The Society of Petroleum Evaluation Engineers
SPEE Denver Chapter announces its October Luncheon Meeting.
(Members AND Non-Members are cordially invited to attend.)

Wednesday, October 13, 2010

Mr. Mark McLane
Partner of Rose & Associates LLC; SPE Distinguished Lecturer

Will be speaking on:
“Reserve Overbooking – An Issue of Professional Ethics”
This presentation is intended to meet the requirements of state licensing boards for one hour of ethics study.

LUNCHEON STARTS AT 11:30 A.M.
(A plate lunch will be served.)
PRESENTATION BEGINS AT NOON

The Denver Athletic Club
3th Floor The New Petroleum Club Room
1325 Glenarm Place (14th and Glenarm) Denver CO 80204
Parking flat rate $7.00 on space available basis

Cost: $35.00 per Person
Please RSVP by Noon Monday, October 11th, 2010
RSVP online at http://spee.org/LocalChapters/Denver.html
Then select “Register For Events” and Select “October” to sign up and pay by credit card.
**Speaker Bio:**
Mark A. McLane is a Partner in the international consulting firm of Rose & Associates, LLP. He holds a BSc with Honors in Petroleum Engineering from The University of Texas at Austin. He has a diverse technical and business background spanning more than 25 years in the petroleum industry. He joined Rose & Associates in January 2000 after three years with Pioneer Natural Resources and 17 Years with Exxon Company, U.S.A. He has co-authored several technical papers, served on the Professional Ethics/Registration Panel at the 2003 SPE ATCE in Denver, Colorado and was a Distinguished Lecturer of the Society of Petroleum Engineers on the topic of “Reserve Overbooking – An Issue of Professional Ethics” in 2004 and 2005.

**Abstract**
Revelations of financial mismanagement and the resulting increase in legal and regulatory scrutiny have focused attention on how publicly-traded oil and gas companies report and book reserves. In spite of this, reserve overbooking remains a persistent problem, one that, while widely acknowledged, is only reluctantly discussed.

We see two broad categories of reserve overbooking: 1) errors of omission; and 2) errors of commission. The first relates to errors resulting from ignorance, which can be addressed through education, training and mentoring. The second relates to those things we know about – the choices we face when we find ourselves 1) tempted to intentionally overstate reserves for motivational reasons; or 2) faced with the need to de-book reserves. These are not technical issues. They are ethical ones, often influenced by misguided incentives.

Why is there so much reluctance and hand-wringing associated with de-booking reserves? It is because, for publicly traded companies, the market impacts can be quite negative, at least in the near term. But repeated experience has shown that ultimately, the “Piper must be paid”. Unfortunately, it is the shareholders who often suffer the most.

Are proper controls in place to mandate unbiased professional behavior? On paper they are, through stated company policies, governmental regulations and professional-society guidelines.

Are these controls working? For the majority of firms who take seriously the fiduciary responsibilities entrusted to them, we believe they work most of the time. However, based on recent revelations of financial mismanagement, having the proper policies, controls and definitions in place is not enough. Ultimately, compliance is an issue of character and ethics – of personal and corporate values.
About SPEE:  [http://www.spee.org](http://www.spee.org)  SPEE was formed in 1962 as a professional, non-profit organization bringing together specialists in the evaluation of petroleum and natural gas properties. SPEE continues today to be strongly committed to providing educational and other services to its members and to the oil and gas industry, and to promoting the profession of petroleum evaluation engineering.

For additional questions, please contact:
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