



Society of Independent Professional Earth Scientists

Houston Chapter Newsletter

• July 2008 •

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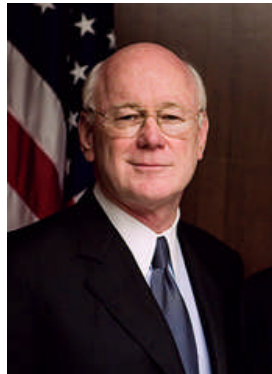
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July SIPES Luncheon Meeting

Joint Meeting of SIPES / HGS / GSH Ethics presentation

"The Dilemmas of Truth"

Speaker: Judge Lynn Hughes, AAPG Distinguished Lecturer



Abstract

Mixing principles and examples with economics and anthropology, this lecture offers a perspective on integrity that is thoughtful and practical. Often in ethics, as in science, identifying the problem is harder than knowing the solution, making recognition a theme of the talk. ♦

Professional Biography

Lynn N. Hughes is a United States District Judge in Houston. Before his federal appointment in 1985, he was a Texas trial judge for six years. An adjunct professor at South Texas College of Law for 30 years, he also taught for two years at the University of Texas. Judge Hughes serves on the advisory board of the Law & Economics Center of George Mason University in Virginia.

He earned his bachelor of arts from the University of Alabama, his doctor of jurisprudence from the University of Texas, and his master of laws from the University of Virginia. He got something of a business education by running a mining-equipment venture in 1969-1970.

Judge Hughes spoke at the Reserves Conference for the AAPG and SPE in 2007 and the Geological Society of America's

July Meeting cont'd on page 2

Date: Thurs, July 17
Time: Social 11:15 am
Lunch 11:45 am
Place: Petroleum Club
800 Bell St.
Houston, TX

Texas Licensed Geoscientists,
a SIPES Lunch talk counts toward the 15 PDH
required annually to maintain your license.

July Hospitality Sponsor



Subsurface Consultants & Associates

Registration deadline by Noon, Tuesday June 15 — \$30 for Members and Affiliates, \$35 for guests and non-members. An additional \$5 for late and walk-up registrations. **No-shows will be billed.** Call, fax, or e-mail your reservation to Mrs. B.K. Buongiorno at the SIPES address above. You can sign up online at www.sipes-houston.org, but payment is still required at the luncheon or by U.S. mail.



July Meeting Cont'd

presidential conference on Ethics in the Geosciences. He is the AAPG's distinguished lecturer for ethics.

He served as co-chairman of the World Affairs Council of Houston in 1999-

2000, and is a member of the Council of Foreign Relations. Also, he has been an advisor on constitutional law and privatization to the European Community, Moldova, Romania, Albania, Belarus, and the Ukraine. ♦

"Often in ethics, as in science, identifying the problem is harder than knowing the solution ."

Chapter News

The deadline for **SIPES Foundation 2008 Scholarship Program** has extended moved from May 15, 2008 to July 15, 2008. Please refer any interested applicants or universities to the SIPES website, where more information and an application can be downloaded. (www.sipes.org)

Some Houston Chapter SIPES members have **not yet paid their 2008 dues**. Please send in your dues as soon as possible to avoid the additional late-payment fees.

Any Houston Chapter member interested in acquiring the **geological/topographical map of the United States** as seen at our last luncheon (approximately 42"X54") should contact Duncan Dubroff at ddubroff@newcenturyexp.com. These maps will be given in exchange for a \$20.00 contribution to be used either in our 2008 University of Houston Scholarship Fund or towards the Houston Chapter's annual donation to the SIPES National Foundation. ♦

A special thanks goes to this month's Hospitality Sponsor, *Subsurface Consultants*, for sponsoring the joint SIPES-HGS-GSH meeting, where a much larger than normal turnout is expected.



June Chapter Board of Directors Meeting

The June 19, 2008 Houston SIPES Chapter Board Meeting discussed the following items:

- ✓ Chairman **Jim Norris**: Our membership continues to be well represented in the geoscience organizations. Congratulations to (1) Paul Britt on being elected President-Elect of AAPG's Division of Professional Affairs for 2008/2009 and then becoming President in October 2009 and (2) Jeannie Fisher Mallick on receiving the AAPG House of Delegates Long Service Award at the AAPG Convention held last April in San Antonio.
- ✓ Treasurer **Steve Hartzell**: In the near future, twenty-seven chapter members will be informed that they need to pay their chapter dues. The current chapter membership stands at about 250. The chapter's current cash flow is adequate.

- ✓ Program Chairman **Paul Babcock**: The Houston Chapter of SIPES will host a joint luncheon with HAPL tentatively scheduled during the second week of December, 2008. The luncheon date will not be held on the usual third Thursday of the month in order to reduce conflicts during the holiday season.
- ✓ Membership Chairman **Jim Grubb**: A Full Membership application from David Kessler was approved for submittal to SIPES National. An Affiliate application from Joan Marie Swetlick was also approved. Jim is currently contacting persons who expressed an interest in joining SIPES while attending 2007 Summer NAPE and 2008 Winter NAPE; he will determine if they need assistance in applying. ♦

Summer
NAPE
EXPO

August 27-28, 2008
Sponsored by SIPES

Visit the SIPES Booth

June Luncheon Meeting

by Paul Babcock

photos by Paul Britt

The sixth luncheon of 2008 was held at the Petroleum Club on June 19, 2008 with Mark Roach, Vice-President of Technical Resources at The Oil and Gas Asset Clearinghouse as guest speaker. His insider's perspective allowed for insightful discussion titled "Acquisition and Sale of Oil and Gas Properties".



Speaker Mark Roach and Paul Babcock

The Oil and Gas Asset Clearinghouse, with its numerous oil and gas auctions and its Mid-Value Negotiated (MVN) Transactions is exposed to the heart of the acquisition and divestiture market. This provides them a tremendous database and insight as to what and where is selling, cash-flow multiples and additional information. The average oil and gas property auction has grown in size since 1993 from 1.9 million to 80.6 million dollars, with companies willing to pay more for upside than ever before. Asset deals have been increasing (\$ wise) in comparison to stock transactions. As expected, the amounts paid for auction properties have escalated with the increasing oil and gas prices. While the valuation metrics have been going up, there does not appear to be a slowdown in the A&D markets. The higher NYMEX futures are undoubtedly providing a cushion for buyers.

interests. In the auctions, longer life properties command the largest monthly cash flow premiums. The high-rate, Gulf Coast and offshore properties actually trade at a discount, which may represent buying opportunities.

In addition, there has not been any noticeable effect on auction prices as a result of the current credit problems. Some groups are apparently considering divesting of oil and gas properties before the Presidential election, which may be a strategy to avoid a possible increase in the capital gains tax if the Democrats win. ♦



Pat Shannon (center) with Midland guests Lewis (left) and Robert Manning



Turn out was so large; the buffet gave way to a sit-down lunch

Multiples of cash flow for ORRI and royalties greatly exceed the monthly cash flow multiple for working

New Members

No new members were recognized at the June Luncheon

Member Announcements

Jeannie Fisher Mallick received the AAPG House of Delegates Long Service Award at the AAPG Convention in San Antonio in April.

Send any news or announcements to *B.K. Buongiorno*
bksp@eol.com, call 713-651-1639, or fax 713-951-9659.



News from National

by Phil Martin

There was a great turnout, almost 200 total, during the week of May 12 for the SIPES Annual Meeting in New Orleans. The Omni Royale Orleans in the French Quarter was the convention site. It was a chance to enjoy great food, fellowship and entertainment while getting a nice update on technology and events in our industry. For those that missed it the technical presentations should be available on the web in the near future.

Our next Annual Meeting will be in Hilton Head, South Carolina from April 27-30, 2009 with the theme "Turning Barriers into Opportunities". Great speakers and field trips are planned, including possible visits to Civil War sites.

Our national membership has stayed about the same at 1,222 despite boom times in our industry. We had 40 new members during the past year but they were more than offset by membership losses. Hopefully we can improve on our new member outreach since only 11 applications have been received since January, including from NAPE. It is interesting that the age of Members in the 50-59 and 80-89 year old groups more than doubled in the last 10 years while most other age groups saw a decline over that same time.

There will be a push this year to interest new members. Those that don't qualify for full membership for various reasons, including experience, non-independent job status, etc., can join as *Limited* or *Affiliate* Members. Increased qualified membership roles benefit us all, both current and new.

The new 2008-2009 Officers and Boards of SIPES and the SIPES Foundation were announced as follows:

SIPES Board of Directors 2008-2009

President: Jack Naumann
Vice President: Lee Peterson
Vice President National Energy: Bill Findley
Secretary: Marc Maddox
Treasurer: Ken Huffman

SIPES Foundation Officers 2008-2009

President: Lee Peterson
Vice President: Phil Martin
Secretary: Marc Maddox
Treasurer: Ken Huffman

The SIPES Foundation is authorized to award \$12,500 in scholarships each year, funded from the budget and a series of beneficial endowments. This year no applications were received by the May 15th deadline. It has now been extended until July 15th and if you know of any qualified applicants please contact Phil Martin, Chairman of the Scholarship Committee. Three Scholarships of \$2,000 and 5 of \$1,250 are offered and the requirements are: Currently enrolled upper level undergraduate or Graduate students with GPA 3.5 or higher with US citizenship and three recommendations.

There were some interesting industry news items regarding the states from which we draw our membership, which will be discussed in future bulletins. In general increased regulation and taxation are in our future. Our country runs on energy and punishing our industry will only drive prices higher and send more dollars outside the country. We have a responsibility to educate the public about those issues to the best of our abilities.

Unlikely allies. The Congress of Racial Equality (CORE), and African American group led by Roy Innis (one of the original civil rights heroes of the 60s) is launching a national campaign to promote greater production of American energy to protect low-income families and the working poor from rising energy prices caused by constrictions in energy supplies and increased imports.

As a side note CORE is also the lead plaintiff in a lawsuit against the Bush Administration, which has listed the Polar Bear as "threatened" under the Endangered Species Act. Such a listing is a sledgehammer in the hands of environmental trial lawyers, and harmful to oil and gas development. ♦

Upcoming SIPES Events

Wed, Aug 27 Summer NAPE, a SIPES sponsored event
Thu, Sep 25 Houston Chapter Continuing Education Seminar;
-subject to be announced-

Upcoming HGS Events *

Thu, Jul 17 Joint Meeting of SIPES / HGS / GSH Ethics
presentation: "The Dilemmas of Truth", Judge Lynn
Hughes
Tue, Aug 12 Technofest 2008; 2:30 - 8:30 PM at the Westin
Galleria
Mon, Sep 8-10 7th HGS/PESGB African Conference

* Go to www.hgs.org for meeting details, times and location