



Society of Petroleum Engineers Encouraged by CERA Endorsement of SPE Standards for Evaluating Oil and Reserves

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RICHARDSON, Texas, U.S.A. (February 7, 2006) – As a professional association dedicated to the exchange of technical knowledge about oil and gas resources for the public benefit, the Society of Petroleum Engineers (SPE) is ready to assist the US Securities and Exchange Commission (SEC) on the matter of reserves definitions, as recommended today by Cambridge Energy Research Associates (CERA).

CERA's special report on reserves entitled "Beyond the Search for Reasonable Certainty" recommends that the SEC adopt SPE's oil and gas reserves definitions and rely on the SPE's Oil and Gas Reserves Committee to maintain and update the definitions.

"SPE appreciates CERA's recognition of the value of our reserves definitions and the competence of our standard-setting process. SPE has been a leader in developing petroleum reserves and resources definitions that have become the preferred industry standard. Our goal is to provide a common language that is suitable for adoption by international financial, regulatory and reporting bodies, as well as by the oil and gas industry. Creating a universal standard will result in a more accurate global picture of current prospects and future energy supplies for the public," said Eve Sprunt, 2006 SPE president. These documents are available at <http://www.spe.org/industry/reserves/>.

Forming the foundation for this common language are the petroleum reserves definitions jointly developed in 1997 by SPE and the World Petroleum Council (WPC), and the resources definitions jointly developed by SPE, WPC and the American Association of Petroleum Geologists (AAPG) in 2000.

SPE's Oil and Gas Reserves Committee recently completed a comparison of classifications and definitions used in seven other systems worldwide to identify best practices that potentially could be incorporated into an updated set of definitions. SPE members who have reserves expertise and represent a wide geographic cross section serve on the committee, as well as observers from a diverse group of societies and agencies that provide other industry perspectives and guidance.

SPE is working with other organizations to ensure the adequacy of standards, including the International Accounting Standards Board (IASB) and the United Nations Economic Council of Europe's Ad Hoc Group of Experts on the Harmonization of Energy Reserves and Resources Terminology. SPE is also pursuing the integration of SPE/WPC/AAPG definitions into the United Nations Framework Classification.

Efforts to standardize the definitions of reserves and resources and how they are estimated began in the 1930s. In 1987, SPE and WPC working independently, published reserves definitions that were strikingly similar. By working together, the two organizations were able to develop a single set of definitions for reserves that could be used worldwide. Working with AAPG, SPE and WPC also developed a classification system for petroleum resources.