COUNCIL OF PETROLEUM ACCOUNTANTS SOCIETIES

ACCOUNTS

WINTER 2017



WINTER FEATURES

INTRODUCING THE NEW COPAS.ORG WEBSITE

SALES AND USE TAX

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COPAS ENERGY EDUCATION

ACCOUNTS

WINTER 2017

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- Accounting Procedure Compliance Analysis

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FEATURED IN THIS ISSUE



The Summer 2017 edition of *ACCOUNTS* contained an overview of sales and use tax laws in the top eight producing states that are applicable to oil and gas production. In this article, we will delve deeper into the effect of sales taxes laws as they apply to drilling, completion and daily operations during production of oil and gas effecting Oklahoma and Texas producers. Together, these two states accounted for nearly 50% of the oil, and 38% of the gas marketed in the US in 2016.

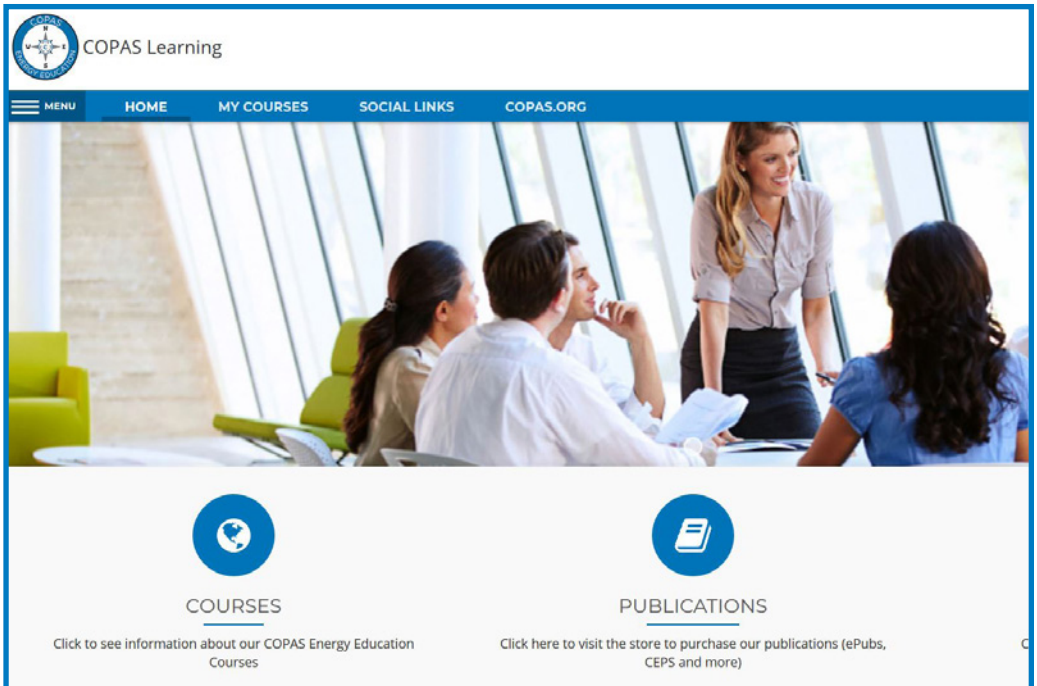
SALES AND USE TAX
A DEEPER LOOK FOR OIL AND GAS PRODUCERS IN TEXAS AND OKLAHOMA

READ MORE ON PAGE 13

The COPAS website has a new look beginning Fall 2017. The functionality is largely the same, although some of the file locations have changed from the prior website locations.

The website is now paired with a Learning Management System platform (COPAS Learning) and new shopping cart as we launch more educational offerings.

Please read further to learn more about the new website features and accessing COPAS Learning platform.



READ MORE ON PAGE 18

NEW COPAS WEBSITE REVIEW

Are vendor contract discrepancies reducing your bottom line?

AMS-PAR's experts will analyze your vendor contracts and relationships to ensure you have been billed correctly, that materials and services were provided, and your business relationship was conducted at arm's length.

Interrogating data in new ways.

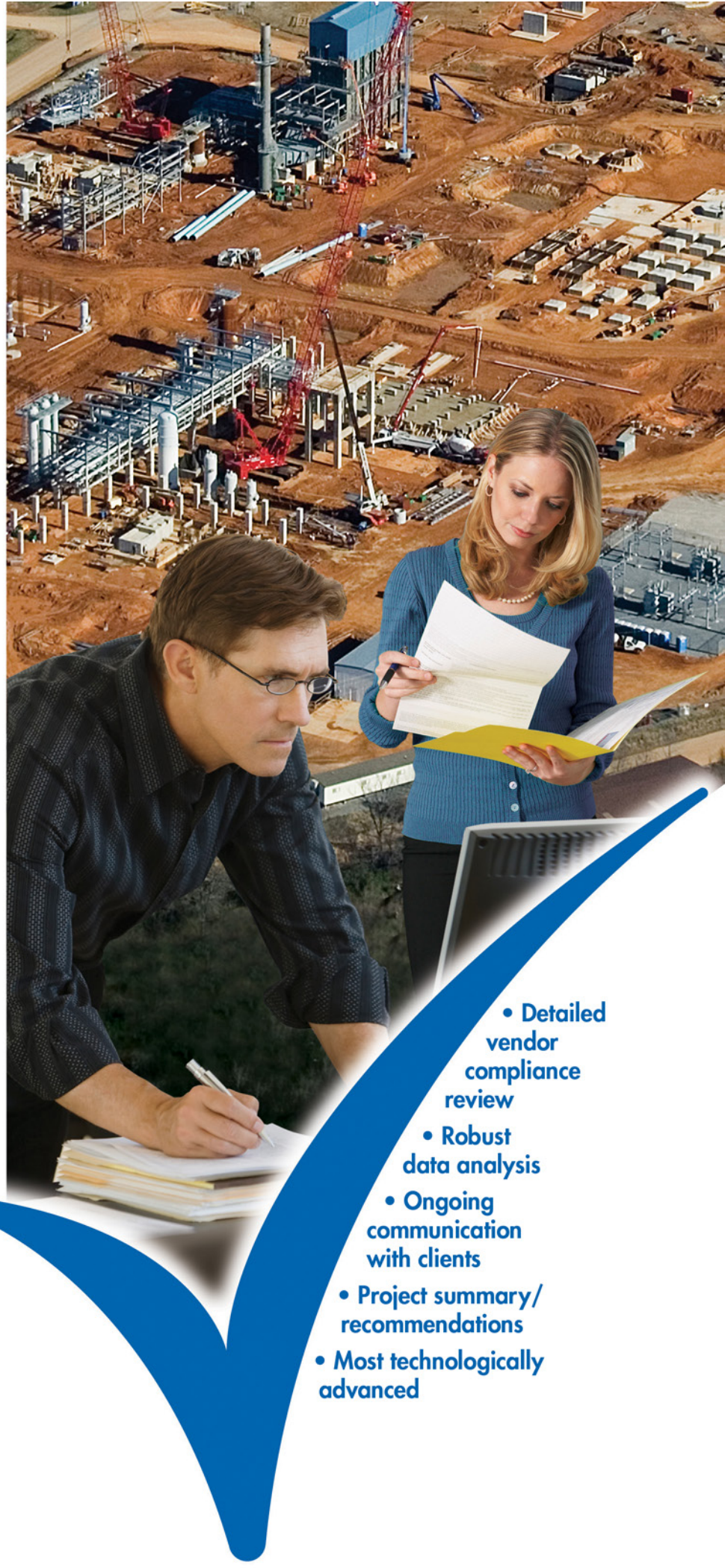
Our approach to analyzing your data is unique. With AMS-PAR's proprietary software and analytical tools, we can interrogate data in new ways and examine information differently. Our technology and vast experience allow us to bring uncommon insight to your engagement.

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a higher level of assurance

PRESIDENT'S MESSAGE



DAN TRIEZENBERG
COPAS President
President@copas.org

Gratitude for the 2017 COPAS All-Star Team

Thank you to all of you that have supported me this year. Thank you for this opportunity to serve you as COPAS President. I am encouraged by the contributions of our members and have enjoyed getting to know many members better this year. This job is a lot of work, most of it is behind the scenes. Thank you to the COPAS Board of Directors as well. Not only did they have to put up with my antics during the meetings, but I also scheduled monthly teleconference meetings on top of the normal quarterly meetings. These more frequent meetings helped us stay focused on our priorities and align the organization. However, the true heroes of the organization are the office staff members. Not only do they perform their jobs at a high level by serving this organization, they also work late, weekends, and with difficult service providers. No matter how difficult the task, nothing is too difficult for them to find a solution. This is not an exaggeration. The dedication of the COPAS staff is exceptional. Please give them a call or drop them a note to say thank you. They are the best. Before I get into the goals and objectives, I want to leave you with the words of the famous philosophers and (rockers) Bill S. Preston, Esq. and Ted "Theodore" Logan: "Be Excellent to Each other". We may have differences about accounting treatment, but we need to remember that we all play for the same team-"Petroleum Industry and Accounting Advocacy". Our jerseys are made out of petroleum products. This industry has put food on the table for our families and provided lifelong relationships for many of us. I encourage you to stay connected to the organization and look for opportunities to serve. I look forward to meeting more of you and hearing how you have benefited from this valuable organization.



STATUS OF 2017 GOALS AND OBJECTIVES

The COPAS Board of Directors had a very ambitious set of goals and objectives for 2017 despite the fact that COPAS is a volunteer organization with a limited number of staff. Below is our progress toward those goals.

COPAS Energy Education objectives

- 30 webinar courses/modules developed and available (*We will have 20 completed by the end of the year)*
- Establish an Education Foundation *(Completed)*
- Increase CEE classroom profitability and number of classes over 2016 by at least 15% *(Completed)*
- Sell at least 100 self-study webinars once approved by NASBA *(After a long wait from NASBA, we were approved on November 7. Sales and marketing of webinars should commence soon.)*

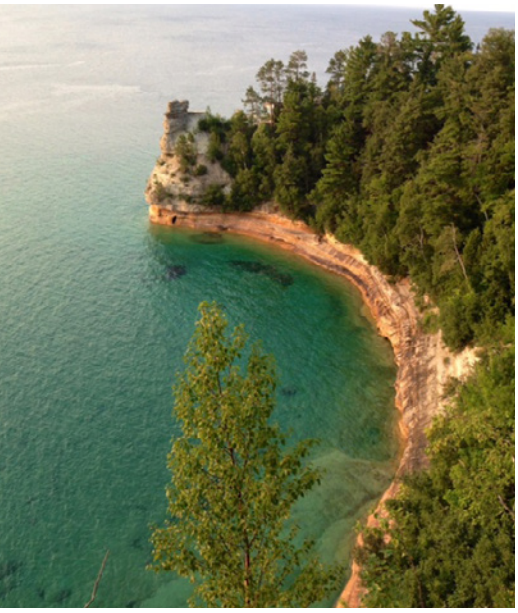
WOLVERINE
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Energy Exploration in Partnership with the Environment



APA® program objectives

- Sell at least 100 exams for the new program
  - Not completed. This goal was too aggressive and assumed an exam review course would be completed and sold. However, this work is still in progress. We are currently selling ten exams

PRESIDENT'S MESSAGE







per test period (every other month).

- Increase the number of test windows by at least two, giving more opportunities to candidates
  - Completed. There are currently five test windows in March, May, July, September, and November.
- Complete an exam review course and market it aggressively
  - Not completed. We are still working on this. We are looking to make this course more comprehensive with more practice questions for candidates.
- Identify companies/individuals to pilot new APA® review course
  - Completed. However, piloting the review course cannot happen until the review course has been completed.

Membership value proposition

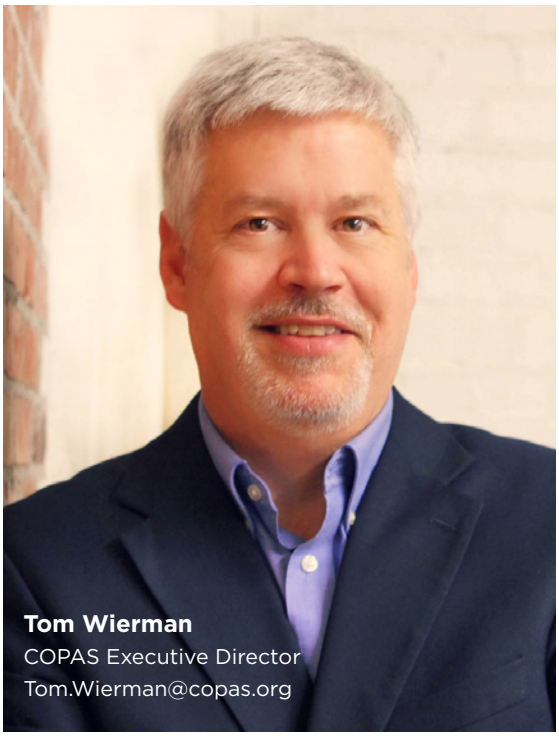
- Plan and implement marketing strategy increasing brand awareness by September 30, 2017
  - Completed. We are currently working with our marketing firm, RSM, to implement the strategy.
- Evaluate alternate delivery methods for committee meetings
  - In progress. This goal is still being evaluated as significant efforts were given to completing the new website before the feasibility of this goal could be reasonably determined.
- Communicate and evaluate member benefits down to the society level
  - In progress. Similar earlier statements, other items have taken priority. One of the ways this is being done is a National meeting review communicated to societies.
- Roll out new technologies to the members including: remote learner, digital learner, and a new website
  - Partly completed. This has proved to be a massive undertaking. Rolling out a new website has taken thousands of hours, but was rolled out this year. The learning modules were waiting on the website and self study approval should be implemented soon.

Publication objectives

- Increase pipeline of publications in process by at least two documents
  - Completed. AG-28 and the next Accounting Procedure are being worked on by project teams.
- Increase number of newer professionals (less than ten years of experience) on project teams by at least 20%
  - Completed. Both of these project teams have utilized newer professionals.



HOME OFFICE MESSAGE



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

FROM THE HOME OFFICE

Season's Greetings!

FALL MEETING

Not long ago, we met for the Fall meeting in Denver and, now it's early December! Where did October and November go?

I again offer my thanks to the Colorado Society for a wonderful meeting. The weather was perfect. I think everyone enjoyed the downtown atmosphere and the evening activities. I heard great things about the field trips as well. Be sure you check out the photo pages and the meeting summary that appear later in this issue.

2017 OPERATIONS

Another year of operations will soon be in the history book. Let's recap a few things:

President Triezenberg set some challenging goals for 2017. Some of these goals were completed. Great progress was made on other goals. In a couple of cases, the goals seemed right at the time, a variety of factors made them ultimately ambitious. My thanks to all of you, my staff, and the dedicated board of directors for the efforts that helped us achieve so much. For specifics, please read the recap of the goals and objectives in the president's column.

Year-end also brings changes to the COPAS leadership team. New officers for 2018 will be: Doug Smith – President, Wade Hopper – Vice President, Tammy Miller-Davison – Treasurer, and Deanna Duell – Secretary.

Tammy Miller-Davison was re-elected to the board. Also elected were Melissa Gruenewald and Trey Thee. Both Melissa and Trey have been eager to begin their service on the board. They have been involved in the monthly conference calls since the election and participated in the transition board meeting held December 4.

Dan Triezenberg and Jeff Wright are completing their board terms. Both have served as COPAS President during their time on the board. I know Jeff will continue to be present at our meetings going forward, but I will miss my interaction with him at our board meetings. Jeff – thank you for your contributions to the board. Even though Dan's term on the board is complete, the Bylaws call for him to serve one more year as Ex-Officio since he served as President during his last year on the board.

I will take a minute to thank Dan for the leadership he provided this year as COPAS President. It's a big job, but also a rewarding one. There is always something to do; agendas to plan, conference calls to make, and then five in-person board meetings to attend. I've enjoyed getting to know him better through our weekly one-on-one conference calls and our other communications. I would be remiss if I didn't also thank Dan's wife, Beth, as well as his company and management of Wolverine Gas and Oil for their support of Dan. Dan is not the first board member from Michigan, but I do believe he was the first COPAS president from that society. Thank you for a job well done.

The COPAS Ring of Honor was bestowed to five COPAS members. The inaugural class included Karla Bower, Howard Blunk, Jon Gear, John Jolly, and Pat Martindale. Read more about this on page 55.

WEBSITE

Since my last update, the new COPAS website has been launched. The launch is more than just a website, in that the COPAS Learning (LMS) platform and a new shopping cart have been added. Future changes and enhancements will be coming in 2018.

There is a recap of the new website on page 18. Please contact the COPAS office with any questions you might have, including issues with your login and password.







HOME OFFICE MESSAGE











LEADERSHIP TRANSITION

In the December 4 transition meeting, the board ratified the standing committee chair appointments for the coming year. All 2017 chairs will continue another year. Rebecca Paris was appointed as the Revenue Committee chair. Thank you all for your dedicated service and congratulations on your leadership appointments. If you are interested in offering your leadership skills to a committee, there are various openings for committee secretary, and vice chair positions. Contact me or the committee chair in your area of expertise.

UPCOMING MEETINGS

The Winter Audit and Joint Interest Standing Committee meeting will be Thursday, January 25 in Houston. Meeting and registration information appears on page 48. New advertising opportunities are available for the Winter and Summer committee meetings. Please contact the COPAS office to be part of the meeting sponsorship.

Meeting dates are now set into 2021, with one opening (Fall 2020) that needs to be filled. If your society would be interested in hosting this meeting, please contact me. The meeting schedule reminds me that we're approaching our 60th year. Houston will host this celebration in Spring 2021.

MARKETING

We have been working with a marketing company for a large part of 2017. Many great ideas have been developed and we are in varying stages of execution of our plans. One item, the digital holiday greeting card, was sent to members on December 11. I hope you enjoyed it. We'll soon have a new COPAS brochure for use in membership growth and retention. We successfully tested a text campaign and had a high participation rate. We'll continue to develop texting as a communication option. Our 'trade show' booth is getting some new artwork as well. The APA® program developed a couple of new ads. The "muscle ad" has appeared in ACCOUNTS. Stay tuned for additional ideas and activities in 2018.

OTHER ITEMS

December 15 is a big date for several of our longtime COPAS members as they retire from distinguished careers. I won't mention names because I would miss someone and that would be very embarrassing. I will take a moment to wish everyone who recently retired my very best. Many of you have continued to stay connected to COPAS and I'm grateful for that. Please let me know if you'd like to fill some of your free time, as I have some projects I could use help with.

I hope everyone is able to spend some time with family and friends during this holiday season.

So, as we close 2017, I leave you with this Irish Blessing. (My late dad, a true Irishman, would smile widely at this.)

May your troubles be less,
and your
Blessings be more,
and nothing but happiness
Come through your door.

Merry Christmas and best wishes for a prosperous 2018.

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Contact
Jim Hoffman
jhoffman@pdi.org
214.763.9644



Calendar

Oil and Gas Tax Institute
Houston
February 2018

NAPAC
Dallas
May 17-18, 2018

Ask about 8 new energy programs including "Ethics for CPAs...What Would You Do?"

Petroleum Accounting: Principles, Procedures, & Issues - 8th Edition!!!

Work has begun on the 8th edition! Authors are PricewaterhouseCoopers LLP (PwC) experts and Editor-in-Chief Dennis Jennings, retired PwC energy partner and Director Emeritus of PDI's energy programs. The 8th edition will address new requirements and provide guidance on emerging issues. Watch ***pdi.org*** for the release!

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MEETING SCHEDULE

EVENT	DATES	HOST	LOCATION
2018			
Spring	April 23 - 27	Arkansas	Doubletree Hotel Fort Smith, AR
Fall	September 17 - 21	Corpus Christi	Omni Hotel Corpus Christi, TX
2019			
Spring	April 22 - 26	Mississippi	Peabody Hotel Memphis, TN
Fall	September 16 - 20	Tulsa	Creek Nation River Spirit Casion and Convention Center
2020			
Spring	April	Permian Basin	TBD
Fall	TBD	OPEN	TBD
2021			
Spring	April	Houston	TBD
Fall	TBD	Dallas	TBD











Click here to play the full COPAS Holiday Greeting

SALES AND USE TAX

A Deeper Look for Oil and Gas Producers in Texas and Oklahoma



Brent Watson, CPA, is the principal at SALTA, PLLC in Tulsa, Okla. Brent is an active member of the Oklahoma Society of Certified Public Accountants (serving on their Oil & Gas Committee) and of the Institute for Professionals in Taxation. He has 28 years of experience in sales and use taxes and concentrates in the manufacturing, oil and gas, multi-state contracting and retailing industries.

The Summer 2017 edition of *ACCOUNTS* contained an overview of sales and use tax laws in the top eight producing states that are applicable to oil and gas production. In this article, we will delve deeper into the effect of sales taxes laws as they apply to drilling, completion and daily operations during production of oil and gas effecting Oklahoma and Texas producers. Together, these two states accounted for nearly 50% of the oil, and 38% of the gas marketed in the US in 2016.

TEXAS

Texas' sales and use tax laws applicable to oil and gas producers are particularly complex. Specifically, this complexity is due to the following issues:

- Specific "enumerated" services have had taxes imposed on them – all other services are not taxable
- Texas' construction and contractor sales tax rules are uniquely intricate
- The manufacturing exemption applies to certain – but not all - equipment at lease sites
- Some chemicals are not taxable while others are taxable
- Utilities used in extracting and transporting oil and gas are not taxable
- Specific types of materials are not taxable for sales tax because they are taxable under another type of tax
- Naturally occurring water or earth materials are not taxable

WE WILL EXAMINE EACH OF THESE ISSUES:

TAXATION OF SERVICES

Texas imposes sales tax on a wide range of services. By default, services on which taxes have not specifically been imposed are not taxable. While the list is too extensive to incorporate here, the three main taxable services that affect operators are (1) real property services (garbage removal, except that removal of waste materials that result from oil & gas drilling operations is excluded), janitorial, landscaping, lawn maintenance, pest control, some surveying (to determine boundaries), (2) repair of tangible personal, and (3) repair of real property.

However, repair of items that qualify for the manufacturing exemption are not taxable. Likewise, services involved in drilling and completion, recompletion, stimulation, or plugging and abandonment of wells, are not taxable (detailed in 34 Tex. Admin. Code §3.324). The types of services classified as stimulation are detailed in that rule and include acidization, fracturing, changing zones, drilling deeper, jetting with nitrogen, etc. Many services, such as frac water transfer, are not taxable because they fall outside of the services that have been taxed. Provision of equipment with an operator is a service, not a rental.

CONSTRUCTION AND CONTRACTORS

Taxability of contracts depends on both the form of the contract and the type of construction performed in determination of whether or not a transaction is subject to tax. Specifically, lump sum construction contracts for new construction are not taxable. In separated contracts for new construction, charges for materials are subject to tax and those for services are exempt. Both lump sum and separated contracts for remodeling are taxable. Projects that include both new construction and re-work should be segregated so that the new construction portion can be excluded from taxation; otherwise the entire amount is treated as re-work and is taxable.

MANUFACTURING EXEMPTION

Equipment (including repair parts) as well as consumable materials used or consumed in a manufacturing process are exempt. This includes equipment like separators, dehydrators, heater-treaters, condensing units, amine units, etc. that treat the raw product from a well so that it can be marketable, as well as equipment at gas processing facilities. This also includes certain chemicals used to dehydrate or sweeten gas, and fluids, etc. used in the operation of the manufacturing equipment. Some compression units may qualify as manufacturing equipment, but this is a complex matter.

POLLUTION CONTROL

An exemption applies to equipment used to prevent pollution, including the re-use of water in hydraulic fracturing.

CHEMICALS

By default, chemicals are taxable. However, oil soluble chemicals are considered to be resold with the crude oil in which they are dissolved, and are exempt as items purchased for resale. The manufacturing exemption applies to some other chemicals consumed in the treatment of gas as explained above.

UTILITIES USED IN EXTRACTION AND TRANSPORTATION OF OIL AND GAS

Electricity used to operate manufacturing equipment (at gas treatment plants, etc.) is exempt under the manufacturing exemption (34 Tex. Admin. Code § 3.300). Electricity or propane used to operate oil or gas wells is exempt (34 Tex. Admin. Code §3.295).

PROPERTY TAXABLE UNDER ANOTHER TYPE OF TAX

Sales of some materials are subject to other special taxes, and are therefore exempt from sales taxes. This includes oil, motor fuels, cement, and motor vehicles. (Certain non-highway equipment that can travel on roadways to move from on site to another is classified as "movable specialized equipment" rather than vehicles, and is subject to sales tax.)

NATURALLY OCCURRING WATER OR EARTH MATERIALS

Materials extracted from the earth such as dirt, clay, caliche, sand, river rock, gravel are not taxable when sold in their unprocessed state. Naturally occurring water, including natural brine water, is not taxable; however, water that is mixed with salt to make brine water, or that is mixed with any other substance, such as KCl, is taxable.

DIRECT PAYMENT PERMITS

Direct Payment permits are a popular way of managing sales taxes for production companies. They offer an opportunity to reclassify transactions for local sales tax purposes for purchases of materials that originate inside Texas. As a result of this reclassification, the local tax that applies can be changed from the origin in Texas (usually inside a city) to the place where received or used (often rural).



OKLAHOMA

Oklahoma does not provide an exemption from sales and use tax for materials or equipment used in the production of oil and gas. Additionally, Oklahoma's manufacturing exemption, provided by Okla. Stat. tit. 68, § 1352(15), states that extractive and field processes for oil and gas production are not deemed to be manufacturing processes. Therefore, equipment and materials used at lease sites are typically taxable in Oklahoma. While equipment used at gas processing plants could be eligible for the manufacturing exemption, a special manufacturing sales tax exemption permit ("MSEP") must be obtained in order to qualify. Purchases made before an MSEP is obtained are taxable.

Oklahoma provides a special exemption for goods purchased from Oklahoma manufacturers for usage and immediate transportation out-of-state. For example, an operator purchasing separators in Oklahoma for usage in Texas may claim this exemption. Since Texas considers these to be exempt manufacturing equipment, no tax would be incurred on the purchase.

Oklahoma does not provide an exemption for utilities used in production except in special circumstances involving enhanced recovery and water flood processes.

Oklahoma is one of the few states which does not allow an exemption for "isolated sales," which involves the sale of business (fixed) assets not normally sold in the business. This causes problems in two ways: (1) for transfers of tangible personal property between various leases having non-common ownership, and (2) the sale of fixed assets, including tangible personal property included in sales of leases taxable. Sellers are responsible to file a "Casual Sales Tax Return" to report such transactions.

The related valuation of the tangible personal property included in the sales of leases has a significant impact on taxes incurred. Taxable equipment includes both surface and downhole equipment. The OTC has taken the doubtful position that even cemented casing is personal property and taxable.

Careful planning and consideration of this issue should be undertaken when leases are sold. It is wise to include a breakdown in the PSA to specify the value of TPP included in the sale. Another good option is to have an appraisal firm that specialized in oil and gas property to render an opinion of value for the personal property. The Oklahoma Tax Commission ("OTC") has been reviewing corporate income tax returns and asserting that any values of tangible personal property on Forms 4797 (for gain or loss on sale of business assets) should have sales tax reported on it. Often, such property is out-of-state, is the result of a pass through from another entity, or is intangible or otherwise not subject to sales tax. Additionally, the undepreciated value for income tax is not an accurate measure of fair market value.

Some producers that have had significant material transfers between wells with differing ownership have set up procurement companies to hold the materials until they are actually used, thus avoiding the tax on transfers.

Since pipelines are classified as tangible personal property (no matter that they are permanently affixed to the earth), the sale of pipeline is subject to sales tax.

If assets are placed in a separate legal entity which is spun-off, this would be a non-taxable sale of an intangible. Careful legal analysis of these types of transactions is necessary.

Another recent development with the OTC is that they have been disallowing exemption from compression units that pressure up gas to enter a gas plant unless the units are located on the manufacturing premises. Formerly they had allowed these compressors even if they were miles from the processing plant.

Finally, some Oklahoma auditors have been asserting that contracts for compression services are not truly for services, but for rentals. Therefore, they have been assessing tax on both the user as well as the vendor in many cases, despite the fact that the vendor has already paid sales tax on the units being used to provide these services. This assertion is being hotly contested and is not settled at this time.



SAVE THE DATE

2018 SPRING MEETING: April 23-27, 2018 in Fort Smith, AR

Hosted by PAS-ARK

MARSHALLING ENERGY: OUTLAWS AND OILMEN

REGISTRATION RATE:

$325 per Attendee | $200 per Spouse/Guest

TENTATIVE AGENDA

MONDAY

Board of Directors Meeting

TUESDAY

Leadership Conference

COPAS Energy Education

Leadership Dinner: *At the Fort Smith National Historic Site, dinner and networking in Hanging Judge Parker's courtroom.*

WEDNESDAY

First Timers Breakfast

Committee Meetings: Emerging Issues, Financial Reporting, Revenue

Optional Afternoon Activities: *Golf Tournament at Hardscrabble Country Club or a tour of historic downtown Fort Smith*

Reception: *At Adelaide Hall which was built in 1871*

THURSDAY

Committee Meetings: Joint Interest and Audit, Small Oil & Gas, Education, Revenue Board of Directors Meeting

Banquet: *At the Doubletree for Trivia Night*

FRIDAY

General Council







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APRIL 23-27 ★ 2018 ★

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Savor a delicious DoubleTree chocolate chip cookie upon arrival and settle into your stylish guest room or suite. All rooms offer modern amenities including complimentary WiFi access, as well as interior balconies with dramatic views of the beautiful five-story cascading waterfall, open lobby restaurant and lounge.

Maintain your fitness routine on the road in the fitness center and indoor pool or simply relax in the hot tub. When you're feeling hungry, the Park Place Restaurant is open for breakfast, lunch and dinner daily, serving contemporary fare, and the Fountain Court Lounge offers the perfect spot to unwind with small bites and your beverage of choice.

HOTEL HILIGHTS:

- Connected to the Fort Smith Convention Center, in the heart of downtown
- Complimentary airport shuttle and within 5-mile radius of hotel
- Nine-story atrium hotel with five-story cascading waterfall
- All rooms boast complimentary WiFi access and 42-inch HDTV's
- Inviting on-site restaurant, lounge and room service available

NEARBY ATTRACTIONS:

- Museum of History
- Miss Laura's Museum
- Outdoor Trolley Car Museum
- West End Park
- Multiple Hiking Trails
- Choctaw & Cherokee Casinos









Introducing the new www.copas.org!



The COPAS website has a new look beginning Fall 2017. The functionality is largely the same, although some of the file locations have changed from the prior website locations.

The website is now paired with a Learning Management System platform (COPAS Learning) and new shopping cart as we launch more educational offerings.

Please read further to learn more about the new website features and accessing the COPAS Learning platform.

Before getting into the details of the main tabs on the home page, let's look briefly at the options available in the ribbon above the Navigation Tabs.



A new **Blog** feature has been added. New content will be added to that area of the website throughout the year. There are currently Blogs posted and ready for you to learn more. You can also access the Blogs by scrolling to the bottom of the home page.

Preview your **Shopping Cart** before finalizing a purchase.

The **Login** button will be used to access the Member Area of the website. A user name and password were emailed to all members. If you have difficulty logging in, DO NOT create a new user account; rather email copasoffice@copas.org for assistance. User accounts are tied to email addresses. While it's possible for a member to create a new account with another personal or business email account, it is not recommended. Contact the office for assistance.

On successful login, the menu buttons will change slightly.



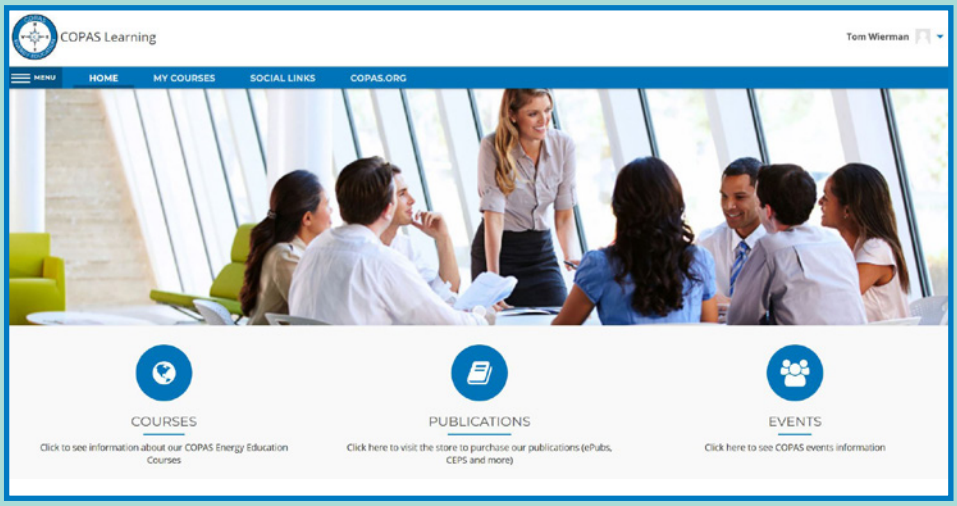
The **Members Area** is secure, and only accessed with the correct user login credentials. You can find all the member benefits in this section as well as the Leadership Handbook, the Meeting Hosting Tool Kit, Voting Draft Publications, and CPE Procedures for your society and education day meetings.

You will NOT find the member directory in this area, as that is located on the COPAS Learning platform. Read how to access the member directory later in this article.

NAVIGATION TABS

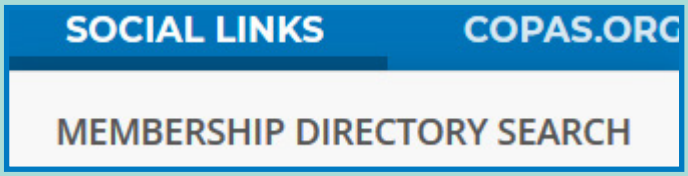
Not all the website **Navigation Tabs** will be reviewed in this article. Please take time to explore the website and the drop-down menus offered under each of the Navigation Tabs.

COPAS Learning is the single largest addition made to the website navigation. Here you will sign up and take various COPAS Energy Education courses offered through self-study. While a separate system from the website, a single sign on (SSO) process is used to allow them to function together. That is, signing in to www.copas.org and clicking the COPAS Learning tab, you will find that you are also logged into the COPAS Learning platform.



Various Navigation Tabs are available on the COPAS Learning site. Click **My Courses** to see what courses you are enrolled in and to complete the courses.

Social Links will continue to expand over time, but this is the home of the COPAS Member Directory noted above.



Searches can be done by first name, last name, society, or company name. There are certain wildcard options available for your search. For example, searching for "KANSAS" using the "Contains" criteria under the Society option will return a list of members for both the Kansas and Arkansas societies. You can narrow searches further by using other options if that search is too broad. Be sure to clear the search for each additional search you perform.

COPAS.ORG

Returning to COPAS.org, note the various Navigation Tabs available.

Members and non-members alike frequently visit the COPAS Economic Factors page. Where this used to be available in a quick menu along the left side of the previous website, you'll now find them under the **Resources Tab**.

Also included in the Resources tab are Vendor and Industry links, the Project Status Report, information about Job Postings, and the Career Center.

Learn more about the requirements to take the APA® exam under the **APA® Navigation Tab**. You'll also find a practice exam there as well as the forms necessary to register for the APA® exam.

Looking for more information on a publication or want to make a purchase? Find all available publications under the **Publications Navigation Tab**. You can also download the Publications Catalog at no charge.

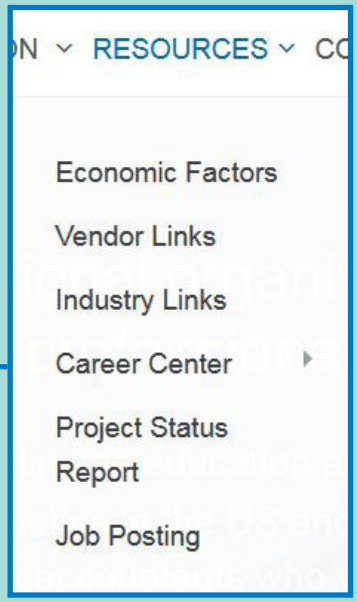
CEPS has been added as a Navigation Tab for convenience purposes.

Find links to the various society web pages by clicking the **About Navigation Tab**. You'll also quickly find other useful information in this section such as leaders of the various committees and subcommittees, along with their contact information.

Upcoming events will be featured on the **Events Navigation Tab**. Sign up to attend a COPAS Energy Education Course, or attend a COPAS meeting.

While not every available option, drop-down menu, or button was discussed in this article, please take time to visit various pages and learn more about the tools available to you.

The entire home page does not fit on most computer screens. Be sure to scroll down to find additional information such as the *ACCOUNTS* magazine link, material to share with potential members, the COPAS Energy Education Course catalog, and how to contact COPAS.



SAVE THE DATE

2018 FALL MEETING: SEP. 17-21, 2018 in Corpus Christi, TX

Hosted by COPAS of Corpus Christi

COPAS CHRISTI- THE WINDS ARE BRISKY, THE BAYS ARE BLUE, OUR SPARKLING CITY IS WAITING FOR YOU

REGISTRATION RATE

$325 Per Attendee | $225 per Spouse/Guest

TENTATIVE AGENDA

MONDAY

Board of Directors Meeting

TUESDAY

Board of Examiners
Leadership Conference
Leadership Dinner: *Hesters at the Art Museum*

WEDNESDAY

First Timers Breakfast
COPAS Energy Education
Committee Meetings: *Emerging Issues, Financial Reporting, Revenue*
Optional Afternoon Activity: *Port of Corpus Christi Tour*
Reception: *Fajitaville on the Beach with DJ, karaoke and games*

THURSDAY

Committee Meetings: *Joint Interest, Audit, Small Oil & gas, Education & Revenue*
Board of Directors
Optional Afternoon Activity: *TBA*
Banquet: *At the Omni with music by Five Card Draw*

FRIDAY

General Council













OMNI CORPUS CHRISTI HOTEL

900 N SHOELINE BLVD. | CORPUS CHRISTI, TX | 78401 | 361-887-1600

GROUP ROOM RATE: $139 SINGLE/NIGHT

Rates available from 9/14/18 – 9/23/18 | Book by August 2, 2018

ABOUT THE HOTEL & LOCATION

Located in the lively downtown Marina District, Omni Corpus Christi Hotel offers 475 guestrooms with spectacular views of the Corpus Christi bay and 2 restaurants. Situated along 131 miles of Texas coast, there are virtually limitless choices for water sports, including year-round sailing, swimming, snorkeling and some of the world's best deep-sea fishing. All are just moments away from this spectacular Corpus Christi hotel. Located just 15 minutes from Corpus Christi International Airport.

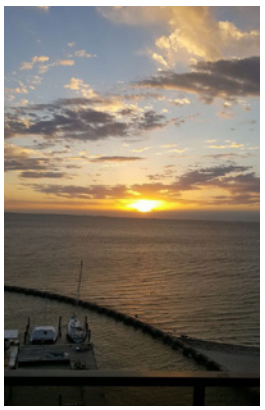
- Complimentary airport shuttle
- Fully-equipped fitness center
- Outdoor heated swimming pool
- Complimentary indoor racquetball courts
- Business center open 8:00 a.m. – 5:00 p.m. daily
- Gift shops
- Valet and self parking

NEARBY ATTRACTIONS:

- Texas State Aquarium
- USS Lexington
- Corpus Christi Marina
- Downtown restaurants & Night Life
- Art Museum of South Texas
- Corpus Christi Museum of Science & History
- Selena Memorial
- McGee Beach
- Hurricane Alley Waterpark
- Schlitterbahn Corpus Christi











SAVE THE DATE

2019 SPRING MEETING: APRIL 22-26, 2019

WALKING IN MEMPHIS

HOSTED BY PASM | PEABODY HOTEL MEMPHIS, TN

REGISTRATION RATE

Don't miss out on this Special **Group Rate of $209** at the Historic Peabody Hotel. Come early and plan to stay after to enjoy the many local attractions.

TENTATIVE AGENDA

MONDAY

Excursion/Tours

TUESDAY

Excursion/Tours
Board of Directors Meeting
APA Testing
Energy Education/CPE
Leadership Dinner

WEDNESDAY

Committee Meetings
Leadership Conference
Excursion/Tours
Roof Top Party

THURSDAY

Committee Meetings
Board Meeting
Excursion/Tours
Blues Night Dinner

FRIDAY

General Council Meeting
Excursions/Tours



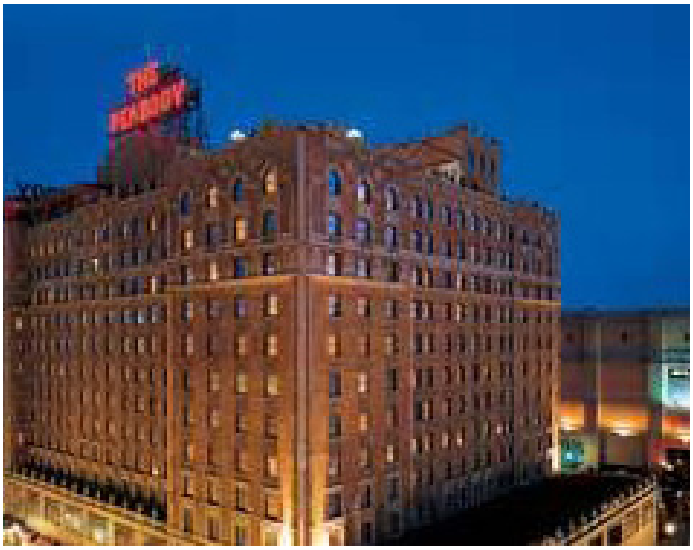


ABOUT THE HOTEL & LOCATION



JOIN US AT THE SOUTH'S GRAND HOTEL

- The Peabody offers 464 completely renovated guest rooms, including 15 suites. True to their historic landmark tradition, each of the guest rooms and suites are architecturally unique, yet includes all the features you would expect in the most modern hotels.
- Flourishing since 1869, The Peabody is a AAA Four Diamond Hotel listed on the National Register of Historic Places
- Be part of history from the unparalleled view of the Mississippi River atop the Plantation Roof to the unsurpassed elegance and Southern hospitality that is here every day.
- Gould's Day Spa and Salon
- Easily accessible from Memphis International Airport
- 2 blocks from Beale Street
- Close to major attractions
- Short Trolley ride to the $100 million Bass Pro megastore



"The Mississippi Delta begins in the lobby of The Peabody Hotel and ends on Catfish Row in Vicksburg. The Peabody is the Paris Ritz, the Cairo Shephard's, the London Savoy of this section. If you stand near its fountain in the middle of the lobby, where ducks waddle and turtles dowse, ultimately you will see everybody who is anybody in the Delta…"

Author-historian David Cohn, 1935

HIGHLIGHTS TO BE SEEN:

- Beale Street
- Sun Studios
- Stax Records
- Graceland
- Rock 'n' Soul Museum
- Memphis Zoo
- Blues Trail
- Civil Rights Museum
- Bass Pro in the Pyramid





PEABODY HOTEL MEMPHIS

149 Union Ave
Memphis, TN 38103
901.529.4000



INDUSTRY NEWS

A COLLECTION OF PUBLISHED NEWS ARTICLES

The Permian Basin holds 60 to 70 billion barrels of yet-to-be pumped crude oil, with those recoverable resources enough to supply every refinery in the U.S. for 12 years and have a market value of about $3.3 trillion at current WTI prices. The U.S.G.S. estimated just one layer of the Permian known as the Wolfcamp holds 20 billion barrels of crude

U.S. crude oil production hit an all-time high the first week of November when it produced 9.62 mmbopd. OPEC and other exporters are keeping about 1.8 million barrels a day out of the market in order to end a persistent glut of crude oil.

Sinopec, China Investment Corp, and the Bank of China agreed to work with the Alaskan government on LNG marketing, financing, and China's role in developing the state's major liquefied natural gas (LNG) project. Alaska created Alaska Gasline Development Corp (AGDC) in 2010 to build a gas treatment plant, an 800-mile pipeline to south central Alaska for in-state use, and a liquefaction plant in Nikiski to produce up to 20 million tons of LNG per year for export. The deal will involve investment of up to $43 billion and create 12,000 U.S. jobs during construction. Securing supplies of LNG will help meet China's growing appetite for clean fuel as the government tries to wean the country off dirty coal as part of its push to clear the skies

France will stop granting new exploration permits in 2018 as it seeks to end all oil and gas production by 2040. This will allow the government to turn down more than 40 exploration requests already made. The proposed legislation is part of President Emmanuel Macron's broader plan to take the lead against climate change. France pumped only 6 million barrels of oil in 2015, covering just 1% of its demand. Under a plan presented in July, France will end the sale of gasoline- and diesel-powered vehicles by 2040

Apache has scouted out Alpine High, a region in W. Texas where it discovered a large bounty of oil in 2016, and found thousands more drilling locations. It boosted the number of potential drilling spots in the area from between 2,000 and 3,000 up to 5,000. Around 3,500 are in a wet gas window, with 1,000 in a dry gas region and another 500 in the oil-rich Wolfcamp and Bone Springs play

Noble Energy agreed to sell 30,200 net acres in Weld County in Colorado's DJ Basin for $608mm. The acreage is in areas named Greely Crescent and Bronco. Noble will continue to drill in the northern and eastern parts of the DJ Basin and will have 335,000 net acres in the DJ Basin after this deal

Jonah Energy is proposing to drill up to 3,500 wells on a 140,000-acre area, 93% of which is BLM land, in the Normally Pressured Lance adjacent to its Jonah field in Sublette County, WY. Up to 350 wells per year for up to 10 years would be drilled, based on using 10 rigs running at all times. The project could unlock 5.25 tcf and create $2.2 billion in royalties

Chevron Canada is forging ahead with its first ever Canadian shale play development, targeting the East Kaybob region of central Alberta's Duvernay formation. Chevron will initially develop 55,000 acres in the Duvernay. That could spur more drilling in other parts of the 330,000-acre portion of the shale formation controlled by Chevron Canada

Whiting Petroleum will sell its Fort Berthold Indian Reservation area assets in Dunn and McLean Counties, ND to RimRock Oil & Gas Williston for $500mm to use the proceeds to repay a large portion of its current bank debt. Whiting estimates it has 4,850 future gross drilling locations in the Williston Basin

Affiliates of Bayou City Energy and Chaparral Energy formed a joint venture to focus on drilling in the STACK (Sooner Trend, Anadarko, Canadian and Kingfisher (counties)) area of OK. Bayou City will fund 100% of the drilling, completion, and equipping costs for the JV's wells, with a cap on capital

COMMODITY SPOT PRICING COMPARISON

	CRUDE OIL WTI (CUSHING) PER BBL				HENRY HUB NATURAL GAS SPOT PRICE DOLLARS PER MILLION BTU			
MONTH	2014	2015	2016	2017	2014	2015	2016	2017
January	94.62	47.22	31.68	52.50	4.71	2.99	2.28	3.30
February	100.82	50.58	30.32	53.47	6.00	2.87	1.99	2.85
March	100.80	47.82	37.55	49.33	4.90	2.83	1.73	2.88
April	102.07	54.45	40.75	51.06	4.66	2.61	1.92	3.10
May	102.18	59.26	46.71	48.48	4.58	2.85	1.92	3.15
June	105.79	59.82	48.76	45.18	4.59	2.78	2.59	2.97
July	103.59	50.90	44.65	46.63	4.05	2.84	2.82	2.98
August	96.54	42.87	44.72	48.04	3.91	2.77	2.82	2.90
September	93.21	45.48	45.18	49.82	3.92	2.66	2.99	2.98
October	84.40	46.22	49.78	-----	3.78	2.34	2.98	-----
November	75.79	42.44	45.66	-----	4.12	2.09	2.55	-----
December	59.29	37.21	54.97	-----	3.48	1.93	3.59	-----
YTD Average	93.26	48.69	43.14	49.39	4.39	2.63	2.52	3.01

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

INDUSTRY NEWS

commitments; Chaparral will drill and operate the JVs wells. Bayou City will receive a wellbore-only interest, and Chaparral will retain all acreage and reserves outside of the wellbore, meaning it can continue to develop elsewhere in the STACK using its own funds. Both parties will pay LOE

The Haynesville is raising its natural gas production levels; marketed production reached 6.9 bcfd in September after remaining near 6.0 bcfd for the previous three years. The production growth is due to an increase in the number of active drilling rigs and a trend toward higher per-well initial production rates. It is estimated the Haynesville holds 174.6 tcf of technically recoverable shale gas resources, the second-largest level in the U.S. after the combined Marcellus and Utica

Compared with Appalachia, Haynesville natural gas reservoirs are farther underground. Most Haynesville producing wells have formation depths between 10,000 to 14,000 feet below sea level. In the Appalachian region, producing formations are 2,000 to 12,000 feet below sea level. Haynesville shale formation thickness is also slightly narrower, ranging from 100 to 350 feet, compared with Appalachia where shale thickness ranges from 50 to 400 feet

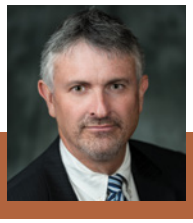
QEP Resources is shedding non-core properties in the Permian Basin's Central Basin platform, Utah, and WY in deals worth a combined $34.5mm. QEP might divest other non-core upstream and midstream assets in the Permian Basin as the company increases its focus on its core position in the region

In the Permian Basin, Exxon plans to increase its fleet of rigs from 20 to 30 by the end of 2018 and begin drilling horizontal wells that run sideways for three miles in an effort to boost production and the oil and gas it pumps by 20% by 2025

Chevron's multibillion-dollar push into the Permian has lifted oil production there by 30% over the past year and it recently put its 15th rig to work

Linn Energy agreed to sell its non-operated Williston basin interests for $285mm. Earlier, Linn agreed to sell its interest in 163,000 net acres in the Washakie field of WY for $200mm and also sold its interests in Jonah, Pinedale, and Salt Creek fields. It also has exited CA and S. Texas and sold some of its Permian interest.

MIKE COUGEVAN



Mike has worked for Martindale Consultants since 1994 and is a member of the Colorado society.

Linn's new focus is on the Anadarko basin's SCOOP-STACK play through its 50%-owned Roan Resources LLC, formed with Citizen Energy II

Chaparral Energy Inc. continues to focus on OK's STACK play by agreeing to sell assets in north OK and the Texas Panhandle for $170 million in cash. The sale includes contingent payments to Chaparral

Kalnin Ventures LLC announced that it entered into a PSA for its fifth acquisition of assets in just over 2 years in the NE portion of the Marcellus Shale. The transaction is valued at $210mm, with potential additional payments to the sellers of up to $18.75mm over the next three years depending on natural gas prices

The 50,000-square mile Duvernay play in Alberta holds the country's largest marketable resources of unconventional light shale oil and condensate, 3.4 billion barrels of marketable light oil and condensate and 6.3 billion barrels of natural gas liquids. It

RIG COUNTS

LOCATION	WEEK OF:						
	04.29.16	07.29.16	11.4.16	2.3.17	4.28.17	8.4.17	11.10.17
Gulf of Mexico	24	19	21	21	17	16	18
Canada	37	119	154	343	85	217	203
North America	457	582	723	1072	955	1171	1110
Oil	332	374	450	583	697	765	738
Gas	87	86	117	145	171	189	169
Directional	46	48	52	66	63	74	74
Horizontal	324	354	459	596	730	807	776
Vertical	50	61	58	67	77	73	57
Major State Variances							
Alaska	7	4	9	10	6	6	6
Arkansas	0	0	1	1	1	1	0
California	4	7	6	6	9	13	14
Colorado	16	21	18	26	29	37	37
Louisiana	45	46	48	52	58	67	58
New Mexico	16	28	32	46	55	60	69
North Dakota	26	27	37	36	44	53	47
Oklahoma	60	60	76	102	127	132	123
Pennsylvania	16	15	27	33	34	34	31
Texas	185	214	262	355	437	466	442
West Virgiana	10	8	10	8	12	14	12
Wyoming	8	8	17	20	20	26	22

Source: Baker Hughes at www.bakerhughes.com

INDUSTRY NEWS

also holds 77 tcf, equivalent to 25 years of Canada's annual consumption

Samson Resources will sell its 210,000 net acres in East TX and N. LA for $525mm cash to an affiliate of Rockcliff Energy II LLC. Samson will use the proceeds to pay down outstanding debt and fund its capital needs in 2018 along with a possible distribution to its equity investors

RimRock Oil & Gas Williston LLC agreed to buy properties in the Bakken-Three Forks play of the Williston basin from Whiting Petroleum for $500mm cash. The purchase covers 29,637 net acres in the Fort Berthold Indian Reservation area of Dunn and McLean counties, ND. Included are 29 non-operated drilling spacing units and 17 operated units

Halcón Resources said it would sell most of its ND operations for $1.4 billion cash to Bruin E&P Partners LLC as part of a plan to shift its focus to become a single-basin company focused on the Delaware Basin in the Permian where it has more than 41,000 net acres. Halcón will keep its non-operated interest in wells across ND and may sell them in the future

Sanchez Energy is selling 70,000 acres in the Eagle Ford Shale for $105mm. The sale involves Sanchez's Javelina region, which stretches across La Salle and Webb counties, an area full of mostly dry natural gas.

Sanchez will have more than 280,000 acres in the Eagle Ford Shale after the sale closes. In January, Sanchez, along with Blackstone Group, LP bought 318,000 acres from Houston-based oil and gas explorer Anadarko Petroleum in a $2.3 billion deal for land in Dimmit, Webb, La Salle, and Maverick counties

Total will buy Maersk Oil & Gas in a $7.45 billion share-and-debt deal to make Total the second-largest operator in the NW Europe offshore region. In the U.S. GOM, Algeria, East Africa, Kazakhstan and Angola,



there is an excellent fit between Total and Maersk Oil's businesses allowing for value accretion through commercial, operating and financial synergies

Denbury is seeking federal approval to build a pipeline in eastern Montana to transport carbon dioxide for use in oil production along the ND border. The $150mm pipeline would begin near the Wyoming border and stretch 110 miles to the Cedar Creek Anticline, an aging oil field near Baker, Montana that has potential reserves of 260 to 290 million barrels of oil

Resolute Energy agreed to sell its enhanced oil recovery assets in Utah's Aneth Field to Elk Petroleum for $160mm cash and up to $35mm in contingency payments as part of its strategy to become a pure-play Delaware Basin operator

Anglo-Australian BHP Billiton, the world's largest miner, said it would exit its underperforming U.S. shale oil and gas business in the Eagle Ford, Permian, Haynesville, and Fayetteville which it acquired at the height of the oil boom. It will keep its conventional assets in the U.S. Gulf of Mexico, Australia and Trinidad and Tobago. Analysts value the Permian assets at between $2.5 and $3.5 billion, the Eagle Ford assets at up to $3 billion, and all assets at $10 billion

Canadian oil and gas drilling activity will climb 5% in 2018 as a gradual uptick in crude prices gives rise to cautious optimism among producers. The Petroleum Services Association of Canada expects energy firms to drill 7,900 wells in 2018, up from 7,550 in 2017. The 2018 estimate is still 30% below 2014 well totals, highlighting the slow speed of recovery

Australia's Oil Search Ltd will buy stakes in a huge oil find in Alaska for $400mm in a push to diversify from its sweet spot of gas in Papua New Guinea. Oil Search will acquire stakes in three oil blocks from Armstrong Energy and GMT Exploration, giving it a roughly 26% holding in the Nanushuk play, co-owned by Spain's Repsol. This includes the Horseshoe block, which hit oil in March in what Repsol called the biggest U.S. onshore find in 30 years. It estimated the field could hold 1.2 billion barrels. Oil Search bought in assuming the field holds 500 million barrels, expecting production to begin in 2023, with output to plateau at 80,000 to 120,000 bopd. Oil Search has the option of doubling its stake in the assets for an additional $450mm

Wood Mackenzie believes oil production in the Permian Basin could peak around 3.5 mmbopd in 2021 and continue to pump a little less than 3 mmbopd out to 2030 unless drillers can continue to develop technologies to boost production. Wood also laid out another scenario in which drilling and fracking technology outpaced the Permian's geological constraints; in that scenario, the region's output would peak at 5 mmbopd in 2025



SHOW 'EM YOURS

Make 2017 the year you earned your APA®. **New muscle for your career** with bragging rights that last forever.

And don't forget about our extensive COPAS Energy Education course offerings. **Register online now.**

COPAS.ORG

copas
Council of Petroleum Accountants Societies



BECOME AN APA®

GENERAL TEST INFORMATION

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

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

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

TESTING DATES

MONTH	REGISTRATION OPENS	REGISTRATION CLOSES
March, 2018	NOW OPEN!	January 15, 2018
May, 2018	February 1, 2018	March 16, 2018
July, 2018	April 2, 2018	May 18, 2018
September, 2018	June 1, 2018	July 16, 2018
November, 2018	August 1, 2018	September 17, 2018

CONGRATULATIONS TO NEW APA®S

Jeffrey Compton, APA®
Clifton Hodder, APA®
Jingze Lu, APA®
Wei Wang, APA®

ABOUT THE NEW CREDENTIAL

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

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

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

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

STUDY MATERIALS ADDITION

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

IMPORTANT INFORMATION - ANNUAL APA® RENEWAL

The annual renewal process for APA®s will soon be here. Renewal invoices will be sent in early January 2018 and the full process needs to be completed by March 31.

Continuing Professional Education (CPE) hours are to be reported to Vanessa Galindo (APAAdministrator@copas.org) or directly to Vanessa.Galindo@copas.org.

Please note that a change in the **Continuing Professional Education (CPE) reporting** requirement will be implemented beginning in 2018. The new requirement is now 30 CPE hours over a two-year period, with a minimum of five (5) CPE hours earned in any one year to maintain current APA® certification.

The APA® handbook has been updated to clarify the types of CPE that qualify when renewing.

A revised Annual Assessment Form will be sent with the invoice to assist you.

CHANGES TO RETIRED STATUS

To better answer the many questions received about the APA® Retired Status, this handbook section has been modified.

NEW INFORMATION ON INACTIVE STATUS AND APA® REINSTATEMENT POLICY

A new section regarding Inactive status and Reinstatement has been added to the handbook.

All the handbook changes can be viewed in more detail here.



INTRODUCING THE CEE WEBINAR SERIES

In 2018 CEE will introduce its first live webinar series classes! Registration for the webinar series classes will open at the end of December. Please visit the COPAS.org website later this month for full details and registration options. These series will be available to purchase individually as well as a full series supscription.

PRINCIPLES OF REVENUE ACCOUNTING SERIES

By Salomon Tristan

• History and Value Chain (1hr)	Thursday January 18	10 AM CT
• Oilfield Operations Production Accounting (1.5hr)	Thursday February 15	10 AM CT
• Oil On and Offlease Sales Accounting (2.5hr)	Thursday March 15	10 AM CT
• Gas Operations Production Accounting (1hr)	Thursday April 19	10 AM CT
• Gas On and Offlease Sales Accounting (1.5hr)	Thursday May 10	10 AM CT
• Gas Plant Accounting (2hr)	Thursday June 14	10 AM CT
• Producer and Pipeline Imbalances (1.5hr)	Thursday July 12	10 AM CT
• Production and Severance Taxes (1hr)	Thursday August 17	10 AM CT
• Private State and Federal Royalties (1hr)	Thursday September 13	10 AM CT
• Checkstub Processing (1hr)	Thursday October 18	10 AM CT
• Relationships (1hr)	Thursday November 15	10 AM CT



PROGRAM LEVEL: BASIC

CPE CREDITS: 15 HOURS

DELIVERY: GROUP-INTERNET BASED

COST: TBC

PREREQUISITES: NONE

ADVANCE PREP: NONE

FIELD OF STUDY: ACCOUNTING

CEE SCHEDULE

The following are planned classroom classes for the beginning of our 2018 Group Live schedule. Dates listed as TBC will be updated pending confirmation of location availability and regsitration will open at COPAS.org as soon as confirmation nis recieved. Additional classes may be added to this schedule and the schedule is always subject to change before registration.

January - February 2018

29-30	Principles of Revenue Accounting Boot Camp	Dallas
31-01	Principles of Joint Interest Accounting Boot Camp	Fort Worth
TBC	Gas Balancing	Houston
TBC	Oil and Gas Marketing and Sales	Oklahoma City

March - April 2018

TBC	Gas Balancing	Denver
Mar 21	Joint Interest Audit	Dallas
TBC	Oil and Gas Marketing and Sales	Houston
TBC	Understanding the Landman	Denver
Apr 24	Class to be determined	Fort Smith

May - Jun 2018

TBC	Principles of Revenue Accounting Boot Camp	Oklahoma City
TBC	Introduction to oil and Gas Transactions	Houston

FOUNDATION SCHOOLS 2018

June 2018

Denver

25-26 TBC Oil and Gas Industry Primer
27-28 TBC Principles of Revenue Accounting Boot Camp
27-28 TBC Principles of Joint Interest Accounting Boot Camp

August 2018

Houston

20-21 TBC Oil and Gas Industry Primer
22-23 TBC Principles of Revenue Accounting Boot Camp
22-23 TBC Principles of Joint Interest Accounting Boot Camp

LEGISLATIVE & REGULATIVE UPDATE



MIKE FOSTER

MikeFoster@copas.org



NATE WOLF

NateWolf@copas

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

ALASKA

The Alaska Legislature started their fourth special session on October 23. No severance tax bills were discussed. The House and Senate conferees on **HB111** agreed to end refundable tax credits and repealed the fund itself. Use of production tax credits was modified, allowing limited explorers to apply exploration tax credits against corporate income tax. Purchased or self-generated production tax credits may be used against prior year liability provided such liability is "not subject to an administrative proceeding or litigation." Tax credits for net operating losses were repealed, replaced with a carried forward deduction beginning July 1 and ring-fenced in certain circumstances. If the lease or property is not producing and it creates the carry-forward net operating loss in the segment, then the loss may not be used until regular production commences from that lease or property. By the 11th year, if regular production has not commenced the value of the loss is decreased 10% annually. Where leases or property have regular production, the value of a loss decreases by 10% annually beginning with the 8th year. Interest on all delinquent taxes was modified to the federal reserve rate + 5.25% compounded quarterly with the three-year limitation on the application of interest removed. **HB111** has passed the House and Senate and has been signed by the Governor on July 27.

President Trump is making it a priority to expand Arctic drilling and is looking to cancel former President Obama's restrictions on energy development in Alaska -- a process that could take years. Both state senators recently talked with Trump about opening-up the National Petroleum Reserve-Alaska and part of the Arctic National Wildlife Refuge.

The Department of Revenue released its final regulation package at the end of January for the April 2017 register implementing last year's oil and gas tax credit reform bill (**HB247**).

BLM

White House chief of staff sent a memo to federal agencies instructing the bureaucracy to cease issuing new regulations. The President signed an executive order requiring that for every new federal regulation implemented, two must be rescinded. He also signed an executive order directing federal agencies to create task forces to identify burdensome regulations ready for the chopping block, promising the end of "an impossible situation" for U.S. companies and new economic growth. The House passed 3 bills that would: 1) create a commission to repeal overly burdensome regulations; 2) to codify the Office of Information and Regulatory Affairs' (OIRA) role to review regulations and establishes transparency requirements; and 3) require agencies to increase transparency measures and publicly post information on pending regulatory actions and the agencies' public communication on the pending action. It is unknown if these will pass the Senate or what impact these will have on the BLM or ONRR. The EPA withdrew its Information Collection Request requiring owners and operators to provide information on equipment and emissions at existing oil and gas operations. The withdrawal is effective immediately. The Senate passed a bill calling for Congressional disapproval of the BLM's Planning 2.0 Rule that would have revised its resource management planning process. The resolution also passed the House and H.J. Res 44 was signed by President Trump. Federal lawyers requested the U.S. Tenth Circuit Court of Appeals to suspend the legal appeal on the BLM's Hydraulic Fracturing Rule. In July, BLM proposed to rescind the 2015 final rule saying it was unnecessarily duplicative of state and some tribal regulations and imposes burdensome reporting requirements on the oil and gas industry. On September 21st, the Tenth Circuit Court of Appeals dismissed the appeals of the BLM's hydraulic fracturing rule. BLM and environmental groups had been attempting to overturn the Wyoming District Court ruling that nullified the regulation. The Tenth Circuit noted that President Trump, Secretary Zinke, and BLM have all made it clear that BLM



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intends to rescind the hydraulic fracturing rule in its entirety, and therefore addressing the merits of the appeals would be a waste of judicial resources.

Last year BLM issued Final rules for Onshore Orders OO3 (site security), OO4 (oil measurement) and 005 (gas measurement). These significantly impact industry and hundreds of comments were submitted by companies and oil & gas industry groups. Several of industry's concerns were accounted for in the final rules. Most impacts apply to equipment and commingling changes, although they will also result in having to report production information on more FMP numbers. BLM's Rich Estabrook presented the changes for the rules and answered questions at the PASO Federal Royalty Compliance Workshop in Tulsa in February. The BLM held full day meetings on the three Onshore Orders in Wyoming, Oklahoma City, Billings, Roswell, Farmington, Denver and North Dakota,



GET PLUGGED IN

If you are interested in receiving free legislative updates as they occur, please e-mail Mike Foster at MikeFoster@copas.org or 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.

and have developed an extensive list of answers to industry's questions. Earlier this year, the BLM sent notice they are not able to accept electronic applications for FMP numbers and they extended the due dates of the applications by 4 months, and they are still not able to accept them. The BLM stated they will provide operators with a 30-day notice of the new effective date and will also post this information on its website. In June, API submitted a comment letter to the BLM's acting Assistant Director of Energy, Minerals and Realty Management. The letter provides specific recommendations for revision of the Site Security, Oil Measurement and Gas Measurement Rules. It also encourages the use of the PHMSA model and a technical advisory group (consisting of BLM and industry experts) to review proposed revisions to assure the technical feasibility of each proposal. On September 1, 2017, API submitted a letter to the BLM Acting Director requesting suspension of 43 CFR 3173 (Onshore Order 3), 3174 (Onshore Order 4), and 3175 (Onshore Order 5). The BLM said they have no plans on delaying or rescinding the Onshore Orders, but were willing to make changes via rulemaking.

In late 2016, the BLM published a final rule entitled Waste Prevention and Production Subject to Royalties (aka venting & flaring), it increases the amount of royalties paid on flared gas, require some equipment changes and/or new equipment, set limits on the amount of flaring/venting allowed, and enables the BLM to set the royalty rate on prospective onshore leases (currently they are required to use 12.5%). Royalty reporting on flared/vented gas will be problematic on identifying royalty bearing volumes, valuing and reporting the royalties, and then sharing with other working interest owners. BLM's Tim Spisak presented this at PASO, and the BLM and ONRR answered industry's questions on the reporting impact. The BLM has met with ONRR to develop the new reporting requirements which will not take effect until a to-be-determined date. In Wyoming, a U.S. District Court considered a case filed by the Western Energy Alliance and IPAA that would grant a preliminary injunction to delay implementation of new BLM rule. The judge ruled against the injunction. The rule was reviewed under the Congressional Review Act, and although it passed the House, it failed in the Senate. DOI Secretary requested this rule be reviewed for possible changes or repealing, with the outcome expected in the next few months. On October 4, the BLM announced in the Federal Register a proposal to temporarily suspend or delay certain requirements contained in the 2016 final rule until January 17, 2019. The BLM reviewed the 2016 final rule as part of Interior Secretary Ryan Zinke's Secretarial

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Order No. 3349, American Energy Independence, issued on March 29. The BLM found that some parts of the 2016 final rule appear to be unnecessarily burdensome on industry, and that a temporary suspension or delay of certain requirements would avoid compliance costs on operators for requirements that may be rescinded or significantly revised in the near future. For certain requirements in the 2016 final rule that have yet to be implemented, the proposed rule would temporarily postpone the implementation dates until January 17, 2019. For certain requirements in the 2016 final rule that are currently in effect, the proposed rule would temporarily suspend their effectiveness, also until January 17, 2019. This would give the BLM sufficient time to review the 2016 final rule and consider revising or rescinding its requirements. During this time, existing federal, state, and tribal regulations will ensure energy development is done in an environmentally sound, safe and responsible manner.

The General Accounting Offices (GAO) released a report stating it was taking too long to approve Indian CA's. The report acknowledged the streamlined process that was developed last year, and says there are no controls on how long it should take to approve a CA and recommends the DOI: establish time frames for the BIA and BLM review and approval of Indian CAs; develop a systematic mechanism to track these CAs through the review process; and assess its actions to improve the timeliness of the process. The BLM is working on an Instruction Memorandum that specifically addresses overlapping CA's. The BLM is moving forward on this and the draft IM is being reviewed by the Solicitor's Office. We understand that the BLM is proposing that the production be allocated to the leases in the new CA (versus existing CA), and it would be prospective (new CA's) and will include Indian leases. The expected release date is by the end of this year.

COLORADO

Initiative 20 would have levied a 10% tax on income from the sale of oil and gas and eliminated the credits for property taxes paid, Ad Valorem tax deductions, and stripper well exemptions. The ballot Initiative failed before the Secretary of State's Title Board in April and the state Supreme Court ruled to affirm the actions of that Title Board which rejected the measure. Initiative 20, the severance tax hike proposed for this fall's ballot, is officially dead for 2017.

On Oct. 11, the proponents of previous severance tax initiatives filed Initiatives 63 and 70 with the Colorado Legislative Council making this the seventh and eighth such initiatives filed for the 2017-18 cycle. These Initiatives propose eliminating the tax credit for property taxes; increasing the severance tax rates by 5%, and increasing the stripper well requirements to seven and one-half barrels of oil/day from 15 barrels of oil/day and to 45,000 cubic feet of gas/day from 90,000 cubic feet of gas/day effective January 1, 2019.

Last year the Colorado Supreme Court ruled "we hold that the plain language of section 39-29-102(3)(a) authorizes a deduction for any transportation, manufacturing, and processing costs and that the cost of capital is a deductible cost that resulted from investment in transportation and processing facilities. The State DOR established a stakeholder working group with industry and other interested parties to develop changes to their regulations to more clearly define what is deductible for severance taxes. The state released an emergency rule in late January addressing what deductions are allowed in determining the gross income from the sale of oil and gas. The state released a draft regulation to the stakeholder working group on April 21 and requested final comments by August 1. Colorado Petroleum Association met on May 3 to discuss a response to the proposed regulation. CPA, COGA and CPC tax committees met together on July 10 to consolidate the industry associations positions and present one set of comments to the DOR. The state released the proposed rule as part of a formal rulemaking in early June with a hearing held on July 12. Industry associations met the week of July 24 to finalize comments to the DOR prior to the August 1 extended hearing date. The DOR issued its final adopted regulations on October 10, 2017 to be effective November 1, 2017. For the most part, the regulations reflect the discussions and agreed positions of the various parties involved in the stakeholder process.

ENERGY INFORMATION ADMINISTRATION

The EIA published a Federal Register Notice requesting to expand their reporting of the EIA-914 to an additional 5 states/production areas, and to include the volume inputs and outputs at "stand-alone" stabilizers. Natural Gas Supply Association (NGSA) hosted a conference call and coordinated a response to the Federal Register Notice with the other industry associations which was due June 30. The response recommended not moving forward with the reporting changes until more clarification could be provided and to extend the due date of the monthly report from 45 to 60 days. EIA submitted to the Office of Management and Budget (OMB) their reporting changes, and it includes all their original changes except the stabilizer information. EIA dropped this requirement but would like to discuss further with industry. The new reporting requirements are expected to be effective with November 2017 production. EIA told NGSA they are also planning to request a Gas Processing Plant Survey for 2019.

EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (USEITI)

The Extractive Industries Transparency Initiative (EITI) held a Multi-stakeholder Group (MSG) meeting of 2017 in February. ONRR's Greg Gould stated that USEITI has been successful and will be mainstreamed moving forward, incorporating all the transparency goals into DOI

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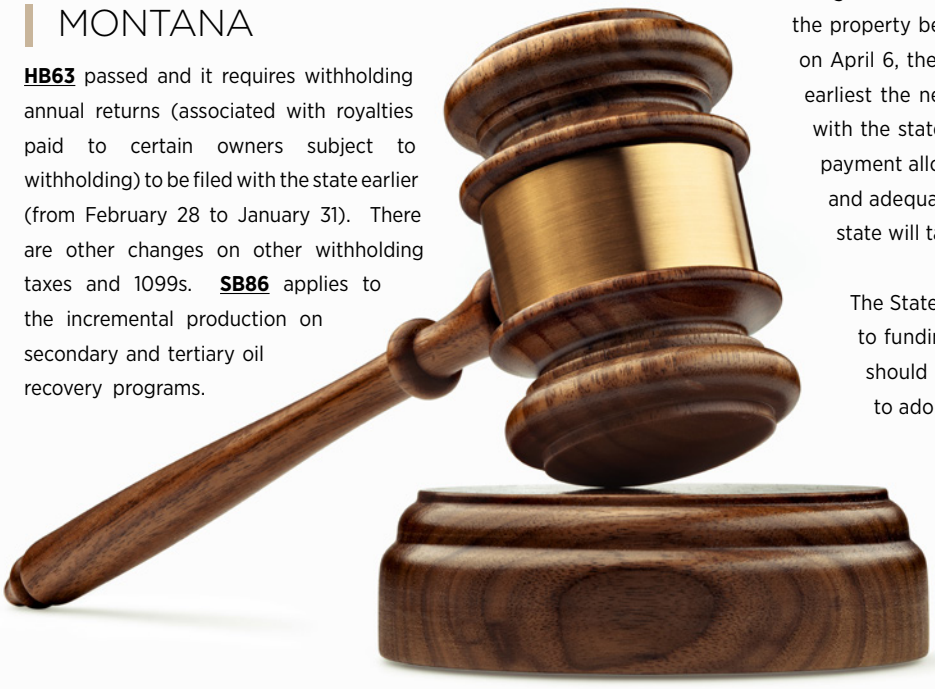
operations. The US will not be seeking validation and cancelled the remaining MSG meetings for the year. On November 2, the United States withdrew from the Extractive Industries Transparency Initiative. In the letter ONRR's Director Greg Gould sent to the Chair of the International EITI Board, he wrote "While the U.S. government remains committed to fighting corruption in the extractive industries sector, and the ideals of transparency enshrined in the EITI Principles and the EITI Standard, it is clear that domestic implementation of EITI does not fully account for the U.S. legal framework. Effective immediately, therefore, the United States must withdraw as an EITI Implementing Country."

LOUISIANA

The state has a budget shortfall and has completed their Regular Session and two Special Sessions. Governor John Bel Edwards' tax proposal pushed for significant changes that would shift more of the state tax burden to businesses, lessen sales taxes, and raise hundreds of millions for next year's budget. **HB98** removes the requirement that the Oilfield site restoration fee must be in direct proportion to the amount of severance taxes being collected. The bill was amended to specify that the full production rate fee is assessed on all production from oil and gas wells except for production from those that are identified as reduced rate production wells. **HB98** was signed by the Governor on June 26 and was effective July 1. **HB461** changes the severance tax exemption for production of oil and gas from an inactive well from a 100% tax exemption for five years to a 50% tax exemption for 10 years. This bill also adds a new exemption for production from an orphan well providing a 75% rate reduction for 10 years. The Governor signed this bill on June 26 and was effective August 1.

MONTANA

HB63 passed and it requires withholding annual returns (associated with royalties paid to certain owners subject to withholding) to be filed with the state earlier (from February 28 to January 31). There are other changes on other withholding taxes and 1099s. **SB86** applies to the incremental production on secondary and tertiary oil recovery programs.



It increases the trigger price from $30/bbl to $54/bbl. It was amended to apply to new projects, signed by the Governor, and was effective March 23. **SB317** changes the interest rate of delinquent taxes and deficiency assessments from 12% to three percentage points above the prime rate published by the federal reserve system. Currently, the Bank Prime Rate is 4.25%. Although this bill references several specific taxes, it only blankets Title 15 Taxation which includes Oil and Gas Production Tax. The bill became law May 12 and was effective October 1.

NEW MEXICO

The state started meeting with industry representatives on implementing a new tax/royalty/production reporting system not to be implemented until 2017/8. Several important changes that were not previously discussed or announced are: 1) replacement of the multi-well PUN with the API/formation as the property ID; 2) requiring replacement line reporting and the resubmission of the full report that has any amended lines; 3) October 10, 2017 go live date with January production (previous communications were the latter part of 2018): and 4) Use of GenTax to allocate payments to report lines (what we are being told does not appear to be a problem, but other states that use GenTax do have problems). The Taxation & Revenue Department (TRD) decided to go with the OCD Property/Pool Code along with the lease agreement number. It is believed that this will reduce the number of records to be filed versus the state's initial proposal of API well & pool code. They have posted two cross reference files with the existing PUN on their website. Ten companies wrote a joint communication requesting the TRD reconsider their proposed amendment process and delay their "go live" date until January 1, 2018 production. As a result, the TRD did change their amendment process to only require the replacement line for the property being amended. In their communication to all taxpayers on April 6, they also said that January 2018 production would be the earliest the new reporting would be effective. In recent discussions with the state, industry expressed concerns about the new system's payment allocation process, January 2018 production effective date, and adequate testing. It is hoped that prior to implementation, the state will take actions to address these areas.

The State Land Office (SLO) will be migrating separately, but due to funding issues they are reevaluating their system change. It should be noted that the SLO was one of the states that voted to adopt the WSLCA standard royalty reporting data set.

The Oil & Gas Conservation Division is proposing to change some rules impacting the filing of their production reports (Form C-115). It current reads "If an operator fails to file a form C-115 that the Division

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accepts, the division shall, within 60 days (proposed change is to 30 days) of the appropriate filing date, notify the operator by electronic mail or letter of its intent to revoke the operator's authorization to transport or inject if the operator does not file an acceptable and completed form C-115. If the operator does not file an acceptable and complete form C-115 or request a hearing on the proposed cancellation within 120 days (proposed change is to 60 days) of the original due date of the form C-115, the division may cancel the operator's authority to transport from or inject into all wells it operates". The intent of the rule change is to provide for a quicker response from OCD to those operators who are filing late production reports, and consequently promote greater compliance with the production reporting requirements.

New Mexico's constitution requires the Legislature to pass a balanced budget for fiscal year 2018. However, the Legislature adjourned on March 18 without doing so. Therefore, a Special Legislative session started on May 24 and ended May 30 and focused on resolving budget funding and restoring the budgets for Higher Education and the Legislature.

NORTH DAKOTA

HB1257 lessens the requirement for unitization plans to approval from more than 55% of royalty interests (it was 60%). This same percentage of interests would also dissolve the unitization. The bill passed the House and Senate and was signed by the Governor. **HCR3027** is a resolution that directs legislative management to study the fiscal impact of incentivizing the refracturing of existing oil wells by providing an oil extraction tax exemption on the first 100,000 bbls of incremental production. The resolution passed the House and was heard, amended and passed by the Senate and concurred by the House. It has now been filed with the Secretary of State.

An amendment was filed on **SB2013** that would require the ND School Lands to maintain their current interpretation and allow transportation and processing deductions on the gas. The Senate did not concur with the House amendments and a conference committee was appointed. Another amendment was added at the last minute requiring a study be done on royalty deductions with the Tax Commission. The bill then passed but the amendment requiring the ND School lands to maintain their current interpretation of "gross proceeds" was vetoed by the governor.

The North Dakota Board of University and School Lands was planning to send a letter to operators notifying them that no deductions are allowed when calculating state royalties for natural gas. They decided not to send the letter out but wanted industry to provide them their legal opinion on what is meant by "Gross Proceeds" and why the state's opinion is incorrect. The state reached out for COPAS's opinion on their interpretation, but COPAS responded that they do not provide "legal opinions". Based upon a meeting in July with industry, the state went ahead and sent a letter dated July 27 saying no deductions were allowed for gas royalties and that interest and penalties would be applied.

The North Dakota Industrial Commission (NDIC) proposed changing their rules concerning royalty checkstub information. The proposed changes would require payors to report: a) point of sale pricing information; b) the amount and purpose of each deduction and adjustment; and c) gross and net acres in the spacing unit. The North Dakota Petroleum Council submitted comments against these proposed changes, gave oral comments during the hearings in October, and filed supplemental comments. It is unknown what the NDIC will ultimately adopt.

In 2015 the North Dakota Legislature amended the oil and gas tax laws by reducing rates from 11.5% to 10%. This change to the oil and gas tax law impacted all production in North Dakota including production from wells located on the Fort Berthold Reservation. In January, the Three Affiliated Tribes approved a Resolution imposing an additional tax at a rate equal to ½ of the 1.5% on production from oil and gas wells located within the boundaries of the Fort Berthold Indian Reservation. This Resolution reflected the Tribes' belief that the pre-2016 oil and gas tax rates apply to reservation production. Consequently, some taxpayers have received an assessment from the Three Affiliated Tribes for tax due. The North Dakota Tax Commission advises that the state oil and gas tax rate of 10% continues to be in effect; and neither the Oil and Gas Tax Agreement with the Three Affiliated Tribes nor federal or state law allows this additional tribal tax to supersede or replace the State's oil and gas taxes on the Fort Berthold Reservation.

OFFICE OF NATURAL RESOURCE REVENUE

Last year ONRR published a new Final Oil & Gas Valuation Rule. It eliminates some actual transportation and processing deductions; adds a default provision giving ONRR almost broad discretion in not accepting your royalty value and identifying a new value; and it proposes a gas index option that only applies to non-arms-length sales in addition to being too costly to be viable. It also requires you to split out all transportation and processing factors, and to report them in your transportation or processing allowances. It also changes the Sales Type Codes for ngls - PC7 & field fuel - PC15, as they now should match the way they are being valued. Hundreds of comments were filed on the proposed valuation rule, but COPAS's suggestions were essentially ignored in the final rule. ONRR developed an extensive training on the new rule and answered many of COPAS's questions in their training, but the fact the clarifications are not in the rules could lead to interpretation changes over time.

LEGISLATIVE & REGULATIVE UPDATE

API filed a petition objecting to the new rule. On February 22, a Dear Reporter letter was released staying the rule and requiring companies to report and pay royalties based upon the rules that were in place prior to 1/1/2017. Two Federal Register notices (FRN) were released in April, one asking for comments about ONRR repealing the valuation rule, and the other requesting comments about what changes (if any) industry would like to see with the Federal royalty valuation regulations. COPAS held a conference call and created a draft set of comments that was reviewed at the COPAS National Revenue Committee. A couple minor tweaks were identified and those were circulated and approved by the COPAS comment committee. Both the COPAS comment committee and the COPAS Revenue Committee voted to respond to the other FRN and recommend that ONRR repeal the valuation rule and start the rulemaking process all over and to engage the to be established Royalty Policy Committee. The states of New Mexico and California filed a complaint against the ONRR saying they did not have the authority to delay the effective date of the valuation rule. On August 7, ONRR officially repealed the "Consolidated Federal Oil & Gas and Federal & Indian Coal Valuation Reform Rule" and reinstated the valuation regulations that were in effect prior to January 1, 2017. As stated in the Federal Register, ONRR cites the primary reasons for the repeal are: 1) Several significant defects in the rule that undermined its purpose and intent making it challenging to comply with, implement, and /or enforce, along with numerous comments that were highly critical of certain provisions of the rule; 2) President Trump issued Executive Order 13783 – "Promoting Energy Independence and Economic Growth" which directs Federal agencies to review all existing regulations and other agency actions, and to suspend, revise, or rescind any such regulations or actions that unnecessarily burden the development of domestic energy resources beyond the degree necessary to protect the public interest or otherwise comply with the law; and 3) Secretary of the Interior announced that he will reestablish the Royalty Policy Committee (RPC), and the RPC will advise ONRR on current and emerging issues related to the determination of fair market value and the collection of royalties from energy and natural resources on Federal and Indian lands. ONRR expects that further internal assessment and analysis combined with consultations facilitated by the RPC's reestablishment will lead to the development and promulgation of a new, revised valuation rule that will address the various problems that have now been identified in the rule they repealed.

The Royalty Policy Committee which is made up of representatives from industry, the government and public met for the first time on October 4. Three subcommittees were formed: 1) Fair Return and Revenue (egg. valuation); Planning, Analysis, and Competitiveness (egg. royalty rates, fees) and 3) Indian Affairs and conference calls started on November 3. The next full RPC meetings will be in 2018, and they are: Feb 27-28 Houston; June 5-6 Albuquerque; and September 11-12 Casper.

At various industry meetings, ONRR has said they are not going to update their Unbundling Cost Allocations (UCA's) for minor changes. They will only update the rates if there is a major operational change. ONRR is also expecting to release Dear Reporter Letters on POP contracts; Keepwhole Contracts; and venting & flaring (November). At the COPAS national revenue committee meeting in Denver, ONRR reported they will be sending out by the end of the year, Orders for Indian Oil Major Portion for all tribes (2002-6/2015 excluding tribal trust settlements). ONRR is also finalizing a major reorganization.

ONRR continues to say that if you are deducting 100% of your transportation and processing charges they will issue you an Order giving you 30 days to unbundle. At several API/COPAS/Western Energy Alliance meetings over the past several years, inaccuracies with ONRR's unbundling formulas, and compression and dehydration allocation methodologies were discussed with ONRR, but they continue to maintain a position that is not supported by the regulations or case law. These issues and ONRR's position were discussed at PASO on February 9, and ONRR stated that there were still several issues that had not yet been settled by the courts.



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OHIO

Earlier this year the Governor released details on his final biennium budget bill. It included several tax increases most notably increasing the severance tax to 6.5% for oil, condensate and natural gas and 4.5% on processed hydrocarbons such as natural gas liquids. The Governor's tax increases are part of **HB49**. API provided opposition testimony and there is little legislative support for a severance tax increase. Remarks given at an April 4 State of the State address were absent any plan to increase the state's severance tax on oil and natural gas.

The Division of Oil and Gas Resource Management and the Ohio Department of Taxation hosted two informational meetings during July 13-14 regarding production reporting and the collection of severance and ad valorem taxes. The purpose of the meeting was to clarify reporting requirements included in the Ohio Revised Code and the correlation to severance and ad valorem tax obligations. Questions for DNR may be answered directly by senior legal counsel, Eric Vendel, at 614-265-6631, and questions for Taxation may be answered directly by deputy tax commissioner, real estate tax, Stan Dixon, at 614-466-2166.

OKLAHOMA

SB225 passed and it exempts certain publicly traded partnerships from the out-of-state royalty withholding tax. It passed the House and Senate and was signed by the Governor and is effective November 1, 2017. **HB2377** amends the gross production tax statute by instituting a sunset date of July 1 and requires claims for refunds to be made by September 30 while delaying refund payments until after July 1, 2018 on most oil and gas gross production tax incentives (incremental production from secondary and tertiary recovery projects, inactive wells, incremental production from production enhancements, production from Deep Wells, production from New Discover Wells, and production using 3-D Seismic technology). This bill also sunsets the incentive for production from an Economically at-risk oil and gas lease on December 31, 2016 and requires claims for refunds to be made by June 30 while delaying refund payments until after July 1, 2018. Finally, it institutes a timeline for claims for refunds to be paid over a 36-month period. **HB2377** was approved by the Governor on May 25. **HB2429** was amended late during the Legislative Session. The part of this bill as it relates to the Gross Production Tax revolves around the horizontally drilled well tax incentive. The tax levied on the production of oil, gas, or oil and gas from a horizontally drilled well shall be reduced to a rate of 1% for a period of 48 months from the month of initial production. However, such production occurring on or after the July 1 for the remainder of such 48-month period shall be subject to a reduced rate of 4%. **HB2429** was approved by the Governor on May 31.

Governor Fallin issued an order calling the Legislature into a special session starting September 25. The special session is to address the following: a) immediate budget shortfall created by the loss of $215 million cigarette fee revenue ruled unconstitutional by the Oklahoma Supreme Court, b) long-term solution to continuing budget shortfalls, c) need for more consolidation and other efficiencies in all areas of state government, d) clarify intended exemptions to the new 1.25% sales tax on vehicles, and e) pay increase for classroom teachers K-12 common education system. The current measure includes tax increases on cigarettes, gasoline and diesel purchases, revises taxes on alcoholic beverages, restores the Earned Income Tax Credit, provides for a $3,000 teacher pay increase, and a $1,000 state employee pay increase. A possible gross production tax increase on a horizontally drilled well could be increased to 7% on production occurring for the remainder of the 48-month period starting at the date of adoption of new legislation. All revenue Bills must begin in the House but neither party can reach a consensus.

PENNSYLVANIA

The Governor's budget included a 6.5% severance tax with a credit for impact fee paid, and estimated a $293.8 million increase in revenue from the severance tax. The governor also said a severance tax will "help" the industry in communities outside the shale play when pipeline development occurs. As of October 27, the legislature finally finished the budget process for 2017-2018 and the agreed-to plan does not include a severance tax on the natural gas industry. The bill was signed by Governor Wolf on November 2. Once the governor receives all of the bills, he has 10 days to act on each one; otherwise the legislation becomes law without his signature.

HB1708 was introduced and it establishes: a) minimum royalty on value at the wellhead (value determined by deducting post production costs from the proceeds at the point of sale); b) defines Post production costs as: gathering, separating, treating, dehydrating, compression, processing, transporting, fuel/line loss, and fractionation; c) requires within 60 days of receiving request concerning royalty payment in past 36 months, lessee shall provide written summary of the amount and description of each deduction; and d) provides record inspection rights. The bill is currently in the Environmental Resources and Energy Committee. **SB138** was introduced and it stipulates royalty payments must be made within 90 days, and it also delineates the audit rights of a royalty owner. It also contains a few other royalty payment administration requirements as well as some joint venture reporting. It passed the Senate unanimously in February but has not moved since. **HB557** imposes a minimum one-eighth of the gross proceeds. The bill is different from previous versions as it only applies to production after the bill's effective date. The bill also allows a court to impose treble damages if the lessee acted willfully in failing to pay the minimum royalty or the lessee has been previously found to have failed to pay the minimum royalty. The bill has not moved since it was introduced although similar requirements were added to **HB1401**. **SB245** is referred to as the Pennsylvania Higher Education Assistance Agency Act and establishes the Pay It Forward Pay It Back Pennsylvania Program. The bill imposes a 5% natural gas severance tax on the gross value of the units of natural gas severed at the wellhead on top of the Local Impact Tax. The bill has not moved since it was introduced. HB1401 proposed a 3.2% severance tax and keeping the current impact fee. It was

LEGISLATIVE & REGULATIVE UPDATE

amended and passed out of committee by a 16–9 vote. The amendment imposes a volumetric tax of $0.02 per-thousand cubic feet of natural gas (MCF) if the price is $3.00 or less; $0.025 if the gas price is between $3.00 and $4.99/MCF; $0.03 if the price is between $5.00 and 5.99/MCF; and $0.035 per MCF if the price is greater than $5.99. The severance tax is in addition to the local impact fee and will go to the General Fund. It is to be reported and paid on an annual basis and the tax cannot be passed onto the royalty owner. The bill also exempts gas taken from a storage field used by a gas leaseholder or sold by a producer for processing and manufacturing operations within five miles of a well. It also guarantees that a minimum royalty payment for shale well production would not be less than one-eighth (12.5%) with provisions similar to HB557. This severance tax bill is currently on second consideration in the House and will be discussed during the week of November 13. Approximately 400 amendments have been filed on this bill.

TEXAS

Since March 2015, the low producing gas well incentive has been at 100% exemption, while the low producing oil incentive was in effect for February through June 2016 at various exemptions percentages. **HB129** said written consent is needed to provide payment detail in another manner than accompanying the payment. A committee substitute passed the House, and was amended and passed by the Senate. The House then concurred with the Senate amendments, and the bill was signed by the Governor. **HB2277** fixes the date the Comptroller must adopt the median cost of a high-cost gas well that will be used in the setting of the rate reduction for the year. It also prohibits a taxpayer from amending its report of drilling and completion costs after March 1 of the year following the fiscal year the application to the Comptroller was made; establishes refunds of overpaid natural gas production taxes are to be refunded to the person who paid the tax and not necessarily to the producer; strikes the authority for a taxpayer to receive a credit for overpaid tax, substituting refund authority; and limits refunds to a taxpayer who has applied for and received approval from the Comptroller for the tax reduction. This bill was signed by the Governor on June 1 and is effective September 1. **HB3232** relates to the penalty imposed on certain delinquent oil and gas severance taxes, and explains how a taxpayer is not subject to the penalty if the additional tax due does not exceed 25 percent of the original amount, and if the amended report is filed within 730 days after the original report with payment of the additional tax due. This bill was signed by the Governor on June 12 and is effective January 1, 2018.

The legislature was called back in to special session from July 18 until August 17. The main topic was changes to various taxes, especially property taxes.

VIRGINIA

HB2169 extends the existing local gas severance tax sunset date two years until January 1, 2020. It passed and the Governor approved it on February 20.

UTAH

SB17 authorizes the state tax commission to hold a meeting that is not open to the public to provide guidance to its employees on the interpretation and application of the tax laws of the state following action by the commission in a public meeting or issuance of a commission or court decision. A second substitute was received and passed. It was signed by the Governor on March 21, 2017 with an effective date of May 9. HB405 was amended and expands the uses for money in the Community Impact Fund to include a plant for producing hydrogen fuel for zero emission motor vehicles; and provides for an oil and gas severance tax credit for a taxpayer that produces natural gas for use in the production of hydrogen fuel for zero emission motor vehicles. The bill was signed by the Governor on March 22 with an effective date of May 9.

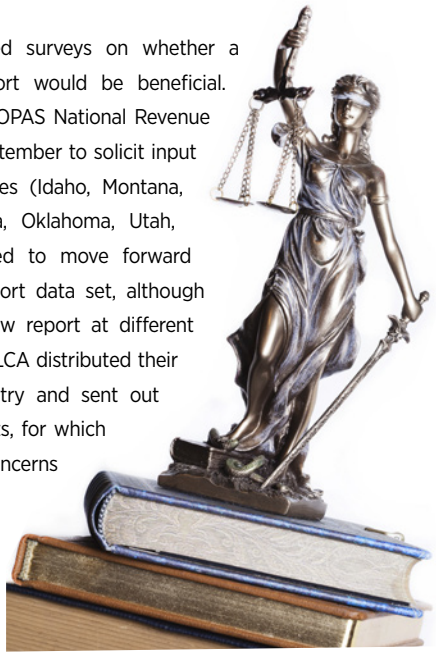
WYOMING

The Wyoming Department of Revenue issued a memo on how exempt royalties are to be calculated for tax purposes in various scenarios (e.g. when taxable volumes are different than the royalty volumes).

The WOGCC is still planning to go to API well level reporting (currently it is optional), although until they implement their new web based reporting (implementation date unknown) there is still a chance they would drop this new requirement.

WESTERN STATES LAND COMMISSIONERS ASSOCIATION (WSCLA)

In 2016, industry completed surveys on whether a standard state royalty report would be beneficial. The WSLCA attended the COPAS National Revenue Committee meeting last September to solicit input on this issue. Several states (Idaho, Montana, New Mexico, North Dakota, Oklahoma, Utah, and Wyoming) have agreed to move forward with a standard royalty report data set, although they will migrate to the new report at different times. Earlier this year, WSLCA distributed their proposed changes to industry and sent out another survey for comments, for which companies identified their concerns with the proposed changes.



COMMITTEE NEWS

AUDIT AND JOINT INTEREST

STANDING COMMITTEES



DALIN ERROR,
AUDIT COMMITTEE CHAIR



JONATHON BEENE,
JOINT INTEREST COMMITTEE CHAIR

What a wonderful week it was, for the Fall meeting in Denver, Colorado. The fall colors were in full force and the weather was perfect. Thank you to all who participated in the meetings and we are looking forward to seeing fresh faces in future meetings.

An engaging Emerging Issues Subcommittee meeting was held on Wednesday, September 20. The purpose of the subcommittee is to seek ways to minimize the development of industry-wide audit disputes over new accounting treatments by pro-actively identifying areas of potential dispute and developing recommended actions by the COPAS Audit Committee and/or COPAS Joint Interest Committee to resolve such issues before industry-wide disputes arise.

With that framework in mind, subcommittee chair, Kevin Launchbaugh, with assistance from Craig Buck, presented five timely case studies for discussion: affiliates versus related-entities and the chargeability of each; chargeability of pollution containment and removal equipment; costs associated with failed frac operations; surface damage payments; and well containment charges.

The Audit and Joint Interest Committees held a combined meeting on September 21. Karla Bower began the Publication Review Initiative (PRI) discussion with an update on the status of the new Model Form Accounting Procedure - 20XX, and introduced the team members. As of now, the team is planning to combine onshore and offshore into one model form. Karla also received some feedback on whether the group thought the Forfeiture Provision (Section I.5.E in the 2005) should remain. Karla also has mentioned that the team held a lively discussion on whether to incorporate references to MFIs in the document and also mentioned that they will likely incorporate the AAPL's definition of Affiliate, as well as a definition for Remote Technology Operations Centers.

The next PRI discussion was a continuation of one from the Summer meeting, and provided by the COPAS Technology Team, led by Deb Retzloff. The team discussed AG-28, Real Time Operations Centers (RTOC). The team provided an update on their progress and presented several questions to the group, noting that the group has received Board of Director approval to develop a project team. Deb presented the three major components the team is focusing on regarding RTOC chargeability: technology, facility and equipment and labor. The team is in the process of comparing these categories with current model forms and is addressing chargeability of each. Deb provided a summary of the COPAS Deepwater Accounting Procedure and how it relates to RTOC chargeability. Terry McMurray presented RTOC chargeability under the 1986 and 1984 Model Form Accounting Procedures. There was much discussion on the topic of whether an RTOC qualifies as a facility, whether it could be considered Joint Property, and how the technology and chargeability relate to onshore operations. Larea Arnett led the group's discussion regarding the facility question and mentioned the team is leaning towards classifying the RTOC as a facility. This would likely allow the cost of the facility to be directly chargeable under operator-owned equipment procedures in various model form accounting procedures. Janice Edmiston gave a very informative presentation of actual RTOC layouts, including example floorplans. Many thanks to the Technology Team for all their hard work on this issue. Local Society feedback to the team is critical; please submit your comments.

At the Spring meeting, the Publication Review and Clean Up Team (PRACUT) presented their report and recommendations. In that discussion, questions were raised to what constitutes a tweak versus



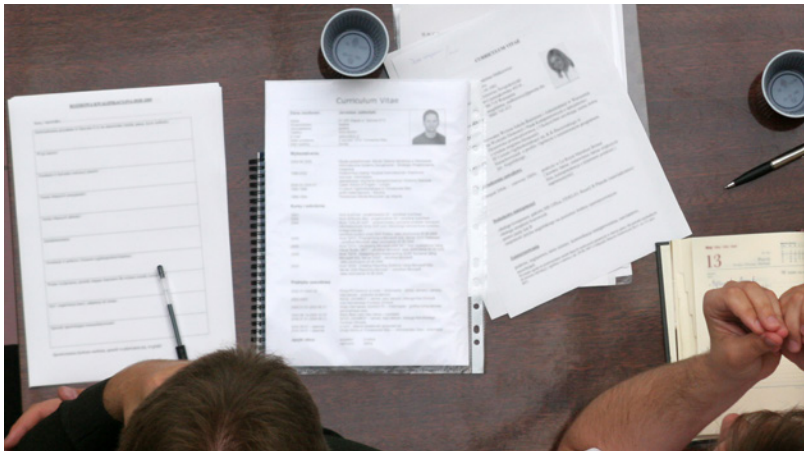
COMMITTEE NEWS

a revision. Mike Cougevan was asked to prepare information on what was a tweak versus a revision. Mike clarified that a "tweak" essentially constituted a publication correction…usually something resulting from a clear typographical error, or an error resulting from scanning or digital conversion. Generally, any other changes would constitute a revision, and require the formal, vetted drafting process. We appreciate Mike, and his continuing efforts on behalf of COPAS.

Wrapping up the joint session, Jonathon Beene led a discussion concerning the potential revision of MFI-37, *Incentive Compensation Programs*. This was a follow up discussion of a Summer meeting Emerging Issues topic. There have been several changes in the industry since the document was published in 1997, such as the establishment of incentive plans based on performance over multiple years, leading to complications in fairly and accurately accounting for these plans at the individual joint account level. The consensus from the meeting was that it would be worthwhile to proceed with an update to the document, since it does not adequately address some current incentive compensation practices.

After the group discussions, both committees separated to manage individual committee business. Discussions during the Audit Committee's breakout session yielded a group consensus that a winter 2018 meeting would be worthwhile in January. Subsequent to the meeting, the COPAS office finalized the date for the meeting: January 25, 2018 at the Doubletree Hotel – Intercontinental Airport in Houston, Texas. Stay tuned – more details should be forthcoming.

During the Joint Interest Committee's breakout session, discussions involved a possible update to MFI-40, *24-Month Adjustment Period for Joint Account Adjustment*, to address additional, specific circumstances where the twenty-four month adjustment limitation may not apply. Please be ready to discuss this issue at the next committee meeting, including discussing how to prioritize this project along with the others already in the pipeline.



The Joint Interest Committee also voted on several items, ultimately approving the Materials Subcommittee's recommendation to not change the Used Equipment Percentages already in effect; and approving the Employee Benefits Limitation of 35%, effective January 1, 2018. Both were subsequently approved by Council.

It should be noted that the Joint Interest Committee is in need of willing hands, specifically the committee needs a dedicated, reliable Vice-Chair and Secretary. These are both great opportunities to serve the committee and the organization, and they are vital steps in progressing within COPAS leadership. Additionally, Don Porter will no longer be able to serve as Chair of the Materials Subcommittee. We are a volunteer organization; please consider stepping forward to assist. If you are interested in serving in any of these three roles, please contact Jonathon, the COPAS Office, or a member of the Board of Directors.

As you can see, the meeting was productive, educational, and exciting. Much was accomplished, but there is still much to complete. Our success depends on everyone doing his or her part. We look forward to getting our hands dirty beside you. See you in Houston on January 25!



COMMITTEE NEWS



REVENUE STANDING COMMITTEE

TREY THEE,
COMMITTEE CHAIR

As we close out 2017 we should look back on the last several years in our industry and within COPAS. The downturn brought with it significant belt tightening at many organizations. This included a host of budget and personnel cuts across nearly every organization ranging from small independent E&Ps to fully integrated super-majors. This has caused ripple effects throughout the industry and that includes COPAS and its numerous local societies.

The impact on our local societies has been significant in many instances. Yet despite these macro headwinds, COPAS continues to drive dialogue and conversation across the industry. They've expended considerable effort rebuilding the webpage and this was no small undertaking. The website was very dated and the effort to overhaul has been comprehensive and is thoroughly modern. Additionally, despite constraints on budgets COPAS has moved forward with updating their educational program and will soon provide significant training and education opportunities via web based modules.

The timing of these new programs is fantastic. The macro headwinds we've all experienced in the past three years are now showing signs of abatement. Industry hiring is slowly creeping up, but we find ourselves with a shortage of talent and many folks unwilling to come back to the oil and gas space. This means training and educational opportunities will become even more critical. Being able to leverage the resources and programs from COPAS will allow those of us in management to have yet another tool at our disposal for ensuring a well-rounded and educated staff.

You are encouraged to look at these tools and programs over the next couple of quarters as things at COPAS really begin to gain momentum. Moving on to a few revenue specific items, congratulations to Mike Foster at ConocoPhillips on his new role as Tulsa Society Revenue Chair. Mike brings to the table significant experience and really good ideas on how to drive better dialogue and education opportunities in Tulsa. As I step out of this role, I'm appreciative of Mike's fresh perspective and his ability to add some additional structure to our monthly meetings.

Our Revenue Committee meeting in Denver had an impressive turnout with more than 70 registered and attendance ranged from the upper 30s to the upper 50s for each of the sessions. We are preparing our agenda items for the spring session in Fort Smith and I would encourage anyone with thoughts or recommendations on agenda items to please let someone in your local society know or contact someone on the Revenue Committee or Board of Directors directly.

We are continuing our dialogue with ONRR at our committee meetings. This dialogue will be critical to ensuring adequate information flow between industry and the ONRR as well as keeping up with agency changes. These changes ultimately impact enforcement, rules interpretation and a host of other details that make a big difference in our ability to perform our day-to-day duties while remaining compliant with regulatory requirements. COPAS is appreciative of ONRRs willingness to continue this dialogue despite the fact that we quite frequently disagree with some of their positions.



BOB WILKINSON

CONGRATULATIONS ON YOUR RETIREMENT

Thank you, Bob, for the many COPAS contributions throughout your industry career.

You've given freely and willingly of your time and knowledge, particularly in the Revenue Standing Committee, for many years.

ACCOUNTS readers, and even an audience that follows your email updates, have benefited from your regular columns in the regulatory affairs for state and federal jurisdictions. This information has been timely, and greatly appreciated. We know you leave the column in capable hands and thank you for recruiting resources for that to continue.

Best wishes to you and Linda as you begin your retirement.

COMMITTEE NEWS

Additionally, we had a two-hour session on unclaimed property at our Fall meeting. This was a session that was heavily requested after the one-hour session last fall in San Diego. I was a bit concerned with having two hours to fill, but the presenters only made it through half their material. This was due to fantastic dialogue between COPAS membership and the experts we brought in. The session was very productive and we are again getting requests for another session on this topic.

I would like to leave you with some thoughts on our industry.

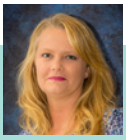
As mentioned above, the last several years have been tough and tight for many organizations and many of us personally. Yet now we're seeing real signs of at least some stability for the sector. Prices of Brent have recently been around $60 and WTI is around $54 as of October 31. It feels like the market has perhaps outrun fundamentals here just a touch, so a pullback wouldn't surprise me. This shouldn't be cause for concern. It appears that tightening supply/demand will help underpin prices generally speaking. Hopefully this not only results in prices edging higher, but also some stability that will prevent another slide into the upper $20s or low $30s.

As confidence comes back to our industry remember to continue your focus on efficiency. Hire the right people and leverage tools at your disposal, including COPAS, to ensure adequate education for these new hires. I would also encourage everyone to think about putting the right people in the right roles and not just hiring because you have been running so lean for so long. This temptation, while satisfying a temporary demand for cranking out daily work, ultimately results in inefficiency. In the event of another downturn (we all know it will happen, it's just a question of when) the industry has to be conscious of how we are perceived, and these perceptions are already hurting hiring efforts today due to the "boom and bust" nature of our business. Attracting and keeping highly skilled people for our very technical business is tough, even if we were in a long stretch of high prices. Finally, by hiring the right people for the job, not only do you help our industry, you also ensure a better cultural fit for your organization which will further productivity gains for your departments and organizations.

Finally, I end this report by honoring Bob Wilkinson of ConocoPhillips. Bob has been associated with COPAS for more than 25 years. His career sent him across the world before settling down in Tulsa. This career was 22 years at BP/Amoco, 5 years with PWC/IBM Business consulting as the leader of the BP State Tax and Royalty Reporting group. From IBM, he moved to ConocoPhillips where he has spent the past 11 years. Bob has helped organize numerous royalty workshops related to ONRR and Tribal royalty reporting. He was an active participant in rule making committees, he's a member of API and on their royalty subcommittee as a chairperson for onshore. He's received two MMS Corporate Leadership Awards. Bob is retiring in December of 2017 and he will be missed. He will be missed for his active and thoughtful participation across numerous industry groups and organizations. He will be missed for his willingness to lead on ONRR and BLM related issues. Most of all he will be missed by me for his leadership and mentoring over the last five years. I know he has provided similar to many of you over the span of his career. Bob, we wish you well on your retirement endeavors with your wife Linda of 35 years. COPAS hopes you check in from time-to-time and enjoy your travels in retirement.

I look forward to seeing everyone in Fort Smith!

SMALL OIL & GAS COMMITTEE



NANCY BROWN,
COMMITTEE CHAIR

The Small Oil and Gas Committee met on Thursday, September 21, with two presentations given.

The first speaker was Robert Conner with BKD. His topic was creating transferable value and the importance of succession planning within companies. Doug Reeb, EKS&H, was the second presenter. Doug gave an update on the new revenue standards, lease standards, and credit loss standards. With a summary of what to watch for and how to implement new standards.

Our next committee meeting will be on April 26, 2018 at the Spring meeting in Fort Smith, Arkansas.



PROJECT STATUS REPORT

COPAS MODEL FORMS

COMMITTEE	PROJECT	STATUS	COMMENTS BY	ANTICIPATED COUNCIL VOTE
Joint Interest	Accounting Procedure	Team has commenced work on the model form. Update will be provided at January meeting.	N.A.	

COPAS MODEL FORMS MODIFICATIONS AND INTERPRETATIONS

COMMITTEE	PROJECT	STATUS	COMMENTS BY	ANTICIPATED COUNCIL VOTE
Joint Interest	Real Time Operations Centers	Team has commenced work on revising AG-28 to include producing operations and address chargeability.	N.A.	
Joint Interest	MFI to accompany new model form Accounting Procedure	Team has commenced work on the model form. Work will commence on MFI later when the model form terms are more certain.	N.A.	

COPAS ACCOUNTING GUIDELINES

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

COPAS TRAINING & REFERENCE

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

COPAS MEMBERS!

YOU COULD BE LEAVING MONEY ON THE TABLE WITH YOUR EVERYDAY OFFICE PURCHASES.

No one wants to do that.

Get the full benefit of your COPAS membership by taking advantage of any of the member benefits listed on the COPAS website.

If you aren't the decision maker, send this information to your purchasing group for further evaluation.

SOME SAMPLE BUSINESS SAVINGS:

- **FEDEX**: average savings of 38% off Express, Ground and International, regardless of how much you ship. Why pay retail?
- **AT&T**: save 22% off monthly service charges for qualified wireless plans
- **SHRED-IT**: destroy business records that are eligible for destruction, safely and securely, all while saving about 35%
- **CAR RENTALS**: save 25% on most major brands

What about discounted hotels, for business or leisure? Office Supplies? Copiers? Furniture? Electronics? Super Shuttle?

How about some personal savings opportunities? Do you enjoy a good movie? What about a family theme park vacation? Going to Las Vegas or New York to take in a show? Don't pay full ticket price. **Check out the savings.**

What about vision plans? VSP plans can save you money.

Worried about identity theft? Check out the LifeLock savings opportunity.

All these savings are on the member benefits page.

HOTELSTORM ORKIN SuperShuttle Need a lift? VSP Vision care for life

AT&T FedEx Office DEPOT LifeLock Guarantee Your Good Name RICOH imagine. change.

AVIS Hertz National enterprise Shred-it

Purchasing decisions are entirely up to the individual company. COPAS is not recommending or promoting any one vendor or good or service. We are simply providing you opportunities to save money on products and services you already purchase.

FALL MEETING RECAP



Downtown Denver provided the perfect backdrop for the 113th meeting of the Council of Petroleum Accountants on September 22. Two hundred-thirty, including 14 guests or spouses, were in attendance. Thirty-four were attending their first COPAS meeting.

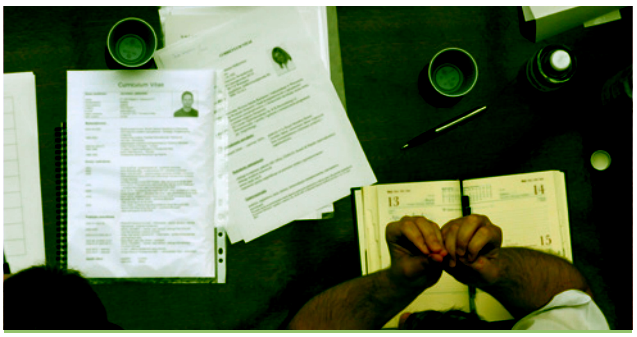
The Leadership Conference was the first meeting for attendees. With 54 participants in attendance, including society presidents, standing committee chairs, board members, office staff, and many first-time meeting attendees, it was a very productive morning. Agenda items included a review of the new COPAS website, a demonstration of a CEE-in-a-Box presentation, and small group exercises on "What COPAS means to you" and forming a member testimonial.

Vice President Doug Smith was the discussion leader.

Those attending their first COPAS meeting, "First Timers," met with assigned mentors, board members, committee chairs and office staff for lunch, following the Leadership Conference. First Timers met in small groups, with mentors, to complete a scavenger hunt. The scavenger hunt is designed to meet more of the attendees, and to participate in the various meetings and events that take place during the week. First and second place teams received gift cards.

The Emerging Issues Subcommittee drew a large crowd on Wednesday afternoon, with more than 150 in attendance. Five cases regarding direct chargeability were presented for discussion. Conversations were both spirited and interesting. Informal straw polls are used to advance topics to the next stage, if warranted.

- Affiliates versus Related Entities
- Pollution Containment and Equipment Removal charges
- Shared Production Equipment costs on wells that are never completed
- Assignment of an override to a surface owner in lieu of flat payment and
- Whether charges for both a Well Containment Service Provider and an Operator's own well containment equipment are duplicative.



FALL MEETING RECAP

The View House was the site of the Leadership Dinner Wednesday evening. This event is used to give society leaders, committee chairs and COPAS board members an opportunity to meet informally, discuss various leadership issues, and share successes and challenges encountered. There was great food, networking and a nice view of the ballpark and downtown Denver.

One of the great highlights of the semi-annual meeting is the standing committee meetings. COPAS Standing Committees include Audit, Joint Interest, Revenue, Small Oil and Gas Companies, and Education.

Each committee meeting is unique in its agenda. Two of the most visible committees, Audit and Joint Interest, meet jointly for much of their time. The issues discussed affect both committees, so the time is well used working together on the issues. The bulk of the committee agenda this time was on presentations from the project teams working on updates to publications and the accounting procedure. The Project Status Report is published in each issue of *ACCOUNTS* and on the COPAS website. This is a good tool to track the progress of each project team and know when feedback is due from individuals and societies.

The Revenue Committee meets for one and a half days. Their agenda is primarily updates on regulatory reporting issues, as well as issues facing revenue accountants. This committee hosts a number of speakers, including presentations from Federal and State agencies, round table discussions, and emerging issues related to the revenue function.

Education meets for a half day and is focused on the educational aspects of the organization. The role and mission of the committee have changed in recent years. Going forward, the committee will be focused on assisting the COPAS office with the development of educational offerings and the development of an APA® review course.

Our meeting dates often present a challenge for the Financial Reporting Committee in that a quarterly close or reporting period limits attendance and/or participation. Because the Fall meeting was prior to a quarterly close, this meeting was very well attended. Two excellent speakers provided updates on the Leasing rules and the Revenue Recognition standard.

Small Oil and Gas Companies Committee also met one half day. This committee focuses on the activities that affect smaller companies, or where the employee has responsibilities outside the traditional accounting role. Speakers gave presentations on creating transferable value and the importance of succession planning within companies as well as the new revenue standards, lease standards, and credit loss standards.

Committee meetings are a great way for attendees to obtain continuing professional education hours, but also to keep current on matters important to their companies.

Sarah Sandberg, Chief Executive Officer of the Colorado Oil and Gas Association, was the general session speaker. Her message was very well articulated, accented with humor, and well received by the attendees.

Special recognition was given to:

- Vicki Cromer and Lary Sides, named as 2017 Eagle Award winners and
- Howard Blunk, Karla Bower, Jon Gear, John Jolly, and Pat Martindale, Ring of Honor recipients.

Congratulations to Tammy Miller-Davison, Melissa Gruenewald, and Trey Thee, elected to board of directors for three years.

The 2018 nominating committee will be led by past president Dan Triezenberg. Elected by Council to fill the committee will be Todd Attalla, Bryce Bales and Vanessa Green. Congratulations to Todd, Bryce and Vanessa.

Jeff Wright and Dan Triezenberg were recognized as retiring directors. Dan was also presented with the past president's award.

Make plans to attend the Spring meeting, April 23-27, in Fort Smith, Arkansas.



WINTER
COMMITTEE MEETING

JOINT INTEREST & AUDIT STANDING COMMITTEE MEETING

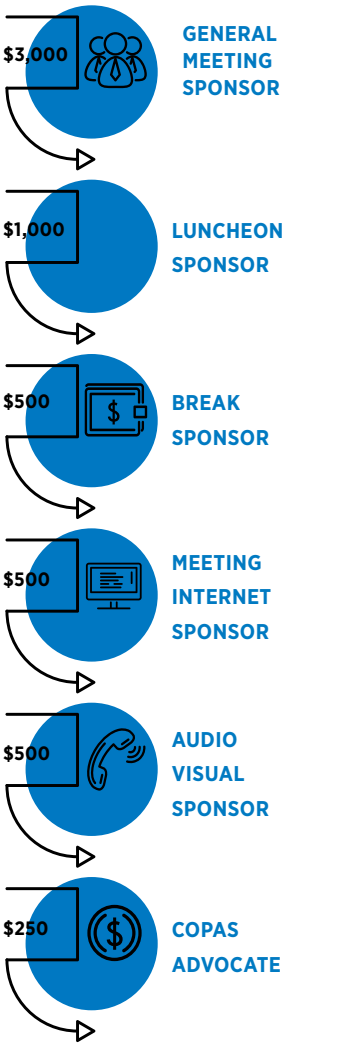
Emerging Issues Case Studies

Thursday, January 25, 2018 | 8:30 a.m. to 4:00 p.m.

Doubletree Hotel – Houston Intercontinental Airport
15747 JFK Blvd | Houston, TX 77032

Guest room availability limited. Rates are $139/night, plus applicable tax.
Reserve your guest room here.

Registration fee is $110 per person, includes lunch and breaks.
Register here.



NEW COMMITTEE MEETING SPONSORSHIP OPPORTUNITIES

New sponsorship opportunities are now available for the COPAS committee meetings held in January and July.

Sponsor levels include:

GENERAL MEETING SPONSOR: $3,000 (EXCLUSIVE SPONSORSHIP)
Exclusive opportunity to be the lead sponsor for the meeting. Sponsorship package includes up to 5 complimentary meeting registrations; signage at registration table and in the meeting room, recognition on meeting sponsor signage, announcement during the committee meeting, and the ability to provide company promotional material to be placed at each participant seat.

LUNCHEON SPONSOR: $1,000 (LIMITED TO TWO SPONSORS)
Sponsorship package includes up to 3 complimentary meeting registrations; signage at lunch buffet table, recognition on meeting sponsor signage, and announcement during the committee meeting.

BREAK SPONSOR: $500 (UNLIMITED SPONSORSHIPS)
Sponsorship package includes 1 complimentary meeting registration; signage at break stations, recognition on meeting sponsor signage, and announcement during the committee meeting.

MEETING INTERNET SPONSOR: $500 (UNLIMITED SPONSORSHIPS)
Sponsorship package includes 1 complimentary meeting registration; general signage with meeting log in information and password, recognition on meeting sponsor signage, and announcement during the committee meeting.

AUDIO VISUAL SPONSOR: $500 (UNLIMITED SPONSORSHIPS)
Sponsorship package includes 1 complimentary meeting registration; general signage in meeting room, recognition on meeting sponsor signage, and announcement during the committee meeting.

COPAS ADVOCATE: $250 (UNLIMITED SPONSORSHIPS)
Any COPAS advocate can join in the support of the organization through sponsorship at a COPAS committee meeting. This opportunity includes recognition on meeting sponsor signage, and announcement during the committee meeting. Make a statement about your strong support of the organization.

Click here to access the sponsor form.

SOCIETY NEWS



COPAS OF ABILENE

KEN POYNOR, PRESIDENT

COPAS of Abilene met Tuesday, October 10, at the Abilene Country Club.

Scott Bain, Lubbock Region Manager of Safety Services for Texas Mutual Insurance Company, spoke on the importance of having a detailed fleet plan in place for those companies with trucking and/or company cars for employees. He also provided Texas driving statistics.

Ken Poynor discussed the next COPAS meeting that will be April 23-27, 2018 in Fort Smith, Arkansas.

The next society meeting will be in January, 2018.



Abilene



COPAS OF ACADIANA

TOM ELLIOTT, PRESIDENT

The Acadiana society was excited to have our October meeting on Thursday, October 26 in conjunction with the LAGCOE event. We heard presentations from Jones Walker Energy and State and Local Tax practices discussing coastal lawsuits, mergers and acquisitions, and Louisiana severance tax issues.

PETROLEUM ACCOUNTANTS SOCIETY OF ARKANSAS



RICK JONES, PRESIDENT

The Arkansas Society continues to plan the Spring 2018 meeting to be held in Fort Smith. We are soliciting sponsors and vendors at this time. We have finalized all our event venues which will showcase the history and resurgence of downtown. The Leadership Dinner will be held in the courtroom of The Hanging Judge Parker at the Fort Smith National Historic Park. Attendees can browse through the museum that highlights the first Fort Smith as a military outpost to keep the peace in the Indian Territory and Wild West. The Wednesday night reception will be held at Adelaide Hall, which was built in 1871. A trivia night at the hotel on Thursday night will wrap up the week. We are very excited to host our first COPAS meeting and share our city with the members of COPAS. We hope to see in April 2018.

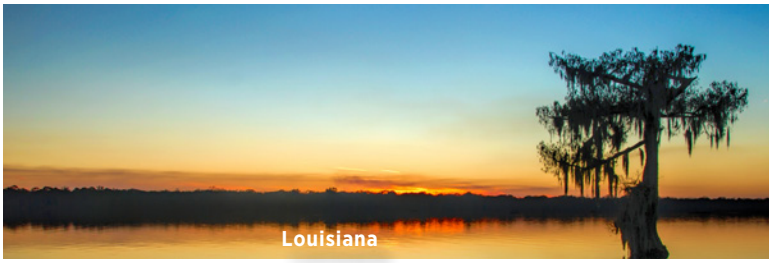
The Arkansas society begins a fourth year with 41 members. The 2017-2018 Board of Directors are:

Rick Jones – President
Sarah Harris – Vice President
Nancy Brown – Treasurer
David Traylor – Secretary
Mark Alder – Ex-officio Member
Summer Morton – Member at Large #1
Tiffany Adams – Member at Large #2

The first meeting of the new year was October 18 at the Fort Smith River Park Events Building. Our guest speaker was Rodney Baker with the Arkansas Independent Producers & Royalty Owners organization (AIPRO). Mr. Baker gave a wonderful presentation which outlined the AIPRO organization and gave a general overview of services provided.



Little Rock, Arkansas



Louisiana

SOCIETY NEWS

PETROLEUM ACCOUNTANTS SOCIETY OF ARK-LA-TEX



RILEY WILLINGHAM, PRESIDENT

New officers for the Ark-LA-Tex Society are:

President – Riley Willingham
Vice President – Kristin Laux
Treasurer – Keri Colvin
Secretary – Karen Tiemann
Director and Membership Coordinator – Marie Gardner
Director and CPE Coordinator – Mark Anderson
Director and Newsletter Coordinator – James Cook

We were excited for Mark Anderson to step up and volunteer to be a board member and help us gain a fresh perspective on how to advance our society's impact in our area. Mark graduated with a Bachelor of Business Administration in Accounting from Baylor University in 1990. After serving as Controller for Diamond K Construction, he began his career in the oil and gas industry with Brammer Engineering, Inc. in 2004, and he now serves as the company Controller. In his spare time, Mark enjoys golfing, traveling, and spending time with his family. Mark volunteers with the Volunteers of America, serves Dixie Youth softball, and is involved with his community and his church.

At the October society meeting, Harold Christensen, a professor of economics at Centenary College of Louisiana, spoke about the future of the US oil and gas industry. Mr. Christensen addressed some of the issues we hear about daily (OPEC supply, global demand, shifting geopolitical alignments, etc.). The overall takeaway was that the US oil and gas industry is well-positioned to take advantage of growing global demand.

We were excited to see our very own Vicki Cromer receive the 2017 Eagle Award, chosen by the COPAS President, for her outstanding contribution and commitment to the organization. We congratulate her for the outstanding example she has set for the society both locally and nationally.

The board is looking forward to another successful year. We are hoping to grow our membership and continue to provide relevant and meaningful discussion through the monthly luncheons. The board is continuously looking for ways to gain more interest and input from members to create the most beneficial and educational opportunities during our luncheons.



PETROLEUM ACCOUNTANTS SOCIETY OF CANADA



CODY AUSTIN, PRESIDENT

2017 has been a very busy time for the Petroleum Accountants Society of Canada (PASC). This year the society focused heavily on creating value for our members. Our key areas of focus have been updating and ensuring relevancy of publications, education and providing quality luncheons.

One of the key initiatives for 2017 has been reviewing all publications for relevancy and increasing the rate of publications. We had member feedback that we were not reacting to changes in industry with relevant publications as fast as members would like so we created a publications committee with the sole focus of reviewing and maintaining publications. The result has been faster, more timely publications and a complete reduction of outdated publications.

In September, PASC hosted its annual education day with this year's theme centering around "Great Expectations." Education day has been the marquee event for PASC since its inaugural event five years ago and this year was better than ever. The event moved to a new venue this year as the Calgary Petroleum Club was undergoing renovations. Education day featured a talented roster of industry speakers such as Tim McMillan (CAPP President), who presented on The Canadian Oil & Gas Industry the Challenge of Staying Competitive on The Global Stage and Marty Proctor (CEO of Seven Generations Energy), who presented on Serving Stakeholders. Education day also had local industry experts that presented on technical accounting topics such as IFRS, Alberta's carbon levy, acquisitions & divestitures and general knowledge building topics such as domestic LNG, changing E&P landscape and teambuilding. The event was very well attended and had the largest turnout to date. This event would not have been possible without the initial help from COPAS. COPAS provided access to member societies that already had an education day, who provided guidance and advice on how to create our own education day.

Luncheons have always been a key component of PASC's schedule and this year was no exception. The topics consisted of emerging issues and trends such as carbon taxes, LNG export, asset retirement obligations, aboriginal relationship building and digitization of the energy industry. This year PASC partnered with the Petroleum Joint Venture Association (PJVA) to create joint luncheons that benefited members of both groups. This relationship allowed both organizations to expand their reach and create larger luncheon audiences and allowed for increased networking.

2017 has been a challenging yet exciting year for PASC and we are looking forward to the opportunities and changes that 2018 brings.

SOCIETY NEWS



COPAS - COLORADO

MEGHAN HENDERSHOT, PRESIDENT

COPAS-Colorado resumed meetings in September and has had a great start! It has been a busy time between luncheons, speakers and committee meetings. We currently have 607 registered members. While definitely lower than in years past, given the oil and gas markets, we have managed to remain a very strong society in COPAS. Turnout at our events is high and it is reassuring that companies still find the value in attending.

Over the summer, the board has decided to continue to have our monthly luncheon location at the Embassy Suites and they continue to be great hosts. We completed our annual examination of cash receipts and disbursements and the results were presented at the October meeting. The examination was performed by Emily Clinton with EKS&H and Roberta Robilotta with Hein & Associates and we very much appreciate their time. Also, at the September luncheon we recognized our outgoing volunteers for the work they've done for the organization.

Our October luncheon featured Bernadette Johnson, Vice President of Market Intelligence at Drilling Info, Inc,. who provided us an outlook on the natural gas markets. The tech session featured Chris Woodruff, Weld County Assessor.

In November, we appreciated having our very own Angie Knipe, Education Manager of COPAS National Office. She went over the new updates on the COPAS website and what resources are available to the members.

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

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

Kelly Blaha, Director at Large



Colorado

COPAS OF CORPUS CHRISTI



WESLEY LEWIS, PRESIDENT

We've had a great start to our new year, with 35 members! That's an increase from last year and we are continuing to recruit. Our first two meetings were well attended. Jane Russell presented the COPAS document on Remote Technology Centers and Charlie Stovall presented the new COPAS website and COPAS Learning site.

Our plans are in high gear for hosting the Fall 2018 COPAS meeting. We will soon have the tours booked, so stay tuned!

Our society meetings are held at Fajitaville every fourth Tuesday evening of the month from September to May. Please let us know the next time you are in town; we'd love to have you join us! The food is delicious and the view over the Corpus Christi Bay is awesome!

PETROLEUM ACCOUNTANTS SOCIETY OF FORT WORTH

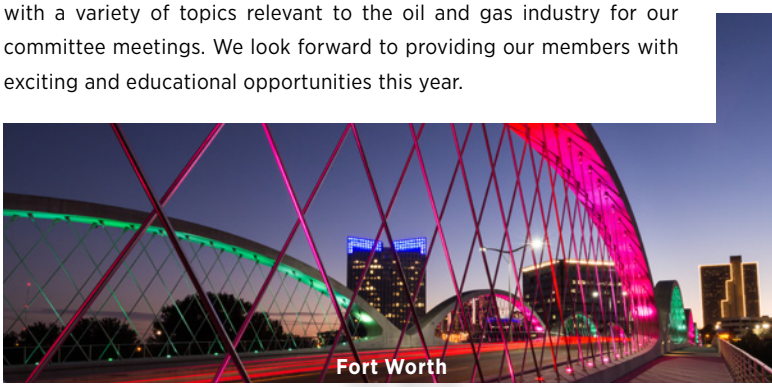


APRIL WELLS, PRESIDENT

We are off to another great start in the Fort Worth Society. We have approximately 100 members, representing various companies in the Fort Worth Metroplex.

Before the new season kicked off, FWPAS hosted a happy hour that also served as a membership drive at a local favorite, Blue Mesa Grill. The social was complete with a quesadilla bar, door prizes from our sponsors, and a drawing for those who registered for our upcoming season at the event. Our members enjoyed the opportunity to network with other professionals from the area.

We have moved our meetings to a new location just off the square in Downtown Fort Worth and it has been a hit! Speakers are lined up with a variety of topics relevant to the oil and gas industry for our committee meetings. We look forward to providing our members with exciting and educational opportunities this year.


Fort Worth

SOCIETY NEWS



COPAS OF MICHIGAN

DREW MARTIN, PRESIDENT

The Michigan COPAS society met in early November, battling the first signs of winter in Traverse City. The Michigan society board met to review the membership numbers and planned for upcoming meetings. The membership also gathered to learn about gas plant accounting by completing a CEE-IN-A-BOX program provided by COPAS Energy Education. The program was well received and enjoyed by many!



Lake Michigan

COPAS - NEW ORLEANS

KRIS SCHAUMBURG, PRESIDENT



COPAS of New Orleans has begun another busy year. Our first monthly meeting was well-attended. Ed Chervenak, University of New Orleans, gave a very interesting presentation regarding the current political environment in both Louisiana, and specifically New Orleans.

In October, we held our annual Education Day where COPAS members earned 4 CPE credits. We were very grateful to have four wonderful speakers from LaPorte CPA's and Business Advisors, Bourgeois Bennett, the LA Dept. of Revenue, and Kean Miller. Topics included the Louisiana Quality Jobs Program, Insurance in the Oil and Gas Industry, Severance Tax Administration in Louisiana, and The New Leasing Pronouncements.

In November our meeting was in conjunction with the annual Greater New Orleans Joint Energy Industry Association.

Our spring schedule is already filling up with speakers, and the highly anticipated spring crawfish boil. We are looking forward to continuing a successful year for our chapter!

The preferred source for info on our society is our website; please visit it at www.copasnola.org. In general, our monthly meetings are held at the Pan American Conference Center in downtown New Orleans at 11:30 am on the third Wednesday of the month. We are looking forward to an exciting year!



New Orleans

SOCIETY NEWS



COPAS - OKLAHOMA CITY

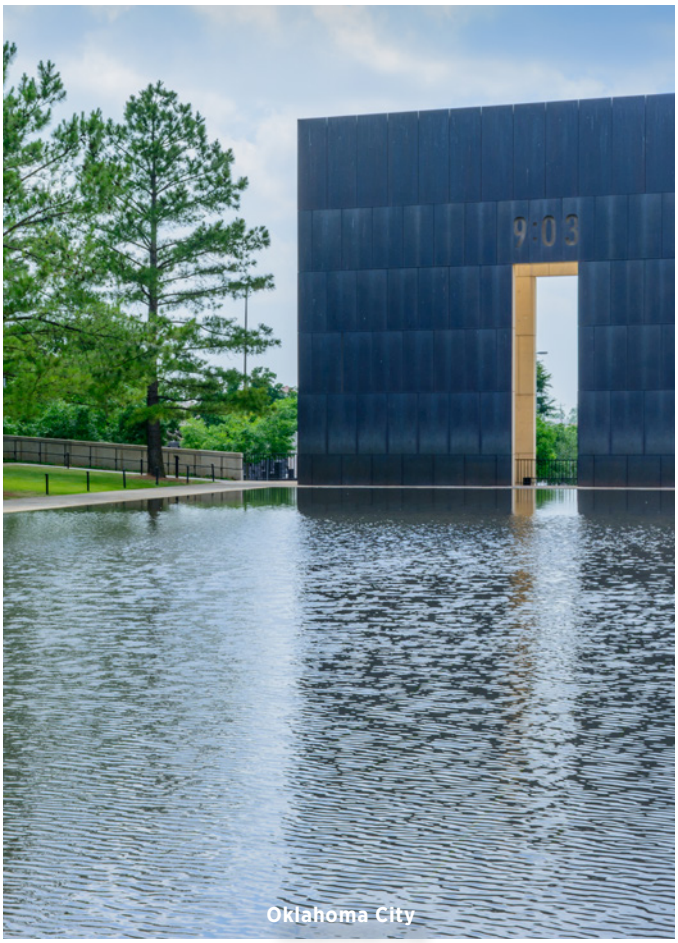
MANDI PHILLIPS, PRESIDENT

COPAS-OKC held the October society meeting with Dr. Bob Blackburn, Executive Director of the Oklahoma Historical Society, as technical speaker. He discussed the oil & gas industry and how its leaders shaped Oklahoma, but primarily focused on its effect on Oklahoma City.

We hosted a new social networking event this year on October 19. It was held at the Remington Park Racing and Casino. Due to the positive feedback, we will most likely offer this event in the future.

We presented our annual Education Day November 13. Our Education Day offered eight hours of continuing professional education to our members and non-members. It also included two hours of Ethics.

Due to Thanksgiving, we chose not to have a society meeting in November, but our next society meeting will be our annual Christmas luncheon on December 12.



Oklahoma City

PETROLEUM ACCOUNTANTS SOCIETY OF OKLAHOMA-TULSA

KEVIN LAUNCHBAUGH, PRESIDENT



The PASO-Tulsa society held the September luncheon with Darrell Noblitt, Armor Energy Vice President Land & Legal, presenting the topic "Who needs ethics when there is money to be made?"

In October, Brent Watson, Principal at State and Local Tax Advocates, spoke about "Sales and Use tax issues pertaining to oil & gas producers in Oklahoma and Texas."

Also, at the November luncheon, Josh Dickens, Staff Attorney at Unit Corporation, spoke about "new state legislation that passed for drilling extended laterals."

In October, the PASO-Tulsa society held its annual charity golf tournament to benefit Folds of Honor. Folds of Honor provides educational scholarships to spouses and children of America's fallen and disabled service-members. The PASO-Tulsa society strives to not only enrich the lives of our members, but the lives of our community as well.

Heather Polson, Reporter



Tulsa

SOCIETY NEWS

ROCKY MOUNTAIN PETROLEUM ACCOUNTANTING SOCIETY



JOHN WILKEY,
PRESIDENT

The Rocky Mountain Petroleum Accountants Society (RMPAS) held its first fall meeting on September 20. We enjoyed a presentation by John Rogers, the Associate Director of the Utah Division of Oil, Gas, and Mining (OGM). John shared OGM's mission and responsibility to foster responsible development, protect the public health and safety, and preserve the environment. He discussed his department's routine tasks, the logistics of performing them, and the challenges they face. His presentation also included statistics in drilling, production, and sales over the past several years and how that impacts OGM. John also discussed regulations and compliance, and gave detailed information regarding salt water disposal within the state. He shared several stories and pictures which kept his presentation very interesting and informative.

RMPAS was also pleased to have several visitors attend our luncheon. We are looking forward to an exciting new year with some new members!

Andrea Fuentes, Secretary



Rocky Mountains



San Antonio

PETROLEUM ACCOUNTANTS SOCIETY OF SAN ANTONIO



BRIAN RAYGON,
PRESIDENT

The Petroleum Accountants Society of San Antonio (PASSA) announces newly elected officers for 2017-2018

Brian Raygon – President
David Garza – Vice President
Kirk Foreman – Treasurer
Cindy Stapleton – Secretary

Anthony Aner volunteered to take helm of PASSA's Website, Social Media and Technology needs.

The July society luncheon welcomed Nick Williams, Assistant Vice President, ARM Energy, as keynote speaker, offering informative, interactive discussions on Commodity Risk Management within the Exploration and Production environment.

The September luncheon featured Dr. Thomas Tunstall, University of Texas-San Antonio, as the keynote speaker providing an Economic 2017 update on the Eagle Ford Shale activities in South Texas.

Brian Raygon and David Garza attended the COPAS Fall meeting in Denver to initiate coordination between the National Committee Chairs and the PASSA Committee Chairs.

Brian Raygon is developing an Outreach Program to invite COPAS Committee Chairs for Joint Interest, Audit, Revenue, Small Oil and Gas Companies, and Education to a WebEx / Skype forum with PASSA members to discuss selected subject matters topics and emerging issues.

PASSA Board Members have developed an Education Day to be held on October 9, 2018, offering members an additional 6 - 7 CPE credits included in the annual membership dues. These CPE credits are in addition to the one (1) CPE Credit offered during upcoming five (5) luncheon meetings. Overall, members will earn a possible total of 12 CPE credits for the fiscal year 2017-2018.

In addition to the Scholarship Program, the Board Members are offering invitations to College Students from Texas State University, St. Edwards University, and other nearby universities, to attend PASSA meetings, network with members and learn the Oil and Gas Industry.

The society is aggressively and continually reaching out to all San Antonio and surrounding businesses to provide current and relevant industry information to members, retain and increase membership and recruit future Petroleum Accountants.

David A. Garza, Vice President

RING OF HONOR

The COPAS Ring of Honor started this year to recognize COPAS members who have mentored and contributed greatly to the organization over their careers, not to just one project or year.

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

There have been plenty of deserving people who have won an Eagle Award, but we feel we are missing significant contributors during their careers, but not recognized.

Five past and present COPAS members were named to this prestigious award. This will be an annual recognition to include two to five names per year and could include past Eagle Award winners.

Here are the highlights of just a few of the contributions, by the member, of this inaugural class:

HOWARD BLUNK

- Lifelong contributor and COPAS supporter prior to his death in November 2013.
- Past COPAS President
- Cofounder of the Audit Committee Emerging Issues Subcommittee
- Past committee chair
- Member of numerous publication drafting teams
- Passionate educator and author

KARLA BOWER

- Past COPAS president
- Consistently contributes time to the organization and industry
- Member of numerous publication drafting teams and Accounting Procedures
- Long-time liaison to American Association of Professional Landmen
- Well versed in COPAS publications and is a frequent presenter to various groups

JON GEAR

- Past COPAS President
- Instrumental in forming the Accredited Petroleum Accountant® program
- Fourth COPAS Executive Director
- Brought many changes to the COPAS office during his 10-year tenure as Executive Director, using technology where possible to improve the processes
- Maintained a high interest in the activities of COPAS from his retirement in 2004 until his death in June 2016

JOHN JOLLY

- Past COPAS President
- First COPAS Executive Director
- Well-known and highly regarded and made it a mission for COPAS to become well recognized
- On retiring from COPAS, COPAS and member societies created the "John Jolly Fellowship" in his honor at the University of North Texas

PATRICK MARTINDALE

- A COPAS member since 1980
- As a company owner, he has been a significant financial supporter of COPAS through meeting sponsorships and by sending large numbers of employees to COPAS meetings
- Past member of the Board of Directors
- Past committee chair
- Serviced on numerous COPAS publication drafting teams, and on various subcommittees and task forces
- Passionate teacher and mentor



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VOTING RESULTS

- Spring 2017 Council Meeting Minutes (majority) **APPROVED**
- Bylaws amendment related to the definition of Quorum at Board of Director meetings (2/3) **APPROVED**
- Employee Benefits Upper Limitation of 35%, effective January 1, 2018 (majority) **APPROVED**
- Election of Board of Directors for 2018 - 2020 term (top 3) **TAMMY MILLER-DAVISON, MELISSA GRUENEWALD, AND TREY THEE**
- Election of 2018 Nominating Committee (majority) **TODD ATTALLA, BRYCE BALES, AND VANESSA GREEN**







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FALL COPAS MEETING
September 2017 | Denver, Colorado



First Timers and Mentors work on the Scavenger Hunt activity.



Attendees hear from the Colorado Oil and Gas Association.



Attendees networking at a luncheon.



Pat Martindale (Okalahoma City) and Ryan Simpson (Oklahoma City) discuss an Emerging Isssues topic.



Dan Triezenberg (Michigan) talks with Deleema Phillps (Permian Basin) and Alyssa Duran (Permian Basin).



A small group works on an assignment from the Leadership Conference.



Colorado Oil and Gas Association Chief Operating Officer, Sarah Sandberg, was the keynote speaker at a luncheon.



Scott Barios (New Orleans) makes a point during the publication review.



Attendees listen carefully to the discussion in the Joint Interest and Audit Committee meeting.



A committee "Straw Poll."



Andrea Brady (Colorado) shares a thought in the Leadership Conference group discussion.



Pam Akpotaire (Houston), makes a point during the Leadership Conference.



Dan Triezenberg (Michigan) and Razorback Rick, aka Rick Jones (Arkansas).



Dalin Error (Houston), Audit Committee Chair, presents a project team award to Tanya Harris (Colorado).



Vicki Cromer (Ark-La-Tex) receives the Eagle Award from President Dan Triezenberg.



Doug Smith (left) presents the Past President gavel to outgoing President Dan Triezenberg.



Pat Martindale (Oklahoma City) and Karla Bower (Houston) receive the COPAS Ring of Honor Award from President Dan Triezenberg.



Doug Smith (Tulsa), COPAS Vice President, presents board recognition awards to Dan Triezenberg (Michigan) and Jeff Wright (Dallas).



Larea Arnett (Houston) and Deb Retzloff (Houston).



The 2018 COPAS Board of Directors.



Joint Interest and Audit Standing Committee meeting.



Your new officers for 2018. From left, Tammy Miller-Davison, Treasurer, Wade Hopper, Vice President, Doug Smith, President, and Deanna Duell, Secretary.



Rick Jones (Arkansas)

FALL COPAS MEETING

September 2017 | Denver, Colorado

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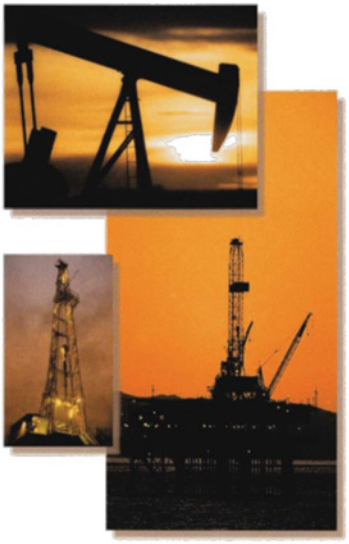
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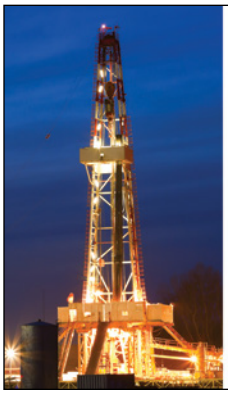
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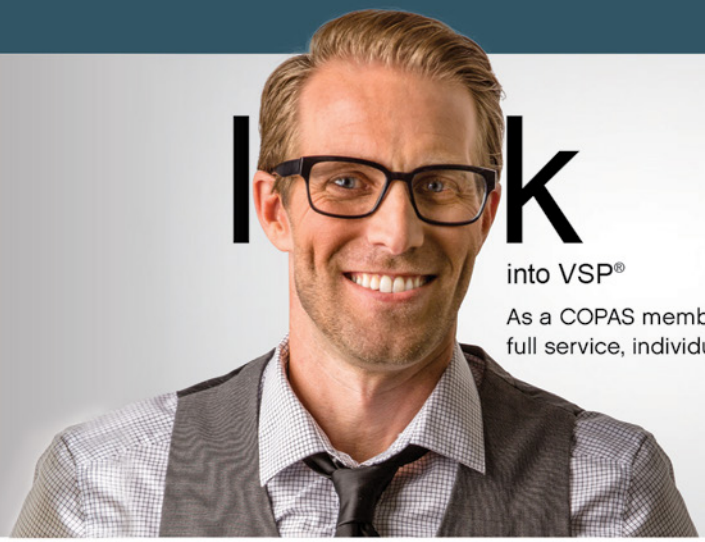
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Each publication has been reviewed and the publication names used for cross reference have been updated.

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