

**Society of Petroleum Evaluation Engineers
Bakersfield, California
October 13, 2004**

**“Certification of Petroleum Reserves
Evaluators – The Time Has Come”**



**Ron Harrell,
Chairman and CEO
Ryder Scott Company LP
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Certification of Petroleum Reserves Evaluators
– both engineers and geo-scientists – is
envisioned as a way to

- (a) recognize individuals who are indeed qualified to warrant such acknowledgement and
- (b) provide a training regimen adequate to teach and train others.

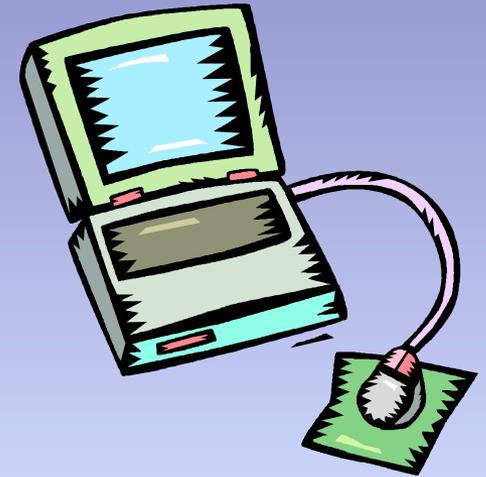


Certification should involve training in

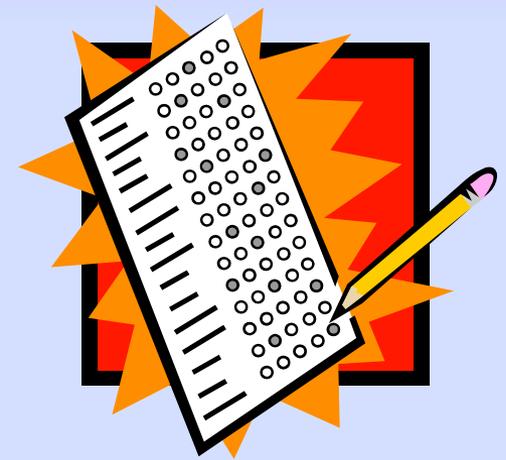
- (a) recommended practices related to reserves estimation,
- (b) ethics training
- (c) reserves definitions from several venues and
- (d) continuing education leading to annual recertification.



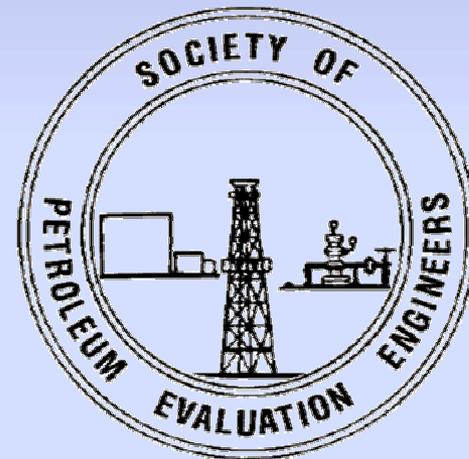
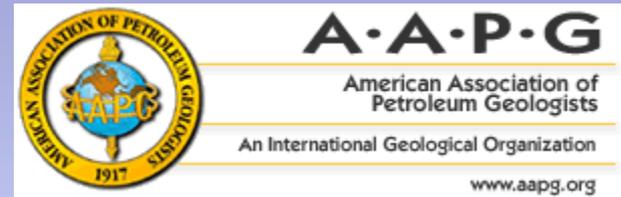
The entire program can be made internet accessible to anyone in the world that meets some minimum standard qualifications related to education, experience and industry reputation.



Successful completion of an open-book examination, also web-based, will be required for all candidates without any provision for grandfathering.



An organization has been established to explore this ambitious project which is expected to be sponsored by the SPEE and AAPG jointly. See the following charts:



CERTIFICATION OF
PETROLEUM RESERVES EVALUATORS
GEOSCIENCE AND ENGINEERING OPTIONS

PROCESS FLOWCHART

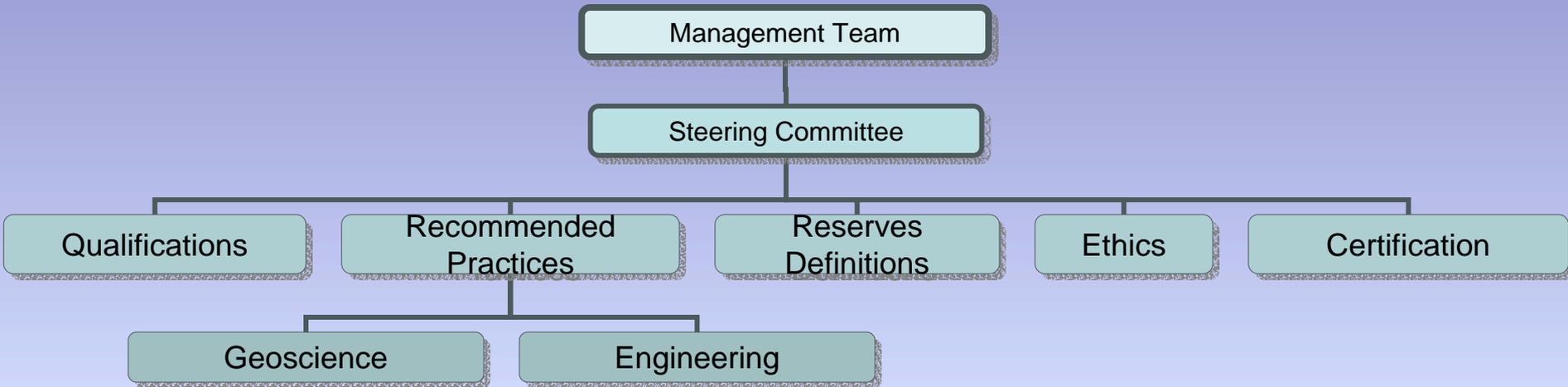


Committee	Chairman
Management	Tearpock/Miller/Harrell
Steering	All Committee Chairs
Qualifications	Ken Mallon (AAPG)
Recommended Practices	
Geoscience	Creties Jenkins (AAPG)
Engineering	Curtis Phillips (SPEE/SPE)
Reserves Definitions	Claude McMichael (SPEE/SPE)
Ethics	Scott Hickman (SPEE/SPE)
Certification	Rick Erickson (AAPG)



CERTIFICATION OF
PETROLEUM RESERVES EVALUATORS
GEOSCIENCE AND ENGINEERING OPTIONS

ORGANIZATION CHART



Committee	Chairman
Management	Tearpock/Miller/Harrell
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The Committee Chairs shown on the previous charts are industry-recognized individuals who have made a voluntary commitment to the professionalism of our roles as reserves evaluators.



Within the coming weeks and months, these committees will be reporting back to the Management Team with their recommendations about training content, budgets, timing, costs and other matters that relate to getting final approval from the program sponsors.

The SPE Board declined sponsorship of this initiative but directed the SPE Oil and Gas Reserves Committee to provide a member to each of the Recommended Practices and Definitions Committees.



Why should SPEE be interested in this?

The original purpose of the SPEE was to further the recognition and practice of reserves estimation and to establish criteria to define the educational background, work experience and recognition within the industry required to become a member.



Why are SPEE membership requirements not adequate to recognize SPEE members as “Certified Petroleum Reserves Evaluators” (CPRE)?

Most SPEE members in good standing may well qualify to become CRPEs but certification without examination will not warrant the recognition this matter demands, especially now in a post Sarbanes-Oxley environment.



Is this topic new?

No. Other individuals within SPEE and in other organizations have brought this up from time to time but with little enthusiasm found anywhere.

AAPG began its certification of petroleum geologists more than 30 years ago and the program has become an integral part of the oil and gas industry



Why propose certification now?

The short answer is the Sarbanes–Oxley Act of 2002; a longer answer is related to a sense that training of reserves estimators by the industry is at an all time low.

Small company evaluators are more up to date than their big-company counterparts because of frequent interaction with lending institutions.



Should certification of reserves evaluators become mandatory?

No. Participation decisions should be made by individuals. Many competent evaluators are comfortable with the *status quo* and may not want to take the trouble to seek certification.

Companies, particularly consulting firms, may choose to require certification as a condition of employment . Producers may choose to require certification status for certain staff positions.



OK, what do I have to do to get certified?

First, meet certain qualifications about education, experience and reputation as established by the Qualifications Committee.

Next, pay a nominal fee and obtain study materials over the internet or in printed form for (a) recommended practices (b) reserves definitions, and (c) ethics training. Committees are now in place preparing these materials

Each applicant will be required to pass an examination designed to measure his understanding of the study materials. This examination is expected to be “open book” and all materials including the test procedures will be accessible through the internet.



Which reserves definitions will I have to study and understand?

These will include the U.S. SEC definitions, the 1997 SPE/WPC definitions, the 2003 Canadian definitions along with exposure to the reporting requirements of the London, Hong Kong and Sydney stock exchanges. The Definitions Committee will make this final decision and will prepare comparison tables to highlight the differences in these definitions.



How will SPEE/AAPG handle the entire process through the internet while protecting individual privacy and examination monitoring?

These and other challenges are yet to be addressed and solved but we are confident they will be met.



That's not so bad. Is that all?

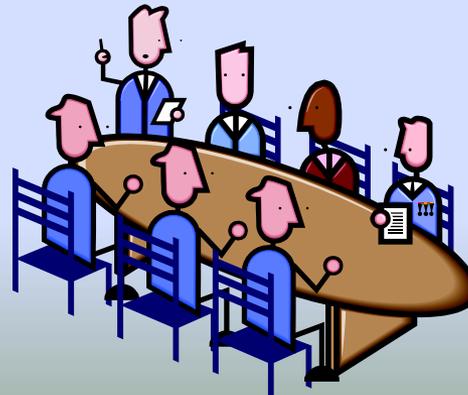
Yes, except for annual recertifications obtainable through continuing education including ethics training.



What about grievance concerns? How will that be handled?

The Management Team will address this at some later time but these concerns could be handled at the time of recertification.

Recertification could be delayed during the course of an inquiry.



Will I have to be a member of SPEE or AAPG to become certified?

No. This initiative is expected to be available to all qualified individuals anywhere. This is not designed to raise memberships or to create opportunities for commercially based training classes.



One final comment:

If you would want to assist in this initiative, please contact Richard Miller. (SPEE), Dan Tearpock.(AAPG) or Ron Harrell (at large) as members of the Management Team.



Thank you for listening – your comments
and questions are invited.

