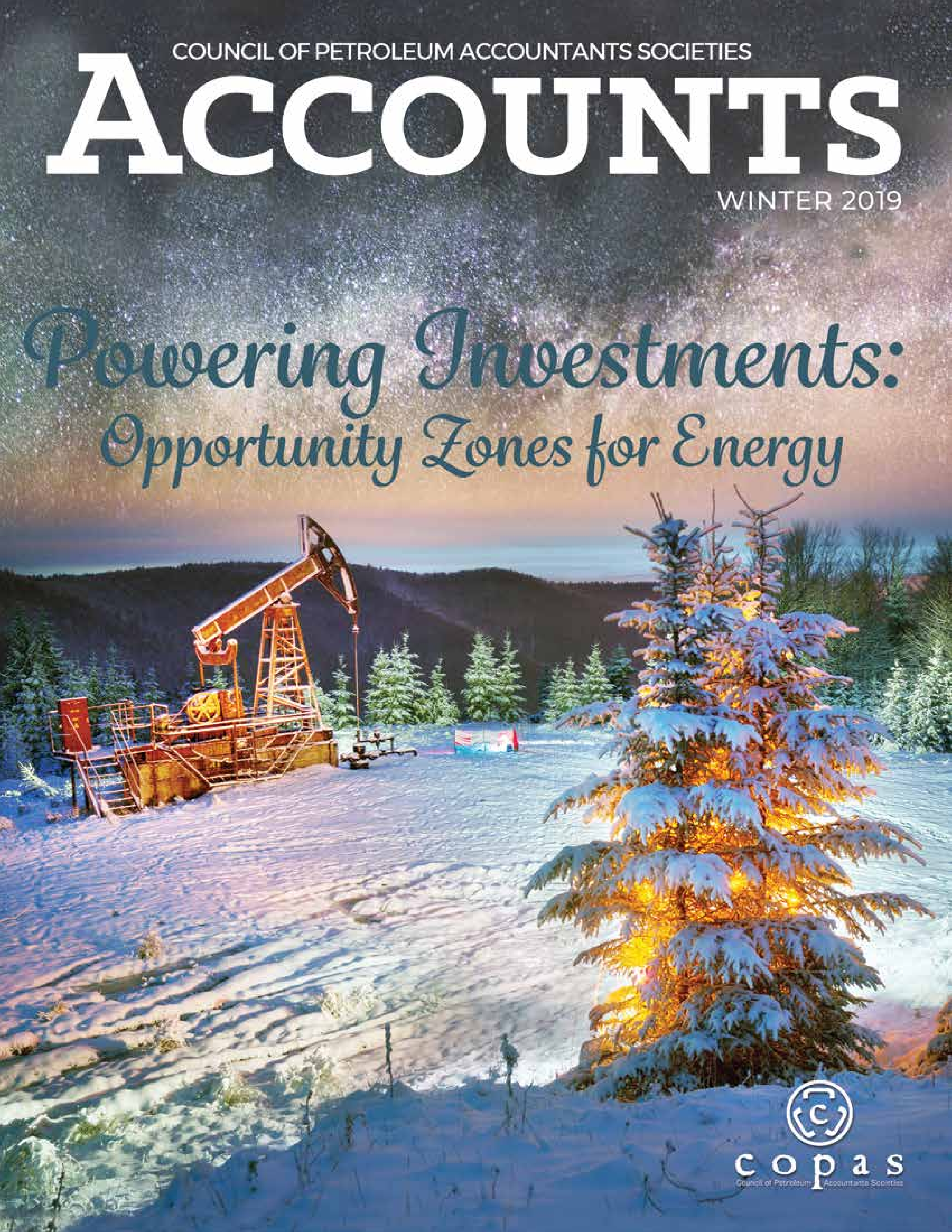
COUNCIL OF PETROLEUM ACCOUNTANTS SOCIETIES

ACCOUNTS

WINTER 2019

Powering Investments:
Opportunity Zones for Energy



copas
Council of Petroleum Accountants Societies

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COPAS OFFICE

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Council of Petroleum Accountants Societies

Turning Energy Into Synergy

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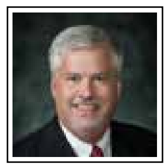


President's Message

WADE HOPPER

It always amazes me how quickly time passes when you are allowed only a limited time to accomplish a task and so it is with my time having served as President of this outstanding organization. Thank you to all who made it such an enjoyable and challenging experience. COPAS is in fact a family of industry accounting leaders and experts who work closely together to accomplish great goals.

COPAS is indeed fortunate to have a talented and hard-working staff to support the work of the organization. Tom, Angie and Vanessa provide the knowledge and dedication to their work to promote COPAS and its activities in a most professional and courteous environment. Their expertise in the management of educational development and execution has opened new and exciting opportunities for our membership. They keep our organization on track and on time by ensuring that the ongoing business of COPAS is always done. Please take a moment to thank them for their valuable contributions the next time you see or talk with them.

Speaking of goals, we have accomplished many of the goals we set out to conquer during the past year.

- Increase COPAS Membership
- Admission of East Texas Society – The East Texas Society was admitted at the Spring 2019 meeting.
- Encourage development of new societies – The Board of Directors continue working with the Austin and East Texas societies to develop membership and participation in COPAS. It is anticipated that the Austin Society will apply for full COPAS membership at the Spring 2020 meeting.
- Maintain and grow current membership by at least 10% during 2019 – Although membership has increased, this stretch goal is continuing and will require more attention in the future as companies look to reduce staff and costs.
- Focus on document development and completion of documents – Committees and project groups continue to work toward completion of the New Accounting Procedure and RTC documents as well as other projects.
- Increase APA® Program Participation
- Complete review course by June 1 – The initial review course in the form of practice exam questions has been completed and continues to be improved. Initial indications are that it has been a great success.
- Increase marketing with development of review course – The revised review materials have been marketed with the exam sign-up as work continues toward improved materials and subsequent marketing of the materials.
- Increase by 25% number of exams administered over 2018 – At the current rate of exam candidate registration, it is expected that this goal for 2019 will be exceeded.
- Continue COPAS Education Development
- Complete purchase of KYCD existing documents – Remaining KYCD documents have been acquired.
- Complete development of 2 new KYCD Documents – Financial resources have been dedicated to initiate this goal and topical suggestions are now being evaluated.
- Record 50% of KYCD documents during 2019 for electronic delivery – Multiple courses have been recorded with plans for more.
- Convert 4 classroom courses to electronic delivery during 2019 – This goal is being re-evaluated due to other more

immediate course development needs and a better understanding of how these courses can be presented in electronic format.
- Develop 2 intermediate/advanced classes during 2019 – Identification and development of more advanced training opportunities is continuing. Staff time and availability have prevented this goal from moving forward at this time.
- Develop Foundation Funding
- Identify additional board members – Seeking additional board representation for the Foundation is continuing with a need for more involvement to progress the objectives of the Foundation.
- Establish goal of $50,000 as fund raising for 2019 – This was an aggressive goal even though some progress has been made to increase funding of the Foundation and will continue to be a future need.

COPAS is continuing to promote and accomplish its most important goal of providing industry guidance and continuity through the development of new model form agreements, accounting guidelines and interpretations of model forms. The development of a new accounting procedure document is at the heart of what COPAS was established to provide to the industry. As well, the work being done to provide guidance to the industry to account for remote technology centers is a great example of the current work being done by COPAS which will promote a common understanding and methodology to be employed throughout the industry. Work on issues such as these is evidence of the continued importance of COPAS and its mission to be “The source of business and accounting solutions for the oil and gas industry”. Thank you to the volunteers leading these and other projects as well as those who have provided comments and review of these documents. If you have not participated in one of these or other COPAS projects, please consider the importance of these projects to your company and the industry as well as the increased knowledge you will gain from networking with your peers.

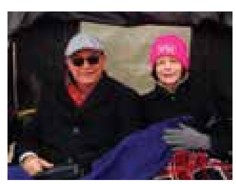
The Fall COPAS Meeting was a great success thanks to the sponsorship of the Tulsa Society and a great venue. Thank you, Tulsa Society, for a wonderful meeting and congratulations on the celebration of your 90th year! A commemorative plaque with a resolution passed by Council recognizing this accomplishment was presented to the Tulsa Society at the Council meeting. The Council approved the Employee Benefits Upper Limitation of 35%, effective January 1, 2020. New APA®’s were recognized with a presentation of certificates. The APA® certification program continues to grow, and members should consider the value of adding this certification to their academic and professional accomplishments. Three board members were elected to three-year terms; Tom Batsche, Carolyn Sczepanski and Kevin Launchbaugh. Jonathon Beene, Kevin Launchbaugh, and Ryan Woolery were recognized for their many years of service to COPAS in leadership positions. What an honor to present the Ring of Honor award to Sandy Launchbaugh and Fred Watson. Both individuals have made tremendous contributions to COPAS over the course of their careers. I am indeed thankful to have had the opportunity to work with each of these recipients over the course of my career and can attest to the value they have contributed to COPAS. Dan Triezenberg was presented with the Eagle Award for his outstanding contributions to COPAS particularly in the area of education. Congratulations to all award recipients.

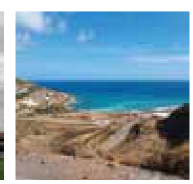
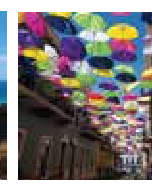
The APA® program continues to receive new applications for testing and members are encouraged to consider joining the ranks of this prestigious recognition. New study aides are now available to assist in the preparation for the exam and additional study aides continue to be evaluated. This program in conjunction with the educational offerings of COPAS should not be overlooked in maintaining and increasing members knowledge of oil and gas accounting. Many senior industry accounting professionals are closing out their careers and COPAS stands ready to provide much of the training needs to individuals and companies to help close the learning gap for new industry accounting professionals.

Following the Council meeting, the Board of Directors met and elected officers for the year 2020.

- Tammy Miller-Davison – President
- Melissa Gruenewald – Vice President
- Dalin Error – Treasurer
- Craig Buck – Secretary

Thanks to Doug Smith for his advice and especially his sense of humor this year and for keeping me on the right path. I look forward to supporting Tammy as she leads COPAS in 2020 with a list of ambitious goals and objectives. I also look forward to continuing as an active member of COPAS and meeting many more new members through the networking that only COPAS can provide for oil and gas accounting professionals.




HOME OFFICE MESSAGE

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

When my kids were younger, Thanksgiving dinner at my in-laws had a ritual of stating what we were thankful for before we could begin the meal. Sometimes we got very treasured thoughts from them as to what they were thankful for. Sometimes the "thanks" came out sounding much like the person speaking before them. As is probably the case with many families, aging parents, their health issues and travel restrictions, plus children who are beginning their own family lives have gradually changed holidays together. We don't get together like we did before. Thanksgiving this year did make me stop and reminisce a little, thinking again about my thankfulness. Here are a few thoughts as it relates to COPAS.

I greatly appreciate my co-workers, Angie and Vanessa. Since we've started working remotely, we don't get to be together as often. We rely a great deal on email, phone calls and texts to accomplish our tasks. I have two of the best co-workers you could ask for. We always have each other's backs. It is a great working relationship.

I greatly appreciate the officers and board members, volunteers who put in a lot of time for the organization. Whether I'm working with one of them on an agenda for an upcoming meeting, ensuring enough cash is available in the bank account to cover bills, discussing and organizing the Leadership Conference or helping review board and Council minutes, they are always there to help. I look forward to getting to know the new board members better and have great admiration for the board members stepping down after their years of service.

I greatly appreciate the standing committee chairs, and subcommittee chairs, who spend a lot of time ensuring they have a well-planned agenda for their committee or subcommittee meetings and working to ensure CPE is offered whenever possible. One meeting gets done and it's almost time for the next, repeating the process of planning an agenda, finding speakers, etc. A few of our long-time committee and subcommittee chairs stepped down this year. While it makes way for new leaders, I can't help but stop for a moment to recognize them specifically for their service. Thank you for all you've done.

I greatly appreciate our 25 society presidents. Sometimes it's a challenge to find someone to step up to the leadership position in societies, but my thanks to each of you who have done so. You wonder how you have time for that, plus work, family, church or other volunteer activities. It does take your time, but it makes you a stronger person and a better leader. Thank you for contributing.

I greatly appreciate and admire our project team leaders and project team members. Right now, we have two big projects in progress. I can't begin to venture a guess as to how much time is being contributed, but it is very much appreciated. Thank you for your willingness and contributions.

I greatly appreciate our regular contributors to *ACCOUNTS* magazine. I know how much time I put into preparing the quarterly magazine. I couldn't do it alone so I'm very grateful for your quarterly contributions and timely information.

I greatly appreciate our members, those I haven't mentioned above. You may not have a leadership position in the organization, but your contributions are still needed just the same. Maybe you took a minute to help with a society activity, checked in people for a luncheon, chaired a society committee, contributed comments to the project team publication drafts or helped mentor a new member. We are all needed and that's what makes us the great organization that we are.

Lastly, I greatly appreciate our advertisers. The cost of a physical magazine is expensive, but one that is valued by members. Advertisers also help defer some of the costs of quarterly committee meetings. Advertisers help us recoup some of these expenses, keeping registration fees and member assessments as low as possible. Take a minute to thank advertisers, or better yet, patronize them whenever possible.

About mid-November I heard someone say "Goodness, it's already November 15! Where did the year go?!" The year is almost over, at least as measured by the traditional calendar. I do hope 2019 has been a successful year for everyone. My big milestones this year were turning 60 and reaching a weightlifting goal. There were many other achievements as well, but those two stand out to me. Going into 2020 I've embarked on a weightlifting program that will take me to numbers I wouldn't have thought possible. I'll keep working through the program and see what happens in the months ahead.

Speaking of goals, Wade provided a good recap of the COPAS goals and objectives on page 2. There are many factors that can affect the achievement of a goal. I think we did a pretty good job this year of meeting what we set out to accomplish. Soon we'll provide the 2020 goals and objectives established by our incoming president, Tammy Miller-Davison.

Please refer to the 2020 COPAS Energy Education webinar schedule found on pages __ to __. For the first time, we are offering member vs non-member pricing, an additional member benefit.

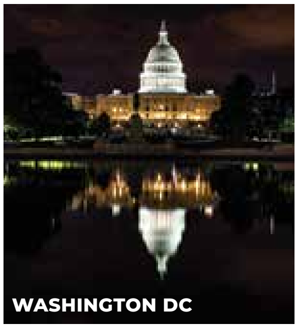
We continue to offer our member referral program in the coming year. If you refer a CEE class to a non-member who then purchases a CEE class of any length, you receive a free webinar of your choice. All you need to do is forward your education email bulletin to friends and colleagues. The registration link lets us know who you are when your friends purchase a course using the link. Similarly, if you have a webinar that you enjoyed, you can click the "refer a friend" button on the website webinar registration page. When your friend purchases, you earn a free webinar.

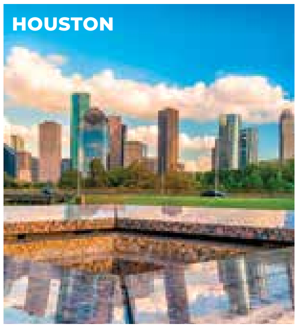
Be sure to watch our social media posts in LinkedIn and on Facebook. We are regularly posting items each month in both platforms. Please "Like" our posts so that more people will see them.

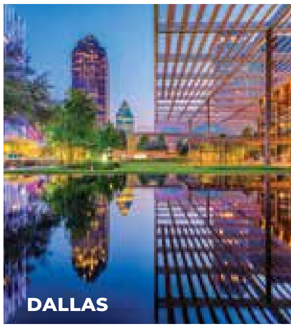
Happy Holidays everyone.

MEETING SCHEDULE

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







ROCKY MOUNTAIN

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

PROJECT STATUS REPORT

COPAS MODEL FORMS

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

COPAS MODEL FORMS MODIFICATIONS AND INTERPRETATIONS

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

COPAS ACCOUNTING GUIDELINES

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

COPAS TRAINING & REFERENCE

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

Professional Development Institute

University of North Texas

High-Value Programs and Services for the Business of Energy

Calendar

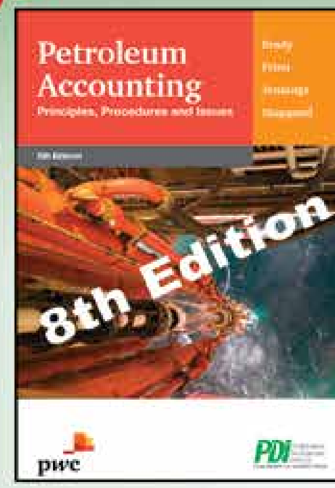
Oil and Gas Tax Institute

Houston – December 9-11, 2019
Denver – January 21-23, 2020

North American Petroleum Accounting Conference

Dallas – May 14-15, 2020

Coming Soon!



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2019 **Eagle Award**

The 2019 Eagle Award winner is Dan Triezenberg, COPAS of Michigan.

Here are highlights of his contributions as mentioned at the Fall 2019 Council meeting.

- Young, active COPAS member
- Past Society President – COPAS of Michigan
- 2017 COPAS President
- Frequent speaker at COPAS events
- Skilled at networking and engagement
- Advocate for COPAS Energy Education and the APA® program

POWERING INVESTMENTS: Opportunity Zones for Energy

BY RANDY STRANDBERG, CPA

TAX INCENTIVES

Opportunity zones have been a recurring topic in investment news lately, and for good reason. Created by the Tax Cuts and Jobs Act, new tax incentives now exist to stimulate investments in designated distressed areas known as Qualified Opportunity Zones (QOZ) throughout the United States and its possessions.

Internal Revenue Code Sections 1400Z-1 and 1400Z-2 (and to date, two sets of clarifying proposed regulations) provide rules permitting taxpayers to defer recognition of capital gains from the sale of property, in some cases permanently. To qualify for these incentives, you must invest cash from capital gains in a qualified opportunity fund (QOF), which is an investment vehicle organized as a corporation or partnership having the purpose of making qualified investments in a QOZ.

Gain Deferral

If you are generating capital gains from the sale or exchange of property, you may elect to defer recognition of such gains and invest them in a QOF within 180 days of the sale or exchange. More lenient investment timing rules are available for capital gains flowing through Schedules K-1 related to partnership investments. While Section 1231 gains also qualify, the Section 1231 loss netting rules must first be applied. For net Section 1231 gains, the 180-day investment period begins on the last day of the tax year in which Section 1231 assets are sold. This deferral opportunity applies to capital gains from sales or exchanges occurring on or before December 31, 2026. You may defer elected capital gains until the earlier of December 31, 2026, or the date of a partial or complete sale or exchange of a QOF investment.

Deferred Gain Exclusion

In addition to deferral, special basis rules have the effect of permanently reducing the original deferred gain when your QOF investment meets specified holding periods:

- 10% gain exclusion - QOF investment held for a five-year period ending on or before December 31, 2026.
- Additional 5% gain exclusion – QOF investment held for a seven-year period ending on or before December 31, 2026.

Post-QOF Investment Gain Exclusion

If you hold a QOF investment at least ten years, you are eligible for an additional tax incentive. By statute, your basis in a QOF investment increases to its full fair market value upon sale, which renders 100% of post-QOF investment appreciation tax-exempt. This exemption of post-QOF investment gain is the centerpiece of the tax incentive package offered in the opportunity zone provisions.

State jurisdictions have taken different tacks relative to the tax treatment of QOF investments, with some adopting the federal rules in full, and others de-coupling from federal law. In some cases, states have rejected both the capital gain deferral provisions and post-appreciation gain exemptions.

REQUIREMENTS

QOFs must comply with a number of detailed rules prerequisite to your enjoyment of the above-described tax incentive benefits. These rules are designed to ensure elected capital gain dollars invested in QOFs accomplish the primary purposes of the opportunity zone legislation, which are to stimulate designated distressed areas through, among other things, new job creation and commercial activities, aesthetic upgrades, and incremental tax revenue sources. Following is a brief summary of the requirements:

- The QOF serving as the investment vehicle must be properly established, which is a relatively simple process;
- A QOF receiving investment dollars must put those dollars to use within six months, holding at least 90% of its assets in the form of QOZ property, which includes QOZ business property, QOZ corporation stock, and QOZ partnership interests. In applying the 90-percent test, QOF's may exclude cash contributed in the preceding six months;
- QOF's investing in QOZ business property must meet the following requirements: (1) property must be tangible property used in a trade or business, (2) property must be purchased from an unrelated party, and (3) the original use of the tangible property must begin with the QOF, or if not original use, the property must be "substantially improved" within 30 months of the acquisition of the property; and
- QOF's investing in QOZ corporate stock or QOZ partnership interests must meet the following requirements: (1) shares of stock or partnership interests must be acquired directly from the corporation or partnership solely for cash, (2) the corporation or partnership must operate a QOZ business passing: (a) a 70% test requiring that at least 70% of all owned or leased tangible property be used in a QOZ, and (b) an income and assets test requiring: (i) at least 50% of gross income be derived from the active conduct of a trade or business in the QOZ, (ii) a substantial portion of any intangible property be used in the active conduct of a trade or business in the QOZ, and (iii) less than 5% of the aggregate unadjusted bases of the property of the trade or business be attributable to portfolio assets.

Energy Applications

Energy executives experiencing capital gains from monetization events may wish to consider taking advantage of these new QOZ tax incentives. An investment in a QOZ can be a tax-efficient way of realizing and enhancing investment returns, while at the same time achieving the government's policy objective of providing relief to economically distressed areas.

For those familiar with like-kind exchanges, QOZ investments are in some ways more flexible than such exchanges in that sellers may receive sales proceeds directly, replacement assets do not need to be of like kind, and the deferral election for partnership gains is available at the partner level. On the other hand, QOZ investments require certain maintenance and compliance testing on an ongoing basis, which make them more administratively burdensome.

Many designated QOZs are located in energy producing areas conducive to QOF investment projects. In the upstream space, the QOZ tax incentives may be available for acquisitions and development of leasehold interests. Acquisitions of undeveloped leasehold interests are generally easier to navigate than acquisitions of developed leasehold interests because of the potential for meeting the "original use" requirement discussed above. The general rule set forth in Rev. Rul. 2018-29 that land can never satisfy the original use requirement shouldn't apply to undeveloped leases given the underlying mineral interests are depletable, and therefore not permanent in nature.

Acquisitions of developed leasehold interests face larger challenges because they may fail the original use requirement, in which case they must be "substantially improved". Myriad questions surround the application of the original use and substantial improvement rules to developed oil and gas leasehold interests, several of which follow:

- Proposed regulations provide that a building or structure vacant for at least five years satisfies the original use requirement. Does this guidance extend to leases on which conventional resources fully depleted more than five years prior are redeveloped using unconventional processes? Resources abandoned and redeveloped through new technology should be sufficiently analogous to a vacated building or structure.
- In the context of a substantial improvement of property, how are intangible drilling costs (IDCs) treated? Section 1400Z-2(d)(2)(D)(ii) provides substantial improvements are measured

based upon "additions to basis". Accordingly, there is technical risk IDCs do not constitute substantial improvements unless an investor foregoes the election to expense under Section 263(c). Look for prospective regulations or other guidance to lend clarity on this matter. Absent such clarity, foregoing the election to expense IDCs should be modeled as investors may find their IDC deductions suspended anyway due to basis and at-risk limitations. Section 1400Z-2(b)(2)(B)(i) provides an investor's initial basis in a QOF investment is zero.

- Do the untapped horizons of a multiple zone lease, currently producing from a single horizon, satisfy the original use requirement? If a proper separate property election is made pursuant to Regulation Section 1.614-8, the untapped zones should be treated as separate properties and satisfy the original use requirement; however, this conclusion interplays with the asset-by-asset concept discussed in the next bullet point.
- Proposed regulations provide the substantial improvement requirement is to be applied on an asset-by-asset versus aggregate basis. How does the asset-by-asset requirement interplay with the foundational and nuanced property principles set forth in Section 614 of the Internal Revenue Code? Treasury acknowledges the asset-by-asset requirement introduces application complexity into the analysis and has asked for comments. Once clarity is brought to the asset unit to be used in the substantial improvement context, Section 614 can be properly analyzed and interpreted. Upcoming regulations may expand these rules beyond an individual asset focus.

CONCLUSION

The upstream energy space lends itself reasonably well to QOZ investments. The depletable nature of oil and gas assets somewhat reduces the post-QOF investment gain exclusion benefit, but there is still plenty to be excited about with the new QOZ tax incentives. Upfront planning and design are critical to complying with the extensive requirements of QOF investments, as well as achieving the desired deferral and exclusion outcomes arising from the QOZ legislation.

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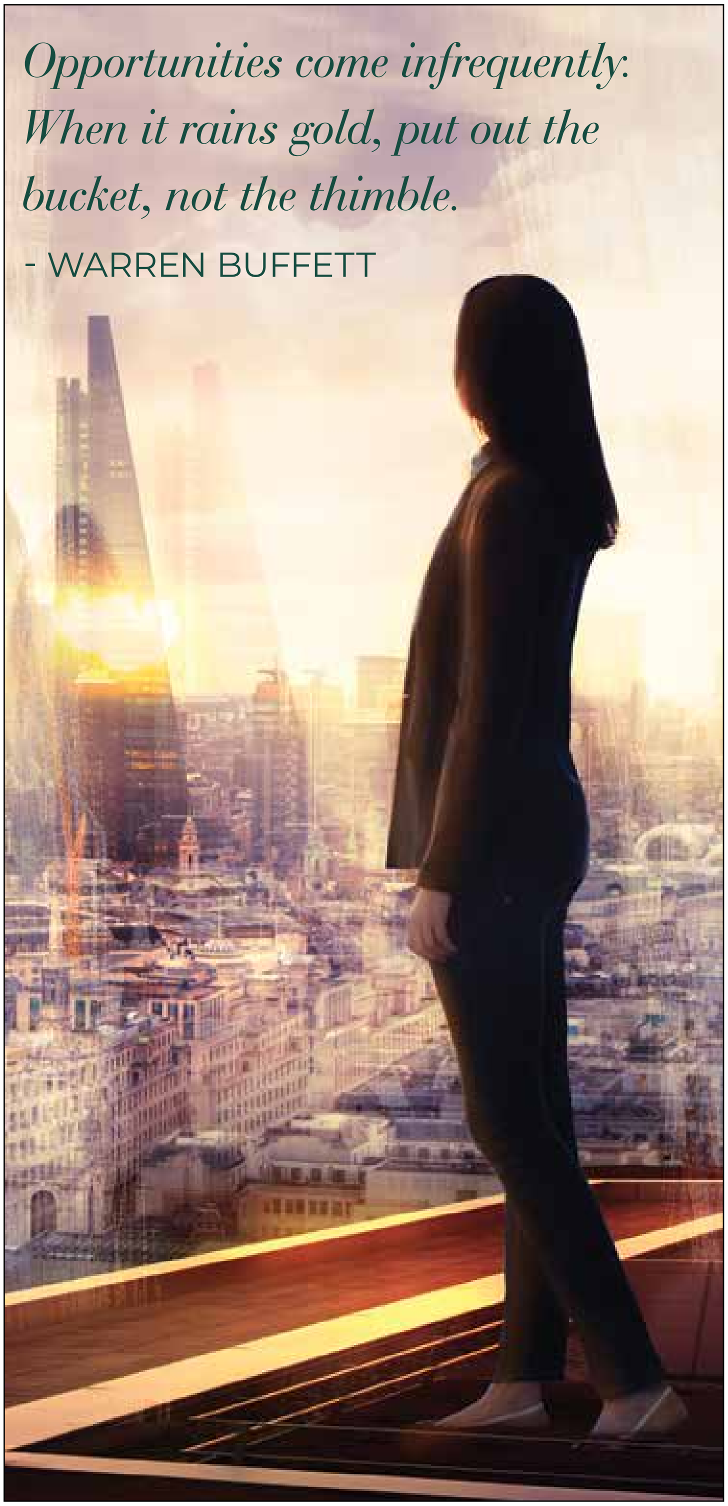


RANDY STRANDBERG, CPA
PARTNER

Randy has over 40 years of experience providing tax advisory services for entities operating in the energy sector. His principal energy clients include private equity-funded and publicly held upstream and midstream oil and gas companies. He specializes in a wide variety of corporate and partnership oil and gas income tax issues throughout the lifecycle of companies, from startup through liquidity events.

INDUSTRY NEWS

A COLLECTION OF PUBLISHED NEWS ARTICLES

Parsley Energy will acquire **Jagged Peak Energy's** 78,000 acres in the Delaware Basin for $2.3 billion as $1.65 billion in stock plus $625mm in **Jagged Peak** debt. The expanded **Parsley** would have 267,000 net acres in the Permian, including 147,000 net acres in the Midland Basin and a highly contiguous 120,000-acre footprint in the Delaware Basin.

Oil and gas companies are evaluating the possibilities of deploying wearable devices in day to day operations. Initial research is focused on enabling real-time monitoring of field technicians to ensure safety and providing audiovisual assistance when performing asset maintenance. The eventual goal is to adopt lightweight, rugged, wearable devices to improve safety and efficiency in oilfield operations. **BP** and **Shell** are among the leading adopters of wearable technology

Alaska is now producing only about 500,000 bopd, 25% of 1998 production. **ConocoPhillips**, **Repsol**, and **Armstrong Oil and Gas**, have made potential billion-barrel discoveries in the Nanushuk, a broadly-dispersed set of rocks along the Colville River that extends west into the National Petroleum Reserve-Alaska area. **Oil Search Alaska**, which took over **Armstrong's** properties, said reserves at the Pikka discovery will reach a billion barrels after winter drilling results are evaluated. **ConocoPhillips** said the Willow find could reach 700 million barrels of oil equivalent. The Nanushuk and a related formation, the Torok, are still new. Besides the geologic risk there's also more economic risk as prospects are explored further west and farther from infrastructure in the NPR-A, requiring expensive roads and pipelines. Another complication may be that Nanushuk and Torok wells may have to be hydraulically fractured. That will require mobilization of equipment and possibly trucking water, because water sources are scarce in the petroleum reserve

PDC Energy acquired **SRC Energy** in an all-stock transaction valued at $1.7 billion, including $685mm of **SRC** debt. The transaction makes **PDC Energy** the second largest producer in Colorado's Denver-Julesburg Basin behind **Oxy** and ahead of **Noble Energy** by increasing acreage by 90% to 182,000 net acres and production by 58% to 166,000 BOE/d. The combined company will have enough wells sites in Colorado and TX that will take more than 10 years to drill and develop

BP is selling its entire Alaska upstream and midstream business to **Hilcorp Alaska** for $5.6 billion, including $4 billion payable near-term and $1.6 billion through an earn-out thereafter. **Hilcorp Alaska** is the largest private oil and gas operator in the state

Oxy will form a joint venture with Colombia's state-owned oil company **Ecopetrol** to develop 97,000 net acres of **Oxy's** acreage in the Midland Basin. They will split the joint venture 51-49, favoring **Oxy**, who will be the operator. **Ecopetrol** will pay **Oxy** $750mm in cash up front and fund $750mm of the first $1 billion of **Oxy's** share of development costs

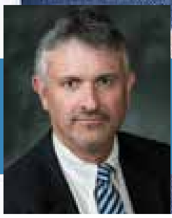
Desperate for cash, shale companies are trying to court investors with a new and potentially risky financial instrument that resembles mortgage bonds. Companies such as **Raisa Energy** are floating a type of asset-backed security that involves existing oil and gas wells - producers transfer ownership interests in the wells to special entities that then issue bonds to be paid off by the output from the wells over time

North Dakota set a record for oil production in August at 1.47 mmbpd, up from the previous

COMMODITY SPOT PRICING COMPARISON

	CRUDE OIL WTI (CUSHING) PER BBL				HENRY HUB NATURAL GAS SPOT PRICE DOLLARS PER MILLION BTU			
MONTH	**2016**	**2017**	**2018**	**2019**	**2016**	**2017**	**2018**	**2019**
January	31.68	52.50	63.70	51.38	2.28	3.30	3.87	3.11
February	30.32	53.47	62.23	54.95	1.99	2.85	2.67	2.69
March	37.55	49.33	62.72	58.15	1.73	2.88	2.69	2.95
April	40.75	51.06	66.25	63.86	1.92	3.10	2.80	2.65
May	46.71	48.48	69.98	60.83	1.92	3.15	2.80	2.64
June	48.76	45.18	67.87	54.66	2.59	2.97	2.97	2.40
July	44.65	46.63	70.98	57.35	2.82	2.98	2.83	2.37
August	44.72	48.04	68.06	54.81	2.82	2.90	2.96	2.22
September	45.18	49.82	70.23	56.95	2.99	2.98	3.00	2.56
October	49.78	51.58	70.75	53.96	2.98	2.88	3.28	2.33
November	45.66	56.64	56.96		2.55	3.01	4.09	
December	51.97	57.88	49.52		3.59	2.81	4.04	
YTD Average	43.14	50.88	64.94	56.69	2.52	2.98	3.17	2.59

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.

1.44 mmbpd record in July. ND also produced a record 3 bcfd of natural gas in August, up from 2.9 bcfd in July. Statewide, companies flared 19% percent of all gas produced in August

LLOG Exploration ordered subsea trees for its Shenandoah Project in the deepwater GOM, the first subsea trees designed to withstand pressures up to 20,000 pounds per square inch

Hess had an oil discovery at the Esox-1 exploration well in MC 726 in 4,609 feet of water in the GOM. The well encountered about 191 net feet of high-quality oil-bearing Miocene reservoirs and is six miles east of the Tubular Bells production facilities, a floating production facility integrating a spar hull

ExxonMobil is running an unprecedented 60 rigs in the Permian, up from 20 rigs in 2017. In March 2019, **Exxon** revealed it was going to increase its Permian output to 1 mmbopd by 2024

Occidental Petroleum has started a solar facility to power an enhanced oil recovery operation in the Goldsmith field in Ector County, TX. **Oxy** said the 120-acre field is the first large-scale solar facility of its kind to directly power oil and gas operations in TX. And, through its **Oxy Low Carbon Ventures (OLCV)** subsidiary, **Oxy** announced it signed a long-term power purchase agreement for 109 Mw of solar energy beginning in 2021 for Permian operations

Roan Resources, which focuses on OK shale plays and a former part of **Linn Energy**, will be sold to **Citizen Energy**, for $1 billion, including the assumption of Roan's $780mm debt. Linn's other successors, **Riviera** and **Berry**, continue to operate

The TX Railroad Commission exceeded the goal set by the TX Legislature for plugging abandoned wells, plugging over 3,000 during the 2018-2019 biennium. The RRC said that of 130,000 inactive wells, 6,000 are considered abandoned, out of a statewide total of 438,000 oil and gas wells. For the FY 2018-19 biennium, the Legislature gave the commission $38.2mm to supplement $28.8mm for the cleanup fund. Since the well-plugging program began in 1984, 39,500 wells have been plugged

ConocoPhillips continues its North Slope work this winter with seven more exploration wells in the National Petroleum Reserve-Alaska, focused on the prospective Harpoon area SW of its existing NPR-A projects and better delineating its large Willow prospect. **COP** announced the Willow discovery could produce 130,000 bopd

Energy Transfer LP will acquire **SemGroup Corp** in a cash and stock deal worth $5 billion, including debt. **Energy Transfer** also announced plans to build the Ted Collins Pipeline, a 75-mile crude oil pipeline between the Houston Ship Channel and Nederland, TX to connect two of the largest crude oil terminals in the U.S. - **Energy Transfer's** Nederland terminal and the Houston Fuel Oil Terminal

Talos Energy struck two separate agreements with **BP** and **Exxon Mobil** tied to new exploration opportunities in the U.S. GOM. With **BP**, **Talos** will have 25% in the Puma West drilling prospect in GC Block 821; operator **BP** will have 75%. With **ExxonMobil**, **Talos** acquired 100% of the Hershey prospect on

RIG COUNTS

LOCATION	WEEK OF:							
	10.10.17	2.9.18	5.11.18	7.27.18	2.15.19	5.10.19	7.19.19	11.15.19
Gulf of Mexico	18	16	20	15	21	20	25	22
Canada	203	325	79	223	224	63	118	134
North America	1110	1300	1124	1271	1275	1051	1072	940
Oil	738	791	844	861	857	805	779	674
Gas	169	184	199	186	194	183	174	129
Directional	74	73	72	64	70	71	69	54
Horizontal	776	832	918	922	915	872	829	702
Vertical	57	70	55	62	66	45	56	50
Major State								
Alaska	6	5	8	6	12	9	10	8
Arkansas	0	0	1	1	0	0	0	0
California	14	14	15	15	11	15	17	15
Colorado	37	33	30	32	35	33	31	23
Louisiana	58	61	62	52	66	61	66	54
New Mexico	69	88	89	104	109	102	107	105
North Dakota	47	49	56	57	57	56	55	50
Oklahoma	123	118	138	137	119	105	95	52
Pennsylvania	31	37	39	39	44	43	37	24
Texas	442	479	523	524	509	485	454	408
West Virgiana	12	19	17	17	18	21	21	13
Wyoming	22	30	26	28	37	30	32	30

Source: Baker Hughes at www.bakerhughes.com

MORE INDUSTRY NEWS ↘

GC blocks 326, 327, 370 and 371; it may contain gross unrisked resources of 100 to 300 MMBoe

There were a record 15,943 wells producing in North Dakota in July and the state set a record for oil production at 1.44 mmbopd, up from the previous 1.42 mmbopd record in June. July gas production was 2.94 bcfd, up from 2.88 bcfd in June. 23% percent of all produced gas was flared

EOG Resources recently completed an Eagle Ford well using a new electric fracking technology powered by natural gas from **EOG's** own wells instead of costly diesel fuel. Called E-frac, it is being adopted by **EOG**, **Shell**, **Exxon Mobil**, and others because of its potential to lower costs, reduce air pollution and operate much quieter than conventional diesel-powered frac fleets. Estimates are the E-fracs could cut $350,000 from the cost of shale wells. Large established frac companies are not eager to embrace the technology because it could cost $30 billion to convert the industry's 500 frac fleets from diesel to electricity. **Evolution Well Services**, which supplied the equipment and crew for **EOG's** operation, is one of a handful of smaller oilfield firms pioneering the systems; they operate six E-frac fleets - mobile collections of high-pressure pumps powered by gas turbine generators - and plans to roll out a seventh next year. **U.S. Well Services**, another E-frac provider, has agreements with **Apache Corp** and **Shell**. Conventional pressure pumper **ProPetro Holding Corp** also announced plans to bring a handful of E-frac fleets to the market. A downside is that E-frac fleets can cost up to $60mm each because they rely on pricey gas turbines similar to those that run utilities to generate electricity, compared with $30mm for a diesel-motor powered fleet.

U.S. natural gas production set a new monthly record in August, averaging more than 91 Bcf/d for the first time. Forecasts are for dry natural gas production to average 93.4 Bcf/d from September through the end of 2019

Chinese-owned **Surge Energy** is preparing for nine horizontal drilling projects in West Texas on three leases near the towns of Vealmoore and Knott targeting the Spraberry down to 9,000 feet

Concho Resources will sell its New Mexico assets to an affiliate of **Spur Energy Partners** for $925mm, including 100,000 gross acres in N.M's shelf, and use the proceeds to pay down debt and initiate a share repurchase program

Construction is set to begin on the Permian Highway Pipeline. The $2 billion partnership between **Kinder Morgan**, **EagleClaw Midstream** and **Altus Midstream Processing LP** comprises 430 miles of 42-inch pipeline carrying up to 2.1 bcfd of natural gas from the Waha hub in Pecos County to the Gulf Coast where it can access other markets, including Mexico. Completion is expected in the fourth quarter of 2020. Part of the project's value is the additional takeaway capacity for the associated natural gas being produced alongside Permian crude. That additional capacity will reduce the need for flaring by capturing that gas and sending it through the pipeline for sale elsewhere. The new pipeline will directly generate about 2,500 local construction and 18 full-time jobs. **Kinder Morgan's** other major natural gas pipeline project, the Gulf Coast Express, is nearing completion and, when the Permian Highway project is completed in 2020, will have combined takeaway capacity of more than 4 bcfd

An auction of oil and gas leases in the U.S. GOM received $159.4mm in high bids. Of the 151 tracts that received bids, 117 were in water more than 2,625 ft deep. **Equinor** and **BP** bid on the most tracts, with 23 and 21 bids respectively. **BHP Group** submitted 20 bids, including the largest single amount for acreage on a parcel in Green Canyon. Most bids centered around existing infrastructure where oil companies could place relatively inexpensive tie-backs to drilling platforms are already in place

The number of active coal mines in the U.S. has fallen by more than half over the past decade to 671 mines in 2017 from 1,435 mines in 2008. 2018 domestic coal consumption fell to the lowest level since 1978. Coal's share of power generation is falling, too. In the first half of 2019, coal-fired plants generated about 21% of TX's electricity, compared to 22% from wind and 44% generated by natural gas

Companies completed 5,749 wells in Texas from January to July 2019 vs 6,514 in 2018. Permits to drill new wells in TX also declined this year, falling 14% to 7,166 in the first seven months of 2019 from 8,330 in 2019

Hydraulic fracturing in the Permian broke records in June, as there were as many as 18 wells fracked per day in June, a total of 550. The previous record was 520 wells in August 2018. Nationwide, 49 wells were fracked per day in June, for a total of 1,473

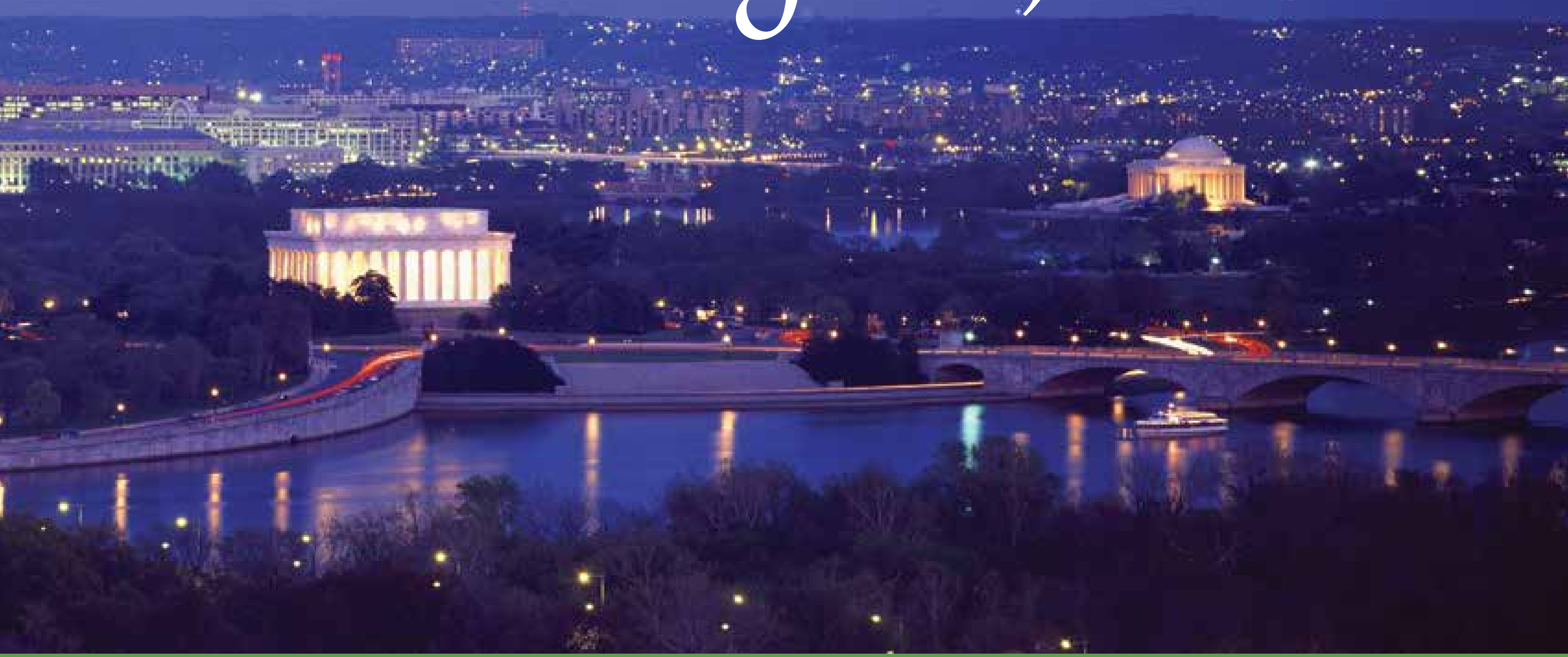
U.S. crude production soared 600,000 bopd in August to a record 12.4 million, buoyed by a 30% increase in GOM output, which rose to a record 2 mmbopd. Monthly natural gas production in the lower 48 U.S. rose to an all-time high of 104.2 bcfpd in August from the prior 101.6 bcfd record in July

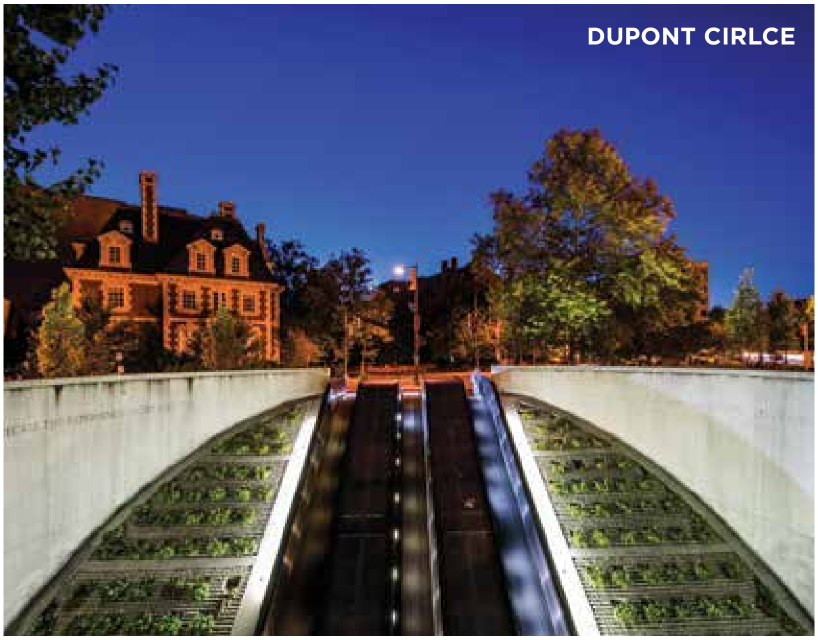
SAVE *the* DATE

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

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

Washington, DC



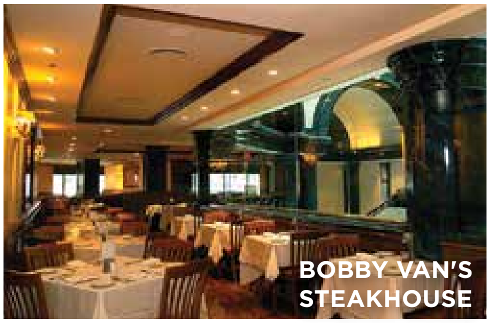

DUPONT CIRLCE

HOTEL GROUP RATE : $279 USD per night

Last Day to book is March 20, 2020

MEETING REGISTRATION RATES: $385 members/$285 guest

$100 late fee after March 1, 2020



TUESDAY LUNCH
The Lincoln
lincolnrestaurant-dc.com

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

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

TEDDY AND THE BULLY BAR


THE SPIRIT OF WASHINGTON CRUISE

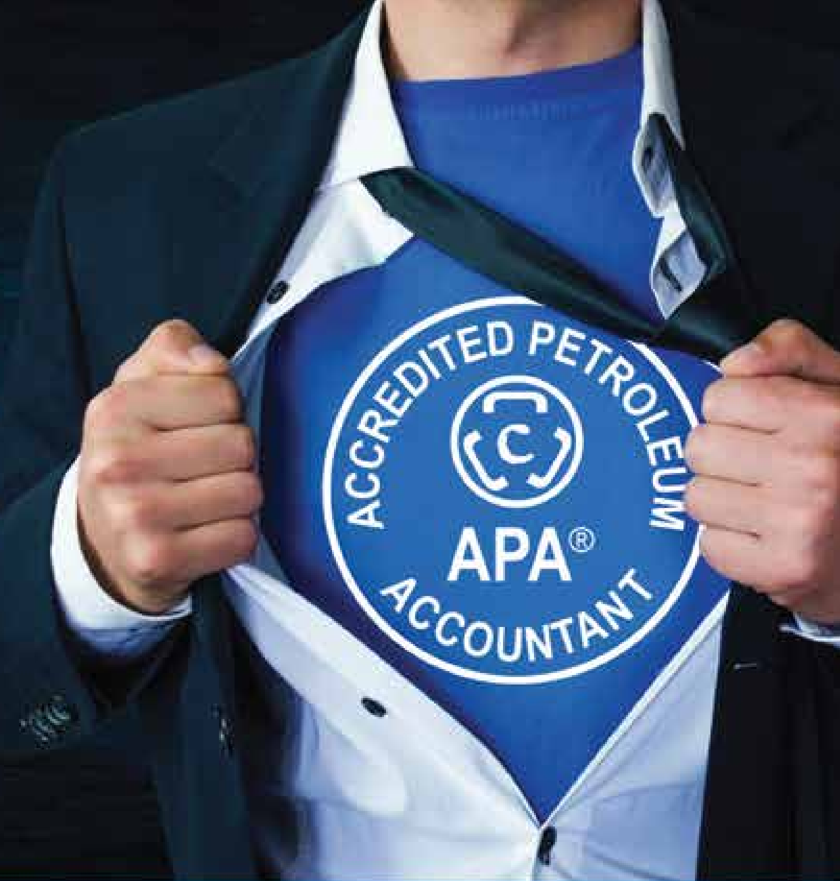

SEQUOIA

THURSDAY LUNCH
Teddy and The Bully Bar
teddyandthebullybar.com

THURSDAY BANQUET
The Spirit of Washington Cruise
spiritcruises.com/washington-dc

SAVE THE DAY WITH YOUR APA®

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



copas
Council of Petroleum Accountants Societies

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

GENERAL TEST INFORMATION

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

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

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

TESTING DATES

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

ABOUT THE CREDENTIAL

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

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

ELIGIBILITY

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

CANDIDATE HANDBOOK

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

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

ACCREDITED PETROLEUM APA® ACCOUNTANT

NEW TEST PREPARATION COMING!

After pilot testing review course options during recent test windows, we are moving ahead with a new review course. Though not yet in final form, the review course enhancements will continually evolve.

WHAT TO EXPECT

Initially, the new study material bundles will include retired exam questions. If you have the study materials offered in a previous bundle, the retired questions will be offered for an additional fee. As the review course moves forward, more content will be added and suggested COPAS Energy Education courses will be announced.

DISCLAIMERS

Through the pilot program, we learned that not every candidate with the retired test questions was successful, but the evidence points to more than casual success among participants. Every candidate in the pilot test indicated taking additional time to review the full study material was helpful. Please note that using test questions does not guarantee passing the APA® exam.

Contact the APA® Administrator for additional information.

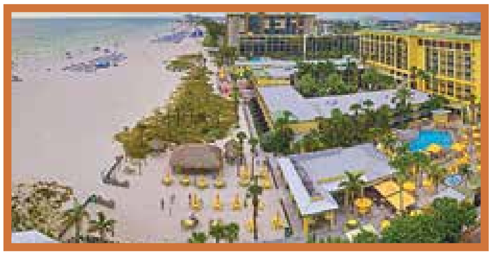
Sirata

ST. PETE BEACH

SAVE *the* DATE

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

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



AVAILABLE ACTIVITIES:

- Kayak Eco Tour
- Dolphin Tour
- Golf

THINGS TO DO:

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

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

St. Petersburg

Live Entertainment

WEDNESDAY & THURSDAY NIGHTS AT SIRATA BEACH RESORT

Beach Party

WEDNESDAY EVENING

Past President **Tribute**

Vice President Tammy Miller-Davison presents outgoing President, Wade Hopper, with a commemorative plaque.

"O Captain! My Captain!" And what a Captain you are. Wade, I've known and you for more than ten years, but it has only been the last several that I've truly come to appreciate how important you've been to both PASH and COPAS. Your efforts as President have been exemplary. You are a consistent and credible advocate for our industry, a firm but patient hand at the wheel of our organization and a willing and dedicated mentor to all members, both experienced and new. Thank you for your intelligence, your calm demeanor and your kindness, this year and every year. I know you've made me a better COPAS member. I'd be willing to wager that I'm not the only one. Dalin Error

Wade, you have been a great mentor! Your dedication to COPAS and education has been unsurpassed. With your leadership and guidance, we are seeing a turn in the APA® program and certifications, our education continues to advance, and our fiscal soundness has improved. Tammy Miller-Davison

Wade – it has been a pleasure working with you over the last 6 or 7 years as my own COPAS involvement has increased. You were always willing to help back in the Revenue Committee days when I was just getting established. Your commitment to COPAS and your desire to see COPAS grow and be successful has been great to see and experience first-hand. You have shown support for important projects and have been willing to ask the touch questions when needed. Most important, you struck a good balance and good tone on what to move forward and when to move it forward. You've also worked hard to assist new societies and new members. You will be missed. Trey Thee

Wade, Thank you for your steady leadership you continually displayed throughout this year. You took any challenge in stride and I for one was very impressed with your calm demeanor. I appreciate your support and have enjoyed working with you on the board the last six years. Job well done. Doug Smith

Wade, I really appreciate all of you have done for the Board this year. While not always the loudest voice in the room, your leadership and integrity spoke volumes to the rest of us. I really enjoyed getting to know you better and learn from your vast experience in COPAS. As a new Board member, I appreciate your patience and willingness help us understand what was expected and how to best accomplish our tasks from meeting to meeting. I really enjoyed our time together at the last meeting and having the opportunity to get to know you better. I hope you and your wife continue to enjoy your trips around the world! Craig Buck

Wade – Your leadership in COPAS and this year as president have been exceptional. Author Roy T Bennet must have observed your other-oriented actions when he wrote: "If you have a strong purpose in life, you don't have to be pushed. Your passion will drive you there" and "Always remember people who have helped you along the way, and don't forget to lift someone up." You generously share your knowledge with all those around you without being supercilious. OK that is enough niceness and big words. I have really enjoyed being a BOD with you these last several years. Thanks for all your time and hard work. Carolyn Sczepanski

Wade - thank you so much for your service to COPAS as President of the Board of Directors for 2019 as well as your years of service leading up to this year. You are always calm, positive, and keep us on task. I appreciate your leadership and patience with the Mississippi Society as we hosted the Spring 2019 meeting. I hope you enjoy your new-found free time. Kim Peyton

Wade - I appreciate your leadership and your calm approach to solving problems. Thank you for being a great mentor and for being willing to listen. Thank you for your service to COPAS and to the Board of Directors. Melissa Gruenewald

Wade – just as you get rolling along, it's time to transition leadership to the next board member. "Time flies when you're having fun." When I was president, I was daunted by those quarterly *ACCOUNTS* articles. "What should I talk about?" If that's been a challenge for you it wasn't apparent. You've always had great things to mention and have been quick to praise everyone who contributed. I've greatly appreciated our time together this past year and your willingness to take phone calls no matter how trivial. Thanks for all you've done. Tom Wierman

SAVE THE DATE

2020 WINTER MEETING | JANUARY 23, 2020

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

DOUBLETREE INTERCONTINENTAL AIRPORT HOTEL

15747 JOHN F KENNEDY DRIVE HOUSTON, TX 77032

REGISTRATION IS NOW OPEN!

Joint Interest & Audit Standing Committee Meeting

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

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

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

Council of Petroleum Accountants Societies

2020 ENERGY EDUCATION

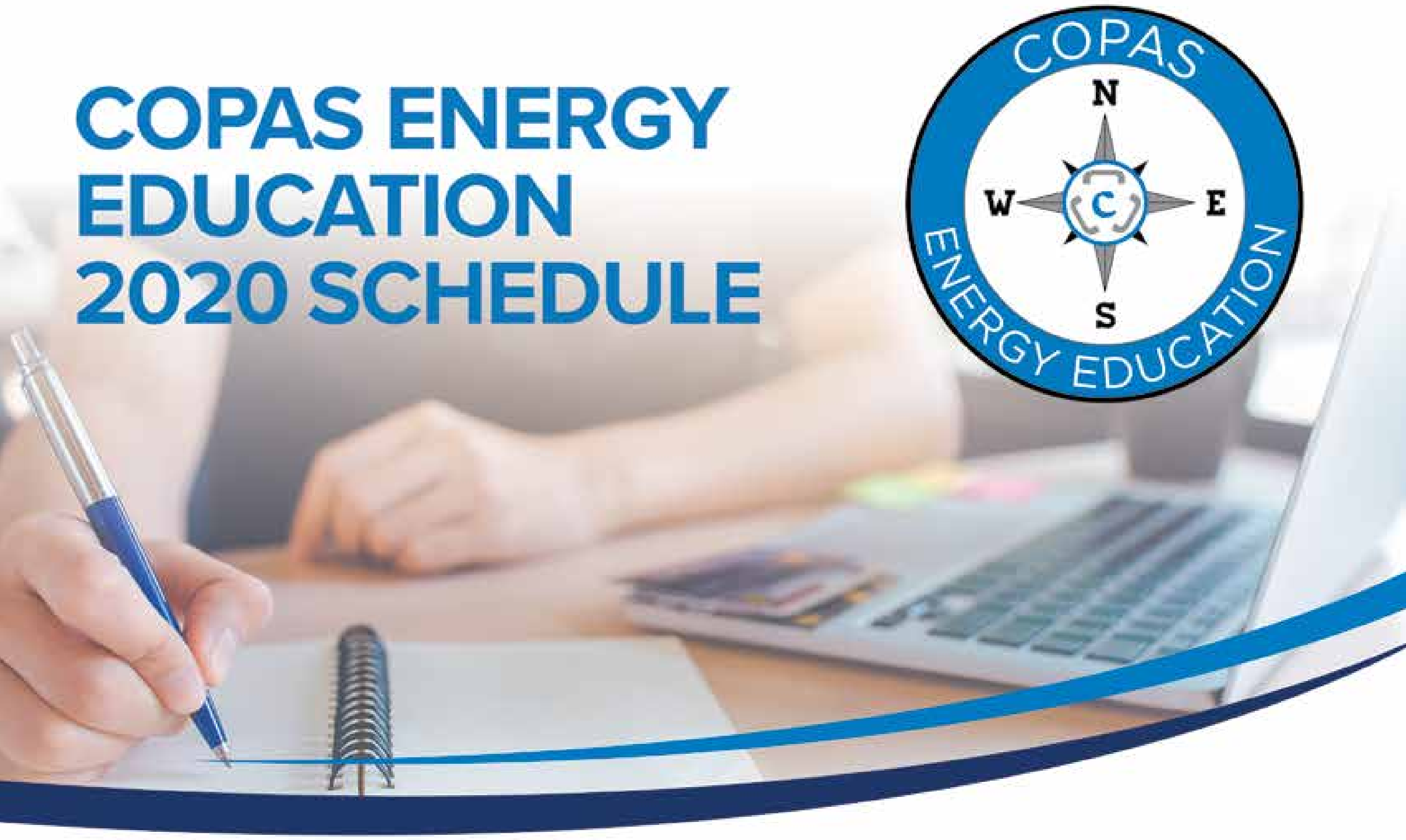
Registration for the COPAS Energy Education Webinar series, beginning in the first quarter of 2020, is now open at COPAS.org!

Take advantage of a new benefit of your COPAS Membership in 2020 with Membership Education Pricing. Your COPAS membership now earns you a 20% discount on the regular cost per credit hour on all COPAS webinars. Individual webinars are also now available to you for $40 per person, per CPE credit hour.

Interested in our open enrollment classroom courses?
Registration is open for classes offered in the first quarter of 2020. Please visit the CEE Store under the Education menu of COPAS.org to learn more about courses.

Stay Up-to-Date on Education Offerings
Subscribe to our CEE Education Bulletin by completing the "Get Updates" form on the CEE Store page. Then, look out for new webinar series offerings later in the year in Calculating Payout, Revenue Audit, Tax Considerations In Oil And Gas Transactions, and standalone APA® review topics.

COPAS ENERGY EDUCATION 2020 SCHEDULE



GAS BALANCING SERIES

Presented by Salomon Tristan

Deregulation to Imbalances & Imbalances (90 mins CPE: 1.5)	January 13	10AM CT
Nomination and Confirmation & Transporter Imbalances (90 mins CPE: 1.5)	February 10	10AM CT
Statements & Pipeline Flow (90 mins CPE: 1.5)	March 16	10AM CT
Exhibit E - JOA (75 mins CPE: 1.5)	April 13	10AM CT
Gas Balance Statement (60 mins CPE: 1)	May 11	10AM CT
Make Up Gas (60 mins CPE: 1)	June 15	10AM CT
Settlement & Imbalance Reporting (60 mins CPE: 1)	July 15	10AM CT

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

PRINCIPLES OF REVENUE ACCOUNTING (REVBC) SERIES

Presented by Salomon Tristan

Industry History and Value Chain (90 mins CPE: 1.5)	January 14	10AM CT
Oilfield Operations Production Accounting (100 mins CPE: 2)	February 11	10AM CT
Oil Lease Sales Accounting (90 mins CPE: 1.5)	March 17	10AM CT
Oil Off-Lease Sales Accounting (90 mins CPE: 1.5)	April 14	10AM CT
Gas Operations Production Accounting (80 mins CPE: 1.5)	May 12	12PM CT
Gas On and Off-lease Sales Accounting (120 mins CPE: 2.5)	June 16	10AM CT
Gas Plant Accounting I: Intro to Processed Gas (60 Mins CPE: 1)	July 14	10AM CT
Gas Plant Accounting II: Principles of Gas Plant Accounting (90 Mins CPE: 1.5)	August 11	10AM CT
Producer and Pipeline Imbalances (90 mins CPE: 1.5)	September 15	10AM CT
Production and Severance Taxes (60 Mins CPE: 1)	October 13	10AM CT
Private State and Federal Royalties (60 Mins CPE: 1)	November 17	10AM CT
Checkstub Processing (60 Mins CPE: 1)	December 8	10AM CT

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

Presented by Phil Fischer

Exploring and Securing Drilling Rights & Building the Location (90 mins CPE: 1.5)	January 14	12PM CT
Drilling the Well (90 mins CPE: 1.5)	February 11	12PM CT
Casing, Cementing, and Logging the Well (75 mins CPE: 1.5)	March 17	12PM CT
Completing the Well & Special Drilling Situations (90 mins CPE: 1.5)	April 14	12PM CT
Horizontal Drilling and Fracturing & Producing the Well (125 mins CPE: 2.5)	May 12	12PM CT

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

PRINCIPLES OF JOINT INTEREST ACCOUNTING (JIBC) SERIES

Presented by Phil Fischer and Jeff Wright

Overview of Joint Venture (90mins CPE: 1.5)	January 15	12PM CT
Agreements (60 mins CPE: 1)	February 12	12PM CT
Historical Perspective on COPAS Accounting Procedures (50 mins CPE: 1)	March 18	12PM CT
Dissecting a COPAS Accounting Procedure I (90 mins CPE: 1.5)	April 15	12PM CT
Dissecting a COPAS Accounting Procedure II (75 mins CPE: 1.5)	May 13	12PM CT
Direct vs Indirect Costs (90 mins CPE: 1.5)	June 12	12PM CT
Overhead (90 Mins CPE: 1.5)	July 15	12PM CT
Materials (90 Mins CPE: 1.5)	August 12	12PM CT
Special Joint Venture Adjustments (60 mins CPE: 1)	September 16	12PM CT
Allocations (60 Mins CPE: 1)	October 14	12PM CT
Joint Interest Billings (60 Mins CPE: 1)	November 18	12PM CT
Accounting for Joint Venture Costs (50 Mins CPE: 1)	December 9	12PM CT

COPAS ENERGY EDUCATION

UNDERSTANDING LANDMAN (ULM) SERIES
Presented by Salomon Tristan

Landman, Surveys, and Leases (90 mins CPE: 1.5)	January 16	10AM CT
Land Departments and Division Orders (75 mins CPE: 1.5)	February 13	10AM CT
Royalties & Interests I (90 mins CPE: 1.5)	March 19	10AM CT
Royalties & Interests II (90 mins CPE: 1.5)	April 16	10AM CT
Landman and the Law (60 mins CPE:1)	May 14	10AM CT

KNOWING YOUR COPAS DOCUMENTS (KYCD) SERIES
Presented by Roger Gann

Directly Chargeable or Covered by Overhead (90 mins CPE: 1.5)	January 16	9AM CT
Make Sure You Read the JOA and the Accounting Procedure (80 mins CPE: 1.5)	February 13	9AM CT
The Auditor's Toolkit (75 mins CPE: 1.5)	March 19	9AM CT
An Overhead Primer (60 mins CPE: 1)	April 16	9AM CT
Revenue Audit Protocols and Practice (60 mins CPE: 1)	May 14	9AM CT
How Do I Allocate That? (60 mins CPE: 1)	June 28	9AM CT
COPAS 2005 and its Embedded Interpretations (60 mins CPE: 1)	July 9	9AM CT
Expense Audit Protocols and Practice (60 mins CPE: 1)	August 13	9AM CT
Building Joint Account Payroll Charges (60 mins CPE: 1)	September 17	9AM CT
Building Joint Account Overhead Charges (80 mins CPE: 1.5)	October 15	9AM CT
Help Me Process These Invoices (60 Mins CPE: 1)	November 19	9AM CT
COPAS Economic Factors - Behind the Numbers (60 Mins CPE: 1)	December 10	9AM CT

JOINT INTEREST AUDIT (JIA) SERIES
Presented by Dalin Error

Audit Rights (60 mins CPE: 1)	February 3	10AM CT
Audit Preparation (125 mins CPE: 2.5)	March 2	10AM CT
COPAS Publication References on the Audit Trail (60 mins CPE: 1)	April 13	10AM CT
Auditing Tools and Tips of the Trade (90 mins CPE: 1.5)	May 11	10AM CT
Practical Side of Reconciliations (125 mins CPE: 2.5)	June 15	10AM CT

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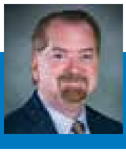
Introduction to the Petroleum Industry Series
August - December 2020
Presented by Jeff Wright

Introduction to Oil and Gas Marketing & Sales (OGM) Series
August - December 2020
Presented by Salomon Tristan

COMMITTEE NEWS



AUDIT STANDING COMMITTEE

JEFF WRIGHT,
CHAIR

The Audit Committee met in a combined meeting with Joint Interest on Thursday, September 19, 2019. One hundred twenty attendees from 67 different companies/entities representing nine societies were present. Sixty-five designated as Audit Committee attendees and 55 designated as Joint Interest Committee attendees.

The committee spent the morning hearing presentations from the drafting teams of both MFI-XX-RTC and 20XX-Accounting Procedure project teams. Items needing further review were identified and listed to be discussed more in-depth during the afternoon breakout sessions.

Minutes of the Spring and the Summer meetings were approved when the committee met separately. This led to a discussion about the need for a quorum for voting items. Currently The bylaws of the Audit committee do not require a quorum. With the highly impactful documents about to be up for vote, the committee is considering amending the quorum requirement.

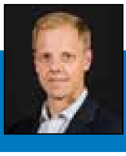
During the discussion of the MFI-XX-RTC draft 2 a concern was raised surrounding the current verbiage in the MFI in what does and does not constitute as a 'joint property', may contradict the existing verbiage in the PTAP (Accounting Procedure 1998). Another item of concern was the definition for first level supervision. It was suggested there needed to be language that builds a bridge between the new document and the existing ones to get to the interpretation of supervision we want.

An interesting development came from the MFI-XX-RTC discussions. It was determined that we could benefit from having individuals from the field, who are supervisors in existing RTCs, participate in a panel discussion during our Winter meeting. If you have any comments or suggestions, please contact Lucas Vaughn at LVaughn@matadorresources.com or Todd Smith at Todd_Smith@oxy.com.

The committee moved to the 20XX-Accounting Procedures with the time remaining. Surface Land (ROW) functions were the primary focus of the conversation. There is an increase of time spent by a Landman directly on wells and units. The concern is, could a Landman's time that was spent directly on a joint property, be directly billable. If so, how should it be accounted for, what will be the required documentation for audit purposes.

The committee is dedicated to working through these documents to help develop viable guidance that can be used by all parts of our industry including midstream. To continue to work on these documents we will keep with the theme of the winter meeting being a working session with possible panel speakers to give us the opportunity to dig deep into what specific field positions do.

Again, thank you to all who could attend this meeting. We look forward to seeing you on January 24, in Houston, Texas at the Doubletree Hotel Houston Intercontinental Airport. Registration is required.



EMERGING ISSUES SUBCOMMITTEE

LUCAS VAUGHN
CHAIR

The COPAS Emerging Issues sub-committee met on Wednesday, September 18 . There were 137 attendees from 18 societies representing 76 companies in attendance. The meeting consisted of our usual rousing discussion of varied and COPAS member-submitted case studies.

Kevin Launchbaugh was recognized for his long-standing service as chair of the Emerging Issues sub-committee for 4 years. We also thank Kevin for his service and hope he continues to attend and provide his thoughtful commentary.

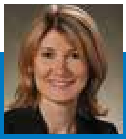
As always, we are soliciting new cases or even questions from COPAS members. The richness of discussion in EI is a direct function of the fact it is driven by real-world questions. Send your case studies and/or questions to EI@copas.org.

Case topics for this meeting ranged from Central Tank Battery Chargeability, Third-Party Provided Transportation Management Services, Water Facilities, Offset Frac Costs or Offset Remediation Work, and Seismic Costs in an RTC. The sixth case, Incidental Supplies, was postponed for a future meeting.

The EI Subcommittee has recommended to the Joint Interest Committee they investigate Zonal Isolation Costs, such as those required in Colorado, and see if there should be a document providing guidance on the same.

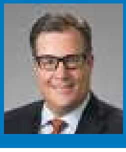
LUCAS VAUGHN LEADS THE EMERGING ISSUES SUBCOMMITTEE DISCUSSION.

COMMITTEE NEWS



FINANCIAL REPORTING STANDING COMMITTEE

LARISA FIALKOVA,
CO- CHAIR



KEN NOLLSCH,
CO- CHAIR

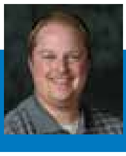
The Financial Reporting Committee would like to express their gratitude to PASO-Tulsa for hosting a successful COPAS Fall 2019 conference. It was a perfect mix of topics, people and social gatherings.

Financial Reporting held a joint meeting with the Small Oil & Gas Committee on Thursday, September 19 at 1:00 p.m. There were 18 members from 14 companies and 9 societies in attendance.

Board liaisons, Craig Buck and Kim Peyton provided an update on the Board of Directors meeting. The committees held a discussion about a greater outreach to COPAS members to communicate upcoming events and developments. Financial Reporting Committee will run an update to their survey conducted a year ago on topics of interest for future meetings.

Gregory Knight, BKD, presented on Optics, Data Analytics and Contribution Margin. David Loucks, Opportune, presented an update on the new leasing standard and asset retirement obligation. Three hours of CPE were awarded. Financial Reporting Committee is planning to have three webcasts during 2019- 2020 but will not hold a live meeting at the Spring Meeting. Webcast topics and dates will be announced soon.

CAROLYN SCZEPANSKI, BOARD LIAISON, PRESENTS KEVIN LAUNCHBAUGH AN AWARD FOR HIS SERVICE TO THE EMERGING ISSUE SUBCOMMITTEE.



JOINT INTEREST STANDING COMMITTEE

JONATHAN BEENE,
CHAIR

There were 120 attendees from 62 companies/entities representing 15 societies. Of the attendees, sixty-five (65) represented the Audit Standing Committee and fifty-five (55) represented the Joint Interest Standing Committee. The number of "First Timers" was encouraging and we hope to see them again at the Spring Meeting.

Jeff Wright and Jonathon Beene, Audit Standing Committee Chair and JI Standing Committee Chair respectively, opened the meeting by welcoming all the attendees. Doug Smith provided an explanation of the CEPS Control Panel and the typical activity of the team throughout the year. Karla Bower presented the AAPL liaison report informing the group of the continued activity within the American Association of Petroleum Landmen organization. As the Emerging Issues Committee started their summary of the previous day's committee meeting, Carolyn Sczepanski awarded Kevin Launchbaugh a plaque in recognition to his many years as Chair of the Emerging Issues Sub-committee. The current Sub-Committee Chair, Lucas Vaughn, furnished a summary of the committee meeting cases regarding Central Tank Battery Chargeability, Third-Party Provided Transportation Management Services, Water Facilities, Offset Frac Costs or Offset Remediation Work, and Seismic costs in an RTC. The EI Committee recommended the JI Sub-Committee research zonal isolation costs. We then heard from Tammy Miller-Davis who gave the Board of Director's Report.

The drafting team for the MFI-XX-RTC, presented by Deb Retzloff, discussed the survey results previously sent to COPAS members and societies. The survey helped the team decide the direction the MFI should take; however, there were a few areas the team needed additional guidance from the Audit and JI Committees before proceeding. The areas included: First Level Supervisor chargeability; Technical Labor as "cost of operation"; Unused capacity language; RTC can qualify as Joint Property under COPAS 1998 (PTAP); and Excess Recovery.

A straw poll was taken requesting a Yes or No on the question of whether the RTC can qualify as Joint Property under COPAS 1998 (PTAP). Seventy-four (74) attendees responded "YES", eighteen (18) attendees responded "NO", and seven (7) attendees responded "UNDECIDED".

The project team is currently completing draft three of the document

The 20XX-Accounting Procedure drafting team update was presented by Karla Bower with a reminder the survey sent was intended for societies only. Comments on Draft 2 were due December 1.

PRESIDENT WADE HOPPER ACKNOWLEDGES JONATHON BEENE FOR HIS THREE YEARS OF SERVICE AS JOINT INTEREST COMMITTEE CHAIR.

After a break the JI and Audit Committee's broke into their respective groups. The JI Standing Committee voted and passed by acclamation the recommended Employee Benefit Limitation Percentage to remain unchanged at 35%, effective January 1, 2020.

Revisiting the Publication Review Initiative that started in 2016, Jonathon Beene gathered a project team to update the Model Form Interpretation 40 – 24-Month Adjustment Period for Joint Account Adjustments. Additional documents brought the Chair's attention to review for needed updates or retirement from publication were the Model Form 2 – Gas Plant Model Form Accounting Procedure, Model Form 4 – 1995 Model Form Accounting Procedure, and the Model Form 5 – 1998 Model Form Accounting Procedure.

The JI Chair will obtain guidance from the Council on the steps required to retire older documents then send information to the Societies and the Revenue Committee Chair to request input on retirement or rewriting. Feedback will be presented at the Spring 2020 meeting.

As discussed in prior Committee Meetings, the opportunity for each sub-committee to discuss the drafting documents separately continued with our Fall Meeting. Karla Bower took questions from the JI Committee regarding the Model Form APXX then discussed the topics of guidance requested from the societies. Those topics included: Audit Forfeiture provision in the AP, Surface Landman category, Other Expenditures section, Off-site/On-site elections, and the new category "Environmental Overhead".

After lunch the JI Committee reconvened and started with Colorado State's newly adopted regulations and overhead not covering costs as in previous years.

Mike Cougevan summarized the Audit Committee discussions regarding the PTAP question from the MFI-XX Remote Technology Centers update. Mike stated the majority of the Audit Committee agreed a Remote Technology Center as it is today does not qualify as "on the Joint Property" as current RTCs do not "control" the operations. The RTC is chargeable under the Operator Owned Equipment section of the Accounting Procedure. After additional discussion among the JI Committee a couple of straw polls were taken. The first straw poll asked was guidance on if the RTC was a remote facility on the joint property. Ten (10) attendees voted "YES", thirteen (13) attendees voted "NO", and seven (7) attendees were "Undecided". Thirty-five (35) people were in attendance; therefore, thirty (30) attendees voted. Straw poll 2 was taken to determine if the RTC was chargeable under Remote Property or Operator Owned Equipment. There were no votes for Remote Property, twenty-three (23) votes for Operator Owned Equipment, and eight (8) undecided votes. Thirty-one (31) of the attendees voted. This gave the drafting team much needed guidance.

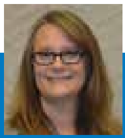
Jonathon Beene discussed the Emerging Issues Sub-Committee recommendation about which operator is responsible for zonal isolation expenditures protecting the surrounding producing wells when new wells are being fracked. Most attendees wanted to explore the issue with a task force to research and give recommendations to the JI Committee at a future meeting.

Jonathon concluded his three-year term as Joint Interest Standing Committee chair. His contribution to COPAS began long before his term as Joint Interest Chair; but his guidance to the Committee's Vice-Chair and Secretary will help ensure a smooth transition into the next term.

Much was accomplished at our Fall Meeting and we look forward to seeing everyone in Washington D.C. for the Spring 2020 Meeting.

TODD SMITH, EMERGING ISSUES VICE CHAIR, ADDRESSES A QUESTION.

MORRIS MILLER PRESENTS TO THE REVENUE COMMITTEE.



REVENUE COMMITTEE

REBECCA PARIS, CHAIR

The Petroleum Accountants Society of Oklahoma-Tulsa was honored to celebrate its 90th anniversary by hosting the 2019 Fall COPAS Meeting in Tulsa. With outings to the beautiful Forest Ridge Golf Course for the customary tournament, Woolaroc (Frank Phillips' ranch and retreat now a museum and wildlife preserve), and Pinot's Palette for wine, chocolate, and painting, we hope attendees got to see at least a little bit of what our fine city has to offer.

This Revenue Committee meeting focused more on training from a few of the subject matter experts within our committee: Morris Miller, Dan Hodgson, and Nate Wolf. Morris led a discussion of Percentage of Proceeds Contracts and how to best account for revenues in Federal royalty reporting. Dan gave three separate presentations, the first on the value of becoming an Accredited Petroleum Accountant® both to your employer and on your resume. He also walked us through the path of a gas molecule and later the use of GPA standards, among other items in valuing the component parts of the plant settlement statement. Finally, Nate gave us some pointers on how to research severance tax questions on our own.

In addition to our very talented and knowledgeable committee members, we also learned about energy hedging from Professor Tom Seng, Director of the Masters of Energy Business program at the University of Tulsa, the state of oil and gas revenues in Oklahoma from Zack Lee, Vice President of the of Government & Legal Affairs with the Petroleum Alliance of Oklahoma, the United States economic outlook from Chad Wilkerson, Branch Executive of the Kansas City Federal Reserve, Oklahoma City Office, and the use of artificial intelligence in both revenue recovery and land data cleanup by Tom Agnew, founder of Lease Analytics, and Eduardo Blanco, Assistant Professor in the Department of Computer Science and Engineering at the University of North Texas. Finally, Kimberly Jackson and Peter Christnacht endeavored to bring clarity to the process surrounding prior period adjustments for all Federal oil and gas royalties after the repeal of the 2016 Valuation Rule was vacated earlier this year.

We wrapped up our meeting with 9.5 hours of CPE for our attendees, and a better grasp on the interesting topics discussed. The Spring 2020 COPAS Meeting is in our nation's capital where we will continue to provide training opportunities, as well as interesting topics affecting a wide range of our committee members. We hope to see you there!

DAN HODGSON APA®, MEMBER OF THE BOARD OF EXAMINERS (LEFT), PRESENTS APA® CERTIFICATES TO CECIL SPRAGUE, PATRICIA ELLINGTON, AND JASON POTEET. AT FAR RIGHT IS VANESSA GALINDO, APA® ADMINISTRATOR.

SMALL OIL AND GAS COMPANIES COMMITTEE

NANCY BROWN, CHAIR

The Small Oil and Gas Committee met on September 19, 2019. The meeting was a combined meeting with the Financial Accounting Committee.

Our first speaker was Gregory Knight with BKD, who presented on Optics and Data Analytics. The second speaker was Reid Brooks who spoke about Leasing Standards. Our third speaker got stuck in transit by flooding in Houston, so Reid was available to fill in and do a second presentation on AROs. We offered 3 hours of CPE credits.

Our next meeting will be in Washington, DC on April 23, 2020. We will post the agenda as soon as it is available. We hope to see everyone in DC.

BOARD OF EXAMINERS

CHARLENE LUTKENHAUS WONG, CHAIR

With the increased interest being evident by the number of candidates taking the November and March exams, you may have questions about this important designation. The handbook found on the COPAS website will answer many of the questions you may have about the Accredited Petroleum Accountant® - APA® certification.

The APA® Examination is offered during five testing windows each year in the months of March, May, July, September and November. Applications for each testing window will be posted on the COPAS website – the March 2020 exam will open for registration on December 2, 2019 and close on January 15, 2020.

You may have heard about an exam one day half price offer, which was well received. However, the regular exam fee is currently in effect for new registrants of the March 2020 exam - $425. Also, of note, the practice exam is no longer being offered.

We would like to again congratulate the new APA®s for 2019:
Shannon Coffel, Heber Cruz, Patricia Ellington, Mindi Friese, Adam Harper, Claudia Jones, Jason Poteet, Samuel Radke, Catherine Sartain, Rikki Schoonover, Korina Sparks, Cecil Sprauge III, Kraig Stutes, and Shaler Tate.

This list does not include the November 2019 candidates, so we look forward to recognizing the newest APA®s to be reported in the next *ACCOUNTS*. Give them a well-deserved handshake for an accomplishment of this stature!

LEGISLATIVE & REGULATIVE

Update | 2019

MIKE FOSTER

MikeFoster@copas.org

NATE WOLF

NateWolf@copas.org

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

States Still in Legislative Session

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

Limitations of Onshore and Offshore Drilling

Some states considered but did not pass legislation to limit, restrict or further regulate onshore and Outer Continental Shelf (OCS) drilling including Connecticut (HB6012, SB588), South Carolina (SB296), and Virginia (SB1573). New York passed A2572 to limit any new leases, conveyances, lease renewals or lease for the development and production of oil or natural gas upon lands owned by the State in the marine and coastal district. Maine passed LD955 to prohibit offshore oil and natural gas drilling and exploration, development or production in, on or under the submerged and intertidal lands owned by the State. Massachusetts (H2852, SD2204) continues to consider legislation to preclude oil and gas development off their coast and California (AB342) continues to consider restrictions on new oil and gas leasing on public lands. Additionally, there are several Bills currently active in the U.S. Congress to limit oil and gas exploration, development and production in a number of states and areas including the OSC of the Mid-Atlantic Planning Area (HR337), the

OCS of the coast of New England (S1296), the OCS of the North Atlantic and the Straits of Florida (HR 3829), California and the West Coast (HR310,S1318,HR279) and the Arctic Ocean (HR279, HR309). On October 4, the Interior Department opened 720,000 acres in California to potential drilling. The acreage is between the Bay Area and Fresno. The move gives an immediate go-ahead to 14 drilling leases in San Benito, Monterey and Fresno counties, mostly projects near existing drill sites. This is the first expansion of drilling rights in this area since approximately 2013.

Hydraulic Fracturing Restrictions and Prohibitions

Hydraulic Fracturing (HF) has been the subject of much legislative scrutiny this year at both the state and federal level. Connecticut passed SB753 to place a permanent ban on this practice. This Bill was signed by their Governor on July 8 and will become Public Act 19-112. Oregon also passed HB2623 to place a moratorium until January 2, 2030 on the use of HF for oil and gas exploration and production. Massachusetts continues to consider six Bills to either restrict or further regulate HF (S456, S455, S522, H785, H789, H851). Michigan is proposing HB4474 which would require a public hearing as a part of authorizing HF. Pennsylvania is considering HB679 that will require a tracer fluid to be injected in the fracking substance. Additionally, Sen. Daylin Leach is circulating a memo seeking cosponsors for legislation creating a constitutional amendment banning hydraulic fracturing in Pennsylvania. The U.S. Congress is proposing HR484 to amend the Mineral Leasing Act to provide that the Secretary of the Interior, acting through the Director of the Bureau of Land Management, shall regulate HF operations on Federal lands under the administration of the Secretary. Congress is also considering the Fracking Disclosure and Safety Act (HR436). This act states that the Secretary of the Interior, acting through the Bureau of Land Management, shall issue regulations governing the use of HF under oil and gas leases for Federal lands. Under this act the designated operator of the oil and gas lease will be required to conduct baseline water testing prior to commencing HF operations and to fully disclose to the public the chemicals used for HF under such lease on an appropriate internet website. The following States considered but failed to pass legislation pertaining to HF: Arizona, Florida, Illinois (5 Bills), North Carolina, New Mexico, New York (7 Bills).

Well Setback Requirements

California and Michigan are still considering legislation to implement or to modify well setback requirements from residences and other public locations. California AB345 would require a 2,500 ft. setback from residences, schools, child-care facilities and playgrounds. Michigan HB4317/HB4318 would increase spacing from 450 feet to 2,000 feet from residential buildings but only in counties with a population greater than 750,000. Texas considered, but did not pass, SB1156 to increase spacing to 1,500 feet from a school or child-care facility. The Colorado Oil and Gas Conservation Commission in a unanimous vote on December 18, 2018, changed their rules effective January 20 to increase the setbacks for oil and natural gas wells to at least 1,000 feet from school facilities including playgrounds and other outdoor areas under school use. The new rule replaced the old requirements of a 1,000-foot setback from only the school building itself. The U.S. House is also considering HB1333 to set spacing of federal wells at 1,500 feet from homes, schools, businesses, or other buildings.

GET PLUGGED IN

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

Alaska

On August 16 a citizen's initiative was filed with the Alaska Division of Elections to substantially increase the oil and gas severance tax in Alaska. At most prices it will be higher than the old ACES tax regime.

The new provisions shown below only apply to fields/units that produce more than 40 MBD and have more than 400MMBL of cumulative oil production, which today would only apply to Prudhoe Bay, Kuparuk and Colville River Units; all smaller fields/units and new fields/units pay under current law until they hit the 40/400 threshold.

(a)A new minimum tax of 10% of GVPP (wellhead value) if ANSWC is less than $50/bbl, plus an additional 1% of GVPP for each $5.00/bbl ANSWC equal to or above $50/bbl; capped at 15% total at $70/bbl ANSWC. No credits, allowances, or deductions could be used to reduce the tax below this minimum level.

(b)The per barrel tax credits in AS 43.55.024(i) and (j) cannot be used in either the net or minimum tax calculations.

(c)The 35% of PTV (wellhead value less lease expenditures) in existing law stays plus an additional tax of 15% of PTV for the increment of PTV higher than $50.

(d)Full ring fencing of fields/units for lease expenditures and carry forwards

(e)All tax filings and underlying information will be public record.

On October 15, the Lieutenant Governor certified the initiative language and within 7 to 10 days the sponsors will receive petition signature booklets. The sponsors will have approximately 13 weeks to gather 28,500 signatures in order to place the initiative on the 2020 ballot.

BLM

Security and Measurement Rules

As part of President Trump's goal to reduce the burden of federal regulations that hinder economic growth and energy development, the Bureau of Land Management revoked, suspended or rewrote several rules enacted or proposed by the Obama administration. These new rules are now codified as CFR 3170 (Onshore O&G Production, General), CFR 3173 (Site Security), CFR 3174 (Oil Measurement) and CFR 3175 (Gas Measurement).

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

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

In a presentation to Industry in September 2019, the BLM announced that they were in the process of re-writing portions of 43 CFR 3170, 3173, 3174, and 3175. The revisions are intended to clarify requirements to address implementation challenges, reduce burdens to industry, update and modify references to industry standards, and standardize section numbering across all subparts of the Rules. The BLM and the PMT anticipate a public outreach during the comment period for the proposed revisions. The three-year phased timeline for implementing the new rules and for applying for FMPs should be revised in conjunction with the rule revisions. Industry should closely monitor future BLM publications and notices to understand rule revisions and implementation timelines.

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

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

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

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

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

BLM Headquarters to move to Grand Junction, Colorado

On July 16 the U.S. Department of the Interior's (DOI) Bureau of Land Management (BLM) announced to U.S. Senators its plans to move its headquarters to Grand Junction, CO, from its current base in Washington, DC. The move should bring the bureau's operations closer to the public lands they manage.

California

California opened its Legislative session December 3, 2018 and closed September 13. **SB246** was introduced February 11 and failed sine die. This Bill proposed an oil and gas severance tax on any operator for the privilege of severing oil or gas from the earth or water at the rate of 10% of the average price per barrel of California oil or 10% of the average price per unit of gas.

Colorado

Colorado opened its Legislative session January 9 and concluded May 3. Colorado's **Initiative #22** failed. It aimed to increase severance taxes in Colorado by $703,900,000 annually through an increase in the severance tax rate by 5% and the removal of the ad valorem tax credit. **SB181** "Protect Public Welfare Oil and Gas Operations (aka Omnibus Oil and Gas Bill)" has passed and was signed by the Governor on April 16. The key provisions of this Bill include: clarifying that the mission of the Colorado Oil and Gas Conservation Commission(COGCC) is to regulate oil and gas activities not to foster the development of oil and gas; give local governments the power to regulate oil and gas operations and clarify that local governments can go beyond state regulations; strengthen protections for wildlife; direct air quality experts to adopt common sense rules to reduce harmful emissions including methane; fix and prevent abandoned orphan wells; protect property owners from forced pooling by increasing the threshold required to "force pool" mineral owners. On May 25, the Town of Erie voted to extend their temporary moratorium on oil and gas development through January 2020. In justifying their vote, the Board of Trustees pointed to the need to review the new authority provided to them under SB181. Also, on July 16, the Boulder County commissioners unanimously voted to extend a moratorium on processing or approving new oil and gas drilling applications until county rules are revamped with strengthened protections. The moratorium will be in effect until March 2020. Meanwhile, Boulder County staff will work to update county land use codes to further regulate the drilling industry by taking advantage of SB181. On September 2, Adams County commissioners voted to enact stricter oil and natural gas drilling rules than what the State mandates, including a requirement to drill at least 1,000 feet from residential areas, to use cleaner and quieter electric drilling rigs and to require producers provide three alternative locations for proposed wells. Because of these new rules, Adams County on September 17 lifted their moratorium on oil and gas development previously passed on March 20. On September 4, Weld County and the COGCC signed a memorandum of understanding which gives the State 60 days to process a permit in Weld County. Weld County also created a separate energy department to handle oil and gas development permitting. On September 20, the City of Louisville adopted an emergency ordinance imposing a six-month moratorium as soon as any company files a permit to drill within their city limits.

On July 31, the COGCC authorized tougher regulations to allow drilling companies to request forced pooling only when 45% of mineral owners have consented and if the lease offers were made in good faith.

Indiana

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

Lousiana

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

Massachusetts

Massachusetts has three Bills pending relative to natural gas compression. **SD1236/S1997** 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 as determined by the secretary of environmental affairs; (vii) a waterway...; or (viii) an area occupied by residential housing. **HD2640/H2907** Requires legislative approval of natural gas compressor stations and states that the general court shall have the power to oversee and approve the sighting and licensing of any natural gas compressor stations within the Commonwealth. Agencies responsible for issuing permits for the construction of natural gas compressor stations shall not do so unless these permits are approved and enacted by a two-thirds vote of each branch of the general court.

Montana

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

New Mexico

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

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

North Dakota

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

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

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

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

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

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

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

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

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

The North Dakota Industrial Commission (NDIC) published on December 4, 2017 **new owner payment rules**. The rule changes pertaining to royalty reporting went into effect July 1. The royalty reporting changes can be summarized into two major categories: Check Stub Detail and Ownership Interest Information Statement. Check Stub Detail: Whenever payment is made for oil or gas production to an interest owner, whether pursuant to a division order, lease, servitude, or other agreement, twelve prescribed pieces of information must be included on the check stub or on an attachment to the form of payment, unless the information is otherwise provided on a regular monthly basis.

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

The NDPC solicited comments from Industry on September 25 in anticipation of additional modifications to their owner payment rules. It appears most of the changes to the Check Stub Detail are in alignment with final industry instructions as of July 2019. The proposed changes to the Owner Interest Information Statement, however, could require additional reporting upon each change in the decimal interest of a mineral owner.

OFFICE OF NATURAL RESOURCES REVENUE (ONRR)

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

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

API Refiles Lawsuit Challenging 2016 ONRR Valuation Rule: On June 13 the American Petroleum Institute refiled its lawsuit in the federal district court for Wyoming (19-CV-121-5) challenging the 2016 ONRR Valuation Rule. The lawsuit claims that the 2016 Rule upends a longstanding valuation system and replaces it with widespread uncertainty and unconstrained agency "discretion,". API requests that the Court declare the 2016 Rule to be unlawful and to vacate the Rule. The Wyoming District Court has consolidated the API appeal of the 2016 Valuation Rule with similar appeals made by the following petitioners: Basin Electric Power Cooperative, Tri-State Generation and Transmission Association Inc., Western Fuels-Wyoming Inc., Cloud Peak Energy Inc., National Mining Association, and Wyoming Mining Association. The consolidated suit will be known as Cloud Peak Energy Inc et al v. United States Department of Interior et al, Case 2:19-cv-00120.

Civil Penalties: On August 6, 2018 the District Court for the District of Wyoming ruled in favor of the government in API v. United States Department of Interior, Case 17-CV-083-F. The API had sought review under the Administrative Procedure Act the ONRR's August 2016 amendment to its civil penalty regulations. The API claimed that the amendment allowed the ONRR to assess the harshest penalty provisions on most, if not all, paperwork errors committed by federal and Indian mineral payors in contrast to the intent of Congress per the Federal Oil and Gas Management Act (FOGRMA) of 1982. On February 15, the API filed an appeal to the August 6, 2018 decision. Background information regarding ONRR Penalties: The maximum daily penalties from FOGRMA of $500, $5,000, $10,000, and $25,000 for the four tiers in §§ 1719(a)-(d) respectively were increased on February 15 to $1,251, $12,519, $25,037 and $62,595. See ONRR Civil Penalties website, available at https://www.onrr.gov/compliance/civil-penalties.htm

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

HR4364 – the Taxpayer Fairness for Resource Development Act of 2019. This act was introduced on September 27 by Utah congressman McAdams and Congressman Rooney of Florida. The bill proposes several significant changes to The Mineral Leasing Act, the Outer Continental Shelf Lands Act, and the Federal Oil and Gas Royalty Management Act of 1982. These changes include, increasing federal royalty rates from 12.5% to 18.75% (onshore) and 16.67% to 25% (offshore), creating a process to periodically adjust royalty rates to match the production-weighted average of State royalty rates, requiring royalties be paid on volumes produced vs. saved and sold which includes royalties on gas consumed and flared on-lease, increasing civil penalty rates, increasing lease rental rates, increasing knowing and willful penalties, repealing royalty relief for Gulf of Mexico, Offshore Alaska, and the Naval Petroleum Reserve in Alaska. The bill also changes the process for adjusting and for obtaining refunds of previously paid royalties and changes the statute of limitation period for adjustments from six to four years.

Ohio

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

Pennsylvania

Pennsylvania's legislative session is scheduled to end on November 29. Pennsylvania lawmakers passed the Code Bill necessary to enact the state budget on June 28. Importantly, the budget does not include a severance tax on the natural gas industry or a bailout of the nuclear industry. However, the following Bills are still active:

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

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

Texas

Texas opened its legislative session January 8 and adjourned sine die May 26. **SB925** relates to the calculation of daily production for low-producing wells and leases. Production per well per day is determined by computing the average daily production from the well using the greater of the monthly production from the well as reported in the monthly well production reports made to the commission, or the monthly production from the well as reported in the producer's reports made to the comptroller including ***any amendments*** to those reports. The Bill passed and was effective September 1. **SB533** was introduced January 30 and signed by the governor May 7. 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. This Bill was effective September 1. **HB2256** was introduced February 22 and signed by the Governor June 14 with an effective date of September 1. This Bill relates to procedures for tax auditing and determining amounts of overpayments of gas production taxes due to marketing cost deductions; and authorizes the comptroller to use selected marketing cost sampling in a managed audit if: (1) the comptroller approves the selection of marketing transactions to be used in the sample; and (2) the sampling method complies with generally accepted sampling methods described by Statement on Auditing Standards. **HB2675** was introduced February 27 and signed by the Governor on May 17. This Bill relates to the repealing language providing for the suspension of certain fees when the balance in the Oil and Gas Regulatory and Cleanup Fund exceeds a specified amount. This Bill was effective September 1.

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

United States Congress

Congress is considering several Bills with potential impact upon the oil and gas industry. These include: **S218** to empower states to manage the development & production of oil and gas on Federal land. **HR998/HR4294** To amend the Mineral Leasing Act to require the Secretary of the Interior to convey to a State all right, title, and interest in and to a percentage of the amount of royalties and other amounts required to be paid to the State under that Act with respect to public land and deposits in the State. To allow the Secretary of the Interior to delegate to a State, exclusive authority to issue an Application for Permit to Drill on Federal Lands. **HR1391** To provide regulatory relief for conventional marginally producing oil and gas wells from the EPAs "Methane Rule". **S816/HR1836** to amend the Natural Gas Act to expedite the approval of exports of small volumes of natural gas. **S1155/HR2248** To terminate prohibitions on exportation and importation of natural gas, **HR2711** To Amend Federal Oil and Gas Royalty Management Act of 1982 to require the Secretary of the Interior issue regulations to reduce and prevent gas waste and to enhance gas measuring and reporting and to codify a final rule of the Environmental Protection Agency regarding certain emission standards for the oil and natural gas sector. The measure would require oil and gas producers to capture 85% of all gas produced on public lands within 3 years of enactment, and 99% of all gas produced on such lands within 5 years of enactment. It also would ban venting of any natural gas on public lands, and prohibit methane flaring at any new wells established 2 years after the Bill is passed. **HR3225** Restoring Community Input and Public Protections in Oil and Gas Leasing Act of 2019 To amend the Mineral Leasing Act regarding leasing on Federal lands for oil and gas drilling. Key provision include insuring competitive bidding in the leasing process; placing geographic limitation of units of not more than 2,560 acres (5,760 acres in Alaska); limiting State sales to no more than 3 times each year; requiring a royalty rate of not less than 18.5%; establishing a national minimum acceptable bid of $5 per acre; establishing an annual rental of not less than $3.00 per acre during the 2-year period beginning on the date the lease begins then changing to not less than $5 per acre thereafter. **HR 3829/S2167** Requiring a certain percentage of exported natural gas and oil be transported on United States vessels. **HR4346** To increase the bonds that oil and gas developers must post before being allowed to drill on federal onshore public lands. Single leases increase from $10,000 to $50,000, a set of leases in a single state from $25,000 to $250,000 and multiple leases across multiple states from $150,000 to $1 million. **S2527** To amend the Energy Policy and Conservation Act to reinstate the ban on the export of crude oil and natural gas produced in the United States.

Utah

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

Virginia

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

Wyoming

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

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

Incremental crude oil or natural gas production resulting from a tertiary recovery using injection is exempt from severance taxes for 24 months. The exemption triggers off when using the same pricing triggers as mentioned above. **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.

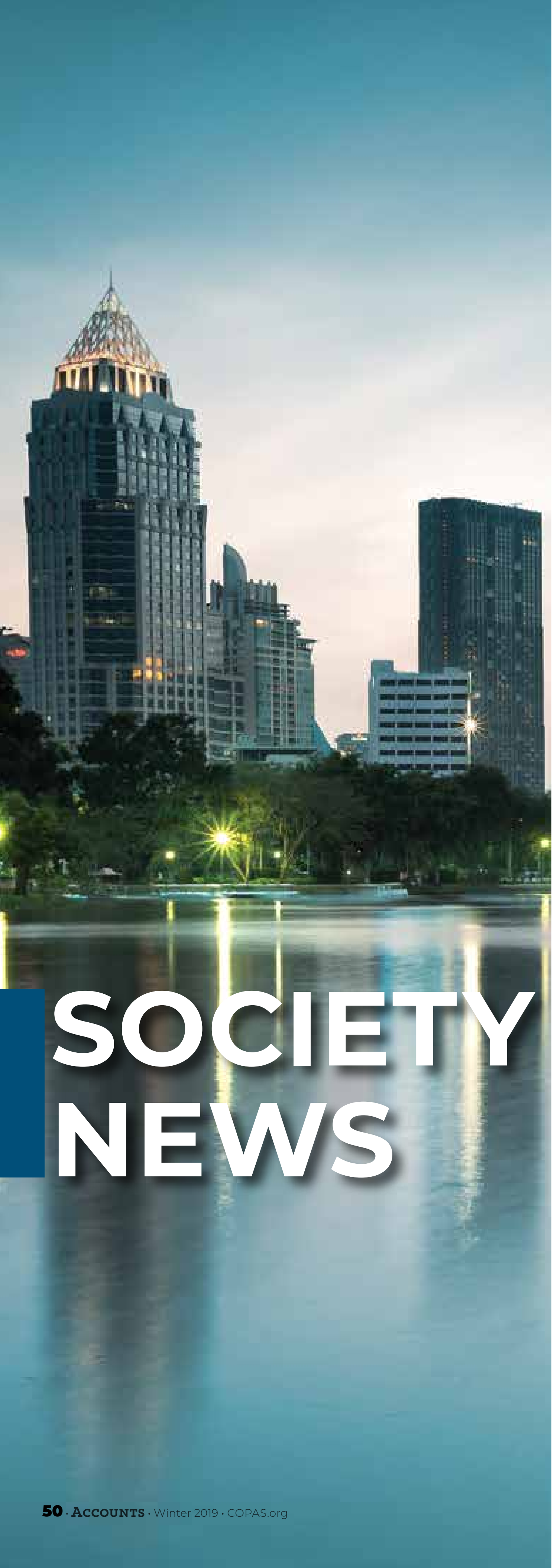
Crude oil and natural gas production from new wells on or after July 1, 2019 is exempt from severance taxes for 24 months. The exemption triggers off when using the same pricing triggers as mentioned above.

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 using the same pricing triggers as mentioned above.

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

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

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



SOCIETY NEWS

Petroleum Accountants Society of **Arkansas**

NANCY BROWN, PRESIDENT

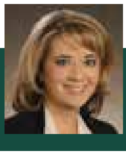
The Arkansas met October 30, 2019 at the Fort Smith Riverfront building. Rick Jones with Martindale Consultants presented "What's Going on at COPAS and the New 202X Accounting Procedure." It was good to have Rick back for a visit in Arkansas. We offered 1 hour of CPE credits.

We are wrapping up our yearly membership drive. We are excited about 2019-2020 society year.

The Board of Directors for this year are:

- President, Mark Alder
- Vice President, Amanda Strange
- Treasurer, Nancy Brown
- Secretary, Summer Morton

COPAS of **COLORADO**



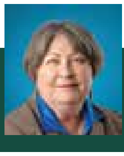
LAUREN DAVIS, PRESIDENT

The fall season of the Colorado COPAS chapter has been active with committee, board and member meetings.

On October 23, we were fortunate to have Maurice Liddell, BDO's National Technology Advisory Leader, present on Blockchain Technology and the effects cryptocurrency and related Blockchain infrastructure has on the energy industry. We would like to thank Maurice and all of our committee host sponsors for their continued support of the Colorado chapter.

To provide additional benefits to our COPAS members, we have also been fortunate to extend providing continuing professional education (CPE) to our members as part of the monthly all-member meetings. We were pleased to see many of our fellow society members from out of town as part of the November AICPA Oil and Gas Conference.

COPAS OF **CORPUS CHRISTI**



ANITA REED, PRESIDENT

After our 2019 – 2020 membership drive we are pleased to report that we have 21 returning members and 5 new members, bringing us to the required 25 members plus 1, as we continue to recruit additional members.

We had a good turnout at our first meeting for the year on September 24. The presentation, COPAS 20xx Model Form AP Draft 2 Review, was given by Jane Russell. The presentation discussed differences between the current draft (Draft 2) of the Model Form Accounting Procedure and the 2005 AP & previous draft (Draft 1) procedures. Jane discussed potential effects of revised language and whether the proposed changes meet needs for current operational, accounting, and auditing practices. Jane conducted several society polls related to the preferred wording regarding various topics including MFIs, audit forfeiture, surface landmen, other provisions, offsite technical labor, environmental, and ad valorem recovery. One hour of CPE was given.

The October 22 meeting included the presentation, Introduction to Petroleum Industry Series – Midstream and Downstream, given by Charlie Stovall, that discussed the midstream and downstream company infrastructures and how they operate. Basic gas plant and oil refinery processes were identified, and we learned how natural gas and refined products make it to the market via distribution points. One hour of CPE was given.

Jane Russell presented a one-hour CPE session on November 19 using COPAS Energy Education materials Introduction to Petroleum Industry: Petroleum Accounting.

The next meeting is scheduled for January 28, 5:30 PM at Fajitaville on the Beach, 221 South Hotel Place, Corpus Christi, Texas

Reporter – Jane Russell

PETROLEUM ACCOUNTANTS SOCIETY OF **HOUSTON**

WALLY TREVINO, PRESIDENT

A big Texas howdy from PASH.

The Audit and Joint Interest committees began the year with a rousing discussion on Draft 2 of the RTC MFI-XX. This session was held in order to provide timely comments to the COPAS drafting committee. The PASH Audit & Joint Interest committees, have a long-standing tradition of holding joint meetings at the start and end of every meeting season to gain discussion points from both perspectives. Also on the agenda this season is the review of the RTC MFI-XX Draft 3 and the 202X Accounting Procedure draft. Both committees will review these draft documents in an effort to provide substantive comments to the COPAS drafting committees.

The Revenue Committee plans to hold six monthly meetings this upcoming year from September 2019 through April 2020. The committee welcomes Midstream/Downstream members and is open to joint meetings with other committees as requested. During our September 12, 2019 meeting, the committee hosted a session on "Tankless Operation and Modeling – High Vapor Pressure (HVP) Operations" presented by Trevor Morrison and Dave Curtis, Measurement and Production Validation Engineers and Managers with Oxy Petroleum, formerly Anadarko Petroleum. The presentation was well received with enthusiastic audience participation. Tankless facilities keep a portion of the light hydrocarbons in the liquid phase and transport them via pipeline to central locations for processing. These HVP operations are currently in effect in several states. The benefits of tankless gathering include reduction of hydrocarbon emissions by flaring, reduction of surface disturbance of oil tank batteries and truck traffic, and reduction of noise by removing vapor recovery compressors. We look forward to similar industry topics for the future.

The hosting committee for the COPAS 2021 Spring Meeting has been hard at work planning for the event to celebrate the 60th anniversary of COPAS. The celebration will include local field excursions, a golf tournament at a premier seaside golf course and other memorable activities.

And if you are ever in Houston, on the third Thursday of the month, September through April, please make sure to stop by the downtown Whitehall Hotel and visit with us.

Adios!

COPAS OF **MICHIGAN**

DAN TRIEZENBERG, PRESIDENT

COPAS of Michigan began the year with a November meeting at the Cambria Suites in Traverse City. We discussed goals for the upcoming year, leadership succession planning, and spent a significant amount of time talking about a possible partnership with the Michigan Oil and Gas Association. Dan Triezenberg presented on "The Power of Networking" and updated the membership on the emerging issues as well as the publications in process from the National Meeting in Tulsa.

In addition, we are in the process of developing an education day and the rest of our program content.

We look forward to a fantastic year.

PETROLEUM ACCOUNTANTS SOCIETY OF **MISSISSIPPI**

KIM PEYTON, PRESIDENT

The Petroleum Accountants Society of Mississippi held a meeting at River Hills Tennis Club in Jackson, MS on September 23. David Hilton with Pruet Production, spoke on "Introduction to Well Completion."

Our Fall Education Day was held November 1. It was a lively discussion lead by Karla Bower. It will not be said that anyone left without learning something new about COPAS Accounting Procedures and more.

The next meeting is Monday, January 13, 2020 at River Hills Tennis Club, 11:30 a.m. The guest speaker will be Alan Sudduth with Chevron. Please join us.

We were pleased that we are continuing to have good participation and our membership numbers held steady this year.

COPAS OF **NEW ORLEANS**

GREG GONZALES, PRESIDENT

COPAS of New Orleans had a busy fall. We wrapped up our membership drive. Although it gets harder each year, the society was able to maintain membership levels the same as last year. A big thank you to all the members and their organizations that recognize the importance of COPAS and the need to stay involved.

The first general meeting after our summer break was held Wednesday, September 18. The guest speaker was Steven Toups, CPA who presented on "Engineering Paper Out of the Oilfield Process." Everyone appreciated Steven's experience and insight.

The October meeting was the annual education day. Held at our regular meeting location, four speakers presented topics covering Cyber Security, Key Take-Aways of the Tax Cuts and Jobs Act-Year 1, Offshore Energy Tax Incentives, and Responding to Demand Letters from Mineral Owners, Unleased Mineral Owners, and Nonparticipating Working Interest Owners. First Vice President and Education Chairman, Sam Wheeler did a great job setting the program and obtaining speakers. Four hours of CPE were available.

COPAS of New Orleans participated in the 22nd API Delta Chapter Joint Society Luncheon held Tuesday, November 12, in downtown New Orleans. Keynote speakers were Kristi L. Trail, P.E., Executive Director of the Lake Pontchartrain Basin Foundation and David E. Dismukes, Ph.D. Professor, Executive Director and Director of Policy Analysis at the Center for Energy Studies, Louisiana State University. This event brings together local organizations across multiple disciplines who participate in the energy industry. A good time was had by all.

COPAS of New Orleans is looking forward to an active spring. Our meetings are held the third Wednesday of each month September through May.

COPAS OF **OKLAHOMA CITY**

CHRISTLE BUTLER, PRESIDENT

COPAS of Oklahoma City has had a great start to our new year! The first society meeting in September was held at our new location, Embassy Suites by Hilton in Downtown Medical Center in OKC. Our presenter for Small Oil & Gas Committee was Mike Felice, a retired engineer from Schlumberger. Mike discussed understanding and interpreting downhole logs. The technical speaker was Chad Warmington, President of The Petroleum Alliance of Oklahoma. He spoke on current and upcoming regulatory changes. We also voted on our open board position for Education Director, and we are pleased to have Royce Porter of W.A. Waterman & Co join our board of directors.

In October we hosted our society meeting starting with presenter Paul Kilmas, Production Engineer at Echo Energy. He spoke at the Small Oil & Gas Committee on understanding drilling and completion reports, focusing on the use and interpretations. The Revenue Committee presenter was Jacob Higginbotham of Martindale Consultants. He spoke on revenue allocations and the calculations used within the industry. The technical session featured guest speaker, David Maberry, Managing Director of PWC, discussing Blockchain application and the risks and controls associated with them.

COPAS-OKC held our annual Education Day on November 12, at Chesapeake Energy's corporate headquarters. The Education Day offered eight hours of continuing professional education to our members and non-members with various topics such as revenue litigation, legislative/regulatory updates, accounting/finance employment market updates and trends, financial reporting, trend of financing oil and gas, and ethics.

Our National Meeting Planning Committee is in the final stages of preparing for a valuable and educational experience in our Spring 2020 National Meeting, April 20-24, 2020. Registration is open, and we look forward to seeing there.

Due to Thanksgiving, we choose not to have a society meeting in November but held our annual Christmas luncheon on December 11.

Petroleum Accountants Society of **Oklahoma-Tulsa**

Vanessa Green, President

The Tulsa society continues to have a very productive year. Travis Myers, who is the chief meteorologist at Channel 6 Warn Weather in Tulsa, presented on the topic of wild weather in Oklahoma at our October meeting. In November, Mike Foster of Conoco Phillips spoke about the ONRR royalty valuation rule changes.

In the months of October and November, the society held a successful fundraiser to donate bikes to the Salvation Army. By hosting the fundraiser, the chapter was able to provide numerous new bikes for needy families located across the Tulsa metro area. The society strives to not only enrich the lives of our members, but the lives of our community as well.

Aric Miller, Reporter

Petroleum Accountants Society of the **Permian Basin**

Amy Smith, President

The Petroleum Accountants Society of Permian Basin meetings resumed in September and our first meeting was well attended. At our September luncheon, Rashi Gajula presented about Blockchain Technology that is currently being tested by a consortium comprised of members from both small and large oil and gas companies. If successful, Blockchain technology will be the preferred technology used by many oil and gas accountants in the near future. In October, Susie Boyd from Caballo Loco Midstream presented "Oil & Gas Marketing in 2019 – Not your Father's Accounting." Susie discussed how pricing and marketing trends have changed over the years and how marketing efforts have changed to accommodate pricing trends.

PASPB hosted our first Education Day, October 29, at the Petroleum Club of Midland with an attendance of 64. We offered eight hours of continuing professional education to our members and non-members, presenting on topics such as building joint account overhead, payroll charges, Blockchain technology, natural gas allocations, state and federal production and royalty reporting, current revenue and royalty reporting, and current joint venture issues.

PASPB will be hosting our annual Past President's Luncheon in December. The event will honor those who have served as PASPB president within the last few decades.

The PASPB National Planning Committee continues to prepare for the Fall COPAS 2020 meeting that will be held at Sirata Beach Resort in St. Petersburg, Florida September 21-25. Committee teams have been formed and meet regularly to prepare for the upcoming meeting.

COPAS of **San Antonio**

Kirk Foreman, President

A new year has begun for the Petroleum Accounts Society of San Antonio (copassa.net). Our leadership team for the 2019-2020 term is:

President, Kirk Foreman
Vice President, Thomas 'Giles' Wasson
Treasurer, Kirk Foreman
Secretary, Jami Pohl
Board Member, David Garza

PASSA held its first meeting September 26. Our speaker was Mike Cougevan, Martindale Consultants. The topic was "Current and Planned COPAS Publications: Something for Everyone, Needed by All". The outstanding presentation topics were

1. What is COPAS?
2. Who is COPAS?
3. COPAS Publications. And
4. COPAS Publications Under Construction.

The topics discussed gave us a comprehensive overview of what COPAS is all about. I would highly recommend this presentation to other societies. It would especially benefit the people that are new to the oil and gas industry.

The society met November 19. Our speaker list includes Anna Tallent from Ernest and Young. The topic will be "Financial Reporting in the Energy Industry". The luncheon speaker will be Stephanie Hartman of Catalyst Consulting. She will be discussing leadership power abuse in corporate America.

SAVE the DATE

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

JOIN US TO CELEBRATE COPAS 60TH ANNIVERSARY

THE SAN LUIS RESORT, SPA & CONFERENCE CENTER

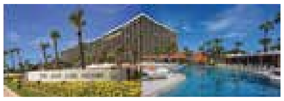
5222 SEAWALL BLVD
GALVESTON, GALVESTON COUNTY 77551, US

ABOUT THE HOTEL & LOCATION:

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

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

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



COPAS HISTORY

MF-6, COPAS 2005 Model Form Accounting Procedure and MFI-51, COPAS 2005 Model Form Accounting Procedure Interpretation publications were approved by Council in Corpus Christi, Texas on April 29, 2005.

MF-6 has been the COPAS-recommended Model Form Accounting Procedure since that date. Project team members were: Mike Cougevan, Penny Parten, Kevin Doherty, Jane Schulte, Karla Bower, Tom Loughlin, Terry McMurray, Dawn Smith, Charlie Stovall.

Currently, a project team is working on a new Model Form Accounting Procedure, 20XX. A few of the project team members who helped author MF-6 and MFI-51 are members of the 20XX COPAS Model Form Accounting Procedure and Model Form Interpretation project team.

VOTING RESULTS

- Spring 2019 Council Meeting Minutes (majority) Approved
- Employee Benefits Upper Limitation of 35%,
  effective January 1, 2020 (majority) Approved
- Election of Board of Directors for 2020 - 2022 term (top 3)
  Elected: Carolyn Sczepanski, Tom Batsche and Kevin Launchbaugh
- Election of 2020 Nominating Committee (majority)
  Elected were Deanna Duell and Rebecca Paris

2020 COPAS Leadership Team

COPAS Officers

Dalin Error (Treasurer)

Tammy Miller-Davison (President)

Craig Buck (Secretary)

Melissa Gruenewald (Vice President)

COPAS Board

Back row, (left to right):

Tom Batsche (Director)

Dalin Error (Treasurer)

Trey Thee (Director)

Craig Buck (Secretary)

Carolyn Sczepanski (Director)

Front row (left to right):

Kim Peyton (Director)

Tammy Miller-Davison (President)

Wade Hopper (Ex-Officio)

Melissa Gruenewald (Vice President)





FALL COMMITTEE MEETING

September 16-20, 2019
Tulsa, Oklahoma

ABOVE: Representatives from the board of directors, standing and special committees, society presidents, and others enjoyed an afternoon of training at the leadership conference on Tuesday, September 17. Several first time attendees were present.


ABOVE, CLOCKWISE FROM LEFT: Staff, committee chairs and board members relax prior to the leadership dinner members enjoy the hospitality suite**;** Patrica Ellington and Doug Smith Share a laugh**;** Michelle Caruso, Jennifer Holt-Mckellar and Carolyn Sczepanski.





ABOVE, CLOCKWISE FROM TOP LEFT: President Wade Hopper presents a resolution to Tulsa Society President, Vanessa Green, on the occasion of the society 90th Anniversary; Ryan Woolery is presented an appreciation award for his many years of service to the CEPS Control Panel; Board member Doug Smith receives a plaque recognizing his six year service; Sandy Launchbaugh is recognized as a Ring of Honor recipient.




CLOCKWISE FROM TOP LEFT: Bri Boulter, Teresa Villanueva, and Natalie Conner; Nancy Ashby, Tom Batsche and Christle Butler; Erin Webb, Elaine Tran, and Deb Retzloff; Jeff Wright gives the Audit Committee report to Council; Vanessa Green, Erin Webb and Cynthia Rodman with a Folds of Honor representative; Angie Ramirez and Natalie Conner enjoy the Casino Night; Vanessa Green and Folds of Honor founder, Major Dan Rooney; Mark Robertson, Bri Boulter and Kathy Johnston.








CLOCKWISE FROM TOP LEFT: Jeff Wright; Sandy and Kevin Launchbaugh; Ed Springer; Angela Lorson; James Wright and Matthew Walters; Ryan Doolin and Rebecca Paris; Gina Scott and Jon McDown.





CLOCKWISE FROM TOP LEFT: Lori Lewis, Brian Medley, and Cecil Sprague; Jeff Roberson and Oscar Hartman; Kristen Rose; Jennifer Holt-McKellar.

First time attendees can request a mentor to help navigate the week. **FROM LEFT TO RIGHT BEGINNING AT TOP LEFT:** Michelle Caruso and Kathy Johnston (mentor); Tammy Miller Davison (mentor) and Lori Lewis; Jennifer Holt-McKellar and Nancy Brown (mentor); Ryan Greer and Russell Webb (mentor); Joel Galindo and Kirk Foreman (mentor); Wade Hopper (mentor) and Ryan Doolin; Charla Ogden and Howard Hong (mentor); Andrea Charlton and Carole Tear (mentor); Melissa Gruenewald (mentor) and Bri Boulter; Stephen Venegas and Carolyn Sczepanski (mentor); Roger Gann (mentor) and Jason Galindo; Robert Utter and Dan Triezenberg (mentor).

ADVERTISING INDEX

SAVE THE DATES

! NEXT *ACCOUNTS* DEADLINE !

JANUARY 31ST, 2020

PLEASE SEND ALL REPORTS AND ADVERTISING TO EDITOR@COPAS.ORG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