PRESIDENT'S MESSAGE

The votes have been counted and I want to congratulate Gordon Biescar and Fred Haston of Houston and Glenn Harrison of Dallas on their election to three year terms on the SPEE Board of Directors (1991,92,93). Also, I want to thank the non-winners for offering themselves up to the searchlight glare of the political process. Any of the six would be, in my view, fine additions to an already outstanding group of Directors.

Speaking of the Board of Directors, the next meeting will be at 10 AM on January 10, 1991 at the Petroleum Club of Houston. Because of resource limitations, only Board Members are invited to attend. Committee Chairmen and special project leaders should submit a brief written report of their activities to me or B. K. or one of the Directors with any items of business that the Board needs to consider.

I am very pleased to be able to announce that the efforts of the Midland members have resulted in the formation there of a fifth SPEE chapter. Buddy Sipes is Chairman, Scott Hickman, Vice Chairman, Louis Moseley is Secretary-Treasurer and Arlen Edgar is Membership Chairman. Congratulations to all!

Included in this newsletter is your annual dues statement. I urge you to pay promptly in order to avoid the surcharge. Please note also the request for updated directory information and a new photograph. A new directory will be published early next year so get the information in early.

The 1991 Annual Meeting will be at Tamarron near Durango, Colorado in mid-June. Arlen Edgar is in charge and from what I have seen so far, both the program and the social aspects are going to be first rate. See Arlen's announcement for additional details.

This being my last shot at this "bully pulpit", I want to express my appreciation to all of the officers, directors, and committee persons that have contributed to the smooth and professional running of the Society through the year. A particular nod of appreciation goes to B. K. Starbuck who keeps the whole thing in order.

Season's greetings and best wishes for a prosperous 1991.

Vaughn Scanland

---

1991
MEMBERSHIP DUES
NOTICE ENCLOSED
MEMBERSHIP

Pursuant to Article IV, Section 1 of the By-Laws, the following applicants have been reviewed and approved for membership in The Society of Petroleum Evaluation Engineers. The names, along with the names of their sponsors, are being presented to the membership of the Society.

"If no objection is received within 30 days, the applicant will be notified of his election.

APPLICANT

THOMAS M. GIALLOMONDO
9111 Mulberry Grove
Kingwood, Texas 77345

CHARLES E. GRIFFIN, III
Charles E. Griffin, III & Assoc., Inc.
919 Congress Avenue
1120 Capitol Center
Austin, Texas 78701

MAX EDWARD MANNELL
On-Line Resource Exchange, Inc.
681 Poydras St.
New Orleans, Louisiana 70130

JOHN P. (PAUL) MIDDLETON
402 Fort Worth Club Building
Fort Worth, Texas 76102

BRUCE L. RANDALL
Unit Corporation
7130 S. Levis
Tulsa, Oklahoma 74136

DAVID LEE REIDDOF
Tether Dolling, Sewall & Assoc
4500 Thanksgiving Tower
Dallas, Texas 75201

GARY J. SOMERDA
Equity Energy Consultants, Inc.
3619 Highgreen Drive
Kerrville, Texas 78028

TEDRAK M. WHITE
Swift Energy Company
16825 Northchase Dr.
Houston, Texas 77062

BENEFITS OF SPEE MEMBERSHIP - In order to assist members in introducing qualified individuals to SPEE, a list of SPEE active members is provided below.

MEMBERSHIP STATUS - Shown below is our membership status as of 2/1/88.

MEMBERSHIP STATUS

Membership as of 1/1/89...320
New Members...28
Expired Memberships, Deaths, etc....3
Membership as of 1/1/89...349
Applications Being Processed....18
Potential Membership.....360

IN MEMORIAM

We regret to note the passing of:

NICK VAN WINGEN
San Marino, California
June 19, 1990

GENE B. WIGGINS
New Orleans, Louisiana
August 1, 1990

SPEE LEEVES

Ray Garcia felt left out after the last Newsletter because we did not mention his trip to the United Kingdom...I wonder if he wrote it off?? Speaking of exciting events, the SPE Annual Convention was a big hit in New Orleans partly because several SPEE members presented papers - Forrest Garb, Amiel Davids, and Scott Richman...we can't seem to get Barry Van Sandt out of the limelight - his paper "Due Diligence: Its Importance, Impact, and Improbabilities" (presented at the 1989 SPE Hydrocarbon Economics and Evaluation Symposium) was published in the September 1990 Journal of Petroleum Technology.
CHAPTER MEETING INFORMATION

**DALLAS**
Chairman: Eddie Ayres
Vice Chairman: Gary Swindell
Secretary/Treasurer: Glenn Harrsion
Meetings: Petroleum Club
5th Thursday
11:45 A.M.

**DENVER**
Chairman: Jack Haley
Vice Chairman/Program: Reed Ferrill
Secretary/Treasurer: Doug Lang
Meetings: 1st Wednesday of each month
11:30 A.M.

**HOUSTON**
Chairman: Paul Karch/Andy Merriman
Vice Chairman: Chuck Prick
Secretary/Treasurer: Rick Carter
Meetings: Petroleum Club
1st Tuesday
11:30 A.M.

**MIDLAND**
Chairman: Buddy Sipes
Vice Chairman: Scott Hickman
Secretary/Treasurer: Louis Nuseley
Meetings: Bi-Monthly

**TULSA**
Chairman: Don Staibes
Secretary: G.W. Russell
Treasurer: Robin LeBlanc
Meetings: 1st Thursday
11:30 A.M.

HOUSTON

Approximately 50 members attended the September 5 meeting to hear a panel composed of Dr. Agnes Trouche, Dick Martin and our own, Amiel David, all of whom have extensive Middle East experience, discuss the situation in that part of the world in light of the invasion of Kuwait by Iraqi troops. The timely nature of this meeting guaranteed a lot of interest and participation in the discussion.

"Environmental Concerns in Property Acquisitions" was the topic at our next meeting and over 40 people showed up on October 3 to hear Chuck Prick discuss this topic. For November, Chester Range of Big Six Drilling was our speaker and he discussed "Recent Trends in the Oil Field Service Industry." Our guest speaker for the December 5 meeting was Gordon Sorrells, Vice President, First Interstate Bank, Energy Division. Mr. Sorrells discussed "Current Lending Guidelines and Attitudes Toward Producers and Service Industry."

****

**MIDLAND**

Midland was granted Chapter status on July 24, 1990. Since that time, Chapter membership has grown from 10 to 15. In addition, two applications are being processed by the Qualifications Committee, and another application is being prepared for submittal.

The local membership drive continues, with a number of candidates having been identified.

The first official Chapter meeting was held on September 13th. New member David G. Griffin gave a talk entitled "Producing Property Acquisitions (And How They Went Wrong).

Plans are to meet on a regular bi-monthly schedule.

****

**TULSA**

The July 10th meeting met at 11:30 AM at Oliver’s Restaurant with George Savelle of Stand Technologies International speaking on The Engineering Aspects of Horizontal Drilling.

In September the speaker James F. Wright, Ph.D., Environmental Consultant spoke on Environmental Audits and Site Assessments - Who Needs Them?

The October and November meetings had panel discussions for the programs for the month. In October, panel members G.W. Cotrell, Jr. - Bank of Oklahoma, Jim Dutton - First National Bank, and Leo Harris - Western National Bank discussed Bank Requirements for Oil Loans and how the Loan Parameters have Changed. The topic for the November meeting panel was "Continuing Education - Voluntary or Compulsory?"

Panel Members

Members of Professional organizations requiring a minimum number of hours annually of continuing education each year:

- Mr. Oliver S. Howard, attorney and Partner in Gable & Gautschi: Member of the Oklahoma Bar Association.
- Mr. Ronald R. Emmons, Managing Partner with Emmons, Hartog & Sartain, CPA and past President of the Certified Public Accountants.

Members of professional organizations with strong continuing education programs, but no requirements that members participate:

- Mr. Fred Six, Executive Director of the American Association of Petroleum Geologists.

Each Panel Member will briefly discuss the continuing education programs and requirements for their professional organizations, after which the Panel will attempt to answer questions from those in attendance.

****
1. **INDUSTRY CONTACTS** - A great way to increase your network of resources and associates in the specialized field of oil and gas property evaluation is through membership in SPEE. If your background, for example, has primarily been in the Gulf Coast and you need to evaluate a field in Wyoming - having an experienced SPEE contact in Denver could be very beneficial.

2. **A FORUM FOR EXCHANGE OF INFORMATION** - Attendance at local chapter meetings and the annual meeting is a good way to exchange or pick up information regarding various aspects of the industry - technical, business and personal.

   A. **Reservoir Evaluation** - For example, how do you calculate reserves for a horizontal oil well or a coaled methane well? You'll find the SPEE meetings to be a good forum to exchange thoughts on subjects like this.

   B. **Facilitate Acquisition Activities** - SPEE members can be some of your best sources for information on buying or selling oil and gas properties. A high percentage of the membership is regularly involved directly or indirectly in property acquisition activities.

   C. **Work Referrals** - If you are a consultant the contacts you establish in SPEE can be a good source from which business referrals are generated.

   D. **Publications** - The annual "Review of Parameters used in Property Evaluation" and "Monograph I - Guidelines for Application of the Definitions for Oil and Gas Reserves" are useful materials to anyone involved in oil and gas property evaluation. In addition, the SPEE newsletter contains information of Society and member activities as well as programming by the various chapters.

   E. **Annual Meeting** - This meeting allows attendees to visit freely with professional peers in a relaxed setting with ample opportunity for recreational activities. Spouses also enjoy attending.

   F. **Information on Employment Opportunities** - SPEE members are frequently aware of employment opportunities for individuals with property evaluation experience.

3. **PROMOTES PROFESSIONALISM AND CREDIBILITY** - Membership in SPEE is selective in that it is available only to those individuals who can demonstrate that they meet the rather strict requirements for membership. The SPEE has been an effective organization since its founding in 1962, and as of January 1, 1990 the Society had a membership of 320 professionals. Oil and gas property evaluation is a specialized field of the oil and gas industry - this is the professional organization for individuals who work in that area.
# Invoice

## 1991 Membership Dues

<table>
<thead>
<tr>
<th></th>
<th>Over Age 65</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mailed Prior to December 31, 1990</td>
<td>$60 ______</td>
</tr>
<tr>
<td>January 1, 1991 to March 31, 1991</td>
<td>$65 ______</td>
</tr>
<tr>
<td>April 1, 1990 to June 30, 1991</td>
<td>$70 ______</td>
</tr>
<tr>
<td>July 1, 1991 to December 1, 1991</td>
<td>$75 ______</td>
</tr>
</tbody>
</table>

**Note:** Dues for 1991 are to be received by January 1, 1991. Members who fail to pay their dues by January 1, shall not receive copies of the Society's publications until such arrears are met. Any member who is more than one year in arrears in payment of dues shall be suspended from the Society.

SPEE dues are not deductible as a charitable contribution from USA Federal Income Tax.

Please sign and detach the bottom portion and return with payment promptly to the below address to ensure proper credit.

Thank you.

THE SOCIETY OF PETROLEUM EVALUATION ENGINEERS

1991 ANNUAL DUES ___________________________ Amount Paid ________

MEMBER NAME: _____________________________________________

DATE: _____________________________
1991 ANNUAL MEETING

Tamarron Resort near Durango, Colorado has been selected as the site for the 1991 SPEE Annual Meeting to be held June 16, 17 and 18th. Please plan to attend, and mark your calendars accordingly. The next Newsletter will contain detailed information on room rates, travel options, recreational opportunities and reservation requirements.

Several interesting and informative topics have been tentatively earmarked for the technical program as follows:

- Review of 1991 Evaluation Parameters Survey
- Using 20/20 Hindsight In The Oil Patch (Updated version of a similar presentation by Ed Capen with Arco)
- Estimation Of Reserves - Producing Rates For Horizontal Wells - Pre & Post Drilling
- Geopolitics In The Middle East
- Professionalism In Engineering
- Environmental Liability Considerations In The Valuation Of Producing Oil & Gas Properties
- The Soviet Union Petroleum Industry
- Probabilistic Analysis Of Petroleum Reserves
- Use of Oil And Gas Futures As A Hedge For Producers And Security For Loans

Your suggestions for topics and speakers are invited; please let us have your ideas on the form below.

Consideration is being given to a Chapter Officers' Workshop on Sunday afternoon, June 16. The workshop would focus on ideas for more effectively conducting Chapter activities. Before making definite plans to hold such a workshop, a positive indication of interest from attendees is needed. Please indicate below whether or not you would attend a workshop, if scheduled.

The following topics - speakers are suggested for the 1991 SPEE Annual Meeting:

<table>
<thead>
<tr>
<th>TOPIC</th>
<th>SPEAKER (IF KNOWN)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

☐ Yes, I am interested in attending a Chapter Officers' Workshop
☐ No, I am not interested in attending a Chapter Officers' Workshop

NAME

Mail To: Society of Petroleum Evaluation Engineers
1201 Louisiana
Suite 312
Houston, Texas 77002
ENVIRONMENTAL REPORT DISCLAIMER

As a result of Chuck Frick's October luncheon presentation "Environmental Concerns of the Evaluation Engineer", Barry Van Sandt submitted the following:

Shown below is an environmental disclaimer which was recently recommended by an Austin law firm at an American Society of Appraisers meeting. It is an edited version taken from a FNMA property appraisal form.

"ENVIRONMENTAL DISCLAIMER: The value estimated in this report is based on the assumption that the property is not negatively affected by the existence of hazardous substances or detrimental environmental conditions. The appraiser is not an expert in the identification of hazardous substances or detrimental environmental conditions. It is possible that tests and inspections made by a qualified hazardous substance and environmental expert would reveal the existence of hazardous materials and environmental conditions on or around the property that would negatively affect its value."

The following sentence was taken out: "The appraiser's routine inspection of and inquiries about the subject property did not develop any information that indicated any apparent significant hazardous substances or detrimental environmental conditions which would affect the property negatively."

The attorneys indicated that if a limited inspection was made and existing environmental damage was not found there still could be liability claims later against the appraiser if damage was found later.

This clearly illustrates the care that should be used in using disclaimers and contingent and limiting conditions. To wit: This is not a recommendation by SPEE nor the author and should only be used after a consultation with your attorney.
CLASSIFIED

DKM
DKM RESOURCES, INC.

1100 Louisiana Street, Suite 4550
Houston, Texas 77002
Office: 713-739-0312
Fax: 713-739-8457
Home: 713-893-9614

David D. Knepper
Vice President Acquisitions

SCANLAND
PETROLEUM CONSULTING, INC.
M. VAUGHN SCANLAND
PRESIDENT

10777 Westheimer, Suite 825
Houston, Tx. 77042

713-977-8525
Fax 713-789-5027 Mobil 713-857-8045

Advertising
Space
Available

Contact David Knepper
739-0312
For Additional Information