



December 2022 Director's Report to LAND

Savannah, GA – December 11, 2022

Kate Black, Director, Landman's Association of North Dakota

Our 4th Quarter AAPL Meeting was held in Savannah, GA on December 11, 2022. If a newspaper headline were to summarize the events of the meeting it would read, "AAPL Leadership Strategizes Return to Balanced Budget". Assuming most in our business believe in fiscal conservatism, this headline might be troubling – but before you jump to conclusions, here's some context:

The AAPL's membership count has fallen to 10,861 in 2022 from a pre-pandemic 2019 membership count of 14,954. Reasonable assumptions might attribute this to a shift in the industry, away from years of hasty leasing plays and large acquisitions, and more recently, the drop in oil prices and oil activity due to the Covid Pandemic forcing some landmen to exit the industry. Though membership has shrunk from it's high, the AAPL is still providing a high value to its members through education, certification, industry and political advocacy.

NAPE is AAPL's largest source of income. NAPE was cancelled in 2021 and had a smaller-than-usual attendance in 2022. The lack of NAPE income, coupled with reduced membership dues has led to an ornery budget that is proven challenging to balance – as most of our discussion at the Q4 meeting was aimed at refining.

Lastly, it's important to consider that the AAPL has investments valued at \$30.3 Million as of December 2022. This investment account is down -21.5% due to losses in investment value (to be expected with the change in the stock market) and drawing from the principal to cover operating costs that were unable to be covered by the AAPL's income in 2022.

The AAPL's strategy to return to a balanced budget is twofold. Increase income, decrease spending.

Some ways the AAPL is looking at reducing their spending is a reduction in staff, streamlining of resources and re-assigning some committee responsibilities from AAPL staff to member volunteers.

The AAPL is optimistic that the 2023 NAPE will return to it's pre-pandemic income generating levels. The NAPE committee is meeting regularly to brainstorm new ways to make NAPE bigger and better and also

evolve with the evolution of our industry. Please encourage your colleagues to register and attend NAPE, as this event is an incredible opportunity to network and is vital to the health of the AAPL's income. Another consideration on the table is raising membership dues to \$195 and tightening eligibility requirements for "Senior Membership" which grants qualified members a discount. Increasing the membership dues would result in an increase in dues income of \$400,000 which would assist in closing the gap.

As you can see, AAPL leadership is tediously working towards a balanced budget for 2023 in an effort to avoid approving a budget deficit as it did in 2022. If you'd like more information of this, please reach out to me and I'll provide you with any further information I might have and certainly do welcome your feedback as a member of LAND and the AAPL.

A few other topics of interest that were discussed at the December Meeting:

- Forms can now be downloaded on the AAPL website in Word format, as the AAPL has ended their contract with Contract Center.
- The AAPL is looking for Mentors and Mentees for their Mentorship Program. If you are interested in taking part, contact committee chair Doak Worley at doak.worley@hayslaw.com.
- The AAPL is exploring the gifting of private minerals to its foundation to provide for long-term income streams from benefactors who'd like name the AAPL in their estate plans or otherwise give philanthropically to the AAPL.
- 2024 Annual Meeting is slated for Boston and three other sites (Kansas City, Salt Lake City and Grand Rapids) are being considered for the 2025 Annual Meeting.