Counterpoint and Q&A Time

December 2021 | Gretchen M. Gillis

Listening to “Xochipilli” by composer Carlos Chavez as I write prompted me to think about the constructive exchange of ideas.

Please indulge me in a few more “I”s than usual as I address questions from members about the proposed merger with the Society of Petroleum Engineers. As I have said often, the idea of AAPG merging with another organization is not new, but the current business environment presents unique stresses and opportunities, and it would be irresponsible to not investigate them fully. I welcome open discussion about the proposed merger.

What is the best plan for the future of the American Association of Petroleum Geologists, given the dynamic situation in industry and a world in pandemic?

Analyses by Executive Committees, Advisory Councils, and ad hoc committees over the last 10 years all point to the need for AAPG to change. On average, AAPG has lost about $1.4 million per year from operations since 2015, despite two significant staff cuts and numerous program cuts and changes. More significantly, persistently declining membership suggests that AAPG is losing relevance at an alarming rate. Sponsorship, advertising, event attendance and exhibitors have also declined during the past seven years. The time for “rescue” was last year when President Rick Fritz clearly stated the struggles AAPG faces. Unfortunately, no one stepped forward.

Must AAPG merge with SPE to form a new society?

The proposed merger is not by force, and it will not occur without an affirmative vote of both memberships. It is designed to keep the AAPG mission intact by integrating with petroleum engineers to form a society that better serves the next generations of oil and gas professionals, who are already working collaboratively in operating companies and service companies.

What is the name for the proposed new organization?

The name for the proposed organization has not yet been developed, but we have clearly stated that the proposed organization will not be named “AAPG” nor “SPE.” A working group is assisting the merger Steering Committee with the name and branding.
Will SPE dominate because of its larger membership?

The Steering Committee has developed a governance proposal that is beneficial to both geoscientists and engineers because AAPG is the professional, intellectual and strategic equal of SPE. The proposed governance model gives each legacy organization equal standing on both the Board of Directors and the Nominating Committee. Furthermore, leadership positions will be filled through an open nominations process, reviewed and selected by the Nominating Committee, and voted on by the Board of Directors. This approach allows succession planning for the organization more effectively than competitive elections voted on by the membership. It is incumbent on geoscientists to continue to participate and volunteer in the new organization to fill leadership roles.

Will the two organizations play well at all levels of the new organization?

AAPG and SPE have had success developing major joint projects, including IPTC, OTC, URTeC events, the Petroleum Resource Management System and Members in Transition because we respect each other. We also have complementary strengths and similar business models. Professional respect is core to both organizations and the merger discussions.

Can we retain AAPG’s uniqueness?

AAPG’s unique components have been taken into consideration by the Components Working Group and will be recognizable in the merged organization. We will still have certification, there will still be Honors and Awards for geoscientists, Grants-in-Aid, IBA and so on. Important AAPG programs will be made stronger and more impactful by working together with engineers and other energy professionals. The merger is not without risk – geoscientists must step up to develop the culture and activities of the new organization. And I certainly hope the AAPG dinosaurs will bring their “joie de vivre” to future events!

How can we improve AAPG operations at the regional and local levels?

One of the key opportunities in the merger design is to build better relationships and programs from grassroots to regional levels, because we will be stronger together. The working group focusing on Components is continuing to develop plans for the structure of the organization.

How do we deal with the complexity of the business transaction and AAPG’s intellectual property and assets?

AAPG has retained attorneys, accountants and strategic advisers to support the merger process.
Would the House of Delegates need to dissolve the Association by a 2/3 supermajority?

No. As presented at the HoD in Denver in September, according to the relevant Colorado statutes that govern the proposed merger of AAPG and SPE, effecting the merger requires a majority vote by the Executive Committee, serving in its role as Board of Directors, followed by a majority of a quorum of 25 percent of the AAPG voting membership. The EC has been very deliberate about advising the HoD on the progress of the merger and seeking feedback from this respected group of AAPG leaders. I have also emphasized that delegates play a vital role in communicating with the 70 members they nominally represent.

Have viable alternatives to the merger been investigated carefully?

Numerous strategic studies have taken place for the last 10 years led by groups, including Executive Committees, Advisory Councils, and ad hoc committees. These groups have brought forth numerous recommendations, some of which have been implemented. Additionally, multiple alternatives were considered through a series of task forces during the previous Executive Committee led by then President Rick Fritz. The proposed merger is the best and preferred option. We call it “Plan A.” Other options are expanded upon below. The member vote will determine the direction for AAPG.

How might a restructured, streamlined, standalone and viable AAPG look?

The past two Executive Committees and special ad hoc committees spent significant time looking at restructuring. We have followed their recommendations (“Plan B”) by agreeing to a series of IMAGE events with the Society of Exploration Geophysicists, creating a Joint Events Team of AAPG and SEG event staff, cost management and ongoing simplification of AAPG governance.

What are our plans if the merger is not approved by the voting members?
AAPG has both a Plan B and a Plan C, which were discussed at the HoD meeting in Denver. Plan B is under way with cost management, a Joint Events Team to share event costs with SEG, the IMAGE event, and ongoing work to simplify AAPG.

Our Corporate Advisory Board and other financial stakeholders have made it clear that they cannot support so many organizations and events seeking money and volunteers – they will pick the winners and losers. We think the merged organization will be a winner in this environment because it will achieve a scale that the market (advertisers and exhibitors, sponsors) will desire.

Plan C would be a radical restructuring resulting in a narrower focus, fewer services and a shift to dues-based support of programs and services. Both Plan B and Plan C represent managing decline.

Plan A – the merger – represents growth and a repositioning to serve a wider energy focus based on petroleum for decades into the future.

**What would AAPG governance look like if we complete Plan B?**

The 2020-21 task force on strategy and governance recommended an Executive Committee as the sole governing body of AAPG to streamline governance. AAPG has 17 “presidents” and too many “executive committees” that spend more time organizing themselves than building scientific and technical programs and services for members. In contrast, the merger governance design will allow members to spend their volunteer hours developing programs for science, technology and professional development.

**What happens to the AAPG Foundation and its sponsored programs if AAPG and SPE merge?**

The AAPG Foundation is an independent 501c(3) non-profit with clear, legal separation from AAPG. The funds of the AAPG Foundation are distributed based on the intent of the donor. AAPG expects little change in Foundation-sponsored programs because the merged organization can operate the Foundation programs as before. Before the pandemic, AAPG and the Foundation shared costs on Foundation-sponsored programs; in the past year, the EC asked the Foundation to fund more of the costs. There is no plan to merge the AAPG and SPE Foundations.

**Isn’t this merger proposal a big risk?**

The merger proposal is not without risk because we cannot predict volunteer performance, conditions in the industry or recovery from the pandemic. We know that both societies have been around for many years. We know each other well and have carefully developed a plan to move forward as a merged organization. But we all must also be aware that there is no safety net and no guarantee for AAPG going alone while our business model is being challenged by a shrinking pool of financial support and members. Success in the merged organization will depend on great performance by volunteers and staff working together effectively.

**So, tell me again – why merge the AAPG and SPE?**
The key reason for proposing the merger is to re-engineer and re-structure for the future – not to be dismantled or dissolved because of the overall conditions of our industry and profession. Rather than expending our limited financial and volunteer resources competing with larger organizations like SPE, we propose to take advantage of a tremendous opportunity to enhance and expand our geoscience profession cooperatively.

Counterpoint

I appreciate the concerns being raised and I identify to some degree with many of them. As elected leader of AAPG, I am working with the Executive Committee to make the best decisions for the organization. We have sought input from advisory groups, ad hoc committees and staff. We take none of these decisions lightly, and the passion of members shows that they do not either. The passion is great, but we must balance it with respect and listening as we continue these discussions.

The merger website continues to be updated, so please read it carefully and add your feedback.

I was not familiar with Mexican composer Carlos Chavez until I did a deliberate search for music involving counterpoint. The title “Xochipilli” refers to a mythological Aztec god of art, games, song and dance. Rest assured, I am listening to a lot of counterpoint in discussions with AAPG members!

In the short term, you can support AAPG by logging into AAPG.org, updating your profile, paying your dues, registering for conferences such as the upcoming 2022 CCUS event in Houston and the 2022 ICE in Cartagena, buying a book and recruiting new members. And since you have read this far, I will award a $100 AAPG gift certificate to the first person who provides an interesting fact about the geology of Latin America and the Caribbean as an online comment to this EXPLORER article.

Until next time,
Explorer President’s Column (Click to View Column Archives)

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Ibrahim Alghamdi’s comments are consistent with the intent underlying the proposed merger of the geoscience and engineering societies. AAPG does indeed have components that contribute great information regarding energy minerals, environmental geoscience, and CCUS. And, AAPG has had several Ad Hoc groups propose future-growth ideas that have not prevailed. At the same time, AAPG’s primary sponsors have made it clear that they wish to see a fully integrated approach to geoscience and engineering, much as most of the industry presently performs. This combined with a number of economic and strategic imperatives pushes AAPG toward the merger. The envisioned NewOrg will NOT be AAPG or SPE and will expand upon the scope of the predecessor organizations while maintaining many of our fundamental values. It will acknowledge the critical, ongoing need for oil and gas as the energy transition proceeds, but will also embrace other forms of energy, as well as the mediation of the very real potential environmental impacts of each of those energy sources. As a life-long member, I will be sad to bid farewell to AAPG, but I will be excited to join the new organization as we embrace the myriad diverse opportunities to responsibly provide energy to the world!
Counterpoint - from the sunny side of the globe - Mother Earth

AAPG has access to venues for growth come from one or more of several "guaranteed" success factors - given long term trends of earth and humanity interactions: 1. Energy minerals (growth of division and AAPG) 2. Environmental division enhancement, growth and empowerment 3. Sequestration, environment friendly practices, etc... 4. Foundation growth through creative donation drive (CDD), a method I can discuss in person or in private with the executive committee. 5. Tapping our members for creative and future-growth ideas and implementing them. 6. ... yes more ideas abound, i.e. think of 4IR as leverage not a terminator. Assuming that we want to escape forward (defocusing on oil and gas) by combining with an entity that deals with oil and gas exclusively does not make financial, strategic, nor common sense. It is myopic at best and disastrous at worst. All success to AAPG, to SEG and to AAPG - and all sister societies and their members. Truly, Ibrahim A. Alghamdi, AAPG Geoscientist to the core (and a marketer)

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