

Barton, Jayne

From: Kirumakki, Nagaraja
Sent: Friday, January 30, 2004 9:53 AM
To: Burhop, Shirley
Subject: Guidance for valuing Non-Arm's-Length sales of Federal gas production

Attachments: Sales to affiliate audit Guidelines.doc

Shirley,
Here is the guidance paper. Monday is my flex day. I will be in on Tuesday.



Sales to affiliate
audit Guide...

This Attachment has been
withheld in its entirety.

*Raj Kirumakki
Center for Excellence
(303) 231-3466*

Barton, Jayne

From: Kirumakki, Nagaraja
Sent: Friday, January 30, 2004 1:03 PM
To: Conway, Karen
Cc: Burhop, Shirley
Subject: Sales to affiliates training

Karen,
The only major assignment left for the training class is the "Case Study". I will be off Monday and will be in the office Tuesday, Thursday and Friday. On Wednesday I will be here in the afternoon. So please let me know when we can get together and design the "Case Study".

We finished examples for gas benchmarks and a fairly detailed program identifying steps for applying the benchmark. Almost like an audit program. So we are almost there.

*Raj Kirumakki
Center for Excellence
(303) 231-3466*

Barton, Jayne

From: Conway, Karen
Sent: Monday, February 02, 2004 10:49 AM
To: Kirumakki, Nagaraja
Cc: Loomis, F David; Summers, Dana; Burhop, Shirley
Subject: RE: Sales to affiliates training

Hi Raj, I did not get a chance to work on the case study while I was out auditing. I will finish it for your review tomorrow, Tuesday, Feb. 3. I can meet with you and we can finish it up on Wednesday, 1:00 ok with you?

-----Original Message-----

From: Kirumakki, Nagaraja [mailto:Nagaraja.Kirumakki@mms.gov]
Sent: Friday, January 30, 2004 1:03 PM
To: Conway, Karen
Cc: Burhop, Shirley
Subject: Sales to affiliates training

Karen,

The only major assignment left for the training class is the "Case Study". I will be off Monday and will be in the office Tuesday, Thursday and Friday.

On Wednesday I will be here in the afternoon. So please let me know when we can get together and design the "Case Study".

We finished examples for gas benchmarks and a fairly detailed program identifying steps for applying the benchmark. Almost like an audit program.

So we are almost there.

Raj Kirumakki
Center for Excellence
(303) 231-3466

Barton, Jayne

From: Conway, Karen
Sent: Wednesday, February 04, 2004 12:16 PM
To: Burhop, Shirley; Kirumakki, Nagaraja
Subject: Case Study

Attachments: 2014 Excel spreadsheet Benchmarks Case Study.xls; June 01 ogor b for 89101035a hsc.xls; CASE STUDY.doc



This Attachment has been withheld in its entirety.

2014 Excel spreadsheet Benchmarks Case Study.xls
June 01 ogor b for 89101035a hsc.xls
CASE STUDY.doc (21 KB)

Hi all, here is the case study and attachments (OGOR & 2014)

<<2014 Excel spreadsheet Benchmarks Case Study.xls>> <<June 01 ogor b for 89101035a hsc.xls>> <<CASE STUDY.doc>>.

Barton, Jayne

From: Conway, Karen
Sent: Friday, February 06, 2004 8:05 AM
To: Burhop, Shirley
Subject: RE: Update on status

Shirley, since Questar paid on an arm's-length contract when they had a NAL contract, we don't think my case will work well as an example. Raj is checking to see if he can find something else. If not then we will have to make something up. Sorry that it did not work out. When I started to develop the example I did not think we would be using the OGOR and 2014, just the contracts and then make up the rest of the example to fit the contracts.

-----Original Message-----

From: Burhop, Shirley [mailto:Shirley.Burhop@mms.gov]
Sent: Thursday, February 05, 2004 11:40 AM
To: Williams, Mary; Brian Johnson; Cynthia Stuckey; Dana Summers; Ellwood Soderlind; F David Loomis; George Staigle; Karen Conway; Nagaraja Kirumakki; Nancy Rodriguez; Perry Shirley; Robert Davidoff; Sara Teel; Terence Fisher
Cc: Gibbs Tschudy, Deborah
Subject: Update on status

Just to keep you informed: I transmitted the power point presentation and examples to Debbie and Mary last Friday for review, prior to forwarding to Geoff Heath. I have not yet received comments from either of them. I have not bothered to cc: you all on that message as I know that power point presentations take a big chunk out of everyone's inbox storage. The "final" presentation is very much like what we demo'd on Jan. 22.

The examples we have developed cover gas and coal -- none for oil. I believe our thinking was that the issues covered in the gas examples are broad enough that the same principles would apply to oil, so, though the words would be different, we wouldn't really be illustrating new concepts were we to offer more examples.

The "resource papers" and case study should be finished later this week.

Barton, Jayne

From: Kirumakki, Nagaraja
Sent: Friday, February 13, 2004 10:06 AM
To: Burhop, Shirley
Subject: STATUS - "Sales to Affiliates gas - Case Study".

Shirley,

I prepared the case study and sent it out to Dave Hansen, Auditor, State of Montana for his review.

*Raj Kirumakki
Center for Excellence
(303) 231-3466*

Barton, Jayne

From: Conway, Karen
Sent: Tuesday, February 17, 2004 1:24 PM
To: Burhop, Shirley; Kirumakki, Nagaraja; Conway, Karen
Subject: RE: Fina guidance and training

I took out three double periods in the gas examples. This is red-lined.

-----Original Message-----

From: Burhop, Shirley [mailto:Shirley.Burhop@mms.gov]
Sent: Tuesday, February 17, 2004 12:57 PM
To: Kirumakki, Nagaraja; Conway, Karen
Subject: FW: Fina guidance and training

For your viewing first -- I haven't yet looked at it.

-----Original Message-----

From: Gibbs Tschudy, Deborah
Sent: Tuesday, February 10, 2004 4:18 PM
To: Burhop, Shirley
Cc: Williams, Mary
Subject: RE: Fina guidance and training

Hi Shirley - I finally got through the Powerpoint presentation on the plane to Houston. I will give you my comments annotated on the hard copy at the Special Institute.

My comments on the gas and coal examples are attached in redline/strikeout.

-----Original Message-----

From: Burhop, Shirley
Sent: Friday, January 30, 2004 4:41 PM
To: Gibbs Tschudy, Deborah
Cc: Williams, Mary
Subject: Fina guidance and training

Here's the draft guidance and training. There are 3 files: a power point presentation, gas valuation examples, and coal valuation examples.

The resource papers are not included, nor is the Case Study which is still being developed. We are also working on a sample audit program which is not yet included.

Barton, Jayne

From: Conway, Karen
Sent: Monday, February 23, 2004 8:12 AM
To: Kirumakki, Nagaraja
Cc: Burhop, Shirley
Subject: RE: Gas Sales to Affiliates - Audit/Compliance guidance steps

I made some minor changes. I took out the underline on the lower case letters for consistency and some other minor changes.

-----Original Message-----

From: Kirumakki, Nagaraja [mailto:Nagaraja.Kirumakki@mms.gov]
Sent: Monday, February 23, 2004 7:46 AM
To: Conway, Karen
Subject: Gas Sales to Affiliates - Audit/Compliance guidance steps

Karen,
Guidance steps is attached.

<<Sales to affiliate audit Guidelines.doc>>

Raj Kirumakki
Center for Excellence
(303) 231-3466

Gibbs Tschudy, Deborah

From: Gibbs Tschudy, Deborah
Sent: Monday, February 23, 2004 9:02 AM
To: Burhop, Shirley
Subject: RE: Fina guidance and training

Please work with Ethel to find time on my calendar.

-----Original Message-----

From: Burhop, Shirley
Sent: Friday, February 20, 2004 4:50 PM
To: Gibbs Tschudy, Deborah
Subject: Fina guidance and training

Raj and I would like to discuss a few of your comments with you - shouldn't take longer than 15 minutes. When are you available?

Barton, Jayne

From: Burhop, Shirley
Sent: Monday, February 23, 2004 9:12 AM
To: Richards, Ethel
Subject: FW: Fina guidance and training

Ethel, can you schedule Raj Kirumakki and I for a quick meeting with Debbie? Looks like she's available today between 10:30 and 11:30 or at 2:00. Either would work for me.

-----Original Message-----

From: Gibbs Tschudy, Deborah
Sent: Monday, February 23, 2004 9:02 AM
To: Burhop, Shirley
Subject: RE: Fina guidance and training

Please work with Ethel to find time on my calendar.

-----Original Message-----

From: Burhop, Shirley
Sent: Friday, February 20, 2004 4:50 PM
To: Gibbs Tschudy, Deborah
Subject: Fina guidance and training

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Barton, Jayne

From: Burhop, Shirley
Sent: Tuesday, February 24, 2004 5:08 PM
To: Brian Johnson; Cynthia Stuckey; Dana Summers; Ellwood Soderlind; F David Loomis; George Staigle; Karen Conway; Nagaraja Kirumakki; Nancy Rodriguez; Perry Shirley; Robert Davidoff; Sara Teel; Terence Fisher
Subject: Sales to affiliate audit Guidelines.doc
Attachments: Sales to affiliate audit Guidelines.doc



This Attachment has been withheld in its entirety.

Sales to affiliate
audit Guide...

The team discussed, early on, whether we wanted to present a sample audit program as part of the training. I believe the answer was "no".

Nevertheless, some members of the team have prepared the attached (somewhat edited by me) for consideration. These are called "guidelines" rather than an audit program, but are quite similar. What does everyone think? Do we want to offer something like this or not? If so, does it need any modification?

By way of update on everything else, I received Debbie's comments on our slide show last week and have made most of the changes she suggested. She had a few which have us stumped, however, and Raj and I will be meeting with her tomorrow to discuss. Once these few remaining issues are resolved, we will be ready to go forward with the package (slide show, examples, and resource lists) to Ken Vogel and Geoff Heath. I don't believe the case study is quite ready yet.

Scheduling of the training will be discussed at STRAC, along with scheduling of a variety of other classes to be presented to STRAC members.

I offer up my own employees as the guinea pigs to get the first course, as they need it ASAP!

Barton, Jayne

From: Conway, Karen
Sent: Wednesday, February 25, 2004 8:20 AM
To: Burhop, Shirley; Johnson, Brian C; Stuckey, Cynthia; Summers, Dana; Soderlind, Ellwood; Loomis, F David; Staigle, George; Conway, Karen; Kirumakki, Nagaraja; Rodriguez, Nancy; Shirley, Perry; Davidoff, Robert; Teel, Sara; Terence Fisher
Subject: RE: Sales to affiliate audit Guidelines.doc
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Sales to affiliate
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I made some corrections for consistency. There were some a. b. c. underlined and some not so I took out the underline. There were some sentences after the a. b. c. with periods at the end and some not so I added the period. Also some other minor changes. They are in red track changes and you can accept or reject. Let me know what you think.

-----Original Message-----

From: Burhop, Shirley [mailto:Shirley.Burhop@mms.gov]
Sent: Tuesday, February 24, 2004 5:08 PM
To: Brian Johnson; Cynthia Stuckey; Dana Summers; Ellwood Soderlind; F David Loomis; George Staigle; Karen Conway; Nagaraja Kirumakki; Nancy Rodriguez; Perry Shirley; Robert Davidoff; Sara Teel; Terence Fisher
Subject: Sales to affiliate audit Guidelines.doc

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Barton, Jayne

From: Terence Fisher [tfisher@washakie.net]
Sent: Wednesday, February 25, 2004 8:48 AM
To: Conway, Karen; Burhop, Shirley; Johnson, Brian C; Stuckey, Cynthia; Summers, Dana; Soderlind, Ellwood; Loomis, F David; Staigle, George; Kirumakki, Nagaraja; Rodriguez, Nancy; Shirley, Perry; Davidoff, Robert; Teel, Sara
Subject: Re: Sales to affiliate audit Guidelines.doc

In answer to Shirley's question if we want to provide an audit "guideline" I believe that is the whole purpose of this endeavor as we are an audit function. T

----- Original Message -----

From: "Conway, Karen" <kconway@spike.dor.state.co.us>
To: "'Burhop, Shirley'" <Shirley.Burhop@mms.gov>; "Brian Johnson" <Brian.C.Johnson@mms.gov>; "Cynthia Stuckey" <Cynthia.Stuckey@mms.gov>; "Summers, Dana" <dsummers@spike.dor.state.co.us>; "Ellwood Soderlind" <esoderlind@wyaudit.state.wy.us>; "Loomis, Frederic (David)" <dloomis@spike.dor.state.co.us>; "George Staigle" <georgestaigle.mms@midconetwork.com>; "Conway, Karen" <kconway@spike.dor.state.co.us>; "Nagaraja Kirumakki" <Nagaraja.Kirumakki@mms.gov>; "Nancy Rodriguez" <nrodriguez@state.nm.us>; "Perry Shirley" <perryinwr@yahoo.com>; "Robert Davidoff" <Robert.Davidoff@mms.gov>; "Sara Teel" <sara.teel@mms.gov>; "Terence Fisher" <tfisher@washakie.net>
Sent: Wednesday, February 25, 2004 8:19 AM
Subject: RE: Sales to affiliate audit Guidelines.doc

> I made some corrections for consistency. There were some a. b. c.
> underlined and some not so I took out the underline. There were some
> sentences after the a. b. c. with periods at the end and some not so I
added
> the period. Also some other minor changes. They are in red track changes
> and you can accept or reject. Let me know what you think.

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> -----Original Message-----
> From: Burhop, Shirley [mailto:Shirley.Burhop@mms.gov]
> Sent: Tuesday, February 24, 2004 5:08 PM
> To: Brian Johnson; Cynthia Stuckey; Dana Summers; Ellwood Soderlind; F
> David Loomis; George Staigle; Karen Conway; Nagaraja Kirumakki; Nancy
> Rodriguez; Perry Shirley; Robert Davidoff; Sara Teel; Terence Fisher
> Subject: Sales to affiliate audit Guidelines.doc

>
> <<Sales to affiliate audit Guidelines.doc>> The team discussed, early on,
> whether we wanted to present a sample audit program as part of the
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(somewhat
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> will be ready to go forward with the package (slide show, examples, and
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> of a variety of other classes to be presented to STRAC members.
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> I offer up my own employees as the guinea pigs to get the first course, as
> they need it ASAP!
>
>
>

Barton, Jayne

From: Kirumakki, Nagaraja
Sent: Thursday, February 26, 2004 7:52 AM
To: Conway, Karen
Cc: Burhop, Shirley
Subject: RE: Sales to Affiliates2 - draft.ppt

If people want it we can handout just the appropriate page and direct them to the online resource for the full decision.

Raj

-----Original Message-----

From: Conway, Karen
Sent: Thursday, February 26, 2004 7:31 AM
To: Burhop, Shirley; Kirumakki, Nagaraja; Conway, Karen
Subject: RE: Sales to Affiliates2 - draft.ppt

Looks good to me. I have a feeling that the People taking the class will want the mining case as a handout.

-----Original Message-----

From: Burhop, Shirley [mailto:Shirley.Burhop@mms.gov]
Sent: Wednesday, February 25, 2004 5:23 PM
To: Kirumakki, Nagaraja; Conway, Karen
Subject: Sales to Affiliates2 - draft.ppt

<<Sales to Affiliates2 - draft.ppt>> Here it is, for the last time (I hope) after our meeting with Debbie. Slides that have changed or been added are: 8, 17, 30, 65, 77, 81+. (Or thereabouts, depending on whether I added new slides before or after jotting down these numbers.)

Barton, Jayne

From: Kirumakki, Nagaraja
Sent: Thursday, February 26, 2004 7:56 AM
To: Burhop, Shirley; Conway, Karen
Subject: Significant quantities example

Attachments: Affiliatesales-Significant Quantity.doc



Affiliatesales-Signifi
cant Qua...

*Raj Kirumakki
Center for Excellence
(303) 231-3466*

Significant Quantities Example

Significant quantities has no precise definition and depends on the circumstances of a particular field or area.

Happy Canyon Field: Production = 500,000 barrels per month.

<u>Buyer</u>	<u>Quantity</u>	<u>Price (\$/Bbl)</u>
Purchaser A	400,000	29.99
Purchaser B	35,000	27.25
Purchaser C	35,000	27.39
Purchaser D	20,000	27.30
Purchaser E	10,000	26.90

Purchaser A buys significant quantities of production from Happy Canyon Field.

Giant Dome Field: Field produces 100,000 barrels per month.

<u>Buyer</u>	<u>Quantity</u>	<u>Price (\$/Bbl)</u>
Purchaser A	1,000	26.90
Purchaser B	5,000	27.00
Purchaser C	15,000	27.20
Purchaser D	18,000	27.25
Purchaser E	22,000	27.30
Purchaser F	25,000	27.30
Purchaser G	14,000	27.20

Purchaser A does not buy significant quantities of crude oil from Giant Dome field. Purchasers C, D, E, F & G are the ones who buy significant quantities of production from this field.

Note: The significant quantities of oil production in one field may be insignificant quantities of oil production in another field as shown in this example.

Barton, Jayne

From: Kirumakki, Nagaraja
Sent: Thursday, February 26, 2004 8:10 AM
To: Conway, Karen
Cc: Burhop, Shirley
Subject: RE: Significant quantities example

Karen,

I was illustrating the point that Purchaser A was the buyer of significant quantities of production in Happy Canyon field, whereas he/she is not the significant quantities purchaser in Giant Dome field.

That was the point I was trying to make in this example. Also the quantity varies.

For example in Happy Canyon field 80% of the production purchased represents significant quantities and in Giant Dome field 14% of the production is suffice to say it represents significant quantities.

Raj

-----Original Message-----

From: Conway, Karen
Sent: Thursday, February 26, 2004 7:58 AM
To: Kirumakki, Nagaraja
Subject: RE: Significant quantities example

Looks good, in your second example you did not mention purchaser b, wouldn't that one also be insignificant?

-----Original Message-----

From: Kirumakki, Nagaraja [mailto:Nagaraja.Kirumakki@mms.gov]
Sent: Thursday, February 26, 2004 7:56 AM
To: Burhop, Shirley; Conway, Karen
Subject: Significant quantities example

<<Affiliatesales-Significant Quantity.doc>>

Raj Kirumakki
Center for Excellence
(303) 231-3466

Barton, Jayne

From: Kirumakki, Nagaraja
Sent: Thursday, February 26, 2004 11:18 AM
To: Burhop, Shirley
Subject: Definitions: Short-term vs. Long-term

Talked with some people (Larry Cobb) and others to find definitions.

According to PennWell Books:

Long-term sale: At one time meant a sale for 20 years or longer; now it probably means any sale for more than a year.

Short-term sale: Can mean the same as spot sale; a contract for 30 days or less. Sometimes a longer sale, but normally not more than a year.

Spot Market: A generic reference to short-term, or "spot", purchases and sales.

Under an Energy Information Management Co web site:

Long-term Contract: A supply contract in the physical market covering gas deliveries of more than 18 months, usually a fixed quantity of gas delivered on a monthly basis.

*Raj Kirumakki
Center for Excellence
(303) 231-3466*