

TIPS

This Month:

Evaluation Audit for Evaluation

Tips for evaluating potential reserves

MetroPetro +

Industry News

Your easy guide to keeping calm during the economic recession

Staff Spotlight

Spending some time with Proven's contract accountant

Evaluation Audit for Evaluation

Looking for the upsides and downsides of reserves evaluations

Kathryn Tingle

Reservoir engineers evaluate oil and gas reserves by determining an accurate estimate of remaining recoverable reserves. Reserves evaluations can be done on a well-by-well or company wide basis depending on the company's need. It is essential to understand reserves evaluations when purchasing oil and gas assets and particularly important that the purchasing company audit the seller's reserves evaluation report.

Proven Reserves has experience assisting our clients in verifying these reserve evaluations. Because there are a variety of reserves classifications, it is important to audit the reserve evaluation by such specifics as production profiles, capital efficiency, and reserve net present value.

In reserves evaluation audits, it is important to look for both the upside and downside of the seller's reserve evaluation before making an acquisition decision. Proven looks for the segments of the acquisition property that will provide the most impact on the net present value.

By analyzing the upside of the report, the company is able to identify areas requiring further development. Proven looks for areas requiring capital such as water flood or down-spacing opportunities, reactivations, or water handling options. The overall production and capital profiles can also be utilized to identify areas where increases in production are a direct result of increased in capital input.

Downside reviews would involve product pricing, operating and capital costs, which would



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alter the value of the property depending on the forecast chosen by the evaluator. Varying these forecast and cost estimates can be used to determine a low-end estimate of the property value.

The upside and downside approach to auditing reserves evaluations helps the client determine if the evaluation is a practical assessment of actual reserves, get a better overall picture the value of the purchase, and understand the reality of the purchase price.



MetroPetro

MetroPetro and Proven Reserves look at Three Highly Intelligent Things to do during an Economic Recession:



Sell all your stocks.

Everyone knows that recessions are always completely permanent and stocks will never go back up.
Ever.



Put all your money into Government Bonds and Gold.
No one else will think of that.



Stop driving your car.
Just ignore the fact that gas prices are finally returning to reasonable levels

Company News

Proven Reserves' Contract Accountant Take the Spotlight

Melinda Conrad is Proven Reserves' Contract Accountant, and has been working with us since 2004.

Melinda was born in Phoenix, Arizona, but moved to Calgary when she was 2 years old, and grew up here.



After reconsidering her initial decision to pursue a degree in Elementary Education, Melinda spent nearly two years in Northern England before returning to finish a degree in accounting at Rick's College (now

Brigham Young University Idaho).

After working with public accounting firm Kahn Halpern Sheinfeld for 10 years, Melinda left to start her own practice, and began working with Proven Reserves shortly thereafter.

In her spare time, Melinda enjoys traveling, baking, playing the piano, eating chocolate, and going to the zoo with her daughter.

Melinda says her current short-term goal is to put her husband through law school.

Thanks Melinda!

Upcoming Events

Technical Luncheon

Liquefied Natural Gas
November 03, 2008
Calgary, Alberta
www.specca.ca

Technical Luncheon

Reservoir Evaluation & Production
Optimization
November 03, 2008
Calgary, Alberta
www.petsoc.org

APEGGA Branch Luncheon

Investing in Today's Environment
November 20, 2008
Calgary, Alberta
www.apegga.org

