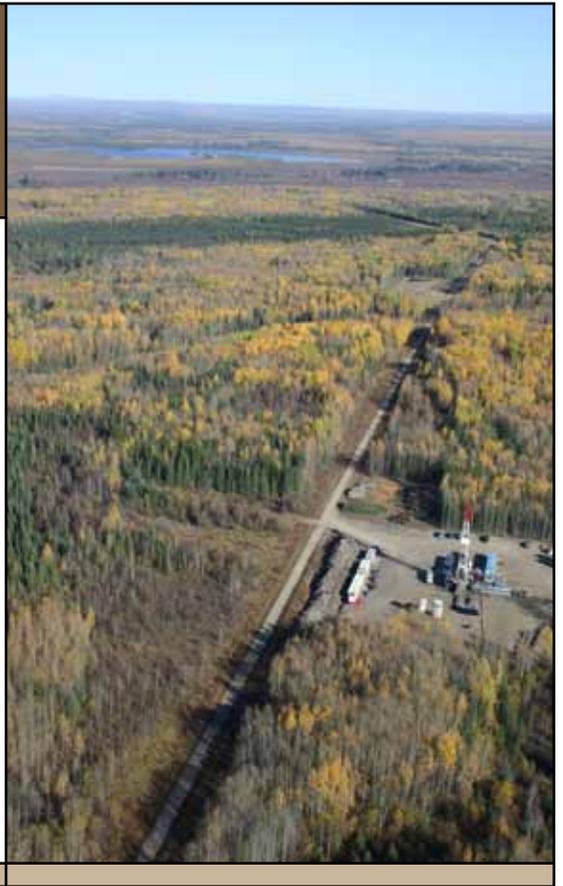




THE CANADIAN ASSOCIATION OF PETROLEUM LANDMEN

**2010
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 2010 Board of Directors

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

PRESIDENT

Dalton Dalik, P.Land

Mandate

The fundamental role of the CAPL President is to provide overall leadership to the Board of Directors, the Office Staff and thus the entire organization.

The President's term officially commences May 1st.

Effectively, however, the President's responsibilities begin immediately after 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 & General Meetings. The President is one of four 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 for the bi-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 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.

2010 Summary

The Energy Industry as a whole has been lagging far behind its detractors when it comes to educating the public with respect to its positive contributions to society while maintaining high standards of safety and environmental responsibility. The need for stepping up our Public Relations efforts was recognized by the 2010 Board. This portfolio now proactively co-ordinates with all the other CAPL portfolios to take advantage of every opportunity to inform and educate its members, stakeholders and the public at large.

Fiscal Responsibility was a theme carried on from the previous year due in large part to the down-turn in the Industry which had the CAPL projecting a large deficit budget to begin the year. Credit is due to all the Directors and the office staff for reducing and/or controlling their expenditures. Improvement in the economy was reflected in higher than expected revenues for both the Conference and Education. The overall result was a \$178,681 excess of revenue over expenses at year end. As pointed out by our auditor, Fiscal Responsibility is more than just a theme adopted by the 2010 Board it is a Fiduciary Duty owed to all of the Association's members.

I want to compliment Jim Moore (2010 Conference Chairman) and Colin McKinnon (2010 Conference Finance Chairman) together with their entire committee for setting the new standard for Fiscal Responsibility in the operation of a conference. I observed first hand how Jim's team made decisions. As the merits of each alternative were considered Colin had his ever-present laptop at the ready and input the numbers for each into his spreadsheet so the group could get an immediate read on the financial impact of the decision. It was brilliant, thank you very much to all of you!

The relationship between the CAPL and the AAPL was dramatically strengthened during 2010. Although the benefit of active relations between the two associations has always been there the recent growth in the unconventional energy sector of our industry has resulted in increasing numbers of landmen now working both sides of the Canada/US border. We have begun to explore how each association can benefit. Exchanging courses and seminar instructors is in the early stages of evaluation but preliminary indications are positive as 22 people attended a recent seminar on the AAPL Operating Procedure at the CAPL office. Rob Shultz of the AAPL's Education Committee presented his talk entitled Ethics, Professionalism and the Landman at our February General Meeting. Rob also contributed a similarly titled article that is to be published in the May 2011 Negotiator. Finally, our own Ted Lefebvre was named the AAPL Landman of the Year. In addition, Ted will be a guest speaker at the 2011 AAPL Conference in Boston.

I sincerely appreciate the significant contributions made by my fellow Directors, our office staff and all the Association's hundreds of volunteers. It has been an honour and a privilege to serve as your President in 2010.



VICE PRESIDENT

James Condon, P.Land

Mandate

Primary roles were to provide support for the President where requested, oversee the management of the Office and act as the Board's interface with the 2010 Conference Committee. Other duties included leading or participating in certain specific committees which included during my year, the Conference Governance Ad Hoc Committee.

2010 Summary

- Provided support for President as required including acting in his place where he could not attend. This included leading the 2010 Board Strategy meeting.
- Office was well managed in 2010 in which various pieces of equipment were upgraded. Staff was reasonably stable and while a firm plan was not finalized, succession planning was addressed.
- Preparations for the 2011 Conference were well underway by end of 2010 with initial major contracts either signed or being considered. These activities were underway generally within acceptable time lines. While financial results remain pending, the Conference was, by popular opinion, successful.
- Initial meetings of the Conference Governance Committee were held where key resource people were included. These activities transitioned in 2011 to the incoming Vice President who subsequently finalized a set of observations and recommendations.
- Addressed several issues which would be considered non-routine and participated in their eventual resolution.



FINANCE

John Covey

Mandate

The Finance portfolio is responsible for the financial affairs of the CAPL.

The Director of Finance works closely with the CAPL Office following the budget as set out by the Board of Directors. Monthly statements are reviewed and discussed. This ensures the variances are dealt with quickly and we stay within our budget goals.

2010 Summary

This year we were able to turn our finances around through a phenomenal tightening of expenses as they brought in over \$70,000 in savings.

- The Education Portfolio, General Meetings and the CAPL Conference were able to surpass their budgets and bring in additional revenues.
- In 2010 we had targeted a budget deficit of approximately \$57,000, but we actually had net earnings of approximately \$178,000.
- Our contingency fund which allows us to run as a first class organization is approximately at \$600,000 compared to \$414,000 a year ago.



BUSINESS DEVELOPMENT

Margaret Ariss

Mandate

Business Development was split into two portfolios in 2010: Oil Sands / Saskatchewan.

2010 Summary

- Oil Sands: CAPP Oil Sands Tenure Review Working Group, mandated to review with DOE the Oil Sands Tenure Regulations. DOE clarification / interpretation of what constitutes Minimum Level of Evaluation has resulted in significant change for industry. A sub-committee continues to work with DOE.
- CAPLA / CAPL P&NG Tenure Information Exchange was again well attended, New format of 2 day event allowed for a US, Manitoba and IOGC update in addition to Alberta, Saskatchewan and BC government updates.
- Saskatchewan Resource Sector Working Group continues to work toward e-tenure with Saskatchewan Government and ISC representatives.



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.

2010 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.



MEMBER SERVICES

Robyn Van den Bon, P. Land, PSL

Mandate

The Member Services Portfolio is mandated to work on initiatives which include promoting and administering of new member applications; administering of the insurance plan including critical illness and access to Best Doctors; maintaining the CAPL Roster; and Organization of the Merit Awards.

2010 Summary

- In 2010 the Membership Admissions Committee reviewed numerous applications for membership. In total 74 applications were approved for Active membership, 25 Associate and 35 Student. This year ended with a total of 1,760 members, comprised of 45 Life, 1,561 Active, 53 Associate and 101 Senior members.
- Each year the CAPL Merit Awards Committee reviews nominations for Outstanding Members and Companies which contribute to the CAPL and Community. For the 2010 Calendar year, there were six Merit Awards recommended and approved by the Merit Awards Committee and the Board of Directors.



EDUCATION

Jan McKnight

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 Trust Fund;
- the CAPL / PLM Mentoring Committee; and
- the CAPL Advisory Committee to the University of Calgary

2010 Summary

The Education Committee has been developing and delivering their suite of over 50 quality continuing educational offerings to the CAPL membership for many years. These seminars continue to be offered at rates as low as or lower than most other professional associations in the industry. The Annual Conference Education Program has become an integral part of the CAPL Conference, offering seminars on current topics. The Marketing Subcommittee has dedicated their efforts to the production of the annual CAPL Education brochure which is distributed each December to the membership.

The Scholarship Committee seeks out and assists the most deserving students currently enrolled in various post-secondary Land related programs across the province and selects 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. The Scholarship Fund takes pride in working with these future members of our profession to develop and secure their future success as Land professionals.

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. Within these relationships the students receive mentorship in real working environments, where students experience classroom principles being applied in real life. This program has helped many of these protégés to find full time employment within the oil and gas business.

The Education portfolio is also responsible for staying in contact with the various Post Secondary Institutions in the Province that offer Land programs. The CAPL offers advice and support to the program providers, in order to ensure a bright future for our profession and industry.

I would like to take this opportunity to thank all of the dedicated, hard working volunteers that serve on these committees.



COMMUNICATIONS

Margaret Ariss

2010 Summary

- Negotiator Magazine, published 10 time per year. This is one of the measurable benefits of CAPL Membership.
- The Committee strives to maintain the high quality of the publication. There is an inventory of advertising clients which helps offset costs.
- We have a large and willing group of volunteers who seek out feature articles, keep up on members on the move, the numerous CAPL activities and social events, and who proof read the magazine before we go to print.
- We continue to publish articles that represent the broad interests of Membership. We welcome editorial response to published articles.
- We continue to reduce mailing costs by having members access the publication on line.



PROFESSIONALISM

Nikki Sitch, P. Land, PSL

Mandate

The mandate of the Professionalism Committee is to increase recognition of landmen as professionals within the oil and gas industry and among stakeholders. The Professionalism Committee is responsible for professional designation programs (PSL® and P.Land®), the professional conduct of all members, and handling disputes and claims with regard to ethical issues.

2010 Summary

- New professionalism exam created by a committee of PSL® and P.Land® holders. The exam was updated to reflect changes to the Professionalism Manual and to expand the exam material to include Alberta, BC, Saskatchewan and Manitoba.
- Professional Development Guide was created and distributed in 2010 to raise awareness and to inform members and stakeholders. The PSL® and CAPL logos were trademarked.
- Ongoing changes being made to the Professionalism Procedure. Latest version approved at the May 2010 Board Meeting. Survey sent to membership relating to professionalism. The Professionalism Committee is working on additional changes based on feedback from members.
- In 2010, five individuals obtained their P.Land® and twenty obtained their PSL®
- The Ethics Committee continues to receive, evaluate, and handle ethics complaints involving CAPL members.



TECHNOLOGY

Robin Thorsen

Mandate

The Technology portfolio's mandate is to provide, maintain and continually update the CAPL website in order to provide a valuable service and source of information for our membership. Its overall goal is to make the website a key source of industry information by keeping it fresh and current with new tools, regular updates and improved functionality.

2010 Summary

- Added new tools including daily updated Market Information courtesy of FirstEnergy Capital, a V-Card under each member's profile for easy download of contact information into email contact lists, and got Google Analytics (a website user tracking tool) up & running creating monthly reports for us.
- Increased functionality by offering more online registration for more CAPL events with the help of our new API payment platform. Also became more efficient through the use of a new program which assists the CAPL office staff in sending out mass emails to the membership on important events.
- After a few years in the works, we focused our efforts to help finalize the CAPL online Ethics course so that it would be ready for a planned roll out in 2011.
- Made significant progress and continue to work on an HTML conversion of the CAPL Negotiator and changes to the website to make it more user friendly with regards to information related to the Membership, Professionalism, Business Development and Field Acquisition & Management portfolios.
- Continued with numerous, regular updates to the website to keep it fresh and current with industry related news and information. Some of the bigger updates included key items such as the annual CAPL Conference website and online membership renewals.



PUBLIC RELATIONS

Sally Jackson, P. Land

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 1700 members of our Association.

2010 Summary

- In 2010, the CAPL Booth was overhauled and revamped, making it much easier to carry to the various events and exhibitions the CAPL attends. These events include Agri-Trade in Red Deer, Agribition in Regina and the Calgary Stampede.
- The 2010 CAPL Calendar was again a great success! This year's theme was, "Corporate Social Responsibility" and it highlighted the industry's commitment to community involvement and educational initiatives.
- 2010 marked the first publication of the new annual feature, Energy & Agricultural Land Connection. The 2010 edition was very well received by industry and the agricultural community.



SECRETARY / SOCIAL

Gloria Boogmans, P. Land

Mandate

The Social portfolio serves to provide our members and guests with an opportunity to meet new members, expand existing contacts and build stronger relationships in a fun, relaxed atmosphere. Attendance at the various social events also allows members to interact with sponsors on a personal level and to thank them for their generous support and contribution to the success of these functions.

2010 Summary

- My personal thanks to the numerous volunteers who continue to share their gifts of wisdom, time and energy. Your efforts are truly appreciated.
- Successfully organized and delivered eight first class activities which were well attended.
- Continued to provide our members with diversified, well balanced activities which appealed to a wide cross-section of interest and skills of our members.
- During the 2011-2012 year we are planning to include a 'family oriented' activity.



SPECIAL EVENTS

CAPL Conference

Jim Moore P. Land

Mandate

After a very challenging 2009 CAPL Conference, the mandate was to have a financially successful 2010 conference in a nearby venue that would hopefully entice a larger delegation than was able to attend the year before due to the marked economic downturn.

2010 Summary

- The conference was a tremendous financial success due to tight budgeting and a very successful marketing campaign.
- Kelowna and the Delta Grand Hotel turned out to be the perfect venue for a conference coming out of the economic malaise that began in 2008. The number of delegates soared past the budgeted number and required contracting two additional overflow hotels.

- The program built on the theme of “Resiliency” delivered a number of excellent keynote addresses by notables such as: Economist Jeff Rubin, Assistant Deputy Minister Graeme McLaren and motivational speaker Mike Lipkin. The delegation was also wowed by Olympians: Jon Montgomery, Ashleigh McIvor and Clara Hughes.
- The educational component of the conference was beefed up with an offering on Tuesday in addition to the two seminars on Sunday prior to conference registration.
- The weather cooperated and everyone enjoyed a varied slate of activities in the Okanagan sunshine. For the first year ever, a very well received CAPL Conference Cup was organized involving all delegates in a competition which culminated in an award ceremony and a Cup Champion being named at the Chairman’s Ball.

CAPL/PLM Mentoring Committee

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.



2010 Summary

- Our committee was able to recruit 12 Landmen to act as mentors for those students majoring in the Petroleum Land Management Program at the Haskayne School of Business. These students will graduate in the spring of 2012.
- 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 contribution to the program and to welcome the graduating class of 2012 to the land industry.
- We are continuing to attempt to make our program even better and have initiated plans to host an additional networking event for the upcoming school year.

4-H / Steer Sponsorship

Terry Cutting

Mandate

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 six 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 provide a greater understanding out in the community of what the CAPL represents.



2010 Summary

- CAPL continued its support and contribution to the 4-H Foundation and the Calgary Stampede in 2010 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 2010 fundraiser, enabling CAPL to donate \$12,500 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 six years CAPL has helped raise \$60,500 for the 4-H Foundation.
- CAPL plans to continue its support of this worthwhile cause for the seventh successive year in 2011.



Merit Awards

Larry B. Buzan, P. Land

Mandate

Each year the CAPL honours its own and recognizes the terrific contributions made by both its members and adherents, individually and corporately, in a variety of ways for exemplary donations of time, personal involvement, excellence in character and in the tradition of the CAPL - examples, to both the membership and the communities in which we all live and work, of professionalism and volunteerism. This year’s event was a dual event - CAPL Merit Awards and a special speaker - at the Westin Hotel on Wednesday, May 11, 2011. This was also the first business meeting of the new CAPL Board of Directors, and was led by our new President Jim Condon.



2010 Summary

Herb Hughes Memorial Award - The highest and most prestigious award of our Association and is intended to give recognition to a member who has made outstanding contributions to our Association and the oil & gas industry; and whose professional conduct is exemplary. The 2010 recipient of this award is Ron Vermeulen. Mr. Vermeulen’s past and current support of the Association, volunteerism, professionalism and contributions to our communities are an example to us all.

Award of Merit - The 2010 recipient is Suzanne Stahl of the Award to CAPL Members who have made significant contributions to the Association by their participation on committees and in special events during 2010. Ms. Stahl is a past recipient of this same Award and a tireless contributor to our Association.

Bright Lights Award - The 2010 recipient is Brad Reynolds of the Award to a member of CAPL whose membership has been for less than five years, and who has demonstrated enthusiasm, energy and a willingness to make a positive contribution to our Association. Mr. Reynolds has been an author of our Association’s Professionalism Guide, and contributor to many committees.

Friends of CAPL Award - Maranda Reprographics & Printing and Bennett Jones LLP are both 2010 recipients of this Award made to companies or individuals that have made significant contributions to our Association. Both firms demonstrated their support of the CAPL with consistent and voluminous amounts of professional advice and labour.

Volunteer Supporter Award - The 2010 recipient is Devon Canada Corporation which is awarded to one company that has actively encouraged its employees to get involved in our industry and Association. Devon’s employees represented our Association with two CAPL Directors, the 2012 Conference Chairperson and numerous volunteer supporters.

Congratulations to all!

FINANCIAL STATEMENTS

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, 2010, and the statements of revenues and expenditures, 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, 2010, 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 5, 2011

Balance Sheet

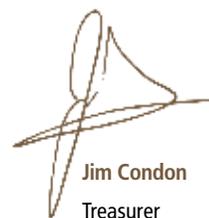
Year Ended December 31	2010	2009
ASSETS		
CURRENT		
Cash, including US \$3,274 (2009 - US \$2,757)	\$ 276,586	\$ 96,136
Term deposits, including US \$30,895 (2009 - US \$30,853)	561,335	561,073
Accounts receivable	10,061	18,302
Goods and services tax recoverable	34,200	629
Inventory	40,092	37,500
Prepaid expenses	50,353	62,385
	972,627	776,025
EQUIPMENT (Note 3)	34,337	31,227
	\$ 1,006,964	\$ 807,252
LIABILITIES AND MEMBERS' EQUITY		
CURRENT		
Accounts payable and accrued liabilities	\$ 46,408	\$ 115,247
Deferred revenue	367,296	277,426
	413,704	392,673
MEMBERS' EQUITY	593,260	414,579
	\$ 1,006,964	\$ 807,252

COMMITMENTS (Note 9)

On behalf of the Association



Dalton Dalik
President



Jim Condon
Treasurer

Statement of Revenues and Expenditures

Year Ended December 31	2010	2009
REVENUES		
Annual meeting and conference	\$ 639,615	\$ 367,739
Education seminars (net of subsidy totalling \$42,185, 2009 - \$55,640)	442,592	366,910
Membership dues	440,935	440,256
Social events	170,498	165,490
Advertising	105,800	93,155
Meetings	103,638	89,792
Sale of forms	48,387	17,236
Public relations	26,585	51,050
Technology	13,567	13,100
Professionalism	11,225	38,360
Member services	8,745	7,495
Interest income	2,648	5,515
Field services	202	487
	2,014,437	1,656,585
EXPENDITURES		
Annual meeting and conference	534,460	518,032
Education seminars	297,272	355,579
Meetings	224,533	299,410
Social events	183,730	175,983
Communications	168,759	253,008
Member services	153,684	158,916
Treasury	84,694	71,476
Executive	51,763	57,070
Cost of forms	48,800	25,634
Professionalism	35,946	96,929
Technology	26,058	38,962
Field services	18,772	21,668
Amortization	7,285	7,774
Donations	-	300,000
	1,835,756	2,380,441
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FOR THE YEAR	\$ 178,681	\$ (723,856)

Statement of Members' Equity

Year Ended December 31	2010	2009
BALANCE – BEGINNING OF YEAR	\$ 414,579	\$ 1,138,435
(Deficiency) Excess of revenues over expenditures	178,681	(723,856)
BALANCE – END OF YEAR	\$ 593,260	\$ 414,579

Statement of Cash Flow

Year Ended December 31	2010	2009
OPERATING ACTIVITIES		
Excess (Deficiency) of revenues over expenditures for the year	\$ 178,681	\$ (723,856)
Item not affecting cash:		
Amortization of equipment	7,285	7,774
	185,966	(716,082)
Changes in non-cash working capital:		
Accounts receivable	(26,643)	45,755
Inventory	(2,592)	2,727
Prepaid expenses	12,032	(395)
Accounts payable and accrued liabilities	(67,526)	64,529
Deferred revenue	89,870	(81,751)
	5,141	30,865
Cash flow from (used by) operating activities	191,107	(685,217)
INVESTING ACTIVITY		
Purchase of equipment	(10,395)	(261)
Cash flow used by investing activity	(10,395)	(261)
INCREASE (DECREASE) IN CASH FLOW	180,712	(685,478)
Cash and term deposits - beginning of year	657,209	1,342,687
CASH AND TERM DEPOSITS – END OF YEAR	\$ 837,921	\$ 657,209
CASH CONSISTS OF:		
Cash	\$ 276,586	\$ 96,136
Term deposits	561,335	561,073
	\$ 837,921	\$ 657,209

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 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, firstout 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

			2010 Net book value	2009 Net book value
	Accumulated Cost amortization			
Office and computer equipment	\$ 126,464	\$ 94,284	\$ 32,180	\$ 29,205
Computer software	15,316	13,159	2,157	2,022
	\$ 141,780	\$ 107,443	\$ 34,337	\$ 31,227

4. Allocation of Office Expenses

The Association's cost of office operations totaled \$377,600 (2009 - \$394,118). 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:

	2010	2009
Annual meeting and conference	\$ 37,760	\$ 39,520
Education seminars	135,936	141,191
Meetings	15,104	15,808
Communications	15,104	15,808
Public relations	15,104	15,808
Social	15,104	15,808
Member services	52,864	55,327
Professionalism	15,104	15,808
Treasury	15,104	15,808
Executive	15,104	15,808
Technology	15,104	15,808
Cost of forms	15,104	15,808
Field services	15,104	15,808
	\$ 377,600	\$ 394,118

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 \$5,500 (2009 - \$137,000) to the Fund. The amount is included in Education expense on the Statement of Revenues and Expenditures.

The transactions described above are measured at the exchange amount – the amount of consideration established and agreed to by the related parties.

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 \$593,260 (2009 - \$414,579).

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 bylaws. As at December 31, 2010 \$97,825 (2009 - \$55,640) had been used.

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, 2010, US dollar denominated cash amounted to US \$3,274 (2009 - US \$2,757) and US dollar denominated term deposits amounted to US \$30,895 (2009 - US \$30,853). 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 \$85,000.



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