# **Michael Late Benedum Chapter**

American Association of Professional Landmen

#### November 2014

#### **PRESIDENTIAL ADDRESS**

The Take-

What a tremendous time that we had at the 3<sup>rd</sup> annual Appalachian Land Institute. This year's institute was slated with great speakers and topics. Thank you to the planning committee chair, Christa Dotson, and all those that served on the committee to provide such a great event. Also, thank you to all those who attended the event and showed their support to the institute.

As the industry in our region continues to grow, the need for professionalism is at an all time high. One area professionalism is highly needed is the courthouse. Those of us that work regularly within the offices of the county courthouses are the face of our industry to local officials and the public. I recently interviewed several clerks in our region about some things we could all do to strengthen our relationships with the County offices. Below are some things the clerks stressed as important.

- Be respectful: Show respect to fellow contractors, courthouse staff, and the records you are researching.
- Follow the rules: Each courthouse is different. Be sure to adhere to the rules of each county as asked.
- Be professional: Make sure to represent the industry and yourself in a professional manner. This includes appearance, language, and attitude.
- Be courteous: Limit the space you use, share the books, be kind, and treat others the way you want to be treated.

It is a shared responsibility among all of us in the land profession to represent the industry in the best manner possible. Make sure you do what you can to show those around us that we are a positive addition to any community. The development of natural gas is crucial for our future; let's make sure our actions promote a positive image of our industry.

We look forward to seeing all of you at the Bridgeport meeting on November 13, 2014!

Anthony D. Farr, RPL MLBC President 2014-2015 MLBC P.O. Box 955 Bridgeport, WV 26330

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#### **Upcoming events**

<u>Click Here to Register</u> November Dinner Meeting November 13, 2014 Bridgeport Conference Center Bridgeport, WV

## it's a small world

I like to think I don't dwell on the past, but maybe I do more often than I realize. Like when I shank three consecutive shots with my 6 iron...kinda hard to wipe that out of my memory. Or when I think I'm saying something funny in a casual conversation, but I'm really just putting my foot in my mouth. I realize it as soon as it comes out and I probably lose a little sleep over it. I guess another thing I dwell on occasionally that happened many years ago was the way I treated a Landman who reported to me. I was managing a land project on behalf of one of our clients and was responsible for the supervision of a few dozen field Landmen. One of these Landmen always had an excuse for why his title research was slow to be completed or why the ownership interest wouldn't tally up. After a couple calm discussions with no improvement, I decided it was time to part ways. So, I called him into my office with the intention of peacefully releasing him from his duties, but the excuses, oh the excuses...I just couldn't take it. I snapped. I stood up out of my chair, pounded my desk like a child and blurted out something unprofessional. There, I did it. We both knew it was over. He placed his work on my desk and quietly left my office. I sat there for a while and tried to collect myself. Then the guilt set in, then the worry, then the dwelling.

Although I'm not proud of the way I reacted that day, I do believe it benefited me. I began to understand what we've all been taught since kindergarten -- to treat others as we want to be treated. I've learned there's really no reason for one adult to scold another adult. How could that possibly result in maintaining a positive relationship with another human being? Just think if this Landman was later hired by an E&P company and had the ability to hire land services providers to work on his projects. Any chance he's going to give me a project if I (as a land services provider) knock on his door? This business is built on relationships that can only be sustained through ethical and professional conduct.

We all know contract Landmen who made the jump to work in-house and we probably also know in-house Landmen who left the corporate world to work contract jobs. We know contract Landmen follow the work and contract with various land services providers. We know in-house Landmen change companies for higher pay, better upward mobility or corporate downsizing. The nature of staffing projects with resources is fluid. We cross paths with old acquaintances regularly. Sometimes we work for them, sometimes we supervise them and sometimes we work for them again. We work in a business with many opportunities and probably the best opportunity is to establish life-long relationships with our peers who we can call our friends.

The land business is no doubt a small world after all.

Aaron Yost, CPL 2014-2015 MLBC Vice President

### Fifth District Court of Appeals Reverses Ruling In Favor of Lessor that Found an Oil and Lease was Forfeited as a Matter of Law

http://www.kwgd.com/oil-and-gas-lease-forfiet Krugliak, Wilkins, Griffiths & Dougherty Co., L.P.A. written by **Gregory W. Watts**, **Ryan W. Reaves** 

#### Oct 20, 2014

In *Mauger v. Positron Energy Resources, Inc.*, the Fifth District Court of Appeals reviewed a decision from the Morgan County Court of Common Pleas that found an oil and gas lease forfeited as a matter of law and ordered the lessee to plug a well located on said leasehold. The trial court in *Mauger* granted summary judgment in favor of the lessor, finding: the lease expired by its express terms based on a gap in production from 1995 to 2007 and lessee's failure to pay delay rentals during said period; the lessee abandoned the oil and gas lease at issue during the period of time no oil or gas was produced; and the lessee breached the implied covenant of reasonable development.

The Fifth District found that summary judgment was inappropriate based on the existence of questions of fact as to the lessor's allegations. Specifically, the Fifth District found that language contained in the lease habendum as to the secondary term created a question of fact as to whether the lease expired by its term. The lease language stated the secondary term will continue for "so much longer thereafter as oil or gas is produced from said premises, or so long as gas is being injected, held in storage or withdrawn by Lessee in or from the lands hereinafter described or other lands located in the same or any adjoining township." The Fifth District looked to evidence presented that gas may have been injected, held in storage or withdrawn by the lessee from lands located in the same or adjoining township. The Court further found summary judgment inappropriate as the lessor failed to present any evidence or assertion that lessee failed to make delay rental payments during the period of time no oil or gas was produced from the leasehold.

Additionally, the Court found summary judgment inappropriate as to whether the lease was abandoned. The Court held "[t]he passage of time alone is insufficient, but the absence of any activity on the property over a substantial period of time that should be considered in light of all the circumstances leading to a determination of relinquishment of possession, both as to the lease and the equipment thereon." The Court found questions of fact existed based upon the terms of the lease and removal of gas from adjacent property and the removal (and subsequent replacement of) the pump jack and tank to the well physically located on the leasehold.

Finally, the Fifth District addressed the trial court's finding that the lessee breached the implied covenant of reasonable development (which was not waived in the underlying oil and gas lease), finding that the language contained within the habendum "contemplates more than production of oil and gas" on the leasehold, and "encompasses the injection, storage, or withdrawal of gas in or from [the leasehold] or other lands located in the same or adjoining township." As a result, he Court found that evidence presented before the trial court of production of oil and/or gas from a unit comprising acreage adjacent to the lessor's property created a genuine issue of fact as to whether the implied covenant of reasonable development had been breached.

### Fifth District Court of Appeals Reverses Ruling In Favor of Lessor that Found an Oil and Lease was Forfeited as a Matter of Law Continued

Based on the above, the Fifth District reversed and remanded to the trial court for further proceedings consistent with the findings of the Court's opinion.

Mauger v. Positron Energy Resources, Inc., et al., 5th Dist. Morgan No. 14AP0001, 2014-Ohio-4613 (Oct. 6, 2014)

NOTE: This general summary of the law should not be used to solve individual problems since slight changes in the fact situation may require a material variance in the applicable legal advice.

If you have any questions concerning this client alert, please contact <u>Attorney Gregory W. Watts</u> or <u>Attorney Ryan W. Reaves</u> at 330-497-0700.

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Jeremy Preston reports the bank balance is \$137,099.96.

# AAPL New Member Contest – Win a Trip to Costa Rica

AAPL's Membership Committee is hosting an exciting **Membership Drive** where one lucky member will win a one-week stay at <u>Casa Vista</u> in Tamarindo, Costa Rica. The incentive runs from October 1-December 31, 2014, where the local association with the largest percentage growth of new members (renewals not included) in that time period will be recognized for its successful efforts. The winning local association will randomly draw one member's name as the lucky winner.

Contact Mona Ables, AAPL Membership Committee chairman, <u>mables@concho.com</u> or 432-221-0420, for more information.

Special thanks to Rick Frazier, NDAPL director, for his generous offer to donate accommodations and to Roger Soape, AAPL president, for his generous offer to donate air miles for travel.

## New Members – October 2014

First Name	Last Name	Employer	Member Type
Cecelia	Moore	Abstract WV, LLC	Active
Thomas	Schmaus	Armstrong Search Associates	Active
John	Bergin	Bergin Petroleum Land Services	Active
Shane	Lucas	Energy Corporation of America	Active
Darin	Webster	Honor Resources Company	Associate
William	Gillenwater	Honor Resources Company	Associate
Chris	Capell	Honor Resources Company	Associate
Douglas	Finnan	Honor Resources Company	Active
Ed	Williams	Honor Resources Company	Active
Eric	Boyington	Honor Resources Company	Active
Steve	Kennedy	Kennedy Land Services, LLC	Associate
Timothy	Greene	Land & Mineral Management of Appalachia	Active
Gregory	Delemeester	Marietta College	Associate
Shannon	Matherne	Petro Land Ventures, Inc.	Active
Beverly	Jordan	Self	Active
Ray	Lovejoy	Steptoe and Johnson PLLC	Active
J. Taylor	Airey	Vorys, Sater, Seymour and Pease LLP	Associate
Scott	Guttman	Vorys, Sater, Seymour and Pease LLP	Associate



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From right-of-way to surveying, lease acquisitions to environmental support, Percheron delivers consistent, reliable and fully integrated land services throughout the United States. You need people on your side who know every aspect of the industry. We bring together the right people, process and technology to create the complete Percheron Experience—so you get consistent results, every time.

Visit us at Booth #508 NAPE Rockies | December 10-12 Colorado Convention Center Denver, Colorado

# **CLIENT ADVISORY**

Pennsylvania Superior Court Decision Reinforces the Importance of Diligent Title Searches When Leasing Oil and Gas Estates and Purchasing Oil and Gas Assets

On Monday, Oct. 20, the Pennsylvania Superior Court ruled that constructive notice of a title defect may toll the running of the statute of limitations and preclude a good-faith defense to damages for trespass and conversion to oil and gas rights in *Sabella v. Appalachian Development Corp., et al.*, Case No. 722 WDA 2013.

Dennis Sabella purchased the oil and gas underlying 66 acres in Warren County, Pa., in 1997, and properly recorded his deed. In 2001, Mark and Virginia Harvey owned the surface rights above Sabella's oil and gas estate and entered into an oil and gas lease with Appalachian Development Corp. purporting to cover Sabella's estate. In 2003, Appalachian sold its oil and gas holdings, including the Harvey lease, to Brian Haner, operating as Pine Ridge Energy. When completing the purchase, Pine Ridge elected to only conduct a "bring-down" title search, which would have only identified events affecting title after Appalachian acquired the Harvey lease, rather than conducting a full title search. Pine Ridge obtained actual notice of Sabella's oil and gas interest during a discussion with him in 2008, and did not inform Sabella that six wells had already been drilled on his property. Pine Ridge drilled three additional wells on the property after obtaining actual notice before Sabella filed suit in 2010.

The Superior Court rejected Pine Ridge's argument that the suit should have been barred by the two-year statute of limitations since the trespass began in 2003, and that Sabella relied too heavily on Pennsylvania's constructive notice statute to relieve himself of the duty to exercise reasonable efforts to discover a trespass to his property. The court found that, due to the location of the wells and the lack of clarity with regard to an oil and gas owner's right to enter onto the surface to determine whether a trespass is occurring to his oil and gas estate, Sabella could not have discovered the trespass with "reasonable diligence." It also acknowledged that Sabella was legally blind, and that while "reasonable diligence" is an objective standard, the standard is not so inflexible to preclude it from accounting for an individual's "capacity to meet situations and the circumstances confronting [him] at the time in question." Contact

October 22, 2014



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Kevin Colosimo Managing Partner kcolosimo@burlesonllp.com 724.743.3429



# **CLIENT ADVISORY**

The court also ruled that Pennsylvania's constructive notice statute precluded Pine Ridge's argument that it had committed the trespass in good faith, stating, "In declining to conduct a full title search when such would have revealed conclusively Sabella's ownership of the (oil, gas and minerals), (Pine Ridge) lost (its) claim to *bona fide* purchaser status." Due to Pine Ridge's limited title search, the Superior Court reversed the trial court's decision that Pine Ridge had acted in good faith until it acquired actual notice of the Sabella's ownership interest in 2008. This portion of the ruling is vital, because in Pennsylvania, when improvements to land are made in good faith, an injured party may only recover the trespasser's net profits. However, a bad-faith trespasser is liable to the injured party for all money derived from the trespass, with no offset considered for the cost of generating those profits. As a result of the Superior Court's determination that the trespass occurred in bad faith, the court vacated the trial court's judgment in the amount of roughly \$250,000 in compensatory damages and remanded the case for the recalculation of damages without any offset for the costs of development and production.

This case reaffirms the importance of conducting a thorough title search when an operator either leases land directly or acquires oil and gas assets from another operator. In order to protect its investments, an oil and gas operator must be proactive in certifying title to its assets. This case also highlights the importance of acting swiftly in the face of evidence outside of the record that an operator may be committing a trespass. Even years of ongoing operations will not insulate an operator from liability for trespass by way of the two-year statute of limitations. Various factual scenarios may prevent the statute of limitations from running due to the court's broad reading of the discovery rule.

Please contact Daniel Craig, Associate, or Kevin Colosimo, Managing Partner, to further discuss the effect of this case.















## **CONTINUING EDUCATION OPPORTUNITIES**

AAPL offers various educational programs, workshops and regional institutes for landmen as well as oil and gas professionals. The association also provides review and testing opportunities for those interested in obtaining RL, RPL and CPL certification designations.

## Coming Soon: Ethics 360º Program

Ethics 360° features an interactive format built around nine situational videos that identify ethical practices and sound stewardship with the industry.



#### **Topics Include:**

- Misrepresentation / Misuse of CPL
  Designation
- Professionalism
- Double Billing
- Fraud / Misrepresentation

- Self-Dealing
- ichael Late Benedum Chapte
  - Offerig Advice Outside Area of Expertise
    - Misuse of Confidential Information
    - Unethical Practives/ Failure to Disclose
    - Braking the Law

# **November 2014 Dinner Meeting Sponsors**

## **American Energy Partners**

## **Holland Services**

# Land & Mineral Management of Appalachia

## Larson Design Group

## Percheron

## **Precision Oil & Gas**

# Steptoe & Johnson

# Upshur Agency, Inc.

# Thank You For Your Support!

## **CORPORATE SPONSORSHIP LEVELS**

#### Platinum \$5,000.00 per year

Benefits of Platinum Sponsor

- Logo on the corporate sponsor board at every meeting along with the meeting sponsor board.
- Logo on the back of every Takeoff and the bottom of every membership email.
- Receive three meeting/dinner passes for each meeting for one year.
- Receive one free Full Page advertising ad.
- Receive free Half Page ad in the takeoff per year.
- Logo on Golf Outing sponsorship boards.

#### *Gold \$2,500.00 per year*

Benefits of Gold Sponsor

- Logo on the corporate sponsor board at every meeting.
- Logo on the back of every Takeoff and the bottom of every membership email.
- Receive one free Half Page advertising ad in the Takeoff per year.
- Logo on Golf Outing sponsorship boards.

#### Silver \$1,500.00 per year

Benefits of Silver Sponsor

- Logo on the corporate sponsor board at six meetings.
- Logo on the back of every Takeoff and the bottom of every membership email.
- Receive one free Half Page advertising ad in the Takeoff per year.

#### Bronze \$750.00 per year

Benefits of Bronze Sponsor

- Logo on the corporate sponsor board at three meetings.
- Logo on the back of every Takeoff.

## Advertising in The TakeOff

Full page ad \$500.00 per month

Half page ad \$250.00 per month

## Dinner Meeting Sponsorship

Cost \$250.00 per meeting. Companies will receive advertising at the dinner meeting as well as your logo displayed on our website for the month of the meeting you sponsor.

To secure a corporate sponsorship, advertise in the Take-Off, or if you have any questions please contact Tara White @ <u>twhite@mlbc-aapl.org</u>. Please contact Jeremy White at <u>jwhite@eqt.com</u> for dinner meeting sponsorships.









## **VETERANS AFFAIRS**



n the 11th hour of the 11th day of the 11th month of 1918, an armistice, or temporary cessation of hostilities, was declared between the Allied nations and Germany in the First World War. This Armistice Day was later re-named to Veterans Day.

At exactly 11 a.m., each November 11th, a color guard, made up of members from each of the military branches, renders honors to America's war dead during a ceremony at the Tomb of the Unknowns in Arlington National Cemetery.

This Veterans Day, let us all take a second to remember the Service Members that are no longer with us and to thank a Service Member who impacts our lives each day. This Veterans Day it is my honor to recognize the following MLBC Members who are Veterans of the Armed Forces. Thank you for your service!

Michael Kalany	US Army
Mark Mudrick	US Navy
Paul Martin	US Army
Lisa Moore	US Air Force
Rodney Parsons	US Army
George Mason	US Army
Michael Holiday	US Army National Guard
Randy Zydonik	US Marine Corps

Please contact me if you would like to be recognized in a future article, get more involved in your community, or if I may be of any assistance, aromeo@mkeystone.com.

Anthony Romeo Veterans Affairs Representative

## 2014 EXECUTIVE COMMITTEE



**President** Anthony Farr, RPL Tioga Resources <u>afarr@tioga-resources.com</u>



Director Rex Cecil Ray EQT Production <u>cray@eqt.com</u>



Vice President Aaron R. Yost, CPL Percheron Energy aaron.yost@percheronllc.com



**Director** Christa Dotson EQT Production <u>cdotson@eqt.com</u>



Secretary John Kimbleton, CPL Access Midstream john.kimbleton@accessmidstream.com



**Director** Justin Wolford, RPL ECA <u>jwolford@eca.com</u>



**Treasurer** Jeremy Preston, RPL EQT Production jpreston@eqt.com



National Director Mark A. Acree, CPL Noble Energy, Inc. <u>macree@nobleenergyinc.com</u>



Sergeant-At-Arms Britney Crookshanks, RPL Northeast Natural Energy bcrookshanks@nne-llc.com



**President Emeritus** Charles E. Heilmann, CPL EQT Production <u>cheilmann@eqt.com</u>



Executive Assistant Tara White MLBC twhite@mlbc-aapl.org

## 2014—2015 COMMITTEE CHAIRS

Awards	Bruce Turner, CPL	bruce.turner@steptoe-johnson.com
Bylaws	Chris Elswick	chris.elswick@steptoe-johnson.com
Certification	James E. Talkington, Jr., CPL/ESA	jeta@frontier.com
Education	Christa Dotson, RPL	cdotson@eqt.com
Ethics	Doug Richards	honordjr@aol.com
Fall Golf	Steve Carr, RPL	steve.carr@tsdudley.com
Finance	Jeremy White, RPL	jwhite@eqt.com
Historian	Open	
Marketing	Jesse Zirillo	jzirillo@dmclaw.com
Membership	Jeremy D. Preston , RPL	jpreston@eqt.com
Directory	Crystal Murphy	<u>cmurphy@tioga-resources.com</u>
NAPE East	Aaron Yost , CPL	<u>aaron.yost@percheronllc.com</u>
Plate Program	Ben King, RPL	<u>benjaminking@suddenlink.net</u>
Photography	Marlene Heilmann	marheilmann@yahoo.com
Spring Golf	Aaron Yost, CPL	aaron.yost@percheronllc.com
Sponsorships	Jeremy White, RPL	jwhite@eqt.com
Website /Job Bank	Jeremy D. Preston , RPL	jpreston@eqt.com

<b>MLBC S</b>	CHEDULE
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<u>Date</u>	Location Speaker		<u>Topic</u>
November 13, 2014	Bridgeport Conference Center Bridgeport, WV	Timothy McKeen Stepote & Johnson	Early History of Appalachian Titles
January 15, 2015	Hilton Garden Inn, Canonsburg, PA	Stacey Brodak Noble Energy	TBD
February 12, 2015	Bridgeport Conference Center Bridgeport, WV	Seminar	TBD
March 12, 2015	The Lafayette Marietta, OH	Doug Richards Honor Resources Co.	Ethics
May 8, 2015	Oglebay Resort, Wheeling, WV		Spring Golf Outing
June 11, 2015	Location TBD		Officer Induction



## **MEMBERSHIP INFORMATION**

#### Michael Late Benedum



"The Great Wildcatter"

The MLBC membership application is located on the website at <u>www.mlbc-aapl.org</u>. Please check your information on the website prior to submitting your renewal. The MLBC website has an updated version of the membership listing. Please use this resource if you can not find yours or others information in the directory. Please report any errors or omissions to Tara White at <u>twhite@mlbc-aapl.org</u>.

Notice of the application(s) of all potential Chapter members shall be published in the next regularly scheduled monthly Chapter "Takeoff" newsletter. Active members shall have the opportunity during for a period of thirty (30) days following the first publication to object to the potential members' application. Such objections to membership approval may be submitted to any member of the Executive Committee and

shall be in writing. The Executive Committee shall take any such objection under counsel in the next regularly scheduled monthly Executive Committee meeting. A decision to accept or reject the membership application shall be determined by a majority vote at such meeting. The Executive Committee shall notify the applicant in writing of rejection.

Application for membership in the Chapter shall be subject to the approval by a majority vote of the Executive Committee at a regularly scheduled meeting, after the aforementioned thirty (30) day newsletter publication period, and shall require the signed approval by the acting President of the Executive Committee, as evidence of the Committee's approval. Names of any and all newly approved members shall be read at the following regularly scheduled general meeting of the Chapter.



#### MLBC WEBSITE

If you experience any problems using the website or if you have any suggestions, please contact Jeremy Preston via e-mail at <u>JPreston@eqt.com</u>.



#### **JOB BANK**

The direct link for MLBC Job Bank is <u>www.mlbcjobbank.com</u>. If you have any questions, please contact Jeremy Preston via e-mail at <u>JPreston@eqt.com</u>.



#### **PHOTO ALBUM**

We would like to share our Photo Album with you to show you what MLBC has been doing throughout the year. The direct link for MLBC Photo Album is <u>www.mlbc-aapl.org/VPhoto.php</u>.