

1

00:00:00,000 --> 00:00:20,600
(Music Playing)

2

00:00:20,600 --> 00:00:28,833
Now that we know what our requirements and processes are, let's adjudicate a sample transfer of operating rights together.

3

00:00:28,833 --> 00:00:32,399
For the class exercise you'll be using the:

4

00:00:32,400 --> 00:00:41,833
CBS Account Receipt, Operating Rights Transfer, The Approved Lease, The Serial Register Page,

5

00:00:41,833 --> 00:00:47,466
An Operating Rights Checklist, and the Lease Interest Worksheet

6

00:00:47,466 --> 00:00:54,099
These are located in the student material exercises under class exercise.

7

00:00:54,100 --> 00:01:00,666
The assumptions are: The required numbers of copies and original signatures have been submitted.

8

00:01:00,666 --> 00:01:04,299
The lease is in a non-producing status.

9

00:01:04,300 --> 00:01:08,600
Let's use your check list to process the transfer request.

10

00:01:08,600 --> 00:01:17,933
The first item on the checklist is an acceptable Form 3000-3a filed in triplicate?

11

00:01:17,933 --> 00:01:29,833
Is the form acceptable? In order for the form to be acceptable, it must be filed on a form dated June 1988 or later.

12

00:01:29,833 --> 00:01:37,266

The form is dated July 2012, so it is acceptable and you were given the assumptions that the

13

00:01:37,266 --> 00:01:45,166

required numbers of copies were submitted. The next item on the checklist is verification of the filing fee.

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00:01:45,166 --> 00:01:50,166

The CBS receipt shows that the filing fee was paid.

15

00:01:50,166 --> 00:01:55,599

Next is to verify that the transferor has manually signed and dated all three forms

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00:01:55,600 --> 00:02:05,100

We have a signature and one of the assumptions given was that the required original signatures were submitted.

17

00:02:05,100 --> 00:02:11,866

Next, verify that the Transferee has manually signed and dated at least one of the forms.

18

00:02:11,866 --> 00:02:18,599

Again the assumption was given that the required original signatures were submitted.

19

00:02:18,600 --> 00:02:30,800

Verify the Form has been date-time stamped. The form was received by the BLM State Office on May 15, 2012.

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00:02:30,800 --> 00:02:40,366

Verify that the interest and commodity boxes have been checked. They are both checked.

21

00:02:40,366 --> 00:02:46,832

This is one of the instances where if you can determine by the lease that it is an oil and gas lease,

22

00:02:46,833 --> 00:02:53,633
you can check the box for the transferor or if the information matches the operating rights information,

23

00:02:53,633 --> 00:03:04,133
you can check the operating rights box. Any changes you make on the form should be done in red and I like to put my initials by it.

24

00:03:04,133 --> 00:03:10,999
Verify the Lease Number. This is another instance if you find that the lease number is incorrect

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00:03:11,000 --> 00:03:18,166
and can determine what the correct lease number should be, go ahead and make the necessary changes in red.

26

00:03:18,166 --> 00:03:25,599
You will need to have the CBS receipt changed to reflect the correct lease number.

27

00:03:25,600 --> 00:03:32,500
Verify that the legal description on the form matches the legal description on the lease. (Show the form and Show the lease)

28

00:03:32,500 --> 00:03:39,533
Does the legal description match? If there appears to be a typo (South instead of North)

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00:03:39,533 --> 00:03:46,033
and you can determine what the correct description should be, go ahead and make the changes in red.

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00:03:46,033 --> 00:03:52,199
If you are uncomfortable doing so, call the company and have them OK the change.

31

00:03:52,200 --> 00:04:00,466
On the form, note the date, who authorized the change and sign the note in red.

32

00:04:00,466 --> 00:04:06,032

Verify the Percentage of Interest Owned by the Transferor.

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00:04:06,033 --> 00:04:12,566

This is the first operating rights transfer filed and Peter's Oil Company is the record title holder.

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00:04:12,566 --> 00:04:18,632

If the percentages don't match but everything else is in order for approval, call the company

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00:04:18,633 --> 00:04:27,233

and discuss the discrepancies with them and have them OK and note change as stated previously.

36

00:04:27,233 --> 00:04:34,133

Verify that the form was filed within 90 days of execution by the transferor.

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00:04:34,133 --> 00:04:45,166

The transferor signed May 8th, 2012 and the form is date stamped May 15, 2012.

38

00:04:45,166 --> 00:04:53,299

We are OK. If not, a full force and effect letter from both transferor and transferee stating that

39

00:04:53,300 --> 00:05:02,833

the form is still in full force and effect, with both parties signing the letter, maybe be required by the AO.

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00:05:02,833 --> 00:05:10,199

Check status of the lease. Is the lease terminated/expired? Rental/Royalty paid?

41

00:05:10,200 --> 00:05:16,133

You can check the SRP to see the status of the lease.

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00:05:16,133 --> 00:05:25,999

If the lease expires, a lease termination letter was

sent, or if the lease is held by production it will be reflected on the SRP.

43

00:05:26,000 --> 00:05:35,166

In our exercise, the lease was issued March 1, 2012, and rental is not due until March 1, 2013.

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00:05:35,166 --> 00:05:42,066

The transfer was filed in May 2012, so we know that the lease is in good standing.

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00:05:42,066 --> 00:05:47,332

If the lease was producing, then you would need to follow your office procedures to request a bond

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00:05:47,333 --> 00:05:56,299

adequacy review before you can finish processing the transfer.

47

00:05:56,300 --> 00:06:04,766

It appears from our checklist that the transfer is approvable, so the next step is to prepare the lease interest worksheet.

48

00:06:04,766 --> 00:06:14,932

Pull out your worksheet, the information for record title held and the record title holder has been already filled in for your convenience.

49

00:06:14,933 --> 00:06:21,699

I've filled in the percentages to and from on the worksheet. Now we'll complete the operating

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00:06:21,700 --> 00:06:28,333

rights held portion of the worksheet. We know from the transfer that Peter's Oil Company is

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00:06:28,333 --> 00:06:34,933

transferring 50% of the entire lease to B.C. Discovery Company.

52

00:06:34,933 --> 00:06:45,833

I would show for All Lands that Peter's Oil Company has 50% and B.C. Discovery Company

has 50%.

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00:06:45,833 --> 00:07:01,499

I would fill in the effective date. Because the transfer is effective the first of the month following receipt by the AO, I would enter EFF 06/01/12;

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00:07:01,500 --> 00:07:08,200

I would leave the approval date blank until after the transfer has been approved.

55

00:07:08,200 --> 00:07:12,500

At that time I would enter the date approved. Enter your name and the date you processed the transfer.

56

00:07:12,500 --> 00:07:15,766

Prepare the transfer for signature by the AO.

57

00:07:15,766 --> 00:07:21,166

Prepare the transfer for signature by the AO.

58

00:07:21,166 --> 00:07:25,966

When the transfer has been approved, update LR2000.

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00:07:25,966 --> 00:07:34,266

Enter Action code 933 and update the interest relationship screen to show Peter's Oil Company

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00:07:34,266 --> 00:07:40,266

and B.C. Discovery Company as operating rights holder with 0% interest.

61

00:07:40,266 --> 00:07:46,666

Now that you've processed a transfer of operating rights, I'd like you to try one on your own.

62

00:07:49,266 --> 00:08:08,366

(Music Playing)