

2009 Annual Report of the Society of Exploration Geophysicists

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Reports of the Officers

Larry Lines, president

The past year of global economic crisis has been challenging for the Society of Exploration Geophysicists, and yet it is amazing to see how much has been accomplished by our members and staff despite these turbulent times.

Fortunately, SEG was well positioned to navigate through the economic “stormy seas.” First, at the Annual Meeting, the SEG Foundation announced that the US\$15 million goal for the Foundation’s Major Gifts campaign had been achieved. The Major Gifts campaign officially concluded on 31 December 2008 with more than \$17 million in contributions! Secondly, the SEG Council passed two motions recommended by the Strategic Finance Policy Committee for dues increases. The first motion recommended that dues should be increased by 20% to recover inflationary losses in recent years. The second motion recommended that dues increases be indexed to inflation. Both motions were passed by an overwhelming majority of Council members. These motions helped SEG financially and should circumvent lengthy debates on the topic during future Council meetings. Finally, although the Executive Committee had budgeted for a deficit during 2007–2008, we were pleased to see that the balance sheet was slightly positive.

SEG membership continues to increase to record levels. Our membership now stands at about 32,000 members in more than 130 countries with roughly an even division between active, associate, and student members. In the future, we hope student members upgrade to associate members and associate members upgrade to active members. A stated goal is to increase the voting participation of SEG members in elections and decision-making processes.

We live in an age of wonderful communication through the Internet. Therefore, the SEG Online project represents a means to reach out to our ever-expanding global community. The SEG Web site (www.seg.org) offers much more every year, providing members with access to our publications, online courses, and continuing education information. The first online courses have recently been developed for deployment online and will include seismic anisotropy (Tsvankin, Grechka); seismic attributes (Marfurt); and a DISC course (to be named later this year). Online courses represent some of the many ways wherein SEG Online can initiate synergies between continuing education and publications in the global community.

In viewing the international distribution of members and

the wide-ranging scope of our programs, the role of our Global Affairs Committee (GAC) continues to expand. In order to better meet the needs of our membership, the GAC is proposing a redistricting based on membership numbers. The redistricting proposal is expected to be placed before the Council at the 2009 SEG Annual Meeting.

Perhaps even more fundamental to the future SEG governance will be the proposals of the SEG Governance Committee. The proposals that are being reviewed and revised essentially recommend that SEG be governed by a smaller, effective representative Board of Directors elected from the existing Council that would include the Executive Committee. It is anticipated that the recommendations for governance change will be presented at the SEG Council Meeting, either in 2009 or 2010.

In terms of governance, we see evolving responsibilities for the SEG Foundation (SEGF) Board. In September 2008, the Executive Committee voted unanimously to have the SEG Foundation Board oversee four committees within its domain of responsibility. These committees are Geoscientists *Without* Borders (GWB), the SEG Scholarship Committee, Travel Grants, and the Projects of Special Merit. At its 2009 inaugural meeting, the Executive Committee voted to allow Foundation Board members to serve up to four three-year terms. At the February 2009 Executive Committee meeting in Houston, there was a joint long-term planning meeting of the SEG Executive Committee and the Foundation Board. This meeting emphasized the mutual long-term goals of strategic planning, financial sustainability, continuing education, and production geophysics (including more collaboration with SPE).

Collaborative programs with sister societies continue to progress. The establishment of an EAGE/SEG Collaboration Committee continues to build on the strengths of shared programs such as DISC, joint research workshops, joint student programs, and joint conferences. The International Petroleum Technology Conference (IPTC) held in Kuala Lumpur in 2008 involved cooperative efforts among AAPG, EAGE, SEG, and SPE.

Because student members represent the future of SEG, it is encouraging to see the advent of many corporate-sponsored student programs. Examples of successful programs in 2008–2009 include the new ExxonMobil-sponsored Student Education Programs in Las Vegas, Bahrain, Beijing, and Amsterdam, and the ongoing Chevron-sponsored Student Leadership Symposium. The SEG Challenge Bowl competitions occur at student

chapters around the world, culminating in the final competition at the SEG Annual Meeting. There are now more than 200 SEG student chapters internationally.

The globalization of SEG is advancing successfully. Our SEG regional office in Beijing completed its first year, and a highlight was the successful CPS/SEG Beijing International Geophysical Conference and Exposition. This conference set new records for attendance and numbers of papers presented. The Beijing meeting emphasized China's role in world petroleum production. SEG Global, Inc. has recently progressed on agreements for SEG regional offices in Brazil and India.

In order to bring advanced geophysical technology to SEG members around the world, SEG has expanded its lecture series. Lectures by geophysical experts in the global community now include the Distinguished Lecture program, the Distinguished Instructor Short Course, and the Honorary Lecture Series. There was an expansion of the Shell-sponsored Honorary Lecturer Series from two to six lecturers in 2009.

Geoscientists *Without Borders* has approved four collaborative projects for humanitarian applications of geophysics in India, Thailand, Honduras, and Indonesia. The Indian project addresses water crises in rural areas and involves Clemson University and the Foundation for Ecological Security. In the Thailand project, a cooperative venture involving Boise State University and Chang Mai University will investigate earthquake hazards, water quality, and archaeological mapping. The Honduran project team, which includes the Colorado School of Mines and the community of Chasnigua, Honduras, will aid in site location for water wells in volcanic terrain for a village in Honduras that currently relies solely on trucked water. In Padang, West Sumatra, Indonesia, Geohazards International has partnered with multiple concerns, among them four universities, the USGS, KOGAMI, and the Applied Technology Council, to assess the need for and feasibility of vertical evacuation structures as a key component of tsunami preparedness in coastal communities. The growth, scope, and development of our international geophysical projects is very impressive indeed.

SEG has entered new territory in its involvement with research and research sponsorship. In addition to GWB research projects, the SEG subsidiary SEAM (SEG Advanced Modeling Corporation) is advancing through Phase I of geophysical numerical modeling through the support of 24 corporate sponsors. Phase I involves large-scale 3D seismic modeling computations for structures typical of Gulf of Mexico salt intrusions. In 2009, SEAM received a \$2 million award from the Research Partnership to Secure Energy for America (RPSEA) for extension of deepwater subsalt research. Phase II is anticipated to start in 2010.

One of the most important SEG scientific contributions is the ongoing production of two excellent monthly publications, *GEOPHYSICS* and *THE LEADING EDGE*. The past year has been a terrific year for the number of special issues of *GEOPHYSICS*, a record number of submissions, and the second-highest impact factor in the journal's history, as outlined in the Editor's report. Also, *THE LEADING EDGE* continues to attract high-quality pa-

pers with heuristic explanations of important technical topics. Additionally, SEG published a record number of expanded abstracts for the Annual Meeting in 2008. SEG also continues to publish books on a wide range of technical advancements, including those in the areas of seismic anisotropy, digital imaging, depth migration and velocity model building, seismic interferometry, diffraction theory, and petroleum geoengineering.

Continuing education is expanding its scope in terms of the number of courses and the availability of its courses through the Web. The widening spectrum of courses now includes seismic stratigraphy, engineering, marine electromagnetic methods, and advanced mathematics. As previously mentioned, the online courses will provide worldwide access to a series of lectures by international experts.

Given the difficult economic times of the past year, it would be misleading to state that SEG was advancing on all fronts. Given the need to reduce financial deficits, the Executive Committee decided to close the Geoscience Center at the Tulsa headquarters. While there was no joy in this difficult decision, it was necessitated by the economic situation of the present year and considerations of local/global impact of the physical SEG Museum. In order to invoke long-term planning for historical preservation and youth education programs, a task force was formed in July 2009 to provide recommendations for long-term strategies in these areas by the end of 2009.

With these challenging times of global recession, coupled with the needs of our international geophysical community, I am impressed by the state of SEG in 2009. Amazing accomplishments during these adverse times have been made possible by the tireless diligence of our SEG staff under the direction of Mary Fleming, our focused and dedicated committees, a resourceful SEG Foundation Board under the leadership of Gary Servos, and a creative, cooperative, and decisive Executive Committee with whom I have had the pleasure to serve. I am especially optimistic for the future Executive Committee because it will be guided by the capable leadership of Steve Hill. However, most of all, this successful year for SEG has been made possible through the efforts of thousands of individual members who will guarantee SEG's success in the years to come.

Stephen Hill, president-elect

It has been stimulating to serve as your president-elect for 2008–2009. The following summarizes my observations.

In preparing to become your president, I've been acquainting myself with the multitude of SEG activities, so many new dimensions in comparison to just a few years ago. From my period of incubation, I view the following challenges and opportunities:

1. Gaining an entrepreneurial spirit to fund the multitude of exciting opportunities.
2. Increasing SEG's global presence through offices and offerings.
3. Demonstrating the expanding breadth of opportunities to demonstrate the relevance of our geophysics.

4. Increasing associate and active membership to keep up with our burgeoning student membership.
5. Improving our ability to decide where we wish to go and how to get there.
6. Focusing our intersociety cooperation for the benefit of our members.

As I write this report, I'm actively structuring the onboarding of the new Executive Committee to quickly introduce them to the offerings, opportunities, and challenges facing SEG.

As part of my own onboarding, I've served as liaison to SEG Global Inc., SEG Foundation, and the Strategic Finance Policy, Intersociety Relations, Constitution and Bylaws, Strategic Governance Review (subcommittee of Constitution and Bylaws), Online Technology, and Research committees. Because this Annual Report contains informed reviews by each committee chair, I refrain from providing my own synopsis. In other words, I invite you to read it from the experts.

Because the health of SEG is dependent upon the health of the SEG committees, I've created a "challenge" summary for each of the SEG committees, in part based on the committee's response to a "challenge" question in my request for a 100-day report. I received 20 such reports from 55 requested committees. I foresee that committee health will be a topic for the incoming Executive Committee.

I thank President Larry Lines, my fellow Executive Committee members, and all of the SEG committee and subsidiary members for their generous contributions of their thoughts and efforts, assisting our Society in creatively approaching its future through ever-changing times. I also thank Mary Fleming and all of the SEG staff in assisting the Society as it provides a multitude of benefits for our members.

Bob A. Hardage, first vice president

Two critical issues the Executive Committee had to deal with in the past year, and that will continue to dominate the attention of subsequent Executive Committees, were: (1) financial shortfalls in SEG income and their effects on budget priorities, and (2) society governance.

Regarding issue no. 1 (revenue and budgets), it appears there will be a revenue shortfall of approximately US\$700,000 this fiscal year and an expected shortfall of about \$1 million for the next fiscal year. These real and expected revenue deficiencies required each SEG program to be evaluated in terms of cost and effectiveness. Some existing programs had to be terminated, some projects had to be reduced in scope, and some great proposals could not be initiated. In each budget decision we made, your Executive Committee kept in mind the diverse international character of our membership so that we could endorse expenditures that benefited a broad cross section of membership across a wide geographical range. This philosophy meant that we had to minimize or eliminate costs required for programs that were constrained geographically or that affected

limited sectors of our membership. These decisions were difficult to make.

Issue no. 2 (governance) will likely dominate the agenda of Executive Committees for the next two to three years. Most of our rules of governance were created when SEG was a small organization, consisted mostly of a U.S.-based membership, and had little focus on youth and students. Today, SEG membership is approximately 32,000 members. Most members are outside the United States, and students form our largest membership category. Plans are emerging that will define a new membership structure for the Council and new geographical boundaries for the sections that form the Council. These plans appear to be well conceived but must be discussed and no doubt modified by numerous decision makers and key influencers before implementation. The process of changing the fundamental structure by which our Society is governed must be deliberate and based on broad consensus. Our outgoing Executive Committee made progress toward better Society governance, but subsequent Executive Committees must continue and complete the process.

I had the pleasure of interacting with important committees during my term (GeoMentoring, Interpretation, Technical Standards, SEG Oil and Gas Reserves, Meetings Review and Planning, AAPG/SEG/SPE Joint Workshops, and SEG/AAPG Cooperation Task Force). The Interpretation Committee made critical decisions to sponsor a hydrate session at OTC 2010 followed by a hydrate workshop at the 2010 SEG Annual Meeting. These efforts will expand the activities of the interpretation-oriented portion of our membership to include an important new energy source and a significant environmental issue—hydrates. The Joint Workshop Committee and the Cooperation Task Force made progress toward improved intersociety cooperation and interaction. Intersociety cooperation is another area where progress is slow and deliberate. I predict that one of our relatively new committees—SEG Oil and Gas Reserves—will become a major SEG force because of emerging federal regulations that affect how fiscal accounting of reserves will be done in financial reports issued by hydrocarbon-producing companies.

Thank you for the confidence expressed in electing me to the office of first vice president and for the opportunity to assist SEG through service on the Executive Committee.

Mary Poulton, second vice president

I have been honored to serve on the Executive Committee for the Society this year. As an SEG member, I had a view of the Society based on my disciplinary frame of reference, but as a member of the Executive Committee I have come to learn how complex and broad the SEG activities are worldwide. The job of an Executive Committee member is daunting and at times feels like drinking from a fire hose. This has been a challenging year for the SEG staff and Executive Committee, and we have grappled with some very hard decisions. The leadership and professionalism of Larry Lines, Steve Hill, and Mary Fleming, and all of the Executive Committee members and SEG staff has

resulted in strategic, thoughtful, and much-debated decisions that will ultimately strengthen SEG as a global professional society.

One of my goals this year was to help strengthen ties with the American Geological Institute (AGI). I completed my term as secretary of AGI, and Bill Barkhouse took over the role, so we had a unique opportunity to communicate the activities of AGI to the Executive Committee, as well as the work of SEG to the AGI executive board. With our past and present participation in AGI, we see a number of opportunities to strengthen the educational activities and outreach of SEG using AGI's tremendous reputation for quality K-12 and college-level Earth science education and their extensive outreach network. AGI also funds a congressional fellowship, often working with energy and resource committees in the House and Senate, from which SEG can benefit. More work needs to be done to leverage AGI's power for the SEG, but we have made great progress this year. Students understand the power of social networking, but it cannot be understated how important it is for the larger societies to connect with each other for a greater common good.

My second goal was to bring to the wider SEG community the needs and opportunities for advanced geophysical science and engineering in mining operations, especially for mine safety and rescue and monitoring mine operations (e.g. seeing into the rock in front of the excavation face). I hope my article in *THE LEADING EDGE* (President's Page, July 2009 issue) can stimulate some thoughts from the Society members as to the need to advance our ability to communicate through the earth, not just for exploitation of resources, but to save lives.

As part of my duties, I served as liaison to several committees. While I was familiar with the activities of the disciplinary committees like Mining and Geothermal, and Gravity and Magnetism, I was less familiar with the extensive work done by the Committee on University and Student Programs (CUSP) and the Youth Education and Science Fair committees. Both CUSP and Youth Education face important decisions about how best to reach students in the face of large revenue shortfalls in the Society. CUSP has been very successful in growing the number of student chapters around the world but must now wrestle with the cost of that success. The unintended consequence of growing international student membership at such a rapid rate is the great expense of mailing materials overseas and the lack of computer access for many international students in non-OECD countries. The Society values our student members and wants to provide fair access to the Society's resources, but determining how best to provide that access for a global market affordably and effectively will require hard choices and fresh ideas. I am confident that the discussion and decision processes of myriad committees will result in a new approach that will work for all students. Youth Education has an opportunity to think about its mission in light of being a global society and how to network its vision for getting the exciting message of geophysics to middle and high school students by leveraging the existing resources and networks of other groups, like AGI.

The most lasting impression I have of the Society after a year

of service on the Executive Committee is just how dynamic the Society is, and that change is made through discussion, debate, and examination of the options, rather than by edict. This is a vibrant and diverse organization that well reflects the talents of its members.

Paulo Johann, vice president

It has been an honor and privilege to serve as SEG vice president. SEG has consolidated its position as the world's leading society for the applied geophysics professional, its objective being to promote the advancement of science and technology in applied geophysics and to foster the common scientific interest of its members and associated organizations. This goal has been achieved through the efforts of numerous geophysicists who have served our Society, continuously improving SEG's capacity to serve its more than 32,000 members based in 138 different countries. SEG currently has 49 sections and affiliated societies and more than 200 student chapters in these countries.

While serving its worldwide membership and associated organizations, SEG has certainly become a global entity, and more is needed to better address the needs of such a diverse global membership. The challenge now is for SEG to become a multicultural entity. Becoming a multicultural entity implies a sustained effort that goes beyond establishing mere geographical presence, one that allows us to acknowledge the history of the different civilizations and countries, their traditions, customs, economic and social realities, and also their transcendental values.

SEG has formally committed to sustaining its position as "the leading international Society of applied geophysics" with a very substantial investment in SEG online; steady expansion of sections and associated societies outside North America/Europe; large increases in overall membership, particularly non-US members (more than 60%); publications programs addressing the needs and opportunities presented by international markets; increase of paper submissions from members outside North America and Europe; international lecture programs; and active cooperation with other professional societies and international technical meetings. In 2008, SEG signed an agreement with the Society of Petroleum Geophysicists (SPG) of India. In Latin America, with close cooperation with the Brazilian Geophysical Society (SBGf), work also is under way to establish a cooperation agreement.

Through SEG Global Inc., an SEG subsidiary, our Society aims to establish a network of offices in key regions, ideally operated in partnership with associated societies or in cooperation with other professional societies. Regional offices will amplify the delivery of core programs: meetings and conferences; local lectures and forums; membership services; professional development; publications; and university/student relations. The actions of two SEG committees clearly illustrate our efforts to fulfill these responsibilities. The Global Affairs Committee (GAC), headed by Alfred Liaw, is expanding SEG's global presence through an important effort to update its bylaws and

achieve a larger global representation in every aspect of SEG operations. The Membership Committee, headed by Aldo Vesnaver, strives to achieve better representation for all members through an ample debate on the realignment of SEG districts. This may allow more availability of member benefits such as Distinguished and Honorary Lecturers, and opens the way for new roles for the districts in SEG governance.

The challenge SEG must face in the years to come is to keep expanding our multicultural dimension so as to better represent its young, dynamic associates with far-sighted programs like Geoscientists *Without Borders*. In parallel, we should continue to promote technological innovation in the geosciences and to improve our representation as a motivating source for all applied geophysics professionals. The “borders of geophysics” must become increasingly invisible in the future—cultural, linguistic, social, and economic barriers should gradually disappear. To match the challenges of this new scenario, SEG must keep evolving to better serve its global and multicultural geophysical community. The incoming Executive Committee, with the expert support of Mary Fleming and her staff, will meet these challenges.

Ray Vogler, secretary-treasurer

The recent fiscal year was difficult for the SEG. The rapid economic downturn was naturally the biggest factor. For example, the SEG had \$785,764 in unrealized losses due to investments. It must be noted that these losses were far less than the gain from these investments over the previous years. But the downturn wasn't the only issue that impacted the Society. The SEG has embarked on some costly endeavors in the last few years—endeavors that are critical to the future of the SEG.

The first initiative was to become a more global society. As there are a significant number of developing countries with growing energy demands, we need to be positioned to assist the suppliers to these countries. Other countries that have tremendous undeveloped reserve potential can also be aided greatly by properly employing geophysical methods. The previous Executive Committees recognized this shift and put into place mechanisms for achieving this change. The first major act was to open our first international office in Beijing, China. The initial investment is significant but should provide considerable opportunities in the future. Plans for a second regional office in Rio de Janeiro, Brazil are also under way. The Honorary Lecture Program now boasts six regions, all which will have lecturers this year for the first time (thanks in large part to Shell). There are ongoing discussions regarding the translation of some of the more popular publications into other languages as well.

The second large initiative was the expansion of SEG online. There is no more cost-effective vehicle to deliver timely information to our members. While SEG online is far from reaching its full potential, the Online Committee and the SEG staff will yield considerable upgrades in the coming years. Some online courses should be available later this year.

The third initiative was expanding the number of student

members and student chapters. This initiative proved to be wildly successful. The number of student members has increased by 3,060 this year.

These key initiatives are not only critical to the future of SEG; they also represented the best investment for the benefit of our current and future members. They are also completely consistent with the SEG mission statement of promoting the science of geophysics.

On a more positive note, revenues did increase in almost all areas, totaling about \$1.5 million increase over the previous year. However, expenses also increased and were \$2.2 million higher than the previous year, in large part due to the three initiatives I've previously described. This left SEG with a net asset decrease of \$700,000 for the fiscal year.

Finally, I'd like to thank the entire SEG staff for their assistance and guidance over the past year. They were always very supportive and generous with their time. Many thanks also to the SEG Finance Committee (Dan Ebrom, Brad Birkelo, and Jamie Rector). They provided background I sorely needed and financial insights I lacked. Lastly, I want to thank the Executive Committee for both their support and friendship. They made the experience as enjoyable as it was rewarding.

Kees Wapenaar, editor

This report summarizes the main developments in GEOPHYSICS during the past year, my second and final year as SEG editor. Vladimir Grechka of Shell E&P in Houston will be the editor in 2009–2011. Based on his excellent performance as associate and assistant editor for GEOPHYSICS since 2001, I am confident that he will do an excellent job. Assistant editors José Carcione, Tamas Nemeth (Supplements and Special Sections), Johan Robertsson (Geophysics Letters), Mauricio Sacchi, and Evert Slob will assist Grechka, along with 60 associate editors, some 20 special editors, a department editor, several SWAT editors, a rotating group of guest editors and, last but not least, SEG's Publications Department.

Recently, assistant editor Steve Arcone resigned after 10 years of excellent service for GEOPHYSICS (he has been replaced by Evert Slob). Robert Laws, Paul Sava, and Klaus Holliger also have resigned after excellent performance as associate editors for GEOPHYSICS Letters; Deyan Draganov and Kasper van Wijk have stepped in.

During the past year, I welcomed several other new associate editors: Guy Drijkoningen (Seismic Data Acquisition, replacing Richard Houck); Bin Wang (Seismic Velocity/Statics); Ian Moore (Signal Processing); Carlos Torres-Verdin (Borehole Geophysics and Rock Properties, replacing Evert Slob for Electrical Rock Properties); James Irving (Engineering and Environmental Geophysics, replacing John Bradford); Chester Weiss (Electrical and Electromagnetic Methods, replacing Kerry Key); Jan van der Kruk (Ground Penetrating Radar, replacing Evert Slob); Miguel Bosch (Reservoir Geophysics, replacing Martin Landrø); and Dirk-Jan van Manen (Seismic Modeling and Wave Propagation, replacing Deyan Draganov). Tobias Mueller

has been temporarily replacing Boris Gurevich (Poroelasticity). Some more replacements will take place at the start of the new term.

Also in the past year, two new regular sections have debuted: Seismic Interferometry (associate editor Deyan Draganov, to be followed up by me after my EIC term); and Passive Seismic (initiated by editor-elect Vladimir Grechka; Shawn Maxwell will be associate editor for this section).

SEG President-elect Steve Hill resigned as editor of the GEOPHYSICS "Bright Spots" column in THE LEADING EDGE to devote more time to his new role on the Executive Committee. Hill did a tremendous job with this column for several years, and finding a successor has been difficult. Therefore, we have decided to change the format slightly. Associate editors now write individual "Bright Spot" summaries of papers they handled and which they consider significant enough to be covered in this column. Chris Liner (former EIC) volunteered to coordinate this column. Due to other obligations, Liner will resign from this role by the end of 2009, and Ken Mahrer will take over the position.

Supplements and Special Sections. In the past couple of years, GEOPHYSICS published several supplements and special sections, each dedicated to a specific theme. The main difference between a supplement and a special section is the format and the number of papers. A supplement is a separately bound collection of, typically, 20 or more papers, subdivided into different sections, whereas a special section appears in a regular GEOPHYSICS issue and contains a smaller number of papers.

I have seen it as one of my tasks as editor to pursue this concept further. Supplements and special sections can give a comprehensive overview of the state of the art of a specific discipline within applied geophysics, but they can also stimulate integration and cross-fertilization between different disciplines within as well as outside the boundaries of applied geophysics. They are edited by a small group of guest associate editors, who start by writing a call for papers, inviting authors, and selecting reviewers. An important part of their task is to write an introduction, which puts the theme handled in the supplement or special section into perspective, motivates the setup, and indicates possible future directions. I believe that supplements and special sections are well appreciated by SEG members and have the potential to reach an audience beyond the applied geophysics community. The recent emphasis on special sections and supplements has contributed to a significant increase in the number of papers submitted to GEOPHYSICS. Guest editors and authors get invaluable support of assistant editor Tamas Nemeth and the GEOPHYSICS publication staff.

Here is an overview of recent and planned supplements and special sections. "Velocity Estimation for Depth Imaging" is a supplement that was published along with the September–October 2008 issue. The guest editors were Bill Harlan, Bob Langgan, and Tamas Nemeth. This supplement contained 37 papers on velocity estimation for depth imaging and covered the lat-

est developments in tomography, waveform inversion, velocity model building, and parametric velocity estimation. Moreover, it contains a series of interesting case studies. This supplement is an invaluable reference for anybody involved in seismic data imaging. The editing process of this supplement serves as an example for future cases: The call for papers was closed 30 November 2007 (later extended to 31 December 2007), and the supplement was published in the September–October 2008 issue.

The special section "4D Gravity Monitoring" appeared in the November–December 2008 issue. The guest editors were Ed Biegert, John Ferguson, and Xiong Li. It contained 18 papers on current methods and new directions in microgravity time-lapse monitoring. Topics included the state of the art of instrumentation, field-survey designs, monitoring and removal of environmental interference, and data processing and interpretation techniques. It also contained case studies that integrate various approaches (gravity with other geophysical monitoring methods, reservoir engineering, InSAR, and GPS positioning) for achieving reliable and meaningful monitoring of volcanoes, geothermal activities, groundwater, oil and gas reservoirs, and CO₂ sequestration. The call for papers closed 28 February 2008, and these editors did a very good job in guarding the turnaround time.

The "Rainbow in the Earth" special section appeared in the March–April 2009 issue. The guest editors were Mark Chapman, Evgeni Chesnokov, Sandhya Devi, and Vladimir Grechka. This special section contained 13 papers on scale-frequency phenomena through physical measurements, data acquisition/analysis, and theoretical approaches. This special section helps readers better understand the subsurface Earth structure at multiple scales.

"Anisotropy" is a special section containing 20 papers on seismic anisotropy that will appear in the September–October 2009 issue. Guest editors Ilya Tsvankin, Ken Larner, James Gaiser, and Vladimir Grechka invited the participants of the international workshop on seismic anisotropy (IWSA), held in August 2008, to submit full papers for this special section.

"Advances in Seismic Inversion and Imaging" is a supplement that will be published with the November–December 2009 issue. The guest editors are Stefan Buske, Stéphane Operto, Valenti Sallares, and Isabelle Lecomte. This supplement, which will contain 48 papers, covers developments in seismic inversion and imaging at multiple scales, ranging from the near-surface scale (<50 m), via exploration (<5000 m), to basin and global scale. Despite the obvious analogies between seismic exploration and global seismology, these fields have traditionally been developing almost independently. Therefore, the time is right for cross-fertilization between the global seismology and exploration communities. This supplement has the potential to become an excellent reference for geophysical imaging and inversion researchers in all fields.

"Hydrogeophysics" was originally planned as a joint effort with EAGE's *Near-Surface Geophysics* journal. In February 2009, it was decided that SEG and EAGE would each pub-

lish their own special section on hydrogeophysics. *GEOPHYSICS* plans to publish a special section, “Hydrogeophysics—Electric and Electromagnetic Methods” in the July–August 2010 issue. The guest editors are Jan van der Kruk, André Revil, and Evert Slob. The aim is to review theories and their applications on various scales and within different geologic settings. With this special issue, the editors hope to foster a knowledge transfer and cross-fertilization among the different communities active in hydrogeophysics.

In 1960 and 1985, *GEOPHYSICS* published its Silver and Golden Anniversary issues, respectively. Following this tradition, the “*GEOPHYSICS* 75th Anniversary” supplement will be published along with the September–October 2010 issue. It will contain overview papers from experts in many applied geophysics disciplines. Those papers can be historical in nature or more technical, tutorial-style overviews, presenting a snapshot of the state of the art of geophysics in 2010 and offering a glance into the future. The guest editors are Sven Treitel, Enders Robinson, Vladimir Grechka, and Kees Wapenaar.

Plans are under way for a special section on “Seismic Data Sampling and Wavefield Representation” to appear in the November–December 2010 issue. A call for papers will be sent out later this year. Craig Beasley, Sergey Fomel, Tamas Nemeth, and Mauricio Sacchi will be guest editors.

The “New Journal Experiment” section received five original submissions in 2007, one in 2008, and two in 2009. Four of the submissions have been accepted for publication, two have been withdrawn, and reviews for the two submissions in 2009 are in progress.

Up-to-date information about *GEOPHYSICS*’ supplements and special sections can be found on <http://seg.org/geophysics/specialsections>.

Statistics. The total number of papers submitted to *GEOPHYSICS* increased from 365 (1 July 2006–30 June 2007) to 414 (1 July 2007–30 June 2008) to 427 (1 July 2008–30 June 2009). Approximately 63% of the contributions of the past year come from non-U.S. based authors. The broadness of the geographical origins of the papers reflects the international character of *GEOPHYSICS* (Table 1). The involvement of oil and service companies continues to be relatively small (approximately 16%, Table 2).

The manuscript handling improved drastically in the past couple of years. The average time required for first review is around two months, thanks to the measures taken by my predecessors (Table 3). The average time between acceptance and publication increased by one month in comparison with last year, but is still a month or more shorter than in the years before (Table 4). Special section and supplement papers take more time to publish on average because all are published at once, whereas regular-issue papers are published as each is ready. Paper-by-paper online publication is under consideration for some upcoming special sections and supplements. The increase in special section and supplement papers accounts for the performance slippage only in part. Acceptance-to-publication time

for regular-issue papers was nearly 20 days longer than the previous year’s overall average. Staff and contractors are making adjustments to address the increasing volume of papers.

Thomson’s ISI Web of Knowledge defines the impact factor of a journal in a specific year as the number of cites in that year to articles published in the two preceding years, divided by the total number of articles in those years. In 2008, there were 761 cites to the 564 *GEOPHYSICS* articles published in 2007 and 2006, giving an impact factor of $761/564 = 1.349$. Measured by impact factor, *GEOPHYSICS* comes in 35th in a list of 64 journals in the category “Geochemistry and Geophysics.” Based on the total number of cites (7811), *GEOPHYSICS* holds an 11th position. The current impact factor is the second-highest in the history of *GEOPHYSICS*, behind only the 1983 score of 1.461 and exceeding the previous No. 2 performance of 1.228 in 2006. The journal’s impact factor has risen steadily from 0.649 in 2001. The rapid turnaround time from submission to publication in recent years has definitely helped the journal increase its impact factor. Table 5 shows the impact factors of *GEOPHYSICS* from 1975 to 2008. Impact factors fluctuate from year to year, and this year’s high grade may in the future very well turn out to be an outlier. Nevertheless, from Table 5 it is obvious that the increasing trend of the past eight years is real.

Total number of papers submitted for publication in *GEOPHYSICS* 1 July 2008–30 June 2009: 427.

Table 1. Origin of papers submitted for publication in GEO-PHYSICS by country 1 July 2008–30 June 2009

USA	159
Canada	37
China	32
Norway	23
United Kingdom	21
France	18
Brazil	14
Australia	13
Italy	12
Germany	11
Netherlands	9
India	7
Korea	7
Saudi Arabia	7
Egypt	6
Russian Federation	6
Japan	5
Sweden	4
Switzerland	4
Greece	3
Iran	3
Israel	3
Malaysia	3
Turkey	3
Austria	2
Denmark	2
Ireland	2
Mexico	2
Argentina	1
Colombia	1
Czech Republic	1
Ethiopia	1
Faroe Islands	1
Ghana	1
Hungary	1
Libya	1
Nigeria	1
Total	427

Table 2. Origin of papers submitted for publication in GEO-PHYSICS by employer 1 July 2008–30 June 2009

Universities	275
Research Institutes	55
Oil Companies	40
Service Companies and Manufacturers	27
Governments	17
Consultants	11
Instrument Companies	1
Mining Companies	1
Total	427

Table 3. Manuscript handling statistics

Year submitted 1 July–30 June	Average number of days required for first review
1991–92	172
1992–93	157
1993–94	184
1994–95	182
1995–96	211
1996–97	186
1997–98	205
1998–99	214
1999–00	212
2000–01	211
2001–02	178
2002–03	133
2003–04	141
2004–05	105
2005–06	66
2006–07	53
2007–08	57
*2008–09	53

* First reviews have not been returned for all papers.

Table 4. Manuscript handling statistics

Year submitted 1 July–30 June	Average number of days between acceptance and publication
1991–92	176
1992–93	181
1993–94	178
1994–95	210
1995–96	N/A
1996–97	N/A
1997–98	180
1998–99	177
1999–00	202
2000–01	208
2001–02	213
2002–03	195
2003–04	161
2004–05	158
2005–06	181
2006–07	143
2007–08	82
2008–09	111

Table 5. Impact factor

<u>Year</u>	<u>Impact factor</u>
1975.....	0.629
1976.....	1.095
1977.....	0.773
1978.....	0.591
1979.....	0.918
1980.....	0.895
1981.....	1.087
1982.....	1.100
1983.....	1.461
1984.....	1.193
1985.....	1.206
1986.....	0.968
1987.....	1.084
1988.....	0.931
1989.....	1.017
1990.....	0.905
1991.....	1.166
1992.....	0.697
1993.....	0.919
1994.....	0.824
1995.....	0.877
1996.....	0.867
1997.....	0.824
1998.....	0.687
1999.....	0.818
2000.....	0.861
2001.....	0.649
2002.....	0.834
*2003.....	0.589
2004.....	1.087
2005.....	1.030
2006.....	1.228
2007.....	1.167
2008.....	1.349

* The impact factor for 2003 is based on a single issue.
A recalculation based on all issues in 2003 gives 0.862.

Reports of the Standing Committee Chairmen

Advisory

Leon Thomsen, chairman

According to the SEG Constitution, the Advisory Committee consists of the five most recent SEG presidents and meets at the sitting president's request to develop and deliver advice on specifically requested topics. This year's members were Leon Thomsen, chairman; Fred Aminzadeh; Terry Young; Craig Beasley; and Peter Duncan.

The committee met to consider only one issue in January 2009. We delivered our analysis of the proposal by the Ad-Hoc Committee on Governance Review, chaired by Klaas Koster, to the Executive Committee on 25 January.

No other advice was requested by President Larry Lines.

Annual Meeting Steering

Roy E. Clark Jr., chairman

The 79th SEG Annual Meeting will be held 25–30 October 2009 in Houston, Texas at the George R. Brown Convention Center. Hotel headquarters will be at the Hilton Americas hotel. Both venues are downtown and are connected by a skybridge.

The Geophysical Society of Houston, under the leadership of president Mike Graul, is the host society. Steering committee members are Keith Matthews (general vice chairman); John Castagna (Technical Program); Debera Fontenot (Sponsorships); Gary Crouse and Samir Abdelmoaty (International Showcase and Global Theater); Bob Schreiber (Exhibitors), Don Paul (Forum series); Lisa Buckner (Applied Science program); Lorraine Monk (Spouses' program); Haynie Stringer (volunteer coordinator); and Dennis Sump (golf tournament).

The real heroes behind the convention are the SEG staff, including Jim Lawnick, Steve Emery, Kristi Smith, Cassidy Grusi, Canaan Rice, Naomi Haddock, Amy Watson, Kathy Gamble, John Van Gundy and "new consultant" Pam Terekhova.

The event will kick off with a golf tournament on Saturday morning, 24 October at Wildcat Golf Course. Saturday evening, a dinner for the international showcase participants will be held at a downtown restaurant.

On Sunday, the Honors and Awards Ceremony and Presidential Address follow the annual council meeting. The Icebreaker on Sunday evening will officially open of the SEG Annual Meeting.

Monday morning will open with the SEG Forum, "State of Energy R & D," addressing the continuing advances in computing and how these have impacted the field of geophysics. The Forum will feature guest speakers from service providers, computer companies, oil companies, universities, and government.

The technical program, which received the second-largest number of presentations ever submitted for consideration for an Annual Meeting, will begin Monday afternoon. The Houston technical program will be the largest on record with 77 oral sessions and 252 poster sessions. These sessions will run through Thursday afternoon.

Tuesday, the spotlight of the convention will be on the International Showcase with this year's theme, "The Middle East—Back to the Future." International business and technical presentations will be given all day Tuesday and Wednesday in the Global Theater.

The Applied Science Program on Wednesday will feature Robert R. Stewart from the University of Houston, speaking on "Extreme Geophysics from Exploring Maya Ruins to an Arctic Mars Colony."

After the exhibit hall closes on Wednesday evening, "SEG Oktoberfest" will begin at the Hilton Americas. This will be a fun evening of sampling local beer, wine and food, dancing, and networking with friends and colleagues.

There are 16 workshops presently scheduled to start Thursday afternoon and run through Friday afternoon. At the completion of the last workshop, the 2009 SEG Annual Meeting will officially close.

This has been a tough year for the global economy, yet four months prior to the meeting, we have 234 companies committed for exhibit space, representing 1,013 booths. This is more space than was contracted for the entire meeting last time SEG was in Houston and as you recall that was for the SEG 75th Anniversary. During planning our greatest concern is for sponsorships. To date sponsorship is strong and on target. However, in a year where money is understandably tight, we have budgeted accordingly. I believe the Steering Committee and SEG staff have done an excellent job in organizing this year's Annual Meeting. I sincerely hope that you will be able to attend and enjoy the results of our efforts.

Audit

Frank Brown, chairman

The new Audit Committee was formed to primarily separate the audit function from the Finance Committee, as well as provide an independent body able to hear and investigate complaints and grievances of a serious nature that may arise within the Society.

Committee members Randy Byrne, John Sumner, and myself will complete the audit for the preceding year (2008) by October 2009.

Committee on University and Student Programs

Christine Morshedi, chair (industry representative)

Fernando Ziegler, cochair (student representative)

In 2009, the Student Sections/Academic Liaison Committee successfully re-emerged as the Committee on University and Student Programs (CUSP). We have maintained our quarterly meetings, which allow us to grow in scope and activity to serve our three main constituents: students, faculty, and industry. We have completely revised the policies and procedures for the committee based on a revised mission statement, and we are in process of obtaining approval for the new policy and procedures from the Executive Committee. The current committee profile consists of 14 students, seven faculty, and 26 industry members. A “recruiter” subcommittee has been formed to address the needs of our industry recruiters, such as how SEG can better connect recruiters, students, and universities for new-hire development.

CUSP continues to support ongoing programs such as the SEG/Chevron Student Leadership Symposium (SLS), Student Expos (with AAPG), and SEG Challenge Bowls. This year we also successfully implemented a new education program: the SEG/ExxonMobil Student Education Program (SEP) with events in Las Vegas, Bahrain, Beijing, and Amsterdam. In all, this new program reached 110 students from 63 universities in 30 different countries.

CUSP worked diligently on shortening the list of inactive Student Chapters (previously referred to as Sections). SEG Student Chapters continue to thrive. To date, there are 216 active student chapters representing 54 countries worldwide. For the first time in a long time, all SEG Student Chapters are in active status.

The SEG Executive Committee approved the CUSP’s proposal of a Faculty Advisor Support Program. A benefit of this new program will afford complimentary Annual Meeting registration to active SEG Faculty Advisors. Policies and procedures for this program will be detailed by the CUSP during the summer of 2009. One component of the support program is the

inaugural Faculty Advisor Workshop to premiere at the 2009 Annual Meeting. The workshop will include networking opportunities, discussion groups, and brainstorming sessions.

CUSP has ventured out on the social media front. We are seeking new ways to keep student members actively engaged in the Society through social networking programs such as Facebook, LinkedIn, and Twitter.

Our international presence continues to grow, bringing administrative and financial challenges along with it. Challenge Bowls were held in 13 locations in nine countries. The international playoffs will be held in conjunction with the SEG Annual Meeting in Houston, 26 October. CUSP also extended our international reach by supporting the SEP in Bahrain, Beijing, and Amsterdam.

The SEG/Chevron SLS brought together 50 students from 18 countries and 46 universities for a weekend of leadership and team building in Las Vegas. The students participated in discussions with the SEG Executive Committee that helped shaped the work of the CUSP for the past year. The students also participated in team-building exercises on the Las Vegas strip.

Student Expos continue to grow as well. Three Expos were held in the past year: the Spring Break Expo in Norman, Oklahoma; the Fall Expo in Houston, Texas; and the West Coast Expo in Northridge, California. The Spring Expo will now be called the SEG/AAPG Spring Break Expo. The SEG Executive Committee has also approved financial and organizational support for an international student expo to be held in Bucharest in April 2010, marking SEG’s first foray into the international expo frontier.

Constitution and Bylaws

Klaas Koster, chairman

The Constitution and Bylaws Committee reviewed the proposed Constitution and Bylaws of SEG Thailand as part of its application to become an Associated Society. The SEG-NSGS section proposed changes in its Bylaws, which were found to be in order. In addition, it reviewed the Membership Committee’s proposed changes to SEG districts.

In close cooperation with the Membership Committee and staff, the C&B Committee amended changes to SEG’s Bylaws to facilitate transfer to Active membership. The sections of SEG’s Bylaws and Procedure Manual dealing with membership were rewritten, and the Council approved the changes. Similarly, the designation of Junior Members as a member classification, modifying dues for inflation, and renaming Student Sections into Student Chapters were reviewed and approved.

The task of the ad-hoc Governance Review subcommittee formed in 2007 is to perform a complete review of the Society’s governance structure and Constitution and Bylaws, and to recommend to the Executive Committee, (and, eventually, to the membership and the Council), an improved governance structure. After the initial stage of data gathering and interviews, the subcommittee reached consensus on the desirability of a

stronger role for the Council in running SEG. Feedback from the Executive Committee, Advisory Committee, and Council members was incorporated in a set of final recommendations to the Executive Committee. The required changes in SEG's Constitution and Bylaws are currently under review by legal counsel. If the changes are approved by the Executive Committee in August, then they will be brought to a vote at the Council meeting in October.

Continuing Education

Dave Carlson, chairman

Twenty-two public courses were held during FY 2009, down from 28 in FY2008. We were hurt by two courses cancelled in September 2008 in North Houston due to Hurricane Ike. Also, two of the four courses scheduled in Calgary in May 2009 were cancelled due to low enrollment.

The Continuing Education program reached a total of 568 participants, down from 698 in FY2008. Public courses were held in Houston, New Orleans, Calgary, Las Vegas, and Bahrain. SEG participated in the first-ever DGS/AAPG/EAGE/SEG Gulf Education Symposium in Manama, Bahrain, where we offered the course "Applications of Geophysical Inversion and Imaging" by Brian Russell. This course was a good opportunity to increase our presence in the Middle East region. The in-house training program sent courses to Munich, Buenos Aires, Beijing, and Houston. A section-sponsored course was held in Lafayette, Louisiana. Houston and New Orleans continue to draw strong attendance.

Courses held in FY2009:

- 3D Seismic Attributes for Prospect Identification and Reservoir Characterization
- Seismic Fluid Detection, Reservoir Delineation, and Recovery Monitoring: The Rock Physics Basis
- AVO: Seismic Lithology
- Planning and Operating a Land 3D Seismic Survey
- Marine Electromagnetic Methods for Hydrocarbon Exploration
- Seismic Anisotropy: Basic Theory and Applications in Exploration and Reservoir Characterization
- Seismic Migration, Modeling and Inversion
- Application and Interpretation of Converted Waves
- Mathematics of Modeling, Migration and Inversion with Gaussian Beams
- Time-Lapse Seismic in Reservoir Management
- Seismic Data Processing
- Gravity and Magnetism for Explorationists
- Petroleum Geology for Geophysicists
- Applications of Geophysical Inversion and Imaging
- Seismic Stratigraphy and Geomorphology
- Petroleum Systems of Deepwater Settings
- Borehole Geophysics: Theory and Practice

Online education. In February 2009, two courses, "3D Seismic Attributes for Prospect Identification and Reservoir Characterization" by Kurt Marfurt, and "Seismic Anisotropy: Basic Theory and Applications in Exploration and Reservoir Characterization" by Ilya Tsvankin and Vladimir Grechka were recorded for development into online courses. The courses are expected to launch in the latter half of 2009, and the Executive Committee has approved the pricing model. The CE committee has proposals in development with two for-profit vendors to collaborate on assessment tools, courses, and online courses.

Proposals. The CE committee has received two completed course proposals for review. Other course proposals are in development, including a series of courses in the field of electromagnetics. The committee is participating in a CE task force to develop the strategy and business model and evaluate our course offerings.

Course reviews. The CE committee has completed the first year of course reviews in a newly launched, three-year review process. With this new review process, courses will be reviewed every three years and will receive the recommendation to continue in the SEG curriculum, continue with updates, or withdraw from the curriculum. Six courses are presently being reviewed.

SEG/EAGE DISC. The SEG/EAGE Distinguished Instructor Short Course (DISC) for 2008 was "Reservoir Geophysics: Applications" by William Abriel of Chevron; 2165 participants enrolled. Currently, Patrick Corbett of Heriot-Watt University is presenting the 2009 DISC "Petroleum Geoengineering: Integration of Static and Dynamic Models." The reviews have been positive. To date, 14 of 28 presentations have been given.

The 2010 DISC instructor is Colin Sayers from Schlumberger. His DISC book manuscript has been submitted. The 2011 DISC instructor is Julien Meunier of CGGVeritas. In addition, efforts to place completed DISC lectures on "DigitalDISC" continues with Olivier Dubrule's 2003 DISC and William Abriel's 2008 DISC. The target sale date is the SEG Annual Meeting in October 2009.

This year, the CE department filled two staff positions: Professional Development Director and Online Professional Development Advisor. Special thanks to Tom Agnew and Cecilia Martin for their outstanding efforts in these programs.

Development and Production

Michael A. Payne, chairman

The Development and Production (D&P) Committee in 2008 conducted a D&P Forum, hosted the D&P Luncheon at the Annual Meeting, prepared for the 2009 D&P Forum, began very early planning for the 2010 and 2011 D&P Forums, and participated in the creation of an updated SEG Reservoir Geophysics Volume II.

Bob Hardage chaired the organizing committee of 2008

D&P Forum, “The Roles of Scaling and Uncertainty in Reservoir Characterization” in Austin, TX. Assisting him were committee members Larry Lake, Hongliu Zeng, Diana Sava, and Charlotte Sullivan. Nearly 50 participants attended the forum, while 34 papers and posters were presented and discussed. Two field trips occurred during the week – one visit to the Texas Advanced Computational Center (TACC) to see the world’s largest publicly available computational cluster and several other clusters used for reservoir modeling, and a half-day visit to the largest core repository in the United States to examine and discuss cores from challenging reservoir systems. The top five papers presented at the forum were then repeated in the workshop, “Best of D&P Forum” at the 2008 SEG Annual Meeting in Las Vegas.

At the 2008 SEG Annual Meeting in Las Vegas, the committee hosted the D&P Luncheon with speaker Behrooz Fattahi, who will serve as the SPE President in 2010. His presentation, “SPE and SEG: Pathways to Collaboration” encouraged cooperation between geophysicists and engineers to address the energy challenges of the future. Fattahi stated that we can expand our track record of working together to organize conferences to conduct joint efforts in others areas of interest to SPE and SEG members.

The 2009 D&P Forum, “Reservoir Characterization and Monitoring in Carbonates” was held in April in Bahrain. This was our first foray into the Middle East with this venue. Mike Wilt served as organizing committee chairman. Ralph Bridle represented the Dhahran Geoscience Society, which co-hosted the event.

Early planning has been initiated for the 2010 D&P Forum. Charlotte Sullivan will serve as the organizing committee chair. The forum will be held in the northeastern United States to facilitate attendance by our European and Middle Eastern colleagues. The topic will be related to CO₂ sequestration and EOR processes. We are planning to hold the 2011 D&P Forum in Beijing. A topic and organizing committee will be chosen in the future.

Finally, we completed all of the materials for the update of the SEG Reservoir Geophysics Volume II book. The title will be *Methods and Applications in Reservoir Geophysics*. It is anticipated to be ready for sale in late 2009. The emphasis of this revised edition is on case studies that demonstrate the application of geophysics across all business stages. Lead editor Dave Johnston has assembled a group of editors who hail primarily from the D&P Committee.

Distinguished Lecture

Gregory A. Partyka, chairman

We are in the midst of another successful year, reaching members in many parts of the world via the Distinguished and Honorary Lecture programs. The Distinguished Lecture (DL) program honors outstanding individuals who are recognized for the high quality of their contributions to geophysics on an

international level and who are outstanding communicators of ideas and concepts.

The Honorary Lecture program (HL) focuses on the transfer of knowledge within a region and/or topic, recognizing prominent geophysicists and strengthening the services SEG provides to an expanding global membership.

Peter Duncan was the SEG DL during the second half of 2008, speaking on the topic “Aggressively passive: Microseismic opportunities over an oilfield’s life.” He presented this lecture at many international sites and received an excellent turnout.

For the first half of 2009, the SEG DL was Jack Bouska, speaking on the role of integrating seismic acquisition and processing. Feedback from attendees indicated that Bouska was an exceptional DL, and the sections very much enjoyed his talk.

Coming up, we have the 2009 SEG DL featuring Craig J. Beasley. His lecture is “Lessons learned from simultaneous source investigations.” The fall 2009 AAPG/SEG DL will be Bruce Hart. The AAPG is arranging Bruce Hart’s tour. Patrick Connolly will be the spring 2010 SEG DL.

In the last half of 2008, Richard Lindsay was the HL for North America. His presentation was “Forgotten geophysics: A reminder that first-order effects should come first.”

In 2009 we have Honorary Lectures taking place in six regions:

- South and East Asia: C. H. Mehta, “Significance of Fresnel zones in seismic reflection prospecting”
- Pacific South: Andrew S. Long, “Multiazimuth and wide-azimuth seismic: Foundations, challenges, and opportunities”
- Europe: Per Avseth, “Mind the gap in seismic reservoir prediction: How rock physics can bridge the gap between qualitative geology and quantitative geophysics”
- Middle East & Africa: Samir Abdelmoaty, “Multiazimuth seismic in the Nile Delta, Egypt”
- Central and South America: José M. Carcione, “Physics and simulation of waves for exploration and environmental geosciences”
- North America: Bill Goodway, “The magic of Lamé”

In addition, we have a special joint Bureau of Economic Geology (BEG)–SEG honorary lecture presented by Bob A. Hardage, “Expanding seismic stratigraphy to the full-elastic wavefield.” BEG is arranging and scheduling Hardage’s tour.

SEG’s Web site continues to accumulate the more recent lectures as webcasts. These recorded presentations are receiving a significant number of Web visits and have become a proven way to reach the international community. SEG will continue to record future lectures and will place them online as they become available.

Global Affairs

Alfred L. Liaw, chairman

In 2009, the Global Affairs Committee (GAC), under the

leadership of Hermes Malcotti, Michael Burianyk, and myself, made an effort to revise its Procedures Manual in order to better align the committee organization and its functions to SEG's globalization strategy.

GAC members reviewed extensively and endorsed a restricting proposal recommended by the Membership Committee. The proposal has addressed geographical contiguity, cultural affinity, and a fair balance of membership distribution. Moving on with the proposal by the Membership Committee, SEG benefit from an improved logistic support of its membership and geophysical activities. It will further improve SEG's globalization process and facilitate collaboration among those countries in the same district.

During the GAC midyear meeting in March, members made a recommendation to the Executive Committee to recognize the roles of GAC country representatives as stated in the GAC Procedures Manual. The GAC solicited member input and endorsed the Governance Proposal by the Governance Review Committee. The midyear meeting also served as a platform for the SEG Youth Education Committee, chaired by Hermes Malcotti, to collaborate with the AGI education program.

In addition to the regular midyear meeting, we organized three additional GAC meetings during regional geophysical conferences, which will allow even more GAC members to participate in the discussion of regional issues:

- 27 April, Beijing, China, CPS/SEG Beijing 2009 Geophysical Conference
- 12 May, Belgrade, Serbia, 5th Congress of the Balkan Geophysical Society (Snezana Komatina)
- 10 June, Amsterdam, the Netherlands, EAGE Annual Conference (Mike Burianyk)

A motion was approved at the GAC Beijing meeting, which suggests the SEG leadership to take an initiative to influence the executives of the Chinese NOCs and private companies to implement summer internship programs for geophysical students in China.

As usual, the GAC awarded grants to five student chapters for the PCs for Students Program funded by the SEG Foundation. They are:

- Argentina: Sociedad Geofísica de la Universidad Nacional de Córdoba
- Bangladesh: University of Dhaka Geophysics Society
- India: University of Kurukshetra Geophysical Society
- Mexico: Instituto Politécnico Nacional Geophysical Society
- Poland: AGH University of Science & Technology Department of Geology, Geophysics and Environmental Protection

This year, the task force, chaired by Mary H. Feeley, expanded the scope of its grants to provide free geophysical software packages to student chapters, even if they don't receive computer hardware.

The GAC has engaged in the development of the long-term

strategy for SEG international offices in support of SEG Global Inc. Several prospective offices in India, Brazil, and the Middle East have been prioritized and evaluated. During the year, GAC has played a key role in support of the SEG China operations.

Under the leadership of Kurt-M. Strack, GAC global advisor, and Weerachai Siripunvaraporn, an SEG section in Thailand has been established in Bangkok. Within a few months, the Section was formed and a Student Chapter was established. Weerachai has accepted the position as the first country representative for Thailand.

The GAC and Membership Committees jointly recommended that SEG should make its best effort to continue mailing paper copies of *THE LEADING EDGE* (*TLE*) to all Student members. Student members have overwhelmingly documented that *TLE* is the most valuable benefit of Student membership. Alternate solutions have been offered to the Executive Committee.

During the 79th SEG Annual Meeting in Las Vegas, the GAC endorsed and supported the International Showcase and the Global Theater program, "Asia/Pacific: An Ocean of Opportunity." It was one of the best-ever International Showcase/Global Theater programs. GAC also organized the following four regional luncheon meetings with prominent keynote speakers:

- Africa/Middle East: Paul Dirks, "Where Are They Going to Come from? Training Geophysicists for Africa – The AfricaArray model"
- Latin America/ULG: Mario Carminatti on "Brazil's Exploration Outlook after the Presalt Discoveries"
- Pacific/Asia: Nick Sheard on "Australia—Becoming a Forgotten Treasure Box"
- FSU/European: Nikolai Baranskij on "New Data Analysis Technologies for Growing Russian Upstream Activities"

We were honored to welcome Leon Thomsen as a new Honorary GAC Member.

The GAC experienced first-hand the constant changes of the organization as it bid an emotional farewell to Bastiaan Bouma and Pamela Terekhova of the SEG Global Relations department. Their contributions have fostered the successful growth of the GAC in the past years. We are going to miss their collaboration deeply.

Gravity and Magnetics

Rao Yalamanchili, chairman

Tim Grow, vice chairman

This committee focuses on gravity and magnetics activities within the Society and promotes the knowledge and use of these potential field methods. We meet twice a year—midyear (April 2009) and again at the Annual Meeting. This year's meeting will be held on 27 October 2009.

More than 50 members serve on this committee, and they are instrumental in organizing Annual Meeting sessions and activities, providing input to *THE LEADING EDGE*, advising on

technical standards, and overseeing the gravity and magnetics dedicated list server, which includes geophysicists outside SEG.

The 2009 Annual Meeting will feature technical oral and poster sessions, a luncheon and a workshop. Stuart Hall and Chuck Campbell have organized the technical oral and poster sessions. Rao Yalamanchili, Jerry Hensel, Dale Bird, and Norm Allegar are coordinating a postconvention workshop, "The Nature of the Transition from Continental to Oceanic Crust in Rifted and in Passive Continental Margins." There will be four invited oral presentations and 20 poster presentations in this workshop. The presentations will be scheduled to facilitate maximum interaction and discussions among participants. The luncheon will feature Simon Klemperer of Stanford University, who will speak on "Rupturing Continental Lithosphere in the Main Ethiopian Rift: A Hot Plume Meets a Cold Craton."

We also are heavily involved in SEG publication activities. The Publications Committee coordinated a CD for the Case Histories volume. *THE LEADING EDGE*'s "The Meter Reader" column continues with member Greg Lyman as coordinator. Bimonthly dinner talks are in progress and are organized by Greg Jorgenson through the Potential Fields SIG of the Geophysical Society of Houston. Continuing education activities continue with Michal Ruder presenting a gravity and magnetics methods and interpretation short course several times during the year. The committee also is active in the exchange of gravity- and magnetics-related issues between SEG members and nonmembers over the Columbia University hosted list server.

The chairman and vice chairman of this committee serve for two years; therefore, our positions will continue during the next term.

Historical Preservation

Robert Wyckoff, chairman

The first SEG Historical Preservation Committee (HPC) meeting took place in November 2008 during the SEG Annual Meeting. In the past year, activities have focused on action items from that meeting.

Activities in progress or completed follow with a brief commentary:

- SEG Virtual Museum update is in progress with documents being scanned and uploaded to the site. John Stockwell is leading this task.
- SEG mission statement includes/implies historical preservation of the SEG Foundation artifacts and documents as determined by the Executive Committee. An HPC policy and procedures update will incorporate language to that effect.
- Inventory of artifacts and documents is ongoing under the contract services of Energy America Education Institute (EAEI) with University of Tulsa geophysics students performing the task. Norm Hyne with EAEI is the administrator. Local HPC members help identify artifacts and documents, including duplication and pieces that do not have

historical value. Additional documents and artifacts have been received from donors.

- Ongoing communications with Tom Fulton, Chairman of the Geophysical Society of Houston (GSH) museum, to further the mission of the HPC and support the efforts of the GSH museum are productive.

SEG-HPC, on recommendation from Tom Fulton, helped sponsor the Petroleum History Institute 2009 Symposium and field trips in Titusville, PA, 14–16 May. Fulton presented the paper, "The Dawning of Geophysical Exploration." This also was the 150th anniversary of the Drake Well.

Although SEG's Geoscience Center has been closed, the HPC remains active. SEG President Larry Lines has appointed a task force to review the direction of the HPC and make recommendations for further actions.

Sincere thanks to committee members, SEG staff, and GSH for their contributions.

Honors and Awards

Peter M. Duncan, chairman

One of the great privileges of being a past president of the Society is to participate in the very important process of recognizing members of our community who have made an outstanding contribution to our science, our organization, or both. Craig Beasley, Terry Young, Leon Thomsen, and Fred Aminzadeh joined me in this happy task this year.

Nominations for the various awards are received from the membership at large. It is truly unfortunate that participation in this nomination procedure is not very widespread. As a result, the committee struggles each year to cast a wider net in which to catch those worthy of recognition. To the names that are submitted externally are added the names of those who, as a result of our experience in the community, are known to be deserving of consideration. Finally, the Technical Program Committee of the Annual Meeting and the Editorial Staff of *TLE* and *GEOPHYSICS* provide nominations for the various awards associated with oral presentations, poster papers, and published articles and papers.

The decision process then involves a certain amount of research by the committee. Nominations that receive unanimous approval are submitted to the Executive Committee where they must also receive unanimous approval. This careful and deliberate process allows the Society recognize those who are truly deserving of the honors granted.

The 2009 Honors and Awards Committee, acting unanimously, made the following recommendations and nominations to the SEG Executive Committee for Awards to be granted by SEG in 2009 and to be presented at the 79th SEG Annual Meeting in Houston:

Maurice Ewing Medal: David William Strangway is nominated for the Ewing Medal for his lifetime of contribution to geophysics and education.

Strangway studied at the University of Toronto, earning a BA in physics and geology in 1956, an MA in physics, and a PhD in physics in 1960. After work in geology and three years on the faculty at MIT, in 1970, he joined NASA as the chief of the geophysics branch and was responsible for the geophysical aspects of the Apollo missions. During this time, he was an adjunct geophysics professor at the University of Houston. In 1972, he was awarded the NASA Exceptional Scientific Achievement Medal for his scientific contribution to NASA.

Strangway was a vice president at the University of Toronto and the chairman of its geology department from 1973 to 1983. He became president of the University of Toronto in 1983. From 1985 to 1997, he was president of the University of British Columbia. From 1998 to 2004, he was president and chief executive officer of the Canada Foundation for Innovation, an independent corporation created by the government of Canada to fund research infrastructure.

In 1984, Strangway received the Logan Medal for his geological works. This award is the highest honor the Geological Association of Canada bestows. In 1987, he received the J. Tuzo Wilson Medal from the Canadian Geophysical Union. In 1996, he was made an Officer of the Order of Canada for being "internationally respected as an outstanding scientist and senior academic administrator." Strangway received the Kauffman Gold Medal in 1974 and Honorary Membership in 1983. He was the SEG Spring Distinguished Lecturer in 1998.

Strangway is author or coauthor of 165 scientific papers and one book.

Honorary Membership

Samir Abdelmoaty was honored with Life Membership in 2002 and has continued to contribute significantly to SEG. He is active in GAC, serving as Adviser for Africa and is a past Chairman of GAC. He was instrumental in the successful meetings SEG has organized in Egypt and has served as a Regional Lecturer in 2006 and Honorary Lecturer in 2009. He served as the IPTC program coordinator in 2007.

Don Steeples is nominated for Honorary Membership to recognize his outstanding contributions to SEG and our profession. Steeples, the McGee Distinguished Professor of Applied Geophysics at The University of Kansas, has had an outstanding career as a scientist and an educator. Steeples has taught dozens of continuing-education courses and given scores of talks on near-surface seismology. He is widely recognized as the world expert in his field with more than 200 publications and abstracts in near-surface geophysics and earthquake seismology. Steeples was instrumental in the formation of the Near-Surface Geophysics (NSG) Section of SEG, which now has more than 700 members from about 40 countries worldwide, and served as its first president. Steeples was awarded Life Membership in 1996 and served as the Fall 2007 SEG Distinguished Lecturer.

Sally Zinke is nominated for Honorary Membership in recognition of her outstanding contributions and commitments to SEG and the geophysical community over 20-plus years.

Zinke has been a member of SEG since 1974 and was the first woman president of SEG (2000–2001). She has also served as Secretary-Treasurer of SEG (1992–1993), General Chair of the 1995 Annual Meeting, and President of the Denver Geophysical Society (1989).

The Cecil Green Enterprise Award: Tom LaFehr and Kwok Chan are nominated for the Green Award for their vision and perseverance in founding what has become the most recognized service and software company in the domain of potential field data acquisition, processing, interpretation, and integration with seismic.

Reginald Fessenden Award: Keeva Vozoff is the father of 3D EM modeling (1958), 3D EM inversion (1960), and joint inversion (1970s), along with many more specific enhancements, carrying EM well beyond mining applications to its recognition today as a prime direct hydrocarbon indicator. Vozoff predicted almost all technical aspects of the marine EM method decades before they were used to find oil. He is the author of more than 50 papers in geophysical electromagnetics (including 13 in GEOPHYSICS), several of which are foundational. He is the editor of the SEG volumes *Deep Transient Electromagnetic Soundings for Petroleum Exploration*, and *Magnetotelluric Methods* (Geophysics Reprint Series No. 5), and is the holder of several patents.

J. Clarence Karcher Award

Haiyan Zhang is nominated for his outstanding contribution to the development of the inverse-series approach of Art Weglein. He extended the theory from acoustic to elastic processes. He identified the terms in the series that encapsulate the reflection process and developed a practical nonlinear AVO methodology that accommodates the case where only P-wave data are available. He also developed a direct nonlinear inversion of multiparameter, 1D elastic media using the inverse-scattering series and enabled the discrimination between pressure and fluid saturation from time-lapse seismic data. He has seven published papers and one patent.

Bogdan Nita is nominated for his outstanding contributions to exploration seismology, particularly with regard to his work on the removal of free-surface and internal multiples using an inverse-scattering approach. He authored 14 peer-reviewed publications.

Life Membership

Rosemary Knight has served the Society as second vice president (2002), Distinguished Lecturer (2004), and as liaison to the AGU. She is a stalwart figure in the near-surface geophysics community and the Chair of one of the most distinguished academic programs in geophysics. Knight helped organize the 2008 SEG Forum on "Managing Our Groundwater Resources for the Future," and is a past member of the *TLE* Editorial Board.

David Monk has served the Society as first vice president

(2005), and as Technical Program chairman, Houston 2005. He was chairman of the 2006 Ad Hoc Committee on International Offices and is the founding chairman of the Board of Directors of SEG Global, Inc., 2007. He received the SEG's Best Presentation Award in 1993.

Mariangela Capello is nominated for her dedicated work in the Global Affairs Committee (serving as a cofounder of the committee) and her service to the Society as vice president in 2005–2006. She has served as an officer of the GAC and has served as regional co-coordinator for Latin America.

Panos Kelamis is nominated for his numerous contributions to the Society. These include serving as vice president of the SEG Executive Committee and the 2005 Distinguished Lecturer; receiving three Honorable Mentions for Best Paper at the SEG Annual Meeting; representing SEG in the Middle East area for the IPTC; and serving as organizer and participant in numerous SEG Summer Workshops and Forums such as the joint SEG/EAGE Summer Workshop in Rhodes, Greece.

Aldo Vesnaver is nominated for his tireless contributions to many SEG programs. Living overseas, he has been particularly involved in our international community, but his contributions go well beyond that. Consider the following list: organizer of the first SEG Balkan and all of the Italian SEG Challenge Bowls; chairman of the SEG Membership Committee; cofounder and vice president of the Italian EAGE–SEG Section; member of the SEG Strategic Finance Committee; member of the SEG Governance Review Committee; chairman of the SEG Global Affairs Committee; member of the SEG Nominating Committee; member of the Executive Committee of the Dhahran Geoscience Society (Saudi Arabian SEG Affiliated Society); Regional Coordinator for Europe for the SEG Global Affairs Committee; SEG Representative in the Geo 2002 and Geo 2004 Organizing Committee (Manama, Bahrain); associate editor of *GEOPHYSICS*; and book reviewer and GAC Spotlight contributor for *THE LEADING EDGE*.

Distinguished Achievement Award: The Gocad Research Group and the Gocad Consortium of Nancy Université are jointly nominated for their pioneering development and innovation in the field of geomodeling technology over the past 20 years. The Gocad Consortium was created in 1989 by Jean-Laurent Mallet to financially support and control the research activities performed by the Gocad Research Group. This original funding system allowed Mallet to overcome some shortcomings of the classical institutional funding structures. It also allowed the Gocad Research Group to focus not only on academic problems, but also on problems encountered in the industry through direct interaction with sponsors. The Consortium currently has a membership comprised of 20 companies and 113 universities.

Best Paper in GEOPHYSICS 2008

“Velocity model building by 3D frequency-domain, full-waveform inversion of wide-aperture seismic data”
Hafedh Ben-Hadj-Ali, Stéphane Operto, and Jean Virieux

Honorable mentions

“Estimating quality factor and mean grain size of sediments from high-resolution marine seismic data”

Luke J. W. Pinson, Timothy J. Henstock, Justin K. Dix, and Johnathan M. Bull

“Nonlinear 3D tomographic least-squares inversion of residual moveout in Kirchhoff prestack-depth-migration common-image gathers”

Frank Adler, Reda Baina, Mohamed Amine Soudani, Pierre Cardon, and Jean-Baptiste Richard

“Real-time completion monitoring with acoustic waves”

Andrey Bakulin, Alexander Sidorov, Boris Kashtan, and Mikko Jaaskelainen

“Plane-wave migration in tilted coordinates”

Guojian Shan and Biondo Biondi

Best Paper(s) in THE LEADING EDGE Tie

“Continuous seismic surveillance of Valhall Field”

Jean-Paul van Gestel, Jan H. Kommedal, Olav I. Barkved, Ivan Mundal, Roger Bakke, and Kevin D. Best

“Identifying time, temperature and mineralogical effects on chemical compaction in shales by rock physics relations”

Vidar Storvoll and Ivar Brevik

Top Oral Paper Presented at SEG's 78th Annual Meeting

“Estimating interval shear-wave splitting from multicomponent virtual shear checkshots”

Andrey Bakulin and Albenia Mateeva, Speaker: Albenia Mateeva*

Honorable Mention (Oral Paper)

“Case history: Converted-wave splitting estimation and compensation”

Jim Simmons

Top Poster Paper Presented at SEG's 78th Annual Meeting

“Fault and natural fracture identification from multicomponent seismic at Rulison Field, Colorado”

Elizabeth A. LaBarre and Thomas L. Davis

Honorable Mention (Poster Paper)

“Target oriented illumination analysis using wave equation”

Gustavo Catao Alves, Andre Bulcao, Djalma Manoel Soares Filho, Carlos Eduardo Theodoro, Luiz A. Santos, Marcos Galotti Guimaraes*

Top Student Oral Paper at SEG's 78th Annual Meeting

“Velocity analysis with multiples—NMO modeling for layered velocity structures”

Tristan van Leeuwen and Wim A. Mulder

Award of Merit (Student Oral Paper)

"Iterative reconstruction algorithm for nonlinear operators"

*Robert A. Eso, * Scott Napier, Felix J. Herrmann and Douglas W. Oldenburg*

Top Student Poster Paper Presented at SEG's 78th Annual Meeting

"Adaptive F-X interpolation of curved seismic events via exponentially weighted recursive least squares (EWRLS)"

Mostafa Naghizadeh and Mauricio D. Sacchi

Award of Merit (Student Poster Paper)

"Visualizing spectral decomposition using the view locked color image grand tour"

Bradley C. Wallet

Interpretation**Donald A. Herron, chairman**

The Interpretation Committee sponsored a workshop, "Interpreting depth-imaged data: Case studies, examples, and pitfalls from the interpreters' perspective" at the 2008 Annual Meeting in Las Vegas. The proceedings of this workshop were documented in an article by the committee chairman in the March 2009 issue of *TLE*. Judging by the energy level of the presentations and ensuing discussions, as well as by attendance (approximately 175 people), the workshop was a success. Although we have not planned to sponsor a workshop at the 2009 Annual Meeting in Houston, there are several topics under consideration for a workshop at the Denver meeting in 2010. The committee membership, which is down to a relatively small group of about 10 individuals, believes organizing a workshop every other year is a reasonable and achievable goal.

There are two books having to do with interpretation with which the committee is concerned:

Methods and Applications in Reservoir Geophysics: Editing of this book, which is being published as part of the "Investigations in Geophysics" series, is nearly complete with one chapter currently in proof.

The Misadventures of Interpreter Sam: The manuscript for this book, which is being published as part of the "Geophysical Monographs" series, was completed in June 2009. The book will be available at the 2009 Annual Meeting.

There has been no action by this committee with regard to the multidisciplinary subsurface integration task force that was called into being by the Executive Committee in 2007. This inactivity reflects the lack of definition of the problem(s) that this task force is supposed to address and whether these problems are the results of either ineffective or nonexistent means (or both) by which the SEG adequately serves "the professional needs of geophysicists involved in multidisciplinary exploration, development and production work teams."

Intersociety Relations**Leon Thomsen, chairman**

The Intersociety Relations Committee consisted this year of Leon Thomsen, chairman; Fred Aminzadeh, vice chairman; Dick Baile; Elsa J. Jaimes; Eugenio Loinger; Hermes Malcotti; Steven D. Pickering; Apurba Saha; Charles J. Sicking; Koya Suto; and David R. Zinzer.

Most of the work of the committee this year was completed through its two subcommittees whose reports are given separately:

- SEG/AAPG Cooperation Committee, chaired by Dick Baile, and
- EAGE-SEG Collaboration Committee, chaired by Eugenio Loinger

SEG/AAPG Cooperation Committee**Dick Baile, chairman**

On authority granted by the AAPG and SEG Executive Committees, the SEG/AAPG Ad Hoc Cooperation Committee was created to pursue increased cooperation in areas of mutual interest, such as joint meetings, K-12 education, joint foreign offices, and many other areas deserving support.

The initial meeting of this committee was held 11 November 2008 during the SEG Annual Convention in Las Vegas. The committee members elected the following officers to serve during 2008-2009.

Dick Baile	Chairman (thru December 2009)
Lee Billingsley	Chairman-elect (becomes Chairman January 2010)
Lee Lawyer	Secretary

Members:

Tim Berge	Randy Ray
Randi Martinson	Gary Servos
Elwin Peacock	Jim Tucker

Each member was charged to explore an assigned area of AAPG-SEG cooperation.

At its next meeting on 4 February 2009, the committee discussed K-12, DISC, and DL programs; publications; and long-term objectives for developing closer relationships between the two organizations. Some members also attended the joint AAPG-SEG Trustee Associates (TA's) meeting in Jackson Hole, Wyoming, giving members the opportunity to learn about respective activities and programs. A similar meeting will be held 7-11 October in Ponte Vedra Beach, Florida.

The committee's third meeting took place 9 June 2009 in Denver during the annual AAPG Convention. Again, areas of cooperation were discussed and several action items were approved, including a decision to promote increased cooperation through joint memberships. Chairman-elect Billingsley will

prepare a draft letter to the respective Executive Committees asking their consideration of joint memberships between the AAPG and SEG. Baile requested each member to prepare a “cooperation consensus position” to be discussed at the next committee meeting, scheduled during the SEG Annual Convention in Houston. From this, a final consensus position will be developed for committee approval and subsequent presentation to the AAPG and SEG Executive Committees.

Thanks to all committee members for their dedication in support, and to Executive Directors Fleming and Fritz for their participation in the committee’s deliberations.

EAGE-SEG Collaboration Committee

Eugenio Loinger, SEG chairman

The EAGE–SEG Collaboration Committee is a new committee created by (then) President Fred Aminzadeh and EAGE President Phil Christie in October 2008 as an action item following the May 2008 Strategic Meeting in Houston. The committee has a balanced membership between EAGE and SEG and two joint chairs. The EAGE joint chair is Mahmoud AbdulBaqi; most of the members are active in both associations.

The committee is responsible for channelling new collaborative initiatives, which was sometimes missing in the past. The strategic goal is to improve the quality of services delivered to members through the development and support of more joint events, improve the quality of educational programs and publications, and stronger student support and scholarships. Our term focused on these priorities, making good progress and achieving significant results.

The basic principles of the collaboration are the retention of independent positions, equal partnership, reciprocity, and benefits to both Societies’ memberships. A kick-off meeting was organized at the SEG Annual Meeting in Las Vegas, which was followed by several teleconferences with near-unanimous attendance.

During the initial brainstorming sessions, several possible initiatives were discussed. A detailed proposal for a training path for early career professionals with the EAGE/SEG seal of approval was prepared and circulated to the Continuing Education Committees of both societies, all of whom provided positive feedback. The proposal was then submitted to the SEG Executive Committee and the EAGE Board and gained an endorsement from the Education Committees and the education staff of both associations to collaborate in the definition of an operative action plan.

It has been an honor and a privilege to serve this year as a joint chair of the EAGE-SEG Collaboration Committee, and I wish to thank all committee members, staff, and Executive Committee liaisons for their hard work.

Meetings Review and Planning

No report was submitted.

Membership

Aldo Vesnaver, chairman

SEG’s membership grew during 2008–2009, continuing the positive trend of the last decade (Figure 1). However, major changes have occurred within these figures.

First, SEG members voted to confirm the merging of Global Membership into Associate Membership, and also confirmed the addition of the new Junior Membership category. During the past few years, Global Membership has grown due to our sponsors’ generosity, which covered the dues and associated banking costs of members from developing countries. However, the new membership framework removed the distinction between Global and Associate Memberships, and, consequently, the dues sponsorship of previous Global Members. We are exploring ways to continue this support in some form, perhaps with the assistance of the SEG Foundation and other means. New SEG international offices and similar initiatives designed to serve the growing international membership and programs may also help mitigate this issue.

Figure 2 shows the continuing trend of SEG globalization. In 2009, nearly two members in three were working or studying outside the United States. We expect this trend to continue, which will further increase the need for additional regional offices worldwide.

Also noteworthy is the growth of Student Members. In addition to a sustained increase in Nigeria during the past few years, Student Membership in Pakistan, India, and China has grown significantly. We also have observed steady growth in U.S. Student Membership. The retention percentage for students in World Bank III and IV countries who elect to receive free Associate Membership upon graduation has been quite good—more than 50% since its inception in 2005. For this reason, the Membership Committee believes SEG should continue to promote Student Membership, both directly and with the support of sponsors and the SEG Foundation.

SEG’s financial situation has required stringent measures, but we believe support to Students should not be significantly affected. Because of this, in a joint recommendation with the Global Affairs Committee, we suggest offering Students (and, ideally, all other members) the option of online-only access to *THE LEADING EDGE* to reduce delivery costs and environmental impact. However, this decision should be up to individual members, because a fast Internet connection is not available to all. From an informal poll and numerous discussions with Student Members, the printed copy of *TLE* is their most valued and appreciated benefit.

SEG has made great strides in offering expanded services to members in 2008–2009. The committee’s goals and initiatives have centered on increasing and improving outreach methods (especially to global members) by providing easier ways to join SEG, making it easier to participate in Society elections, smoothing the path to Active Membership, rewarding members who recruit new members, and expanding the resources and

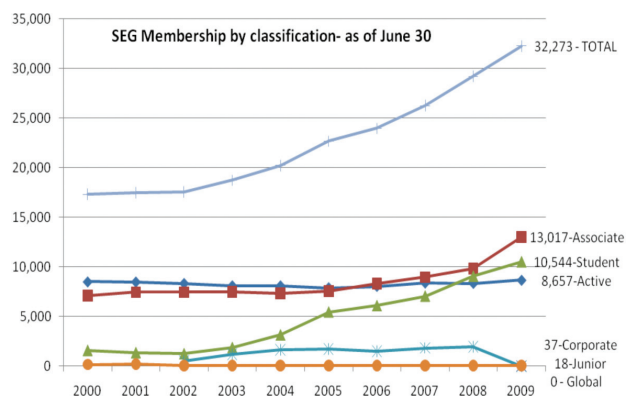


Figure 1. Membership by classification. SEG membership is increasing in the last decade but very unevenly among the different member types.

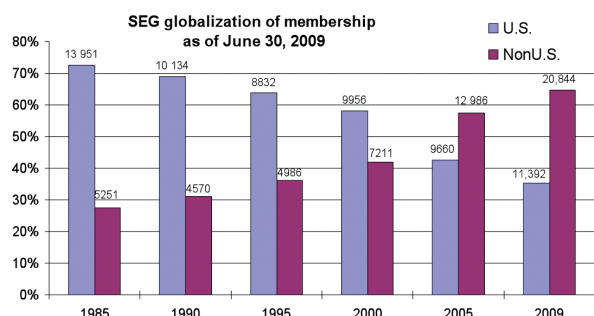


Figure 2. Globalization of membership. Relative share of SEG members who reside in or outside of the United States.

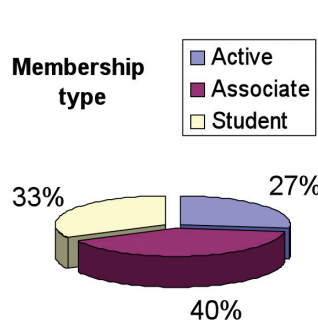


Figure 3. Membership percentage by type (Active, Associate, and Student members).

benefits available online.

These initiatives sparked a remarkable increase of 3,060 SEG members in the past year. The caveat is that while the number of Associate and Student members increased, Active Membership has declined from 32% in 2007 to 27% in 2009 (Figures 1 and 3). This fact is alarming, as it implies that SEG members who are eligible to vote are becoming a decreasing minority. Equally alarming is that the resulting distribution of voting rights does not represent the global distribution of SEG senior members (Active and Associate).

More effective initiatives must be taken to resolve this issue.

One such initiative has been to waive the reference requirement for Associate Members who want to transfer to Active Membership. Our review of many applicants' qualifications determined that most are managers or academics with as much as two decades of experience. It appears they refrain from asking for sponsorship from employers or former students, which was a barrier to Active Membership. Waiving the reference requirement for Associate Members with at least eight years of experience will help attract and retain these highly qualified people to SEG.

In cooperation with the Strategic Financial Planning Committee, the Membership Committee also presented a proposal to modify Corporate Membership, introducing five different levels of dues and benefits. A significant aspect of this proposal is the possible bulk payment of dues by companies for their employees. We are hopeful this option will increase both SEG revenue and membership.

We also proposed (with the Global Affairs Committee) new boundaries for the SEG Districts to better represent our surging global membership while maintaining cultural affinity and geographical contiguity. The goal is a better balance in the distribution of services to SEG members.

Another committee initiative was a dues waiver for unemployed SEG members. This measure allows dedicated members to continue SEG membership for 2009 and gives them access to vital services and benefits, such as continuing education, online. This measure demonstrates that the Society recognizes its duty to members and ensures those who are greatly affected by the economic crisis are provided the support they need. We also believe it will strengthen member retention, which is crucial to the Society's success.

Finally, the committee's procedure manual was updated to reflect the diversity of its members in terms of nationality, gender, and membership type. The role of past chairman has been added, and this individual will serve in advisory capacity to the chairman and vice chairman, which will increase the continuity of the committee's initiatives and distribute the workload more effectively. The updated procedures manual will be presented to the Executive Committee at its August 2009 meeting for final approval.

Mining and Geothermal

Richard Smith, chairman

Bob Lo, vice chairman

In the last year, the Mining and Geothermal (M&G) Committee focused on offering sessions at the Annual Meeting in Las Vegas, including postmeeting workshops. We also organized a field trip and sponsored a speaker at the Mining and Geothermal luncheon.

The M&G Committee organized two oral sessions, "MIN 1 Methodology" and "MIN 2 Methodology and case histories." Two of the oral papers discussed geothermal exploration, proving that the use of geophysics in this field is gaining interest. Sean Walker delivered the best oral presentation in the M&G

sessions with “Should we care about negative transients in helicopter TEM data?” The best student presentation was by Craig Mosher, who spoke on “Minimum-structure borehole gravity inversion.”

There were two M&G workshops: “W 3—Mentoring geophysicists in the mining industry” and “W 8—The state of the science in the use of seismic methods for mineral exploration.” Thanks to Ken Witherly, Richard Smith, Anton Kepic, Bernd Milkereit, and Milovan Urosevic for organizing these workshops.

The M&G Committee also facilitated a field trip, “Introduction to hyperspectral imaging, Goldfield, and Cuprite Nevada,” led by David Coulter.

The Mining and Geothermal luncheon was well attended. Clyde Harrison, president and director of Brookshire Raw Materials Management LLC, delivered a presentation on “Raw Materials Bull Market—A Bubble or a Beginning?” We are very grateful to the outgoing Mining and Geothermal Committee chair Mike Zang for organizing this lunch and for his efforts throughout his tenure.

Richard Smith was elected chairman and Bob Lo was elected vice chairman at the committee’s business meeting on 12 November 2008. The committee’s main focus at the meeting and throughout 2009 will be planning for the next Mining and Geothermal summit at the 2010 SEG Annual Meeting in Denver.

Nominations

Fred Aminzadeh, chairman

The SEG Constitution provides for a process to nominate officers that is fair and inclusive. Further, by tradition, all SEG elections are contested. This democratic process ensures the elected officers really do speak legitimately for all Society members.

The Committee on Nominations for 2008–2009 consisted of Fred Aminzadeh (chairman), Isabelle Lecomte, Richard D. Miller, Leon Thomsen, Terry K. Young, and Huasheng Zheng. The committee had its first meeting in October 2008 during the Las Vegas Annual Meeting. This was followed by a Call for Nominations, which was published in *TLE* and on the SEG Web site in order reach the broadest possible audience and gain maximum input into the process.

Our deliberations began in the spring, and, eventually, we produced a strong slate of Executive Committee candidates, as well as strong, contested slates for each of the several district representative slots that are up for renewal.

The committee is thankful for the candidates’ willingness to run for different offices and to serve the Society should they get elected.

Executive Committee Nominees	
President-elect	Brad Birkelo Klaas Koster
First vice president	Lee Bell David E. Lumley
Second vice president	Klaus Holliger John H. Bradford
Vice president	Wafik B. Beydoun Arthur C. H. Cheng
Secretary-treasurer	Anna Shaughnessy Thomas A. Smith
Editor	Vladimir Grechka
District Representative Nominees	
District 5	André Pugin Colin Farquharson
District 6	Jörg Schleicher Jesse Costa
District 8	Marwan Charara Boris Kashtan Irina O. Bayuk Namaz Yusubov
District 9	Samir Abdelmoaty

Online Committees

Stephan Gelinsky, chairman (Online Content Committee)

Tony Sabatino, chairman (Online Technology Committee)

In view of the level of activity associated with the SEG Online effort, the Executive Committee in 2008 decided to split the existing Online Committee into two separate committees: the Online Technology Committee (OLTC) and the Online Content Committee (OCC). The main objectives of the OLTC were to identify and implement new technologies for the online effort, while the OCC is dedicated to online content and features. There is an inherently close relationship between the two committees, and many members serve on both committees.

Online Content

Through its online presence, the Society can augment its traditional activities and make our services available to a wider audience. To help the SEG staff build a vibrant Web presence and complement the OLTC’s technology focus, the SEG Executive Committee launched the Online Content Committee (OCC) at the Annual Meeting in Las Vegas. Chris Liner chaired the OCC initially, and Stephan Gelinsky was appointed as his successor in June 2009.

Committee objectives. The OCC's objective is to establish the overall guiding philosophies of online content (e.g., feature stories; industry news; member/foundation/society discussions, news, and announcements; etc.) for the SEG Web site and periodically review these philosophies so that they conform to contemporary geophysical practice and the standards expected of a professional association.

Committee Scope

- Solicit material for online publication and ensure that SEG's online content is accessible to a high percentage of the membership.
- Work closely with SEG's Web content staff, SEG committees, and SEG's associated societies to develop online content that best serves our members.
- Recommend policies that enhance creativity, information sharing, and collaboration among all SEG online content users.
- Work closely with SEG's IT staff to recommend and integrate online publication features.

Most present members of the OCC have served on the earlier Online Committee and continue to be members of the Online Technology Committee. The chairs of both committees closely coordinate their activities. To date, the OCC established a prototype wiki for committee internal information exchange. Along with SEG's key online content stakeholders, we are presently defining a comprehensive action plan to accelerate progress toward the stated objectives.

Online Technology

Some of the OLTC's main accomplishments this year were identifying and prioritizing new online technologies and capabilities (wikis, blogs, podcasts, RSS feeds, etc.) needed by the Society, and the recommendation of policies for the use of these technologies. This prioritization provided guidance to SEG's IT staff charged with the implementation of these technologies.

The committee investigated online collaboration and social networking in its January 2009 meeting. They examined various tools that could be used in this effort, and a beta project involving the SEG Research Committee (RC) and Geoscientists *Without Borders* (GWB) program was initiated. A demo of the LifeRay application tool was then presented to the RC, and the technology was received positively. The RC beta-testing group is working on a prototype collaboration area that will be rolled out later in 2009.

Considering that the largest single group in SEG's membership is the student community, the OLTC also began a recruiting process in 2009 to identify possible student candidates for committee membership. The goal was to gain student input and participation in the decision-making process for identifying and recommending online technologies. After a short selection process, two student candidates were chosen and were added to the committee roster in February 2009.

The OLTC met again in April to review the progress that had been made on the SEG Web site after its one-year anniversary. The committee also examined the new Web analytics tool that provides detailed information on activity on our Web site. The committee also reviewed the new Association Management system (AMS) approved by the Executive Committee, which is now being implemented by SEG's IT group. The eBusiness portions of the SEG Web site (meeting registrations, course registrations, donations, membership directory, yearbook, committee content, etc.) will become an extension of the AMS. The integration of our eBusiness functionality with the AMS information will allow us a complete view of our constituent's activities via the Web (i.e., "login tracking").

Publications

Yonghe Sun, chairman

With new procedures and technology, SEG has made the book-publishing experience friendlier for authors and editors.

Since the adoption of a fresh set of book procedures last year, the SEG Publications Committee reviews new book proposals quickly and constructively, and authors and editors of favorably received submissions are given formal encouragement to develop their ideas into finished works. Previously, proposals received no formal adjudication.

In April 2009, SEG launched an online system for book submission, peer review, editorial collaboration, and production designed around the new procedures. The system provides greater operational efficiency to all aspects of book acquisition and production. Previously, the authors, editors, and SEG staff handled the manuscripts through e-mails, which made tracking difficult and error-prone. Proposals existing prior to the adoption of the new procedures have been migrated into the new online system.

The pieces are now in place. With the increased capability, SEG is now ready to ramp up the activity of the book program. An announcement of the new online system and a call for book submissions was placed in the July issue of *THE LEADING EDGE* and the SEG Extra e-newsletter. The committee is currently evaluating the portfolio of books already published or still under development. The exercise will help the committee anticipate and identify potential subject areas and potential authors for new books. The committee will then consider initiating new proposals and recruit authors with strong credentials and commitments to completion. By augmenting author-initiated submissions with its own solicitations of proposals and manuscripts, the committee will be able to maintain a balanced portfolio and ensure a robust pipeline of timely books to meet the professional-development needs of the membership.

During the past fiscal year, SEG has produced the following reference publications:

- *Digital Imaging and Deconvolution: The ABCs of Seismic Exploration and Processing*, by Enders Robinson and Sven Treitel

- *Edge and Tip Diffractions: Theory and Applications in Seismic Prospecting*, by Kamill Klem-Musatov, Arkady Aizenberg, Jan Pajchel, and Hans B. Helle
- *Prestack Depth Migration and Velocity Model Building*, edited by Ian F. Jones, Robert I. Bloor, Biondo L. Biondi, and John T. Etgen
- *Seismic Data Analysis: Processing, Inversion, and Interpretation of Seismic Data*, on DVD, by Öz Yilmaz
- *Seismic Interferometry: History and Present Status*, edited by Kees Wapenaar, Deyan Draganov, and Johan O. A. Robertsson
- *Geologic Applications of Gravity and Magnetism: Case Histories*, on CD, by Patrick S. Millegan and Richard I. Gibson
- *Petroleum Geoengineering: Integration of Static and Dynamic Models*, by Patrick Corbett (2009 DISC book)
- *Expanded Abstracts Historical Series DVD, 1982–2008*
- GEOROM® XIV, DVD archive of GEOPHYSICS, 1936–2007, and THE LEADING EDGE, 1982–2007

In addition, 25 books were reprinted. Publications expected to appear in Fall 2009:

- *Methods and Applications in Reservoir Geophysics*, edited by David H. Johnston et al.
- *The Misadventures of Interpreter Sam*, by Donald A. Herron

Publications Policy

Michael Schoenberger, chairman

The Publications Policy Committee (PPC), now in its third year, addresses a range of issues that fall outside the purview of other publications-related committees or involve more than one such committee. It focuses on strategic issues, such as benefits of publications to members, intersociety publication initiatives, publication pricing policies, and questions of commercialism and conflicts of interest in publications. The committee recommends actions to the Executive Committee as necessary.

Committee members are Michael Schoenberger, chairman; Rick Miller, *TLE* Editorial Board chairman; Yonghe Sun, Publications Committee chairman; Sergey Fomel, Translations Committee chairman; Johan Robertsson, GEOPHYSICS representative; Stephan Gelinsky, Online Content Committee chairman; Joe Dellinger, at-large member; Sven Treitel, at-large member; Kees Wapenaar, ex-officio member and Executive Committee liaison; and Ted Bakamjian, Publications Director and staff liaison.

Committee activities include:

- On 11 November 2008, the committee met during the 2008 SEG Annual Meeting. Members discussed a variety of proposals for addressing the increased number of submissions to GEOPHYSICS, *TLE*, and the Annual Meeting, including the possibility of adding a new journal. We also discussed the role of online dissemination of information.

- On 27 April 2009, the committee recommended that SEG should
 - Publish its current and past books as PDF eBooks within the SEG Digital Library.
 - Create a Global Conference Abstracts section of the SEG Digital Library to serve as a repository of abstracts from SEG- and associated society-sponsored meetings.
 - Raise the subscription rate for the print version of GEOPHYSICS
 - Not make color page charges mandatory for all authors.
- The committee continues to debate whether SEG should continue to produce a paper version of GEOPHYSICS. Many members prefer to access the paper version, but SEG does not recover its full cost, even after increasing the subscription rate.

The Executive Committee agreed with most of the PPC recommendations but instituted a mandatory color-page charge for all submissions except case histories.

Research

Greg Ball, chairman

The Research Committee fosters communication among scientists interested in applied geophysical research and promotes the advancement of the science.

The committee meets formally twice each year. One meeting occurs in conjunction with the Annual Meeting, while the Winter Meeting is traditionally hosted in January by a member of the committee at his or her company or university. The most visible activity of the committee is organizing summer research workshops, often in conjunction with other professional societies, and the postconvention workshops and special sessions at the Annual Meeting. For the 2009 Annual Meeting, the committee is sponsoring the following:

2009 Annual Meeting Special Sessions:

- Recent Advances and the Road Ahead
- Anisotropy, Fractures, and Heterogeneity: A Tribute to Mike Schoenberg I
- Anisotropy, Fractures, and Heterogeneity: A Tribute to Mike Schoenberg II

2009 Annual Meeting Research Workshops:

- High-performance computing for the oil and gas industry
- Interferometry: The evolution of a multidisciplinary field
- Tight-gas sands and low-permeability reservoirs
- SEAM — SEG Advanced Modeling Project
- What's new in seismic interpretation?
- Full wave-equation methods for complex imaging challenges
- Frontiers of rock physics: Stress dependence of rock properties
- Are recent advances in multicomponent technology meeting industry challenges and adding value?

- New LWD directional resistivity logging: Challenges and way forward

The Committee is sponsoring the following workshops in 2010:

2010 SEG/EAGE Summer Research Workshop:

- Low frequency

2010 SEG/SEP/AAPG Research Workshop:

- Shales: Source-seal-reservoir and understanding unconventional resources

2010 SEG Summer Research Workshop:

- Subsalt imaging

The 2009 EAGE/SEG Summer Research Workshop on Frequency Attenuation and Resolution of Seismic Data is scheduled to be held 14–17 September in Boltava, Spain. The 2009 SEG Summer Research Workshop on CO₂ Sequestration Geophysics is scheduled for 23–27 August in Banff, Canada.

The format of the Committee Meeting to be held in conjunction with the 2009 Annual Meeting in Houston will be changed to allow noncommittee SEG Members and SEG Student Members to attend and to allow time for short technical presentations and discussions on several topics. The dinner meeting will require registration for catering and is scheduled for Thursday evening 29 October.

The committee formed the Research Committee Online Collaboration Group to realize the opportunities offered by SEG Online. Identified opportunities include online technical discussions, participation of remote attendees at meetings, organizing research workshops, and capturing and sharing knowledge from summer research workshops.

The CO₂ Subcommittee remains very active, and its accomplishments include organizing workshops, contributing to special issues in *THE LEADING EDGE* and *GEOPHYSICS*, providing input to SEAM, and collaborating with other professional societies to advance CO₂ sequestration technology.

Getting students more involved in committee activities is a priority. We plan to invite SEG Student Members to attend the Committee Meeting held in conjunction with the Annual Meeting and to have student representation on the committee. Also, we expect students to actively participate in online technical discussions.

Reviews

Ali I. Mese, chairman

David C. Bartel, vice chairman

Members of the Reviews Committee review recently published books of geophysical interest and then publish their reviews in *THE LEADING EDGE*. The book reviews not only help keep SEG members up to date with recent geophysical publica-

tions but also with other geoscience disciplines. The monthly column provides the committee a continuing presence to interact with the entire SEG membership.

We are a global committee; one third of our members reside outside the United States. The Committee has 34 members who are affiliated with various service companies, operators, consulting and research companies, and major universities. The committee operates entirely by e-mail, allowing all members to participate regardless of geographical locations. We are trying to increase the committee's membership, thereby decreasing the workload on current members and increasing efficiency. Book lists are sent to committee members several times a year. The SEG Publications Department forwards the selected books to the reviewers. The reviews are e-mailed to me, which I then forward to the SEG office. Suggestions from members about which books to review are also taken into consideration.

Our main source of books comes from publishers soliciting a review. We have been successful in working with the SEG Publications Department to quickly receive and review new SEG publications.

For this reporting period, we received 13 review requests from various publishers; nine book reviews are in progress.

Thanks to Merrily Sanzalone, SEG Publications, for her help in handling the logistical side of the review process, mailing out the books to reviewers, and for her efforts in obtaining the review copies of the new books. Thanks also to David C. Bartel for coordinating many of the reviews, and to Dean Clark, Gina Hasty, Spring Harris, and Linda Holeman, for the quick transition of the e-mailed reviews into the finished products in *THE LEADING EDGE*. Finally, thanks to all contributors to the "Reviews" column. Without you, the committee could not have reached the level of efficiency accomplished today.

Any member who would like further information or would like to contribute to the review process may contact me at amese@geomech.org.

Strategic Finance Policy

Rutt Bridges, chairman

The Strategic Finance Policy Committee was formed in May 2007 with the charge of making recommendations to the SEG president on strategic business issues, ensuring the long-term financial stability of SEG while fulfilling the Society's mission. The primary focus of the committee is Membership, Continuing Education, and Publications. These three committees, plus the SEG Foundation, Global Affairs Committee, SEG staff, and Executive Committee were represented on the new committee. The SEG president-elect served as Executive Committee liaison. The committee met nine times during its two-year term, which expired in May 2009.

Our committee's objectives were:

1. Assess the value and costs of current member benefits, particularly membership, publications, and continuing education,

and seek opportunities to increase value and better manage risk and expenses.

2. Identify short-, medium-, and long-term opportunities to accomplish these goals.
3. Make recommendations for specific actions to the SEG Executive Committee.

After members became familiarized with the various sources of SEG revenues and expenses, we studied the related financial risks to the Society. The most significant issue identified was the historic erosion of the value of member dues over time due to inflation and certain policy changes. Three recommendations were made:

1. Dues should be increased 20% to recover part of the value lost to inflation.
2. For future years, dues should be indexed to inflation.
3. Dues paid by corporations should not be discounted from Tier I rates.

The third recommendation was a simple policy change approved by the SEG Executive Committee at its May 2008 meeting. Following a presentation of the committee's research on recommendations 1 and 2, and with the support of the Membership and Global Affairs committees, the 2008 SEG Council overwhelmingly approved the adoption of the dues increase and inflation indexing.

The global economy was robust and oil and gas prices at record highs at the time the committee was chartered. Unfortunately, in the past two years we have witnessed the steepest price declines in history. Thanks to the 2006–2007 Executive Committee, who under the leadership of President Leon Thomsen, had the foresight to initiate this study; SEG Finance and Operations Director Nancy Carter for her strong support; and Vice Chairman Brad Birkelo and all the committee members who provided the ideas and leadership to accomplish our mission.

Technical Standards

Jill Lewis, chairman

Committee members:

Jill Lewis, Troika International Ltd. (chairman)
 Rune Hagelund, Roxar Ltd.
 Stewart Levin, Halliburton Inc.
 Eric Keyser, EnCana
 Peter Green, Saudi Aramco
 Jack Verouden
 Paul Maton

The Technical Standards Committee has continued development on SEG-D version 3.0. The final draft is now ready and is being circulated among the observer group. It will then go for publication and review by the Executive Committee. The team is hoping the Executive Committee will ratify the draft during

its October meeting.

This SEG-D format is a very positive step forward, providing not only far greater granularity for recording data but also bringing a range of other disciplines to the field such as EM, CSEM, passive, seabed, under/over cabling, and multicomponent technologies.

Bob Heath was unable to continue as vice chairman; however, he remains active as part of the observer group. Rune Hagelund, who has been one of the driving forces behind this format revision, took on the role of vice chairman.

During this past year, much effort has gone into rationalization of formats between SEG and the International Association of Oil and Gas Producers (OGP), which includes technical subcommittees on surveying and positioning formerly associated with the United Kingdom Offshore Operators Association (UKOOA). The OGP is now cohosting the surveying and positioning formats and will work on updates in the coming year to align them with SEG-D.

The Technical Standards Committee has also made huge strides in working with both the OGP and Energistics to create "standards within standards." An example of this is SEG-D 3.0, which uses the Energistics measurements table with additional descriptions and values relevant to seismic field data. The surveying and positioning group of the OGP has also assisted with the SEG-D 3.0 positioning stanza, which will be reflected in the forthcoming SEG-Y update.

Tellers

Jim Vilbert, chairman

The ballot tabulation for amendments to the Constitution approved by the SEG Council at its November 2008 meeting was completed in February. The amendments were in regards to the incorporation of a new membership class called Junior Membership, changing the name of SEG "Student Sections" to "Student Chapters," and eliminating Global Membership.

Survey & Ballot Systems, Inc. (SBS) was contracted to conduct the ballot mailing and tabulation. Official paper ballots were sent 8 December 2008 to 8,247 Active members eligible to vote. SBS received, tabulated, and verified the votes, and the results were submitted to the SEG Business Office. The vote on the amendments to the Constitution had a participation rate of 18.2%. The final results include 1,497 returned ballots received on or before 2 February 2009. The SEG Tellers Committee verified the count provided by SBS; all amendments to the Constitution were approved by a majority vote.

SBS also was contracted to conduct the SEG election this year. SBS designed and distributed a Web ballot and a paper ballot to each voting SEG member. Again, SBS received, tabulated, and verified the votes, and submitted the results to the SEG business office. The SEG Tellers Committee verified the count provided by SBS.

Official ballots were sent out on 3 June to 7,574 Active members eligible to vote in this year's election. In addition to

receiving a paper ballot, 7,192 eligible voters received e-mails from SBS with personalized login information and specific instructions to vote electronically if they preferred.

The annual election had a participation rate of 35.7%. The final results include 2,702 returned ballots received on or before 31 July. Of those ballots, 2,101 were received online, while 601 paper ballots were returned by mail. This figure does not include 34 ballot envelopes that were deemed invalid; also, 32 members failed to sign their return envelopes, and two ballots were returned in an envelope other than what was provided. Fifty-eight members duplicated votes by using both the paper and Web method of voting; therefore, SBS counted the Web votes as valid and the paper votes as invalid as directed by SEG.

The election results are as follows:

2009–2010 SEG Executive Committee

President-elect	Klaas Koster
First vice president	David E. Lumley
Second vice president	John H. Bradford
Vice president	Arthur C. H. Cheng
Secretary-treasurer	Anna Shaughnessy
Editor	Vladimir Grechka

District Representatives

District #5	Colin Farquharson
District #6	Jesse Costa
District #8	Boris Kashtan
District #9	Samir Abdelmoaty

THE LEADING EDGE Editorial Board

Rick Miller, chairman

TLE is the Society's principal vehicle for delivering news, announcements, historical, and technical articles, and commentaries to its more than 30,000 members. In 2009, the magazine has clearly expanded on its historically broad appeal to our Society's diverse, international membership. The volume of material submitted for publication continues to far exceed the allocated budget. Theme articles reporting on cutting-edge technologies have become a signature component within the magazine. Maintaining the highest possible quality and timeliness of materials makes the production of the magazine one of the most challenging of SEG publication products. *TLE* staff have met these challenges and exceeded the expectations of our membership.

The seven-member *TLE* Editorial Board is tasked with providing advice and direction for the *TLE* staff, led by Editor Dean Clark. Dean is the foundation that *TLE* has been built on over the last 25-plus years, and, along with his highly skilled staff, has made the magazine a top member benefit. With little more than three months between submission and publication of theme articles, *TLE* staff routinely lives with impinging deadlines. Throughout 2009, *TLE* has met the high expectations of our members due in large part to the excellent work of Associate

Editor Linda Holeman, Assistant Editor Gina Hasty, Graphic Designer/Production Ian Danziger, Graphic Design Manager Kathy Gamble, Graphic Designer Tonia Gist, and Advertising Coordinator Mel Buckner. Publications Director Ted Bakamjian has provided this very talented team with the latitude to create and the resources to continue meeting the expectations of our membership. We recently bade farewell to Hasty, who joined the graphic design team, and welcomed Spring Harris as assistant editor, who is doing a fine job as well.

One of the principal jobs of the Editorial Board has been selecting the special section themes that attract the outstanding technical manuscripts, which have come to fill over half the pages of the magazine each month. The *TLE* board must identify these special section themes more than a year in advance of their publication. With hundreds of possible geographic, discipline, and focus areas representing current or potential "leading edge" areas of activity, the *TLE* board must gaze into the geophysical crystal ball and try to predict the future.

In 2009, THE LEADING EDGE covered the following topics in its special sections: Rock physics; statics; the Asia Pacific region; OTC; seismic modeling; the Latin America region; unconventional resources; geophysics of the northern frontiers; the Black Sea region; Hydrogeophysics; the Rocky Mountain region; and reservoir modeling constrained by seismic.

In January 2009, the board voted to select two papers as its nominees for the Best Paper of 2008 and forwarded its recommendation to the Honors and Awards Committee. The H&A Committee approved, and, for the first time, there will be co-recipients of the Best paper in *TLE* award.

A surge in interest in publishing technical articles in *TLE*, noted last year in Rebecca Latimer's annual report, continued through 2009 with as much as a 20 percent bloat in some issues. Budget enhancements to accommodate these oversized issues are no longer an option with the current economic environment. In response, the *TLE* board has implemented several guidelines that should provide the authors, guest editors, and *TLE* with the tools necessary to keep the quality of articles high and stay within the 128 page budgeted limits.

The *TLE* Editorial Board has experienced membership changes during 2009. With the conclusion of Rebecca Latimer's term (which included more than six years and chairmanship during 2008) on the board at the close of the 2008 Annual Meeting, Michael Cooper signed on with special responsibility for "Interpreter's Corner." Due to increased responsibilities and a change in job assignment, Cooper stepped down from the board early in 2009 and was replaced by Alan Jackson. Steve Hill served as special editor to *TLE* with responsibilities as liaison between the *TLE* Editorial Board and the Editor of *GEOPHYSICS*, with notable contributions that include authoring the bimonthly "Bright Spots" articles. Steve's selection as president-elect of SEG trumped his *TLE* board assignment and propagated his replacement by Chris Liner to fill the special editor role. During 2009, membership on the board included: Rick Miller, Colin Sayers, Satinder Chopra, Jeff Deere, Reinaldo Michelena, Mike Cooper, Alan Jackson, and Chris Liner.

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At the conclusion of the 2009 Annual Meeting in Houston, Colin Sayers will assume the role of *TLE* Editorial Board chairman. Colin’s years of experience on the board will allow for a smooth transition. The current make-up of the board reasonably represents the technical diversity of our membership and will provide the right mix of experiences and backgrounds for the continued excellent health of *TLE*.

Translations

Sergey Fomel, chairman

The SEG Translations Committee reviews and recommends books and other SEG materials for translations into English and, recently, from English into other languages as well. Two books, previously recommended by the committee, are currently in the publication pipeline. Our traditional activity continues with reviewing two Chinese books recommended for translation by SEG members. The books are being reviewed now both by committee members and by outside reviewers. Recommendation decisions are expected by October 2009.

The committee confirms its previous recommendation to initiate a translation of the *GEOPHYSICS* “Brights Spots” column in *THE LEADING EDGE* into foreign languages for publication

on the SEG Web site. We also recommend considering the possibility of assisting English-challenged authors of *GEOPHYSICS* and *THE LEADING EDGE* papers by allowing each to submit a non-English version together with its English version to better leverage the talents of multilingual reviewers.

SEG-ISEF Subcommittee

Richard Nolen-Hoeksema, chairman

The SEG ISEF Subcommittee’s focus is the International Science and Engineering Fair (ISEF), which occurs annually in May. The 2010 ISEF will be held 9–15 May in San Jose, California.

The 2009 ISEF was held 10–15 May, in Reno, Nevada. SEG judges included Chuck Meeder (Marathon Oil); Steve Foster (Geophysical & Geological Consulting); Roger Sharpe (Quantec Geoscience), and me (e4sciences|Earthworks LLC). Susan Henley was the SEG staff person at the ISEF. The judges selected projects for awards or honorable mentions (see Table 1).

SEG’s Youth Education outreach exhibit booth was a huge success and attracted steady traffic from students, teachers, parents, judges, and exhibitors all four days. Susan Henley was at the booth daily. Members of the SEG ISEF judging team were at the booth as time allowed. SEG should plan to have an SEG Youth Education exhibit booth at the 2010 ISEF in San Jose, California, and in future years.

An article about the 2009 ISEF was published in the August issue of *THE LEADING EDGE*.

The ISEF Subcommittee has recommended revisions to the policies and procedures of the ISEF Subcommittee. These revisions bring the policies and procedures up to date with current practice, as it has evolved over the past decade.

Award	Awardee	Project	Title
First	Alexander Kendrick	EE068	The Underground Radio II
Second	Michelle Wenz	PH021	Optimization of CCD Parameters for High Resolution Lunar Imaging
Third	Matt Vitelli	CS040	Hybrid Light Rendering
	William Haber	EE067	Adaptive Filtering of Lidar Data to Preserve Stream Bank Morphology
	Alec Lai	EM009	Thermal Optimization of Deep Boreholes for Minor Actinide Waste Disposal
	Evelyn Chang	EN062	An Investigation of the Potential Impact of Liquefaction-Induced Lateral Spreading on a Populated Urban Setting
	Chaneg Torres	PH028	Hey, Can You Hear Me? Using Isobel Contour Mapping to Determine Acoustically Optimum Seating Positions in a Given Classroom
Honorable Mention	Ted Benakis Powell Brown John McCauley	CS310T	Modeling the Sun-Earth-Moon System
	Alexander Cintron	PH002	How Hot? How Fast?
	Jonathan Calton Alex Curry	ET320T	Shielding Ionizing Radiation Through the Use of a Magnetic Field to Further Deep Space Travel
	Molly Grossman	PH027	Remote determination of Velocity from Optical Doppler Shifts of Spectral Lines
	Cayley Dymond	PH058	The Dependence of GPS Accuracy on Ionospheric Electron Density

Table 1.

Report of the Ad Hoc Committee Chairman

SEG Oil and Gas Reserves Committee Bruce Z. Shang, chairman

The SEG Oil and Gas Reserves Committee (SEG OGRC) debuted September 2008. Its mission is to promote the responsible use of geophysical technologies in the estimation of oil and gas reserves and resources through collaboration with sister professional organizations and government agencies in the development of and education about oil and gas reserve systems.

SEG OGRC is an observer to the Society of Petroleum Engineers' Oil and Gas Reserves Committee (SPE OGRC). This year, we have attended four SPE OGRC meetings, networked with our counterparts in sister organizations, discussed hydrocarbon reserves training options, and resources classification and reporting.

The most significant achievement to date is our comment to the Securities and Exchange Commission (SEC) on the modernization of oil and gas reporting rules. We advocated: (1) a petroleum resources management system (PRMS) jointly developed by SPE, AAPG, WPC, and SPEE; (2) the use of other reliable technologies to determine fluid contacts in addition to current borehole-only fluid identification; (3) the broader use of new technologies to establish the proper classification for reserves and to lessen the need for frequent updates to our reserves

definitions as technology continues to evolve. We also encouraged the SEC to collaborate with various professional organizations to provide specific guidance on technologies that are deemed acceptable. These areas are of special interest to SEG. Many geophysical technologies developed in the last couple of decades, like DHI, rock physics, 4D seismic, etc., have played important roles in the identification of fluid types and volumetric estimations; however, SEC rules did not recognize these technologies in reserves reporting. A positive development is that the SEC has updated the rules effective 1 January 2010. We are confident that SEG members will be able to impact reserves reporting more effectively under the new rules.

The committee will continue to work with our counterparts in SPE, AAPG, WPC, and SPEE and other societies to promote the responsible use of geophysical technologies in classifying and reporting oil and gas reserves and resources. We also plan to participate in the development of PRMS training classes by providing geophysics-specific sections.

Historically, few geophysicists have been interested and involved in the reserves and resources classification, booking, and reporting process. However, as more reliable geophysical technologies are developed, geophysicists should and will play more important roles. Participation in the process will increase geophysics' impact to the industry's bottom line.

Reports of the Representatives

AAPG, SEG, and SPE Joint Workshops Committee

Stephan Gelinsky, representative

The AAPG, SEG, and SPE Joint Workshops committee continues to use a loosely structured format where one society takes the lead on a specific workshop and sets the format for that specific event. The three societies alternate playing the organizer role, as equal effort from all participants is required to keep the series balanced.

Recent workshops were the February 2009 San Antonio Pore Pressure & Geomechanics Forum led by SPE (SEG liaison Colin Sayers), the SPE-led Tight Gas Forum in June 2009 (SEG liaison Arthur Cheng), and the AAPG's CO₂ Sequestration Hedberg Conference in August 2009 (SEG contact Dave Lumley). The next SEG-led workshop will be a shale-themed event (Bob Tatham, SEG contact).

Even without a great deal of central oversight, these workshops have been well attended and well received by participants. However, because of the strong differences in the formats each Society uses, the Joint Workshops have yet to develop a unified, easily distinguished character. This means true integration between disciplines as well as balanced attendance are not guaranteed. Discussions are ongoing on how to strengthen the profile and visibility of these events without over-regulating them.

AGI Member Society Council

David R. Zinzer, representative

The American Geological Institute (Alexandria, Virginia) is a federation of mostly U.S.-based professional geoscience societies and associations that represents more than 120,000 geologists, geophysicists, and other Earth scientists. Some of the largest of AGI's 45 member societies include SEG, American Association of Petroleum Geologists, the Geological Society of America, and the American Geophysical Union. The newest is the National Ground Water Association. In 2008, AGI exhibited for the first time at the SEG Annual Meeting.

The American Geological Institute Member Society Council is the representative body of the Institute's Member Societies

and serves in an advisory capacity to the AGI Executive Committee and as a link between the Institute and its Member Societies. The Council meets twice a year, in the spring in conjunction with the AAPG annual meeting and the fall in conjunction with the GSA annual meeting.

The SEG representative served on the 2009 Nominating Committee, which selected AGI officer candidates for president-elect, treasurer, and member-at-large, and selected AGI awards for outstanding contribution to public understanding of the geosciences, and the AGI William B. Heroy award for distinguished service to AGI.

The final issue of *Geotimes* was published in August 2008. The new *Earth* magazine debuted in September. The content of *Earth* has not changed but has been improved through expanding the magazine's length from 64 to 92 pages, enhancing artwork, and adding new features.

AGI's education programs include curriculum development materials for grades 6–12, online resources for grades K–5, teacher enhancement programs, and educational adjunct materials. AGI also works in partnership with other organizations to develop noncurricular educational materials, host national conferences, sponsor awards, and publish reports. AGI and SEG, SPE, Oklahoma Energy Resources Board, and other organizations are cooperating to share curriculum for numerous K–12 teacher workshops and other activities, increasing K–12 Earth science education awareness.

AGI has developed Visions of Earth, a four-disc teaching video that uses footage from Faces of Earth that played on the Discovery Channel. AGI also has an extensive list of its own publications, including key publications *Glossary of Geology* and *The Geoscience Handbook*.

AGI will host Earth Science Week 2009 (11–17 October) in cooperation with sponsors as a service to the public and the geoscience community. This year's theme is "Understanding Climate."

The GeoRef database, established by AGI in 1966, provides access to the geoscience literature of the world, and continues to grow by more than 100,000 references a year. The database contains more than three million references to geoscience journal articles, books, maps, conference papers, reports, and theses, including publications from more than 100 countries in more than 44 languages.

API Central Committee for Telecommunications

Clifford H. Ray, representative

The Telecommunications Committee of the American Petroleum Institute (API) supports the oil and natural gas industry's management and implementation of telecommunications (broadband and wireless) technologies and resources. Among other things, the Telecommunications Committee represents API before the Federal Communications Commission (FCC) on important regulatory developments affecting telecommunications in the oil and gas industry. The Committee meets twice each year and submits the following items:

1. Effects of communications towers on migratory birds

This issue remains unresolved. On 19 February 2008, the United States District Court for the D.C. Circuit issued a decision requiring the FCC to: (1) address a request by the Bird Conservancy that the Commission conduct an Environmental Impact Statement on all Gulf Coast towers; and (2) provide public notice of pending tower applications (the FCC currently only provides public notice of individual tower applications after the application has been approved). The FCC has indicated it will address the first item at a later date. For the second item, the FCC is weighing options to provide notice of tower registrations, and several proposals have been submitted. On 14 April 2009, the American Bird Conservancy et al. filed a Petition for Rulemaking requesting the FCC modify its rules to require additional environmental protections. The FCC has not yet requested comment in this proceeding. API is prepared to respond.

2. Operation in the 3650-3700 MHz band

The FCC released a public notice on 14 November 2007 announcing the start date for to file applications for nationwide, nonexclusive licenses in the 3650-3700 MHz band. The API urged the Commission to permit access to the 3.65 GHz band on a site-by-site, nonauctioned basis and also requested the Commission reject proposals calling for the auctioning of all 50 MHz of the 3.65 GHz spectrum. The FCC's decision was largely consistent with API's comments.

3. Development of a national broadband plan

On 10 March 2009, the FCC requested comment on the development of a nationwide broadband plan. The FCC is required to present its nationwide broadband plan to Congress by 17 February 2010. Comments were due by 8 June 2009. API planned to participate.

4. Licensing the 2.5 GHz band in the Gulf of Mexico

On 20 March 2008, the Commission released its Third Order on Reconsideration, agreeing with API to license the Broadband Radio Service portion of the 2.5 GHz band in the Gulf of Mexico. The FCC also sought comment on whether and how to license the Educational Broadband Service portion of the band in the Gulf. In September and October 2008, API filed comments with the FCC urging the Commission to al-

low noneducational entities (such as oil and gas companies) to obtain licenses in the EBS portion of the 2.5 GHz band in the Gulf of Mexico and elsewhere if available.

5. Promotion of spectrum efficient technologies (Narrow-banding)

After 1 January 2011, the FCC will not accept applications for new operations using 25 kHz channels unless the proposed system meets the spectrum equivalency standard. Similarly, applications for modification of licenses that request authority to expand the permitted contour of an existing station will not be accepted after 1 January 2011 unless proposed modifications entail 12.5 kHz bandwidth (or less) equipment or meet the spectrum equivalency standard. By 2 January 2013 all transmissions must be 12.5 kHz or less. The FCC has not yet released a Notice of Proposed Rulemaking for the adoption of a 6.25 kHz technology transition schedule.

The involvement of SEG as a nonvoting member on the API Telecommunications Committee provides us the opportunity to stay abreast of current regulatory and legislative matters that may affect the use of radio spectrum for geophysical purposes. I have been privileged to serve on this committee for the past several years and wish to thank Fairfield Industries for continuing to bear the expenses for SEG and my participation on this committee.

IPTC Management

Larry Lines, representative

SEG is one of the participants in the International Petroleum Technology Conference, along with three other professional societies, AAPG, EAGE, and SPE. The 2008 IPTC conference, "Meeting the Energy Needs of a Growing World Economy" was held 3-5 December in Kuala Lumpur, Malaysia. This successful conference included several technical sessions with 380 papers, along with a plenary session and four panel sessions. SEG's share of the revenue from the 2008 meeting was \$340,765.

The 2009 IPTC meeting is scheduled for 7-9 December in Doha, Qatar. Joe Reilly is the SEG representative to the IPTC program subcommittee. During 2008-2009, Larry Lines and Mary Fleming were SEG representatives to the IPTC management committee.

NAPE Advisory

Chris O. Tutt, representative

The North American Petroleum Advisory Expo (NAPE) was founded in 1993 to provide a marketplace for buying, selling, and trading oil and gas prospects, and producing properties (added in 1998) via exhibit booths. NAPE brings prospects and properties from the United States and around the world, plus advanced technology and energy capital formation in one location, creating a pure market to establish strategic alliances and

initiating purchases and trades.

NAPE has a summer (August) and a winter (February) exposition, both held at the George R. Brown Convention Center in Houston. The summer NAPE (2008) had 6,739 attendees and 688 booths. The winter NAPE (2009) had 14,902 attendees and 1,748 booths. The NAPE Expo is presented by NAPE Expo LP, which consists of the American Association of Professional Landmen (AAPL), Independent Petroleum Association of America (IPAA), SEG, and the American Association of Petroleum Geologists (AAPG) as limited partners.

OTC Board of Directors

Jack Caldwell, representative

The 2009 Offshore Technology Conference, the world's largest offshore event, was held on 4–7 May at Reliant Center in Houston, Texas. Attendance reached 67,721, as offshore professionals from more than 120 countries met to learn about the latest technology to develop more oil and natural gas resources from beneath the ocean. Attendance for 2009 decreased 9.8% from 2008, but given the downturn in the economy and the industry, and initial concerns about the swine flu, it was a very credible showing. Total exhibit space was more than 557,000 square feet, making the exhibition the second largest in the history of the OTC, and involved 2,500 companies from 38 countries. There continues to be a waiting list of exhibitors.

SEG is a sponsoring organization of the OTC. The relationship dates to 1969 when SEG accepted an invitation to join with AIME and seven other engineering and scientific societies to establish OTC as an interdisciplinary meeting on offshore resource technology. As a sponsoring organization, SEG is entitled to appoint one of the 12 members to the OTC board of directors. To provide an idea of how interdisciplinary the OTC is, a list of the other 11 sponsoring organizations follows: AAPG; American Institute of Chemical Engineers; American Institute of Mining, Metallurgical, and Petroleum Engineers; American Society of Civil Engineers; Institute of Electrical and Electronics Engineers—Oceanic Engineering Society; International Petroleum Technology Institute (formerly ASME-PD); Marine Technology Society; Society for Mining, Metallurgy, and Exploration Inc.; Society of Naval Architects and Marine Engineers; Society of Petroleum Engineers; and The Minerals, Metals and Materials Society.

SEG and its members accrue several benefits through participation in OTC. It is a one-stop information resource on technology and technical advances in the oil and gas industry. The reservoir engineering technical sessions are a valuable professional resource, as they are keenly relevant to what most geoscientists are working on today, and the geoscience sessions are always strong, informative, and well-presented. OTC is a great place to network. Finally, this meeting provides about 5% of SEG's total annual income.

Each year, SEG and its members help make OTC a success. First, there are the members of the SEG/OTC Technical

Program subcommittee: Joseph M. Reilly (chairman), Klaas Koster, William Barkhouse, Rocco Detomo, Dave Ridyard, Don Herron, John MacDonald, David Monk, Shuki Ronen, Larry Scott, and Gene Sparkman. They did another outstanding job of constructing a very interesting and instructive technical program. For 2009, the spotlight SEG-sponsored geophysics technical session was "The Future of Seismic Imaging: Reverse Time Migration and Full Waveform Inversion." SEG also sponsored the topical luncheon, "Hurricanes in a warmer world" by Gerald North. SEG and AAPG cosponsored sessions on "Prospect Exploration Using Modern Geophysical Technology" and "Methods in Geophysics and Petrophysics," and also a panel session on climate change. Second, there are the local sections of SEG, usually dominated by the Geophysical Society of Houston, which supply volunteers who help staff the Arrangements Committee, which handles essential duties for the meeting. For his leadership role over the past several years, Roy Clark deserves special mention. Third, the Society provides a member on the Board of Directors, and the Board works hard to keep the OTC mission-focused and improve the planning and execution of the conference.

During OTC, SEG Executive Director Mary Fleming and President-elect Steve Hill very thoughtfully hosted a dinner for SEG members who volunteered significant time to help with OTC. This was the first time such an activity has occurred, and it was very much appreciated by the invitees.

This year, the SEG Executive Committee approved formal processes for selecting the chairman and vice chairman of SEG's OTC Technical Program Subcommittee, the SEG Conduct Committee Subcommittee chairman, and the SEG representative on the OTC Board of Directors. Joe Reilly, Dan Ebrom, and Roy Clark were instrumental in formulating the recommendations upon which the Executive Committee acted.

This Year's OTC. OTC Awards Luncheon keynote speaker Therry Pilenko, chairman and CEO of Technip, said the challenge in an environment with lower oil prices is to reduce costs while preserving human capital. He said that we could stack rigs, but not people, and that we need to continue to hire university graduates to avoid future generation gaps in the industry.

Similar to last year, the technical program covered four full days. This year's program offered a full day of sessions on the Arctic, as well as special panel sessions on operating in a volatile market. OTC's "Spotlight on New Technology" program highlighted 14 innovative technologies that are already making the industry more effective.

OTC held "The Next Wave" event to address issues important to industry professionals under the age of 35. The third OTC Energy Education Institute brought more than 100 Houston-area elementary and secondary teachers to OTC for a workshop on bringing energy topics to their classrooms. Speakers recommended that teachers engage the various societies making up OTC to provide speakers to discuss technical topics of interest to their students, as well as promote awareness of career opportunities in the field. They also stressed the importance

of sparking student interest in math and science education and how to improve the quality of these programs.

OTC continues to grow and will present its first Arctic Technology Conference in November 2010. This will be a separate new conference focusing on both offshore and onshore technology for Arctic exploration and development.

The 2010 OTC takes place 3–6 May 2010 at Reliant Center at Reliant Park. For more information about OTC in general, or about the upcoming OTC, please visit www.otcnet.org.

As your representative on the OTC Board of Directors, I welcome any comments, suggestions, and/or critiques (positive or negative) that you may have. My e-mail address is jcaldwell@oyogeospace.com.

OTC Arrangements and Conduct committees

Roy E. Clark Jr., chairman

The OTC Conduct Committee consists of five subcommittees, each chaired by a representative from one of the sponsoring societies. Some chair positions are rotated among the sponsoring societies. SEG is one of the rotating chair providers for two of the committees: the Arrangements Committee and Student Tours Committee. This year was our off year for both committees.

The Arrangements Committee provides a vital link between each technical session room and conference management. Committee members provide information on conditions in the meeting rooms, enabling the staff to make adjustments or correct problems. Additional duties include taking attendance and evaluating presentations (not content), audio, video, and general room environment.

The Student Tours Committee arranges and conducts tours of the exhibition hall for Houston-area high school students. The purpose of the program is to provide an overview of the industry to students with high interest and aptitude in math and science, and, hopefully, encourage them to consider a career in science or engineering.

Though we did not chair either committee this year, Houston-area SEG and GSH members continue to participate on both committees every year.

OTC Technical Program

Joseph M. Reilly, chairman

Founded in 1969, OTC is the world's foremost event for the development of offshore resources in the fields of drilling, exploration, production, and environmental resources. This year marked the 40th anniversary of OTC.

Attendance at the 2009 Offshore Technology Conference (OTC) reached 67,721 despite a global economic recession and initial concerns about swine flu. Held 4–7 May, the event drew energy professionals from more than 120 countries.

Attendance exceeded expectations considering economic

conditions. The 2009 exhibition was the second largest in OTC's 40-year history, with more than 557,000 square feet of exhibition area filled to capacity by 2,500 companies from 38 countries.

"This year's attendance levels underscore that in a downturn, energy professionals come to OTC to learn about technologies and innovative approaches to reduce their costs and improve performance. OTC is known for presenting new and proven technologies that will help companies find and produce more oil and gas in deeper waters, and for sharing lessons learned on global projects that advance the offshore industry," said Don Vardeman, 2009 OTC chairman.

SEG is one of 12 sponsoring professional societies of the technical program.

Covering four full days, this year's technical program offered a full day of sessions on the Arctic, as well as special panel sessions on operating in a volatile market. OTC's "Spotlight on New Technology" program highlighted 14 innovative technologies that are already making the industry more effective.

For 2009, the spotlight SEG-sponsored geophysics technical session was "The Future of Seismic Imaging: Reverse-Time Migration and Full-Waveform Inversion." Experts from across the seismic processing industry presented the latest results and techniques in advanced seismic imaging and described the challenges in realizing the full potential of the seismic wavefield.

SEG and AAPG also cosponsored sessions on "Prospect Exploration Using Modern Geophysical Technology" and "Methods in Geophysics and Petrophysics." The target audiences for these sessions were interpreters who integrate seismic and borehole data in their reservoir assessments.

SEG and AAPG also sponsored a panel session on climate change. Climate change is a major issue in the scientific, economic, political, and media communities—but its causes and consequences are not fully understood. This panel session provided an understanding of the scientific basis of climate change, including data, methodology, and interpretations. Globally recognized experts were invited to present their views and discuss the observations with the audience.

The panel members were:

- Kevin Trenberth, senior scientist, Climate Change Analysis Section, National Center for Atmospheric Research
- Thomas Peterson, National Climate Data Center, NOAA
- Gerald North, distinguished professor of atmospheric sciences, Texas A&M University
- Carl Langner, SPE consulting engineer

The discussion ranged from basic physics to data measurements and climate models and predictions for the future. The panel session utilized the OTC audience-response system and a card-based question submission process. Audience participation was excellent, and the panel session received many positive comments. In addition, the session proceedings were reported in the *Houston Chronicle*.

SEG also sponsored a topical luncheon, "Hurricanes in a Warmer World" by Gerald North.

subcommittee included Joseph M. Reilly (chairman), Klaas Koster, William Barkhouse, Rocco Detomo, Dave Ridyard, Don Herron, John MacDonald, David Monk, Joshua (Shuki) Ronen, Larry Scott, and Gene Sparkman.

Finally, this year we were honored by the presence of Steve Hill, SEG president-elect. Hill attended all SEG-sponsored events and hosted a dinner for the SEG OTC.09 Technical Program subcommittee. The subcommittee would like to express their gratitude to Hill for his very visible support.

SEG Subsidiaries

SEAM

Arthur Cheng, chairman

SEAM Corporation was established in 2007 as a wholly owned subsidiary of SEG. Our purpose is to advance the science and technology of applied geophysics through cooperative industry efforts focused on subsurface model construction and generation of geophysical data sets for problems of importance to the resource-extraction industry.

SEAM provides opportunities for companies to share the high cost of model design and data simulation. It also provides a forum for industry leaders to discuss geophysical problems of common interest, advances the art of modeling and computation by stimulating research and development, and provides data sets for industry benchmarks and educational purposes. SEAM intends to proceed in phases; each phase will last approximately two years and will be conducted by an industry consortium assembled around a geophysical challenge of great current relevance.

SEG past president Aminzadeh reappointed William (Bill) Abriel and appointed Sheldon Breiner, Jesse Perez, and Xiong Lee to three-year terms on the SEAM Board of Directors, effective 1 January 2009. They joined Arthur Cheng, Leigh S. House, Steve H. Danbom, and Ken Lerner. The Board elected as officers Cheng (chair), Abriel (vice chair), and House (treasurer). House chairs the Audit Committee, consisting of Danbom, Perez, and nonboard members Bob J. Caine and Anna Shaughnessy. Founding Director Kurt Strack completed his term on the Board.

The Board has been occupied this year with continuing the progress of SEAM Phase I, negotiating a grant from the Research Partnership to Secure Energy for America (RPSEA). They are planning for Phase II, ensuring that the operations of SEAM are conducted in a fiscally and legally sound manner.

SEAM Phase I

Phase I is focused on the challenges of subsalt imaging in tertiary basins, with particular relevance to the deepwater Gulf of Mexico. The project has a budget of US\$2.45 million and is supported by 24 participants: Anadarko, BHPBilliton, CGGVeritas, Chevron, ConocoPhillips, Devon, Eni, EMGS, ExxonMobil, Fusion, Geotrace, GX Technology, Hess, Landmark, Maersk, Marathon, Nexen, Petrobras, PGS, OHM/RockSolidImages, Repsol, StatoilHydro, Total, and WesternGeco.

A large geologic model representative of a 60-block area of

the deepwater Gulf of Mexico was delivered to the participants in October 2008. The model was constructed in a form that easily enables extension to other complex imaging challenges by adding the rock properties necessary for elastic, nonseismic, anisotropic, and viscoelastic.

The contract for simulation of an acoustic data set was awarded to Tierra Geophysical LLC in February 2009. Approximately 65,000 shot records, containing as many as 450,000 traces each, will be simulated. Tierra was chosen by competitive bid from vendors who had successfully completed the technical qualification procedure. Interested vendors were first asked to simulate four records, two on the SEAM Earth model. Their results were compared to records generated by the highly accurate but computationally inefficient verification code created for SEAM by Professor William (Bill) W. Symes and the Applied and Computational Mathematics group of Rice University.

The contract for quality assurance was awarded to Nexus Geosciences Inc. in April 2009. Nexus has established an automated routine for verifying that the simulated records and their headers meet required standards. The quality-control routine includes comparison of up to 20 randomly selected shots against benchmark shots independently computed with the Rice University code.

The contract for long-term storage and distribution of simulated data sets and Earth models was awarded to Landmark Graphics "PetroBank" in July 2009. Landmark will store the Phase I deliverables for up to 10 years, distribute copies of the classic data subsets to participants, and fill orders from the global geophysical community once the two-year period of proprietary usage by participants has passed.

We expect that Phase I will be completed early 2010.

SEAM RPSEA

SEAM announced in June 2009 the successful conclusion of negotiations with RPSEA for a \$2 million award for the project "Geophysical Modeling for Studying Acquisition and Processing Methods in the Deepwater Gulf of Mexico." The project will last two years. Phase I participants will contribute an additional \$500,000 from the Phase I budget.

Synthetic data will be acquired over the SEAM Phase I numerical Earth model. The data sets to be generated include acoustic (absorbing upper surface) seismic, elastic seismic, controlled source electromagnetic (CSEM), magnetotelluric, and gravity data. These data sets will lead to better understanding

of elastic-wave propagation effects and will enable research into joint-inversion techniques.

SEAM Phase II

The board has identified a short list of challenges that could be the focus of Phase II:

- 4D reservoir monitoring
- CO₂ sequestration
- Challenges in imaging of land seismic survey data
- Monitoring of hydrofracture reservoir stimulation

The board's intent is to identify corporate champions to further define project scope for one or more of these projects, develop a prospectus, recruit additional participants, and kick-off Phase II on or before 1 January 2011.

SEAM Publicity. The board is committed to disseminating SEAM results to the global geophysical community. Progress reports by Phase I Project Manager Michael (Mike) C. Fehler were published in *THE LEADING EDGE* in the August 2008 issue, as well as the March and July 2009 issues. An overview paper was presented by Fehler, Cheng, Larner, and Pangman in the "Recent Advances and the Road Ahead" session at the SEG Annual Meeting in Las Vegas. Tim Brice of WesternGeco published an article on "Seismic Acquisition Design for the SEAM Project" in the May 2009 *TLE* special section on seismic modeling. A post-SEG Annual Meeting workshop on SEAM is scheduled for 29 October 2009.

SEG Global, Inc.

Dave Monk, chairman

SEG Global, Inc. was founded to provide strategic and tactical oversight and recommendations to the SEG Executive Committee on planning, establishing, resourcing, and managing SEG's regional offices, and it is the avenue for future development of regional offices.

Continuing members of the SEG Global, Inc. Board of Directors include David Monk, chairman; Lee Bell, treasurer; Alfred Liaw; Gary Servos; and Leon Thomsen. New members of the board are Guillaume Cambois and Nader Dutta. Members of the committee serve rotating, three-year terms to ensure continuity.

Working closely with SEG staff, SEG Global, Inc. has reviewed business models for a number of regional office opportunities. SEG's China office performance did not live up to initial expectations; therefore, SEG Global recommended establishing a relationship with an international management company to assist in administration and organization of event planning. This recommendation has been approved, and SEG is in the final stages of contract negotiation with MCI to fill this role. Our China office will undergo a physical move, and a new regional representative will be recruited.

The two new Board members have specific knowledge and background in India, and further work on the establishment of other offices including within India has continued. A model involving management company support is being pursued in these locations. We believe that SEG is now in a better position to develop opportunities for regional offices based on our experience in China.

SEG Consolidated Financial Statements

Society of Exploration Geophysicists 30 June 2009 and 2008 (With Independent Auditors' Report Thereon)



Howerton, Morris, Simpson & Smith P.L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

8282 S. Memorial Drive, Suite 110 • Tulsa, Oklahoma 74133

Phone: 918 / 481-5949 • Fax: 918 / 481-8453

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Society of Exploration Geophysicists

We have audited the accompanying consolidated statement of financial position of the Society of Exploration Geophysicists (the "Society") as of 30 June 2009 and 2008, and the related consolidated statement of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Society of Exploration Geophysicists as of 30 June 2009 and 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Howerton, Morris, Simpson & Smith, PLLC

8 September 2009

SOCIETY OF EXPLORATION GEOPHYSICISTS

Consolidated Statements of Financial Position

30 June 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 1,477,073	2,586,987
Short-term investments	1,657,996	1,872,808
Accounts receivable, less allowance for doubtful accounts of \$11,335 in 2009 and \$6,792 in 2008	1,532,407	917,537
Accounts receivable SEG Foundation	1,207,881	61,268
Inventories	593,781	486,784
Prepaid expenses	475,405	550,369
Accrued interest receivable	<u>45,029</u>	<u>36,932</u>
Total current assets	<u>6,989,572</u>	<u>6,512,685</u>
Investments	4,633,010	5,430,358
Property and equipment:		
Land	489,605	489,605
Building	8,303,336	8,215,408
Application development	2,531,054	2,517,174
Furniture, fixtures and equipment	<u>1,750,939</u>	<u>1,295,213</u>
	13,074,934	12,517,400
Less accumulated depreciation	<u>6,129,485</u>	<u>5,153,002</u>
Net property and equipment	<u>6,945,449</u>	<u>7,364,398</u>
	\$ <u>18,568,031</u>	<u>19,307,441</u>

See accompanying notes to consolidated financial statements.

SOCIETY OF EXPLORATION GEOPHYSICISTS

Consolidated Statements of Financial Position (Continued)

30 June 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 784,265	463,747
Current portion of capital lease obligation	18,152	19,063
Deferred revenue	<u>5,560,112</u>	<u>5,969,735</u>
Total current liabilities	6,362,529	6,452,545
Deferred revenue	22,873	14,407
Capital lease obligation	<u>21,178</u>	<u>-</u>
Total liabilities	<u>6,406,580</u>	<u>6,466,952</u>
Unrestricted net assets:		
Undesignated	12,030,451	12,709,489
Board designated	<u>131,000</u>	<u>131,000</u>
Total net assets	<u>12,161,451</u>	<u>12,840,489</u>
	\$ <u>18,568,031</u>	<u>19,307,441</u>

See accompanying notes to consolidated financial statements.

SOCIETY OF EXPLORATION GEOPHYSICISTS

Consolidated Statements of Activities

For the Years Ended 30 June 2009 and 2008

	<u>2009</u>	<u>2008</u>
Revenues:		
Membership dues	\$ 1,389,484	1,224,091
Conferences and meetings	7,425,918	6,338,680
Publication sales and advertising	2,942,751	2,906,610
Professional development	379,913	382,217
Investment loss	(493,312)	(159,676)
Building lease operations	1,065,430	973,253
Management Fees / Support	1,464,605	928,036
Other	88,377	155,007
Total revenues	<u>14,263,166</u>	<u>12,748,218</u>
Expenses:		
Membership record services	454,874	360,387
Conferences and meetings	3,581,716	2,818,843
Publications and advertising	3,205,875	2,975,203
Professional development	1,301,214	968,776
General and administrative	2,433,064	2,112,379
Building lease operations	992,901	992,088
Communications	2,066,978	1,790,473
Global Relations	542,497	412,973
Research	295,978	163,333
Total expenses	<u>14,875,097</u>	<u>12,594,455</u>
Increase (decrease) in net assets before contributions to Foundation	(611,931)	153,763
Contributions to Foundation	<u>(67,107)</u>	<u>(132,855)</u>
Increase (decrease) in net assets	(679,038)	20,908
Unrestricted net assets, beginning of year, as previously reported	<u>12,840,489</u>	<u>12,819,581</u>
Unrestricted net assets, end of year	\$ <u>12,161,451</u>	<u>12,840,489</u>

See accompanying notes to consolidated financial statements.

SOCIETY OF EXPLORATION GEOPHYSICISTS

Consolidated Statements of Cash Flows

For the Years Ended 30 June 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (679,038)	20,908
Adjustments to reconcile increase (decrease) net assets to net cash used by operating activities:		
Depreciation and amortization	982,478	544,936
Net realized/unrealized loss on investments	746,173	435,000
(Increase) decrease in assets:		
Accounts receivable	(614,870)	440,144
Accounts receivable SEG Foundation	(1,146,613)	34,939
Inventories	(106,997)	95,677
Prepaid expenses	74,965	8,827
Accrued interest receivable	(8,097)	(2,432)
Other assets	-	2,793
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	320,518	(596,773)
Deferred revenue	(401,157)	1,388,066
Net cash provided (used) by operating activities	<u>(832,638)</u>	<u>2,372,085</u>
Cash flows from investing activities:		
Purchases of property and equipment	(563,529)	(765,426)
Purchases of investments	(2,113,620)	(2,681,117)
Proceeds from sale of investments	2,379,606	1,788,000
Net cash used in investing activities	<u>(297,543)</u>	<u>(1,658,543)</u>
Cash flows from financing activities –		
Principal payments on capital lease obligation	(34,190)	(30,771)
Proceeds from capital lease obligation	54,457	-
Net cash used by financial activities	<u>20,267</u>	<u>(30,771)</u>
Net increase (decrease) in cash	(1,109,914)	682,771
Cash, beginning of year	2,586,987	1,904,216
Cash, end of year	\$ <u>1,477,073</u>	<u>2,586,987</u>
Cash paid for interest	<u>489</u>	<u>2,746</u>

See accompanying notes to consolidated financial statements.

SOCIETY OF EXPLORATION GEOPHYSICISTS

Notes to the Consolidated Financial Statements

For the Years Ended 30 June 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Society of Exploration Geophysicists (the “Society”), was organized in 1930 as a not-for-profit organization. The objectives of the Society are to promote the science of research, to foster the common scientific interests of geophysicists, and to maintain a high professional standing among its members. The Society accomplishes these objectives by publishing scientific literature, conducting professional development programs and technical meetings, and providing other informational services.

These financial statements do not include the SEG Foundation (the “Foundation”), a separate not-for-profit organization which receives contributions for public education and other scientific purposes.

Principles of Consolidation

The consolidated financial statements include the accounts of the Society and its subsidiaries, SEG Advanced Modeling Corporation and SEG Global, Inc. All intercompany balances and transactions have been eliminated.

Cash and Cash Equivalents

Cash and cash equivalents include cash in banks and all highly liquid investments with an original maturity of three months or less. Cash equivalents exclude money market funds held by a brokerage firm. The Society maintains cash balances at several banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. At 30 June 2009, and 2008, the Society and SEAM had deposits in excess of the federally insured limit.

Accounts Receivable

Accounts receivable consists of uncollateralized billings for memberships, sponsorships, and exhibit space. Accounts receivable are stated at the amount billed. The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management’s best estimate of amounts that will not be collected.

Inventories

Inventories of publications for resale are valued at the lower of cost, determined by the moving-average method, or market.

(continued)

SOCIETY OF EXPLORATION GEOPHYSICISTS

Notes to the Consolidated Financial Statements

For the Years Ended 30 June 2009 and 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments consist of marketable debt and equity securities which are valued at their fair values in the statements of financial position. Fair values for investments are based on quoted market prices. Unrealized gains and losses are included in the statements of activities. Investments in joint ventures are valued at cost.

Property and Equipment

Property and equipment are carried at cost. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Expenditure for maintenance and repairs are charged to expense as incurred. Major improvements are capitalized. The lives used in computing depreciation are as follows: building – 50 years; furniture and equipment – 3 to 10 years.

Application Development

Direct costs associated with the development of SEG Online are capitalized and are amortized over the estimated product life of five years on the straight line basis. Unamortized costs are carried at the lower of book value or net realizable value.

Net Assets

The Executive Committee of the Society has designated \$131,000 of net assets for future building improvements as of 30 June 2009.

Income Taxes

The Society is a not-for-profit organization under Section 501(c)(6) of the Internal Revenue Code and is subject to income taxes on unrelated business income.

Revenue Recognition

Membership dues and publication subscription revenues are recognized ratably over the applicable membership or subscription period. Revenues relating to meetings are recognized as revenue at the time of the meeting.

Building Lease Operations

The Society owns the land and building where its administrative offices are located in Tulsa, Oklahoma. Office space which is not used by the Society is leased to other companies.

(continued)

SOCIETY OF EXPLORATION GEOPHYSICISTS

Notes to the Consolidated Financial Statements

For the Years Ended 30 June 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

The Society adopted Statement of Financial Accounting Standards No. 157 on 1 July 2008 for fair value measurements of assets that are recognized and disclosed at fair value in the financial statements on a recurring basis. Statement No. 157 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets that the Society has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the assets.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the 2008 consolidated financial statements have been reclassified to conform to the 2009 presentation.

(continued)

SOCIETY OF EXPLORATION GEOPHYSICISTS

Notes to the Consolidated Financial Statements

For the Years Ended 30 June 2009 and 2008

NOTE 2 – INVESTMENTS

At 30 June 2009 and 2008, investments were as follows:

	<u>2009</u>	
	<u>Cost</u>	<u>Market</u>
Certificate of deposit	\$ 2,870,000	2,893,867
Equity investments	1,903,670	2,064,508
Corporate bonds	<u>1,125,078</u>	<u>1,082,631</u>
Subtotal – Total Level One Assets	5,898,750	6,041,006
Joint venture (Level Three Asset)	<u>250,000</u>	<u>250,000</u>
Total investments	\$ <u>6,148,750</u>	6,291,006
Less short-term investments		<u>1,657,996</u>
Long-term investments		\$ <u>4,633,010</u>

	<u>2008</u>	
	<u>Cost</u>	<u>Market</u>
Certificate of deposit	\$ 2,998,000	2,969,826
Federal agency securities	100,000	100,031
Equity investments	1,808,051	2,807,588
Corporate bonds	<u>1,225,101</u>	<u>1,175,721</u>
Subtotal – Total Level One Assets	6,131,152	7,053,166
Joint venture (Level Three Asset)	<u>250,000</u>	<u>250,000</u>
Total investments	\$ <u>6,381,152</u>	7,303,166
Less short-term investments		<u>1,872,808</u>
Long-term investments		\$ <u>5,430,358</u>

The Society's only investment measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs) is its investment in a Joint Venture. The Joint venture is valued at cost but has received significant cash flow in excess of cost since its purchase. The Society's ability to sell this investment is limited because of the nature of the investment arrangement.

(continued)

SOCIETY OF EXPLORATION GEOPHYSICISTS

Notes to the Consolidated Financial Statements

For the Years Ended 30 June 2009 and 2008

NOTE 2 – INVESTMENTS (CONTINUED)

The fair values of fixed income securities at 30 June 2009 by maturity, are shown below:

Due in less than one year	\$ 1,657,996
Due after one year through five years	2,318,500
Due after five years through ten years	-
	<u>\$ 3,976,496</u>

Investment income in the accompanying consolidated statements of activities includes the following:

	<u>2009</u>	<u>2008</u>
Interest and dividend income	\$ 252,861	275,324
Gain (loss) on investments	<u>(746,173)</u>	<u>(435,000)</u>
	\$ <u>(493,312)</u>	<u>(159,676)</u>

NOTE 3 – TRANSACTIONS WITH SEG FOUNDATION

The Society leases building space and provides administrative services to the Foundation. The Society charged the Foundation \$606,468 in 2009 and \$437,389 in 2008 for reimbursement of administrative expenses related to Foundation activities.

The Society contributed \$67,107 in 2009 and \$132,855 in 2008 to the Foundation for its major gift campaign.

In 2009 the Foundation contributed \$235,000 to the Society for development costs of SEG Online.

NOTE 4 – PENSION AND SALARY REDUCTION PLANS

The Society sponsors a defined contribution pension plan which does not allow employee contributions. The Society makes contributions to the Plan based upon 4.5% of the employees' eligible wages.

The Society also sponsors a salary reduction plan. The Society's contributions to this plan are computed based on 2% of salaries and a two-for-one matching contribution of employees' contributions, up to a maximum of 4.33% of salaries.

(continued)

SOCIETY OF EXPLORATION GEOPHYSICISTS

Notes to the Consolidated Financial Statements

For the Years Ended 30 June 2009 and 2008

NOTE 4 – PENSION AND SALARY REDUCTION PLANS (CONTINUED)

The Society's expense under these plans was \$434,652 in 2009 and \$392,613 in 2008. Subsequent to 30 June 2006, the Society amended both benefit plans. As of 1 August 2006, the Society will continue to sponsor the defined contribution pension plan for persons employed as of 31 July 2006 until 31 July 2011. For employees hired 1 August 2006 and after, no defined contribution pension plan will be sponsored.

As of 1 August 2006, the Society will continue to sponsor the salary reduction plan for persons employed as of 31 July 2006 until 31 July 2011. For employees hired 1 August 2006 and after, and all employees after 31 July 2011, the Society's contributions to this plan are computed based on 6% of salaries and a one-for-one matching contribution of employees' contributions, up to a maximum of 3% of salaries.

NOTE 5 – LEASING ARRANGEMENTS

The Society leases approximately 75% of the office space in its headquarters building to unaffiliated parties under non-cancelable operating leases. The following is a schedule of minimum future rental revenues from those tenants as of 30 June 2009:

<u>Year Ending</u> <u>30 June</u>	<u>Amount</u>
2010	\$ 935,109
2011	645,059
2012	350,639
2013	140,264
2014	56,417
2015	8,387
	\$ <u>2,135,875</u>

(continued)

SOCIETY OF EXPLORATION GEOPHYSICISTS

Notes to the Consolidated Financial Statements

For the Years Ended 30 June 2009 and 2008

NOTE 5 – LEASING ARRANGEMENTS (CONTINUED)

The Society leases computer equipment under a capital lease expiring August 2011. At the inception of the capital lease, the asset and liability under the capital lease are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The asset is amortized over its estimated useful life. Computer equipment under the capital lease (which is included in furniture, fixtures and equipment) was \$39,330, net of accumulated depreciation of \$15,127 at 30 June 2009.

Minimum future rental payments under capital lease are as follows:

Year Ending 30 June	Amount
2010	\$ 18,152
2011	18,152
2012	<u>3,026</u>
Present value of future minimum lease payments	\$ <u>39,330</u>

NOTE 6 – COMMITMENTS

The Society has pledged \$1,000,000 to match contributions to the SEG Foundation campaign - *Advancing Geophysics Today and Inspiring Geoscientists for Tomorrow*. Matching funds are for individual contributions received by 31 December 2011 for amounts of \$5,000 up to \$50,000. As of 30 June 2009, \$943,013 has been contributed by the Society for this campaign.

**2008–2009 Annual Report
of the SEG Foundation**

Report of the Board of Directors

Gary G. Servos, chairman

The activities of the SEG Foundation for 2008–2009 started on a high note as the Foundation announced at the 2008 Annual Meeting the conclusion of a very successful fund-raising campaign that raised a little over US\$17 million. Sincere thanks to a dedicated group of volunteers and staff, along with the companies and individuals who invested in the future of the Society and the Foundation. The economic downturn in late 2008 definitely affected the Foundation's ability to fund certain projects at desired levels. As of this writing, I can report that recovery is under way, and your Foundation is in good overall financial condition. The future is indeed bright.

The SEG Foundation continues to adjust to the ever-changing responsibilities of becoming a larger organization, the obligations of maintaining legal requirements, and administering an increasing number of programs. The Board now consists of 14 members and holds face-to-face meetings at least five times annually.

As we move into the future, it is necessary to continue to raise operational funds and continue the highly successful programs of the Society and the Foundation. To that end, based on successful fund-raising concepts, the Foundation has established several new donor clubs. The objective is to stimulate our members and their companies to support the Foundation on an annual basis instead of just one-time gifts. The Doodlebugger Society and High Velocity donor clubs are part of the annual campaign designed to generate operating funds necessary to run the Foundation. Many volunteers support the Foundation's efforts, and a growing dedicated staff is required to maintain the ever-increasing responsibilities of the Foundation. Cumulative lifetime contributions are recognized through the Trustee Associates.

Doodlebugger Society

This donor club, inspired by SEG's success in members helping members, draws upon the colorful history of geophysics for its name. Contributions of \$50 to \$999 support the SEG Foundation general operating fund, which is the backbone of all Foundation programs. Case histories show that member participation as a "Doodlebugger" marks the beginning of a very special and personal relationship with the SEG Foundation. Many donors increase their contributions over time as they become more engaged with the Foundation's many successful

programs and activities. Students may participate with a gift of \$25 or more. See donor list on page 58.

High Velocity

This distinguished donor club calls on the technical history of geophysics for its name. With determined commitment to *Advancing Geophysics Today and Inspiring Geoscientists for Tomorrow*, members choose their annual giving levels between \$1,000 and \$5,000. High Velocity members receive special opportunities to engage with the leadership of SEG and the SEG Foundation, allowing for a higher level of involvement with Foundation activities. See donor list on page 59.

Trustee Associates

In 2009, the Foundation approved a plan to strengthen and further recognize the Foundation Trustee Associates. The Trustee Associates have expanded to encompass the major donors who have been dedicated to supporting the work of the Foundation. This special leadership group of contributors has and continues to lay the groundwork of many Foundation programs and activities. Therefore, all Foundation individual donors who have gifted \$10,000 or more over their cumulative years of support will now be recognized as members of the Trustee Associates. See list on page 59.

It is difficult to list and discuss all of the programs the Foundation supports. However, I do want to review some of our major programs. This year, I have elected to highlight the Foundation's support of SEG as well as summarize the committee reports from four major programs.

Grants to SEG

The success of the major gifts campaign will provide ongoing funding for SEG program activities of over \$1 million per year for the next several years. Direct support of student activities includes sponsored Student Membership from Paradigm and CGGVeritas, the SEG/Chevron Student Leadership Symposium, the new SEG/ExxonMobil Student Education Program, and the new Fred and Kathi Hiltermann/SEG Foundation Student Chapter Book Program sponsored by Geokinetics.

Support for SEG professional development activities includes full funding from Shell for the Honorary Lecturer program, allowing six lecturers to tour their respective regions each year, as well as partial funding from CGGVeritas in support

of SEG's longstanding Distinguished Lecturer program. Support for SEG Online is being provided through generous contributions from ION, Halliburton/Landmark, PGS, and SMT. Support for online education specifically is being provided by a leadership commitment from China National Petroleum Company.

Scholarship Committee

In spite of the worldwide economic malaise of the past year, we are pleased to report another successful year for the Scholarship Committee, with the average award growing above \$3,000/student for the first time. Scholarship grants totaled \$415,020 to 138 students for 2009. Our success in growing the award level is possible only with the generous contributions of our donors, many of whom generously provided supplemental funds to maintain award growth despite the decline in the endowed funds available. The committee thanks Anadarko Petroleum Corporation and Apache Corporation for their major support of this important program. Further information about this committee's activities and goals are available in Chairman Martin Stupel's report.

Project of Special Merit Committee

The committee recommended funding five out of eight applications in the Projects of Special Merit category, for a total of \$16,500. Support for these projects, with their heavy emphasis on public outreach, was critical to ensure SEG's continuing high visibility within larger audiences. The committee has funded thirteen of the fifteen Field Camp projects submitted. Although the total award amount of \$87,000 is significantly lower than the previous year, we were able to fund the top three proposals at \$14,000 each. The committee thanks TGS for their major support of Field Camps. For more details, see the Project Review Committee's report from Chairman Gokay Bozkurt.

Travel Grant Committee

This committee recommended slightly more than \$205,000 in travel grants, an increase of 65% over last year's efforts. This is attributed to our excellent donor base. We have increased the number of countries that awardees have received grants from 19 to 34—an increase of 79% for this year. This includes 79 more international students receiving grants than last year. Robert E. Van Nieuwenhuise, chairman, Travel Grant Committee, provides additional details in his separate report.

Geoscientists *Without* Borders Committee

This year the Geoscientists *Without* Borders Program set the stage for geophysicists to be recognized as important participants in the global humanitarian effort. The first projects selected represent a broad group of technologies and applications. Three projects are led by universities and one by a nonprofit organization. They partnered with other universities, nonprofits, NGOs, and local populations. The committee thanks Santos, Inc., for becoming the second large corporate donor to the program following Schlumberger's founding of the program. Craig Beasley, chairman of the Geoscientists *Without* Borders Committee, has provided additional information about this year's exciting results in his separate report.

Summary

In summary, 2008–2009 was an eventful year in many ways. The overall bottom line can only be described as successful. We will continue to grow and evolve into a more prominent supporter of the highly successful programs that support you, the members of the SEG, as well as future members.

Reports of the Standing Committee Chairmen

Geoscientists *Without Borders* Craig Beasley, chairman

This year, the Geoscientists *Without Borders* (GWB) program set the stage for geophysicists to take their place as crucial participants in the global humanitarian effort. The committee members are proud to be a part of the program once again. What a great and busy year it has been! The first projects selected represent a broad group of technologies and applications. Three projects are led by universities, while one is led by a nonprofit organization. They partnered with other universities, nonprofits, NGOs, and local populations. The committee is grateful to Santos, Inc., for becoming the second large corporate donor to the program, following Schlumberger's founding of the program.

Humanitarian goals, geophysical applications, and student involvement characterize all GWB projects. The projects enjoy a broad following from SEG members, the schools and countries involved, and other geoscience organizations. A growing group of people are following the program's activities on Facebook and LinkedIn groups devoted to the GWB program.

Twenty-six proposals for projects in 18 countries were submitted for consideration in the first three solicitations. After reviews and deliberation, projects in Thailand, India, West Sumatra, and Honduras were selected for funding. All four began activities in the field in early 2009. Progress reports will be posted on the SEG Web site (www.seg.org). An additional project selection is expected to be announced during the third quarter of 2009, and a fourth round of proposal reviews and selection will occur in October 2009. The committee regrets that many deserving projects could not be funded and looks forward to the day when more projects will be selected.

Thanks to the Geoscientists *Without Borders* committee members who worked throughout the year to ensure the program was successful: A. J. Berkhout, Luc Ikelle, Panos Kelamis, Louise Pellerin, Mihai Popovici, Roel Snieder, and Susan Webb. Thanks also to Bill Barkhouse, the Foundation Board liaison, and to the SEG Foundation Board who believes in the future of the program. And finally, thanks to Rhonda Jacobs, program manager, who has really made the program go.

Geoscientists Without Borders projects under way in 2009:

Northern Thailand

"The advancement of humanitarian geophysics in Southeast Asia: A student-based approach" – Partners: Boise State University, USA; Chiang Mai University, Thailand; and SEG Student Sections in SE Asia. The project will cover three humanitarian projects in northern Thailand, encompassing geological hazards, hydrogeophysics, and archaeological mapping. It will help geophysicists and students from Southeast Asia develop the geophysical expertise essential to conducting future humanitarian projects in the region using equipment that is available from completed UN projects. At those sites, students will use seismic, GPR, electrical, gravity, and magnetic methods to address local geotechnical problems.

Madhya Pradesh, India

"Addressing the rural water crisis in India" – Partners are Clemson University Foundation for Economic Security (NGO in India), the Indian Institute of Technology–Bombay, and communities in Salri, India. The project will produce tools that villagers can use to assist in making water-management in an area where environmental degradation and drought have caused a crisis. Using EMI, the work will evaluate geologic structures for water harvesting to capture runoff and increase groundwater supplies through the dry season, develop irrigation plans to decrease the agricultural demand on groundwater, and explore for untapped reserves of groundwater within the watersheds.

Chasnigua, Honduras

"Integration of Geophysical Measurement Techniques in the Early Stages of Sustainable Water System Design for the Developing World" – Partners are Colorado School of Mines and the community of Chasnigua, Honduras. The project team will aid in site location for water wells in volcanic terrain for a village in Honduras that relies solely on trucked water. The geophysical suite to be used includes magnetics, magnetic gradiometry, electromagnetics, electrical resistivity, and self potential.

Padang, West Sumatra, Indonesia

"Conceptual Design of an Earthquake- and Tsunami-Resistant Building in Sumatra" – Partners are GeoHazards International (a nonprofit organization); four universities (Stanford University; Adalar University; LabEarth of Indonesian Institute

of Sciences; and Earth Observatory of Singapore, Nanyang Technological University); USGS; KOGAMI; Applied Technology Council; and others both funded and nonfunded. After the 2004 tsunami, some communities in Indonesia launched preparedness and awareness efforts, but much work remains to be done. GeoHazards International and its alliance partners will assess the need for and feasibility of vertical evacuation structures as a key component of tsunami preparedness in coastal communities. A vertical evacuation structure is designed to serve as a temporary refuge for evacuees during a tsunami. Its height exceeds the tsunami inundation level, and its strength and resilience resist the tsunami and earthquake forces. This pilot project would involve geosciences, engineering, political, and social science aspects to develop a conceptual design for such a structure in Padang, Indonesia. The geoscience component will include tsunami modeling and uncertainty in earthquake rupture process. GWB funding of \$50,000 is leveraged to a total project value of \$214,000, with the additional money coming from other sources, in particular, Engineers for a Sustainable World.

Projects of Special Merit Gokay Bozkurt, chairman

The Projects of Special Merit Program is an integral part of the SEG Foundation's efforts toward *Advancing Geophysics Today and Inspiring Geoscientists for Tomorrow* by providing financial support to deserving projects worldwide. Each year, competing projects seek funding for professional development, student support for field camps, and youth outreach. These projects must be aligned with the SEG Foundation's mission of encouraging and supporting scientific, educational, and charitable activities that benefit the general public, geophysicists, and the geophysical community. The Project Review Committee ensures the selection process is fair and that awarded projects uphold the SEG Foundation's high standards based on intellectual merit and broader impact.

We are pleased to report that we have funded five out of eight applications in the Projects of Special Merit program, for a total of US\$16,500 in grants. This support, with its heavy emphasis on public outreach, was critical to building SEG's vis-

Projects of Merit Company/University		
University of Texas, Austin	U.S.	GeoFORCE—Outreach in Texas to girls and minorities in rural areas and inner cities
University of Colorado	U.S.	Interactive Geology Project—Public outreach, Boulder, Colorado
Novosibirsk State University	Russia	Geophysical education field trips
Kingman Museum	U.S.	Earth Science exhibition—Michigan
Offshore Drilling Rig Inc.	U.S.	Offshore Drilling Rig Museum—School visits, Texas

2009 SEG Foundation Project Selections		
Project	Country	Company/University
AfricaArray—University of the Witwatersrand	South Africa	AfricaArray Field School
Boise State University	USA	CSM/BSU Field Camp, Colorado
Colorado School of Mines	USA	CSM Field Camp, Colorado
Ebonyi State University	Nigeria	ESU Geophysical Field Camp for Environmental Investigations, southeastern Nigeria
Freie Universitat Berlin	Germany	UB/FUB Field Camp, Berlin
Gadjah Mada University	Indonesia	Gadjah Mada University Geophysical Field Camp, central Java
HMGF Gadjah Mada University	Indonesia	Geophysics Expedition—Indonesia
Imperial College with CSM and Boise State	England	Joint Field Camp with CSM and BSU
Memorial University Newfoundland	Canada	MUN/Simon Bolivar University Field Camp in the Venezuelan Andes
Obafemi Awolowo University/Stanford	Nigeria	OAU/SU Field Camp—Osun State
San Diego State University	USA	SAGE (Summer of Applied Geoscience)
University of Bucharest/University of Greenland	Romania	UB/UG Field Camp, in Greenland
University of Bucharest	Romania	Geophysical Field Camp, Simonesti

ibility with large audiences on a continuing basis (such as the Earth Science Exhibit at Kingman Museum, Offshore Drilling Rig Museum in Galveston, and Interactive Geology Project by University of Colorado, which develops scientific animations for display in shopping malls, museums, and national parks).

GeoFORCE, a program organized by the UT-Austin Jackson School of Geosciences, is another project we supported, which encourages underrepresented women and minorities toward careers in science, mathematics, and technology.

This year, we have also funded 13 of the 15 projects submitted for field camps. Although the total award amount of \$87,000 is significantly lower than the previous year, we were able to fund the top three proposals at \$14,000 each. Field camp funding this year was sponsored through a generous commitment by TGS and through endowments created by Geophysical Pursuit (for SAGE), Global Geophysical, and Rutt Bridges (for Colorado School of Mines).

We are grateful for the meticulous efforts of the Project Review Committee for their valuable time and detailed attention in ranking the proposals within tight deadlines. These members are: Abay Aibaidula, Ferdinand Aniwa, Olusola Bakare, David Bartel, Stephen Bannister, Kolawole Fabiyi, Ali Mese, Gabriel Pérez, and Azra Tutuncu.

Scholarship

Martin Stupel, chairman

MISSION: Encourage the study of geosciences by recognizing the best and brightest students worldwide with SEG scholarships.

In spite of the worldwide economic malaise, we are pleased to report another successful year for the Scholarship Committee, with the average award level above US\$3,000 per student for the first time. This success is possible only through the generosity of our donors, many of whom provided supplemental funds to maintain award growth in spite of a decline in funds available from endowments.

This year also marked a successful evolution of the review

process, with the majority of applications and supporting documents submitted and received online. The committee and dedicated SEG staff worked hard to implement and use the new process in spite of some unanticipated change requirements. After several weeks of independent review, the committee met 8 April 2009 to finalize the award recommendations within donor constraints for the 139 most deserving of the 289 qualified candidates. These recommendations were presented to and approved by the Foundation Board of Directors on 15 April 2009.

The 2009–2010 scholarship recipients represent 29 nationalities pursuing degrees at universities in 21 different countries. Of the 139 students selected for awards, 60% are citizens of countries outside North America. Globalization efforts by the committee continue with a focus on balancing award values against costs of education (which vary greatly by country).

Thanks to all the committee members (Alex Bridge, Wenjie Dong, David McAdow, Dana Mihaela Enciu, Steven Roche, Catherine Thibault, and Ramazan Yilmaz) for their eight-year commitment and diligent work, including but not limited to the evaluation of all qualified applications each year and fostering a link between SEG and the award recipients.

Recognition goes to SEG business office personnel Jenny Cole, Rhonda Jacobs, Peter Pangman, Shari Ritchie, and most of all Brian Young (we'll miss you) for their dedication and hard work that helps make this program a success, and to Vicki Messer, Foundation liaison (and former chair), for her continued guidance. Finally, the SEG Scholarship Program would not be in existence without the generous contributions of our donors—Thank you!

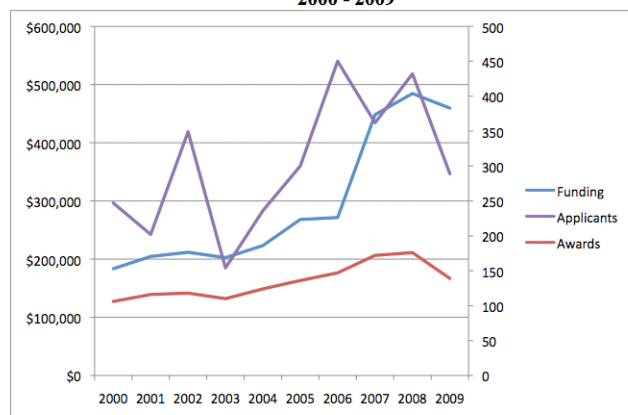
Travel Grant

Robert E. Van Nieuwenhuise, chairman

The SEG Foundation Travel Grant Committee has had an exceptional year, with positive growth in most categories we consider. These categories include the number of applicants accepted for review, the number of recipients/grants awarded, the ratio between foreign/recipients, the number of countries represented, and the total value in grants awarded. The only statistic that was reduced was the average grant award per recipient. This occurred because more students were selected locally, thereby reducing travel costs significantly during a time when these costs have been on the rise. Hence, we were able to provide more grants at a lower cost. This grant year still has one more evaluation.

Our results to date include more than US\$205,000 in travel grants—an increase of 65% over last year's efforts. This is attributed to our excellent donor base. The international versus U.S. and Canada ratio has increased from 44%/56% to 80%/20%. We have increased the number of countries from which awardees have received grants from 19 to 34—an increase of 79% for this year. This includes 79 more international students receiving grants than last year. While this is in line with the SEG Foundation's efforts at globalization, it is largely the result of

SEG Foundation Scholarships
2000 - 2009





Diana Ortega-Ariza of the University of Puerto Rico and Tiffany Piercey of Memorial University of Newfoundland participate in the Student Education Program in Las Vegas.

locally based Student Education Programs (SEPs) in Beijing, Bahrain, and Amsterdam that were initiated this year. Locally based programs also help the Foundation reduce its costs, while supporting and identifying more globally based geophysicists for the future.

We have received 297 applications so far this year and have awarded 146 travel grants. This is double the number of grants provided last year. The average cost per award this year has dropped by 18%. While this trend hopefully will not continue, it is good to know that during a world-wide economic downturn, the Foundation has been able to award more grants with less money per award.

None of this could have been accomplished without the excellent support of our donors, including but not limited to ExxonMobil for their Student Education Programs (4) that have been a great success with 94 students this year, and Chevron for their Student Leadership Symposium that trained 50 students

this year. Special thanks to Dan Lowenthal for the Best Oral Paper Award, and to the Rutt Bridges Foundation for its continued support of Annual Meeting Travel Grant(s). Also, many thanks to the SEG Foundation.

This is the first year there has been a true SEG Foundation Travel Grant Committee—we are new and vibrant! We have developed into a five-person committee, and we are trying to grow to eight or nine members. We have held several meetings to better formulate our award evaluation scheme while honoring our donors' wishes and the Foundation's overall goals and requirements. We have worked with the SEG Foundation's Scholarship Committee/Globalization Subcommittee to help enhance our ability to evaluate non-U.S. students' grading systems and their realistic travel needs. For example, during the SEP-Amsterdam award evaluations, we added a committee member from the Netherlands to gain specific insight into the applicants' qualifications and the needs of this country so that we could align our decisions accordingly. We plan to expand this process in the future.

Feedback to our committee has been positive; the students thoroughly enjoy the opportunity to participate in these excellent programs, and we support their continued growth as geophysicists and engineers. We have volunteered for them. They are SEG's future.

Special thanks to committee members David Tett; David Lammlein, who helped even during his vacation; and to Rocco Detomo and Gabriel Borges for their special dedication and support. We also appreciate Jess Kozman and Brian Russell for helping us in our very first evaluation. Leon Barens gave us additional help with the SEP Amsterdam, and we thank him and Peter Pangman for making the connection. Finally, very special kudos to the two people who helped us the most, sorted through all the applications, checked out the student credentials, and delivered the awards—Melissa Brown and Rhonda Jacobs. This committee and its members sincerely thank you.



Recipients of Travel Grants to Participate in the 2009 SEG/Chevron Student Leadership Symposium (SLS)		
First Name	Last Name	University
Sabrina	Aliyeva	Azerbaijan State Oil Academy
Devi	Aluguru	Andhra University
Ali	Atef	Missouri University of Science & Technology
Eduard Gustavo	Medina Baron	Universidad Nacional de Colombia
Asdis	Benediktsdottir	University of Hawaii
Maximiliano	Bezada	Rice University
Thomas	Blum	Boise State University
Emma	Brand	Memorial University
Andrew	Brenders	University of Western Ontario
David	Christensen	New Mexico Tech
Indrajit	Das	Stanford University
Liang	Ding	University of Petroleum Beijing
Timophey	Eltsov	Novosibirsk State University
Adeniji	Emmanuel	Obafemi Awolowo University
Ranjana	Ghosh	National Geophysical Research Int.
Francesco	Grigoli	University of Pisa
Tracy	Gunness	University of the West Indies
Stine	Gutjahr	Freie Universirt Berlin
Md.	Haque	University of Dhaka
Benjamin	Herber	University of Colorado, Boulder
Maaruf	Hussain	King Fahd University
Maria	Juanatey	Uppsala University
Ilknur	Kaftan	Dokuz Eylul University
Ashu	Kapil	University of Kurukshetra
Praveen	Kumar	Indian Institute of Tech. Roorkee
Isabela	Lima	Universidade Federal do Para
Tao	Liu	Peking University
Fabio	Magrani	UniversidadeFederal Fluminense
Wellington	Nascimento	Universidade Federal da Bahia
Bao	Nguyen	University of Texas, Dallas
Victor	Pena	University of Oklahoma
Slamet	Pujiono	Diponegoro University
Charles	Puryear	University of Houston
Benjamin	Rickards	University of Kansas
Heidy	Rodriguez	Universidad Industrial de Santander
Juan	Sabbione	Universidad Nacional de La Plata
Tuna	Sansal	Ankara University
Elena	Shevchenko	Gubkin Oil and Gas University
Hilmar	Simonsen	University of the Faroe Islands
Sasa	Smiljanic	Union University

Carlos	Solano	Universidad Eafit
Ioana	Stan	University of Bucharest
Andrei	Swidinsky	University of Toronto
Gang	Tang	University of Tsinghua
Olena	Tiapkina	Norwegian University of Science
Jan	Walbreaker	ZTH Zurich
Zhiguo	Wang	Southwest Petroleum University
Tim	Wiese	University of Adelaide
Monika	Wilk	AGH University of Science & Tech.
Sanjay	Yerramilli	University of Alberta



Participants in the 2008–2009 SEG/ExxonMobil Student Education Program (SEP)			
First Name	Last Name	University	SEP Location
Ibrahim	Alhukail	Texas A&M University	Las Vegas
Inyene	Awakessien	University of Oklahoma	Las Vegas
Luis	Castillo	Universidad Simon Bolivar	Las Vegas
Neil	de Laplante	MIT	Las Vegas
Olumbunmi	Elebiju	University of Oklahoma	Las Vegas
Victoria	Lane	Keele University	Las Vegas
Benard	Odoh	Nnamdi Azikiwe University	Las Vegas
Lisa	Schleicher	University of Maryland - College Park	Las Vegas
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Total Gifts and Pledges To Date: **\$ 17,232,409.94**

- Individuals* 31%
- National/Multinational Oil Companies 39%
- Geophysical Service Companies* 29%
- SEG Sections, Other 1%

*Includes \$1,533,587 in SEG/SEG Foundation matching funds.

CORPORATE INVESTORS

\$1,000,000 AND UP

- Shell International E&P (*Honorary Lecturer Program*)
- ExxonMobil Exploration (*Student Education Program*)
- Chevron (*Student Leadership Symposium*)
- Schlumberger/WesternGeco (*Geoscientists Without Borders*)
- StatoilHydro (*Quantitative Subsurface Initiative*)

\$500,000 TO \$999,999

- Anadarko (*Scholarships*)
- CNPC (*SEG Online Education*)
- CGGVeritas (*Student Membership Dues/Distinguished Lecturer*)
- TGS (*Summer Field Camps*)
- Apache (*Scholarships*)

\$250,000 TO \$499,999

- Paradigm (*Student Membership Dues*)
- ION (*SEG Online*)
- Halliburton/Landmark (*SEG Online*)
- PGS (*SEG Online*)
- SMT (*SEG Online*)
- Geokinetics (*Student Chapter Book Program*)
- Global Geophysical (*SEG Online*)
- Santos (*Geoscientists Without Borders*)

\$100,000 TO \$249,999

- Geophysical Pursuit (*Founding Investor of the SAGE Endowment*)
- Fairfield Industries (*Unrestricted*)

\$10,000 TO \$99,999

- P.C. Havens/ Seismic Exchange (*P.C. Havens/Seismic Exchange Scholarships*)
- Zonge Engineering and Research (*Kenneth L. Zonge Scholarships*)

INDIVIDUAL DONORS

\$1,000,000 AND UP

- First Anonymous Individual Donor (*Operating Endowment*)
- Second Anonymous Individual Donor (*Student Programs*)

\$100,000 TO \$249,999

- The Scott Petty Foundation (*O.S. Petty Field Camp Grants*)
- David W. Worthington (*David Worthington Scholarships*)

\$50,000 TO \$99,999

Richard A. and Fran Baile (ISEF)	Frans H. and Alice B. Hammons (Operating Endowment)	Charles and Jean Smith, Jr. (Charlie & Jean Smith Scholarships)
Richard Degner (Global Geophysical Services Field Camps)	Richard and Shirley Hunt (J. Richard & Shirley Hunt Scholarships)	The Family of Kenneth L. Zonge (Kenneth L. Zonge Scholarships)
Norman and Shirley Domenico (SEG/Norman & Shirley Domenico Scholarships)	David Lumley (David E. Lumley Scholarships)	Kim and Kenneth Zonge
Mike Forrest (Michael C. Forrest Scholarships)	Jesse and Cathy Marion (CSEG)	The Zonge Trust
Donald W. Frye (Donald & Nancy Frye Scholarships)	Alexander Mihai and Catherine Ann Popovici (Alexander Mihai & Catherine Ann Popovici Scholarships)	Thomas E. Gray & Kimberlee Lynn Zonge
Debra and Mark Gregg (Debra & Mark Gregg Scholarships)	Gary and Lorene Servos (Gary & Lorene Servos Scholarships)	Tammy and Michael Laird
		Kenneth and Susan Zonge

\$25,000 TO \$49,999

James L. Allen (Operating Endowment; James L. Allen Scholarships)	Geophysical Society of Houston (Hugh Hardy/GSH Scholarships; Unrestricted)	James D. Robertson (75th Anniversary Scholarships; Operating Endowment; Program Support)
Michael and Donna Bahorich (Michael Bahorich Scholarships)	Fred & Kathi Hilterman (Fred & Kathi Hilterman/SEGF Student Section Book Program)	Jack and Catherine Threet (Jack & Catherine Threet Scholarships)
David C. Bartel (David Bartel Scholarships)	David Lammlein (David Lammlein Scholarships)	D. Wayne Turner (Operating Endowment)
Denver Geophysical Society (DGS Scholarships)	Brian and Elaine Russell (CSEG)	

\$10,000 TO \$24,999

Fred Aminzadeh (Unrestricted)	Wayne Ewert	Robert B. Peacock (Operating Endowment, Henry Bates Peacock Scholarships)
William Barkhouse (SEG Online)	Exploration Development, Inc.	William and Linda Pearson (75th Anniversary Scholarships)
Colorado School of Mines (SRW Travel Grants)	Donald Frye	Robert Peebler and Susan Mastoris Peebler (SEG Online)
Rodney Cottrell (Sponsored Scholarships)	Geo-X Systems, Inc.	Mike Seidner (Professional Development)
Barry and Lee Davies (Unrestricted)	Larry Graham	Robert and Margaret Sheriff (Margaret S. Sheriff Scholarships)
Raymond Farrell (Trustee Associate/Unrestricted)	Robert J. Grundy	John W.C. Sherwood (Fred & Kathi Hilterman/SEGF Student Section Book Program)
Mary Fleming (Operating Endowment)	Imperial American Oil Co.	Paradigm/Charles Smith, Jr. (Sponsored Louisiana Scholarships)
Lee and B.J. Lawyer (75th Anniversary Scholarships)	Jack Lenhart	Leon and Pat Thomsen (SEG/EAGE/Thomsen/BP Scholarships)
Friends of Richard and Rollande Lockhart (Richard & Rollande Lockhart Scholarships)	Douglas Lindsey	Zhijing (Zee) Wang (Unrestricted) (The Family of J.E. White (J.E. White Memorial Scholarships)
Antares LP	Lockhart Geophysical Co.	Courtenay White
Applegate Exploration, LLC	Mitcham Industries	CoCo Forte
Ballard Petroleum Holdings LLC	C.R. Pelton	Marie and Jess Jamieson
John Belcher	Porter Oil Properties	Rebecca Vanderslice
Patti Brew	F. Lee Robinson	Duffie White
Clifford Clark	Charles B. Smith, Jr.	
R.T. Clark	Don & Tammy Steeples	
James Cowing	Texas Seismic Rentals, LTD	
John Devault	Sally Zinke	
Terry Donze	Elwin Peacock (Operating Endowment, Henry Bates Peacock Scholarships)	

\$5,000 TO \$9,999

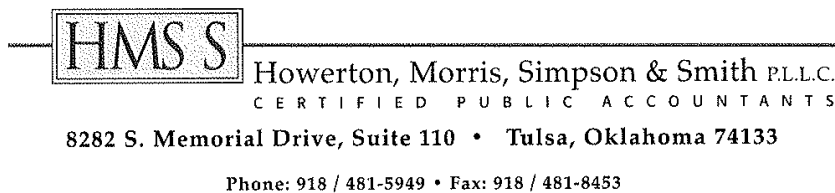
Glenn Bear (Unrestricted)	Alan Huffman (Trustee Associates)	Rocky Roden (Trustee Associates)
Craig Beasley (Humanitarian Applications)	IAGC (Unrestricted)	Richard Schneider (75th Anniversary Schols)
Tim Berge (Trustee Associates)	Benegene Kring (Operating Endowment)	Victor Shainock (Unrestricted)
Brad and Roz Birkelo (Unrestricted)	Ken Larner (J.E. White Memorial Scholarships)	Anna Shaughnessy (Trustee Associates)
S. Rutt Bridges (Unrestricted)	Stanley Leventhal (Unrestricted)	Gene and Carlene Sparkman (Geoscience Center)
Frank Brown (Trustee Associates)	Alfred and Julie Liaw (Trustee Associates)	John Willis Stockwell, Jr. (J.E. White Memorial Scholarships)
Roy E. Clark Jr. (Trustee Associates)	McCombs Energy (Operating Endowment)	John Sumner (Unrestricted)
Steve Danbom (Student Support)	Vicki Messer (75th Anniversary Scholarships)	Yonghe and Grace Sun (Sponsored Scholarships)
Peter Duncan (SEG Challenge Bowl)	Lee Miller (Unrestricted)	David Wegner (Unrestricted)
Floyd Foster (Trustee Associates)	David and Lorraine Monk (Trustee Associates)	Charles Weiner (Unrestricted)
Tom Fulton (Geoscience Center)	Robert and Penny Neese in memory of Urban E. Neese, SEG member for 50 years (Urban E. Neese Sponsored Scholarships)	Frank Wipff (J.E. White Memorial Scholarships)
Larry Funkhauser (Unrestricted)	Donald Paul (Operating Endowment)	Michael Wisda (Unrestricted)
Michael Golding (Unrestricted)	Robert Peebler (Trustee Associates)	Terry and Nadine Young (Gary & Lorene Servos Scholarships)
Robert Graebner (Unrestricted)	Susan Mastoris Peebler (Trustee Associates)	Zhou Jinming (Trustee Associates)
James Harrison (Unrestricted)	Joseph Putman, III (75th Anniversary Scholarships)	Sally Zinke (Trustee Associates)
Marvin and Jene Hewitt (Marvin & Jene Hewitt Scholarships)	Jeff Rayner (Trustee Associates)	
Kathleen Hogenson (Trustee Associates)		
Roy Huffington (Unrestricted)		

\$500 TO \$4,999

Richard "Jerry" Albertus (Lockhart Scholarships)	D.K. Davis (Unrestricted)	Rhonda and John Jacobs (Geoscientists Without Borders)
George Ball, Jr. (Unrestricted)	Sam Evans (Sponsored Scholarships)	Larry and Shirley Lines (Unrestricted)
Dave Braman (Unrestricted)	Geophysical Society of Tulsa (GST/SEG Scholarships)	Tim Maciejewski and Dee Smith (Unrestricted)
Nancy Carter (Unrestricted)	Michael Harkness (Unrestricted)	James McNett (Unrestricted)
Andreas Cordsen (Sponsored Scholarships)	Jeffrey Malcolm Hume (Unrestricted)	James Templar (Unrestricted)
T. Norman and Ruby Crook (Sponsored Schols)	Indexgeo & Associates Inc (P.C. Havens/SEI Scholarships)	Robert Whitman (Kenneth L. Zonge Scholarships)

SEG Foundation Financial Statements

SEG Foundation 31 December 2008 and 2007 (With Independent Auditors' Report Thereon)



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
SEG Foundation

We have audited the accompanying statements of financial position of SEG Foundation (a not-for-profit corporation) as of 31 December 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the management of SEG Foundation. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SEG Foundation as of 31 December 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Howerton Morris Simpson & Smith, P.L.L.C.

25 June 2009

SEG FOUNDATION

Statements of Financial Position

31 December 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 1,402,765	1,084,236
Investments (Note 2)	-	2,904,344
Accounts receivable (Note 9)	100,645	113,860
Interest receivable	42,347	46,343
Promises to give (Notes 3 & 9)	6,703,291	4,329,974
Prepaid expenses	4,159	1,441
Doodlebugger inventory	3,008	3,008
Property and equipment at cost, less accumulated depreciation of \$8,840 in 2008 and \$5,626 in 2007 (Note 4)	132,540	135,754
Endowment promises to give (Notes 3 & 9)	1,632,009	281,448
Endowment investments (Note 2)	<u>6,807,703</u>	<u>7,657,417</u>
Total assets	\$ <u>16,828,467</u>	<u>16,557,825</u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable (Note 9)	625,908	27,241
Grants payable (Note 9)	<u>259,171</u>	<u>-</u>
	<u>885,079</u>	<u>27,241</u>
Net assets:		
Unrestricted		
Undesignated	(1,499,766)	2,471,102
Board designated (Note 5 & 6)	<u>533,587</u>	<u>418,733</u>
Total unrestricted	(966,179)	2,889,835
Temporarily restricted (Note 5 & 6)	7,011,174	5,701,884
Permanently restricted (Note 5 & 6)	<u>9,898,393</u>	<u>7,938,865</u>
Total net assets	<u>15,943,388</u>	<u>16,530,584</u>
Total liabilities and net assets	\$ <u>16,828,467</u>	<u>16,557,825</u>

See accompanying notes to financial statements.

SEG FOUNDATION

Statements of Activities

For the Years Ended 31 December 2008 and 2007

	<u>2008</u>	<u>2007</u>
Changes in unrestricted net assets:		
Revenues:		
Contributions	\$ 209,783	218,498
Interest and dividends	88,777	177,527
Net gain (loss) on investments	<u>(3,154,544)</u>	<u>76,158</u>
Total unrestricted revenue	(2,855,984)	472,183
Net assets released from restrictions	<u>1,089,552</u>	<u>924,155</u>
Total revenues	<u>(1,766,432)</u>	<u>1,396,338</u>
Expenses:		
Program expenses	978,981	1,000,774
Supporting expenses	842,099	488,944
Fundraising expenses	<u>349,769</u>	<u>216,833</u>
Total expenses	<u>2,170,849</u>	<u>1,706,551</u>
Net assets transferred	<u>81,267</u>	<u>(9,957)</u>
Decrease in unrestricted net assets	<u>(3,856,014)</u>	<u>(320,170)</u>
Changes in temporarily restricted net assets:		
Contributions	3,115,266	4,163,239
Interest and dividends	315,384	255,190
Net gain (loss) on investments	(986,808)	145,401
Net assets released from restriction	(1,089,552)	(924,155)
Net assets transferred	<u>(45,000)</u>	<u>(101,700)</u>
Increase in temporarily restricted net assets	<u>1,309,290</u>	<u>3,537,975</u>
Changes in permanently restricted net assets:		
Contributions	1,995,795	763,194
Net assets transferred	<u>(36,267)</u>	<u>111,657</u>
Increase in permanently restricted net assets	<u>1,959,528</u>	<u>874,851</u>
Increase (decrease) in net assets	(587,196)	4,092,656
Net assets at beginning of year	<u>16,530,584</u>	<u>12,437,928</u>
Net assets at end of year	\$ <u>15,943,388</u>	<u>16,530,584</u>

See accompanying notes to financial statements.

SEG FOUNDATION

Statements of Cash Flows

For the Years Ended 31 December 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (587,196)	4,092,656
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation and amortization	3,214	3,215
Net (gain) loss on investments	4,141,352	(221,559)
Endowment promises to give	(1,598,368)	(195,898)
(Increase) decrease in:		
Accounts receivable	13,215	(87,742)
Interest receivable	3,996	9,083
Promises to give	(2,373,317)	(3,441,379)
Prepaid expenses	(2,718)	(266)
Increase (decrease) in:		
Accounts payable	598,667	16,249
Grants payable	259,171	-
Net cash provided by operating activities	<u>458,016</u>	<u>174,359</u>
Cash flows from investing activities:		
Proceeds from investments	14,387,578	17,363,725
Purchases of investments	<u>(14,774,872)</u>	<u>(17,324,783)</u>
Net cash provided (used) by investing activities	<u>(387,294)</u>	<u>38,942</u>
Cash flows provided by financing activities:		
Endowment pledge receipts	<u>247,807</u>	<u>94,637</u>
Net increase in cash and cash equivalents	318,529	307,938
Cash and cash equivalents, beginning of year	<u>1,084,236</u>	<u>776,298</u>
Cash and cash equivalents, end of year	\$ <u>1,402,765</u>	<u>1,084,236</u>

See accompanying notes to financial statements.

SEG FOUNDATION

Notes to the Financial Statements

For the Years Ended 31 December 2008 and 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIESNature of Operations

SEG Foundation (the “Foundation”), is a not-for-profit corporation affiliated with the Society of Exploration Geophysicists (the “Society”). The Foundation encourages and supports scientific, educational, and charitable activities of benefit to geophysicists. The Foundation provides funding to the Society, students and others. Awards to the Society support major programs including student programs, lecture programs and SEG Online. Awards to students include scholarships and travel grants. The Foundation also provides grants to other organizations for projects of special merit, summer field camps and the Geoscientists *Without Borders* program. Contributions are received primarily from members of the Society.

Net Assets

To ensure observance of limitations and restrictions placed on the use of resource available to the Foundation, the net assets of the Foundation are segregated according to any restrictions placed on the resources. The net assets of the Foundation are segregated as follows:

- **Unrestricted board Designated:** This category reflects net assets that are generally available for authorized expenditures in furtherance of the goals and objectives of the Foundation and represent unrestricted contributions and cumulative earnings of funds other than those whose use has been specified by the donor.
- **Temporarily Restricted:** This category reflects contributions provided by donors for specified Foundation activities and unexpended earnings on permanently restricted assets.
- **Permanently Restricted:** This category reflects contributions provided by donors who have explicitly expressed that they wish only the income earned on their donations expended for Foundation activities while the corpus is to remain intact.

Activities

The Foundation’s activities consist of the following:

- **Professional Development Programs:** Programs that support practicing geophysicists and to further the science of applied geophysics.
- **Student Support Programs:** Programs that encourage and inspire the participation of university and college students in the geosciences.
- **Youth Outreach Programs:** Programs designed to engage youth from six to seventeen years of age in the geosciences.

(continued)

SEG FOUNDATION

Notes to the Financial Statements

For the Years Ended 31 December 2008 and 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, money market funds and all highly liquid investments with a maturity when acquired of three months or less. At 31 December 2008 and 2007, the Foundation had cash and cash equivalents in excess of federally insured limits by approximately \$1,257,550 and \$939,630, respectively. The recorded values of cash and cash equivalents approximate their fair value based on their short-term nature.

Investments

Investments consist of trading securities of fixed income investments and equity investments and are carried at fair value at 31 December 2008 and 2007. Trading securities consist of investments that are held for resale in anticipation of fluctuations in market prices. Fair values for trading securities are based on quoted market prices.

The Foundation maintains a pool of investment funds for the unrestricted, temporarily restricted and permanently restricted assets. Investment returns are allocated to net assets classifications based upon a percentage of the balance of net assets held in each classification. Returns on permanently restricted assets and allocated matching funds from unrestricted board designated net assets are allocated to temporarily restricted net assets and expended according to donor restrictions. Returns on temporarily restricted assets and unallocated matching funds of unrestricted board designated assets are allocated to unrestricted net assets.

Promises to Give

Promises to give are classified as unconditional and conditional. Unconditional promises to give consist of pledges that do not have donor stipulations or have donor stipulations in which the possibility that the stipulation will not be met is remote. Unconditional promises to give are recognized as revenues in the period pledged. Conditional promises to give consist of pledges with donor stipulations that depend on the occurrence of a specified future and uncertain event to bind the donor. Conditional promises to give are recognized when the stipulation is substantially met. An allowance for uncollectible promises to give is provided based on management's evaluation of potential uncollectible promises to give at year-end.

(continued)

SEG FOUNDATION

Notes to the Financial Statements

For the Years Ended 31 December 2008 and 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)Property and Equipment

Property and equipment are stated at cost. The Foundations policy is to capitalize all major tangible property expenditures above \$1,000 and a useful life of more than 1 year. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Exhibits in the Geoscience Center include art and museum artifacts. The exhibits are carried at cost or the estimated fair market value at the date donated and are not depreciated.

Contributions

Contribution revenue is recorded as unrestricted, temporarily restricted or permanently restricted net assets depending on the existence and nature of any donor restrictions.

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Contributions to the Foundation qualify as charitable deductions.

Endowment Funds

In August 2008, the Financial and Accounting Standards Board issued FASB Staff Position No. FAS 117-1, "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds". The State of Oklahoma enacted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") effective 1 January 2007, the provisions of which apply to endowment funds existing on or established after that date. The Foundation has adopted FASB Staff Position No. FAS 117-1 for the year ending 31 December 2008. The board of directors, on the advice of legal counsel, has determined that the majority of the Foundation's permanently restricted net assets meet the definition of endowment funds under the UPMIFA. See Note 6.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(continued)

SEG FOUNDATION

Notes to the Financial Statements

For the Years Ended 31 December 2008 and 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Reclassifications have been made to 2007 to compare to 2008 presentation. These reclassifications have no effect on net income.

NOTE 2 - INVESTMENTS

Investments in trading securities, at fair value, consist of the following at 31 December:

	<u>2008</u>	<u>2007</u>
Fixed income securities:		
U.S. Government notes	\$ 318,994	1,643,033
Corporate bonds	1,342,165	1,690,124
Certificates of deposits	-	364,316
Asset backed securities	<u>1,061,980</u>	<u>-</u>
	2,723,139	3,697,473
Equity investments:		
Common stocks	<u>4,084,564</u>	<u>6,864,288</u>
	6,807,703	10,561,761
Endowment investments	<u>6,807,703</u>	<u>7,657,417</u>
Investments	\$ <u>-</u>	<u>2,904,344</u>

NOTE 3 - PROMISES TO GIVE

The Foundation has completed a major gifts campaign, *Advancing Geophysics Today, Inspiring Geoscientists for Tomorrow*, that will advance programs for the benefit of the Society's members and the Society at-large. Many gifts were pledged over a period of five years. These pledges are included in the promises to give. One million dollars in funds was reserved by the Society to encourage donations by matching individual and closely held company gifts of \$5,000 to \$50,000. All Society funds reserved for this program were committed as of 31 December 2007. With the Society funds fully committed, the Foundation Board of Directors has extended the matching of funds to encourage donations for the *Advancing Geophysics Today, Inspiring Geoscientists for Tomorrow* campaign. The board has designated \$533,587 of unrestricted general funds for this purpose following the same guidelines as held by the Society above. All Foundation funds reserved for this program are committed as of 31 December 2008.

(continued)

SEG FOUNDATION

Notes to the Financial Statements

For the Years Ended 31 December 2008 and 2007

NOTE 3 - PROMISES TO GIVE (CONTINUED)

The Trustee Associates promises to give are contributions that have been pledged over five years by a group of donors that support the general operations of the Foundation.

Scholarship promises to give consist of donor contributions to scholarship program pledged over five years.

At 31 December, unconditional promises to give consist of the following:

	<u>2008</u>	<u>2007</u>
Major gifts campaign	\$ 8,696,326	4,976,888
Trustee Associates	<u>21,510</u>	<u>26,025</u>
	8,717,836	5,002,913
Less unamortized discount	<u>382,536</u>	<u>391,491</u>
Unconditional promises to give	8,335,300	4,611,422
Less endowment unconditional promises to give	<u>1,632,009</u>	<u>281,448</u>
Net unconditional promises to give	\$ <u>6,703,291</u>	<u>4,329,974</u>

Unconditional promises to give due in less than one year are reflected at net realizable value. Unconditional promises to give due in more than one year are reflected at present value of estimated future cash flows using a discount rate of 3.18% for pledges originating in 2008 and 5.13% for pledges originating prior to 2008. The recorded values approximate fair value. At 31 December the unconditional promises to give are due as follows:

	<u>2008</u>	<u>2007</u>
Less than one year	\$ 3,611,143	1,226,320
One to five years	<u>5,106,693</u>	<u>3,776,593</u>
	\$ <u>8,717,836</u>	<u>5,002,913</u>

The Foundation does not expect these promises to give to be uncollectible.

SEG FOUNDATION

Notes to the Financial Statements

For the Years Ended 31 December 2008 and 2007

NOTE 4 - PROPERTY & EQUIPMENT

A summary of property & equipment at 31 December 2008 follows:

	<u>2008</u>	<u>2007</u>
Computer equipment	\$ 9,644	9,644
Exhibits	<u>131,736</u>	<u>131,736</u>
	141,380	141,380
Less accumulated depreciation	<u>8,840</u>	<u>5,626</u>
	\$ <u><u>132,540</u></u>	<u><u>135,754</u></u>

NOTE 5 - NET ASSETS

Unrestricted Board Designated:

The Foundation Board of Directors designated \$533,587 of unrestricted funds to be used as matching funds to promote contributions to temporarily restricted and permanently restricted funds (see Note 3). All Foundation funds reserved for this program are committed of 31 December 2008.

Temporarily Restricted:

Temporarily restricted net assets are available for the following programs at 31 December:

	<u>2008</u>	<u>2007</u>
Professional development	\$ 2,753,611	1,704,094
Student support	3,053,702	3,885,005
Youth outreach	-	55,480
Other	<u>1,203,861</u>	<u>57,305</u>
	\$ <u><u>7,011,174</u></u>	<u><u>5,701,884</u></u>

The temporarily restricted net assets are held in cash and as promises to give at 31 December 2008 and 2007.

(continued)

SEG FOUNDATION

Notes to the Financial Statements

For the Years Ended 31 December 2008 and 2007

NOTE 5 - NET ASSETS (CONTINUED)Permanently Restricted:

Net assets consisting of endowments were permanently restricted for the following purposes at 31 December:

	<u>2008</u>	<u>2007</u>
Professional development	\$ 474,045	473,854
Student support	7,660,457	5,746,415
Youth outreach	292,396	290,163
Other	<u>1,471,495</u>	<u>1,428,433</u>
	\$ <u>9,898,393</u>	<u>7,938,865</u>

The permanently restricted net assets are held in various investments and as promises to give at 31 December 2008 and 2007.

NOTE 6 - ENDOWMENT FUNDS

The Foundation's endowment consists of approximately 12 individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of directors of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) for Oklahoma as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment, the original value of subsequent gifts to the permanent endowment, and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

(continued)

SEG FOUNDATION

Notes to the Financial Statements

For the Years Ended 31 December 2008 and 2007

NOTE 6 - ENDOWMENT FUNDS (CONTINUED)

The remaining portion of the donor restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the duration and preservation of the various funds, the purposes of the donor-restricted endowment funds, general economic conditions, the possible effect of inflation and deflation, the expected total return from income and the appreciation of investments, other resources of the Foundation, and the Foundation's investment policies.

Investment Return Objectives, Risk Parameters and Strategies

The Foundation has adopted investment and spending policies, approved by the board of directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 3 to 5%, while growing the funds if possible. Therefore, the Foundation expects its endowment assets, over time, to produce an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

(continued)

SEG FOUNDATION

Notes to the Financial Statements

For the Years Ended 31 December 2008 and 2007

NOTE 6 - ENDOWMENT FUNDS (CONTINUED)

Spending Policy

The Foundation has a policy of appropriating for distribution each year 3 to 5% of its endowment fund's average fair value of the prior 12 quarters through the 3rd calendar quarter year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Foundation expects the current spending policy to allow its endowment funds to grow at a nominal average rate of 1 to 3 % annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Endowment net asset composition by type of fund as of 31 December 2008 is as follows:

		Temporarily	Permanently	
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	78,352	9,898,393	9,976,745
Board designated endowment funds	<u>467,117</u>	<u>-</u>	<u>-</u>	<u>467,117</u>
Total funds	\$ <u>467,117</u>	<u>78,352</u>	<u>9,898,393</u>	<u>10,443,862</u>

Changes in endowment net assets as of 31 December 2008 are as follows:

		Temporarily	Permanently	
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Restricted</u>	<u>Total</u>
Endowment net assets, beginning				
beginning of year	\$ -	1,123,045	7,938,865	9,061,910
Contributions	-	-	1,995,795	1,995,795
Investment income	-	315,384	-	315,384
Net depreciation	-	(986,808)	-	(986,808)
Amount appropriated for expenditure	-	(331,359)	-	(331,359)
Fund adjustments & transfers	<u>467,117</u>	<u>(41,910)</u>	<u>(36,267)</u>	<u>388,940</u>
Endowment net assets, end of year	\$ <u>467,117</u>	<u>78,352</u>	<u>9,898,393</u>	<u>10,443,862</u>

SEG FOUNDATION

Notes to the Financial Statements

For the Years Ended 31 December 2008 and 2007

NOTE 6 - ENDOWMENT FUNDS (CONTINUED)

As of 31 December 2008 the fair value of assets related to the endowment fund was \$8,439,712 which is \$2,004,150 less than the historical value of the endowment fund. The Foundation anticipates the recovery of this deficit through future market appreciation of investments and use of undesignated assets.

NOTE 7 - NET ASSET TRANSFERS

New donor agreements for contributions greater than \$25,000 allow for a portion of the earnings of permanently restricted contributions to be used for investment portfolio management fees, expenses related to the restrictive purpose of the endowment, amounts held for future expenses and amounts to be transferred back into the endowment fund in permanently restricted net assets. Per formulas and percentages set forth by the agreement and the Board of Directors, approximately \$0 in 2008 and \$35,590 in 2007 was transferred from the temporarily restricted net assets to permanently restricted net assets. In addition \$56,443 in 2008 and \$39,831 in 2007 were released from temporarily restricted net assets to unrestricted net assets for management fees.

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Notes to the Financial Statements

For the Years Ended 31 December 2008 and 2007

NOTE 8 - FUNCTIONAL CLASSIFICATION OF EXPENSES

For the year ended 31 December 2008:

	<u>Program Expenses</u>	<u>Support Expenses</u>	<u>Fundraising Expenses</u>	<u>Total</u>
Grants				
SEG Online	\$ 40,000	1,533	-	41,533
Student support	204,961	2,526	-	207,487
Field camps	1,000	5,191	-	6,191
Awards	2,650	-	-	2,650
Projects	105,303	-	-	105,303
DISC program	37,509	30	-	37,539
Scholarships	449,806	61,083	-	510,889
Student support	126,430	45,138	-	171,568
Other program expenses	11,322	138,112	-	149,434
Administrative fees	-	430,974	142,345	573,319
Facility rent	-	12,734	2,326	15,060
Professional fees	-	51,822	72,606	124,428
Travel & meetings	-	84,487	110,082	194,569
Other	-	8,469	22,410	30,879
	<u>\$ 978,981</u>	<u>842,099</u>	<u>349,769</u>	<u>2,170,849</u>

SEG FOUNDATION

Notes to the Financial Statements

For the Years Ended 31 December 2008 and 2007

NOTE 8 - FUNCTIONAL CLASSIFICATION OF EXPENSES (CONTINUED)

For the year ended 31 December 2007:

	<u>Program Expenses</u>	<u>Support Expenses</u>	<u>Fundraising Expenses</u>	<u>Total</u>
Grants				
SEG Online	\$ -	1,500	-	1,500
Student support	276,391	2,500	-	278,891
Field camps	5,000	2,950	-	7,950
Awards	3,000	1,207	-	4,207
Projects	98,695	-	-	98,695
DISC program	102,273	-	-	102,273
Scholarships	415,450	18,998	-	434,448
Student support	95,006	-	-	95,006
Other program expenses	4,959	9,160	-	14,119
Administrative fees	-	360,201	64,534	424,735
Facility rent	-	21,318	-	21,318
Professional fees	-	53,121	61,304	114,425
Travel & meetings	-	17,989	66,622	84,611
Other	-	-	24,373	24,373
	<u>\$ 1,000,774</u>	<u>488,944</u>	<u>216,833</u>	<u>1,706,551</u>

SEG FOUNDATION

Notes to the Financial Statements

For the Years Ended 31 December 2008 and 2007

NOTE 9 - RELATED PARTY TRANSACTIONS

The Foundation and Society support each other with contributions and the Society provides services for which they are reimbursed by the Foundation. Those transactions for the years ended 31 December, are as follows:

	<u>2008</u>	<u>2007</u>
Contributions to the Society	\$ 227,500	274,821
Contributions from the Society	\$ 75,807	378,581
Reimbursement to the Society for fundraising services	\$ 139,514	59,653
Reimbursement to the Society for administration of DISC program	\$ 34,809	229,964
Reimbursement to the Society for administrative expenses	\$ 574,761	214,948

Included in accounts receivable at 31 December 2008 and 2007 is a receivable of \$71,252 and \$75,531, respectively, due from the Society. Included in the promises to give and endowment promises to give at 31 December 2008 and 2007 are promises to give of \$1,578,607 and \$32,707 respectively. Included in accounts payable and grants payable at 31 December 2008 and 2007 is a payable to the Society of \$861,770 and \$26,761, respectively.