

# Faces of oil industry aren't always big corporations

**Brian Bullock, Lompoc Record, 8-24-14**

Karen Sherrill is a widow who lives alone in a nice modular home park in Orcutt. She recently retired from a job with a local travel company. And like a number of people, she supplements her income with money she receives from a local oil company which leases her mineral rights.

Because she relies so much on her lease checks from Greka Energy, she's concerned about Measure P and how it could affect her income. The voter-driven initiative to ban oil extraction methods of hydraulic fracturing, better known as fracking, cyclic steaming and well acidization in Santa Barbara County is on the November ballot.

A group called the Santa Barbara County Water Guardians formed earlier this year specifically to gather enough signatures to put the controversial measure on the ballot. The group's stated aim is to protect the county's air and water from pollution it says is caused by such enhanced oil extraction methods.

## **A bigger picture**

Sherrill said recently, in an interview at her home, that when people go to the polls she hopes they know that there's more at stake than just the future of big oil companies.

"It starts with us, just common people. I'm 78 years old and a widow. I can't live on Social Security. I need our lease money to survive," said Sherrill, whose husband Frederick Sherrill died in 1996.

Frederick's lineage traces back to some of the Santa Maria Valley's pioneering families, and his great grandmother, Grace Thornburgh Adam, owned property now farmed by Driscoll Berries. But when the family parted ways with the surface property, it maintained the mineral rights to the land.

Ed Hazard has a similar story. His family owns the mineral rights to 248 acres near Garey, southeast of Santa Maria, which PetroRock LLC is seeking to tap. The company's North Garey project is in the Cat Canyon oil field and Hazard's family owns the mineral rights to land where 12 of the wells are proposed to be located.

He said the field, previously operated by Texaco, has been idle since 1990. The recent interest in reopening old fields got him involved with the National Association of Royalty Owners, an organization with 10 chapters covering 17 states. The newest is in California which Hazard serves as president and director.

## **Many are elderly**

NARO estimates there are between 8.5 million and 12 million Americans who receive royalties from the exploration and production of minerals. Hazard said around 500,000 of those are in California and most of them are 60 years old or older, and female.

"In my family, the majority are over 60 and widowed. Three are over 80," he said. "It's a demographic that hasn't been represented."

The California chapter of NARO recently held its first meeting at the Santa Maria Radisson. The group was only chartered in October 2013. Its aim was to educate royalty owners about their rights.

"We had around 100 people. About 90 percent were mineral owners and there was a lot of grey hair in the crowd," Hazard said.

Over the years, the Sherrills leased their mineral rights to several companies including Unocal, Sava Energy and Greka Energy, and the money has helped their family in many ways.

"It's brought income to everyone in the family. It helped put my daughter through college," Sherrill said of her daughter, Samantha Ann Raymond. "If we still have it, it will put her daughter through college, too."

Sherrill said her brother-in-law, Ronald Newark, also supplements his Social Security checks with lease income.

### **Private ownership**

Santa Maria Energy writes around 80 royalty checks each month to mineral rights owners, according to Bob Poole, government and public affairs manager.

Hazard said its people like he and Sherrill who represent the majority of mineral rights owners in the United States.

"Seventy percent of oil and gas reserves in this country are owned by private citizens," he said, adding the United States is unique in the world in this regard.

He also said he is concerned that if Measure P is approved, even though the initiative's language allows the county to provide exemptions to existing operations, it will eventually end oil production in the county.

He said the nature of the business requires companies to continually apply for county permits which could be denied because of the measure. He said proponents of the measure are gaining support for it by capitalizing on the anti-fracking hysteria.

"They don't frack in Santa Barbara County. We do need to steam and we do need to do well maintenance," he said, referring to the acidization process. "These techniques they're talking about eliminating are time tested and highly regulated."

### **Lawsuits inevitable**

Hazard said if Measure P is approved, he wouldn't have any choice but to sue the county for taking his family's mineral rights.

"We're being put into the unenviable position to sue the county we love," he said. "The only way for all of the citizens of Santa Barbara County to win is for Measure P to lose.

"I love alternative energy. Wind and solar is a great way to conserve our most precious resource, our most valuable resource, our most versatile resource."

Katie Davis, one of the organizers of the Santa Barbara County Water Guardians, points to the hundreds of communities that have approved some kind of anti-fracking stance, and said that threats of lawsuits over anti-fracking legislation haven't proven out.

"Contrary to what industry is saying it doesn't prohibit them from getting maintenance permits. It allows them to apply for maintenance permits," she said. "There has been some misunderstanding about the breadth of the measure. If somebody reads the entire measure they'll see it does not apply to current operations."