

Course Syllabus

Energy Joint Interest Accounting

Course Number	ENGY 6336 & FIN 6336
Course Title	Energy Joint Interest Accounting
Term	Spring 2021
Days & Times	Tuesdays 7:00 – 9:45
Location:	SLC 2.303 & Live via eLearning and Blackboard also available asynchronously via eLearning and Blackboard

Professor Contact Information

Professor	Daniel C. Sibley, J.D., LL.M
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Office location & hours	by appointment

This course is offered live, face-to-face, in the classroom and also live via the internet using eLearning and Microsoft Teams. It is also offered recorded for asynchronous viewing

Course Pre-requisites, Co-requisites, and/or Other Restrictions

ACCT 6201 or ACCT 6305, or permission of the instructor

Course Description

This course covers the principles of financial reporting and analysis for energy ventures including hydrocarbons, renewables joint ownership, and yieldcos. This course also covers international energy project entity structuring, navigating international tax treaties to avoid tax leakage, SEC reporting, and financial reporting to joint interest owners. Topics will include: (i) USA federal tax issues involved in syndication of oil and gas, electrical transmission, and renewable energy joint venture projects as well as (ii) tax issues from other countries, and (iii) principles of GAAP and joint interest accounting for oil and gas exploration and production companies (COPAS) and renewable energy ventures. As many energy projects and businesses are tax driven, the course will explore the structuring of business entities for projects and businesses to provide maximum tax benefits to owners.

This course focuses on analysis of some of the practical and often complex issues associated with energy accounting, taxation and financial reporting for international and U.S.-based upstream energy operations (primarily petroleum, wind and solar). We will also focus on compliance with financial requirements of loan agreements, contracts, governmental agreements, laws and regulations. This course uses a “selected topics” approach. There will be no detailed “debits and credits” accounting homework or tests. We will focus on *analyzing and using* accounting and financial information, *not creating* it. Homework and short tests will consist of explaining and using financial reports and data. We will approach these issues from multiple viewpoints, including the viewpoints of:

- (i) the operator
- (ii) other equity owners; and potential investors in the operator
- (iii) joint venture financial reporting for syndicated project-specific development yieldcos

- (iv) other owners of interests in the upstream operations, such as:
 - a. landowners and royalty owners (payment of royalties and fees)
 - b. host countries or state-owned companies (production sharing agreements and other upstream agreements)
 - c. joint interest owners in the property (joint operating agreements)
- (v) commercial lenders and vendors (credit agreements)
- (vi) investment bankers (public offerings and private syndications)
- (vii) regulators of various natures (federal, state and international)
- (viii) national, state, and local taxing authorities

Student Learning Objectives/Outcomes

This class is designed to provide skills for the financial management of the energy-generating sector, not just accountants or tax advisors. The target audience is broad, not specially focused only on those who create financial information, but rather on the broader group of those who analyze and use it.

This class seeks to teach the students how to *understand, analyze and use financial and joint interest* accounting reports, comparative metrics, financial statements. and reports. We will use a “selected topics” approach that will be materially affected by current events. This study includes the detailed examination of the meaning and use of jargon and metrics (including R-Factors) that are used (and mis-used) to (i) raise capital, (ii) borrow money, or (iii) report financial results to investors, joint interest owners and/or non-U.S. host countries.

Textbooks and Materials

There are no required textbooks. However, if you plan to pursue a career in energy accounting, I strongly recommend two books:

Fundamentals of Oil & Gas Accounting, by Charlotte Wright, PennWell. I will rely upon this book as one of my sources for class lectures and projects, but you are not required to buy it. The sixth edition of this book was issued in 2017. Its price is listed on PennWell’s website as \$131.75. However, the 5th edition, issued in 2008, is still of great value, and **new** copies are available from PennWell online for \$50.00 until they dispose of their remaining inventory. The 2008 edition may also be available from the UTD library.

International Petroleum Accounting, by Charlotte Wright and Rebecca Gallum, PennWell. I will rely upon this book as one of my sources for class lectures and projects, but you are not required to buy it. The 2nd edition of this book was issued in 2019. Its price is listed on PennWell’s website as \$131.00. However, the 1st edition, issued in 2004, is still of great value, and **new** copies are available from PennWell online for \$25.00 until they dispose of their remaining inventory. The 1st edition may also be available from the UTD library. I will rely upon the 1st edition of this book as one of my sources for class lectures and projects, but you are not required to buy it. This book is a companion to Fundamentals of Oil & Gas Accounting and focuses on international issues.

If you want to order either of these books, you can order them online from PennWell Books, Amazon, or many other booksellers.

I will furnish materials in electronic format each week. We will use reports and documents filed with the U.S. Securities and Exchange Commission and will include non-U.S. companies. In addition, I will provide optional materials electronically or by links to websites. These materials will include copies of real non-U.S. production sharing agreements, joint operating agreements, contractual accounting

procedures, statutory and regulatory accounting and tax provisions in contracts and business organization structures.

Assignments & Calendar

This is a reading intensive and explanation-oriented course. It is essential to prepare for class in advance by reading all the assigned readings. After many classes, there will be short assignments that require submission of written answers (but not accounting exercises) by email. Students are encouraged to ask questions during class and by email, the answer to which will be shared with all students.

I am also available by appointment to address individual student concerns.

Grading Policy

Class participation normally is a very important component for your grade. However, since this class is also offered in live and asynchronous online format, short questions, open-book exams and papers (answers for which will be submitted by email) will determine most of your grade. Participation is still very important, however, and may be satisfied through email questions or responses.

Asking me questions is strongly encouraged and is a very significant part of participation. You may submit questions by email. Answering questions raised by me is also important. The written assignments will relate directly to real matters that are encountered in dealing with energy accounting, financial reporting and taxation. These short-answer questions are intended to reinforce the readings and impart knowledge or teach skills that the student will be expected to know and use in an energy management job.

The subject matter of each class and the order in which the classes are presented are subject to change at my discretion, especially regarding current events and availability of potential guest lecturers. This syllabus will be updated soon to provide a course calendar and a list of specific topics that will be addressed.

Course policies

Comet Creed

This creed was voted on by the UT Dallas student body in 2014. It is a standard that Comets choose to live by and encourage others to do the same:

"As a Comet, I pledge honesty, integrity, and service in all that I do."

UT Dallas Syllabus Policies and Procedures

The information contained in the following link constitutes the University's policies and procedures segment of the course syllabus.

Please go to <http://go.utdallas.edu/syllabus-policies> for these policies.

The descriptions and timelines contained in this syllabus are subject to change at the discretion of the Professor, especially if current events are discussed during the course.