

Montana
Association of
Professional Landmen



Thomas M. Hayes - President
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www.maplweb.org

MAPL
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MAPL NEWS

JANUARY-FEBRUARY-MARCH 2009 NEWSLETTER

MONTANA LEGISLATIVE UPDATE *Issues That Affect the Oil and Gas Industry* *By Dave Galt, MPA President*

The first half of the session is about to close with some very interesting issues yet to be resolved. The Montana Petroleum Association both lobbied against and testified against all legislation that adversely would have affected the oil and gas industry. A “tabled” bill translates to a bill that doesn’t make it out of committee and is, for practical purposes, killed.

Representative J.P. Pomnichowski (D- Bozeman) brought three bills to address state land leases.

HB 423 Required the name of the nominator of a state parcel to be public information at the time of nomination. In addition, it required all seismic data, well logs, and other well data be made public. *Action: HB 423 was tabled.*

HB 424 Would have increased the state parcel lease rate to an amount equal to the production of an average of the three highest producing wells in the same county if the parcel was not developed in five years. MPA convinced the committee this was a bad idea. *Action: HB 424 was tabled.*

HB 425 Dramatically increased the public notice that the DNRC would have to provide for each state parcel up for auction. Bill required mailing a notice to every land owner within 1 mile of a proposed sale of a state parcel. HB 425 had an estimated cost of more than \$300,000 per year and a clause that required industry to pay for these onerous costs. The **bill was heavily amended** to a point where lease sales have to be published in the local newspaper before a pending state land sale. *Action: Passed in Committee and sent to the full House for a vote.*

(HB 425 still has a few components that MPA will resist in the Senate hearings.)

SB 475 Recognizing that DNRC needs to have a better public notice system, Senator John Esp (R- Big Timber sponsored SB 475. It addresses concerns of local residents by requiring the DNRC to send notice to surface owners of parcels that are nominated and advertise the sale in the local county newspaper. The cost of SB 475 should be a minor increase in the DNRC budget. *Action: Passed in committee and sent to the full Senate for a vote.*

SB 258 Introduced by Sen. Christine Kauffmann (D-Bozeman), SB 258 would place an \$80 price for oil and a \$7.90 price on gas that would become triggers to remove the drilling incentive. *Action: SB 258 was tabled in committee.*

HB 388 Introduced by Rep. Kendall Van Dyk (D-Billings), HB 388 that puts a \$1 surtax on every barrel of oil and an 8 cent surtax on every MCF of natural gas produced in Montana. The revenue from these taxes would go into the Quality Educator program in an effort to give money directly to teachers. *Action: HB 388 is still in the House Education committee awaiting action.*

The Legislative session has had quite a few bills related to climate change. MPA is working to make sure that these onerous bills do not become law. Of significant interest to landmen is the **possibility of creating another property estate for pore space**. There are two carbon sequestration bills being worked on at this time.

HB 502 Creates a regulatory scheme for carbon sequestration under the jurisdiction of the Board of Environmental Review and gives the ownership of all pore space to the State of Montana. *Action: HB 502 is still in committee.* MPA opposes this approach and is working with other industry people on another bill that creates the regulatory framework under the Board of Oil and Gas, and does not address pore space ownership.

“Pore space” will be a critical issue in the future as industry considers injecting CO2 into the earth. Ownership of the pore space can have broad implications and unintended consequences.

MPA anticipates that **tax issues and climate change bills will dominate** the second half of the Legislative session. We appreciate all the support from MAPL and from petroleum industry members from across the state. It is important that individual members engage their local Representatives and Senators. We still have 2 months left in Montana’s 61st legislative session, and we need to remain vigilant.

To comment on any of these legislative issues, contact your senators and representative directly, or feel free to contact Montana Petroleum Association or your senators and representative directly:

Mr. Dave Galt Name	Representative Name	S e n a t o r
Montana Petroleum Association (406) 442-7582 mpa@montanapetroleum.org	Montana House of Representative P.O. Box 200400 Helena, MT 59620-0400	Montana Senate P.O. Box 200500 Helena, MT 59620-0500

Email link to senators and representatives:

<http://leg.mt.gov/css/sessions/61st/legwebmessage.asp>

MAPL 2009 GOLF TOURNAMENT AND SUMMER MAPL SEMINAR DATES SET

Dates have been set for the 2009 MAPL Gary Kabeary Golf Tournament and the 2009 MAPL Summer Landman Seminar. The golf tournament will again be held at the Laurel Golf Course (following the 1-1/2 day seminar). **Sign-ups** for both the golf tournament and seminar **will be sent out** in the next quarterly newsletter.

July 10, 2009
July 9-10, 2009

MAPL Golf Tournament Laurel, MT
MAPL Landman Seminar Billings, MT

GRAPEVINE

One of Montana's most formidable law firms, Crowley, Haughey, Hanson, Toole & Dietrich, PLLP (Billings, Montana), has merged with the North Dakota law firm of Fleck, Mather & Strutz, Ltd. (Bismarck, North Dakota). The new firm is called **Crowley Fleck PLLP**, and has more than 100 lawyers practicing in a variety of areas, including commercial litigation, insurance defense litigation, natural resources, mining and energy law, commercial transactions, banking and finance, creditors' rights, real estate transactions and development, tax and estate planning, intellectual property matters, estate administration, governmental relations and lobbying. Currently, the firm has offices in Billings, Bozeman, Helena, Kalispell and Missoula, Montana, and in Bismarck and Williston, North Dakota. The merger combines two of the finest assemblies of oil and gas lawyers in the Rocky Mountain Region.

Correction. In the last MAPL newsletter, the Grapevine incorrectly stated that Klabzuba Oil & Gas had been absorbed by NFR Energy LLC of Houston, Texas. Not true. Klabzuba merely sold its gas producing properties in Hill, Blaine and Chouteau Counties, Montana, to NFR Bear Paw Basin, LLC. **Klabzuba Oil and Gas, Inc.** is still operating, and not only maintains its regional office in Denver, but continues to evaluate exploration opportunities in Montana. The Grapevine apologizes, and to make amends, has temporarily withdrawn drinking privileges from the person who messed up the story.

Jim Bob Byrd is partnering with Vecta Oil & Gas, Ltd. (Dallas, TX), lending his skills toward Vecta's solicitation of seismically-oriented prospects in the Rockies. Jim was formerly land manager for PetroHunter Energy Corporation (Denver, CO) and is set up in Vecta's regional Lakewood (CO) office.

Jim Sullins has moved to Colorado to take a senior landman position with Red Willow Production Co. (Ignacio, CO). Jim recently worked for Energen (Farmington, NM), and prior to that, was a landman for North American Resources Co. (Butte, MT) and John O. Brown (Havre, MT).

Kenneth R. Berry, Jr., formerly the president of PYR Energy Corporation, which was bought out by Samson Resources in 2007, has ended his stint as an independent and taken the reins as land manager for NFR Energy, LLC in the Denver.

Licensing for Landmen. The American Association of Professional Landmen, after much consternation, has decided NOT to propose legislation this year in the State of Texas to address the issue of licensing for landmen:

"MOVED: That AAPL not proceed to develop a licensing bill in Texas in the 2009 Legislative Session; but that AAPL continue to monitor the Texas Legislature and maintain a defensive posture regarding action by others that would regulate or be detrimental to AAPL members."

OBITUARIES - Good-bye to our friends and colleagues:

Charles J. Heringer, Jr. Chuck Heringer left this life on December 8, 2008, at age 84. He was born in Newport, Kentucky in 1924, and as a kid, worked in the family saloon and made money by delivering meat, magazines and newspapers during the Depression. A good athlete, he played football in college at Notre Dame. He served his country in WWII, and as a bombardier with the U.S. Air Force, flew 51 missions over North Africa and Italy. After the War, Chuck began a 56-year career in oil business. His early days were in Midland, TX, where he met and became lifelong friends with George H.W. and Barbara Bush. With \$200 to his name, he relocated to Billings, Montana in the early 1950's, and made that grub stake go a long way. Chuck generated and sold drilling prospects, but primarily brokered leases and traded mineral rights. Some say he was a "tough trader" in the oil business, but his family life, his dedication to charities and to the Catholic Church, occupied the greater part of his being. He was a tireless and effective fundraiser for many worthy charitable causes, especially the Catholic schools in Billings. He was a common sense Republican and served as Chairman of Montana's Republican Party and the presidential campaigns in Montana for both George H.W. Bush and George W. Bush. And along with his late wife, Marynell, raised a raucous family of seven children, all of whom turned out to be good people. Chuck is survived by his sister, Helen, and his children: Susan, Bucky, Bartie, Mike, Judy, Kevin and Shawn, and 26 grandchildren. Sons Bucky, Shawn and Kevin are all in the oil business, and daughter Susan is married to a landman (Jack King). Chuck's golden years were spent in gymnasiums and at football fields and baseball fields, cheering on the grandchildren, good athletes all.

Eric Hanson. Eric Hanson age 52, died on January 14, 2009. Eric was a past-president of AAPL (2000-2001), visited Billings to speak at the MAPL seminar during his tenure, and was a friend Billings landman, Roxanne Simpson, who remembers him as "just a great guy." Roxanne and Eric were on the AAPL's Executive Committee together while Eric was president. He was born in Midland, Texas, and graduated from Southwestern University in Georgetown (TX). He spent 3 years working for Pennzoil in Bradford, Pennsylvania, then spent 16 years as an independent in Midland. In 1997, he joined Hanley Petroleum, Inc., as their general manager. He was instrumental in the formation and success of the North American Prospect Expo (NAPE), and in 2007 received the award for AAPL Landman of the Year. Eric Hanson is survived by his wife, Janet, one son and three daughters.

AAPL Seminar – "Introduction to Field Land Practices" (Bismarck, ND)

The American Association of Professional Landmen will present its 2-day seminar, "Introduction to Field Land Practices" in Bismarck, North Dakota on the tentative dates of May 14-15, 2009. Combined with the seminar will be a 2nd day opportunity to take the Optional RPL Exam. Cost of the seminar is \$300 for AAPL members and \$500 for non-members. Advance registration for AAPL members is a discounted \$225. AAPL will award 7 credits (1 day attendance) or 12 credits (2 day attendance) for completing the seminar. (1 ethics credit is included.) The actual dates for the seminar are pending further coordination with AAPL.

This seminar is similar to the AAPL Seminar presented in Billings in August 2008, and is highly recommended to both new and veteran landmen. The seminar is a well-planned, highly organized learning/review experience. AAPL supplies the speakers and a workbook manual that follows a course outline and is worth adding to one's library. This is a seminar that has been presented across the country on numerous occasions, and typically draws attendees from all over - even Canada. For more information, contact:

Don Nordquist

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or

Steve Pine

(701) 663-2251

steve@greatnorthernenergy.net

Complete registration information can also be found on the AAPL web site at www.landman.org

Video (“WebEx”) Seminar by MAPL (Billings, MT)

In conjunction with the Houston Association of Professional Landmen (HAPL), MAPL will connect to its second ever WebEx teleconference workshop on **Thursday, April 30, 2009**, at the downtown facilities of Montana State University-Billings. This is a workshop that will be broadcast live from the Houston Law office of Haynes and Boone in downtown Houston. MAPL has arranged a video link and has contracted with HAPL to transmit the workshop seminar to Billings. **Cost is \$100 per person for the 1 day event**, with lunch included. Attendees will receive **7 AAPL credits**, including 1 ethics credit. Workshop subjects will include: Pooling and unitization, Surface issues, Provision 16 of the JOA, Geologic Presentation on Shale Plays and Ethics.

Please sign up **before April 15** – minimum of 12 people necessary to hold video seminar.
For details and registration, contact:

John Fredlund
(406) 259-5106
zonexplore@bresnan.net

or
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IMPORTANT DATES: SALES, SEMINARS AND MEETINGS

Montana State Lease Sale	Helena, MT	March 3, 2009
MT Board of OG Commission Hearings	Billings, MT	April 2, 2009
Wyoming Federal Lease Sale	Cheyenne, WY	April 7, 2009
MT-ND-SD Federal Lease Sale	Billings, MT	April 14, 2009
HAPL WebEx Technical Workshop	Billings, MT	April 30, 2009
North Dakota State Lease Sale	Bismarck, ND	May 5, 2009
AAPL Field Land Practices Seminar	Bismarck, ND	May 14-15, 2009 (<i>tentative</i>)
MT Board of OG Commission Hearings	Billings, MT	May 28, 2009
Wyoming State Lease Sale	Cheyenne, WY	June 3, 2009

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