COUNCIL OF PETROLEUM ACCOUNTANTS SOCIETIES

ACCOUNTS

SPRING 2019

SPRING FEATURES

Artificial Intelligence in Oil and Gas

The COPAS "Secret Sauce"

copas
Council of Petroleum Accountants Societies

ACCOUNTS

SPRING 2019

Turning Energy Into Synergy

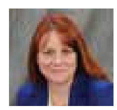
FEATURE

CONTENT

COPAS OFFICE

PO Box 21272
Wichita, KS 67208-7272
Phone: (303) 300-1131
Email: copasoffice@copas.org

EXECUTIVE DIRECTOR
Tom Wierman
Tom.Wierman@copas.org



DIRECTOR OF TRAINING AND EDUCATION
Angie Knipe
Angie.Knipe@copas.org

OFFICE MANAGER
Vanessa Galindo
Vanessa.Galindo@copas.org

OFFICERS

President, Wade Hopper
President@copas.org

Vice President, Tammy Miller-Davison
VicePresident@copas.org

Treasurer, Melissa Gruenewald
Treasurer@copas.org

Secretary, Trey Thee
Secretary@copas.org

DIRECTORS

Craig Buck
c.buck@marticons.com

Carolyn Sczepanski
Carolyn.sczepanski@ams-par.com

Dalin.Error
dalinerror@outlook.com

Doug Smith
Dougas.F.Smith@conocophillips.com

Kim Peyton
Kim@peytonandcompany.com

DESIGN TEAM

Visual Fusion | visfusion.com | 316.260.6430

Naama Marcos
Zarah Daniels
Sahara Small
Jessica Papaioannou
KaCey Green
Madeline Deabler
Dustin Youngman

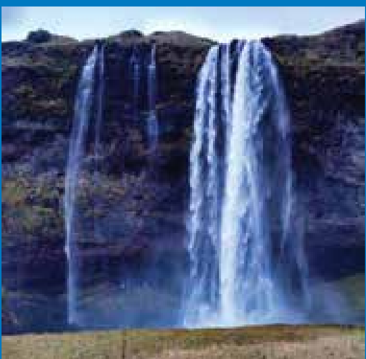
President's Message

WADE HOPPER

I am certainly honored and looking forward to serving as your 2019 COPAS President. As a member of the Houston Society since 1984, I have seen many changes in the organization and witnessed several ups and downs in the petroleum industry. Throughout my career, COPAS has been an integral part of my professional success. As a participant in many COPAS drafting teams and the Revenue Committee, I credit COPAS as being the major source of my petroleum accounting knowledge. Although I know many of you personally, I look forward to meeting those of you I have not had the pleasure of meeting.

I started my professional career in public accounting upon graduating from Sam Houston State University with an undergraduate degree in Accounting and successfully passed the CPA exam. I left public accounting to join Getty Oil Company as a joint interest audit coordinator and attend law school at South Texas College of Law in Houston at night. I completed my Doctor of Jurisprudence degree after 4 years of study and passed the Texas Bar Exam. Within a few months, my career took me to Texaco by way of the acquisition of Getty Oil Company and a supervisory position in revenue accounting. While with Texaco, I worked in many different areas including gas marketing and trading, several special project and reconciliation teams and landed in the Sabine Pipeline Company organization with regulatory and accounting responsibilities. When Chevron acquired Texaco, I accepted my current position as a severance tax analyst. With the assistance of other revenue committee members, I coordinate the updating of the COPAS severance tax guides and have done so for several years.

During my career I have been primarily active in revenue accounting committees at both the local and national level. I have served as revenue committee chair for the Houston society and COPAS. Working with many experts in the revenue accounting arena to develop COPAS guidelines and participating in drafting teams provided me with a unique perspective and appreciation for the work that is done within COPAS. I know of no other profession or industry that provides the degree of self "regulation" or direction that COPAS provides for the oil and gas accounting industry. It is the recognized source and authority for oil and gas accounting matters and to a great degree also impacts the oil and gas industry operationally. This is a tremendous accolade and responsibility. COPAS documents and the regular review of those documents have withstood the test of time and legal challenges. This is the single most important



mission of the COPAS organization and its most challenging as well.

The year is off to a fast start and I will challenge the Board of Directors and each COPAS member to assist in supporting our goals for this year and beyond. First, we will concentrate on growing our membership through retention of current members and recruitment of new members. We are looking forward to the admission of a new society in April and working with other local groups to start additional societies where there is interest. Please consider your co-workers and industry peers to invite them to membership and participation in local society activities. The ongoing success of COPAS depends upon continuing development of our membership.

The Board of Directors and the Board of Examiners continue to work toward improvement of our COPAS APA® program. This professional accreditation is unique to the oil and gas accounting industry and I believe it to be a great opportunity for COPAS members to demonstrate proficiency in oil and gas accounting to the companies supporting our membership. This program is an excellent opportunity for those new to oil and gas accounting to develop a more rounded and complete knowledge base with which to perform their job functions. Work is continuing to develop review materials that will provide a realistic roadmap to prepare for the APA® exam.

2018 was a banner year for COPAS Energy Education. However, we must continue to develop and improve our educational offerings to keep them current and responsive to the needs of the industry. The “Know Your COPAS Documents” series is a great example. The Board of Directors has approved the purchase of the remaining modules of this series and the development of two new modules in this series. Our goal is to convert at least 50% of these educational offerings to an electronic format to make them more accessible to the membership. We have set a goal of converting 4 current classroom educational offerings to electronic medium and to develop 2 additional advanced or intermediate training classes to supplement our current course offerings.

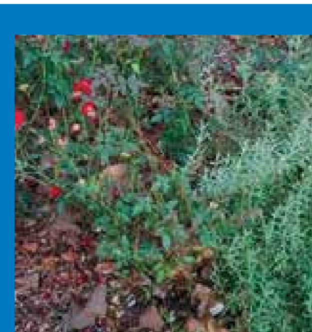
Lastly, we will work to further develop our Foundation through funding and the addition of board members. Individuals will be identified to serve on the Foundation board to assist with the overall funding and vision of this important support mechanism. I am challenging COPAS to raise $50,000 through our Foundation this year. This is a stretch goal, but one that will provide the basis for future funding of education for our members and the industry.

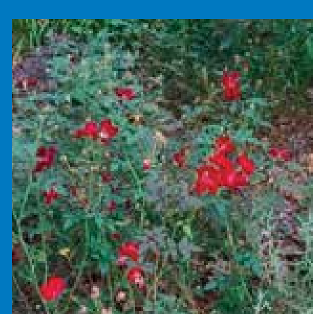
As you can see, we have some work to do over the course of this year. These goals are in addition to supporting the ongoing development of COPAS guidelines, accounting procedures and model form interpretations.

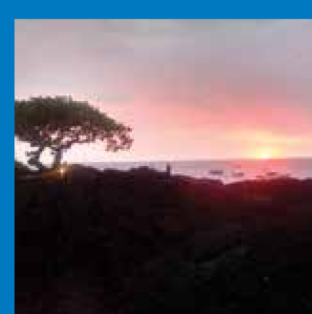
Wow! The Winter meeting in Houston held January 24 was a huge success. The meeting rooms were filled with participants and very thought-provoking discussion. The Joint Interest and Audit committees provided updates and led discussion on the ongoing development of the Remote Technology Centers Project Model Form Interpretation and the Model Form Accounting Procedure. In addition, the Emerging Issues discussions were very enlightening. These committees certainly have demonstrated the real strength of COPAS to bring issues to the table and develop workable solutions and guidance to the oil and gas accounting industry. Look for more on these projects within your local societies.

The spring meeting in Memphis, TN is an excellent opportunity for members to be active in the organization and participate in the work of our committees to draft and improve the accounting processes we depend upon in the oil and gas industry. It is also an opportunity to participate in discussions of current issues impacting our industry and share ideas and knowledge with leading experts in oil and gas accounting. The Mississippi Society has a great conference planned for us and I urge you to consider attending. I look forward to seeing you there!

In closing, I want to recognize our membership for your service as volunteers to COPAS. Without your active participation at both the local society and the national level, COPAS would not be able to continue to provide the support and education required by our industry. You are the lifeblood of the oil and gas accounting profession.







READ MORE ON PAGE 36

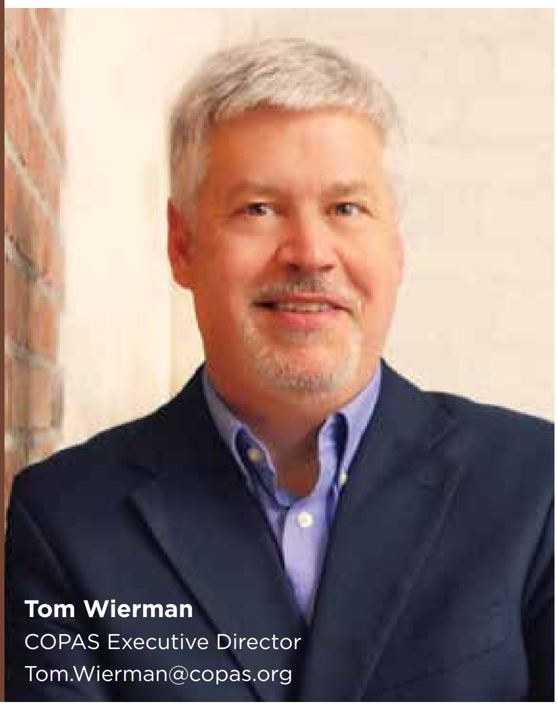
FEATURE STORY
ARTIFICIAL INTELLIGENCE IN OIL AND GAS

There has been much written recently about using Artificial Intelligence (A.I.) and technology in the oil and gas industry. The phrase "work smarter, not harder" came to mind in reading these cases. Do more with less.

The concept of working smarter isn't new as the phrase originated in about 1930. It might have new meaning and more relevance today in an industry that has had its share of tough times.

CONTINUE READING ON PAGE 36.

HOME OFFICE MESSAGE



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

FROM THE HOME OFFICE

You are holding another issue of *ACCOUNTS* in your hands. I heard from many of you that you really welcomed this back. I also heard that some of you had difficulty receiving your magazine in December. We mailed early in the month so there shouldn't have been issues with the postal service, but we heard that many of you didn't have timely delivery of your magazine. I did some follow-up, but where the magazine is not mailed first class, it's harder to track the status of the delivery. Hopefully the delivery for this issue goes better.

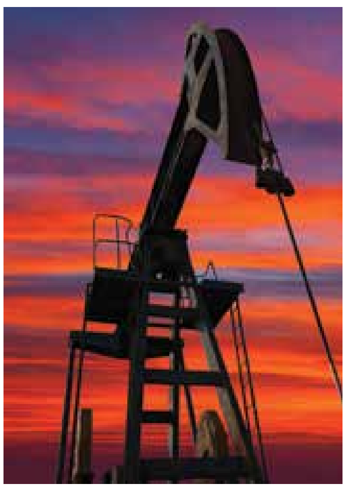
One option for persistent delivery issues is to change your mailing address to your home rather than office. It does defeat the purpose of receiving the magazine at your office and having the it right there on your desktop when people walk into your work area. If you do opt to test the home delivery theory you can always take the magazine to the office for reading.

We're just a few short weeks away from the Spring 2019 meeting in Memphis. The 60-Day notice for the Spring 2019 meeting was distributed on February 20. It was also emailed to all members on February 21 and can also be found in the meeting registration information on our website. In addition to the regular voting items (such as the Economic Factors), there is a Council admission application from the East Texas Society as well as a Bylaws amendment. Please contact the COPAS office with any questions. The Mississippi Society has worked diligently to bring forward another outstanding venue for the meeting. You may have noticed on the registration form a couple of the eateries where the society has planned lunch or the banquet. Blues City Café and Itta Bena will provide great local cuisine and a really fun time.

You may have seen that in lieu of the customary welcome gift, the society has opted to hold a fund-raising event to benefit the St. Jude Children's Research Hospital. Those participating in the fundraiser will vie for a spot as the Honorary Duck Master on Thursday morning. My name is in the hat for that honor, so to speak, in that I am seeking donations in a fun and humorous way. If you pledge even a nominal $20 towards my $1,000 fundraising goal, you'll have a chance to put a pie in my face. We'll draw the lucky pie-thrower from all the qualifiers at the Reception. Before the end of the night, I'll be wearing Banana Cream Pie! That chance in a lifetime sounds tempting, doesn't it? It's probably one of the easiest contests you'll find and most everyone has $20 in their wallet. My personal fundraising page is http://events.stjude.org/tomwierman. Make your donation online, easy peasy. Let's do this for the kids!

Our COPAS Energy Education webinar series is well underway for the year, but it's not too late to take part in these educational offerings. Please see the schedule that begins on page 28. We've priced these sessions reasonably so be sure you take advantage of the excellent training opportunities.

We know some of you have taken our existing classroom and webinar courses already. The board has authorized work on



a new, more advanced grouping of education. We envision taking topics from the various courses and drilling down further so that you understand more than just the basics and will be prepared to correctly address the situation if a more complex transaction occurs in your company. Please stay tuned for more information. Additional development resources are also needed. Please contact Angie Knipe to discuss. Angie.Knipe@copas.org or (303) 300-1139.

We had two informative presentations at the Winter committee meeting in Houston on the projects in the publication development pipeline. The Remote Technology Center project team (rewrite of AG-28 to a proposed MFI) has been working on that publication for a time. The other project team report came from those working on the new Accounting Procedure. It's called MF-20XX because it's not known whether that will be a 2020 or 2021 publication. You can follow the progress of both project teams by signing into your member account on the website. Navigate to the Members Area and then to Draft Publications. If you need assistance with this, please contact the COPAS office.

I've been to a few society meetings this year. I asked the question "how many of you know what COPAS publications are in the pipeline?" I was a little surprised that the communication about these project teams is not reaching everyone. Information is communicated in several ways:

All-member emails. When you receive an email from the COPAS office, please take a minute to review it. Not everything in the email may be of interest, but do review the contents before deleting. Please don't unsubscribe to the emails that come from MailChimp. When you unsubscribe you even block yourself from getting any emails about your member account status and access.

There is a quarterly Project Status Report that is prepared. It appears in ACCOUNTS (see page 10) and on the website. That report provides key information such as when review comments are due and when the expected vote is scheduled.

Committee chairs have distribution lists they use to cascade information on. Local committee chairs should be receiving the information directly in this way as well, but anyone can request to be part of the committee mailing lists. You can find the committee chair contact information in the Leadership Handbook, or you can contact the COPAS office.

One final way that you can stay connected to publication development is to attend the many COPAS meetings that are held. All committees meet at least twice during the year, but Audit and Joint Interest Committees meet two additional times for working sessions. These are held in January and July. The next meeting is July 11 in Denver. The preliminary meeting information can be found on page 27.

As you track these publications, please remember that the project team requests review any feedback of their work. Feedback can come from an individual, from a society, from a company or even the industry.

We have subleased the office location in Lakewood. Please do not send mail to the prior address in Lakewood. It will be returned to sender as the forwarding order has expired. The correct address for writing to the COPAS office is:

GENERAL CORRESPONDENCE & NON-PAYMENTS
COPAS
PO Box 21272
Wichita, KS 67208-7272

PAYMENTS ONLY (LOCKBOX)
COPAS
PO Box 913168
Denver, CO 80291-3168

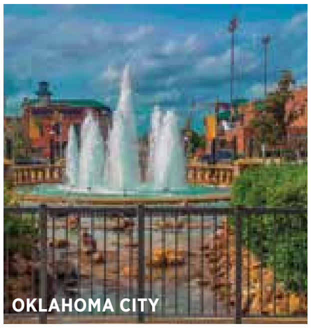
If you send a general correspondence item to the Lockbox it could be returned. Lately the bank has been forwarding any non-payment items on, but please note in case an item is returned.

The Permian Basin Society has released the location of the Fall 2020 meeting. There are some awesome locations planned for upcoming meetings. Please see the future meeting schedule on page 39.

I hope to see you in Memphis.

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	September 21 - 25	Permian Basin	**Sirata Beach Resort St. Petersburg Florida**
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	Team is reviewing draft 1 comments. Currently expect to release Draft 2 in 2Q.	TBA	

COPAS MODEL FORMS MODIFICATIONS AND INTERPRETATIONS

COMMITTEE	PROJECT	STATUS	COMMENTS BY	ANTICIPATED COUNCIL VOTE
Joint Interest	Remote Technology Centers	Draft 2 expected close to COPAS Spring meeting.	TBA	
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.			

SAVE THE DATE

2019 SPRING MEETING: APRIL 23-26, 2019

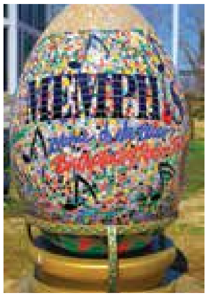
WALKING IN MEMPHIS

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



AGENDA

MONDAY

Board of Directors

TUESDAY

COPAS Energy Education Session
Leadership Conference
Leadership Dinner
Hospitality Suite

WEDNESDAY

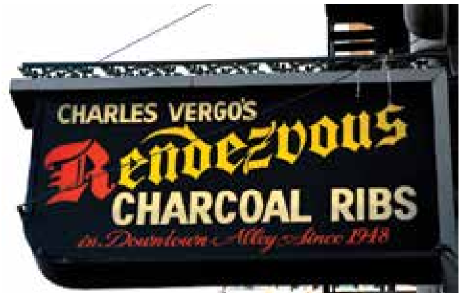
First Timer's/General Breakfast
Opening Session
Emerging Issues
Subcommittee
Financial Reporting Committee
Lunch - Blues City Cafe
Excursions
Rooftop Party

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

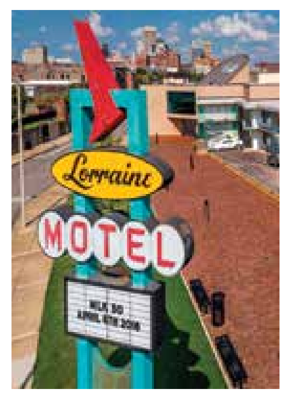
SUN STUDIO

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

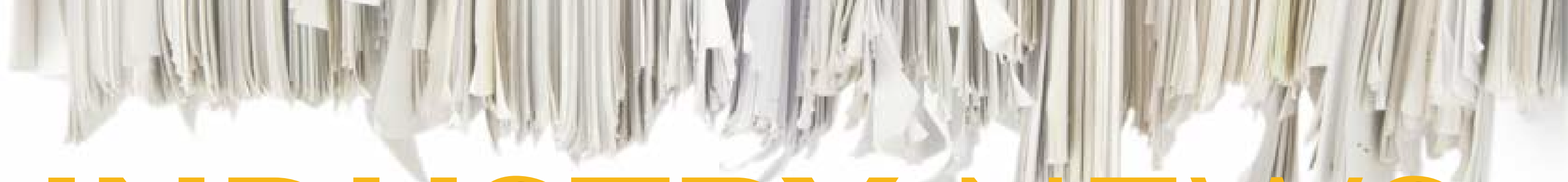
A young man devoid of direction sought guidance from the patron St. Jude Thaddeus. His prayer was that a path be revealed to him and his life would follow course. That young man was Danny Thomas. Soon after he felt St. Jude revealed his life's true mission, he set about fulfilling it. Thomas' earnest 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



INDUSTRY NEWS

A COLLECTION OF PUBLISHED NEWS ARTICLES

The U.S. is the world's largest crude producer, already producing more crude than either Russia or Saudi Arabia. Saudi Arabia could raise production all the way up to its maximum capacity of 12mmbopd, but when U.S production exceeds 12 mmbopd, it will be producing more than the Saudis have capacity to produce. The U.S. may become a net crude exporter in late 2020

Chevron, EOG Resources, Exxon Mobil and Shell are among 17 companies that formed the Permian Strategic Partnership to pledge $100mm toward easing stresses on health care, education, and civic infrastructure from the Permian Basin shale boom in W. Texas and New Mexico. The group will address labor and housing shortages and overtaxed health care and traffic congestion caused in part by companies descending on the Permian Basin by working with regional and federal officials, companies, nonprofit groups, and educators

QEP Resources will sell its Haynesville shale assets in NW Louisiana for $735mm to private equity-backed Aethon Energy Management. Coupled with its recent sale of its Williston Basin acreage in ND and Montana for $1.7 billion Vantage Energy Acquisition, QEP Resources is pivoting to focus exclusively on the Permian Basin as it sells all of its assets outside of the Permian

17 natural gas companies are expected to get State of Pennsylvania invoices early in 2019 for millions of dollars of impact fees they owe on low-producing shale wells following a Supreme Court decision about what counts as a "stripper well" that is exempt from the annual fees. The issue was whether a well had to produce more than 90,000 cubic feet of natural gas per day for one month of the year - or every month of the year - for the fee to be imposed. The state Supreme Court settled the debate, ruling that only wells that fall below the production threshold every month of the year can be considered stripper wells. Now Penn is readying to collect fees left in limbo during the years-long case on hundreds of wells with outstanding impact fees totaling millions of dollars

Cimarex Energy is in a $1.6 billion cash/stock deal to buy Resolute Energy to expand in Texas' Delaware Basin. The 21,100 acres are largely undeveloped and near Cimarex's existing Reeves County holdings; Cimarex will assume $710 mm in Resolute debt

Maryland, Massachusetts, Connecticut, Delaware, Maine, New Jersey, New York, North Carolina, and Virginia joined a lawsuit challenging a move that could allow drilling in the Atlantic Ocean. The attorneys general are objecting both to the possible harm to marine life from seismic testing and to the potential offshore drilling that could result from the testing

Exxon Mobil has become the most active driller in the Permian Basin by now operating more drilling rigs than Concho Resources, which merged with RSP Permian in 2018

Wyoming regulators are working through 25,700 applications for permits to drill in January, up from the then-record of 10,000 in March 2018. The flood of interest is centered in the Powder River Basin. In WY the producer that obtains the permit first becomes the "operator" of that drilling and spacing unity. They get more control over drilling, regardless of their working interest in the area. Competition quickly ramped up, with firms like Anadarko Petroleum, EOG Resources, and Wold Energy filing thousands of applications. WY instituted a new policy to control the stream of applications. Producers who were ready to drill would be included in a drilling schedule and their applications would be placed at the top of the list for processing

Qatar Petroleum, the world's top liquefied natural gas (LNG) supplier, wants to invest at least $20 billion in the U.S. over the coming few years in gas and oil, conventional, and non-conventional projects. Qatar Petroleum is majority owner of the Golden Pass LNG terminal in Texas. The firm also said it was taking a 35% stake with Eni on three oil fields in Mexico

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	70.75	2.34	2.98	2.88	3.28
November	42.44	45.66	56.64	56.96	2.09	2.55	3.01	4.09
December	37.21	51.97	57.88	49.52	1.93	3.59	2.81	4.04
YTD Average	48.69	43.14	50.88	64.94	2.63	2.52	2.98	3.17

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

MIKE COUGEVAN

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

BP's onshore business was rebranded as BPX and the company launched the sale of U.S. oil and gas onshore assets to raise more than $3 billion to help fund the $10.5 billion acquisition of BHP's onshore assets. BP wants to focus on production from its Permian and Eagle Ford holdings to match rivals Exxon Mobil and Chevron whose production there is set to rise sharply in coming years. BP is offering seven packages, all of them shale assets it held before the BHP deal, including fields in the San Juan basin which straddles the CO-NM border, the Cotton Valley field in E. Texas, the Arkoma and Anadarko basins in OK, and the Wamsutter basin in WY. The San Juan assets, which include 9,000 operated and non-operated wells that, were the backbone of BP's U.S. onshore operations prior to the BHP deal

The U.S. GOM is on track to have a stellar 2019, with increases in drilling and merger and acquisition activity, new project sanctions, and first-ever production from a Jurassic play. Exploration activity is expected to increase by 30%, Shell's cornerstone global deepwater project Appomattox is due on stream, marking the first-ever production from a Jurassic reservoir in the GOM, and Chevron's Anchor project is expected to be sanctioned as the first ultra-high-pressure project in the world

U.S demand for frac water is about to skyrocket. While U.S. shale oil production is hitting record levels, frac water demand has more than doubled since 2016. The demand in the Permian demand alone currently exceeds all of U.S. demand of 2016. The Permian will see demand surpass 2.5 billion barrels by 2020, driven by both increased activity and higher proppant intensity

The U.S. Interior Department said the Permian Basin's Wolfcamp and Bone Spring formations in W. TX and NM hold the most potential oil and gas resources ever assessed. The Wolfcamp shale and overlying Bone Spring in the Permian's booming Delaware Basin hold an estimated 46.3 billion barrels of oil, 281 tcf of gas, and 20 billion barrels of natural gas liquids according to the new assessment. For perspective, the two formations would hold almost seven times as much oil as North Dakota's Bakken shale

Nearly 33% of the nation's total crude oil comes from the Permian Basin, which was set to pump 3.8 mmbopd in January. That's more than the United Arab Emirates, OPEC's third-largest producer. But, this prolific output from TX and NM is placing serious pressure on infrastructure. The region isn't equipped to handle such production levels and could only ship around 3.5 mmbopd at the end of 2018. Shale drillers will need about $31 billion in new pipeline construction during the next five years to keep up with output. The U.S. is working on another wave of pipeline expansion, which could add 2.1 mmbopd of takeaway capacity by the end of 2019, and another 2.2 mmbopd by 2021

Oklahoma's Anadarko Basin is emerging as the most prolific onshore oil and gas play outside of the Permian Basin. A new report estimates the Greater Anadarko Basin, which extends a bit into the TX Panhandle and Kansas, still holds an estimated 16 billion barrels of oil and more than 200 tcf of natural gas. Modern horizontal drilling techniques coupled with hydraulic fracturing are pushing OK to new oil production records. The majority of the activity in the basin is focused on the shale plays known as the SCOOP - South Central Oklahoma Oil Province - and STACK - Sooner Trend Anadarko Canadian and Kingfisher (counties) plays. And the new Oklahoma land rush is still in its relative infancy. As of now, only 20% of the Anadarko Basin's STACK sweet-spot locations have been drilled or developed. The play is still in its early stages of unconventional development and an additional 4,000 to 5,000 horizontal wells are envisioned

Three cargoes of U.S. crude left Galveston heading to China, the first departures since late September. China is the world's biggest crude importer and became a

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	2.15.19
Gulf of Mexico	21	17	16	18	16	20	15	21
Canada	343	85	217	203	325	79	223	224
North America	1072	955	1171	1110	1300	1124	1271	1275
Oil	583	697	765	738	791	844	861	857
Gas	145	171	189	169	184	199	186	194
Directional	66	63	74	74	73	72	64	70
Horizontal	596	730	807	776	832	918	922	915
Vertical	67	77	73	57	70	55	62	66
Major State Variances								
Alaska	10	6	6	6	5	8	6	12
Arkansas	1	1	1	0	0	1	1	0
California	6	9	13	14	14	15	15	11
Colorado	26	29	37	37	33	30	32	35
Louisiana	52	58	67	58	61	62	52	66
New Mexico	46	55	60	69	88	89	104	109
North Dakota	36	44	53	47	49	56	57	57
Oklahoma	102	127	132	123	118	138	137	119
Pennsylvania	33	34	34	31	37	39	39	44
Texas	355	437	466	442	479	523	524	509
West Virgiana	8	12	14	12	19	17	17	18
Wyoming	20	20	26	22	30	26	28	37

Source: Baker Hughes at www.bakerhughes.com top buyer of U.S. crude after Washington lifted a 40-year ban on shipments in late 2015. It imported 325,000 bopd of U.S. crude in the first nine months of 2018. The supertanker Alboran carrying 2 million barrels of oil rounded South Africa's Cape of Good Hope and is due to arrive in China late January. Two other vessels carrying 2 million barrels of crude are currently off Brazil and are expected to reach China in late February or early March. Total U.S. crude exports, mostly to India, Japan, Taiwan, and South Korea were 2.33 mmbopd in Oct 2018

A visitor to one of BP's natural gas fields in Wyoming a few years ago might have noticed an odd sight: smartphones in plastic bags tied to pumps with zip ties. This was an early test of a multistate initiative by the oil giant to link a network of Wi-Fi sensors to an artificial intelligence system - one that now operates the Wamsutter field in Wyoming with far less human oversight than before. Artificial intelligence has come to the oil patch, accelerating a technical change that is transforming the conditions for the industry's 150,000 U.S. workers. These billions of investments are paying for themselves by helping drill tricky oil wells faster, predict equipment failures, and slash fugitive methane emissions. BP says its algorithm-assisted oilfields are now getting 10% more work from 43% fewer workers. In its aging Wamsutter WY field, BP deployed thousands of sensors across hundreds of wells to create streams of real time data. They hooked up to an AI system, which listened and watched the data from the sensors, then built a digital twin of the field - a simulation that could predict how opening a valve on one side of the field can change pressure readings on the other side. BP decided to see what would happen if the AI system was given free rein to essentially tweak the knobs and levers at Wamsutter. BP estimates the methane vented from the field is down 74% thanks to better monitoring and maintenance., gas production rose 20% using the AI-powered system, and costs fell 22%

The continental U.S. began exporting LNG in early 2016 when the Cheniere Energy Sabine Pass terminal came online on the LA side of the Texas border. That terminal has continued to expand since, as Cheniere started shipping LNG from its new Corpus Christi terminal late 2018 and projects by other companies are coming online in 2019, including Freeport LNG in Texas and Cameron LNG in LA. The demand is driven by Asian growth, especially China and India, as well as other emerging markets in the region. Asia will account for 75% of global LNG demand by 2030

BP discovered two new oilfields in the GOM – Manuel and Nearly Headless Nick - and said new seismic technology helped it identify an additional billion barrels of oil at its Thunder Horse field. BP also said it will expand production at its Atlantis oilfield with a $1.3 billion Atlantis Phase 3 development that will include eight new wells and a new subsea production system

Chevron's Big Foot deepwater project in the GOM started production. The TLP in 5,200 feet of water is designed for a capacity of 75,000 bopd. Big Foot was discovered in 2006 and is estimated to contain total recoverable resources of more than 200 million oil equivalent barrels over a 35-year productive life

The Petroleum Services Association of Canada is cutting 1,000 wells from its 2019 drilling forecast due to deteriorating investor confidence. It now expects 5,600 wells to be drilled in Canada this year, 19% behind the 2018 total of 6,948 wells drilled. Alberta might be down to 2,950 wells from 3,530, and Saskatchewan may drop to 2,000 from 2,450

COPAS

SEPT 16 - 20, 2019

PASO - TULSA 1929-2019

90 YEARS OF LIVING ON PASO-TULSA TIME

SAVE THE DATE

RIVER SPIRIT®
CASINO RESORT

8330 Riverside Pkwy
Tulsa, OK 74137
http://www.riverspirittulsa.com/
(800)299-2738


ROOM RATE

Standard Room $109/night

MEETING RATE

Member Rate $325
Guest Rate $285

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

SAVE THE DATE

TENTATIVE AGENDA

MONDAY

Board Meeting

TUESDAY

COPAS Energy Education offering

Leadership Conference

Leadership Dinner at

Jimmy Buffett's Margaritaville

WEDNESDAY

Committee Meetings

Optional Afternoon Activities:

Golf Tournament at Forest Ridge

Woolaroc Tour

Art & Dessert at Pinot's Palette

Welcome Reception & Networking Games at Main Event

THURSDAY

Committee Meetings

Roarin' Reception & Casino Night at Hotel

Featuring Guest Speaker

Major Dan Rooney, CEO & Founder of

The Folds of Honor Foundation

FRIDAY

General Council Meeting

CALLING ALL JOHNSON BROTHERS & BLUE NOSES

SAVE THE DATE

WEDNESDAY OPTIONS

Limited Availability

GOLF TOURNAMENT AT FOREST RIDGE

$70/person includes Lunch & Transportation

Enjoy an afternoon at Forest Ridge Golf Club located in Broken Arrow, OK. This beautiful par 72 course challenges every golfing ability with mature trees and well placed bunkers. Club rentals will be available in advance at registration for an additional fee.

WOOLAROC TOUR

$45/person includes Lunch & Transportation

Tour the museum and wildlife preserve that started as oilman Frank Phillips' ranch retreat. Don't miss this truly unique place that was recently listed on USA Today's "50 bucket list places to visit" in the United States.

ART & DESSERT AT PINOT'S PALETTE

$45/person includes Desserts & Transportation

Create your very own oil & gas themed masterpiece at Pinot's Palette. Sip some wine and enjoy a selection of delectable desserts in the process. Painting will be 8x10 so don't worry about fitting it in your luggage!

IT WILL BE THE EEL'S HIPS

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
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

REGISTER TODAY!

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 2019.

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!

What's in the Publication Pipeline?

MFI-XX, REMOTE TECHNOLOGY CENTERS (RTC)

A replacement publication for AG-28, Remote Technology Operations Centers

The RTC project came about from a Fall 2016 Emerging Issues Case Study. From a straw poll recommendation, a project team was formed to review the issue.

At the Spring 2017 COPAS meeting the project team presented scenarios for an update of the Accounting Guideline, or a rewrite to a Model Form Interpretation to address developments since the original publication.

Through surveys, the team reached a consensus on the focus of the publication and have been working towards a final draft.

MF-20XX AND MFI-XX, 20XX MODEL FORM ACCOUNTING PROCEDURE INTERPRETATION

This Model Form Accounting Procedure would be an eventual replacement for the 2005 Model Form Accounting Procedure when approved by Council.

Like the RTC project, the MF-20XX drafting team has developed a draft document and published it in the website member area.

Draft 1 of the Accounting Procedure includes many comments from the project team as they have reviewed and considered updates to the prior versions of the Model Form Accounting Procedure.

The accompanying interpretation is still in development and a draft has not yet been issued.

STAYING CONNECTED TO DEVELOPING PUBLICATIONS AS A MEMBER, A SOCIETY, AND A COMPANY

Here are some recommendations for staying connected to the publication pipeline:

1. Attend COPAS meetings. The Audit and Joint Interest Standing Committees meet four times a year in person (January, April, July, and September or October). Project team presentations are part of these meetings. The project team is either seeking input to develop an initial draft or seeking input on the draft that has been prepared. Issues are discussed and debated with the project team considering the additional input.
2. Be involved in a COPAS committee. As the project develops, the project team communicates with the standing committee chairs. All standing committee chairs have an email list they use in committee communications. The committee chair forwards updates and publication drafts to society committee chairs and other interested parties. If you are not on that list, request to be added. Standing committee chairs are listed on the website, in the Leadership Handbook, or can be obtained by contacting the COPAS office.
3. Read the Project Status Report that is published quarterly. It appears in ACCOUNTS magazine and on the COPAS website. The report summarizes the project status, the date for comments and dates for Council vote.
4. Regularly access the draft publications area of the COPAS website. Follow the project team progress in the Draft Publication area (within the Member Area) of the COPAS website. You will need to sign in using your member credentials. If you need help, please contact the COPAS office.
5. Use your knowledge network to gain additional insight and perspective on the publication.

WHO CAN MAKE COMMENTS ON THE PROJECT TEAM DRAFTS?

1. You
2. Your Company
3. Your Society

Input from a variety of viewpoints is helpful in coming up with an excellent publication. The project team will communicate when they are taking comments and how the comments should be delivered.

SAVE THE DATE

THURSDAY, JULY 11 2019 | SUMMER COMMITTEE MEETING | DENVER, CO

JOINT INTEREST & AUDIT STANDING COMMITTEE MEETING
EMERGING ISSUES CASE STUDIES

THURSDAY, JULY 11 2019
8:30 a.m. to 4:00 p.m.

DOUBLETREE HOTEL
STAPLETON AIRPORT
3203 Quebec Drive
Denver, CO 80207

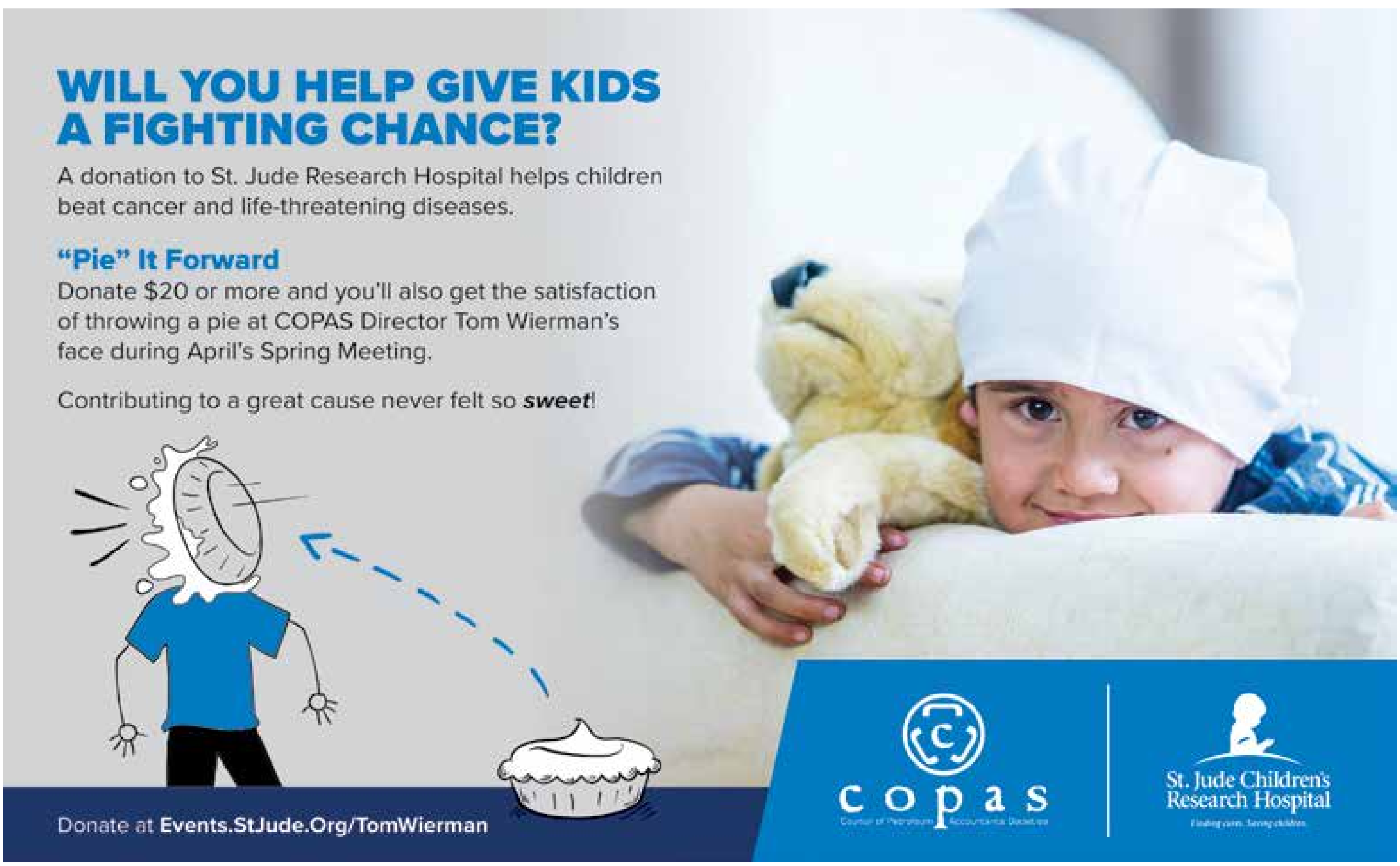
No need to rent a car. For under $10, take the Light Rail from DIA!

Limited guest room availability. Rates are $139/night, plus applicable tax. Add $10/night for the third guest, $20/night for four guests.

Reserve your guest room by calling the hotel directly to ask for the COPAS group rate. (303) 321-3333. If you book online, the group code is COP. Room block expires June 9. The rate is good three days before and three days after the meeting date.

REGISTRATION WILL OPEN MAY 1. MEETING AGENDA TO BE ANNOUNCED.

https://doubletree.hilton.com/en/dt/groups/personalized/R/RLDV-DT-COP-20190709/index.jhtml?WT.mc_id=POG.



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 130 mins CPE: 2.5)	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 130 mins CPE: 2.5)	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 75 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 90 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

Presented by Charlie Stovall and Jeff Wright

• Petroleum Geology (runtime 90 mins CPE: 1.5)	Wednesday Aug 7	10 AM CT
• History of Oil and Gas Industry (runtime 75 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 90 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 100 mins CPE: 2)	Wednesday May 8	10 AM CT
• Natural Gas Upstream & Downstream (runtime 120 mins CPE: 2)	Wednesday Jun 5	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)	Thursday Aug 1	10 AM CT
• Scheduling & Contract Administration (runtime 75 mins CPE: 1.5)	Thursday Sep 5	10 AM CT
• Teamwork & Challenges (runtime 60 mins CPE: 1)	Thursday Oct 3	10 AM CT
• Crude Oil Upstream & Downstream (runtime 100 mins CPE: 2)	Thursday Nov 7	10 AM CT
• Natural Gas Upstream & Downstream (runtime 120 mins CPE: 2)	Thursday Dec 5	10 AM CT

REGISTRATION

- FULL SERIES REGISTRATIONS ARE STILL AVAILABLE - INCLUDES RECORDINGS OF WEBINARS THAT HAVE ALREADY RUN. *PLEASE NOTE - CPE IS NOT AVAILABLE FOR RECORDINGS OF WEBINARS*.
- 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 SEATS GET ONE FREE* REGISTRATIONS: 303-300-1131

**available on same Webinar or Webinar series*

SAVE THE DATE

APRIL 20-24, 2020 | SPRING MEETING | WASHINGTON, D.C.

WESTIN WASHINGTON DC CITY CENTER

HOSTED BY COPAS OF OKLAHOMA CITY

PLANNED AGENDA

MONDAY, 4/20

COPAS BOD Meetings

TUESDAY, 4/21

BOE Meeting
Leadership Conference
Leadership Dinner at a "sister" steakhouse to a highly acclaimed steakhouse

WEDNESDAY, 4/22

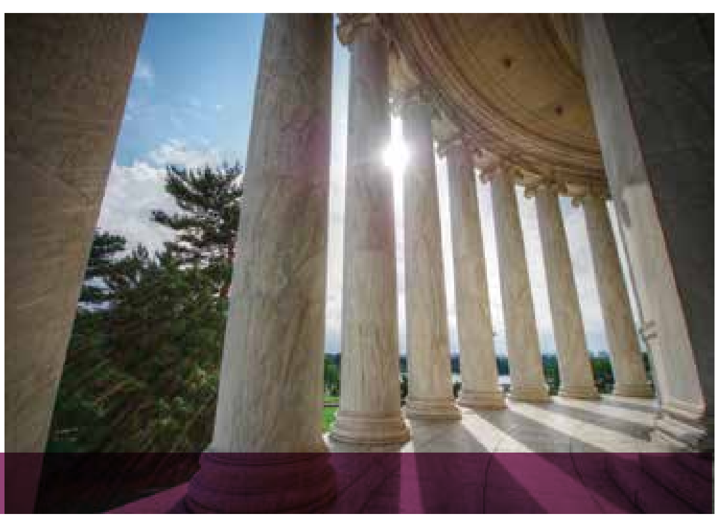
Committee Meetings
Excursion/Tours
Reception at a venue with stunning views overlooking the Potomac River, Kenedy Center, Memorial Bridge, Roosevelt Island, Watergate, Key Bridge, and the Virginia skyline

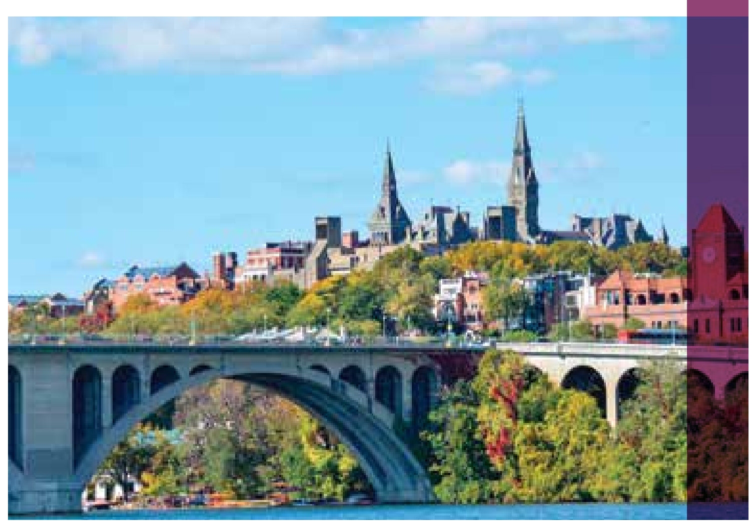
THURSDAY, 4/23

Committee Meetings
Banquet

FRIDAY, 4/24

General Council Meeting





COMMITTEE NEWS

FINANCIAL REPORTING
STANDING COMMITTEE

KEN NOLLSCH,
CO-CHAIR

LARISA FIALKOVA,
CO-CHAIR

The Financial Reporting committee began 2019 with an "SEC Financial Reporting Updates" webinar presented by Mike Bellin, Lead Engagement Partner, PWC and Eric Sung, Director, PWC. The webinar was open to the COPAS-Colorado Financial Reporting Committee members as a face-to-face session and to all COPAS Financial Reporting Committee members nationwide via a live stream.

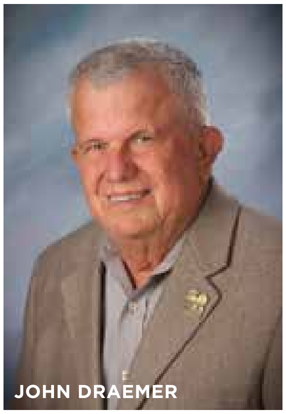
The committee is also planning to conduct a webinar in April – May. Speaker and topic will be announced at a later date. We will not formally meet at the COPAS Spring meeting but will have a full agenda in the Fall.

JOINT INTEREST
STANDING COMMITTEE

JONATHAN BEENE,
CHAIR

Technology's impact on our daily lives seems to grow exponentially each year. Thus, it's no surprise that technology was again the main topic at the winter meeting in Houston. We discussed a technology related emerging issues case, received an update on the Remote Technology Centers Model Form Interpretation project that included a summary of comments to draft 1, and benefitted from a nice overview to draft 1 of the Model Form Accounting Procedure that was released at the end of 2018.

The winter meeting was the first test of a slightly altered meeting format where the joint meeting time with the Audit Standing Committee was significantly reduced and more time was spent in individual committee. During this time, we were able to discuss issues in detail and provide direction to both drafting teams concerning various questions the teams had about prevalent opinions. It is anticipated this format will continue at future meetings as the feedback has been overwhelmingly positive.



JOHN DRAEMER

After the winter meeting, John Draemer, a longtime COPAS volunteer, agreed to come out of retirement to chair the Materials Subcommittee. John is greatly appreciated for stepping up to fill this vital role. Additional Materials Subcommittee volunteers are needed to help him accomplish the subcommittee's mission. Some experience in materials accounting, supply chain, etc. is required. If interested, please contact John by email at jbdraemer@gmail.com.

I encourage you to strongly consider attending the next COPAS meeting if you do not regularly attend. The documents we are currently writing are vitally important to our industry. Each individual's and company's opinions should be heard as we draft the latest Accounting Procedure and as we define what aspects of remote technologies are directly chargeable.

COMMITTEE NEWS

BOARD OF EXAMINERS

CHARLENE LUTKENHAUS, CHAIR

Studies have shown attaining professional certification has many benefits. Credential holders have a competitive advantage that sets them apart from other professionals. Employers and clients recognize the commitment to a higher level of expertise and knowledge. Work efficiency increases with a good overall knowledge of the industry. Certifications lead to higher salaries and a higher level of professional credibility.

The current APA© certification is designed to provide oil and gas accountants with the benefits noted above. Before the new exam was developed, a focus group of experienced oil and gas professionals established the appropriate emphasis of each subject matter domain included in the exam. The main emphasis of the exam is oil and gas accounting with a lower percentage covering other industry functions. A detail listing of the domain emphasis and subject covered can be found in the APA Certification Candidate Handbook http://copas.org/images/APA_Certification_Candidate_Handbook.pdf. The handbook will answer any other questions you may have about the APA© certification.

Upcoming testing windows for the remainder of 2019 are in May, July, September and November. Please refer to the APA® section within this magazine for registration deadline dates.

Reporter: Mike May

Artificial Intelligence in Oil and Gas

There has been much written recently about using Artificial Intelligence (A.I.) and technology in the oil and gas industry. The phrase "work smarter, not harder" came to mind in reading these cases. Do more with less.

The concept of working smarter isn't new as the phrase originated in about 1930. It might have new meaning and more relevance today in an industry that has had its share of tough times.

The concept of competitive advantage, the leverage a business has over the competition, also comes to mind as these articles are read.

When prices were higher not as much focus was placed on operating efficiencies, cost cutting or perhaps asset performance optimization. Activity was fast-paced with employees barely able to keep up with that pace. With the price collapse and shrinking profits, it's been a different time in the industry these last few years. Cost cutting actions included many things like reducing discretionary spending, paying more attention to costs, and layoffs.

Another alarming statistic is the average age of industry workers. The average age of professional workers was something like 43 in 2000, and almost 60 in 2012. That means that some of the tacit knowledge is being lost and not likely regained.

Between layoffs and retirements, which will continue to increase, something must be done about working smarter. That's where A.I. and technology are coming together in many areas of oil and gas operations.

Mounds of data are being collected in just about every area of the oil and gas industry. We know volumes about production, costs to drill a well, the amount of time to drill, etc. It has only been recently that the knowledge that resides in employees has been paired with that data for learning and cost savings. Some of that data collected might not be in a traditional form like a spreadsheet or a database. Some of the data isn't a number at all; it might be an observation on an incident form, information on an equipment failure or data from a sensor. Once the information is paired with other data, patterns start to develop, and adjustments can be made.

Take, for example, some of the case studies that can be found by searching the internet.

- Mitigating corrosion risk
- Demand Forecasting
- Minimizing and improving health and safety risks
- Predicting equipment failures and unplanned downtime
- Preventing cyber attacks
- Optimizing well life cycles
- Piping consolidation

One project, certainly meaningful for accountants, involved improving accounts receivable collections and optimizing working capital availability[1].

- The observations about the invoicing practices were interesting. Billing systems were stating invoice due dates as a Saturday or a Sunday, which when reviewed more closely and measured indicated payments that were always late.
- First time customer invoices were late by about 90 days because the customer didn't understand the invoice or maybe didn't know much about the project that lead to the invoice to begin with.
- Customer satisfaction issues were also noted as playing a part in late payments. Customers with issues weren't paying until older issues were resolved.

A former boss had a saying "what gets measured gets done" and that's certainly true in this project. Taking non-numeric data, such as billing due dates, information about the handling of initial invoices by a customer, or even customer satisfaction issues, was eye-opening in identifying the root causes of slow Accounts Receivable collections.

Pairing this data with the collection system, collection agents began receiving customized call lists. As more data was added to the system, machine learning algorithms adjusted and further fine-tuned recommended actions.

The project seemed straightforward but had a significant impact on the company that was studied. The AR collections improved by 65% over the prior year for this reported project.

Another recently reported case study involved using arrays of low-cost sensors that gathered vented methane volumes from a field in Wyoming[2]. In a short time, the company was able to see proof of concept to the point of methane vented from those wells was down 74%, production volumes up 20%, while overall costs have dropped 22%. The sensors seemed to work in all types of lift systems. Sensors and automation equipment have been part of field systems for some time, but the tacit knowledge developed over long periods of time wasn't being accessed and paired with data to make better decisions. That's now the case and significant improvements are reported.

Using A.I. might not be great for job security, but future jobs should get safer and more productive.

Editor's note: We'll work to bring you more information on A.I. activities and case studies in future *ACCOUNTS* editions.

[1] http://www.maana.io/downloads/Maana_Accounts_Receivable_Collections_Solutions_Brief.pdf

[2] https://www.forbes.com/sites/christopherhelman/2018/05/08/how-silicon-valley-is-helping-bp-bring-a-i-to-the-oil-patch/#3ab67bb530a8

COPAS HISTORY

The number of times Societies have hosted or co-hosted the Spring or Fall COPAS Meetings. (Los Angeles, San Francisco, San Juan Basin and Texas Panhandle have either merged into another society, or dissolved operations.)

Houston - **11**

Colorado, Tulsa – **10**

Dallas, Oklahoma City, Permian Basin – **8**

Canada, Fort Worth, – **7**

New Orleans - **6**

Kansas, Los Angeles, San Antonio – **5**

Anchorage, New Mexico – **4**

Corpus Christi, Mississippi, Wichita Falls – **3**

Abilene, Acadiana, California, San Francisco, San Juan Basin - **2**

Arkansas, Ark-La-Tex, Michigan, Rocky Mountain, Texas Panhandle - **1**

MEETING HOSTING OPTIONS ARE AVAILABLE BEGINNING SPRING, 2022.

VOTING ITEMS

- ☐ Minutes of Fall 2018 Meeting *(majority)*
- ☐ 2020 Membership Assessment *(majority)*
- ☐ Admission of East Texas as a Participating Society *(2/3)*
- ☐ Bylaws Amendment *(2/3)*
- ☐ Audit Per Diem Rate Effective April 1, 2019 *(majority)*
- ☐ Overhead Adjustment Factor Effective April 1, 2019 *(majority)*
- ☐ Loading & Unloading Rates Effective April 1, 2019 *(majority)*
- ☐ Workers Compensation Insurance Manual Rates Effective April 1, 2019 *(majority)*
- ☐ Excluded Amount Effective April 1, 2019 *(majority)*
- ☐ Automotive Rates Effective April 1, 2019 *(majority)*

SAVE THE DATE

2020 FALL MEETING | SEPTEMBER 21-25, 2020

SIRATA BEACH RESORT, ST. PETERSBURG, FLORIDA

HOSTED BY PERMIAN BASIN

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.

OFFSHORE DRILLING

A number of bills have been introduced by new Democrats in the US House of Representatives attempting to block President Trump's proposal to expand offshore oil and natural gas drilling around the country. Taken together, the bills would ban or place a 10-year moratorium on offshore drilling in the Atlantic, Pacific and Artic oceans as well as the eastern Gulf of Mexico. These bills include US HR 291 (the 10 year moratorium), US HR 286 (prohibits leasing off coast of Florida), US HR 279 (prohibits oil and gas leasing off the coast of California), US HR 287 (prohibits leasing off the coast of New England), US S13, (extends moratorium on leasing certain areas in Gulf of Mexico until June 2027), US HR 309 (prohibits drilling in the Arctic Ocean); and US HR310 (prohibits drilling off the coast of California, Oregon, Washington). Additionally, a few State legislatures have also acted to limit offshore development in state jurisdictional waters including, New York (SB 2316), South Carolina (SB 296), Virginia (SB 1573), Massachusetts (SD 2204), Connecticut (HB 6012) and Hawaii (SB 259). Meanwhile, on January 15, 2019, the Bureau of Offshore Energy Management recalled 40 furloughed federal employees to prepare for upcoming offshore drilling lease sales in many of these same areas. Natural Resources Committee Chairman Raul Grijalva, D-Ariz., urged the Interior Department to drop plans to bring back these furloughed employees calling the move "outrageous" and "farcical," in addition to questioning its legality.

HYDRAULIC FRACTURING

A few states have introduced legislation to not allow or cease to allow hydraulic fracturing in oil and gas drilling, including, Florida, which refers to the practice as 'advanced well stimulation' (HB239, SB146), Massachusetts (SD 130, 425), Illinois (SB 5743, BG 5716), Oregon (HB 2623), Washington (SB 5145),Arizona (HB 2498,SB1197), Connecticut (HB 6012, SB 588), Illinois (SB 5743, SB5716), New York (NYA 1559), and Oregon (HB 2623).

Alaska

The first session of the 31st Alaska Legislature was gaveled January 15 in Juneau. While the Senate is organized and ready to go to work, the House remains unorganized at this point; Republicans have 20 votes, while the remnants of the bipartisan coalition from last year have 19, with one

Republican member unwilling to join either group. Without a firm majority, committee assignments cannot be made, staffs cannot be hired, and the body is at a standstill. Resolution of this impasse may take several days.

Of the 56 proposed bills and resolutions pre-filed only one Bill was of interest. **SB14** was proposed by Sen. Wielechowski to repeal the per barrel tax credits in the oil and gas production tax. This is a persistent proposal by the senator, but not one which is expected to get much traction in the conservative, pro-business Senate.

BLM

As part of President Trump's goal to reduce the burden of federal regulations that hinder economic growth and energy development, the Bureau of Land Management revoked, suspended or rewrote several rules enacted or proposed by the Obama administration. These rules are commonly referred to as Onshore Orders 3,4,5, and 9. Orders 3,4, and 5 are generally referred to as the "Measurement & Site Security" Rules while Order 9 is generally referred to as the "Waste Management Rule". The latest rules are described in more detail below.

Onshore Order 3 (Site Security) (Codified as CFR 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 upstream 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.

Onshore Order 4 (Codified as CFR 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.

Onshore Order 5 (Codified as CFR 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 ensure they are willing to modify testing and sampling schedules to allow compliance with the new requirements.

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.

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 will publish a list of approved equipment.

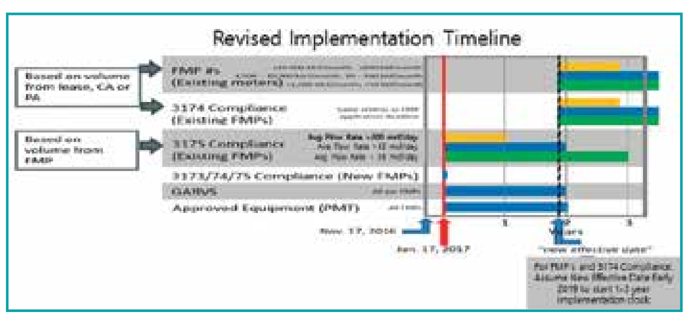
In January 2017, the BLM issued **Instruction Memorandum (IM) 2017-032** providing notice that they were not able to accept electronic applications for FMP numbers, and extending the FMP due dates. Additionally, IM 2017-032 delayed the 3174 (Oil Measurement) phase-in period for existing facilities. IM 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, 2018 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, 2018 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, 2018). Through 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.

A revised implementation timeline compiled by synthesizing all the above information is shown below.



Measurement & Site Security Implementation Timeline 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.

Waste Prevention Rule (aka Venting & Flaring) (Order 9) (Codified as CFR 3179

On September 18, 2018 the BLM published the Final Revision Rule replacing the original November 18, 2016 rule. The Final Revision Rule rescinds the requirements 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." The following are 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. Normal operating losses from pneumatic controllers and pumps have been removed from the list of unavoidable losses since the use of gas in these devices is already royalty free.

April 09, 2018 Dear Reporter Letter Provides New OGOR-B Dispositions

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. 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.

Colorado

COGCC Increases Setbacks for Oil and Gas Wells to 1,000 Ft from School Facilities

In a unanimous vote on December 18, 2018, the Colorado Oil and Gas Conservation Commission agreed to increase the setbacks for oil and natural gas wells to at least 1,000 feet from school facilities including playgrounds and other outdoor areas under school use. The new rule, to go into effect on January 30, 2019 replaces the old requirements that required a 1,000-foot setback from the building itself, which meant wells could be closer to playgrounds and other outdoor facilities. This vote came six weeks after Colorado voters rejected Proposition 112, a ballot proposal that would have required a buffer of 2,500 feet between wells and occupied buildings as well as areas described as vulnerable including parks, creeks and irrigation ditches. The effort to increase the setbacks from school property had been in progress for over a year.

CO Supreme Court rules in favor of oil and gas regulators in Martinez environmental case

The Colorado Supreme Court on January 14, 2019 overturned a lower court's decision that said the Colorado Oil and Gas Conservation Commission was required to weigh the impact of oil and gas development on public health and the environment in deciding whether to approve new drilling permits and rules pertaining to the oil and gas industry in Colorado.

Colorado Initiative #22 which aims to raise severance taxes in Colorado was heard by the Secretary of State title board on February 6. The title board approved the single subject rule and the title was set. Initiative #22 would increase severance taxes in Colorado by $703,900,000 annually through an increase in the severance tax rate by 5% and the removal of the ad valorem tax credit.

Illinois

Illinois opened its legislative session on January 9. **HB282/SB3174** amend the Illinois Oil and Gas Act to specify information to be included in an application for a well permit. Also provides that horizontal wells or wells drilled using directional drilling are prohibited from classification as confidential. **SB5716** Requires the written consent of each owner of a mineral interest and each surface owner affected by the removal of minerals if a split estate as a part of the permit application for drilling or hydraulic fracturing.

Indiana

Indiana opened it legislative session January 3. **SB565** was introduced on January 14 and is in the Tax and Fiscal Policy Committee. This Bill applies to a partial payment of a taxpayer's tax liability. A partial payment will be applied 1) to the tax liability of the taxpayer, 2) to the penalty owed by the taxpayer, and 3) to any interest of the taxpayer. If passed it will become effective July 1.

Louisiana

Louisiana will start their 2019 Legislative Session April 8. Unlike 2018, this year is a fiscal legislative session so there could very well be many severance tax bills filed during the regular session.

Massachusetts

Massachusetts began their 2019 Legislative Session on January 3. **Senate Docket 126** states that no new natural gas compressor stations shall be located in an area which is less than 0.5 miles in linear distance from: (i) a playground (ii) a licensed day care center (iii) a school (iv) a church (v) an environmental justice population neighborhood (vi) an area of critical environmental concern (vii) a waterway (viii) an area occupied by residential housing.

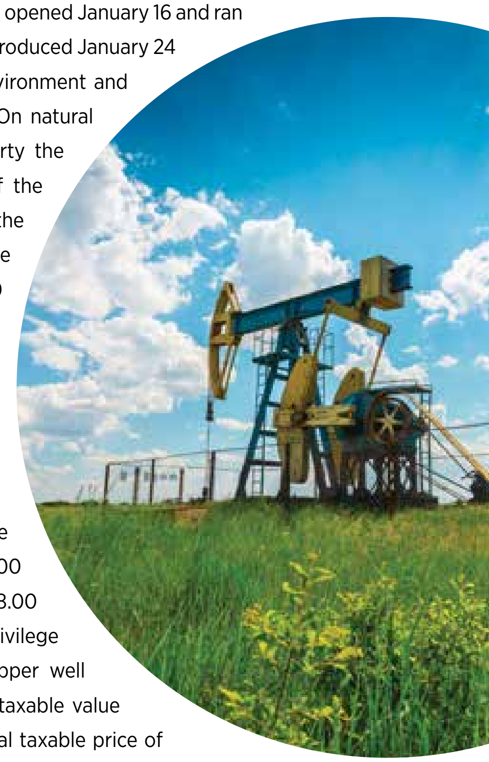
Mississippi

Mississippi convened their General Assembly on January 8. **HB355/HB106** mineral estates separated from the surface estate shall revert to the owner of the surface estate after twenty years of non-production (per HB 355) or after 10 years of non-production (per HB 106).

Montana

Montana convened their General Assembly on January 7. **SB28** removes the $54 price trigger for the Incremental Production from a tertiary well. However, the $54 price trigger will attach to the New or Expanded Secondary Recovery production. This Bill is in its second reading in the Senate Taxation Committee. If passed, it will be effective immediately. **HB193** was introduced January 14 and is in the House Taxation Committee. This Bill establishes the Montana Climate Action Act by creating carbon reduction targets and establishing a carbon tax. The carbon tax on owners of large emissions sources is $10 per metric ton of carbon content. If passed, this Bill will become effective immediately. **HB213** was introduced January 15 and is in the House Taxation Committee. Stripper well bonus production is subject to a reduced tax rate only if the average price reported and received by the producer for Montana oil marketed during a calendar quarter is equal to or greater than $54. (The $54 trigger price has originally been tied to West Texas intermediate crude oil). **SB41** Introduced November 30, 2018 and currently referred to committee, eliminates the requirement that bids on oil and gas lease sales be made orally.

New Mexico



New Mexico's Legislative Session opened January 16 and ran through March 18. **HB353** was introduced January 24 and is in the House Energy, Environment and Natural Resources Committee. On natural gas from a stripper well property the severance tax rate is 1.875% of the taxable value provided that the average annual natural gas price is equal to or less than $2.00 per MCF. The $1.15 and $1.35 thresholds are removed. On oil and other liquid hydrocarbons from a stripper well property the severance tax rate is 1.875% of the taxable value provided that the average annual oil price is equal to or less than $38.00 per barrel. The $15.00 and $18.00 thresholds are removed. The privilege tax on natural gas from a stripper well property is taxed at 2% of the taxable value provided that the average annual taxable price of natural gas is equal to or less than $2.00 per MCF. The $1.15 and $1.35 thresholds are removed. The privilege tax on oil and other liquid hydrocarbons from a stripper well property is taxed at 1.58% of the taxable value provided that the average annual taxable price of oil is equal to or less than $38.00 per barrel. The $15.00 and $18.00 thresholds are removed. If successful, this Bill will be effective July 1. **SB358** was introduced January 25 and is in the Senate Corporations and Transportation Committee. Although this Bill focuses on a wide variety of taxes, Section 37 references the amount of time to claim a tax credit or a refund of overpaid taxes decreases from three years to one year. The filing of a fully completed amended oil and gas tax return that shows a lesser tax liability than the original return constitutes the filing of a claim for refund for the difference in tax due. See Section 37 pages 111 through 119. **SB393** proposes that the natural gas processors tax be increased by a surtax. The surtax is proposed at the following rates: (1) beginning January 1, 2020, and prior to January 1, 2021, $0.60 per MMBtu; (2) beginning January 1, 2021, and prior to January 1, 2022, $1.20 per MMBtu; (3) beginning January 1, 2022, and prior to January 1, 2023, $1.80 per MMBtu; (4) beginning January 1, 2023, and prior to January 1, 2024, $2.40 per MMBtu; and (5) beginning January 1, 2024, $3.00 per MMBtu. This Bill is in the Senate Finance Committee and if successful will be effective July 1, 2020.

File NM State Land Office Royalty Returns on Website: Effective December 1, 2018. On 11/25/18 the SLO posted "starting December 1st, 2018, please use the http://web.slo.state.nm.us/Home to file your New Mexico State Land

Office Royalty Returns. You will keep the same user ids, passwords, and all previous royalty data will be available on the new website. All functionality and filing formats will not change.

NM Oil Conservation Division Amends Horizontal Well Rules: The New Mexico Oil Conservation Division has amended its rules concerning the drilling, spacing, and operation of Horizontal wells and related matters. 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.

SB 186 – Oil Conservation Division Powers & Duties, Providing for Civil and Criminal Penalties: Whenever it appears that any person is violating or threatening to violate any statute of this state with respect to the conservation of oil and gas…or any provisions of the Oil and Gas Act or any rule, order, or permit issued pursuant to that act, the division may: (1) bring suit against that person for penalties….and to restrain the person from continuing violation. The division may assess a civil penalty for violating any provision of the Oil and Gas Act or any rule, order, or permit issued pursuant to that act shall be subject to a civil penalty of not more than $15,000 for each day of violation. Failure to comply with a court order or a compliance order…a civil penalty may be assessed of not more than $25,000 for each day of noncompliance. A person is guilty of a third degree felony…if the person knowingly violates any provision of the Oil and Gas Act or any rule, order or permit issued pursuant to that act or if the person knowingly makes or causes to be made any false entry or statement in a required form, report, record, account or memorandum or omits or causes to be omitted from a required form, report, record, account or memorandum, full, true and correct entries…or removes from this state, destroys, mutilates, alters or falsifies a required form, report, record, account or memorandum.

North Dakota

The North Dakota's legislature session opened January 3. **SB2332** was introduced January 18 and is in the Energy and Natural Resources Committee. As permitted under rules of the industrial commission, gas produced with crude oil from an oil well may be flared during a one-year period from the date of first production. A producer may obtain an exemption from the industrial commission to continue flaring beyond the one-year period, but the producer will have to pay royalties and gross production taxes on the flared gas at the current statutory rate based on the value of flared gas. **HB2312** was introduced January 17 and is in the Finance and Taxation Committee. This Bill adjusts the allocation of revenue from oil and gas gross production and oil extraction taxes on the reservation. The tribe will receive 80% of the total revenues and be subject to all exemptions from oil and gas gross production and oil extraction taxes attributable to production from trust lands on the reservation and on trust properties outside reservation. The state will receive the remainder. The tribe will also receive 20% of the total oil and gas gross production and oil extraction taxes collected and be subject to all exemptions from all production attributable to non-trust lands on the reservation in lieu of the application of tribal fees and taxes related to production. The state will receive the remainder. This Act will be effective for all new oil and gas wells drilled after June 30 and that are subject to this agreement, or the first day of the next succeeding month after the date of this agreement whichever is later. **HB1439** introduced January 14 and is in the Energy and Natural Resources Committee. This Bill proposes that the incremental production from a tertiary recovery project that injects more than 50% carbon dioxide produced from coal and has been certified as a qualified project by the industrial commission is exempt from the oil extraction tax for ***20 years***. To qualify for the exemption, the project must be located ***outside*** the Bakken and Three Forks formations and must use carbon dioxide produced from coal. This Bill also proposes that the incremental production from a tertiary recovery project that injects more than 50% carbon dioxide produced from coal and has been certified as a qualified project by the industrial commission is exempt from the oil extraction tax for ***10 years***. To qualify for the exemption, the project must be located ***inside*** the Bakken and Three Forks formations and must use carbon dioxide produced from coal. If passed it will be effective July 1. **HB1449** was introduced January 14 and is in the Finance and Taxation Committee and was given a 'Do Not Pass'. **SB2336** was introduced January 21 and did not make it out of the first reading in the Senate Finance and Taxation Committee. This Bill failed the Senate and is now considered dead. These Bills propose to amend the oil extraction tax rate from 5% to 6.5% and further remove the price triggers. If **HB1449** passes it will be effective June 30. **HB1077** Expands the powers and duties of the state auditor to enable him to work on mineral royalties for the federal government. **SB2044** Provides enhanced penalties for tampering with oil and gas related facilities. **SB2274** adds recompletion operations (i.e. fracking and re-fracking) as activities subject to nonparticipating owner risk penalties. SB2319 Voids indemnity agreements in oil and gas service contracts in the case of negligence. **SB2212** Provides that the University and School Lands Board may impose a civil penalty of up to $5,000 per day if records documenting royalty payments are not provided within 30 days of request.

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.

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.

The NDIC continues to work with industry thru the North Dakota Petroleum Council to define the exact check stub and owner interest information statement requirements.

Office of Natural Resource Revenue

Ryan Zinke Resigns as Secretary of the Interior
Department of Interior Secretary Ryan Zinke resigned from his cabinet position on December 16, 2018 to be effective January 2. Under his leadership, Interior repealed Obama-era standards meant to reduce methane pollution from oil and gas drilling on federal land, in addition to working to repeal regulations on fracking. Deputy Interior Secretary David Bernhard will take over in the interim. Bernhardt, a skilled policy expert who has steered most of the department's key policy decisions since joining in August 2017, is one of several Western Republicans who might be considered for the job.

Royalty Policy Committee
On October 4, 2017 the Secretary of the Interior established a Royalty Policy Committee (RPC) to advise the ONRR on current and emerging issues related to the determination of fair market value and 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 RPCs will lead to the development and promulgation of new or revised valuation rules that will address the various problems that were identified in the rule they rescinded. More information about the RPC work teams and recommendations proposed to-date may be found at: https://search.usa.gov/search?query=rpc&op=Search&affiliate=doi.

Sec. Order 3368, Transparency in Consent Decrees and Settlement Agreements.
On September 7, 2018 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.

Keep Whole Gas Processing Contracts
On August 21, 2018 the ONRR published a Dear Reporter Letter on Keep Whole 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.

ONRR Civil Penalty Assessment

On August 6, 2018 the District Court for the District of Wyoming ruled in favor of the government in API v. United States Department of Interior, Case 17-CV-083-F. The API had sought review under the Administrative Procedure Act the ONRR's August 2016 amendment to its civil penalty regulations. The API claimed that the amendment allowed the ONRR to assess the harshest penalty provisions on most, if not all, paperwork errors committed by federal and Indian mineral payors in contrast to the intent of Congress per the Federal Oil and Gas Management Act (FOGRMA) of 1982. **Background information regarding ONRR Penalties:** The maximum daily penalties from FOGRMA of $500, $5,000, $10,000, and $25,000 for the four tiers (see below) in §§ 1719(a)-(d) respectively have now been increased to $1,220, $12,211, $24,421.00, and $61,055.00. See ONRR Civil Penalties website, available at https://www.onrr.gov/compliance/civil-penalties.htm

Oklahoma

The Oklahoma legislative session opened February 4. **HB2559** was pre-filled January 21 and is in the House Rules Committee. This Bill provides for a new section of law not to be codified in the Oklahoma Statutes: This Act will be known and may be cited as the "Oklahoma Gross Production Tax Technical Amendments Act of 2019". If passed, this Act will become effective November 1. There will be more to this Bill as the session gets underway which is scheduled for February 4. **HB2233** Amends 52 OS 570.10 and existing royalty payment regulations to state that "Royalty interest owners who are over the age of sixty-five (65) and who are receiving royalty checks from a producing oil and gas well shall have no expense deduction greater than ten percent (10%) deducted from their royalty proceed payments." **HB2153** Amending 52 O.S. 2011, Section 552 relating to escrow accounts; requiring certain monies be held in trust and deposited in escrow accounts, requiring submission of certain reports within a year, allowing optional payment of certain monies if held for less than five years; providing for transmission of certain funds. Amending 52 O.S. 2011 Section 555 related to investment of funds, requiring certain interest be added to revolving fund; requiring certain funds deposited be transferred after effective date; creating the Oil and Gas Technology Revolving Fund. **HB1219** The Corporation Commission shall promulgate such rules as necessary to facilitate the investigation of damage claims occurring to existing vertical or lateral wells caused by drilling or other well operations of a nearby well. Prior to the filing of any action in district court, a party claiming damages shall request an investigation and seek a report from the Commission stating whether actual damages to a well occurred. A determination that damage to a well occurred and a report of the Commission findings shall be made available to interested parties.

US HR 2606 Stigler Act Amendments of 2018 Sponsored by Oklahoma Representative Tom Cole. Passed in Senate 12/21/2018. This bill amends the Act of August 4, 1947 (commonly known as the Stigler Act) to revise the qualifications that must be met by a person who inherits land originally allotted to members of the Five Civilized Tribes of Oklahoma (the Choctaw, Chickasaw, Creek, Cherokee, and Seminole tribes) for that land to remain in restricted status. **When land is in restricted status, it is not subject to taxation and may not be sold or transferred without the permission of the Department of the Interior.** Under current law, the restricted fee status...is maintained only if the individual holding title has at least 50% Indian blood from one of the Five Tribes. This bill removes this requirement. Thus, the restricted fee status is maintained for all lineal descendants of the original enrollee whose name appears on the membership rolls of the Five Tribes.

Pennsylvania

HB178 was introduced January 28 and is in the House Environmental Resources and Energy Committee. This Bill institutes a natural gas severance tax beginning July 1. The severance tax rate is 3.5% of the gross value of natural gas and natural gas liquids. The tax rate will be adjusted annually on July 1 based on the Pennsylvania hub price. When the average Pennsylvania hub price in the prior calendar year is between $0 and $2.50, the adjusted tax rate is 3% of the gross value; when the average hub price is between $2.51 and $3.00, the adjusted tax rate is 4% of the gross value; and when the average Pennsylvania hub price in the prior calendar year is greater than $3.00, the adjusted tax rate is 5% of the gross value. Exemptions include stripper well; natural gas sold and delivered by an operator at or within five miles of the producing well for the processing or manufacture of tangible person property; natural gas provided free of charge to the surface owner; and natural gas, dry natural gas, or natural gas liquids severed from a storage field. Credits for impact fees are allowed. **SB183** was introduced February 1 and is in the Senate Education Committee. This Bill establishes the Pay It Forward Pay It Back program for the purpose of awarding loans to eligible students. This Program will be funded by imposing a natural gas severance tax on every unconventional gas well. The amount of the natural gas severance tax is set to be 5% of the gross value severed at the well.

The Pennsylvania Supreme Court ruled on December 28 in the Snyder Bros. v PUC case. The Supreme Court ruled that wells must produce less than 90mcf/day in "ALL" calendar months of the year in order to be exempted from impact taxes. The Supreme Court concluded that, under the relevant provisions of Act 13, the impact fee will be imposed on such wells if their production exceeds 90,000 cubic feet of natural gas per day for even one month of the year, as found by the Public Utility Commission. Therefore, the Supreme Court reversed the Commonwealth Court's order which had reversed the PUC. Consequently, the Supreme Court reinstated the PUC's order. The PUC is in the process of generating invoices for shale gas producers who disputed and did not pay impact fees on some wells in recent years based on this legal debate.

Texas

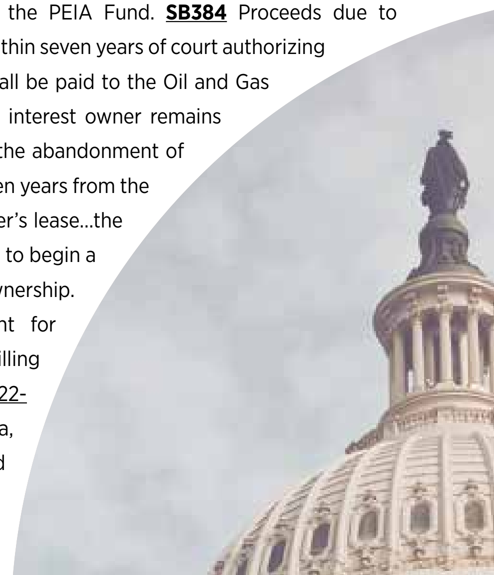
Texas opened its legislative session January 8. **SB214** relates to funding for the economic stabilization fund by changing the severance tax rates of oil and gas production when the economic stabilization fund is greater than 10% of the prior fiscal year's total net general revenue. **SB214** takes effect January 1, 2020 only if **SJR21** constitutional amendment is approved by the voters. **SJR21** proposes a constitutional amendment to provide for foregoing the transfer of oil and gas production tax revenue to the economic stabilization fund if the ending fund balance for the preceding fiscal year is greater than 10% of the prior fiscal year's total net general revenue related collections and for reducing the rates of oil and gas productions taxes by amounts enough to equal the foregone transfer. **SB533** was introduced January 30. Two-Year Inactive Well is described as a well that has not produced oil or gas in more than one month in the two years prior. The term does ***not*** include a well that is part of an enhanced oil recovery project or a well that is drilled but not yet completed. The exemption period has been shortened to five years from 10 years. If successful, the Bill will be effective September 1.

Virginia

Virginia began its legislative session on January 9 and ended February 23. **SB1165** and **HB2555** are identical. These Bills refer to the local (city or county) gas severance tax that could be extended from the sunset date of January 1, 2020, to January 1, 2022. The local gas severance tax is dedicated to (i) the local Coal and Gas Road Improvement Fund, (ii) the Virginia Coalfield Economic Development Fund, and (iii) water, sewer, and natural gas systems and lines. Please note that Section 58.1-3712 states the following: The governing body of any county or city may levy a license tax on every person engaging in the business of severing gases from the earth. Such tax shall be at a rate not to exceed 1% of the gross receipts from the sale of gases severed within such county. **SB1422** Specifies that a lease agreement or other written document conveying a non-freehold estate in land is not invalid, unenforceable, or subject to repudiation by the parties to the agreement because the conveyance was not in the form of a deed. **SB1268/HB2187** Allows the formation of gas or oil drilling units; creates the Coalfield Region Elderly Assistance Fund and the Coalfield Region Tourism Fund. Provides that proceeds of certain gas or oil wells, escrowed because the owner's identity and location remain unknown, shall be presumed abandoned and paid into the Coalbed Region Elderly Assistance Fund (the Elderly Fund), established by the bill. The bill directs the Virginia Gas and Oil Board to make grants to nonprofit organizations for the support of elderly residents of the region. Current law requires such escrowed proceeds to be disposed of pursuant to the Uniform Disposition of Unclaimed Property Act.

West Virginia

West Virginia convened their Legislative Session on January 9 and ended March 9. **HB2489** was introduced January 17 and is in the House Finance Committee. This Bill now provides an exemption for all taxable periods beginning on or after January 1, natural gas produced from any well which produced an average of less than 15,000 cubic feet of natural gas per day during the calendar year immediately preceding a given taxable period; and, for all taxable periods beginning on or after January 1, oil produced from any well which produced an average of less than two and one-half barrels of oil per day during the calendar year immediately preceding a given taxable period. **HB2537/SB144** are in the House Judiciary and Senate Workforce Committees respectively. In addition to the taxes already imposed under §11-13A-1 et seq. (5% of oil and natural gas gross value), these Bills levy on every person exercising 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 equal to one-tenth of the existing tax. The additional revenue generated by these taxes will be deposited into the "State Black Lung Fund" which is hereby created in the general revenue account to be used exclusively to offset the cost of the Black Lung Program. **SB52** was introduced January 9 and is in the Energy, Industry, and Mining Committee. This Bill strikes the language that eliminated the activity of severance or production of natural resources from the term "qualified activity" as it pertains to the Opportunity Tax Credit deduction. As this Bill is written, "qualified activity" now includes the activity of severance or production of natural resources. **SB134** was introduced January 9 and is in the Senate Banking and Insurance Committee. This Bill proposes to increase the severance tax rate of natural gas from 5% to 7.5% effective July 1. One-third of the total severance tax on natural gas collected will be dedicated to public employee and retiree health care coverage under the Public Employees Insurance Agency by placing it into a special revenue revolving fund account called the PEIA Fund. **SB384** Proceeds due to unknown owners not claimed within seven years of court authorizing the distribution of the funds shall be paid to the Oil and Gas Reclamation Fund. If a mineral interest owner remains unknown or does not disavow the abandonment of such interest for a period of seven years from the date of the special commissioner's lease…the court shall allow surface owners to begin a process of obtaining mineral ownership. **HB2055** Restores Requirement for 100% owner consent to start drilling units. Amends and reenacts §22-21-17 of the Code of West Virginia, 1931, as amended; and to amend and reenact §22C-9-7 of said code, all relating to prohibiting drilling units from being established without consent of all owners; prohibiting coal bed methane units from being established without consents from all owners; and prohibiting deep oil or gas well units from being established without consents from all owners. This bill reverses HB4268 approved on March 9, 2018. Prior to HB4268, West Virginia was the only major oil and gas producing state that allowed a single minority interest owner to prevent all other interest owners from drilling on the property, placing the State at a competitive disadvantage to surrounding states and denying the remaining mineral owners of their right to develop their oil and gas resources. The 2018 bill allowed development to proceed if 75% of owners are in favour. **HB2641** Requiring Installation of Separate meters to calculate taxable production. §22-6-42. (a) To ensure the proper amounts of severance tax and royalties are being reported and paid, all owners of oil and gas wells, as those terms are defined in §22-6-1 of this code, shall, at their own expense, install and maintain a separate meter on each well for the purpose of calculating the amount of oil, gas and marketable liquids from the well. That meter shall be labeled "State of West Virginia Owned" for the purpose of calculating the amount of oil, gas and marketable liquids from the well. Once installed the meters become the property of the state. The Office of Oil and Gas has full access to those meters and is responsible for the reading of the meters and



administration of the resulting information. This information shall be shared with the county assessors and royalty owners. HB2673 was introduced January 25 and is in the House Energy Committee. The purpose of this Bill is to exempt low volume oil and gas wells from severance tax, and to provide for a special use fee of 2.5% on sales from oil and gas wells which produce more than 5,000 cubic feet of natural gas or one-half barrel of oil per day but less than 60,000 cubic feet of natural gas or 10 barrels of oil per day. The special use fee will be used by the Secretary of the Department of Environmental Protection to plug abandoned oil and gas wells. If on June 1 of any fiscal year there exists in the Oil and Gas Abandoned Well Plugging Fund an amount equal to or exceeding $4 million then the 2.5% fee is not due or payable in the immediately following calendar year and the operator is exempt from paying the fee for the immediately following calendar year. HB2726 was introduced January 29 and is in the House Energy Committee. The purpose of this Bill is to entitle natural resource producers to the economic opportunity tax credit. The Bill allows the credit to be used to offset up to 80% of the severance tax.

Wyoming

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

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

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

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

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

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

HB208 Amends W.S. 30-5-404(c) Surface owners can now object to oil and gas operator's failure to negotiate in good faith to intervene in process to commence oil and gas operations.

HB209 Amends surface damages to be the greater of actual amount of damage and the fair market value of the loss sustained by the surface owner.

Office DEPOT

NATIONAL CHAMBER PROGRAM

Solutions to help your business **SUCCEED**

Here's why choosing Office Depot is right for your business

Savings from the Chamber Program

SAVE UP TO 55%

Technology Cleaning Breakroom Copy & Print

FREE SHIPPING

FREE NEXT DAY DELIVERY ON ORDERS OVER $50

Here are 3 ways you can take advantage of these amazing discounts:

1. Create an Account
https://www.mychamberadvantage.com/chamber_signup
-or-
2. Use a store purchasing card
www.copas.org/files/Office%20Depot%2009.21.2015.pdf
-or-
3. Call your local rep
Becky Custer, (303) 249-6438,
becky.custer@officedepot.com

The COPAS "Secret Sauce": Knowledge Networking

BY TOM WIERMAN, EXECUTIVE DIRECTOR

The encyclopedia defines networking as: Developing and using contacts made in business for purposes beyond the reason for the initial contact.

You might know that most of the highly successful people in COPAS have a network. We call it a knowledge network, because that's really the way it's been used. Someone has an accounting issue and unsure how to handle it. To quickly get quality advice on resolution, you tap your network for the knowledge about the issue. We also call it a knowledge network so that we are clear about what we mean when the term networking is used. Some employers are sensitive to that term as they think networking will lead to the loss of a valuable employee.

I'd go as far as to say that knowledge networking is the "secret sauce" of COPAS. I've witnessed many members building and effectively using a knowledge network over the years. Many of them now are the ones often called on to dispense the knowledge, but I know they started building their network early in their careers and it's paid off.

I did the same thing. I have many personal examples from my days in the industry where I used my knowledge network to answer questions about an issue or get another perspective on matters. It was one of the ways I could justify my continued membership and COPAS leadership participation to my management.

Maybe you're put off by the idea of networking. Networking isn't a phony, glad-handing personality, ripe with insincerity activity. Nothing could be farther from the truth. The ability to network is probably one of the most valuable skills you can have however.

What makes a good networker? How do they act? What do they say or do?

You may observe characteristics such as outgoing, sincere, a good listener, someone who follows up or stays in communication. I remember many times in my youth hearing "birds of a feather flock together." I think the same thing is true here. How do you want to be treated? What kinds of people do I trust and consider to be good friends? You tend to surround yourself with those trusted people.

Networking is more than just getting out and meeting people. It's a plan to get to know people, who will do business with you and introduce you to others for the same purpose. It might be a little uncomfortable at first, but try and you'll be surprised by the efforts you make.

HERE ARE A FEW IDEAS THAT YOU MIGHT CONSIDER TO START BUILDING YOUR KNOWLEDGE NETWORK.

1. When you attend your society meetings (lunches or committee meetings), sit with someone that is not from the company. This is especially important if you are with a large company and can fill an entire table. The talk at the table in those all-company situations is generally social in nature or maybe discussing something relevant to your department.

2. Attend COPAS meetings. I'm not referring to Society meetings. Attend the Spring and Fall COPAS meetings. If your schedule or travel doesn't allow, consider that some committees meet in January and July as well, just for a day. Consider using those events to your advantage.

3. Observe who is speaking in the committee meetings. Make it a point to try to sit closer to them or even next to them. Observe who they are talking to at breaks. What are they saying about the discussions in the room? At the break, go start up a conversation. Ask them what they meant about a particular comment. They'll give you all the background you can absorb.

4. Ask for a business card and ask if you can call them in the future with other questions. Give them your business card as well. They are more than willing to take a future call, plus they have a name and a face to go with the call.

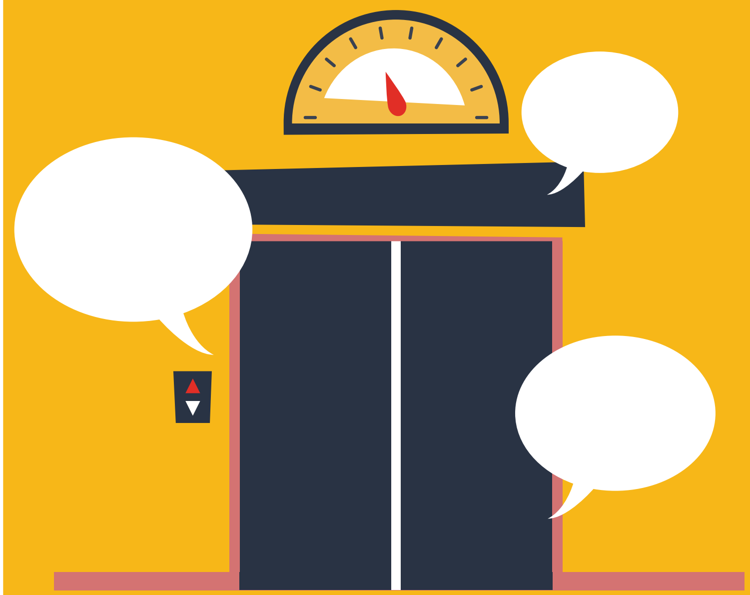
5. Remember, the people you are getting to know have networks too. If they don't know, they will get you the information you are seeking.

6. Look those people up you met previously at the next meeting and touch base, but don't stop there. Find another one or two people to grow your network.

7. COPAS has a mentoring program at the Spring and Fall meetings. If you want a mentor, request one. They will for sure introduce you to everyone they know.

8. Keep track of how meeting new members has helped you in your daily role. It could be used as justification for attending future meetings. It doesn't have to be formal, just be able to articulate to your supervisor the value that contact has to your business. You'll be surprised at the difference it makes.

COPAS Elevator Pitch

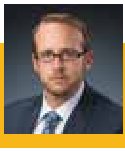


Use this COPAS elevator pitch as a tool to describe COPAS to your co-workers and supervisors.

COPAS is a professional organization for the industry's most knowledgeable and influential oil and gas accounting professionals. It offers programs and education that result in innovative business and accounting solutions. COPAS members outpace the field with their knowledge, skill and connections.

SOCIETY NEWS

PETROLEUM ACCOUNTANTS SOCIETY OF **CANADA**



CODY AUSTIN, PRESIDENT

The Petroleum Accounting Society of Canada ("PASC") has hit the ground running in 2019. Our committees have been working tirelessly to provide fresh content in both the agreements and contracts being used by the industry in Canada as well as for luncheons, conferences, and courses that will be scheduled throughout the year. The first draft of our new PASC accounting procedure will be released for review this year and the final version of the PASC audit protocol will be released this year as well.

On March 14, PASC has planned our second annual PASC Insights. Insights is a half day technically focused conference for professionals on the go. It generally has four rapid-fire sessions designed to get attendees the information they need and gets them back to the office for the afternoon. The 2019 topics include presentations on abandonment retirement obligations ("ARO") by XI Technologies, vendor audits by Salman Yasin, Drilling by Mark Scholz (President, Canadian Association of Oilwell Drilling Contractors), and a presentation by the Honorable Senator Doug Black.

PASC luncheons in 2019 are expanding our accountants' knowledge of emerging trends as well as technical expertise in the industry. Our first luncheon of the year was on February 28 and was focused on Blockchain technology and its applicability to joint venture contracts. Future luncheons will be focusing on reservoir engineering and why it matters to accountants, an overview of North American oil pricing, and many other topics.

Finally, our first PASC social event of the year has been booked for April 4. Instead of wine and cheese, we will be having wine and "mac and cheese" at this year's event. The evening will be filled with good food, drinks, and games for PASC members and their friends. We look forward to seeing everyone there!

Reporter: Josh Molcak

COPAS OF **COLORADO**

ANDREA KEWLEY, PRESIDENT

COPAS – Colorado has been very busy! The New Professionals Committee initiated a toy drive benefiting Children's Hospital Colorado and their precious patients during our annual Holiday luncheon. Members also had the option to contribute to the COPAS Education Foundation where their tax-deductible donations will be used to expand COPAS Energy Education's growing inventory of courses and invest in technology to enhance their learner experiences including expanding courses at the intermediate and advanced levels.

Our first luncheon in the New Year featured Eric Shirk from BDO and he presented on the very relevant and interesting topic of cybersecurity. The following speakers and topics were discussed with our group at our monthly luncheons:

- **Deb Ryan, MHA Petroleum Consultants** | Topic: Reserves (February)
- **Ralph Cantafio, Attorney and Global Energy Management Program Professor** | Topic: Natural Resources Law (March)
- **Jack Luellen with Dickie McCamey** | Topic: Oil & Gas Industry Update (April)
- **Education Day** – Overcoming Setbacks (May)

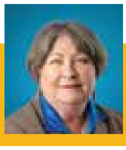
Our committees also had a great start to the New Year. In January, the Financial Reporting Committee was pleased to welcome Josh Malm, a Senior Manager with PWC, who shared his expertise on recent accounting pronouncements and comment letter trends. Our Technology Committee hosted Bob Knowles and Jeff Scott from Apex Analytix who spoke about Vendor Portal software. In addition to our luncheon series the New Professionals Committee hosted a tech session in January with Ian Dams and Helen Mason from Riveron that focused on the key impacts of ASC 842 in the oil and gas industry.

The Joint Interest/Audit Committee welcomed Mike Cougevan who presented "Knowing your COPAS Documents – The COPAS Economic Factors – Behind the Numbers" at the meeting in January. The Tax Committee also met in January to learn from Ryan Witz, Managing Director at Deloitte, who gave an industry update on key tax reform considerations.

In February our Revenue Committee welcomed Morris Miller who discussed unbundling with our group and in March they hosted a tech session with Jim Tallant with Exigent Information Solutions. In April we will spotlight Diane Kirk from Plante Moran where we learned more about the always relevant topic of Revenue Recognition.

Reporter: Kelly Blaha – Director at Large

COPAS OF CORPUS CHRISTI



DR. ANITA REED, PRESIDENT

Post Fall National meeting, we are enjoying the gratification of pulling off a successful National Meeting hosted by a small society. Living in a resort city made that task easier with the beautiful Bayfront sunrises and beach front venues.

We are keeping the momentum going with 58% member attendance at our monthly meetings held at that awesome beach front venue, Fajitaville. As is with all societies, one of the hardest things we do is finding speakers for our meetings. We are fortunate to have a great resource, CEE-IN-A-BOX recorded webinars offered by COPAS Energy Education. Charlie Stovall and Jane Russell facilitated our November meeting presenting the webinar, Direct Vs Indirect Costs prerecorded by Jeff Wright. The presentation was well received by our members, sparking constructive discussions. Our January presentation, How to conduct legal and ethical interviews and reference checks, was given by Dr. Katherine Roberto, Texas A&M University – Corpus Christi. As small company oil & gas accountants, we often wear the HR hat. Dr. Roberto gave us much needed interviewing advice. Jane Russell was our February speaker, giving us an update on the differences in the COPAS 2005 Accounting Procedure and draft 1 of the 20xx Accounting Procedure.

We were pleased to receive the physical copy of the Winter *ACCOUNTS* magazine in the mail! Jane Russell complained in 2016 when it went digital that the *ACCOUNTS* magazine had been proudly displayed in her office for over 20 years and now she could no longer share a physical copy of *ACCOUNTS* with her colleagues. Jane could not contain her excitement over the Winter *ACCOUNTS* and snapped this selfie to email to Executive Director Tom Wierman in thanks for the return of *ACCOUNTS* to her mailbox.

We continue to hold our monthly meeting the 4th Tuesday of the month at Fajitaville on the Beach. Please plan to join us at one of our next meetings April 30 or May 21 (year-end social). We will take a summer break and resume our monthly meeting on September 24.

Reporter, Jane Russell – Secretary

PETROLEUM ACCOUNTANTS SOCIETY OF FORT WORTH

MARK MCCAGHREN, PRESIDENT

We have had a good year so far in Fort Worth. We have just over 100 members, and we have had strong attendance at our monthly meetings. We had excellent speakers the last few months.

In November, Dwayne Purvis, a professional engineering consultant, presented his insight on the economics of shale plays, and David Scott, a tax partner at KPMG, discussed various tax topics related to the oil and gas industry in our technical sessions. Then, Ed Ireland, of Texas Christian University, talked about the outlook for oil and gas prices during our luncheon presentation.

At our December meeting, we had only a luncheon speaker, but it was quite interesting and exciting. Michael Uram, a Product Manager with Trinitech, teamed up with one of his colleagues for a duo presentation on robotics.

In January, Ryan Irby, a Transaction Services Director with Weaver, discussed the due diligence process of transactions, and Tom Ramos of BDO enlightened us about business combinations versus asset acquisitions during our technical sessions. Then Bud Weinstein, an Adjust Professor of Business Economics at Southern Methodist University, discussed "why the world will always need fossil fuels."

We have a full lineup of speakers slated for the Spring and are in the process of planning a Spring social event. It should be a full remainder of the year, and we look forward to continuing to build the Oil and Gas Accounting community in Fort Worth, Texas!

Petroleum Accountants Society of HOUSTON

SUELLEN KING, PRESIDENT

All committee participants should be able to agree that holidays and traditions go hand-in-hand. PASH is one of many societies that has some amazing long-standing annual traditions. These include a Christmas celebration, an all-day educational conference and a golf tournament/picnic.

A special thank you to all who attended this past year's Christmas luncheon. It was truly wonderful to experience the generosity of our members who were able to donate toys and gifts to the local Star of Hope charity. The Georgeanna Sockwell Memorial Golf Tournament and Picnic is scheduled for Monday, May 13. As always, donations are welcome to help sponsor the tournament, either cash or in-kind contributions will be accepted.


SUELLEN KING AND WALLY TREVINO POSE WITH THE "LOOT" COLLECTED FROM MEMBERS TO BENEFIT THE STAR OF HOPE CHARITY.

Our education conference is scheduled for Thursday, May 23 and we hope to see y'all there. Those seeking CPE's have the opportunity to earn up to eight credit hours. The net proceeds will be given back to Houston area colleges, universities and students in the forms of grants, sponsorships and scholarships. Please visit our website for additional information: www.pashcopas.org.

In addition, our membership continues to enjoy some very interesting standing committee meetings and speakers on a variety of presentations and topics. The Revenue Committee has hosted presentations on gas plant accounting, crude oil price assessments, and updates from the US DOI Royalty Policy Committee. The Audit and Joint Interest Committees have had separate discussions to review the long-awaited MFI-XX draft on Remote Technology Centers and several walk-through deliberations of the Model Form 20XX Accounting Procedure draft.

We are also grateful to all of our amazing volunteers doing valuable behind the scene work here in Houston! Go Team PASH!

COPAS of NEW ORLEANS

GREG GONZALES, PRESIDENT

COPAS of New Orleans started the New Year very active.

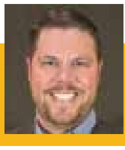
Our first meeting of the year was held Wednesday, January 16. The presenter was Romi Gonzales III, Family Wealth Director and Financial Advisor with The Spiro Group at Morgan Stanley. Romi presented an overview of the 2018 financial markets and Morgan Stanley's forecast for the coming year. Romi also touched on oil and gas commodity price forecasts. The membership asked several questions which added to the overall interaction and success of the meeting.

At our February 20 meeting Jeff Alcott gave a presentation on the current Accounting Procedure and Remote Technology Centers projects. This gave our members and opportunity to get up to date information and establish a basis for comments. Jeff Alcott, Audit Chair and Scott Barrios, Joint Interest Chair, coordinated local comments for submission to the respective project teams. This was the first time we used this process and we hope to use this method of gathering comments in the future. Thanks to Jeff and Scott for coordinating the effort.

Everyone is looking forward to our annual crawfish boil meeting held in April.

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

Hello everyone from Oklahoma City! We have had an exciting 2018 and look to continue our momentum and growth into 2019.

Our annual holiday luncheon on December 11 was well attended. Our speaker, Oklahoma Secretary of Energy & Environment Michael Teague, spoke on the future of energy and environment in Oklahoma. Mr. Teague serves as Oklahoma's first Secretary of Energy and Environment and is responsible for coordinating over 30 state agencies, boards, compacts, and commissions in advancing policies that encourage energy production and environmental stewardship through Oklahoma. Mr. Teague covered many interesting topics including the overall outlook for the energy industry in Oklahoma and specific environmental issues that affect the energy industry.

Our local Board of Directors is also hard at work. We are continuing to tweak our website to improve processes surrounding membership and activity registration, on-line payment options, leadership recruitment and transition, and communication and record retention. We are also encouraging our local membership to become active participants in the society through our many committees.

Our total membership is currently around 200 members. This is close to our peak from several years ago, it is great to note that we are experiencing an expansion in new membership and leadership from our smaller member companies. We continue to encourage members, old and new, to get involved in a committee or other leadership roles that interest you. COPAS can be so much more than great food and interesting speakers, it provides the opportunity to meet people and make connections within our industry. It is also a great way to share your knowledge and learn from others. No matter your level of experience, everyone can make an impact!

Please visit our website at www.copasokc.org to see our meeting schedule and other upcoming events and topics discussed.

PETROLEUM ACCOUNTANTS SOCIETY OF **PERMIAN BASIN**

ANGIE RAMIREZ,
PRESIDENT

The Permian Basin Society concluded 2018 with a Past President's Luncheon hosted annually in December. The event honors those who have served as PASPB president over the last few decades. There were 21 in attendance, 11 of those being past presidents. We were honored to be in the company of Leroy Wegner, who served as PASPB president from 1974-1975 and reminded us it was a time when "women were not allowed to be part of COPAS". Leroy is also the oldest living past-president. Also, in December, the social committee hosted an ugly sweater social at the Beer Garden which was well attended, and we all had a great time networking.

EXECUTIVE DIRECTOR TOM WIERMAN WAS THE JANUARY MEETING SPEAKER

PASPB jump-started this year with a key-note speaker, Tom Wierman, for our January luncheon. The board of directors met with Tom the night before for dinner and wonderful conversation. It was interesting to learn about all the things COPAS is currently doing or working towards in the upcoming years.

The education committee is currently working on a Lunch N' Learn for February and putting together the Education Day planned for this May.

The national planning team has been meeting this year to put together committees for the Fall 2020 COPAS meeting hosted by PASPB. Alyssa Duran and Angie Ramirez will be the chairs for the team and have been meeting regularly to establish a location and confirm dates. The location will be presented at the Spring COPAS meeting in Memphis. The Permian Basin society will have many in attendance at the spring council meeting to observe and learn how the meetings operate.

PASPB will have some great speakers for our monthly meetings. The February presentation was about property taxes. March will be our annual Employer Appreciation Luncheon with a special guest speaker. April will conclude our speakers with a sub-committee presentation to increase committee awareness and boost activity.

Petroleum Accountants Society of ROCKY MOUNTAIN

ANDREA FUENTES, PRESIDENT

The Rocky Mountain Petroleum Accountants Society (RMPAS) held two bi-monthly meetings, November 7 and January 16. David Madsen, Director of Business Development and Regulatory Affairs from Northwest Pipeline, was our November speaker. He gave us an overview of the natural gas market pricing structure in the West, and reviewed the current market conditions nationally for LNG markets. Brett Dagley CPA, Eide Bailly, gave us a review of the new tax laws for personal and corporate laws that were modified for 2018 and 2019 during our January meeting. It was a good review for our members on a personal and professional level

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

Reporter: Brian Roquemore - Vice President

Petroleum Accountants Society of SAN ANTONIO

DAVID GARZA, PRESIDENT

Society president David Garza opened the January luncheon meeting by greeting returning members and new members. David then reported that PASSA Society included 61 members representing 18 companies and two government agencies. David then presented the previously announced PASSA Board and requested a membership vote in favor of and a second to formally accept the following:

President – David Garza – Auditors on Call LLC
Vice President – Kirk Foreman – EOG Resources
Treasurer – Sabrina Garcia – Texas General Land Office
Secretary – Thomas "Giles" Wasson – EOG Resources

LEFT TO RIGHT: BRIAN RAYGON, DAVID GARZA, SABRINA GARCIA, KIRK FOREMAN, CAROLYN SCZEPANSKI, AND KIM GOODWIN.

David thanked the membership for their confidence and trust in the new Board to continue the development and improvement of PASSA with newly announced initiatives and recommendations.

Kirk Foreman introduced the guest speakers Carolyn Sczepanski and Kim Goodwin from AMS/PAR auditing company. Carolyn started by discussing the wealth of energy education COPAS national provides to its members and to the Energy Industry. Carolyn then gave a fantastic presentation on COPAS Accounting Guideline 19 – Expenditure Audits in the Petroleum Industry: Protocols and Procedure Guidelines. She took us through the process step by step starting with planning and arranging a Joint Interest audit through writing the audit report and handling audit costs.

Following the luncheon presentation and raffles won by Andrea Charlton and Tania Maher, Brian Raygon discussed PASSA's Academic Relations initiative to reach out to the area colleges and university accounting club students and educators in an effort to educate academia about the Oil and Gas industry, PASSA and COPAS.

Tania Maher reminding the members of the Coalition Blowout sponsored by the San Antonio Energy Coalition. The Coalition is an organization that networks within the industry and raises scholarship money for students who may be interested in starting careers in the energy industry.

Petroleum Accountants Society of OKLAHOMA-TULSA

JENNIFER GIBSON, PRESIDENT

The PASO-Tulsa society continues to have a very productive year. In December, the PASO-Tulsa society delivered the donations and toys collected to the Tulsa Youth Works. TYW is an organization that serves the low-income children in the North Tulsa area through meals, tutoring, field trips, leadership training, character development and much more.

At our January luncheon, Paul Zachary, City of Tulsa Engineering Services did an excellent job on all the Tulsa Improvement projects. In February, Bret Watson, CPA, Principal for SALTA, PLLC, spoke on Sales Tax. Also, in March, Jeff Dehart and Steve Kienlen of Stinnett Associates, presented on Vendor Audits.

The Tulsa society also hosted its ONRR conference in February. We had another great turnout by both government and oil and gas industry professionals.

We are finalizing our preparations for the Fall 2019 National Conference held here in Tulsa and look forward to a wonderful event.

Reporter: Heather Polson

TULSA

Mary Frances Hermes EDUCATION GIFT

With sincere gratitude, the COPAS Board of Directors accepts the generous COPAS of Dallas donation to COPAS Energy Education in honor of our friend and past board member, Mary Frances Hermes.

Mary Frances was a staunch proponent of industry training and education. Her goal was to offer easily accessible, low cost and interactive educational opportunities to all in the energy industry; classes any individual could take seated at their desk or together in a conference room.

With this gift, the COPAS Board of Directors has approved development of advanced level courses to be offered under the COPAS Energy Education label.

President Wade Hopper accepted the gift February 21.

In addition to the COPAS donation, COPAS of Dallas renamed their Brookhaven College scholarship to the Mary Francis Hermes Educational Scholarship.

COPAS PRESIDENT WADE HOPPER ACCEPTS THE DONATION FROM DALLAS MEMBER CAROLYN SCZEPANSKI.

ABOVE, Debra Carter, Cecil Sprague, Jim Pruden, Brian Medley, and Lori Lewis await the start of the Joint Interest Committee meeting.
BELOW, Janet Raesner and Noteel Koss.

WINTER COMMITTEE MEETING

January 24, 2019

Houston, TX

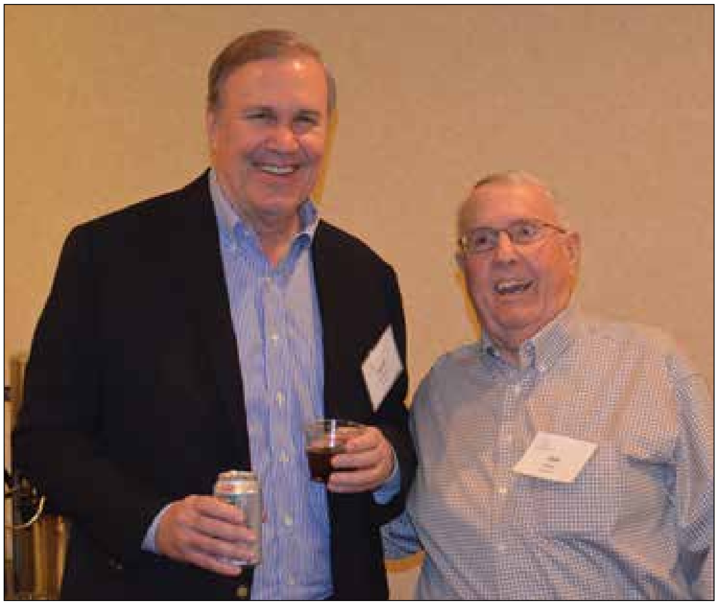
ABOVE, Jeff Roberson and Chris Copeland.
RIGHT, Mike Fossen and Bruce Bondurant.

LEFT, Carolyn Sczepanski and Chad Nguyen.
BELOW, Vanessa Green prepares to sign the attendance register.

TOP MIDDLE, Mike Cougevan, Deb Retzloff and Kirsten Strieck network duing a break.
LEFT, Karah Machieck
ABOVE, Joe Hyatt (seated), Ed Springer and Wally Trevino catch up on matters.

LEFT, Maurice Sebastien and Lynn Bellinghausen network during a break.
BELOW, Pete Khauv reveiws the Emerging Issues case studies.

TOP MIDDLE, One of the infamous straw polls conducted in Emerging Issues.
LEFT, Getting to know others helps build your knowledge network.
ABOVE, Moses Shillow and Doug Smith share a discussion.



ABOVE, Keith McCarthy and Joe Hyatt share a laugh during the knowledge networking. **BELOW,** The Joint Interest Committees discusses the 20XX Model Form Accounting Procedure. **RIGHT,** Attendees review the agenda items.

ABOVE, Attendees await the start of the Joint Interest Committee breakout discussion. **RIGHT,** Chris Copeland and Dave Johnson discuss a presentation point.

ADVERTISING INDEX

SAVE THE DATES

12 April 23-26, 2019 /// Memphis, TN
20 September 16-20, 2019 /// Tulsa, OK
27 July 11, 2019 /// Denver, CO
32 April 20-24, 2020 /// Washington, D.C.
39 September 21-25, 2020 /// St. Petersburg, FL

NEXT ACCOUNTS DEADLINE

April 30th, 2019

Please send all reportsand Advertising to Editor@copas.org