119th Council Meeting
Thursday, September 24, 2020
2 P.M. Central
Adobe Connect
July 23, 2020

COPAS Board of Directors
Standing and Special Committee Chairpersons
Society Presidents
Council Representatives

Re: Notice of Fall 2020 Council Meeting

Dear COPAS Member:

Due to COVID-19, the Fall 2020 Council of Petroleum Accountants Societies, Inc. (COPAS) meeting will be a group of virtual meetings during the originally scheduled time of September 21 – 24 and possibly some the following week. Unlike the Spring meeting, where only the Council meeting and the Leadership Conference were held, the intent is to hold the full schedule of meetings, perhaps including a virtual hospitality suite, culminating with the Council meeting. Committees are working on their agendas and scheduling their meetings. More information will be coming soon. We thank the Permian Society for their efforts and planning but unfortunately, we are unable to meet in Florida.

The 119th meeting of the Council will be held at 2 p.m. CST on Thursday, September 24, to conduct business as outlined on the attached agenda, as well as any other business that may be brought before the Council. The voting items on the agenda meet the 60-day notice requirement. There may be other items presented for vote that have not met the 60-day notice requirement and they will be handled according to COPAS’ Bylaws. The noticed voting items are listed below with parenthetical indication of the vote required to approve that voting item.

1. 2020 COPAS Spring Council Meeting Minutes (majority)
2. Bylaws Amendment (2/3)
3. Employee Benefits Upper Limitation of 35%, effective January 1, 2021 (majority)
4. MFI-XX Remote Technology Centers (pending JI/Audit approval) (2/3)
5. Retirement of AG-28, Real Time Operations Centers (pending approval of MFI-XX Remote Technology Centers) (majority)
6. Election of (3) Board of Directors for 2021 - 2023 term
7. Election of 2021 Nominating Committee (majority)
July 23, 2020
Fall 2020 Council Meeting Notice
Page 2

One item noted above is the Bylaws Amendment. I appointed the Research & Advisory Committee to review our Bylaws to determine if any amendments were needed. The primary objectives were to allow for electronic COPAS Council meetings (telephonic, electronic, and virtual) and to allow the Council the option of potentially only meeting once a year. In addition, the review included a substantial review of grammatical and formatting changes, as well as clarifying language and non-substantive wording changes to improve the conciseness and clarity of the document. A summary of the changes is included along with the proposed amendment to the Bylaws.

The Board of Directors will meet on Monday, September 21 from 2:00 p.m. to 5:00 p.m. CST, and from 8:30 a.m. to 12:00 pm CST on Thursday, September 24. The Board of Directors meetings are open to all COPAS members and you are encouraged to attend.

Vice President Melissa Gruenewald will lead the COPAS Leadership Conference. The event is open to all COPAS members. Scheduling for this meeting is currently underway. Check the website and your inbox for additional information.

The full Council agenda and handouts are attached to this notice. They are also available on the COPAS website. Please call Vanessa Galindo, COPAS Office Manager, if you have any questions or need assistance in registering for the meeting. Registration will open soon. There will be a nominal registration fee for this meeting.

I hope to see you “virtually” at the meetings.

Sincerely,

Tammy Miller-Davison

Tammy Miller-Davison, President
Meeting

Agenda
119th Meeting  
Council of Petroleum Accountants Societies, Inc. (COPAS)  
Via Adobe Connect  
Council Meeting Agenda  
2 P.M. Central Thursday, September 24, 2020

Call to Order  
Tammy Miller-Davison

Reading of COPAS Antitrust Policy  
Kevin Launchbaugh

Roll Call  
Craig Buck

Minutes of Spring 2020 Meeting  
Craig Buck

Vote  
Approval of Minutes (majority)

Financial Reports  
Dalin Error

COPAS 2020 Goals and Objectives  
Tammy Miller-Davison

COPAS Board of Directors Report  
Melissa Gruenewald

Membership and Society Activity Report  
Melissa Gruenewald

Bylaws Committee Report  
Melissa Gruenewald

Research and Advisory Committee Report  
Wade Hopper

Vote  
Bylaws Amendment (2/3)

Executive Director’s Report  
Tom Wierman

Editorial Committee Report  
Tom Wierman

Audit Standing Committee Report  
Jeff Wright

Joint Interest Standing Committee Report  
Jason Poteet

Vote  
Employee Benefits Upper Limitation of 35%, effective January 1, 2021 (majority)

Education Standing Committee Report  
Amy Whitley

Financial Reporting Standing Committee Report  
Larisa Fialkova  
Ken Nollsch

Revenue Standing Committee Report  
Pam Akpotaire
Small Oil & Gas Companies Standing Committee Nancy Brown

APA® Program Report Charlene Lutkenhaus Wong

CEPS Control Panel Report Doug Smith

John Jolly Memorial Fund Report Carolyn Sczepanski

Desk & Derrick Liaison Report Carolyn Sczepanski

University of North Texas Institute of Petroleum Accounting Board of Directors Report Carolyn Sczepanski

National Oil and Gas Schools Report Carolyn Sczepanski

Ring of Honor Tammy Miller-Davison

Eagle Award Tammy Miller-Davison

Nominating Committee Report Tammy Miller-Davison

Vote – Election of 2021 - 2023 Directors (3) Tammy Miller-Davison

Vote – Election of 2021 Nominating Committee (majority) Tammy Miller-Davison

Recognition of Retiring Board of Directors Tammy Miller-Davison

Spring 2021 Council Meeting, Houston Society Jennifer Holt-McKellar

April 19-23, 2021, San Luis Resort Spa and Conference Center Galveston, Texas

Fall 2021 Council Meeting, Dallas Society Jeff Wright

October 18 – 22, 2021, Westin Irving Convention Center at Las Colinas, Irving, Texas

Future Meetings

Spring 2022 Open
Fall 2022 Colorado
Spring 2023 Open
Fall 2023 Rocky Mountain

Other Business All Attendees

Adjournment
Voting

Items
118th Meeting  
COUNCIL OF PETROLEUM ACCOUNTANTS SOCIETIES, INC. (COPAS)  

April 24, 2020  

Adobe Connect  

The 118th meeting of the Council of Petroleum Accountants Societies, Inc. (COPAS) was held on Friday, April 24, 2020 as an Emergency Council Meeting via Adobe Connect.

Call to Order  

President Tammy Miller-Davison called the Council meeting to order at 10:03 a.m. (CST).

Anti-Trust Statement  

Tom Batsche read the COPAS Antitrust Statement.

Roll Call  

Secretary Craig Buck virtually called the roll of Council Members. 22 of 24 Participating Societies were present during roll call with Wichita Falls joining later in the meeting for voting items. Anchorage did not have a representative present for the Council Meeting. As well, the Canada Society was not represented. A quorum was present.

Fall 2019 Council Meeting Minutes  

The minutes of the 117th Council meeting in Tulsa, Oklahoma were distributed in the 60-day notice and presented for approval.

Tammy entertained a motion for approval of the minutes as presented. Corpus Christi moved and Mississippi seconded the motion. Tammy asked if there was any discussion, hearing none she requested a vote. The motion carried 22 – 0 - 0.

Tammy then appointed Wade Hopper parliamentarian for the meeting.
**Membership Assessment Rate**

Treasurer Dalin Error presented the 2019 financial results, including the past five years trend of revenues and expenses. Dalin also presented a five year Profit / Loss report detailing COPAS’ operating loss for the past two years.

Dalin provided a breakdown of the 2019 operating revenue and expenses which included percentages for each type of expense and revenue source. Dalin also presented the 2020 budget with a breakdown of anticipated revenue and expense source percentages.

Dalin asked if there was any discussion regarding the financials. Wally Trevino asked if the 2020 budget was developed prior to the COVID-19 pandemic and if any changes were made after the pandemic occurred. Dalin indicated the budget was made prior to the pandemic and the Board plans to revise the budget at the May 2020 Board meeting with the pandemic in mind.

Tammy entertained a motion to approve the 2021 membership assessment rates as presented in the 60-day notice. Oklahoma City moved and New Mexico seconded the motion. Tammy asked if there was any discussion, to which Wally Trevino on behalf of PASH indicated it is difficult to see very far into the future right now, but one thing is for sure, it will look very different than what we are used to. With this uncertainty, developing plans and budgets for the new year will be challenging which will be made even more complicated by introducing an assessment fee increase. For example, if we are not able to meet until 2021 and we lose 1/3 of our meeting year, do we decrease the fees accordingly or do we hold or increase the member dues regardless of the circumstances. PASH believes that we should all have to tighten our belts and see where this pandemic takes us and defer any assessment increase discussion until we know what our new operating normal will look like. Michigan Society representative Dan Triezenberg responded to Wally’s statement asking if COPAS is operating at a loss before all of this, what is PASH expecting from them at this time? Wally responded PASH would prefer COPAS defers until we know a little more about the future.

Upon discussion completion Tammy requested a vote, the motion carried 15 – 8 - 0.

**Membership and Society Support**

Vice-President Melissa Gruenwald announced the Petroleum Accountants Society of Austin has met all admission requirements to become a Participating Society per the COPAS Bylaws. Their admission application was included in the Council Meeting Notice. Per Article II of the Bylaws, admission of new societies can only come at a regular meeting of the Council. Due to unforeseen circumstances, this meeting may not be construed by some as a ‘regular meeting” however, it seems unfair that the society be punished for completing the requirements and not be considered for admission based on the wording of Article II. The board believes it would be appropriate to waive the requirements for “in a regular meeting” in this specific instance.

Melissa requested a motion to waive the Bylaws requirement for admission to Council, limited to this meeting, so the Petroleum Accountants Society of Austin could be considered
for admission as a Participating Society. Melissa indicated a waiver of the Bylaws requirements would require a 2/3 vote. Tammy entertained a motion. Tulsa moved and Mississippi seconded the motion. Tammy asked if there was any discussion, hearing none she requested a vote. The motion carried 22 – 0 – 0.

Tammy announced the voting results and entertained a motion to approve the Petroleum Accountants Society of Austin as a Participating Society. Michigan moved and Oklahoma City seconded the motion. Tammy asked if there was any discussion, hearing none she requested a vote. The motion carried 23 – 0 - 0.

Tammy asked Heather Jank, the Society Representative from Austin if she would like to say a few words. Heather thanked everyone in the COPAS office for all their help and also members of the Council for all their efforts that allowed Austin to become a participating society.

Audit Standing Committee Report

Audit Committee Chair Jeff Wright reported that the Audit Standing Committee met on Thursday, April 23, 2020, via Adobe Connect with 19 voting members present. During the Audit meeting Jeff and the Committee reviewed the committee charter for language prohibiting remote meetings, none was found. Jeff requested a vote approving the remote meeting format clarifying this was a one-time meeting specific vote and did not set precedence regarding future Audit meetings. Voting results were 19 – 0 - 0. The Audit Standing Committee also voted to approve the recommended Audit Per Diem Rate effective April 1, 2020 at $980/day and the accuracy of the calculation therein. Voting results were 18 1 – 0.

Jeff provided the Council a little background on the Audit Per Diem Rate, and then stated the recommended Audit Per Diem rate and associated calculations were presented in the supplement to the Council Meeting Notice. Tammy entertained a motion to approve the recommended Audit Per Diem Rate of $980/day, effective April 1, 2020. New Mexico moved and Houston seconded the motion. Tammy asked if there was any discussion, hearing none she requested a vote. The motion carried 21 – 2 - 0.

Joint Interest Standing Committee Report

Joint Interest Committee Chair Jason Poteet reported that the Joint Interest Standing Committee met on Wednesday, April 22, 2020, via Adobe Connect with 48 attendees representing 21 voting societies present. The meeting began with a vote to approve a virtual format for the current meeting with all 21 societies voting to approve. The Joint Interest Standing Committee limited their meeting discussions to the current economic factors requiring approval, voting on each with the following results.

- Overhead Adjustment Factor Increase of 5.2%, effective April 1, 2020. 18 – 2 – 1.
- Loading and Unloading Rate of $0.92 per hundred weight, effective April 1, 2020. 20 – 1 – 0.
• Workers Compensation Insurance Manual Rates, effective April 1, 2020. 20 – 1 – 0.
• Excluded Amount Remain at $2,000. 20 – 1 – 0.
• Vehicle Rates, effective April 1, 2020. 20 – 1 – 0.

Jason provided background on the various economic factors discussed in his meeting and elaborated on the actions taken by the Joint Interest Committee for each one.

Jason gave a brief summary of the voting item and Tammy stated the recommended Overhead Adjustment Factor and associated calculations were presented in the supplement to the Council Meeting Notice. Tammy entertained a motion to approve the recommended Overhead Adjustment Factor of a positive 5.2%, effective April 1, 2020. Houston moved and Permian Basin seconded the motion. Tammy asked if there was any discussion, hearing none she requested a vote. The motion carried 19 – 4 – 0.

Jason gave a brief summary of the voting item and Tammy mentioned the recommended tubular goods “Loading and Unloading” rate and associated calculations were presented in the supplement to the Council Meeting Notice. Tammy entertained a motion to approve the tubular goods Loading and Unloading Rates of $0.92 per hundredweight, effective April 1, 2020. California moved and Oklahoma City seconded the motion. Tammy asked if there was any discussion, hearing none she requested a vote. The motion carried 22 – 1 - 0.

Jason gave a brief summary of the voting item and Tammy indicated the supplement to the Council Meeting Notice contained the Actuarial report as it relates to Workers Compensation Manual Rates. Tammy entertained a motion to approve the Workers Compensation Manual Rates as presented, to be effective April 1, 2020. New Orleans motioned and Houston seconded the motion. Tammy asked if there was any discussion, hearing none she requested a vote. The motion carried 21 – 1 – 0.

Jason gave a brief summary of the voting item and Tammy stated the supplement to the Council Meeting Notice contained the recommended Excluded Amount. Tammy entertained a motion to approve the Excluded Amount of $2,000, to be effective April 1, 2020. Oklahoma City motioned and Wichita Fall seconded the motion. Tammy asked if there was any discussion, hearing none she requested a vote. The motion carried 22 - 1 - 0.

Jason gave a brief summary of the voting item and Tammy mentioned the Vehicle Rates were included in the supplement to the Council Meeting Notice. Tammy entertained a motion to approve the Vehicle Rates as presented, to be effective April 1, 2020. New Mexico motioned and California seconded the motion. Jason asked if there was any discussion, hearing none he requested a vote. The motion carried 21 – 2 - 0.

**Fall 2020 Meeting**

Tammy announced the next meeting will be September 21 through 25, 2020 at the Sirata Beach Resort in St. Petersburg, Florida. Alyssa Duran from the Permian Basin host society then provided a brief update on the meeting details. Alyssa indicated Permian
Basin is planning to reduce the length of the meeting to a two and half day meeting to address the current industry downturn.

Jane Russell asked if the meeting fee would change with the reduced meeting days. Alyssa responded that has not been determined yet because the specific events being removed from the meeting have not been finalized.

Patricia Ellington asked Alyssa which specific days of the week the reduced meeting will be held. Alyssa responded they are hoping to have the meeting Wednesday through Friday, but they are still in negotiations with the hotel on specific days.

Tammy indicated additional information on the meeting will be included in future ACCOUNTS issues and on the COPAS website.

**Adjournment**

Tammy entertained a motion to adjourn, Oklahoma City moved and Tulsa seconded the motion. The motion carried 23 – 0 - 0. The meeting was adjourned at 11:11 a.m. (CST).

Respectfully Submitted,

**Craig Buck**
COPAS Secretary
SUMMARY OF PROPOSED COPAS BYLAWS CHANGES

The Research and Advisory Committee of COPAS was charged with the review and proposal of revisions to the COPAS Bylaws for adoption by the COPAS Council. The Research and Advisory Committee consisted of the following members:

Wade Hopper – Chair
Tom Wierman – Ex-Officio
Doug Smith
Dan Triezenberg
Jeff Wright
Mike Cougevan
Sandy Launchbaugh

The primary objectives of this review included addressing the following concerns:

- Allowing for COPAS Council to potentially meet only once per year rather than requiring two meetings per year
- Allowing for electronic Council meetings as well as telephonic or electronic virtual meetings
- Allowing for admission of a new Society at any Council meeting rather than just the spring meeting
- Eliminating the requirement for approval by Council of the economic factors when such factors are set by a predetermined procedure already approved by Council and the associated committees
- In addition, the review included a substantial review of grammatical and format changes as well as clarifying language and non-substantive wording changes to improve the conciseness and clarity of the document.

The substantive changes made in this proposed Bylaw revision are outlined below.

- Article II (A)(2) Clarifies voting eligibility for a Provisional Society
- Article II (A)(3) Clarifies voting eligibility for an International Society
- Article II (A)(4)(b) Clarifies definition of an Academic Member to include related fields of study in addition to accounting
- Article II (B)(1) 1) Changes the time at which a new Society can be elected to Council as a Participating Society to any meeting of COPAS rather than just Spring Meeting with prior notice to Council
  2) Clarifies the Dues requirement of a new Participating Society to allow the BOD to set the Dues
3) Clarifies when a newly admitted Participating Society may participate in voting as a Council member after admittance to the next Council meeting

- Article II (C)(1)(b) Reduces the participating requirements of a Society in COPAS Activities from two to one

- Article II (C)(4) Clarifies when a Society may be dropped from membership from a regular fall or spring meeting of Council to any meeting of Council

- Article II(D)(2)(d) Clarifies when a Society may be reinstated to membership from a regular fall or spring meeting of Council to any meeting of Council

- Article III(B) Clarifies that the Board of Directors are elected by Council but does not require a unanimous vote

- Article III(C) Clarifies that the Board members being elected are those with terms expiring rather than retiring Board members

- Article III(E) Clarifies that the election of Board members may occur at a meeting of Council prior to year-end rather than the Fall meeting

- Article III(F) Clarifies that the Board Officers are elected at a Board meeting held following the election of the Board members and not necessarily the Fall meeting

- Article III(G) Clarifies that the election of the Nominating Committee members occurs at the same Council meeting as the Election of Board Members

- Article III(I) Clarifies membership in Committees

- Article IV(F) Clarifies when the Nominating Committee submits nominations to the membership from fall to the meeting at which the election will be held

- Article V(A) 1) Changes the requirement for COPAS to hold one rather than two Council meetings per year

2) Provides for the COPAS Board to host a meeting

- Article V(B) Provides for COPAS to hold Council meetings by electronic or
virtual electronic means as well as in person and sets standard for such meetings to provide maximum availability to Council members

- Article V(D)  
  1) Provides for notice of Council meetings to be given by any distribution method and not just mail, i.e. - email  
  2) Eliminates Council approval of escalations of economic and other amounts or factors based on approved formulas
BYLAWS
OF THE
COUNCIL OF PETROLEUM ACCOUNTANTS SOCIETIES, INC.

ARTICLE I
FORMATION OF COUNCIL

For the purpose of coordinating the efforts of various petroleum accountants' societies, a council to be known as “The Council of Petroleum Accountants Societies of North America” was formed in a meeting of representatives from various societies at Midland, Texas on April 25, 1961. In the regular Council meeting held at Wichita, Kansas on April 25, 1980, the name was changed from “Council of Petroleum Accountants Societies of North America” to “Council of Petroleum Accountants Societies.” The organization was incorporated in 1999 as Council of Petroleum Accountants Societies, Inc. (hereinafter “COPAS”). COPAS, a non-profit organization, is dedicated to the following objectives:

A. Coordinate the work of the Participating Societies
B. Study and analyze accounting and other problem areas of the petroleum industry
C. Formulate and disseminate petroleum industry accounting practices, procedures and pronouncements through the use of guidelines and interpretative statements
D. Cooperate with other oil and gas industry associations and institutions as deemed advisable
E. Advance the individual capabilities of its members through the Accredited Petroleum Accountant® Certification Program and other programs of educational and professional development
F. Cooperate in the education of the public concerning the petroleum industry
G. Assist educational institutions through contributions for papers, books, speakers and scholarships
H. Provide a forum for exchange of information and ideas
I. Consider other matters relating to petroleum industry accounting that may be brought before COPAS.
ARTICLE II  MEMBERSHIP

A. Types and Eligibility

1. *Participating Society Membership* – consists of an active society of petroleum accountants within or outside the United States which has been elected to membership in COPAS and is entitled to participate in all activities of COPAS.

   a) **Eligibility.** To be eligible for a Participating Society Membership in COPAS, a society must have adopted a set of bylaws that is not in conflict with the COPAS Bylaws, COPAS Code of Ethics, or COPAS Antitrust Policy, conduct a minimum of three local meetings per year, have been operational for a minimum of one year, and have a membership consisting of 25 or more individuals representing five or more companies. A Participating Society must also have a minimum of two accounting study committees actively studying accounting areas of interest similar to those of the COPAS Standing Committees.

   b) **Individuals.** Subject to Article II, Section C, Paragraph 5, members in good standing of a Participating Society are Participating Individual Members of COPAS and are entitled to participate in all activities of COPAS. Participating Individual Members shall be eligible to hold an elective or appointive position in COPAS. A Participating Society located outside the United States must designate at least 25 members representing five or more companies who are to be Participating Individual Members eligible to vote or hold elective or appointive office in COPAS. Each member so designated will be subject to the Dues requirements of this Article II.

   c) **Dues.** Each Participating Society shall contribute to the fiscal requirements of COPAS to defray operating costs. The amount of the contribution shall be determined annually by the Board of Directors subject to approval by the Council.

2. *Provisional Society Membership* – consists of an active society of petroleum accountants within or outside the United States which has been elected to membership in COPAS, but which has limited participation rights in the activities of COPAS. Provisional Societies are not eligible to vote as a Council Member.

   a) **Eligibility.** To be eligible for a Provisional Society Membership in COPAS, a society must have adopted a set of bylaws that is not in conflict with the COPAS Bylaws, COPAS Code of Ethics, or COPAS Antitrust Policy, conduct a minimum of three local meetings per year, have been operational for a minimum of one year, and have a membership consisting of 12 or more individuals representing three or more companies.
b) **Provisional Member.** Subject to Article II, Section C, Paragraph 5, members in good standing of a Provisional Society are Provisional Members of COPAS and are entitled to limited participation in all activities of COPAS. Provisional Members shall not be eligible to hold an elective or appointive position in COPAS.

c) **Dues and Participation.** Each Provisional Society shall contribute to the fiscal requirements of COPAS to defray operating costs. The amount of the contribution shall be determined annually by the Board of Directors subject to approval by the Council. All members of a Provisional Society will be welcome to participate in COPAS regular meetings and Standing Committee meetings, but will not be eligible to vote as a Society in Standing Committee meetings.

3. **International Society Membership** – consists of an active Society of petroleum accountants outside the United States which has been elected to membership in COPAS, but which has limited participation rights in the activities of COPAS. International Societies are not eligible to vote as a Council Member.

a) **Eligibility.** To be eligible for an International Society Membership in COPAS, a Society must have adopted a set of bylaws that is not in conflict with the COPAS Bylaws, COPAS Code of Ethics, or COPAS Antitrust Policy, have been operational for a minimum of one year, and have a membership consisting of 12 or more individuals representing three or more companies. The International Society must be comprised solely of members who reside outside the United States.

b) **Individuals.** Individuals of an International Society are not members of COPAS but are entitled to limited participation in all activities of COPAS. Members of an International Society shall not be eligible to hold an elective or appointive position in COPAS.

c) **Dues and Participation.** The Board of Directors shall establish, separately for each International Society, annual fees or dues to cover the administrative cost of interaction with the Society, such as postage, printing costs, and communication expense. All members of International Societies will be welcome to participate in COPAS regular meetings and Standing Committee meetings, but will not be eligible to vote in those meetings.

4. **Individual Membership.** – Subject to Article II, Section C, Paragraph 6, consists of a Limited Member or Academic Member who has been approved for membership in COPAS pursuant to Article II, Section B, Paragraph 2, but has limited participation rights in the activities of COPAS. Individual members shall not be eligible to vote or be elected or appointed as an officer, Board of Directors member, Council representative, Standing Committee chairperson, or Standing Committee member.
a) **Limited Member.** A Limited Member is an individual involved in the petroleum industry, but who does not have a Participating Society in his/her geographical area. Limited Members must be actively engaged in petroleum accounting, public accounting, or education directly connected with the petroleum industry.

b) **Academic Member.** An Academic Member is a student in the academic field of accounting or related field desiring to affiliate with COPAS for the educational opportunities and benefits available in and through COPAS.

c) **Dues.** Dues and initiation fees for Limited and Academic Individual Memberships shall be determined by the Board of Directors and approved by the Council.

B. Admission to Membership

1. **In order** for a petroleum accountants Society to become a Member Society, the Society must submit an application for membership to the COPAS Office. The Board will review the application to ensure the membership requirements have been met and that the Bylaws of the proposed Society do not conflict with the COPAS Bylaws, COPAS Code of Ethics, or COPAS Antitrust Policy. Applications for admission will only be voted on by the Council at the next Council meeting following approval by the Board of Directors, a regular spring meeting. Applications must be submitted in a timely manner in order that they may be reviewed, approved by the Board of Directors, and submitted to the Council in time to meet the 60-day rule under Article V, Section C.

The initial admission of a Participating Society, Provisional Society, or International Society shall require the approval of two-thirds of the Participating Societies present and eligible to vote at the applicable spring Council Meeting. Upon admission, the Society shall pay an initiation fee determined by the Board of Directors, and a pro rata share of the current year assessment as determined by the Board of Directors.

Newly admitted Participating Societies shall be eligible for voting participation in committees or in any other Council business at the next regularly scheduled Council or Standing Committee meeting after the meeting during which they were approved for membership.

2. **In order** to become a Limited or Academic Member, individuals must submit an application for membership to the COPAS Office. Applications may be submitted at any time and shall be subject to review and approval by the Executive Director or other designee approved by the Board of Directors.
C. Suspension of Society and Individual Memberships

1. A Society may be suspended from participation in COPAS activities by two-thirds approval of the Participating Societies present and eligible to vote at a Council meeting. Grounds for suspension may include the following:

   a) failure to pay its assessment of COPAS' operating costs within a time period specified by the Board of Directors

   b) failure to be represented and participate in COPAS Activities

      1) Participating Societies: at least one Council meeting and two other COPAS activities each calendar year. (Other COPAS activities include the Leadership Conference, Board of Directors Meetings, and COPAS Standing, Special and Sub-Committee meetings.)

      2) Provisional and International Societies: at least one Council meeting or Leadership Conference each calendar year

   c) becoming inactive as a local Society

   d) failure to meet membership requirements for admission

   e) failure to comply with COPAS policies and procedures, including the COPAS Bylaws, COPAS Code of Ethics, and COPAS Antitrust Policy.

2. When a Society fails to meet the requirements described above in Paragraphs 1, a) through 1, e), the following actions will be taken:

   a) The Board will notify, in writing, any Society subject to suspension.

   b) Assistance will be offered by the Board to any Society subject to suspension to remedy any deficiencies.

   c) Any Society remaining deficient after a period of one year from Board notification may be recommended for suspension from Council activities. However, the Board, at its discretion, may recommend suspension of any Society sooner if warranted by the nature of the deficiency. Further, the Board may recommend an extension of this period if the Society has exhibited efforts to remedy the deficiencies.
3. Societies under suspension

a) Will be allowed and encouraged to attend all COPAS meetings, including Standing Committees, Special Committees, Board of Directors, and Council meetings, but will not be allowed to vote on any motions undertaken at any meeting.

b) Will continue to receive all COPAS mailings, including COPAS periodicals, if the Society pays its annual assessment. Suspended Societies are encouraged to continue to pay the annual assessment in order for their membership to stay abreast of COPAS issues and events during the suspension period. Members of a Society in suspended status which has not paid its annual assessment will be offered an Individual Membership, and no initiation fee will be charged.

c) Will have their status reviewed at least annually by the Board of Directors and will be recommended for a continued suspended status, termination of membership, or reinstatement of membership. Recommendations will be based on progress made on deficiencies and/or the specific desires of a suspended Society.

4. A Society may be removed from suspension when the grounds for suspension are corrected and upon approval of two-thirds of the Participating Societies present and eligible to vote at a Council meeting. A Society may be dropped from membership after one year's suspension and upon approval of two-thirds of the Participating Societies present and eligible to vote at the regular spring or fall Council meeting.

5. Participating Individual Members and Provisional Members are automatically suspended when they cease to be a member of a Society or when the Society of which they are a member is suspended under terms of this Article II. This membership shall be terminated if the Society's membership is terminated. A member may be suspended or expelled pursuant to COPAS’ Disciplinary Procedures.

6. Limited and Academic Members shall be suspended and/or terminated when they no longer meet the eligibility requirements or fail to pay the annual dues within 15 days after receipt of billing from the COPAS Office. Limited and Academic members may be suspended or expelled pursuant to COPAS’ Disciplinary Procedures.

D. Change in Type of Membership

1. The Board of Directors may change a Society’s membership type without a Council vote from a Participating Society Membership to a Provisional Society Membership, provided that the Society meets all eligibility requirements of a Provisional Society Membership and only when the Society does not meet the membership requirements of a Participating Society.
a) The Board will notify, in writing, any Participating Society subject to a change in membership type.

b) Assistance will be offered by the Board to any Participating Society subject to a change in membership type to remedy any deficiencies.

c) Any Participating Society remaining deficient after a period of one year from Board notification may be changed to a Provisional Society Membership. The Board may extend this period if the Society has exhibited efforts to remedy the deficiencies.

2. Any Society holding a Provisional Society Membership, and which had previously held a Participating Society Membership, may request reinstatement of that Participating Society Membership. Such reinstatement may be approved by the Board of Directors without a Council vote if the following conditions are met:

a) The Society must be in good standing within COPAS.

b) The Society must meet all eligibility requirements of a Participating Society.

c) The Society must have maintained continuous associate membership in COPAS since the Participating Society Membership was held.

d) The request for reinstatement must be submitted at least 90 days prior to a spring or fall regular COPAS meeting.

ARTICLE III
ORGANIZATION

A. The Council shall be composed of one representative from each of the Participating Societies, with said representatives to be designated by each Society according to its own bylaws; provided, however, such representative shall be a member, in good standing, of COPAS.

B. There shall be a Board of Directors composed of nine Participating Individual Members, who shall have all been endorsed by their local Society. Directors shall be elected by all voting members of the Council. The immediate past President, if a retired director, and the Executive Director shall serve as ex-officio members of this Board, but shall not be eligible to vote. A Board Member may be removed, for good cause, pursuant to COPAS’ Disciplinary Procedures.
C. At each annual election, there shall be elected three directors for a period of three years to replace retiring directors whose terms expire. Each society shall have one (1) vote for three different nominees for three different director positions with the three candidates receiving the most votes being declared the newly elected directors. In case of ties for an undecided position, a second vote shall be taken among the tying candidates, or if a winning candidate is unable to serve because of conflict with Article III, Section D, a second vote shall be taken among the remaining eligible candidates for the undecided position(s), with each society having one vote for each position. If a second vote also results in a tie, the COPAS Board of Directors shall cast the determining vote.

D. A company or society may have not more than two directors. The Nominating Committee is responsible for assuring that no company or society shall have a nominee(s) that, if elected, would cause that company or society to have more than two (2) directors. However, a director who relocates to a different company and/or society shall be entitled to complete his/her term even though such relocation causes the Board to temporarily have more than two directors from a company and/or society.

E. Elections shall be held each year at the Fall Meeting of the Council but prior to year-end. A society may not vote by proxy. Interim Board of Directors vacancies will be filled upon recommendation by the Board of Directors and approval of the Council at the next meeting of the Council.

F. There shall be four officers of the Council, a President, a Vice-President, a Secretary, and a Treasurer. Officers shall be elected for one year terms by a majority vote of the new Board of Directors, present and voting, at a meeting of the Board to be held after the Fall Meeting where elections were held but prior to year-end. The officers’ terms of office shall be for the calendar year commencing on January 1st of the year following election. If any elective office is vacated, it shall be the duty and responsibility of the Board of Directors to fill such vacancy for the unexpired term. The Board of Directors may remove an officer from his or her officer position, for good cause, by a vote of two-thirds of the Board of Directors.

G. There shall be a Nominating Committee for each Board of Director election, consisting of the immediate past President as Chairperson and three other members from Participating Societies elected by the Council by plurality vote at the Fall Meeting where elections were held.

H. There shall be an Executive Director of COPAS. Such person shall be selected by the Board of Directors and approved by the Council whenever a vacancy occurs. The Executive Director will function as an employee of COPAS with compensation to be approved by the Board of Directors.
I. There shall be Standing Committees as authorized by the Board of Directors and approved by the Council. The Board of Directors shall approve the chairperson for each of these Standing Committees and there shall be at least four other members, with membership determined by the Committee charter. Each Participating Society may name a member to each Committee if the membership includes a person of experience in that particular field and such person is a COPAS member, in good standing, of COPAS. The chairperson serves as a facilitator, not as a voting member from a Participating Society. Representation on any one of these committees is at the discretion of each Society. The Board of Directors shall approve a chairperson, giving due consideration to the recommendations of the Standing Committee and/or its leadership. A Standing Committee Chair may be removed, for good cause, pursuant to COPAS’ Disciplinary Procedures.

J. There shall be Special Committees as authorized by the President, upon approval by the Board of Directors and/or the Council. The Board of Directors shall approve Special Committee chairpersons, giving due consideration to the recommendations of the Special Committee and/or its leadership. A Special Committee Chair may be removed, for good cause, pursuant to COPAS’ Disciplinary Procedures. The Board of Directors shall approve each committee charge. The Board of Directors shall approve a chairperson, giving due consideration to the recommendations of the Special Committee and/or its leadership. A Special Committee Chair may be removed, for good cause, pursuant to COPAS’ Disciplinary Procedures.

K. All chairpersons of Standing and Special Committees will serve for a period not to exceed two years, but may be re-approved for an additional year. All liaisons to other industry organizations shall be approved by the Board of Directors. There shall be no term limit for liaisons.

ARTICLE IV

DUTIES

A. President – The President shall preside at all meetings of the Council and the Board of Directors; and coordinate all the activities of COPAS.

B. Vice President – The Vice President shall assist the President in the performance of duties, preside at Council meetings in case of the President’s absence, enforce the Bylaws, and serve as parliamentarian of the Council.

C. Secretary – The Secretary shall keep a record of all Board of Directors and Council proceedings and distribute same to the Board and Council representatives in cooperation with the Executive Director.

D. Treasurer – The Treasurer shall be responsible for preparation of the annual budget, receive and disburse working funds, and prepare a report of cash receipts, disbursements, and balance on hand for each Council and Board of Directors meeting. The Treasurer shall be responsible for the management of funds on behalf of COPAS under the direction of the Board of
Directors. The Treasurer will be responsible for arranging for the performance of an annual examination of the receipts, disbursements and accounts of COPAS records by the reviewer appointed in accordance with Section E of this Article IV.

E. Board of Directors – The Board of Directors, acting for the Council, shall maintain continuing surveillance over the operations of COPAS to assure that policies, projects, and other activities authorized by the Council are being executed in a proper and timely manner, in accordance with COPAS’ policies and procedures. The Board will establish procedures for controlling COPAS materials copyrighted, published, and sold. The Board of Directors shall continually review the objectives of COPAS and the charges of committees, recommend projects for study, elect a President, Vice President, Secretary, and Treasurer as provided in Article III, Section F, and act for the Council between meetings thereof upon matters specifically delegated by the Council. The Board of Directors shall meet at such times and in such manner as it may elect and report to the Council any action taken by it since the last preceding Council meeting. A quorum for conducting Board of Director meetings shall consist of five of the voting members of the Board of Directors. The President is not considered to be a voting member for the purposes of establishing a quorum. Except where these Bylaws otherwise provide, or where otherwise established by rule of procedure or law, a simple majority vote of those directors present shall be binding and constitute the decision of the Board. The President shall vote only in the case of a tie. Voting by proxy is not permitted. The Board shall, from time to time, adopt a written policy applying the above to evolving technologies and practices. Such policy shall be approved by a vote of two-thirds of the voting members of the Board of Directors.

The Board of Directors shall appoint a COPAS member (other than a Board of Directors member) or an independent CPA firm to conduct an annual examination of the receipts, disbursements, and accounts of COPAS. This annual examination may include the preparation and the filing of all applicable Federal and state tax returns. Such member or firm shall issue a report reflecting the results of such examination to the Board of Directors, which shall be made available to the Council upon request. Such reports shall be for the internal use of the COPAS Board of Directors, Council Representatives, and COPAS members only.

F. Nominating Committee – The Nominating Committee shall select nominees for election as members of the Board of Directors and submit its selections to Participating Societies and Council Representatives at least 60 days in advance of the fall Council meeting at which the election will be held. Such nominees must be members in good standing of a Participating Society and be in compliance with Article III, Section D. Societies may propose other nominees, but such nomination must be submitted to the voting Societies and Council Representatives at least 30 days in advance of the meeting at which the election will be held Council meeting.

G. Executive Director – The Executive Director shall administer the normal business operation of COPAS and perform other functions as directed by the Council or the Board of Directors. Duties of the Executive Director will include, but not be limited to the following:
1. Act as an ex-officio member of the Board of Directors and all Standing and Special Committees
2. Assist in organizing and administering conferences, seminars, and other meetings
3. Coordinate COPAS activities with the member societies
4. Manage the COPAS Office
5. Maintain a library of all COPAS publications
6. Maintain all files and records as directed by the Board of Directors
7. Act as a central contact for all COPAS communications and activities
8. Act as public relations director

H. Standing Committees – The Standing Committees shall be responsible for researching and reporting in a timely manner to the Board of Directors and Council on their respective committee’s area of interest. This shall include research and surveys of petroleum industry problems, written opinions on current topics, dissemination of information on significant developments in their area of interest, and any other action requested by the Council or the Board of Directors. The specific objectives and duties for each committee shall be defined by such committee and be approved by the Board of Directors. Any subsequent revisions to the objectives or duties shall require approval by the Board of Directors.

ARTICLE V
MEETINGS AND NOTICES

A. COPAS shall hold at least one Council meeting regular meetings in the spring and fall of each calendar year in order to conduct such business as may be brought before the Council. Member societies may host these meetings on a voluntary basis. If a member society does not volunteer to host a meeting, the COPAS Board of Directors will be responsible for seeing that a meeting is conducted.

B. Notice of all spring and fall Council Meetings shall be given by the President at least 60 days prior to the date of the meeting, giving time, place, and purpose of the meeting in reasonable detail with agenda items identified on which a vote is anticipated. In the event that a member society does not volunteer to host a meeting, the COPAS Board of Directors will be responsible for seeing that a meeting is conducted.

C. Notice of all spring and fall Council Meetings shall be given by the President at least 60 days prior to the date of the meeting, giving time, place, and purpose of the meeting in reasonable detail with agenda items identified on which a vote is anticipated. Council meetings may be held in person, or by electronic or telephonic means or a combination of these means. The technology used for such Council meetings must be commonly available to voting representatives and allow discussion among the representatives in attendance. Special meetings shall be called by the President, by a majority of members of the Board of Directors, or by a majority of Council representatives by giving notice ten days prior to the date of the meeting and giving notice of time, place, and purpose of the meeting.

C. In the event of an emergency or urgent Council voting matter only, a special electronic or telephonic meeting shall be called by the President, by a majority of members of the Board of Directors, or by a majority of Council representatives. The notice of the meeting shall be given by the President, or by the Vice
President if the President fails to issue such notice, at least ten (10) days prior to the date of the meeting giving the time and purpose of the meeting in reasonable detail with agenda items identified on which a vote is anticipated. Such meeting must be approved by at least two-thirds (2/3) of the Societies eligible to vote as of the date of the proposed meeting, via electronic means within five (5) business days following notice of such meeting. Business conducted at this meeting shall be limited to those items identified in the meeting agenda. Technology used must be commonly available to the voting representatives and allow open, immediate debate and discussion among the representatives in attendance.

D. Details of the Council agenda items on which a vote by the Council is anticipated shall be published and mailed-distributed to all Participating Societies by the Executive Director at least 60 days prior to the Council Meeting with notice that the item will be presented as an item on which a vote is anticipated. Details supporting the calculation of COPAS approved escalations or other amounts based on an approved formula are not required to be sent 60 days prior to the Council meeting.

E. A quorum for conducting Council Meetings shall consist of a majority of the Participating Societies.

E. The rules of procedure at Council Meetings shall be according to Roberts Rules of Order, so far as applicable and when not inconsistent with these Bylaws.

ARTICLE VI
VOTING PROCEDURE

A. Each Participating Society represented at a Council Meeting and eligible to vote shall have one vote. A vote may be cast and will be counted only if the voting Society is represented as provided in Article III, Section A of these Bylaws, such representative is present at the time a vote is taken, and all membership dues or fees have been paid and provided the society is not under suspension. The voting representative shall vote as directed by his or her Society. No voting by proxy is permitted.

B. A resolution that meets the 60-day requirement under Article V, Section D shall carry if it receives the affirmative vote of a majority of the Societies present and eligible to vote at a Council Meeting, except when a vote is taken on Model Forms and related Modifications and Interpretations. A vote on the Model Forms and related Modifications and Interpretations shall carry if it receives the affirmative vote of two-thirds (2/3) of the Societies present and eligible to vote at a Council Meeting.

C. A resolution that does not meet the 60-day requirement under Article V, Section D can be voted on if the 60-day rule is waived by approval of at least two-thirds (2/3) of the Societies present and eligible to vote at a Council Meeting.

D. Votes shall be cast as follows:

1. Yes – Affirmative vote
2. No – Negative vote
3. Pass – Defer vote until other voting Societies have had the opportunity to vote and automatically request to be called upon to vote or abstain before voting closes
4. Abstain – Neither an affirmative nor negative vote. It is included in the calculation of a majority, or two-thirds (2/3), as applicable.

ARTICLE VII
LIMITATION OF LIABILITY AND INDEMNIFICATION

A. Any person providing services or any act of assistance without compensation from COPAS in the capacity of a Director or Officer shall not be deemed to have assumed a duty of care where none otherwise existed and shall not be liable to the Council or its members or to any third party for acts or omissions in good faith.

B. No member of the Board of Directors, Officer, or Executive Director of COPAS shall be liable for actions taken or omissions made in the performance of duties in such capacity except for wanton, willful, or unlawful acts or omissions.

C. The Council, acting by and through its Board of Directors upon the vote of a quorum of disinterested Directors, shall have the power and authority to indemnify any Director, Officer, or the Executive Director of COPAS for and against any liability (including reasonable fees, costs, and expenses) to a third party incurred as a result of any act or omission of such individual in connection with his or her service in such capacity for and on behalf of COPAS, if such act or omission was in good faith; was reasonably believed by the Director, Officer, or Executive Director to be in the best interest of COPAS; and was not wanton, willful, or unlawful or involved in the accrual of an improper personal benefit to the Director, Officer, or Executive Director.

D. The Council shall have the power and authority to purchase and maintain on behalf of COPAS or any person serving in the capacity of a Director, Officer, or the Executive Director such policies of insurance insuring against any liability, fee, cost, or expense with respect to which COPAS may indemnify as permitted by Section C of this Article VII.

E. The foregoing sections of this Article VII are intended to afford the fullest legal protection, rights, and power pertaining to the limitation of liability and permissive indemnification of Directors and Officers of non-profit organizations as shall be permitted by applicable statutes and laws governing COPAS.
ARTICLE VIII
DISSOLUTION AND LIQUIDATION

Upon the dissolution of COPAS and the cessation of its conduct of business and existence, the assets of COPAS shall be distributed, after payment of all liabilities, to such non-profit organizations (which may or may not include COPAS members) as the Board of Directors shall determine, provided that the distributee(s) of the assets shall be required to dedicate and use such assets in furtherance of a non-profit activity consistent with the purposes, objectives, and principles of COPAS.

ARTICLE IX
AMENDMENTS

Amendments to the Bylaws may be proposed by any COPAS Participating Society, Committee, or Participating Individual Member. Such proposals shall be in writing in accordance with Article V, Section D. Adoption of an amendment to the Bylaws must be approved by at least two-thirds (2/3) of the societies present and eligible to vote at a Council meeting.
BYLAWS

OF THE

COUNCIL OF PETROLEUM ACCOUNTANTS SOCIETIES, INC.

ARTICLE I

FORMATION OF COUNCIL

For the purpose of coordinating the efforts of various petroleum accountants Societies, a Council to be known as “The Council of Petroleum Accountants Societies of North America” was formed in a meeting of representatives from various Societies at Midland, Texas on April 25, 1961. In the regular Council meeting held at Wichita, Kansas on April 25, 1980, the name was changed from “Council of Petroleum Accountants Societies of North America” to “Council of Petroleum Accountants Societies.” The organization was incorporated in 1999 as Council of Petroleum Accountants Societies, Inc. (hereinafter “COPAS”). COPAS, a non-profit organization, is dedicated to the following objectives:

A. Coordinate the work of the Participating Societies
B. Study and analyze accounting and other problem areas of the petroleum industry
C. Formulate and disseminate petroleum industry accounting practices, procedures and pronouncements through the use of guidelines and interpretative statements
D. Cooperate with other oil and gas industry associations and institutions as deemed advisable
E. Advance the individual capabilities of its members through the Accredited Petroleum Accountant® Certification Program and other programs of educational and professional development
F. Cooperate in the education of the public concerning the petroleum industry
G. Assist educational institutions through contributions for papers, books, speakers and scholarships
H. Provide a forum for exchange of information and ideas
I. Consider other matters relating to petroleum industry accounting that may be brought before COPAS.
ARTICLE II
MEMBERSHIP

A. Types and Eligibility

1. Participating Society Membership – consists of an active Society of petroleum accountants within or outside the United States which has been elected to membership in COPAS and is entitled to participate in all activities of COPAS.

   a) Eligibility. To be eligible for a Participating Society Membership in COPAS, a Society must have adopted a set of bylaws that is not in conflict with the COPAS Bylaws, COPAS Code of Ethics, or COPAS Antitrust Policy, conduct a minimum of three local meetings per year, have been operational for a minimum of one year, and have a membership consisting of 25 or more individuals representing five or more companies. A Participating Society must also have a minimum of two accounting study committees actively studying accounting areas of interest similar to those of the COPAS Standing Committees.

   b) Individuals. Subject to Article II, Section C, Paragraph 5, members in good standing of a Participating Society are Participating Individual Members of COPAS and are entitled to participate in all activities of COPAS. Participating Individual Members shall be eligible to hold an elective or appointive position in COPAS. A Participating Society located outside the United States must designate at least 25 members representing five or more companies who are to be Participating Individual Members eligible to vote or hold elective or appointive office in COPAS. Each member so designated will be subject to the Dues requirements of this Article II.

   c) Dues. Each Participating Society shall contribute to the fiscal requirements of COPAS to defray operating costs. The amount of the contribution shall be determined annually by the Board of Directors subject to approval by the Council.

2. Provisional Society Membership – consists of an active Society of petroleum accountants within or outside the United States which has been elected to membership in COPAS, but which has limited participation rights in the activities of COPAS. Provisional Societies are not eligible to vote as a Council Member.

   a) Eligibility. To be eligible for a Provisional Society Membership in COPAS, a Society must have adopted a set of bylaws that is not in conflict with the COPAS Bylaws, COPAS Code of Ethics, or COPAS Antitrust Policy, conduct a minimum of three local meetings per year, have been operational for a minimum of one year, and have a membership consisting of 12 or more individuals representing three or more companies.
b) ** Provisional Member. Subject to Article II, Section C, Paragraph 5, members in good standing of a Provisional Society are Provisional Members of COPAS and are entitled to limited participation in all activities of COPAS. Provisional Members shall not be eligible to hold an elective or appointive position in COPAS.

c) ** Dues and Participation. Each Provisional Society shall contribute to the fiscal requirements of COPAS to defray operating costs. The amount of the contribution shall be determined annually by the Board of Directors subject to approval by the Council. All members of a Provisional Society will be welcome to participate in COPAS regular meetings and Standing Committee meetings but will not be eligible to vote as a Society in Standing Committee meetings.

3. **International Society Membership** – consists of an active Society of petroleum accountants outside the United States which has been elected to membership in COPAS, but which has limited participation rights in the activities of COPAS. International Societies are not eligible to vote as a Council Member.

a) **Eligibility.** To be eligible for an International Society Membership in COPAS, a Society must have adopted a set of bylaws that is not in conflict with the COPAS Bylaws, COPAS Code of Ethics, or COPAS Antitrust Policy, have been operational for a minimum of one year, and have a membership consisting of 12 or more individuals representing three or more companies. The International Society must be comprised solely of members who reside outside the United States.

b) **Individuals.** Individuals of an International Society are not members of COPAS but are entitled to limited participation in all activities of COPAS. Members of an International Society shall not be eligible to hold an elective or appointive position in COPAS.

c) **Dues and Participation.** The Board of Directors shall establish, separately for each International Society, annual fees or dues to cover the administrative cost of interaction with the Society, such as postage, printing costs and communication expense. All members of International Societies will be welcome to participate in COPAS regular meetings and Standing Committee meetings but will not be eligible to vote in those meetings.

4. **Individual Membership.** – Subject to Article II, Section C, Paragraph 6, consists of a Limited Member or Academic Member who has been approved for membership in COPAS pursuant to Article II, Section B, Paragraph 2, but has limited participation rights in the activities of COPAS. Individual members shall not be eligible to vote or be elected or appointed as an officer, Board of Directors member, Council representative, Standing Committee chairperson, or Standing Committee member.
a) **Limited Member.** A Limited Member is an individual involved in the petroleum industry, but who does not have a Participating Society in his/her geographical area. Limited Members must be actively engaged in petroleum accounting, public accounting, or education directly connected with the petroleum industry.

b) **Academic Member.** An Academic Member is a student in the academic field of accounting or related field desiring to affiliate with COPAS for the educational opportunities and benefits available in and through COPAS.

c) **Dues.** Dues and initiation fees for Limited and Academic Individual Memberships shall be determined by the Board of Directors and approved by the Council.

B. Admission to Membership

1. For a petroleum accountants Society to become a Member Society, the Society must submit an application for membership to the COPAS Office. The Board will review the application to ensure the membership requirements have been met and that the Bylaws of the proposed Society do not conflict with the COPAS Bylaws, COPAS Code of Ethics, or COPAS Antitrust Policy. Applications for admission will be voted on by the Council at the next Council meeting following approval by the Board of Directors. Applications must be submitted in a timely manner in order that they may be reviewed, approved by the Board of Directors, and submitted to the Council in time to meet the 60-day rule under Article V, Section C.

The initial admission of a Participating Society, Provisional Society, or International Society shall require the approval of two-thirds of the Participating Societies present and eligible to vote at the applicable Council Meeting. Upon admission, the Society shall pay a pro rata share of the current year assessment as determined by the Board of Directors.

Newly admitted Participating Societies shall be eligible for voting participation in committees or in any other Council business at the next scheduled Council or Standing Committee meeting after the meeting during which they were approved for membership.

2. To become a Limited or Academic Member, individuals must submit an application for membership to the COPAS Office. Applications may be submitted at any time and shall be subject to review and approval by the Executive Director or other designee approved by the Board of Directors.
C. Suspension of Society and Individual Memberships

1. A Society may be suspended from participation in COPAS activities by two-thirds approval of the Participating Societies present and eligible to vote at a Council meeting. Grounds for suspension may include the following:

a) failure to pay its assessment of COPAS' operating costs within a time period specified by the Board of Directors

b) failure to be represented and participate in COPAS activities

1) Participating Societies: at least one Council meeting and one other COPAS activity each calendar year. (Other COPAS activities include the Leadership Conference, Board of Directors Meetings, and COPAS Standing, Special and Sub-Committee meetings.)

2) Provisional and International Societies: at least one Council meeting or Leadership Conference each calendar year

c) becoming inactive as a local Society

d) failure to meet membership requirements for admission

e) failure to comply with COPAS policies and procedures, including the COPAS Bylaws, COPAS Code of Ethics, and COPAS Antitrust Policy.

2. When a Society fails to meet the requirements described above in Paragraphs 1, a) through 1, e), the following actions will be taken:

a) The Board will notify, in writing, any Society subject to suspension.

b) Assistance will be offered by the Board to any Society subject to suspension to remedy any deficiencies.

c) Any Society remaining deficient after a period of one year from Board notification may be recommended for suspension from Council activities. However, the Board, at its discretion, may recommend suspension of any Society sooner if warranted by the nature of the deficiency. Further, the Board may recommend an extension of this period if the Society has exhibited efforts to remedy the deficiencies.
3. Societies under suspension

   a) Will be allowed and encouraged to attend all COPAS meetings, including Standing Committees, Special Committees, Board of Directors, and Council meetings, but will not be allowed to vote on any motions undertaken at any meeting.

   b) Will continue to receive all COPAS mailings, including COPAS periodicals, if the Society pays its annual assessment. Suspended Societies are encouraged to continue to pay the annual assessment in order for their membership to stay abreast of COPAS issues and events during the suspension period. Members of a Society in suspended status which has not paid its annual assessment will be offered an Individual Membership, and no initiation fee will be charged.

   c) Will have their status reviewed at least annually by the Board of Directors and will be recommended for a continued suspended status, termination of membership, or reinstatement of membership. Recommendations will be based on progress made on deficiencies and/or the specific desires of a suspended Society.

4. A Society may be removed from suspension when the grounds for suspension are corrected and upon approval of two-thirds of the Participating Societies present and eligible to vote at a Council meeting. A Society may be dropped from membership after one year’s suspension and upon approval of two-thirds of the Participating Societies present and eligible to vote at a Council meeting.

5. Participating Individual Members and Provisional Members are automatically suspended when they cease to be a member of a Society or when the Society of which they are a member is suspended under terms of this Article II. This membership shall be terminated if the Society's membership is terminated. A member may be suspended or expelled pursuant to COPAS’ Disciplinary Procedures.

6. Limited and Academic Members shall be suspended and/or terminated when they no longer meet the eligibility requirements or fail to pay the annual dues within 15 days after receipt of billing from the COPAS Office. Limited and Academic members may be suspended or expelled pursuant to COPAS’ Disciplinary Procedures.

D. Change in Type of Membership

1. The Board of Directors may change a Society’s membership type without a Council vote from a Participating Society Membership to a Provisional Society Membership, provided that the Society meets all eligibility requirements of a Provisional Society Membership and only when the Society does not meet the membership requirements of a Participating Society.
a) The Board will notify, in writing, any Participating Society subject to a change in membership type.

b) Assistance will be offered by the Board to any Participating Society subject to a change in membership type to remedy any deficiencies.

c) Any Participating Society remaining deficient after a period of one year from Board notification may be changed to a Provisional Society Membership. The Board may extend this period if the Society has exhibited efforts to remedy the deficiencies.

2. Any Society holding a Provisional Society Membership, which had previously held a Participating Society Membership, may request reinstatement of that Participating Society Membership. Such reinstatement may be approved by the Board of Directors without a Council vote if the following conditions are met:

a) The Society must be in good standing within COPAS.

b) The Society must meet all eligibility requirements of a Participating Society.

c) The Society must have maintained continuous associate membership in COPAS since the Participating Society Membership was held.

d) The request for reinstatement must be submitted at least 90 days prior to a Council meeting.

ARTICLE III
ORGANIZATION

A. The Council shall be composed of one representative from each of the Participating Societies, with said representatives to be designated by each Society according to its own bylaws; provided, however, such representative shall be a member, in good standing, of COPAS.

B. There shall be a Board of Directors composed of nine Participating Individual Members, who shall have all been endorsed by their local Society. Directors shall be elected by voting members of the Council. The immediate past President, if a retired director, and the Executive Director shall serve as ex-officio members of this Board but shall not be eligible to vote. A Board Member may be removed, for good cause, pursuant to COPAS’ Disciplinary Procedures.

C. At each annual election, there shall be elected three directors for a period of three years to replace directors whose terms expire. Each Society shall have one (1) vote for three different nominees for three different director positions with the three candidates receiving the most votes being declared the newly elected directors. In case of ties for an undecided position, a second vote shall be taken among the tying candidates, or if a winning candidate is unable to serve because of conflict with Article III, Section D, a second vote shall be
taken among the remaining eligible candidates for the undecided position(s), with each Society having one vote for each position. If a second vote also results in a tie, the COPAS Board of Directors shall cast the determining vote.

D. A company or Society may have not more than two directors. The Nominating Committee is responsible for assuring that no company or Society shall have a nominee(s) that, if elected, would cause that company or Society to have more than two (2) directors. However, a director who relocates to a different company and/or Society shall be entitled to complete his/her term even though such relocation causes the Board to temporarily have more than two directors from a company and/or Society.

E. Elections shall be held each year at a Council meeting prior to year-end. A Society may not vote by proxy. Interim Board of Directors vacancies will be filled upon recommendation by the Board of Directors and approval of the Council at the next meeting of the Council.

F. There shall be four officers of the Council, a President, a Vice-President, a Secretary, and a Treasurer. Officers shall be elected for one-year terms by a majority vote of the new Board of Directors, present and voting, at a meeting of the Board to be held after the Council meeting where elections were held, but prior to year-end. The officers’ terms of office shall be for the calendar year commencing January 1st of the year following election. If any elective office is vacated, it shall be the duty and responsibility of the Board of Directors to fill such vacancy for the unexpired term. The Board of Directors may remove an officer from his or her officer position, for good cause, by a vote of two-thirds of the Board of Directors.

G. There shall be a Nominating Committee for each Board of Director election, consisting of the immediate past President as Chairperson and three other members from Participating Societies elected by the Council by plurality vote at the Council meeting when elections were held.

H. There shall be an Executive Director of COPAS. Such person shall be selected by the Board of Directors and approved by the Council whenever a vacancy occurs. The Executive Director will function as an employee of COPAS with compensation to be approved by the Board of Directors.

I. There shall be Standing Committees as authorized by the Board of Directors and approved by the Council. The Board of Directors shall approve the chairperson for each of these Standing Committees and there shall be at least four other members, with membership determined by the Committee charter. Each Participating Society may name a member to each Committee if the member is a person of experience in that field and such person is a COPAS member in good standing. The chairperson serves as a facilitator, not as a voting member from a Participating Society. Representation on any one of these committees is at the discretion of each Society. The Board of Directors shall approve a chairperson, giving due consideration to the recommendations of the Standing Committee and/or its leadership. A Standing Committee Chair may be removed, for good cause, pursuant to COPAS’ Disciplinary Procedures.
J. There shall be Special Committees as authorized by the President, upon approval by the Board of Directors and/or the Council. The Board of Directors shall approve Special Committee chairpersons, giving due consideration to the recommendations of the Special Committee and/or its leadership. A Special Committee Chair may be removed, for good cause, pursuant to COPAS’ Disciplinary Procedures. The Board of Directors shall approve each committee charge.

K. All chairpersons of Standing and Special Committees will serve for a period not to exceed two years, but may be re-approved for an additional year. All liaisons to other industry organizations shall be approved by the Board of Directors. There shall be no term limit for liaisons.

ARTICLE IV
DUTIES

A. President – The President shall preside at all meetings of the Council and the Board of Directors and coordinate all the activities of COPAS.

B. Vice President – The Vice President shall assist the President in the performance of duties, preside at Council meetings in case of the President’s absence, enforce the Bylaws, and serve as parliamentarian of the Council.

C. Secretary – The Secretary shall keep a record of all Board of Directors and Council proceedings and distribute same to the Board and Council representatives in cooperation with the Executive Director.

D. Treasurer – The Treasurer shall be responsible for preparation of the annual budget, receive and disburse working funds, and prepare a report of cash receipts, disbursements, and balance on hand for each Council and Board of Directors meeting. The Treasurer shall be responsible for the management of funds on behalf of COPAS under the direction of the Board of Directors. The Treasurer will be responsible for arranging for the performance of an annual examination of the receipts, disbursements and accounts of COPAS records by the reviewer appointed in accordance with Section E of this Article IV.

E. Board of Directors – The Board of Directors, acting for the Council, shall maintain continuing surveillance over the operations of COPAS to assure that policies, projects, and other activities authorized by the Council are being executed in a proper and timely manner, in accordance with COPAS’ policies and procedures. The Board will establish procedures for controlling COPAS materials copyrighted, published, and sold. The Board of Directors shall continually review the objectives of COPAS and the charges of committees, recommend projects for study, elect a President, Vice President, Secretary, and Treasurer as provided in Article III, Section F, and act for the Council between meetings thereof upon matters specifically delegated by the Council. The Board of Directors shall meet at such times and in such manner as it may elect and report to the Council any action taken by it since the last preceding Council meeting. A quorum for conducting Board of Director meetings shall consist of five of the voting members of the Board of Directors.
President is not considered a voting member for the purposes of establishing a quorum. Except where these Bylaws otherwise provide, or where otherwise established by rule of procedure or law, a simple majority vote of those directors present shall be binding and constitute the decision of the Board. The President shall vote only in the case of a tie. Voting by proxy is not permitted. The Board shall, from time to time, adopt a written policy applying the above to evolving technologies and practices. Such policy shall be approved by a vote of two-thirds of the voting members of the Board of Directors.

The Board of Directors shall appoint a COPAS member (other than a Board of Directors member) or an independent CPA firm to conduct an annual examination of the receipts, disbursements, and accounts of COPAS. This annual examination may include the preparation and the filing of all applicable Federal and state tax returns. Such member or firm shall issue a report reflecting the results of such examination to the Board of Directors, which shall be made available to the Council upon request. Such reports shall be for the internal use of the COPAS Board of Directors, Council Representatives, and COPAS members only.

F. Nominating Committee – The Nominating Committee shall select nominees for election as members of the Board of Directors and submit its selections to Participating Societies and Council Representatives at least 60 days in advance of the Council meeting at which the election will be held. Such nominees must be members in good standing of a Participating Society and be in compliance with Article III, Section D. Societies may propose other nominees, but such nomination must be submitted to the voting Societies and Council Representatives at least 30 days in advance of the meeting at which the election will be held.

G. Executive Director – The Executive Director shall administer the normal business operation of COPAS and perform other functions as directed by the Council or the Board of Directors. Duties of the Executive Director will include, but not be limited to the following:

1. Act as an ex-officio member of the Board of Directors and all Standing and Special Committees
2. Assist in organizing and administering conferences, seminars, and other meetings
3. Coordinate COPAS activities with the member Societies
4. Manage the COPAS Office
5. Maintain a library of all COPAS publications
6. Maintain all files and records as directed by the Board of Directors
7. Act as a central contact for all COPAS communications and activities
8. Act as public relations director

H. Standing Committees – The Standing Committees shall be responsible for researching and reporting in a timely manner to the Board of Directors and Council on their respective committee’s area of interest. This shall include research and surveys of petroleum industry
problems, written opinions on current topics, dissemination of information on significant
developments in their area of interest, and any other action requested by the Council or the
Board of Directors. The specific objectives and duties for each committee shall be defined
by such committee and be approved by the Board of Directors. Any subsequent revisions to
the objectives or duties shall require approval by the Board of Directors.

ARTICLE V
MEETINGS AND NOTICES

A. COPAS shall hold at least one Council meeting each calendar year in order to conduct such
business as may be brought before the Council. Member Societies may host these meetings
on a voluntary basis. If a member Society does not volunteer to host a meeting, the COPAS
Board of Directors will be responsible for hosting a meeting.

B. Notice of all Council Meetings shall be given by the President at least 60 days prior to the
date of the meeting, giving time, place, and purpose of the meeting in reasonable detail with
agenda items identified on which a vote is anticipated. Council meetings may be held in
person, or by electronic, electronic virtual or telephonic means or a combination of these
means. The technology used for electronic or telephonic Council meetings must be
commonly available to voting representatives and allow discussion among the representatives
in attendance. Special meetings shall be called by the President, by a majority of members of
the Board of Directors, or by a majority of Council representatives by giving notice ten days
prior to the date of the meeting and giving notice of time, place, and purpose of the meeting.

C. In the event of an emergency or urgent Council voting matter only, a special electronic or
telephonic meeting or an electronic virtual meeting shall be called by the President, by a
majority of members of the Board of Directors, or by a majority of Council representatives.
The notice of the meeting shall be given by the President, or by the Vice President if the
President fails to issue such notice, at least ten (10) days prior to the date of the meeting giving
the time and purpose of the meeting in reasonable detail with agenda items identified on which
a vote is anticipated. Such meeting must be approved by at least two-thirds (2/3) of the
Societies eligible to vote as of the date of the proposed meeting, via electronic means within
five (5) business days following notice of such meeting. Business conducted at this meeting
shall be limited to those items identified in the meeting agenda. Technology used must be
commonly available to the voting representatives and allow open, immediate debate and
discussion among the representatives in attendance.

D. Details of the Council agenda items on which a vote by the Council is anticipated shall be
published and distributed to all Participating Societies by the Executive Director at least 60
days prior to the Council Meeting with notice that the item will be presented as an item on
which a vote is anticipated.

E. A quorum for conducting Council Meetings shall consist of a majority of the Participating
Societies.
F. The rules of procedure at Council Meetings shall be according to *Roberts Rules of Order*, as applicable and when not inconsistent with these Bylaws.

**ARTICLE VI**

**VOTING PROCEDURE**

A. Each Participating Society represented at a Council Meeting and eligible to vote shall have one vote. A vote may be cast and will be counted only if the voting Society is represented as provided in Article III, Section A of these Bylaws, such representative is present at the time a vote is taken, and all membership dues or fees have been paid and provided the society is not under suspension. The voting representative shall vote as directed by his or her Society. No voting by proxy is permitted.

B. A resolution that meets the 60-day requirement under Article V, Section D shall carry if it receives the affirmative vote of a majority of the Societies present and eligible to vote at a Council Meeting, except when a vote is taken on Model Forms and related Modifications and Interpretations. A vote on the Model Forms and related Modifications and Interpretations shall carry if it receives the affirmative vote of two-thirds (2/3) of the Societies present and eligible to vote at a Council Meeting.

C. A resolution that does not meet the 60-day requirement under Article V, Section D can be voted on if the 60-day rule is waived by approval of at least two-thirds (2/3) of the Societies present and eligible to vote at a Council Meeting.

D. Votes shall be cast as follows:

1. Yes – Affirmative vote
2. No – Negative vote
3. Pass – Defer vote until other voting Societies have had the opportunity to vote and automatically request to be called upon to vote or abstain before voting closes
4. Abstain – Neither an affirmative nor negative vote. It is included in the calculation of a majority, or two-thirds (2/3), as applicable.

**ARTICLE VII**

**LIMITATION OF LIABILITY AND INDEMNIFICATION**

A. Any person providing services or any act of assistance without compensation from COPAS in the capacity of a Director or Officer shall not be deemed to have assumed a duty of care where none otherwise existed and shall not be liable to the Council or its members or to any third party for acts or omissions in good faith.

B. No member of the Board of Directors, Officer, or Executive Director of COPAS shall be liable for actions taken or omissions made in the performance of duties in such capacity except for wanton, willful, or unlawful acts or omissions.
C. The Council, acting by and through its Board of Directors upon the vote of a quorum of disinterested Directors, shall have the power and authority to indemnify any Director, Officer, or the Executive Director of COPAS for and against any liability (including reasonable fees, costs, and expenses) to a third party incurred as a result of any act or omission of such individual in connection with his or her service in such capacity for and on behalf of COPAS, if such act or omission was in good faith; was reasonably believed by the Director, Officer, or Executive Director to be in the best interest of COPAS; and was not wanton, willful, or unlawful or involved in the accrual of an improper personal benefit to the Director, Officer, or Executive Director.

D. The Council shall have the power and authority to purchase and maintain on behalf of COPAS or any person serving in the capacity of a Director, Officer, or the Executive Director such policies of insurance insuring against any liability, fee, cost, or expense with respect to which COPAS may indemnify as permitted by Section C of this Article VII.

E. The foregoing sections of this Article VII are intended to afford the fullest legal protection, rights, and power pertaining to the limitation of liability and permissive indemnification of Directors and Officers of non-profit organizations as shall be permitted by applicable statutes and laws governing COPAS.

ARTICLE VIII
DISSOLUTION AND LIQUIDATION

Upon the dissolution of COPAS and the cessation of its conduct of business and existence, the assets of COPAS shall be distributed, after payment of all liabilities, to such non-profit organizations (which may or may not include COPAS members) as the Board of Directors shall determine, provided that the distributee(s) of the assets shall be required to dedicate and use such assets in furtherance of a non-profit activity consistent with the purposes, objectives, and principles of COPAS.

ARTICLE IX
AMENDMENTS

Amendments to the Bylaws may be proposed by any COPAS Participating Society, Committee, or Participating Individual Member. Such proposals shall be in writing in accordance with Article V, Section D. Adoption of an amendment to the Bylaws must be approved by at least two-thirds (2/3) of the Societies present and eligible to vote at a Council meeting.
July 1, 2020

Mr. Tom Wierman  
Executive Director  
Council of Petroleum Accountants Societies  
P.O. Box 21272  
Wichita, KS 67208-7272

COPAS Employee Benefits Limitation for 2021

Dear Mr. Wierman:

The COPAS Employee Benefits Subcommittee has calculated the 2021 employee benefits limitation using the procedure approved by Council at the Fall 2014 COPAS meeting.

The Employee Benefits Subcommittee reviewed the most recent four quarters of data representing employee benefits in the private sector for natural resources, construction & maintenance occupations. Based on the average of the percentages from Q2 of 2019 through Q1 of 2020, the BLS employee benefits as a percent of total compensation is 32.88%. In accordance with the approved procedure, 2 percentage points were added, and the rate rounded to the nearest whole number. The result is a 35% Employee Benefits Limitation Percentage upper limitation for 2021, which is the same as the 2020 limitation.

The Employee Benefits Subcommittee, in conjunction with the Joint Interest Committee, submits for approval by Council the Employee Benefits Upper Limitation Percentage of 35%, effective January 1, 2021. We request approval of this economic factor be placed on the agenda for the Fall 2020 COPAS meeting, subject to approval by the Joint Interest Committee.

The Employee Benefits Subcommittee thanks the Joint Interest Committee and Council for their consideration of this economic factor.

If you have any questions, please contact me at dbruno@hpres.com.

Sincerely,

Dawn Bruno

Chair, COPAS Employee Benefits Subcommittee
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*Based on BLS data for 4 most recent quarters (Q2-4 of prior year and Q1 of current year).
## Employer Costs for Employee Compensation

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Q2 2019 32.8  
Q3 2019 32.8  
Q4 2019 33.0  
Q1 2020 32.9  
Average 32.88

Data: See [www.bls.gov/ncs/ect/magneto.htm](http://www.bls.gov/ncs/ect/magneto.htm) for the definition of the goods-producing sector.
Remote Technology Centers

MODEL FORM INTERPRETATION  MFI – XX

VOTING DRAFT February 22, 2020
Distributed to COPAS Audit and Joint Interest Chairs February 26, 2020

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MODEL FORM INTERPRETATION XX
Remote Technology Centers

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I. INTRODUCTION

Ongoing technological advances are commonplace in today's oil and gas industry. Sometimes these advances shift activities away from the physical lease whether onshore or offshore. Depending upon the options selected and other provisions of the accounting procedure, direct charges for services not performed on the Joint Property may be limited or precluded. This situation requires a review to determine the chargeability and how to account for costs associated with technological advances under existing COPAS publications and accounting procedures.

COPAS published AG-28, Real Time Operations Centers, in April 2008 to provide guidance to the industry on how to account for costs of real time operations centers that provide real-time monitoring and operational intervention of wells during drilling and completion operations. That document addressed only drilling and completion operations. Further it addressed allocation methods, but not chargeability. Since then, use of Remote Technology Centers (RTCs) has become commonplace in all phases of operations, and there is a need for guidance on chargeability.

A related document, COPAS MFI-44, Field Computer and Communication Systems, provides guidance on the chargeability and allocation of costs for computers and communications equipment used in the field for production operations. Many of the principles in that MFI were applied to evaluate the chargeability of equipment located in an RTC.

Remote technology advances have enhanced or replaced field level functions historically performed by individuals: for example, operating drones for site surveying or robots used for inspecting pipelines. Although monitored and/or controlled remotely, the information gathering requires equipment located in the field and personnel in the field to install, maintain and/or operate the equipment.

Benefits may include but are not limited to:
1. Operational efficiencies
2. Enhanced oil and gas recovery
3. Safety
4. Regulatory compliance

Over time, additional technological advances will be developed and implemented. Technological innovations and future government mandates, especially related to deepwater operations, require the discussion of chargeability and guidance to operators. When unclear whether the prevailing agreement provides chargeability, additional discussion between owners may be warranted.

The purpose of this document is to serve as a reference for operators who utilize remote advanced technology in an RTC for drilling, completion, and/or production operations. It is recommended as a guide in (1) identifying chargeable costs of an RTC, (2) identifying appropriate accounting treatment for those costs, (3) analyzing the functions and cost components in order to develop an allocation basis, and (4) allocating costs to the properties served.

This COPAS Model Form Interpretation has been reviewed by various petroleum accountants’ societies through representation on the COPAS Joint Interest and Audit Standing Committees and has been approved by the Council of Petroleum Accountants Societies, Inc. It does not supersede
or override the provisions of any relevant agreements. Users are advised to review the joint operating agreement and other related agreements and communicate with co-owners when approvals are needed or the contract interpretation is not clear.

Use of terms in this document, such as Joint Account, Joint Property and Joint Operations, refer to those terms as defined in the prevailing COPAS model form accounting procedures and will not be separately defined in this document.

As a result of the development of this MFI, AG-28, *Real Time Operations Centers*, is being retired and replaced by this publication.

II. RTC CONSIDERATIONS

RTCs vary greatly and the factors determining chargeability may be complex. An RTC may be owned by the Operator, a third party, an affiliate, or the Joint Account. The RTC may serve drilling, completion, and/or production operations, and those operations may be onshore or offshore. An RTC often includes chargeable and non-chargeable activities. Allocations should take into account both identification of chargeable costs and an equitable distribution of those costs to the properties served.

A. RTC Definition

Remote Technology Center (RTC) means a facility, regardless of location, having dedicated technical and/or operations staffing that directly monitors and/or controls Joint Operations on a real-time basis.

B. RTC Costs

This section defines RTC costs but does not address chargeability of such costs. Chargeability will vary based on the agreement. Refer to Section III and Appendix A for chargeability information.

1. Facility Costs

   An RTC is a dedicated space, which may be a stand-alone facility or may be located in a building that also serves other functions. It contains equipment necessary to perform monitoring and/or controlling functions. Examples of facility costs may include rent, utilities, maintenance, depreciation, and taxes.

   A stand-alone RTC facility for the purposes of this document is an RTC facility that does not share common areas or costs (rent, utilities) with other functions. The alternative to a stand-alone RTC facility is an RTC facility located within a larger facility where both RTC and non-RTC activities occur. In this case, there may be common areas such as break rooms, file rooms, restrooms, hallways, conference rooms, or offices which are used for RTC personnel/activities and also for non-RTC personnel/activities. It is important to note that these areas are only considered common areas if they are shared with the other non-RTC functions.

2. Equipment Costs

   An RTC contains communication and technology functionality necessary to provide real-time monitoring and/or controlling functions. Examples of RTC equipment costs include
communication systems and networks, computers, monitors, monitoring devices, control equipment, projectors, and software to operate such equipment.

3. Labor Costs
An RTC has personnel who perform the various RTC functions and two categories of RTC labor were identified as follows:

1. Dedicated Facility Labor - personnel required to operate the facility who may be included in the calculated RTC rate as a labor component of the cost of ownership and operation. This category includes:
   a. Operations personnel assigned to the RTC to operate the monitoring and/or controlling equipment on a real time basis.
   b. Technical personnel, to the extent they are performing functions that directly impact operations by operating RTC equipment that controls physical equipment on the Joint Property.
   c. Personnel who maintain the RTC computer and communication equipment (software and hardware technical specialists).
   d. Supervisors who directly supervise the chargeable RTC personnel listed above.

2. Non-Dedicated Facility Labor – personnel who use the RTC on an as needed basis and who should not be included in the calculated RTC rate, but who may be chargeable based on the other provisions of the applicable accounting procedure. This category includes:
   a. Asset team and technical personnel, such as engineers and geologists, who are not assigned to the RTC but who use the RTC periodically for 1) analytical work traditionally done offsite and 2) resolving a specific technical or operational issue in place of a trip to the Joint Property. These personnel use the RTC primarily to communicate or consult with onsite personnel who are physically performing operational functions.
   b. Administrative personnel performing administrative functions.
   c. First level supervisor/supervision personnel.
   d. Any other personnel using the RTC not classified as Dedicated Facility Labor.

Classifying the RTC labor into these two categories is critical in order to determine the chargeability of RTC labor costs.

C. RTC Ownership

An RTC can be owned 100% by the operator, an affiliate of the operator, the joint account, or a third party. RTC ownership affects which provision of the agreement applies when analyzing the chargeability of RTC costs.

D. Functions Performed
A clear understanding of the functions performed is critical in determining which costs can be charged to the Joint Account. Functions performed in an RTC may include:

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<th>Function Category</th>
<th>Possible specific functions/activities</th>
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<td>Production monitoring using sensors, displays, and alarms</td>
</tr>
<tr>
<td></td>
<td>Pollution containment and prevention</td>
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<tr>
<td></td>
<td>Shutdown prevention and recovery</td>
</tr>
<tr>
<td>Supervision, consulting, and collaboration</td>
<td>Consultation with and troubleshooting by subject matter experts</td>
</tr>
<tr>
<td></td>
<td>Vendor support</td>
</tr>
<tr>
<td>Process control including real time controls</td>
<td>Calibration of custody transfer meters</td>
</tr>
<tr>
<td></td>
<td>Control of tank levels</td>
</tr>
<tr>
<td></td>
<td>Shutdown of wells for pollution containment and prevention</td>
</tr>
<tr>
<td></td>
<td>Geo-steering/directional drilling</td>
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<td></td>
<td>Seismic monitoring</td>
</tr>
<tr>
<td>Other</td>
<td>Training and certification</td>
</tr>
<tr>
<td></td>
<td>Technical support for hardware and software</td>
</tr>
</tbody>
</table>

### III. RTC CHARGEABILITY CONSIDERATIONS

#### General Chargeability Considerations

Accounting procedures prior to the COPAS Deepwater Model Form Accounting Procedure did not have a provision to explicitly address RTC costs. Even so, the accounting procedures contain provisions that address RTC cost components previously discussed such as facility, equipment, and labor costs. Those provisions govern whether costs are directly billable, or indirect and therefore covered by overhead. Appendices B-F contain specific references from each of the COPAS Model Form Accounting Procedures.

Basic concepts used in determining the chargeability of RTC costs are as follows:
1. The various model form accounting procedures allow the operator to charge the joint account for equipment and facilities used in operations. Therefore, an RTC owned by the operator is chargeable under the Equipment and Facilities Furnished by Operator provision.

2. It is not the entity providing the service that determines chargeability, but the service provided.

This concept is explained in COPAS MFI-21, *Overhead Principles*, which states: “It is not the person performing a function that determines whether the cost is a Direct or Indirect expense. Rather, the types of functions listed as Direct or Indirect are considered as such regardless of whether the function is performed by the Operator’s personnel, an affiliate of the Operator, or out-sourced to a third party.” The chargeability of an RTC provided by an Operator, a third party, or an affiliate is handled in the same manner, but under different provisions of the accounting procedure.

3. If the accounting procedure does not have an Affiliate provision and the JOA is silent, COPAS recommends Affiliate-provided equipment be treated either as Operator-owned equipment or third-party equipment, based on the criteria defined in COPAS MFI-18, *Operator Affiliates and Related Entities*. If they qualify as third-party services, then such costs may be under the Services provision of the accounting procedure. If these criteria are not met, then the Affiliate goods and services may be chargeable under the Equipment and Facilities Furnished by Operator provision of the accounting procedure.

4. COPAS MFI-44, *Field Computer and Communication Systems*, details the basis for charging certain computer and communication equipment costs, which may link the field equipment to the RTC.

5. The “Other Expenditures” provision of the model form accounting procedures is not sufficient for charging RTC costs since the various cost components of an RTC are already covered in the Direct and Indirect Charges sections of the accounting procedures. However, MFI-17, COPAS 1984 Model Form Accounting Procedure Interpretation, and MFI-19, COPAS 1986 Model Form Accounting Procedure Interpretation, state that the Other Expenditures provision is included to cover expenditures of a direct nature which may be required due to changes in government regulations or operating practices and this would provide some support for charging RTC costs, in such situations.

6. When both administrative and operational functions are performed in an RTC, an allocation of costs between the administrative functions (not chargeable) and operational functions (potentially chargeable, depending on the accounting procedure) should be made. Then, the chargeable operational costs should be allocated to all properties served using a consistent and equitable allocation basis that reflects the services provided to each property.
7. This document addresses RTCs that are not jointly owned. If the RTC is jointly owned, it becomes Joint Property and charges for the RTC would be per the various provisions of the applicable accounting procedure (labor charged per the Labor provision, costs of the facility and equipment per the Services provision since it is likely third parties would provide the needed facility supplies and utilities, etc.). The Equipment and Facilities Furnished by Operator provision would not apply, since the RTC would not be owned by the Operator.

8. For an RTC provided by the operator, the primary provision allowing the charging of RTC supervisory costs is the Equipment and Facilities Furnished by Operator provision which allows direct charges for equipment and facilities used in operations at rates commensurate with the cost of ownership and operation (or at a rate based on a percent of commercial rates if allowed in the applicable accounting procedure.) Labor is included as a component of the cost of ownership and operation (either in the accounting procedure language or in the accompanying interpretation) in all COPAS Model Form Accounting Procedures, except for the COPAS 1995 Model Form Accounting Procedure. RTC supervision costs are a cost of ownership and operation of an RTC, and therefore may be included in the RTC facility rate. The COPAS 1995 Model Form Accounting Procedure addresses facilities separately from equipment in Section IV (Costs Incurred off the Joint Property), and an RTC would qualify under Section IV.1.B (Other Facilities) if listed in that section or subsequently approved by the parties. If the RTC qualifies under the Other Facilities section, Section IV.1.B allows direct charges using the same categories as costs incurred on the Joint Property. Thus, the cost of RTC supervisory personnel working in the RTC would be chargeable. Although supervisory costs are chargeable, that does not mean the full cost of RTC supervisory personnel may be charged. The chargeable amount should represent the time spent supervising chargeable RTC operations personnel. If the supervisory personnel also supervise RTC personnel who are not chargeable, only the costs associated with overseeing the chargeable RTC personnel can be charged.

9. Chargeability of RTC supervisory personnel costs as First Level Supervisor/Supervision costs under the Labor provision (rather than the Facilities and Equipment Furnished by Operator provision) is summarized below:
   a. The COPAS 1962 and 1995 Model Form Accounting Procedures do not have any reference to First Level Supervisor/Supervision; therefore, these accounting procedures would not support charging RTC supervisory personnel costs as First Level Supervisor/Supervision costs.
   b. The COPAS 1968, 1974, 1976, 1984, and 1986 Model Form Accounting Procedures all allow for charges for First Level Supervisors in the field. The requirement for having to be “in the field” would not allow this accounting procedure to support charging RTC supervision costs as First Level Supervisors unless the RTC were actually in the field.
   c. The COPAS 1998 Model Form Accounting Procedure does not have the reference to “in the field”, but the definition of First Level Supervisors says their duty is the direct oversight of field employees directly employed on the Joint Property in the
conduct of Joint Operations. Although this accounting procedure includes a “remote facility” as part of the definition for Joint Property, the current operating environment and RTC technology and operations are such that the level of direct operations provided at the RTC does not qualify it as a “remote facility” as intended by the accounting procedure definition. The RTC is therefore not considered “on the Joint Property”, and this accounting procedure would not support charging RTC supervisory personnel costs as First Level Supervisor/Supervision costs.

d. The COPAS 2005 Model Form Accounting Procedure does support charging RTC supervisory costs as First Level Supervision, if the RTC has the capacity to control equipment on the Joint Property, and thereby would qualify as being “On-site”. If this criteria is met and RTC supervisory personnel qualify as First Level Supervision based on the definition of First Level Supervision (direct oversight of field employees directly employed on the Joint Property in the conduct of Joint Operations), then RTC supervisory costs can be charged as First Level Supervision versus being included in the rate charged for Facilities and Equipment Furnished by Operator.

e. The COPAS Deepwater Model Form Accounting Procedure includes an RTC in the definition for “On-site” and defines First Level Supervision as “those employees, regardless of location, whose primary function in Joint Operations is the direct oversight of the Operator’s employees and/or contract labor directly employed On-site in a field operating capacity”. Therefore, if RTC supervision meets the definition of First Level Supervision, then the RTC supervisory costs can be charged as First Level Supervision versus being included in the rate charged for Facilities and Equipment Furnished by Parties, Affiliates.

10. Common areas (areas shared with other functions) are not part of the RTC and associated costs are not part of the RTC costs.

Other Comments

Although this document focuses on RTC costs, the concepts presented apply to any type of remote technology used in joint operations. If there is no dedicated space, facility charges would not apply but the same principles would be used to determine chargeability for the equipment and labor. As an example, certain functions previously performed in the field are now being performed remotely, such as using drones to inspect for pipeline gathering system leaks. In the past a pumper might drive by the pipeline and inspect for leaks and this function was chargeable; however, advancements in technology allow an individual to operate a drone to inspect the same pipeline. Although this activity could take place in an RTC, it may not require a dedicated space and could be done from any location. Whether or not activity is performed in an RTC, the cost of the drone would be chargeable along with the cost of the drone operator per the provisions of Equipment and Facilities Furnished by Operator.

A. COPAS 1962 Accounting Procedure

Dedicated RTC Facility Space and Equipment Cost Chargeability
1. RTC provided by the Operator - the dedicated facility and equipment costs are chargeable per Section IV.5 (Equipment and Facilities Furnished by Operator) which allows the Operator to charge the Joint Account for use of Operator-owned equipment and facilities at rates commensurate with the cost of ownership and operation.

2. RTC provided by a third-party - the cost billed by the third party is chargeable per Section II.6 (Services) which allows the cost of contract services to be charged to the Joint Account if they are not legal costs or costs covered by overhead. These costs are not legal costs and are not covered by overhead; therefore, they are chargeable.

3. RTC provided by an affiliate/related entity of the Operator - the costs are chargeable under either Section II.6 (Services) or Section IV.5 (Equipment and Facilities Furnished by Operator) as recommended in COPAS MFI-18, Operator Affiliates and Related Entities.

RTC Labor Cost Chargeability

Dedicated Facility Labor

Chargeable per the same provisions listed above for Dedicated RTC Facility Space and Equipment Cost Chargeability.

Non-Dedicated Facility Labor

For Operator employees providing this labor, Section II.2.A (Labor) would determine chargeability. This provision allows charges for “Salaries and wages of Operator’s employees directly engaged on the Joint Property in the conduct of Joint Operations, and salaries or wages of technical employees who are temporarily assigned to and directly employed on the Joint Property.”

Because one of the requirements for this labor to be chargeable is that it must be “directly engaged on the Joint Property” or “directly employed on the Joint Property”, none of this labor is chargeable since the RTC is not “Joint Property”. Additionally, this accounting procedure does not include any reference to First Level Supervision and therefore there is no support for charging this type of labor.

This conclusion also applies to Non-Dedicated Facility Labor provided by a third party or an Affiliate since chargeability is the same regardless of who provides it.

B. COPAS 1968 Accounting Procedure

Dedicated RTC Facility Space and Equipment Cost Chargeability

1. RTC provided by the Operator - the dedicated facility and equipment costs are chargeable per Section IV.5 (Equipment and Facilities Furnished by Operator) which allows the Operator to charge the Joint Account for use of equipment and facilities furnished by operator at rates commensurate with the cost of ownership and operation, or at commercial rates prevailing in the area of the Joint Property less 20%.
2. RTC provided by a third-party - the cost billed by the third party is chargeable per Section II.6 (Services) which allows the cost of contract services to be charged to the Joint Account if they are not legal costs or costs covered by overhead. These costs are not legal costs and are not covered by overhead; therefore, they are chargeable.

3. RTC provided by an affiliate/related entity of the Operator - the costs are chargeable under either Section II.6 (Services) or Section IV.5 (Equipment and Facilities Furnished by Operator) as recommended in COPAS MFI-18, *Operator Affiliates and Related Entities*.

**RTC Labor Cost Chargeability**

**Dedicated Facility Labor**

Chargeable per the same provisions listed above for Dedicated RTC Facility Space and Equipment Cost Chargeability.

**Non-Dedicated Facility Labor**

For Operator employees providing this labor, Section II.2.A (Labor) would determine chargeability. This section allows charges for:

1. Salaries and wages of Operator's employees directly employed on the Joint Property in the conduct of Joint Operations.
2. Salaries of first-level supervisors in the field if such charges are excluded from overhead rates in Option A of Section III.
3. Salaries and wages of technical employees temporarily assigned to and directly employed on the Joint Property if such charges are excluded from overhead rates in Option B of Section III.
4. Salaries and wages of technical employees either temporarily or permanently assigned to and directly employed in the operation of the Joint Property if such charges are excluded from overhead rates in Option C of Section III.”

For an RTC employee to be chargeable under items (1), (2), or (3), they must be either “directly employed on the Joint Property” or “in the field.” Because the RTC is not in the field and is not Joint Property, none of this labor is chargeable.

For an RTC employee to be chargeable under item (4), it depends on whether these costs are included or not included in the overhead rates in Section III (Indirect Charges). If the overhead rates do include these technical employee costs, then their costs cannot be charged to the Joint Account. If the overhead rates do not include these technical employee costs, then their costs can be charged to the Joint Account.

This conclusion also applies to Non-Dedicated Facility Labor provided by a third party or an Affiliate since chargeability is the same regardless of who provides it.

C. **COPAS 1974 Accounting Procedure**

**Dedicated RTC Facility Space and Equipment Cost Chargeability**
1. RTC provided by the Operator - the dedicated facility and equipment costs are chargeable per Section II.7 (Equipment and Facilities Furnished by Operator) which allows the Operator to charge the Joint Account for use of Operator-owned equipment and facilities at rates commensurate with the cost of ownership and operation, or at average commercial rates currently prevailing in the immediate area of the Joint Property less 20%.

2. RTC provided by a third-party - the cost billed by the third party is chargeable per Section II.6 (Services) which allows the cost of contract services to be charged to the Joint Account if they are not legal costs or costs covered by overhead. These costs are not legal costs and are not covered by overhead; therefore, they are chargeable.

3. RTC provided by an affiliate/related entity of the Operator - the costs are chargeable under either Section II.6 (Services) or Section II.7 (Equipment and Facilities Furnished by Operator) as recommended in COPAS MFI-18, *Operator Affiliates and Related Entities*.

**RTC Labor Cost Chargeability**

**Dedicated Facility Labor**

Chargeable per the same provisions listed above for Dedicated RTC Facility Space and Equipment Cost Chargeability.

**Non-Dedicated Facility Labor**

For Operator employees providing this labor, Section II.2.A (Labor) would determine chargeability. This section allows charges for:

“(1) Salaries and wages of Operator's field employees directly employed on the Joint Property in the conduct of Joint Operations.
(2) Salaries of First Level Supervisors in the field.
(3) Salaries and wages of Technical Employees directly employed on the Joint Property if such charges are excluded from the Overhead rates.”

For an RTC employee to be chargeable, they must be either “directly employed on the Joint Property” or “in the field.” Because the RTC is not in the field and is not Joint Property, none of this labor is chargeable. This is true for item 3 regardless of whether the salaries and wages of these Technical Employees are covered by the overhead rates or not.

This conclusion also applies to Non-Dedicated Facility Labor provided by a third party or an Affiliate since chargeability is the same regardless of who provides it. The one exception would be for the cost of professional consultant services or contract services of technical personnel not directly engaged on the Joint Property when these costs have been approved by the Parties. In this case, such costs would be chargeable per Section II.6 (Services).

**D. COPAS 1976 Accounting Procedure**
Dedicated RTC Facility Space and Equipment Cost Chargeability

1. RTC provided by the Operator - the dedicated facility and equipment costs are chargeable per Section II.7 (Equipment and Facilities Furnished by Operator) which allows the Operator to charge the Joint Account for use of Operator-owned equipment and facilities at rates commensurate with the cost of ownership and operation, or at average commercial rates prevailing in the immediate area of the Joint Property less 20%.

2. RTC provided by a third-party - the cost billed by the third party is chargeable per Section II.6 (Services) which allows the cost of contract services to be charged to the Joint Account if they are not legal costs or costs covered by overhead. These costs are not legal costs and are not covered by overhead; therefore, they are chargeable.

3. RTC provided by an affiliate/related entity of the Operator - the costs are chargeable under either Section II.6 (Services) or Section II.7 (Equipment and Facilities Furnished by Operator) as recommended in COPAS MFI-18, Operator Affiliates and Related Entities.

RTC Labor Cost Chargeability

Dedicated Facility Labor

Chargeable per the same provisions listed above for Dedicated RTC Facility Space and Equipment Cost Chargeability.

Non-Dedicated Facility Labor

For Operator employees providing this labor, chargeability is based on Section II.2.A (Labor) which allows charges for:

“(1) Salaries and wages of Operator’s field employees directly employed on the Joint Property in the conduct of Joint Operations.
(2) Salaries and wages of Operator’s employees directly employed on Shore Based Facilities or other Offshore Facilities serving the Joint Property if such costs are not charged under Paragraph 7 of this Section II.
(3) Salaries of First Level Supervisors in the field.
(4) Salaries and wages of Technical Employees directly employed on the Joint Property if such charges are excluded from the Overhead rates.”

For an employee to be charged under items (1), (3), or (4) above, they must be either “directly employed on the Joint Property” or “in the field.” Because the RTC is not in the field and is not Joint Property, none of this labor is chargeable. This is true for item 4 regardless of the whether the salaries and wages of these Technical Employees are covered by the overhead rates or not. However, if the Operator has selected the option in Section III.2.B to charge engineering, design, and drafting related to a Major Construction project, employees performing those functions are chargeable regardless of their location.
For an employee to be charged under item (2) above, they must be “directly employed on Shore Based Facilities or other Offshore Facilities”. Because the RTC is not a Shore Based Facility or Offshore Facility, this provision does not support charging this type of labor.

This conclusion also applies to Non-Dedicated Facility Labor provided by a third party or an Affiliate since chargeability is the same regardless of who provides it. The one exception would be for the cost of professional consultant services or contract services of technical personnel not directly engaged on the Joint Property when these costs have been approved by the Parties. In this case, such costs would be chargeable per Section II.6 (Services).

E. COPAS 1984 Accounting Procedure

Dedicated RTC Facility Space and Equipment Cost Chargeability

1. RTC provided by the Operator - the dedicated facility and equipment costs are chargeable per Section II.8 (Equipment and Facilities Furnished by Operator) which allows the Operator to charge the Joint Account for use of Operator-owned equipment and facilities at rates commensurate with the cost of ownership and operation, or at average commercial rates prevailing in the immediate area of the Joint Property less 20%.

2. RTC provided by a third-party - the cost billed by the third party is chargeable per Section II.7 (Services) which allows the cost of contract services to be charged to the Joint Account if they are not legal costs or costs covered by overhead. These costs are not legal costs and are not covered by overhead; therefore, they are chargeable.

3. RTC provided by an affiliate/related entity of the Operator - the costs are chargeable under either Section II.7 (Services) or Section II.8 (Equipment and Facilities Furnished by Operator) as recommended in COPAS MFI-18, Operator Affiliates and Related Entities.

Section II.14 (Communications) also supports charging the communications related costs of an RTC to the Joint Account.

RTC Labor Cost Chargeability

Dedicated Facility Labor

Chargeable per the same provisions listed above for Dedicated RTC Facility Space and Equipment Cost Chargeability. Additionally, labor for installing, operating, repairing and maintaining communication systems directly serving the Joint Property is chargeable to the Joint Account per Section II.14 (Communications). This supports charging such communication labor performed in the RTC to the Joint Account.

Non-Dedicated Facility Labor

For Operator employees providing this labor, chargeability is per Section II.3.A (Labor) which allows charges for:
“(1) Salaries and wages of Operator's field employees directly employed on the Joint Property in the conduct of Joint Operations.
(2) Salaries of First Level Supervisors in the field.
(3) Salaries and wages of Technical Employees directly employed on the Joint Property if such charges are excluded from the overhead rates.
(4) Salaries and wages of Technical Employees either temporarily or permanently assigned to and directly employed in the operation of the Joint Property if such charges are excluded from the overhead rates.”

For an employee to be charged under items (1), (2), or (3) above, they must be either “directly employed on the Joint Property” or “in the field”. Because the RTC is not in the field and is not Joint Property, none of this labor is chargeable. This is true for item 3 regardless of whether the salaries and wages of these Technical Employees are covered by the overhead rates or not.

For an employee to be charged under item (4), the option selected in Section III.1.iii (Overhead – Drilling and Producing Operations) must be that these costs shall not be covered by the overhead rates. If the option that the salaries and wages of these Technical Employees shall be covered by the overhead rates is selected, then the costs of Technical Employees in the RTC are not chargeable.

This conclusion also applies to Non-Dedicated Facility Labor provided by a third party or an Affiliate since chargeability is the same regardless of who provides it. The one exception would be for the cost of professional consultant services or contract services of technical personnel not directly engaged on the Joint Property when these costs have been approved by the Parties. In this case, such costs would be chargeable per Section II.7 (Services).

F. COPAS 1986 Accounting Procedure

Dedicated RTC Facility Space and Equipment Cost Chargeability

1. RTC provided by the Operator - the dedicated facility and equipment costs are chargeable per Section II.7 (Equipment and Facilities Furnished by Operator) which allows the Operator to charge the Joint Account for use of Operator-owned equipment and facilities at rates commensurate with the cost of ownership and operation, or at average commercial rates prevailing in the immediate area of the Joint Property less 20%.
2. RTC provided by a third-party - the cost billed by the third party is chargeable per Section II.6 (Services) which allows the cost of contract services to be charged to the Joint Account if they are not legal costs or costs covered by overhead. These costs are not legal costs and are not covered by overhead; therefore, they are chargeable.
3. RTC provided by an affiliate/related entity of the Operator - the costs are chargeable under either Section II.6 (Services) or Section II.7 (Equipment and Facilities Furnished by Operator) as recommended in COPAS MFI-18, Operator Affiliates and Related Entities.
RTC Labor Cost Chargeability

Dedicated Facility Labor

Chargeable per the same provisions listed above for Dedicated RTC Facility Space and Equipment Cost Chargeability.

Non-Dedicated Facility Labor

For Operator employees providing this labor, chargeability is per Section II.2.A (Labor) which allows charges for:
“(1) Salaries and wages of Operator’s field employees directly employed on the Joint Property in the conduct of Joint Operations.
(2) Salaries and wages of Operator’s employees directly employed on Shore Base Facilities or other Offshore Facilities serving the Joint Property if such costs are not charged under Paragraph 7 of this Section II.
(3) Salaries of First Level Supervisors in the field.
(4) Salaries and wages of Technical Employees directly employed on the Joint Property if such charges are excluded from the Overhead rates.
(5) Salaries and wages of Technical Employees either temporarily or permanently assigned to and directly employed in the operation of the Joint Property if such charges are excluded from the overhead rates.”

For an employee to be charged under items (1), (3), or (4) above, they must be either “directly employed on the Joint Property” or “in the field”. Because the RTC is not in the field and is not Joint Property, none of this labor is chargeable. This is true for item 4 regardless of the whether the salaries and wages of these Technical Employees are covered by the overhead rates or not.

For an employee to be charged under item (2) above, they must be “directly employed on Shore Base Facilities or other Offshore Facilities”. Because the RTC is not a Shore Base Facility or Offshore Facility, this labor is not chargeable.

For an employee to be charged under item (5), the option selected in Section III.ii (Overhead) must be that these costs shall not be covered by the overhead rates. If the option that the salaries and wages of these Technical Employees shall be covered by the overhead rates is selected, then the cost of Technical Employees in the RTC are not chargeable. However, if the Operator has selected the option in Section III.2.B to charge engineering, design, and drafting related to a Major Construction project, employees performing those functions are chargeable regardless of their location.

This conclusion also applies to Non-Dedicated Facility Labor provided by a third party or an Affiliate since chargeability is the same regardless of who provides it.

G. COPAS 1995 Accounting Procedure
Regarding chargeability of costs under this accounting procedure, the definition of Joint Property is extremely important. Joint Property is defined in Section I.1 (Definitions) as follows: “Joint Property shall mean the real and personal property subject to the agreement to which this Accounting Procedure is attached.” MFI-30, 1995 Model Form Accounting Procedure Interpretation, states, “The primary factor in determining chargeability of costs pursuant to the provisions of this Accounting Procedure, whether as Costs Incurred On The Joint Property (Section III), Costs Incurred Off The Joint Property (Section IV), or through recovery by Overhead (Section V), is the location where the cost is incurred.”

This accounting procedure allows the Operator to charge costs under one of two methods as follows:

1. Fixed Rate basis (Section II.1) which allows a fixed monthly rate to compensate the Operator for all costs applicable to Joint Operations except for royalties, ad valorem taxes, and production/severance taxes paid by the Operator for the Joint Operations and except downhole well work, Controllable Material, and all projects that qualify for drilling, construction, and/or catastrophe overhead as specified in Section V of this procedure. The exception costs are charged as specified in Sections III, IV, and V of the accounting procedure.

2. Cost basis (Section II.2) which allows direct charges for costs as specified in Sections III, IV, and V of the accounting procedure.

For the Fixed Rate option, costs associated with any operations other than downhole well work and projects that qualify for drilling, construction, and/or catastrophe overhead are covered by the Fixed Rate. Therefore, RTC costs associated with any operations other than those stated above are not directly chargeable as they are covered by the Fixed Rate.

For the Cost basis option (charges allowed per Sections III, IV, and V), which includes operations associated with downhole well work and projects that qualify for drilling, construction, and/or catastrophe overhead, the following analysis applies:

Section III (Costs Incurred on the Joint Property) - for costs to be chargeable under these provisions, the labor, service, or equipment, including communication equipment, and facilities, must be on the Joint Property. Since the RTC is not on the Joint Property, this provision does not support charging any RTC costs.

Section IV (Costs Incurred off the Joint Property) – Section IV.1.B (Other Facilities) allows the Operator to charge the Joint Account for use of other facilities not covered by Section IV, Paragraph 1.A. (Production-Handling Facilities) if listed as a chargeable facility or if subsequently approved by the Parties. Therefore, the RTC would be chargeable if the agreement listed the RTC as a facility to be charged under Section IV.1.B (Other Facilities) or if subsequently approved by the Parties.

The options for charging facilities under Section IV.1.B are 1) allocated cost option, 2) fixed rate option, or 3) average commercial rates. The allocated cost option allows charges for costs
as defined in Section III that are incurred on the facility site and the fixed rate option allows for a fixed rate to be charged for the facility.

If the allocated cost option is selected, then the RTC costs that can be billed must be consistent with those chargeable in Section III which include, but are not limited to:

1. RTC facility costs, including labor to operate and maintain the facility, utilities, depreciation, interest on investment, and the Dedicated Facility Labor.
2. Computer and communication equipment costs.
3. Non-Dedicated labor on the facility site working in the conduct of Joint Operations if not covered by overhead. Section III.2 allows for the direct charge of labor incurred on the Joint Property in the conduct of Joint Operations, provided the costs are excluded from the overhead rates in Section V.

In summary, RTC costs can be charged when:

1. the Fixed Rate option is selected, and the RTC is used for downhole well work or projects that qualify for drilling, construction, and/or catastrophe overhead, and the RTC is listed in Section IV.1.B (Other Facilities), or
2. the Cost option is selected and the RTC is listed in Section IV.1.B (Other Facilities), or is subsequently approved by the Parties.

It is important to note that under Section I.6 (Affiliates), charges for services or Materials provided by an affiliate are limited to average commercial rates.

H. COPAS 1998 Project Team Accounting Procedure (PTAP)

Dedicated RTC Facility Space and Equipment Cost Chargeability

1. RTC provided by the Operator - chargeable per Section II.6 (Equipment and Facilities Furnished by Operator) which allows the Operator to charge either 1) the average prevailing commercial rate or 2) the Operator’s actual cost.
2. RTC provided by a third-party - chargeable per Section II.5 (Services) which allows the cost of contract services, equipment and utilities used in the conduct of Joint Operations to be charged to the Joint Account.
3. RTC provided by an Affiliate - chargeable per Section II.7 (Affiliates) which allows the cost of materials, facilities and services provided by the Affiliate for the Joint Operations to be charged to the Joint Account.

Section II.12 (Communications) allows charges for costs of communication systems between the Joint Property and the Operator’s offices directly responsible for field operations to be charged to the Joint Account and this provision supports charging such RTC communication costs.

RTC Labor Cost Chargeability
Dedicated Facility Labor

Chargeable per the same provisions listed above for Dedicated RTC Facility Space and Equipment Cost Chargeability.

Non-Dedicated Facility Labor

Project team members, or technical personnel working at the direction of the project team, are chargeable per Section II.2.A.(1) (Project Team). For Operator employees who are not project team members, chargeability is per Section II.2.A.(2) (Labor – Other Operations – Non-Project Team) which allows charges for:

“(a) Salaries and wages of the Operator's field employees directly employed on the Joint Property in the conduct of Joint Operations
(b) Salaries and wages of the Operator’s employees directly employed on Shore Base Facilities or other Offshore Facilities serving the Joint Property if such costs are not charged under Paragraph 6 of this Section II
(c) Salaries of First Level Supervisors
(d) Salaries and wages of Technical Employees directly employed on the Joint Property in the conduct of Joint Operations, or on Offshore Facilities serving the Joint Property, if such charges are excluded from the Overhead rates
(e) Salaries and wages of Technical Employees either temporarily or permanently assigned to and directly employed in the operation of the Joint Property if such charges are excluded from the overhead rates”

For an employee to be charged under item (a), they must be “directly employed on the Joint Property”. The definition of Joint Property in this accounting procedure is as follows:

“Joint Property” shall mean the real and personal property subject to the Agreement to which this Accounting Procedure is attached. For operations involving subsea or remote structures, the phrase “on the Joint Property” may include a platform, surface production facility, remote facility, or floating production storage facility, which is the surface location from which Joint Operations are conducted, even if such location is not owned by the Joint Account.”

Although subsequent accounting procedures use the term “remote facility” in a general sense to include the idea of multiple remote facilities where various operational activities take place, this definition describes and is limited to a single facility which is “the surface location from which Joint Operations are conducted.” This accounting procedure was written in the late 1990s primarily for deepwater operations, and this definition of Joint Property was modified from prior definitions to recognize and address these operations. Deepwater wells are completed as subsea wells but are operated from a surface location. These wells may be completed as subsea wells flowing back to a host facility, completed on an unmanned spar facility and flowing to another platform or facility for handling, so that the well itself (the Joint Property) is unmanned and operated from another structure. The expansion of the Joint Property definition allowed the personnel who were working on that surface facility (which may not be Joint Property and may be miles away from the well) to be directly chargeable as field labor.
The term “remote facility” in the list of possible structures from which Joint Operations are conducted allows for a choice of facilities which might be used for operations, but the definition is not written to encompass multiple locations. This accounting procedure contains an additional definition of “Offshore Facilities.” Salaries and wages of employees directly employed on “Shore Base Facilities or other Offshore Facilities” are chargeable under a different provision than salaries and wages of employees employed on the Joint Property. This additional provision was needed precisely because these “Shore Base Facilities or other Offshore Facilities” are not included in the definition of “on the Joint Property.

Current RTC technology and operations do not allow the RTC to replace the platform or other structure and the RTC is not “the surface location from which Joint Operations are conducted.” The RTC therefore does not qualify as the “remote facility” as described in the definition and is not “on the Joint Property.” However, if technological advances and changes to government regulations allow a future RTC to conduct operations at the same level and become the surface location from which Joint Operations are conducted, that RTC could be considered “on the Joint Property.”

Because an RTC is not Joint Property or “on the Joint Property”, this provision does not support charging any non-dedicated facility labor (except in the case described in the last sentence of the preceding paragraph).

For an employee to be charged under item (b), they must be “directly employed on Shore Base Facilities or other Offshore Facilities”. Because the RTC is not a Shore Base Facility or Offshore Facility, this provision does not support charging this labor.

For an employee to be charged under item (c), they must be a First Level Supervisor but do not have to be “in the field”. However, it does require them to supervise individuals employed on the Joint Property. Unless the RTC is owned by the parties to the agreement, or becomes “the surface location from which Joint Operations are conducted” as previously discussed, the RTC is not Joint Property and therefore supervisors of RTC personnel do not qualify as First Level Supervisors.

For an employee to be charged under item (d), they must be “directly employed on the Joint Property in the conduct of Joint Operations, or on Offshore Facilities serving the Joint Property”. Unless the RTC is owned by the parties to the agreement, or becomes “the surface location from which Joint Operations are conducted” as previously discussed, the RTC is not Joint Property, and therefore this provision does not support charging this labor. This applies regardless of whether such costs are covered by overhead or not per the options in Section III (Overhead). If the RTC becomes “the surface location from which Joint Operations are conducted,” RTC employees are chargeable if excluded from overhead.

For an employee to be charged under item (e), the option selected in Section III.ii (Overhead) must be that these costs shall not be covered by the overhead rates. If the option that the salaries and wages of these Technical Employees shall be covered by the overhead rates is selected, then the cost of Technical Employees in the RTC are not chargeable. However, if the Operator has selected the option in Section III.3.B to charge engineering, design, and drafting related to a Major Construction or Catastrophe project, employees performing those functions are chargeable regardless of their location.
Section II.13 (Ecological, Environmental, and Safety) might also support direct charges for Non-Dedicated Facility Labor, if their function meets the criteria for chargeable ecological, environmental, or safety costs. Chargeability will depend on the specific activities and elections made in II.13.A, II.13B, and II.13.D. Refer to MFI-39, 1998 Project Team Model Form Accounting Procedure Interpretation, for more information.

This conclusion also applies to Non-Dedicated Facility Labor provided by a third party since chargeability is the same regardless of who provides it. There may be other requirements for charging Affiliate labor, under Section II.7 of the accounting procedure or the JOA.

I. COPAS 2005 Accounting Procedure

A key term for determining chargeability under this accounting procedure is “On-site” which is defined in COPAS MFI-51, COPAS 2005 Model Form Accounting Procedure Interpretation, as follows:

“On-site means on the Joint Property when in direct conduct of Joint Operations. The term “On-site” shall also include that portion of Offshore Facilities, Shore Base Facilities, fabrication yards, and staging areas from which Joint Operations are conducted, or other facilities that directly control equipment on the Joint Property, regardless of whether such facilities are owned by the Joint Account.”

Because the definition of “On-site” includes “other facilities that directly control equipment on the Joint Property,” operations conducted from an RTC qualify as “On-site” if the RTC has the ability to control equipment on the Joint Property.

Dedicated RTC Facility Space and Equipment Cost Chargeability

1. RTC provided by Operator - the dedicated facility and equipment costs are chargeable per Section II.6 (Equipment and Facilities Furnished by Operator) which allows the Operator to charge the Joint Account for use of Operator-owned equipment and facilities at rates commensurate with the cost of ownership and operation or average commercial rates prevailing in the immediate area of the Joint Property less 20%.
2. RTC provided by a third-party - the cost billed by the third-party is chargeable per Section II.5 (Services).
3. RTC provided by an Affiliate - chargeable per Section II.7 (Affiliates).

Additionally, Section II.12 (Communications) supports charging communication systems costs of an RTC if the RTC is directly responsible for field operations per the provisions of COPAS MFI-44, Field Computer and Communication Systems.

RTC Labor Cost Chargeability

Dedicated Facility Labor
Chargeable per the same provisions listed above for Dedicated RTC Facility Space and Equipment Cost Chargeability. In cases where the RTC qualifies as On-site by meeting the “control” criteria, dedicated facility personnel may alternatively be chargeable under Section II.2.A.1 as employees directly employed On-site in the conduct of operations. Additionally, Section II.12 (Communications) allows direct charges to the joint account for the costs of installing, operating, repairing and maintaining communication systems directly serving the Joint Property.

Non-Dedicated Facility Labor

For Operator employees providing this labor, chargeability is based on Section II.2.A (Labor) which allows charges for:

“(1) Operator’s field employees directly employed On-site in the conduct of Joint Operations,
(2) Operator’s employees directly employed on Shore Base Facilities, Offshore Facilities, or other facilities serving the Joint Property if such costs are not charged under Section II.6 (Equipment and Facilities Furnished by Operator) or are not a function covered under Section III (Overhead),
(3) Operator’s employees providing First Level Supervision,
(4) Operator’s employees providing On-site Technical Services for the Joint Property if such charges are excluded from the overhead rates in Section III (Overhead),
(5) Operator’s employees providing Off-site Technical Services for the Joint Property if such charges are excluded from the overhead rates in Section III (Overhead).”

For an employee to be charged under item (1), they must be “directly employed On-Site in the conduct of Joint Operations”. RTCs are On-site only if they have the ability to control equipment on the Joint Property. This provision supports charging RTC labor if the RTC meets the control criteria.

For an employee to be charged under item (2), they must be “directly employed on Shore Base Facilities, Offshore Facilities, or other facilities serving the Joint Property”. Because the RTC is an “other facility” serving the Joint Property, this provision supports charging this labor if these costs are not included in the RTC rate and if the labor is not a function covered by overhead.

For an employee to be charged under item (3), they must be providing First Level Supervision which is defined as those employees whose primary function is the direct oversight of field employees and/or contract labor directly employed On-site in a field operating capacity. Therefore, if the RTC qualifies as On-site and the RTC supervisory personnel qualify as First Level Supervision, then this provision supports charging RTC supervision costs as First Level Supervision.

For an employee to be charged under item (4), they must be On-site, provide Technical Services, and cannot be covered by overhead. Therefore, if the RTC qualifies as “On-site” and Technical Services are being provided, then chargeability is as follows:
1. If the parties selected Alternative 1 (Direct) in Section III.1.A.i (Overhead – Drilling and Producing Operations – Technical Services), then these Technical Services are chargeable.
2. If the parties selected Alternative 2 (Overhead) Section III.1.A.i (Overhead – Drilling and Producing Operations – Technical Services), then these Technical Services are not chargeable.
3. However, if the Operator has selected the option in Section III.2.B (Overhead - Major Construction and Catastrophe) to charge engineering, design, and drafting related to a Major Construction or Catastrophe project, employees performing those functions are chargeable regardless of their location.
4. Additionally, personnel performing Technical Services and drafting services under Section II.13 (Ecological, Environment, and Safety) are chargeable regardless of their location.

For an employee to be charged under item (5), they must be Off-site, provide Technical Services, and cannot be covered by overhead. In those cases when the RTC does not qualify as On-site, and therefore is considered “Off-site”, and Technical Services are being provided, then chargeability is as follows:

1. If the parties selected Alternative 1 (All Overhead) in Section III.1.A.ii (Overhead – Drilling and Producing Operations – Technical Services), then these Technical Services are not chargeable
2. If the parties selected Alternative 2 (All Direct) in Section III.1.A.ii (Overhead – Drilling and Producing Operations – Technical Services), then these Technical Services are chargeable.
3. If the parties selected Alternative 3 (Drilling Direct) in Section III.1.A.ii (Overhead – Drilling and Producing Operations – Technical Services), then these Technical Services are chargeable when directly attributable to drilling, redrilling, deepening, or sidetracking operations, through completion, temporary abandonment, or abandonment if a dry hole. All other Off-site Technical Services are not chargeable as they are covered by overhead.
4. However, if the Operator has selected the option in Section III.2.B (Overhead - Major Construction and Catastrophe) to charge engineering, design, and drafting related to a Major Construction or Catastrophe project, employees performing those functions are chargeable regardless of their location.
5. Additionally, personnel performing Technical Services and drafting services under Section II.13 (Ecological, Environment, and Safety) are chargeable regardless of their location.

This conclusion also applies to Non-Dedicated Facility Labor provided by a third party or an Affiliate since chargeability is the same regardless of who provides it. There may, however, be other requirements for charging Affiliate labor, under Section II.7 of the accounting procedure or the JOA.
J. COPAS Deepwater Accounting Procedure

Dedicated RTC Facility Space and Equipment Cost Chargeability

RTC provided by Operator or Affiliate – chargeable per Section II.6 (Equipment and Facilities Furnished by Parties, Affiliates) which specifically identifies Remote Technology Centers as a facility that can be charged and also lists communication and computer systems supporting Joint Operations as being chargeable. The operator has the option to charge using rates commensurate with the cost of ownership and operation or at average commercial rates prevailing for deepwater Gulf of Mexico operations.

RTC provided by a third-party – chargeable per Section II.5 (Services).

RTC Labor Cost Chargeability

Dedicated Facility Labor

Chargeable per the same provisions listed above for Dedicated RTC Facility Space and Equipment Cost Chargeability. In addition, if the RTC is a Remote Technology Center as defined in Section I.1 (able to monitor and control joint operations on a real-time basis), then the RTC is considered On-site. Thus, dedicated RTC personnel may alternatively be chargeable under Section II.2.A as employees directly employed On-site in the conduct of operations.

Non-Dedicated Facility Labor

Feasibility and Project Team members, along with those providing Technical Services to the project team, are chargeable per Section II.2.A.(1) (Feasibility Team and Project Team). For Operator employees providing this labor who are not Project or Feasibility Team members, Section II.2.A.(2).iv) (Labor – Operations Other than Feasibility Team or Project Team) determines chargeability. This section allows the following labor to be charged:

“(i) field employees directly employed in the conduct of Joint Operations,
(ii) employees providing First Level Supervision,
(iii) employees providing Technical Services in the conduct of Joint Operations, and
(iv) other employees directly employed On-site in the conduct of Joint Operations if such costs are not included in rates charged under Section II.6 (Equipment and Facilities Furnished by Parties, Affiliates) and are not a function covered under Section III (Overhead).”

The provisions in (i) requires the labor to be in the field and because the RTC is not in the field, this provision does not support charging this labor.

The provision in (ii) allows charges for First Level Supervision, which is defined as those employees, regardless of location, whose primary function is the direct oversight of employees and/or contract labor directly employed On-site in a field operating capacity. Therefore, if the RTC qualifies as On-site and the RTC supervisory personnel qualify as First Level Supervision, then this provision supports charging RTC supervision costs as First Level Supervision.
The provision in (iii) supports charging Technical Services provided in the conduct of Joint Operations performed in the RTC.

The provision in (iv) supports charging any other employee in the RTC performing Joint Operations because the definition of “On-site” includes an RTC. However, these labor costs can be charged direct only if they are 1) not included in the rate charged for equipment and facilities under Section II.6 (Equipment and Facilities Furnished by Parties, Affiliates) or 2) not functions covered by overhead.

For third parties or Affiliates providing these services, Sections II.5 (Services) and II.7 (Affiliate Services) supports charging these costs since it is the function, not the provider, that determines chargeability. There may, however, be other requirements for charging Affiliate labor, under Section II.7 of the accounting procedure or the JOA.

IV. RTC ALLOCATION CONSIDERATIONS

As technology progresses, there are and will be a wide variety of RTC facility layout and configuration variations that will utilize technology remotely. As previously discussed in this document, chargeability varies not only by category of cost but by applicable accounting procedure. The purpose of this section is to establish the principles and considerations governing allocations of RTC costs and to provide guidance for how these costs can be allocated to the properties served by an RTC.

**Properties Served**

Facilities used for a single property are treated differently than facilities that are intended for use by multiple properties. Examples of facilities used for a single property would be a remotely located control room which replicates a control room located on an offshore platform, or a facility built to serve the needs of a large unitized property. To the extent that an RTC is used for a single property, any chargeable costs will be borne by the participating working interest owners. Facilities intended to serve multiple properties with different ownership would include third party facilities and facilities constructed by an Operator in an area where that Operator has significant activity. A third party provided RTC will typically charge a rate consistent with usage/benefit. Similarly, if an Operator constructs a facility for multiple operated properties, the Operator charge should be based on a rate consistent with usage and cost of ownership as specified in the applicable accounting procedure.

**Excess Capacity**

RTC’s are typically designed and staffed to monitor and/or control multiple wells, and activity levels change over time. The provision for charging use of Operator-owned facilities and equipment is not intended to provide a mechanism for an operator to recover 100% of the cost of an Operator-owned facility, but rather to bill Non-Operators for the cost of service for the RTC functions provided. An Operator’s activity level during a particular period of time (several months or even a year or more) may be such that the RTC facility is operating materially below the design or staffing capacity. In that situation, wells using the facility during that period should not be burdened with the cost of this “excess capacity.” Cost of unused equipment or facility space is the responsibility of the Operator.
except to the extent that those users have agreed to take on such risk. This is no different from a situation where an Operator contracts with a third party for RTC services. In those cases, a rate is established via contract for the RTC services provided, and that rate remains for the duration of the contract no matter what level of activity the third party has underway with other operators. The third party provider does not charge rates which may fluctuate wildly from well-to-well or year-to-year merely because it attempts to recover 100% of its RTC costs over charges to wells which happen to be using the facility at a given time; it charges a rate based on the cost of service provided. So it is with an Operator-owned RTC; in general, the risk to own and operate an RTC is with the owner of the facility, no matter if the RTC is Operator-owned or owned by a third party and Joint Account charges should reflect no more than the cost of service provided. In addition, the accounting procedure(s) governing the properties served may also require that the rate be consistent with prevailing commercial rates in the area, when available.

As an example, if the facility was designed, equipped, and staffed to simultaneously monitor ten wells but the operator is only drilling five wells at a given time, it is not equitable for the operator to bill 100% of the monthly costs to the five wells, since the RTC costs are composed of fixed costs (e.g. facility, computer, and communication pods) and variable costs (personnel) which can vary due to resources required to operate the facility at less than full capacity. One approach to providing a consistent and equitable allocation to facility users might be to develop a rate which allocates the variable costs to the wells served but where only an appropriate percentage of the fixed costs are used in the rate. In this example, if the RTC service was provided by a third party, an operator would not expect its monthly RTC charge to change from, for example, $5,000 per day to $10,000 per day to $15,000 per day over a short period of time merely because of the third party’s fluctuating overall RTC activity at a given time; a cost of service rate would be established, likely in a contract, and that rate would be charged for RTC services, so that the operator is not burdened with the third party’s excess capacity because of reduced overall activity.

The issue of excess capacity primarily affects drilling and completion operations. For producing operations, capacity is more difficult to determine. An operator may be able to add producing wells to the RTC used in producing operations as wells come on-line, without scaling up equipment or personnel, until enough wells are added to justify more equipment and labor costs. This scenario does not indicate that the RTC originally had excess capacity.

To avoid potential issues with varying rates for Operator-owned RTC costs, it is recommended operators propose a rate to be charged for use of its RTC facility in the AFE or AFE cover letter submitted to the Non-Operators. With up-front agreement on RTC costs, many disagreements can be avoided.

**Specific Use Charges vs. Common Charges**

Costs that are discrete, directly related to a specific property, and which can be readily identified by property benefited should be charged directly to the property served, if allowed by the applicable agreement. Examples would include a chargeable technical employee working on a specific property for a particular time period in the RTC or dedicated equipment that connects a particular property to the RTC and that cannot be used for other properties. Specific use items should not be included in any rate calculations or allocations to avoid duplication of charges. Common charges may include dedicated personnel who monitor multiple properties where it is not practical to determine specific time spent per property.
Field Communication Systems
Field communication systems are needed to connect the platform/field and wells served, field computer systems, remotely operated equipment, and other end devices to the RTC. Field communication systems should be charged in accordance with the applicable accounting procedure, using guidance in COPAS MFI-44, *Field Computer and Communication Systems*. Any costs related to these systems which are already directly charged or allocated to the properties served should not be included in any calculated RTC rate to avoid duplication of charges.

Activities Benefiting the Joint Property vs. Activities Benefiting the Operator
Activities in an RTC could include monitoring and/or controlling of drilling or producing wells for operational purposes or to meet regulatory requirements, technical support of operational personnel to address a specific operational need, analyzing data for use in planning future programs, training, remote control of field equipment (such as geo-steering or remote well shut down or start up capability), meetings and collaboration with field personnel, and administrative activities. The allocation pool should contain costs of activities for the benefit of the properties served while the cost associated with any activities that are primarily administrative or for the benefit of the Operator should be excluded.

Methodology
The first step in designing an equitable allocation methodology for an RTC is to determine which RTC costs are chargeable to the properties served.

The chargeable costs will include items from the following categories:

1. RTC Facility and Equipment Costs - include only those costs specific to the RTC control room. Common areas (areas also used for non-RTC personnel and activities) should not be included in the costs to be allocated as they are recovered through the overhead charge. Field computer systems and communications equipment may be charged directly or included in the RTC rate, but not both.
2. Dedicated Facility Labor Costs - only those personnel who are directly monitoring and/or controlling Joint Operations should be included as these costs are part of the cost of ownership and operation of an RTC provided by an Operator. All other labor is addressed by the other provisions of the applicable accounting procedure.

V. RTC ALLOCATION EXAMPLES
There can be a variety of RTCs, in terms of size, capability, scope of operations, and ownership. This section shows two possible RTC situations and associated rate calculations, which can then assist the reader in identifying the proper accounting treatment specific to their own company’s particular RTC composition and configuration.

The RTC allocation examples represent the following situations:

Example 1: A stand-alone RTC facility where only RTC related activities occur
Example 2: A facility where both RTC and non-RTC activities occur
To understand the principles behind the examples provided, below are the overriding allocation treatment principles which are consistent with the chargeability guidelines presented previously in this document.

**Treatment of RTC Personnel Labor Costs:**

1. These cases assume that the governing accounting procedure provides that offsite technical labor is covered by overhead.
2. Operations personnel who are dedicated full time to the monitoring and/or controlling of production systems for 50 wells are **Dedicated Facility Labor**, and therefore their labor costs are included 100% in the allocation of RTC costs (applies to Example 1 and 2).
3. The directional driller who is performing geo-steering functions that are directly impacting actions on the drilling rig (i.e. controlling the drilling bit) on the joint property is **Dedicated Facility Labor**, and therefore their labor costs are included 100% in the allocation of RTC costs (applies to Example 1 and 2). Note, there may be more than one person who provides this function, as there are different shifts to support drilling operations at all hours.
4. The directional driller who is providing a consultant type function, overseeing the directional driller on the drilling rig is **Non-Dedicated Facility Labor**, and therefore their labor costs are excluded from the allocation of RTC costs, since that person would be considered “offsite technical labor” (applies to Example 1 and 2).
5. The IT support person maintaining the hardware/software of the RTC equipment that interacts/communicates directly with the joint property is **Dedicated Facility Labor**, and therefore their labor costs are included 100% in the allocation of RTC costs (applies to Example 1 and 2).
6. The drilling or production engineers who do not operate the RTC but utilize it on a part-time basis and who are reviewing and resolving operating or drilling problems on various wells are **Non-Dedicated Facility Labor**, and therefore their labor costs are excluded from the allocation of RTC costs, since their time is considered “offsite technical labor” (applies to Example 1 and 2).
7. Any administrative personnel performing activities in the RTC are **Non-Dedicated Facility Labor**, and therefore their labor costs are excluded from the rate calculation or allocation of RTC costs, since their time is recovered through the overhead provision of the prevailing accounting procedure (applies to Example 2).

**Treatment of RTC Facility and Equipment Costs:**

1. For the stand alone RTC facility all facility and equipment costs are considered 100% chargeable (applies to Example 1).
2. The RTC facility which is not stand alone and includes both RTC and non-RTC activities since it is located as part of an entire building or floor, is treated differently since not all of the area where the RTC resides is chargeable (applies to Example 2):
   a. Common area space (break room, file room, restroom, halls, conference room, offices) is excluded from the chargeable square footage of the RTC facility, since this area is already being recovered through the overhead provision in the prevailing accounting procedure.
b. All other RTC facility space (non-common area) is 100% chargeable as it includes the equipment required to perform the functions required of an RTC facility.

These examples include the following details:
- Square footage descriptions associated with the RTC and any non-RTC facility space
- Personnel using the RTC facility during a given month and how their labor costs are classified (direct charge or overhead), based on the description of their function provided
- Recommended allocation treatment of labor costs
- Recommended allocation treatment of RTC facility and equipment costs

The following examples are not intended to represent the only way that an allocation can be performed as there is not a “one size fits all” solution for every RTC situation.
### Allocation Example #1 – Stand Alone RTC Facility

#### Assumptions for RTC Facility and Equipment

<table>
<thead>
<tr>
<th>RTC facility space – main RTC room, restroom and office for IT support person – cost includes monthly RTC facility operating costs and equipment, which for this example are 100% chargeable irrespective of who uses the facility</th>
<th>Sq. Feet</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,000.00</td>
<td>200,000.00</td>
<td></td>
</tr>
</tbody>
</table>

#### Assumptions for personnel using the RTC during the month

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Cost</th>
<th>Dedicated Facility Labor</th>
<th>Non-Dedicated Facility Labor</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Four (4) full time operations personnel monitoring and/or controlling production operations for 50 wells – monthly salary</td>
<td>40,000.00</td>
<td>40,000.00</td>
<td></td>
</tr>
<tr>
<td>2. One (1) dedicated directional driller controlling the drill bit from the RTC for 2 wells – monthly salary</td>
<td>15,000.00</td>
<td>15,000.00</td>
<td></td>
</tr>
<tr>
<td>3. One (1) directional driller providing consulting/oversight services for 2 wells to the on-site directional driller – monthly salary.</td>
<td>20,000.00</td>
<td>20,000.00</td>
<td>20,000.00&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td>4. One (1) IT support person maintaining the hardware/software of the RTC equipment – monthly salary</td>
<td>10,000.00</td>
<td>10,000.00</td>
<td></td>
</tr>
<tr>
<td>5. One (1) production engineer who uses the RTC 15 days during the month to resolve operating problems on 4 wells - 15 days at $1,000 per day</td>
<td>15,000.00</td>
<td>15,000.00</td>
<td>15,000.00&lt;sup&gt;2&lt;/sup&gt;</td>
</tr>
<tr>
<td><strong>Total Labor</strong></td>
<td><strong>100,000.00</strong></td>
<td><strong>65,000.00</strong></td>
<td><strong>35,000.00</strong></td>
</tr>
</tbody>
</table>

---

<sup>1</sup> This directional driller is Non-Dedicated Facility Labor based on the function performed which is consulting vs operating the RTC. This function is considered offsite technical labor and therefore not chargeable since it is covered by overhead in the governing accounting procedure.

<sup>2</sup> Production engineer is Non-Dedicated Facility Labor as this function is considered offsite technical labor and therefore not directly chargeable per the governing accounting procedure which states offsite technical labor is covered by overhead.
<table>
<thead>
<tr>
<th>Costs to allocate</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facility costs</td>
<td>200,000.00</td>
</tr>
<tr>
<td>Labor costs</td>
<td>100,000.00</td>
</tr>
<tr>
<td>Total costs to allocate</td>
<td>300,000.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Allocation of RTC Facility and Equipment Costs</th>
<th>Amount</th>
<th>Chargeable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly facility non-labor costs of RTC (assumption for this example)</td>
<td>200,000.00</td>
<td>200,000.00</td>
</tr>
<tr>
<td>Number of wells (drilling + producing) served by those whose time is chargeable</td>
<td>52</td>
<td>52</td>
</tr>
<tr>
<td><strong>Cost per well</strong></td>
<td>3,846.15</td>
<td>3,846.15</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Allocation of Labor Costs</th>
<th>Amount</th>
<th>Chargeable Dedicated Facility Labor</th>
<th>Not Chargeable Non-Dedicated Facility Labor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Four full time dedicated operations personnel</td>
<td>-40,000.00</td>
<td>40,000.00</td>
<td></td>
</tr>
<tr>
<td>Number of producing wells</td>
<td>50</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td><strong>Cost per well</strong></td>
<td>800.00</td>
<td><strong>800.00</strong></td>
<td></td>
</tr>
<tr>
<td>Directional driller controlling the drill bit from the RTC</td>
<td>15,000.00</td>
<td>15,000.00</td>
<td></td>
</tr>
<tr>
<td>Number of drilling wells</td>
<td>2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td><strong>Cost per well</strong></td>
<td>7,500.00</td>
<td><strong>7,500.00</strong></td>
<td></td>
</tr>
<tr>
<td>Directional Driller monitoring/overseeing the drilling operations from the RTC</td>
<td>20,000.00</td>
<td>20,000.00</td>
<td></td>
</tr>
<tr>
<td>Number of drilling wells</td>
<td>2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td><strong>Cost per well</strong></td>
<td>10,000.00</td>
<td><strong>10,000.00</strong></td>
<td></td>
</tr>
</tbody>
</table>
### Allocation of Labor Costs (continued)

<table>
<thead>
<tr>
<th>Labor Cost Category</th>
<th>Amount</th>
<th>Chargeable Dedicated Facility Labor</th>
<th>Not Chargeable Non-Dedicated Facility Labor</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT support personnel</td>
<td>10,000.00</td>
<td>10,000.00</td>
<td></td>
</tr>
<tr>
<td>Number of wells (drilling + producing)</td>
<td>54</td>
<td>54</td>
<td></td>
</tr>
<tr>
<td><strong>Cost per well</strong></td>
<td>185.19</td>
<td>185.19</td>
<td></td>
</tr>
<tr>
<td>Production engineer resolving operating problems on 4 producing wells</td>
<td>15,000.00</td>
<td>15,000.00</td>
<td></td>
</tr>
<tr>
<td>Number of wells</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td><strong>Cost per well</strong></td>
<td>3,750.00</td>
<td>3,750.00</td>
<td></td>
</tr>
<tr>
<td><strong>Total labor cost allocation (not per well)</strong></td>
<td>100,000.00</td>
<td>65,000.00</td>
<td>35,000.00</td>
</tr>
</tbody>
</table>

### Summary of Cost Allocation

<table>
<thead>
<tr>
<th>Cost Category</th>
<th>Chargeable Cost per Producing Well</th>
<th>Not Chargeable Cost per Producing Well</th>
<th>Chargeable Cost per Drilling Well</th>
<th>Not Chargeable Cost per Drilling Well</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facility costs – 50 producing wells and 2 drilling wells</td>
<td>3,846.15</td>
<td>0.00</td>
<td>3,846.15</td>
<td>0.00</td>
</tr>
<tr>
<td>Dedicated operations personnel cost per well - 50 wells</td>
<td>800.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Dedicated directional driller controlling the drill bit – 2 wells</td>
<td>0.00</td>
<td>0.00</td>
<td>7,500.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Non dedicated directional driller providing consulting/oversight to the onsite driller – 2 wells</td>
<td>0.00</td>
<td>0.00</td>
<td>$0.00</td>
<td>10,000.00</td>
</tr>
<tr>
<td>IT support personnel – 50 producing wells and 4 drilling wells</td>
<td>185.19</td>
<td>0.00</td>
<td>185.19</td>
<td>0.00</td>
</tr>
<tr>
<td>Production engineer providing offsite technical services for 4 producing wells</td>
<td>0.00</td>
<td>3,750.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>4,831.34</strong></td>
<td><strong>3,750.00</strong></td>
<td><strong>11,531.34</strong></td>
<td><strong>10,000.00</strong></td>
</tr>
</tbody>
</table>
### Allocation Example #2 RTC and non-RTC Facility (RTC not Stand Alone)

<table>
<thead>
<tr>
<th>Assumptions for RTC Facility and Equipment</th>
<th>Total Sq. Feet</th>
<th>Sq. Feet for RTC</th>
<th>Sq. Feet non-RTC (not chargeable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Space for RTC facility</td>
<td>1,100.00</td>
<td>1,100.00</td>
<td></td>
</tr>
<tr>
<td>Deduct: Space associated with non-chargeable personnel (assume 50 sq. ft per person x 4 people)</td>
<td>(200.00)</td>
<td>200.00</td>
<td></td>
</tr>
<tr>
<td>Space for non-RTC facility</td>
<td>700.00</td>
<td>0.00</td>
<td>700.00</td>
</tr>
<tr>
<td>Space for common areas (breakroom, file room, restroom, halls, conference room, offices)</td>
<td>1,200.00</td>
<td>0.00</td>
<td>1,200.00</td>
</tr>
<tr>
<td>Total square footage</td>
<td>3,000.00</td>
<td>900.00</td>
<td>2,100.00</td>
</tr>
<tr>
<td>Percentage for RTC versus non-RTC space</td>
<td>30.0%</td>
<td>70.0%</td>
<td></td>
</tr>
<tr>
<td>Monthly operating costs of the RTC</td>
<td>400,000.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assumptions for personnel using the RTC during the month</td>
<td>Cost</td>
<td>Dedicated Facility Labor</td>
<td>Non-Dedicated Facility Labor</td>
</tr>
<tr>
<td>--------------------------------------------------------</td>
<td>-------</td>
<td>--------------------------</td>
<td>-----------------------------</td>
</tr>
<tr>
<td>1. Four (4) full time operations personnel monitoring and/or controlling production operations for 50 wells – monthly salary</td>
<td>40,000.00</td>
<td>40,000.00</td>
<td></td>
</tr>
<tr>
<td>2. One (1) dedicated directional driller controlling the drill bit from the RTC for 2 wells – monthly salary</td>
<td>15,000.00</td>
<td>15,000.00</td>
<td></td>
</tr>
<tr>
<td>3. One (1) directional driller providing consulting/oversight services for 2 wells to the on-site directional driller – monthly salary. Note: These are different wells than the wells mentioned above where the directional driller is controlling the drill bit</td>
<td>20,000.00</td>
<td></td>
<td>20,000.00</td>
</tr>
<tr>
<td>4. One (1) IT support person maintaining the hardware/software of the RTC equipment – monthly salary</td>
<td>10,000.00</td>
<td>10,000.00</td>
<td></td>
</tr>
<tr>
<td>5. Two (2) production engineers each using the RTC 15 days during the month to resolve operating problems on 6 wells - 2 x 15 days at $1,000/day</td>
<td>30,000.00</td>
<td></td>
<td>30,000.00 four</td>
</tr>
<tr>
<td>6. Two (2) administrative personnel – monthly salary</td>
<td>15,000.00</td>
<td></td>
<td>15,000.00 five</td>
</tr>
<tr>
<td><strong>Total monthly labor costs</strong></td>
<td><strong>130,000.00</strong></td>
<td><strong>65,000.00</strong></td>
<td><strong>65,000.00</strong></td>
</tr>
</tbody>
</table>

3 This directional driller is Non-Dedicated Facility Labor based on the function performed which is consulting vs operating the RTC. This function is considered offsite technical labor and therefore not chargeable since it is covered by overhead in the governing accounting procedure.

4 Production engineer is Non-Dedicated Facility Labor as this function is considered offsite technical labor and therefore not directly chargeable per the governing accounting procedure which states offsite technical labor is covered by overhead.

5 Administrative personnel not chargeable as administrative work is covered by overhead.
<table>
<thead>
<tr>
<th>Costs to allocate</th>
<th>Amount</th>
<th>Chargeable</th>
<th>Not Chargeable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facility costs (chargeable 30.0%)</td>
<td>400,000.00</td>
<td>120,000.00</td>
<td>280,000.00</td>
</tr>
<tr>
<td>Labor costs</td>
<td>130,000.00</td>
<td>65,000.00</td>
<td>65,000.00</td>
</tr>
<tr>
<td>Total costs to allocate</td>
<td>530,000.00</td>
<td>185,000.00</td>
<td>345,000.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Allocation of RTC Facility and Equipment Costs</th>
<th>Amount</th>
<th>Chargeable</th>
<th>Not Chargeable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly cost of entire building and equipment</td>
<td>400,000.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Costs allocable to RTC portion of total building</td>
<td></td>
<td>120,000.00</td>
<td>280,000.00</td>
</tr>
<tr>
<td>(30.0%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of wells (drilling + producing) served by</td>
<td>52</td>
<td></td>
<td></td>
</tr>
<tr>
<td>those whose time is chargeable</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Cost per well                                         | 2,307.69 |

<table>
<thead>
<tr>
<th>Allocation of Labor Costs</th>
<th>Amount</th>
<th>Chargeable Dedicated Facility Labor</th>
<th>Not Chargeable Non-Dedicated Facility Labor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Four full time dedicated operations personnel</td>
<td>40,000.00</td>
<td>40,000.00</td>
<td></td>
</tr>
<tr>
<td>Number of producing wells</td>
<td>50</td>
<td>50</td>
<td></td>
</tr>
</tbody>
</table>

| Cost per well                                         | 800.00  | 800.00                              |                                            |

| Directional driller controlling the drill bit from the RTC | 15,000.00 | 15,000.00                          |                                            |
| Number of drilling wells                                | 2       | 2                                   |                                            |

| Cost per well                                         | 7,500.00 | 7,500.00                           |                                            |

| Directional Driller monitoring/overseeing the drilling operations from the RTC | 20,000.00 | 20,000.00                          |                                            |
| Number of drilling wells                                | 2       | 2                                   |                                            |

| Cost per well                                         | 10,000.00 | 10,000.00                          |                                            |

| IT support personnel                                   | 10,000.00 | 10,000.00                          |                                            |
| Number of wells (drilling + producing)                 | 54       | 54                                  |                                            |

| Cost per well                                         | 185.19   | 185.19                              |                                            |
### Allocation of Labor Costs (continued)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Chargeable Dedicated Facility Labor</th>
<th>Not Chargeable Non-Dedicated Facility Labor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production engineers resolving operating problems on 6 producing wells</td>
<td>30,000.00</td>
<td>30,000.00</td>
<td></td>
</tr>
<tr>
<td>Number of wells</td>
<td>6</td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>Cost per well</td>
<td>5,000.00</td>
<td></td>
<td>5,000.00</td>
</tr>
<tr>
<td>Administrative personnel</td>
<td>15,000.00</td>
<td></td>
<td>15,000.00</td>
</tr>
<tr>
<td>Number of wells (drilling + producing)</td>
<td>54</td>
<td></td>
<td>54</td>
</tr>
<tr>
<td>Cost per well</td>
<td>277.78</td>
<td></td>
<td>277.78</td>
</tr>
<tr>
<td>Total labor cost allocation</td>
<td>130,000.00</td>
<td>65,000.00</td>
<td>65,000.00</td>
</tr>
</tbody>
</table>

### Summary of Cost Allocation

<table>
<thead>
<tr>
<th>Description</th>
<th>Chargeable Cost per Producing Well</th>
<th>Not Chargeable Cost per Producing Well</th>
<th>Chargeable Cost per Drilling Well</th>
<th>Not Chargeable Cost per Drilling Well</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facility costs – 50 producing wells and 2 drilling wells</td>
<td>2,307.69</td>
<td>5,384.62</td>
<td>2,307.69</td>
<td>5,384.62</td>
</tr>
<tr>
<td>Dedicated operations personnel cost per well - 50 wells</td>
<td>800.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Dedicated directional driller controlling the drill bit – 2 wells</td>
<td>0.00</td>
<td>0.00</td>
<td>7,500.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Non dedicated directional driller providing consulting/oversight to the onsite driller – 2 wells</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>10,000.00</td>
</tr>
<tr>
<td>IT support personnel – 50 producing wells and 4 drilling wells</td>
<td>185.19</td>
<td>0.00</td>
<td>185.19</td>
<td>0.00</td>
</tr>
<tr>
<td>Production engineers providing offsite technical services for 6 producing wells</td>
<td>0.00</td>
<td>5,000.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Administrative personnel – 50 producing wells &amp; 4 drilling wells</td>
<td>0.00</td>
<td>277.78</td>
<td>0.00</td>
<td>277.78</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>3,292.88</strong></td>
<td><strong>10,662.40</strong></td>
<td><strong>9,992.88</strong></td>
<td><strong>15,662.40</strong></td>
</tr>
</tbody>
</table>
VI. APPENDICES

APPENDIX LISTING

A. RTC CHARGEABILITY SUMMARIES
B. COPAS 1962 AND 1968 MODEL FORM REFERENCES
C. COPAS 1974 AND 1976 MODEL FORM REFERENCES
D. COPAS 1984 AND 1986 MODEL FORM REFERENCES
E. COPAS 1995 AND 1998 MODEL FORM REFERENCES
F. COPAS 2005 AND DEEPWATER MODEL FORM REFERENCES
## APPENDIX A – RTC CHARGEABILITY SUMMARIES
### APPENDIX A1 – SUMMARY CHART

<table>
<thead>
<tr>
<th>RTC Cost Category</th>
<th>Chargeability Based on COPAS Accounting Procedure Referenced</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dedicated RTC Facility Space and Equipment – see Note (1)</td>
<td>Yes</td>
</tr>
<tr>
<td>RTC Dedicated Facility Labor – see Notes (1) and (5)</td>
<td>Yes</td>
</tr>
<tr>
<td>RTC Non-Dedicated Facility Labor - Technical</td>
<td>See Note (6)</td>
</tr>
<tr>
<td>RTC Non-Dedicated Facility Labor – First Level Supervision</td>
<td>No</td>
</tr>
<tr>
<td>RTC Non-Dedicated Labor – Administrative and Other</td>
<td>No</td>
</tr>
</tbody>
</table>

1. If RTC owned by Operator: AP section applicable to “Equipment and Facilities Furnished by Operator”; If RTC provided by third-party: AP section applicable to “Services”; If RTC provided by Affiliate: AP section applicable to “Affiliates”.
2. Chargeable if a) Fixed Rate Option selected, the operations are downhole well work or projects that qualify for drilling, construction, and/or catastrophe overhead, and the RTC is listed in Section IV.1.B (Other Facilities), or b) the Cost Option is selected and the RTC is listed in Section IV.1.B (Other Facilities), or c) the costs are approved by the Parties. Otherwise, not chargeable.
3. Definition of “On-site” includes “other facilities that directly control equipment on the Joint Property”.
4. Remote Technology Center specifically identified as a facility and also lists communication and computer systems supporting Joint Operations as chargeable.
5. As defined in Section II.B.3 of this document (RTC Costs, Labor Costs), includes Supervisors who meet the criteria for Dedicated Facility Labor.
6. Chargeability depends on the other provisions such as Labor, Services, Affiliate, Environmental, Ecological & Safety, and Overhead options selected. Non-dedicated technical labor in the RTC is only chargeable to the extent allowed by these other provisions and elections.
7. Project team members are chargeable per Section II.2.A.(1).
8. Exception is if at some point the RTC becomes the surface location from which Joint Operations are conducted.
Yes if the RTC qualifies as On-Site and RTC Supervisory Personnel qualify as First Level Supervision.
## APPENDIX A2 – CHARGEABILITY BY TYPE OF COST

<table>
<thead>
<tr>
<th>Type of Cost</th>
<th>Cost Recovery Category</th>
<th>Chargeability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operator’s rent and utilities for the dedicated RTC space, including desks/furniture/office equipment used in this dedicated space.</td>
<td>Dedicated Facility Costs</td>
<td>Facility costs are allocated to the RTC only to the extent used in or for the dedicated space. They should be included in the RTC rate calculation as a component of equipment and facilities of Operator – all accounting procedures.</td>
</tr>
<tr>
<td>Operator owned computer systems or other technologies in the field that generate the data used in the RTC</td>
<td>Dedicated Facility Costs - Equipment Costs</td>
<td>Field Computer Systems are directly chargeable under the accounting procedures to the extent they are used by field operating personnel (as explained in MFI-44). If the systems are only used to generate data for the RTC, the equipment should be included in the RTC rate calculation as a component of equipment and facilities of Operator – all accounting procedures.</td>
</tr>
<tr>
<td>Operator owned equipment related to communications systems such as fiber optic cables.</td>
<td>Dedicated Facility Costs - Equipment Costs</td>
<td>Communication equipment between the field and an RTC is not addressed specifically in COPAS 1962, 1968, or 1974, and the provisions in COPAS 1976 and 1986 cover only communications between the Joint Property and the Shore Base. When using these accounting procedures, the communications equipment should be included in the RTC rate calculation. In newer accounting procedures these costs are specifically listed as direct charges and may be either charged directly or included in the rate calculation for the RTC, but not both.</td>
</tr>
<tr>
<td>Operator owned equipment which comprises the RTC such as computers, monitors, control components, projectors, hardware, and software</td>
<td>Dedicated Facility Costs - Equipment Costs</td>
<td>This equipment is included in the RTC rate calculation as a component of equipment and facilities of Operator – all accounting procedures.</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Type of Cost</th>
<th>Cost Recovery Category</th>
<th>Chargeability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Third party fees for use of Third Party RTC</td>
<td>Dedicated Facility Costs – Services, unless excluded as Overhead</td>
<td>Chargeable as Services under all accounting procedures but excluding any amounts covered by overhead in the applicable accounting procedure, such as an administrative function being performed or offsite technical personnel – reference technical personnel discussion below.</td>
</tr>
<tr>
<td>Rent and utilities related to conference rooms/offices of asset team members located adjacent to the RTC/other non-dedicated areas.</td>
<td>Overhead</td>
<td>These costs are covered by overhead and should not be included in the RTC rate calculation.</td>
</tr>
<tr>
<td>Desks/furniture/office equipment used in conference rooms/offices of asset team members located adjacent to the RTC/other non-dedicated areas.</td>
<td>Overhead</td>
<td>These costs are covered by overhead and should not be included in the RTC rate calculation.</td>
</tr>
<tr>
<td>Laptops or desktop computers not dedicated to use for remote monitoring/control used by personnel who are not chargeable</td>
<td>Overhead</td>
<td>These costs are covered by overhead and should not be included in the RTC rate calculation.</td>
</tr>
<tr>
<td>Dedicated personnel performing monitoring and/or control functions</td>
<td>Dedicated Facility Labor Costs</td>
<td>Facility labor is included in the RTC rate calculation as the labor component of Operator owned equipment – all accounting procedures.</td>
</tr>
<tr>
<td>IT personnel who work on communications and computer equipment</td>
<td>Dedicated Facility Labor Costs</td>
<td>For facility equipment charged as part of the RTC rate, the cost of personnel who configure and maintain the equipment should also be charged as part of the rate. If the equipment is directly charged, however, the associated cost of personnel configuring and maintaining the equipment should be charged directly, and therefore not included in the RTC facility rate.</td>
</tr>
<tr>
<td>Type of Cost</td>
<td>Cost Recovery Category</td>
<td>Chargeability</td>
</tr>
<tr>
<td>----------------------------------------------------------</td>
<td>---------------------------------</td>
<td>-------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Supervisors of RTC Personnel</td>
<td>Dedicated Facility Labor Costs</td>
<td>Direct supervision of dedicated RTC personnel is considered chargeable as a cost of operations for labor under “Equipment and Facilities Furnished by Operator” provision for all existing COPAS accounting procedures.</td>
</tr>
<tr>
<td>Asset team technical personnel performing analytical work that would historically have been done onsite</td>
<td>Non-Dedicated Facility Labor (Technical Labor)</td>
<td>Chargeability is governed by the prevailing accounting procedure offsite technical/overhead provision elections and any other provisions covering technical labor. For accounting procedures where the RTC is defined as onsite (currently the 2005 AP defines RTCs with control capability as onsite, and the DWAP defines all RTCs as onsite), asset team technical personnel are considered as onsite technical labor and fall under the onsite technical labor provisions and overhead elections. In order to be chargeable, onsite technical personnel must be employed in the conduct of Joint Operations and not performing functions covered by overhead as specified in the prevailing accounting procedure.</td>
</tr>
<tr>
<td>Asset team technical personnel performing work in the RTC that historically would have required trips to the field</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asset team members with offices adjacent to the dedicated RTC space.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative Support</td>
<td>Overhead</td>
<td>Not chargeable under any accounting procedure unless approved as part of a project team support staff under the 1998 PTAP or DWAP accounting procedures.</td>
</tr>
</tbody>
</table>
## APPENDIX B – COPAS 1962 AND 1968 Model Form References

<table>
<thead>
<tr>
<th>RTC Cost Component</th>
<th>COPAS 1962</th>
<th>COPAS 1968</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facility, Equipment</td>
<td><strong>Section IV.5 (Equipment and Facilities Furnished by Operator)</strong>&lt;br&gt;A. Operator shall charge the Joint Account for use of equipment and facilities at rates commensurate with cost of ownership and operation. Such rates shall include cost of maintenance, repairs, other operating expense, insurance, taxes, depreciation and interest on investment not to exceed six per cent (6%) per annum, provided such rates shall not exceed those currently prevailing in the immediate area within which the Joint Property is located. Rates for automotive equipment shall generally be in line with the schedule of rates adopted by the Petroleum Motor Transport Association, or some other recognized organization, as recommended uniform charges against Joint Property operations. Rates for laboratory services shall not exceed those currently prevailing if performed by outside service laboratories. Rates for trucks, tractors and well service units may include wages and expenses of Operator.&lt;br&gt;B. Whenever requested, Operator shall inform Non-Operators in advance of the rates it proposes to charge. C. Rates shall be revised and adjusted from time to time when found to be either excessive or insufficient.</td>
<td><strong>Section IV.5 Equipment and Facilities Furnished by Operator</strong>&lt;br&gt;A. Operator shall charge the Joint Account for use of equipment and facilities at rates commensurate with cost of ownership and operation. Such rates shall include cost of maintenance, repairs, other operating expense, insurance, taxes, depreciation, and interest on investment not to exceed six per cent (6%) per annum, provided such rates shall not exceed those currently prevailing in the immediate area within which the Joint Property is located. In lieu of rates based on costs of ownership and operation of equipment other than automotive, Operator may elect to use commercial rates prevailing in the area of the Joint Property less 20%, for automotive equipment rates as published by the Petroleum Motor Transport Association may be used. Rates for laboratory services shall not exceed those currently prevailing if performed by outside service laboratories. Rates for trucks, tractors and well service units may include wages and expenses of Operator.&lt;br&gt;B. Whenever requested, Operator shall inform Non-Operators in advance of the rates it proposes to charge. C. Rates shall be revised and adjusted from time to time when found to be either excessive or insufficient.</td>
</tr>
<tr>
<td>Communication, Technology</td>
<td>No direct provision included in Model Form</td>
<td>No direct provision included in Model Form</td>
</tr>
<tr>
<td>Labor Operator</td>
<td><strong>Section II.2 Labor</strong>&lt;br&gt;A. Salaries and wages of Operator’s employees directly engaged on the Joint Property in the conduct of the Joint Operations, and salaries or wages of technical employees who are temporarily assigned to and directly employed on the Joint Property.</td>
<td><strong>Section II.2 Labor</strong>&lt;br&gt;A. (1) Salaries and wages of Operator's employees directly employed on the Joint Property in the conduct of Joint Operations.&lt;br&gt;(2) Salaries of first-level supervisors in the field if such charges are excluded from overhead rates in Option A of Section III.&lt;br&gt;(3) Salaries and wages of technical employees temporarily assigned to and directly employed on the Joint Property if such charges are excluded from overhead rates in Option B of Section III.&lt;br&gt;(4) Salaries and wages of technical employees either temporarily or permanently assigned to and directly employed in the operation of the Joint Property if such charges are excluded from overhead rates in Option C of Section III.</td>
</tr>
<tr>
<td>Third Party</td>
<td><strong>Section II.6 Services</strong>&lt;br&gt;A. The cost of contract services and utilities procured from outside sources other than services covered by Paragraph 8 of this Section II and Paragraph 2 of Section III.&lt;br&gt;B. Use and service of equipment and facilities furnished by Operator as provided in Paragraph 5 of Section IV</td>
<td><strong>Section II.6 Services</strong>&lt;br&gt;A. The cost of contract services and utilities procured from outside sources other than services covered by Paragraph 8 of this Section II and Paragraph 1B of Section III. The cost of professional consultant services shall not be charged to the Joint Account unless agreed to by Operator and Non-Operators.&lt;br&gt;B. Use and service of equipment and facilities furnished by Operator as provided in Paragraph 5 of Section IV.</td>
</tr>
</tbody>
</table>
| Technical Personnel (Operator & Third Party) | **Section III. Indirect Charges**<br>Operator may charge the Joint Account for indirect costs either by use of an allocation of district expense items plus a fixed rate for administrative overhead, and plus the warehousing charges, all as provided for in Paragraphs 1, 2, and 3 of this Section III OR by | **Section III. Indirect Charges**<br>1. District Expense, Administrative Overhead and Warehousing<br>A. District Expense<br>Operator shall charge the Joint Account with a pro rata portion of the salaries, wages and expenses of...
<table>
<thead>
<tr>
<th>RTC Cost Component</th>
<th>COPAS 1962</th>
<th>COPAS 1968</th>
</tr>
</thead>
<tbody>
<tr>
<td>combining all three of said items under the fixed rate provided for in Paragraph 4 of this Section III, as indicated next below:</td>
<td></td>
<td>Operator's production superintendent and other employees serving the Joint Property and other properties of the Operator in the same operating area, whose name is not allocated directly to the properties, and a pro rata portion of the cost of maintaining and operating a production office known as Operator's office located at or near (or a comparable office if location changed); and necessary sub-offices (if any), maintained for the convenience of the above-described office, and all necessary camps, including housing facilities for employees if required, used in connection with the operations of the Joint Property and other properties in the same operating area. The expense of, less any revenue from, such facilities may, at the option of Operator, include depreciation of investment or a fair monthly rental in lieu of depreciation. Such charges shall be apportioned to all properties served on some equitable basis consistent with Operator's accounting practice.</td>
</tr>
<tr>
<td>OPERATOR SHALL CHARGE THE JOINT ACCOUNT UNDER THE TERMS OF: Paragraphs 1, 2 and 3. (Allocation of district expense plus fixed rate for administrative overhead plus warehousing.) Paragraph 4. (Combined fixed rate) 1. District Expense Operator shall charge the Joint Account with a pro rata portion of the salaries, wages and expenses of Operator’s production superintendent and other employees serving the Joint Property and other properties of the Operator in the same operating area, whose time is not allocated directly to the properties, and a pro rata portion of the cost of maintaining and operating a production office known as Operator’s office located at or near (or a comparable office if location changed), and necessary sub-offices (if any), maintained for the convenience of the above-described office, and all necessary camps, including housing facilities for employees if required, used in connection with the operations of the Joint Property and other properties in the same operating area. The expense of, less any revenue from, such facilities may, at the option of Operator, include depreciation of investment or a fair monthly rental in lieu of depreciation. Such charges shall be apportioned to all properties served on some equitable basis consistent with Operator’s accounting practice.</td>
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<td></td>
</tr>
<tr>
<td>B. Administrative Overhead Operator shall charge administrative overhead to the Joint Account at the following rates, which charge shall be in lieu of the cost and expense of all offices of the Operator not covered by Paragraph IA of this Section III, including salaries, wages and expenses of personnel assigned to such offices. Such charge shall be in addition to the salaries, wages and expenses of employees of Operator authorized to be charged as direct charges as provided in Paragraphs 2 and 8 of Section II. Such charge shall be made on the basis indicated below, either (1) well basis or (2) percentage basis, at the rates shown thereunder. (For “Well Basis” schedule for Drilling Well Rate and Producing Well Rate and Percentage Basis language, reference the model form)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting, or matters before or involving governmental agencies shall be considered as included in the overhead rates provided for in this Paragraph 2 of Section III, unless such cost and expense are agreed upon between Operator and Non-Operators as a direct charge to the Joint Account.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
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</tbody>
</table>

For “Well Basis” schedule for Drilling Well Rate and Producing Well Rate, reference the model form.
## APPENDIX C – COPAS 1974 AND 1976 Model Form References

<table>
<thead>
<tr>
<th>RTC Cost Component</th>
<th>COPAS 1974</th>
<th>COPAS 1976</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Facility, Equipment</strong></td>
<td>Section II.7. Equipment and Facilities Furnished by Operator A. Operator shall charge the Joint Account for use of Operator owned equipment and facilities at rates commensurate with costs of ownership and operation. Such rates shall include costs of maintenance, repairs, other operating expense, insurance, taxes, depreciation, and interest on investment not to exceed eight per cent (8%) per annum. Such rates shall not exceed average commercial rates currently prevailing in the immediate area of the Joint Property. B. In lieu of charges in Paragraph 7A above, Operator may elect to use average commercial rates prevailing in the immediate area of the Joint Property less 20%. For automotive equipment, Operator may elect to use rates published by the Petroleum Motor Transport Association.</td>
<td>Section II.7. Equipment and Facilities Furnished by Operator A. Operator shall charge the Joint Account for use of Operator-owned equipment and facilities, including Shore Base and/or Offshore Facilities, at rates commensurate with costs of ownership and operation. Such rates may include labor, maintenance, repairs, other operating expense, insurance, taxes, depreciation and interest on depreciated investment not to exceed eight percent (8%) per annum. In addition, for platforms only, the rate may include an element of the estimated cost of platform dismantlement. Such rates shall not exceed average commercial rates currently prevailing in the immediate area of the Joint Property. B. In Lieu of charges in Paragraph 7A above, Operator may elect to use average commercial rates prevailing in the immediate area of the Joint Property less twenty percent (20%). For automotive equipment, Operator may elect to use rates published by the Petroleum Motor Transport Association.</td>
</tr>
<tr>
<td><strong>Communication, Technology</strong></td>
<td>No direct provision included in Model Form</td>
<td>Although the model form has a Communications provision, chargeability is based on communication systems “between the Joint Property and the Operator’s nearest Shore Base Facility”. Since an RTC is not a shore base facility, this provision would not be relevant.</td>
</tr>
<tr>
<td><strong>Labor</strong></td>
<td>Section II.2 Labor A. (1) Salaries and wages of Operator’s field employees directly employed on the Joint Property in the conduct of Joint Operations. (2) Salaries of First Level Supervisors in the field. (3) Salaries and wages of Technical Employees directly employed on the Joint Property if such charges are excluded from the Overhead rates.</td>
<td>Section II.2 Labor A. (1) Salaries and wages of Operator’s field employees directly employed on the Joint Property in the conduct of Joint Operations. (2) Salaries and wages of Operator’s employees directly employed on Shore Based Facilities or other Offshore Facilities serving the Joint Property if such costs are not charged under Paragraph 7 of this Section II. (3) Salaries of First Level Supervisors in the field. (4) Salaries and wages of Technical Employees directly employed on the Joint Property if such charges are excluded from the Overhead rates.</td>
</tr>
<tr>
<td><strong>Third Party</strong></td>
<td>Section II.6. Services The cost of contract services, equipment and utilities provided by outside sources, except services excluded by Paragraph 9 of Section II and Paragraph 1. ii of Section III. The cost of professional consultant services and contract services of technical personnel directly engaged on the Joint Property if such charges are excluded from the Overhead rates. The cost of professional consultant services or contract services of technical personnel not directly engaged on the Joint Property shall not be charged to the Joint Account unless previously agreed to by the Parties.</td>
<td>Section II.6. Services The cost of contract services, equipment and utilities provided by outside sources, except services excluded by Paragraph 9 of Section II and Paragraph I of Section III. The cost of professional consultant services and contract services of technical personnel directly engaged on the Joint Property if such charges are excluded from the Overhead rates. The cost of professional consultant services or contract services of technical personnel not directly engaged on the Joint Property shall not be charged to the Joint Account unless previously agreed to by the Parties.</td>
</tr>
<tr>
<td><strong>Technical Personnel (Operator &amp; Third Party)</strong></td>
<td>Section III.1 - Overhead - Drilling and Producing Operations i. As compensation for administrative, supervision, office services and warehousing costs, Operator shall charge drilling and producing operations on either: ( ) Fixed Rate Basis, Paragraph 1A, or ( ) Percentage Basis, Paragraph 1B</td>
<td>Section III.1 - Overhead - Drilling and Producing Operation i. As compensation for administrative, supervision, office services and warehousing costs, Operator shall charge drilling and producing operations on either: ( ) Fixed Rate Basis, Paragraph 1A, or ( ) Percentage Basis, Paragraph 1B</td>
</tr>
</tbody>
</table>
Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under Paragraph 2A, Section II. The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting or matters before or involving governmental agencies shall be considered as included in the Overhead rates provided for in the above selected Paragraph of this Section III unless such cost and expense are agreed to by the Parties as a direct charge to the Joint Account.

ii - The salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant services and contract services of technical personnel directly employed on the Joint Property shall ( ) shall not ( ) be covered by the Overhead rates.

Section III.2. Overhead – Major Construction
To compensate Operator for Overhead costs incurred in the construction and installation of fixed assets, the expansion of fixed assets, and any other project clearly discernible as a fixed asset required for the development and operation of the Joint Property, or in the dismantling for abandonment of platforms and related production facilities, Operator shall either negotiate a rate prior to the beginning of construction, or shall charge the Joint Account for Overhead based on the following rates for any Major Construction project in excess of $.

B. If the Operator charges contract engineering, design and drafting costs related to the project directly to the Joint Account:
(1) % of total costs if such costs are more than $ but less than $ ; plus
(2) % of total costs in excess of $ but less than $1,000,000; plus
(3) % of total costs in excess of $1,000,000.
Total cost shall mean the gross cost of any one project. For the purpose of this paragraph, the component parts of a single project shall not be treated separately and the cost of drilling and workover wells shall be excluded.
On each project, Operator shall advise Non-Operator(s) in advance which of the above options shall apply.

In the event of any conflict between the provisions of this paragraph and those provisions under Section II, Paragraph 2 or Paragraph 6, the provisions of this paragraph shall govern.
## APPENDIX D - COPAS 1984 AND 1986 Model Form References

<table>
<thead>
<tr>
<th>RTC Cost Component</th>
<th>COPAS 1984</th>
<th>COPAS 1986</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facility, Equipment, Labor (facility maintenance)</td>
<td>Section II.8 Equipment and Facilities Furnished by Operator</td>
<td></td>
</tr>
<tr>
<td></td>
<td>A. Operator shall charge the Joint Account for use of Operator owned equipment and facilities at rates commensurate with costs of ownership and operation. Such rates shall include costs of maintenance, repairs, other operating expense, insurance, taxes, depreciation, and interest on gross investment less accumulated depreciation not to exceed ______ percent (______%) per annum. Such rates shall not exceed average commercial rates currently prevailing in the immediate area of the Joint Property.</td>
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<td></td>
<td>B. In lieu of charges in paragraph 8A above, Operator may elect to use average commercial rates prevailing in the immediate area of the Joint Property less 20%. For automotive equipment, Operator may elect to use rates published by the Petroleum Motor Transport Association.</td>
<td></td>
</tr>
<tr>
<td>Communication, Technology</td>
<td>Section II.14 Communications</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cost of acquiring, leasing, installing, operating, repairing and maintaining communication systems, including radio and microwave facilities directly serving the Joint Property. In the event communication facilities/systems serving the Joint Property are Operator owned, charges to the Joint Account shall be made as provided in Paragraph 8 of this Section II.</td>
<td></td>
</tr>
<tr>
<td>Labor</td>
<td>Section II.5 Labor</td>
<td></td>
</tr>
<tr>
<td></td>
<td>A. (1) Salaries and wages of Operator's field employees directly employed on the Joint Property in the conduct of Joint Operations.</td>
<td></td>
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<tr>
<td></td>
<td>(2) Salaries of First Level Supervisors in the field.</td>
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<tr>
<td></td>
<td>(3) Salaries and wages of Technical Employees directly employed on the Joint Property if such charges are excluded from the overhead rates.</td>
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</tr>
<tr>
<td></td>
<td>(4) Salaries and wages of Technical Employees either temporarily or permanently assigned to and directly employed in the operation of the Joint Property if such charges are excluded from the overhead rates.</td>
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</tr>
<tr>
<td>Third Party</td>
<td>Section II.7 Services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The cost of contract services, equipment and utilities provided by outside sources, except services excluded by Paragraph 10 of Section II and Paragraph i, ii, and iii, of Section III. The cost of professional consultant services and contract services of technical personnel directly engaged on the Joint Property if such charges are excluded from the overhead rates. The cost of professional consultant services or contract services of technical personnel not directly engaged on the Joint Property shall not be charged to the Joint Account unless previously agreed to by the Parties.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Section II.6. Services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The cost of contract services, equipment and utilities provided by outside sources, except services excluded by Paragraph 9 of Section II and Paragraphs i and ii of Section III. The cost of professional consultant services and contract services of technical personnel directly engaged on the Joint Property if such charges are excluded from the overhead rates. The cost of professional consultant services or contract services of technical personnel not directly engaged on the Joint Property shall not be charged to the Joint Account unless previously agreed to by the Parties.</td>
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Note: The text above is a representation of the extracted content from the document. The page number 46 is indicated at the bottom of the image.
### Technical Personnel (Operator & Third Party)

<table>
<thead>
<tr>
<th>RTC Cost Component</th>
<th>COPAS 1984</th>
<th>COPAS 1986</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Section III.1. OVERHEAD - DRILLING AND PRODUCING OPERATIONS</strong></td>
<td></td>
<td><strong>III. Overhead</strong></td>
</tr>
<tr>
<td>i. As compensation for administrative, supervision, office services and warehousing costs, Operator shall charge drilling and producing operations on either: ( ) Fixed Rate Basis, Paragraph IA, or ( ) Percentage Basis, Paragraph IB</td>
<td></td>
<td>As compensation for administrative, supervision, office services and warehousing costs, Operator shall charge the Joint Account in accordance with this Section III.</td>
</tr>
<tr>
<td>Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under Paragraph 3A, Section II. The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting or matters before or involving governmental agencies shall be considered as included in the overhead rates provided for in the above selected Paragraph of this Section III unless such cost and expense are agreed to by the Parties as a direct charge to the Joint Account.</td>
<td></td>
<td>Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under Section II. The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting or matters before or involving governmental agencies shall be considered as included in the overhead rates provided for in this Section III unless such cost and expense are agreed to by the Parties as a direct charge to the Joint Account.</td>
</tr>
<tr>
<td>ii. The salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant services and contract services of technical personnel directly employed on the Joint Property: ( ) shall be covered by the overhead rates, or ( ) shall not be covered by the overhead rates.</td>
<td></td>
<td>i. Except as otherwise provided in Paragraph 2 of this Section III, the salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant services and contract services of technical personnel directly employed on the Joint Property: ( ) shall be covered by the overhead rates. ( ) shall not be covered by the overhead rates.</td>
</tr>
<tr>
<td>iii. The salaries, wages and Personal Expenses of Technical Employees and/or costs of professional consultant services and contract services of technical personnel either temporarily or permanently assigned to and directly employed in the operation of the Joint Property: ( ) shall be covered by the overhead rates, or ( ) shall not be covered by the overhead rates.</td>
<td></td>
<td>ii. Except as otherwise provided in Paragraph 2 of this Section III, the salaries, wages and Personal Expenses of Technical Employees and/or costs of professional consultant services and contract services of technical personnel either temporarily or permanently assigned to and directly employed in the operation of the Joint Property: ( ) shall be covered by the overhead rates. ( ) shall not be covered by the overhead rates.</td>
</tr>
</tbody>
</table>

### 2. Overhead - Major Construction

To compensate Operator for overhead costs incurred in the construction and installation of fixed assets, the expansion of fixed assets, and any other project clearly discernible as a fixed asset required for the development and operation of the Joint Property, or in the dismantling for abandonment of platforms and related production facilities, Operator shall either negotiate a rate prior to the beginning of construction, or shall charge the Joint Account for Overhead based on the following rates for any Major Construction project in excess of $__________.

**B. If the Operator charges engineering, design and drafting costs related to the project directly to the Joint Account:**

1. % of total costs if such costs are more than $ but less than $100,000; plus
2. % of total costs in excess of $100,000 but less than $1,000,000; plus
3. % of total costs in excess of $1,000,000.

Total cost shall mean the gross cost of any one project. For the purpose of this paragraph, the component parts of a single project shall not be treated separately and the cost of drilling and workover wells and artificial lift equipment shall be excluded.

On each project, Operator shall advise Non-Operator(s) in advance which of the above options shall apply. In the event of any conflict between the provisions of this paragraph and those provisions under Section II,
<table>
<thead>
<tr>
<th>RTC Cost Component</th>
<th>COPAS 1984</th>
<th>COPAS 1986</th>
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<tbody>
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<td></td>
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<td>Paragraph 2 or Paragraph 6, the provisions of this paragraph shall govern.</td>
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<tr>
<td>Other</td>
<td></td>
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</tbody>
</table>
### APPENDIX E – COPAS 1995 AND 1998 Model Form References

<table>
<thead>
<tr>
<th>RTC Cost Component</th>
<th>COPAS 1995</th>
<th>COPAS 1998</th>
</tr>
</thead>
</table>
| Facility, Equipment| Section IV.1.B (Facilities, Other Facilities) 1. FACILITIES  
The term “facility” is used to define those permanent and semi-permanent installations not located on the Joint Property, which are owned in whole or in part by the Operator or procured through an arms-length transaction with a third party, and which are necessary to conduct Joint Operations for the Joint Property. It may also include any other cost center the Parties agree to specify as a Facility in Section IV, Paragraph 1.B.  
B. OTHER FACILITIES  
The Operator shall charge the Joint Account for use of other facilities not covered by Section IV, Paragraph 1.A. (such as shore bases, field offices, telecommunication equipment, and computer equipment) as listed below or if subsequently approved by the Parties. (Choose and complete only one methodology for each facility type.)  
(For further details regarding basis and allocation methodologies, reference specific model form) | Section II.6. EQUIPMENT AND FACILITIES FURNISHED BY OPERATOR  
In the absence of a separately negotiated agreement, equipment and facilities furnished by the Operator will be charged as follows:  
A. Equipment and facilities owned by the Operator shall be charged to the Joint Account at the average prevailing commercial rate for such equipment. If an average commercial rate is used to bill the Joint Account, the Operator shall adequately document and support such rate and shall periodically review and update the rate and the supporting documentation.  
B. In lieu of charges in Paragraph 6.A. above, or if a prevailing commercial rate is not available, equipment and facilities owned by the Operator will be charged to the Joint Account at the Operator’s actual costs. Such costs shall be limited to expenses that would be chargeable pursuant to this Section II if such equipment and facilities were jointly owned, depreciation using straight line depreciation method, and interest on investment (less gross accumulated depreciation) not to exceed ___% per annum. In addition, for platforms, subsea production systems, and production handling facilities, the rate may include an element of the estimated cost of abandonment, reclamation, and dismantlement. Depreciation shall not be charged when the equipment and facilities investment have been fully depreciated. Charges shall not exceed the average prevailing commercial rate, if available.  
Affiliate Provided – See below under “Labor”  
Contractor Provided - See below under “Labor” |
| Communication, Technology | Not applicable (Chargeability depends on the criteria of the RTC being on the Joint Property (Section III, Cost Incurred on the Joint Property)) | Section II.12. COMMUNICATIONS  
Costs of acquiring, leasing, installing, operating, repairing, and maintaining communication systems, including radio and microwave facilities, between the Joint Property and the Operator's offices directly responsible for field operations. In the event communication systems serving the Joint Property are Operator or Affiliate-owned, charges to the Joint Account shall be made as provided in Section II, Paragraph 6 or 7 as applicable. |
| Labor | Section III.2 (Labor) – “Salaries and wages of the Operator’s employees directly employed on the Joint Property in the conduct of Joint Operations or while in transit to/from the Joint Property, provided such costs are excluded from the calculation of overhead rates in Section V.” | Section II.2 (Labor)  
A. Salaries and Wages including Incentive Compensation Programs, as set forth in COPAS Interpretation 30, for personnel serving the Joint Property shall be chargeable in accordance with the following provisions.  
(1) Project Team  
All salaries and wages of employees of the Operator and Non-Operator assigned to the Project Team on a full-time or part-time basis shall be considered a direct cost and shall be charged to the Joint Account. Such employees shall include personnel who are directly engaged in project management, evaluation, design, construction, and installation activities regardless of location. Part-time Project Team personnel specifically assigned to the Project Team shall be charged to the Joint Account, based on actual days worked, only when such time involves at least one full-day equivalent per |
<table>
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<tr>
<th>RTC Cost Component</th>
<th>COPAS 1995</th>
<th>COPAS 1998</th>
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<tbody>
<tr>
<td>month that is devoted to the project. Technical Employees not assigned to the Project Team but working under the direction of the Project Team shall be charged to the Joint Account based on actual days worked, only when such time involves at least one full-day equivalent per month. Contractor and Affiliate charges for personnel assigned to the Project Team are chargeable pursuant to Section II, Paragraphs 5 and 7.</td>
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</tbody>
</table>

(2) Other Operations—Non-Project Team The following salaries and wages shall be charged for employees:
(a) Salaries and wages of the Operator’s field employees directly employed on the Joint Property in the conduct of Joint Operations
(b) Salaries and wages of the Operator’s employees directly employed on Shore Base Facilities or other Offshore Facilities serving the Joint Property, if such costs are not charged under Paragraph 6 of this Section II
(c) Salaries of First Level Supervisors
(d) Salaries and wages of Technical Employees directly employed on the Joint Property in the conduct of Joint Operations or on Offshore Facilities serving the Joint Property, if such charges are excluded from the overhead rates
(e) Salaries and wages of Technical Employees either temporarily or permanently assigned to and directly employed in the operation of the Joint Property if such charges are excluded from the overhead rates

| Third Party | Not applicable (Chargeability depends on the criteria of the RTC being on the Joint Property (Section III, Cost Incurred on the Joint Property)) | Section II. 5. SERVICES The cost of contract services, equipment, and utilities used in the conduct of Joint Operations and provided by sources other than the Parties, except for contract services, equipment, and utilities covered by the Section III overhead provisions, Paragraph 7 of this Section II, or excluded under Paragraph 9 of this Section II. Notwithstanding anything herein to the contrary, the cost of contract personnel assigned to the Project Team are directly chargeable to the Joint Account. |
| Technical Personnel (Operator & Third Party) | V. Overhead The Operator shall be compensated for costs not chargeable in Section III (Costs Incurred On The Joint Property) or Section IV (Costs Incurred Off The Joint Property) that are incurred in connection with and in support of Joint Operations. 1. OVERHEAD—DRILLING AND PRODUCING OPERATIONS As compensation for overhead in connection with drilling and producing operations, the Operator shall charge on either a Fixed Rate Basis, Paragraph 1.A., or Percentage Basis, Paragraph 1.B This section provides that all costs not specifically chargeable as costs incurred on the Joint Property under Section III; incurred off the Joint Property under Section IV; or otherwise recovered through the fixed rate if elected in Section II, Paragraph 1, or through construction or catastrophe overhead in Section V, Paragraph 2, are recovered on the basis of either a fixed rate or percentage rate basis. | III.ii. Overhead Except as otherwise provided in Paragraphs 1 and 3 of this Section III, the salaries, wages, related payroll burden and Personal Expenses of Technical Employees, and/or costs of professional consultant services and contract services of technical personnel either temporarily or permanently assigned to and directly employed in the operation of the Joint Property shall be covered by the overhead rates shall not be covered by the overhead rates |
| | | III.3.B Major Construction Major Construction is defined as any project requiring an AFE, under the terms of the Agreement to which this Accounting Procedure is attached, for the construction and installation of fixed assets; the expansion of fixed assets; or in the abandonment of fixed assets and any associated reclamation required for the exploration, development, and operation of the Joint Property. Catastrophe is defined as a calamitous event bringing damage, loss, or destruction resulting from a single occurrence requiring an AFE to restore the Joint Property to the equivalent condition that existed prior to the event causing the damage. |
RTC Cost Component | COPAS 1995 | COPAS 1998
--- | --- | ---
To compensate the Operator for overhead costs incurred in connection with Major Construction and Catastrophes, the Operator shall either negotiate a rate prior to beginning the work or shall charge the Joint Account for overhead based on the following rates:

If the Operator does not charge the engineering, design, and drafting costs related to a Major Construction or Catastrophe project AFE to a separate Project Team AFE, the Operator shall charge the following rates:

If the Operator absorbs engineering, design, and drafting costs related to the project, the overhead assessment shall be percent (%) of total project costs.

If the Operator charges engineering, design, and drafting costs related to the project directly to the Joint Account, the overhead assessment shall be percent (%) of total project costs.

For calculating Major Construction overhead, the cost of drilling and workover wells shall be excluded. For calculating Catastrophe overhead the cost of drilling relief wells, substitute wells, or conducting other well operations resulting from the catastrophic event shall be included. Expenditures to which these rates apply shall not be reduced by insurance recoveries. Overhead assessed under the Major Construction and Catastrophe provisions shall be in lieu of all other overhead provisions. In the event of any conflict between the provisions of this paragraph and the provisions of Section II, Paragraphs 2 and 5, the provisions of this paragraph shall govern. Total project costs shall exclude Project Team costs if recorded to a separate Project Team AFE and overhead is charged on Project Team costs pursuant to Section III, Paragraph 1.

Affiliate Provided

**Section I.6 - Affiliates**

Charges to the Joint Account for any services or Materials provided by an Affiliate shall not exceed average commercial rates for such services or Materials.

Unless otherwise indicated below, Affiliates performing services or providing Materials for Joint Operations shall provide the Operator with written agreement to make their records relating to the work performed for the Joint Account available for audit upon request by a Non-Operator under this accounting procedure. These records shall include, but not be limited to, invoices, field work tickets, equipment use records, employee time reports, and payroll summaries relating to the work performed for the Joint Account. All audits will be conducted pursuant to Section I, Paragraph 5.

_The Parties agree that records relating to the work performed by Affiliates will not be made available for audit._

Charges to the Joint Account for any services or Materials provided by an Affiliate shall be at the Operator’s cost not to exceed average commercial rates. Unless noted otherwise, the Non-Operator(s) should be provided audit rights to the Affiliate’s accounting records sufficient to enable them to verify the validity of the charge(s) from the Affiliate. In the event audit rights are not extended to the Non-Operator(s), it is expected the Operator will make every attempt to obtain sufficient...
<table>
<thead>
<tr>
<th>RTC Cost Component</th>
<th>COPAS 1995</th>
<th>COPAS 1998</th>
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<tbody>
<tr>
<td>evidentiary</td>
<td>supporting documentation from its Affiliate to substantiate any such</td>
<td>operations, which shall include only those costs that would be chargeable</td>
</tr>
<tr>
<td></td>
<td>charges to the Joint Account.</td>
<td>if furnished by the Operator pursuant to Section II, Paragraph 6.B.</td>
</tr>
<tr>
<td></td>
<td>Whether or not audit rights are extended to the Non-Operator(s), charges</td>
<td>Charges to the Joint Account for any Materials, facilities, or services</td>
</tr>
<tr>
<td></td>
<td>to the Joint Account are not to exceed average commercial rates for</td>
<td>provided by an Affiliate shall not exceed average commercial rates, when</td>
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<td>such services or Materials. The Operator’s decision to use services or</td>
<td>such rates are available. In the event a Party determines such charges to</td>
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<td></td>
<td>Materials provided by its Affiliate is expected to be as economically</td>
<td>be excessive compared with third-party rates, that Party must substantiate</td>
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<td>viable to the Non-Operator(s) as to the Operator. If an Operator elects</td>
<td>that such charges exceed average commercial rates and shall provide</td>
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<td>to use services or Materials provided by its Affiliate, it must be</td>
<td>sufficient documentation to support all such claims in accordance with</td>
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<td>prepared to substantiate that such charges do not exceed average</td>
<td>Section I, Paragraph 5.</td>
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<td>commercial rates by maintaining documentation of competitive bids or</td>
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<td>other appropriate support.</td>
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<td>Challenges by the Non-Operator(s) as to whether such charges exceed</td>
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<td>average commercial rates must be supported with appropriate factual data</td>
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<td>operations, which</td>
<td>shall include only those costs that would be chargeable if furnished by</td>
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<td>shall include</td>
<td>the Operator pursuant to Section II, Paragraph 6.B.</td>
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<td>only those costs</td>
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<td>that would be</td>
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<td>chargeable if</td>
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<td>furnishedices the</td>
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<td>Operator pursuant</td>
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<td>to Section II,</td>
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<td>Paragraph 6.B.</td>
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<tr>
<td>Other</td>
<td>Section II.1. FIXED RATE</td>
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<td>A fixed rate of $_____ per month per active well</td>
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<td>Active wells are those wells that qualify for a producing overhead</td>
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<td>charge as specified in Section V, Paragraph 1.A.(3) of this procedure.</td>
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<td>The fixed rate will compensate the Operator for all costs applicable</td>
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<td>to Joint Operations except for royalties, ad valorem taxes, and</td>
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<td>production/severance taxes paid by the Operator for the Joint Operations</td>
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<td>and except downhole well work, Controllable Material, and all projects</td>
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<td>that qualify for drilling, construction, and/or catastrophe overhead</td>
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<td>as specified in Section V of this procedure. These exception costs shall</td>
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<td>be charged as specified in Sections III, IV, and V of this procedure.</td>
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<td>Section II.2. COSTS</td>
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<td></td>
<td>Costs as specified in Sections III, IV, and V of this procedure</td>
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<tr>
<td>RTC Cost Component</td>
<td>COPAS 2005</td>
<td>COPAS Deepwater</td>
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<tr>
<td>Facility, Equipment</td>
<td>Section II.6, EQUIPMENT AND FACILITIES FURNISHED BY OPERATOR In the absence of a separately negotiated agreement, equipment and facilities furnished by the Operator will be charged as follows: A. Operator shall charge the Joint Account for use of Operator-owned equipment and facilities, including but not limited to production facilities, Shore Base Facilities, Offshore Facilities, and Field Offices, at rates commensurate with the costs of ownership and operation. The cost of Field Offices shall be chargeable to the extent the Field Offices provide direct service to personnel who are chargeable pursuant to Section II.2.A (Labor). Such rates may include labor, maintenance, repairs, other operating expense, insurance, taxes, depreciation using straight line depreciation method, and interest on gross investment less accumulated depreciation not to exceed ______ percent (___%) per annum; provided, however, depreciation shall not be charged when the equipment and facilities investment have been fully depreciated. The rate may include an element of the estimated cost for abandonment, reclamation, and dismantlement. Such rates shall not exceed the average commercial rates currently prevailing in the immediate area of the Joint Property. B. In lieu of charges in Section II.6.A above, the Operator may elect to use average commercial rates prevailing in the immediate area of the Joint Property, less twenty percent (20%). If equipment and facilities are charged under this Section II.6.B, the Operator shall adequately document and support commercial rates and shall periodically review and update the rate and the supporting documentation. For automotive equipment, the Operator may elect to use rates published by the Petroleum Motor Transport Association (PMTA) or such other organization recognized by COPAS as the official source of rates.</td>
<td>Section II.6 (Equipment and Facilities Furnished by Parties, Affiliates) “Operator shall charge the Joint Account for use of equipment and facilities which are owned in whole or in part by a Party or its Affiliates, and used to conduct Joint Operations, including, but not limited to, Shore Base Facilities, Offshore Facilities, Remote Technology Centers, warehouses used to store Joint Property, Operations Offices and other facilities used to conduct Joint Operations; provided, however, the cost of Operations Offices shall be chargeable only to the extent the Operations Offices provide direct service to personnel who are chargeable pursuant to Sections II.2.A (Labor), Section II.5 (Services) or Section II.7 (Affiliate Services), as applicable.”</td>
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</tbody>
</table>

| Communication, Technology | Section II.12, COMMUNICATIONS Costs of acquiring, leasing, installing, operating, repairing, maintaining communication facilities or systems including satellite, radio and microwave facilities, between the Joint Property and the Operator’s office(s) directly responsible for field operations in accordance with the provisions of COPAS MF1-44, Field Computer and Communication Systems. If the communications facilities or systems serving the Joint Property are Operator-owned, charges to the Joint Account shall be made as provided in Section II.6 (Equipment and Facilities Furnished by Operator). If the communication facilities or systems serving the Joint Property are owned by the Operator’s Affiliate, charges to the Joint Account shall not exceed average commercial rates prevailing in the area of the Joint Property. The Operator shall adequately document and support commercial rates and shall periodically review and update the rate and the supporting documentation. | Section II.6 (Equipment and Facilities Furnished by Parties, Affiliates) “The costs of purchasing, installing, operating, repairing, maintaining, dismantling, and abandoning communication facilities or systems, including satellite, radio and microwave facilities, and fiber optics cable systems, directly supporting Joint Operations shall be charged under this Section II.6, regardless of whether wholly or partially owned by a Party or its Affiliate. The costs of purchasing, installing, operating, repairing, maintaining, dismantling, and abandoning computer systems, including hardware, software and data storage directly supporting Joint Operations shall be charged under this Section II.6, regardless of whether wholly or partially owned by a Party or its Affiliate.” |

<p>| Labor | Operator | Section II.2, LABOR | Section II.2 (Labor) |</p>
<table>
<thead>
<tr>
<th>RTC Cost Component</th>
<th>COPAS 2005</th>
<th>COPAS Deepwater</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Salaries and wages, including incentive compensation programs as set forth in COPAS MFI-37</strong> (Chargeability of Incentive Compensation Programs), for:</td>
<td><strong>A. Salaries and wages, including incentive compensation programs, for:</strong></td>
<td><strong>(1) Feasibility Team and Project Team</strong> Employees of the Operator and Non-Operator, including secondees, assigned to a Feasibility Team or Project Team on a full-time or part-time basis shall be charged directly to the Joint Account. Personnel assigned to a Feasibility Team or Project Team on a part-time basis shall be charged to the Joint Account based on actual time worked. Employees not assigned to a Feasibility Team or Project Team but providing Technical Services and working under the direction of a Feasibility Team or Project Team shall be charged to the Joint Account based on actual time worked. Charges for contractor and Affiliate personnel assigned to or working at the direction of a Feasibility Team or Project Team are governed by Section II.5 (Services) or Section II.7 (Affiliate Services), as applicable.</td>
</tr>
<tr>
<td>(1) Operator’s field employees directly employed On-site in the conduct of Joint Operations,</td>
<td><strong>(1) Field employees directly employed in the conduct of Joint Operations:</strong></td>
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<tr>
<td>(2) Operator’s employees directly employed on Shore Base Facilities, Offshore Facilities, or other facilities serving the Joint Property if such costs are not charged under Section II.6 (Equipment and Facilities Furnished by Operator) or are not a function covered under Section III (Overhead),</td>
<td>(ii) employees providing First Level Supervision,</td>
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<td>(3) Operator’s employees providing First Level Supervision,</td>
<td>(iii) employees providing Technical Services in the conduct of Joint Operations, and</td>
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<tr>
<td>(4) Operator’s employees providing On-site Technical Services for the Joint Property if such charges are excluded from the overhead rates in Section III (Overhead),</td>
<td>(iv) other employees directly employed On-site in the conduct of Joint Operations if such costs are not included in rates charged under Section II.6 (Equipment and Facilities Furnished by Parties, Affiliates) and are not a function covered under Section III (Overhead).”</td>
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<tr>
<td>(5) Operator’s employees providing Off-site Technical Services for the Joint Property if such charges are excluded from the overhead rates in Section III (Overhead).</td>
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</table>

**Third Party**

**Section II.5, SERVICES**

The cost of contract services, equipment, and utilities used in the conduct of Joint Operations, except for contract services, equipment, and utilities covered by Section III (Overhead), or Section II.7 (Affiliates), or excluded under Section II.9 (Legal Expense). Awards paid to contractors shall be chargeable pursuant to COPAS MFI-49, “Awards to Employees and Contractors”.

The costs of third party Technical Services are chargeable to the extent excluded from the overhead rates under Section III (Overhead).

**Section II.5, SERVICES**

The cost of services provided by third parties, including Technical Services provided in the conduct of Joint Operations, but excluding services covered by Section II.7 (Affiliate Services), Section II.9 (Legal Expense), or Section III (Overhead). The cost of awards to third parties shall be chargeable to the Joint Account (i) if such third parties are chargeable under this Section II.5, and (ii) to the extent such awards pertain to services provided for activities or operations conducted under the Agreement. The cost of operational, technical, HSE or government-mandated training shall be chargeable to the Joint Account, for third parties who are chargeable under this Section II.5.
### RTC Cost Component

**Technical Personnel (Operator and Third Party)**

### Section III.1. OVERHEAD—DRILLING AND PRODUCING OPERATIONS

As compensation for costs incurred but not chargeable under Section II (Direct Charges) and not covered by other provisions of this Section III, the Operator shall charge on either:

- **(Alternative 1)** Fixed Rate Basis, Section III.1.B.
- **(Alternative 2)** Percentage Basis, Section III.1.C.

#### A. Technical Services

(i) Except as otherwise provided in Section II.13 (Ecological Environmental, and Safety) and Section III.2 (Overhead – Major Construction and Catastrophe), or by approval of the Parties pursuant to Section I.6.A (General Matters), the salaries, wages, related payroll burdens and benefits, and Personal Expenses for **On-site** Technical Services, including third party Technical Services:

- ☐ **(Alternative 1 – Direct)** shall be charged **direct** to the Joint Account.
- ☐ **(Alternative 2 – Overhead)** shall be covered by the **overhead** rates.

(ii) Except as otherwise provided in Section II.13 (Ecological, Environmental, and Safety) and Section III.2 (Overhead – Major Construction and Catastrophe), or by approval of the Parties pursuant to Section I.6.A (General Matters), the salaries, wages, related payroll burdens and benefits, and Personal Expenses for **Off-site** Technical Services, including third party Technical Services:

- ☐ **(Alternative 1 – All Overhead)** shall be covered by the **overhead** rates.
- ☐ **(Alternative 2 – All Direct)** shall be charged **direct** to the Joint Account.
- ☐ **(Alternative 3 – Drilling Direct)** shall be charged **direct** to the Joint Account, only to the extent such Technical Services are directly attributable to drilling, redrilling, deepening, or sidetracking operations, through completion, temporary abandonment, or abandonment if a dry hole. Off-site Technical Services for all other operations, including workover, recompletion, abandonment of producing wells, and the construction or expansion of fixed assets not covered by Section III.2 (Overhead - Major Construction and Catastrophe) shall be covered by the **overhead** rates.

### Section III – Overhead

As compensation for costs not specifically identified as chargeable to the Joint Account pursuant to Section II (Direct Charges), the Operator shall charge the Joint Account in accordance with this Section III. The Parties specifically recognize that functions described in this Section III shall be directly chargeable when performed by personnel assigned to a Feasibility Team or Project Team and within the scope of work, as approved by the Parties under the Agreement. Functions compensated by the overhead rates regardless of whether they are performed by the Operator, Operator’s Affiliates, or third parties and regardless of location, include, but are not limited to, the following:

(For the list of functions considered covered by overhead, reference specific language in model form)

Overhead charges are compensation for all costs and expenses associated with such functions, including the salaries or wages plus applicable payroll burdens, benefits, and Personal Expenses of personnel performing such functions, as well as their office and other support costs.

### COPAS 2005

### COPAS Deepwater

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<thead>
<tr>
<th>RTC Cost Component</th>
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<tbody>
<tr>
<td>Technical Personnel (Operator and Third Party)</td>
<td>Section III.1. OVERHEAD—DRILLING AND PRODUCING OPERATIONS</td>
<td>Section III – OVERHEAD—MAJOR CONSTRUCTION AND CATASTROPHE</td>
</tr>
<tr>
<td>As compensation for costs incurred but not chargeable under Section II (Direct Charges) and not covered by other provisions of this Section III, the Operator shall charge on either:</td>
<td>To compensate the Operator for overhead costs incurred in connection with a Major Construction project or Catastrophe, the Operator shall either negotiate a rate prior to the beginning of the project, or shall charge the Joint Account for overhead based on the following rates for any Major Construction project in excess of the Operator’s expenditure limit under the Agreement, or for any Catastrophe regardless of the amount. If the Agreement to which this Accounting Procedure is attached does not contain an expenditure limit, Major Construction Overhead shall be assessed for any single Major Construction project costing in excess of $100,000 gross.</td>
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<td>- <strong>(Alternative 1)</strong> Fixed Rate Basis, Section III.1.B.</td>
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<td>Major Construction shall mean the construction and installation of fixed assets, the expansion of fixed assets, and any other project clearly discernible as a</td>
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<td>- <strong>(Alternative 2)</strong> Percentage Basis, Section III.1.C.</td>
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<tr>
<td>A. Technical Services</td>
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<tr>
<td>(i) Except as otherwise provided in Section II.13 (Ecological Environmental, and Safety) and Section III.2 (Overhead – Major Construction and Catastrophe), or by approval of the Parties pursuant to Section I.6.A (General Matters), the salaries, wages, related payroll burdens and benefits, and Personal Expenses for <strong>On-site</strong> Technical Services, including third party Technical Services:</td>
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<tr>
<td>- ☐ <strong>(Alternative 1 – Direct)</strong> shall be charged <strong>direct</strong> to the Joint Account.</td>
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<tr>
<td>- ☐ <strong>(Alternative 2 – Overhead)</strong> shall be covered by the <strong>overhead</strong> rates.</td>
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<tr>
<td>(ii) Except as otherwise provided in Section II.13 (Ecological, Environmental, and Safety) and Section III.2 (Overhead – Major Construction and Catastrophe), or by approval of the Parties pursuant to Section I.6.A (General Matters), the salaries, wages, related payroll burdens and benefits, and Personal Expenses for <strong>Off-site</strong> Technical Services, including third party Technical Services:</td>
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<tr>
<td>- ☐ <strong>(Alternative 1 – All Overhead)</strong> shall be covered by the <strong>overhead</strong> rates.</td>
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<tr>
<td>- ☐ <strong>(Alternative 2 – All Direct)</strong> shall be charged <strong>direct</strong> to the Joint Account.</td>
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<tr>
<td>- ☐ <strong>(Alternative 3 – Drilling Direct)</strong> shall be charged <strong>direct</strong> to the Joint Account, only to the extent such Technical Services are directly attributable to drilling, redrilling, deepening, or sidetracking operations, through completion, temporary abandonment, or abandonment if a dry hole. Off-site Technical Services for all other operations, including workover, recompletion, abandonment of producing wells, and the construction or expansion of fixed assets not covered by Section III.2 (Overhead - Major Construction and Catastrophe) shall be covered by the <strong>overhead</strong> rates.</td>
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### 2. OVERHEAD—MAJOR CONSTRUCTION AND CATASTROPHE

To compensate the Operator for overhead costs incurred in connection with a Major Construction project or Catastrophe, the Operator shall either negotiate a rate prior to the beginning of the project, or shall charge the Joint Account for overhead based on the following rates for any Major Construction project in excess of the Operator’s expenditure limit under the Agreement, or for any Catastrophe regardless of the amount. If the Agreement to which this Accounting Procedure is attached does not contain an expenditure limit, Major Construction Overhead shall be assessed for any single Major Construction project costing in excess of $100,000 gross.

Major Construction shall mean the construction and installation of fixed assets, the expansion of fixed assets, and any other project clearly discernible as a
RTC Cost Component  COPAS 2005  COPAS Deepwater

fixed asset required for the development and operation of the Joint Property, or in the dismantlement, abandonment, removal, and restoration of platforms, production equipment, and other operating facilities. Catastrophe is defined as a sudden calamitous event bringing damage, loss, or destruction to property or the environment, such as an oil spill, blowout, explosion, fire, storm, hurricane, or other disaster. The overhead rate shall be applied to those costs necessary to restore the Joint Property to the equivalent condition that existed prior to the event.

B. If the Operator charges engineering, design and drafting costs related to the project directly to the Joint Account:

(1) ____% of total costs if such costs are less than $100,000; plus
(2) ____% of total costs in excess of $100,000 but less than $1,000,000; plus
(3) ____% of total costs in excess of $1,000,000.

Total cost shall mean the gross cost of any one project. For the purpose of this paragraph, the component parts of a single Major Construction project shall not be treated separately, and the cost of drilling and workover wells and purchasing and installing pumping units and downhole artificial lift equipment shall be excluded. For Catastrophes, the rates shall be applied to all costs associated with each single occurrence or event.

On each project, the Operator shall advise the Non-Operator(s) in advance which of the above options shall apply.

II.7. AFFILIATES

A. Charges for an Affiliate’s goods and/or services used in operations requiring an AFE or other authorization from the Non-Operators may be made without the approval of the Parties provided (i) the Affiliate is identified and the Affiliate goods and services are specifically detailed in the approved AFE or other authorization, and (ii) the total costs for such Affiliate’s goods and services billed to such individual project do not exceed $_______. If the total costs for an Affiliate’s goods and services charged to such individual project are not specifically detailed in the approved AFE or authorization or exceed such amount, charges for such Affiliate shall require approval of the Parties, pursuant to Section I.6.A (General Matters).

B. For an Affiliate’s goods and/or services used in operations not requiring an AFE or other authorization from the Non-Operators, charges for such Affiliate’s goods and services shall require approval of the Parties, pursuant to Section I.6.A (General Matters), if the charges exceed $______ in a given calendar year.

C. The cost of the Affiliate’s goods or services shall not exceed average commercial rates prevailing in the area of the Joint Property, unless the Operator obtains the Non-Operators’ approval of such rates. The Operator shall adequately document and support commercial rates and shall periodically review and update the rate and the supporting documentation; provided, however, documentation of commercial rates shall not be required if the Operator obtains Non-Operator approval of its Affiliate’s rates or charges prior to billing Non-

II.7. AFFILIATE SERVICES

Affiliate services provided for the Joint Operations shall be charged to the Joint Account under this Section II.7.

A. Affiliate Costs Associated with a Project

This Section II.7.A applies to charges for services of any Affiliate employees:

i. assigned to a Feasibility Team or Project Team on a full-time or part-time basis; or

ii. not assigned to a Feasibility Team or Project Team but providing Technical Services and working under the direction of the Feasibility Team or Project Team; or

iii. engaged in an activity or operation costing in excess of the Operator’s expenditure limit in the Agreement, and requiring approval under the Agreement, or an activity or operation that costs in excess of such expenditure limit and would require approval were it not for the discretionary authority granted the Operator under the Agreement, provided the Affiliate employee is not performing functions covered by Section III (Overhead).

A Party wanting to provide Affiliate services for Joint Operations shall notify the other Parties, prior to using its Affiliate, of (i) the name of the Affiliate and services to be provided by it, and (ii) the costs, rates or basis for charges by such Affiliate; provided, however, prior notification shall not be required to use Affiliate services in emergency situations that pose an imminent threat to life, safety, property or the environment. Subject to Section II.7.C, Affiliate services shall be charged using either of the following methods:
Operators for such Affiliate’s goods and services. Notwithstanding the foregoing, direct charges for Affiliate-owned communication facilities or systems shall be made pursuant to Section II.12 (Communications).

If the Parties fail to designate an amount in Sections II.7.A or II.7.B, in each instance the amount deemed adopted by the Parties as a result of such omission shall be the amount established as the Operator’s expenditure limitation in the Agreement. If the Agreement does not contain an Operator’s expenditure limitation, the amount deemed adopted by the Parties as a result of such omission shall be zero dollars ($0.00).

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<td>Operators for such Affiliate’s goods and services. Notwithstanding the foregoing, direct charges for Affiliate-owned communication facilities or systems shall be made pursuant to Section II.12 (Communications). If the Parties fail to designate an amount in Sections II.7.A or II.7.B, in each instance the amount deemed adopted by the Parties as a result of such omission shall be the amount established as the Operator’s expenditure limitation in the Agreement. If the Agreement does not contain an Operator’s expenditure limitation, the amount deemed adopted by the Parties as a result of such omission shall be zero dollars ($0.00).</td>
<td>COPAS 2005</td>
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</table>

1. Cost Basis
Affiliate services shall be charged to the Joint Account as charged by the Affiliate to the Party providing such Affiliate services (“Cost Basis”), subject to Section II.7.D (Affiliate Cost Limitations). Cost Basis rates may include, but are not limited to, the Affiliate employee’s salaries and wages, payroll burden and benefits, office, computer, and other support costs.

2. Negotiated Rate Basis
Affiliate services shall be charged to the Joint Account at rates approved by the Parties pursuant to Section I.6 (Approval by Parties). If the Parties are unable to agree upon a rate, the Parties shall use the Cost Basis. As part of the approval under Section I.6, the Parties shall determine the period such Affiliate rates shall remain in effect and the method and frequency of any rate adjustments, if applicable. If the Parties agree on a rate, but are unable to agree upon a method for adjusting the rate, such rate shall be adjusted annually, on the first day of April each year following the effective date of such rates. The adjusted rate shall be the rate originally agreed to by the Parties, increased or decreased, cumulatively, by the overhead adjustment factors published by COPAS for each year following the effective date of the rate.

If the rates are determined to be insufficient or excessive, any Party may request adjustments to an Affiliate’s rates at any time it deems appropriate, but the rates shall not be adjusted more than once per year for a given Affiliate. The Parties shall respond to proposals to revise the Affiliate rates within the time prescribed in the Agreement for general voting matters. Approval of a proposed Affiliate’s rates and any requested adjustments shall be determined in accordance with the provisions of Section I.6 (Approval by Parties) and shall not be unreasonably withheld by the Parties.

B. Affiliate Costs not Associated with a Project
Charges for Affiliate services not associated with a project under Section II.7.A, and not a function covered by Section III (Overhead), may be made without the approval of the Parties, provided that the total charges for such Affiliate’s services do not exceed dollars ($ ) per annum. Charges exceeding this threshold shall require approval of the Parties pursuant to Section I.6.A (General Matters). In the case of Affiliate services that are below the threshold in this Section II.7.B, the basis of the charges shall be on the Cost Basis, unless otherwise agreed to by the Parties. If the Parties fail to designate an amount in this Section II.7.B, the amount deemed adopted by the Parties as a result of such omission shall be the amount established as the Operator’s expenditure limit in the Agreement.

C. Affiliate Charges – Other Provisions
Affiliate employee charges related to Personal Expenses, training, and awards shall be made in the same manner as provided for employees in Sections II.2.D, II.2.E, and II.2.G.

If an Affiliate acquires Material for activities or operations conducted under the Agreement, charges for such Material shall be made in accordance with
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<td>Section IV (Material Purchases, Transfers and Dispositions), and shall not include any mark-up or purchasing fee for the Affiliate unless approved by the other Parties pursuant to Section I.6 (Approval by Parties).</td>
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<tr>
<td>Third-party contract services provided by an Affiliate shall be charged pursuant to Section II.5 (Services), and shall not include any mark-up or purchasing fee for the Affiliate unless approved by the other Parties pursuant to Section I.6 (Approval by Parties).</td>
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<td>An Affiliate’s services to handle an emergency shall be charged at the same rate agreed to by the Parties for such Affiliate immediately prior to the occurrence of the emergency. If the Parties did not establish a rate for the Affiliate prior to the emergency, such Affiliate’s services shall be charged using the Cost Basis, pursuant to Section II.7.A.</td>
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<tr>
<td>Other</td>
<td>Section II.13. ECOLOGICAL, ENVIRONMENTAL, AND SAFETY</td>
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<tr>
<td>Costs incurred for Technical Services and drafting to comply with ecological, environmental or safety Laws or standards recommended by Occupational Safety and Health Administration (OSHA) or other regulatory authorities. All other labor and functions incurred for ecological, environmental and safety matters, including, management, administration, and permitting, shall be covered by Sections II.2 (Labor), II.5 (Services), or Section III (Overhead), as applicable.</td>
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<td>Costs to provide or have available pollution containment and removal equipment plus actual costs of control and cleanup and resulting responsibilities of oil and other spills as well as discharges from permitted outfalls as required by applicable Laws, or other pollution containment and removal equipment deemed appropriate by the Operator for prudent operations, are directly chargeable.</td>
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<td>Costs incurred to comply with ecological, environmental and safety Laws or standards issued by regulatory authorities having jurisdiction, provided such costs are not considered overhead under Section III (Overhead). All labor costs incurred for ecological, environmental and safety matters, including management, administration, and permitting, shall be governed by Sections II.2 (Labor), II.5 (Services), II.7 (Affiliate Services), or Section III (Overhead), as applicable.</td>
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<td>Costs to provide or have available well containment, pollution containment and removal equipment plus actual costs of control and cleanup and resulting responsibilities of oil and other spills as well as discharges from permitted outfalls as required by applicable Laws, or other well containment, pollution containment and removal equipment deemed appropriate by the Operator for prudent operations, are directly chargeable, subject to the liability and indemnity provisions of the Agreement.</td>
<td></td>
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</tbody>
</table>
DATE: July 13, 2020

TO: COPAS Board of Directors, Standing and Special Committee Chairpersons, Society Presidents, Council Representatives and COPAS Members

FROM: 2020 COPAS Nominating Committee

RE: Candidates for the COPAS Board of Directors (2021 - 2023)

The Council will elect three directors at the Fall Meeting in St. Petersburg, Florida, to serve three-year terms beginning January 1, 2021. The 2020 Nominating Committee reviewed the qualifications of the following individuals and determined they are in good standing with their societies and meet all other COPAS Bylaws requirements to be members of the COPAS Board of Directors. In addition, election of any three will not cause a conflict with Bylaws Article III, Paragraph D, stipulating no society or company may have more than two directors.

The 2019 Nominating Committee is pleased to present its slate of candidates.

<table>
<thead>
<tr>
<th>Nominee</th>
<th>Company</th>
<th>Society</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kirk Foreman</td>
<td>EOG Resources</td>
<td>San Antonio</td>
</tr>
<tr>
<td>Melissa Gruenewald</td>
<td>Self Employed</td>
<td>Oklahoma City</td>
</tr>
<tr>
<td>Rebecca Paris</td>
<td>WPX Energy</td>
<td>Tulsa</td>
</tr>
</tbody>
</table>

Each candidate’s biography, COPAS experience, and ideas and vision for COPAS are included with this notice.

These director positions are currently held by:

- Melissa Gruenewald – Oklahoma City
- Tammy Miller-Davison - Colorado
- Vacancy created by the resignation of Trey Thee - Tulsa

COPAS Bylaws Article IV, Paragraph F, allows societies to nominate others for election to the Board of Directors by submitting a nominee’s name to Participating Societies and Council Representatives at least 30 days prior to the September 25, 2020, Council Meeting. Please review the Bylaws for details.
Here is a complete list of the current COPAS Board members, their companies and societies, and their terms.

<table>
<thead>
<tr>
<th>Director</th>
<th>Company</th>
<th>Society</th>
<th>Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wade Hopper</td>
<td>Chevron USA, Inc.</td>
<td>Houston</td>
<td>Ex-Officio 2020</td>
</tr>
<tr>
<td>Tammy Miller-Davison</td>
<td>Ovintiv Inc.</td>
<td>Colorado</td>
<td>2018 – 2020</td>
</tr>
<tr>
<td>Melissa Gruenewald</td>
<td>Self Employed</td>
<td>Oklahoma City</td>
<td>2018 – 2020</td>
</tr>
<tr>
<td>Vacancy</td>
<td></td>
<td></td>
<td>2018 – 2020</td>
</tr>
<tr>
<td>Craig Buck</td>
<td>Martindale Consultants</td>
<td>Oklahoma City</td>
<td>2019 – 2021</td>
</tr>
<tr>
<td>Dalin Error</td>
<td>Petroleum Comptroller Services</td>
<td>Houston</td>
<td>2019 – 2021</td>
</tr>
<tr>
<td>Kim Peyton</td>
<td>Peyton &amp; Company</td>
<td>Mississippi</td>
<td>2019 – 2021</td>
</tr>
<tr>
<td>Tom Batsche</td>
<td>Talos Energy</td>
<td>Houston</td>
<td>2020 – 2022</td>
</tr>
<tr>
<td>Kevin Launchbaugh</td>
<td>Gas Equities</td>
<td>Tulsa</td>
<td>2020 – 2022</td>
</tr>
<tr>
<td>Carolyn Sczepanski</td>
<td>AMS-PAR Consultants</td>
<td>Dallas</td>
<td>2020 – 2022</td>
</tr>
</tbody>
</table>

The Nominating Committee members’ names and contact information are listed below. Please feel free to contact any of us if you have any questions or need additional information.

Wade Hopper – Committee Chair
Houston
wadehopper@chevron.com
(713) 805-7234

Doug Smith
Oklahoma - Tulsa
Douglas.F.Smith@conocophillips.com
(918) 661-5740

Deanna Duell
Colorado
dduell@BKD.com
(720) 279-5658

Rebecca Paris
Oklahoma - Tulsa
rebeccaparis@wpenergy.com
(539) 573-1296

Sincerely,

L. Wade Hopper
L. Wade Hopper
2020 Nominating Committee Chair
Candidate
Board of Directors
2021–2023

Kirk
Foreman
San Antonio
Society
INFORMATION FORM FOR COPAS BOARD OF DIRECTORS NOMINATION

Please consider Kirk Foreman of the San Antonio Society as a nominee for the COPAS Board of Directors for the three-year term 2021-2023. The requested information on this nominee is listed below.

Personal History: I was born in Southeast Texas in a small town called Groves. I attended Lamar University in Beaumont and then transferred to University of Texas Arlington and graduated with a BBA in Accounting in 1989. I received my CPA in 2002. My hobbies are cycling, hunting, swimming, wood working, and reading.

Industry Experience and Affiliation: I've worked in the Oil & Gas industry for approximately 31 years. I began my career in 1990 working in the audit department for Union Pacific Resources (UPR) in Fort Worth, TX. I worked for UPR for 10 years until Anadarko Petroleum bought the company in 2000. I was fortunate to find another job at Burlington Resources (BR) located right down the road from UPR's office. I worked in the revenue department for BR for seven years until ConocoPhillips bought the company in 2007. I again was fortunate to find my third Oil & Gas job working for EOG Resources located right down the road from BR. After eight years of working for EOG in our Fort Worth division operations accounting office, I was transferred to San Antonio to work in our Eagle Ford division operations accounting group. I've now been in San Antonio for five years where I am the Accounting Manager for LOE, Frac Sand and Lease Accounting.

Society Experience and Participation: I have been a member of COPAS for 25 years. I served as President for the Petroleum Accountants Society of Ft Worth in 2003. I currently serve as the President and Treasurer of the Petroleum Accountants Society of San Antonio. I am also the Chair of San Antonio Joint Interest Committee.

COPAS Experience and Participation: I have kept my focus on the local level of COPAS and therefore have not been involved with committees on a national level.

One of the challenges facing COPAS is how to improve membership numbers and engagement as we face retirements and a lack of new leadership at the local society level and nationally. Please share your ideas on ways to achieve this initiative successfully.

Another challenge facing our organization is how to promote and enhance our educational offerings and the APA® program to pass on the institutional knowledge to our industry colleagues. Please provide your ideas on how COPAS can best reach petroleum accountants and provide the right education in the best delivery method possible.

P.O. Box 21272 • Wichita, Kansas 67208-7272 303-300-1131 • fax 303-300-3733 • www.copas.org

THE source of business and accounting solutions for the energy industry
I believe the APA Program has been significantly improved over the past 5 years. I believe the educational webinars have helped promote oil and gas accounting education and have assisted in marketing the APA Program. I believe our current path has been very effective and should continue. At one of our national conferences we need to debate the advantages of being an APA instead of being a CPA.

If elected to the Board of Directors, please share one key initiative you would submit to the Board of Directors for consideration during your term. The oil and gas industry is rapidly changing. I would propose a Think Tank Committee to come up with ideas on how COPAS can keep up with the rapid changes in the industry.

Other Comments:

Thank you,

By: Jami Pohl
PAASA Secretary
Candidate
Board of Directors
2021–2023

Melissa
Gruenewald
Oklahoma City Society
INFORMATION FORM FOR COPAS BOARD OF DIRECTORS NOMINATION

Please consider Melissa Gruenewald of the Oklahoma City Society as a nominee for the COPAS Board of Directors for the three-year term 2021-2023. The requested information on this nominee is listed below.

Personal History:
Melissa was born and raised in Central Illinois. She attended Southern Nazarene University and received a degree in Accounting. She has a Master’s in Accounting from Devry University. She is currently a Certified Public Accountant, Certified Management Accountant, and Accredited Petroleum Accountant. She has been married for 24 years and has four children, two girls and two boys.

Industry Experience and Affiliation:
Melissa has worked in oil and gas accounting for 24 years. She spent 23 years at Chesapeake Energy and over one year at Riley Permian.

Society Experience and Participation:
She has been a member of COPAS OKC since 1999. She served on the board of COPAS OKC for 6 years and was the COPAS OKC President for a year. She has served as the Co-Chair of the Audit Committee for COPAS OKC for the last 8 years.

COPAS Experience and Participation:
Melissa was elected to the COPAS Board of Directors in 2018 as a director and has served as Secretary, Treasurer, and Vice-President. She is currently an APA®.

One of the challenges facing COPAS is how to improve membership numbers and engagement as we face retirements and a lack of new leadership at the local society level and nationally. Please share your ideas on ways to achieve this initiative successfully.

Membership engagement is crucial to the long-term success of COPAS. Local members in societies must feel connected to each other and to the members in other societies. The first way to get people involved is to ask them individually. Some people will respond when there is an open opportunity to serve, but most people will respond when asked individually to help. Then, COPAS leaders must be willing to come alongside and help the newer volunteers. Finally, setting up conference calls or video chats where members from different societies can interact and share ideas will be helpful in making connections.

Another challenge facing our organization is how to promote and enhance our educational offerings and the APA® program to pass on the institutional knowledge to our industry colleagues. Please provide your ideas on how COPAS can best reach petroleum accountants and provide the right education in the best delivery method possible.

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THE source of business and accounting solutions for the energy industry
COPAS has many educational opportunities as well as the APA® certification. COPAS offers most of its educational material online as webinars. COPAS is working toward on-demand educational opportunities which can be taken when the member has time available. COPAS is also working to expand the topics and complexity of its educational offerings. Many people who use the educational offerings are not COPAS members, and COPAS can use that to recruit new members. COPAS is continuing to improve its offerings, and I would continue to support the current initiatives. Additionally, as a recent APA®, I would encourage others to take the exam. It is a great way to learn more about other aspects of the industry with which members may not be familiar, and it is a great test of your working knowledge of the industry.

If elected to the Board of Directors, please share one key initiative you would submit to the Board of Directors for consideration during your term.

Creating connections and mentoring is a passion of mine. The people in COPAS have a wide variety of experiences and backgrounds. Currently, COPAS is active on social media platforms. I would like to see that expand to possibly include photos, blogs, and live events to engage members and non-members. Additionally, I would like to see regular engagement between societies including conference calls or video chats. Engagement at multiple levels is crucial to the long-term success of COPAS.

Other Comments:

I have been honored to serve on the COPAS Board of Directors for the last three years. I am honored to be nominated to serve another term. I look forward to the future of COPAS and how the organization will be shaped in the coming years.

Thank you,

By: ___________________________

Society President
Candidate
Board of Directors
2021–2023

Rebecca
Paris
Tulsa Society
INFORMATION FORM FOR COPAS BOARD OF DIRECTORS NOMINATION

Please consider Rebecca Paris of the PASO-Tulsa Society as a nominee for the COPAS Board of Directors for the three-year term 2021-2023. The requested information on this nominee is listed below.

**Personal History:** I have a Bachelor of Science in Accounting from Oklahoma State University (1999) and Master’s in Business Administration from Southeastern Oklahoma State University (2019). I have been married to my husband, Nathan Paris, for 26 years and we have two sons, Connor and Ian, and a bright shining star of a daughter-in-law, Erin.

**Industry Experience and Affiliation:** I began my career as an Accountant at a small manufacturing company in south Tulsa where I worked for nearly eleven years before hiring on at Williams in October of 2010. It was at Williams where I became familiar with oil and gas accounting, specifically Federal and Indian royalty reporting. I was part of the 2012 split of the exploration and production arm of Williams to WPX Energy, and in September of last year I received my latest promotion to Manager of Accounting over Federal and Indian Royalty Reporting and Williston Revenue.

**Society Experience and Participation:** I have been an active member of PASO since December 2010 attending most lunches and seminars, and several nights out. I worked with other PASO members to start a New Professionals Committee several years ago, and in 2019 I was part of the team who put on the bi-annual PASO Workshop focusing on the BLM and Federal and Indian royalties originally started by Bob Wilkinson. I presented both at the 2019 conference and years earlier at the 2015 seminar.

**COPAS Experience and Participation:** I have just completed 2 ½ years as COPAS Revenue Committee Chair and am proud to have been included in first timer activities for several conferences. I was also able to help out with the 2019 Fall COPAS Meeting in Tulsa.

One of the challenges facing COPAS is how to improve membership numbers and engagement as we face retirements and a lack of new leadership at the local society level and nationally. Please share your ideas on ways to achieve this initiative successfully.

I think we need to be sure that our active members are holding the ladder down, so to speak, to up and coming accountants who are not aware of the impact COPAS can have on their careers and personal success. Much like that of a good manager, our goal as COPAS members should be to lift others up to our level and above knowing that their success is linked to the success of the entire organization.
Another challenge facing our organization is how to promote and enhance our educational offerings and the APA® program to pass on the institutional knowledge to our industry colleagues. Please provide your ideas on how COPAS can best reach petroleum accountants and provide the right education in the best delivery method possible.

I recommend focusing on working with the individual societies to offer education at their monthly meetings, and perhaps coordinate other efforts throughout the year.

**If elected to the Board of Directors, please share one key initiative you would submit to the Board of Directors for consideration during your term.**

I am torn between membership and leadership in this response, but in my mind they are inexorably linked. By providing mentorship to our new members and those who are new to industry, as well as empowering our knowledge base to do the same both formally and as a natural course of business, we will inspire loyalty in our members. Loyalty breeds excitement which makes others take notice.

**Other Comments:** My life path has been varied and unique, never quite fitting into the norm. I think there was a time when I felt this was a detriment to my success, but I know now I am the person I am today because of my out of the box problem solving and bull headed determination that puts me on the path I should be on even when it isn’t the one I was aiming for.

Thank you,

By: __________

_Society President_