The famous Ritz-Carlton Hotel in downtown Aspen will host our fabulous welcoming cocktail reception, the technical sessions, and our annual meeting dinner. This hotel was recently listed as one of “the outstanding hotels in the world” by New York Magazine and several travel publications. Its popularity and notoriety account for it already being “booked up” that week except for the SPEE room block. Should you call in your reservation to their national reservations center (1-800-241-3333), you must tell them that you want the Society of Petroleum Evaluators Engineers meeting rate. May 9th is the deadline! Reservations received after then will be accepted on a space-available basis at the prevailing hotel rates. Call or mail your room reservation form today.

There is time for some great outdoor activities among the beautiful Rockies. A unique Downhill Bicycle Tour to the famous Maroon Lake is like “having your cake and eating it too.” You ride a van up the mountain, take a short flat hike, jump on mountain bikes with your guide and cruise down all the way to Aspen, stopping for a catered lunch along the way. That’s living! The Historical Tour of Aspen is guided by representatives of the Aspen Historical Society to learn about the original silver mining industry and Aspen cultural heritage before People Magazine ever found it.

The Executive Committee thought that the historical tour would be of interest to so many members that it is offered twice: spouses only on Monday morning and again Monday afternoon for both members and spouses. Spouses who have let their gourmet cooking skills get rusty will want to take advantage of the gourmet cooking class taught by the Ritz-Carlton chef on Monday morning. The jeep tour/picnic goes to a working mine on the backside of Aspen Mountain. It may fill up fast so get your registration in the mail to the SPEE headquarters.

Lots of reasonably priced air packages are available. Many members are taking advantage of the very low prices ($121 to $171 R.T.), pre-purchasing their tickets on the new Western Pacific Airline to Colorado Springs then sight-seeing on the drive to Aspen. Western Pacific is available from most SPEE cities (1-800-930-3030). Dallas now has a new non-stop service all the way to Aspen ($417 R.T.) on Lone Star Airlines. If you fly into the new Denver Airport, both commuter air service and bus service are available to Aspen. Fortunately, low cost fares are now available to Denver as a result of the new competition.

SPEE members who have not been to Aspen are reminded to bring cameras and capture some great Rocky Mountain scenery to take home. Remember your coats, too. Altitude is 7,900 feet in town. Sunday’s outdoor reception is casual dress. The Monday night dinner is coat and tie for men and dressy for ladies. Jazz fans will want to extend their stay. The 4-day Jazz Aspen festival begins in Snowmass (15 miles) right after our meeting. Cool Jazz concerts! See you at the Ritz, June 9th!

Can Guests Attend Convention?

A frequent question. Russ Long tells us anyone interested can attend. B.K. Starbuck always allows a short time for members only to register for the reserved block of rooms, then anyone can attend. Another reason to make your reservations early is that J.D. Hughes has already signed up for the raft trip and Larry Martin for the Sail Plane. Someone tell Hank Gruy there is no snowboarding this year.
SPEE Officers, Board of Directors 1996

Officers
President ................................................. D. Russell Long
Vice President ........................................ Forrest A. Garb
Secretary/Treasurer .................................. Gene B. (Skip) Wiggins, III
Past President ....................................... R. Curtis Phillips

Directors
Raymond T. Garcia Andy A. Merryman
Ricardo E. Garza Kerry A. Pollard
J. D. Hughes J. Glenn Robinson
J. Douglas Lang

Committee Chairmen
Evaluation Parameters Survey .................. Andrew A. Merryman
Fair Market Value ................................... Amiel David
Gas Imbalance ........................................ Richard B. Banks
Grievance ............................................. John N. Black
Inter-Profession ..................................... Sam Singer
Membership .......................................... Charles R. Vanorsdale
Newsletter Manager ................................. Jon E. "Rick" Riseden
Nominating Committee ............................. Glenn Harrison
Publications .......................................... James G. Patterson, Jr.
Qualifications ...................................... M. Vaughn Scanland
Reserve Definitions ................................. Brian Auburn

Individual Appointments
Chapter Coordinator .............................. J. D. Hughes
Production Tax Summary .......................... Charles G. Massey
Professional and Public Affairs ............... James F. Eisterhold
Publicity Director ................................. Marilyn Wilson
Historian ............................................. Herbert Poyner
Liaison Representative
Reserves Committee ............................... Chapman Cronquist

AD HOC - Applications ......................... Kerry A. Pollard
Procedure & Handling ............................ Skip Wiggins
AD HOC - Planning
Standards & Definitions .......................... Paul Clevenger
AD HOC - Foreign Meeting ...................... Paul Clevenger
Investigation Committee ......................... Dave Tutt

Others
Newsletter Editor ................................. Diane Waller
Information ......................................... B.K. Starbuck

POLLARD & GORE
ENGINEERING AND REGULATORY CONSULTANTS
323 Congress Avenue
Suite 200
Austin, Texas 78701
Phone: (512) 480-8800
Fax: (512) 480-8813

Chapter Officers 1996

Calgary
David W. Tutt Chairman
Walter G. Wright Vice Chairman
Robert A. Odd Secretary-Treasurer
Meets: Quarterly on 3rd Tuesday of months of February, May, September and November

Central Texas
Kerry A. Pollard Chairman
S. Tim Smith Program Chairman
Danny Wilson Co-Membership Austin
Paul Clevenger Co-Membership San Antonio
Richard A. Johnston Secretary-Treasurer
Meets: Austin Country Club, Quarterly

Dallas
Mark A. Doering Chairman
Tom G. Calhoun Vice Chairman
M. Fred Duewall Secretary-Treasurer
William D. Anderson Membership
Meets 3rd Thursday of each month

Denver
Dave O. Cox Chairman
M. J. (Jack) England V.P./Program
Larry T. Nelms Secretary/Treasurer
Steve Gilbert Membership
Meets: Colorado Nat'l Bank, 2nd Wednesday of first month each quarter - 11:45 a.m.

Houston
Allen Barron Chairman
Jim Eisterhold Vice Chairman
Marilyn Wilson Secretary-Treasurer
Fred Goldsberry Program Chairman
Meets: Petroleum Club, 1st Wednesday - 11:30 a.m.

Midland
James Groce Chairman
Paul Lerwick Vice Chairman
W. Scott Epley Secretary-Treasurer
Cathy Norwood Membership
Meets: Bi-monthly

New Orleans
Dennis Jordan Chairman
James W. Haag Vice Chairman
Richard M. Miller Secretary/Treasurer
Tlm Brookover Membership
Meets: 1st Wednesday of each month

Oklahoma City
Richard A. Brown Chairman
Brian Powley Vice Chair/Membership
Max Holloway Vice Chair/Program
Frederic E. Ferris Secretary-Treasurer
Meets: Every other odd numbered month

Tulsa
Bob Pielsticker Chairman
Bob Buntingame Vice Chair/Programs
Sharon Voskuhl Vice Chair/Membership
G. W. Cottrell Secretary-Treasurer
Meets: Petroleum Club, 1st Tuesday - 11:30 a.m.
Chapter News

Calgary
The Calgary Chapter last met on February 20th at the offices of McDaniel and Associates Consultants, Ltd. Ten members and one visitor (potential member) attended the meeting. The Calgary Chapter now has 13 members plus three applicants for membership in various stages of the approval process. Glenn Robinson reported on the SPEE Board of Directors meeting in Midland, Texas held on January 30th, and also on the ongoing arrangements for the 1996 Annual Meeting in Aspen, Colorado. Topics of discussion at the February meeting included Alberta Gas Cost Allowance, Infill Drilling in High Permeability Reservoirs and Assigning “Additional Drainage” Reserves to Gas Pools. The next meeting will be May 21 at the offices of Sproule Associates Limited.

Dallas
The Dallas Chapter is off to an excellent year with two outstanding meetings. In January, Mr. Tom Calhoun presented a discussion on the history of oil prices and forecasts along with his current ideas on the future of oil prices. Mr. Forrest Garb led our March meeting with a discussion of how his company is changing the format of their evaluation reports to better meet the needs of the typical current user.

On May 16, Mr. David Bowles of Randall & Dewey will discuss the current acquisition/divestiture market place and their quarterly price forecast survey.

Denver
Twenty-six members and guests attended the first quarterly meeting on January 10 at Colorado National Bank.

Mr. Douglas Widlund, an attorney with Opperman & Associates, P.C., spoke on “Evaluating Minerals in Condemnation Cases.” His presentation included discussion of the different rules that apply in condemnation cases compared to ordinary expert witness testimony or valuation, and preferred evaluation methodologies for condemnation hearings. He also shared with the chapter some of his experience with the valuation of minerals (producing and unproven) in the Denver International Airport condemnation proceedings.

Midland
The Midland Chapter held its first meeting of 1996 on January 30th with the SPEE Board of Directors, B.K. Starbuck, and J.D. Hughes, Chapter Coordinator, as honored guests. Mr. John Paul Pitts, Oil Editor for the Midland Reporter-Telegram, presented “Stability in the International Oil Markets” as the featured presentation.

The second meeting of 1996 was held April 2nd at the Derrick Room of the Midland Petroleum Club. Mr. Matt Gerard with Phillips Petroleum presented “Application of Horizontal CO2 Injection Wells at the South Cowden Unit.”

Oklahoma City
Two luncheon meetings have been held during 1996. On January 28, Mr. Doug Burton of the Acarus Group spoke on “Industry and Regulatory Trends Affecting Natural Gas Prices” and inspired several thought-provoking discussions from the group of 10 members and 4 guests. Mr. Clark Southmayd presented a program entitled “What’s on the Internet for You” on March 14. Eight members and four guests attended the program which presented uses of the Internet applicable to the petroleum engineer.

The Oklahoma City Chapter plans to conduct six meetings in 1996, one meeting every odd-numbered month. Three meetings were held in 1995.

Welcome New Members

RAJENDRA KUMAR AGRAWAL
NRG Engineering Ltd.
810, 550-6 Ave. S.W.
Calgary, Alberta Canada T2P 0S2
(403) 262-3346

JAMES BAIRD LARSON
Equity Oil Company
10 W. Third South, Suite 806
Salt Lake City, Utah 84110-0959
(801) 521-3515

JOHN BLAIR GARRETT
Calhoun Engineering
4429 N. Central Expressway
Dallas, Texas 75205
(214) 522-4925

DAVE EDWARD REESE
Phillips Petroleum Company
219 Geoscience Building
Bartlesville, Oklahoma 74004
(918) 661-7483

LAURENCE JOSEPH LAPEZE
Consultant
7210 Tall Pines Drive
Houston, Texas 77088
(713) 591-8896

KAMIL BERIANE TAZI
Apache Corporation
1700 Lincoln St., Suite 3600
Denver, Colorado 80203-4536
(303) 837-5443

Membership Applicants

The following member applicants have been approved by the Qualifications Committee. They require that their names be presented to the membership for at least 30 days as a pre-membership requirement. Any member with an objection should address the objection to the Executive Committee (see bylaws regarding other important details) since the applications have already passed through the Qualifications Committee.

Applicant

GARY LYNN CARTWRIGHT
Enron Oil & Gas
20 N. Broadway, Suite 830
Oklahoma City, Oklahoma 73102

BILL M. EDWARDS
12770 Coit Road, Suite 907
Dallas, Texas 75251

DARYL HARVEY GILBERT
Gilbert Laustsen Jung Associates, Ltd.
4100 400 3rd Ave. S.W.
Calgary, Alberta Canada T2P 4H2

MONTE LEON GLEASON
Enron Capital & Trade Resources
1400 Smith Street
Houston, Texas 77002

HARRY JUNG
Gilbert Laustsen Jung Associates, Ltd.
4100 400 3rd Ave. S.W.
Calgary, Alberta Canada T2P 4H2

TIMOTHY MATTHEW MARQUEZ
Venoco, Inc.
217 State Street, Suite 300
Santa Barbara, California 93101

NELSON ALAN MUNCY
MYCO Industries, Inc.
P.O. Box 840
Artesia, New Mexico 88210

MICHAEL PENNER
Universal Resources Corp.
2601 NW Broadway, Suite 700
Oklahoma City, Oklahoma 73112

Applicant

Sponsor

J. Michael Drennen
Brian Powley
M. Dale Smith
M. Fred Duewell
Michael J. Flanigan
Frank J. (Deacon) Marek
John P. Dielwart
J. Glenn Robinson
David Tutt
Amiel David
John Warner
Elliot Wiesendanger

Barry Evans
Richard J. Miller
Michael Starzer

Robert Blair
Tom Calhoun
Barry Van Sandt

Eddie Ayres
Charles L. Brittan
M. A. Brown
President's Letter

The annual meeting in Aspen is less than two months away. You should have your registration forms in hand. It helps in the planning if registration is early. Aspen is a rather expensive spot but I think the relatively few days we spend there will really be enjoyable. Rooms at the Ritz-Carlton Hotel within the SPEE room block are available at a reduced rate. All other rooms at the headquarters hotel have been reserved. And Rosemary is planning to attend the Short Course on the Internet Sunday afternoon. Signup for that session may exceed expectations. Details on the Aspen meeting are included in the registration material and elsewhere within this newsletter.

The SPEE Reserves Definition Committee will be invited to meet with principal SPE Reserves Definition Committee members (those comprising the Ad Hoc task force of the SPE and the World Petroleum Congress) during the Offshore Technology Conference to be held in Houston during May. The chairman of the SPE committee will explain changes being recommended to the industry. The SPE committee is currently working on an update of Monograph 1, “Guidelines for Application of the Definitions for Oil and Gas Reserves.” A portion of the new monograph will include a discussion of probabilistic reserve estimates.

At least two amendments to the SPEE bylaws will be introduced at the business portion of the annual meeting. One which establishes a council of past SPEE Presidents is covered in a newsletter article by Past President Glenn Harrison. Another amendment to be introduced provides for an increase in the number of possible director-at-large positions. The current bylaws provide for one. I expect it will be proposed that the number be increased to two for greater flexibility in the election of national officers.

For the first time the names of applicants for membership are being circulated prior to the completion of all other phases of the SPEE membership application process. This procedure is one provided for in the bylaw amendments last year as one measure to aid in the streamlining of the membership application process. It has already proven useful. If it had still been a prerequisite for these eight applications to be approved by each individual member of the Executive Committee, presentation of the names to the membership would probably have been delayed until the next newsletter.

As a society, it seems to me that SPEE has never encouraged attendance at our annual meetings by nonmembers other than our spouses and guest speakers. Petroleum engineers who are not eligible for membership due to a lack of registration might be interested in attending our annual meetings. Few seem to know that they can attend as guests. Do you think we should encourage greater nonmember attendance at our Annual Meetings? I would like to hear your opinions and thoughts.

Sincerely,

Russ Long
PI/Dwight’s Merger Update

Since last July when Petroleum Information Corporation (PI) and Dwight’s Energydata, Inc. (Dwight’s) announced their intent to combine their operations, the Federal Trade Commission (FTC) has been investigating the market place and negotiating with the respective companies concerning a divestiture of assets. PI/Dwight’s have both been eager to cooperate with the FTC by helping the FTC complete its work.

It is the intent of the FTC to insure that a viable competitor be enabled to compete with the PI/Dwight’s combination. It is anticipated that the combination of PI and Dwight’s will be complete this summer and that ultimately the data bases of the two companies combined.

As previously announced, R. Charles Ivey will be the managing director and John R. Butler, Jr., a SPEE member, will be Vice Chairman of the new entity when it takes form.

John R. Butler, Jr.

Reserves Definition Committee

The Reserves Definition Committee was reactivated in January 1994. This 12-member committee has a wide geographical distribution. Items addressed over the past two years include use of the term “technical resources” instead of “technical reserves,” applicability of probabilistic methods and the SPE/WPC draft of reserve definitions. The committee also submitted to the SPEE Executive Committee an updated draft of the 1988 Guidelines for Application of the Definitions.

The committee is currently addressing: (1) the use of 12-month average prices and costs, (2) the use of wellbore calibrated seismic to augment geological control and (3) acceptance of probabilistic methods when warranted.

In Memoriam

We regret to note the passing of

John K. Adair, Jr.
Austin, Texas
February 24, 1996

History Notes

In 1962, I was working for Harold Vance in the Oil & Gas Department of Bank of the Southwest. That year, we were seeing an unusual number of bad appraisals and, among the many appraisals we reviewed, were two large ones that came across my desk at the same time. These two triggered action that caused the formation of SPEE. One of these reports was grossly fraudulent and the other had insane statements in the conclusions. Someone in our unit said it was too bad there was not a special group recognized as proficient in petroleum appraisals.

Vance said he had been wanting to organize such a group for some time and it was time to do so. In the initial announcement, Vance wrote, “This need has really been brought home to me during the last ten years and I have taken it upon myself, joined by William Hurst and Herbert Poyner, to secure a charter from the State of Texas.” He pointed out that none of the technical associations, such as AIME or AAPG, or state regulations provided a measure of the experience and ability of an individual in petroleum evaluation.

On September 24, 1962, a charter was granted to The Society of Petroleum Evaluation Engineers with Vance as President, Hurst as Vice President and myself as Secretary Treasurer, with the three of us as the charter members and the original directors.

Herbert Poyner
SPEE Considers New Council

The SPEE officers and board are considering establishing a council of past Presidents. The composition of the council (number of members, term, chairman, and indeed the name itself) is not yet decided, but work on this project is underway.

Currently it is contemplated that the council would issue a state of the society report annually to either the membership, the board of directors and executive committee, or the president. It would provide counsel to the Society regarding the long-range outlook in financial and operational matters, and would provide continuity in matters that affect multiple administrations such as the Long Range Plan. Establishment of such a council will require an amendment to the bylaws and it is our intention to present such an amendment at the annual meeting in Aspen. If you care to offer suggestions regarding the council, your immediate input would be most appreciated and valued. Please forward comments or suggestions to my attention at fax (214) 740-2815.

Glenn Harrison, Past President

How's Your Cost Model? Still Using Constant Costs?

For most evaluations, I use current cost per well and escalate with product prices. Sometimes I add a fixed cost element for offshore platforms. The computer does a nice job with this. John Glaser with Petroleum Frontiers International suggests a different approach in his article, “Model improves oilfield operating cost estimates,” based on the expense pattern of many large fields in the April 1, 1996 issue of The Oil & Gas Journal.

Glaser established correlations when plotting operating expense (in dollars/bbl) vs. % reserves depleted and production rate (reserve/production ratio) vs. % reserves. The repeatable patterns were established for four major categories:
- North American fields where development started in the late ‘60s
- fields with EUR’s over 200 MMBO
- fields with long history where only 12% of EUR is remaining
- fields with development done in an optimized manner maximizing present worth

Many of the results were intuitively predictable, for instance, production declines and expense increases later in the field’s life. Some cost reduction factors were not intuitive. Glaser notes that costs are reduced when they have to be, consolidations and outsourceings occur when they have to and many seemingly unrelated elements of cost have a degree of dependency on operating practices. These factors work to prolong the field’s life.

This started me thinking about how we forecast costs. I would appreciate hearing from others on different approaches being used • fax (713) 781-5422. We have permission to distribute this paper • call B.K. for a fax copy.

Rick Riseden
FINALLY!!!!!!

An integrated Economics and Interactive Graphics System that does it all:

FORECASTING AND EVALUATION SYSTEM (FES):

System input is managed through a screen-oriented facility that includes full screen input, cursor or mouse movement and pop up windows including access to other system files from the property record. And all data items are checked at the moment of input or when the record is stored in order to assure data integrity.

All calculations in FES are performed monthly; hence, FES can guarantee rigorous calculation of ROR at the lease level and at subtotal and grand total levels. Also FES calculates rigorous payouts and economic limits. (If your system has a limited number of time slots, e.g. 40, you cannot calculate rigorous ROR's, payouts, economic limits, etc.)

FES calculates from three to 20 times faster than its competitors. And all calculations are stored so that only revised properties need to be recalculated. (FES calculates up to 5,000 leases per hour on 386 microcomputers.)

Data can be input directly into FES/PGS from Dwight's, PI, OGRE, etc., or from any other data source in any format. Also, you can include your mainframe unique lease code in FES/PGS, thereby providing a “seamless” interface between your mainframe and FES/PGS. FES/PGS can provide an audit trail whenever you make changes to FES/PGS records.

Logical (Boolean) expressions can be used to select any data from the system to be used in report writing. And a generic report writer provides the ability to write reports of any data items in any format including both input and calculated data.

Full partnership splitting is accomplished through the use of entity files. Hence, any system of interest that can be expressed by a network diagram can be calculated by FES. Also, various interest entities can be coalesced.

FES provides rigorous after-tax calculations. These calculations are based on tables which may be modified by the user to provide his own tax scenario.

PRODUCTION GRAPHICS SYSTEM (PGS)

PGS is completely integrated with Forecasting and Evaluation System (FES) so that once you finish your decline curve work and transfer the results, they are ready in FES to calculate economics.

PGS allows you to plot hardcopy decline curves on any matrix or pen plotter to fit any preprinted semilog graph paper.

PGS allows you to fit exponential or hyperbolic decline curves interactively for all or selected portions of your data. Or PGS allows you to use your cursor or mouse to pick exponential or hyperbolic decline curves through all or portions of your data.

Full EGA or VGA resolution is available to plot your curves crisply in multiple colors.

Call or write Dick Banks if you would like to increase your productivity when doing property evaluations.

SCIENTIFIC COMPUTER APPLICATIONS, INC.
810 Petroleum Club Building, 601 South Boulder
Tulsa, Oklahoma 74119
(918) 584-6197

CEC Form?

What is this Continuing Education (CE) or Professional Competency form that I received with my state registration renewal? It is the result of a movement over the last several years toward continuing education in petroleum engineering similar to the requirements for lawyers and CPAs. Some states already have mandatory programs for license renewal and others (such as Texas) have a voluntary program. The CE guidelines are generally consistent state to state and the same credits can be used to satisfy multiple state boards.

Many SPEE chapter meetings and convention presentations qualify for credit. Texas even credits one PDH (professional development hour) for three hours of “active participation” in each professional or technical society.

Jim Elsterhold

WALTER P. JENSEN, JR. P.E.
Mediation and Arbitration
Professional Petroleum Engineer
Texas License # 17010 & Louisiana License # 3325
(713) 522-1693 (Bus.)
(713) 488-6289 (Res.)
(713) 254-1159 (Mob)
(713) 522-8988 (Fax)
2001 Kirby Drive, Suite 901
Houston, Texas 77019

WALT KING, PETROLEUM ENGINEER
REGISTERED ENGINEER
RESERVES PROPERTY EVALUATION
PRODUCTION ENGINEERING
1700 BROADWAY, SUITE 1400
DENVER, CO 80202-1401
HOME - (303) 773-1080
OFFICE - (303) 860-8876

THE HISE COMPANY
GEOLOGY AND PETROLEUM ENGINEERING
RICHARD W. HISE
230 HEYMANN BLVD.,
LAFAYETTE, LA 70503
MAILING ADDRESS
P.O. BOX 53985 O.C.S.
LAFAYETTE, LA 70505
TELEPHONE 318-235-0590
TELECOPIER 318-235-7062
BEEPER 318-231-0337

Petroleum Engineering Consultants
JAMES W. GIVENS & ASSOCIATES, INC.
2830 Katy-Hockley Road
Katy, Texas 77493
Dr. James W. Givens
(713) 391-2339
Main Operating Company
Specializing in Management of Producing Petroleum Properties

Let Us Be Your Operating Staff
Services Include:
- Drilling
- Production
- Engineering
- Accounting
- Regulatory Filing

Cell Bill Stone, Don Hecker or Biff Yochum

Public Data Retrieval Services, Inc.
Specializing in the magnetic preparation and manipulation of databases from various State Agencies.

- Gas Price Data
- Gas Ratability Data
- Area Rate Price Determinations
- Production Data
- Gas Proration Data
- RRC Tape Access

1801 Lavaca, Suite 107
Austin, Texas 78701
Rick Johnston
(512) 477-3200

Don Ray George & Associates
Consulting Engineers

- Reservoir Engineering
- Economic Evaluation
- Gas Contract Analysis
- Regulatory Consultation & Studies
- Litigation Consultation & Studies
- Expert Witness Representation

1804 Rio Grande Street
Austin, Texas 78701

Telephone: (512) 476-1245
Fax: (512) 476-6025

International Petroleum Consultants

L. A. Martin
President
13511 Pinetree
Houston, Texas 77079

SPEE
P.O. Box 27709
Houston, Texas 77227