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Frank Molyneaux
President

September 8, 2008

Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090
Attention: Florence Harmon, Acting Secretary

**PROPOSED RULES ON MODERNIZATION OF THE OIL AND GAS REPORTING
REQUIREMENTS
File Number S7-15-08**

Dear Ms. Harmon:

The Society of Petroleum Evaluation Engineers (SPEE) welcomes the SEC's efforts to revise oil and gas reserves disclosure requirements. Modernization of disclosure requirements will better inform investors of the assets of oil and gas producing entities. We are pleased to offer these comments to the Commission on the rules proposal titled "Modernization of the Oil and Gas Reporting Requirements."

SPEE is an organization formed in 1962 as a non-profit technical society specializing in the profession of petroleum resource and reserve evaluation. We are self-regulating with strict requirements for professional competency and ethical conduct. Our By-Laws have long contained provisions for disciplinary action for any member in breach of our membership standards.

SPEE has historical involvement with reserves definitions and has published several documents concerning the estimation of reserves, including the recognized *Canadian Oil and Gas Evaluation Handbook* (2002, 2005, 2007) (COGEH). SPEE also 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). SPEE continues to work with these organizations to update these works as necessary.

As noted by the Commission staff in the proposed rules, COGEH has been used by Canadian

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regulatory agencies to establish a standard for evaluation practice in Canada and to guide the securities regulators in oil and gas reserves disclosures for financial reporting. Recent revisions to the Canadian National Instrument 51-101 (NI 51-101) have brought the COGEH into close, although not exact, alignment with the PRMS definitions and guidelines.

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, as representatives of their companies, agencies or clients. In light of this, we refrain from issuing question-by-question responses to the specific comment requests posed in the subject proposed rules changes. However, it is appropriate that the SPEE comment on two important proposals that are fundamental concepts of reserve/resource disclosure.

Firstly, the use of two pricing frameworks, one a full-year average and one a one-day price, for the purposes of reserves disclosure and accounting calculations, respectively, is undesirable. This could potentially confuse investors and other interested parties if one set of reserves is disclosed in the financial filing, while another estimate of reserves that could be significantly different is used to calculate accounting metrics. SPEE's position is that one price, an average price for a specified previous averaging period, is the preferred method for both calculations and reports.

Secondly, SPEE concludes that the proposed definition of reasonable certainty as, "*much more likely to increase than to either decrease or remain constant*", is likely to impose a higher level of certainty to proved reserves than current professional practice in industry or the global definitions contained within PRMS. The proposed definition is also inconsistent with the principles contained in the COGEH. Our view is that industry currently believes that reserve estimates on an Estimated Ultimate Recovery (EUR) basis for a particular property that remain the same from year-to-year reflect "reasonable certainty." The suggestion that reserve estimates that do not exhibit year-to-year increases (on an EUR basis) falls short of reasonable certainty is a significant change to industry's understanding, use and definitions, and may have the (unintended) consequence of a bias to under-reporting of proved reserves.

Furthermore, should the SEC identify a requirement for a detailed reserves evaluation handbook, I would be pleased to lend the resources of SPEE, who could draw on its international experience in support of such a project.

Respectfully,

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