



THE CANADIAN ASSOCIATION OF PETROLEUM LANDMEN

**2011
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 organization's 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 educational institution curriculums, 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 1700, 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 works 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 2011 Board of Directors

Back Row, L-R: Robin Thorsen, Jan McKnight, Frank Terner, John Covey, Jason Tweten, Kevin Egan, Chris Lamb, Joan Dornain.
Front Row, L-R: Nikki Stitch, Robyn Van den Bon, James Condon, Margaret Ariss, Dalton Dalik, Gloria Boogmans.

PRESIDENT

Jim Condon, P. Land

Mandate

The CAPL President is charged with leading the Board of Directors, the Office Staff and thus the entire organization for a 12 month period commencing on May 1 following the April general election. Delegation of responsibilities to the members of the Board is influenced by input from the Directors, with Board members accepting responsibility for a portfolio for the coming 12 month term. A strategy session is held in May or June where guidelines for conduct are shared as well as areas of potential focus for the Board discussed and agreed upon. With the exception of portions of the summer, monthly Board meetings and General meetings are held over the year which are attended by the Directors and presided over by the President. Signing authority on behalf of the Association is restricted to four officers of the Association: the President, Vice President, Finance Director and Secretary. Finances are closely monitored by the Director of Finance, the Association Accountant and the President and disclosed openly at each Board meeting. The President is also the principle point of contact for media as well as industry, regulatory and stakeholder organizations, with any inquiries dealt with either directly or delegated to the appropriate Director. The President is the Officer responsible for the Annual Conference held during his/her year of office, continuing that which began during his/her previous term as Vice-President.

2011 Summary

Significant potential advancements to systems utilized by the CAPL were identified and changes initiated during the 2011 – 2012 term. Of high importance and carried forward from previous Boards was on-line registration for all services and events held by the Association, particularly social, educational and the annual conference. The goal is to find a single utility to serve all activities and endure. The annual conference was a tremendous success lead by Chris Bartole and his very skilled team. The perceived risk of holding our annual flagship event in Quebec City after keeping the most recent preceding events in the West therefore less in the spotlight, was rewarded largely due to the product Chris and his team provided. Educational opportunity was superior with amazing speaker quality and great relevance. To top it off, the event passed the financial test by a healthy margin. Driven in part by our annual audit; governance and accountabilities within the Association were reviewed, issues identified, discussed, documented and recommendations were made. Medium to long term handling of the Association funds was also reviewed resulting in more effective vehicles being identified and utilized. Ultimately financial performance was improved while staying within the bounds of our bylaws. The overall financial results for the year ending December 31, 2011 showed an approximate \$213,108 in excess of revenue over expenses. The efforts of our representation with the American Association of Professional Landmen maintained and cemented the close relationship the CAPL has with the AAPL. These efforts were driven by Past Presidents Ken Gummo and Dalton Dalik with support from Ted Lefebvre and Rob Tedlford among others. Included also were various members of the 2011-12 CAPL Board as well as our office staff. A significant amount of exchange is occurring between the Associations with everyone benefiting. Ted was very well received as a guest speaker at the 2011 AAPL Conference held in Boston where CAPL presence was significant. The Negotiator publication won an award for best media communication for 2011 from the AAPL. Content quality of our publications, CAPL courses, seminars, general meetings and the annual conference remained a focus of the Association resulting in very high standards compared to many other professional associations with which we are familiar. The contributions made by my fellow Directors lead by Margaret, John C, Nikki and I as the 2011-12 Executive, our office staff and all the Association's hundreds of volunteers were both significant and greatly appreciated by all. Our volunteerism is beyond what most local associations garner and is a source of great pride. In addition to our membership and Board members, Denise and her staff along our many sponsors have earned a hearty "thank you".



VICE PRESIDENT

Margaret Ariss

Mandate

Vice President 2011 – 2012:

- Member of Executive, one of 4 signatories on contracts, cheques.
- Defacto member of the Conference Committee for the next year (2012).
- Oversee the General Meetings Committee.
- Oversee Office and Administration.

2011 Summary

- Staffing change – receptionist.
- Represent CAPL DoE BPRCommittee, CAPP Oils Sands Tenure Review working group, ISC Industry Advisory Committee.



FINANCE

Nikki Stitch, P. Land, PSL

Mandate

The Finance Director is responsible for signing CAPL cheques, updating authorized signatures, monitoring and directing the CAPL investment portfolio, and banking resolutions. The Finance Director is responsible to present the budget to the Board for approval, meet with auditors, obtain Board approval for auditors, and present audited financial statements to the CAPL membership. The Finance Director is a member of the Executive and is authorized to sign contracts on behalf of CAPL.

2011 Summary

- Reviewed and update the Expenditure and Conduct Guidelines for Committees Operating under the Canadian Association of Petroleum Landmen.
- CAPL audited Financial Statements for 2011 included net earnings of \$213,108.



BUSINESS DEVELOPMENT

John Covey

Mandate

Responsible for all CAPL precedent documents. Work with committees on new precedent documents and updating current documents. Liaison with government agencies as required.

2011 Summary

- The Business Development Group undertook to amend the Surface Lease in conjunction with the Field Acquisition and Management Portfolio.
- BD also has a new Freehold Lease document being circulated for comment.
- The Business Development Portfolio for Alberta and BC was mandated this last year to have to allow the CAPL to have input into changes to Tenure in both provinces.
- Work still continues on redrafting CAPL documents to make them more workable with regards to industry changes.

Meetings were held at two levels with the Alberta Energy known as the BPR Committee (Business Process Review) and TIAC (Tenure Industry Advisory Committee) wherein CAPL participated with Alberta and BC Energy Departments along with CAPLA, CAPP and SEPAC and ideas and initiatives were exchanged and proposed changes were discussed thoroughly. We were awaiting Political confirmation with Government before these suggested changes could be made clear to industry. BC is now moving forward and Alberta will soon follow after a few more meetings to begin in December/12.



FIELD ACQUISITION & MANAGEMENT

Jason Tweten, PSL

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.

2011 Summary

- Re-write Alberta Surface Lease and Alberta Right-of-Way Agreement. Obtain Board approval and have copies available at CAPL office.
- FAM Committee members kept informed on government initiatives through representation on various committees.
- In June of 2011 the Field Acquisition Committee (FAM) of the Canadian Association of Petroleum Landmen (CAPL) held a special meeting which was addressed by Danielle Smith of the Wildrose Alliance Party.



MEMBER SERVICES

Robin Thorsen

Mandate

The Member Services portfolio promotes and administers new member applications, manages the benefit plan which includes life insurance, AD&D and access to the Best Doctors program, is responsible for maintaining the CAPL Roster, and the organization of our annual Merit Awards.

2011 Summary

- In 2011 the Membership Admissions Committee reviewed and approved a total of 60 applications for Active membership, 16 Associate and 53 Student.



This year ended with a total of 1,850 members comprised of 1,564 Active, 58 Associate, 120 Senior, 46 Life, 1 Honourary and 61 Student members.

- Each year the CAPL Merit Awards Committee reviews nominations for outstanding members and companies which contribute to the CAPL and community. For the 2011 calendar year, there were 9 Merit Awards recommended and approved by the Merit Awards Committee and the Board of Directors.
- This year, at the request of some members and as part of our commitment to provide the best value to our membership, we researched and compared CAPL's current group insurance program with Brokerlink for home & auto insurance with a number of other companies. The results are still being evaluated.
- Every year we renew our member benefit plan with Nexgen Financial. Due to an increase in costs, we found a new insurance provider for the AD&D portion of the plan. In addition we also moved to a new benefits administrator and changed the renewal date to later in the year which was more beneficial.

EDUCATION

Kevin Egan

Mandate

The Education portfolio is mandated with managing Continuing Education, Scholarships, Mentorship Programs and Post Secondary Advisory functions.

Through the various committees, the Education Director is tasked with enhancing the overall professional development of the CAPL members.



2011 Summary

- The CAPL continues to define professionalism and industry value through the Education Committees ongoing efforts to provide excellence in educational courses.
- Scholarships and Mentorship programs continue to promote instilling quality attributes in the next generation of landman professionals.
- CAPL recognizes that being a partner and collaborating in post secondary education is key to the quality of future entrants into the landman profession.
- Leadership within our profession and industry is a critical component of what makes landman a critical partner in oil and gas exploration and exploitation.

COMMUNICATIONS

Joan Dornian

Mandate

The Communications Director is responsible for overseeing the publication of the CAPL Negotiator Magazine. The Negotiator is a professionally designed magazine run by a committee of dedicated volunteers. The Negotiator publishes educational feature articles of interest to Landmen. It also advertises and reports on CAPL social events and provides information respecting upcoming CAPL courses, Member Roster updates, and messages from the various Board Directors.



2011 Summary

- The Negotiator won the 2011 AAPL (American Association of Petroleum Landmen) award for Best Media Communication. Announcement made and trophy received at the June 2012 AAPL Conference.
- Design contract with Folio renewed for a 2 yr term effective July 31, 2011.
- Printing Contract with McAr Printing renewed for a 2 yr term effective Dec 31, 2011.

PUBLIC RELATIONS

Chris Lamb

Mandate

The Public Relations Committee 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 1,700 members of our Association.

2011 Summary

- Steer Raffle raised a significant amount yet again for Alberta 4H clubs. Amount for 2011 was once again used for 4H internal fund and discriminated accordingly as per 4H mandate.
- Booth went to many shows this year – Regina, Calgary, Edmonton, Red Deer, Olds event, SAIT, grade schools in Calgary, etc.
- LinkedIn site up and running and membership growing monthly. No clear path as to how to tie this into website just yet.
- Agricultural supplement released with record distribution to rural stakeholders in oil and gas.



SECRETARY / SOCIAL

Gloria Boogmans, P. Land

Mandate

The Social portfolio provides an avenue to meet new members, expand existing contacts, and build stronger relationships in a relaxed social setting which often translates into stronger business relationships. The 2011 social events were organized by a number of volunteers and were largely supported through the sponsorship of member companies, related interest groups and service providers. I would like to personally thank each and every volunteer for their invaluable contributions and to the host of generous sponsors who make these social events such a great success.

2011 Summary

- Each of the committees strives to work within a break-even budget and in 2011 they were successful in maintaining that goal.
- Provided a successful slate of social events as follows;

Curling Bonspiel – held at the Calgary Winter Club on Thursday, February 24, 2011.

Committee: Kevin Koopman, Chair; Donna Phillips, Chris Hartley, Jordon Murray, James McCorquodale and Rob Heynen.

Squash Tournament – held on Saturday March 5, 2011 at the Glencoe Club.

Committee: Patrick Burgess, Chair; Brad Purdy, Kevin Koopman, Scott Clapperton, Chris Bartole, Brad Johnson, Dan Cicero, Don Austin and Kofi Prah.

Black & White Spring Ball – held on Saturday, May, 2011 at the Hotel Arts.

Committee: Mandy Cookson and Donna Brown, Co-Chairs; Alexandria Little, Alyssa Marsden, Brad Reynolds, Ian Welwood, Joan Dornian, Mandy Ediger, Robb Craige, Sarah Jan Jackson and Sylvia Hryszko.

9-Ball Tournament – held at the Garage in Eau Claire Market on Thursday, May 12, 2011.

Committee: Bob Howard, Chair; Harry Ediger, Hank Radomski, Murray Wade and Rob Weston.

Dust Up – held on Wednesday, June 29, 2011 at the West.

Committee: Robb Craige, Chair; Maureen Murphy, Dean Barnieh, Suzanne Stahl, Will Glass, Terry Cutting, and Gloria Boogmans.



Golf Tournament – held at Heritage Point Golf Club on Thursday, August 19, 2011.

Committee: Kristen McDonald and Alayne Fernquist – Co-Chairs; Len Moriarty, Cam Urquhart, Jeff Talbot, Trevor Burke, Dave Boisjolie, Craig Thomas, Craig Stayura and Lawrence Fisher.

Trap Shoot – held at the Aheia Calgary Firearms Centre on Saturday, September 10, 2011.

Committee: Hugo Potts, Chair; Jeff Baggs and Ryan Hall.

- Provided assistance and endorsement of the following events: Jr. Landman Golf Tournament, Gowlings PLM Alumni Charity Golf Classic, Salmon Fishing, CSPG–CSEG 10km Road Race and an annual Charity Event sponsored by various land brokers.

SPECIAL EVENTS

2011 CAPL Conference

Chris Bartole

Event Vision

The goal of the 2011 Conference was to deliver an unconventional Conference; one that departed from the motivational and focused on the educational, one that pushed our Association and its members beyond regional borders into the throes of a developing industry and an emerging basin, one that gave attendees greater access to Canadian and American political and financial figures, and one that strived to align our profession with those of our industry peers.

2011 Summary

- 2011 placed our Association front-and-centre before two of the most accomplished and influential Canadians alive today – Peter Mansbridge and the Right Honourable Jean Chrétien – as well as a suite of other distinguished individuals that served to enrich attendees personally and professionally.
- 2011 ushered Conference into the modern era with a revitalized website, the creation of a Conference smartphone application, the return of online registration, the introduction of Conference to social networking via Facebook and the ability to follow Conference happenings on Twitter.
- Program underwent an expansion through the offering of optional educational sessions – created specifically for the 2011 Conference – that were in addition to the traditional Sunday educational offerings, giving delegates the opportunity to turn the standard two-day Program into a full four-day one.
- 2011 saw the return of Conference to eastern Canada and was the first time in our Association's history that Conference was held in Québec City, a city very relevant to the future of unconventional energy, and a city with outstanding hospitality and draw that did not disappoint.

CAPL/PLM Mentoring Committee

Brad Johnston & Sandy Sandhar

Event Vision

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 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.



2011 Summary

- Our committee worked very hard at recruiting 12 industry landmen to act as dedicated mentors for students majoring in the Petroleum Land Management Program at the Haskayne School of Business at the University of Calgary.
- In January, we held "Meet Your Mentor Night". This event facilitates the first meeting between the students and their landman Mentor.
- In May, we held "Mentorship Appreciation Night", in which we thank all of the Mentors for volunteering their time. These landmen help us make the Program a success.
- We introduced a new event this year for our student-mentor pairings; bowling at the Glencoe Club. We had many industry landmen and students attend this event. Feedback from those that attended was positive. Therefore, we are planning on making it an annual event.

CAPL Steer Classic

Terry Cutting

Event Vision

The CAPL in keeping with its vision to maintain a positive profile for its members and stakeholders through community involvement, has continued as in the past 7 years to contribute to the community through a major event sponsorship at the Calgary Stampede in conjunction with a fundraiser benefiting the 4-H Foundation of Alberta. Our involvement with these organizations has allowed the CAPL to be visible and to provide a greater understanding out in the community of what the CAPL represents.

2011 Summary

- CAPL continued its support and contribution to the 4-H Foundation and the Calgary Stampede in 2011 through its Calgary Stampede Steer Classic 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 2011 fundraiser, enabling CAPL to donate \$17,500 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 7 years CAPL has helped raise \$75,000 for the 4-H Foundation.
- CAPL plans to continue its support of this worthwhile cause for the eighth successive year in 2012.
- The Partnership between the CAPL and the 4H Foundation has been very beneficial for both, with new programs being supported and the start of 2 scholarships being available on behalf of the CAPL.

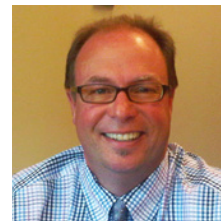


2011 Merit Awards

Larry B. Buzan, P. Land

Event Vision

Each year CAPL honors its own and recognizes the terrific and specific contributions made by both its members and industry supporters, both individually and corporately, in a variety of ways for exemplary and repeated donations of time, personal involvement, for those with excellent behaviours and expertise – and – in the tradition of the CAPL examples to all of us, both in the membership and the communities in which we all live and work, of professionalism and volunteerism. This year's event was a terrific night – a night where we said goodbye in tribute to an old friend and mentor Jack Brown and awarded 9 CAPL Merit Awards at the Westin Hotel on Wednesday, May 16, 2012. This was also the first business meeting of the new CAPL Board of Directors, and led by our Vice President John Covey in the absence of Margaret Ariss (due to a scheduling conflict out of town). Over 250 were in attendance that evening.



2011 Summary

Herb Hughes Memorial Award – The 2011 recipient was Ted Lefebvre of the highest and most prestigious award of our Association and is intended to give recognition to a member whose made outstanding contributions to our Association and the oil & gas industry; and whose professional conduct is exemplary. Ted Lefebvre's past and current support of the Association, volunteerism, professionalism and contributions to our communities are an example to us all. Ted was awarded the 2010 AAPL "Landman of the Year" and was the first and only CAPL member to be so honored, and Ted has served the CAPL faithfully for over 33 years and added significantly to his communities as well. Congratulations Ted!

The Distinguished Citizen Award – The 2011 recipient was Jonathan Chapman of the second highest award of our Association and this award is a special recognition presented only when the CAPL decides to award it and only for those active CAPL members who raise the profile of all Landmen; who enhance the image of Landmen; who contribute to the professionalism and education of Landmen; whose activities outside the CAPL bring credit to the CAPL not only because of who they are but because of the merit of what they are doing; and which results in dedicated service to the community or to the business world. Jonathan Chapman helped 6 major organizations at the foundational level in addition to the CAPL in major ways, but it is Jonathan's activities in support of local charities and international relief work spanning 20+ years that stand as a stark reminder of what we can do for others if we are prepared to sacrifice our time, expertise, money and heart to lend a hand up. Congratulations Jonathan!

Award of Merit – The 2011 recipients are Susan Williams, Stephanie Cicero and Richard Fulton of the Award to CAPL Members who have made significant contributions to the Association by their participation on committees and in special events during 2011. Each were tireless contributors to our Association on the Education Committee, Mentorship Committee and Conference Committee. Congratulations to each of you!

Bright Lights Award – The 2011 recipient is Lindsay Smith of the Award to a member of CAPL whose membership has been for less than 5 years, and who has demonstrated enthusiasm, energy and a willingness to make a positive contribution to our Association. Ms. Smith has been an outstanding member of the Education Committee for over 4 years and advisor to new graduates. Congratulations Lindsay!

Friends of CAPL Award – Paul Negenman of EnerLaw LLP and Husky Oil Operations Limited are both 2011 recipients of this Award made to companies or individuals that have made significant contributions to our Association. Both Paul (CAPL Freehold Lease advisor) and Husky (Education Committee – Phyllis Aberle and Field Acquisition and Management – Brad Batten) demonstrated their huge support of CAPL with consistent and voluminous amounts of professional advice and labour. Congratulations to each of you!

Volunteer Supporter Award – The 2011 recipient is Husky Oil Operations Limited who donated over 41 man-years including that time in 2011 by actively encouraging its employees to get involved in our industry and Association. Husky's employees represented our Association with a current and past CAPL Director, and 9 CAPL Committees. Congratulations Husky Oil Operations Limited! Congratulations to all!

FINANCIAL STATEMENTS

Independent Auditors' Report

To the Members of the Canadian Association of Petroleum Landmen

We have audited the accompanying financial statements of the Canadian Association of Petroleum Landmen (the "Association"), which comprise the balance sheet as at December 31, 2011, and the statements of revenues and expenditures and members' equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

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, excess of revenues over expenditures, current assets and members' equity.

Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2011, and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

CHARTERED ACCOUNTANTS
Calgary, Alberta, April 3, 2012

Balance Sheet

Year Ended December 31	2011	2010
ASSETS		
CURRENT		
Cash, including US \$1,690 (2010 – US \$3,261)	\$ 437,052	\$ 276,586
Term deposits, including US \$31,466 (2010 – US \$30,772)	641,343	561,335
Accounts receivable	21,173	10,061
Goods and services tax recoverable	–	34,200
Inventory	55,289	40,092
Prepaid expenses	59,781	50,353
	1,214,638	972,627
EQUIPMENT (Note 3)	23,110	34,336
	\$ 1,237,748	\$ 1,006,963
LIABILITIES AND MEMBERS' EQUITY		
CURRENT		
Accounts payable and accrued liabilities	\$ 33,358	\$ 46,407
Goods and services tax payable	6,415	–
Deferred revenue	391,427	367,296
	431,380	413,703
MEMBERS' EQUITY	806,368	593,260
	\$ 1,237,748	\$ 1,006,963

COMMITMENTS (Note 9)

On behalf of the Association

Jim Condon
President

Statement of Revenues and Expenditures and Members' Equity

Year Ended December 31	2011	2010
REVENUES		
Annual meeting and conference	\$ 769,684	\$ 639,615
Education seminars (net of subsidy totalling \$nil, 2010 – \$42,185)	513,050	442,592
Membership dues	482,905	440,934
Social events	208,644	170,498
Communications	114,976	105,800
Meetings	107,073	103,638
Public relations	34,809	26,585
Business development	19,340	48,387
Interest income	17,529	2,648
Technology	11,900	13,567
Professionalism	5,750	11,225
Member services	3,515	8,745
Field services	650	202
	2,289,825	2,014,436
EXPENDITURES		
Annual meeting and conference	698,478	534,460
Education seminars	313,537	297,272
Meetings	264,139	224,533
Social events	210,064	183,730
Member services	156,568	153,684
Communications	105,471	104,073
Treasury	87,606	84,694
Public relations	73,596	64,685
Executive	58,599	51,763
Technology	27,986	26,058
Professionalism	25,530	35,946
Business development	22,033	48,800
Field services	21,884	18,772
Amortization	11,226	7,285
	2,076,717	1,835,755
EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR	213,108	178,681
MEMBERS' EQUITY – BEGINNING OF YEAR	593,260	414,579
MEMBERS' EQUITY – END OF YEAR	\$ 806,368	\$ 593,260

Statement of Cash Flow

Year Ended December 31	2011	2010
OPERATING ACTIVITIES		
Excess of revenues over expenditures for the year	\$ 213,108	\$ 178,681
Item not affecting cash:		
Amortization of equipment	11,226	7,285
	224,334	185,966
Changes in non cash working capital:		
Accounts receivable	23,088	(26,643)
Inventory	(15,197)	(2,592)
Prepaid expenses	(9,428)	12,032
Accounts payable and accrued liabilities	(6,454)	(67,526)
Deferred revenue	24,131	89,870
	16,140	5,141
Cash flow from operating activities	240,474	191,107
INVESTING ACTIVITY		
Purchase of equipment	–	(10,395)
Cash flow used by investing activity	–	(10,395)
INCREASE IN CASH FLOW	240,474	180,712
Cash and term deposits – beginning of year	837,921	657,209
CASH AND TERM DEPOSITS – END OF YEAR	\$ 1,078,395	\$ 837,921
CASH CONSISTS OF:		
Cash	\$ 437,052	\$ 276,586
Term deposits	641,343	561,335
	\$ 1,078,395	\$ 837,921

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

Education fees and advertising are recorded when invoiced or money is received. Memberships, annual meetings and conference, social fees and all other revenues are recorded as revenue when received. 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 Associations 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.

3. Equipment

	Accumulated Cost amortization	2011 Net book value	2010 Net book value
Office and computer equipment	\$ 88,917 \$ 66,895	\$ 22,022	\$ 32,180
Computer software	12,316 11,228	1,088	2,156
	\$ 101,233 \$ 78,123	\$ 23,110	\$ 34,336

4. Allocation of Office Expenses

The Association's cost of office operations totaled \$418,265 (2010 – \$377,600). 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:

	2011	2010
Annual meeting and conference	\$ 41,826	\$ 37,760
Education seminars	150,572	135,936
Meetings	16,731	15,104
Communications	16,731	15,104
Public relations	16,731	15,104
Social	16,731	15,104
Member services	58,557	52,864
Professionalism	16,731	15,104
Treasury	16,731	15,104
Executive	16,731	15,104
Technology	16,731	15,104
Cost of forms	16,731	15,104
Field services	16,731	15,104
	\$ 418,265	\$ 377,600

5. Related Party Transactions

Donations are provided annually to The Canadian Association of Petroleum Landmen Scholarship Trust Fund ("Fund") in the amount of professional fees and scholarships granted by the Fund. Certain administrative costs and functions related to the operation and administration of the Fund are provided by the Association at no cost.

During the year, the Association made donations totaling \$7,000 (2010 – \$5,500) to the Fund. The amount is included in Education expense on the Statement of Revenues and Expenditures.

6. Capital Disclosure

The Associations' 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 \$806,368 (2010 – \$593,260).

7. Internally Restricted Fund

In 2009, the Association approved a policy to set aside \$100,000 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, 2010, \$97,825 had been used and no additional funds have been utilized or set aside for 2011.

8. Financial Instruments

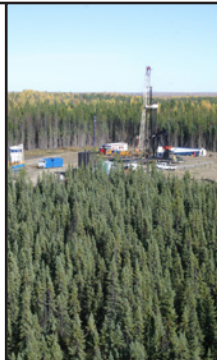
The association's financial instruments consist of cash, term deposits, accounts receivable and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the association is not exposed to significant interest or credit risks arising from these financial instruments. 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, 2011, US dollar denominated cash amounted to US \$1,690 (2010 – US \$3,261) and US dollar denominated term deposits amounted to US \$31,466 (2010 – US \$30,895). The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

9. Commitments

The Association's premises are leased until July 2015 at an annual rental and operating cost of approximately \$95,000.

10. Comparative Figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.



THE CANADIAN ASSOCIATION OF PETROLEUM LANDMEN

350, 500 - 5 Avenue S.W.
Calgary, Alberta T2P 3L5
Telephone: (403) 237-6635
Fax: (403) 263-1620
www.landman.ca

