

Building a Better

Professional | Industry | Community



Society of Petroleum Engineers

Letter from the President



Presiding over the Society of Petroleum Engineers this year has provided me the opportunity to witness the Society's impact on our members, their communities and the industry as a whole, whether in a large city or a remote village. Imagine the possibilities when each member can tap the collective brain power of this 124,000-member-strong organization. That ability creates a better professional, a better profession, and a better industry, locally and globally.

SPE is the leading industry resource for knowledge transfer, education, training, conferences, networking, credentials, best practices, and much more. As the industry has been energized by the challenges and success of unconventional resources, deepwater drilling and the revitalization of enhanced oil recovery, SPE has responded to help members find efficient ways to sustain and develop their careers during the rapid pace of today's industry. SPE has bolstered its offerings so its members can achieve optimal professional performance, whether that is accomplished at a conference sharing ideas, learning through continued education, or keeping up with the latest methods through the Society's publications and social media.

In an effort to further the Society's relevance in emerging locations, I have made it a priority of my presidency to focus on emerging regions, along with technology, and communications. We have seen strides in areas like the launch of OTC Asia, the development of sections and activities in the Caspian region and expansions in East Africa. Gathering in Myanmar at our meeting earlier this year, the SPE Board of Directors saw first-hand the issues and needs in this emerging location. Equipping members with the tools they need may not seem so vital if you are

in Houston or Aberdeen where resources are abundant. But when you are working in Pemba, Mozambique or Tashkent, Uzbekistan, two of our twelve newly formed sections this year, the opportunity to pose a question to a colleague on SPE Connect and receive a timely answer; or find the solution to a problem by reading papers from OnePetro—that is an incredible way to make an impact.

As the breadth of challenges and opportunities in the upstream industry continues to expand, let me stress that SPE remains ahead of the curve anticipating the needs of both our professional and student members. Our ever broadening international presence, our increasing number and quality of member-requested meetings, products and services, and our strong financial position gives me confidence SPE will continue to serve our industry well into the future.

Sincerely,

A handwritten signature in black ink that reads "J. R. Spath".

Jeff Spath, 2014 SPE President

About SPE

SPE is the largest individual member organization serving managers, engineers, scientists and related professionals worldwide in the oil and gas industry. Credibility and reputation may be hard to quantify, but the ways in which SPE benefits its members in the upstream segment is tangible. Advancing the industry is at the core of SPE's mission and vision for its more than 124,000 professional and student members across 135 countries. Since its launch as a not-for-profit organization in 1957, the typical role of a member has changed. Whether one is a senior level engineer who can recall how things used to be done, or a younger engineer pushing the boundaries of what possibly can be done, as long as engineers explore emerging frontiers, SPE will be the foundation upon which new initiatives are built.

SPE is the leader serving the needs of the best and brightest oil and gas exploration and production professionals. Over the past decade, SPE has doubled membership and more than doubled the number of events it organizes. Springboarding on that success, the Society continues to forecast and strengthen its foundation for the future.

MISSION

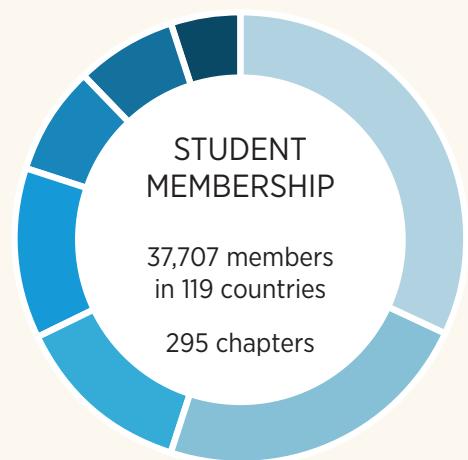
To collect, disseminate, and exchange technical knowledge concerning the exploration, development, and production of oil and gas resources, and related technologies for the public benefit; and to provide opportunities for professionals to enhance their technical and professional competence.

VISION

Enable the global oil and gas exploration and production industry to share technical knowledge needed to meet the world's energy needs in a safe and environmentally responsible manner.



North America	50%
Europe	14%
Middle East	13%
Asia Pacific	13%
Africa	5%
South America and Caribbean	3%
Russia and Caspian	2%



Asia Pacific	32%
North America	23%
South America and Caribbean	13%
Europe	12%
Africa	8%
Middle East	7%
Russia and Caspian	5%

Building a Better Professional

Working in the energy industry is simultaneously challenging and rewarding. The industry is competitive and fast-changing. The stakes regarding energy production, health, safety, and environmental well-being are compelling. Whereas the goal of extracting oil and gas remains the same, the methods to do so have changed dramatically in recent decades. The tools being used are data driven from the office to the field, from the region to the world, with answers needed from quickly to instantaneously. SPE is proud to be the respected resource for a professional's next step in continuing education, and in some regions, pursuing certifications. Keeping up with the pace of the ever-changing processes in the oil and gas exploration and production industry is SPE's commitment.

KNOWLEDGE TRANSFER remains at the core of SPE's purpose. From archived materials in books to timely digital tweets, members receive the valuable information they need in easily accessible formats. The process of keeping members informed across the globe on best ideas and practices is available through the following mediums:

PRINT AND DIGITAL MAGAZINES	PEER-REVIEWED JOURNALS	ONLINE RESOURCES
JPT	 Journal of Canadian Petroleum Technology	
Oil Gas Facilities	SPE DRILLING & COMPLETION	PetroWiki ®
THE WAY AHEAD	SPE ECONOMICS & MANAGEMENT	
HSE NOW	SPE JOURNAL	
	SPE PRODUCTION & OPERATIONS	
	SPE RESERVOIR EVALUATION & ENGINEERING	SPE CONNECT ™

“SPE has made capability development one of its four priorities in the strategic plan to support industry in dealing with coming demographic shifts. This priority has brought focus on challenges facing university faculty and professional competency assessment and development. SPE has quickly developed plans to support academia and strengthen our resources to start addressing these issues.”

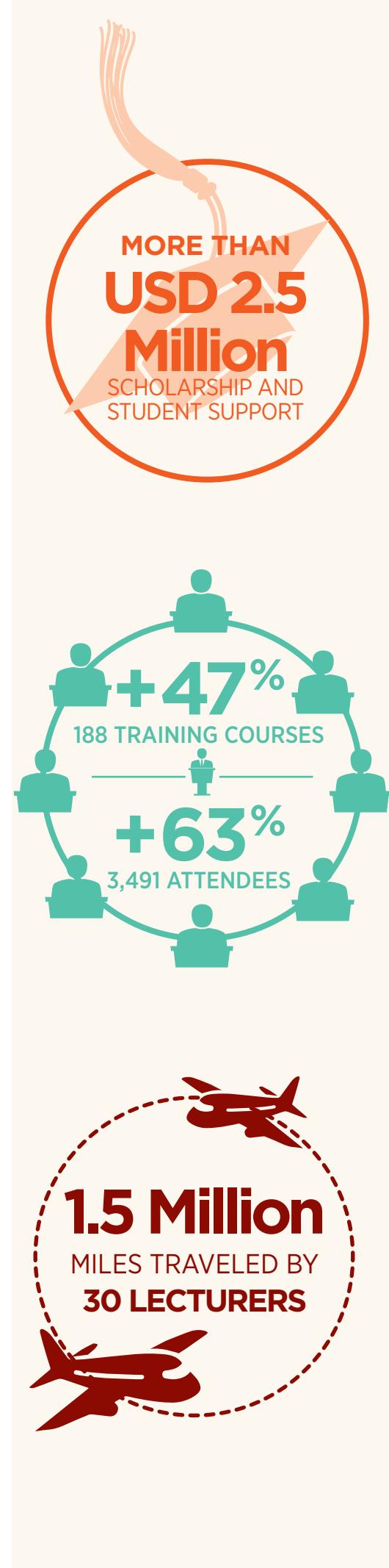
Cindy Reece, SPE Technical Director for Management and Information

SPE provides the cornerstone from which the industry furthers its reach and reflects the success of the members themselves. The Society offers training to enhance skills, credentials to demonstrate a level of knowledge, and opportunities for experienced professionals to mentor those new to the industry. SPE and its sections worldwide contribute more than USD 2.5 million in scholarship money annually to help young people join our industry. SPE has also launched several initiatives to support the academicians who will educate these young engineers.

CAPABILITY DEVELOPMENT is a core issue for individuals in the industry and of utmost importance to SPE. The strategic elements of accelerating competency development, improving lifecycle learning opportunities, solving faculty development and retention issues, and increasing access to training are now enhanced through a number of initiatives. SPE added a permanent faculty position to the Board of Directors in order to understand and address academic problems pertaining to industry needs and demands. Last year, SPE also reintroduced the Petroleum Engineering Education Colloquium, which successfully brought together industry and academic leaders to discuss and resolve issues on educating the next generation of graduates.

Along the continuum from student to young professional to technical expert or manager to executive, SPE recognizes the need for learning for its members throughout their career. Training is a key way that SPE supports capability development among those new to the industry or working in new areas. SPE courses have expanded dramatically beyond borders and across all disciplines. This trend will continue with the addition of soft skills training, a competency assessment program, and the launch of a new Leadership Academy focusing on rounding out soft skills for tomorrow's leaders.

Distinguished Lecturers are a key means by which SPE delivers critical technical knowledge to section members. This year the program included 30 lecturers who traveled nearly 1.5 million miles across the globe. The lecturers are nominated by their peers, and selection by the Distinguished Lecturer Committee is recognition of their expertise.



Building a Better Industry

There's never been a better time to work in the energy industry. As demand for oil and gas grows worldwide, the demand for bright, resourceful professionals does, too. SPE offers a breadth of services to help members solve problems from the big picture to the smallest detail so they can be vital members of their communities professionally and personally. SPE members are made up of a myriad of professional disciplines in the upstream oil and gas industry. They may be spread across diverse continents, still, their needs are similar – continual education, learning, and networking. Providing for that need, SPE conducts more than 140 conferences, exhibitions, forums, and workshops worldwide each year. Technical programs at these events are developed and presented by SPE members to address the key topics of concern and interest. The growth in events allows more members to gain access to important technical knowledge close to home. By interacting with other professionals, individual members increase their knowledge and bring it back to their companies and local communities.

SPE is well known for the large events it manages, such as the Annual Technical Conference and Exhibition, the Offshore Technology Conference (OTC), and the International Petroleum Technology Conference. SPE's portfolio of learning and networking opportunities continues to expand—from timely new events to new locations.



The **Unconventional Resources Technology Conference (URTeC)** is an example of how SPE works in collaboration with other societies (the Society of Exploration Geophysicists and the American Association of Petroleum Geologists) for shared education of engineers, petrophysicists, geologists, and geophysicists. This collaboration helps identify the best methods to develop and produce complicated shale reservoirs.



OTC's expansion into Asia reflects the region's increasing relevance in the global energy arena. The inaugural **OTC Asia** surpassed expectations with more than 25,000 registrants from 88 countries and a sold out exhibition hall. OTC Asia allowed local, regional, and international companies to showcase the latest offshore technologies in emerging and resurging areas.



The **Latin American and Caribbean Petroleum Engineering Conference** took place in Maracaibo, Venezuela, the first large SPE conference held in Venezuela in more than a decade. This conference focused on regional issues pertaining to deepwater development, heavy oil, digital oilfield technologies, advances in enhanced oil recovery, and unconventional reserves.

The first **Caspian Technology Conference and Exhibition** is being held in November in Kazakhstan to build bridges to the professionals and resources in this region, which is of growing significance for oil and gas exploration and production.

Meetings by Region



"With the rapid growth in SPE meetings, the board committee responsible for training, programs, and meetings, has made many essential, practical improvements for enhancing technical quality, taking full advantage of communication technologies, and identifying and closing technical content gaps. Further, the technical directors collectively identify hot topics and work to generate programming across SPE to deliver timely knowledge to our global membership."

Shauna Noonan, SPE Technical Director for Production and Operations

Building a Better Community

SPE is viewed as a credible source in the upstream exploration and production industry because it stays focused on its strategic plan of knowledge transfer, capability development, professionalism, social responsibility, and public education. The Society offers factual, timely information about the industry to both students and the public to impact how the industry is perceived globally and locally. Social responsibility, building trust, and honoring the social license to operate is an over-arching mandate of the Society's vision.

EDUCATION AND PUBLIC AWARENESS



Professionals in the oil and gas industry often receive questions about how industry operations can affect public health, the environment, and the communities in which they operate. SPE's energy4me website contains a wealth of factual information about the oil and gas industry, how it affects society, and how to explain industry operations and practices to the general public.

Energy4me is an ideal educational resource for teachers and students. SPE offers curriculum, instructional books, and lessons for classes of all ages. Through teacher workshops and classroom demonstrations, SPE promotes the study of science, technology, engineering, and math and the benefits of working in the industry.

Hydraulic Fracturing

To create public awareness and promote education around a key challenge in the industry, SPE launched a new website devoted to factual, credible information about hydraulic fracturing. The site is aimed toward the general public and media, and is an important tool for members to use to address key misconceptions about fracturing. Using SPE technical material as a background, the website's tone and imagery are easy to understand without relying on technical terminology.

energy4me® Stats



*Since 2008





Sustainability Initiatives

Meeting energy demand over the next century will require not just producing more, but also recognizing we need to maintain our license to operate. Energy sustainability is about finding the balance between a growing economy, the need for environmental protection, and social responsibilities in order to provide an improved quality of life for current and future generations.

SPE has adopted a definition for sustainability to bring clarity to the broader membership on our direction, all with a view to accelerating the integration of sustainability techniques into our business and into our operational decisions. SPE training programs are being broadened in an effort to deepen competencies and sustainable in industry operations.

Sustainability Definition

Exploration, development and production of oil and gas resources provide affordable energy that contributes significantly to well-being and prosperity.

SPE encourages the responsible management of these oil and gas resources and operations including the appropriate management of social and environmental impacts and their related risks.

SPE demonstrates this commitment by offering its members opportunities to train, share knowledge and advance practices for doing business in ways that balance economic growth, social development, and environmental protection to meet societal needs today and in the future.

—Approved by the SPE Board of Directors May 2014

“Adopting a definition for sustainability was an important step for SPE. This unified definition brings clarity to the broader membership on our direction, all with a view to accelerating the integration of sustainability techniques into our business and into our operational decisions.”

Roland Moreau, Technical Director for Health, Safety, Security, Environment and Social Responsibility

Leadership

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Schlumberger

2015 SPE President

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Statoil

2013 SPE President

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Halliburton

Middle East

Fareed Abdulla

Abu Dhabi Co.
Onshore Oil Operations

North Sea

Carlos Chalbaud

GDF Suez E&P UK

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Ron Morris

Roc Oil (Bohai) Company/Roc Oil
(China) Company

Rocky Mountain North America

Mike Eberhard

Anadarko Petroleum Corporation

Russia and the Caspian

Andrey Gladkov

Modeltech

South America and Caribbean

Nestor Saavedra

Ecopetrol

South Asia

Sudhir Vasudeva

Oil & Natural Gas
Corporation

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East Europe

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Eni E&P

Southern Asia Pacific

John Boardman

RISC

Southwestern North America

Peter Schrenkel

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Western North America

Tom Walsh

Petrotechnical Resources
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AT-LARGE DIRECTORS

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Saudi Aramco

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China National
Petroleum Corporation

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Baker Hughes

Management and Information

Cindy Reece

ExxonMobil Annuitant

Projects, Facilities and Construction

Howard Duhon

GATE, Inc.

Health, Safety, Security, Environment, and Social Responsibility

Roland Moreau

ExxonMobil Annuitant

Production and Operations

Shauna Noonan

ConocoPhillips

Reservoir Description and Dynamics

Olivier Houzé

KAPPA Engineering

Financials

For the fiscal year (FY) year ending 31 March 2014, SPE had a very strong financial performance. SPE had total operating revenue of USD 84.1 million compared to USD 71.1 million in FY 2013. All of SPE's major business segments (meetings, publications, membership, retail sales, OnePetro, training courses) contributed to the overall success of SPE. Net operating surplus for the year was USD 7.0 million. Investments earned USD 4.1 million, net SPE Foundation assets increased USD 0.9 million and Member Advantage funding for programs such as scholarships and energy education was USD 1.6 million resulting in a net surplus of USD 10.4 million for SPE.

The balance sheet of SPE continues to be financially strong with total assets at USD 114.7 million. Since the balance sheet date of 31 March 2014 there have been no significant events that would materially impact the current financial condition of SPE.

STATEMENT OF FINANCIAL POSITION

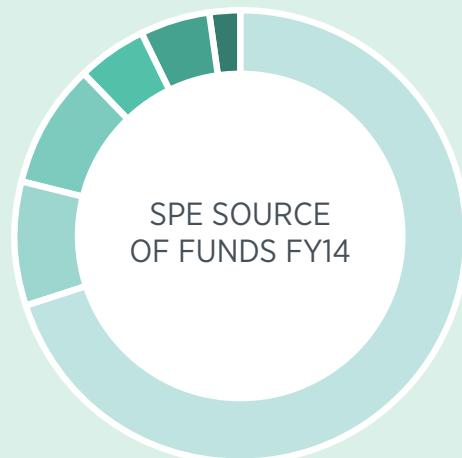
Society of Petroleum Engineers (SPE) Stichting Consolidated Statement of Financial Position as of 31 March 2014

<i>Audited</i>	USD thousands
Assets	
Cash and Cash Equivalents	14,117
Other Assets	18,354
Reserve Fund Investments	48,688
Property and Equipment	22,099
Interest in SPE Foundation	11,460
Total Assets	114,718
Liabilities and Net Assets	
Accounts Payable	11,528
Deferred Revenue	19,456
Total Liabilities	30,984
Net Assets	83,734
Total Liabilities and Net Assets	114,718

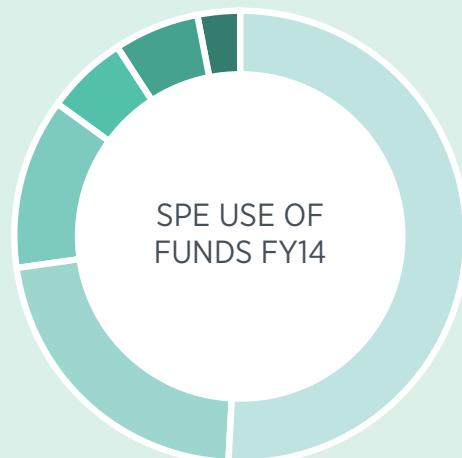
STATEMENT OF ACTIVITY

Society of Petroleum Engineers (SPE) Stichting Consolidated Statement of Activity for the year ended 31 March 2014

<i>Audited</i>	USD thousands
Meetings	18,364
Member Programs	(7,465)
Training Courses	(498)
Communication and Knowledge Sharing	(3,393)
Operating Surplus	7,008
Member Advantage (Scholarships, Student Dues)	(1,629)
SPE Global Investments	4,093
Net Change in SPE Foundation	898
Net Surplus	10,370



Meetings	70%
Member Programs	9%
Publications	9%
Training Courses	5%
SPE.org/OnePetro	5%
Retail Sales	2%



Meetings	51%
Member Programs	22%
Publications	12%
Training Courses	6%
SPE.org/OnePetro	6%
Retail Sales	2%

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