

SPEE Newsletter

Houston, Texas

December 1990

OFFICERS

| | |
|---------------------|--------------------|
| President | M. Vaughn Scanland |
| Vice President | Charles L. Brittan |
| Secretary-Treasurer | Arlen L. Edgar |
| Past President | Chapman Cronquist |

DIRECTORS

Richard B. Banks
 Robert J. Cochran
 Robert J. Doubek
 Larry A. Martin
 Charles G. Massey
 Tom Mehlberg
 Dwight Purtell

COMMITTEE CHAIRMEN

| | |
|-------------------------|---------------------|
| Membership | Fred M. Haston, Jr. |
| Public Affairs | Sam Singer |
| Grievance | Gerald Sherrod |
| Qualifications | Don Horton |
| Publications | David D. Knepper |
| Reserve Definition | Gary Swindell |
| Guidelines | |
| Eval. Parameters Survey | Charles L. Brittan |
| Strategic Planning | Charles M. Frick |

INDIVIDUAL APPOINTMENTS

| | | |
|-------------------------|-------------------|-----------------------|
| Engineering Legislation | Representative | Raymond D. Perry, Jr. |
| Publicity Director | David D. Knepper | |
| Historian | Herbert Poyner | |
| Audit Guidelines | Glen Harrison | |
| Membership Categories | Gordon H. Biescar | |



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PRESIDENT'S MESSAGE

The votes have been counted and I want to congratulate Gordon Biescar and Fred Haston of Houston and Glenn Harrison of Dallas on their election to three year terms on the SPEE Board of Directors (1991,92,93). Also, I want to thank the non-winners for offering themselves up to the searchlight glare of the political process. Any of the six would be, in my view, fine additions to an already outstanding group of Directors.

Speaking of the Board of Directors, the next meeting will be at 10 AM on January 10, 1991 at the Petroleum Club of Houston. Because of resource limitations, only Board Members are invited to attend. Committee Chairmen and special project leaders should submit a brief written report of their activities to me or B. K. or one of the Directors with any items of business that the Board needs to consider.

I am very pleased to be able to announce that the efforts of the Midland members have resulted in the formation there of a fifth SPEE chapter. Buddy Sipes is Chairman, Scott Hickman, Vice Chairman, Louis Moseley is Secretary-Treasurer and Arlen Edgar is Membership Chairman. Congratulations to all!

Included in this newsletter is your annual dues statement. I urge you to pay promptly in order to avoid the surcharge. Please note also the request for updated directory information and a new photograph. A new directory will be published early next year so get the information in early.

The 1991 Annual Meeting will be at Tamarron near Durango, Colorado in mid-June. Arlen Edgar is in charge and from what I have seen so far, both the program and the social aspects are going to be first rate. See Arlen's announcement for additional details.

This being my last shot at this "bully pulpit", I want to express my appreciation to all of the officers, directors, and committee persons that have contributed to the smooth and professional running of the Society through the year. A particular nod of appreciation goes to B. K. Starbuck who keeps the whole thing in order.


Season's greetings and best wishes for a prosperous 1991.

Vaughn Scanland

1991

MEMBERSHIP DUES

NOTICE ENCLOSED



WELCOME NEW MEMBERS

HAYNE S. BLAKELY
Blakely Engineering & Associates
3763 Georgetown
Houston, TX 77005
713-651-8926

JOEL S. CASTELLO
N.C.I. Enterprises Inc.
310 W. Wall, Suite 705
Midland, TX 79701
915-682-8482

WILLIAM MARSHALL COBB
William M. Cobb & Assoc., Inc.
12770 Coit Road, Suite 907
Dallas, TX 75251
214-385-0354

GERALD WAYNE COTTRELL
Bank of Oklahoma, N.A.
2613 East 67th Street
Tulsa, OK 74136
918-588-6216

ROBERT N. CROZIER
Evans, Carey & Crozier
2700 K Street
Bakersfield, CA 93301
805-325-0038

JAMES PHILLIP EGGER
Ultramar Oil & Gas Ltd.
16825 Northchase, Suite 1200
Houston, TX 77060
713-875-8710

JAMES F. EISTERHOLD
Ladd Petroleum Corporation
2100 One Riverway
Houston, TX 77056
713-622-6911

GEORGE EDWARD EVENS
3323 Barrett Place, N. W.
Calgary, Alberta Canada T2L 1N5
403-282-6073

MILTON L. GILLESPIE
K P Exploration, Inc.
2910 Citicorp Center
Houston, TX 77002
713-658-8592

CHARLES B. GODFREY
C. B. Godfrey & Associates
P. O. Box 1451
Midland, TX 79702
915-682-1541

HARVEY L. GOLD
Pogo Producing Company
P. O. Box 2504
Houston, TX 77252-2504
713-630-4747

DAVID G. GRIFFIN
600 West Illinois, Ste. 1001
Midland, Texas 79701
915-687-1042

THOMAS F. HEDRICK
Hedrick & Associates
811 Dallas, Suite 826
Houston, TX 77002
713-759-9796

JAMES B. HENRY
414 West Texas, Suite 208
Midland, TX 79701
915-686-1832

AUBIN LANE LARANCE
Larance Engineering Company
300 City National Building
Wichita Falls, TX 76301
817-322-0744

MICHAEL JAMES NICOL
LOCIN Operating Company
14300 Cornerstone Village, #321
Houston, TX 77014-1249
713-893-8540

WALLY G. O'CONNELL
NICOR Exploration & Prod.
11800 W. 72nd Place
Arvada, CO. 80005
303-893-1666

WALTER C. PEARSON, JR.
Pacific Enterprises Oil Co.
1200 17th Street, #2200
Denver, CO 80202
303-629-8686

E. STRODE PENNEBAKER, III
1212 Main St., Suite 957
Houston, TX 77002
713-759-9888

HARRY E. SAUL, III
Total Minatome Corp.
Two Houston Center, Ste. 2000
Houston, TX 77010
713-739-3007

AUTRY CARL STEPHENS
110 N. Marienfeld, Ste. 110
Midland, TX 79701
915-687-1575

JOHN RICHARD WARNER
Ryder Scott Company
1100 Milam, Suite 3200
Houston, TX 77002
713-651-9191

JAMES R. WEDDLE
San Joaquin Energy Consultants
1400 Easton Dr., Suite 133
Bakersfield, CA 93309
805-395-3029

JOHN WILLIAM WESSELS
Quintana Petroleum Corp.
P. O. Box 3331
Houston, TX 77253
713-651-8644

BILL O. WILBANKS
R. A. Lenser & Associates
1100 Milam, Suite 3460
Houston, TX 77002
713-654-7464

MARILYN WILSON
Gruy Engineering Corp.
909 Fannin, Suite 1090
Houston, TX 77010
713-750-0000

LEIGHTON F. YOUNG, JR.
P. O. Box 42429
Houston, TX 77242-2429
713-782-3831

MEMBERSHIP

Pursuant to Article IV, Section 1 of the By-Laws, the following applicants have been reviewed and approved for membership in The Society of Petroleum Evaluation Engineers. The names, along with the names of their sponsors, are being presented to the membership of the Society.

"If no objection is received within 30 days, the applicant will be notified of his election".

APPLICANT

THOMAS M. GIALONARDO
5111 Mulberry Grove
Kingwood, Texas 77345

CHARLES E. GRAHAM, III
Charles E. Graham, III & Assoc., Inc.
919 Congress Avenue
1120 Capitol Center
Austin, Texas 78701

MAX EDWARD MAXWELL
Online Resource Exchange, Inc.
601 Poydras St.
New Orleans, Louisiana 70130

JOHN P. (PAUL) MIDDLETON
Cawley, Gillespie & Associates
302 Fort Worth Club Building
Fort Worth, Texas 76102

BRUCE L. RANDALL
Unit Corporation
7130 S. Lewis
Tulsa, Oklahoma 74136

DAVID LEE REISDORF
Netherland, Sewell & Assoc
4500 Thanksgiving Tower
Dallas, Texas 75201

GARY J. SOWYRDA
Equity Energy Consultants, Inc.
3619 Highgreen Drive
Kingwood, Texas 77339

TERRANCE M. WHITE
Swift Energy Company
16825 Northchase Dr.
Houston, Texas 77060

MARVIN D. WITCHER, JR.
303 West Wall, Suite 312
Midland, Texas 79702

SPONSORS

Larry A. Martin
David D. Knepper
Brian E. Ausburn

Gary S. Swindell
Sol Smith
Jack D. Schafer

Gene B. Wiggins, III
Richard E. Heffner
Larry A. Martin

Raymond T. Garcia
Harry J. Gaston
Bob Doubek

Donald Staires
Richard Banks
William Southmayd

Glenn Harrison
Randall E. King
P. Dwight Purtell

V. A. Isaacs
George Schaefer
Jim Graham

Gordon Biescar
John N. Black
James H. Hartsock

Arlen L. Edgar
T. Scott Hickman
Joe C. Neal

MEMBERSHIP STATUS - Shown below is our membership status as of 10/1/90.

| | |
|-----------------------------------|-----|
| Membership as of 1/1/90 | 320 |
| New Members | 28 |
| Expired Memberships, Deaths, etc. | 3 |
| Membership as of 10/1/90 | 345 |
| Applications Being Processed | 15 |
| Potential Membership | 360 |

BENEFITS OF SPEE MEMBERSHIP - In order to assist members in introducing qualified individuals to SPEE, a list of SPEE membership benefits has been developed. The purpose of this list is to help members focus on and explain the benefits of becoming a member of SPEE. This list has been provided to your local Membership Chairman and is presented here for your use in recruiting SPEE members.

* *

SPEE LEEVES

Ray Garcia felt left out after the last Newsletter because we did not mention his trip to the United Kingdom...I wonder if he wrote it off?? Speaking of exciting events, the SPE Annual Convention was a big hit in New Orleans partly because several SPEE members presented papers - Forrest Garb, Amiel David, and Scott Hickman...we can't seem to get Barry Van Sandt out of the limelight - his paper "Due Diligence: Its Importance, Impact, and Improbabilities (presented at the 1989 SPE Hydrocarbon Economics and Evaluation Symposium) was published in the September 1990 Journal of Petroleum Technology.

IN MEMORIAM

We regret to note the passing of:

NICK VAN WINGEN
San Marino, California
June 19, 1990

GENE B. WIGGINS
New Orleans, Louisiana
August 1, 1990

CHAPTER MEETING INFORMATION

DALLAS

Chairman: Eddie Ayres
Vice Chairman: Gary Swindell
Secretary/
Treasurer: Glenn Harrison
Meets: Petroleum Club
3rd Thursday
11:45 A.M.

DENVER

Chairman: Jack Haley
Vice Chairman/
Program: Reed Ferrill
Secretary/
Treasurer: Doug Lang
Meets: 3rd Wed. of 1st Mo.
of each quarter
Coopers & Lybrand
Conference Room
11:45 A.M.

HOUSTON

Chairman: Paul Kurth/
Andy Merryman
Vice Chairman: Chuck Frick
Secretary/
Treasurer: Rick Carter
Meets: Petroleum Club
1st Wednesday
11:30 A.M.

MIDLAND

Chairman: Buddy Sipes
Vice Chairman: Scott Hickman
Secretary/
Treasurer: Louis Moseley
Membership Chairman: Arlen Edgar
Meets: Bi-Monthly

TULSA

Chairman: Don Staires
Secretary: G. W. Russell
Treasurer: Robin LeBleu
Meets: Harvard Club
1st Tuesday
11:30 A. M.

CHAPTER NEWS

DENVER

Jerry Brown, VP of Futures for Dean Witter Reynolds, spoke on Natural Gas Futures at our July 18 meeting. Bob Doubek summarized the Director's Meeting and Jack Haley commented on other aspects of the Annual Meeting in Santa Fe.

For our October 17 meeting, we held a Round-Table Discussion of interesting projects encountered. This drew one of our largest turnouts, and generated enthusiastic participation.

Officers elected for calendar year 1991 are:

Chairman: Reed W. Ferrill
Vice Chairman/
Program: J. Douglas Lang
Secretary/
Treasurer: Walter A. King
Membership: Walter C. Pearson

Jim Ramsay continues to make steady stroke recovery progress.

The next meeting is January 16.

HOUSTON

Approximately 50 members attended the September 5 meeting to hear a panel composed of Dr. Agnes Trouche, Dick Martin and our own, Amiel David, all of whom have extensive Middle East experience, discuss the situation in that part of the world in light of the invasion of Kuwait by Iraqi troops. The timely nature of this meeting guaranteed a lot of interest and participation in the discussion.

"Environmental Concerns in Property Acquisitions" was the topic at our next meeting and over 40 people showed up on October 3 to hear Chuck Frick discuss this topic. For November, Chester Benge of Big Six Drilling was our speaker and he discussed "Recent Trends in the Oil Field Service Industry". Our guest speaker for the December 5 meeting was Gordon Sorrells, Vice President, First Interstate Bank, Energy Division. Mr. Sorrells discussed "Current Lending Guidelines and Attitudes Toward Producers and Service Industry."

MIDLAND

Midland was granted Chapter status on July 24, 1990. Since that time, Chapter membership has grown from 10 to 15. In addition, two applications are being processed by the Qualifications Committee, and one application is being prepared for submittal. The local membership drive continues, with a number of candidates having been identified.

The first official Chapter meeting was held on September 13th. New member David G. Griffin gave a talk entitled "Producing Property Acquisitions (And How They Went Wrong)".

Plans are to meet on a regular bi-monthly schedule.

TULSA

The July 10th meeting met at 11:30 AM at Oliver's Restaurant with George Saville of Joshi Technologies International speaking on The Engineering Aspects of Horizontal Drilling.

In September the speaker James F. Wright, Ph.D., Environmental Consultant spoke on Environmental Audits and Site Assessments - Who Needs Them?

The October and November meetings had panel discussions for the programs for the month. In October, panel members G. W. Cottrell, Jr. - Bank of Oklahoma, Jim Dutton - First National Bank, Coy Gallatin - Fourth National Bank, and Leo Morris - Western National Bank discussed Bank Requirements for Oil Loans and How the Loan Parameters have Changed. The topic for the November meeting panel was "Continuing Education - Voluntary -or- Compulsory?"

Panel Members

Members of Professional organizations requiring a minimum number of hours annually of continuing education each year:

- Mr. Oliver S. Howard, attorney and Partner in Gable & Gotwals: Member of the Oklahoma Bar Association.
- Mr. Ronald R. Emmons, Managing Partner with Emmons, Hartog & Sartain, CPA and past President of the Certified Public Accountants.

Members of professional organizations with strong continuing education programs, but no requirements that members participate:

- Mr. Fred Dix, Executive Director of the American Association of Petroleum Geologists.
- Mr. Eddie Hudson, petroleum engineer and President of Hudson Consultants, Inc.: Member of American Association of Petroleum Geologists, Society of Petroleum Engineers, and Society of Petroleum Evaluation Engineers.

Each Panel Member will briefly discuss the continuing education programs and requirements for their professional organizations, after which the Panel will attempt to answer questions from those in attendance.

SPEE MEMBERSHIP BENEFITS

1. INDUSTRY CONTACTS - A great way to increase your network of resources and associates in the specialized field of oil and gas property evaluation is through membership in the SPEE. If your background, for example, has primarily been in the Gulf Coast and you need to evaluate a field in Wyoming - having an experienced SPEE contact in Denver could be very beneficial.
2. A FORUM FOR EXCHANGE OF INFORMATION - Attendance at local chapter meetings and the annual meeting is a good way to exchange or pick up information regarding various aspects of the industry - technical, business and personal.
 - A. RESERVOIR EVALUATION - For example, how do you calculate reserves for a horizontal oil well or a coalbed methane well? You'll find the SPEE meetings to be a good forum to exchange thoughts on subjects like this.
 - B. Facilitate Acquisition Activities - SPEE members can be some of your best sources for information on buying or selling oil and gas properties. A high percentage of the membership is regularly involved directly or indirectly in property acquisition activities.
 - C. Work Referrals - If you are a consultant the contacts you establish in SPEE can be a good source from which business referrals are generated.
 - D. Publications - The annual "Review of Parameters used in Property Evaluation" and "Monograph I - Guidelines for Application of the Definitions for Oil and Gas Reserves" are useful materials to anyone involved in oil and gas property evaluation. In addition, the SPEE newsletter contains information of Society and member activities as well as programming by the various chapters.
 - E. Annual Meeting - This meeting allows attendees to visit freely with professional peers in a relaxed setting with ample opportunity for recreational activities. Spouses also enjoy attending.
 - F. Information on Employment Opportunities - SPEE members are frequently aware of employment opportunities for individuals with property evaluation experience.
3. PROMOTES PROFESSIONALISM AND CREDIBILITY - Membership in SPEE is selective in that it is available only to those individuals who can demonstrate that they meet the rather strict requirements for membership. The SPEE has been an effective organization since its founding in 1962, and as of January 1, 1990 the Society had a membership of 320 professionals. Oil and gas property evaluation is a specialized field of the oil and gas industry - this is the professional organization for individuals who work in that area.

THE SOCIETY OF PETROLEUM EVALUATION ENGINEERS

I N V O I C E

1991 MEMBERSHIP DUES

| | | Over Age 65 |
|-----------------------------------|------------|-------------|
| Mailed Prior to December 31, 1990 | \$60 _____ | \$30 _____ |
| January 1, 1991 to March 31, 1991 | \$65 _____ | \$35 _____ |
| April 1, 1990 to June 30, 1991 | \$70 _____ | \$40 _____ |
| July 1, 1991 to December 1, 1991 | \$75 _____ | \$45 _____ |

Note: Dues for 1991 are to be received by January 1, 1991. Members who fail to pay their dues by January 1, shall not receive copies of the Society's publications until such arrears are met. Any member who is more than one year in arrears in payment of dues shall be suspended from the Society.

SPEE dues are not deductible as a charitable contribution from USA Federal Income Tax

PLEASE SIGN AND DETACH THE BOTTOM PORTION AND RETURN WITH PAYMENT PROMPTLY TO THE BELOW ADDRESS TO ENSURE PROPER CREDIT.

Thank you.

THE SOCIETY OF PETROLEUM EVALUATION ENGINEERS

1991 ANNUAL DUES.....Amount Paid _____

MEMBER NAME: _____

DATE: _____

1991 ANNUAL MEETING

Tamarron Resort near Durango, Colorado has been selected as the site for the 1991 SPEE Annual Meeting to be held June 16, 17 and 18th. Please plan to attend, and mark your calendars accordingly. The next Newsletter will contain detailed information on room rates, travel options, recreational opportunities and reservation requirements.

Several interesting and informative topics have been tentatively earmarked for the technical program as follows:

- Review of 1991 Evaluation Parameters Survey
- Using 20/20 Hindsight In The Oil Patch (Updated version of a similar presentation by Ed Capen with Arco)
- Estimation Of Reserves - Producing Rates For Horizontal Wells - Pre & Post Drilling
- Geopolitics In The Middle East
- Professionalism In Engineering
- Environmental Liability Considerations In The Valuation Of Producing Oil & Gas Properties
- The Soviet Union Petroleum Industry
- Probabilistic Analysis Of Petroleum Reserves
- Use of Oil And Gas Futures As A Hedge For Producers And Security For Loans

Your suggestions for topics and speakers are invited; please let us have your ideas on the form below.

Consideration is being given to a Chapter Officers' Workshop on Sunday afternoon, June 16. The workshop would focus on ideas for more effectively conducting Chapter activities. Before making definite plans to hold such a workshop, a positive indication of interest from attendees is needed. Please indicate below whether or not you would attend a workshop, if scheduled.

The following topics - speakers are suggested for the 1991 SPEE Annual Meeting:

| TOPIC | SPEAKER (IF KNOWN) |
|-------|--------------------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

- Yes, I am interested in attending a Chapter Officers' Workshop
- No, I am not interested in attending a Chapter Officers' Workshop

NAME

Mail To: Society of Petroleum Evaluation Engineers
1201 Louisiana
Suite 312
Houston, Texas 77002

ENVIRONMENTAL REPORT DISCLAIMER

As a result of Chuck Frick's October luncheon presentation "Environmental Concerns of the Evaluation Engineer", Barry Van Sandt submitted the following:

Shown below is an environmental disclaimer which was recently recommended by an Austin law firm at an American Society of Appraisers meeting. It is an edited version taken from a FNMA property appraisal form.

"ENVIRONMENTAL DISCLAIMER: The value estimated in this report is based on the assumption that the property is not negatively affected by the existence of hazardous substances or detrimental environmental conditions. The appraiser is not an expert in the identification of hazardous substances or detrimental environmental conditions. It is possible that tests and inspections made by a qualified hazardous substance and environmental expert would reveal the existence of hazardous materials and environmental conditions on or around the property that would negatively affect its value."

The following sentence was taken out: "The appraiser's routine inspection of and inquiries about the subject property did not develop any information that indicated any apparent significant hazardous substances or detrimental environmental conditions which would affect the property negatively." The attorneys indicated that if a limited inspection was made and existing environmental damage was not found there still could be liability claims later against the appraiser if damage was found later.

This clearly illustrates the care that should be used in using disclaimers and contingent and limiting conditions. To wit: This is not a recommendation by SPEE nor the author and should only be used after a consultation with your attorney.

NEW LOCATIONS

PETER L. BAUERLEIN
Shiloh Royalty Company
16607 Blanco Road, Suite 1308
San Antonio, Texas 78232
512-493-1524

WILLARD L. CURTIS
R & E Engineering, Inc.
12731 Kingsride Lane
Houston, TX 77024
713-827-8107

PAUL A. DREW
Paul A. Drew & Associates, Inc.
18 Shorelake Drive
Kingwood, TX 77339
713-358-6437

JOSEPH R. HARRIS
P. O. Box 571257
Houston, TX 77257-1257
713-784-9659

W. H. LEACH, JR.
TriSearch Inc.
820 E. Maplewood Ave.
Littleton, CO. 80121

RAYFORD L. MCCOY
P. O. Box 40396
Houston, TX 77240
713-462-4593

HARRY E. MCPHAIL, JR.
McPhail Energy Corporation
1611 So. Utica, #138
Tulsa, OK 74104-9014

CHARLES G. MASSEY
Ramsey Engineering
1601 NW Expressway, Ste. 1040
Oklahoma City, OK 73118-1420
405-843-7000

H. J. RAMSAY, JR.
H. J. Ramsay & Associates
5170 W. Plymouth Dr.
Littleton, CO 80123

CARLE F. SHARP, JR.
Carle Sharp & Associates, Inc.
1100 Milam, Suite 2155
Houston, TX 77002
713-651-0686

MICHAEL SILBURGH
Mineral Acquisitions Partners
2555 Park Blvd., Ste. 1
Palo Alto, CA 94306
415-324-9095

SOL SMITH
600 Congress Ave., Ste. 1700
Austin, TX 78701
512-473-3664

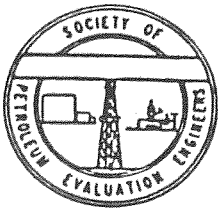
MILTON H. STANDLEY
10726 Tupper Lake
Houston, TX 77042
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DON STINSON
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