



Canadian Association of Petroleum Landmen

2004 Annual Report



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Association Profile



The Canadian Association of Petroleum Landmen is an organization that runs on the strong leadership of its executive committee, directors and its members. The year of 2004 was marked by an entire association coming together to support the Canadian beef industry.

On May 20, 2003 a single case of Bovine Spongiform Encephalopathy was discovered in a single Alberta Cow. Markets around the world immediately closed their borders to all Canadian live cattle and beef exports including Canada's largest consumers of beef, the U.S., Mexico and Japan. Prior to the ban, the U.S. had received about four-fifths of our beef exports and nearly all of the live Canadian cattle exports. The ban meant catastrophe for most in the industry. As over 30 markets closed their borders to Canadian Beef, the beef industry spiralled down into devastation. Effects were seen by all Canadians. Rural communities suffered and our beef producers struggled to make ends meet.

At the height of the crisis, the CAPL choose to become involved to help its neighbours suffering from the BSE effects. CAPL made an effort to contribute to the community in which the majority of our industry operates. In a whirlwind effort, CAPL organized a Beef Benefit, held at the Telus Convention Centre, to raise both awareness of the crisis at hand and offer financial support for community members affected by the BSE crisis. In addition to the Benefit, CAPL's poster contest brought awareness to the cause in all schools across Alberta. As an entire association, CAPL made exceptional efforts to help its fellow citizen and community member in need.

As a volunteer Association, these efforts towards the community were only accomplished through the dedication and hard work of our association members. From the Board of Directors to Student Members, many Landmen volunteered their time and effort to make both the Benefit and other sponsorship activities a success. CAPL hopes to continue its community sponsorship in the future to raise awareness of our association and our ever growing presence throughout the provinces.



President



The past year has brought many new challenges for the CAPL once again. In true CAPL style, our terrific teams comprising hundreds of volunteers together with the Board and our dedicated office staff brought us another year for which CAPL members can be proud.

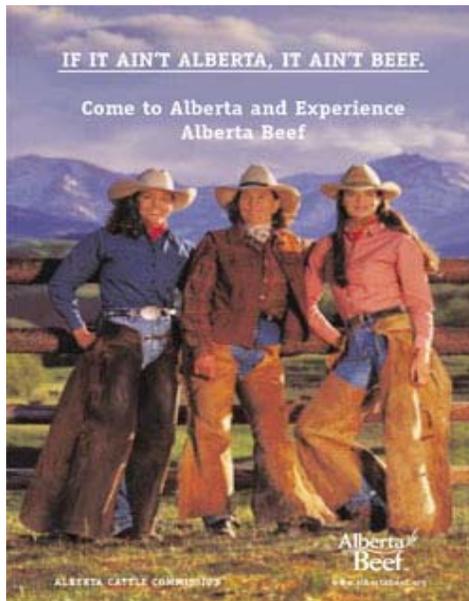
The recent developments in public relations are among many *firsts* for the CAPL. Last year with the Landmen's Beef Benefit, we shone a bright light on the CAPL's good name in our rural agricultural community, and in spades, we put our money where our mouth is. This initiative may have been the most significant event of its kind ever for the Canadian petroleum business, and the CAPL continues to capitalize on the trail we successfully blazed in 2004.

In 2004, the CAPL realized revenues in excess of \$1.8 million. We have approximately 1600 members, which equates to nearly \$1100 per member. At \$250/year, CAPL's annual dues consistently deliver the best value compared with any other professional organization in the nation.

Last October, our 2004 CAPL Conference Committee led us to a truly memorable experience in Lake Louise for our 26th annual conference. For those fortunate enough to attend, the many unique experiences of that conference will endure for a lifetime. Details for the 2005 CAPL Conference in Niagra Falls are being finalized, and once again this year, we will be led by our terrific team of conference volunteers. They will deliver a second-to-none slate of speakers for the program sessions, as well as some memorable activities and networking events. Everyone should be making plans to join us in Niagra Falls, Ontario September 18-23, 2005.

I am proud to have received the honor and endorsement to serve as President of the CAPL this past year. Once again, I wish to thank the CAPL volunteers and the Board of Directors, many who have worked very hard as part of the team. The CAPL is a tremendous organization built on a great tradition of enthusiasm, professionalism and the idea that we routinely tackle groundbreaking issues, and typically deliver a result for which all CAPL members would be proud. We may be on the cusp of several new groundbreaking initiatives for our organization, and I am confident the CAPL will continue on its well-charted path. The CAPL constantly requires new volunteers, and for those who don't know what it is like to be a CAPL volunteer, I encourage you to seriously consider embracing the heart of this organization. I believe it can be one of the most rewarding and memorable experiences to join the CAPL team of volunteers.

Neil K. Cusworth, P.Land
President



PRESS RELEASE

June 28, 2004

On April 29, 2004, the Canadian Association of Petroleum Landmen (CAPL) hosted its Landman's Beef Benefit held at the Telus Convention Centre in Calgary, AB. The goal of this event was to raise awareness for the dire situation faced by our cattle industry in the wake of the BSE crisis and to promote good will and support through a fund-raising drive to assist the cattle producers and related industries through a direct donation to the Alberta Beef Producers and the Alberta Beef Help Bank.

LANDMAN'S BEEF BENEFIT GALA AND FUNDRAISER

The event was a rousing success with key industry participation and support. Global Television's own Gord Gillies was the master of ceremonies for this worthy cause. Besides great food (a four-course AAA Alberta Beef Dinner) and first class entertainment by Calgary's own Retro Baby, the evening featured a performance by Michelle Wright, Canadian award-winning BMG recording artist.

We were also joined by the Ranchers, spokeswomen for the Alberta Beef Producers; Bearcat Murray representing the Calgary Flames Hockey Club; the Stampede Queen and Princess; the Stampede Outriders and other local celebrities and VIPs including several directors and representatives of the Alberta Beef Producers. The CAPL raised \$69,000.00 in total, with two-thirds of the proceeds going to *The Alberta Beef Producers (ABP)* and the remaining one-third to *The Alberta Beef Help Bank*.

The Alberta Beef Producers is an organization representing the collective interests of more than 35,000 beef cattle producers in Alberta. Run by producers for producers, it is dedicated to maintaining a sustainable, competitive industry for the benefit of all Albertans. *The Alberta Beef Help Bank*, established through the Interfaith Food Bank, uses monetary donations to buy and donate ground beef for distribution in Alberta communities to families feeling the pinch of the economic setbacks caused by the beef crisis. By donating in this way, we are directly helping those in need, and indirectly, assisting the lobby efforts to establish additional markets for beef.

A formal cheque presentation is scheduled to take place on 2:00pm on Wednesday, June 30, 2004 at the Alberta Beef Producers' Offices (320, 6715 - 8th Street NE) with representatives from *The Alberta Beef Producers* and *The Alberta Beef Help Bank* to accept the proceeds.

Vice President



The Office of the Vice President includes assisting the President of the CAPL in co-ordinating all of the association's primary business. These duties include assisting with all of the CAPL's monthly general meetings, representing the board on the upcoming Annual Conference committee as well as participating as a member of the future conference site selection committee. The most important duty of the Vice President is to give direction in all matters relating to the CAPL office and to oversee the CAPL office staff and its on-going business.

The CAPL's office lease was approaching the end of its initial five year term. The requirement to give effective notice to our landlord to either negotiate a further five year term or locate and lease new office space was at hand. We successfully evaluated a number of options and made recommendations to the board of directors to renew our lease with our landlord.

The General Meetings Committee continues to look for new venues for our association to enjoy as we strive to deliver quality speakers and facilities that enhance our networking opportunities. We have expended a tremendous amount of time and effort in assisting the provincial regulators in providing only necessary changes to the way in which we do business.

This year we also are pleased to announce that the Twenty Seventh Annual Conference of the CAPL will be held at Niagara Falls, Ontario from September 18th – 21st 2005, under the stewardship of Mr. Greg Strachan and his team. The theme of the conference is "Generating the Power to Succeed" and it is without a doubt the most outstanding business program ever put together by a conference committee. It goes without saying that the location will certainly inspire and generate powerful insight in those that attend this conference.

The mandate of the site selection committee was revised to provide for more definitive guidelines for the committee to work within while continuing to maintain the requirement for Board approval. Future Conference Chairmen will find this process less restrictive and more rewarding for their committee's efforts at the end of the day.

As we continue to add value to your CAPL membership, we trust you will agree that this is the finest professional association in the country. All of the things we do as an association can not be accomplished without our wonderful office staff and our very talented volunteers.

Guy R. Anderson P. Land
Vice President

Business Development



Within the Business Development portfolio a number of committees are actively involved in a variety of initiatives of significance and importance to CAPL.

Matters relating to P&NG Tenure in Alberta are being energetically dealt with by the Industrial Advisory Committee chaired by Rhonda Wehrhahn of Alberta Energy. This committee is comprised of government and industry representatives and addresses a variety of matters related to P&NG Tenure. Recent agenda items have included Shallow Rights Reversion, NGC (Natural Gas in Coal), Tenure consultation process, Freehold Mineral Tax consultation process, eTenure, Offset Compensation, Crown Sale bid types, etc. (The e-Tenure Communications Working Group chaired by Brenda Albright of Alberta Energy addresses Alberta Energy's initiatives to Industry.) Recent projects have included the e-transfer and e-posting seminars and a P&NG Information Exchange.



The 2005 CAPL Operating Procedure Committee, chaired by Jim McLean is continuing its efforts to complete the revised Operating Procedure. It's anticipated that a draft will be available for distribution to industry for review in the spring of 2005.

The Saskatchewan Land Titles Committee, chaired by Jonathan Chapman has been working extensively with Information Services Corporation of Saskatchewan (ISC) to improve processes in the Land Titles Registry. The primary objective is to look for high impact process

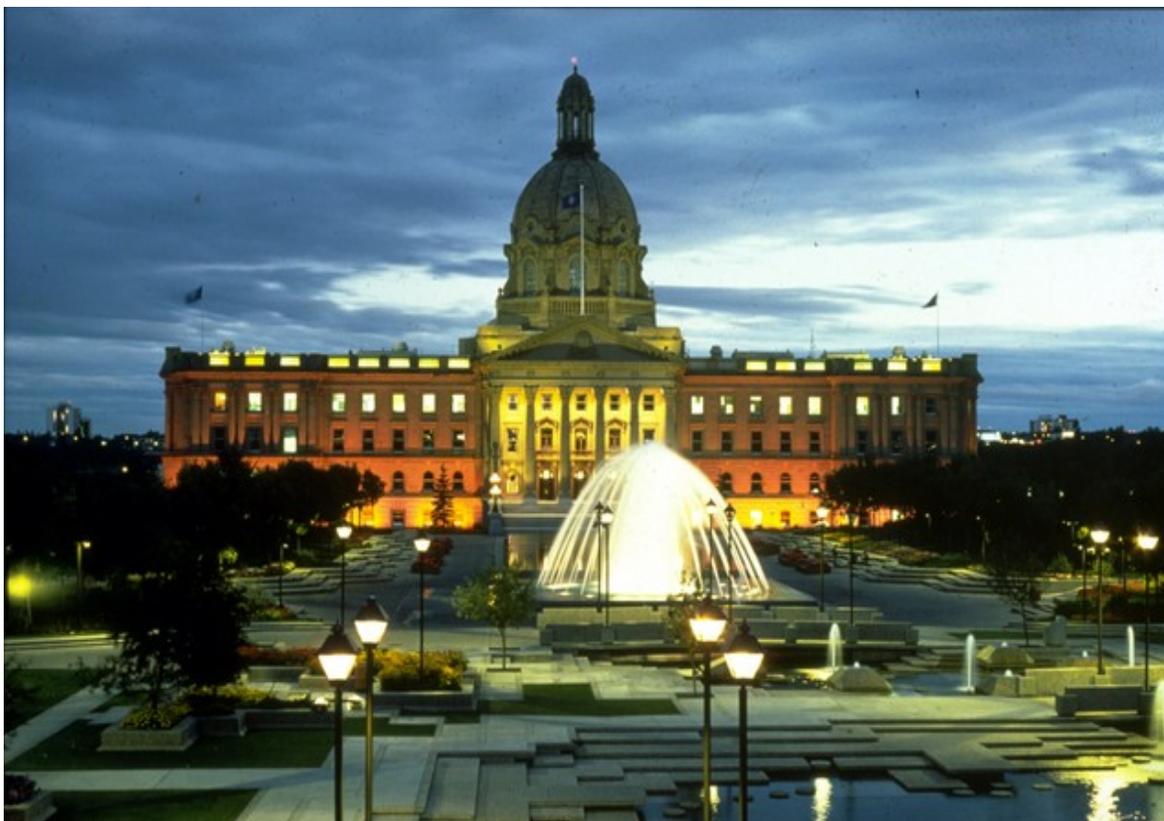
Business Development

improvements that would benefit the ISC.

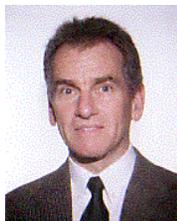
In addition to these committees, a number of other committees are in existence and ready to become more active once the requirement arises. These would include Saskatchewan, Manitoba and BC P&NG Tenure Committees.

The volunteers representing CAPL on all of these committees devote time and effort to this wide variety of endeavours and are a credit to the CAPL and their respective organizations.

Cam Weston, P.Land
Director, Business Development

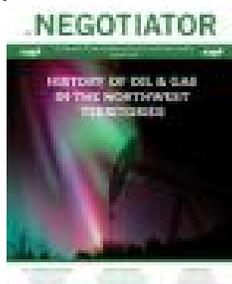


Communications



The primary focus for this portfolio is to ensure the Negotiator maintains its high quality of informative and educational articles to the general membership of CAPL.

In 2004, the volunteers have again exceeded expectations, from the editorial staff to the proof readers, which resulted in 10 issues that all members look forward to receiving. The hours and effort put in each month by these dedicated volunteers is reflective of the product turned out, and as the Director it made me very appreciative for the supporting role that I played. If any potential volunteers are looking for a role to play, this is one portfolio that has impact, fun and great exposure and is always looking for new ideas and people.



Again in 2004 the Advertisers have continued their support with the publication achieving an increase of distribution to 1500. In 2005, the design and layout will undergo a modification for further enhancement to an excellent publication.

The Negotiator will continue to supply monthly updates to the CAPL membership concerning educational courses, CAPL social events, personnel changes, CAPL association updates and articles that are current, educational, slightly controversial but always worthwhile.

Clark Drader
Director, Communications

Education



There are three active committees involved in the Education portfolio. They are the University of Calgary Mentoring Committee, the Scholarship Committee and the Education Committee.

Since 1977 the Education Committee has delivered in-service education to our membership and to the oil and gas industry at large. Today we train at least as many non-landmen in the principles of oil and gas operations and legislation as we train CAPL members. We are one of the leading organisations in the industry at providing in-service education to our members.

While many of our courses have already proven themselves to be popular and effective, the Education Committee is constantly examining the course offerings to see if other courses can be added or existing courses improved. The quality of instruction is improving, as is the quality of the course materials. Looking forward, you can expect the committee to bring forth a number of new ideas in 2005 that could change the way most of us look at CAPL Education.

The Scholarship Committee has been functioning for 30 years or more, even longer than the Education Committee. The members of this committee annually evaluate the students at the University of Calgary PLM Program, the Olds College Land Agent Program, and the Mount Royal College Land Administration Program. Each year they decide who is worthy to receive a total of more than \$15,000 in student awards. This past year, in response to increased financial needs on the part of the students, they recommended, and the CAPL distributed over \$20,000, more money than ever before. It is a credit to CAPL that our Scholarship Committee is sensitive to student circumstances and willing to go to bat for the students in this way. We are proud of them and support their work.

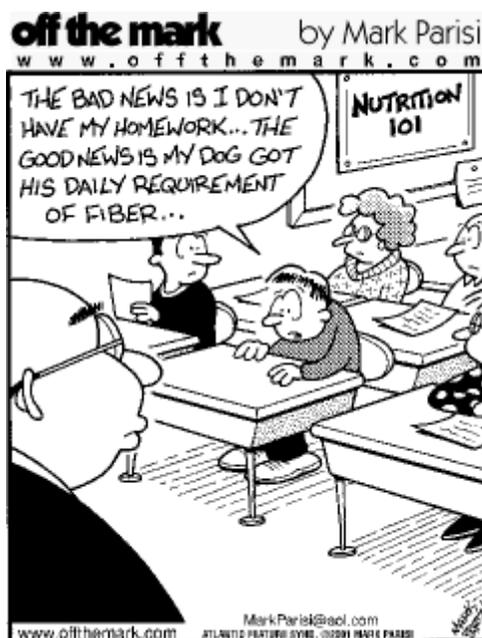
Once again this year we are happy to report that the CAPL Mentoring Committee has given to every single PLM student at the U of C an immediate, personal, one-on-one access to an individual mentor. This is an enormous task, which demands personal attention, not only from the mentors, but also from the Committee that oversees the effort. Last year the Committee extended the program to cover the students' needs beyond their university experience, until the end of their first year following graduation. Almost without exception the mentors stepped up to the plate and committed to continue to support their protégés for another year. Our thanks are sincere and effusive to all who are doing such great work.

The summer of 2005 will be the third year that the Mentoring Committee will team up with several leading Calgary energy companies to present the Exploration Game to a select group of summer students. In a competitive learning environment, the game teaches the students an exciting overview of the competitive nature of the search for oil and gas. For many it is the "Aha!" moment where they discover their professional importance and link the inter-relations with other disciplines in the overall exploration experience. Thanks to the generous support of the companies involved, participation in the game provides the funds for the activities of the Committee for the ensuing year. This is another excellent example of the synergies that make this industry so enjoyable and satisfying to work in.

Education

It has been a great year for the Education portfolio, and for all three of the committees who work within that group. It is quite an undertaking to become involved in these committees: one that should be rewarded in equal measure by the understanding of the accomplishments being made for the benefit of the future generations of landmen. I personally thank every one of the individuals who make up the Education Committee, the Scholarship Committee, and the Mentoring Committee, and every teacher and mentor for the influence they are giving, which is expanding throughout the industry. I think you are the best!

Scott Nalder
Director, Education



Field Acquisition and Management



With the ever increasing demand for access to land, the role of the surface landman has become an increasing more important factor in the exploration process.

The last year has proven to be a very busy time for the Field Acquisition and Management Committee. All of the members of the committee have donated a large amount of time dealing with a number of emerging and recurrent issues that are impacting the way we carry out our business and access land.

Some of the highlights of the committee are set out as follows:

- Receiving an invitation to be a guest speaker and attend the Western Conference of Surface Rights Boards in Regina;
- Attendance and participation in the consultation process of the Federal Smart Regulation Initiative;
- Continuing to be involved in the ever evolving Alberta Energy and Utilities Board Guide 56 process;
- Acting as a committee member on the Multi – Stakeholder Advisory Committee (MAC) dealing with the Coal Bed Methane (CBM)/Natural Gas in Coal(NGC);
- Acting as a committee member on the Surface Air working Group (SAWG);
- Updating the CAPL Surface Lease;
- Acting as an advisor on the Provincial Land Agents Licence committee
- Acting as an advisor on the Land Agents programs at Olds College;
- Providing Financial support for the Alberta Synergy Conference;
- Speaking at the Annual Alberta Synergy conference of the role of the Landman, and access to land.
- Submission of a number of articles in the feature issues of the Alberta Beef Magazine;
- Submission of timely surface related articles to the Negotiator;
- Assisting the other committee members in the planning and preparation of the Beef Benefit;
- Speaking on behalf of the Association and Industry at open municipal and land owner open houses in Wheatland, Lacombe, Ponoka, Rimbey,
- Speaking on behalf of CAPL regarding Access to Land at the prospect exchange;
- Involvement in the CAPL Professionalism Initiative;
- Preparation of a draft Certification Program for Land Agents practicing the area of Oil and Gas acquisition

Field Acquisition and Management

As Director of the Field Acquisition and Management Committee I would like to thank all of the members of the committee for their active participation in the various issues set out above, as well thank their respective employers for allowing these individuals to donate their time. I would also like to thank the Board of Directors of the CAPL in their unanimous support that they have showed the committee in dealing with the emerging issues. This continued support of all parties has helped to make a positive difference in the surface related matters in the past year.

Rob Telford
Director, Field Acquisition and Management



Finance



The Canadian Association of Petroleum Landmen is in good financial shape, after two consecutive years of operating surpluses. CAPL's office staff, directors, committees and volunteers all contributed to the current stable financial position of our association, and should be proud of their efforts.

In 2004, the CAPL had total revenues of \$1,749,893 and total expenses of \$1,699,885, resulting in an operating surplus of \$50,008 (compared to 2003, when total revenues of \$1,520,781 and total expenses of \$1,441,812 resulted in an operating surplus of \$78,969). Members' Equity in the balance sheet of the Association as of December 31, 2004 was \$790,201 (compared to \$740,193 as of December 31, 2003).

Some of CAPL's portfolios are usually budgeted to make a profit, such as Membership and Member Services, Education and the Prospect Exchange. In 2004, although the Prospect Exchange was not held, the other two portfolios combined to have net revenues of \$271,648 (versus the budgeted net revenue of \$297,008). In particular, the Education Committee should be commended for adding new seminars that are attracting registrants.

Other portfolios are usually budgeted to break even, like the Annual Conference and Social events. In 2004, the Conference and Social events combined to have net revenues of \$12,600, which is evidence of good fiscal management by the volunteers working in those portfolios.

The remaining CAPL portfolios are usually expected to have expenses which exceed revenues; however, in the past few years those committees have found inventive means to increase revenues in those portfolios, such as advertisements on the CAPL website, the roster and the annual calendar.

In 2004, the Public Relations Committee hosted the very successful Beef Benefit. That event attracted 663 attendees and had net proceeds of just over \$68,100, which were donated to the Alberta Beef Food Bank and Alberta Beef Producers.

Overall, I am satisfied with the financial results of 2004. The operating surplus of \$50,008 was very close to the budgeted operating surplus of \$36,715. The office staff, directors and volunteers working on CAPL committees have all accepted the responsibility to be fiscally responsible in their planning and execution of CAPL events, while continuing to deliver quality service to our members.

Looking forward to 2005, the Board of Directors approved a budget that forecasts a slight deficit of \$14,500. The 2005 budget includes the expectation that CAPL will once again host a Prospect Exchange and will increase expenditures in new public relations initiatives.

Ian R.D. Clark, P. Land
Director, Finance

Member Services



Within the Member Services portfolio, three committees work diligently to provide the most up to date information for our roster, to carefully review applications for membership, to ensure compliance with CAPL bylaws and to recognise the achievements of individual members and the contributions of companies who have earned such recognition within the confines of our professional associations and beyond.

The Membership Committee, chaired by John Charuk, performs its valuable service through its own unique due diligence. The committee also includes: Elizabeth Burke – Gaffney, Colleen Cochrane, Jack Hurst and Sandy Sandhar. All members of this committee deserve recognition of their often difficult and fair decisions asked of them.

The Roster Committee headed by Robin Thorson, strives to provide regular updates to the valuable roster used by many Landmen. As the roster continues to evolve with the industry, its is a daunting task to stay abreast of the constant changes. Deserving recognition are committee members Julie Burden, Cindy Cameron, Dalton Dalik, Michael Dobbs, Sharon Gordon, Janet Jager, Jan Peters and Sandy Sandhar.

A third committee has for years been chaired by Lynn Lehr – the Merit Awards Committee. Our Association brims with people deserving acknowledgment this committee provides. The challenge of selecting a few from many requires insight and good judgement. This has also been displayed by other committee members Trevor Williams, Lynn Dyson, Ted Lefebvre and Kevin Orriss.

Although Lynn Lehr has resigned from this committee, I am patricianly proud to be able to publicly thank Lynn for her years of service and dedication. Our association has benefited from the valuable and selfless contributions Lynn has made.

While a number of other matters are within the purview of Member Services, including insurance, the backbone of this portfolio remains with its volunteers.

If you meet them, greet them and thank them for donating valuable time and effort for the benefit of all CAPL Members.

R.K. Howard, P. Land
Director, Member Services



Professionalism



Raising the stature and professionalism of all CAPL members is the focus of the Professionalism Portfolio. The CAPL instituted the P. Land program as a voluntary means of enhancing the professionalism of individual members. Currently about 20% of our members have P. Land status. With our current focus on POARA (details below) we hope to enhance the professionalism of all members of the association. Over the last year this portfolio has been active on a number of fronts:

1. Update of P. Land Exam. The P. Land Exam was updated. The exam consists of 120 questions which are designed to be questions which are geared to test understanding of the land profession, as opposed to memory testing questions. The applications were reviewed, and the first candidates sat for the new exam in April 2005. Once the candidate has received notification that their application has been approved, the exam can now be taken at times convenient to each candidate. Arrangements to take the exam can be made by phoning the CAPL office. As Director of Professionalism, I would like to encourage each landman who meets the qualifications for certification set forth in the Professionalism Procedure, to apply for certification, and sit for the examination.
2. Re-certification of P. Land Holders. The committee has continued to handle recertification of existing P. Lands.
3. POARA Registration. The greatest focus of this portfolio over the past year has been on better understanding the wisdom of registering CAPL as a professional organization under the Professional and Occupational Associations Registration Act ("POARA"). This issue was ranked at Board's strategic planning session as one of the most important issues before CAPL. Key benefits to registration under POARA include improved public perception, awareness and understanding of the role of a land professional. Registration would provide an effective means of managing CAPL's code of conduct and ethical standards which protect the public and ultimately our reputation as an association. Registration would also provide increased credibility among other professional and peer organizations. The POARA Feasibility Committee has been charged by the Board with designing a "road map" or business plan to implement such registration. This group is working closely with the Field Acquisition and Management portfolio, particularly the surface land certification committee. There are numerous issues which need to be examined prior to bringing this matter to our general membership for a vote, which we anticipate will be later this year.

Sue Kuethe, P. Land
Director, Professionalism

Public Relations



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 members of our Association.

Accomplishments for 2004



CAPL Beef Benefit – On April 29, 2004, CAPL hosted an exceptional event to help raise awareness and support the Alberta Beef Industry during the BSE Crisis.

- Donated \$46,000 to the Alberta Beef Producers
- Donated \$23,000 to the Alberta Beef Help Bank (The Food Bank)
- Raised awareness of the BSE Crisis in our membership and in the AAPL membership.

CAPL Alberta Beef Poster Contest – Denise Grieve's idea to have a poster contest with schools across Alberta was a huge success! We received 2,405 posters from 158 schools across the province reflecting positive images of the Alberta Beef Industry.

CAPL Booth – Attended 4 information sessions at high schools, post secondary institutions and career showcase events.

- Attended the First Annual Alberta Beef Industry Conference in Red Deer.
- Attended the American Association of Professional Landmen's 50th Annual Meeting in Austin Texas.

Media Relations:

- Advertised the CAPL Board of Directors in the Calgary Herald
- CAPL was featured in a special July edition of the Alberta Beef Magazine. We also advertised monthly in the Alberta Beef Magazine.
- CAPL had "face time" on Global, CFCN and A-Channel for the CAPL Beef Benefit.
- The Calgary Sun and The Calgary Herald ran articles, which included information on the CAPL Beef Benefit Dinner.
- Radio 1140 ran a news item about the Alberta Beef Poster Contest.
- The Northern News also had an article on CAPL in its November 2004 Oil & Gas special addition. CAPL had a 1/3 page advertisement in this publication.

Annual Report – The Public Relations Committee published the 2003 Annual Report on www.capl.ca in PDF format.

Calendar - The 2005 CAPL Calendar featured pictures from the Alberta Beef Poster Contest. This Calendar was very well received and overruns were distributed from the booth to the rural community.

Website – The PRC is working with the Technology Committee to advance the Profession on the CAPL website.

Promotional Items – Golf shirts were added to the variety of promotional items currently for sale. In a new initiative, CAPL pens were given to land owners when they were signing surface & mineral leases.

Other PRC Accomplishments include:

Archive Project - In association with the Glenbow Museum, the CAPL is storing our history for prosperity.

Other Rural Community Initiatives – The Public Relations Committee is currently developing ways to promote and educate the rural community about the CAPL. This may be through advertisements and encouraging the media to write articles on Land Management. The goal is to educate the rural community on what CAPL members do in their community, and to encourage them to expect Landmen who are CAPL members to have the highest ethics and professionalism. This will have the further benefit of encouraging Landmen who aren't members of CAPL to apply for membership.

Bob Mosoronchon
Director, Public Relations



Social



This past year's social events have proved to be a cornucopia of fun and laughter with increased attendance by CAPL members.

With the CAPL membership growing annually it is only fitting that we recognize each and every CAPL member volunteer that enables each social event to culminate in a successful event. The volunteers are working diligently to present to the CAPL membership a high degree of interesting, net workable and fun social events that are enjoyed by all of us.

The continued support and contribution by the sponsors to all of the CAPL social events requires that we use them in our daily business ventures as well as acknowledging them in our day to day lives.

If you are interested in becoming a CAPL volunteer then go to the landman site, determine who the CAPL social director is and contact them for further information on volunteering at specific events.

Keep watch for a new CAPL event in the wine tasting category.

Terry O'Connor,
Director, Social



Greg Scott and Roberta Bondar, 2004 CAPL Conference

Technology



With the enormous advances in technology in just the past five years, a click of a mouse key can transport one to anywhere in cyber space to find out almost anything. It is seamless to most people how technology actually works. Within our CAOK organization, we are fortunate to have a dedicated group of individuals who take an interest in making technology appear easier for its member. I'd especially like to mention Dawn Jarvis, as the Chairman of the Technology Committee. In addition to Dawn, the committee is helped out by Jon Axford, Rick Crowe, Lenni Werner-Schmidt and Brian West. These volunteers log many hours of their volunteer time on various aspects of the technical issues that arise within CAPL on a daily basis.

The Technology Committee is proud of the CAPL website (www.landman.ca) where members can find information on upcoming events, meetings and educational seminars. The ten sponsors that contribute to the website make it possible for the CAPL membership to have this website. We encourage each member to review the corporate names for recognition of those sponsors. The website is updated on a weekly basis and we hope to provide further enhancements in 2005.



As part of a Members Only page which can be accessed by inputting your last, then first name, followed by your date, one can find the entire CAPL roster. We are currently testing a new version of the Members Database that will be rolled out in the spring of 2005. This database is used by the office to keep statistics on members and provide valued information to all CAPL members. With the M&A activity continuing at a staggering rate, this online database will help all members keep in contact with people 'on the move'. We encourage all members to keep their information up to date by contacting Denise Grieve at the CAPL office.

Technology

At this year's conference in Lake Louise, members were provided with a website to provide information on the event. The information included access to the accommodations, speakers, program and sponsors. The website was accessible from the main CAPL website and the two were linked interchangeably. The technology committee will continue to access the linking of other crucial websites to the main website to keep members informed.



Online registration was another benefit of the online Conference website. The online registration is in its second year of availability to members and has shown to be much easier for members to register.

The Technology Committee has also completed assessing the needs of hardware and software for the CAPL office, to enable staff to work more efficiently. Spam filters were recently installed to ensure that only the emails pertinent to our office make their way through the effective filters.

These are only a few of the many issues facing this committee and we look forward to continuing our solutions to technical problems within CAPL. I would like to thank our Committee members, our sponsors and the CAPL office staff for their assistance in directing this portfolio.

Cindy R. Rutherford, P.Land
Director, Technology

Auditor's Report

We have audited the balance sheets of the Canadian Association of Petroleum Landmen as at December 31, 2004 and 2003 and the statements of revenues and expenditures, members' equity and cash flow for the years 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 audits.

Except as outlined in the following paragraph, we conducted our audits 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 non-profit organizations, the Association derived a significant portion of its income from receipts, which are not susceptible to complete audit verification. Accordingly, our verification of such receipts was limited to a comparison of recorded receipts with bank deposits.

In our opinion, except for the effect of such adjustments, if any, that might have resulted had the receipts referred to above been susceptible of complete audit verification, these financial statements present fairly, in all material respects, the financial position of the Canadian Association of Petroleum Landmen as at December 31, 2004 and 2003 and the results of its operations and its cash flow for the years then ended in accordance with Canadian generally accepted accounting principles.

Calgary, Alberta
March 15, 2005
Ramsay, Dalton & Co.
Chartered Accountants

CANADIAN ASSOCIATION OF PETROLEUM LANDMEN

BALANCE SHEETS

	<u>December 31, 2004</u>	<u>December 31, 2003</u>
ASSETS		
CURRENT ASSETS		
Cash, including US \$2,092 (2003 - US \$5,704)	\$ 210,556	\$ 154,026
Term deposits, including US \$27,050 (2003 - US \$26,938)	731,623	768,973
Accounts receivable	40,632	8,784
Inventory, at cost	34,233	39,656
Prepaid expenses	<u>55,261</u>	<u>62,777</u>
	1,072,305	1,034,216
EQUIPMENT - Note 3	<u>53,391</u>	<u>56,479</u>
	<u>\$ 1,125,696</u>	<u>\$ 1,090,695</u>
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 44,914	\$ 54,956
Unearned revenue	<u>290,581</u>	<u>295,546</u>
	335,495	350,502
MEMBERS' EQUITY	<u>790,201</u>	<u>740,193</u>
	<u>\$ 1,125,696</u>	<u>\$ 1,090,695</u>

APPROVED ON BEHALF OF THE ASSOCIATION

_____, President

_____, Treasurer

See accompanying notes and schedules

CANADIAN ASSOCIATION OF PETROLEUM LANDMEN

STATEMENTS OF REVENUES AND EXPENDITURES

	Year ended December 31, 2004	Year ended December 31, 2003
	<u>2004</u>	<u>2003</u>
REVENUES		
Annual meeting and conference	\$ 458,454	\$ 392,555
Education seminars	359,215	360,733
Membership dues	334,924	242,915
Social events	185,611	175,614
Public relations	177,053	2,279
Meetings	68,520	43,952
Advertising	62,915	62,335
Sale of forms	56,447	33,301
Member services	17,420	3,445
Interest income	17,181	20,361
Technology	10,000	9,833
Sale of forms, field services	1,353	453
Professionalism	800	3,400
Canadian Petroleum Prospect Exchange	-	169,605
	<u>1,749,893</u>	<u>1,520,781</u>
EXPENDITURES		
Annual meeting and conference	443,456	322,534
Education seminars	306,717	262,304
Social events	188,014	173,003
Public relations	171,501	-
Meetings	141,275	118,474
Member services	133,194	128,071
Communications	129,277	130,413
Cost of forms	51,506	28,131
Executive	49,570	33,794
Treasury	24,237	20,876
Technology	23,331	27,370
Field service	14,151	12,769
Amortization	11,984	12,140
Professionalism	11,672	17,642
Canadian Petroleum Prospect Exchange	-	154,291
	<u>1,699,885</u>	<u>1,441,812</u>
Operating surplus	<u>\$ 50,008</u>	<u>\$ 78,969</u>

See accompanying notes and schedules

CANADIAN ASSOCIATION OF PETROLEUM LANDMEN

STATEMENTS OF MEMBERS' EQUITY

	Year ended December 31, 2004	Year ended December 31, 2003
	<u>2004</u>	<u>2003</u>
Balance, beginning of year	\$ 740,193	\$ 661,224
Operating surplus for the year	<u>50,008</u>	<u>78,969</u>
Balance, end of year	<u>\$ 790,201</u>	<u>\$ 740,193</u>

See accompanying notes and schedules

CANADIAN ASSOCIATION OF PETROLEUM LANDMEN

STATEMENTS OF CASH FLOW

	<u>Year ended December 31, 2004</u>	<u>Year ended December 31, 2003</u>
OPERATING ACTIVITIES		
Operating surplus for year	\$ 50,008	\$ 78,969
Add non-cash item:		
Depreciation	<u>11,984</u>	<u>12,140</u>
	61,992	91,109
Change in non-cash working capital - Note 3	<u>(33,916)</u>	<u>167,478</u>
	<u>28,076</u>	<u>258,587</u>
INVESTING ACTIVITIES		
Computer software	(3,000)	-
Computer equipment	(4,254)	(2,891)
Office equipment	<u>(1,642)</u>	<u>-</u>
	<u>(8,896)</u>	<u>(2,891)</u>
Increase in cash and term deposits	19,180	255,696
CASH AND TERM DEPOSITS , beginning of year	<u>922,999</u>	<u>667,303</u>
CASH AND TERM DEPOSITS , end of year	<u>\$ 942,179</u>	<u>\$ 922,999</u>
CASH	\$ 210,556	\$ 154,026
TERM DEPOSITS	<u>731,623</u>	<u>768,973</u>
	<u>\$ 942,179</u>	<u>\$ 922,999</u>

See accompanying notes and schedules

CANADIAN ASSOCIATION OF PETROLEUM LANDMEN

NOTES TO FINANCIAL STATEMENTS

December 31, 2004 and 2003

NOTE 1 — OPERATIONS

The Canadian Association of Petroleum Landmen (the "Association") is a non-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.

NOTE 2 –ACCOUNTING POLICIES

The financial statements of the Association have been prepared by management in accordance with Canadian generally accepted accounting principles. Because a 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:

(a) Revenue

Memberships, conference and social fees and donations are recorded 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.

(b) Term deposits

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

(c) Inventory

Inventory consists of operating procedure manuals, surface leases, job classification handbooks, right-of-way agreements and other items for sale to members and others. Also included are bronze sculptures, prints, watches and pens purchased for distribution by various committees. Inventory is stated at cost, which is not in excess of net realizable value.

(d) Equipment

Equipment is recorded at cost. Equipment, computers and software are depreciated at 20% using the declining balance method.

(e) Unearned revenue

Registration fees, membership fees and deposits applicable to future periods are recorded as unearned revenue.

(f) Reclassifications

Certain prior year amounts in the financial statements and schedules have been reclassified to conform with the current year's presentation.

NOTE 3 – EQUIPMENT

	December 31, 2004		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Office and computer equipment	\$ 90,758	\$ 45,454	\$ 45,304
Computer software	<u>15,316</u>	<u>7,229</u>	<u>8,087</u>
	<u>\$ 106,074</u>	<u>\$ 52,683</u>	<u>\$ 53,391</u>

	December 31, 2003		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Office and computer equipment	\$ 114,769	\$ 65,023	\$ 49,746
Computer software	<u>12,316</u>	<u>5,583</u>	<u>6,733</u>
	<u>\$ 127,085</u>	<u>\$ 70,606</u>	<u>\$ 56,479</u>

NOTE 4 – CHANGES IN NON CASH WORKING CAPITAL

	<u>December 31, 2004</u>	<u>December 31, 2003</u>
Accounts receivable	\$ (31,848)	\$ 36,624
Inventory	5,423	(5,395)
Prepaid expenses	7,516	(5,457)
Accounts payable	(10,042)	(21,583)
Unearned revenue	<u>(4,965)</u>	<u>163,289</u>
	<u>\$ (33,916)</u>	<u>\$ 167,478</u>

NOTE 5 – FINANCIAL INSTRUMENTS

The fair values of the Company's financial assets and liabilities that are included in the balance sheet approximate their carrying value.