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**CONCEPT RELEASE ON POSSIBLE REVISIONS TO THE DISCLOSURE
REQUIREMENTS RELATING TO OIL AND GAS RESERVES**

File Number S7-29-07

Securities and Exchange Commission:

The Society of Petroleum Evaluation Engineers (SPEE) was formed in 1962 as a non-profit technical society specializing in the profession of petroleum resource and reserve evaluation. The Society is active in the promotion and advancement of the profession by fostering scientific research and providing the opportunity for technical exchange among its members, industry, and the public.

As a society of professional evaluators, SPEE has a core commitment to ensure its members meet stringent admission standards. Indeed, with a requirement for a minimum of ten years experience in the specific area of petroleum evaluation, members are at least 35 years of age, or older, at the time of admission. Individual SPEE Members are also members of the Society of Petroleum Evaluation Engineers (SPE), the American Association of Petroleum Geologists (AAPG), or both; however, membership in SPEE demonstrates acceptance into a professional community of evaluation specialists. As with any professional specialty, the membership is necessarily small in size with only 550 Members. Nevertheless, SPEE enjoys an unprecedented and disproportionate level of industry recognition and respect.

SPEE has long been involved with reserves definitions and was the catalyst for first defining the probable and possible categories. SPEE published the first *Guidelines for Application of Petroleum Reserves Definitions* (1988, Revised 1998), the only *Monograph on Fair Market Value*, the only *Recommended Evaluation Practices (REPs)*,

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and the only *Annual Survey of Economic Parameters Used In Petroleum Property Evaluation* (widely used in evaluations, litigation, and anywhere that the historical perspective of the evaluation community must be captured). The Canadian Chapter of SPEE published the *Canadian Oil and Gas Evaluation Handbook* (2002, 2005, 2007) which is the legislated standard for evaluation practice in Canada. SPEE is a founding partner of the *Joint Committee on Reserve Evaluator Training* (JCRET), and a creative partner, sponsor and co-author of the March 2007 *Petroleum Resources Management System* (PRMS). SPEE currently lends its expertise to matters of global significance in the area of petroleum reserves/resources, such as the Ad Hoc Group of Experts (AHGE) formed under the United Nations Economic Commission for Europe (UNECE) Committee on Sustainable Energy.

As a society focused on the promotion and advancement of oil and gas reserves and resources evaluation, SPEE has historically refrained from taking positions on legal, regulatory or governmental issues and proceedings. This is more appropriately the province of individual SPEE Members themselves or as representatives of their companies, agencies or clients. In light of this, we refrain from issuing question-by-question responses to the specific questions posed in the subject Concept Release. However, SPEE will offer commentary that will be responsive to most of the questions contained with the Concept Release in the broader sense.

SPEE co-authored the project-based Petroleum Resources Management System (PRMS) in 2007 working closely with the Society of Petroleum Engineers (SPE), The World Petroleum Council (WPC), and the American Association of Petroleum Geologists (AAPG).

The definitions and guidelines found in the PRMS were specifically designed to provide a common reference for the international petroleum industry, including national reporting and regulatory disclosure agencies, and to support petroleum project and portfolio management requirements. The system is robust, and addresses the entire spectrum of petroleum resources. Another strength of the PRMS is that its sponsoring professional societies recognize the need for ongoing enhancements and updates to maintain alignment with changing industry practice and technologies. Thus, the system will not significantly lag advancements in technology that affect evaluation practice and portfolio management. Finally, the PRMS sponsors are committed to training, and teaching the PRMS to industry evaluators around the world. Training should help promote disclosure quality, consistency and comparability - a challenge given the cultural cross section of industry respondents. For all of these reasons, SPEE supports the use by the SEC of the PRMS as the framework around which new securities reporting disclosure requirements may be formulated.

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Furthermore, I would like to offer the full resources of SPEE to assist the SEC should it decide to revise the existing disclosure requirements relating to petroleum reserves. For contextual clarity, this offer pertains solely to the technical and commercial aspects of petroleum reserves and resources evaluation. SPEE members have extensive experience working with Canadian securities regulators assisting with the formulation of oil and gas reporting technical requirements. Canadian regulators recognized the necessity for a modern and standardized reference document that would provide detailed guidance that could be applied to the definitions of reserves and resources. The objective of a standardized document was to achieve consistency in approach and in resulting estimates.

The Calgary Chapter of SPEE, in response to the need for detailed evaluation guidance, authored and published the Canadian Oil and Gas Evaluation Handbook (COGEH). It is important to note that COGEH was designed to be a standard of good evaluation practice, flexible enough to be applied to various definitions of reserves and resources. COGEH was adopted by the Canadian Securities Administrators (CSA) and referenced in the legislated reporting requirements known as National Instrument 51-101. SPEE is well positioned to bring this experience to bear should the SEC identify a requirement for a detailed handbook, which would complement the PRMS.

The SPEE welcomes the SEC's efforts to obtain information about the extent and nature of the public's interest in revising oil and gas reserves disclosure requirements, and we appreciate the opportunity to comment on this important undertaking.

Respectfully,

Frank Molyneaux
President
Society of Petroleum Evaluation Engineers