

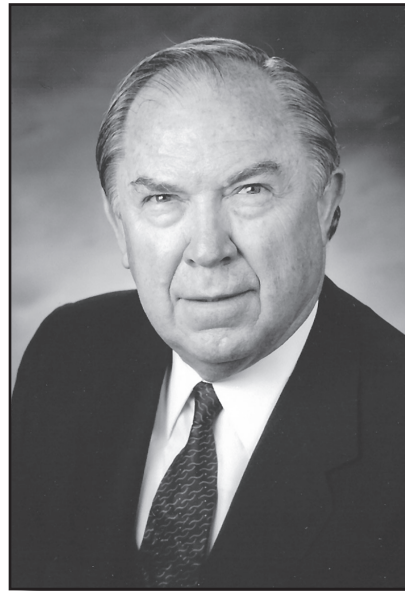
President's Letter

I look forward to serving as President in 2006 and acknowledge the trust and responsibility the Society has given me. First, I want to acknowledge and thank Dan Olds for his able and dedicated service as 2005 President. As Past President, Dan will continue to provide guidance and counsel as a member of the Executive Committee and Chairman of the Nominating Committee. The other members of the Executive Committee are Tim Smith, Vice President, and Frank Molyneaux, Secretary/Treasurer.

I think it is beneficial to reflect on what defines a member of SPEE. My definition is that our members are all professionals who perform responsible, competent, and ethical evaluations of petroleum properties and have demonstrated this ability for a minimum of 10 years. The three members who sponsor candidates have the first responsibility to know the candidate meets the qualifications for membership. This review is the first step in ensuring the high standards for membership we have maintained.

SPEE is currently engaged in developing joint training initiatives with AAPG. The effort for SPEE is being led by Stuart Filler, Director and Continuing Education Chairman. These initiatives will concentrate on geological and engineering methods to determine reserve estimates. These initiatives would certainly be considered as Continuing Education. Other Continuing Education topics will be considered if there is demand.

At the January meeting, the Board of Directors endorsed the SPE/AAPG/WPC reserve definitions. I feel this was long overdue since SPEE has used and supported the SPE/AAPG/WPC reserve definitions almost since their formation in 1987. This acknowledged consistency from the major societies engaged in reserves definitions and



determinations will be beneficial within the industry.

The Board has approved the application to accept MasterCard, Visa and American Express for all transactions. Credit cards will satisfy many requests from the membership and also greatly simplify international transactions.

I know the next topic may not be greeted with enthusiasm. The Board approved an increase in annual dues to \$120 USD in 2007. If annual dues are paid by check the annual dues are \$115 USD. There has not been an increase since 1999. The current increase represents an annualized rate of 4.6%/yr.

The Society had a deficit last year and is projecting a deficit for 2006. The Society is financially strong, however, the assets are declining due to the deficits. The increase in dues will contribute to maintaining the financial strength of the Society.

Our most financially successful seminars have been the SEC seminars. However, the SEC has declined to participate in future seminars. Without the participation of the SEC staff it is doubtful a SEC-focused seminar would be as successful.

We currently have 27% of our members who are 65 and over. They will continue to qualify for a 50% reduction in annual dues provided they are retired.

Tim Smith is well into planning for the 2006 Annual Meeting in Huntington Beach on June 11–13 and has prepared an excellent Technical Program. I know you will find the program topics timely and informative and hope to see you in California.

Please call me at 361-994-7222 if you have any questions or comments regarding the Society.

Bernie Brauer

2006 Officers and Directors

Committee Chairmen and Individual Appointments

Officers

President E. Bernard Brauer (Corpus Christi)
 Vice President.....S. Tim Smith (Austin)
 Secretary/Treasurer.....Frank Molyneaux (Calgary)
 Past President..... Daniel R. Olds (Houston)

Directors

Barry R. Ashton (Calgary)	Fred Goldsberry (Houston)
Robert Dimit (Midland)	Charles Nelson (Houston)
Stuart Filler (Houston)	Nanette Schulz (Denver)
David Gold (Bakersfield)	Jim L. Wilson (Enid)

Committee Chairmen

Continuing Education..... To Be Announced
 Evaluation Parameter Survey.....Leslie O'Connor
 Fair Market Value..... D. Russell Long
 Ethics and GrievanceFlorence Hughes
 Internet Richard Krenek
 Membership.....Brian Walter
 Newsletter Coordinator.....Fred Goldsberry
 Past President's Council.....Mark A. Doering
 Qualifications Nanette Schulz

Individual Appointments

Annual Meeting Advance Planning Richard J. Miller
 Communications Director Jim Wilson
 DirectoryBrian Walter
 Production Tax Summary Charles G. Massey/Dan Olds
 Liaison Representative on SPE
 Oil & Gas Reserves Committee..... D. Ronald Harrell
 Professional Registration Marcus Snyder

Chapter Officers - 2006

Calgary

Chairman – Barry Ashton
 Vice Chairman – Floyd Siegel
 Secretary/Treasurer – Curt Labelle
 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 –	Cary McGregor
Program Chairman/Treasurer	Open
Co-Membership	
Austin	Wayman Gore
San Antonio	Open
Secretary/Treasurer	Open

(Quarterly - Austin Country Club)

Dallas

Chairman	Dee Patterson
Vice Chairman	Rick Krenek
Secretary/Treasurer	Dean Eiland
Membership Chairman	John Nicol

(Bimonthly-September through May - Dallas
 Petroleum Club)

Denver

Chairman	Keith Engler
Program	Scott Wilson
Secretary/Treasurer	Jerry Hertzler
Membership	Kevin Weller

(2nd Wednesday of first month of each quarter
 Hershner Room - One Norwest Center)

Houston

Chairman	Sam Singer
Vice Chairman	Stuart Filler
Secretary/Treasurer	Ron Rhodes
Program Chairman	Ed Gibbon

(1st Wednesday of each month - Petroleum
 Club)

Midland

Chairman and Programs	Joel Castello
Treasurer	Bob Dimit
Membership	Joe Neal

(1st Tuesday of every other month-Petroleum
 Club)

Oklahoma City

Chairman	Dean Sergent
Vice Chairmen	
Program	Jim Wilson
Membership	Bruce Heath
Secretary/Treasurer	Fletcher Lewis

(Every odd-numbered month)

Tulsa

Chairman	Stanley M. Scott
Programs	Chris Jacobsen
	Gary Nilson
Membership	David Morrell
Secretary/Treasurer	Robin LeBleu

(1st Tuesday of each month - Petroleum Club)

SPEE

1001 McKinney Street, Suite 801

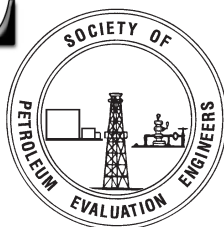
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The SPEE Newsletter is a quarterly publication of the Society of Professional Evaluation Engineers. News items, correspondence, address changes and advertising inquiries should be directed to SPEE headquarters in Houston, Texas.

Chapter News

CALGARY

On November 1, 2005 the Chapter published the much anticipated Volume 2 of the Canadian Oil and Gas Evaluation Handbook. This Volume contains the "Detailed Guidelines for Estimation and Classification of Oil and Gas Resources and Reserves." These two Volumes represent the culmination of thousands of volunteer hours by a few dedicated professionals, and "accomplished the objective of establishing and documenting evaluation standards and guidelines to improve the quality and consistency of reserves evaluation practice and reporting." The Volumes can be purchased at www.petsoc.org.

In November, Mr. Chris Slubicki of Scotia Waterous delivered an interesting presentation on "How Does NI 51-101 Affect Acquisitions and Divestitures." The presentation drew many questions and an invigorating discussion. Approximately 25 members were in attendance. The year wrapped up with our Christmas luncheon on December 20, 2005, where Mr. Robert Odd presented Mr. Glenn Robinson as the winner of "oil price contest." His prediction (last December) of the average 2005 oil priced of \$52.33 US was closest to the actual price of \$56.29 US.

CALIFORNIA

The California Chapter was not able to get a second meeting put together for 2005. The Chapter participated in the March 2005 SPE Western Regional Meeting with a panel discussion and had every intention of getting together for a luncheon forum in Bakersfield in the Fall. High oil prices are to blame. We are all busy and since most of us are consultants, we are "making hay while the sun shines."

The Chapter will continue with the same officers for a little while at least.

We are looking forward to this year's conference in Huntington Beach.

HOUSTON

After the summer break, the Houston Chapter of SPEE kicked off the fall schedule by hosting a panel discussion focused on the certification of reserve evaluators, a topic currently in the forefront of industry discussion. The panel consisted of three members of the joint AAPG/SPEE managing committee: Mr. Ron Harrell of Ryder Scott & Assoc. (SPEE); Mr. Richard Miller of Richard J. Miller & Assoc. (SPEE); and Mr. Dan Tearpock of Subsurface Consultants Inc. (AAPG). Each member provided his perspective as to the progress, status and direction of the certification effort. Although these issues affecting

the SPEE did not go before a vote of its members, the panel emphasized renewed focused on training efforts in reserve estimation and evaluation.

Despite the lingering effects of Hurricane Rita, the chapter proceeded with its October luncheon. The speaker was Mr. John L. Shafer, a consultant with Reservoir Management Group currently engaged with Devon Energy in their GOM Deep Water Division. Mr. Shafer's topic was titled "Methods and Procedures for Calibrating NMR Log Derived Permeabilities." This technical presentation highlighted the need for accurate NMR log calibration given the importance of permeability and irreducible water saturation in formation evaluation.

Dr. Larry Brown, an Engineering Consultant in Houston, made an engineering ethics presentation in November. Dr. Brown has over 35 years of Petroleum Industry experience and is currently a member of the SPE Engineering Professionalism Committee. His presentation identified the essentials in making ethical decisions and provided practical methods in resolving conflicts among ethical principals. The luncheon presentation fulfilled the ethics training requirement for state licensing.

The Houston Chapter closed out the 2005 luncheon schedule in December with a presentation by one of its members, Dr. Fred L. Goldsberry, President of WAVEX, Inc. His topic was titled "How Images Impact Your Decisions." Fred provided an entertaining presentation focused on decision-making processes, how to make better informed decisions and how to avoid making bad decisions. Elections were conducted at the meeting with the following individuals elected chapter officers for 2006: Sam Singer, Chairman; Stuart L. Filler, Vice-Chairman; and, Ron E. Rhodes, Treasurer. Ed J. Gibbon was appointed Program Chairman.

The new chapter officers are fully engaged in 2006. Preparations are underway for the joint SIPES/SPEE luncheon on January 19, which is hosted this year by SIPES. Douglas R. Wight, V.P. Corporate Development with CDX Gas LLC will make a presentation titled "Unconventional Drilling Methods for Unconventional Reservoirs." The February 1 SPEE luncheon speaker is Ken Beeney, Chief Geophysicist with Devon Energy. Mr. Beeney will be focus on lower tertiary discoveries in the GOM Deepwater. Luncheon attendance in 2005 reflected a modest 13% increase over the previous year. Attendance averaged 41 persons per luncheon in 2005 versus 36 in 2004. The chapter's financial account is in good shape. We ended the year with a balance of \$4,019.43, which is slightly higher than the \$3,828.36 balance at the end of 2004.

MIDLAND

The Midland chapter met twice in the last half of 2005. The first meeting on July 7 was a joint meeting with Midland Business Development Group and the FEPA organization. The MBDG is a group of business development professionals from large oil and gas and banks in Midland. The FEPA organization is another group of dealmakers who discuss financing oil and gas projects. Many people are members of both groups including SPEE. The joint meeting was held in order to attract a high profile speaker, Adrian Goodisman, Managing Director of Scotia Waterous, the largest oil and gas A&D firm in the world. Adrian spoke on recent sales in the Permian Basin and worldwide, who is buying and selling, metrics pertaining to recent sales (\$/BOE;\$/BOEPD;\$/Monthly NCF), and trends he sees in the business.

The second meeting was on October 18. Chris Aycock, attorney with the Cotton, Bledsoe law firm of Midland spoke on "The role of Evaluation Engineers as Experts in Litigation." He summarized recent Texas cases involving expert witnesses and offered advice on preparing expert witness testimony.

I must admit a poor job at scheduling and lining up speakers for our local group. We are all very busy professionals, and work demands override my ability to lead this group as I should lead it. I do need help in leading

the organization. I plan to ask a few key members of the group to a meeting to discuss the future of the Permian chapter, as I will not be continuing in the chairman role next year, how to get more members involved in active leadership, and how to get relevant speakers. As with any organization, only a few members do 90% of the work. In my view, few are willing or able to step up and take on the chairman or vice chairman job.

SPEE is a vital organization for those of us involved in evaluation engineering. I want to see the local chapter thrive and grow, but I need some help and advice from others to accomplish this effort.

OKLAHOMA CITY

The September 2005 meeting with David Marcell, Managing Director, A&D for Tristone Capital, had to be postponed due to Hurricane Rita. David rescheduled to speak at the January 2006 meeting.

The Chapter had the highest-attended meetings ever in the Fall. In October, Aubrey McClendon, CEO - Chesapeake Energy, presented Chesapeake's outlook for the natural gas industry. The December meeting featured Ceci Leonard, Reservoir Engineering Manager, Devon Energy, who presented some of the lessons learned in the Barnett Shale. There was an average of 100 people in attendance for both meetings. Jim Wilson has done a fabulous job as the chapter Program Chairman.

Board of Directors

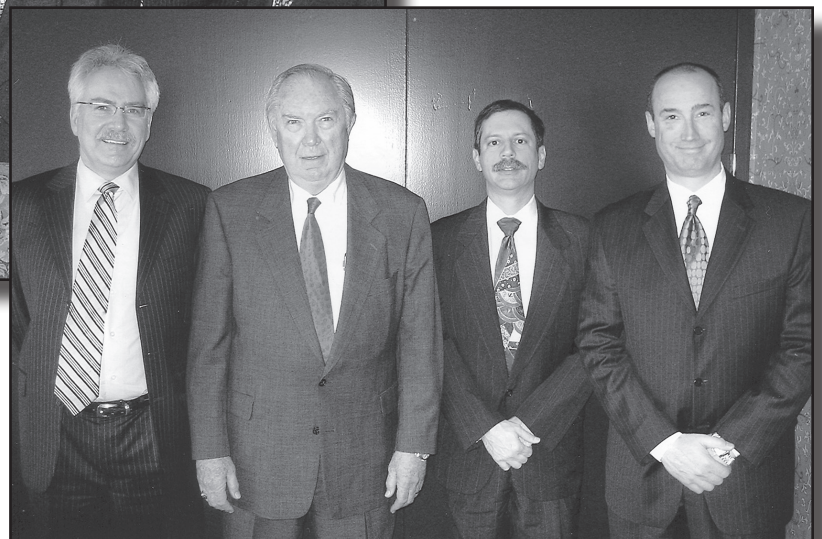


Back Row (l-r): Fred Goldsberry, Jim Wilson, Tim Smith, David Gold, Dan Olds

Front Row (l-r): B.K. Buongiorno (Executive Secretary for SPEE), Nanette Schulz, Bernie Brauer, Robert Dimit, Stuart Filler, Frank Molyneaux, Charles Nelson

Officers

Frank Molyneaux - Secretary/Treasurer
Bernie Brauer - President
Dan Olds - Past President
Tim Smith - Vice President



SPEE Annual Meeting

Huntington Beach, California

**Enjoy an Informative Technical Program and
Earn 12 - 16 PDH Hours in a Relaxed Atmosphere**

Social Activities include:

Cocktails Aboard the Queen Mary and a
Catalina Island Excursion

2006 Speaker Roster

Rick Bergsieker

Managing Director - Galway Group LNG Commercial Advisors

Guy Caruso

Administrator – Energy Information Administration, U.S. DOE

Dr. Edgard Habib

Chief Economist – Chevron Corporation

Kenneth Hersh

CEO, NGP Energy Capital Management

Dane Isenhower

Managing Director of A&D – Tristone Capital

Dr. Jimmy Smith

Director - National Institute for Engineering Ethics

Marina Voskanian

Mineral Resources Management Division
California State Lands Commission

Richard Ward

Director - Cambridge Energy Research Associates (CERA)

SPEE/AAPG/WPC Reserves Training

Session 1 - June 10th

Stuart Filler (SPEE)

Engineering Aspects of Reserves Estimation

Session 2 - June 11th

Dan Tearpock (AAPG)

Avoiding Write Downs and Common Mapping Errors

Sponsorships will be available. Sponsors will receive
advertisements in the meeting proceedings and
publicity during technical session
intermissions.
Contact Tim Smith.



Save the Date
June 10-13, 2006

ENGINEERING ETHICS

*** Open Call For Ethics Questions and Issues ***

At the 2006 Annual Meeting in Huntington Beach this Summer, Dr. Jimmy Smith will teach a one-hour ethics course to satisfy State's continuing education requirements. Certificates of course completion will be provided.

SPEE Members have the unique ability to shape the course content so that it directly reflects issues germane to evaluation engineers and geologists.

Please submit your ethics questions, issues, hypotheticals and case histories to Tim Smith. If there is adequate response to this open call by April 21th, Dr. Smith can customize the course especially for SPEE.

Contact: Tim Smith
Phone: (512) 476-1245
Fax: (512) 476-6025
sts-drga@swbell.net



**CONTINUING EDUCATION
OPPORTUNITIES**

SPEE “Certification Initiative” Evolves Into Global Reserves Evaluator Training Program

The proposal to develop a voluntary industry-supported program that would be available to qualified petroleum reserves evaluators worldwide to earn a certificate following training and examination in recommended evaluation practices, definitions and ethics was not well-received across all segments of industry.

However, the training objectives of this initiative have been generally well recognized and accepted by virtually everyone. In March 2006, the SPEE, AAPG and the WPC endorsed a cooperative agreement to officially become sponsors and supporters of a world-class program that will become an incubator for the initiation and development of training modules to be offered globally to reservoir engineers and geoscientists at a nominal cost. Successful participants in these training courses will ultimately be awarded internally-accepted Continuing Education Units (CEUs).

The alliance between the 31,000-member AAPG organization, the World Petroleum Council and SPEE will reposition SPEE to become globally recognized and will challenge our ability to adapt to a new and expanded environment. The WPC represents 61 member countries that control virtually all of the world’s petroleum resources.

The “official” program launch will occur on April 8 in Houston during the 2006 Annual AAPG Conference. Dan Tearpock will present an 8-hour course entitled “Petroleum Reserves: Avoiding Write-downs – An Overview Of Recommended Geological Practices.” The contents of this course (training module) have been reviewed in depth by



the WPC and a nine-person SPEE committee chaired by Stuart Filler. The intersocietal review process was carefully and critically made and led to several recommendations and alterations acceptable to Tearpock and the AAPG.

The next SPEE-AAPG-WPC-sponsored presentation – entitled “Engineering Aspects of Reserves Analysis” – will be made by Stuart Filler on June 10, 2006 in Huntington Beach

during the annual SPEE Conference. This half-day presentation will be reviewed and made acceptable to AAPG and WPC before their approval for presentation. On the following day, Mr. Tearpock will conduct a 4-hour training session entitled “Petroleum Reserves: Avoiding Write-downs and Common Mapping Errors.” This will be similar to the module he taught in Houston on April 8 for the AAPG conference. Work is underway on other training modules and they will be “vetted” by the appropriate sponsoring societies prior to being released.

There are a myriad of details related to copyrights, program charges, cost recovery, distribution, advertising, marketing and other matters that will be addressed over time.

I extend my personal thanks to so many of you fellow SPEE members who have “stayed the course” in seeing this program through to this point. I also ask your continued patience, and assistance, as we work through some of the remaining issues that must be resolved. As we all know, “the devil is in the details.”

Respectfully submitted,
Ron Harrell

Welcome New Members

GILBLOM, TIMOTHY JAMES

Member No. 669
 Gilblom Engineering, PLLC
 Principal
 221 S. Yellowstone Street
 Livingston, Montana 59047
 406-222-3593
 904-216-7408 - fax
 tgilblom@gilblomengineering.com

HARPER, JACK LAYNE (Jr. Member)

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 Vice President - Engineering
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 Houston, Texas 77210-4444

HUMPHRIES, GUY MARTIN

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 Product Manager - Economics
 2101 City West Blvd., Bldg. 2
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 ghumphries@lgc.com

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 713-655-3021 - fax
 James_latham@ryderscott.com

ROBINSON, GREGORY DALE

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 403-294-5570 - fax
 greg.robinson@sproule.com

SIDLE, RODNEY EARL

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 Senior Reserves Consultant
 P. O. Box 576
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 1-281-544-2063
 1-281-544-3153 - fax
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 2141 Rosecrans Avenue
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 310-726-7640 - fax
 jtenzer@unocal.com

WOODS, DONALD W.

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 Associate
 140 4th Avenue S. W., Suite 900
 Calgary, Alberta T2P 3N3
 403-294-5568
 403-294-5570 - fax
 don.woods@sproule.com

SPEE Membership Snapshots 1996 and 2006

Member Age Group	1996		2006	
	Count	Percentage	Count	Percentage
< 35	8	1.7%	2	0.5%
35 - 44	122	26%	34	6%
45 - 54	107	23%	201	37%
55 - 64	112	24%	155	29%
65 >	117	25%	148	27%
Total	466		540	

The 2006 age range for our membership is 33 to 99 years old.

Median age is 55 years old.

SPEE is getting older. What does this mean for the future of our organization?

*J. Brian Walter
 Membership Chairman*

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	APPLICANT	SPONSOR
DARTEZ, FRANKLIN Guaranty Bank 333 Clay Street, Suite 4400 Houston, Texas 77002	Mike Garcia James Patterson William Schneider	RITTER, JOHN E. Chevron Corporation Reserves Manager, N.A. Upstream 1500 Louisiana Houston, Texas 77002	Fred Goldsberry Ron Harrell Jerry Tabb
DOVER, JR., AARON LEE Fasken Oil and Ranch, Ltd. Petroleum Engineer 303 West Wall Street, Suite 1800 Midland, Texas 79701	Mark B. Merritt William R. Huck Larry Connor	STROMAR, MIRO Chapman Petroleum Engineering Ltd. #445, 708 - 11th Avenue, S.W. Calgary, Alberta T2R OE4	Barry Ashton Charles Chapman Charles Moore
HAMMONS, ROBERT WILLIAM J M Huber Corporation 11451 Katy Freeway, Suite 400 Houston, Texas 77079	Christopher Avra Dan Sodersten Marilyn Wilson	CHARLES P. TENNANT Yuma Exploration and Production Co., Inc. 1177 West Loop South, Suite 1825 Houston, Texas 77027	Kerry Adams Mike Garcia Bob Moses
HEATH, GREGORY MARSHALL (Jr. Member) McDaniel & Associates Consultants Ltd. Suite 2200, 255 - 5th Avenue, S. W. Calgary, Alberta T2P 3G6	Laurie Bowns Bryan Emslie Phil Welch	WILLIAMS, JOHN DAVID Southwestern Energy Company 2350 N. Sam Houston Pkwy, E., Suite 300 Houston, Texas 77032	Kerry Adams Dan Olds Ron Rhodes
JOHNSON, PHILIP GLENN (Jr. Member) Cimarex Energy 15 E. 5th Street, Suite 1000 Tulsa, Oklahoma 74103	Chris Jacobsen Dave Reese Phil Schenewerk		
KING, DONALD BMO Financial Group 6th Floor, 350 - 7th Avenue, S.W. Calgary, Alberta T2P 3N9	Curt LaBelle Frank Molyneaux Robert Odd		
NEWMAN, ROBERT M. Cimarex Energy Company 15 East 5th Street, Suite 1000 Tulsa, Oklahoma 74103-4346	James Bostic Phil Schenewerk Kent Alan Williamson		
PRICE, CHARLES ERROL Capital Appraisal Group, Inc. Appraiser 9300 Research Blvd., Suite 100 Austin, Texas 78750	Michael Horne Lynn McCoy Brian Walter		
REID, DAVID (Jr. Member) Shell International B.V. P. O. Box 162 The Hague, 2501 AN The Netherlands	Tom Gardner Farhad Ghassemi Dan Olds		

With Sympathy



IN MEMORIAM
We regret to note
the passing of
the following member:

SOL SMITH
Austin, Texas
March 18, 2006

SPEE

1001 McKinney Street, Suite 801
Houston, Texas 77002