



National Oil and Gas Royalty Conference

October 17-18, 2011 / Houston

energy.pdi.org / 800.433.5676

- *IPAA – Challenges Facing Operators and Royalty Owners*
- *Federal and State Tax Changes Affecting Royalty Owners*
- *Fraud Prevention/Detection for Royalty Owners*
- *BOEMRE, BLM, ONRR Updates*
- *Royalty Determination and Operational Issues Related to the Shales*
- *Legislative, Regulatory and Litigation Issues Facing the Industry*
- *IT Systems – Software Trends and Issues*
- *EIA – Short and Long Term Energy Outlooks*

and much more! See inside.

**Institute of
Petroleum
Accounting**

PDI Professional
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12th National Oil and Gas Royalty Conference

JW Marriott Houston

5150 Westheimer
Houston, TX
77056

713.961.1500

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About the National Oil and Gas Royalty Conference

The National Oil and Gas Royalty Conference is recognized by the oil and gas industry, the legal profession, governmental agencies and the accounting profession as the best place to obtain information about rules, regulations, court decisions, activities of various organizations and current practices and developments that assure participants an up-to-date understanding of royalty determination and payment.

Leaders from industry, government, financial institutions, educational institutions, the legal profession, and the accounting profession make available to participants their wealth of knowledge resulting from their years of education, experience and personal contacts. This conference presents a unique opportunity for anyone interested in the determination, payment or receipt of royalties to expand his or her knowledge and skills. The variety of topics assures that each session of the conference provides a valuable learning experience.

For a detailed look at all the topics, read on. Then, take a moment and register today. There are several convenient ways to register. This is a conference that is well worth your time away from the office. Please reserve your seat for the 12th National Oil and Gas Royalty Conference today.

Conference Details

Conference Registration Fee: \$760 per person. (Early registration fee of \$660 must be received by Sept. 23, 2011.) Government fee \$660 per person (\$560 per person if registered by Sept. 23, 2011). The fee includes access to all papers on the PDI website, two continental breakfasts, two luncheons, and a Monday evening reception.

Accommodations: They are not included in your registration fee. For your convenience, the JW Marriott, 5150 Westheimer, Houston, TX 77056, is offering a special conference rate of \$152.00 for single or double occupancy. Limited rooms at the government rate are available. Please present valid government identification at check-in. Reservations must be received on or before September 26, 2011. After this cut-off date, the hotel will determine if it can accept reservations based on "space availability" at the conference group rate. The hotel reserves the right to charge a higher rate for rooms after the cut-off date. To make reservations contact the JW Marriott at 800.228.9290. Mention Professional Development Institute to receive the group rate.

Written Cancellations: The following terms and conditions apply to all registrants, whether pre-paid or invoiced. A participant may receive a full refund by providing to PDI written cancellation 10 or more business days prior to the starting date of the program. No refunds will be granted within 10 business days of the starting date of the program or after the start of the program. Substitutions are accepted at any time up to and including the starting date. PDI may allow you to transfer your registration. If your registration is transferred and you later cancel your registration, only 50% of your registration fee will be refunded. If enrollment is not sufficient to warrant holding the program, PDI reserves the right to cancel. If this occurs, you will receive a full refund. PDI is not responsible for any expenses (such as airline tickets) incurred by registrant due to cancellation.

CPE Credit for Accountants: Up to 16 CPE hours available for accountants. Certificates will be distributed at the conference.

CLE credit has been applied for with the State Bar of Texas and approval is pending.

Conditions: Satisfactory meeting room temperatures are difficult to maintain. Always bring a sweater or a jacket. Please do not use cell phones or pagers during the sessions.

Schedule

MONDAY, OCTOBER 17

8:15 a.m. Welcome and Announcements

8:20-9:25 a.m. Opening General Session
IPAA – Legislative and Regulatory Challenges Facing Operators and Royalty Owners and Other Recent IPAA Initiatives

Ms. Ginsberg will focus on legislative and regulatory developments affecting crude oil and natural gas producers, including the status of rules implementing the Dodd-Frank financial reform legislation.

Susan Ginsberg, Vice President, Crude Oil and Natural Gas Regulatory Affairs, IPAA / Washington, D.C.

9:30-10:35 a.m. General Session

Tax Update – Recent and Proposed Federal Tax Changes Affecting Lease Development and Royalty Determination

U.S. federal income tax incentives that currently benefit certain oil and gas companies (and certain royalty interest holders) continue to be the subject of intense congressional focus. This discussion will analyze the impact of certain provisions of the Fiscal Year 2012 Budget of the U.S. Government to both royalty owners and the oil and gas industry as a whole. This discussion will also cover legislative developments and proposals for offshore leases as well as onshore royalties and certain excise taxes. Finally, this discussion will highlight current transaction trends involving royalty interests.

Susan Thibodeaux, Executive Director, and **Greg Matlock**, Transaction Advisory Services / Houston

10:35-10:50 a.m. Break

10:55-12:00 p.m. General Session

Fraud Prevention/Detection for Royalty Owners – How to Ensure Accurate Royalty Determination and Payment

Mr. Matthews will discuss lawsuits, governmental actions, organization shifts and issues that result from fraud. In addition fraud themes, appropriate measures and areas such as FCPA, mergers, and Joint Ventures and Ponzi schemes will be discussed.

Jeff Matthews, Vice President, CRA Associates / Dallas

12:00-1:25 p.m. Lunch and Presentation

Land Commissioner's Update on Royalty Issues

In his unique style laced with humor Commissioner Patterson will give his take on important issues impacting the monetization of Texas land and resources for oil and gas production, renewable energy generation, protection of the environment and how he insisted on the involvement of stakeholders in the recent modernization of royalty reporting and payment processes at the GLO.

Jerry Patterson, Commissioner, Texas General Land Office / Austin

1:30-2:35 p.m.

CONCURRENT SESSIONS

Unique Royalty Computational Issues Related to Production from the Shales

Each of the large shale plays in the U.S. presents its own share of challenges to operators paying royalties. Unique leases and land situations, legislative and regulatory guidelines, and changing marketing environments present challenges to the revenue accounting process. This presentation focuses on a practical review of royalty payment issues impacting producers in the Barnett-Texas, Fayetteville-Arkansas, Marcellus-West Virginia and Pennsylvania, and Bakken-North Dakota shale plays.

Joni Van Meter, Manager, Revenue Accounting, XTO Energy Inc. / Fort Worth

Changes in State Severance Taxes and Compliance Reporting

This presentation covers 2011 legislation, issues and developments in compliance and/or tax reporting for Alaska, Arkansas, California, Colorado, Louisiana, Montana, New Mexico, North Dakota, Oklahoma, Pennsylvania, Texas, Utah, West Virginia and Wyoming

Wade Hopper, Senior Tax Analyst, Chevron / Houston
Robert Wilkinson, Senior Regulatory Specialist, Conoco Phillips / Bartlesville, OK

2:40-3:45 p.m.

CONCURRENT SESSIONS

IT Systems – Oil and Gas Accounting Software Trends and Issues with a Focus on Royalties

This presentation will focus on current technology trends that support the management of royalties and how to evaluate whether those systems are appropriate for your organization. In addition, common risks and issues that prevent companies from fully realizing the benefits of these applications will be discussed.

Elizabeth Gerbel, CEO, EAG Services, Inc. / Houston

Ten Things Everybody Should Know About A Current Oil and Gas Lease

Everyone needs to have a basic understanding of a modern day oil and gas lease. This is the contract to understand between the lessee (landowner) and the lessor (oil and gas company). Understanding what the key provisions are and what they mean is essential to negotiating favorable terms in the lease. Also, knowing what provisions to fight for and which are standard, affects everything from water rights, to surface damage and to the royalty you will be paid. Come learn the most important parts of an oil and gas lease and arm yourself to negotiate the best lease for you.

Barclay Nicholson, Partner, Fulbright & Jaworski / Houston

3:45-4:00 p.m. Break

4:00-4:55 p.m.

CONCURRENT SESSIONS

Gas Plant Accounting, Measurements, Allocations, Imbalances, Lease Use Provisions

This presentation is an overview of the gas plant accounting process. The two primary disciplines of gas accounting will be covered – physical measurement and contract settlement. Each measurement point is metered and included in the physical allocation process, and gas imbalances are allocated to gathering systems and subsystems. Once the physical measurement process is complete, the commercial settlement process takes place. This process involves applying contract provisions to the results of the physical measurement process. Standard gas processing contracts will also be discussed.

Jim Tallant, CEO, Exigent Information Solutions / Denver

Bureau of Land Management (BLM) – Current Issues with Lease Sales, Permitting, Operations, Production and Reclamation

The Bureau of Land Management is responsible for managing onshore federal and Indian oil and gas rights covering 500 million acres, or about 20% of the land mass of the United States. In addition to leasing and permitting, the BLM is responsible for ensuring that the oil and gas produced from federal and Indian leases is accurately measured and properly reported for royalty purposes. This presentation will focus on BLM requirements for oil and gas measurement, including an overview of agency responsibilities, production and royalty statistics, and an update on the Onshore Orders. Also included will be an update on leasing, permitting, and reclamation policies and requirements.

Richard Estabrook, Petroleum Engineer, BLM / Ukiah, CA

5 p.m. to 6 p.m. Reception

TUESDAY, OCTOBER 18

8:05 a.m. Announcements

8:10-9:15 a.m. General Session

Recent Litigation and Court Cases Affecting Royalty Determination and Payment

Mr. Gastwirth will provide an overview of cases involving royalty determination and payment. This session will also cover lessons learned in litigation and discuss appropriate business practices that may be implemented to minimize future litigation risk.

Seth Gastwirth, Partner, Kirkland & Ellis / Chicago

9:20-10:25 a.m.

CONCURRENT SESSIONS

Operational and Regulatory Aspects of Shale Drilling and Recent Fracturing Issues

This presentation includes an overview of field rules and associated statistics with a focus on shale play areas. Drilling and production volume data for the Eagle Ford fields will be compared to the Barnett Shale including field rules. Geology associated with the Eagle Ford will be discussed. Well casing requirements for freshwater protection, water storage for fracturing and disposal methods such as commercial disposal wells, recycling and reclamation will be discussed. Hydrogen sulfide presence in the Eagle Ford and the high cost gas incentive will also be discussed.

Gil Bujano, Deputy Director of the Oil and Gas Division, Texas RRC / Austin

Bureau of Ocean Energy Management, Regulation & Enforcement (BOEMRE) – Reforms to Strengthen Offshore Energy Management and Regulations

BOEMRE has undergone a major restructuring, splitting into three separate agencies within the Department of the Interior. Mr. Jacobs will discuss how production accountability issues associated with offshore oil and gas production relate to these three newly-formed agencies – the Bureau of Ocean Energy Management (BOEM), the Bureau of Safety and Environmental Enforcement (BSEE), and Office of Natural Resources Revenue (ONRR).

Fred Jacobs, Chief, Production Measurement Section, BOEMRE / New Orleans

10:25-10:45 a.m. Break

10:45-11:50 a.m.

CONCURRENT SESSIONS

Lease to Grease

Mr. Renaud will present an overview of how oil and gas prospects are generated, the role of the various professionals involved, the land and mineral leasing process, drilling, completion, regulatory, administration, who gets paid and where to find them.

Louis Renaud, Deputy Commissioner, Energy Resources, Texas General Land Office / Austin

Producing States Oil and Gas Audits to Determine Royalty Compliance

This will be a panel presentation with representatives from Texas, Colorado, and Montana. The panel members will give an overview of their departments including audit responsibilities, authority, size and mission. The panel will address questions about their respective state lease terms regarding oil and gas royalty valuation, payments and reporting. In addition questions will cover the royalty audit process, documentation needed to perform royalty audits, typical and common volume and price underpayment issues and state laws that may provide protection for royalty owners.

Rick Ramirez, Auditor Financial Compliance, Texas General Land Office, Austin / **Pete Milonas**, Audit Manager, Colorado Board of Land Commissioners, Denver

11:55-1:15 p.m. Lunch and Presentation

EPA's Regulatory Agenda: Upstream Impacts

From tightening air quality standards reaching into more rural areas, to more burdensome performance standards and permitting requirements, to enhanced regulation of waste and water from oil and gas operations, the U.S. Environmental Protection Agency and other state and federal agencies, not to mention environmental non-governmental organizations, look to upstream oil and gas operations as the next frontier in their efforts to reduce our overall dependence on fossil fuels. With this new reality as the backdrop, this presentation will cover environmental regulatory developments and their impact on the upstream oil and gas sector in the areas of air, water, land use, enforcement and climate change.

Matt Paulson, Partner, Baker Botts / Austin

1:20-2:25 p.m.

GENERAL SESSION

Office of National Resources Revenue (ONRR) – Reorganization Update – Including Asset Management, Audit and Compliance Management and Financial and Program Management

Ms. Gibbs-Tschudy will provide the latest information regarding activities of the Department of Interior's Office of Natural Resources Revenue (ONRR), including the restructuring of ONRR, potential new royalty reform efforts, and current initiatives including close-out of the RIK program, efforts to unbundle transportation and processing system fees, and production verification. The office of Natural Resources Revenue is the Federal agency responsible for collecting and disbursing revenues from energy production that occurs on Federal onshore and offshore lands, and American Indian lands. During Fiscal Year 2010, the agency disbursed more than \$9.1 billion to states, American Indian Tribes and individual Indian mineral owners, and to various Federal accounts, including the U.S. Treasury, the Land and Water Conservation Fund, and the Reclamation Fund.

Debbie Gibbs-Tschudy, Deputy Associate Director, Minerals Revenue Management, BOEMRE / Denver

2:30-3:35 p.m.

GENERAL SESSION

Energy Information Administration (EIA) – U.S. Department of Energy, Short and Long Term Energy Outlook

Ms. Martin will discuss short and long term projections of the U.S. energy industry with specific assumptions regarding economic growth and its impact on energy supply, demand, and the changing outlook for natural gas.

Phyllis Martin, Senior Energy Analyst, EIA / Washington, D.C.

3:35-3:55 p.m. Break

4:00-5:00 p.m.

Drilling Down in the World Wide Web: Online Sources for Mineral Owners Evaluating Oil and Gas Issues

Mr. Ellis will share websites and professional insights from oil and gas research projects that use internet resources to develop information on production, prices and markets in the Lower 48. Web locations that have been selected for usefulness to oil and gas mineral owners will be presented with current URL addresses bookmarks for user reference.

Jonathan Ellis, President, Willis, Graves & Associates, Inc. / Austin

Register online
energy.pdi.org

Registration

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Mail to: Professional Development Institute, 2301 Hinkle Drive, Denton, TX 76201

Register on-line by visiting energy.pdi.org. To pay by credit card, call toll free 800.433.5676.

Fax your registration to 940.565.3362.

Make checks payable to PDI and mail to the PDI address above.

Fee: \$760 per person. \$660 per person if registered by Sept. 23

Government Fee: \$660 per person. \$560 if registered by Sept. 23

Total amount enclosed \$ _____

Paying by: Check (payable to PDI) or VISA MasterCard American Express Discover

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05H10-003

Please indicate which concurrent sessions you will be attending

October 17

1:30 p.m. - 2:35 p.m.

Unique Royalty Computational Issues

Changes in State Severance Taxes

2:40 p.m. - 3:45 p.m.

IT Systems – Accounting Software Trends

Ten Things Everybody Should Know...Lease

4:00 p.m. - 4:55 p.m.

Gas Plant Accounting, Measurements...

BLM Current Issues

October 18

9:20 a.m. - 10:25 a.m.

Operational and Regulatory Aspects of Shale...

BOEMRE

10:45 a.m. - 11:50 a.m.

Lease to Grease

Producing States Oil and Gas Audits...

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ADA Special Services: Please check here if you require special accommodations to fully participate. Attach a written description.

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