

1
00:00:00,333 --> 00:00:19,099
(Music Playing)

2
00:00:20,666 --> 00:00:27,166
In your student materials, I have included a Lease
Interest Worksheet and serial register page

3
00:00:27,166 --> 00:00:35,032
for Utah Lease UTU75090. This is a real lease in
Utah.

4
00:00:35,033 --> 00:00:44,199
I've included this in your packet so that you can
see how a small lease can be broken up in many
different ways.

5
00:00:44,200 --> 00:00:54,400
I've also included the serial register page to show
you how all the operating rights holders names are
shown in the interest relationship field.

6
00:00:54,400 --> 00:01:05,566
Let's look at the worksheet. This is a 680 acre
lease which has had the operating rights broken
up into 9 different tracts of ownerships

7
00:01:05,566 --> 00:01:11,866
based on the legal descriptions. Each one of
these tracts are broken up into different depths,

8
00:01:11,866 --> 00:01:17,032
with different parties and/or percentages. If you
look at the first page

9
00:01:17,033 --> 00:01:23,199
it appears that both tracts are the same until you
look at the last two depths.

10
00:01:23,200 --> 00:01:34,800
You can see that the one on your left is 12,925
feet to 13,012 feet verses the one on the right

11
00:01:34,800 --> 00:01:47,900

which has the depth as 12,925 feet to 13,050 ft.
So the Below depth is also different on both
leases.

12

00:01:47,900 --> 00:01:52,800

It is very important that when you are processing
the operating rights transfer,

13

00:01:52,800 --> 00:01:59,433

that you verify the legal land descriptions, depth or
formation and the interests being conveyed.

14

00:01:59,433 --> 00:02:07,499

As on this example the slight change in depth
would be easy to overlook.

15

00:02:07,500 --> 00:02:13,400

Transfers of operating rights may be filed as a
mass transfer.

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00:02:13,400 --> 00:02:20,300

The same requirements for filing a single transfer
apply to mass transfers with these differences:

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00:02:20,300 --> 00:02:26,766

The 3 originally executed copies are filed with an
exhibit attached to each copy.

18

00:02:26,766 --> 00:02:35,799

For each additional lease, a copy of the transfer
form and a copy of the exhibit page showing the
lease must be included.

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00:02:35,800 --> 00:02:41,666

A filing fee for each lease shown on the Exhibit
must be submitted.

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00:02:41,666 --> 00:02:48,966

The approved original transfer is filed in the lead
case file. The copies filed in the additional leases

21

00:02:48,966 --> 00:02:54,499

will be stamp with "Original filed in Serial Number
XYZ".

22

00:02:54,500 --> 00:03:03,266

For example this would be shown as "Original filed in UTU123456."

23

00:03:03,266 --> 00:03:10,999

Each transfer is processed separately. If the request for transfer of a lease on the exhibit cannot be approved,

24

00:03:11,000 --> 00:03:18,566

the exhibit should be marked in red as to which transfer is denied and why.

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00:03:18,566 --> 00:03:25,499

Some of the issues with processing transfers on leases that have never been adjudicated may be:

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00:03:25,500 --> 00:03:31,433

Missing transfers, the chain of ownership is not complete in the file,

27

00:03:31,433 --> 00:03:42,299

Percentages owned are not correct, Missing transfers may be from Companies that are no longer in business.

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00:03:42,300 --> 00:03:48,166

One way to resolve the issues listed above is a Stipulation of Interest letter.

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00:03:48,166 --> 00:03:54,299

The Company trying to file a transfer of operating rights provides documentation or sworn

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00:03:54,300 --> 00:04:07,300

statements to support what they feel is the correct ownership. This may include company documents or a transfer recorded in county offices.

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00:04:07,300 --> 00:04:11,133

You would issue a letter reflecting the acceptance of the information

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00:04:11,133 --> 00:04:18,499

and stating whom the BLM's record now reflect as owning operating rights in the lease.

33

00:04:18,500 --> 00:04:24,200

A sample letter is included in your reference material.

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00:04:24,200 --> 00:04:31,000

Now that you've completed the course let's review the route we took to accomplish the course objective.

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00:04:31,000 --> 00:04:40,500

During the course: We defined operating rights as: The right to enter upon the leased lands to conduct drilling and related operations,

36

00:04:40,500 --> 00:04:48,000

including production of oil or gas from such lands in accordance with the terms of the lease. -

37

00:04:48,000 --> 00:04:54,900

The background on adjudicating operating rights including the policies were provided

38

00:04:54,900 --> 00:04:58,433

We discussed the impacts of not adjudicating transfers,

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00:04:58,433 --> 00:05:07,133

including the Drainage Rule" and the Royalty Simplification and Fairness Act of 1996

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00:05:07,133 --> 00:05:15,133

We reviewed the purpose and application of WO IM 2013-105

41

00:05:15,133 --> 00:05:21,166

We discussed the impacts of severing operating rights and filing requirements

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00:05:21,166 --> 00:05:27,432

A checklist was provided to help insure the requirements are met when adjudicating transfers

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00:05:27,433 --> 00:05:37,799

And we worked through a sample transfer as a group and provided you three opportunities to adjudicate transfers of operating rights.

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00:05:37,800 --> 00:05:43,666

This concludes our presentation on How to Adjudicate Transfers of Operating rights.

45

00:05:43,666 --> 00:05:46,832

Thank you for taking time to take this training.

46

00:05:46,833 --> 00:05:49,633

I hope that you've found it to be useful.

47

00:05:49,633 --> 00:05:54,833

Please remember to refer to the samples provided in your student materials.

48

00:05:54,833 --> 00:06:13,933

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