

President's Letter

It is my pleasure to serve as SPEE President in 2017. This will be a milestone year for SPEE as we hold our first Annual Conference outside North America. Signs are indicating that it will be a better year for the petroleum industry. Oil has fluctuated within a tight range above \$50/bbl since OPEC and 11 other oil exporting nations started trimming supply January 1st to ease the global glut. Rig counts are increasing and signs of optimism in the industry are increasing.

The new Executive Committee and Board of Directors officially commenced their terms on January 23rd at a Board meeting at SPEE's office in Houston. **Gary Gonzenbach** completed his term as Past President and stepped off the Board. I extend a big thank you to Gary for all the work and guidance he has provided to SPEE over the past years on the Executive Committee. Gary will remain active in SPEE as chairman of the Monograph 5 Committee. **Dee Patterson**, 2016 President, moved to Past President, I was elected to the office of President, **Simon McDonald** moved from Secretary-Treasurer to Vice-President, and **Jennifer Fitzgerald** was elected 2017 Secretary-Treasurer.

New members to the board are **Andrew Forcina** from the Denver Chapter, **Joe Young** from the Dallas Chapter and **Paul Taylor** from the Europe Chapter. Andrew accepted the role of Chairman of the Membership Committee, taking over from **Don Jacks** whose term on the board has been completed. Thanks to Don for his service on the Board and Membership Committee for the past three years. **Joe Young** has accepted the role of Chairman of the Training Committee, taking over from **Jennifer Fitzgerald**, who served as the inaugural chair of this committee, organized training programs for Monographs 3 and 4, and contributed significantly to the organization of the Software Symposium.

Plans for the 2017 Annual Conference are progressing very well under the leadership of **Simon McDonald**. The 54th Annual Conference will be held over four days at the

historic Geological Society on Piccadilly, in the heart of London. **Graeme Simpson**, past SPEE board member, has finalized plans for a varied and interesting two-day technical conference with topics

grouped into three themes plus a Short Course on *Managing Your Business Using PMRS* and a forum/panel discussion on *SEC Guidance Matters*. A program for tours from Sunday through Wednesday has also been arranged. Details for these events are on the SPEE website. Registration is also available on the SPEE website, for the first time, thanks to tremendous effort from **Rhonda Gathers**, Chair of the Internet Committee, and **Debbie Suter**. Registration at the Victoria Plaza Hotel is also available on the SPEE website. Be sure to register before March 11th to secure the favorable SPEE room rate. There has been a surge in the number of tourists in London this year due to the devaluation of the pound following Brexit. Book your tours and hotel early to avoid disappointment.

Tim Smith, Chairman of the Annual Meeting Advance Planning Committee (AMAPC), has been busy researching a site for the 2019 Annual Conference. The AMAPC recommended and the Board approved the Chateau Lake Louise in Banff National Park, Alberta, as the site for the 2019 Conference.

Thank you to all members who have renewed their membership and paid their dues. We've had a record number of people pay dues on time this year. During his Business Meeting presentation at the 2016 Annual Conference and in the subsequent August newsletter, 2016 President **Dee Patterson** reported that additional revenue will be required to maintain



2017 Officers and Directors

Executive Committee

President.....Floyd Siegle (Calgary)
Vice President..... Simon McDonald (Europe)
Secretary-Treasurer..... Jennifer Fitzgerald (Houston)
Past-President..... Dee Patterson (Dallas)

Directors

Charles Boyette (Dallas) Robert Green (Midland)
Brad DeWitt (California) Mark Ireland (Calgary)
Andrew Forcina (Denver) Rawdon Seager (Houston)
Rhonda Gathers (Denver) Paul Taylor (Europe)

Joe Young (Dallas)

Bylaws Committees

Chair of Past Presidents' Council.....Rick Krenek
QualificationsTim Gilblom
Committee: Steve Blair, Neal Howard, and Mark Reeves
NominatingDee Patterson
GrievanceDavid Gold
Committee: Dan Olds
Reserves Definitions..... Rod Sidle
Committee: Russ Long, Tim Smith, John Ritter, Martin Hubbig, and John Seidle

Individual Appointments

Ethics Tom Collier
Evaluation Parameters SurveyBrent Hale
Fair Market Value Russ Long, Dee Patterson, Ray Garcia, Anna Hardesty
Internet Mike White and Rhonda Gathers
Membership.....Andrew Forcina
Newsletter Coordinator.....Richard J. Miller
Communications.....George Schaefer
Production Tax Summary and University Interface..... Marshall Watson
Recommended Evaluation Practices..... Daniel R. Olds
Annual Meeting Advance PlanningTim Smith
Professional Registration Marcus Snyder
Monograph 3 - Evaluation of Resource PlaysRussell K. Hall
Monograph 4 - Unconventional Developed Reserves John P. Seidle
Monograph 5 - Type Well CurvesGary Gonzenbach
Technical Training Joe Young
SPE OGRC Oil and Gas Reserves Committee Observer..... Ron Harrell
COGEH (Canadian Oil and Gas Evaluation Handbook) Floyd Williams
UNECE Expert Group on Resource Classification John Ritter

Chapter Officers - 2017

Calgary

Chairman – Keith Braaten
Vice Chairman – Mike Verney
Secretary – Floyd Williams
Treasurer – Gary Metcalfe
Membership – Jennifer Oh

California

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

Central Texas

Chairman –
Vice Chairman –
Secretary – Charles Price
Treasurer – Gary Gonzenbach
Membership –

Dallas

Chairman - Joe Young
Vice Chairman – Jacob Walker
Treasurer - Gary Nilson
Secretary - Russell Romoser
Membership –

Denver

Chairman – John Wright
Vice Chairman - Steve Gardner
Secretary-Treasurer – Mike Flanigan
Membership - Robert Schutzius

Europe

Chairman – Paul Taylor
Vice Chairman – Danilo Bandiziol
Secretary-Treasurer – Joel Turnbull
Membership – Dominique Salacz

Houston

Chairman – David Nordt
Vice Chairman – Tosin Famurewa
Secretary-Treasurer – Ed Butler
Program Chairman – Lucas Smith

Midland

Chairman – Robert Green
Vice Chairman –
Secretary-Treasurer – Gail Hankinson
Membership – Russell Hall

Northern Rockies

Chairman – Rick Vine
Vice Chairman – Leo Giangiacomo
Secretary/Treasurer – Tom Hohn
Membership – Joe Sinner

Oklahoma City

Chairman – David Yard
Vice Chairman - Beth Richards
Secretary - Bruce Heath
Treasurer - Steve Blair
Membership - Don Jacks

Tulsa

Chairman - Phil Schenewerk
Vice Chairman -
Secretary-Treasurer - Laura Stauffer
Membership Chairman -



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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.

the financial health of the Society. Membership of the Society has remained steady at approximately 550 members. Dues have been held constant for many years while costs have increased. We ended 2016 with expenses exceeding income and hence will be reporting a loss of \$26,504 for the year. Fortunately, our current financial health is good. The balance sheet at December 31, 2016, indicated total assets of \$406,290. The 2017 budget initially proposed at the January Board meeting indicated a loss for this year as well. Since this is not sustainable over the long term, the Executive Committee and Board addressed the issue and approved an increase in membership dues to \$160 beginning with 2018 dues.

The workforce and our membership are aging. Twenty new members were approved in 2016 but we lost members due to death and retirement. Our net gain in membership was six members. To increase membership of the Society we need to focus on attracting members. People most often join a new organization by personal invitation so all members are encouraged to invite prospective members to attend chapter meetings and training courses and encourage them to submit their membership applications. **Tim Gilblom** and the Qualifications Committee have done an excellent job of processing applications in a timely manner. One of the biggest delays in the application process is the requirement to present names of applicants to the members of the Society. This is done via the newsletter but with only four newsletters per year delays can be encountered. Sponsors also need to submit their endorsements of applicants in a timely manner.

The professional activities of SPEE members are guided by by-laws that require the highest ethical standards and that provide for a committee to review grievances filed against members. As mentioned in the August newsletter, a new Grievance Process has been proposed to address deficiencies in the current process. The by-laws changes, which are required to implement this process, are currently being reviewed by the Board and should be put to the membership for a vote to approve them later this year.

Three short courses on Monograph 4 *Estimating Ultimate Recovery of Developed Wells in Low-Permeability Reservoirs* were held in 2016 at Lake Tahoe, Denver and Houston. Additional courses are planned for 2017. The first one will be held in Dallas at Brookhaven College on Thursday, April 6, 2017. This one-day course will provide fundamental background information and concepts to forecast production for developed wells in unconventional, low-permeability reservoirs. Profit-sharing agreements for these courses provide income to the local Chapters and to SPEE International. The Training Committee is also offering the Monograph 4 short course to

large companies and consultancies for in-house training. If your company or your Chapter is interested in hosting a course, please contact **Joe Young**.

The Fair Market Value Committee is preparing an update to Monograph 2 *Perspectives on the Fair Market Value of Oil and Gas Interests*, which was initially published in 2002. The Committee is preparing eight or nine problems that will be sent to the membership to evaluate and respond with answers. The answers and comments will be compiled and analyzed to gain insights on how SPEE members value a set of controlled problems. The results will be published as an addendum to the current Monograph 2. Expect to see these problems in the very near future.

As previously mentioned, **Gary Gonzenbach** is leading the Monograph 5 Committee. Monograph 5 will be *A Practical Guide to Type Well Profiles*. The Committee has already met several times, established a methodology for the construction of the Monograph and developed a formative outline. Publication is expected in 2019.

There are many other activities, too numerous to mention, that are underway within the Society.

Floyd Siegle
SPEE President



**PLAN
AHEAD**

SPEE Annual Meetings

June 10 - 13, 2017 London, England
Geological Society of London

June 2-5, 2018 Carlsbad, California
Park Hyatt Aviara

June 2019 Banff National Park, Alberta
Chateau Lake Louise

Chapter News

Calgary

The Calgary Chapter welcomes three new members: Tim Freeborn of GLJ Petroleum Consultants, Rob Warholm of Sproule Associates and Shaoyong Yu of Rose & Associates. Our membership now stands at 57 members.

The SPEE Calgary Chapter has had a very busy second half of 2016. Our new website at www.speecanada.org was launched last fall. The Canadian Oil and Gas Evaluation (COGE) Handbook is now printed in Calgary and available for purchase through the website.

The update committee for the COGE Handbook is proud to report that very good progress continues toward the updated Handbook. There are six committees working diligently with a total of at least 30 volunteers, serving on these committees. The committees are as follows:

- Committee A - Introduction and Purpose, Reserves and Resources Definitions
- Committee B - Evaluation Practices - Volume Estimation
- Committee C - Evaluation Practices - Economics
- Committee D - Evaluation Practices - Unique Considerations (CBM, Bitumen, International etc.)
- Committee E - Business Practices
- Committee F - Examples and Appendices

The level of commitment demonstrated and efforts made by these volunteers, who include many SPEE members and some non-members, in this ambitious endeavor is very impressive and very much praiseworthy. Our goal is to have a final draft ready for review by the end of May 2017 and our overall final target is to have the updated COGE Handbook ready for publishing in the fall of 2017.

Meetings - 3rd Tuesday of each month except June, July and August.
Membership - 57

California

Membership - 22

Central Texas

Membership - 33

Dallas

On January 12th, the Dallas Chapter held its first meeting of 2017 with a presentation from Encap Investments. Our speaker was Luke Brandenburg and the topic was Private Equity in the Current A&D Market. Luke recounted the history of Encap and the evolution of Private Equity investments. He also presented an overview of activity in the PE sphere for 2016

and discussed the current situation and potential trends. There were approximately 65 attendees.

A Monograph 4 short course has now been scheduled and will be held April 6th at Brookhaven College.

Meetings - Bimonthly from September through May at the Brookhaven College Geotechnology Institute. Membership - 58

Denver

On February 8, the Denver Chapter held its first quarter luncheon meeting of 2017 with 58 in attendance, 28 members and 30 guests. The speaker was SPEE member Dr. HE Zhang, Reservoir Engineer Ryder Scott Company, speaking on *A New Empirical Analysis Technique for Shale Reservoirs*. HE shared a method for fitting decline curves using a smoothly varying value for "b" (the hyperbolic exponent) rather than assuming a constant value or using abrupt changes in "b."

In January 2016, the Denver chapter hosted a soothsayer contest to estimate the December 2016 average spot price of a barrel of NYMEX WTI oil where the winner would be awarded a barrel of oil. The December 2016 price turned out to be \$51.97/bbl which was inside the range of estimates spanning \$17.10 to \$83.14/bbl. The closest estimator of the 47 participants in the contest was by Ryan Helmer with an estimate of \$52.00/bbl. Ryan was present to collect his winnings of either an in-kind barrel or \$51.97 in cash with no deduct for severance, ad valorem, transportation, or basin differential. He opted for the cash. Estimates for a December 2017 contest were collected.



Speaker HE Zhang, Ryder Scott Company, addresses the Denver chapter.

Meetings - 2nd Wednesday of first month of each quarter - Denver Athletic Club - The New Petroleum Club. Membership - 64

Europe

The November 2016 Europe Chapter Meeting and Annual General Meeting was held in London at the offices of Lloyd's Register. The meeting was well attended by 12 members and 14 non-members. The guest speaker for the evening, Victor Alcobia, of Beicip Franlab, presented a talk titled *Chemical Enhanced Oil Recovery (CEOR) projects and their influence on PRMS application*. Beicip Franlab provides CEOR studies and related laboratory services to the industry. Victor's presentation showed the workflow, process, and timing to produce results which could lead to a business decision to implement a CEOR project. He warned of underestimating the time required to appropriately identify the benefits and potential for failure of a CEOR project. Typically, CEOR pre-feasibility modelling may take up to six months, the appropriate testing design, including fluid formation sensitivities, emulsion effectiveness, and core-flooding, can take a further 6 to 16 months. After this initial evaluation phase, designing a pilot for field testing may take two to six months, and assuming economic viability is present, executing a pilot could take another year or more. All the aforementioned tasks should be done prior to giving serious consideration to full field implementation, which might require up to five years. Hence, booking of PRMS reserves bookings may prove difficult due to length of timing, need for pilot observations, and proving efficiency of the concept. Victor stressed the need for caution when invoking "analogues," noting that the key element to match is the chemical adsorption characteristics of the reservoir, which can vary dramatically between seemingly analogous formations.

The Europe Chapter is planning on holding at least three meetings during the course of 2017 as well as helping to host the SPEE Annual Meeting in London in June.

The first chapter meeting is planned for March and will feature a presentation titled the *Small Independent Oil Company Perspective on Reserves Audits and CPRs* by John Baillie of Verus Petroleum. Attendance is typically 20 to 30 persons with both members and non-members welcome. The format is relatively informal with the opportunity for a round-table style discussion of the presentation and other matters of interest.

Subsequent meetings will be held in early September and late November with the latter also serving as the chapter AGM. Possible presentations include asking a law firm to explain the potential liabilities associated with preparing reserves evaluations. A second possible presentation is one on the differences between the main reporting standards.

Another ongoing initiative is underway to develop a financial report template to provide the information banks need to assess the loans that may be provided. The initiative was started by Drew Powell with Gaffney Cline and Associates (not currently a member of the SPEE) but at the first meeting

past-SPEE Europe Chapter chairman Shane Hattingh attended and provided feedback at the November SPEE Europe Chapter Meeting. The intention is to have a SPEE Europe Chapter member on the committee tasked with drawing up the template.

As of end January 2017 the Europe Chapter has 36 full members. Carolina Coll and Jonathan Westbury joined recently, while Gordon Adamson left (retirement). We also have one application submitted to the qualifications committee and another 36 potential candidates with applications at various stages of the process.

Meetings - Four per year. Membership - 36

Houston

Tuesday, December 6, the Houston chapter held their monthly luncheon where Brent Hale with Cobb & Associates presented *The Survey of Parameters used in Property Evaluation*. The purpose of the annual survey is to capture and analyze volatile economic parameters including projections of future oil and gas prices along with opinions on the methods used in valuing oil and gas properties. The industry survey subscription is available through the SPEE internet site.

Wednesday, January 4, Steve Gardner with BBVA Compass Bank led an open discussion at the Houston chapter monthly luncheon on how banks determine the value used in sizing a Reserve Loan. He highlighted how the SEC, PRMS, and third-party reserves report are used in determinations. The presentation is posted on the SPEE internet site in pdf format.



Steve Gardner addresses Houston Chapter SPE-SPEE Joint Meeting

Thursday, February 16, Dee Patterson with Moyes & Co. spoke at the Houston chapter monthly luncheon on the state of the LNG Industry in North America. He explained how the US unconventional plays are allowing North America to get into the LNG export business and the impact to the Global LNG industry. The presentation is posted on the SPEE internet site in pdf format.

The Spring 2017 meetings will be held March 1st, April 5th, and May 3rd.

Meetings – 1st Wednesday of each month except June, July and August – Houston Petroleum Club. Membership – 193

Midland

November featured the world-famous Dr. Neil Frank, retired Director of the National Hurricane Center. He spoke on the *Myth of Global Warming*.

Meetings – 2nd Wednesday odd months – Midland Petroleum Club. Membership - 22

Northern Rockies

The SPEE Northern Rockies Chapter welcomes new members Bonnie Percy, Leo Giangiacomo and Andy Finley.

The speaker for the February 13 meeting was Jake Haseman with Throne Law Office in Sheridan, Wyoming. His presentation was on *Ethics in the Petroleum Industry*. His talk covered professional ethics rules/codes from SPEE, the Wyoming Board of Professional Engineers and Professional Land Surveyors, the Wyoming Board of Professional Geologists and the National Society of Professional Engineers. His talk covered the fundamental canons of the code of ethics for engineers and geologists, the consequences of unethical conduct, avoiding conflicts of interest and confidentiality.

The next meeting of the Northern Rockies Chapter of SPEE is scheduled for April 18th at 10 am. It will feature Mike Borah's (Borah-Borah Petroleum Engineering) presentation on *Calculating Frac Half-Length Using the Crawford Equation* and Bonnie Percy (Gene George & Associates) discussing the *Rectangular Method of Evaluating Horizontal Drainage Areas*. It will be held in the WAR Room and be presented as a webcast. There will be a catered lunch following the presentation. It will be jointly attended by the WGA and SPE, but attendance will be limited to 35.

Membership – 10

Oklahoma City

We are now into 2017 and have concluded a very successful 2016. As usual we did not have any meeting in November due to Thanksgiving conflicts.

Our December 13th speaker was Mark Kirk of the OK State Board of Licensure for Professional Engineers and Land Surveyors. His topic was *Professional Practice and Ethical Conduct for Engineers*. It was an excellent presentation on ethics, one of the best I have attended. There were 11 members and 14 non-members in attendance.

After the Christmas and New Year holidays, we had Andrea McCown speak at our January 26th meeting. Her topic was a very hot topic *Information Collection Request by the EPA Pursuant to Section 114 of the Clean Air Act*. Over 25,000 operators received these ICRs with a 60-day window to comply. Andrea took it upon herself to research the situation and walked our attendees through an actual filing. Very timely. We found out later that the EPA in Dallas sent an email internally praising Andrea's presentation and the SPEE for their timely commitment to helping the O&G industry comply with the request. We had 9 members and 32 non-members in attendance.

Dennis Kissler – Senior Vice President of BOKF will be our February 23 meeting speaker. His topic will be *Oil and Gas Market Outlook*.

Meetings – Every odd-numbered month. Membership - 20

Tulsa

Meetings – Four times yearly - Summit Club. Membership – 22

IN MEMORIUM

We regret to note
the passing of:

John Edward Nicol
Dallas, TX
February 8, 2017



John Edward Nicol was born on July 13, 1957 and passed away unexpectedly on February 8, 2017. He grew up in Dallas and earned his graduate and master's degrees at Rice University in Houston. John embarked on a career in Petroleum Engineering that included positions in Shell, Forrest A Garb & Associates, Blue Jay Operating, Denbury Resources and, lastly, as Senior Vice President at Wells Fargo Energy Bank. He was highly regarded within the Wells Fargo Engineering Group and also within the greater community of Bank Engineers. His knowledge and perspective were both respected and sought after. John became a member of the SPEE in 1997. His brother, Mike, is also a member.

Book Your Hotel and Register Now

SPEE 54th Annual Conference - June 10th–13th, 2017



54th Annual Conference
June 10th–13th, 2017

The links for registering at this year's Annual Conference and for booking your stay in London are available.

The conference hotel - Victoria Plaza (www.parkplaza.com/victorialondon) - is offering outstanding value room rates. **These rates are available until March 11, 2017 only**, and there are a limited number of rooms, so we urge you to make your reservation now (link below).

The price of a double occupancy room is £219 + VAT, with English breakfast, including service. A single room is £209. Adding in 20% VAT gives £262.8 and £250.8 respectively.

BOOK YOUR HOTEL ROOM BEFORE 11 MARCH 2017 AT <https://www.parkplaza.com/spee17>

REGISTER NOW AT <https://secure.spee.org/2016-news/2017-annual-meeting-information>. Discounted registration rates of 20% will be offered up to 1 May 2017.

A copy of the technical programme, together with all social and tour activities can be found at the same web link.

We look forward to welcoming you to London in June.

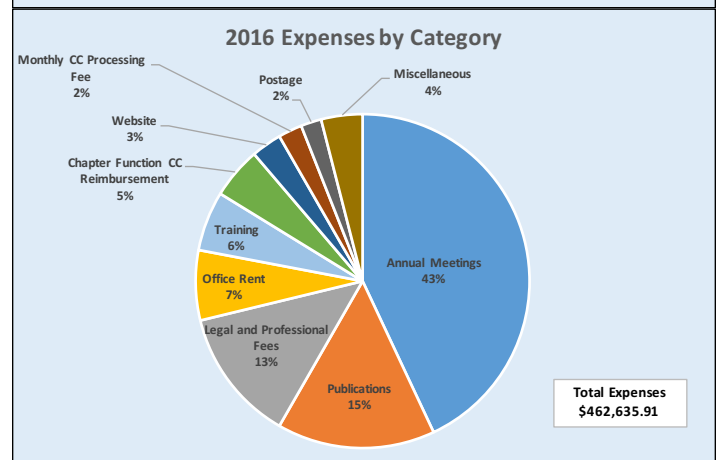
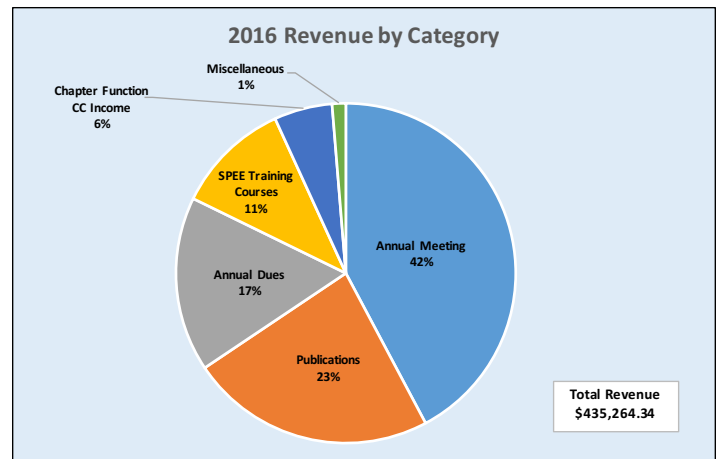
For more information email: katespe@aol.com or debbie@spee.org.

SPEE National 2016 Financial Summary

I am pleased to present a financial summary for SPEE. National revenue was \$435,264, some 25% higher than in 2015 (\$347,149). There were strong contributions to revenue from Publications (with the launch of Monograph 4) and Training (Monograph 4 courses), with a higher proportion of 2017 Dues paid in December than in prior years. Expenses were \$462,635, some 36% higher than in 2015. A significant portion of the increase is due to higher costs for the 2016 Annual Meeting (which showed a small profit of just over \$2,000), with commensurate increases in costs for Publications and Training. G&A costs also showed an increase now that the Society has dedicated office facilities. The net result was a loss of \$26,504 for SPEE National during 2016.

The Society remains financially healthy. Cash assets held by SPEE National at end-2015 in checking and money market accounts plus CDs total \$399,595, whilst total assets amount to \$406,290.

Simon McDonald
2016 Secretary-Treasurer



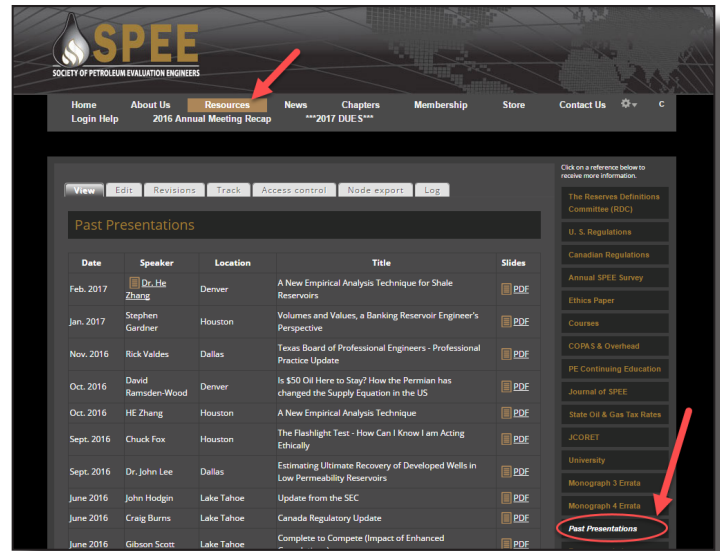
Tips, Tricks and Other Website News

Registration for our 54th Annual Meeting in London is now online and can be accessed from the main page. This year is the first year we have offered full online registration. Our programmer worked closely with Debbie Suter to design a single form that covers all aspects of attendee registration from business to social events and to provide an itemized receipt. Please read through all the information available on the registration website page for more info and prior to making your registration. If you have any thoughts or suggestions regarding the process for next year, please let us know.

SPEE currently has 11 membership chapters throughout North America and Europe. Many of these chapters actively hold several meetings throughout the year that feature guest speakers. These presentations are posted online in our Resources section of the website. Here we have presentations from chapter meetings as well as annual meetings posted back through 2008. To get your chapter meetings presentation posted, please have a chapter officer send the file to info@spee.org and we will get it uploaded for you. It is important to first get permission from the speaker to post the presentation before forwarding on. These presentations are provided to our membership and the general public as a resource and also to highlight SPEE as a society. In the near future, we will be highlighting some of our authors, speakers and past presentations on our main webpage, so be sure to get those presentations in.

Some members have asked for ideas how to find speakers for chapter meetings. A suggestion would be to check out the past presentations page discussed above as well as our past newsletter postings on our News page under Newsletter Archives. Here we have newsletters archived back to 1986.

Monograph 4 continues to be a popular item in our store. Please visit the SPEE online store to purchase your copy. The 2016 Parameters Survey is also available for purchase. Errata for the Monograph 4 first printing as well as Monograph 3 are

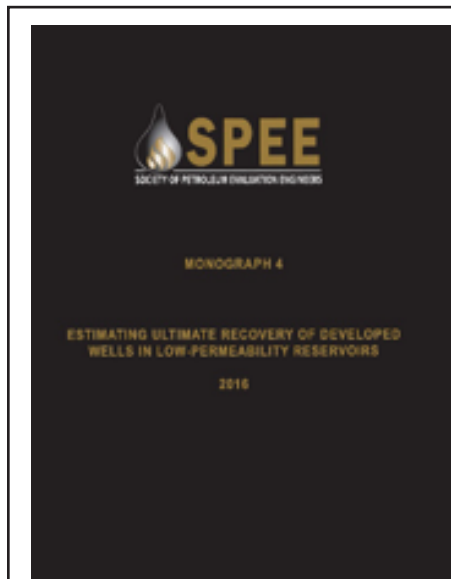


located on the Resources page. The SPEE Dallas Chapter will be hosting a one-day short course for Monograph 4 on April 6, 2017. A copy of the Monograph is included with course registration. Please visit the website for more information and registration. If you are interested in hosting a Monograph 4 short course in your area, please contact our Training Chairman, Joe Young at JoeYoung@larocheltd.com.

As a reminder, if you haven't yet paid your 2017 membership dues, the first late fee has been instituted as of Jan 31st. An additional late fee increase will take place after March 31st. General membership dues payment can be made online from a link at the top of the main website page.

The address of the SPEE website is www.spee.org. If anyone has any website suggestions, comments or questions, please email us at our group inbox, info@spee.org.

Rhonda Gathers & Mike White
Your Internet Committee



SPEE Dallas Chapter Presents: Monograph 4 Short Course

Date: Thursday, April 9, 2017
8:00 AM – 5:00 PM

Location: Brookhaven College
Dallas, TX

How to Register: Registration deadline is March 30, 2017. The registration fee is \$950.00. <https://secure.spee.org/civCRM/event/info?reset=1&id=127>

For additional information: Contact Joe Young at JoeYoung@larocheltd.com

THE ETHICS COLUMN

Focus on the Facts

"I'm just trying to get by being quiet and shy...In a world full of push and shove."

Jimmy Buffett – Singer, Songwriter, not an SPEE Member

What does a lesser-known Jimmy Buffett song and ethics for engineers have in common? Ethical professional communications are quiet and shy – at least when contrasted other forms of communication today. What we say and how we say it as petroleum evaluators are quite different than current trends. In this column, I will explore this topic by looking at politics, professional ethics standards and even a bit of philosophy. I will also offer some of my personal opinions on this important topic.

Let's begin with politics. Consider this line from the recent U.S. presidential election campaign. "_____ is not qualified to be president." You can fill in the blank with just about every candidate from the primary season onward. And yet every candidate met the four qualifications for the office of president set forth in the U.S. Constitution: (i) natural-born U.S. citizen, (ii) age of 35 years or older, (iii) U.S. resident for 14 years, and (iv) not previously served more than one term as president. Most of the time the phrase "_____ is not qualified" really meant "I don't support _____, and I wish you wouldn't either." This hyperbolic approach to rhetoric is not new, but it is becoming much more commonplace. Outlandish statements are made and then vigorously defended – hopefully, not by petroleum evaluators.

According to the *Principles of Acceptable Evaluation Engineering Practice* of the Society of Petroleum Evaluation Engineers...
Article III Relation of Members to the Public

1. Members will make oral and written statements that are honest and fair, avoiding exaggeration and sensationalism.

Let's look a little more deeply into each this principle. The old Webster's New Collegiate Dictionary that dates from a decade when my handwriting was still legible defines the word "honest" as "free from fraud or deception."¹ I would submit that in our professional context, the word honest applies not just to the absence of deceit, but to the intellectual honesty required to make sure that the information we are providing matches not only the relevant definitions and certainty levels, but the intended use as well. References to "reserves" should meet tests for reasonable certainty, and should be our default definition. More sophisticated audiences may benefit from statements related to probable and possible outcomes, but discussions on this basis should be reserved for sophisticated audiences and should be expressed in such a way as to make clear the lack of certainty inherent in these non-proved reserve categories. Fairness refers to a lack of bias. This is difficult to achieve in practice but often starts by actively looking for and incorporating into one's analysis data that would tend to disprove one's preferred hypothesis. Exaggeration in petroleum evaluation most often takes the form of understating the risks involved in a project. The answer to the question, "What could possibly go wrong?" is long, varied, and sometimes unavoidable. Sensationalism relates to deliberately playing on the emotions, often at the expense of the truth. No matter how exciting a project may be, professional engineering communication should focus on enlightening the mind rather than inflaming the passions.

So what, then, is unethical about communicating passionately? The fundamental ethical question is: do we enable people to make informed decisions or do we manipulate them into believing what we want them to believe? Individuals are independent moral agents, and ethical systems of behavior should honor that independence. The dignity of the human person requires that they be afforded the ability to freely make moral choices and enjoy (or endure) the consequences of their choices. The basic question is, "Does our communications approach inform or to coerce?"

Do the ethical standards that call us to communicate honestly and fairly place professionals at a disadvantage? Perhaps in today's culture where correctness is often conflated with level of emotion it might. As the pendulum swings back toward valuing truth over emotions, professionals will be in the lead. By consistently telling the truth in a direct, non-inflammatory manner we may be the quiet and shy ones while the rest of the world may attempt to push and shove emotions – often their emotions – to the forefront of our decision making. Truth may speak more softly, but it speaks more eloquently and is more enduring than fleeting emotion, however pushy emotion may be.

If by now you are asking yourself, "What would Jimmy Buffett do?" then I've missed the target. But if you are asking, "How can I more accurately report the facts as I know them?" then you are on the right track.

"A strange situation, a wild occupation – just living my life like a song" **Jimmy Buffett (again) – same song, different verse**

Tom Collier, Chair
SPEE Ethics Committee
tcollier@concho.com

¹ Webster's New Collegiate Dictionary: G. & C. Merriam Co., Springfield, Massachusetts, 1981.

Welcome New Members

Calgary Chapter

Freeborn, Timothy R. Member No. 902

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Warholm, Robert R. Member No. 913

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Welcome New Members

Houston Chapter

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Gardner, Stephen R. **Member No. 904**

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Liu, Baozhong (Paul) (Associate Membership)

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Zannitto, Peter J. **Member No. 917**

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Oklahoma City Chapter

Anderson, Aaron J. (Associate Membership)

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Watson II, Danny A. (Associate Membership)

Member No. 914

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Tulsa Chapter

Mitchell, Trenton R. **Member No. 909**

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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
Bement, Chris VP, Corporate Reserves & Chief Reservoir Engineering Encana Oil & Gas 370 17th St, Suite 1700 Denver, CO 80202	Scott Wilson Robert Schutzius Andrew Forcina	Robottom, Jason Supervisor, Engineering & Partner Sproule Associates Limited 900, 140-4th Avenue SW Calgary, Alberta T2P 3N3 Canada	Nora Stewart Attila Szabo Harry Helwerda