

2016: VOL 2

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**TULSA**  
Association of Petroleum Landmen

## Letter From the President

Dear TAPL Members,

The 2016-2017 year is off and running and I couldn't be more proud of the events our organization has already put on for our membership. Our Vice President Michelle Farrell and sponsor Murray Land Services put on an outstanding opening social at the Summit that was heavily attended. The Annual Skeet Shoot held at the Tulsa Gun Club was a sellout. Special thanks to our Platinum sponsor, Wagon Wheel Exploration, LLC for their generosity. I would also like to thank our Events Director, Andy Matson and his committee for running such a smooth skeet shoot. This event and all of the events for the entire year would not be possible without the membership's generous donations and the fundraising work of our advertising chairman JJ Chisholm.

As you should be aware, our Membership Renewal Period officially ended on September 28th. This means if anyone failed to renew their membership by now, their membership is now expired and inactive. An inactive membership means they will no longer be able to register for events, attend dinner meetings, educational lunches, and will no longer be able to receive our email correspondences. If you know of anyone who falls into this category, I encourage you to remind them to **renew now** as the membership is the life blood of our strong organization.

I would also like to encourage our membership to get involved in our upcoming events. It is a perfect time as great things are taking place within TAPL. Finally, if you ever have any questions, concerns, or comments, please do not hesitate to contact me at

918-629-2734 or [andrewgrimm@anchorlandgroup.com](mailto:andrewgrimm@anchorlandgroup.com).

Sincerely,

Andrew R. Grimm



# 2016 TAPL FALL SHAMBLE

## TULSA COUNTRY CLUB



We are looking forward to seeing everyone Monday at Tulsa Country Club for the TAPL Fall Shamble! The event is full, but you can contact Denton Smith for wait list details. Remember, this event is for TAPL members only, so renew your membership today!

**Sponsorships are still available for this great event!**

**Make sure your company is recognized at this highly attended event.**

Please Contact Denton Smith, TAPL Fall Golf Chair or  
Andy Matson, Events Director at  
[smith@titaniumep.com](mailto:smith@titaniumep.com) or [amatson@midcon-energy.com](mailto:amatson@midcon-energy.com)  
for further details

# OCTOBER EDUCATIONAL LUNCHEON

## THE SUMMIT CLUB

When: October 20, 2016 from 11:30 pm to 1:00 pm

Where: The Summit Club, 31st Floor

Bank of America Building

15 W. 6th Street



Speaker: Anthony J. "A.J." Ferate, J.D.

Vice President, Regulatory Affairs

Oklahoma Independent Petroleum Association (OIPA)

Topic: "Oklahoma Oil and Gas Legislation Update" – Anthony will discuss state law enacted over the last year affecting Oklahoma's oil and gas industry such as Senate Bill 1577 which eliminated the Marginal Well Tax Credit. He will also touch on other legislation the OIPA was able to help fend off as well as new legislation currently being discussed and what the OIPA expects to see in the near future for Oklahoma's oil and gas industry.

If you are in need of some CPL/RPL/RL credits, please consider attending the October 21st Educational Luncheon. The Luncheon will be held in the Renaissance Room on the 31st floor of The Summit Club, which is a great venue not to mention great food. The cost of attendance is \$25 per person. Seating is limited, so please be sure to register early to save your spot! The buffet opens at 11:30. Please try to be through the line by 11:45 so that we may start the presentation on time.

### **REGISTRATION IS REQUIRED FOR THIS EVENT.**

Please Contact Adam Dolinsky with any questions.

Office: 918-986-9456, Email: [Adolinsky@armorenergylc.com](mailto:Adolinsky@armorenergylc.com)

# SEVENTH ANNUAL SKEET SHOOT

## TULSA GUN CLUB

TAPL Members,

The TAPL Skeet Shoot Committee would like to extend a big thank you to all of our Members that came out to enjoy our 7<sup>th</sup> Annual TAPL Skeet Shoot! I think this year may have been one of the best, and we couldn't have pulled any of it off without the generous support from our sponsors, and the hard work of our committee and volunteers.

We were also able to raise over \$3,700.00 for the TAPL Scholarship Endowment funds thanks to the generosity and donation from the Randy Bodenhamer family.

Thank you all again,  
Andy Matson, CPL  
TAPL Events Director



## Welcome to the 7<sup>th</sup> Annual TAPL Skeet Shoot

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# SEVENTH ANNUAL SKEET SHOOT

## TULSA GUN CLUB





# SEVENTH ANNUAL SKEET SHOOT

TULSA GUN CLUB





# SEVENTH ANNUAL SKEET SHOOT

TULSA GUN CLUB





# SEVENTH ANNUAL SKEET SHOOT

SPECIAL THANKS TO THE VOLUNTEERS!





# MEMBERSHIP RENEWALS

**If you have not renewed your TAPL Membership for the 2016-2017 year...  
RENEW NOW!**

All memberships that were not renewed prior to September 28, 2016 have expired and your access to membership benefits, including the Members Only Fall Golf Tournament will no longer be available until your membership has been renewed and in good standing.

Memberships can be renewed by logging in to the TAPL webpage: [www.tapl.org](http://www.tapl.org) or the membership renewal page: <http://www.tapl.org/memberships/applications/tapl-membership/>. Once you have successfully logged in to the website your membership page will be displayed and you will be notified that your membership has expired and you will be prompted to renew. Once you follow the renewal link you will have a chance to update your membership information and you be able to select a payment method for the renewal of your membership.

If you have any questions about membership renewal or with the renewal process, please contact myself or Grace Grimm ([gracegrimmTAPL@gmail.com](mailto:gracegrimmTAPL@gmail.com)) at your convenience.

Thank you,

**M. Scott Hakel, CPL**  
Director of Land  
TAPL Membership Director  
ETX Energy, LLC  
10441 S. Regal Blvd, Suite 210  
Tulsa, OK 74133  
918-991-1905 (Cell)  
[shakel@etx-energy.com](mailto:shakel@etx-energy.com)



# 2016 AAPL BOARD OF DIRECTORS MEETING

## JACKSON HOLE, WYOMING

Pam Feist, CPL, who is the new AAPL President and first woman president in AAPL's history, kicked off the meeting at 8:05 AM Sunday morning. **For those interested in seeing and visiting with her, she will be our guest speaker at our November 14<sup>th</sup> TAPL Dinner Meeting so be sure to put that on your calendar.**

### Membership

While AAPL membership numbers now are 13,600 and appear to be down 25% over the last year and down approximately 41% over the last three years, it is projected by the staff that with late renewals total membership will end the year at close to 15,000.

Since AAPL took a hefty loss on the Annual Meeting last June, efforts were made and achieved to effectively lower the attendee obligation numbers with the hotel in Seattle, Washington for the next Annual Meeting scheduled for June 21-24, 2016 at the Seattle Downtown Sheraton

### Treasurer's Report

While it is not included in any way in the following financial details, AAPL reportedly received a verbal offer to buy its new headquarters (which, as you can see from the following notes, is totally paid off) for almost twice what we have in it. That's nice but of course another meltdown like 2008 could cause it to be worth less than what we have in it.

#### 1. Statement of Financial Condition

As compared to June 30, 2015, total assets have decreased from \$35,543,394 to \$30,842,103; a change of \$4,701,291 or 13.2%. This is primarily due to retiring \$1,338,651 on the building loan out of the operating account, net transfers of \$2,330,000 to the operating account to meet day to day expenses; of which \$1,000,000 was used to pay off the building loan, a general decline in the market value of the investments totaling \$378,882, and a decrease in receivables from prior year in the amount of \$463,773.

#### 2. Statement of Activities

**Revenues** (exclusive of investment revenue) compared to June 30, 2015 have decreased 20.1% from \$8,808,361 to \$7,041,138. The decrease in revenue is due to a reduction in education revenue totaling \$349,366, a 39.9% decrease in the NAPE distributions and management fee income for a total of \$705,006, the elimination of recertification fees for a total of \$95,995, a decrease in the earned dues income of \$183,139 and decreased attendance at annual meeting in the amount of \$334,816.

**Expenses** have decreased 2.7% from \$9,178,168 to \$8,930,847. The net ordinary income (loss) for the 12 months changed from \$(369,807) to \$(1,889,708). The decrease in expenses is due in large measure to the reduction of annual meeting costs. Other expenses that were not budgeted include legal settlements.



# 2016 AAPL BOARD OF DIRECTORS MEETING

## JACKSON HOLE, WYOMING

### 3. **Statement of Investments Accounts** summarizing AAPL's various investments.

Investments as of June 30, 2016 are \$24,098,738, a decrease of \$4,047,533 or 14.4% as compared to the same period last year. The decrease has been the result of paying a portion of the line of credit used to purchase the new building in the amount of \$1,338,651, transfers of cash of \$2,330,000 to the AAPL operating account; of which \$1,000,000 was used to pay off the building loan and *realized* and *unrealized losses* in the AAPL investment account in the amount of \$378,882.

### **Summer NAPE 2016 Look Back**

Financials were not yet available for Summer NAPE. As projected, attendance was down (36%) from last year but exhibitor and attendee feedback still very positive overall and with reduced expenses, was still projected to be profitable. Numbers for it and the October Denver NAPE will hopefully be available by December and I can report them then. The Denver NAPE is getting some marketing push with a discount for late attendees available but there is discussion about its continuance or even possible relocation if numbers are not encouraging.

### **Annual Meeting Re-cap**

Only 184 members attended the Orlando 2016 Annual Meeting. Due to low attendance and resulting low registration fees, income against budget was down 74%. Due to locked-in overhead by contract in entered into in 2014, the guaranteed number of hotel rooms and food and beverage minimums, precluded a similar reduction in costs commensurate with reduced attendance. Expenses were reduced 22% as compared to budget. The 15-16 fiscal year budget approved in June, 2015 assumed a \$260,000 loss for the Annual Meeting. The actual loss incurred for the meeting was \$554,000.

The Seattle 2017 Annual Meeting hotel contract was negotiated in 2014. The contract assumed hotel guarantees based on 750 members attending the event. The hotel contract has been renegotiated to reduce AAPL's exposure. The re-negotiated agreement now assumes 300 members will attend the meeting in 2017.

### **Certification (As of August 15, 2016)**

Total Certification applications processed since the June Board Meeting:

CPL: 15

Retired CPL: 9

RPL: 29

RL: 5

Total 58

### **Members with Designations:**

CPLs 2,729 (51% of eligible members)

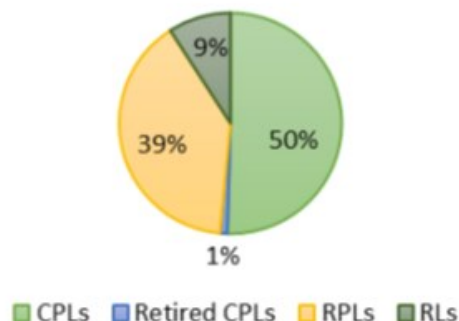
RPLs 2,130 (39% of eligible members)

RLs 492 (9% of eligible members)

Retired CPLs 58 (1% of eligible members)

Total 5,409

### **Designations**



# 2016 AAPL BOARD OF DIRECTORS MEETING

## JACKSON HOLE, WYOMING

### Technology

**Contract Center** – AAPL's new Contract Center will launch in Qtr. 3-2016 after successful completion of final quality assurance testing. The software offers many enhancements, including on-line collaboration and streamlines the negotiations process within the platform eliminating back and forth email correspondence. Upon the launch of AAPL Contract Center, **Forms-on-a-Disk will cease new sales.** Access to all contract templates will be provided exclusively through subscription to AAPL's Contract Center.

**Mobile App** – The mobile app is now available to download and includes details for all education and member services, while highlighting the benefits of AAPL membership.

**Connect/Online Communities** – AAPL's Landnews, with almost 30,000 subscribers, including members and non-members, continues to grow in use. Employers and job seekers are taking advantage of the digital platform for job and resume postings. On-line communities for Committees are available to use for posting committee information and reports.

**Online Membership Application/Member Join** – After successful completion of QC testing, the new Member Join was rolled out in August. New potential members may now use the online application via [www.landman.org](http://www.landman.org) to apply for either Active or Associate membership. Online member applications will continue to be reviewed/vetted by the Membership Committee.

**Online Certification Application**– QC continues for the new Personify online certification application, which is planned for a 3Q implementation. The new enhancement has proven to be more complex to develop than the on-line Member Join functionality.

**PaperVision: Digital Document Retention Platform** – Successful completion of the 1st phase of implementation and training for internal AAPL staff is to follow throughout Q3-2016 for the following areas:

**Landman Archive (for member use and is currently available on [www.landman.org](http://www.landman.org) )**

That wraps up my report but if anyone wishes I can email you significantly more backup on most of the items in this summary report, just let me know. Also let me know if there is anything AAPL related I can look into or pass on at the next Board Meeting in December!

Jeff Myers, CPL

Tulsa Association's AAPL Board Representative





# AAPL EDUCATIONAL EVENTS

## EARN CEU CREDITS

2016 Appalachian Land Institute- Washington, PA (Live Webinar Option Available)

October 6, 2016—October 7, 2016

Field Landman Seminar– Oklahoma City, OK

October 13, 2016

2016 Gulf Coast Land Institute - New Orleans, LA

October 27, 2016—October 28, 2016

Due Diligence Seminar- Fort Worth, TX

November 3, 2016 (9:00AM—3:00PM)

Oil and Gas Land Review, CPL/RPL Exam - Oklahoma City, OK

November 8, 2016—November 11, 2016

Fundamentals of Land Practices & OPTIONAL RPL Exam—Fort Worth, TX

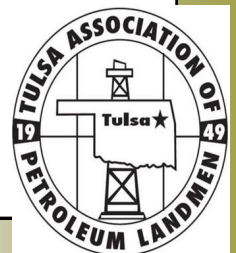
November 15, 2016—November 16, 2016

Wills and Heirships– Fort Worth, TX (Webinar Option Available)

November 18, 2016

Oil and Gas Lease Fundamentals—Fort Worth, TX

December 8, 2016



# AAPL EDUCATIONAL EVENTS

## EARN CEU CREDITS

Be sure to check out the remaining Landman 2.0 series of webinars and classes.

The Landman 2.0 Series is going to be a six session series put on by Attorneys from Beckmen Law PC. The sessions will be held at AAPL Headquarters: 800 Fournier Street Fort Worth, TX 76102 from 10am-3pm. Four continuing education credits will be given every session. There will be a webinar and a live option.

Structuring New Ventures– Fort Worth, TX (Webinar Available)

October 21, 2016

Advanced Acquisitions & Divestitures– Fort Worth, TX (Webinar Available)

December 16, 2016

Operations in a Low Priced Environment– Fort Wroth, TX (Webinar Available)

February 10, 2017

Workout, Workover & DoOver?- Fort Worth, TX (Webinar Available)

April 21, 2017

The Exit: Cashing Out– Fort Worth, TX (Webinar Available)

June 9, 2017



# HOW TO CLAIM CE CREDITS

## AFFIDAVIT OF ATTENDANCE

### Recertification Credits Online



After attending an event, or purchasing a video in which you get RL, RPL, CPL recertification credits you must submit your affidavit of attendance; which is done by using the code you received with purchase or at the end of the actual class.

To do so:

1. Simply login to the portal, locate the "Submit Affidavit of Attendance" link under the My CE Credits section:

A screenshot of a web portal interface. At the top, there is a header bar with a user icon and the text "My CE Credits". Below this, there is a section titled "Year-to-date Credits:" followed by the value "0.0". Underneath this, there are two bullet points: "• [Check My CE Credit / Certified Transcript](#)" and "• [Submit Affidavit of Attendance](#)".

My CE Credits	
Year-to-date Credits:	0.0
<ul style="list-style-type: none"><li>• <a href="#">Check My CE Credit / Certified Transcript</a></li><li>• <a href="#">Submit Affidavit of Attendance</a></li></ul>	

2. You will be asked to enter the code for the class or home study

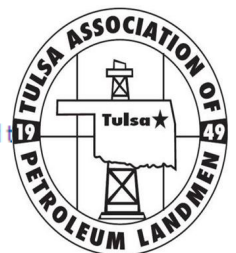
### Report Component Attendance

#### Select a Component

First, we need to know what component you are registering for. Enter in the code or ID number of the component.

Component ID/Code: \*

3. Then you will be prompted to digitally sign that you attended the class or have reviewed the home study information.
4. Click "Finish" to confirm your credits



# AAPL TOOLKIT

## DEFENDING OUR INDUSTRY

As you know, our industry is constantly under fire from environmental groups in many cities & states across the country and AAPL is actively promoting and lobbying for our profession. Part of that goal is to stomp out misinformation that if left unaddressed can be very harmful to the progress of our industry. In the face of a dramatic legislative assault in Colorado, Anadarko Petroleum along with Noble Energy and others put together a short 40 page booklet or “toolkit” that explains some of the common practices of our industry and attempts to rectify some of the misinformation that exists amongst the general public that may not have the same exposure that we do to the good work that our industry is doing every day. This booklet is intended to serve as a tool to help those in-house and field landmen who are dealing with the public on a daily basis and it has been approved for wide circulation, so feel free to share it with your team. Approximately 10% of the material is Anadarko specific and the remaining 90% is factual science & economy based information that has been vetted and sourced by numerous organizations. AAPL has a similar “toolkit” and may dovetail this information into our own product and / or rebrand this and disseminate as an additional tool to the AAPL Membership, but until that time, the TAPL Board wanted to make it available to any of you who might be interested in using it in your day to day operations.

[Click Here to View the Toolkit](#)





# INDUSTRY ARTICLE

## DOMESTIC NEWS

### **Like Ebay For Oilfields, EnergyNet Booms As Oil Busts**

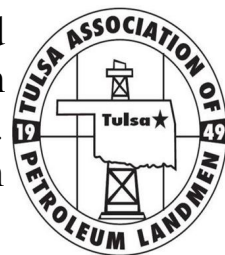
By: Christopher Helman

In the first 18 months of the oil bust, 70 companies have gone bankrupt, defaulting on \$40 billion in debt. A trillion dollars of oil company equity has been wiped out. Layoffs top 200,000. With oil holding at around \$45 a barrel, more liquidations are on the way. Already the old guys swear this bust is worse than in 1986, when oil dropped below \$25 in today's dollars.

At least one thing is better now: Thanks to the magic of the Internet, it's easier for cash-strapped oil companies to auction off even their crummiest fields. That might help cushion the blow for near-insolvent outfits praying for higher oil prices to bail them out. "They have no choice but to sell assets to pay off debt," says Chris Atherton, president of EnergyNet, "and I tell them, 'We're going to sell this no matter what.'"

EnergyNet, based in Amarillo, Tex., is the biggest online auctioneer and broker of oil-and-gas properties in America. Why sell your oilfield online? Price discovery. It's like what [eBay](#) does for Pez dispensers and Fiestaware: It exposes your junk to more potential buyers than an old open-outcry auction, where you have to show up in person. "It's a very liquid market now," Atherton says. "Our deals average 12 bidders, and we have 300 to 400 companies looking at each package even if it's a dog of a property." In the past year EnergyNet auctioned or brokered \$300 million of sales, on which it made an estimated \$15 million in commissions.

Atherton remembers 2014 as the top of the market for American oilfields. And there was one deal in particular: That summer, in an EnergyNet auction, Athlon [Energy](#) bought the mineral rights under land in the Permian Basin of Texas for the nosebleed price of \$35,000 an acre. "Our eyes were popping out — everything was hitting red," Atherton says. And then Athlon turned around and sold itself to Calgary-based [Encana](#) for \$7.1 billion—at an implied valuation of some \$37,000 per acre. It's been downhill since. Today you can buy similar land in the Permian for around \$15,000 an acre. "What used to be a \$3 million deal 18 months ago is now a \$1 million deal."



# INDUSTRY ARTICLE

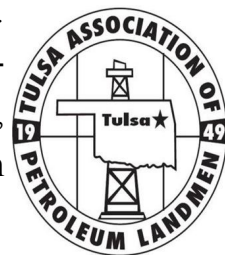
## DOMESTIC NEWS

Bryan Sheffield, CEO of Parsley Energy, has been taking advantage of the downturn to build on Parsley's leading position in the Permian Basin. "We monitor everything on EnergyNet, and we have bought some nice assets through them," Sheffield says. "It's genius, but you have to do your homework."

There are plenty of assets for sale that look very cheap relative to a few years ago. Consider the liquidation of publicly traded Dune Energy. It went into bankruptcy with \$144 million in debt, and its assets fetched just \$20 million at auction. "If you think you got an asset for a bargain, it's probably a real crummy asset," says Carl Tricoli, co-president of Houston-based private equity shop Denham Capital, which has invested \$8.4 billion in energy companies, including Tall City Exploration and Ursa Resources. He remembers 2015 as the year when oil companies were too racked with fear and loathing to even consider deals. Now they've begun to accept their fate and are looking for options. "I would not characterize the mood as desperate. It's more resigned and pragmatic. The market is rewarding survivability," says Tricoli, who thinks there's a pool of more than \$50 billion in private equity ready to invest in American oil and gas.

A small fish in that pool of equity is Michael Robinson, president of Houston-based Tigress Energy Partners, which oversees several million dollars in oil field investments. Robinson has sold a handful of packages on EnergyNet. He likes that EnergyNet can turn an oil field into cash in only 30 days and that he can set a reserve price. If no bidder hits the reserve, EnergyNet will come in after the auction and try to negotiate a sale. Robinson is ready to buy now, having sold a number of properties back in the flush markets of 2014: "When I see frothiness, I look to monetize."

It was the frothiness of Internet 1.0 that in 1999 led Bill Britain, a small independent oil producer in Amarillo, and his investor friends to found EnergyNet. Normally they would redeploy oil-and-gas cash into new wells, but instead they decided to roll the dice on the Internet. They weren't alone. Early competitors included TheOilAuction.com, EnergyAuctionPlace.com and Weex.com. All are now defunct. "We founded it in 1999, right in the Internet bubble. It burst almost the moment we got started," Britain says.



# INDUSTRY ARTICLE

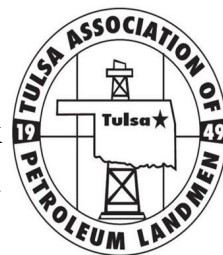
## DOMESTIC NEWS

But the team was determined to plug on. It used to be that if you wanted to sell your oilfield you'd have to get with your banker and your broker and bring in cardboard boxes of paper files and lay out a "data room" for interested buyers to peruse. Then you'd invite companies to send their best petroleum engineers to come look over your deeds, titles, drilling logs and geology reports. If a company didn't have time to send someone to your data room, it was unlikely to send somebody to the live auction where the property would be offered up with no reserve. If you were unlucky, the auctioneer wouldn't get to your property until the end of the day, when most bidders had retreated to the bar. "I got tired of giving properties away," says Britain.

The Web provided an easy way to broaden the pool of buyers. But back in 2002 Britain (then in his mid-50s) needed Internet-savvy sales guys, so he hired Atherton fresh from Enron. EnergyNet offered a new and scary way of conducting an old business. Atherton says he would walk into the offices of 60-year-old oil executives and try to convince them EnergyNet really was going to get forms to migrate from the paper-based data room to the Internet. They would say, "No, you're not. That's not how we do things," says Atherton, now 39. "If you're the accountant at some company and these young guys come in and say we're going to TurboTax it, you're going to be all like, 'I don't know about this.' They were shooting us down left and right."

But like other obscure survivors of Internet 1.0 (think [Stamps.com](http://Stamps.com) and [Coupons.com](http://Coupons.com)), EnergyNet prevailed because it started out as simple as possible and worked from there. The skeptics knew that trading oil-and-gas fields can be very complicated. Among the world's oil giants, only in America do landowners also control the rights to the minerals below the ground. And those rights get sliced, diced and sold. EnergyNet started out just selling basic stuff called nonproducing minerals. That's simply the legal right to whatever oil and gas might be found under a patch of ground. Step out from that and building an online data room gets more complicated. Once you have wells drilled and oil flowing, ownership becomes tied up in a whole mess of joint operating partners and working interests, Atherton says.

EnergyNet found early on that the best way to deal with the challenge of complex packages of assets is to simplify them into "the smallest strategic unit," says Britain. That way buyers get precisely what they want and maybe pay a premium for it.



# INDUSTRY ARTICLE

## DOMESTIC NEWS

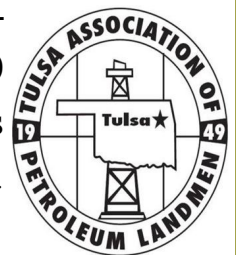
Early adopters included Shell Oil and [Bank of America](#).

Its big break came with [Chevron](#), which in 2003 agreed to have EnergyNet auction a big parcel of 220,000 net mineral acres stretching across dozens of counties in multiple states. Chevron wanted to sell this acreage for \$80 million. EnergyNet, working on commission, chopped up the packages by county and sold them piecemeal for \$120 million.

A key skill is on display at its headquarters, where 12 people work to “ingest” information from sellers and scan it for uploading on a copier-like machine the size of a car. Mom-and-pop operators send in files in cardboard boxes. More tech-savvy companies, like Chevron, provide already-digitized data. A recent Chevron property auctioned on EnergyNet had 19,000 pages.

EnergyNet now has over 75% of the online oil field auction market. Every month 12,000 registered buyers look at their listings, up from 6,500 in 2013. Their biggest growth area: handling mineral leasing for the land offices of states such as Colorado and Texas, as well as the federal Bureau of Land [Management](#). The company does about \$30 million in sales annually of government leases. Britain has a pitch for why state land managers should consider it their fiduciary duty to market their land on EnergyNet. He cites as evidence the situation earlier this year when the Bureau of Land Management tried to hold a lease sale at a Reno, Nev. casino. Protesters chanting “Keep it in the ground!” disrupted the action, which ended with no bids.

Chanting won’t disrupt an online auction, but hackers might. EnergyNet has suffered one cyberattack over the years, Britain says, “but we can fend those off.” And if not? It can still do it “old school.” In late February a seller insisted that EnergyNet host an old-fashioned paper-based data room. Up for sale is a complex property, with 700 old wells over thousands of acres of Texas. “Even though it’s all online, this company still wants people to see every piece of paper,” Britain shrugs. Creative destruction can still accommodate old habits, by special request.





# INDUSTRY ARTICLE

## INTERNATIONAL NEWS

### **Petrobras, Statoil extend partnership for old wells**

By Tatiana Bautzer and Marta Nogueira

Tue Oct 4, 2016 | 1:00am CST RIO DE JANEIRO (Reuters) - Petróleo Brasileiro SA and Norway's Statoil ASA are expanding an existing partnership to help the Brazilian state-controlled company arrest declining production at aging wells in the offshore Campos Basin, two people with direct knowledge of the plan said.

In late August, Petrobras and Statoil signed a memorandum of understanding that has since evolved to targeting aging wells. Both firms are discussing under which terms Statoil could get stakes in some fields in exchange for fresh investment and technological cooperation, the people said. Press representatives for Petrobras did not have a comment. The sources asked not to be identified because the talks remain private. However, in an emailed statement to Reuters, Oslo-based Statoil acknowledged the plan, adding that it is too early to elaborate on the evolution of the talks.

The decision underscores steps by Chief Executive Officer Pedro Parente to rationalize capital spending at Petrobras, and cope with the impact of low oil prices and a sweeping corruption scandal involving the company. The Campos Basin, which was responsible for about 85 percent of Brazil's oil output five years ago, accounts now for 58 percent. Petrobras produces about 80 percent of Brazil's oil and is responsible for developing massive offshore oil finds in a region known as the Subsalt Polygon, which first produced oil in 2008. The move comes two months after Statoil agreed to pay \$2.5 billion for a 66 percent stake in Carcará, one of Petrobras' largest oil and gas prospects. Recently, the companies signed a deal in which they said would collaborate on existing fields in Brazil's Campos and Santos Basins.



# INDUSTRY ARTICLE

## INTERNATIONAL NEWS

### **Petrobras, Statoil extend partnership for old wells**

By Tatiana Bautzer and Marta Nogueira

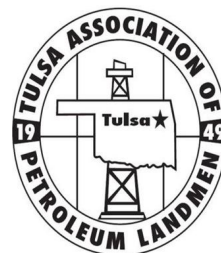
#### BUSINESS PLAN

The Subsalt Polygon is an offshore region near the coast of Rio de Janeiro, where several of the world's largest recent oil discoveries have been made. Last month, Petrobras cut planned investments for the 2017-2021 period by 25 percent in a drive to reduce the largest debt burden among global oil producers, at \$130 billion, and revive investor confidence battered by years of over spending. Capital spending plans for existing Campos Basin wells suffered the most with the cuts, one of the people said.

The 2017-2021 business plan lowered the estimate for the rate of decline of production in the Campos Basin to 9 percent a year. Petrobras had a prior estimate of a decline between 12 percent and 15 percent. The plan included the need for production partnerships in the Campos Basin, especially to revive output in the basin's Marlim field.

(Writing and additional reporting by Guillermo Parra-Bernal; Editing by Bernnard Orr)

Original Source [found here](#).



# INDUSTRY ARTICLE

## REGULATORY NEWS

### PA Supreme Court Eliminates More Act 13 Provisions

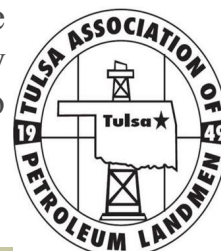
By: Adam S. Ennis and Bridget D. Furbee

The Pennsylvania Supreme Court on September 28, 2016, struck down as unconstitutional several remaining provisions of the controversial Act 13 of Feb. 14, 2012, P.L. 87 (“Act 13”), thus ending the General Assembly’s 2012 attempt to provide uniform laws and regulations governing oil and gas development in the Commonwealth. In 2013, the Supreme Court struck down the spacing and zoning portions of Act 13. See Robinson Township v. Commonwealth of Pennsylvania, 83 A.3d 901 (Pa. 2013). Now, the Court brings those challenges to Act 13 to a close by finding several remaining provisions relating to enforcement, confidentiality, private water wells, and storage to be unconstitutional or not severable from those provisions previously struck down in 2013. What largely remains of the statutory changes in Act 13 is the imposition of fees on unconventional gas wells, referred to as “impact fees,” a portion of which is distributed to local governments.

#### **1. The Public Utility Commission and the Commonwealth Court No Longer Have Jurisdiction Over Challenges to Oil and Gas Regulations Enacted By Local Governments.**

In 2013, the Court struck down as unconstitutional Sections 3303 and 3304 of Act 13. Section 3303 prohibited local governments “from enacting or enforcing environmental legislation regulating oil and gas operations.” Robinson Township v. Commonwealth of Pennsylvania, A.3d J-34A-B-2016, at 8 (Pa. 2016). Section 3304 required that “all municipal ordinances regulating oil and gas operations be uniform, and mandated that certain drilling and ancillary activities attendant to the production of natural gas be allowed in every zoning district in a local political subdivision — existing zoning laws notwithstanding.” Id. at 9.

The Court now holds that Sections 3305 through 3309 cannot survive apart from Sections 3303 and 3304. Sections 3305 and 3306 permitted the Public Utility Commission (“PUC”) and the Commonwealth Court to decide whether a local ordinance violates the Municipal Planning Code (“MPC”) and provided procedures for the expedited review of local ordinances by the PUC and the Commonwealth Court at the request of oil and gas operators and others. Sections 3307 and 3308 penalized municipalities if local ordinances did not meet the requirements of the MPC. Section 3309 stated that Act 13 applied retroactively and gave municipalities a certain amount of time to take necessary actions to bring existing ordinances into compliance.



# INDUSTRY ARTICLE

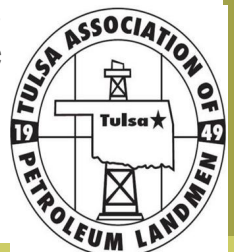
## REGULATORY NEWS

The Court noted that the policy behind Sections 3303 and 3304 was “to speed and simplify the local ordinance review process.” Id. at 48. With these sections already held to be unconstitutional, the Court found that “the legislature would not have passed . . . [Sections 3305 through 3309] into law merely to have the PUC and the Commonwealth Court engage in the same type of measured and deliberative review process for local ordinances which the MPC already provides.” Id.

### **2. Health Professionals are Not Subject to the Act’s Confidentiality Provisions.**

The purpose of Sections 3222.1(b)(10) and (11) of Act 13 was “the maintenance of trade secret protections for the chemicals used in the fracking process by placing limits on disclosures of their identity by those in possession of such information” and specifically imposing certain confidentiality obligations on health care professionals that may be called upon to treat and diagnose those persons exposed to said chemicals. Id. at 52.

In addressing the constitutionality of Sections 3222.1(b)(10) and (11), the Court noted that “the pivotal consideration is whether these sections confer on the oil and gas industry, as a class, special treatment not afforded to any other class of industry, and whether this special treatment ‘rest[s] upon some ground of difference, which justifies the classification and has a fair and substantial relationship to the object of the legislation.’” Id. at 64 (citation omitted). In holding these provisions of Act 13 unconstitutional as special laws, the Court found no justifiable reason to allow the oil and gas industry special protections for its chemical trade secrets when there are numerous other Pennsylvania industries with similar types of concerns that are not granted such special treatment. Specifically, the Court noted that “no other industry in the Commonwealth has been statutorily shielded in this manner by the imposition of stringent limitations and conditions on the access to, and use by, health professionals of information pertaining to chemicals, substances, or materials used in its operations claimed to be trade secrets or confidential proprietary information.” Id.



# INDUSTRY ARTICLE

## REGULATORY NEWS

### 3. Owners of Private Water Wells are Entitled to Notice.

Section 3218.1 “requires the DEP [Department of Environmental Protection], in the event of a spill of chemicals, waste, or other substances associated with the fracking process, to notify only public drinking water facilities that could be affected, but imposes no requirement for that agency to notify owners of private wells which supply drinking water.” *Id.* at 65. The Court considered whether this provision, much like the confidentiality provisions in Section 3222.1(b)(10) and (11), constituted a special law.

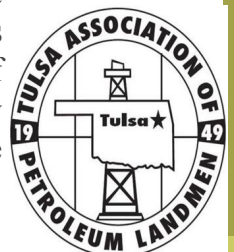
The Court first notes that Section 3218(a) requires any operator to repair or replace both private and public water supplies if they become polluted as a result of operations. Additionally, one clear purpose of Act 13 is “to secure the health, safety, and property rights for *all* Pennsylvania residents during the oil and gas extraction process, without exception.” *Id.* at 75 (emphasis in original). As such, the Court found Section 3218.1 unconstitutional as a special law since it “does not further the legislative goal of ensuring [private well owners] may exercise their right to have the integrity of their water supply secured in the event it is threatened by pollution from a spill.” *Id.* at 77.

The Court’s mandate as to Section 3218.1 is stayed for 180 days in order to allow the General Assembly the opportunity to revise the provision to include DEP notification to private well owners. If no action is taken by the General Assembly, then the entire provision will be stricken and the DEP will not be required to provide contamination notices to the owners of private or public water supplies.

### 4. Storage Provisions Constitute a Private Taking by Private Corporations.

Provided certain conditions are met, Section 3241 authorizes a private corporation to appropriate subterranean real property interests in order to store natural and manufactured gas. The Court found that this section violates the Constitutions of both the United States and Pennsylvania for two primary reasons.

First, the application of this provision is not limited to public utilities and applies to all corporations that are “empowered to transport, sell, or store natural gas or manufactured gas in this Commonwealth.” *Id.* at 85-86 (“Critically, then, Section 3241(a), by its terms, does not restrict the type of corporation eligible to take the subterranean lands of another property owner to only corporations that meet these specific legislatively imposed conditions for them to qualify for classification as public utilities.”). Second, the Court found that the public is not the primary and paramount beneficiary from any takings under this provision. *Id.* at 86 (“[Section 3241] advances the proposition that allowing such takings would somehow advance the development of infrastructure in the Commonwealth. Such a projected benefit is speculative, and, in any event, would be merely an incidental one and not the primary purpose for allowing these type of takings.”).





# CAREER ASSISTANCE

As we all know, the oil and gas industry is still in a down cycle however there are jobs to be had and TAPL wants to help landmen and prospective companies with this process. Currently our job board is bare and we want to fill it up! TAPL, and the Career Assistance Committee is in the process of revamping this area and would like your feedback. We are working on a new approach in making the process anonymous and would like your feedback.

If you have thoughts or concerns you would like to communicate regarding past experience or future ideas, please email Debbie Bodenhamer, Benefits Coordinator at [dbodenhamer@rimrockresource.com](mailto:dbodenhamer@rimrockresource.com)

Thank you and look forward to your input!

Debbie Bodenhamer  
Benefits Director



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Titanium is focused on the Eagle Ford Shale and the SCOOP/STACK plays while also considering investments in other top shale plays, including the Permian Basin and the Bakken. Titanium was founded by Peter Halloran, Executive Chairman and Chief Investment Officer and by Chip Simmons, CEO.

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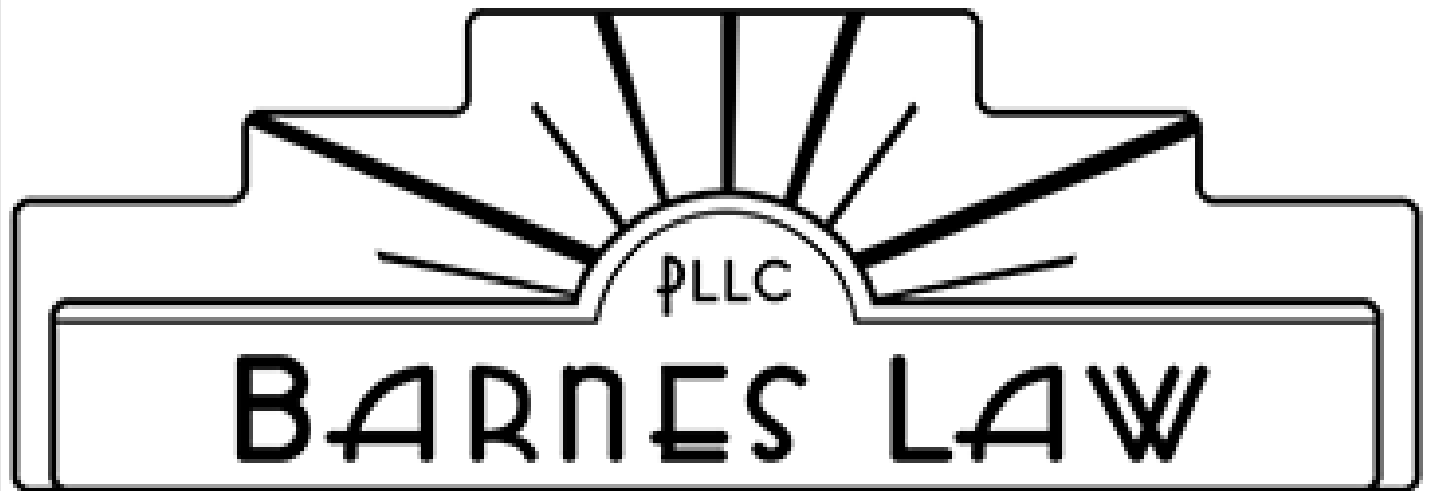


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If you're interested in advertising, please contact Michelle Linton at [mlinton@midcon-energy.com](mailto:mlinton@midcon-energy.com).

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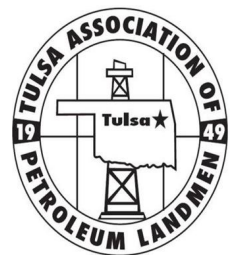
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Thank you,

Michelle Linton

TAPL Communications Director

918-639-6895



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