

SPEE NEWSLETTER

HOUSTON, TEXAS

SEPTEMBER 1994

SPEE VANCE FOUNDATION Establishes Perpetual Scholarship at Texas A&M University

M. Vaughn Scanland, Vance Foundation President, has announced that the Foundation has established a perpetual scholarship fund in the memory of Harold Vance to be used in the Petroleum Engineering Department at Texas A&M. The initial amount of the fund is \$25,000 and could be increased slightly by an additional grant from the Foundation as its affairs are wound-up. Members of SPEE may donate to this fund; its income will be used at the discretion of the Petroleum Engineering Department for scholarships to aid students enrolled in Petroleum Engineering. SPEE will receive periodic reports about the fund's financial condition and will be introduced to the scholarship recipients.

All interested SPEE members are invited to attend a brief ceremony for the transfer of funds and the signing of the gift document at 10:30 am on September 22 in the main conference room of Seneca Resources Corporation (333 Clay, Suite 4150). Representatives of Texas A&M including Department Head Dr. Russel, Development Director Carl Jaedicke, and possibly Professor Whiting will be there.

Other members of the Board of the Vance Foundation are Charles Brittan, Arlen Edgar, and Fred Haston.

PRESIDENT'S MESSAGE

There are few things more enjoyable than a successful annual meeting and we certainly had an exceptional annual meeting at Rimrock Resort, Canada, this past July. Attendance by members and guests was outstanding. Our annual survey had clearly shown that a great number of members wanted to meet in Canada. Despite certain trepidations about travel expense and its possible adverse impact upon attendance, the Executive Committee and the Board of Directors decided that the survey results could be relied upon, and it was fortunate that they did! **Curtis Phillips** crafted an excellent meeting and he was ably assisted by **Dave Tutt** in Calgary, who helped with the program, facilities and entertainment and by **Russ Long** who assisted with the program. Those of you who have had the responsibility for design and implementation of a large gathering know of the time, effort and just plain worry that these things require. The program presentations were interesting and useful; I brought back a number of papers to place in my permanent reference file. Next year's meeting is already being planned. As you read this, **B.K. Starbuck**, SPEE's administrative assistant and **Russ** and **Rosemary Long** are visiting Taos, New Mexico, site of 1995's annual meeting, to leave nothing to chance. They will be interviewing hotel staff, inspecting hotel facilities and reviewing catering and entertainment options. You can insure that the 1995 annual meeting will be a success by completing the program preference survey form included in this newsletter and returning it promptly.

I am pleased to report that Calgary is now an official chapter of SPEE. We announced this recent addition to SPEE at the annual meeting. It also is the first chapter of SPEE outside the United States. Congratulations and thanks to the ten founding members of the Calgary chapter!

Some of you may have wondered how SPEE obtains its candidates for election to the Board of Directors. To begin with, a nominating committee is appointed annually in September by the Executive Committee. Historically the Past President has organized and directed this committee. **Fred Haston**, who is serving as Past President, has put together a remarkable nine-member nominating committee with at least one representative from each SPEE chapter. This committee will place six names in nomination for the three Board seats with the ballots to be returned and counted by November 10, 1994. Board members serve for three years.

As announced at the annual meeting, the Board of Directors has expressed its desire to have term limits placed on all committee chairman appointments. It was deemed unfair to ask members to serve in a responsible position without a time certain. The Board has relayed to me its request to have committee chairman serve no more than three years at a time. Therefore, during the next few weeks, I will be contacting those faithful chairmen, some who have served a great deal longer than three years, and ask their assistance in transitioning to a new chairman. These changes will be announced in this column as they occur.

Your society is active, well and full of vigor. There are more items than the above that I would like to bring to your attention but space does not permit. Membership growth continues despite the shrinking oil and gas industry, and we have added the new Calgary chapter. This vitality is due to the effort and talent of its membership. I am proud to be a member of such a distinguished group!

Sincerely,
Glenn Harrison

IN THIS ISSUE

PAGE NO.

Vance Perpetual Scholarship at Texas A&M University	1
President's Message	1
Membership	2
Chapter Info and Chapter News	3
1994 Annual Meeting Summary	4
1995 Annual Meeting	7
Editor's Notes	9

WELCOME NEW MEMBERS

Glenn S. Brant
Glenncoe Resources Ltd.
1950, 633 Sixth Ave., S.W
Calgary, Alberta, Canada T2P 2Y5

Don A. Brown
Seneca Resources Corp.
333 Clay Street, Suite 4100
Houston, Texas 77002

Richard B. Buy
Enron Corporation
1400 Smith Street, Suite 3850
Houston, Texas 77002

Kenneth H. Crowther
Sprouile Associates Limited
900, 140 4th Ave., S.W.
Calgary, Alberta, Canada T2P 3N3

Richard F. Herrick
William M. Cobb & Associates
12770 Coit Road, Suite 907
Dallas, Texas 75251

James A. Murtha
Consultant
26 Robin Lake Lane
Houston, Texas 77024-7121

MEMBERSHIP

Pursuant to Article IV, Section I 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

Holloway, Jr. Max Leon (Jr. Member)
Hadson Energy Resources Corporation
101 Park Avenue, Suite 1300
Oklahoma City, Oklahoma 73102

McCubbin, David M.
W & T Offshore, Inc.
One Lakeway Center
3900 N. Causeway Blvd.
Metairie, Louisiana 70002

Powley, Brian Edward
Independent Consultant
7628 NW 101st
Oklahoma City, Oklahoma 73162

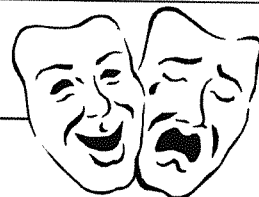
SPONSORS

Charles G. Massey
Robert Odd
David F. Yard

James W. Haag
R. Paul Loveless
Gene B (Skip) Wiggins

Earl L. Baugher
Gerald W. Cottrell
Robert W. Gentry

COMEDY CORNER



A BALLAD TRIBUTE TO GLENN HARRISON

(to the tune of "The Beverly Hillbillies")

Now listen and I'll tell you 'bout a man named Glenn
A Petroleum engineer - last name is Harrison
A confident guy - somewhat bold and brash
And not ashamed to say that he's oilfield trash

Chorus: *Petroleum, that is - Black Gold - Texas Tea*

His family was always movin' around
Like nomads, they were lookin' for new ground
What they were after is readily told
"Twas the addictive, seductive quest for black gold

Chorus: *Lived in Roswell - Midland - Houston - Places like that*

Finally after years came the really big call
Which led to the very longest move of all
So they headed way north, even beyond Nebraska
To the frozen wasteland known as Alaska

Chorus: *Anchorage - Cook Inlet - Prudhoe Bay*

Glenn learned to roughneck in the brutal cold
But after awhile those chores grew old
So he went to work for a state commission
Learned to like clean clothes - work in pleasant conditions

Chorus: *Lease sales - Evaluations - Bureaucracy*

Next thing you know, Glenn's into diversions
Expeditions, safaris and other excursions
A stately baboon was a trophy he acquired
But sadly was lost in a taxidermist's fire

Chorus: *Misery - Heartbreak - Despair*

'Tis said the only difference twixt men and boys
Is the considerable difference in the price of their toys
Glenn's greatest desire, which he hopes to parley
Is a road-hoggin', backfiring, shiny new Harley

Chorus: *Hell's Angels - Black Leather Jackets - Wild Girls*

Now his hobbies have taken a turn more sedate
Except for an occasional lifting of weights
He's recently begun to work with stained glass
A craft that usually keeps him seated on his --- chair

Chorus: *Cut fingers - band aids - tourniquets*

Now he works for Wells Fargo - but not driving stages
He's a dressed-up banker - drawing mega wages
An interesting job - sometimes hard - sometimes sexy
So, we're glad he found time to serve as our prexy.

Chorus: *Leadership - Personality - Perseverance*

Lyrics by: Arlen Edgar

WALT KING, PETROLEUM ENGINEER

REGISTERED ENGINEER

RESERVES PROPERTY EVALUATION
PRODUCTION ENGINEERING

1600 BROADWAY, SUITE 1950
DENVER, COLORADO 80202

HOME - (303)773-1080
OFFICE - (303)860-8876

CHAPTER OFFICERS

CENTRAL TEXAS

Chairman J.D. Hughes
 Vice Chairman Kerry Pollard
 Sec./Treas. Danny Wilson
 Membership Chrm T. Tim Smith
 Meets: The Austin Club, 3 times per year

DALLAS

Chairman William D. Anderson
 Vice Chairman Tom Calhoun
 Sec./Treas. Mark Doering
 Membership Chrm Frank Marek
 Meets: Southland Center Hotel, 3rd Thur. - 11:45a.m.

DENVER

Chairman J.T.(Tom) Reagan
 Program Chairman Alan Heinle
 Treasurer Dave Cox
 Membership M.J.(Jack) England
 Meets: Various Locations, 3rd Wed. of first month of each quarter - 11:45a.m.

HOUSTON

Chairman Emmett Wassell
 Vice Chairman Ray Garcia
 Sec./Treas. Allen Barron
 Program Chairman Jim Eisterhold
 Meets: Petroleum Club, 1st Wed. - 11:45a.m.

MIDLAND

Chairman Joe C.Neal
 Vice Chairman Joel Castello
 Sec./Treas. Scott Epley
 Membership James Groce
 Meets: Bi-monthly

NEW ORLEANS

Chairman Paul Loveless
 Vice Chairman Steve Maley
 Sec./Treasurer Pending
 Membership Jim Haag
 Meets: Petroleum Club, 1st Wed. - 11:45a.m.

OKLAHOMA CITY

Chairman Charles G. Massey
 Vice Chairman J. Kent Smith
 /Program R. Curtis Phillips
 Vice Chairman /Membership Richard A. Brown
 Sec./Treasurer
 Meets: Every other odd numbered month

TULSA

Chairman Randal Maxwell
 Vice Chairman Bob Pielsticker
 /Membership Bill Southmayd
 Vice Chairman /Program G.W. Cottrell
 Sec./Treas.
 Meets: Oliver's Restaurant, 1st Tues. - 11:30a.m.

CHAPTER NEWS

DALLAS

On May 19, 1994, Mr. Michael Richardson of Union Pacific Resources Corporation spoke to a luncheon group of 22. Mr. Richardson gave a very informative update on UPRC's horizontal drilling activities in the Austin Chalk Trend.

The chapter will have a meeting on September 15, 1994 with representatives from David P. Cook and Munro Garrett discussing the Ogre and Aires Software packages, respectively.

DENVER

The Denver Chapter's next meeting will be in October with Richard Griebing, recently appointed Director of Colorado Oil and Gas Conservation Commission and SPEE member, discussing the changes in Commission staff and procedures. This is part of reorganization at state level of various resource departments under the Governor's office.

HOUSTON

On Wednesday, September 7, the Houston Chapter hosted the local chapter of The Society of Independent Professional Earth Scientists (SIPES) at their regular meeting at The Petroleum Club of Houston. Jim Eisterhold, Program Chairman, introduced Ron Howard, Offshore Division Development Manager, and Jimmy Sun, Staff Reservoir Engineer with Pogo Producing. They presented a talk on "Horizontal Drilling in Shallow Sandstone Reservoirs".

MIDLAND

The next regular scheduled meeting will be held at 11:45 at the Midland Petroleum Club on October 4, 1994.

On August 2, 1994 the Midland Chapter heard a presentation entitle "The Midland Economy - If Things Are So Good, Why Am I So Nervous?"

The Midland continues its growth by adding Marvin Pringle and Ed Runyan as new members.

TULSA

The Tulsa Chapter of SPEE met on June 8, 1994 at the Fountains Restaurant. The speaker was Jim Buchan, Agent for Northwest Mutual Insurance Company, who spoke on "Will the Health Care Issues Affect You?" Jim discussed the various groups that want health care reform, the differences between the groups' objectives, and the daily changes in the various health care reform acts. The Tulsa Chapter meets the first Tuesday of each month, September through June, usually at Oliver's Restaurant.



Donald L. Horton, P.E.
Energy Consultant

LEAD, INC.

P.O. Box 112639
 Carrollton, TX
 75011-2639

Phone 214-416-4225
Fax 214-416-4226

2710 N. Surrey Dr.
 Carrollton, TX
 75006-4749

ATWATER CONSULTANTS, LTD.

Registered & Certified Petroleum Consultants

Petroleum Engineering ■ Geology ■
 Interactive 3D Seismic Interpretation Using
 CHARISMA/Sun Sparc2 Workstation

Currently available in-house database of nonexclusive
 3D seismic coverage for the Gulf of Mexico

318 Camp Street
 New Orleans, LA 70130

TEL (504) 581-6527
 FAX (504) 524-7798

ANNUAL MEETING PRODUCES OUTSTANDING RANGE OF TECHNICAL PRESENTATIONS

From Left to Right: Dave Tutt,
Carle Sharp and Curtis Phillips

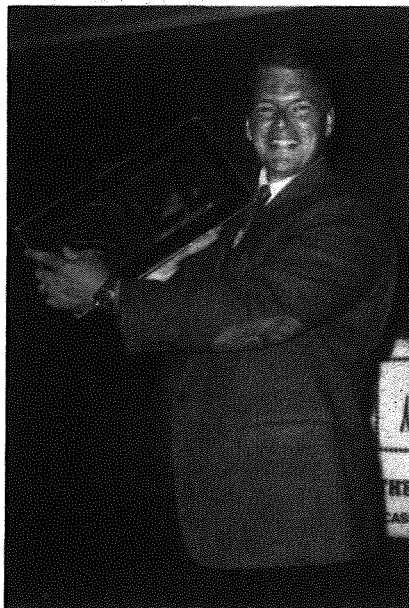
This year's annual meeting included a very solid lineup of technical presentations from a variety of different sources. Mr. Gerald DeSorcy, formerly with the Alberta Energy Resources Conversation Board, led things off on Monday morning with his presentation regarding "Canadian Oil & Gas Reserves Definitions". His discussion centered on the recent revisions to the Canadian reserve definition system. The new reserve definitions were the result of a collaborative effort between the Canadian oil and gas industry and governmental representatives. The overall Canadian resource pool, defined as "Resources" is now broken down to include "Discovered Resources" for initial volumes in place and "Undiscovered Resources" (future in-place volumes.) Discovered Resources are further broken down between "Initial Reserves" those which are ultimately recoverable, and "Unrecoverable Volumes", due either to current economics or residual saturation levels. Canada's definition system divides "Initial Reserves" between "Cumulative Production", made up of sales or inventory and "Remaining Reserves". They consist of remaining "Proved Reserves" (80% probability), "Probable Reserves" with a 40% to 80% probability and "Possible Reserves", with a 10% to 40% probability. Mr. DeSorcy indicated that the Canadian definition system is consistent with the U.S. system regarding more specific reserve classifications (i.e. Developed - Producing, Nonproducing or Behind Pipe, or Undeveloped).

Mr. Larry Glenn of the Houston law firm of Crady, Jewett, and McCulley next discussed "The Forked Road of Gas Imbalances". Mr. Glenn's presentation highlighted the need to quantify gas imbalances in conjunction with our evaluation work, as well as the need to confirm existence of a gas balancing agreement and its specific settlement terms (if present). By means of discussing several actual court cases, he emphasized that while the existence of a gas balancing agreement does not preclude unfavorable litigation or surprises, it substantially reduces the potential for

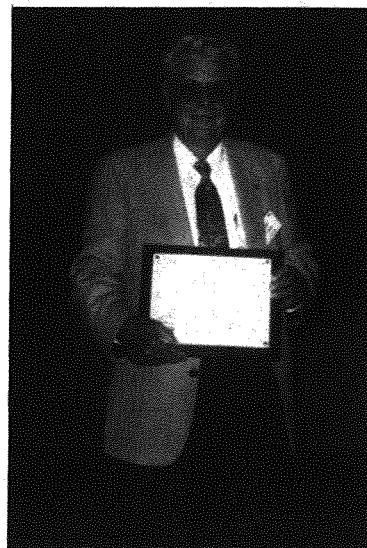
adverse litigation results. (Reprints of the presentation were available in Banff; interested parties should be able to acquire copies now by contacting Mr. Glenn directly.)

Dr. Stephen A. Holditch of Texas A & M University was responsible for the next technical presentation titled "Selecting Wells for Stimulation". While the problem of low productivity wells is well recognized and stimulation treatments can be very profitable, experience also shows that many stimulation treatments have been failures. Many of those failures, Dr. Holditch believes, were simply poor stimulation candidates. His presentation centered on the use of an "expert system" to evaluate several factors such as well-bore conditions, permeability, porosity, skin factor, pay zone thickness, drainage area, saturations, formation depth, and reservoir pressure in order to quantify a well's relative suitability for stimulation treatment. This methodology not only helps the engineer assess a well's suitability for stimulation, but it can be used to help determine the type of stimulation method most suitable for a particular candidate - matrix stimulation or hydraulic fracturing. Use of the recommended procedure should optimize the selection of stimulation candidates and improve the stimulation results through selection of the most appropriate stimulation technique. (Reprints of Dr. Holditch's presentation were available at the meeting as well as copies of the supporting paper detailing the use of a "fuzzy expert system". Requests for additional reprints should be directed to Dr. Holditch.)

With the recent increase in focus on probabilistic reserve estimates, Robert S. Thompson's presentation titled "Comparison of Probabilistic and Deterministic Reserve Estimates" was very pertinent for the 1994 Technical Session. Mr. Thompson's presentation focused on a paper written by Mr. J.M. Hefner and himself comparing probabilistic and deterministic reserve estimates. He discussed case study methodology whereby reserve estimates are generated via decline curve analysis; they were then converted to probabilistic reserve estimates. The results were later compared to actual production performance in order



Glenn Harrison, SPEE President



Don Clark was named Honorary
Life Member.

to quantify the uncertainty of the methodology. Mr. Thompson's paper, SPE 28333, will also be presented at the 1994 SPE Annual Technical Conference in New Orleans. Reprints of it and the companion paper, SPE 26388, should be available from the SPE office in Dallas.

Mr. Les Nemeth rounded out Monday's technical session with a brief overview of the 1994 Economic Parameter Survey. While we all believe that our current estimates of future price and cost escalation are at least reasonably reliable, Les's graphical presentation of survey results since 1982 were a sobering reminder of how much we really know about the future. Additional copies of the 1994 Survey are available from the SPEE office.

Tuesday's technical session began with presentation by Mr. Korte with CRT/NationsBank, Chicago, titled "Commodity Derivatives and Their Use in Acquisition Financing". His presentation discussed a variety of hedging and options products available to the petroleum industry which can be used to minimize price risks and/or maximize the loan value of producing oil and gas properties. (Additional reprints of this presentation should be available by contacting him in Chicago.)

Mr. Forrest Garb, who is presently serving as a Director of SPEE, made the next presentation on Tuesday entitled "Why Prior Sales Transactions May Not Provide Good Estimates of Fair Market Value for Oil and Gas Properties". The majority of individuals involved in petroleum evaluation probably should intuitively understand that "comparative" sales are often an unreliable means of determining "fair market value" for a particular oil and gas property. He has gone to great lengths to document the risks associated with using comparative sales data for a fair market value determination. While the competitive bidding process used in so many of today's property divestitures generally produces top dollar for the property's seller, that top bid, regardless of its reasonableness, becomes the comparable sale market value. In the course of his talk, Mr. Garb pointed out that "comparative" is always difficult to confirm because of the subterranean location of the assets. Furthermore, to be valid, there should be a number of recent sales between third parties, interests should be of similar size and type, and economic conditions must be equal now to those at the prior sale time. The buyer in neither sale can have a special application for the acquired assets. Those assets must be known, and "bigger fool" bids can not be considered. (Although Mr. Garb indicated that this paper should be published in the JPIT in the near term future, copies of his presentation were available at the meeting, so reprints should be available by contacting him directly.)

Mr. Harley Brinkley, Staff Director of Phillips Petroleum Company in Houston, made the next technical presentation titled "Divestitures: Purposes, Methods, Results". Over the last ten years Mr. Brinkley has been involved with the divestiture of over 3,700 of Phillips properties representing reserves of 120 MMBbl, 218 Bcfg and over \$1 billion dollars in market value. Phillips has used almost every possible method to sell properties - ranging from competitive bids, auctions, and unsolicited offers to charitable gifts of marginal properties. While the competitive bid process has been used for a large number of Phillips past divestitures, Mr. Brinkley indicated that the auction process has a growing importance within their divestiture efforts. Present trends indicated that auctions should continue to gain prominence in Phillips' future divestiture activities.

The final paper presented at the annual meeting was entitled

"Consistency Under Uncertainty", a discussion of decision analysis by Mr. John Schuyler. His presentation considered the utilization of risk analysis methods and techniques in decision making. By using probabilities to express degrees of risk and uncertainty, statistical methods such as decision tree analysis and Monte Carlo simulation can be applied to a variety of problems. The resulting range of values can be very useful, especially in assessing a problem's sensitivity to one or more variables. (Mr. Schuyler provided reprints of his presentation to the convention attendees. Additional copies can be obtained by contacting him in Colorado at 303/693-1883.)

In addition to the technical presentations during the convention two short courses were also offered and, based on attendee comments, were both very beneficial. Mr. Richard J. Miller presented a short course titled "Advalorem Tax Appraisal Using Market Sales Data". A wealth of data is available from California oil and gas property sales as a result of public disclosure requirements in that state. Using the available data allows a significant insight into the market values assigned to California oil and gas reserves. Dr. Robert W. Mannon presented a short course entitled "Analysis of Oil and Gas Reservoir Behavior from Production Data Using Type Curves" at the termination of the convention on Tuesday. The course briefly covered the development and proper application of Fetkovich type curve theory. (Outlines of both of these courses should still be available from the SPEE office or you can contact each lecturer individually regarding future course availability.)

ANNOUNCEMENTS

The Pioneer Oil Producers Society of Houston (P.O.P.S) announces that **H.J. "Hank" Gruy** has been elected president for the 1994-95 term. Other officers are: **J. Donald Clark** - Vice President Program, **J.B. "Jug" Davis**, **William T. "Bill" Durkin**, **Joe W. Gibbs**, and **Ed McGhee** - Vice Presidents - Fellowship; **Elmer E. Folk** - Corresponding Secretary, **E. Duane Coitharp** - Membership Secretary; **Gene L. Scheiman** - Treasurer; **Harold L. "Hal" Siegele** - Assistant Treasurer, **Craig C. Watkins** - Chaplain, and **Kenneth P. Morris** - Vice President at Large. **Ken Morris** is the past president.

Houston, Texas, July 1, 1994, ... Powers Petroleum Consultants, Inc. is pleased to announce the appointment of **George C. Hite** as *President* and member of the *Board of Directors*. With nearly 30 years of petroleum industry experience, management and consulting, Hite joined the firm in June 1992 as Executive Vice President.

Louis W. (Lou) Powers, President of Powers Petroleum Consultants, Inc. will assume the position of *Chief Executive Officer*.

Powers Petroleum Consultants, Inc. is a broad-based Houston consulting firm celebrated its tenth anniversary on July 1, 1994.

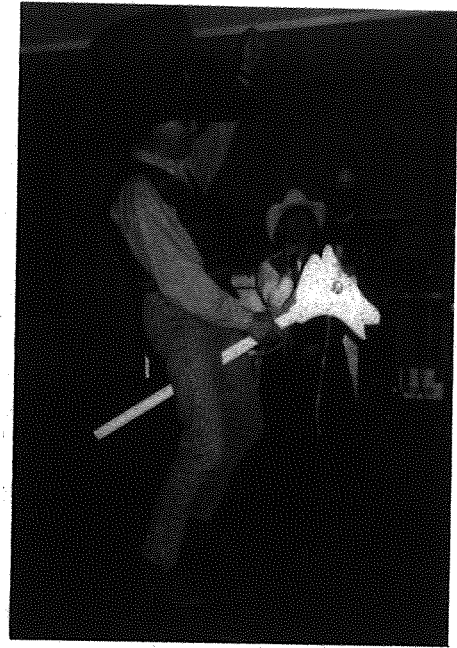
WANTED! 1 RESERVOIR ENGINEER and **1 PRODUCTION ENGINEER** for concession negotiation. Two year term and possibility short term. Rumania and other CIS countries. Contact **J.D. Hughes** - Telephone/fax **512-467-2424**.

A Special Thanks

to Those Who Helped

SPEE extends a special thanks to Coles-Gilbert Associates and Sproule Associates who graciously sponsored the breakfast at this year's annual meeting. We also express our appreciation to the Bank of Montreal for furnishing the beautiful coffee-table pictorial books of the Canadian Rockies for speaker gifts presented at this year's meeting.

The 1994 annual meeting marked the first time ever for SPEE to offer "short, short courses" (half-day each). More than 30 SPEE members registered for these two short courses. Dr. Robert Mannon and Richard Miller, SPEE members from California generously provided the lecture and material for the continued education of our members. (Members



Our own "Long Tall Texan", Rick Garza.



From left to right: Our Guide, Mary and Milton Gillespie, Donita and Curtis Phillips

attending may claim 4 hours of Professional Development Hours, PDH, if they need it to renew their profession engineering registration).

THOUGHTFUL IDEA:

Some members who ended up with unspent Canadian money have donated it to the newly formed Canadian Section treasury by mailing the bills to Dave Tutt in Calgary.

KERRY A. POLLARD P.E.
ENGINEERING & REGULATORY CONSULTANT

REGISTERED IN TEXAS,
LOUISIANA, COLORADO
AND OKLAHOMA

2905 BLUE RIDGE
CEDAR PARK, TEXAS 78613
TELEPHONE (512) 335-5326
FAX (512) 335-3781

HALEY ENGINEERING INC.

PETROLEUM CONSULTANTS - DOMESTIC & INTERNATIONAL
PETROLEUM COURSES

5601 SOUTH BROADWAY, SUITE 360
LITTLETON, COLORADO 80121

John D. Haley, P.E.
President

Phone: 303-795-8578
FAX: 303-795-5058



1995 ANNUAL SPEE MEETING IN TAOS, NEW MEXICO

"A request from Russ Long"

In looking forward to the 1995 Annual Meeting I have reviewed recent past topics and suggested topics and classed them into the categories shown below. Speaker counts from the last five year's annual meetings are shown. I would like to have input in organizing the 1995 technical program.

Printed somewhere within this newsletter is a printed fax sheet that may be used as a response media. Please feel free to write in a more elaborate fashion -- or give me a call -- 713-650-6828.

TECHNICAL PROGRAM CATAGORY/FIVE YEAR SPEAKER COUNT

Economics and Fair Market Value.....	2
Reserve Definitions	4
Risk Analysis	4
Property Sales and Acquisitions.....	1
Gas Marketing	1
Swaps and Derivatives	2
International Activities	3
Regulatory Matters	1
Petroleum Engineering Technical	5
Taxes (State, County, Federal)	0
Outlook	7
Geophysical	0
Production Operations	0
Ethics and Professionalism	1
Other	2

Do these categories and the counts reflect your sentiment for program topics?

DON RAY GEORGE & ASSOCIATES CONSULTING ENGINEERS

- Reservoir Engineering
- Economic Evaluation
- Gas Contract Analysis
- Regulatory Consultation & Studies
- Litigation Consultation & Studies
- Expert Witness Representation

DON RAY GEORGE, P. E.
GLENN E. GEORGE, P. E.
S. TIM SMITH, P. E.
RICHARD A. JOHNSTON, P.E.
KEITH B. MASTERS, P. E.

1804 RIO GRANDE STREET
AUSTIN, TEXAS 78701

TELEPHONE: (512) 476-1245
FAX: (512) 476-8025

TELEPHONE
(713) 461-4977

CELLULAR
(713) 826-3264

FAX
(713) 461-8133

L. A. Martin & Associates, Inc.
INTERNATIONAL PETROLEUM CONSULTANTS

L.A. MARTIN
PRESIDENT

13511 PINEROCK
HOUSTON, TEXAS 77079

Crack

*The bat splits in a collision of
horsehide, pinetar and ash.*

*EBCO is hitting another one up
where Orioles, Jays and Cardinals fly.
Anything else is for the birds because*

*EBCO's extensive experience resulted in the
auction innovations that have revolutionized
oil & gas divestments.*

*EBCO will touch all the bases
to ensure the success
of your next sale.
Call EBCO and
check our
batting average.*

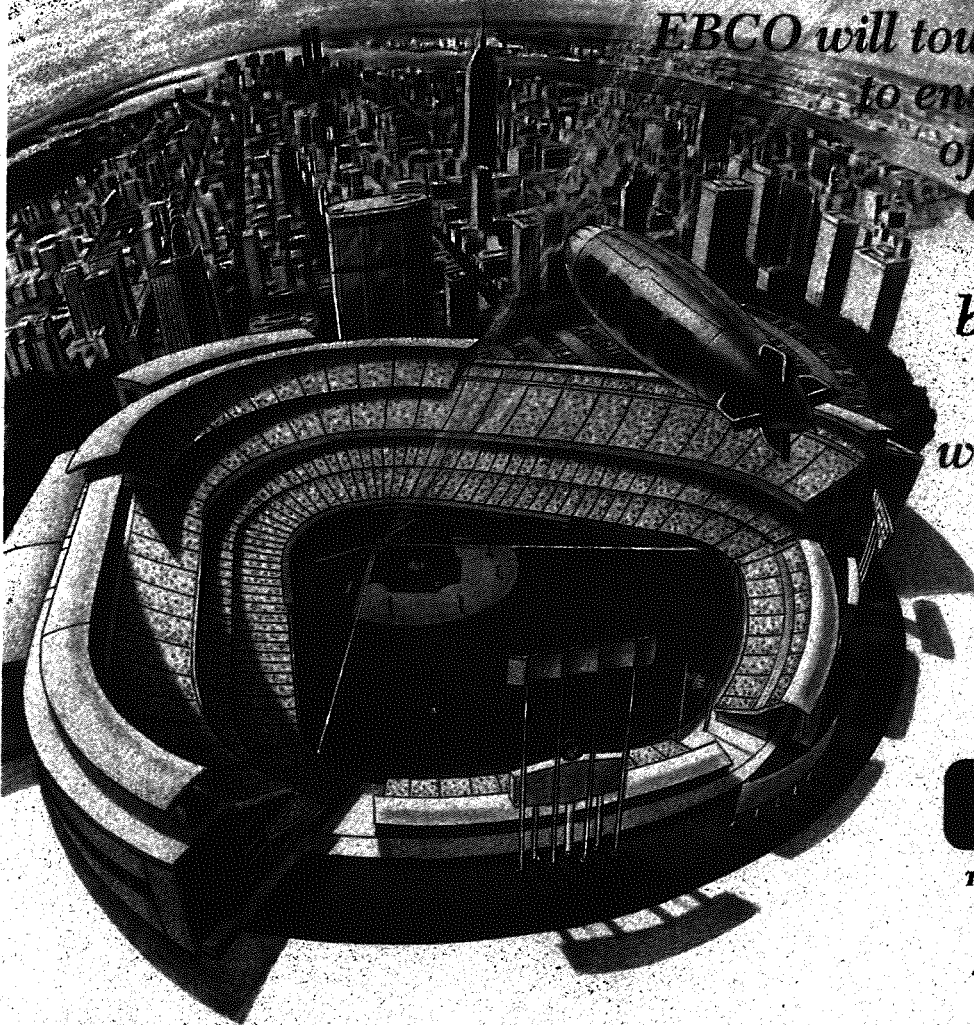
*Then, be there
when EBCO hits
one downtown
for you.*

*And the crowd
goes wild!*

EBCO

THE MOST EXPERIENCED NAME
IN OIL & GAS DIVESTMENTS

405-720-0313



EDITOR'S NOTE

During the annual Business Meeting at our July convention, SPEE member Jim Eisterhold, now with Newfield Exploration, presented the following report to the attendees. The information it contains is sufficiently important to all of our members that its inclusion in this Newsletter issue was also warranted.)

CONTINUING EDUCATION REQUIREMENTS FOR PROFESSIONAL ENGINEERS

The engineering profession is experiencing the emergence of a movement to require some form of continuing education (CE) to maintain professional engineering registration. In much the same way that CE is required in the legal, accounting, real estate and other professions, engineering CE is becoming a qualification criteria (in sponsorship). At present, three oil producing states (Alabama, New Mexico and West Virginia) have legislated continuing education requirements for license renewal. An informal survey of 20 oil producing states in which over 98% of the SPEE membership reside indicated that six states either have pending CE legislation or it is under serious consideration. Four more are looking into such legislation. Those registered by reciprocity will be required to meet CE requirements for that state.

The NCEES (National Council of Examiners for Engineering and Surveying) has issued guidelines to the state board for continuing professional competency. Continuing education credits in the form of Professional Development Hours (PDHs) will be required for annual renewal. Activities that qualify include college courses, continuing education courses, seminars, certain corporate in-house programs, teaching, authority articles or books and attending presentations. Each activity must have a clear purpose to "maintain, expand or improve skills", be well organized, show evidence of pre-planning, have a qualified presenter and provide for registration record keeping. The activities must be relevant to the practice of engineering and may include technical, ethical or managerial content.

The number of CE activities required varies from state to state. The credits must be earned during certain time periods, although some carry-over is allowed. The specific requirements can be obtained from the state boards and the extent of enforcement varies. Each registrant must claim his or her own CE credit at the time of renewal.

Since the SPEE annual meeting sessions and short courses qualify for CE credit, provisions were made to provide proof of attendance for claiming credit and satisfying a state board audit.

Depending on the format of local chapter meetings, technical presentations at those meetings may also qualify.

A SPECIAL EDITORS NOTE

As you will note from the article elsewhere in this newsletter, the SPEE membership, at the recommendation of the Directors of the SPEE HAROLD VANCE FOUNDATION, have voted to transfer the Foundation's funds to Texas A & M University in order to permanently establish the HAROLD J. VANCE ENDOWED SCHOLARSHIP IN PETROLEUM ENGINEERING. Many of us were able to hear Paul Clevenger recount some of Mr. Vance's achievements and "Pearls of Wisdom" at the Annual Meeting in Banff last month. He was

both known and respected, not only as a petroleum engineer, educator, businessman, banker and attorney, but as the primary force behind the establishment of our Society.

As a continuing tribute to his contribution to the SPEE (and as possible inspiration for individual Society member's contributions to the Harold J. Vance endowed scholarship fund), we will include one of Mr. Vance's "Pearls of Wisdom" as a regular part of all future Newsletters.

"Pearls of Wisdom"

by Harold J. Vance

"Always vote against taxes - if it is a good tax it will pass anyway."

"You can not cut up a well hole and sell it for post holes!"

Plan To Attend

The World Oil & Gas Industries in the 21st Century

Conference - November 6-9, 1994
Dallas, Texas, USA - Fairmont Hotel

Sponsored by:
United States Association for Energy Economics
and
International Association for Energy Economics

If you're concerned about the future of the energy industry and profession then this is one meeting you don't want to miss. The USAEE/IAEE Annual North American Conference will detail the current developments within the energy field so that you walk away with a better sense of energy supply, demand, and price. Six plenary sessions will address the following issues:

The Outlook for World Oil in the 21st Century
Geopolitics and the Energy Industries in the 21st Century
The Outlook for Exploration and Production

Energy Risk Management...2000 and Beyond
The Outlook for Refining and Marketing
The Outlook for Natural Gas

Six special sessions will focus on:

Is Energy Efficiency Still Important?
The Role of the Service Industries in the 21st Century
Environmental Issues and the Oil and Gas Industries
Value of Forecasts
Image of the Oil and Gas Industry
Oil Market Circle: Current Energy Issues

Many of today's top energy experts will address this conference. Following is a list of some of the many confirmed speakers:

Mike Bowlin, CEO, Atlantic Richfield Company
Nordine Ait-Laoussine, President, NALCOSA
John-Pierce Ferriter, Deputy Executive Director, International Energy Agency
Peter Gaffney, Senior Partner, Gaffney, Cline & Associates
John Lichtblau, Chairman, Petroleum Industry Research Assoc.
Jean Masseron, Executive Director, Institut Francais du Petrole
Hazel O'Leary, Secretary of Energy, U.S. DOE
Alirio Parra, Senior Advisor, Center for Global Energy Studies
Dr. Subroto, Secretary General of OPEC
R. Patrick Thompson, President, New York Mercantile Exchange
Robert Wilhelm, Senior Vice President, Exxon Corporation

In addition, 21 concurrent sessions are planned to address timely topics that affect all of us specializing in the field of energy.

Dallas, Texas is a wonderful place to meet and at affordable prices. Single nights at the Fairmont Hotel are \$98.00. Conference registration fee is \$350.00 for USAEE/IAEE members and \$450.00 for non-members. Special airfares have been arranged thru Premier Travel - 1-800-723-0236. These prices make it affordable for you to attend this conference that will keep you abreast of the issues that are now being addressed on the energy frontier.

For further program and registration information and details on both the USAEE and IAEE, please fill out the form below and forward it to conference headquarters.

The World Oil & Gas Industries in the 21st Century

Annual North American Conference of the USAEE/IAEE

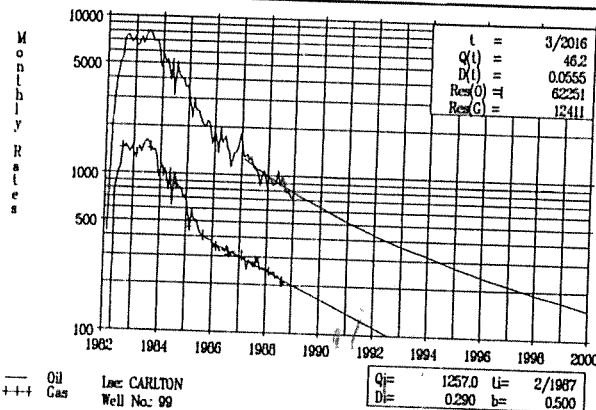
____ Please send me further information on the USAEE/IAEE November Conference.

NAME: _____
TITLE: _____
COMPANY: _____
ADDRESS: _____
CITY, STATE, ZIP: _____
COUNTRY: _____

United States Association for Energy Economics
International Association for Energy Economics
28790 Chagrin Blvd., Suite 210
Cleveland, OH 44122 USA
Phone/Fax: 216-464-5365

MICA

PC Power for Petroleum Engineers



- Network Version Available

For a free demonstration program, call our **World Wide BBS** with your computer and modem at: **(719) 520-5134**.

- Decline Curve Analysis
- Economics
- Type Curve Matching
- Gas Well Forecasting
- HP Laserjet Compatible
- Dwights and PI Data Compatible

Molli Computer Services, Inc.



Ph: 719-520-1790
800-869-7616
P.O. Box 3041
Colorado Springs, CO 80934

IN THE FINAL ANALYSIS, DWIGHTS IS YOUR BEST CHOICE.

Your analysis requires reliable input, so sample Dwights for the most timely, comprehensive, accurate energy data in the field. We always expedite information so you have plenty of time for project completion. Just call, toll free, and tell us what you need and when you need it; Dwights will produce your data fast. Depend on it!

Please call 1-800-468-3381

Dwights

Energy Data, Software
& Information Services

ENGINEERING INSTRUCTORS UNIVERSITY OF HOUSTON

The Office of Engineering Continuing Education, Cullen College of Engineering, is soliciting resumes from experienced degreed engineers to serve as instructors for extended non-credit courses in the following technical areas: field gas processing, gas measurement, liquids measurement, gas compression, piping and valve design, pumping and pumps, LPG processing, heat transfer and heat exchangers, process control and instrumentation, pipeline technology, SCADA systems, hazardous operations, project management and cost estimation, procurement and contract procedure, well control and safety, and field environment protection. The instructors must be available for full day teaching in the Houston area starting January 1995 for all of 1995 and 1996.

Send resumes to:

Robert O. Hubbell, PE, Director
Engineering Continuing Education
University of Houston
Houston, TX 77204-4813

The University of Houston is an Equal Opportunity / Affirmative Action Employer. Minorities, women, veterans and persons with disabilities are encouraged to apply.

OFFICERS

President Glenn Harrison
Vice President R. Curtis Phillips
Secretary/Treasurer D. Russell Long
Past President Fred M. Haston, Jr.

DIRECTORS

Forrest A. Garb
Raymond T. Garcia
Harry J. Gaston, Jr.
John D. (Jack) Haley
Donald L. Horton
David W. Tutt
Gene B. (Skip) Wiggins III

COMMITTEE CHAIRMEN

Evaluation Parameters
Survey Michael A. Roberts, Jr.
Fair Market Value Amiel David
Grievance Gerald Sherrod
Membership Ricardo E. Garza
Production Tax Summary ... Charles G. Massey
Professional
and Public Affairs Sam Singer
Publications James G. Patterson, Jr.
Qualifications Donald O'Neill
Reserve Definitions Brian Ausburn
Strategic Planning Charles M. Frick

INDIVIDUAL APPOINTMENTS

Publicity Director David D. Knepper
Historian Herbert Poyner
Liaison Representative
on SPE Oil & Gas
Reserves Committee Chapman Cronquist

OTHERS

Editor James G. Patterson, Jr. 751-6312
Newsletter Printer Westchase Printing 975-6106
Information B.K. Starbuck 651-1639

Advertising Space Available
For Additional Information

Contact: **B.K. Starbuck**
(713) 651-1639

ADVERTISING RATES

AD SIZE	1 - 3 ISSUES	4 ISSUES
Full Page	\$150.00/issue	\$550.00
Half Page	\$ 75.00/issue	\$275.00
Quarter Page	\$ 37.50/issue	\$137.00
Business Cards	\$ 10.00/issue-Member	\$ 37.50
	\$ 15.00/issue-Non-Member	\$ 55.00

FINALLY!!!!!!!

An integrated Economics and Interactive Graphics System that does it all:

FORECASTING AND EVALUATION SYSTEM (FES):

System input is managed through a screen-oriented facility that includes full screen input, cursor or mouse movement and pop up windows including access to other system files from the property record. And all data items are checked at the moment of input or when the record is stored in order to assure data integrity.

All calculations in FES are performed monthly; hence, FES can guarantee rigorous calculation of ROR at the lease level and at subtotal and grand total levels. Also FES calculates rigorous payouts and economic limits. (If your system has a limited number of time slots, e.g. 40, you cannot calculate rigorous ROR's, payouts, economic limits, etc.)

FES calculates from three to 20 times faster than its competitors. And all calculations are stored so that only revised properties need to be recalculated. (FES calculates up to 5,000 leases per hour on 386 microcomputers.)

Data can be input directly into FES/PGS from Dwight's, PI, OGRE, etc., or from any other data source in any format. Also, you can include your mainframe unique lease code in FES/PGS, thereby providing a "seamless" interface between your mainframe and FES/PGS. FES/PGS can provide an audit trail whenever you make changes to FES/PGS records.

Logical (Boolean) expressions can be used to select any data from the system to be used in report writing. And a generic report writer provides the ability to write reports of any data items in any format including both input and calculated data.

Full partnership splitting is accomplished through the use of entity files. Hence, any system of interest that can be expressed by a network diagram can be calculated by FES. Also, various interest entities can be coalesced.

FES provides rigorous after tax calculations. These calculations are based on tables which may be modified by the user to provide his own tax scenario.

PRODUCTION GRAPHICS SYSTEM (PGS)

PGS is completely integrated with Forecasting and Evaluation System (FES) so that once you finish your decline curve work and transfer the results, they are ready in FES to calculate economics.

PGS allows you to plot hardcopy decline curves on any matrix or pen plotter to fit any preprinted semilog graph paper.

PGS allows you to fit exponential or hyperbolic decline curves interactively for all or selected portions of your data. Or PGS allows you to use your cursor or mouse to pick exponential or hyperbolic decline curves through all or portions of your data.

Full EGA or VGA resolution is available to plot your curves crisply in multiple colors.

Call or write Dick Banks if you would like to increase your productivity when doing property evaluations.



SCIENTIFIC COMPUTER APPLICATIONS, INC.
810 Petroleum Club Building, 601 South Boulder
Tulsa, Oklahoma 74119
(918) 584-6197