



World Energy interviews Thierry Pilenko, chairman and CEO of Veritas DGC Inc.

Veritas DGC Inc. (Veritas), headquartered in Houston, Texas, is a leading provider of integrated geophysical information and services to the petroleum industry worldwide.

World Energy: In this interview, we would like to talk about research and development at Veritas. Can you describe your company's R&D initiatives in detail?

Pilenko: Let me start by summarizing what I spoke about in our last interview regarding R&D. While Veritas is not in the seismic equipment manufacturing business, to optimize the efficiency and quality for both land and marine acquisition, we have the in-house capacity to evaluate, integrate and propose input to acquisition systems. This allows us to provide a best-in-class targeted solution.

At the same time, we approach data processing, another key Veritas differentiator, with our own proprietary algorithms and processes. Since computing power is becoming more and more affordable, the most important ingredient to a successful processing business is a company's ability first to attract the best scientists and create an environment that encourages continuous innovation, and then, second, to reduce the time it takes to integrate those innovations into the production chain. This "tight" integration between the researcher, the programmer, and the processor increases innovation to production efficiency in a spectacular manner.

Just as important, this integration gives the researcher direct access to the customers, solving real problems, and delivering a better solution. It is all about listening and speed.



Designing the optimal acquisition plan, especially with breakthrough techniques, requires a clear understanding of the reservoir you are trying to image.

World Energy: You speak of solving real problems and delivering better solutions as a fundamental part of R&D. Can you provide more insight around this thought?

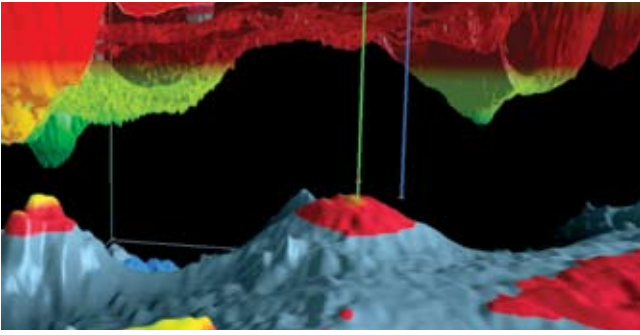
Pilenko: R&D at Veritas is applied research that is driven directly by customer needs. If you look back over the influence geophysics has had on the selection of drilling locations, it is clear that, based on the tremendous advance we have seen in seismic image accuracy, many wells drilled on the surveys of years past simply would not be drilled today. We focus our R&D intensely around how we can improve our customer's ability to find and produce hydrocarbons, and our aim is to reveal everything in the seismic image applicable to the interpreter. This enables us to deliver impact in a time frame relevant to their goals. Every processing innovation we put into production that increases the clarity of image or further illuminates the reservoir, could mean the difference between a discovery and a dry hole for our customer.

It is the alignment between customer, researcher and programmer, combined with clearly defined objectives and time frames, that minimize the time between ideas and performance-impacting solutions, and gives Veritas the agility necessary to deliver project-relevant advances in our data-processing services.

World Energy: What do you see as the key factors that make R&D at Veritas "agile" and "project relevant"?

Pilenko: Veritas has been independently benchmarked as the company best differentiating itself with significant technology and performance improvements. Part of this differentiation comes from the project relevance and agile nature of R&D. While a little secrecy always surrounds great research, I believe two key attributes are required to build and maintain an excellent research environment.

First and foremost are people. In an extremely technical field like seismic processing, a deeply experienced and committed team is crucial to creating the innovation that will provide future technical differentiation and financial performance.



Veritas focuses its R&D intensely around how we can improve our customer's ability to find and produce hydrocarbons.



Historically, Veritas has experienced low staff turnover and has an excellent track record of attracting new hires. While there are many attributes that we believe support this success, at the higher level it is all about creating a safe and rewarding workplace where people can really make things happen in petroleum geoscience and be rewarded for their contributions.

Second is culture. Veritas has a long history of innovation leadership. This culture of innovation, supported through the close integration of R&D with operations, has delivered many techniques and technologies that have strongly improved our business performance. From acquisition techniques and processing technologies, to the final data we sell, innovation creates the step change in value that our products and services deliver to our customers.

Also, by targeting R&D efforts around areas that positively impact our business, we can generate a superior return on our R&D effort.

World Energy: *You mention innovation in acquisition, processing and even the data you sell. Can you provide a few examples?*

Pilenko: Acquisition techniques such as heli-portable operations and solid streamers have dramatically increased our operating efficiencies and the quality of our service. Wide-angle/wide-azimuth techniques are delivering more information about the subsurface and appear to be opening a new reservoir delineation market between exploration and development. The use of massive, parallel Linux cluster computing and advances in processing are driving further clarity in seismic data and providing enhanced illumination of the reservoir. Even new business models, such as the Promote License concept in the North Sea, allow our customers to more effectively acquire prospects in the North Sea.

In 2005 we opened a new global processing facility in our Houston headquarters. This large expansion of our already-leading facility is now the most highly engineered cluster environment in our industry today. The resulting advances in computing throughput further improve our capacity to make project-relevant adjustments throughout the processing sequence, ultimately

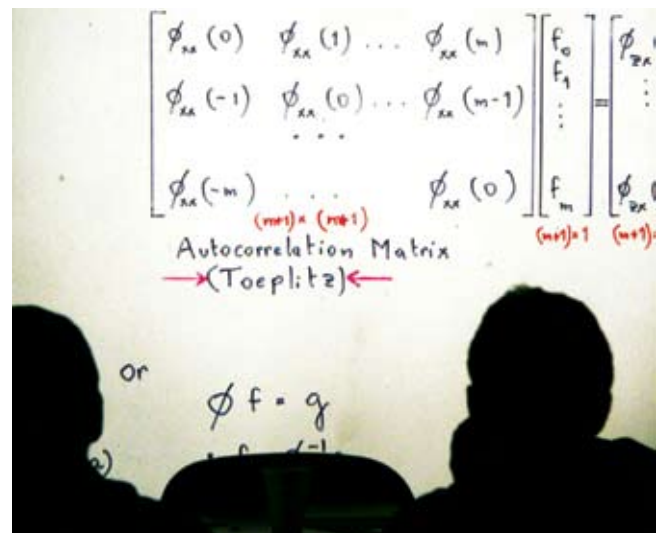
improving the quality of subsurface information our final images can reveal.

World Energy: *In the people-constrained oil and gas industry of today, how do you build and maintain a top-flight R&D team?*

Pilenko: We've been actively recruiting R&D talent for years and have hired some of the brightest minds in the business. The team at Veritas now comprises a community of outstanding R&D talent. Having such people on our staff, in turn, attracts more bright minds wanting to work alongside these respected industry leaders to benefit from their expertise and mentorship.

In terms of college recruiting, the fact that new recruits can directly use their technical degrees in their work is a major reason they seek employment at Veritas. I can best highlight this with a quote from one of our employees who recently joined us while working on research at a university. When asked why he joined Veritas, he said, "I realized I could do everything at Veritas I wanted to do at university, but I would also have the funding and resources to make it a success."

We are very committed to balancing the number of R&D projects with adequate funding to ensure each project has the ability to succeed.



A deeply experienced and committed team is crucial to creating the innovation that will provide future technical differentiation.



Veritas has been independently benchmarked as the company best differentiating itself with significant data processing technology and performance improvements.

World Energy: *How do you sustain your culture of innovation at Veritas?*

Pilenko: Creating and maintaining a culture conducive to innovation is ultimately founded on building a team and an environment that support continuous applicable advance.

First, to build general awareness and involvement in long-term research, we sponsor many university consortia worldwide to explore and uncover key areas of geophysical technology for the future. We have a full-time manager of external research to oversee and coordinate these valuable affiliations.

Second, I spoke earlier about creating a workplace where people can make things happen in our industry and be rewarded for their contributions. Two programs to support this kind of environment are SCOPE and the VerTEX.

Superior access to high-quality continued education is vital for any business to keep pace in today's marketplace, and this can only be achieved with an attractive, comprehensive, and adaptable learning program. Continued learning opportunities allow us to develop the deepest understanding of our profession and continually deliver superior results. To support such education we are launching SCOPE, a comprehensive, online source of information about learning opportunities at Veritas. All employees will have access to all modules, whether technical-, professional- or business-focused, so they can best create a learning path that meets their functional, business, and personal goals.

A few years ago, to better recognize and reward innovative achievements at Veritas, we created the VerTEX awards program. VerTEX is an acronym for Veritas Technical Excellence. VerTEX is specifically designed to encourage, recognize, reward and promote excellence. Every year we present multiple awards as part of this program, including the Team Award that recognizes outstanding success in the transfer and delivery of technology; the Spotlight Award that recognizes a single, outstanding technical contribution or success; and the Special Business Achievement Award that recognizes excellence in every aspect of business. Each award candidate is considered for overall

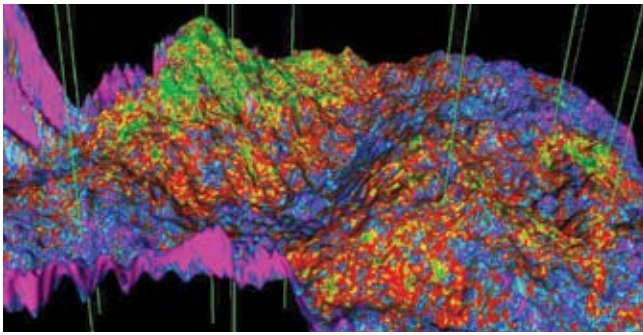
excellence, quality and impact of innovation, quality of delivery and client feedback. Winners receive special recognition and a significant cash bonus. This year, as in most years at Veritas, we had an abundance of worthy VerTEX nominees and projects to choose from.

World Energy: *You spoke about providing the researcher with "direct access to customers" and the importance of listening and speed. What exactly do you mean by this?*

Pilenko: One of the trends we see in the industry today is the increasing complexity of prospects and a continued push into increasingly more challenging environments. To optimize a product's or service's performance within these trends, it is important to combine the knowledge of the oil company with the knowledge of the service company. From acquisition design and choosing the best processing technology and sequence, to integrating the processing and interpretation workflow, we recognize the need for local product and service knowledge – as close to the customer as possible – to better understand, design, and deliver results that meet their specific needs. This is one way Veritas achieves differentiation around projects relevant to R&D.

Designing the optimal acquisition plan, especially with breakthrough techniques such as wide-angle/wide-azimuth, requires a clear understanding of the reservoir you are trying to image. Defining the suite of technology and processing sequences that will deliver the best insight and illumination, similarly requires such a clear understanding. Working with our customers and taking the complete process into consideration – across the client-service company boundary – is essential to delivering project-relevant impact.

Regarding one collaborative processing job we recently completed, our customer told us: "We're motivated to have you as partners. The power of our industry resides at the data level, with those who process it and those who interpret it." We combined our experience with that of the oil company's interpreters stationed at our office during the



At Veritas, the aim is to reveal everything in the seismic image relevant to the interpreter.



project to ensure the utmost in accuracy of the sub-salt interpretation in the shortest possible time.

Interpretation and processing are very different sciences but are highly symbiotic, gaining tremendous value from each other. The combination of latest-generation seismic data, together with integrated processing, R&D and interpretation in a seismically driven geologic workflow, has the ability to illuminate entirely new prospective hydrocarbon-bearing structures, not just in emerging regions like West Africa, but also in well-explored basins such as the North Sea.

World Energy: *What do you see on the horizon in geophysical processing and R&D that will impact the oil and gas industry in the future?*

Pilenko: Our customers are increasingly interested in finding ways to unlock the maximum amount of information from seismic data. This is driving further differentiation into the offerings of seismic providers and swinging the pendulum away from a view of seismic as principally a commodity, to an appreciation of seismic as a key asset. Seismic acquisition, processing, R&D, programming, and interpretation will be viewed more and more as a system, and I expect innovations to flourish not only from each individual science, but also across the overall value chain.

Some key areas I see for further growth and increased innovation include specialized acquisition techniques, such as wide-angle/wide-azimuth, that require oil companies and service companies to work together throughout the program. In fact, one of our VerTEX awards this year went to the team that created the inter vessel communications system that enabled Veritas to safely acquire a recent groundbreaking wide-angle/wide-azimuth survey in the Gulf of Mexico.

In processing, continued innovation around computing technologies like dual-core CPUs will continue to power further improvements in processing technology and resulting image clarity. In addition, the greater complexity of many newer reservoirs, combined with increasingly specialized technologies and the complex processing sequences

required to delineate them, will further cement the tight-knit integration between processor and interpreter that we've been fostering at Veritas.

The idea of seismic contractors moving from "shooting seismic data" to "providing interpretive information and knowledge" is another interesting trend to watch. This will not only lend itself to the innovation of new technologies, it will also become an area where new business models thrive.

Finally, let me reiterate the importance of people. While technology is a cornerstone for advances in our industry, it is people who drive our success. Excellence starts with people who create excellence in acquisition and processing. This creates real service differentiation and ultimately improves the value our seismic data provides to our customers. At Veritas, our goal is not to be the largest-volume processor. Our goal is to offer outstanding technology, service and value – to be the best.

Thierry Pilenko is chairman and chief executive officer of Veritas DGC Inc., a global seismic company headquartered in Houston, Texas. Prior to his appointment on March 1, 2004, Mr. Pilenko worked for Schlumberger for 20 years.

His most recent assignments were in Paris as president of the SchlumbergerSema France Division and in Houston as president of GeoQuest, the software and data management product line of Schlumberger Oilfield Services. Prior to this, he held several managerial positions in the Wireline and GeoQuest business lines, with postings in Indonesia, Dubai, Nigeria, Gabon and Italy. He also spent one year in Venezuela as a research scientist with Petróleos de Venezuela.

Mr. Pilenko is married with two children. He is a graduate of the École Nationale Supérieure de Géologie de Nancy and the École Nationale Supérieure du Pétrole in Rueil, France.



10300 Town Park Drive
Houston, TX 77072
832-351-8300/ Fax: 832-351-8701
www.veritasdgc.com