

Reserves audit standards unchanged for more than a decade

Ron Harrell, chairman emeritus, will present a “Refresher on 2007 Principle-Based Reserves Estimating and Auditing Standards,” at the 8th Annual Reserves Estimation Unconventionals (REU) conference on Wednesday June 20 in Houston. REU is a Hanson Wade Ltd. event.

Harrell is chairing the meeting with opening remarks to kick off Day 1 of the two-day conference at the Hilton Houston Post Oak by the Galleria.

Harrell plans to present the following agenda items:

- Standards for estimating and auditing of reserves information
- Professional qualifications for preparers of petroleum reserves estimates or audits
- Recognition of qualifications established by other professional organizations
- Recognition of “Competent Persons” standards and regulations outside the U.S.

Harrell was a principal contributor to changes in reserves audit standards approved by the Society of Petroleum Engineers in 2007. After more than 10 years, the guidelines are still current, and used by industry.

“I urge you to read the entire document and to incorporate these principles in your reserves estimation and auditing processes,” he said. “This is an evergreen document that can and will be reviewed and updated by the SPE OGRC (Oil & Gas Reserves Committee).”

The SPE audit standards are posted at http://www.spe.org/industry/docs/Reserves_Audit_Standards_2007.pdf

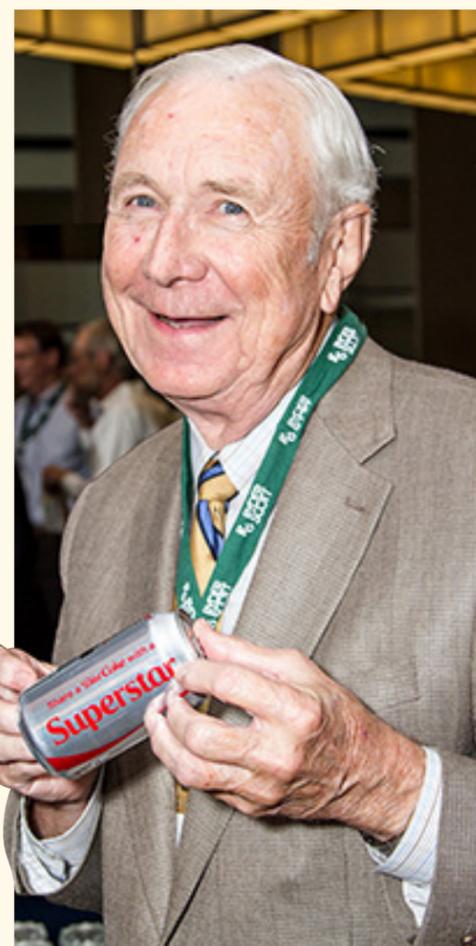
Harrell also wrote a comprehensive SPE technical paper on reserves auditing standards, “The Growing Importance of Petroleum Reserves Estimating and Auditing Standards,” SPE Paper No. 124260, 2009. The paper is available at <https://www.onepetro.org/>

Reservoir Solutions newsletter published “Auditing Tolerances: How close is close enough?” in September 2009 at <https://www.ryderscott.com/wp-content/uploads/news-2009-sep.pdf>

The article cited a standard currently in place that “to pass a petroleum reserves audit, total proved reserves estimates cannot vary more than 10 percent from those of the outside auditor. That tolerance level was ‘blessed’ by SPE ... in its ‘Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information.’ ... Ultimately, tolerance levels may not be as important as reasonableness as determined by a qualified auditor.”

A reserves auditor is usually a licensed, degreed petroleum engineer with at least 10 years of professional experience, including at least five years in estimating reserves.

For more information on the REU conference, send an email to info@hansonwade.com or call +1-713-554 8380 or +44 (0)20-3141-8700.



Ron Harrell taking a playful break at the 2015 Ryder Scott reserves conference in Houston, an event he started 15 years ago. Harrell was a principal contributor to changes in reserves audit standards used today.

Nelson is new Ryder Scott board member



Eric Nelson

Eric Nelson, managing senior vice president, is a newly elected board member at Ryder Scott, increasing the board to eight members. He has more than 13 years of reservoir engineering experience at ExxonMobil Corp. and Ryder Scott.

Nelson leads an engineering group, oversees reserves determinations and works with geoscientists in integrated

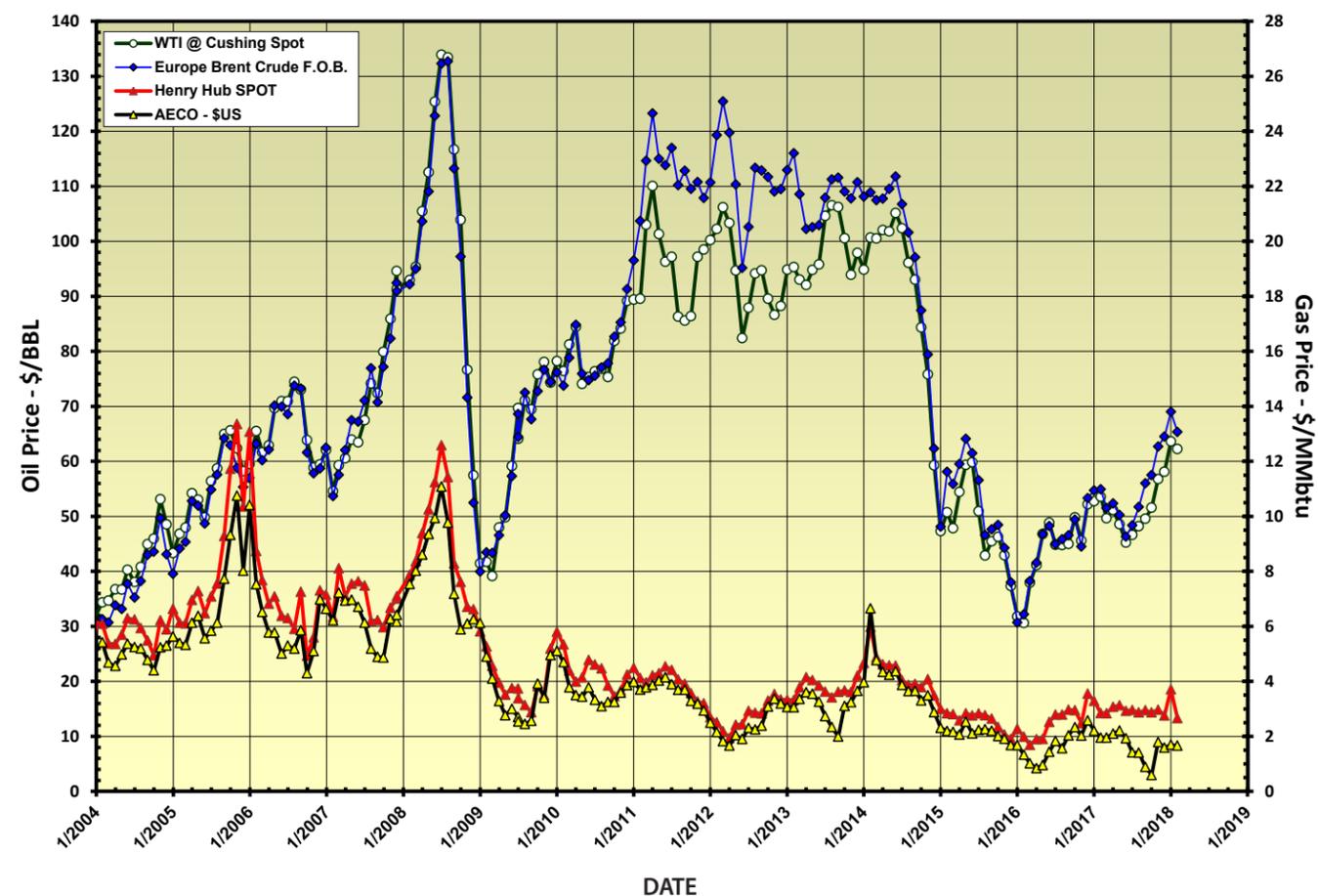
reservoir studies. He conducts economic evaluations for use in U.S. SEC reports, IPO filings, bank reports and acquisition and divestiture transactions.

Nelson has conducted appraisals of oil and gas properties in Africa, Middle East, North and South America and the Far East. At Exxon, he performed reservoir surveillance and reservoir simulation for three years starting in 2002.

Nelson has a BS degree in chemical engineering from the University of Tulsa and an MBA degree from the University of Texas.

He is a registered professional engineer in Texas and member of the Society of Petroleum Engineers.

Price history of benchmark oil and gas in U.S. dollars



Published, monthly-average, cash market prices for WTI crude at Cushing (NYMEX), Brent crude and Henry Hub and AECO gas.