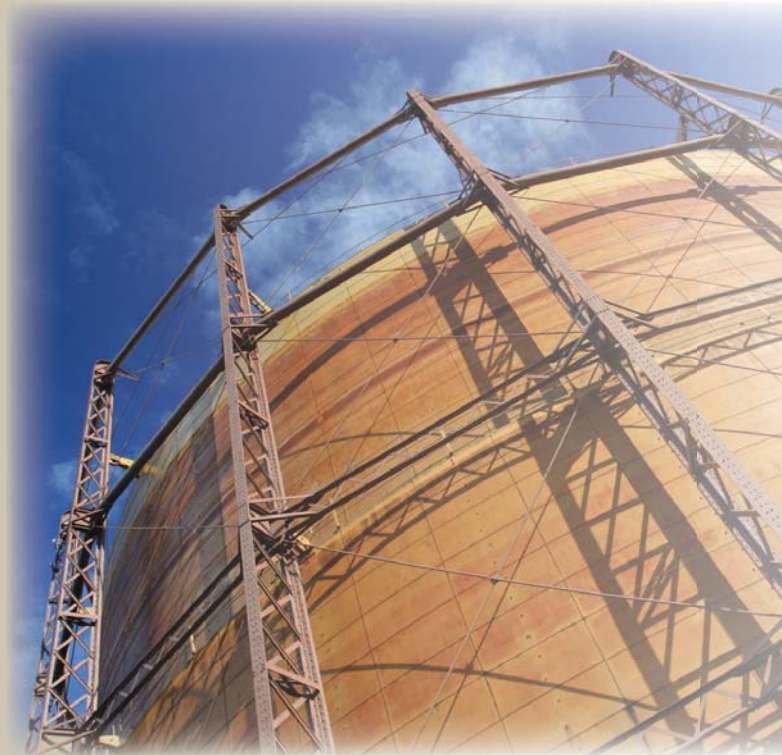


# NAPAC

*North  
American  
Petroleum  
Accounting  
Conference*



**May 13-14, 2010  
Dallas, Texas  
Westin Galleria**



*2010 Tracks Include Tax,  
Financial Reporting/Finance/  
Law, Operational Accounting and  
Introductory Sessions*

*See complete agenda inside*

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## Relevant Topics and Dynamic Speakers are the Hallmarks of NAPAC See Why This Conference Delivers Must-Have Industry Information

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**We'll see you in Dallas on May 13 and 14!**

## Schedule

### Thursday, May 13, 2010

**7:30 a.m. Registration/Continental Breakfast**

**8:30 a.m. Opening Remarks**

**8:40-9:45 a.m. General Session**

*Outlook for Energy – A View to 2030*

This ExxonMobil presentation explores exciting new energy technologies along with the future challenge of meeting the world's growing energy needs while reducing the impact on the environment. The central finding in their outlook is that the global energy demand in 2030 will be almost 35 percent higher than it was in 2005. How to meet this need will require an integrated set of solutions requiring trillions of dollars in new energy investment, a long-term focus, and constant technological innovation.

**William Colton**, Vice President, Corporate Strategic Planning/ExxonMobil/Irving

**9:45-10:00 a.m. Refreshment Break**

**10:00-11:15 a.m. Concurrent Sessions**

#### **FIN 48: The Path to Financial Statement Consistency or the Road to Slaughter**

Now that all public companies and most private companies have implemented FIN 48, the IRS is proposing to make Taxpayers disclose on their tax returns their FIN 48 positions. This presentation will be a discussion of what types of and how much will be required to be disclosed in the federal tax return under the IRS Commissioner proposed rules. There will be a discussion of whether states will follow suit and require FIN 48 disclosures in state tax returns. Additionally, the presentation will include the update on Taxpayer workpaper privilege and whether FIN 48 workpapers will be requested as part of IRS audits of these FIN 48 positions.

**Paul Howell**, Tax Partner/Grant Thornton LLP/Dallas

#### **Accounting for Impairments**

Knowing when an impairment evaluation is required and how to apply the relevant accounting and reporting requirements related to impairment represents a very complex area of U.S. GAAP. This session will discuss the rules governing the frequency and timing of impairment evaluations as well as a detailed review of accounting and disclosure guidance related to impairments of investments, long-lived assets, and goodwill.

**Dirk Hobgood**, CFO and EVP of Consulting/Accretive Solutions/Dallas

#### **Insurance Risk in the Oil Patch (Panel Discussion)**

The oil and gas industry is constantly facing operational risk combined with an ever changing insurance landscape. This panel discussion will provide an update of the industry and cover risk management techniques for the oil and gas operator from both the buyer and seller's perspective.

**George Harvey**, Managing Director and Owner/Upstream Financial Associates/Dallas and **John Ludwig**, CEO/Enrisk/Fort Worth

#### **Introduction to Midstream**

The midstream segment of the oil and gas industry represents the critical link between petroleum energy producers and retailers or wholesale consumers. This presentation will examine the role and activities of companies that own and operate or utilize midstream facilities to gather, transport, and store crude oil and natural gas in the U.S.

**J. Richard Moore**, Instructor/Professional Development Institute/Denton

**11:20 a.m.-12:45 p.m. Luncheon**

*Communication Between Preparers and Users of Financial Information*

Mr. Smith will share his experiences regarding the difficulties in communication between users of financial information, including audited financial statements and internal financial analyses, and the preparers of such financial information. Comments will be made on how such difficulties can be avoided. This presentation will also cover how independent auditors could be more effective in communicating with their constituents.

**Garrett Smith**, CEO/Spinnerhawk Companies/Dallas

**1:00-2:15 p.m. Concurrent Sessions**

#### **Federal Oil and Gas Tax Update**

This session will summarize important changes to the Internal Revenue Code, new Treasury regulations, and the latest IRS rulings and court cases. In addition, the session will highlight proposed tax law changes in pending legislation.

**Bill Miranda**, CPA/Richardson

#### **Characteristics of a Successful Debt Restructuring and Emergence From Bankruptcy**

This session will review events leading up to an actual bankruptcy, considerations in filing for protection under Chapter 11, operations during the Chapter 11 case and consideration in exiting from Chapter 11. This session will discuss the impact of secured financing, unsecured debt, vendor debt, employee issues and the impact of requirements to provide for dismantlement obligations.

**Alan Bell**, CPA/Dallas

#### **The Economics of Wind Energy**

Wind farms are subsidized through the use of tax credits that expose investors and developers to unexpected and difficult to address financial and accounting risks. This presentation will review the underlying economics of a typical 100MW utility scale wind farm and identify the various forms of risks that investors and developers will need to manage to successfully earn their desired returns.

**Mike Schiller**, Managing Director/Firebox Research & Strategy LLC/Beachwood, OH

#### **What's in a Lease for Non-Landmen**

What IS a Lease? And what's IN a lease? Oil and gas accountants interact with the Land Department in many ways. Communication is often difficult. Understanding the 17 main clauses of an oil and gas mineral lease is an important step for accountants in bridging the gap. This session is designed to help you decipher some of the complexities of a typical (but not "standard") oil and gas lease.

**Jim Hoffman**, National Sales Director, Instructor/Professional Development Institute/Denton

**2:15-2:30 p.m. Refreshment Break**

**2:30-3:45 p.m. Concurrent Sessions**

### **Tax Dispositions in Oil, Gas and Energy**

An analysis of selected tax issues arising in dispositions in the energy industry, including worthless stock and bad debt deductions, property losses, like-kind exchange issues, and recapture concerns. Given the state of the economy, special emphasis will be placed on loss and distressed situations, including cancellation of indebtedness issues.

**David Wheat**, Attorney/Thompson & Knight L.L.P./Dallas

### **Standard Setter Update**

This update of recent accounting standard setting activity will include discussing new guidance issued by the FASB, the EITF and the SEC. The significant projects underway at the standard setters, including the anticipated timeline for release of exposure drafts of those standards will also be presented.

**Jeff Slate**, Partner/Ernst & Young/Dallas

### **Auditing Drilling Contracts**

The largest budget item in drilling a well is the daywork contract for the rig. This presentation discusses key elements of that agreement focusing on clauses and charges that should not be overlooked. It suggests a practical approach to reviewing the daywork contract for cost recovery, how to find common cost exceptions and how to get the most out of your audit effort.

**George Harvey**, Managing Director and Owner/Upstream Financial Associates/Dallas

### **Production and Volume Accounting**

Production volume accounting is a hands-on approach to educating employees on the fundamentals of hydrocarbon volume accounting. In this session a sub-set of this course, including relevant master data, transactions, and allocation models, will be reviewed. This review will give participants an outline of the inputs to revenue accounting and other related processes.

**Mike Messer**, Senior Manager/E.A.G. Services, Inc./Houston

**3:55-5:00 p.m. Concurrent Sessions**

### **Publicly Traded Partnerships Overview**

This overview will include a discussion of the advantages and formation of publicly traded partnerships (PTPs) and how today's upstream PTPs differ from those of the 80s. In addition, important concepts relating to the "tax shield" provided by PTPs will be discussed along with built in gain recognition and unitholder taxation of PTPs.

**Bryon Ratliff**, Tax Partner/PricewaterhouseCoopers LLP/Houston

### **Accounting Implications of Production Sharing Contracts**

This session will explain common terms found in international production sharing contracts and the accounting implications of those terms. The discussion examples will include volume allocation as affected by tranches, capital uplifts, and cost oil limitations. Overhead allocation, requirements for abandonment and restoration, and domestic market obligations will also be covered.

**Linda Nichols**, Ph.D., CPA, Director of Accounting Programs/Accounting Department, Rawls College of Business/Texas Tech University/Lubbock

### **Technology's Role in the Economics of Unconventional Production**

The volatile rise of commodity prices stimulated the oil and gas industry to expand into an enormous number of new unconventional projects. This new found knowledge of long term abundance and the resulting short term over supply, in turn, precipitated a collapse of commodity prices. A look at how industry players have used technologies to adjust cost and optimize production to keep their plays alive with examples from plays that are now dormant and some we just don't know yet.

**Steve Drake**, Senior Vice President/Marsh Operating Company/Dallas

**Production and Volume Accounting (Continued)**

**5:00-6:00 p.m. Reception**

**Friday, May 14, 2010**

**7:30 a.m. Continental Breakfast**

**8:00-8:20 a.m. Opening Remarks**

**8:20-9:30 a.m. General Session**

### **Wall Street's View of Energy**

**John Olson**, CFA, Managing Partner/Pool Capital Partners, LP/Houston

**9:35-10:35 a.m. Concurrent Sessions**

### **Ins and Outs of Like-Kind Exchanges**

This presentation will address the federal income tax considerations affecting tax-free exchanges of like-kind properties under Section 1031 of the IRS Code, with an emphasis on exchanges of interests in oil and gas properties. The discussion will include the basic rules for achieving a tax-free exchange, qualifying properties (including royalty trusts), structuring like-kind exchanges through a qualified intermediary, related party transactions, reverse like-kind exchanges, exchanges of property held by partnerships, and limits on tax-free treatment for certain types of oil and gas properties.

**Jim Browne**, Attorney/Strasburger & Price L.L.P./Dallas

### **Fair Value Measurements and Derivative Disclosures**

This presentation will cover the basic aspects of fair value under ASC 820-10 (formerly FAS 157, Fair Value Measurement) as it most commonly applies to oil and natural gas companies. In addition, this topic will also cover disclosure requirements related to both instruments measured using fair value and derivative instruments.

**Jennifer Elder**, Senior Audit Manager/Hein & Associates LLP/Dallas

### **Real Climate Change – What You Should Know About Global Warming**

The "climategate" scandal and admitted errors by the United Nations IPCC in their reports have raised questions about the validity of manmade global warming. There is current controversy about whether global temperatures are warming or cooling. These topics and the role of carbon dioxide in our environment will be presented.

**Robert Smith**, Ph.D., P.E./Dallas

### **Introduction to Joint Interest Accounting Through COPAS Publications**

COPAS Model Form Accounting Procedures rely heavily on references to various COPAS Accounting Guidelines and Model Form Interpretations. This session will walk attendees through the COPAS 1984 and COPAS 2005 Accounting Procedures that explain and govern provisions such as billings and audits, payroll and associated labor costs, communications, third party services, functions covered by overhead, onsite and offsite technical services, overhead calculations, equitable allocations, catastrophe costs, and material pricing and disposition.

**Mike Cougevan**, Senior Consultant/Martindale Consultants, Inc./Lafayette, LA

**10:40-11:40 a.m. Concurrent Sessions**

### **Section 108 Debt Workouts Involving Partnerships**

An analysis of tax issues in partnership debt workouts with an emphasis on available elections under the Section 108 cancellation of debt rules and the impact on the partnerships and its partners.

**Jim Calzaretta**, Partner/Washington National Tax, Passthroughs Deloitte Tax LLP/Chicago

## New Reserve Reporting Rules

A discussion about the new reserve reporting requirements and the issues encountered through SEC review comments and other implementation challenges.

**C.H. Rees III**, President and COO/Netherland, Sewell & Associates, Inc./Dallas

## Fixing Leaks and Enhancing Profit Through Vendor Compliance Reviews

Does your company have an aggressive vendor compliance program? A properly designed compliance program will recover lost profits, validate internal controls, support business ethics program, and identify contracting weaknesses. This session will address establishing a compliance program, dispel myths, and demonstrate the tangible and intangible benefits.

**Dave Johnson**, CIA, Partner/AMS-PAR/Houston

## Introduction to Joint Interest Accounting (Continued)

### 11:45 a.m.-1:00 p.m. Luncheon

*Economic Outlook*

**Harvey Rosenblum**, Executive Vice President and Director of Research/Federal Reserve Bank of Dallas/Dallas

### 1:15-2:15 p.m. Concurrent Sessions

## Professional Responsibilities: Circular 230 and the Section 6694 Penalty Regimes

This presentation will address the evolving rules on tax preparer penalties and Circular 230 standards. Included in the discussion will be recent changes within the Office of Professional Responsibility.

**Anthony Daddino**, Attorney/Meadows, Collier, Reed, Cousins, Crouch & Ungerman, LLP/Dallas

## Fraud Considerations in 2010

Fraud is booming as financial pressures rise during the recession. The past five years, like the end of most booms, have included plenty of fraud, self-dealing, and general all-purpose unethical behavior. Crooked financiers and rogue traders have tried everything from Ponzi schemes and old-fashioned embezzlement to the creation of phantom companies to enrich themselves or make up for huge losses before their clients or bosses noticed. This session will discuss why people steal and how we now must rethink the way we do business in this age of fraud.

**Felix J. Lozano**, Partner in Charge/Whitley Penn LLP/Dallas

## Joint Interest Billing Audit

This session will present information that could be useful when determining how to choose an auditor and/or how to evaluate audit field work.

**Jeff Wright**, President/4A Energy Advisors LLC/North Richland Hills, TX

## Revenue Accounting

The discussion will be a review of the revenue accounting process to include determining the volumes of oil and gas produced and sold, allocating oil and gas production and sales to leases and wells, reporting production and sales volumes to appropriate authorities, determining ownership of oil and gas sales, valuing oil and gas sales, calculating and paying severance taxes, and recording the sales transaction in the accounting records. Even though several of these steps may be done by other departments or companies, the revenue accountant is still responsible for the accuracy of the calculations since owners of the sales and taxing authorities may be paid incorrectly if the calculations are incorrect.

**Don Looney**, CPA/Tulsa

### 2:15-2:30 p.m. Refreshment Break

### 2:30-3:30 p.m. Concurrent Sessions

## IRS Audit Update

This presentation will focus on the most recent IRS audit trends, the two critical choices that must be made and various techniques for successfully concluding the audit. What if the audit goes poorly? Some helpful information will be discussed.

**Bill Roberts**, Attorney/The Roberts Law Firm/Dallas

## Regulatory Takings and Other Hot Topics in Shale Gas Plays

A discussion of the current state of the law with respect to regulatory takings in the context of municipal regulation of urban and suburban gas development. Other practical issues faced by producers drilling in urban shale plays will also be presented.

**Jamie Bryan**, Attorney/K&L Gates/Dallas

## Sales and Use Tax Audit Management

This session will provide an overview of the sales and use tax audit process with a focus on issues that impact Exploration and Production companies. The session will include a discussion of common questions that may arise during various phases of the audit, pitfalls and traps to avoid and errors commonly made by auditors and taxpayers. Unique aspects of audits by states such as Louisiana, Texas, Utah and Wyoming will be discussed.

**Dallin Westwood**, Managing Director Tax Recovery/Growth Capital Partners/Houston

## Revenue Accounting (Continued)

**Sponsors:** COPAS of Dallas is dedicated to furthering the development of improved accounting methods. COPAS of Dallas and PDI provide a professorship at the University of North Texas to promote oil and gas accounting. COPAS of Dallas also sponsors annual Education Days to address basic oil and gas operations and accounting. Education Days, open to member companies, qualify for CPE. COPAS of Dallas, P.O. Box 600367, Dallas, TX 75360-0367

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## Registration

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05H29-100

Please indicate which sessions you will be attending

### Thursday, May 13

10:00 a.m. - 11:15 a.m.

- FIN 48
- Accounting for Impairments
- Insurance Risk in the Oil Patch
- Introduction to Midstream

1:00 p.m. - 2:15 p.m.

- Oil and Gas Tax Update
- Successful Debt Restructuring
- Economics of Wind Energy
- What's in a Lease for Non-Landmen

2:30 p.m. - 3:45 p.m.

- Tax Dispositions in Oil, Gas, Energy
- Standard Setter Update
- Auditing Drilling Contracts
- Production and Volume Accounting

3:55 p.m. - 5:00 p.m.

- Publicly Traded Partnerships
- Accounting for Production Sharing Contracts
- Economics of Unconventional Production
- Production and Volume Accounting (Continued)

### Friday, May 14

9:35 a.m. - 10:35 a.m.

- Like-Kind Exchanges
- Fair Value Measurements and Derivative Disclosures
- Global Warming
- Introduction to Joint Interest Accounting

10:40 a.m. - 11:40 a.m.

- Section 108 Debt Workouts Involving Partnerships
- New Reserve Reporting Rules
- Vendor Compliance Reviews
- Introduction to Joint Interest Accounting (Continued)

1:15 p.m. - 2:15 p.m.

- Professional Responsibilities
- Fraud
- Joint Interest Billing Audit
- Revenue Accounting

2:30 p.m. - 3:30 p.m.

- IRS Audit Update
- Regulatory Takings
- Sales and Use Tax Audit Management
- Revenue Accounting (Continued)

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