

# Ethics & Business Integrity



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An ethics are the foundation for improving business integrity as a landman.

A competitive environment requires integrity.

Landmen are often the face of their industry.

This material gives you the foundation to articulate your values and defend the integrity of your profession.

Under all is the land. Upon its wise utilization and widely allocated ownership depend the survival and growth of free institutions and of our civilization.

...In the area of human endeavor involving trading under competitive conditions, ethical standards for fair and honest dealing can be made increasingly meaningful by an association organized and dedicated not only to the definition, maintenance and enforcement of such standards but to the improvement and education of its members...

- A.** Fair and honest dealing with landowners, industry associates and the general public so as to preserve the integrity of the profession (Article XVI, Section 1);
- B.** Adherence to a high standard of conduct in fulfilling his fiduciary duties to a principal (Article XVI, Section 2);
- C.** Avoiding business activity which may conflict with the interest of his employer or client or result in the unauthorized disclosure or misuse of confidential information (Article XVI, Section 2);
- D.** Performance of professional services in a competent manner (Article XVI, Section 2);
- E.** Adherence to any provisions of the Bylaws, Code of Ethics, or any rule, regulation, or order adopted pursuant thereto (Article V, Section 9);
- F.** Avoiding the aiding or abetting of any unauthorized use of the title “Certified Professional Landman,” “Registered Professional Landman,” “P.Land” or “CPL/ESA” (Article V, Section 9); and
- G.** Avoiding any act or conduct which causes disrespect for or lack of confidence in the member to act professionally as a land professional (Article V, Section 9).

Land ethics and business ethics are both relevant for Landmen to preserve and defend their business integrity.

Business ethics are guiding principles on how we conduct business.

- Trust
- Responsibility
- Morality
- Honesty
- Loyalty

Land ethics are guiding principles on how we use land.

- Utilitarianism
- Moral Relativism
- Natural Law
- Virtue
- Deontology

Utility underpins wise use and widely allocated ownership of land – AAPL

**Utilitarianism:** Land use that results in the greatest happiness for greatest number of humans is an ultimate end.

- **Jeremy Bentham** – morally appropriate behavior will increase utility
- **John Locke** – limit ownership to what is needed, what can be used, and what you can exert labor on
- **John Stewart Mill** – greatest happiness for greatest number of humans is an ultimate end

**Moral Relativism** – What is good, or right is only relative to some particular standpoint.

**Natural Law** – What is right or wrong is inherent in people and pre-exists any society or state.

**Virtue** – What is good, or right is based on the consequences of an act.

**Deontology** – Whether an act is good or correct is based on the act itself rather than the consequences of the action.

How is land used? Productively?

How individuals own land matter.

How they share...

How's it is conveyed...

How it is disputed...

Private ownership increases and promotes utility.



Private land ownership is new. Ancient tribes lived agrarian and communal.

Man in the state of nature: land shared by everyone. Private property begins when we remove from the commons.

Land nourishes humanity from the beginning of time. Tribes existed in America 10,000 years ago.

Colonized by western culture. Surveyed west, land grants and common law.

Why does private ownership of land mean highest and best use?

Private property owners add value to land by developing in a competitive environment.

**Adam Smith** –Wealth of Nations, Invisible hand if the market. Land is the basis of all wealth.

Entrepreneurs as private landowners: Resourceful, creative, take risk, create jobs and wealth, increases standard of living, growth of our society

Trading land under competitive conditions will increase utility.

Modern government is founded on the protection of liberty and property from oppression and exploitation.

Feudalism...

English Common Law...

Property Law...

Checks and Balances...

Trading land ownership under competitive conditions will increase utility.

**The Golden Rule** of negotiations - eye for an eye, treat others as you want treated; act in good faith.

**Hindu, Hitopadehsa (2000BCE)**

**Bible, Mathew 7:12, Leviticus 19:18 (100AD)**

**Confucius (500AD)**

Zero Sum vs. Win win

Conflicts of interest: Addressed in AAPL Standards of Practice

Agency/Fiduciary

The majority of natural resource development in 21st century focuses on non-renewable resources used in energy production.

US and Canada only countries where private citizens can own natural resource estates. Owning land to the center of the earth is unique to America.

Development of these resources can make energy affordable and reliable. Energy lifts people out of poverty. Increases wellbeing of civilization.

## **Bundle of sticks**

Oil

Gas

Coal

Geothermal

Biofuel

Nuclear

Wind

Solar

<https://www.eia.gov/>

Conservation is utilitarian. Conservation is prudent behavior. Waste is immoral.

**Roosevelt** - Biggest US conservationist

**Thoreau** - Nature is wisdom

**Leopold** - Protect land for humans from humans

**Muir** - Father of National Parks, Monuments, Wilderness

We need a better PR message when developing land. Point to ironies.

New technology reduces impact on land.



Participation in your community promotes the integrity of your profession.

- Participate in democratic use of land.
- Get engaged, volunteer.
- Neighborhood HOAs, local boards, civic organizations
- Know the importance of land in the creation of affordable & reliable energy

- Requires support from peers and management
- Expectations need to be made clear
- Training must be required
- All stakeholders should be made aware of standards
- There must be enforcement of codes and standards



Principles that define acceptable conduct in business.

Written Codes or Standards - AAPL

Organizational Culture - AAPL

**Fairness and Honesty** – Values of decision makers

**Conflict of Interest** – choosing whether to advance personal interest over others

**Communications** – false or misleading information

**Business Relationships** – ethical treatment of people inside and outside the organization

## Top Reasons Misconduct is not Reported

1. Didn't have confidence in corrective action
2. Fear of Retaliation
3. Lack of anonymity
4. Left if to someone else to report
5. Didn't know how to report

- Stand for something, know your core values, articulate your interpretation of a utilitarian land ethic
- Defend and preserve the integrity of your profession with those core values
- Work to protect private property rights
- Remember the Golden Rule when negotiating
- Avoid waste
- Be involved in community organizations, sit on a board
- Report misconduct