

President's Letter

Your Board of Directors and Executive Committee started out the year with an exciting trip to London, England, for the Board meeting and the formation of the first international chapter of the Society. The Europe Chapter of SPEE is located in London, with members from that city; Aberdeen, Scotland; The Hague, The Netherlands; and Hamburg, Germany. Past-President **David Gold** deserves our thanks for his perseverance and initiative in the efforts to form the chapter. **Graeme Simpson**, Chairman of the Chapter, and his wife Niki hosted a tour on Friday, January 15, for several members of the Board. We first saw the offices of the Royal Geological Society, where the original geological map of

England, Wales, and southern Scotland of William Smith hangs on the wall. Drawn in 1815, the map was copied by others and was widely distributed.

Niki then led the group on a tour of the Linnean Society of London. Charles Darwin and Alfred Russel Wallace read their papers on evolution theory in 1858 before this Society. We toured the library and then were allowed to visit the vault where the collection of Carl Linnaeus resides. The collection was purchased from Linnaeus's widow after his death and has been preserved in the offices of the Linnean Society since 1829. The collection includes original notes taken by Linnaeus, his library, and his specimen collection.



The Board met with members of the European Chapter at the Capitol Club for dinner that night, and the Executive Committee signed the petition to form the Chapter. We look forward to great input from our new European members, and the chapter should grow significantly in the future.

The Board is considering some changes in the Bylaws. Those changes involve the educational requirements and the ethics acknowledgement that was recently removed from the dues statements. A degree in engineering or geology is currently required for membership in the Society. The proposed change will include mathematical and physical science degrees as qualifying degrees for membership. This aligns our membership requirements with those usually required for licensed professional engineers and geologists and will eliminate a requirement for Executive Committee and Board of



Board of Directors: Front row: David Gold, Stuart Filler, Barry Ashton. Second row: Tom Collier, Rick Krenek, Marshall Watson, Samantha Meador. Third row: Ken Sigl, Brian Walter, Gary Gonzenbach, Paul McDonald, Scott Stinson

2010 Officers and Directors

Executive Committee

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 Vice President Barry R. Ashton (Calgary)
 Secretary-Treasurer Marshall Watson (Midland)
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Thomas Collier (Midland)	Samantha Meador (Europe)
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Paul McDonald (Dallas)	Brian Walter (Dallas)

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Bylaws Committees

Qualifications Samantha Meador
 Committee Members Alan Farquharson, Steve Blair, Jon Crawford, and Philip Kandel
 Nominating David K. Gold
 Grievance L. D. (Buddy) Sipes

Individual Appointments

Evaluation Parameters Survey Richard F. Krenek II
 Committee Members Mike Garcia, Cary McGregor, and Joel Turnbull
 Fair Market Value D. Russell Long
 Internet J. Brian Walter
 Membership James G. Patterson
 Newsletter Publisher Richard J. Miller
 Communications TBD
 Production Tax Summary and University Interface Marshall Watson
 Recommended Evaluation Practices Daniel R. Olds
 Annual Meeting Advance Planning Barry Ashton
 Professional Registration Marcus Snyder
 2011 Software Symposium Kerry Pollard and John Wright
 Evaluation of Resource Plays Russell K. Hall
 Reserve Definitions S. Tim Smith
 Journal of the Society of Petroleum Evaluation Engineers ... Richard J. Miller
 SPEE/SPE Reprint Richard J. Miller

SPEE Delegates

SPE OGRC Oil and Gas Reserves Committee Observer Ron Harrell
 JCORET Joint Committee on
 Reserves Evaluator Training Rod Sidle, Dan Olds, E. Bernard Brauer
 COGEH Canadian Oil and Gas Evaluation Handbook Barry Ashton
 UNECE Expert Group on Resource Classification S. Tim Smith
 Washington Reserves Conference 2011 S. Tim Smith

Chapter Officers - 2010

Calgary

Chairman – Attila A. Szabo
 Vice Chairman – Harry J. Helwerda
 Secretary – Curt Labelle
 Treasurer – Gary Metcalfe
 Membership – Terry Nazarko

California

Chairman - Tom Walker
 Vice Chairman – Brad DeWitt
 Secretary-Treasurer - Barry Evans
 Membership - John Davis

Central Texas

Chairman – Cary McGregor
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 Membership – Paul Clevenger/Charles Price

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 Vice Chairman – Philip Crouse
 Secretary-Treasurer – Gary Swindell
 Membership - Dean Eiland

Denver

Chairman – Pat Galuska
 Vice Chairman - Mike White
 Secretary-Treasurer – Letha Lencioni
 Membership - John Benton

Europe

Chairman – Graeme Simpson
 Vice Chairman – Paul Taylor
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 Membership – Andrew Evans

Houston

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 Program Chairman – Jennifer Fitzgerald
 Membership – Larry Earhart

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 Membership Chairman Joe Neal
 Director - Arlen Edgar
 Director - Charles Gleeson

Oklahoma City

Chairman – Ken Sigl
 Vice President - Don Jacks
 Secretary-Treasurer - Fletcher Lewis
 Membership - Bruce Heath

Tulsa

Chairman - Ken Richison
 Vice Chairman - Stan Scott
 Secretary - Treasurer - Bob Harmon
 Membership - Phil Schenewerk

Wyoming Chapter Coordinator Scott Stinson



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The SPEE Newsletter is a quarterly publication of the Society of Petroleum Evaluation Engineers. News items, correspondence, address changes and advertising inquiries should be directed to SPEE headquarters in Houston, Texas.

Directors approval of exceptions to the educational requirement for otherwise qualified applicants. In Europe, for example, many reservoir engineers who go on to become evaluation engineers have degrees in physics (Laurie Dake, author of two recognized reservoir engineering textbooks who was knighted for his services to reservoir engineering in the United Kingdom, received a degree in natural philosophy).

The ethics acknowledgement was designed to maintain the high standards expected of SPEE members. Although the Board originally voted to put the ethics statement on the annual dues statement, some members pointed out that no such requirement exists in the Bylaws, and some states do not require the ethics continuing education every year for licensed professional engineers or geologists. In addition, since the requirement for all members to be licensed was



Board reviews any proposed changes or comments internally, the proposed changes will be submitted to the membership for the mandated comment period and then a vote.

I encourage all members who are able to attend the SPE Hydrocarbon Economics and Evaluation Symposium (HEES) in Dallas to do so. SPEE is sponsoring a breakfast Tuesday morning, March 9, and will have a booth to communicate our mission with members and potential members. I also encourage all our members to approach qualified candidates and encourage them to join SPEE. If any of you have any suggestions for increasing membership and improving our services to our members, please contact me at reseng73@comcast.net. I look forward to hearing from you.

It's also time to consider your attendance at the upcoming Annual Meeting in Victoria, British Columbia. The meeting will be held at the Fairmont Empress Hotel, a beautiful venue on the waterfront. **Barry Ashton**, our Vice President and meeting chair, and B.K. have visited the hotel and say that the meeting should not be missed. Barry has assembled a great technical program and two fine short courses. I invite you to visit our website at www.spee.org and look at the 2010 Annual Meeting particulars. Meeting packets should be sent to all members in a few weeks, so be on the lookout. I hope I can meet you there.

Stuart Filler



relaxed a few years ago, those members perceived the statement as a requirement that would impose a cost on them that was not warranted. After discussion at the Board meeting in January, a proposed Bylaws change that would allow use of the continuing education hour for licensed professionals where the state in which they practice requires such education or allow an affirmation of the Code of Ethics and the Standards of Evaluation Engineering Practice for those members who are not required to obtain such training was determined to be the best course of action for the Society. After the



Calgary

The Calgary Chapter has held one luncheon meeting to date this year; held in February where **Boyd Russell** of Energy Navigator presented a talk entitled “*Comparing U.S. and Canadian Fiscal Regimes for a Green Field Shale Gas Development.*” One business meeting was held in January.

The second draft of the Bitumen section of Volume 3 of COGEH is authored and is currently under review by selected technical experts and the Standing Committee of COGEH. The Calgary Chapter hopes that this section of Volume 3 out for public comment in the next few months with implementation prior to this year end.

COGEH volumes are available for order via the website at <http://www.speecanada.org/products.htm>.

Meetings - 3rd Tuesday of each month except June, July and August. Membership - 55

California

Membership - 27

Central Texas

The new leadership that will serve for 2010 is:

Chairman - Cary McGregor

Vice Chairman - James Bostic

Secretary/Treasurer - Gary Gonzenbach

Membership Chairmen – Paul Clevenger/Charles Price

Membership - 31

Dallas

The Dallas section of SPEE hosted its first luncheon meeting of 2010 on January 21st. The speaker was **John Gustavson** with Gustavson Associates and his talk was entitled “*Effect of Economic Upheaval on Oil and Gas Evaluations.*” Using case histories John spoke on how conventional evaluation methods may or may not be reliable during times of wild pricing swings and overall economic uncertainty. There were 37 people who attended the meeting.

The next meeting is scheduled for Thursday, March 25th, and the speaker will be **Tom Alexander**, Completion Manager for Southwestern Energy in Houston, Texas. His talk will be entitled “*The Evolution of Drilling and Completion Practices in Southwestern’s Fayetteville Shale Project.*” On May 20th **Susan Spratlen**, Senior Director for Corporate Communications at Pioneer Natural Resources will talk on how current legislation in Washington impacts the oil and gas industry. In addition her talk will describe the mission and current status of ANGA, America’s Natural Gas Alliance.

Meetings – Bimonthly September through May – Dallas Petroleum Club. Membership - 55

Chapter News

Denver

In January 13th, the Denver Chapter held its first quarterly meeting of 2010. In attendance were 27 members along with 14 guests. The guest speaker was **Dr. Mark Cronshaw**, Chief Economist, at Gustavson Associates, LLC in Boulder, Colorado. Dr. Cronshaw’s presentation was on “*Value of Information and other Decision Analytic Techniques for Optimization of Seismic and Drilling.*” The talk focused on using decision tree analysis to properly model uncertainty during the early stages of a project. Many examples were presented which resulted in a lively question and answer session.

Many thanks go out to **Jim Volker**, CEO/COB of Whiting Petroleum Corporation for sponsoring our Chapter meetings at the Denver Athletic Club for 2010. Also thanks to Program Chairman **Mike White** for his efforts in coordinating the room arrangements and to **Letha Lencioni** for arranging the speaker and handling registration and finances.

The next meeting of the Denver Chapter will be a luncheon to be held at the Denver Athletic Club on Wednesday, April 14th. We are planning on having **Mr. Scott McInnis**, Republican gubernatorial candidate for the state of Colorado. Mr. McInnis will speak on the regulatory issues currently plaguing the Oil and Gas Industry in Colorado.

The Denver Chapter officers for 2010 are:

Chairman – Pat Galuska

Vice Chairman - Mike White

Secretary-Treasurer – Letha Lencioni

Membership - John Benton

Meetings – 2nd Wednesday of first month of each quarter – Hershner Room – One Norwest Centre. Membership – 65

Europe

Four meetings per year. Membership - 11

Houston

The last monthly luncheon meeting of 2009 was held on Tuesday, December 1st, and featured **Dr. William Cobb** of Cobb & Associates. His talk was entitled “*Net Pay Determination for Water Injection Projects*” and presented a method for estimating the actual net pay being affected during a water injection project. Attendees consisted of 38 SPEE members and 12 non-members and guests.

In addition to Dr. Cobb’s presentation, elections were held for 2010 officers at the December meeting with the following results:

Chairman – Larry Connor, Ryder Scott Company

Vice Chairman – Mitch Reece, Collarini Engineering Inc.

Secretary/Treasurer – Jerry Blevins, Kinder Morgan CO2 Company, LP

The new Chairman appointed **Jennifer Fitzgerald** of Ryder Scott Company as the Program Committee Chairman for 2010.

The first meeting of 2010 was a joint meeting with the Houston Chapter of SIPES held Thursday, January 21st. **Dr. John Lee** presented an update of the revised SEC rules and regulations established in 2009 including a discussion about new guidance issued by SEC. Attendees consisted of 40 SPEE members and 18 non-members and guests.

Speaking at the February 3rd meeting was **Mr. Art Berman** who is a past contributing editor and columnist for *World Oil*. His talk was entitled “*Doubts about Shale Plays: examples from the Barnett, Fayetteville and Haynesville Shales.*” His presentation questioned whether or not EUR projections within the industry for shale plays are optimistic and the resulting impact on economics. Attendees consisted of 52 SPEE members and 42 non-members and guests.

The topic for the monthly luncheon meeting on March 3rd was “*Shale Tales: Evaluating the Shale That Got Us Here*” presented by **Mr. Bill Kazmann**, President of LaRoche Petroleum Consultants, Ltd. Mr. Kazmann’s talk discussed the historical progression of activity in the Barnett Shale. His presentation included a vintage analysis of EUR and economics. Attendees consisted of 45 SPEE members and 22 non-members and guests.

The next monthly luncheon meeting will be held on Wednesday April 7th, and will feature **Mr. Bill DeMis** of Southwestern. His talk is entitled “*False Negatives and Log-Normal Distribution as Concepts for Finding Bypassed Pays and Plays: Case Studies of Missed Opportunities.*”

Meetings – 1st Wednesday of each month except June, July and August – Houston Petroleum Club. Membership – 186

Midland

Meetings – 1st Tuesday odd months – Midland Petroleum Club. Membership - 28

Oklahoma City Chapter

On December 10th, 2009, **Linda Stokes** spoke to our Oklahoma City group about ethics. Linda is a Land Technician for Devon Energy Corporation and also a certified Life Coach, who works primarily with families and young adults. Linda’s presentation was entitled “*What is Your Legacy?*” and incorporated the SPEE’s “Discussion and Guidance on Ethics” by quizzing the audience of their knowledge of the Fundamental Canons of Ethics. Total attendance was 37.

On January 28th this year, we had planned to have **Larry P. Conner** of Ryder Scott speak on “*The Changing Landscape of SEC Reserve Reporting;*” however, the meeting was cancelled due to a severe ice storm that closed the Oklahoma City Airport the morning of the meeting. We look forward to rescheduling Mr. Conner to speak to the Oklahoma City Chapter in the near future.

In February, **Darrell Noblitt**, Business Development Manager Mid-Continent Region, EnergyNet.com, spoke to the chapter about “*What 2009 Tells us about Current Oil and Gas Markets.*” Using data gathered from the over 30,000 properties that EnergyNet has marketed, Darrell provided insight into the metrics that matter most in today’s property sales. Darrell also discussed the uncertainties with the current political, financial and regulatory areas and how that uncertainty depressed the A & D market for the first three quarters of 2009. Darrell indicated that A & D activity grew dramatically in the fourth quarter of 2009 and continues to grow to date. Total attendance was 33.

Meetings – Every odd numbered month. Membership - 23

Tulsa

The Tulsa chapter announces the following 2010 officers:

Chairman – Ken Richison

Vice Chairman – Stan Scott

Secretary – Bob Harmon

Meetings – 1st Tuesday of each month – Petroleum Club. Membership - 27

SPEE 47th Annual Meeting
June 5-8, 2010
Victoria, British Columbia, Canada



Fairmont Empress Hotel

Located on the southern tip of Vancouver Island, Victoria continues to exude the charm of its British heritage. Founded in 1843, Victoria has progressed to become the capital city of British Columbia, a city with a population of about 80,000. Part of the Pacific Northwest, it has a temperate climate, and in June the average day time temperatures are 19° C while at night you may expect 9° C.

The 47th Annual Meeting of SPEE will take place at the beautiful Fairmont Empress (www.fairmont.com/empress) which is located on the Inner Harbour, next door to the Provincial Parliament Buildings. There is a beautiful pathway system around the harbor and many quaint and interesting shops and restaurants nearby. It is an easy 40-minute drive from the airport (near Sidney) or vehicle/passenger ferry at Swartz's Bay. From the airport, rent a car, take a taxi (approximately \$40 to the hotel) or catch the shuttle (approximately \$17 one way). For our US members, I expect you will route through Seattle or Vancouver where either Horizon Air or Air Canada offer service for the short flight to the island. There is also passenger ferry service from Anacortes. I recommend you check/confirm your routing early. The use of a car is recommended to see the nearby attractions or extend your trip and go up-island or to the many adjacent islands. There is much to do and see.

Sponsorships are available

Sponsors will receive on-screen and poster publicity during the technical sessions.

Individual Members: **\$250.00**

Businesses and Non-Members: **\$500.00**

Contact Barry Ashton at bashton@ajmpc.com

As with past Annual Meetings, there will be two short courses offered on Saturday and Sunday afternoons, 1:00 to 4:00 p.m. The Saturday course will showcase the expertise and knowledge of our SPEE members who have been creating the SPEE Monograph 3, Guidelines for the Evaluation of Resources Plays. On Sunday, experts from the Petroleum Service Industry will explain the importance of the correct completion and testing techniques in unconventional reservoirs.

The Monday and Tuesday technical sessions will explore recent developments in unconventional gas reservoirs, activities in the Arctic, a panel discussion on SEC Final Rule implementation, and a comparison of COGEH, PRMS, and UN evaluation guidance. This will be an opportunity to accumulate personal development hours and ethics compliance, plus a great opportunity to network with your peers.

Complementing this will be several events for spouses to enjoy (history of the Empress, cooking demo, wine tasting, and more). On Saturday afternoon the golfers will once again take to the links at the beautiful Olympic View Golf Club (www.golfbc.com/courses/olympic_view). On Monday afternoon the horticulturalists may wish to visit the gorgeous Butchart Gardens (transport will be provided) while the more adventuresome may choose to go on a marine life/whale watching tour.

Watch for your registration package arriving soon by email, and I encourage early registration. Also remember the Annual Meeting is open to non-members. Extend the invitation to attend to that colleague you have been encouraging to join the SPEE. I feel certain the Annual Meeting will seal the deal!

If you wish to book your hotel room, you're welcome to go to <https://resweb.passkey.com/go/petroleum>. The room of choice SPEE contracted for is the Fairmont, \$199 per day plus tax, however you are welcome to upgrade if you wish. You may also use the dedicated reservation phone line for the event, 1-250-384-8111.

I look forward to seeing you in beautiful Victoria.

Barry R. Ashton
SPEE Vice President
2010 Annual Meeting Chair



British Columbia Province Parliament Building

Dishonesty in Science Can Harm People

By Lee C. Gerhard

The following article is reprinted from the March, 2010 AAPG Explorer with the permission of AAPG.

Over the last century science has played an ever-increasing role in the lives of all people. Science has increased life expectancy, improved our standard of living, dramatically speeded communications and made us a space-faring people, to cite only a few examples. Our ability to feed a rapidly growing global population and to make their lives easier and more productive both stem from advances in science.

The downside of the ascent of science into public life is that politics uses science that supports particular views while suppressing contrary views. The entry of science and technology into politics and public policy demands that scientists be vigilant in guarding their professional objectivity from political influence or philosophy, and to defend their science from perversion by social, religious or political agendas.

Today we are faced with both dishonest science and quasi-religious persecution of dissenting scientists who are not in agreement with social or political dogma. Acceptance of advocacy or dishonest science has become an issue in recent years.

History is replete with examples of either scientific dishonesty or interference with or absolute brutal repression of science. Bruno was burned at the stake in the inquisition, and Galileo, faced with similar circumstances, was forced to recant his observations of the universe in front of religious authorities in the 16th century.

A legal form of scientific dishonesty is the demonizing of opponents in a scientific disagreement. Rather than counter the scientific arguments, some attempt to deflect the debate by arguing that the opponents are incompetent, funded by corporations, have conflicts of interest or are harming the public welfare, demeaning their work and data in every way possible, without ever demonstrating any inaccuracy in the work. While perhaps acceptable in politics, such tactics are not acceptable in science.

A recent example of such an ad hominem attack was the attempt to silence Bjorn Lomborg, author of "The Skeptical Environmentalist." Lomborg had devastated zealous environmentalist's arguments that the natural world was being continually degraded by human impacts, using both data and statistics to demonstrate that the global environment was improving and that the world needed to address largest problems first, rather than expend resources on minor issues. Lomborg was castigated verbally, in the press and in tribunals. Lomborg fought back and was vindicated.

Against that historical background there is now "Climategate." Climategate is the term used to describe the release of thousands of e-mails from the University of East Anglia's



Climate Research Unit (CRU), one of the most prestigious climate data archive and modeling centers. CRU data is the basis for much of the debate about climate change. The emails document scientific dishonesty among the leading scientific proponents of human-induced global warming (AGW), and the major players behind the United Nations Intergovernmental Panel on Climate Change (IPCC), both in England and the United States.

Examples of disclosed dishonesty include purposeful manipulation of data in support of a favored hypothesis, conspiracy to deny access to data to others (illegal under Freedom of Information actions), destruction of data, attempts to deny others access to peer review and scientific publication process, impugning the reputations of others and attempts to remove journal editors who published works that did not support AGW. While each individual act is worthy of termination from a scientific research or teaching position, the sum total of these dishonest acts is an indictment of the entire scientific process concerning climate change.

Science works by advancing a hypothesis, continually testing it, modifying as necessary, retesting, all in attempts to falsify or invalidate the hypothesis. Hypotheses that survive these tests then become accepted theories and the base from which other constructs can be developed. That is the scientific method.

An example is plate tectonics. Advanced seriously as "continental drift" in the early part of the 20th century, the

hypothesis was tested but not established owing to a lack of information to create a rational test. There was heated debate over the hypothesis, without resolution. After World War II ended, heretofore secret military sea-floor mapping was made available to scientists, who then identified magnetic polarity reversals in stripes across the ocean floor, with age-dating that proved symmetrical spreading from mid-ocean ridges. That test confirmed seafloor spreading, continental movement and provided what is now the basis of our now integrated and unified theory of Plate Tectonics. It took 50 years and new technology to rigorously test the hypothesis. Even so, scientists still continually test the theory.

Climategate is a disaster for science in general because the combined transgressions suggest that the leaders of the AGW hypothesis violated every tenet of scientific ethics for one simple reason: To prevent expert testing of the AGW hypothesis and its potential falsification.

The result has been the acceptance of the hypothesis by political and social policy entities as a reliable scientific theory, without scientific validation.

I have encountered several instances of scientific dishonesty in my career, including falsification of chemical test results, lying about progress on major interagency projects, and plagiarism. None of these instances hurt people other than the perpetrators, the costs were in time and money.

We cannot permit government-encouraged “scientific correctness.” Eighty years ago, Lysenko’s false science, and iron control of Russian botanical science, helped starve the Russian people. Previously cited examples of dishonest science impacted fewer people, small areas and, as in Bruno’s case, were only lethal to the individual.

Climategate is different. Climategate’s ethical impact is global.

Proposed draconian measures to constrain energy use would harm poor peoples all over the globe. We have already converted much-needed food into motor fuel. Literally billions of dollars of scientific and public policy investments have been made suspect, if not worthless. Continued attempts to impose strictures on emissions of carbon dioxide are not only not useful, they are meaningless in terms of climate change while costing average Americans thousands of dollars each year.

Regardless of our social philosophies, our science must remain objective.

(Editor’s note: Gerhard, retired Kansas State Geologist, is past president of the AAPG Division of Environmental Geosciences and editor of AAPG Studies #47 Geological Perspectives of Global Climate Change.)

THE ETHICS COLUMN

It is difficult these days to determine whether a report in the media is all the truth or just the portion that supports a point of view. And as we have seen in the past few years that attitude has invaded the business world. However, ethics in our profession cannot contain bias or lack of candor. So let’s consider the oftentimes situation of an evaluation engineer, Fred, who prepares a report for a client, STC Energy.

STC commissions Fred to evaluate a single property and Fred does so, including the usual disclaimers that he relied on production from the public record, the client’s files and representations of prices and costs by STC. After his report is submitted to the client, Fred becomes aware, from an unrelated source, of a significant and costly problem with the wells on the property. Casing leaks had been found in many of the wells. Fred has no knowledge of how or if these have been remedied.

Subsequently, STC begins negotiations with a third party for the sale of the property and permits the prospective buyer to review Fred’s work with him. They elect to do so.

1. Can Fred disclose to the prospective buyer what he knows about the wells?
2. Should Fred first discuss the situation with his client?
3. If he discusses what he knows with his client, what course of action should Fred take if the client tells him not to divulge his information?
4. Assuming Fred reviews his work with the prospect buyer and does not inform him of the casing leaks, can the buyer sue Fred?

WHAT DO YOU THINK?

Fred has an ethical dilemma. How would you respond in his situation? Readers are encouraged to provide written comments to the SPEE Office – Attention: Editor

By Buddy L. Sipes

The Journal of SPEE

A Work in Progress ... Working Plan B

SPEE Members who read the Newsletter and follow the activities of the Society know that we have been laboring diligently to create a peer-reviewed Journal for SPEE that would serve both the organization and the evaluation profession as a source of practical and theoretical information. This endeavor continues to be a work-in-progress. The following is an update on that progress and our plan for going forward.

The original concept of the JSPEE, back in 2007, was to publish SPE papers that discussed topics of interest to evaluation engineers but which never seemed to be published by SPE after presentation or which, if published, were put out in the truncated form used by JPT. That plan was discarded when SPE refused to allow access to the papers without going through a rather Byzantine copyright process involving the original authors, etc. even though SPE owned the copyright.

At the Annual Meeting at the Homestead in 2008, the SPEE Board made a decision to forego the SPE paper idea and create a new journal based on original content from SPEE members and such others who could contribute papers of interest to evaluation engineers. The plan for the Journal that was developed, hereinafter "Plan A," was to solicit original papers from SPEE Members as well as to invite non-members to submit papers. The papers would be peer-reviewed and, if accepted, published in an electronic Journal. The original papers would be supplemented by inclusion of reprints of articles of interest (when allowed), written reviews of papers and books, and any other information that might be of interest. In 2009 we did solicit papers, created the Editorial Committee, built a technically strong peer-review panel, and received a small number of papers for consideration. The Peer-Review Panel took its responsibility seriously and turned down the papers for publication. One of those is being reconsidered but we have not received any additional papers.

The startup of a new Journal by a Society with a limited membership would never be considered an easy task particularly given the competition from SPE and AAPG et. al. for top quality papers. It is also likely that, aside from being a new venture, the timing relative to conditions in the industry and the economy in general were not conducive for people to take the time to develop a well-thought out and presented paper and submit it for a rigorous peer-review process.

Hence, the Editorial Committee has decided to go forward with Plan B and take a modified and enhanced approach to building content for the Journal. While we will continue to encourage and solicit original papers which could be published after peer review as the primary and preferred content for the Journal, going forward we will concentrate on including (1) reviews of existing papers, books and articles, (2) reprints of papers and articles from other sources, and (3) short articles and commentary from SPEE Members.

The second source noted above, reprints of papers and articles from other sources such as government agencies (EIA, USGS, et al) and institutions (universities, professional groups) where copyright may not be an issue. Once a paper or article from such a source is identified by one of the Editorial Committee or other contributor we would only need to secure approval to reprint. If approval is obtained, then we will decide whether publication in the Journal is warranted.

The reviews of existing papers, books and articles would require three broad steps:

- Selection of papers and articles to review.
- Finding someone to read the paper and write the review.
- Review the review and prepare for publication.

The primary source would be papers from SPE, AAPG, and other professional groups. Secondary sources would be papers and articles from consulting firms, etc. that may or may not be under copyright. As an example, the HEES meeting in Dallas (March 8-9) should include a number of papers that would be useful to SPEE Members and other professionals. Several of these papers could be selected for review and a written report of the review, sort of a Cliffs Notes version of the papers, could be published in the JSPEE. The review would ideally include a rigorous discussion of the content of the paper but also an examination of the application of the content to evaluation practice.

The difficult part would be finding Members who would be willing to (a) review the paper and (b) write a 1-2 page review and commentary. This process is very similar to peer-review and possibly entails a bit more work.

As to the third source, there has been some discussion that there may be many Members and others who have some information or commentary to contribute but who do not have the time to commit to a full length paper. We would like to encourage submissions of short articles (1 to 2 pages), commentaries on publications or presentations, or even letters regarding evaluation and professional practice.

Needless to say, the Editorial Committee cannot create this content, or for that matter, sustain the continued development of the Journal without the help of SPEE Members. Over the next few weeks we will be contacting Chapter officers and individual Members to ask for help in finding and reviewing papers and articles but we would really like to have you jump up out of your seat, go to the phone or your trusty computer and call or email to tell us about your willingness to help build *The Journal of SPEE*.

Richard J. Miller

SPEE Newsletter

2010 SPE Hydrocarbon Economics and Evaluation Symposium Report

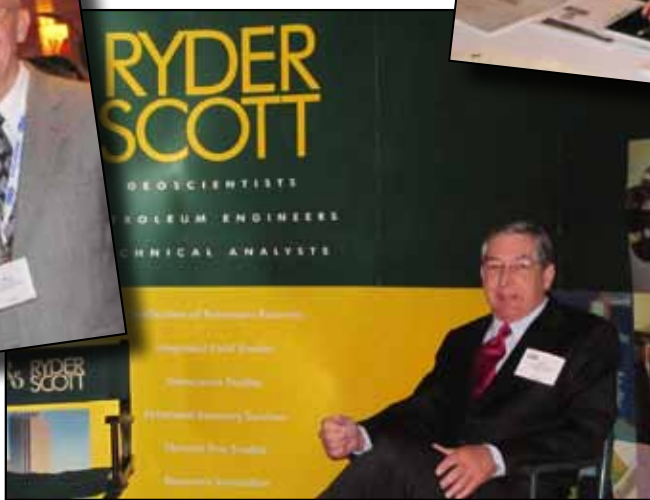
The SPE Hydrocarbon Economics and Evaluation Symposium (HEES) was held at the Intercontinental Hotel in Dallas, Texas, March 8 and 9. Over 200 engineers, geoscientists, and software vendors gathered to listen to papers discussing the state of the art in petroleum economics and evaluation. SPEE sponsored the Monday morning breakfast and manned a booth in the exhibitor area. B.K. and Stuart Filler welcomed Past President Richard Miller and other SPEE members and told interested people the benefits of membership in the Society. Several monographs were sold, and interest in membership was high. A meeting of the committee working on the SPE/SPEE reprint volume made good progress, and the target date of August for publication appears to be on track. The next Symposium is scheduled in 2012, and SPEE members will continue to be actively engaged in the program.



Frank Molli and Dr. John Lee



Stuart Filler,
Guy Humphries,
B.K. Buongiorno



Ed Gibbon

SPEE/SPE Economics and Evaluation Reprint

Volume Moves Forward

As readers may recall, SPEE initiated a call for a new Economics and Evaluation reprint volume a couple of years ago. The last SPE reprint volumes on the topics of Evaluation and Economics/Finance were issued in 1970 and 1982 respectively and were, needless to say, overdue. Since July of 2009 SPEE has been working with SPE to review and select the papers that will be included in the new volume which will cover all three topics. The Reprint Committee is made up of members appointed by SPEE and SPE. The Committee is co-chaired by Steve McCants and Richard Miller. Other committee members are Gary Gonzenbach, Dolores Hinkle, Rawdon Seager, and Rod Sidle. The committee has worked well together and has received timely and valuable help from SPE staff member Jennifer Wegman.

The Committee held a meeting during the recent Hydrocarbon Economics and Evaluation Symposium (HEES) in Dallas on March 8 to review progress and set a working schedule for completing the volume. Starting from a list of over 100 papers we have to date narrowed the list to about 30-35 papers in four primary categories for final consideration. While most of the papers selected will come from prior HEES meetings going back to 1980, some papers will come from other SPE venues and from sources outside SPE including SPEE. The overall objective of the reprint is to provide evaluation professionals with an updated compendium of evaluation and related sources in one reference volume. The volume will include new papers as well as many of the older papers that are recognized as foundation documents and an extensive bibliography of additional sources of information. Final selection of papers is expected to be completed by early summer. The Reprint Volume will be offered through SPE on CD possibly in the Fall of 2010.

Richard J. Miller

The Way We Always Go! But Should It Be?

The following article was published in the Wall Street Journal of December 19, 2009. Since it was the Saturday morning edition I had more time to read the article and think about it before rushing off to do something else. While the title and content refer largely to the “Global Warming” or as it is now called “Climate Change,” just in case we head into a new Ice Age, the sub-text is really about something else. As I explained to Dr. Botkin when I asked for approval to pass the article along to you, the behavior of the odd moose and the results of the small biome models suggest that we occasionally need to step back from whatever we are doing, whether it is petroleum property evaluation or some other activity, to see if we are simply following the well-trod path out of comfortable habit and, if so, might a different perspective not be more informative and productive? Anyway, that is what I took away from the article. I would be curious to know your impression.

Richard J. Miller

Global Warming and an Odd Bull Moose

What one angry animal taught me about nature and its infinite complexities

Wall Street Journal, 12/19/2009, Page A13

By Daniel B. Botkin

One pleasant June evening years ago, I took a break from ecological research at Isle Royale National Park and went canoeing in a large inlet named Washington Harbor, hoping to see some of the moose populating that isolated wilderness island in Lake Superior. Upstream, an old cedar arched gracefully over the waters, framing the forest and the deepening sky beyond.

The serenity and beauty of the scene rivaled the best of America’s landscape painting. For that moment, the remote island wilderness appeared as tranquil as a still-life, as permanent in form and structure as brush strokes on canvas at the Louvre.

Soon after I had pushed out from shore, a large bull moose stepped carefully into the cold lake waters and began a slow traverse of the shallows, searching for water irises, lilies and other water plants that were some of his favorite summer foods. He circled the shallows for 20 minutes, rarely stopping to feed. In this northern wilderness, June was too early for water plants, and as the moose edged his way over to the north shore, he found little to eat. Suddenly, he galloped through the shallows, scrambled out of the inlet, and began kicking vigorously at the shore. He dashed up a short bluff, breathing rapidly, turned, raced down and kicked again where the sand and waters met. It was as if he were furious with the harbor for denying him food, but I never did understand why he acted that way.

Nothing could have contrasted more with the idyllic scenery of that evening than the moose’s bizarre, chaotic and perplexing behavior. But in the almost half-century that I have studied nature’s character, I have come to realize that the seeming constancy of the

harbor symbolized a false myth about nature, while the moose that kicked at the shore—complex, changeable, hard to explain, but intriguing and appealing in its individuality—was closer to the true character of biological nature, with its complex interplays of life and physical environment on our planet.

With the Copenhagen climate conference drawing to a close, and the perhaps-compromised science of global warming everywhere in the news, the big bull moose came to mind as a reminder of the difference between the way much of environmental science has been approached and the way nature actually works.

Most of the major forecasting tools used in global-warming research, including the global climate models (known as general circulation models of the atmosphere) and those used to forecast possible ecological effects of global warming, paint a picture of nature more like a Hudson River School still-life than like the moose that kicked at the shore. These forecasting methods assume that nature undisturbed by people is in a steady state, that there is a balance of nature, and that warnings the climate is at a tipping point mean that the system is about to lose its balance.

In fact, however, nature has never been constant. It is always changing, and life on Earth has evolved and adapted to those changes. Indeed many species, if not most, require change to persist. So there is something fundamentally wrong in most approaches to forecasting what might happen if the climate warms. The paradigm is wrong and has to change. But such fundamental change in human ideas never comes easily, and it is often resisted by those whose careers have been based on the

old way of thinking. In addition, the general circulation models are such complex computer programs, and have been developed over so many years, that a fundamental change in the entire way of thinking about climate dynamics and its ecological implications is all the more difficult.

The recently revealed emails from the East Anglia Climate Research Unit, better known as “Climategate,” illustrates the difficulty of letting go of old, perhaps flawed methods. We who work in environmental sciences and on global warming need to open ourselves to a much greater variety of ways of thinking



about nature. We need to develop forecasting methods that are appropriate for always-changing, non-steady-state systems where chance—randomness—is inherent.

Among the various things I have tried over the course of four decades of work on the effects of global warming were a few computer models of the carbon-dioxide cycle, small computer programs, taking quite different approaches than the standard at the time to the question of what might happen if carbon dioxide were to increase rapidly from human actions. I created a strange little model of little boxes, each representing what we ecologists call “biomes”—major ecosystems on Earth, like all tropical forests. These “competed,” so to speak, for CO₂ in the atmosphere through their photosynthetic organisms, and returned some of that CO₂ back to the atmosphere as the model’s “creatures” respired or died and decayed.

The results were as strange and surprising to me as the moose who kicked at the shore. The CO₂ in the atmosphere didn’t just build up over hundreds of years and then slowly decline to the same perfect equilibrium concentration in the Earth’s atmosphere prior to the

industrial age. No, instead it oscillated strangely, because the biome that had the fastest rate of uptake “out-competed” the others, pulling the CO₂ concentration down so far that the plants and algae in other biomes didn’t have enough and died back, giving up their stored CO₂ to the atmosphere.

That strange little computer model was at the time just as ephemeral for me as that evening canoe ride at Isle Royale. It got me thinking about how a complicated, intricate, always-changing system could respond to a novel input. The computer, caring even less about me than did the bull moose, simply showed me exactly what the consequences of my assumptions were.

I didn’t publish that work because it was so simple, yet different, and seemed more a personal insight than a definitive forecast. But looking back now at the bull moose and that little computer model, I believe that we have been on the wrong path in our view of the way nature works, and we need a fundamental change in our paradigm.

This can come about only in an intellectual atmosphere that is open, free, and wildly experimental. It would be an atmosphere that let us accept that natural ecological systems are likely to be full of surprises, like a moose kicking at the shore.

And once we open ourselves to those possibilities, perhaps we won’t find ourselves caught between defending weak science or lashing out, like that bull moose, and kicking at what seems to stand in our way.

Mr. Botkin, professor emeritus in the Department of Ecology, Evolution, and Marine Biology at the University of California, Santa Barbara, is the author, most recently, of “Powering the Future: A Scientist’s Guide to Energy Independence,” to be published in March by Pearson/FT Press.

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Membership Applicants

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

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