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## Operator Survey Questionnaire

### Industry Reviews the Surface Land Compensation Database

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## Introduction

The Surface Land Compensation Database (“the DB”) ([www.wdmarriott.com](http://www.wdmarriott.com)) is currently undergoing a comprehensive review by the industry as represented by the largest drilling operators. The main supporters and sponsors of the DB have requested a review of the objectives, principles, and operation of the DB. The purpose of this review is to determine what (if any) improvements can be made to the DB to increase its acceptance and participation or whether the ongoing operation of the DB can be justified. In addition, the review will do a formal survey of operators and brokers (if necessary) to determine their views on surface compensation issues, policies and practices and whether they feel the DB and aggregate analysis will help in addressing those issues. This document is the formal survey questionnaire for operators. The results of the survey will not identify company names.

While the views expressed in this survey are obviously not binding we still feel they would give us a clear indication of industry opinion and thus will help decide the best way forward.

On the first page we request that you provide your company name as we are trying to answer the question as to how much of industry activity is covered by the DB. While we have access to company drilling statistics they are not broken down by whether the surface is freehold or Crown. Nor do we know how many wells (eg a pad site) may be covered by a single surface agreement.

Please indicate if you are prepared to authorize your brokers to provide data starting today. This is a simple matter of downloading the authorization letter from the website and sending it to your brokers. Also a common question is; who is supplying data to the DB? Would you mind if your company was identified as either supplying data or not supplying data?

The rest of the survey can be completed anonymously.

## Company Specific Survey

Company Name: \_\_\_\_\_

Contact Name : \_\_\_\_\_

Contact Phone : \_\_\_\_\_

1. What percentage of total 2009 drilling was on freehold surface: \_\_\_\_\_%  
(includes Crown with occupant)
2. What percentage of 1) had unique surface leases behind them: \_\_\_\_\_%  
(eg. 10 wells, 4 single well leases, 2 – 3 well pads = 4+2 or 60%)
3. What % of your surface takings are done by brokers: \_\_\_\_\_%
4. Do you agree to supply your company’s AB and SK data starting today: \_\_\_\_\_(y/n)
5. If your company decides to supply data, would they mind being identified as such on the website: \_\_\_\_\_ (y/n)
6. If your company decides not to supply data would they mind being identified as such on the website: \_\_\_\_\_(y/n)

## General Survey (may be detached from the first page of the survey)

### Underlying Fundamentals

“As we all should know, going to the Surface Rights Board and other tribunals is getting more difficult, costly and risky in this environment, and so we agents have to be even more prepared for the questions we are getting and more prudent in the decisions we are making in the field. One or two bad deals can change a rate or pattern in an area because landowners are communicating better than we are. So let’s all do our research, talk to one another and see if we can collectively improve the perception of our business and the oil and gas industry in general out in the communities in which we operate.”

IRWA Surface Rights Committee, Newline, Nov 2005

7. Do you agree with the IRWA position on pricing/research?
- |   |            |               |
|---|------------|---------------|
| ■ ‘Even more preparation’ is needed             | Agree_____ | Disagree_____ |
| ■ ‘More prudent decisions’ - too many bad deals | Agree_____ | Disagree_____ |
| ■ A few ‘bad deals’ change patterns             | Agree_____ | Disagree_____ |
| ■ Landowners communicating better               | Agree_____ | Disagree_____ |
| ■ ‘Let’s all do our (price) research’           | Agree_____ | Disagree_____ |
| ■ Industry communication is paramount           | Agree_____ | Disagree_____ |
| ■ This is a ‘collective’, co-operative venture  | Agree_____ | Disagree_____ |
8. Which do you think is the most effective price research method? (pick one)
- Word-of-mouth alone : \_\_\_\_\_
- DB alone : \_\_\_\_\_
- DB plus word-of-mouth : \_\_\_\_\_
9. Do you agree with the DB objectives: Market efficiency: \_\_\_\_\_(y/n)  
Research efficiency: \_\_\_\_\_(y/n)
10. Do you agree with the DB principles:
- |  |            |               |
|--|------------|---------------|
| ■ Landowners compensated for losses        | Agree_____ | Disagree_____ |
| ■ Use heads of compensation                | Agree_____ | Disagree_____ |
| ■ Equal treatment for all landowners       | Agree_____ | Disagree_____ |
| ■ Full disclosure; all leases, all details | Agree_____ | Disagree_____ |
| ■ Professional approach                    | Agree_____ | Disagree_____ |
| ■ Industry Co-operation                    | Agree_____ | Disagree_____ |

### Compensation Policy

11. Does your company have a recommended compensation approach for:
- In-house takings: \_\_\_\_\_(y/n)
- Broker takings: \_\_\_\_\_(y/n)
12. Which best describes your approach to determine compensation? (pick one)
- Fundamentals – empirical: \_\_\_\_\_
- Survey ‘going’ rates: \_\_\_\_\_
- Detailed comparable review: \_\_\_\_\_

13. What is your company policy on 'extra' payments? (pick one)  
Contained on the lease document as 'other': \_\_\_\_\_  
Side payment not summarized on the lease: \_\_\_\_\_
14. What is your company's approach to rent reviews? (pick one)  
Notification letters not sent: \_\_\_\_\_  
Letters sent, wait for landowner to request review: \_\_\_\_\_  
Automatically increase rent on review date: \_\_\_\_\_
15. Which best describes your approach to determine new rent rates? (pick one)  
Fundamentals – empirical: \_\_\_\_\_  
Survey 'going' rates: \_\_\_\_\_  
Detailed comparable review: \_\_\_\_\_

## Data Management

16. Does your company use Surface project management software: \_\_\_\_\_(y/n)  
If so, what software do you use?  
iLand's Tracker: \_\_\_\_\_ (y/n)  
Other (name): \_\_\_\_\_
17. Do you capture lease compensation details on in-house data systems: \_\_\_\_\_ (y/n)  
If so, what system do you use?  
CS Explorer: \_\_\_\_\_ (y/n)  
Other (name): \_\_\_\_\_

## Issues

18. Do you think the legitimate DB concerns can be solved: \_\_\_\_\_ (y/n)  
If no, which issues are fatal to your use of the DB?  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
19. Of all the industry issues facing industry please list the most important:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
20. Do you think the aggregate DB analysis can be useful to help solve the above issues:  
\_\_\_\_\_(y/n)
21. Would a subscription to the DB be more appealing if it included quarterly meetings with all subscribers to review trend or other aggregate analysis: \_\_\_\_\_(y/n)?
22. Would the DB be more appealing if it were governed more directly by the users or the administration handled by one of the trade associations: \_\_\_\_\_(y/n)?