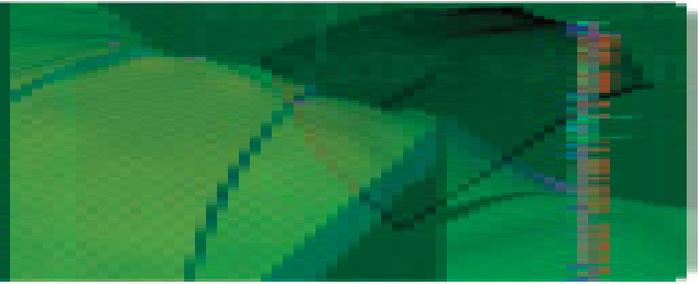


RESERVOIR SOLUTIONS



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Harrell: No conflict of interest in multiple consulting services

Ron Harrell, CEO at Ryder Scott, told *Dow Jones Newswires* in July that he did not see a concern for potential conflicts of interest for petroleum consulting firms that earn income from consulting work for clients that they audit. The article, written by **John Biers** and published in the *Wall Street Journal* July 6, contained interviews from consultants, E&P company executives and analysts, and stated that “while experts didn’t point to any reserve disasters stemming from a conflict of interest, some within the oil industry agreed the arrangement could produce problems.”

Even though Harrell does not share those concerns, he understands where this notion began. During the Enron probe, investigators found that Arthur Andersen LLP earned more income from consulting services to Enron than from auditing services. Critics asserted that this created an incentive for Andersen to ignore auditing problems.

As a result, the Sarbanes-Oxley Act ordered the U.S. Securities and Exchange Commission to beef up its rules regarding the independence of accountants from the companies they audit. These rules, adopted in 2003, prohibit regulated accountants and firms from providing a wide variety of services with the potential for conflicts of interest.

“The comparison between regulated independent auditing firms and unregulated independent reserves consultants is not valid. Reservoir engineers have no statutory requirement for independence in the same sense as accounting auditors,” Harrell said. “I’ve been advised by our attorneys on this issue. From a legal standpoint, no U.S. legislation or government guidelines require public issuers to use third-party consult-



Ron Harrell at work recently amid research and correspondence.

ing firms as they do for financial auditors. However, counsel has advised that we and other consulting firms assist concerned clients that want to fully disclose multiple consulting assignments that may be otherwise viewed as potential conflicts of interests.”

Harrell suggested that if a client disclosed all its consultant’s assignments for the company, including reserves auditing, data-room services, expert witness, etc., in a supplementary section of a regulatory filing, then that level of transparency should dispel concerns. “Disclosure allows investors to conclude for themselves whether multiple services give rise to a perceived or inherent conflict,” he said.

To assist clients, consultants would maintain summary information on its reserves audit and non-audit work, including the number and type of projects completed during a prescribed time period, billings per project and other information. “Consultants would assist clients in generating account information. Unless government adopts new reporting rules, the decision to file that information with the SEC would come from the public issuer,” said Harrell.

Financial auditor and reserves consultant roles are not parallel. The SEC requires certified financial audits for publicly owned corporations, but does not call for independent reserves audits or certifications. Companies listed on U.S. stock exchanges have to file annual financial statements audited by outside accountants certified to do this work, but those same companies are not required to use outside reserves consultants.

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Evaluator certification initiative picks up momentum

— Ron Harrell, CEO at Ryder Scott



The concept of developing a program to recognize competent oil and gas reserves evaluators as Certified Petroleum Reserves

Evaluators was first published in the March *Reservoir Solutions* newsletter. Since then, two major industry organizations have indicated strong interest in further exploring the concept as potential sponsors.

The American Association of Petroleum Geologists (AAPG) and the Society of Petroleum Evaluation Engineers (SPEE) have received approvals from their constituencies to proceed with the formation of several investigative committees.

The results of an initial study by the respective committees are expected to lead to a joint-sponsorship decision by both organizations. A third organization, the Society of Petroleum Engineers, has declined to be considered as a sponsor.

However, it will participate by contributing technical papers and publications. In addition, SPE plans to contribute two members to participate on two of the designated committees. The World Petroleum Congress (WPC) also supports the

concept and has expressed a strong interest in participating in the discussions.

Representatives of AAPG, SPEE and SPE attended the kickoff organizational meeting June 15. Their enthusiastic support encouraged further planning and coordination efforts. They are proposing the following organizational structure that will be presented at the next joint meeting of the three organizations on Sept. 29 at the 2004 SPE annual meeting in Houston.

The joint committee investigating certification will form four teams with each focusing on one of four areas: qualifications, definitions, ethics and recommended practices. A management team will coordinate and oversee those functional teams which will each have a chairperson to serve on a steering committee.

More detailed team and committee descriptions are as follows:

- **Qualifications**—Will recommend minimum education, experience and other criteria to warrant acceptance into the program. This will be a joint SPEE/AAPG effort.
- **Definitions**—Will select techni-

cal and regulatory definitions from several venues, i.e., U.S. Securities and Exchange Commission (SEC); SPE; WPC; Canadian Institute of Mining, Metallurgy & Petroleum (CIM); etc. for compilation into an appropriate document for inclusion into Certification Examination Materials (CEM). (Joint SPEE/AAPG)

■ **Ethics**—Will develop suitable background information and examples of non-ethical conduct to be included in the CEM. (Joint SPEE/AAPG)

■ **Recommended Practices**—Will review, collect and assemble CEM from AAPG, SPEE, SPE and CIM sources as best examples of the application of recommended evaluation practices in estimating reserves and reporting reserves information under multiple definitional scenarios. Separate engineering and geoscience committees will investigate.

■ **Management**—Three-person team with at-large, SPEE and AAPG representation to provide oversight to the aforementioned as well as address coordination within sponsoring and contributing

Please see Certification on Page 8

Board of Directors

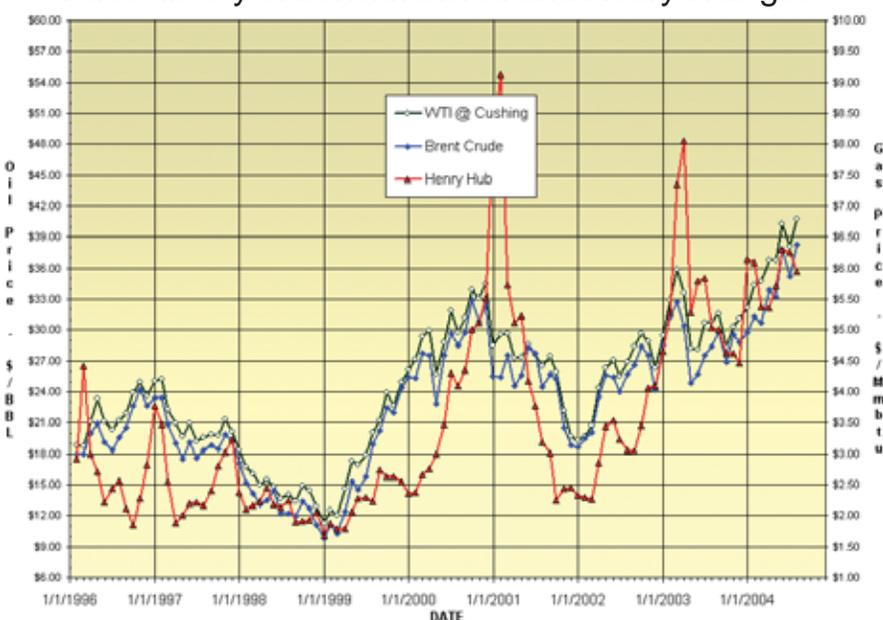
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Price history of benchmark oil and Henry Hub gas



The historical price chart shows published, monthly-average, cash market prices for WTI crude at Cushing (NYMEX), Brent crude and Henry Hub gas.

Harrell to present ethics to SPE Sept. 14

Instructor: Ron Harrell, CEO at Ryder Scott
Date: Tuesday, Sept. 14, 11:30 a.m. luncheon
Location: Petroleum Club, 800 Bell St., Houston
Cost: \$35 per person, preregistered; Walk-ins \$5 extra
Registration: www.spegcs.org
Deadline: Friday, Sept. 10, 10:30 p.m.
Summary: Industry groups, government and individual companies have established various codes of ethics that can apply to petroleum engineering consultants and clients. The Society of Petroleum Engineers has a Guide for Professional Conduct. State engineering boards have codes of conduct, such as the Texas Engineering Practice Act. Some independent petroleum reserves consultants prohibit their professionals from owning interests in oil and gas companies and operations. These consultants do not accept assignments where their compensation is related to the outcomes of projects or to client profits or successes. In turn, a client should be forthcoming with all information needed by the consultancy to do its work. The client should not offer rewards or put undue pressure on the independent consultant to produce favorable reserves estimates. Attendees of the SPE presentation receive continuing education credits.

Hodgin to present reserves, regulatory issues to accountants Sept. 21

John Hodgin, executive vice president, will make a presentation on petroleum reserves writedowns, reserves reporting and the Sarbanes-Oxley Act to the Petroleum Accountants Society of Houston at the Houston

Center Club, Tuesday, September 21 at a luncheon from 11:30 a.m. to 1:00 p.m. Hodgin will answer questions after the presentation. To request an RSVP, send an e-mail to eva.margle@enipetroleum.com.

Roesle to present reserves estimation challenges Sept. 22 at Herold conference**Roesle**

Don Roesle, president at Ryder Scott, will present topics on "Revision Revulsion: Reserve Disclosure and Estimation Challenges" at the John S. Herold Pacesetters Energy Conference on Wednesday, Sept. 22 at 1:30 p.m. at the Hyatt Regency Greenwich in Greenwich, CT. The four-hour session includes other presentations and panel discussion on

this topic. For more information, contact Terry Frangione at 203-847-3344, ext. 222 or tfrangione@herold.com.

SOX workshops Sept. 22 in London, Nov. 17 in Houston presented by Harrell, Roesle

Ron Harrell, CEO at Ryder Scott, and **Don Roesle**, president, will conduct half-day workshops on compliance with the U.S. Sarbanes-Oxley Act of 2002 (SOX) for the oil and gas industry.



Both workshops are organized by IQPC (International Quality & Productivity Centre) and are a day after related IQPC two-day events, Reserves Valuation, Management and Accounting. Harrell's workshop will be at the Café Royal in London, Wednesday, Sept. 22, 8:30 a.m. to 12:30 p.m. Roesle's workshop will be Wednesday, Nov. 17, 1:30 p.m. at The InterContinental hotel in Houston.

At the Houston event on Nov. 15, Harrell is scheduled to present a status report on more than 15 organizations and interest groups worldwide competing for visibility and credibility in the global debate on oil and gas reserves standards. "Investors want producers to report reserves information in a meaningful way with clarity, honesty and in 'plain English,'" said Harrell.

Both SOX workshops will cover the same material. "Compliance with SOX means much more than the timely filing of petroleum reserves information by E&P companies," said Roesle. "It is becoming clear that SOX requires a clear path of responsibilities, policies and procedures within the reporting company to ensure compliance with all of the reporting requirements of the U. S. Securities and Exchange Commission."

Compliance demands clear understanding of SEC reserves definitions, qualified reserves evaluators, adequate and timely reserves data and independence from inappropriate influences and pressures. The maintenance of well-documented work papers and data files is critical to the ability of the reporting company to withstand periodic reviews by the SEC reserves engineering staff.

These master classes focus on understanding SEC definitions, responsibilities under SOX, creating independent, reliable reserves reports and ensuring that documentation stands up to SEC review. For further information, send an e-mail to Jenny Evers at Jenny.Evers@iqpc.co.uk or call 44 (0) 207-368-9367.

Harrell to present reserves updates Nov. 18

Ron Harrell, CEO at Ryder Scott, will discuss recent events in the petroleum reserves sector at the Society of Petroleum Engineers Gulf Coast Section reservoir study group luncheon, 11:30 a.m. at the Courtyard on St. James in Houston on Nov. 18. Harrell will highlight major events in 2004 affecting reserves reporting, including new interpretations on technical and commercial matters from the U.S.

Please see SPE on Page 5

Industry not ready for possible SEC-mandated reserves audits



Leading independent auditors and reserves evaluation consultants alike agreed that they are not capable of conducting a "meaningful" third-party review of reserves estimates of every public issuer on U.S. stock exchanges if the U.S. Securities and Exchange Commission makes such reviews mandatory. In a June 24

memo, the SEC stated that "internal controls over preparation of reserves estimates may have been inadequate. (The SEC) will review these concerns and evaluate whether auditors should be required."

Ron Harrell, CEO at Ryder Scott, told *Platts Oilgram News* in a June 26 article, "There are a limited number of qualified firms like ours in the world, and clearly there are not enough of us who are qualified to serve the needs of all the companies that report to the SEC in conducting annual, meaningful reserve certifications."

The article by reporter **Gerald Karey** continued as follows: *Harrell said that while mandatory outside audits 'sounds like something that would be beneficial to us, I would question the need for it. I have not been convinced that there has been a solid case made.'*

He said many companies choose to have a third-party reserve reports or certifications "to help satisfy their investors that they're doing a good job. Those are the type of clients we prefer to work for, clients that choose us to work with them rather than be mandated for us to work with them."

Harrell said he believes more companies will choose to work with outside experts on their own, "as a relationship matter with shareholders... I would hate to see this grow into something where a company has to get a rubber stamp each year from a consulting firm."

Auditors also bristled at the idea. *The Times Newspapers Ltd.* stated in a June 22 article that, "Accountants responded with alarm at the prospect of being burdened with oil reserves reporting. 'We don't have the resources or skills to do it,' said **Hywell Ball**, a partner in Ernst & Young. 'To do a reserves audit you would need geophysicists, geologists, petrophysicists, reservoir and petroleum engineers and economists.'"

IEA to issue new reserves rules

The **International Energy Agency** in Paris plans to announce a detailed proposal in October for a mandatory, enforceable global standard for accounting of oil and gas reserves. This includes a new set of reserves reporting standards and detailed field-by-field production reports from all major global producers. **Fatih Birol**, IEA chief economist, said his agency will lobby governments and regulators.

SEC comment letters and responses to be released

The U.S. Securities and Exchange Commission plans to release comment letters and filer responses in keeping with a directive for more transparency. Typically a chain of communiqués is initiated from SEC review of securities filings. The policy will apply to filings made after Aug. 1. At press time, the SEC had not announced a date for the first public postings.

Over the past three years, oil and gas companies have received numerous comment letters from the SEC involving petroleum reserves reporting.

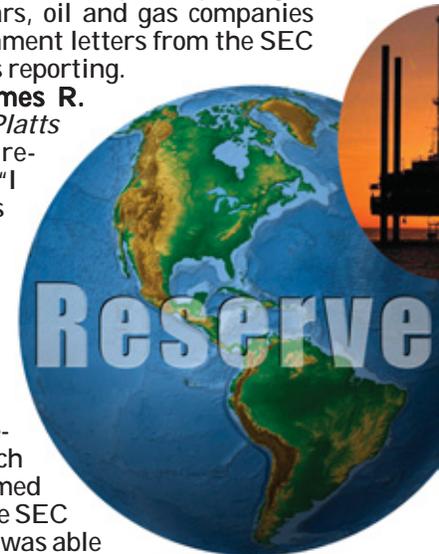
Oil and gas journalist **James R.**

Norman, a senior writer at *Platts Oilgram News*, posted his response on the SEC Web site: "I highly commend the SEC's decision to open up this category of government documents to broader scrutiny. I also hope it will clear the way for full compliance with my still-pending FOIA (Freedom of Information Act) request in its entirety and expedite and regularize future such disclosures," he stated. "Armed with a partial disclosure of the SEC comment letters requested, I was able to persuade the (oil and gas) company in question ... to provide at least a small portion of its reply letters. However, the company was under no onus to do so and provided minimal disclosure."

Norman is investigating the misreporting of reserves as alleged in a law suit. The SEC allows filers to request confidential treatment for some portions of a written response. "We currently intend to release only the redacted version of response letters," stated the SEC.

Certain documents are protected by one or more of nine exemptions from the FOIA. The ninth exemption is the only industry-specific one and covers "geological and geophysical information and data, including maps, concerning wells."

The U.S. Department of Justice said that this exemption has very rarely been invoked or interpreted, and its boundaries remain substantially undefined to this day. "As no court has examined Exemption 9 in any depth, it is still not clear exactly what types of geological or geophysical information are protected from disclosure under the exemption, or whether it was intended to apply to all types of wells," stated DOJ.



Harrell to present worldwide reserves initiatives Nov. 15

Ron Harrell, CEO at Ryder Scott, will present a status report on current global initiatives in petroleum reserves reporting on Monday, Nov. 15 at The InterContinental hotel in Houston. His presentation is part of the program, "Reserves Valuation, Management and Accounting," organized by IQPC (International Quality & Productivity Centre).

Harrell will offer analysis on organizations and interest groups worldwide involved in the debate on oil and gas reserves standards. Among them are the International Energy Agency and United Nations, which have initiatives to establish new standards for estimating and reporting petroleum reserves.

The Financial Accounting Standards Board and International Accounting Standards Board are refining accounting and independent auditing standards for the financial reporting of reserves. The U.S. Securities and Exchange Commission is weighing input from investors, Congress and financial experts on reserves reporting.

Public oil and gas companies now report reserves under guidelines and definitions from securities regulators for U.S. and Canadian stock exchanges, London Stock Exchange, Hong Kong Stock Exchange and Australian Stock Exchange. However, non-privatized, state-owned oil and gas companies are not subject to the same level of scrutiny.

The overriding opinion is that absolute compliance with a common set of reserves definitions and unified international standards for reserves reporting for all producers will never be fully achievable. Harrell will offer analysis and expectations for each of the entities involved in reforming reserves standards.

Don Roesle, president at Ryder Scott, will conduct a half-day IQPC workshop on compliance with the Sarbanes-Oxley Act on Nov. 17. Please see Page 3 article on SOX workshops. For information, send an e-mail to **Jenny Eyers** at Jenny.Eyers@iqpc.co.uk or call 44 (0) 207-368-9367.

SPE—Cont. from Page 3

Securities and Exchange Commission.

The agency defers to reserves definitions issued more than a quarter century ago. Since then, the industry has made major strides in developing tools that yield more reliable subsurface data.

Industry hopes to gain insights into SEC interpretations on reserves reporting and financial disclosures through soon-to-be released SEC comment letters and related written replies of various E&P companies. Harrell will discuss other initiatives to revamp

Committee to analyze if SEC has kept up with technology



Congressman **Michael G. Oxley**, chairman of the U.S. House Committee on Financial Services and co-author of the Sarbanes-Oxley Act, said that the committee will examine accounting rules to ensure that the regulations of the SEC have kept up with technology "to provide investors with the most accurate possible information about a company's proved reserves, and, accord-

ingly, its financial position." His remarks came at the committee's hearing July 21 on corporate governance and accounting for oil and gas reserves.

He cited pressure on managers of publicly traded energy companies "to push the envelope of credibility in efforts to buoy investor confidence and thus increase stock value." As one of the causes for overbooking, Oxley cited incentive programs that offer bonuses for big reserve estimates.

One invited witness **Bala G. Dharan**, a professor of accounting at Rice University, remarked that "items on a company's balance sheet, such as cash and accounts receivable, which contribute to only a small part of the total value of the company, are subject to far more external audit and internal controls than proved reserves estimates despite the reserves being the main driver of an energy company's upstream value."

He also commented on a proposal to board certify reserves evaluators.

Dharan said, "The idea of developing and implementing an industry-wide certification program for petroleum reserves evaluators has been explored and discussed by all these groups. Several industry leaders have also called for a certification requirement, and I endorse the idea as well."

Three other witnesses also made presentations. For the complete transcript of all comments and recommendations at that hearing, go to <http://financialservices.house.gov/hearings.asp>.

reserves definitions and interpretations from various organizations. He also plans to discuss a proposed requirement for third-party engineering reports on reserves.

He will detail a proposal to establish voluntary board certification of reserves evaluators and auditors amid calls for stricter accountability in reserves reporting and more government regulation.

Harrell will answer questions after the presentation. For more information or to register, go to www.spegcs.org.

Hodgin recommends compelling data set for PUDs

Energy Forum participants share industry perspective on host of SEC reporting issues



John Hodgin discusses analogs at Energy Forum in June.

John Hodgin, executive vice president at Ryder Scott, recently said that industry is seeing more scrutiny from the U.S. Securities and Exchange Commission in cases where producers rely on analogs and other engineering and geological data to assign recovery efficiencies to discoveries without historical production data. Those nearby, analogous, producing reservoirs also help support the booking of

certain proved undeveloped (PUD) reserves, he remarked.

"The SEC is beginning to take a hard line on unsupported recovery factors before field performance is confirmed. This includes leaning toward assuming the most inefficient drive mechanism until verification through production," he said. "Producers should have a compelling data set to meet the test of reasonable certainty."

Hodgin made his remarks as part of his presentation on analogs at an Energy Forum roundtable June 24. SEC guidelines state that proved reserves may be assigned to reservoirs if electrical and other types of log and core analyses indicate that those reservoirs are similar to formation-tested or produced reservoirs in the same field.

The SEC also states that reserves, based on improved recovery techniques, may be classified as proved undeveloped if they have been proved effective in that reservoir or in an analogous reservoir in the same geologic formation in the immediate area. "The SEC has not clarified what represents the 'same geological formation' or the 'immediate area,'" said Hodgin.

The SEC also stipulates that to book PUD reserves, reservoirs slated for improved-recovery operations must have equal or better values than the producing reservoirs for several fluid and rock characteristics, namely porosity, permeability, permeability distribution, thickness, continuity and hydrocarbon saturations.

He added that because of their higher levels of risk, PUD reserves will receive the most attention from the SEC. "PUD reserves must be supported not only by analogs, but by good engineering judgment and the best use of all available engineering, geological and geophysical data."

One roundtable participant said that the SEC

should consider broadening its definition of an analog to include reservoirs in the same depositional environment regardless of their relative geographical proximity. Hodgin responded that E&P companies most likely would have to submit a compelling statistical study for the SEC to consider that.

In exploring other issues at the roundtable, participants raised the following discussion points:

■ Will the SEC consider accepting proved reserves based on valid, reliable data from mini DSTs (drill stem tests) when combined with equally good information from logs, cores, seismic and analogs, and in the absence of a flow test to surface? *Mini DSTs are a combination of MDTs (modular formation dynamics testers) and dual packer technology. In addition to DST data, dual packer modules can test for interference.*

■ Will the SEC consider reverting back to its original opinion in allowing producers to book proved reserves from fields in which contacts were calculated using valid, reliable MDT pressure gradient data and equally valid, reliable seismic information?

■ Considering that reserves estimates are estimates, will the SEC consider relaxing accountability at the field level so that if it finds that a negative reserves revision at the property level is material to that property, but immaterial at the aggregate level, then no further action is needed? (This assumes that all revisions at the property level, both negative and positive, do not result in an overall revision at the portfolio level of greater than 10 percent, the materiality hurdle rate.)

■ Will the SEC consider expanding its recent ruling on the use of four procedures to book proved undeveloped reserves in lieu of a flow test to include oil and gas discoveries outside the Gulf of Mexico?

■ Will the SEC consider working with the U.S. Geological Survey, Minerals Management Service, Energy Information Administration and other government agencies to centralize collected oil and gas data? If so, will the SEC consider basing its rules on that body of data and allow access to the information by the industry? If the MMS can qualify leases based on its data, then why can't the SEC also use the same data and make decisions based on that information?

■ When reserves decisions are based on professional interpretation and judgment, will the SEC consider a guidelines-based approach rather than a rules-based "cookbook" approach? This could be done by addressing geology and engineering principles in a handbook, perhaps similar to the Canadian Oil & Gas Evaluation Handbook.

■ Would the SEC consider expanding its technical staff to include a geologist, geophysicist and petrophysicist? *For instance, the Department of Interior has a geoscience staff. At the same time, geophysics is not mentioned in the SEC reserves definitions. Ironically, the SEC has a conservative approach, participants said, and the use of seismic,*

Please see Reserves Issues on Page 8

RS to exhibit, present workshop, paper at SPE ATCE Sept. 26-29

Thomas Wagenhofer, a Ryder Scott vice president and petroleum engineer, will present "Oil and Gas Reserves Estimates: Recurring Mistakes and Errors" at the Society of Petroleum Engineers annual conference on Monday, Sept. 27 at 1:55 p.m., General Assembly C, at George R. Brown Convention Center in Houston. The paper, SPE No. 91069, was written by Wagenhofer and Ryder Scott's CEO **Ron Harrell** and Executive Vice President **John Hodgkin**. The presentation will be a part of the "Reserves: Fact or Fiction?" technical program agenda from 1:30 p.m. to 4:15 p.m. Ryder Scott will also exhibit at Booth No. 851 (see photo below) and present a short course (see back page).

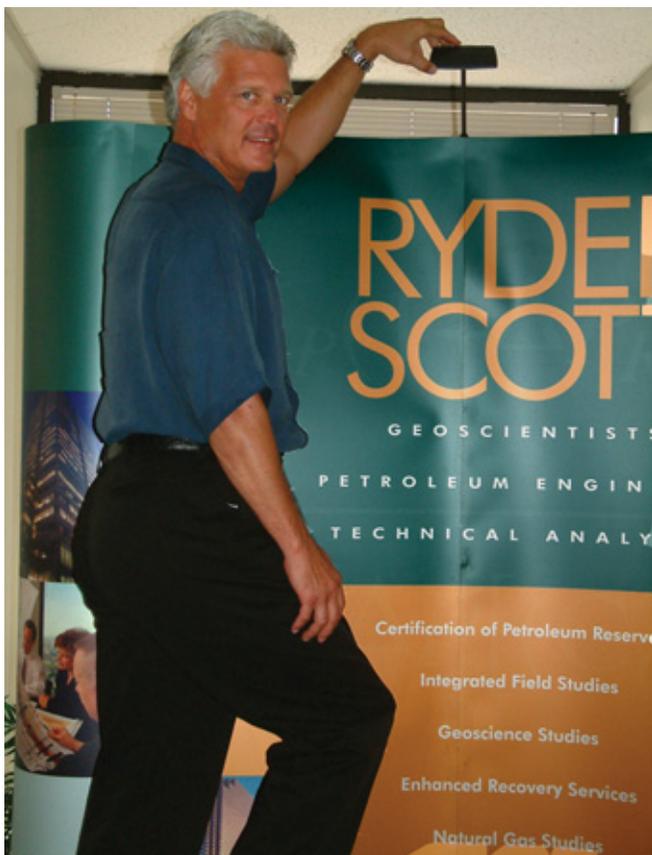
"The intent of this paper is to focus on mistakes made in the preparation of reserves estimates rather than to discuss potentially incorrect applications of petroleum reserves definitions," said Wagenhofer. The paper focuses on the most common geoscience- and reservoir-engineering-based errors observed over several decades by the authors.

Wagenhofer will discuss the following geoscience issues: mapping surfaces (top and base of contributing reservoir unit), downdip limits (vertically stratified reservoirs), isopachous maps and attic volumes. He

will also discuss the following petroleum engineering issues: production decline curves, operating costs, inappropriate selection of analogs, simulation-derived estimates of proved reserves, failure to incorporate early life performance data into volumetric estimates, impact of partial water drive and overpressured reservoirs on gas material balance, assignment of proved reserves to undrilled fault blocks and incomplete understanding of commercial economics projection software.

Reservoir Solutions newsletter plans to summarize each technical area discussed in the paper in a continuing series on a quarterly basis. To order the full paper, go to www.spe.org and access the e-library.

Please see Short Course on next page



Mike Wysatta, business development manager, adjusts lighting on a new Ryder Scott exhibit to be at Booth No. 851 at the ATCE. Wysatta writes and edits *Reservoir Solutions*.

Conflicts—Cont. from Page 1

"Indeed, the required SEC reserves information is clearly indicated to be unaudited supplemental information provided to the shareholder," said Harrell. In Canada, some companies are required to use an outside reserves consultant, but regulators have not issued guidelines on conflicts of interest there.

The *Dow Jones* article stated, "The question is whether a firm can be counted on to deliver accurate reserve reports if doing so might put its other business with a company at risk."

Harrell said, "I appreciate that view, but it is not applicable to the larger consulting firms, in particular, that rely less on any one client for their livelihood. For instance, Ryder Scott has a deep, diverse client base comprising hundreds of companies. We do not have any single client or 'company maker' that accounts for as much as 10 percent of our revenues."

He also observed that while non-audit services generated significantly more income for accounting firms than audit work, that ratio does not hold true for consultants like Ryder Scott. "Work unrelated to reserves audits and estimates accounts for less income, not more, for most consulting firms that specialize in reserves, including us," said Harrell.

He pointed out that geologists and engineers at Ryder Scott are trained in hard science and make their judgments based on scientific interpretations of the data without regard to how the final report is used. "It doesn't matter whether the reserves estimates are reported to the SEC or used in A&D. The estimates, for a given set of reserves definitions, are the same no matter how they are used by the client," Harrell said.

Certification—Cont. from Page 2

organizations. Has an option to further explore legal and administrative concerns.

■ **Steering Committee**—Comprises chairperson from all teams. Will also have executive representation from sponsoring organizations. Will consider inviting observers.

AAPG has moved into an early lead in this process. The association has long-term experience in certifying petroleum geologists and an administrative organization in place. AAPG has already selected its Certified Petroleum Reserves Evaluator committee and is eager to proceed.

Organizers are seeking other committee chairpersons who, in turn, will recruit members for their respective committees. The plan is for each committee to have an appropriate balance of individuals from sponsoring and contributing organizations. Organizers are currently drafting committee objectives that are anticipated to be finalized in September.

As always, any individual who wants to become active in this effort is invited to contact me at ron_harrell@ryderscott.com.



Colbourne

Christopher J. Colbourne, petroleum geologist, joined Ryder Scott Canada in August. Previously he was a senior geologist at Belloy Petroleum Consulting Ltd. for five years. He specialized in stratigraphy and plays of north-west Alberta and northeast British Columbia. He also conducted mapping, structural analysis and wireline log correlation/interpretation at Alconsult

International Ltd. and LMX Resources Ltd.

He has a BS degree in earth sciences from Memorial University of Newfoundland. Colbourne is a member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta (APEGGA) and Canadian Society of Petroleum Geologists.

Short Course—Cont. from Page 7

Hodgin and Wagenhofer also will present an SPE short course on petroleum reserves Sept. 25 and 26 at the annual meeting in Houston. This course is designed to provide guidance on petroleum reserves estimates under U.S. Securities and Exchange Commission and SPE/World Petroleum Conference reserves definitions.

Hodgin and Wagenhofer detail the requirements for classifying reserves as proved and discuss probable and possible reserves categories. They will also present the main reservoir engineering and geoscience methods used to estimate reserves and how reserves definitions affect such estimates. Included will be case examples to illustrate estimation methods, typical errors and how to avoid them.

They also will cover reservoir simulation and probabilistic methods. Participants will receive 1.6 continuing education units. To register, go to <http://www.spe.org/atce/2004/registration/index.html>.

Reserves Issues—Cont. from Page 6

more often than not, limits the reporting of reserves. Often seismic data indicates a sealing fault. Even with seismic data, a producer cannot book reserves below log-derived lowest known hydrocarbons.

■ Would the SEC consider the use of seismic data to support the reporting of proved reserves after reviewing industry-collected historical data on seismic?

The next Energy Forum reserves series event, "Financial: Accurately Reflecting the Value of Assets," is October 28. For information, send an e-mail to david@theenergyforum.com or call 832-478-0100.

Publisher's Statement

Reservoir Solutions newsletter is published quarterly by Ryder Scott Company LP. Established in 1937, the reservoir evaluation consulting firm performs hundreds of studies a year. Ryder Scott multidisciplinary studies incorporate geophysics, petrophysics, geology, petroleum engineering, reservoir simulation and economics. With 100 employees, including 60 engineers and geoscientists, Ryder Scott has the capability to complete the largest, most complex reservoir-evaluation projects in a timely manner.

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