

Work to Advance Use of Reserves Guidelines Continues

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Much has happened since the Petroleum Resources Management System (PRMS) was completed in March 2007, providing updated definitions and a related classification system for petroleum reserves and resources. This landmark document reflects advancements in technology, the international expansion of the industry, and the increasing role of unconventional resources, as well as incorporating recommended best practices identified in other international petroleum and mineral classification systems.

SPE is proud to have led the effort that produced a set of technical guidelines that can be adopted by oil and gas companies to better manage their business and that can be consistently used in estimating reserves by international financial, regulatory, and reporting bodies. The PRMS is the result of more than 2 years of collaboration by SPE, the World Petroleum Council (WPC), the American Association of Petroleum Geologists (AAPG) and the Society of Petroleum Evaluation Engineers (SPEE), with considerable input from the industry at large and other external organizations.

Our work was not over with the completion of the technical definitions. Intense education and training are required to support consistent use by the industry and other financial and regulatory bodies. I want to give you a brief report on the progress that has been made to educate important stakeholders about the new system.

In December, the U.S. Securities and Exchange Commission (SEC) announced it would seek public comment on possible revisions to disclosure requirements for oil and gas reserves, citing the extent and nature of changes that have occurred in the oil and gas industry in the nearly three decades since the commission first adopted its oil and gas disclosure rules. SPE's Oil and Gas Reserves Committee, among many others, provided comments to the SEC that recommend the use of PRMS as the technical basis for a reporting process. It is notable that the overwhelming majority of comments made to the SEC that addressed the PRMS recommended using it in some form. All of the comments can be viewed on the SEC website at <http://www.sec.gov/comments/s7-29-07/s72907.shtml>.

To help energy professionals apply the definitions, the Oil and Gas Reserves Committee and SPE's Reserves Education Committee are collaborating on an applications manual for the PRMS that will include detailed discussion and examples of use. Companies have been asked to submit examples and case studies from petroleum provinces worldwide.

The applications manual will be a valuable, comprehensive, and long-lasting reference document. The manual will be consistent with the PRMS, update and incorporate the content of the 2001 "Guidelines for the Evaluation of Petroleum Reserves and Resources," and expand the content to address the full spectrum of hydrocarbon evaluation situations experienced by industry. It will be available in the reserves section of www.spe.org.

SPE is also creating a short summary of PRMS for investors and other non-technical users, since oil and gas reserves are the major driver in determining oil and gas company value. We want to help nontechnical users understand how the petroleum industry assesses and quantifies oil and natural gas

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reserves. This explanation of PRMS will be available on www.spe.org.

Oil and Gas Reserves Committee members and others who are subject matter experts have conducted more than 55 overview presentations on PRMS to industry groups in 17 countries. A technical paper by committee members John Etherington and John Ritter (SPE Paper 107693) has been presented at or included in proceedings at a number of industry conferences.

SPE has also held workshops on PRMS in Muscat, Oman; Calgary; and Houston, with additional workshops planned in 2008 for Brussels and Rio de Janeiro. These workshops are designed to familiarize key users with the new system and discuss implementation issues. A jointly sponsored AAPG/SPE International Multi-disciplinary Reserves Conference, also supported by the WPC and SPEE, was held in Washington, DC, in June 2007.

SPE continues to provide support on reserves-related issues to stakeholder groups, including the United Nations Framework and Classification and the International Accounting Standards Board, with the PRMS acting as the cornerstone petroleum classification system.

The PRMS was developed as a collaborative system, designed to support a wide group of stakeholders. Throughout the early drafting stages, advice and input was sought not only from the petroleum industry, but

from the financial, accounting, and governmental sectors, in addition to the mining industry.

As a result of this collaborative effort, the PRMS is receiving wide acceptance, and SPE members should be proud of its position as the industry's most respected source for technical oil and gas reserve definitions.

I ended my last column on a Monday morning. Later that day, I traveled to Midland, Texas, to present Legion of Honor awards to several individuals who have been SPE members for at least 50 years. I have made similar presentations at other SPE sections and am thankful and blessed to be able to participate in these ceremonies.

The following day I traveled to Houston with SPE's Public Relations and Communications Manager Margaret Watson and Executive Director Mark Rubin. We met with representatives from other societies to discuss how our societies could make working together on energy education a high priority.

During the middle of the month, my wife Carolyn and I traveled to Cody, Wyoming, where I addressed the Big Horn Basin Section. I was then chauffeured to the Powder River Basin Section in Gillette, Wyoming, by my long-time friend and SPE member, James T. Smith. From Gillette we traveled on to Billings, Montana, where I had the pleasure of addressing the Billings Petroleum Section at their regular luncheon meeting. A great trip, magnificent scenery, great photographs, and a tasty bison burger while traveling coupled with Moose Tracks ice cream. Thanks to Jim and Sherry Smith for hosting us during our trip to the Rockies.

In late April I spoke to the Canadian Section in Calgary, where we had an overflow crowd of more than 200 people. I had a chance to get good feedback from section officers as to how SPE can improve its services to its members.

Following the trip to the Rockies, I had the pleasure of attending the SPE Symposium on Improved Oil Recovery in Tulsa, where I believe the attendance set an all-time high.

I have just returned from the Offshore Technology Conference in Houston, where again attendance probably will set an all-time high. OTC is an outstanding event; if you have never attended, it is well worth your time to spend 1 or 2 days checking out the exhibits and listening to some of the technical presentations.

Tomorrow, I leave for Colombia and Venezuela. I have been to both places on numerous occasions and look forward to reconnecting with friends, making new acquaintances, and stimulating interest in SPE.

On the road, building bridges, and encouraging SPE members... **JPT**

Bill



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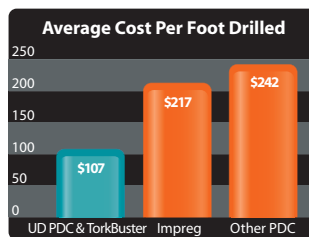


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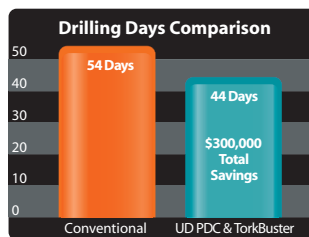
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