

October 20, 1986

TO ALL MEMBERS
THE SOCIETY OF PETROLEUM EVALUATION ENGINEERS

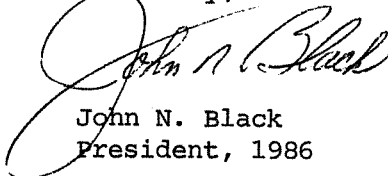
Dear Members:

The Executive Committee has approved the nominations committee's candidates to the SPEE Board of Directors as shown in this newsletter. When receiving the ballot please respond with your votes and return them to the society's secretary, B.K. Starbuck. Each of the three members elected will serve a three year term beginning January, 1, 1987. The members leaving the board are David Frawley, William Berry and Thomas Stevens. The board unanimously appointed Walter Wright, Calgary, Canada to serve the remaining two years on my term.

The Executive Committee allocated a budget of \$300 to Frank Jeanes for his Employment Opportunities Committee. Information on this committee is included in the newsletter. Also, in the newsletter is the SPEE response to the Wall Street Journal August 28, 1986 article "Slipping Figures". Mr. Vaughn Scanland, Publicity Committee Chairman, is working hard to have our response published.

Again, please note when sponsoring new members the qualifications are very strict in that the applicant must have a minimum of five years of full time employment in property evaluation. This means that the primary everyday task of the applicant had been assigning "dollars and cents" to the evaluation, not only calculating reserves.

Sincerely,



John N. Black
President, 1986

MINUTES OF SPEE EXECUTIVE COMMITTEE MEETING

A meeting of the SPEE Executive Committee was held October 7, 1986, in the offices of Lignum Oil Company. Those present were John Black, T. Scott Hickman, Bob Moses and Barry Van Sant.

Items considered by the Committee:

1. Finance
 - A. Current cash balance of the Society is \$13,753.88.
 - B. The current cash balance of the Harold Vance Fund is \$3,495.18 in the checking account and two CD's for \$11,500.00.
2. Mailing of dues notice and address change requests shall be mailed out in mid-November. Next year shall be the revised picture directory.
3. Nominees for three directorships to be filled in 1986 are:
 - A. Charles L. Brittan and Amiel David
 - B. Vernon A. Isaacs, Jr. and M. Vaughn Scanland
 - C. Chapman Cronquist and J. Darby Sere'
4. The Committee also voted to recommend to the Board approval of Walter G. Wright to replace John Black on the Board effective January 1, 1987.
5. Bob Moses presented the Long Range Planning Committee Report for Charles Milner which had concluded a Speaker Bureau would be beneficial to the Society. The Bureau should i) contact organizations such as accounting societies, lawyers and banking groups ii) the speakers should convey the society's code of ethics and standards to the audience for: a) the way bankers use reserves reports, b) the way consultant's prepare reserve reports and c) the way industry uses reserves reports.
6. The Committee in response to the Long Range Planning Committee approved the establishment of a SPEE Speaker Bureau. The speakers in this area shall be coordinated by the Publicity Chairman.
7. In conjunction with the Speakers Bureau it was concluded it would be beneficial for the Society to have prepared a three part folded pamphlet describing the Society, its member composition, and its objectives. The Publicity Chairman will be asked to prepare such pamphlet by year end. The sum of \$500.00 was allocated to this project for printing costs.

Minutes of SPEE Executive Committee Meeting
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8. The Committee decided to request Chuck Murray to review the Principles of Acceptance and that an active campaign to eliminate the use of the word "audit" and commence using the word review.
9. The Committee next took under consideration mailing out an employment opportunity questionnaire to assist those seeking full-time employment locate positions. The Committee approved a budget of \$300.00 for sending out the questionnaire with the full understanding it shall be for full-time employment only. Frank Jeans will spend one day per week coordinating this.
10. The Reserve Definition Committee Report was presented by Barry Van Sandt, who had just returned from the SPE meeting in New Orleans. He stated the revised definitions would appear in the November JPT for comments by the members and that they would probably be approved at the February meeting. Barry stated two concerns had been revised in New Orleans, the first being marketability of the produce product, in that if there was not a market for the product, it would not qualify as a reserve and second, current conditions could reclassify a reserve as a resource.
11. Scott Hickman gave a brief review of the financial results of the Nashville, Tennessee, meeting.

There be no further business, the meeting was adjourned.

Respectfully submitted,


Robert J. Moses

THE SOCIETY OF PETROLEUM EVALUATION ENGINEERS

Letters to the Editor
The Wall Street Journal
200 Liberty Street
New York, N.Y. 10281

September 15, 1986

Gentlemen:

The Society of Petroleum Evaluation Engineers (SPEE) concur with the objective of your August 28, 1986 article, "Slippery Figures", which brought to the public's attention the need for standards used by reserve estimators. We feel it was unfortunate that prior to publishing the article, you were not availed to the efforts of our society in this area.

The SPEE is a 292 member organization whose membership requirements include, first, over ten years experience in estimating reserves and evaluating oil and gas properties; second, professional registration in the state in which the individual's principal business is conducted; and, third, a bachelors or advanced degree in engineering or geology. The livelihoods of the bulk of the membership of SPEE are directly dependent on the validity and acceptability of the reserve estimates that they prepare as consultants, as employees of financial institutions, or employees of oil and gas companies. Decisions to purchase, lend, or invest are routinely made on the basis of these reserve estimates and evaluations. The society, through a grievance committee, polices the ethics and practices of its members on a consistent basis to attempt to avert some of the situations referenced in the article.

Our organization, on its own and with other industry professional groups, has worked for many years to establish uniform reserve definitions and standards for use in estimating reserve volumes and evaluating oil and gas properties. A new effort to establish standard industry reserve definitions was initiated by SPEE in May, 1984. This effort has now been expanded and is being led by The Society of Petroleum Engineers. We anticipate that a jointly approved set of reserve definitions will be accepted and published. Adherence to these definitions and standards will tend to eliminate the various examples of anomalous reserve reporting cited in your article.

Variances by different reserve estimators will occur in proved recoverable reserve estimates at similar points in time as exemplified by your North Slope example, but are primarily a result of economic limits caused by different future pricing parameters. The estimates of the remaining physical volume of gas remaining may have minute variances but recoverable reserves can vary significantly.

Very truly yours,

Society of Petroleum Evaluation Engineers
Executive Committee: John N. Black, Pres.
T. Scott Hickman, V. Pres.
Robert J. Moses, Sec., Trea.
Barry K. Van Sandt, Past Pres.

Employment Opportunities Committee

The recently formed Employment Opportunities Committee has prepared questionnaires and a procedure designed to put unemployed members in touch with prospective employers. The questionnaires and instructions for implementing this activity will be distributed to all members in mid November. The co-operation of the membership is solicited to help locate employment opportunities for our currently unemployed colleagues. Be watching for this package in you mail.

Frank Jeanes

Nominations to the Board of Directors

1. Amiel David
Charles Brittan
2. Vernon Isaacs
Vaughn Scanland
3. Chapman Cronquist
Darby Sere'

BOARD OF DIRECTORS - 1986

John N. Black
T. Scott Hickman
Robert J. Moses
William Barry
David Frawley
Clark Gillespie
Charles Milner
Carle F. Sharp
Thomas G. Stevens

Local Chapter Presidents

Denver, Colorado	-	Vernon A. Isaacs
Dallas, Texas	-	Don Horton
Houston, Texas	-	Amiel David
Tulsa, Oklahoma	-	Foley Wright