

## President's Letter

Thanks for so many of you participating in the 2005 SPEE Board of Directors election. Elected to serve are Fred Goldsberry of Houston, Nanette Schulz of Denver and Robert Demit of Midland. These new members of the 2005 Board of Directors are the men and women that will participate in the setting of the policies for the organization for the next three years. Thanks also to the other candidates for the Board. The elections were close as usual and it speaks to the quality of individuals who serve this organization.

The SPEE 27th Annual Meeting will be June 12-14, 2005 at the Fairmont Chateau le Frontenac in Quebec City, Quebec, Canada. Bernie Brauer is planning an informative technical program and Quebec will be a fun city. Additional information is available in this newsletter. Make plans to attend!

Jim Haag has been actively organizing the continuing education programs for the Society. In the spring of 2005, it is planning to offer six courses. Topics under consideration are: "Acquisitions and Divestitures for Oil and Gas Properties," "Seismic Interpretation for Non-Geologists," "Basics of AVO Interpretation for Engineers," "Low Resistivity, Low Contrast Pay Evaluation," "Oil and Gas Reserves, SEC Requirements," and "Coal Bed Methane." These courses will be offered through the local SPEE Chapters. If you are interested in one or more of these courses, contact the Program Chairman for your local section. This is a great way to meet the Professional Development Hour (PDH) for the engineering licenses.

The Ethics Committee has been hard at work teaching a course entitled "Ethics for Engineers." This one-hour course has been presented twice this fall at Midland College and at the Central Texas Section. It has been well received and fulfills the requirements in some states for training in ethics and professionalism. The course is available for presentation at other sections. If you are

interested, contact a member of the Ethics Committee (Arlen Edger, Scott Hickman, Charles Godfrey, and Marshall Watson).

Also, the SPEE Ethics Committee has prepared the draft of an ethics statement entitled "Discussion and Guidance on Ethics." It is planned to present this statement for approval at the Board Meeting in January 2005. If approved, this ethics statement will be published as the SPEE's ethics and professionalism guidelines. If

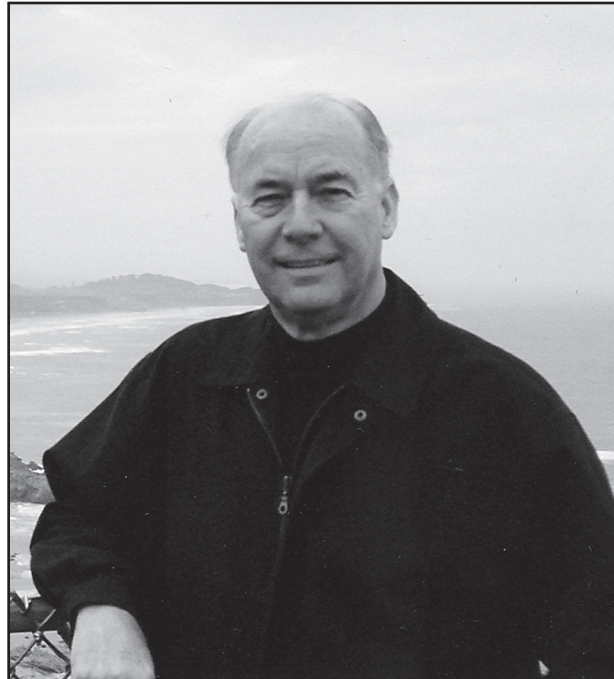
you are interested in reviewing and making comments on the draft, please contact B.K. for a copy.

Thanks to Ron Harrell and Richard Miller for their leadership in the establishment of a global program jointly sponsored by the AAPG and SPEE Committee that could lead to the establishment of the Certification of Petroleum Reserve Evaluators. Take time to read the newsletter article on page 5 entitled "SPEE Has the Opportunity

to Establish World Reserve Standards." This work will be of major importance to the SPEE's future.

As I write my last newsletter article as President, I would like to thank B.K. for all her help. Those of us that have had the privilege of working with B.K. know what a great asset she is to the Society. Thanks also to the 2004 Officers (Dan Olds, Bernie Brauer, and Mark Doering) and the Directors (David Gould, Frank Molyneaux, Charles Nelson, Ed Butler, Andy Fair, Jim Haag, Tim Smith and John Wright). Thanks, guys, for your work on behalf of the SPEE.

Charles Gleeson



# 2004 Officers and Directors

## Committee Chairmen and Individual Appointments

### Officers

President ..... Charles W. Gleeson (Midland)  
 Vice President ..... Daniel R. Olds (Houston)  
 Secretary/Treasurer ..... E. Bernard Brauer (Corpus Christi)  
 Past President ..... Mark A. Doering (Dallas)

### Directors

Van Edward Butler (Dallas) Frank Molyneaux (Calgary)  
 Andrew R. Fair (Houston) Charles Nelson (Houston)  
 David Gold (Bakersfield) S. Tim Smith (Austin)  
 James W. Haag (New Orleans) John D. Wright (Denver)

### Committee Chairmen

Continuing Education ..... To Be Announced  
 Evaluation Parameter Survey ..... Leslie O'Connor  
 Fair Market Value ..... D. Russell Long  
 Gas Imbalance ..... R. Curtis Phillips  
 Ethics and Grievance ..... Florence Hughes  
 Internet ..... David K. Gold  
 Membership ..... Brian Walter  
 Newsletter Coordinator ..... Fred Goldsberry  
 Past President's Council ..... Richard J. Miller  
 Qualifications ..... Nanette Schulz  
 Reserve Definitions ..... D. Ronald Harrell

### Individual Appointments

Annual Meeting Advanced Planning ..... Richard J. Miller  
 Communications Director ..... Ed Butler  
 Directory ..... Brian Walter  
 Production Tax Summary ..... Charles G. Massey/Dan Olds  
 Professional and Public Affairs ..... To Be Announced  
 Liaison Representative on SPE  
     Oil & Gas Reserves Committee ..... D. Ronald Harrell  
 Professional Registration ..... Marcus Snyder

## Chapter Officers - 2004

### Calgary

Chairman Frank Molyneaux  
 Vice-Chairman Barry Ashton  
 Secretary/Treasurer Doug Wright  
 Membership Coordinator Phil Kandel  
 (3rd Tuesday of each month except June/July/  
 August)

### California

Chairman Rick Finken  
 Vice Chairman Russ Bertholf  
 Secretary/Treasurer Barry Evans

### Central Texas

Chairman Rick Johnston  
 Program Chairman Michael Horne  
 Co-Membership  
     Austin Wayman Gore  
     San Antonio Paul Clevenger  
 Secretary/Treasurer Cary McGregor  
 (Quarterly - Austin Country Club)

### Dallas

Chairman John Nicol  
 Vice Chairman Dee Patterson  
 Secretary/Treasurer Rick Krenek  
 Membership Chairman Ron Wade  
 (Bimonthly-September through May - Dallas  
 Petroleum Club)

### Denver

Chairman Wally O'Connell  
 Program Greg Wilcox  
 Secretary/Treasurer Keith Engler  
 Membership Scott Wilson  
 (2nd Wednesday of first month of each quarter  
 Hershner Room - One Norwest Center)

### Houston

Chairman Tom Gardner  
 Vice Chairman Mike Garcia  
 Secretary/Treasurer Sam Singer  
 Program Chairman Stuart Filler  
 (1st Wednesday of each month - Petroleum  
 Club)

### Midland

Chairman Robert Dimit  
 Vice Chairman Joel Castello  
 Treasurer Joel Mays  
 Membership Joe Neal  
 (1st Tuesday of every other month-Petroleum  
 Club)

### New Orleans

1-26-04 Chapter Disbanded

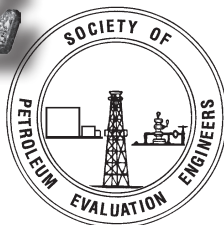
### Oklahoma City

Chairman Dean Sergent  
 Vice Chairmen  
     Program Jim Wilson  
     Membership Bruce Heath  
 Secretary/Treasurer Fletcher Lewis  
 (Every odd-numbered month)

### Tulsa

Chairman Jerry Russell  
 Programs Chris Jacobson  
 Membership Co-Chairs Bob Pielsticker  
     David Morrell  
 Secretary/Treasurer Robin LeBleu  
 (1st Tuesday of each month - Petroleum Club)

# SPEE



1001 McKinney Street, Suite 801

Houston, Texas 77002

713-651-1639

fax 713-951-9659

www.spee.org

Administrative Secretary  
 B.K. Buongiorno  
 Bkspee@aol.com

Newsletter Editor  
 Diane Pollard  
 (512)263-8022  
 dpollard@austin.rr.com

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.

# Annual Meeting

June 12-14, 2005  
Quebec City, Quebec

Quebec City is truly one of the jewels of world cities. It's a city with strong historical significance in North America and a visually appealing and inviting city to experience.

The meeting will be at The Fairmont Le Chateau Frontenac, an historic hotel dating from the 1890's but second to none in the amenities for a hotel today. The hotel has a panoramic vista on the cliff over the St. Lawrence and a site rich in the legacy of Quebec.

A comprehensive technical program is being assembled. To date, speakers are on the program for the following: energy supply, demand, and price, global energy security issues, Canadian royalty trusts, and the Russian energy industry today.

It's not too early to start your travel plans now. SPEE has an agreement with Continental Airlines MeetingWorks that will guarantee SPEE the lowest fare to Quebec City or Montreal from June 5-20, 2005.

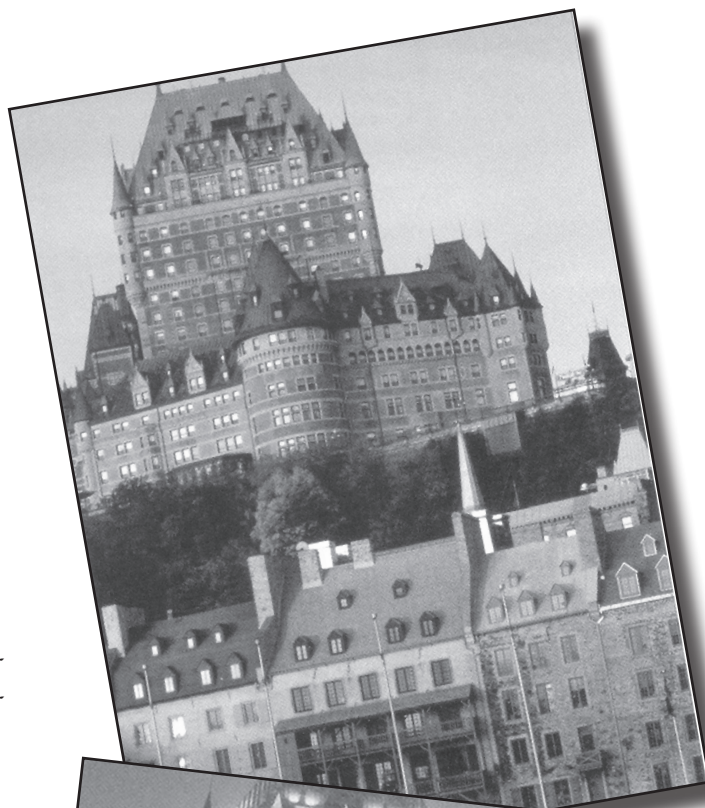
A reservation may be made by going to the Continental Airlines website at [www.continental.com](http://www.continental.com). Then proceed on the menus as follows:

- ♦ Specials
- ♦ Group & Meeting Travel
- ♦ MeetingWorks
- ♦ Book MeetingWorks Travel
- ♦ Agreement code - U2NDE8  
Z code - ZHKU
- ♦ Continue

Your reservation is then made as you select.

A reservation can also be made by telephone with MeetingWorks at 1-800-468-7022 from 7:00 AM to 10:00 PM CST. It will be necessary to give them the Agreement Code U2NDE8. Fares booked at least 60 days prior to the meeting receive an additional 5% discount.

Additional Annual Meeting information updates will be in the newsletter and the website.



## Chapter News

### CALGARY

The Calgary Chapter of SPEE currently has 50 members and three membership applications in various stages of approval. The Calgary Chapter meets every third Tuesday from September through May. Guest speakers provide insight on topical matters at alternate meetings.

The Calgary Chapter heard from four guest speakers during calendar year 2004. Our February guest speaker was Brian Prokop, Principal, Oil and Gas Analyst, Peters and Company. Mr. Prokop addressed the new NI 51-101 securities reporting requirements from an investment banker's point-of-view. In April we heard from Laurie Sibbald, President, Recount Resources Ltd. Mr. Sibbald addressed the complexities relating to analysis of new gas production, late stage depletion of existing gas pools and tight gas reservoirs. Bob Pearson, President of APA Petroleum Engineering spoke at the September luncheon. Mr. Pearson expressed his views on why strong geological support is critical to SAGD design. Our last guest speaker of the year was Mike Adams, Reserves Coordinator for Talisman Energy. Mr. Adams addressed the significant differences in reserve reporting practices between North American and international assets.

Our last luncheon of the year will be held at the Petroleum Club on December 21. At that time, the newly elected 2005/2006 Calgary Chapter Executive Officers will be introduced.

The Calgary Chapter has an ongoing involvement with the authoring of "The Canadian Oil and Gas Evaluation Handbook." Volume 1 was released in June 2002. Volume 2 was released for public comment in June 2004. Considerable feedback was received and amendments to the draft version is progressing. We expect to release the final version of Volume 2 during the first quarter of 2004. The Handbook is the reference for the new Securities reporting legislation in Canada. The Handbook is widely recognized and applauded within the Canadian industry and has significantly enhanced the profile of the SPEE.

### CALIFORNIA

Members of the California Chapter of SPEE met October 13th at Hodel's Country Dining in Bakersfield to elect officers and review plans for a Panel Session at the upcoming SPE Western Regional Meeting March 30 – April 1, 2005 in Irvine, California. The panel will present evaluation topics of current interest to California petroleum professionals. These include an update of crude pricing by Barry Evans and Tom Walker, key property evaluation parameters and the latest West

Coast property transfer activity by Russ Bertholf and Richard Miller, and current California reserve estimating issues by Bob Mannon. Richard Miller will also review the progress of SPEE's efforts towards certification of petroleum evaluation professionals.

The Chapter also approved continuing operations in 2004-05 with its current slate of officers; Richard Finken as Chairman, Russ Bertholf as Vice Chairman and Barry Evans as Treasurer.



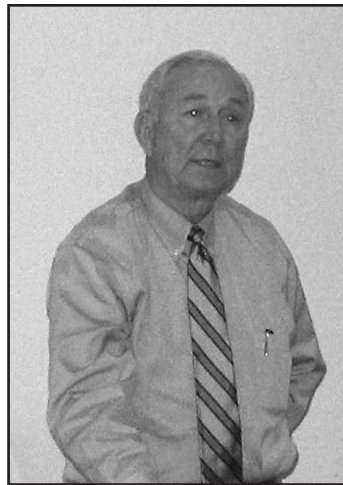
Chapter members in attendance were (left to right): Brad DeWitt, Arlie Skov, Rick Finken, Richard Miller, Bob Mannon and Russ Bertholf. Not shown is Barry Evans, Treasurer, who was taking care of the lunch bill!



The Chapter meeting was preceded by a general meeting attended by 25 SPEE members and guests. The meeting started off with Barry Evans leading a discussion of California crude price history and its relationship to US marker crude oils. Barry also reviewed price forecasting history and NYMEX futures pricing.

Following lunch, Ron Harrell updated attendees on the growing need for certification of petroleum evaluation professionals and SPEE's joint efforts with AAPG to achieve that goal. Ron's positions were very well

received and the current strategy for implementation seemed acceptable to all in attendance. The California Chapter is very grateful to Ron for taking the time to travel to Bakersfield and present a clear picture of the issue and of the efforts leading towards resolution.



Ron Harrell

The California Chapter has been successful over the past two years in offering meetings that highlight topics of SPEE expertise. There is a high level of interest in economic issues amongst the general industry. One of the general discussion topics at the Chapter member meeting was the possibility of offering a half or full day workshop pertaining to evaluation issues. This workshop would most likely be offered in October 2005 in Bakersfield.

#### CENTRAL TEXAS

The Central Texas Chapter held a meeting on December 8th at the University of Texas Club. Buddy Sipes, Arlen Edgar, and Charles Godfrey made their presentation of "Ethics for Evaluation Engineers." The presentation was well received by the 25 attendees, about half of which were SPEE members.

At the meeting the following officers were elected:

- Michael Horne – Chairman
- Carey McGregor – Program Chairman/ Treasurer
- Wayman Gore – Membership – Austin
- "Open" – Membership – San Antonio

#### MIDLAND

The Midland chapter of SPEE met on October 5 and heard a talk by Dr. Mark A. Miller, P.E. with Object Reservoir, Inc., of Houston. Object Reservoir, Inc. offers a 4-D simulation service known as Dynamic Reservoir Characterization, represented as being the first major technology breakthrough in 20 years in the field of predicting well and reservoir performance.

The simulation model enables asset managers early in the life of a well to predict reservoir performance, detect changes in reservoir performance with time, and avoid drilling unnecessary wells. The model incorporates seismic and geological data interpretations, pressure and production data, and then performs multiple hypotheses and sensitivity runs. The final result is an improved understanding of the reservoir and how it is likely to perform over its lifetime.

## SPEE Has Opportunity To Establish World Reserves Standards

The SPEE Board of Directors is expected to be presented at its January 2005 meeting with a progress report and, if appropriate, recommendations from an SPEE project evaluation team headed by Richard Miller. The establishment of a global program jointly sponsored by SPEE and AAPG leading to the Certification of Petroleum Reserves Evaluators – from both geoscience and engineering perspectives - has been under evaluation and study for several months. This project is being led by individuals who are concerned about enhancing the professionalism and recognition of our respective roles in reserves estimation and is not being guided by any company or government entity. Participation in the initial effort and the subsequent Certification steps is entirely voluntary and the objective is not to be confused with licensing by any state, province, country or other authority.

The purpose of this initiative is not to teach reservoir engineering or reservoir geology but to simply equip those otherwise highly qualified individuals with additional information about industry-accepted reserves evaluation practices that may not be well publicized and available throughout the industry.

Enthusiasm for this initiative has attracted a large number of volunteers, including a large number from SPEE, who have asked to serve on committees examining topics in which they have an interest. These volunteers will be included, along with volunteers from AAPG and other organizations, in the working committees as the work of each committee proceeds. In addition, Richard Miller has enlisted a group of 12-15 interested SPEE members to serve as a resource team and sounding board from the SPEE perspective.

All of the project committees are at work and are being led by competent, industry recognized individuals. Committees and their chairs follow:

- MANAGEMENT TEAM (MT) - Richard Miller (SPEE), Dan Tearpock (AAPG) and Ron Harrell (at large)
- QUALIFICATIONS - Ken Mallon (AAPG) – similar requirements for geoscientists and engineers
- RECOMMENDED PRACTICES - Creties Jenkins (AAPG) – geoscience and Curtis Phillips (SPEE) – engineering (Separate committees for each)
- DEFINITIONS - Claude McMichael (SPEE)
- ETHICS - Scott Hickman (SPEE)
- CERTIFICATION - Rick Erickson (AAPG)
- STEERING - Chairs of six committees above plus Management Team

Continued on page 6

## SPEE Has Opportunity To Establish World Reserves Standards (continued from page 5)

Qualifications will include consideration of education, experience and peer recommendations. The two recommended practices committees will focus on creating documents containing text and graphics leading to a full understanding of creating reliable reservoir maps and models through industry accepted applications of geophysics, petrophysics and geology. Engineers will separately develop documents containing text, examples and graphics of estimating reservoir fluid flow and phase behavior and recovery efficiencies under various economic and operating scenarios. Reserves manuals created by many of the largest E&P companies and supermajors have been requested for use in selecting good examples and graphics for inclusion in the certification documents.

Candidates will be invited to qualify on either the geoscience or engineering paths with significant overlap in both examinations. Some candidates may be able to qualify for both examinations.

The definitions committee will provide background and training in the application of reserves definitions from several venues – particularly the US SEC, the Alberta Securities Commission (ASC), SPE/WPC and others.

The certification committee will be charged with several responsibilities including (1) the development of examination questions and (2) creation of a secure process and procedure to allow examination through the internet worldwide. Continuing education and annual “recertification” procedures will need to be addressed along with a plan to investigate, evaluate and process grievance concerns. These are all serious matters for which solutions have not yet been sought but will be over time.

Who has expressed interest in being a part of the development of a Certification program? Our list of 30-40 (so far) volunteers includes employees of oil and gas producers, consultants, service companies, banks and others. These include familiar names like ExxonMobil, BP, Anadarko, Elk Resources, Sproule, D&M, LaRouche, Scott Hickman, SCA, Miller & Assoc, Rose & Assoc, PRA, Ryder Scott, Halliburton, Baker Hughes, Wells Fargo,

Compass Bank, Texas A&M University and several retired individuals. Observers will include Dr. David Elliott from the Alberta Securities Commission, Anibel Martinez from the World Petroleum Congresses and the US SEC (invited). The committees are presently fully staffed but all will entertain volunteers in observer roles.

The effort is attracting attention and encouragement from individuals and organizations such as accounting firms, law firms, investment bankers, the press and others interested in improving the public image of the reserves evaluation and reporting process.

This is indeed a challenge to the SPEE and will require a high level of support from all chapters. In your personal consideration of this, be reminded that SPEE is being afforded an opportunity to lead in the establishment of global reserves standards. If we lack the courage and vision to pursue this, there is no other organiza-

nization to pick up where we leave off. Stated another way, should we fail to pursue this, what is our reason to exist as an organization?

Please direct any questions you may have to any committee chair, Dan Tearpock, Richard Miller or Ron Harrell.

### Something to Think About



*With Sympathy*

*Joel T. Mays*

*November 2004*

*Treasurer  
Midland, Texas Chapter*

## Welcome New Members

### **WILLIAM WATERSON CALHOUN**

Crest Engineering Services, Inc.  
President/Engineer  
3700 Bain Place  
Tyler, Texas 75701  
903-534-5829  
888-510-7888 – fax  
watcal@crestengineers.com

### **LAWRENCE H. DAVIS**

Mineral Acquisition Partners, Inc.  
Sr. Vice President  
100 Park Avenue, Suite 1008  
Oklahoma City, Oklahoma 73102  
405-516-7600  
405-235-7644 – fax  
ldvis@maproyalty.com

### **FARHAD GHASSEMI**

ConocoPhillips  
Reserves Coordinator  
P. O. Box 4569  
Houston, Texas 77210  
Farhad.ghassemi@concocPhillips.com

### **JOHN HENRY HOMIER**

M1 Energy Capital Management, LLC  
1200 Smith Street, Suite 1600  
Houston, Texas 77002  
713-752-0062  
713-752-0063 – fax  
jhomier@ngpcrc.com

### **FRANK P. MOLLI**

Molli Computer Services, Inc.  
President  
P. O. Box 6129  
Colorado Springs, Colorado 80934  
719-520-1790  
719-520-5134 – fax  
frank@mcsi.com

### **WILLIAM W. VAIL, JR.**

Marshall Miller & Associates  
Director of Engineering  
11277 Airpark Road, Suite 203  
Ashland, Virginia 23005  
804-798-6525  
804-798-5907 – fax  
bill.vail@mmal.com

## Membership Applicants

The following member applicants have been processed by the Qualifications Committee. The bylaws require that their 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 applications have already passed through the Qualifications Committee.

### **APPLICANT**

### **SPONSOR**

#### **DAVID MICHAEL ADAMS**

Talisman Energy  
Internal Qualified Reserve Evaluator  
Suite 3400, 888 3rd St. SW  
Calgary, Alberta T2P 5C5

Barry Ashton  
John Dielwart  
Kent McLeod

#### **FREDERICK F. AU-YEUNG**

Reserves Specialist  
Husky Energy  
707 8th Ave. SW  
Box 6525, Station D  
Calgary, Alberta T2P 3G7

Phil Kandal  
Peter Sidey  
Nora Stewart

#### **JOHN MARK HOLLINGSHEAD**

Reservoir Engineer  
GeoMet Operating Company  
5336 Stadium Trace Parkway, Suite 206  
Birmingham, Alabama 35244

Joe Blankenship  
Darby Sere  
Danny Simmons

#### **JAMES EUGENE KLUTHO**

Reservoir Engineer  
Prima Oil and Gas  
1099 18th Street, Suite 400  
Denver, Colorado 80202

Jerry Pope  
Scott Stinson  
Greg Wilcox

#### **WILLIAM PAUL MCDONALD**

V.P. – Domestic Reservoir Engineering  
Pioneer Natural Resources  
5205 N. O'Connor Blvd., Suite 900  
Irving, Texas 75039

John Davis  
Dean Eiland  
Russell Hall

#### **GARY WAYNE PALMER**

President  
Roma Oil & Gas, Inc.  
8620 N. New Braunfels, Suite 220  
San Antonio, Texas 78217

Pete Bommer  
Paul Clevenger  
Debbie Dorsett

#### **MITCHELL C. REECE**

Engineering Manager  
Collarini Associates  
11111 Richmond Avenue, Suite 126  
Houston, Texas 77082

Dion Cole  
Dennis Jordan  
Don Roesle

#### **PHILIP ANDREW SCHENEWERK**

Reservoir Engineer  
Vintage Petroleum, Inc.  
110 West Seventh Street  
Tulsa, Oklahoma 74119

Bruce Heath  
Chris Jacobsen  
Kent Myers

#### **STEVE DAVID TAYLOR**

President  
Eidikos Inc.  
17702 Oaksham Lane  
Spring, Texas 77379

William Cobb  
Larry House  
Nathan Meehan

**SPEE**

1001 McKinney Street, Suite 801  
Houston, Texas 77002