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SUMMER 2022

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PRESIDENT'S MESSAGE

Dalin Error,
COPAS President

Having recently returned to the "real world" from the first face-to-face COPAS meeting in two years, I'm still operating on something of an excited buzz. As I mentioned to many attendees at the time, it was an interesting dichotomy to me how: everything felt a little strange after the long absence, and everything also felt wonderfully normal. As a celebration of our 60th anniversary back in 2021, the return to face-to-face meetings was a strong reminder of the importance of our organization to the industry we serve, and a nostalgic reminder of the teamwork that makes it all possible. It was also a stark reminder of the challenges we face now and in our immediate future.

Those who know me, know I love baseball. What they may not know is that less than ten years ago, I didn't particularly care about it.

Don't get me wrong – childhood memories of trips to old Arlington Stadium with my Dad to watch the Texas Rangers are favorites. We'd sit way up in the cheap seats: the metal bleachers in right field, at about four dollars a ticket. My family of four could go for twenty dollars, parking included. Sometimes, you could even find a "buy-one get-one" coupon for those tickets in the newspaper. If you sat in the cheap seats, professional baseball was still affordable then. How times have changed.

Dad might smuggle in some Hershey bars to save on the park's overpriced concessions, but we'd usually add a few hot dogs there, and maybe peanuts. Soft drinks were a rarity at home, so an ice-cold Coke was a real treat. Even now, more than forty years later, I close my eyes and recall the taste of slightly flat cola, the smells of popcorn and beer and sunscreen, the echo of the announcer, the feeling of hot bleachers against my skinny legs, almost unprotected by cutoffs against the relentless heat of an Arlington summer. Great times!

But those moments were more about family togetherness and break from routine, than a true love of the game. Sports-wise, I preferred the basketball to baseball. Like most boys, I played in my youth. But after two unmemorable seasons with a local youth league, I lost interest in it. Growing up, I didn't follow the MLB. I only occasionally watched the World Series.

Decades later, when my son Brendan was born, my wife and I decided to expose him to as many sports as possible. Soccer, football, basketball, taekwondo and baseball all followed. He enjoyed them all, but only baseball stuck. The boy was hooked. Brendan would go to bed with a baseball tucked under his pillow. While other kids watched cartoons, he would watch YouTube videos about Micky Mantle. On Saturday mornings, we'd wake to find him in front of the TV in his pajamas, watching MLB highlights, a batting helmet on his head.

My Dad advised, "Find out what your kids love, and then support them while they do it." So we did. Almost overnight, my weeks became consumed by trips to local ballparks. Out of necessity, I started to study the game. I learned drills, throwing and hitting techniques, strategies, all while cribbing on the MLB. Weeknights were for team practices; weekends were for tournaments. Much of our discretionary budget was dedicated to uniforms, equipment and pitching lessons. Baseball is a religion in Texas, second only to football, and my family became devotees at its altar. Slowly, steadily, I came to enjoy it. As with those idyllic memories of Arlington, some of my enjoyment was the result of quality time with my son and my family. Some was the result of our relationships with other baseball families. Through it, we've met many quality people with similar interests. Most had more experience with the game, but they were eager to share their knowledge. They helped build my knowledge, deepening my appreciation for the sport. Within a few years, I was proselytizing on the nuances and culture of my newest obsession to others. I felt an obligation to pay it forward.

Still, full disclosure, I don't consider myself an expert. Ten years later, every practice, every inning, every pitch, there is something new to learn, an unexpected nuance to observe, an unexpected challenge to overcome. I may never be an expert, but I'm getting better. I want to get better. It's an ongoing journey, and I'm enjoying the ride.

that an educated person is not one who knows every answer, but one who knows where to find those answers.

So what does this baseball stuff have to do with the petroleum industry, or with COPAS?

For me – maybe some of you – my entry into the world of petroleum accounting was similar to my entry into baseball. Growing up in Texas meant that, like baseball, the industry was ubiquitous. Somehow, I mostly avoided it. For almost thirty years, I knew little about oil and gas and even less about petroleum accounting. Then circumstances changed, and I suddenly found myself working in it. Ignorance is not always bliss. I needed to learn as much as I could, and as quickly as possible.

COPAS became an invaluable part of that journey. My involvement in our organization provided unprecedented exposure to experts, answers and resources necessary to perform and excel in my new career. I found new friends, peers and mentors. The more I learned about the industry, the more I came to value and respect it.

I've always heard that an educated person is not one who knows every answer, but one who knows where to find those answers. If I'm an educated professional today, COPAS is a huge part of that equation. After more than twenty years, my ongoing involvement ensures continued growth and personal achievement within this dynamic industry.

And it's not one-sided. Just as a baseball team is strengthened by the addition of an experienced player, COPAS is strengthened by my membership. COPAS puts its members in the batting lineup. As new challenges and issues affect our industry, members can become part of the solutions and innovations. We're not just independent industry observers; COPAS members matter individually and collectively. We are all part of the team. As with any team, involvement engenders a sense of responsibility to assist others who are starting down the same path. I'm truly grateful for the many individuals in COPAS who pointed me in the right direction and helped me "find my swing" during my rookie years. I know that many of you feel the same; I hope all of you will.

Which leads me to one other baseball analogy. When he was nine, my son joined a new travel ball team, The Unit. We thought it was a perfect opportunity. The team was started by families we knew, coached by a man we trusted, and full of kids who were talented at the game and already my boy's close friends. It was going to be a great opportunity to learn the game, grow as a player, and enjoy time with good people.

But out of the gate, the team struggled a little. Soon there was finger pointing and some hurt feelings. A few families left, further weakening the group. Everyone seemed to think the issues were someone else's fault or responsibility; no one wanted to make the extra effort to resolve them. It all started to unravel -- first a little bit, then a lot. At the end of the season, The Unit was dissolved, leaving my kid without a team.

Isn't that what we are facing with COPAS? The importance of the knowledge and structure we provide to the industry is unquestioned. People turn to us for answers and guidance. We are the trusted source of oil and gas accounting development and solutions.

But we are hurting. Membership numbers and company support are sharply declining, locally and nationally. New leaders are hard to find. Attendance in our educational offerings is far below the recent past. New participants for drafting teams and other projects have grown scant. But folks keep coming our way for the answers they need to do their jobs. Everyone wants a slice of cake, but fewer and fewer are willing to help bake it. If the current trend doesn't change, our organization, like my son's "perfect" baseball team, could be dissolved.

Legendary manager Tommy Lasorda opined, "There are three types of baseball players -- those who make it happen, those who watch it happen and those who wonder what just happened." Wherever we might currently be in our COPAS journeys, may we all aspire to become the first type of player. Our team, new and old, is counting on you, collectively and individually. Our sincere thanks for all you do, but ask yourself: "What else can I do?"

So grab your bats; let's go hit!


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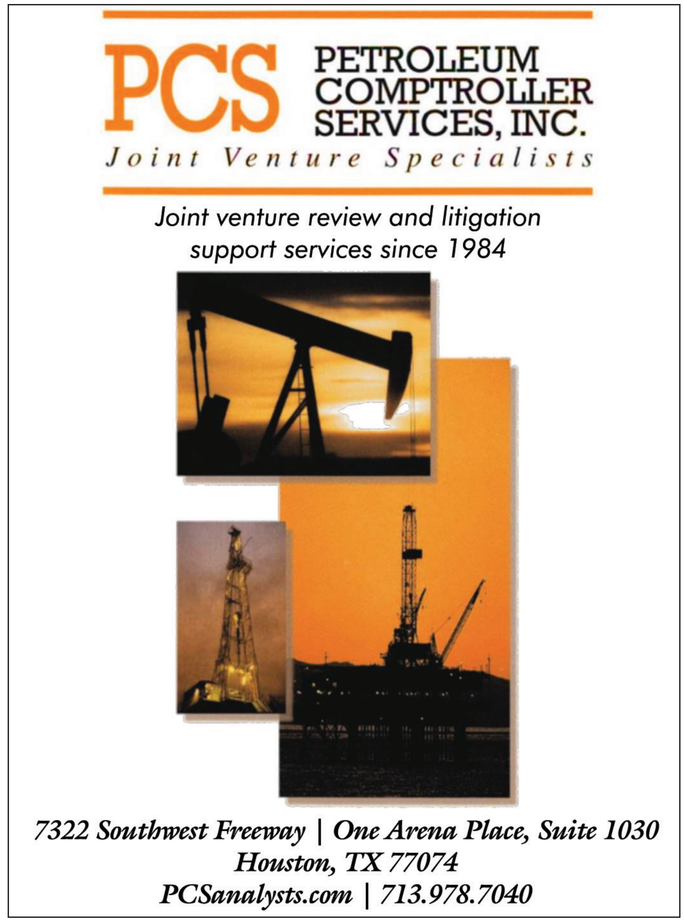
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FROM THE HOME OFFICE

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

I was just looking back to our last in-person Council meeting date and the last time we met in person for our Winter committee meetings. Almost 950 days elapsed from the last in-person Council meeting (September 2019) and about 840 days have elapsed since we last met in person for a committee meeting (January 2020). Who knew we would ride such a roller coaster?!

Most of us were looking forward to visiting Washington, D.C. for our Spring 2020 meeting when the COVID genie escaped the bottle. We've had to learn to function and adapt, working from home, alternative work schedules, Zoom/Microsoft Teams/Google Meet meetings, etc. COVID certainly has caused us to look at things differently, but I don't know as the genie will ever go back in the bottle; I think the new norm is here to stay. One good outcome from all the virtual COPAS meetings was we had broader attendance, but I think we all realize how much better we work when we are together, in person.

Cheers to 60 years! (finally) and a big thank you to Houston for the up and down planning they went through to get to April 2022. A thank you to the board of directors and all of you who offered words of condolence. My father-in-law passed away the Sunday I arrived in Galveston. Thank you for understanding the need for me to miss the Council meeting so I could return home and be with my family.

At the Spring Meeting Leadership Dinner, we were asked for favorite COPAS memories. Certainly, top among them is being selected to serve as COPAS Executive Director. Some other fun memories were celebrating Scott Hillman's birthday (at every meeting!), hanging with my pals at each meeting, remembering my first COPAS meeting in Tulsa, hosting the Spring 2002 meeting in Banff, and helping host the Fall 2011 meeting in honor of the Kansas Society 75th Anniversary. About that meeting in Banff. Some of you may remember I threw a few "COPAS characters" under the bus. I was asked to provide a handful of "notable characters" and a little "dirt" on each one. I didn't know they were going to weave that into the murder mystery entertainment that took place at the banquet. I don't remember now all the characters, but Jody (Fjord) Ford, Darrell (Gingersnap) Gingerich and Vinnie Lewis were part of that. I remember being given a "Witness Protection Program" t-shirt at the end of the night. That was a fun, fun meeting. Does anyone remember that we played the national anthems of Canada and the United States at the beginning of the banquet? Did you get your picture taken with the Royal Canadian Mounted Police (posed, of course, not because you broke the law!)?

The topic of future meetings was discussed, formally and informally, at the Spring meeting. For some time the board of directors has been discussing holding the Spring meeting virtually and the Fall meeting in person. Not everyone agrees with that idea, so the board decided to host the Spring 2023 meeting and see where

things progress. I am scrambling a bit to get a meeting location booked. More details will be coming to you as that unfolds. One need I will have will be volunteers to help administer the meeting. I don't know what that looks like just yet, but do let me know if you would like to or be able to help. We will need meeting hosts going forward if we are to continue holding a Spring and Fall meeting annually. There are quite a few openings available if your society is interested. See page 8 for the upcoming schedule and availability.

Don't forget that ePub subscriptions are now past due. If you do not renew your subscription before June 30, you will be subject to cancellation and would have to restart your subscription at a substantially higher price. Remember that members receive a discount on publications.

It was good to see many of you at NAPAC. Thank you for stopping by the table and chatting with me. We solved a few issues while we were there, but mostly it's an opportunity to support COPAS of Dallas in their work and to meet members we don't see at other events.

Vanessa attended PASH Education Day. She doesn't get to do that often, but I know she enjoyed meeting you and I hope you enjoyed putting a name and face together with our office staff.

Don't forget about the Summer meeting, Wednesday, July 13. The agenda is coming together and registration will be open by the time you read this column.

The Fall meeting will be coming soon after that, October 17-21. Watch for an announcement when registration opens in August. More details can be found on pages 14 and 15.

Hope you all have a great Summer. Stay safe.

MEETING SCHEDULE

EVENT	DATES	HOST	LOCATION
2022			
Fall	*October 17-21*	*Dallas*	***Westin Irving Convention Center at Las Colinas*** *Irving, Texas*
2023			
Spring	*TBD*	*COPAS Office*	*TBD*
Fall	*September 18-22*	*Colorado*	***Cheyene Mountain Resort*** *Colorado Springs, Colorado*
2024			
Spring	*TBD*	*TBD*	*TBD*
Fall	*TBD*	*San Antonio*	*TBD*

Dates beyond 2024 are available. Please contact the COPAS Office to volunteer.

IN THE NEWS

Whiting Petroleum purchased non-operated oil and gas assets in the Williston Basin's Sanish Field through a pair of acquisitions for $237 million from two private companies. Whiting's average operated working interest increases to 74% from 61% throughout the Sanish Field in Mountrail County, ND and includes 14,563 net acres, 0.2 net DUC wells and 32 net undrilled locations expected to produce 4,500 BOED (67% oil).

Crescent Energy acquired Uinta Basin assets from **EP Energy** for $690 million. The Uinta asset includes 145,000 net acres and over 400 producing vertical and horizontal wells in Duchesne and Uintah counties, UT. The acquisition includes an average working interest of about 83% and average royalty rate of less than 20%. Crescent Energy's production from the Rockies and Eagle Ford will expand to 65% of its total production base plus increases the percent operated to 70%.

PDC Energy acquired **Great Western** for $1.3 billion with assets in the Wattenberg Field in the Denver-Julesburg (D-J) Basin including 54,000 net acres in Adams County, CO and about 55,000 BOED (42% oil / 67% liquids) of PDP. Great Western has 315 operated locations which include 125 DUCs/approved permits. The acquisition boosts PDC's D-J Basin position to 230,000 net acres. PDC Energy will run three rigs and 1.5 crews in the second half of 2022 on the combined D-J asset.

Continental Resources pledged $250 million to create the largest carbon capture and sequestration (CCS) project in the Williston Basin with **Summit Carbon Solutions**. The CO_2 will be aggregated and transported to ND via pipeline. The project currently has 8 million metric tons per annum of CO_2 committed for sequestration. Initial pipeline capacity is 12 million metric tons per annum with capability to scale up.

Whiting Petroleum and **Oasis Petroleum** combined in a merger worth $6 billion that includes Williston Basin assets across approximately 972,000 net acres with 167,800 BOED of production.

Greylock Energy acquired 290,000 gross acres in the Uinta and Green River basins of UT and WY, including 1,400 producing wells. Greylock's oil production will go from about 1,000 BOE per month in its conventional Appalachia assets to 1,000 BOED. The company now has 1.19 million acres and 6,700 wells, including operation of 4,000 Appalachia wells and 2,600 miles of pipeline.

Oxy announced a $1 billion investment in a direct air capture (DAC) hub based in the Permian Basin with the capability of capturing 500,000 tonnes of CO_2 per year. Oxy has set a net-zero goal for 2050 and will allow other CO_2 emitters to also achieve net-zero or net negative emissions. DACs will help meet Paris Agreement targets by enabling rapid emission reduction and low carbon product development. The DAC facility is in the FEED stages with construction to begin during the second half of the year and planned start-up in 2024. Oxy plans to have 70 such DAC plants online around the world.

Targa Resources acquired **Southcross Energy** for $200 million. Southcross has a network of pipelines in 24 South Texas counties across the Eagle Ford Shale and upper Gulf Coast areas with interconnect to the major intrastate and interstate pipelines along the Gulf Coast, including the Corpus Christi ship channel and Agua Dulce market areas with capacity of 500 MMCFD.

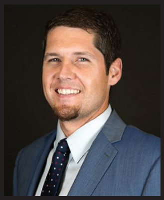
Whiptail Midstream acquired Gallup oil window assets in the San Juan Basin in northwest NM from **DJR Energy** that includes a long-term dedication contract for oil, natural gas and water production, more than doubling Whiptail's dedicated acreage, miles of pipeline and production. The company now has more than 475,000 dedicated acres and 525 miles of pipeline in the San Juan Basin.

ExxonMobil will invest $10 billion in the Yellowtail development offshore **Guyana.** The company's fourth

COMMODITY SPOT PRICING COMPARISON

	CRUDE OIL WTI (CUSHING) PER BBL				HENRY HUB NATURAL GAS SPOT PRICE DOLLARS PER MILLION BTU			
MONTH	**2019**	**2020**	**2021**	**2022**	**2019**	**2020**	**2021**	**2022**
January	51.38	57.52	52.00	83.22	3.11	2.02	2.71	4.38
February	54.95	50.54	59.04	91.64	2.69	1.91	5.35	4.69
March	58.15	29.21	62.33	108.50	2.95	1.79	2.62	4.90
April	63.86	16.55	61.72		2.65	1.74	2.66	
May	60.83	28.56	65.17		2.64	1.75	2.91	
June	54.66	38.31	71.38		2.40	1.63	3.26	
July	57.35	40.71	72.49		2.37	1.77	3.84	
August	54.81	42.34	67.73		2.22	2.30	4.07	
September	56.95	39.63	71.65		2.56	1.92	5.16	
October	53.96	39.40	81.48		2.33	2.39	5.51	
November	57.03	40.94	79.15		2.65	2.61	5.05	
December	59.88	47.02	71.71		2.22	2.59	3.76	
YTD Average	56.98	39.23	67.99	94.45	2.57	2.04	3.91	4.66

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.



KODY IMPSON

Kody joined Martindale Consultants in 2008 and has been an integral part of Martindale's management team, seeking new opportunities to fuel growth and develop a talented staff to better serve clients. Kody holds bachelor's degrees in finance and accounting and a MBA. He is also a Certified Fraud Examiner.

and largest project in the Stabroek Block will produce 250,000 BPD by 2025. Yellowtail production from the ONE GUYANA FPSO vessel will develop more than 900 million BOE. The project will include six drill centers and up to 26 production and 25 injection wells. ExxonMobil's ongoing offshore exploration in Guyana has discovered more than 10 billion BOE.

ARM Energy acquired **Monument Pipeline** for $203 million. Monument has 156 miles of pipeline originating at the Katy Hub, with connections to the Houston Ship Channel, La Porte, and League City market areas. The pipeline also services several residential city gates in high-growth areas of the Greater Houston metroplex.

PHX Minerals acquired 506 net royalty acres primarily located in Caddo Parish for $5.1 million. PHX currently owns approximately 251,000 net mineral acres principally located in OK, TX, LA, ND, and AR. The acquisition adds 28 PDP gross wells, 35 gross DUCs and 79 gross undrilled locations.

Exxon estimates capturing carbon dioxide and storing it underground will be worth $4 trillion by 2050. That is about 60% of the $6.5 trillion market the U.S. largest crude producer estimates for oil and gas. Exxon is under public pressure to reduce its total emissions as its energy transition strategy does not include renewable sources of energy like solar and wind.

Diversified Energy acquired certain East Texas upstream assets and related facilities that includes 691 gross (346 net) operated PDP wells for $100 million. Current production is about 3,700 BOED (100% natural gas). Diversified is contributing 50% and Oaktree Capital Partners will make a non-operated working interest investment in the acquisition.

HighPeak Energy acquired 150 net locations and 18,600 net acres in Howard County, TX, assets from **Hannathon Petroleum** for $373.4 million with average production of 5,000 BOED (85% liquids). HighPeak's total acreage increases to over 91,000 net acres and includes an average production rate of between 32,000 and 37,500 BOED.

RIG COUNTS

LOCATION	WEEK OF:									
	7.19.19	**2.14.20**	**5.8.20**	**7.31.20**	**10.30.20**	**2.5.21**	**4.30.21**	**8.20.21**	**10.29.21**	**1.28.22**	**4.29.22**
Gulf of Mexico	25	23	15	12	13	16	13	14	13	18	13
Canada	118	255	26	45	86	171	51	156	166	217	95
North America	1072	1045	400	296	382	563	491	659	710	827	793
Oil	779	678	292	180	221	299	342	405	444	495	552
Gas	174	110	80	69	72	92	96	97	100	115	144
Directional	69	47	27	22	22	18	23	30	32	36	30
Horizontal	829	713	338	216	254	354	398	454	483	553	643
Vertical	56	30	9	13	20	20	19	19	29	21	25
Major State											
Alaska	10	9	3	3	3	4	3	4	6	6	9
Arkansas	0	0	0	0	0	0	0	0	0	0	0
California	17	14	5	4	4	7	7	6	10	8	7
Colorado	31	22	8	5	4	8	10	11	12	12	15
Louisiana	66	52	38	29	37	47	49	49	47	57	58
New Mexico	107	113	70	49	47	61	70	80	87	94	97
North Dakota	55	52	20	11	11	12	15	22	23	27	35
Oklahoma	95	50	13	11	14	18	21	30	43	51	51
Pennsylvania	37	24	23	20	18	18	18	19	17	23	23
Texas	454	397	173	104	133	189	212	231	250	284	345
West Virginia	21	14	7	5	8	12	11	9	11	11	14
Wyoming	32	22	4	1	3	5	4	16	15	15	15

Source: Baker Hughes at www.bakerhughes.com

Ranger Oil acquired 17,000 net acres in the Eagle Ford for $64 million that includes low decline, stable production of approximately 1,000 BOED (65% oil / 87% liquids).

Colgate Energy merged with **Centennial Resource Development** worth $7 billion creating the largest pure-play E&P company in the Delaware Basin of the Permian with approximately 180,000 net leasehold acres and 135,000 BOED of current production. The combined company will have over 15-years of drilling inventory.

Offshore wind grew at a record pace in 2021 with start-ups (84 farms, 18.5 GW, 3,400 turbines) increasing global active capacity 58% to an all- time high of 50.5 GW. **Equinor** is developing the first floating offshore wind farm, Hywind Tampen, to supply renewable power to oil and gas installations in Norway for the Snorre and Gullfaks oil and gas platform.

Diamondback acquired all publicly held common units of it's **Rattler Midstream** affiliate worth $575.2 million. Rattler's primary assets span water infrastructure, oil gathering, equity stakes in gas gathering and processing, and equity stakes in long-haul oil and NGL pipelines across the Permian Basin.

Canada's government-owned **Trans Mountain Corp** secured C$10 billion ($7.7 billion) for the expansion of a pipeline that will bring more crude from landlocked Alberta to the Pacific coast.

TotalEnergies acquired **Core Solar's** portfolio of 4 GW utility-scale solar and energy storage projects at various stages of development across several U.S. states and power markets. The company has a portfolio of over 5.4 GW of solar projects in the U.S., comprised of 138 operational MW and 8,871 developed MW.

Chevron acquired part of proposed offshore carbon capture and sequestration (CCS) hub from **Talos Energy** in South Texas. Talos was selected for a Texas General Land Office carbon storage project near Beaumont and Port Arthur, TX. The Bayou Bend CCS is the first and only offshore lease in the U.S. dedicated to CO_2 sequestration and encompasses over 40,000 gross acres; it will sequester 225 to 275 million metric tons of CO_2.

Exxon sold its Romanian upstream unit to gas producer **Romgaz** for over $1 billion that includes interest in the XIX Neptune Block offshore Romania.

Republic Services and **Archaea Energy** formed a joint venture to develop 39 RNG projects that will convert landfill gas into pipeline-quality RNG. When fully operational, the 39 projects are expected to generate more than 12.5 million MMBtu of RNG annually. Archaea Energy will contribute approximately $800 million, and Republic will contribute approximately $300 million over the course of five years.

Seneca Resources sold its California portfolio for $310 million to **Sentinel Peak.** The assets produce about 40 MMCFED (92% oil).

SilverBow Resources acquired **Sundance Energy** and **SandPoint Operating** for $425 million. The assets include acreage in Atascosa, La Salle, McMullen and Live Oak counties, TX that will increase SilverBow's acreage footprint in South Texas by 50% to approximately 198,000 net acres with net production to range between 300-330 MMCFED (64% gas) and inventory of more than 645 gross (507 net) locations.

Grey Rock merged with **Executive Network Partnering Corp** (ENPC) worth $1.3 billion. Grey Rock has interests in 2,500 wells in the Permian's Midland and Delaware basins as well as the Bakken, Eagle Ford, Denver-Julesburg and Haynesville. Grey Rock will contribute oil and gas assets to form Granite Ridge Resources and will produce 20,500 BOED.

Helix Energy Solutions acquired **Alliance** in the Gulf of Mexico for $120 million. Alliance provides services in support of the upstream and midstream industries in the Gulf of Mexico shelf, including offshore oil field decommissioning and reclamation, project management, engineered solutions, intervention, maintenance, repair, heavy lift and commercial diving services.

Exxon sold operated and non-operated Barnett Shale gas assets in TX to **BKV Corp** for $750 million. Exxon is looking to sell assets in Asia, Africa, and Europe as it focuses on ventures in Guyana, offshore Brazil and the Permian Basin of West TX and NM.

Exxon sold its shallow water assets off the coast of Nigeria to **Seplat** for $1.28 billion. Exxon will maintain a significant deepwater presence in Nigeria, including interests in the Erha, Usan, and Bonga developments.

SAVE the DATE

FALL 2022 MEETING
OCTOBER 17-21, 2022
HOSTED BY COPAS OF DALLAS

COPAS OF DALLAS

REGISTRATION: $325 for members, $275 for guests
HOTEL: THE WESTIN IRVING CONVENTION CENTER AT LAS COLINAS
COPAS Room Rate: $209 per night plus applicable taxes & fees. Reserve by September 26. Book by contacting the hotel directly (bit.ly/3a8SZKX).
Ground Transportation: The hotel does not have a shuttle. There is no need for a rental car however! DFW is a short 8.2 miles away. Love Field is just 7.5. Uber from either airport for a nominal charge.

3 days +/- conference eligible for rate

Fall 2022 Meeting Schedule of Events:

Monday

- Board Meeting

Tuesday

Morning

- CPE Event

Afternoon

- Leadership Conference

Evening

- Leadership Dinner (by invitation)

Wednesday

Morning

- First Timer's Meeting
- Committee Meetings

Afternoon

- CPE Event
- Guest Tours

Evening

- Reception

Thursday

All Day

- Committee Meetings

Afternoon

- Board Meeting

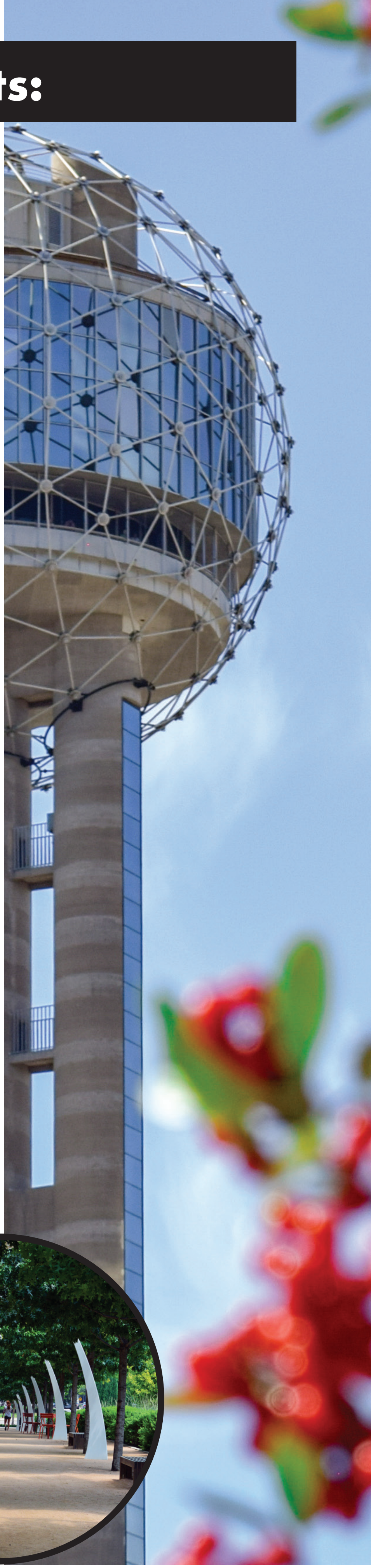
Evening

- Banquet & Entertainment

Friday

Morning

- Council Meeting



After a 2-year hiatus from COPAS in person meetings due to the covid pandemic, it was a joy to return to what we do best, networking in person. I was provided the opportunity to lead the COPAS First Timers efforts for the COPAS Spring 2022 conference and it was great to reinstate the COPAS Mentoring program in full force. We had 36 registered First Timers and 29 Mentors, which meant that several mentors had to do double duty. The First Timers Scavenger Hunt provided First Timers an opportunity to meet other first timers and members while also learning more about COPAS. Two teams, "Let's Get Fiscal" and "Tequila Sunrise" competed in earnest for 1st and 2nd.

A presentation provided during the Spring 2022 Leadership Conference, "COPAS Mentoring: Keeping Mentoring Viable in All Meeting Environments", emphasized the need to keep COPAS Mentoring viable even when we meet virtually. A lot of great feedback was received from participants. Since a COPAS Mentoring Advisory Committee was formally approved by the COPAS Board that committee will be meeting over the next few months to identify next steps and ways to better reach out to First Timers and expand the COPAS mentoring program, so stay tuned!

DEB RETZLOFF COPAS MENTORING ADVISORY COMMITTEE, CHAIR

copas
Council of Petroleum Accountants Societies

COPAS Project Status Report

COPAS MODEL FORMS

Committee	Project	Status	Comments	Council Vote
Joint Interest	Accounting Procedure	Voting Draft expected mid-March with Committee vote in April.	N/A	Fall 2022

COPAS MODEL FORMS - MODIFICATIONS and INTERPRETATIONS

Committee	Project	Status	Comments	Council Vote
Joint Interest	MFI to accompany new model form Accounting Procedure	Voting Draft expected mid-March with Committee vote in April.	N/A	Fall 2022
Joint Interest	MFI-40, 24-Month Adjustment Period for Joint Account Adjustments	Project temporarily on hold	TBD	TBD

COPAS ACCOUNTING GUIDELINES

Committee	Project	Status	Comments	Council Vote
	No Projects to report			

COPAS TRAINING & REFERENCE

Committee	Project	Status	Comments	Council Vote
Revenue	No Projects to report			

2022 LEGISLATIVE & REGULATORY UPDATE

Information provided by Jeremy Norton and Nate Wolf, subcommittee chairs for the National COPAS Revenue Committee. Questions may be e-mailed to Jeremy at JeremyNorton@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.

Limitations of Onshore and Offshore Drilling and Development

Several states in 2022 continue their efforts to limit or restrict oil and gas development on lands within state jurisdiction. **Massachusetts S514** will protect its coasts from offshore drilling while **Massachusetts HD1373** will only allow natural gas compressors in industrial zoning districts. **New York S1421** and **A4242** prohibit the leasing of state forests and wildlife areas for gas production. **South Carolina S119** prohibits approving a plan, license, or permit application for infrastructure used to facilitate the transportation of crude oil or natural gas from the Atlantic Ocean into the state and prohibits the exploration, development, or production of offshore crude or natural gas. **US HR455** and **US S28** provide additional restrictions on developments off the coast of California and in the Gulf of Mexico. **US HR4696** and **US HR5707** propose to continue the moratorium on offshore drilling in Florida, Georgia, and South Carolina. **US HR2836, US HR3048, US HR479,** and **US HR3053** all prohibit OCS leasing in specific locations. **US HR218** would prohibit moratoriums on issuing new federal oil and gas leases and permits.

Hydraulic Fracturing Restrictions and Prohibitions

Hydraulic fracturing remains the subject of legislative scrutiny at both the state and federal level. In 2022, many bills carried over from the 2021 legislative sessions and new bills are being proposed, California (SB25, SB467), Florida (SB208 has failed), Massachusetts (S518, S519, H927, H921, and S605), Michigan (HB4169 and HB4518), New Jersey (A656, S1517, A1087), New York (A1332, S4480, A1404, S2914, A4027, S4099, A4918, and A6899), and North Carolina (HB635) are all considering bills to either prohibit, further regulate, or further study hydraulic fracturing. Pennsylvania (HB353, HB838) proposes to require fluid tracers in hydraulic fracturing fluids and to require additional disclosures on the chemical content of fracturing fluids. The United States Congress is also considering a couple of contradicting bills. **US HR6168,** Future Generations Protection Act, would eliminate hydraulic fracturing and ban oil and natural gas exports while **S3459** would prohibit a federal agency from promulgating any rule or guidance that bans hydraulic fracturing in the United States.

ALASKA

The 32nd Alaska Legislature reconvened January 18 and concluded on May 18. **HB81** allows the Commissioner of the Department of Natural Resources to modify the terms of net profit share leases where the net profit share has hindered development of known oil and gas pools on state land. This legislation is intended to incentivize development and production of known oil and gas resources in areas with net profit share leases. **HB349** removes a requirement that the Alaska Oil and Gas Conservation Commission hold a public hearing for well spacing exemptions, but it preserves the ability for the Commission to do so if necessary. Both Bills have passed the House and are awaiting passage in the Senate. **HB361** proposes a surcharge to be levied on crude oil exported to a state that taxes fuel delivered into Alaska. Every producer of oil will pay a surcharge of $15.75 a barrel of oil produced from each lease or property in the state, less any oil the ownership or right to which is exempt from taxation, which is delivered to a state that taxes fuel delivered into Alaska. The surcharge is in addition to the tax imposed by AS 43.55.011 (gross production tax) and is due on the last day of the month on oil produced during the preceding month. The surcharge is an additional surcharge as imposed by AS 43.55.201 - 43.55.231 ($0.01/bbl surcharge Conservation – oil) and 43.55.300 ($0.04/bbl additional surcharge Conservation – oil). **HB369** proposes oil produced on and after January 1, 2023, and before January 1, 2025, from leases or properties that include land north of 68 degrees North latitude, is 6% of the gross value at the point of production. Both Bills are still in the House and have not moved since their introduction.

CALIFORNIA

California is considering how to handle oil and gas resources on State lands. Two bills have been put forward to review these leases. **SB953** requires the State Land Commission to terminate all remaining leases on tidelands and submerged lands owned by the State. **AB2257** develops a cost study to measure the fiscal impact of a voluntary buy-out of any lease interests remaining as of January 1, 2023. Neither bill has moved forward.

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Get Plugged In

If you are interested in receiving free legislative updates as they occur, please e-mail Jeremy Norton at JeremyNorton@copas.org or Nate Wolf at NateWolf@copas.org Specify whether you want to receive updates on state severance taxes and/or state/federal royalties and volumetric reporting. Please note that these Bills only represent what has been filed or proposed at the time of this article. Some may not progress while others may get vetoed, amended and/or passed. There are some oil and gas producing states that do not hold regular legislative sessions in the even years. These states include Montana, North Dakota, and Texas.

COLORADO

Colorado opened it legislative session January 12 and ended it on May 11. **HB22-1361** proposes by January 1, 2023, the oil and gas conservation commission (commission) to promulgate rules to require an oil and gas operator to conduct meter certification and calibration on an annual basis and submit an annual report to the commission that describes the results of that meter certification and calibration. This is a new requirement for the operator as seen in 34-60-106(B). By February 1, 2025, the state auditor is to select a random sample of operators and provide the sample to the commission, the executive director of the department of revenue (executive director), and the division of administration in the department of public health and environment (division). By April 15, 2025, the commission will submit monthly production reports, quarterly conservation levies, annual calibration reports, mechanical integrity tests, and emission data for 2023 to the auditor. Also by April 15, 2025, the executive director of revenue will submit severance taxes monthly withholding statements, and annual severance tax reports filed for 2023 to the auditor. By May 1, 2025, the state auditor is to commence a performance audit based on the information submitted by the commission, the executive director of revenue, and the division. By March 1, 2026, the state auditor will prepare a report and recommendations based on the performance audit, which the state auditor will present to the legislative audit committee. This Bill now resides in the Senate. **SB22-198** creates the orphaned wells mitigation enterprise in the department of natural resources for the purpose of plugging, reclaiming, and remediating orphaned wells. On or before August 1, 2022; on or before April 30, 2023; and on or before April 30 of each year thereafter, each operator shall pay a mitigation fee to the enterprise for each well that has been spud but is not yet plugged and abandoned. The fee is $125 or $225 based on production. This Bill is now in the House on its third reading but has been laid over. **HB22-1391** proposes for a taxable year beginning on or after January 1, 2024, for each well that is not exempt from state severance tax there is allowed a credit against the tax computed in an amount calculated by the formula C = 0.7656 x GI x ML, where: (i) C is the amount of the credit; (ii) GI is the gross income attributable to the well for the current taxable year; and (iii) ML is the total of all mill levies, fixed not later than December 22 of the preceding calendar year by all local governments for property at the well's location. This Bill is in the Senate Finance Committee.

INDIANA

Indiana began its legislative session on January 4 and concluded on March 7. **HB1103** revises multiple oil and gas provisions, but the most impactful is creating the authority for the Commission to establish a fee to fund the regulation of underground petroleum storage this bill passed and signed by the Governor.

LOUISIANA

Louisiana convened its legislative session March 14 and adjourned June 6. **SB38** updates language and defines well notices to other owners as a "risk charge notice". It provides for when these are to be sent and what information they are to include. SB38 has been passed and signed by the Governor. **HB167** describes that present law provides the tax rate on oil is 12.5% of its value at the time and place of severance. The value of the oil is the higher of the gross receipts received from the first purchaser, less charges for trucking, barging and pipeline fees, or the posted field price. This Bill reduces the severance tax rate on oil over an eight-year period from 12.5% to 8.5% of its value at the time and place of severance and specifies the severance tax rate for oil produced from certain wells. **HB716** provides that the tax rate on oil is 12.5% of its value at the time and place of severance. This Bill reduces the tax rate on oil over an eight-year period to 0%. Present law provides oil produced from a well incapable of producing an average of more than 25 barrels of oil per producing day during the entire taxable month is 6.25% of the oil's value at the time and place of severance. This Bill reduces the tax rate over an eight-year period to 0%. Present law provides oil produced from a well incapable of producing an average of more than 10 barrels of oil per producing day during the entire taxable month is 3.125% of the oil's value at the time and place of severance. This Bill reduces the tax rate over a seven-year period to 0%. Present law provides that oil produced from a well in a horizontal stripper field is 3.125% of the oil's value at the time and place of severance. This Bill reduces the tax rate over a seven-year period to 0%. Present

law provides distillate and/or condensate to be taxed at the rate of 12.5%. This Bill reduces the tax rate over an eight-year period to 0%. Also included in this Bill is that it reduces natural gas and, based on equivalent gas volumes, natural gasoline, casinghead gasoline, and other natural gas liquids from the minimum $0.07/MCF on natural gas to the severance tax rate specified for that year down to $0.00. The Bill reduces gas produced from an oil well that has a wellhead pressure of 50 pounds per square inch or less from the minimum $0.03/MCF. This Bill reduces the severance tax rate over a six-year period to $0.00. Finally, HB716 reduces gas well gas incapable of producing an average of 250/MCF per day over a seven-year period to $0.00. **SB406** was introduced March 29 and proposes that oil wells permitted by the Department of Natural Resources on or after July 1, 2021 from which production commences between July 1, 2022 and June 30, 2025 the severance tax rate on oil will be reduced from 12.5% to 8%. **SB495** creates the oilfield site restoration incentive rebate program through which eligible operators may contract with the Department of Natural Resources for a rebate of up to 80% of the cost of plugging a well and associated site restoration costs. All Bills were read by their titles by the rules and were recommended for committee, except for **SB406** which is on its second reading.

MISSISSIPPI

Mississippi opened its legislative session on January 4 and closed on April 3. The Mississippi legislature is focused on the relationship between the surface owner and the subsurface owner during this legislative session. **HB501** and **HB721** both provided for the mineral estate to revert to the surface owner after twenty years and ten years, respectively. **HB500** and **HB401** both failed. As previously reported, each Bill provided that the owner of the surface rights in real estate under which oil, gas, or other mineral interests are owned or held separately may be exempt from paying 25% of the ad valorem taxes otherwise due on the real estate. However, the owner or holder of any ***nonproducing*** oil, gas, or other mineral interest owned or held separately from the rights owned in the surface estate will pay a prorated portion of 25% of the ad valorem taxes due on the land. Please note that this language is written in the ad valorem tax regulation (§27-31). **HB1386** grants the authority to the Governor to terminate the State of Oil and gas Supervisor appointed by the board. All these bills failed sine die.

NEW MEXICO

New Mexico's legislative session ran from January 18 through February 18. **HB4** was known as the Hydrogen Hub Development Act. This Bill was introduced January 24 and failed in the beginning stages. It proposed hydrogen hub projects, meaning an infrastructure relating to the generation of power and the production, storage, transport, and consumption of hydrogen, including the conversion of methane, natural gas, or water, and the sequestration of carbon dioxide. Within a hydrogen hub project, clean hydrogen electric generation facilities would be considered an electric power generation facility located in New Mexico that uses 100% hydrogen to generate electricity, whose electrical output can be controlled to aid in balancing electric supply and demand and emits no more than 375 pounds of carbon dioxide equivalent per megawatt hour. Also, tax credits and deductions were created such as the Hydrogen Production and Energy Generation Income Tax Credit, the Hydrogen Production and Energy Generation Corporate Income Tax Credit, and the Gross Receipts and Compensating Tax Deduction for hydrogen related Sales and Use. After proposal, this Bill was repackaged as **HB227**. Neither bill passed this session.

NEW YORK

New York opened the legislative session on January 5 and ended June 2. **A95** and **A331** require that gas produced, sold, purchased, acquired, stored, or injected in the State of New York be tested to determine the radon level of the gas. Gas with a radon level greater than 2 pCi/L (picocuries per litre) cannot enter a gas distribution system in the state after January 1, 2022. **A225** requires the governor's tax expenditure reporting include an enumeration of all fossil fuel related tax expenditures and imposes a five-year expiration upon any fossil fuel related tax expenditures. **A313** and **S2834** express the legislative intent for the State of New York to transition away from fossil fuels to clean renewable energy. They set a goal of achieving one hundred precent clean renewable energy for the generation of electricity by the year 2030. **A4304** repeals provisions related to compulsory integration and utilization in oil and natural gas pools and fields. **A5303** promulgates rules related to gas measurement and the use of electronic flow meters. None of these bills passed in the 2021 legislative session, but New York allows them to be carried over to 2022. New bills filed this legislative session include **A5294** that allows counties to lease lands for oil and gas exploration, and **S3336** that provides for a Carbon Tax not to be less than $35 per ton of CO_2 equivalent escalating at $15 annually up to $185.

OKLAHOMA

Oklahoma opened its legislative session on February 7 and ended on May 27. **SB467** and HB1833 proposed rules to prohibit nuisance actions for oil and gas activities lawfully in operations for two years or more prior to the date of bringing the action. **SB476** rescinds the transfer of a well or wells that were done for improper or fraudulent purposes and in those instances specifies that the liability for plugging costs and any additional liability shall remain with the transferor. **HB1003** modifies to nine months (vs. the previous six months) the date by which initial royalties from new wells must be paid from the date of first sales. **HB1237** provides for the review of presidential executive orders by the Attorney General as directed by the Legislature. None of these bills passed in the 2021 legislative session, but Oklahoma allowed them to be carried over to 2022. **SB1524** requires submission of a properly executed division order for payment of funds and sets the interest rate for late payment at 12%. **HB2034** declares the oil and gas industry a vital economic partner and has passed and been signed by the Governor.

HB3568 was prefiled on January 20 and passed on May 5. On or after July 1, 2022, any incremental production from secondary recovery projects will be exempt from the gross production tax for a period not to exceed five years from the initial project start date or for a period ending upon the termination of the secondary recovery process, whichever occurs first. On or after July 1, 2022, any incremental production from tertiary recovery projects will be exempt from the gross production tax from the project start date until project payback is achieved, but not to exceed a period of 10 years. Payback refers to recovery of capital expenses and operating expenses, excluding administrative expenses. Secondary recovery and tertiary recovery exemptions will not apply when the recovery project uses fresh water as the primary injectant, except when using steam.

On or after July 1, 2022, any incremental production from a production enhancement project will be exempt from the gross production tax for a period of 28 months from the date of first sale after project completion. For all such production, a refund against gross production taxes will be issued. Please note, "production enhancement project" means any workover, recompletion, reentry of plugged and abandoned wellbores, or an addition of a well or field compression. A refund cannot be claimed until after the end of the fiscal year, which is July 1 through June 30 of the subsequent calendar year. Unless otherwise specified, no claims for refunds can be filed more than 18 months after the first day of the fiscal year in which the refund is first available.

PENNSYLVANIA

Pennsylvania began its legislative session on January 4 and is scheduled to end November 30. **HB1144** and **SB534** reintroduce the Conventional Oil and Gas Well Act. This is an act relating to conventional wells and the development of oil, gas, and coal. It imposes powers and duties on the Department of Environmental Protections and attempts to permit the optimal development of oil and gas resources consistent with the property rights of owners, to protect the safety of personnel and facilities employed in the exploration, development, storage of natural gas or oil or the mining of coal and to protect the safety and property rights of persons residing in areas where exploration, development, storage, or production occurs. **SB806** was referred to the Environmental Resources and Energy committee on June 25. This bill calls for changes to the payment information provided to interest owners for proceeds from production (check stub). **HB1144** also proposes a 200 feet setback from a building or water well and **SB650** increases setbacks from schools and hospitals to 5,000 feet. None of these bills passed in the 2021 legislative session, but Pennsylvania allowed them to be carried over to 2022.

UTAH

Utah gaveled in their legislative session on January 18 and adjourned March 4. **SB146** passed and amends the definitions of "crude oil" and "oil" to clarify regulatory authority over tar sands production and clarifies that tar sands are exempt from state severance tax.

WEST VIRGINIA

West Virginia's legislative session ran from January 12 through March 12. **HB2081** proposed to implement an income withholding tax on royalties paid to any nonresident lessor. **HB2132** and **HB2975** sought to implement the recommendations required by the Natural Gas Horizontal Well Control Act related to the continuous monitoring of air, noise, dust, and particulates. These Bills also changed the set back from horizontal well work activity to be 1,500 and 2,500 feet, respectively from a residence. **HB2725** and **SB480** added a $100 per year fee per well to fund the Office of Oil and Gas of the Department of Environmental Protection. **HB3051** directed the Secretary of the Department of Environmental Protection to adopt rules with respect to the standardization of leases, deeds or contracts relating to oil and gas. **SB56** and **HB4054** sought to address and prevent orphan wells by creating bonding requirements,

plugging assurances, and limiting well transfers. **HB2583** established standards for shallow horizontal wells. A shallow horizontal well means a horizontal well other than a coalbed methane well, drilled no deeper than 100 feet below the top of the "Onondaga Group": Provided, That in no event may the "Onondaga Group" formation or any formation below the "Onondaga Group" be produced or stimulated in any manner. **HB2853** established standards for shallow horizontal drilling units. All these Bills failed.

The following Bills were considered in their respective chambers. **SB106** proposed a 1/10 increase to the taxes already imposed for the privilege of severing, extracting, reducing to possession, and producing for sale, profit or commercial use, coal, natural gas, or oil, or for the generation of electricity by wind or solar devices. The additional revenue generated by these taxes would have been deposited into the "State Black Lung Fund". **HB2844** was to reduce the 40% limitation of the qualified manufacturing investment credit to 25%. The credit could have been used to offset severance tax, business franchise tax, and the corporation net income tax, in that order. **HB2979** was introduce for eligible manufacturing businesses that purchased natural resources: a) from a seller that has paid the severance tax and b) that used the natural resources in its manufacturing process or electric generation process. The manufacturer would have been allowed a credit against the severance tax. The amount of credit allowed to the eligible taxpayer was the amount of the severance tax imposed in the taxable year attributable to natural resources that sold to and used by the eligible manufacturer in the taxable year. Tax attributable to natural resources that were sold to a person related to an eligible taxpayer would not qualify for the credit. However, the Tax Commissioner could have waived this related person sales restriction, if the Tax Commissioner determined that the natural resources that were sold to a related person were sold in an arm's length transaction at prices reflective of current market prices at the time of sale for the natural resource sold. The amount of severance tax imposed that was attributable to natural resources that were sold to an eligible manufacturer that is not the natural resource producer that paid the severance tax on the natural resources sold, would not have qualified for the credit. **HB3147** The severance tax was proposed to increase from 5% to 10% of the gross value of the natural gas or oil produced by the producer. For all natural gas produced from any well, excluding wells utilizing horizontal drilling techniques, which produced an average between 5,000 cubic feet of natural gas per day and 60,000 cubic feet of natural gas per day during the calendar year immediately preceding the beginning date of a given taxable year, and for oil produced from any well, excluding wells utilizing horizontal drilling techniques, which produced an average between one-half barrel per day and 10 barrels per day, during the calendar year immediately preceding the beginning date of a given taxable year, the rate of tax is proposed to increase from 2.5% to 5% of the gross value of the natural gas or oil produced. For all natural gas produced from wells utilizing horizontal drilling techniques, which produced an average between 5,000 cubic feet of natural gas per day and 60,000 cubic feet of natural gas per day during the calendar year immediately preceding the beginning date of a given taxable year, and for oil produced from wells utilizing horizontal drilling techniques, which produced an average between one-half barrel per day and 10 barrels per day, during the calendar year immediately preceding the beginning date of a given taxable year, the rate of tax was proposed to increase from 5% to 10% of the gross value of the natural gas or oil produced as shown by the gross proceeds. **HB4054** related to the creation of the Orphan Oil and Gas Well Prevention Act of 2022 which aimed at preventing oil and gas wells from being orphaned on the surface owner's land without a responsible driller or operator with the resources to plug the well, produced procedures for the prevention of orphaned wells; and required plugging money set aside as escrow in the office of the State Treasurer. All these proposed tax revisions failed.

SB650 that removes the minimum number of royalty owners to unitize and **SB694** that adds two additional seats to the oil and gas conservation commission were both passed and signed by the Governor this session.

WYOMING

Wyoming's legislative session ran from February 14 through March 11. **SF38** has passed. It clarified the monthly payment of ad valorem tax on gross product of mineral production for a given production month will be reported by the 25th of the third month following the production month. Each county will invoice each producer on or before the 10th day of the month following the report date. Payment will be due and payable to the department on or before the 25th day of the third month following the production month.

If the taxpayer's liability for severance tax is annual so will the ad valorem. The taxpayer will report to the department on or before February 25 following the production year. The department will invoice the taxpayer on the 10th day following the reporting date. The payment will be due on March 25 following the production year.

Deferred payments of 8% start December 1, 2023. Each county will track payments and invoice the taxpayer no later than October 1, 2023.

If a taxpayer is subject to deferred payments and divests assets in a certain county, all deferred payments will become due by the 25th of third month after divestment.

HB89 passed. It orders that a well be plugged or to prohibit drilling or otherwise regulate production if an owner's or producer's unpaid ad valorem taxes are more than 120 days delinquent under W.S. 39-13-113. The commission will remove any regulation when the unpaid ad valorem taxes are paid.

UNITED STATES CONGRESS

The following bills are all under consideration in the 117th United States Congress which is in session from 2021 through 2022. **S624** and **HR4219,** the Fair Returns for Public Lands Act of 2021, proposes to amend the Mineral Leasing Act to increase certain royalty rates, rentals, and minimum bid requirements. **HR1505** will amend the Minerals Leasing Act for surface-disturbing activities and reclamation costs. **HR1612** and **S683** amend the Internal Revenue Service Code of 1986 to clarify those products from tar sands are crude oil. **HR1329,** the Surface Transportation Investment Act of 2021, amends the Internal Revenue Service Code of 1986 to 'repeal loopholes for [major integrated] oil companies', including the foreign tax credit, deductions for intangible drilling and development costs, percentage depletion allowances for oil and gas wells and tax deductions for tertiary injection expenses. **HR2184** proposes to Amend the Internal Revenue Service Code of 1986 to repeal fossil fuel subsidies for oil companies. **HR575** proposes additional regulation of border crossing facilities used for the import or export of oil and natural gas. **HR1819** and **S707** require that a percentage of exports be transported on United States flagged vessels. **S1011** and **HR2705** amend the Natural Gas Act to provide for expanded natural gas exports. **HR1600** proposes to reduce methane emissions due to flaring from oil and natural gas drilling and production activities. **S2801** proposes to establish a durable framework for achieving long-term reductions in methane emissions. **S1326** prohibits the Environmental Protection Agency from issuing greenhouse gas emission rules until such time as China, India, and Russia adhere to the same Paris Agreement emission reduction targets as the United States. **S645** proposes that the Secretary of the Treasury levy an $1,800 per ton fee on oil and gas facility methane emissions. **HR1492,** the Methane Waste Prevention Act of 2021, proposes the creation of new federal waste prevention rules to reduce methane emissions to ninety percent of 2012 levels by the year 2030. This rule would also reinstate the Waste Prevention, Production Subject to Royalties and Resource Conservation rule (the 2016 Final Rule) published on November 18, 2016 (see 81 FR 83008). **HR2132** requires the regulation of oil and gas waste under the Solid Waste Disposal Act. **HR4334** empowers States to manage the development of oil and gas on available Federal land and to distribute OCS revenue to certain costal States. **HR5619** is the counter to **S645** and, it prohibits the EPA from imposing a fee on certain facilities for methane emissions. **S2962** proposes to amend the Mineral Leasing Act to remove the Secretary's authority to issue noncompetitive federal leases. **HR6086** directs the Secretary of the Interior to compensate States for the lost revenue or any year during which Federal oil and gas leasing does not occur or otherwise results in lost revenue to that State. **S3167**, the Fossil Free Finance Act, requires banks to assess any nonbank financial company's share of emissions that the bank is financing and provide specific plans to discontinue new or expanded fossil fuel projects. **S3214**, the SMART Energy Act, promotes domestic energy production by requiring the Secretary to immediately resume oil and gas leasing. **HR6297** limits the President's ability to drawdown the Strategic Petroleum Reserve. **HR6298**, the Make Energy Affordable Act, proposes to require the executive branch to report to Congress on information related to higher energy prices and their impacts on the overall economy. It also requires Federal agencies to report on the actions they are taking to address rising energy prices. **S3353** calls for the Biden Administration to reverse course on some policies related to domestic oil and gas development such as the Keystone XL Pipeline, Paris Climate Agreement, and immediately resume oil and gas lease sales on Federal lands.

Since our spring update, **HR5376** (Build Back Better Act) passed the House but didn't make any progress in the Senate. This bill is a good reference point for issues that could come up in the future because it had many provisions that would revise oil and gas leasing and development on federal lands. We also observed a few other trends of proposed legislation at the national level. Soon after the invasion of Ukraine, many proposed bills were issued that would ban the import of Russian petroleum products (HR6858, S3714; HR6884; HR3919; HR6905; S3757; HR6916; HR6939; S3752; S3754 and many others). Some of these bills also contained provisions that would encourage additional domestic production and authorize construction of the Keystone XL Pipeline without a need for a Presidential permit. With the increase in commodity prices, we are seeing "windfall profits" tax proposals (HR7099; HR7103; HR7061; and S3802). Most of these proposals look back to establish a baseline amount of profit and anything above that threshold is taxed at a very high rate of 50%. The final trend focuses on legislation that is meant to increase domestic production. There are proposed bills that would force the Department of the Interior to hold quarterly oil and gas lease sales as required (HR6927; S3762; HR7285; HR7292; HR7034; HR7306; and HR7397) and there are proposals to expedite approvals for natural gas exports (S3661; HR6944; and HR7115). We are continuing to monitor legislation as it develops. Stay tuned for future updates!

ABOUT THE CREDENTIAL

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

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ELIGIBILITY

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

Eligibility will be verified upon receipt of the exam registration.

GENERAL TESTING INFORMATION

The APA® exam is a single exam consisting of 175 questions. The exam is offered in the odd calendar months, except January. Registration is required no later than 45 days prior to the exam window and is available on the COPAS website.

Exams are administered by Scantron using their extensive testing center and online proctoring network. You decide what day of the month to take the exam during the selected exam month, subject to testing facility and proctor availability. International testing options are available for a slightly higher fee.

For more information, contact Vanessa Galindo, APA® Administrator, by calling (303) 300-1131 or emailing Vanessa.Galindo@copas.org.

TESTING DATES

MONTH	REGISTRATION
September 2022	June 1, 2022 – July 15, 2022
November 2022	August 1, 2022 – September 16, 2022
March 2023	December 1, 2022 – January 16, 2023
May 2023	February 1, 2023 – March 15, 2023
July 2023	April 3, 2023 – May 15, 2023

NEW APA®S

Steven Oakes, APA®

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2022 Webinar Schedule

Principles of Revenue Accounting: 10 AM Central Time

Mon Jul 11	VII: Gas Plant Accounting I - Introduction to Processed Gas	1.5 CPE
Mon Aug 15	VIII: Gas Plant Accounting II - Principles of Gas Plant Accouning	1.5 CPE
Mon Sep 12	IX: Producer and Pipeline Imbalances	1.5 CPE
Mon Oct 10	X: Production and Severance Taxes	1 CPE
Mon Nov 14	XI: Private and State Federal Royalties	1 CPE
Mon Dec 5	XII: Check Stub Processing	1 CPE

Principles of Joint Interest Accounting: Noon Central Time

Wed Jul 13	VII: Overhead	1.5 CPE
Wed Aug 17	VIII: Materials	1.5 CPE
Wed Sep 14	IX: Special Joint Venture Adjustments	1 CPE
Wed Oct 12	X: Allocations	1 CPE
Wed Nov 16	XI: Joint Interest Billings	1 CPE
Wed Dec 7	XII: Accounting for Joint Venture Costs	1 CPE

Knowing Your COPAS Documents: 9AM Central Time

Thu Jul 14	VII: COPAS 2005 and its Embedded Interpretations	1.5 CPE
Thu Aug 18	VIII: Expense Audit Protocols and Practice	1.5 CPE
Thu Sep 15	IX: Building Joint Account Payroll Charges	1.5 CPE
Thu Oct 13	X: Building Overhead Charges to the Joint Account	1.5 CPE
Thu Nov 17	XI: Help me Process These Invoices	1.5 CPE
Thu Dec 8	XII: COPAS Economic Factors - Behind the Numbers	1.5 CPE

2022 Virtual Bootcamp Schedule

Understanding Landman Boot Camp: 9AM – 1PM Central Time

June 27 & 28	8 Hours CPE
	Introduction and overview of Oil & Gas Landman
	Operations
	What is a Landman & Why you need to know!
	Minerals and Ownership
	History of Land and Leasing
	Law and Landman
	"Land" Departments in Oil and Gas
	Landman
	Division Orders
	Lease Analysts
	Your Relationship
	Royalty and Working Interest
	Royalty • Defined • Documents Used
	Working Interest • Defined • Documents Used
	Net Revenue and Overriding Interest
	Carried Interest & Farm-out
	Law of the Land • Conservation Laws • Common Laws

2022 Virtual Bootcamp Schedule

Introduction to Oil and Gas Transactions: Tax Considerations Boot Camp – Date TBD

The Basics

- Oil and Gas Interests
- Leasing Transaction
- Sublease
- Economic Interest
- Pool of Capital Doctrine
- Payment Forms

Oil and Gas Leases and Leaseholds

Finding Oil

- Pre-drilling exploration Costs
- Geological and Geophysical Costs
- Domestic and Foreign Activities

Intangible Drilling Costs (IDC)

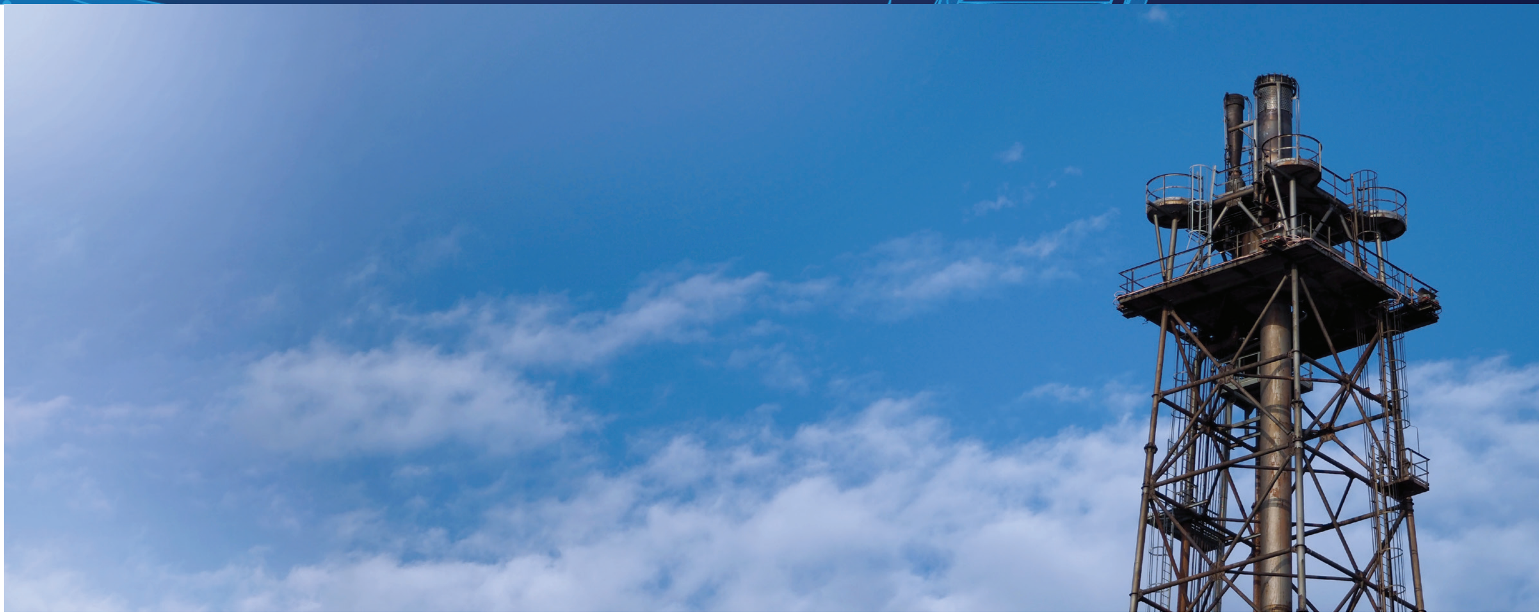
Cost Recovery – Depletion

Property Dispositions and Recapture

Accidental Partnership: Entity Choice & Joint Operations

Allocation of Gains and Losses

2022 Virtual Bootcamp Schedule



The Petroleum Industry 101 – Date TBD

Petroleum Geology

History of Oil and Gas

Upstream

Midstream and Downstream

Petroleum Accounting

Joint Interest Audit Boot Camp – Date TBD

Audit Rights

Audit Preparation – Auditor

Audit Preparation – Audit Host

COPAS Publication References on the Audit Trail

Auditing Tools and Tips of the Trade

Practical Side of Reconciliations

Industry Trends

COMMITTEE NEWS

AUDIT STANDING COMMITTEE

MATT PILKINGTON, CHAIR

The Audit Standing Committee met April 28 in Galveston, Texas. It was the first in-person meeting since 2019 and it was very refreshing to see everyone again. While the virtual meetings have facilitated a continuation of COPAS meetings and discussions, and also brought new faces to the organization, it was nice to get back to an in-person meeting and see faces and shake hands!

The Audit Committee met in conjunction with the Joint Interest Standing Committee for the first part of the meeting. One hundred fourteen individuals, from 14 societies, were in attendance during the combined session. The combined session included a social "ice-breaker" event in the spirit of networking, recognition of the MFI-57 drafting team, and a discussion on the COPAS publication review initiative and various documents. Specifically, the society audit chairs were provided with good topics to discuss further with their local committees.

After the combined session, the Audit Committee met with 66 members in attendance from 11 societies and 36 companies.

The Audit Committee approved MF-XX, 2022 Model Form Accounting Procedure as well as an amended version of the MFI-XX, 2022 Model Form Accounting Procedure Interpretation. The amended version was approved by the Joint Interest Committee and presented to the Audit Committee, as an affected committee to approve, and included the removal of a particular sentence in order to avoid confusion regarding chargeability of Technical Services. The Audit Committee also approved the Audit Per Diem Rate of $1,060 per day, effective April 1, 2022, and previous meeting minutes.

As many of us know all too well, the audit process and industry as a whole has changed significantly over the past two years. A roundtable discussion was held to point out the good changes, bad changes, and how we could help each other with challenges or application of solutions we have experienced over the previous two years. Of course, this is an ongoing discussion, but it is an important role that the Audit Committee provides to the industry - a place to facilitate discussions of and solutions to current audit challenges.

Mark your calendars for the Summer Meeting, scheduled to be held virtually on July 13; that meeting will likely include an update and discussion with the Model Form Interpretation 40 project team.

As always, it is a privilege to serve as chair of the Audit Committee. This Spring Meeting was one to remember, as it was the first time we saw familiar faces after a long break and a document was approved that will impact the industry for years to come!

JOINT INTEREST STANDING COMMITTEE

PATRICIA ELLINGTON, CHAIR

COPAS held the Spring 2022 meeting in-person the week of April 25. Can you believe it has been three years since our last in-person meeting?

Thursday began with a combined meeting of the Joint Interest and Audit Committees which included a game of Bingo Networking. This gave attendees the opportunity to meet new people, learn more about people, and socialize. Deb Retzloff was able to recognize the MFI-57 Remote Technology Centers project team for their intense work drafting the document. An update from Amy Whitley, the Education Committee Chair, was provided and Cody Deckard gave an overview of CEPS and what has happened with that committee. With the last two big documents, MFI 57 – Remote Technology Centers and the new Accounting Procedure in the rear-view mirror, Matt Pilkington discussed the COPAS Publication Review Initiative to continue our updating COPAS documents journey.

The committees then met separately to discuss individual business. The Spring meeting is always about the Economic Factors and this meeting was no different. This year also included the new Model Form 2022 Accounting Procedure. The Accounting Procedure passed unanimously. The accompanying Model Form Interpretation was also approved. The Economic Factors that passed by acclimation included: the Overhead Adjustment Factor of +0.4%, the recommended Loading/Unloading rate at $0.93 per hundred weights, the Excluded Amount of $2,300, the Vehicle rates, and the Workers Compensation Manual rates. The Fall 2021 and Winter 2022 JI Standing Committee minutes were approved.

A big "Thank You" to Danyelle McClellan, Committee Vice-Chair, and James Wright, Committee Secretary, for overseeing the meeting in my absence. Having three years between in-person meetings, our Houston Society had to adapt and improvise as time went by, so a grateful thank you goes to PASH for enduring and hosting the Spring 2022 COPAS meeting.

REVENUE STANDING COMMITTEE

JEREMY NORTON, CHAIR

The COPAS Revenue Standing Committee and the Revenue Sub Committees met in person for the first time since 2019 on Wednesday and Thursday, April 27 and 28, respectively. On Wednesday, Rebecca Paris provided the COPAS Board of Directors update. The Committee then began our CPE presentations with topics ranging from the impacts of crypto mining on an oil and gas lease to legislative updates. Over the two-day period, we had nine different presentations offering ten hours of CPE. Both days were well attended with 36 in attendance on Wednesday and 40 on Thursday from ten different societies.

Wednesday morning, we resumed the COPAS tradition of introductions. It was very exciting to get to hear from everyone and see some new faces. After Rebecca's Board of Directors update, we launched into our first presentation of the day by Dorothy Haraminac on crypto mining on oil and gas leases and potential issues that it can cause. We followed that presentation up with a virtual presentation from a team of folks at the Office of Natural Resources Revenue where we learned about the system modernization project they have upcoming.

Thursday was a full day where we offered seven hours of CPE and did COPAS business as well. We began with a discussion of issues that can arise at the points where upstream and midstream entities intersect. Dan Hodgson (Midstream subcommittee chair) and Melissa Gruenewald (current COPAS Director) led and facilitated this lively discussion. Following their presentation, Mia Downing with Martindale Consultants provided us a thorough overview of what to expect in the different types of revenue audits and things to look for when conducting them. We then gained an understanding of the history of Galveston and its future from Neil Murphy with the Galveston Island Park Board. Nate Wolf, our subcommittee chair for State Regulatory Affairs, stepped us through pending and passed legislation at the state level that could impact oil and gas production and severance taxes.

After lunch, Mark Finley with Rice University's Baker Institute provided us a strategic view of the oil and gas sector as it currently exists, and we discussed where things could go in the future. He reminded us the only thing that is certain is that the future is uncertain, but there are things we can count on. Following Mark's presentation, Wendy Keith with the Texas Comptroller's Office gave us an update on two new processes that are available to Texas severance tax payors, the rate per MCF marketing cost deduction and the managed audit.

I wrapped up the day with a discussion on the Model Form Accounting Procedure 2022 and Model Form Interpretation discussion. We reviewed the provisions from the AP and MFI that impact revenue and noted the amended version of the MFI that passed the Joint Interest and Audit committees. We held a vote in the Revenue Committee where we had eight voting societies in attendance. All eight voted in the affirmative to pass both the AP and amended MFI. Following the vote, I provided an update on pending and passed legislation that could impact royalty reporting. Following the presentation, the Revenue Committee adjourned.

I would like to say a big THANK YOU to Petroleum Accountants Society of Houston (PASH) for organizing and hosting our 60th Anniversary celebration in Galveston! We learned a lot and had some fun along the way! Also, THANK YOU, to Tom and Vanessa in the COPAS office for coordinating our CPE and all that you do for us in COPAS!

ACCREDITED PETROLEUM ACCOUNTANT® BOARD OF EXAMINERS

MIKE MAY, CHAIR

The Board of Examiners met at the National Conference in Galveston. Tom Wierman, Melissa Gruenewald and Vanessa Galindo participated in discussions on the viability and effectiveness of the exam review course. Topics and points of discussion included the following: 1) Is the material presented in the review course included on the exam, without obvious teaching to the exam? 2) The need to maintain the integrity of the exam by not giving away too much information. 3) Feedback from a BOE member who recently passed the exam, which indicates the review course did present material needed to pass.

Additional discussions during the conference with recent exam takers gives anecdotal evidence that the review course does include the correct materials and is an effective tool. The BOE recommends COPAS start marketing the review course at an additional fee.

Discussion among the BOE members also included additional marketing opportunities, as well as the importance of recruiters and company hiring departments including the APA® on their job posting. Work continues on validation of exam questions referenced in the 8th edition of the Petroleum Accounting Principles, Procedures and Issues text book.

The BOE would like to congratulate our most recent APA®s from the March 2022 exam window, Steven Oakes, Ruth Strange and Doneen Wolf!

SOCIETY NEWS

COPAS - OKLAHOMA CITY

CHRIS COPELAND, PRESIDENT

The May 2022 COPAS-OKC meeting was my last as society president and board member, after serving six consecutive years. It's a bittersweet moment. I'm thankful for the opportunity to accomplish so much, including the following highlights:

- Chaired the Spring 2016 national meeting in Norman, OK
- Volunteered on the national MFI-57 Remote Technology Centers document committee
- Navigated 2020 COVID pandemic on the COPAS-OKC board
- Had two children (3.5-year-old and 3-month-old)
- Changed roles at Continental Resources in late 2020 from Internal Audit to focus on operational and finan cial data analysis
- Served as society president from 2021-2022

I'm still in the game but looking forward to a short break to focus on family, career, and other COPAS initiatives at a local and national level.

I couldn't have done any of this without support from my family, my company, Continental, fellow board members, and mentors. I've been blessed with some of the best supervisors/mentors in the industry in my relatively short career – all involved in COPAS at a local and national level.

Morris Miller and Rebecca Paris (Williams/WPX)
Summer 2011 internship

Revenue and Regulatory experts with vast COPAS local and national leadership experience. Overall great people and fun to be around. I still enjoy keeping up with them when I get the chance.

Carole Tear (Chesapeake Energy)
Summer 2012 internship

Passionate contributor at all levels of COPAS. Strong leader and sounding board for personal and professional issues. Excellent at her job and a COPAS-OKC staple who has helped sustain the society through many ups and downs.

John Kelly (Continental Resources)
2013-2020

Taught me most of what I know about the oil & gas industry, COPAS, and Continental. Many memorable JV and vendor audits solving complex problems and learning valuable technical and leadership skills. It was a hard decision to leave Internal Audit, but my experience will benefit me the rest of my career.

Finally, Royce Porter (W.A. Waterman & Company) will be taking the reins as COPAS-OKC society president for 2022-2023. We're also, welcoming three new board members – Kristin Rose (Independent Consultant), Andy Gramling (Diamondback Energy), and Ali Mallett (Ascent Resources). The COPAS-OKC society is in good hands.

PETROLEUM ACCOUNTANTS SOCIETY OF THE PERMIAN BASIN

ELIZABETH PACHECO, PRESIDENT

The Petroleum Accountants Society of Permian Basin hosted a variety of luncheons with exceptional speakers.

In January we hosted Greg Ostroff, CPA, APA® and Ryan Kavanaugh who shared their knowledge in "SWD Accounting and SWD Operations".

In February Bill Blake joined us from Dallas, TX and presented the topic "Oil and Gas in the Fight! In the US and around the world".In March Robert Metz, CPA, ABV, CFE who is a Forensic, Litigation, and Valuation partner at Whitley Penn, talked to us about Fraud and his experiences working on this field.

In May we held a half day Education Day and our last luncheon for the 2021-2022 year. We honored Endeavor Energy Resources LP at that meeting as employer of the year for its strong support of PASPB! The May luncheon concluded with an appreciation to the Board members and the Committee Chairs who dedicated their time and passion to serve to this amazing organization.

PETROLEUM ACCOUNTANTS SOCIETY OF

SAN ANTONIO

KIRK FOREMAN, PRESIDENT

The Petroleum Accountants Society of San Antonio (PASSA) met May 24 at the Petroleum Club. We concluded the 2021-2022 San Antonio COPAS year with board elections, and discussions about hosting the fall 2024 national conference. We had a great Education Day and speakers planned, but had to cancel that part of the agenda at the last minute.

PASSA is thrilled to add one new board member, Bianca Frields. She will be taking over the Secretary position. She works for Stakeholder Midstream. We are also thrilled to add a new committee chair, Jessica Webb, who also works for Stakeholder Midstream. Jessica will be leading our new Midstream committee. We appreciate Bianca and Jessica for volunteering their time to support and strengthen our local San Antonio COPAS society.

A thank you to our Website Committee chair Jay Jackson from AMS-PAR for creating and maintaining San Antonio's website. He has done a fabulous job for a very reasonable cost. If a local society needs a new website or website maintenance, I recommend Jay. For additional information about PASSA, please see our website, www.COPASSA.net.

SPRING MEETING PHOTOS 2022


Columbia


MAXIMUM
OCCUPANCY
172


SUELLEN


PASH AND COPAS EXTEN
THEIR THANKS TO THE
FOLLOWING FOR
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COPAS HISTORY

COPAS 2005 Model Form Accounting Procedure (MF-6) and COPAS 2005 Model Form Accounting Procedure Interpretation (MFI-51) were approved by Council, April 29, 2005.

copas
Council of Petroleum Accountants Societies

COPAS 2005 Model Form Accounting Procedure Interpretation

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COPAS
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Council of Petroleum Accountants Societies
Turning Energy Into Synergy

MODEL FORM INTERPRETATION MFI – 51

Publication/Revision Date – April 2005

Council Approved

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VOTING RESULTS

SPRING 2022

- *Fall 2021 Council Meeting Minutes - Approved*
- *Member Assessment, effective January 1, 2023 - Approved*
- *Vote to Suspend Abilene Society - Approved*
- *2022 Nominating Committee Vacancy – Carolyn Sczepanski*

ADVERTISING index

SAVE the DATES

17 Fall 2022 /// October 17-21, 2022 /// Irving, TX

NEXT ACCOUNTS DEADLINE

Aug 1st, 2022

PLEASE SEND ALL REPORTS AND ADVERTISING TO

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