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Association of Energy Service Companies

THE TALLY BOOK REPORT

NEWS FROM THE AESC NATIONAL OFFICE AND *local* CHAPTERS

March 2018

I want to thank everyone for your feedback from the last newsletter. We have made some modifications based on the feedback and hope that this will improve the information and layout going forward!

FORWARD

We started with the publication of our monthly update to the membership last month. This is our second issue that covers the month of March, 2018 and what has been happening at the national level on behalf of our members and the industry. If you have something you would like to add to the next issue or news to share, please send me an email at kjordan@aesc.net. Our goal is to publish the newsletter within a week of the closing of the previous month.

WELL SERVICING MAGAZINE

Many of you on this distribution may very well get our Well Servicing Magazine already, but if you do not, we highly encourage you to sign up for the publication. It is absolutely free for the asking, and of equal importance is that we do NOT sell or share our publication list with any other organization. So you will not be inundated by unwanted emails and solicitations. You can receive the magazine either as a hard copy or through an electronic link to a flip version on line. We also encourage you to share this information with your employees in your organization if they would be interested in keeping up with the articles and perspectives in the magazine. We have worked extensively on rebranding the magazine over the last 18 months, in areas of content, financial considerations, and database updates.

This is an excellent opportunity also for you to highlight your products through a possible advertising promotion. Or if you have industry news, we would be glad to review that for the possibility of inclusion in the magazine.

If you have any questions about advertising, please contact Kristin Hincke at kristin@hinckeconsulting.com or the national office. The Media Kit can also be downloaded from the AESC homepage at www.aesc.net.

ANNUAL SAFETY/TRUCKING/WIRELINE CONFERENCE AND TRADE SHOW

Plans are continuing for the upcoming Safety Conf to be held in Ft. Worth at the Marriott Champions Circle Hotel, just south of Texas Motor Speedway in Ft. Worth, April 16th – 18th. There will be numerous speakers with breakout sessions for all three of the disciplines (General HSE, Wireline, and Trucking). We will also be offering a DOT 8 Hour Training Course, taught by John Seidl. The API RP 67 Training Course (8 hour) will be offered, by Craig Beveridge with Owen Oil Tools during the session also.

We start off with a golf tournament on Monday afternoon (does not interfere with the conference, as that doesn't start until Tuesday morning).

Sessions will include Hand/Finger Safety, OSHA Update, Safety Statistics/Fatalities Update, ELD roundtable, Chemical Source Tracking for Wireline Sources, Explosives Updates, Potential Changes to ATF regulations, Chemical Source replacement, PSM, H2S ANSI Standard update, and much more!

For registration information, go to www.aesc.net where you will find the promo for the conference and all pertinent sign up information.

TEXAS LOBBYIST SEARCH SUBCOMMITTEE

There has been a group (search subcommittee), within the association that has been actively involved with the search for a replacement for Dan Hinkle, our State of Texas lobbyist who retired last July. We have gone through the search process by first issuing a RFP to several lobbying groups who had either expressed interest or who were identified by various individuals as potential replacements. Each were sent our developed RFP and returned their information to the committee for evaluation. That information was shared and then individual interviews were set up with each of the potential candidates in Austin on March 20th. Four of the subcommittee members met in Austin and interviewed each candidate group. After the interviews, we then sent out additional questions to each of the candidates as a follow up and received their responses back. The subcommittee will be making a final decision based on what is felt to be the best choice for the membership, probably in the first week of April. When the choice is made, and each of the candidates is notified of the results, we will be sharing that with the membership.

There are numerous issues that have been identified as potential issues that will need to be monitored and addressed during the session. The issues of road damage, water usage, road infrastructure, taxation, and other issues will arise during the session.

DIMMITT COUNTY ROAD DAMAGE LAWSUIT

The AESC has reported on this issue over the past few years. Let me provide some background on this lawsuit. Dimmitt County is located in the Eagle Ford south of San Antonio. As we understand it, three major E & P companies were brought into a lawsuit over road damage caused on a county road. Two of those companies decided to settle with the county, one of those companies did not. The county then turned and brought a lawsuit against the company that refused to settle, the original suit was brought several years ago. During that time, through discovery, the county then identified all of the service companies that visited or provided services at that location (many of those companies are AESC members). The county then turned and sued EACH of the service companies that provided any type of service on the E & P companies' well. So, if you provided any type of service or visited the well, then you were brought into the lawsuit. Companies then had to decide, do I settle with the county or do I fight the issue? Several had decided to fight the lawsuit. At issue is whether the county can prove just by being on the road, that they caused any damage.

So why is that important to the service companies? Think of the precedent this will set for ANY county, not just in Texas, but in any other state. This has the potential of being a Pandora's Box, where if Dimmitt County wins this lawsuit, every county will follow course and this will turn into a litigation nightmare.

There are several petitions that have been filed, but we are awaiting a hearing on March 29th (we won't have the results as of this writing) to ascertain how this goes forward, if at all. Each of you should be paying special attention to this issue. It could be detrimental to your business and to the oil and gas industry as a whole.

STEPS NETWORK, SOUTH TEXAS CHAPTER

I spoke at the South Texas STEPS meeting on March 21st in Corpus Christi. We provided a review of the latest AESC Safety Statistics information, fatalities in the oilfield, information, and updates to the attendees. Special thanks to Marianne McGee with OSHA and also to Chris Williams with Kennedy Wire Rope (chairman) for extending the invitation to speak on behalf of the AESC.

WINTER MEETINGS 2019 AND 2020

On March 22nd, the national office toured three facilities in Galveston, TX, to evaluate properties for our upcoming winter meeting in 2020. A final decision has not yet been made on which facility we will be utilizing, but we anticipate making that decision the first week of April. For the 2019, the Executive Committee has changed the location to New Orleans for the Winter Meeting. We are currently evaluating locations there also with the help of several of our South Louisiana members.

LOUISIANA STATE POLICE EXPLOSIVES COMMITTEE

The AESC is a representative on the Louisiana State Police Explosives Committee representing the wireline companies. We had our conference call to discuss various issues on March 7th. One of the companies (non-wireline) has requested that a potential bill be drafted to allow 18 year olds to handle explosives in certain instances. As of right now, only 21 year old individuals that have completed all relevant background checks, completed classes, etc. are allowed. The AESC is supportive of the potential bill as it would allow individuals such as gun loaders, to be 18 years old working under the supervision of designated individuals. We realize that many of the wireline companies require 21 years of age within their own organizations, and that is each company's prerogative. The bill was introduced and as of this writing, has passed out of committee. We will keep the membership updated as this bill either progresses or dies during the legislative process.

OSHA E-TOOLS UPDATE

We continue our conference calls with the updating of the OSHA E-Tools module for oil and gas. We had two additional calls in March, one on the 6th and one on the 20th with the review group, where we continue to review the content and also reviewed the comments made by one of the AESC members. We are close to the conclusion of the final draft and will share that final draft with several who have shown interest and have a final comment period before it goes back to the OSHA National office for review and final approval. This has been almost a 2 year effort on behalf of numerous members, our thanks to all of those who provided input into the process to date.

WASHINGTON DC FLY-IN

We are continuing our planning for the Washington DC Fly-In for May 15 – 17th. If you are still interested in attending, please contact the national office as soon as possible. We have sent out requests for talking points to the membership and will be finalizing our agenda for the fly-in in the next few weeks. This is a great opportunity to attend the fly-in, visit with your Congressional Members and Committees during the process.

SAFE & SOUND OSHA PARTNERSHIP

The Association has partnered with the Department of Labor (OSHA) in promoting Safe + Sound Week, August 13 – 19, 2018.

What is Safe + Sound Week?

A nationwide event to raise awareness and understanding of the value of safety and health programs that include management leadership, worker participation, and a systematic approach to finding and fixing hazards in workplaces.

Why Participate?

Safe workplaces are sound businesses. Successful safety and health programs can proactively identify and manage workplace hazards before they cause injury or illness, improving sustainability and the bottom line. Participating in Safe + Sound Week can help get your program started or energize an existing one.

How to Participate

Participating in Safe + Sound Week is easy. To get started, select the activities you would like to do at your workplace. Some organizations might want to host a public event. Examples of potential activities and tools to help you plan and promote your events are available. After you've completed your events, you can download a certificate and web badge to recognize your organization and your workers.

For additional information, go to: <https://www.osha.gov/safeandsound/>

TEXAS OIL & GAS SAFETY ROUNDTABLE

Kenny Jordan participated in the conference call with the Texas Oil and Gas Safety Roundtable group on March 8th. Numerous issues were discussed including transportation fatalities in the oil and gas upstream industry. We also gave an update to the conference call attendees on the current situation with SafeLand USA and the current review of the curriculum.

INTERVIEW WITH IADC DRILLING CONTRACTOR MAGAZINE

We conducted an interview with a writer from *IADC Drilling Contractor Magazine* concerning current issues related to hydraulic fracturing. We were able to provide some background information also on the silica dust issue's history as it pertains to upstream oil and gas and what industry provided when NIOSH first brought the emphasis to the subject.

MEETING TXOGA EXECUTIVE DIRECTOR TODD STAPLES

I met with Todd Staples, Executive Director from the Texas Oil and Gas Association in Austin on March 19th. We had discussed ways by which both associations could cooperate in areas of interest. There will be ongoing discussions going forward on how the two associations can leverage our strengths to help in the areas of legislative affairs, communication to the grassroots and general public, help identifying and addressing the various entities that would cause to do harm to the oil and gas industry, and general cooperation. We share a lot of members in certain areas and want to be able to continue to share best practices and issues between our two associations.

AUSTRALIA

We were contacted by a company in Australia that may be interested in organizing a group to address certain issues they are having there. We will be exploring where we may be able to help them in organizing and working with them with some type of arrangement that is beneficial to both parties. We are very early in discussions and will keep everyone informed as we go forward.

SALARY SURVEY UPDATE

The Chair of the Human Relations Committee, Terri Francell and I met with the salary survey company that we have potentially identified to do our survey on March 28th in Ft. Worth. This was the preliminary meeting to define expectations, processes, start to identify job positions to survey, etc. We will have additional information for the membership as the planning proceeds forward.

WORKING ON IDENTIFYING NEW ASSOCIATION SOFTWARE SYSTEM

We are continuing to look for alternatives to our current association software system. We originally purchased the system in 2006. We have found the system through the years to have been useful for our needs, but with new companies, new technologies, and new cost structures, it is incumbent on the association to look at alternative systems that better suit our members and to also save money and costs. The staff has done numerous demonstrations on line with several companies as we continue our evaluation process. We are at the point where we either have to put funds into our existing system, or change over to something that better suits our current size and needs. For the members, this will be a seamless transition if the decision is made to move over to a new platform. Again, we will keep you informed going forward.

OSHA ALLIANCE SIGNING

We have finalized our final OSHA Alliance agreement for renewal and will be doing the formal signing of the agreement at the upcoming Safety Conference in Ft. Worth on the morning of April 17th. The AESC was the first oil and gas group to ever sign an alliance agreement with OSHA when we originally did our national alliance signing in March of 2005. We are proud of that fact as the alliance has created opportunities for the upstream servicing community to work with OSHA in a collaborative effort to reduce workplace incidents and fatalities in the oilfield. This alliance will focus again on training of their inspectors on oil and gas services type work, where we bring in their inspectors to do an overview of well servicing, and then hopefully be able to get them to a location (usually a training center type location) to let them physically observe and see facilities and equipment.

NATIONAL SCHOLARSHIP SELECTION COMMITTEE

The National Scholarship Selection Committee is scheduled to convene during the Safety Conference in Ft. Worth on April 16th. The members of the committee include, current President, immediate Past President, 1st Vice President, Treasurer, Chair HSE Committee, Chair Associates Committee, Chair Wireline/Well Logging Committee, and two representatives that are chapter chairs, which rotate each year. This year, the Permian Basin (Leroy Law), and South Texas (Eduardo Ortiz) will be representing the chapters on the selection committee.

The committee will review up to 6 submissions from each chapter for consideration for national scholarships. The chapters forward those selections to the national office, that information is put into an excel spreadsheet, where all of the pertinent information that could potentially identify that applicant is hidden (name, company, address, etc.), so only the data concerning existing scholarships, academic and testing information, etc. are left for review by the committee. Once the selections are made (based on the funding we have), only then are the names revealed. There is NO quota in terms of number of sustaining vs. associate, or chapter, etc. Surprisingly though, the information comes out fairly even across the board once the information is revealed and we look at the data associated with the recipients.

GOLF TOURNAMENT BENEFITTING THE NATIONAL SCHOLARSHIP FUND

The date has been set for our national scholarship golf tournament in memory of Mr. Frank Pool. This year's tournament will be held at Wildcat Golf Club in Houston on the morning of May 22nd. Be on the lookout for the promo that will be coming out soon. This is our only national fundraiser for scholarships held. We do have several of the local chapters that also donate money back to the national fund, and for that we are very thankful for their support. 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).

MARCH CHAPTER MEETINGS REVIEW

- East Texas, March 14th
The Chapter met on March 14th at Bodacious BBQ in Kilgore. Thanks to Basic Energy Services for sponsoring the lunch. The speaker at the event was Ross Carmichael with Higginbotham Insurance. Ross spoke about changes in the current tax code and how it will impact businesses and individuals under the current administration
- Permian, March 14th
The Chapter met in Odessa at the Odessa Country Club for lunch on March the 14th. The lunch was sponsored by Longhorn Tubular and the door prize sponsor was Higginbotham. The guest speaker was Sheri Heiting with the Permian Basin Area Foundation. They manage the Permian Basin Scholarship fund for the chapter.

- California, March 20th
The Chapter met at the Rice Bowl in Bakersfield, CA on March 20th. The speaker was Rick Rust, Public Affairs Project Manager for AERA in California. He spoke on current issues impacting the local area in the oil and gas industry.

Upcoming Events (with any of these events, if you have questions or would like to attend, please contact the National AESC office for additional information)

- April 3 Oklahoma Chapter Meeting, Twin Hills Golf and Country Club, 11:30 AM to 1:00 PM, Speaker will be Tim Baker, Division Director, Oil and Gas Division Oklahoma Corporation Commission
- April 16 Meeting of the AESC National Scholarship Selection Committee
- April 16-18 Safety/Trucking/Wireline Conference and Trade Show, Ft. Worth, TX, Marriott Champions Circle
- April 24-26 IME Mid-Year Meeting, Washington DC
- April 26 Laurel, MS Sporting Clays Tournament for Scholarships
- April 27 California Chapter Golf Tournament, Memorial Tournament for Mel McGowan
- April 27-28 South Texas Scholarship Fishing Tournament
- May (TBD) California Scholarship Recipient BBQ
- May 3 Natchez Chapter Golf Tournament, Beau Pre Country Club, Natchez, MS 9:00 AM Check in
- May 15-17 AESC National Fly-In to Washington, DC
- May 22 AESC National Scholarship Golf Tournament at Wildcat Golf Club in Houston
- June 1 Permian Basin Golf Tournament

