

## President's Letter

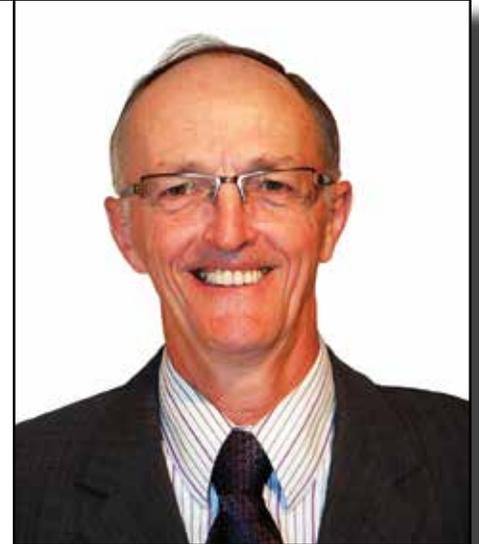
At the Board of Directors meeting on January 21, 2011, in Houston, a new Executive Committee was elected for the coming year. **Rick Krenek** joins as Secretary-Treasurer. **Marshall Watson** is Vice President, I am President, and **Stuart Filler** assumes the position of Past President. Likewise three new Directors were elected: **Graeme Simpson** is the first Director from the Europe Chapter, and **Allen Barron** and **Rod Sidle** are both from the Houston Chapter. One of my first duties was to appoint **Paul McDonald** to chair the Membership Committee, taking over from **James Patterson**. Thank you to James for your very capable leadership of this Committee. Thank you as well to Stuart for your leadership of the Society through 2010 - I anticipate I will be seeking your counsel and that of the other Past Presidents as I tackle my duties this year.

Having served on the Board for three years, and then on the Executive for two, I have witnessed the huge commitment of volunteer time it takes not just to run, but make the SPEE the leading society in the profession of petroleum evaluation. According to our by-laws: *The SPEE was organized*

*exclusively for education purposes and to promote the profession of petroleum evaluation engineering, to foster the spirit of scientific research amongst its members,*

*and to disseminate facts pertaining to petroleum evaluation engineering among its members and the public.* I believe we have and continue to fulfill this mandate very capably. I am honoured to serve as your President for 2011 and as we embark on the year, I want to share some of the ongoing and new activities your Society will be tackling and promoting.

In the November newsletter, then-President Filler spoke of three projects currently being worked on by the Society. The first were proposed changes to our by-laws. These changes have recently been approved by the Board and are included in this newsletter (per Article X of the by-laws) on page 16 for your review and comment. To assist you in this review, the newsletter article includes a brief introductory letter in which I have summarized the proposed changes. The second item mentioned was SPEE Monograph 3, *Guidelines for the Practical Evaluation of Undeveloped Reserves in Resource Plays*. Through December and January the Monograph went through a technical edit to ensure it met SPEE's professional standards. Our PRMS partners, SPE and AAPG, were provided with a commentary period which concluded January 31, 2011. With the technical edits now complete and comments received from AAPG, the Resource Play Evaluation Committee will now complete their final review. The final item mentioned in the November newsletter was a matter arising from the Texas Board of Professional Engineers (TBPE). The TBPE has issued an opinion that any evaluation of properties in Texas will require a professional



Back: (l-r) Rod Sidle, Allen Barron, Tom Collier, Ken Sigl, Paul McDonald, Samatha Meador and Graeme Simpson. Front: Marshall Watson, Stuart Filler, Barry Ashton, Richard Krenek, Gary Conzenbach

# 2011 Officers and Directors

## Executive Committee

President ..... Barry R. Ashton (Calgary)  
Vice President.....Marshall Watson (Midland)  
Secretary-Treasurer .....Richard Krenek (Dallas)  
Past-President.....Stuart L. Filler (Houston)

## Directors

Allen Barron (Houston) Samantha Meador (Europe)  
Thomas Collier (Midland) Rod Sidle (Houston)  
Edward Gibbon (Houston) Ken Sigl (Oklahoma City)  
Gary Gonzenbach (Central Texas) Graeme Simpson (Europe)  
Paul McDonald (Dallas)

Chair of the Council of Past-Presidents .....Frank Molyneux

## Bylaws Committees

Qualifications ..... Samantha Meador  
Committee: Steve Blair, Jon Crawford, Tim Gilblom, Phil Kandel and Dee Patterson  
Nominating ..... Stuart L. Filler  
Grievance ..... L. D. (Buddy) Sipes

## Individual Appointments

Evaluation Parameters Survey ..... Richard F. Krenek II  
Committee: Mike Garcia, Cary McGregor, and Joel Turnbull  
Fair Market Value.....D. Russell Long  
Internet .....J. Brian Walter  
Membership.....Paul McDonald  
Newsletter Publisher.....Richard J. Miller  
Communications.....George Schaefer  
Production Tax Summary and University Interface .....Marshall Watson  
Recommended Evaluation Practices.....Daniel R. Olds  
Annual Meeting Advance Planning .....Barry Ashton  
Professional Registration ..... Marcus Snyder  
2011 Software Symposium..... Brian Walter and John Wright  
Evaluation of Resource Plays ..... Russell K. Hall  
Reserve Definitions .....S. Tim Smith  
Journal of the Society of Petroleum Evaluation Engineers ... Richard J. Miller  
SPEE/SPE Reprint ..... Richard J. Miller

## SPEE Delegates

SPE OGRC Oil and Gas Reserves Committee Observer ..... Ron Harrell  
JCRET Joint Committee on  
Reserves Evaluator Training..... Rod Sidle, Dan Olds, John Ritter  
COGEH Canadian Oil and Gas Evaluation Handbook .....Barry Ashton  
UNECE Expert Group on Resource Classification ..... S. Tim Smith  
Washington Reserves Conference 2011 ..... S. Tim Smith

# Chapter Officers - 2011

## Calgary

Chairman – Harry J. Helwerda  
Vice Chairman – Katherine Crerar  
Secretary – Boyd Russell  
Treasurer – Gary Metcalfe  
Past Chairman - Attila Szabo  
Membership – Terry Nazarko

## California

Chairman - Tom Walker  
Vice Chairman – Brad DeWitt  
Secretary-Treasurer - Barry Evans  
Membership - John Davis

## Central Texas

Chairman – Cary McGregor  
Vice Chairman – James Bostic  
Secretary - Charles Price  
Treasurer – Gary Gonzenbach  
Membership – Paul Clevenger

## Dallas

Chairman - Philip Crouse  
Vice Chairman – Gary Swindell  
Secretary/Treasurer - Jay Thrash, Jr.  
Membership - Dean Eiland  
SPEE Liaison - Paul McDonald

## Denver

Chairman – Mike White  
Vice Chairman - Letha Lencioni  
Secretary-Treasurer – John Benton  
Membership - Fred LeGrand

## Europe

Chairman – Paul Taylor  
Vice Chairman – Simon McDonald  
Secretary-Treasurer – Andrew Evans  
Membership – Jes Christensen

## Houston

Chairman – Mitch Reece  
Vice Chairman – Jerry Blevins  
Secretary-Treasurer – Jennifer Fitzgerald  
Program Chairman – Anna Hardesty  
Membership - All Houston Officers

## Midland

Chairman – Russell Hall  
Vice Chairman – Todd Yocham  
Secretary-Treasurer – Karl Gulick  
Membership Chairman – Joe Neal  
Director - Charles Gleeson  
Director - Tom Collier

## Oklahoma City

Chairman – Ken Sigl  
Vice President - Don Jacks  
Secretary-Treasurer - Fletcher Lewis  
Membership - Bruce Heath

## Tulsa

Chairman - Ken Richison  
Vice Chairman - Stan Scott  
Secretary - Treasurer - Bob Harmon  
Membership - Phil Schenewerk

**Wyoming Chapter Coordinator Scott Stinson**



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engineer licensed in Texas to seal that evaluation, regardless of where the evaluation was conducted or where the client or company is based. **Tim Smith**, as Chair of the Reserves Definition Committee (RDC) has been very active on this matter, both individually and in keeping his committee members and the Executive Committee apprised. At this time it appears that a presentation to the TBPE would not help to reverse this opinion and therefore a legislative/lobby approach is being undertaken to create an exception in the legislated act. SPEE is pursuing this course of action due to a concern that if the TBPE enacted its proposal, other states might reciprocate and taken to its worst conclusion, evaluation engineers would need to be licensed in multiple states, regardless of where they or their client are headquartered.

In addition to these items, SPEE has a number of other active projects:

- Board members **Samantha Meador** (Qualification Committee Chair) and **Paul McDonald** (Membership Committee Chair) have been asked to discuss with the Society Chapters ways to ensure applications are reviewed for completeness before sending them on to the Qualifications Committee. It is hoped that a more rigorous review at the initial screening level will help ensure completeness and a faster processing of the application. See Samantha's article in this newsletter on page 7 for more information.
- **Paul McDonald** has also been given the task of updating the Membership Directory. Paul will work with **Brian Walter** (Internet Committee Chair) on this task.
- Planning for the SPEE Software Symposium, co-chaired by **Brian Walter** and **John Wright**, is well underway. It will be held on Monday, April 18th at the Marathon Centre in Houston. See the advertisement in this newsletter on page 15 and plan to attend.
- Planning is also going well for the joint Reserves Symposium with partners, SPE and AAPG. **Tim Smith**, with support of the Reserves Definition Committee, is leading SPEE's involvement. The Symposium will be held in Houston on July 18th and 19th with training sessions both before and after the Symposium possibly sponsored by JCORET. This promises to be a "must attend" so watch the SPEE website for registration details.
- *Guidelines for Application of the Petroleum Resources Management System* has been posted on the SPE website and the Reserves Definition Committee has been charged to review the document and formulate a possible reply from the SPEE. According to Article XVII of the By-laws regarding Position Statements, any official SPEE response to this document must be approved by the Board of Directors. The RDC has submitted comments from the review to the Executive Committee, who in turn will formulate a SPEE response prior to the March 15, 2011, deadline.



*Charles Nelson, Stuart Filler and Sam Singer at Houston Petroleum Club luncheon January 21*

- **Tim Smith** continues (assisted by **Samantha Meador**) to represent SPEE at the United Nations as it works on the UN Framework Classification for Fossil Energy and Mineral Reserves and Resources (UNFC-2009). Another SPEE member, **David Elliott**, also attends these sessions, but does so as a representative of the Alberta Securities Commission. I encourage you to talk with any of these individuals to learn more about this important effort as it has the potential to have a meaningful impact on our profession.
- At a Chapter level, the Alberta Securities Commission (ASC) has requested SPEE (Calgary) to develop guidelines on the evaluation of resources for insert into the Canadian Oil and Gas Evaluation Handbook (COGEH). The ASC is concerned with the "significant variance in the manner in which various evaluators have interpreted the guidance on contingent resources with the result that the risks and uncertainties associated with contingent resources are not presented in a consistent or complete manner." This important endeavour is being handled by the Calgary Chapter's Standing Committee chaired by **Robin Bertram**.

The list of activities currently underway by SPEE speaks to the strength of our Society and progressive nature of our members. We are working on projects that will change the face of our industry and this very profession. If you want to leave a lasting impression, this is the time to get involved. I invite you to give me a call (403-648-3232) or send me an email (bashton@ajmpc.com) if you have any questions, concerns, or ideas about the future of SPEE. We have an exciting year ahead and I look forward to working with our Board members, Committee Chairs and all the Chapter Officers. I look forward to meeting many of you at our Annual Meeting being held at Amelia Island in Florida, June 4-7, 2011. Vice President **Marshall Watson** has a great event planned. See the information within the newsletter and on our website and register early! See you there.

**Barry Ashton**  
President

# Chapter News

## Calgary

Since our last report to the SPEE Board of Directors on October 25, the Calgary Chapter held one Business meeting on October 19, one Technical meeting on November 16 and held our annual Christmas luncheon on December 14. The November Technical luncheon featured Robin Bertram of AJM Petroleum Consultants who presented a talk entitled *Review of SPEE Monograph 3 – Guidelines for the Practical Evaluation of Undeveloped Reserves in Resource Plays*, a summary of the presentation made at the 2010 SPEE Annual Conference in Victoria, British Columbia.

Our annual Christmas luncheon was held at the Calgary Petroleum Club on December 14 with more than half of the Calgary members in attendance (28). It has been our tradition to run an annual oil price forecast competition at this luncheon to see who can guess the average daily WTI oil price for the coming year and to name the winner of the previous year's competition. The oil price forecast competition was initiated by one of our charter members, Robert A. Odd. In August, 2010, Robert passed away suddenly and in memory of Robert, SPEE (Calgary) commissioned a trophy in Robert's name to be presented annually to the winner of the competition. The winner of the 2010 competition was Gary Metcalfe, Treasurer.



In recognition of their service to SPEE over the past four years, Attila Szabo (Chairman) and Curt LaBelle (Secretary) were presented with copies of the books *Ethical Oil* by Ezra Levant and *Leadership* by General Rick Hillier, respectively.

At the Business Meeting in October, Boyd Russell and David Tutt agreed to lead a committee to look at increasing our membership, particularly from E&P companies.

Over the Christmas break, David Elliott, SPEE member and Chief Petroleum Advisor at the Alberta Securities Commission, completed his review and editing of the Bitumen Guidelines of COGEH Volume 3. This document will be forwarded to the COGEH Standing Committee for review and final editing prior to going to a technical editor and then onto the general SPEE (Calgary) membership for comments. The Bitumen Guidelines should be ready to be incorporated into COGEH Volume 3 by late Spring 2011 and available for sale to the general industry via our website <http://www.speecanada.org/products.htm>.

The COGEH Standing Committee is now under the guidance of Robin Bertram, who recently took over as chairman from Mike Adams. The COGEH Standing Committee has formed a subcommittee charged with developing the Prospective and Contingent Resources section of COGEH. This subcommittee had their first organizational meeting on December 8. The next meeting of the sub-committee on January 25 focused on preparing the table of contents of this section of COGEH.

*Meetings - 3rd Tuesday of each month except June, July and August. Membership - 55*

## California

*Membership - 27*

## Central Texas

The SPEE Central Texas Chapter held an officers meeting on January 19th.

Future speakers and meeting dates were discussed. Speakers on the subjects of unconventional resources and horizontal plays are planned to be scheduled.

*Membership - 31*

## Dallas

The first meeting of the fiscal year was held at the Petroleum Club of Dallas with about 50 in attendance. The talk was given by Lance Robertson, Manager of Drilling and Completions for Pioneer Natural Resources' Eagle Ford Asset Team and entitled *Eagle Ford: Uniquely Positioned for Commercial & Technical Success*. Lance's talk focused on the commercial impacts of condensate/oil versus dry gas, the unique mineralogical and structural features of the Eagle Ford and recent completion practices and advances. A robust Q&A followed an excellent and well-received presentation. Paul McDonald was recognized for the excellent year the Dallas Chapter had and was presented with a token of gratitude for his contributions and serving as Chairman to the Chapter.



*Russ Hall of Midland speaks at the January 20th Dallas Chapter Meeting*

A robust crowd attended the second meeting on November 4 with C.W. Clark, P.E., Director of Compliance & Enforcement from the Texas Engineering Board, whose topic was ethics. This qualified for the yearly ethics requirement for P.E.s.

On January 20, Russ Hall gave an excellent talk on *Reserves in Resource Plays* with a record 80+ in attendance at our new meeting place at the Ellison Miles Institute at Brookhaven College in North Dallas.

#### Upcoming Meetings:

- March 24 - Michael Collier, Partner, US Energy M&A, PricewaterhouseCoopers, – *Environment, Trends and Developments in Mergers and Acquisitions*
- May 19 - Anas Alhajji, Chief Energy Economist for Natural Gas Partners

Meetings for March and May are scheduled at Brookhaven College at the Ellison Miles Institute (same building SPE holds its Production Study Group meetings).

*Meetings – Bimonthly September through May on 3rd Thursday of the month unless otherwise stated. Membership – 55*

### Denver

The Denver Chapter also co-sponsored along with six other technical societies (SPE, AIPG, RMAG, DGS, SIPES, and DAPL) a “Meet the Candidates” luncheon. Invited were U.S. Senate Candidates from Colorado: Ken Buck and Michael Bennet. Ken Buck attended and addressed the luncheon. Sen. Bennet was not able to be present due to a prior campaign commitment. Both candidates provided answers to an energy-focused questionnaire.

Many thanks go out to Jim Volker, CEO/COB of Whiting Petroleum Corporation, for continuing to sponsor our SPEE Chapter meetings at the Denver Athletic Club.

January 12 saw new record attendance at our first quarterly meeting of the new year, with total attendance of 113, including 32 members and 81 guests. Our speaker was Mike Cleary, VP of Drilling for Delta Petroleum, who spoke on the Macondo blowout with a presentation entitled *Deepwater*



Letha Lencioni, Vice-Chairman/Program Chairman; Guest Speaker Mike Cleary, VP of Drilling at Delta Petroleum Corp.; and Mike White, Chairman

*Horizon/Macondo: Lessons Learned.* Macondo is BP's prospect name for the Green Canyon 252 #1 well which blew out in April 20, 2010 in the Gulf of Mexico. Shortly after the blowout, Mike took a 60-day leave of absence from Delta to relocate to Houston and participate in both the Well-Kill and the Spill Containment Teams. Mike performed a post mortem review of the well from day of blowout to today from his unique perspective.

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

### Europe

The Europe Chapter held its second Annual General Meeting in October 2010 where the current officers were elected. The meeting agreed that the Chapter was in good health, having achieved full Chapter status in January, grown the membership and held several interesting meetings.

The meeting thanked the retiring Chairman, Graeme Simpson, not only for his work through 2010 but also for his prior work and commitment to successfully securing Chapter status at the beginning of the year.

As of January 2011, the Europe Chapter has 14 full members and another 2 potential members with applications for membership submitted. There are approximately 12 personnel on a list who have shown interest in the Chapter's activities. The slow membership approval process (generally up to 18 months at present) is still seen as a hindrance to application; it is hoped this can be speeded up in the future.

Four meetings were held in 2010 and a similar number of meetings are planned for 2011. Attendance is generally open to both members and non-members with up to 35 attending. A joint meeting with the SPE and The Geological Society planned for September 2010 on *Unconventional Reserves and Resources* was postponed and will now be held on March 3. The other SPEE-only-meetings are generally lunchtime or early evening sessions, for which an eminent expert is invited to make a brief, discussion-provoking presentation. The Chapter is planning to hold one meeting in 2011 outside of London which most likely will be in The Hague, Netherlands.

*Meetings – 4 meetings per year. Membership - 14*

### Houston

On October 6, Bill Vail, Vice President with the North America Division of DeGolyer and MacNaughton – Houston, presented *Discussion on SPEE's Monograph 3, Guidelines for the Evaluation of Resource Plays*. The topic generated a wide interest in the audience and there were a number of questions of how engineers were to apply the new guidelines. Monograph 3 has now been approved by the National Board and we are eager to receive the final product. The meeting was attended by 34 members and 14 guests and visitors.

Rod Sidle, Texas A&M University, presented *An Update on the Use of Analogy for Oil and Gas Reserves Estimation* on November 3. The central theme of the discussion was how to identify an analogy and how to correctly utilize the analogy in reserve estimation from an SEC and the SPE PRMS perspective. Specific information was presented to inform the audience of the requirements, guidance and use of the analogy. At this meeting the current officers Mitch Reece, Jerry Blevins and Jennifer Fitzgerald were placed in nomination for succession to the next higher position. A request was made for nominations from the floor but none were received. The announcement was made that the voting on the officers would occur in December's meeting. The meeting was attended by 35 members and 10 guests and visitors.

Our last meeting of the year was presented by Gary Gonzenbach, TRC Consultants LC, on the topic *Reserve Reconciliations – Results that Mean Something*. Information presented indicated that the calculation order of the reserve change mattered and could possibly skew the results to the last calculated variable. This was new information to most of the group and raised several questions at the end of the presentation. A verbal vote was conducted on the officers placed in nomination the previous month. The vote was unanimous by the members and the officers were elected to the positions. The meeting was attended by 36 members and 16 guests and visitors.

In early December a meeting was held by the officers of the Houston Chapter and the decision was made to appoint Anna Hardesty of Ryder Scott Company as the Program Chairman for the year 2011.

Houston Chapter meeting dates and scheduled speakers for the first half of 2011 are:

- January 21 – Stuart Filler, SPEE National Committee, The Society in 2010: Future Events and Projects
- February 2 – Art Smith
- March 2 – Dave Pursell
- March 29 – Boone Pickens (annual joint meeting with the SIPES Houston chapter)
- May 4 - OPEN

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

## Midland

During the six-month period ending December 31, 2010, the Midland Texas Chapter held two planned luncheon meetings (normally scheduled for the second Tuesday of odd-numbered months) at the Petroleum Club of Midland. The normally scheduled November meeting was cancelled due to a last-minute speaker conflict. In its place, a meeting was scheduled for the second Tuesday in December. This meeting was also cancelled; this time due to the speaker having emergency surgery.

Meetings in the last half of 2010:

- July 13, 2010: Recap of the SPEE Annual Meeting held in Victoria, B.C., Canada.
- September 14, 2010: Gary Stone, VP - Five States Energy Capital LLC spoke on *Acquisition and Present Day Financing Activities*.

*Meetings – 1st Tuesday odd months – Midland Petroleum Club. Membership - 28*

## Oklahoma City

On October 28, the Oklahoma City Chapter hosted Richard Spears of Spears and Associates as our luncheon speaker. Mr. Spears is a past SPE Distinguished Lecturer and is on the boards of multiple energy industry companies. Discussing past and present industry trends relative to rig counts and oil and gas prices, Mr. Spears indicated the most recent downturn in rig count was fairly typical in timing and sharpness of the rig count drop. He stated one noteworthy trend was the increase in stimulation horsepower from 2 million horsepower in 2003 to 12 million HP in 2010 and that another 2 million HP was under construction which should hopefully eliminate the current delays some operators are experiencing. Other trends Mr. Spears discussed were the reduced demand for vertical drilling rigs and the reduced demand for well service rigs. Total attendance was 87 members and guests.

On December 9, Darrell Noblitt, Business Development Manager of EnergyNet.Com, spoke to our group. Mr. Noblitt's talk was entitled *The Code of the West* and was a discussion of business ethics with specific examples of oil and gas issues. Mr. Noblitt's talk was based upon *10 Principles to Live By* discussed in James P. Owen's book, *Cowboy Ethics*. This meeting on ethics allowed Oklahoma P.E.s registered in Texas to get the one hour of ethics continuing education required to remain registered in that state. Total attendance was 30 members and guests.

January 27, the OKC Chapter had one of our local members, John Paul (J.P.) Dick, founder and manager of Pinnacle Energy Services, LLC, speak to our group. The topic of J.P.'s presentation was *Observations and Application of the New Reserve Reporting Rules*. J.P. discussed how the new SEC reserve reporting rules have impacted the work and reports that his company does for clients and then asked the meeting attendees to share and discuss their experiences with the new rules in place. Total attendance was 36 members and guests.

The OKC February meeting was scheduled for the 24th. We were excited to have Keith Barnett, Director of Strategic Analysis with Bank of America Merrill-Lynch Commodities, speak on *The Natural Gas Market Outlook*.

*Meetings – Every odd-numbered month. Membership - 23*

## Tulsa

*Meetings – 1st Tuesday of each month – Petroleum Club. Membership – 27*

## We All Play a Role for New SPEE Members!

2011 is looking to be a great year for the SPEE. At the recent Board of Directors Meeting, the Directors discussed the 2010 recent surge in new membership applications to join SPEE. As Directors and members, we are very pleased with the increased activity!

Thank you to the efforts of the 2010 Membership Chairperson Jim Patterson. We are also looking forward to the contributions of his successor, 2011 Membership Chairperson, Paul McDonald. Jim and (now) Paul, are supported by an army of Regional Chapter Membership Committee Representatives. Please familiarize yourself with your Chapter Membership Chairperson, as they will be working with you to help identify candidates for membership and to grow the overall membership.

In addition to introducing our Membership Chairpersons, this message is intended to inspire our membership to continue to identify and motivate qualified candidates to apply for membership to the SPEE. However, renewed attention needs to be placed on assuring that the applicants understand that the SPEE has the highest standard for qualifications for membership. Our membership and its reputation demand that applicants are appropriately qualified and have relevant evaluation experience which can be evidenced through the application process.

The application process for new members is robust and thorough. Applications are thoroughly scrutinized to assure they meet the standards required in the SPEE Bylaws and summarized in the New Member Application. The

Qualifications Committee is the working group who processes all applications, testing them for compliance to the Bylaws and validating that the qualifications of potential new members meet the Membership requirements. The Qualifications Committee is comprised of: Chairperson, Samantha Meador, Tim Gilblom, Phil Kandel, Steve Blair, and Dee Patterson

The Qualification Committee will continue our vigilant assessment of the qualifications of the applicants via their application and the application process.

While we work to increase SPEE membership through efforts of the Membership Committee, local Chapter Membership Chairs and SPEE members around the world, we can all contribute to improving the success for applications of future members. Here are a few key points:

Current SPEE members should be inspired, motivated and stimulated to bring in new members, presuming we have a good understanding of their qualifications and understand their professional background. Identification of a qualified new potential member is the starting point to the process.

Through ongoing engagement, SPEE Members and Chapter Membership Chairpersons remind applicants of the application process, with special focus on the requirements for evaluations experience. The Chapter Membership Chairpersons are urged to engage with applicants and review the application prior to submittal to the Qualifications Committee for assessment.

Members are further reminded how important your sponsorship (and sponsorship forms are) are to the overall application process. Consider offering to review the application prior to confirming your sponsorship to assure you understand what the applicant is submitting. Show diligence and interest in the application; this is your membership, and as a sponsor, your opinion is heavily relied upon. The key message to members: Take sponsorship of a new member seriously and give it the appropriate effort to help promote success for new member applications.

We have a impressive membership of highly qualified persons in SPEE. Through our working relationships, we have the opportunity to improve our society by increasing membership. We must take time and provide appropriate effort to support the applicants who are most qualified to assure success in their application process.

If you have any questions on how you can help a new applicant through the application process, engage with your Chapter Membership Chairpersons. For support regarding qualifications of applicants, please feel free to contact me at Samantha.Meador@shell.com.

<b>Regional Chapter</b>	<b>Chapter Membership Chairs</b>
Calgary	Terry Nazarko
California	John Davis
Central Texas	Paul R. Clevenger
Dallas	Dean Eiland
Denver	Letha Lencioni
Houston	All Houston Officers
Midland	Joe Neal
Oklahoma City	Bruce Heath
Tulsa	Phil Schenewerk
Wyoming	Forthcoming....Any volunteers?
Europe	Jes Christensen

*Samantha Meador*  
*Chairperson, SPEE Qualifications Committee*

## 2011 SPEE Annual Meeting

Named by *Condé Nast Traveler* as “one of the best places to stay in the whole world,” Omni Hotels & Resorts’ Amelia Island Plantation is sure to relax and invigorate you. Moss-draped oaks, tranquil lagoons, warm air breezes and uncrowded beaches are gentle reminders that will bring you back to nature. You can walk through a maritime forest, shop on the island, kayak, work out or swim at the health and fitness center, go sailing or fishing or go on the many tours the island offers. Planned activities include a Segway tour, a bicycling tour and a nature/walking tour. There is a spouses’ shopping trip to beautiful Historic Fernandina Beach.

### Tennis, Spa and Golf

There will be a tennis tournament this year! You don’t have to be a top player to play on the 23 Har-Tru fast dry clay courts! The spa is just footsteps from the sea and offers just about every relaxing treatment you can imagine! The resort has offered a 10% discount on spa treatments.

Golf is a given at Amelia Island Plantation Resort. Named a “Silver Medal Golf Resort” every year by Golf Magazine, Amelia Island Plantation Resort boasts four championship golf courses. Two of the courses have several holes along the ocean...talk about a water hazard! The resort has extended a 25% discount on green fees. The golf tournament includes fun and, of course, prizes! There will be a beach bonfire on Saturday night with s’mores and the works.

And you won’t want to miss Sunday night’s reception at Walker’s Landing. Besides the great

seafood, there will be a first-time-ever silent auction. Treasures abound! The Annual Banquet hosts local music, food and drink and the program will be ‘high tide!’ If you would like see what the resort has in store for you, or to make any dining, spa or activities reservations, you can

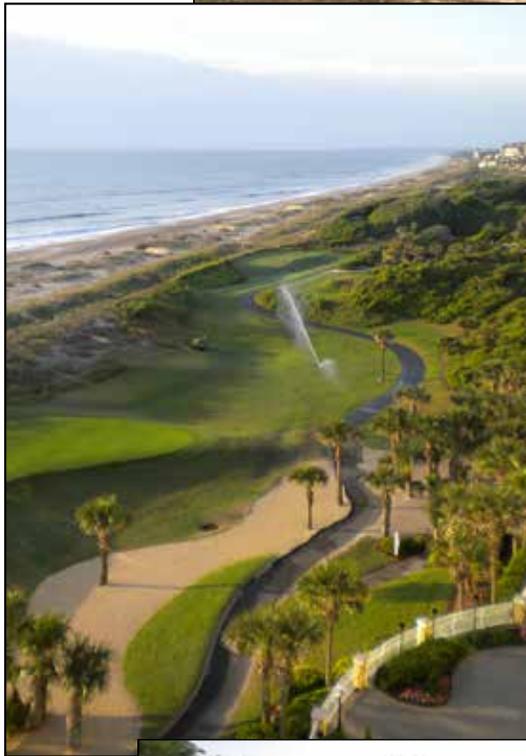
call the resort at 904-261-6161 or go to the web site: [www.omnihotels.com/findahotel/ameliaisland.aspx](http://www.omnihotels.com/findahotel/ameliaisland.aspx).

### Local Attractions

When planning your trip to Amelia Island, you may want to take in some other sights around the area. St. Augustine, the ‘Nation’s Oldest City’ is about 1½ hours away and is filled with historic buildings, forts, quaint shops and restaurants. You can tour it all by horse and buggy! Fort Clinch State Park, Okfenokee Swamp, Kingsley Plantation, and Cumberland Island are all nearby. In Jacksonville, you may wish to tour the Anheuser-Busch Brewery, go to the zoo, or take a day to visit the Museum of Science & History. Live animal shows, the Alexander Brest Planetarium, kids’ programs and a marine mammal exhibit are just a few of the offerings. Back at the Plantation, you can arrange sailing or deep sea fishing charters and sightseeing tours through Amelia Angler. And, most important of all, Disney World is two hours south in Orlando. So make sure you allow time in your schedule to enjoy some of these great opportunities for fun!

### Transportation and Lodging

To get to Amelia Island is easy as a Texas Two Step ... 1- Fly to Jacksonville, Florida, 2-take a 30-minute shuttle to the resort ...it’s that easy. Shuttles are \$40 RT per person. Most airlines, including Southwest, fly into



Jacksonville. To make reservations for the shuttle or the hotel rooms, call the resort at 800-281-1100; please ask for our group rate by telling them you are with the Society of Petroleum Evaluation Engineers, June 3-7, 2011 conference. If you choose to drive, there is plenty of free parking at the resort. Rooms, all with an ocean view, are \$229 plus a \$12/person resort fee plus all taxes totaling 11%. If you are looking for a family deal, reserve a one- or two-bedroom condo just a few steps away from the hotel, all with an ocean view. These condos include a kitchen, dining and living room in addition to the bedroom(s) with two queen beds. Roll-a-ways are available too. The one-bedroom condos are \$269 per night plus the aforementioned fees. All room blocks are being held until May 1, so get your reservations in now!

To drive, exit the Jacksonville Airport. Then take Exit 362 - 9A, and follow 9A South to Jacksonville Beaches about 30 minutes. Take exit 41- Heckscher Dr. - Hwy. 105. Make a left at light - stay on Heckscher Dr. You will see the entrance to Amelia Island Plantation. You will pass Blount Island and St. John River along the 40-minute drive!

There are some incredible restaurants on the property; everything from New York style delis to fine dining. The web page lists seven restaurants in the hotel; however there are several others on the property, all just a short shuttle ride away.

**Kids' Activities**

While mom and dad are away, the kids will play! For a fun time, you can come to camp in the morning, afternoon or all day. Kids Camp Amelia is open 7 days a week (24 hour pre-registration required). Costs are Full Day \$70, AM Only \$55, and PM Only \$45. Where kids can be kids while parents enjoy a night out, *Just For Kids* is a themed dinner program for children ages 3-10. Some of the themes include pajama party, hayrides, bonfires, movie night and more. *Just For Kids* is \$55 per child and \$40 when parents dine at the *Ocean Grill* or *The Verandah* restaurants. Babysitting services are also available through the resort.



All the activities, restaurants, beaches, spa and shopping are right on the Omni Hotels & Resorts' Amelia Island Plantation entire 1350-acre property. There are free shuttles available running 24 hours. Dress is resort casual throughout the conference, with the Monday awards banquet being dressier - resort cocktail, bring your bright colors!

If you have any questions or comments, please call me at (432) 638-5839 or my wife Angela at (432) 638-1474. Also, if you're bringing children, please call Angela and let her know ages and number of kids and if you wish to organize something as a group. Please fill out the enclosed registration forms and get them in as soon as possible.

See you there,  
**Marshall Watson**  
*Annual Meeting Chairman*

Schedule of Events	
Sat AM	Golf Tournament
Sat PM	Short Course
Sat Eve	Beach party
Sun AM	BOD and Committee Meetings
Sun PM	Short Course
Sun Eve	Reception at Walkers landing
Mon AM	General Sessions and spouse trip to historic shopping area 10 miles away
Mon PM	Tennis Tournament and other activities
Mon eve	Awards Banquet
Tues AM	General Sessions
Tues PM	Short Course

# 2011 SPEE 49th ANNUAL MEETING – AMELIA ISLAND, FLORIDA

## Shale Reserves and Economic Evaluation and International Economic Appraisals

### SCHEDULE OF TECHNICAL SESSIONS

#### Short Course 1: Production Sharing Contracts and Petroleum Fiscal Systems

Saturday June 4, 2:00 PM – 7:00 PM

#### Short Course 2: Risk & Uncertainty Basics For Unconventional Reservoirs

Sunday June 5, 12:00 PM – 6:00 PM

#### Short Course 3: Shale Gas Production Data Analysis 'The Physics of Decline Curve Analysis for Shales – A Defendable Hyperbolic'

Tuesday, June 7, 1 PM – 5 PM

### First General Session – Monday, June 6th

#### Reservoir Performance Aspects of Tight Gas and Shale Gas Systems

Thomas A. Blasingame, Ph.D., P.E., Petroleum Eng./Texas A&M University

Time-rate or “decline curve” analyses have dominated the technical and economic assessment of reserves in the petroleum industry for almost 100 years. For the most part, assuming a relatively simple extrapolation model has served the industry well, particularly for “conventional” or high permeability reservoir systems. This presentation will discuss the “modern” versions of time-rate analyses which should be used for estimating reserves in tight gas and shale gas reservoir systems. In addition, time-rate-pressure analyses will also be discussed, as these are “model-based” analyses, with more analytic rigor, but often more uncertainty as well.

#### Panel discussion of the soon-to-be released Monograph 3, *Guidelines for the Practical Evaluation of Undeveloped Reserves in Resource Plays*

The SPEE Resource Evaluation Committee will host a panel discussion to introduce the recently completed Monograph 3. Each panel member will briefly describe a chapter in the Monograph. These chapters are: 1. Definition of a Resource Play, 2. Statistics – a Brief Lesson, 3. Determining Proved Areas in a Resource Play, 4. Estimating Undeveloped Reserves in a Resource Play. Following the discussion, the panel will entertain questions from the audience. Monograph 3 is designed to give evaluators a consistent framework for analyzing Resource Plays and assigning reserves. The Monograph encourages evaluators to become familiar with the PRMS probabilistic definitions of Proved, Probable, and Possible Reserves.

#### The Demonstration of a Reliable Technology for Estimating Oil and Gas Reserves

Rod E. Sidle, Ph.D., P.E., Shell E&P (retired), Petroleum Eng./Texas A&M University

Since the term “reliable technology” was introduced into oil and gas reserves estimation by the SEC in late 2008, neither the updated SEC regulation nor subsequent guidance has described how to qualify proposed technologies. This presentation, *The Demonstration of a Reliable Technology for Estimating Oil and Gas Reserves*, will provide an approach founded on U.S. Federal Rules of Evidence and traditional scientific practices and provide examples including the use of seismic for hydrocarbon-water contacts.

#### 2011 A&D Update

Scott Richardson, Richardson and Barr

Current mergers, acquisition and divestiture metrics in our industry

#### Stimulated Volume and Fracture Structure

Craig Cippola, Chief Engineer Advisor, Hydraulic Fracture Monitoring & Optimization, Schlumberger

Microseismic mapping has shown a vast diversity in hydraulic fracture growth, from simple planar features to very complex 3-D fracture networks. In many unconventional reservoirs (shale) creating complex fracture networks can be the key to economic success. The volumetric extent of the microseismic event “cloud” generated during a hydraulic fracture treatment has been used as a proxy for the region of the reservoir that has been stimulated: designated “stimulated reservoir volume” or SRV. Reasonable correlations between SRV and gas production have been documented in the Barnett shale, but these correlations may not be valid in other unconventional reservoirs. In addition, stimulated volume calculations don't provide any details of the actual fracture structure within the microseismic cloud or the distribution of proppant in the fracture structure. This presentation examines various approaches to interpreting microseismic data and modeling well performance, contrasting methods such as stimulated reservoir volume (SRV) and discrete fracture network modeling.

### Shale Gas Plays of the Black Warrior basin and the Appalachian Thrust Belt of Alabama

Jack C. Pashin Director, Energy Investigations Program, Geological Survey of Alabama

Shale gas development is active in multiple Paleozoic formations in the Black Warrior basin and the Appalachian thrust belt of Alabama. The diversity of these formations, which range in age from Cambrian to Mississippian, provides an excellent opportunity to examine shale formations with a wide range of reservoir properties in varied geologic settings. To facilitate development, a systematic, multidisciplinary approach is being applied to the evaluation of shale reservoirs. Key geologic variables addressed are stratigraphy, sedimentation, structure, hydrodynamics, geothermics, petrology, geochemistry, gas storage, and permeability.

### A New Method of Establishing Reliable Technology

Mark Ireland, P.E., Reserves and Compliance Reporting, ConocoPhillips

The topic is a new method of establishing reliable technology and is an extension of the draft SPEE Monograph 3 as well as approaches from other authors. The method may be useful in a new resource play for SEC PUD evaluations before it is fully statistical.

### Shale Engineering

Rawdon Seager, Gaffney, Cline & Associates

This is a presentation dealing with the evaluation of shale resources using a “shale engineering” approach.

### Well Performance and Economics of Selected U. S. Gas Shales

John Seidle, Ph.D., P.E., Vice President, and Leslie S. O’Connor, MHA Petroleum Consultants

Considerable confusion currently exists around the economics of shale gas exploitation. The sources of this confusion are well performance, economics, and results of prior investigations. Exploitation of gas shales is relatively new; each shale is unique and no shale play has gone through an entire life cycle. Initial gas production rates depend strongly on well completion with initial rates declining sharply. Estimated ultimate recoveries (EUR’s) from shale wells quoted by many independents are being challenged by some evaluators. Shale wells are expensive with a good fraction of the cost coming from multiple fracture stimulation stages. Current U. S. natural gas prices, uncertain as ever, are subject to long term downward pressures. Rapid expansion of shale gas plays threatens a supply glut and transportation bottlenecks. Concerns about the strength of the U. S. economic recovery weaken natural gas demand. This presentation will begin with a brief review the unique characteristics of shale gas reservoirs and the wells which drain them. Next, shale well performance prediction methods will be discussed. Lastly economic viability of selected domestic gas shale plays will be investigated.

## **Second General Session – Tuesday, June 7th**

### An Update from the IRS: Common Issues, Appraiser Penalties and other Topics

Kimberly McElreath, Petroleum Engineer, Pre-Filing and Technical Guidance - Collateral Duty Technical Advisor

The presentation will focus on Common Issues in Business Valuation recently seen by the IRS and an overview of the new IRC 6695A Appraiser Penalty.

### Reserves or Resources-What Do You Have If You Don’t Have a Well Penetration?

John Hodgkin, Ryder Scott

How faults and other structural and stratigraphic features influence hydrocarbon migration and entrapment also impact the decision of the evaluator for reserve and resource classification. Both the SEC and SPE-PRMS definitions discuss the issue of classification for unpenetrated fault blocks. This presentation will review the criteria and interpretative guidance for assigning reserves to unpenetrated fault blocks. We will also explore the implication of extending these criteria to other structural and stratigraphic situations.

### International Contracts

Devon McCall, OGRE Systems

The presentation will give a basic overview of the basic international contract model. It will also review a case study including treatment of royalty, expenses, cost recovery, profit share, ownership, domestic market obligation, investments, contract country federal taxes, additional tax (windfall profits) and home country federal taxes.

### From Prospective Resources to Contingent Resources: Determining Geological Chance of Success (GCOS)

Bernie A. Vining, Vice President and Chief Geoscientist, Baker Hughes | Reservoir Development Services

The importance of assigning an appropriate and consistently reproducible Geological Chance of Success (GCOS) has long been recognized in the evaluation of Prospective Resources. All too often, uncertainty (i.e. the quality and quantity of relevant technical data on which the evaluation is based) and risk are confused and sometimes used interchangeably.

Whilst the definition of GCOS is known to vary from company to company and geographically, for the purpose of this presentation, the definition used is: *The Geological Chance of Success is the chance of finding a minimum hydrocarbon volume that can flow to surface, i.e. the chance of a Prospective Resource becoming a Contingent Resource.*

This presentation will propose a methodology to determine GCOS that incorporates the elements of uncertainty and risk in a systematic, quantitative approach. The methodology is robust, having been tested in many plays and basins worldwide. Benchmarking to known success ratios, on a play basis, has taken place and, in addition, cross-referencing to the number of known significant geological risks has been performed. The results are encouraging. The presentation will conclude with posing a rhetorical question: "Is this quantitative approach applicable to the determination of the Chance of Economic Development (COED)?"

#### Review of the Integrated Reserves Assurance Framework at Shell

Farhad Ghassemi, Ph.D., P.E., Sr. Reserves Consultant, Royal Dutch Shell Reserves Assurance and Reporting and Enrique Morales, VP Reserves Assurance and Reporting, Royal Dutch Shell, plc.

Under a comprehensive assurance framework, the Reserves Assurance and Reporting organization (RAR) at Royal Dutch Shell (RDS) has been providing pre-disclosure independent assurance for proved reserves for external reporting. This independent assurance has been provided based on a number of activities that RAR carries out during the year. These activities include the issuance of the Requirements Documents, reflecting any changes that may have occurred, preparing training material and conducting Reserves Training. In addition, the core of the assurance framework is based on a risk-based, independent preparation of the annual Proved Reserves Assurance Plan (PRAP), attending guidance sessions conducted in the business and carrying out Endorsement Sessions for the proved reserves in the selected PRAP fields with subsequent endorsement of the proved reserves changes by RAR. This is followed by the year-end assurance process and the issuing of the 20-F. The overall assurance framework at RDS also includes the involvement of the Upstream Reserves Committee (URC), Internal Audit and the Executive Committee.

#### Guidance from the SEC on New Reserves Rules

John Lee, Ph.D., P.E., Petroleum Engineering/Texas A&M University

This presentation will summarize what we know about the SEC's requirements for filers to comply with the new reserves reporting rules.

#### Ethics – Case Studies

Tom Collier, ConocoPhillips

#### Evaluation of Production Sharing Contracts from Various Countries

Gary Gonzenbach, TRC Consultants

#### Results from the April 2011 Petroleum Economic Software Symposium

John Wright, Wright Consulting Company

#### SPEE Annual Economic Survey

Rick Krenek, Vice President, Team Leader, Netherland, Sewell & Associates, Inc.

#### SPEE Annual Business Meeting

Barry Ashton, President, SPEE

## **Short Courses**

### **Short Course 1: Production Sharing Contracts and Petroleum Fiscal Systems**

**Saturday June 4, 2:00 PM – 7:00 PM**

This short course provides a summary of our public course taught worldwide for the past 20 years. It covers details and dynamics of petroleum fiscal system analysis and design. It also provides the basics as well as new analytical techniques including both theory as well as established practices worldwide.

Both industry and government points of view are addressed. Legal and financial aspects of contract/fiscal terms are also examined to provide a foundation in the dynamics of international negotiations.

The course is designed for those interested in petroleum taxation and economic modeling in the international arena. Much of the subject has evolved within just the past 20 years, yet some aspects of taxation are timeless. The terminology has changed over the years and will continue to develop. The course will address the government participation controversy, problems with terminology, and analytical techniques for unusual situations and for checking other models.

*About the Instructor:* Daniel Johnston has a B.S. in Geology from Northern Arizona University and graduated with the Dean's Award from the University of Texas at Austin with an M.B.A. (Finance). He started his career in 1977 as an open-hole logging engineer for Gearhart Industries in Fort Worth, Texas. In 1981 he went to work for Gaffney, Cline and Associates, an international petroleum consulting firm. In 1984 he was hired as an evaluations engineer with Santa Fe Minerals for the Special Projects Group. He founded his private independent consulting practice in 1985. Daniel is author of eight books and numerous articles on the subjects of petroleum economics, accounting and finance. Many of his books have been translated into Russian, Chinese, Spanish and French. Daniel is Vice Chairman of the Executive Committee of the Journal of World Energy Law and Business (JWELB) published by the Association of International Petroleum Negotiators (AIPN) through the Oxford University Press.

He was a member of the editorial advisory board of PetroMin magazine in Singapore (from 1990 to 1998), and was an editorial board member of Oil & Gas Law and Taxation Review magazine in Oxford, England. He is also a charter member of the editorial board of Global Energy Outlook, published by Gordon Moody, World Energy Group, Inc. Daniel is also an Honorary Fellow at the University of Dundee, Scotland where he teaches industry public courses and graduate seminars each May. His first work with the University of Dundee was in 1994. He is the Vice Chair of the Executive Committee of the Journal of World Energy Law and Business, published by the Association of International Petroleum Engineers and the Oxford University Press. Daniel has also worked on and/or provided expert testimony on economic, financial and accounting matters and industry standards and practices in disputes in Algeria, Australia, California, Texas, India, Indonesia, Equatorial Guinea, East Timor, Vietnam, China, Gabon, the Czech Republic, Myanmar, New Zealand, Russia, Turkmenistan, Peru, Venezuela, Jordan, and Yemen.

## **Short Course 2: Risk & Uncertainty Basics For Unconventional Reservoirs**

**Sunday June 5, 12:00 PM – 6:00 PM**

This short course reviews the fundamental concepts of statistics and uncertainty theory, and then uses them to provide insight into unconventional resource reserve booking.

Traditional deterministic methods call for ongoing study of key parameters to get ever closer to "The Right Answer." Probabilistic methods, on the other hand, recognize that most parameters have some amount of uncertainty, even through the development phase. Accordingly, a better approach is to deal with uncertainty in reserve and production is through probabilistic estimates of key parameters. This short course will provide insights and help professionals learn to become proficient probabilistic estimators!

We will make use of realistic games and exercises to illustrate principles and mechanics of good estimating; This short course is designed for all E&P Professionals. There are no prerequisites.

### **COURSE OUTLINE**

1. Statistics, the Language of Uncertainty
2. Estimating Under Uncertainty
3. Aggregation
4. Performance type curves

### **Topics Covered**

Introduction to Probability and Statistics as the Language of Uncertainty

- Distribution Types and when to use what
- Sampling and the number of samples required to validate a distribution
- Dependencies and their impact
- Shale Gas Production simulation using dice

Estimating Under Uncertainty

- What is an 80% Confidence Interval
- Directly estimating P50's versus ranges
- How to develop P10 to P90 Ranges
- Exercises focused on developing better estimating skills with an emphasis on estimating in ranges, rather than single values

Unconventional Resource Assessment

- Aggregation Principles
- Developing performance type curves
- Average Concept – Porosity, Saturations, and Net pay
- Reserve Type Curve Development
- Probabilistic reserve estimation

*About the Instructor:* James (Jim) Gouveia, P.Eng., is a Partner in the international consulting firm of Rose & Associates, LLP (R&A). R&A provides risk analysis education, software and consulting services for more than 60 companies worldwide. Jim is a registered Professional Engineer with a diverse technical, business and operations background in the petroleum industry. He joined Rose & Associates in March 2002 after 18 years with Amoco, where his last role was Director of Risk Management for North America, and three years with BP Canada where he initiated and managed BP's foray back into unconventional resources in Canada. He has coauthored and presented several papers, most recently *A Statistical Approach to the Effective Economic Modeling and Portfolio Selection of Unconventional Resource Opportunities*, at EUROPEC 2009. He has taught courses in 26 countries for Rose & Associates. He is a member of APEGGA, SPE, SPEE (pending) and AAPG.

**Short Course 3: Shale Gas Production Data Analysis: The Physics of Decline Curve Analysis for Shales – A Defendable Hyperbolic**

Tuesday 1 PM – 5 PM

**Course Objective:**

- To provide a comprehensive methodology for shale gas production data analysis with an emphasis on well forecasting. The approach will combine the use of several powerful techniques using real production data examples. Participants will learn how to:
  - Assess data quality
  - Identify reservoir flow regimes
  - Determine reserves, OGIP/OOIP and drainage area
  - Determine well performance parameters
  - Recognize pressure dependent permeability (Haynesville)
  - Identify optimization candidates
  - Assess uncertainty

**Course Topics:**

- Shale Gas Model - Linear Flow
- Wattenbarger Analysis – Flow Regime Identification
- Specialized Analysis – Determining Performance Parameters
- Flowing Material Balance – Determining Stimulated Reservoir Volume (SRV)
- History Matching and Forecasting
- Advanced Modeling Topics
- Examples

***Introduction***

Arps decline curve analysis has been the standard for evaluating expected ultimate recovery (EUR) in oil and gas wells since the 1950s. Although this method has served the conventional petroleum industry well, its application to fractured low permeability (tight and shale gas) reservoirs has proven exceptionally difficult, often yielding ambiguous results. The applicability of the Arps method is limited to wells exhibiting boundary dominated flow, unless special, modified decline curves are used. Shale gas wells commonly exhibit infinite acting flow, and are therefore not suitable candidates for the standard Arps decline curves. The modified decline curves require the assumption of a limiting decline rate, which is usually not known. The misapplication of these methods to shale gas production forecasting has caused both overly optimistic and overly pessimistic reserve estimates. Yet, the Arps method persists, primarily because of its simplicity and familiarity within the oil and gas industry.

A straightforward analytical method will be shown to dramatically improve the reliability of early-time shale gas production forecasts without compromising ease of application. The method is based on identifying flow regimes and applying appropriate (but simplified) predictive models based on the physics of fluid flow. The recommended model for fractured shale gas reservoirs is that of linear flow, followed by boundary dominated flow. Although this is a simplification of the actual physics, it will be demonstrated that this method can provide reliable production forecasts. Example shale gas production data sets will be presented to validate the method.

*About the Instructor:* John M. Thompson is an engineer with Fekete Associates Inc. in Calgary, Alberta, where his primary responsibility is providing technical support for Fekete's Rate Transient Analysis software package, F.A.S.T. RTA™. John has a B.Sc. in mining engineering from Queen's University, a M.Sc. degree in chemical engineering from The University of Calgary, and enhanced oil recovery experience with the Alberta Research Council. Since 2009, his main interest has been shale gas and tight oil production data analysis.



**2011 SPEE Software Symposium  
Production Sharing Workshop**  
Monday April 18, 2011  
Marathon Oil Corporation Conference Center  
10<sup>th</sup> Floor, 5555 San Felipe (at Yorktown): Houston, TX 77056

**Agenda**

<b>7:30am – 8:30am</b>	<b>Breakfast, Check in and Networking</b>
<b>8:30am – 11:30am</b>	<b>John Wright Intro 101 to PCS modeling</b>
<b>11:30am – 12:30pm</b>	<b>Lunch (Speaker TBA)</b>
<b>12:30pm – 1:30pm</b>	<b>1<sup>st</sup> Software Vendor</b>
<b>1:30pm – 2:00pm</b>	<b>2nd Vendor</b>
<b>2:00pm – 2:30pm</b>	<b>3rd Vendor</b>
<b>2:30pm – 3:00pm</b>	<b>4th Vendor</b>
<b>3:00pm – 3:30pm</b>	<b>5th Vendor</b>
<b>3:30pm – 4:00pm</b>	<b>6th Vendor</b>
<b>4:00pm – 4:30pm</b>	<b>7th Vendor</b>
<b>4:30pm</b>	<b>John Wright wrap-up comments</b>
<b>4:45pm</b>	<b>Adjourn Door Prize ipad Drawing</b>

**Note each vendor will be modeling a different country's PSC with their software  
OGRE, PHDWin, Aries, Energy Navigator, PEEP, Wellspring, Mosaic**

**REGISTER AT [SPEE.ORG](http://SPEE.ORG) (\$150, a bargain!)**

## Proposed SPEE By-laws Amendments

The SPEE Board of Directors is proposing changes to the SPEE By-laws for the following reasons:

1. To be inclusive of applicants who have degrees in some of the physical sciences.
2. To allow for members to be unlicensed where the jurisdiction (eg. Russia) does not provide for this.
3. To strengthen members' commitments to on-going ethics training.
4. To provide for correspondence to be via electronic (e-mail), or which may also include scanned documents or facsimiles.
5. To imbed in the By-laws a Reserve Definitions Committee since this goes to the core of our existence.

The Board's suggestions for modifications are attached.

The Board resolved to have the proposed amendments out for a vote of the Membership before the Annual Meeting begins in Amelia Island. Consistent with the requirements of the existing By-laws, a 30-day Member comment period will be observed from the postmark date of this Newsletter. Contact me or any Director with questions/comments. The proposed amendments are also posted at [www.spee.org](http://www.spee.org). Ballots will be provided to all Members within 14 days of the end of the Member comment period. Ballots will be counted 60 days from the ballot postmark date.

*Barry Ashton*  
*SPEE President*

### Ballot for By-laws Changes Society of Petroleum Evaluation Engineers 2011

#### Educational Requirements for Membership

##### ARTICLE III. MEMBERS

##### Section 1

**Change:** An applicant may qualify to become a Member who has:

- (a) A bachelor's or advanced degree in engineering or geology;

**To:** An applicant may qualify to become a Member who has:

- (a) A bachelor's or advanced degree in engineering or geology, or a bachelor's or graduate degree in mathematical, physical, chemical, or engineering science;

(c)

**Change:** Current Language: If an engineer legally offering engineering services directly to the public, or if employed in an engineering capacity by a firm that legally provides professional engineering services to the public: a license or registration as a professional engineer. Licensure or registration is not required for engineers working exclusively as an employee within a corporate structure that: (1) does not provide engineering services to the public, and (2) does not require that its engineering personnel be licensed or registered as a professional engineer. If after admittance to the Society, an unlicensed Member becomes an engineer legally offering engineering services directly to the public, or if employed in an engineering capacity by a firm that legally provides professional engineering services to the public, the Member must obtain licensure or registration within three years of the job status change or shall be suspended from the Society. Exceptions to allow more than three years to obtain licensure or registration may be granted, but only under extenuating circumstances, the sufficiency of which shall be determined by a unanimous vote of the Executive Committee. The membership status of unlicensed or unregistered Members in good standing as of June 1, 2007 will remain unaffected by the provisions of this Section.

**To:** Proposed Language: If an engineer legally offering engineering services directly to the public, or if employed in an engineering capacity by a firm that legally provides professional engineering services to the public: a license

or registration as a professional engineer. Licensure or registration is not required for engineers working exclusively as an employee within a corporate structure that: (1) does not provide engineering services to the public, and (2) does not require that its engineering personnel be licensed or registered as a professional engineer. Licensure or registration is not required for engineers offering services to the public where licensure is not available in the jurisdiction where the engineer practices. If after admittance to the Society, an unlicensed Member (a) becomes an engineer legally offering engineering services directly to the public, or (b) becomes employed in an engineering capacity by a firm that legally provides professional engineering services to the public, or (c) is practicing in a jurisdiction location where professional engineering licensure was not previously available and said jurisdiction develops a professional engineering licensure procedure/requirement, or (d) relocates such that the unlicensed member's new location for residence or practice is in a jurisdiction that does offer professional engineering licensure, the Member must obtain licensure or registration within three years of the job status change or shall be suspended from the Society. Exceptions to allow more than three years to obtain licensure or registration may be granted, but only under extenuating circumstances, the sufficiency of which shall be determined by a unanimous vote of the Executive Committee. The membership status of unlicensed or unregistered Members in good standing as of June 1, 2007 will remain unaffected by the provisions of this Section.

## **Ethics**

### Article VI. ETHICS

#### Section 3

**Add:** All members will be required to certify on the annual dues statement that they have (1) completed a continuing education course in ethics of sufficient length to satisfy a requirement of professional licensing where they are licensed, (2) completed a continuing education course in ethics where not required by licensing or other professional requirements, or (3) read and affirm their knowledge of the ethics requirements of this Article in the By-laws of the Society. Failure to meet the ethics requirement will subject the member to placement in the status of not in good standing with the Society, which will entail all penalties as outlined in Article XII, Section 2.

## **Board of Directors, Officers, and Their Duties**

### ARTICLE VII. BOARD OF DIRECTORS, OFFICERS, AND THEIR DUTIES

#### Section 5

**Change:** The Executive Committee shall mail ballots to Members during the first two weeks in October. The ballots received by November 10th shall determine the newly elected Directors. In those instances where there are more than two candidates for a Director's position, the individual who obtains a plurality of the ballots received by November 10th shall become the Director.

**To:** The Executive Committee shall, during the first two weeks of October, notify Members by electronic mail that ballots are located on the official SPEE website and shall further mail ballots to those Members who so request or who do not have an electronic mail (i.e. email) address on file with the Society. The ballots voted on the official website along with those received by mail by November 10th shall determine the newly elected Directors. In those instances where there are more than two candidates for a Director's position, the individual who obtains a plurality of the ballots cast by November 10th shall become the Director.

#### Section 11

**Change:** In such instances, the Secretary-Treasurer shall be provided copies of all checks so disbursed on a timely basis.

**To:** In such instances, the Secretary-Treasurer shall be provided copies of all checks or electronic statements so disbursed on a timely basis.

**Change:** The funds of the Society shall be disbursed by check as authorized by the Executive Committee.

**To:** The funds of the Society shall be disbursed by check or electronic transfer as authorized by the Executive Committee.

## Amendments

### ARTICLE X. AMENDMENTS

(3)

**Change:** a written proposal signed by ten percent of the then current number of Members in good standing of the Society and submitted to the Executive Committee.

**To:** a written proposal, which may be circulated by electronic mail, signed by ten percent of the then current number of Members in good standing of the Society and submitted to the Executive Committee.

(d)

**Change:** The ballot shall be mailed to all Members by regular mail within 14 days of the end of the comment period. All ballots shall be mailed on the same day.

**To:** The ballot shall be posted on the official SPEE website and mailed by regular mail to all Members who so request or who do not have an email address on file with the Society. Those Members who have an email address on file with the Society will be notified of the posting of the proposed amendments by email within 14 days of the end of the comment period. Physical mailing of any ballots will be on the same day as the electronic posting of the ballots.

## Membership Status

### ARTICLE XII. MEMBERSHIP STATUS

#### Section 1

**Change:** Such resignation shall be in writing and shall be accepted by the Executive Committee.

**To:** Such resignation shall be in writing, sent by regular mail or electronic mail, which may also include scanned documents and facsimiles, and shall be accepted by the Executive Committee.

## Local Chapters

### ARTICLE XIV. LOCAL CHAPTERS

**Change:** Applications for the formation of such local chapters shall be submitted in writing to the Executive Committee for approval.

**To:** Applications for the formation of such local chapters shall be submitted in writing, including electronic mail, which may include scanned documents and facsimiles, to the Executive Committee for approval.

**Change:** The Executive Committee may direct that up to ten (10) percent of the annual membership dues paid by the Members of a local chapter to the Society be returned to that local chapter upon receipt of a written request to do so submitted with adequate justification documentation of need signed by two chapter officers.

**To:** The Executive Committee may direct that up to ten (10) percent of the annual membership dues paid by the Members of a local chapter to the Society be returned to that local chapter upon receipt of a written request to do so submitted with adequate justification of need signed by two chapter officers. This request may be submitted by electronic mail, which may also include scanned documents or facsimiles.

## Position Statements

### ARTICLE XVII. POSITION STATEMENTS

**Change:** Members of the Society wishing to make a position statement must submit a written request to the President of the Society.

**To:** Members of the Society wishing to make a position statement must submit a written request, which may be by electronic mail, which may also include scanned documents or facsimiles, to the President of the Society.

### ADD Article XVIII. Reserve Definitions Committee

Section 1. The Executive Committee shall appoint a Reserve Definitions Committee, the purpose of which shall be to advise the Board, and to liaise with Society committees, other professional societies, governmental entities, and intergovernmental entities, on issues relating to petroleum reserves and resources definitions. The Executive Committee shall select the Reserve Definitions Committee Chairman and will decide on the size, constituency, and term of the Reserve Definitions Committee members, if any, depending on the needs of the Society from time to time.

Section 2. The Executive Committee may alternatively appoint a Reserve Definitions Committee Chairman, who will appoint committee members. The Executive Committee will advise the Reserve Definitions Committee Chairman so appointed on the size and constituency of the Reserve Definitions Committee.

### ADD Article XIX. Methods of Communication

Where reference is made in these By-laws to mail or submitting an application for signing, endorsing, mailing, or notification, electronic mail (i.e. e-mail), which may also include scanned documents and facsimiles, will be deemed the same as physical mail through the postal system. Signatures may be reproduced electronically or, if it is the only method available, via email as long as there is a clear indication that the message constitutes a substitute for the signature from the applicant, Sponsor, or Reference. Only those specific instances where certified, return receipt-requested mail is mentioned will physical mail be required.

## THE ETHICS COLUMN

### A member's response to Buddy Sipes' November 2010 Ethics Column:

As so often happens, no one in the scenario has acted terribly unethically, but several ethical infractions can be found.

Sam's retirement and subsequent consulting provide no ethical dilemma.

Sam's use of a trusted advisor to provide superior area knowledge to augment Sam's engineering judgment is sound from an ethical standpoint. His failure to accurately disclose his experience level as well his plan to address it to his client is not above reproach. The more certain Sam's belief that his lack of Gulf Coast experience would prevent him from getting the job, the greater is his obligation to disclose that information.

While Sam seems a little reticent to disclose material information, Sam's friend errs on the side of disclosing too much information. Leaving aside any potential conflicts of interest between the company who employs Sam's friend and Sam's consulting engagement, providing professional advice to a friend is certainly ethical – even admirable. Providing the structure maps was not. That particular work product was most likely the property of Sam's friend's employer. Sam's friend acted unethically in disclosing it; Sam acted unethically in using the information. The fact the company had sold out of the field has no impact on the propriety of its disclosure. Only work product that is obtained with the permission of the owner should be used in the analysis.

As I mentioned earlier, no one has acted terribly unethically. Any conversation that seeks to address whether an act was bad enough to be considered unethical has already answered the question.

*Tom Collier*

# Membership Applicants

The following member applicants have been processed by the Qualifications Committee. The bylaws require that names be presented to the membership for at least 30 days as a pre-membership requirement. Any member with an objection should address the objection to the Executive Committee (see by-laws regarding other important details) since the applications have already passed through the Qualifications Committee.

APPLICANT	SPONSOR	APPLICANT	SPONSOR
<b>Brown, Brenda Elayne</b> Pioneer Natural Resources Technical Manager Mid-Continent Asset Team 5205 N. O'Connor Blvd., Suite 200 Irving, Texas 75039	Richard Krenek Dean Eiland Paul McDonald	<b>Purewal, Santinder</b> Shell International B.V. Senior Reserves Consultant Carel van Bylandtlaan 23 The Hague, 2596 HP The Netherlands	Ron Harrell Jeff Tenzer Farhad Ghassemi
<b>Creamer, Donald R.</b> Donald R. Creamer & Associates, Inc. President P. O. Box 10014 Midland, Texas 79702	Russell Hall Atruy Stephens Joel Castello	<b>Reeves, Mark Kenneth</b> Shell Exploration and Production Co. Reservoir Performance Manager 4582 S. Ulster Street, Suite 500 Denver, Colorado 80237	Farhad Ghassemi Robert Palermo Dan Diluzio
<b>Glasser, Aric</b> St. Mary Land & Exploration Sr. Reservoir Engineer 7060 S. Yale, Suite 800 Tulsa, Oklahoma 74136	Jerry Hertzler Dave Reece Randy Darr	<b>Laura Carlin Stauffer</b> Williams Manager, Reserves Analysis One Williams Center, MD 26-6 Tulsa, Oklahoma 74172	Steve Hamburg Stan Scott Brent Hale
<b>Green, Robert E.</b> O'Ryan Oil and Gas Reservoir and Special Projects Engineer One Mission Blvd. Odessa, Texas 79765	Michael Harper Kerry Pollard Russell Hall	<b>Charles M. Tomblin</b> Charles M. Tomblin, P.E. Sole Proprietor – Consulting PE 7 Thornhurst San Antonio, Texas 78218	Richard Herrick Keith Masters Paul Clevenger
<b>Long, Loren J.</b> Phoenix Exploration Company, LP Manager, Acquisitions & Evaluations 333 Clay Street, Suite 2000 Houston, Texas 77002	Steve Heitzman William Schneider Joe Blankenship	<b>Vine, Richard L.</b> Flying V. Enterprises Petroleum Consultant 10 Hillside Lane Sheridan, Wyoming 82801	Jerry Hertzler Reed Ferrill John Han

# Welcome New Members

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**LeGrand, Fredrick Peter – No. 759**  
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**Schoville, Nichols Wells – No. 757**  
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 and Portfolio  
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