

Fekete^{old &} NEWS

- Reservoir Evaluation
- Production Optimization
- Simulation
- Well Testing

Engineering and Business News From Fekete Associates Inc.

Spring 1998

CELEBRATING OUR 25th ANNIVERSARY!

To you, our valued client,

Thank you for your business over the past 25 years.

You have challenged us continually. The challenges have not only been to meet deadlines but to find inventive solutions to technical conundrums. You have encouraged us and given us the opportunity to grow. I appreciate your support, and my staff has been enriched by all the projects we have done for you.

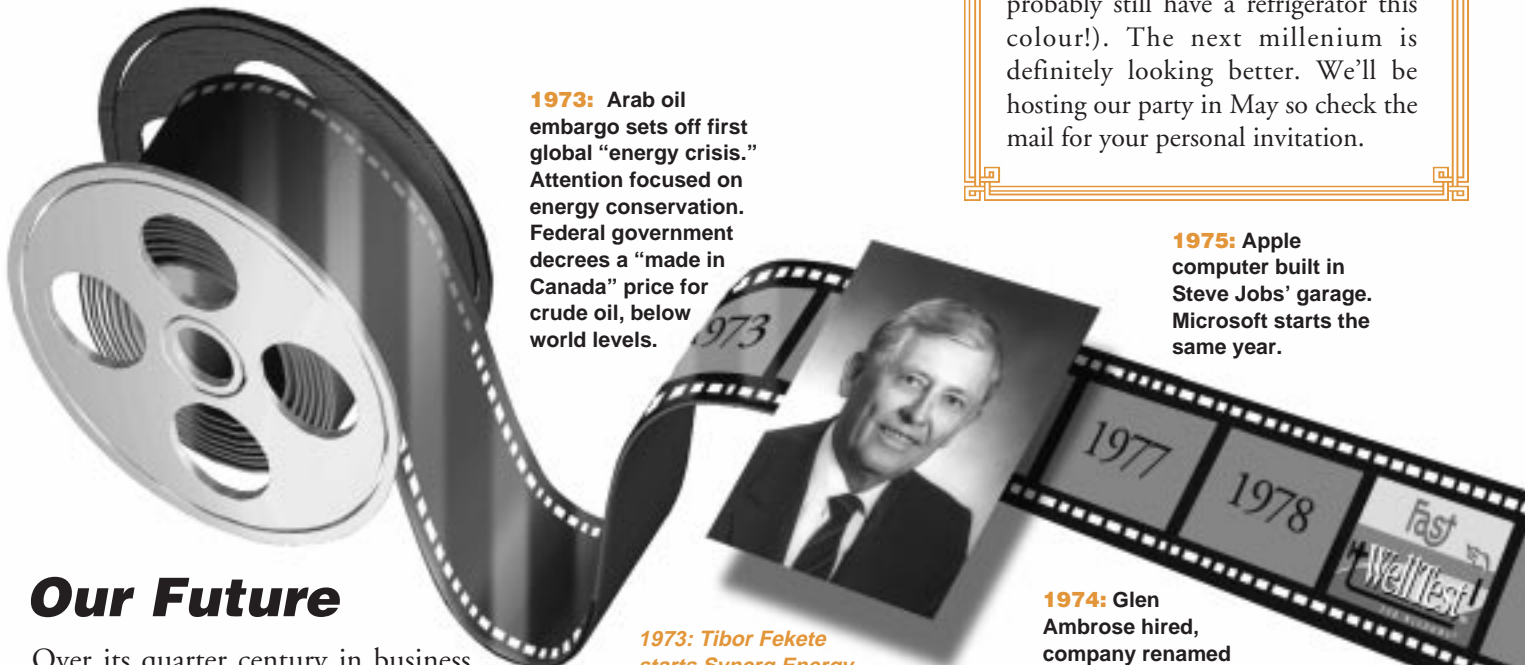
The projects we have successfully completed for you have certainly been

varied. They range from acid gas injection in aquifers to reserves evaluations in locations as diverse as New Guinea, the Arctic circle and offshore Australia. You have caused us to travel the globe and to interact with a multiplicity of enriching cultures. I appreciate your confidence in our company and assure you of our continued service and support in the years to come. I look forward to your continuing interaction and challenges.

Louis Mattar, President

HELP US CELEBRATE

We would like to thank you, our clients, for your past years of patronage and what better way than with a party. Yes, we are throwing our own birthday party and what a time it will be! Come and enjoy fine food and drinks and reflect with us on the past 25 years. The year 1973 had good oil prices, Calgary was growing at a less-than-crazy pace and disco hadn't been invented yet. Earth tones were in vogue as illustrated by this newsletter which uses the original Fekete corporate colours (some of you probably still have a refrigerator this colour!). The next millenium is definitely looking better. We'll be hosting our party in May so check the mail for your personal invitation.



1973: Arab oil embargo sets off first global "energy crisis." Attention focused on energy conservation. Federal government decrees a "made in Canada" price for crude oil, below world levels.

1975: Apple computer built in Steve Jobs' garage. Microsoft starts the same year.

1974: Glen Ambrose hired, company renamed T. Fekete & Associates Consultants Ltd. Develops standard well test analysis.

1979: First computerized well test package written.

1973: Tibor Fekete starts Synerg Energy, a reserves evaluation consulting company.

Our Future

Over its quarter century in business, Fekete has grown from an Alberta-based two-man operation into an internationally recognized company with more than 60 employees. Where will the next 25 years take us? While we don't profess to be crystal gazers, our management is confident Fekete will still be in business and doing well.

"This company is built on a solid foundation so I expect it will be around 25 years from now, providing leading edge technology to clients around the world," says Louis Mattar.

Where We've Been...

The World in 1973

When Tibor Fekete started our company in 1973, the price of an average house in Calgary was \$29,000. Prime Minister Trudeau hung on to power with a minority Liberal government after invoking the War Measures Act during the FLQ crisis in 1970. And the Alberta Oilers (the name didn't stick) finished fourth in the new World Hockey Association's Western Division, 1973-74. In January, 1973, oil prices started at \$2.90US per barrel and shot to \$11.65US in just four months as a result of the Yom Kippur war and the subsequent Arab oil embargo. Oil prices continued to skyrocket during the rest of the 1970s. What a ride!

Tibor tells us he first set up Synerg Energy as a vehicle for converting polyethylene into synthetic energy. But he found prospective clients were more interested in his gas analysis expertise developed at Dome. During its first two years, the renamed company, T. Fekete & Associates Consultants Ltd., focused on evaluating gas reserves and supply to rural co-operatives. As Tibor and his first employee, Glen Ambrose, (now a senior partner) carried out their studies, they discovered the quality of well testing so variable that it was difficult for oil and gas producers to draw consistent results from well tests analyzed by different companies. Fekete successfully embarked on the challenge of providing the industry with a standard in well test analysis. Since its beginning, our Well Test Group has performed more than 30,000 well test analyses.

1980: National Energy Program announced, reinforcing "made in Canada" prices. International work becomes more important part of Canadian oil scene.

1984-85: NEP dismantled, oil prices deregulated, natural gas prices deregulated more gradually. Norman Wells oil field opens in NWT.

1986: Collapse of world oil prices from \$35 US/barrel to \$10 US/barrel. Chernobyl nuclear accident in former Soviet Union.

1988: Alberta Government backs oil sands development and the giant Syncrude project.

1988: Beginnings of production optimization work.

1987: Change name to Fekete Associates Inc.

1983: PIPER software developed for in-house use to model existing gas gathering systems and optimize their capacity.

1982: Completion of 12 volume study of 5000 wells near Medicine Hat. Study helped resolve dispute between two owners.

1981: Louis Mattar, current president, joins Fekete.

1980: Glen and Gurmeet Brar buy out Tibor.

During the 1970s Tibor and Glen expanded the company into economic evaluations and reservoir engineering. Like the rest of the industry, Fekete has not been immune to the impact of outside influences. Glen recalls: "In the late 70s, oil prices were expected to go through the stratosphere and it was boom time in the West. That all came to a crashing end in 1980 with the National Energy Program."

The NEP (for those still in diapers) was designed to ensure a minimum 25 percent Canadian ownership for offshore oil and gas supplies. It was supported by public concern over security of supply and suspicion of international oil companies, when prices peaked in the wake of the 1979 Iranian revolution. Companies with the right level of Canadian ownership received up to 80 percent of the well cost. The multinationals reacted by sharply decreasing exploration in Canada. That and double digit inflation (remember those 20 percent mortgage rates...?) threw the West into an economic slump.

Ironically, Glen and immediate past president, Gurmeet Brar, bought the company from Tibor a month before the NEP was announced. In retrospect, Glen thinks the timing was a mixed blessing for the partners: "While we assumed a chunk of debt, it kept us from doing silly things that others were doing, like buying property and buildings based on the assumption of continuing high real estate and oil prices." During the economic downturn of the early 80s, our twenty or so "Feketies" worked very hard to keep the projects coming in.

Marty Santo and Gary Metcalfe enjoying their fishing vacation.



Hibernia platform
Photo courtesy of Canapress/Jonathan Hayward

Becoming No.1 in Well Test Analysis

Gurmeet, who joined us in 1975, developed Fekete's first computerized WellTest package in 1979. The code was written on a HP-9845 in response to the challenge that it couldn't be done. We used the original program in-house until 1983 when we began to market it to the industry. We're now offering our sixth generation WellTest software running in 32-bit mode, as well as three other major software packages. Our current president, Louis Mattar, joined Fekete in 1981. An associate professor at the University of Calgary, Louis had co-authored "The Theory and Practice of the Testing of Gas Wells," for the EUB, which is still recognized as the standard for well test analysis.

Louis' philosophy is to temper the theoretical with the practical, an approach that permeates our company. "As I see us, if someone has a problem with their wells, they'll say go to Fekete because they are practical and technologically very strong," Louis says.

Late 80's: market focus switches to natural gas. Collapse of Soviet Union leads Canadian companies to explore for oil and gas in its former states.

1990: Gulf War causes oil prices to rebound briefly.

1993: Drilling activity doubles in Alberta.

1994: Microsoft Windows hits the marketplace.

1995-97: Develop and release Windows versions of our software programs.

1993: Set up an alliance with Epic Consulting Services Ltd., specialists in reservoir simulation.

Fekete staff celebrating with Chinese delegates upon completion of a three month training course in our offices.

1998: Current management David Dunn, Louis Mattar and Glen Ambrose.

1997: Production started at Hibernia. December: At Kyoto Canada commits to reducing greenhouse gases by 6% below 1990 levels by 2012.

Growing the Business

The 1980s were a time of booms and busts, but Fekete came through with flying colours. Marty Santo, our Manager of Well Test Analysis, joined the company the same year as Louis Mattar. Marty says he thinks the company grew stronger each time it came across tough economic times. "It had a lot to do with our determination, I think. We had to find ways to survive to save our own jobs."

Diversifying our business has helped us succeed. In addition to our well testing and software groups, we are proud of our reservoir engineering, production optimization, geology and corporate evaluations groups.

The expertise available in each of these teams lets us give the client an all-round service. We're able to integrate geology, engineering and economics into a comprehensive analysis of oil and gas reservoirs. As Ray Mireault, our Manager of Production Optimization, puts it, "Nothing falls through the cracks here. We're able to fit the pieces together for the overall project and at the same time we know the specialized parts."

Going International

Our diverse disciplines have let us take on projects around the globe. In fact, our latest slogan is: "Join Fekete and see the world!" Feketies have seen white wolves feeding in the Arctic, tried unfamiliar foods in India and Pakistan, enjoyed the warmer climates in South America and Australia, and watched out for head hunters in Papua, New Guinea.

During the early 1990s we decided to expand internationally on a permanent basis. In 1993 Terry Primeau established an office in Perth, Australia, to help Fekete take better advantage of the opportunities in the Far East, including reservoir simulation for the offshore oil and gas industry off Western Australia and well test analyses for clients in southeast Asia. (See our Winter 1997 issue.) Also in 1993, an alliance with Epic Consulting Services gave both our companies greater opportunities to pursue international contracts. Epic, headed by Richard Baker, provides simulation, geostatistics and improved oil recovery studies using leading-edge reservoir characterization and simulation tools. We have an excellent synergy between the two companies.



News & Notes

Why We Stayed With Fekete

Our president, Louis Mattar, and senior partner, Glen Ambrose, have been with Fekete Associates a combined total of 42 years. Glen, the first employee, says it's no secret why he has remained with the company for 25 years: "It's the people. We have an enviable longevity record in keeping people and they have become not only the heart and soul of the company, but my extended family as well."

Glen and Louis agree that another drawing card is the work environment that lets professionals "be whatever they want to be." Louis, who signed up in 1981, says he appreciated the company's philosophy right from the beginning.

"I was told I could do whatever I liked, as long as I was comfortable with it professionally, it was ethical and it made money. That's a great feeling that you can take on any project. If you're competent to do it, you do it," he says.

With a horizontal organizational chart we are flexible and quick to seize an opportunity when it arises. When it comes to leadership, anyone who shows interest in making decisions is encouraged to do so. As Glen points out, we don't write job descriptions. He adds, "We want people to bring intellectual capital to the table, and they do that very well." Teamwork, integrity and flexibility are critical to our business success. "Feketies" know they can gravitate toward the type of work where they're comfortable and most efficient. While that work may change over time, the one constant in the company is a dedication to quality and a lack of willingness to compromise. As Louis puts it, "There's a lot of judgement involved in what we do - it's an art as much as a science. You have to be as honest as you can to the data that you have."

Finally, to all "Feketies",

When our company started 25 years ago, some of you were but a twinkle in your parents' eyes. Today you are an integral part of one of the most respected, dynamic and diversified consulting firms in town. Fekete's future is in your hands.

For those of us with all the obvious signs of maturity (gray hair, paunch, wrinkles...), it is our challenge to pass on to these young'uns, the wisdom we have acquired over these past 25 years. Fekete's future is in our hands as well.

Some New People we would like you to meet...

If you detect a new voice answering the phone, you're correct - it's **Christine Sipos** who has just joined us. She replaces **Jennifer Day** who now assists **Sharon Eskelson** in accounting.

Crista Chaba also joined us recently but quickly advanced from the clerical staff to software support.

We are pleased to welcome **Vickie Darago** to the marketing team. Many industry people in Calgary will know Vickie from her previous sales position. She is busy absorbing all our services and will be in contact soon to demonstrate Fekete's latest software "F.A.S.T. Ca\$hPot" - Petroleum Risk Assessment. In the meantime, feel free to call Vickie at 213-4260 or on her cell phone at 606-6932.

We're sorry to see **Ben Issaka** leave. Ben is returning to Saudi Arabia (where he lived during his graduate work) as a well test coordinator for Saudi Aramco.

One of the individuals replacing Ben is **Dave Volek** who will be filling the role of technical writer and software tester. Dave's background included running and analyzing DST's on-site.

Another new well test analyst will be **Stephen Andrews** who brings 10 years of on-site well testing experience. Steve will now be learning test interpretations skills under Louis Mattar and Marty Santo.

In the Australia office, **Russel Potapinski** joins Fekete and will be working with Tom Fontaine in the reservoir engineering and simulation group. Russ spent the first three years of his career with Shell in Calgary.

Ian Ancell, a New Zealander, has also decided to move to Australia. Ian is a well testing hand with lengthy offshore experience. He will be working with Terry Primeau and Lance Knox to round out Fekete's integrated testing co-ordination, supervision and analysis services.

In this day of electronic data overflow, let us be the instruments that help data grow into information, information into knowledge, knowledge into wisdom and wisdom into experience. It is in the field of integrating knowledge and experience, with the appropriate level of technology, that Fekete is a recognized leader. "Go Forth and "Integrate!"

Be proud of how far our company has come in 25 years. The next 25 will be exponentially more exciting - guaranteed.

Louis Mattar, President

This issue is dedicated to the memory of Eric LeBlanc who died tragically in 1996 while on assignment for Fekete

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