

President's Letter

Being President gets in the way of doing all of the things that a President wants to do. That's why this organization gets so much benefit from our past presidents. Just ask Charles Gleeson. His term was up almost a year ago, yet he has continued (thank goodness) to provide valuable help to me on a variety of issues. The Council of Past Presidents is a tremendous resource. When you look at who does what in this organization, you see that many of the past presidents continue to contribute a lot of time and effort. I know that I have a lot of ideas on my "to do" list that I want to accomplish. Perhaps after this year I can find a little time to work on that list. I know that I'll be leaving the board in good hands – we had a strong list of candidates for board positions and I felt that regardless of who won, we would have a good board of directors for your organization.

Congratulations to new board nominees Barry Ashton of the Calgary Chapter, Jim Wilson of the Oklahoma City Chapter, and Stuart Filler of the Houston Chapter. Many thanks to outgoing Board members Ed Butler and John Wright.

You know about some of the things that have occupied the efforts of your board of directors. However, there's a lot more happening now than any time I remember, and you may not be aware of some of it. There are a lot of external issues, and several of them are being driven by players outside of North America. They have the potential of having a big impact on our profession. This is why I feel it is more important than ever to keep SPEE in the forefront of these issues, so we can have a hand in shaping our future. What issues, you ask? Here are some observations, in no particular order that you might find interesting:

- 1) Work continues on the training program. The decision to de-emphasize the issuance of a piece of paper upon completion did not curtail the work on the proposed training program.
- 2) We have received inquiries about our proposed training program from many sectors around the world. We have been in contact with the World Petroleum Congress and the United Nations. We have received calls from the Internal Revenue Service.



- 3) The United Nations is working toward a set of unified resource definitions, of which oil and gas would be a subset. SPE/AAPG/WPC definitions will likely form the basis of much of this work, as SPE is working with the UN. OPEC has voiced support for the UN's resource definitions.
- 4) SPE has announced the formation of a Reserves Education Committee. This committee, chaired by Mike Black of

Houston, has been charged with promoting reserves education both within the general SPE membership and outside as well. We have met with Mike and believe that this is a positive step on the part of SPE that will enhance our training efforts. Please see the article inside on page 8 for more about this.

- 5) The IASB (International Accounting Standards Board) is cooperating with European regulators, the IEA and the UN to establish common reserves reporting definitions. They are reportedly leaning towards the SPE/AAPG/WPC definitions.

- 6) The PCAOB (Public Company Accounting Oversight Board) recently published the results of one of their investigations of an accounting firm's procedures. In one case, they noted that the accountants did not do a proper job of sampling data for further investigation and did not assess the objectivity of the client's in-house engineers.

- 7) Gasoline is still around \$2.50 a gallon in Houston as I write this column, but last week I was in McAllen, Texas, where gasoline was at least 20% cheaper than in Houston at every station that I passed. What's going on here?

OK, so that last point is not in the same league as the others, but it is still important. The heads of "Big Oil" have been invited to Washington to justify their high profits, and there are calls for the resurrection of the WPT. (This is a test for the younger audience. Give yourself a gold star if you are under 40 and you knew it stood for Windfall Profits Taxes. For everyone else, give yourself 100 gold stars if you can remember how to calculate it.)

These are certainly interesting times we live in, and don't count on the interest level to go down anytime soon.

Dan Olds

2005 Officers and Directors

Committee Chairmen and Individual Appointments

Officers

President Daniel R. Olds (Houston)
 Vice President E. Bernard Brauer (Corpus Christi)
 Secretary/Treasurer S. Tim Smith (Austin)
 Past President Charles W. Gleeson (Midland)

Directors

Van Edward Butler (Dallas)	Frank Molyneaux (Calgary)
Robert Dimit (Midland)	Charles Nelson (Houston)
David Gold (Bakersfield)	Nanette Schulz (Denver)
Fred Goldsberry (Houston)	John D. Wright (Denver)

Committee Chairmen

Continuing Education Jim Haag
 Evaluation Parameter Survey Leslie O'Connor
 Fair Market Value D. Russell Long
 Gas Imbalance R. Curtis Phillips
 Ethics and Grievance Florence Hughes
 Internet Richard Krenek
 Membership Brian Walter
 Newsletter Coordinator Fred Goldsberry
 Past President's Council Richard J. Miller
 Qualifications Nanette Schulz
 Reserve Definitions D. Ronald Harrell

Individual Appointments

Annual Meeting Advance Planning Richard J. Miller
 Communications Director Ed Butler
 Directory Brian Walter
 Production Tax Summary Charles G. Massey/Dan Olds
 Professional and Public Affairs To Be Announced
 Liaison Representative on SPE
 Oil & Gas Reserves Committee D. Ronald Harrell
 Professional Registration Marcus Snyder

Chapter Officers - 2005

Calgary

Chairman – Barry Ashton
 Vice Chairman – Floyd Siegel
 Secretary/Treasurer – Curt Labelle
 Membership Coordinator – Phil Kandel
 (3rd Tuesday of each month except June/July/
 August)

California

Chairman	Rick Finken
Vice Chairman	Russ Bertholf
Secretary/Treasurer	Barry Evans

Central Texas

Chairman – Michael Horne
 Program Chairman/Treasurer Cary McGregor
 Co-Membership
 Austin Wayman Gore
 San Antonio Open
 Secretary/Treasurer Open
 (Quarterly - Austin Country Club)

Dallas

Chairman	John Nicol
Vice Chairman	Dee Patterson
Secretary/Treasurer	Rick Krenek
Membership Chairman	Ron Wade

(Bimonthly-September through May - Dallas
 Petroleum Club)

Denver

Chairman	Greg Wilcox
Program	Keith Engler
Secretary/Treasurer	Scott Wilson
Membership	Jerry Hertzler

(2nd Wednesday of first month of each quarter
 Hershner Room - One Norwest Center)

Houston

Chairman	Mike Garcia
Vice Chairman	Sam Singer
Secretary/Treasurer	Stuart Filler
Program Chairman	Larry Tharp

(1st Wednesday of each month - Petroleum
 Club)

Midland

Chairman and Programs	Joel Castello
Treasurer	Bob Dimit
Membership	Joe Neal

(1st Tuesday of every other month-Petroleum
 Club)

Oklahoma City

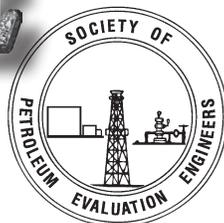
Chairman	Dean Sergent
Vice Chairman	
Program	Jim Wilson
Membership	Bruce Heath
Secretary/Treasurer	Fletcher Lewis

(Every odd-numbered month)

Tulsa

Chairman	Stanley M. Scott
Programs	Chris Jacobsen
	Gary Nilson
Membership	David Morrell
Secretary/Treasurer	Robin LeBleu

(1st Tuesday of each month - Petroleum Club)

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Chapter News

CALGARY

The Chapter reconvened following its summer break with a guest speaker at the September meeting. Mr. Phil Scherman is currently an Audit Partner with KPMG but has also served the firm as a Professional Practice Partner and a Securities Reviewing Partner. Phil is also a member of the Alberta Securities Commission Financial Advisory Committee. He delivered a very interesting talk on an auditor's perspective on reserves, internal controls and his experience with NI 51-101.

On October 18th, the Chapter had its regularly scheduled business meeting with 21 members in attendance. Frank Molyneaux spoke to the business activities of SPEE from his position as Board member. John Essex, Chair of the Standing Committee on Reserves Evaluation, advised the members of the current status of COGEH Volume 2. At the meeting, the members approved the publication of Volume 2, Detailed Guidelines for Estimation and Classification of Oil and Gas Resources and Reserves. A meeting is scheduled with the Alberta Securities Commission to discuss this and a copy will be forwarded to APEGGA for their information. The Standing Committee members and contributors to Volume 2 were thanked by the Chapter members for their outstanding work and time commitment to this significant technical document. It is expected that Volume 2 will be available for purchase in late November.

DENVER

Our quarterly meeting for the Denver Section was held on October 12th in the Herschner Room of the Wells Fargo Bank Building. The room is an excellent venue for presentations in conjunction with the box lunch format. The meeting was extremely well attended with about 50 people attending including late walk-ins. The meeting opened with an introduction of guests and year-end business with this being the last quarterly meeting in 2005. The primary year-end business was the election of officers for 2006. In tradition of the Denver Section the preceding year's officers move up one level and the membership position is filled from nominations by past officers and/or nominations from the floor.

The officers for the Denver Section for 2006 are as follows:

- Keith Engler – Section Chair
- Scott Wilson – Section Vice Chair Meeting Presentations
- Jerry Hertzler – Section Treasurer
- Kevin Weller – Membership



Denver Vice Chairman Keith Engler introducing Michael Nepveux

Following the election of officers, Michael Nepveux from Wells Fargo Energy Capital presented "Oil and Gas Banks & Mezzanine Finance Providers: Differing Approaches to Reserve Risk." The presentation was very informative and well received.

During the first week of December a lunch meeting will be held to effectuate the transfer of officers and responsibilities.

HOUSTON

After the summer break, the Houston Chapter of SPEE kicked off the fall schedule by hosting a panel discussion focused on the certification of reserve evaluators, a topic currently in the forefront of industry discussion. The panel consisted of three members of the joint AAPG/SPEE managing committee: Mr. Ron Harrell of Ryder Scott & Assoc. (SPEE); Mr. Richard Miller of Richard J. Miller & Assoc. (SPEE); and Mr. Dan Tearpock of Subsurface Consultants Inc. (AAPG). Each member provided their perspective as to the progress, status and direction of the certification effort. Although these issues affecting the SPEE will not go before a vote of its members, the panel emphasized renewed focus on training efforts in reserve estimation and evaluation.

Despite the lingering effects of Hurricane Rita, the chapter's October luncheon speaker was Mr. John L. Shafer, a consultant with Reservoir Management Group currently engaged with Devon Energy in their GOM Deep Water Division. Mr. Shafer's topic was titled "Methods and Procedures for Calibrating NMR Log Derived Permeabilities." This technical presentation highlighted the need for accurate NMR log calibration given the importance of permeability and irreducible water saturation in formation evaluation.

Our November luncheon speaker will be Mr. Larry Brown, whose focus will be on engineering ethics. The luncheon will cover the PDH ethics requirement for state licensing.

MIDLAND

The Midland chapter met on July 7. Our speaker was Adrian Goodisman, Managing Director of Scotia Waterous, the largest A&D firm in the world. Waterous has offices around the globe and handled over \$10 billion in asset sales during the last year.

Recent deals in the Permian Basin were discussed in detail. Actual sale valuation metrics in terms of price multiples of cash flow, net present values, values per BOEPD and values per BOE in the ground were presented to our group. Adrian discussed the A&D market in general, who is selling, who is buying, and offered his views on trends in the market.

OKLAHOMA CITY

The Oklahoma City chapter was forced to cancel its only fall meeting thus far, when our speaker, David Marcell of Tristone Capital, couldn't make it to town, despite a two-day effort. Sixteen hours of driving found David in Dallas, but not until his hastily arranged flight had already left for OKC. And oh, by the way, David was simultaneously evacuating his family from Houston in anticipation of Hurricane Rita. We hope to reschedule David's presentation, titled "What is a Buyer/Seller to Do Now?" for sometime later this season. The chapter is grateful for his considerable effort to share his experiences, and look forward to seeing him soon.

OKC has already lined up some excellent speakers for our luncheons this fall. Aubrey McClendon, CEO of Chesapeake Energy, is slated to speak to the group on October 27th at the OKC Petroleum Club. He will share his ideas about the rapidly changing natural gas industry. We also anticipate a luncheon featuring a speaker from Devon Energy Corporation, probably to discuss Devon's unique focus on non-conventional resource plays.

Welcome and congratulations to OKC's newest SPEE member, Don Jacks. Don is the Asset Valuation Manager at Continental Resources in Enid, and has already given a presentation to the local SPEE chapter regarding his company's very aggressive development programs in the Williston Basin.

**Don't Miss Enclosed
2006 Membership
Dues Notice!**

Oil & Gas Reserves "Mapping" Project

SPEE members and other interested parties are urged to review the draft of this document as posted on the SPE website (www.spe.org) and as described below and submit comments and observations. The initial deadline for comments has been set as December 15, 2005.

The SPE Oil & Gas Reserves Committee (OGRC) has recently completed the comparing or "mapping" the classifications and definitions that are used in other worldwide systems for regulatory government reporting or company internal resource asset management. These are:

- U.S. Securities and Exchange Commission
- U.K. Statement of Recommended Practices
- Canadian Security Administrators
- Russian Ministry of Natural Resources
- China Petroleum Reserves Office
- Norwegian Petroleum Directorate
- U.S. Geological Survey
- United Nations Framework Classification

These systems above have been compared as closely as possible to the terms of the 1997 SPE/WPC reserves definitions and where appropriate, the 2000 SPE/WPC/AAPG resource definitions. It is anticipated that this work will enable efforts by several organizations to seriously begin work toward a single international standard for petroleum reserves and resources definitions and guidelines.

If for some reason you cannot provide your comments by December 15, please contact me for assistance in getting your recommendations considered.

Respectfully submitted,
Ron Harrell
SPEE Observer to SPE OGRC

2005 Annual Meeting Final

A final summary of the Quebec meeting indicates that after accounting for all income and expenses, we had a deficit of \$5,180.99.

Total attendance for the meeting was 177 (84 members, 7 non-members, 8 speakers, and 78 guests).

The Continental Airlines program did not result in any free tickets for SPEE. There are so many options for travel to California that the Continental program may not be used in 2006.

Tim Smith is planning a very informative and enjoyable meeting in Huntington Beach on June 11-13, 2006. I look forward to seeing you there.

Bernie Brauer
2005 Annual Meeting Chairman

SPEE Annual Meeting

Huntington Beach, California

**Enjoy an Informative Technical Program and
Earn 12 CEP Hours in a Relaxed Atmosphere**

Social Activities include:
Cocktails Aboard the Queen Mary and a
Tour of Catalina Island's Historic Avalon

Open Call for Ethics Questions / Issues

Technical sessions will include:

A one hour ethics seminar with Dr. Jimmy Smith, of the
National Institute For Engineering Ethics

Your case histories/questions/concerns will be provided
to Dr. Smith in advance of the meeting. This may be
your chance to get your question/issue addressed by
an ethics expert.

Send questions/issues to Tim Smith by email
(sts-drga@swbell.net) or by telephone (512) 476-1245
by April 1, 2006.

Sponsorships will be available. Sponsors will receive notice
in the meeting proceedings and advertisements during
technical session intermissions.

Contact Tim Smith.

Member Sponsorship: \$200
Non-Member Sponsorship: \$500



Save the Date
June 11-13, 2006

REFLECTIONS

by
WILLIAM HURST
PETROLEUM RESERVOIR ENGINEER



William Hurst was one of the Organizing Directors of SPEE in 1962. Mr. Hurst was born on June 1, 1905 in Boston, Massachusetts. He received his Bachelor of Science degree in Engineering from Massachusetts Institute of Technology in 1928 and his Masters from M.I.T. in 1929. He gained his working knowledge from 1929 to 1957 from such companies as Humble Oil & Refining, C.L.I. and Shell Oil Company. From 1948 until his retirement, Mr. Hurst was self-employed as a petroleum engineering consultant in Houston, Texas. He served as Chairman on the Ferguson Award Committee for the AIME during 1961-1962. As well as being one of the originating Directors, holding the office of Vice President, Mr. Hurst also served on the Board of Directors in 1964 and was voted a Lifetime Membership Award by the Board of Directors during the 1980 Annual Convention. Mr. Hurst passed away on December 5, 1996.

I can recall Genesee Street. This was in the South End of Boston where we first lived. My parents were Jewish immigrants from Riga, Latvia, to whom I was deeply devoted.

In this neighborhood in Boston, teeming with life, there were many other immigrants as ourselves. In general, it was a happy community consisting of Jews and Italians. Along Harrison Avenue there were fruit and vegetable stands with peddlers hawking their wares. It was a busy thoroughfare, off of Genesee Street.

I recall as youngsters, we played 'kick the bar' (a sort of soccer game) in the streets. The bar was a piece of rubber tire held up against the curbstone, with the participants running around the bases. When not playing 'kick the bar' we were usually playing handball on the walls in the Andrew Street Grammar School located on our street.

Our natural enemies were the Irish policemen who patrolled the area. Some were decent, others were inherent bullies who regarded our games with dislike and made us dispense from playing as the mood possessed them.

These families with whom I shared my youth were poor people. The making of a living was very difficult for most of them, compounded with overcoming a language barrier. Yet their children, the companions of my youth, turned out to be substantial citizens in the Commonwealth of Massachusetts.

One of our members became the Attorney General in Massachusetts. Others attended Harvard University to become outstanding physicians and surgeons in the City of Boston. My younger brother and I attended the Massachusetts Institute of Technology.

A poor widow of Scotch and Swedish stock with four children moved to Genesee Street from Pennsylvania. Her youngest son, Lionel St. Clair, became my close friend. This friendship lasted from 1915 to 1981, when Lionel passed away in Seattle, Washington, and I was living in Texas.

Lionel and I traveled all over Boston. Everything was a curiosity to us ... the Fenways, our walks along Atlantic Avenue where every boat tied up to the docks was a work of art, as we were frustrated sailors. We would gaze into the chandler's shop on Milk and State Street, and even today, I have in my library an edition of Bowditch Practical Navigator that I bought for 50 cents on State Street in 1918.

Although we knew Boston intimately, today this has all changed, as on my last trip to the city I got lost trying to find my way to Haymarket Square.

These are all reminiscences of my native city that I still hold in fond memory.

Every spring the automobile show came to the Mechanics Building on Boylston Street. This was a bonanza to us as we lads would load up our little carts with lumber from the castoff crates. It was a rare sight to see Lionel and myself on Stewart Street pulling our little wagons home with wood to keep our families warm in our cold-water flats in the South End.

I first attended Quincy Grammar School on Tyler Street, then the Mechanic Arts High School in the Back Bay, and then Boston Tech. With the exception of another school in Chicago, this high school, as I understood it, was the only one in the country that taught vocational training as well as preparation for the universities.

We were trained in woodworking and the machine shops, along with mathematics, French, German and other courses that were a prerequisite for taking the College Board Entrance Examinations from Princeton. From our assembly hall on the fourth floor, one could look down upon the Charles River and MIT in Cambridge. As I witnessed this view, I was induced to attend MIT.

My plans were to become a skilled tool maker, but this changed in my junior year, probably due to the inspiration of my classmates who were to go on to the universities. They had the advantage over me in that half of the College Board Examinations took place in the junior year and the other half upon graduation. I had none, so I had to take all of my examinations in my senior year.

This was a week of activity — French, German, Algebra, Physics. What almost floored me was the last day, Friday, Princeton made a mistake and sent us an Intermediate Examination in German, when we were supposed to take Elementary German. If it were not for the Yiddish I learned at home, I would have failed. Another man and I were the only two out of a class of 26 who passed this examination.

Our marks from the College Board came in July of that year. I passed and was accepted to M.I.T. This was an elation for a young man as myself, but not for my mother. She addressed me, "How can you attend that school with the rich men's sons?"

Her reasoning was that my income was needed in the family, but, to do her justice, our family supported me for the five years I attended Tech into my graduate year. In later years, I repaid this consideration.

The Massachusetts Institute of Technology was a revelation to me. My first few days in class, Professor Passano in teaching Calculus, showed us that by lowering the window he could control the rate of draft of the wind from the Charles River blowing into the class room. Another revelation to me dealt with the velocity of light from a lighthouse on Cape Cod shining out at sea and the rate it would pass over a ship in its course.

This was the Calculus developed by Newton and Liebnitze. To a young inquiring mind as myself from the South End, this intrigued me.

For years now, I have employed Calculus in the oilfield problems. The books I have written and papers I have published, all stems from what I learned at Tech.

My professors were all erudite men. The hallmark of their appearances was their immaculate attire. Never would you encounter the sloppy appearance that some now aspire to. There were Professors Hudson, Woods, Millard, and etc. Professor Hudson who taught us Electrical Engineering always came to class with a boutonniere in his lapel.

I had an encounter with Professor Millard who taught us Physical Chemistry in our junior year. What I learned in Physics was that everything is developed from Calculus. This was not the case in Physical Chemistry, as this was empirically determined data in the laboratory. So, I asked questions that apparently my professor took issue with. I realized that I was not in his good graces, and I could possibly fail his course. So prior to the finals, I studied diligently for this examination as I knew what was involved, and I passed with credible marks. I think the professor knew what bothered me, and in the second semester his attitude was entirely different towards me.

There was Professor Norbert Wiener, an interesting person I got to know in my graduate year. He was an outstanding mathematician. He told me he once had to deliver a paper in Italy, and he learned Italian on the way over in the boat so that he could give this paper.

The mentor of us all in the course I was taking in Chemical Engineering was Dr. W. K. Lewis. Apparently impressed with me, he made an offer before graduation that I should stay at the school and teach. It so happened that I received a gift of money from an uncle in Philadelphia and I went on the town. My marks plummeted and when my money was spent, they came back up, but this was of no avail as the offer was withdrawn.

Graduation terminated my stay in the city where I had spent my youth. There were aspects in Boston that I did not like. Anti-Semitism prevailed in certain quarters, and I realized as capable as I was an engineer I would not find the work that I was trained for. This not only applied to myself but to Catholics as well. The control and management of the financial institutions and utilities were under the domination of the Brahmins of Boston, who considered themselves a class by themselves. This no doubt has all changed in Boston now, but this attitude prevailed in the late 1920s.

I left for Texas where I went to work for the Humble Oil and Refining Co., now Exxon. This was a good company to work for as oil companies went. However, my employment was in a Department of Production Research, where the management was staffed by people trained as I was as graduates of MIT. These were the proteges of Dr. W.K. Lewis, who were retrained by the company.

Whether these people were inferior to the challenge of understanding the mechanics of oilfield performance, I am not certain, but I am inclined to believe this was the case. Their attitude toward the staff was of indifference. As I recall this period and these people, their motivation was to rise to the corporate ranks of the company. None succeeded and have now disappeared into oblivion, with little regrets.

I never practiced my profession of Chemical Engineering, but now I found myself in a different field, Petroleum Engineering, as the work I was engaged in was identified as Reservoir Engineering.

In the early 1930s, when I started, we knew nothing of reservoir mechanics. I recall an assignment I had to establish the oil reserves in the Luling Field, close to San Antonio, Texas. My efforts were in vain, I accomplished little as every principle of Chemical Engineering was of little avail. I realized that something was missing; namely, the approach to these problems was by hydrodynamics. The

only texts on the subject were by Englishmen and so I became an avid student of Basset, Lamb, Carslaw, and Lord Kelvin.

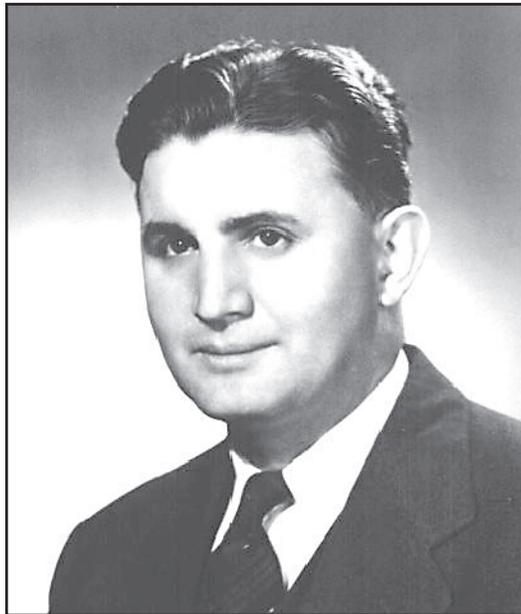
The first challenge I had to use these works was the East Texas Field. This was a large field discovered in 1930 in East Texas, extending over seven counties, with reserves estimated at 5 billion barrels of oil. We knew that there was a large aquifer known as the Woodbine formation feeding water into the field that was in balance with the oil produced; but, how to calculate this eluded us.

Out of 24,000 people employed by the Humble Co., I was singled out to solve this problem. I did not particularly relish this role, as there were other capable people employed in the company. My task was put to me rather succinctly. My superior informed me, "You either solve this problem within a month, or you will be out of employment."

This was during the Depression, and as it was not my purpose to return to Boston a failure, I applied myself to this problem.

It was during my walks in the evening that the first indication came to me of how to solve this problem. This occurred on the corner of Holman and Fannin Streets in Houston, Texas. A marker should be placed there to commemorate this event.

What occurred to me was that this could be solved by the heat transfer problem if the mathematical Bessel Functions shown in Carslaw's text could be applied. Using this, within two days I had solved the East Texas problem that was later published in the Journal of Physics. I received the applause of my associates. Later I extended this to the Lord Kelvin solution: a formula used for many years in East Texas to predict pressure change with oil production.



This was the first analytical application to an oilfield. Since then the volume of such papers has increased in the industry to such an extent that computers play a role in the oil business today. This all started from a paper in which I was threatened with unemployment.

My tenure with the Humble Company was shortlived. I stayed with them for 13 years until the Depression ended.

Yet I faced difficulty. With as much as myself and others had published, people did not know what a reservoir engineer did. Now the situation is entirely different, the trade journals advertise extensively for reservoir engineers to work for oil companies, but this was not the case in the early 1940s.

I accepted work in Dallas, Texas, with Core Laboratory, Inc. as a consulting engineer. I stayed for two years with this firm, and then returned to Houston, Texas.

My next employment was with the Shell Oil Company in Houston, as a senior reservoir engineer. Here I found a management more suited to my liking. I worked under A.F. van Everdinger, a Dutchman. Tony was already known as an able engineer and carried prestige in his company and in the industry. Typical of the Dutch, he was a hard taskmaster, but a kindly person. He had a blackboard in his office that he used to direct my efforts with ideas that occurred to him. It was an unusual arrangement as we were in the production department, concerned with field problems, but also doing fundamental research in reservoir engineering.

One of our papers treating the Laplace Transformations earned for each of us the coveted Anthony F. Lucas Gold Medal Award of the Society of Petroleum Engineers. I stayed with Shell Co. for five years, and in 1949 I became an independent consultant in reservoir engineering in my own firm.

This was some 33 years ago, and I worked in the Middle East, Europe, Canada, and the States.

Even though I do much of the work typical of consultants, I could not disassociate myself from doing fundamental research. To illustrate: What has gained in popularity in the last two decades is reservoir simulation with many papers published on the subject. What has been developed and used in computers is a system of meshes from 300 to 3000 as the sources for transient fluid flow.

I never could adjust to this idea as I recognized that this was the discrete Calculus whereas our fundamental equations in fluid flow were based on the infinitesimal Calculus.

In 1972 I conceived of the solution of employing Conformal Mapping for reservoir simulation. This occupied my attention through 1979, when I wrote books on the subject.

One thing I was able to realize, among others, was that by Conformal Mapping I could develop stream-lines of oil and gas in a field flowing into the wells.

What was made possible by such stream-line, was that I could detect stagnant pools of oil and gas in a field that had never been produced. This is enhanced oil recovery that has gained emphasis in this industry by drilling in-fill wells to recover this oil.

This is now programmed on a computer and should be used judiciously by myself and associates in old and depleted oil fields. In brief, I have employed reservoir engineering to find oil.

*William Hurst
Houston, Texas
April, 1982*

Training Component Of the SPEE/AAPG Certification Initiative Attracts Broad Support

This is an interim report to SPEE members to inform each of you of recent developments that have accelerated and effectively endorsed the basic purpose of the Certification Initiative. As you know, the initiative leadership team was unable to obtain broad consensus among SPEE members for all segments of the proposed program, particularly the examination and certification components. These same two elements were also not supported by many large producers.

There has been broad consensus, however, among virtually every industry segment for more and better training of petroleum reserves evaluators – both engineers and geoscientists. It now appears that several large producers and SPE leadership are now on board to cooperate with SPEE and AAPG in developing training materials and programs that can form the basis of voluntary worldwide training for the entire industry.

The incoming President of SPE for 2006, Eve Sprunt of Chevron, announced last month in Dallas the creation of a new SPE six-person Reserves and Resources Education Committee with a mission to “spread the word” to all industry stakeholders about the importance of SPE/WPC/AAPG reserves and resource definitions. Stakeholders include investors, lenders, regulators, the press, rating agencies and the general public. Mike Black will lead this committee and has indicated his full cooperation with the SPE Oil and Gas Reserves Committee AND the SPEE/AAPG “recommended practices” training committees formed as a part of the Certification effort.

Although the Certification Initiative has not moved as far and as fast as many of us would have preferred, SPEE members should be pleased with its leadership role in bringing this important matter to the attention of the global energy industry. I would hope that Curtis Phillips and Creties Jenkins can reinvigorate their respective “recommended practices” committees with this development and the assurance of the initiative moving forward.

There is still a place in this effort for any of you who wants to contribute your time and expertise.

**Respectfully submitted,
Ron Harrell**

Membership Applicants

The following member applicants have been processed by the Qualifications Committee. The bylaws 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

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Nathan Meehan
Richard Rowe

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Larry Tharp
Jim Vincelette

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John Wright

LATHAM, JAMES F.

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Mike Garcia
Tom Gardner
Fred Richoux

ROBINSON, GREGORY DALE

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Manager, Engineering
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Peter Sidey
Nora Stewart

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Ron Harrell

TENZER, JEFFREY R.

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Welcome New Members

DONALD CLAYTON JACKS

Asset Valuation Manager
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24 Woodland Drive
Enid, Oklahoma 73703
580-548-5268
580-548-5226 fax
donjacks@contres.com

*With
Sympathy*

IN MEMORIAM

*We regret to note
the passing of
the following members:*

*Thomas G. Smith
Midland, Texas
October 12, 2004*

*Harold T. Wright
Houston, Texas
June 16, 2005*

SPEE

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2006 Membership Dues
Notice Enclosed