American Association of Professional Landmen

Update 2018-19

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Midland, Texas
AAPL President 2018-19
AAPL UPDATE

STATE OF THE ASSOCIATION
Organization
Assets
Mission

ACTIVITIES, PROGRAMS & NEW DEVELOPMENTS
FOR 2018-2019
**AAPL, Inc.**

- **NAPE Management L.L.C.**
- **NAPE Charities Fund**
- **NAPE Expo Charities Fund**
- **The Landman Scholarship Trust**
- **A.A.P.L. Education Foundation, Inc.**

* Board of Directors elected/appointed by local affiliated associations
** Board of Directors appointed by AAPL
*NAPE Management, L.L.C. – 0.5%

**AAPL – 50.5%

IPAA – 29%

SEG – 10%

AAPG – 10%

* General Partner

** AAPL distributes a 0.5% interest to the Houston Geological Society and to the Society of Independent Petroleum Earth Scientists per terms of the partnership agreement.

(Section 6.04 – Special Endorser Fee Allocation.)
NAPE – Where Deals Happen

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

<table>
<thead>
<tr>
<th></th>
<th>BUDGET</th>
<th>BUDGET*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ordinary Income</strong></td>
<td>2018 -- $6,728,800</td>
<td>2019 -- $7,382,295</td>
</tr>
<tr>
<td><strong>From Investments</strong></td>
<td>2018 -- $992,400</td>
<td>2019 -- $295,071</td>
</tr>
<tr>
<td></td>
<td><strong>Total Income</strong></td>
<td>2018 -- $7,721,200</td>
</tr>
<tr>
<td><strong>Expense Budget</strong></td>
<td>2018 -- $7,137,413</td>
<td>2019 -- $7,302,366</td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td>2018 -- $450,000</td>
<td>2019 -- $375,000</td>
</tr>
<tr>
<td></td>
<td><strong>Total Expense</strong></td>
<td>2018 -- $7,587,473</td>
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</tbody>
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*Fiscal Year = July 1 - June 30 each year.*

*2019-2020 Fiscal Year draft budget numbers, not yet finalized.*
18-19 Budget Overview

- **Ordinary Income**
  - 51% NAPE Income and Management Fee (~ $3.56MM)
  - 26% Dues and Fees (~ $1.78MM)
  - 9% Education Registration ()
  - 4% Ad Sales (~$1.39MM)
  - 7% Annual Meeting ()
  - 3% Other, Rent, Royalty, etc. ()

- **Interest / Dividend / Financial Account Gains, less Tax**
  - (~ $992,400)
18-19 Budget Overview

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

- **Plus Depreciation of Capital Assets**
AAPL Financial Investment Accounts

As of September 30, 2018:

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

- Advisors suggest spending no more than about 4% of the account balance annually to allow accounts to continue to grow. (Luther King Capital Mgmt.)
  - Historical Return > 8%

- The AA PLC Educational Foundation, Inc. and The Landman Scholarship Trust
  - programs and missions are primarily funded through income from the investment accounts for each entity and, unlike AAPL, have no other sources of income.
FIVE PEOPLE PARTS OF AAPL

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

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

- **Chairman facilitates committee meetings and assists in delivering program**
  - Submits budget input in January for the following year’s budget
  - Submits additional budget requests for in-year programs over and above approved budget in place through the ExCom and to the Board
  - Directs activities of the committee (e.g. Education, Forms, Ethics, Certification, Membership)

- **Assistant Chair prepares to move to chair the following year**

- **Committee Members**
  - Provide valuable input and ideas
  - Implement committee projects
Membership By Type

06/25/2018

<table>
<thead>
<tr>
<th>Member Type</th>
<th>Members</th>
</tr>
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<tbody>
<tr>
<td>Active</td>
<td>14,053</td>
</tr>
<tr>
<td>Associate</td>
<td>1,577</td>
</tr>
<tr>
<td>Retired</td>
<td>54</td>
</tr>
<tr>
<td>Senior</td>
<td>133</td>
</tr>
<tr>
<td>Student</td>
<td>686</td>
</tr>
</tbody>
</table>

Total Membership: 16,497
AAPL’s Mission
What AAPL is Really About
AAPL Mission

Mission:

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

Mission:

Promote the highest standards of performance

Education

Advance the stature of landmen and the profession

Recognition & Advocacy

Encourage ethical stewardship of energy and mineral resources.

Ethical standards of conduct in all things –

Do the right thing for the right reason.
Education for 2018-19

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

Redesign of Education Committee

- Emphasis on
  - Relevancy
  - Deliverability
  - Quality
Education for the Future

Relevancy

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

Deliverability

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

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

Advance the stature of landmen and the profession

Recognition & Advocacy
Advocacy

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

  - Two recent examples
Advocacy

- Advocacy, including amicus briefs and sponsored legislation
  - *Dundics v. Ohio*: Landman licensing
  - AAPL was involved from the beginning by filing Amicus Briefs at each stage of the litigation;
  - Worked closely with the Ohio Oil & Gas Association to (i) educate the opposition groups (realtors, bar association & legislators), and (ii) negotiate and draft legislation that was ultimately signed into law.

- Funding for voter education on critical issues
  - Colorado Proposition 112 - AAPL funded public outreach & education effort
35.38% of Members are Certified; 53.2% of Members are eligible but NOT Certified
Certification

- Certification sends a message to industry decision makers, to your peers and to the public:
  - **Competency** – education, experience, broad knowledge, proven by examination
  - **Dedication** – continuing education, staying current
  - **Professional** – not just a job, a commitment to excellence
  - **Ethical** – standards of practice, character, honesty, trust

- Certification results in higher compensation:
  - RPL 7-20%
  - CPL 11-28%
EFFECTIVE DECEMBER 9, 2018, on recommendation of the Certification Committee and approval of Bylaws & Policy Committee, and unanimous vote of the Board of Directors, the criteria for certification was revised:

Section 1. “Landwork” shall mean the actual performance or supervision of any one or more of the following functions:

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

II. Requirements of Certification as an RPL or a CPL

A. AAPI Membership

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

B. Work Experience

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

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

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

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

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

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

New Forms in Development for 2018-2019:
- AAPL Model Form Participation Agreement
- AAPL Model Form Purchase and Sale Agreement
- Multi-state Acknowledgements
- Toolkit of commonly used forms
  - AOGLs, AORI’s, Aff., ROW, etc.
According to the 2017 Membership Survey, the Landman Magazine and Landman’s Directory were ranked as the top benefits to members.

- Landman Magazine
- Landman’s Directory
- AAPL Annual Report
- Annual Meeting Program

- Oil and Gas Law Comparison (By State & Topic)
- Reference Books
Approximately $90,000 available annually for grants

$565,351 in disaster relief grants 2017-2018
- Grants available recently for California fires, Alaskan earthquakes, and Pennsylvania flooding

$32,000 in education related grants 2017-2018
- Seminar assistance is available to local associations
Landman Scholarship Trust Financials

- Narrow Focus – Provide Scholarship Assistance to Students at colleges and universities with AAPL accredited programs.
- $240,000 in scholarships for 2018-19
Provided $240k in scholarships during 2018-2019 academic year:

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

- Networking
- Professional Development
- 2018 Denver Annual Meeting – 890 in attendance
  - 637 Members  }
  - 127 Guests   }
  - 48 Non-Members
  - 49 Speakers, Staff, Past Presidents
  - 29 Students

- 2019 Pittsburgh Annual Meeting June 19-22, 2019
  - 1,700 members in local area and adjacent states
Registration opened January 2nd.
New events this year: Horizon Breakfast honoring women in energy and pre-conference day workouts in the park — both included with the all-inclusive attendee registration prices.
Keynote Speaker: Alexandra Pruner, director & former CFO TPH, Director Plains All American Pipeline.
First Class Dual Track Education Schedule
Opening Reception at Heinz Field
Hot Play Happy Hours
Landman Bash at the Historic William Penn Ballroom
Pirates are in town for 3 games
Tuition Assistance Available
QUESTIONS