Issues and Concerns

Bakersfield, CA
 Tuesday, February 10, 2015



Identify conservation issues created by fundamental principles of oil and gas law
Apply California's principles of damages to oil and gas interests
Discuss changes in the regulatory environment for California oil and gas producers
Explore conservation issues raised by the current and potential new UIC regulations

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Half Moon Seminars - Flyer - continued

Faculty

John ("Jack") Quirk, *Eight and Seven, Gardella, California*
 Mr. Quirk is a member of the firm who represents both mineral owners/lessors and mineral lessees/operators in the negotiation and performance of oil and gas leases and other agreements unique to the exploration and production phases of the oil and gas industry. He is considered one of the State's leading practitioners in the area of oil and gas title. Mr. Quirk was presented a "Special Award—Education" at the American Association of Professional Landmen's 2006 convention, in recognition of his involvement in education of the land professional community. In September 2012, at the 30th Annual West Coast Landmen's Institute, he presented remarks and a paper entitled: "A Study" in Cooperative Subsurface Oil & Gas Development Rights.

J. Nile Kinney, *Leibser, Thelen, LLP Bakersfield, California*
 Mr. Kinney is a member of the law firm who received his undergraduate and law degrees at the University of Southern California. He represents California oil producers and other mineral interest owners in a range of matters that includes title analysis and covenants, lease negotiations, operating agreements, farmout agreements and their variants, patting-out agreements, purchase and sale agreements, complex contractual disputes between all kinds of upstream interests, water related matters, and litigation affecting any of the foregoing.

John Harris, *Locke Lord LLP Los Angeles, California*

Mr. Harris is a partner in the firm who represents oil and gas operators, land and mineral owners and financial institutions on oil and gas, energy and environmental matters. He has extensive experience in all aspects of energy law, including the wide range of operational problems faced by oil and gas producers doing business in California and in other states. He also has significant experience representing oil and gas, industrial and local government clients in environmental litigation, transactional and regulatory matters. With his broad transactional experience, Mr. Harris has helped oil and gas industry clients in the financing, purchase and sale of oil and gas producing properties and pipelines, operating agreements and production purchase and sales agreements, and oil and gas lease negotiations, as well as agreements with governmental agencies. He also provides mineral title opinions and assists clients in resolving complex title issues. Mr. Harris has also represented oil and gas producers in litigation with regulatory agencies, accounting disputes, oil owners' under joint operation agreements, administrative litigation with regulatory agencies, environmental cost recovery and water contamination cases, claims for misuse of confidential information, constitutional questions and secured transactions issues.

David Ossentlik, *Ossentlik & Bell, Westlake Village, California*

Mr. Ossentlik is a practicing oil and gas attorney and transactions, including lease termination/preservation issues, title issues, joint ventures and operating agreements, and compliance with federal, state and local oil and gas regulations. He is one of a limited number of attorneys in California with significant experience in the litigation of oil and gas disputes, including lease termination/preservation issues, unit and joint operations disputes, royalty and title matters, and post-operation environmental clean-up and abandonment issues. Mr. Ossentlik also handles general business, real estate and environmental litigation. He has successfully litigated and tried numerous business disputes involving claims for breach of contract, trespass, nuisance, fraud, breach of fiduciary duty, business interference, corporate and partnership ownership, governance and dissolution, and insurance coverage. Mr. Ossentlik also has significant experience in the purchase, sale and development of mineral interests, including the negotiation and litigation of acquisition and development agreements, leases, joint ventures and partnerships, oil field development and abandonment agreements, environmental insurance policies, land use entitlements, and prospective purchaser agreements.

About the Seminar

Hilton Garden Inn Bakersfield
 3625 Marrott Drive
 Bakersfield, CA 93308
 (661) 716-1000

Tuition
 \$269 for individual registration
 \$249 for three or more simultaneous registrations. Each registration includes one copy of *Current California Oil and Gas Conservation Issues and Concerns*.

Receive a reduced tuition rate of \$101 by registering to our on-site coordinator for the day. For availability and a job description, go online to www.hammoonseminars.org.

Cancellations: Cancel at least 48 hours before the start of the seminar (CDT), and receive a full tuition refund, minus a \$39 service charge for each registrant. Cancellations within 48 hours will receive a credit toward another seminar or the CD/manual package. You may also send another person to take your place.

Continuing Education Credit Information

This seminar is open to the public. The State Bar of California has approved HamMoon Education Inc. as an NCLE Sponsor (Provider No. 8370), and this program offers 6.0 CLE hours for attorneys and paralegals. The American Association of Professional Landmen has approved this program for 6.0 PE continuing education credits and 6.0 CPE recertification credits, which includes 6.0 ULSA or ethics credits.

This seminar offers California professional engineers and geologists a continuing education credit. Continuing education is not mandatory for license maintenance in California. Under its Foreman Continuing Education division, HamMoon Education is offering accountant continuing education credit for this seminar. Foreman Continuing Education, a division of HamMoon Education Inc., is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. Sponsor No. 1333. This seminar is approved for 6.0 CEU credit. This seminar offers a basic understanding of the oil and gas production industry and regulations is beneficial and no advance preparation is required prior to attending the event. The California Board of Accountancy accepts CPE credits offered by NASBA-approved sponsors. Computer recording requests may be submitted to the National Registry of CPE Sponsors through www.nacpe.org. Attendance will be monitored and attendance certificates will be awarded. Attendance certificates are not available at the seminar; they will be mailed to participants within fifteen business days.

Why Attend a Live Seminar?

- Live seminars offer huge potential for networking opportunities.
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CD/Manual Package

The CD/Manual Package is available for \$279 (including shipping). Allow five weeks from the seminar date for delivery. Please refer to specific state licensing rules or certification requirements to determine if this learning method is eligible for continuing education credit.

Registration

Current California Oil and Gas Conservation Issues and Concerns
 Bakersfield, CA - Tuesday, February 10, 2015

How to Register

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 715-835-6900

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 PO Box 278, Altoona, WI
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Complete the entire form.
 Attach duplicates if necessary.

Registrant Information

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MECHANICS' LIEN

SENATE BILL SB 189 | CALIFORNIA LAW



In accordance to Senate Bill SB 189, California's laws regarding mechanics' liens were modified on July 1, 2012. Many of the amendments have reformed the wording, the format of the mechanics' lien notice, and the numbering of the statutes. Some of the modifications to the enforcement procedures for mechanics' liens are:

1. A separate index will be maintained for preliminary notices filed with the county recorder (CC§8214).
2. A mechanics' lien release bond is being reduced from 150% to 125% of the amount of the claim of lien (CC§8424).
3. A notice of completion with required warning language has been extended from 10 days to recorded on or within 15 days after the date of completion (CC§8182 and 8416).
4. The preliminary notice form and the waiver of release forms for progress payments and final payment have been revised (CC§8132 and 8138).
5. For deeds of trust recorded with priority, an optional advance of funds by the construction lender that is used for construction costs has the same priority as a mandatory advance of funds by the construction lender, provided that the total of all advances does not exceed the amount of the original construction loan (CC§8458).
6. There is a 20-day requirement for filing a notice of pendency of action (CC§8461).
7. If it is not brought to trial within two years after commencement of the case, a court may dismiss an action to foreclose a mechanics' lien. If an owner has to file suit to foreclose a lien, the attorney's fees that the owner can collect are no longer capped at \$2,000.
8. After service of a bonded stop payment notice, a construction lender must give written notice within 30 days of the lender's election to not withhold funds for the claimant.
9. For certain projects involving construction loans in excess of \$5,000,000, an owner may be required to provide security in the form of a surety bond, irrevocable letter of credit, or escrow account. Chapter 697 (SB 189 – Lowenthal).
10. Existing design professional lien laws have been repealed, and design professional liens are now part of the mechanics' lien laws. Landscape architects have also been added to the law as protected design professionals.

Contact Your Commonwealth Sales Executive for more information about our Mechanics' Lien Coverage.



Griffin Wayne
Vice President of Sales

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