

15th Annual Ryder Scott Reserves Conference

Houston conference, panel discussion feature a return to conventional reservoirs

The Ryder Scott reserves conference in Houston on Sept. 12 will feature presentations that reflect a growing change in sentiment among U.S.-based producers. In the Barnett shale play 30 years ago, producers began climbing the learning curve, increasing efficiencies and improving drilling-and-completions technology. They applied that know-how to other emerging plays, and now the United States is poised to pump a record 13.4 million BOPD by year-end, with the Permian Basin leading the way.

At the same time, the U.S. shale industry is starting to show some cracks, as critics in the industry and news media point to less than stellar returns, rising debt and production forecasts that do not meet expectations. Last year, the *Wall Street Journal* stated, "Two-thirds of projections made by the fracking companies between 2014 and 2017 in America's four hottest drilling regions appear to have been overly optimistic," based on 16,000 wells operated by 29 of the biggest producers in oil basins in Texas and North Dakota.

Industry critics of the Permian say that higher-than-expected GORs and lower oil production rates develop as reservoir pressures drop below bubble point, signifying "bubble point death." Others have published that after five years of production, horizontal wells in the Wolfcamp deep basin have declined annually at about 14 percent rather than the expected 5-to-7-percent terminal declines seen in older vertical wells there.

Tighter spacing and well-to-well interference have steepened the declines. Formations have not been as liquid rich as once expected.

While the issue is not yet settled, some oil and gas companies have shifted their focus. Ali Porbandarwala, senior vice president at Ryder Scott, has noticed clients cultivating a growing "balance of property portfolios with a good mix of conventional and unconventional opportunities, generating varied time horizons and cash flows."

He added that costs to acquire unconventional acreage in core areas have run too high for many producers to make healthy returns. Porbandarwala said, "Capital markets are now more reluctant to finance unconventional oil and gas projects when a company's operating free cash flow is limited. The honeymoon period may be over. There is a growing number of conventional opportunities in the world with more attractive returns."

Counter to that, some within the financial community are unwilling to shift their attention from unconventional. Generally, experienced, successful producers in "statistical" plays are focused, specialized enterprises with lower risks than more diverse E&P companies, some investors say.

Porbandarwala is organizing the Ryder Scott conference. On tap are presentations and discussions on those issues.

Perennial speaker John Lee, a professor at Texas A&M University, will present, "Are Our Estimates of Recovery from Unconventional Resources as Bad as Critics Say?" A panel discussion led by Ron Harrell, chairman emeritus at Ryder Scott, will focus on the potential shift of capital back to conventional assets.

Please see the following agenda and schedule.

Details at a Glance

Date: Thursday, Sept. 12, 2019

Time: Check-in starting at 7 a.m.; conclusion of ethics presentation at 5:10 p.m.

Where: Hyatt Regency Hotel, Imperial Ballroom, 1200 Louisiana St., Houston, Texas 77002

Ethics Hour: Starts at 4:10 p.m.

Cocktail Reception: 5:10 p.m. to 7 p.m.

Email requests, questions or comments to RSCConfHouston@ryderscott.com.

Schedule of Events

"Evaluation Challenges in a Changing World"

| Time | Speaker | Affiliation | Topic |
|-------------------------|--|----------------------------|--|
| 7:00 a.m. – 8:00 a.m. | | | Conference Check In and Light Breakfast |
| 8:00 a.m. – 8:20 a.m. | Dean Rietz & Guale Ramirez CEO & President, respectively | Ryder Scott Co. LP | Welcome and Introduction |
| 8:20 a.m. – 9:05 a.m. | Vicki Hollub Chief Executive Officer | Occidental Corp. | TBA |
| 9:05 a.m. – 9:50 a.m. | John Lee Professor | Texas A&M University | Are Our Estimates of Recovery from Unconventional Resources as Bad as Critics Say? |
| 9:50 a.m. – 10:20 a.m. | | | Break |
| 10:20 a.m. – 10:55 a.m. | Miles Palke Managing Senior VP - Simulation | Ryder Scott Co. LP | Latest Themes in SEC Comment Letters |
| 10:55 a.m. – 11:30 a.m. | Adam Cagle Senior PE - Data Science Coordinator | Ryder Scott Co. LP | Talking Shop: Data Science at Ryder Scott |
| 11:30 a.m. – 12:30 p.m. | | | Buffet Luncheon |
| 12:30 p.m. – 1:15 p.m. | Michael E. Clark Reserves Consultant, Global Reserves | Chevron Services Co. | Booking Proved Reserves Beyond Original Facility Design Life - Gulf of Mexico |
| 1:15 p.m. – 2:00 p.m. | Ron Gajdica Managing Director and Global Head of Engineering | EIG Global Energy Partners | Practical Use of Reserves Reports: Compliance, Lending and Transactions |
| 2:00 p.m. – 2:15 p.m. | | | Break |
| 2:15 p.m. – 3:00 p.m. | Steve Phillips Managing Senior VP - Geoscience | Ryder Scott Co. LP | Mind the Gap - Leaping from Prospective to Contingent Resources - A Case Study |
| 3:00 p.m. – 4:00 p.m. | Panel Discussion - led by Ron Harrell Ryder Scott Chairman Emeritus | Ryder Scott Co. LP | Ron Gajdica w/ EIG,, Eric Hambly w/ Murphy Oil Corp., Tom Harris w/ Blackrock Inc., John Howie w/ Tellurian Inc. |
| 4:00 p.m. – 4:10 p.m. | | | Break |
| 4:10 p.m. – 5:10 p.m. | Dee Raibourn Senior Enforcement Attorney | U.S. SEC | Financial Fraud and its Enforcement at the SEC |
| 5:10 p.m. – 7:00 p.m. | | | Reception including Wine and Beer |



From left, Ryder Scott petroleum engineers Mark Nieberding, senior petroleum engineer; Guale Ramirez, president; Herman Acuna, executive vice president; and Miles Palke, managing senior vice president, at the 2018 reserves conference in Houston.