

May 1999

SPEE Newsletter

President's Letter

In the last newsletter I reported several new initiatives undertaken by our members and challenged each of you to take ownership of your organization. Guess what?! Many of you have accepted the challenge. I know because I have received your phone calls, email, and letters. For instance, two members called with concrete ideas for activities to address issues they thought of while attending HEES. (You will hear more about these ideas in the coming weeks.) I believe this kind of enthusiasm is contagious, and I expect more of you will accept the challenge each month. If I haven't told you personally let me tell you now: Thanks for your contributions.

Speaking of the HEES, we sponsored a breakfast on Tuesday, March 23 that provided an opportunity to showcase the SPEE. Approximately 20 - 30 people expressed an interest in joining and took membership applications.

Clearly, we need to be recruiting new members at all times to maintain a healthy organization. In this newsletter you will find a survey allowing you to share your views on membership and qualifications for joining SPEE. I

noted in the last Newsletter that your board of directors has identified membership as a priority issue for 1999. To be successful in addressing it, the board must have your input. Please take a moment to fill out and return the questionnaire.

You can now find the Production Tax Study posted on the SPEE web site. Check it out. Chuck Massey and Dan Olds, who have done a great job with this study, tell me they initially posted last year's data for all states. Now they are busy updating information for each



Have you made your reservations for San Antonio? Hotel deadline is May 6!

state and posting those updates as they are completed. If you use this web site, tell Gary Swindell you appreciate his hard work in maintaining it.

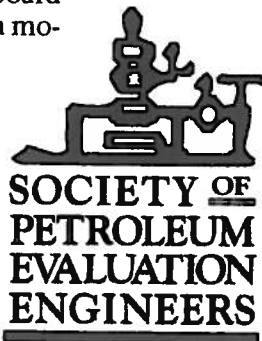
Kerry Pollard asked that your completed questionnaire for the Parameters Survey be returned before May 1. If you missed the deadline, send it today and ask for special consideration!

The new SPEE Monograph One on Guidelines for Application of the Definitions for Oil and Gas Reserves is now available. To get your copy, call the SPE office in Richardson 972-952-9393 and ask for the book order department. As a member of the SPE your price will be \$10, non-members pay \$15.

A new Directory is being prepared for distribution later this year. This is a great time for you to send B.K. a new picture, new phone number, or new email address. If you are one of the few who have not provided a picture, please get one. An expensive studio portrait is not necessary; even a snapshot can be used.

Kevin McNichol has responded to interest in Houston to revive the Interdisciplinary Coordinating Council, a committee representing various professional organizations. The Houston Geological Society is spearheading this effort. We trust Kevin will keep us informed on the results.

There is not enough space to tell you everything being done by the new committees announced in the last Newsletter. However, I will tell you that Ron Harrell has met the two new petroleum engineers hired to work for the SEC. Each is an experienced engineer, and Ron is encouraged that they will be accessible and interested in sharing ideas. Also, thanks to Mark Doering, we now have an accurate and updated list of members of each of the SPEE committees. We appreciate Mark's work and the efforts of each committee chairman in working with Mark. Finally, we thank John Thibeaux for providing definitive information and even an application for insurance coverage. John has worked hard to research our options, and the board will be discussing these options at our next meeting in San Antonio. I hope to see you in San Antonio.



www.gnofn.org/spee

Andy Merryman

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1999**

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 Reserve Definitions Bradford O. Larson

Individual Appointments

Annual Meeting Advanced Planning Richard J. Miller
 Chapter Coordinator Richard Banks
 Directory - 1999 John Thibeaux
 Production Tax Summary Charles G. Massey
 Professional and Public Affairs Dave Cox
 Publicity Director M. Fred Duewall
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 Hershner Room - One Norwest Center)

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 (1st Wednesday of each month - Petroleum Club)

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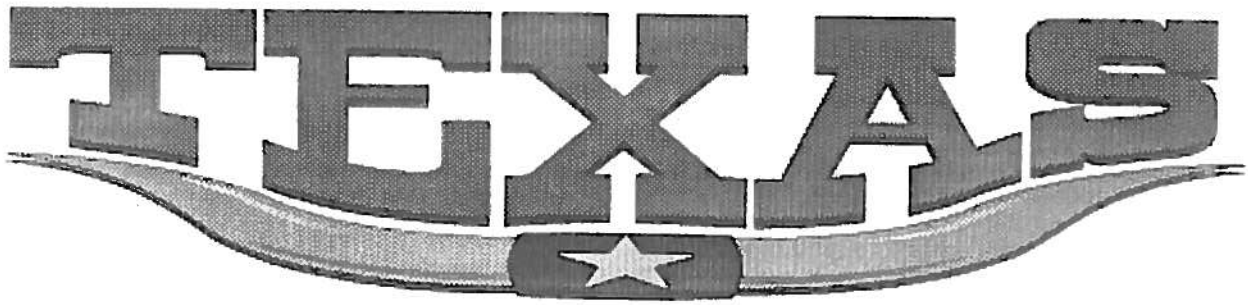
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The SPEE Newsletter is a quarterly publication of the Society of Professional Evaluation Engineers. News items, correspondence, address changes and advertising inquiries should be directed to SPEE headquarters in Houston, Texas.



San Antonio Annual Meeting Update

Well, by now you should have received your Annual Meeting registration package. No doubt you are dazzled by the exciting program and just can't make up your mind about all the activities. Take your time but not too much - May will be here sooner than you think. Don't forget - the deadline for hotel reservations is May 6 - if you're late, you won't be there. Rooms are going fast.

This year, for the first time, we are offering one- and two-day passes to the Technical Sessions. The cost for these passes is not additional to the full registration cost. A member or non-member can sign up for a one- or two-day pass at a reduced cost. The passes do not include breakfast or any of the social events.

See You in San Antonio!

Welcome New Members

Wylie R. Barrow

Unocal Corporation
14141 Southwest Freeway
Sugar Land, Texas 77478
281-287-7274

Lawrence Oliver Brewer

Sonat Exploration
4 Greenway Plaza
Houston, Texas 77046
713-940-4048

C. W. (Charlie) Chapman

Chapman Petroleum Engineering Ltd.
750, 840 - 6th Avenue, S.W.
Calgary, Alberta, Canada T2P 3E5
403-266-4141

Diana Elisabeth Dede

Dede & Associates, LLC
8261 S. Monaco Ct.
Englewood, Colorado 80112
303-779-5696

Larry Joe Earhart

Societe Generale
1111 Bagby, Suite 2020
Houston, Texas 77002
713-759-6322

David Keith Gold

Aera Energy LLC
5060 California Avenue
Bakersfield, California 93309
805-326-5018

John Francis Matthews, Jr.

Self Employed
5441 Fair Oaks Blvd., #C-1
Carmichael, California 95608
916-485-7373

John Wilson Essex

Dominion Energy Canada Ltd.
#2600, 400 - 3rd Ave., S.W.
Calgary, Alberta, Canada T2P 4H2
403-266-5522

Michael Robert Jensen

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Robert A. Kehrig

Enron
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Karla Wade Marchell

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713-221-1915

Marcus David Snyder

Compass Bank
24 Greenway Plaza, 14th Floor
Houston, Texas 77002
713-993-8555

Michael Frank Stell

Ryder Scott Company
1100 Louisiana, 38th Floor
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News From the SPE

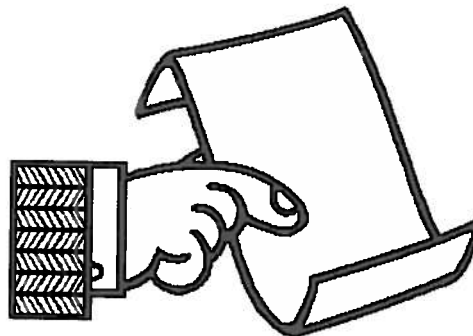
The SPE sponsored a successful Hydrocarbon Economics and Evaluation Seminar in Dallas during March. If you were unable to attend, you may want to borrow a copy of the proceedings from someone who did. Discussions on option pricing and portfolio concepts provided ideas for discussion during breaks. The seminar was followed by a two-day Workshop on Probabilistic Assessment of Reserves. This too was well attended, and participants had generally positive comments. There will be another workshop in July, with a slightly different format designed to allow more audience participation.

Two Technical Interest Groups (TIG) were recently merged: the Reservoir Management TIG and the Produced Water TIG. According to a letter from the Program Chair, the 1999 program includes:

- Building a multi-disciplinary team
- Putting together a definition of Reservoir Management for presentation to the SPE board
- Monthly discussions to encourage continued learning

If you are interested in Reservoir Management, I urge you to contact the Program Chair Baldev (Bally) Gill, whose email address is bsgill@shellus.com, and become active in this TIG. If you are already a member of this TIG, please call Andy Merryman and share your experiences.

SPEE Membership Survey



In the March newsletter, President Merryman indicated that an ad hoc committee had been formed to review application, qualification and approval processes for prospective new members. As a

part of this process, a survey has been included with this newsletter in order to gauge the membership's current views with respect to membership issues. We are requesting that each member complete the attached survey and return it to B.K. no later than May 15th. Data from the survey will be compiled and results presented at the Annual Meeting in San Antonio. Your help in this process is greatly appreciated. Please contact Skip Wiggins or Richard Miller if you have any questions.

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SPEE Membership Survey

The following data is excerpted from the Report of the Membership Committee as of 1/1/99:

Membership by employment sector

	<u>7/1/98</u>		<u>1/1/99</u>	
Consultants	286	58%	291	56%
Producers	157	32%	170	33%
Others	25	5%	25	5%
Bankers	29	6%	30	6%
	497		516	

Membership age distribution, currently and in five years

	<u>@ 1/1/99</u>		<u>@ 1/1/2004</u>	
Less than 35	10	2%	0	0%
35 thru 44	115	22%	41	8%
45 thru 54	148	29%	169	33%
55 thru 64	107	21%	104	20%
65 and over	136	26%	202	39%
	516		516	

Current range: 31 to 92 years
 Median: 53 years
 Mean: 55 years

Membership distribution by years in SPEE

	<u>7/1/98</u>		<u>1/1/99</u>	
Less than 5	137	28%	147	28%
5 to 10	136	27%	141	27%
10 to 15	78	16%	81	16%
15 to 20	73	15%	73	14%
20 and over	73	15%	74	14%
	497		516	

Current range: 0 Months to 36 years
 Median: 9
 Mean: 11

1. SPEE was founded with the objective of creating a group of highly qualified individuals to whom public and private entities could look with confidence when petroleum evaluation services were required. As shown above, by the nature of its original and continuing membership requirements, SPEE has become an organization composed largely of consulting engineers as compared to evaluation engineers and geologists employed by production companies, financial institutions and government agencies. Do you feel that this should remain the primary objective of SPEE?
 YES ___ NO ___

Should SPEE expand its effort to recruit members outside of the consulting business?
 YES ___ NO ___

2. SPEE currently has 516 members and has grown steadily with the addition of new members ahead of attrition in older members. A large percentage of members, however, are retired or inactive. As shown above, 55% of our members have been in SPEE 10 years or less, but 76% are 45 years or older. Are you concerned that by 2004 new membership could decline and the demographics of SPEE could change to a considerably older membership? YES ___ NO ___

3. One of the purposes of SPEE is to promote good evaluation practice. Do you believe that SPEE has had sufficient influence over major industry issues such as the recently revised WPC/SPE Reserve Definitions? YES ___ NO ___

Do you believe that SPEE should have more influence over industry evaluation issues?
YES ___ NO ___

4. Do you believe that SPEE is generally well known throughout the domestic industry?
YES ___ NO ___ Internationally? YES ___ NO ___ Do you believe SPEE is regarded as a
"must join" organization among non-consulting industry professionals? YES ___ NO ___
How many unregistered industry professionals do you know who would be valuable as SPEE
members? 1 2 3 4 5

5. As a means of further promoting SPEE's original goals, should SPEE consider certification of evaluation professionals in a manner similar to certification requirements of other organizations which provide recognized certification such as ASA, AI, CMI, SIPES, and AAPG? YES ___ NO ___

6. If you are in favor of maintaining registration, should SPEE consider an alternative membership category which would require the same qualifications as regular membership with the exception that registration or certification would be waived? (As proposed in 1997, an associate member could not: (1) vote for officers and directors, or on by-laws amendment issues, (2) act as sponsors for new members, or (3) hold national office.) YES ___ NO ___

7. Would you be willing to serve on a Committee to study and define certification requirements and procedures?
YES ___ NO ___

Comments _____

Please return by May 15th to SPEE, 811 Dallas Street, Suite 1416, Houston, TX 77002.
Thank you for taking the time to fill out this survey!

Ad Hoc Membership Committee

SPEE

**811 Dallas, Suite 1416
Houston, Texas 77002**