

**State of Society Message by Behrooz Fattahi, 2010 SPE President
ATCE 2010 - President's Luncheon and Annual Meeting of Members
Florence, Italy**

I am grateful for having the opportunity to serve SPE, to visit with many of you around the globe, and make so many friends. But I am also sad that this grand experience is coming to an end.

I am speaking to you today on behalf of a great professional organization, one that has achieved prominence in our industry, and has extended its reach to more than 92,000 members in 116 countries around the globe, including a significant increase in the number of young members. We achieved nearly 4 percent growth this year, by making sure that we deliver high quality programs that serve your needs, wherever you are located and at all stages of your career.

As energy professionals, we face a grand challenge today -- how to meet global energy demand in a sustainable way that protects the environment. Now, at the end of my term, I believe more strongly than ever that as the largest, most global, and most prestigious professional society supporting our industry, SPE is well positioned to help the industry address this great challenge.

However, to play our role effectively, SPE must continue to face its own challenges.

- We must maintain the alignment of the vision and the purpose of the organization.
- We will have to maintain or improve the quality and integrity of our services, and to deliver them to all members wherever they may be.
- We also must continue to facilitate industry's discussions of critical technical and professional issues of the future.

In the past year, I worked to keep the focus of SPE on identifying what the members perceive as value, and on delivering excellent results. This includes listening to members and industry leaders to learn what their priorities were, what they defined as essential services from SPE and where they saw gaps in what SPE provides.

Importance of Volunteers

As a member-driven professional society, SPE relies heavily on volunteers to deliver diverse services and products to all members in all corners of this planet. I have seen first-hand this spirit of participation at work, and have encouraged members at all career levels to get involved in SPE.

As I have met with members across the globe this past year, I have focused our conversations on the critical issues that we must address in the coming years in order to meet our grand challenge of finding the energy that moves the world: Managing human assets, speeding technology development, and deployment in the field optimizing processes and encouraging collaboration, and addressing the equally important issue of the industry's public image, which has become even more of a priority with the recent accident in the Gulf of Mexico.

I have urged our members not to be threatened by these challenges. Challenges create opportunities, and our industry has to constantly show the ability to redefine itself and meet the adversities.

As a member-driven professional society, SPE relies heavily on volunteers to share their expertise and to deliver a wide range of services and products to members in all corners of this planet.

One of the cornerstones of my presidency has been making it easier for members to find volunteer opportunities at SPE, and to communicate their interest in serving. We created a Task Force on Volunteerism, and as a result of their efforts, committee charges and job descriptions for all volunteer positions are now posted on the Volunteer Section of the SPE website. You can now apply online for positions that interest you.

Robert Browning, the British poet, once said, "Our aspirations are our possibilities." I am ending my term as I began it, inviting members everywhere to become ambitious and aspiring volunteers, and not casual and expecting observers.

Addressing Critical Industry Issues

Another major focus this year has been initiating and facilitating discussions of critical issues of the future for our industry. We created SPE committees that

bring together experts on those topics to advise SPE on how we can support the industry in these areas.

- An SPE Sustainability Committee was formed to enable our industry's participation in the global sustainability discussion. This is an important subject for the industry, and an opportunity for SPE to truly make a difference and contribute. It is consistent with our core values of innovation and social responsibility.
- To address our industry's engagement of women in the workforce, I appointed a task force to examine what SPE has done in the past to promote the role of women in our industry, and to recommend all future actions needed to be undertaken by SPE. Today, women represent a significant portion of the educated talent pool in most of the developed and emerging world in a broad range of industries. Yet, the share of women employed in the US oil and gas industry stands at a mere 17%. SPE can help by encouraging more women to use their talents in our industry, and serving as a place for discussions on how to retain both young women and young men.
- The tragic event in the Gulf of Mexico this year also will be an important issue that SPE can help address. A task force of five SPE Board members is looking into the Deepwater Horizon's effects on the industry, and will create a preliminary plan outlining SPE's strategy and role in its aftermath. These efforts will include workshops focused on disseminating the results of industry work groups, forums to discuss the issues they raise, and public education on deepwater operations.

Offering More Technical Resources

Our core mission is global technical knowledge exchange, and we have added to the technical resources that SPE offers to help you solve challenges and improve results.

New online resources help you to find specific technical information, connect with members who share your interests and collaborate in communities, without regard to geography or time zones. We are making more technical content available. The audio and presentations from our larger events, including this ATCE, is available online for free to all participants with full registration. An

enhanced search engine will soon allow you to search all content on the website, including TIG postings.

Professional networking with world-class experts is one of the primary benefits of SPE membership, and we are making it easier to connect online with other SPE members who share your interests. More online enhancements are coming soon, including publication of our first electronic books and developing training through online webinars. We opened training centers in Houston and in Calgary, and are expanding our offerings of high quality training courses worldwide that address life-long learning needs of our members.

Delivering Services Globally

SPE is committed to delivering quality services globally. Holding our annual technical conference outside of the US is a historic milestone that highlights our global scope, and we are very pleased that so many of you have joined us in Florence. Since we are a global organization, our success depends on responding to varying geographical needs, including language.

Expanding SPE's global reach also means working with partners. This year, we signed a Memorandum of Understanding for intersociety cooperation with SEG and with EAGE to work on joint events, young member programs and other services for the benefit of all of our members. In the very important area of reserves definitions, we signed an MOU with the State Commission on Mineral Reserves of Russia to map their Russian reserves classification system to the SPE Petroleum Resources Management System.

If I can summarize what we accomplished this year in one sentence, it would be that SPE is enhancing global access to the knowledge, resources and connections you seek, so you can be more successful.

SPE's Financial Health

SPE has been able to make these improvements in a very challenging economic environment by keeping a tight rein on our costs. Even during this economic downturn, we continued our commitment to provide high quality products and services to our members worldwide.

Events are SPE's largest source of income. Attendance at our events was down slightly in 2010 because of company travel restrictions due to the economy,

especially during the first half of the year. We made a dedicated effort to cut costs while making the reductions invisible to our members.

As a not-for-profit association, the income we make from our conferences goes back to the members by underwriting programs that do not generate a surplus, but members consider of value, as well as creating new programs and services. Globally, SPE showed a small operating loss of roughly half a million dollars for 2010, and had a total net income of \$10.6 million including investment income. SPE's total assets are approximately \$74.6 million US dollars.

While our society is financially strong, we have another important asset not reflected in the balance sheet -- and that is our active volunteer members. Their valuable contribution through sharing their knowledge, and participating in SPE activities, add immeasurably to the value and strength of SPE. I have witnessed the enthusiasm and the passion of these volunteers, sometimes in heated discussions. And all of that with no expectation of material reward.

The Ultimate Volunteer Experience – Serving as SPE President

Serving as SPE president must be the ultimate volunteer experience. As the 2010 SPE President, I visited 28 countries, attending many international conferences, young professionals workshops, student education week programs, and SPE section meetings, plus visiting many university campuses. I gave hundreds of speeches and took part in many business meetings. These trips are very densely scheduled to advance SPE's mission, and they are expensive.

I have gained a great appreciation for the company support that enables our volunteers to offer their time and expertise in the service of SPE. I want to acknowledge the support that I have received from my company, Aera Energy. Aera has gone the extra mile for me, and has supported my engagement with SPE over many years. In my view, Aera is a role model for other employers in realizing the tremendous value to be gained through allowing and sponsoring employees' involvement in SPE.

I am also thankful for the hard work of SPE staff in making things happen. They work countless hours, and are under pressure to deliver excellence. They certainly have surpassed the very high expectations of many of us around the

globe. They work with many cultures, languages and customs, sometimes in remote locations, to bring our products and services to all of our members.

I would also like to offer SPE Foundation my gratitude for its many years of support of SPE programs, such as bringing the SPE.org to reality, and sponsoring the Distinguished Lecturers program.

It is this magical combination of participants and supporters that has made our SPE a unique and effective organization.

My years of association with this organization, has made my life profoundly rich and rewarding. I am immensely indebted to my wife Farzaneh for her many years of support, encouragement, patience, and sacrifice to allow me pursue my second love, volunteerism. Now I am at the end of my term, but I do not feel saying farewell is appropriate. My fortune in stumbling upon something so special has made a simple farewell difficult.

Gilda Radner, the American comedienne and actress, once said, "I wanted a perfect ending. Now I've learned, the hard way, that some poems do not rhyme, and some stories don't have a clear beginning, middle, and end. Life is about not knowing, having to change, taking the moment and making the best of it, without knowing what's going to happen next."

So, I do not know what will be next for me, but I am certain that I will continue to serve with enthusiasm and pride. I will continue to seek the moments, and will make the best of them as an eternal volunteer. This is not the end for me, and it is not even the beginning of the end. For me, it is the end of the beginning.

Thank You.