

February 17, 1989

EXECUTIVE SUMMARY:

1. Our 1989 convention will be in Austin from April 30 to May 2.
2. Dave Cox, Frank Johnson, Walter King, John Miller, Glenn Robinson, and Robert Smith are new members.
3. Upcoming Meetings:

<u>Location</u>	<u>Date</u>	<u>Topic</u>
Dallas	2/16/89	Hardeman Basin
Houston	3/01/89	The Economy, OPEC, oil prices
Tulsa	3/06/89	Hazardous Waste Disposal
Tulsa	4/03/89	Investing
Houston	4/05/89	Coal Seam Gas Wells
Denver	4/19/89	Oil Import Tax

4. We're having a breakfast at the SPE Hydrocarbon Symposium in March.
5. Marshal England, Robert Grace, James Patterson, James Smith, Harold Stack, and James Weisman are seeking membership.
6. The Society has a net financial position of \$15,283, and has applied for non-profit status with the IRS.
7. We're about to publish a mimeograph, a "white paper" in the Oil and Gas Journal, and a new directory.

We welcome the following new members:

Dave O. Cox  
 Angus Petroleum Corporation  
 350 Indiana St., Suite 600  
 Golden, CO 80401

John Collins Miller  
 John C. Miller, Inc.  
 1384-C First National Center  
 Oklahoma City, OK 73012

Frank Sam Johnson, Jr.  
 L. A. Martin & Associates, Inc.  
 5300 Memorial Dr., Suite 540  
 Houston, TX 77007

J. Glenn Robinson  
 Sproule Associates Limited  
 140 4th Avenue #900  
 Calgary, Alberta  
 Canada

Walter A. King  
 Apache Corporation  
 1700 Lincoln St.  
 Denver, CO 80112

Robert L. Smith  
 Gruy Engineering Corporation  
 222 West Las Colinas Blvd.  
 Suite 2100  
 Irving, TX 75039-5419

## PRESIDENT'S MESSAGE

As the SPEE embarks on its 27th year - our Silver Anniversary was 1987 - it seems appropriate to look back and express our appreciation to members who have contributed generously of their time and talent to SPEE. Special thanks to Bob Moses, 1988 President, for his leadership last year and to Barry Van Sandt, for his efforts on the soon-to-be SPEE publication "Guidelines for the Application of 1987 Definitions of Oil and Gas Reserves Adopted by the Society of Petroleum Evaluation Engineers." Many thanks to other SPEE members who contributed to this publication, including Scott Hickman, Bob Hubbell, Eddie Hudson, Larry Martin, Charles Milner, Raymond Perry, and 'Dub Wood.

In recognition of his many contributors to our profession, Herb Poyner, an Organizing Director, was elected to Life Membership in the SPEE during the January Board meeting in Houston. Congratulations, Herb, all good wishes for the future!

The major news item in this issue is the Annual Meeting, to be held this year at Barton Springs, Texas, April 30 through May 2, 1989. Vaughn Scanland is working hard to make this the best meeting ever. I look forward to seeing you there, if not sooner.

Congratulations to Scott Hickman, Gary Swindell, and Barry Van Sandt, each of whom will be presenting a paper at the upcoming SPE Hydrocarbon Economics and Evaluation Symposium to be held in Dallas March 9-10, 1989. This biennial meeting has been a traditional gathering spot for those of us with interests in the evaluation aspects of the oil and gas business. I hope you will plan to attend and lend your support to Scott, Gary, and Barry.

Two goals for the SPEE during 1989 that seem worthy are to increase our membership by at least 5 percent and to establish local chapters in Midland and New Orleans. Do you have an associate who is qualified to be an SPEE member? Have you asked him to consider applying for membership?

Early in the month (February) there was a fire in Houston's One Allen Center, where B. K. Starbuck, our Executive Secretary, maintains her office. There were no personal injuries and there was no damage to any of our files. Due to possible contamination by asbestos, however, the entire building has been closed to the occupants and B. K. has not been able to respond to any of your telephone calls. As we go to press with this issue of the SPEE Newsletter, the building is still closed, with no firm reopening date established. Please be patient, if you have a matter pending with B. K., as she will be up and running again just as soon as she can!!

Your suggestions and comments about SPEE matters are always welcome. Please do not hesitate to call me at 214/402-4271. I appreciate the opportunity to serve as your President this year.

Regards,

Chap Cronquist

## 1989 CONVENTION

On April 30, we'll relax in the lovely Texas Hill Country together in the Barton Creek Conference Center near Austin. The 18 hole championship golf course was designed by Tom Frazio and includes a scenic waterfall. You may see Ben Crenshaw there as he plays the course frequently. In addition to golf, they have six clay and two grass lighted tennis courts. For \$25 they'll take you off the grounds where you can horseback ride either alone or with a guide. Lake fishing is also offered. After a day of mind-broadening presentations, drop down to the gym for a swim at the indoor pool, tune up with a run on the track, relax in the steam room or Russian bath, or pamper yourself with a massage, manicure, and skin treatment. This is a time to get away, renew friendships, and broaden your outlook all in a pleasant social setting. Other than Sunday night which is suit and tie, dress is informal. Blue jeans are all right. On the golf course collared shirts are requested. Expect a mail-out soon from Vaughn Scanland that will contain more information about the convention.

### PROGRAM

#### Sunday, April 30

Executive Committee Meeting  
Board Meeting  
Cocktail Reception

#### Monday, May 1

##### Morning

-Individual Breakfasts  
-First Business Session  
-Individual Lunch

##### Afternoon Activities

-Golf (onsite)  
-Tennis (onsite)  
-Horseback Riding (offsite)  
-Fishing (offsite)  
-Bus tour of Governor's Mansion, LBJ Library, Capitol Building

##### Evening

Texas Barbecue on the patio (boots and blue jeans)

#### Tuesday, May 2

##### Morning

-Individual Breakfasts  
-Second Business Session  
-Adjourn

-Individual Lunches

### DALLAS CHAPTER

Gary Swindell has studied economics, reserves and success rates in the Hardeman Basin. On February 16, he will present the results.

The Dallas chapter is actively involved in the Dallas Energy Council, an organization comprised of petroleum related professional societies including SPEE, landmen, geologists, geophysicists, energy economists, accountants, division order analysts and oil and gas attorneys. This group represents 4,000 - 5,000 petroleum professionals. Our 1988 Chairman, Dub Wood, was one of the founders of this organization, and Chap Cronquist chaired the program committee of the successful "Energy Education Day" symposium held January 24th in Dallas and attended by over 400 people

The Dallas chapter meets on the 3rd Thursday of the month.

### DENVER CHAPTER

On April 19, Britann Miller will offer her views on an oil import tax. Ms. Miller is the Vice President of the Colorado and Nebraska section of IPAA.

The Denver chapter meets on the third Wednesday of the first month of each quarter in the boardroom of Coopers and Lybrand, 370 17th St., Suite 300.

### HOUSTON CHAPTER

On March 1, Drs. Paul Casperson and Jim Griffin will discuss OPEC, oil prices, inventories, LDC's, and long term trends. Both men are economists.

On April 5, Charles Brandenburg will talk about gas from coal seams and Devonian Shale. Last year about 500 wells were drilled for this type of gas. They usually make water but in some cases, with time, the gas rate goes up and the water rate down. He's with the Gas Research Institute in Chicago. Every time we send an MCF through the interstate system, this institute receives 1.5 cents. Their current annual budget is \$175 million, 13 of which Charles controls.

If you know someone you would like to invite to address the Houston Chapter, contact Andy Merryman.

The Houston Chapter meets on the first Wednesday of each month at 11:30 a.m. in the Petroleum Club in the Exxon building downtown.

### TULSA CHAPTER

On March 6, Jerry Agnew will discuss the future of hazardous waste disposal and its effect on evaluation engineers.

On April 3, Bruce Randall will present a paper called "Desirability Quotients to Help Screen Investment Opportunities".

The Tulsa chapter meets the first Monday of each month.

## NEW MEMBER APPLICATIONS

By displaying a membership certificate in our Society, you proclaim that in the oil community, your behavior is recognized as exceeding the norm. The words that describe our new members are these: honest, loyal, fair, impartial and candid. They possess integrity, dignity, humility and discretion. With this in mind, please consider the following list of candidates for membership. If you have any comments pertaining to any of them, please call Buddy Sipes. If no objection is received within 30 days, these applicants shall be notified of their election.

### APPLICANT

Marshall Jackson England  
England, Helm & Associates  
621 17th St., Suite 945  
Denver, CO 80293

Robert Dean Grace  
Grace Shursen Moore & Assoc.  
P. O. Box 9920  
Amarillo, TX 79105

James G. Patterson, Jr.  
MBank Houston  
P. O. Box 2629  
Houston, TX 77252

James E. Smith  
James E. Smith & Assoc., Inc.  
1324 South Beckman, Suite 147  
Tyler, TX 75701

Harold Wayne Stack  
1580 Lincoln, Suite 1125  
Denver, CO 80203

James Joseph Weisman, Jr.  
Stratigraphic Petroleum, Inc.  
5956 Sherry Lane, Suite 505  
Dallas, TX 75225

### SPONSOR

David E. Evans  
Leroy Vance Hester  
Robert L. Magnie

Allen C. Barron  
A. C. Golden  
Sam D. Morrow, Jr.

Harry L. Dedman  
George R. Donaldson  
Randall E. King

Rick Garza  
Harold Smotherman  
Tom Stevens

H. J. Ramsay, Jr.  
J. D. Hughes  
Robert L. Magnie

Randall E. King  
Dwight Purtell  
Gary S. Swindell

## SPE HYDROCARBON SYMPOSIUM

On Friday, March 10, we're going to gather for a relaxing breakfast and time of fellowship at the symposium. If you'd like attend, send a \$10 check to B. K. Starbuck with SPE breakfast written on it by March 1. B. K. will then get back to you with details.

## FUTURE SPEE NEWSLETTERS

Newsletters will be published in February, May, and October. If you have any information you'd like included, send it to B. K. Starbuck or give it to your chapter chairman. We're interested in including news of personal nature about our membership such as promotions, birth announcements, deaths, marriages, or other significant events.

If you have comments on this newsletter, please contact the editor.

## SPEE MONOGRAPH

We have produced a monograph for the working engineer that offers guidelines on the use of proved, probable, and possible reserve definitions. It elaborates and illustrates the DEFINITIONS OF OIL AND GAS RESERVES which were presented in the May, 1987 JPT. It is in printing now and will be available on March 6 through the SPE book department for \$10 under the name "SPEE Guidelines for Application of the Definitions for Oil and Gas Reserves". These guidelines are printed on one side of the page only with GBC binding because we plan to revise and expand them periodically.

The SPEE Guidelines for Application of the Definition for Oil and Gas Reserves were developed during the lengthy process of developing a set of reserve definitions for proved, probable and possible reserves. The project was started by Barry Van Sandt in May, 1984, when he recommended and the SPEE Board established a Reserve Definition Committee with developing a set of reserve definitions, including Probable and Possible categories that would be universally acceptable. The Committee began by reviewing over fifty existing definitions that were currently in use. These definitions were revised and expanded to develop a "best" set of definitions to meet the current needs of the industry. During the process, suggestions were solicited from other professional and industry organizations. An interim set of definitions were approved by the SPEE in 1985.

Recognizing that to gain industry acceptance, the reserve definitions would have to be widely circulated, the SPEE proposed that the SPE take over the leadership role. The SPE agreed and appointed a task force with Chap Cronquist as Chairman in February, 1985, to work with the SPE Oil and Gas Reserve Committee and the SPEE Reserve Definition Committee to continue development of the new set of reserve definitions that included probable and possible categories. Building upon the work done by the SPEE, the SPE Task Force drafted definitions that were circulated to the SPE membership and industry in July and November, 1986. The final version of the Definitions was approved by the SPE Board in February, 1987 and by the SPEE Board in March, 1987 and published in the "Journal of Petroleum Technology" in May, 1987. During this period the SPEE Reserves Definitions Committee continued to work on the development of the Guidelines.

Members of the SPEE Reserve Definition Committee during preparation of the Guidelines were Barry K. Van Sandt (Chairman), Chapman Cronquist, T. Scott Hickman, Robert O. Hubbell, Eddie J. Hudson, Larry A. Martin, Charles P. Milner, D. Raymond Perry, Jr. and J. W. Wood, Jr. Other SPEE members who played key roles in the development of the Definitions and Guidelines were L. D. (Buddy) Sipes, John R. Brack, Robert D. Kidd, Paul A. Drew, and Robert J. Moses. During the course of the project, comments were also received from the Society of Independent Professional Earth Scientists, the American Association of Petroleum Geologists, the World Petroleum Congress, the Potential Gas Committee, the American Gas Association and many individuals and companies. Contacts were also made with the American Petroleum Institute, the Securities and Exchange Commission and the Financial Accounting Standards Board.

## OFFICERS

### Dallas

Chairman - Gary Swindell  
Vice Chairman - Ed Ayres  
Secretary/Treasurer - Earl Krieg

### Denver

Chairman - Bob Doubek  
Vice Chairman - Jack Haley  
Secretary/Treasurer - Reed Ferri1

### Houston

Chairman - Carl Sharp  
Vice Chairman - Paul Kurth  
Secretary/Treasurer - Fred Diggle

### Tulsa

Chairman - Dick Banks  
Vice Chairman - Dwayne Godsey  
Secretary/Treasurer - Jim McUSIC

## 1989 DIRECTORY

If you haven't sent in your membership renewal form with a current picture, we ask that you flip to the back page, fill in the form, cut it out, and put it in an envelope as you read this.

## WHITE PAPER

The Oil and Gas Journal may publish a SPEE paper which discusses ways to improve the understanding and utilization of reserve reports. This grew out of a standardization survey circulated among our membership. The responses to the survey suggested that due to the wide range of uses and users of reserve reports, standards aren't appropriate.

Editor: Fred Diggle  
PH# 713/658-5842

SPEE BOARD OF DIRECTORS MEETING  
OF JANUARY 9, 1989  
Houston, Texas

MINUTES

Meeting called to order by Bob Moses, President, at 11 a.m. In attendance were:

Bob Moses, President  
Chap Cronquist, Vice President  
Vaughn Scanland, Secretary/Treasurer  
Scott Hickman, Past President  
Charles Brittan, Director  
Bob Doubek, Director  
Amiel David, Director  
Charles Massey, Director  
Bob Cochran, Director  
L. A. Martin, Director

The President welcomed Past Presidents, Zeid, Poyner, Creighton, Bertch, Watson and Ridley, who had been invited to the board meeting. Members, Foley Wright, David Knepper and Charles Milner also were present.

A motion to dispense with the reading of the minutes of the previous board meeting and to adopt those minutes as presented was made, duly seconded and adopted.

Treasurer's Report by Secretary/Treasurer:

Financial Position	
Cash on Hand	\$19,883
Outstanding Commitments	
Monograph #1	\$5500
Handbook	6000
Total	(11,500)
Remaining Dues Payments	<u>6,900</u>
Net Position	\$15,283

Application for nonprofit status has been filed with the IRS. No response has been received with respect to penalties for failure to file in earlier years; however, no penalty is anticipated by our tax council.

President's Report

Bob Moses made the following comments:

1. Monograph #1, "Guidelines for Application of Definitions for Oil and Gas Reserves", will be published in the name of SPEE by SPE. Cost to



SPEE is about \$5500. The sale price will be \$10 per copy from which SPEE will receive \$5. SPEE members who purchase Monograph #1 will receive a \$5 credit on 1990 dues by including proof of purchase with that dues payment.

2. A "white paper" on report preparation guidelines will be published in the Oil and Gas Journal.
3. The news letter publication schedule is established as February, May and October.
4. Copies of a fold-out brochure describing SPEE are available from the SPEE office in Houston as are copies of the present handbook.
5. Gordon Beiscar's task group has completed Local Chapter Bylaws. A motion was made, seconded and adopted whereby all present and future local chapters will be required to adopt these bylaws in order to regularize the relationships between the Society and the chapters. A copy of the local chapter bylaws is attached.
6. New form of membership application has been adopted. Also the procedure with respect to securing sponsor input has been changed in order to help speed up processing of applications.

Committee Reports - The various committee chairmen (as indicated) submitted written or verbal reports as follows:

Grievance (Jerry Sherod) - no activity

Qualifications (Buddy Sipes)

- thirty seven applications received since June, 1988 board meeting. Three of these have been rejected because of lack of qualifications. The remainder are being processed.

Membership (Fred Hastings)

- Actively working on establishing a New Orleans chapter. There also has been an effort to establish a Midland chapter but little progress to date.

Strategic Planning (Charles Milner)

- Bob Cockran has resigned due to press of other matters; however, Bud Isaccs and Charles Frick have agreed to serve.
- recommends the addition of a Junior and/or Associate membership classification.

Evaluation Parameter Survey (Charles Brittan)

- Survey request will be mailed in February. Results requested in time for inclusion in Scott Hickman's paper being presented to SPE Evaluation Symposium.

- Report will be available for annual meeting.

Publication (Cam Sternburg)

- Improved format has been well received.
- Fred Diggle will take over as editor. David Knepper will assist.

Public Affairs (Sam Singer) - no report

Publicity (David Knepper)

- Annual meeting dates have been placed in trade press.
- Speakers Bureau is ready to go but no requests for speakers as yet.

Registration (Ed Barsach)

- Raymond Perry taking over on retirement of Ed Barsach.

Historian (Herb Poyner)

- Consolidating files and records

New Task Forces

Membership Task Force (Gordon Beiscar)

- This task force has been appointed to come up with specific recommendations concerning additional membership categories.

Audit Guidelines Task Force (Russ Long)

- This group has been asked to look into the need for and feasibility of publishing guidelines for evaluation audits.

Local Chapter Reports

Houston (Gordon Beiscar)

Gordon reported that the Houston Chapter continues to have 40-50 in attendance at its first Wednesday luncheon meetings at the Petroleum Club. The following have agreed to serve in 1989:

Carle Sharp - Chairman  
Paul Kurth - Vice Chairman  
Fred Diggle - Secretary/Treasurer

Dallas (Gary Swindell)

Meets the 3rd Thursday at the Energy Club. 1989 officers are:

Gary Swindell - Chairman  
Eddie Ray Ayres - Vice Chairman  
Earl Kreig - Secretary/Treasurer

Tulsa (Foley Wright)

Meets 1st Monday

Dick Banks - Chairman  
Dwayne Godsey - Secretary  
Jim McUSIC - Treasurer

Denver (Bob Doubek)

Meets 3rd Wednesday of each quarter at offices of Coopers and Lybrand (box lunch, so call ahead).

Bob Doubek - Chairman  
Jack Haley - Vice President  
Reed Farrell - Secretary/Treasurer  
Norm Adous - Membership

Other Reports:

Directory (Vaughn Scanland)

In progress will print 700 and bind 500 subject to approval of Executive Committee.

Membership Application of George Stovall was rejected by the Executive Committee. Mr. Stovall has been notified.

New Business:

Election of Officers

The following were elected to serve in 1989. All elections were by acclamation:

President - Chap Cronquist  
Vice President - Vaughn Scanland  
Secretary/Treasurer - Charles Brittan

### Newsletter Advertising

It was proposed that advertising be accepted in the newsletter as a means of defraying publication costs. It was moved and seconded that distribution of the newsletter be expanded to include non-members who receive copies of the handbook.

### Election of Life Members

On a motion made, seconded and adopted, Herb Poyner was elected a life member of the Society.

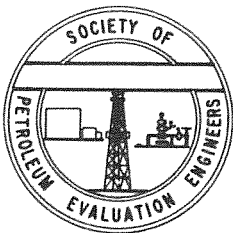
### Comments by New President (Chap Cronquist)

Motion made, seconded and adopted to commend Bob Moses for his work as president and to express the appreciation of the Society and Board to him.

The following goals for 1989 were expressed:

1. Establish chapters in New Orleans and Midland
2. Continue and formalize liaison with SPE
3. Establish a relationship with the "gas side", i.e. AGA, Potential Supply Committee
4. Task Force on Junior/Associate membership
5. Continue to improve newsletter

On motion made, seconded and adopted, the meeting was adjourned.



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