

BYLAWS

PETROLEUM ACCOUNTANTS SOCIETY OF THE PERMIAN BASIN

May 31, 2019

ARTICLE I - NAME AND OBJECTIVES

Section 1. NAME. The name of this Society shall be the Petroleum Accountants Society of the Permian Basin.

Section 2. OBJECTIVES. The objectives of this Society are to render service for the general benefits of the petroleum industry and its members and to advance the science of petroleum accounting through the following objectives and principles:

- 2.1 To develop improved accounting methods and procedures.
- 2.2 To provide the membership an opportunity to study and analyze accounting and other related issues for the petroleum industry and to exchange constructive ideas relating to the issues.
- 2.3 To advance the standing of the profession of petroleum accounting.
- 2.4 To preserve and enforce the ethics of the profession of petroleum accounting.

Section 3. AFFILIATION. This Society shall be affiliated with the Council of Petroleum Accountants Societies (COPAS).

ARTICLE II - MEMBERSHIP

Section 1. GENERAL. Membership in the Society shall be open to individuals who are interested in the goals and objectives of the Society and who are willing to subscribe to its Bylaws.

Section 2. REGULAR MEMBERS.

Persons who are qualified as set forth in Article II Section 1, may be elected as Regular Members provided a significant portion of their work-related activities are directly involved with accounting functions in the petroleum industry.

Regular Members shall pay annual dues, established by the Board of Directors, and shall be entitled to all the privileges of the Society, including voting and holding offices.

Section 3. ASSOCIATE MEMBERS. Individuals who are qualified as set forth in Article II Section 1 and are not directly involved in accounting functions of the petroleum industry may be elected as Associate Members. Such members shall be entitled to all privileges of the society except that they may not vote or hold office within the Society. Associate Members shall pay annual dues established by the Board of Directors.

Section 4. APPLICATION FOR NEW MEMBERSHIP. A written application form shall be submitted with dues to the Board of Directors for approval of membership. Membership shall become effective on the date of approval by the Board of Directors. The Board of Directors shall make the determination of membership status (Regular or Associate) of the individual member applicants. The new member shall be notified by a member of the Board of Directors.

Section 5. HONORARY MEMBERS.

5.1 Honorary Memberships may, at the discretion of the Board of Directors, be granted for life to past presidents who have retired from full-time employment.

5.2 The Board of Directors may, at its discretion, bestow Honorary Memberships upon former members or others who have distinguished themselves by exceptional service on behalf of the Society.

5.3 Honorary Members shall be entitled to all privileges of the Society except that they may not vote or hold office within the Society. Such members shall be exempt from payment of annual dues.

Section 6. RESIGNATION. Any member may sever connection with the Society by written resignation addressed to the Board of Directors, but such action shall not require the Society to refund any dues.

Section 7. EXPULSION. Any member who is adjudged by the Board of Directors in its sole discretion, to have violated the Bylaws of the Society, or who shall be guilty of conduct injurious to the name and reputation of the Society, may be expelled from membership in the Society by a two-thirds (2/3) vote of the Board of Directors. The unexpired portion of dues paid by an expelled member will not be refunded.

ARTICLE III - BOARD OF DIRECTORS

Section 1. NUMBER OF DIRECTORS. The Board of Directors of the Society shall consist of not less than five (5) or more than nine (9) Regular Members elected by the Society.

Section 2. TERMS OF OFFICE. At the annual meeting of the Society three Directors shall be elected by plurality vote to take office June 1st to serve a term of three (3) years or until their successors are elected. If, for any reason, the required number of Directors is not elected at the annual meeting, they may be elected at any special meeting of the Society called for this purpose by the Board of Directors.

Section 3. MEETINGS. The regular meetings of the Board of Directors shall be held monthly at such times and places as the Board determines. Special meetings of the board may be called by the President or any three (3) members of the Board. Two-thirds (2/3) of the Directors shall constitute a quorum. Notices of Directors' meetings shall be made by the President, or as the Board of Directors may otherwise direct; but no defect in such notice or the failure to give such notice shall invalidate the meeting or any proceeding taken thereat so long as a quorum is present.

Section 4. COMPANY REPRESENTATION ON BOARD. Not more than two (2) employees of any employer shall be eligible to serve simultaneously on the Board of Directors. For the purpose of this section, a parent and its subsidiary or affiliated companies shall be considered as a single employer. A director who relocates to a different company shall be entitled to complete his/her term even though such relocation may cause the Board to temporarily have more than two directors from an employer.

Section 5. BOARD AUTHORITY. The Board of Directors is authorized and empowered by the membership to manage the business and affairs of the Society except where prohibited by the Bylaws.

Section 6. LIMITED AUTHORITY TO ASSUME LIABILITY. The Board of Directors shall have restricted power to assume liability on behalf of the Society. Any expenditure approved by the Board of Directors in excess of \$10,000 must also be approved by three-fourth's (3/4) vote of the members present at the next regular meeting or at a special meeting called for that purpose.

Section 7. VACANCIES AND REPLACEMENTS. Vacancies shall be filled by a majority vote of the members of the Board of Directors. Within three months from the date the vacancy was created, the Board of Directors shall either fill the vacancy or choose to let the vacancy stand until the next Annual Meeting at which time it may be filled by a vote of the Regular Members. Any vacancy which would result in a violation of Article III.1 shall be filled within three months from the date the vacancy was created.

Section 8. REMOVAL OF DIRECTOR. Any Director may be removed for cause by a two-thirds (2/3) vote of the Board of Directors.

Section 9. RE-ELECTION OF DIRECTORS. Directors shall be eligible to succeed themselves. A retiring Director, who is also the retiring President, shall remain in an advisory capacity to the Board of Directors for a period of one year.

ARTICLE IV – OFFICERS

Section 1. OFFICERS. The officers of this Society shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be members of the Board of Directors.

Section 2. ELECTION. The officers of the Society shall be appointed by the president and confirmed by majority vote at the first Board of Directors' meeting subsequent to the annual meeting of the Society and shall hold office for one year and until their successors are elected. The term of office of each shall expire on May 31st of the calendar year following the year in which he/she is elected, except that each officer shall continue to serve until his/her successor is duly elected and qualified. An officer shall not be eligible for re-election to the same office held during the preceding year, unless that office was held for less than the full year.

Section 3. VACANCY AND REPLACEMENT. A vacancy in office shall be filled by a majority vote of the Board of Directors.

Section 4. REMOVAL OF AN OFFICER. Any officer may be removed for cause by a two-thirds (2/3) vote of the Board of Directors.

ARTICLE V - DUTIES OF OFFICERS/DIRECTORS

Section 1. PRESIDENT. The President shall be the executive officer of the Society and when present, shall preside at all meetings of the Society, of the Board of Directors, and of the Executive Committee, and shall serve on the COPAS Representation Committee. The President shall not vote at the Board of Directors meetings except to break a tie vote. The President shall exercise general supervision over the affairs of the Society and shall see to the enforcement of the Bylaws and to the carrying out of all resolutions and proceedings of the Society, of the Board of Directors, and the Executive Committee.

Section 2. VICE PRESIDENT. In the absence or disability of the President, the Vice President shall perform the duties of President. The Vice President shall have such other powers and duties as may be prescribed by the Board of Directors.

Section 3. SECRETARY. The Secretary shall keep a record of proceedings at the Board of Directors meetings, preserve all communications pertaining to the affairs of the Society, and perform other duties that pertain to the office of the Secretary as may be prescribed by the Board of Directors.

Section 4. TREASURER. The Treasurer shall collect dues from members and keep a record of funds received and payments made under authority of the Board of Directors. The Treasurer's records shall always be available for inspection by any member of the Society and subject to audit at any time. The funds received by the Treasurer shall be deposited in financial institutions or investment firms to be selected by the Board of Directors in an account in the name of the Society and the same may be withdrawn from said institutions or firms on signatures of any two officers subject to the limitations set forth in the Bylaws. The Treasurer shall prepare monthly reports detailing receipts and disbursements for the Board of Directors and a fiscal yearly report of receipts and disbursements to be presented for approval by the Board of Directors at the September Board of Directors meeting and subsequently distributed to the Society members.

Section 5. PROGRAM DIRECTOR. The President may appoint a program director. The program director will secure principal speakers for the regular meetings of the Society. Duties may include the introduction of the speaker and presentation of the speaker gift, ensure compliance with the guidelines established by the State Board of Public Accountancy for continuing education, maintain attendance records, and document continuing education hours awarded.

Section 6. MEMBERSHIP DIRECTOR. The President may appoint a membership director. The membership director will maintain a listing of all Society members, coordinate receipts of membership dues with the Treasurer, solicit new members, analyze their qualifications, and submit their applications to the Board of Directors for review and approval. This director will maintain member nametags along with attendance records for the Society meetings.

Section 7. MEETING ARRANGEMENTS DIRECTOR. The President may appoint a meeting arrangements director. The meeting arrangements director will coordinate meeting locations, meals, additional rooms for committee meetings and technical sessions, and audio/visual equipment for the speakers.

Section 8. NEWSLETTER DIRECTOR. The President may appoint a newsletter director. The newsletter director will gather information and publish a monthly newsletter for the Society members and submit articles for *COPAS ACCOUNTS*.

Section 9. WEBSITE AND PUBLICITY DIRECTOR. The President may appoint a website and publicity director. The website and publicity director will maintain the website for the society, making sure all information is up to date and accurate. The director will also maintain and promote events and activities on the social media platforms of choice by the Board of Directors. Events and registrations will be promoted and collected using the website, that information will be given to the committees, treasurer and any other participating member as deemed appropriate by the Board of Directors.

ARTICLE VI - EXECUTIVE COMMITTEE

Section 1. MEMBERS. The President and two (2) Directors, appointed by the President shall serve as the Executive Committee.

Section 2. QUORUM. Two (2) members shall constitute a quorum of the Executive Committee.

Section 3. REPORT OF ACTION TAKEN. At each meeting of the Board of Directors, the Executive Committee shall report any action taken by it since the last preceding meeting of the Board of Directors.

Section 4. CHANGE IN MEMBERSHIP. The members of the Executive Committee may be changed by the President at any time when, in his/her sole discretion, such change is desirable for the best interest of the Society; provided, however, that the Executive Committee shall always consist of two directors and the President.

Section 5. DUTIES AND RESPONSIBILITIES. The Executive Committee shall act for and on behalf of the Board of Directors during the interim between board meetings on any and all matters which may be delegated by the Board of Directors.

Section 6. LIMITED AUTHORITY TO ASSUME LIABILITY. The Executive Committee shall have restricted power to assume liability on behalf of the Society. Any expenditure approved by the Executive Committee in excess of \$10,000 must also be approved by three-fourths (3/4) vote of the members present at the next regular meeting or at a special meeting called for that purpose.

ARTICLE VII - COMMITTEES

Section 1. COMMITTEE APPOINTMENT. The President shall appoint a chairperson from the Regular Members for each committee except for the Scholarship Committee whose charter dictates succession.

Section 2. GENERAL. The chairperson appointed will serve from June 1st through May 31st of each year. The chairperson shall select any members to serve on the committee. The Nominating committee is the sole exception to this rule.

Section 3. STUDY COMMITTEES. The following study committees may be established to review COPAS proposals and make recommendations to the Board of Directors. The Board of Directors may combine committees as desired but at no time shall there be fewer active committees than required by COPAS:

Audit

Education
Financial Reporting
Joint Interest
Revenue
Small Oil & Gas Companies
Tax

Section 4. COPAS REPRESENTATION COMMITTEE. The COPAS Representation Committee consists of the President and an appointed Regular Member of the Society to be known as the COPAS Representative. Duties will include representing the Society at National COPAS Meetings and reporting National COPAS activities to the Society Members.

Section 5. NOMINATING COMMITTEE. Two months prior to the annual meeting, the President shall appoint a Nominating Committee subject to the approval of the Board of Directors. The Nominating Committee shall consist of three (3) Board members whose duties are to hold the election of Directors at the annual meeting and to ensure that there is at least one (1) candidate for each open position on the Board of Directors. The Nominating Committee shall announce their candidates at the regular monthly meeting in April. Additional nominations from the floor may be made at that time.

Section 6. SCHOLARSHIP COMMITTEE. The Scholarship Committee shall consist of three (3) Regular Members of the Society to solicit, review, and present candidates for scholarships to the Board of Directors. The Charter for this committee shall govern the selection of the members and scholarship recipients.

Section 7. SPECIAL COMMITTEES. In addition to the committees enumerated above, the President shall be vested with the authority to appoint any other committees as may be necessary for the efficient operation of the Society. Such a committee shall be dissolved by the President or his/her successor when its purpose is achieved, or usefulness terminated.

ARTICLE VIII - FINANCES

Section 1. FINANCIAL REPORTING YEAR. The financial reporting year shall be a fiscal year ending May 31st.

Section 2. AUDIT. An annual audit of the accounts and records of the Society shall be conducted by person(s) other than the Board of Directors. Such person(s) conducting the audit shall be appointed by the President and approved by the Board and shall issue a report reflecting the results of such audit to the members.

Section 3. TAX RETURN. The annual preparing and filing of all applicable federal and state tax returns shall be handled by person(s) appointed by the President and approved by the Board of Directors.

ARTICLE IX - ANNUAL DUES

Section 1. ANNUAL DUES PERIOD. The annual dues period shall be from September 1st to August 31st.

Section 2. ANNUAL DUES. The Board of Directors shall establish and/or adjust the amount of dues annually. Dues shall be paid by members in advance at a time specified by the Board of Directors.

Section 3. NEW MEMBERS. A candidate who is admitted to membership during the year shall be charged dues only for the unexpired portion of said annual due period, beginning with the date elected to the membership.

Section 4. COVERAGE OF MEALS. The entire cost of meals served at the annual and regular meetings of the Society is included in the annual dues.

Section 5. EXEMPTIONS. Honorary Members of the Society shall be exempt from the payment of annual dues.

Section 6. NON-PAYMENT. Notice of annual dues payable shall be sent to each member. Failure to pay dues within thirty (30) days from the date dues are payable will constitute cause for termination of membership in the Society. Reinstatement to membership will be effective with the payment of delinquent dues.

ARTICLE X – MEETINGS

Section 1. REGULAR MEETINGS. Unless otherwise determined by the Board of Directors, regular meetings of the Society shall be held monthly from September through April at a place designated by the Board of Directors.

Section 2. ANNUAL MEETING. The annual meeting of the Society for the election of directors or the announcement of newly elected directors if such election is held by mail or electronic mail (Article X Section 5) and the transaction of any other business relating to its affairs, shall be held in May at a time and place designated by the Board of Directors.

Section 3. SPECIAL MEETINGS. A special meeting of the Society may be called at any time by the Board of Directors or by a written request delivered to the Secretary and signed by ten (10) or more Regular Members of the Society. The Board of Directors shall then call a special meeting within 30 days of the date of the written request at a time and place selected by the Board.

Section 4. MEETING NOTICE. The Newsletter Director shall notify current members of the time and place of each meeting (regular, annual or special) not less than seven days prior to the meeting date. Failure or defect in notice of such meetings will not invalidate the meeting or any procedure taken thereat.

Section 5. VOTING. Each Regular Member is entitled to one (1) vote. Voting by mail or electronic mail will be valid if approved by the Board of Directors and sufficient security is taken to ensure voting is from Regular Members only. The Board of Directors will set out procedures for voting by mail or electronic mail as applicable. A quorum of Regular Members is required for the voting to be valid.

Section 6. QUORUM. A quorum shall consist of one-fifth of the Regular Members.

ARTICLE XI - GUESTS OF MEMBERS

Section 1. GUESTS OF MEMBERS. Members may bring guests to meetings of the Society under such rules and regulations as the Board of Directors may prescribe. Annually, the Board of Directors will decide whether to charge the members for their guest's dinners or luncheons and will instruct the Treasurer to invoice the member.

ARTICLE XII- AMENDMENTS

Section 1. AMENDMENT PROPOSAL. Amendments to the Bylaws of the Society may be proposed at any time by the Board of Directors or written petition signed by ten (10) Regular Members. Each proposed amendment shall be filed with the Secretary. Within thirty (30) days the Secretary shall submit a notification of the proposed amendment to the Regular Members of the Society.

Section 2. AMENDMENT APPROVAL. The Bylaws may be amended by a two-third's (2/3) vote of the Regular Members of the Society so long as a quorum is represented. The Regular Members shall be notified of the amendment by the Secretary within 30 days of its adoption.

ARTICLE XIII – DISSOLUTION

Section 1. DISSOLUTION. Upon dissolution of the Society and the cessation of its conduct of business and existence, the assets of the Society shall be distributed, after payment of all liabilities, to such nonprofit organization or organizations as the Board of Directors shall determine, provided that the receiver(s) of the Society assets shall be required to dedicate and use such assets in furtherance of a nonprofit activity consistent with the purposes, objectives, and principles of the Society.

ARTICLE XIV - GENERAL PROVISIONS

Section 1. NOTICES. Any notice to members of the Society or to any director or officer, shall be deemed sufficiently given if delivered by postal or electronic mail to the last address furnished by the member.

Section 2. CONTRACTS. Any contract or similar undertaking made on behalf of the Society shall be made in such manner as the Board of Directors may prescribe.

Section 3. LIMITATION OF LIABILITY. Any person providing services or any act of assistance, without monetary compensation or the expectation of such compensation, to the Society in the capacity of a Director or Officer, shall not be deemed to have thereby assumed a duty of care where none otherwise existed and shall not be liable to the Society or its members, or to any third party, for any damages or injuries resulting from such Directors or Officer's negligence, absent bad faith or willful misconduct. No member of the Board of Directors or any Officer of the Society shall be liable for actions taken or omissions made in the performance of his/her duties in such capacity, including actions or omissions arising from his/her negligence, except for wanton or willful acts or omissions.