

President's Letter

I hope everyone is enjoying the summer and finding time for some rest and relaxation.

The 2017 Annual Conference in London was very successful on all fronts. Attendance was good with representation including members and non-members from the U.S., Canada and Europe. I extend congratulations and appreciation to **Simon McDonald, Graeme Simpson** and their team who did an excellent job of putting together the program of technical and social events. The conference was a success financially, thanks to the generous support of the sponsors. Details of the conference are provided in Simon's report in this newsletter. Congratulations also to **John Seidle, Graeme Simpson, John Lee, John Etherington and Dee Patterson** who were the recipients of the awards that were announced at the Gala Dinner on June 10th.

The number of SPEE members has been stable over the past twelve years with new members replacing retiring members. As of May 2017, SPEE had 567 members. Currently over 90% of our members are over the age of 50 and 78% of members are in the U.S. We need to continue to focus on attracting members. Summer is a good time to work on applications. Please encourage prospective members to complete and submit their

applications. Dee Patterson has been involved in discussions with members in the Asia Pacific region regarding formation of a chapter for the past several years. At the Board meeting in June, chapter-information status was granted to the SE Asia Chapter.

Global standards for a "Competent Person" require good standing in a self-governing professional organization, such as SPEE. A discipline process is required to be considered self-governing. Articles XII and XIII of the SPEE by-laws outline the grievance process, which requires that the Grievance Committee review charges of misconduct filed against members. If warranted, a hearing would be held to sustain or dismiss the charges. Amendments to the by-laws are proposed to change the process from a hearing to arbitration to protect the Society, Executive and Grievance Committee from litigation. Members will be required to agree in advance that arbitration is the sole remedy in the event of a grievance. The revised by-laws have been reviewed by the Board and are currently being reviewed by the Council of Past Presidents. We are targeting to submit the revised by-laws to the membership for approval later this year.

Article VI of the SPEE by-laws states that "Each Member shall be guided by the highest standards of business ethics, personal honor, and professional conduct." Much has changed in the world and in how we conduct our business in the ten years since publication of the SPEE Ethics Guidelines. The Ethics Committee has completed a much-needed update of the guidelines. **Tom Collier**, Chairman of the Ethics Committee, gave a presentation based on the new guidelines remotely by video conference at the 2017 Annual Conference in London. The draft guidelines document has been reviewed by the Board of Directors and is back in the hands of the Ethics Committee to finalize.



2017 SPEE Executive Committee and Board of Directors

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 (Europe)
Andrew Forcina (Denver) Rawdon Seager (Houston)
Rhonda Gathers (Denver) Paul Taylor (Europe)
Joe Young (Dallas)

Bylaws Committees

Chair of Past Presidents' CouncilRick Krenk
QualificationsTim Gilblom
Committee: Steve Blair, Neal Howard, and Mark Reeves
NominatingDee Patterson
GrievanceDavid Gold
Committee: Dan Olds
Reserves Definitions..... Rod Sidle
Committee: Dave Elliott, John Etherington, Martin Hubbig, Russ Long, John Ritter,
Rawdon Seager, John Seidle and Tim Smith

Individual Appointments

Ethics Tom Collier
Evaluation Parameters SurveyBrent Hale
Fair Market ValueRuss Long and Dee Patterson
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 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 ClassificationDominique Salacz

Chapter Officers - 2017

Calgary

Chairman – Keith Braaten
Vice Chairman – Mike Verney
Secretary –
Treasurer – Gary Metcalfe
Membership – Claudio Virues

California

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

Central Texas

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

Dallas

Chairman - Russell Romoser
Vice Chairman – Jacob Walker
Treasurer - Gary Nilson
Secretary - Brenda Brown
Membership – Tad Fielder

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 -



20333 State Highway 249, Suite 200
Houston, Texas 77070
Office: 832.972.7733
Toll Free: 800.651.1639
www.spee.org

Admin Asst
Debbie Suter
debbie@spee.org

Web Admin
Kyle Fitzgerald
fitz@fitz.family

Financial
Lisa Poletti
lisa@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.

The SPEE Board of Directors initiated an update of the 2002 SPEE Monograph 2 *Perspectives on The Fair Market Value of Oil and Gas Interests* at the annual meeting in 2015. All SPEE members are invited to participate in the update by answering eight problems that require determination of the fair market value of oil and gas assets. Access to the eight problems, instructions, guidance and an answer sheet are available using the link at the top of the main page on the SPEE website. The answers and comments will be compiled and analyzed to gain insights on how SPEE members and non-members value a set of controlled problems. The results will be published as an addendum to Monograph 2. The deadline for responding to the problems has been extended to August 31, 2017. It is understood that a qualified evaluation engineer may not feel qualified to express a fair market value opinion. If you feel qualified to provide the requested opinions, please support the Society with your responses. There is no requirement that you answer all the problems to participate. Responses are welcome from non-members as well.

SPE is aiming for a public comment period on the PRMS update to begin August 1st and conclude October 31st. The SPEE Reserves Definitions Committee and selected Board members have reviewed the updated PRMS and Glossary and submitted comments and proposed changes to SPE. After collecting public comments, which can include individual input from society members, the SPE will construct a final draft and then seek the official response from the sister societies, including SPEE.

The Public Company Accounting Oversight Board (PCAOB) has recently released a proposal to strengthen the requirements that apply when auditors use the work of specialists in an audit. Evaluation engineers, whether company employees or consultants, fall into the category of specialists. The proposed changes could potentially affect many SPEE members, although it is hard to gauge exactly what the impact will be. The PCAOB is calling for public comment by August 30, 2017. SPEE will review the changes and submit a response. Members are encouraged to review the proposed changes at <https://pcaobus.org/News/Releases/Pages/auditors-report-standard-adoption-6-1-17.aspx> and submit responses on behalf of themselves or their firms.

Floyd Siegle
SPEE President

Awards Presented at 2017 Annual Meeting

Past President's Award

Awarded to **Dee Patterson** in recognition of dedicated service, leadership and outstanding contribution as the 2016 President of the SPEE.

Service Awards

Awarded to **Dr. John Seidle** for providing technical expertise and leadership as editor, author and coordinator of Monograph 4 and instructor for Monograph 4 training courses (pictured below being presented by Steve Gardner at Denver chapter meeting) and to **Graeme Simpson** for service as a founding member and founding Chairman of the Europe Chapter, SPEE Board member and technical programme coordinator for the 54th Annual SPEE Conference in London.

Honorary Lifetime Membership Awards

Awarded to **Dr. John Lee** for dedicated service, exemplary leadership and exceptional contribution as an author of Monograph 4, training course instructor, numerous technical presentations and other contributions such as landmark work with the SEC.

Awarded to **John Etherington** (will be presented at local chapter meeting) for many years of active work on reserve and resource definitions and education. John has been involved in numerous discussions and debates on resource evaluation and classification and in the creation of oil and gas resource definitions and guidelines. He was a major contributor to the creation of the Petroleum Resource Management System (PRMS) in 2007 and to the 2017-18 update of PRMS; a member of the committee that prepared the section on Resources Other than Reserves Guidelines of the Canadian Oil and Gas Evaluation Handbook, which was published in 2014 by the SPEE Calgary Chapter; and a member of the Expert Group on Resource Classification of the United Nations Economic Commission for Europe.



Dee Patterson, Floyd Siegle, John Lee, Graeme Simpson



Steve Gardner and Dr. John Seidle

Chapter News

Calgary

Meetings - 3rd Tuesday of each month except June, July and August.
Membership - 56

California

Membership - 22

Central Texas

Membership - 33

Dallas

The Dallas Chapter returns from our Summer Break and has plans for the first meeting on September 28. We have arranged for a speaker from Pioneer Natural Resources to present an update on the Permian Wolfcamp.

On November 9, we plan to hold our annual Ethics meeting, which will be a joint event with the Dallas SPE chapter.

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

Denver

On April 12, the Denver Chapter held its second quarter luncheon meeting of 2017 with 65 in attendance, 22 members and 41 guests. The speaker was SPEE member Andrew Forcina, Reservoir Engineer with QEP Resources, speaking on *Permania - The Compelling Attraction and Development Challenges - a Look at the Northern Midland Basin*. Andrew (pictured below) discussed the reasons the Permian Basin is currently attracting so much attention and also discussed some of the challenges associated with developing the vast resources that have been discovered.



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

Europe

The recent main event for the Europe Chapter was the very successful SPEE June Annual Meeting held in Europe for the first time. Europe Chapter members were actively involved with the meeting and in particular were responsible for many of the case examples discussed during the Sunday afternoon *Forum & Panel Discussion: Lessons from Recent Examples of Guidance by the SEC*. The forum and panel session involved a lively and open discussion, which is also typical of the Europe Chapter meetings where similar case studies have been presented in the past.

The next Europe Chapter meeting is scheduled for September 7 with a planned presentation and discussion on the potential liabilities associated with preparing reserves evaluations. The final meeting of the year, also serving as the chapter AGM, will be in late November.

Meetings - Four per year. Membership - 33

Houston

The Houston Chapter does not meet during the summer months - the next meeting is scheduled for September 6.

Meetings - 1st Wednesday of each month except June, July and August - Houston Petroleum Club. Membership - 182

Midland

The Midland Chapter does not meet during the summer months - the next meeting is scheduled for September 13.

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

Northern Rockies

Membership - 10

Oklahoma City

Meetings - Every odd-numbered month. Membership - 20

Tulsa

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

Recap of 2017 Annual Meeting, London

The first annual meeting of the SPEE to be held outside North America attracted 149 delegates, of whom 83 were members and 66 non-members, together with 36 spouses and guests. The meeting was centred at the Geological Society in Piccadilly in the heart of London, with accommodation nearby at the Victoria Plaza hotel.

The Sunday morning short course, presented by Rawdon Seager, was entitled *Managing your Business using PRMS* and attracted 40 delegates. In addition to addressing the assessment, classification and reporting of reserves and resources using PRMS, Rawdon discussed some of the key similarities and differences with the SEC regulations, and how oil and gas companies can combine these to manage their business.

The Sunday afternoon Forum and Panel Session, comprising a panel of twelve eminent North American and European practitioners chaired by Rod Sidle, attracted 60 delegates and discussed *Lessons from Recent Examples of Guidance Given by the SEC*. The panel members made presentations on a range of topics, including the background and history of the SEC, recent SEC presentations, comment letters and trends before presenting several case studies for audience and panel discussion.

The conference commenced on the Monday morning with the President's business address from Floyd Siegle, followed by a presentation by Tom Collier on *Ethical Issues for the Petroleum Evaluator*. We are particularly grateful to Tom, who stayed out of bed in Texas until the early hours of the morning to give his presentation by video conference. Following the rollout of the results of the 2017 SPEE Parameter Survey by Brent Hale, Dr. Rob Arnott gave the key note speech entitled *The Importance of Unambiguous Communication of Resources Evaluations*.

The rest of the conference on the Monday afternoon and Tuesday involved presentations and panel sessions grouped into three themes. The session on Resource Classification Systems was chaired by Dr. Jim Ross, the session on Regulatory Financial and Commercial Issues was chaired by Michael Lynch-Bell and the session on Legal, Dispute Resolution, Reputational and Ethical Issues was chaired by Michael Burns.

Social and networking events included drinks in the Lower Library of the Geological Society on the Saturday evening, with malt whisky tasting overseen by Graeme Simpson. A reception at the historic Royal Institution in Mayfair, complete with Michael Faraday's original laboratory in the basement, followed on the Sunday evening. Finally the gala dinner at the Institute of Engineering and Technology was held on the Monday evening, with breathtaking views of the London skyline from the rooftop terrace and dancing until late to a Beatles tribute band.

Organised tours included a trip to Windsor Castle, a boat trip down the Thames followed by entry to the Tower of London, a ride on the London Eye, an English afternoon tea, a walking tour of central London sights and visits to the British Museum. The weather throughout the conference was warm and sunny, with London looking its best.

Thank you to all who contributed to and participated in the 2017 conference to make it a success in raising the profile of the SPEE in Europe. Special thanks to SPEE ex-Board Director Graeme Simpson for co-ordinating the conference programme and Kate McMillan and Debbie Suter for organising just about everything else.

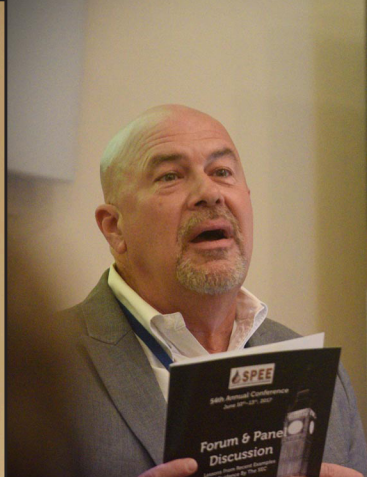
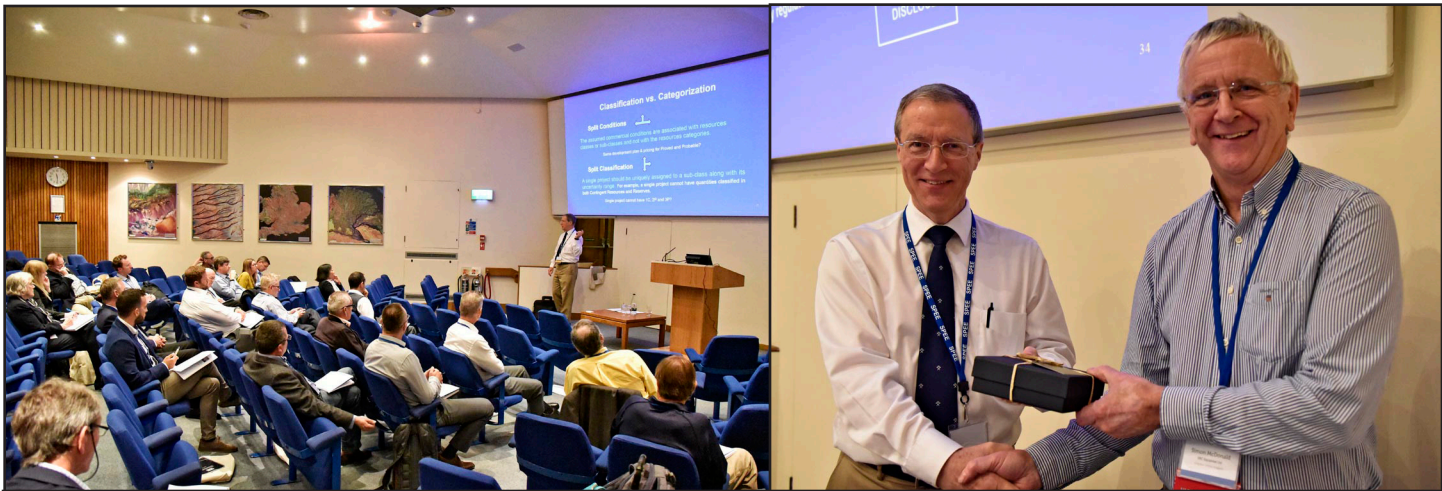
Thank you also to our sponsors, listed below.

Simon McDonald
2017 Conference Chairman









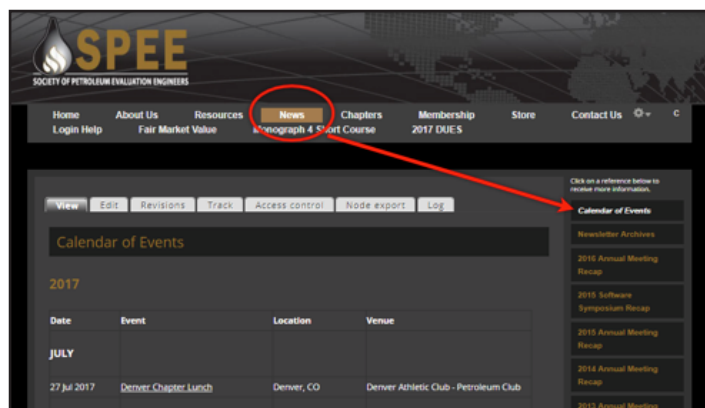




SPEE Website News

The London Annual Meeting recap page is available from the main page. Highlights from this first meeting outside of North America are summarized here. Technical session proceedings are also uploaded on the Past Presentations page and can be accessed from the recap page. Additional photos are available to peruse through a link on the recap page. The password for this photo album is **spee2017**.

A new Monograph 4 short course has been recently added in Oklahoma City (hosted by the Oklahoma City Chapter) on September 11, 2017. Please check the main page or the Oklahoma City Chapter page for registration info. Online registration for the Monograph 4 short course in Calgary on September 25, 2017 has been in full swing and can also be accessed from the main page or the Calgary Chapter page. This course is hosted by the Calgary chapter. Pittsburg, PA, will also be hosting a Monograph 4 short course October 25, 2017. Registration for this course will be forthcoming. The instructor for all these courses will be Dr. John Lee. If you are aware of additional locations that would benefit from a technical training short course, please contact Joe Young at JoeYoung@larocheltd.com.



The website committee is running a trial of a Calendar of Events available online. The link is currently located on the top ribbon of the News page. It is planned to be an area members and non-members can go to see what events are coming up within the society all in one place. If you have any suggestion or comments, please email them to info@spee.org. In the future, this calendar listing will be located under the News area of our website.

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

Rhonda Gathers & Mike White
Your Internet Committee

IN MEMORIAM

We regret to note
the passing of:

Richard (Dick) Banks
Tulsa, Oklahoma
June 4, 2017



Richard Banks was born on May 16, 1931 and passed away on June 4, 2017 in Tulsa, Oklahoma. A lifelong lover of Colorado and the mountains, Dick graduated from Colorado School of Mines in 1953 with a degree in Geology. After serving in the U.S Army on Okinawa, he obtained a master's in Petroleum Engineering at UT Austin. He has been a member of SPEE since 1984 and had retired in February, 2016.

An illustration of a man in a brown shirt and glasses pointing with a black pointer to a calendar on a wall. The words 'PLAN AHEAD' are written in large, bold, red letters across the scene. The man is holding a clipboard and a pen. The calendar shows a grid with a red line indicating a date.

SPEE Annual Meetings

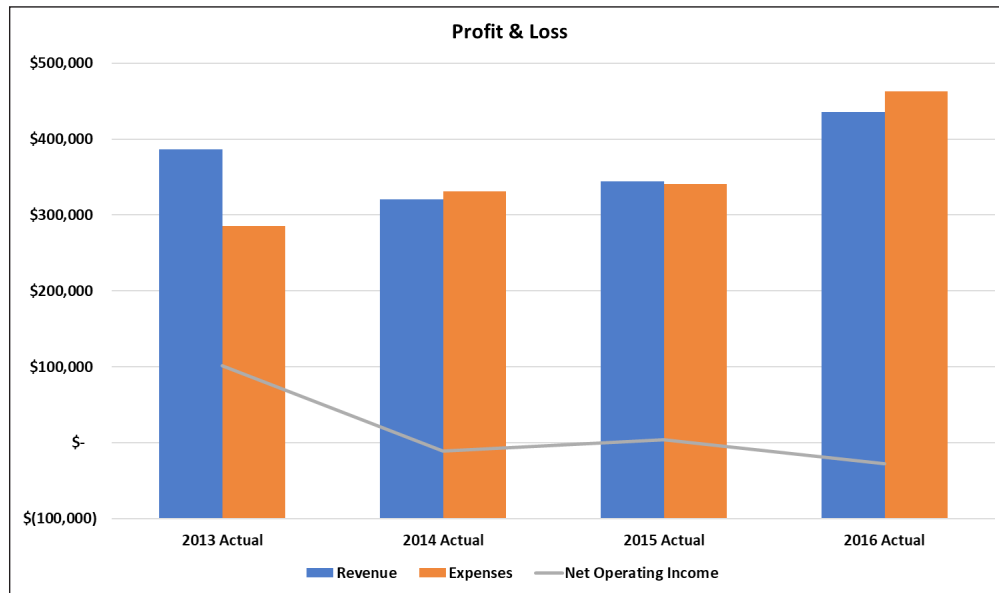
June 2-5, 2018 Carlsbad, California
Park Hyatt Aviara

June 2019 Banff National Park, Alberta
Chateau Lake Louise

Financial Report

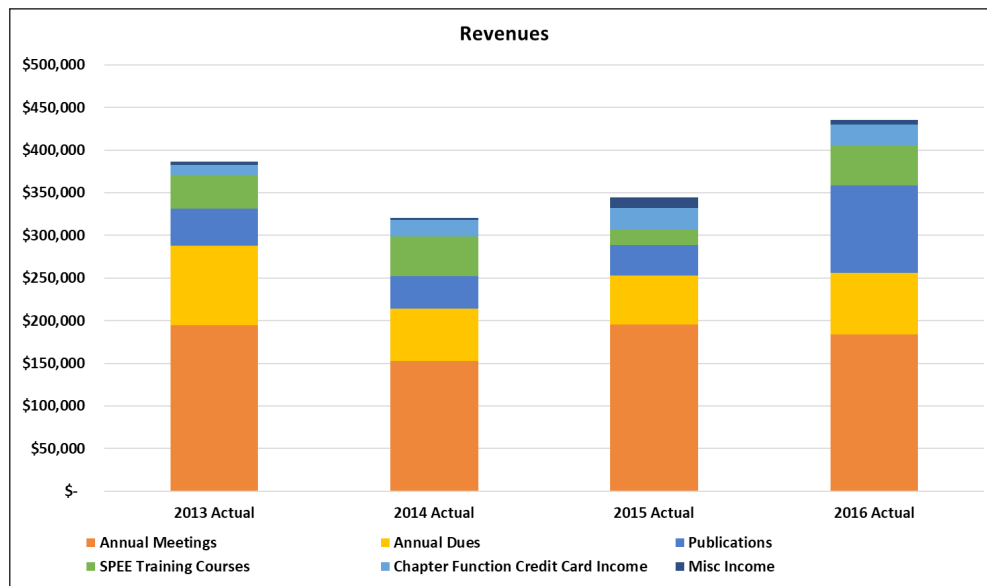
I am pleased to provide a financial summary for SPEE National. The Society continues to remain financially healthy. Revenue of SPEE National in 2016 was \$438,146 and the Expenses were \$465,231, giving a Net Loss of \$27,085. Cash assets held by SPEE National at the end of 2016 in checking and money market accounts plus CDs total \$401,346. Local Chapters held an additional \$187,828 cash in their accounts, giving total cash assets of the Society of \$589,174.

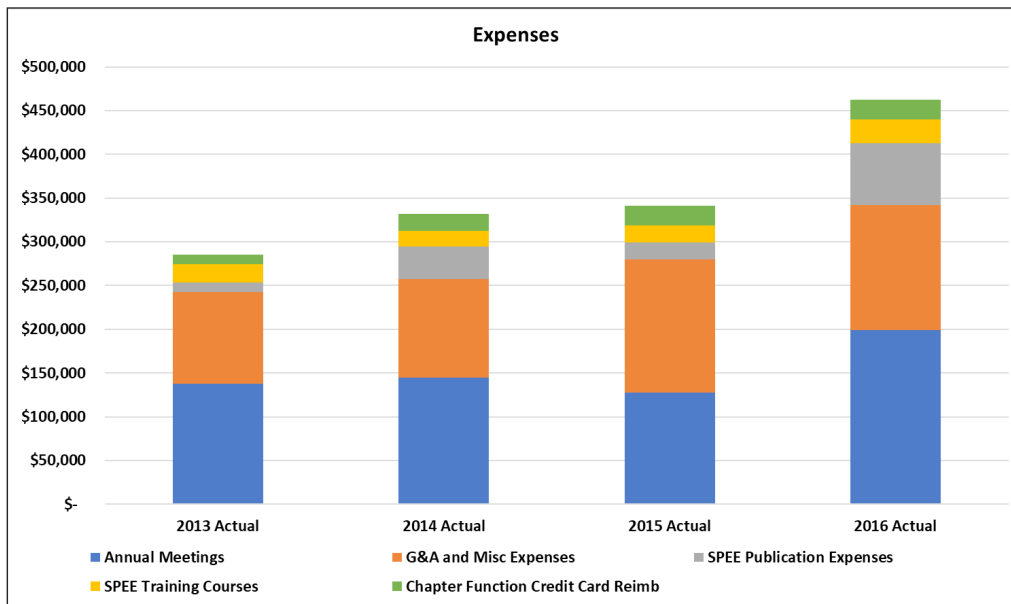
The chart below shows the financial performance of SPEE National for 2013 through 2016. Overall, the Society has been operating at a loss during the last few years. A loss of \$10,000 is budgeted for 2017. SPEE National's cash balance is projected to stand at approximately \$391,000 at the end of 2017.



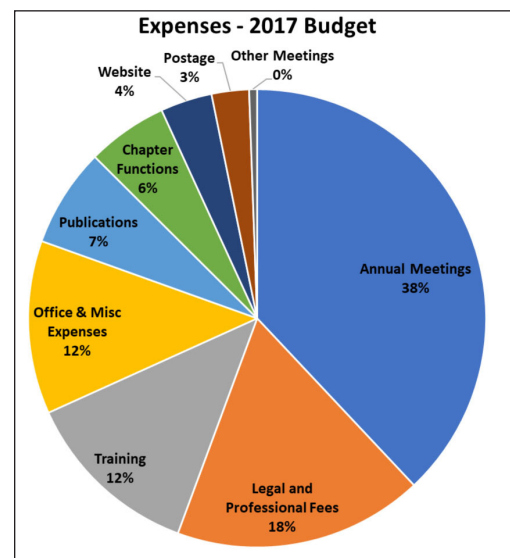
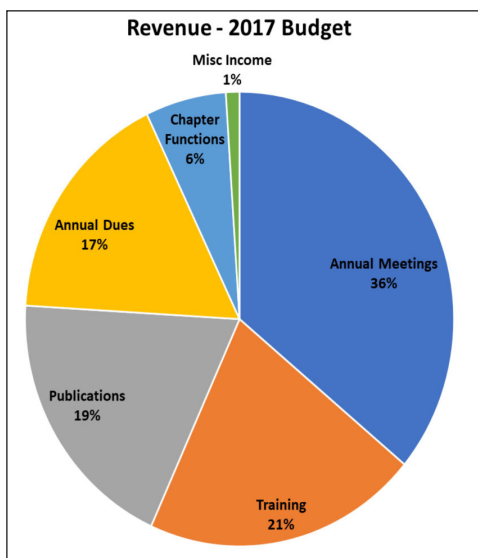
The next two charts summarize the principal sources of revenue and expenses over the last several years. Dues have declined in recent years to approximately \$65k, with membership largely static at 560 members. The increased revenue and expenses in 2016 are associated with the launch of Monograph 4. Additionally, there were increased expenses in 2016 associated with advanced payments for upcoming Annual Meetings.

The G&A costs of the Society have increased recently and are projected to amount to approximately \$150k for 2017. Office Rental and Secretarial/Bookkeeping Fees have risen in the past few years as the Society now has dedicated office facilities and has invested in its administrative and financial framework. Other costs have remained reasonably stable in recent years.





The charts below summarize the relative contributions of revenue and expense categories for the 2017 budget. The financial results of SPEE National through the end of May have been positive so far this year. Overall, the net profit for the 2017 Annual Meeting is on track with the projected budget. Publications represent a significant contribution to total annual revenue. Actual YTD sales are also on track with expectations. Net profit contribution from Training courses is projected to exceed the budget. We have already conducted three successful short courses for Monograph 4, with several additional courses being planned for the second half of 2017.



Whilst the financial reserves of the Society are healthy, it is not sustainable to continue to run at a loss and your Board has considered ways of increasing the Society's revenue. At this time, the Board has elected to increase membership dues for the 2018 renewal process. Additionally, the Society will continue our investment in additional Monograph publications. An update of Monograph 2 is in preparation and a committee has begun work on Monograph 5, which will focus on type well profiles. A vibrant and current Monograph portfolio should allow us to continue to develop and increase our Training activities. If you have any questions or need additional information, please feel free to contact me or President Floyd Siegle directly.

Jennifer Fitzgerald
 Secretary / Treasurer – speetreasurer@spee.org

The Charade of the Paris Treaty

Wall Street Journal, June 16, 2017, Bjorn Lomborg

The real problem with the global accord on climate change is that it would make no real difference

Environmentalists were aghast when President Donald Trump withdrew the U.S. from the Paris climate treaty, with some declaring that the very survival of our civilization was at stake. But is the Paris accord really all that stands between the planet and the worst of climate change? Certainly not.

This is not to deny that President Trump's announcement was problematic. He failed to acknowledge that global warming is real and wrongly claimed that China and India are the "world's leading polluters." (China and the U.S. are the largest emitters of carbon dioxide, and the U.S. is the biggest per capita.) It was far-fetched for him to suggest that the treaty will be "renegotiated." Worse, the White House now has no response to climate change.

But the global consensus about the Paris treaty is wrongheaded too. It risks wasting huge resources to do almost nothing to fix the climate problem while shortchanging approaches that promise the most transformative results.

Consider the Paris agreement's preamble, which states that signatories will work to keep the rise in average global temperature "well below" 2 degrees Celsius and even suggests that the increase could be kept to 1.5 degrees. This is empty political rhetoric. Based on current carbon dioxide emissions, achieving the target of 1.5 degrees would require the entire planet to abandon fossil fuels in four years.

But the treaty has deeper problems. The United Nations organization in charge of the accord counted up the national carbon-cut pledges for 2016 to 2030 and estimated that, if every country met them, carbon dioxide emissions would be cut by 56 gigatons. It is widely accepted that restricting temperature rises to 2 degrees Celsius would require a cut of some 6,000 gigatons, that is, about a hundredfold more.

The Paris treaty is not, then, just slightly imperfect. Even in an implausibly optimistic, best-case scenario, the Paris accord leaves the problem virtually unchanged. Those who claim otherwise are forced to look beyond the period covered by the treaty and to hope for a huge effort thereafter.

The treaty commits nations to specific and reasonably verifiable (but nonbinding) cuts in carbon emissions until the year 2030. After that, nothing really is concrete, for a very understandable reason: Could you imagine a carbon-cutting promise made by President Bill Clinton being fulfilled by Mr. Trump? Could you see a Democrat in 2035 feeling honor-bound by policies set by Mr. Trump today?

Now ask the same sort of questions about every country that has signed the treaty. Rose-tinted hopes for the accord's success rely on heroic assumptions about what tomorrow's world leaders will do. If what we need is a carbon diet, the Paris treaty is just a promise to eat one salad today, pushing all the hard self-restraint far into the future.

History gives us cause for skepticism about overly optimistic forecasts, even over much shorter spans. In 1993, Mr. Clinton committed the U.S. to cutting emissions by 2000, but he ditched the promise seven years later. In 1992, the industrialized nations promised that they would lower their emissions to 1990 levels by 2000. Nearly every country failed. Before the Paris treaty, the Kyoto Protocol was sold as a key part of the solution to global warming, but a recent study in

the Journal of Environmental Economics and Management shows that it achieved virtually nothing.

In the wake of Mr. Trump's exit from the Paris treaty, there have been many claims that solar and wind energy will soon be ready to power the world. This also isn't true.

Just 0.6% of the world's energy needs are currently met by solar and wind, according to the International Energy Agency. Even with implementation of the Paris treaty, solar and wind are expected to contribute less than 3% of world energy by 2040. Fossil fuels will go from meeting 81% of our energy needs to three-quarters. The energy expert Vaclav Smil of the University of Manitoba puts it bluntly: "Claims of a rapid transition to a zero-carbon society are plain nonsense."

Though there are contexts in which solar and wind energy are efficient, in most situations they depend on subsidies. These will cost \$125 billion this year and \$3 trillion over the next 25 years, to meet less than 3% of world energy needs. If solar and wind truly out-competed fossil fuels, the Paris treaty would be unnecessary.

On this issue, even the climate scientist James Hansen, who advises former Vice President Al Gore, agrees: "Suggesting that renewables will let us phase rapidly off fossil fuels in the U.S., China, India, or the world as a whole is almost the equivalent of believing in the Easter Bunny and Tooth Fairy."

Advocates of global carbon cuts fail to acknowledge the wider costs of subsidizing certain energy sources. A global pact in which governments promise to use more expensive energy ensures that the world economy will develop at a slower pace. This adds up to an immense expense: \$1 to \$2 trillion by 2030 and each year for the rest of the century, mostly in lost GDP growth. This represents \$150 to \$300 for every person in the world, every year.

Taxpayers in wealthy nations may well ask whether this money could be better spent on schools, hospitals or care for the elderly. In developing countries with more immediate problems, there are definitely more productive ways to use the money. A global poll of almost 10 million people conducted by the U.N. finds that climate change is the lowest priority behind health, education, food and 11 other priorities. Work by the Copenhagen Consensus, which I oversee, has highlighted the many investments in nutrition, health and other areas that would help vulnerable communities much more than would any possible benefits from carbon cuts.

Acknowledging the Paris treaty's flaws does not mean endorsing the Trump administration's apparent intention to ignore climate change. Real progress in reducing carbon emissions and global temperatures will require far-reaching advances in green energy, and that will mean massive investment in research and development—an annual global commitment of some \$100 billion, according to analysis by the Copenhagen Consensus. When green energy is economically competitive, the whole world will rush to use it.

The real misfortune for the planet isn't that Mr. Trump withdrew the U.S. from the Paris treaty. Rather, it is that his administration has shown no interest in helping to launch the green-energy revolution that the world so urgently needs.

— Mr. Lomborg is the president of the Copenhagen Consensus Center and author of *The Skeptical Environmentalist* and *Cool It*.

THE ETHICS COLUMN

This issue's ethics column will provide a very brief sketch of the presentation that I had the honor of giving to the SPEE Annual Meeting in London. London was the site of the meeting. My parents' dining room was the site of my presentation due to some family medical issues. It began for me at 1:30 in the morning Texas time, with the talk beginning at 2:45. I must say that was a very memorable professional experience, and Mom and Dad are both recovering nicely.

This year's Annual Meeting ethics presentation was largely taken from the upcoming SPEE monograph entitled Discussion and Guidance on Ethics. I expect that the monograph will be available in electronic format in the fourth quarter of this year. The key points that were covered were:

- Competency
- Standards of Performance
- Conflict of Interest
- Relationship to Society & to the Environment

Competency is task specific, and none of us are competent in every task. In my case, I have been working as a petroleum engineer for a little over 37 years and during that time have worked in nine producing regions. However, 37 years is not enough time to develop becoming an expert in all of them, much less to develop a broad expertise in multiple facets of our industry. None of us are experts at everything. All of us, regardless of experience level, must assess our ability to

- Understand the task at hand and the methodology, required along with its technical basis and limitations
- Execute the required analysis
- Assess the results critically to determine reasonableness of the final product

If we fall short in any of these, we need to get the assistance we need to ensure that the resulting work product does not fall short.

Standards of performance relate to competency placed into action. The petroleum evaluator must understand and apply the relevant resources (SPEE REP's, COGEH relevant regulations, etc.) in a reasonable manner. Rigor should take precedence over expediency; and the evaluator should be able to explain and defend the analysis within the context of the relevant standards.

Conflict of interest takes many forms and can differ between employees and consultants. Both consultants and employees must strictly avoid any situation in which the professional evaluator stands to gain or lose from the decisions or actions of the client or employer. Great care must be taken to avoid self-dealing and safeguard the data and interests of clients and employers.

Along with conflict of interest, I addressed contingent fee arrangements and incentive performance programs. I identified both cases as ethically acceptable, but dangerous. In the case of contingent fee arrangements, the fact that the preparer of a petroleum evaluation stands to gain from how the report is used must always be adequately disclosed. In the case of performance incentive programs (usually available to company employees) care must be taken to place adequate and effective limits on the types of behaviors and the quality of the analyses permitted under the program.

The final portion of the talk was dedicated to the relationship that petroleum evaluators have with society and to the environment. I have a tee-shirt at home with the slogan *Engineers: Solving problems you didn't know you had in ways you can't understand*. It is the second part of the slogan – the part where our ways are not well understood by the public at large and yet may impact them greatly – that leads to the need for professional licensing. Our relationship with the public requires us to always safeguard the public from harm. In the case of the petroleum evaluator, the harm from substandard work is generally a financial loss or unwarranted risk for an investor who relies on our work. This aspect of professional ethics is paramount! Additionally, we are required to deal honestly in our communications without exaggeration or sensationalism. This is an important point and was the subject of my last column. Although the petroleum evaluator has little direct impact on the environment, we are called to note in our reports areas of significant environmental exposure as they appear in the projects we analyze.

For those of you who attended the Annual Meeting, I hope you found it professionally fulfilling and an educational experience. Much, if not most, of the thought leadership in the area petroleum evaluation comes from our Society, and the Annual Meeting is one of the best opportunities to interact with the key players in our profession. Once again, it was an honor to participate. I look forward to next year in San Diego.



Tom Collier, in front of Burlington House, the location of the annual meeting, who happened to be in London a few weeks earlier.

Tom Collier
Chair, SPEE Ethics Committee

Welcome New Members

Calgary Chapter

Haugen, David **Member No. 921**
Senior Vice President
Ryder Scott Petroleum Consultants
Suite 600, 1015 4th Street SW
Calgary Alberta T2R 1J4
Canada
Dave_Haugen@ryderscott.com

Khosla, Anil **Member No. 922**
Consultant (former ExxonMobil/Imperial Oil)
135 Edgeridge Terrace NW
Calgary Alberta T3A 6C3
Anil1khosla@aol.com

Denver Chapter

Newey, Jacques **Member No. 919**
Manager of Reservoir Engineering
Anschutz Exploration
555 17th Street, Suite 2400
Denver, CO 80202
zjxn06@gmail.com

Europe Chapter

Borch, Carsten **Member No. 919**
Principal Commercial Reservoir Engineer
Lloyd's Register - Energy
71 Fenchurch Street
London EC3M 4BS
United Kingdom
cborch@ymail.com

Prast, William **Member No. 926**
Consultant
9 Grosvenor Cottages
London SW1W 8HA
United Kingdom
William@prast.com

Houston Chapter

Mitschke, Wayne **Member No. 923**
Senior Petroleum Engineer
Bank of Texas
1401 McKinney, Suite 1000
Houston, TX 77010
wmitschke@yahoo.com

Quinn, N. Jay **Member No. 927**
Senior Reservoir Engineer
Shemenco LLC
7822 Wolfield Lane
Houston, TX 77071
jayquinn8@gmail.com

Rietz, Dean **Member No. 928**
President
Ryder Scott Company, LP
1100 Louisiana Street, Suite 4600
Houston TX 77002
Dean_rietz@ryderscott.com

Oklahoma City Chapter

Nichols, Stephen **Member No. 925**
Managing Partner-Consulting Petroleum Engineer
Ramsey Property Management, LLC
2932 NW 122nd Street, Suite 4
Oklahoma City, OK 73120-1955
senichols@ramseyllc.com

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.

Poppenhagen, Kelli
Manager, Corporate Reserves
Encana Oil and Gas
370 17th Street, Suite 1700
Denver, CO 80202

Katherine Crerar
Jim Klutho
Craig Adams

Wisda, Theresa
Manager, Permian Development
Encana Oil and Gas
370 17th Street, Suite 1700
Denver, CO 80202

Jim Klutho
Katherine Crerar
Kevin Hanson