

SIPES

"An Independents' Oil and Gas Association"

New Orleans Chapter's ~ Monthly Newsletter *Society of Independent Professional Earth Scientists*

Volume 06

Number 4

Dec. 2006

Mission: To be the pre-eminent organization for furthering the professional and business interests of independent practitioners of the earth sciences.

Christmas Luncheon **Bring your Best Joke**

December 19, 2006 at Andrea's Restaurant—11:30 a.m.

From The Chairman: **Ken Huffman**

Time does fly when you are having fun, rebuilding, or repopulating a city. Rodney has informed me of the need for another article for the newsletter, which means its December already. The cold fronts are heading our way so I guess it is time to get the cold cash out of the freezer, as a congressman might do, and get ready for the Christmas season.

The week ending November 24th saw a 32 BCF draw from storage compared to the 5 year average of 22 BCF. This has spurred the January contracts to a 4% gain closing at \$8.87, the highest since last February. This is lifting the curve for 2007 projected pricing and suggests very strongly that E&Ps will be raising their budgets for the 2007 year. Some gurus are thinking the budgets will be up by 10 to 15%. (Merry Christmas!)

So hold on to your rig count as 2007 could be interesting.

I hope to see everyone at the SIPES Christmas luncheon at Andrea's on the 19th of December. Bring your humor for an open session.

In case you have not heard NOGS is having a Holiday Party at Vincents on December 8th from 7:30 to 10:30 pm. Reservations are needed.

The best wishes to all the SIPES members

this season. We can all be thankful for a quiet hurricane season and remember your favorite charities for those less fortunate this year, and make time for what is important.

Calender of Meetings:

Remaining dates of the Fall and Spring Luncheon meetings at Andrea's Restaurant at 11:30 a.m. are: 12/19 (No Speaker), 1/16, 2/20, 3/20, 4/17, and May Night Meeting 5/15.

New Endeavor:

We will encourage prospect showings and posting of Executive Summaries by members prior to the luncheons. Dave Phelps will display his prospect at the December meeting. If you agree to show your prospect at the meeting, whether it is to be drilled, or it is a well that has been drilled, we will be happy to include it in the newsletter.

(Continued on page 3)

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SOUTHWEST KINDER YEGUA PROSPECT

EXECUTIVE SUMMARY

Prospect Summary: Victor P. Smith Oil Company LLC proposes to drill a well to test Yegua objectives that were interpreted on 3D seismic. The prospect consists of two stratigraphically trapped sands in the Yegua/Cockfield oil and gas trend of Allen Parish, Louisiana. The proposed well will be drilled to a depth of 11,000' and is designed to test two Yegua objectives - Yegua-1 Sand with a possible potential of 170 MBO and 2.5 BCFG and Yegua-2 Sand with similar possible reserves.

Total Potential Reserves: 340,000 BO and 5.0 BCFG

Well Name: King 18-1

Proposed Depth: 11,000' MD

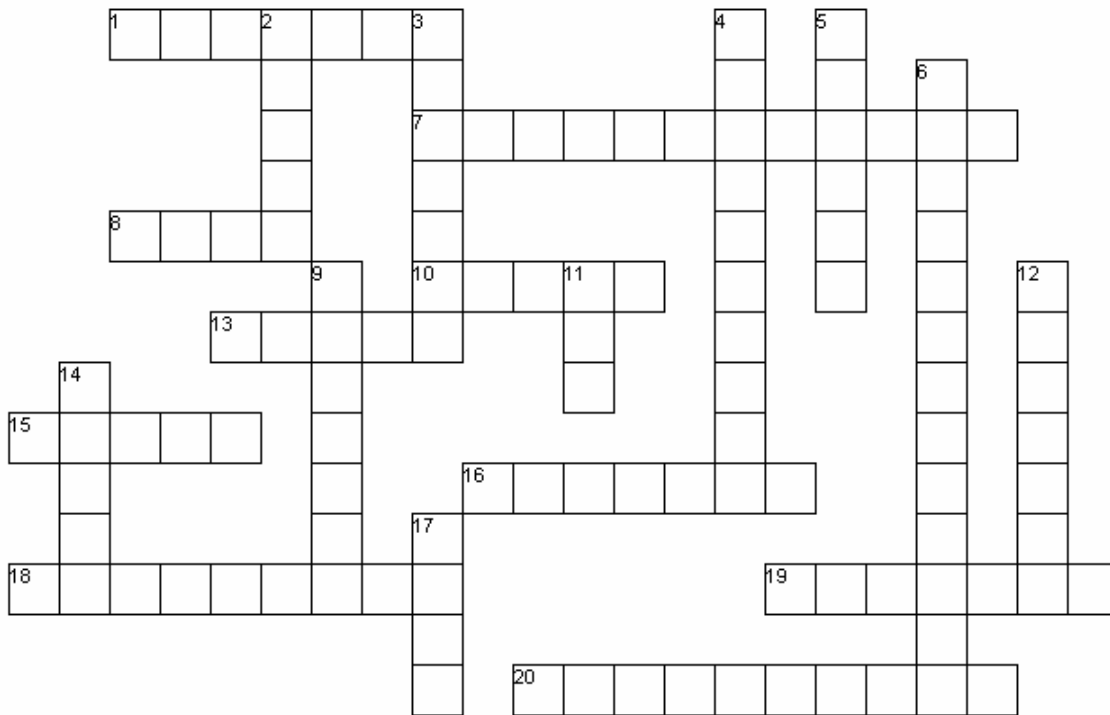
Location: Section 18 of T7S-R5W, Allen Parish, Louisiana

Geology: The Yegua sand objectives of the Southwest Kinder Yegua Prospect are found between 2.65 to apx 2.75 sec or 10,600 to 11,000 MD. The stratigraphic amalgamated channel reservoirs are trapped on the upside side of a down to the south thrown fault. The prospects directly offset a shut-in producing well in top Yegua sand.

Southwest Kinder Yegua Prospect

| | |
|---|---------------------------|
| Reserve Potential | 340,000 BO and 5.0 BCFG |
| Initial Production Est. | 2,500 MCFG and 150 BO/DAY |
| Monthly Net Cash Flow @ \$7/MCFG and \$70 BO | \$580,000 |
| Estimated Costs: | |
| Land and G & G | \$250,000 |
| Drilling and Location | \$2,400,000 |
| Dry Hole Cost | \$2,650,000 |
| Completion | \$350,000 |
| Completed Well Cost | \$3,000,000 |
| Estimated Payout | 5.18 |
| Total Potential Return | \$31,700,000 |
| Return on Investment | 10.6 to 1 |
| Land | Acres @ 74% NRI |
| Trade | 25% Backin After Payout |

Victor P. Smith Oil Company, LLC
Two Country Place
Jackson, MS 39288
Geoscientist: Dave Phelps (504) 237-4039
Land: Brooke Furrh (601) 932-2223
Operations: Mike McNames (601) 932-2223



ACROSS

1. A solid with an orderly atomic arrangement.
7. All parts of geology that involve chemical changes.
8. A roughly symmetrical upfold, the beds dipping in all directions from the crest of the structure.
10. The vertical component of the net slip of a fault
13. A thick-walled rounded or egg-shaped rock cavity lined with crystals.
15. A fracture in the rock along which there has been movement.
16. One of the ultimate, undecomposable constituents of any kind of matter. Specifically: (Chem.) A substance which cannot be decomposed into different kinds of matter by any means at present employed.
18. A sedimentary rock composed of sand-sized grains of minerals and rock fragments cemented together.
19. A permeable rock formation or subsoil through which ground water moves more or less freely.

DOWN

2. An argillaceous rock which readily splits into thin plates; argillite; argillaceous schist.
3. Mineral coal retaining the texture of the wood from which it was formed, and burning with an empyreumatic odor. It is of more recent origin than the anthracite and bituminous coal of the proper coal series. Called also brown coal, wood coal.
4. Decrease in volume of sediments due to compression by overlaying strata.
5. An opaque, impure variety of quartz, of red, yellow, and other dull colors, breaking with a smooth surface. It admits of a high polish, and is used for vases, seals, snuff boxes, etc. .
6. The fall of water from the atmosphere as rain, snow, sleet, or hail.
9. A mountain or hill, usually more or less conical in form, from which lava, cinders, steam, sulphur gases, and the like, are ejected; -- often popularly called a burning mountain.

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ACROSS

20. The complex set of natural processes, both chemical and mechanical, involved in the breaking up and decay of rocks

DOWN

11. A native metal or its compound with the rock in which it occurs, after it has been picked over to throw out what is worthless.
12. The principal ore of aluminum, composed essentially of aluminum hydroxides.
14. Hot, fluid rock material generated within the earth and capable of intrusion or extrusion.
17. A crack or fissure filled with mineral matter deposited from underground-water solution

Crossword Puzzle created by Rodney Rymer.

Answers may be found at www.sipesneworleans.org

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SIPES NOC Meetings are held the 3rd Tuesday of each month from September through May. Guest reservations for the luncheon must be made through Ed Barry (Reservations) at 504/835-2508 no later than two days before the meeting, for a \$30 charge. Send checks to SIPES– NOC, P.O. Box 50088, New Orleans, LA 70150-0088. Checks can also be delivered to the SIPES NOC Treasurer at

Like to Send the SIPES—NOC Newsletter to a Colleague or
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 Rodney Rymer at rrymer@bellsouth.net

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SIPES Mission Statement ... To be the pre-eminent organization for furthering the professional and business interests of independent practitioners of the earth sciences.