

## *President's Letter*

Hopefully everyone has had the opportunity to rest and vacation a bit this summer. Based on statistics recently released, it sounds like those in the industry deserve it. In a recent detailed testimony before the U.S. Senate Committee on Energy and Natural Resources held on July 16th, Adam Sieminski, the head of the U.S. Energy Information Administration, reported that USA domestic oil production for the month of April 2013 reached its highest level since October 1992 with an average rate of 7.4 million barrels per day. Then just a few days ago, the EIA released the latest weekly tally of USA domestic production with the oil production rate in mid-July being 7.56 million barrels per day (highest since December 1990). Should anyone think the industry came about this phenomenal oil rate easily, I reference a statistic compiled by Mr. Leonardo Maugeri, the Roy Family Fellow at the Belfer Center for Science and International Affairs, John F. Kennedy School of Government, Harvard University. Mr. Maugeri, previously a Senior Executive Vice President with ENI, indicated in a recently published thought-provoking discussion paper that a total of 45,468 oil and gas wells were completed, and 28,354 of these wells were brought online within the USA alone during calendar year 2012. We can all appreciate the drilling-intensive nature of the unconventional oil and gas business, but Mr. Maugeri puts the immense unconventional effort within the USA in numerical perspective, explaining that in the same calendar year these tens of thousands of wells were completed and brought online within the USA, approximately 3,450 oil and gas wells were brought online in Canada, and 3,921 oil and gas wells were completed in the rest of the world combined. All this leads to a simple observation and a nagging question. The observation being that is a lot of new wells to evaluate and estimate reserves. And the question being how long will it take before this sort of activity is replicated in other countries of the world? Mr. Maugeri addresses this question in his referenced recent publication titled *The Shale Oil Boom: A U.S. Phenomenon*, Discussion Paper 2013-05, Belfer Center for Science and International Affairs, Harvard Kennedy School, June 2013. I encourage you to read both Mr. Sieminski's detailed Senate testimony and Mr. Maugeri's discussion paper, both of

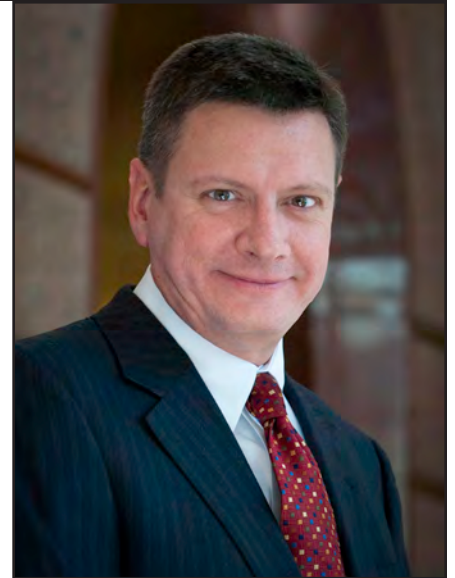
which are timely and well written.

The 32nd Annual Survey of Parameters Used in Property Evaluation was published in June. Chairman **Dee Patterson** did an outstanding job this year of enhancing

the long-running Survey in order to provide more granular information regarding risk adjustment for conventional onshore, unconventional onshore, and offshore assets.

**Buddy Sipes** recently retired as Chairman of SPEE's Ethics Committee, a post he has held for many years. A big thank you goes out to Buddy for all of his years of service in filling that position. **Tom Collier** has graciously agreed to take over as Chairman of SPEE's Ethics Committee. Tom is no stranger to leadership roles within the International organization, having served as Chair of SPEE's Evaluation Parameters Survey Committee and as a Director of SPEE.

SPEE's 2013 Annual Meeting in Coeur d'Alene, Idaho, was a great event. For those that joined us at the resort in early June, I think you will agree that the weather could hardly have been nicer. The resort was nice, the town was inviting, and the social events were fun. More importantly, the technical agenda and short courses were interesting, informative, and well-paced. As always, we have our speakers to thank for this. On behalf of all who attended our 2013 Annual Meeting, I would like to thank SPEE members **Russ Hall, John Lee, Nathan Meehan, Dee Patterson, John Seidle, Richard Smith, Don Woods, and Mike White** along with special non-member speaking guests Mike Heinz, Bill Marko, Chris Moore, and Chris Simon. Thanks go to each of you for taking your valuable time to prepare for, travel to, and present at this event. Of course the whole event was orchestrated by our Vice President and Annual Meeting



# 2013 Officers and Directors

## Executive Committee

President.....Richard Krenek (Dallas)  
Vice President .....Samantha Holroyd (Houston)  
Secretary-Treasurer..... Gary Gonzenbach (Central Texas)  
Past-President .....Marshall Watson (Midland)

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Brent Hale (Dallas)	Graeme Simpson (Europe)
Letha Lencioni (Denver)	Curt Taylor (Houston)
Dee Patterson (Dallas)	Mike White (Denver)
Rod Sidle (Houston)	

Chair of the Council of Past-Presidents ..... Barry Ashton

## Bylaws Committees

Qualifications..... Phil Kandel  
Committee: Steve Blair, Tim Gilblom, and Richard Rowe  
Nominating ..... Marshall Watson  
Grievance ..... David Gold  
Committee: Frank Molyneaux and Dan Olds  
Reserves Definitions ..... S. Tim Smith  
Committee: Russ Long, Rod Sidle, Stuart Filler, and John Etherington

## Individual Appointments

Evaluation Parameters Survey.....Dee Patterson  
Committee: Cary McGregor and Curt Taylor  
Fair Market Value .....D. Russell Long  
Internet..... Mike White  
Committee: Jennifer Fitzgerald and Kemper Dodson  
Membership .....Letha Lencioni  
Newsletter Publisher..... Richard J. Miller  
Communications.....George Schaefer  
Production Tax Summary and University Interface ..... Marshall Watson  
Recommended Evaluation Practices..... Daniel R. Olds  
Annual Meeting Advance Planning..... Barry Ashton  
Professional Registration ..... Marcus Snyder  
Evaluation of Resource Plays - Monograph 3 ..... Russell K. Hall  
Evaluation of Resource Plays - Monograph 4 .....John P. Seidle  
Technical Training.....Samantha Holroyd  
SPE OGRC Oil and Gas Reserves Committee Observer.....Ron Harrell  
JCORET Joint Committee on  
Reserves Evaluator Training ..... Rod Sidle, Chairman  
Russ Long, Keith MacLeod, John Ritter  
COGEH Canadian Oil and Gas Evaluation Handbook.....Robin Bertram  
UNECE Expert Group on Resource Classification ..... S. Tim Smith

# Chapter Officers - 2013

## Calgary

Chairman - Katherine Crerar  
Vice Chairman - Doug Wright  
Secretary - Floyd Williams  
Treasurer - Gary Metcalfe  
Membership - Dave Hornung

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Chairman - Brad DeWitt  
Vice Chairman - Rick Finken  
Secretary-Treasurer - Barry Evans  
Membership - John Davis

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Vice Chairman -  
Secretary - Charles Price  
Treasurer - Gary Gonzenbach  
Membership - Paul Clevenger

## Dallas

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Secretary - Brent Hale  
Treasurer - Bill Gross  
Past Chairman - Gary Swindell  
SPEE Liaison - Paul McDonald

## Denver

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Membership - Andrew Forcina

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Chairman - Jes Christensen  
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Membership - Bob Harrison

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Chairman - Jennifer Fitzgerald  
Vice Chairman - Anna Hardesty  
Secretary-Treasurer - Lucy King  
Program Chairman - Steve Davis

## Midland

Chairman - Todd Yocham  
Vice Chairman - Robert Green  
Secretary-Treasurer - Karl Gulick  
Membership Chairman - Russell Hall

## Oklahoma City

Chairman - Don Jacks  
Vice Chairman - Gary Hunter  
Secretary-Treasurer - Fletcher Lewis  
Membership - Bruce Heath

## Tulsa

Chairman - Daryl Duvall  
Vice Chairman - Marc Schutt  
Sec/Treas. - Laura Stauffer  
Membership Chairman - Phil Schenewerk

## Wyoming Chapter Coordinator

Scott Stinson



5535 Memorial Drive, #F654  
Houston, Texas 77007  
713-651-1639  
fax 713-951-9659  
www.spee.org

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

Financial/Web Administrator  
Kemper Dotson  
kemper@spee.org

Newsletter Editor  
Diane Pollard  
dpollard@austin.rr.com

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

Continued from page 1

Chair, **Samantha Holroyd**. In keeping with what has become an SPEE tradition now 50 years and counting, I think you will agree that she hosted an excellent event. Next year we will meet June 7-10 in Stowe, Vermont.

**Rick Krenek**  
**President**

**Editor's Note:** You may locate the 19-page testimony of Adam Sieminski online by going to a search engine and typing "Adam Sieminski Senate testimony July 16 2013." Look for the PDF version. You may locate the 66-page paper by Leonardo Maugeri titled *The Shale Oil Boom: A U.S. Phenomenon*, Discussion Paper 2013-05, Belfer Center for Science and International Affairs, Harvard Kennedy School, June 2013, online by going to a search engine and typing "Leonardo Maugeri Shale Oil Boom."



**PLAN  
AHEAD**

**SPEE Annual Meetings**

**June 7 - 10, 2014 Stowe, Vermont**  
**Stowe Mountain Lodge**

**June 5 - 9, 2015 Halifax, Nova Scotia**  
**The Westin Nova Scotian**

**Contact Barry Ashton to provide suggestions  
on locations and venues for future meetings.**

**Already thinking about it?**  
**You should be.....**

*June 7 – 10, 2014*  
*Stowe Mountain Lodge Stowe, Vermont USA*  
*[www.stowemountainlodge.com](http://www.stowemountainlodge.com)*



# Chapter News

## Calgary

Meetings - 3rd Tuesday of each month except June, July and August. Membership - 47

## California



Rick Finken, Brad Dewitt and Richard Miller conducting the Ethics Session, SPE Western Regional Meeting, April, 2013

Membership - 27

## Central Texas

Membership - 31

## Dallas

Meetings - Bimonthly September through May on 3rd Thursday of the month unless otherwise stated.

Membership - 55

## Denver

The Denver Chapter Luncheon meeting on July 10th was well attended. Almost 50 people heard Mr. Adam Chin, one of IHS/Fekete and Associates' Technical Advisors, present a talk on *Capturing Production Forecasting Uncertainty in Fractured Horizontal Wells*. Mr. Chin gave an excellent presentation that among other subjects covered materials to be included in *SPEE Monograph #4*, specifically assessing uncertainty in production forecasting using analytical models.

Meetings - 2nd Wednesday of first month of each quarter - Denver Athletic Club - The New Petroleum Club. Membership - 65

## Europe

Meetings - Four per year. Membership - 23

## Houston

Meetings - 1st Wednesday of each month except June, July and August - Houston Petroleum Club. Membership - 186

## Midland

In July, SPEE Midland hosted a luncheon meeting at the Petroleum Club that was well attended. The speaker was Marshall C. Watson, Ph.D., P.E. Dr. Watson is the Chairman of the Bob L. Herd Department of Petroleum Engineering at Texas Tech University. Marshall is the SPEE Past National President for 2012 and recently selected as the department chairman at Texas Tech University. Under his leadership at TTU, the department switches from an academic chairman to an industry-experienced leader. This was a great opportunity to learn firsthand from Marshall about the new direction of a Petroleum Engineering education at Texas Tech University.

We will continue our lunch and learn meetings in 2013 at the Petroleum Club.

Meetings - 2nd Wednesday odd months - Midland Petroleum Club. Membership - 28

## Oklahoma City

Meetings - Every odd-numbered month. Membership - 24

## Tulsa

Meetings - Tuesday of each month - Petroleum Club. Membership - 27



## Introducing a new Feature ...

### News You Can Use from Your Internet Committee

The Internet Committee is comprised of SPEE members Mike White and Jennifer Fitzgerald plus part-time employee Kemper Dotson. No one individual possesses the title “webmaster,” but working in concert, we perform that function for the SPEE website. Starting with this issue and in subsequent issues, the Internet Committee, IC for short, will cover aspects of your website, and more.

It is the intent of this feature that you discover new and useful functionality of the website with each issue of the newsletter. We’ll cover some of the basics first, and expand through more detailed topics in future issues.

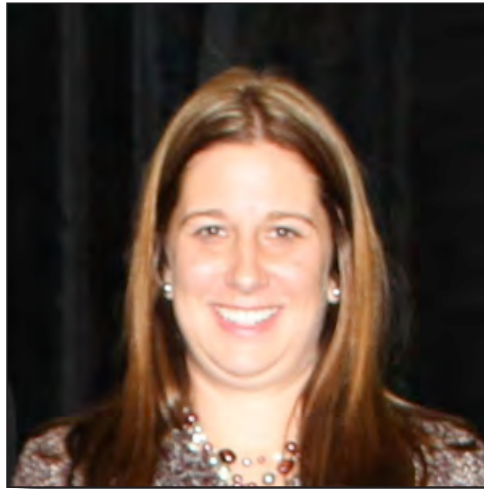
“Internet Committee” is only two words, but “service” is our middle name. We perform a variety of tasks but they can be classified into three broad functions: promote the society, facilitate communication, and facilitate merchant services activities. The website is only one tool at our disposal, but it is a very important one. The website is the face of our society to the world, and it is the tool most frequently used by our membership. So let’s get started.

The address of the SPEE website is [www.spee.org](http://www.spee.org). Click this and go to the Homepage. The Homepage has a primary menu bar across the top. Select any menu bar item, and you will be directed to your selected page with a second tier menu bar along the right-hand margin. For example, did you know an archive of newsletters going all the way back to January 2009 is available simply by clicking **News** on the Homepage? No need to search for hardcopies of back issues.

One of the more popular website menu bar items is **Resources**. It houses information such as Recommended Evaluation Practices, U.S. and Canadian Regulations, Reserves Definitions, Monograph 3 errata and much more. Be on the lookout for the newest addition to **Resources**, the Reserves Definitions Committee page. Here you will find the most recent version of the U.S. SEC’s Compliance and Disclosure Interpretations (C&DI’s) document aka “Guidance.” This page should be active by press time.

Should you ever need to contact us, our common email address is [info@spee.org](mailto:info@spee.org). At the annual meeting, Mike made

both a request and an offer of assistance to all members. He asked each member to log into the online Membership Directory, update your contact information if needed and, lastly, upload a current photograph of yourself. The online directory will be the data source for any future hardcopy edition of the SPEE Directory. At present, only 61% of active members have uploaded a photo. The last time the directory was printed (in 2009), photo participation was 83%. The offer of assistance is this: if your picture does not upload on the first try, email it to [info@spee.org](mailto:info@spee.org). The IC will take it from there and get it uploaded. It may save us some detective work if you include your name in the email too!! Tip: The internet browser Internet Explorer 8 seems to present some photograph uploading problems while IE9/10 seems to perform without issue.



Jennifer Fitzgerald

“How do I log in?” you may ask. Go to the Homepage and look at or scroll down to the menu bar on the bottom of the page. Click on **Member Login**. Your user ID is most commonly the email address that you keep on file with SPEE.

Did you forget your password? Look to the right margin and select **Request New Password**. Supply your email address and click **E-Mail New Password**. If the email you supply and the email on file match, the system will generate a new password and email it to you within about 60 seconds. As you log in, the system will force a password change. If the email you supply and the email on file match don’t match for any reason, the system will tell you immediately and cease the login process. Then it is time to email [info@spee.org](mailto:info@spee.org) to get it resolved. We’ll be standing by.



Mike White

By the next issue of the newsletter, a new issuance of U.S. SEC guidance is expected, board of director elections should be nearly concluded and collection of 2014 dues will be underway. Just in case you were wondering, you can pay your 2014 dues online after 11/1/2013.

**Jennifer Fitzgerald**  
**Mike White**

## Award for SPEE Newsletter...and Other Interesting Stuff

At the SPEE Annual Meeting in Coure d'Alene, Idaho, in June, the SPEE Newsletter received an Award of Appreciation from President Rick Krennek. While my name is on the Award, I want to acknowledge and thank those who do the real work of assembling and publishing the Newsletter. I have the easy job of deciding when to publish, and I collect reports and articles of interest to SPEE Members. The hard work is done by **B.K. Buongiorno**, who contacts the Chapters and Committees for updates on their activities - including information on new and prospective Members; and by **Diane Pollard** who assembles and edits the articles and news items and publishes the newsletter as the high-quality publication that you receive. Thank you B.K. and Diane for making the Newsletter a success.

Over the past few years we have sought to improve both the content and quality of the newsletter as a printed publication. While many organizations have discontinued print publications in favor of emailed or website postings, SPEE has taken the view that a professional organization should be able to provide Members with a professional quality publication that Members can read and enjoy at leisure, and even use as a reference for articles and/or contact information. Rather than have the SPEE Newsletter lost in the deluge of electronic communications that we receive every day, we hope to maintain that personal contact afforded by a volume with real pages.

In this issue we are adding some new columns that we hope will become regular features. The **Legal Beat** will try to provide Members with information regarding court decisions and regulatory changes that could impact our work and profession. Contributions to this column are encouraged. We

are also adding a column by **Mike White** which discusses the SPEE Website and the services available to Members through the site. SPEE has invested a significant amount of time and effort in the creation of a high-content, user-friendly website. The Website column will provide information on how to access and use the information and services.

We are also trying to provide our Members with more information about the activities and inner working of SPEE. Members who attended the 2013 Annual Meeting noticed a variation from our "old" meeting format when the Business Session was placed at the beginning of the program rather than late on Tuesday morning when everyone is trying to beat check-out time. **Rick Krennek** and **Gary Gonzenbach** provided excellent presentations about the current condition of SPEE, including details of our financial situation, and plans for the future of SPEE. We have included some of the financial information through a very useful report by Gary and we hope to make such reporting a regular feature in the Newsletter.

We continue to try to include interesting stories about individual Members - the **human interest** stuff. We have occasionally had these articles in the past, but this is an area where we would like to do better and your help is vital for our success. If you have news or information that you think would be of interest to other Members please send a note to B.K. Pictures are good too!

**Richard J. Miller**  
Newsletter Publisher

### Mark B. Merritt 1958-2013

Mark Merritt died June 1, 2013 after a hard fought battle with cancer. He was 54 years old. Mark was born July 28, 1958 in Dimmit, TX. He graduated from Dimmit High School in 1976 and from Texas Tech University in 1980. Mark then took a job with Union Oil Company of California in Midland where he worked for five years. He accepted a position with Henry Engineering, later Fasken Oil and Ranch. He had worked for Fasken for almost 29 years. Mark loved his work and was thankful for the organization with which he worked. Mark married Kay Street Merritt June 2, 1979 in Dimmitt, Texas.

Mark was a member of the First Baptist Church of Midland where he served as Sunday School teacher, deacon, and committee member. He was a past board member and chairman of the board for Midland Habitat for Humanity. He was the current President of then Permian Basin Petroleum Association and was a Member of the Society of Petroleum Evaluation Engineers (SPEE) since 1993, the Society of Petroleum Engineers (SPE), and the Independent Petroleum Association of America.



## LEGAL BEAT

### Florida poised to apply *Daubert* to expert witness testimony

Not many of us are called upon for expert testimony in Florida but the recent adoption of the *Daubert* standard by the state gives us an opportunity to be reminded of the nuances of this test. On April 26, 2013, the Florida legislature passed a bill that requires courts to evaluate expert testimony under the *Daubert* standard. As expected, Governor Rick Scott signed it, and the law went into effect on July 1, 2013. Florida is now aligned with the federal courts and the majority of state courts that already have adopted *Daubert* wholesale or in part. Most important, the new test replaces the state's controversial, idiosyncratic *Frye* standard.

Under *Daubert*, the court functions as a gatekeeper, admitting only testimony from a witness who qualifies as an expert in the field, whose testimony is helpful to the jury, is relevant, and is "the product of reliable principles and methods." Opponents of the new legislation contended that the introduction of a *Daubert*-like standard will lead to prolonged litigation because of the resulting *Daubert* challenges and hearings. Currently, under the state's rules of evidence, expert testimony in Florida is admissible if the witness has "scientific, technical, or other specialized knowledge" that relates to an issue in the case and assists the jury. Only when an expert's opinion concerns a "new and novel" scientific technique does a court test its reliability under the *Frye* standard, which requires that an expert's methods be "generally accepted" in the relevant scientific community.

An even bigger hole through which testimony has escaped judicial scrutiny has been the state's "pure opinion exception" (POE). It provides that, if the expert relies only on his or her personal experience or training, the testimony is admissible without being subject to a *Frye* hearing. Critics long have complained that the current system takes a "let it all in" approach that has relied on the battle of the experts to resolve expert testimony issues. Worse, perhaps, it forces juries to assess matters of science on which there is not yet a consensus among scientists.

Under *Daubert*, the court functions as a gatekeeper, admitting only testimony from a witness who qualifies as an expert in the field, whose testimony is helpful to the jury, is relevant, and is "the product of reliable principles and methods." Cases building on *Daubert* expressly have rejected the "because I say so," or "ipse dixit," approach that Florida has embraced by way of the POE. Opponents of the new legislation, in turn, contended that the introduction of a *Daubert*-like standard will lead to prolonged litigation because of the resulting *Daubert* challenges and hearings and the greater the scientific complexity of a case, the greater the burden on the state court hearing the matter.

### Defendant challenges valuation expert over relying on defendant's own data

Sometimes a court decision in an evaluation case can be of interest and useful even if it is not derived from an oil and gas evaluation argument. In this case an expert used the defendant's own data, something that many of us do all the time. As this case shows, that is not always a slam-dunk approach.

Can a defendant credibly attack a damages expert for basing his analysis on the defendant's own projections? This was the key issue on appeal in a recent case in which a minority owner sued the majority owner for breach of fiduciary duty and received a \$28.2 million award.

The parties had formed several companies to buy and develop real estate, but bitter strife led to the minority owner's ouster and, in mid-March 2007, the dissolution of the jointly owned entities. The plaintiff (the ousted partner) retained an expert with extensive experience in valuing real estate similar to that at issue to compute his interest in the companies' income-producing properties as of March 2007. He adopted figures, including the capitalization rate, net operating income, and stabilized values, from the defendant's investor summary schedule, which went to equity investors and lenders to secure funding, after assuring himself that the defendant "*was doing the methodology the same way that I would.*" For his calculation, he used the "direct capitalization" method to determine the stabilized income for the various properties.

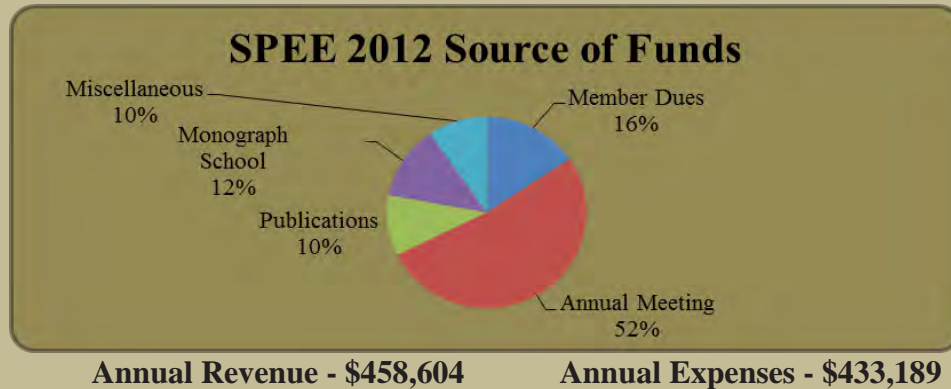
The defendant offered a rebuttal expert who, by his own admission, had never done a direct capitalization valuation. He said he also relied on the internal projections and investor summary schedules "*as being accurate.*" In his *Daubert* challenge, the defendant contended the plaintiff's expert used the projections as the present value when they reflected future values. The plaintiff's expert called this characterization "a lack of understanding of what I did," explaining he started with the stabilized values and adjusted them for certain factors." The stabilized values, he said, "are prepared as if the property were stabilized in the first quarter of 2007. That's what those values represent." The trial court denied the defendant's motion to exclude the testimony.

**Nothing but a hope.** On appeal, the defendant reframed the issue, contending that the trial court's decision was in error because the expert's analysis was based on unreliable foundational data. The appellate court agreed and struck down the award. The defendant's attempt to discredit his own data "*would lack credibility, if those projections are otherwise reliable.*" But, the appeals court continued, here the plaintiff failed to show that the stabilized values the defendant put on the properties were anything more than hopes for future values. "*Such hopes do not establish a reliable damages model.*" The decision provoked a strong dissent. Find a comprehensive discussion of *Citrin Holdings, LLC v. Minnis*, 2013 Tex. App. LEXIS 5723 (May 9, 2013).

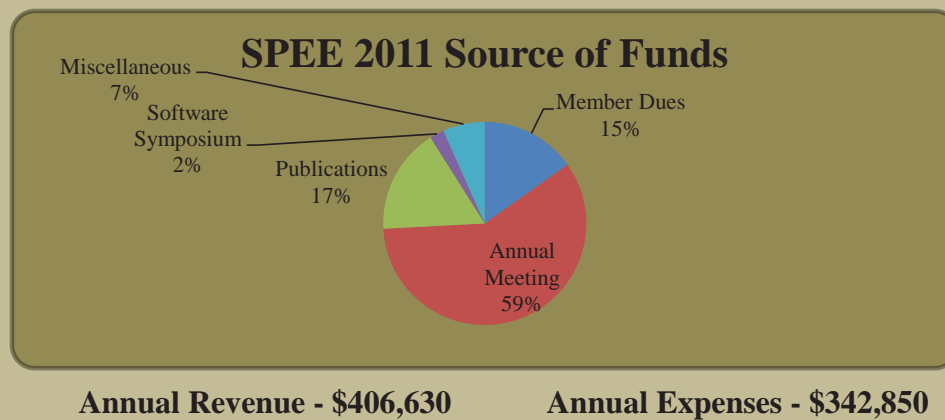


## Financial Summary

### 2012 Compilation Results Summary – Massing & Elliot CPA



### 2011 Comparative Values – Massing & Elliot CPA



*The financial state of the Society of Petroleum Evaluation Engineers remains healthy. Cash assets held in checking and money market accounts plus our CDs total approximately \$412,101 USD as of August 1, 2013. We have adequate cash reserves to carry on society objectives into next year in keeping with what we have done in past years. There is potential for upside with next year's revenue in the form of additional publications such as Monograph 4 and the possibility of a software symposium*

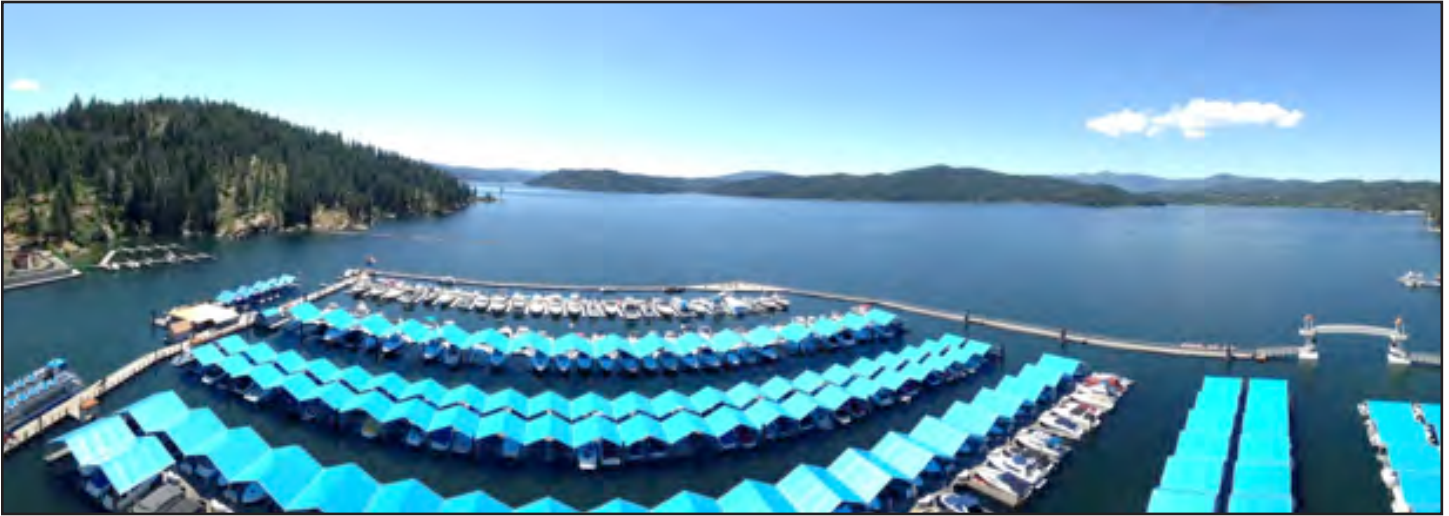
*Gary J. Gonzenbach  
SPEE 2013 Secretary / Treasurer*



# SPEE 2013 Annual Meeting Coeur d'Alene, Idaho

Samantha Holroyd, P.E., Vice President, SPEE

*For those of you who attended this year's SPEE Annual Meeting, thank you for your support and making your way to Northern Idaho to join us at the Coeur d'Alene Resort! Your effort helped us achieve another milestone for our 50th Annual Meeting: the highest attendance of any SPEE Annual Meeting: 264 attendees!*



*In this edition of the Newsletter, we are sharing some of the photos taken by Richard George throughout the Technical Sessions and events. We also hired a professional photographer, QuickSilver Photography, to help capture memories from the Champagne Cruise and Awards Dinner and Dancing on Monday evening. A more complete selection will be available on the website soon. ([www.spee.org](http://www.spee.org))*

**Saturday Night Informal Happy Hour:  
Big Turnout, Great Weather!**



**Sunday Night Welcome Reception:  
Great Views, Great Food, Great Weather!**



*Technical Session and Short Courses: SPEE Business Review  
Presented by SPEE President Rick Krenk*



*Sam Holroyd and Rick Krenk*

*Historical Sites Tour of Spokane and surrounding area to  
learn about history, heritage and geography*



*Champagne Cruise to Event Center for Awards Dinner*



*L-R: Robin and Heather Bertram, Sharon and Barry Ashton, Sheila and Frank Molyneaux and standing: Marshall and Angela Watson*

*Awards Dinner and Dancing with Live Band*



*Sam Holroyd and B.K. Buongiorno*



***Begin planning now to join us at the Stowe Mountain Resort in Stowe, Vermont, June 2014!  
More photos available on the website!!***



Barry and Sharon Ashton



Amy and Farhad Ghassemi



Diane and Kerry Pollard

Denise and Harry Helwerda

Michael Harper



Richard Miller

Rick Krenek



Marshall Watson

Rick Krenek



Dodie Billingsley

Vanessa Murphy



John Wright

Gary Gonzenbach

Dawnelle  
Gonzenbach

Jane Wright



Terry and Nanette Schulz



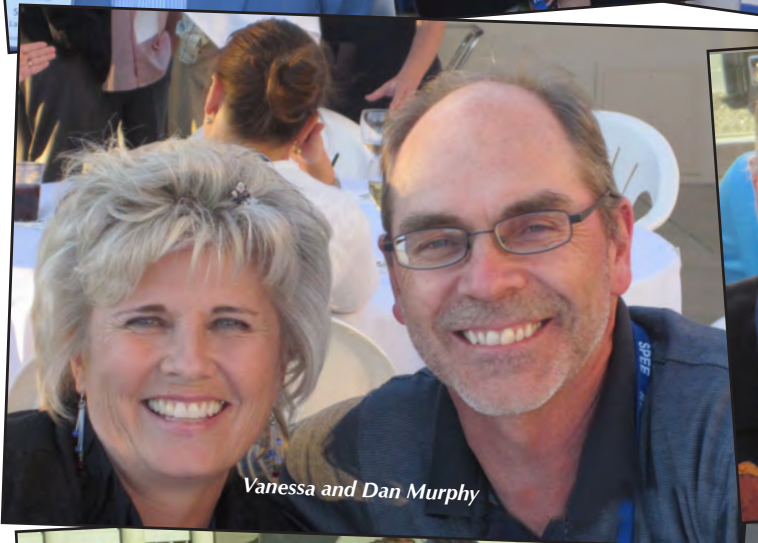
Scott and Carlita Laurent



Rod Sidle

Sam Holroyd

Jonathan Holroyd



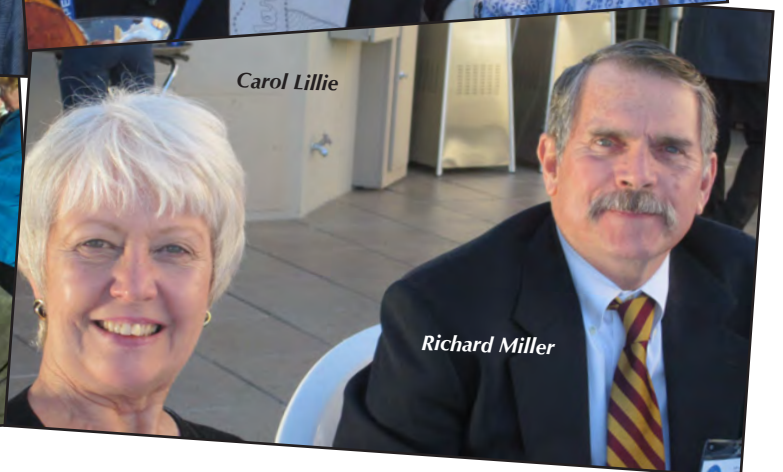
Vanessa and Dan Murphy



Russ and Rosemary Long



Belinda and Dee Patterson



Carol Lillie

Richard Miller

## THE ETHICS COLUMN

SPEE is the only professional organization dedicated wholly to the study of hydrocarbon reserves and their value. And SPEE takes its position seriously, having spent years to develop not only ethical guidelines for the practice but also “Recommended Evaluation Practices” which are available on the society’s web site. These are useful to the practitioner in deciding about the “right thing to do” discussed in a recent article by Arlen Edgar. Although these documents are focused to some degree on work done by consultants in the U. S., they potentially speak to a much broader audience as indicated by the society’s expansion internationally.



There have been many attempts to define and codify hydrocarbon reserves, mostly for oil and gas. Definitions have been promulgated by SPE, SPEE, SEC and the World Petroleum Congress to name a few. These have undergone changes as technology and financial markets evolved. The U. N. has now published a complex matrix for classifying reserves of all hydrocarbon sources that hopefully will be used worldwide. SPEE is involved in the process of formulating application principles to accompany the matrix and, when adopted, these principles may have a profound effect on how we conduct our evaluations.

Right now, SEC regulations define conditions and data necessary for classifying reserves of U. S. companies. Over the years changes have been made that recognize advances in technology. For example, some seismic interpretations can be used to determine reservoir limits and, therefore, reserves. Until a few years ago this was not acceptable. Future changes can be expected but they will come slowly based on past experience even if the U. N. effort is finalized.

As hard as sponsoring organizations have tried, however, there are still evaluations being prepared, primarily by sellers, that do not conform to accepted practices. To get around the published definitions, creative descriptions are being used, particularly with respect to speculative undeveloped locations and unconventional reserves. Can these reserves and resulting values be combined with proved reserves and values? Or are these simply “what if” cases requested by clients? Even if that is so, great care needs to be exercised by an evaluator to make sure his work is adequately described and to know how it is going to be used.

**Buddy Sipes**

# Membership Applicants

The following member applicants have been processed by the Qualifications Committee. The by-laws 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 by-laws regarding other important details) since the applications have already passed through the Qualifications Committee.

APPLICANT	SPONSOR	APPLICANT	SPONSOR
<b>Aquilina, Peter Michael</b> Senergy GB Ltd 39 Charing Cross Road London, WC2H 0AR United Kingdom	Gordon Adamson Andrew Evans Robert Harrison	<b>James, Martyn</b> Gaffney-Cline and Associates Lead Geoscientist Bentley Hall, Blacknest Alton, Hants GU34 4PU United Kingdom	Shane Hattingsh Rawdon Seager Bernie Vining
<b>Chalbaud, Carlos</b> GDF SUEZ UK E&P Senior Reservoir Engineer 40 Holborn Viaduct London EC1N 2PB United Kingdom	Jes Christensen Simon McDonald Graeme Simpson	<b>Norton, Douglass K.</b> Warren American Oil Company Chief Operating Officer 6585 South Yale Avenue, Suite 800 Tulsa, OK 74136	Bill Abernathy Chris Jacobson Phil Schenewerk
<b>Charbula, Don Earl</b> Lonquist & Co. LLC 3345 Bee Cave Road, Suite 210 Austin, Texas 78745	Thomas Bett Richard Lonquist Robert Ravnaas	<b>Reigle, Eric John</b> Newfield Exploration Corporate Reservoir Engineering Manager 4 Waterway Square Place, Suite 100 The Woodlands, TX 77380	Stuart Filler Douglas Krenek Michael Stell
<b>Herzog, Peter</b> Sanchez O & G 1111 Bagby, Suite 1800 Houston, TX 77002	Don Griffin Steve Hendrickson Vinodh Kumar	<b>Ryan, Kevin Michael</b> Seneca Resources Corporation Vice President – Reservoir Engineering 1201 Louisiana, Suite 400 Houston, TX 77002	Brad DeWitt Terry Sherban Danny Simmons

## Welcome New Members

### **Baillie, John Miller – Mbr. No. 820**

VP Developments  
Iona Energy Ltd.  
Lower Ground Suite  
3 Queen's Gate  
Aberdeen, AB15 5YL  
Scotland  
jbaillie@ionaenergy.com

### **Fielder, Tad Michael – Mbr. No. 821**

Vice President – Petroleum Engineer  
DeGolyer and MacNaughton  
5001 Spring Valley Road, Suite 800 East  
Dallas, Texas 75244  
214-368-6391 – office  
tfielder@demac.com

### **Joziasse, Peter Adrian - Mbr. No. 819**

Cenovus Energy Inc.  
Sr. Staff Reserves Engineer  
500 Centre Street SE  
Calgary, Alberta T3G 2B4  
Canada  
403-66-5405 – office  
peter.joziasse@cenovus.com

### **Mingoia, Michael Robert – Mbr. No. 822**

Vice President  
Raymond James/Albrecht  
711 Louisiana, Suite 1600  
Houston, Texas 77002  
713-951-9586 – office  
Michael.mingoia@raymondjames.com

### **Warren, William Zachary (Zack) – Mbr. No. 823**

Resolute Energy Corporation  
1675 Broadway, Suite 1950  
Denver, Colorado 80202  
zwarren@resoluteenergy.com