

August 1998

SPEE Newsletter

President's Letter

Congratulations to Andy Merryman and his committee for putting together a most successful 1998 Annual Meeting in Monterey which ranks as one of the best attended meetings in SPEE history! More about the Monterey Annual Meeting is included in an article by Andy in this newsletter. In addition, reports on the Monterey Board of Directors' meeting by Richard Miller and the Council of Past Presidents' meeting in Monterey by Arlen Edgar are included in the newsletter for your information. Mark your calendars for the 1999 Annual Meeting which will be held in San Antonio, Texas, June 6th through June 8th, at La Mansion del Rio Hotel. Also note that at the Board Meeting in Monterrey, Whistler, British Columbia, was chosen as the site for the year 2000 Annual Meeting.

Congratulations to Scott Hickman who was awarded an Honorary Life Membership at the Monday night reception/dinner in Monterey and to Arlen Edgar who was elected to an Honorary Life Membership to be received at the 1999 Annual Meeting in San Antonio. The basis for consideration of a member for Honorary Life Membership is outstanding achievement in the profession of petroleum property evaluation and/or significant and exceptional service to the Society.

At the annual Society business meeting in Monterey, two bylaw amendments were favorably acted on and must be voted on by the general membership. Ballots for these two amendments are included as an attachment to this newsletter and should be returned to the SPEE office no later than October 9th. A majority vote of the ballots received by October 9th will be sufficient to amend the bylaws. The first bylaw amendment (Article XVI) provides for indemnification by the Society of members who serve as officers, directors or on committees and are subject to legal action as a result of serving in such capacity for the Society.

The second bylaw amendment relates to membership qualifications (Article III). Section 1.3 of Article III requires licensing or registration for engineers and state certification or certification by the American Association of Petroleum Geologists (AAPG) for geologists. The proposed bylaw amendment would expand the certification requirement in Section 1.3 to include certification by the Society of Independent Professional Earth Scientists (SIPES). The proposed amendment would not alter any other membership requirements specified by SPEE. It is noted that requirements for designation as a Certified Petroleum Geologist by AAPG are very similar to requirements for membership in SIPES.

On another note, it is necessary to inform the membership that the Society may be subject to a threatened lawsuit by Dr. Les Nemeth relating to copyright infringement and the 1996 Economic Parameters Survey. The Society has received a letter from Dr. Nemeth's attorney dated May 8, 1998, stating that he has been authorized by Dr. Nemeth to file a suit for copyright infringement against SPEE for the Parameters Survey report issued in 1996. Copies of this letter are available to the membership upon request. In response to the May 8th letter from Dr. Nemeth's attorney, SPEE has retained legal counsel. In an effort to defend its position, SPEE is incurring legal expense which may necessitate an increase in annual membership dues in order to cover these expenses. To date approximately \$1,000 has been incurred in legal expenses.

I hope that each member will carefully consider the proposed bylaw amendments and return the ballots to B.K. at your earliest convenience. Please don't hesitate to contact any SPEE Officers or Directors should you have any questions.

Gene B. (Skip) Wiggins III

Appointments

The following members have accepted appointments as chairmen of these SPEE committees:

- Gas Imbalance - Curtis Phillips replaces Dick Banks
- Membership - Dan Olds replaces Charles Vanorsdale
- Newsletter Manager - Jim Eisterhold replaces Rick Riseden
- Past Presidents Council - Russ Long replaces Arlen Edgar
- Reserve Definitions - Brad Larson replaces Brian Ausburn
- 1999 Directory - John Thibeaux
- 1999 HEES Breakfast - Robert Blair

Also please note that Rene Daigre has replaced John Black as Industry Representative for the Grievance Committee



Many thanks go to Dick, John, Charles, Rick, Arlen and Brian for the outstanding effort they put forward in guiding the efforts of their respective committees! Curtis, Rene, Dan, Jim and Brad will begin serving three-year terms immediately. Russ will serve a one-year term as Chairman of the Past Presidents Council.

**SPEE Officers, Board of Directors
1998**

Officers

President Gene B. (Skip) Wiggins, III
 Vice President Andrew A. Merryman
 Secretary/Treasurer Richard J. Miller
 Past President Forrest A. Garb

Directors

William D. Anderson	Kerry A. Pollard
Brian E. Ausburn	J. Glenn Robinson
Harry J. Gaston	John Thibeaux
James D. (J.D.) Hughes	

Committee Chairmen

Evaluation Parameters Survey.....Kerry A. Pollard
 Fair Market Value D. Russell Long
 Gas Imbalance..... R. Curtis Phillips
 Grievance Thomas F. Mehlberg
 Internet Gary S. Swindell
 Inter-Profession Sam Singer
 Membership Daniel R. Olds
 Newsletter Manager James F. Eisterhold
 Past Presidents Council D. Russell Long
 Qualifications James W. Haag
 Reserve Definitions Bradford O. Larson

Individual Appointments

Annual Meeting Advanced Planning Richard J. Miller
 Chapter Coordinator J.D. Hughes
 Directory - 1999 John Thibeaux
 Production Tax Summary Charles G. Massey
 Professional and Public Affairs James F. Eisterhold
 Publicity Director M. Fred Duewall
 Historian Herbert Poyner
 Liaison Representative on SPE
 Oil & Gas Reserves Committee Chapman Cronquist
 AD HOC - Foreign Meeting Paul Clevenger
 Investigation Committee Dave Tutt

Chapter Officers - 1998

CALGARY

Glenn Robinson, Chairman
 Robert Odd, Vice Chairman
 Mike Brusset, Secretary-Treasurer
 David Tutt, Past Chairman/Membership Coordinator
 (3rd Tuesday of each month except July/August)

CALIFORNIA

Chairman, Richard Miller
 Vice Chairman, Mike Starzer
 Secretary/Treasurer, Barry Evans

CENTRAL TEXAS

S. Tim Smith, Chairman
 Richard A. Johnston, Vice Chairman
 Wayman T. Gore, Jr., Co-Membership-Austin
 Paul Clevenger, Co-Membership-San Antonio
 Michael Horne, Secretary-Treasurer
 (Quarterly - Austin Country Club)

DALLAS

Eric Hyman, Chairman
 Dee Patterson, Vice Chairman
 Ed Butler, Secretary-Treasurer
 Robert Blair, Membership Chairman
 (Bimonthly-September through May - CityPlace)

DENVER

Larry Nelms, Chairman
 Steve Gilbert, Vice Chairman (Program)
 Nanette Shulz, Secretary/Treasurer
 Rene G. Daigre, Jr., Membership Chairman
 (2nd Wednesday of first month of each quarter
 Hershner Room - One Norwest Center)

HOUSTON

Marilyn Wilson, Chairman
 Fred Goldsberry, Vice Chairman
 Dan Olds, Secretary-Treasurer
 Kevin McNichols, Program Chairman
 (1st Wednesday of each month - Petroleum Club)

MIDLAND

Cathy Norwood, Chairman
 Dean Eiland, Vice Chairman
 Mike Black, Secretary-Treasurer
 Bill Huck, Membership Chairman
 (Bimonthly)

NEW ORLEANS

Tim Brookover, Chairman
 Jim Glanzer, Vice Chairman
 Jim Hubbard, Secretary/Treasurer
 (1st Wednesday of each month)

OKLAHOMA CITY

Max Holloway, Chairman
 Fred Ferris, Vice Chairman (Program)
 Brian Powley, Vice Chairman (Membership)
 Bruce Heath, Secretary/Treasurer
 (Every other odd-numbered month)

TULSA

Sharon Voskuhl, Chairman
 Richard Banks, Vice Chairman/Programs
 Donald Staires, Vice Chairman/Membership
 Robin LeBleu, Secretary-Treasurer
 (1st Tuesday of each month - Petroleum Club)



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

Chapter News

CALGARY

The Calgary Chapter is continuing to grow despite unpredictable oil prices and El Niño weather patterns. The chapter has 15 registered members, 6 newly accepted, and 2 transfers. There are four applications being processed at this time. There are 10 meetings per year with the format of meetings alternating between formal luncheons with guest speakers and membership luncheons to discuss evaluation issues. Some recent speakers have been Dennis Hoffman, Partner, Price Waterhouse, "Impact of Reserves Reports on Financial Reports;" Kim Head, Petroleum Geophysicist with Veritas Seismic, "The Impact of 3-D Seismic on Probability of Success and Reserves Estimates;" and Karen Morton, Economist with the Canadian Energy Research Institute, "Current World Oil Markets."

CALIFORNIA

The California Chapter held its Spring meeting in Bakersfield on May 13th. The meeting was attended by seven chapter members, their prospective members and Scott Hickman. The chapter has set as a goal the addition of 10-15 new members in the next year. Given the large number of qualified engineers working for major and independent companies and in government agencies such as State Lands and MMS, the Chapter feels that this is a reasonable goal.

The Chapter sponsored, organized, and conducted a workshop on Reserves Definitions which was a part of the program of the SPE Western Region Meeting. This was a series of three hour-long panels consisting of two chapter members. Each panel member made a short presentation on the following topics:

What is Reasonable Certainty? Is it the Same as 90% Probability?

What are Current Economic Conditions?

Are Reserves from Escalated Cashflows Proved or Unproved?

DALLAS

The Chapter has a current membership of 43. Meetings are lunch format and held in September, November, January, March and May. Approximately 25 to 30 persons regularly attend. We generally publish a meeting notice in the SPE monthly newsletter. The officers will meet this summer to select speakers for the coming year and discuss changing the format of the meetings.

DENVER

The Denver Chapter met on January 14th. Richard Banks, President of Scientific Computer Applications, presented a speech entitled "Is There a Standard Economic Format in Your Future?" The talk generated an interesting discussion regarding the possibility of the development of a "Standard Conversion File" which could allow conversions between various economic packages being used in the industry. In attendance were 18 members and 3 guests.

On April 8th, 26 members and guests met and T. Scott Hickman discussed reserve definitions, past, present and where we might be going in the future. Mr. Hickman presented some interesting views on both strengths and weaknesses of the current definitions, as well as areas that need to be addressed, clarified and strengthened. An award was presented to Jack England in appreciation of his four years of service as an officer of the Denver Chapter.

HOUSTON

The Chapter had a very good start for the 1998 program year averaging 56 attendants per meeting. The luncheon price was raised to \$25 during 1997 to cover meals, administrative and bank charges. Although the increase was long overdue, the officers had delayed the increase feeling it would discourage attendance of the retired members who faithfully attend each meeting. Ultimately the timing was good for the increase and members seemed to realize the need.

Programs included Dr. Joseph Warren speaking on "A Simple Model for Predicting the Performance of a Complex Producing Field," Henry Groppe on "The Outlook for Oil and Gas," Norman Neidell on "Seismic Technology for Finding and Defining Hydrocarbon Reservoirs," and Steve Maloney on "Interpretation of Coherence Cube™ Processing in the 3D Workspace." The spring schedule was finished with Carrie Perkinson and "The Video Data Room."

MIDLAND

The Midland Chapter currently has 37 members and several pending applications. The chapter averages about 21 members and guests in attendance per meeting.

Recent speakers have been Ken Olive, President, and Dan Sodersten, Vice President of Oil and Gas Clearinghouse. They have an informative presentation titled "Market Value and Recent Trends of Properties Sold at Auction." Jim Dempsey with NationsBank in Dallas gave a talk entitled "Energy Risk Management." Vice President Dean Eiland has worked hard to secure speakers for the remainder of 1998. Some of the topics to be covered include engineering licensing and professionalism and reserve definitions.

NEW ORLEANS

The 1997-98 year has been successful for the New Orleans Chapter. There have been many interesting meeting topics and have averaged about 10 guests for each meeting. In January, Frederick C. Palumbo, Jr. of Core Petrophysics, Inc. in New Orleans spoke on "Advances in Core Analysis." We had a roundtable discussion on "Petroleum-Related Sites on the Internet" in February and look forward to another on "Probabilistic Reserves vs. Deterministic Reserves." Dennis Jordan of Collarini Engineering will lead the discussion. Randy Smith of Landmark Graphics discussed "New Developments with Aries" in March. "Using Well Logs and Capillary Pressure to Predict Water Level" was the talk presented on May 20 by Joe Hawkins of Petromation in Houston.

OKLAHOMA CITY

The meetings were plagued in 1997 by poor attendance, despite three years of hosting interesting speakers at the lunch gatherings. Chapter Chairman Max Holloway decided to write an overview of SPEE and have it printed in the local SPE Chapter's upcoming newsletter. This overview was designed to get the word out to the local group of "evaluation" types who were unaware of/forgot about the SPEE group. The results were good - 51 people attended the January meeting. Typical attendance during 1997 was only 10-15 people per meeting. Ken Olive with the Oil and Gas Clearinghouse presented "Market Value and Recent Trends of Properties Sold at Auctions." His presentation was good and, if he can incorporate some of the data to address the questions asked from the audience, it would be one that would be recommended to other Chapters.

The May meeting had Ken Roberts with Syntroleum discuss "Gas to Liquids Technology: Harvesting Stranded Gas." Syntroleum is currently leading the independent drive to develop and market a process to convert natural gas into medium gravity liquid petroleum products.

The Chapter's main challenge is to find members that will routinely volunteer their time to find speakers for the luncheons. Fortunately, the Chapter has Curtis Phillips who usually saves the day when a speaker is not pinned down early enough.

Board of Directors' Meeting

At the Board's meeting on June 7th at the Annual Meeting, the directors received committee and chapter reports. General interest issues discussed included considering expanding the newsletter to a more regular and larger publication, restructuring the Long-Range Planning Committee, and formation of an Ad Hoc Committee on Membership. Specific actions taken by the Board:

1. Approval of the Delta Whistler Resort in Whistler, British Columbia, as the site for the Annual Meeting in 2000.
2. Election of Claude McMichael as a member of SPEE by special exception in recognition of his experience and contribution to the practice of evaluation.
3. Approval of two amendments to the bylaws of SPEE to be submitted to the membership which make a change in membership requirements for geologists and provide indemnification of officers and other members for actions arising from their official capacity in the society (see enclosed ballot and information).



Future Annual Meeting Polls

The results are in and San Diego is the really big winner. Two site preference polls have been conducted by the Advance Planning Committee to find out where you want to go for future annual meetings. Well, maybe not you, because not everyone responded to the polls, but enough members did so to give us a clear idea. We received 70 responses to the SPEE Preference Survey which was included in the last newsletter. The top four vote getters were San Diego, followed by Montreal, Yosemite, and Park City with a lot of interest in Charleston. In the Exit Poll conducted at the Monterey meeting the results were very similar with interest also expressed in the Oregon coast. The information obtained is important because location is a deciding factor in attendance at SPEE Annual Meetings.

Richard Miller

Membership Applicants

The following member applicants have been approved by the Qualifications Committee. The bylaws require that names be presented to the membership for at least 30 days as a pre-membership requirement. Any member with an objection should address the objection to the Executive Committee (see bylaws regarding other important details) since the application has already passed through the Qualifications Committee.

Applicant	Sponsor	Applicant	Sponsor
Mark E. Bender HarCor Energy, Inc. Five Post Oak Park, #2220 Houston, Texas 77027	Dion Cole Rhett Gist Fred Goldsberry	Leslie Susan O'Connor Sproule Associates Inc. 1675 Broadway, Suite 1130 Denver, Colorado 80202	Dave Cox Greg Hueni Glenn Robinson
Stephen R. Bergin Oklahoma Natural Gas Co. P. O. Box 871 Tulsa, Oklahoma 74102	Richard Banks Robert Pielsticker Sharon Voskuhl	Robert M. Palermo Aera Energy 5060 California Ave. Bakersfield, California 93389	Greg Hueni Steve Malkewicz Robert Thompson
Bruce A. Bowman Hallwood Petroleum, Inc. P. O. Box 378111 Denver, Colorado 80237	Stephen Bausch Amiel David Richard Herrick	W. Mark Parks Matriks Management, PSC P. O. Box 1298 Ashland, Kentucky 41101-1298	James Murtha Tom Vo James Wilde
Thomas S. Campbell (Jr. Member) Huddleston & Company 1111 Fannin, Suite 1700 Houston, Texas 77002	Tom Bett B. P. Huddleston Richard Lonquist	Richard H. Rowe Anadarko Petroleum Corporation 17001 Northchase Drive Houston, Texas 77060	Allen Barron Randall King Russ Long
Roy A. Hennig Poco Petroleums Ltd. 250, 6 Avenue S.W. Calgary, Alberta T2P 3H7	Stephen Balog Glenn Robinson Peter Sidey	Alan Dale Sharpnack Unocal 14141 Southwest Freeway Sugar Land, Texas 77478	Bernie Brauer Tim Marquez Andy Merryman
Philip S. Kandel Sproule Associates Limited #900, 140-4 th Ave. S.W. Calgary, Alberta T2P 3N3	Raj Agrawal Keith Brown Ken Crowther	Timothy J. Torres (Jr. Member) Ryder Scott Company 1100 Louisiana, Suite 3800 Houston, Texas 77002	Harry Gaston Ron Rhodes John Warner
Patrick L. Kenney The Scotia Group, Inc. 500 Dallas, Suite 1020 Houston, Texas 77002	Curtis Phillips Brian Powley Jim Smith	William D. Von Gonten, Jr. W. D. Von Gonten & Co. 815 Walker Street, Suite 1147 Houston, Texas 77002	Charles L. Brittan David Lee Rick Riseden
Ronald L. Lang J. R. Butler & Company 4605 Post Oak Place, #100 Houston, Texas 77027	Brian Ausburn Robert Byrnes Ray Garcia	James S. Watt Union Texas Petroleum P. O. Box 2120 Houston, Texas 77252-2120	Brad Larson James Murtha Michael Price
J. Scott Laurent Laurent Oil & Gas Company 811 Dallas, Suite 1416 Houston, Texas 77002	Chap Cronquist Arlen Edgar Fred Haston	Douglas M. Wright UMC Resources Canada Ltd. 1000, 350 - 7 th Avenue S.W. Calgary, Alberta T2P 3N9	Rene Daigre Dave Tutt Walter Wright

Monterey Annual Meeting

One hundred of our members and 18 guests attended the Annual Meeting in Monterey, California in early June. Those of us who enjoyed the beauty of the rugged coastline, the stimulation of the technical sessions, and the fun of the social activities have many people to thank. While it is difficult to single out the few to be mentioned in this article, we all recognize the contributions of B.K. Starbuck Buongiorno: she makes all we do possible. Richard Miller made the initial contacts with the hotel and event planners, Bernie Brauer arranged technical sessions that provided excellent speakers and thought-provoking presentations, and Steve Holditch provided a top-notch Short Course.



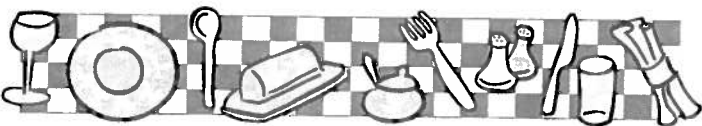
Some of our members got a head start by arranging tee times on world famous golf courses during the week prior to our meeting, and others began with activities on Saturday morning.

The heavy rains from El Nino damaged the road to Big Sur, but the good times were not dampened. An alternate trip to Point Lobos and good weather combined to make a memorable day for 20 hearty travelers. Other activities included the usual golf



tournament, shopping, walking tours, visits to the Monterey Aquarium and a wine country tour. No one crashed a bicycle or fell out of a boat this year. Those arriving early to the Sunday night welcoming reception experienced the only near excitement.

They received free drinks! However, the confusion with the bartenders was quickly corrected, cash registers were opened, and the reception continued with the usual roast of the president. Did you know that Skip Wiggins was a music major before he decided to study engineering?



Everyone enjoyed a special Monday night dinner served family style while a three-piece family band strolled among the tables. Before dessert, a plaque of appreciation was presented to past-president Forrest Garb and the Honorary Lifetime Member Award was presented to Scott Hickman.

While this was arguably one of our finest Annual Meetings ever, the plans being made by Richard Miller for next year promise an even bigger and better event in San Antonio next year.

Summary of June 7, 1998 Meeting of SPEE Past Presidents Council

The SPEE Council of Past Presidents was established by amendment to the Society's bylaws. The Council is to provide advice, on long-range issues, to the President, Executive Committee and Board. All former SPEE Presidents are eligible to serve on the Council.

The Council held its third meeting during the SPEE 1998 Annual Meeting in Monterey, California. It was reported that 16 Past Presidents now participate in the Council. The following officers were elected to one-year terms:

Chairman - Russ Long

Vice-Chairman - Curtis Phillips

Among matters discussed were the following:

Membership - Endorsed was a plan for appointment of an Ad Hoc SPEE Committee to review Membership qualifications and to recommend changes which might lead to enrollment of additional members.

Copyright and Indemnification Matters - Two documents were presented for review: (1) a proposed Board resolution to indemnify SPEE Officers and Directors and (2) a proposed bylaw amendment to provide similar indemnification.

SPEE Strategic Long Range Plan - Reiterated was the concept that one of the major focuses of the Council is to provide long-range advice on matters which may affect more than one administration. It was agreed that the Plan should serve as a source of specified issues to be considered by the Council. It was suggested that progress toward implementing the plan should be documented annually.

Other Matters - Discussed were some issues involving elements involved in property evaluation. These could be pursued by the standing Fair Market Value or Reserve Definitions Committees.

Possible Relationship with SPE - It was suggested that this matter be given further thought and discussed at a later date.

Agenda For Future Council Meetings - Discussed were ideas for enhancing communication between the SPEE Board and the Council so as to ensure efficient and effective focus on key issues.

Consideration will be given to another meeting of the Council in September 1998 during the SPE Annual Meeting.

Arlen Edgar

F. Foley Wright



May 26, 1998
Tulsa, Oklahoma

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