

# Charter of the Petroleum Environmental Research Forum

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|--|---|
| I. <a href="#">Name</a>                  | VIII. <a href="#">Funding</a>           |
| II. <a href="#">Objectives</a>           | IX. <a href="#">Payment Delinquency</a> |
| III. <a href="#">Members</a>             | X. <a href="#">Meetings</a>             |
| IV. <a href="#">Officers</a>             | XI. <a href="#">Legal Counsel</a>       |
| V. <a href="#">Board of Directors</a>    | XII. <a href="#">Notification</a>       |
| VI. <a href="#">Rights of Members</a>    | XIII. <a href="#">Dissolution</a>       |
| VII. <a href="#">Conduct of Business</a> | XIV. <a href="#">Charter Amendment</a>  |

## I. Name

The name of this organization shall be the Petroleum Environmental Research Forum (PERF).

## II. Objectives

- A. To provide a stimulus to and mechanism for cooperative research and development of technology related to any aspect of health, environment, safety, waste reduction, and system integrity for the petroleum industry.
- B. To provide a forum for the presentation and consideration of proposals for industry projects related to any aspect of health, environment, safety, waste reduction, and system integrity for funding by Members of the organization and non-Members alike.

This organization is not organized for profit or organized to engage in any activities ordinarily carried out for profit. No part of any net earnings of this Organization shall enure to the benefit of, or be distributed to, its Members, trustees, officers or other private persons; provided, however, that the Organization shall be authorized and empowered to reimburse its Members, trustees, officers, or other private persons and/or agencies for reasonable expenses incurred by these entities in furtherance of the purpose for which it was organized.

## III. Members

- A. Any individual, firm, partnership, corporation, or organization engaged in any aspect of the petroleum industry may become a Member of, or otherwise associated with, PERF, with the rights and obligations specified herein, by approval of the Board of Directors and compliance with the requirements of this Charter.
- B. Upon approval by the Board of Directors, an entity shall become a Member by accepting the Charter, paying the Initial Fee established by the Board of Directors, and thereafter paying the current fee or fees determined by the Board of Directors and approved by the members.
- C. Each Member shall appoint a representative and an Alternate Representative (each of whom may be replaced at any time by the Member) who shall have the power and authority to represent such Member in all matters relating to PERF.
- D. An Associate Member shall be an entity that is approved by the Board of Directors, that accepts the Charter, that pays the same fee or fees as other Members, and that appoints a Representative and Alternate Representative with the power and authority to represent the Associate Member in all matters relating to PERF and which have the right to vote but not to serve as an officer or director of PERF.
- E. A Liaison Participant shall be an entity that is approved by the Board of Directors, that appoints a Representative and Alternate Representative which have the right to attend and participate in meetings of PERF and its committees but which do not have the right to vote or to serve as an officer or director of PERF, and which is not required to pay the fee or fees paid by Members.

## IV. Officers

- A.

1. The officers of the Organization shall consist of a Chair, Vice-Chair, Secretary, and Treasurer. Candidates shall be a Representative or alternate Representative or other employee of a Member nominated by a nominating committee of three (3) Member Representatives selected by the Chair at least sixty (60) days prior to the Annual Meeting. Additional candidates may be nominated from the floor.
  2. Officers shall be elected by receiving a majority vote of the Members present and voting at the Annual Meeting and shall take office on the first day of the following calendar year. Their term of office shall be for two (2) years or until the next set of officers takes office, unless earlier removed by a vote representing at least eighty percent (80%) of all Members.
  3. The Chair shall preside at and conduct meetings of the Organization and appoint such task forces, special and standing committees as deemed necessary and advisable to carry out the purposes and objectives of the Organization. The Chair may appoint individuals to such task forces or committees as deemed appropriate and may invite Members to furnish individuals to serve on such task forces and committees.
  4. The Vice-Chair shall act in the absence of the Chair. The Secretary shall prepare and distribute a meeting agenda prior to each meeting of the Organization and shall maintain the minutes, records, and files of the Organization. The Treasurer shall pay routine and authorized expenses by checks drawn on the account of the Organization and furnish at least an annual accounting statement to the membership.
- B. In addition to the officers specified above, there shall be an Archivist, who shall be appointed by the Board of Directors and who shall have such duties with respect to establishing and maintaining archives and records of the Organization as shall be specified by the Board of Directors.

## V. Board of Directors

In addition to the various task force(s) and committee(s) which the Chair is authorized to appoint, there shall be a Board of Directors of ten (10) individuals. No Member shall have more than two employees or Representatives on the Board of Directors.

- A. Board of Directors members shall be as follows:
1. One shall be the current Chair of the Organization who shall also be the Chair of the Board of Directors.
  2. One shall be the current Vice-Chair of the Organization who shall also be Vice-Chair of the Board of Directors.
  3. One shall be the current Secretary of the Organization who shall also be the Secretary of the Board of Directors.
  4. One shall be the current Treasurer of the Organization who shall also be the Treasurer of the Board of Directors.
  5. One shall be the most-recent past Chair who is a continuing Representative or alternate Representative.
  6. Five shall be elected by the Membership from Member Representatives or employees of Members.
- B. Duties of the Board of Directors shall include the following:
1. Provide advice and consultation to the Chair with respect to the performance of the Chair's duties in meeting the purposes and objectives of the Organization.
  2. Establish guidelines and procedures for the submittal of proposals to be considered by the Organization.
  3. Develop a proposed budget for the coming year to be presented at the Annual Meeting for approval by the Members.
  4. Establish the current annual fee at the first (1st) meeting of each calendar year and administer the expenditure of funds as set forth in Article VIII of the Charter.
  5. Elect interim replacements for officers of the Organization or members of the Board of Directors who resign or are removed prior to the completion of their term of office. Such interim replacements shall hold office until the next regularly elected officers take office.
  6. Such other duties as may be authorized by the Organization.
- C. Unless earlier terminated by a vote representing eighty percent (80%) of all the Members, the term of office of Directors shall be as follows:
1. The term of Directors who are Organization officers shall be concurrent with their terms as officers.

2. The term of Directors who are not Organization officers shall be one (1) year for the first year after the Organization is formed and shall be two (2) years thereafter.
- D. The Board of Directors may act within its scope of authority without a convened meeting by telephone, telex, or letter to all the Directors. At least five (5) voting Directors are required for a quorum.
1. Any matters requiring approval by the Board of Directors shall be decided by the vote of a majority of the quorum. Any decisions made orally, by telephone, or otherwise, shall be reported in the minutes of the next Board of Directors meeting.
  2. Where a member organization has two employees or representatives concurrently serving as members of the Board of Directors, the following rules shall apply to votes cast by such employees or representatives on any matter coming before an assembled quorum of the Board of Directors:
    - a. Only one (1) vote cast by such employees or representatives shall be effective.
    - b. Such member organization shall inform the assembled quorum of the Board of Directors as to which such employee or representative shall cast the one (1) effective vote.
    - c. If such notification is not given or if conflicting notifications are given by any means, the effective vote shall be:
      - i. cast by such employee or representative that is also an officer of PERF, if only one (1) such employee or representative is also an officer of PERF;
      - ii. if paragraph V.D.2.c.(i) does not apply, cast by such employee or representative that has served the greatest number of consecutive years as a member of the Board of Directors.
      - iii. If neither paragraph V.D.2.c.(i) nor paragraph V.D.2.c.(ii) immediately resolves any question as to the effective vote, and conflicting votes are cast, neither vote shall be effective.

## VI. Rights of Members

- A. The right of each Member of the Organization to act individually and independently concerning any matter within the scope of the Organization's activities shall not be impaired or restricted by the action of the Organization. Each Member shall have the right individually to take such action as it deems advisable, whether or not such action conflicts with the action of the Organization. Such individual action shall not purport to represent action of the Organization. The action of the Organization shall not purport to represent action of the Members.
- B. At reasonable times upon reasonable notice, each Member shall have access to and the right to inspect, for any proper purpose, the books and records of the Organization and to make copies of extracts thereof.
- C. Any Member may withdraw from the Organization by giving notice in writing to the Secretary, and such party shall not be liable for any costs or expense in excess of the annual fee incurred subsequent to receipt of such notice or withdrawal by the Secretary. However, such party shall continue to be liable for its proportionate part of all costs and expenses incurred or committed to prior to the Secretary's receipt of notice of withdrawal. A Member withdrawing from the Organization shall not be entitled to refund of the annual fee.
- D. Nothing in this Charter shall, nor is it intended that anything in any joint project participation agreement executed by any of the Members shall, prohibit any Member from conducting any research or development projects on its own initiative, or in cooperation with one or more Members or non-Members on terms and conditions that may differ from those set out in any such joint project participation agreement.

## VII. Conduct of Business

- A. Organization business will be conducted on a nonconfidential basis.
- B. Except as otherwise specifically provided herein, all matters requiring action by the Organization shall be decided by a majority vote of the total voting Members present.
- C. Prior to the conduct of business at a meeting of the Organization, a quorum of at least thirty-three percent (33%) of the Members must be present, but a lesser number may adjourn the meeting. A quorum of at least fifty percent (50%) of the Members is required for the election of officers and Directors and for budget approval. Members present at a duly called or held meeting at which a

- quorum is present may continue to do business until adjournment notwithstanding the departure of Members leaving less than a quorum. Each Member present shall be entitled to one (1) vote. Voting by proxy between Members shall not be permitted.
- D. A vote of all of the Members may be taken by mail or telex, but requests for such mail or telex votes must be accompanied by as much notice and supporting information as the time and circumstances will reasonably permit. If the appropriate percentage of all of the Members approve any matter by vote taken by mail or telex, the matter shall be considered as approved the same as if voted on in a meeting of the Organization. The Secretary shall promptly advise the Members of the results of all mail or telex votes and any action taken pursuant thereto.
  - E. The Organization shall not itself participate in or fund any joint industry research and development project. The Organization shall not approve or disapprove of any of the projects presented at its meetings.
  - F. Proposals presented at a meeting shall have a Sponsor. A Sponsor is a Member company which has expressed the willingness to handle the administrative requirements necessary to progress an idea through development of the presentation and subsequent discussions with other interested companies. The project work will be executed as agreed upon by the project participants.
  - G. The Secretary shall be notified when a proposed project has attracted sufficient Member funding to proceed as a jointly funded project. The proposed project will be announced to the industry for participation by Members and non-Members alike on a nondiscriminatory basis.

## VIII. Funding

- A. Organization funding will be handled by the Board of Directors through an annual budgeting process which anticipates routine and incidental administrative expenses and legal and contractors' fees.
- B. The annual budget for the coming year shall be presented to the membership by the Treasurer at the Annual Meeting. The budget shall include anticipated expenditures and revenues, and state the proposed annual fee which will cover these expenses.
- C. Annual fees shall be by equal assessments of all the Members. Annual fees, in aggregate, shall not exceed the budget amount approved by the Members at the preceding Annual Meeting. Any unused portion of the annual fees shall be carried over to the following year.
- D. If additional funds are required during the year due to increased expenditures, needs and/or a decrease in the membership count, an updated budget shall be submitted by the Treasurer for approval by a majority vote of the Members. Such approved funding not covered by the annual fee may be required by equal assessment of all the Members.
- E. The Organization or its officers are prohibited from making commitments that would exceed the approved budget and reserves.
- F. The annual fee shall be in addition to the one-time initial fee.

## IX. Payment Delinquency

In the event that a Member has not paid any assessment within six (6) calendar months after the Treasurer's submission of same, the Treasurer shall send a reminder notice to the contact representatives for the Member. If the assessment is not thereafter paid within ninety (90) days the account of such Member shall be considered delinquent. After the account becomes delinquent, the Treasurer shall mail notice of delinquency to such Member by registered or certified mail. In the event the Treasurer has not received payment within ninety (90) days after the mailing of notice of delinquency, such Member shall be dropped automatically from the membership list as of the end of such ninety (90) day period. Such Member, however, shall continue to be liable for its obligations accrued prior to such termination of its membership.

## X. Meetings

- A. The Organization will meet as often as deemed necessary by the Chair or Board of Directors to carry out the purposes and objectives of the Organization. In any event, however, no less than one (1) meeting shall be held in a calendar year, to be considered the Annual Meeting. Written notice of any meeting will be given at least thirty (30) days prior to such meeting unless a shorter notice is

- unavoidable. All notices shall contain the reason for the meeting, the date, place, and time it is to be held, and an agenda of the items proposed to be considered.
- B. The Annual Meeting shall be held in the last quarter of each calendar year.

## **XI. Legal Counsel**

The Organization shall retain qualified legal counsel to advise at the outset on conducting the Organization's activities in compliance with the antitrust laws, to prepare and arrange for the filing on behalf of the Organization of the initial and any additional disclosure notifications contemplated by Section XII hereof, and to be available to perform such further services as may be requested. Obtaining antitrust advice concerning a specific research project will be the responsibility of its participants.

## **XII. Notification**

The Organization shall provide the initial and any additional notifications concerning its membership and its nature and objectives as are required of it to invoke the provisions of Sections 4 and 6 of the National Cooperative Research Act of 1984. It is recommended that the participants in each specific research project will likewise arrange for appropriate notifications under that statute concerning the project.

## **XIII. Dissolution**

This Organization may be dissolved upon the affirmative vote of at least seventy-five percent (75%) of all the Members.

Upon the dissolution of the Organization, the Board of Directors shall, after paying or making provisions for the payment of all the liabilities of the Organization, dispose of all of the assets of the Organization by refunding assets to Members in good standing at the time of dissolution on a pro-rata basis or as directed by a majority vote of all the Members.

## **XIV. Charter Amendment**

The Board proposed this amendment at the last Summer meeting (June 2007):

"Currently, Article IX of the Charter provides for dropping nonpaying members. The text of the article reads:

In the event that a Member has not paid any assessment within ninety (90) days after receipt of billing from the Treasurer, the account of such Member shall be considered delinquent. At the expiration of ninety (90) days, the Treasurer shall mail notice of delinquency to such Member by registered or certified mail. In the event the Treasurer has not received payment within thirty (30) days after the mailing of notice of delinquency, such Member shall be dropped automatically from the membership as of the end of such thirty (30) day period. Such Member, however, shall continue to be liable for its obligations accrued prior to such termination of its membership.

See *Charter*, Article IX., *Payment Delinquency* (the "Article"). To my knowledge, PERF has never actually dropped a member using this procedure.

The new proposal for the amended language following Board discussions at the Questor meeting is to amend the Article to read as follows:

In the event that a Member has not paid any assessment within six (6) calendar months after the Treasurer's submission of same, the Treasurer shall send a reminder notice to the contact representatives for the Member. If the assessment is not thereafter paid within ninety (90) days the account of such Member shall be considered delinquent. After the account becomes delinquent, the Treasurer shall mail notice of delinquency to such Member by registered or certified mail. In the event the Treasurer has not received payment within ninety (90) days after the mailing of notice of delinquency, such Member shall be dropped automatically from the membership list as of the end of such ninety (90) day period. Such Member, however, shall continue to be liable for its obligations accrued prior to such termination of its membership."

This Charter may be amended by affirmative vote of at least seventy-five percent (75%) of all of the Members of the Organization. We will vote it at the next meeting.