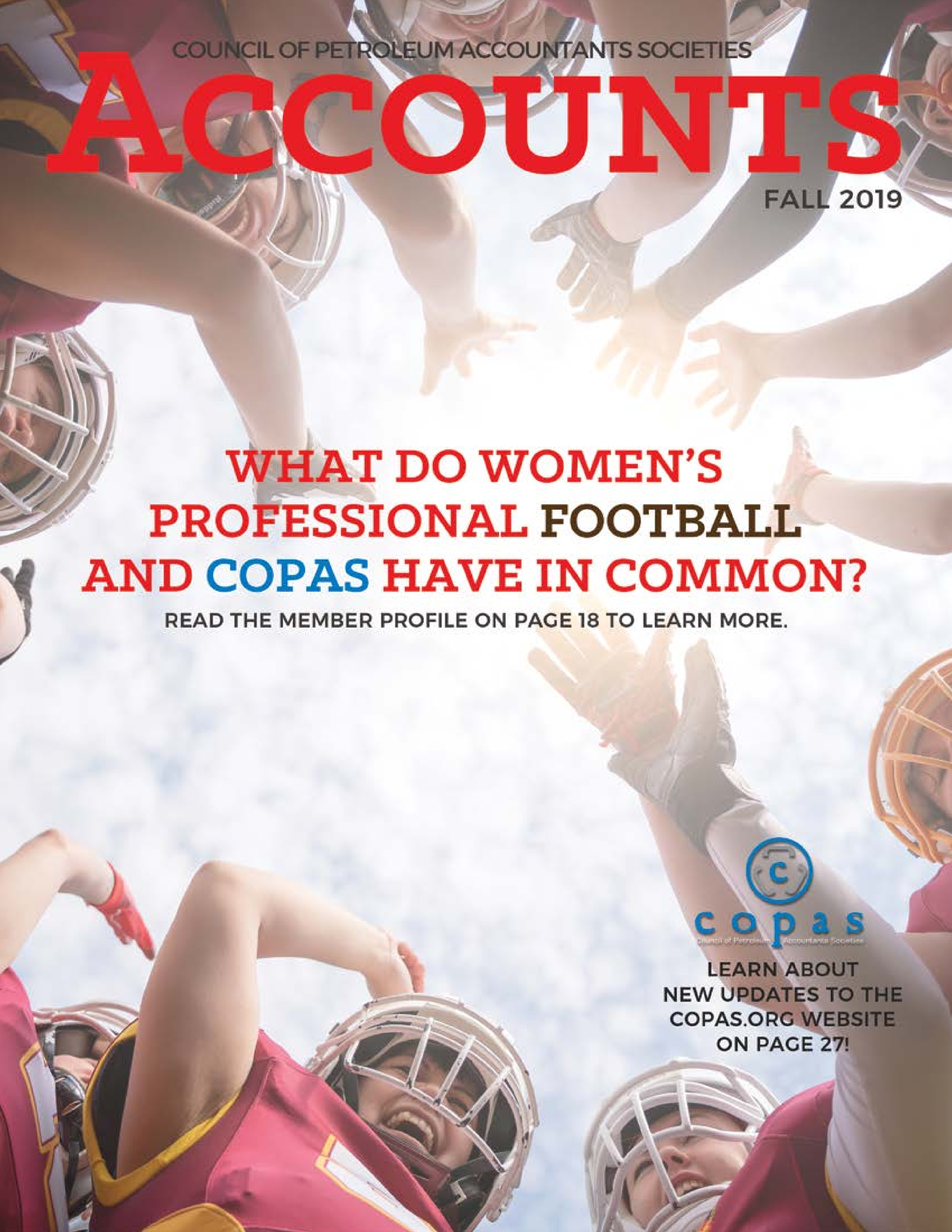

COUNCIL OF PETROLEUM ACCOUNTANTS SOCIETIES

ACCOUNTS

FALL 2019

WHAT DO WOMEN'S PROFESSIONAL FOOTBALL AND COPAS HAVE IN COMMON?

READ THE MEMBER PROFILE ON PAGE 18 TO LEARN MORE.

LEARN ABOUT NEW UPDATES TO THE COPAS.ORG WEBSITE ON PAGE 27!

ACCOUNTS
FALL 2019

FEATURES

CONTENT

copas
Council of Petroleum Accountants Societies
Turning Energy Into Synergy

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President's Message

WADE HOPPER

One of the most enjoyable duties of serving as President of COPAS is to have the opportunity to attend and participate in the activities of the organization. The Summer Meeting in Denver was certainly no exception. Although the attendance at the meeting was a little less than expected, those who were able to attend were treated to very detailed and thoughtful discussion of the remote technology center document and the new model form accounting agreement being drafted. These documents represent not only current, but evolving changes in our industry from both an operational and accounting viewpoint. As technology advances and new operational methodologies are adopted, the related accounting for these changes must keep pace. It became apparent in the discussion of the remote technology centers, that some of COPAS' previously documented definitions no longer were applicable and required better definition or distinction in order to be valid in these unique situations. This is just one of the many examples of the discussion that occurred at this meeting. I urge members to take the time to review and comment on these important new documents either as an individual or company and through your local society committees. The drafting teams for these documents have worked tirelessly to put forth a genuinely workable and fair procedure to account for unique situations.

As the seasons turn from Summer to Fall, I truly hope that it is a time to regroup with not only family gatherings and vacations, but with a renewed effort to be active in local society and COPAS committees and leadership. It takes a village to support the activities of COPAS and the local societies to maintain and advance the standards which we set for ourselves and our industry. COPAS is unique in that it sets the accounting guidelines for the oil and gas industry and is respected as the authority on these matters. Consider making a goal to become more active in local society and COPAS activities. It can be a rewarding experience.




The Board of Directors met while in Denver for a full day of deliberation and carrying out the duties of the board. The board approved renewal of Officers and Directors insurance and approved the 2018 year-end financial report. After much discussion and weighing of the needs of local societies, the board approved a new pricing scheme for the use of recorded webinars by societies. The board appreciates the need for educational opportunities at the local level and is making these presentations available at a reduced rate. Another major topic of discussion was the approval of the meeting hosting handbook update. This tool provides information for those societies who host meetings and need a guide to lead them through the process from beginning to end. The handbook is a very useful tool and should reduce some of the stress of hosting a meeting by providing detailed information to guide the hosting society through the many decisions which must be made in hosting a national meeting. In addition, the board approved the voting items to be included on the Fall Council Meeting agenda. Among the voting items to be approved at the Fall Council Meeting are:

- Employee Benefits Upper Limitation – 35% Effective 1/1/2020
- Election of 3 Directors
- Election of the 2020 Nominating Committee

The Fall Meeting will kick off on Monday with a Board of Directors meeting. There will be an educational session (Introduction to Oil and Gas Marketing and Sales) offered on Tuesday morning by COPAS Energy Education. Tuesday afternoon, Vice-President Tammy Miller-Davison has prepared an inspired leadership conference agenda and invites all meeting attendees who are in a leadership position to attend. This is an excellent opportunity to share information and learn new leadership skills. If you are interested in assuming a leadership position, this is an excellent way to begin that journey. The leadership dinner will follow the day's activities. Wednesday and Thursday will be primarily dedicated to committee meetings. All attendees are encouraged to attend the committee meeting of your choice. Wednesday and Thursday evening events will include a reception and dinner. The Fall Council Meeting will be held on Friday morning. As always, it is important that each society be represented at Council.

The Fall Meeting is also a celebration of a major milestone for the Tulsa Society. Please mark your calendars and plan to attend this special celebration and participate in the many activities of COPAS. See you there!



MARTINDALECONSULTANTSINC.

THE OIL & GAS CONSULTING COMPANY

Rick Jones joined Martindale in 2019 as the Accounting Services Manager. Rick is a Certified Public Accountant (CPA) and Accredited Petroleum Accountant (APA). He was previously the Chief Financial Officer at The Westphal Group for nine years, and held various staff, supervisory, and managerial positions in the revenue accounting and joint interest billing departments at the Williams Companies in Tulsa and various E&P companies in Houston.

Expertise and Focus Areas:

- Former Chief Financial Officer of a regional oil and gas company
- Managing revenue accounting departments
- Managing joint interest billing accounting departments
- Managing financial accounting functions such as accounts payable, accounts receivable, capitalization and depreciation of assets, account reconciliations, and partner distributions
- Creation of unaudited financial statements for internal use such as balance sheets, income statements, and statement of cash flows
- Direct correspondence with tax and legal professionals and tax authorities

Rick has actively served in various capacities in COPAS since 2006, including:

- Three years on the COPAS Board of Directors
- Seven years on the Tulsa - Petroleum Accountants Society of Oklahoma Board of Directors and society president in 2008 - 2009
- Helped form the COPAS Arkansas society in 2015, served as society president for three years

YOUR MANAGEMENT TEAM

Rick Jones | Laura Melman | Mia Downing | Mike Cougevan | Roger Gann | Kody Impson | Matt Pilkington | Ryan Woolery | Craig M. Buck | Todd J. Attalla

Corporate Office | 4242 N. Meridian Avenue | Oklahoma City, OK 73112
Phone: 405.728.3003 | www.marticons.com

OKLAHOMA CITY ~ TULSA ~ DENVER

HOME OFFICE MESSAGE

Tom Wierman, COPAS Executive Director
Tom.Wierman@copas.org

FROM THE HOME OFFICE

Welcome back to many of the societies who took a break during the summer months. Not all societies break for the summer, but the majority do take that time off. That doesn't mean, however, that the society leadership isn't planning the upcoming meetings and speakers. That work is always an ongoing effort. I wish all the societies a great year.

It is a big anniversary year for the Petroleum Accountants Society of Oklahoma-Tulsa (Tulsa Society). They were organized in 1929, making 2019 their 90th Anniversary. Tulsa was one of many societies to pre-date COPAS. The Tulsa Society is currently the oldest continually operated society. (Kansas is second, having been formed in 1936.) It's fitting that we are in Tulsa for the Fall Meeting to celebrate with them and to thank them for their contribution to the industry.

Society expansion efforts continue in Austin, Texas. The Provisional Society there has met twice already with a third meeting planned for September 25. Things are going well and taking shape. It is expected that the society will petition Council for admission in April 2020.

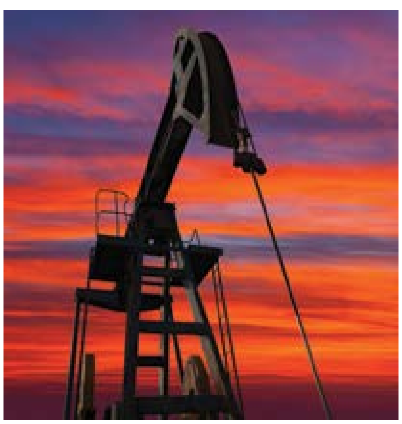
A hearty congratulations to our newest APA®s! We had a very large candidate pool in the July test window and I'm excited to announce that we had a very high success rate. The names of the candidates who were successful appear on page 25.

The Board of Directors authorized a pilot program to test the validity of our initial APA® review program. The evidence to date suggests that we have a pretty effective product, however we know we need to do some more work in this area. We have a team focusing on that and will be announcing additional information soon.

It is too late to register for the September test window, but there is still time to register for the November exam. The registration dates and requirements are listed on the website and the APA® pages in this issue. You may also want to consider contacting a current APA® for more insight into what the credential has meant to their career. If you have any questions, please contact the APA® Administrator, Vanessa Galindo.

Here is more good news to report! Since releasing the new WordPress website, the COPAS staff and RSM Marketing team have been actively developing website enhancements to improve the user experience. While many of the enhancements have been released or will be released shortly, the work continues on several other items.

One enhancement that we think you will find particularly useful is the member dashboard. Here you will be able to see, at a glance, several



items regarding your user account. We think you will really like this feature.

If you attend COPAS meetings and need CPE, you'll be sure to like this upcoming website enhancement. The days of sending around a manual sign in sheet are soon over. Those sign in sheets, for whatever reason, seem to get stalled in the meeting room or miss a section. Invariably, we spend a lot of time dealing with the issues related to that after the meeting is over. We're working on changes that will allow you to check in at the beginning of each qualifying CPE session. It will still be up to you, as a licensed credential holder, to correctly report the time attended during that meeting, but no more tracking down a sign in sheet. Initially, the process for signing in will change, but we'll continue to add enhancements to this area as well. We expect to test this in January.

APA® credential holders will now have a portal for reporting their CPE requirements and to pay their assessment online. No more paper in the mail, emails or lost checks. There is also an APA® directory as part of this enhancement. The APA® Administrator will be contacting the affected credential holders to explain the details of these enhancements and how the renewal process for 2020 will work. Another pretty exciting enhancement.

We have quite a few more enhancement to share with you, but the space here doesn't allow for that. Please refer to pages 26 to 29 to learn more.

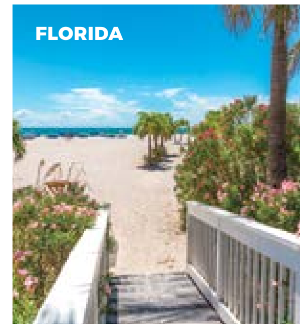
We haven't done a member profile for some time now, and there isn't a plan to return to that on a regular basis. This issue, however, has a very unique opportunity to profile one of our long-time members. Jane Schulte played women's professional football in the 70's. I'm not referring to European Football (aka Soccer); this was the full contact sport. I encourage you to read more about Jane's experiences while playing for the Houston Herricanes on pages 18 and 19.

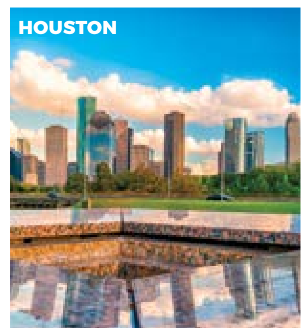
Two key publications continue to work their way through the publication process, including a new Model Form Accounting Procedure. A significant amount of time was spent at the Summer Meeting providing the project teams with input. Those teams seek comments and input on the various drafts that they release. That's part of the vetting process we use. Those teams rely on that feedback so don't wait until the publication is marked "voting draft" to contribute. Anyone can provide a comment: members, nonmembers, companies, societies. A Project Status Report is published quarterly, posted to the website and included in ACCOUNTS (page 10). If you want to stay closely connected to the projects, consider asking to be placed on the distribution lists for the Joint Interest or Audit Committees. Email either of those committee chairs and make that request. If you need assistance, please call the COPAS office. Also plan to attend the committee meetings that are scheduled (September 19, 2019; January 23, 2020; April 23, 2020; July 16, 2020; and September 24, 2020).

Dates and locations have been finalized for many of the future COPAS meetings. A schedule appears on page 8. There are a couple meeting hosting opportunities that are unfilled. If your society has an interest in hosting, please contact the COPAS office.

MEETING SCHEDULE

EVENT	DATES	HOST	LOCATION
2020			
Spring	April 20-24	Oklahoma City	**Westin City Center Hotel** Washington, DC
Fall	September 21-25	Permian Basin	**Sirata Beach Resort** St. Petersburg Florida
2021			
Spring	April 19-23	Houston	**COPAS 60th Anniversary Meeting** San Luis Resort Galveston, Texas
Fall	October 18-22	Dallas	**Westin Irving Convention Center at Las Colinas** Irving, Texas
2022			
Spring	TBD	Please contact the COPAS Office if in hosting! you are interested in hosting!	**TBD**
Fall	TBD	Colorado	**TBD**
2023			
Spring	TBD	Please contact the COPAS Office if in hosting! you are interested in hosting!	**TBD**
Fall	TBD	Rocky Mountain	**TBD**





ROCKY MOUNTAIN

Dates beyond 2023 are available. Please contact the COPAS Office to volunteer.

PROJECT STATUS REPORT

COPAS MODEL FORMS

COMMITTEE	PROJECT	STATUS	COMMENTS BY	ANTICIPATED COUNCIL VOTE
Joint Interest	Accounting Procedure	Draft 2 issued in Q3	Dec. 1	

COPAS MODEL FORMS MODIFICATIONS AND INTERPRETATIONS

COMMITTEE	PROJECT	STATUS	COMMENTS BY	ANTICIPATED COUNCIL VOTE
Joint Interest	Remote Technology Centers	Draft 3 expected Q4. Possible committee vote in January	TBA	April 2020, if committees approve in January
Joint Interest	MFI to accompany new model form Accounting Procedure	MFI to be issued later, when Accounting Procedure contents are more certain.	n.a.	

COPAS ACCOUNTING GUIDELINES

COMMITTEE	PROJECT	STATUS	COMMENTS BY	ANTICIPATED COUNCIL VOTE
	No projects to report at this time.			

COPAS TRAINING & REFERENCE

COMMITTEE	PROJECT	STATUS	COMMENTS BY	ANTICIPATED COUNCIL VOTE
Revenue	TR-7, Severance Tax Guide	Project to commence in Fall. Contact Revenue Committee Chair to volunteer.		

AUSTIN SOCIETY

THE NEXT AUSTIN SOCIETY LUNCHEON IS

WEDNESDAY, SEPTEMBER 25

11:30am to 1:30pm | The County Line on the Hill BBQ | 6500 Bee Caves Road, 78746

The cost per person is $30 and must be paid in cash at the door (receipts will be provided).

*RSVP to **Heather Jank***
hjank@ameredev.com
by Friday, September 20.

SPEAKER
MIKE COUGEVAN,
Martindale Consultants

Election of officers and other initial society organizational items will be discussed.

Ring of Honor

The "Ring of Honor," for COPAS, is like those of sports teams for the best players and coaches in history. This is different than the "Eagle Award" in that the Eagle Award is "in recognition of the commitment of an individual who has significantly contributed to COPAS in a standing committee, special committee, or project."

These individuals have mentored and contributed greatly to the organization over their careers, not to just one project or year. This is an annual recognition to include two to five names per year and could include past Eagle Award winners.

Members of the third class of honorees are:

FRED WATSON

- The father of Revenue Accounting!
- Eagle Award Recipient (2007)
- Mentor to many current and past COPAS members
- A true advocate for COPAS' development of revenue standards and procedures
- Participant on many COPAS document drafting and review teams (Revenue Related Issues)
- Passionate Revenue Committee leadership and guidance
- Community Service – Houston Livestock Show and Rodeo

SANDY LAUNCHBAUGH

- Past COPAS President (1999)
- First Eagle Award Recipient (2002)
- Longtime co-editor of ACCOUNTS magazine
- Participant on many COPAS document drafting and review teams (especially Revenue)
- Continuous COPAS advocate and mentor to many COPAS members
- Recruited her son as an active COPAS member and leader
- Frequent speaker and instructor for Oil and Gas education

90

years

ANNIVERSARY

Celebration

Congratulations

to the Petroleum Accountants Society of Oklahoma-Tulsa on your 90th Anniversary.

Petroleum Accountants Society of Oklahoma

Tulsa

INDUSTRY NEWS

A COLLECTION OF PUBLISHED NEWS ARTICLES

For 2017, the last year for which statistics are available, the U.S. had a total of 990,677 active wells (435,460 oil wells, 555,217 gas wells). Amazingly, 728,134 (73%) of those produce less than 10 BOE per day. Texas led the way with 305,895 (31% of total) active wells, followed by OK with 81,822, Pennsylvania 78,842, Kansas 73,127, and N. Mexico 57,868

U.S. crude oil exports surged in June to a monthly record of 3.16 million bopd to 30 countries as South Korea bought record volumes and China resumed purchases. South Korea surpassed Canada to become the biggest purchaser of U.S. crude at 605,000 bopd. China purchased 292,000 bopd, the most since June last year. Other top buyers were Canada, India, and Netherlands

Despite the rapid growth of renewable energy over the past decade, fossil fuels still dominate global energy consumption. According to a BP report, fossil fuels were 84.7% of 2018 global energy consumption

An increase in the number of wells in Pennsylvania helped the state's impact fee totals hit a record since the distributions began in 2011, collecting $242.9mm from natural gas producers, up $33.4mm from 2018 because of having 9,560 natural gas wells in Penn paying an impact fee compared to 8,518 a year ago. Penn also got $8.86 million in additional impact fees for stripper wells. Top payers in 2018 were Range Resources ($32.67mm), EQT Corp ($24.75mm), and Cabot ($20mm). The impact fees have totaled $1.7 billion since 2012

Ecopetrol and Oxy agreed on a joint venture in in the Midland Basin. Ecopetrol will pay Oxy $750 mm cash up front and another $750mm to fund a portion of Oxy's share of the JV expenses in 97,000 net acres. The agreement lets Oxy jumpstart its Midland Basin development program, which has had minimal activity. Oxy will have 51% of the venture and be operator. Ecopetrol will fund 75% of Oxy's share of capital expenditures as part of the deal, which is Ecopetrol's first foray into the Permian Basin and U.S. onshore

Japan-based Osaka Gas will acquire Sabine Oil & Gas for $610mm, believed to be the first time that a Japanese company has purchased a U.S.-based shale gas developer. Sabine's assets include 175,000 net acres in East Texas producing from 1,200 wells. In July 2018, Osaka acquired 35% in the eastern half of that acreage. Sabine also had N. TX operations targeting the Granite Wash formation and in the Eagle Ford

Callon Petroleum will acquire Carrizo Oil & Gas in an all-stock deal valued at $3.2 billion, including debt. The combined company will have a total of 200,000 net acres, including 90,000 net acres in the Permian's Delaware Basin and 2,500 total gross horizontal drilling locations. In 2020, the company expects to have nine to 10 drilling rigs and three to four completion crews working predominantly in the Permian

Comstock Resources will buy Covey Park Energy in a $2.2 billion cash-and-stock deal. As part of the deal, Dallas Cowboys owner Jerry Jones will invest another $475mm in cash for 50 million newly issued shares of Comstock common stock and newly issued shares of perpetual convertible preferred stock. That brings Jones' total investment in Comstock to $1.1 billion, and he'll remain the company's largest shareholder, with 75%. The combined company will have 2,000 net drilling locations

COMMODITY SPOT PRICING COMPARISON

	CRUDE OIL WTI (CUSHING) PER BBL				HENRY HUB NATURAL GAS SPOT PRICE DOLLARS PER MILLION BTU			
MONTH	**2016**	**2017**	**2018**	**2019**	**2016**	**2017**	**2018**	**2019**
January	31.68	52.50	63.70	51.38	2.28	3.30	3.87	3.11
February	30.32	53.47	62.23	54.95	1.99	2.85	2.67	2.69
March	37.55	49.33	62.72	58.15	1.73	2.88	2.69	2.95
April	40.75	51.06	66.25	63.86	1.92	3.10	2.80	2.65
May	46.71	48.48	69.98	60.83	1.92	3.15	2.80	2.64
June	48.76	45.18	67.87	54.66	2.59	2.97	2.97	2.40
July	44.65	46.63	70.98		2.82	2.98	2.83	
August	44.72	48.04	68.06		2.82	2.90	2.96	
September	45.18	49.82	70.23		2.99	2.98	3.00	
October	49.78	51.58	70.75		2.98	2.88	3.28	
November	45.66	56.64	56.96		2.55	3.01	4.09	
December	51.97	57.88	49.52		3.59	2.81	4.04	
YTD Average	43.14	50.88	64.94	57.31	2.52	2.98	3.17	2.74

Information obtained from the U.S. Department of Energy, EIA Website eia.doe.gov. These prices should not be utilized as an indication of market pricing, but are provided for comparison purposes only.

MIKE COUGEVAN

Mike is a former COPAS President and Audit Committee Chair, was a founding member of the Acadiana Society and is currently a member of the Colorado Society. Mike is a Vice-President at Martindale Consultants, Inc.

Shell made the final investment decision for its 100%-owned PowerNap deepwater project in the U.S. GOM, a subsea tie-back to the Shell-operated Olympus production hub; it is expected to start production in late 2021 and produce 35,000 BOEPD at peak rates. Shell discovered PowerNap in 2014

As much as $9 billion will be needed over the next decade just to dispose of dirty water in the Permian Basin. Recycling efforts aren't robust enough to handle the 17.5 million barrels of dirty water produced daily in the Permian, which is 10 times saltier than seawater and can be tainted with heavy metals and radioactivity. As crude production grows, produced 'dirty' water grows even faster. Water growth is projected to create the need for nearly 1,000 additional saltwater disposal wells by 2030

Japan's Inpex Corp reached a deal with Anadarko to buy 40% in each of four exploration blocks operated by Anadarko in the GOM as part of a strategy to make the GOM one of its priority exploration areas. The four exploration blocks lie at water depths of between 7,050 and 8,860 feet and are close to the producing Lucius Oil Field and Hadrian North Oil Field. Anadarko will be operator with 60%

Apache closed the sale of noncore assets in two transactions with $612mm of net proceeds, to conclude Apache's exit from the Western Anadarko Basin and the SCOOP/STACK play

Range Resources will receive $600mm for the sale of a 2% proportional ORRI in existing and future Marcellus, Utica and Upper Devonian shale wells across 350,000 net surface acres. The leases are all in SW Penn and do not include shallower and deeper depths. Range also sold off 20,000 nonproducing acres in Armstrong County. It's the second ORRI sale for Range on assets in SW Penn. The first was worth $300mm on 1% of the working interest of its production in Washington County

New York State has awarded two offshore wind contracts expected to commence operations in 2024. Equinor's $3 billion Empire Wind facility will have 60 to 80 wind turbines and cover 80,000 acres SE of Long Island and be able to power more than 500,000 homes. The Sunrise Wind project is a 50-50 joint venture between Danish company Orsted and US-based Eversource to be built 30 miles east of Long Island's Montauk Point

In 2018, California Resources Corp purchased the remaining working, surface and mineral interests in the 47,000-acre Elk Hills field in the San Joaquin Basin from Chevron, consolidating sole ownership of the field. Now, Colony Capital will invest $320mm to $500mm in a new joint venture with CRC to develop roughly 275 oil and gas wells over the next three years. Colony will pay for the well development and earn a 90% WI. CRC's working interest in the wells could grow to 82.5% from 10% if Colony achieves an agreed-upon return. The field is 20 miles SW of Bakersfield in Kern County, covers 75 sq miles, was discovered in 1911, has an estimated 8.5 billion BOE of original oil in place and 32 major producing zones identified in 3,000 wells; it has produced 2 billion barrels of oil equivalent (BOE). Elk Hills generates over half of the state's gas production

RIG COUNTS

LOCATION	WEEK OF:							
	8.4.17	10.10.17	2.9.18	5.11.18	7.27.18	2.15.19	5.10.19	7.19.19
Gulf of Mexico	16	18	16	20	15	21	20	25
Canada	217	203	325	79	223	224	63	118
North America	1171	1110	1300	1124	1271	1275	1051	1072
Oil	765	738	791	844	861	857	805	779
Gas	189	169	184	199	186	194	183	174
Directional	74	74	73	72	64	70	71	69
Horizontal	807	776	832	918	922	915	872	829
Vertical	73	57	70	55	62	66	45	56
Major State								
Alaska	6	6	5	8	6	12	9	10
Arkansas	1	0	0	1	1	0	0	0
California	13	14	14	15	15	11	15	17
Colorado	37	37	33	30	32	35	33	31
Louisiana	67	58	61	62	52	66	61	66
New Mexico	60	69	88	89	104	109	102	107
North Dakota	53	47	49	56	57	57	56	55
Oklahoma	132	123	118	138	137	119	105	95
Pennsylvania	34	31	37	39	39	44	43	37
Texas	466	442	479	523	524	509	485	454
West Virgiana	14	12	19	17	17	18	21	21
Wyoming	26	22	30	26	28	37	30	32

Source: Baker Hughes at www.bakerhughes.com

MORE INDUSTRY NEWS ➘

Vanguard Natural Resources is going private and changing its name after emerging from bankruptcy for the second time. Vanguard is now a limited liability company called Grizzly Energy with assets in OK, the Permian Basin, CO, and WY

Companies including Murphy Oil, and Repsol, and Malaysia's Petronus, are pushing ahead with plans to develop Mexico's deepwater fields. Murphy won a block in Mexico's 2016 deepwater oil auction and found hydrocarbons at its Cholula-1 well and is assessing the discovery; they expect to continue drilling in mid-2020. Petronus has stakes in 10 shallow and deepwater blocks; Repsol, which has six offshore blocks in Mexico, is seeking to drill two new wells in 2021

Exxon Mobil unseated EOG Resources as the top driller in Texas. During the first six months of 2019, XTO Energy filed for 352 drilling permits with the Railroad Commission; EOG, which was 2018's top driller, filed for 282 permits. The RRC received 6,275 permit applications from 687 companies through June, down from 6,991 drillers filed by 766 companies in 2018

Ensco Rowan is changing its name to Valaris, inspired by the Latin root meaning strength, courage and signifying something of value

Enbridge could have a proposed $500mm oil pipeline tunnel beneath the Straits of Mackinac, the 4-mile-wide channel linking Lakes Huron and Michigan operating by early 2024 to expedite the shutdown of existing twin pipelines. The pipes carry 23 million gallons of crude oil and natural gas liquids between Superior, Wisconsin, and Sarnia, Ontario. Underwater rock and soil sampling would begin in June, followed by design work and construction of a custom tunnel boring machine in 2020. Boring through bedrock and building the tunnel at an average of 40 feet per day would run from 2021 through 2023, with testing and commissioning in early 2024

Canadian Natural Resources Ltd will buy the Canadian assets of Devon Energy for C$3.8 billion ($2.81 billion) in cash to become the world's eighth-largest producer, not counting state-owned companies. Devon is selling the assets for debt reduction and to focus purely on U.S. production. It will also divest its Barnett Shale gas assets by the end of 2019

The US Interior Dept. agreed to defer oil and gas leasing near Chaco Canyon in NM after a visit with tribal leaders. This will give the US BLM time to draft a new resource management plan and Congress time to consider a bill introduced to withdraw federal lands around Chaco Canyon from further mineral development. Any leasing within 10 miles of the park is on hold for a year

The highest producing US counties in January 2019 were McKenzie County, ND at 17.3 million barrels; Lea County NM at 14.6mmbo; Weld County, CO slipped into third place at 13.7mmbo; other high producers were Midland County, 12.5mmbo; Beachey Point County, AK, 11mmbo; Eddy County, NM, 10mmbo; and Kern County, CA, 9.9mmbo

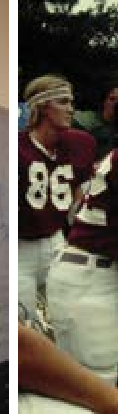
LLOG Exploration initiated production from the Buckskin Project in the deepwater GOM in Keathley Canyon in 6,800 ft of water. The initial phase consisted of two wells in Keathley Canyon 829 and a 6-mile subsea tieback to the Lucius platform. The phase one production rate is anticipated at 30,000 bopd. Additional phases of development will be required to fully develop the field, which is estimated to contain nearly 5 Bbbl of oil in place

Oil Search exercised a $425mm option with Armstrong Energy and GMT Exploration to double its working interest on Alaska's North Slope from 25.5% to 51% in the Pikka unit and from 37.5% to 75% in the Horseshoe block (and other exploration leases), with Repsol holding the remaining interest in the leases. Estimated ultimate recoverable volumes could be more than 1 billion barrels. The Pikka unit project is expected to partly go online in 2022 through a 30,000 barrels-of-oil per day early production system, followed by the development of dedicated facilities to manage production of approximately 120,000 bopd, allowing full field production to commence in 2024

The number of deserted oil and gas wells in Kansas grew during the past five years to 22,000. As of 2018, the state had capped 10,100 wells. More than 19,000 abandoned wells on Kansas' list reside in the 32-county area of eastern Kansas

For a variety of reasons, the U.S. still imports a lot of oil. In 2018, the U.S. imported 7mmbopdof crude oil, but down from 10mmbopd in 2008. The U.S. shale oil boom has yielded loads of high-quality, light, and sweet oil with a higher API gravity, but the U.S. refining system is generally configured to process the lower quality, heavier, and sourer oil that the country has been importing from Canada, Venezuela, and Mexico for many decades. It would be uneconomical to run refineries solely on the domestic light oil that has been flowing from U.S. shale plays. In addition, the U.S. needs a variety of oil types to make different products and the boom in US oil production is not precisely yielding all those required to make all of the products that Americans use. The top five sources of 2018 U.S. petroleum imports were Canada, Saudi Arabia, Mexico, Venezuela, and Iraq

Energy Trading — Assessment of Factors Impacting Energy Price and Volatility
DTN



MEMBER PROFILE

Jane Schulte

The Houston Herricanes. No, that's not a typo that you are reading, and Herricanes doesn't refer to weather events that sometimes hit the city of Houston. "Herricanes" refers to the women's professional football team; the 11 v 11, full pads, full contact version of American football that many of us watch in the men's professional leagues on Sunday afternoon or Monday night.

The Houston Herricanes was an early pioneer in women's professional football. You might recall at the time, Title IX of the Education Amendments of 1972 prohibited discrimination on the basis of sex in any federally funded educational program or activity. The principal object of Title IX was to avoid the use of federal money to support sex discrimination in educational programs and provide individual citizens effective protection against those practices.

Title IX wasn't initially met with exuberance, especially in places like Texas, where football is almost a religion. At the time, when it came to women and sports, many were skeptical. "Girls, playing football!? Unheard of." But the team moved ahead forming in 1976, playing their last game in 1979 before folding. The team consisted of about 35 women, from all backgrounds of life.

COPAS of Dallas member Jane Schulte played for the Herricanes, one of several professional women's football teams that had a regular schedule of games. She played for three years (1977-1979). Jane worked for Exxon (now ExxonMobil) at the time and played for the Herricanes during the summer (between work, married life, fast-pitch and slow-pitch softball!). Jane recalls they had schoolteachers, chemical plant and refinery workers, a truck driver, moms, and office workers. "We were from all walks of life, a different breed. We were all athletic and didn't grow up playing football. We even had a transgender who could punt the ball like you wouldn't believe. Football wasn't an acceptable girls sport, and we didn't play professionally because we wanted to be rebellious, we just wanted to play. We played for the love of the game, no other reason. Looking back over these 40 years, yeah, we might have been considered to be a pioneer, but that's not how we saw it at the time."

The players were not paid. There were no salary caps, no arbitrations. Jane signed a contract, but it said that she wouldn't sue the team if she got hurt. That was about the extent of player contracts. Uniforms were mostly team-purchased, but the players bought their own pads and helmets. Jane recalls going to a warehouse to try on helmets. "This company provided gear to the area high school and college teams. Men's shoulder pads and helmets don't fit women very well," Jane said. "I had to go in there and try to find something that would work for me." Some of their early uniforms were wool-like. "Imagine playing in summer heat wearing those things!" Jane was quite appreciative when the jersey became mesh. Jane said that their out of town trips (food, lodging, etc.) were paid for.

Jane grew up on a farm, and as with most farm families, performed a lot of manual labor. Their town didn't have a football team, but she played basketball, volleyball and ran track. She played college basketball at the University of North Texas before women's basketball was officially recognized as a sport. "Being from the farm, I was pretty strong physically," Jane said. "I played sports and was always an athletic type. When I started at Exxon, I was talked into playing softball – something I had never done before. Not feeling like I had a lot of physical activity like I had previously, I was looking out my office window in downtown Houston one day and I saw a Nautilus Fitness Center across the street. I ventured over there to check it out and started lifting weights. I was bench pressing more than some of the men. That's when someone from the Herricanes asked me if I might be interested in playing."

Pretty soon Jane found herself at Houston Memorial Park practicing with this group of women and learning the game of football. Jane played mostly Center, but Nose Guard as was sometimes required. "We practiced probably three nights a week. We were all learning the game." Taking a three-point stance or learning to take a handoff required a little practice. "Our coaches had played so we learned a lot from them, but most of the rest of us really hadn't played before outside of Powder Puff or Flag football."

FEATURE ARTICLE

"We played eight to ten games during the summer, when the fields of the local high schools weren't being used. We played mostly on the weekend, sometimes traveling by bus to places like Lawton (Oklahoma) or Oklahoma City."

Jane was asked what it was like to play. What were the highlights? What was the hardest part? "The hardest part," Jane recalled, "was the physical playing, the wear and tear on your body." Playing on the line, Jane knew that every play was one where she would get hit. "We played on the early 'Astro-Turf.' I much preferred natural grass fields. Astroturf would leave some bad rug burns that were always getting infected. And it was a really hard surface to fall on."

Jane was only hurt one time, and it was a hip pointer where she couldn't feel her legs for a few hours. "I might have missed one game because I was so sick, but I didn't miss the next game after the hip pointer injury. They just taped me up good."

The best part seemed to be the family bonding that soon developed. "Being with everybody, those long bus rides, you got to know everyone pretty well. You learned their stories, their struggles. You became family."

Jane married Eddie in 1974. "Eddie was part of the team, keeping stats for about a year. He didn't stay. It wasn't his thing," Jane said.

Jane played her last three games while pregnant. "I told my coaches and trainers, so they knew. I didn't get hurt, and my son is mostly okay," Jane said chuckling.

Jane was asked to recall some of the team names. "There were the Dallas Shamrocks, the Lawton Tornadoes, Tulsa Babes, the San Antonio Flames. Of course, the Oklahoma City Dolls, the top dog team back then." The Herricanes played in the Texas and Oklahoma region or "Conference." The Herricanes team record was pretty good, but they could never beat the Dolls. "Except for my last year playing," Jane said. "We beat them then. It was such a highlight!"

Playing a 'man's game' back then came with a great deal of teasing. Jane said she never experienced that, but knew teammates at the chemical plants were not so fortunate. "They got picked on a lot by their male co-workers." Jane's co-workers at Exxon knew she was part of the team as it was featured in their Houston office company newsletter, but they never really teased her. "I got more guff at work when the company women's softball team beat the men's team at the company picnic! My supervisor never let me forget that."

Fast forward about 40 years to July 13, 2019, when the team got together for the first time since the team folded. A lot of time and energy went into tracking down former teammates and inviting them to come to the team reunion. "When I quit playing, I just kept moving ahead with life, like many of my teammates," Jane said. No one on the team expected the kind of reaction the team reunion would get. "When the reunion came up, it was, after all these years, and all of the sudden, 'front page news.' Back in the day they couldn't get much coverage by the sports writers." There is even a report of the reaction to a team press release that was sent out. When a team manager called the prominent Houston Sports Anchor to ask about it, he said "yeah, I threw that in the garbage."

"I used to occasionally pick up a woman, Rose Kelley, who didn't always have transportation to practice," Jane said. "I drove a Corvette. You should have seen these two really large women in that car – it must have looked like a clown car!" But those are the memories that were flooding back to the teammates as they gathered. "When you play on the line, and around the same women all the time, my first question was 'where is so and so?'" A couple of the teammates have passed away, but for the rest of them it was just a wonderful time of remembering and reliving.

"We used to turn in our uniforms at the end of the season," Jane said. "I was so shocked when my number 75 jersey was given back to me at the reunion. "Someone had been keeping those all these years!"

One of Jane's teammates recalled "if the men played with the heart that we did, I mean men's pros would be unbelievable. But heart is all we had. We didn't have money, we didn't have motivation other than heart. We wanted to play the game and show that we could play the game, and we did."

There is currently a documentary, *Brick House*, being prepared by the daughter of one of the former players. Release is expected in late 2019. The production crew arrived at Jane's home in Frisco to interview her. "This thing has just exploded! There were five people on this production crew, with boom and lapel mics, lighting, production cameras, the whole nine yards," Jane recalled.

Jane shared that there is a game film on the internet of the Oklahoma City Dolls playing an "unknown team" in about 1976 or 1977. "The team in the darker uniforms is definitely the Herricanes," Jane noted. "I recognize too many things about that team and players not to be us." The YouTube video clip lasts about 11 minutes and can be seen by searching for "Oklahoma City Dolls Football."

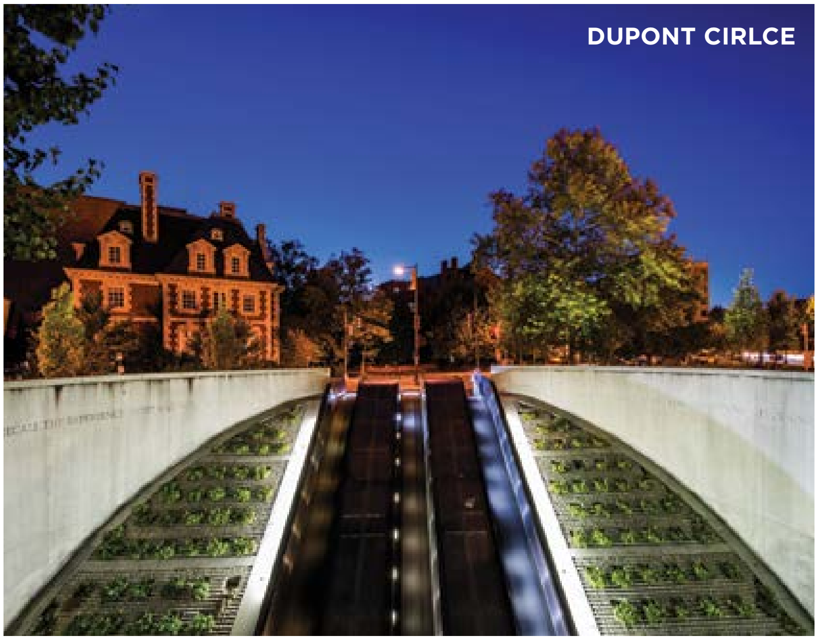
SAVE the DATE

SPRING 2020 MEETING | APRIL 20-24, 2020 | WASHINGTON, DC

THE WESTIN WASHINGTON, D.C. CITY CENTER
1400 M STREET NW | WASHINGTON, DC 20005

Near Dupont Circle

Washington, DC



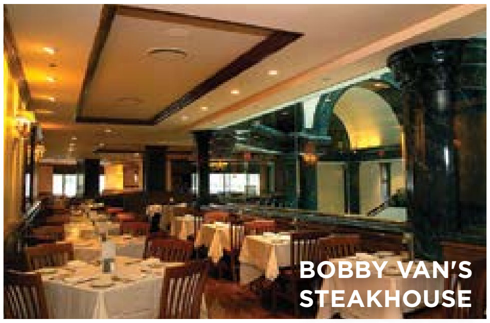
DUPONT CIRLCE

HOTEL GROUP RATE : $279 USD per night

Last Day to book is March 20, 2020

MEETING REGISTRATION RATES: $385 members/$285 guest

$100 late fee after March 1, 2020



TUESDAY LEADERSHIP DINNER
Bobby Van's Steakhouse
6:30pm-9:30pm
bobbyvans.com/steakhouse/ny-ave

WEDNESDAY RECEPTION
Sequoia
6:30-9:30pm
sequoiadc.com

SAVE THE DAY WITH YOUR APA®

Earning your APA® is like having your own superpower. And side effects may include becoming your organization's go-to resource. I mean, you won't be able to hide your heightened level of performance and accuracy for long.

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Council of Petroleum Accountants Societies

Power up your career! Start by checking out our candidate handbook at **COPAS.org/APA**

GENERAL TEST INFORMATION

The APA® exam is a single exam consisting of 175 questions. It is offered during the odd calendar months, except January. Registration is required no later than 45 days prior to the exam window. Please refer to the registration information below.

Exams are administered by Scantron using their extensive testing center network. International options are available for a slightly higher fee. Exams are taken on any day during that month that the testing centers are open. Test results are provided to the candidate between four and six weeks following the examination or as soon as they are released by the testing partner.

For more information, contact Vanessa Galindo, APA® Administrator, by calling (303) 300-1131 or emailing vanessa.galindo@copas.org. The office is open from 8 a.m. to 5 p.m., Mountain Time, Monday through Friday.

TESTING DATES

EXAM MONTH	REGISTRATION DATES
November 2019	August 1, 2019 - September 13, 2019
March 2020	December 2, 2019 - January 15, 2020
May 2020	February 3, 2020 - March 16, 2020
July 2020	April 1, 2020 - May 15, 2020
September 2020	June 1, 2020 - July 15, 2020
November 2020	August 3, 2020 - September 15, 2020

ABOUT THE CREDENTIAL

The APA® certification is a unique credential among other accounting certifications. While the Petroleum Accountant needs the basic concepts and understanding of all accounting matters, the petroleum industry operates under unique guidelines and principles. In preparing for and earning the APA® credential, the accountant will be exposed to all facets of the petroleum industry and achieve or exceed the knowledge required for competent practice as a petroleum accountant.

The APA® certified professional is equipped with knowledge and understanding of the industry and petroleum accounting sufficient to excel in job performance and provide a heightened level of accuracy and ethics in the performance of tasks. The APA® designation should be a required element in employee selection, promotion, and retention in the petroleum industry.

ELIGIBILITY

To be eligible for the credential, a candidate must possess a four-year degree with 12 hours of Accounting, plus one year of petroleum accounting experience, OR have five years of petroleum accounting experience. Eligibility will be verified upon receipt of the exam registration.

CANDIDATE HANDBOOK

All information regarding the APA® certification program can be found in the Candidate Handbook. This guidebook provides information on study resource materials, costs and responsibilities.

Visit **copas.org/Accredited-Petroleum-Accountant-Program.**

ACCREDITED PETROLEUM APA® ACCOUNTANT

NEW APA®S

Congratulations to the newest APA®s. These are the successful candidates from the July 2019 test window:

Shannon Coffel, APA®

Heber Cruz, APA®

Patricia Ellington, APA®

Mindi Friese, APA®

Claudia Jones, APA®

Jason Poteet, APA®

Catherine Sartain, APA®

Rikki Schoonover, APA®

Korina Sparks, APA®

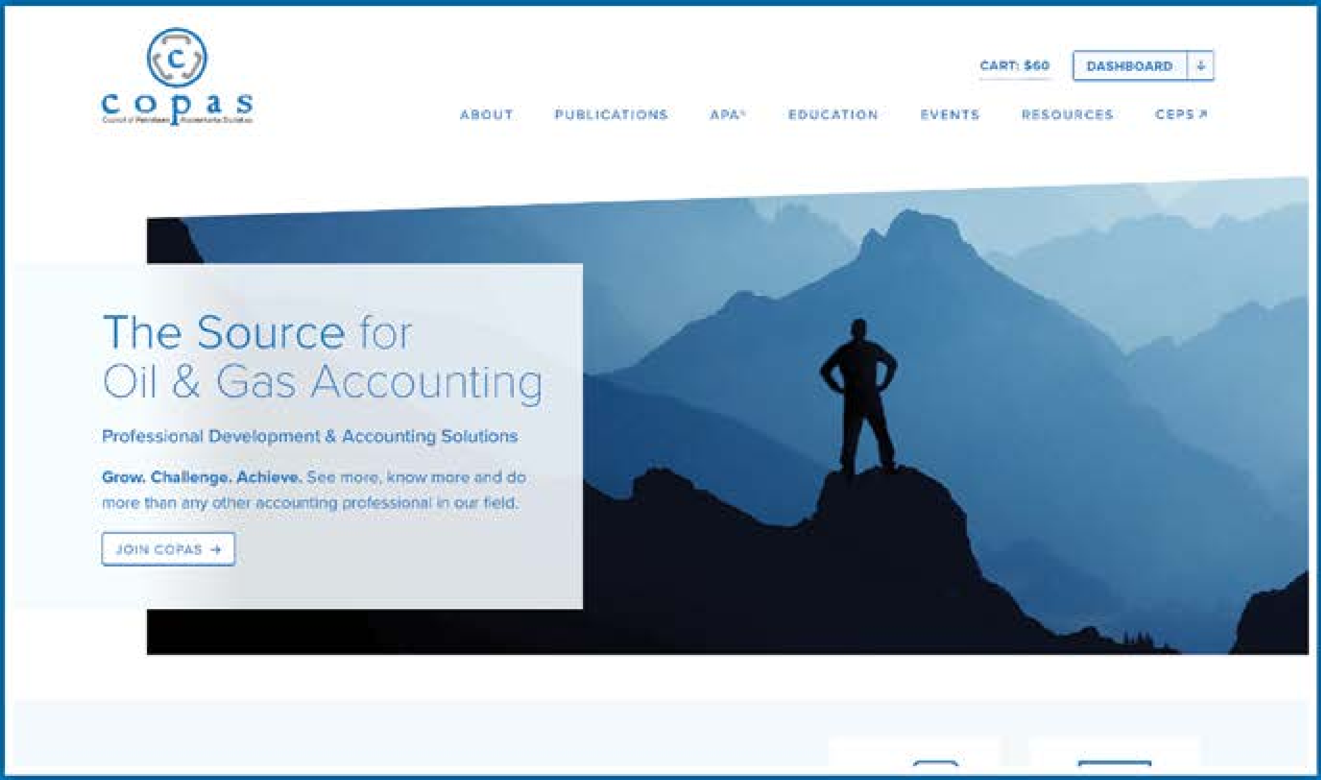
Cecil Sprague III, APA®

Kraig Stutes, APA®

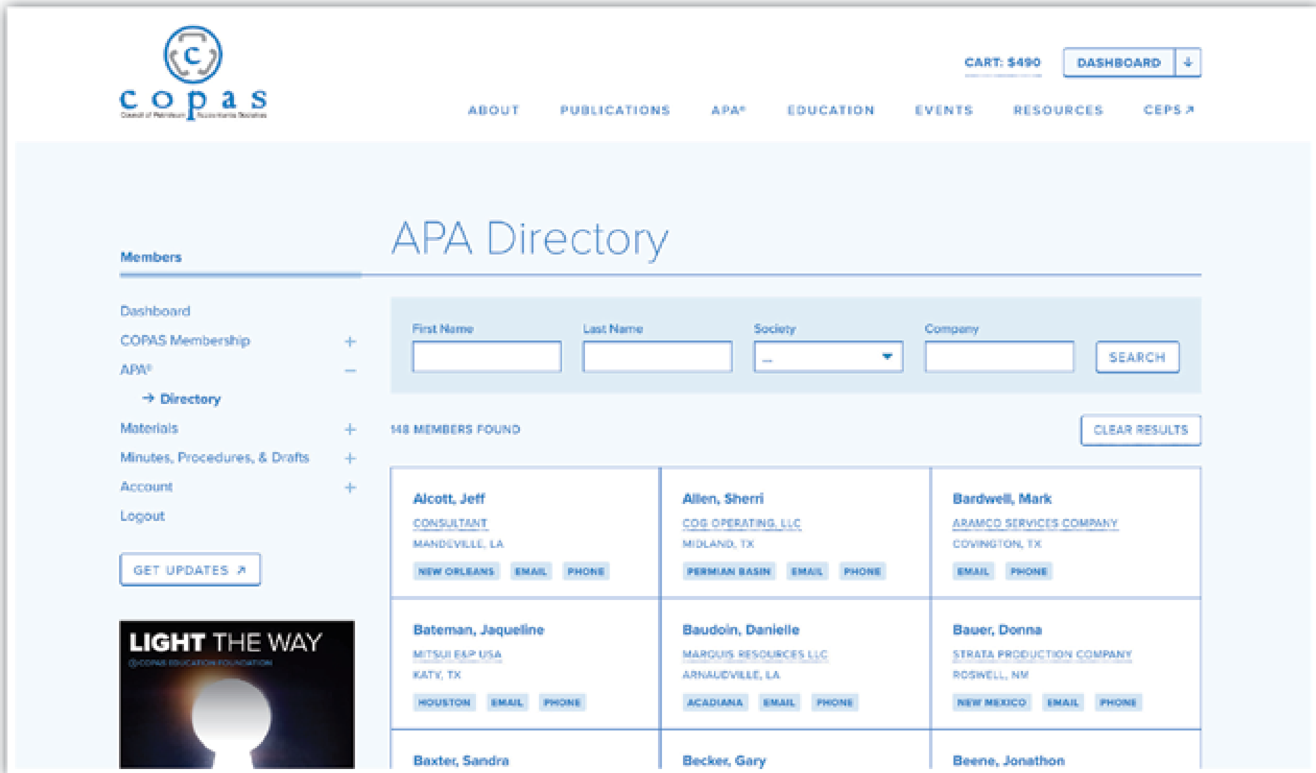
Continual Updates for COPAS.org

Since the launch of the new COPAS.org in March, our team has listened to member feedback and incorporated important ongoing updates to the site. It's our intent that COPAS.org remains a malleable asset that can ebb and flow with the changes and advancements within our organization.

The last quarter, we've focused on the user experience and how to disseminate information to members easier and faster than before. Part of that effort has included improving the website's speed and layout as well as adding features.



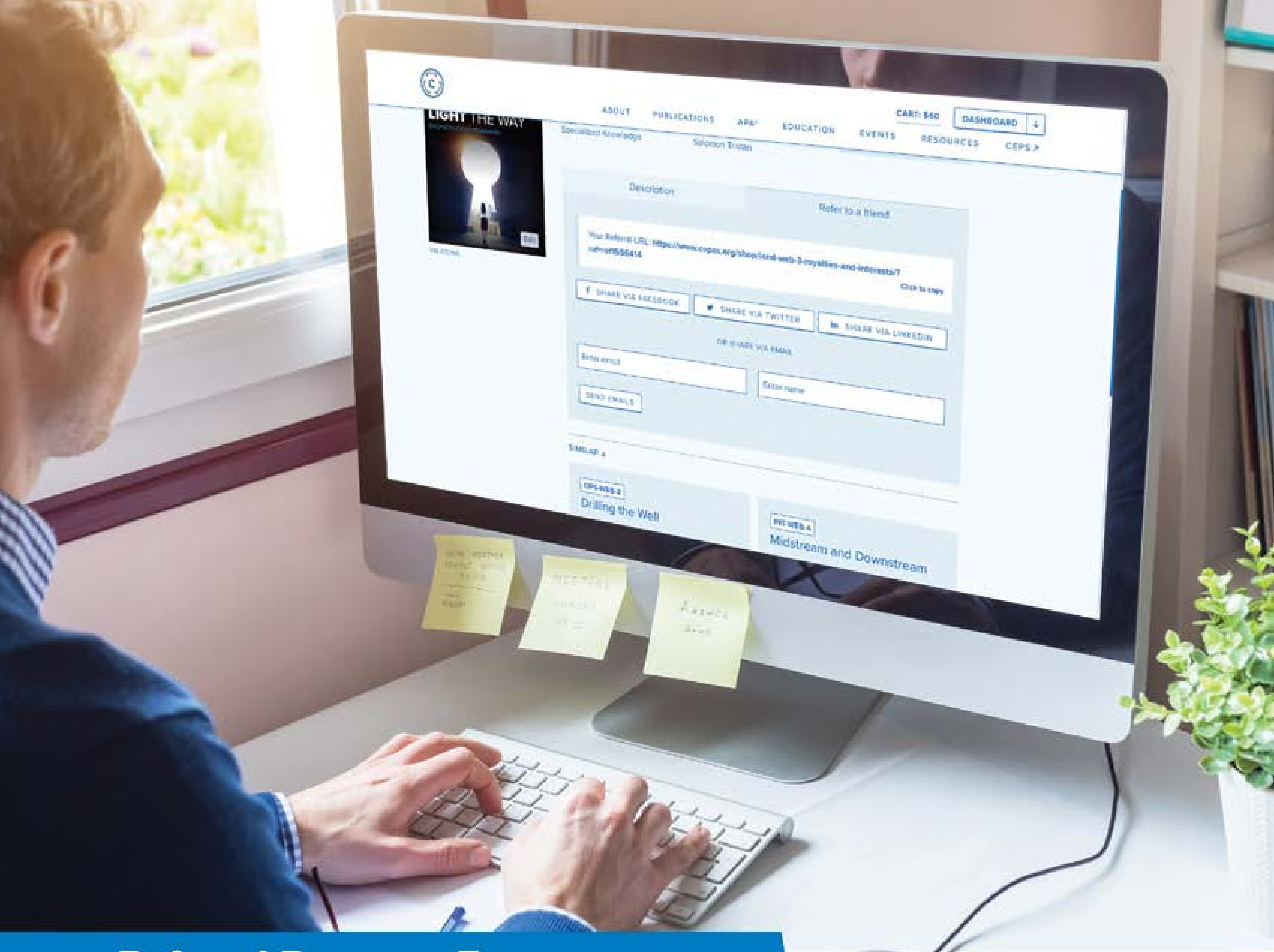
Look for these other recent updates!



APA® Renewal Process

The APA® renewal process is completely digital! Now, instead of downloading the renewal form and mailing it with payment, candidates can complete and pay for registration online.

We've also rolled out a new directory listing all members with their APA® certification! It's a great opportunity for those with their APA® to network with and learn from each other.



Referral Program For Members & Non-Members

When you refer a friend to a webinar or class, you'll earn a free webinar or class when they make their purchase! All you need to do is forward your email education bulletin to your friends and colleagues and the registration links will automatically let us know who you are when your friends purchase using the links!

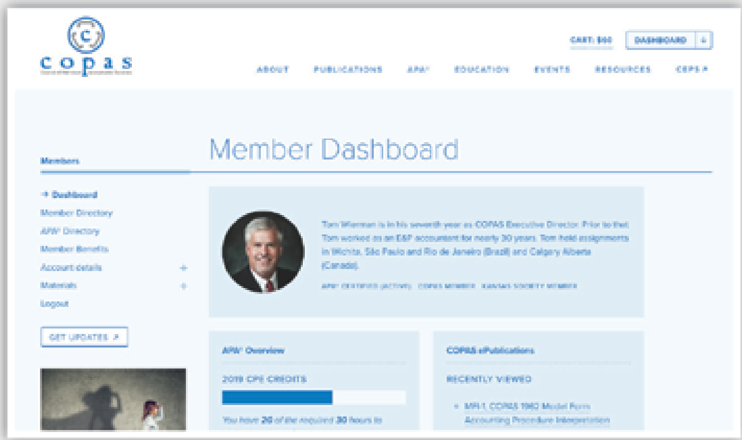
If you are not receiving our education bulletins you can subscribe by visiting our homepage COPAS.org and entering your email under "Get Updates."

Coming Soon!

ePublications is Going Digital!

Soon, one of your favorite resources will get a facelift. Our ePublications will be shared as a dynamic web page with improved keyword relevancy and search functionality. Plus, you'll see any amendments made in real-time!

New Membership Dashboard



Exciting updates are underway for the membership dashboard! The new interface will feature photo and bio options for members and serve as a launchpad with quick links to relevant info, like members' societies, recently viewed ePubs and the ACCOUNTS Magazine. The dashboard will also track members' CPE hours toward APA® certification and give members the option to change the address to which the ACCOUNTS magazine gets sent. Stay tuned for more!

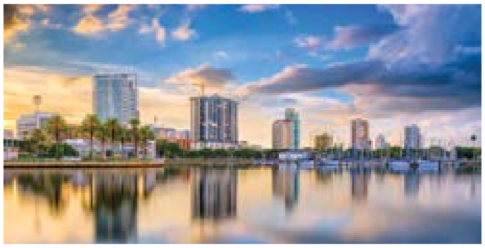
Sirata

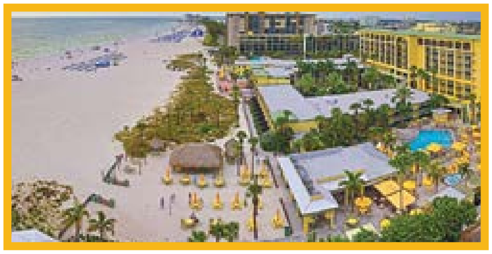
ST. PETE BEACH

SAVE *the* DATE

FALL 2020 MEETING | SEPTEMBER 21 – 25, 2020 | ST. PETERSBURG FL

HOTEL/HOTEL RATES: Sirata Beach Resort, $149
MEETING REGISTRATION RATES: $325 Per Attendee | $225 per Spouse/Guest





AVAILABLE ACTIVITIES:

- Kayak Eco Tour
- Dolphin Tour
- Golf

THINGS TO DO:

- Beach
- Museums Galore: Salvador Dali Museum, Morean Arts Center, Imagaine Museum, and many more.
- Fort De Soto Park
- Sunken & Botanical Gardens
- Clearwater Marine Aquarium
- Pier 60: street performers and evening entertainment
- Downtown shopping, restaurants, and bars
- Locale Market (20,000 Sq Ft market)

The sun almost always shines on St. Petersburg, the "Sunshine City" that enjoys an average of 361 days of clear skies per year. Combine that with 244 miles of glimmering coastline along Tampa Bay, the Gulf of Mexico, Boca Ciega Bay and the intra-coastal waterways and you have one hot beach destination. Catch the sun, surf and sand at Ft. De Soto Park, or take a hike up the 37-mile Pinellas Trail. Enjoy a Devil Rays game during baseball season or escape to the shady oasis of the Sunken Gardens.

Live Entertainment

WEDNESDAY & THURSDAY NIGHTS AT SIRATA BEACH RESORT

Beach Party

WEDNESDAY EVENING

SAVE THE DATE

2020 WINTER MEETING | JANUARY 23, 2020

8:30 A.M. TO 4:00 P.M.

DOUBLETREE INTERCONTINENTAL AIRPORT HOTEL

15747 JOHN F KENNEDY DRIVE HOUSTON, TX 77032

REGISTRATION WILL OPEN

NOVEMBER 1

Joint Interest & Audit Standing Committee Meeting

(A roll-up your sleeves, deep dive working session, continuing to discuss the two draft publications in progress)

No need to rent a car if traveling.
The hotel provides a free shuttle by calling (281) 848-4000.

Limited guest room availability.
Rates begin at $141/night, plus applicable tax. Book hotel rooms by calling (281) 848-4000, mentioning the COPAS Winter Meeting group block. The room block expires January 8, 2020.

REFERRAL PROGRAM

COPAS has introduced a referral program for our COPAS members and bulletin subscribers. If you refer COPAS Energy Education classes to a non-member who then purchases a CEE class of any length, you will receive a free webinar attendance of your choice! All you need to do is forward your email education bulletin to your friends and colleagues and the registration links will automatically let us know who you are when your friends purchase using the links! If you are not receiving our education bulletins you can subscribe by visiting our homepage **COPAS.org** and entering your email under "Get Updates."

Additionally, you can refer a friend to a specific webinar you have enjoyed by clicking the "refer a friend button" on the webinar registration page on the COPAS website and you will receive a free webinar if they purchase from your referral link.

Participate in the new referral program and get your free CPE opportunities!

COPAS ENERGY EDUCATION WEBINARS 2019

KNOWING YOUR COPAS DOCUMENTS SERIES

Building Joint Account Payroll Charges (runtime 60 mins CPE: 1)	September 12	9AM CT
Building Joint Account Overhead Charges (runtime 60 mins CPE: 1)	October 17	9AM CT
Help Me Process These Invoices (runtime 60 Mins CPE: 1)	November 22	11AM CT
COPAS Economic Factors - Behind the Numbers (runtime 60 Mins CPE: 1)	December 10	9AM CT

JOINT INTEREST AUDIT SERIES

Audit Preparation (runtime 130 mins CPE: 2.5)	September 10	10AM CT
COPAS Publication References on the Audit Trail (runtime 60 mins CPE: 1)	October 15	10AM CT
Auditing Tools and Tips of the Trade (runtime 75 mins CPE: 1.5)	November 12	10AM CT
Practical Side of Reconciliations (runtime 125 mins CPE: 2.5)	December 10	10AM CT

All class and CPE information, COPAS policies, and course registration are provided in the CEE Store under the Education menu on COPAS.org

INTRODUCTION TO OIL & GAS MARKETING & SALES CLASS

On Tuesday, September 17, CEE is offering a 4 CPE Hour class. Come and join us prior to the National Fall Meeting at the River Spirit Casino Resort in Tulsa, Oklahoma from 8 AM - 12 PM.

This class will include information on the Value Chain, contract administration and marketing for Oil and Gas across the industry sectors.

Register on the COPAS.org website in the CEE Store.

PRINCIPLES OF REVENUE ACCOUNTING SERIES

Producer and Pipeline Imbalances (runtime 75 mins CPE: 1.5)	September 12	10AM CT
Production and Severance Taxes (runtime 60 Mins CPE: 1)	October 17	10AM CT
Private State and Federal Royalties (runtime 60 Mins CPE: 1)	November 14	10AM CT
Checkstub Processing (runtime 60 Mins CPE: 1)	December 12	10AM CT

PRINCIPLES OF JOINT INTEREST ACCOUNTING SERIES

Special Joint Venture Adjustments (runtime 60 mins CPE: 1)	September 11	12 PM CT
Allocations (runtime 60 Mins CPE: 1)	October 16	12 PM CT
Joint Interest Billings (runtime 90 Mins CPE: 1.5)	November 13	12 PM CT
Accounting for Joint Venture Costs (runtime 60 Mins CPE: 1)	December 11	12 PM CT

UNDERSTANDING LANDMAN SERIES

Royalties & Interests (runtime 125mins CPE: 2.5)	October 14	10AM CT
Landman and the Law (runtime 60 mins CPE: 1)	November 11	10AM CT

All class and CPE information, COPAS policies, and course registration are provided in the CEE Store under the Education menu on COPAS.org

INTRODUCTION TO EXPLORATION, PRODUCTION, AND UPSTREAM OPERATIONS (OPS) SERIES

Completing the Well & Special Drilling Situations (runtime 75 mins CPE: 1.5)	November 5	12 PM CT
Horizontal Drilling and Fracturing & Producing the Well (runtime 100 mins CPE: 2)	December 3	12 PM CT

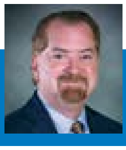
INTRODUCTION TO THE PETROLEUM INDUSTRY

Upstream (runtime 100 mins CPE: 2)	October 2	10AM CT
Midstream & Downstream (runtime 90 mins CPE: 1.5)	November 6	10AM CT
Petroleum Accounting (runtime 60 mins CPE: 1)	December 4	10AM CT

INTRODUCTION TO OIL AND GAS MARKETING AND SALES SERIES

Teamwork & Challenges (runtime 60 mins CPE: 1)	October 3	10AM CT
Crude Oil Upstream & Downstream (runtime 100 mins CPE: 2)	November 7	10AM CT
Natural Gas Upstream & Downstream (runtime 120 mins CPE: 2)	December 5	10AM CT

COMMITTEE CHAIR
Audit Committee



JEFF WRIGHT,
CHAIR

The Summer Meeting was held at the Doubletree Hotel in Denver, Colorado, on Thursday, July 11, 2019. There were 66 attendees from 33 different companies/entities representing eight societies. There were 36 designated as Audit Committee attendees and 30 designated as Joint Interest Committee attendees.

For those of you who did make the meeting, thank you for attending. We look forward to seeing you at our Fall Meeting in Tulsa, Oklahoma the week of September 16. The following is a recap of the Summer Meeting.

In our Summer Article, we mentioned that we would be postponing any Emerging Issues discussions to focus on extensive discussions into the drafts of 20XX-Accounting Procedures and MFI-XX-RTC. Don't fret, we will return with EI in the Fall in Tulsa, Oklahoma, but do anticipate that our meeting may be extended up to two hours allowing us time for additional discussion of these two very important publications.

Audit and Joint Interest spent the morning hearing from the drafting teams of both 20XX-Accounting Procedures, presented by Roger Gann, and MFI-XX-RTC, presented by Deb Retzloff. Items needing further review were identified and listed to be discussed more in-depth during the afternoon breakout sections.

We began with a breakout segment with the MFI-XX-RTC draft 2. The draft 2 comment deadline of August 2nd created more of an urgency to discuss any remaining issues the draft team was dealing with. During the presentation several straw polls were conducted to help direct and facilitate discussion on these issues. The results indicated that the team may not be far from the finish line with just a few items requiring further in-depth discussions from the individual committees when we split. Discussions on excess capacity, first level supervision (definition and personnel) and common area chargeability were the main areas of conversation in the Audit Committee. Final comments for the MFI-XX-RTC draft 2 were due by August 2 and the drafting team could send a voting draft of MFI-XX-RTC as early as the Fall 2019 COPAS meeting.

With the remaining time, the Audit committee continued its working session with the 20XX-Accounting Procedure draft. This was an engaging opportunity for the committee to discuss section by section what areas of clarifications and directions were needed. We tried to tackle a few big items with the time left. We discussed right of way chargeability, overhead, in general, and more specifically the overhead associated with environmental projects. The discussion ended with a spirited debate on how all overhead should be calculated and if we should consider eliminating fixed rate overhead and going solely to percentage-based rates and, if so, should certain costs, such as marine wall containment, be excluded from the calculation. A discussion ensued and we determined it would be worthwhile to straw poll society reps to determine if we should remove the option for a fixed rate and use a percentage-based rate for all overhead.

True to our promise of using the Summer Meeting as a working session, we garnered a lot of feedback for the drafting teams and where applicable the teams will work towards creating straw polls of the various items to be issued to the societies at a later date. As we came to a close of another lively and productive meeting, a point was brought up by Roger Gann about needing to sell this document(s) to the industry and that we need to always be cognizant of the language contained within the document and what limitations and rules may or may not be imposed. If the industry doesn't accept the new procedures, no matter how well written or thought out, it will sit on a shelf.

With that closing thought, we will see you in September in Tulsa, Oklahoma.

COMMITTEE NEWS

Education Standing Committee

AMY WHITLEY,
CHAIR

Amy Whitley, (Houston) has assumed the leadership of the Education Standing Committee.

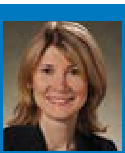
The board of directors has requested that the committee review and update TR-16, Form 1099 Education Guide and TR-20, Property Acquisition Checklist.

The committee will also examine creating a side-by-side comparative document of each Model Form Accounting Procedure.

If anyone would like to assist in any of these projects they should contact Amy awhitley@hilcorp.com.

The Education Committee will meet during the Fall meeting from 3:00 to 5:00 p.m. on Thursday, September 19.

Financial Reporting Standing Committee



LARISA FIALKOVA,
CO- CHAIR

KEN NOLLSCH,
CO- CHAIR

The Financial Reporting committee will be hosting a joint meeting with the Small Oil and Gas Companies Committee at the Fall Meeting on September 19. We have an exciting speaker line-up and will soon announce the full agenda. We encourage all COPAS members with interest in financial reporting to attend.

JOINT INTEREST STANDING COMMITTEE

JONATHAN BEENE,
CHAIR

As the fall season approaches (and likely already arrived in many of your geographic locations), I gratefully reflect on my tenure as committee chair over the past three years. I leave you in good hands with Jason Poteet and Patricia Ellington moving up to chair and vice-chair, respectively. I offer my sincere thanks to them and to the many other people who make our meetings run so smoothly. I can always count on several people within COPAS to pitch in with a presentation, to work on a drafting team, and the list goes on… This is what makes COPAS so great, the volunteers who selflessly help others out.

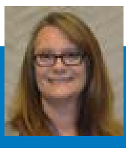
Even though I am a lame duck chair, I still hold great interest in the work at hand. The Remote Technology Centers model form interpretation has come a long way and marks a significant milestone in COPAS moving forward to address the rapid pace of operational change in the industry. I urge everyone to review the document closely and honor the team's commitment by providing well thought out feedback, whether that be in the form of a 'yes' vote or a 'no' with substantive comments when the time comes.

Similarly, the new model form accounting procedure in the works is in direct response to industry change, and I ask the same of you regarding review and feedback of that document. Please don't forget, the documents we write are the rules we live by. While we are all busy and sometimes overwhelmed, our industry must have documents that are thoroughly vetted and polished. ALL perspectives on the documents are welcomed and greatly needed: small company, large company, consultant, new to the industry, seasoned veteran, etc.

Lastly, I am excited to announce we have an update team assembled to review Model Form Interpretation 40, 24-Month Adjustment Period for Joint Account Adjustments. Five volunteers who will be revealed soon will be commencing their project to update this document that has been in effect in its current form since 1998.

Shale drilling considerations, in particular, have necessitated several updates to the document. The team will also consider other potential changes to the document to help clarify certain points of disagreement between operators and non-operators that seem to pop up over and over. Hopefully as you read this, the COPAS Board will have approved the project and they will be up and running.

Please join us at the next COPAS meeting. You won't regret the knowledge you gain, the contacts you make, or the friends you meet!



REVENUE COMMITTEE

REBECCA PARIS,
CHAIR

The Revenue Committee has another CPE-packed meeting planned for this Fall in Tulsa with 10 hours available to all attendees.

Peter Christnacht and Kimberly Jackson will join us from the Office of Natural Resources Revenue to discuss, among other things, what to expect with the vacated repeal of the 2016 Valuation Rule. We will also hear from committee members Morris Miller on reporting percentage of proceeds contracts for production from Federal lands under the 2016 Valuation Rule, Dan Hodgson presenting two enlightening midstream focused topics by following the molecules from the well through the plant and gas plant settlement statements, and Nate Wolf will provide a how-to on researching legislation. Zak Lee with the Petroleum Alliance of Oklahoma, Chad Wilkerson of the Federal Reserve Bank in Oklahoma City, and Tom Seng of the University of Tulsa will discuss their individual views of the oil and gas industry in Oklahoma and the United States, Tom Agnew of Lease Analytics will expound upon the usefulness of artificial intelligence in error and omission detection, and Wayne Rodieck from Anadarko will present on the use of drones in field operations.

It all adds up to a useful and enlightening Fall COPAS Revenue Committee Meeting, and we hope to see you there!

SMALL OIL AND GAS COMPANIES COMMITTEE

NANCY BROWN,
CHAIR

The Small Oil and Gas Committee met on Thursday, April 25 at the Spring Meeting in Memphis, Tennessee. There were 45 attendees from 14 societies and 3 hours of CPE was offered.

The next committee meeting will be held at 1:00 pm on Thursday, September 19 at the Fall Conference hosted in Tulsa, Oklahoma. We currently plan to have a combined meeting with the Financial Reporting Standing Committee. We tentatively have 4 speakers and will be offering 4 hours of CPE.

We hope to see you in Tulsa.

LEADERSHIP CONFERENCE

TAMMY MILLER-DAVISON,
COPAS VICE PRESIDENT

Have you ever walked into the Hospitality Suite and got intimidated by the small clusters of people having a good time or deep in a conversation? How do you approach them? At the Fall Meeting Leadership Conference on Tuesday, September 17, Dan Triezenberg will be giving a presentation (and maybe even a demo) on how to network and "work the room." It will give you confidence and ways you can increase your "knowledge network."

The Leadership Conference is not just for leaders of COPAS. It is for anyone who wants to learn more about COPAS, interested in becoming a leader at the society or national level or just wants to meet more COPAS members. Each meeting we have some great topics. Besides the Networking presentation, there will be a session on calendars for Standing Committee and Society Leaders which will give a glimpse of behind the scenes and what needs to be done and when for committee chairs and society leaders. Carolyn Sczepanski will give us an exciting and uplifting presentation. Only Carolyn can make this topic exciting and fun.

We will also get a short update from Tom Wierman on the APA® Pilot Program and Review Course, an update of what you need to know if hosting a meeting (Kim Peyton) and ensuring your meetings qualify for CPE (Vanessa Galindo).

The Leadership Conference agenda is part of the Fall Meeting registration page. Three and a half hours of CPE will be awarded.
I hope you will join us!

SAVE THE DATE

2021 SPRING MEETING | APRIL 18 – 25, 2021 IN GALVESTON, TEXAS

HOSTED BY PASH

JOIN US TO CELEBRATE COPAS 60TH ANNIVERSARY

THE SAN LUIS RESORT, SPA & CONFERENCE CENTER

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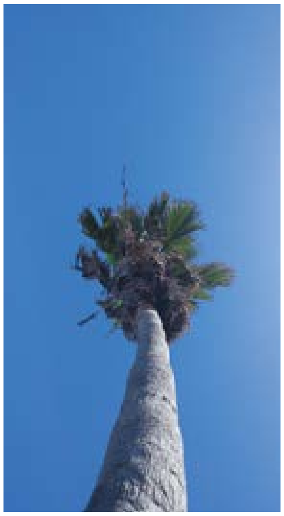
ABOUT THE HOTEL & LOCATION:

Located in Galveston, The San Luis Resort, Spa & Conference Center is on the Strip and minutes from Fort Crockett and Galveston Island Convention Center. This 4-star resort is within close proximity of NOAA Fisheries Galveston Laboratory and 61st Street Fishing Pier.

Pamper yourself with a visit to the spa, which offers massages, body treatments, and facials. You're sure to appreciate the recreational amenities, which include 2 outdoor swimming pools, outdoor tennis courts, and a fitness center.

A few of the island attractions that do not want to miss: 32 plus miles of beach, Moody Gardens three pyramids, shark fishing and crabbing, Pleasure Pier amusement park, tree sculpture tour from uprooted trees due to Hurricane Ike in 2008, tons of bars and clubs across from the water, shopping, historic houses from the 1800s, birding and bird watching and kayaking.



LEGISLATIVE & REGULATIVE UPDATE

MIKE FOSTER

MikeFoster@copas.org

NATE WOLF

NateWolf@copas.org

Information provided by Mike Foster and Nate Wolf, subcommittee chairs for the National COPAS Revenue Committee. Questions may be emailed to Mike at MikeFoster@copas.org or Nate at NateWolf@copas.org. The update is based on legislative and regulatory information available at the time of publication and is not intended as legal, tax or accounting advice. It may also include items listed in the previous issue of ACCOUNTS, as well as new items.

States Still in Legislative Session

While most of our oil and natural gas producing States have concluded their 2019 legislative sessions, a few will not complete until the 3rd and 4th quarter, including California (September 9), Pennsylvania (November 29) and Massachusetts, Michigan, Ohio (all at year-end). This report will focus on legislation and regulations that have been approved this year and legislation still under consideration in the U.S. Congress and by the States that have not yet convened.

Limitations of Onshore and Offshore Drilling

Some states considered, but did not pass, legislation to limit, restrict or further regulate onshore and Outer Continental Shelf (OCS) drilling including Connecticut (HB6012, SB588), and Virginia (SB1573). New York passed A2572, a substitution for SB2316, to limit any new leases, conveyances, lease renewals or lease for the development and production of oil or natural gas upon lands owned by the State in the marine and coastal district. Maine passed LD955 to prohibit offshore oil and natural gas drilling and exploration, development or production in, on or under the submerged and intertidal lands owned by the State. Massachusetts (SD2204, HD1614) continues to consider legislation to preclude oil and gas development off their coast and California

(AB342) continues to consider restrictions on new oil and gas leasing on public lands. Additionally, there are several Bills currently active in the U.S. Congress to limit oil and gas exploration, development and production in a number of states and areas including the OSC of the Mid-Atlantic Planning Area (HR337), the OCS of the coast of New England (S1296), the OCS of the North Atlantic and the Straits of Florida (HR 3829), California and the West Coast (HR310,S1318,HR279) and the Arctic Ocean (HR279, HR309).

Hydraulic Fracturing Restrictions and Prohibitions

Hydraulic Fracturing (HF) has been the subject of much legislative scrutiny this year at both the state and federal level. Connecticut passed SB753 to place a permanent ban on this practice. This Bill was signed by the Governor on July 8 and will become Public Act 19-112. Oregon also passed HB2623 to place a moratorium until January 2, 2030 on the use of HF for oil and gas exploration and production. Massachusetts continues to consider four Bills to either restrict or further regulate HF (S522, S456, S130, HD818). Michigan is proposing HB4474 which would require a public hearing as a part of authorizing HF. Pennsylvania is considering HB679 that will require a tracer fluid to be injected in the fracking substance. The U.S. Congress is proposing HR484 to amend the Mineral Leasing Act to provide that the Secretary of the Interior, acting through the Director of the Bureau of Land Management, shall regulate HF operations on Federal lands under the administration of the Secretary. Congress is also considering the Fracking Disclosure and Safety Act (HR436). This act states that the Secretary of the Interior, acting through the Bureau of Land Management, shall issue regulations governing the use of HF under oil and gas leases for Federal lands. Under this act the designated operator of the oil and gas lease will be required to conduct baseline water testing prior to commencing HF operations and to fully disclose to the public the chemicals used for HF under such lease on an appropriate internet website. The following States considered but failed to pass legislation pertaining to HF: Arizona, Florida, Illinois (5 Bills), North Carolina, New Mexico, New York (7 Bills).

Well Setback Requirements

California and Michigan are still considering legislation to implement or to modify well setback requirements from residences and other public locations. California AB345 would require a 2,500 ft. setback from residences, schools, child-care facilities and playgrounds. Michigan HB4317 would increase spacing from 450 feet to 2,000 feet from residential buildings but only in counties with a population greater than 750,000. Texas considered, but did not pass, SB1156 to increase spacing to 1,500 feet from a school or child-care facility. The Colorado Oil and Gas Conservation Commission in a unanimous vote on December 18, 2018, changed their rules effective January 20 to increase the setbacks for oil and natural gas wells to at least 1,000 feet from school facilities including playgrounds and other outdoor areas under school use. The new rule replaced the old requirements of a 1,000-foot setback from only the school building itself. The U.S. House is also considering HB1333 to set spacing of federal wells at 1,500 feet from homes, schools, businesses, or other buildings.

GET PLUGGED IN

If you are interested in receiving free legislative updates as they occur, please e-mail Mike Foster at MikeFoster@copas.org Nate Wolf at NateWolf@copas.org. Specify whether you want to receive updates on just state severance taxes and/or state/federal royalties. Please note that these bills only represent what has been filed or proposed at the time of this article. Several of them may never go anywhere, while others may get voted down, vetoed, amended and/or passed.

BLM

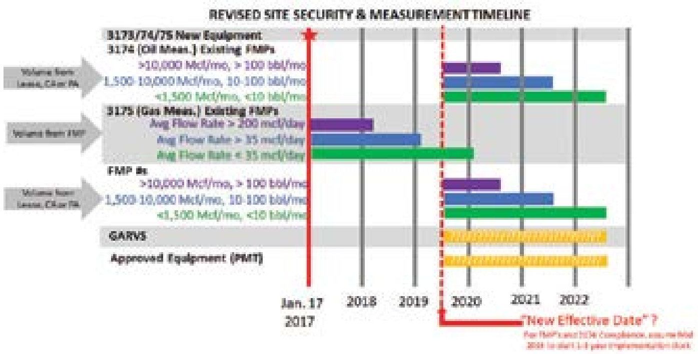
Security and Measurement Rules

As part of President Trump's goal to reduce the burden of federal regulations that hinder economic growth and energy development, the Bureau of Land Management revoked, suspended or rewrote several rules enacted or proposed by the Obama administration. These new rules are now codified as CFR 3173 (Site Security), CFR 3174 (Oil Measurement) and CFR 3175 (Gas Measurement).

While the measurement rules primarily pertain to allowable field equipment and requirements for the operation and testing of that equipment, the Site Security rules also have some new reporting and/or accounting requirements. These include the establishment of a new nationwide process for designating official points for royalty measurement, known as facility measurement points (FMP). FMPs are described as a BLM-approved point where oil or gas produced from a Federal or Indian lease, unit PA or CA is measured, and the measurement affects the calculation of the volume or quality of production on which royalty is owed. FMPs may include allocation facilities if not part of commingling and allocations approved after July 9, 2013. Producer will submit applications to a new BLM site to obtain FMP numbers. The Site Security rules also introduce new standards for commingling approvals, new guidelines for off-lease measurement and the filing of site facility diagrams. The new rules also require the BLM to develop a Production Measurement Team (PMT) responsible for evaluating all measurement equipment used in the field by make, model, size and flash version as well as the software systems utilized for data management. From that evaluation, the PMT will publish a list of approved equipment. The rules also call for the development of a Gas Analysis Reporting and Verification System (GARVS) for producers to use to periodically file mandatory well analysis information.

The original implementation date for the new rules was January 17, 2017. All new equipment installed after that date was to have met new measurement and reporting requirements immediately and equipment existing before that date would be allowed a three-year "phase-in" period based upon the average production from the facility. In addition, producers would be granted a three-year phase-in period to apply for and begin using FMP numbers. The BLM has published various Instructional Memorandums (see IM 2017-032, IM 2018-069) and Master Letter to Operators (see July 18, 2018 letter) delaying the implementation dates for portions of the new rules. These delays have created much confusion throughout industry regarding the effective dates of the new rules and the timeline for compliance. The following list and chart share what are believed to be the latest implementation timeline, although the BLM has indicated that the FMP application process may be delayed yet another year until mid-2020.

- Measurement equipment at all FMPs installed after January 17, 2017 must meet 3174 and 3715 standards immediately, with the exceptions for the requirements to use BLM-approved equipment and to enter gas analysis data into GARVS.
- The FMP registration system will be implemented sometime in 2019. Industry will have 1, 2 or 3 years to submit FMPs after that depending upon the relative production of their facilities. The three-year phase-in timeline for Oil Measurement under 3174 will coincide with the timeline for applying for FMPs.
- The BLM later clarified by IM 2018-069 that previous Onshore Order 4 and Order 5 rules would apply until existing facilities completed their phase-in to the new rules.
- PMT approved equipment listing and GARVS will be delayed beyond January 19, 2019.



Waste Prevention Rule (aka Venting & Flaring) (Codified as CFR 3179)

On November 18, 2016, the BLM published in the Federal Register a rule entitled, "Waste Prevention, Production Subject to Royalties, and Resources Conservation" ("2016 Final Rule"). The 2016 final rule was effective January 2017 and replaced the BLM's existing policy, NTL-4A. NTL-4A had governed venting and flaring from BLM-administered leases for more than 35 years. Due to confusion, uncertainty and contention over the new rule, the BLM announced on December 7, 2016 that it would suspend or delay certain requirements of the 2016 Rule until at least January 17, 2019. This suspension set about a series of legal challenges by various State regulatory agencies and industry associations. The BLM subsequently published a more streamlined set of Rules on September 18, 2018 (the 3179 Replacement Rules) effective from November 2018. The Replacement Rules are like NTL-4A rules and give significant deference to existing State regulation governing Venting and Flaring.

The Waste Prevention Rules state per 3179.5 that royalty is due on all avoidably lost oil or gas and that royalty is not due on any unavoidably lost oil or gas. The definition of avoidably lost differs between the original regulations (NTL-4A), the 2016 Final Rule and the 2018 Replacement Rule. The BLM has clarified that the time period in which venting and/or flaring occurred dictated which set of regulations governed the venting and/or flaring event and hence the determination of volumes subject to royalty. A summary of the three applicable regulation periods is shown below:

- NTL-4A – fully in effect from 1981 to January 2017
- 43 CFR 3179 (2016 Rule) – parts in effect from January 2017 to November 2018
- 43 CFR 3179 (Replacement Rule) – fully in effect form November 2018 to present

The ONRR published a "Dear Reporter" letter, dated April 09, 2018, providing new OGOR-B disposition codes for reporting royalty bearing Vent and Flare volumes. These were effective with July 2018 sales date to be reported to the ONRR with the September 2018 OGOR report submissions. The new Codes are Disposition code 33 (Flared Gas – Royalty Due) and Disposition code 63 (Vented Gas – Royalty due). The ONRR has been asked by Industry to clarify how the royalty bearing Vent/Flare volumes are to be reported on the form 2014. Preliminary instructions are to report the royalty bearing volumes using product code 16. The ONRR has also been asked to provide guidance on how royalty bearing vented or flared volumes are to be born between Take-in-kind owners with shared federal royalty burdens.

BLM Headquarters to move to Grand Junction, Colorado

On July 16 the U.S. Department of the Interior's (DOI) Bureau of Land Management (BLM) announced to U.S. Senators its plans to move its headquarters to Grand Junction, CO, from its current base in Washington, DC. The move should bring the bureau's operations closer to the public lands they manage. In a letter to Sen. Lisa Murkowski (R-AK), chairman of the Senate Committee on Appropriations' subcommittee on interior and environment, DOI assistant secretary Joseph Balash said that 220 of the current 550 BLM headquarters jobs in Washington, DC, among them BLM director, will be moved west. Initial relocation of 27 employees will come "through voluntary reassignments, providing commitments are secured by August 15, 2019," according to the letter. Other relocations and reassignments will take place over the next 15 months, until the lease for BLM's DC headquarters expires at the end of 2020.

CALIFORNIA

California opened its Legislative session December 3, 2018 and will close September 13. SB246 was introduced February 11 and is in the Senate Rules Committee. This Bill proposes an oil and gas severance tax on any operator for the privilege of severing oil or gas from the earth or water at the rate of 10% of the average price per barrel of California oil or 10% of the average price per unit of gas.

COLORADO

Colorado opened its Legislative session January 9 and concluded May 3. Colorado's **Initiative #22** which aims to raise severance taxes in Colorado was heard by the Secretary of State title board on February 6. The title board approved the single subject rule and the title was set, as well as the petition format. Initiative #22 would increase severance taxes in Colorado by $703,900,000 annually through an increase in the severance tax rate by 5% and the removal of the ad valorem tax credit. **SB181** "Protect Public Welfare Oil and Gas Operations (aka Omnibus Oil and Gas Bill)" has passed and was signed by the Governor on April 16. The key provisions of this Bill include: clarifying that the mission of the Colorado Oil and Gas Conservation Commission(COGCC) is to regulate oil and gas activities not to foster the development of oil and gas; give local governments the power to regulate oil and gas operations and clarify that local governments can go beyond state regulations; strengthen protections for wildlife; direct air quality experts to adopt common sense rules to reduce harmful emissions including methane; fix and prevent abandoned orphan wells; protect property owners from forced pooling by increasing the threshold required to "force pool" mineral owners. In anticipation of this Bill, the Adams County Board of Commissioners voted on March 20 to immediately halt any new natural gas and oil development projects within their county. On May 25, the Town of Erie voted to extend their temporary moratorium on oil and gas development through January 2020. In justifying their vote, the Board of Trustees pointed to the need to review the new authority provided to them under SB181. Also, on July 16, the Boulder County commissioners unanimously voted to extend a moratorium on processing or approving new oil and gas drilling applications until county rules are revamped with strengthened protections. The moratorium will be in effect until March 2020. Meanwhile, staff will work to update county land use code to further regulate the drilling industry by taking advantage of SB181.

INDIANA

Indiana opened it legislative session January 3 and ended sine die April 24. **SB565** was introduced on January 14. This Bill applies to a partial payment of a taxpayer's tax liability. A partial payment will be applied 1) to the tax liability of the taxpayer, 2) to the penalty owed by the taxpayer, and 3) to any interest of the taxpayer. SB565 passed and was effective July 1.

LOUISIANA

Louisiana started their 2019 Legislative Session April 8 and adjourned sine die June 6. Unlike 2018, this year was a fiscal legislative session. Louisiana enacted **SB242** (a substitute of SB179) on June 19 and was effective August 1. This law authorizes the State to have a lien or privilege on all oil and gas produced on any lands leased by the State Mineral and Energy Board in order to secure payment of royalties and other obligations of the lease.

MASSACHUSETTS

Massachusetts has three Bills pending relative to natural gas compression. **SD2907** and **SD1997** state that no new natural gas compressor stations shall be located in an area which is less than 0.5 miles in linear distance from: (i) a playground; (ii) a licensed day care center; (iii) a school; (iv) a church; (v) an environmental justice population neighborhood; (vi) an area of critical environmental concern as determined by the secretary of environmental affairs; (vii) a waterway...; or (viii) an area occupied by residential housing. **HD2640**

Requires legislative approval of natural gas compressor stations and states that the general court shall have the power to oversee and approve the sighting and licensing of any natural gas compressor stations within the Commonwealth. Agencies responsible for issuing permits for the construction of natural gas compressor stations shall not do so unless these permits are approved and enacted by a two-thirds vote of each branch of the general court.

MONTANA

Montana convened their General Assembly on January 7 and ended sine die April 25. **SB28** removes the $54 price trigger for the Incremental Production from a tertiary well. However, the $54 price trigger will attach to the New or Expanded Secondary Recovery production. This Bill passed and has been signed by the Governor with an immediate effective date. Montana passed **SB41** which eliminates that the bid for oil and gas lease sales must be made orally. Written bids will now also be accepted. **HB213** was introduced January 15. This Bill establishes that Stripper well exemption and stripper well bonus production is subject to a reduced tax rate only if the average price reported and received by the producer for Montana oil marketed during a calendar quarter is less than $54. (The $54 price trigger has originally been tied to West Texas intermediate crude oil). This Bill was passed and signed by the Governor with an effective date of July 1. **HB656** amends the privilege and license tax and the tax for the oil and gas natural resource distribution account from: ***may not exceed 0.3% to: is 0.3%***. This Bill was enacted on May 9.

NEW MEXICO

New Mexico's Legislative Session opened January 16 and ran through March 18. New Mexico passed **HB546**, the Produced Waters Act (aka the Fluid Oil and Gas Waste Act). This Bill, signed by the Governor on April 3, enables working interest owners to hold a possessory interest in produced water, recycled water or treated water, and to convey, transfer and sell this water and retain the proceeds. It also transfers liability for produced water when it is transferred to another entity within the oilfield. Beginning July 1, surface owners can no longer attempt to leverage the sale of fresh water or brine water from their water wells in exchange for the execution of a surface use agreement and/or seek throughput fees for produced water transported across state lands. New Mexico also passed **SB553** to allow the Oil and Gas Conservation Commission to schedule filing and application fees. On May 28 Ms. Adrienne Sandoval Director of the Oil Conservation Division announced the publication of the new fee structure on the OCD website. The new fees were effective July 1, 2019.

On June 3, WildEarth Guardians filed a lawsuit challenging 210 oil and gas leases sales covering 68,232.94 acres of land in New Mexico in BLM's Pecos District. The complaint asserted claims under the Federal Land Policy and Management Act, NEPA, and the APA, including a failure to take a hard look at the direct, indirect, and cumulative impacts of climate change in the lease sale process. WildEarth Guardians seek various types of broad relief, including setting aside the leases and enjoining BLM from issuing permits for leasehold activities.

NORTH DAKOTA

The North Dakota legislature opened January 3 and adjourned sine die April 26. North Dakota was very active this legislative session. **HB1439** was introduced January 14 and was enacted April 24 with an effective date of July 1. The incremental production from a tertiary recovery project that injects more than 50% carbon dioxide and has been certified as a qualified project by the industrial commission is exempt from the oil extraction tax for ***20 years***. To qualify for the exemption, the project must be located ***outside*** the Bakken and Three Forks formations and must use carbon dioxide produced from coal. Also, the incremental production from a tertiary recovery project that injects more than 50% carbon dioxide produced from coal and has been certified as a qualified project by the industrial commission is exempt from the oil extraction tax for ***10 years***. To qualify for the exemption the project must be located ***inside*** the Bakken and Three Forks formations and must use carbon dioxide produced from coal. **HB2312** was introduced January 17 and enacted April 1. This Bill adjusts the allocation of revenue from oil and gas gross production and oil extraction taxes on the reservation. The tribe will receive 80% of the total revenues and be subject to all exemptions from oil and gas gross production and oil extraction taxes attributable to production from trust lands on the reservation and on trust properties outside reservation. The state will receive the remainder. The tribe will also receive 20% of the total oil and gas gross production and oil extraction taxes collected and be subject to all exemptions from all production attributable to non-trust lands on the reservation in lieu of the application of tribal fees and taxes related to production. The state will receive the remainder. This Act will be effective for all new oil and gas wells drilled after June 30 and that are subject to this agreement, or the first day of the next succeeding month after the date of this agreement whichever is later. This Bill was amended to establish a Legislative Management Committee that will deal with Tribal taxation issues and given an expiration date of July 31, 2021.

North Dakota also passed six pieces of legislation with impact upon oil and gas operations and associated administrative reporting:

HB1077 – Allows the State Auditor to Audit Federal Mineral Royalties. This Bill adds a new subsection to the ND Century Code related to the powers and duties of the state auditor as follows: Perform work on mineral royalties for the federal government in accordance with section 1735(a) of the Mineral Lands and Mining Act [30 U.S.C. 1735 et seq].

SB2044 – Provides Enhanced Penalties for Tampering with Oil and Gas Related Facilities. This Bill categorizes certain oil and gas-related facilities as critical infrastructure and provides enhanced penalties for tampering with or damaging those facilities

SB2123 – Confiscation of Equipment for Reclamation Costs. This Bill adds pipelines, production facilities, saltwater handling facilities, and treating plants to the list of structures that may be seized for repayment of plugging and reclamation costs.

SB2212 – Penalty for failure to make royalty payment records available within 30 days of request. Sec 47-16-39.2 of ND Century Code currently requires person obligated to pay royalties under the lease make royalty payment and production records available for inspection and copying at that their regular place of business. The law amends the rules to state that if the royalty owner, the royalty owner's assignee or a designated representative is the board of university and school lands and the person obligated to pay royalties does not make records available within 30 days of receiving notice from the board, the board may impose a civil penalty of up to $2,000 per day until the records are made available.

SB2344 – Relating to Pore Space and Oil and Gas Production. The Bill removed uncertainty related to mineral developers' ability to use pore space by clarifying portions of the Oil and Gas Production Damage Compensation Act. The Bill was necessitated by a 2017 ND Supreme Court case, Mosser v. Denbury Resources. In that case, the Court held that a surface owner was the owner of the pore space under the land, that a mineral developer has the right to use a surface owner's pore space for the operation of a saltwater disposal well, but that compensation must be provided for use of that pore space. The Bill resolved the concern that compensation for pore space use may be extended to neighboring landowners due to injection plume migration, thus jeopardizing the economics of injecting carbon dioxide for enhanced oil recovery, temporary underground storage of natural gas, and produced saltwater disposal operations.

HB1392 – Confidentiality of Audit Records. This Bill provides clarity on the confidential status of information submitted to the Land Board for audit purposes. It also ensures that the confidentiality of information submitted for Department of Trust Land auditing purposes "runs" with the information, regardless of where it is transferred. This protection of sensitive information is critical to protecting producers' competitive market advantage.

Post-production cost deductions from royalty payments has been very much in focus within North Dakota this year and warrants continued attention from those operating within this state. The legislature passed concurrent resolution 4010 directing a study of post-production cost deductions. Additionally, on July 17, the North Dakota Supreme Court ruled in an appeal of a North Dakota District Court opinion in the case "Newfield Exploration Company et al v. State of North Dakota, ex rel. the North Dakota Board of University and School Lands et al. The Supreme court overturned the District court decision and found that post-production costs are not an allowable deduction when calculating State royalties. Royalties instead must be paid upon gross proceeds without deductions for costs to make the natural gas marketable.

The North Dakota Industrial Commission (NDIC) published on December 4, 2017 **new owner payment rules**. The rule changes pertaining to royalty reporting went into effect July 1. The royalty reporting changes can be summarized into two major categories: Check Stub Detail and Ownership Interest Information Statement.

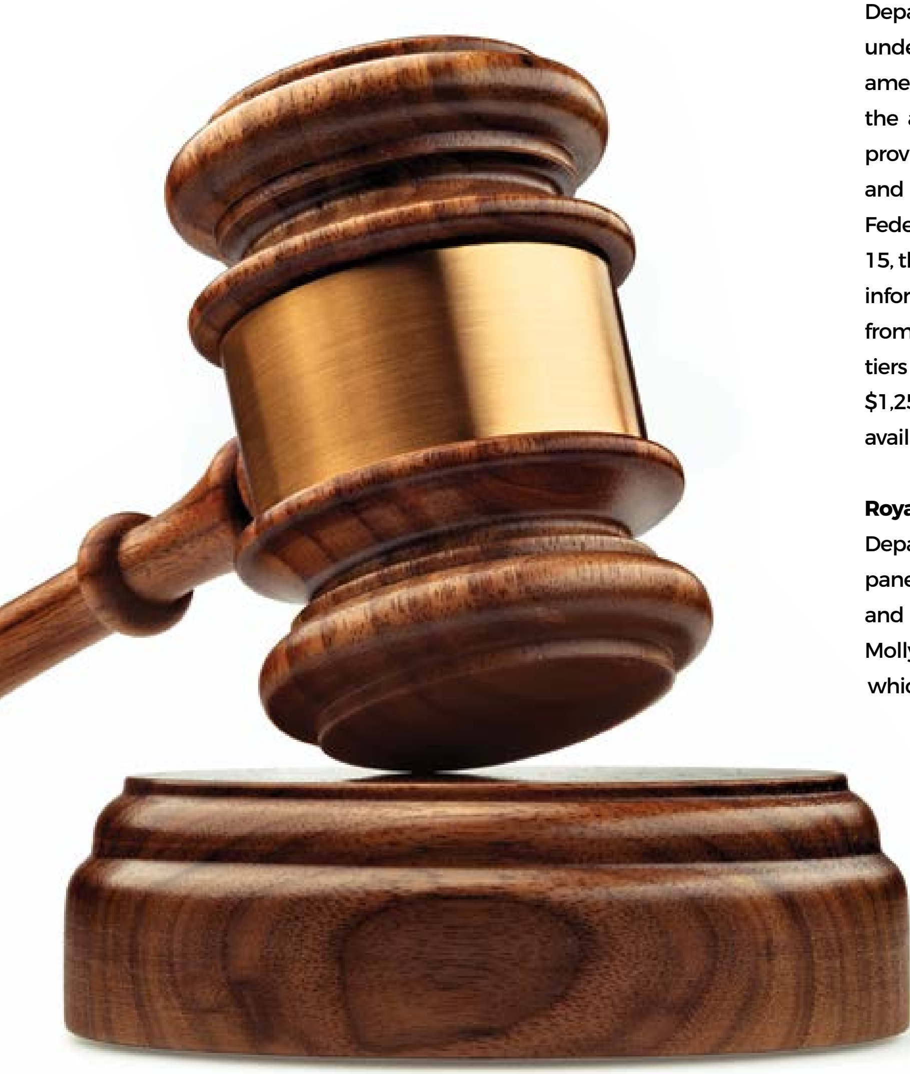
Check Stub Detail: Whenever payment is made for oil or gas production to an interest owner, whether pursuant to a division order, lease, servitude, or other agreement, twelve prescribed pieces of information must be included on the check stub or on an attachment to the form of payment, unless the information is otherwise provided on a regular monthly basis.

Ownership Interest Information Statement: Within 120 days after the end of the month of the first sale of production from a well or change in the spacing unit of a well, the operator or payor shall provide the mineral owner with a statement identifying the spacing unit for the well (and the effective date of the spacing unit change if applicable), the net mineral acres owned by the mineral owner, the gross mineral acres in the spacing unit, and the mineral owner's decimal interest that will be applied to the well.

OFFICE OF NATURAL RESOURCES REVENUE (ONRR)

U.S. District Court Vacates ONRR's Repeal of 2016 Valuation Rules

On March 29, the U.S. District Court for California's Northern District ruled in favor of California and New Mexico in State of California, et al., vs. United States Department of the Interior, et al and vacated the ONRR's repeal of its 2016 Federal Valuation Rules. The ONRR published a Dear Reporter Letter on June 13 advising industry that the 2016 Valuation Rules were once again in effect. The ONRR expects reporters to comply with the new rules by January 1, 2020 and to re-report, as appropriate, previously submitted form 2014 lines retroactive to January 2017 by that same date. Reporters who comply within this timeframe should be able to avoid non-compliance civil penalties. Some of the major changes with the 2016 Rules include: The disallowance of deep water gathering as allowable transportation; the institution of default pricing provisions to value federal gas when a payors gas price is 10% lower than the 'lowest reasonable gas price' or the payor's transportation deductions are 10% higher than the "highest reasonable transportation rate"; the elimination of non-arms-length benchmarks in gas valuation; the disallowance of pipeline losses in non-arms-length sales; the elimination of transportation factors; the removal of a payors ability to exceed the 50% transportation allowance cap or the two-thirds processing allowance cap; discontinuance of the 1.3 BBB multiplier in calculating non-arms-length allowances; the ability to use an index pricing formula for non-arms-length gas sales; the requirement that all percentage-of-proceeds contracts (both arms-length and non-arms-length) be reported as processed transactions; the revocation of extraordinary processing allowances and the cancellation of those extraordinary processing allowances previously approved; the elimination of accounting for comparison on federal gas; and the valuation of royalty-bearing vent or flare at default or index prices instead of gross proceeds prices. The 2016 Rules will not impact Indian Gas Valuation and have minimal impacts upon Federal Oil valuation. The 2016 Rules still require producers to place gas into marketable condition at no cost to the federal government meaning that unbundling may still be required for those not valuing under the new Index Price equation.



API Refiles Lawsuit Challenging 2016 ONRR Valuation Rule: On June 13 the American Petroleum Institute refiled its lawsuit in the federal district court for Wyoming (19-CV-121-5) challenging the 2016 ONRR Valuation Rule. The lawsuit states that the 2016 Valuation Rule which is advertised to promote "greater simplicity, certainty, clarity, and consistency in product valuation," is anything but simple, certain, clear, or consistent. It claims that the 2016 Rule upends a longstanding valuation system and replaces it with widespread uncertainty and unconstrained agency "discretion," thereby placing both offshore and onshore federal oil and gas lessees in an untenable position going forward with respect to their royalty reporting and payment obligations. Its net effect is an attempt to inflate royalty demands beyond what is fairly and legally due from federal lessees based on the value of the oil or gas production at or near the lease. API requests that the Court declare the 2016 Rule to be unlawful and to vacate the Rule.

Civil Penalties: On August 6, 2018 the District Court for the District of Wyoming ruled in favor of the government in API v. United States Department of Interior, Case 17-CV-083-F. The API had sought review under the Administrative Procedure Act the ONRR's August 2016 amendment to its civil penalty regulations. The API claimed that the amendment allowed the ONRR to assess the harshest penalty provisions on most, if not all, paperwork errors committed by federal and Indian mineral payors in contrast to the intent of Congress per the Federal Oil and Gas Management Act (FOGRMA) of 1982. On February 15, the API filed an appeal to the August 6, 2018 decision. Background information regarding ONRR Penalties: The maximum daily penalties from FOGRMA of \$500, \$5,000, \$10,000, and \$25,000 for the four tiers in §§ 1719(a)-(d) respectively were increased on February 15 to \$1,251, \$12,510, \$25,037 and \$62,595. See ONRR Civil Penalties website, available at https://www.onrr.gov/compliance/civil-penalties.htm

Royalty Policy Committee (RPC) Dissolved: The U.S. Interior Department announced on April 30 that it has dissolved the RPC panel that made recommendations on royalty valuation from oil, gas and coal leases on federal lands. Interior Department spokeswoman Molly Block confirmed that the Royalty Policy Committee's charter, which was created in March 2017, expired on April 21.

Susan Combs named Department of the Interior Assistant Secretary for Policy, Management and Budget. Susan Combs was confirmed by the United States Senate on June 5 as the Assistant Secretary for Policy, Management and Budget. The PMB department has oversight of the Office of Natural Resources Revenue. Ms. Combs is from the State of Texas. She served from 2007 to 2015 as the Texas comptroller of public accounts. Prior to her tenure as comptroller, Ms. Combs had served two terms as commissioner of the Texas Department of Agriculture from 1999–2007, taking the reins as the first woman elected to that office in 1998. Ms. Combs also served two terms in the Texas House of Representatives. On July 10, 2017, she was nominated by U.S. president Donald Trump to be the assistant secretary of the interior for policy, management and budget.

OHIO

Ohio legislative session runs the entire 2019 calendar year. Ohio continues to consider **HB55**, Royalty Owner Check Stub Requirements. This Bill would amend section 1509.30 and 1509.99 of the Revised Code to stipulate that instead of upon request by an owner, payors of royalties from the sale of oil or gas shall provide specific information with respect to the applicable payments on the check stub, attachment to the payment form, or another remittance device.

PENNSYLVANIA

Pennsylvania's legislative session is scheduled to end on November 29. The House has adjourned until September 17 and the Senate is in recess to the Call of the Chair and will return on September 23. Pennsylvania lawmakers passed the Code Bill necessary to enact the state budget on June 28. Importantly, the budget **does not** include a severance tax on the natural gas industry or a bailout of the nuclear industry. However, the following Bills are still active:

HB178 was introduced January 28 and is in the House Environmental Resources and Energy Committee. This Bill institutes a natural gas severance tax rate of 3.5% of the gross value of natural gas and natural gas liquids. The tax rate will be adjusted annually on July 1 based on the Pennsylvania hub price with a graduated tax rate scale ranging from 3% to 5%. Exemptions include stripper well; natural gas sold and delivered by an operator at or within five miles of the producing well for the processing or manufacture of tangible person property; natural gas provided free of charge to the surface owner; and natural gas, dry natural gas, or natural gas liquids severed from a storage field. Credits for impact fees are allowed. **SB183** was introduced February 1 and is in the Senate Education Committee. This Bill establishes the Pay It Forward Pay It Back program for the purpose of awarding loans to eligible students. This Program will be funded by imposing a natural gas severance tax on every unconventional gas well. The amount of the natural gas severance tax is set to be 5% of the gross value severed at the well. **SB457** was introduced March 19 and is in the Senate Environmental Resources and Energy Committee. This Bill establishes an Extraction for Education and Environmental Protection Tax which will be levied on every producer for the severance of natural gas. The tax will be imposed at the rate of 5% of the gross value of the units severed measured at the wellhead during a reporting period. A credit equal to the producer's total payment of the unconventional gas well fee imposed under Chapter 23 can be used to offset this tax liability. Beginning date will be July 1. **SB468**, much like SB457 was introduced March 21 and is in the Senate Environmental Resources and Energy Committee. This Bill establishes a natural gas severance tax on every producer. For the 2020 calendar year and each calendar year thereafter, the 5% severance tax will be imposed on the gross value of the units severed at the wellhead. **SB725** and **HB1585** are companion Bills. Each Bill was introduced June 6 and is in the Senate Committee on Environmental Resources and Energy. These Bills impose a volumetric natural gas severance tax. The severance tax rate is based on a natural gas price with a graduated scale ranging from $0.091 to $0.157 per unit. Exemptions are natural gas severed, sold and delivered by a producer at or within five miles of the producing site for the processing or manufacture of tangible personal property, lease use, natural gas severed from a storage field, and a stripper well.

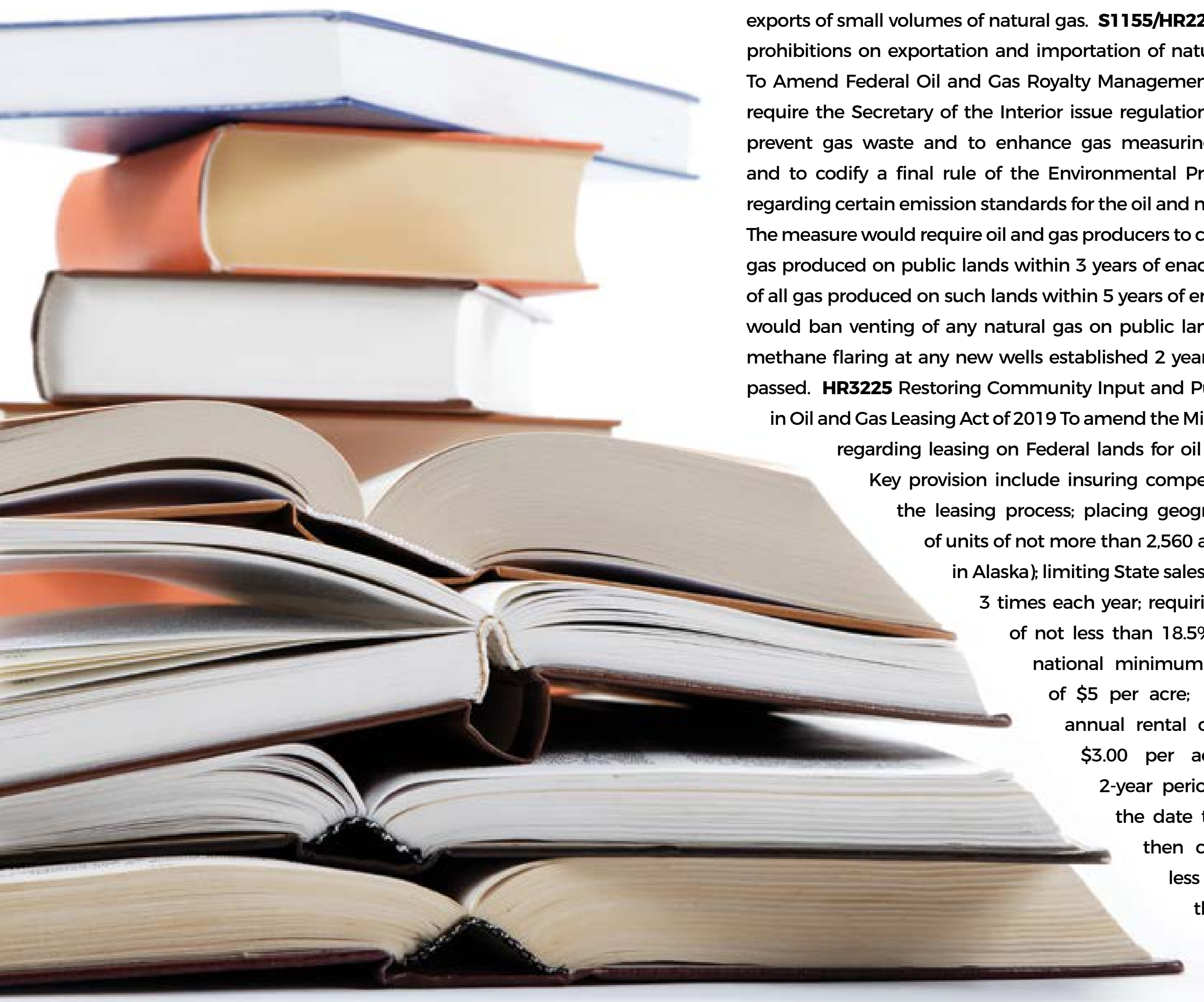
The State is considering a number of impactful Bills including **HB1649** to require the operator in unconventional formations annually report the following information: (i) the amount the well operator has expended for temporary water supplies for residents affected by the operations, (ii) the impact of the operations on infrastructure and public resources, (iii) the number of nondisclosure agreements the well operator has signed with individuals. **HB1635/SB790** Conventional Oil and Gas Well Act relating to conventional wells and the development of oil, gas and coal; Imposing powers and duties on the Dept. of Environmental Protection; and providing for preliminary provisions, for general requirements, for underground gas storage, for enforcement and remedies. **HB247/SB694** – Cross Unit Drilling stating that if the operator has the right to drill an oil and gas well on separate leases or units, he/she may drill and produce a well that traverses, by horizontal drilling, more than one lease or unit, if the operator reasonably allocates production from the well among the leases or units and the traversing well is not expressly prohibited by the terms of the lease. **SB282** – Impact Fee for Natural Gas and Oil Pipelines defining an "Impact Pipeline" to be a pipeline serving as a transmission and gathering line for oil or natural gas. The Pennsylvania Public Utility Commission shall collect from each person that utilizes an impact pipeline a fee based upon acreage of linear feet plus right-of-way width using the county average land value in an affected area. The Impact fee shall not be imposed upon an impact pipeline in existence on the effective date of this Bill. **HB828** Amends Title 58 (Oil and Gas) of the Pennsylvania Consolidated States to allow unconventional well operators to apply for a multi-well pad permit. **HB954** Environmental Protection Through Community Awareness to require well operators provide public notice of a permit application through newspaper publication. **Proposed Royalty Interest Check Stub Transparency Legislation**. On June 21 Senator Gene Yaw circulated a memorandum seeking co-sponsors for a Bill to ensure landowners are afforded a 'clear and distinct assessment of royalties paid to them. The legislation would require entities making payments to landowners provide more description, clarity and uniformity on their royalty check stubs.

TEXAS

Texas opened its legislative session January 8 and adjourned sine die May 26. **SB925** relates to the calculation of daily production for low-producing wells and leases. Production per well per day is determined by computing the average daily production from the well using the greater of the monthly production from the well as reported in the monthly well production reports made to the commission, or the monthly production from the well as reported in the producer's reports made to the comptroller including ***any amendments*** to those reports. The Bill passed and is effective September 1. **HB2256** was introduced

February 22 and signed by the Governor June 14 with an effective date of September 1. This Bill relates to procedures for tax auditing and determining amounts of overpayments of gas production taxes due to marketing cost deductions; and authorizes the comptroller to use selected marketing cost sampling in a managed audit if: (1) the comptroller approves the selection of marketing transactions to be used in the sample; and (2) the sampling method complies with generally accepted sampling methods described by Statement on Auditing Standards. **HB2675** was introduced February 27 and signed by the Governor on May 17. This Bill relates to the repealing language providing for the suspension of certain fees when the balance in the Oil and Gas Regulatory and Cleanup Fund exceeds a specified amount. This Bill will become effective September 1.

Texas passed **HB3226** to be effective September 1. This Bill changes the period of pooling unit dissolution from one to two years of no production. **HB3838** passed on June 10 is effective September 1. This Bill states that an offer to lease an interest in oil and gas in a property is considered an offer to purchase a mineral or royalty interest. If the property is subject to an existing oil and gas lease and if the lease being offered has the effect of conveying all or a portion of the mineral or royalty owner's interest in production from the underlying oil and gas lease, the offer must include the following language: BY EXECUTING AND DELIVERING THIS INSTRUMENT YOU ARE SELLING ALL OR A PORTION OF YOUR MINERAL OR ROYALTY INTEREST IN (DESCRIPTION OF PROPERTY BEING CONVEYED).



UNITED STATES CONGRESS

Congress is considering several Bills with potential impact upon the oil and gas industry. These include: **S218** to empower states to manage the development & production of oil and gas on Federal land. **HR998** To amend the Mineral Leasing Act to require the Secretary of the Interior to convey to a State all right, title, and interest in and to a percentage of the amount of royalties and other amounts required to be paid to the State under that Act with respect to public land and deposits in the State. **HR1391** To provide regulatory relief for conventional marginally producing oil and gas wells from the EPAs "Methane Rule". **S816/HR1836** to amend the Natural Gas Act to expedite the approval of exports of small volumes of natural gas. **S1155/HR2248** To terminate prohibitions on exportation and importation of natural gas, **HR2711** To Amend Federal Oil and Gas Royalty Management Act of 1982 to require the Secretary of the Interior issue regulations to reduce and prevent gas waste and to enhance gas measuring and reporting and to codify a final rule of the Environmental Protection Agency regarding certain emission standards for the oil and natural gas sector. The measure would require oil and gas producers to capture 85% of all gas produced on public lands within 3 years of enactment, and 99% of all gas produced on such lands within 5 years of enactment. It also would ban venting of any natural gas on public lands, and prohibit methane flaring at any new wells established 2 years after the Bill is passed. **HR3225** Restoring Community Input and Public Protections in Oil and Gas Leasing Act of 2019 To amend the Mineral Leasing Act regarding leasing on Federal lands for oil and gas drilling. Key provision include insuring competitive bidding in the leasing process; placing geographic limitation of units of not more than 2,560 acres (5,760 acres in Alaska); limiting State sales to no more than 3 times each year; requiring a royalty rate of not less than 18.5%; establishing a national minimum acceptable bid of $5 per acre; establishing an annual rental of not less than $3.00 per acre during the 2-year period beginning on the date the lease begins then changing to not less than $5 per acre thereafter.

HR 3829/S2167 Requiring a certain percentage of exported natural gas and oil be transported on United States vessels.

UTAH

Utah began its General Session January 28 and ran through March 14. **HB389** was introduced February 20 and has been signed by the Governor. This Bill creates a tax credit certificate process for the well recompletion or workover severance tax credit. To claim a tax credit, a taxpayer will receive a tax credit certificate from the Division of Oil, Gas, and Mining. The taxpayer will need to apply for a tax credit certificate including proof of the taxpayer's payment of expenses during the calendar year as reviewed by an independent certified public accountant. This Bill will have retrospective application to January 1. The School and Institutional Trust Lands Administration **(SITLA)** has announced that it is proceeding with formal rulemaking and anticipates rewriting its oil and gas rules by mid-year.

VIRGINIA

Virginia began its legislative session on January 9 and ended February 23. **SB1165** and **HB2555** are identical Bills. These Bills refer to the local (city or county) gas severance tax that extends the sunset date of January 1, 2020, to January 1, 2022. The local gas severance tax is dedicated to (i) the local Coal and Gas Road Improvement Fund, (ii) the Virginia Coalfield Economic Development Fund, and (iii) water, sewer, and natural gas systems and lines. Please note that Section 58.1-3712 states the following: The governing body of any county or city may levy a license tax on every person engaging in the business of severing gases from the earth. Such tax shall be at a rate not to exceed 1% of the gross receipts from the sale of gases severed within such county. Both Bills have been signed by the Governor. Effective date is July 1. **SB1422** passed on February 19 and specifies that a lease agreement or other written document conveying a non-freehold estate in land is not invalid, unenforceable, or subject to repudiation by the parties to the agreement because the conveyance was not in the form of a deed.

WYOMING

Wyoming began its legislative session January 8 and ended March 10. **SF134** revises the severance tax exemption for shut-in wells and tertiary recovery. It also creates a severance tax exemption for a New Well and Workovers/Recompletions. It further explains how the trigger price is calculated. This Bill was amended by the Senate Appropriations Committee and given a 'Do Pass.' The Amendment now includes natural gas and revises the natural gas prices. The definition of a shut-in well now includes natural gas; and wells that have not produced for at least 6 months. This Bill passed and will be effective July 1.

Crude oil and natural gas produced from shut-in wells is exempt from severance taxes for 24 months rather than the original 60 months. The well must have been shut-in for more than 6 months. The exemption triggers off when the price is above West Texas Intermediate (WTI) of $80.00 or Western Canada Sour (WCS) of $60.00; and when the Colorado Interstate Gas (CIG) price for natural gas price is $5.00 or more per MCF. A 50% exemption is allowed when the price is between WTI $60.00 and $80.00, or between WCS $40.00 and $60.00; or between CIG $4.00 and $5.00.

Incremental crude oil or natural gas production resulting from a tertiary recovery using injection is exempt from severance taxes for 24 months. The exemption triggers off when the price is above West Texas Intermediate (WTI) of $80.00, or above Western Canada Sour (WCS) of $60.00, or above Colorado Interstate Gas (CIG) spot price of $5.00. A 50% exemption is allowed when the price is between WTI $60.00 and $80.00, or between WCS $40.00 and $60.00, or between CIG $4.00 and $5.00 MCF **OR**, in the case of a tertiary recovery of crude oil resulting from injection of carbon dioxide, the severance taxes paid on the carbon dioxide gas can be deducted and allowed as a credit against the severance taxes imposed on the crude oil. The taxpayer is allowed only one remedy.

Crude oil and natural gas production from new wells on or after July 1, 2019 is exempt from severance taxes for 24 months. The exemption triggers off when the price is above West Texas Intermediate (WTI) of $80.00, or above Western Canada Sour (WCS) of $60.00, or above Colorado Interstate Gas (CIG) spot price of $5.00. A 50% exemption is allowed when the price is between WTI $60.00 and $80.00, or between WCS $40.00 and $60.00, or between CIG $4.00 and $5.00 per MCF.

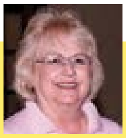
Crude oil and natural gas production from a capital workover or recompletion is exempt from severance taxes for 24 months. The exemption triggers off when the price is above West Texas Intermediate (WTI) of $80.00, or above Western Canada Sour (WCS) of $60.00, or above Colorado Interstate Gas (CIG) spot price of $5.00. A 50% exemption is allowed when the price is between WTI $60.00 and $80.00, or between WCS $40.00 and $60.00, or between CIG $4.00 and $5.00 per MCF.

The exemptions mentioned above take effect only in months when the previous six-month rolling average of the WTI, WCS, or CIG price is within the range specified. The department will calculate the six-month rolling average based on the monthly average of daily prices for WTI, WCS, and CIG for the preceding six-month period. The department will post these monthly average prices on its website.

WOGCC Permitting Rule Change: The Wyoming Oil and Gas Conservation Commission (OGCC) is expected to initiate formal rulemaking regarding the permit process at its July 2019 meeting. The rule is expected to change the way entities can secure operator status, reduce the backlog of permit applications, limit the number of protests at the OGCC, and allow for increased competition for permits to drill.

US Judge Blocks Oil, Gas Drilling in Wyoming over Climate Change U.S. District Judge Rudolph Contreras in Washington has blocked oil and gas drilling across almost 500 square miles in Wyoming saying that the U.S. government must consider climate change impacts more broadly as it leases huge swaths of public land for energy exploration.

SOCIETY NEWS



COPAS OF ABILENE

SHERYL MINEAR, PRESIDENT

The Abilene Society began a new fiscal year in September. Serving as officers this year are:

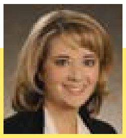
- President - Sheryl Minear
- Vice President – Becky Berry
- Treasurer - Richard Wolfe, Treasurer
- Secretary – Charlene Richardson

The Abilene Society held its first quarterly meeting on September 10. In preparation for the 2019 Fall Council Meeting, items on the meeting's agenda were discussed. I attended the session and as the representative I wanted to make informed decisions on the voting items.

Vice President Becky Berry has been diligently working on topics for the upcoming meetings this year. Sales Tax Audits were the topic for our September meeting; the purpose of an audit, who handles the audit, advance preparation for an audit, and who is ultimately responsible for any issues found during the audit such as a miscalculation of taxes.

Members of the Society also attended the Texas Alliance of Energy Producers Conference and Luncheon held in Abilene on September 11. I had the privilege of making a presentation on one of the issues affecting the industry: our aging workforce. I emphasized the need for utilizing the educational opportunities available to current and future employees. Organizations such as COPAS are a great source for these opportunities.

The following reports summarize the various society events and speakers held during the last quarter. These reports will perhaps provide some ideas to other societies for speakers or new events that might be tried. All COPAS societies are linked to at least two other societies. This is done for networking purposes and/or additional support. Each society also has a COPAS board representative assigned. Feel free to reach out to the board liaison with questions or needs you might have. Requests can also be directed to the COPAS office or the COPAS Vice President.



COPAS OF COLORADO

LAUREN DAVIS, PRESIDENT

As we say goodbye to summer and look forward to our beloved Denver Broncos to take the field, we are anxious to begin the 2019/2020 COPAS year! Registration for our members opens in August and we cannot help but think about back-to-school, which aligns with one of our key initiatives for the upcoming COPAS year: offering best-in-class continuing education to our members.

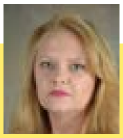
Currently, the COPAS-Colorado team is working directly with Angie Knipe, COPAS Director of Training and Education, on a program that offers our members industry specific content via live instructors and online tutorials to assist in their career development in a flexible environment to align with our members' schedules.

As we say thank you (but not goodbye) to our exiting board members, we welcome three new Board members and several new Committee chairs. The Board members and Committee chairs will meet in August to discuss new and creative ways to continue to support our members and share ideas and topics facing the industry.

We are also working on our plans to host the 2022 COPAS National Fall meeting. We cannot wait to host this event and we look forward to providing some updates as the plans progress.

We sincerely hope everyone had a great summer and we look forward to the upcoming year and we cannot wait for the new season to kick-off!

Petroleum Accountants Society of **ARKANSAS**



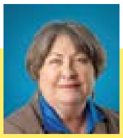
NANCY BROWN, PRESIDENT

The Arkansas Society met May 22 at the Fort Smith Chamber of Commerce offices. There was a combined Joint Interest and Revenue Committee meeting. Tom Daily, an attorney with the firm Daily & Woods, gave an update on Oil & Gas legal issues in the state. Our second presenter was Mayor George McGill. He spoke about how the Oil and Gas Industry has been beneficial to the city of Fort Smith. We offered two hours of CPE.

The meeting was concluded with a plaque presentation to Rick Jones for his service and hard work for the PAS-ARK society and its Board of Directors. Rick has left the area for a job in Oklahoma City. Rick's leadership has been a huge part of the PAS-ARK's success. He will be greatly missed in Arkansas, but the good news is that he will still be active in COPAS and the Oil and Gas Industry.

The Board of Directors met in August to elect next year's board members and kick off our yearly membership drive. We are excited about 2019-2020 society year.

COPAS of **CORPUS CHRISTI**



ANITA REED, PRESIDENT

After taking the summer off, the 2019-2020 officers met on July 16 and August 20 to plan the 2019-20 COPAS of Corpus Christi society meetings. Elected to serve as officers:

- President – Anita Reed
- Vice President – Charlie Stovall
- Secretary – Kevin Mihm
- Treasurer – Lucie Harris
- Assistant Secretary – Jane Russell
- Assistant Treasurer – Donna Lawson

Our goals for the year are to increase membership and exposure to the Corpus Christi oil and gas industry and support organizations, encourage members to be more active on the national level by sponsoring a member to be our representative at the semi-annual National Meetings and offer beneficial continuing education opportunities outside of our normal monthly meetings.

We hold monthly society dinner meetings on the third or fourth Tuesday of the month from September through May at Fajitaville on the Beach, 221 South Hotel Place, Corpus Christi Texas. We meet at 5:30 PM for social time with the business meeting starting at 6 PM which includes a speaker that qualifies for 1 hour of continuing education.

We set the following dates for our 2019-2020 meetings;

- Sep 24, 2019
- Oct 22, 2019
- Nov 19, 2019
- Jan 28, 2020
- Feb 25, 2020
- Mar 24, 2020
- Apr 28, 2020
- May 19, 2020 year end social

If you find yourself in the Corpus Christi area on these dates we extend an invitation to attend our society meeting. Please email Jane Russell, jane@dewbre.com, or one of the other officers for additional information.

Assistant Secretary, Jane Russell

COPAS of **DALLAS**

DANIELLE WATSON, PRESIDENT

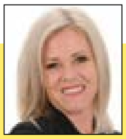
We are looking forward to the start of the 2019-2020 COPAS of Dallas season and we are excited to have a fantastic line-up of educational speakers and guests in the upcoming year. Our membership base remains strong and we are continuing to grow the New Professionals Group through various networking and social events. In the coming year, we will continue our scholarship efforts with the University of North Texas and Brookhaven Community College. We also look forward to hosting the Fall 2021 meeting in Dallas.

We would like to recognize Audit Committee Chair Lucas Vaughn for being selected as the COPAS Emerging Issues Subcommittee Chair at the COPAS meeting in April.

Recently elected officers of COPAS of Dallas for the 2019-2020 year are:

- President – Danielle Watson, Moss Adams LLP
- Vice President – Suzanne Sommerfelt, Denbury Resources
- Vice President NAPAC – Aleks Jovanovic, Triple Crown Resources
- Secretary – Justin Roberts, Whitley Penn
- Treasurer – Lisa Lester, Kreuger Land Services, LLC

Petroleum Accountants Society of **FORT WORTH**



BRIANNE BOULTER,
PRESIDENT

As we kick off our new 2019-20 year in Fort Worth we would like to introduce and congratulate our officers and volunteers for the upcoming year:

- President – Brianne Boulter, Weaver
- Ex-Officio and Website Chair – Mark McCaghren, Baseline Energy Services
- Vice President – Sylvester Juru, Lilis Energy
- Treasurer – Andrew Stevens, Lilis Energy
- Secretary – Pearl Brown, US Energy Development Corporation
- Voting Member and Registration Chair – Jessica Wagner, EOG Resources
- Voting Member and Education Chair – Ben Harwood, Weaver
- Voting Member and Social Media Chair – Jolynn Tizeno
- Voting Member and Advisory Chair – Laura Odom, EOG Resources
- Programs and Committee Chair – John Gil, Baseline Energy Services
- Programs and Committee Chair – Teresa Garza, Weaver
- Special Events Chair – Amanda Bartlett, EOG Resources
- Communications Chair – Melissa Baker, Weaver

During our summer months we have taken advantage of our break from our monthly luncheons for strategic planning and goal setting. For the 2019-20 year, Fort Worth will continue to host monthly meetings on the second Tuesday from September through April at the City Club of Fort Worth. Our goals for this year include offering more networking opportunities to our members, doing more community outreach and involvement, and ensuring we are securing diverse, engaging, and informative speakers for our monthly meetings. With these goals in mind, we plan to roll out a redesign of our website and social media sites to provide members with information, resources, and upcoming events that are easily accessible and that provide more avenues for our members to connect with each other. Stay tuned for our progress and updates in the next quarterly issue.

In addition to ringing in the new COPAS year, our chapter has endowments in place at three local universities, including The University of Texas at Arlington (UTA), Texas Christian University (TCU), and Texas Wesleyan University (TWU). Each endowment was established with an initial donation of $10,000, and we are pleased to announce that these endowments continue to provide financial assistance to students in our surrounding community, with scholarships being awarded again this year.

Last but not least, we would like to thank those of you who served as officers, served on our board of directors, and those who volunteered in our various chair positions during the 2018-19 year. It was a great year and will be hard to beat!

Petroleum Accountants Society of **HOUSTON**

WALLY TREVINO,
PRESIDENT

We hope that everyone had a safe and enjoyable summer! It is hard to believe it is almost time for another amazing PASH year. Overall, our 2018-2019 PASH year was a success. We saw an increase in membership and hope to continue that trend. If you have colleagues in Houston, send them our way, as we'd be delighted to have them join. Getting started is easy; visit our website.

In May, PASH held the 30th Annual Education Day where there were approximately 400 attendees with 18 sessions on a variety of

topics. The topics ranged from Knowing Your COPAS Documents to Gas Plant Auditing and many places in between. The new location had a great flow and we all learned a lot from the speakers.

Our PASH year closed out with the Annual Picnic and Golf Tournament. It was a beautiful day for golf, and we welcomed new board members to the team. We are looking forward to working together to guide the society into the future. Thank you to all the Committee Leaders and everyone who participated this year for all their hard work and continued dedication. Your participation makes a difference.

In June, PASH held an off-season Joint Interest - Audit Committee meeting to review the draft MFI on Remote Technology Centers. The discussion was lively and allowed PASH to provide timely feedback to the drafting team.

As we look forward, we are well into the planning to host the COPAS 60th annual Spring Meeting. A committee has been established, a location has been selected and contracts have been signed. The meeting will be held in Galveston, Texas at the San Luis Resort, located along the famous Seawall in April 2021. Galveston is 50 miles ESE of downtown Houston. See you all there!

It is also time to gear up for the upcoming season and get the wheels in motion for our monthly meetings. We are grateful to have speakers that share their time and knowledge and the opportunity to be a part of the maintenance and development of industry documents. Hope to see everyone soon!

COPAS OF **MICHIGAN**

DREW MARTIN,
PRESIDENT

COPAS of Michigan completed the 2018/2019 year with a field trip to see field operations in the central part of the Michigan basin. The event was well attended and allowed participants to see drilling operations first-hand, including a tour of the rig floor. The par ticipants are grateful to the partners who allowed this to take place and for the generous hospitality on location.

With continued consolidation of operators in the Michigan basin, collaboration with other organizations has become a required practice. The Michigan Oil and Gas Association (MOGA) has helped collaboration by offering leadership and organization to allow oil and gas professionals of different disciplines to interact and partner with meeting dates and locations. COPAS of Michigan has capitalized on this effort and will continue in the 2019/2020 year to further expand these partnerships.

Again in 2019/2020, COPAS of Michigan will hold four meetings and a field trip in the Michigan basin!

Petroleum Accountants Society of **MISSISSIPPI**

KIM PEYTON,
PRESIDENT

The Petroleum Accountants Society of Mississippi held a meeting at River Hills Tennis Club in Jackson, MS on June 3. Patrick Sullivan with Mississippi Energy Institute spoke on "What's Happening in MS Oil & Gas Public Policy".

The meeting on June 3 was also the annual meeting where the election of the board members serving the three-year term 2019-2022 took place. The newly elected board members are Paula White, Ken Rushing, and Quint Withers. The officers for the current fiscal year are:

- President – Kim Peyton
- Vice President – Nina Morgan
- Treasurer – Quint Withers
- Secretary – Paula White

We are currently working on our membership renewals.

Our next meeting is scheduled for Wednesday, September 23 at River Hills Tennis Club at 11:30 where our guest speaker will give us an engineering perspective on the current market. We hope to have a good turnout.

Our annual CPE day is scheduled for November 1, 2019.

We are pleased that we are continuing to have good participation in our chapter from local energy and CPA firms.

The Mississippi Delta is also home to some of the most delicious and unique food in the world. I know anyone on a diet must have had a hard time staying on it. Well, it was just one week, but how can you be on a diet with the spicy fried

chicken, catfish, smoked ribs, collard greens, hushpuppies, and corn bread. We "Put Some South in Your Mouth"!

When we chose Memphis as our meeting location, we had two goals in mind: 1. To show our great southern charm, hospitality, and food. And 2. We wanted to leave a positive impact on the Memphis community. To everyone who attended the Spring meeting will be judge if we met our first goal. As to the impact on Memphis, we were able to provide over 50 pounds of food by partnering with the Union Mission to provide food for the homeless. We also with the help of our fellow COPAS members, we were able to donate $10,000 to St. Jude. Thank you to Tom Wierman for being such a good sport by taking a pie in the face for such a great cause. Tom now has a place in history as the Honorary Duck Master on April 25, 2019. This great tradition dates back 80 years and as many times as we watch the duck walk, they are never the same.

Thank you to everyone who helped Petroleum Accountants Society of Mississippi make the Spring meeting so much fun and great memorable experience.

COPAS OF **NEW ORLEANS**

GREG GONZALES, PRESIDENT

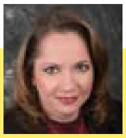
Prior to taking a short summer break, COPAS of New Orleans held a BOD meeting in June to select a new slate of officers for the coming year. The following people will serve for the 2019-2020 year:

- President – Greg Gonzales, Helis Oil & Gas Co. LLC
- First Vice President – Sam Wheeler, Bourgeois Bennett, LLC
- Second Vice President – Wayne Phillpott, Cox Operating LLC
- Secretary – Rosanne Simons, Cox Operating LLC
- Treasurer – Kris Schaumburg, Helis Oil & Gas Co. LLC
- Board Member – Ruth Carrasquero, Shell E&P
- Board Member – Scott Barrios, Shell E&P
- Board Member – Sarah Franatovich, LaPorte CPA's
- Board Member – David Mitchell, ANKOR Energy, LLC

Everyone agreed to maintain their previous positions. David Mitchell with ANKOR Energy stepped up to fill our long vacant ninth board seat which brought the board to full strength.

Our membership drive is in full swing. We are looking forward to a busy and productive year.

COPAS of New Orleans holds its meetings the third Wednesday of each month September through May.



COPAS OF **OKLAHOMA CITY**

CHRISTLE BUTLER, PRESIDENT

While summertime is typically a quiet time without society meetings with the members of COPAS of Oklahoma City, our board and committee members have been busy planning for this exciting upcoming 2019-2020 year. With our annual membership drive underway starting back in July, we look forward to welcoming our returning members while establishing relationships with our new members.

Kicking off our 2019-2020 year at the July board meeting with the annual transition of leadership, we want to say thank you to all the efforts of our board members and committee chairs for last year's services. A special appreciation to Craig Buck as society president for the time and energy devoted to making it another successful year.

The Board of Directors and Officers for 2019-2020 are as follows:

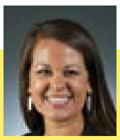
- President – Christle Butler, El Toro Resources
- President-Elect - Jimmy Nummy, Echo Energy
- Vice President - Chris Copeland, Continental Resources
- Secretary/Historian - Mia Downing, Martindale Consultants
- Treasurer - Donna Patocka, Continental Resources
- Technology Director - Steven Oakes, Ernst & Young
- Membership Director – Kim Romero, Chesapeake Energy
- Facility Director - Mike Grady, Chesapeake Energy
- Education Director – Open position, voted on in September

In August, the board and all committee chairs/co-chairs met to discuss monthly meeting objectives, CPE protocols, and other assorted topics. Our first society meeting is scheduled for Tuesday, September 10, at our new location at the Embassy Suites. This year's society Education Day will be held November 12 at Chesapeake Energy corporate headquarters. We are currently finalizing our list of speakers and are very excited about the value of this year's educational offerings.

In addition to our regular monthly meetings, we our continuing our partnership with Oklahoma City's Young Professionals in Energy to provide a multitude of networking events for our membership to participate in.

COPAS OKC is eager to host the Spring 2020 National Meeting April 20-24, 2020 in the beautiful historical site Washington, D.C. We are diligently preparing what will be a valuable educational experience. We highly encourage you to attend this unique and momentous opportunity.
This will be an exciting year for our society!

Petroleum Accountants Society of **OKLAHOMA-TULSA**



VANESSA GREEN, PRESIDENT

The PASO-Tulsa society elected its Officers for the 2019-2020 term. They are as follows:

- President – Vanessa Green
- First Vice President – Nate Wolfe
- Second Vice President – Michael Moon
- Secretary – Patricia Ellington
- Treasurer – Kevin Launchbaugh
- Board Member – Erin Webb
- Board Member – Jennifer Gibson
- Board Member – Cynthia Rodman

We also welcomed Aric Miller with Cimarex Energy to the PASO-Tulsa Board of Directors. While welcoming our new Directors, we would also like to thank our outgoing Board member Heather Polson for her years of exceptional service.

PASO-Tulsa also launched a new website to enhance our communications to members and other industry partners. The website allows for our society members to renew their annual membership, see upcoming events and keep up to date with important industry news. Check it out at paso-tulsa.org.

Our annual membership drive is currently underway, and we are excited for another successful year. The new members' luncheon was held on Thursday, September 26. This luncheon is designed to introduce new members to our society leaders, give a brief overview of each committee, and provide a relaxed atmosphere so that new members feel at ease and quickly integrate into our society.

In September we were living on Tulsa Time as we welcomed members from all over the country to the Oil Capital of the World for the COPAS National Meeting at the River Spirit Casino. Members got to see Tulsa at its best as they participated in a leadership conference, committee meetings and a roaring reception and casino night featuring Major Dan Rooney, the Founder of Folds of Honor.

Thank you to everyone who helped in the planning and hosting of the event. Without your hard work it would not have been possible. We would also like to thank everyone who was in attendance. We hope you had a wonderful time and can't wait till COPAS "takes you back to Tulsa".

Petroleum Accountants Society of the **PERMIAN BASIN**

AMY SMITH, PRESIDENT

The Petroleum Accountants Society of Permian Basin held a meeting in May to elect board members to serve for the 2019-2020 year. Congratulations to newly elected board members Stephen Cheiffo, Elizabeth Leyva-Pacheco, and Natalie Watt. The officers for the current fiscal year are:

- President – Amy Smith, Wolf Bone Ranch Partners LLC
- Vice President – Angie Favela, Weaver
- Secretary – Stephen Cheiffo, Weaver
- Treasurer – Nick Ketcherside, Johnson, Miller & Co.

We are currently working on membership renewals and attracting new members. Our next meeting is scheduled for Tuesday, September 24 at Midland Country Club. Our education committee has been busy planning an Education Day for October 29 at the Petroleum Club in Midland.

The PASPB planning committee is working hard preparing for the Fall COPAS 2020 meeting that will be held at Sirata Beach Resort in St. Petersburg, Florida September 21-25.

ROCKY MOUNTAIN Petroleum Accountants Society

ANDREA FUENTES,
PRESIDENT

The Rocky Mountain Petroleum Accountants Society (RMPAS) held two bi-monthly meetings; March 10 and May 15. For the March meeting, we had the Director of System Operations Analysis from Questar Energy, Todd Dustman, who gave a presentation on Questar's gas storage facility at Clay Basin, Wyoming. At the May meeting, we had the president of the Utah Association of Certified Public Accountants, Susan Spiers, give us a review on Ethics, and how it pertains to CPA's. It was a good review for our members on a personal and professional level.

We have volunteered to host the Fall 2023 national meeting.

Brian Roquemore, Vice President

Petroleum Accountants Society of SAN ANTONIO

DAVID GARZA,
PRESIDENT

The Petroleum Accountants Society of San Antonio (copassa.net) held their Education Day on May 21. We had an outstanding group of speakers and topics that included:

- Dr. Thomas Tunstall, Economics Professor at the University of Texas San Antonio – Oil and Gas Sustainability
- Kim Goodwin, AMS-PAS – Vendor Audits
- Stephanie Hartman, Catalyst-Consulting LLC – Defeating Abuse of Power
- Joe Dancy, Energy Law and Economics Professor at the University of Oklahoma – Drone Use in the Oil Patch
- Jeanne Warner, CPA, Apache Corporation – Gas Balancing and Cash Settlement
- Joe Leal, JDL Oil and Gas Consulting – Gas Plant Auditing

San Antonio is also preparing for our new COPAS year beginning with our August 2019 membership drive and first meeting September 26. There will be plenty of opportunities to serve as the General Land Office (GLO) members will be transferring from the San Antonio Society to the new up and coming Austin Society. I would like to thank our faithful GLO folks for their immeasurable contribution over the years. They will be greatly missed in San Antonio but will add immediate value and energy to the new Austin start-up society.

COPAS HISTORY

Have you ever wondered what the Resolution forming the Council of Petroleum Accountants Societies, Inc. said? Do you know which societies were present at the initial meeting, and what societies were charter members?

The history of COPAS has been summarized back to the initial meetings of the organization and updated for each sequential meeting since then. The product is known as TR-12, History of COPAS.

Each meeting of the organization has been summarized to show the leadership team at the time, some of the items that were on the voting agenda, and other significant items that occurred. The document also has sections listing the COPAS presidents, recipients of the Jon Gear Meritorious Achievement Award, recipients of the Eagle Award, recipients of the Ring of Honor, and a listing of the Executive Directors.

The document is available for free download from the COPAS website. It is updated annually, about March of each year.

VOTING ITEMS

FALL 2019

- [ ] Spring 2019 Council Meeting Minutes *(majority)*
- [ ] Employee Benefits Upper Limitation of 35%, effective January 1, 2020 *(majority)*
- [ ] Election of Board of Directors for 2020 - 2022 term *(top 3)*
- [ ] Election of 2020 Nominating Committee *(majority)*

ABOVE, Left to right: Danyelle McClellan, Penny Parten, Andy Romine, Doug Smith, and Tarek Alshamali.
BELOW, Audit Committee Chair, Jeff Wright, moderates a discussion on the 20XX Model Form Accounting Procedure.

SPRING COMMITTEE MEETING

July 11, 2019
Denver, Colorado

RIGHT, Aaron Day takes notes during the presentation.

LEFT, Jason Poteet, Joint Interest Committee Vice Chair, takes notes for the project teams to use in their drafting process.
BELOW, Karla Bower, 20XX Model Form Accounting Procedure Project Team Lead, answers a question during her presentation.

TOP MIDDLE, Janet Raesner (far right) makes a point during the project team discussions while (back row, left to right) Larea Arnett, Mike Cougevan, Mike Moon, (front row, left to right) Jeff Roberson and Lucas Vaughn listen. **LEFT,** Terry McMurray and Jim Pruden listen to a discussion. **ABOVE,** Foreground: Kim Romero (Oklahoma City Society).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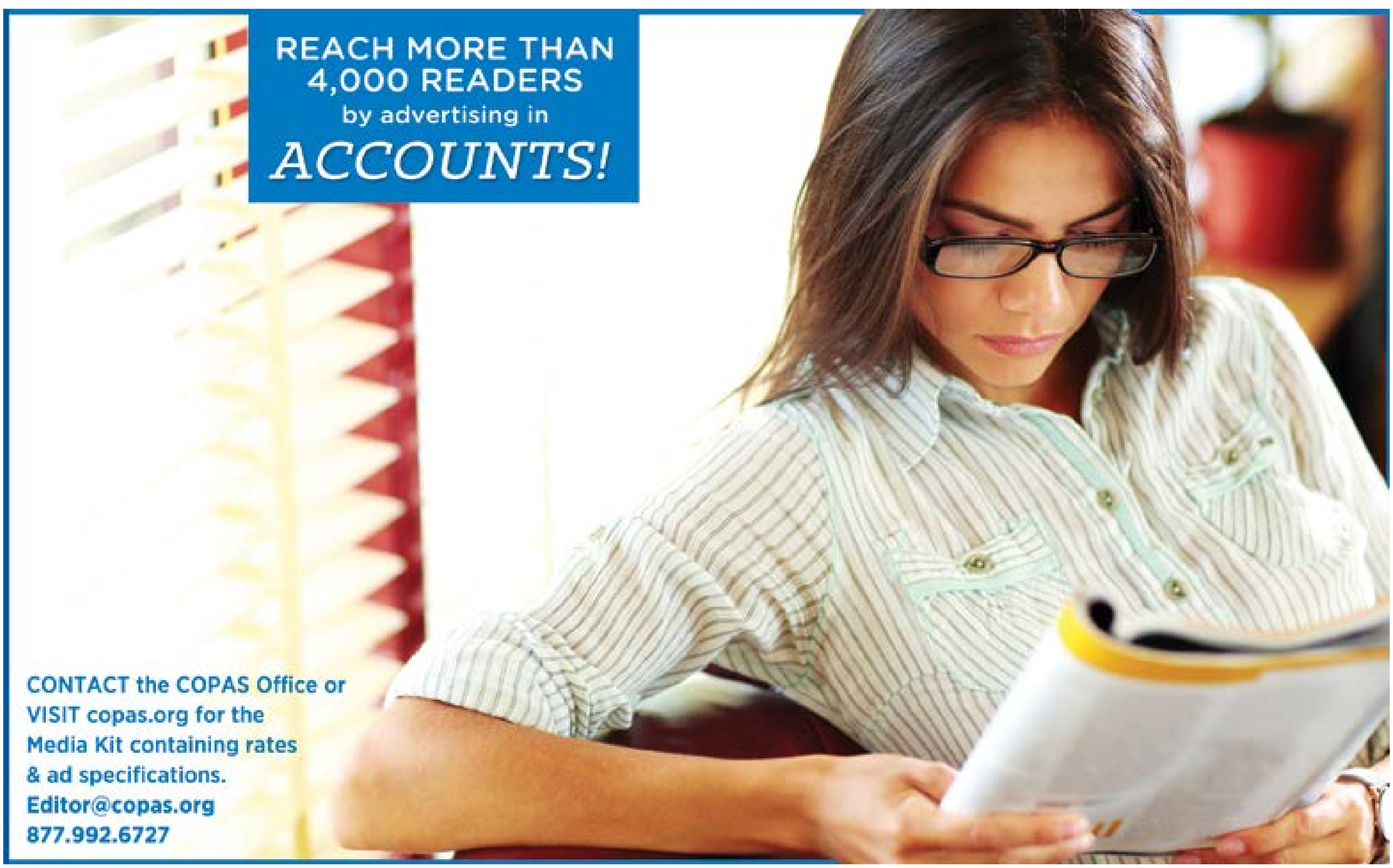
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