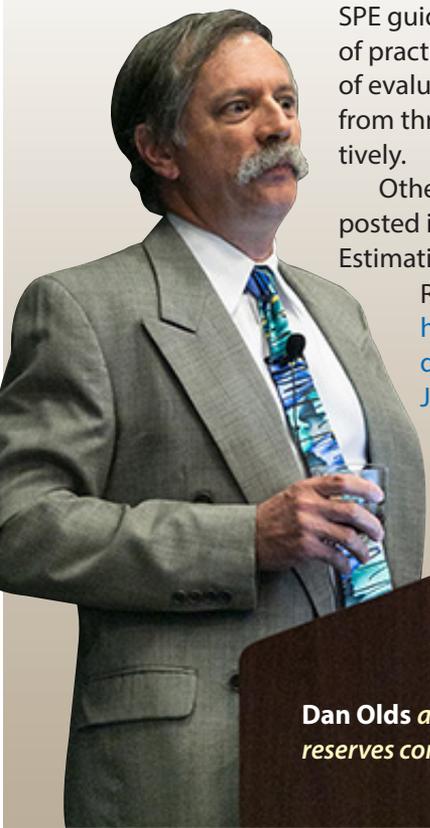


SPE adds rigor to experience levels, audit standards



Dan Olds at 2018 Ryder Scott reserves conference in Houston.

A “qualified reserves evaluator” under SPE guidelines now must have five years of practical experience and three years of evaluation experience — an increase from three years and one year, respectively.

Other changes to SPE standards are posted in “Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information,” at https://www.spe.org/industry/docs/Reserves_Audit_Standards_June%202019_Final.pdf.

The society also recommended that “an entity reserves audit should represent all or at least 80 percent of an entity’s reserves,” and that “the portion of reserves audited must be clearly stated.”

Dan Olds, managing senior vice president at Ryder Scott and vice-chairman of the SPE Oil & Gas Reserves Committee, said, “A significant change was to align the threshold level of reserves to review in an audit with the 80-percent level already required in an evaluation.”

The change has not altered industry practice, just formalized it. For decades, practitioners have had options to use an 80-20 methodology in an entity reserves audit.

In that approach, fields in the upper 20th percentile, as ranked by size, typically comprise 80 percent of the reserves base.

Changes in the SPE audit standards document, published last year, also included minor edits and word changes. “The document received full treatment of the SPE style guide,” said Olds.

For perspective, the Society of Petroleum Evaluation Engineers requires 10 years of experience for a full membership, with five of those in evaluations.

resources, guide the development of projects, safeguard investments, lower transaction costs, quantify profitability, increase confidence in investment decisions and realize full development potential to add maximum value.

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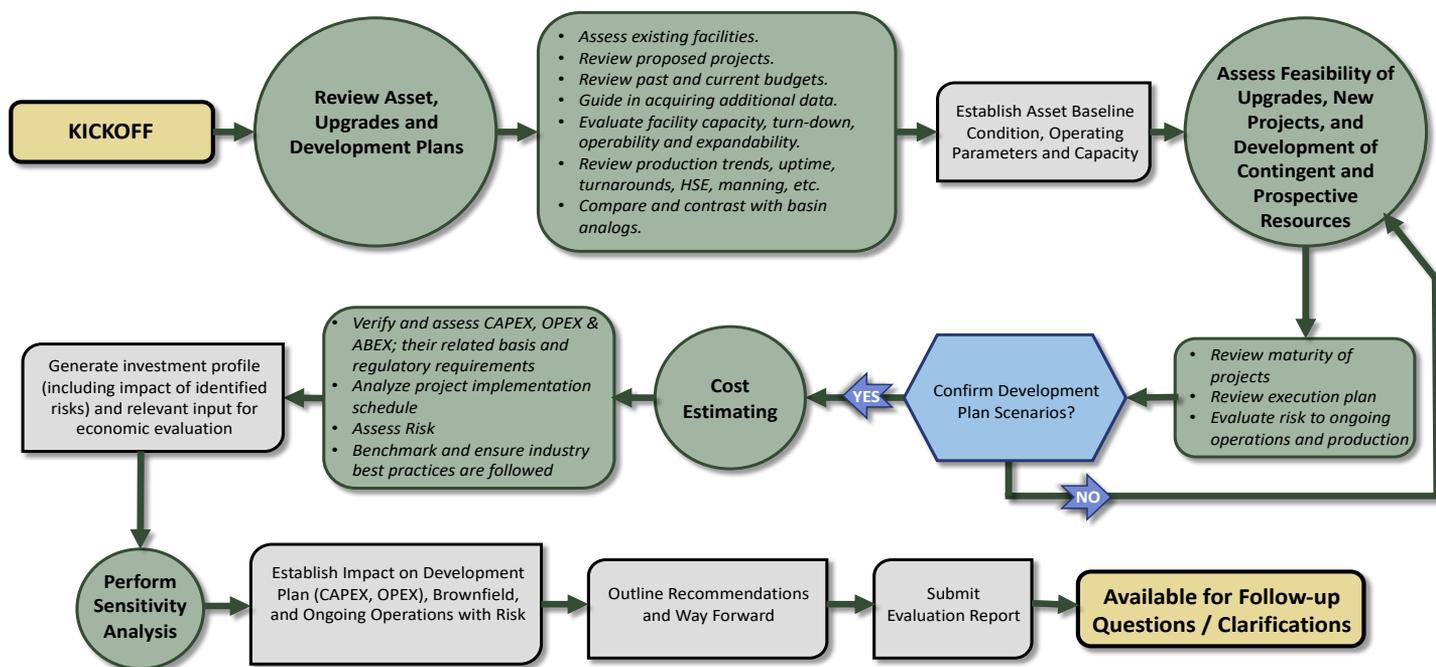


Figure 2.0 Development Assessment Methodology