

A PETROLEUM LANDMAN IDENTIFIED

by Jerry Taylor

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Over the years I have been asked many times what do you do, where do you work, or what is your career? When I reply that I am a Petroleum Landman, it is usually followed with the question, "What does a Petroleum Landman do?"

It is an easy answer, yet at the same time it is a complex answer, for a Petroleum Landman is one who wears many hats.

(I must insert a caveat here to say that there are many very capable women in this profession, and I know of no lady who insists on being called a Landwoman, Landman being accepted as a generic term.)

A Landman who wears many hats can establish a career path in the Petroleum Industry and have a broad based knowledge of many professions associated with this industry. He may have a degree in one or more of these professions or no degree at all. He may master any one or more of these professions with college degrees and experience, or he may become proficient in many through informal education and experience with mentors. Bottom line is that he has a deep knowledge of many facets of the oil business which are particularly associated with land and minerals.

This White Paper identifies the knowledge, education, and skills of varied professions, some knowledge of which goes into the making of a proficient Petroleum Landman. Many successful Petroleum Landmen have concentrated in one or two of these areas specifically associated with land and/or minerals and developed a very satisfying and profitable career. There are some who have built successful companies having started as a Petroleum Landman.

By this White Paper I am sharing my 61 years of doing corporate land work with major corporations and independent companies, and independent contract work for small companies, independent companies, private individuals, and estates. My career started in 1961 and extended through 2022, when I stepped back from doing what I had enjoyed doing for so many years.

Outside of my petroleum career my faith in God and the Church have been a vital part of my life. I have been involved from a teenager in church work from teaching to being co-director of a hundred member youth singing group for several years and have held several leadership roles in the church. Twelve years was spent as President of Wyoming Education Enterprise, a Bible church near the campus of the

University of Wyoming in Laramie, Wyoming, offering religious classes accredited through the university.

I have been a rancher of Longhorn cattle since 1984 and served as an officer in the International Texas Longhorn Association, Houston chapter. For a short time I was President of the Civitan community service club while in Casper, Wyoming. Fishing has been my lifetime enjoyment. A special hobby of mine is building fly fishing rods and restoring split bamboo fly fishing rods.

Following is my attempt to identify various skills to which a Petroleum Landman may be exposed. In each instance I have identified the challenge and discussed the resolution to that challenge. I then have shared many of my personal experiences as a Landman which involved that particular skill.

A PETROLEUM LANDMAN IS...

(HEREINAFTER REFERRED TO AS LANDMAN)

1. A COMPLETELY ETHICAL INDIVIDUAL.

Challenge: How to define Ethical. “Conforming to accepted principles of right and wrong that govern the conduct of a profession”

Resolution: As a Landman steps into any of the following roles, he must at all times be ethical in what and how much he tells the other party in his negotiations. Any information that he has may be confidential for his client or company and must be guarded. As to the mineral owner from whom an oil and gas lease is being negotiated or another party with whom he is dealing, he cannot promise them any more than what he has the authority to do so. He should not lead them into making assumptions that are not fact at that time. This applies to any and all negotiations of whatever nature.

I agree wholeheartedly with the article in the Jan/Feb 2022 *Landman Magazine* “Landmen Must Pursue and Promote Fair and Honest Practices”, written by the AAPL Ethics Committee. An ethical Landman, or any person whether in business dealings of everyday life, can be summed up in this short phrase, “HE DOES NOT LIE, CHEAT OR STEAL”.

Many times the Landman is privy to information from or about his company or client that is confidential and should not be disclosed, even in casual visits or over a lunch, with business associates, lessors or friends. Some examples of this are; a) in what area he may be leasing, b) the amount of bonus he is paying, c) whether or not seismic surveys are being contemplated, d) what formation is being targeted, or e) whether or not a well is planned and at what depth.

Honest competition is always searching and listening for tidbits of information from any source to help them compete. Ethical Landmen avoid opportunities for kickbacks, overbilling or excessive favors. And rest assured that some of these opportunities will arise.

2. A SALESMAN:

Challenge: What's the difference between a salesman and a Petroleum Landman.

Resolution: A Petroleum Landman maintains a public relations presence, but is not a typical salesman having a product to sell to someone and receiving money from the party buying his product. The sales pitch is reversed by the Landman whose goal is to buy a product, a lease, from a mineral owner. He is the one buying the lease for exploration rights in search of oil and gas. He has to have the personality and other attributes of a salesman. He must know his product, be consistent, and be able to find honest ways to close on a lease. The following discussed attributes will go a long way in helping to close on a deal.

On a recent lease play in the Permian Basin which extended over a period of four years, I worked with a lady who was adamant that she did not want to lease. At times she would not answer the phone after leaving multiple messages. At one point she told me through her caregiver that "she did not want to talk to me any more and to not call back." A lease on her minerals was very important to my client. Over the next two years I would call her occasionally, sometimes she talked and other times she told me to get lost. Over a period of three years she spent time in the hospital and experienced many changes in her life. She had a caregiver move in for a time, had a son pass away, and a daughter move home from New York. I would visit with her on these issues at length, at times not even mentioning that I still wanted a lease.

Time was approaching that my client wanted to drill a well, and her minerals were in the drillsite section. She eventually had her attorney review my offer and lease form, and we came to an agreement on the bonus. When she signed the lease she called me and said, "she guessed that I would not be calling any more." The well was drilled but was unsuccessful in finding oil. We have remained in contact even after the oil play ended.

3. AN ABTRACTOR:

Challenge: How to build an abstract of title from the county records.

Resolution: The Landman is able to research land title and become familiar with County, State, Federal Bureau of Land Management (BLM), and Bureau of Indian Affairs (BIA) records. Even though most field Landmen will spend some time in the

State and Federal records, many times there are Landmen who specialize and limit their work to these records and contract their work out to the companies.

In the 1950s Landmen were known for the yellow legal pads managed with ease prior to the computer age. In my early years, I would take notes on a yellow pad with a pen, no pictures. Some county clerks in the 1960s would run you out of the record room if you tried to take pictures without permission, or if you left a pen or pencil mark in the index books, i.e. Campbell County, Wyoming. Generally the index books were many and heavy, some 15" by 18" weighing approximately 10 pounds and on shelves from floor to 8' high, so you got your exercise by taking them down and returning them to their shelves.

It is much easier today as most county records are online and accessible to Landmen in their offices. In counties with a lot of activity over the years, the computer access of records only goes back so far and not to Patent, although they continually are updating them. Most county records prior to the 1980s required a trip to the courthouse consisting of many miles driven, especially in the Rocky Mountain states, and week-long visits standing in the County Clerk's record rooms. Some of these rooms were always too hot. In one county in Idaho records were kept in essentially a concrete vault with no ventilation or heat during the winter, making for a miserable week or two. Landmen will face a variety of working conditions in various counties.

The records in each state and county presented a new learning experience for the Landman. Some books may contain only deed records and others may include mortgages and liens. Lis Pendens and Probate records may be indexed separately and in different books. In the Rocky Mountain states most of the county records are indexed by tract due to the descriptions being based upon Township and Range surveys. In the other states descriptions are usually based upon the Grantor/Grantee method where the description is usually set out by metes and bounds surveyed calls. Both methods have their benefits based upon how various descriptions are written.

When the companies I worked for decided to acquire leases on a specific prospect, the leases were always taken from the mineral owners based upon the run sheets prepared by the Landman. If a well was later approved for drilling, a total abstract was acquired and examined by a title attorney. The Landman was then the one to handle all of the curative work set out by the attorney before the well is drilled.

My Own Adventures: For my first experience into land work I drove from Austin, TX to Williston, ND in 1961 to spend the summer working for Hunt Oil Company. I look back and realize that I was very fortunate to be with them for what they taught me and the exposure they gave me. The first morning they had me review some Pomco land maps. After lunch a Landman took me out to the county records of Williams county for the afternoon. We ran some records and took a couple of leases. The second day they issued me a car, a list of tracts to research, and a pad of lease forms, then sent me out to buy leases. A few weeks later they gave me a list of leases acquired from the Bureau of Indian Affairs and sent me out to get all of the

signatures or thumb prints on the leases as many of the Native Americans I was dealing with were unable to read or write. I drove all over the northern part of North Dakota to get them signed.

In late July they sent me to O'Neill, Nebraska, which was the county seat of Holt County to research the records and buy leases on a prospect. I believe that I was paying \$2 per mineral acre for the leases. I bought leases on a few thousand acres, prepared a lease report and a copy of a 30-day sight draft given to the mineral owner and sent them to Hunt's Dallas office. A lot of the leases from farmers and ranchers were signed in the evenings and at night due to my ability to find a notary who would go out with me for a fee and notarize their signatures. I would write a sight draft and take it to the local bank where I would cash it for expense money. Around the first of Sept. I drove back to Williston, turned in my car and files on the leases that I had acquired, picked up my 1949 Ford and drove back to Austin in time to start my last semester at the University of Texas. A great summer and introduction to being a Landman.

In February 1962 after graduating from The University of Texas, I joined The California Oil Company, predecessor to Chevron Oil Company, in Casper, Wyoming. While reviewing some of the industry drilling activity reports I saw that Hunt Oil had drilled 13 shallow objective wells on the Nebraska leases that I had acquired for them, all dry holes. I am not privy to the extent of title opinion work that was done on these leases but later heard that they did not acquire any title opinions, relying on the ability to cure any defects after the fact if they were successful.

4. KNOWLEDGEABLE OF SURVEYING AND LAND DESCRIPTIONS.

Challenge: Be able to understand how land descriptions are generated by surveying, how they are described by the type of survey used in the area of concern, how to calculate the number of acres within the surveyed description, and how they are recorded in the county records.

Resolution: When the Landman is running title in the courthouse records the accurate description of the property of interest is critical. Lands within the U.S. and Canada are generally described by "metes and bounds" surveys or by "Township and Range" surveys. I have found many instances where a metes and bounds description either does not close or the fences on the surface do not coincide with the legal description. This may occur if a) a marked corner of the survey has been destroyed or moved such as a tree being used as a reference point that no longer exists or b) a fence line moved due to more easily fit the topography of the land. As to mineral ownership the fences may not be critical unless operations on the surface to access the minerals conflicts with those who claim ownership of the surface within a fenced area. The longest description I have ever been involved with was by metes and bounds with hundreds of calls following the meanders of the east side of the Green

River in eastern Utah through an entire township, 6 miles, from N to S and then N up the middle of the river to the point of beginning.

A description using Township and Range is based upon the US Geological Survey's original surveys dating back to the earliest settlement of lands in this nation. These surveys cover all contiguous 48 states with the exception of Kentucky, Tennessee, and Georgia and 13 more states going Northeast through Maine. The western 3rd of Texas is also surveyed by Township and Range. Each Township contains 36 sections of 640 acres each and is numbered with section 1 being in the NE corner and 36 being in the SE corner. Alberta, Canada also uses Township and Range descriptions with the Township flipped, i.e. section 1 is in the SE corner and section 36 is in the NE corner. Townships use a surveyed horizontal Base Line and a vertical Meridian line. An example for a 2 ½ acre parcel in Campbell County, Wyoming would be described as the "SE1/4 SW1/4 SE1/4 SE1/4 Section 24, Township 48 North, Range 70 West, 6th Principal Meridian.

In Campbell County, Wyoming during the 1980s there are instances in which the original federal survey has been resurveyed. This resurvey created Lots in the six sections along the west and south boundaries of the township, thus making each of the sections impacted to contain either more or less than 640 acres. This in turn affected any oil and gas leases or wells in the affected sections.

In earlier years the Landman had to calculate acreage described by metes and bounds mathematically, possibly using a calculator. Today there are computer apps that can do this much faster and more accurately. *(This could be the reason that in most lease forms the phrase "more or less" is used to show the number of acres being leased.)* There is also a computer app that can plot out the tract by inserting the correct surveyed calls of the description.

5. AN ADVISOR ON REAL PROPERTY LAW.

Challenge: What is the difference between owning a piece of land and owning all or a portion of the minerals below the surface.

Resolution: The Landman must have a working knowledge of real property law. The Landman must be able to interpret the terms of all of the documents that he finds in records of the county concerned with the title search he is conducting. Many Landmen today have law degrees but the majority do not. At times there are disagreements between the landowner and the Landman over the interpretation of some term in the lease or agreement. He may not understand why he might not own all of the minerals since he owns the surface. The Landman must be able to discuss why the minerals are a separate estate, and all terms of the lease or agreement with the other party and be sure that they have a full understanding of what they are signing. A company is not happy when they lose a lease in court due to the Landman

not having fully explained to the Lessor the impact of a shut-in clause or other legal concept left off due to omission of some provision.

Once a drillsite is selected by the company, the Landman moves from record checking and lease buying to perfecting, or curing, the title for the tract or unit.

These steps include:

1. He oversees the securing of a Drillsite Title Opinion prepared by a Title Attorney covering the drillsite tract, or tracts if a unit has been formed. He will secure an abstract of title, generally from an abstract company, from which the attorney will prepare the drilling opinion. Many times the Attorney will do a stand up opinion of the county records which saves the cost of getting an abstract.
2. Some attorneys may rely on a detailed run sheet prepared by the Landman. In these instances the Landman must be sure that not only all deed records are copied for the attorney's review but all mortgage, lis pendens, probates, and tax records which may not all be indexed in the same book. He thus becomes an abstractor.
3. Once the Drillsite Title Opinion is secured the Landman is tasked with curing any and all requirements set out in the opinion. I have worked on opinions with few requirements and others with as many as 40 or 50 requirements. Some requirements may be as serious as leases from the wrong party or the wrong interest, or an interest owner remaining unleased, or as simple as identifying that John Doe is one and the same person as John A. Doe.
4. In curing the title the Landman may be tasked to do a physical inspection of the drillsite, determining the correct boundaries, the culture of the surface, ie houses, roads, fences, power lines, crop or pasture, and who is in possession, landowner or tenant.
5. After all requirements have been met a Drillsite Clearance Memorandum is usually written discussing each requirement with attached evidence of how it was satisfied.
6. In my instance I was also charged with negotiating any road rights of way and making damage payments for the right of way and the acreage used for the drillsite.

An example of a very serious title requirement which is required on the ground work in Utah, Wyoming, California and Montana is one that I worked on covering the SW1/4 of a section, Tract 1, in Duchene County, Utah. The Drillsite Title Opinion prepared by the Utah title attorney credited our lessor "A" with a ½ interest in Tract 1. An exceptionally good well was drilled and was producing. An offset well was proposed on the SE1/4, Tract 2, of the section offsetting the first tract, to the west. The Drillsite Title Opinion prepared by the same attorney conflicted with the first opinion as to "A's" interest, crediting "A" with NO interest in Tract 2 even though the title chain ran concurrent with Tract 1 and was covered by the same lease from "A". The opinion for Tract 2 listed three parties other than lessor "A" with a ½ interest.

I went back to the abstract and reviewed the documents where “A” was credited with his ½ interest in Tract 1 which was now credited in Tract 2 to three parties not mentioned in the first opinion.

The sequence of events were as follows:

- a) Turns out that both tracts had been lost in the early 1920’s for failure to pay taxes. Party “C”, from whom the 3 parties in Tract 2 inherited their interest, had bought the two tracts from the county at a tax sale and had hired “A”, an attorney, to quiet title against the party having lost their property for taxes, on his behalf.
- b) Instead of quieting title, “A” found the party having lost his interest for non-payment of taxes and secured a Quit Claim Deed to himself, “A”.
- c) “A” proceeded to convey by Warranty Deed title to both Tracts 1 and 2 to his client “C” but without authority reserved the ½ mineral interest in question to himself.
- d) Attorney “A” then placed his Quit Claim Deed from the party losing his interest for taxes, and the Warranty Deed to “C”, of record in the county. The Warranty Deed to “C” wound up being recorded first and the Quit Claim Deed to “A” recorded second.
- e) Utah is a “race to record” state. Therefore, the Warranty Deed to “C” became effective prior to the Quit Claim Deed to “A”. Based upon the law of after acquired title and the ruling in the Duhig case, “A” warranted title to the surface and ½ interest in the minerals to “C”, thereby leaving “A” with no interest, even though the broker had taken the lease on both Tracts 1 and 2 from “A” for a ½ interest.

The company thus had a very good producing well on Tract 1 under which ½ of the minerals were unleased! The second Drillsite Title Opinion was the correct opinion but not the one covering the producing well tract. This was all resolved over the next week with my trips to California, Montana and Wyoming to locate the 3 parties now owning the ½ minerals in question under both tracts. I secured leases from all 3 parties, one in each of the 3 states, for a reasonable bonus. When the question of royalty payments came up, I later negotiated an agreement between the attorney’s firm and the 3 parties to split the interest rather than go to court, which would have entailed an expensive and lengthy proceeding. A second successful well was drilled and royalties were thus released for payment on both wells rather than suspended waiting on a trial result. In negotiating with the 3 unleased parties, full disclosure was made to each of them concerning the existing well, its capabilities for production as well as the plans for an additional well.

A second example is after curing titles for over a hundred deep gas wells producing from the Cotton Valley Sand formation, I became very familiar with the history of the East Texas field. In the old East Texas Woodbine field where many of the leases were of the 1930 vintage, none of them included a unitization clause. The wells in the late 1900s were deep Cotton Valley Sand gas wells which all required voluntary units to be formed. In curing title, thousands of lease amendments permitting unitization

were secured on the old leases still held by production to allow units to be formed. Likewise few of them had any provision for shut in gas wells or work over provisions. I not only secured the many lease amendments mentioned but also prepared and secured execution of all of the necessary unit agreements. Most of these units wound up having several wells on them. One large unit of 640 acres had some 15 old Woodbine wells and 8 Cotton Valley Sand wells.

Following are a couple examples of title issues that can give a Landman heartburn if missed.

a) When minerals are reserved in any conveyance such as a warranty deed, he must be able to determine what percentage each party is keeping or conveying. One legal case that I have seen that has dealt a lot of misery when overlooked is the Duhig case, referred to many times as the "Duhig Theory". Simply put is this example: Landowner (A) owning 100% of the surface and minerals conveys to landowner "B" all of his interest reserving $\frac{1}{2}$ of the minerals. Landowner "B" later conveys his property to Landowner "C" and reserves $\frac{1}{2}$ of the minerals. "B" and "C" now think that the mineral ownership is $\frac{1}{2}$ for "A", $\frac{1}{2}$ to "B" and "0" to "C". The true ownership is $\frac{1}{2}$ to "A" and $\frac{1}{2}$ to "C" and "0" to "B". The basis for this is that the reservation made by "B" of $\frac{1}{2}$ was legally a warranty of the previous owner "A"'s $\frac{1}{2}$ interest and thus reserving none to himself when the other $\frac{1}{2}$ went to "C". This can get very complicated when there are multiple conveyances of various fractions of interest.

b) A knowledge of each state's laws concerning the line of descent and distribution in estates for people having no will is vital. Each state seems to have their own variation of who gets what when the predecessor dies intestate. When the family does not understand why a great grandchild gets less than a grandchild can cause conflict within a family if not explained and handled correctly. An example in Utah is when an attorney handling 2 estates for a family from whom I was acquiring leases, had left out some grandchildren when he probated the estates. In each case one of several children predeceased his parents. The attorney proceeded to distribute all of the estate to the remaining surviving children and left out the children of the predeceased child. The children of the predeceased child are entitled to have their parents share. Both estates had to be reopened and the grandchildren and great grandchildren received their portion of the mineral interest. Many hard feelings in the family resulted from this error. In various states the spouse may get all or different portions of the deceased estate and it may be only a life estate as opposed to full title.

When a landowner does not understand his ownership the Landman must be able to explain to him the basis of the information that the Landman has researched that reflects that his ownership may be more or less mineral interest than they thought. This can get involved. I worked on a project for a family with four siblings, each with four Trusts having a small working interest in a field in east Texas and one field in Louisiana. Some interest came from their father and some from their grandfather. Due to records being poorly maintained over the years, I spent over a year creating

an accurate chain of title and subsequently prepared the necessary documents to reflect the correct ownership between the four siblings and their trusts.

6. A PUBLIC RELATIONS ADVOCATE.

Challenge: How to represent your client or company in a way that gives the party with whom you are negotiating a feeling of confidence in that client or company.

Resolution: The Landman is the face of the corporation, company, or independent client that he is representing. When the land/mineral owner has any questions concerning his property or interest, before, during or after the lease, agreement, or other negotiated contract has been finalized, the Landman is the only person or representative of the Landman's client that the owner may know to contact for an answer.

Many questions arise from the property owner during the drilling of a well, damages to his property, or the payment of royalties if production is obtained that again will come to the Landman to be handled.

The relationship that the Landman develops with the landowner may either make or break a good relationship with his client. An unauthorized promise made by the Landman, if unfulfilled, may end up in court, especially if the lease becomes productive.

7. A NEGOTIATOR OF LEASES, RIGHT OF WAY AGREEMENTS, UNITS AND JOINT VENTURE AGREEMENTS, OPERATING AGREEMENTS, AND DAMAGE SETTLEMENTS.

Challenge: The Landman must be able to discuss the project and all terms of the agreement in an objective manner. He must respectfully address every question of the other party, regardless of how simple it may seem. He must be able to discuss the landowner's demands or requests with his boss or leader and come to a resolution, whether it is an agreement on terms, money, royalty, or method of payment.

Resolution: In my 62 years I have done land work for a major company, a mid-sized company, multiple independent companies, and many mineral owners and family owned mineral interests. During that time I have found that respect for the owners of the interest you are dealing with, whether surface or minerals, and a willingness to listen to their concerns is necessary for a successful negotiation. You must have a willingness to keep them apprised of your clients' activities if it involves their property. You must be willing to address and explain the questions involving any other aspect of the petroleum business. Your basic knowledge of that area is always helpful. If you do not immediately know the answer, always be willing to find the

answer from your attorney, geologist, engineer or other professional and make it a point to get back to the owners with an answer.

Never burn a bridge with a landowner if an agreement cannot be reached. Your boss may send you back the next week with terms that meet the landowners requests and you cannot have him shut the door in your face. End of a project many times opens up the company's pocket book with dollars or terms. On a larger leasing project there are times when the landowners demands cannot be met, leaving interest unleased in the overall project area. When a well is planned and complete lease coverage is needed for the drilling block, the Landman's skill is needed to negotiate a compromise between the landowner and the company.

The largest lease document that I ever worked on covered a significantly large mineral interest owned by several members of the same family in the south Texas Eagleford play. I worked with their attorney with whom I negotiated what wound up to be a 60-page lease over a period of three months. We then had a family gathering and invited a notary to witness all of the signatures.

In 1963 I was sent to Pocatello, Idaho as part of a team of four to buy a 40-mile pipeline right of way for a spur line moving refinery products into a Tank Farm in Pocatello. September through December 1963 the ROW purchases and construction were completed. When the right of way agreements were completed three of the crew went home and I stayed during the construction phase to handle landowner issues that arose. Issues that came up included a cow in the ditch with a broken leg, a product leak in a field when the first product went through the pipeline, and answering general questions from the landowners. I returned to Idaho in April 1964 through June to settle damages along the entire pipeline. In places there was a lot of damage due to much of the ditch being backfilled with a snow and ice mixture during the winter. The Landman as an appraiser in this instance required researching crop, cattle and access values to cover damage payments.

Early on many wells were drilled on units where several tracts would be combined to participate in the drilling. Currently most of the deeper wells and the horizontal wells are drilled on units containing multiple tracts and leases. These units may be voluntary units where the leases have a provision that allows the operator to unitize their interest and is primarily made up of fee lands. There are also Federal Units consisting of only federal lands. These units are controlled by federal regulations requiring Bureau of Land Management approval and have many requirements not found in a voluntary unit.

I drafted and negotiated many voluntary units in the Uintah Basin of Utah and in East Texas for the deep Cotton Valley Sand formation. One of the more complicated units in Utah contained fee lands, Ute Indian lands, The Church of Jesus Christ of Latter Day Saints lands, Utah State lands and Federal lands all in one unit. Each entity required provisions relating to their specific interest. I worked on a secondary recovery unit in Converse Co., Wyoming which included some 40 wells which

required many special provisions. Multiple companies who were working interest owners in various producing wells within the proposed unit had to come to an agreement on the sharing of costs and revenue. I also worked on a Federal unit in the San Juan Basin of New Mexico covering some 25,000 acres of Federal lands. Each producing well in Federal units requires that a Participation Area be formed within the unit and then enlarged each time a new well was completed or contracted when a producing well was plugged.

8. A PSEUDO GEOLOGIST.

Challenge: How to respond to the land or mineral owner when asked geological questions of why you want a lease and why you may want to drill on his land.

Resolutions: It is likely that the Petroleum Land Management courses in college still require some basic Geology courses as well as some introduction to Petroleum Engineering. Many oil and gas professionals and land and mineral owners have little knowledge of how a prospect is generated and what goes into management's decision to drill a well. They are unfamiliar with the formations being targeted and how those formations hold oil and gas or only water. Following are some of the simpler topics they will bring up that you can usually answer. In some cases landowners understand the principles of geology and subsurface mineral exploration. Landmen can rely on geologists and engineers to help out when you cannot immediately answer the question. Be sure to get back to the landowner with your answers.

Some common questions asked are: how do you find the "pool" of oil, and how did it form? I have at times carried a piece of core with me and shown the party the section that is black with a trace of oil and they can see how it is contained in the pore spaces of the rock and not in a "pool". The particular core I used came from a producing oil well. Another question arose when the landowner could see some oil on the top of the drilling mud pit and questioned why the well was plugged as a dry hole. Some of the reasons might be the low permeability of the rock, the thickness of the objective formation and the potential of how much oil or gas could be produced to make the well economic.

One well that the company I worked for participated in, was drilled to 24,000 feet below the surface of the land in the Wind River Basin of Wyoming, setting a depth record at that time in the 1970s. Some 12 zones were tested with each yielding gas but none enough to warrant completion due to the cost of the well at that point and the anticipated cost of completion. The rig was on location and drilling for 15 months.

9. A PSEUDO PETROLEUM ENGINEER.

Challenge: Alleviate the concern of the landowner's questions as to whether the oil or gas well will contaminate their water well, will cause a sinkhole in their property when the oil is removed, why they need chemicals in the drilling mud, or how they will know when their depth objective is reached.

Resolution: Many complaints have been made by landowners and local authorities about various pollutants that come from drilling and producing petroleum products. Their water wells have methane in them or become salty, toxic chemicals in the drilling mud, fracking causing earthquakes, and others complaints. The Landman needs to have some knowledge of the safety procedures and methods used and required by various states in the drilling of a well to field many of these questions. They may or may not be able to fully satisfy many of the people with their complaints.

In northeast Montana the landowner's claim that salt from the drilling mud was contaminating their water wells was answered successfully by the company. Several wells were inspected and verified that surface casing was properly set below the deepest fresh water formation in the oil company's wells. It was also found that the surface soil in that area contained a lot of salt of the same type and character being found in their water wells and that run off water was contaminating their wells.

A basic knowledge of why drilling mud is used and why there are various chemicals included at times is helpful. Many of the chemicals are used to counteract various characteristics of the formations being drilled through. Also most of the chemicals and mud makeup are not carcinogenic. In one instance in Bastrop county, Texas where the mud was very bland and few chemicals were used, the operator was permitted by the surface owner to spread the drilling mud over his coastal hay field as fertilizer. The following year a bumper crop of hay was harvested. By far most of the mud pits are open for a period of time to dry out and then buried or pumped out to be disposed of in a larger drying pit by the company drilling the well. The surface of the mud pit is always restored to the surrounding surface grade and reseeded. The Landman again will be the first one to be called if cleaning up the mud pit or reseeded is not done properly.

10. AN ARBITRATOR OR MEDIATOR.

Challenge: Maintaining calm in working toward a resolution between the parties when disagreements arise. These disagreements can arise upon the interpretation of some terms of a contract or lease or the amount of settlement for damages for use of a piece of property.

Resolution: A Landman winds up many times being the middleman, carefully balancing his client's interest and the landowner's interest, settling disputes between the two. These may arise between construction teams, contract activity on the landowner's property, trespass or damages. If not handled properly a physical

fight may occur or the issue winds up in a costly lawsuit which seldom winds up with continued good relations. Learn to listen. Sometimes the other side just wants to be heard.

In the early 1970s a Unitah Basin Utah landowner adamantly opposed my company's plans to build a pipeline from a well on his property to a tank battery on a property next door, a right my company had pursuant to the O&G leases we had with him and his neighbor. I was sent to work out his concerns and to explain that we had the right to build the line pursuant to our lease agreement. After some discussion the landowner became visibly upset and demanded that I get off of his property. Red faced, ranting and pacing he followed me to my car as I left after advising him that we would proceed with our plans in court. On the day of the hearing we met at the courthouse with both attorneys where all agreed to settle before the hearing. The settlement required that I go out with the landowner with a bundle of stakes, walk the entire proposed route of his choosing and drive stakes accordingly. We parted with a hand shake and on good terms.

Another instance, in the same Unitah Basin, my company contracted with a seis crew for work on a landowner's property. Seismic technology is a tool used to obtain data on subsurface formations through the use of sound waves generated on the surface by placing dynamite charges in a row of holes. The seis crew failed to contact the landowner prior to accessing his property and were immediately escorted off of his property, threatening them with a pitchfork. I changed my schedule for the morning and met with the landowner. Over a cup of coffee and a short visit discussing general lease form terms and rights thereunder, we parted on good terms and the seis crew returned to their work.

11. AN APPRAISER.

Challenge: Determining a reasonable and honest value of a landowners property that the company plans to use as a right of way for their operations, whether for a one time operation or for continued use.

Resolution: There are many situations where your company or client is involved that require the negotiation and payment of damages, generally to the surface owner, whether or not he owns any mineral interest under the lands in question. Damages are paid when a seismic crew goes on the land to shoot holes for seismic readings, generally on a shot hole basis. I have been involved in situations where the shot hole through which the sound waves are generated with dynamite opened up a freshwater spring and the hole later ran water over portions of the surface owners property causing damage. In most of these instances your client or the seis company go back and properly plug the hole and no further damages are paid.

Damages are negotiated and paid for drillsite locations for the drilling rig and supporting equipment. Considerations are given to what is being destroyed on the surface, whether it will be permanent or can be restored, and the length of time the lands in question will be taken out of production or use by the landowner. Payments are generally based upon what exists on the surface that will be damaged and the amount of acreage needed to support the drilling. Also considered in the damage settlement is the inconvenience to the landowner of the well location, the location and distance of any road construction to the wellsite, what material is to be used for the road surface, and how the road will be restored, or left in place, if the well is dry. In a Wyoming field where there were multiple wells I handled negotiations where an annual fee was paid based upon how many wells were serviced by each segment of road on the landowners property, calculated on a footage basis. The damage for this was the amount of grass that was coated with dust, and thus becoming inedible for the grazing cattle, on each side of the road created by the number of trucks traversing that segment of road per day. In this instance the federal government owned the minerals and the rancher owned only the surface.

In southern Idaho I helped buy the surface rights for a 40 mile product line across fields, pasture and sagebrush. After construction I settled damages with each owner along the pipeline construction route. I consulted with the local county agent on crop yields and prices and range grazing leases and rentals to settle with the landowners. When damage payments are discussed, a cow in the ditch suddenly becomes of great value and even the weed loss has value. For one owner I wound up paying for a few acres of destroyed sagebrush when he showed me receipts for sandblasted sagebrush bushes that he took to California and sold in craft stores.

12. A MENTOR.

Challenge: How to pass on valuable experiences and knowledge to others who will follow you in doing Petroleum Land Work, with the goal of equipping them with tools to uphold the reputation of the Petroleum Landman and being a great ambassador representing the Petroleum industry.

Resolution: An experienced Landman, whether a company employee or a field broker, should be willing to share their knowledge of land work. I encourage Landmen to consider being a mentor to a new hire getting started in the land business, or someone wishing to expand their skills into a different phase of land work. Some that are new to the industry have college degrees or just experience in one phase of land work. Because the skill base is so diverse, we all need help and advice when we move to a different phase of petroleum land work or when we get involved in a new energy source. For new energy sources such as solar, wind, geothermal steam, oil sands or uranium our basic skills may apply, but with new document requirements and methods of recovering the energy source.

The corporate culture exposes a Landman to a structured culture and mentors help acclimate the new hire to the land department and the office to help them get their feet on the ground. Their mentor helps to determine their strengths and is available to lead and refine his or her skill as to any and all aspects of land work that is assigned to them.

A new hire field Landman can be shown the workings of the courthouse and methods of researching ownership of land and minerals. A mentor shows them how to research the records, what to look for, how to interpret the deeds and assignments, calculate the interest of split minerals, the importance of a mortgage or status of any due taxes, etc. When dealing with estates and split minerals the mentor may be able to give them tips and sources on how to locate people and family members. When estates are involved the mentor can introduce them to estate laws of descent and distribution for the particular state in which they are working.

A mentor always has experiences that they can share with the mentee. Some of those experiences not only have a positive result but may also deal with the negative. Sharing an experience that did not go well may help the mentee avoid a similar negative result later on.

Looking back over my career there are some who mentored me in one way or another and helped me get started doing land work. There were also those who were always available to discuss varying problems and issues that came up. Some of those are as follows:

Jim Cannon, my supervisor for the summer with Hunt Oil Company. Jim not only trusted me that I could do the job but gave me challenging projects even though I was a greenhorn at that time.

Ed (Woody) Woodroof, my boss for most of my time with Chevron Oil. He was a very sharp leader and always expected the best out of you. He challenged me with projects that pushed me beyond the easy way to carry them out.

Jack Yovanovich, VP with Mitchell Energy. Jack trusted me to manage the land group in the Denver office. He was always available with advice and direction with employee issues and special development projects in the Rocky Mountain district.

13. A LAND MANAGER AND SUPERVISOR.

Challenge: How to transcend from being a hands-on Landman to being a manager or supervisor with responsibility for personnel and multiple projects being worked on by other Landmen.

Resolution: Once your skills and work ethic has been recognized by your superiors in the company, or you decide to use your experiences to form your own company or

brokerage group, you accept the role of leading others to do land work also. You might then be able to say “I’ve been there and therefore I know what to expect and am able to lead you in completing the projects.” You must also be able to multitask and show those you are supervising how to do the same.

At one point when working in the Uintah Basin of Utah as a senior Landman, I was involved in renewing multiple pipeline right of way agreements that had inadvertently been let to expire. At the same time I was supervising four other Landmen in clean-up leasing in sections that wells had been purposed in the same basin.

I became a District Landman with Chevron and supervised four Landmen working on various projects. In addition I had up to twelve brokers acquiring leases on projects in two other states at various times. During the leasing projects two brokers had to be dismissed for lack of commitment and little results. As a manager, dismissing an employee or contract worker is never easy. A lot of thought and consultation with the human resources department goes into making the final decision.

When joining Mitchell Energy I started as a District Landman and later retired as Regional Landman. My eighteen years with Mitchell were very good years. Wells were drilled in Colorado, Wyoming, Idaho and Canada. A secondary recovery project was initiated in Wyoming and completed and the Canadian asset was sold. The entire district staff, including the district landman were challenged with farmins from other companies, farmouts to other companies, unit preparations, leasing and title work. We were exposed to every facet of being a Landman.

As the District Landman I also took part in the hiring and firing of personnel. When taking these actions, recommendations were made to the Vice President of Land for advice and approval. Hiring and firing of personnel is not an easy task, especially if you are the final decision maker for your own company or brokerage firm.

CLIPS OF VARIOUS EXPERIENCES

The open pit coal mining operation in Coalstrip, Montana is one of the largest low sulfur coal strip mines in the US. For many years three unit trains of Coalstrip, Montana coal have traveled regularly to Texas and Louisiana electric power plants. One landowner that I worked with but from whom I was not able to acquire an oil and gas lease, owned a ranch of more than 1,000 acres near Coalstrip. He was the President of the “Southeast Montana Environmental Vigilanty Committee” in their fight against the Coal industry being developed nearby. After some years the coal companies wore him down. The coal companies finally had bought him a larger ranch in Alberta, Canada and made a tax free swap for his ranch in Montana. They

moved his entire ranch and livestock, some 50 plus semi truck loads, to Canada and took over his ranch.

In the 1980s my employer owned some oil and gas wells in Alberta, Canada and drilled an additional well. An ownership map was put together and I made trips to Calgary to negotiate surface damages. A list of all owners within a mile radius of the well was prepared by the drilling contractor in order to immediately notify them if there was a leak of deadly sulfur dioxide gas from the well which produced sour gas full of sulfur. Sale from the sulfur stripped from the gas was at times worth more than the gas produced at that time. A Canadian contact that I made on one of the trips had a client interested in buying the property. This contact later culminated in a sale of the producing property. A company attorney and I spent a week in Calgary where all the paperwork was negotiated, prepared and executed. He and I signed all of the sale documents and my trips to Calgary ended. An interesting side note on the surface owner was that he was a member of the Canadian World War II flying club. On his property he had built a hanger which housed some 15 Canadian WWII planes that the Canadian club flew for special events.

In the early 1970s our company had a lease play in South Dakota which included land owned by the Sioux Indian Tribe out of Ft. Yates, North Dakota, just across the border. My challenge was to persuade the tribe to place the lands on a sealed bid lease list. I met with the Tribal Council in Ft. Yates to present our proposal. The tribe was convinced that they had to know whether or not there was oil or gas under their lands before they could lease so that they could get the best bonus on any sale. They finally understood that no one would know if the lands would produce oil until a well was drilled, and a well could not be drilled without someone having the right to do so under a lease. At my meeting with the tribe one of the Tribal Council members was the grandson of an historic Sioux Chief named Sitting Bull. They listened to my presentation and told me to come back next week.

When I returned for the next meeting a group of the council members were assembled and waiting. They immediately turned the floor over to a tribal member named Chaskay Wicks who berated me for an hour over all of the wrongs that the white man had done to the Indians over the years, including taking oil from their lands. When they finally allowed me to speak I told them that I understood their concerns, but that my request at the current time was to pay them bonuses for leases under which we could search for oil from which they would benefit. A few weeks later they placed the lands on a sale list and through a sealed bid process we were able to acquire the lands we needed. Mr. Chaskay Wicks happened to be the partner of one Russell Means, who with Chaskay were the leaders of the standoff with the FBI a few years earlier at Wounded Knee, South Dakota where an FBI agent was killed. Chaskay was shot and killed just north of Ft. Yates, ND about 3 weeks after our meeting.

In the mid 1960s the company I worked for had a prospect in eastern Idaho on which I acquired leases from the Caribou-Targhee National Forest and some

adjoining fee leases. The well location wound up being located beside Sheep Creek, within the national forest. A permit request was filed with the Forest Service in Idaho Falls, Idaho. I spent a week gaining the necessary approvals from the forest service offices of differing departments who needed to sign off on their approval. The permit was granted and an unsuccessful well was drilled.

In spite of a dry hole for the company, from an environmental point of view it was likely considered a success. The location was in the bottom of a canyon beside Sheep Creek and Sheep Creek Campground. It also was at the head of an eleven mile hiking trail to two upper lakes on Sheep Creek known for great fly fishing. Taking any production out would have been an environmental nightmare. Not too many years later and certainly today, getting a permit in that spot from the United States Forest Service would have never happened due to all sorts of environmental concerns and lawsuits from environmental groups. We probably would have not even been able to get the leases in the first place. Today the old drillsite is restored without any evidence that a well was drilled there. It is used as a parking lot for access to the hiking trail and heavily used during the summer months.

ABOUT THE AUTHOR

Personal

I met my wife, Martha (Maus) Black in 1964 while on a job in Idaho. She was a widow with a 3-year-old daughter. We were married June 26, 1966, and presently have enjoyed 57 very good years as husband and wife. We have a son and a daughter, four grandchildren, and five great grandchildren. Our daughter married a minister, and our son retired as a fireman and now has his own tour company in Fredericksburg, TX. I still raise Longhorn cattle, having purchased my first cows from Darol Dickenson while living in Colorado.

Education

- A Graduate of the University of Texas, January 1962 with a Business Degree in Petroleum Land Management. Spent three years studying Geology prior to transferring to the Business School.
- A Graduate of LaSalle Extension University, December 1971 with a Bachelor of Law degree. No state bar exam taken.
- Multiple industry management seminars.

Industry Experience

- Hunt Oil Company, Williston, ND, Summer 1961
- California Oil Company, predecessor to Chevron Oil Company, Casper, Wyoming & Denver, Colorado, January 1962 -1977; Seven months in 1963-1964 on loan to Chevron Pipeline Company, Salt Lake City, Utah as Right of Way agent for a products pipeline.
- Mitchell Energy and Development Corp., Denver, Colorado & The Woodlands, Texas, 1977-1995
- Independent Landman Consultant, The Woodlands, Texas & Fredericksburg, Texas., 1995-2022, multiple companies, independents and family-owned interest, some being Wagner & Brown, Ltd., EXCO Partners Operating Partnership LP, TXOK Texas Energy Resources, LP, ONEOK Energy Marketing & Trading, Quantum Resources Management LLC, H & B Oil & Gas Ltd., Reliance Energy, First Capitol Petroleum (president 2 years), and multiply family interest with working interest, mineral and royalty interest, and right of way issues.

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