

NAPAC

A large oil pumpjack is visible in the background of the top section, set against a hazy, green landscape under a bright sky.

North American Petroleum Accounting Conference

May 17-18, 2018 • Dallas, Texas • Westin Galleria

Keynotes

Katie Mehnert / Founder, Pink Petro

Kevin Freeman / Host, *Economic War Room*

Jonathan Duersch / U.S. Securities & Exchange Commission

Susan Ginsberg / IPAA

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Join us in Dallas on May 17 and 18

for the North American Petroleum Accounting Conference, featuring outstanding industry speakers, current topics and convenient session formats. The annual exhibit showcases industry vendors who represent a variety of products and services. Take a few minutes and look over the schedule, then **enroll online at pdi.org** (see **Register Now at top of PDI's home page.**) You may also use one of several convenient enrollment options found in this brochure.

Schedule

Thursday, May 17, 2018

7:30 a.m. Registration/Continental Breakfast

8:00 a.m. Opening Remarks

8:20 a.m. - 9:20 a.m. General Session (Specialized Knowledge)

Lessons Learned: Why Waste a Good Crisis? Crisis is the heart of transformation and usually produces change. It takes time to live through a few and come to see the gifts a crisis produces. From her earlier career with Enron to leadership roles at big oil giants, Katie has held global leadership roles in health and safety during periods of financial crisis, spills, divestment, and globalization. In her rousing keynote, Katie, a Hurricane Harvey "thriver," will talk about her choices to seek opportunity - not security, on her path to social energy entrepreneur. Her chaotic, imperfect corporate path drove her to build Pink Petro, a digital community and Experience Energy, a global careers site to help companies prepare for the looming talent shortage and end the inclusion gap.

Katie Mehnert, Founder and CEO/Pink Petro, LLC/Houston

9:20 a.m. - 9:30 a.m. Refreshment Break

9:30-10:20 a.m. Concurrent Sessions

ASC 740 (Tax)

This presentation will provide an overview of the most recent tax accounting developments including issues related to the Tax Cuts and Jobs Act (including application of Staff Accounting Bulletin 118), the adopting of ASC 606, Revenue from Contracts with Customers and other regulatory and standard setting updates.

David Northcut, Partner/Global Director-Tax Accounting/Ernst & Young LLP/Dallas

Financial Reporting Update (Accounting)

FASB, SEC and other standard setter pronouncements that impact oil and gas private or public companies will be discussed.

Cameron Moates, Partner and Craig Friou, Partner/PwC/Dallas

Economics of a Super Lateral (Specialized Knowledge)

In 2016, in the midst of one of the industry's worse downturns, Eclipse embarked on a plan to revolutionize drilling and completions in the Utica shale. Through the drilling of the Purple Hayes well at over 18,500 feet, Eclipse was able to cause a step change in cost per foot of lateral thereby substantially reducing break even costs and allowing the Utica to compete at low oil and gas prices. In this presentation, the operational considerations and advantages associated with drilling and completing a super-lateral and the economic premise behind the use of a super-lateral to support higher returns will be discussed.

Matthew DeNezza, Vice President and CFO/Eclipse Resources/State College, PA

Reserves 101 (Specialized Knowledge)

Accountants in oil and gas should have a good understanding of the inputs and assumptions involved in an engineer's estimates of oil and gas reserves. This session gives insight from a petroleum engineer's point of view into the estimation of the value of one of an oil and gas company's most important assets – the reserves not yet produced.

Benjamin Johnson, Vice President and Technical Advisor/Netherland Sewell & Associates, Inc./Dallas

10:20 - 10:30 a.m. Refreshment Break

10:30-11:45 a.m. Concurrent Sessions

Tax Policy and Legislation: A View from Inside the Beltway (Tax)

This session will include a discussion of last December's significant tax code overhaul, as well as additional tax changes made this year that impact businesses. Rather than a deep technical dive into the tax code, the political and economic forces driving the tax and fiscal debates in Washington D.C. and what that means for legislation will be covered. Also of interest, is a look at the mid-term elections and what

the November outcome bodes for Congress' agenda in the tax arena.
Storme Sixeas, Tax Policy Group/Washington National Tax, Deloitte Tax LLP/Washington D.C.

Take One Down and Pass It Around: Energy Deals on Wall Street (Business Law)

This presentation will highlight recently announced energy transactions along with how other Wall Street deals were successfully structured, negotiated and closed.

Jason Schumacher, Partner/Locke, Lord, Bissell & Liddell LLP/Dallas

Employee or Independent Contractor? (Business Law)

Misclassification of workers as independent contractors has morphed from a nonevent to a hole that gives government agencies, trial lawyers and individuals the opportunity and the motivation to make employers' miserable. Penalties for unpaid overtime & taxes and lost benefits have sky-rocketed and are hard to avoid because the classification "tests" are inconsistent and difficult to apply. This presentation explains the history behind the shift in proper classification of workers, summarizes the various analyses found under federal and state law and concludes with a practical "to do" list aimed at identifying weak spots and action items.

Audrey Mross, Labor and Employment Attorney/Munck Wilson Mandala LLP/Dallas

Career Paths in Oil and Gas Accounting (Personal Development)

Discover and consider the opportunities presented in the industry for accounting and finance personnel, both within and outside the accounting functions from entry level through seasoned veterans. This discussion will provide a base for you to make decisions about your professional development and growth plans and areas of focus as you develop in your career.

Paige Lueckemeyer, Human Resources Director/Black Mountain Sand/Fort Worth

12:00 p.m.-1:15 p.m. Luncheon (Specialized Knowledge)

Global Perspective of U.S. Energy Security

The US has enhanced its energy security dramatically by reducing the nation's reliance on imports of oil and natural gas from foreign, and even hostile, sources. By advancing the domestic exploration, production, refining and transportation of oil and natural gas, it has reduced America's economic and geostrategic vulnerability to potentially debilitating cartel-induced price gouging and/or interruptions of supplies of such resources. Such steps have gone a long way toward increasing U.S. energy self-sufficiency and improving the national security. This turn-around is all the more extraordinary since two nations – Saudi Arabia and Russia – have publicly declared their ambition to destroy the driving force behind the US' energy renaissance – America's fracking industry. At the insistence of the former, the Organization of Petroleum Exporting Countries (OPEC) sought to flood the world's market with cheap oil. The latter has engaged in other acts of economic warfare, including working with the Chinese, the Saudis and others to diminish the dollar's reserve currency status, notably by ending its use to price barrels of oil.

Kevin Freeman, Founder of the National Security Investment Consultant Institute (NSIC) and Host of "Economic War Room with Kevin Freeman"/Keller

1:30-2:45 p.m. Concurrent Sessions

Working with Royalty Interests (Tax)

Royalty companies are becoming more popular. Taxpayers are setting up royalty companies to aggregate the value of royalty interests acquired or created over time. However, there are numerous issues associated with establishing royalty companies that should be explored, including determination of the taxable unit of property under the Regulations and the associated property elections or aggregations; complexities in the tax computations involving net profits interests; and determination

of whether sale versus lease treatment applies to the transactions.

David Scott, Partner/KPMG LLP/Fort Worth

SEC Update (Accounting)

This session discusses SEC enforcement actions. Participants will hear about lessons learned and actions that management can use to strengthen their internal control environment and avoid such actions.

Michael Stockham, Partner and Mackenzie Wallace, Associate/Thompson & Knight, LLP/Dallas

A Guide for Joint Venture Expenditure Audits and Current Issues (Audit)

Are you contemplating a joint venture expenditure audit? Are you about to be the object of one? Do you wish to know more about the entire process including operator and non-operator responsibilities? Do you want to hear about current hot topics? Attend this comprehensive and fast-paced session to learn the contractual basis for audits, why they should be done, how to select audit candidates, industry protocols, and current exposure area for operators and non-operators.

Mike Cougevan, Vice President/Martindale Consultants/Denver

US Port Facilities for Waterborne Hydrocarbon Exports (Specialized Knowledge)

US waterborne exports of crude oil, refined products, NGLs and natural gas have been growing and are expected to continue to expand. Current port facility capacities and plans to expand such facilities to support the growing volume of exports will be examined.

Dick Moore, Instructor/Professional Development Institute/Denton

2:45 p.m. - 2:55 p.m. Refreshment Break
2:55-3:45 p.m. Concurrent Sessions

Structuring JV Arrangements (Tax)

This presentation provides an overview of the use of partnerships in connection with common oil and gas joint ventures. Topics include (i) a high-level overview of farmouts, carried interest transactions, and drillcos, (ii) the principal pros and cons of structuring such transactions as partnerships, (iii) certain effects and considerations of the Tax Cuts and Jobs Act on oil and gas partnerships, and (iv) common tax traps and partnership agreement drafting considerations.

Todd Way, Partner and Julia Pashin, Senior Associate/Vinson & Elkins LLP/Dallas

Board of Directors Perspectives (Business Management & Organization)

Private companies, particularly those with private equity sponsors, occasionally consider an IPO transaction as a means toward liquidity for the existing owners or for funding future development projects. Navigating potential conflicts that can arise when the Board of Directors must represent the interests of the existing owners, management, and future shareholders can be difficult. In this session, you will learn from individuals with a wealth of experience in these situations.

Alan Bell, CPA/Dallas and Deanna Hamideh, Founder/DJH Accounting & Consulting LLC/Ft. Worth

Cyber Security (IT)

Companies are aware of the need for a robust cyber security program. However, savvy cyber criminals continue to evolve and target institutions with an expanding arsenal of tools and tactics. This session covers the landscape of threats and risks that companies face and identifies steps that companies can take to minimize the effects on their people, resources and reputation. We will 1) cover the weakest links in the cyber security chain 2) discuss industry best practices and 3) share resources that companies can leverage to defend their institution and effectively reduce the likelihood of a cyber incident.

Ron Hulshizer, Managing Director of IT Risk Services/BKD/Oklahoma City

Current Trends and Opportunities in the Midstream Industry (Specialized Knowledge)

Learn from a panel of professionals with a wide range of experiences. They will discuss trends and the future of the midstream industry, as well as challenges and opportunities within the midstream space.

Justin Roberts (Moderator), Audit Partner/Whitley Penn/Dallas; Chip Berthelot, President and CEO/Azure Midstream/Dallas; Phillip Webb, CFO/Aspen Midstream/Dallas; Matt Attaway, CFO/Align Midstream/Dallas

3:45 p.m. - 3:55 p.m. Refreshment Break
3:55-5:00 p.m. Concurrent Sessions

Tax Issues Surrounding Workouts and Restructuring (Tax)

This session will address common tax issues surrounding debt workouts and restructuring in and out of bankruptcy. Cancellation of debt income (CODI) and applicable exclusions will be discussed. The presentation will also include information about attribute reduction following an excluded CODI event and the impact of sections 382(l)(5) and (l)(6) following an ownership change in bankruptcy. The impact of certain debt modifications and the importance of whether debt is traded on an established market will also be examined.

Nick Gruidl, Partner, Washington National Tax/RSM US LLP/Washington, D.C.

Commodity Prices (Finance)

A discussion and demonstration of how historical price trend analysis is more effective than relying on the strip to determine future price direction will be presented during this session. Different methodologies on how to review the trend and provide real-time analysis for the long, intermediate and short-term trends for oil and natural gas will be revealed.

Chris High, Managing Partner/Concentio Capital Management, LLC/Dallas

How to Reduce Production Taxes for E&P Companies (Tax)

This presentation provides a look at production taxes for non-tax E&P personnel to increase understanding of effective production tax rates. Also included are tips on how operations and accounting personnel can assist production tax reporting to reduce tax liability and increase well financial success. The presentation will highlight recently decided cases, legislation, and potential future legislation in order to assist non-tax personnel in making effective tax rate financial projections.

Martin Tschida, CMA, Senior Manager/Moss Adams/Denver

Land – Issues and Update (Specialized Knowledge)

Mineral and Surface owners are bringing up issues regarding leases that will become significant to exploration and production companies. This overview addresses Land related concerns regarding trespassing, DUCs and concerns that could affect operations and the bottom line. These objectives will be addressed: to understand the issues that Mineral and Surface owners are bringing forth in new leasing; to understand concerns about lease retention; to be able to identify mistakes in lease negotiation that could lead to future difficulties.

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

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

Friday, May 18, 2018

7:30 a.m. Continental Breakfast
8:15-9:15 a.m. General Session (Accounting)

The Office of the Chief Accountant is the primary adviser to the Commission on all accounting matters and has oversight of the FASB and PCAOB. This session will discuss some relevant regulatory and accounting issues that impact oil and gas companies. These issues include recent enforcement actions, recent GAAP interpretations, new SEC rules and recent FASB standards from a regulatory perspective.

Jonathan Duersch, Associate Chief Accountant/U.S. Securities & Exchange Commission/Washington, D.C.

9:15 - 9:25 a.m. Refreshment Break
9:25-10:25 a.m. Concurrent Sessions

Federal Tax Implications of ASC 606: Lessons Learned and a Road Map Forward (Tax)

The new "rev rec" financial accounting standards of ASC 606 are now effective for publicly traded companies. This program discusses federal tax issues confronting the oil and gas industry in light of ASC 606, the lessons learned from companies that have completed the implementation, the challenges confronting those that have not, and the pitfalls that all companies must remain vigilant against. Also highlighted are federal tax considerations injected into this area by the recent tax reform amendments to the Internal Revenue Code, some of which tie federal tax accounting rules directly into ASC 606.

Paul Mundwiller, Partner/KPMG LLP/Houston and Jessica Blair, Senior Manager/KPMG LLP/Dallas

The Familiar Faces of Fraud (Accounting)

Fraud is booming as financial pressures rise during the recession and the years that follow. Most booms have included plenty of fraud, self-dealing, and general all-purpose unethical behavior. Crooked financiers and rogue traders have tried everything from Ponzi schemes and old fashioned embezzlement to the creation of phantom companies to enrich themselves or make up for losses before their clients or bosses noticed. This session explores why people steal and how we now must rethink the way we do business in this age of fraud. **Felix Lozano III**, Certified Fraud Examiner, CPA, Partner in Charge of Dallas Office/Whitley Penn, LLP/Dallas

How Robotics Can Create a Best-in-Class Close (IT)

Today the office of finance is expected to do much more than just close the books each period. Instead it must do so as efficiently and effectively as possible in order to competently support its organization in today's competitive business environment. During this presentation, an explanation of exactly how robotics are being used to overcome even the most unique period-end close challenges will be given.

Michael Ross, Chief Product Officer/Trintech/Addison

Producer and Pipeline Imbalances (Accounting)

This session will highlight how and why gas producer imbalances are created; tracking and reporting gas producer imbalances; gas balancing agreements created as part of Joint Operating Agreements; cash balancing payments to resolve producer imbalances; how and why gas pipeline imbalances are created; and resolving gas pipeline imbalances by casing out with the pipeline.

Don Looney, CPA/Tulsa

10:25 - 10:35 a.m. Refreshment Break

10:35-11:35 a.m. Concurrent Sessions

Oil and Gas Partnership Allocations and Distributions: A Focus on Capital Account Maintenance and Tax Return Reporting (Tax)

The presentation will address oil and gas allocations and distributions made in partnerships using functional allocations pursuant to the API Model Partnership Exhibit and in partnerships using target allocations. Typical partnership allocations and distributions will be explained and then traced through the capital account entries and onto the partnership tax return and the partner's tax return.

John Bradford, Attorney/Liskow & Lewis/Houston and **Jon Roberts**, Partner/Weaver

Leasing Update (Accounting)

Challenges related to the application of the new lease accounting standard (ASU 2016-02) to upstream oil and gas primarily from the lessee perspective will be discussed. A brief review of the lease standard will be given and then a focus on implementation issues and tips including contract review / completeness and specific examples of items that may qualify as leases. Implementation, transition, continuing accounting considerations and broader impacts to organizations will also be covered.

Claude Seaman, CAO/Continental Resources/Oklahoma City

Political Issues Impacting Today's Midstream Market (Economics)

An insightful session for those interested in the future of the industry, this presentation will address political issues impacting today's midstream market and how the new presidential administration is impacting the oil and gas industry. Legislation and regulations affecting the energy business will also be addressed.

Brad Ayers, Regional State Government Relations Director/TransCanada/Houston

Gas Plant Accounting (Accounting)

This session will highlight important topics in gas plant accounting including how gas is processed in plants to recover natural gas product; different types of contracts with producers to purchase or process the gas; a simplified gas plant allocation example where NGLs and residue gas production is allocated to producers delivering gas to the plant; and determining the settlement paid to gas producers..

Don Looney, CPA/Tulsa

11:45 a.m.-1:00 p.m. Luncheon (Specialized Knowledge)

Federal Legislative and Regulatory Outlook

This presentation will focus on the Trump Administration and the

regulatory and legislative changes and challenges it presents. Many in the oil and gas industry envisioned dramatic changes for our sector when President Trump assumed office. While there are opportunities for the oil and natural gas industry to push for regulations and legislation that encourage production of American energy, challenges will remain. What has been accomplished so far, and what's next?

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

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

Impact of the 2017 Tax Cuts and Jobs Act on Domestic Upstream and Midstream Companies (Tax)

This presentation describes key tax changes impacting upstream and midstream oil and gas companies, with an emphasis on pass-through entities, including MLPs. Topics will include repeal of the technical termination rules, a temporary 100% first year qualifying business asset deduction and impact on the 743(b) adjustment, elimination of the domestic production deduction, extension of holding period for carried interest, new 199A deduction for qualified income of pass-through entities, and limitation on like-kind exchanges to real property.

Robert Baldwin, Partner and National MLP Practice Leader/PwC/Dallas

Midstream Revenue Recognition (Accounting)

The presentation highlights issues with ASC 606 and 842. An industry interpretation will be discussed by Ms. Young including ASC 606 lessons, and implicit leases and rights-of-way regarding ASC 842. Ms. Penrod will discuss topics from the audit perspective as well as the SEC comment letter summary if one is issued before the presentation.

Laura Young, Senior Project Manager/MPLX LLP/Denver and **Hilary Penrod**, Senior Manager/Grant Thornton/Tulsa

Oil & Gas Transactions - Financial Diligence & Other Matters (Accounting)

With the recent improvement in commodity prices, acquisition and divestiture activity is expected to continue. Companies involved in transactions would benefit from thorough financial due diligence and post-closing statement analysis. In this session, an experienced industry professional will discuss lessons learned in the diligence process and provide best practices for ensuring that amounts in closing statements accurately reflect the terms of the agreement between the buyer and seller.

Jimmie Williams, Partner/Moss Adams/Houston

Introduction to Derivatives and Standards Update (Accounting)

New hedge accounting rules have been released and can be implemented now. Learn how the new rules make it easier to apply cash flow hedge accounting to commodity derivatives. To understand the new rules, the basics of hedge accounting will be reviewed.

Kenny Wilks, Partner/Moss Adams/Dallas

Sponsors

COPAS of Dallas is dedicated to furthering the development of improved accounting methods. COPAS of Dallas and PDI provide a professorship at the University of North Texas to promote oil and gas accounting. COPAS of Dallas also sponsors annual Education Days to address basic oil and gas operations and accounting. Education Days, open to member companies, qualify for CPE.

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Registration

Registration fee is \$495 and includes luncheons and coffee breaks.

Register Online at pdi.org. If registering by mail or via fax, please return entire panel to

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\$495 to attend NAPAC. Total amount enclosed \$ _____

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05H17-101

Please indicate which sessions you are interested in attending

Thursday, May 17

9:30-10:20 a.m.

- ASC 740
- Financial Reporting Update
- Economics of a Super Lateral
- Reserves 101

10:30-11:45 a.m.

- Tax Policy and Legislation
- Energy Deals on Wall Street
- Employee or Independent Contractor?
- Career Paths in Oil and Gas Accounting

1:30-2:45 p.m.

- Working with Royalty Interests
- SEC Update
- Joint Venture Expenditure Audits and Current Issues
- U.S. Port Facilities for Waterborne Hydrocarbon Exports

2:55-3:45 p.m.

- Structuring JV Arrangements
- Board of Directors Perspectives
- Cyber Security
- Current Trends and Opportunities in the Midstream Industry

3:55-5:00 p.m.

- Tax Issues Surrounding Workouts and Restructurings
- Commodity Prices
- How to Reduce Production Taxes for E&P Companies
- Land - Issues and Updates

Friday, May 18

9:25-10:25 a.m.

- Federal Tax Implications of ASC 606
- Fraud
- How Robotics Can Create a Best-in-Class Close
- Producer and Pipeline Imbalances

10:35-11:35 a.m.

- Oil and Gas Partnership Allocations and Distributions
- Leasing Update
- Political Issues Impacting Today's Midstream Market
- Gas Plant Accounting

1:15-2:15 p.m.

- Impact of the 2017 Tax Cuts and Jobs Act
- Midstream Revenue Recognition
- Oil & Gas Transactions
- Introduction to Derivatives and Standards Updates

Accommodations are not included in your registration fee. For your convenience, the Westin Galleria is offering a special room rate of \$199 for single/double occupancy. The cut-off date for the special rate is May 2, 2018. Availability is not guaranteed before or after the cut off date of May 2, 2018. If the block sells out before the cut-off-date, it is at the hotel's discretion whether to accept additional reservations, which could be subject to prevailing rates and availability. To make your reservations, contact the **Westin Galleria at 888.627.8536** or visit pdi.org/conferences/napac for a hotel reservation link. Identify the meeting as PDI/NAPAC to receive the reduced rate. The hotel is located at 13340 Dallas Parkway, Dallas, TX., 75240. Self-parking is complimentary at the hotel as well as shared parking with the Galleria Mall.

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

CPE Credit: Up to 14 hours. Dress Code: Business Casual.

Terms and Conditions: Please note that the following 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. No refunds will be granted after the start of the program. Substitutions are accepted at any time up to and including the starting date of the program. Under special circumstances, 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 the enrollment is not sufficient to warrant holding the program, PDI reserves the right to cancel. If this situation does occur, you would receive a full refund PDI is not responsible for any expenses (such as airline tickets) incurred by registrant due to cancellation.

Conditions: Always bring a sweater or jacket to ensure comfort. Room temperatures can be difficult to regulate.