



The Override

Every Landman Wants One!

Volume XV, Issue III

January, 2023



LAAPL
LOS ANGELES ASSOCIATION OF PROFESSIONAL LANDMEN

Presidents Message

RICHARD MALDONADO
PRESIDENT

SPECTRUM LAND SERVICES

Dear LAAPL Members and Colleagues,

After all the craziness we endured during the Covid fiasco a few short years ago, I can now stand back, take a breath and acknowledge the importance of supporting organizations which support the companies that empower our economy. Organizations like the California Independent Petroleum Association (CIPA), the Western States Petroleum Association (WSPA) and the California Conservation Committee of Oil and Gas Producers (CCCOGP). Our country is, without a doubt, entering into a shift towards a new world energy focus and that fact places more and more challenges in front of us. The changes around us, whether social, political, scientific, economic or otherwise, requires us to prepare ourselves to navigate through new and increasingly complex landscapes. In many instances, we are responsible to help shape those new industry landscapes. The hard work, you and the other 12,000 AAPL members across the land do every day to teach, mentor, and shape the next generation of energy professionals is key to ushering in a proper balance between fossil fuel and renewable energy convergence.

2023 marks the LAAPL's 66th anniversary as a leading association supporting the people who make up the energy industry in the Los Angeles basin. Our terrific LAAPL community of professionals is a network which I have become increasingly reliant on when facing these new challenges and opportunities. I'm proud of the LAAPL's successes over the last few years, particularly how it [Presidents Message continued on page 2](#)



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Joint LAAPL and LABGS Meeting Speaker

THE HISTORY OF THE MONTEBELLO FIELD



The exploration and development history of the Montebello Oil Field: triumphs, tribulations, and challenges in an urban oil field.

Daniel "Dan" C. Steward, a native of Taft, California, serves as Vice President of Beta Operations at Amplify Energy Corp., responsible for the operation of the offshore Beta field in San Pedro Bay, based in Long Beach. From early 2018 to August of 2019 Dan served as CEO and Co-Founder of start-up Iron Horse Energy, LLC, an acquisition vehicle for mature oil-producing assets in the U.S. onshore. From 1996 to 2017, Dan held various geoscience and exploration roles of increasing responsibility with Chevron, Noble Energy, Lukoil International Upstream West, and Total E&P, spanning the deep-water Gulf of Mexico (US & Mexico areas), the west African continental margin, deep-water [Luncheon Speaker continued on page 2](#)



Opinionated Corner

JOE MUNSEY, RPL
SOUTHERN CALIFORNIA GAS COMPANY

Took a “Sabbatical” from writing this column back in May 2021 as we prepared to take on our duties as Chapter President for 2021-2022. Could not imagine writing a President’s Message then launching into an Opinionated Column tirade during our term as Chapter President. Pushed the “Sabbatical” mode further until Cliff Moore, Past Chapter Secretary, who happens to be retired, informed us it was time for me to pick up the pen and ink barrel to begin again. Thank you, Cliff, for your well written Opinionated Columns the past year and half - permitting some idle time for myself.

In the May 2021 Opinionated Column, we highlighted the race to start eliminating all coal fired and natural gas generating electricity plants by 2035. At the time there were only 1,852 of these coal and natural gas-fired generating plants left in the U.S. of A. In that same May of 2021, Earth Day celebrations were setting goals for the following year of May 2022, and to reach those 2035 goals of no coal or natural gas-fired generating plants, nearly 130 fossil fuel electricity generating plants would have to close. That equals to 11 plants closing every month if you are counting on all your fingers. Since a year and eight months have passed since then, by my calculations, 220 of these plants are now gone. Anyone keeping count on that action since inquiring minds are interested.

Meanwhile - the legacy fossil fuel industry, especially the majors, are charting into new waters to stay afloat, pun intended; also charting those same waters are the services industries tied to the fossil fuel industry. ExxonMobil

and Chevron, the oil behemoths, are looking to expand into new businesses providing low-carbon technologies to other companies, such as hydrogen and carbon capture. Even the titan of oilfield services, Schlumberger is now known as SLB; reflecting its new mantra of leading the way toward a balanced planet. You gonna do what you gonna do to stay relevant and in business.

Meanwhile – the Davos gathering is in open session. Opposite ends of the energy industry are of course in attendance. Notably, the OPEC Secretary General Mr. Haitham Al Ghais of the State of Kuwait speaking in Davos said that he expects to see OPEC oil demand rise by 500,000 barrels a day this year. He also said that OPEC’s going do whatever it takes to stabilize the global oil market and is warning about massive underinvestment in oil and gas that is going to lead to a global shortage of oil and gas. He said that \$12.1 trillion will be needed in the coming decades to meet demand.

Prior to the Davos conclave, in the International Energy Agency’s monthly reporting, it included warnings and saying investment in clean energy tech needs to soar to \$4.5 trillion through 2030 to meet the net-zero 2050 goals. According to the IEA, the unprecedented scale of required investment will need industrial strategies from the countries to mobilize those investments across all regions, technologies, and supply chains.

According to the Climate Czar Kerry at Davos, his words, “..... money, money, money, money.” Well, from the perspective of land and legal professionals, there is ample opportunities [think money] to grab in both industries for land and legal work for the foreseeable future.

Presidents Message has provided more continued from page 1 opportunities for meaningful engagement of our members, introducing innovative meeting formats and topics, not to mention the professional development and outreach opportunities that are a cornerstone of what we strive to do. In the years ahead, the LAAPL will continue these initiatives as a cohesive team, building our portfolio of offerings to you, the members and others in our community.

Thank you members of the LAAPL, for your continued participation and enthusiasm in our professional organization. Your support and engagement is essential to the LAAPL’s future in this changing energy environment.

Finally, I’d like to give a personal shout-out of appreciation to our chapter Board of Directors and Committee, whom without their guidance and hard work, this message, this award-winning newsletter and our collective efforts to further the prosperity of Los Angeles area land professionals is not possible.

Wishing you all a healthy and successful 2023 and looking forward to seeing you soon.

Luncheon Speaker Black Sea, the continued from page 1 Barents Sea, and the San Joaquin basin in Kern County, CA. Dan holds an AA degree from Taft Community College, Bachelor’s and Master’s Degrees in Geology from California State University, Bakersfield and a Master of Business Administration from Rice University.



THE OVERRIDE IS, AND HAS BEEN EDITED BY JOE MUNSEY, RPL AND PUBLISHED BY RANDALL TAYLOR, RPL, SINCE SEPTEMBER OF 2006.

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310-616-6985

Nominations Chair
TBD

Chapter Board Meetings

MARCIA CARLISLE
THE TERMO COMPANY
LAAPL SECRETARY

We encourage all members to attend our LAAPL Board Meetings which are typically held in the same room as the luncheon immediately after the meetings are adjourned.

The LAAPL Board of Directors and Committee Members held its board meeting on November 17, 2022, led by Rich Maldonado, President. The topics discussed at the meeting were as follows:

- The new memberships of Linda Barras, Bryan Delos Reyes, Alana Edwards and Brit Reiner were approved.
- Chapter Treasurer Jason Downs is in the process of reviewing the franchise tax and checking into a new Money Market account.
- Chapter Director Joe Munsey requested a contribution for the American Oil and Gas Historical Society, which was approved.
- Our new member, Linda Barras, upon appointment by the Chapter President, agreed to fill the role of Membership Chair.
- There was open discussion regarding redesigning the LAAPL logo to reflect where we are headed as land/legal professionals. It was discussed and agreed that a change was needed to become more inclusive.
- It was noted that LAAPL has yet to secure a sponsor for the AAPL Huntington Beach 2023 event.
- Vice President Sarah Downs suggested offering a tour of the Downey House with lunch for our May meeting.



Treasurer's Report

JASON DOWNS, CPL
TREASURER
LAND REPRESENTATIVE
CHEVRON PIPE LINE AND POWER COMPANY

As of 11/2/2022, the LAAPL account showed a balance of

LAAPL account	\$34,748.34
Deposits	\$272.79
Total Checks, Withdrawals, Transfers	\$1,650.83
Balance as of 1/2/2023	\$33,370.30

New Members and Transfers

LINDA BARRAS
MEMBERSHIP CHAIR
CALIFORNIA DEPT OF TRANSPORTATION

Welcome! As a Los Angeles Association of Professional Landmen member, you serve to further the education and broaden the scope of the petroleum landman and to promote effective communication between its members, government, community and industry on energy-related issues.

New Members

Alana Edward

Senior Land & Right of Way Specialist
Southern California Gas Company
8101 Rosemead Blvd.
Pico Rivera, CA
AEdward1@socalgas.com

Bryan V. Delos Reyes

Land Acquisition PM
Garden Grove, CA
bdelosre@gmail.com

Linda Thibodeaux Barras

Associate Right of Way Agent-
Condemnation
State of California – Department of
Transportation
100 S. Main Street
MS-6
Los Angeles, CA 90012
linda.barras@dot.ca.gov

Transfers

None to Report

Corrections



Lawyers' Joke of the Month

JACK QUIRK, JD.

This is a Tobacco Smoke Enema Kit from the 1750's. It was used to put tobacco smoke into a patient's rectum to resuscitate drowning victims. Doubts about its credibility led to the popular phrase "blowing smoke up your [fill in the blank]"



LAAPL and LABGS Hold Annual Joint Luncheon

The Los Angeles Association of Professional Landmen and the Los Angeles Basin Geological Society will hold its joint luncheon on January 26, 2023. Please note the date of the luncheon is the fourth Thursday of January to be held at Signal Hill Petroleum's Conference Room.

When: Thursday, Jan 26th
[Fourth Thursday of the Month]
Time: 11:30AM
Cost: \$25.00
Location: Signal Hill Petroleum
2633 Cherry Avenue
Signal Hill, CA 90755
Speaker: Daniel "Dan" C. Steward,
Vice President
Beta Operations at Amplify
Energy Corp
Topic: "The Exploration and
Development of the
Montebello Oil Field"
Contact To register for "head count"
purposes please email
LABGS secretary, Joseph
Landeros at:
landerosjd@gmail.com
Online at www.labgs.org.



Get Ready...Set....Go!

(NOMINATIONS FOR LAAPL 2023 - 2024 OFFICERS)

**ODYSSEUS CHAIRETAKIS
NOMINATIONS CHAIR**

While it may seem eons in the distant, it's time to start considering nominations for Officers of the Los Angeles Association of Professional Landmen for our next fiscal year of 2023 - 2024. Voting will be in May, so please consider a leadership position for yourself or another who you believe is a candidate to take us into the future.

Thank you.

The following offices are open:

- President¹
- Vice President
- Treasurer
- Secretary
- LAAPL Local Director
- LAAPL Local Director

1Per Section 7(3) the Vice President shall succeed to the office of the President after serving his or her term as Vice President and shall hold the office of President for the next twelve (12) months.

Scheduled LAAPL Luncheon Topics and Dates

January 26, 2023

[4TH Thursday]

Annual Joint Meeting with
Los Angeles Basin Geological Society
[Held at Signal Hill Petroleum's
Conference Room]

March 16, 2023

Ron Stein, PTS Advance
Energy Literacy and the Future of
Energy

May 18, 2023

Tour of SoCalGas Hydrogen Futuristic
Home
Downey, CA
Officer Elections

June 14 – 17, 2023

AAAPL Annual Meeting
Huntington Beach, CA
September 14, 2023

Topic TBD

September 2023

West Coast Landmen's Institute
San Diego, CA



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**Randall Taylor, RPL
Petroleum Landman**

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Leadership Roster



2022 -2023 LOS ANGELES ASSOCIATION OF PROFESSIONAL LANDMEN Chapter Board Members

No.	Name	Board Member	Company/Agency	Phone Number E-mail
1	Richard "Rich" Maldonado	President	Managing Partner Spectrum Land Services	714-568-1800 Ext 230 rmaldonado@spectrumland.com
2	Joseph "Joe" D. Munsey, RPL	Immediate Past President Director	Senior Land Advisor Southern California Gas Company	949-361-8036 jmunsey@socalgas.com
3	Sarah Downs, Esq.	Vice President	Land Advisor Southern California Gas Company	347-920-1662 sedowns@socalgas.com
4	Jason Downs, CPL	Treasurer	Senior Land Representative Chevron Pipeline & Power	310-669-4005 jasondowns@chevron.com
5	Marcia Carlisle	Secretary	Lease Analyst The Termo Company	562-279-1957 MarciaC@termoco.com
6	John J. Harris, Esq.	Director	Partner Casso & Sparks, LLP	626-269-2980 jharris@cassosparks.com
7	Ernest "Ernie" Guadiana, Esq.	Director	Partner Elkins Kalt Weintraub Reuben Gartside LLP.	310-746-4425 eguadiana@elkinskalt.com

Chapter Committee Chairs/Co-Chairs

No.	Name	Chair/Position	Company/Agency	Phone Number E-mail
1	Jason Downs, CPL	Mickelson Golf Classic AAPL Region VIII Director	Senior Land Representative Chevron Pipeline & Power	310-669-4005 jasondowns@chevron.com
2	Mike Flores	Legislative Chair	President Championship Strategies, Inc.	310-990-8657 mike@championshipstrategies.com
3	Linda Barras	Membership	Associate Right-of-Way Agent Caltrans	213-269-0600 linda.barras@dot.ca.gov
4	Ernest "Ernie" Guadiana, Esq.	Legal Counsel	Partner Elkins Kalt Weintraub Reuben Gartside LLP.	310-746-4425 eguadiana@elkinskalt.com
5	Chip Hoover	Communications/Website	Independent/Archer Energy	310-795-7300 chiphover@hotmail.com
6	Odysseus Chairidakis	Nominations	Managing Member Enteka, LLC	917-902-4540 catxland@gmail.com
7	Joseph "Joe" D. Munsey, RPL	Co-Chair Publications/Newsletter	Senior Land Advisor Southern California Gas Company	949-361-8036 jmunsey@socalgas.com
8	Randall Taylor, RPL	Co-Chair Publications/Newsletter	President Taylor Land Service Inc.	949-215-0601 randall@taylorlandservice.com
9	John R. "JR" Billeaud, RPL	Education	Land Manager CAL-NRG	805-336-5422 john.billeaud@CalNRG.com
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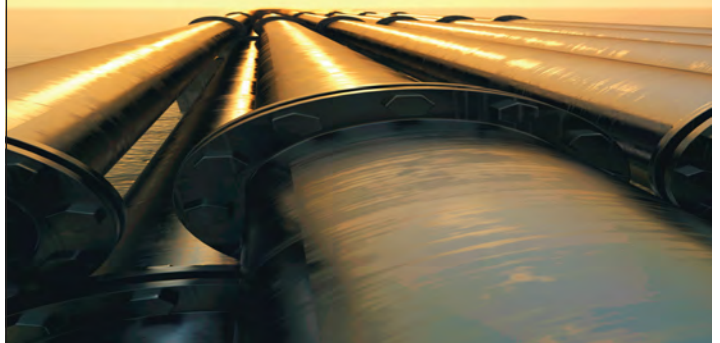


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DAPL | HAPL | LAAPL | SPE | SIGS | IRWA | WSPA

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LAAPL Nominations Committee

Rich Maldonado, Chapter President, appointed Odysseus Chairetakis, Managing Member, Enteka, LLC, as LAAPL's Nominations Committee Chair. Odysseus will be seeking out qualified candidates for officers. The officers will serve from July 1st, 2023 – June 30th, 2024. For all qualified members interested in submitting their names as candidates are encouraged to contact the Committee Chair. Odysseus can be reached at 917-902-4540 or catxland@gmail.com.

Per Section 7 (7a) of the By-laws, the membership will be provided with a list of nominees for officers for Vice President, Secretary, Treasurer and two (2) Directors at the March meeting. Further nominations from the floor will also be accepted at the March meeting. Members whose names are placed in nomination must give prior consent to be nominated by mail or email up to May 1, 2023. The election will take place at the last regular meeting of the Association this fiscal year, which is scheduled for May 18, 2023.

Officers and Duties

1. The officers of the Association shall be: a President, a Vice President, a Secretary and a Treasurer.
2. The President shall:
 - a. Preside at all meetings,
 - b. Appoint all committees,
 - c. Be Chairman of the Board of Directors, and Ex-Officio member of all committees, and
 - d. Do such other things incidental to the duties of his office.
3. The Vice President shall:
 - a. In the absence of the President, perform all of the President's duties,
 - b. Serve as Program Chairman, and perform other such duties as may be delegated to him by the President, and
 - c. Be a member of the Board of Directors.
4. The Secretary shall:
 - a. Keep the minutes of all meetings,
 - b. Give all notices required by the Constitution and Bylaws or requested by the President, and
 - c. Assist the presiding officer at all regular and special meetings.
5. The Treasurer shall:
 - a. Collect all dues and assessments and maintain records of same,
 - b. Pay such expenses of the Association as shall be approved in the manner specified in Article X,
 - c. Maintain books and record and render reports when directed by the President of Board of Directors, but, in any event, a financial statement shall be rendered to the membership at a regular meeting at least once annually, and prior to turning over the accounts at the end of his term, an audit shall be conducted,
 - d. Safely keep all money and property of the Association and deposit funds belonging to the Association in any bank approved by a majority of the Board of Directors and withdraw funds therefrom by check countersigned by the President or Vice President, and
 - e. Handle such other financial matters as the President shall direct.



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LAAPL Education Report

January – April 2023

*John R. “JR” Billeaud, RPL, Land Manager, California Natural Resources Group, LLC
Education Chair*

January

Event	Dates	Location	Speakers	Credits
Structuring a Deal: Negotiation Strategy and Technique	January 19, 2023	Live Webinar	Marita G. Morris, CPL	5 CEU; 1 CEU Ethics
LAAPL January Luncheon (Annual Joint Meeting with LABGS)	January 26, 2023	Signal Hill, CA	Dan Steward	1 CEU

February

Event	Dates	Location	Speakers	Credits
Field Landman Seminar - Lubbock TX	February 13, 2023	Lubbock, TX	Victoria Whitehead, Matt Skalka and Andrew Cloutier & Jeremy Agenend	3 CEU
Solar Lease Fundamentals	February 21, 2023	Live Webinar	Phillip Guerra, CPL	3 CEU

March

Event	Dates	Location	Speakers	Credits
AAPL RPL/CPL Certification Exam Review - Fort Worth, TX	March 8-10, 2023	Fort Worth, TX	A. Frank Clam, CPL, Owen M. Barnhill, CPL and S. Scott Prather, CPL	18 CEU (CPL); 6 CEU (RPL); 1 CEU Ethics
2023 Mining and Land Resources Institute	March 15-16, 2023	Stateline, NV (Lake Tahoe)	TBD	11.50 CEU; 1 CEU Ethics
LAAPL March Luncheon	March 16, 2023	The Grand, Long Beach, CA	Ron Stein, PTS Advance - Topic: Energy Literacy and the Future of Energy	1 CEU
Surface Use and Access	March 21, 2023	Live Webinar	George R. Shultz, CPL	5 CEU; 1 CEU Ethics
2023 Appalachian Land Institute	March 21-22, 2023	Pittsburgh, PA	Robert Stonestreet, Dan Weaver, Adam Morgan, Renee Anderson, Ben McKinney, and John Brawner	8 CEU
Royalty Deductions	March 28, 2023	Live Webinar	Marlin K. Brown, CPL	3 CEU

April

Event	Dates	Location	Speakers	Credits
Solar Lease Fundamentals	April 4, 2023	Live Webinar	Phillip Guerra, CPL	3 CEU
AAPL RPL/CPL Certification Exam Review - Denver, CO	April 12-14, 2023	Denver, CO	Roger A. Soape, CPL; Dorsey T. Roach, CPL, Thomas M. Rucker II, CPL	18 CEU (CPL); 6 CEU (RPL); 1 CEU Ethics
2023 Gulf Coast Land Institute	April 26, 2023	New Orleans, LA	TBD	9 CEU



TOGETHER WE POWER LOS ANGELES

California Resources Corporation is a proud member of the Los Angeles Association of Professional Landmen.

For more information contact:
Valerie Riley | Land Manager
Cambria Rivard | Senior Land Negotiator

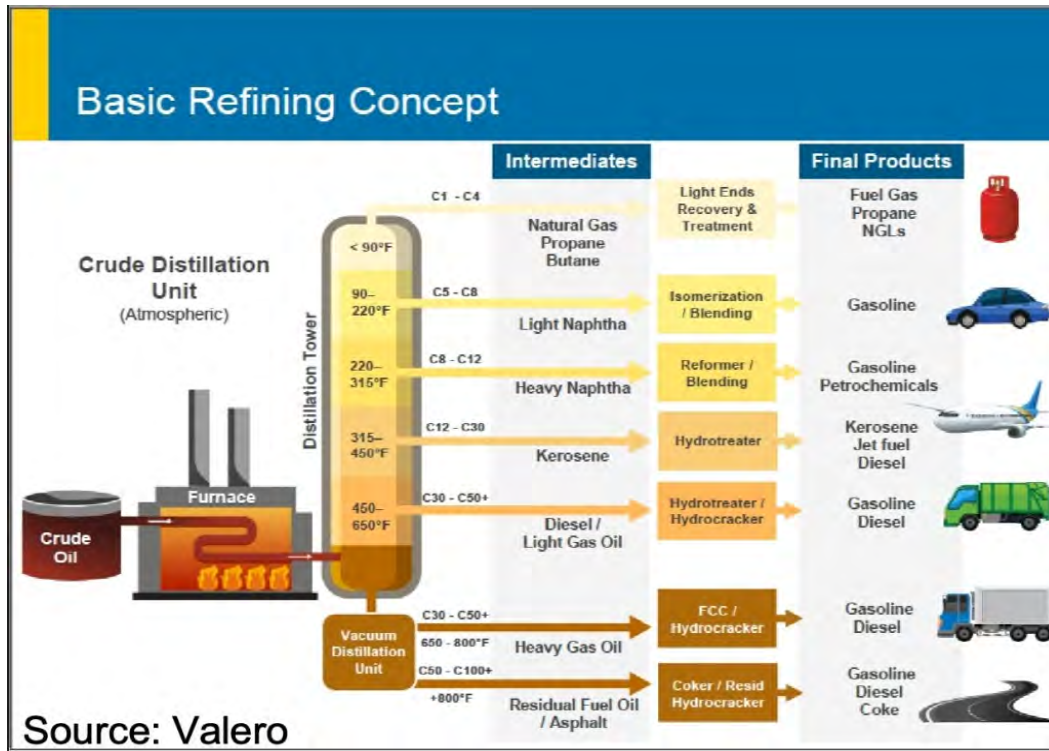


Low Carbon Intensity Fuel for Today and Net Zero Fuel for The Future

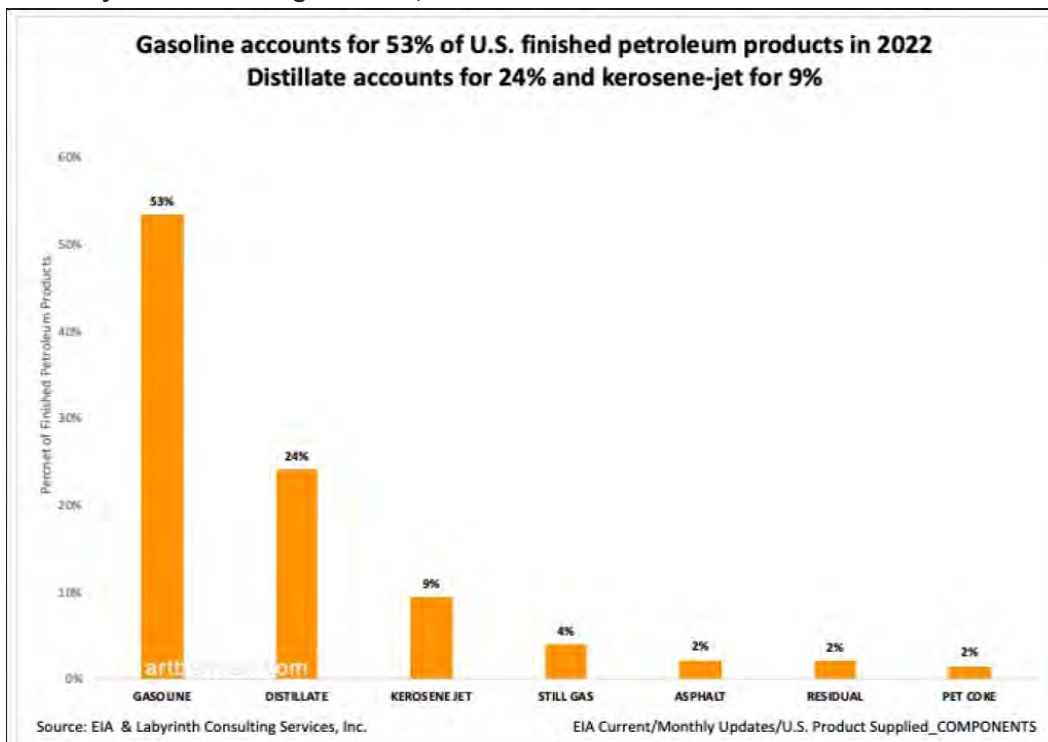
Interesting Charts

Provided to *The Override* by James R. Halloran who can be reached by contacting him at jameshalloran8969@gmail.com. Mr. Halloran provides daily [almost] insight on the energy industry.

Crude oil is heated in a furnace, vaporized, and put into the bottom of a distillation tower.
Source: Valero & Labyrinth Consulting Services, Inc.



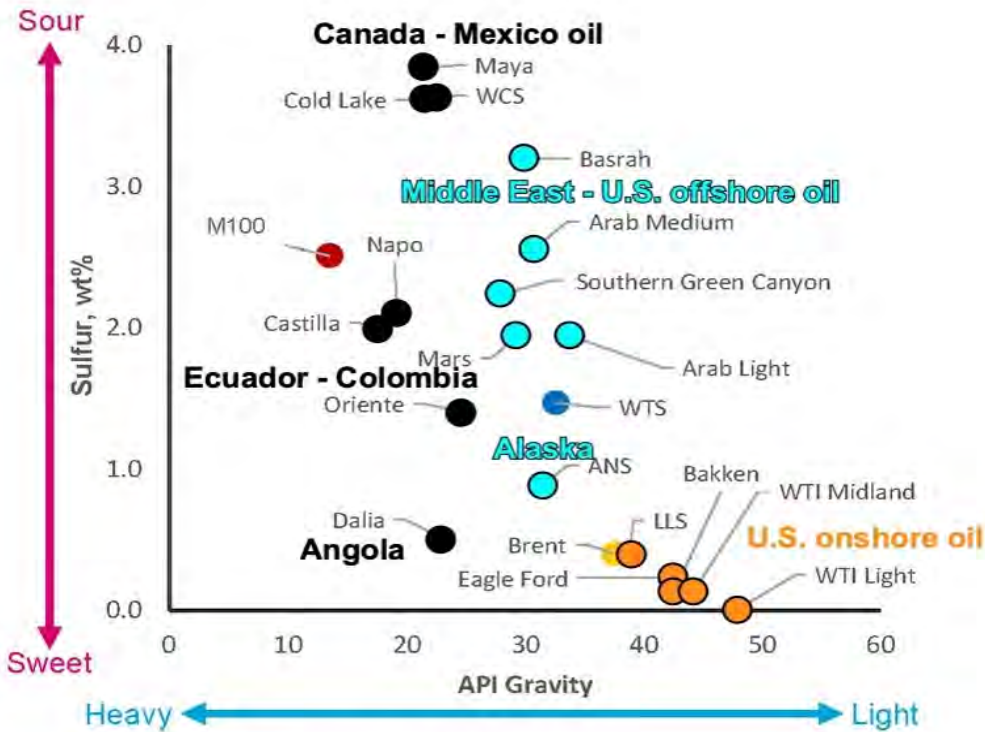
Gasoline accounts for 53% of U.S. finished petroleum products in 2022. Distillate accounts for 24% and kerosene-jet for 9%. Source: EIA & Labyrinth Consulting Services, Inc.



Interesting Charts - continued

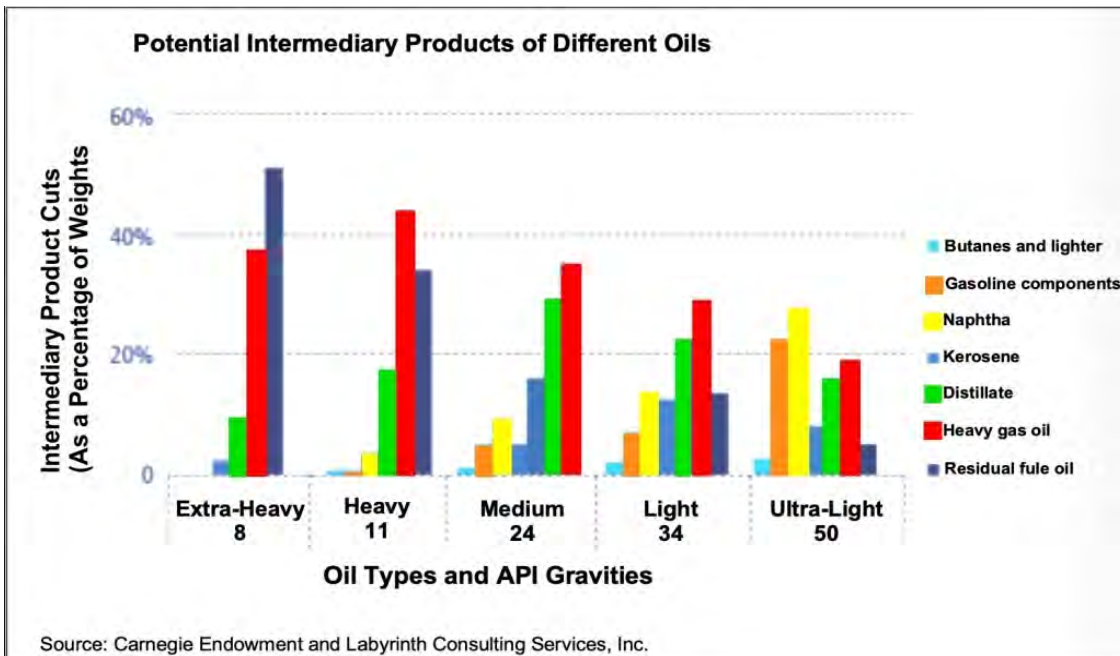
Most U.S. and Brent is fine for refining gasoline but must be blended with heavier grades to produce diesel. This is why the U.S. cannot be oil independent no matter how much oil it produces.

A range of crude oils arranged by sulfur percent and API gravity. Source: Valero & Labyrinth Consulting Services, Inc. Refineries cost billions of dollars to build and are designed to operate for decades.



Source: Valero & Labyrinth Consulting Services, Inc.

Potential Intermediary Products of Different Oils. Source: Carnegie Endowment and Labyrinth Consulting Services, Inc.




Source: Carnegie Endowment and Labyrinth Consulting Services, Inc.

NEWS YOU OTTER KNOW - January 2023

Jerris Johnson, CPL – jerrisj@lontraenergy.com
for questions, commentary, and invitations to speak



To be clear, I'm not at all attempting to monger any fear. But, if my purpose is to provide insights that everyone otter know about, especially land professionals, I feel like this one is pretty important. I accept that some out there may dismiss this or find it irrelevant. The intent is to point out that the advancements of computer intelligence are real. Will they fully replace what landmen do? No. Can they be useful tools and should therefore be embraced? I believe so. What you see on the right  is a prompt I delivered to an artificial intelligence chatbot called ChatGPT, which is funded and created by the OpenAI consortium. I asked it to provide example wording for a warranty deed. In response, without any further assistance, it delivered full wording that could be used as a template for a warranty deed. Anyone is welcome to try this out on their own and can sign up for a free account at <https://chat.openai.com/> (If you get it to make something really cool, please email me about it!)

The biggest impacts and factors with oil and gas today are based on global events and macroeconomics. We can do what we can domestically, but the actions of other countries still determine outcomes. One area in which the U.S. is especially poised to continue to excel is with LNG.

“U.S. poised to regain crown as world's top LNG exporter” – Reuters - <https://cutt.ly/a2vwaVO>

- “The United States is on track to become the world's biggest exporter of liquefied natural gas (LNG) this year - ahead of current market leader Australia - once a fire-idled Texas plant is restarted, according to Reuters data.”
- “In 2022, U.S. exports of natural gas as LNG rose 8%... The United States remained ahead of Qatar, which in third place...”
- “U.S. supplies will be more important this year with Russian deliveries to Europe largely cut.”

JE what is example wording to use in a warranty deed?

A warranty deed is a legal document that is used to transfer ownership of real property from one person to another. When drafting a warranty deed, it is important to use clear and precise language to ensure that the terms of the transfer are clearly understood by all parties involved.

Here is an example of wording that could be used in a warranty deed:

"This Warranty Deed, made and entered into on [date], by and between [grantor], the undersigned grantor, and [grantee], the undersigned grantee, witnesseth:

That the grantor, in consideration of the sum of [dollar amount] paid by the grantee, the receipt of which is hereby acknowledged, does hereby grant, sell, convey, and warrant to the grantee, the following described real property, situated in the County of [county] and State of [state]: [description of property]

Together with all and singular the tenements, hereditaments, and appurtenances thereunto belonging, or in anywise appertaining.

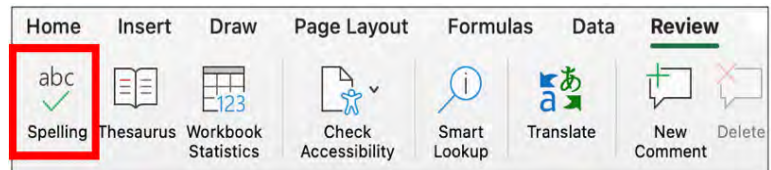
To have and to hold the above described premises, with the appurtenances, unto the grantee, the grantee's heirs and assigns, forever. And the grantor, for the grantor and the grantor's heirs, executors, and administrators, does covenant with the grantee and with the grantee's heirs and assigns, that the grantor is lawfully seized of the premises; that the grantor has good right and lawful authority to sell and convey the same; that the premises are free from all encumbrances except [list any exceptions]; and that the grantor will warrant and defend the same against the lawful claims of all persons whomsoever.

In witness whereof, the grantor has hereunto set the grantor's hand and seal the day and year first above written.

[signature of grantor]

Signed, sealed, and delivered in the presence of:
[signature of witness] [printed name of witness]"

Here's a simple tech tip you otter know. We often use spell check in Word and Outlook, but did you know that Excel has a spell check feature as well? To access it, simply go to the Review portion of the ribbon at the top. On the left, you should see the button for checking spelling. Use it for checking spelling in each tab of the spreadsheet.



AOGHS Acknowledgment of LAAPL's Support

Dear LAAPL Board Directors,

I want to wish the LAAPL Board of Directors a Merry Christmas and again thank you, the Board of Directors, and all LAAPL members for the longtime financial support of the American Oil & Gas Historical Society. Your generosity in 2022 has helped me expand website content, adding new subscribers (free) to our monthly email newsletter. The historical society is becoming a recognized resource for petroleum history -- and using that history in energy education. I will always appreciate how LAAPL has made this possible, and I hope the Board and all LAAPL members have a fantastic 2023.

Bruce A. Wells, Executive Director
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Case of the Month - Energy

GOVERNOR OF INDIANA SIGNS NEW CARBON CAPTURE BILL

*Thomas A. Donaho, Esq., Partner, BakerHostetler
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Indiana is the most recent state to build out a regulatory structure in anticipation of significant carbon capture, utilization and sequestration (CCUS) project deployment. Last week, Governor Eric Holcomb signed into law H.R. 1209, which addressed common issues to carbon sequestration regulation, including pore space ownership, liability, permitting, monitoring and mineral rights primacy. Many provisions of the bill are similar in terms and effect to legislation passed by early adopters in the CCUS space, including Wyoming, Montana and North Dakota. Relevant provisions of H.R. 1209 include the

following:

Mineral Rights Primacy: The bill makes clear that “all rights and requirements” relating to carbon sequestration set forth in the bill are subordinate to “rights pertaining to oil, gas, and coal resources” and may not adversely affect such resources.

Pore Space Ownership: Ownership rights to pore space are vested in the surface estate owner, provided that they have not been previously conveyed.

Unitization: If at least two pore space owners own pore space located within a proposed carbon dioxide storage area of a storage facility, the owners may agree to integrate their interests to develop the pore space as a proposed storage facility for the underground storage of carbon dioxide. However, if all the owners of the pore space do not agree to integrate their interests, the Department of Natural Resources (Department) may issue an order requiring the owners to integrate their interests and to develop the pore space if the storage operator has obtained the consent of the owners of the pore space underlying at least 70 percent of the surface area above the proposed storage facility.



Application for Permit: A storage operator must possess a UIC Class VI permit and a carbon sequestration permit from the Department. An application to the Department for a permit for a carbon sequestration project must include the following:

1. A filing fee of \$1,000.
2. The signature of the applicant.
3. A statement verifying that the information submitted is true, accurate and complete to the best of the applicant’s knowledge.
4. Information illustrating that the applicant has the financial, managerial and technical ability to construct, operate and maintain a carbon sequestration project.
5. Information illustrating that the applicant or the contractors or subcontractors of the applicant have the requisite expertise in constructing, operating and maintaining a carbon sequestration project.
6. Documentation to the Department describing the scope of the proposed carbon sequestration project.
7. A statement describing how the applicant will construct, operate and maintain the proposed carbon sequestration project in accordance with applicable local, state and federal law to ensure the safety of the carbon sequestration project employees and the public.
8. A statement that the interests of a mineral lessee or mineral owner will not be adversely affected.

Establishing a Fund: The Carbon Dioxide Storage Facility Trust Fund is established to defray the costs incurred by the Department for the long-term monitoring and management of a carbon sequestration project. Storage operators must provide an annual estimate of the amount of carbon dioxide to be injected into a storage facility and pay into the fund a fee of eight cents per ton of carbon dioxide estimated to be injected.

*Case Energy
continued on page 17*

Case Energy
continued from page 16

Drilling Near a Storage Facility: A mineral owner or mineral lessee shall provide written notice to a storage operator at least 31 days prior to drilling a well if the mineral owner or mineral lessee wishes to drill a well not more than (1) 330 feet from the surface location of a well pursuant to a UIC Class VI permit or (2) 500 feet from the uppermost confining zone of a carbon sequestration facility pursuant to a UIC Class VI permit.

Carbon Dioxide Ownership: Unless there is documentation to the contrary, the storage operator has title to the carbon dioxide injected into and stored in a storage facility until a certificate of completion is issued by the Department, at which time ownership passes to the state.

Limitation of Liability: A claim of subsurface trespass shall not be actionable against a storage operator unless the claimant proves that injection or migration of carbon dioxide (1) is injurious to health, indecent, offensive to the senses, or an obstruction to the free use of property so as essentially to interfere with the comfortable enjoyment of life or property or (2) has caused direct physical injury to a person, an animal or tangible property. A surface or subsurface property interest holder is permitted to recover money damages only for the loss of a nonspeculative value resulting from the injection and migration of carbon dioxide beyond the storage facility. Punitive damages may be available if the storage operator violates the requirements of the UIC Class VI permit or acts with reckless disregard of public safety.

Transfer of Liability: Upon completion of a CCUS project, the storage operator may apply for a certificate of completion, which requires submission of representations and proof that the storage facility maintains mechanical integrity, the carbon dioxide therein is stable, and the storage facility is in compliance with various rules and regulations. Once a certificate of completion is issued, the state of Indiana assumes ownership and responsibility for the storage facility, and the storage operator and the owner of the storage facility are released from responsibility for all regulatory requirements associated with the storage facility and all potential liability associated with the storage facility.

Transportation of Carbon Dioxide: H.R. 1209 also sets forth certain requirements for issuance of a certificate of authority to pipeline companies wishing to construct and operate a pipeline for transmission of carbon dioxide. Notably, an applicant will be issued a certificate only if it has previously contracted with a producer of carbon dioxide within the state of Indiana. No certificate will be issued until after a public hearing process is completed.

Summary

Indiana is the latest of many states to pass significant CCUS legislation designed to address regulatory uncertainty and entice potential stakeholders in CCUS projects to deploy capital in the state. Following the passage of H.R. 1209, owners and operators of large-scale carbon emitters in Indiana will have a clearer path to deployment of commercial-scale CCUS projects.

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Case of the Month - Right of Way

DOES PULLMAN ABSTENTION APPLY TO FEDERAL TAKINGS CLAIMS POST-KNICK?

*Benjamin Z. Rubin, Esq., Partner
Law Firm of Nossaman LLP*

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According to the U.S. Court of Appeals for the Ninth Circuit, the answer is a definitive yes.

Generally speaking, Pullman abstention permits a federal court to stay a federal claim to allow a state court to resolve a state issue that could either eliminate or narrow the scope of the federal claim. In order to invoke Pullman abstention, the federal claim must also touch on a sensitive area of social policy and involve an undecided question of state law.



In [Gearing v. City of Half Moon Bay](#), the Gearings asserted that under California’s Housing Crisis Act and California legislation passed in 2019 (Senate Bill 330), they were permitted as a matter of right to build housing on their properties. The City of Half Moon Bay asserted that the City’s Land Use Plan severely restricted housing developments in the area where the properties were located, and that under the Land Use Plan the Gearings first needed to submit and the City needed to approve a master plan for the proposed housing development. Shortly thereafter, the City informed the Gearings that it planned to acquire their properties via eminent domain. Before any eminent domain action was filed, however, the Gearings filed an action in federal court asserting that the City’s actions amounted to a regulatory taking in violation of the Fifth and Fourteenth Amendments to the U.S. Constitution. Approximately one week later, the City filed an eminent domain action in state court. The City then followed that up with a motion in the federal case requesting that the federal court stay the regulatory takings claim under the Pullman abstention doctrine.

The Gearings argued that in light of the U.S. Supreme Court’s decisions in [Knick v. Township of Scott](#) (2019) 139 S.Ct. 2162 and [Pakdel v. City and County of San Francisco](#) (2021) 141 S.Ct. 2226, Pullman abstention was no longer an option because it would effectively impose a state exhaustion requirement. Specifically, the Gearings argued that if the federal court stayed the federal litigation, they would have to litigate the crux of the regulatory takings claim – whether they did or did not have a right to build the proposed housing – as part of the state eminent domain action because it goes to the determination of the fair market value of the properties. The Ninth Circuit dismissed the Gearings’ argument in a relatively short opinion.

The Ninth Circuit first noted that “neither [Knick](#) nor [Pakdel](#) explicitly limit abstention in takings litigation.” The Ninth Circuit then further distinguished [Knick](#) and [Pakdel](#), explaining that both of those decisions merely address when a federal takings claim is ripe, whereas Pullman abstention addresses when a federal court may stay a ripe claim. The Ninth Circuit also stated that even if [Knick](#) and [Pakdel](#) did broadly reject exhaustion requirements in the takings context, the decisions wouldn’t compel rejection of the Pullman abstention doctrine in this particular case because “eminent domain and regulatory takings suits compensate property owners for different injuries.” Thus, the Gearings could defend the eminent domain action without challenging the constitutionality of the City’s enforcement of the Land Use Plan, and after the eminent domain action is resolved litigate the regulatory takings claim in federal court. In that regard, the Ninth Circuit noted that the Gearings had made an England reservation in the state litigation, which prevents the state court from ruling on federal issues.

After rejecting the Gearings’ primary argument, the Ninth Circuit confirmed that all of the elements necessary for a Pullman abstention were present and affirmed the district court’s order staying the federal litigation.

In light of the Ninth Circuit’s recent ruling, one can reasonably assume an uptick in local jurisdictions pursuing Pullman abstention motions in situations where there is a pending state eminent domain action and a competing federal takings lawsuit.

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Guest Article

ALLOCATION WELLS PART III

By Alyce Boudreaux Hoge, Esq.

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Alyce Boudreaux Hoge is an attorney licensed in Texas and Louisiana. She has practiced energy and mineral law for the past 30+ years. The founder of Land Training LLC, she also teaches the Professional Land Management and Division Order Certificate Programs at Midland College in Midland, Texas. Previously, she has taught PLM programs at the University of Texas (PETEX) and the University of Houston. A native of Louisiana, Alyce is fond of saying she gives “legal advice with Cajun spice.”

In this third and final installment on allocation wells, we are going to examine the difference to the mineral owner in terms of which is better for them – an allocation well or a single well?

Let’s assume we have a mineral owner with a 100% interest in a 320-acre tract of land and he leases to an oil and gas company for a ¼ royalty. If the tract is pooled, assume 100% of the tract is included in the unit and the total unit acres is 1200 acres.

The calculation is $.25 \times 320/1200 = 0.066666667$

Now, for allocation purposes, assume the same facts but this time it’s a horizontal well and 2,300 foot of lateral is on the tract and the total lateral wellbore is 10,050 feet.

The calculation is $.25 \times 2300/10,050 = 0.057213930$

Of course, the numbers vary based on the length of lateral but at first glance, it would appear that the mineral owner is better off with the pooled NRI than the allocation NRI. But looks can be deceiving.

According to Certified Mineral Manager and CPL Jimmy Wright, “...that’s because a horizontal well can produce exponentially more oil than a vertical well can.” So, even though the NRI of a vertical well may be larger, in actuality, the mineral owner is likely to have more production, and therefore more revenue from a horizontal/allocation well than from a vertical well in a pooled unit.

Think about it this way: if you have a vertical well with 100 feet of pay zone, you will be able to retrieve oil from 100 feet of the pay zone. If, on the other hand, you have a 2-mile horizontal well, you will be able to retrieve oil from 2 miles, instead of just a 100 foot pay zone.

The technology we have today with fracking is vastly better at producing more oil than a single vertical well. In the end, an allocation well is typically a far better return for the mineral owner.

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www.landtraining.net

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STANDARD OIL WHITING REFINERY

By Mr. Bruce A. Wells, Executive Director American Oil and Gas Historical Society
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Standard Oil scientists patented a process they called “thermal cracking.”

Beginning in the 1890s, the Whiting refinery of Standard Oil Company of Indiana first produced kerosene for lamps and later gasoline for autos to meet growing consumer demand.

Seventeen miles east of Chicago, Standard Oil Company of New Jersey began construction on a massive refinery complex in early May 1889.

Using advanced refining processes introduced by John D. Rockefeller, it would become the largest in the United States. The 1,400-acre complex, once operated by Amoco, was acquired by the British Petroleum Company in 1998.

After acquiring Amoco and the refinery, British Petroleum became BP Amoco. That name was shorted to BP in 2001 after mergers with ARCO and Castrol. In 2021, the company brand changed to BP in lower-case type, often with the tagline “Beyond Petroleum,” and a stylized yellow and green sun. The Whiting plant refined 152,000 barrels of oil per day in 2021.

Refining “Sour Crude”

About one month after construction of the then 235-acre refinery began, Rockefeller established a locally based subsidiary by incorporating Standard Oil Company of Indiana on June 18, 1889. The new company began processing oil at its Whiting refinery within a year.

The Indiana refinery processed a sulfurous “sour crude” from the Lima, Ohio, oilfields — transported on Rockefeller controlled railroads.

Most Americans, already putting out their tallow candles to buy lamps fueled with whale oil, lard, or the less costly but volatile camphene, embraced a new fuel — “rock oil” soon brought skyrocketing public demand.

Rockefeller had earlier purchased considerable amounts of production from the Lima oilfield at bargain prices. Most experts in the new petroleum industry believed the thick oil virtually worthless. It could not be refined for a profit.

The Whiting refinery, using a newly patented method, efficiently processed Ohio sour oil into high-quality kerosene. Although gasoline was a minor by-product, two brothers in Massachusetts were building a gasoline-powered horseless carriage at about the time the refinery produced its first 125 railroad tank cars filled with kerosene.



BP completed a multi-year, multi-billion-dollar modernization project at the Whiting refinery in 2013. Photo courtesy Hydrocarbon Processing magazine.



The Standard Oil refinery in Whiting, Indiana, became the company’s most productive. Owned by BP since 1998, it has remained the largest U.S. refinery. Whiting has been home to the Northwest Indiana Oilmen since 2012

Standard Oil
continued on page 23

Meanwhile, the gas-powered automobile arrived, relaunching the petroleum exploration industry.

“By the mid-1890s, the Whiting plant had become the largest refinery in the United States, handling 36,000 barrels of oil per day and accounting for nearly 20 percent of the total U.S. refining capacity” noted historian Mark R. Wilson in the [Encyclopedia of Chicago](#). Initially it consisted of just a single facility, adds a company history on the Amoco website.

Crude oil was processed into products that people and business needed: axle grease for industrial machinery, [paraffin wax](#) for candles, kerosene for home lighting.

“The company grew. By the early 1900s it was the leading provider of kerosene and gasoline in the Midwest” noted Wilson on the website. “Kerosene sales would eventually falter. But with car ownership booming across the United States, demand for gasoline would only go up and up.”

More Midwest Refineries

By 1910, the refinery is connected by pipeline to oilfields in Kansas and Oklahoma, as well as Ohio and Indiana. The Whiting facility employs 2,400 workers. In 1911, when Rockefeller was forced to break up his oil holdings, Standard of Indiana, with its main offices in downtown Chicago, emerged as an independent company.

Rockefeller’s Whiting scientists had patented a process they invented called thermal cracking, notes the Amoco website. It doubled the amount of gasoline that could be made from a barrel of oil and also boosted the gasoline’s octane rating.

Standard Oil’s process, which became standard practice in the refining industry, helped avert a gasoline shortage during World War I. To find its own oil supplies, Standard Oil of Indiana began its own exploration and production business, Stanolind.

In 1922, Standard Oil absorbed the American Oil Company, founded in Baltimore in 1910, and began branding products as Amoco, which later would become its company name. By 1952, Amoco was ranked as the largest domestic oil company.

During the second half of the twentieth century, the U.S. refining industry became more concentrated in Texas, Louisiana, and California.

“The Chicago region became somewhat less important as an oil-processing center than it had been during the previous 60 years,” historian Mark Wilson concluded. “Still, the area remained home to some large refineries. The largest of these plants was the one at Whiting – the same facility that had brought refining to Chicago in 1890.”

Across the border from Indiana, three major Illinois refineries also process oil in the Chicago area. At the end of 2021, the Citgo refinery in Lemont processed 177,000 barrels of oil a day; the Joliet refinery owned by ExxonMobil processed 248,000 barrels of oil a day; and the Robinson refinery of Marathon Petroleum Company processed 192,000 barrels of oil a day (with a reported capacity for 253,000 barrels).

Wood River Refining History Museum

A fourth refinery located in southern Illinois - and is almost as historic as Rockefeller’s Whiting plant - was constructed in 1918 by Shell. The giant Wood River Refinery has operated north of St. Louis along the Mississippi River.

The refinery, owned since 2013 by ConocoPhillips, has continued to be company’s largest - processing 380,000 barrels of oil daily into millions of gallons of gasoline/fuel and thousands of barrels of asphalt. The Whiting refinery also has its own museum.

“The [Wood River Refinery History Museum](#) is located in front of the Conoco-Phillips Refinery on Highway 111 in Wood River, Illinois,” the museum notes on its website. “There are four buildings in our complex, so to see most of our collection, plan on spending some time.”

Whiting fielded a baseball team in 2012. The [Northwest Indiana Oilmen](#) is one of eight teams in the Midwest Collegiate League, a pre-minor league. To learn more about other petroleum history related baseball teams, see [Oilfields of Dreams](#).

By 1982, Standard of Indiana refineries produce 1.2 million barrels of gasoline daily and serve 18,000 domestic gasoline retail outlets. Standard’s two largest refineries are located in Whiting and Texas City, Texas. Standard Oil of Indiana became Amoco Corporation in 1985 and three years later merged with British Petroleum (BP), the world’s largest industrial merger at the time.