



Gulf Coast Section

September 17, 2009

TO: Board of Directors, Gulf Coast Section

FROM: Long Range Planning Committee

**RE: Letter of Transmittal
2009-2012 Long Range Plan**

The Long Range Planning Committee has met and developed initiatives to direct SPE-GCS business over the next three years. These initiatives were developed through discussion and research by the committee and include input from various segments within and outside of the GCS.

The committee recommends the Gulf Coast Section Board of Directors accept and approve this document. Approval is not to be considered an agreement to all initiatives outlined, only that these initiatives will be reviewed and studied by the appropriate Section members who lead these areas.

Basil Allam

Bill Bowers

Larry Foster

Roger Knight

Skip Koshak

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Approved by the SPE-GCS Board of Directors on _____ 2009

**Jeanne Perdue
2009-10 Secretary GCS**



Gulf Coast Section

2009 – 2012 Long Range Plan
Society of Petroleum Engineers
Gulf Coast Section

Gulf Coast Section Long Range Plan (2009 – 2012)

Introduction

The Gulf Coast Section (GCS) takes its position as the largest SPE section (14,000 members) and its location in the energy capital of the world (Houston, Texas) very seriously and with great responsibility. The GCS BoD remains ever mindful that excellence in the past in our rapidly changing industry and world does not provide us any opportunity to stop improving our current programs or undertaking new initiatives.

Strategic Planning is key given the size and scope of influence of the GCS. In 2005 the GCS developed a Strategic Plan which continues to drive the overall direction in all areas of our organization. The Plan's sections include: Technical Forums, Social Interaction, K-12 Outreach, University Programs, Scholarships, Enhancement of Public Image, Volunteerism, Membership, Attendance, Technology Dissemination, Preparation for the Big Crew Change, Financial Health, Governance, and Program Diversity.

The focus of the Long Range Plan (LRP) is to break down the 2005 Strategic Plan into near term (3-year) initiatives. The LRP was due for revision in 2007; however focus shifted to investigate educational initiatives to spend down assets. The Ad Hoc Education committee created to develop these initiatives, has completed its work and in 2009 the Board of Directors was expanded to include an Education Coordinator to pursue these educational initiatives that require significant resources of the Section to plan and execute. Attention has now turned to creating a new Long Range Plan.

The 2009-2012 LRP is contained in this document and presents updated initiatives addressing focus areas identified in the 2005 Strategic Plan. At the start, the LRP committee was unsure if these focus areas were still relevant and subsequently in March 2009 members of the Board of Directors were asked to brainstorm regarding their vision of the GCS in years ahead. The results of this activity indicated that focus areas of 2009 aligned with many of the focus areas of 2005 and therefore the LRP development continued with initiatives tied to the 2005 Strategic Plan.

A review of the SPEI strategic plan was made to determine alignment. Although difficult to make one to one comparisons, the GCS LRP was determined to be aligned "in spirit".

Note: Some of the background material found under each focus area has been taken from GCS documents such as annual reports, meeting minutes, website, etc.

Gulf Coast Section Long Range Plan (2009 – 2012)

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Attendance

Strategic Plan

The Section should increase overall attendance at all Section events. In a section as large as the SPE-GCS in the greater Houston area, we are constantly looking for ways to increase attendance at events in the face of uncontrollable obstacles like traffic, weather, and ever increasing work demands. Attendance can be maintained at healthy levels by focusing on factors we can control such as topic, relevance, advanced communication about meetings, venue, time, cost, and scheduling programs so as not to coincide with competing events. We need to broaden the appeal of programs in order to hit all demographics and needs of our membership, which will then result in increased attendance.

Goals

- A) Increase attendance by focusing on factors that can be controlled
- B) Broaden programs to incorporate all demographics and needs of membership

Recommendations

- 1) Reduce competing events
- 2) Program Coordinator to review largest draw events and determine why these are successful. Coordinator should communicate these findings to other event/study groups.
- 3) Improve communication between study groups and event coordinators. Do not schedule more than 3 events in one day or 5 events in one week.
- 4) Survey Young Professionals to determine interests and why small percentage are involved in YP programs
- 5) One other study group create event similar to the successful PF&C summer series.
- 6) Increase Board of Directors meeting attendance to average 75%. Investigate remote attendance methods.

Boundaries/Conditions

- Available budget for surveys. A YP survey should be evaluated in context with Section-wide survey.
- Downturns in the industry can impact attendance
- Board of Directors agreement to strive for attendance goals at Board meetings

Financial Need

YP survey could cost \$5-10,000

Human Resources Need

- Several of the initiatives require significant time from the Program Coordinator therefore additional volunteer support may be needed (1 volunteer).

Background

Most SPE-GCS study groups have set dates for their monthly meetings. When sporting events and special workshops / seminars occur on the same dates, then there is competition on attendance. On April 21, 2009 there were 5 competing events with the Golf Tournament occurring on April 20th. Most groups work autonomously, however there needs to be increased communication to attempt to reduce these competing events.

In the 2005 membership survey, “topic” was the number one reason for attendance at a Study Group event. Continued focus on relevant topics should keep attendance numbers consistent. Out of the box thinking with regard to programming will also facilitate attendance.

The Board of Directors monthly meeting attendance has averaged roughly 65% of voting members with some meetings only reaching minimum attendance for quorum (10). It is understandable that business and personal needs will keep a member from attending a Board meeting, however if this becomes a continuous absence, then the Chair should meet with that Board member to determine if they can continue with their commitment to the Section.

The Communications Coordinator, GCS Administrator and GCS Chair should investigate alternative meeting capabilities for those that cannot physically attend a meeting.

Education Overview

Although the Strategic Plan and this LRP address various educational segments, the SPE-GCS recognizes learning is life-long and initiatives should address all aspects of this continuum. The Education Spectrum (Attachment 1) presents a graphical representation of SPE-GCS focus areas plotted against various categories of beneficiaries. This Spectrum provides a foundational framework within which to both communicate our objectives as well as to evaluate potential future efforts.

In 2006 an Ad-Hoc Education Committee was established to identify initiatives to increase external educational expenditures. The findings of that committee were presented to the BoD in May 2007 and many of the recommended initiatives have been undertaken. Initiatives pursued to date can be found below.

2008-09 Initiatives

Houston Community College Energy Institute Petroleum Technology Program Scholarships
North Harris Montgomery County College (now Lone Star College) Pipeline Scholarships
Houston Consortium for the Advancement of Science and Engineering (HCASE)
University of Houston Endowed College Professorship in Petroleum Engineering

2007 – 08 Initiatives

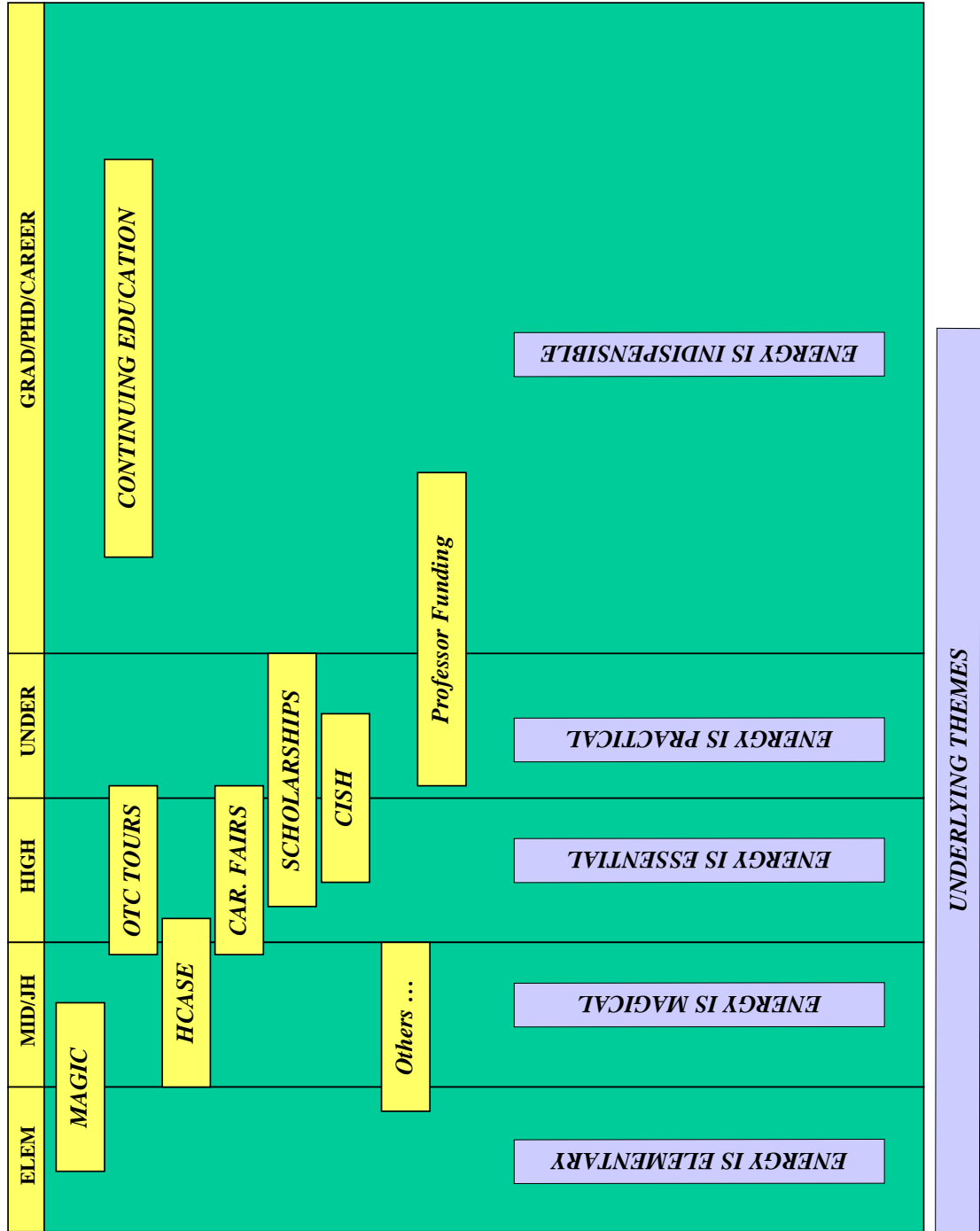
Houston Community College Energy Institute Petroleum Technology Program Scholarships
North Harris Montgomery County College (now Lone Star College) Pipeline Scholarships
Houston Consortium for the Advancement of Science and Engineering (HCASE)
University Young/New Faculty funding

Included:

- K-12 Outreach
- Scholarships
- University Programs
- Programs for Professional Competence

Attachment 1: Education Spectrum

SPE GCS 2009 LRP Education Spectrum



K-12 Outreach

Strategic Plan:

The Section should support outreach programs in area primary and secondary schools to encourage students to develop their abilities in mathematics, science, and engineering, which will ensure that our industry will have a future supply of bright, qualified workers.

Goals

- A) Continue to support efforts to expand math and science in K-12 schools.
- B) Continue to promote engineering as an option in K-12 schools.

Recommendations

- 1) Education Chair assign K-12 Sub-committee to liaise with Independent School Districts (ISDs) and identify strategic contacts in each ISD. HCASE contacts to be utilized.
- 2) Identify efforts by other professional organizations to liaise with schools and partner with them.
- 3) Continue Magic Suitcase efforts. Continue to update materials and utilize energy4me sources.
- 4) Continue Recruiting Fair efforts.
- 5) Identify K-12 education related volunteer opportunities (math and science fairs, etc).
- 6) Education Coordinator to work with Membership Coordinator to ensure supply of volunteers to staff pursued opportunities
- 7) Continued emphasis on reaching middle and elementary school students including sponsorship and support of teacher workshops. Increase Exploring Earth Science Institutes to 2nd workshop on north side of town.
- 8) Determine way to increase intern placement

Financial Impact

Additional Exploring Earth Science Institute - \$15,000

Updating Magic Suitcase Materials – in budget

Additional volunteers – no cost

Increase in intern placement -- minimal

Human Resource Needs

K-12 Subcommittee Chair

Conditions/Boundaries

- Familiarity with ISDs and their openness to liaison and participation
- Ability to partner with other industry organizations
- Coordination with ongoing efforts such as HCASE

Background

The GCS is currently involved in several educational initiatives for K-12. As described in the annual report, these include:

Exploring Earth Science – A Summer Institute

The primary goals of the summer institute are to 1) train/educate grade 4-8 science teachers in aspects of geology, earth science, environmental science, and energy content areas 2) provide participants with lessons/materials for classroom integration and 3) link workshop topics with student career considerations.

Science and Engineering Fair of Houston

SPE-GCS is a special awarding agency for the fair and provides cash awards for outstanding projects related to the petroleum industry. The winners are recognized during the SPE-GCS Annual Scholarship and Awards Banquet.

Houston Consortium for the Advancement of Science and Engineering (HCASE)-

This program provides programming to better educate 8th grade algebra teachers in order to improve the learning experience of 8th grade students. Members of the SPE-GCS Board of Directors participate in an Advisory Board for this program where program strategy, teacher goals, significant issues/challenges, and recommendation to overcome these challenges are addressed.

Via our HCASE involvement, SPE-GCS can tap into the University of Houston's extensive stakeholder network to include liaising with Independent School Districts. This has already been mentioned to Marshall Schott with UofH and he is supportive. SPE-GCS does not need to create a new network, but tap into an existing one.

Along those lines and in accordance with a desire for more tangible member interaction regarding education support efforts, the HCASE Advisory Board has endorsed the idea of funding entities (SPE and Shell for now) deepening involvement in the program by having members "adopt" a teacher in the program to be a direct link back to HCASE as well as a resource to assist with classroom interaction with students (and a variety of other options including site visits to facilities like Shell's 3D Seismic Viewing room at Woodcreek). This crosses activities between Education and Volunteer and has really interesting synergies.

SPE Magic Suitcase

The mission of the Magic Suitcase Program is to enable and encourage SPE-GCS members to speak to groups of elementary, secondary, and senior high students and adults about the oil business, thereby increasing public understanding of the science and engineering involved in our industry.

Recruiting Fairs

Attracting bright students to apply for SPE-GCS Scholarships is one of the main purposes of the section recruiting fair program. The event brings together students in an effort to introduce them to the oil and gas industry, as well as SPE, by having them listen to various speakers (several who relate their first-hand experience in benefiting from scholarships in college).

The purpose of the fairs is to excite students about petroleum engineering through short lectures from a young professional, a university recruiter, and an experienced professional followed by an SPE-GCS representative discussing scholarship and high school internship opportunities.

Internships-

The SPE-GCS offers an internship program to scholarship winners, whether petroleum engineering students or not in the petroleum industry each summer. The objective is to foster an understanding of the petroleum industry through on-the-job training.

Scholarships

Strategic Plan

The Section should support scholarships for college students to study engineering. Scholarships should be our first priority for external funding, so setting aside funds during prosperous years to generate income for perpetuity will provide a resource for the lean years in the future.

Goals

- A) Continue to directly support Petroleum Engineering graduation
- B) Ensure financial ability to deliver committed scholarships
- C) Ensure financial ability to potentially increase scholarships
- D) Scholarships are first priority for external funding

Recommendations

- 1) A review of the scholarship program in total needs to be conducted to determine a means to evaluate the effectiveness of the programs.
- 2) Project future financial obligation for next three years based upon committed scholarships and program attrition rate. Hold future estimated commitment as part of reserve.
- 3) Education Coordinator to evaluate expanding scholarship program to non-Petroleum Engineering majors.
4. Continue with support of non-petroleum engineering scholarships such as CISH, HCC Petro-Tech, & Lone Star Bridge scholarships

Financial Impact

Expansion of PtE scholarship program at current \$3,000/year would be up to \$12,000 per additional student.

Human Resource Needs

Current scholarship committee is well staffed and should be able to handle any additional initiatives

Conditions/Boundaries

- Volatility of financial markets could undermine the ability of the GCS to earmark funds for future expenditures
- Industry downturn could reduce GCS income making expansion of scholarships unrealistic during period of this LRP

Background

College/university scholarships have been a long term priority for external funding by the GCS. These scholarships are a large part of the GCS budget and are potential large commitments in the future. In addition to University scholarships, the GCS Ad-Hoc Education Committee recommendations to fund additional scholarship opportunities have been pursued.

The SPE-GCS needs a long-term outlook plan regarding the funding commitments, funding availability, and success of the program (defined plainly and measured fully). Effectiveness of the scholarship program needs to be evaluated.

As noted in the 2009 annual report scholarship initiatives include:

Petroleum Engineering Scholarships in 2009

The SPE-GCS and the Houston SPE Auxiliary agreed to the scholarship amount of \$3,000 per year and combined to commit \$99,000 in new scholarships for 33 Houston area high school graduating senior students. Scholarship funds are awarded annually to outstanding local high school seniors who plan to pursue a career in the petroleum industry and/or will major in engineering or science. The SPE-GCS will renew \$111,000 in scholarships to 37 of the program's prior recipients, all of whom are majoring in petroleum engineering and have met the requirements for renewal. The SPE-GCS also awards \$3,000 annual scholarships to "at risk" high school seniors in partnership with the Communities in School Houston program. These scholarships are now renewable for four years. SPE-GCS has committed to 7 new and 10 renewal scholarships for a total of \$51,000. SPE-GCS also funded \$10,000 in scholarships to Petroleum Technology Associates degree program students in the Houston Community College. The 2009 total scholarship commitment by the SPE-GCS and SPE Auxiliary totals \$271,000.

Communities in Schools Houston (CISH)

CISH is a non-profit organization dedicated to reducing the number of school dropouts (mainly in 'inner-city' schools) in the Houston area. This program targets "at-risk" students who volunteer to be included in the program and pass CISH entry standards of commitment.

Houston Community College Petroleum Engineering Technology Scholarship Program

There has been a well-publicized need for new petroleum engineers to learn from and eventually replace an aging workforce. Coupled with this is a growing need for petroleum technologists – men and women trained to support professionals engaged in the development and operation of oil and natural gas extraction and processing facilities.

Lone Star College Scholarships

The GCS has provided "bridge" scholarships to eligible students of Lone Star College (formerly North Harris Montgomery Community College) designed to encourage community college students to continue studies in a four-year engineering degree. The scholarship is awarded to selected Lone Star students who transfer into accredited, four-year Petroleum Engineering degree programs. The scholarship is unique at Lone Star, as it does not support a student currently enrolled in the community college. Instead, scholarship funds are disbursed during the first semester of enrollment at the 4-year university as a means of easing the financial transition from community college to university level. After the first semester, recipients of the SPE GCS Lone Star scholarship are automatically transitioned to the SPE GCS Petroleum Engineering program providing they have met the necessary academic requirements.

Funds for scholarships are raised through technical workshops, seminars, symposia and study groups, continuing education programs, golf, sporting clays and tennis tournaments and numerous company sponsorships.

University Programs

Strategic Plan

The Section should support where appropriate and encourage members to volunteer their time for university petroleum industry related programs. This volunteerism gives members an avenue to provide mentoring to those who will eventually become our colleagues. Support of student SPE chapters is of paramount importance if we are to convert the student SPE memberships to full-time SPE memberships upon graduation.

Goals

- A) Encourage members to volunteer in university programs
- B) Support SPE student chapters

Recommendations

- 1) Young Professionals Group kick-off SPEI Ambassador Program
- 2) Member of GCS BoD should visit each University student chapter program at least one time per year.
- 3) Invite student chapter leaders to a BoD meeting once per year
- 4) One SPE-GCS directorship to be designated from an educational entity (university, etc)
- 5) Support establishment of UofH student chapter should they carve out individual chapter from Rice
- 6) Evaluate having Section retirees speaker group for universities (under Education Committee)
- 7) Education Committee to determine method of gauging results of U of H endowed professorship pledge.

Financial Impact

- Approx \$500 for each speaker to attend a university function if speaker traditionally pays for dinner
- Mileage reimbursement for speaker to attend a university function
- U of H pledge -- \$250,000

Human Resources Needs

- Several hours for each university visit.
- Coordinator for retiree program
- Minimal for student leaders to visit BoD meeting.

Conditions/Boundaries

- Availability of Young Professionals to pursue Ambassador Program
- Willingness of retirees to visit universities

Background

The SPE-GCS has elected to fund an endowed professorship in petroleum engineering at the University of Houston. The Cullen College of Engineering at the University of Houston will begin accepting students into a new bachelor's degree plan in petroleum engineering in the fall semester of 2009. The new degree plan at UH is intended to help replenish the petroleum industry's aging workforce and to access a demographic talent pool not adequately addressed in the recent past. Approved by the Texas Higher Education Coordinating Board (THECB) on January 29, 2009, the degree program will combine the fundamentals of petroleum engineering and geosciences with economics, energy law and business. The program along with a pre-existing master's degree option aims to fill gaps in the workforce and arm graduates with the skills need to respond to the evolving industry.

SPE has recognized that a gap is forming during the transition between student involvement to industry involvement in SPE. Generally, students use SPE as a means to acquire a job; once they are employed, though, their interest in SPE dwindles rapidly. In connection with the SPE International Student development Committee, the SPE-GCS YP Board is leading the way to facilitate the pilot program that will begin reaching out to the local student chapters, namely TAMU and UH/Rice. The needs for each school are different, but with a coordinated effort, there are many possible gains for both schools as wells as SPE-GCS. Student chapters will gain exposure to local chapters and to the challenges and developments in the industry, whereas SPE-GCS will have a chance to recruit and mold future engineers that will be entering the industry. Student chapter meeting notices are posted on the SPE-GCS website.

The SPE-GCS Student Chapter Support Program includes the chapter at TAMU and the joint chapter of Rice/UofH. SPE-GCS Student Chapter Support liaisons assisted with planning and funding monthly student chapter programs whenever possible, including arranging for topical speakers at chapter meetings and making arrangements for section volunteers to participate in other functions. SPE-GCS has placed a link to the student chapter sites on the SPE-GCS Website under community services. The student members volunteered in varying capacities at recruiting fairs, Earth Science Week and other SPE-GCS community services events.

SPE-GCS has supported general chapters, paper contests, and golf tournament at TAMU. Volunteers from SPE-GCS serve as judges for both chapters' student paper contests.

Programs for Professional Competence

Strategic Plan

The Section should host study group meetings, continuing education activities, workshops, symposiums and conferences to provide opportunities for members to keep their technical skills current. All of these activities should strive to provide continuing education credits for professional engineering certification.

Goals

- A) Continuing Education Committee should focus on increasing opportunities for members to further develop their professional talents and provide continuing education credits
- B) The SPE-GCS should be recognized by Section company training organizations as a legitimate source of professional training.

Recommendations:

- 1) Partner with SPEI in delivering continuing education courses.
 - o These should cover all six SPE disciplines
 - o More courses should have SPE ownership of the intellectual property instead of the instructors.
- 2) Continue to offer the Introduction to the Oilpatch and the one hour Engineering Ethics course
- 3) Consider offering fundamental events for interns at very low cost during the summer months in a “soft launch” format, prior to the Fall launch of the full calendar in the new training center
- 4) Consider using podcasts on Distinguished Lectures to provide media for future computer based training
- 5) Production Facilities Study Group should communicate their learnings from their successful 6 event summer Knowledge Workshop
- 6) Education Committee should liaison with Section companies to establish training focal points or contacts within their organization
- 7) SPE-GCS should partner with academics, industry, and government to deliver programs.
- 8) Career Management Committee should be a partner with the Education Committee on Continuing Education initiatives.
- 9) Each study group should come up with an idea for a focused workshop.

Financial Impact

Costs will vary significantly depending on participation from other groups. In general, courses that do not generate enough reservations to break even will be cancelled before significant expenses are incurred.

Human Resources Needs

Human resources needs should not increase significantly over current levels, estimated to be 100 to 200 hours a year.

Conditions / Boundaries

- Current activity level should be attainable. Increasing the training calendar may meet some resistance due to current economic conditions. The GCS Continuing Education must be willing to try new offerings but must also be vigilant and cancel offering that are not economic.
- Company willingness to engage in training discussions with SPEI and GCS

Background

The SPE-GCS has ongoing regular meetings including the following area and study group meetings: General, Safety and Environment Study Group, Career Management Study Group, Northside Study Group, Drilling Study Group, Digital Energy Study Group, Westside Study Group, Reservoir engineering Study Group, Projects, Facilities, and Construction Study Group, Completions and Production Study Group, Permian Basin Study Group, Petro-Tech Study Group, Young Professionals and Business Development Study Group.

All study groups with the exception of Business Development, Completions & Production, Petro-Tech, International, Safety and Environment, Digital Energy and Young Professionals schedule their meetings on a monthly basis from September or October through May or June. Most study groups conduct luncheon meetings except the Business Development Study Group, which usually meets in the early evening with a networking hour before.

In addition to regular meetings, the SPE-GCS sponsors several courses, seminars, and workshops. These have included:

- Oil Patch Orientation
- Decline Curve Analysis
- Drilling Symposium
- Expanding Facilities Knowledge Workshop
- ESP Workshop
- Digital Energy Conference

Training Center

SPEI and SPE-GCS held a meeting on 4/9/2009 regarding the new training center at the SPE offices in Houston. The following are outcomes of that meeting.

- o SPEI will open a training facility at their Houston office on Westheimer. The GCS will use these facilities when practical
- o SPEI will provide the current menu of 40 available courses
- o GCS will host the continuing education courses offered in Houston by SPEI. Revenue sharing will be per the Sections Operations Manual. Further details to be negotiated and documented in a memorandum of understanding
- o SPE-GCS will advertise the training calendar on the newsletter and the GCS website. SPEI will advertise the training calendar on spe.org
- o SPE-GCS will publish an article on the new training center
- o Houston based volunteers on the SPEI Continuing Education Committee will be asked to join the SPE-GCS committee

Enhancement of Public Image

Strategic Plan

The Section should make a concentrated effort to improve the public's understanding of our industry by communicating its importance through education of the general public. Our communications programs should be designed to arm our membership with facts about our contribution to society as a whole. Our committees should reinforce the message during their opportunities to interact with the public, such as in contributions of service and funds to our local community.

Goals

- A) Concentrated effort to educate the general public about the oil and gas industry
- B) Communications programs should be designed to arm GCS membership with facts about the oil industry's contribution to society
- C) Committees should reinforce the message during interactions with the public

Recommendations

- 1) GCS should be a strong supporter of energy4me. This should include a link to the energy4me.org website from the GCS website as well as information in the newsletter
- 2) GCS should take every opportunity to pass out the Oil and Natural Gas Book published by energy4me. This would include teachers, libraries, local public leadership.
- 3) Website should include links to other oil and gas industry educational sites
- 4) GCS should supply GCS T-Shirt for those working community service events where there is interaction with the public
- 5) All members working community service & social events should be well informed on the industry in general and be prepared to answer questions from the public. Information about the SPE-GCS should be available at each event.
- 6) Study groups can select a charitable organization approved by the Community Services Coordinator where 15% of their profits up to \$500 can be donated.
- 7) Community Service Coordinator should continue to evaluate new public service initiatives without sacrificing the execution of current activities.
- 8) Magic suitcase should be supplemented with list of general industry information to supplement materials (sources such as energy4me.org).
- 9) Continue to grow the Scouting initiative to include a merit badge.

Conditions/Boundaries

- T-Shirt purchases should be evaluated within the context of the general budget. Money should be spent only if available.
- Information available for public will need to be continually updated.

Human Resources Needs

- Development of materials for Magic Suitcase (10 hours)
- Increase in volunteers for Scouting initiative(s)

Financial Needs

- T-Shirts – supply to be kept at GCS office (\$5,000 per year)
- Study Group contributions to charity would reduce income by up to \$6000 (dependent on study group profits)
- Books for distribution to schools, etc. could cost \$5-10,000 in first 2 years. It is estimated that this amount will be lower in subsequent years.

Background

SPE-GCS interfaces with the general public mainly through our Community Service and Educational Committee events. The SPE-GCS should look at these events as opportunities to educate the general public on the oil & gas industry in general.

Having each SPE-GCS volunteer wearing a T-Shirt will allow them to be easily identified at an event and capture SPE-GCS's involvement in the event.

Having study group recommendations of charities allow the Community Service Committee outreach in areas beyond just the committee. Community outreach is dependent on volunteers and initiatives will require more volunteers to spearhead new events and help those already underway. Allowing study groups be involved in the charitable side of Community Service allows the Committees to have a greater reach and also empowers them.

In 2009 one of the best examples of a new tool being adopted to help the SPE-GCS enhance the general public's perception of our profession and industry is the establishment of a new relationship with the Boy Scouts of America. We worked with members of the Sam Houston Area Council leadership to identify ways to bring SPE-GCS members in contact in a formal way with some of the over 60,000 kids and their families and scouting in the area. In addition to Scout Fair, discussions are continuing on how to formalize an SPE network for Merit Badge Counselors in Energy.

Financial Health

Strategic Plan

The Section should concentrate efforts towards ensuring the overall financial health of the Section. Financial health is another key diagnostic of a healthy section, and a long-term vision is required to ensure that our funds will meet our Section's needs. Striking a balance between the internal spending that goes directly to the benefit of our members such as technology transfer and social activities, and the external spending that supports education, outreach and our community is a goal for our section. The documentation of "Financial Guidelines and Authorities" and the formation of a Financial Board of Advisors will provide further guidance.

Goals

- A) Continued financial strength with funds meeting financial needs
- B) Strike balance between activities for member benefit and external spending supporting education, outreach and community
- C) Continued use of Financial Guidelines and Authorities as guiding document and as needed Financial Board of Advisors

Recommendations

- 1) Continue focus on financial strength with funds meeting financial needs
 - a) Keep reserve funds equivalent to future commitments plus 2 months operating costs
 - b) Build upon successful income producing activities
- 2) Strike appropriate balance between internal spending for member benefit and external spending supporting education, outreach and community
 - a) Value price events and activities. Strive to reduce lunch/event costs
 - b) Look for efficiencies between events such as using same registration company
 - c) Look for partnership opportunities with other societies and organizations to both better fit member needs and improve financial returns
 - d) Review current internal member benefit spending against external spending to note if any imbalances exist. Any new initiative should be reviewed in context of keeping balance.
- 3) Periodic Review of Financial Guidelines and need for Financial Board of Advisors
 - a) Periodic review of the Financial Guidelines and Investment should continue.
 - b) An independent accounting firm reviews accounting procedures annually. This review along with conservative investments has eliminated need for Financial Board of Advisors. This should be periodically reevaluated.
 - c) LiveLink is currently the accounting program used by the Section. Improvements should be continuously reviewed and implemented to make this process efficient and painless for those using the system.

Financial Impact

Costs to implement should be minimal

Human Resources Needs

Minimal for internal recommendations. Partnership opportunities will need to be evaluated as they are determined.

Condition(s) / Boundaries

Current global economic condition could put stress on financial strength and activity attendance. Also, internal membership needs may outweigh external spending.

Background

The Gulf Coast Section has the following sources of income –

Tennis Tournament

Golf Tournament

Sporting Clays Tournament

Continuing Education Programs

Corporate Donations to Scholarships

Corporate and Individual Sponsorships of Recruiting Fairs

Corporate Sponsorships for Social Events, Golf, Tennis, Sporting Clays Corporate

Sponsorships for Digital Energy Workshop

Membership Rebates and Stipends from SPEI

Minimum profit from study group and other regular meetings

Newsletter profits

Study Group Workshops and Symposia

Website Advertising

Gains from Investing Reserve Funds

The Section currently has not elected to assess section dues.

Financial Guidelines and Authorities and Investment Guidelines documents were updated and approved by the Board of Directors in July 2009. Section Bylaws were updated and approved in March 2009.

The GCS continues to take a very conservative approach to the investment of its funds and commitment to new initiatives. Treasury procedures continue to improve and continue to receive no exception on our financial review by an independent public accounting firm.

Governance

Strategic Plan

*The Section should employ appropriate governance, which will define checks and balances to protect the integrity and ethics of our volunteers, and provide a roadmap for the Board of Directors (BOD), while still providing freedom to develop new programs to creatively advance our mission. Improved transparency, adherence to the principles of Sarbanes-Oxley, and formation of subcommittees can help streamline the discussion of projects in BOD meetings and improve the efficiency of operations. Section **Bylaws**, the **Strategic Plan**, and the **Three-Year Plan**, and current procedures for operations, are posted at:*

[www.spegcs.org/About SPE-GCS/Governance](http://www.spegcs.org/About%20SPE-GCS/Governance)

Goals

- A) Improved transparency
- B) Adherence to principles of Sarbanes-Oxley
- C) No conflict of interest issues

Recommendations

- 1) Follow principles outlined in *Financial Guidelines and Authorities* document dated July 16, 2009 and recommendations in the *Investment Policy* document dated July 16, 2009.
- 2) Conflict of Interest requirements should be completed early in Section year.
- 3) Continued use of Audit Committee to maintain compliance. A charter should be created and posted for the committee. Members should have staggered terms.
- 4) Continued training of study group/committee treasurers on governance processes. All documents necessary for a study group should be in a single “go-to” location on the website. All volunteers of the GCS should be able to locate these documents quickly.
- 5) Change name of the 3-Year Plan or Long Range Plan to Operating Plan. This will reduce confusion with the Strategic Plan.
- 6) Strategic Plan is due for revision by 2010. Vice-Chair should initiate work to update and roll out updated Strategic Plan in 2010.
- 7) This Operating Plan should be reviewed and updated as appropriate to align with updated Strategic Plan.
- 8) Executive Committee should review GCS disaster preparedness. Update as necessary.
- 9) Every 5 years review Committees and Study Groups to determine health. This should be done on a staggered basis.

Financial Impact

Minimal

Human Resource Need

- 1) Committee led by Vice-Chair to update Strategic Plan. This will take an estimated 100 person-hours

- 2) Webmaster – estimated 10 hours to organize governing documents. This time should be offset by time savings of section leaders locating documents.
- 3) Treasurer – estimated 2 hours per month to include future commitments on month Treasury report

Conditions/Boundaries

- It should take no more than 5 minutes for any volunteer to locate important documents on the SPEGCS website.
- Volunteers should have flexibility and reasonable control over their study groups, events, committees, and programs so as to engender maximum motivation, pride, and overall benefits of their volunteer efforts.

Background

During 2005 the GCS developed many of its governance documents. These included the *Investment Policy, Financial Guidelines and Authorities, Board of Advisors Charter, Strategic Plan, Succession Planning*. These documents give direction for the operation of the Gulf Coast Section.

In March 2009, the GCS membership approved updates to the Bylaws which included expanding the Board of Directors to include an Education Coordinator.

In July 2009 the Board of Directors approved updates to the Investment Policy and the Financial Guidelines and Authorities documents. Prior to this action, the updated documents were reviewed by the Audit Committee.

Improved transparency and ease of locating and understanding all aspects of our business is aided by centralized governance policies and procedures as well as planning documents on the GCS website. However, continued vigilance is needed to ensure all necessary up-to-date documents are available and historic documents are not mistaken for current ones.

The Audit Committee is currently operating without a charter. The Committee remains active and in charge of conflict of interest compliance and the annual financial review by an independent accounting firm. Recent annual reports outline the Committee's roles and responsibilities; however a charter should be developed and posted on the GCS website outlining its Mission and Responsibilities.

Membership

Strategic Plan

The Section should increase membership. Increasing membership is a topic aligned with promoting volunteerism. Attendees at SPE events who have fun and who enhance their technical knowledge will be more likely to join SPE. SPE members who enjoy their membership involvement will invite their colleagues to join SPE. Membership trends are subject to outside influences, such as the transfer of engineers to Houston as employers close regional offices elsewhere, centralizing their operations in the city known as the Energy Capital of the World. Thus, increasing membership isn't a stand-alone goal for the section, but rather a diagnostic that will indicate a successful, healthy section.

Goals

- A) Increase membership by focusing on both bringing in new members and retaining current ones.
- B) Make being an SPE member enjoyable

Recommendations

- 1) Determine main reasons why GCS loses members and demographics of those members. Determine if top reasons can be addressed by the Section.
- 2) In 2010 conduct updated membership survey to ensure membership demographics are represented in volunteers and programming.
- 3) Improve Career Management focus area by EOY 2010. Be proactive on membership needs during industry upturns and downturns.
- 4) Utilize SPE-GCS blog to increase membership communication.
- 5) Update the Ambassador Program with member employers. Rename program to eliminate conflict with SPEI Ambassador initiative
- 6) The Section should emphasize the benefits and relevance of being an SPE member. This could include links to SPEI membership benefits as well as GCS benefits.
- 7) Awards Banquet Committee should investigate giving a complementary ticket to the Awards Banquet to award winners.
- 8) Keep Young Professionals involved in the GCS. Utilize their energies and talents.

Boundaries / Conditions

The GCS should not focus on member retention areas where it has no control.

Financial Requirements

- Membership survey (\$10-15,000 est.)
- Free ticket for award winners (\$500-1000 per year)

Human Resources Requirements

- Updating the company Ambassador Program and members to present at their companies (10 hours to update / 2 hours to present per member)
- Utilizing blog at minimum (few hours per month)
- Membership Committee to determine why lose members and what their demographics are (20 hours)

Background

The SPE-GCS Membership Committee is responsible for developing programs and supporting efforts targeted at the recruiting, retaining and reinstating members. The Section currently has approx. 14,000 members.

Currently the SPE-GCS is not implementing any initiatives to recognize recruitment efforts outside of those offered by SPE International.

A Young Professionals Board of 16 members develops and coordinates Section activities directed at SPE members with less than 10 years of industry experience. This is a small group compared to the approximate 20% of SPE-GCS membership that are classified as YP's. The last membership survey of the Section was conducted in 2005. Reviews of the survey demographics as well as age introduce questions on whether it reflects the YP's of today.

Currently those receiving complimentary tickets to the Awards Banquet includes scholarship winners (plus 2), Legion of Honor Awardees (plus 1), Science and Engineering Fair winners (plus parents), Keynote Speaker (plus 1), Emcee (plus 1). Award winners are required to purchase a ticket to the banquet.

Preparation for the Big Crew Change

Strategic Plan

The Gulf Coast Section should focus efforts on preparing its members and the industry for “The Big Crew Change.” The cyclic nature of our industry has produced skewed demographics of petro-techs in the ranks of many employers. SPE-GCS’s efforts towards recruiting, scholarships, internships and industry image are in alignment with the goals of most employers. Recruitment and retention of engineers is a topic of great interest to management in our industry. Knowledge transfer is rapidly becoming an important topic, and we should leverage the knowledge in our “second-career”, experienced membership base through innovative programs that foster interaction between experienced and younger members. We should encourage involvement of younger engineers and share the knowledge of our more experienced members in all areas, including technology, project management, business processes, and career management.

Goals

- A) Increase young professional involvement in GCS activities
- B) Leverage the knowledge of our experienced membership base through innovative programs that foster interaction between experienced and younger members

Recommendations

- 1) Review succession process to ensure movement of YP’s into study groups/committees
- 2) Update YP Charter to change YP Board term limits to staggered transition
- 3) New survey of membership to ensure YP as well as retiree input is included in GCS event planning.
- 4) Survey member companies to see what they are doing to bridge the gap.
- 5) Encourage study groups to contact the YP’s for joint events. Encourage committees to include YP’s in their event planning.
- 6) Include retiree insight in YP event planning of events such as Petro-Bowl, Emerging Engineers Conference, and Roughneck Camp.
- 7) Develop GCS events that attract multi-generational attendees
- 8) Evaluate having study group that focuses on retirees, but also links to YP’s. This could include remote technology transfer for those unable to leave homes.

Conditions / Boundaries

- If retiree program is not well received, it should be dropped
- Survey of companies should be dropped if too difficult to determine or resistance seen.

Human Resources Needs

- Member of YP Board to focus on these recommendations
- New volunteer on Program Committee to initiate retiree study group

Financial Needs

- Minimal

Background

Current SPEGCS membership includes 20% Young Professionals (less than 10 years experience) and large number with greater than 30 years experience (actual number unavailable).

The Young Professionals Board is elected annually to steward YP activities for the Section. The Board currently has a complete turnover every year which creates inefficiencies. Having staggered terms would increase continuity and facilitate learnings from one year to another.

Of the approximate 3000 YP's in the GCS, less than 1% applied for the YP Board in 2009 and only 1-3% attends YP functions. It is unknown if this is a lack of knowledge, time, or desire. Increasing involvement by the YP's should be a priority.

Those nearing retirement are a wealthy source of knowledge that is moving out of the workforce. Transferring this knowledge to the new generation should be a priority.

Program Diversity

Strategic Plan

The Section should broaden our scope and deliver topics of greater interest to our membership by diversifying our programming. SPE members would like to see more joint meetings with other societies in order to provide more cross training in secondary disciplines. We will also focus on opportunities to conduct joint conferences where financial responsibility and control over content is shared. Section content should represent section demographics. Succession planning to ensure balancing the demographics between generational groups, disciplines, and employer types in committees will tend to provide a wider variety of programming. More case studies on solutions to technical problems, and programming should be presented, including as many spreaders from small companies as those from the super-majors and large service companies. Business topic presentations and broader, more energy-generic topics should also be presented.

Goals

- A) Continued focus in diversity of GCS leadership, volunteers, and programming
- B) Focus on opportunities to conduct joint conferences / joint meetings with other societies
- C) Meeting content and organizational leadership should reflect Section demographics

Recommendations

- 1) Host one new joint conference with another technical society.
- 2) Continue with focus on succession planning. Committee make-up should reflect demographics of GCS.
- 3) Succession Committee should take lead in ensuring Committee/Study Groups follow Succession Planning guidance.
- 4) Member survey to determine current membership wants for study groups
- 5) One GCS director to be Executive Officer (or past Ex. Officer) of another Oil and Gas Industry group in Houston area.
- 6) Development of replacement event for Digital Energy Conference.
- 7) Serve as forum to elevate existing programs to SPEI.

Conditions / Boundaries

- Joint conference should show benefit to SPE-GCS – financially, attendance, technology transfer
- Replacement for Digital Energy conference should not infringe on Conference signed over to SPEI

Human Resource Needs

Succession Planning Committee time to identify Board Members from other organizations (10 hours)

Financial Needs

Membership survey (est. \$10-15,000)

Background

The SPE-GCS continues to refresh its programs with new study groups. Some are successful such as PF&C, SHE, Business Development, while others are not. The Section should continue to try new programs to meet changing membership needs, but without sacrificing support of core study groups that have been successful over many years.

In 2009, the SPE-GCS signed over the highly successful Digital Energy Conference to SPEI. This bi-annual conference continued to grow and SPEI should take it to the next level. The Digital Energy team is working to develop a replacement conference.

Joint technical society events will bring different perspective and fresh ideas to the Section. These events could allow an opportunity to host a speaker that could not be possible in a single SPE-GCS study group meeting.

To ensure effective liaison with the various employers of the GCS, careful consideration is made through succession planning processes to ensure the various employers in the section are represented through its leadership.

Social Interaction

Strategic Plan

The Section should host sporting events because they provide networking opportunities, raise funds for other causes in the section's mission, and attract new members. The section should host networking socials because they allow affinity groups such as the Emerging Leaders program (EL) or new members to meet each other and learn more about the benefits of membership and programs in the section.

Goals

- A) Host sporting events for networking, raise funds, and attract & keep members
- B) Host networking socials focused at Young Professionals and New Members

Recommendations

- 1) Continue with Golf, Tennis, Sporting Clays events. These have historically been well attended and bring in income for GCS activities.
- 2) Social Committee Chair along with Young Professionals group should evaluate other sporting events that might be of interest both externally and internally. These could include such events as flag football league, volleyball league, bowling, fishing tournament, etc.
- 3) Social Committee Chair should include one non-sporting self-funded social/teambuilding event per year with focus on new members. Examples of such events include:
 - Murder Mystery Dinner
 - Casino Night
 - Cruise with continuing education class
 - Volunteer training/networking
- 4) In addition to events for new members, a teambuilding event for BoD, Committee and Study Group leadership should be planned outside of August Kick-Off meeting.

Financial Impact

- Any additional social event should be positive impact to GCS budget
- Teambuilding events costs are dependent on purpose of the meeting

Human Resources Needs

- Additional committee to plan new social event (time commitment dependent on event)

Conditions/Boundaries

- Any new social event should be self-financed.

Background

Current social events include Tennis, Sporting Clays and Golf. All have shown to be beneficial to the section by bringing in funds for operating expenses and external initiatives such as scholarships. There are many members of the section however, who do not play tennis or golf and are not involved in sporting clays. The section should try to find some event that will reach those that are not involved in sporting events.

Approximately 20% of the SPE-GCS membership is considered Young Professionals. If only 5-10% of the YP's participate in a sporting event, this number should be sufficient to create an event league – ex. volleyball.

Team building between the GCS leadership will help with communication and co-operation within the Section. This will also help with Succession and Board committee planning by allowing more interaction between SPE-GCS leadership.

Technology Dissemination

Strategic Plan

The Section should disseminate technology to its membership and the industry as a whole. The dissemination of technology lies at the heart of the mission statement for SPE

International:

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.

Goals

- A) Continued focus on the core mission of SPE to collect, disseminate, and exchange technical knowledge
- B) Provide opportunities for professionals to enhance their technical and professional competence

Recommendations

- 1) Find one new way each year to utilize new technology to exchange technical knowledge
- 2) Have one study group meeting per year streamed to another SPE Section. Have one meeting per year streamed from another section to the GCS.
- 3) Continue podcast library of selected section meetings, eventually cataloging more than 25% of study group meetings in a year.
- 4) Target oil and gas retired experts in the Section to speak at Section meetings.

Conditions/Boundaries

The Section should not use technology for technology sake. There should be a true benefit to the Section from using the technology.

Human Resource Needs

Current Technology Transfer Committee should be sufficient to address recommendations. If further volunteer(s) needed, Coordinator should discuss with Membership Coordinator.

Financial Needs

- Unknown at present what costs may be incurred to stream meeting on internet.
- For 25% of meetings to be podcast (approx. \$125,000 per year)

Background

Over the last 2 years the GCS has expanded the use of video podcasts (audio/video recording) for technology transfer. Video podcasts are not intended to replace actual attendance at a meeting, workshop, seminar or presentation where face to face interaction and networking are a very effective means of technology transfer. However, it does provide an alternative for members with scheduling conflicts or heavy workloads who cannot attend a meeting in person.

Video podcasting provides a method of technology transfer to other sections, the Society and other industry groups. All video podcasts are posted on the GCS website. The section tracks usage of the podcasts and it has been shown there is an interest in this method of technology transfer. They can also be accessed via iTunes website by searching on SPE.

Other section(s) have simultaneously broadcast a Section meeting. The Delta Section (New Orleans) is working to have their monthly meetings broadcast to the Northshore to reach members that cannot attend a luncheon meeting downtown. The GCS should investigate this technology as a way to make meetings available to many unable to attend meetings -- other areas in our Section, other Sections, TAMU students, etc.

Volunteerism

Strategic Plan

The Section should improve the overall level of member participation. Like many volunteer organizations, the single most common constraint to development of new SPE-GCS programs is volunteer support. Ensuring that volunteers have fun as a result of their involvement in SPE-GCS is a great way to keep them involved. Since all SPE members have other demands on their time, a priority should be placed on making sure volunteers know their efforts are appreciated. Succession planning provides a pipeline of future Section leaders who have been groomed via their experiences in leading smaller groups. Vigilance towards maintaining a good level of volunteerism among members and balancing the demographics between experience, disciplines, and employer types through succession planning provides stronger committee dynamics.

Goals

- A) Improved member participation with balanced demographics
- B) Volunteers have fun and know they are appreciated
- D) Volunteers are available for both Community Service and organizational needs

Recommendations

- 1) Review demographics of 2009-10 volunteers to determine if balanced.
- 2) Update Succession Planning for YP movement into core committees and study groups. Ensure all YP Board Members that want to remain involved can do so.
- 3) Create (or update previous) section initiative to formally recognize companies for their support of GCS.
- 4) Create Ad Hoc Committee of past GCS Chairs. This group would take lead in planning Executive Breakfast and potentially other Section-wide non-routine high exposure events such as the 75th Anniversary Event in 2010. This group would lend historical perspective, guidance on strategic planning and help groom new Section leaders.
- 5) Create special volunteer awards within study groups/committees to recognize those contributing to make each group a success.
- 6) Include listing of volunteers in Awards Banquet program. Have volunteers in attendance be recognized as a group.
- 7) Have volunteer training breakouts during August Kick-Off meetings and potential 2nd training in mid-year
- 8) Update succession planning to include retiree involvement.
- 9) Rename organizational volunteerism to membership involvement. There is some confusion with new volunteers on community service vs. organizational volunteering.
- 10) Use tools available to aid selection of Study Group of Year and Committee of Year Awards.

Boundaries / Conditions

- Buy-in by Committee Chairs imperative
- Willingness of Past-Chairs to be part of an Ad Hoc committee
- Phased rebalancing of demographics if found to be needed

Human Resources Needs

- Succession Planning Committee to review volunteer demographics and draft plan to rebalance demographics if needed (25-50 hours)
- Ad hoc committee of past-chairs -- meetings and planning events assuming 5-6 members (50 hours)
- Additional work by Awards Committee to include volunteers in program (8 hours)
- Membership Committee extra time for volunteer training (15 hours)

Financial Needs

- Volunteer Awards – will be part of Membership Committee budget (\$5,000)
- Additional costs for Awards Banquet (\$500)
- Volunteer Training (\$500)

Background

Volunteers

The GCS offers numerous opportunities for its membership to serve in volunteer roles in the Section. There is currently an online volunteer job board for membership to communicate they are interested in volunteer opportunities.

Volunteer Coordination positions were established on the Membership Committee to specifically spearhead and support volunteers. These positions are overseen by the Membership Coordinator. Placement of Volunteers within the section has improved since the establishment of this sub-committee within the Membership Committee.

The overall high activity level of the industry and resulting demands on employee time, transfers, employer changes, etc. appears to be adding to the always challenging efforts to retain consistency in volunteer ranks and sometimes resulting in delays to original scheduling goals as employer priorities must always come first.

Succession Planning

Succession planning is key to long-term success for the SPE-GCS. The Section has implemented a detailed succession planning process that provides an organized transition for key leadership positions.

Award Selection

The GCS has a “score card” selection process for Study Group of the Year and Committee of the Year awards. Study Groups and Committees should be made aware of this process every year.

Communication

Strategic Plan

Communication is not a defined focus area in the Strategic Plan. It is inferred and addressed through the other focus areas

Goals

- A) Open lines of communication between members of the SPE-GCS leadership
- B) SPE-GCS membership understanding of the Mission of the Section as well as opportunities available through the Section
- C) Alignment of GCS leadership on purpose of Section communication tools

Recommendations

- 1) Pursue opportunities to improve website and newsletter.
- 2) Encourage open dialog between membership and leadership of the Section through tools such as the SPE-GCS blog.

Financial Impact

Minimal to none

Human Resources Needs

Within Section leadership responsibilities

Conditions/Boundaries

None

Backup

The SPE GCS continues to make communications a priority. The website and newsletter continue to provide members with valuable information on study groups and special events. The Communications Coordinator coordinates the efforts of the newsletter and website committees to ensure efficiency and maximum coverage and reach. There are two committee chairs, each one assigned to a specific communications vehicle. There is also a newsletter editor, webmaster, and advertising marketer/newsletter publisher. With this communications structure, the SPE-GCS is able to maximize visibility of its valuable resources for current and potential members, as well as other interested parties in the community,

One annual report states “The primary objective of the SPE-GCS website is to increase SPE-GCS revenues through Website advertising and sponsorships, job placement listings, business directory listings, connecting members and e-newsletter sponsorships.” SPE-GCS leadership should be aligned on the purpose of the Section communication tools.

Intersociety Relations

Strategic Plan

This was not a focus area in the Strategic Plan

Goals

- A) Be Houston area leader of Oil and Gas Industry technical societies
- B) Be supportive of other non-petroleum engineering technical societies

Recommendations

- 1) Continue involvement in current professional societies
- 2) Look for one time/cost effective way to help another technical society each year

Financial Impact

The Section should look for ways to impact and influence that have minimal cost – biggest “bang for buck”

Human Resource Need

Section leadership/members willing to be involved with other societies

Conditions/Boundaries

The Section should look for ways to impact and influence that have biggest “bang for buck”. Method of helping another technical society should be agreed upon by the Board.

Back up

The SPE-GCS interacts with other related professional societies in a variety of ways.

- 1) We participate in the annual E-Week Committee, comprised of representatives of a variety of societies, and the E-Week events themselves, including selecting an SPE Young Engineer of the Year that is awarded at a multi-society banquet.
- 2) We are a member of the Engineering, Science & Technology Council of Houston offering support as we can for other technical societies in the area.
- 3) The SPE-GCS also participates in the long-standing annual Houston Cup Golf Tournament which brings together leadership of SPE, API, AADE, and IADC to network in an informal social setting.

APPENDIX

2004 – 2007 Long Range Plan Initiatives Status

STRATEGIC FOCUS AREA	GOAL	RECOMMENDATION/TACTIC	STATUS
Overall Business Process	► Strategic Planning	• Develop Strategic Plan	Completed in 2005 / should be reviewed by 2010
Awards and Recognition	► Outstanding volunteers Study Groups and Committee	<ul style="list-style-type: none"> • Recognize outstanding Study Group & Committee members(2004) • Recognition in special newsletter (2005) • Certificates awarded (2005) 	Special (summer) newsletter in 2004? Membership Committee presenting mugs in 2008/09
	► SPE Awards Nomination Process	• Formalize Nominations Committee reps/responsibilities to meet schedule (2004)	Done
	► Volunteer Shirts	<ul style="list-style-type: none"> • Shirts for all volunteer leaders every other year • Use website to gather information 	Shirts given out first year. Not done again. Membership Committee using website to gather volunteer information
Business Process Improvement	► Technology Utilization Committee Creation	<ul style="list-style-type: none"> • Create committee (2004) • Ensure Section is optimizing existing technology (2004) • Annual unused/underused technology pilot project (2004/05) 	Using Podcasts (part of Tech Trans Committee) Using LiveLink
	► Website Feedback from Members	<ul style="list-style-type: none"> • Task force created to gauge website quality and applicability • used untapped volunteer pool • Create polling methodology • Recommend improvements (2005) 	Updated website in 2009
Career Management	► Programming	<ul style="list-style-type: none"> • Subcommittee to develop CM goals & objectives & key performance measures • Subcommittee to study CM website effectiveness • Consistent & predictable forum • Study mentoring implementation • Evaluate program effectiveness • Special Events Inventory (5) • Revenue generating by 2005 	Partial
Communications	► Subcommittee Integration	<ul style="list-style-type: none"> • Combine Newsletter & Website ads in package deal • Special summer edition of Newsletter • Website sponsorship pitch to operating companies Experiment with 32 page edition in 2004/05	Partial
Continuing Education	► Professional Development	<ul style="list-style-type: none"> • Survey member demographics, perceived needs, employer needs, educational institution views, governmental resources • Partner with academia, industry & government to deliver programs • Focus on mature practicing GCS members 	Survey done (part of overall survey?) Delivering appropriate courses
External Relations	► Student Mentor Program	<ul style="list-style-type: none"> • Create CSCC Student Mentor Subcommittee (2005) • New volunteers for mentoring (2005) • Focus on educating students & recruiting into industry (2005-06) • Longer term goal of 5% GCS members as mentor volunteers 	Supported teachers program at Uof H Clear Lake 2007 & 2008 Ad Hoc Education Committee Initiatives 2007/08
	► Non-profit Organization selection process	<ul style="list-style-type: none"> • Create non-profit organization subcommittee (2004) • Review & recommend organizations to assist annually (2005) 	Community Services Committee involvement Donation summer 2008 Red Cross donation 2008 / RWTC volunteers
Finances & Treasury	► Increased Working Capital and Reserves ► Increased Financial Report Transparency & Simplicity ► Value Pricing Activities	<ul style="list-style-type: none"> • Increase capital working capital to 2X annual operating budget • Create Financial Advisory Board (2004) • Investigate online accounting • Develop financial dash-board • Reduce Study Group lunch costs • Structure special events to optimize time, sponsorships & income-producing potential 	Most done Using LiveLink

Intersociety Relations	<ul style="list-style-type: none"> ▶ Continue to Strengthen Relationship ▶ Apply Best Practices Learned from Other Societies 	<ul style="list-style-type: none"> • Focus on HEC, leverage lessons learned into ECH (2004) • Develop advertising, pricing & joint sponsorship practices with HEC members (2004) • Make HEC more inclusive of other energy-related organizations (2004) • HEC rep to disseminate best practices to appropriate SPE-GCS personnel (2004) 	<p>A. Shook attended some ECH meetings J. Moring presented at ECH strategy planning workshop</p>
	<ul style="list-style-type: none"> ▶ Continue relation with other GCR Sections ▶ Sponsor tech transfer in GCR ▶ Build model of Regional cooperation ▶ Strengthen intra-societal relations ▶ Apply Best Practices 	<ul style="list-style-type: none"> • Select Board member to champion; brainstorm, share web notes with other Sections monthly • Explore opportunities with other Sections regularly • Develop relationships • Mutual event advertising • Horizontal communication between Section Committee Chairs • Share best practices 	<p>Most not done</p>
Membership	<ul style="list-style-type: none"> ▶ Recruit younger members ▶ Make SPE essential to existing members ▶ Elicit additional volunteers ▶ Implement and continue Succession Plan 	<ul style="list-style-type: none"> • Additional Ambassador Program presentations • Expand Ambassador Program • SG recruiting push • Mail member applications to corporate officers • Award recruitment successes • Discount meetings for new members • Assess membership potential • Locate & recruit SPE Student Chapter officers • Contact information from universities and employers • Formalize young member mentors • Publicize member benefits • ID new & transferred members at meetings & include in Outstanding SG process • Recognize/award volunteers & their companies • Solicit special volunteer nominations • Create officer redundancies for training & preparedness 	
Programming	<ul style="list-style-type: none"> ▶ Program Guidance Council 	<ul style="list-style-type: none"> • Create PGC of 4-5 members & Past Chair, selected by Board • Provide a consistent set of program initiatives • Serve as forum to elevate existing programs to SPEI level • Develop year-at-a-glance GCR matrix • Share best practices & provide cross-pollination of programs • Train potential future Section Program Chairs (2004) 	<p>Hosted London Section Chair to discuss best practices (BoD Meeting) R. Hite presented GCS best practices at ATCE</p>
Scholarships	<ul style="list-style-type: none"> ▶ Evaluate & Improve Student Financial Support 	<ul style="list-style-type: none"> • Continue financial support for engineering scholarships (2004) • Evaluate program structure and recommend changes as needed (2004) • Continue CISH Scholarship Program 	<p>Done?</p>
Social Activities	<ul style="list-style-type: none"> ▶ More Diverse Activity Level 	<ul style="list-style-type: none"> • Continue hosting sporting events • Expand events to hold an additional golf, tennis, sporting clays, & racquetball tournament each year, additional Committee • Develop plan for an after-hours self-funded activity 	<p>Continued hosting sporting events (golf, tennis, sporting clays)</p>
Technology Transfer	<ul style="list-style-type: none"> ▶ Technology Transfer Committee Roles & Process Improvement 	<ul style="list-style-type: none"> • Committee organization & membership (2004) • Disseminate Study Group meeting presentation materials on website (2004) • Forward presentation summaries to JPT (2004) • Develop plan to implement web-based or streaming video meeting outside Section (2005) • Create/maintain website source page with info on industry innovations 	<p>Formed Technology Transfer Committee Have meeting podcasts on website / Rebecca discussed with SPEI</p>
	<ul style="list-style-type: none"> ▶ Young Technology Dissemination 	<ul style="list-style-type: none"> • Assist SPEI R&D Committee disseminate young or new technology • Create Young Knowledge Task Force to ensure that new technology is subject of focus, work with committees/Study Groups, forward relevant info to JPT, recommend young technology workshops, maintain expert speaker list, submit DL candidates & interact with SPE Technology Directors 	<p>Not done</p>

2005 SPE-GCS Strategic Plan

This **Strategic Plan** of the Gulf Coast Section of the Society of Petroleum Engineers (SPE-GCS) is designed to be a roadmap for the future of the section that will guide policies and decision making. The Strategic Plan should be reviewed periodically as necessary, but should be reviewed at a minimum of every five years. The **Three-Year Plan** (formerly described as the **Long Range Plan**) will include specific action items shaped by the **Strategic Plan**. Section **Bylaws**, the **Strategic Plan**, and the **Three-Year Plan**, and current procedures for operations, are posted at: [www.spegcs.org/About SPE-GCS/Governance](http://www.spegcs.org/About%20SPE-GCS/Governance).

The **Mission of the Gulf Coast Section** as defined by our section's **Bylaws** is as follows:

The Mission of the Gulf Coast Section shall be the promotion of mutual cooperation in furthering the objectives of the Society of Petroleum Engineers International, Inc. This shall be accomplished by:

- *Providing forums that afford members the opportunity to upgrade and maintain professional competence*
- *Providing social interaction that increases member participation in Section activities as a whole, while striving to maintain the integrity of the Section.*
- *Supporting programs in area primary and secondary schools to encourage students to develop their abilities in mathematics, science, and engineering.*
- *Supporting engineering programs at the university level.*
- *Enhancing the image of the Oil and Gas Industry by sponsoring community service programs.*

Consistent with the Mission of the Gulf Coast Section, the Strategic Plan directs the section to focus its efforts on the following topics:

- A. **Forums for professional competence:** The Section should host study group meetings, continuing education activities, workshops, symposiums and conferences to provide opportunities for members to keep their technical skills current. All of these activities should strive to provide continuing education credits for professional engineering certification.
- B. **Social Interaction:** The Section should host sporting events because they provide networking opportunities, raise funds for other causes in the section's mission, and attract new members. The section should host networking socials because they allow affinity groups such as the Emerging Leaders Program (ELP) or new members to meet each other and learn more about the benefits of membership and programs in the section.

- C. ***K-12 Outreach:*** The Section should support outreach programs in area primary and secondary schools to encourage students to develop their abilities in mathematics, science, and engineering, which will ensure that our industry will have a future supply of bright, qualified workers.
- D. ***University Programs:*** The Section should support where appropriate and encourage members to volunteer their time for university petroleum industry related programs. This volunteerism gives members an avenue to provide mentoring to those who will eventually become our colleagues. Support of student SPE chapters is of paramount importance if we are to convert the student SPE memberships to full-time SPE memberships upon graduation.
- E. ***Scholarships:*** The Section should support scholarships for college students to study engineering. Scholarships should be our first priority for external funding, so setting aside funds during prosperous years to generate income for perpetuity will provide a resource for the lean years in the future.
- F. ***Enhancement of Public Image:*** The Section should make a concentrated effort to improve the public's understanding of our industry by communicating its importance through education of the general public. Our communications programs should be designed to arm our membership with facts about our contribution to society as a whole. Our committees should reinforce the message during their opportunities to interact with the public, such as in contributions of service and funds to our local community.
- G. ***Volunteerism:*** The Section should improve the overall level of member participation. Like many volunteer organizations, the single most common constraint to development of new SPE-GCS programs is volunteer support. Ensuring that volunteers have fun as a result of their involvement in SPE-GCS is a great way to keep them involved. Since all SPE members have other demands on their time, a priority should be placed on making sure volunteers know their efforts are appreciated. Succession planning provides a pipeline of future Section leaders who have been groomed via their experiences in leading smaller groups. Vigilance towards maintaining a good level of volunteerism among members and balancing the demographics between experience, disciplines, and employer types through succession planning provides stronger committee dynamics.
- H. ***Membership:*** The Section should increase membership. Increasing membership is a topic aligned with promoting volunteerism. Attendees at SPE events who have fun and who enhance their technical knowledge will be more likely to join SPE. SPE members who enjoy their membership involvement will invite their colleagues to join SPE. Membership trends are subject to outside influences, such as the transfer of engineers to Houston as employers close regional offices elsewhere, centralizing their operations in the city known as the Energy Capital of the World. Thus, increasing membership isn't a stand-alone goal for the section, but rather a diagnostic that will indicate a successful, healthy section.

I. Attendance: The Section should increase overall attendance at all Section events. In a section as large as the SPE-GCS in the greater Houston area, we are constantly looking for ways to increase attendance at events in the face of uncontrollable obstacles like traffic, weather, and ever increasing work demands. Attendance can be maintained at healthy levels by focusing on factors we can control such as topic, relevance, advanced communication about meetings, venue, time, cost, and scheduling programs so as not to coincide with competing events. We need to broaden the appeal of programs in order to hit all demographics and needs of our membership, which will then result in increased attendance.

J. Technology Dissemination: The Section should disseminate technology to its membership and the industry as a whole. The dissemination of technology lies at the heart of the mission statement for SPE International:

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.

K. Preparation for the Big Crew Change: The Section should focus efforts on preparing its members and the industry for “The Big Crew Change.” The cyclic nature of our industry has produced demographics in the engineering ranks of many employers where the majority of our workforce is rapidly approaching retirement age. SPE-GCS’s efforts towards recruiting, scholarships, internships and industry public image are in alignment with the goals of most employers. Recruitment and retention of engineers is a topic of great interest to management in our industry. Knowledge transfer is rapidly becoming an important topic, and we should leverage the knowledge in our “second-career”, experienced membership base through innovative programs that foster interaction between experienced and younger members. We should encourage involvement of younger engineers and share the knowledge of our more experienced members in all areas, including technology, project management, business processes, and career management.

L. Financial Health: The Section should concentrate efforts towards ensuring the overall financial health of the Section. Financial health is another key diagnostic of a healthy section, and a long-term vision is required to ensure that our funds will meet our Section’s needs. Striking a balance between the internal spending that goes directly to the benefit our members such as technology transfer and social activities, and the external spending that supports education, outreach and our community is a goal for our section. The documentation of “Financial Guidelines and Authorities” and the formation of a Financial Board of Advisors will provide further guidance.

- M. **Governance:** The Section should employ appropriate governance, which will define checks and balances to protect the integrity and ethics of our volunteers, and provide a roadmap for the Board of Directors (BOD), while still providing freedom to develop new programs to creatively advance our mission. Improved transparency, adherence to the principles of Sarbanes-Oxley, and formation of subcommittees can help streamline the discussion of projects in BOD meetings and improve the efficiency of operations. Section **Bylaws**, the **Strategic Plan**, and the **Three-Year Plan**, and current procedures for operations, are posted at: [www.spegcs.org/About SPE-GCS/Governance](http://www.spegcs.org/About%20SPE-GCS/Governance).
- N. **Program Diversity:** The Section should broaden our scope and deliver topics of greater interest to our membership by diversifying our programming. SPE members would like to see more joint meetings with other societies in order to provide more cross training in secondary disciplines. We will also focus on opportunities to conduct joint conferences where financial responsibility and control over content is shared. Section content should represent section demographics. Succession planning to ensure balancing the demographics between generational groups, disciplines, and employer types in committees will tend to provide a wider variety of programming. More case studies on solutions to technical problems, and programming should be presented, including as many speakers from small companies as those from the super-majors and large service companies. Business topic presentations, and broader, more energy-generic topics should also be presented.

Gatekeeper / Sponsor	Gulf Coast Section Executive Committee		
Business Driver / Objectives	<ul style="list-style-type: none"> • Provide guidance to the Section for the 2009-2012 time frame • Outline specific action items shaped by Strategic Plan 		
Background	<ul style="list-style-type: none"> • In 1998, a five-year plan was created at the direction of the SPE-GCS Board of Directors to provide guidance to the Section for the 1998-2003 time period. The majority of those goals were met within three years. Therefore the long range time period was reduced to three years, and a second long range plan was created for the 2001-2004 fiscal years. • In 2004 the LRP committee proposed the 2004 – 2007 LRP under which the GCS has operated since. The plan is due for review and a new plan needed. 		
Deliverables	<ul style="list-style-type: none"> • Part 1: Review of implementation of initiatives outlined in 2004 LRP • Part 2: 2009-2011 LRP Recommendation. 		
Expected Benefits	<ul style="list-style-type: none"> • Focused BoD endorsed initiatives • Guidance for Study Groups / Committees • More efficient BoD meetings 		
Boundaries	<ul style="list-style-type: none"> • Alignment with 2005 Strategic Plan • Only one face to face meeting per month. Additional meetings done by teleconference 		
Resources	Position	Name	Time Req'd(stf-days)
	Chair	Jane Moring	35
	Vice-Chair	Larry Foster	20
	Member	Basil Allam	10
	Member	Bill Bowers	10
	Member	Roger Knight	10
	Member	Skip Koshak	10
	Member	Karen Olson	<u>10</u>
	Total (staff days)		105
	Comments:		
	Includes face to face meetings, teleconferences, outside work		

Schedule

- Review materials: December 2008
- Data Gathering: January 2009
- Part 1 completion: Feb 2009
- First Pass Initiatives: March 2009
- Second Pass Initiatives: April 2009
- Part 2 completion: May 2009
- Presentation to Board: June 2009

**Reporting /
Reviews**

- Monthly report to Board of Directors at BoD Meeting (3rd Thursday)
- Mid-project review with Board at March 2009 BoD Meeting
- Final review at June 2009 BoD Meeting

**Endorsements
/ Approvals**

Prepared by: Jane Moring

Endorsed: _____

Approved: _____

SPE Strategic Plan

Introduction

Five Long-Range Plans have been created for SPE in the past, covering proposed strategies, tactics, and activities to guide the Society forward. The plans have covered the periods 1975-1985, 1982-1992, 1991-2000 (adopted in 1994), 2000-2010, and 2005-2015. These plans have played a major role in making SPE the financially sound, technically robust, and internationally respected and valued organization it is today. A long-range plan guides and focuses individual decisions by placing them in the framework of long-term goals. A plan also channels the energy and resources of the Society's members and staff into addressing the highest-priority goals.

In 2008, SPE's board committees* undertook a progress-check of the 2005-2015 plan. The committees reviewed SPE's advancement in achieving the objectives of the plan, as well as whether the plan required adjustment on the basis of any changes in industry/member conditions or SPE programs undertaken since the plan was written. This review, plus the clear pattern that the rate of change and the need for responsiveness always outpaced the periods the Long Range Plans were intended to cover, caused the Board of Directors to sunset the tradition of decade-specific plans in favor of an enhanced strategic planning process.

This first SPE Strategic Plan is based on the SPE Board's 2008 review of the 2005-2015 Long Range Plan. Through an annual review and discussion of strategic needs, the board will continually refine the Strategic Plan. The board committees will develop the tactics and activities to implement the plan.

*The SPE Board of Directors has five board committees: Finance and Administration, Education and Professional Activities, Membership, Print and Electronic Media, and Technical Programs and Meetings.

Section 1 **Board Committee on Finance and Administration**

1.1 – SPE’s Technical Scope

The petroleum industry continues to evolve. To follow the progression of the industry, SPE must remain flexible in defining its member base and in meeting the ever-changing needs of its members. Environmental concerns, including global warming, are expected to have a significant impact on the future of the industry. Development of unconventional resources may blur the lines between the upstream and downstream sectors of the industry. Greater use of natural gas is requiring significant infrastructure expansion. The global SPE should be at the forefront of the discussion of technology developed by the industry to address these issues. While remaining flexible and addressing new areas related to the oil and gas industry, SPE will not lose its focus on upstream technology which has made it successful over many years.

Vision

- The industry will view SPE as the primary source for collection, dissemination, and exchange of technology, particularly new technology.
- SPE’s technical scope will expand to include selected upstream, midstream, and associated technologies in energy exploitation, development, and environmental-impact mitigation to encompass the technologies required to economically and responsibly produce all forms of hydrocarbon resources, including those in challenging environments, as well as energy sources that leverage petroleum engineering expertise

Actions

- SPE will develop programs, including meetings and publications to ensure that the Society plays an important role in the arena of carbon capture and sequestration (CCS). The SPE CCS Committee will have a leadership role on these activities.
- SPE will develop programs to assist the industry in addressing the “Big Crew Change.” The SPE Talent Council will have a leadership role on these activities, and initiatives will also be developed at the SPE Board level.
- SPE will take advantage of opportunities to address other reasonable expansions in scope, such as downstream technologies used for development of unconventional resources and developments in the global natural gas business.

1.2 -- Intersociety Collaboration

SPE is the largest professional society exclusively serving the global oil and gas industry. SPE's relationships with other societies are based on the understanding that SPE chooses to grow its membership and programs organically rather than by raiding, merger, or acquisition. Yet SPE desires to operate efficiently, capturing economies of scale that may not be accessible – or may not be accessible in a given geography – by leveraging SPE's membership alone. Furthermore, most SPE members work in multidisciplinary environments and look to SPE to provide knowledge and information that will enhance their capacity to perform in such settings.

Consequently, SPE will continue to actively seek collaborative opportunities that support SPE's mission and will pursue those having a clear mutual value to SPE members and partners. SPE will focus its cooperative efforts on specific programs, and will maintain its independence of administrative functions and back-office organization.

To complement Society-level initiatives, SPE encourages its sections to engage in mutually beneficial local activities with local societies and local branches of international organizations that enhance (not duplicate) the value the sections have to their members and communities.

Vision

- SPE will proactively seek opportunities that promote sharing of technology and knowledge for the benefit of members, industry, and the general public and effective use of the Society's organizational resources and technology; and that achieve more in an alliance than could be achieved by SPE alone.
- SPE will be considered a preferred partner by other organizations with which to collaborate to deliver synergistic member services, meetings, publications, and public outreach.

Actions

- SPE will develop policies and processes to facilitate collaboration with other organizations and will review them regularly to assess their effectiveness.
- SPE will maintain strong collaborative relationships with key sister associations, including AAPG, SEG, EAGE, IBP, IATMI and CPS, and will advance expansion of our joint programs with these organizations.

1.3 -- Management Support for SPE

SPE will identify any barriers to management support and develop programs that demonstrate value to managers. By creating value-driven appreciation of SPE by management at all levels, SPE can nurture management's enthusiasm for personal participation in SPE programs and support for participation by their staffs. SPE will show managers through its activities that the Society is a technical authority that is independent, diverse, and far-reaching and is thus a valuable apolitical forum for sharing their experiences and developing common interests. As a significant step in this effort, SPE has formed an Industry Advisory Council, comprising senior executives from a diverse group of industry organizations.

Vision

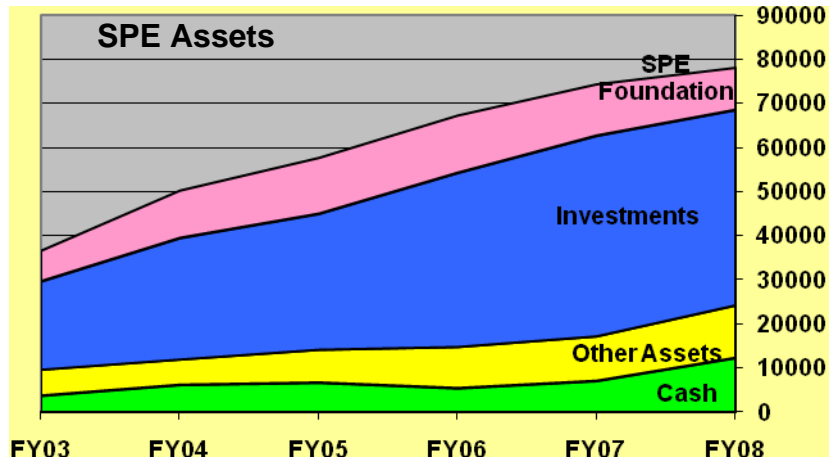
- SPE will engage industry managers in providing leadership, experience, balanced guidance, and support for SPE activities.
- SPE will offer opportunities for management involvement in SPE and address a broad range of timely issues of interest to management at all levels.
- SPE will be viewed by managers as a preferred way of developing technical competence, professionalism, and leadership in their staffs.
- SPE will be viewed by managers as a technical authority that is independent, diverse, and far-reaching and is thus a valuable apolitical forum for sharing their experiences and developing common interests.

Actions

- The Industry Advisory Council will assist in ensuring that SPE's programs are relevant and effective for the E&P industry and will keep a core group of senior executives engaged in ensuring the success of the Society.
- SPE will develop methods of recognizing and appreciating management support at all levels.

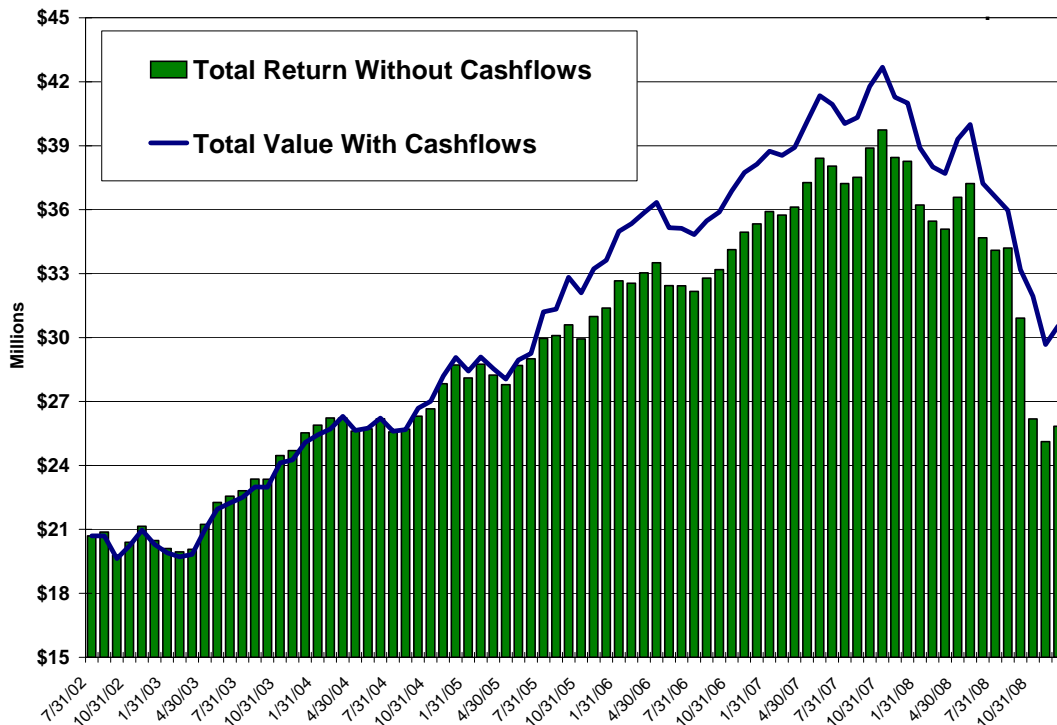
1.4 – Funding and Financial Robustness

SPE has been a financially healthy, growing organization over a number of years. The chart below shows positive asset growth over many years. A significant part of this growth has been SPE’s reserve fund, which has grown internally as well as from additions due to surpluses. This has given SPE the ability to make additional investments in programs for the benefit of the membership. For the first time in many years SPE



budgeted to lose money for FY2009 and global economic uncertainty makes future prospects difficult to predict. Thus, it is imperative that SPE manage both its operations and reserves soundly to maintain this strong financial position.

SPE Reserve Funds



SPE's has an annual turnover of approximately \$50 million. Of this, 69% is due to SPE's meetings business. SPE's largest income producing meetings are the Offshore Technology Conference (OTC) and Offshore Europe (OE) every other year. SPE conducts another 100 events throughout the year including ATWs, Forums and conferences. The remainder of SPE's revenue is from dues (12%), publications (14%), training (1%) and SPE.org (4%).

The "big crew change" has created a need for SPE to expand its training programs. SPE already has a good reputation of delivering high quality training via the continuing education programs organized by many of the sections and the short courses that are offered in conjunction with various meetings. The growing demographic of students and young professionals will be seeking additional opportunities to increase their technical competency with training courses. While there are several vendors that provide foundational level courses, SPE has an opportunity to fill the gap with more advanced and applied training courses world-wide.

The global economic downturn of 2008 and the prospect of its persistence in 2009 has highlighted benefits of SPE's financial strength as well as some of the risks to SPE's finances. The geographic diversity of SPE's portfolio of activities adds to the organization's financial strength, but also highlights the need for a fair level of sophistication in understanding the finances of global business activities. Significant changes in exchange rates have had a significant impact on SPE's bottom line as have deteriorating economic conditions in some parts of the world where SPE has activities.

Due to SPE's strong financial position, a number of new programs were developed over the past several years including "Member Advantage" programs that are of importance in achieving the Society's mission and of benefit to SPE members, but do not have significant revenue with which to cover the program costs. The SPE Board has agreed that Member Advantage programs can be funded at a level equal to 4% of SPE's reserve fund and that some portion of the reserve fund should be considered to be used for capital expenditures.

Vision

SPE will continue to be financially strong, and will use its financial strength to grow its programs for the benefit of members and the industry, as well as to support SPE's vision of becoming a truly global organization.

Goals

- Diversify SPE's revenue streams. Over the past several years, SPE has expanded its meetings business, growing revenue in the process, since it is one of SPE's core strengths and an area of significant opportunity. For the future, SPE should place more emphasis on growing other lines of business where SPE may be weak, but that are important to SPE's mission such as training and publications.
- Maintain a strong meetings program that continues to provide the surplus necessary to fund important activities that provide benefits for members and the industry, but do not generate surplus revenue. SPE's meetings will be managed as a portfolio of projects to secure continuity of income and meet developing/changing topical interests from members.

- Budget SPE operations to break even financially over a two year cycle, while allowing SPE's reserve funds in excess of the reserve policy target/corpus level to be made available for capital projects and making available up to 4% of the reserve funds available for Member Advantage programs.

Objectives

- Ensure that the quality and value provided by SPE's journals are maintained, in spite of their need to be supported financially.
- Ensure that SPE continues to support strong member services and energy education programs, in spite of their lack of revenue generation.
- Ensure continued support for programs that benefit the petroleum industry such as scholarships and energy education during all phases of the business cycle.
- Grow SPE's Training activities over the long term to be a significant source of revenue.
- Ensure that revenue generating programs including ATWs, conferences, Forums, JPT, Retail Sales, and Books are budgeted and managed to at least break even financially.
- Ensure that SPE Dues for members in developed countries are adjusted for inflation while also ensuring that those members in lesser-developed countries have a low cost dues option.
- Evaluate potential new opportunities for revenue producing programs as part of SPE.org. Opportunities that allow the promotion of new technologies may be of particular value. Any opportunities identified should be consistent with SPE's mission and offer a level of quality commensurate with SPE's reputation.
- Ensure that the costs and benefits of all new programs are thoroughly evaluated and considered by the Board of Directors.

Near Term Initiatives

- Identify cost reduction opportunities when and where they make business sense under the prevailing economic outlook.
- Evaluate the annual budget for the expected, high and low economic outlook scenarios due to the current economic uncertainty.
- Investigate the viability of purchasing permanent office space in London and expanding SPE's permanent office space in Richardson as potential uses for SPE reserve funds.
- Develop a business plan for expanding SPE's Training program.
- Develop a global SPE reserves fund policy that recognizes the interdependence of SPE offices and programs.
- Implement the project review policy to ensure adequate financial analysis of proposed new programs as well as the viability of existing programs.

Section 2

Board Committee on Education and Professional Activities

2.1 -- Industry Image

The public's perception of the oil and gas industry impacts the commercial objectives of the industry and the professional objectives of SPE. SPE will contribute to improving the industry's image by using its strengths in collecting and disseminating credible information on oil and gas and other energy sources, and by engaging its global membership in delivering the information to the public. SPE will also encourage and support members to demonstrate a high ethical standard and a high level of competence in their professional work.

Vision

- SPE will be a highly credible source of educational resources about the petroleum industry.
- SPE will develop programs to help petroleum professionals be widely regarded as competent, ethical, and environmentally sensitive, and as providing a vital and sustainable service to society.
- SPE will develop programs to attract students to careers in the petroleum industry.
- SPE programs will help petroleum professionals to have a clear understanding of, and to articulate, the concepts of social responsibility, and, as industry ambassadors, participate in public discussion to understand community and government concerns and to share their knowledge of the industry.

Actions

- Provide energy-education opportunities for SPE members
- Create effective partnerships with communities through SPE web-based resources on energy education and social responsibility and by developing training, conferences, and other educational tools focused on understanding and analysis of government/community issues.
- Disseminate information on energy issues to the public through speakers, media relations, web-based energy education resources for teachers and the public, and information resources on careers in the oil and gas industry
- Coordinate SPE energy-education programs with other industry groups that have similar programs.
- Maintain a high visibility for the SPE Guide for Professional Conduct and the Statement of Values using current SPE publications and presentations from Society officers.
- Require all SPE members to accept and adhere to the SPE Guide for Professional Conduct.
- Encourage professional certification as appropriate, including SPE professional certification.
- Review ethics/discipline programs other societies have to determine whether a system of denying SPE membership to persons acting in conflict with the code of conduct is appropriate and feasible.

2.2 -- Resource/Reserves Definitions, Classifications, and Guidelines

Through its Oil and Gas Reserves Committee, SPE has for many years worked to improve the quality and consistency of reserve and resource estimates throughout the industry. SPE reserves definitions have been periodically updated and supplemented with interpretative and application guidelines.

The 2007 Petroleum Resources Management System culminated 2 years of intense collaboration by SPE, the World Petroleum Council (WPC), the American Association of Petroleum Geologists (AAPG), and the Society of Petroleum Evaluation Engineers (SPEE). The Petroleum Resources Management System consolidates, builds on, and replaces guidance contained in the 1997 SPE/WPC Petroleum Reserves Definitions, the 2000 SPE/WPC/AAPG Petroleum Resources Classification and Definitions publications, and the 2001 SPE/WPC/SPEE Guidelines for the Evaluation of Petroleum Reserves and Resources. New reserves auditing guidelines accompany the new Petroleum Resources Management System.

The U.S. Securities and Exchange Commission's (SEC) definition for proved reserves remains the only allowable reporting standard for oil and gas reserves for companies listed on the U.S. stock exchanges. The International Accounting Standards Board's (IASB) Finance Reporting Standards (IFRS) are now mandatory for European Union countries and have been adopted by Australia and South Africa. The definitions adopted by the IASB are expected to become the primary standard for reserve reporting. With education and improved understanding, the reserve definitions could ultimately be adopted by the SEC through their participation in the IASB. A collaborative effort between the SPE and United Nations to fully align the definitions and framework could provide an attractive option for IASB to adopt. SPE OGRC representatives have met with both IASB and UN representatives to further these aims.

Vision

- The Petroleum Resources Management System (and associated estimating guidelines) are continually enhanced to incorporate new best practices, and are recognized as the premier oil and gas reserves classification standard.
- The Petroleum Resources Management System is widely understood and adopted by international financial organizations; governments; regulatory agencies; and reporting bodies.

Actions

- Continue to coordinate with other groups to harmonize worldwide classification systems and to encourage acceptance of the Petroleum Resources Management System as the standard for oil and gas definitions.
- Through Oil and Gas Reserves Committee, design and organize education to increase the level of understanding of the SPE/WPC/AAPG definitions and classification system among different audiences worldwide – experts, SPE membership, investors, regulators and members of the general public.
- Through the Oil and Gas Reserves Committee, continue to periodically review and update the Petroleum Resources Management System as required by the committee's governance model.

2.3 -- Life-Long Learning and Maintaining Competence

Petroleum professionals are responsible for enhancing their competence throughout their careers, and for exercising well-founded judgment in the practice of their craft for the public, employers, and clients with fundamental concern for the public health and safety. In line with its mission, SPE will proactively address members' needs to meet these responsibilities worldwide by offering life-long learning opportunities. The Society will act as a vehicle for the transfer of technology and know-how, and focus on reducing the transfer time for the dissemination of technical knowledge. In its life-long learning programs, SPE will also consider the evolving nature of the membership in terms of language, geographic location, and accessibility.

Vision

- SPE will be the preferred option of the industry for life-long learning to assist professionals in keeping pace with industry challenges imposed by the evolution of technology.
- SPE will be the option of choice because of the quality of its programs, its speed to disseminate emerging and early-application technologies, and the level of excellence of its instructors and Distinguished Lecturers.
- SPE will be the pacesetter in continuing education, with modern program scopes, timely offerings, and competitive fees for professionals.
- SPE will provide and facilitate a wide range of learning opportunities, including some in cooperation with other organizations.

Actions

- Focus SPE continuing education on emerging technologies, early applications of technology, and innovative applications of existing technologies.
- Investigate and test different delivery methods for continuing education programs to make them more accessible to all members, using market research and relationships with company training departments to guide decisions on new programs or modifications to existing programs.
- Develop and maintain a strategic plan for continuing education initiatives.
- Solicit input from SPE Technical Directors regarding technologies for which technology transfer should be expedited to reduce the cycle time for development and acceptance of these technologies by the industry.
- Develop a training plan and resources that sections can use to help members whose first language is other than English learn to read and speak English, focusing on the terminology of the E&P industry.

2.4 -- Academia

Universities train and educate future employees and leaders of the oil and gas industry, and by extension, future members of SPE. Universities also develop technologies that facilitate more efficient production of oil and gas reserves to provide the energy needed

for industrial growth and social well-being. Academia also contributes much of the new technology that is disseminated by SPE.

Vision

- SPE will provide opportunities for communication among universities concerning common issues and educational standards.
- SPE events will provide opportunities for academia, industry, and governments to discuss issues related to petroleum industry education, funding for research and development, accelerated adoption of new technology, and other issues of common concern.

Actions

- Develop a plan for attracting, developing, and retaining university petroleum engineering faculty

Section 3

Board Committee on Print and Electronic Media

3.1 -- Publications

SPE publishes reliable information about the technical and professional areas embraced by its scope of coverage through a variety of print and electronic media. It is critical that SPE's publications continue to reflect the standards of quality and integrity for which the Society is known. The body of technical information SPE has amassed over the years is a benefit for the members of today, the members of tomorrow, and the industry. That body will be protected, nurtured, and expanded.

Vision

- SPE's suite of publications will be the most authoritative conduit for disseminating technology within the industry.
- The scope of publications will continually adapt to reflect the evolving technical scope of the Society.
- SPE will retain English as the primary language for its publications but will develop publications in other languages as demanded by members' needs.

Actions

- Retain peer review and continually strive to make the process more efficient
- Encourage the inclusion of very innovative, emerging-technology papers in SPE publications
- Perform periodic surveys on SPE members' satisfaction with SPE journals and magazines to guide future development
- Conduct formal research to determine translation needs for SPE publications
- Seek ways to speed up the publication of information about new technologies.
- Develop and maintain a strategic plan for SPE publications
- Develop a pricing strategy that reflects the value of SPE publications
- Evaluate the need (and purpose) for regional publications
- Use available electronic technologies to enhance the value, content, and accessibility of SPE publications

3.2 -- SPE.org

SPE.org is fundamental to the fulfillment of SPE's mission to collect and disseminate information and to provide opportunities for E&P professionals to enhance their professional and technical competence.. SPE.org also serves as a source of information for the general public and is a primary vehicle for providing services to members and facilitating members' ability to conduct business with SPE.

SPE's membership is increasingly global, thus emphasizing SPE.org's importance as a platform for joining a diverse and scattered membership into a common community. The need for fast and easy access to technical information that can be provided through the

Internet will increase with the challenges of exploring for and producing resources in areas of increasing technical difficulty.

Vision

- SPE will endeavor to provide every SPE member anywhere in the world efficient access to all E&P and related technical knowledge and information.
- SPE.org will be closely interwoven into the operations of the Society and instrumental in efficient delivery of all services to SPE members anywhere in the world.
- SPE.org will be the platform of choice for online collaboration and networking among SPE members.

Actions

- Strive to be part of the “early majority” in the adoption of new information technologies to transfer technology, to enhance members’ ability to interact, and to improve and reduce the cost of SPE member services
- Improve the ease with which visitors to SPE.org can find what they are seeking
- Expand the technical information available to SPE members by aggregating access to the knowledge assets of other societies with SPE’s knowledge assets
- Establish guidelines, policy, and procedures for including other types of presentations and media in the eLibrary.
- Enhance and develop systems for online collaboration, mentoring, and networking.
- Develop and maintain a strategic plan for SPE.org, including specific projects that may be implemented.
- Perform periodic surveys on SPE members’ satisfaction with the SPE website to guide future development and features.

Section 4

Board Committee on Technical Programs and Meetings

SPE is holding an increasing number of major meetings in international venues, and the trend will continue. Meetings are a key element of SPE's success in achieving its objectives of serving the technical needs of members and in maintaining a sound financial position. Continued success of SPE meetings in the face of challenges from for-profit competitors is critical.

Vision

- SPE will maintain a rich portfolio of events to meet growing needs for both global and cross-disciplinary meetings.
- While maintaining high quality in events' technical programs, SPE will enhance exhibitions to showcase new and cross-disciplinary technologies and to attract additional business.
- SPE will offer meetings of interest to all levels of management.
- SPE will enhance exhibitions to showcase new and cross-disciplinary technologies and to attract additional business.
- The ATCE will continue as an SPE-only meeting and will be SPE's flagship meeting.

Actions

- Create a strategic plan to develop high-quality cross-disciplinary meetings and, where appropriate, exhibitions in response to the changes in SPE's technical scope.
- Create a strategy to develop and evaluate content that addresses managerial issues.
- Create a strategy for developing functions for students and young members at all relevant conference meetings.
- Continuously evaluate new conference/meeting technologies and formats.
- Ensure that the technologies included in SPE's Technical Disciplines are adequately represented in its events
- Spend more time gaining management support of SPE programs.
- Identify strategic opportunities to collaborate with other societies, non-governmental organizations, and regional associations.
- Determine which technologies are not covered.
- Determine which regions are underserved.
- Evaluate the meetings portfolio and prune if appropriate.
- Use other media to deliver meeting content.

Section 5

Board Committee on Membership

5.1 -- Dues and Member Benefits

In June 2005, the SPE Board approved a dues structure based on a three-tiered system to make SPE dues affordable across a diverse membership. Looking forward, SPE demographic trends suggest greatest membership growth will be outside of North America, primarily in newly developing economies. Our aging industry profile will also require that students are attracted to SPE and our younger membership is supported. Thus, the current dues structure also has a student membership and age-based tier for members under age 30. At the same time, efforts are being made to attract and retain members of all ages with reasonable and competitive dues.

Vision

- SPE will provide benefits and services with quality and excellence to meet the needs of its members and for the E&P industry at large.
- SPE dues policy will be inclusive of its global membership so that all E&P professionals are able to afford SPE membership.
- SPE will ensure that dues provide value for membership while mindful of financial prudence for the long-term health of the Society.

Actions

- Continually evaluate the quality and excellence of existing and proposed member benefits and services.
- Periodically review dues structure to ensure affordability for all members.

5.2 – Sections, Communities, and Other Member Groups

Sections are often a member's introduction to SPE, from which he/she grows to activity at the global level. SPE sections provide the link between individual petroleum professionals, both geographically and technically, and between individual members and the professional community as a whole. Sections provide opportunities for networking and social interaction, continuing education, volunteering, technical and professional development, community service and education (including industry image), student support through scholarships and other means, and collaboration with the local sections of related professional societies.

Web technologies offer the opportunity to provide new dimensions of connectivity for members. Online communities also may have value for collaboration among sections in a region, united by a technical, rather than geographic, commonality, such as Technical Interest Groups and Technical Sections. Significant growth of interest in online communities built around a shared technical interest is anticipated. Such communities transfer technical knowledge across geographic boundaries to those who need it most, and are a tool for developing a community of practice.

Vision

- Geographic sections will provide the peer-interaction platform for delivering SPE's services at a local level and will provide the link between SPE members and programs at a regional and international level.
- Online knowledge communities will provide a mechanism for global collaboration within technical specialties.

Actions

- Develop:
 - A plan to sustain its drive for more members
 - A strong retention program for student members post-graduation
 - Guidelines for actively involving young members in activities.
- Focusing on groups of members who may be feeling that their technical needs are not served within SPE, identify appropriate topics for new knowledge communities like TIGs and Technical Sections and guide their establishment.
- Develop a process to assist section leadership with formation of study groups that will meet regularly to help local members improve their understanding and application of specific areas of the discipline.
- Develop guidelines to encourage more collaborative activities with other professional groups at the section level.
- Develop a plan to extend, on a financially sustainable basis, the Distinguished Lecturer program to provide more programs to sections.

5.3 -- Young Professionals and Students

Young professionals are SPE members under 35 years old. SPE demographics show that a significant number of members will retire during 2005-15. This underscores the importance of renewing the membership through the recruitment and development of young professionals. Also, new and old skills will need to be passed on to the young professionals to sustain the industry.

Young professionals, however, sometimes have barriers to overcome in becoming active SPE members. They are under pressure to show what they can produce for their companies and may be discouraged from active professional involvement outside the company. Also, some companies do not pay membership dues, and the salaries of young professionals in some areas may make membership unaffordable. To survive, SPE must develop methods and programs to involve young professionals at all levels of the organization.

While the U.S. was the leader in petroleum engineering education, today most petroleum engineering graduates are educated in Latin America, the Middle East, Russia, China, India, and elsewhere. This has increased the number of students who are not fluent in English.

Vision

- SPE will support and facilitate young professionals to become excellent industry and SPE leaders.
- SPE will provide opportunities for young professionals to participate in SPE governance at all levels.
- SPE will offer programs of interest to young professionals to attract and retain members from the engineering and geoscience fields encompassed by the industry.
- SPE will facilitate mentoring of young professionals by older members.
- SPE will understand, appreciate, and support the role young members play in providing a bridge between industry and students.
- SPE will have a student chapter at every university that offers a degree program in petroleum engineering.
- SPE will provide the means by which students of all ages learn about technical and professional opportunities in the oil and gas industry.
- SPE will continue to make SPE involvement affordable for students worldwide

Actions

- Develop a plan to attract young people to careers in the industry and in petroleum engineering education
- Develop a recommendation on additional methods to recognize student achievements
- Encourage sections to initiate local young professional programs.
- Include young professionals on governance bodies and committees at the section, region, and international levels.
- Develop strategies for attracting members from all fields that are part of the E&P industry.
- Provide the means for young professionals to serve as the bridge between industry and students through programs like the Ambassador program.
- Promote development of young members through continuing education and e-mentoring programs and by encouraging certification, registration, or chartering.
- Assign an SPE staff person in each of the SPE offices to support young professional activities in the region.
- Include programming at regional conferences and ATCE of special interest to young professionals.
- Establish additional awards honoring the special contributions of young professionals.
- Develop methods to access and exploit the substantial mentoring resources of retired SPE members and the SPE Foundation's Board of Trustees.
- Continue to seek corporate sponsorships for student memberships and services to make SPE involvement affordable to students worldwide