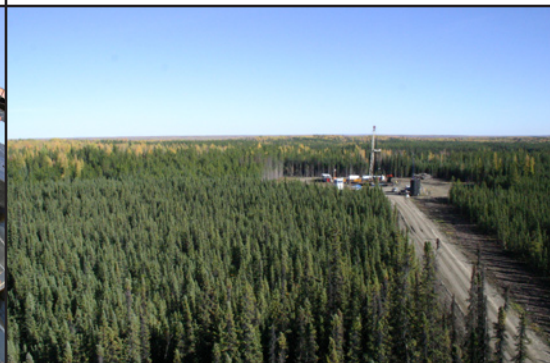




THE CANADIAN ASSOCIATION OF PETROLEUM LANDMEN

2009
ANNUAL
REPORT



ASSOCIATION PROFILE

CAPL Mandate

The Canadian Association of Petroleum Landmen (CAPL) is a professional organization for people involved in all aspects of petroleum land management. The CAPL membership includes individuals responsible for the acquisition, administration and disposition of mineral and surface rights for petroleum exploration and production companies, as well as related service and financial institutions in the Canadian energy industry.

The organizations mandate is to provide and promote activities to enhance the value of its membership and promote the role of the Landman Profession. The association achieves these goals through the volunteer efforts of its members represented by a Board of Directors consisting of 13 elected volunteers. The CAPL's objectives include:

- Promotion of education and training in petroleum land management, including a structured mentorship program, student scholarship program and support of education institution curriculum and student body organizations,
- Engagement and input in public and government relations,
- Encouragement of fellowship and cooperation among its members through Association-sponsored activities, and
- Establishment of the highest professional and ethical standards.

From the first meeting in 1948, with eight members in attendance, to a present-day membership exceeding 1600, CAPL has not only grown in numbers but in strength, credibility and integrity. Today, CAPL has gained the stature, trust and respect of its industry peer organizations, government and stakeholders. The focus going forward is to continually strive for ways to provide its membership with top-quality education opportunities, member value and benefits, and a framework for the development of the highest professional and ethical standards, while exercising financial discipline for the challenging times that face our members and industry.

The day-to-day operations of the CAPL are carried out by its full-time staff members, Denise Grieve, Karin Steers, Irene Krickhan and Meghan Cobb. This dedicated group work tirelessly to ensure that all activities, educational seminars and administrative details are executed on a timely and accurate basis.

The success of the CAPL is in large part due to the generous support of its corporate and industry sponsors. These organizations range from industry companies who afford their CAPL members the time to participate on volunteer committees, to financial support from numerous corporations related to both the Land Profession and the Oil and Gas Industry. The CAPL gratefully acknowledges their generosity and invaluable contributions, without which the CAPL would not be able to provide the high standards of quality which has been achieved.



CAPL 2009 Board of Directors

Back Row, L-R: James Condon, Margaret Ariss, Frank Terner, Jason Tweten, Sally Jackson, Gloria Boogmans, John Covey.
Front Row, L-R: Robin Thorsen, Robert Telford, Kenneth Gummo, Dalton Dalik, Robyn Van den Bon, Susan Klassen.

PRESIDENT



Kenneth Gummo

Mandate

The fundamental role of the CAPL President is to provide overall leadership to the Board of Directors and the entire organization. This begins immediately following the April annual election with the assignment of portfolios to each Director, followed by organizing and conducting a strategy

planning meeting in May. Thereafter the President is charged with presiding over the monthly Board and general meetings, and ensuring that the Association's business is conducted in accordance with our by-laws. The President is one of three signing officers of the Association, so besides working closely with the Director of Finance to monitor our financial health, a key duty involves reviewing and signing cheques at the weekly cheque run. The President is also the principle point of contact for media as well as industry, regulatory and stakeholder organizations; these inquiries are either dealt with directly or delegated to the appropriate Director. Finally, continuing with a role that begins during the prior vice-presidential year, the President is the officer responsible for the annual conference held during his/her year of office.

2009 Summary

Amidst the turmoil caused by the global recession, financial/stock market meltdowns and falling oil and natural gas prices, it is not surprising that this was a very challenging year for the CAPL and many of our members. This was particularly evident in our financial results which are discussed in the Finance Director's section. Despite these obstacles, however, through the dedicated commitment of your Board, the exceptional efforts of our office staff, and the ongoing support of our volunteers and membership generally, we can be proud of a number of achievements, a few of which I have highlighted below:

- The substantial donations to the University of Calgary Haskayne School PLM Program and the Olds College Land Agent program, as approved by our membership at the 2009 AGM, were officially presented and received with gratitude by these organizations.
- The totally updated and very impressive new Professionalism Manual was completed and rolled out to the membership.
- Our 2009 Conference was able to proceed, albeit to a small but enthusiastic number of delegates, and received rave reviews from those in attendance.
- The CAPL office lease was successfully renegotiated, enabling us to retain our current centrally-located space under favourable terms for the next five years.
- A continued strong slate of educational courses was held, made more affordable for our members through a special subsidy program which was particularly timely given the tightened training budgets in many organizations.
- A solid start was made toward an updated and much more dynamic CAPL website.
- We held an increased number of Topical Issues Luncheons.

I offer sincere thanks to my fellow Directors, our dedicated volunteers and our CAPL office staff. It has truly been an honour and privilege to serve as your President for the past year.



VICE PRESIDENT



Dalton Dalik

Mandate

The primary role of the Vice President is to assist the in coordinating all of the association's key activities. These duties include assistance in organizing our monthly meetings, representing the Board on the Annual Conference Committee and driving key priorities forward. The most important specific

responsibility is giving direction in all matters associated with the CAPL office operations and our great staff.

2009 Summary

- Credit must be given to Denise Grieve and the excellent office staff for all their hard work and dedication to the job and our Association. Denise and her staff are the foundation of our Association and assist the Board, the Committees and our Membership with all the many details that provide for a smooth operation. Meghan Cobb is a recent addition to the CAPL office staff as receptionist. Next time you call and she answers the phone please take the opportunity to make her feel welcome.
- The CAPL office lease has been successfully renewed for a further five years on very favourable terms.
- Plans for the 2010 Conference in Kelowna, led by Chair Jim Moore are well under way and on budget. Jim and his committee have made a great effort to negotiate contracts and plan for contingencies so as to reduce the financial exposure of the CAPL as much as possible. In addition the 2010 Conference Committee has further emphasized the educational component as fundamental to the purpose of the annual conference. A half-day negotiating seminar is available free of charge during the Tuesday "Activity Day".

FINANCE



Jim Condon

Mandate

The Finance portfolio is focused on the financial well being of the CAPL and the timely: 1) Collection, analysis and regular reporting of accurate related data and results; 2) Providing recommendations on related matters; 3) Assisting in carrying out

the directives of the Board and Membership; 4) Management of the annual budgeting and audit processes; and 5) Enforcing the need for all volunteer committee members is to abide by the Expenditure and Conduct Guidelines.

2009 Summary

Maintained a high level of scrutiny of all fiscal matters within the CAPL by establishing regular interaction through strong relationships with individuals key to this theme. In doing so, increased related communication among the Directors and the CAPL Office.

- Emphasized the importance of fiscal responsibility and accountability among those with impact on the finances of the Association. Also emphasized the need for all volunteers to adhere to the Expenditure Guidelines.
- While expenses remained stable from the previous year, the total revenues for 2009 were \$1.66 million, a decrease from \$2.34 million in 2008. This and other factors resulted in an operational loss of \$211,000 in 2009.
- The seven special allocations approved in 2009 included maintaining \$650,000 as a contingency fund. Our accumulated 2009 end-of-year reserve balance stood below our target, at \$414,000.
- Streamlined the budgeting process resulting in a initial draft and a final approved budget, both one month in advance of delivery during the previous year. The 2010 budget projects a loss of \$56,000 compared to 2009 figures of an expected \$109,000 loss and the realized \$211,000 operational loss.

BUSINESS DEVELOPMENT



Frank Turner

Mandate

Responsible for all CAPL precedent documents. Work with committees on development of new precedent documents and updating of current documents. Liaison with governments as required. Arrange for the P&NG Information Exchange involving Alberta, British Columbia and Saskatchewan.

2009 Summary

- The 2009 Petroleum Information Exchange was well attended. Alberta featured its Energy Strategy, Land-use Framework, FH Mineral Tax, and ERCB's - Licence Liability Rating Program. Saskatchewan featured ISC title developments, Petroleum Tenure Branch changes, and well/facility liability management.
- Work continues on redrafting the CAPL Farmout and Royalty Procedure, as well as the CAPL Freehold P&NG Lease. Draft of the CAPL Farmout and Royalty Procedure is expected to be circulated shortly for comment.
- Alberta Energy's Department Tenure CCS Implementation Committee is developing a process to grant the use of pore space (rights) for the purpose of disposing of carbon dioxide (CO₂). Industry consultation will occur through the Tenure Industry Advisory Committee where CAPL is well represented.
- In British Columbia, work continues on the Drilling Licence Regulations. Our mutual desire is to achieve "best in class" regulatory practices for oil and gas activities in British Columbia. The need for tenure reform has become clearer as P&NG play types rapidly evolve from conventional to unconventional.
- Work continues on title issues in Saskatchewan with the ISC as systems are beginning to mature.

FIELD ACQUISITION & MANAGEMENT



Jason Tweten

Mandate

The Field Acquisition and Management portfolio represents the surface and field components of the land profession. The FAM Committee representatives liaise with the government on policy and access issues and our input is routinely solicited by the government and various stakeholders in land throughout Canada.

2009 Summary

- FAM Mandate is complete. The Mandate provides members with a framework of duties and responsibilities for members, liaisons and chairs within the committee.
- CAPL (FAM) representatives on NEEMAC obtained endorsement relating to the principles of the new BC Surface Lease from the CAPL Board.
- FAM Committee members kept informed on government initiatives through representation on various committees.



EDUCATION



Jan McKnight (appointed interim Education Director upon Susan Klassen's resignation)

Mandate

The Education portfolio is mandated with enhancing the overall professional development of the CAPL members through education.

The CAPL Education portfolio encompasses the following committees:

- The Education Committee;
- The Scholarship Committee; and
- The CAPL/PLM Mentoring Committee.

2009 Summary

- The Education Committee has been developing and delivering quality continuing educational offerings to the CAPL membership and the Oil and Gas industry at large for over 30 years. This group of hardworking volunteers currently delivers more than 55 seminars annually, at rates as low as or lower than most other professional associations. Although our seminars have proven themselves to be popular and effective, the Education Committee is continually reviewing its suite of offerings for quality of content. The New Course Development subcommittees strive to develop new seminars in response to the changing environment.
- Every year the Scholarship Committee works diligently to evaluate students attending the University of Calgary PLM Program, the Olds College Land Agent Program and the Mount Royal College Land Administration Program to select those worthy and deserving of financial support. The criteria used by this committee include academic achievement, financial need and also a discussion of the students' future plans regarding their involvement within the CAPL and the Land community. In this way, they are able to ensure that the recipients of CAPL funding will pay it forward, in their own way and time.
- The CAPL/PLM Mentoring Committee endeavors to unite each student enrolled in the University of Calgary's Petroleum Land Management Program with an experienced industry Landman. The purpose of these relationships is to facilitate the student's transition from university student to business professional and our goal is that the positive influence on the student will help foster his or her entry into the land profession and that the experience will prove to be a rewarding one for all parties involved. For the 2009/2010 year, the Committee was able to facilitate 30 Landmen/student pairings, to act as individual Mentors for the 3rd & 4th year students at the University of Calgary.

MEMBER SERVICES



Gloria Boogmans

Mandate

The Member Services portfolio administers the Members' Life Insurance plan including critical illness coverage and access to Best Doctors, handles all new member applications, ensuring they meet the membership criteria as set out in the CAPL constitution, maintains the CAPL Roster and organizes the Merit Awards.

2009 Summary

- Membership applications are submitted to the Membership Admissions Committee. In total, 74 applications were approved for active, four associate, and 24 for student membership. The year ended with a total of 1,733 members comprised of 43 life, 1,572 active, 29 associate and 89 senior.
- Nominations for awards of merit are submitted to the Merit Awards Committee by the membership. In total, 12 Merit Awards were recommended and approved by the Merit Awards Committee and the Board of Directors.

PROFESSIONALISM



Robyn Van den Bon

Mandate

The Professionalism portfolio is mandated to work on initiatives intended to raise and maintain the highest level of professional proficiency and ethical conduct expected of a landman within the Canadian energy industry and the stakeholders.

2009 Summary

- The committee continued to work on the update of the Professionalism Manual and is slated to be distributed to the Professional Members and put online beginning of 2010.
- CAPL welcomes 15 new Professional members to the roster. One new Professional Landman (P.Land) and 14 new Professional Surface Landman (PSL), all new recipients can be viewed on the CAPL website.

TECHNOLOGY



Sally Jackson

Mandate

To provide the CAPL Membership with website that is current, efficient and user friendly. The Technology Committee aims to meet the needs of the membership by creating a website that is a launching point for many of the tools and information that landmen use in their day to day work.

2009 Summary

- The new CAPL website was launched in 2010.
- The Technology Committee is working on a number of exciting initiatives that compliment the new website and further enhance its capabilities.
- The Committee is always looking for new ideas and opportunities to further advance the website.

COMMUNICATIONS



Margaret Ariss

2009 Summary

- Maintained the high quality of the publication, kept the submission deadlines, built an inventory of relevant feature content from which to draw.
- Managed the budget. Reduced printing costs significantly by meeting with and obtaining quotes from competitor printers and with negotiations with McAra. Also reduced number of copies by offering on-line subscriptions.
- Promoted editorial type articles to solicit letters to the editor, rebuttals, etc. eg. Glen Nazaruk article rebutted by Department of Environment.
- We have replaced Tom Hunter, our long time Chief Editor, with James Armstrong. We also received a commitment from the Advertising Committee to continue on another year and added to our proof readers.

PUBLIC RELATIONS



Robin Thorsen

Mandate

The Public Relations portfolio is responsible for promoting the CAPL and the land profession within industry and the communities in which it operates. Our goal is to educate and create awareness of the role of the Landman and the contributions made by the 1,600+ members of our Association.

2009 Summary

- The CAPL booth continued to move around to various events including Agri-Trade and the Calgary Stampede. Exciting new venues are anticipated for next year which include Agribition and the IRWA Annual International Education Conference. New booth brochures also continued to be worked on.
- Another great CAPL Calendar was produced for the 2010 calendar year. The theme was Supporting Healthy Lifestyles, which portrays our industry's ongoing commitment and support in promoting healthy living among its employees.
- We continued our support of the 4-H Foundation of Alberta through the purchase of the Reserve Champion Steer at the 2009 Calgary Stampede. The steer, along with many other great prizes, were raffled off with all proceeds going to the 4-H. In 2009, this event raised just over \$8,800.
- CAPL continued its relationship with the Alberta Beef Magazine in 2009. In addition to advertising in this publication, during the spring we jointly worked on an annual special feature that was inserted into the June issue of this magazine, with copies also going out in the CAPL September Negotiator.
- In 2009, the Public Relations Committee started a review of its advertising efforts in order to determine our best options. Information was collected and compiled from various publications across Western Canada. A new CAPL ad is now in the works and anticipated for 2010.

SPECIAL EVENTS

CAPL Conference



Kevin Burke-Gaffney

Mandate

For the very first time in the CAPL's 50 year history, the Annual Conference was relocated due to what many experts feared would be the worst financial and economic crisis since the Great Depression. Remarkably, and to their credit, the Conference Organizing Committee and every one of their

33 volunteers didn't waiver in the face of this adversity and remained fully committed to continuing the Association's legacy of successful Conferences.

2009 Summary

- The Conference Organizing Committee successfully negotiated the relocation of the Conference from the Fairmont Royal York in Toronto to the Fairmont Chateau Lake Louise.
- The CAPL received concessions and guest room rebates from Fairmont Hotels & Resorts to help offset cancellation penalties resulting from the Conference relocation.
- A Conference Program devoted entirely to oil and gas industry issues and the business of the landman was assembled and intended as a precedent for future CAPL Conferences.
- The Conference Organizing Committee partnered with Fairmont Hotels & Resorts' "Eco-Meet", Fairmont's own green meeting and conference planning option, to host an environmentally responsible event.



4-H / Steer Sponsorship

Terry Cutting

Mandate

The CAPL has a mandate to present a positive profile with its members and stakeholders through community involvement and giving back. For the past five years, CAPL has contributed to the community through a major event sponsorship at the Calgary Stampede in conjunction with a fundraiser benefitting the 4-H Foundation of Alberta.

2009 Summary

- CAPL continued its support and contribution to the 4-H Foundation and the Calgary Stampede in 2009 through its Calgary Stampede Reserve Steer sponsorship. With the assistance of our generous sponsors, the steer was raffled off with all the proceeds going to the benefit of 4-H.
- Thanks to all the sponsors and ticket purchasers who supported the 2009 fundraiser, enabling CAPL to donate \$10,000 to the 4-H Foundation. The foundation provides for the development of youths as self-reliant, contributing individuals with marketable skills to succeed in today's society.
- Through the 4-H fundraiser and Reserve Steer sponsorship, over the past five years, CAPL has helped raise \$48,000 for the 4-H Foundation.
- CAPL plans to continue its support of this worthwhile cause for the sixth successive year in 2010 and CAPL already have committed for 2011.

Mentorship Program



Sandy Sandhar & Brad Johnston

Mandate

The CAPL Mentoring Committee endeavors to unite each student enrolled in the University of Calgary's Petroleum Land Management Program with an experienced industry Landman. The purpose of these relationships is to facilitate the student's transition from university student to business professional. Our goal is that the positive influence on the student will help foster his or her entry into the land profession and that the experience will prove to be a rewarding one for all parties involved.

2009 Summary

- Our Committee was able to recruit 15 Landmen, who are all members of CAPL, to act as individual Mentors for the 3rd year students at the University of Calgary.
- We continued the tradition of holding a "Meet Your Mentor Night" for the students to get together with their mentors shortly after the pairings were made.
- We held a Mentor Appreciation Event to thank and honour all of the mentors for their contributions to the program and to welcome the graduating class of 2010 to the land industry.
- Our Committee has worked on improving the Student-Mentors Handbooks which were first utilized in 2008-09.



Merit Awards

Jan McKnight

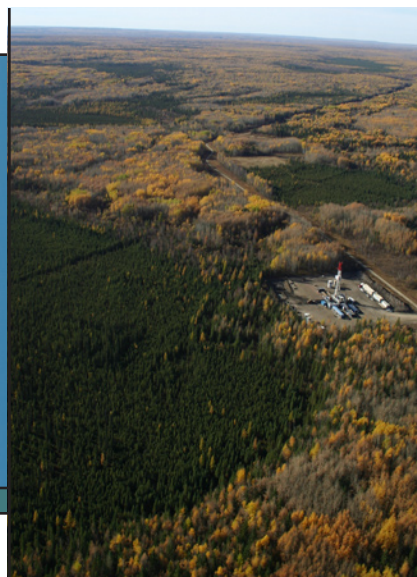
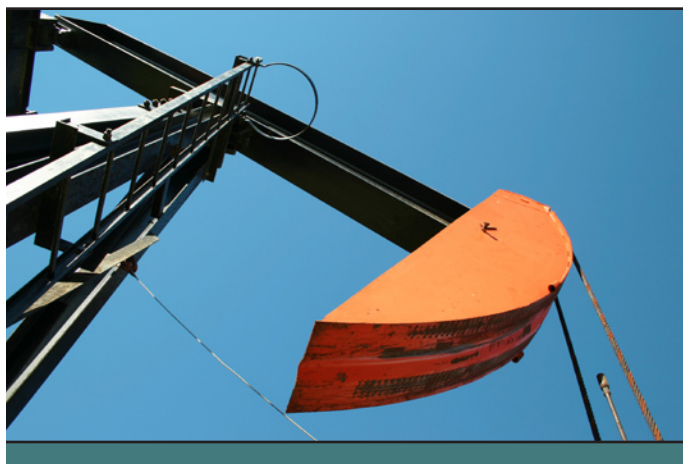
Mandate

Annually, CAPL recognizes and honours the contribution of individuals and corporations who have demonstrated exemplary participation through donation of their time, finances, and energy towards the betterment of the Association. In 2009, at a special awards evening held on May 19, at the Westin Hotel, the following members, friends and corporations were recognized and acknowledged for their service in the 2008 calendar year.

2009 Summary

- **Friends of CAPL** – Awarded for companies and individuals outside of the CAPL membership who through their sponsorship, support, and contribution deserve special recognition. The awardees were: Deirdrie Zuk (XI Technologies), David Hood (geoLOGIC), Joan Dornian (Thackray Burgess) and Kim Coppola (ISC).
- **Award of Merit** – Awarded to CAPL members whose contribution, dedication, enthusiasm and hard work have significantly benefitted CAPL. This year's recipients were Dennis Eisner, Richard Fulton and Tom Hunter.
- **Bright Lights Award** – Awarded to an individual who has been a member for less than five years, and has shown an exemplary volunteer effort. The recipient was Doug Errico.
- **Herb Hughes Award** – The highest CAPL honour achievable, this distinction is awarded annually to a CAPL member who has year-over-year contributed time, energy, passion and leadership towards the CAPL. The awardee was Kevin Burke-Gaffney.
- **Distinguished Citizen Award** – Awarded to a CAPL member for their accomplishments outside of CAPL through volunteer work in the community or petroleum industry which enhances the image of our profession and Association. This year's awardee was James Chaput (posthumous).
- **Special Recognition Award** – Presented to three CAPL members for their outstanding dedication, loyalty and true friendship to Jim Beattie during his illness. They provided tremendous individual support, set an exemplary standard of behaviour, and enhanced the image of our profession and Association. The recipients were Clark Drader, Rodger Perry and David Taylor.





FINANCIAL STATEMENTS

Auditors' Report

To the Members of the Canadian Association of Petroleum Landmen

We have audited the balance sheet of the Canadian Association of Petroleum Landmen (the "Association") as at December 31, 2009 and the statements of revenues and expenditures, members' equity and cash flow for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many not-for-profit organizations, the Association derives revenues from receipts, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to revenues, deficiency of revenues over expenditures, current assets and members' equity.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Mackay MacNeil Sadler LLP

CHARTERED ACCOUNTANTS
Calgary, Alberta, April 6, 2010

Balance Sheet

Year Ended December 31	2009	2008
ASSETS		
CURRENT		
Cash, including US \$2,757 (2008 - US \$3,462)	\$ 96,136	\$ 180,336
Term deposits, including US \$30,853 (2008 - US \$38,009)	561,073	1,162,351
Accounts receivable	18,931	45,284
Inventory	37,500	40,227
Prepaid expenses	62,385	61,990
	776,025	1,490,188
EQUIPMENT (Note 3)	31,226	38,739
	\$ 807,251	\$ 1,528,927
LIABILITIES AND MEMBERS' EQUITY		
CURRENT		
Accounts payable and accrued liabilities	\$ 115,246	\$ 31,315
Deferred revenue	277,426	359,177
	392,672	390,492
MEMBERS' EQUITY	414,579	1,138,435
	\$ 807,251	\$ 1,528,927

On behalf of the Association

Kenneth Gummo

Kenneth Gummo
President

Jim Condon

Jim Condon
Treasurer

Statement of Revenues and Expenditures

Year Ended December 31	2009	2008
REVENUES		
Membership dues	\$ 440,256	\$ 433,491
Annual meeting and conference	367,739	762,611
Education seminars (net of subsidy totalling \$55,640, 2008 - \$NIL)		605,812
Social events	366,910	183,535
Advertising	165,490	183,535
Meetings	93,155	94,950
Public relations	89,792	82,820
Professionalism	51,050	23,147
Sale of forms	38,360	5,200
Technology	17,236	81,674
Member services	13,100	14,116
Interest income	7,495	7,210
Field services	5,515	44,619
	487	398
	1,656,585	2,339,583
EXPENDITURES		
Annual meeting and conference	518,032	716,520
Education seminars	355,579	372,054
Donations	300,000	—
Meetings	299,410	255,306
Communications	253,008	226,954
Social events	175,983	215,762
Member services	158,916	148,998
Professionalism	96,929	32,307
Treasury	71,476	74,670
Executive	57,070	52,853
Technology	38,962	55,882
Cost of forms	25,634	77,939
Field services	21,668	26,137
Amortization	7,774	9,352
	2,380,441	2,264,734
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR	\$ (723,856)	\$ 74,849

Statement of Members' Equity

Year Ended December 31	2009	2008
BALANCE – BEGINNING OF YEAR	\$ 1,138,435	\$ 1,063,586
(Deficiency) Excess of revenues over expenditures	(723,856)	74,849
BALANCE – END OF YEAR	\$ 414,579	\$ 1,138,435

Statement of Cash Flow

Year Ended December 31	2009	2008
OPERATING ACTIVITIES		
(Deficiency) Excess of revenues over expenditures for the year	\$ (723,856)	\$ 74,849
Item not affecting cash:		
Amortization of equipment	7,774	9,352
	(716,082)	84,201
Changes in non-cash working capital:		
Accounts receivable	45,755	18,643
Inventory	2,727	(176)
Prepaid expenses	(395)	(14,852)
Accounts payable and accrued liabilities	64,529	(37,157)
Deferred revenue	(81,751)	(36,569)
	30,865	(70,111)
Cash flow from (used by) operating activities	(685,217)	14,090
INVESTING ACTIVITY		
Purchase of equipment	(261)	(2,663)
Cash flow used by investing activity	(261)	(2,663)
INCREASE (DECREASE) IN CASH FLOW	(685,478)	11,427
Cash and term deposits - beginning of year	1,342,687	1,331,260
CASH AND TERM DEPOSITS – END OF YEAR	\$ 657,209	\$ 1,342,687
CASH CONSISTS OF:		
Cash	\$ 96,136	\$ 180,336
Term deposits	561,073	1,162,351
	\$ 657,209	\$ 1,342,687

NOTES TO FINANCIAL STATEMENTS

1. Description of the Organization

The Canadian Association of Petroleum Landmen (the "Association") is a not-for-profit organization incorporated under The Societies Act of Alberta and is not subject to income tax. It is a professional organization for people involved in all aspects of petroleum land management. The organization is committed to enhancing all facets of the land profession through communication, education, professional development, technology and member services.

2. Summary of Significant Accounting Policies

The financial statements of the Association have been prepared by management in accordance with Canadian generally accepted accounting principles. Because precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates and approximations, which have been made using careful judgement. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

Revenue

Memberships, conference and social fees and donations are recorded as revenue when received. Education fees and advertising are recorded as the course is presented or the advertising published. Materials and services contributed by members are not included in the financial statements as the fair value of such contributions is not readily determinable.

Foreign currency

Monetary items denominated in a foreign currency are translated into Canadian dollars at exchange rates in effect at the balance sheet date and non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenditures are translated at rates of exchange in effect at the time of the transactions. Foreign exchange gains and losses are included in the determination of the Association's excess or deficiency of revenues over expenditures for the year.

Term deposits

Term deposits and treasury bills are recorded at cost which approximates fair market value.

Inventory

Inventory is valued at the lower of cost and net realizable value with cost being determined on a first-in, first-out basis.

Equipment

Equipment is recorded at cost. Equipment, computers and software are depreciated at 20% per year using the declining balance method. Amortization of additions is provided at one-half the normal rate in the year of acquisition.

Deferred revenue

Membership dues, course registration fees and deposits received that are applicable to future periods are recorded as deferred revenue.

Changes in accounting policies

Capital Disclosures

Effective the years commencing on January 1, 2009, the Association implemented the new Canadian Institute of Chartered Accountants (CICA) accounting Section 1535, "Capital Disclosures". Under the requirements of the new standard, the Association will disclose qualitative information about its objectives, policies and processes for managing capital, quantitative information about what the Association manages as capital, any changes from the previous period and information about any externally imposed capital requirements, the Association's compliance with any such externally imposed capital requirements during the period and, when the Association has not complied with such externally imposed capital requirements, the consequences of such non-compliance. The adoption of this standard results in additional disclosures relating to the management of the Association, but does not affect the Association's results or financial position. See note 4.

Allocated Expenses

Effective January 1, 2009, the Association adopted the recommendations of the CICA Handbook Section 4470 "Disclosure of Allocated Expenses by not-for-profit Organizations". Under the requirements of the new standard, the Association will disclose information about the allocation of general support expenses to expenditure areas as set out in the Statement of Revenues and Expenditures, the policies adopted for the allocation of expenses among expenditure areas, the nature of the expenses being allocated, the basis on which such allocations have been made, the amounts allocated and the expenditure area to which they have been allocated. See note 5.

3. Equipment

			2009	2008
	Accumulated		Net book	Net book
	Cost	amortization	value	value
Office and computer equipment	\$ 116,069	\$ 87,464	\$ 28,605	\$ 35,444
Computer software	15,316	12,695	2,621	3,295
	\$ 131,385	\$ 100,159	\$ 31,226	\$ 38,739

4. Capital Disclosure

The Association's objectives when managing capital are to safeguard its ability to continue to foster public confidence in the Landman profession, regulate members and provide member service programs, and therefore to hold sufficient capital to enable it to withstand negative unexpected financial events. The Association manages the capital structure and makes adjustments to it in light of changes in the economic conditions and the risk characteristics of the underlying assets. The Association's Executive does not establish quantitative return on capital criteria, but rather promotes the maintenance of sufficient net assets in order to maintain operations. The Association does not carry long-term debt and is not subject to any externally imposed capital requirements.

Capital is described as Member's Equity \$414,579 (2008 - \$1,138,435)

A portion of the Association's capital is internally restricted as described in note 6.

5. Allocation of Office Expenses

The Association's cost of office operations totaled \$394,118 (2008 - \$382,496). This amount includes personnel costs, office rent, accounting services, and other general and administrative support expenses. Allocation of these costs is based on the estimated proportionate benefit to each committee and has been determined by the executive. Cost of office operations has been included in expenditures on the statement of revenues and expenditures as follows:

	2009	2008
Annual meeting and conference	\$ 39,520	\$ 38,381
Education seminars	141,191	136,810
Meetings	15,808	15,356
Communications	15,808	15,356
Public relations	15,808	15,356
Social	15,808	15,356
Member services	55,327	53,745
Professionalism	15,808	15,356
Treasury	15,808	15,356
Executive	15,808	15,356
Technology	15,808	15,356
Cost of forms	15,808	15,356
Field services	15,808	15,356
	\$ 394,118	\$ 382,496

6. Internally Restricted Fund

During the year ended December 31, 2009 the Association has set aside \$100,000 (2008 - \$NIL) to be utilized in a Continuing Education Special Fund for its members with the goal of returning value while fulfilling the objectives mandated in the by-laws. As at December 31, 2009 \$55,640 (2008 - \$NIL) had been used.

7. Financial Instruments

The Association's financial instruments consist of cash, term deposits, accounts receivable and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Association is not exposed to significant interest or credit risks arising from these financial instruments. Foreign exchange risk is the risk that variations in exchange rates between the Canadian and the United States ("US") dollar will affect the Association's operating and financial results. The Association holds US dollar cash and term deposits and does not use derivative instruments to reduce its exposure to foreign exchange risk. As of December 31, 2009, US dollar denominated cash amounted to US \$2,757 (2008 - US \$3,462) and US dollar denominated term deposits amounted to US \$30,853 (2008 - US \$38,009). The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

8. Commitments

The Association's premises are leased until July 2015 at an annual rental and operating cost of approximately \$85,000.



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