September 2011



GULF COAST SECTION

Gulf Coast Section

8

The World Energy Dilemma Development of LNG Shale Gas Performance

CHAIRMAN'S CORNER

by Hiep Vu, Shell 2011-12 SPE GCS Chair

Supporting Engineering Programs

In my August column, I highlighted the section's mission as outlined in our bylaws. One of the objectives of our mission is to support engineering programs at the university level. As part of the Gulf Coast Section's 29-county jurisdiction, the support of local engineering programs has traditionally been focused on the existing student chapters at Texas A&M University



and the University of Houston-Rice University. During the 2008-09 program year, in support of the undergraduate petroleum engineering program at the University of Houston, the Gulf Coast Section's Board of Directors voted and approved the contribution of \$250,000 to establish a professorship endowment. Since that time, Dr. Thomas Holley and his faculty have been hard at work to make the petroleum engineering program "World-class . . . in the Center of World Petroleum." I am happy to report that the resurrected undergraduate program is in full swing, with 140 undergraduate students currently enrolled and 260 applicants for the Fall 2011 semester. The first class of graduates from the bachelor's program will be ready to join our industry's workforce after the Spring 2013 semester.

On June 29th, I attended the dedication ceremony for the new home of the petroleum engineering program at the University of Houston Energy Research Park, which was formerly a Schlumberger facility. Chancellor Renu Khator and the board of regents, along with distinguished supporters from industry and the university, were on hand for the official opening of the ConocoPhillips Petroleum Engineering Building. After touring the facility, I found that the building is quite impressive with newly constructed offices, classrooms, and research labs to support the program. The SPE Gulf Coast Section's commemorative plaque was prominently displayed on the building's Donor Wall of Honor in recognition of our contribution (see photo). Having this building serve as the new home of the petroleum engineering program is a significant milestone for the program. However, there will be new milestones on the horizon for them, so we as a section should be ready and willing to help the University of Houston Petroleum Engineering Program succeed. If your company is interested in learning more about donation opportunities in support of the department, please contact Dr. Thomas Holley at tkholley@uh.edu.

The SPE Student Chapter at UH-Rice is starting to get active, and will be hosting their 1st Annual Golf Tournament at Oakhurst Golf Club on Monday, October 24th at 8AM. Evan Norcom, egnorcom@uh.edu is handling the registration, and Mikhail Alekseenko, malekseenko@ uh.edu is taking care of the sponsorships. This would be a great

Reservations & Information

For all SPE GCS topical luncheons and social activities, please register online at www.spegcs.org. You must provide your SPE member number to receive member prices. Guests who have not made a reservation online will be charged an additional amount at the door. Walk-ins are not guaranteed admittance.

- Reservations and cancellations required for all events.
- No-shows will be billed.
- Walk-ins will be charged extra.

Mastercard, Visa, American Express, Discover, and Diner's Club are accepted for advance reservations only. The technical and other opinions expressed by speakers at the Gulf Coast Section meetings may not have been reviewed by SPE and do not necessarily reflect the position of SPE, the Gulf Coast Section, its officers, or members. The only forum for rebuttal and discussion is during the meeting.

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For comments, contributions, or delivery problems, contact gcsnewsletter@spemail.org. The deadline for each issue is 6 weeks before publication on the first of each month. The SPE Gulf Coast Section newsletter is published eleven times each program year and is mailed to more than 14,000 SPE members in Houston.

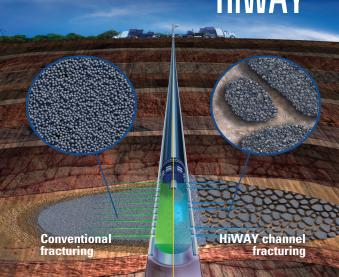
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Change of Address

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Dick Stoneburner, COO and President, Petrohawk

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Schlumberger

TAMU SPE Student Chapter News

The Texas A&M Student Chapter would like to welcome the officers for the 2011-12 school year:

President: Camil Vice-President: Micha Secretary: Brittn Treasurer: Micha Graduate Representative:

Camille Walker Michael Pickering Brittney Ferguson Michael McKinnerney ntative: Ernesto Valbuena

The TAMU-SPE Student Chapter will host its 5th Annual Sporting Clays Tournament on Saturday, November 12, 2011, at Tonkaway Banch in College

November 12, 2011, at Tonkaway Ranch in College Station, Texas. If you or your company is interested in sponsoring the event, please contact Camille Walker at spe_president@pe.tamu.edu.

The TAMU Student Chapter General Meeting dates (Tuesday evenings at 7:30 p.m.) are as follows:

September 20 October 4 October 18 November 9 November 22

Meetings are held at Texas A&M University in the Richardson Building. All SPE Gulf Coast Section members are encouraged to attend to mingle with and mentor the students.

Texas A&M will be sending a four-person team to the SPE Annual Technical Conference and Exhibition in Denver to compete in the PetroBowl. Many seniors and graduate students will have the opportunity to travel with the team as support during the competition and to participate in the conference. If you or your company is interested in sponsoring our chapter's efforts to subsidize the trip, please contact Camille Walker at spe_president@pe.tamu.edu. opportunity to meet future petroleum engineers while supporting the local student chapter.

Board News

As for new Board business, I would like to take this opportunity to thank Bill Davis (Programs), Valerie Martone (Communications), and Kim Tran (Director) for stepping into their new roles for 2011-12. I would also like to welcome two new Directors-at-Large: Chris Reinsvold and Steve Turk.

Chris Reinsvold is Chief Executive Officer of Decision Strategies. With more than 28 years in the oil and gas industry, Chris's leadership skills and extensive global experience have propelled him to lead multi-functional, multi-cultural teams in merger and acquisition integration, new product development, portfolio rationalization, project management, software development, market segmentation, change management, pricing strategy, and strategic planning, primarily within the oilfield services sector. Active in SPE, Chris has been the chairman of the SPE-GCS General Meeting Study Group. Chris earned a BS in mechanical engineering from California State Polytechnic University and an MBA from the University of Texas at Austin.

Steve Turk is Vice President of US Sales for Weatherford International, North America Region. Steve joined Weatherford in 2003 as general manager of Capillary Technologies and became the US business development manager for the Completion and Production Systems division in 2004. In 2007, he accepted additional responsibilities as global director of the Completion and Production Systems division, and he served both roles until he was appointed to Vice President in 2009. Prior to Weatherford, Steve was operations manager for Mission Resources Corporation (formerly Bargo Energy) from 1999 to 2003. He gained extensive experience in reservoir and production engineering working in a variety of engineering and managerial positions at Halliburton from 1997 to 1999, and Mitchell Energy and Development Corporation, where he began his career in 1984. A native of Pennsylvania, Steve earned a BS in petroleum engineering from Marietta College in Ohio.

I am confident that having such strong and experienced leadership on our board of directors will result in the best year ever for the SPE Gulf Coast Section.

September Board Meeting

The Gulf Coast Section board of directors meeting will be held from 7:30 to 10:30 a.m., Thursday, September 15 at the SPE Houston office, 10777 Westheimer Road, Suite 1075 (77042). Board meetings are open to any SPE member, but you must register in advance because seating space is limited. If you would like to attend, please register online at www.spegcs.org or contact Sharon Harris at 713-457-6821 or sharris@spe.org.

5	Society of Petroleum Engineers Gulf Coast Section
approv petrole petrole of Hou expand	y 21, 2009, the Board of Directors of the SPE Gulf Coast Section unanimous of a donation of \$250,000 to establish an endowed college professorabip in engineering to support the University of Houston's fiedging undergraduat um engineering program. The SPE Gulf Coast Section's support of the Universit ison's engineering programs atemmed from a two-year effort begun to 2007 to and strengthen local engineering programs at the university level, consistent with lon Statement.
	er 15,000 members, the Gulf Coast Section is the largest section of the worldwide of Petroleum Engineers, which has more than 97,000 members.
concerr related	ssion of SPE is to collect, disseminate, and exchange technical knowledge sing the exploration, development and production of oil and gas resources, and technologies for the public benefit; and to provide opportunities for professionals nee their technical and professional competence.
The mis the obje	sion of the Gulf Coast Section is the promotion of mutual cooperation in furthering ctives of SPE by:
	 Providing forums that afford members the opportunity to upgrade and maintain professional competence Providing social interaction that increase member participation in Section activities as a whole, while stimpting to maintain the integrity of the Section sciultic program. The section is a section of the section is section in the section engineering or an advised in the section is a section of the section science of the section of the section is a section of the section engineering programs at the university level Enhancing the image of the OI and Gas Industry by sponsoring community service programs

SPE-GCS Commemorative Plaque at UH Petroleum Department.

Editor Updates:

Thank you Tracy for allowing us to use your photo that was taken from offshore California.

Tracy Jones is a senior staff engineer with ExxonMobil Development Company. Tracy received the SPE-GCS Section Service Award in 2010. She has been an active member of our section and currently works frequently with community outreach.

Regina Eus

GENERAL MEETING

The World Energy Dilemma

Speaker:	Louis W. Powers Powers Petroleum Consultants
Date & Time:	11:30 a.m luncheon Thursday, September 8
Location:	Petroleum Club 800 Bell Street, 43 rd Floor Houston, TX 77002
Cost:	\$35 per member preregistered \$40 for nonmembers and walk-ins
Registration: Deadline:	www.spegcs.org Noon, Tuesday, September 6

Valet parking is available at the ExxonMobil Building for \$7. If you have special dietary needs, please note your meal request when you register on-line in the box labeled "Optional comments for the event planner."

The U.S. economy has relied on inexpensive and abundant energy since becoming a world power. Technical advances in oil and gas discovery and extraction have allowed the world to increase the quantities of proved oil and gas. Unfortunately for the world supply of oil, a variety of issues have inhibited producers from maintaining a surplus of capacity in the world, thereby allowing crude prices to increase. Those issues include various government actions, continuing wars, red tape, nationalization, and terrorist activities. Transportation decisions made over the years have contributed to making the U.S. the giant oil consumer. Today, with the emerging economies of China, India and other developing nations the worldwide energy demand is growing faster than producing companies and countries have been able to bring on new supply resources. The United States continues to use large quantities of oil for transportation fuel.

One of the few regions of the world that could ultimately produce more oil is the Middle East and the 20 years of war has taken its toll. Without peace and stability, the Middle East countries' potential to produce more oil for a hungry world will be limited. Now we have what has been tagged the Arab Spring. Where it goes, no one knows. This presentation will focus upon Saudi Arabia and its ability to produce more oil. For the complete view, you can read the speaker's new book *The World Energy Dilemma*, published by PennWell Publishing.

Louis W. Powers, is president of Powers Petroleum Consultants. His experience includes 50+ years in production research, reservoir engineering, operations management and consulting.



Lou worked with Exxon for 21 years,

mostly in Texas and then spent 2 years (1977 to 1979) in Saudi Arabia as ARAMCO's chief petroleum engineer. In 1979, he left Exxon to become co-founder of Patterson, Powers and Associates, Inc. After five years, he founded and became president of Powers Petroleum Consultants, Inc. Since then, he has co-authored several papers and reports about the petroleum industry and future oil and gas prices. He recently has addressed the malaise in the national energy situation and has traveled to the oil centers of the world, including Europe, Russia, and the Middle East.

He was awarded the IPAA Award of Merit in 1992 in Orlando, Florida for his work on U.S. oil import vulnerability. At that time his report was sent to each congressman and senator. In 1994, he issued a report to the U.S. Government related to Section 232 of the National Security Petition and raised the question, "Can America Afford another War over Oil."

Lou is a graduate of Oklahoma State University (BS, 1957) and Ohio State University (MS, 1958) in mechanical engineering. He is a legion of honor member of the Society of Petroleum Engineers.



AUXILIARY

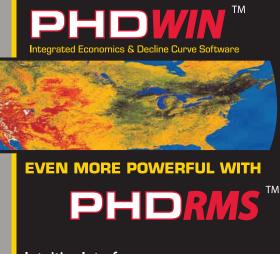
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Date & Time:	11:00 a.m. Friday, September 9
Location:	Bistro Le Cep 11112 Westheimer Road Houston, TX 77042 713-783-3985
Cost:	\$33 (Checks Only, Please)
Deadline:	Noon, Tuesday September 6 (Deadlines are Firm)
	Book Club
Book: Author:	"Roses" Leila Meacham
Discussion Leade	er:
	Nancy Gifforn
Hostess:	Audrey Van Inwagen
Date:	September 28
Contacts:	

Nancy Hill nancyhill2444@sbcglobal.net 281-435-1619

Evelyn Earlougher eearlougher@comcast.net 1-281-419-1328





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BUSINESS DEVELOPMENT

CO2 Strategies: New Sources, New Technologies, New Growth

Speakers:	Doug McMurrey Kinder Morgan CO2, L.P.
	Tracy Evans Denbury Resources, Inc.
Date & Time:	5:00 - 6:00 p.m Social Hour 6:00 - 7:00 p.m Program Wednesday, September 28
Location:	Four Seasons Hotel 2 nd Floor Mezzanine and Meeting Rooms 1300 Lamar Houston, TX 77010
Cost:	\$35 per member preregistered \$40 for nonmembers and walk-ins
Registration: Deadline:	www.spegcs.org Noon, Monday September 26
Hors d'aquivras r	provided cash bar available

Hors d'oeuvres provided, cash bar available. Advanced registration guarantees seating.

CO₂ tertiary recovery was initiated in the Permian Basin in 1972. Since then, it has been successfully implemented throughout the Permian and other oil productive basins of the United States and the world. Today over 140 mbod of Permian production is associated with CO₂ floods. With prices of \$100/bbl, what are the new engines of growth for this proven method of enhanced recovery? What are the new sources that will be utilized? Where are the new reservoirs to be targeted? Will the recent advances in horizontal drilling and fracture technology play a role? Are there recent developments in existing floods that will impact future demand? What are the capital needs/barriers for new CO₂ floods – is small scale feasible? Is the infrastructure in place to take advantage of these opportunities?

Doug McMurrey is vice-president of Marketing and Business Development for Kinder Morgan CO2, L.P., the second largest oil producer, onshore Texas. Kinder Morgan CO2 is the world's leading CO2 operator and transporter and one of the world's premier enhanced oil producers. Prior to joining Kinder Morgan in 2007, he was with Societe Generale ("SG") as managing director, heading Oil & Gas Client Management in the US and Americas. He also served as the Principal of SG Americas Securites LLC and SG Houston Representative Office.

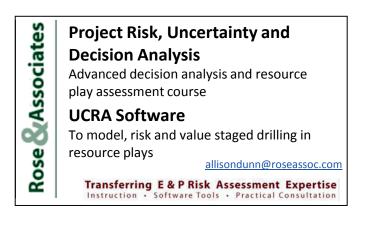
Doug has extensive experience in complex (multisource) cross-border project financings, leveraged acquisitions, limited recourse financings, and reserve based transactions, including production payments and volumetric production payments and related risk mitigation.

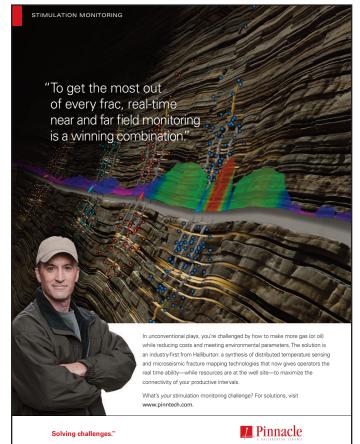
He received his MBA in finance & management from the University of Texas at Austin, in 1978 and a BA from Colby College in 1976.

Tracy Evans is president, chief operating officer, and a registered Professional Engineer for Denbury Resources Inc. He also served as senior vice president of reservoir engineering.

Prior to Denbury, he was employed as a manager with Matador Petroleum Corporation for 3 years and employed by Enserch Exploration, Inc. for 12 years in various engineering positions.

Tracy received his BS in petroleum engineering from the University of Oklahoma in 1984 and his MBA from the University of Texas at Dallas in 1995. He also served as a director of ENP between August 2010 and December 2010, and Genesis Energy, L.P. between May 2002 and February 2010.





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COMMUNITY SERVICE

Earth Science & Energy Education Workshop

The Environmental Institute of Houston (EIH) / UH Clear Lake (UHCL) partnered with the SPE-GCS to once again host the 'Earth Science and Energy Education: A Summer Institute for Teachers', weeklong summer development workshops for Houstonarea 4th-8th grade science teachers. The three primary goals of the workshops were to:

1) Train/educate teachers in aspects of geology, earth science, environmental science, and energy content areas, 2) Provide participants with lessons/materials for classroom integration,

3) Link workshop topics with student career considerations.

Two workshops were held this year, June 13-17 at Cypress-Fairbanks ISD Science Resource Center and June 20-24 at UHCL, for approximately 45 teacher attendees. Classroom topics (and associated demonstrations) included paleontology, historical geology, subsidence, volcanoes, earthquakes, fossil fuels and alternative energy, all subjects covered by the Earth Science Texas Essential Knowledge and Skills (TEKS) exam. Students also participated in field trips to both the Weiss Energy Hall at the Houston Museum of Natural Science and the Bureau of Economic Geology's Houston Research Center geologic core storage facility.

Fifteen SPE-GCS volunteers took part in Thursday's "Career Booth" sessions, allowing teachers to discuss topics and careers specific to the energy industry with oil and gas professionals. Volunteers representing a range of disciplines came prepared to discuss their background (education, past experience, career choices) and provide description of their job duties. Additionally, volunteers were asked to convey/ demonstrate how basic math and science principles (in a manner understandable to 4th - 8th graders) are applicable to energy careers.

This represents the fifth consecutive year of SPE-GCS financial and member support.

CALLING VOLUNTEERS!!!

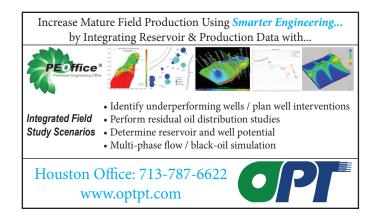
We are seeking volunteers to assist, develop and lead in teaching a 3-6 hour Energy, Engineering or Geology course. Classroom materials will be provided as needed to help engage attendees. Please contact Tracy Jones, tracy.l.jones@ exxonmobil.com for additional details.

Volunteer for the University of Houston Merit Badge Fair

Volunteer Coordinator:	Tracy L. Jones
When:	Saturday, Sept. 24, 2011
Time:	Morning / Afternoon
Location:	University of Houston









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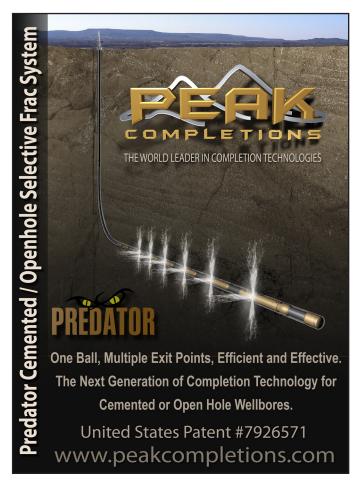
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COMPLETIONS & PRODUCTION

Haynesville Shale Production Practice -Is it any Different?

Speaker:	Dr. Ibrahim S. Abou-Sayed i-Stimulation Solutions, Inc.
Date & Time:	11:30 a.m luncheon Thursday, September 15
Location:	Greenspoint Club 16925 Northchase Drive Houston, TX 77060
Cost:	\$35 per member preregistered \$40 for nonmembers and walk-ins
Registration: Deadline:	www.spegcs.org Noon, Tuesday September 13

Shale and unconventional gas reservoirs represent a major element of the USA energy supply. Gas shale production is approaching 25% of total gas production and has reversed the gas policy of the country. The Haynesville shale production is now approaching 6 BCFD and is the largest shale gas producer in the country. Different than many other reservoirs, the Haynesville reservoir is deep HPHT environment with many challenging development features. Most notably, the reservoir rock is soft, exhibit creep behavior, and is pressure sensitive.

A special production strategy was developed in mid 2008 to address this pressure sensitive rock behavior. The strategy was based on controlling the drawdown on formation face and has led to an improved well performance, reduced production decline rates, and has the potential to increase reservoir EUR. The lecture will outline the different elements necessary to develop this strategy and will share two plus years worth of production comparison starting from the vertical well scoping program to the horizontal well field development.

Dr. Ibrahim S. Abou-Sayed is the founder president of i-Stimulation Solutions, Inc. since 2007. Since early 2008, he has focused his activities in support of EXCO Resources, Inc. developing their Haynesville, Bossier, and Marcellus shales. His responsibilities included developing geomechanical model, selecting lateral landing zone, setting stimulation strategy and implementation, and developing the extended pressure drawdown strategy. Prior to i-Stimulation, he worked for Advantek International, Inc. for a year, ExxonMobil for 21 years and Gulf Oil for four years in well stimulation and production engineering. He has worked in more than 30 countries and authored more than 60 papers.

Dr. Abou-Sayed has received a number of SPE awards and recognitions including Distinguished Member and Distinguished Service awards.













by Buddy Woodroof, ProTechnics Features Editor



Since 1954, the industry has shelled out \$100 million in lease payments and operational costs in federal waters off Texas and there isn't a single producing well to show for it. Of the eight wildcats that found oil or gas, four have been abandoned and four are shut-in as non-commercial. (Maybe they just didn't drill deep enough.)

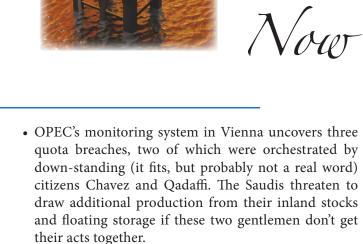
- Because foreign oil companies operating in Indonesia failed to agree with President Sukarno on terms for new oil agreements, he lowers the boom on them by ordering them to fork over 60% of their profits to the government.
- Texaco reports the world's first septuple completion, with a well at Blessing, Texas producing from two oil horizons and five separate gas strata at the same time across a 1,500 ft depth range.

East Texas crude oil - \$3.25/bbl U.S. active rig count – 1,848

September 1986

Exxon is seeking to list its shares of capital stock on the Tokyo Stock Exchange, thus broadening the market for its shares and facilitating access to the rapidly expanding Japanese capital market, second largest in the world. No other foreign oil companies are currently listed on the Tokyo exchange.

• Harrington & Co., a New York investment banking firm, announces the closing of its "oil and gas vulture fund," a fund that targeted investment opportunities via farmout from "financially distressed operators," prospects abandoned by operators "for lack of available capital," and acquisition of producing properties from "financially squeezed" operators.



U.S. active rig count – 740

September 2001

Crude oil prices decline and gasoline pump prices escalate in the immediate aftermath of the terrorist attacks in New York City and Washington D.C. Analysts contend that the attacks will likely drive up energy prices at least for a while. OPEC is expected to supply added liquidity to the market immediately, and since the anticipated culprit is not believed to be an OPEC country, there would not likely be a long-term impact on oil prices.

- With commercial flights grounded for the better part of a week following the terrorist attacks, refiners were left scrambling to either store or blend into other products more than 1 million bbl/day of unused jet fuel.
- Mexican President Vicente Fox repeats his intentions to redouble efforts to convert Pemex from a government bureaucracy to a market-driven enterprise. (It will require more than redoubling efforts to make this happen.)

Light sweet crude oil - \$27.37/bbl Natural gas - \$2.43/MMbtu U.S. active rig count – 1,216

The Rest of the Yarn

This month we continue our look-back at the life and times of Sid Richardson, one of the "Big Four" oilmen who laid the foundations of a flamboyant lifestyle that would come to define the image of Texas Oil.

Despite their common backgrounds, Sid Richardson and Clint Murchison were a mismatched pair. Murchison was energetic, impatient, and, like many country boys before him, intellectually insecure. His favorite book was the dictionary, which he employed to adorn his vocabulary with ever-larger words. Richardson, meanwhile, hated nothing so much as pretension. Murchison was shy and would remain so all his life; if he didn't absolutely have to talk to someone, he avoided it. Though capable of warmth around family and friends, strangers found him standoffish and occasionally rude. In sharp contrast, Richardson presented himself as the essence of the Texas good ol' boy, joshing, laughing, and cursing in a thick backwoods accent.

In the summer of 1919 the hottest oil play in the country was centered around the raucous boomtown of Burkburnett, on the Red River border with Oklahoma. Richardson and Murchison, taking rooms at the YMCA, dived headlong into the thick of it, using their savingsand, it appears a good chunk of money from Murchison's father-to join the hectic trade in oil leases. It was a thrilling ride for two young country boys on the make, with muddy streets and prostitutes, wads of leases exchanging hands between grimy oilmen on every corner, and gunshots echoing in the night. Lease trading was all about oilfield intelligence; the value of a lease fluctuated largely on rumor-that the land held oil beneath it, that a major oil company was set to drill an adjoining lease, that a nearby test well had come up dry. When completing a trade, Murchison and Richardson usually made sure to retain a minority interest in the sold lease, allowing them to cash in on other men's wells months and sometimes years after cutting the original deal.

While Murchison could calculate royalty payments in his head, it was Richardson who did most of the snooping. Throughout his career, Richardson augmented his downhome charm with tricks that old friends call crafty but a neutral observer might consider sneaky. According to an oilman who knew him well in later years, Richardson once said he made his most daring bet at Burkburnett as he was studying a highly anticipated test well Gulf Oil was drilling on the Texas side of the Red River. It was the classic "tight hole." If Gulf found oil, nearby leases would skyrocket in value. When Richardson heard that a team of Gulf executives from Pittsburgh was to visit the well any day, he hustled into town and pulled Murchison out of a poker game. They piled into a car and drove to the drill site, told the night crew they were the Gulf men, and quizzed them on the well, which, as it turned out, the drillers were expecting to be a gusher. By the next morning Richardson and Murchison had bought up every available lease nearby—by one account, \$50,000 worth. When the well came in not long thereafter, they managed to quadruple their money.

Next month, Richardson and Murchison find themselves overextended and ultimately part company. (Article excerpted from "The Big Rich.")

History Quiz

What country was the site of the first oil refinery in Central America?

If you would like to participate in this month's quiz, e-mail your answer to contest@spe.org by noon September 15. The winner, who will be chosen randomly from all correct answers, will receive a \$50 gift card to a nice restaurant.

Answer to May's Quiz

Prior to the mid-1970's when the Bureau of Mines demonstrated that coal beds could yield substantial quantities of pipeline-quality natural gas, U.S. coal mines were venting approximately 200 MMcfd of natural gas to the atmosphere.

Answer to April's Quiz

The two critical wartime commodities that were targeted for expanded production thanks to Standard Oil's development of the first fluid catalyst refining unit in 1942 were 100-octane aviation gasoline and the raw materials required for the manufacture of synthetic rubber.

Congratulations to April's winner – James Pappas with Research Partnership to Secure Energy for America (RPSEA)

How Uncertainty in Real Time Data is Managed in Hess

Speaker:	Luigi Saputelli HESS Corporation
Date & Time:	11:30 a.m luncheon Wednesday, September 14
Location:	Greenspoint Club 16925 Northchase Drive Houston, TX 77060
Cost:	\$35 per member preregistered \$40 for nonmembers and walk-ins
Registration: Deadline:	www.spegcs.org Noon, Monday, September 12

This presentation will discuss the implementation of a data validation and reconciliation study in an offshore field to improve real-time data performance. In this case, data uncertainty and models are combined to minimize a global error function. Rigorous statistics are used to calculate new sensor estimates.

Field sensor data is a key component for optimizing production in real-time, however measurement uncertainty and data availability prevent operators from achieving such goals. Field measurement performance is usually the combined result of sensor health, tolerance, precision, drift of accuracy, calibration, compensation, aging and position.

Production model error sources are usually demonstrated by the lack of validation with field data (model vs actuals), driven by the lack of update with new field data or new field status. In addition, model errors are exhacerbated by insufficient data, erroneous assumptions and invalid sensor data.

As a result, errors induced by wrong sensor data are propagated through "history-matched" models (reservoir characterization, well models) leading to poor decision management (production/injection allocation, safe operating envelopes). Luigi Saputelli is a senior production modelling advisor for Hess Corporation. He has 20 years experience in reservoir engineering, field development, production engineering, drilling engineering, production operations and oilfield automation projects.

Luigi worked for Halliburton for six years as the technical lead for various major projects such as Petrobras Barracuda-Caratinga fields Real Time Operations project and PDVSA integrated modeling and field exploitation plans for Carito and Orocual fields. His role also evolved as production operations regional practice manager and field development global practice manager.

He is an industry recognized researcher, lecturer, SPE Liaison and committee member. He has published more than 40 industry papers on applied technologies for reservoir management, real time optimization and production operations.

He holds a PhD in chemical engineering from the University of Houston, a MSc in petroleum engineering from Imperial College, London, and a BS in electronic engineering from Universidad Simon Bolivar, Caracas, Venezuela.





The Market for Horizontal Drilling and Hydraulic Fracturing

Speaker:	Richard B. Spears Spears & Associates, Inc.
Date & Time:	11:30 a.m luncheon Wednesday, September 14
Location:	Greenspoint Club 16925 Northchase Drive Houston, TX 77060
Cost:	\$35 per member preregistered \$40 for nonmembers and walk-in
Registration: Deadline:	www.spegcs.org Noon, Monday, September 12

The oil and gas industry has been employing directional drilling for 35 years and hydraulic fracturing for 65 years, but the combination of the two in the Barnett Shale demonstrated to engineers that every known basin might be a candidate for horizontal wells with multiple-stage hydraulic fracturing.

Richard will show how the demand for horizontal drilling and fracturing jobs has grown in recent years and will present the firm's outlook for these markets through 2012, including a discussion of the frac horsepower bottleneck on US drilling activity.



Richard B. Spears is one of the managing directors of Spears & Associates, an oilfield market research firm founded in 1965. The firm has 400 clients worldwide, including major oil companies, national oil companies, major service companies and over one hundred private institutional investors. Richard has been with the firm since 1985 and leads the firm's mergers and acquisitions support practice. He has been involved in the upstream oil and gas industry for 32 years and started as a field engineer for Halliburton.

He is on the board of directors and is an owner of UniversalPegasus International, which is a global pipeline engineering company. He is also on the board of directors for Varel International, a global drill bit manufacturer; Federal, a supplier of high technology coupling; and Allied Wireline, a wireline logging service company. Richard is also president of Tulsa 26 Scouts.

He is a 25 year member of the Society of Petroleum Engineers and was an SPE Distinguished Lecturer 2005-2006. He is also a 25 year member of Association of Energy Service Companies.

Richard is a graduate from Oklahoma State University with a BS in engineering.



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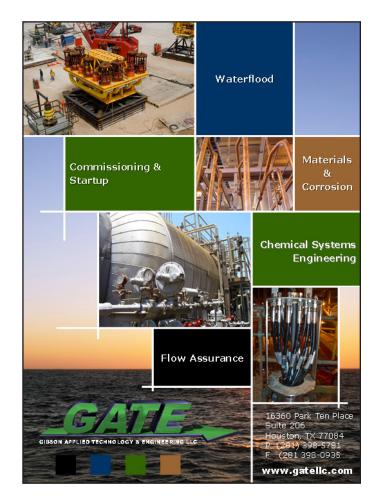
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- New Opportunities in Old Fields 3-7 Oct
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- for Performance Forecasting, 7-10 Nov · Basic Reservoir Engineering, 14-18 Nov

- Petroleum Business • VIRTUAL - Petroleum Project Management, 10-21 Oct Basic Petroleum Economics (3 & 5 day versions),
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The Development of LNG in North America	
Speaker:	Davis Thames Cheniere Energy
Date & Time:	11:30 a.m luncheon Tuesday, September 13
Location:	Greenspoint Club 16925 Northchase Drive Houston, TX 77060
Cost:	\$35 per member preregistered \$40 for nonmembers and walk-ins
Registration: Deadline:	www.spegcs.org Noon, Friday, September 9

Mr. Thames will be speaking regarding the current development of the LNG industry in North America from both a macro perspective as well as recent technological advancements. Please check the Northside study group website for more details.

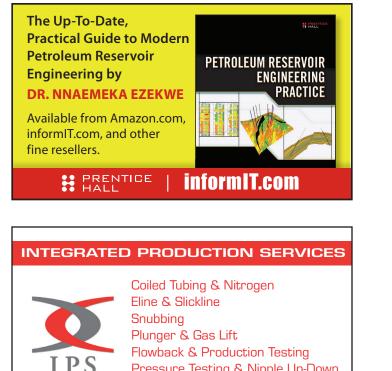
Davis Thames has over 15 years of experience in various segments of the energy industry. Prior to joining Cheniere, he worked for several years at CrossCountry Energy, serving as the director of finance, risk management and credit for Transwestern Pipeline, Florida Gas Transmission, and



Northern Border Partners at the time of CrossCountry's acquisition by Southern Union and General Electric.

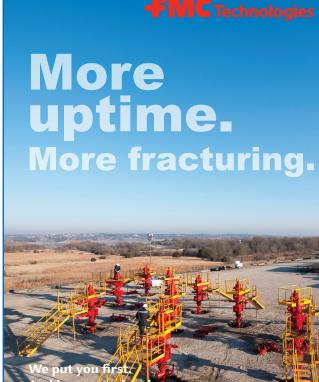
Davis also served as the president of Citrus Trading Corp. Previously, he worked in several structured commodity derivative and project finance teams for Enron Corp.

He received his bachelor's in mechanical engineering from the University of Texas at Austin, a master's in fluid mechanics from Texas A&M University, and an MBA in finance from the UCLA Anderson School of Management. He is a licensed Professional Engineer in California.



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SPE, AIChE Co-Host Workshop on Challenges in Flow Assurance, Sept 26-28, Houston

I low assurance challenges have increased significantly with the growing number of offshore and deepwater projects. Engineers and their colleagues working in flow assurance and upstream engineering will have an opportunity to learn from high-profile experts and share solutions to technical problems when American Institute of Chemical Engineers (AIChE) and the Society of Petroleum Engineers (SPE) co-host their sixth joint workshop.

This year's event — Challenges in Flow Assurance — will take place from September 26–28, 2011 at the Omni Houston Hotel at Westside (Eldridge Pkwy at Katy Fwy), in Houston, TX.

According to Phaneendra Kondapi, a session cochair, "In today's increasing subsea engineering challenges there is a huge flow assurance gap that requires industry attention. This workshop fills that gap by providing an opportunity for industry experts to address and discuss various pragmatic flow assurance problems (i.e., hydrates, waxes, asphaltenes, transient thermal-hydraulic multiphase flow, design of subsea process equipment, etc.) with the entire subseaengineering community."

Organizers add that the workshop setting provides a focused environment for networking and one-onone information exchange. With attendance limited to 120 participants, early registration is recommended. Each of the meeting's sessions will be introduced with a keynote presentation by an expert in the field. The sessions and the confirmed keynote speakers on Tuesday, September 27, are:

• Identifying and Eliminating Flow Blockage I: Hydrates — E. Dendy Sloan, Professor Emeritus, Colorado School of Mines

• Fluid Phase Behavior — Jefferson L. Creek, Senior Research Consultant, Chevron

• Multiphase Flow I — Moye Wicks, Shell

• Compact/Modular Processing for Remote Applications — Gene Kouba, Senior Research Consultant, Chevron.

The program continues on September 28, with the following sessions and keynote speakers:

- Identifying and Eliminating Flow Blockage II: Waxes, Asphaltenes, etc. — Oliver C. Mullins, Scientific Advisor, Schlumberger
- The Role of Chemical Additives Stephan Allenson, Nalco Energy Services
- Multiphase Flow II introduced by a representative from ANSYS/Fluent.

The conference wraps up with a panel discussion led by workshop co-chairs Norman Carnahan (Carnahan Corp.), Scott Hickman (ExxonMobil), and Hariprasad Subramani (Chevron). Early registration discounts are in effect until August 26.

For program and registration information, visit: http://www.aiche.org/conferences/ specialty/6thSPEWorkshop.aspx

Photo courtesy of FMC Technologies.

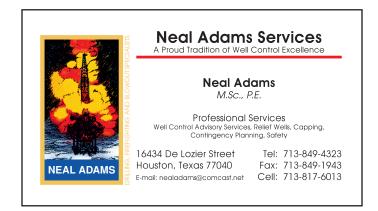


Solutions for Lost Circulation during Drilling and Cementing of Challenging Wellbores

Speaker:	Andreas Brandl Baker Hughes
Date & Time:	11:30 a.m luncheon Tuesday, September 20
Location:	Westlake Club 570 Westlake Park Blvd Houston, TX 77079
Cost:	\$35 per member preregistered \$40 for nonmembers preregistered Additional \$5 for walk-ins
Registration: Deadline:	www.spegcs.org Noon, Friday, September 16

Lost circulations during drilling and cementing operations are a common issue within well constructions in the Permian Basin. Conventional methods to reduce losses have been pills with typical lost circulation materials such as nut shells, granular, fibers, flakes, gunk, or cement plugs placed across the critical zones. All these methods have disadvantages like uncertain results, damages to producing zones, or temperature limitations, causing failures, additional efforts, or complications with delays in rig times and so increased costs.

In this presentation, causes for lost circulation issues and suitable solutions with case histories will be discussed.



Andreas Brandl is a research scientist for Cementing Technology with Baker Hughes Pressure Pumping Services in Tomball, Texas since 2009. He worked for Baker Hughes Pressure Pumping Services (formerly BJ Services Company) as a cementing specialist in Asia Pacific in 2008 and Germany in 2007. Prior to joining Baker Hughes, he focused on several research and industrial projects about cement technology (cement corrosion in oil and gas wells, a.o.) at the Technische Universität München (Germany).

Andreas holds a Diploma in Chemistry and received his Doctor of Science from the Technische Universität München in 2007. He was honored with the GDCh (German Chemical Society) Award for his dissertation about the working mechanisms and interactions of polymeric admixtures (fluid loss additives, dispersants, retarders, etc.) in oil well cement slurries.

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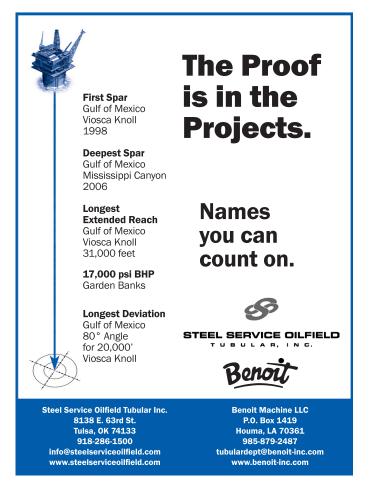
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Data Ripping - Excel Efficiency

Speaker:	Jessica McCormick Black Stone Minerals
Date & Time:	11:30 a.m Iuncheon Tuesday, September 13
Location:	Sheraton Brookhollow Hotel 3000 North Loop West Houston, TX 77092
Cost:	\$38 members and non-members preregistered \$48 for walk-ins
Registration: Deadline:	www.spegcs.org Noon, Friday, September 9

Whether you are a geo-tech, reserves tech, or records tech, we all must maintain key knowledge of how to efficiently handle data sources that come across our desk. Techs maintain balance between varying sources of information, assimilating and analyzing in a multitude of ways based on department demand.

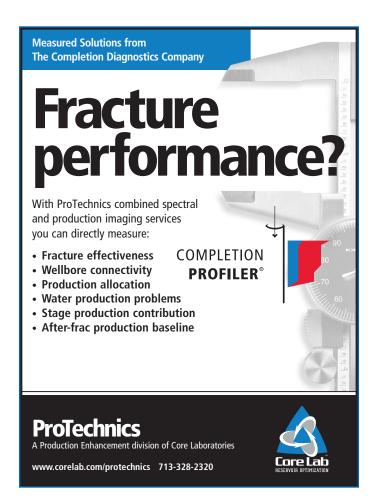
This presentation will provide key steps to organizing and combining multiple data sources to help enhance skills across departmental disciplines.



Jessica McCormick is a senior engineering technician for Black Stone Minerals. She maintains multiple reserve databases, reviews acquisition databases, and helps with corporate reporting.

Jessica started with Goodrich Petroleum in Shreveport, Louisiana and was transferred to Houston. During her eight years with Goodrich, she held a wide range of responsibilities and departments including production, reserves, corporate, federal and SEC reporting, AFE's, drilling and completion, corporate budgeting, mapping, acquisition and divestiture reviews, and software development.

She is proficient in a very wide range of O&G software and data sets dealing with every state web site in existence. She is an expert PHD user, and was a beta tester for PHDRMS for almost two years prior to its roll out to the general public. She is 80% self taught, and holds 40+ certificates of various trainings including PHD Win, DrillingInfo, Microsoft Access and Excalibur Edge, just to name a few.



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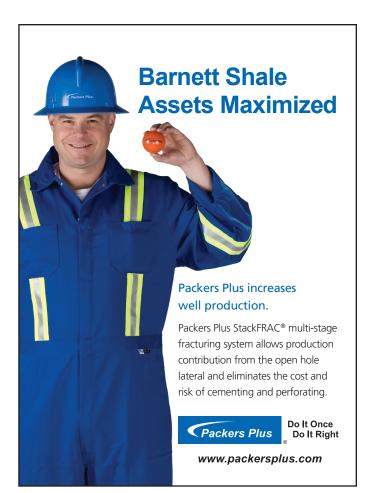
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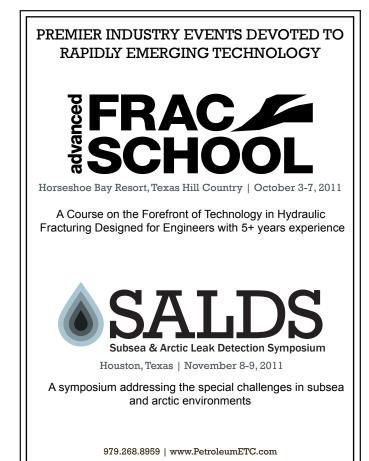
Date & Time:	7:30 a.m Registration 8:00 - 5:00 p.m. Workshop 5:00 - 6:00 p.m. Networking Social Wednesday, October 26
Location:	Norris Center 803 Town & Country Blvd Houston, TX 77024 713-590-0950
Cost:	\$300 per member preregistered \$375 for nonmembers preregistered \$400 on-site registration
gistration:	www.spegcs.org

Deadline: Noon, Monday, October 24

Red

As the oil and gas industry continues to mature, the experience gap between the industry's newest entrants and those on the cusp of retirement continues to widen. Certain disciplines and particular areas of expertise are more prone to this generational loss, often due to unintentional neglect by the industry in favor of higherprofile disciplines such as reservoir management and subsea production. One of the most notable of these is the area of Produced Water Treatment. This workshop brings together a panel of some of the industry's foremost experts in the treatment of produced water for a single day workshop. Topics to be covered span the broad spectrum of treatment methods available and recommended for this complex constituent of our production efforts. The format allows each speaker a 35-40 minute presentation followed by a panel discussion with the speakers and attendees at the end of the day. We hope you can join us for this informative event and take advantage of the experience and knowledge possessed within this panel of experts.





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Society of Petroleum Engineers



Critical Factors in Shale Gas Performance and Production **Speaker:** Raymond J. Ambrose Reliance Holding USA Inc. Date & Time: 11:30 a.m. - luncheon Thursday, September 22 Location: Courtyard on St. James 1885 St. James Place Houston, TX 77056 \$35 per member preregistered Cost: \$40 for nonmembers and walk-ins **Registration:** www.spegcs.org **Deadline:** Noon, Tuesday, September 20

Raymond J. Ambrose is a PhD student in petroleum engineering at the University of Oklahoma and director of reservoir engineering for Reliance Holding USA Inc. He holds a BS degree in chemical engineering and a MS degree in petroleum engineering, both from the University of Southern California.

His current research interests are analytical solutions for gas shale productivity, SEM imaging and pore structure characterization for organic rich gas shale, identification of gas storage mechanisms in unconventional gas resources, and estimation of gas in-place.

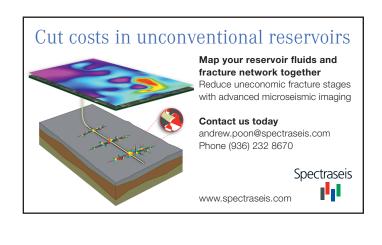
Recently, several analytical (type-curve, flow-regime analysis and simulation) and empirical approaches have been introduced to match and forecast tight reservoir production. The challenge is to develop routine techniques that can be used to forecast tight formation production, while adequately addressing the complex physics of the problem.

Different combination of analytical and empirical methods will be discussed for forecasting tight shale gas reservoirs, homogeneous completion case, heterogeneous completion case and an innovative method for designing hydraulic fracture and well spacing.

Lastly, to show how to correctly determine gas-in-place volumes in reservoirs with a large sorption capacity.







TBA

Speaker:	Erik Milito American Petroleum Institute
Date & Time:	11:30 a.m luncheon Tuesday, September 20
Location:	Petroleum Club 800 Bell Street, 43rd Floor Houston, TX 77002
Cost:	\$40 per member preregistered \$50 for nonmembers and walk-ins
Registration: Deadline:	www.spegcs.org Noon, Friday, September 16

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Erik Milito is the director of Upstream and Industry Operations for American Petroleum Institute (API).API is the national trade association representing more than 400 companies involved in all aspects of the oil and gas industry, including exploration production, refining and transportation. His work covers regulatory and legislative matters related to domestic exploration and production, including access to domestic oil and natural gas resources both onshore and offshore.

Erik worked as a career attorney with the Solicitor's Office of the U.S. Department of the Interior prior to API. While at Interior, he worked on royalty, employment law, and disability access issues. He also served for over four years on active duty in the U.S. Army as a judge advocate, and additional four years in the U.S. Army Reserve. He was awarded the Meritorious Service Medal and Army Commendation Medals during his military tenure.

Erik has testified about industry efforts related to the Macondo incident before the House Committee on Natural Resources, the House Committee on Science and Technology, the National Commission on the Deepwater Horizon Oil Spill, and the National Academy of Engineering Investigation of the Spill. He has authored and co-authored several papers related to natural resources issues and has served as a guest speaker on multiple occasions. Until recently, Erik served on the Board of Trustees of the Rocky Mountain Mineral Law Foundation.

He received his JD from Marquette University Law School and a BA in business administration from the University of Notre Dame.

(281) 774-1020, stian@signa.net

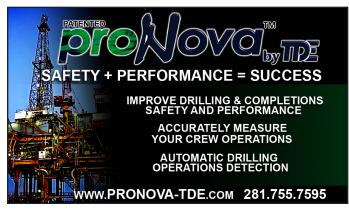
WESTSIDE

Shale Well Performance Analysis and Experience in the Arkoma Woodford

Speaker:	Bryan Anderson Object Reservoir
Date & Time:	11:30 a.m luncheon Wednesday, September 21
Location:	The Westlake Club 570 Westlake Park Blvd Houston, TX 77079
Cost:	\$35 per person preregistered \$40 per person walk-in
Registration: Deadline:	www.spegcs.org Noon, Monday, September 19

Please print and bring credit card receipt if paid on-line

Active development of the Arkoma Woodford Shale is underway utilizing horizontal well completions. Understanding the parameters that inform decisions on well spacing, well performance, and recovery factor are critical early on. A new approach to performance analysis was pioneered on a large sample of Woodford wells to address well spacing and the forecasting of production. Productivity indices were developed employing a "lumped parameter" approach as a way to address the impact of these parameters, and the associated uncertainties, on production and recoveries. While often times these wells are in linear flow for years, this approach can still be used to narrow uncertainty and inform key development



decisions. These physics-based predictive forecast models were built using the lumped parameters for permeability, frac spacing, and frac area sampled stochastically with input and reconciliation from completion engineers, geologists, and reservoir engineers. This presentation will review the theory, workflow, and well examples.

Bryan Anderson is the vice president of Integrated Reservoir Services for Object Reservoir in Houston. Bryan has more than 30 years of petroleum industry experience, ranging broadly from domestic onshore and deepwater Gulf of Mexico to international arenas – the Gulf of Suez, East Java, and Western Siberia.

He began his career at Amoco working in production, reservoir management, and petrophysics and progressed into senior positions in strategic reservoir management and subsurface project management.

Bryan obtained a BS degree in geological engineering from the New Mexico Institute of Mining and Technology.



TENNIS

SPE GULF COAST SECTION

28th Annual Scholarship Tennis Tournament Proceeds Benefit the SPE-GCS Scholarship Fund November 4th & 5th, 2011

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<u>Communications</u> BOB FU BP Dear SPE Supporter:

The Twenty Eighth Annual Society of Petroleum Engineers Tennis Tournament (Gulf Coast Section) in support of "Scholarships for our future Petroleum Engineers" will be held on November 4^{th} & 5th at The Houston Racquet Club (713-464-4811) located at 10709 Memorial Drive in Houston, Texas.

We had a very successful tournament last year with over 80 players participating and contributing <u>over \$14,900 dollars to the SPE-GCS Scholarship Fund</u>. In combination with other SPE-GCS functions there have been 20 new scholarships for incoming college freshman studying petroleum engineering, and 89 renewed scholarships which include sophomores, juniors and seniors with their continued education in petroleum engineering. More than \$1M dollars in scholarships have been awarded since 1963 to students through this program.

Sponsors are a welcome and essential part of making this event a success. 100% of the net proceeds from the tournament is used to supplement the SPE-GCS Scholarship Fund for graduating seniors interested in a career specializing in the Oil and Gas Industry. We need your support, please.

In an effort to increase the percentage of the donation, we are also inviting your company to be a sponsor of the tournament by donating prizes which will be given away at the awards ceremony with due recognition of your organization. All sponsors will be recognized in the tournament program and on the sponsorship billboard that is exhibited throughout the tournament. Please see Sponsor Form for sponsorship levels. We appreciate your support, and if you need more information please call.

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Bob Fu	Communication Chair	713-591-9808
Gurjeet Jauhar	Facilities	713-683-3413

Please send your contributions to the following address:

SPE-GCS Tennis: c/o Joanne Hresko 74 Hessenford Street Sugar Land, Texas 77479 E-Mail: joannehresko@comcast.net

Sincerely,

Jim Sheridan 2011 SPE-GCS Tennis Tournament Chairman

YOUNG PROFESSIONALS

Exciting New Technologies in Engineering

Speaker: Dr. Tauseef Salma, Ph.D., *Chief Engineer, Baker Hughes* 20 Sept 2011 • 11.30 a.m. - 1:00 p.m. Petroleum Club of Houston, Houston, 77002, Cost: \$20 (member), \$25 (non-member) **Registration:** http://spegcs.org/en/cev/2056

This lunch and learn will cover a broad set of new innovative technologies. Whether you're a reservoir, production, or drilling engineer, you will learn which technologies are making a difference in today's oilfield across all engineering disciplines, enabling higher drilling efficiency and improved reservoir recovery in hostile environments.

Baker Hughes' Chief Engineer will introduce us to new technology in measuring formation pressure via LWD services which offers real-time formation pressure and mobility data with high accuracy. Learn about rotary sidewall coring, which enables the retrieval of undamaged cores for accurate reservoir evaluation and maximized hydrocarbon recovery. Finally, learn how the introduction of shape memory technologies are reducing the chance of costly plugging or sand control loss caused by production cycles and reservoir or wellbore compaction. This more efficient sand control system — an industry first — also reduces equipment, personnel, and rig time requirements.

Dr. Tauseef Salma is the chief engineer at Baker Hughes. She has over 14 years of experience in the oil and gas industry and has authored 18 technical publications. She holds 2 US Patents and has 4 patent applications pending approval. She is a member of the Society of Petroleum Engineers and American Chemical Society. She is also a Charter member of the Organization of Pakistani Entrepreneurs (OPEN) Houston Chapter and president of Houston Chapter for Developments in Literacy, (DIL), a non-profit to educate and empower underprivileged students, especially girls in rural areas of Pakistan. She received her B.Sc. in chemical engineering from University of Engineering and Technology Lahore, Pakistan and her PhD in chemical engineering from Rice University in Houston, Texas. For questions or inquiries, please contact Tony Fernandez at tfernandez@nobleenergyinc.com

Networking Event: Young Professionals Mixer!

22 Sept 2011 • 5:30-7:30 p.m. Mosaic at Herman Park, 5927 Almeda Road, Houston Cost: FREE

Please join SPE-GCS Young Professionals for an evening of mixing n mingling at the beautiful Mosaic Houston over looking Hermann Park! Finger food and drinks are included! Be on the look out for more details which will follow! Check the SPE-GCS website, spegcs.org for more information!

The SPE-GCS YP organization is comprised of Houston area young professionals from all areas of the energy industry. The monthly happy hours are great opportunity to network and get involved in SPE. For questions or inquiries, please contact Pavitra Timbalia at pavitra.a.timbalia@exxonmobil.com

Call for Volunteers

Where: Milby or Westside High Schools, **When:** September-November, 2011, Volunteer once or multiple times! SPE-GCS YP & IPAA invite you to make math and science more meaningful to high school students by sharing your real world opportunities and experience!

Speak for 20 to 30 minutes on why you chose your major, why you chose the industry , your career path and opportunities etc. and then share a visual, problem solving activity, lab, or game to engage the students and help them understand more about your role or the industry. For questions or inquiries, please contact James Prescott at jprescott@flexpipesystems.com

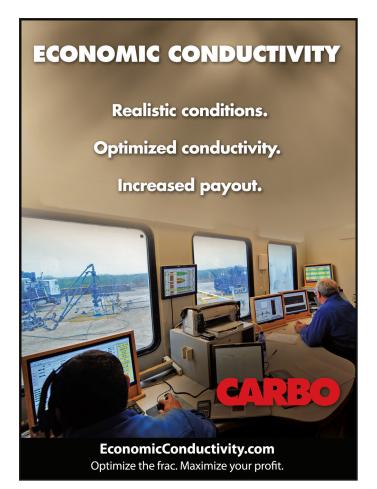
Recap: June & July Networking Events

The June event was held at Anvil Bar on Westheimer near Downtown while the July event was held at Houston Museum of Natural Science for a night of food, beverages, and good music. More than 70 young professionals attended the events and everyone had an awesome time!

Want to Know More about the SPE Young Professionals Committee?

We invite you to attend our monthly YP board meetings! Use this as a time to get plugged in more or to meet some new faces in the organization. Please contact Andrea Hersey (Andrea.Hersey@momentive.com) for more information or check the GCS calendar for upcoming meetings. We look forward to meeting you!

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Send invoice payments :



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September Events

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1	2	3
4	5 Labor Day	6	7	8 General Meeting, p5	9 Auxiliary, p6	10
11	12	13 Northside, p17 Petro-Tech, p21	14 Digital Energy, 	15 C & P, p11 Board Meeting, p4	16	17
18	19	20 Permian, p19 S & E, p26 YP, p30	21 Westside, p27	22 Reservoir, p25 YP Networking Social, p30	23	24
25	26	27	28 Bus Dev, p7	29	30	