

The Model Form Meets the 21st Century

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Process

- AAPL Task Force created in Fall 2011 to address numerous issues since the 1989 Form rolled out – especially horizontal well development!
- First job - get horizontal changes out – a quick fix until a comprehensive new revised form was developed.
- Form 610-1989 Horizontal Revisions introduced in December 2013

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Process (con't.)

- ⌘ Throughout late 2013 and all of 2014, focused on new form.
- ⌘ Initial draft out for peer review in January 2015.
- ⌘ Final approval by AAPL in September 2015 – additional and final changes in November 2015.
- ⌘ Publication expected in Spring 2016 through the AAPL.

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Caveats

- ⌘ ***Remember, this is a NATIONAL TEMPLATE***
- ⌘ One size does ***not*** fit all; changes always have been contemplated and encouraged.
- ⌘ All changes were made on consensus; also adopted “if it’s not broken, don’t fix it” philosophy.
- ⌘ For every one change made, we received ten or more that were rejected as too regionally specific or issues the task force felt were better left for negotiations between the parties.

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Article III

INTERESTS OF PARTIES

- ⊗ How and when can an Operator change or correct the interests of the parties on Exhibit “A?”
- ⊗ Can we improve the options available in the shared obligation clause (Allocation of Lease Burdens) in III.B?

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ARTICLE III.B

INTEREST OF PARTIES IN COSTS AND PRODUCTION

- ⊗ Operator may amend Exhibit “A” to correct mistakes or reflect changes of ownership:
 - ⊗ Corrections of initial mistakes are retroactive to Effective Date.
 - ⊗ Changes occurring after the Effective Date are made effective, retroactively, to effective date of change.
- HOWEVER!**
- ⊗ Amendments to a party or parties interest(s) requires written consent of the affected party or parties.

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