

June 17, 2014

A Synopsis of the Merger's Demise

With the untimely end to the merger discussions with SEG, it is appropriate to provide EEGS members with perspective on what happened. The purpose of this letter therefore is to mitigate any confusion about how the merger discussions progressed, and ultimately how the process came to an end, so that we can move forward as a society.

At SAGEEP 2011 in Charleston SC, EEGS leadership met with key representatives of SEG and active members of the near surface community (John Bradford and Peter Annan) to discuss a possible merger of EEGS with SEG. At that time, SEG had made deeper commitments with expanded activities and services to near-surface geophysics. They approached EEGS to assess opportunities for working cooperatively to meet the needs of the community. Many of us found the proposal attractive as an approach to achieve greater unity and more support for the near surface community. I agreed to lead the EEGS contingent and John Bradford led the SEG side of a "Task Force" to investigate the opportunity. Conference calls led to another face-to-face meeting at the 2011 SEG Annual Meeting, which in turn led to many more long conference calls as well as weekend face-to-face meetings in Denver in December 2011 and Tulsa in June 2012. Accordingly, many more hours were invested by EEGS volunteers and staff and SEG volunteers and staff. Compromises were made on both sides, and terms of an agreement were reached this past December that were intended to be submitted to EEGS and SEG's Near Surface Geophysics Section (NSGS) memberships to vote on whether a merger would occur.

The governance structure was a key point of the discussions from the beginning of the Task Force. Early in the discussions, SEG staff presented four options for organizing the near surface community under an SEG flag. The first option was to combine EEGS and NSG as a single Independent Section of SEG (NSGS's current structure). SEG staff indicated that this structure allowed a high level of autonomy (e.g. SEG-J and ASEG are both Sections), but would be less likely to garner much financial support from SEG. Another model would be to form a new Technical Section, which is essentially a subset of the membership. It would have little autonomy, and was perceived as placing the entity in a weak position within SEG. A third option was to form a "division", much like the structure that is used by EAGE. This was the preferred model for several months, but would have required changes in SEG bylaws that would take time to enact. SEG had recently revised their bylaws and it was a contentious process that they were not anxious to repeat. In late 2011, SEG staff proposed a 'subsidiary corporation' model, which would not require bylaws revisions and would allow an unspecified level of autonomy for the near surface entity. This model was favored by many Task Force members by early 2012, but the SEG Board was hesitant. By September 2012, the SEG Board determined that a subsidiary model was preferred over a division model. From that point forward, the subsidiary was the foundation of all discussions, and was approved by two generations of EEGS and SEG Boards. In fact, SEG indicated that they planned to proceed with a near surface subsidiary even if EEGS members did not vote to approve the merger!

The apparent last hurdle was crossed in December 2013 when the SEG Board approved a full time Director position which would manage the subsidiary. For EEGS, this was considered a

critical attribute, so it was the heart of a counterproposal that EEGS had submitted to the SEG Board a few months before. Therefore, at the end of 2013, it seemed that, an agreement had been reached pending resolution of a few minor details and approval of membership. Between December 2013 and May 2014, details regarding schedule were addressed and final versions of the agreement documents were prepared and reviewed by EEGS' legal counsel. There were apparently some rumors that EEGS was making new demands during this period, but this is untrue, as corroborated in a May 31 open letter to the SEG Board of Directors from John Bradford and Peter Annan. In early May 2014, the EEGS Board was in the process of finalizing a procedure for a member vote on the merger initiative, and ballots were to be distributed in June 2014.

It came as quite a surprise, therefore, when on May 12, 2014 EEGS was informed that the SEG Board of Directors had rescinded the commitment to form a near surface subsidiary with a Director. Quoting directly from the SEG President's letter, "This action is problematic to any further negotiations with EEGS regarding a possible merger of our two organizations." Their decision toppled the framework of the agreement. SEG did not elaborate on options that they would consider in lieu of a subsidiary or provide details on which attributes of the subsidiary they considered unacceptable. No discussions or negotiations were initiated or requested to work through specific elements of the agreement. It was clear that the merger discussions had come to an abrupt end. The agreement had taken three years to develop, and had sapped the energy of Task Force members on both sides as well as the EEGS Board of Directors. Renegotiation, if it had been requested, would have required a return to first principles and would have demanded too much of EEGS, particularly if the terms of an agreement could be thwarted at the eleventh hour.

In the wake of these recent events, both EEGS and the SEG's Near Surface Geophysics Section (NSG) find themselves independently reassessing their present and future roles in promoting near surface geophysics. Because the merger discussions had reached such an advanced stage, many legal, financial, and procedural questions were addressed that were costly to EEGS in paid staff time and volunteer efforts. As a result, EEGS cash reserves have been severely impacted. SEG is currently reviewing a request to reimburse these expenses. The merger discussions turned out to be a distraction which interrupted long term planning and near-term responsiveness of EEGS.

EEGS leadership is not deterred by these challenges, and they see a bright future for the society. The effort that EEGS volunteers and staff expended as part of the merger discussions have given us new perspectives and ideas that will be folded into short-term and long-term planning. EEGS President Moe Momayez has asked that Task Force members work with the EEGS Board to develop a new Strategic Plan for the society. In a separate letter, he will present a summary of EEGS future efforts. Although there is disappointment that the Task Force fell short of its goal, we can't help but believe the failure of the merger is best for EEGS and for the near surface geophysics community in the long term, given the decision by the SEG Board.

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