WWW.HAPL.ORG Issue #482



## HAPL Newsletter

November 4, 2019

## **HAPL November Luncheon**

November 5, 2019

The HAPL November Luncheon will be held on Tuesday, November 5, 2019 at the Houston Petroleum Club in downtown Houston from 11:30am - 1:00pm. The topic for this luncheon will be "2020 Energy Policy Outlook." Kevin Bruce, Director of Government & Industry Affairs, Fieldwood Energy LLC. You can register for the luncheon on the HAPL website at www.hapl.org. This luncheon will be certified for 1 CPL/RPL credit.

Kevin Bruce, Director of Government & Industry Affairs, Fieldwood Energy LLC



Kevin Bruce is the Director of Government & Industry Affairs at Fieldwood Energy, where he leads efforts to advance Fieldwood's interests among policy makers and within the industry. With over 17 years legal,

regulatory, and policy experience at the state and federal levels, Kevin has a track record of success in achieving victories within complex legislative and regulatory environments.

Prior to joining Fieldwood in 2016, Kevin was the Regional Director of State Affairs at America's Natural Gas Alliance (ANGA), where he led efforts on behalf of North America's leading independent natural gas exploration and production companies to protect the supply of and promote increased demand for natural gas in power generation, exports, and transportation across an elevenstate region. He previously served as the Senior Government & Regulatory Affairs Advisor at Encana Corporation and was an

attorney at Galloway, Johnson, Tompkins, Burr & Smith in New Orleans after starting his career as a legislative aide on Capitol Hill.

Kevin received a J.D. from Louisiana State University's Paul M. Hebert Law Center and a B.A. from Southern Methodist University. He lives in Houston with his wife, Susan, and their four young children.

### Note:

The next HAPL luncheon will be held on Tuesday, December 3, 2019 at the Houston Petroleum Club. J. Keith Couvillion, Chevron Headquarters Land Manager, will be spreaking.



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## **Upcoming Events:**

### **HAPL Events:**

### November 5

HAPL November Luncheon, Petroleum Club

### November 6

HAPL Board Meeting, Ouisie's Table

### November 11

HAPL 57<sup>th</sup> Annual Golf Tournament, Kingwood Country Club

### November 21

HAPL Past President Reception, Goode Seafood Restaurant

### November 27-29

HAPL Office Closed - Thanksgiving

### December 3

HAPL December Luncheon, Petroleum Club

### December 24-27

HAPL Office Closed - Christmas

### December 31 - January 1

HAPL Office Closed - New Year's

### January 7

HAPL January Luncheon, Petroleum Club



### Other Industry Events:

### November 7-8

RMMLF Advanced Landman's Institute, Hyatt Regency Galleria

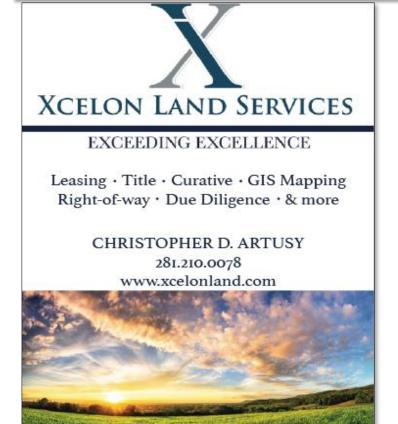
### November 14

AAPL Joint Operating Agreements Seminar, Houston, TX

### December 10 - 13

AAPL Oil and Gas Land Review, CPL/RPL Exam, Houston, TX

You can view more events and their details on the HAPL website at www.hapl.org.





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## 2019-2020 HAPL Officers, Directors & Committee Chairmen

President – Eli Huffman Lone Star Production Company eli@lonestarproduction.com 713-784-7474

First VP - Eric Thomas, CPL SunCoast Land Services, Inc. erict@suncoastland.com

713-375-3300

**Second VP** – Wade Edington, CPL Surprise Valley Resources, LLC wedington@surprisevalleyresources.com 713-834-2415

Third VP – Amanda L. Van Deusen, CPL Haynes and Boone, LLP amanda.vandeusen@haynesboone.com 713-547-2417

Secretary – Brett Jennings, CPL BPX Energy Inc. brett.jennings@bpx.com 835-525-8010

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Assistant Treasurer – Vernon Henry Val Verde Minerals, LLC vernon.henry@valverdeminerals.com 713-859-8566

Immediate Past President – Allyson Howard, CPL SunCoast Land Services, Inc. allyson.howard@suncoastland.com 713-375-3304

Director – Brent Broussard, CPL Dudley Land Company <u>brentbroussard@dudley-land.com</u> 713-952-7944 Ext. 14

Director – John Gerrish, CPL Noble Energy, Inc. john.gerrish@nblenergy.com 281-943-2138

Director – Kris Korte Texas Petroleum Investment Company <u>kriskorte@gmail.com</u> 713-789-9225

Director – Kyle Lesak, CPL Percheron, LLC kyle.lesak@percheronllc.com 832-300-6400 Director – Gregory LaBove Fieldwood Energy, LLC gregory.labove@fwellc.com 832-392-9880

Director – Michelle Llanes, RPL Senall Sabres, LLC mfllanes@gmail.com 281-543-6848

Director – Zach Morgan, RPL Marathon Oil Company zmorgan@marathonoil.com 713-296-3952

Director – Claire Morse Chevron USA, Inc. morsech@chevron.com 832-524-6447

Director – Darshan Naik, CPL ConocoPhillips Company darshan.m.naik@conocophillips.com 281-647-1849

Director – Tegan Wisnosky XTO Energy, Inc. tegan\_wisnosky@xtoenergy.com 832-625-3417

AAPL Director, Region IV – Alan Morgan, CPL Remora Oil Company amorgan1@flash.net 281-980-6455

## 2019-2020 HAPL Committee Chairmen

**AAPL Awards** – Bill Justice, CPL Encompass Energy Services, LLC <u>b.justice@encompassservices.com</u> 337-278-4918

Annual Gala – Randi Walsh Black Falcon Energy, LLC rwalsh@bfenergy.com 832-320-1278

Audit – Daniel Negron, RPL Noble Energy, Inc. <u>danielnegronoa@gmail.com</u> 832-639-7368

Company of the Year Nominating Committee - Eric Thomas, CPL SunCoast Land Services, Inc. erict@suncoastland.com 713-375-3300 Executive Night – Daniel Negron, RPL Noble Energy <u>danielnegrono3@gmail.com</u> 972-898-4112

Golf – Tanner Quiring, CPL Encino Energy tanner@encinoenergy.com 346-240-3232

Governmental Affairs – Allyson Howard, CPL
SunCoast Land Services, Inc.
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713-375-3304

Luncheons – Wade Edington, CPL Surprise Valley Resources, LLC wedington@surprisevalleyresources.com 713-834-2415

Membership – Vernon Henry Val Verde Minerals, LLC vernon.henry@valverdeminerals.com 713-859-8566

Mentoring Program – Stephen Thompson, CPL Marathon Oil Company sithompson@marathonoil.com 713-296-1817

NAPE (Winter/Summer) – Diane Snyder HAPL hapl@hapl.org 713-622-6868

Newsletter & Website Oversight – Amanda L. Van Deusen, CPL Haynes and Boone, LLP amanda.vandeusen@haynesboone.com 713-547-2417

Offshore Liaison – Ford Peters Fieldwood Energy LLC fpeters@fwellc.com 713-969-1204

Offshore Seminar – Bailey Coe W&T Offshore, Inc. bcoe@wtoffshore.com 713-624-7303

Outstanding Landman Nominating Committee – Joel Loshak Energy Consultant jloshak@gmail.com 713-660-8160

### 2019-2020 HAPL Committee Chairmen

Outstanding Senior Landman Nominating Committee— Allyson Howard, CPL SunCoast Land Services, Inc. allyson.howard@suncoastland.com 713-375-3304

Past Presidents Council – Grant Johnson, RPL Lone Star Production Company

grant@lonestarproduction.com 713-784-7474

Saltwater Fishing Tournament – Jerry Niekamp Dunn Exploration Company, LLC <u>iniekamp@dunnexploration.com</u>

713-533-1217

Co-Chair - Katie Eisterhold Dunn Exploration Company, LLC <u>keisterhold@dunnexploration.com</u> 713-533-1217

Saturday Seminar (Fall) – Zach Morgan Marathon Oil Company zmorgan@marathonoil.com 713-296-3952

Saturday Seminar (Spring) – Darshan Naik, CPL ConocoPhillips Company darshan.m.naik@conocophillips.com

281-647-1849

Scholarship – Ashlee Hansen ConocoPhillips Company ashlee.hansen@cop.com 832-486-6022

Service – Mimi McGehee Independent <u>mrm1915@aol.com</u> 713-784-0166

Shale Seminar – Jonathan Click, CPL Click Energy jt\_click@hotmail.com 832-725-9910

Skeet Shoot – Lance Young, RPL ConocoPhillips Company lance.young@conocophillips.com 281-647-1820

Social (Bridging the Gap) – Hunter M. Arbuckle, RPL EP Energy <u>Hunter.arbuckle@epenergy.com</u> 713-997-5424

Social (Gulf Coast) – Lacy Clark, RPL Fieldwood Energy LLC lacy.clark@fwellc.com 713-969-1237

Social (Louisiana) – Joe Chaney, RPL INPEX Americas, Inc. joseph.chaney@inpex.co.jp 713-600-2511

Social (Offshore) – Bailey Coe W&T Offshore, Inc. bcoe@wtoffshore.com 713-624-7303

Social (Permian Basin) – Katherine Vairin Noble Energy, Inc. katherine.vairin@nblenergy.com 281-874-6797

Social (Rockies) – Mark Metz, CPL Phoenix Energy Advisors, LLC <u>phoenixenergyadvisors@gmail.com</u> 832-526-2400

Social (Shale Play) – Jonathan Click, CPL Click Energy jt\_click@hotmail.com 832-426-4386

Social (South Texas) – Joe Dichiara, RPL Independent jadichiara@msn.com 713-907-0147

Social (Spring Swing Membership Drive) – Will O'Neal, CPL Castex Energy, Inc. woneal@castexenergy.com 281-447-8601 Ext. 145

Co-Chair - Kris Korte Texas Petroleum Investment Company <u>kriskorte@gmail.com</u> 832-485-4348

Social (Women's Networking – Fall/Spring) Briana Ward, CPL Independent <u>brianawward@yahoo.com</u> 318-834-6860 Co-Chair - Emily McMahon, CPL
Peregrine Petroleum Partners, Ltd.
emcmahon@peregrinepetroleum.com
713-630-8972

**Technical Workshop** – Amanda L. Van Deusen, CPL Haynes and Boone, LLP <u>amanda.vandeusen@haynesboone.com</u> 713-547-2417

Tribute to Education – John Gerrish, CPL Noble Energy, Inc. john.gerrish@nblenergy.com 281-620-3583

University Liaison – Michelle Llanes, RPL Senall Sabres, LLC mfllanes@gmail.com 281-543-6848



### HAPL 2020 Dues Renewal

### It's time to renew your HAPL dues!

Your HAPL membership dues are set to expire December 31, 2019. Be sure to renew before the end of the year.

### 2019 Membership Dues:

By Credit Card: Active - \$75 Associate - \$75 Student - \$25 Active Life (65+ & retired) - \$35

By Check: Active - \$70 Associate - \$70 Student - \$20 Active Life (65+ & retired) - \$30

### Benefits of HAPL Membership:

- Monthly newsletter
- Email blasts of upcoming events (so you never miss any!)
- Access to the HAPL Membership Directory online
- Access to job postings online
- Ability to take part in the HAPL Mentorship program
- Member pricing at HAPL events such a luncheons, seminars and sporting events
- Many networking events throughout the year
- Scholarship opportunities for members' college bound students

#### How to renew:

### Online:

- Log on to the HAPL website site at www.hapl.org
- Press the "renew your membership here" button
- Make sure your information is correct, if not, now is the time to update
- -Proceed to the payment page
- Once payment has been approved, you are renewed!

### Mail:

-Make your check out to HAPL and include the membership renewal form found at <a href="http://www.hapl.org/files/642/">http://www.hapl.org/files/642/</a>.

Mail to: HAPL Attn: Lindsey Griffith 800 Bering Dr., Ste. 120 Houston, TX 77057

Once your membership has expired, you will no longer be able to access the HAPL membership directory, receive HAPL email correspondence or membership pricing on HAPL events. If you have trouble renewing online, please give us a call at the HAPL Office at 713-622-6868 or send an email to Lindsey Griffith at lindsey@hapl.org.



# essentially, clients value five things in a law firm

- strong relationships
- clear communication
- budget certainty/lean staffing
- 📜 know-how
- 🅠 results

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## **HAPL Officer Forum**



Amanda L. Van Deusen, CPL HAPL Third Vice President

## Professionalism, Advancement & Service by Female Landmen

When I was asked to contribute an article to the HAPL Newsletter based upon our President, Eli Huffman's strong theme of "Professionalism, Advancement and Service" in our industry, I decided that I wanted to recognize the female landmen, like myself, who are professionals, who have sacrificed so much in the pursuit of advancement and still find time to serve their industry and their community.

Last month, I attended the HAPL Women's Networking Social. A wonderful event for meeting other female landmen, sharing interests, building relationships and comparing work highs and lows. But the context of our conversations sometimes centers on being a woman in what is still considered to be a "man's world." Even our title, "landman" suggests that to be the case but women are not new to the landman industry. Women have been an intricate part of the industry just as long as men, but not in as great of numbers. According to the American Association of Professional Landmen (AAPL), currently, only 24% of their membership is female, 67% male and 10% N/A. In the Houston Association of Professional Landmen (HAPL), an estimated 30% are currently female members. HAPL was formed in 1946 by 8 men. The first female member of HAPL was Betty J. Lewis with Humble Oil & Refining Company in 1969 when membership was over 500. At that time, there were very few female land professionals nationally up until the 1970's. HAPL's Membership grew to as many as 1,600 members despite the 2008 downturn and currently is over 1,300 members in 2019.

### **PROFESSIONALISM**

One of the wonderful things about being a landman is the diversity of our work and experiences. Man or woman, we have spent hours travelling to and from courthouses title, preparing abstracts, negotiating contracts and sleeping in hotels away from our families. Many of us also work in-house for exploration and development companies or law firms, we hold various levels of landman positions, from entry land tech to VP of Land or CEO. Throughout it all we are all professionals, getting the job done. But for women in our industry it can be a challenge. We wear many hats both professionally and socially. We also have a hard time saying "no" because we are determined to succeed in following our dreams and in supporting our families.

As female landmen, we can appreciate the opinion of Janeen Judah in "The Woman Question" (AAPL Landman Magazine, Jan/Feb 2019), "to succeed...we must learn to speak 'their language'...where the stress comes in, is where women must constantly shift between [our] more 'female' socialized roles at home and a more 'male' work environment." Our industry is not always easy on women - we have the education, the training, the experience and yet there remains an '...imbalanced ratio of men to women in the oil and gas industry and [a] disparity in compensation in the land profession..." as described by Le'Ann Callihan, Director of Communications & NAPE for AAPL in the article "Survey Says: Gender Pay Gap is Prevalent as Ever" (AAPL Landman Magazine, Nov/Dec 2018). AAPL has been gathering statistical data for more than 25 years and continues to find that there remains a pay gap between male and female landmen with similar education and experience. The significance being for those women with over 20 years' experience.

There may be many reasons for the last statistic but as leaders in the land profession, we continue to set the standards for future generations of women in our industry no matter the disparity between our genders. We are experts in balancing multiple tasks, we are organized,

focused and natural born leaders. For many of you with years of knowledge to share and the ambition to fuel the next generation of female energy leaders, I encourage you to participate in our HAPL Mentorship Program and network at our numerous HAPL events and socials.

### **ADVANCEMENT**

I am grateful for the many "senior" female landmen with decades of practice who lead our profession with strength, confidence and grace. Each of you offer a unique perspective, high standards of knowledge and vast experience in our industry. Over the years, we have seen an exceptional increase of female landmen in our industry as Land Managers, Vice Presidents of Land, Directors, Senior Landmen, even Presidents of HAPL and AAPL. In HAPL alone, we have been honored to have 6 female Presidents, the first elected in 1984 and the most recent, Allyson Johnstone Howard, for the 2018-2019 term.

But in our industry how far have we really According to a report from come? PayScale.com, AAPL found in the gender Pay Gap article above "...that at the start of their careers, men and women tend to work at similar job levels...(but) over the course of their careers, men move into higher-level roles at significantly faster rates than women, with relatively few women at the top of organizational charts." representative from AAPL shared with me that less than 1% of female members list "CEO" or "Director" in their job title. But as I mentioned before, female landmen wear many different hats and hold many different positions in the land profession. For some, it is not just about the title they hold, but about the work they perform, the relationships they build and their contribution to the industry.

I can appreciate the comments of author Rebecca Ponton, "(Women) are not new to the industry. Women have been involved in the industry just as long as men (but we need to be a) vocal and visible minority" in the article "Where are the Women in Oil and Gas?" (Carla Newman with Pink Petro 5/14/2019). There are many opportunities for female landmen to hear from industry leaders, to network with their peers and to be a mentor to the younger generation.

Thanks to organizations like HAPL, women in our profession can speak at or attend one of our many monthly luncheons or seminars - from the Offshore, Shale and Fall/Spring Saturday Seminars to national recognition at the Technical Workshop and Webinar. This past month, HAPL hosted the Women's Networking Social and Executive Night, both remarkable occasions for female landmen to be "vocal and visible," to build professional network and relationships that could lead to even greater business opportunities in the future.

### SERVICE

As a landman for nearly 15 years, I believe that women strive in this profession because we can balance many duties and responsibilities. Is it easy? Not usually. Many conversations at female-inspired events and articles focus on finding a healthy work/life balance. One of my favorite quotes from Janeen Judah is that she doesn't believe "...there is a work/life balance; rather, there is work/life compromise. Sometimes...work takes precedence and sometimes family takes priority." As professional landmen, as in many other professions, women are successful at balancing the duties at work with their responsibilities at home because we are creative problem solvers, we are resourceful, and we can sell or negotiate almost anything. We are landmen after all!

I believe one of the best ways we can maintain a work/life balance is to serve in our industry and in our community, by doing so we also serve our families. At HAPL and other energy related organizations, women are increasingly serving as leaders, holding volunteer positions as organization Presidents, as Vice Presidents, on Boards of Directors and as Chairman of HAPL Committees. The first woman officer of HAPL was Lucille M.S. Taylor in 1976. HAPL has a total of 8 Officers and 10+ Directors each year. In the last 25 years, HAPL has had at least 1 female Officer each year but that number has increased since 2008, with 3 female Officers each year since 2017. In addition, women have held on average 30% of the Director positions with HAPL since 1997. In recent years I was honored to be a Director and Treasurer of HAPL and I am proud to currently serve as your 3rd Vice President.

HAPL also offers some incredible service opportunities to give back to our community that could always use your support, whether it is the Impact a Hero Gala in the Fall, Bingo & BBQ at Goldberg

Tower in February, or Softball at Brookwood Community Center in the Spring. HAPL also raises funds for scholarships to support local high school and college students and recognizes outstanding teachers in our community with our Tribute to Education program. We are standing up and showing up to serve.

### CONCLUSION

Recent news reports show that the gender gap is not an isolated issue to landmen or the oil and gas industry. I take great pride in holding the title "Landman," but I do recognize the challenge and the sacrifice that comes with being a woman in this profession. I believe as landmen, we can each present our best self every day, we can find joy in our employment and we can be proud of the industry we represent. Both AAPL and HAPL are making efforts to offer more professional opportunities for its female members. Through education seminars, networking events, committee and board positions, you as female landmen of our generation add a spark to our profession and I am honored to be your colleague and representative on the HAPL Board.



Our greatest asset is our experienced team. Whether your project is large or small, our Acquisitions and Divestures team's expertise can assist you with any due diligence needs.

It's why we're still here, steady and strong as always. We look out for our clients: getting things done on time, within scope, the right way.



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## Indiana Jones and the New Mexico State Lease

By: T.C. Turner and Andreana Madar

In the summer of 1846, General Brigadier Stephen Watts Kearney led the "Army of the West" through Santa Fe, New Mexico en route to conquer the Western territories claimed by Mexico. Led by intrepid mountain man Kit Carson, and guided by the siren song of *Manifest Destiny*, the troupe travelled from Leavenworth, Kansas into Indian country in Northern New Mexico.

Following the Pecos River on their march to conquer Santa Fe, the Army of the West encountered the settlement of Pecos Pueblo. Once the largest of the Pueblo Indian villages, Pecos Pueblo was inhabited for over 500 years. The Pueblo Indians storied themselves descendants of the Aztec leader Montezuma, believing that liberators from the East would arrive to free them from Spanish rule. To this end, they secretly kept a fire burning in an underground kiva for almost 500 years in anticipation of this arrival.

Standing before Pecos Pueblo, long since abandoned by the Pueblo Indians, Carson's soldiers found themselves stepping back in time. Gawking at magnificent structures, they were captivated by tribal legends and the "Fire of Montezuma."

Sites such as the Pecos Pueblo abound in New Mexico. Historically and culturally significant, they warrant strong protection. As a result, the state of New Mexico has developed some of the most stringent restrictions on operations on State Trust lands, as discussed below.

The New Mexico Department of Cultural Affairs, Historic Preservation Division is statutorily tasked with protection of cultural properties through enforcement of the New Mexico Cultural Properties Protection Act (NMSA 18-6A-1, et seq), the Prehistoric and Historic Sites Preservation Act (18-8-1, et seq), the Cultural Properties Act (18—1, et seq), and the National Historic Preservation Act of 1966 (16 USC 470, et seq). These policies are further implemented by the

New Mexico Administrative Code (NMAC 4-10.1, et seq.; NMAC 4-10-15 specifically addresses the standards of an archeological survey). These statutes and administrative code provisions provide extensive protection to New Mexico's cultural heritage properties and impose a substantial administrative burden on oil and gas operators.

To satisfy the above-listed regulations, an oil and gas lessee must first perform an "ARMS Inspection". This entails a review of the New Mexico Cultural Resources Information System (NMCRIS) and the cultural resources records of the Archeological Records Management Section (ARMS) of the New Mexico Historic Preservation Division. The result of the ARMS Inspection should be one of the following:

- A prior survey demonstrates there are no cultural properties located on the proposed drill site;
- A prior survey demonstrates cultural properties are identified near or on a proposed drill site; or
- 3. No survey has been conducted.

If Indiana Jones conducted the prior survey in accord with NMAC 4.10.15 <u>AND</u> no cultural properties were discovered, no additional archeological review is needed. However, prior to approval of the application, the applicant must acknowledge he has received the following notification:

"... any person who knowingly excavates, injures or destroys cultural property located on state land without a permit is guilty of criminal damage to property." Additionally, "Any person who solicits, employs or councils another person to excavate, injure or destroy cultural property located on state land without a permit is guilty of criminal damage to property." Applicants and lessees should always exercise due caution to ensure

that cultural properties are not inadvertently excavated, injured or destroyed by any person. Should any activity reveal suspected cultural property, the activity should cease until a site evaluation is made.

The following precautions must be taken when an ARMS Inspection uncovers Doctor Jones' prior survey of an area that contains known cultural property that is on or near the proposed project site:

- Lessee/applicant must notify the State Land Office; the State Land Office will then notify the State Historic Preservation Officer regarding any cultural properties;
- The State Land Office Archaeologist (think Marcus Brody) will coordinate with the State Historic Preservation Officer regarding the site of the project, and all efforts to mitigate damage to the cultural property;
- 3. The Division Assistant Commissioner will then discuss the associated cultural or archaeological issues with the Commissioner of Public Lands prior to final approval of the project;

In the event the ARMS Inspection reveals that Doctor Jones has yet to conduct a survey of the project site, the lessee/applicant may proceed without any further archaeological review (at his own peril!). However, the applicant must acknowledge the above-listed notification as well as the following additional notification:

"... the State Land Office recommends that a survey be conducted to current standards defined by an NMAC 4.10.15 prior to any activity in the proposed project area. As a condition of this permit and pursuant to NM AC 19.2.10.20, any project or lease activities that reveal or result in discovery of a previously undocumented significant cultural

property or archaeological site on state trust land shall result immediate cessation of activities and immediate notification of the State Land Office and the State Historical Preservation Activities shall Officer. suspended until the State Historical Preservation Officer and the State Land Office approve resumption of activities. Furthermore, if activities conducted without the benefit of a survey and any cultural property is damaged in the process, you will be subject to a fine of no less than \$100,000, at the discretion of the Commissioner of Public Lands. You will also be held liable for the cost of an archaeological damage assessment, plus the remediation values of property determined by that damage assessment..."

Due to subjecting oneself to criminal liability as well as a high civil penalty of \$100,000.00, the ideal practice prior to drilling on State Trust Lands is to hire Indiana Jones to perform an archeological survey. This survey acts as an operator's insurance policy against potential jail time and substantial economic penalties.

### To summarize:

"Get the survey – leave the cannoli"

### -Clemenza

New Mexico Historic Preservation Division website, which includes all necessary forms, the New Mexico Cultural Resource Information System portal (and User's Guide), as well as a very helpful FAQ.

http://www.nmhistoricpreservation.org/ arms.html

Policy Letter ADM-0106 effective September 1, 2015 that outlines the above-described process.

http://www.nmstatelands.org/uploads/fi les/Policy/ADMo106%20Historic%20and%20Cultural% 20Resources%20Policy1.pdf

### About the authors:

### T.C Turner



TC Turner is a partner in the Houston office of Kean Miller. His Energy and Natural Resources practice involves transactional, land

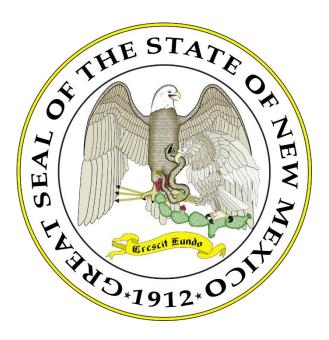
regulatory operational, and matters. He is routinely involved in the full life cycle of a prospect, from initial due diligence and acquisition, to title examination, curative, operations advisement, and final divestiture. T.C.'s clients include large oil and gas environmental producers. service companies, mineral and royalty buyers, and renewable energy companies. If it involves complex real property issues, T.C. is involved. An active writer, he is Assistant Chairman of the AAPL Publications Committee. He encourages you to reach out to him at tc.turner@keanmiller.com.

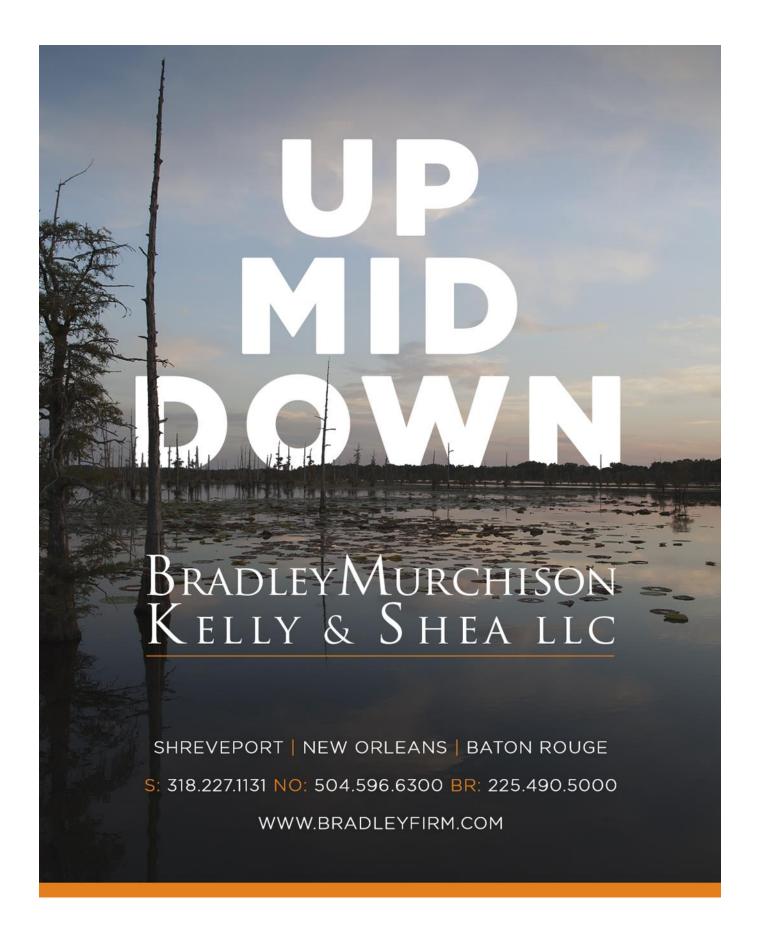
### Andreana "Drena" Madar



Andreana "Drena"
Madar has over 15
years of
environmental
experience leading
multi-disciplined
teams to achieve
environmental and

regulatory compliance with federal and state regulations in support of oil and gas exploration, development, operations, and mergers & acquisitions. During her career in oil and gas operations and environmental consulting, Drena has been responsible for all areas of environmental, regulatory, and health & safety compliance. Her extensive experience throughout the US in conducting detailed planning and regulatory risk analyses has helped clients achieve positive stakeholder regulatory relationships, expedited approvals and greater operational flexibility. You can reach her at andreana@brightskyenv.com





## Kulander's Korner Royalty - Why Do We Use It & What Kinds Are There?

Greetings! Over the course of the next year, I will be writing a series of short articles on general legal topics of which I think Texas landman should be aware.

Property can be defined legally as a group of rights recognized in law, such as the rights to possess, use, and sell a particular property and to exclude others from doing so. A mineral estate in Texas is composed of five such rights: (1) the right to develop (equated by some with the right of "ingress and egress"), (2) the right to lease—the "executive right" (the subject of our last two discussions, (3) the right to receive bonus payments, (4) the right to receive delay rental payments, and (5) the right to receive royalty payments. Each attribute is a separate, distinct property interest in Texas that may be conveyed or reserved in connection with a conveyance of a mineral interest. When an undivided mineral interest is conveyed, reserved, or excepted, however, it is presumed that all attributes remain with the mineral interest unless a contrary intention is expressed in the instrument.

Royalty, as the name implies, has its roots in the time of the kings and gueens of yore. The king owned all the land and allowed the serfs to work the land provided the king was given a percentage of the crops and/or animals from that worked land free from the cost production. This seemingly odd system of payment works for oil and gas leasing because no one knows exactly how much oil and gas is recoverable from beneath a certain tract of land before or during development. Therefore, no one would know exactly how much to pay upfront for the leasing rights—and oil companies do not want to overpay on a bad guess. In addition, a royalty system allows for the option—but the not the obligation—to develop. If one does not develop a tract under the current system, they typically pay little or no royalty.

Royalty in the oil and gas context in Texas is a nonpossessory interest in real

property. Owners of royalty receive a fraction of the produced hydrocarbons without having to pay any of the exploration and production costs. Because of problems such as shoddy drafting and inconsistent judicial determinations, over the decades arose an enormous amount of litigation, academic analysis, and general handwringing centered on whether a conveyed or reserved interest is a royalty or a (generally fractional) interest in the actual minerals—a bundle of sticks that when complete includes the right to a landowner's royalty.

Royalty interests are commonly categorized into three distinct groups: One is the lessor's (or landowner's) royalty, a royalty interest that is retained when a mineral owner (the "landowner") executes a mineral lease. This interest is effective during the duration of the lease and is determined through a negotiation between the mineral owner and the lessee, typically an oil and gas company or a broker. It is generally a fixed fraction of the gross production, perhaps varying depending on the volume of production.

Historically, the lessor's royalty began during the early 1900s as a widely varying fraction; by the 1930s it had (gradually) settled across the industry at 1/8 for both oil and gas produced. This equilibrium lasted until roughly the mid-1970s, longer than the professional memory of lessors and lessees alike, when market forces driven by the rising prices of hydrocarbons finally overcame tradition and lessor's royalties finally rose. During this stretch of almost fifty years, the idea took hold that lessor's royalties would always be 1/8 for produced oil and gas, even though other produced minerals (such as sulfur) required payment of other fractions, such as 1/10 or 1/16, as described in the very same royalty clauses in the very same leases.

After the 1970s, and through the present, the lessor's royalty for produced oil and

gas has most often been 1/6 or greater. Now, with the advent of unconventional onshore plays, lease royalty has increased dramatically, commonly reaching 1/5 or 1/4. Leases issued by the Texas General Land Office are now typically set at 1/4.

In contrast to a lessor's royalty, a nonparticipatory royalty interest ("NPRI") is an expense-free real-property mineral interest that does not participate (hence the name) in collecting bonus or delay rentals, leasing, or exploring and developing. This interest is "nonpossessory in that it does not entitle its owner to produce the minerals himself," as one Texas court described it, because "[i]t merely entitles its owner to a share of the production proceeds, free of the expenses of exploration and production." (See Plainsman Trading Co. v. Crews, 898 S.W.2d 786, 789 (Tex. 1995). The size of an NPRI is often expressed in one of two ways: The NPRI can be reserved or conveyed as a fixed fraction of gross production, commonly 1/16, or it can be dependent upon the lessor's royalty of the existing lease and every lease covering the captioned land thereafter. In the second instance, the NPRI fraction is typically multiplied by whatever lessor's royalty is found in the existing oil and gas lease covering the captioned land.

A third type of royalty is overriding royalty. Whereas NPRIs are paid out of the lessor's royalty paid to the lessor by lessee as provided by the lease, overriding royalty is paid ("carved") out of the fraction of production due to the lessee. These interests, considered real property interests in Texas but contractual rights in some other states, are commonly created either when a lease is assigned from one lessee to a successor lessee and the assignor reserves an override (or "ORI") or are used to pay geoscientists, landmen, and engineers in lieu of salary.

Lessor's royalty ends when the underlying oil and gas lease that describes and creates it ends. Overrides typically end at that point as well, except under certain circumstances or when the instrument that creates the override expressly provides that it will continue to burden the next lease over the tract. NPRI, on the other hand, is typically perpetual unless the creating instrument limits it somehow, like for a certain number of years or capping it at a certain amount of money.

Next time around, we will focus on the NPRI and how courts try to interpret confusing conveying language.

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Professor Christopher Kulander teaches at the South Texas College of Law Houston and serves as Director of the Harry L. Reed Oil & Gas Law

Institute. He has taught Domestic Energy Law, Property, Mining Law, and beginning and advanced Oil & Gas Law courses. In addition, he teaches International Energy Law at Vytautas Magnus University, Kaunas, Lithuania, as a permanent visiting professor. He is admitted to practice in Texas and New Mexico. A leading expert in oil & gas and property law, Dr. Kulander has published over fifteen law review articles, as well as many other articles with a more practical focus in the industry literature, on diverse topics including energy lending, finance, oil & gas law, land use control, American Indian law, as well as on geology, and petroleum seismology. He is a prolific speaker and expert witness.

He received his J.D. with distinction from the University of Oklahoma, where he was managing editor for the *Oklahoma Bar Mineral Law Newsletter* and note editor and assisting managing editor for the *American Indian Law Review*. Before teaching, Professor Kulander practiced for four years in the Houston office of Haynes and Boone, LLP, focusing on energy lending, finance, and bankruptcy. Prior to that, he practiced for two years with Cotton & Bledsoe in Midland, Texas, focusing on oil and gas title and leasing.

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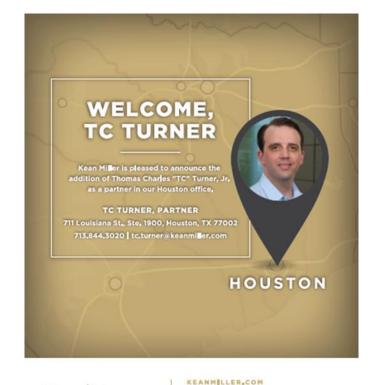
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## HAPL Shale Seminar & Social Recap

By: Jonathan Click, CPL, Committee Chairman

The Shale Seminar and Social were held on Thursday, September 19<sup>th</sup> at America's River Oaks. This year presented some challenges due to Tropical Storm Irma, the fifth-wettest tropical cyclone on record in the continental United States. The seminar sold out and the social ended early due to the weather. Thanks to our generous sponsors, attendees were served a full menu of drinks while delicious appetizers were served at the social. Later in the evening an entire suckling pig and beef tenderloin were brought out to a carving station to enjoy.

This event would not have been possible without our sponsors. Chevron and Terra Firma Ventures, LLC sponsored at the platinum level and Kirby Mathews & Walrath, PLLC sponsored at the gold level. Roger A. Soape, Inc. and Associates; Buckhorn Resources; and Percheron LLC; supported the seminar and social as silver sponsors. Tex-Brit Corp.; Bode & Werner; Prior Land Management, T.S. Dudley Land Service, Catena Resources, Texas Crude Energy and Click Energy all supported both events as bronze sponsors. Our generous sponsors were all recognized on a banner prominently displayed at both the seminar and social. This year everyone won a door prize ranging from gift cards and HAPL gifts.

A special thank you goes to Diane Snyder and Lindsey Griffith for all of their help at the check-in table and fundraising, the Shale Play Seminar and Social would not have been what it was without their help!

Another special thank you goes to the seminar presenters, Austin W. Brister with McGinnis Lochridge, Drew Potts from Kirby Mathews & Walrath, Brandon Meyers with Wood Mackenzie, D. Bradley Gibbs from Kiefaber & Olivia, Richard Patience with Applied Petroleum Technology and Eli Bogle with Halliburton.

All-in-all it was a fun and successful event and we look forward to seeing you all again next year!















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## AI for Oil & Gas Land

By: Chris Pettigrew, Sr., P&P Oil & Gas Solutions, LLC,

Since the first oil well was drilled technology and people have been the driving factor in the success of this industry. The combination of grit, ingenuity and a good set of tools have always been a successful combination. Today we are using technology to make us better, smarter, and faster. Computers and software have allowed us to take leases faster, run title with more speed and accuracy, create reports and run sheets for our clients, and deliver projects more organized and ready to drill than ever before. Now it is time to introduce another tool for our toolbox that will change the way we do our daily jobs. Artificial Intelligence, or AI, is here and it is making its way into our everyday lives like never before. The words alone call into mind images of robots taking over the world or The Jetsons cartoons with robot nannies and machines that do our everyday chores for us. If you own a smartphone or have bought Google Home or Alexa you are using Artificial Intelligence. It is here and it is the future of our business.

### So what is Artificial Intelligence?

If you look up the definition of Artificial intelligence you will find many answers but this one seemed to me to be the best answer. Al is the theory and development of computer systems able to perform tasks that normally require human intelligence, such as visual perception, speech decision-making, recognition, translation between languages. You may also hear the words Machine Learning used to explain this technology. Al and Machine Learning allow computers to gather and assess large amounts of data via scanned documents, reports, or data sets and solve problems similar to the ways a person would. Most systems that are available today allow you to build modules within the system and train them to capture data. Over time AI becomes smarter and will need less human involvement to get the desired results. This makes AI a technology that will change our lives as it becomes smarter. It is not designed to replace the human but to make the human more efficient and accurate without human issues like becoming tired, overworked, and, well, day to day life in general. Keep in mind that you can over train AI and Machine learning and the desired results will not match those of a human.

### How can we use AI in Oil & Gas Land?

The first area that we all can use this technology is gathering data from contracts to build our land databases to import information into our land software. Today a Lease Analyst or Landman will enter data into land software from the contracts and lease packages that we create for our employers and clients. This has been a very effective way of doing business for a long time, but requires man hours and money with some projects lasting years to complete. If you didn't set up all the data initially, you will need to evaluate the data a second time. If we use Al and machine learning technology, we can allow analysts to analyze information instead of performing data entry, increasing efficiency by up to 900%! We can also train new employees faster and let AI to do the heavy lifting. Contracts may have exhibits, addendums, and other supporting documentation. It is important to intelligently break the file into its individual instruments. There may also be a need to place different contracts from a large collection into different processing flows, this is based on identifying differences in contract type, date, geographic region, etc. Al can also detect the point in the contract where the main body of the contract ends and the addendum begins. Knowing this can help us decide where boilerplate language from the body is later altered or overridden in the addendum. These are just some of the things AI and Machine Learning can do.

## What are some other things AI can do for the Land Professional?

Al and Machine Learning can also extract data from contracts such as terms, dates, names and addresses, legal descriptions, recording information, and clauses and place them in data sets so that we can use that data in our land systems. Contract clause extraction is particularly beneficial as the clauses in our contracts guide the way we behave in our business. Understanding your contract clauses can

save companies from missing deadlines and obligations as set forth in the contracts we use to do business. For many years we would use a Sr. Lease Analyst or Sr. Landman to read clauses and set them up for our software's to report back to us critical time sensitive items.

"Often two versions of a contract will have two very similar paragraphs, with only a couple words difference. Grooper AI consistently identifies when the meaning of the provision has same intent or a very different implication, which could have otherwise been easily overlooked by staff members." Tony Benson- Grooper

By using contract clause extraction Al and Machine Learning can use the words of a clause to identify information. Al would read the sequence of words "100 feet below the deepest depth drilled" and instantly identify the clause a Horizontal Pugh or Depth Severance, whichever you trained the Al machine to identify the clause as. This technology allows us to now capture huge amounts of data from our contracts like never before. This allows companies to ask more of their data to make decisions from inception to drill and beyond.

## Possibilities of Leveraging the Power of AI:

Distinguish minor details in text and phrases that lead to very different interpretations

Find more results using full-text search to locate specific content in a repository

Create consistent data sets and give your users the ability to perform more granular searches

Discover the contracts that exist throughout your organization located in content repositories, file shares, and email

Identify and purge duplicate contracts, or compare near-duplicates for possible differences in intent hidden within the body of the contract

Visibility into your data reduces risk and ensures that obligations are met

Protect your organization from or during litigation

Gain valuable insight to feed predictive analytics, maximizing deal value

Improve procurement processes by evaluating trends of vendors who are providing the most competitive rates

Increase contract profitability by not missing deadlines and protecting contract renewals or amendments

Predict the net impact of regulatory changes and maintain compliance

Reduce time, cost and manual efforts in contract review

Increase accuracy by eliminating human error

In conclusion, early adopters of AI and Machine Learning will likely develop a significant competitive advantage, and the adoption rate of new technology is exponentially growing faster than it was a few decades ago. Mainstream adoption in the Oil & Gas industry of these new technologies is expected in the next three to five years. Oil & Gas companies, Landmen, Mineral Owners, Operators, Lawyers, Deal Makers and more will soon experience significant efficiencies that will translate into competitive advantages. It is likely time to consider how you and your company could begin to harness the power of Al and Machine Learning to remain competitive relevant in our industry.

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## HAPL Women's Fall Networking Social

By: Briana Ward, Committee Chairman

On Thursday, October 10<sup>th</sup>, the HAPL Women's Networking Social held their 3<sup>rd</sup> Annual Fall Social. Once again, this great event was held at Grotto Downtown in Houston. Over 40 women from the Land Industry came together to enjoy refreshments and networking. This event was the 5<sup>th</sup> social held over the last 3 years for the Women's Networking Group. It is a great opportunity for women in our industry to come together, share experiences and support each other with their careers. The next social will be held in the spring of 2020. The Women's Networking Social would like to thank all of the women in attendance and all of the wonderful sponsors involved in making this social possible. See you in the spring!

### HAPL's 2019 3<sup>rd</sup> Annual Fall Women's Networking Social Sponsors:

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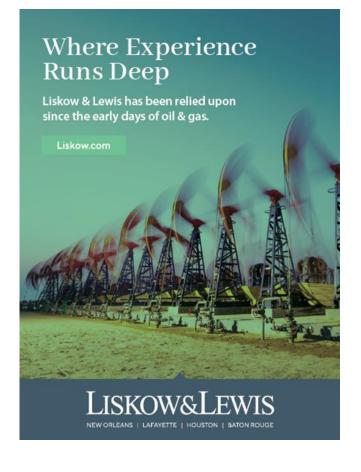
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