



North Carolina Department of Environment and Natural Resources

Pat McCrory
Governor

Donald R. van der Vaart
Secretary

MEMORANDUM

TO: ENVIRONMENTAL REVIEW COMMISSION
The Honorable Brent Jackson, Chairman
The Honorable Mike Hager, Co-Chairman

JOINT LEGISLATIVE COMMISSION ON ENERGY POLICY
The Honorable Bob Rucho, Co-Chairman
The Honorable Mike Hager, Co-Chairman

FROM: Dr. Vikram Rao
Chairman of the North Carolina Mining and Energy Commission

Tracy Davis
Director of the Division of Energy, Mineral, and Land Resources

SUBJECT: Report on the Landman Registry Pursuant to S.L. 2013-365 SECTION 2.(c)

DATE: April 1, 2015

Pursuant to Session Law 2013-365 SECTION 2.(c), the North Carolina Mining and Energy Commission and the Division of Energy, Mineral, and Land Resources shall submit to the Environmental Review Commission and the Joint Legislative Commission on Energy Policy a report on the North Carolina landman registry on or before April 1, 2015. Please consider the Report on the Landman Registry Pursuant to S.L. 2012-143 SECTION 2.(c) attached as the formal submission of this report.

If you have any questions or need additional information, please contact me by phone at (919) 707-9201 or via e-mail at Tracy.Davis@ncdenr.gov.

cc: Tom Reeder, Assistant Secretary for the Environment
Matthew T. Dockham, Director of Legislative Affairs
Brad Knott, Deputy Director of Legislative Affairs
Tracy Davis, Director, Division of Energy, Mineral, and Land Resources
Brad Atkinson, Energy Section Chief, Division of Energy, Mineral, and Land Resources
Walt Haven, Oil and Gas Management Program Supervisor

Landman Registry Study Group- Final Report Session Law 2013-365

Mining and Energy Commission Members:

- Dr. Ray Covington, Study Group Director
- George Howard
- Charlotte Mitchell
- Charles Taylor
- James Womack

Additional Study Group Members:

- Holly Carless, AAPL- Governmental Affairs Liaison
- Ray Carper, Industry
- Mike Flores, AAPL
- Monty Frelich, NC Landman
- Janet Thoren, North Carolina Real Estate Commission- Counsel
- Lynne Weaver, North Carolina Department of Justice- Consumer Protection Division

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1. Introduction

This study group report is in response to Session Law 2013-365- The Domestic Energy Jobs Act, which was ratified and signed into law in July of 2013. The study sanctioned under Section 2.(c) states, “The Mining and Energy Commission, with the assistance of the Department of Environment and Natural Resources, shall study issues related to establishment and implementation of the registration requirements for landmen under G.S. 113-425. At a minimum, the study shall include a review of the number of individuals currently registered in North Carolina; other states' requirements with respect to registration of landmen; and regulations governing landmen operating in other industries in North Carolina and other states. The Commission and the Department shall receive input from the oil and gas industry and other stakeholders on the current registry, its effectiveness, and whether modifications or discontinuance is advisable. The Mining and Energy Commission shall report its findings and recommendations to the Environmental Review Commission and the Joint Legislative Commission on Energy Policy on or before April 1, 2015.”

The landman registry was first established in 2012 pursuant to Session Law 2012-143. This session law set out the requirements for the N.C. Department of Environment and Natural Resources to establish and maintain a registry of “landmen” operating in North Carolina. Essentially, “landmen” are individuals who are hired by oil and gas companies to research ownership of mineral rights in a prospective drilling area, and who then contact landowners – often by going door-to-door as salespersons – to solicit leases from landowners for the landowners’ oil and gas rights.

The term “landman” as defined in Session Law 2012-143 is “a person that, in the course and scope of the person’s business, does any of the following:

1. Acquires or manages oil or gas interests.
2. Performs title or contract functions related to the exploration, exploitation, or disposition of oil or gas interests.
3. Negotiates for the acquisition or divestiture of oil or gas rights, including the acquisition or divestiture of land or oil or gas rights for a pipeline.
4. Negotiates business agreements that provide for the exploration for or development of oil or gas.”

A landman, as defined above, may not act, offer to act or hold himself or herself out as a landman in North Carolina unless he or she is registered with the Department of Environment and Natural Resources. The Department may deny registration to an applicant, reprimand a registrant, suspend or revoke a registration, or impose a civil penalty on a registrant if the Department finds that the applicant or registrant does any of the following:

1. Fraudulently or deceptively obtains, or attempts to obtain, a registration.
2. Uses or attempts to use an expired, suspended, or revoked registration.
3. Falsely represents oneself as a registered landman.
4. Engages in any other fraud, deception, misrepresentation or knowing omission of material facts related to oil or gas interests.
5. Had a similar registration or license denied, suspended, or revoked in another state or jurisdiction.
6. Otherwise violates G.S. 113-425.

Applicants may challenge a denial, suspension or revocation of a registration.

2. Study Group Findings

Review of Other States

The Study Group found that none of the 34 states currently active in oil and gas production activities require formal landman registration. Other than North Carolina, the only other state with a statutory requirement for landman registration is Maryland, which appears to have implemented its statute after the passage of the North Carolina landman requirement. In 2012, Ohio was unsuccessful in implementing a similar type of registry system.

It is important to note, however, that although landmen may not be specifically addressed in the laws of most jurisdictions, in some states the conduct of landmen might be considered to be included in the definition of a real estate broker. Real estate brokers are licensed in all 50 states. A review of the law for each of the states indicates that 14 states exempt landmen from the definition of a real estate broker, while 34 states, including North Carolina, have no such exemption. While both North Carolina and Maryland require registration of landmen, the negotiation of leases is defined as real estate brokerage in the laws of both states and therefore it

would appear that landmen must be licensed as real estate brokers as well. Ohio law is unsettled at the moment on a number of issues related to oil and gas leases and landmen but it appears they may not need to be licensed as real estate brokers, and there is legislation pending

The Study Group also reviewed how other oil and gas producing states define landmen. Based on a review of the common scope of work and responsibilities of landmen, Study Group recommends that the definition from Pennsylvania be adopted (See Attachment 1- 09Feb Meeting Minutes for other discussed terms). The definition from Pennsylvania is as follows:-

“A) For purposes of this subsection, the term “landman” means a land professional who has been engaged primarily in (i) negotiating the acquisition or divestiture of mineral rights,(ii) negotiating business agreements that provide for the exploration for or development of minerals, (iii) determining ownership of minerals through research of public and private records, (iv) reviewing the status of title, curing title defects, and otherwise reducing title risk associated with ownership of minerals, (v) managing rights or obligations derived from ownership of interests and minerals, or (vi) activities to secure the unitization or pooling of interests in minerals.”

Maryland Registration Requirement

The State of Maryland has recently proposed and adopted new regulations concerning the registration of land professionals in the state, see Attachments 8 and 9. The Department of Labor oversees landmen who apply for registration as a landman in the state. The required criteria for someone to qualify as a landman include:

1. At least a 4 year degree or proof of continuous engagement as a landman for at least 4 years;
2. Agree to abide by the Code of Ethics and Standards of Practice of the American Association of Professional Landmen (AAPL);
3. Submit an application for approval by the Maryland Department of the Environment; and
4. Payment of a fee predetermined by the Department to cover the cost of running the landman registration program.

After approval and payment of the fee, a landman is then registered for two years. All registrations expire after two years and the landman must reapply at that time.

The applicant must provide the following information on the application:

1. The name of the individual or the organization/company. If registering as a company all names of those to act on behalf of the company must be provided;
2. The business address, telephone number(s), and e-mail address(es);
3. The Social Security Number or Federal Employer Identification Number of the applicant;
4. A description of their qualifications as a landman; and
5. An agreement to abide by the Code of Ethics and Standards of Practice of the American Association of Professional Landmen.

Ohio Registration Consideration

In 2012, the State of Ohio introduced a bill, Ohio House Bill 493 (see Attachment 10), Section 1509.311 that states a “land professional,” as landmen are referred to by the Ohio Government, must annually apply for registration with the Chief of the Division of Oil and Gas Resources Management. The Ohio 129th General Assembly last voted on the matter in 2012; since then the bill has not been brought back up or passed into law.

The applicant would have had to specify in which counties he or she wished to operate as a “land professional.” A fee would have been charged for initial registration and for re-registration. The “land professional” would be given a registration number and certificate; and the registry would be published online. The proposed bill also required that prescribed disclosure forms be provided to owners of mineral rights with whom the “land professional” sought to negotiate leases.

3. Review of Professional Organizations

There were a wide variety of professional organizations that were reviewed in the course of this study and report. These organizations are more prevalent in states with longer histories of oil and gas development, such as in Texas. The various organizations focus on local, regional, and national perspectives on topics such as leasing, real estate, and contract law. The most widely recognized professional association of landmen is the American Association of Professional Landmen (AAPL). AAPL is frequently referenced by other landman organizations, several of

which require a membership with AAPL prior to membership with their own organizations.

Some of the other professional groups include:

- The AAPL- Northern Appalachian Landman Association (NALA) mainly in Ohio, Pennsylvania, and New York;
- The AAPL-Michael Late Benedum Chapter (MLBC) operating solely in Pittsburgh, Pennsylvania;
- The HAPL- Houston Association of Professional Landmen;
- The Ark-La-Tex Association of Professional Landmen;
- The Permian Basin Landmen's Association- operating in the Permian Basin in Texas, in other states such as Oklahoma, Louisiana, and in other parts of Texas, New Mexico, and the Rocky Mountain and Mid-Atlantic state regions ; and
- The Michigan Association of Professional Landmen.

The AAPL is a reputable organization with a strict Code of Ethics and Basis of Conduct by which all members must abide (see Attachment 4). The AAPL Ethics and Executive Committees deal with violations of this code, conduct, or AAPL bylaws. The AAPL has several membership levels for which a landman can apply: Active membership, Associate membership, Student membership, Senior membership, Life membership, and a Golden Lease membership. The application forms were provided by the AAPL for the February 9th meeting and can be found as Attachment 6 to this report.

There are annual membership dues for each level, and each one comes with different benefits. There are also several certifications for which an AAPL Landman can apply. The basic memberships are as follows:

1. Active Membership: to join, one must fit the description of a landman as defined by the AAPL, have a four year degree from an accredited university/college or have continuously worked as landman for at least four years, have an active AAPL member sponsor, and agree to comply with the Code of Ethics and Standards of Practice.
2. Senior Membership: to qualify, an application must be submitted and approved by the AAPL Board of Directors. Additionally, the applicant must be at least 65 years

of age, have at least 15 years of experience in landwork, and must have been an active AAPL member for at least 15 years. Once granted this status, respective membership dues are reduced.

3. Associate Membership: those who qualify get full membership benefits, but cannot vote in AAPL matters. Associate members are also not allowed to serve as a sponsor for another member. This is available to those who are associated with landwork, those who supervise landwork, and those who do not qualify for an active membership. Annual membership dues are \$100. Associate members frequently include oil and gas attorneys, geologists, geophysicists, and engineers.

The Ethics Committee of the AAPL "...is responsible for upholding the ethical standards of the AAPL by making recommendations to the Board of Directors and Executive Committee for appropriate action."

Actions that can be taken by AAPL in response to alleged ethical violations by a member or allegations of misconduct by a member are: (a) dismissal of the complaint; (b) censure of the member; (c) suspension for a stated period of time; (d) allowing the member to resign; or (e) expulsion from AAPL.

The AAPL has also provided some feedback concerning a state registry and the practices they use to keep AAPL landman up to date on state laws and regulations concerning the industry. This information can be found in the attached questionnaire e-mail the Department used when initially contacting the AAPL to be a member of the study group (see Attachment 5).

4. Review of North Carolina Registry

As previously stated, any person who in the course and scope of business conducts any of the following activities is required to register with the Department as a landman:

1. Acquires or manages oil or gas interests;
2. Performs title or contract functions related to the exploration, exploitation, or disposition of oil or gas interests;
3. Negotiates for the acquisition or divestiture of oil or gas rights, including the acquisition or divestiture of land or oil or gas rights for a pipeline; and

4. Negotiates business agreements that provide for the exploration for or development of oil or gas.

Currently the Division of Energy, Mineral, and Land Resources- Energy Section- Oil and Gas Program manages the list of registered landmen (see Attachment 3). All of the received applications can be viewed at the following webpage: <http://portal.ncdenr.org/web/lr/registry-of-landmen>. A copy of the Landman Application can also be found at that web address and attached to this report as Attachment 2. Since August of 2012, the Program has received 60 (as of 03March2015) Landman Applications:

- 38 are North Carolina residents; the remaining 22 landmen are from Texas, Louisiana, Ohio, and New York;
- Seven landmen hold similar registrations in other states; nine are North Carolina Real Estate Brokers; and three hold some other type of registration or association membership.
- None of the landmen reported having a similar registration suspended or revoked in other states.

To the knowledge of the Study Group, to date, there has only been one instance where an out-of-state party attempted to solicit oil and gas leases from North Carolina landowners without registering as a landman. The company and individual were reported to both the Department of Environment and Natural Resources and the Department of Justice- Consumer Protection Division (Consumer Protection Division). The Consumer Protection Division issued a cease and desist letter (see Attachment 7) to the company and individual setting out the landowner protection provisions of the Oil and Gas Conservation Act that were violated, including but not limited to the following:

1. Failing to register as a landman;
2. Failing to provide required landowner education materials with the lease documents;
3. Failing to provide a required disclosure that the landowner must obtain approval of the lease from the landowner's mortgage lender prior to signing the lease;
4. Exceedance of the maximum lease term allowed under law; and
5. Failing to provide written notification of the landowner's right to rescind or

cancel the lease.

(See G.S. § 113-425, 113-423(a), (b), (i), (j).) The letter further requested a complete list of all North Carolina landowners to whom leases were sent, and identification of any landowners who accepted a lease and date(s) of payment. In response to the letter, the leasing company initially reported that it had received signed leases from two North Carolina landowners, but later reported that it had received none. The company stated that it would come into compliance with North Carolina law, and the leasing agent subsequently submitted a landman registry application. The Consumer Protection Division has received no further reports that the company has continued soliciting leases in North Carolina. In addition, the Division checked the records of the registers of deeds' offices in counties located in the Triassic and Dan River Basins and found no recorded leases by the company.

5. Conflicting Requirements with G.S. 93A

G.S. 93A-2 defines a real estate broker as “any person, partnership, corporation, limited liability company, association, or other business entity who for a compensation or valuable consideration or promise thereof lists or offers to list, sells or offers to sell, buys or offers to buy, auctions or offers to auction (specifically not including a mere crier of sales), or negotiates the purchase or sale or exchange of real estate, or who leases or offers to lease, or who sells or offers to sell leases of whatever character, or rents or offers to rent any real estate or the improvement thereon, for others. Real estate brokers must be licensed by the North Carolina Real Estate Commission and when the landmen registry was created, there was no exception made to the law requiring them to be licensed as real estate brokers. Because landmen negotiate leases, arguably they must be licensed as real estate brokers.

6. Study Group Recommendations

The Study Group has the following findings and recommendations regarding the North Carolina Landman Registry:

1. The current registry contains no standards at all for registration, and anyone can register as a landman in North Carolina. As a result, the current registry may provide a false sense of security to landowners of the landman's qualifications and expertise, as well as the landman's authority to solicit leases in North Carolina.

2. A disclaimer should be added to the Department webpage to inform the public that the registry is not a verified/vetted/endorsed registry.
3. The definition of “landman” should be modified based on the definition in Pennsylvania, which has been recommended by AAPL, so as to most accurately describe the responsibilities and services of landmen:

“A) For purposes of this subsection, the term “landman” means a land professional who has been engaged primarily in (i) negotiating the acquisition or divestiture of mineral rights, (ii) negotiating business agreements that provide for the exploration for or development of minerals, (iii) determining ownership of minerals through research of public and private records, (iv) reviewing the status of title, curing title defects, and otherwise reducing title risk associated with ownership of minerals, (v) managing rights or obligations derived from ownership of interests and minerals, or (vi) activities to secure the unitization or pooling of interests in minerals.”
4. The Landman Registry should be removed from DENR and placed under the authority of the North Carolina Real Estate Commission. The Real Estate Commission is the regulatory agency for the State of North Carolina that is charged with licensing and regulating real estate brokers and has experience in regulating land and lease transactions which is not within the expertise of DENR.
5. A provision should be added to the existing landman statute, G.S. 113-425, making clear that a material violation of the statute, including but not limited to the false representation that one is a registered landman, or the engaging in any fraud, deception, material misrepresentation, or knowing omission certification of material facts related to oil or gas interests by a landman may constitute an unfair and deceptive practice in violation of G.S. 75-1.1, which may be enforced by the Attorney General. While existing statutory law under Chapter 75 provides for this authority, the addition of this statutory provision would make clear the Attorney General’s authority to obtain injunctive relief and other remedies in instances of material violations by landmen.
6. The Real Estate Commission authority should include the ability to remove an individual from the registry.

7. There should be a landman application and an annual renewal fee required. The fee should be appropriate depending on the level of oversight provided by the Real Estate Commission.
8. The Real Estate Commission should require that a landman disclose his or her credentials at time of leasing/negotiations and identify to the landowner where he or she may inquire in case of questions or complaints on the landman.
9. Require a landman to obtain and maintain a certain level of an independent and nationally recognized membership in a landman organization that requires continuing education for its members. The Real Estate Commission shall have the authority to approve the organization and their educational requirements.
10. Allow the Real Estate Commission to waive registration requirements and approve a landman based on other registrations, licensure, or equivalent education or experience he or she may have.
12. Many on the Study Group believe that it would be beneficial for model lease documents to be made available to landowners. To that end, the legislature may want to consider directing the Consumer Protection Division of the Attorney General's Office to explore, in conjunction with the NC Cooperative Extension Service, and other interested parties, whether model lease documents can and should publicly be made available to landowners.

List of Attachments:

1. Meeting Minutes from February 9 th and March 20 th , 2015 meetings.....	Page 14
2. North Carolina Landman Application.....	Page 37
3. Copy of North Carolina Landman Registry (as of March 3, 2015).....	Page 40
4. American Association of Professional Landmen- Code of Ethics.....	Page 43
5. American Association of Professional Landmen- Questionnaire.....	Page 45
6. American Association of Professional Landmen- Applications.....	Page 48
7. North Carolina Department of Justice- Division of Consumer Protection- Oil and Gas Lease letter(s).....	Page 78
8. State of Maryland- Land Professional Rules and Regulations.....	Page 103
9. State of Maryland- Land Professional Application.....	Page 110
10. Proposed Ohio House Bill 493.....	Page 112

**ATTACHMENT 1: MEETING MINUTES FROM FEBRUARY 9TH AND MARCH 20TH, 2015
MEETINGS**

Meeting Minutes of the Landman Registry Study Group of the
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February 9, 2015

1. Preliminary Matters

Study Group Director Dr. Ray Covington called the meeting to order at 10:04 a.m. Dr. Covington read the ethics statement and asked Study Group members who were Mining and Energy Commission (MEC) members whether or not they had conflicts of interest with respect to action items on the agenda. No conflicts were raised.

The following persons were in attendance for all or part of the meeting:

Study Group Members Present

Dr. Ray Covington, Director, MEC
Charlotte Mitchell, MEC
Charles Taylor, MEC
Jim Womack, MEC
Janet Thoren, Real Estate Commission
Monty Frelich, NC Landman
Lynn Weaver- Consumer Protection
Ray Carper
Mike Flores, AAPL
Holly Carless, AAPL

DENR Members Present

Tracy Davis, DEMLR
Robert Josey, DEMLR Rules Coordinator
Chandler Warner, DEMLR
Katherine Marciniak, DEMLR
Michael Twarog, Oil and Gas Program, Research Intern

Others in Attendance

Refer to the meeting sign in sheets (attached to these minutes).

2. Purpose of Study- Session Law 2014-4

Dr. Covington gave a brief description on the history of the landman registry with Session Law 2012-143. The Consumer Protection Division had reported in spring of 2012, prior to the passing of Session Law 2012-143, that a registry that offered landowners some level of protection and guidance for oil and gas leasing should be established. Subsequently Session Law 2013-365 was passed requesting that the Mining and Energy Commission, the Department, and other appropriate parties study the registry and make findings and recommendations to the Environmental Review Commission and the Joint Legislative Commission on Energy Policy by April 1, 2105. Session Law 2013-365 requires at a minimum:

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- Review of the number of individuals currently registered in North Carolina;
- Review other states' requirements with respect to registration of landmen;
- Review other regulations governing landman operating in other industries in North Carolina and other states; and
- Review the effectiveness of the current registry and determine whether modifications or discontinuance is advisable.

3. Review of other states practices – Michael Twarog, Oil & Gas Program Intern

Mr. Twarog gave a presentation on the practices of other states concerning landman registration for oil and gas leases. The presentation (available here: <http://portal.ncdenr.org/web/mining-and-energy-commission/landman9feb2015>) covered the current statutes in the state of Maryland, the proposed Ohio House Bill from 2012, and the various professional trade associations. The study group discussed the origination of the NC Registry and that the intent was to provide the landowners a level of security when leasing their land.

4. Review of current NC Landman Registry – Katherine Marciniak, DEMLR

Ms. Marciniak provided a brief review on the current Landman Registry. The spreadsheet presented can be viewed online at: <http://portal.ncdenr.org/web/mining-and-energy-commission/landman9feb2015>. Currently there are 59 registered landman on the list. This list is maintained by the Oil and Gas Program Staff and is published on line at: <http://portal.ncdenr.org/web/lr/registry-of-landmen>. Of the 59 registrants, 39 are North Carolina residents, and the others reside in Texas, Pennsylvania, West Virginia, Louisiana, and Ohio. Currently only seven are members of the AAPL and the other major licensure/registration is NC Real Estate Broker, which is held by eight of the landmen.

5. Update from Consumer Protection – Lynn Weaver, Consumer Protection Division

Ms. Weaver gave a brief review on the 2012 Consumer Protection Report explaining that the registry had support from some State Representatives and was to be a means for allowing North Carolina residents a way to double check on someone who may be offering them an oil or gas lease. The intention was for the registry to be similar to that that a real estate broker or mortgage broker would attain.

Ms. Weaver also updated the group on the leasing complaints that were received by Consumer Protection Division in July 2014. They had received complaints from a few landowners that a company based out of Pittsburgh, Pennsylvania was sending out lease documents for people to sign. After reviewing the leases, the Consumer Protection Division sent a cease and desist letter to the company citing the violations. In response to the letter the leasing company initially reported that they had acquired two leases, but later reported none. The leasing agent also submitted a landman registry application. Consumer Protection Division has also checked the deeds records for the area and has not found any recorded leases.

The study group discussed that there may be a problem with people bringing in and using leasing documents from other states that they work in. They also discussed if there is a way to help to provide an education packet to people with guidance material on how to operate in North Carolina.

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6. AAPL position on NC Registry – Holly Carless, Governmental Affairs Liaison, AAPL, Mike Flores, AAPL- Chair of Legislative and Regulatory Committee

Ms. Carless gave brief overview of the handouts that they provided for the study group to review. These handouts can be found online at: <http://portal.ncdenr.org/web/mining-and-energy-commission/landman9feb2015>. Ms. Carless explained the following items:

- The AAPL tracks state legislation that has to deal with landman, leasing, real estate, and other topics and all new information is presented to all the members of the AAPL.
- The application requirements are strict for new members and the continued membership of all AAPL landmen are contingent upon payment of dues, obtaining continuing education credits, and a good standing with the organization.
- The AAPL oversees landmen in various industries, but the main focus of the membership is the oil and gas industry.
- The AAPL views state run landman programs as ineffective due to the way most landmen work. They can operate in multiple states during a week, travel frequently, and ensuring that all state laws are being followed can be burdensome.

The study group discussed that the main focus of the AAPL is on the landman or leasing side; AAPL representatives added that their organization is concerned with protecting all parties involved in leasing transactions. The group also looked at three definitions of landmen- from Texas, Pennsylvania, and North Carolina (see further discussion under item 8 below).

The study group also discussed the following items:

- Leasing for oil and gas operations is a complicated and intricate document that should be reviewed prior to the landowner signing by a competent and practiced attorney.
- Some local governments have released lease shell documents for residents to use. This is more common in areas where the local government has engaged in oil and gas leasing. These documents provided residents with a base document to negotiate with and still ensure that the adequate protections are in place.
- The current North Carolina landman registry offers residents a false sense of security and needs added protections and enforcement capabilities to be added to it.
- The Department of Environment and Natural Resources is not the best place for this type of a registry. The Real Estate Commission or the Secretary of State is likely a better location due to the certification and licensing duties that those agencies already undertake.
- The statutory definition of a landman includes activities that would also require these people to register as real estate brokers in North Carolina, unless they are to be specifically carved out.

7. Presentation of draft report – Katherine Marciniak, DEMLR

Ms. Marciniak gave a brief overview of the draft report to the study group and indicated that not all of the appendices have content filled in yet. The missing content from the appendices in the report were given as handout-supplementary material for the meeting. All handouts and the report can be found here: <http://portal.ncdenr.org/web/mining-and-energy-commission/landman9feb2015>.

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8. Discussion of report by Study Group

The definition of a landman was discussed by the study group. The AAPL provided the following definitions for landmen:

- From PA- “A) For purposes of this subsection, the term “landman” means a land professional who has been engaged primarily in (i) negotiating the acquisition or divestiture of mineral rights, (ii) negotiating business agreements that provide for the exploration for or development of minerals, (iii) determining ownership of minerals through research of public and private records, (iv) reviewing the status of title, curing title defects, and otherwise reducing title risk associated with ownership of minerals, (v) managing rights or obligations derived from ownership of interests and minerals, or (vi) activities to secure the unitization or pooling of interests in minerals.”
- From TX-Texas Occupation Code: Sec. 1702.324
“(a) For the purposes of this section, "landman" means an individual who, in the course and scope of the individual's business: (1) acquires or manages petroleum or mineral interests; or (2) performs title or contract functions related to the exploration, exploitation, or disposition of petroleum or mineral interests.”
- From AAPL (currently being revised) - Landmen are the public facing (business) side of the oil, gas and mineral exploration and production team. They interact and negotiate directly with landowners to acquire oil and gas drilling leases on the behalf of oil and gas companies. There are three different types of landmen:
 - Company landmen – Negotiate deals and trades with other companies and individuals, draft contracts (and administer their compliance), acquire leases, clear title, prepare land for drilling and ensure compliance with governmental regulation.
 - Independent field landmen – Serve clients on a contract basis and are generally the industry’s contact with the public as they research courthouse records to determine ownership and prepare necessary reports and locate mineral and land owners. They negotiate oil and gas leases and various other agreements, obtain necessary curative documents and conduct surface inspections before drilling.
 - Independent land consultants – Serve clients on a contract basis to perform the functions listed above. Much effort is directed to due diligence examinations required in the purchase and sale of companies and properties.

9. Finalize recommendations for report

The study group discussed the following findings and recommendations based on the information discussed at the meeting:

1. Current registry provides false sense of security to landowners- is nothing more than a contact list;
2. Disclaimer on webpage to inform the public that the registry is not a verified/vetted registry;
3. Current definition of a landman would require additional licensure from other agencies:
 - a. Registration or certification processes prior to requiring a license;
4. No other state requires a registry or license other than North Carolina or Maryland;

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5. Provide guidance from Consumer Protection Division to landman with the requirements and guidance information for the state;
6. The information from CPD and any registration information of the landman should be provided to all landowners that they should check on the credentials of the landman along with the other required disclosures;
7. Any credentials that a landman does have should be disclosed at time of leasing/negotiations and where a landowner may contact in case of questions or complaints on the landman;
8. The Real Estate Commission is the more appropriate place for the Registry due to scope of the definition of a landman in North Carolina;
9. Require a landman to be a member of a national landman organization that requires continuing education for its members;
10. Right of way agents in the state of North Carolina are required to be a broker in the state; and
11. Model lease information/documents available.

These are not final recommendations and will be revised by the Study Group Director and staff prior to the next meeting.

10. Final Discussion

Dr. Covington stated that he will work with staff on the text for the study group findings and recommendations section of the report.

The study group will meet again on Friday, March 6th starting at 11 am. The meeting will be held in Room 504-Q in the Archdale Building, Raleigh, NC.

11. Public Comment- No one signed up for comment

12. Adjourn- Director Covington

The study group adjourned at 12:00 pm.

DENR Staff Contact for this Study Group: Ms. Katherine Marciniak, P.G., DEMLR

SIGN IN SHEET

NC Mining & Energy Commission

February 9, 2015
Landman Registry Study Group Meeting

9AM

PLEASE PRINT

	Name	Affiliation
1.	Robert Josey	DEMLR
2.	Ray Cunningham	MEC
3.	Jeannie Ambrose	Chatham Co.
4.	Katherine Marincic	DEMLR
5.	Michael Tunney	DEMLR
6.	Chandler Warner	DEMLR
7.	Marty Zula	DESI
8.	Lynne Weaver	NC DOJ
9.	Janet Thoren	Real Estate Commission
10.	Charlotte Mitchell	MEC
11.	Charles Taylor	MEC
12.	Jim Womack	MEC
13.	Brad Allison	DEMLR
14.	Sharon Gantt	Chatham Co.
15.	Maryna Giraloni	Chatham Co.

NAME	AFFILIATION
16. Tracy Davis	DEMOCR
17. Ray Cooper	
18.	
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23.	
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Meeting Minutes of the Landman Registry Study Group of the
North Carolina Mining and Energy Commission
March 20, 2015

1. Preliminary Matters

Study Group Director Dr. Ray Covington called the meeting to order at 11:02 a.m. Dr. Covington read the ethics statement and asked Study Group members who were Mining and Energy Commission (MEC) members whether or not they had conflicts of interest with respect to action items on the agenda. No conflicts were raised.

The following persons were in attendance for all or part of the meeting:

Study Group Members Present

Dr. Ray Covington, Director, MEC
Charlotte Mitchell, MEC
Jim Womack, MEC
Janet Thoren, Real Estate Commission
Monty Frelich, NC Landman
Lynne Weaver- Consumer Protection
Ray Carper
Mike Flores, AAPL
Holly Carless, AAPL

DENR Members Present

Robert Josey, DEMLR Rules Coordinator
Brad Atkinson, DEMLR
Walt Haven, DEMLR
Katherine Marciniak, DEMLR
Michael Twarog, Oil and Gas Program, Research Intern

Others in Attendance

Refer to the meeting sign in sheets (attached to these minutes).

2. Approval of Minutes:

Mr. James Womack moved to approve the minutes from the February 9th meeting. Ms. Charlotte Mitchell seconded the motion. All were in favor.

3. Finalize recommendations for report

The study group discussed the following findings and recommendations based on the information discussed at the meeting and used the Revision 3 of the report as posted on the webpage at the following address: <http://portal.ncdenr.org/web/mining-and-energy-commission/landman20march2015>. See the

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North Carolina Mining and Energy Commission
March 20, 2015

attached revised report for the items that were discussed and flagged for additional clarification or verification (see Rev 3.1-attached to these minutes).

The Study Group discussed a few changes to the text of the report to provide more clarity on a few of the topics and finalized the following findings and recommendations:

1. The current registry contains no standards at all for registration, and anyone can register as a landman in North Carolina. As a result, the current registry may provide a false sense of security to landowners of the landman's qualifications and expertise, as well as the landman's authority to solicit leases in North Carolina.
2. A disclaimer should be added to the Department webpage to inform the public that the registry is not a verified/vetted/endorsed registry.
3. The definition of "landman" should be modified based on the definition in Pennsylvania, which has been recommended by AAPL, so as to most accurately describe the responsibilities and services of landmen:
"A) For purposes of this subsection, the term "landman" means a land professional who has been engaged primarily in (i) negotiating the acquisition or divestiture of mineral rights, (ii) negotiating business agreements that provide for the exploration for or development of minerals, (iii) determining ownership of minerals through research of public and private records, (iv) reviewing the status of title, curing title defects, and otherwise reducing title risk associated with ownership of minerals, (v) managing rights or obligations derived from ownership of interests and minerals, or (vi) activities to secure the unitization or pooling of interests in minerals."
4. The Landman Registry should be removed from DENR and placed under the authority of the North Carolina Real Estate Commission. The Real Estate Commission is the regulatory agency for the State of North Carolina that is charged with licensing and regulating real estate brokers and has experience in regulating land and lease transactions which is not within the expertise of DENR.
5. A provision should be added to the existing landman statute, G.S. 113-425, making clear that a material violation of the statute, including but not limited to the false representation that one is a registered landman, or the engaging in any fraud, deception, material misrepresentation, or knowing omission certification of material facts related to oil or gas interests by a landman may constitute an unfair and deceptive practice in violation of G.S. 75-1.1, which may be enforced by the Attorney General. While existing statutory law under Chapter 75 provides for this authority, the addition of this statutory provision would make clear the Attorney General's authority to obtain injunctive relief and other remedies in instances of material violations by landmen.
6. The Real Estate Commission authority should include the ability to remove an individual from the registry.
7. There should be a landman application and an annual renewal fee required. The fee should be appropriate depending on the level of oversight provided by the Real Estate Commission.

Meeting Minutes of the Landman Registry Study Group of the
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March 20, 2015

8. The Real Estate Commission should require that a landman disclose his or her credentials at time of leasing/negotiations and identify to the landowner where he or she may inquire in case of questions or complaints on the landman.
9. Require a landman to obtain and maintain a certain level of an independent and nationally recognized membership in a landman organization that requires continuing education for its members. The Commission shall have the authority to approve the organization and their educational requirements.
10. Allow the Real Estate Commission to waive registration requirements and approve a landman based on other registrations, licensure, or equivalent education or experience he or she may have.
12. Many on the study group believe that it would be beneficial for model lease documents to be made available to landowners. To that end, the legislature may want to consider directing the Consumer Protection Division of the Attorney General's Office to explore, in conjunction with the NC Cooperative Extension Service, and other interested parties, whether model lease documents can and should publicly be made available to landowners.

4. Final Discussion

The members who are flagged in the text to provide additional content or to verify content in the report shall make all edits or revisions and return to staff by noon on Tuesday, March 24th to finalize the report. The final report will be presented to the MEC on Thursday, March 26th.

5. Public Comment- No one signed up to comment.

6. Adjourn- Director Covington

The study group adjourned at 1:12 pm.

DENR Staff Contact for this Study Group: Ms. Katherine Marciniak, P.G., DEMLR

SIGN IN ~~TO SPEAK~~

NC Mining & Energy Commission's Landman Registry Study Group

March 20, 2015

11:00 am

PLEASE PRINT

Name	Affiliation
Jessie Ambrose	Chatham Co.
Martha W Givalarai	Chatham Co.
Monty J. Leibel	LEE Co.
W. J. Langston	LEE Co.
Walt Haven	DEMUR
Lynne Weaver	NCDOJ- Consumer Protection
James K. Nombak	NC MEC
Ray Lee	MEC
Janet Shaw	NCREC
Michael T. Swartz	Dem/Intern
Katherine Marciniak	DEMUR
Doug Scott	Scott Realty Advisors LLC
John M. Murski	NHO
Brad Atkinson	DEMUR
Barbara Fillion	NCDOJ - Consumer Protection
William Rankin	NC Real Estate Commission - Intern
ROBERT BROOME	NC ASSN OF REALTORS

Landman Registry Study Group

Final Report

Session Law 2014-4

Mining and Energy Commission member:

- Dr. Ray Covington, Study Group Director
- George Howard
- Charlotte Mitchell
- Charles Taylor
- James Womack

Additional Study Group Members:

- Holly Carless, AAPL- Governmental Affairs Liaison
- Ray Carper, Industry
- Mike Flores, AAPL
- Monty Frelich, NC Landman
- Janet Thoren, North Carolina Real Estate Commission- Counsel
- Lynne Weaver, North Carolina Department of Justice- Consumer Protection Division

Due to the Environmental Review Commission & the Joint Legislative Commission on Energy Policy by April 1, 2015.

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1. Introduction

This study group report is in response to Session Law 2013-365- The Domestic Energy Jobs Act, which was ratified and signed into law in July of 2013. The study sanctioned under Section 2.(c) states, “The Mining and Energy Commission, with the assistance of the Department of Environment and Natural Resources, shall study issues related to establishment and implementation of the registration requirements for landmen under G.S. 113-425. At a minimum, the study shall include a review of the number of individuals currently registered in North Carolina; other states' requirements with respect to registration of landmen; and regulations governing landmen operating in other industries in North Carolina and other states. The Commission and the Department shall receive input from the oil and gas industry and other stakeholders on the current registry, its effectiveness, and whether modifications or discontinuance is advisable. The Mining and Energy Commission shall report its findings and recommendations to the Environmental Review Commission and the Joint Legislative Commission on Energy Policy on or before April 1, 2015.”

The landman registry was first established in 2012 pursuant to Session Law 2012-143. This session law set out the requirements for the N.C. Department of Environment and Natural Resources to establish and maintain a registry of “landmen” operating in North Carolina. The term “landman” as defined in Session Law 2012-143 is “a person that, in the course and scope of the person’s business, does any of the following:

1. Acquires or manages oil or gas interests.
2. Performs title or contract functions related to the exploration, exploitation, or disposition of oil or gas interests.
3. Negotiates for the acquisition or divestiture of oil or gas rights, including the acquisition or divestiture of land or oil or gas rights for a pipeline.
4. Negotiates business agreements that provide for the exploration for or development of oil or gas.”

A landman, as defined above, may not act, offer to act or hold himself or herself out as a landman in North Carolina unless he or she is registered with the Department of Environment and Natural Resources. The Department may deny registration to an applicant, reprimand a registrant, suspend or revoke a registration, or impose a civil penalty on a registrant if the Department finds that the applicant or registrant does any of the following:

1. Fraudulently or deceptively obtains, or attempts to obtain, a registration.
2. Uses or attempts to use an expired, suspended, or revoked registration.
3. Falsely represents oneself as a registered landman.
4. Engages in any other fraud, deception, misrepresentation or knowing omission of material facts related to oil or gas interests.
5. Had a similar registration or license denied, suspended, or revoked in another state or jurisdiction.
6. Otherwise violates G.S. 113-425.

Applicants may challenge a denial, suspension or revocation of a registration.

Comment [KM1]: IT TO ADD DEF OF BROKER AND ROW AGENT to address "other industry" charter

Within North Carolina the other industries that have similar requirements as landman are:

2. Study Group Findings:

Review of Other States

After a review of other oil and gas producing states it was found that only two states other than North Carolina have either passed or proposed laws regulating the registration of landmen within their state. These two states are Maryland and Ohio, respectively. None of the 34 other active oil and gas producing states require a formal landman registration.

After reviewing the definition of a landman from other states, the Study Group recommends that the definition from Pennsylvania be adopted (See Attachment 1- 09Feb Meeting Minutes for other discussed terms). The definition from Pennsylvania is as follows:-

"A) For purposes of this subsection, the term "landman" means a land professional who has been engaged primarily in (i) negotiating the acquisition or divestiture of mineral rights, (ii) negotiating business agreements that provide for the exploration for or development of minerals, (iii) determining ownership of minerals through research of public and private records, (iv) reviewing the status of title, curing title defects, and otherwise reducing title risk associated with ownership of minerals, (v) managing rights or obligations derived from ownership of interests and minerals, or (vi) activities to secure the unitization or pooling of interests in minerals."

Comment [JT2]: I think it is important to note that although there are only 2 states with regulation that specifies landmen, there are states, like North Carolina, where the definition of brokerage is broad enough to cover the conduct of landmen. So, even though another state does not specifically identify landmen as having separate regulation, if an issue arose they may very well be required to have a real estate broker license. In North Carolina, the definition of brokerage includes a person who "leases or offers to lease, or sells or offers to sell leases of whatever character, or rents or offers to rent any real estate or the improvement thereon, for others." This definition includes the activities landmen engage in, and it is the same in other states. Like North Carolina, these states have little or no experience or need for landmen, so the issue of regulating that conduct has not arisen. I would recommend a paragraph in the first section reciting the definition of a broker in G.S. 93A-2. If it is the intention of the legislator not to have these persons be licensed, we need to craft an exception.

Comment [KM3]: IT TO ADDRESS – BROKER VS LANDMAN VS ROW AGENTS

Comment [KM4]: JW to check on this and on the OH bill.

Maryland

The State of Maryland has recently proposed and adopted new regulations concerning the registration of land professionals in the state, see Attachments 8 and 9. The Department of Labor oversees landmen who apply for registration as a landman in the state. The required criteria for someone to qualify as a landman include:

1. At least a 4 year degree or proof of continuous engagement as a landman for at least 4 years;
2. Agree to abide by the Code of Ethics and Standards of Practice of the American Association of Professional Landmen (AAPL);
3. Submit an application for approval by the Maryland Department of the Environment; and
4. Payment of a fee predetermined by the Department to cover the cost of running the landman registration program.

After approval and payment of the fee, a landman is then registered for two years. All registrations expire after two years and the landman must reapply at that time.

The applicant must provide the following information on the application:

1. The name of the individual or the organization/company. If registering as a company all names of those to act on behalf of the company must be provided;
2. The business address, telephone number(s), and e-mail address(es);
3. The Social Security Number or Federal Employer Identification Number of the applicant;
4. A description of their qualifications as a landman; and
5. An agreement to abide by the Code of Ethics and Standards of Practice of the American Association of Professional Landmen.

Ohio

The State of Ohio voted on a bill, Ohio House Bill 493 (see Attachment 10), Section 1509.311, that states a “land professional,” as landmen are referred to by the Ohio Government, must annually apply for registration with the Chief of the Division of Oil and Gas Resources Management. The Ohio 129th General Assembly last voted on the matter in 2012; since then the bill has not been brought back up or voted into law.

The applicant would have had to specify in which counties he or she wished to operate as a “land professional.” A fee would have been charged for initial registration and for re-registration. The “land professional” would be given a registration number and certificate; and the registry would be published online. The proposed bill also required that prescribed disclosure forms be provided to owners of mineral rights with whom the “land professional” sought to negotiate leases.

3. Review of Professional Organizations

There were a wide variety of professional organizations that were reviewed in the course of this study and report. These organizations are more prevalent in states with longer histories of oil and gas development, such as in Texas. The various organizations focus on local, regional, and national perspectives on topics such as leasing, real estate, and contract law. The most widely recognized professional association is the American Association for Professional Landmen (AAPL). AAPL is frequently referenced by other landman organizations, several of which require a membership with AAPL prior to membership with their own organizations.

Some of the other professional groups include:

- The AAPL- Northern Appalachian Landman Association (NALA) mainly in Ohio, Pennsylvania, and New York;
- The AAPL-Michael Late Benedum Chapter (MLBC) operating solely in Pittsburgh, Pennsylvania;
- The HAPL- Houston Association of Professional Landmen;
- The Ark-La-Tex Association of Professional Landmen;
- The Permian Basin Landmen’s Association- operating in the Permian Basin in Texas, in other states such as Oklahoma, Louisiana, and in other parts of Texas, New Mexico, and the Rocky Mountain and Mid-Atlantic state regions ; and
- The Michigan Association of Professional Landmen.

The AAPL is a reputable organization with a strict Code of Ethics and Basis of Conduct by which all members must abide (see Attachment 4). The AAPL Ethics and Executive Committees deal with violations of this code, conduct, or AAPL bylaws. The AAPL has several membership

Comment [mlw5]: While I agree with everything in this section, I think we should be careful not to give the incorrect impression that AAPL regulates its members, as it is a strictly voluntary professional organization. Other than terminating or suspending a member’s membership, AAPL cannot take other actions to protect the public, such as fining a member or requiring them to compensate a landowner victim of deceptive practices. Also, as we learned from the last meeting, AAPL has apparently disciplined very few members. My comments aren’t intended to detract from the very real benefits of AAPL, which has excellent education requirements and does a great deal to promote professionalism among landmen, but to ensure that we make clear that AAPL does not regulate landmen.

levels for which a landman can apply: Active membership, Associate membership, Student membership, Senior membership, Life membership, and a Golden Lease membership. The application forms were provided by the AAPL for the February 9th meeting and can be found as Attachment 6 to this report.

There are annual membership dues for each level, and each one comes with different benefits. There are also several certifications for which an AAPL Landman can apply. The basic memberships are as follows:

1. Active Membership: to join, one must fit the description of a landman as defined by the AAPL, have a four year degree from an accredited university/college or have continuously worked as landman for at least four years, have an active AAPL member sponsor, and agree to comply with the Code of Ethics and Standards of Practice.
2. Senior Membership: to qualify, an application must be submitted and approved by the AAPL Board of Directors. Additionally, the applicant must be at least 65 years of age, have at least 15 years of experience in landwork, and must have been an active AAPL member for at least 15 years. Once granted this status, respective membership dues are reduced.
3. Associate Membership: those who qualify get full membership benefits, but cannot vote in AAPL matters. Associate members are also not allowed to serve as a sponsor for another member. This is available to those who are associated with landwork, those who supervise landwork, and those who do not qualify for an active membership. Annual membership dues are \$100. Associate members frequently include oil and gas attorneys, geologists, geophysicists, and engineers.

The Ethics Committee of the AAPL "... is responsible for upholding the ethical standards of the AAPL by making recommendations to the Board of Directors and Executive Committee for appropriate action."

Actions that can be taken by AAPL in response to alleged ethical violations by a member or allegations of misconduct by a member are: (a) dismissal of the complaint; (b) censure of the member; (c) suspension for a stated period of time; (d) allowing the member to resign; or (e) expulsion from AAPL.

The AAPL has also provided some feedback concerning a state registry and the practices they use to keep AAPL landman up to date on state laws and regulations concerning the industry. This information can be found in the attached questionnaire e-mail the Department used when initially contacting the AAPL to be a member of the study group (see Attachment 5).

4. Review of North Carolina Registry

As previously stated, any person who in the course and scope of business conducts any of the following activities is required to register with the Department as a landman:

1. Acquires or manages oil or gas interests;
2. Performs title or contract functions related to the exploration, exploitation, or disposition of oil or gas interests;
3. Negotiates for the acquisition or divestiture of oil or gas rights, including the acquisition or divestiture of land or oil or gas rights for a pipeline; and
4. Negotiates business agreements that provide for the exploration for or development of oil or gas.

Currently the Division of Energy, Mineral, and Land Resources- Energy Section- Oil and Gas Program manages the list of registered landmen (see Attachment 3). All of the received applications can be viewed at the following webpage: <http://portal.ncdenr.org/web/lr/registry-of-landmen>. A copy of the Landman Application can also be found at that web address and attached to this report as Attachment 2. Since August of 2012, the Program has received 60 (as of 03March2015) Landman Applications:

- 38 are North Carolina residents; the remaining 22 landmen are from Texas, Louisiana, Ohio, and New York;
- Seven landmen hold similar registrations in other states; nine are North Carolina Real Estate Brokers; and three hold some other type of registration or association membership.
- None of the landmen reported having a similar registration suspended or revoked in other states.

There currently has only been one instance where an out of state party tried to obtain leases without registering as a landman. The company and individual were reported to both the Department of Environment and Natural Resources and the Department of Justice- Consumer Protection Division. The company and individual were sent a cease and desist letter (see Attachment 7) from the Department of Justice setting out the laws that were violated including:

1. Requirement for the registration of landmen;
2. Requirement for landowner education items be provided with the lease documents;
3. Disclosure that the landowner must obtain approval of the lease from the respective mortgage lender prior to signing the lease;
4. Exceedance of the maximum lease term allowed under law; and
5. Notification to and written text of the landowner's right to rescind or cancel the lease.

The letter further requested a complete list of all parties sent leases and identification of those who accepted any lease and date(s) of payment. In response to the letter, the leasing company initially reported that it had received signed leases from two North Carolina landowners, but later reported that it had received none. The company stated that it would come into compliance with North Carolina law, and the leasing agent subsequently submitted a landman registry application. The Consumer Protection Division has received no further reports that the company has continued soliciting leases in North Carolina. In addition, the Division checked the records of the registers of deeds' offices in counties located in the Triassic and Dan River Basins and found no recorded leases by the company.

5. Study Group Recommendations

The Study Group has following findings and recommendations regarding the North Carolina Landman Registry:

1. The current registry may provide a false sense of security to landowners and does not contain a standard of conduct or any associated enforcement procedure - it is nothing more than a contact list.

Comment [KM6]: CM and LW to flush out

2. Add a disclaimer to the Department webpage to inform the public that the registry is not a verified/vetted/endorsed registry. Without such a disclaimer there may be an implied level of security associated with it;
3. New definition should be adopted based on the definition in Pennsylvania:
 “A) For purposes of this subsection, the term “landman” means a land professional who has been engaged primarily in (i) negotiating the acquisition or divestiture of mineral rights, (ii) negotiating business agreements that provide for the exploration for or development of minerals, (iii) determining ownership of minerals through research of public and private records, (iv) reviewing the status of title, curing title defects, and otherwise reducing title risk associated with ownership of minerals, (v) managing rights or obligations derived from ownership of interests and minerals, or (vi) activities to secure the unitization or pooling of interests in minerals.”
4. The Landman Registry should be removed from DENR and be under the authority of the North Carolina Real Estate Commission. [The Real Estate Commission has broad experience in regulating land and lease transactions which is not within the expertise of DENR.]
5. The Consumer Protection [Division] should have enforcement authority in the case of unfair and deceptive trade practices that constitute a material violation of GS 75-1.1.
6. The Real Estate Commission authority should include the ability to remove an individual from the registry.
7. There should be a landman application and an annual renewal fee required. The fee should be appropriate depending on the level of oversight provided by the Real Estate Commission.
8. The Real Estate Commission should require that a landman disclose his or her credentials at time of leasing/negotiations and identify to the landowner where he or she may inquire in case of questions or complaints on the landman.
9. [Require a landman to be a member of a national landman organization that requires continuing education for its members.] The Commission shall have the authority to approve the organization and their educational requirements.
10. Allow the Real Estate Commission to waive registration requirements and approve a landman based on other registrations, licensure, or equivalent education or experience he or she may have.

Comment [KM7]: JT- Please check this language

Comment [KM8]: LW- material violation of 75-1.1- Please check

Comment [KM9]: JT- LANGUAGE ON PROXY FROM LW

11. There needs to be an investigation on developing model lease information/documents through the Consumer Protection Division and the North Carolina Cooperative Extension.

Comment [KM10]: Check this reference – Rcov and LW to sure up

List of Attachments:

1. Meeting Minutes from February 9th and March 20th, 2015 meetings;
2. North Carolina Landman Application;
3. Copy of North Carolina Landman Registry (as of March 3, 2015);
4. American Association of Professional Landmen- Code of Ethics;
5. American Association of Professional Landmen- Questionnaire;
6. American Association of Professional Landmen- Applications;
7. North Carolina Department of Justice- Division of Consumer Protection- Oil and Gas Lease letter(s);
8. State of Maryland- Land Professional Rules and Regulations;
9. State of Maryland- Land Professional Application; and
10. Proposed Ohio House Bill 493.

ATTACHMENT 2: NORTH CAROLINA LANDMAN APPLICATION

NC Department of Environment and Natural Resources
Landman Registry Application

First Name:		Middle Name:		Last Name:	
Business Address					
Street Address:				Apt/Unit #:	
City:		State:		ZIP Code:	
Phone Number:	() -	Email Address:			
Have you ever held a landman registration or similar license in another state?					
If yes, please list all states or jurisdictions where you have had such a registration or license below. Use additional paper if necessary.					
Have any of these registrations or licenses ever been revoked or suspended?					
If yes, please list all states or jurisdictions where a similar registration or license has been suspended or revoked.					
Please state, using a complete sentence, whether or not there are any pending judgments or tax liens existing against you.					
Signature:			Date:		
Page 1 of 2					

NOTE: If there are any material changes in the information you provide on this form, please notify the Department in writing within 30 days of the change.

First Name:		Middle Name:		Last Name:	
Social Security No. (individuals)**:				Federal EIN (businesses):	
Signature:				Date:	
Page 2 of 2					

** If the applicant is an individual, a social security number is required by General Statute 113-425.

NOTE: If there are any material changes in the information you provide on this form, please notify the Department in writing within 30 days of the change.

ATTACHMENT 3: COPY OF NORTH CAROLINA LANDMAN REGISTRY (AS OF MARCH 3, 2015)

ID Number	First Name	Middle Name	Last Name	City	State	Registry in other states?	List states	Other Registrations	Revoked or suspended?	List states	Any pending judgements or tax liens?	
1	Daniel	John	Umlauf	Winston-Salem	NC	No			No		No	
2	Monty	Ray	Frelich	Sanford	NC	Yes	Texas		No		No	
3	Michelle	T	Cooke	Asheville	NC	Yes		NC RE Broker, Miss. RE Broker	No		no	
4	Joseph	McGraw	Little	Raleigh	NC	no			no		no	
5	Robert	L	Myers	Sanford	NC	No			No		No	
6	Sean	John	Tatum	Mansfield	TX	No			No		No	
7	David	Roy	Pleasant	Charlotte	NC	Yes		NC RE Broker	No		No	
8	Annetria	Jackson	Lattimore	Charlotte	NC	Yes		NC RE Broker NC RE Broker, SC RE Broker	No		No	
9	Rosalie	Jene	Cramer	Charlotte	NC	Yes		Broker	No		No	
10	Leah	Christine	Curtis	Charlotte	NC	Yes		NC RE Broker	No		No	
11	Paul	Wayne	McWahan	Charlotte	NC	Yes		NC RE Broker	No		No	
12	Dean	Allen	Smith	Charlotte	NC	No			No		No	
13	Keith	E	Cottrell	Bosler City	LA	Yes	LA, TX, MS, AS, MT, ND		No		No	
14	Daniel	James	Russell	Southern Pines	NC	No			No		No	
15	Brittany	Frances	Minogue	Pinhurst	NC	No			No		No	
16	John	Theodore	Petropoulos	Dallas	TX	No			No		No	
17	Shannan	Henderson	Petropoulos	Dallas	TX	No			No		No	
18	Philip	Gerard	Doyle	Clemmons	NC	No		NC RE Broker	No		No	
19	Patrick	Turner	Fields	Carthage	NC	No			No		No	
20	Thomas	Lee	Burns	Pfafftown	NC	No			No		No	
21	Larry	J	Voorhees	Louisburg	NC	No	TX				No	
22	Eric	Vaughn	Voorhees	Louisburg	NC	No			N/A		No	
23	Kevin	Michael	Muldowney	Charlotte	NC	No			N/A		No	
24	William	R	Vincent	Endicott	NY	No			N/A		No	
25	Adam	Edward	Marshok	Star City	WV	No			N/A		No	
26	Eric	William	Holey	Edmond	OK	No		n American Assoc. of Pet. Landmen	N/A		No	
27	Patrick	Alston	Griffith	Fort Worth	TX	No			N/A		No	
28	Chester	Charles	Oliszewski	Atlantic	NC	No			N/A		No	
29	Randall	James	Clark	Carthage	NC	No			N/A		No	
30	Sean	Patrick	Cotter	Pittsburgh	PA	No			N/A		No	
31	Ross	Evard	Cottrill	LaFayette	LA	Yes	LA, UT, MT, OH, PA, Tx	American Assoc. of Pro. Landmen	no		No	
32	Matthew	Thomas	Lodata	Durham	NC	No		NC Licensed Insurance Adjuster	N/A		Yes	Judgement from HOA- Appeal pending.
33	Alex	Junior	Walton	Wake Forest	NC	No			n/a		No	
34	Frank	Leighton	Sides	Youngstown	OH	No					No	
35	Phillip	Matthew	Daniel	Morgantown	WV	No			N/A		No	
36	Daniel	Edwin	Musgrave	Fairmont	WV	No			N/A		No	
37	Michael	Verner	Thomas, Sr	Fairbank	PA	Yes		AAPl # 94477, RPL and MLBC	no		no	
38	Andrew	Wolfe	McThenia	Fort Myers	FL	No			N/A		No	

ID Number	First Name	Middle Name	Last Name	City	State	Registry in other states?	List states	Other Registrations	Revoked or suspended?	List states	Any pending judgements or tax liens?
39	Mark	K	Miller	Lafayette	LA	N/A			No		No
40	Michael	Anthony	Lynch-Blosse	Hendersonville	NC	No		AAPL, LAPL, and IPAA, Texas ROW	No		No
41	Amanda	Felicia	Butt	Charlotte	NC	No		geo Certified Pet Geo, TX AAPL # 101174	No		No
42	William	Graves	Utz	Hampstead	NC	Yes		NC Real Estate Broker #278158	No		No
43	Barry	Joseph	DeWitt	Uniontown	PA	No		AAPL # 93347 RPL	No		No
44	Jack	William	Wroten	Summersville	WV	No		AAPL # 46961	No		No
45	Robert	Stevens	Potter	Salisbury	NC	No			No		No
46	Daniel	Lee	Fisher	Salisbury	NC	No			N/A		No
47	Dana	Lawrence	Silkis	Washington	NC	AAPL/NALA			No		No
48	Nicholas	Alexander	Spiro	Dallas	TX	no			no		no
49	Jeremy	Wayne	Robertson	Vienna	WV	AAPL/MLBC			No		No
50	Darryl	Henry	Griwatz	Ravenswood	WV	no			no		no
51	Katrina	Lou	Emanuel	Charlotte	NC	No			No		No
52	Chris	George	Emanuel	Raleigh	NC	No			No		No
53	Saxby	Clark	Stradinger	Charlotte	NC	No			No		No
54	Harrison	Blake	Estep	Matthews	NC	No			No		No
55	Stephen	Arthur	Rosenburgh	Charlotte	NC	No			no		no
56	James	Mark	Estep	Charlotte	NC	No			No		No
57	David	Stephen	Pearsall	Charlotte	NC	No			No		No
58	Mark	Louis	Rabin	Fayetteville	NC	No			No		No
59	Harold	Roger	Soutier, Jr	Charlotte	NC	Yes		NC 205030, SC	No		No
60	Daniel	Alexandru	Rusu	Columbia	SC	Yes	Ohio		No		No
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ATTACHMENT 4: AMERICAN ASSOCIATION OF PROFESSIONAL LANDMEN- CODE OF ETHICS

CODE OF ETHICS

The Code of Ethics shall be the basis of conduct, business principles and ideals for the members of the AAPL; and it shall be understood that conduct of any member of the Association inconsistent with the provisions set forth in this Article shall be considered unethical and said individual's membership status shall be subject to review for possible disciplinary action as prescribed in Article XVII of the Bylaws.

In the area of human endeavor involving trading under competitive conditions, ethical standards for fair and honest dealing can be made increasingly meaningful by an association organized and dedicated not only to the definition, maintenance, and enforcement of such standards, but to the improvement and education of its members as set out in the Standards of Practice. Such is the objective of AAPL and such is its public trust.

Section 1. It shall be the duty of the Land Professional at all times to promote and, in a fair and honest manner, represent the industry to the public at large with the view of establishing and maintaining goodwill between the industry and the public and among industry parties.

The Land Professional, in his dealings with landowners, industry parties, and others outside the industry, shall conduct himself in a manner consistent with fairness and honesty, such as to maintain the respect of the public.

Section 2. Competition among those engaged in the mineral and energy industries shall be kept at a high level with careful adherence to established rules of honesty and courtesy.

A Land Professional shall not betray his partner's, employer's, or client's trust by directly turning confidential information to personal gain.

The Land Professional shall exercise the utmost good faith and loyalty to his employer (or client) and shall not act adversely or engage in any enterprise in conflict with the interest of his employer (or client). Further, he shall act in good faith in his dealings with the industry associates.

The Land Professional shall represent others only in his areas of expertise and shall not represent himself to be skilled in professional areas in which he is not professionally qualified.

ATTACHMENT 5: AMERICAN ASSOCIATION OF PROFESSIONAL LANDMEN- QUESTIONNAIRE

February 2, 2015

AAPL: Response to NC Questionnaire:

Dear Katherine,

The American Association of Professional Landmen (AAPL) appreciates the opportunity to join you all in a discussion regarding the future of land professionals in North Carolina. Below we have addressed the list of questions sent to us by Michael Twarog. We hope you find our answers informative. Our goal is to answer your questions succinctly. However, please do not hesitate to let us know if we can provide additional materials or information. We want this to be as informative as possible.

How heavily do states rely on your organization?

The American Association of Professional Landmen (AAPL) works closely with legislators upon request, but by and large states rely on the statutes and courts to enforce applicable laws and contracts entered into regarding lease negotiations. Our members on the other hand rely on the AAPL to provide quality up-to-date educational materials, to promote the highest standards of performance for land transactions and to advance the stature and reputation of land professionals.

There are several methods we employ in striving for these goals.

First, we provide a seal to our members to display as the "Member Mark." The Member Mark serves as verification that a landman is a member of AAPL—we encourage royalty owners to request an AAPL landman. In addition, AAPL encourages landmen to show their Member Mark as proof of membership.

Second, AAPL has a strong code of ethics which all of our members agree to abide by in performing their business as a land professional. I have attached a copy for your review. While the primary role of AAPL is not to be a regulatory policing organization, it is one step we take to promote ethical dealings by our members. AAPL's Ethics Committee, comprised of fifteen the most esteemed AAPL members, is designed to hold AAPL members to the highest ethical standards and to address any complaints from royalty owners or other individuals filed against a member. Our membership base greatly appreciates the organization pursuing an excellent reputation by providing a recourse for any landman that does not act within our ethical guidelines. As stated again in a later paragraph, in 2013, less than five complaints were filed with AAPL's Ethics Committee. This is quite minimal considering how vast a membership AAPL holds throughout the United States.

Third, we provide a large number of educational opportunities to our members in the form of land institutes and other continuing education formats all over the country to encourage members to stay up to date on the latest issues concerning the industry. In every class taught by AAPL, ethics is a primary topic of discussion. This is representative of how serious the AAPL holds true to The Code of Ethics.

Fourth, we provide a certification program whereby our members can become a Registered Landman or receive certification as Registered Professional Landman (RPL) or a Certified Professional Landman (CPL). Each title carries a different and distinct set of requirements. We have attached the requirement for each tier of membership/certification to give you an idea of the levels of achievement in the industry which many of our members seek to accomplish.

Do you believe a state mandated registry is effective in protecting both companies and citizens in leasing deals?

In our experience, AAPL takes the position that a state mandated registry system is not the most effective way to protect parties in leasing negotiations.

Given the nature of the oil and gas industry, it is very common for land professionals to work in multiple states. Oftentimes, landmen work in multiple states in a single week or month or year. Considering the nature of the industry, we believe that it is more efficient to encourage land professionals to become members of AAPL and to encourage citizens and companies to engage in transactions with land professionals of who are members of AAPL. While there are many qualified landmen who are not members, we have by far the largest land professional member base in the United States, and are able to receive, address, and track complaints from any state in which our members conduct business. This gives us a unique position of being able to enforce our ethical guidelines upon our members regardless of what state they are working in.

It is also important to point out that not all land professionals work for operators in obtaining oil and gas leases. It is common for a land owner or a group of land owners to hire a land professional to negotiate leasing and other land deals on their behalf. Like any industry, law, real-estate, medical ... etc., there are complexities and details to land deals that only professionals who work in the industry will know and understand. We provide materials and encourage land owners to educate themselves about these issues and potentially hire a qualified professional in this area to assist in their negotiation of any land deal. Attached is an example of a flyer which we have provided to land owners to pursue this goal.

How effective do you believe your organization's Code of Ethics and Rules of Practice govern how an AAPL member conducts themselves as a landman?

While we cannot speak to the activities of all land professionals, we believe that our ethics committee takes great steps to handle all claims which are reported to it. I think the best statistic to illustrate this is that out of our approximately 22,000 members across the United States, we received a total of five formal complaints to AAPL's Ethics Committee in 2013. While this does not ensure that we have no bad apples within our membership, it should provide you with overarching standards of how our membership typically performs.

Also, The North Carolina Department of Energy and Natural Resources is hosting an official study group about Landmen in February at our Office in Raleigh, NC. We would love if an AAPL representative would come and join us! I have CC'd a DENR employee that you may contact with any questions or details.

If possible we would greatly appreciate the opportunity to have a representative for AAPL present. Holly Carless, AAPL's Governmental Affairs Liaison is planning on attending via conference call. Please send any additional materials regarding this meeting to hcarless@landman.org.

Again, we thank you for your time and consideration and hope you will call on us should you need additional clarification on the matters addressed above.

Sincerely,
Holly K. Carless
AAPL- Governmental Affairs Liaison
hcarless@landman.org

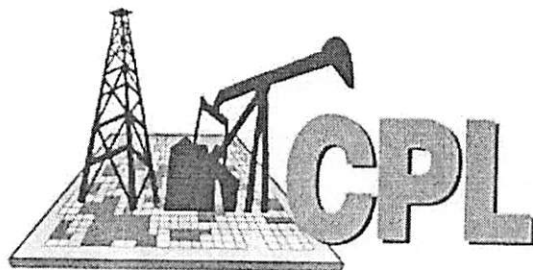
ATTACHMENT 6: AMERICAN ASSOCIATION OF PROFESSIONAL LANDMEN- APPLICATIONS



CERTIFIED PROFESSIONAL LANDMAN

APPLICATION FORM

REVISED JANUARY 2015



Instructions to Apply for Certified Professional Landman (CPL) Certification

PLEASE READ CAREFULLY

- A. Complete the questionnaire prior to the application to determine if you are qualified.

You must be an Active Member of AAPL for at least one year to apply. Students and Associate Members are not eligible to apply for the CPL Certification.

You must be currently engaged as a Landman to apply, as defined in the Certification Program Specifications, Article II B in the AAPL Membership Directory.

Complete this application form only if you are qualified per the above specifications.

Please be thorough in completing this application. Approval of your application is based on the information provided in your application, and this is your best opportunity to illustrate your qualifications. Be advised that the Certification Committee carefully reviews your responses and verifies the information provided.

- B. Do not attach resumes, letters, or other items relating to your experience to the application. All such items will be removed and not considered in the approval process.
- C. You **MUST** have a college degree to apply. Submit a certified college transcript that shows the degree(s) earned.
- D. Copy and send the Applicant Sponsor Verification Form to **at least three (3) CPLs** and ask that they complete the form and return it to AAPL. When combined, your sponsors must cover **ALL** the required total credit years' experience. That is, total years sponsored must equal or exceed the minimum number of credit years required.
- E. Designate a local association to be contacted as a part of the peer review process.
- F. Send completed application form and the non-refundable \$75.00 application fee to:

AAPL
800 Fournier Street
Fort Worth, TX 76102-3597
Attn: Certification

- G. You must complete the application process, including sufficient verification from three qualified CPLs, within 120 days from the date the application is received by AAPL or the application may be returned and a new application required to continue the process. It is your responsibility to monitor the process and assure that all necessary parts of the application are accurately and timely completed.

You may take the exam prior to approval of your CPL application but only if you qualify based on the questionnaire included in this application. The results of your exam will have no bearing on the approval of your application. The results of the exam will not be disclosed until your application is completed and approved by the Certification Chairman. You must submit your application within 60 days of taking the exam for the exam to qualify. This does not apply to the CPL Sponsor Verification Forms.

When all parts of the application are complete, including all sponsor forms, your application will be reviewed by a member of the AAPL Staff, and, if complete, will be submitted to the AAPL Certification Committee for consideration. You will then be notified of the decision of the Certification Chairman. If you have taken the exam, your results will be provided to you promptly. Time to publish your name in either the *Landman* or *Landman2 Magazine* must be allowed.

The total time to complete the application process may be approximately 4 months, but could take longer depending on timing of publication and other circumstances.

Certified Professional Landman Application Form

You are responsible for reading the current Certification Program, as amended, found in the AAPL Membership Directory. A brief summary of the Program is listed below; however, in the event of a conflict between this summary and the Program, the Program shall prevail. The application must be legible, be submitted on the currently approved form, and be accompanied by a \$75.00 non-refundable application fee.

SUMMARY OF REQUIREMENTS, DEFINITIONS, AND RULES

- I. In order to be qualified to become a CPL, you must:
 - a. Have at least 10 "Credit Years" of full-time experience as a Land Professional;
 - b. Be currently engaged, on a full-time basis, for at least the Immediate past two years, in the Primary performance of Mineral Negotiations;
 - c. Score at least a grade of 70 on each of the 5 parts of the AAPL administered CPL exam;
 - d. Have a bachelor's degree from an AAPL approved university or college; and
 - e. Be an **ACTIVE** (not associate) member of AAPL for at least 1 year.
- II. A "Land Professional" is defined as a person who has derived a significant portion of income in the performance of Landwork.
- III. "Landwork" is defined as and credit years will be determined as follows:
 - a. Mineral Negotiations:
 1. Negotiating for the acquisition or divestiture of mineral rights; and/or
 2. Negotiating business agreements providing for mineral exploration and/or development.

For each year during which you primarily performed, on a full-time basis, the above activities, you will be awarded 1 "Credit Year", with a minimum of 2 "Credit Years" required, including at least the immediate past two years.
 - b. Other Landwork:
 3. Determining mineral ownership through examination of public records;
 4. Reviewing status of title, curing title defects and otherwise reducing title risks in connection with mineral ownership;
 5. Managing rights and/or obligations derived from mineral ownership; and/or
 6. Unitizing or pooling mineral interests.

For each year during which you primarily performed, on a full-time basis, the above activities, you will be awarded 1/2 "Credit Year", up to a maximum 3 "Credit Years".
- IV. Education: The following credits (up to a **maximum of 5 "Credit Years"**) are available for meeting certain education requirements: (College degree **REQUIRED** for all applicants).
 - a. Three "Credit Years" will be awarded if you have earned a bachelor's degree from an AAPL accredited college or university;
 - b. One additional "Credit Year" will be awarded if the bachelor's degree credited above is with a concentration or major in Petroleum Land, Energy or Natural Resource Management from an AAPL accredited university or college. The accredited programs are: Oklahoma City University, University of Oklahoma, Texas Tech University, University of Louisiana at Lafayette, University of Calgary, Pennsylvania State University, Western State Colorado University, West Virginia University, University of Wyoming and The University of Tulsa.
 - c. One additional "Credit Year" will be awarded if you have earned a law degree from an ABA-accredited law school;
 - d. One additional "Credit Year" will be awarded if you have earned an advanced degree in business or certain other programs specified by the AAPL at an AAPL approved college or university.



ARE YOU QUALIFIED TO BECOME A CPL?

AAPL
AMERICA'S LANDMEN

Before completing the CPL Application, complete this questionnaire to determine if you meet the MINIMUM qualifications to apply for CPL certification. Answer the following questions by marking each space with the appropriate number of credit years, and then total your responses to see if you meet the requirements.

A. Experience as a "Landman" (refer to definition below)

(Article III A of Application) Do NOT double count credit years otherwise included in B below.

A "Landman", as defined in Article II B of the Certification Program Specifications which can be found in the Membership Directory, is a person who has been primarily engaged in the performance of one or both of the following:

1. Negotiations for acquisition or divestiture of mineral rights.
2. Negotiation of business agreements that provide for the exploration for and/or development of minerals.

Total Credit Years of Experience as a "Landman" primarily engaged in negotiations. A _____

(MUST INCLUDE THE IMMEDIATE PAST 2 CREDIT YEARS)

B. Other Landwork Experience

(Article III B of Application) Do NOT double count credit years otherwise included in A above.

Enter the number of years you have been, or were, primarily engaged in the performance of one or more of the following:

3. Determining ownership in minerals through the research of public records.
4. Reviewing the status of title, curing title defects, and otherwise reducing title risk associated with ownership of interests in minerals.
5. The management of rights and/or obligations derived from ownership of interests in minerals.
6. The unitization or pooling of interests in minerals.

Total years _____ time 50% = B _____

Total Other Landwork Experience not including negotiations as defined in A above.
(1/2 "credit year" for each full year worked) (MAXIMUM of 3 can count toward total)

C. Education

(Article II of Application)

- A bachelor's degree from an AAPL accredited university or college. (Enter 3 credit years) _____
- If the bachelor's degree credited above is with a concentration or major in Petroleum Land Management, Energy Management or Natural Resource Management from an AAPL accredited university or college. (Enter 1 credit year) _____
- A degree from an ABA accredited law school. (Enter 1 credit year) _____
- An advanced degree in business or certain other selected programs approved by AAPL. (Enter 1 credit year) _____

Total Education credits (Maximum of 5 credit years) C _____

Total credit years (Total A, B, C) _____

If the total of A, B and C above is 10 credit years or greater and you are currently and have been for the immediate past 2 years **PRIMARILY ENGAGED** in number 1 and/or 2 above then you are **ELIGIBLE** to apply for CPL Certification.

___ 75.00 Application Fee Enclosed
___ 75.00 Charge My Credit Card # _____
___ M/C ___ Visa ___ Am Ex ___ D Club Exp Date _____ Sec Code _____
Authorized Signature _____



CERTIFIED PROFESSIONAL LANDMAN APPLICATION (Complete Questionnaire Prior to Application)

I. PERSONAL DATA

AAPL Member #: _____ Application Date: _____
Name: _____ Date of Birth: _____
First Middle Last
Home/Cell Phone: _____ Home Address: _____
Street
City State Zip Code
Employer: _____
Your title: _____ Business Phone: _____
Business Address: _____
Street
City State Zip Code
Email address: _____
Where should mail be sent? _____
What local Landman association(s) do you belong to? _____
Designated Local Association: _____
(Required for local association peer review)
Have you ever been indicted for or convicted of a felony? Yes _____ No _____
If yes, attach a detailed description of the offense and the status of the matter.

II. EDUCATION

Name of University or College: _____
Years attended from: (month/year) _____ To: (month/year) _____
Degree received: _____ Major area of Study: _____
3 credit years if you have earned a bachelor's degree from an AAPL approved university or college. _____
1 credit year if the bachelor's degree credited above is with a concentration or major
in Petroleum Land Management, Energy Management or Natural Resource Management
from an AAPL accredited university or college. _____
Name of law, professional or graduate school(s) _____
Years attended from: (month/year) _____ To: (month/year) _____
Degree received: _____ Major area of Study: _____
1 credit year if you earned a law degree from an ABA accredited law school. _____
1 credit year if you earned an advanced degree in business or certain other
selected programs approved by the AAPL. _____

II. Total Education Credit Years (Maximum of 5) _____

**COLLEGE DEGREE REQUIRED FOR ALL CPL APPLICANTS
MUST FURNISH A CERTIFIED TRANSCRIPT THAT SHOWS THE DEGREE(S) EARNED**

III. WORK EXPERIENCE - A: LANDMAN EXPERIENCE

Do NOT double count credit years in this section and in section III B.

Describe in your own words your experience as a "Landman" and indicate the number of credit years you have been primarily engaged as a mineral negotiator in the performance of numbers 1 and/or 2 below. Use additional copies of this page if necessary.

A "Landman" as defined in Article II of the Certification Program Specifications, which can be found in the Membership Directory, is a person who has been primarily engaged in the performance of one or both of the following:

- | | <u>Please Check</u> | |
|--|------------------------------|-----------------------------|
| 1. Negotiation for acquisition or divestiture of <u>mineral</u> rights. | Yes ☐ | No ☐ |
| 2. Negotiation of business agreements that provide for the exploration and/or development of <u>minerals</u> . | Yes ☐ | No ☐ |

Employer: _____

Supervisor(s): _____ Phone: _____

Your title(s): _____

Date From: (month/year) _____ Date To: (month/year) _____

Business Address: _____
Street

City

State

Zip Code

Describe, in detail, your duties as a **MINERAL NEGOTIATOR**. Be specific concerning details of work performed consistent with numbers 1 and/or 2 above. Do NOT attach a résumé.

If you have worked for the same employer for more than one year use the next page of this application to describe your job titles and job duties chronological during your time of employment.

Job Description(s): _____

Credit years are determined on a total-months-worked basis.

Credit Years counted under III A are NOT to also be counted under III B. You are either negotiating as outlined in numbers 1 and/or 2 above or performing other landwork duties as outlined in Numbers 3 through 6, "Other Landwork Experience" III B.

III A. Total credit years experience as a Landman (Negotiator): _____

(MUST INCLUDE THE IMMEDIATE PAST 2 CREDIT YEARS)

This page may be copied if additional employers are required to cover experience as a negotiator.

ATTACHED RÉSUMÉS AND LETTERS WILL NOT BE CONSIDERED

III. WORK EXPERIENCE - A: LANDMAN EXPERIENCE (CONTINUED)

Employer: _____

Month/Year From: _____ Month/Year To: _____

Job Duties (Negotiations): _____

Month/Year From: _____ Month/Year To: _____

Job Duties (Negotiations): _____

Month/Year From: _____ Month/Year To: _____

Job Duties (Negotiations): _____

Month/Year From: _____ Month/Year To: _____

Job Duties (Negotiations): _____

This page may be copied if additional time periods are required to cover job duties with this employer.

Only complete this portion if you have "Other Landwork" experience not covered in III A.
DO NOT DOUBLE COUNT CREDIT YEARS UNDER BOTH SECTIONS III A and III B.

III. WORK EXPERIENCE - B: OTHER LANDWORK EXPERIENCE

If additional credit years are needed, describe in your own words your experience in Other Landwork with indication of the number of years you have been, or were, primarily engaged in the performance of one or more of the following activities. Use additional copies of this page if necessary.

3. Determining ownership in minerals through the research of public records.
4. Reviewing status of title, curing title defects, and otherwise reducing title risk associated with ownership of interests in minerals.
5. The management of rights and/or obligations derived from ownership of interests in minerals.
6. The unitization or pooling of interests in minerals.

Employer: _____

Supervisor(s): _____ Phone: _____

Your title(s): _____

Date From: (month/year) _____ Date To: (month/year) _____

Business Address: _____
Street

City _____ State _____ Zip Code _____

Describe, in detail, your duties associated with OTHER LANDWORK consistent with numbers 3 through 6 above. Be specific concerning details of other landwork performed. Do NOT attach a résumé.

If you have worked for the same employer for more than one year use the next page of this application to describe your job titles and job duties chronological during your time of employment.

Job Description(s): _____

Credit years are determined on a total-months-worked basis.

Credit Years counted under III B are NOT to also be counted under III A. You are either performing the above Other Landwork duties as outlined in Numbers 3 through 6 or negotiating as outlined in Numbers 1 and 2 "Landman" III A.

III B. Total years of Other Landwork _____ times 50% equals Total Landwork Credit Years: _____
(1/2 "credit year" for each full year worked)

A MAXIMUM of 3 credit years can count toward total.

This page may be copied if additional employers are required to cover Other Landwork experience.

ATTACHED RÉSUMÉS AND LETTERS WILL NOT BE CONSIDERED

III. WORK EXPERIENCE - B: OTHER LANDWORK EXPERIENCE (CONTINUED)

Employer: _____

Month/Year From: _____ Month/Year To: _____

Job Duties (Other Landwork): _____

Month/Year From: _____ Month/Year To: _____

Job Duties (Other Landwork): _____

Month/Year From: _____ Month/Year To: _____

Job Duties (Other Landwork): _____

Month/Year From: _____ Month/Year To: _____

Job Duties (Other Landwork): _____

This page may be copied if additional time periods are required to cover job duties with this employer.

IV. COMBINED EXPERIENCE

Pursuant to Sections II, III A and III B above indicate the number of "credit years" to which you are entitled:

- Section II, Education (Maximum of 5 credit years) _____
(College degree required for all applicants)
 - Section III A Landman (Negotiations) _____
(Must include the immediate past 2 credit years)
 - Section III B Other Landwork Experience _____
(Maximum of 3 credits)
- TOTAL CREDIT YEARS _____
(Minimum of 10 credit years)

V. SPONSORS

- Applicant is required to secure sponsorship from at least 3 CPLs in good standing.
- The sum of all sponsor verifications **MUST** reflect in detail the type, quantity and quality of the applicant's work history covering ALL of the applicant's required "credit years."
- Each CPL sponsor will be required to describe on the Sponsor Verification Form the applicant's experience and attest to the applicant's ethics for the time period they are verifying.
- Sponsors **MUST** know the applicant and be willing to attest to the applicant's qualifications, job experience and ethical conduct.
- Sponsors may be required to answer additional committee questions regarding applicant's qualifications and should not be named unless willing to supply additional information as may be necessary.
- The names and addresses of my sponsors are:

(This page may be copied if additional sponsors are necessary to cover the required "credit years".)

Name: _____ Company: _____

Street City State Zip Code

Phone E-Mail

CPL # _____

Name: _____ Company: _____

Street City State Zip Code

Phone E-Mail

CPL # _____

Name: _____ Company: _____

Street City State Zip Code

Phone E-Mail

CPL # _____

VI. EXAM DATE

I plan to take the exam in _____ on _____

CPL APPLICATION AFFIDAVIT

STATE OF _____

COUNTY OF _____

Before me, a Notary Public, on this _____ day of _____, _____
(Date) (Month) (Year)

personally appeared, _____
who after being duly sworn by me, declared: (Applicant's full name)

I have read the instructions and inquiries that constitute the Certified Professional Landman application form. I have responded to all inquiries on this form fully and frankly, and all information contained in my application is true and correct. I understand that any misstatement of facts deemed material is ground for denial of my application. All documents that I have provided or will provide to the Certification Committee, that are not required to be certified copies, are, to the best of my knowledge, true and correct copies of the original documents. I am submitting my application in good faith and belief that I am eligible to become a Certified Professional Landman. I know of no reason why I would not be qualified for certification.

I HAVE READ AND UNDERSTAND THE CURRENT CERTIFICATION PROGRAM SPECIFICATIONS AS OUTLINED IN THE AAPL MEMBERSHIP DIRECTORY. I UNDERSTAND THAT THE RESPONSES SUBMITTED ON THIS APPLICATION AND ALL ATTENDANT FORMS ARE SUBMITTED UNDER OATH AND THAT FAILURE TO RESPOND TO ANY INQUIRY OR TO DISCLOSE FULLY AND ACCURATELY ALL FACTS AND INFORMATION CALLED FOR HEREIN MAY RESULT IN DENIAL OF MY APPLICATION AND/OR REFERRAL TO THE AAPL ETHICS COMMITTEE.

I hereby authorize the Certification Committee to verify all information pertaining to my eligibility. I further agree that in the event that certification is not granted to me, or if granted and later withdrawn for ethical or competency reasons or for failure to meet continuing education requirements, I will make no claim against the American Association of Professional Landmen, its Board of Directors, any committee, or any individual member.

Furthermore, I pledge that if I am accepted as a Certified Professional Landman, I will endeavor to maintain a high degree of professional competence, ethical, moral and professional integrity, and will endeavor to raise the land profession to its highest level.

Signature of Applicant

Subscribed and sworn to me on this _____ day of _____, _____
(Date) (Month) (Year)

(Seal)

Signature of Notary

AMERICAN ASSOCIATION
OF PROFESSIONAL LANDMEN



CERTIFIED PROFESSIONAL LANDMAN
APPLICANT SPONSOR VERIFICATION FORM

- EACH CPL SPONSOR WILL NEED TO FILL OUT THIS FORM.
- PLEASE PROVIDE EACH OF YOUR SPONSORS WITH THIS FORM FOR THEM TO FILL OUT.
- THIS VERIFICATION FORM MUST BE COMPLETED BY THE SPONSOR, IN THE SPONSOR'S OWN WORDS. IF A VERIFICATION FORM IS PREPARED BY THE APPLICANT, THE APPLICATION WILL BE RETURNED AND WILL NOT BE CONSIDERED AGAIN FOR ONE YEAR.

This form may be handwritten (legibly) or typed and must be mailed to
AAPL, 800 Fournier Street, Fort Worth, TX 76102-3597 Attn: Certification

(Photocopies of sponsor's comments will not be accepted)

_____ has applied for certification as a Certified Professional Landman. You have been listed as one of the applicant's sponsors. Please complete this form in full as your verification of the applicant's qualification to become a Certified Professional Landman.

Your Name: _____ CPL # _____

Your Company: _____

Your Address: _____

Your Phone #: _____

Your Email Address: _____

What is your relationship to the applicant? _____
(FAMILY MEMBERS MAY NOT BE SPONSORS)

How long have you known the applicant? _____

Time period for the landwork experience you are verifying:

From: (month/year) _____

To: (month/year) _____

(Initial appropriate response)

1. I hereby state and affirm that I do _____ do not _____ have an economic interest in the applicant gaining a CPL certification.

(Sponsor's signature)

2. BASED UPON YOUR PERSONAL KNOWLEDGE, please describe in detail the applicant's work experience.

This should include the full extent of types of work (i.e., negotiating acquisitions of mineral rights, negotiating business agreements, determining mineral ownership, reviewing title, curing title, managing rights derived from ownership in minerals, unitization or pooling of minerals, etc.) and the approximate year(s) and/or month(s) involved.

Please do not attach letters or other documents.

Sponsor Verification Form – Page 2

Employer: _____

Month/Year From: _____ Month/Year To: _____

Job Duties (Negotiations and/or Other Landwork): _____

Employer: _____

Month/Year From: _____ Month/Year To: _____

Job Duties (Negotiations and/or Other Landwork): _____

Employer: _____

Month/Year From: _____ Month/Year To: _____

Job Duties (Negotiations and/or Other Landwork): _____

This page may be copied if additional space is required to further describe the applicants work history.
CPL Application Revised January 2015

3. Please describe the applicant's professional and ethical conduct.

4. Please make comments you feel pertinent to the committee's decision (both at the local and national level).

5. Are you verifying landwork experience for a period of time longer than you have personally known the applicant?

Yes: _____ No: _____

If Yes, please continue to question number 6. If no, please disregard question number 6.

6. If you answered **Yes** to the question number 5, please describe the **specific ways** in which you have verified the applicants specific work experience for the period of time which you did **NOT** personally know the applicant.

I hereby certify that I have personally prepared the foregoing verification form. I have responded to all inquiries on this form fully and frankly, and all information contained herein is true and correct to the best of my knowledge. I hereby affirm that the applicant meets or exceeds the professional and ethical standards for CPL certification. **I UNDERSTAND THAT FAILURE TO DISCLOSE FULLY AND ACCURATELY ANY FACTS OR INFORMATION CALLED FOR HEREIN MAY RESULT IN REFERRAL TO THE AAPL ETHICS COMMITTEE.**

Date

Signature of Sponsor

Please mail this form directly to: AAPL, 800 Fournier Street, Fort Worth, TX 76102-3597 Attn: Certification
CPL Application Revised January 2015



REGISTERED PROFESSIONAL LANDMAN

APPLICATION FORM

REVISED JANUARY 2015

Instructions to Apply for Registered Professional Landman (RPL) Certification

PLEASE READ CAREFULLY

- A. Complete the questionnaire prior to the application to determine if you are qualified.

You must be an Active Member of AAPL for at least one year to apply. Students and Associate Members are not eligible to apply for the RPL Certification.

You must be currently engaged as a Landman to apply, as defined in the Certification Program Specifications, Article II B in the AAPL Membership Directory.

Complete this application form only if you are qualified per the above specifications.

Please be thorough in completing this application. Approval of your application is based on the information provided in your application, and this is your best opportunity to illustrate your qualifications. Be advised that the Certification Committee carefully reviews your responses and verifies the information provided.

- B. Do not attach resumes, letters, or other items relating to your experience to the application. All such items will be removed and not considered in the approval process.
- C. Submit a certified college transcript that shows the degree(s) earned (only if applicable as a 4-year degree is not required).
- D. Copy and send the Applicant Sponsor Verification Form to **two CPLs or a minimum of one CPL and one RPL** and ask that they complete the form and return it to AAPL. When combined, your sponsors must cover **ALL** the required total credit year's experience. That is, total years sponsored must equal or exceed the minimum number of credit years required.
- E. Designate a local association to be contacted as a part of the peer review process.
- F. Send completed application form and the non-refundable \$75.00 application fee to:

AAPL
800 Fournier Street
Fort Worth, TX 76102-3597
Attn: Certification

- G. You must complete the application process, including sufficient verification from two qualified CPLs or a minimum of one CPL and one RPL, within 120 days from the date the application is received by AAPL or the application may be returned and a new application required to continue the process. It is your responsibility to monitor the process and assure that all necessary parts of the application are accurately and timely completed.

You may take the exam prior to approval of your RPL application but only if you qualify based on the questionnaire included in this application. The results of your exam will have no bearing on the approval of your application. The results of the exam will not be disclosed until your application is completed and approved by the Certification Chairman. You must submit your application within 60 days of taking the exam for the exam to qualify. This does not apply to the CPL or RPL Sponsor Verification Forms.

When all parts of the application are complete, including all sponsor forms, your application will be reviewed by a member of the AAPL Staff, and, if complete, will be submitted to the AAPL Certification Committee for consideration. You will then be notified of the decision of the Certification Chairman. If you have taken the exam, your results will be provided to you promptly. Time to publish your name in either the *Landman* or *Landman2* Magazine must be allowed.

The total time to complete the application process may be approximately 4 months, but could take longer depending on timing of publication and other circumstances.

Registered Professional Landman Application Form

You are responsible for reading the current Certification Program, as amended, found in the AAPL Membership Directory. A brief summary of the Program is listed below; however, in the event of a conflict between this summary and the Program, the Program shall prevail. The application must be legible, be submitted on the currently approved form, and be accompanied by a \$75.00 non-refundable application fee.

SUMMARY OF REQUIREMENTS, DEFINITIONS, AND RULES

- I. In order to be qualified to become a RPL, you must:
 - a. Have at least 5 "Credit Years" of full-time experience as a Land Professional;
 - b. Be currently engaged, on a full-time basis in the Primary performance of Mineral Negotiations for at least the immediate past:
 - (1) TWO years if applying WITH a 4 year college degree, or
 - (2) FOUR years if applying WITHOUT a 4 year college degree;
 - c. Score at least a grade of 70 on each part of the AAPL administered RPL exam; and
 - d. Be an **ACTIVE** (not associate) member of AAPL for at least 1 year.
- II. A "Land Professional" is defined as a person who has derived a significant portion of income in the performance of Landwork.
- III. "Landwork" is defined as and credit years will be determined as follows:

- a. Mineral Negotiations:
 1. Negotiating for the acquisition or divestiture of mineral rights; and/or
 2. Negotiating business agreements providing for mineral exploration and/or development.

For each year during which you primarily performed, on a full-time basis, the above activities, you will be awarded 1 "Credit Year", with a minimum of 2 "Credit Years" required, including at least the immediate past two years.

- b. Other Landwork:
 3. Determining mineral ownership through examination of public records;
 4. Reviewing status of title, curing title defects and otherwise reducing title risks in connection with mineral ownership;
 5. Managing rights and/or obligations derived from mineral ownership; and/or
 6. Unitizing or pooling mineral interests.

For each year during which you primarily performed, on a full-time basis, the above activities, you will be awarded 1/2 "Credit Year", up to a maximum 1.5 "Credit Years", if applying WITH a 4 year college degree and a maximum 1 "Credit Years" if applying WITHOUT a 4 year college degree.

- IV. Education: The following credits (up to a maximum of 3 "Credit Years") are available for meeting certain education requirements:
 - a. 1.5 "Credit Years" will be awarded if you have earned a bachelor's degree from an AAPL accredited college or university;
 - b. 1.5 additional "Credit Years" will be awarded if the bachelor's degree credited above is with a concentration or major in Petroleum Land, Energy or Natural Resource Management from an AAPL accredited university or college. The accredited programs are: Oklahoma City University, University of Oklahoma, Texas Tech University, University of Louisiana at Lafayette, University of Calgary, Pennsylvania State University, Western State Colorado University, West Virginia University, University of Wyoming and The University of Tulsa.
 - c. 0.5 additional "Credit Year" will be awarded if you have earned a law degree from an ABA-accredited law school;
 - d. 0.5 additional "Credit Year" will be awarded if you have earned an advanced degree in business or certain other programs specified by the AAPL at an AAPL approved college or university.

ARE YOU QUALIFIED TO BECOME A RPL?



There are two scenarios that can apply when determining if you are eligible to obtain RPL certification:

- ▲ Applying without a 4-year Bachelors Degree.
- ▲ Applying with a 4-year Bachelors, Graduate, and/or Law Degree.

▲ Applying WITHOUT a 4-year Bachelors Degree.

Before completing the RPL Application, complete this questionnaire to determine if you meet the MINIMUM qualifications to apply for RPL certification. Answer the following questions by marking each space with the appropriate number of credit years and then total your responses to see if you meet the requirements.

A. Experience as a "Landman" (refer to definition below)

(Article III A of Application) Do NOT double count credit years otherwise included in B below.

A "Landman", as defined in Article II of the Certification Program Specifications which can be found in the Membership Directory, is a person who has been primarily engaged in the performance of one or both of the following:

1. Negotiations for acquisition or divestiture of mineral rights.
2. Negotiation of business agreements that provide for the exploration for and/or the development of minerals.

Total Credit Years of Experience as a "Landman" primarily engaged in negotiations. A _____

(MUST INCLUDE THE IMMEDIATE PAST 4 CREDIT YEARS)

B. Other Landwork Experience

(Article III B of Application) Do NOT double count credit years otherwise included in A above.

Enter the number of years you have been, or at one time were, primarily engaged in the performance of one or more of the following:

3. Determining ownership in minerals through the research of public records.
4. Reviewing the status of title, curing title defects, and otherwise reducing title risk associated with ownership of interests in minerals.
5. The management of rights and/or obligations derived from ownership of interest in minerals.
6. The unitization or pooling of interests in minerals.

Total years _____ times 50% = B _____

Total Other Landwork Experience not including negotiations as defined in A above.
(1/2 "credit year" for each full year worked) (MAXIMUM of 1.0 can count toward total)

Total credit years (Total A & B) _____

If the total of A and B above is 5 credit years or greater and you are currently and have been for the immediate past 4 years **PRIMARILY ENGAGED** in number 1 and/or 2 above then you are **ELIGIBLE** to apply for RPL certification without a college degree.

ARE YOU QUALIFIED TO BECOME A RPL?

There are two scenarios that can apply when determining if you're eligible to obtain RPL certification:

- ▲ Applying without a 4-year Bachelors Degree.
- ▲ Applying with a 4-year Bachelors, Graduate, and/or Law Degree.
- ▲ Applying WITH a 4-year Bachelors, Graduate, and/or Law Degree.

Before completing the RPL Application, complete this questionnaire to determine if you meet the MINIMUM qualifications to apply for RPL certification. Answer the following questions by marking each space with the appropriate number of credit years, and then total your responses to see if you meet the requirements.

A. Experience as a "Landman" (refer to definition below)

(Article III A of Application) Do NOT double count credit years otherwise included in B below.

A "Landman", as defined in Article II B of the Certification Program Specifications which can be found in the Membership Directory, is a person who has been primarily engaged in the performance of one or both of the following:

1. Negotiations for acquisition or divestiture of mineral rights.
2. Negotiation of business agreements that provide for the exploration for and/or development of minerals.

Total Credit Years of Experience as a "Landman" primarily engaged in negotiations. A _____

(MUST INCLUDE THE IMMEDIATE PAST 2 CREDIT YEARS)

B. Other Landwork Experience

(Article III B of Application) Do NOT double count credit years otherwise included in A above.

Enter the number of years you have been, or were, primarily engaged in the performance of one or more of the following:

3. Determining ownership in minerals through the research of public records.
4. Reviewing the status of title, curing title defects, and otherwise reducing title risk associated with ownership of interests in minerals.
5. The management of rights and/or obligations derived from ownership of interests in minerals.
6. The unitization or pooling of interests in minerals.

Total years _____ time 50% = B _____

Total Other Landwork Experience not including negotiations as defined in A above.
(1/2 "credit year" for each full year worked) (MAXIMUM of 1.5 can count toward total)

C. Education

(Article II of Application)

- A bachelor's degree from an AAPL accredited university or college. (Enter 1.5 credit years) _____
- If the bachelor's degree credited above is with a concentration or major in Petroleum Land Management, Energy Management or Natural Resource Management from an AAPL accredited university or college. (Enter 1.5 credit years) _____
- A degree from an ABA accredited law school. (Enter 0.5 credit year) _____
- An advanced degree in business or certain other selected programs approved by AAPL. (Enter 0.5 credit year) _____

Total Education credits (Maximum of 3 credit years) C _____

Total credit years (Total A, B, C) _____

If the total of A, B and C above is 5 credit years or greater and you are currently and have been for the immediate past 2 years **PRIMARILY ENGAGED** in number 1 and/or 2 above then you are **ELIGIBLE** to apply for RPL Certification with a college degree.

___ 75.00 Application Fee Enclosed
___ 75.00 Charge My Credit Card # _____
___ M/C ___ Visa ___ Am Ex ___ D Club Exp Date _____ Sec Code _____
Authorized Signature _____



REGISTERED PROFESSIONAL LANDMAN APPLICATION (Complete Questionnaire Prior to Application)

I. PERSONAL DATA

AAPL Member #: _____ Application Date: _____
Name: _____ Date of Birth: _____
First Middle Last
Home/Cell Phone: _____ Home Address: _____
Street
City State Zip Code
Employer: _____
Your title: _____ Business Phone: _____
Business Address: _____
Street
City State Zip Code
Email address: _____
Where should mail be sent? _____
What local landman association(s) do you belong to? _____
Designated Local Association: _____
(Required for local association peer review)
Have you ever been indicted for or convicted of a felony? Yes _____ No _____
If yes, attach a detailed description of the offense and the status of the matter.

II. EDUCATION

Name of University or College: _____
Years attended from: (month/year) _____ To: (month/year) _____
Degree received: _____ Major area of Study: _____
1.5 credit years if you have earned a bachelor's degree from an AAPL approved university or college. _____
1.5 credit years if the bachelor's degree credited above is with a concentration or major
in Petroleum Land Management, Energy Management or Natural Resource Management
from an AAPL accredited university or college. _____
Name of law, professional or graduate school(s) _____
Years attended from: (month/year) _____ To: (month/year) _____
Degree received: _____ Major area of Study: _____
0.5 credit year if you earned a law degree from an ABA accredited law school. _____
0.5 credit year if you earned an advanced degree in business or certain other
selected programs approved by the AAPL. _____

II. Total Education Credit Years (Maximum of 3) _____

MUST FURNISH A CERTIFIED TRANSCRIPT THAT SHOWS THE DEGREE(S) EARNED

III. WORK EXPERIENCE - A: LANDMAN EXPERIENCE

Do NOT double count credit years in this section and in section III B.

Describe in your own words your experience as a "Landman" and indicate the number of credit years you have been primarily engaged as a mineral negotiator in the performance of numbers 1 and/or 2 below. Use additional copies of this page if necessary.

A "Landman" as defined in Article II of the Certification Program Specifications, which can be found in the Membership Directory, is a person who has been primarily engaged in the performance of one or both of the following:

- | | <u>Please Check</u> |
|--|--|
| 1. Negotiation for acquisition or divestiture of <u>mineral</u> rights. | Yes ☐ No ☐ |
| 2. Negotiation of business agreements that provide for the exploration and/or development of <u>minerals</u> . | Yes ☐ No ☐ |

Employer: _____

Supervisor(s): _____ Phone: _____

Your title(s): _____

Date From: (month/year) _____ Date To: (month/year) _____

Business Address: _____
Street

City _____ State _____ Zip Code _____

Describe, in detail, your duties as a MINERAL NEGOTIATOR. Be specific concerning details of work performed consistent with numbers 1 and/or 2 above. Do NOT attach a résumé.

If you have worked for the same employer for more than one year use the next page of this application to describe your job titles and job duties chronological during your time of employment.

Job Description(s): _____

Credit years are determined on a total-months-worked basis.

Credit Years counted under III A are NOT to also be counted under III B. You are either negotiating as outlined in numbers 1 and/or 2 above or performing other landwork duties as outlined in Numbers 3 through 6, "Other Landwork Experience" III B.

III A. Total credit years experience as a Landman (Negotiator): _____

Applying WITH a college degree, MUST include the immediate past TWO credit years.
Applying WITHOUT a college degree, MUST include the immediate past FOUR credit years.

This page may be copied if additional employers are required to cover experience as a negotiator.

ATTACHED RÉSUMÉS AND LETTERS WILL NOT BE CONSIDERED

III. WORK EXPERIENCE - A: LANDMAN EXPERIENCE (CONTINUED)

Employer: _____

Month/Year From: _____ Month/Year To: _____

Job Duties (Negotiations): _____

Month/Year From: _____ Month/Year To: _____

Job Duties (Negotiations): _____

Month/Year From: _____ Month/Year To: _____

Job Duties (Negotiations): _____

Month/Year From: _____ Month/Year To: _____

Job Duties (Negotiations): _____

This page may be copied if additional time periods are required to cover job duties with this employer.

Only complete this portion if you have "Other Landwork" experience not covered in III A.
DO NOT DOUBLE COUNT CREDIT YEARS UNDER BOTH SECTIONS III A and III B.

III. WORK EXPERIENCE - B: OTHER LANDWORK EXPERIENCE

If additional credit years are needed, describe in your own words your experience in Other Landwork with indication of the number of years you have been, or were, primarily engaged in the performance of one or more of the following activities. Use additional copies of this page if necessary.

3. Determining ownership in minerals through the research of public records.
4. Reviewing status of title, curing title defects, and otherwise reducing title risk associated with ownership of interests in minerals.
5. The management of rights and/or obligations derived from ownership of interests in minerals.
6. The unitization or pooling of interests in minerals.

Employer: _____

Supervisor(s): _____ Phone: _____

Your title(s): _____

Date From: (month/year) _____ Date To: (month/year) _____

Business Address: _____
Street

City _____ State _____ Zip Code _____

Describe, in detail, your duties associated with OTHER LANDWORK consistent with numbers 3 through 6 above. Be specific concerning details of other landwork performed. Do NOT attach a résumé.

If you have worked for the same employer for more than one year use the next page of this application to describe your job titles and job duties chronological during your time of employment.

Job Description(s): _____

Credit years are determined on a total-months-worked basis.

Credit Years counted under III B are NOT to also be counted under III A. You are either performing the above Other Landwork duties as outlined in Numbers 3 through 6 or negotiating as outlined in Numbers 1 and 2 "Landman" III A.

III B. Total years of Other Landwork _____ times 50% equals Total Landwork Credit Years: _____
(1/2 "credit year" for each full year worked)

Applying WITH a college degree MAXIMUM of 1.5 credit years can count toward total.
Applying WITHOUT a college degree MAXIMUM OF 1.0 credit year can count toward total.

This page may be copied if additional employers are required to cover Other Landwork experience.

ATTACHED RÉSUMÉS AND LETTERS WILL NOT BE CONSIDERED

III. WORK EXPERIENCE - B: OTHER LANDWORK EXPERIENCE (CONTINUED)

Employer: _____

Month/Year From: _____ Month/Year To: _____

Job Duties (Other Landwork): _____

Month/Year From: _____ Month/Year To: _____

Job Duties (Other Landwork): _____

Month/Year From: _____ Month/Year To: _____

Job Duties (Other Landwork): _____

Month/Year From: _____ Month/Year To: _____

Job Duties (Other Landwork): _____

This page may be copied if additional time periods are required to cover job duties with this employer.

IV. COMBINED EXPERIENCE

Pursuant to Sections II, III A and III B above indicate the number of "credit years" to which you are entitled:

- Section II, Education (Maximum of 3 credit years) _____

(A college degree is NOT required for all applicants, but counts as credit years towards the requirements for the RPL certification)

- Section III A Landman (Negotiations) _____
- Section III B Other Landwork Experience _____

TOTAL CREDIT YEARS _____

(Minimum of 5 credit years)

V. SPONSORS

- Applicant is required to secure sponsorship from two CPLs or a minimum of one CPL and one RPL in good standing.
- The sum of all sponsor verifications MUST reflect in detail the type, quantity and quality of the applicant's work history covering ALL of the applicant's required "credit years."
- Each CPL and RPL sponsor will be required to describe on the Sponsor Verification Form the applicant's experience and attest to the applicant's ethics for the time period they are verifying.
- Sponsors MUST know the applicant and be willing to attest to the applicant's qualifications, job experience and ethical conduct.
- Sponsors may be required to answer additional committee questions regarding applicant's qualifications and should not be named unless willing to supply additional information as may be necessary.

- The names and addresses of my sponsors are:

(This page may be copied if additional sponsors are necessary to cover the required "credit years".)

Name: _____ Company: _____

Street City State Zip Code

Phone E-Mail

CPL or RPL # _____

Name: _____ Company: _____

Street City State Zip Code

Phone E-Mail

CPL or RPL # _____

Name: _____ Company: _____

Street City State Zip Code

Phone E-Mail

CPL or RPL # _____

VI. EXAM DATE

I plan to take the exam in _____ on _____

RPL APPLICATION AFFIDAVIT

STATE OF _____

COUNTY OF _____

Before me, a Notary Public, on this _____ day of _____, _____
(Date) (Month) (Year)

personally appeared, _____
who after being duly sworn by me, declared: (Applicant's full name)

I have read the instructions and inquiries that constitute the Registered Professional Landman application form. I have responded to all inquiries on this form fully and frankly, and all information contained in my application is true and correct. I understand that any misstatement of facts deemed material is ground for denial of my application. All documents that I have provided or will provide to the Certification Committee, that are not required to be certified copies, are, to the best of my knowledge, true and correct copies of the original documents. I am submitting my application in good faith and belief that I am eligible to become a Registered Professional Landman. I know of no reason why I would not be qualified for certification.

I HAVE READ AND UNDERSTAND THE CURRENT CERTIFICATION PROGRAM SPECIFICATIONS AS OUTLINED IN THE AAPL MEMBERSHIP DIRECTORY. I UNDERSTAND THAT THE RESPONSES SUBMITTED ON THIS APPLICATION AND ALL ATTENDANT FORMS ARE SUBMITTED UNDER OATH AND THAT FAILURE TO RESPOND TO ANY INQUIRY OR TO DISCLOSE FULLY AND ACCURATELY ALL FACTS AND INFORMATION CALLED FOR HEREIN MAY RESULT IN DENIAL OF MY APPLICATION AND/OR REFERRAL TO THE AAPL ETHICS COMMITTEE.

I hereby authorize the Certification Committee to verify all information pertaining to my eligibility. I further agree that in the event that certification is not granted to me, or if granted and later withdrawn for ethical or competency reasons or for failure to meet continuing education requirements, I will make no claim against the American Association of Professional Landmen, its Board of Directors, any committee, or any individual member.

Furthermore, I pledge that if I am accepted as a Registered Professional Landman, I will endeavor to maintain a high degree of professional competence, ethical, moral and professional integrity, and will endeavor to raise the land profession to its highest level.

Signature of Applicant

Subscribed and sworn to me on this _____ day of _____, _____
(Date) (Month) (Year)

(Seal)

Signature of Notary

AMERICAN ASSOCIATION
OF PROFESSIONAL LANDMEN



REGISTERED PROFESSIONAL LANDMAN
APPLICANT SPONSOR VERIFICATION FORM

- EACH CPL AND RPL SPONSOR WILL NEED TO FILL OUT THIS FORM.
- PLEASE PROVIDE EACH OF YOUR SPONSORS WITH THIS FORM FOR THEM TO FILL OUT.
- THIS VERIFICATION FORM MUST BE COMPLETED BY THE SPONSOR, IN THE SPONSOR'S OWN WORDS. IF A VERIFICATION FORM IS PREPARED BY THE APPLICANT, THE APPLICATION WILL BE RETURNED AND WILL NOT BE CONSIDERED AGAIN FOR ONE YEAR.

This form may be handwritten (legibly) or typed and must be mailed to
AAPL, 800 Fournier Street, Fort Worth, TX 76102-3597 Attn: Certification

(Photocopies of sponsor's comments will not be accepted)

_____ has applied for certification as a Registered Professional Landman. You have been listed as one of the applicant's sponsors. Please complete this form in full as your verification of the applicant's qualification to become a Registered Professional Landman.

Your Name: _____ CPL or RPL # _____

Your Company: _____

Your Address: _____

Your Phone #: _____

Your Email Address: _____

What is your relationship to the applicant? _____
(FAMILY MEMBERS MAY NOT BE SPONSORS)

How long have you known the applicant? _____

Time period for the landwork experience you are verifying:

From: (month/year) _____

To: (month/year) _____

(Initial appropriate response)

1. I hereby state and affirm that I do _____ do not _____ have an economic interest in the applicant gaining a RPL certification.

(Sponsor's signature)

2. BASED UPON YOUR PERSONAL KNOWLEDGE, please describe in detail the applicant's work experience.

This should include the full extent of types of work (i.e., negotiating acquisitions of mineral rights, negotiating business agreements, determining mineral ownership, reviewing title, curing title, managing rights derived from ownership in minerals, unitization or pooling of minerals, etc.) and the approximate year(s) and/or month(s) involved.

Please do not attach letters or other documents.

Sponsor Verification Form – Page 2

Employer: _____

Month/Year From: _____ Month/Year To: _____

Job Duties (Negotiations and/or Other Landwork): _____

Employer: _____

Month/Year From: _____ Month/Year To: _____

Job Duties (Negotiations and/or Other Landwork): _____

Employer: _____

Month/Year From: _____ Month/Year To: _____

Job Duties (Negotiations and/or Other Landwork): _____

This page may be copied if additional space is required to further describe the applicants work history.

3. Please describe the applicant's professional and ethical conduct.

4. Please make comments you feel pertinent to the committee's decision (both at the local and national level).

5. Are you verifying Landwork experience for a period of time longer than you have personally known the applicant?

Yes: _____ No: _____

If Yes, please continue to question number 6. If no, please disregard question number 6.

6. If you answered **Yes** to the question number 5, please describe the **specific ways** in which you have verified the applicants specific work experience for the period of time which you did **NOT** personally know the applicant.

I hereby certify that I have personally prepared the foregoing verification form. I have responded to all inquiries on this form fully and frankly, and all information contained herein is true and correct to the best of my knowledge. I hereby affirm that the applicant meets or exceeds the professional and ethical standards for RPL certification. **I UNDERSTAND THAT FAILURE TO DISCLOSE FULLY AND ACCURATELY ANY FACTS OR INFORMATION CALLED FOR HEREIN MAY RESULT IN REFERRAL TO THE AAPL ETHICS COMMITTEE.**

Date

Signature of Sponsor

Please mail this form directly to: AAPL, 800 Fournier Street, Fort Worth, TX 76102-3597 Attn: Certification
RPL Application Revised January 2015

***ATTACHMENT 7: NORTH CAROLINA DEPARTMENT OF JUSTICE- DIVISION OF CONSUMER
PROTECTION- OIL AND GAS LEASE LETTER(S)***



State of North Carolina

**ROY COOPER
ATTORNEY GENERAL**

Department of Justice
9001 Mail Service Center
Raleigh, NC 27699-9001

July 28, 2014

CONSUMER PROTECTION
Toll Free In NC
(877) 566-7226
Outside of NC
(919) 716-6000
Fax: (919) 716-6050

Delivery by Express Mail

Mr. Frank Sides
Regional Agent
Crimson Holdings Corporation
2006 E. Carson Street
Pittsburgh, PA 15203

Ms. Anna Campbell
Partner
Campbell Development, LLC
2006 E. Carson Street
Pittsburgh, PA 15203

Re: Unsolicited Oil and Gas Leases in North Carolina

Dear Mr. Sides and Ms. Campbell:

The North Carolina Attorney General's Office has received information that Campbell Development, LLC ("Campbell") is apparently soliciting oil and gas leases from North Carolina landowners on behalf of a "Crimson Holdings Corporation" ("Crimson"). Attached is a copy of a solicitation letter and an oil and gas lease which was received by a North Carolina landowner, and which was recently forwarded to our office. We understand that a number of North Carolina landowners have received similar solicitations from you on behalf of Crimson.

Based upon our research, it appears that the address provided in the leases for Crimson, namely, 2006 E. Carson St., Pittsburgh, PA 15203, is actually the business address of Campbell Development, LLC, and we have found no indication that there is a "Crimson Holdings Corporation" at such address. Further, based upon our initial research, we have been unable to locate any information on a "Crimson Holdings Corporation," including any website or contact information for a company with that name. Neither Crimson nor Campbell are registered with the North Carolina Secretary of State to do business in North Carolina. As our office is unable to reasonably locate any information on Crimson Holdings Corporation, we have serious concerns that North Carolina landowners will be unable to conduct any due diligence research or to obtain information on the ostensible company to which they are being asked to lease their oil and gas

Mr. Frank Sides
Ms. Anna Campbell
July 28, 2014
Page 2

rights. Accordingly, as a threshold matter, we request that you identify the state of incorporation of Crimson, its complete business address, its owner(s), and the nature of its business. We are in communication with the North Carolina Department of Environment and Natural Resources ("NC DENR"), and have been informed by it that it is also investigating this matter.

This letter is to notify you that some of Campbell's solicitation practices and numerous provisions of Crimson's leases are in direct violation of North Carolina law. Beginning in 2011, the North Carolina General Assembly has enacted laws for the purpose of protecting North Carolina landowners who enter into oil and gas leases, or who are solicited for such leases. These laws include the Clean Energy and Economic Security Act ("the Act"), S.L. 2012-143, which became effective on July 2, 2012. The provisions of the Act and other landowner protections, including required terms for oil and gas leases, are codified in Chapter 113 of North Carolina's General Statutes, and specifically in Article 27, Part 3, of that Chapter, at N.C. Gen. Stat. §§ 113-420, *et seq.* A copy of Part 3 is enclosed for your reference.

Among other things, North Carolina law provides:

(1) Registration of Landmen. Any landman offering oil and gas leases to North Carolina landowners is required to register with the North Carolina Department of Environment and Natural Resources, which maintains a registry of landmen operating in the State. N.C.G.S. § 113-425. The purpose of this registry is to provide North Carolina landowners with a means of verifying the contact information and employers of landmen who offer leases in the State. This registry is at <http://portal.ncdenr.org/web/lr/registry-of-landmen>. Based on our review, neither Mr. Sides, nor anyone from Campbell, has registered as a landman in North Carolina.

(2) Landowner Education Information to Be Provided with Lease. At the time an oil and gas lease is offered, the landman or other person offering the lease is required to provide the landowner with (a) a copy of North Carolina law which sets out landowner protections, namely, General Statute Chapter 113, Article 27, Part 3; and (b) a copy of a publication produced by the Consumer Protection Division of the North Carolina Department of Justice titled "Oil and Gas Leases: Landowners' Rights," which may be found at the Attorney General's website at www.ncdoj.gov, and a copy of which is enclosed. N.C.G.S. § 113-423(a). There is no indication that this required information was provided to North Carolina landowners at the time the leases were offered by Mr. Sides or Campbell on behalf of Crimson.

(3) Lender Approval of Lease. The Act requires that all oil and gas leases contain a conspicuous written disclosure that a landowner should obtain the approval of his or her mortgage lender before signing the lease, to ensure that the lease does not violate the terms of the

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landowner's mortgage loan. This disclosure, which is set out in N.C.G.S. § 113-423(i), must be initialed by the landowner. Crimson's leases do not contain this required disclosure.

(4) Maximum Lease Term of 10 Years. A lease of oil or gas rights in North Carolina cannot exceed 10 years, unless at the end of the 10-year period, oil or gas is being produced for commercial purposes. N.C.G.S. § 113-423(b). The attached Crimson lease provides for a 12-year primary term, which exceeds the term allowed by North Carolina law.

(5) Right of Rescission and Notice of the Right. North Carolina law provides that after signing an oil or gas lease, either party to the lease may rescind or cancel the lease within 7 business days by notifying the other party in writing. If any payments have been made, those amounts must be returned. All oil and gas leases offered to North Carolina landowners must contain a "bold and conspicuous notice" of this right. N.C.G.S. § 113-423(j). The attached Crimson lease does not contain any right of rescission, nor a conspicuous notice of the right.

The above list is not an exhaustive list of all aspects in which Crimson's leases fail to comply with North Carolina law. Our office cannot provide you with legal advice, and we strongly recommend that you carefully review North Carolina law, and consult with an attorney to ensure Crimson's leases and Campbell's practices comply with the law.

Until you can demonstrate that Campbell's practices and Crimson's leases are in compliance with North Carolina law, we demand that Campbell and Crimson immediately cease and desist from offering or accepting any oil and gas leases in the State of North Carolina. To the extent that Campbell and/or Crimson receive any signed leases from North Carolina landowners accepting the leases' terms, we demand that you reject the leases and return them to the consumers, explaining that the leases do not comply with North Carolina law.

In addition to providing identifying information for Crimson, we request that you provide our office and the North Carolina Department of Environment and Natural Resources with the following information: (1) a list of the names and addresses of all North Carolina landowners to whom oil and gas leases have been offered by either Campbell or Crimson; and (2) identification of any oil and gas leases that have been accepted by any North Carolina landowner, including a copy of such lease, any amount(s) paid by Crimson, Campbell, or any other person or entity to the landowner for the lease, and the date(s) of such payment.

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We request that you respond to this letter within 10 days. In the meantime, if you should have any questions, please feel free to contact me at (919) 716-6039.

Sincerely,

A handwritten signature in cursive script that reads "M. Lynne Weaver".

M. Lynne Weaver
Special Deputy Attorney General

Enclosures

cc: Tracy Davis
Director of Energy, Mineral and Land Resources
NC DENR
1612 Mail Service Center
Raleigh, NC 27699-1612

Layla Cummings, Esq.
Policy Analyst
NC DENR



Crimson Holdings Corporation

Crimson Holdings Corporation is acquiring leases in Durham County. You have received this letter because we believe you are the mineral owner of a parcel of land that we are interested in developing:

Parcel: [REDACTED]

36.815 acres, more or less

Known as: [REDACTED]

By executing a Lease with Crimson Holdings Corporation, you will be participating in giving Crimson Holdings Corp. the opportunity to explore the natural resources in your area for a limited period of time. As the mineral owner, you will be entitled to receive royalty income from the production of any lands leased.

A sum of \$5.00 for each net mineral acre will be issued to all participants within 120 days of acceptance from Crimson Holdings Corporation of the Lease and pursuant to the conditions outlined in the order of payment.

We will be accepting leases until November 1, 2014, or until the funds established for the pursuit of the development of this area have been depleted.

To participate, you must sign and return the following (included in this packet):

Lease: Must be notarized and signed by all parties.

Memorandum of Lease: This is filed for public record in place of the Lease.

Affidavit of Non-Production: Your acknowledgement that there are no producing wells on or around your property. Must be notarized and signed by all parties.

Order of Payment: Outlining terms and time frame for signing fee.

W-9: You shall be responsible for taxes on signing fee and any future royalties. Crimson will need your SSN or TAX ID to report this income.

If you are interested, please mail your signed and notarized documents back in the pre-paid envelope provided.

If you have questions, call the agent listed below.

**Frank Sides
Regional Agent
330.423.3300**



Crimson Holdings Corporation

SUBMITTING YOUR LEASE PAPERWORK

IMPORTANT: To ensure the most correct Lease and the timely processing and payment of that Lease, make sure to follow the guidelines below for executing and submitting all five forms. If you have any questions, call: Frank Sides, Regional Agent (330) 423-3300.

1. A signed and completed W-9.
 - Make sure to fill out your mailing address, SSN (or Tax ID if you are an entity such as a Trust or Company) and sign the W-9.
2. A signed Order for Payment.
 - Sign your name(s) and make sure your mailing address and all other information is correct. This document is not filed in the courthouse and does not need to be notarized.

FOR ITEMS 3 and 4, If any of your personal information needs to be corrected (i.e. name was wrong, marital status has changed, need to add a middle initial, address wrong, etc.), neatly strike thru, with a single line, the information that needs to be changed; then (with a blue ink pen) neatly write in the correct information (you can use an asterisk if there is not enough room). In order to be effective all such changes to personal information must be initialed by you.

3. A signed, notarized copy of the Memorandum.
 - To ensure the accuracy of information please check both the Memorandum of Lease and the Lease for correctness on the below points. The Memorandum is recorded in the courthouse for public record; therefore we must make sure it is signed correctly and notarized.
 - Check your name, **IMPORTANT**, make sure your name is listed exactly as it appeared on the deed in which you received the land. (What to do if your name has changed since then is listed below)
 - Check your marital status as it is listed. The marital **MUST** be correct. If the marital status has been left blank, we need you to neatly write in your current marital status for us. If you are married, your spouse **MUST** also sign. If your spouse is not listed, you need to add his/her name.
 - **EXAMPLES:**
 - ✦ For example, if you received the land as Mary Smith and you are single, you will make sure the name is correctly listed as Mary Smith, single. If you received the land as Mary J. Smith and are now married to John Johnson you will put Mary J. Johnson formerly known as Mary J. Smith and John Johnson, husband and wife.
 - ✦ If you received the land as John Davis and Mary Davis but are now divorced you will put John Davis, divorced and not remarried.
 - ✦ Some other examples are:
 - ◆ Brenda Johns, single
 - ◆ Mary Smith, a widow who has not remarried
 - ◆ John Davis, a widower who has not remarried

- ♦ Julie B. Davis, also known as Julie Beth Harolds
- ♦ Jim Franks and Angela Franks, husband and wife
- ♦ Joshua Dye, a single person and Mary Dye, a single person
- ♦ James Richardson, President of ABC Motor Company (if the Lessor under the lease is ABC Motor Company)
- ♦ James Richardson and Mary Richardson, Co-Trustees of the Mary Richardson Family Trust dated 01/07/1982.

➤ Companies and Trusts: If you are signing under a company or trust name, we will need a copy of your Articles of Incorporation, Trust Agreement, Operating Agreement or other relevant governance document.

- Check your address. This is where notices, bonuses, etc. are to be sent. Help us ensure the most up to date mailing address is listed.
 - Sign the memo in the presence of a notary public. Use a pen with blue ink to sign. Make sure to sign exactly as described above. If your name is listed as Mary H. Smith, you must sign "Mary H. Smith." If your name is listed as Mary Jean Smith, you must sign "Mary Jean Smith." You must sign EXACTLY as your name is listed in order to ensure we have the most correct Memo/Lease.
 - Have the notary public notarize the document. If any changes have been made to the way your name is listed, make sure the notary is aware of this so that they can correctly list your name in the notary acknowledgement.
4. A signed, notarized copy of the Lease.
- See the above. Follow the same steps listed for the Memorandum when executing the Lease. Although the Lease is not recorded in the courthouse, it is still critical that it is executed correctly. It, too, must be signed in blue ink and notarized.
5. A signed, notarized copy of the Affidavit of Non-Production.
- See the above. Follow the same steps listed for the Memorandum and Lease to ensure the names and addresses are correct.

Once you have these five documents – W-9, OFP, Memo, Lease and Affidavit of Non-Production – please mail/return to:

LAND DEPARTMENT
Crimson Holdings Corporation
 2006 E. Carson Street
 PITTSBURGH, PA 15203

Thank you for your participation in the responsible development and exploration of the oil and natural gas reserves in the area.

ORDER FOR SIGNING FEE

Date: _____

Lessor: _____

Address: _____ RALEIGH, NC 27612

The above named "Lessor/Grantor", does hereby confirm that on this date they executed an Oil & Gas Lease ("Lease") in favor of **CRIMSON HOLDINGS CORPORATION**, hereinafter called "Lessee/Grantee", covering the following tract of land, to wit:

Known as Tax Parcel(s) _____
Commonly known as _____

Being all that certain tract of land situated in Map Zone _____ in the County of Durham, State of North Carolina.

Being all the property owned by Lessor or to which Lessor may have any rights in in Map Zone _____ containing 36.816 acres, more or less and being the same property described in Deed Book _____ Page _____ and/or Plat Book _____, Page _____, of the Durham County Public Records.

Acres: 36.816, more or less

As consideration for said Lease, upon delivery to Lessee of a property and fully executed Oil & Gas Lease, and upon final acceptance of the Lease by Lessee's Management and upon approval of title, Lessee/Grantee hereby agrees to pay: \$184.08 to said Lessor/Grantor, subject to the approval of Lessee's Management and Lessee's approval of title and lease, on or before One Hundred and Twenty (120) business days from receipt by Lessee/Grantee of this Order For Payment. If such payment is not received by the specified date, Lessor/Grantor shall inform Lessee/Grantee by Certified Mail and Lessee/Grantee shall have five (5) banking days to tender the payment, otherwise this offer shall be null and void.

LESSOR/GRANTOR

Name _____ Name _____

SS# _____

Phone/Contact # _____

Email: _____

Mail to: **CRIMSON HOLDINGS CORPORATION, 2006 E. Carson Street, Pittsburgh, PA 15203**

AFFIDAVIT OF NON-PRODUCTION

State: North Carolina

County: Durham

Affiant(s): _____

Affiant(s), as herein named above, reside(s) at _____

Affiant(s), having personal knowledge of the facts stated below, and being familiar with the land described as follows (the "Lands"):

Known as Tax Parcel(s): _____
Commonly known as: _____

Being all that certain tract of land situated in Map Zone _____ in the County of Durham, State of North Carolina.

Being all the property owned by Lessor or to which Lessor may have any rights to in Map Zone _____, containing 36.816 acres, more or less and being the same property described in Deed Book _____, Page _____, and/or Plat Book _____, Page _____, of the Durham County Public Records.

- 1) I have been the record owner of the Lands since _____;
- 2) To my knowledge, since that date, there has been no production of oil or gas from the Lands, there are no active oil or gas wells on the Lands, nor has any oil or gas well been drilled on the Lands since that date;
- 3) I have not been advised, informed or notified at any time that the Lands have been pooled or unitized with the other lands adjacent to the Lands nor do I have any reason to believe that the Lands have been pooled or unitized with any other lands for the production of oil or gas.
- 4) In my capacity as the owner(s) of the Lands, I am not currently receiving any delay rental payment, bonus, shut-in or royalty payment in connection with or otherwise related to oil or gas production from the Lands and I have not assigned, sold, conveyed or transferred any such delay rental payment, bonus, shut-in or royalty to any other party.
- 5) To my knowledge, other than a lease of even date to Crimson Holdings Corporation, there are no oil and gas leases covering the Lands, whether recorded or unrecorded, which are within their primary or secondary terms.

AFFIANT(s)

Date: _____

Date: _____

STATE OF NORTH CAROLINA)
COUNTY OF DURHAM)

On this ____ day of _____, 2014 before me, a Notary Public, the undersigned officer, personally appeared _____, known to me (or satisfactorily proven) to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged that he/she/they executed the same for the purposes therein contained.

IN WITNESS THEREOF, I hereunto set my hand and official seal.

My commission expires on:

Notary Public

This document prepared by:
Crimson Holdings Corporation
Attn: Land Department
2006 E. Carson St.
Pittsburgh, PA 15203

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVERS LICENSE NUMBER.

MEMORANDUM OF OIL AND GAS LEASE

THE STATE OF NORTH CAROLINA §
COUNTY OF DURHAM §

KNOW ALL MEN BY THESE PRESENTS:

Thus the undersigned _____, whose mailing address is _____, RALEIGH, NC 27612 (herein collectively called "Lessor" whether one or more) has executed and delivered to CRIMSON HOLDINGS CORPORATION, (herein called "Lessee") whose address is 2006 E. Carson Street, Pittsburgh, PA 15203, as Lessee an Oil and Gas Lease dated _____, 2014, and conveying the minerals in 36.816 acres of land, whether more or less (+/-) as situated in Durham County, North Carolina and covering the following described lands:

Known as Tax Parcel(s): _____

Commonly known as: _____

Being all that certain tract of land situated in Map Zone _____ in the County of Durham, State of North Carolina.

Being all the property owned by Lessor or to which Lessor may have any rights to in Map Zone _____, containing 36.816 acres, more or less and being the same property described in Deed Book _____, Page _____, and/or Plat Book _____, Page _____, of the Durham County Public Records.

Whereas said Oil and Gas Lease provided for a "Primary Term" of 12 years effective on the date first written above and an option to extend said Oil and Gas Lease for a "Secondary Term" of 3 additional years. Duplicate copies of said lease are in the possession of Lessor and Lessee where the same may be extended by any person having a lawful right of legitimate interest therein.

Now therefore, for the consideration set forth in said lease, Lessor does hereby grant, lease and let unto Lessee all of the rights as specified therein, in the following described properties.

This "Memorandum of Lease" shall be binding on all parties, their heirs, successors and Assigns.

LESSOR:

Signed: _____

Signed: _____

ACKNOWLEDGEMENT

STATE OF NORTH CAROLINA §
COUNTY OF DURHAM §

On this _____ day of _____, 2014, before me, the undersigned Notary Public in and for said county and state, personally appeared _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged that the same was executed and delivered as his/her/their free and voluntary act for the purposes therein set forth. In witness whereof I hereunto set my hand and official seal as of the date hereinabove stated.

Notary Public

My Commission Expires: _____

(Printed Name of Notary)

Return to:

CRIMSON HOLDINGS CORPORATION
2006 E. Carson St.
Pittsburgh, PA 15203

PAID-UP OIL and GAS LEASE

THIS LEASE AGREEMENT is made and entered into effective the _____ day of _____, 2014, by and between _____, whose mailing address is _____, RALEIGH, NC 27612, hereinafter called Lessor (whether one or more), and CRIMSON HOLDINGS CORPORATION, whose mailing address is 2006 E. Carson Street, Pittsburgh, PA 15203, hereinafter called Lessee.

WITNESSETH:

1. Lessor, in consideration of \$10.00 and OVC Dollars (\$10.00) in hand paid, receipt of which is hereby provided and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively to Lessee for the purpose of exploring for, developing, producing, and marketing oil, gas and other substances covered hereby on the leased premises as hereinafter described, or lands pooled or unitized herewith, in primary and/or enhanced recovery. Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, frac ponds, central production facilities, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to explore, discover, produce, store, treat and/or transport production.

The lands covered hereby, hereafter called "leased premises", located in the County of Durham in the State of North Carolina are described as follows:

Known as Tax Parcel(s): _____
Commonly known as: _____

Being all that certain tract of land situated in Map Zone _____ in the County of Durham, State of North Carolina.

Being all of the property owned by Lessor or to which Lessor may have any rights to in Map Zone _____, containing 36.816 acres, more or less and being the same property described in Deed Book _____, Page _____ and/or Plat Book _____, Page _____, of the Durham County Public Records.

And containing 36.816 gross acres, more or less, (including any interests therein which Lessor may hereinafter acquire by reversion, prescription or otherwise); of which, for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non-hydrocarbon substances produced in association therewith. The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above describe land, this lease and the term "leased premises" also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-mentioned land and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land and/leasehold rights so covered. For the purpose of determining the amount of any bonus money, shut-in royalty, or other such payment hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. Terms of Lease. This lease shall be in force for a primary term of 12 years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises (or from lands pooled therewith) or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Extension Option: For the same consideration stated above, this lease may at Lessee's option, be extended as to all or part of the lands covered hereby for an additional primary term of Five (5) years commencing on the date that the lease would have expired but for the extension. Lessee's option shall be deemed properly and timely exercised by Lessee paying or tendering to Lessor an option and extension payment of \$10.00 (Ten Dollars) per net mineral acre for the land then covered by the extended lease, said option and extension payment to be paid or tendered to Lessor at Lessor's address as shown above or to Lessor's last known address of record. If the Lessee exercises this option, the primary term of this lease shall be considered to be continuous, commencing on the date of the lease and continuing from that date to the end of the extended primary term.

4. Paid-up Lease. This is a paid-up lease. In consideration for the cash down payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to pay shut ins or commence or continue any operations during the primary term.

5. Royalty Payment. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) for oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be One-Eighth (1/8th) of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, less a proportionate part of ad valorem taxes and production, severance or other excise taxes and the costs incurred by Lessee in delivering, treating or otherwise marketing such oil and other liquid hydrocarbons, provided that Lessee shall have the continuing right to sell such production to itself or an affiliate at the wellhead market price then prevailing in the same field (or, if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and other substances covered hereby, the royalty shall be One-Eighth (1/8th) of the proceeds realized by Lessee from the sale thereof less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to sell such production to itself or an affiliate at the prevailing wellhead market price paid for production of similar quality in the same field (or, if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchase hereunder; and (c) if during or after the primary term one or more wells on the leased premises or lands pooled therewith are capable of

producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut-in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If, for a period of 90 consecutive days such well or wells are shut-in or production therefrom is not sold by Lessee, then Lessee shall pay aggregate shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in or to its successors on or before the end of said 90 day period and thereafter on or before each anniversary of the end of said 90 day period during which the well or wells are shut-in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90 day period next following the cessation of such operations or production, as the case may be. Lessee may pay or tender any shut-in royalty at any time in advance of its due date to the Lessor then known to Lessee as provided in Paragraph 11 and such payment or tender shall bind all persons then or thereafter claiming any part of such shut-in royalty. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

6. Operations. If Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences further operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production, or, should the lease be within the primary term no further operations shall be required to maintain this lease for the remainder of the primary term. If during or after the primary term, this lease is not otherwise being maintained in force, but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore a production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or upon lands pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

7. Pooling. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either prior to commencement of or during drilling or recompletion activities, or any completion of the well and may be retroactive to a prior date at Lessee's option, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. The unit formed by such pooling for an oil well (other than a "horizontal well" and/or a "horizontal completion") shall not exceed 320 acres plus a maximum acreage tolerance of 10%, and for a gas well or a "horizontal well" and/or a "horizontal completion" shall not exceed 1280 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil or gas well or a "horizontal well" and/or "horizontal completion" to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purposes of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority having jurisdiction. If no definition is so prescribed, "oil well" means a well with an initial gas/oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas/oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal well" and/or "horizontal completion" shall be defined by applicable law or the appropriate governmental authority having jurisdiction. In the absence of such a definition, a "horizontal well" and/or a "horizontal completion" shall be defined as an oil and/or gas well in which the well bore is intentionally deviated from a true vertical direction and extended to a distance of at least one hundred (100) feet of horizontal displacement. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if production, drilling or reworking operation were on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears the total acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to pool, consolidate, amend, revise, reform, or otherwise designate any such unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in accordance with the pooling provision contained herein, or in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion on which royalties are payable hereunder shall thereafter be adjusted accordingly. Lessor shall formally express Lessor's consent to any pooling agreement or operation adopted by Lessee and approved or needed for approval by any governmental authority having jurisdiction to do so, by executing the same upon request of Lessee. In absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate all or part of the unit by filing of record a written declaration describing the unit and stating the date terminated. Pooling hereunder shall not constitute a cross-conveyance of interests.

8. **Unitization.** Lessee shall have the right but not the obligation to commit all or any part of the leased premises or interests therein to one or more unit plans or agreements for the cooperative development or operation of one or more oil and/or gas reservoirs or portions thereof, if in Lessee's judgment such plan or agreement will prevent waste and protect correlative rights, and if such plan or agreement is approved by the federal, state or local governmental authority having jurisdiction. When such a commitment is made, this lease shall be subject to the terms and conditions of the unit plan or agreement, including any formula prescribed therein for the allocation of production, and Lessor shall formally express Lessor's consent to any cooperative or unit plan of development, or operation adopted by Lessee and approved or needed for approval by any governmental agency by executing the same upon request of Lessee.

9. **Surface operations.** Lessee shall have the right of ingress and egress and to make reasonable use of the surface estate of the leased premises to conduct its operations hereunder. When requested by Lessor in writing, Lessee shall bury its pipeline below ordinary plow depth on cultivated lands. No well shall be located less than 300 feet from any house or commercial building now on the leased premises without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter. Lessee may use free of cost any oil, gas, water and/or other substances on the leased premises, except water from Lessor's existing wells or ponds.

10. **Proportionate Reductions.** If Lessor owns less than the full mineral estate in all or any part of the leased premises, payment of bonus monies, royalties and shut-in royalties hereunder shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

11. **Ownership Changes.** The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to royalties or shut-in royalties hereunder, Lessee may pay or tender such royalties or shut-in royalties to the credit of decedent or decedent's estate the depository designated above. If at any time two or more persons are entitled to royalties, shut-in royalties, or other such payments hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If three or more parties become entitled to a share of the original Lessor's royalty, shut in royalty, or other such payment under this lease, Lessee, to alleviate excessive administrative burden, may request and the relevant parties shall designate a single representative to administer their collective interest and receive collective payments for the designated group. If Lessee transfers its interest hereunder in whole or in part, Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

12. **Release of Lease.** Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases less than all of the interest or area covered hereby, Lessee's obligation to pay or tender royalties, shut-in royalties, or other such payment shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

13. **Regulation and Delay.** Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction, including restrictions on the drilling and production of wells, and regulation of the price or transportation of oil, gas and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or order, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and, at Lessee's option, the period of such prevention or delay, plus an additional 180 days, shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

14. **Breach or Default.** No litigation shall be initiated by Lessor with any respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or cancelled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

15. **Warranty of Title.** Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

LESSOR:

Signed: _____

Signed: _____

ACKNOWLEDGEMENT

STATE OF NORTH CAROLINA
COUNTY OF DURHAM

§
§

On this ____ day of _____, 2014, before me, the undersigned Notary Public in and for said county and state, personally appeared _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged that the same was executed and delivered as his/her/their/ free and voluntary act for the purposes therein set forth. In witness whereof I hereunto set my hand and official seal as of the date hereinabove stated.

Notary Public

My Commission Expires: _____

(Printed Name of Notary)

**Request for Taxpayer
Identification Number and Certification**

Give Form to the
requester. Do not
send to the IRS.

Print or type See Specific Instructions on page 2.	Name (as shown on your income tax return)	
	Business name/disregarded entity name, if different from above	
	Check appropriate box for federal tax classification: ☐ Individual/sole proprietor ☐ C Corporation ☐ S Corporation ☐ Partnership ☐ Trust/estate ☐ Limited liability company. Enter the tax classification (C= C corporation, S= S corporation, P= partnership) > _____ ☐ Other (see instruction(s)) > _____	
	Exemptions (see instructions): Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____	
	Address (number, street, and apt. or suite no.) City, state, and ZIP code List account number(s) here (optional)	
Requester's name and address (optional)		

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number								
Employer identification number								

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person (defined below), and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.

Sign Here

Signature of
U.S. person >

Date >

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.
Future developments. The IRS has created a page on IRS.gov for information about Form W-9, at www.irs.gov/ef2. Information about any future developments affecting Form W-9 (such as legislation enacted after we release it) will be posted on that page.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, payments made to you in settlement of payment card and third party network transactions, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the

withholding tax on foreign partner's share of effectively connected income, and

4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct.

Note. If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1445 on any foreign partner's share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1445 require a partnership to presume that a partner is a foreign person, and pay the section 1445 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid section 1445 withholding on your share of partnership income.

§§ 113-416 through 113-419. Repealed by Session Laws 1959, c. 779, s. 3.

Part 3. Landowner Protection.

§ 113-420. Notice and entry to property.

(a) **Notice Required for Activities That Do Not Disturb Surface of Property.** - If an oil or gas developer or operator is not the surface owner of the property on which oil and gas operations are to occur, before entering the property for oil or gas operations that do not disturb the surface, including inspections, staking, surveys, measurements, and general evaluation of proposed routes and sites for oil or gas drilling operations, the developer or operator shall give written notice to the surface owner at least 14 days before the desired date of entry to the property. Notice shall be given by certified mail, return receipt requested. The requirements of this subsection may not be waived by agreement of the parties. The notice, at a minimum, shall include all of the following:

- (1) The identity of person(s) requesting entry upon the property.
- (2) The purpose for entry on the property.
- (3) The dates, times, and location on which entry to the property will occur, including the estimated number of entries.

(b) **Notice Required for Land-Disturbing Activities.** - If an oil or gas developer or operator is not the surface owner of the property on which oil or gas operations are to occur, before entering the property for oil or gas operations that disturb the surface, the developer or operator shall give written

notice to the surface owner at least 30 days before the desired date of entry to the property. Notice shall be given by certified mail, return receipt requested. The notice, at a minimum, shall include all of the following:

- (1) A description of the exploration or development plan, including, but not limited to (i) the proposed locations of any roads, drill pads, pipeline routes, and other alterations to the surface estate and (ii) the proposed date on or after which the proposed alterations will begin.
- (2) An offer of the oil and gas developer or operator to consult with the surface owner to review and discuss the location of the proposed alterations.
- (3) The name, address, telephone number, and title of a contact person employed by or representing the oil or gas developer or operator who the surface owner may contact following the receipt of notice concerning the location of the proposed alterations.

(b1) **Persons Entering Land; Identification Required; Presumption of Proper Protection While on Surface Owners' Property.** - Persons who enter land on behalf of an oil or gas developer or operator for oil and gas operations shall carry on their person identification sufficient to identify themselves and their employer or principal and shall present the identification to the surface owner upon request. Entry upon land by such a person creates a rebuttable presumption that the surface owner properly protected the person against personal injury or property damage while the person was on the land.

(c) **Venue.** - If the oil or gas developer or operator fails to give notice or otherwise comply with the provisions of this section, the surface owner may seek appropriate relief in the superior court for the county in which the oil or gas well is located and may receive actual damages. (2011-276, s. 3(b); 2012-143, s. 4(a).)

§ 113-421. Presumptive liability for water contamination; compensation for other damages; responsibility for reclamation.

(a) **Presumptive Liability for Water Contamination.** - It shall be presumed that an oil or gas developer or operator is responsible for contamination of all water supplies that are within 5,000 feet of a wellhead that is part of the oil or gas developer's or operator's activities unless the presumption is rebutted by a defense established as set forth in subsection (a1) of this subsection. If a contaminated water supply is located within 5,000 feet of a wellhead, in addition to any other remedy available at law or in equity, including payment of compensation for damage to a water supply, the developer or operator shall provide a replacement water supply to the surface owner and other persons using the water supply at the time the oil or gas developer's activities were commenced on the property, which water supply shall be adequate in quality and quantity for those persons' use.

(a1) **[Rebuttal of Presumption. -]** In order to rebut a presumption arising pursuant to subsection (a) of this section, an oil or gas developer or operator shall have the burden of proving by a preponderance of the evidence any of the following:

- (1) The contamination existed prior to the commencement of the drilling activities of the oil or gas developer or operator, as evidenced by a pre-drilling test of the water supply in question conducted in conformance with G.S. 113-423(f).
- (2) The surface owner or owner of the water supply in question refused the oil or gas developer or operator access to conduct a pre-drilling test of the water supply conducted in conformance with G.S. 113-423(f).
- (3) The water supply in question is not within 5,000 feet of a wellhead that is part of the oil or gas developer's or operator's activities.
- (4) The contamination occurred as the result of a cause other than activities of the developer or operator.

(a2) **Compensation for Other Damages Required.** - The oil or gas developer or operator shall be obligated to pay the surface owner compensation for all of the following:

- (1) Any damage to a water supply in use prior to the commencement of the activities of the developer or operator which is due to those activities.

- (2) The cost of repair of personal property of the surface owner, which personal property is damaged due to activities of the developer or operator, up to the value of replacement by personal property of like age, wear, and quality.
- (3) Damage to any livestock, crops, or timber determined according to the market value of the resources destroyed, damaged, or prevented from reaching market due to the oil or gas developer's or operator's activities.

(a3) **Reclamation of Surface Property Required.** - An oil or gas developer or operator shall reclaim all surface areas affected by its operations no later than two years following completion of the operations. If the developer or operator is not the surface owner of the property, prior to commencement of activities on the property, the oil or gas developer or operator shall provide a bond running to the surface owner sufficient to cover reclamation of the surface owner's property. Upon registration with the Department pursuant to G.S. 113-378, a developer shall request that the Mining and Energy Commission set the amount of the bond required by this subsection. As part of its request, the developer shall provide supporting documentation, including information about the proposed oil and gas activities to be conducted, the site on which they are to occur, and any additional information required by the Commission. The Commission shall set the amount of the bond in accordance with the criteria adopted by the Commission pursuant to G.S. 113-391(a)(13a) and notify the developer and surface owner of the amount within 30 days of setting the amount of a bond. A surface owner or developer may appeal the amount of a bond set pursuant to this subsection to the Commission within 60 days after receipt of notice from the Commission of the amount required. After evaluation of the appeal and issuance of written findings, the Commission may order that the amount of the bond be modified. Parties aggrieved by a decision of the Commission pursuant to this subsection may appeal the decision as provided under Article 4 of Chapter 150B of the General Statutes within 30 days of the date of the decision.

(a4) **Remediation Required.** - Nothing in this Article shall be construed to obviate or affect the obligation of a developer or operator to comply with any other requirement under law to remediate contamination caused by its activities.

(a5) **Replacement Water Supply Required.** - If a water supply belonging to the surface owner or third parties is contaminated due to the activities of the developer or operator, in addition to any other remedy available at law or in equity, the developer or operator shall provide a replacement water supply to persons using the water supply at the time the oil or gas developer's activities were commenced on the property, which water supply shall be adequate in quality and quantity for those persons' use.

(b) **Time Frame for Compensation.** - When compensation is required, the surface owner shall have the option of accepting a one-time payment or annual payments for a period of time not less than 10 years.

(c) **Venue.** - The surface owner has the right to seek damages pursuant to this section in the superior court for the county in which the oil or gas well is located. The superior court for the county in which the oil or gas well is located has jurisdiction over all proceedings brought pursuant to this section. If the surface owner or the surface owner's assignee is the prevailing party in an action to recover unpaid royalties or other damages owed due to activities of the developer or operator, the court shall award any court costs and reasonable attorneys' fees to the surface owner or the surface owner's assignee.

(d) **[Certain Limits Void. -]** Conditions precedent, notice provisions, or arbitration clauses included in lease documents that have the effect of limiting access to the superior court in the county in which the oil or gas well is located are void and unenforceable. (2011-276, s. 3(b); 2012-143, s. 4(b); 2013-365, s. 5(c).)

§ 113-422. Indemnification.

An oil or gas developer or operator shall indemnify and hold harmless a surface owner against any claims related to the developer's or operator's activities on the surface owner's property, including, but not limited to, (i) claims of injury or death to any person; (ii) damage to impacted infrastructure or water supplies; (iii) damage to a third party's real or personal property; and (iv) violations of any federal, State, or local law, rule, regulation, or ordinance, including those for protection of the environment. (2011-

276, s. 3(b); 2012-143, s. 4(c).)

§ 113-423. Required lease terms.

(a) **Required Information to be Provided to Potential Lessors and Surface Owners.** - Prior to executing a lease for oil and gas rights or any other conveyance of any kind separating rights to oil or gas from the freehold estate of surface property, an oil or gas developer or operator, or any agent thereof, shall provide the lessor with a copy of this Part and a publication produced by the Consumer Protection Division of the North Carolina Department of Justice entitled "Oil & Gas Leases: Landowners' Rights." If the lessor is not the surface owner of the property, the oil or gas developer or operator shall also provide the surface owner with a copy of this Part and the publication prior to execution of a lease for oil and gas rights.

(b) **Maximum Duration.** - Any lease of oil or gas rights or any other conveyance of any kind separating rights to oil or gas from the freehold estate of surface property shall expire at the end of 10 years from the date the lease is executed, unless, at the end of the 10-year period, oil or gas is being produced for commercial purposes from the land to which the lease applies. If, at any time after the 10-year period, commercial production of oil or gas is terminated for a period of six months or more, all rights to the oil or gas shall revert to the surface owner of the property to which the lease pertains. No assignment or agreement to waive the provisions of this subsection shall be valid or enforceable. As used in this subsection, the term "production" includes the actual production of oil or gas by a lessee, or when activities are being conducted by the lessee for injection, withdrawal, storage, or disposal of water, gas, or other fluids, or when rentals or royalties are being paid by the lessee. No force majeure clause shall operate to extend a lease beyond the time frames set forth in this subsection.

(c) **Minimum Royalty Payments.** - Any lease of oil or gas rights or any other conveyance of any kind separating rights to oil or gas from the freehold estate of surface property shall provide that the lessor shall receive a royalty payment of not less than twelve and one-half percent (12.5%) of the proceeds of sale of all oil or gas produced from the lessor's just and equitable share of the oil and gas in the pool, which sum shall not be diminished by pre-production or post-production costs, fees, or other charges assessed by the oil or gas developer or operator against the property owner. Royalty payments shall commence no later than six months after the date of first sale of product from the drilling operations subject to the lease and thereafter no later than 60 days after the end of the calendar quarter within which subsequent production is sold. At the time each royalty payment is made, the oil or gas developer or operator shall provide documentation to the lessor on the time period for which the royalty payment is made, the quantity of product sold within that period, and the price received, at a minimum. If royalty payments have not been made within the required time frames, the lessor shall be entitled to interest on the unpaid royalties commencing on the payment due date at the rate of twelve and one-half percent (12.5%) per annum on the unpaid amounts. Upon written request, the lessor shall be entitled to inspect and copy records of the oil or gas developer or operator related to production and royalty payments associated with the lease.

(d) **Bonus Payments.** - Any bonus payments, or other initial payments, due under a lease of oil or gas rights or any other conveyance of any kind separating rights to oil or gas from the freehold estate of surface property shall be paid by the lessee to the lessor within 60 days of execution of a lease. If a bonus payment or other initial payment has not been made within the required time frame, the lessor shall be entitled to interest on the unpaid amount commencing on the payment due date at the rate of ten percent (10%) per annum on the unpaid amount.

(e) **Agreements for Use of Other Resources; Associated Payments.** - Any lease of oil or gas rights or any other conveyance of any kind separating rights to oil or gas from the freehold estate of surface property shall clearly state whether the oil or gas developer or operator shall use groundwater or surface water supplies located on the property and, if so, shall clearly state the estimated amount of water to be withdrawn from the supplies on the property, and shall require permission of the surface owner therefore. At a minimum, water used by the developer or operator shall not restrict the supply of water for domestic uses by the surface owner. The lease shall provide for full compensation to the

surface owner for water used from the property by the developer or operator in an amount not less than the fair market value of the water consumed based on water sales in the area at the time of use.

(f) **Pre-Drilling Testing of Water Supplies.** - Any lease of oil or gas rights or any other conveyance of any kind separating rights to oil or gas from the freehold estate of surface property shall include a clause that requires the oil or gas developer or operator to conduct a test of all water supplies within 5,000 feet from a wellhead that is part of the oil or gas developer's or operator's activities at least 30 days prior to initial drilling activities and at least two follow-up tests within a 24-month period after production has commenced. The Department shall identify the location of all water supplies, including wells, on a property on which drilling operations are proposed to occur. A surface owner may elect to have the Department sample wells located on their property, in lieu of sampling conducted by the oil or gas developer or operator, in which case the developer or operator shall reimburse the Department for the reasonable costs involved in testing of the wells in question. Nothing in this subsection shall be construed to preclude or impair the right of any surface owner to refuse pre-drilling testing of wells located on their property.

(g) **Recordation of Leases.** - Any lease of oil or gas rights or any other conveyance of any kind separating rights to oil or gas from the freehold estate of surface property, including assignments of such leases, shall be recorded within 30 days of execution in the register of deeds office in the county that the land that is subject to the lease is located.

(h) **Notice of Assignment Required.** - Written notice of assignment of any lease of oil or gas rights or any other conveyance of any kind separating rights to oil or gas from the freehold estate of surface property shall be provided to the lessor within 30 days of such assignment. If the surface owner of the property is not the lessor, written notice of assignment of any lease of oil or gas rights shall also be given to the surface owner of the property to which the lease pertains within 30 days of such assignment.

(i) **Lender Approval of Lease.** - Any lease for oil or gas rights or any other conveyance of any kind separating rights to oil or gas from the freehold estate of surface property with a surface owner shall include a conspicuous boldface disclosure concerning notification to lenders, which shall be initialed by the surface owner, and state the following:

NOTICE TO LENDER(S) PRIOR TO EXECUTION OF LEASE:

Surface owners are advised to secure written approval from any lender who holds a mortgage or deed of trust on any portion of the surface property involved in the lease prior to execution of the lease and obtain written confirmation that execution of the lease will not violate any provision associated with any applicable mortgage or deed of trust, which could potentially result in foreclosure.

I have read and understood the
terms of this provision.

Surface Owner's Initials

(j) **Seven-Day Right of Rescission.** - Any lease of oil or gas rights or any other conveyance of any kind separating rights to oil or gas from the freehold estate of surface property shall be subject to a seven-day right of rescission in which the lessor or lessee may cancel the lease. A bold and conspicuous notice of this right of rescission shall be included in all such leases. In order to cancel the lease, the lessor or lessee shall notify the other party in writing within seven business days of execution of the lease, and the lessor shall return any sums paid by the lessee to the lessor under the terms of the lease. (2011-276, s. 3(b); 2012-143, s. 4(d); 2012-201, s. 12(d).)

§ 113-423.1. Surface activities.

(a) **Agreements on Rights and Obligations of Parties.** - The developer or operator and the surface owner may enter into a mutually acceptable agreement that sets forth the rights and obligations of the parties with respect to the surface activities conducted by the developer or operator.

(b) **Minimization of Intrusion Required.** - An oil or gas developer or operator shall conduct oil and gas operations in a manner that accommodates the surface owner by minimizing intrusion upon and damage to the surface of the land. As used in this subsection, "minimizing intrusion upon and damage to

the surface" means selecting alternative locations for wells, roads, pipelines, or production facilities, or employing alternative means of operation that prevent, reduce, or mitigate the impacts of the oil and gas operations on the surface, where such alternatives are technologically sound, economically practicable, and reasonably available to the operator. The standard of conduct set forth in this subsection shall not be construed to (i) prevent an operator from entering upon and using that amount of the surface as is reasonable and necessary to explore for, develop, and produce oil and gas and (ii) abrogate or impair a contractual provision binding on the parties that expressly provides for the use of the surface for the conduct of oil and gas operations or that releases the operator from liability for the use of the surface. Failure of an oil or gas developer or operator to comply with the requirements of this subsection shall give rise to a cause of action by the surface owner. Upon a determination by the trier of fact that such failure has occurred, a surface owner may seek compensatory damages and equitable relief. In any litigation or arbitration based upon this subsection, the surface owner shall present evidence that the developer's or operator's use of the surface materially interfered with the surface owner's use of the surface of the land. After such showing, the developer or operator shall bear the burden of proof of showing that it minimized intrusion upon and damage to the surface of the land in accordance with the provisions of this subsection. If a developer or operator makes that showing, the surface owner may present rebuttal evidence. A developer or operator may assert, as an affirmative defense, that it has conducted oil or gas operations in accordance with a regulatory requirement, contractual obligation, or land-use plan provision that is specifically applicable to the alleged intrusion or damage. Nothing in this subsection shall do any of the following:

- (1) Preclude or impair any person from obtaining any and all other remedies allowed by law.
- (2) Prevent a developer or operator and a surface owner from addressing the use of the surface for oil and gas operations in a lease, surface use agreement, or other written contract.
- (3) Establish, alter, impair, or negate the authority of local governments to regulate land use related to oil and gas operations. (2012-143, s. 4(e).)

§ 113-424: Repealed by Session Laws 2012-143, s. 4(f), effective July 2, 2012.

§ 113-425. Registry of landmen required.

(a) Establishment of Registry. - The Department of Environment and Natural Resources, in consultation with the Consumer Protection Division of the North Carolina Department of Justice, shall establish and maintain a registry of landmen operating in this State. As used in this section, "landman" means a person that, in the course and scope of the person's business, does any of the following:

- (1) Acquires or manages oil or gas interests.
- (2) Performs title or contract functions related to the exploration, exploitation, or disposition of oil or gas interests.
- (3) Negotiates for the acquisition or divestiture of oil or gas rights, including the acquisition or divestiture of land or oil or gas rights for a pipeline.
- (4) Negotiates business agreements that provide for the exploration for or development of oil or gas.

(b) Registration Required. - A person may not act, offer to act, or hold oneself out as a landman in this State unless the person is registered with the Department in accordance with this section. To apply for registration as a landman, a person shall submit an application to the Department on a form to be provided by the Department, which shall include, at a minimum, all of the following information:

- (1) The name of the applicant or, if the applicant is not an individual, the names and addresses of all principals of the applicant.
- (2) The business address, telephone number, and electronic mail address of the applicant.
- (3) The social security number of the applicant or, if the applicant is not an individual, the federal employer identification number of the applicant.

- (4) A list of all states and other jurisdictions in which the applicant holds or has held a similar registration or license.
- (5) A list of all states and other jurisdictions in which the applicant has had a similar registration or license suspended or revoked.
- (6) A statement whether any pending judgments or tax liens exist against the applicant.
- (c) The Department may deny registration to an applicant, reprimand a registrant, suspend or revoke a registration, or impose a civil penalty on a registrant if the Department determines that the applicant or registrant does any of the following:
- (1) Fraudulently or deceptively obtains, or attempts to obtain, a registration.
 - (2) Uses or attempts to use an expired, suspended, or revoked registration.
 - (3) Falsely represents oneself as a registered landman.
 - (4) Engages in any other fraud, deception, misrepresentation, or knowing omission of material facts related to oil or gas interests.
 - (5) Had a similar registration or license denied, suspended, or revoked in another state or jurisdiction.
 - (6) Otherwise violates this section.
- (d) An applicant may challenge a denial, suspension, or revocation of a registration or a reprimand issued pursuant to subsection (c) of this section, as provided in Chapter 150B of the General Statutes.
- (e) The Department shall adopt rules as necessary to implement the provisions of this section. (2012-143, s. 4(g).)

§ 113-426. Publication of information for landowners.

In order to effect the pre-lease publication distribution requirement as set forth in G.S. 113-423(a), and to otherwise inform the public, the Consumer Protection Division of the North Carolina Department of Justice, in consultation with the North Carolina Real Estate Commission, shall develop and make available a publication entitled "Oil & Gas Leases: Landowners' Rights" to provide general information on consumer protection issues and landowner rights, including information on leases of oil or gas rights, applicable to exploration and extraction of gas or oil. The Division and the Commission shall update the publication as necessary. (2012-143, s. 4(h).)

§ 113-427. Additional remedies.

The remedies provided by this Part are not exclusive and do not preclude any other remedies that may be allowed by law. (2012-143, s. 4(i).)



OIL & GAS LEASES IN NORTH CAROLINA: LANDOWNERS' RIGHTS

Deciding whether or not to allow drilling for oil and gas on your land is a serious and difficult decision. Oil and gas leases can impact the value of your land and how you use it. Before you sign an oil or gas lease, read the following definitions and tips for landowners.

- **Oil and Gas Leases.** An oil or gas lease is a legal document where a landowner grants an individual or company the right to extract oil or gas from beneath the landowner's property. Courts generally find leases to be legally binding, so it is very important that you understand all the terms of a lease before you sign it.
- **Hydraulic fracturing or "fracking"** is a process in which water, sand and chemicals are injected deep underground to crack shale rock and release natural gas. Hydraulic fracturing often involves **horizontal drilling**, where one or more horizontal drill shafts, which can extend for up to two miles, are drilled off an existing vertical shaft.
- **Fracking in North Carolina.** In 2012, the North Carolina General Assembly legalized fracking and horizontal drilling by passing Session Law 2012-143 (S. 820), the Clean Energy and Economic Security Act. However, drilling cannot take place until the North Carolina Mining and Energy Commission establishes rules for fracking, no later than January 1, 2015. In addition, no company can drill unless it first obtains a permit from the North Carolina Department of Environment and Natural Resources (DENR), and DENR cannot issue permits for fracking until the General Assembly votes to allow it to.

TIPS FOR LANDOWNERS

If you're considering leasing your land for oil or gas exploration, learn about the possible risks and the protections you're entitled to under North Carolina law.

- **Contact an attorney.** Oil and gas leases are complex legal documents. Before you sign an oil or gas lease, contact an attorney and ask them to review it, especially provisions about payment and damages. If you do not know an attorney with expertise in real estate law, contact the North Carolina Bar Association at 1-800-662-7660 for a referral. You also may be able to join with neighboring landowners to consult an attorney.
- **Contact your mortgage lender, conservation easement holder, or Farm Service Agency office.** If you have a mortgage loan, signing an oil or gas lease could violate the terms of your mortgage. It could also prevent you from being able to refinance your mortgage in the future. **Before you sign an oil or gas lease, talk to your lender and get their approval.** If your property is subject to a conservation easement, contact your conservation easement holder to find out about any restrictions on signing a lease. If you have received federal farm program benefits, contact your Farm Service Agency office to find out if you face any restrictions.
- **Check out the landman.** Oil or gas leases are often offered by salesmen called **landmen**. Some landmen work for oil and gas companies; others are independent contractors. In North Carolina, anyone who contacts you to offer you an oil or gas lease is required to register with DENR and provide his or her contact information. To check out a landman, visit <http://portal.ncdenr.org/web/lr/registry-of-landmen> or call 919-707-8605.
- **Research the company.** If you lease your land to a company for oil and gas exploration, you'll be dealing with that company for years to come. Before you sign a lease, check with the North Carolina Secretary of State's office at www.secretary.state.nc.us/corporations or 919-807-2000 to find out if the company is registered to do business in North Carolina. Also, ask your attorney to check out the company.

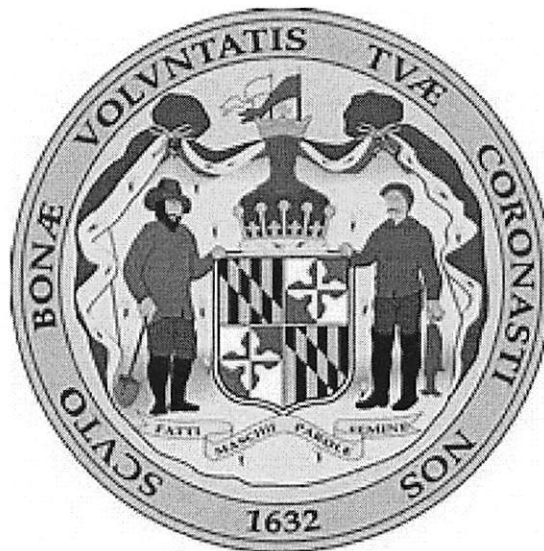
- **Know the risks to your land and water supply.** Exploring for oil or gas on your property will likely disrupt and possibly damage your land, your home, your crops and your water supply. Different kinds of leases allow different levels of impact. A **non-development lease** allows oil or gas to be extracted, but does not allow access to the surface of the landowner's property. A **development lease** allows access to the surface of the land for drilling and operating the well. This means the operator is generally allowed to clear trees, build roads, and construct a well pad and pipelines on your land, among other things. Each well pad disturbs 7 to 9 acres of land on average. Drilling can also cause noise and increased truck traffic around your property.
- **Make sure your payment is reasonable.** Oil and gas leases usually include three kinds of payments. (1) A **bonus payment** is made when the lease is signed, often based on the number of acres leased. North Carolina law requires that any bonus payment be made within 60 days of the lease being signed. (2) **Payment for surface damages to the property.** North Carolina law requires that landowners be paid for any damage to livestock, crops, timber, or personal property that's damaged, as well as for damage to an existing water supply. (3) **Royalties.** Royalties are a percentage of the proceeds of the sale of any oil or gas produced, and you'll only receive royalties if your land produces oil or gas. North Carolina law requires that landowners be paid a minimum royalty of 12.5 percent for any oil or gas produced, without any deductions for costs.
- **Make sure it covers damages and costs.** Oil and gas exploration on your property may damage your land, home, crops and/or water supply, and you may also face unexpected costs. Provisions of the lease that spell out how you would be paid for any damages need to be broad enough to cover all the types of damages or costs that you may face. For example, if you farm, you could face additional federal or state taxes if a certain percentage of your land is taken out of agricultural production due to oil and gas production. Find out whether you will be paid back for any additional taxes you may owe.
- **Talk with your neighbors.** There is strength in numbers, so you may want to consider negotiating your lease together with a group of neighbors. By working together, you may be able to get more favorable lease terms, including higher payments and better reimbursement for damages and costs.
- **Get all promises in writing, and get a copy of your lease.** Make sure any promises or conditions you discuss are in writing and are part of the lease. Also, be sure to get a copy of your lease. North Carolina law requires that all leases and any lease assignments be recorded with the register of deeds for the county where the property is located. Know that if you sign a lease to allow oil or gas drilling on your property, it may continue for many years because the lease will last as long as oil or gas is being produced.
- **Get a copy of your legal protections.** At the time landmen or companies offer you an oil or gas lease, they are required to give you a copy of the North Carolina law that protects you. The law that legalized fracking also provides important protections for landowners (see North Carolina General Statute Chapter 113, Article 27, Part 3, Landowner Protection, available online at www.ncleg.net.) A detailed summary of these protections is available on the North Carolina Attorney General's website at www.ncdoj.gov. Ask your lawyer to be sure your lease complies with North Carolina law or provides greater protections.
- **Don't be pressured to sign, and know your right to cancel.** Take your time before you sign an oil or gas lease, and don't let high-pressure sales tactics force you to make a decision before you're ready. If you sign, you will have seven days to cancel it under North Carolina law without any penalty. To cancel your lease, send the *company a written notice that you want to cancel*.
- **Where to turn for help.** If you have questions about oil and gas leases, contact the North Carolina Cooperative Extension Service in your county. Visit www.ces.ncsu.edu/local-county-center or call (919) 515-2813 for a list of Cooperative Extension county offices. If you have questions about the regulation of oil and gas exploration and development in North Carolina, or about environmental impacts, contact DENR at www.ncdenr.org, 919-707-8605. To report a scam or unfair business practice, contact the Attorney General's Consumer Protection Division at www.ncdoj.gov or 1-877-5-NO-SCAM.

ATTACHMENT 8: STATE OF MARYLAND- LAND PROFESSIONAL RULES AND REGULATIONS

STATE OF MARYLAND
ANNOTATED CODE OF MARYLAND
OIL AND GAS LAND PROFESSIONALS

BUSINESS REGULATION ARTICLE
TITLE 10.5

CODE OF MARYLAND REGULATIONS
COMAR 09.41.01 - .02



DEPARTMENT OF LABOR, LICENSING AND REGULATION
500 N. CALVERT STREET
BALTIMORE, MARYLAND 21202-3651
MAY 2014

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Subtitle 41 Oil and Gas Land Professionals COMAR 09.41.01 - .02

Chapter 01 – General Regulations

5-6

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Chapter 02 – Fees

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.01	Application and Renewal Fees	
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ANNOTATED CODE OF MARYLAND
BUSINESS REGULATION ARTICLE
TITLE 10.5

§ 10.5-101. Definitions

(a) In general. -- In this title the following words have the meanings indicated.

(b) **Land professional.** --

(1) "**Land professional**" means a person that, acting on the person's own behalf or on behalf of a prospective lessee or buyer, negotiates with a property owner for the acquisition of mineral rights in **oil or gas** in the State.

(2) "**Land professional**" does not include a person that negotiates for the acquisition or divestiture of a lessee's interest in an existing lease for mineral rights in **oil or gas**.

(c) Mineral rights in **oil or gas.** --

(1) "Mineral rights in **oil or gas**" means property rights that allow the holder of the rights to enter onto or under the property of another person for the extraction of crude **oil**, natural **gas**, or the constituents of crude **oil** or natural **gas**.

(2) "Mineral rights in **oil or gas**" includes an **oil or gas** lease.

§ 10.5-102. Registration and certificate required

A person may not operate as a **land professional** in the State unless the person registers with the Department and is issued a registration certificate under this title.

§ 10.5-103. Registration

(a) In general. -- A person shall register as a **land professional** by submitting to the Department:

- (1) an initial registration application on the form required by the Department; and
- (2) an initial registration fee set by the Department.

(b) Issuance. -- The Department shall assign a registration number and issue a registration certificate to each person that meets the requirements of subsection (a) of this section.

(c) Term; renewal. -- A registration under this title is valid for 2 years from the effective date of the registration and may be renewed by submitting to the Department:

- (1) a registration renewal application on the form required by the Department; and
- (2) a registration renewal fee set by the Department.

§ 10.5-104. Proof of registration to landowner

Before obtaining any mineral rights in **oil or gas** from a property owner, a **land professional** shall provide to the property owner proof that the **land professional** is registered under this title.

§ 10.5-105. Regulations

The Department shall adopt regulations that:

- (1) establish a registration form for the initial and renewal registration of a **land professional**;
- (2) set fees for the issuance of an initial registration and for a registration renewal;
- (3) provide for the assignment of a registration number and the issuance of a registration certificate to each registered **land professional**; and
- (4) establish any other requirements and procedures necessary to implement this title.

§ 10.5-106. Public access to registration information

The Department shall develop a means for providing public access to relevant information relating to each person registered under this title.

§ 10.5-107. Penalties

(a) In general. -- A person that violates any provision of this title or any regulation adopted under this title is guilty of a misdemeanor and on conviction is subject to:

- (1) for a first violation, a fine of not less than \$ 500 but not exceeding \$ 1,000; and
- (2) for a second or subsequent violation, a fine of not less than \$ 1,000 but not exceeding \$ 2,000.

(b) Fines paid into General Fund. -- Any fines collected under this section shall be paid into the General Fund of the State.

Title 09 DEPARTMENT OF LABOR, LICENSING, AND REGULATION

Subtitle 41 OIL AND GAS LAND PROFESSIONALS

Authority: Business Occupations and Professions Article, §10.5-105, Annotated Code of Maryland

Chapter 01 General Regulations

.01 Registration Form

In accordance with the provisions of Business Occupations and Professions Article, §10.5-105, Annotated Code of Maryland, each applicant shall use the initial or renewal registration form, as appropriate, provided by the Department.

.02 Name and Address Requirements

A. An applicant for registration as an Oil and Gas Land Professional may not provide a post office box number as a primary address.

B. When a registered Oil and Gas Land Professional changes the registrant's name or address, the registrant shall notify the Secretary in writing within 10 days of the change.

.03 Disclosure of Professional Designation or Recognized Professional Credential

A. An applicant for registration as an Oil and Gas Land Professional shall disclose to the Department any professional designation or recognized professional credential held by the applicant if the applicant intends to advertise the credential in the exercise of the applicant's activities as a registered Oil and Gas Land Professional.

B. The Department may disclose the credential, along with any relevant information regarding the nature of the credential, to the public.

.04 Registration Number and Certificate

The Department shall issue to each applicant who submits a completed application form and the required fee:

- (1) A registration number; and
- (2) A registration certificate valid for 2 years.

.05 Notice of Renewal

The Department shall notify a registered Oil and Land Gas Professional at least 60 days prior to the expiration of the individual's registration.

.06 Renewal Certificate

The Department shall issue a 2-year registration renewal certificate to a registrant who submits a completed renewal application form and the required fee prior to the expiration of the registrant's current registration.

Administrative History

Effective date: February 3, 2014 (41:2 Md. R. 90)

Chapter 02 Fees

.01 Application and Renewal Fees

Fees charged by the Secretary are as follows:

A. Application Fee — \$50

B. Registration Renewal Fee — \$50

Administrative History

Effective date: February 3, 2014 (41:2 Md. R. 90)

ATTACHMENT 9: STATE OF MARYLAND- LAND PROFESSIONAL APPLICATION



STATE OF MARYLAND
DEPARTMENT OF LABOR, LICENSING AND
REGULATION
**DIVISION OF OCCUPATIONAL & PROFESSIONAL
LICENSING**
500 N. CALVERT STREET
BALTIMORE, MD 21202
(410) 230-6264 FAX: 410-333-6314
E-MAIL: leigh.hoyt@maryland.gov

FOR OFFICE USE ONLY

Date received: _____
Approved: _____
Denied: _____
Reason: _____
Reg. No. _____

REGISTRATION FOR OIL AND GAS LAND PROFESSIONALS

1. APPLICANT INFORMATION

Last Name	First and Middle Name	Title	Social Security No.	License No./State Issued
Residence Address (street address, city, state, zip code)		Home () -	Fax () -	Cell or Other () -

2. APPLICANT LICENSE & FEE

Upon Board approval, you must submit a \$50 non-refundable registration fee. Do not send your payment with this application.

3. BACKGROUND AS LAND PROFESSIONALS

List any Professionals designations or credentials held relating to your activities as a Land Professionals that you intend to advertise, if any:

4. CERTIFICATION

I hereby certify, under penalty, that all information contained herein is true and correct to the best of my knowledge, information, and belief. I further authorize the release of any information contained within this application to an authorized representative of the Department of Labor, Licensing and Regulation for further investigation. I further certify that I have paid all undisputed taxes and unemployment insurance contributions payable to the Comptroller of the Department of Labor, Licensing and Regulation or have provided for payment in a manner satisfactory to the unit responsible for collection.

Applicant Signature

Date

ATTACHMENT 10: PROPOSED OHIO HOUSE BILL 493

As Introduced

129th General Assembly

Regular Session

2011-2012

H. B. No. 493

Representatives Okey, Fedor

**Cosponsors: Representatives Antonio, Carney, Driehaus, Foley, Garland,
Gerberry, Goyal, Hagan, R., Heard, Letson, Lundy, Murray, Phillips, Williams,
Yuko**

—

A B I L L

To amend sections 1509.022, 1509.19, 1509.24, and	1
1509.25 and to enact sections 1509.081, 1509.311,	2
and 1509.312 of the Revised Code to establish	3
additional requirements governing wells that are	4
drilled into the Marcellus shale formation or a	5
deeper formation, to establish requirements	6
governing oil and gas land professionals,	7
including the registration of such professionals	8
and the creation of disclosure forms that must be	9
presented to a prospective lessor of oil and gas	10
mineral rights and to a prospective seller of	11
mineral rights, and to make other changes in the	12
Oil and Gas Law.	13

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 1509.022, 1509.19, 1509.24, and	14
1509.25 be amended and sections 1509.081, 1509.311, and 1509.312	15
of the Revised Code be enacted to read as follows:	16

Sec. 1509.022. <u>(A)</u> Except as provided in section 1509.021 of	17
--	----

the Revised Code, the surface location of a new well that will be drilled using directional drilling may be located on a parcel of land that is not in the drilling unit of the well.

(B) On and after the effective date of this amendment, the surface location of a new well shall not be within seven hundred fifty feet from the property line of a parcel of land that is not in the drilling unit of the well if the parcel of land is not located in an urbanized area and the well will have a depth at or below the depth of the top of the Marcellus shale formation.

(C) On and after the effective date of this amendment, no portion of a lateral line of a well, which has a depth at or below the depth of the top of the Marcellus shale formation, shall be within seven hundred fifty feet from the property line of a parcel of land that is not in the drilling unit of the well.

Sec. 1509.081. (A) On and after the effective date of this section, an oil or gas lease that is necessary for the formation of a drilling unit in which is or will be located a well that will have a depth at or below the depth of the top of the Marcellus shale formation shall include at a minimum all of the following:

(1) A requirement that written notice be provided to the lessor by the lessee immediately after the recording of a declared pooled unit in the office of the applicable county recorder that the property or mineral rights, as applicable, that are the subject of the lease are a part of a drilling unit;

(2) A requirement that ground water testing be conducted prior to commencement of the drilling of the well and after stimulation of the well. The ground water testing shall be conducted by the department of natural resources, the board of health of the health district in which the proposed well or well is to be or is located, or a person who has received a

registration certificate from the chief of the division of oil and 48
gas resources management under section 1509.312 of the Revised 49
Code. In addition, the person who conducts the ground water 50
testing shall provide written results of the testing to the lessor 51
and to the chief. The lessee shall pay the costs of the ground 52
water testing required by this division. 53

(3) A provision that holds the lessor harmless against any 54
claims, losses, including, but not limited to, court costs and 55
attorney fees reasonably incurred, or damages arising from the 56
lessee's actions or operations on the applicable property; 57

(4) A provision that allows the lessor annually to request a 58
written audit of the lessee's production. The audit shall be 59
conducted by an auditor who is independent of the lessee. The 60
lessee shall pay the costs of the audit. 61

(5) A provision that allows the lessor of the property on 62
which the surface facilities of a well will be or are located to 63
receive a lump sum payment in lieu of free gas to the house or 64
other dwelling that is located on the leased property. The amount 65
of money to be paid in full shall not be less than three thousand 66
dollars. 67

(6) A requirement that a lessee timely provide written notice 68
to the lessor of the property on which the surface facilities of a 69
well will be or are located of all serious injuries to or death of 70
a person that occurred on the property and of any damage to the 71
property resulting from the lessee's operations on the property; 72

(7) A requirement that whenever the lessee assigns or 73
otherwise transfers the lessee's interest of the oil or gas lease, 74
the assignor or transferor notify in writing the lessor of the 75
assignment or transfer not later than thirty days after the date 76
of the assignment or transfer. 77

(B) On and after the effective date of this section and 78

notwithstanding section 5301.08 of the Revised Code, an oil or gas lease that is necessary for the formation of a drilling unit in which is or will be located a well that will have a depth at or below the depth of the top of the Marcellus shale formation shall be lawfully executed and properly recorded. In addition, such a lease shall be valid only if the lease is signed by the lessor and lessee before a notary public.

(C) On and after the effective date of this section, the minimum rate of a royalty interest for a well that will have a depth at or below the depth of the top of the Marcellus shale formation shall not be less than fifteen per cent of the gross revenue from the sale of oil, liquid natural gas, dry gas, and their constituents for that well. In calculating the gross revenue, no costs or expenses shall be deducted.

(D) On and after the effective date of this section, the owner of a well that has a depth at or below the depth of the top of the Marcellus shale formation shall notify in writing all owners of property of any diminution to or contamination of their drinking water supply as a result of the activities of the owner of the well.

Sec. 1509.19. (A) An owner who elects to stimulate a well shall stimulate the well in a manner that will not endanger underground sources of drinking water. Not later than twenty-four hours before commencing the stimulation of a well, the owner or the owner's authorized representative shall notify an oil and gas resources inspector. If during the stimulation of a well damage to the production casing or cement occurs and results in the circulation of fluids from the annulus of the surface production casing, the owner shall immediately terminate the stimulation of the well and notify the chief of the division of oil and gas resources management. If the chief determines that the casing and

the cement may be remediated in a manner that isolates the oil and 110
gas bearing zones of the well, the chief may authorize the 111
completion of the stimulation of the well. If the chief determines 112
that the stimulation of a well resulted in irreparable damage to 113
the well, the chief shall order that the well be plugged and 114
abandoned within thirty days of the issuance of the order. 115

For purposes of determining the integrity of the remediation 116
of the casing or cement of a well that was damaged during the 117
stimulation of the well, the chief may require the owner of the 118
well to submit cement evaluation logs, temperature surveys, 119
pressure tests, or a combination of such logs, surveys, and tests. 120

(B) An owner who elects to stimulate a well shall submit to 121
the chief a complete listing of all of the chemicals and other 122
substances that will be used in the stimulation of the well. The 123
list shall be submitted on a form or in a manner prescribed by the 124
chief. 125

Sec. 1509.24. (A) The Except as otherwise provided in 126
division (C) of this section, the chief of the division of oil and 127
gas resources management, with the approval of the technical 128
advisory council on oil and gas created in section 1509.38 of the 129
Revised Code, may adopt, amend, or rescind rules relative to 130
minimum acreage requirements for drilling units and minimum 131
distances from which a new well may be drilled or an existing well 132
deepened, plugged back, or reopened to a source of supply 133
different from the existing pool from boundaries of tracts, 134
drilling units, and other wells for the purpose of conserving oil 135
and gas reserves. The rules relative to minimum acreage 136
requirements for drilling units shall require a drilling unit to 137
be compact and composed of contiguous land. 138

(B) Rules adopted under this section and special orders made 139
under section 1509.25 of the Revised Code shall apply only to new 140

wells to be drilled or existing wells to be deepened, plugged 141
back, or reopened to a source of supply different from the 142
existing pool for the purpose of extracting oil or gas in their 143
natural state. 144

(C) On and after the effective date of this amendment, the 145
maximum acreage of a drilling unit for a well that will have a 146
depth at or below the depth of the top of the Marcellus shale 147
formation shall not exceed one thousand two hundred eighty acres. 148
The drilling unit shall be compact and composed of contiguous 149
land. The chief may adopt rules for the administration of this 150
division. 151

Sec. 1509.25. The chief of the division of oil and gas 152
resources management, upon the chief's own motion or upon 153
application of an owner, may hold a hearing to consider the need 154
or desirability of adopting a special order for drilling unit 155
requirements in a particular pool different from those established 156
under division (A) of section 1509.24 of the Revised Code. The 157
chief shall notify every owner of land within the area proposed to 158
be included within the order, of the date, time, and place of the 159
hearing and the nature of the order being considered at least 160
thirty days prior to the date of the hearing. Each application for 161
such an order shall be accompanied by such information as the 162
chief may request. If the chief finds that the pool can be defined 163
with reasonable certainty, that the pool is in the initial state 164
of development, and that the establishment of such different 165
requirements for drilling a well on a tract or drilling unit in 166
the pool is reasonably necessary to protect correlative rights or 167
to provide effective development, use, or conservation of oil and 168
gas, the chief, with the written approval of the technical 169
advisory council on oil and gas created in section 1509.38 of the 170
Revised Code, shall make a special order designating the area 171
covered by the order, and specifying the acreage requirements for 172

drilling a well on a tract or drilling unit in the area, which 173
acreage requirements shall be uniform for the entire pool. The 174
order shall specify minimum distances from the boundary of the 175
tract or drilling unit for the drilling of wells and minimum 176
distances from other wells and allow exceptions for wells drilled 177
or drilling in a particular pool at the time of the filing of the 178
application. The chief may exempt the discovery well from minimum 179
acreage and distance requirements in the order. After the date of 180
the notice for a hearing called to make the order, no additional 181
well shall be commenced in the pool for a period of sixty days or 182
until an order has been made pursuant to the application, 183
whichever is earlier. The chief, upon the chief's own motion or 184
upon application of an owner, after a hearing and with the 185
approval of the technical advisory council on oil and gas, may 186
include additional lands determined to be underlaid by a 187
particular pool or to exclude lands determined not to be underlaid 188
by a particular pool, and may modify the spacing and acreage 189
requirements of the order. 190

Nothing in this section permits the chief to establish 191
drilling units in a pool by requiring the use of a survey grid 192
coordinate system with fixed or established unit boundaries. 193

Sec. 1509.311. (A) As used in this section, "land 194
professional" means a person who is engaged primarily in any of 195
the following activities: 196

(1) Negotiating the acquisition or divestiture of mineral 197
rights regarding the extraction of oil or gas, including wet gas; 198

(2) Negotiating business agreements that provide for the 199
exploration for or development of oil or gas, including wet gas; 200

(3) Securing the pooling of interests in oil or gas, 201
including wet gas. 202

<u>"Land professional" includes a person colloquially known as a</u>	203
<u>landman conducting the activities specified in divisions (A)(1) to</u>	204
<u>(3) of this section.</u>	205
<u>(B) No person shall operate as a land professional in this</u>	206
<u>state unless the person first registers with and obtains a</u>	207
<u>registration certificate from the chief of the division of oil and</u>	208
<u>gas resources management. A registration certificate issued under</u>	209
<u>this section is valid for one year from the date of issuance and</u>	210
<u>may be renewed annually.</u>	211
<u>(C) The chief shall adopt rules in accordance with Chapter</u>	212
<u>119. of the Revised Code that do all of the following:</u>	213
<u>(1) Establish a registration form for an initial registration</u>	214
<u>and a form for the renewal of a registration for purposes of</u>	215
<u>division (B) of this section. The rules shall require each person</u>	216
<u>registering or renewing a registration under this section to</u>	217
<u>identify the counties of the state in which the person intends to</u>	218
<u>operate as a land professional.</u>	219
<u>(2) Establish the amount of a fee for the issuance of an</u>	220
<u>initial registration and a registration renewal. All fees</u>	221
<u>collected under this section shall be deposited in the state</u>	222
<u>treasury to the credit of the oil and gas well fund created in</u>	223
<u>section 1509.02 of the Revised Code.</u>	224
<u>(3) Provide for the assignment of a registration number to</u>	225
<u>each land professional who is issued a registration certificate;</u>	226
<u>(4) Establish any other requirements and procedures that are</u>	227
<u>necessary to implement this section.</u>	228
<u>(D) The chief shall publish on the division's web site the</u>	229
<u>name of and other relevant information concerning each person</u>	230
<u>registered under this section.</u>	231
<u>(E)(1) A land professional shall provide a copy of the</u>	232

applicable disclosure form established by division (F) or (G) of 233
this section to a prospective lessor or prospective seller when 234
initially approaching the landowner regarding any of the 235
activities specified in division (A) of this section. The land 236
professional shall explain thoroughly each item on the applicable 237
disclosure form. In addition, the land professional shall obtain 238
on duplicate forms the initials of the prospective lessor or 239
prospective seller, as applicable, for each item on the disclosure 240
form at the appropriate location as an acknowledgement that the 241
land professional explained each item to the prospective lessor or 242
prospective seller. The land professional and the prospective 243
lessor or prospective seller, as applicable, each shall sign and 244
date each copy of the applicable disclosure form. The land 245
professional shall provide one copy of the initialed, signed, and 246
dated disclosure form to the prospective lessor or prospective 247
seller and may retain the other copy. 248

(2) No land professional shall fail to comply with division 249
(E) (1) of this section. 250

(F) The disclosure form used by a land professional under 251
division (E) of this section for negotiations with a prospective 252
lessor shall be as follows: 253

"Oil and Gas Lease Disclosure Form 254

I, (printed name of registered land 255
professional), on behalf of (name, address, 256
and telephone number of the entity for which the land professional 257
is an agent or by which the land professional is employed), am 258
here to negotiate a lease of your mineral rights for the purpose 259
of removing the oil or gas that may be under your property. 260

As a part of the negotiation, I am required by state law to 261
thoroughly explain all of the following: 262

(Landowner/Lessor: please initial each item below that was 263

thoroughly explained by the land professional) 264

.... 1. I acknowledge that I have received a thorough explanation 265
of the company, organization, or entity that the land professional 266
represents, is an agent of, or is employed by. 267

.... 2. I acknowledge that I have received a thorough explanation 268
of how oil and gas drilling works, including a description of the 269
equipment used in oil and gas drilling and how hydraulic 270
fracturing is used to remove oil and gas from the ground. 271

.... 3. I acknowledge that I have received a thorough explanation 272
of how a company obtains the right to drill an oil or gas well 273
under Ohio laws, which means an oil or gas drilling permit. 274

.... 4. I acknowledge that I have received a thorough explanation 275
of the lease for oil or gas rights, including an explanation of 276
how long the lease may last and the minimum royalty required under 277
Ohio law. 278

.... 5. I acknowledge that I have received a thorough explanation 279
of all of the parts of the lease for my oil or gas mineral rights 280
that may make the lease last longer, including an explanation of 281
the longest time that the oil and gas lease would last. 282

.... 6. I acknowledge that I have received a thorough explanation 283
that I have a right to request a separate land-use contract to use 284
my property to drill a well. 285

.... 7. I acknowledge that I have received a thorough explanation 286
that I have a right to request a no surface use lease, which means 287
a lease that would not allow a well to be drilled on my property. 288

.... 8. I acknowledge that I have received a thorough explanation 289
that I have a right to put in the lease a requirement to prevent 290
the use of my property for anything that is not removal of oil or 291
gas. That requirement in the lease also would prevent the use of 292
my property to store equipment, to store wastes from drilling or 293

from the removal of oil or gas, to dispose of wastes from drilling 294
or from the removal of oil or gas, and to prevent the drilling of 295
an injection well on my property to dispose of wastes from 296
drilling or wastes from the removal of oil or gas. 297

.... 9. I acknowledge that I have received a thorough explanation 298
that I have a right to put in the lease a requirement to stop the 299
lessee from free use of oil, gas, and water from my property. I 300
also acknowledge that I have received a thorough explanation that 301
I have a right to put in the lease a requirement that I must be 302
paid for the lessee's use of oil, gas, or water from my property. 303

.... 10. I acknowledge that I have received a thorough explanation 304
that I have a right to put in the lease a requirement that the 305
lessee must give me a list of all of the chemicals and other 306
substances that will be used in any hydraulic fracturing of the 307
well for which my property will be a part of the drilling unit. 308

.... 11. I acknowledge that I have received a thorough explanation 309
that I have the right to speak to or meet with an attorney before 310
signing a lease for the oil or gas mineral rights from my 311
property. I also acknowledge that I have received a thorough 312
explanation that I may have an attorney read the lease before I 313
sign the lease and provide advice to me about the lease for the 314
oil or gas mineral rights that I own. 315

..... 316
Signature of landowner/lessor Date 317

..... 318
..... 319
Printed name of landowner/lessor 320

..... 321

Signature of land professional Date 322
323
..... 324
Registration number of land professional" 325

(G) The disclosure form used by a land professional under 326
division (E) of this section for negotiations with a prospective 327
seller shall be as follows: 328

"Mineral Purchase Disclosure Form 329

I,(printed name of registered land 330
professional), on behalf of(name, address, 331
and telephone number of the entity for which the land professional 332
is an agent or by which the land professional is employed), am 333
here to negotiate a land-purchase contract for the purchase of 334
your mineral rights, including the purchase of the oil or gas that 335
may be under your property. 336

As a part of the negotiation, I am required by state law to 337
thoroughly explain all of the following: 338

(Landowner/Seller: please initial each item below that was 339
thoroughly explained by the land professional) 340

.... 1. I acknowledge that I have received a thorough explanation 341
of the company, organization, or entity that the land professional 342
represents, is an agent of, or is employed by. 343

.... 2. I acknowledge that I have received a thorough explanation 344
that a purchase of mineral rights is not the same as a lease of 345
mineral rights. 346

.... 3. I acknowledge that I have received a thorough explanation 347
that a purchase is the sale of my mineral rights whether my 348
mineral rights are leased or my mineral rights are not leased. 349

.... 4. I acknowledge that I have received a thorough explanation 350
that a mineral rights purchase is a sale of property that requires 351

a transfer of rights through a deed. 352

.... 5. I acknowledge that I have received a thorough explanation 353
that if my mineral rights have been leased, then a purchase of my 354
mineral rights is the sale of my rights to receive royalty 355
payments or other payments under the lease of my mineral rights. 356

.... 6. I acknowledge that I have received a thorough explanation 357
that if my mineral rights have not been leased, then a purchase is 358
the sale of my mineral rights and the buyer of my mineral rights 359
may lease the mineral rights to any other person. 360

.... 7. I acknowledge that I have received a thorough explanation 361
that the sale of my mineral rights may limit my right to use and 362
enjoy the surface of my property. 363

.... 8. I acknowledge that I have received a thorough explanation 364
that the sale of my mineral rights may be for all minerals or only 365
specific minerals. 366

.... 9. I acknowledge that I have received a thorough explanation 367
that the sale of my mineral rights may be for all of my mineral 368
rights or for a part of my mineral rights. 369

.... 10. I acknowledge that I have received a thorough explanation 370
that the sale of my mineral rights may have tax consequences that 371
may require tax advice before the sale of my mineral rights. 372

.... 11. I acknowledge that I have received a thorough explanation 373
that I have the right to speak to or meet with an attorney before 374
signing a land-purchase contract for the mineral rights from my 375
property. I also acknowledge that I have received a thorough 376
explanation that I may have an attorney read the contract before I 377
sign the contract and provide advice to me about the contract to 378
purchase the mineral rights that I own. 379

..... 380
Signature of landowner/seller Date 381

382
383
.....
Printed name of landowner/seller 384

.....
Signature of land professional 385
Date 386
387
.....
Registration number of land professional" 388
389

(H) The chief shall post a copy of the disclosure forms 390
established by division (F) and (G) of this section on the 391
division's web site. The posting of the disclosure forms shall be 392
in a format that may be downloaded or printed by a land 393
professional for purposes of division (E) of this section. 394

Sec. 1509.312. (A) Except for ground water testing conducted 395
by the department of natural resources or by the board of health 396
of the health district in which a proposed well or well is to be 397
or is located, no person shall test ground water for the purposes 398
of division (A)(2) of section 1509.081 of the Revised Code unless 399
the person first registers with and obtains a registration 400
certificate from the chief of the division of oil and gas 401
resources management. A registration certificate issued under this 402
section is valid for one year from the date of issuance and may be 403
renewed annually. 404

(B) The chief shall adopt rules in accordance with Chapter 405
119. of the Revised Code that do all of the following: 406

(1) Establish a registration form for an initial registration 407
and a form for the renewal of a registration for purposes of 408
division (A) of this section; 409

(2) Establish the amount of a fee for the issuance of an 410

initial registration and a registration renewal. All fees 411
collected under this section shall be deposited in the state 412
treasury to the credit of the oil and gas well fund created in 413
section 1509.02 of the Revised Code. 414

(3) Establish minimum qualifications that a person must meet 415
in order for the person to test ground water for the purposes of 416
division (A)(2) of section 1509.081 of the Revised Code; 417

(4) Establish any other requirements and procedures that are 418
necessary to implement this section. 419

(C) The chief shall publish on the division's web site the 420
name of and other relevant information concerning each person 421
registered under this section. 422

Section 2. That existing sections 1509.022, 1509.19, 1509.24, 423
and 1509.25 of the Revised Code are hereby repealed. 424