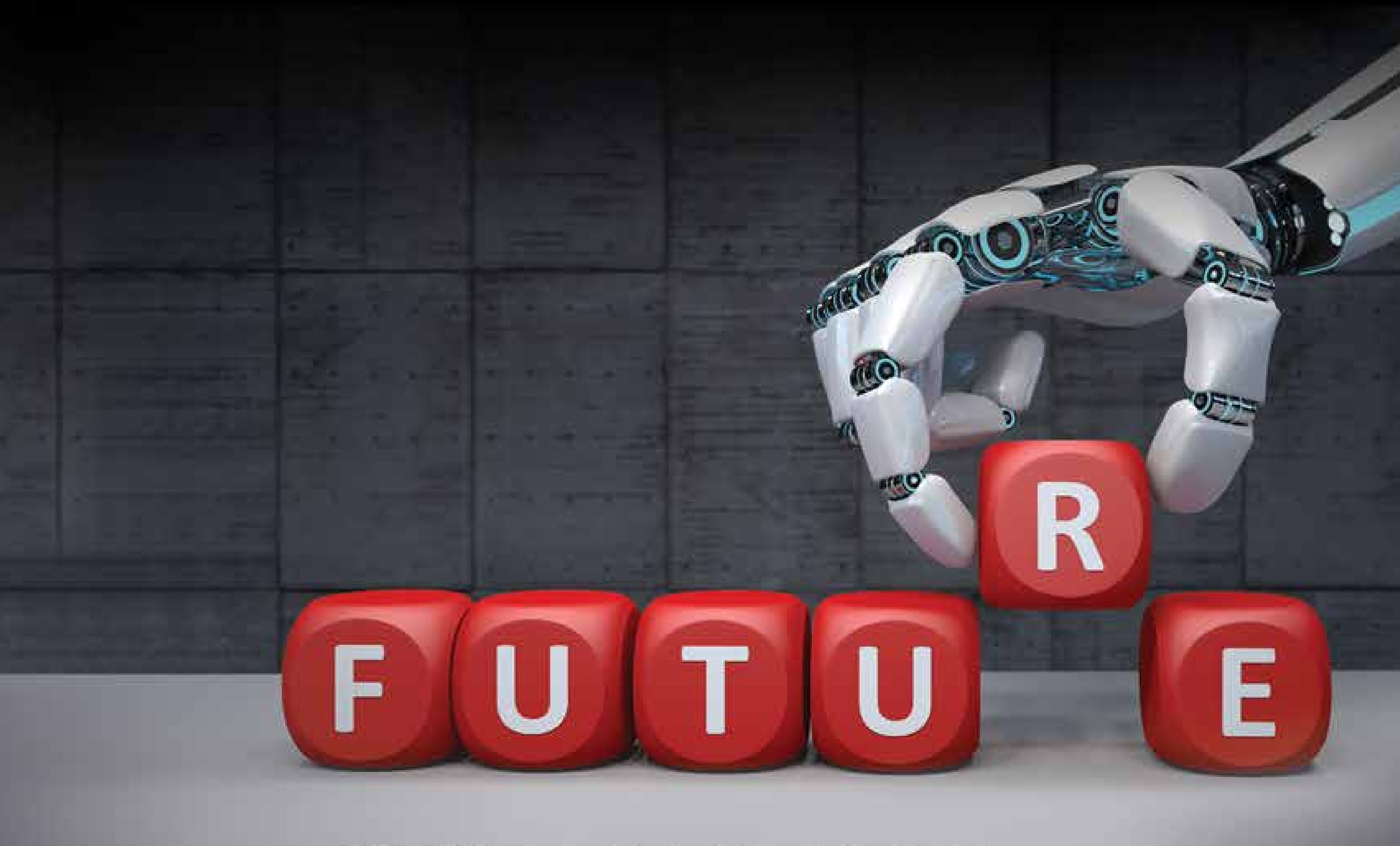
COUNCIL OF PETROLEUM ACCOUNTANTS SOCIETIES

ACCOUNTS

WINTER 2018



WINTER FEATURES

Digital Finance Ecosystems for Joint Ventures and Joint Operations

Robotic Accounting Department

copas

Council of Petroleum Accountants Societies

ACCOUNTS

WINTER 2018

CONTENT

copas
Council of Petroleum Accountants Societies

Turning Energy Into Synergy

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PRESIDENT'S MESSAGE

DOUG SMITH

Well it is that time of year when we are enjoying and overdosing on football, holiday feasts, Christmas movie nostalgia, and the end of another COPAS year. As I look back on this year I feel very blessed and thankful for all the support from our volunteer members. Your commitment and drive is the reason we continue to advance our reputation and our success in being "THE source of business and accounting solutions for the oil and gas industry."

If you missed attending the fall meeting in Corpus Christi, you don't know what you missed. Not only was the food great and the facilities excellent, but the meetings were very well attended and had a great deal of interaction. Thanks to all who participated in the committee meetings, the networking. The knowledge sharing is ostensibly one of the best benefits of our meetings. The Corpus Christi society and the Omni put on a memorable meeting, and I want to particularly thank Charlie Stovall, Jane Russell and their planning committee for the smooth sailing through the week.

At the 115th Council Meeting on Friday, September 21, the following items were approved:

- Minutes of the 2018 Spring Council Meeting
- Employee Benefits Limitation of 35%, effective January 1, 2019

The Council elected three members to serve on the board of directors for a three-year term starting January 1, 2019:

- Craig Buck, Oklahoma City
- Dalin Error, Houston
- Kim Peyton, Mississippi

Two new additions were included in the COPAS Ring of Honor and announced at the Council meeting. The COPAS Ring of Honor was started in 2017 to recognize COPAS members who have mentored and contributed greatly to the organization over their careers. This award is like those of sports teams for the best players and coaches in history. It is different than the "Eagle Award" in that the Eagle Award is in recognition of commitment of an individual who has significantly contribute to COPAS in standing committees, special committees or projects. The two past and present COPAS members honored at Council for inclusion in the COPAS Ring of Honor were:

- David Smylie, PASO-Tulsa
- Bob Wilkinson, PASO-Tulsa

The Eagle Award was awarded to Deb Retzloff for her outstanding support and commitment to COPAS. This choice was an easy one for me as I mulled over Deb's resume' in my head. See Deb's accomplishments on page 24.

After the Council Meeting, the board of directors met and elected officers for 2019. Join me in congratulating the following members who will serve as your 2016 officers:

- Wade Hopper, Houston – President
- Tammy Miller-Davison, Colorado – Vice President
- Melissa Gruenewald, Oklahoma City – Treasurer
- Trey Thee, Tulsa – Secretary

I presented you with our 2018 goals in the Spring Council meeting and reviewed the status of those goals at the Fall Council meeting. Below is a compilation of what I presented in September:

Publications—Engage in publication development that addresses current industry accounting trends or issues.

PRESIDENT'S MESSAGE

- Two publication development projects actively underway with writing teams meeting regularly
- First draft of RTC MFI delivered in July
- First draft of New Accounting Procedure expected before year-end
- Two potential MFM's were suggested at the fall meeting
- Membership—Improve membership participation in the industry.
- Our marketing firm presented at the spring meeting.
- One new Provisional Society has been added in East Texas
- Enhancements to the website have been delivered
- Streamlined CEE and COPAS communications to members
- APA®—Implement APA® program changes required to enhance effectiveness and expand public awareness of the APA®
- Goal in progress. Expanded marketing campaign with RSM
- Goal in progress. A project team will be assigned to work on this review product
- COPAS Energy Education (CEE)—Expand educational offerings and aggressively market to COPAS Societies and member companies.
- Most successful year yet for CEE
- Seated a board for the Education Foundation and began the process of soliciting donations to fund it

I am proud of what our many volunteers have done this year to drive our organization's success. I have to shout out a great big thank you to the COPAS office staff--Tom, Angie, and Vanessa. These folks are tireless and do fantastic work for COPAS. Thank You!

This is my last column as President. It has been a great year, but it feels like it just flew by. I look forward to my final year on the board and wish Wade all the success as president next year.

FEATURED IN THIS ISSUE

DIGITAL FINANCE ECOSYSTEMS FOR JOINT VENTURES ANDJOINT OPERATIONS

WRITTEN BY PATRICK MEGNA & FELIPE OLMEDO

The impact of digital technology on the finance function has proven to be transformative. As robotics, artificial intelligence and blockchain technologies continue to emerge and advance, increasing permeation is inescapable. The role of the finance organization continues to evolve and so must the focus of finance and accounting professionals.

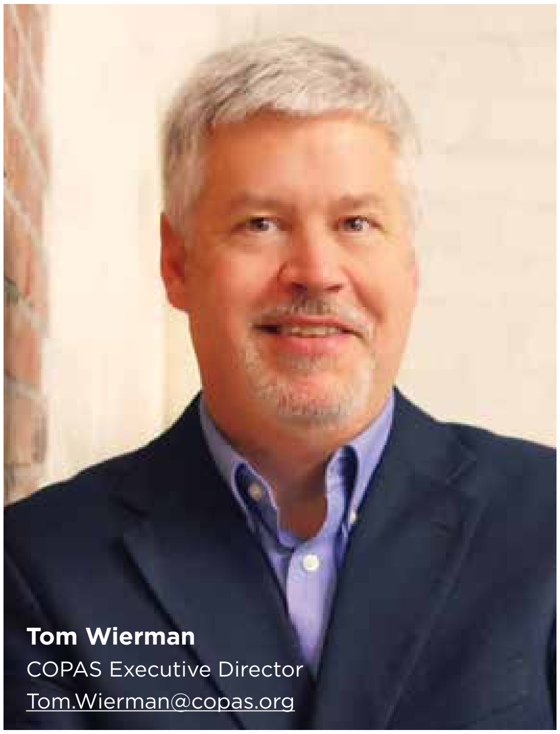
(SEE PAGE 12 FOR MORE)

ROBOTIC ACCOUNTING DEPARTMENT

Accounting has changed, and the robots are already here. They have been deployed in the accounting departments at leading companies, big and small. They are being used to automate tasks that used to be done by humans, from account reconciliations to intercompany netting and settlement. And this is just the beginning of the robot uprising.

(SEE PAGE 16 FOR MORE)

HOME OFFICE MESSAGE



Tom Wierman
COPAS Executive Director
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FROM THE HOME OFFICE

ACCOUNTS

An old friend has returned to your mailbox with this issue of *ACCOUNTS*. After a gap of nearly three years, the magazine has returned to a printed format.

Member surveys were telling us that digital was the way to go so we tried that format. It was a huge cost savings with a digital issue, but the lack of a printed issue was a common complaint from members when asked what they would like to see changed.

Having a physical copy in your hand leads to reading the issue from cover to cover. While there were many advantages to the digital copy, it just didn't have the same impact.

The board began discussing returning to a print issue and there was great support for that. While the costs return to the budget, we are seeing strong advertising support to help offset. Please thank and support our many advertisers for supporting your member magazine.

There is a feature article in this issue that will continue to expand your understanding of Blockchain. The other feature article is equally interesting. It is on the use of robotics in the accounting department. I hope you enjoy both articles.

Mike Cougevan does a great job recapping the industry news for us. This is a great place to quickly digest all the industry transactions that took place in the prior quarter. Mike Foster and Nate Wolf spend a great deal of time recapping the various legislative activities across the US. This is a thorough list of activities that will help you stay on top of changing laws and rules.

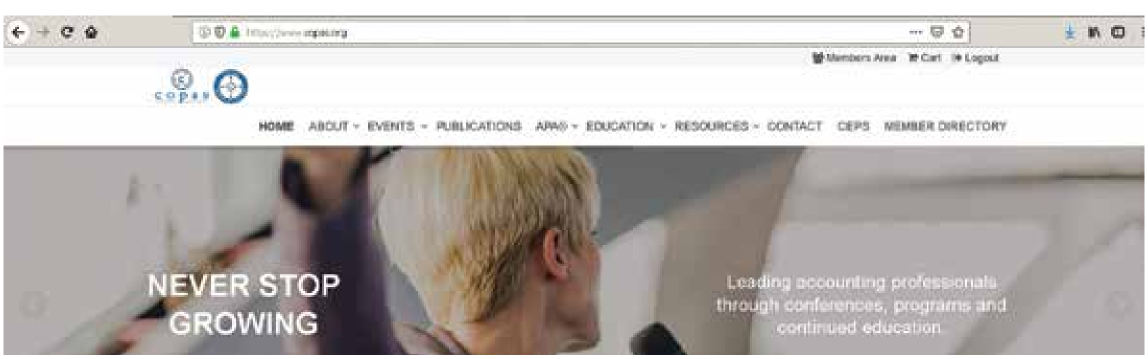
I always like to have the meeting schedule in front of me, so I know when and where upcoming meetings will be. I also like to refer to the Project Status Report, which provides a quick glance of publications in development.

A digital form of the magazine will continue to be posted to the website in case you need to access it when away from your hardcopy.

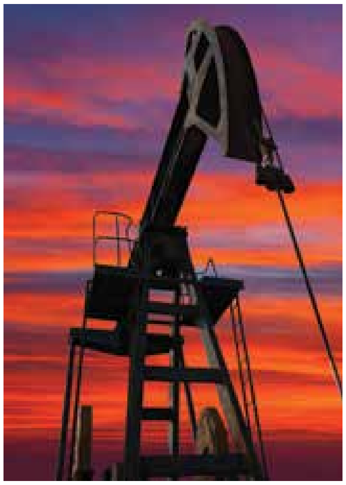
Website Changes

On November 7 a tab on our website changed from "COPAS Learning" to "Member Directory." The member directory has always been part of the members area, but with some other changes we've made to technology, the member directory has a more prominent location on the website.

There is some short-term pain with this move and thank you for bearing with us during this interim period. The



HOME OFFICE MESSAGE



technology platform where our member database resided was not recontracted. Our current website is Joomla-based and there isn't an acceptable plugin for a member database. Since our website is being converted to a WordPress base, we had the developer escalate the member database piece and roll that out until the rest of the website is converted, estimated to be early 2019. To be clear, users will have a password for the website, and a separate password for the member directory. If you need help, please contact the COPAS Office for assistance.

This change was initially made without an announcement or email notification. The new tab appeared after a refresh of the page. However, when members click on the link, they are immediately asked to reset their password, so we felt like it was self-explanatory. (Nonmembers cannot gain access and are directed to the membership application.)

COPAS Energy Education

We had a big year in COPAS Energy Education. Our webinar series was well-received and expanded midway through the year. Please be sure to review the COPAS Energy Education pages 30-33 for the 2019 webinar schedule. Some webinars run the full year, while others are scheduled to run the first part of the year, then repeat. There will something for everyone.

We are still looking for additional instructors and subject matter experts to assist with developing more advanced level educational materials. Contact Angie Knipe (303) 300-1139 for more information.

Royalty Conference

If your company has Federal leases, see the inner back cover about the upcoming ONRR Royalty Conference that will be held in early February. This is a must-attend event and will sell out. Sixteen CPE hours are available. Topics over these three days will include marketable conditions, unbundling, enforcement & civil penalties, Indian leases and regulations, measurement, venting & flaring and other issues. There will be many subject matter experts attending so take advantage of the opportunity.

COPAS Education Foundation

The Foundation entered a contest for Colorado charities in October. There was a system of voting that took place over a two-week period. Unfortunately, the Foundation did not receive enough votes to advance to the second round, but the efforts of our members were appreciated.

The results of our "Giving Tuesday" campaign are not yet known, but it was something that we implemented during 2018. We are looking for funds to expand our Knowing Your COPAS Documents program.

Remember company matching opportunities when contributing to the Foundation. Visit www.foundation.copas.org to contribute or to see if our company will match. Any amount is appreciated. Since this is a registered 501(c)(3), a tax receipt will be provided when the contribution is received.

Volunteer Appreciation

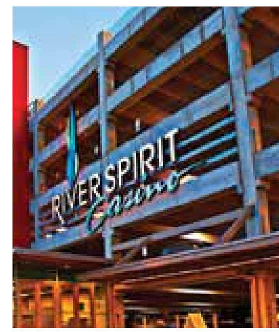
As we come to the close of another business year, I add my thanks to everyone for maintaining their COPAS membership. The industry has been a challenge these past few years. While things have still not fully recovered, many feel as if things are getting better. COPAS plays a vital role in providing the accounting guidance that is used. COPAS is the only source of this guidance so it's vital for your company and the industry to participate.

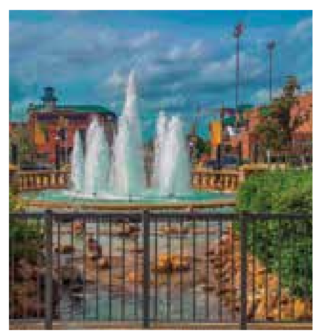
Thanks to the many volunteers who work on our publications, review drafts, provide feedback, or help in other ways. We could not do it without you.

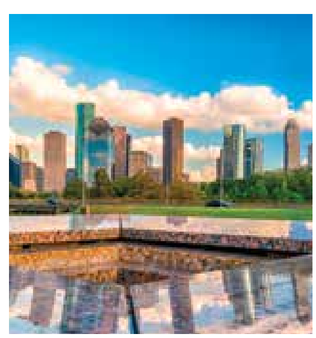
Enjoy the old friend. Happy Holidays.

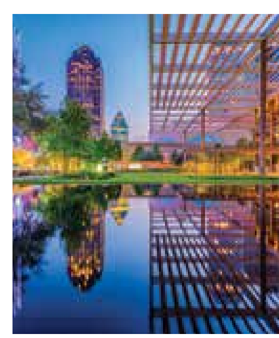
MEETING SCHEDULE

EVENT	DATES	HOST	LOCATION
2019			
Spring	April 22 - 26	Mississippi	**Peabody Hotel** Memphis, TN
Fall	September 16 - 20	Tulsa	**Creek Nation River Spirit Casino and Convention Center**
2020			
Spring	April 20-24	Oklahoma City	**Westin City Center Hotel** Washington, DC
Fall	TBD	Permian Basin	**TBD**
2021			
Spring	April	Houston	TBD
Fall	TBD	Dallas	TBD









Dates beyond 2021 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 1 expected to be released by end of year, or early January.	TBA	

COPAS MODEL FORMS MODIFICATIONS AND INTERPRETATIONS

COMMITTEE	PROJECT	STATUS	COMMENTS BY	ANTICIPATED COUNCIL VOTE
Joint Interest	Remote Technology Centers	Team is reviewing draft 1 comments. Draft 2 expected 1Q 2019, contingent on comments received.		
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
	No projects to report at this time.			

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Calendar

NAPAC
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Denver • Jan 15-17, 2019
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Tax Aspects of Oil & Gas Operations (Days 1&2)
Instructor: David Vasquez, BKD

- Nature of the Industry and Acquisition of Properties
- Geological and Geophysical Costs (Exploration Costs)
- Development of Oil and Gas Properties (IDC)
- Depletion of Oil and Gas Properties
- Conveyances of Oil and Gas Properties

Partnership Taxation for Oil and Gas Ventures (Day 3)
Instructor: Rob Opitz, BKD

- Oil and Gas Partnership Operations
- Special Allocations of §704(b)
- Allocations With Respect to Contributed Oil and Gas Property §704(c) Allocations
- Partnerships and Joint Ventures for Oil and Gas Operations

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DIGITAL FINANCE ECOSYSTEMS FOR JOINT VENTURES AND JOINT OPERATIONS

WRITTEN BY **PATRICK MEGNA & FELIPE OLMEDO**

The impact of digital technology on the finance function has proven to be transformative. As robotics, artificial intelligence and blockchain technologies continue to emerge and advance, increasing permeation is inescapable. The role of the finance organization continues to evolve and so must the focus of finance and accounting professionals. Emphasis is shifting from an age-old focus on managing historical figures in 'keeping the books' to a focus on the future – becoming a more strategic partner by leveraging insights made available through digital technology to advise, inform and steer the enterprise.

Similarly, the influence of the finance organization in the modern oil and gas enterprise has risen significantly in recent years as industry pressures demand increased focus on cost optimization, development of insight-driven strategies, effective cash management and maximum return on strategic investments. The finance function is at the core of enterprise transformation. In many organizations today, finance drives enterprise wide change through employing new operating models, reengineering business processes and embracing digital technologies as accelerants to scale growth and open new and diversified revenue streams.

The Digital Finance Organization

Next-generation enterprise systems are laying the foundation for a digital finance revolution in the oil and gas industry, streamlining finance and accounting processes and data within the modern enterprise. On top of these foundations, leading finance organizations are employing robotics, analytics and artificial intelligence to further optimize processes and increase rapid delivery of insights.

Today, successful CFOs have a talent for implementing transformational initiatives that rapidly deliver value to the enterprise and its shareholders—A recent Accenture study on finance organizations' adoption of digital technologies shows that 82 percent of CFOs are realizing measurable ROI from investments in digital finance initiatives. Accordingly, the intersection of finance and digital amid industry commodity price volatility, have led CFOs to embrace technology as a strategic enabler and value lever.

Enterprises leveraging digital technology have created enormous impact that is generally siloed and specific to the organization. However, processes that involve multiple business partners remain largely unaffected. Emerging at the center of this new wave of innovation is blockchain technology which is growing to form the economic nervous system for the new enterprise of tomorrow, paving the way for collaborative ecosystems between business partners.

What is Blockchain?

As emerging technologies continue to transform business processes and disrupt industries, blockchain has caught the attention of finance leaders in the oil and gas industry across the globe. Blockchain can best be thought of as a conglomeration of several different technologies including distributed ledger platforms, peer-to-peer networking, cryptography, consensus, mathematics, and smart contracts. More simply, Blockchain is a distributed database technology allowing for the secure transmission of information between external parties without reliance on a central authority.

Digital Finance Ecosystems for Joint Ventures and Joint Operations

Oil and gas organizations today experience many inefficient and duplicative processes required to account for capital projects, joint ventures and joint operations across business partners. Many of these inefficiencies stem from the fact that data must be exchanged between external parties and systems while being continually updated, validated and reconciled. Blockchain addresses these realities by enabling a shared source of verified data associated with financial transactions that are agreed to by the appropriate parties. The ability to automate processing and create tamper-proof audit trails are a few of the features that promise to eliminate friction among the numerous external business partners and vendors involved in the lifecycle of a well.

Today, all parties involved in a joint arrangement must independently account for and verify all transactions making reconciliation processes cumbersome and time consuming. Blockchain ecosystems built conceptually around capital intensive assets, such as a well site, would enable real-time visibility and allocation of expenditures to all parties in a secure environment.

Blockchain introduces the shared data construct where you have the capability to share pieces of data from a transaction with only the parties that you want to. With all parties now relying on the same source of truth the generation of joint interest billing statements can now be automated, perpetually recalculated and globally available to business partners on the network. Imagine entering joint venture purchase orders into such a network and having relevant pieces of data instantly visible to only intended parties while hiding sensitive information, such as pricing, from non-intended parties. Tomorrow, these parties will be able to leverage shared blockchain networks to enforce contract rules speeding up processes and reducing reconciliation efforts without the need of independent verification and trusted intermediaries.

Similarly, cash calls and cutbacks today require the same duplicative accounting processes but also trigger required funds transfers for settlement. Tomorrow, connecting these networks with bank-facilitated settlement networks make it possible to automate the end-to-end execution of cash call and cut back settlements.

By integrating blockchain with internet-of-things (IoT) sensor technology to accurately track and timestamp production volumes and market prices, participants will have the ability to reduce dependence on estimation models saving time and costs associated with reconciliation, disputes and auditing activities. Over time, these networks will grow to enable portfolio-level management of capital projects and joint operations by enforcing boundaries between specific projects and business partners.

How to Get Started

Unlike many industries and business process areas – such as procure-to-pay – joint arrangements in oil and gas are typically created between known parties. This presents a specific advantage in that joint arrangement consortia will be easier to conceive and pilot between business partners – start with a single well, a private and permissioned network, a couple of partners and grow from there.

Finance leaders should level-set, understanding blockchain technology and its potential to disrupt industries and transform business processes. Brainstorming initial hypotheses around potential use cases and an approach to fostering innovation within the finance organization will ensure leadership alignment. Rapid design thinking should be encouraged to identify and prioritize candidate use cases, explore business value potential and the technical feasibility of proof-of concept and pilot applications.

Once an understanding of blockchain technology is established, the focus should turn sharply towards collaborating with industry peers. Oil and gas companies should identify key partners to collaborate with to develop and test pilots that enable new business processes and develop a value proposition across the ecosystem. Doing so from the initial stages will allow finance organizations to harness the powerful network effect that blockchain creates and ensure a sustainable model that will encourage industry-wide adoption.

Investment in these endeavors should be thoughtful but deliberate, understanding that the technology continues to evolve rapidly and that there is an urgency to contribute to the evolution. The first movers in enterprise adoption get a shot at defining the rules for how these shared networks will be run tomorrow. In addition to a natural first-mover advantage in terms of talent and understanding, oil and gas companies that pioneer in this space have the potential to create disruptive competitive advantages.

ABOUT THE AUTHORS

Felipe Olmedo,
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Felipe Olmedo is a manager with Accenture Consulting. He joined Accenture in October 2014 and has since been engaged in various finance transformation projects for Accenture's oil and gas clients around the globe. Felipe has a strong focus on optimizing business processes critical to the finance organization and specializing in emerging technologies such as robotics, artificial intelligence and blockchain ecosystems.

Felipe earned a bachelor's degree in business administration from the University of Houston in May 2014. He lives in Houston with his family and enjoys traveling, reading and having the privilege of being a father.

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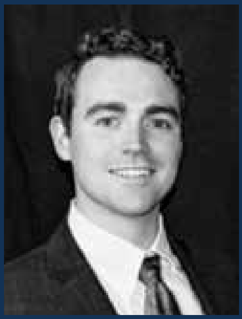
Patrick Megna,
Consultant – Accenture Consulting



Patrick is a consultant with Accenture Consulting based in Houston, Texas. His project experience is focused in finance transformation for Accenture's oil and gas clients including next-generation enterprise systems, corporate finance restructuring, business process design, M&A integration and robotics process automation. During his career, he has worked globally with IOC, NOC, independent, midstream and oilfield and equipment services companies.

Patrick earned a bachelor's degree in Economics from the University of Houston in 2013 and worked in commercial banking prior to joining Accenture. Outside of work, he is a world traveler and has strong passions for both music and food.

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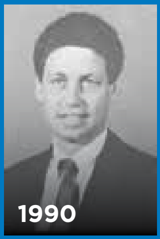
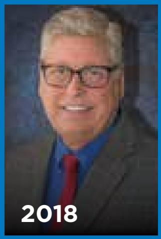
Thank you!

OUR PRESIDENT





DOUG SMITH

Doug – thank you for your excellent leadership as COPAS president this year. You have successfully steered the organization forward not only in leadership growth but also in the continuation and expansion of educational opportunities for our membership. I continue to enjoy your sense of humor and ability to address challenging BOD responsibilities and decisions with a calm exterior (not sure about the interior J) and focused direction.

BTW – did you know the word "copas" in Spanish means glasses? Ties right in with your focus. Thanks for all your hard work this year.

Carolyn Sczepanski

Doug, your humor and sense of reasonableness has provided a solid basis for the leadership of COPAS. Whatever was thrown at you, you never gave up, but calmly provided the stability for workable solutions. You have helped guide COPAS to improve its educational offerings and expand its reach through the use of new technology by accepting the risk of the unknown. Thanks for all your hard work and dedication to COPAS.

Wade Hopper

Doug,
Thank you for your leadership this past year as president. You've been a steady hand guiding this group. Your calm demeanor has helped to keep us all on track through all the changes we 've seen in our industry and within the organization. I especially appreciate your commitment to education and the future of COPAS! You've made my last year on the Board even more enjoyable.

Charlie Stovall

Doug, thank you for your leadership and dedication the last few years as President and board member. Your easy-going but determined attitude gave COPAS the extra energy to offer more educational offerings. I enjoyed working with you and getting to know you better on our journey from Tulsa to Ft. Smith!

Tammy Miller-Davison

Doug,
Thank you for your dedicated service to COPAS and the Board of Directors. You were a steady hand at the helm of the ship. I enjoyed your calm approach to the role of President. You never got too high or low and appreciated that you allowed everyone on the Board to have a voice. You kept us on task and were incredibly efficient in Board and Council meetings without compromising performance. I have enjoyed getting to know you better and your jokes. Cheers to you Doug!

Dan Triezenberg

Doug—I appreciate your service as President of COPAS for 2018. As a new Board member this year, I appreciate your patience and willingness to help me get up to speed. Your commitment to this organization and your leadership on the Board of Directors has made COPAS better, and it will continue to have impact in the coming years. It has been a pleasure to serve with you and alongside you this year on the Board. Thank you for all of the hard work.

Melissa Gruenewald

Doug, your leadership over the last year is very much appreciated. Additionally, your willingness to help new board members such as myself get their feet under them is much appreciated. You kept meetings running smoothly and were not afraid to ask pointed questions when needed. Your dedication to keeping COPAS focused on education will be a legacy that continues to give back to COPAS and its members for many years into the future. I look forward to serving with you over the next year.

Trey Thee

Doug's leadership style provided COPAS with the confidence and can-do attitude to really move forward with our educational initiatives and allow for the staff to pursue an effective path forward in developing our mission for members and the industry. I appreciated his sense of calm and study demeanor during our board and counsel meetings. His contributions to COPAS are many and I'll look back fondly on the experience he provided as our leader the past year.

Deanna Duell

FEATURE

ROBOTIC ACCOUNTING DEPARTMENT

Accounting has changed, and the robots are already here. They have been deployed in the accounting departments at leading companies, big and small. They are being used to automate tasks that used to be done by humans, from account reconciliations to intercompany netting and settlement. And this is just the beginning of the robot uprising.

What does all of this mean for the people that work in these accounting departments? What do these departments look like now, what will they look like in the near future, and how will it all work? What is a Robotic Accounting Department (RAD)?

In this analysis we will look at the effects of robotics and Robotic Process Automation (RPA) on the corporate accounting function, specifically focusing on Accounting and Reporting or the Controller Group, with additional consideration for Audit and Compliance.

THE ROBOT UPRISING

PHASE 1: THE AUTOMATION REVOLUTION

To understand what a Robotic Accounting Department is, it's first necessary to understand the two types of robots being deployed today. Both of these are from a new breed that is very different than the big clunky metal monsters of yesterday.

In this age of virtualization, these are software robots that only occupy virtual space on servers and in the cloud. Where the two models differ is in both approach and scale.

THE "BOTTOM-UP" UPRISING

The first robot, and the one people usually mean when they use the term Robotic Process Automation or RPA, is at the more micro or worker level. These robots directly replace humans.

They take the form of a workstation, or more correctly, a workspace, and perform the same tasks that an accountant performs today. They pull information from one system, manipulate it, make decisions, and put the data or result into another system. Any manual, repetitive task where decisions can be reduced to a series of rules or solved by an algorithm can be automated in this way.

Looking at a task like a bank reconciliation, it becomes easier to visualize what these robots do and how they work.

In a typical process, an accountant would open a bank statement or file and look at the corresponding account or accounts in their ERP or General Ledger accounting system. They would match the transactions, looking for any discrepancies between the two systems. The accountant would also identify any bank fees and charges, and book corresponding journal entries to record these.

RPA robots are possible now because of the digitization of this work. A machine can be programmed to retrieve the information in the same manner as the accountant, match the transactions to identify the discrepancies, and find and book the bank fees and charges in another digital system. A human would likely need to come in behind the robot and deal with any discrepancies or other exceptions that the robot couldn't handle.

Setting up a robot to do accounting work in this manner involves looking at each task an accountant performs and determining which ones can be robotized. It involves mapping out the steps that the accountant performs while completing these tasks, building a set of rules or algorithms that govern any decisions that need to be made in completing these tasks, and programming a robot to follow these same steps. This may include accessing systems, scraping information from screens, manipulating data, and inputting information into other systems.

Since it starts at the individual or task level, it can be thought of as the bottom-up form of the robot uprising. Using this approach, manual tasks that are performed by humans are moved, task by task, to what are essentially robo-accountants.

THE "TOP-DOWN" UPRISING

The other type of robot being deployed today, and the more commonly deployed form, works at a more macro or process level.

Accounting processes are the focus of automation, rather than individual accountant tasks. For example, an organization would look at its overall bank reconciliation process and design it to include automation as part of the standard accounting process and workflow.

The type of robot built to handle this would likely be part of a software platform built with a data connection and integration layer to the General Ledger or ERP system, so that it has access to the transactional details.

It would be set up to ingest the bank files, match them against these transactions, identify discrepancies, and route them to the proper personnel for investigation. And it would book bank charges and fees.

This approach can be thought of as the top-down form of the robot uprising, where top-level processes are what's considered. Rather than the robot mimicking the accountant and needing to perform screen scrapes, data inputs, and other tasks, the robot is instead controlling the process upstream from the accountant, and routing exceptions to accountants to handle when necessary.

This is a more process-centric approach to RPA.

Interestingly, the two types of robots can be deployed together, with a process-controlling robot sending exceptions to a robo-accountant to handle. The robo- accountant uses its rules and algorithms to process what it can, and then routes any remaining items to a human to investigate.

Whether using a top-down, bottom-up, or combined approach, the end result is the same – work that was previously performed by humans is taken over by robots. And looking at the accounting departments across leading companies, it is safe to say that the robot uprising is in full swing.

Most of the companies that have automation in place have taken the top-down, process-centric approach, while some are also beginning to test and deploy RPA systems that use a bottom-up approach.

Whatever approach used, it is clear that workloads, jobs, and tasks are shifting from humans to their robotic counterparts.

To understand the overall effect this shift is having and to see where these accounting departments are going requires looking at things from a broader view.

PHASE 2: THE GREAT PROCESS SHIFT

Typical corporate accounting workloads have never followed a smooth and steady flow. Transactions traditionally build up in the underlying systems of record – such as the company's ERP or General Ledger system or the bank's system for tracking account activity – until the end of the period.

After the period end, accountants begin the financial close, processing and verifying everything, which can include booking journal entries, reconciling accounts, analyzing balance fluctuations, performing intercompany netting and settlement, producing the financial statements and reports, and setting up systems to start the next period.

With automation, and much of this period-end work shifting to the robots, the end-of-period workload spikes become significantly more manageable. Freed from having to perform all of the manual tasks that robots now handle, accountants can focus on managing exceptions and spending time investigating discrepancies.

There is also more time to analyze results and look deeper at trends. Companies generally see reductions in overtime as well as less staff burnout and turnover. But again, this is only the beginning of the robot uprising.

When companies achieve a sufficient level of automation, they start to realize that there is a real advantage to connecting systems and data in such a way that robots can do the bulk of the work. This advantage isn't just merely from the efficiency they gain through this automation; it is from the possibilities that this efficiency unlocks.

With their data sources connected to the robots, and the robots able to process all of this data quickly, there is no longer a need to wait until the end of the period to do that processing. The robots can process the data as it's available, routing discrepancies and exceptions as they are identified to the accountants instead of waiting until the period end and shifting the workload to be more evenly spread throughout the period. This shift transforms their traditional Record-To-Report (R2R) process to a new paradigm known as Continuous Accounting.

Thus, it is necessary to look at the Continuous Accounting process as a whole and to understand the role of both robots and humans in this process, as this forms the basis for the RAD.

Let's imagine what it would look like to have all the robots in place, the data processing automated to its fullest extent, and Continuous Accounting fully embraced to ensure that processing is performed as soon as the data is available.

What would such an accounting department look like? What jobs would be left for humans, and what skills would they need? How would a RAD really work?

THE PROCESS

DATA INGESTION

In a full RAD, all of the data sources are connected to a centralized processing and verification system. Human involvement is needed to set up these connections, so the system is aware of what data is coming in and to what it relates.

PROCESSING & VERIFICATION

Once this is set up and the data is flowing, the robots would process the data. This would involve tasks like matching transactions between a point-of-sale system and an inventory system to ensure that there are no discrepancies, along with a host of other functions, including:

- Matching transactions between different systems and identifying exceptions.
- Identifying fees and charges
- Performing adjustments including depreciation and cost allocations
- Certifying account balances
- Performing compliance checks
- Performing fraud checks
- Identifying unusual balance fluctuations

Some of this processing would require the robots to be programmed with accounting rules and tables. For example, any cost allocations, their methodology, and the charges to which they apply would need to be set up, depreciation schedules would need to be established, etc.

Again, human involvement would be needed to set up these rules and tables and to manage them on an ongoing basis, while the robots would do the bulk of the actual work.

EXCEPTION HANDLING

Data that is processed by the robots successfully with no issues moves on for analysis and reporting, while any exceptions or discrepancies that the robots can't handle are then routed to the proper person to address.

Humans would then handle these exceptions, investigating what they are and what caused them, performing any reconciliation of data from different sources, and making any necessary corrections or adjustments.

Once complete, this data also moves forward in the process.

REPORTING AND ANALYSIS

Reporting and analysis rules will also need to be set up and adjusted in order to produce the reports that are needed to answer any business questions the company has.

Once set up, the robots would handle the report production.

They may also perform some analysis, looking for patterns and trends. When it comes to the outputs from this function, humans are involved in looking at the results, considering their implications, and advising the business accordingly.

The data flow doesn't stop here, as processed and verified data would also need to be synchronized with source systems, so that systems of record are properly kept up-to-date.

AUDIT

An additional point of human involvement comes in when it is time to perform audits. With this model, audit functions are centralized, with auditors able to access the system and see all changes.

With robots performing the bulk of the processing, much less time is spent looking for human errors. When it comes to human work, with corrections, adjustments, and reconciliations entered into the system, there is also the ability to attach supporting documentation and link to policies and procedures, simplifying the audit of this work as well.

Robots may perform checks and be involved in the audit analysis, looking for patterns and trends. Thus, in this system, the work of auditing is dramatically simplified and streamlined.
Humans are still at the core

With this system of software robots doing the bulk of the processing and verification, as well as controlling the workloads of the humans downstream, we can now say that this is truly a RAD.

However, while robots may be controlling the workloads of humans in terms of handling exceptions and investigating discrepancies, humans are still at the core of the RAD.

Looking at the RAD in a more human-centric way, people are at the center of decision making and analysis, surrounded by a team of robot assistants that give them a real-time view of what's going on in the business.

THE ROLES

Looking at the setup of this RAD, we see that humans are still involved in several areas. This involvement can be classified into six main roles.

TECHNICAL GURU

The Tech Guru is a growing role today, as more automation is implemented. It requires technical background, an understanding of systems and processes, and accounting knowledge.

As organizations move toward a RAD, a lot of setup will be needed. These connections and settings will need to be monitored and updated when things change, including systems, business models, or structure.

This isn't purely a tech job however, as the person performing it will need knowledge of corporate entities, account structure, and accounting roles and workflows. They may also be involved in setting up templates for things like journal entries and reconciliations and establishing checklists for work performed by humans.

SMOOTH OPERATOR

When it comes to setup for things like cost allocations or depreciation, someone with accounting knowledge needs to be involved. This role may also set and monitor materiality, balance fluctuation, and other thresholds and risk profiles that determine when further investigation is required.

The Smooth Operator oversees the processing rules to ensure the robots operate smoothly. They will resolve any discrepancies that the robots can't handle, as well as any human-performed corrections, adjustments, and reconciliations.

Today's staff accountants are essentially Smooth Operators, and the RAD requires less Smooth Operators and more Business Advisors.

BUSINESS ADVISOR

This is the true advisory role that is at the heart of the accounting profession. Reporting and analysis are becoming more critical than ever, and the Business Advisor will set up the required reports and look at their results.

Access to real-time data is key to inform the business of where things stand and where they are going. Therefore, a Continuous Accounting model must be in place, so the Business Advisor can deliver reporting, analysis, and advice at the point of need.

FRAUD SNIFFER AND COMPLIANCE MAVEN

There are two additional specialty roles that arise when you consider the subjects of fraud and compliance. When it comes to both, monitoring and controls are the primary concerns.

There is a needed role for establishing monitoring rules, overseeing controls throughout the organization, and dealing with any potential issues in these areas that the robots identify. With one focusing on fraud and the other on regulatory compliance, each role is equally important.

These specialized roles call for a bigger picture perspective that considers the implications of processes and controls.

The Fraud Sniffer takes more of a P.I. approach, based on an innate understanding of human psychology and motivations.

The Compliance Maven understands structure and verification, is very detail oriented, and likes checking the boxes.

AUDITOR

The final role is that of the Auditor. While this is simplified and streamlined in the RAD, there will still be a need for external review to verify that standards are being followed and accounting is properly performed.

In the RAD, the Auditor can now focus on the important decisions the company has made in how it accounts for things, with much less emphasis on the processing itself being done correctly.

This will require broad knowledge and a high-level approach to effectively perform analysis, while looking for deeper issues beyond human error.

THE RAD OF TOMORROW

This is the accounting department of the future, led by the RPA revolution of today.

It will be driven by increased automation, with the larger workloads handled by robots. There will be fewer exceptions – as rules, AI, and machine learning continue to become more intelligent, and the robots learn to handle more and more exceptions themselves.

This will mean less investigations and corrections performed by humans, and an increasing shift of time to other tasks. It will also mean quicker access to verified data and a near real-time picture of the detailed financial health of the business.

These more sophisticated robots will be able to assist with compliance, fraud mitigation, and analysis in more advanced ways as well, furthering the shift in human workloads to strategy and business decision support.

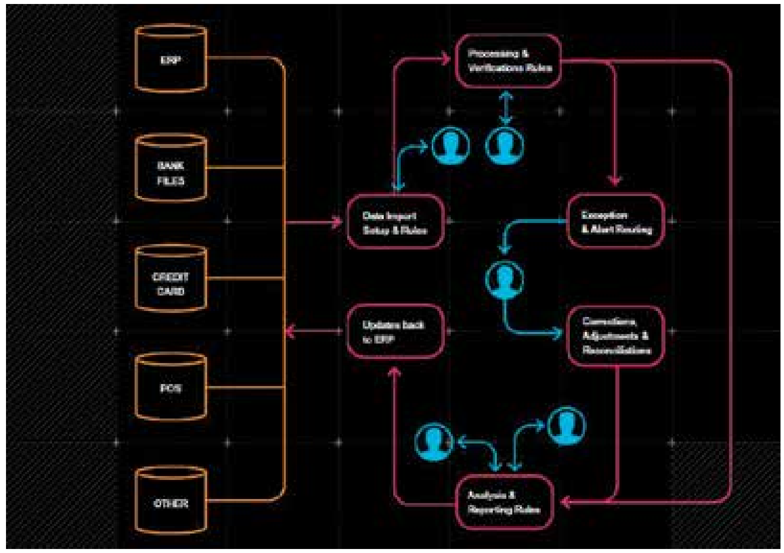
The end result will be a new world in which accounting systems become the center of intelligence for the financial health of the business.

Accountants will function purely as trusted business advisors, their role being to explain the financial health of the business to their peers in other departments and to advise on the financial impact of their decisions. They will be knowledge workers in the truest sense of the term, as their job will be purely to handle and use information.

Thus, in this way, the RAD will free humans to think and unleash their full human potential.

BLACKLINE

Michael Anderson is a Sales Executive with BlackLine. BlackLine is the creator and premier provider of Enhanced Finance Controls and Automation (EFCA) software to streamline financial close operations. More than 1,800 companies around the world trust BlackLine to ensure balance sheet integrity and confidence in their financial statements.



INDUSTRY NEWS

A COLLECTION OF PUBLISHED NEWS ARTICLES

U.S. stripper wells, which produce an average of less than 15 bopd, account for more than 80% of all U.S. oil wells, the same percentage from 20 years ago, but account for only 9.5% of overall U.S. oil output. Since 2000, the number of U.S. stripper oil wells has grown from 319,500 wells, or 85% of all wells at the time, to nearly 352,000 wells in 2017, 81% of all U.S. oil wells

Diamondback Energy will acquire Energen Corp in a $9.2 billion all-stock transaction, including $830mm of debt. This will increase Diamondback's Tier 1 Permian basin acreage to 266,000 net acres from its current 170,000 net acres and will create more than 7,000 estimated total net horizontal Permian locations

Encana Corp will buy Newfield Exploration Company in an all-stock deal valued at $5.5 billion plus assumption of $2.2billion of debt and establish Encana as North America's second largest producer of unconventional resources

Chesapeake Energy will acquire WildHorse Resource Development and its 420,000 acres in the NE corner of the Eagle Ford close to College Station for $3 billion in cash and stock. More than 80% of the acreage is undeveloped and WildHorse is about to open a sand mine in the area to service its fracking operations

The U.S. is still the world's largest natural gas producer. The world's top five natural gas producers and their 2017 production are: U.S. 26.6 Tcf, Russia 24.4 Tcf, Iran 7.6 Tcf, Canada 6.5 Tcf, and Qatar 6.3 Tcf

As of September, the companies that hold the most drilling permits in the Eagle Ford are EOG (344), Sanchez Energy (208), ConocoPhillips (175), Chesapeake (145), and Marathon (135)

Pioneer Natural Resources signed an agreement to buy a 15-year interest in U.S. Silica's Lamesa sand mine, 60 miles north of Midland. Pioneer holds 750,000 acres in the Permian Basin and is seeking to become a pure play Permian oil and gas driller by divesting the last of its non-West Texas assets in the Eagle Ford shale

Southwestern Energy agreed to sell its entire Fayetteville shale E&P business and related midstream gathering assets in Arkansas, 915,000 net acres and 4,033 operated producing wells, to OKC-based Flywheel Energy LLC, a private company backed by Kayne Private Energy Income Funds for $1.865 billion in cash and assume $564mm of future contractual liabilities, of which Southwestern will be responsible for up to $126mm related to unused transportation through 2020

The price to access unexplored shale assets on the New Mexico side of the Permian Basin soared to a record $95,001 per acre by Matador Resources in a federal government auction. Overall, the auction saw bids on 142 parcels of land and raised $972mm, more than the whole of 2017. The leases are for a 10-year term and a royalty of 12.5%. That gives operators better terms than Texas properties on the other side of the border, where leases typically last up to five years with about 25% royalties

The first production wells in federal Arctic waters were approved. A conditional permit was issued for the Liberty Project, a Hilcorp proposal for production wells on an artificial island in the Beaufort Sea. The gravel island would be built in 19 feet of water 5.6 miles offshore, 15 miles east of Prudhoe Bay. The base of the gravel island would cover 24 acres of ocean floor, with sloped sides leading to a work surface of 9 acres. To create the island, trucks would travel by ice road to a hole cut in sea ice and deposit 83,000 cubic yards of gravel. A wall would fend off ice, waves and wildlife, such as polar bears. At peak production, Hilcorp anticipates 60,000-70,000bopd for a total recovery of 80-130 million barrels over 15 to 20 years

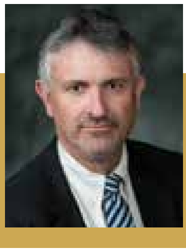
COMMODITY SPOT PRICING COMPARISON

	CRUDE OIL WTI (CUSHING) PER BBL				HENRY HUB NATURAL GAS SPOT PRICE DOLLARS PER MILLION BTU			
MONTH	2015	2016	2017	2018	2015	2016	2017	2018
January	47.22	31.68	52.50	63.70	2.99	2.28	3.30	3.87
February	50.58	30.32	53.47	62.23	2.87	1.99	2.85	2.67
March	47.82	37.55	49.33	62.72	2.83	1.73	2.88	2.69
April	54.45	40.75	51.06	66.25	2.61	1.92	3.10	2.80
May	59.26	46.71	48.48	69.98	2.85	1.92	3.15	2.80
June	59.82	48.76	45.18	67.87	2.78	2.59	2.97	2.97
July	50.90	44.65	46.63	70.98	2.84	2.82	2.98	2.83
August	42.87	44.72	48.04	68.06	2.77	2.82	2.90	2.96
September	45.48	45.18	49.82	70.23	2.66	2.99	2.98	3.00
October	46.22	49.78	51.58		2.34	2.98	2.88	
November	42.44	45.66	56.64		2.09	2.55	3.01	
December	37.21	54.97	57.88		1.93	3.59	2.81	
YTD Average	48.69	43.14	50.88	66.89	2.63	2.52	2.98	2.95

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.

INDUSTRY NEWS

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.

Continental Resources' output from North Dakota hit a record of 167,643 during the third quarter, up 23% from 2017; the firm is currently running eight rigs and expects to complete 70 wells by the end of 2018. Total Bakken output is expected to average 1.35mmbopd in November

Denbury Resources will acquire Penn Virginia Corp. and its 84,000 acres in the Eagle Ford in a $1.7 billion stock and cash deal, including debt

U.S. oil production surged to a record 11.346mmbopd in August. Texas' output jumped to a high of 4.58mmbopd and ND production was 1.28mmbopd. The GOM contributed to a monthly record high 1.9mmbopd in August

Natural gas production in the lower 48 states rose to an all-time high of 94.7bcfd in August, up from the prior record of 92.7 bcfd in July. Texas, the largest gas producer, produced a record 24.9 bcfd in August. In Pennsylvania, the second biggest gas producing state, production rose to a record 17.3 bcfd

BP completed its $10.5 billion acquisition of BHP's U.S. unconventional assets and announced that its Lower 48 business is changing its name to BPX Energy

Pioneer Natural Resources will sell 2,900 acres in Live Oak County in S. TX for $132mm ($45k/acre) to pivot entirely to drilling and producing in the Permian Basin

North Dakota geologists are re-evaluating if local sources of sand could be used for hydraulic fracturing to save on transportation costs rather than importing it by rail. Oil companies now average 2,500 to 5,000 tons per well. A 2011 study said ND sand sources approach oil industry standards for use in fracking but are lower in overall quality than other U.S. sources. The next phase will focus on collecting sandstone samples from Billings and McKenzie counties. Previously, samples were collected from wind-blown sands in north central and eastern ND. One area of interest is a 50-foot thick sandstone of the Sentinel Butte formation in Billings County

Eclipse Resources Corp and Blue Ridge Mountain Resources agreed to merge in an all-stock transaction. The $1.4 billion firm will create a company with 227,000 net effective undeveloped core acres across its Utica and Marcellus footprint with added "stacked pay" development opportunities. The company expects 735 net locations

Colorado regulators approved an unprecedented Noble Energy plan to drill hundreds of wells on 100 square miles of Weld County. The plan calls for drilling as many as 772 horizontal wells across 64,133 acres of unincorporated farmland SE of Greeley where Noble owns 85% of the mineral rights. Noble predicts it will take until 2024 to complete all the work in the area. It plans to use pipelines instead of tanks at the wellsites to carry production away and bring water to the drilling sites. Noble will also P&A 1,487 vertical wells that exist on the land now

Federal land managers approved a Jonah Energy 3,500-well natural gas field in Sublette County, WY that overlaps a migration path used by Jackson Hole pronghorn. The BLM issued a record of decision for the "Normally Pressured Lance" field on 141,000 acres of mostly federal land. The field could produce 7tcf and 140mmbo over its expected 40-year lifespan

RIG COUNTS

LOCATION	WEEK OF:							
	2.3.17	4.28.17	8.4.17	10.10.17	2.9.18	5.11.18	7.27.18	11.22.18
Gulf of Mexico	21	17	16	18	16	20	15	18
Canada	343	85	217	203	325	79	223	198
North America	1072	955	1171	1110	1300	1124	1271	1265
Oil	583	697	765	738	791	844	861	874
Gas	145	171	189	169	184	199	186	193
Directional	66	63	74	74	73	72	64	73
Horizontal	596	730	807	776	832	918	922	929
Vertical	67	77	73	57	70	55	62	65
Major State Variances								
Alaska	10	6	6	6	5	8	6	5
Arkansas	1	1	1	0	0	1	1	
California	6	9	13	14	14	15	15	15
Colorado	26	29	37	37	33	30	32	32
Louisiana	52	58	67	58	61	62	52	62
New Mexico	46	55	60	69	88	89	104	102
North Dakota	36	44	53	47	49	56	57	54
Oklahoma	102	127	132	123	118	138	137	144
Pennsylvania	33	34	34	31	37	39	39	43
Texas	355	437	466	442	479	523	524	533
West Virgiana	8	12	14	12	19	17	17	13
Wyoming	20	20	26	22	30	26	28	30

Source: Baker Hughes at www.bakerhughes.com

INDUSTRY NEWS

Crude oil is now the largest U.S. petroleum export, with 1.8 MMbopd of exports in the first half of 2018. Much of this crude went to destinations in Asia and Oceania such as China, South Korea, and India. Europe was the second-largest market for U.S. crude oil exports, led by Italy, the United Kingdom, and the Netherlands

Continental Resources estimates the Bakken Formation has reserves of 30-40 billion barrels of recoverable oil, 5X more than the government's latest estimate of 7.6 billion barrels. ND recently surpassed Venezuela in oil production, and the U.S. recently became the world's largest oil producer, outranking Saudi Arabia and Russia. ND has 15,000 oil wells; state officials estimate a potential for another 50,000 in the decades ahead

When fracking first came to the Bakken, companies were capturing 3-5% of the oil. Now the recovery rate typically is 8-12% and reaches 14-16% in some places. Continental has set its sights set on a 20% recovery factor

It used to take 33 days to drill a Bakken well, now it takes only 11 days

Royal Dutch Shell announced its decision to move forward with its investment in LNG Canada, a liquefied natural gas export terminal in northern British Columbia slated to serve growing demand in Asia. LNG Canada confirmed the final investment decision in the $31 billion project. Set to be the nation's largest infrastructure project ever, LNG Canada will liquefy and export natural gas from British Columbia, which has substantial shale reserves, to send cargoes from Kitimat, BC to Tokyo in eight days versus 20 days from the U.S. GOM. LNG Canada is expected to start supplying customers with gas before 2025. The investment case largely rests on the assumption that China will replace much of its coal use with natural gas in attempts to clear pollution and reduce carbon emissions. Shell holds 40% of LNG Canada, with Petronas at 25%, 15% each for PetroChina and Mitsubishi, and 5% for Kogas

DJR Energy will purchase San Juan Basin assets from Encana Corp in a $480mm deal, including 182,000 net acres and, when combined with DJR's existing assets, the company will soon have a total of more than 350,000 net acres and more than 1,100 "high-value drilling locations" focused in the oil window of the San Juan Basin in New Mexico

Production from the Permian Basin has risen a whopping 1.5 million bopd to 3.43 million bopd. All that oil means pipelines from the shale patch are full, so producers are paying more to transport oil on trucks and rail cars. In addition, Permian producers are getting less for their oil, which in August traded as much as $17 a barrel below the U.S. crude benchmark. Sellers have to offer the discount to compensate for the higher transport costs. The number of uncompleted wells in the Permian jumped by 80% to 3,630 in August compared with a year earlier

Husky Energy Inc. made an unsolicited bid to acquire oil-sands producer MEG Energy Corp. in what would be a combination of Canadian petroleum companies. Husky was proposing to purchase MEG for 3.3 billion Canadian dollars (US$2.6 billion) in a cash-and-stock deal. Husky also will assume MEG's debt, which is C$3.1 billion

Encana Corp sold the last of its U.S. oil and gas assets outside of Texas to a Denver company for $480 million on Monday

Caerus Oil and Gas last year spent $605mm, after closing adjustments, buying Encana Corp.'s 3,100 natural gas wells and nearly 500,000 acres of mineral rights in the Piceance Basin on Colorado's Western Slope, which was the last of Encana's oil and gas operations in the state. Encana in 2016 sold its Denver-Julesburg Basin operations to Crestone Peak Resources

Noble Energy expects to have 50-60 new wells come online in the D-J Basin in the second half of 2018.

Noble is seeing better-than-expected production from some new wells in Weld County, and the company expects new natural gas processing infrastructure in the area will open the way for increased production

The proposed 600-mile Atlantic Coast Pipeline is now expected to cost up to $7 billion to build and will not be completed until 2020. That's $500mm more than was projected in February and $2 billion more than the original 2014 estimate. Duke Energy owns 47% of the pipeline, Dominion Energy(48%), and The Southern Co. (5%). It starts in West Virginia and will carry natural gas from Utica and Marcellus shale fields to coastal Virginia and southeast NC

SandRidge Energy sold its Permian Basin assets and picked up assets in the Mid-Continent Basin through two recent transactions. They sold all its assets in the Central Basin Platform of the Permian for $14.5mm, then purchased Mississippi Lime and NW STACK assets in OK and Kansas for $25.1mm

SAVE THE DATE

2020 SPRING MEETING: APRIL 20-24, 2020

HOSTED BY COPAS OKC | WESTIN WASHINGTON DC CITY CENTER

Hotel Room Rate $279

TENTATIVE AGENDA

MONDAY

BOD meetings

TUESDAY

BOE meeting
Leadership conference
Leadership dinner

WEDNESDAY

Committee meetings
Excursion/tours
Reception

THURSDAY

Committee meetings
Banquet

FRIDAY

General Council meeting

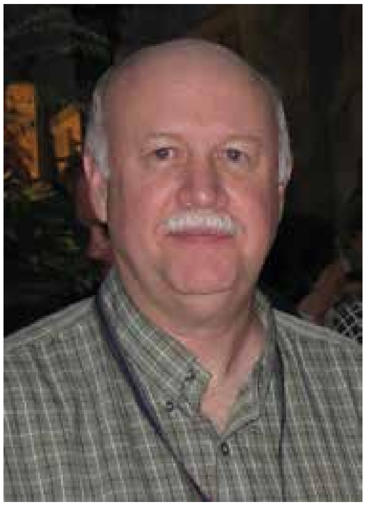
SPECIAL RECOGNITION

RING OF HONOR

The COPAS "Ring of Honor" is like 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 second class of honorees are:



David Smylie

Bob Wilkinson

EAGLE AWARD

The 2018 Eagle Award winner is Deb Retzloff, Petroleum Accountants Society of Houston. Deb has been a long-time contributor and tireless COPAS supporter.

Debra Retzloff

Here are highlights of her contributions mentioned at the Fall 2018 Council meeting.

- A long-time member and volunteer.
- Helped implement the mentoring process
- A developer and trainer for COPAS Energy Education
- Served on the COPAS Board for 6 years and as an officer for four years
- Helped form and refine the COPAS publication process
- Has severed on numerous project teams as member and lead, including most recently MFI-38, *Materials Manual* and currently the rewrite of the Remote Technology Operations Centers.

HISTORY

SPRING MEETING – APRIL 24, 1962

HOST SOCIETIES: Oklahoma-Tulsa
Societies attending were: Colorado, Dallas, Fort Worth, Houston, Kansas, Los Angeles, Midland, New Orleans, Oklahoma City, Oklahoma-Tulsa, San Antonio, and Western Canada.

VOTING ITEMS:

- **Approved** The COPAS 1962 Accounting Procedure.
- **Approved** The Material Classification Manual.

Other Significant Items:
- Monthly Newsletter was established by Mr. Dave Hobart, President.
- The first COPAS Directory was published by Ross-Martin.

VOTING RESULTS

Spring 2018 Council Meeting Minutes (majority) **Approved**

Employee Benefits Upper Limitation of 35%, effective January 1, 2019 (majority) **Approved**

Election of Board of Directors for 2019 - 2021 term (top 3)

Craig Buck, Dalin Error and Kim Peyton

Election of 2019 Nominating Committee (majority)

Don Clark, Misty Cooper, Rebecca Paris

BECOME AN APA®

GENERAL TEST INFORMATION

The exam is a single exam of 175 questions, and is offered in the odd calendar months, except January. Registration is required no later than 45 days prior to the exam windows. Please see the exam registration information below.

Tests are administered through Castle Worldwide using their extensive testing center network. International testing options are available for a slightly higher fee. A practice exam is available for $75.

Contact Vanessa in the COPAS office for additional information. 303.300.1131, M-F 8 a.m. to 5 p.m. Mountain or email at Vanessa.Galindo@copas.org. Learn more about the program.

TESTING DATES

MONTH	REGISTRATION OPENS	REGISTRATION CLOSES
March, 2019	December 3, 2018	January 15, 2019
May, 2019	February 1, 2019	March 15, 2019
July, 2019	April 1, 2019	May 17, 2019
September, 2019	June 3, 2019	July 19, 2019
November, 2019	August 1, 2019	September 13, 2019

CONGRATULATIONS TO THE NEWEST, APA®'s:

Hannah Caffee, APA® Dan Triezenberg, APA®

ABOUT THE NEW CREDENTIAL

Developed and administered by the Council of Petroleum Accountants Societies, Inc. (COPAS)

The APA® is a unique credential among other accounting credentials. While the petroleum accountant needs to understand basic accounting concepts, and possess an understanding of all accounting matters, the petroleum industry operates under unique guidelines and principles.

The APA® professional is not only equipped with knowledge and understanding of the industry, but with expertise to excel in job performance. The APA® designation should provide the credential holder greater opportunities for employment, promotion and retention.

To be eligible for the credential, a candidate must possess a 4-year degree with 12 hours of Accounting plus one year of petroleum accounting experience OR have 5 years of petroleum accounting experience.

STUDY MATERIALS ADDITION

AG-17, *Refining and Marketing Exchange Accounting* is now part of the recommended study materials. If you have previously purchased the study material bundles, please contact Vanessa Galindo to obtain that publication.

IMPORTANT INFORMATION!

ANNUAL APA® RENEWAL

The annual renewal process for APA®s has begun. Renewal forms and invoices were sent in January. Late charges on unpaid balances are being accrued. If you have not reported your CPE and paid your annual assessment, please contact the office for assistance. Continuing Professional Education (CPE) hours are to be reported to Vanessa Galindo (APAAdministrator@copas.org) or directly to Vanessa.Galindo@copas.org.

The new requirement is now 30 CPE hours over a two-year period, with a minimum of five (5) CPE hours earned in any one year to maintain current APA® certification.

REVIEW COURSE COMING

While the exact details, format, and cost are not yet known, the COPAS Board of Directors has committed to developing an APA® Review Course during 2018.

The Practice Exam will remain available to you, but we look forward to helping candidates manage the study material workload and access additional sample test questions for each of the exam domains.

Stay tuned for this exciting development!

COPAS

SEPT 16 - 20, 2019

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TENTATIVE AGENDA

MONDAY
Board Meeting

TUESDAY
COPAS Energy Education offering
Leadership Conference
Leadership Dinner at Jimmy Buffett's Margaritaville

WEDNESDAY
Committee Meetings
Golf Tournament at Forrest Ridge
Woolaroc Tour or Chocolate & Art
Welcome Reception at Main Event

THURSDAY
Committee Meetings
Roarin' Reception & Casino Night at Hotel
featuring Major Dan Rooney

FRIDAY
General Council Meeting

ROOM RATE

Standard Room $109/night
Signature Suite $134/night

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RING-A-DING-DING
YOU WON'T SOON FORGET**

COPAS ENERGY EDUCATION WEBINARS 2019

KNOWING YOUR COPAS DOCUMENTS (KYCD) SERIES

Presented by Mike Cougevan and Roger Gann

• Directly Chargeable or Covered by Overhead (runtime 60 mins CPE: 1)	Thursday Jan 17	9 AM CT
• Make Sure You Read the JOA and the Accounting Procedure (runtime 60 mins CPE: 1)	Tuesday Feb 12	9 AM CT
• The Auditor's Toolkit (runtime 60 mins CPE: 1)	Thursday Mar 21	9 AM CT
• An Overhead Primer (runtime 60 mins CPE: 1)	Monday Apr 15	9 AM CT
• Revenue Audit Protocols and Practice (runtime 60 mins CPE: 1)	Thursday May 16	9 AM CT
• How Do I Allocate That? (runtime 60 mins CPE: 1)	Thursday Jun 20	9 AM CT
• COPAS 2005 and its Embedded Interpretations (runtime 60 mins CPE: 1)	Monday Jul 22	9 AM CT
• Expense Audit Protocols and Practice (runtime 60 mins CPE: 1)	Thursday Aug 15	9 AM CT
• Building Joint Account Payroll Charges (runtime 60 mins CPE: 1)	Thursday Sep 12	9 AM CT
• Building Joint Account Overhead Charges (runtime 60 mins CPE: 1)	Thursday Oct 17	9 AM CT
• Help Me Process These Invoices (runtime 60 Mins CPE: 1)	Friday Nov 22	9 AM CT
• COPAS Economic Factors - Behind The Numbers (runtime 60 Mins CPE: 1)	Tuesday Dec 10	9 AM CT

JOINT INTEREST AUDIT (JIA) SERIES

Presented by Dalin Error

• Audit Rights (runtime 60 mins CPE: 1)	Tuesday Jan 15	10 AM CT
• Audit Preparation (runtime 100 mins CPE: 2)	Tuesday Feb 12	10 AM CT
• COPAS Publication References on the Audit Trail (runtime 60 mins CPE: 1)	Tuesday Mar 12	10 AM CT
• Auditing Tools and Tips of the Trade (runtime 75 mins CPE: 1.5)	Tuesday Apr 9	10 AM CT
• Practical Side of Reconciliations (runtime 125 mins CPE: 2.5)	Tuesday May 14	10 AM CT

JOINT INTEREST AUDIT (JIA) SERIES

Presented by Dalin Error

• Audit Rights (runtime 60 mins CPE: 1)	Tuesday Aug 13	10 AM CT
• Audit Preparation (runtime 100 mins CPE: 2)	Tuesday Sep 10	10 AM CT
• COPAS Publication References on the Audit Trail (runtime 60 mins CPE: 1)	Tuesday Oct 15	10 AM CT
• Auditing Tools and Tips of the Trade (runtime 75 mins CPE: 1.5)	Tuesday Nov 12	10 AM CT
• Practical Side of Reconciliations (runtime 125 mins CPE: 2.5)	Tuesday Dec 10	10 AM CT

PRINCIPLES OF REVENUE ACCOUNTING (REVBC) SERIES

By Salomon Tristan

• Industry History and Value Chain (runtime 75 mins CPE: 1.5)	Thursday Jan 17	10 AM CT
• Oilfield Operations Production Accounting (runtime 100 mins CPE: 2)	Thursday Feb 14	10 AM CT
• Oil Lease Sales Accounting (runtime 90 mins CPE: 1.5)	Thursday Mar 14	10 AM CT
• Oil Off-Lease Sales Accounting (runtime 90 mins CPE: 1.5)	Thursday Apr 18	10 AM CT
• Gas Operations Production Accounting (runtime 75 mins CPE: 1.5)	Thursday May 9	12 PM CT
• Gas On and Offlease Sales Accounting (runtime 100 mins CPE: 2)	Thursday Jun 13	10 AM CT
• Gas Plant Accounting I: Intro to Processed Gas (runtime 60 Mins CPE: 1)	Thursday Jul 18	10 AM CT
• Gas Plant Accounting II: Principles of Gas Plant Accounting (runtime 90 Mins CPE: 1.5)	Thursday Aug 15	10 AM CT
• Producer and Pipeline Imbalances (runtime 75 mins CPE: 1.5)	Thursday Sep 12	10 AM CT
• Production and Severance Taxes (runtime 60 Mins CPE: 1)	Thursday Oct 17	10 AM CT
• Private State and Federal Royalties (runtime 60 Mins CPE: 1)	Thursday Nov 14	10 AM CT
• Checkstub Processing (runtime 60 Mins CPE: 1)	Thursday Dec 12	10 AM CT

PRINCIPLES OF JOINT INTEREST ACCOUNTING (JIBC) SERIES

By Phil Fischer and Jeff Wright

• Overview of Joint Venture (runtime 100 mins CPE: 2)	Wednesday Jan 16	12 PM CT
• Agreements (runtime 60 mins CPE: 1)	Wednesday Feb 13	12 PM CT
• Historical Perspective on COPAS Accounting Procedures (runtime 60 mins CPE: 1)	Wednesday Mar 13	12 PM CT
• Dissecting a COPAS Accounting Procedure I (runtime 75 mins CPE: 1.5)	Wednesday Apr 17	12 PM CT
• Dissecting a COPAS Accounting Procedure II (runtime 75 mins CPE: 1.5)	Wednesday May 15	12 PM CT
• Direct vs Indirect Costs (runtime 90 mins CPE: 1.5)	Wednesday Jun 12	12 PM CT
• Overhead (runtime 90 Mins CPE: 1.5)	Wednesday Jul 17	12 PM CT
• Materials (runtime 90 Mins CPE: 1.5)	Wednesday Aug 14	12 PM CT
• Special Joint Venture Adjustments (runtime 60 mins CPE: 1)	Wednesday Sep 11	12 PM CT
• Allocations (runtime 60 Mins CPE: 1)	Wednesday Oct 16	12 PM CT
• Joint Interest Billings (runtime 90 Mins CPE: 1.5)	Wednesday Nov 13	12 PM CT
• Accounting for Joint Venture Costs (runtime 60 Mins CPE: 1)	Wednesday Dec 11	12 PM CT

UNDERSTANDING LANDMAN (ULM) SERIES

Presented by Salomon Tristan

• Landman, Surveys and Leases (runtime 90 mins CPE: 1.5)	Monday Aug 12	10 AM CT
• Land Departments and Division Orders (runtime 75 mins CPE: 1.5)	Monday Sep 9	10 AM CT
• Royalties & Interests (runtime 125mins CPE: 2.5)	Monday Oct 14	10 AM CT
• Landman and the Law (runtime 60 mins CPE: 1)	Monday Nov 11	10 AM CT

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

Presented by Phil Fischer

• Exploring and Securing Drilling Rights & Building the Location (runtime 100 mins CPE: 2)	Tuesday Jan 8	12 PM CT
• Drilling the Well (runtime 75 mins CPE: 1.5)	Tuesday Feb 5	12 PM CT
• Casing, Cementing, and Logging the Well (runtime 75 mins CPE: 1.5)	Tuesday Mar 5	12 PM CT
• Completing the Well & Special Drilling Situations (runtime 75 mins CPE: 1.5)	Tuesday Apr 9	12 PM CT
• Horizontal Drilling and Fracturing & Producing the Well (runtime 100 mins CPE: 2)	Tuesday May 7	12PM CT

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

Presented by Phil Fischer *(note: There is no webinar in October)*

• Exploring and Securing Drilling Rights & Building the Location (runtime 100 mins CPE: 2)	Tuesday Jul 9	12 PM CT
• Drilling the Well (runtime 75 mins CPE: 1.5)	Tuesday Aug 6	12 PM CT
• Casing, Cementing, and Logging the Well (runtime 75 mins CPE: 1.5)	Tuesday Sep 3	12 PM CT
• Completing the Well & Special Drilling Situations (runtime 75 mins CPE: 1.5)	Tuesday Nov 5	12 PM CT
• Horizontal Drilling and Fracturing & Producing the Well (runtime 100 mins CPE: 2)	Tuesday Dec 3	12 PM CT

GAS BALANCING SERIES

Presented by Salomon Tristan

• Deregulation to Imbalances & Imbalances (runtime 90 mins CPE: 1.5)	Monday Jan 14	10 AM CT
• Nomination and Confirmation & Transporter Imbalances (runtime 90 mins CPE: 1.5)	Monday Feb 11	10 AM CT
• Statements & Pipeline Flow (runtime 90 mins CPE: 1.5)	Monday Mar 11	10 AM CT
• Exhibit E - JOA (runtime 75 mins CPE: 1.5)	Monday Apr 15	10 AM CT
• Gas Balance Statement (runtime 60 mins CPE: 1)	Monday May 13	10 AM CT
• Make Up Gas (runtime 60 mins CPE: 1)	Monday Jun 10	10 AM CT
• Settlement & Imbalance Reporting (runtime 60 mins CPE: 1)	Monday Jul 15	10 AM CT

INTRODUCTION TO THE PETROLEUM INDUSTRY SERIES

Presented by Charlie Stovall and Jeff Wright

• Petroleum Geology (runtime 90 mins CPE: 1.5)	Thursday Feb 7	10 AM CT
• History of Oil and Gas Industry (runtime 90 mins CPE: 1.5)	Thursday Mar 7	10 AM CT
• Upstream (runtime 100 mins CPE: 2)	Thursday Apr 11	10 AM CT
• Midstream & Downstream (runtime 75 mins CPE: 1.5)	Thursday May 9	10 AM CT
• Petroleum Accounting (runtime 60 mins CPE: 1)	Thursday Jun 6	10 AM CT

INTRODUCTION TO THE PETROLEUM INDUSTRY SERIES

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• History of Oil and Gas Industry (runtime 90 mins CPE: 1.5)	Wednesday Sep 4	10 AM CT
• Upstream (runtime 100 mins CPE: 2)	Wednesday Oct 2	10 AM CT
• Midstream & Downstream (runtime 75 mins CPE: 1.5)	Wednesday Nov 6	10 AM CT
• Petroleum Accounting (runtime 60 mins CPE: 1)	Wednesday Dec 4	10 AM CT

INTRODUCTION TO OIL AND GAS MARKETING AND SALES (OGM) SERIES

Presented by Charlie Stovall and Salomon Tristan

• The Value Chain and Marketing Roles (runtime 90 mins CPE: 1.5)	Wednesday Feb 6	10 AM CT
• Scheduling & Contract Administration (runtime 75 mins CPE: 1.5)	Wednesday Mar 6	10 AM CT
• Teamwork & Challenges (runtime 60 mins CPE: 1)	Wednesday Apr 10	10 AM CT
• Crude Oil Upstream & Downstream (runtime 90 mins CPE: 1.5)	Wednesday May 8	10 AM CT
• Natural Gas Upstream & Downstream (runtime 90 mins CPE: 1.5)	Wednesday Jun 5	10 AM CT

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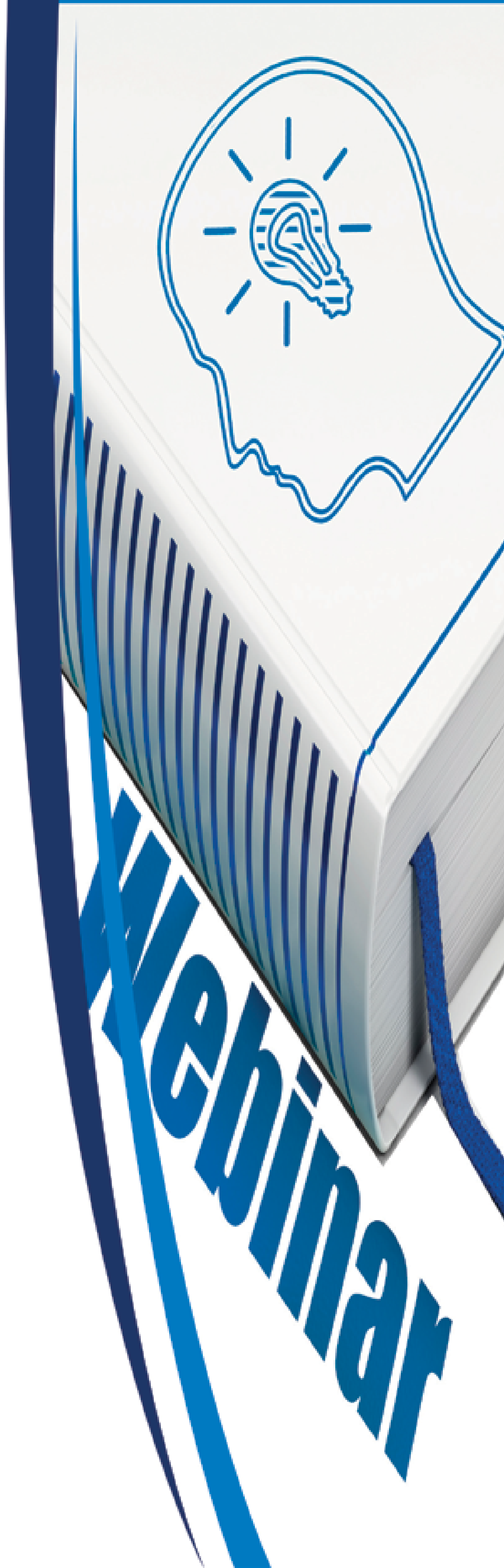
• Crude Oil Upstream & Downstream (runtime 90 mins CPE: 1.5)	Thursday Nov 7	10 AM CT
• Natural Gas Upstream & Downstream (runtime 90 mins CPE: 1.5)	Thursday Dec 5	10 AM CT

REGISTRATION

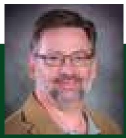
- TO REGISTER VIST WWW.COPAS.ORG EVENTS MENU
- CLICK A SERIES TITLE TO SEE FULL COURSE DETAILS PRICING FOR INDIVIDUAL WEBINARS IS $60/CPE HOUR
- UP TO 25% DISCOUNT FOR FULL SERIES REGISTRATION
- CALL IN FOR DEEPER DISCOUNTS ON MULTIPLE FULL SERIES REGISTRATIONS AND COMPANY BUY FIVE SEAT GET ONE FREE REGISTRATIONS: 303-300-1131



COMMITTEE NEWS

AUDIT AND JOINT INTEREST

STANDING COMMITTEES



DALIN ERROR,
AUDIT COMMITTEE CHAIR

JONATHON BEENE,
JOINT INTEREST COMMITTEE CHAIR

For those who were not able to attend the Fall meeting in Corpus Christi, you missed a wonderful meeting with spirited discussions, lots of networking, educational opportunities, and spectacular weather!

The combined meeting at the Fall meeting was attended by 106 members, including 57 members of the Joint Interest committee and 49 members of the Audit Committee. As has been the case over the last several years, there were a large number of "First Timers" included in the group.

Kevin Launchbaugh reported on the Emerging Issues meeting held the day before, on September 19. There were 123 in attendance. Kevin, the subcommittee chair, and Craig Buck, the vice-chair, led the group in discussing seven case studies. Included in these items were cases involving well containment charges and operating overhead, catastrophe overhead, operator-owned SWD facilities, authority for expenditure language, drone usage and chargeability, the 24-month adjustment period and end of year audits and adjustment extensions. The discussions were energized by the excellent turnout, and a mix of both old and new voices. Based on the resultant discussions, the subcommittee recommended that the Joint Interest committee review apparent language inconsistencies between MFI-52 and some Accounting Procedures regarding catastrophe overhead. Likewise, Emerging Issues recommends that the list of expenditures excluded from overhead in MFI-53 should be reviewed to determine if well containment costs should be on the list. Many thanks to Kevin and Craig for their hard work and willingness to help COPAS stay on the cutting edge.

Terry McMurray presented an update for the Technology Team regarding the Real Time Operations Center MFI. Terry summarized the first draft of the document by walking the group through a high-level summary of each section within the MFI, and fielding questions. Terry also put forth some planned questions to the group, inspired by the previous day's Emerging Issues discussions, including the chargeability of availability versus usage for some equipment such as drones, whether the location of an RTC affects its chargeability, and defining dedicated Facility Labor versus other labor (such as geologists and engineers) used on an as-needed basis. Terry ended by asking both the local societies and individual members to review the first draft and get some substantive comments to the team as soon as possible. After several years of hard work, the team is halfway through the back nine, and they'd like to get this document finalized.

Mike Cougevan continued the Knowing Your COPAS Documents series, with a deep dive into the economic factors used in each model

COMMITTEE NEWS

form accounting procedure. Mike gave an explanation of what the economic factors are, a history of each including why they are needed, and the current process for how they are calculated and approved in COPAS. Included in his presentation were the Overhead Escalation Percentage, Audit Per Diem Rate, Employee Benefits Limitation Rate, Vehicle Rates, Worker's Compensation Manual Rates, Loading and Unloading Rates, and Excluded Amount.

Mr. Jim Ellington a cryptocurrency expert, gave a very informative presentation on the history of cryptocurrency, its benefits, its limitations and its real-world applications. Mr. Ellington's presentation was essentially a continuation of the Summer meeting presentation on blockchain, which is the underlying technology of cryptocurrency. Interestingly, Mr. Ellington noted that, although cryptocurrency is not backed by "real dollars" or any valued commodity such as gold or silver, the majority of transactions that occur today with our current currencies are 100% digital and are not backed by actual dollars or commodities either. One of the highlights of Mr. Ellington's presentation was giving a lucky attendee some cryptocurrency via a "paper wallet" during the presentation. While the prize was worth about $45 the day before the meeting, due to the huge variances in value of cryptocurrencies, Mr. Ellington pointed out that it could be worth hundreds or even thousands of dollars in a very short period of time…or nothing at all. It was an amusing and informative object lesson on the potential and risks of cryptocurrency.

During the meeting, Karla Bower gave an update on current projects by the American Association of Professional Landmen (AAPL). There are several new model form agreements in the works that are expected to be released in 2019, including a Participation Agreement, Purchase & Sale Agreement, and Production Sharing Agreement. Dalin also provided an update on the CEPS Control Panel, reminding all users of CEPS that surveys had gone out, and responses were needed for the November determinations of 2019 Historical Price Multipliers ("HPMs").

After splitting into separate committees, both Audit and Joint Interest took care of some individual business including the approval of past meeting minutes from Spring and Summer, approval of the employee benefits limitation of 35% (Joint Interest), and a consensus to review the language discrepancy between MFI-52 and some Accounting Procedures noted by Emerging Issues (Joint Interest).

After voting, both committees had honest and productive discussions about how the committees can better serve their members. While various considerations were put forth, the consensus in both meetings was that more time should be spent in individual committees, rather than simply combined. While the importance of CPE would always be a factor in attendance, and guest speakers were often interesting and informative, the consensus also was to focus on the heart of COPAS: the documents.

Further, several commenters noted that there should be more interaction and discussion between local committee chairs during these meetings regarding documents in process, society-generated comments and local viewpoints. In effect, society chairs should be the mouthpiece of their local members, and comments sent directly to a drafting team without the benefit of discussion often yield less value.

Therefore, look for some slight but impactful changes coming to the next several meetings. While both committees will continue to meet together when appropriate, expect to see more separate committee time for discussions, more interaction between local committee chairs, and generally more document-focused meetings. The last several years of combined meeting format have strengthened ties between the Audit and Joint Interest Committees and definitely yielded some good outcomes. However, this is a shift that we believe will positively impact both committees and better serve the organization as a whole.

Dalin noted that this was his last national meeting as the COPAS Audit Chair. Dalin was fortunate enough to be elected to the 2019 Board of Directors, where he hopes to continue serving COPAS and its membership in a new capacity. However, he is confident in the leadership that remains, with Jeff Wright as Audit Chair and Matt Pilkington as Vice Chair. With Jeremy Rice's resignation from the committee due to work commitments, the Secretary position is currently open. Members are encouraged to consider running for this important leadership position. On the Joint Interest side, committee leadership will remain the same for 2019, with Jonathon Beene as Chair, Jason Poteet as Vice-Chair, and Patricia Ellington as Secretary.

Overall, it was a great combined meeting, followed by great individual committee meetings, framed by a great COPAS meeting. Sincere thanks to the Corpus Christi society for their hard work, and to everyone whose efforts made the week such a success. We are already looking forward to meeting again! Remember, the 2019 Winter Meeting will be held in Houston, TX on January 24. We ask everyone to mark their calendars, and we look forward to seeing you there!

COMMITTEE NEWS

FINANCIAL REPORTING

STANDING COMMITTEE

KEN NOLLSCH,
CO-CHAIR

LARISA FIALKOVA,
CO-CHAIR

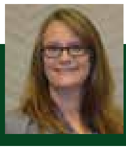
The Committee thanks the Corpus Christi society for hosting an excellent conference. The Financial Reporting Committee met on Wednesday, September 21 at 1:00 p.m. We had 15 members from 13 companies representing four societies.

Sandy Dhariwal, Opportune, presented on the new Revenue recognition and Lease accounting guidance and John Banas of My Compliance Manager presented on SOX compliance and Joint Interest audit software. We have awarded three hours of CPE to all participants.

The committee is planning to have one in-person meeting at a Fall COPAS meeting and two Webcast meetings each year. Our first Webcast will be January 9 at 12:00p MST. Josh Malm, a Senior Manager with PWC, will be presenting on recent accounting pronouncements and comment letter trends. 1 hour of CPE will be offered. Look for a formal invite along with information on how to participate in the Webcast to be sent in December.

Stay tuned for more news as we get the Committee more active again.

REVENUE



REBECCA PARISH,
CHAIR

The Corpus Christi society was gracious, helpful, and prepared for anything. They did a great job!

In the 2019 Fall COPAS Revenue Committee meeting, we had 45 attendees from 11 societies. Our meetings began with a presentation by Dr. Elena Kobrinski-Keen about the cost and difficulties related to derelict infrastructure in the Gulf of Mexico. Next, we heard from ONRR's Kim Jackson, Karl Wunderlich, and Sara Corman on topics ranging from staffing, Royalty Policy Committee, and unbundling cost allocation updates including future plans for more standardized models. After a break of coffee and cookies, we reconvened to hear from Chrysti Ziegler, President of the Houston Association of Certified Fraud Examiners, on the bi-annual Report of Nations during which we learned about the dollar effects and most likely origins of fraud. Later in the day after lunch, our own Nate Wolf and Mike Foster, with some helpful interjections from Wade Hopper, brought us up to speed on the latest events regarding the State and Federal Legislative update. After that we heard from Sloan Smalley and Lee Henigan with Ryan on Texas Severance tax and their thoughts on how to get the most out of refunds on post production and marketing costs. We rounded up day one with a presentation from Paula Wagoner-Aguilar who walked us through her amazing career in the energy industry and the value of learning from rejection.

Day two began with Kent Britton from the Port of Corpus Christi who told us about its exciting future and upcoming growth. Next, Sarp Ozkan with Drillinginfo enlightened us regarding crude and gas markets today, as well as his thoughts for the future. Finally, our own Mike May with the Texas General Land Office provided us with an overview of the Texas GLO audit program and the current lease form.

This was a great Revenue Committee meeting in which each speaker was engaged in discussion by attendees, most of whom approached me afterward to compliment our committee and its members on the lively discussions.

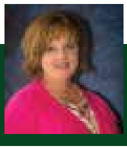
COMMITTEE NEWS

SMALL OIL & GAS COMMITTEE

NANCY BROWN, COMMITTEE CHAIR

The Small Oil and Gas Company Committee met Wednesday, September 19, 2018 in Corpus Christi, TX. There were 36 attendees representing 13 different societies. We had three presentations and offered 3 hours of CPE. Cindy Barrera with Frost Bank presented new developments in Asset Management software; Brian Matlock and Howard Hong with BKD discussed revenue recognition; and Michael Anderson presented on the future of accounting and Robotic Accounting Departments.

Nancy Brown will remain Chair and Howard Hong will remain Vice-Chair of this committee. The next meeting will be at the Spring Conference in Memphis, TN. I will email the agenda for that meeting once it is finalized. We are always open to suggestions for topics and speakers. If you are not receiving emails and would like to be on our distribution list, send an email to nbrown@stephenspro.com.



BOARD OF EXAMINERS

VICKI CROMER, CHAIR

Please review the COPAS website and the APA® section in this issue for additional information regarding the testing format. The new exam better reflects the actual work petroleum accountants perform. Attaining this certification demonstrates an advanced knowledge of petroleum accounting practices which is valuable to Oil & Gas Companies.

The Board of Examiners (BOE) would like to thank Vicki Cromer for all her efforts as Chair of the BOE. Vicki stepped down as Chair in September but will remain on the board. Charlene Lutkenhaus will serve as Chair, and Mike May will serve as Vice Chair.

At the Spring National Meeting in Corpus Christi, Dan Hodgson was approved as the newest member of the Board of Examiners (BOE). Dan's work history is mainly in the downstream sector.

The BOE would like to congratulate Jacqueline Bateman, Scott Jones, Derick Etoe Sone, Erin Stough, Janae Todd and Nancy Zheng for becoming the newest APA®'s.

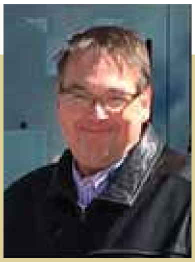
Progress is being made on the APA® review course. The BOE continued work on potential test questions to be used for the course.

A survey was developed, which will be taken by candidates sitting for the APA® exam to measure the effectiveness of the exam preparation. The results will be used to refine and improve the study materials.

A Practice Exam is available and recommended to Candidates seeking the APA® credential. Upon completion, feedback is provided regarding subject matter areas where knowledge is strong and which areas need added preparation. It is also as an opportunity to experience online testing. The Practice Exam is available for $75 through Castle Worldwide, Inc., our testing service provider.

Reporter - Mike May

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 e-mailed 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.

ALASKA

The Alaska Legislature gaveled in on January 16 and adjourned sine die on May 12. Although several oil and gas tax bills were considered, only **HB331** passed. **HB331** authorizes the sale of bonds to pay the holders of outstanding tax credit certificates. While Governor Walker signed **HB331** into law, bond sales are unlikely to occur until the pending lawsuit that challenges the constitutionality of **HB331** is resolved.

BLM

Measurement & Site Security

43 CFR 3170 establishes standards to ensure that oil and gas are properly and securely handled to prevent theft and loss and to enable accurate measurement and production accountability. On November 17, 2016, the BLM issued new rules to replace Onshore Orders 3,4,5 that had governed the measurement and site security for many years. The new rules, discussed in greater detail below, became effective January 17, 2017 and are now codified into Federal Regulations as follows:

- General Rules 3170.1-3170.9
- Subpart 3173 – site security (3173.1-3173.29)
- Subpart 3174 – oil measurement (3174.1-3174.15)
- Subpart 3175 – gas measurement (3175.10-3175.150)

Site Security (3173)

Strengthens minimum standards to ensure that oil and gas produced from Federal and Indian (except the Osage Tribe) onshore leases are properly and securely handled to prevent theft and loss and to enable accurate measurement and production accountability. Key provisions of this rule: (1) establishing 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; (2) new standards for commingling approvals that could result in producers having to move the royalty measurement point to upstream points when a downstream measurement point has never been approved by the BLM as a commingling point; (3) the proper use of seals; (4) procedures for meter by-passes; (5) reporting incidents of unauthorized removal or mishandling of production; (6) filing site facility diagrams; and (7) guidelines for off-lease measurement.

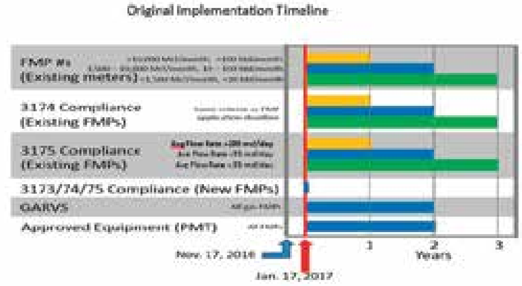
Oil Measurement (3174) provides: (1) enhanced requirements for oil sales by tank gauging; (2) rules regarding vapor tight tanks; (3) Lease Automatic Custody Transfer components and requirements; (4) allowing the use of Coriolis measurement systems which measure and output flow, temperature, density and viscosity.

Gas Measurement FR (3175) provides: (1) enhanced requirements for electronic gas meters; (2) enhanced inspection requirements for gas meters; (3) improved standards for gas sampling and thermal content determinations; (4) improved testing and review standards for the Department's Gas and Oil Measurement Team (an interagency panel of measurement experts); and (5) overall performance goals for gas measurement meters based on the volume of gas measured. Please be aware that oftentimes the party managing testing and sampling is the third-party mid-stream partner and not the producer. Operators should be working with their contractual parties to insure they are willing to modify testing and sampling schedules to allow compliance with the new requirements.

Production Measurement Team (PMT) The new rules required the BLM to develop a team 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 their evaluation, the PMT would publish a list of approved equipment.

Implementation Timeline for New Rules

There has been much confusion throughout industry as to the effective date of these new rules and the timeline for compliance. The following details the implementation timeline originally proposed by the BLM and the subsequent delays and revisions to this original timeline.



LEGISLATIVE & REGULATIVE UPDATE

The original timeline required that measurement equipment at all FMPs installed after January 17, 2017 must meet 3174 and 3175 standards immediately and that equipment on FMPs already existing on January 27, 2017 would be allowed a three-year "phase-in" period based upon the average production from the facility.

In January 2017, the BLM issued Instruction Memorandum (IM) 2017-032 providing notice that they were not able to accept electronic applications for FMP numbers, and they extended the due dates. Additionally, IM 2017-032 delayed the 3174 (Oil Measurement) phase-in period for existing facilities. IM 2017-032 did not, however, delay the effective date for existing gas measurement facilities to comply with 3175 (Gas Measurement). The BLM later clarified by IM 2018-069 issued on June 19 that previous Onshore Order 4 and Order 5 rules would apply until existing facilities completed their phase-in to the new rules.

On July 18 the BLM published a Master Letter to Operators which referenced the previously mentioned IM 2018-069 and a new IM 2018-077 (published June 29). Thru this letter and IMs, the BLM recognized its delays in:

- Implementing Facility Measurement Point (FMP) software. The BLM now anticipates Operators may being applying for FMPs in mid-2019.
- The formation and commissioning of the Production Measurement Team (PMT)
- The development of the Gas analysis Reporting and Verification System (GARVS)

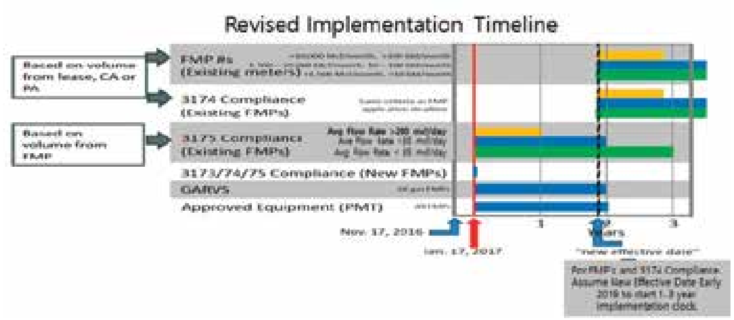
The Master Letter to Operators also provided guidance to individual States for implementing certain provisions of 3173, 3174 and 3175, specifically to:

- Allow variances in Automatic Tank Gauging & Coriolis meters before 3174 phase-in
- Allow variances from the sampling and analysis requirements of 3175
- Delay use of BLM approved equipment and software to give operators time to comply. The original compliance deadline was January 17, 2019. The BLM anticipates having a list of approved equipment in late 2018 or early 2019. They will provide 30 days advanced notice of their approved website availability.
- Delay implementation of the Gas Analysis Reporting and Verification System (GARVS). The original compliance deadline for GARVS was January 17, 2019. The BLM now anticipates having GARVS in place by June 2019 and will provide operators with a reasonable due date for using GARVS
- Allow early adoption of 3175 requirements for FMPs in place prior to 1/17/2017.

A revised implementation timeline compiled by synthesizing all the above information is shown below. Operators are encouraged to perform their own in-depth review of this information and rules to determine the proper course of action for their company.

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.



Summary Notes:

- 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.
- PMT approved equipment listing and GARVS will be delayed beyond January 19, 2019.

<u>Waste Prevention Rule (aka Venting & Flaring Rule)</u>

(Codified as CFR 3179)

On November 18, 2016, the Bureau of Land Management (BLM) published in the *Federal Register* a final rule entitled, "Waste Prevention, Production Subject to Royalties, and Resource Conservation" ("2016 final rule"). The 2016 final rule replaced the BLM's existing policy, NTL-4A, which governed venting and flaring from BLM-administered leases for more than 35 years. On December 7, 2017, the BLM announced it would suspend or delay certain requirements of this rule until January 17, 2019. On February 22, Judge William Orrick of the U.S. Northern District of California Court issued a preliminary injunction against the BLM's suspension, which in effect means that the 2016 rule was still in effect. On April 4, U.S. District Judge Scott W. Skavdahl in the US District Court for the District of Wyoming stayed the compliance deadlines of the Venting and Flaring rule while and until a new proposed rule (see information below) is finalized.

On September 18, the BLM published the Final Revision Rule replacing the November 18, 2016 rule. The Final Revision Rule rescinds the requirements

LEGISLATIVE & REGULATIVE UPDATE

pertaining to waste-minimization plans that were required to be included with Applications for Permits to Drill, gas capture percentages (now defers to State and Tribal Regulations), well drilling gas capture requirements, well completion gas capture limits, pneumatic controller design requirements, pneumatic diaphragm pump design requirements, storage vessel control requirements, leak detection and repair (LDAR) and liquids unloading and reporting and record keeping requirements. The new rules go into effect November 27, 2018. On the same day the Revision Rule was issued, Attorneys General for California and New Mexico filed suit alleging the BLM violated the Administrative Procedures Act, Mineral Leasing Act, and National Environmental Policy Act. In addition, eighteen environmental groups also challenged the Revision Rule.

The Final Revision Rule does not change the royalty provisions (§ 3103.3-1) or the royalty-free use provisions (subpart 3178) that were part of the 2016 final rule. Be aware that these new royalty provisions could require producers pay royalties on avoidably lost gas volumes from outside operated properties where the producer takes their gas in-kind and remits their own federal royalties. This would necessitate communication between the operator and take-in-kind producers to identify when volumes are avoidably lost. BLM's defines "Avoidably Lost" and "Unavoidably Lost" as follows:

Avoidably lost is redefined in new section 3179.4 as "gas that is vented or flared without BLM approval, and produced oil or gas that is lost due to operator negligence, the operator's failure to take all reasonable measures to prevent or control the loss, or the operator's failure to comply fully with applicable lease terms and regulations, appropriate provision of the approved operating plan, or prior written BLM orders". 3179.5 is not changed and continues to state that royalty is due on all avoidably lost oil or gas and that royalty is not due on any unavoidably lost oil or gas.

Unavoidably lost is redefined in new section 3179.4 as "oil or gas that is lost due to line failures, equipment malfunctions, blowouts, fires, or other similar circumstances…unless that loss resulted from operator negligence, the failure to take all reasonable measures to prevent or control the loss, or the failure of the operator to comply with applicable lease terms and regulations, appropriate provisions of the approved operating plan, or prior written orders of the BLM." It lists the following operations or sources from which lost oil or gas would be considered "unavoidably lost": Well drilling; well completion and related operations; initial production tests; subsequent well tests; exploratory coalbed methane well dewatering; and emergencies. Removes normal operating losses from pneumatic controllers and pumps from the list of unavoidably losses since the use of gas in these devices is already royalty free.

The ONRR published a Dear Reporter Letter, dated April 09, 2018, providing new OGOR-B disposition codes for reporting Vent and Flare volumes on which royalties are due. These are to be effective with July 2018 sales date and to be reported to the ONRR with the September 2018 OGOR report submissions. Disposition code 08 (Spilled and/or Lost -Avoidable-Royalty Due) may continue to be used thru June 2018 production. The new Codes are Disposition code 33 (Flared Gas – Royalty Due) and Disposition code 63 (Vented Gas – Royalty due). Non-Royalty Bearing Flared and Vented gas volumes will continue to be reported on OGOR-B using disposition codes 21 (Flared Oil-well gas – Royalty Not Due), 22 (Flared Gas-well gas – Royalty Not Due), 61 (Vented Oil-well Gas – Royalty Not due), 62 (Vented Gas-well Gas – Royalty Not 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 vent or flared volumes are to be shared between Take-in-kind owners with shared federal royalty burdens.

Hydraulic Fracking: The Bureau of Land Management announced in the *Federal Register* on December 28, 2017, a final rule to rescind the 2015 final rule on hydraulic fracturing, a rule that was never in effect due to pending litigation.

Expedited Permit Processing: The BLM issued Informational Bulletin 2018-061 on June 6 directing its agency field offices to expedite the processing of permit applications for oil and gas activities, including drilling and producing operations, and pipelines by increasing its use of categorical exclusions where possible. This Informational Bulletin acknowledges the agency's obligation to comply with the National Environmental Policy Act (NEPA), that existing environmental analysis for new projects proposed for old sites "should be used to the greatest extent possible" instead of starting new environmental reviews.

BLM Restructuring: On August 29, Secretary of the Interior Ryan Zinke released a revised reorganization proposal to establish twelve unified regional boundaries for agencies and bureaus in the Department of the Interior (DOI). Under the new structure, agencies like the National Park Service (NPS), the Bureau of Reclamation (BOR), the Bureau of Land Management (BLM), and the U.S. Geological Survey (USGS) would consolidate their existing, separately-defined regions into the same regional boundaries. DOI's restructuring plan aims to reduce administrative redundancy, shift resources to the field, and improve interagency coordination between different agencies and bureaus under DOI. Secretary Zinke's reorganization plan was released in response to President Donald Trump's March 2017 executive order mandating executive branch reforms (E.O. 13781). The administration proposed $18 million for restructuring DOI regional boundaries in the fiscal year (FY) 2019 presidential budget request and included the proposal in its executive branch reorganization plan released in June. The 12 new Unified Regions are shown on the map below:

LEGISLATIVE & REGULATIVE UPDATE

Simplify Leasing Process: BLM Instructional Memo 2018-034 (released January 31) states that it is the agency's policy to "simplify and streamline the leasing process to alleviate unnecessary impediments and burdens, to expedite the offering of lands for lease," and to ensure drilling rights sales happen regularly. The changes include setting a 60-day deadline for processing proposed lease sales, leaving public participation in certain reviews up to low-level officials, limiting protest periods for sales to 10 days and repealing an Obama administration policy that let other land users, like hunters and anglers, object.

COLORADO

Colorado began their Legislative Session on January 10. On December 6, 2017 the Initiative #70, 'Severance Taxes on Oil and Gas', was reheard at the title board based on the premise that the measure does not constitute a single subject. The result of this rehearing was that the title was denied. This Initiative is most likely dead for 2018.

The Colorado Secretary of State's Title Board approved Initiative #94 for the November Ballot at their hearing on January 3 but the petitioners did not obtain the required signatures. Therefore, there is no longer a possibility for this Initiative to be placed on the ballot and is considered dead. The Initiative provided for significant increases in the severance tax, eliminated the property tax credit against the severance tax paid by producers and reduced the maximum amount allowed to be tax-exempt among other things. Revenue from the new tax was to go to public schools as well as to provide medical care and treatment to "people suffering negative health impacts proximately caused by oil and gas production."

The Colorado Oil and Gas Conservation Commission (COGCC) held a rulemaking on February 12 to increase the oil and natural gas mill levy to pay for the discrepancy in funds for general operating costs of the Commission. The Colorado Petroleum Council had party status and testified at the hearing. COGCC unanimously approved an increase in the mill levy on oil and gas production from 0.7 to 1.1 mills to fill a $2-$3 million shortfall in funding the annual operating expenses. Per COGCC, if shortfalls continue, a subsequent increase in the mill levy, up to the statutory limit of 1.7 mills, may also be proposed later this summer. The mill levy increase was effective April 1.

Colorado Oil and Gas Conservation Commission (COGCC) Rule 1104 Integrity Management Colorado regulators approved new rules for thousands of oil and gas pipelines on February 13, 10 months after investigators blamed a leaking pipeline for a fatal gas explosion. The regulations set requirements for installing, testing and shutting down flow lines, which carry oil and gas from wells to nearby equipment. They also require energy companies to report the locations of many pipelines to regulators.

Colorado Proposition 112 – Setback Requirement: Colorado voters rejected Proposition 112, commonly referred to as the Setback Requirement. This proposition resulted from the successful petition Initiative 97 sponsored by the environmental group Colorado Rising and would have required a 2,500-foot setback between oil wells and any occupied structure, including gathering points like playgrounds and waterways like rivers. Studies by State agencies found that roughly eighty five percent of non-federal lands in Colorado would have been unavailable for new oil and gas development with this proposition including much of the productive Weld County.

Colorado Amendment 74: Colorado voters will also decide in November on Amendment 74, commonly referred to as the "Government Takings" amendment. This proposal resulted from the successful petition Initiative 108 sponsored by the Colorado Farm Bureau which gathered a State record 209,000 petition signatures to place the amendment on the ballot. The amendment would add the following words "reduced in fair market value by government law or regulation" to Colorado's current property rights laws. The current laws allow private property owners to take state and local governments to court when their property (including mineral, oil and gas or water rights) is devalued by ninety percent. This amendment changes the devaluation percentage requirement. Opponents claim that the proposed level of diminishment is too vague and could make Colorado's property right laws some of the most extreme in the country. This amendment is like HB18-1150 and SB18-192 regarding failure to allow hydraulic fracturing, both bills failed in the current legislative session.

Colorado Royalty Reporting Updated Instructions: The Colorado State Land Board in October updated instructions for reporting royalty on State oil and gas. Major updates include: new naming conventions for the monthly royalty workbook; new reporting columns to recognized disallowed deductions (including POP percentage deducts and gas plant fees) on leases written in 2011 and thereafter; converting all formulas and links to hard values and sending all submissions to the DNR Colorado Royalty Data mailbox. The State has published revised Reporting Workbooks, updated Colorado Il and Gas Production Royalty Instructions, a Quick Reference to Deduction by Lease Version matrix and a Colorado Unit Resource Page for those reporting unit production.

Energy Information Administration (EIA)

The EIA published a Federal Register Notice on April 4, requesting comments on a new survey Form EIA-806, Weekly Natural Gas Liquids Report, to collect data on the production and stocks of natural gas liquids (NGLs) on a weekly basis. The proposed survey will impact reporting that is completed by gas plant operators. The report will augment current monthly Form EIA-816 "Monthly Natural Gas Liquids. API commented on June 4 that industry could incur costs of hundreds of thousands of dollars per company to implement this new report as most companies do not track weekly NGL inventories.

GEORGIA

The 2018 Georgia General Assembly convened on January 8 and adjourned March 29. **HB205** is a committee substitute Bill carried over from 2017.

It includes groundwater monitoring and notification requirements and imposes a state severance tax on oil and gas production ($0.03/BBl and $0.01/MCF). In addition to the state severance tax, the governing authority of each county and each municipal corporation is authorized to provide by local ordinance or resolution the levy, assessment, and collection of a local severance tax not to exceed an additional $.09/bbl and $.02/MCF. Both taxes would be collected by the Department of Revenue. **HB205** has passed both chambers and is awaiting the Governor's signature.

KANSAS

Kansas opened their Legislative Session on January 8 and adjourned May 21. Their first adjournment was April 6 where Lawmakers took a break until Veto Sessions which ran through April 26.

The Kansas Corporation Commission held a public hearing on May 24 adopted rules and regulations to increase the mill levies on both oil and natural gas. The regulations increase the oil conservation assessment from 91 to 144 mills on each barrel of crude oil marketed or used. For the natural gas conservation assessment, the increase is from 12.90 to 20.50 on each 1,000 cubic feet of gas sold or marketed. The new mill levies were effective June 15.

LOUISIANA

Louisiana started their 2018 Legislative Session March 12. This is a non-fiscal legislative session so there will not be any severance tax bills filed during the regular session.

On December 6, 2017, the Louisiana Board of Tax Appeals rendered a decision in favor of the taxpayer in the test case involving the Department of Revenue's assessment of additional oil severance taxes on producers. The allegations that producers took improper transportation or other contractual deductions or should have paid severance tax based on the higher of an index price or market center price was overturned. The Board ruled that the statute requires that the oil be valued at the time and place of severance, which is in the field and not at a market center where the price is higher. In March, the Department of Revenue appealed this ruling to the First Circuit Court of Appeals. The First Circuit Court upheld the lower court's ruling. The Department could appeal the Louisiana Board of Tax Appeals' decision and may seek the Louisiana Supreme Court's review of the appellate court's decision. Importantly, the Department has given every indication that it will continue ongoing audits and even initiate new audits under the theories of liability at issue in the cases.

HB331 provides that the oilfield site restoration fee charged on the production of oil is payable upon the initial disposition of each barrel of oil and condensate by the producer. This Bill will be retroactive to July 1, 2017, as well as prospectively. The bill was signed by the Governor on May 20 and becomes Act No. 84 effective July 1.

HB444 – Minerals/Rights-Royalty - This regulation governs the notification required when a mineral lessee seeks relief for the failure of the lessor to make timely or proper payment of royalties. Specifically, the lessee must give his obligor written notice of such failure as a prerequisite to judicial demands. The law is amended to specifically exclude payments to unleased mineral owners.

MISSISSIPPI

Mississippi convened their General Assembly on January 2 and adjourned April 1. **HB1350** deletes the repealing language of July 1, 2018 that establishes a reduced rate on the initial oil and natural gas produced from horizontally drilled wells and horizontally drilled recompletion wells. Throughout the legislative session, this Bill was amended to ***extend, rather than repeal,*** the severance tax exemption until July 1, 2023. This Bill was approved by the Governor.

NEW MEXICO

New Mexico's Legislative Session opened January 16 and ran through February 15.

On March 7, representatives of the oil and gas industry met with members of the New Mexico Tax and Revenue Department (TRD), including several TAP system contractors in Santa Fe, New Mexico, to discuss several implementation concerns based on accuracy and completeness surrounding the TRD's new TAP system. The meeting was productive as TRD, including its contractors, gained a better understanding of industry's concerns and committed to working with industry throughout this transition.

TRD provided explanations to some of industry's concerns, but also admitted that the communications regarding many characteristics of TAP were unclear, confusing or insufficient. As a result of the meeting, TRD and its contractor agreed to provide detailed explanations for several different scenarios developed by industry. Accordingly, during the following week industry provided TRD several fact patterns-based lingering concerns with the transition. TRD (including their contractors) were then to review the fact patterns and to provide detailed explanations for dealing with these different scenarios. TRD is also to produce a 'Quick Tip' fact sheet to be distributed to industry showing both the scenarios and their explanations. None of which has been received by industry yet.

At the end of the meeting, New Mexico Oil and Gas Association (NMOGA) renewed its request for a grace period during the first three months of the transition where TRD agrees to waive penalties and related interest related to errors made in good faith by industry. While TRD was reluctant to agree in advance to a blanket grace period, leadership did communicate a willingness to work with industry during this transition period and recognized the need to be flexible with respect to penalties assessed during this unique period. To that end, members should be vigilant in tracking errors and immediately bring such errors to the TRD's attention when the situation arises. If issues do arise, TRD will work with each member to resolve those issues without assessing penalties so long as the member is able to demonstrate a good faith effort to utilize the new system and comply with TRD's regulations.

State of New Mexico Royalty Reporting (to the State Land Office). On December 18, 2017 the SLO announced that it has "not identified an alternative royalty program to replace the existing ONGARD system at this time. Efforts are underway to obtain a replacement system. In the meantime, the State Land Office will continue to use its legacy ONGARD system to process royalty returns and assign PUNs. Changes being made by TRD will not affect your royalty process or return format. The return format, current PUN definition and web portal remain the same for royalty until further notice."

HM51 Venting, Flaring & Capturing Natural Gas This house memorial requests the New Mexico Legislative council to direct the interim legislative committee that studies water and natural resources issues to review data on the amount of natural gas being vented and flared in New Mexico and the economic benefits of methane gas capture plans. The memorial believes the state budget is losing up to twenty-seven million dollars in taxes and royalties per year due to unrecovered methane production. The memorial states that any legislative action resulting from this study would occur in the 54th Legislative session, in 2019.

Horizontal Wells: The New Mexico Oil Conservation Division is amending its rules concerning the drilling, spacing, and operation of Horizontal wells and related matters by amending various sections it rules. The amendments create new definitions for horizontal spacing unit, affected persons in spacing units, first take point, last take point, infill horizontal well, multi-lateral horizontal wells, and unitized areas; allow for provisions for wells to be drilled with smaller setbacks within a spacing unit; allow for special provisions for wells drilled in spacing units larger than 40-acres; create new provisions that allow for standard units to be created that are non-rectangular; Create new provisions that allow for the drilling of multi-lateral horizontal wells; and allow for simultaneous drilling of in-fill horizontal wells that fall within a single horizontal spacing unit. The NMOCD is revising Forms C-101(APD) and C-102 (Well Location Information) to align with the new rules.

NORTH DAKOTA

The North Dakota legislature is not in session in 2018. A former state legislator is chairing a committee working to place a measure on the November 2018 ballot to increase the oil extraction tax rate in North Dakota from 5% to 6.5%. Supporters must submit 13,452 valid signatures to the Secretary of State for the measure to advance. In 2015, the legislature lowered the tax from 6.5% to the current 5% rate and removed certain triggers that tied the tax to the price per barrel of oil. The North Dakota Petroleum Council will oppose the measure should it qualify for the ballot.

Owner Payment Rules: The North Dakota Industrial Commission's (NDIC) published on December 4, 2017 new owner payment rules that remain problematic for industry. The rule changes (except those involving royalty statements) will go into effect April 1. **The rule change pertaining to royalty reporting will go into effect July 1, 2019.** The royalty reporting changes can be summarized into two major categories, Check Stub Detail and Ownership Interest Information Statement, these are detailed further below:

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, all the following 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:

1. The lease, property, or well name or any lease, property, or well identification number used to identify the lease, property, or well; provided, that if a lease, property, or well identification number is used the royalty owner must initially be provided with the lease, property, or well name to which the lease, property, or well name refers.
2. The month and year during which sales occurred for which payment is being made.
3. One hundred percent of the corrected volume of oil, regardless of ownership, which is sold measured in barrels, and one hundred percent of the volume of either wet or dry gas, regardless of ownership, which is sold or removed from the premises for sale, or sale of its contents and residue, measured in thousand cubic feet.
4. Price.
   a. Oil. Weighted average price per barrel received by the producer for all oil sold during the period for which payment is made. The price must be the net price received by the producer after all deductions. All deductions are to be explained pursuant to subsection 6.
   b. Gas and natural gas liquids. Weighted average price per thousand cubic feet [28.32 cubic meters] received by the producer for all gas sold and weighted average price per gallon received by the producer for all natural gas liquids sold during the period for which payment is made. The price must be the net price received by the producer after all deductions. All deductions are to be explained pursuant to subsection 6.
5. Total amount of state severance and other production taxes.
6. The amount and purpose of each deduction made, identified as transportation, processing, compression, or administrative costs.
7. The amount and purpose of **each adjustment or correction made**.
8. Net value of total sales after deductions.
9. Owner's interest in sales from the lease, property, or well expressed as a decimal.
10. Owner's share of the total value of sales prior to any tax deductions.
11. Owner's share of sales value less deductions.
12. An address where additional information may be obtained, and any questions answered. If information is requested by certified mail, the answer must be mailed by certified mail within thirty days of receipt of the request.

LEGISLATIVE & REGULATIVE UPDATE

Industry continues to work thru the North Dakota Petroleum Council (NDPC) as a liaison to the North Dakota Department of Mineral Resources to understand and document specific check stub format and prior period adjustment explanation requirements. The NDIC has expressed a willingness to accept major adjustment category codes and continues to work with Industry to define the exact codes.

Ownership Interest Information Statement: Within one hundred and twenty 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.

Adjudicating Overlapping Communitization Agreements in ND: The Billings BLM office issued Instruction memorandum 2018-004 on July 27th suspending policy in the BLM manual 3160-9 and defining new procedures for overlapping CAs in North Dakota.

Office of Natural Resource Revenue
RESCINDED 2017 Federal Valuation Rule:
On July1, 2016, the ONRR published the Consolidated Federal Oil and Gas and Federal and Indian Coal Valuation Final Rule (2017 Valuation Rule) in the Federal Register to be effective January 1, 2017. On August 7, 2017, the ONRR repealed this final rule and reinstated the valuation regulations that were in effect before January 1, 2017. This repeal was effective September 6, 2017. The States of California and New Mexico filed suit in the California Northern District Court on October 17, 2017 challenging the ONRR's repeal of the July 1, 2016 Rule, see *State of California, et al., vs. United States Department of the Interior, et al*. On April 06, 2018, the National Mining Association, Wyoming Mining Association and American Petroleum Institute filed a request to Intervene in the October 17, 2017 suit.

In response to the repeal of the 2017 Valuation Rule, the Secretary of the Interior announced his plans to establish a Royalty Policy Committee (RPC) to advise the ONRR on current and emerging issues related to the determination of fair market value and with regards to the collection of royalties from energy and natural resources on Federal and Indian lands. The ONRR expects that further internal assessment and analysis combined with consultations facilitated by the RPC will lead to the development and promulgation of a new, revised valuation rule that will address the various problems that were identified in the rule they repealed.

ROYALTY POLICY COMMITTEE (RPC):

- Initially Launched October 4, 2017 at the Department of Interior Offices in Washington D.C.
- Committee Chair is Scott Angelle of the Department of Interior
- Comprised of 27 primary members (seven ex-officio (representing BLM, BOEM, ONRR, BSEE, BIA, ALM, an Asia) six State representatives, four tribal representatives, six industry representatives and four from academia/public interest organizations.
- The RPC has been divided into three Primary Sub Committees and those into topical work groups:
  - Tribal Energy – working towards recommendations to give the tribes more control of their natural resources and considering limiting taxation on Indian lands to Tribes only.
  - Fair Return & Value (focusing on valuation), Chaired by Matthew Adams, Cloud Peak
    - Marketable Condition
    - Audit Processes
    - Payor Handbook Update
    - Index Pricing
    - Coal benchmark
    - Major recommendations to-date include moving to a wellhead MMBtu index-based valuation option for federal gas, resolving the regulatory ambiguity related to boosting compression, publishing new evergreened payor handbooks, and modifying federal regulations governing coal royalties to more closely align with oil and gas rules.
  - Planning, Analysis & Competitiveness (aka "Economics Team") (to look at steps that could be taken to make the Department of Interior a better business partner to its investors) – Co-chaired by Colin McKee (State of Wyoming) and Randall Luthi - National Ocean Industries Association (NOIA)
    - Alaska
    - Onshore Oil & Gas
    - Offshore Oil & Gas
    - Studies Analysis
    - Major recommendations to-date include changing Alaska leasing dates, modifying offshore royalty rates, streamlining Application for Permit to drill by use of a new Notice of Permit to Drill process, improving electronic access to onshore production data. Comparing offshore leasing processes for U.S. GOM, Guyana and Mexico.
  - Meeting minutes from the last formal RPC meeting in Denver on September 13 can be found on the RPC website at https://www.doi.gov/rpc/september-13-2018-committee-meeting.

Nominations for RPC Committee Members: On October 3, the ONRR published in the Federal Register a request for nominations for primary and alternate members for several sectors of the Royalty Policy Committee. Nominations must be submitted by November 2 to Mr. Chris Mentasti, Department of Interior, Office of Natural Resources Revenue, 1849 C Street, NW, MS 5134, Washington, DC 20240 or emailed to RPC@ios.doi.gov.

LEGISLATIVE & REGULATIVE UPDATE

Service of Official Correspondence: On January 22 in the Federal Register, the ONRR published a Repeal of Regulatory Amendment and Restoration of Former Regulatory Language Governing Service of Official Correspondence. ONRR's "official correspondence" includes significant documents sent to industry, such as invoices, notices of audit, orders, and notices of enforcement. Historically, Department of the Interior (Department) regulations authorized ONRR to serve official correspondence by conventional means—U.S. mail, personal delivery, or private mailing service, such as FedEx or U.P.S. On August 23, 2013, ONRR published in the Federal Register a direct final rule amending its regulations to include electronic service, so long as the electronic service was secure and provided for a receipt. The January 2018 rule, which is effective immediately, repeals the defective 2013 direct final rule and restore the former regulatory language governing service of official correspondence.

Secretarial Order: On September 7, the Secretary of the Interior Ryan Zinke signed Secretarial Order 3368 entitled "Promoting Transparency and Accountability in Consent Decrees and Settlement Agreements" to prevent the practice known as "sue and settle". According to the DOI, between January 1, 2012, and January 19, 2017, DOI agreed to enter into over 460 settlement agreements and consent decrees and agreed to pay over $4.4 billion in monetary awards. Under this Order, the DOE will improve transparency in several ways. A publicly accessible "Litigation" webpage will be established with a searchable list of final judicial and administrative consent decrees and settlement agreements that govern Departmental actions, including a brief summary of each decree or agreement, a note of any attorney's fees or costs paid, and a link to the text of the decree or agreement. In addition, there will be a public notice period before moving forward with any proposed consent decree or settlement agreement that commits DOI to seek a particular appropriation or budget authorization from Congress.

Keepwhole Gas Processing Contracts: On August 21, the ONRR published a Dear Reporter Letter on Keepwhole Gas Processing contracts that replaces its Reporter Letter dated November 21, 2012. The new instructions still require that these type contracts be reported and valued as processed gas but provides additional guidance on how to account for pipeline fuel, gas plant fuel and unbundling of transportation and processing costs.

Proposed Modification to List of Oil Market Center: On August 31 the ONRR requested industry comments on a proposal to modify the list of existing market centers that royalty payors use to value oil produced from Federal Leases. The proposed modification is applicable to payors valuing Federal oil production using NYMEX prices or ANS spot prices. The proposal removes San Francisco, California and Saint James, Louisiana and adds six new market centers in the following states, Texas, Louisiana, Minnesota and Wyoming.

Civil Penalty Lawsuit: On August 6 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.

OKLAHOMA

The Legislature, which adjourned more than three weeks before their deadline, passed more than 180 Bills that will have significant effects on various groups, including the Oil and Gas industry. For Bills that passed in the final five days of session, Governor Fallin has up to 15 days after adjournment to sign or veto them.

A petition to increase the initial gross production tax rate from 2% to 7% was filed in the Oklahoma Secretary of State's office on December 20, 2017. The petition needed 123,725 signatures to get the proposed SQ795 on the November 6 ballot, which would then need to be voted on by Oklahomans. On March 19, the Oklahoma Supreme Court ruled that the petition is 'legally sufficient' to be submitted to a vote of the people. However, when lawmakers adopted a 5% gross production tax rate in advance of the teacher walkout, Restore Oklahoma Now (proponents) reconsidered its goal. Therefore, on April 23 this campaign has ended.

Both the House and the Senate passed **HB1010XX**, which included a 5% Gross Production Tax on new wells (formerly 2%) and old wells, a $1.00 per pack cigarette tax, $0.03 tax on gasoline, a $0.06 tax on diesel, and a $5.00 hotel/motel tax. This Bill was sent to the Governor for signing. The total package has an annualized projection of approximately $533 million of revenue while the increase in Gross Production Tax accounts for approximately $204 million, nearly 40% of the entire revenue. This Bill became effective 90 days after the Governor's signature, which was July 1. Subsequently, the hotel/motel tax was repealed in **HB1012XX**. This will reduce the projected revenue by $46 million. By running the repeal provision in a separate Bill, it allowed the original revenue package to go to the Governor immediately. Drew Edmondson, Democratic candidate for governor, said he would consider calling for a state question to raise the gross production tax if lawmakers refuse to implement his education funding plan. Edmondson has called for raising the rate to 7%, which is what producers now pay three years after production begins.

HB1020XX, the special session Bill balancing the FY 2018 budget, passed both the House and Senate, and has now been signed by Governor Mary Fallin. Governor Fallin signed the Bill which results in agencies having to implement a .66% budget cut. Since most of FY 2018 is already over, it equals out to about a 2% cut to the last four months of agencies' FY

LEGISLATIVE & REGULATIVE UPDATE

2018 budget. The total dollars for some of the state's largest agencies includes $2.6 million to the Department of Mental Health and Substance Abuse Services, $4.64 million the Department of Human Services and $6.8 million to the Oklahoma Health Care Authority.

HB2775 Royalty Payment Requirements: amending 52 O.S. 2011, Section 570.10, which relates to payment of proceeds from sale of oil and gas production; expanding liability for payment of royalty proceeds to include incorrect withholdings; removing requirement that interest rates on certain proceeds be compounded annually; authorizing the holder of certain proceeds to interplead such proceeds in court; applying the Unclaimed Property Act to proceeds from certain unmarketable titles; providing exceptions for the application of interest in certain circumstances; updating language; and providing an effective date. **HB2775** set the interest rate for proceeds from an oi land gas lease not paid due to unmarketable title at the prime interest rate reported in the Wall Street Journal, beginning November 1, 2018. **HB2775** has passed and was approved by the Governor on April 9.

PENNSYLVANIA

Governor Tom Wolf delivered his budget address on February 6 and as expected made the lack of a severance tax a focal point of his proposed 2018-2019 budget. A severance tax was a cornerstone of the Governor's 2014 campaign, as well. The House took the first step towards passing an "on time" budget by passing a General Appropriations Bill. **HB2121** passed the House by a vote of 188 to 10. The Bill calls for approximately $32.7 billion spending during Fiscal Year 2018-2019. The Bill includes $100 million increase in basic education funding and $70 million for school safety initiatives. The State-System of Higher Education will see a 3.3% increase and the State-Related Universities will see a 3% increase. The Senate is scheduled to consider the Bill later during the week of June 25 and is on track to be sent to the Governor's desk ahead of the June 30 deadline. In addition to a general appropriations Bill, the chambers need to pass all the enabling revenue legislation needed to support the state budget spending plan. Several legislative leaders noted that there will not be a Tax Code Bill needed for this budget. However, there will be a Fiscal Code Bill, a possible Administrative Code Bill, a Health Code Bill, and an Education Code Bill needed to complete this year's budget. All indications are that a severance tax will not be included in any final plan.

There are two Bills that are alive but neither have any momentum. **HB2253** proposed a progressive tax structure based on the price of gas from the preceding calendar year. The graduated tax rate is between $0.042/ MCF and $0.074/MCF based on the price of natural gas. This Bill was referred to the Environmental Resources and Energy committee on May 3, 2018 but has not moved. **HB1401** proposed a volumetric severance tax of $0.02/ Unit to $0.035/Unit, graduated based on average annual natural gas price, and is in addition to the local impact fee. Although **HB1401** remains on the House Calendar, it has seen no action and has been removed from the table. It is unlikely that this legislation will move forward.

HB2673 was introduced September 26 and is in the Environmental Resources and Energy committee. **HB2673** as part of a 3-bill property tax relief package, establishes a natural gas severance tax. The measure levies a tax of $0.08 per unit (one MCF) severed at the wellhead in addition to the existing Impact Tax. Revenue from the severance tax would be allocated to the homestead/farmstead property exclusions under the Taxpayer Relief Act.

New GP-5 and GP-5A permits were announced on June 12 by Governor Tom Wolf and Pennsylvania Department of Environmental Protection Secretary Patrick McDonnell. These newly revised general permits will be required for new compression, processing and transmission stations along pipelines, and new natural gas wells

New Royalty Payment Legislation Senate Bill 138 is scheduled to be considered by the Pennsylvania House Environmental Resources and Energy Committee on October 9. The bill amends the Oil and Gas Lease Act to provide for payment of royalties within 90 days after production, to authorize inspection of records to ensure proper payment, and require an annual report to interest owners when their royalties are paid proportionately by different working interest owners. An amendment has been drafted by Chairman Maher but will unlikely be offered in committee. API-PA is opposed to this bill moving out of committee at this time and has asked that the bill not be considered.

UTAH

SB191 State Regulation of Oil and Gas. The bill clarifies the jurisdictional limits of local governments to impose excessive or unreasonable surface use regulations which effectively prohibit or otherwise severely limit oil and gas operations. The legislation is designed to prevent costly litigation over jurisdictional friction between states, local governments and industry as seen in other states.

HB419 Pooling of Oil and Gas Interests. This Utah Petroleum Association sponsored bill addresses and clarifies two issues stemming from passage of SB 191 in last year's session which amended state statute 40-6-6.5. The bill clarifies the situations where the Board of Oil, Gas and Mining can retroactively pool to the date of first production a well before entry of a Board order establishing a drilling unit. HB 419 also provides that an initial pooling order of the Board will apply to subsequently drilled wells in the same drilling unit unless a party petitions the Board for modification. With the advances in horizontal drilling, the Board has recently authorized the drilling of up to 40 such wells on a drilling unit. HB419 is intended to eliminate the need for additional pooling orders for every one of those wells beyond the initial well unless a party petitions the Board for modification and shows good cause for the modification, resulting in judicial economy for the Board.

New Royalty Payor Number and Updated SITLA Royalty Report Form
On May 2, LaVonne J. Garrison, Assistant Director of the State of Utah

LEGISLATIVE & REGULATIVE UPDATE

School and Institutional Trust Lands Administration (SITLA) announced a new Oil and Gas Royalty Report Form and a new Royalty Payor number for all sales occurring after July 1.

WEST VIRGINIA

West Virginia convened their Legislative Session on January 10 and adjourned March 10. **HB4268** CO-tenancy Modernization & Majority Protection Act - West Virginia is the only major oil and gas producing state that allows a single minority interest owner to prevent all other interest owners from drilling on the property, placing it at a competitive disadvantage surrounding states and denying the remaining mineral owners of their right to develop their oil and gas resources. This statute will provide for such development to proceed if a certain percentage of such owners agree.

SB360 Disallowance of Flat Rate Royalties (i.e. a fixed amount per well vs. a percentage of the volume of oil or gas produced or marketed) - to prevent the extraction, production or marketing of oil or gas under a lease or leases or other continuing contract or contracts providing a flat well royalty or any similar provisions for compensation to the owner of the oil and gas in place, which is not inherently related to the volume of oil or gas produced or marketed. Bill was approved by the Governor on March 9.

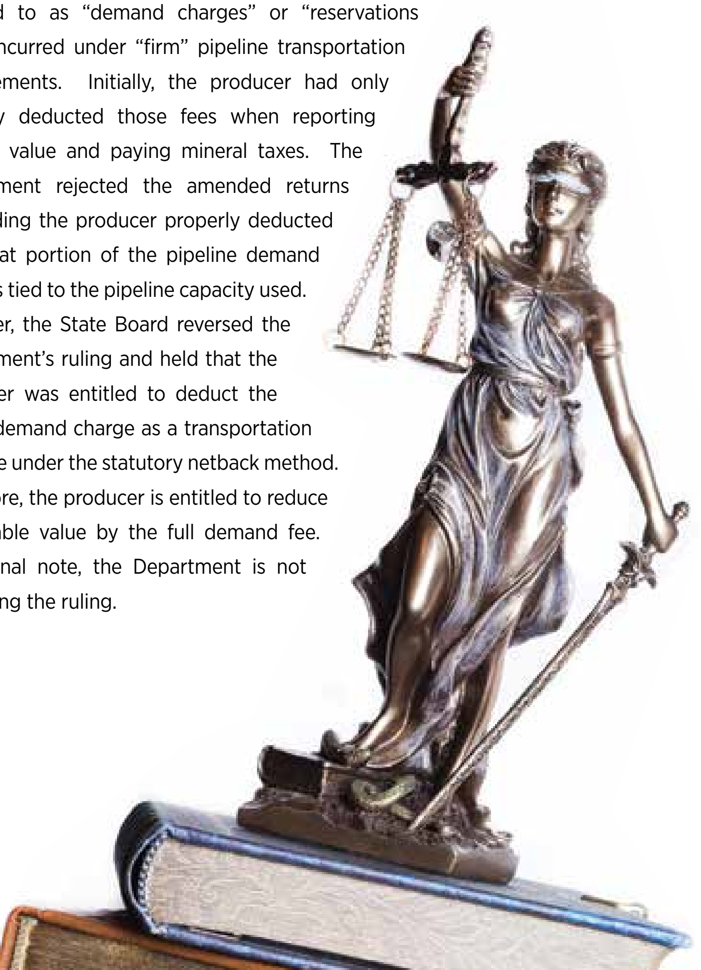
HB4270 Check Stub (aka Transparency) Bill passed March 10 and goes into effect 90 days from passage. The bill details the minimal information to be reported on the check stub as:

1. A name, number, or combination of name and number, **and the state issued American Petroleum Institute** number that identifies each lease, property, unit, pad, and well, for which payment is being made, and the county in which the lease, property, and well are located;
2. Month and year of production;
3. Total barrels of oil; number of MCF, MMBTU, or DTH of natural gas; and volume of natural gas liquids produced from each well and sold;
4. Price received per unit of oil, natural gas, and natural gas liquids produced;
5. Gross value of the total proceeds from the sale of oil, natural gas, and natural gas liquids from each well less taxes and deductions set forth in §37B-1-1(a)(6) of this code;
6. Aggregate amounts for each category of deductions for each well which affect payment and are allowed by law, including without limitation those deductions provided for under the terms of the governing lease;
7. Interest owner's interest in production from each well expressed as a decimal or fraction and reported pursuant to §37B-1-1(a)(1) of this code;
8. Interest owner's ratable share of the total value of the proceeds of the sale of oil, natural gas, and natural gas liquids prior to the deduction of taxes, if applicable, and other deductions set forth in §37B-1-1(a)(6) of this code;
9. Interest owner's ratable share of the proceeds from the sale of oil, natural gas, and natural gas liquids less the interest owner's ratable share of taxes, if applicable, and other deductions set forth in §37B-1-1(a)(6) of this code; and
10. Contact information of the producer of the oil, natural gas, or natural gas liquids, including a mailing address and telephone number.

An interest owner who does not receive the information required to be provided under this section in a timely manner may send a written request for the information by certified mail. Not later than the 60th day after the date the operator or producer receives the written request for information under this section, the operator or producer shall provide the requested information to the interest owner. If the interest owner makes a written request for information under this section and the operator or producer does not provide the information within the 60-day period, the interest owner may bring a civil action against the operator or producer to enforce the provisions of this section, and a prevailing interest owner shall be entitled to recover reasonable attorneys' fees and court costs incurred in the civil action.

WYOMING

A Wyoming producer filed amended gross products returns reducing its taxable value for its 2012 coal bed methane production. The amended returns fully deducted pipeline fees paid by them, referred to as "demand charges" or "reservations fees," incurred under "firm" pipeline transportation arrangements. Initially, the producer had only partially deducted those fees when reporting taxable value and paying mineral taxes. The Department rejected the amended returns concluding the producer properly deducted only that portion of the pipeline demand charges tied to the pipeline capacity used. However, the State Board reversed the Department's ruling and held that the producer was entitled to deduct the ***entire*** demand charge as a transportation expense under the statutory netback method. Therefore, the producer is entitled to reduce its taxable value by the full demand fee. As a final note, the Department is not appealing the ruling.



SAVE THE DATE

2019 SPRING MEETING: APRIL 23-26, 2019

WALKING IN MEMPHIS

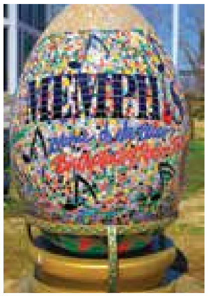
HOSTED BY PASM | PEABODY HOTEL MEMPHIS, TN

CONFERENCE REGISTRATION RATE

$375 per attendee | $450 after March 22, 2019 | $275 spouse / guest

Meals included in registration rate

Memphis
HOME OF BLUES, SOUL & ROCK 'N' ROLL



AGENDA

MONDAY

Board of Directors

TUESDAY

COPAS Energy Education Session
Leadership Conference
Leadership Dinner
Hospitality Suite

WEDNESDAY

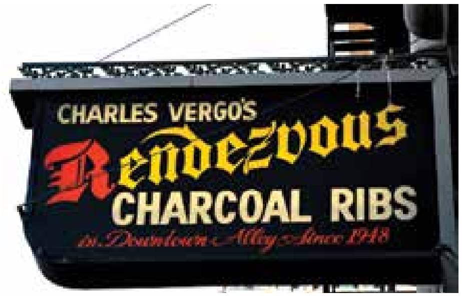
First Timer's/General Breakfast
Opening Session
Emerging Issues
Subcommittee
Financial Reporting Committee
Lunch - Blues City Cafe
Excursions
Rooftop Party

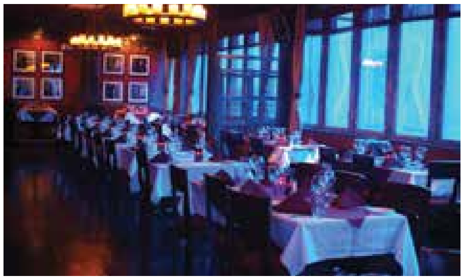
THURSDAY

General Breakfast
Board of Directors
Audit Committee
Duck Walk
Lunch - Rendezvous
Education Committee
Revenue Committee
Excursions/Small Oil & Gas Committee
Dinner - Itta Bena

FRIDAY

General Breakfast
Council Meeting





GROUP ROOM RATE RATE:

$209 Plus Taxes/Fees (Rate available 3 days before and after room block)
Rate guaranteed until room block is filled or April 1st
Group code for booking: 190422COPA

PEABODY HOTEL MEMPHIS

149 Union Ave | Memphis, TN 38103 | 901.529.4000

ABOUT THE HOTEL & LOCATION

JOIN US AT THE SOUTH'S GRAND HOTEL

The Peabody is a luxurious, Mobil Four Star and AAA Four Diamond hotel that sits proudly as one of the jewels of Memphis. The Peabody offers 464 completely renovated guest rooms, including 15 suites. Its statuesque beauty captures its significance as a historic landmark. Apart from its architectural unique aesthetic, the guests rooms and suites include all the features you expect in the modern hotels. Be a part of history from unparalleled view of the Mississippi River every day. Situated in historic Memphis, the hotel is a few blocks from a myriad of attractions, such as historic Beale Street, B.B. King's Blues Club, and BackBeat Tours. You can explore the "Home of the Blues" with ease and convenience.

> ***"The Mississippi Delta begins in the lobby of The Peabody Hotel and ends on Catfish Row in Vicksburg. The Peabody is the Paris Ritz, the Cairo Shepard's, and the London Savoy of this section. If you stand near its fountain in the middle of the lobby, where ducks waddle and turtles dowse, ultimately you will see everybody who is anybody in the Delta..."***
>
> \- DAVID COHN,
> AUTHOR- HISTORIAN 1935

EXCURSIONS AND ATTRACTIONS WHILE VISITING MEMPHIS

(Planned excursions will follow)

BEALE STREET

GRACELAND

NATIONAL CIVIL RIGHTS

MUSEUM- LORRAINE MOTEL

MEMPHIS ROCK N SOUL

SMITHSONIAN MUSEUM

BLUES HALL OF FAME

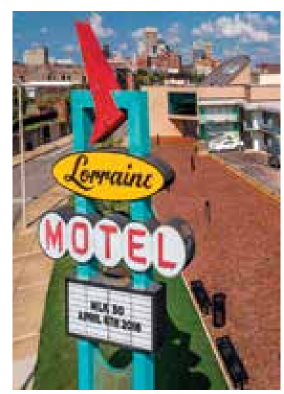
SUN STUDIO

STAX RECORDS

GIBSON GUITAR FACTORY

B.B. KING'S BLUES CLUB

BASS PRO SHOPS AT THE PYRAMID



ST. JUDE CHILDREN'S RESEARCH CENTER HOSPITAL

IN LIEU OF A REGISTRATION GIFT, A DONATION WILL BE MADE TO ST. JUDE CHILDREN'S RESEARCH CENTER HOSPITAL

A young man devoid of direction sought guidance from the patron St. Jude Thaddeus. His prayer was that a path be revealed to him and his life would follow course. That young man was Danny Thomas. Soon after he felt St. Jude revealed his life's true mission, he set about fulfilling it. Thomas' earnest prayer grew into what is now one of the largest children's' cancer research centers. With its mission to advance cures and means of prevention for pediatric catastrophic diseases through research and treatment, St. Jude has kept consistent with the vision of it's founder Danny Thomas. No child is denied treatment based on race, religion or a family's ability to pay. It is this steadfast dedication that has inspired PASM-COPAS to set a goal to raise $10,000 to help advance St. Jude's efforts. To whoever is able to raise the most funds will serve as our Thursday Duckmaster! To donate or create a fundraising team, please click our donation link http://fundraising.stjude.org/COPAS2019

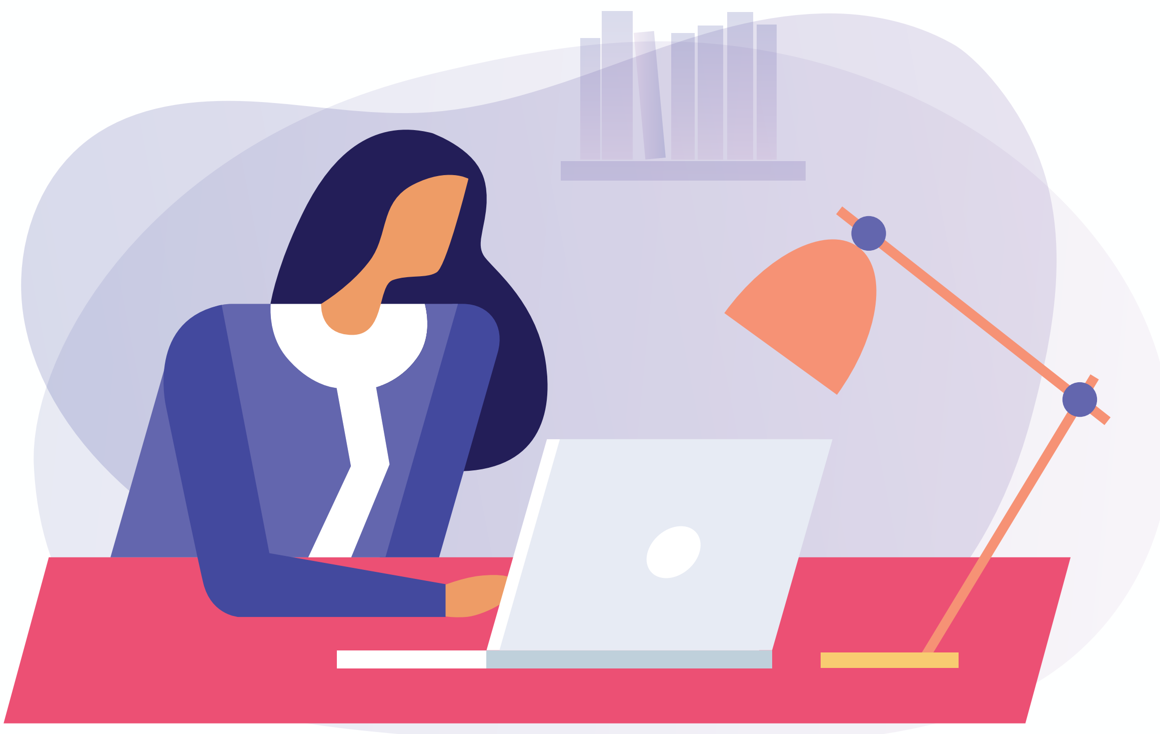
"No child should die in the dawn of life."

- DANNY THOMAS, FOUNDER

St. Jude Children's Research Hospital
ALSAC • Danny Thomas, Founder

WRITE IT RIGHT

Honing your Homophones and Other Proofreading Tips



WRITTEN BY **MOLLY WIERMAN**

This past weekend, while enjoying my favorite hobby (procrastinating), I stumbled upon a web-based publication that conducts statistical analyses of cultural trends and summarizes the results in a novel medium known as the "visual essay." (The name of the publication is The Pudding, if anyo ne reading has some time to spare—or, for my fellow procrastinators, no time to spare.)

The slick, accessible aesthetic of these visual essays inspired me to focus this installment of Write it Right on numbers. Accountants and non-accountants (that's me) alike encounter numbers in all different forms—percentages, fractions, sequences—in all areas of life. We likewise frequently include numbers in our writing.

What makes the play between numbers and digits tricky is the lack of consistent guidelines. Fortunately or unfortunately, depending on your point of view, this means writing about or with numbers is more art than science. I'll list some of the most commonly cited rules, as well as some of my own suggestions, in order to help you decide what is best for your particular situation.

SPELLING OUT NUMBERS: THE HOW

For numbers under 21, the rules about spelling are simple. 1 spelled out is one, 2 is two, and so forth.

The key point to remember about numbers between 21 and 99 that do not end in zero is that they are spelled with hyphens: 21 spelled out is twenty-one, 22 is twenty-two, and so forth (but 30 is just thirty). Hundreds, on the other hand, do not use hyphens: 100 is simply one hundred, and 200 is two hundred. The same is true for thousands below 20,000. 1,000 is one thousand, while 21,000 is twenty-one thousand.

What about numbers between 100 and 200, and 200 and 300, and so on? For instance, how would we spell out 182?

Let's break 182 into two parts: 100 and 82. As explained above, 100 is one hundred with no hyphen, and 82 is eighty-two with a hyphen. We would then write out 182 as one hundred eighty-two.[1]

SPELLING OUT NUMBERS: THE WHEN

Most grammar nerds agree that numbers between zero and nine should be spelled out. In addition, most of us suggest spelling out numbers at the beginning of sentences. Beyond these two rules is where the arguments start. Should you begin using digits at 10 or 11? What about 12?

In the end, where you draw the line doesn't matter too much as long as you are consistent. In other words, don't write "My favorite numbers are between twelve and 15," and certainly don't spell out eleven in one sentence and use 11 in the next.

The style of your writing can help you determine when to spell out numbers where the rules aren't as clear. For instance, I've noticed that creative writers tend to spell out all numbers more often than not, unless they're trying to be experimental. Writing that is very formal in tone also avoids using digits.

On the flip side, technical writers (and sometimes journalists) conserve space and increase readability by spelling out very few numbers. If you are using numbers that include units, you can make things easy on yourself and use digits in most cases. I say this because "5 kilograms" is easier to read and retain as a data point than "five kilograms" is. Our eyes are more likely to skim over the latter.

%, $, #: ON USING SYMBOLS

In general, don't.

As before, "%" is okay to use in technical documents if it follows a number. Most scientific style manuals suggest avoiding the % symbol at the beginning of a sentence and spelling out the word "percent" instead.

In all other documents, the % symbol should be avoided.

As for dollar signs, the rules are straightforward. Use the $ with digits and spell out "dollars" with spelled-out numbers. I'm just mentioning it here to point out the redundancy of writing "$20 dollars." Don't do that.

FINALLY: #. It gets good mileage as a hashtag symbol, but not so much as a number sign. In fact, I would argue that all forms of business writing are too formal for the # symbol. "We're #1" might look nice on a casual note or a banner, but you should stick to typing "We're number one," in that email or presentation.

That's all for today's mash-up of math and English class. Hopefully you've gotten a peek at both the art and the science of writing about numbers and are now even more confident about weaving the two together in a variety of contexts.

Until next time!

---

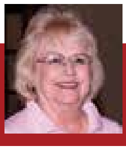
[1] *At least, assuming we are in the United States. Where Americans would generally write "one hundred eighty-two," speakers of British English would write "one hundred and eighty-two." I won't split hairs over this, but it is interesting to note. Plus, it illustrates another means of telling the difference between American and British English: American rules are almost always simpler (or maybe just lazier).*

ABOUT THE AUTHOR:
Molly Wierman

Molly Wierman is a recent University of Dallas graduate, where she majored in English and French. She has edited both the news and arts and culture sections of UD's newspaper, *The University News*. Molly also serves as an editor and writer for ACCOUNTS. She enjoys reading the poetry of T.S. Eliot, writing fiction, and traveling whenever she can.

SOCIETY NEWS

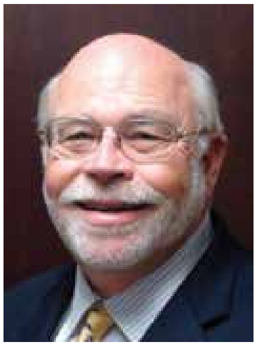
COPAS OF ABILENE



SHERYL MINEAR, PRESIDENT

The Abilene Society elected officers for the fiscal year 2018-2019 at the annual business meeting held on July 10. Serving next year will be Sheryl Minear, President; Charlene Richardson, Vice President; Becky Berry, Secretary; and Richard Wolfe, Treasurer. Secretary Becky Berry represented the Society at the Fall Meeting in Corpus Christi, Texas.

Bill Stevens, President of WindRiver Associates, LLC, presented the program at the September 11 meeting. Bill is the Chief Lobbyist for the Texas Alliance of Energy Producers. The Alliance represents more than 3,000 independent producers, service companies and their employees in Texas.



Bill Stevens

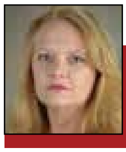
Bill discussed the topic of desalination in regard to the oil and gas industry. As we all know produced water is a large part of oil recovery. The oil and gas industry is becoming even more involved in developing technologies to desalinate this water so it can become a valuable commodity. Drinking water? Well that is certainly something that could be feasible, but this will take considerably more research. Just as it has taken years to develop advanced techniques currently being used in the industry for the recovery of oil and gas, desalination will go through the same type of development process.

Mr. Stevens also addressed the current issue with the highway infrastructure in the Permian Basin area of Texas. The continued increase in the oil and gas activity has resulted in the need for a more comprehensive highway system to handle the increase in truck and other equipment traffic.

Bill also gave the members an overview of Texas Rule 3.103 – Certification for Severance Tax Exemption for Casinghead Gas Previously Vented or Flared.

The Society's next meeting is scheduled for December 11 and the presentation will cover any upcoming tax changes.

PETROLEUM ACCOUNTANT SOCIETY OF ARKANSAS



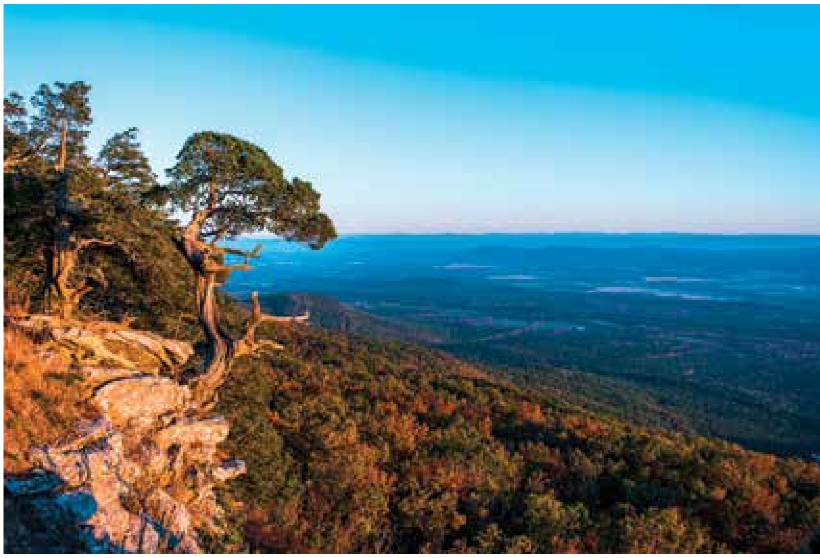
NANCY BROWN, PRESIDENT

The Arkansas society began our fourth year with 26 members. Directors David Traylor and Tiffany Adams are leaving our board due to changes in the industry. They transitioning to other industries. PAS-ARK greatly appreciates all their time and contributions to our board, society, and the efforts they and Southwestern Energy personnel contributed to our Spring 2018 conference. They will be greatly missed!!

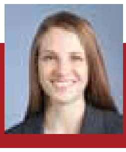
PAS-ARK wants to extend a big THANK YOU and CONGRATULATIONS to the Corpus Society for a wonderful Fall Conference! The meetings went great and the evening activities and tours were all a lot of fun!

We resumed meetings on October 17 at the Fort Smith River Park Events Building. The Joint Interest and Revenue committee meeting guest speaker was Mr. Jay Hansen of the Arkansas Oil and Gas Commission. Mr. Hansen presented on the history of the AOGC and petroleum industry in Arkansas. Recent developments along with updates related to current Arkansas plays were also discussed. The luncheon presentation was presented by Mr. Mike Webb of Webb Energy and Mr. Jim Crable of CenterPoint Energy Services. Mr. Webb reviewed how natural gas was sold before and after deregulation, the many different rulings and events that created the 'spot market' and how natural gas is sold in today's environment. Mr. Crable discussed the various factors that currently drive prices in the Arkoma Basin.

Reporter – Summer Morton



SOCIETY NEWS



COPAS OF COLORADO

ANDREA KEWLEY, PRESIDENT

COPAS-Colorado meetings resumed in September with a great start! It has been a busy time between luncheons, speakers, and committee meetings. We currently have 607 registered members and continue to be a very strong society in COPAS. Our turnout at events is high, and it is reassuring that companies still find the value in attending.

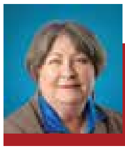
Over the summer, the board decided to continue to have our monthly luncheons at the Embassy Suites. We welcomed former COPAS-Colorado Presidents Diane Kirk, Tammy Miller-Davison, Pat Lytle, and Deanna Duell in September to be on our panel discussing their involvement with COPAS over the years and the impact COPAS has had in their careers.

Our October luncheon featured Matt Andre with Bentek who touched on several interesting and very relevant topics, including a Colorado oil and gas production outlook and the potential impact of Proposition 112.

Our November speakers were Tom Wierman and Angie Knipe from the COPAS Office.

In December we had our annual holiday luncheon, which allowed members a chance to mix, mingle, and have some fun together.

It has been a great half year for the organization. COPAS-Colorado wants to wish the entire organization a very safe and happy holiday season, and we look forward to the new year!



COPAS OF CORPUS CHRISTI

DR. ANITA REED, PRESIDENT

Wow, what a great time we had hosting the Fall meeting here in Corpus Christi! We hope those of you who attended enjoyed the week as well. There were 202 registered, with 198 in attendance, including 11 guests. Twenty-one societies and 84 companies were represented. We did well financially and intend to "pay it forward" by donating to the Mississippi society who will be hosting the Spring 2019 meeting in Memphis.

Our monthly meetings are going well, with speakers covering topics like local energy projects and the effects on the environment, as well as Frost Bank's Mineral Asset Management System, designed to assist royalty owners' specific needs.

Please let us know if you would like to drop in on our meetings at Fajitaville, located on North Beach on any of the following dates:

January 22, 2019
February 26, 2019
March 26, 2019
April 30, 2019
May 21, 2019 (year-end social)

Corpus Christi Host Society. Back row: Cindy Barton, Craig Schkade and Charlie Stovall. Front row: Donna Lawson, Brenda Hottell, Anita Reed and Jane Russell.

SOCIETY NEWS

Petroleum Accountants Society of FORT WORTH

MARK MCCAGHREN, PRESIDENT

We are off to another great start in the Fort Worth COPAS Society. We have approximately 100 members so far this season representing various companies in the Fort Worth metroplex.

Before resuming our meeting schedule, FWPAS hosted a happy hour that also served as a membership drive at a local favorite, the Flying Saucer. This event was sponsored by BDO and was enjoyed by all. Our members enjoyed the opportunity to network with other professionals from the area.

This season we are continuing our meetings in Downtown Fort Worth at the City Club in the Bank of America Tower. We decided to change our meeting times to 10 am – 1pm and the response has been well received by our members. Speakers are lined up with a variety of topics relevant to the oil and gas industry for our committee meetings. We look forward to providing our members with exciting and educational opportunities this year.

Reporter, Kelly Blaha, Director at Large

Petroleum Accountants Society of HOUSTON

SUELLEN KING, PRESIDENT

We are extremely excited for the 2018-2019 PASH year! Our new Board leadership is Suellen King, president; Wally Trevino, vice president; Karla Zawodny, treasurer; Larea Arnett, secretary; Mark Gibennus, assistant treasurer; Ken Morris, past president; and board directors are Michelle Caruso, Mark Robertson and Amy Whitley. Education, assistance with development and modifications of publications, networking and having lots of fun continue to be the focus of our society. The Board is also working on updates to our website and creating a better leadership toolkit similar to the COPAS one.

Executive Director, Tom Wierman, presented the 2018 Eagle Award to Deb Retzloff

Our Education Committee is diligently working on several great events and we hope you will consider attending. The CPA Ethics course will be held on Wednesday, February 13, 2019 at the Oxy offices. This is a popular course and qualifies for the TSCPA four-hour ethics requirement. Our yearly Education Day has been scheduled for Thursday, May 23, 2019. Great speakers and interesting topics are currently being scheduled. Those seeking CPE have the opportunity to earn up to eight hours. The net proceeds will be given back to Houston area colleges, universities and students in the forms of grants, sponsorships and scholarships. Reference our website for additional information: www.pashcopas.org.

Our membership has enjoyed some very interesting standing committee meetings and speakers on a variety of presentations and topics. The Revenue Committee had a presentation on state legislative and regulatory updates for taxes and royalties as well as determination of fair market value, and the collection of revenue from energy and mineral resources on Federal and Indian lands. The Audit and Joint Interest Committees have had discussions to review the long-awaited MFI-XX draft on Remote Technology Centers and presentations on facility charges and revenue possibilities.

We were thrilled to have the new leadership of Roger Shao over the Financial Reporting and Tax Committee which had not had many meetings in the past year. With the sponsorship of his company, Moss Adams, the committee held a presentation on the ASC 606 Revenue Recognition Application for the E&P Industry.

The speaker was great and was even interesting for those non-financial reporting members in attendance. In addition, we are happy to report our New Professionals Committee has been resurrected and is going to be led by Michael Day and Jennifer Hanslik. We are anxious to see what fun networking and educational events they have planned.

We are very thankful to our Membership Committee for helping to register over thirty-six new members so far this year! We are also grateful to all of the other amazing volunteers doing valuable behind the scene work here in Houston! Go Team PASH!

SOCIETY NEWS

COPAS OF MICHIGAN

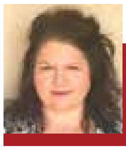
DREW MARTIN, PRESIDENT

COPAS of Michigan began the year with a networking reception in October, followed by the first lunch and learn meeting in November. The November meeting was well attended and full of discussion as we welcomed the Michigan Department of Natural Resources Office of Minerals Management for an open dialogue on their updated oil and gas reporting forms and upcoming changes to the reporting requirements for producers.

Over the summer, the COPAS of Michigan board established three core values to drive the membership's activity for the coming year and beyond. Accordingly, the 2018/2019 meeting schedule has six opportunities for the organization to provide education, build relationships, and be a resource. The broader goal is for our membership to be more closely aligned with the Michigan oil and gas industry as a whole, seeking to further develop relationships both within the membership and with colleagues in other disciplines within the industry. Ultimately, COPAS of Michigan expects to be a resource for our industry and to be a source of education and networking for our membership. Michigan is a mature oil and gas basin, with growth challenges for discipline specific organizations like COPAS. The creation of these core values helps to provide opportunities to expand the benefits for COPAS of Michigan member companies, beyond connecting with COPAS members. The board has also identified opportunities to partner with other Michigan oil and gas industry organizations to share resources and collaborate to add value to their members as well.

The next scheduled meeting is December 13, followed by meetings in March, April, and May of 2019. If any members of other COPAS Societies are in Michigan, we would love to connect with you!

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 Wednesday, September 26. Andrew Ueltschey, CPL with Hughes Eastern Oil & Gas, LLC gave us an update of the local and regional oil and gas developments. With slight reservation to not jinx the current trend he is seeing, he briefly discussed the increase in permitting wells in the state over the last couple of months. He ended by telling us some landman horror stories from the past. Everyone got a good laugh at someone's expense.

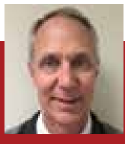
We hosted a very informative two-day COPAS Energy Education presentations on Principles of Joint Interest and Revenue. We were so excited to have some new faces and companies in attendance. We hope to see many of them again. Petroleum Accountants Society of Mississippi tries to provide quality energy education to our members, local operating companies, and Mississippi CPAs.

The planning committee for the Spring 2019 meeting in Memphis will be finalizing the plans. The trip to Memphis in November was very productive and we can't wait to show off our southern hospitality at the historic Peabody hotel. Get ready to have fun and eat some good southern food, while we work and learn the week of April 22-26, 2019. We hope to see you there.

We are pleased that we are continuing to have good participation in our chapter from local energy companies and CPA firms. We continually try to reach out to those energy companies that are not involved with the organization. We want to continue to grow our society and provide a resource to MS energy sector. Our next meeting will be in January at River Hills Tennis Club.

SOCIETY NEWS

COPAS OF NEW ORLEANS



GREG GONZALES, PRESIDENT

COPAS of New Orleans completed the fall membership drive. We currently have 50 registered members, 5 more than last year. Thanks to our Board members for their effort and our returning members for recognizing the importance of COPAS membership.

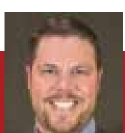
In October we held our annual Education Day where COPAS members were able to earn 4 CPE credits. First Vice President Sam Wheeler organized the event attended by 20 members. Topics included Recent Oil and Gas Case Law Update, Moving from the Strategy to the Tactics, Creating a Lifetime of Financial Security, and Wayfair Related Sales Tax Issues. All the presentations were well received and informative.

For our November meeting we participated in a joint industry lunch sponsored by API Delta Chapter. The event brings together several hundred members of multiple Oil and Gas organizations in and around the City of New Orleans. The keynote speaker was Michael Celata, Regional Director, Gulf of Mexico Region, Bureau of Ocean Energy Management. The topic was "A look into Deepwater Gulf of Mexico Oil & Gas Industry".

Our spring is shaping up to be very busy with regular monthly meetings and our highly anticipated crawfish boil.

Our meetings are held the third Wednesday of each month September through May. Additional information about our meetings and activities can be found by visiting our web site at copasnola.org.

COPAS OF OKLAHOMA CITY



CRAIG BUCK, PRESIDENT

COPAS Oklahoma City has been very active over the last several months. Our September society meeting was held at Quail Creek Country Club and featured several wonderful speakers. The Revenue Committee hosted Pat Martindale, Founder of Martindale Consultants, who provided an overview of revenue audits in the oil and gas industry. Our technical session speaker was Mr. Evan Anderson, Co-Founder and CEO of Oseberg, a leading SaaS and data intelligence company that offers an innovative approach to rapidly covert public regulatory and county level data into actionable intelligence. Mr. Anderson provided valuable insight on how to utilize data to predict new drilling opportunities, and also discussed several of the products Osberg offers to assist oil and gas companies in data mining.

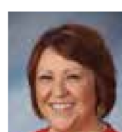
Our October society meeting featured even more speakers presenting on a wide array of topics. The Small Oil and Gas Committee hosted Dr. Jeremy Boak, the Director of the Oklahoma Geological Survey, who presented on the hot topic of earthquakes in Oklahoma. The Revenue Committee provided a presentation on Gas Plant Accounting 101 presented by Mr. Rob Gilkes. The New Professional Committee hosted Carole Tear, former COPAS Education Committee Chair and former OKC COPAS President, who provided our new professionals a history and overview of COPAS and discussed the benefits of being a member. Our technical session speaker was Mr. Brian Simmons, COO and Vice President of Operations for Le Norman Operating/Templar Energy. Mr. Simmons presented on the operational challenges of operating in Oklahoma and discussed how modern technology and innovation is changing the face of the oil and gas industry.

Based on feedback from last year's event, OKC COPAS hosted our annual social networking event at Remington Park Racing and Casino again on October 11. Attendance was almost double that of the previous year and provided members a unique networking experience outside our normal monthly meetings.

OKC COPAS presented our annual Education Day on November 12, at Chesapeake Energy's corporate headquarters. We offered eight hours of continuing professional education to our members and non-members, presenting on topics such as regulatory and legal issues, financial reporting, proposed legislation effecting the oil and gas industry, market trends, master limited partnerships, and ethics.

Due to the Thanksgiving holidays there was no November society meeting. Our next meeting will be a Christmas luncheon at Quail Creek Country Club on December 11.

PETROLEUM ACCOUNTANTS SOCIETY OF PERMIAN BASIN



ANGIE RAMIREZ, PRESIDENT

The Petroleum Accountants society of the Permian Basin resumed meetings with a luncheon of record-breaking attendance of 130 members on September 25. Over the summer PASPB voted on new board of directors electing Angie Ramirez, Kye King and Amy Smith to serve. Our president for this term is Angie Ramirez from Pioneer Natural Resources. We are excited to see new changes to this upcoming year. PASPB hosted our first "Lunch N' Learn" with CEE-in-a-box with a total attendance of 15, we will also host the first annual Golf Tournament November 2 at Hogan Park Golf Course. The board of directors looks forward to this year and exciting events we have planned.

Reporter – Amy Smith

SOCIETY NEWS

ROCKY MOUNTAIN PETROLEUM ACCOUNTANTS SOCIETY

ANDREA FUENTES, PRESIDENT

The Rocky Mountain Petroleum Accountants Society (RMPAS) had our bi-monthly meeting on September 19. We held a COPAS Education CEE-In-A-Box webinar titled "Direct and Indirect Costs," presented by Jeff Wright. It was a good review for our members on what charges must be billed directly and which charges are covered by overhead. We had several guests join us from The Utah State Tax Commission and Dominion Energy.

RMPAS would also like to welcome Katie Meyere and Jonathon Dahlin from Big West Oil as new board members. Our officers for the 2018-2019 year are:

President - Andrea Fuentes
Vice-President - Brian Roquemore
Secretary - Jonathon Dahlin
Treasurer - John Wilkey

RMPAS looks forward to another great year of education, collaboration, and fun!

PETROLEUM ACCOUNTANTS SOCIETY OF SAN ANTONIO

BRIAN RAYGON, PRESIDENT

San Antonio President, Brian Raygon, conducted the September 2018 luncheon meeting, welcoming returning members and announcing first time guest students. Brian followed with the required Anti-Trust statement given at the beginning of each meeting for the benefit of the members and guests to ensure we all understand the purpose of COPAS.

Brian introduced the September speaker, "Compliance – Is it Me or You" presented by Creel & Associates. Barry Creel is the Founder and President of Creel & Associates, which provides operational accounting services to the mid-sized oil and gas operators and producers along the Gulf Coast. His team provides services necessary to stay Compliant with the Office of Natural Resources Revenue (ONRR) and other State Agencies.

Following an array of questions and answers from members and guests, PASSA Vice President David Garza thanked the guest speaker for his time, efforts and welcomed information which was extremely important and useful to members and guests.

Following the luncheon raffle to members and guests, Brian closed the meeting, thanking the members and guests for their attendance and welcomed them back to the next PASSA Luncheon scheduled for November 2018, January 2019 and the upcoming Coalition Blowout.

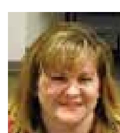
Subsequently, PASSA conducted the 1st Annual Education Day at the Petroleum Club on October 9. PASSA Vice President David Garza welcomed attending members and guests and presented a listing of upcoming topics and speakers.

Seven (7) speakers presented an array of topics during the Education Day from Current Royalty and Expense Issues, Oil and Gas Economic Updates by TIPRO, Spindletop History, CNG & RNG as Alternative Fuel, Climate Change, Cyber Security Issues to Top 10 Oil and Gas Legal Cases in 2018. The Education Day offered seven (7) CPE credits at no cost to the PASSA members, as it is included in the 2017-2018 PASSA Annual Dues. However, guests are welcomed to attend at a nominal fee. PASSA members congratulated the Board of Directors for an outstanding Education Day event and recommended the San Antonio Society to continue with this annual event.

The next Education Day is tentatively scheduled for May 21, 2019. Finally, the Board of Directors approved and purchased CEE-in-a-box training session from COPAS Energy Education to stimulate Standing Committee discussion among members prior to luncheon meetings in January 2019 and February 2019. Visit us for more information at COPASSA.net.

San Antonio Officers: Dawn Rouquette, David Garza, Brian Raygon & Veronica Reyes

PETROLEUM ACCOUNTANTS SOCIETY OF OKLAHOMA – TULSA



JENNIFER GIBSON, PRESIDENT

The PASO-Tulsa society continues to have a very productive year. At our September luncheon, Leonelle Thompson, Assistant Dean and Director of Business Center Development at Colins College of Business at University of Tulsa, presented on the topic of "Diversity and Inclusion: What's Going On." In October, Rob Haight with BKD spoke about the new Leasing Standard. Also, at the November luncheon, Wade McPhearson of Blackline spoke about "Robotic Process Automation"

In November, the PASO-Tulsa society held its annual toy and clothing drive to benefit Tulsa Youth Works. There are an estimated 4,000 children in North Tulsa who live in low-income families and struggle with school and life issues. Twenty-five percent go to bed hungry every night, 8 out of 9 have no dad in the home, 58.7% drop out of school and only 1% are able to go to college. The PASO-Tulsa society strives to not only enrich the lives of our members, but the lives of our community as well.

Heather Polson, Reporter

CORPUS CHRISTI
September 17-21,2018


Jeff Roberson (Houston) and Janet Raesner (Houston).


Suellen King (Houston) and Teri Kostka (Anchorage) enjoy the pre-Leadership Dinner hors d'oeuvres.


The USS Lexington sits in the Corpus Christi Bay as a tourist attraction.


Attendees take notes during the committee meetings.


"Five Card Draw" provided live entertainment after the Thursday banquet.

From left: Natalia Garner (Tulsa), Jonathon Beene (Tulsa), and Doug Smith (Tulsa) attend the Fajitaville reception.

Dalin Error (Houston) enjoys the beach front atmosphere at the Fajitaville Reception.

Attendees listen to the guest speaker in a committee meeting.

From left: Jennifer Gibson (Tulsa), Tammy Miller-Davison (Colorado), Wade Hopper (Houston), and Jonathon Beene (Tulsa) attend the Leadership Dinner.

TAKING A PIE FOR CHARITY

Executive Director Tom Wierman will take a pie to the face if you help him reach his fundraising goal for the St. Jude Children's Research Hospital.

Knowing that many of you out there would stand in a long line for this opportunity, only one lucky winner will get the honor.

St. Jude Children's Research Hospital

FOR EACH $50 YOU CONTRIBUTE TO HIS FUNDRAISING PAGE, YOU EARN AN ENTRY TO "PIE HIM" DURING THE SPRING 2019 MEETING IN MEMPHIS. THE MORE YOU CONTRIBUTE, THE BETTER YOUR CHANCES!

He has already made the initial deposit in the fundraising account. Don't miss this lifetime opportunity to "rub his nose in it." Contributions must be made to his unique fundraising page.

IT'S ALL FOR FUN, WHILE HELPING OUT A GREAT CAUSE. DIG IN YOUR POCKET AND FIND $50 FOR YOUR CHANCE OF A LIFETIME!

! NEXT ACCOUNTS DEADLINE !

JANURAY 31ST, 2019

PLEASE SEND ALL REPORTSAND ADVERTISING TO EDITOR@COPAS.ORG

ADVERTISING INDEX

SAVE THE DATES

REGISTRATION

FEDERAL & INDIAN ROYALTY COMPLIANCE WORKSHOP

RENAISSANCE HOTEL & CONVENTION CENTER, TULSA, OK

FEBRUARY 12 – 14, 2019

REGISTRATION DEADLINE JANUARY 18, 2019

Attendee: ____________________

Company: ____________________ **Title:** ____________________

Address: ____________________ **City:** ____________ **State:** ________ **Zip:** ________

Email*: ____________________

**Need email in order to send confirmation & final agenda.*

Office Phone: ____________________

COPAS Member: Yes No **COPAS Society:** ____________ **CPE Desired:** Yes No

Please copy registration form for additional enrollments.

Amount Paid *(There is no option to register for 1 day at a reduced rate)*

COPAS MEMBERS COST – PLEASE REFERENCE COPAS SOCIETY ABOVE

________	Early Bird – COPAS Member Registration Fee Prior to 11/30/2018:	$450.00
________	COPAS Member Registration After 11/30/2018:	$500.00

NON-MEMBERS COST

________	Early Bird** – Non-Member Registration Fee Prior to 11/30/2018:	$500.00
________	Non-Member Registration After 11/30/2018:	$550.00

________ **TOTAL PAID (SHOULD EQUAL CHECK AMOUNT)**

** Early Bird must be postmarked by 11/30/2018.

Refund must be requested before January 18, 2019

To be considered registered, we must have received the check and registration form and you must receive confirmation.

Check payable to PASO-Tulsa is enclosed in the amount of $ __________ (Credit Cards Not Accepted.)

PLEASE MAIL CHECK AND INDIVIDUAL REGISTRATION FORM FOR EACH PARTICIPANT TO:

PASO-Tulsa Education Committee
PO Box 2502
Tulsa, OK 74104
(PLEASE NOTE CHANGE OF ADDRESS)

QUESTIONS: Education@Paso-Tulsa.org. Please allow 72 hours for response.

ACCOMMODATIONS

A Special room rate of $120 per night is available at the Renaissance Tulsa Hotel if booked before 1-14-2019. Reservations can be made by using the links in the email or by calling 1-800-264-0165 with code PAA for regular attendees or PAG for government.

Please register as soon as possible so we can plan for seating, refreshments & handouts. Limited seating available.

*** You will receive e-mail confirmation of your registration within two weeks of receipt ***