

AAPG 17th International Conference and Exhibition

September 11, 2005

Presidential Address by Peter R. Rose, AAPG President

On behalf of the American Association of Petroleum Geologists, it is my honor and privilege to welcome all of you to AAPG's 17th International Conference and Exhibition ... its third in France, and first ever in Paris. We are delighted to be here!

To each person in this audience, and especially to each speaker and presenter – thank you for attending and contributing. We trust you will enjoy yourselves immensely, and find the conference, and these splendid surroundings, fulfilling in every way.

I particularly want to recognize and thank my friend and colleague Jean-Marie Masset, Total's Senior VP for Exploration and Production, and his superb organizing committee for more than two years of hard work, that have now culminated in this prestigious conference, which AAPG is honored to be part of. Jean-Marie, our sincere gratitude to you and your colleagues. I hope the members of the audience will, over the next few days, express their personal appreciation for your hard work in making this conference a success.

I also want to thank our official host society, the Institute Français du Pétrole, and its chairman and CEO, Olivier Áppert, for their faithful support. Our sincere compliments and appreciation to you and your IFP colleagues, Olivier.

This conference has received remarkable support from many, many distinguished corporations, too many for me to mention here. But you have seen already on the screens many of their names and logos. I thank them all for their contributions to the success of this conference, and I hope you will also express your personal appreciation to their representatives as you encounter them during the conference. Thanks also to Andre Coajou for coordinating these contributions.

And to all the companies who are exhibitors in the CNIT Exhibition Arena – thank you for choosing this venue to show us the many new tools and services you bring to the ever-changing world of petroleum exploration and production. I trust that you will have a steady stream of clients and future clients visiting your displays.

AAPG was founded in 1917. The Association is now in its 89th year. It is the largest international professional geotechnical association in the world, with about 31,000 members in 115 nations. Consistent with the growing globalization of the E&P industry, nearly 10,000 of its members are now international, the fastest growing contingent of AAPG.

Members receive many benefits from joining AAPG:

- ✓ The BULLETIN, a leading monthly scientific journal on petroleum geoscience, now available electronically.
- ✓ The EXPLORER, our monthly news magazine about petroleum E&P and the profession.
- ✓ Special publications on state-of-the-art geotechnology.
- ✓ Annual international and North American geoscientific meetings like this one.
- ✓ Research conferences and symposia on important emerging concepts and technologies.

- ✓ Unparalleled opportunities for career development and global networking, and many more benefits.

An important and unique characteristic of AAPG is the historical connection between sound geoscience and its professional applications in the business of energy, exploration and development. Many AAPG members are respected, successful businessmen and women – and professional geoscientists – whose compelling personal stories testify to the importance of creatively and courageously combining geoscience and business.

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As geoscientists, we take great pride in the continuing contributions of geoscience to reliable and affordable energy supplies, which have enabled extraordinary advancements in global standards of living over the past 150 years. That progress has required geoscientists to work in concert with the world of business and finance. We acknowledge the importance of that connectedness, and we shall respond to the challenge presented by the global energy transition we are now entering.

As we celebrate our science this week in Paris, and its applications to the world's progress and welfare, we must also be sobered by the realization that the world is now entering an energy transition in which our skills must contribute even more effectively than in the past. Regardless of whether we encounter "peak oil" next year, or 20 years hence, growing demand is impinging inexorably upon more slowly-growing supply. As geoscientists, we know we must guide the way toward new provinces, and new technologies as they apply to lower-grade energy resources.

This transition started more than 20 years ago, and is now accelerating rapidly.

However, the single most important element in making this world energy transition successful is not our geotechnology or our people, impressive as they both are. Rather, it is the continued function of vibrant international free markets, for the magic of free pricing to influence and allocate among buyers and sellers, consumers and producers.

And yet, the very success of free world markets has brought us to this energy transition sooner than we ever needed it to. My own country, the United States, has been, at the same time, both a global leader in petroleum E&P, as well as the world's number one energy hog, consuming much more than its share of the world's oil. Meanwhile, European states have been able to be much more energy-wise and efficient, building a more effective interface between government and Industry. France, for example, built an effective nuclear power network as a major domestic energy source.

Both the UK and Norway managed their offshore petroleum resources so as to interface effectively with private industry. We Americans can learn a lot from our European colleagues, especially about constructive interactions between government and the private sector, with respect to energy policy.

So how do we balance the creative power of the free market, which operates most effectively at or near the margin of economic decision-making, with the long-term interests of our societies? How can governments and their citizens make the correct long-term choices based on sound knowledge and the wisdom of their expert citizens?

For the most part, American geoscientists have not contributed materially to the development of sound U.S. energy policy, or to much of any other geologically influenced policy, as the tragic events in New Orleans revealed 12 days ago, all too

clearly. Since 1989, informed, forthright political leadership has not emerged, with the courage and perspective to inform the American public about long-term energy trends, consequences and necessary remedial choices.

But all that is changing. I believe the United States is in for some painful, long-overdue shifts in its near-term energy usage and remedies. Hurricane Katrina may accelerate this process; indeed, that may be her only redeeming virtue. In this new transition, we geoscientists have an essential story to tell. We must insist on making ourselves heard – by our neighbors, our political leaders and yes, even the media. Just this year, AAPG has established a new Washington office, “GEO-DC” for that purpose. Our future contributions must now be two-fold:

1. To find and develop the energy resources necessary to cross the bridge to the coming Hydrogen economy.
2. To effectively convey our special geological knowledge and counsel to our governments to build sound energy policies as well as on other geologically-influenced issues.

American geoscientists will need to consult with our European colleagues, who seem to have been doing a much better job of this important work.