



121 E. Magnolia, Ste 103
Friendswood, TX 77546
713-781-0758
800-692-0771
713-781-7542 Fax

Association of Energy Service Companies

THE TALLY BOOK REPORT

NEWS FROM THE AESC NATIONAL OFFICE AND LOCAL CHAPTERS

MAY/JUNE 2018

CONTENT

- ANNUAL AESC SUMMER MEETING, LAKE TAHOE, AUG 1 – 3, 2018
- SALARY SURVEY UPDATE
- NEW ASSOCIATION SOFTWARE SYSTEM TO BETTER SERVE THE MEMBERSHIP
- OSHA ALLIANCE UPDATE
- AESC FLY-IN UPDATE
- NATIONAL AND LOCAL SCHOLARSHIP SUMMARY
- AESC NATIONAL SCHOLARSHIP GOLF TOURNAMENT UPDATE
- NATIONAL STEPS AND SAFELAND USA
- API RP 54, OCCUPATIONAL SAFETY AND HEALTH FOR OIL AND GAS WELL DRILLING AND SERVICING OPERATIONS
- API RP 53, WELL CONTROL EQUIPMENT SYSTEMS FOR DRILLING WELLS
- ASSOCIATION WELLNESS INSURANCE (HEALTH/DENTAL/ETC.) PROGRAM
- DIMMITT COUNTY LAWSUIT ON ROAD DAMAGE
- SAFE + SOUND WEEK, AUGUST 13 – 19, 2018
- OSHA CONSTRUCTION SAFETY & HEALTH CONFERENCE, WESTCHASE MARRIOTT IN HOUSTON, TX, SEPTEMBER 13-14, 2018
- CHAPTER EVENTS
- INDUSTRY EVENTS
- FUTURE INDUSTRY AND CHAPTER EVENTS

ANNUAL AESC SUMMER MEETING, LAKE TAHOE, AUGUST 1 – 3, 2018

The AESC Annual Summer meeting this year is scheduled to be held in Lake Tahoe, NV from August 1 – 3, 2018 at the Montbleu Hotel. It is not too late to register for our 62nd Annual Meeting. There is a line-up of great speakers that will be presenting on issues related to oil and gas markets, business analysis, futures, safety related issues, political affairs luncheon, committee and chapter reports from throughout the US. To get a copy of the promo, click on the link here.

SALARY SURVEY UPDATE

The job descriptions for the salary surveys are almost complete and will be sent for review to the membership to finalize and make sure that we have the correct descriptions for the service areas we will be working with. If you have a particular field level job description within a particular service segment you would want us to try to survey or gather information for, please contact Kenny Jordan at the national AESC office

NEW ASSOCIATION SOFTWARE SYSTEM TO BETTER SERVE THE MEMBERSHIP

We have finalized the selection of our new Association Software System and will be going with a company called MemberClicks. This is a departure from the system that we have had for the last 10+ years. We will be doing data conversion from the old system to the new system over the next few months. The new system will allow our members greater access to their own profiles, paying of dues on line, and many additional features that will make the member experience much more enjoyable. The chapters will also have some open framework within the system for individual websites for the chapters and other features.

Additionally, the national staff will be better able to serve our members will updated membership information, better financial reporting, ease of merging databases from both the Well Servicing Magazine and the Membership into one member profile, and other features, again all for the purpose of better serving our members. For you, the member, this will be a seamless transition for you and your employees.

OSHA ALLIANCE UPDATE

The AESC has resigned our OSHA Regional VI Alliance at an official signing ceremony in Fort Worth, at our annual Safety Conference in April. Joe Freeman, current President of the AESC and Kelly Knighton, Area Director for Region VI OSHA signed the official alliance document on April 17th. We are currently working on training sessions with the Oklahoma area office scheduled for the end of August, that training will be held at the ETC offices in Enid, OK and will include H2S training and Well Servicing orientation for the OSHA inspectors in attendance in the area. We are additionally looking at other locations throughout not only just the Region VI area but throughout the US.

AESC FLY-IN UPDATE

AESC held our National Fly-In to Washington DC this year, May 15-17. The group was divided into three strategic teams for the various visits. Our talking points included: 1.) ELD exemption for Well Servicing Rigs, 2.) over regulation in the oil and gas industry, 3.) NAFTA, steel tariffs and their impact on our industry, 4.) shortage of materials for perforating charges, 5.) hours of service, oilfield exemption, 6.) OSHA Budget and support for adequate funding for training and cooperative programs, 7.) support for reforms to the Endangered Species Act, The following members attended the fly-in to

represent our industry. A special thank you to those individuals and those companies with were in attendance:

Joe Freeman – Pioneer Energy Services – El Campo, TX
Jacky Williamson – Vermejo Energy Services – Perryton, TX
Rex Murrell – PECO – Oklahoma City, OK
Ben Murrell – PECO – Oklahoma City, OK
Kristin Hincke – Hincke Consulting – Oklahoma City, OK
Elizabeth Haley – PEC – Forney, TX
Jennifer Simonson – C & J Energy Services – Houston, TX
Reggie Harmon – C & J Energy Services – Houston, TX
Sam Tolley – Alliance Energy Services – Ranglely, CO
Larry Albert – Allied/Horizontal Wireline – Houston, TX
Leroy Law – LLIT – Odessa, TX
Jana Law – LLIT – Odessa, TX
Dean Samrow – Owen Oil Tools – Godley, TX
Gay Wathen – National Oilwell Varco – Houston, TX
Kenny Jordan – AESC – Houston, TX

We were able to see NUMEROUS Congressional offices and given updates by both the Department of Interior and Department of Labor (OSHA). The following Congressional offices were visited by the groups:

Rep. Pete Sessions (TX-32)	Mac Thornberry (TX-13)
Rep. Louie Gohmert (TX-01)	Rep. John Carter (TX-31)
Rep. Bill Flores (TX-17)	Rep. Steve Scalise (LA-01)
Rep. Fred Upton (MI-06)	Rep. Will Hurd (TX-23)
Rep. Al Green (TX-09)	Sen. Michael Bennet (CO)
Rep. Joe Barton (TX-06)	Rep. Doug Lamborn (CO-05)
Rep. Henry Cuellar (TX-28)	Rep. Eddie Bernice Johnson (TX-30)
Rep. Bob Gibbs (OH-07)	Sen. John Cornyn (TX)
Rep. Beto O'Rourke (TX-16)	Rep. Markwayne Mullin (OK-02)
Rep. Gene Green (TX-29)	Sen. Jim Inhofe (OK)
Sen. Bill Cassidy (LA)	Sen. Joe Manchin (WV)
Rep. Randy Weber (TX-14)	Rep. Diana DeGette (CO-01)
Rep. Lloyd Doggett (TX-35)	Rep. Steve Pearce (NM-02)
Rep. Joaquin Castro (TX-20)	Rep. Steve Stivers (OH-15)
Sen. Cory Gardner (CO)	Rep. Marc Veasey (TX-33)
Rep. Ed Perlmutter (CO-07)	Sen. Shelley Moore Capito (WY)
Rep. Frank Lucas (OK-03)	Rep. John Culberson (TX-07)
Rep. Clay Higgins (LA-03)	Rep. Sam Johnson (TX-03)
Rep. Pete Olson (TX-22)	

A special thanks also to HBW Resources, our lobbyist group out of Washington DC and to Michael Zehr and his staff who help to arrange and “point us in the right directions” while in DC!

NATIONAL AND LOCAL SCHOLARSHIP SUMMARY

All National and Local Scholarships have been reported for the year 2018. This year, the association was able to award \$165,150 in total scholarships, \$53,600 from national and \$111,550 in local. A total of 18 chapter areas received awards. There were \$94,750 in renewal (for students awarded in past years) and \$70,400 in new (first time) scholarship awards. To date, the association has document \$3,869,750 (almost \$3.9MILLION) in scholarship awards to dependents of our member companies.

AESC NATIONAL SCHOLARSHIP GOLF TOURNAMENT UPDATE

This year's tournament will be held at Wildcat Golf Club in Houston on the morning of May 22nd. This tournament in years past has had two tee times, one in the morning and the other in the afternoon (over 200 golfers). Lately, the participation has dropped to 50 approximate golfers. We cannot continue to fund our scholarship program at these levels. With almost \$3.9M in total scholarships awarded, we continue to strive to have this as one of the benefits of membership. The tournament was renamed last year in the memory of Mr. Frank Pool, one of the original founders and first President of the AOSC (now AESC).

NATIONAL STEPS AND SAFELAND USA

The AESC continues to serve in an advisory role to both National STEPS and SafeLand USA. In June, Rick Ingram with BP, retired from BP to return to his family farm in Arkansas. Rick was instrumental in the early years with organizing both of these initiatives along with several other industry leaders. The National STEPS new President is Joyce Ryel who took Rick's position upon his retirement. Joyce is a past president of the AESC and with her leadership, the program is working on several initiatives that will continue to benefit field workers in the areas of safety and health. Congratulations to Joyce on her new role.

SafeLand continues to meet on a regular basis to review the current curriculum, work on outstanding issues as they relate to training and trainer audits, working on new election of officers, and reviewing the monthly statistics. To date, there have been over 1 million individuals go through the program. We have seen a large increase this year on a monthly basis, as we continue to try to add new employees to the industry.

API RP 54, "Occupational Safety and Health for Oil and Gas Well Drilling and Servicing Operations"

The committee has completed the 2.5 year review of the API RP 54 document and it has gone to ballot. As of this writing, there are number of comments that came back through the ballot process. The committee that reviewed the document is tasked with

reviewing, and dispositioning each of the comments. It is anticipated that the committee will probably again meet in either August or September to address each of those comments. AESC worked with other industry and regulatory personnel to get as comprehensive a document as we could. One of the target audiences for API RP 54 is the smaller well servicing and drilling contractors who might not have as formal a program as some of the larger companies.

Also, this document will be one of their free documents for download since it is a safety document.

API RP 53, "Well Control Equipment Systems for Drilling Wells"

The comment period is now closed for the above API RP 53 but AESC did provide comments on this issue on behalf of the membership. A copy of our comments are below. This has repercussions for the well servicing industry as well, even though it is titled "for Drilling Wells". There were several recommendations for changes that the association took issue with. As mentioned above in API RP 54, the same type of resolution protocol will be used for this RP also. Of particular concern was the use of blind shear rams (BSR), several definitions, and the importance of the involvement of the actual E&P company in selection of well control systems. Are comments were as follows:

Actual Submitted Comments:

5.1.3.4 Paragraph 1.) For Well Servicing operations, shear ram BOP's for 3,000-5,000 BOP's are not readily available. Concern that the Well Service contractors/industry having the required equipment to service the need should this go into effect. The industry standard T-81 equivalent 7-1/16 X 5K double BOP cannot be modified to power BSRs. There are not enough LXT or Type U BOPs with shearing capacity to address the need with the requirements as written.

4.1.2 Paragraph 1.)this comment is maybe not relevant to the actual clause no. but the only place we can comment. Again, specific to well servicing operations. Installing shear ram BOPs on standard pumping unit wells puts the floor and working area extremely high and prohibits rig up without dismantling the entire pumping unit. In addition, the majority of the U.S. well servicing fleet becomes obsolete because the derrick heights are not tall enough to accommodate taller BOP stacks and the current work floors cannot accommodate a taller stack. By in large the well service rigs in use today were not manufactured to accommodate BOP stacks of significant height. Adding a single Type U or other single ram BOP with shearing capacity will change the well head height. This scope of work change could result in the need for additional high derrick rigs even for simple, low-hook-load work. The higher stack is an issue with height if a TIW valve has to be installed over 4 ft. off the ground (manlift/ladder)

4.3.9 Paragraph 4.3.9.1 An additional BOP on the stack will now require a separate accumulator or closing unit system, instead of using rig hydraulics, of which these units are not readily available for the numbers required in the current marketplace.

5.1.3.8 a.) "Environmental sensitive areas" is very ambiguous, is this the EPA definition of wetlands or another existing definition?

Comment: Detailed definition or reference to what is an "environmental sensitive area"

5.1.3.8 b.) The definition of "Known high H₂S(>100 ppm) wells with flow potential" is broad

Comment: Can this be defined as it is by Texas RRC Rule 36 for a Case 3 well as "100 ppm R.O.E. (Radius Of Exposure) is 50 ft. or greater and includes a public area or 500 ppm R.O.E. includes a public road. Also if 100 ppm R.O.E. is 3000 ft. or greater regardless of public area."

5.1.3.8 c.) Within one mile of urban area or population density greater than 100 housing units per square mile. How is a well servicing contractor to ascertain the limitations after a well has been drilled and produced, and urban areas "grow up"

around the existing unit. No one is going to go count, where do they determine the density?

Comment: remove or modify to provide guidance on where or how to obtain the population density information

5.4.1.1 currently states the following, "The risk assessment shall be performed by the equipment user, with participation of the equipment owner, to determine if a BSR is required on land BOP stacks." In some instances, the equipment owner for well servicing, may be a rental company, they would not be involved with determining the need for the configuration at the well site, this is a responsibility of both the well servicing company AND the E&P company that has contracted the work.

Comment: change as follows to include responsibility of the well operator (i.e., E&P company). "The risk assessment shall be performed by the equipment user/well operator, to determine if a BSR is required on land BOP stacks"

5.1.3.3 again, assessment does not include the well operator

Comment: modify assessment to include the well operator, the equipment manufacturer again, as identified in 5.1.3.8 in the comments section, for well servicing

operations does not include an equipment owner (unless they own their own equipment).

ASSOCIATION WELLNESS INSURANCE (HEALTH/DENTAL/ETC.) PROGRAM

The AESC is currently working with an insurance group on the potential of offering group benefit programs to member companies. We have had several companies provide test information and are current working with the group, doing an assessment of what we may be able to offer. There will be a presentation at the annual Summer meeting in Tahoe to give details of the potential program and how members may be able to benefit if we can get sufficient interest.

DIMMITT COUNTY LAWSUIT ON ROAD DAMAGE

This is a case filed in Texas that we have updated the membership on in the past few years. Even though this is particular to Texas, it has implications in other states going forward.

It relates to road damage allegedly caused by oil and gas service companies on a location in the Eagle Ford area (particularly in Dimmitt County, Texas). The county brought a suit against an oil and gas company, then in discovery, included all of the various service companies that visited or provided services on the various leases off of one county road there. Several of our member companies were named in the lawsuit. In the last update we had distributed, there had been a motion for dismissal by the defendants.

The defendants' motions to dismiss were overruled and denied and the defendants were ordered to participate in a mediation before Joseph Casseb of Goode Casseb in San Antonio on July 26th. A group of defendants was of the opinion, undoubtedly shared by others, that this decision by the District Court was erroneous and they Petitioned the Court of Appeal in San Antonio by way of a Writ of Mandamus*. The court asked the respondent, County of Dimmit, to file a response to the Petition on or before July 10th. The Emergency Stay which was also requested was Granted.

Given that the court both accepted the writ and stated that they "believe a serious question concerning the mandamus relief sought requires further consideration", the defendants are hopeful that the court will look favorably on the Writ and eventually reverse the trial court's denial of their Motion to Dismiss.

So it is still ongoing in the judicial system. I want to thank Robert Ryan for continuing to follow and provide updates to us on this situation.

Note: From <https://legaldictionary.net/writ-of-mandamus/> The legal term writ of mandamus refers to an order by a court to a lesser government official to perform an act required by law, which he has refused or neglected to do. This type of court order is

a remedy that may be sought if a governmental agency, public authority, or corporation in service of the government, fails or refuses to do its public or statutory duty.

SAFE + SOUND WEEK, AUGUST 13 – 19, 2018

AESC is a sponsor of the nationwide event to raise awareness and understanding of the value of workplace safety and health programs. This is an opportunity for employers to show commitment to health and safety by launching or renewing efforts to identify and manage hazards before they cause injuries or illnesses. You can visit the webpage Safe + Sound Week (<https://www.osha.gov/safeandsoundweek/>) for additional information.

OSHA CONSTRUCTION SAFETY & HEALTH CONFERENCE, WESTCHASE MARRIOTT IN HOUSTON, TX, SEPTEMBER 13-14, 2018

DIVISION FOR ENTERPRISE DEVELOPMENT

CONFERENCE AND EVENT MANAGEMENT The University of Texas at Arlington | 140 W. Mitchell St. Arlington, Texas 76019 T 866.906.9190 | F 817.272.2556 | [W uta.edu/ded/cem](http://uta.edu/ded/cem)

OSHA Region 6 Partners with Local Organizations to Host Houston Area Conference and Find Solid Safety Solutions Houston (September 13-14, 2018)

Over the last decade, the construction industry has worked diligently to foster a strong safety culture on jobsites. As a result of the combined efforts of the Occupational Safety and Health Administration (OSHA) Region 6, industry leaders, trade associations, and educators like The University of Texas at Arlington, we have seen more emphasis placed on safety training and employee well-being. While many safety initiatives have been positive and resulted in a safer workforce, other safety issues like caught-in or caught-between incidents are seeing an increase in worker deaths. With the common goal of fostering a safer and healthier workplace, OSHA Region 6, The University of Texas at Arlington (UT Arlington) Safety and Health Program delegates, Construction Industry leaders, and other regulatory agency representatives are gathering at the 2nd biennial ***OSHA Construction Safety & Health Conference at the Westchase Marriott in Houston, Texas***. The event will take place on ***September 13-14, 2018***.

This two-day conference will provide an expected 500+ industry professionals with the opportunity for quality health and safety education, networking, and practical solutions. It will also serve as a forum, delivering over 40 diverse educational breakout sessions designed to inform participants of the latest industry techniques, trends, and new areas of research as well as four educational workshops. The exhibit hall will be focused on offering information to participants to interactively assist with reaching their organizational safety and health goals.

“My top priority is safety. Attending the Conference in 2016 was a great experience. It was the best conference I’d been to in my 38 years in the industry,” says Tommy Lee, Vice President of Safety at W.S. Bellows Construction Corporation.

With the overarching goal of reducing injuries and fatalities in the construction industry, OSHA officials and other national agencies will be in attendance to provide information and share their role in supporting the construction industry. Featured Keynote speakers and industry experts participating in this event include Carl Heinlein with American Contractors Insurance Group, Eric S. Harbin with the Department of Labor, Jim Maddux, previous director of OSHA's Directorate of Construction, and Mitch Beckman with Webber.

The conference advisory board and related industry professionals have selected a series of six educational tracks related to Safety and Health in the construction industry: risk management, leadership, industrial/petrochemical, government, emerging issues, and specific target topics such as silica, crisis management, emergency response, fatality investigations, and crane utilization. Over 40 educational sessions will be offered.

Additionally, the conference features four pre-conference workshops on September 12, 2018. These **workshops are free with conference registration** - space is limited. Workshops include the following Safety and Health courses: OSHA #7300 Understanding OSHA's Permit-Required Confined Space Standard, OSHA #7405 Fall Hazard Awareness for the Construction Industry, SH #211 Overview of OSHA's New Silica Standard, and SH #420 Overview of Process Safety Management for Industrial Construction.

The Conference will be held on September 13-14, 2018 at the Marriott Westchase in Houston, Texas. For more information, visit OshaCon.org.

CHAPTER EVENTS

- The Natchez Chapter held its scholarship tournament in Natchez, MS on May 3rd. Kenny Jordan attended and spoke to the group after the tournament. They raised money for their local scholarships, it was a well attended event, with a few million gnats to make shots a bit more challenging interesting! A special thanks to Energy Drilling and Matt Brough the Chapter Chair for his assistance in organizing the event
- The Permian Basin Chapter held its scholarship golf tournament in Odessa on June 1st. Despite temperatures in the triple digits, the event was very well attended and continues to raise money for their scholarship and charity efforts. Thanks to Leroy Law and his scholarship golf committee for organizing and putting on a great tournament.

INDUSTRY EVENTS

- AESC participated on a conference call with the Louisiana State Police as part of our advisory capacity on issues as they deal with explosives
- Kenny Jordan gave a presentation to Mid Continent STEPS on June 21st, updating the attendees on the AESC safety program, 2017 statistical review and fatality results in oil and gas

- AESC attended the Texas Oil and Gas (TxOGA) Safety Roundtable meeting in Austin, TX on June 7th hosted by Liberty Mutual. There are numerous projects that the group is working on.
- Ashley Morgan with our Texas Lobbying firm Erben and Yarbrough attended a meeting at TXOGA where the EPA was presenting on issues around Produced Water. This is becoming an ever increasing issue with water recycling, seismicity, etc. throughout the US. We will be hearing more from the EPA on these issues, we will continue to keep the membership apprised of issues coming as best we can.
- AESC was represented at the Summer conference (June 25-27) of the IPAA (Independent Petroleum Association of America) in Bastrop, TX. There were reports on status of the industry, political updates, and networking with other associations and IPAA Members.
- We attended the meeting of the Cooperating Associations in Bastrop also during the IPAA meeting. The Cooperating Associations are the various oil and gas industry associations throughout the US (state oil and gas associations, other industry associations), all specific to the upstream oil and gas industry. We had asked John Snawder with NIOSH to attend and give an update to the group on issues that we have been working on such as the various hazard releases, etc., so that we could get the companies to provide these releases to their individual members also.

FUTURE INDUSTRY AND CHAPTER EVENTS

- August 1 – 3 AESC National Summer Meeting, Lake Tahoe
- August 3 Dodger Bus (California Chapter) Dodger Bus
- August 19-21 American Society of Association Executives – Chicago, IL
- September 14 East Texas Scholarship Golf Tournament – Wood Hollow Golf Course, Longview, TX, (for information contact Christine.kidd@basicenergyservices.com)
- September 14 North Texas Scholarship Golf Tournament - Squaw Creek, Weatherford, TX (for information contact Chad Tregellas, chad@jetwellsolutions.com)
- September 18-19 NIOSH Oil and Gas Extraction Council meeting, Houston, Texas
- September 21 Oklahoma Scholarship Golf Tournament – Lake Hefner Golf Club, Oklahoma City, OK (for information contact Charley Pollock, 405-613-1566)
- September 30-October 2 Interstate Oil and Gas Commission Committee in Coeur d’Alene, ID
- October 2 – 5 Institute for Makers of Explosives (IME) in Nashville, TN
- October 16-18 - Permian Basin Oil and Gas Show, Odessa, TX
- October 25 – Gulf Coast Scholarship Golf Tournament – Gleannloch Pines Golf Club, Houston, TX (for information contact Mike Miller, mmiller@pioneer.com)
- November 11-13 IPAA Annual Meeting – New Orleans, LA
- December 4-5 OSHA/UTA Safety Conference, Hilton Americas, Houston, TX