

January 26, 2017

2017 CAPL Property Transfer Procedure

We are pleased to distribute the materials associated with the second industry draft of the 2017 CAPL Property Transfer Procedure. This package includes: (i) an overview of the project scope and the major changes; (ii) a detailed matrix that outlines all material changes and their rationale; (iii) the text and annotations; (iv) a coded comment matrix that presents the verbatim comments we received and our responses to each comment; (v) a redline relative to the July draft; and (vi) a redline relative to the 2000 PTP that shows the thought and effort that has gone into the updated document. You can obtain a facing page presentation of the text and annotations by printing the PDF in a double-sided format.

This update reflects the need to modify the 2000 document based on industry's experiences. It also reflects a major change in focus, as the PTP is now designed around the typical "vanilla" low to modest value transaction for which users want to optimize transaction efficiencies (e.g., undeveloped lands deals). The overview document and the matrix of changes elaborate on the changes in a user friendly format. Reviewing those documents first will simplify your review effort materially because of the context that they offer. The changes reflect four other major factors.

- The need to address specific issues associated with evolving business needs, such as an increasing number of deals involving undeveloped lands and small synergistic transactions to complement an existing asset base.
- Legal influences (i.e., court cases and other changes in the legislative and regulatory environment).
- The use of "plainer language" principles to make the document more accessible to users.
- A major expansion of the annotations as a reference tool for users of all experience levels.

The length of the draft may initially be a concern. The subdivision of longer provisions has simplified the document, and the addition of new content has increased the depth and breadth materially relative to the 2000 document. As users routinely include a schedule of elections, we believe that the benefits of enhanced coverage and clarity in this new "car manual" more than offset any negative impact of the increased length in practice. You can see the potential for enhanced efficiencies by looking at the sample agreements in the Addendums.

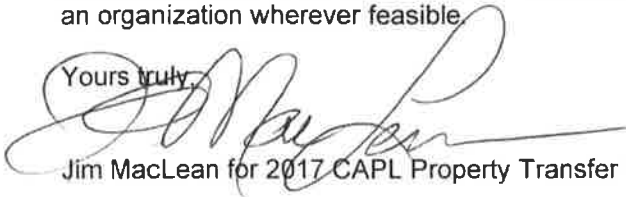
We believe that your investment of time with this draft will provide you with many new insights on both the document and improvement opportunities for your own precedent. We believe that it will confirm that the major effort to date has caused the document to be a polished draft with many positive changes, something you can assess by looking at how it addresses some of the concerns you may have had with the 2000 document. We also believe that there are a number of the changes that you may wish to implement immediately for new transactions.

At the same time, our experience with industry standardization initiatives has demonstrated convincingly the major improvements that can result from industry's comments, as shown by the comments received on the first draft and our responses to them. We hope that you choose to influence the document by providing your feedback to us.

Our intention is to finalize the document in 3Q2017, so that it is available for use in the fall of 2017. We would appreciate your comments by April 12th, so that we are able to issue the third draft in the spring.

Please send your comments in an electronic format to me at Repsol (jmaclean@repsol.com), so that they can be used to populate a comment matrix. To simplify our task of managing comments and to minimize the potential for inconsistent responses from within an organization, we would prefer to receive a single coordinated response from an organization wherever feasible.

Yours truly,



Jim MacLean for 2017 CAPL Property Transfer Procedure Committee