TRANSFORMING to

SPE 2.0
Dear Fellow SPE Member,

Welcome to SPE 2.0! I spent my year as your president introducing my vision for how exploration and production (E&P) and SPE combined can make incremental and radical improvements in 3E space:

- **Energy supply** (technology 2.0, business models 2.0, collaboration 2.0, … via innovation and creative destruction to more efficiently produce oil and gas)
- **Economics of supply** (improving the margin per barrel produced and lowering the break-even oil price)
- **Environmental footprint and sustainability of hydrocarbon supply**

I tried to turn 2015 into an episode of “Extreme Makeover, E&P and SPE Edition,” necessitated by the down-turn in oil prices. The concept of 2.0 also denotes how SPE never stops its quest for staying relevant with a great value proposition by always listening loudly to its members and our industry when it comes to professional and personal preferences and needs. I encouraged SPE leaders and staff to take a fresh look at what we do and how we do it, and to identify ways we can trim corners, offer more efficient and member-focused ways of serving our global membership in more personal ways in a super-connected e-world.

So far this year has been a ‘Rhapsody in C’ (Crashing oil price, Competitiveness erosion for E&P, CAPEX cutback and project delays, Crew change speeding up, Climate change headlines, Communities expecting more of us …) After contentedly sailing along for several years around USD 100/bbl, the more than 50% reduction in oil price has led to a loss of more than 150,000 E&P jobs globally. SPE has seen decreasing event attendance, reduced training enrollment, and lower advertising volumes, sponsorships, and exhibitor interest. The SPE Board of Directors, however, is very clear: SPE must be fiscally prudent, but we are not a for-profit association. We are 143,000 members on a mission to share best practices plus the latest and the greatest even when the oil price is low. In 2015, we have really shown that SPE is there for our members in challenging times.

I traveled the globe speaking at conferences, sections, and chapters to encourage collaboration 2.0 across disciplines and with key stakeholders and the public. E&P can never lose its legitimacy and its license to operate. Wherever I go, I am impressed with the local sections and chapters. This is where the “SPE wheels” really hit the ground. Young professionals are blowing me away with their enthusiasm, creativity, initiative, passion, and tech savviness and I am touched to see how SPE really is "a force for good" in so many local communities.

During my travels, I remind every SPE member and staff that they should feel a huge sense of purpose around what they do for a living. This is because the energy they help produce lifts living standards and fuels human progress. Each SPE member and staff really has “making the world a better place” in their job descriptions! On a final note, we all need to have two thoughts about the future of E&P in our minds at the same time. First thought: the next 30 plus years we will have to work very hard to supply the world with sufficient oil and gas in 3E. Second thought: is it possible that the Group of 7 (Council on Foreign Relations) year 2100 ambition comes true – that we have come up with non-oil-and-gas ways of fueling the planet? If so, this is something we can handle. We are members of SPE – the best professional association on the planet.

Thank you for the huge honor of serving you as your 2015 SPE president! As I leave my watch: for all you do, this salute is for you! PS: I served as a Second Lieutenant in the Royal Norwegian Navy.

Helge Hove Haldorsen,
2015 SPE President
As the largest individual member organization serving professionals in the upstream oil and gas industry, SPE represents 143,000 members in 147 countries. The Society’s comprehensive growth is built on a solid foundation that embraces a diversity of languages, cultures, and locations to form a cohesive organization serving members since 1957. The unifying characteristic to all these professionals is their career choice to provide energy to a world whose demand for energy sources continues to increase. Using intellect and determination, energy experts are charting the course for how people worldwide will be able to rely upon Earth’s resources now and in 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.
Economic conditions have companies doing more with less and seeking innovation to survive and prosper with a “new normal” in terms of oil prices. SPE is a key resource for discovering the latest technologies and identifying techniques to resolve field challenges.

The *Journal of Petroleum Technology* (JPT) magazine reaches all members with synopses of more than 175 of the best technical papers from SPE conferences annually. It continues to be the go-to guide for technology developments and thoughtful editorial. In January, JPT® staff prepared a timely topical supplement on the opening marketplace in Mexico, exploring the opportunities that exist.

*OnePetro*® digital library provides the E&P industry with technical documents, scientific papers, and articles from SPE and 16 other organizations. With 3.4 million downloads this year, its breadth makes it an ideal research resource to simplify the process of finding solutions to problems.

*PetroWiki*® information resource is widely used by both students and professionals, with usage increasing by 150% this year. Searchable and focused, PetroWiki includes moderated content from SPE published books and member contributions.

SPE also brings knowledge to members through our Distinguished Lecture program. Over the year, 31 lecturers made 550 presentations at local section events globally, sharing their knowledge and expertise directly with colleagues. Many lectures from prior years were recorded and are available for viewing on demand through the SPE website. For those unable to leave their desks but still in need of training or insight that may spur innovation, SPE offered nearly 100 webinars, all of which are available on demand, whenever and wherever our members are located.
SPE IS...
Here to Help

SPE strives to create a mutually supportive, ongoing relationship with each of its members from university to retirement. Along the continuum of a typical career there are advancements, downturns, successes, and reboots. Membership in SPE provides timely, relevant benefits at each stage. This year, especially, SPE is prepared with reinforcements for the current challenges many members are experiencing. Some key benefits for members are:

- A new job board that includes global job openings in the oil and gas industry
- Membership dues waiver if unemployed or for other financial hardship reasons
- Health insurance for members, including a private health exchange for US members
- Free 1-day registration to attend the exhibition and special programs at some of our largest events for members who are out of work
- Free webinars for members on topics that help improve skills
- E-mentoring programs for young professionals who have not experienced a downturn previously
- Free, online competency management tool for members to assess their current professional capabilities and generate an individual development plan to address competency gaps

SPE IS...
Staying Connected

Networking with other members is a clear benefit of being part of SPE. SPEConnectSM is the virtual destination to meet, collaborate, and discuss technical challenges and solutions for SPE members. Members can readily reach out to fellow members worldwide through SPE’s secure portal. Social media continues to revolutionize the way people connect globally, and SPE is there, on Facebook, Twitter, LinkedIn, YouTube, and, new this year, Instagram. The number of people, especially students and young professionals interacting with SPE on social media grew by 135% this year, with more growth ahead.

“In 1987 I was unemployed during an industry downturn. I turned to the contacts I gained as an SPE member. I attended ATCE, networked with other members, and was able to find another opportunity through these contacts.”

Mark Rubin, CEO
Society of Petroleum Engineers
SPE IS...
Innovating with Events

Built on the solid foundation of its credible reputation, SPE’s events, conferences, and workshops adhere to a standard of excellence that members, attendees, and exhibitors expect.

Knowledge transfer is enhanced through networking, face-to-face conversations, and exposure to new people and places. SPE remains the industry leader for technical knowledge sharing at global events. Since events are at its core, SPE is experimenting to make them better, broaden their reach, and enhance networking opportunities.

Annual Technical Conference and Exhibition (ATCE)
27–29 October 2014, Amsterdam, The Netherlands
This was only the second time SPE’s Annual Technical Conference and Exhibition was held outside the US. SPE is broadening its reach with ATCE to provide members a greater opportunity to attend this important technical conference.

Caspian Technical Conference and Exhibition
12–14 November 2014, Astana, Kazakhstan
The inaugural SPE Caspian Technical Conference and Exhibition (CTCE), the first technical oil and gas conference organized by SPE in the region, successfully provided technical knowledge sharing to 500 attendees. With the immense potential for the oil and gas industry in the Caspian, events such as CTCE help oil and gas companies and other regional stakeholders work more closely together.

Offshore Technology Conference
4–7 May 2015, Houston, Texas
The Next Big Thing, d5 was a revolutionary offshore energy industry event which brought together creative professionals in an environment of innovation and inspiration. Presented on the fifth day of OTC, d5 addressed the industry’s biggest current and future challenges. Motivational speakers and group discussions spurred creativity by identifying the next big step for the energy industry in technology, leadership, and competitive advantages.

Coiled Tubing and Well Intervention Conference & Exhibition (CTWI)
19–21 May 2015, The Woodlands, Texas USA
The Coiled Tubing and Well Intervention Conference & Exhibition was honored by Trade Show Executive magazine as one of the fastest growing events in the US.
When you think about how SPE is involved in your work and your career, there is just no question that without SPE, this industry would not be where it is. The communication and networking at events is what people really need to interact with others to make some kind of contributions to problems that they are trying to solve themselves.

Ralph Veatch, Distinguished Member
Mid-Continent Section
SPE IS...
Educating the Public

SPE’s energy4me® program continues its outreach as an educational resource for teachers, students, and the general public. Through teacher workshops and classroom demonstrations, SPE promotes the study of science, technology, engineering, and math along with the benefits of working in the industry.

SPE’s newly-redesigned, easy-to-navigate energy4me website contains a wealth of factual information about the oil and gas industry, how it affects society, and how industry operations and practices can be explained to the general public.

SPE is also improving its outreach to members on how to discuss key challenges in the industry such as hydraulic fracturing. The hydraulic fracturing microsite is devoted to factual, credible information about the technical aspects of the fracturing process.

The Engineering and Technology History Wiki (ethw.org) launched this year is a collaboration between SPE and six other engineering societies providing historical information about the field of engineering. It is a wiki-based collection of oral histories, technology timeline, first-hand histories, and other resources allowing those in the industry to contribute their stories and memories easily.

### Energy4Me Facts

- **1,011 Teachers Trained**
- **1,006 Students Trained**
- **13 Countries Across the Globe**
- **6,514 Oil and Natural Gas Books Distributed (all translations)**
SPE IS…
Looking Towards the Future

Focusing on serving members’ needs now, SPE simultaneously has an eye towards the future. Programs for students and young professionals are a critical part of our mission, helping to create tomorrow’s innovators, leaders, and explorers.

SPE recently upgraded its eMentoring platform to improve the matching process and make communication between mentor and mentee easier. This program gives experienced members a way to contribute to the future of the E&P industry by sharing their professional insight and practical career advice with young professionals and students. Young professional also have an opportunity to serve as mentors to student to help ease their transition into the working world.

This year SPE piloted a Leadership Academy in Dubai and Houston, providing tools and resources to enhance leadership skills for younger managers seeking to transition from a technically-orientated individual contributor to a leadership role.

The Ambassador Lecture program is designed for young professionals to share their career development with university students. This year, 89 young professionals visited 36 universities in 15 countries to share the benefits of a career in upstream oil and gas.

The PetroBowl™ contest was expanded globally to include 103 teams from 28 different countries. Teams test their knowledge of the oil and gas industry against each other in six regional qualifiers. The final round took place at ATCE, bringing students to SPE’s flagship conference where they can expand their professional network and technical knowledge.

“SPE has been a vital part of my career. I can honestly say whatever reputation I have in the world in my field is because of SPE. I get calls even today from people who tell me, ‘I have your 1963 SPE paper, where you showed how to calculate downhole cards in a well.’ To me and all of its members, SPE has been a vital tool for learning and for communicating the latest things that are happening in the oil industry to the world. It can’t be overstated the importance of SPE in my life.”

Sam Gibbs
Permian Basin Section
Leadership

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Statoil

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ERM

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ConocoPhillips

Reservoir Description and Dynamics
Oliver Houzé
KAPPA Engineering
SPE’s financial condition experienced adversity during the second half of the fiscal year (FY) when oil prices began to fall. SPE had an operating loss of USD 6.8 million. Additional expenditures of USD 1.9 million in Member Advantage programs supported scholarships, energy education, OnePetro grants and faculty travel to SPE events. Investment income and the net change in SPE Foundation assets for fiscal year 2015 totaled USD 4.7 million. Overall, SPE’s net loss FY 2015 was USD 4.0 million. Total operating revenue for FY 2015 was USD 76.0 million compared to USD 84.8 million in FY 2014. SPE events performed well in FY 2015 earning USD 9.7 million in surplus, which was used to support a number of important programs for members. Over the past few years SPE has added a range of new or expanded programs such as faculty awards, competency management tools, the HSE Now publication and the Oil and Gas Facilities magazine, to mention a few. The balance sheet of SPE continues to be financially strong. Total assets are USD 107.0 million with net assets at USD 78.2 million for the year ending 31 March 2015.

**STATEMENT OF FINANCIAL POSITION**

Society of Petroleum Engineers (SPE) Stichting Consolidated Statement of Financial Position as of 31 March 2015

<table>
<thead>
<tr>
<th>Audited</th>
<th>USD thousands</th>
</tr>
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<tbody>
<tr>
<td><strong>Assets</strong></td>
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<tr>
<td>Cash and Cash Equivalents</td>
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<td><strong>Total Assets</strong></td>
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<td><strong>Liabilities and Net Assets</strong></td>
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<td><strong>Total Liabilities and Net Assets</strong></td>
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**STATEMENT OF ACTIVITY**

Society of Petroleum Engineers (SPE) Stichting Consolidated Statement of Financial Position as of 31 March 2014 and 31 March 2015

<table>
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<tr>
<th>FY 2014</th>
<th>FY 2015</th>
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<td>USD thousands</td>
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<td>Training Courses</td>
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<td>Net Change in SPE Foundation</td>
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<tr>
<td><strong>Net Surplus</strong></td>
<td><strong>11,045</strong></td>
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