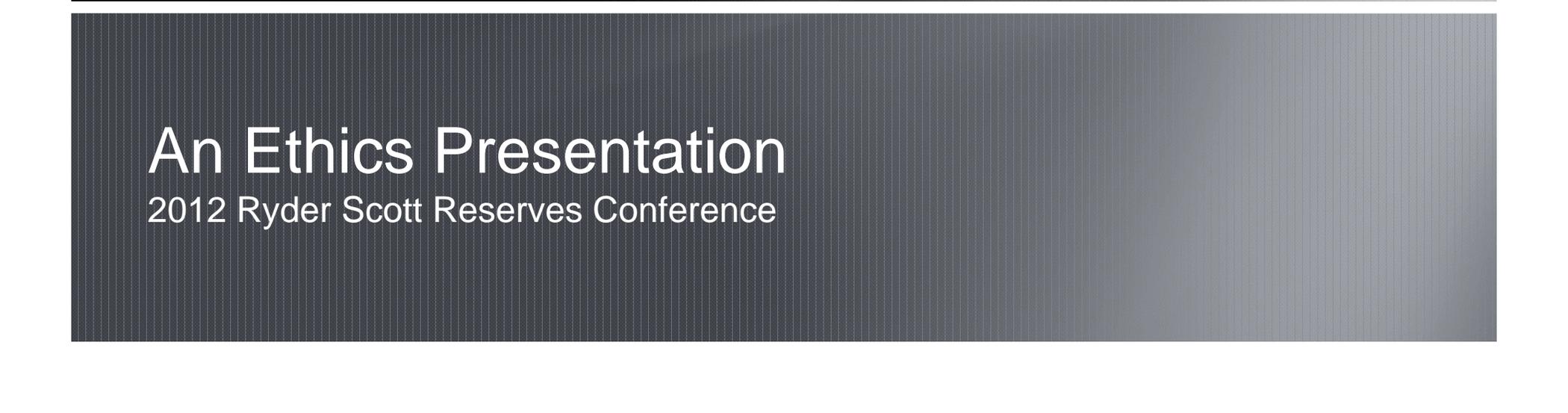
The top half of the slide features a dark background with several bright, white, diagonal light rays emanating from the right side, creating a sense of depth and focus.

Think You Can Evaluate  
Reserves Anywhere?

The bottom half of the slide has a dark grey background with a pattern of fine, vertical white lines.

An Ethics Presentation  
2012 Ryder Scott Reserves Conference

# Today's Discussion:

- Little-known but Important issue affecting evaluation engineers.

└ Sleeping giant?



# Today's Discussion:

- Little-known but Important issue affecting evaluation engineers.
  - └ Sleeping giant?
  
- Encounter situations which will raise questions about ethical behavior.
  - └ We may not arrive at the answers
  - └ Goals achieved if provoke thought on ethics issues
  
- Will partially cover engineering licensing board rules - 2 states. Three purposes served:
  - └ Foundation for one of the critical points in this presentation
  - └ SPE Guide for Professional Conduct (Approved SPE BOD 9/26/2004)
    - └ *“Engineers act in accordance with all applicable laws and the canons of ethics as applicable to the practice of engineering as stated in the laws and regulations governing the practice of engineering in their country, territory, or state...”*

# Today's Discussion:

- Little-known but Important issue affecting evaluation engineers.
  - └── Sleeping giant?
  
- Encounter situations which will raise questions about ethical behavior.
  - └── We may not arrive at the answers
  - └── Goals achieved if provoke thought on ethics issues
  
- Will partially cover engineering licensing board rules - 2 states. Three purposes served:
  - └── Foundation for one of the critical points in this presentation
  - └── SPE Guide for Professional Conduct (Approved SPE BOD 9/26/2004)
  - └── Texas Engineering Practices Act ("TEPA") Requires:
    - └── *Engineers to receive a minimum of 1 PDH per year "in the area of professional ethics, roles and responsibilities of professional engineering, or review of the TEPA & Board Rules."*

# TBPE Rules – Nomenclature

Texas Board of Professional Engineers

## Texas Statutes - OCCUPATIONS CODE

Title 1 GENERAL PROVISIONS

Title 2 GENERAL PROVISIONS RELATING TO LICENSING

Title 3 HEALTH PROFESSIONS

Title 4 PROFESSIONS RELATED TO ANIMAL HEALTH

Title 5 REGULATION OF FINANCIAL AND LEGAL SERVICES

**Title 6 REGULATION OF ENGINEERING, ARCHITECTURE, LAND SURVEYING, AND RELATED PRACTICES**

Title 7 PRACTICES AND PROFESSIONS RELATED TO REAL PROPERTY AND HOUSING

Title 8 REGULATION OF ENVIRONMENTAL AND INDUSTRIAL TRADES

Title 9 REGULATION OF BARBERS, COSMETOLOGISTS, AND RELATED OCCUPATIONS

Title 10 OCCUPATIONS RELATED TO LAW ENFORCEMENT AND SECURITY

Title 11 REGULATION OF SALES AND SOLICITATION

Title 12 PRACTICES AND TRADES RELATED TO WATER, HEALTH, AND SAFETY

Title 13 SPORTS, AMUSEMENTS, AND ENTERTAINMENT

Title 14 REGULATION OF MOTOR VEHICLES AND TRANSPORTATION

Title 15 OCCUPATIONS RELATED TO EMPLOYMENT

# TBPE Rules - Nomenclature

## Texas Statues - OCCUPATIONS CODE

### TITLE 6: Regulation of Engineering, Architecture, Land Surveying and Related Practices

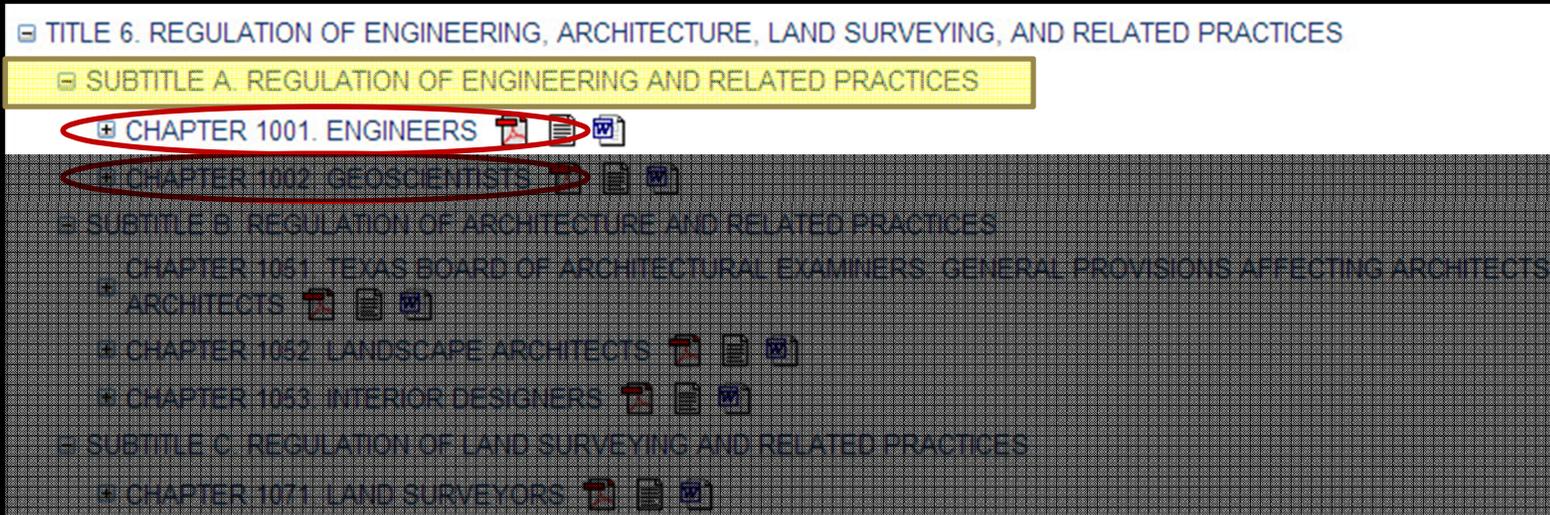
- [-] TITLE 6. REGULATION OF ENGINEERING, ARCHITECTURE, LAND SURVEYING, AND RELATED PRACTICES
  - [-] SUBTITLE A. REGULATION OF ENGINEERING AND RELATED PRACTICES
    - + CHAPTER 1001. ENGINEERS   
    - + CHAPTER 1002. GEOSCIENTISTS   
  - [-] SUBTITLE B. REGULATION OF ARCHITECTURE AND RELATED PRACTICES
    - CHAPTER 1051. TEXAS BOARD OF ARCHITECTURAL EXAMINERS; GENERAL PROVISIONS AFFECTING ARCHITECTS
      - + ARCHITECTS   
    - + CHAPTER 1052. LANDSCAPE ARCHITECTS   
    - + CHAPTER 1053. INTERIOR DESIGNERS   
  - [-] SUBTITLE C. REGULATION OF LAND SURVEYING AND RELATED PRACTICES
    - + CHAPTER 1071. LAND SURVEYORS   

### Subtitle A. Regulation of engineering and related practices3

# TBPE Rules - Nomenclature

## Texas Statutes - OCCUPATIONS CODE

### TITLE 6: Regulation of Engineering, Architecture, Land Surveying and Related Practices



**Chapter 1001: Engineer**

**Chapter 1002: Geoscientists**

# TBPE Rules - Nomenclature

## Texas Statutes - OCCUPATIONS CODE

### TITLE 6: Regulation of Engineering, Architecture, Land Surveying and Related Practices

☐ TITLE 6. REGULATION OF ENGINEERING, ARCHITECTURE, LAND SURVEYING, AND RELATED PRACTICES

☐ SUBTITLE A. REGULATION OF ENGINEERING AND RELATED PRACTICES

☑ CHAPTER 1001. ENGINEERS   

☑ CHAPTER 1002. GEOSCIENTISTS   

☐ SUBTITLE B. REGULATION OF ARCHITECTURE AND RELATED PRACTICES

☐ CHAPTER 1051. TEXAS BOARD OF ARCHITECTURAL EXAMINERS. GENERAL PROVISIONS AFFECTING ARCHITECTS

☑ ARCHITECTS   

☑ CHAPTER 1052. LANDSCAPE ARCHITECTS   

☑ CHAPTER 1053. INTERIOR DESIGNERS   

☐ SUBTITLE C. REGULATION OF LAND SURVEYING AND RELATED PRACTICES

☑ CHAPTER 1071. LAND SURVEYORS   

## Chapter 1001: Engineer

# TBPE Rules - Nomenclature

## Texas Administrative Code

### Title 22 – Examining Boards

#### Part 6 – Texas Board of Professional Engineers

Texas Administrative Code	
TITLE 22 EXAMINING BOARDS	
Parts	
PART 1	TEXAS BOARD OF ARCHITECTURAL EXAMINERS
PART 3	TEXAS BOARD OF CHIROPRACTIC EXAMINERS
PART 5	STATE BOARD OF DENTAL EXAMINERS
PART 6	TEXAS BOARD OF PROFESSIONAL ENGINEERS
PART 7	STATE COMMITTEE OF EXAMINERS IN THE FITTING AND DISPENSING OF HEARING INSTRUMENTS
PART 8	TEXAS APPRAISER LICENSING AND CERTIFICATION BOARD
PART 9	TEXAS MEDICAL BOARD
PART 10	TEXAS FUNERAL SERVICE COMMISSION
PART 11	TEXAS BOARD OF NURSING
PART 14	TEXAS OPTOMETRY BOARD
PART 15	TEXAS STATE BOARD OF PHARMACY
PART 16	TEXAS BOARD OF PHYSICAL THERAPY EXAMINERS
PART 17	TEXAS STATE BOARD OF PLUMBING EXAMINERS
PART 18	TEXAS STATE BOARD OF PODIATRIC MEDICAL EXAMINERS
PART 21	TEXAS STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS
PART 22	TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY
PART 23	TEXAS REAL ESTATE COMMISSION
PART 24	TEXAS BOARD OF VETERINARY MEDICAL EXAMINERS
PART 26	TEXAS BOARD OF LICENSURE FOR PROFESSIONAL MEDICAL PHYSICISTS
PART 28	EXECUTIVE COUNCIL OF PHYSICAL THERAPY AND OCCUPATIONAL THERAPY EXAMINERS
PART 29	TEXAS BOARD OF PROFESSIONAL LAND SURVEYING
PART 30	TEXAS STATE BOARD OF EXAMINERS OF PROFESSIONAL COUNSELORS
PART 31	TEXAS STATE BOARD OF EXAMINERS OF DIETITIANS
PART 32	STATE BOARD OF EXAMINERS FOR SPEECH-LANGUAGE PATHOLOGY AND AUDIOLOGY
PART 34	TEXAS STATE BOARD OF SOCIAL WORKER EXAMINERS
PART 35	TEXAS STATE BOARD OF EXAMINERS OF MARRIAGE AND FAMILY THERAPISTS
PART 36	COUNCIL ON SEX OFFENDER TREATMENT
PART 37	TEXAS BOARD OF ORTHOTICS AND PROSTHETICS
PART 38	TEXAS MIDWIFERY BOARD
PART 39	TEXAS BOARD OF PROFESSIONAL GEOSCIENTISTS
PART 40	ADVISORY BOARD OF ATHLETIC TRAINERS

# TBPE Rules - Nomenclature

## Texas Administrative Code

### Title 22 – Examining Boards

#### Part 6 – Texas Board of Professional Engineers

#### Chapter 137 – Compliance and Professionalism

Texas Administrative Code	
<u>TITLE 22</u>	EXAMINING BOARDS
<u>PART 6</u>	TEXAS BOARD OF PROFESSIONAL ENGINEERS
Chapters	
<u>CHAPTER 131</u>	<u>ORGANIZATION AND ADMINISTRATION</u>
<u>CHAPTER 133</u>	<u>LICENSING</u>
<u>CHAPTER 135</u>	<u>FIRM REGISTRATION</u>
<u>CHAPTER 137</u>	<u>COMPLIANCE AND PROFESSIONALISM</u>
<u>CHAPTER 139</u>	<u>ENFORCEMENT</u>

# TBPE Rules - Nomenclature

## Texas Administrative Code

### Title 22 – Examining Boards

#### Part 6 – Texas Board of Professional Engineers

#### Chapter 137 – Compliance and Professionalism

#### Subchapter A – Individual and Engineer Compliance

#### Subchapter C – Professional Conduct and Ethics

## Texas Administrative Code

TITLE 22 EXAMINING BOARDS  
PART 6 TEXAS BOARD OF PROFESSIONAL ENGINEERS  
CHAPTER 137 COMPLIANCE AND PROFESSIONALISM

### Subchapters

<u>SUBCHAPTER A</u>	<u>INDIVIDUAL AND ENGINEER COMPLIANCE</u>
<u>SUBCHAPTER B</u>	<u>SEALING REQUIREMENTS</u>
<u>SUBCHAPTER C</u>	<u>PROFESSIONAL CONDUCT AND ETHICS</u>
<u>SUBCHAPTER D</u>	<u>FIRM AND GOVERNMENTAL ENTITY COMPLIANCE</u>

# TBPE Rules - Nomenclature

## Texas Statutes - OCCUPATIONS CODE

**TITLE 6: Regulation of Engineering, Architecture,  
Land Surveying and Related Practices**

**Subtitle A. Regulation of Engineering and Related Practices**

**Chapter 1001: Engineer**

**TAC - Title 22 - Part 6**

**Chapter 137: Compliance and Professionalism**

Each Chapter contains several sections, denoted with the prefix:



Examples:

**§ 1001.301 License Required**

“A person may not engage in the practice of engineering unless the person holds a license issued under this chapter.”

**§137.17 Continuing Education Program**

“Each license holder shall meet the Continuing Education Program (CEP) requirements for professional development as a condition for license renewal.”

# Benefits: License Holders

Earn an PDH credit in the area of professional ethics for your Continuing Education Program (CEP) obligation, if you have one.

How many licensed engineers or geoscientists in private practice or with a consulting firm?

How many are practicing under the supervision of a licensed engineer?

**§ 1001.052. Employee of License Holder** **Exempt**

*“A person who is an employee or subordinate of an engineer is exempt from the licensing requirements of this chapter if the person’s practice does not include responsible charge of design or supervision.”*

How many are operating under the private company employee exception?

**§ 1001.057. Employee of Private Corporation or Business Entity** **Exempt**

# Benefits: Non-License Holders

- Status may change in the future. Good to know commitments / obligations.

# Benefits: License or Not

- Ethics training is essential for reserves engineers, licensed or not.

## Special Trust

A couple of examples:

Client, company or WI partner confidentiality.

Overstating/understating reserves to meet personal or business objectives

Misrepresenting areal extent and/or location of the reservoir for personal or business gain

# Relevant Definitions

= “Professional”  
(Also “Profession”)

= “Ethics”

# “Profession” Defined (Black’s Law Dictionary, 6th Edition.)

“A vocation or occupation requiring special, usually advanced, education knowledge, and skill.”

“The labor and skill involved in a **profession** is predominantly mental or intellectual, rather than physical or manual.”

The term originally contemplated only theology, law, and medicine, but as applications of science and learning are extended to other departments of affairs, other vocations also receive the name, which **implies professed attainments in special knowledge as distinguished from mere skill.**

# “Professional” Defined

“One engaged in one of the learned professions or in an occupation requiring a high level of training and proficiency. (Black’s Law Dictionary, 6th Edition.)

**Modern culture:** There is sometimes confusion over what the term professional” really means. Abuse of this term has led many to define it as *one who does something for pay*.

— This abuse has led to blurred understandings of what special privileges are conferred upon, and what special responsibilities are expected from, those practicing as professionals.

The most important privilege conferred to professionals is: the right to a “professional opinion.” **Professionals can be distinguished from others in society by their right to form an opinion and to base their services on this opinion.**

Misuse of this privilege can result in serious harm; thus, it is only granted to those who are able to show by **education, training and experience** to be able to properly exercise this right.



# Characteristics of a Profession

*(Source: LAPELS Professionalism and Ethics Presentation and Quiz)*

(LAPELS = Louisiana Professional Engineering and Land Surveying Board.)

Professions must satisfy an indispensable and beneficial social need.

Public health, safety and welfare may be harmed from misuse or poor application of professional services.

The profession must be recognized....typically given through a state board of licensure.

There must be **codes of professional conduct**...serve as guidelines for behavior within the profession. They also inform the public of the basic rules by which services are offered and provided.

# Ethics Defined (Black's Law Dictionary, 6th Edition.)

“Of or relating to moral action, conduct, motive or character;

Treating of moral feelings, duties or conduct; containing precepts of morality; moral.

Professionally right or befitting; conforming to **professional standards of conduct.**”

# Ethics Defined



Theodore Roosevelt said:



“...to educate a person in mind, and not in morals, is to educate a menace to society.”

# Ethics Defined

A thought about the importance of ethics:

It is one of the few things over which you exert absolute control.

Someone can take away your job, but they can't take away your integrity...

...not if you don't let them!

# Professionalism and Ethics

**Professional ethics** has become an integral part of the career of the modern professional.

While professional ethics provides the **foundation** for the practice of engineering...

...it is the **Rules of Professional Conduct** that provide the framework.

# Texas Board of Professional Engineers Rules

## CHAPTER 137: COMPLIANCE AND PROFESSIONALISM

### Subchapter C: Professional Conduct and Ethics

#### §137.51 General Practice

- In order to safeguard, life, health and property, to promote the public welfare, and to establish and maintain a high standard of integrity and practice, the rules relating to professional conduct in this title shall be **binding on every person** holding a license authorized to offer or perform engineering services in Texas.
- License holders having knowledge of any alleged violation of the Act and/or board rules shall cooperate with the board in furnishing such information or assistance as may be required.

If you don't report an ethics violation about which you have knowledge:

**Ethics issue?**

# Texas Board of Professional Engineers Rules

## CHAPTER 137: COMPLIANCE AND PROFESSIONALISM

### Subchapter C: Professional Conduct and Ethics

#### §137.51 General Practice

In order to safeguard, life, health and property, to promote the public welfare, and to establish and maintain a high standard of integrity and practice, the rules relating to professional conduct in this title shall be **binding on every person** holding a license authorized to offer or perform engineering services in Texas.

License holders having knowledge of any alleged violation of the Act and/or board rules shall cooperate with the board in furnishing such information or assistance as may be required.

#### §137.55 Engineers Shall Protect the Public

#### §137.57 Engineers Shall be Objective and Truthful

#### §137.59 Engineers' Actions Shall Be Competent

#### §137.61 Engineers Shall Maintain Confidentiality of Clients

#### §137.63 Engineers' Responsibility to the Profession

# Texas Board of Professional Engineers Rules

## CHAPTER 137: COMPLIANCE AND PROFESSIONALISM

### **Subchapter C: Professional Conduct and Ethics**

#### §137.63 Engineers' Responsibility to the Profession

- Act as faithful agent for their employers or clients
- Practice engineering in a careful and diligent manner.

Colloquialism: *“I’d rather be lucky than skillful”*

Colloquialism: *“I’d rather be lucky than skillful”*



Does not apply to evaluation engineers!

# Texas Board of Professional Engineers Rules

## CHAPTER 137: COMPLIANCE AND PROFESSIONALISM

### Subchapter C: Professional Conduct and Ethics

#### §137.63 Engineers' Responsibility to the Profession

- Act as faithful agent for their employers or clients
- Practice engineering in a careful and diligent manner.
- Engineers should strive to promote responsibility, commitment, and **ethics** both in the **education** and practice phases of engineering.
- Conduct engineering and related business affairs in a manner that is respectful of the client, involved parties, and employees. Inappropriate behaviors or patterns of inappropriate behaviors may include, but are not limited to:
  - misrepresentation in billing
  - unprofessional correspondence or language
  - conduct that harasses or intimidates another party
  - sale and/or performance of unnecessary work

# Texas Board of Professional Engineers Rules

## CHAPTER 137: COMPLIANCE AND PROFESSIONALISM

### Subchapter C: Professional Conduct and Ethics

#### §137.63 Engineers' Responsibility to the Profession

##### Things Engineers Should Not Do:

- Aid or abet, directly or indirectly, any unlicensed person or business entity in the unlawful practice of engineering
- Maliciously injure or attempt to injure or damage the personal or professional reputation of another by any means. *(This does not preclude an engineer from giving a frank but private appraisal of engineers or other persons or firms when requested by a client or prospective employer.)*

#### How About:

#### Guidepost: Good Faith

#### §137.51 General Practice

License holders having knowledge of any alleged violation of the Act and/or board rules shall cooperate with the board in furnishing such information or assistance as may be required.

# Texas Board of Professional Engineers Rules

## CHAPTER 137: COMPLIANCE AND PROFESSIONALISM

### Subchapter C: Professional Conduct and Ethics

#### §137.63 Engineers' Responsibility to the Profession

##### Things Engineers Should Not Do:

- Aid or abet, directly or indirectly, any unlicensed person or business entity in the unlawful practice of engineering
- Maliciously injure or attempt to injure or damage the personal or professional reputation of another by any means. *(This does not preclude an engineer from giving a frank but private appraisal of engineers or other persons or firms when requested by a client or prospective employer.)*
- Retaliate against a person who in good faith attempts to bring forward an allegation of wrongdoing
- Give, offer or promise to pay or deliver, directly or indirectly, any commission, gift, favor, gratuity, benefit, or reward as an inducement to secure any specific engineering work or assignment
- Accept compensation or benefits from more than one party for services pertaining to the same project or assignment
- Solicit professional employment in false or misleading advertising

# Texas Board of Professional Engineers Rules

## CHAPTER 137: COMPLIANCE AND PROFESSIONALISM

### **Subchapter C: Professional Conduct and Ethics**

## Codes of Conduct More Tailored for Evaluations Engineers

#### **“SPE Guide for Professional Conduct”**

[www.spe.org/about/docs/professionalconduct.pdf](http://www.spe.org/about/docs/professionalconduct.pdf)

#### **“SPEE Discussion and Guidance on Ethics”**

└─ **Principles of Acceptable Evaluation Engineering Practice**

[www.spee.org/referenceresources/ethics-paper/](http://www.spee.org/referenceresources/ethics-paper/)

# Problem! A Case of First Impression

Discovered by  
First Half 2010



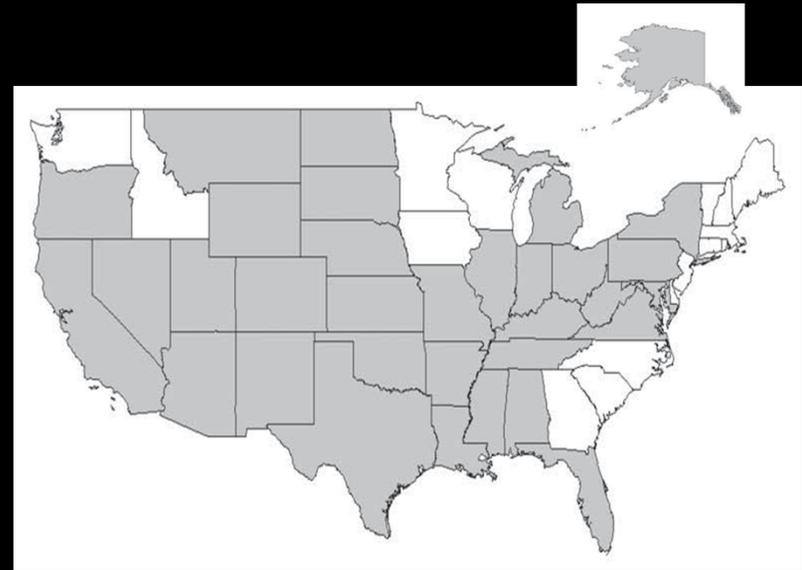
TBPE takes the position that non-Texas licensed evaluation engineers cannot evaluate an oil and gas reserves/ resources underlying Texas soil.

Practice that has been accepted by the industry and professional engineering firms since the practice of petroleum property evaluation began, perhaps over a century ago.

# Problem! A Case of First Impression

Portfolios for evaluation frequently contain properties in multiple states.

There are  $33 \pm$  US oil and gas producing states.



Not feasible to obtain and maintain engineering licenses in all.

# Problem - Source

Most engineering results in the **design, construction, repair, or creation** of something mechanical, chemical, or otherwise physical.

States maintain specific laws, regulations, ordinances, and guidelines:

- Controls engineering work
- Protects health, safety, and welfare of the citizenry.

Requiring engineering licensure in their jurisdictions:

- Means to insure that engineers adhere to the high standards and rules set by the state.

# Evaluation Engineering

## Petroleum property evaluation is the exception

- Evaluation engineers are not involved in design, construction, drilling, or otherwise creating anything physical.
- There is no “footprint” on states’ soil from evaluation engineering.
- Evaluation engineers apply science and engineering principles to the quantification of economically recoverable hydrocarbons lying beneath the surface
  - └ Typically from professional offices at locations remote from the field
- The definitions, specifications, guidelines used in evaluation engineering are not set by States or local governments for local application, but by professional societies for global application.



**Petroleum  
Resources Management  
System**

**Guidelines for Application  
of the Petroleum  
Resources Management System**

# Part of the Problem

## Consider the Make-Up of TBPE

- G. Kemble (Kem) Bennett, Ph.D. - Univ. Professor (Industrial)
- Jim Greer, P.E. (Electrical)
- Sockalingam "Sam" Kannappan, P.E. (Mechanical)
- Lamberto "Bobby" Ballí, P.E (Civil)
- Gary W. Raba, D. Eng., P.E (Civil)
- Daniel O. Wong, Ph.D., P.E. (Civil)
- Elvira Reyna - Former State Rep for District 101 (Non-engineer)
- Edward Lee Summers, Ph.D - Professor of (Accounting)
- Carry A. Baker (Attorney)

## Petroleum or Evaluation Engineers?

# Solving the Problem



SPEE decides to act.

Ascertain whether evaluation engineers are truly constrained by the TEPA.

# Solving the Problem



SPEE decides to act.

## SUBCHAPTER A. GENERAL PROVISIONS

### § 1001.003. Practice of Engineering

Performance of, or an offer, or attempt to perform, any public or private service or creative work, the adequate performance of which requires engineering education, training, and experience in applying special knowledge or judgment of the mathematical, physical, or engineering sciences to that service or creative work.

Apply to Evaluation Engineers?

# Solving the Problem



SPEE decides to act.



SPE agrees to join.



TBPE Director responsive, but indicates that the Board is legislatively constrained



SPE can't lobby, bows out.



Full speed ahead !



The image shows a close-up, low-angle view of the Texas State Capitol building. The architecture is classical, featuring a prominent dome and a series of arched windows and columns. In the foreground, two flags are flying on a pole: the United States flag on top and the Texas state flag below it. The scene is brightly lit, suggesting a sunny day.

# Legislative Activities Texas HB 2067

# Legislative Approach



- Retain Lobbyist
- Meet with Legislators, Find Bill Sponsor
- Draft Bill (Find location in Statute)

## **SUBCHAPTER B. EXEMPTIONS**

Previous Example:

**§ 1001.057 Employee of Private Corporation or Business Entity**

# Legislative Approach



- Retain Lobbyist
- Meet with Legislators, Find Bill Sponsor
- Draft Bill (Find location in Statute)

## **SUBCHAPTER B. EXEMPTIONS**

§1001.068 CERTAIN OUT-OF-STATE ENGINEERS ENGAGED IN EVALUATING OIL AND GAS RESOURCES.

### **Definition: Evaluation of Oil and Gas Resources**

- (1) Quantification of the volume of oil and gas reserves and resources in the subsurface of the earth,
- (2) Determination of production forecasts for the reserves or resources;
- (3) Evaluation of the economic impact of the production forecasts.

# Legislative Approach



- Retain Lobbyist
- Meet with Legislators, Find Bill Sponsor
- Draft Bill (Find location in Statute)

## SUBCHAPTER B. EXEMPTIONS

§1001.068 CERTAIN OUT-OF-STATE ENGINEERS ENGAGED IN EVALUATING OIL AND GAS RESOURCES.

**Bill Text:** This chapter (1001) does not apply to the evaluation of oil and gas resources if the evaluation:

- (1) Is done by an engineer licensed in a state that does not prohibit engineers licensed under this chapter from engaging in the evaluation of oil and gas resources in that state;
- (2) Does not involve design, construction, or engineering assessments on the surface;
- (3) Does not present a risk to public health or safety.

# Legislative Approach



- Retain Lobbyist
- Meet with Legislators, Find Bill Sponsor
- Draft Bill (Find location in Statue)
- Identify Opposition – Smoke Peace Pipe

— Texas Society of Professional Engineers  
— American Council of Engineering Companies



- Testify – House Committee
- Reading/Debate on House Floor
- Testify – Senate Committee
- Reading/Debate on Senate Floor

# Texas HB 2067

## The State of Texas



By: Callegari

H.B. No. 2067

### AN ACT

relating to the regulation of the practice of engineering by individuals engaged in the evaluation of oil and gas resources.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter B, Chapter 1001, Occupations Code, is amended by adding Section 1001.068 to read as follows:

Sec. 1001.068. CERTAIN OUT-OF-STATE ENGINEERS ENGAGED IN EVALUATING OIL AND GAS RESOURCES. (a) In this section, "evaluation of oil and gas resources" includes:

(1) the quantification of the volume of oil and gas reserves and resources in the subsurface of the earth;

(2) the determination of production forecasts for the reserves or resources; and

# Texas

H.B. No. 2067

David Newkurt

President of the Senate

Joe Straus

Speaker of the House

I certify that H.B. No. 2067 was passed by the House on April 26, 2011, by the following vote: Yeas 148, Nays 0, 2 present, not voting.



Robert Haney

Chief Clerk of the House

I certify that H.B. No. 2067 was passed by the Senate on May 13, 2011, by the following vote: Yeas 31, Nays 0.

Latsy Gau

Secretary of the Senate

APPROVED:

RICK PERRY

Governor

William "Bill" Callegari

William "Bill" Callegari  
State Representative  
District 132

# Press - Texas HB 2067

Hoped that HB 2067 would be a cow bell



**SPEE Initiates Groundbreaking Texas Legislation Affecting  
Petroleum Property Evaluation**  
Press release by SPEE August 7, 2011



**New Texas Law Affects Petroleum Property Evaluation**



# Part of the Problem

## Consider the Make-Up of LAPELS

- Roger D. Danzy, P. E. Mechanical
- Norma Jean Mattei, P.E., Ph.D. Univ. Dean, Civil and Environmental
- Richard Savoie, P. E. Civil
- James E. Bowie, PhD, P. E. Civil
- Miles B. Williams, P. E. Civil
- Ali M. Mustapha, P. E. Civil
- John W. "Billy" Moore, P. E. Civil
- Ted Thompson, P. E. Civil & Environmental
- Kevin E. Crosby, P. E., P. L. S. Civil Engineer, Surveyor
- Timothy J. Allen, P. L. S. Surveyor
- Ernie Gammon, P. L. S. Surveyor

# Solving the Problem



Given LAPELS' hostility to the evaluation community:  
SPEE Executive Committee reforms Legislative Committee

Full speed ahead !



# Solving the Problem

Ascertain whether evaluation engineers are truly constrained by LA Statues.

# Solving the Problem

## LA Revised Statutes

### Title 37. Professions and Occupations

#### Chapter 8. Professional Engineering and Professional Land Surveying

## § 682. Definitions

### “Practice of Engineering”

Responsible professional service which may include consultation, investigation, evaluation, planning, designing, or inspection of construction in connection with any public or private utilities, structures, machines, equipment, processes, works, or projects wherein the public welfare or the safeguarding of life, health, and property is concerned or involved, when such professional service requires the application of engineering principles and the interpretation of engineering data.

Apply to Evaluation Engineers?

# Legislative Activities

## LA HB 748



# Legislative Activities

## LA HB 748



# Legislative Approach

- Retain Lobbyist ✓
- Meet with Legislators, Find Bill Sponsor ✓
- Draft Bill (Find location in Statue)
- Identify Opposition – Smoke Peace Pipe
- Testify – House Committee
- Reading/Debate on House Floor
- Testify – Senate Committee
- Reading/Debate on Senate Floor



**LOUISIANA REVISED STATUTES**  
**Title 37. Professions and Occupations**  
**Chapter 8. Professional Engineering and Professional Land Surveying**

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**LOUISIANA REVISED STATUTES**  
**Title 37. Professions and Occupations**  
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## §702. Saving clause

This Chapter shall not be construed to prevent or to affect:

(1) Other professions or trades including the practice of architecture as defined in Chapter 3 of this Title; or the practice of any legally recognized profession or trade; or the professional practice of the physical sciences, such as: chemistry, physics, geology, mathematics, so long as they do not involve the practice of engineering or land surveying; or

(2) The practice of a person not a resident of and having no established place of business in this state, practicing or offering to practice herein the profession of engineering, when such practice does not exceed one hundred twenty consecutive days in any calendar year, provided such person is legally qualified by licensure to practice the said profession in his own state, territory, or possession of the United States, or the District of Columbia, in which the requirements and the qualifications for obtaining a license are not lower than those specified in this Chapter, and provided further, that before beginning such temporary practice in this state, the person shall have applied to the board, paid the prescribed fee, and received a temporary permit, and upon the conclusion of such work he shall advise the board as to the period of time that he has practiced in this state under such temporary permit.

(3) The practice of officers and employees of the government of the United States while engaged within this state in the practice of engineering or land surveying, for said government.

(4) Cooperatives under the rural electrification administration; engineering performed by cooperatives under the Rural Electrification Acts.

(5) The practice of engineering exclusively as an officer or employee of a public utility corporation authorized to do and doing business in this state, by rendering to such corporation such service in connection with its facilities and property which are subject to regulation with respect to safety and security thereof by the Public Service Commission of the state of Louisiana, or other duly authorized utility regulatory body, and so long as such individual is thus actually and exclusively employed, and no longer, and the practice of engineering as an officer or employee of a person furnishing products, services, or facilities used primarily by a public utility corporation regulated by the Public Service Commission of the state of Louisiana, or other duly authorized utility regulatory body, and so long as such officer or employee is thus actually and exclusively employed and no longer, provided this does not apply to the practice of civil engineering or land surveying.

(6) Engaging in engineering as an employee under the responsible charge of a professional engineer or engaging in land surveying as an employee under the responsible charge of a professional land surveyor.

Acts 1980, No. 568, §1. Amended by Acts 1995, No. 827, §1; Acts 1999, No. 396, §1; Acts 2003, No. 279, §5.



§702. Saving clause

This Chapter shall not be construed to prevent or to affect:

(1) Other professions or trades including the practice of architecture as defined in Chapter 3 of this Title; or the practice of any legally recognized profession or trade; or the professional practice of the physical sciences, such as: chemistry, physics, geology, mathematics, so long as they do not involve the practice of engineering or land surveying; or

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(7)



# Legislative Approach

- Retain Lobbyist ✓
- Meet with Legislators, Find Bill Sponsor ✓
- Draft Bill (Find location in Statue)



## §702. Saving clause

“This Chapter shall not be construed to prevent or to affect:”

The practice of evaluation of oil and gas resources...

...which includes the quantification of the volume of oil and gas reserves and resources in the subsurface of the earth, the determination of production forecasts for the reserves or resources, and the evaluation of the economic impact of production forecasts...

...provided that this does not apply to the practice of civil engineering or land surveying, does not involve design, construction, or engineering assessments on the surface, and does not present a risk to public health or safety.

# Legislative Approach

- Retain Lobbyist ✓
- Meet with Legislators, Find Bill Sponsor ✓
- Draft Bill (Find location in Statue) ✓
- Identify Opposition – Smoke Peace Pipe
  - Louisiana Engineering Society
  - American Council of Engineering Companies - La
- Testify – House Committee
- Reading/Debate on House Floor
- Testify – Senate Committee
- Reading/Debate on Senate Floor



# Legislative Approach

- Retain Lobbyist ✓
- Meet with Legislators, Find Bill Sponsor ✓
- Draft Bill (Find location in Statue) ✓
- Identify Opposition – Smoke Peace Pipe

— Louisiana Engineering Society

LES referred SPEE back to LAPELS

SPEE presented - LAPELS Board meeting

Meeting Unsuccessful for SPEE

- LAPELS shamed the LA SPEE Member...not good for LA Engineers
- Suggested LA SPEE Member was a pawn to a large Tx Firm

Any ethics issues?



# Legislative Approach

- Retain Lobbyist ✓
- Meet with Legislators, Find Bill Sponsor ✓
- Draft Bill (Find location in Statue) ✓
- Identify Opposition ✓
- Bill Filed – HB 748 ✓
- Testify – House Committee → Vigorous LAPELS opposition
- ▣ Reading/Debate on House Floor
- ▣ Testify – Senate Committee
- ▣ Reading/Debate on Senate Floor



# Legislative Approach

- Retain Lobbyist ✓
- Meet with Legislators, Find Bill Sponsor ✓
- Draft Bill (Find location in Statue) ✓
- Identify Opposition ✓
- Bill Filed – HB 748 ✓
- Testify – House Committee

└ Passed LA House Commerce Committee 14 yea, 2 Nay.



# Legislative Approach

- Retain Lobbyist ✓
- Meet with Legislators, Find Bill Sponsor ✓
- Draft Bill (Find location in Statue) ✓
- Identify Opposition ✓
- Bill Filed – HB 748 ✓
- Testify – House Committee. ✓
- Reading/Debate on House Floor
- Testify – Senate Committee
- Reading/Debate on Senate Floor



# Legislative Maneuvers – House Floor

## Predicate:

LA Revised Statutes §42:1118: Influencing action by legislature or governing authority

“No public servant shall...aid in...influencing, directly or indirectly, the passage or defeat of any matter affecting his agency by the legislature, if his agency is a state agency...”

## LAPELS

- └ Not allowed to lobby
- └ Can serve only as a resource for the legislature



# Legislative Maneuvers

Just Before HB 748 Scheduled for Debate  
on the House Floor...



## LAPELS Board Member issues email to Legislator

“convoluted legal maneuver designed to expand Texas engineer’s control over the oil and gas evaluation business”

“There are several large oil and gas evaluation firms in Texas that want to practice in Louisiana. **Because our requirements are higher than those in Texas, we have denied several of them a license in Louisiana.** Rather than meet our requirements, they choose to change our laws.”

“I will mention a case we had against a Texas firm that **botched an evaluation in Louisiana.** Their poor work cost a Louisiana resident millions of dollars because they recommended against drilling on their property.”



## **TEXAS BOARD OF PROFESSIONAL GEOSCIENTISTS**

*P.O. Box 13225 • Austin, Texas 78711 • (512) 936-4400 • fax (512) 936-4409  
Website: [www.tbpg.state.tx.us](http://www.tbpg.state.tx.us)*



Via Certified Mail 91 7108 2133 3938 1933 4149

Houston, TX 77010

**Re: Closure of Complaint Case No. 09-014**

Dear 

On December 8, 2009, the Texas Board of Professional Geoscientists (TBPG) received a complaint alleging that you had violated section 1002.251(a) and section 1002.402 of the Texas Geoscience Practice Act (TGPA) during performance of geoscience work in Louisiana. On June 24, 2010, the TBPG Complaint Review Team reviewed the complaint and determined that there were no violations of the TGPA; consequently, this case was closed effective that day.

Thank you for your cooperation during this investigation. If you have any questions or comments, please feel free to contact Investigator Albert Jimenez at [ajimenez@tbpg.state.tx.us](mailto:ajimenez@tbpg.state.tx.us) or by phone at (512) 936-4406.

Sincerely,

# Legislative Maneuvers

## Just Before HB 748 Scheduled for Debate on the House Floor...



### LAPELS Board Member issues email to Legislator

- “convoluted legal maneuver designed to expand Texas engineer’s control over the oil and gas evaluation business”
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- “I will mention a case we had against a Texas firm that botched an evaluation in Louisiana. Their poor work cost a Louisiana resident millions of dollars because they recommended against drilling on their property.”
- “This is a blatant attempt by Texas engineers to export their so said technical expertise (which is doubtful) to Louisiana.”
- “I sit as a board member on the Louisiana Professional Engineers and Land Surveying Board.”

# Legislative Maneuvers

Any ethics issues?



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- “I sit as a board member on the Louisiana Professional Engineers and Land Surveying Board.”

# Legislative Maneuvers

Legislator copied entire House w/ email



Fast action required by SPEE  
to correct inaccuracies

Legislator sent second email to the full house – Stated  
that first email contained inaccuracies.

# Legislative Approach

- Retain Lobbyist ✓
- Meet with Legislators, Find Bill Sponsor ✓
- Draft Bill - HB748 (Find location in Statue) ✓
- Identify Opposition ✓
- Bill Filed – HB 748 ✓
- Testify – House Committee. ✓
- Reading/Debate on House Floor ✓

└ Passed LA House 93 – 2



# Legislative Approach

- Retain Lobbyist ✓
- Meet with Legislators, Find Bill Sponsor ✓
- Draft Bill - HB748 (Find location in Statue) ✓
- Identify Opposition ✓
- Bill Filed – HB 748 ✓
- Testify – House Committee. ✓
- Reading/Debate on House Floor ✓
- Testify-Senate Committee ➔ Vigorous LAPELS opposition
  - └ Passed LA Senate Commerce Committee - Unanimously.



# Legislative Approach

- Retain Lobbyist ✓
- Meet with Legislators, Find Bill Sponsor ✓
- Draft Bill - HB748 (Find location in Statue) ✓
- Identify Opposition ✓
- Bill Filed – HB 748 ✓
- Testify – House Committee. ✓
- Reading/Debate on House Floor ✓
- Testify-Senate Committee ✓
- Reading/Debate on Senate Floor ✓

└ Passed LA Senate 35 - 1



# Legislative Approach



Bill gained the support of lobby interests for the oil and industry (LOGA) and a major oil company

Both House and Senate sent LAPELS a resounding message...HB 748 is:

- Good Law
- Common sense
- Not harmful to (and likely good for) Louisiana evaluation engineers

ENROLLED

# ACT No. 100

Regular Session, 2012

HOUSE BILL NO. 748

BY REPRESENTATIVE PONTI

**Signed into law as Act 100 by Governor Jindal  
May 11, 2012, effective August 1, 2012.**

1

AN ACT

2

To enact R.S. 37:702(7), relative to the practice of engineering; to provide an exception for

3

the evaluation of oil and gas resources; and to provide for related matters.

4

Be it enacted by the Legislature of Louisiana:

5

Section 1. R.S. 37:702(7) is hereby enacted to read as follows:

6

§702. Saving clause

You can see the Act and legislative history at:  
<http://legiscan.com/gaits/view/410375>

# Where Do We Go From Here?

## Any ethics issues?

- **Do:** Evaluation Engineers Finally Have Their Bell Cow?
- **Do we:** Contact Licensing Board in ea. State before evaluating?
  - If Board says no, what then? Too late to get licensing.
- **Do we:** Avoid needlessly stirring the pot
  - We know what's right....best not to awaken a sleeping giant lacking capability to understand what evaluation engineers do?



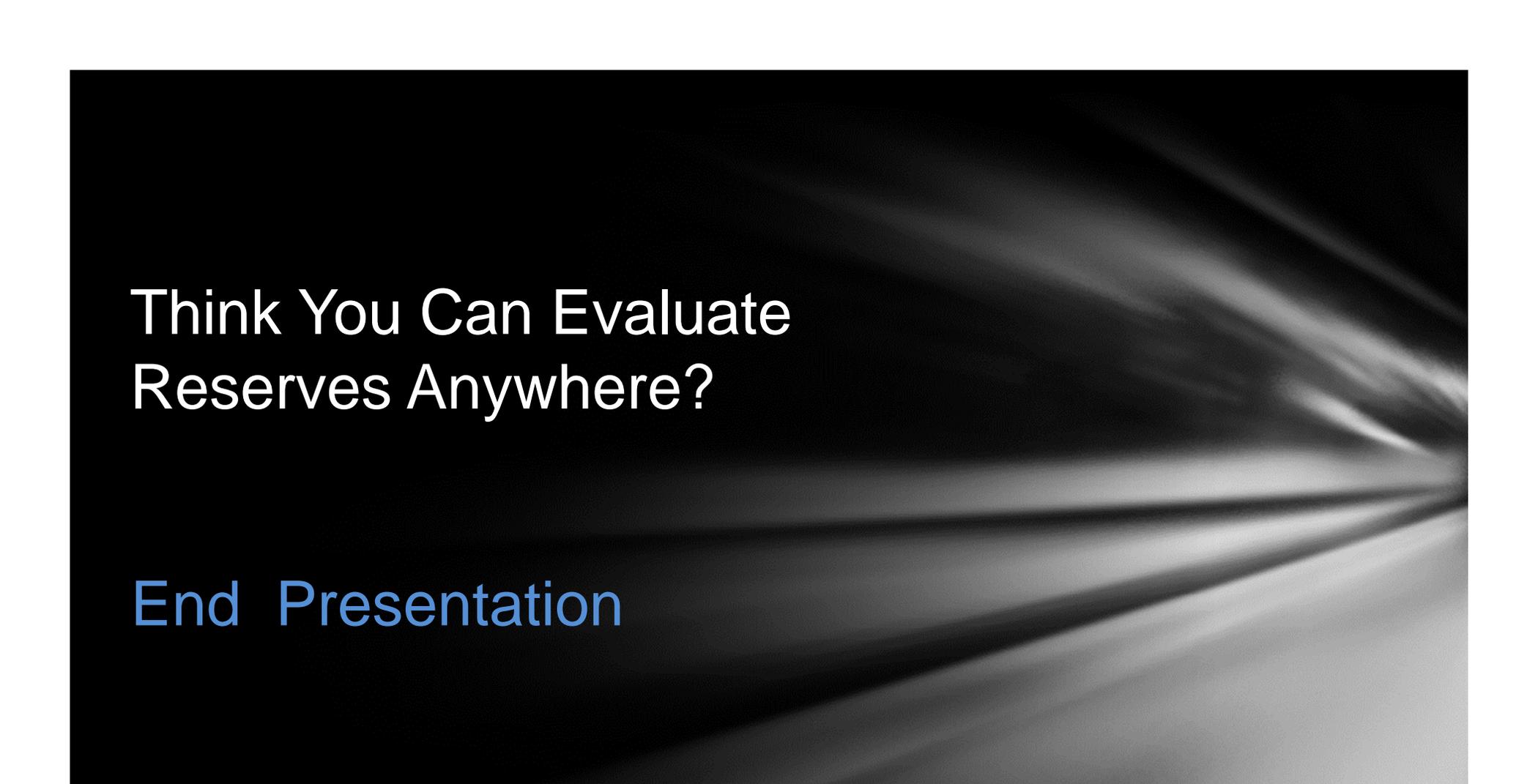
# Where Do We Go From Here?

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  - If Board says no, what then? Too late to get licensing.
- **Do we:** Avoid needlessly stirring the pot
  - We know what's right....best not to awaken a sleeping giant lacking capability to understand what evaluation engineers do?
    - Clients don't want to hire multiple companies to get third-party portfolio evaluations.
    - Clients don't want cost and inefficiency of passing portfolio from office to office.

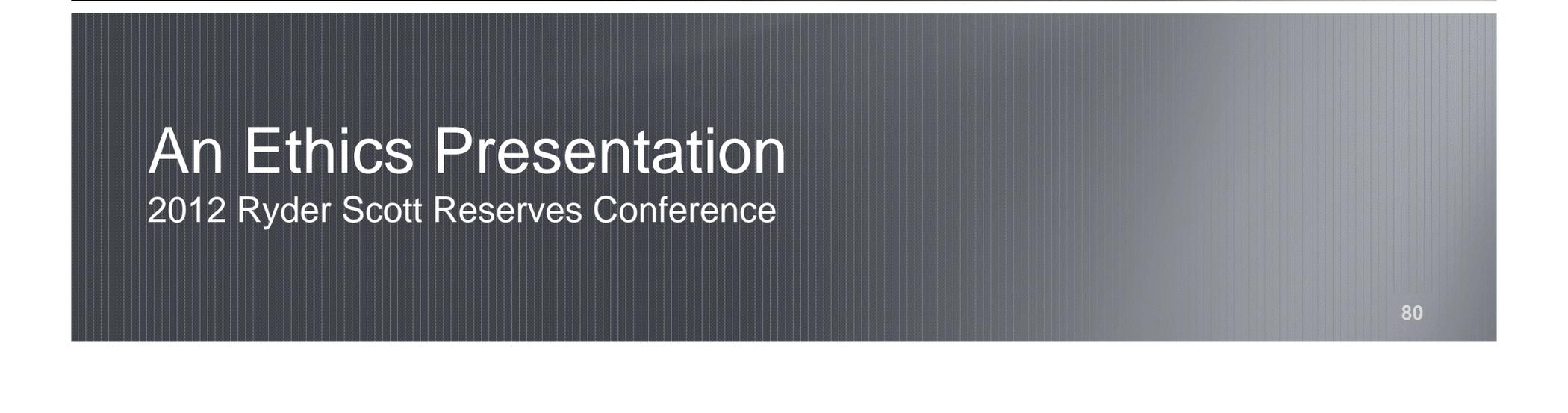


SPEE has limited resources  
Legislative activity can be risky due to politics

An abstract background featuring a dark, almost black, field with several bright, white, diagonal light rays or streaks that originate from the right side and fan out towards the left, creating a sense of depth and movement.

Think You Can Evaluate  
Reserves Anywhere?

End Presentation

A dark grey background with a subtle, vertical, ribbed or lined texture, providing a professional and modern look.

An Ethics Presentation

2012 Ryder Scott Reserves Conference