

CMA... The Next Level

A Publication of the Denver-Centennial Chapter #410



www.denverima.org

December 2008

President's Letter



Here is the camel, but where is the sandstorm? We are all looking forward to the next installment of the "Camel in a Sandstorm Auction". Our first Auction was at the November dinner meeting. We're planning our next in the Spring. All proceeds go to the Student Scholarship fund.

Regular raffle prizes for the November dinner meeting were provided by Pester Marketing as a perfect complement to our dinner topic on Oil and Gas! Pester is a Denver based company that owns 1st Stop and Farm Crest brands of convenience stores/gas stations in Colorado, Kansas and Nebraska. They were the first to open an E85 ethanol gas station in Boulder County and the 1st in Longmont!

The three gas gift cards were in great demand. Thank you Renee and Pester Marketing!



Just sitting in the front room staring at the Christmas tree as it twinkles and taunts...thinking about the economy and all of the people in just our membership who are struggling to find new jobs or keep their existing ones. You'd like to think of this time of year as a happy one, but my perspective today is just a bit bleaker and I'm wondering how I can help...how we all might be able to help.

I guess this is where all of the tools you've been taught come into play. First and foremost...DON'T DISPAIR. If we're sitting at a 5% unemployment rate, that means that 95% of the population is working. Use your time wisely...look for a new job as if that was your full time job...use 8 hrs a day or more and stay focused, even if you are wearing bedroom slippers. Third (and almost as important as #1 and #2) is to NETWORK, NETWORK, NETWORK...and one of your most important networks is your IMA colleagues. Use the people you know to find opportunities and help you tune your resume. We're all willing to pitch in and help.

For those of you are on the fortunate side of this equation...please help. If you find out about an opportunity, get it to me or our webmaster (<http://www.denverima.org/employment.htm>) or if you are contacted by a member, please do what you can to help. Mom always said that 'charity begins at home' and that you need to take 'care of your own before you reach out to help others.' That's what we are...a type of extended family...depending on each other.

In the spirit of giving, in this season of giving, please reach out and help make this world the best it can be in trying times for those who can use our help.

May you all have a blessed Holiday!

Yours in Advancing the Profession,

Kathy Rinkel

2008-2009 President, Denver-Centennial Chapter of the IMA



OIL & GAS ACCOUNTING 101

(Recap of the November 19, 2008 dinner meeting)

We had a tag-team event for the very complex and specialized area for Oil & Gas with not just one, but two knowledgeable speakers! Zenia Butler is the Financial Controller of Aspect Energy, and Jim Garrett is the Operations Controller of Aspect Energy, a small privately held oil and gas exploration and development company headquartered in Denver, CO.

As few people in Colorado would doubt, O&G is big business directly employing 1.8 million people. Taxes paid by the industry total \$90 billion, of which \$28 billion are paid in US federal, state and local taxes. In terms of natural resources, the US is a little challenged in the Oil field, holding only 3% of the world's reserves (compared to 65% held in the Middle East). Since world wide reserves are declining, three areas are critical to ensuring future energy supplies:

Technology- horizontal drilling allowed fracking shale rock

- 3-D technology decreased the cost of exploration

Prices – increasing oil prices make long abandoned properties feasible

Investments in alternatives – O&G companies are investing in non-hydrocarbon sources such as solar, wind, and geothermal.

- O&G companies invest in advanced end user technologies that use fuel more efficiently ... cogeneration, fuel-cell vehicles and advanced battery technologies.

First step in learning about the accounting is to categorize the activity such as Exploration and Production (upstream) which are high risk, capital intensive, long term projects subject to royalties set by foreign governments with royalty rates that are subject to quick and dramatic change (can vary from 10% to 35%). Reserves are classified into 3 categories, as assessed by an independent engineering company. Reserves can be:

- Proved and are reasonably certain to recover under existing conditions.
- Probable reserves have a 50% confidence level of recovery.
- Possible reserves are claimed to have at least a 10% certainty of being produced.

Refineries and Pipelines (downstream) are lower risk with long-term contracts that guarantee supply, making revenue and cost somewhat predictable. One-time capital investment to build infrastructure.

For E&P companies, much time is spent obtaining the rights to develop the property from the multitude of landowners. Then, depending on the agreements, all the stakeholders have a different interest in the project. Those with a working interest share the cost of exploration, operating and treatment & transportation. Those with a royalty interest only share in the treatment & transportation cost. The developer must track all these expenses and create the JIB or Joint Interest Bill and send to the non-operators for their proportionate share of the JV expenditures.

The accounting methods include:

Successful Efforts – used in US and around the world. It is close to the IFRS method used in 100 countries. Costs are grouped by wells or fields and then capitalized by group. Costs not resulting in proved reserves are expensed to the P&L. Costs resulting in proved reserves are capitalized.

Full Cost - used in the US and Canada, especially for smaller producers. Costs are grouped by country and capitalized whether proved or unproved and depleted using the Units of Production method.

**DENVER-CENTENNIAL CHAPTER
SERVICE YEAR 2008-2009**

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Submission Deadline info for next newsletter is Wednesday DEC 24

Please email your information to Linda Hendrix at lghcolo@aol.com

2008 - 2009 Key Activities

December no dinner meeting

January 21 the SOCIAL at the BUCKHORN EXCHANGE

January ??? date TBD plant tour of UCD Anschutz Campus (old Fitzsimmons Army base in Aurora)

January 28 board meeting – all are welcome

February 13 Student Night – Bud Kulesza on the “Profession of Many Hats”

February 25 board meeting – all are welcome

March 18 – topic TBD

March 25 board meeting – all are welcome

Note APRIL dates are 4th and 5th Wednesdays to avoid “Tax Day”

April 22 – Rick Crosser on ETHICS for 2 Hours CPE!

April 29 board meeting – all are welcome

FYI: June 6-10th 2009 the IMA NATIONAL CONFERENCE IS IN DENVER. PLAN TO ATTEND!

January Activities:

Plant Tour

January plant tour, date TBD. It will include tour of UCD Anschutz Campus (old Fitzsimmons Army base in Aurora)

- a) Research Facilities
- b) Old Army Hospital, including the Eisenhower suite
- c) Hopefully, include tour of one of the state's largest power plant (on campus)

Potential topics to be discussed in the Accounting lecture include

- a) History of campus
- b) Campus funding structure
- c) Accounting/funding issues in transitioning from Campus on 9th/Colorado to Campus at Anschutz
- d) Some of the cost study work that is done at the University
- e) Hopefully, more in-depth information on how the cost study is developed and maintained for the Central Utility Plant and how billing rates are set for the Steam and Chilled Water produced.

CPE is currently estimated at 3.

Annual Social on January 21, 2009
5:30-8:30 PM
at the



1000 Osage (10th and Osage), Denver
303-534-9505

IMA members love returning to the Buckhorn for the annual SOCIAL! Bring your good spirits, sense of adventure and desire to re-connect with IMA members and friends in an informal environment. Feel free to bring a co-worker or two who would benefit from learning about the IMA. AND... it is free. What better way to start the new year?!?

Denver's original steakhouse, The Buckhorn Exchange is located in the city's oldest neighborhood, just 5-minutes from downtown Denver -- with a light-rail stop right across the street. This National Historic Landmark and Western Museum has been serving the finest in Old West fare since 1893.

Exotic appetizers such as alligator tail, rattlesnake and buffalo sausage are available, and no dinner is complete without the house specialty, Rocky Mountain Oysters.

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provided with the state-of-art *CMA Learning System™* developed by the IMA and based on the latest CMA body of knowledge.

Program Overview: CMA Exam Part 1

Business Analysis

- Business Economics
- Global Business
- Internal Controls
- Quantitative Methods
- Financial Statement Analysis

Registration & Fees

We encourage participants to complete their registration and payment process as early as possible to reserve space. Space is limited!

Course Costs: \$895 per part, IMA Members
\$995 per part, Non IMA Members

Course costs include all review materials

Course Schedule:

8:30 am to 4:00 pm

January 24, 2009

January 31, 2009

February 7, 2009

February 14, 2009

Part 1 Exam:

March 7, 2009

Please call for additional information



David Dirks

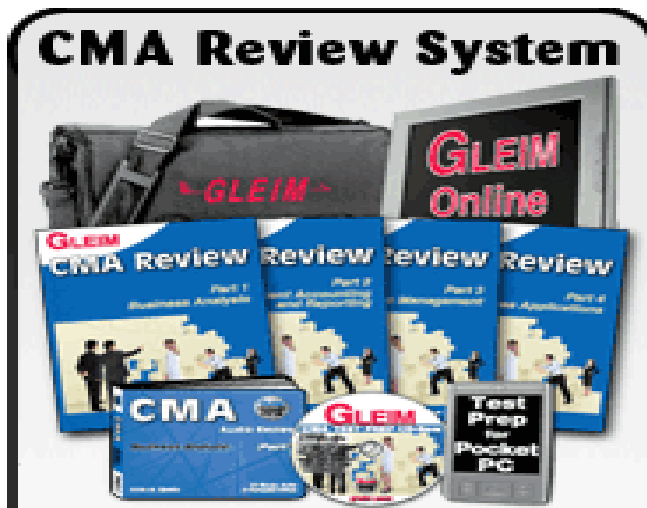
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CMA Corner

Between the used book buyback and heading the information sessions for those wishing to start studying for the CMA, MIKE WESTCOTT has been quite busy!

The new year will be a great time to get started on your new year's resolutions to enhance your career, so plan to join Mike for a kickoff meeting for those needing a jump start or to find study partners. The meeting will be at:

Panera Bread at Holly Orchard
(across the street from the Koebel Library)
10:30-12:00
Saturday January 24, 2009



ATTENTION: Your chapter leadership has entered into an agreement with GLEIM for special discounts to chapter members.

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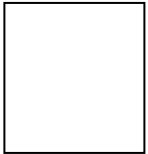
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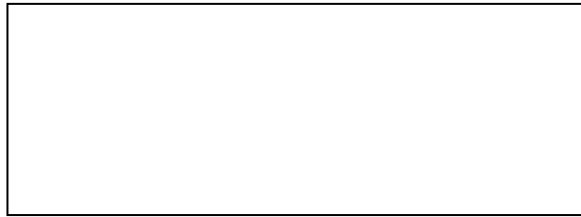


Denver-Centennial Chapter December 2008 Newsletter



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INFORMATION UPDATE (Please Print)

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I prefer to stay with my present chapter _____. I prefer to affiliate with the _____ Chapter.

Your signature _____ Date _____

(National requires your signature for any changes)

Please send all IMA correspondence to my: Business Address _____ Home Address _____

Please send this form to: **Linda Hendrix** (see return address info above on this newsletter)