

SPEE NEWSLETTER

Houston, Texas

October 1993

OFFICERS

President	Fred M. Haston, Jr.
Vice President	C. Glenn Harrison
Secretary / Treasurer	R. Curtis Phillips
Past President	Arlen L. Edgar

DIRECTORS

Gordon H. Biescar
John D. (Jack) Haley
Donald L. Horton
D. Russell Long
Harry J. Gaston, Jr.
David W. Tutt

COMMITTEE CHAIRMEN

Membership	Ricardo E. Garza
Professional and Public Affairs	Sam Singer
Grievance	Gerald Sherrod
Qualifications	Donald O'Neill
Publications	James G. Patterson, Jr.
Production Tax Summary	Charles G. Massey
Evaluation Parameters Survey	Michael A. Roberts, Jr.
Strategic Planning	Charles M. Frick

INDIVIDUAL APPOINTMENTS

Publicity Director	David D. Knepper
Historian	Herbert Poyner
Liaison Representative on SPE	
Oil & Gas Reserves Committee	Chapman Cronquist

OTHERS

Editor	Jim Patterson	751-6312
Newsletter Printer	Barry W. McFarland	975-6106
	Westchase Printing	
Information	B.K. Starbuck	651-1639

IN THIS ISSUE:

PAGE NO.

Officers, Directors, Committee Chairmen	1
President's Message	1
Membership	2
Chapter Info and Chapter News	3
Board of Directors Candidates	4
Dues Notice	Insert
Board of Directors Ballot	Insert
Vance Foundation	Insert

PRESIDENT'S MESSAGE

With football season in full swing, hunting season underway and cooler air moving in - it's apparent that we are coming into the last lap of 1993. The year has been another lean one for our contracting industry, but there are some positive things happening - horizontal drilling technology continues to create new exploration and development opportunities, rigs are scarce in the Gulf of Mexico and the " '94 strip price" (12 month average price) for natural gas on the NYMEX is in the range of \$2.25 mmbtu. I am cautiously optimistic that we will see continuing improvement in our industry next year.

Here is an update on some of the things that are going on in SPEE:

- * We are continuing to receive comments on SPEE'S Strategic Long Range Plan. **Glenn Harrison** will be reviewing and consolidating the comments preparatory to discussion of the plan with the Board in January and implementation beginning in early '94.
- * **Jim Eisterhold** has volunteered to conduct a study/survey of the state registration requirements in the primary oil and gas states. Certain states are now requiring a specified number of hours of continuing education in order to maintain registration while other states are considering or planning on similar requirements. The results of this survey will be made available to our members.
- * Our membership in Calgary is approaching the minimum number required to establish a chapter (10). We have a goal of establishing this new chapter before our annual meeting there next year.
- * The Professional and Public Affairs Committee, chaired by **Sam Singer**, is evaluating and monitoring developments in the following two areas which could be of considerable importance to our members who are engaged in consulting:
 - 1) Federal/State requirements to be a licensed real estate appraiser in order to do evaluations on certain oil and gas properties for federal institutions - which includes banks that are members of the Federal Reserve system.
 - 2) The possibility of introducing and passing legislation to provide significant liability protection for consulting engineers.
- * The 1993 SPEE Evaluation Parameters Survey was published in the Oil and Gas Journal following our Annual Meeting and SPEE has now been approached by the Journal to have the survey put on their new electronic bulletin board. **Les Nemeth** and **Mike Roberts** are looking into this possibility.

The Nominations Committee, headed by our immediate Past President, **Arlen Edgar**, has submitted the names of six members to run for three seats on the Board of Directors. Each position will be for a 3 year term commencing January 1, 1994. Enclosed with this Newsletter you will find a list of the candidates and a ballot for your use. Please exercise your voting right.

Our next Newsletter is scheduled for January 1994. Therefore, although it seems a bit early, I wouldn't want to miss the chance to say to you: "Season's Greetings and Best Wishes for a prosperous 1994"!

Regards,
 Fred M. Haston, Jr.

MEMBERSHIP

Pursuant to Article IV, Section I of the By-Laws, the following applicants have been reviewed and approved for membership in the Society of Petroleum Evaluation Engineers. The names, along with the names of their sponsors, are being presented to membership of the Society.

"If no objection is received within 30 days, the applicants will be notified of his election".

APPLICANT

William Lee Abernathy
Vintage Petroleum, Inc.
42 One Williams Center
Tulsa, Oklahoma 74174

Thomas Dale Badgwell
Badgewell & Haas
1525 Elm Street, Suite 2030
Dallas, Texas 75201

Russell B. Bertholf
Harold W. Bertholf, Inc.
1601 Executive Ct., Suite 1
Sacramento, California 95864

Joe Cliff Bullard
BCP Resources, Inc.
13700 Veterans Memorial Dr.
Suite 225
Houston, Texas 77014

Andrew R. Fair
Self-Employed
279 Casa Grande Dr.
Houston, Texas 77060

Ralph E. Hughes
McDaniel & Associates Consulting Ltd.
2200 Bow Valley Square 3
255 - 5th Ave. SW
Calgary, Alberta T2P 3G6
Canada

Richard Alan Johnston
Don Ray George & Associates
1604 Rio Grande
Austin, Texas 78701

Steven R. Maley
CNG Producing Company
1450 Poydras
New Orleans, Louisiana 70112

Keith Brian Masters
Don Ray George & Associates
1604 Rio Grande
Austin, Texas 78701

Robert Winston Rasor
Miller and Lents, Ltd.
1100 Louisiana, 27th Floor
Houston, Texas 77002

SPONSORS

Charles Brittan
Randy King
Robin LeBleu

Edward Miesch
Tom Calhoun
Dwight Purtell

Harold Bertholf
James Weddle
Jon Crawford

Roy Williamson
Russ Long
John Warner

Amiel David
Russ Long
Buddy Sipes

David Tutt
Glenn Robinson
Walter Wright

James D. Hughes
T. Scott Hickman
Kerry Pollard

Richard Miller
Max Maxwell
Robin LeBleu

James D. Hughes
Danny Wilson
Kerry Pollard

James Hartsock
Earl Krieg
Marilyn Wilson

MEMBERSHIP COMMENT

This is the first of what is hoped to be many regular articles meant to enhance the quality of our NEWS-LETTER. There are many talented people in SPEE that have experiences, thoughts and ideas to share with other members on ANY items of specific interest to any "evaluation engineer". This would include reports associated with strengthening SPEE's monitoring of legal and legislative developments that impact the evaluation process and the evaluation engineer, changes in Severance Tax rules, etc. Also, this column could serve as a way of referencing articles in other publications that are of particular interest to SPEE members. There are a number of quality articles that some of us may have missed; this column could reference the article and possibly provide a quick summary of it. Or this column could simply be whatever its members want it to be - its evolution depending on your input.

Like evaluation work itself, the SPEE is not meant to be "general". Because reserve evaluations and the evaluation engineer are really pieces to a bigger puzzle, it is important that we do not lose sight of the importance of remaining abreast of related areas. How do we receive "input" for this column? If you have an item of interest, either call or drop a note to **Jim Patterson** or **B. K. Starbuck**, P.O. Box 27709, Houston, Texas 77227. This column will attempt to acknowledge the name of the individual contributing the salient point of interest.

WELCOME NEW MEMBERS

James Michael Drennen
Devon Energy Corporation
20 N. Broadway, Suite 1500
Oklahoma City, Oklahoma 73102

Catherine H. Norwood
(Jr Member)
T. Scott Hickman & Assoc.
550 W. Texas, Suite 950
Midland, Texas 79701

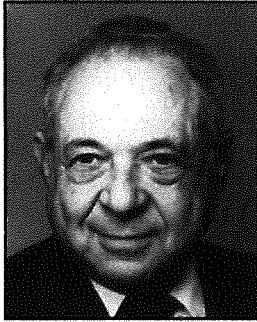
Rick Alan McGee
Graham Energy Services, Inc.
109 Northpark Blvd.
Covington, Louisiana 70433

Danny Dale Simmons
Netherland, Sewell & Assoc.
4500 Thanksgiving Tower
Dallas, Texas 75201

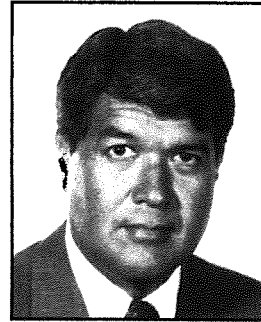
SOCIETY OF PETROLEUM EVALUATION ENGINEERS

**CANDIDATES FOR THREE YEAR TERMS ON BOARD OF DIRECTORS
BEGINNING JANUARY, 1994**

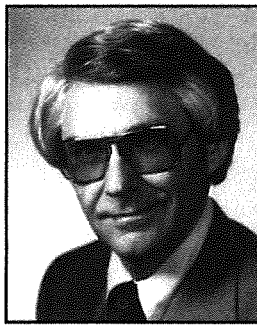
(Listed Alphabetically)



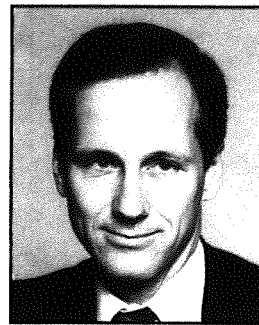
FORREST A. GARB
Forrest A. Garb & Associates
President
Dallas, Texas



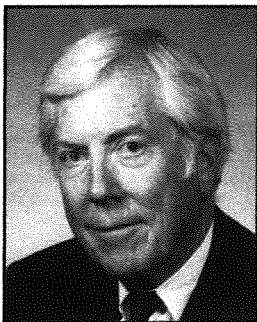
RAYMOND T. GARCIA (RAY)
R. T. Garcia & Company, Inc.
Principal
Houston, Texas



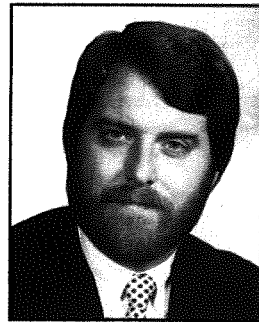
EDDIE J. HUDSON
Hudson Consultants, Inc.
President
Tulsa, Oklahoma



MAREK, FRANK J. (DEACON)
William M. Cobb & Associates
Vice President
Dallas, Texas



DONALD B. O'NEILL (DON)
Consultant
Highlands Ranch, Colorado



GENE B. WIGGINS, III (SKIP)
Atwater Consultants, Ltd.
Vice President - Director
New Orleans, Louisiana

CHAPTER OFFICERS AND MEETING INFORMATION

DALLAS

Chairman: **Frank Marek**
Vice Chairman: **Edward P. Miesch**
Secretary/ Treasurer: **William D. Anderson**
Meets: Southland Center Hotel
3rd Thursday
11:45 A.M.

DENVER

Chairman: **Walt King**
Vice Chairman/Program: **Tom Regan**
Secretary/ Treasurer: **Allen Heinle**
Membership: **Dave O. Cox**
Meets: Various locations
3rd Wednesday of first
month of
each quarter
11:45 A.M.

HOUSTON

Chairman: **Rick Riseden**
Vice Chairman: **Emmett Wassell**
Secretary/ Treasurer: **Ray Garcia**
Program Chairman: **Allen Barron**
Meets: Petroleum Club
1st Wednesday
11:30 A.M.

NEW ORLEANS

Chairman: **Jim Haag**
Vice Chairman/ Program: **Max Maxwell**
Secretary/ Treasurer: **Paul Loveless**
Meets: Petroleum Club
3rd Wednesday
11:30 A.M.

MIDLAND

Chairman: **David G. Griffin**
Vice Chairman: **Joe Neal**
Secretary/ Treasurer: **Jack Black**
Membership: **Joel Castello**
Meets: Bi-Monthly

OKLAHOMA CITY

Chairman: **Charles G. Massey**
Vice Chairman (Program): **J. Kent Smith**
Vice Chairman (Membership): **R. Curtis Phillips**
Secretary/ Treasurer: **Richard A. Brown**
Meets: Every other odd
numbered month

TULSA

Chairman: **Leroy England**
Vice Chairman/ Membership: **Randal Maxwell**
Vice Chairman/ Program: **Bob Pielsticker**
Secretary/ Treasurer: **Bill Southmayd**
Meets: Oliver's Restaurant
1st Tuesday
11:30 A.M.

CHAPTER NEWS

DALLAS

The October 21, 1993 meeting of the Dallas Chapter will host **Mr. Mark Doering** as the speaker. His topic will be "Acquisition Pitfalls: Operating Cost Forecasts".

"How Do Wellhead Prices Affect Reserve Values?" will be discussed by **William Strevig** and **Donna McClure** at the November 18 meeting.

The chapter meets the third Thursday of the month and will be meeting at the Southland Center Hotel.

DENVER

The next Denver Chapter meeting will be held on Wednesday, October 20, 1993, at the Board Room of the Colorado National Bank building. The lunch meeting will begin at 11:30 AM.

Our speaker will be **Monte Deckard**, Vice President, Colorado National Bank. Mr. Deckard's topic will be: "Financing The Small Exploration And Production Company".

In addition, Officers for 1994 will be elected. The Denver Section nominating committee, **Jack Haley** - Chairman, will present their nominations. Nominations will also be taken from the floor.

At our July 21, 1993 meeting, **Dave Cox** spoke on "Coal Bed Methane Wells - Forecasting Production and Reserves". Twenty- six members and guests attended the meeting.

HOUSTON

The Houston Chapter has resumed regular meetings following the summer break. The September meeting had a near overflow crowd to hear **Authur Anderson Partner Victor Burke's** presentation of their annual reserve survey. Many also plan to attend the October meeting where **Dr. Jim Hartsock** with H. J. Gruy and Company will present his paper titled "So You Want to do Risk Analysis?"

The Chapter also plans the following programs for November: Panel Discussion of Economics Software, and for December: Property Sales Package Formats.

Regular meetings are held the first Wednesday each month at the Petroleum Club. Reservations can be made with **B. K. @ 651-1639**.

MIDLAND

On August 8, 1993 the Midland Chapter heard a presentation entitled "Environmental Considerations With Ownership Transfer of Oil & Gas Properties" by **Bob Booth** with Joe C. Neal & Associates. The October 12, 1993 program will be presented by **Sid Smith**, Senior Vice President and Petroleum Engineer for Midland National Bank in Midland, Texas. Mr. Smith will discuss "Current Banking Trends in Energy Finance".

The Midland Chapter currently has a total of 31 members with 5 applications pending. We regret that **Sloan J. "Jack" Black** has resigned because of his move to Krum, Texas. Jack served ably as our Secretary/ Treasurer and we appreciate the contributions that he made to our Chapter.

Joe Neal, Vice-Chairman, organized our annual "social" which consisted of an evening at the Midland Summer Mummies presentation of "Rogery on the River" or "The Great Goober Grab".

We are pleased and excited to announce that our own **Arlen Edgar** will receive the prestigious 1993 SPE DeGoyler Distinguished Service Medal which recognizes distinguished and outstanding service to the Society of Petroleum Engineers, to the professions of engineering and geology, and to the petroleum industry. Congratulations Arlen for this well deserved recognition!

NEW ORLEANS

The Chapter Chairman, **Mr. Rene G. Daigre, Jr.**, has relocated to Denver and will continue his SPEE activities there. **Jim Haag** was chosen as new Chairman for the 1993/1994 term, **Max Maxwell** will continue as Vice Chairman and **Paul Loveless** will move into the Secretary/ Treasurer position. The Membership position will be filled soon.

The New Orleans Chapter held its last meeting in September. The guest speaker was **Mr. Nigel S. Gladwell** of Anderson and Anderson, Inc. who spoke on "Insurance and Oil and Gas Properties". At the upcoming meeting on October 20, **Mr. Fred M. Haston, Jr.**, SPEE President, will speak on the current focus and outlook of the SPEE.

OKLAHOMA CITY

The Oklahoma City Chapter held their noon luncheon at the Petroleum Club on September 23, which was attended by seven members and three guests. The program consisted of an informal round table discussion on the Code of Ethics of Engineers promulgated by the ABET, the Accreditation Board for Engineering and Technology.

There was considerable confusion regarding the suggested guideline for use with the fundamental Canon of Ethics Item 4.D.1. It was the general consensus that consultants were free to solicit employment from clients who were or were not presently utilizing other consultants.

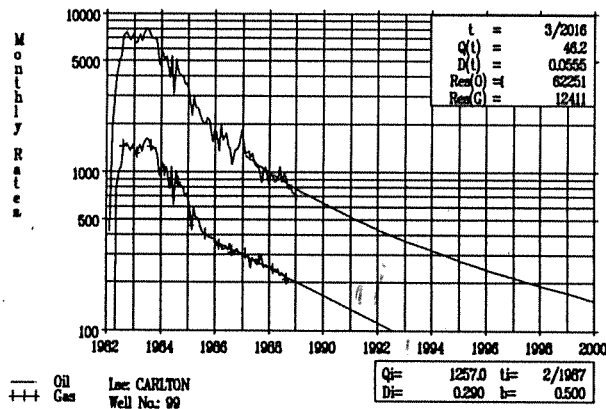
The next meeting is scheduled for November 4.

TULSA

A joint meeting of the SPEE and the American Society of Appraisers will be held at Oliver's Restaurant on Tuesday, October 5, 1993. **Mr. Tim Dowd**, an attorney with **Woska, Hasbrook & Dowd**, will be speaking on "Environmental Risk Impacting Appraisal Values/ Legal Aspects in Oil and Gas and Real Property Appraisal."

MICA

PC Power for Petroleum Engineers



• Network Version Available

For a free demonstration program, call our **World Wide BBS** with your computer and modem at: **(719) 520-5134**.

- **Decline Curve Analysis**
- **Economics**
- **Type Curve Matching**
- **Gas Well Forecasting**
- **HP Laserjet Compatible**
- **Dwights and PI Data Compatible**

Molli Computer Services, Inc.



Ph: 719-520-1790
800-869-7616
P.O. Box 3041
Colorado Springs, CO 80934

EUREKA 5.1

Oil and gas economic evaluation software for DOS. A brand new version of a tried and tested program. Still only

\$495.00

EUREKA is a complete evaluation package that allows you to use the following features to project future production and calculate cash flow from one well up to 5000 wells.

Project up to 4 different product streams • Input prices, operating costs, and taxes using a full suite of units • Model all input using any combination of exponential, harmonic, hyperbolic, incremental, percentage, constant, monthly or annual data streams • Model fuel use • Salvage (Abandonment) • Evaluate working, royalty, or net profits interests • Separate revenue interest for each product • Up to 3 reversion points • 99 Year Life • Variable start and as-of date • Before and After Federal Income Tax • Section 29 gas credits • Completely revised tax estimator including AMT • Use any discount rate • Present worth profile with any 5 discount rates • Report IRR, Payout, and Profitability Index • Menu driven • Freeform data entry • Full Screen Editor • Data base manager for up to 5000 evaluations • Error checking and on-screen diagnostics • Help Screens • Report to Printer or Disk file • Print individual evaluations, full Summaries, or Bottom-line Summaries • Customize 20-column reports from over 200 output columns • Fiscal or Calendar year • Save Report Settings • Lookup Files • Complete user manual and user support • Optional math coprocessor access

- Best of all only \$495.00

Send check, VISA, Mastercard to:

PRMI

16152 Beach Blvd., Suite 107
Huntington Beach, CA 92647

or Call 714/375-2791
for more information.

**Advertising Space Available
For Additional Information
Contact: B.K. Starbuck
(713) 651-1639**

Advertising Rates

Ad Size	1 - 3 Issues	4 Issues
Full Page	\$150.00/issue	\$550.00
Half Page	\$ 75.00/issue	\$275.00
Quarter Page	\$ 37.50/issue	\$137.00
Business Cards	\$ 10.00/issue-Member	\$ 37.50
	\$ 15.00/issue-Member	\$ 55.00

COMEDY CORNER

Rumor has it that a new unit of velocity is under consideration in the United Kingdom - furlongs per fortnight.



Donald L. Horton, P.E.
Energy Consultant

LEAD, INC.

P.O. Box 112639
Carrollton, TX
75011-2639

Phone 214-416-4225
Fax 214-416-4226

2710 N. Surrey Dr.
Carrollton, TX
75006-4749

ATWATER CONSULTANTS, LTD.

Registered & Certified Petroleum Consultants

**Petroleum Engineering ■ Geology ■
Interactive 3D Seismic Interpretation Using
CHARISMA/Sun Sparc2 Workstation**

Currently available in-house database of nonexclusive
3D seismic coverage for the Gulf of Mexico

318 Camp Street
New Orleans, LA 70130

TEL (504) 581-6527
FAX (504) 524-7798

FINALLY!!!!!!

An integrated Economics and Interactive Graphics System that does it all:

FORECASTING AND EVALUATION SYSTEM (FES):

System input is managed through a screen-oriented facility that includes full screen input, cursor or mouse movement and pop up windows including access to other system files from the property record. And all data items are checked at the moment of input or when the record is stored in order to assure data integrity.

All calculations in FES are performed monthly; hence, FES can guarantee rigorous calculation of ROR at the lease level and at subtotal and grand total levels. Also FES calculates rigorous payouts and economic limits. (If your system has a limited number of time slots, e.g. 40, you cannot calculate rigorous ROR's, payouts, economic limits, etc.)

FES calculates from three to 20 times faster than its competitors. And all calculations are stored so that only revised properties need to be recalculated. (FES calculates up to 5,000 leases per hour on 386 microcomputers.)

Data can be input directly into FES/PGS from Dwight's, PI, OGRE, etc., or from any other data source in any format. Also, you can include your mainframe unique lease code in FES/PGS, thereby providing a "seamless" interface between your mainframe and FES/PGS. FES/PGS can provide an audit trail whenever you make changes to FES/PGS records.

Logical (Boolean) expressions can be used to select any data from the system to be used in report writing. And a generic report writer provides the ability to write reports of any data items in any format including both input and calculated data.

Full partnership splitting is accomplished through the use of entity files. Hence, any system of interest that can be expressed by a network diagram can be calculated by FES. Also, various interest entities can be coalesced.

FES provides rigorous after tax calculations. These calculations are based on tables which may be modified by the user to provide his own tax scenario.

PRODUCTION GRAPHICS SYSTEM (PGS)

PGS is completely integrated with Forecasting and Evaluation System (FES) so that once you finish your decline curve work and transfer the results, they are ready in FES to calculate economics.

PGS allows you to plot hardcopy decline curves on any matrix or pen plotter to fit any preprinted semilog graph paper.

PGS allows you to fit exponential or hyperbolic decline curves interactively for all or selected portions of your data. Or PGS allows you to use your cursor or mouse to pick exponential or hyperbolic decline curves through all or portions of your data.

Full EGA or VGA resolution is available to plot your curves crisply in multiple colors.

Call or write Dick Banks if you would like to increase your productivity when doing property evaluations.



SCIENTIFIC COMPUTER APPLICATIONS, INC.
810 Petroleum Club Building, 601 South Boulder
Tulsa, Oklahoma 74119
(918) 584-6197