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Course Information

Course Title: Gas and Oil Accounting #368618

Number of continuing education credit hours recommended for this course:

In accordance with the standards of the National Registry of CPE Sponsors CPE credits have been granted based on a 50-minute hour.

CPA: 9 (All states)

National Registry of CPE Sponsors ID Number: 107615.

Sponsor numbers for states requiring sponsor registration

Florida Division of Certified Public Accountancy: 4761 (Ethics #11467)

Hawaii Board of Accountancy: 14003

New York State Board of Accountancy: 002146

Pennsylvania Board of Accountancy: PX178025

Ohio State Board of Accountancy: M0021

Texas State Board of Accountancy: 009349

Course Description

Oil and gas operations have some of the most unique accounting issues found in any industry. *Oil & Gas Accounting* delves into acquisition, exploration, development, and production activities, covering many industry-specific accounting issues. Topics covered include the successful efforts method, full cost method, reserve reporting, the unit of production method, severance taxes, take-or-pay arrangements, transfers of mineral interests, and joint interest accounting, as well as industry-specific controls that should be installed. In short, this is the essential oil & gas desk reference for the accountant.

Program Delivery Method: NASBA QAS Self-Study (interactive)

Subject Codes/Field of Study

NASBA (CPA): Accounting

Course Level, Prerequisites, and Advance Preparation Requirements

Program level: Intermediate

Prerequisites: None.

Advance Preparation: None

Course Content

Publication/Revision date: 6/4/2018.

Author: Steven M. Bragg, CPA.

Final exam (online): Forty-five Questions (multiple-choice).

Instructions for taking this course

You must complete this course within one year of the date of purchase (if you do not complete the course within one year, contact us to determine whether an updated edition of the course is available, in which case we will provide you with a PDF of the updated course and the online exam at no charge).

A passing grade of at least 70% is required on the final exam for this course. You may retake the exam if you do not pass it on the first attempt (no charge).

Complete the course by following the learning objectives listed on the following page, studying the text, and studying the review questions at the end of each major section (or at the end of the course). Once you have completed studying the course and you are confident that the learning objectives have been met, answer the final exam questions (online).

Instructions for Taking the Final Exam Online

- Login to your account online at www.bhfe.com.
- Go to "*My Account*" and view your course.
- Select "*Take Exam*" for this course and follow instructions.

Additional Information

- The exam may be started, stopped, then resumed at a later date.
- The exam is "open book," it is not timed, and it may be retaken if not passed on the first attempt (no charge).
- Results (correct, incorrect answers) and certificate appear immediately upon passing the exam.

Have a question? Call us at 800-588-7039 or email us at contact@bhfe.com.

Learning Objectives

- Recognize the various steps in the process of exploring for, developing, and producing on an oil and gas property.
- Identify the different types of wells.
- Identify the documentation used to record produced oil and gas.
- Recognize the contents of a lease arrangement.
- Define the different cost classifications associated with oil and gas activities.
- Recognize the various types of production costs.
- Describe the situations in which a joint operating agreement is used.
- Define the contents of a lease database.
- Identify the different classifications of exploration costs.
- Recognize the accounting for all aspects of drilling a well and subsequent well operations.
- Identify the indicators of sufficient progress in regard to assessing the viability of a project.
- Differentiate between the successful efforts and full cost methods.
- Describe the calculation process for the unit of production method.
- Recognize the valuation rules relating to oil and gas inventory.
- Note the contents of a run ticket.
- Identify the information contained within a division order.
- Describe the accounting for producer gas imbalances.
- List the criteria used to report proved oil and gas reserves.
- Recognize the indicators that can trigger a review of reserves.
- Recognize the accounting variations available when recording a nonmonetary exchange.
- Recognize all aspects of the accounting for joint interest arrangements.
- Describe the circumstances under which interest can and cannot be capitalized.
- State the situations in which asset retirement obligations can be deferred.
- Note the rules used to determine the expected present value of an asset retirement obligation.
- Recognize the accounting for environmental contamination costs.
- Describe the circumstances under which impairment testing should be conducted, as well as the rules for doing so.
- Note the situations in which an asset can be classified as held for sale.
- Describe the disclosure requirements for reserves.
- Identify the appropriate costing to be used for exploration costs associated with mineral resources, as well as the indicators for when impairment testing should be conducted on mineral resources assets.
- Recognize the audit activities in which an auditor will be engaged when auditing an oil and gas firm.
- Recognize the different types of controls that are specific to an oil and gas firm.

About the Author

Steven Bragg, CPA, has been the chief financial officer or controller of four companies, as well as a consulting manager at Ernst & Young. He received a master's degree in finance from Bentley College, an MBA from Babson College, and a Bachelor's degree in Economics from the University of Maine. He has been a two-time president of the Colorado Mountain Club, and is an avid alpine skier, mountain biker, and certified master diver. Mr. Bragg resides in Centennial, Colorado. He has written the following books and courses:

Published by AccountingTools LLC, Centennial, Colorado.

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Table of Contents

Course Information	ii
Learning Objectives	iv
Table of Contents.....	vi
Chapter 1 Overview of Oil and Gas Operations	2
Learning Objectives	2
Introduction.....	2
Essentials of Oil and Gas.....	2
Oil and Gas Geology.....	2
Exploration Activities	3
Drilling and Development Activities	4
Production Activities.....	5
Nonconventional Activities	6
Regulatory Requirements.....	6
Structure of the Oil and Gas Industry.....	6
Oil and Gas Business Activities.....	6
Ownership Arrangements	8
Joint Interest Operations.....	9
The Land Department.....	10
Mineral Interest Documentation	10
The Authorization for Expenditure	11
Conveyances	11
Gas-Balancing Arrangements	12
Derivative Commodity Contracts	12
International Business Activities	13
Summary.....	13
Review Questions.....	14
Chapter 2 Overview of Oil and Gas Accounting.....	15
Learning Objectives	15
Introduction.....	15
Cost Classifications	16
Basis for the Successful Efforts and Full Cost Methods	16
Property, Plant, and Equipment	17
Accounting for Production	19
Revenue Accounting	20
Oil and Gas Reserves	20
Transfers of Mineral Interests.....	20
Joint Interests	21
Interest Capitalization.....	21
Asset Retirement Obligations	21
Asset Impairment	21

Foreign Exchange Issues	22
Business Combinations	22
Record Keeping.....	22
Summary.....	22
Review Questions.....	23
Chapter 3 Successful Efforts Method	24
Learning Objectives	24
Introduction.....	24
Successful Efforts Method.....	24
Chart of Accounts Using the Successful Efforts Method.....	27
Indirect Exploration Costs	30
Special Treatment of Acquisition Costs	32
Delinquent Payments	32
Internal Costs.....	33
Lease Options	33
Purchases in Fee.....	33
Treatment of Unproved Property	34
Exploratory vs. Development Drilling Costs.....	38
Sufficient Progress Assessment	38
Development Costs	39
Special Drilling Activities	40
Reimbursements.....	41
Subsequent Events.....	41
Summary.....	41
Review Questions.....	42
Chapter 4 Full Cost Method.....	43
Learning Objectives	43
Introduction.....	43
Full Cost Method.....	43
Acquisition, Exploration, and Development Costs.....	44
Production, General and Administrative Costs	44
Cost Amortization.....	44
Cost Exclusions	45
Impairment of Unproved Properties	47
Transfers to Proved Property.....	48
Property Sales and Abandonments	48
Treatment of Purchased Reserves.....	48
Management and Service Fees	49
Chart of Accounts Using the Full Cost Method.....	49
The Ceiling Test.....	52
Additional Disclosure Requirements.....	54
Summary.....	54
Review Questions.....	55
Chapter 5 Depreciation, Depletion, and Amortization	56
Learning Objectives	56

Introduction.....	56
DD&A Terminology	56
DD&A Differences for the Successful Efforts and Full Cost Methods	56
Successful Efforts Method	56
Full Cost Method	57
The Unit of Production Method.....	57
Full Cost Method Variations on the Unit of Production Method	62
The Unit of Revenue Method	62
DD&A Rate Changes	63
Amortization of a Production Payment Interest.....	64
Depreciation.....	64
Issues for Nonworking Interests	66
Accounting for Asset Dispositions.....	66
Summary.....	67
Review Questions.....	68
Chapter 6 Accounting for Production Costs	69
Learning Objectives	69
Introduction.....	69
Production Activities	69
Treatment of Inventory.....	70
Cost Accumulation Levels.....	70
Sample Accounting Entries	71
Summary.....	72
Review Questions.....	73
Chapter 7 Revenue Accounting	74
Learning Objectives	74
Introduction.....	74
The Selling Process	74
Division Orders	75
Revenue Recognition Principles	75
Revenue Recognition Application	76
Severance Taxes	76
Recordation of Oil Revenue	76
Oil or Gas Used on the Premises	78
The Gas Unit of Measure	78
Recordation of Gas Revenue	79
Revenue Paid to Interest Owners.....	80
Flared Gas.....	81
Stored Gas	81
Take-or-Pay Arrangements	81
Producer Gas Imbalances	82
Pipeline Gas Imbalances	83
Shipping and Handling Costs	83
Summary.....	83
Review Questions.....	84

Chapter 8 Reserve Reporting.....	85
Learning Objectives	85
Introduction.....	85
Types of Reserves	85
Proved Reserves.....	86
Proved Undeveloped Reserves	87
Proved Reserves under Production Sharing Arrangements.....	88
Other Types of Reserves.....	88
Variability of Reserve Amounts	88
The Reserve Report.....	88
Summary.....	89
Review Questions.....	90
Chapter 9 Transfers of Mineral Interests.....	91
Learning Objectives	91
Introduction.....	91
Accounting for Specific Transactions	91
Nonmonetary Exchanges.....	91
Free Wells.....	92
Unitization	94
Sale of an Interest in Unproved Property	95
Sale of an Interest in an Unproved or Proved Property	95
Obligation to Deliver a Specific Quantity of Oil or Gas.....	96
Summary.....	97
Review Questions.....	98
Chapter 10 Joint Interest Accounting.....	99
Learning Objectives	99
Introduction.....	99
Essential Joint Interest Transactions	99
Recordation of Joint Costs	99
Nonconsent Operations	100
Materials Accounting.....	101
Joint Interest Audits	101
Summary.....	102
Review Questions.....	103
Chapter 11 Interest Capitalization	104
Learning Objectives	104
Introduction.....	104
Overview of Capitalized Interest	104
Assets on Which to Capitalize Interest.....	105
The Interest Capitalization Period.....	105
The Capitalization Rate	106
Calculating Interest Capitalization.....	107
Summary.....	109
Review Questions.....	110

Chapter 12 Asset Retirement and Environmental Obligations	111
Learning Objectives	111
Introduction.....	111
Overview of Asset Retirement Obligations.....	111
The Initial Measurement of an Asset Retirement Obligation.....	112
Subsequent Measurement of an Asset Retirement Obligation	113
Settlement of an Asset Retirement Obligation.....	114
Overview of Environmental Obligations.....	116
Measurement of Environmental Obligations.....	117
Recoveries Related to Environmental Obligations	119
Asset Retirement and Environmental Obligations Disclosures	119
Asset Retirement Obligations.....	119
Environmental Obligations.....	120
Summary.....	121
Review Questions.....	122
Chapter 13 Asset Impairment.....	123
Learning Objectives	123
Introduction.....	123
Fixed Asset Impairment.....	123
The Asset Grouping	123
The Impairment Process.....	123
Impairment Indicators.....	124
The Impairment Test.....	124
The Impairment Loss	125
Assets Held for Sale	126
Related Topics.....	127
Summary.....	127
Review Questions.....	128
Chapter 14 Oil and Gas Disclosures	129
Learning Objectives	129
Introduction.....	129
Disclosure Requirements.....	129
Public Company Disclosure Requirements	131
Proved Oil and Gas Reserve Quantities	131
Capitalized Costs Relating to Oil and Gas Producing Activities	133
Costs Incurred for Property Acquisition, Exploration, and Development Activities	133
Results of Operations for Oil and Gas Producing Activities.....	134
Standardized Measure of Discounted Future Cash Flows	135
Changes in the Standardized Measure of Discounted Future Net Cash Flows	135
Interim Reporting.....	136
Summary.....	136
Review Questions.....	138
Chapter 15 IFRS Accounting for Oil and Gas	139
Learning Objectives	139
Introduction.....	139

Accounting for Mineral Resources	139
Accounting for Stripping Costs.....	140
Mineral Resources Presentation.....	141
Mineral Resources Disclosures.....	141
Summary.....	141
Review Questions.....	142
Chapter 16 Auditor Inquiries	143
Learning Objectives	143
Introduction.....	143
Structural Inquiries	143
Control and Procedure Inquiries	144
Risk Analyses.....	144
Examination of Estimates	145
Cost Analyses.....	145
Revenue Analyses	147
Receivable Analyses.....	147
Inventory Analyses.....	148
Workover Cost Analysis.....	148
Overhead Analysis	148
Payables Analysis.....	148
Commitments Investigation.....	149
Related Party Transactions	149
Reserves Investigation.....	149
Management Representations Letter	150
Use of Outside Experts	151
Summary.....	151
Review Questions.....	152
Chapter 17 Accounting Controls	153
Learning Objectives	153
Introduction.....	153
Controls for Property and Lease Acquisitions	153
Controls for Exploration and Development Activities.....	154
Controls for Production	155
Controls for Nonoperators	156
Controls for Disclosures and Reports.....	156
Contractual Controls.....	156
Summary.....	156
Review Questions.....	157
Answers to Chapter Questions.....	158
Glossary	168
Index	173

Preface

Oil and gas operations trigger some of the more unique accounting transactions found in any industry. For example, there are many kinds of mineral interest transfers, each of which has a different accounting treatment. There are different approaches to how exploration costs are to be handled – either charging them to expense or capitalizing them. Also, capitalized assets are amortized based on the production level, rather than any of the more common time-based depreciation methods. In addition, several of the more difficult accounting topics apply to this industry, including interest capitalization and asset retirement obligations. *Oil & Gas Accounting* shows how to properly account for each of these transactions and many more, as well as how to disclose them in one's financial statements.

You can find the answers to many questions about oil & gas accounting in the following chapters, including:

- What are the differences between the successful efforts and full cost methods?
- When are exploration costs charged to expense?
- How do I conduct a ceiling test?
- How do I use the unit of production method?
- How do I calculate oil and gas revenue?
- What are the differences between the entitlement method and the sales method?
- What are the different types of reserves?
- What is the accounting for the sale of an interest in a proved property?
- How do I account for the transfer of materials?
- How do I calculate and account for an asset retirement obligation?
- What questions will an auditor ask during an audit?
- What types of controls are unique to the oil and gas environment?

Oil & Gas Accounting is designed for both professionals and students, who can use it as a reference tool for determining the most appropriate accounting treatment for various oil & gas transactions.

Centennial, Colorado
May 2018