

THE WILDCATTER

MICHAEL LATE BENEDUM CHAPTER

AMERICAN ASSOCIATION OF PROFESSIONAL LANDMEN



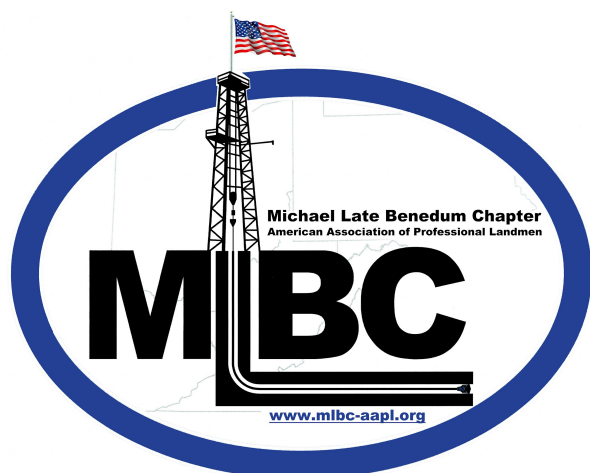
West Virginia & Regional History Center

Vol. 1 Issue 2 | February 2020

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Black Clouds, Silver Linings, and Guatemalans

I had a supervisor once who said, “Things can always be worse, and if they can’t get worse, they can only get better.” As I write this letter, the stock of the company for which I work is trading at \$7.40, down from \$21.86 a year prior, which was down from around \$32.00 the year before that. Depressing? Yes. Unique? No. The reality is that most everyone in the oil and gas patch is feeling the pain resulting from an oversupply of the products we help produce and as a result, depressed prices and depressed stock values. Several bankruptcies have been announced, as well as asset divestitures. In this environment it can be very easy to dwell on the negative. I’m sure you know the type of person who will find a black lining in every silver cloud, a person who is always focusing on the negative. Those people are a drain, and it seems like I run in to them much more frequently now in this market.

Funny thing — you know where I didn’t seem to run into those negative people? The January MLBC Dinner Meeting in Southpointe, PA. I’m not just saying that either. I talked to many people, several of whom were currently looking for employment, and everyone was positive and generally upbeat. In fact, when it came time for me to welcome the crowd and get folks to take their seats, the crowd was so lively and loud that I pretty much had to yell to get their attention. I love it. That’s the way it should be. I’d like to thank everyone who came out on that cold evening in Southpointe. In addition to the networking and catching up that went on, Nik Tysiak gave a very good presentation on the tax sale maze and somehow made that topic more entertaining than it should be. I enjoyed the positivity in the room, and a handful of us went next door for beers afterwards. In the midst of this downturn, it felt a little like the “good ole’ days”. To highlight even more positivity, I know of at least one person who found their next job by speaking to someone at their table during that meeting. Congratulations!

In keeping with the topic of staying positive, sometimes it helps to look back and think about some of the good we have done and some of the positive experiences we have had. I encourage you to do that regularly. This industry has changed people’s lives. Not only has it provided above average employment for us, it has literally been life changing for many of the people we have come in contact with. I’ll take this opportunity to share with you one of my experiences.

I was managing a leasing project that was right in front of the drilling rig, so to speak. One of my direct reports (for the sake of protecting names, we’ll call her Judy), came to me to explain a situation that was developing with one of her landmen in the field (we’ll call him Tom). Tom had been trying to track down an heir to an oil and gas interest and had determined they lived somewhere in Guatemala, but he couldn’t determine where or if they were still alive. After much detective work — Tom is a diligent landman after all — he found a

“Sometimes it helps to look back and think about some of the good we have done and some of the positive experiences we have had.”



MLBC President, Jeremy White

relative who lived in Los Angeles and established communication. It turns out that the Guatemalan couple were alive and well. I’ll call them the Garcias in order to protect their identity. I know that may seem like a generic name, but that’s actually the second most common surname in Guatemala, so I didn’t arrive at it randomly. Mrs. Garcia had inherited the interest via intestate succession from her father who was a West Virginia born soldier stationed in Guatemala for a while. I’ll let you connect the dots there.

The couple spoke no English; however, Tom was able to communicate through the nephew. Apparently, we were not the first oil and gas company to locate them. They had a bad experience with whomever they had dealt with before and were purposely being unresponsive because of their trust issues. Once Tom earned their trust however, they determined they wanted to come all the way to West Virginia to execute the lease, rather than handle it at home. They were not materially well off, but their nephew helped them with the travel cost. Tom arranged for a meeting at his brokerage’s office. The nephew, his wife, and the Garcias all arrived at Tom’s office to execute the documents. Because of their trust issues, they would only execute if we immediately wire transferred the lease bonus money to their bank in Guatemala. As you can imagine, this created some difficulty for Judy and I to arrange, but we got everything set up ahead of time. Judy and I were waiting at our office for word that the documents had been executed and then we would finalize the wire transfer.

The call came in. Tom said the Garcias were NOT going to execute the lease. We were in disbelief! How and why would a couple come all the way from Guatemala to execute a lease only to leave empty handed? Judy and I had to find out for ourselves. She called Tom back and said “Don’t let them leave! We are heading to your office immediately.”

We arrived at his office shortly thereafter and were greeted by the nephew. Keep in mind that the Garcias don’t speak a word of English, and my Spanish is

LETTER FROM THE PRESIDENT

LETTER FROM THE PRESIDENT, CONTINUED

extremely limited at best. The nephew and his wife served as translators for the conversation that ensued. He calmly explained that they would not be executing the lease at that time because the tax burden for a non-citizen was much more than they had planned for. Since Mrs. Garcia was the child of a US serviceman, she had an expedited path towards US citizenship. It is something she had always wanted to do, but in all her years she never had. This was her opportunity. She could even have her own tax ID and pay her taxes as a US citizen at a lower rate. She would go through this process and execute the lease after becoming a citizen, which would take about a year. I understood their position, but the problem was that I needed that lease now – not in a year!

After some thinking, I reviewed the budget and determined we could come up with a little more money (robbing Peter to pay Paul sort of thing). I asked them if they would execute the lease if we agreed to “gross up” the bonus payment so that after taxes, they still went home with the total they were hoping for. They seemed confused and wondered why we would agree to do that. For them, waiting another year was no big deal. However, as you know, for us in the land business, time is money. They were overly appreciative and agreed. Now the problem became the wire transfer. We had already set things up through our accounting department and all that work would need redone, which would take another day. They agreed to come back the next day while we got all the new documents in order for the transfer. Judy got to work that afternoon. She was going to be off the next day, but she had everything teed up for us and ready to go.

The next day, after executing the lease documents, we initiated the wire transfer. The Garcias didn't want to leave until they had confirmation from their bank that the money was in their bank, which took about four hours. During this time we spoke about our families, our hobbies, and many other topics. Up to this point, I thought the possibility still existed that they were just playing hardball and we were just being played by some slick negotiators. It was during this time, however, that they finally began to reveal what some of their plans were for the bonus money. They were going to help their son import half a dozen mushroom varieties from Hawaii and establish them in Guatemala to help with agriculture and food production. They have a mission they personally run and they feed around 150 individuals each week. They also provide shelter for the homeless. They had plans for expansion, so that they could help more people. The Garcias are about as genuine, humble, and good as anyone you would hope to meet. After the wire confirmation came through, goodbyes, best wishes, and hugs were exchanged all around. In the end, they offered to open up their home to my family so that we could come visit and they could give us a tour of the Guatemalan landscape. I'm still contemplating that when the kids get a little older.

A couple weeks later, I received this email from Mrs. Garcia:

“Respectful Mister White:

Wishing that in your daily performance you achieve the desired success.

We arrived in Guatemala terribly tired but our spirit brimming with joy for having met people as kind and sincere as you.

We are really worried that we still don't speak English and that is our emerging goal to be able to communicate openly.

We are very grateful to our Creator who allowed us to reach you and meet you personally.

Thank you for your sincerity, your honesty and your great help in achieving what has been accomplished.

With Jacobo and his wife Rossi we talked about the beautiful person you are. God bless you always.

*We were very well impressed with *Mr. Tom*, because we saw in him a great quality of being human. Responsible and very active. Blessings to him too. Looking forward to hearing from you with our appreciation and esteem, sincerely,”*

Are you kidding me? If that is not a positive experience I don't know what is. I've been a part of many deals over the years, but that is one that will stick with me. I have no doubt it will stick with Tom and Judy as well. No doubt everyone else has positive experiences from their careers that they can reflect on too. Some of them may be life changing like this one was and some of them may less so. But they are good experiences nonetheless. As we navigate this downturn, take time to reflect on positive experiences. Take time to reflect on some of the successes of which you have been a part. Why not take a moment to share a positive experience or anecdote with someone else?

February 13th is a great time to do just that. The MLBC will be having a membership appreciation happy hour at the Parlay Lounge in Washington, PA. The cost to attend is free for members and prospective new members. It's our way of helping keep things positive and moving forward. My hope is that we have an even livelier crowd there than we had in Southpointe. Remember – at least one person landed a new gig at the meeting in January. That's certainly positive, and it's one of the reasons we are here. I'll see you in Washington!

MLBC CORPORATE SPONSORS ²⁰²⁰

PLATINUM

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human energy™

GOLD

Halo
Land Management

Holland
SERVICES



Cabot Oil & Gas Corporation

SILVER



KIEFABER & OLIVA
— L L P —

2020 CORPORATE SPONSORSHIP LEVELS

PLATINUM: \$5,000 PER YEAR

Benefits of Platinum Sponsor

- 4 meeting passes for every MLBC event in 2020 (excluding charity events)
- Logo in every membership email
- One full page ad in the Wildcatter
- One half page ad in the Wildcatter
- Recognition at every educational event
- Full page ad on sponsorship page on website
- MLBC swag bag (including 4 polos)

GOLD: \$2,500 PER YEAR

Benefits of Gold Sponsor

- 3 meeting passes for every MLBC event in 2020 (excluding charity events)
- Logo in every membership email
- One full page ad in the Wildcatter
- One half page ad in the Wildcatter
- Recognition at every educational event
- Full page ad on sponsorship page on website

SILVER: \$1,500 PER YEAR

Benefits of Silver Sponsor

- 2 meeting passes for every MLBC event in 2020 (excluding charity events)
- Logo in every membership email
- One full page ad in the Wildcatter
- One half page ad in the Wildcatter
- Recognition at every educational event

BRONZE: \$750 PER YEAR

Benefits of Bronze Sponsor

- 1 meeting pass for every MLBC event in 2020 (excluding charity events)
 - Logo in every membership email
 - One half page ad in the Wildcatter
 - Recognition at every educational event
-
-

To secure a corporate sponsorship, advertise in The Wildcatter, or if you have questions, please contact Abby Veigel at abbyveigel@mlbc-aapl.org. Please contact Harry Heinbaugh at Harry.Heinbaugh@percheronllc.com for dinner meeting sponsorships.



AMERICAN ASSOCIATION OF PROFESSIONAL LANDMEN'S (AAPL) ACCREDITED UNIVERSITY PROGRAMS

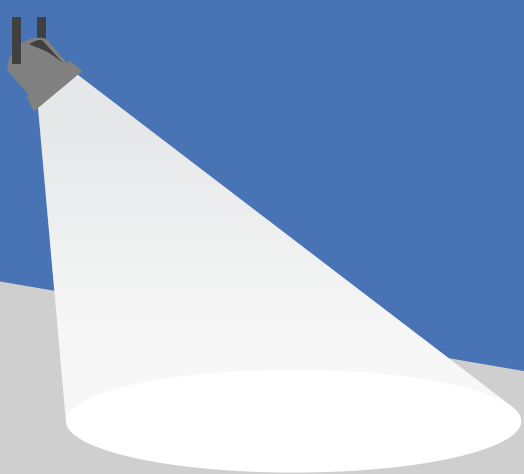
**By Shawn T. Grushecky, Ph.D – Program Coordinator
of WVU Energy Land Management Program**

There are currently only 10 AAPL-accredited undergraduate Energy Management or Petroleum Land Management Programs in the United States and Canada. The only accredited programs east of the Mississippi river are the Land and Energy Management Program at Marietta College and the Energy Land Management Program at West Virginia University.

AAPL-accredited programs receive valuable input on program goals, curriculum and coursework for each of the undergraduate degrees. The AAPL also provides over \$250,000 in annual student scholarships, AAPL trustees for each program, free student membership, travel for select students to the annual meeting, and a multitude of other benefits. Undergraduate programs are reviewed on a five-year cycle and must be represented at an annual Landman Scholarship Trust (LST) meeting held in early January each year. The LST meeting for 2020 was just held in Fort Worth, Texas and each school presented current program statistics.

Total enrollment for the AAPL-accredited schools to begin in 2020 was down 11% from 2019. The University of Oklahoma's program was the largest overall in 2020 with 159 students. West Virginia University ranked second with 106 students and Texas Tech was third with 78 students. The average number of students in each program was 59 in 2020 versus 66 in 2019. Recent trends in the energy industry have had a large impact on student numbers in these programs. The impact of energy markets on enrollment can really be seen by looking at the University of Oklahoma's student numbers since it began in 1958. Oklahoma graduated 4 students in 1960, 126 students in 1981, 8 students in 1989, to a low of 1 student in 1997, and back up to 123 students in 2015. In one of the largest enrollment swings, they went from a total of 6 students in 1995 to 669 students in 2013!

Declining enrollment is at the top of the list of current challenges for each of the AAPL-accredited programs. Other challenges include recruiting a more diverse student body, providing coursework and opportunities for students that are increasingly critical of traditional energy development, and providing internship/career opportunities throughout the U.S. and world. Many of the programs are looking into new recruiting strategies that focus on educating high school and middle school students on the opportunities provided by the energy industry. For more information on the 10 AAPL-accredited programs, visit the AAPL website at <http://www.landman.org>.



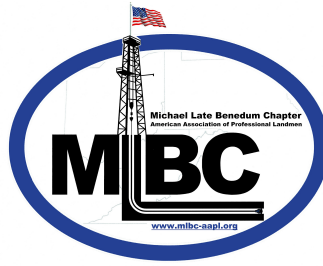
MEMBER SPOTLIGHT



**THE MLBC RECOGNIZES
PAST PRESIDENT
STEVE PERDUE**

PAST PRESIDENT MEMBER SPOTLIGHT

STEVE PERDUE



Interview by John Catsonis, MLBC Director

In the February 2020 edition of the MLBC Wildcatter, the MLBC was fortunate to engage in a brief conversation with Steve Perdue, CPL. Steve is an active member of the MLBC and frequent attendee of our meetings. His continued service to our industry and profession is commendable; his knowledge and insight of our organization and profession deserve the utmost respect. We hope our members enjoy our discussion with the 35th President of our organization, Steve Perdue.

MLBC:

When were you President of our organization? What years did you serve in office?

STEVE PERDUE:

I served as President of MLBC for the 1994-1995 term. Prior to serving as President, I held the offices of Treasurer and Vice President. Additionally, I chaired and participated on numerous committees.

MLBC:

Tell us a little bit about your career, your current position, past positions and some of your land work experience.

SP

My career as an oil and gas landman began in 1982 as an in-house field landman for Columbia Gas Transmission Corporation, moving through the ranks from Sr. Landman to Manager of Land Administration and Field Services Manager. Expansion in the Appalachian Basin in 1998 afforded me the opportunity to join Statoil Energy, Inc., and EQT as Regional Land Director. My work as a land professional provided the background for me to transition into External Affairs including Community and Government Relations at EQT. Presently, I'm involved in Government Affairs and Business Development on a part-time basis for Steptoe & Johnson PLLC.

MLBC:

Are you still actively involved in our organization?

SP:

My MLBC involvement has lessened in recent years as I'm now semi-retired. Being a member of the AAPL has allowed me to support our local organization on the national level.

MLBC:

How has our organization changed over the years?

SP:

Meetings in the late eighties and early nineties typically drew around 50 members. Membership today is substantially larger and includes many more independent landmen.

MLBC:

Do you have a favorite land story, project, area of interest in the oil and gas industry?

SP:

There are so many! One story that comes to mind happened during the Eastern Overthrust play in northern Vermont in the mid-eighties. I negotiated a lease with a farmer that only spoke French. His wife acted as the interpreter.

MLBC:

Are there any particularly memorable areas you have been able to visit due to your land career?

STEVE PERDUE

MEMBER SPOTLIGHT

continued



STEVE PERDUE:

Travels have included trips throughout the U.S., as well as to Calgary, Montréal and London in Canada.

MLBC:

What do you see happening in the future of oil and gas and in the Appalachian Basin?

SP:

There are always ups and downs in the oil and gas industry, especially in landwork. THE PRESENT DOWNTURN WILL PASS.

MLBC:

If you could offer advice to a young land professional, or peer, what would you say?

SP:

Always maintain your professionalism and high ethical conduct. Become knowledgeable of the oil and gas industry outside of the land profession. Don't limit yourself to one facet of landwork; make it a priority to educate yourself in all areas, including title, leasing, due diligence, contracts, etc. Building relationships is critical to your career in land.

MLBC:

Are there any ways the MLBC can improve as an organization and offering service to our members?

SP:

Given the firm financial footing of the MLBC, more frequent no-cost or low-cost educational programs to members may be warranted.

MLBC:

Who has been your biggest influence/mentor? Tell us about him or her.

SP:

The late Ken Tallman was Director of Title for Columbia Gas Transmission and Columbia Natural Resources for over 35 years, during which time he approved title on every well location without experiencing a single title failure. Under his direction, I learned so much regarding title, unitization and general oil and gas law.

MLBC:

How long have you been a member of the MLBC? How long have you held your CPL designation?

SP:

I became a member of the MLBC and AAPL in 1986 and attained the CPL designation in 1989.

MLBC:

What are your plans for the future?

SP:

I plan to retire in the near future and travel with my wife, Cindy, also a landman and CPL.

MLBC:

Feel free to share anything you would like.

SP:

There are several notable events that I'm honored to have been a part of during my career:

- In 1988, we brought the CPL Review and Exam to Pittsburgh, which was the first time it was administered in the eastern U.S.
- During the MLBC's 35th Anniversary Gala in 1994, three founding members of the association were present and honored.
- The MLBC leadership was instrumental in bringing the AAPL Annual Meeting to Pittsburgh in 1998, which was another first for our region.
- Finally, one of the highlights of my career was being instrumental in establishing the Energy Land Management program at WVU, where I currently serve on its advisory board.

Huntington Beach

C A L I F O R N I A

AAPL 66th ANNUAL MEETING

Professional Development and Land Conference

JUNE 17–20, 2020

Hyatt Regency Huntington Beach Resort + Spa

▶ **REGISTRATION IS OPEN**

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Keynote Speaker Colin Fenton | Tudor, Pickering, Holt & Co.

Keynote Speaker Jimmy Choo | SoCalGas



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AAPL DIRECTOR'S REPORT

Christa Dotson, Esq., RPL

The AAPL Quarterly Board Meeting was held at the Gaylord Texan Resort & Convention Center in Grapevine, Texas on December 14-15, 2019. The holidays are a wonderful time to visit Grapevine – the “Christmas Capital of Texas.” This year the town held 1,400 holiday events in 40 days. All of Grapevine was decked out with millions of lights and enormous decorations. Unique shops were abound and offered a wonderful way to spend an afternoon shopping and sightseeing. The Gaylord Texan Resort was a gorgeous venue for the Board Meeting with lovely onsite meeting spaces in which to discuss AAPL business.

AAPL Staff Report

The AAPL recently hired Greta Zeimetz, CAE, as its Executive Vice President. Ms. Zeimetz has more than 20 years of nonprofit leadership experience and is a member of the American Society of Association Executives. Prior to joining AAPL, she was the CEO of the National Association of Legal Assistants in Tulsa, Oklahoma.

Ms. Zeimetz gave her first AAPL Staff Report since assuming her new role at the December Board Meeting. Ms. Zeimetz reported that she has immersed herself in meeting with staff, streamlining workflow and reviewing best practices for the association. Moving forward, particular focus will be given to the study of AAPL's membership numbers as to both new and current memberships and ways to keep costs down during the downturn.

The Staff Report also included an announcement that the AAPL was recognized for its rebranding campaign in 2019. The Association won two Platinum MarCom Awards. The MarCom Awards honor excellence in marketing and are administered by the Association of Marketing and Communication Professionals.

Membership

As of November 18, 2019, the AAPL had 14,937 total members. Of those, membership status is as follows:

- Active 13,021
- Associate 1,272
- Retired 91
- Student 374

Education

The AAPL is continuing to offer free streaming educational programming to its members. There are several upcoming educational events in our area or via webinar including:

- Mineral Management - AAPL Monthly Streaming Video (Free for Members) on 2/20/2020
- Working and Net Revenue Interest Seminar in Coraopolis, PA on 3/13/2020
- Petroleum Geology - AAPL Monthly Streaming Video (Free for Members) on 3/19/2020
- Oil & Gas Land Review, CPL/RPL Exam in Coraopolis, PA on 5/12/2020-5/15/2020

Strategic Planning Committee

The AAPL is acutely aware of the downturn and its impact on landmen across the region. The Strategic Planning Committee is working to identify the ways in which landmen who have been impacted by recent reductions can be assisted. The Committee is evaluating a variety of options. If you have suggestions regarding the ways in which the AAPL can assist its members, please let me know. I would be happy to relay those suggestions back to the Committee.

Financials

The AAPL continues to be in a strong financial position with \$38,460,078 in total assets. This is an increase of 3.4% over the prior year and is primarily due to distributions from NAPE Expo, LP and market activity related to the investment account. Total liabilities are \$2,290,725 which represents a



AAPL DIRECTOR'S REPORT

continued

slight increase (10%) over the prior year due to timing of accounts payable and accrued expenses as well as an increase in deferred revenue related to membership dues offset by decreases in deferred revenue for Educational Programs and Contract Center. Expenses have increased 26.8% to \$1,633,056 due to increases in general administrative expenses, education expenses, information technology and software expenses. Education expense increases for speaker fees and expenses as well as printing materials. IT expenses related to web-based enhancements for member join/renew options, application modifications and public membership directory work. AAPL investments total \$30,100,811 and are up 5% over the prior year. The change is the result of a transfer of \$800,000 into the investment account from the money market account and unrealized and realized gains in the investment account.

NAPE Summit – February 3-7, 2020!

NAPE Summit is the largest event of its kind with networking, educational opportunities and the Global Business Conference. The event will be held at the George R. Brown Convention Center in Houston, TX. The event brings together all disciplines and is the industry's premier marketplace for buying, selling and trading. More information including a schedule of events can be found at <http://napeexpo.com/summit>

Annual Meeting Registration is Open! Early Bird Pricing Ends April 3, 2020!

The AAPL's 66th Annual Meeting will be held in Huntington Beach, California on June 17-20, 2020. Join us at the oceanfront Hyatt Regency Huntington Beach Resort and Spa for the opportunity to network and earn over 35 continuing education credits.

Attendees will have the opportunity to sign up for two off-site field trips subject to a separate fee. The THUMS tour will include a visit to THUMS Islands. Built in 1965, these artificial islands in San Pedro Bay off the coast of Long Beach, California were built to tap into the East Wilmington Oil Field. They feature landscaping and sound walls designed to camouflage the entire operation while maintaining visual appeal. There will also be a Signal Hill Petroleum tour featuring a look at the facility and local historical landmarks. This tour will highlight the ways in which the company has succeeded in the development and production of oil and gas in urban areas.

Annual Meeting Registration Fee for Members is \$600, Non-Members \$800 and Students \$150. Separate fees for tours golf, etc. do apply. See the AAPL website for additional information.

Did you know? The AAPL has established a Professional Development Assistance Program that reduces the registration cost of AAPL events – including the Annual Meeting - by up to \$300? The program is designed for AAPL Active Members in good standing for at least two years who have not received financial assistance more than twice in the past calendar year. Visit www.landman.org and click the "Professional Development" tab to apply.

AAPL Quarterly Board Meeting

The next AAPL Quarterly Board Meeting will be held in early March 2020. Please do not hesitate to reach out if there are particular topics you would like for me to address at the next meeting. I can be reached at cdotson@nne-llc.com or 304.212.0416.



From left to right: Jay Beavers, AAPL President, speaks to attendees of the Quarterly Board Meeting in Grapevine, TX. Christa Dotson, AAPL Director, at the Gaylord Texan Resort for the Quarterly Board Meeting in December 2019.



MARCH ALL-DAY SEMINAR

Thursday, March 26, 2020

9:00am – 4:00pm

*Networking cocktail hour to follow

Tentative speakers include:

*Andrew Graham, Paula Rauchfuss,
Dan Billman, Keri Cimarolli, Thomas Long,
Phillip Khoury, Lori Scheuvront*

Bridgeport Conference Center
300 Conference Center Way,
Bridgeport, WV 26330

Questions? Please contact:
Chuck Saffer or Abby Veigel
abbyveigel@mlbc-aapl.org
www.mlbc-aapl.org





January Dinner Meeting

January 16, 2020
Hilton Garden Inn
Canonsburg, PA

By Daniel Cooper, Newsletter Committee Chairman



Old Man Winter decided to finally show up as the temperatures plunged, the winds picked up and snow flurries were about on the eve of the first MLBC dinner meeting in 2020. Over 50 people gathered at the Hilton Garden Inn in Canonsburg, PA for an enjoyable social hour prior to the dinner. There was a healthy amount of catching up to do with our colleagues since the last meeting was a luncheon last November. We only had ½ of a meeting room, so the close quarters made drifting from conversation to conversation very easy. A scrumptious meal (kudos to the meeting planning committee for those menu choices!) was followed by an interesting presentation from Nik Tysiak at Babst Calland. He spoke on tax deeds, tax assessments and tax sales in West Virginia. It was certainly a complex topic, but Nik did a wonderful job in helping us understand the information provided and even provided a little humor along the way! Thanks to the Education Committee for starting the year off with some unique educational content.

We hope to see everyone again at our next event which is a Membership Appreciation and Member Drive Happy Hour at the Parlay Lounge in Washington, PA. See the flyer in The Wildcatter for more information.

Top Left: Jeremy White, MLBC President, makes opening remarks.

Top Right: Nik Tysiak from Babst Calland was the dinner speaker.

Middle: A sizable crowd was in attendance.

Bottom Left: Thanks to our sponsors!

Bottom Right: Jeremy White and Abby Veigel announce the door prize winners.





LEGISLATIVE & REGULATORY UPDATE

By Nikolas Tysiak
Legislative and Regulatory Chairman

Happy New Year all! Lots to report on from the Legislative and Regulatory Committee this cycle! So, let's dig right in.

In *Bounty Minerals, LLC v. Chesapeake Exploration, LLC*, 2019 U.S. Dist. LEXIS 219681, the U.S. District Court for the Northern District of Ohio granted Chesapeake's Motion for Summary Judgment finding royalties had been properly paid to Bounty Minerals under the terms of its leases. As part of its practice, Chesapeake sold the gas produced from its wells to Chesapeake Energy Marketing, an affiliate, at the production pad. Chesapeake Energy Marketing then transported the gas and entered into contracts with third-party midstream companies for post-production services to enhance the value of the gas, thereby causing the gas to be sold at higher prices downstream. Chesapeake Operating received payment from Chesapeake Energy Marketing and calculated royalties paid to Bounty Minerals using the "net-back" method. Bounty filed its complaint alleging breach of contract and asserting that that royalties should be paid based on downstream sales values.

The court held that the language of the gas royalty provision should be read as a cohesive whole, with effect and meaning given to all of its terms. The court found that the valuation point for both affiliated and unaffiliated sales occurred at the wellhead. Accordingly, because Chesapeake properly paid royalties pursuant to the terms of the leases, the court determined that Chesapeake fulfilled its obligations under the "reasonable prudent operator standard" and rejected Bounty's argument that Chesapeake acted in bad faith in failing to disclose deductions for post-production costs in its royalty statements. Because Bounty's royalties were properly calculated at the wellhead via the "net-back" method in accordance with the terms of its leases, the court granted Chesapeake Motion for Summary Judgment.

In further Ohio news, the Ohio Supreme Court accepted the appeal in *West v. Bode* where the sole issue is whether the Ohio Dormant Mineral Act supersedes the Ohio Marketable Title Act ("MTA"), making the MTA no longer applicable to oil and gas interests. This one is likely to have real title consequences, so we will be sure to continue monitoring.

In Pennsylvania, the Supreme Court overturned several decisions adverse to oil and gas operators in the case styled *Briggs v. Southwestern Energy Production Company*, Case No. 63 MAP 2018, ___ A.3d ___ (Middle District Pennsylvania, January 22, 2020). Briggs involved a landowner claiming trespass and conversion of oil and gas from under their property by Southwestern (now SWN Production Company). However, the trespass was implied through the use of hydraulic fracturing – as the Supreme Court notes, at no point did the landowner allege a physical intrusion onto the surface or subsurface of their property. The Superior Court of Pennsylvania agreed with the landowners' reasoning and held SWN liable. The Supreme Court overturned this decision. The Supreme Court held that, without a physical entry, there can be no trespass and that the rule of capture effectively precludes a claim of conversion without an actual trespass. In other words, SWN may have drained the Briggs' lands but did not improperly drain the land under Pennsylvania law. Nevertheless, the Supreme Court left open the possibility that a claim for trespass by hydraulic fracturing could be maintained if factual evidence of an actual trespass in the form of unwanted fracturing or fluid could be presented. In reality, providing evidence of this type of trespass is nigh on impossible with existing technology. Consequently, the possibility of a flood of "trespass by hydrofrack" claims (which caused apprehension among several Pennsylvania producers) has been tamped down significantly.

Also in Pennsylvania, the U.S. District Court for the Middle District of Pennsylvania heard a case dealing with Title Washing of unseated lands through tax sale. In short, a landowning trust claimed certain subsurface rights (including oil and gas), but a 1908 tax sale had effectively extinguished those rights for the benefit of the Pennsylvania Game Commission. *Pennsylvania v. Thomas E. Proctor Heirs Trust*, Case No. 1:12-CV-1567 (M.D. Pa. December 18, 2019).

LEGISLATIVE & REGULATORY UPDATE

continued

In West Virginia, where the legislative session has commenced, there have been several bills proposed that are relevant to the oil and gas industry, but not yet passed into law.

- SB 316, January 13, 2020 – remove requirement that a member of the Oil and Gas Conservation Commission must possess a degree in geology or petroleum engineering and be a registered professional engineer.
- HB 4090, January 15, 2020 – reduce the severance tax on “marginal” wells (from 5,000 – 60,000 cubic feet of gas per day, or 1-10 barrels of oil per day) from 5% to 2.5%, with the tax funding the Gas Abandoned Well Plugging Fund.
- HB 4190, January 14, 2020 – amend law regarding excise tax paid for the privilege of transferring property to change the definition of the word “documents” in regard to “mineral interests”. The purpose of this change is to include mineral transfers and leases within the definitions and collect taxes on more different types of documents.
- HB 4088, January 10, 2020 – amend existing West Virginia law to allow for payments held for the benefit unknown and/or unlocatable oil and gas owners to become the property of the Oil and Gas Reclamation Fund after 7 years. It also allows for newly discovered unknown owners of a particular tract to be added to a class, so the ownership group is not a closed group.
- HB 4091, January 15, 2020 – allow for expedited permitting process when a permit is not approved between the 45th and 60th days since application.
- HB 2568, January 8, 2020 – increase the severance tax on produced oil and gas from 5% to 10%.

Thanks to you all for reading, feel free to reach out at any time if you feel there is additional legislative or regulatory news that you want covered.

Nik Tysiak



MLBC SOCIAL

PARLAY LOUNGE
MEADOWS CASINO

Thursday,
February 13, 2020
5:30 - 7:30 pm

YOU'RE INVITED!!

- FREE EVENT FOR MEMBERS AND GUESTS
- REGISTER ONLINE
- HORS D'OEUVRES & LIGHT FOOD
- FIRST HOUR OPEN BAR

FEBRUARY 13, 2020

PARLAY LOUNGE AT
HYATT PLACE
PITTSBURGH SOUTH
212 Racetrack Rd,
Washington, PA 15301



Upcoming Events

February 13, 2020

Membership Drive & Happy Hour
Parlay Lounge – Washington, PA

March 26, 2020

All Day Seminar
Bridgeport Conference Center – Bridgeport, WV

May 7, 2020

Dinner Meeting
Wheeling Island Casino – Wheeling, WV

May 8, 2020

Spring Charity Golf Outing

www.mlbc-aapl.org

June 18, 2020

Awards Dinner and Scholarship Presentation

STAY CONNECTED!

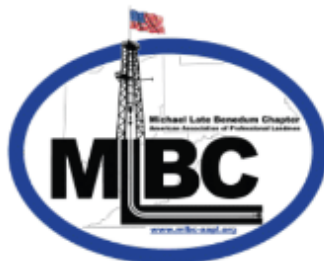
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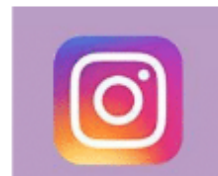
Michael Late
Benedum
Chapter
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2019-2020

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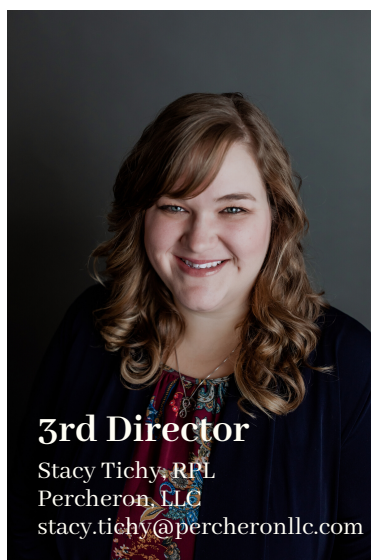
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2019-2020



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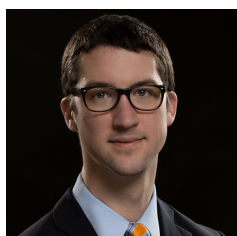
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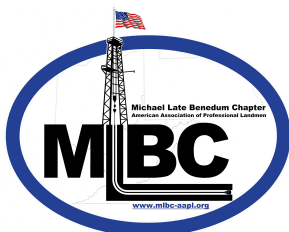
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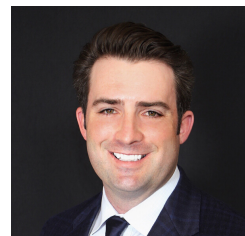
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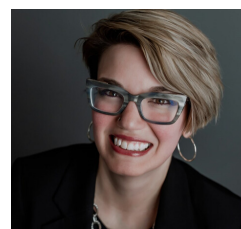
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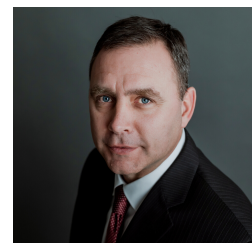
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NEW MEMBERS

and CERTIFICATIONS



January 2020

First Name	Last Name	Employer	Member Type	Sponsoring Member
Hannah	Keeler	Cabot Oil & Gas Corporation	Associate	Morgan, Adam
Richard	Bell	Crimson Resources LLC	Active	Gillette, Richard

New members are approved on a monthly basis. If the need arises to move along membership approval (ex. Ohio Landman Registration), please email Abby Veigel - abbyveigel@mlbc-aapl.org

SHOUT OUT!

Congratulations to the following members recently gaining their Certification through the AAPL:

CPL

Wesley Rosenbaum

RPL

Hayden Jordan
Bryce Morrison

RL

Charles Miller

Total Members: 1,041

Active: 699
Active PP: 29
Honorary: 10

Total Active: 728
% Active: 69.93%

Associate : 219
Student: 84



MEMBERSHIP INFORMATION



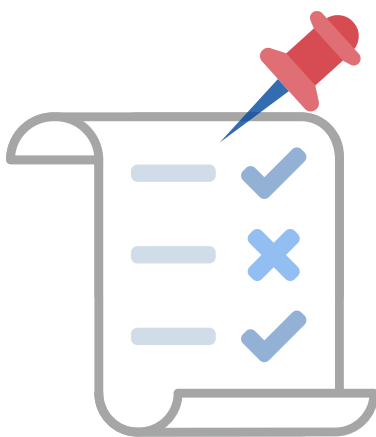
The MLBC membership application is located on the website at www.mlbc-aapl.org. Please check your information on the website prior to submitting your renewal. The MLBC website has an updated version of the membership listing. Please use this resource if you cannot find yours or others information in the directory. Please report any errors or omissions to Abby Veigel at abbyveigel@mlbc-aapl.org.



Michael Late Benedum
"The Great Wildcatter"

Notice of the application(s) of all potential Chapter members shall be published in the next regularly scheduled Chapter newsletter, "The Wildcatter." Active members shall have the opportunity during 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.



Don't Forget!

**Membership renewals
for 2020 are due SOON.
Remember to renew
your membership to
maintain your status for
the year!**

*Please note the Chandor Portrait of Michael L. Benedum appearing on the cover page of this issue of *The Wildcatter* has been reprinted with the permission of the West Virginia and Regional History Center, West Virginia University Libraries