With oil prices beginning to turn more favorable, many PESA member companies are setting the groundwork for a successful upturn in the marketplace. While challenges continue, I am hopeful that we have finally reached a turning point for the entire industry.

PESA, as well, is continuing to look forward and prepare for tomorrow. These efforts will bring rewards through a stronger sector and member companies.

A new partnership with PinkPetro will strengthen efforts to develop diverse talent across the oil and gas industry. Regular PESA features inside SHALE Oil & Gas Magazine and Fidexquop expand PESA’s geographic and commercial exposure while a collaboration between PESA and the International Trade Administration will help open new doors for member companies in international markets.

Speaking of international efforts, growing interest in Mexico has seen PESA’s International Outposts subcommittee schedule a strategic development meeting in Mexico City next year. This activity complements the successful Foreign Service Officer Training Program and its efforts to develop diverse talent across the oilfield service, supply and manufacturing sectors. More PESA members means a stronger PESA, which will ultimately benefit us all.

In the last newsletter, I called upon all member companies to look for opportunities to connect your peers, customers and suppliers with PESA. Thank you to all who have done so, and if you have not, I encourage you to please think about potential new members who could help with the growth and development of your association.

Showing the appeal of PESA, we are excited to welcome a number of new members in this newsletter. The important role of PESA for our sector was also made clear at two recent lunches in Midland and Dallas. Speaking on behalf of PESA, thank you for your continued engagement with us. Each day, this association works to strengthen individual companies, unify our sector and promote the oil and gas industry. We hope that you will prioritize these goals in your current budgeting process and maintain membership in 2017.

In the upcoming year, we will continue to sharpen our focus and provide unique opportunities:

The 2017 PESA Annual Meeting, set for April 19–21 in Tucson, Arizona, will provide timely speakers and impactful networking opportunities. Confirmed speakers include:

- Marc Edwards, President and Chief Executive Officer, Diamond Offshore
- Greg Hill, President and COO, Hess Corporation, World Wide E&P
- Vicki A. Hollub, President and Chief Executive Officer, Occidental Petroleum Corporation
- Mike Howard, Chairman and CEO, Howard Energy Partners
- Peter Richhurt, Author and William B. Burkenroad, Jr. Clinical Professor, Tulane University
- Jud Walker, President and CEO, EnergyVest Operating

As our foreign service officer training program with the US Department of State continues to grow, we continue to stand with you today and appreciate your support and continued commitment to PESA.

Leslie Beyer
PESA President
US Ambassador Chapman Meets with PESA Executives

The state-owned oil company Petroamazonas is seeking foreign investors to boost production at nine of its existing oil fields, and in 2016 signed a series of investment deals amounting to US$1 billion for those areas, enlisting the help of both domestic and foreign companies. New fields are opening as well, with increasing production in the existing ITT Fields. The expected increase in production of the mature fields is 30,000 additional barrels per day by 2018, with projections of up one million BPD over the next five years.

Ambassador Chapman praised PESA’s FSO training program, and thanked the PESA leadership for maintaining excellence in this program that has impacted and supported US Energy and Economic Officers all over the world. The US Embassy hopes to conduct trade missions for US companies in the future. Please contact PESA VP Communications and Member Relations Molly Smart at msmart@pesa.org if your company is interested in opportunity in Ecuador.

PESA Forms Mexico Task Force

PESA’s International Outposts subcommittee has identified Mexico as a target test location for expanding our reach, providing unique opportunities beyond networking to serve the service/supply sector and promote the PESA brand internationally. Specifically, a Mexico Task Force will deliver value to PESA members by providing connections with both US/MX stakeholders and strategic information in a PESA Service/Supply Sector Best Practices seminar in Mexico City, Q4 2017. This opportunity will:

- Create value for members as they break into the Mexican market or further develop long-standing operations
- Educate member companies not yet in market on best engagement opportunities
- Assess exponential need for equipment and services given the current regulatory system/infrastructure
- Next steps: Mexico Taskforce Meeting – Q3 2016 in Houston; Stakeholder Roundtable – Q4 2016 in Mexico; Q1 or Q2 2017 Half-Day Seminar in Houston, Q4 2017 Seminar in Mexico City

Companies represented on this committee are: Auge, Baker Hughes, Dover Artificial Lift, GE Oil & Gas, LoneStar Group, National Oilwell Varco, Oceaneering, Schlumberger, Stress Engineering and Weir Oil & Gas. If your company is interested in participating, please contact Molly Smart, PESA VP Communications & Member Relations.

PESA and PBPA Look to the Future of the Permian Basin

On September 15, PESA hosted a joint luncheon with the Permian Basin Petroleum Association (PBPA) featuring keynote speaker Jim Wicklund, Managing Director of Credit Suisse. Wicklund addressed the current economic climate and what that means for the industry, focusing on the growing importance of the Permian Basin.

Wicklund believes moving forward, the Permian Basin will be the most important basin in the world. It is currently producing 2 billion barrels per day and he expects that to double over the next two years. Although the land rig count recently exceeded 500 for the first time since March, it is still significantly down from 1,925 in 2014 and recent technological innovation has allowed increased production that will require fewer rigs and fewer people in the future.

“...a focus on efficiency and return, it is worth it!” stated Wicklund. “With a new focus on efficiency and return, companies are learning to do more with less. Business will get better and it is worth it!”

Wicklund estimates, with the rig count down 80 percent over the past 20 months, fewer than half of the idle rigs will go back to work. Meaning many of the 350,000 jobs lost will not return. A focus on lean operations led to the utilization of computer models, upgraded techniques and streamlined processes. The field-based jobs will return sooner but company restructuring may permanently prevent many corporate-based jobs from returning.

Although he doesn’t predict $100 oil returning, Wicklund has a positive industry outlook, with the Permian Basin leading the way to recovery. With average regional production up 400 percent since 2011, he predicts it will rise another 25 percent through 2017.

“...there is a reason Permian acreage is so expensive, and that is because it is worth it!” stated Wicklund. “With a new focus on efficiency and return, companies are learning to do more with less. Business will get better and the Permian Basin will lead the way.”

As PESA members drive innovation across the Permian Basin, PESA will grow its presence to better serve as a resource throughout the region.
PESA Members Interact with Global Energy Influencers at the Biannual Foreign Service Officer Training Program

For the 23rd consecutive year, PESA hosted its Foreign and Civil Service Officer Training Program in collaboration with the U.S. Department of State on August 1–4. To date, more than 600 FSOs have completed the training program and continue to utilize the connections developed with PESA member companies.

Presentations were delivered by Baker Hughes, The Baker Institute at Rice University, Chevron, Citi, ConocoPhillips, ExxonMobil, FMC Technologies, GE Oil & Gas, National Oilwell Varco, Oceaneering, Schlumberger and WesternGeco. By receiving an in-depth overview of the energy industry, the program facilitates the FSOs to make informed energy policy decisions at their respective international posts.

Through presentations and facility tours, the FSOs engaged in question and answer sessions with experts and saw firsthand the advanced technology that drives the industry. The curriculum, developed by the PESA International Programs Committee, provides insight into the industry’s dynamic geopolitical and economic landscape. The committee, which delegates company participation in individual training courses, focuses on expanding and specializing the content. Committee members include committee chairman Jock Pool, Oceaneering; Matthew Armstrong, Baker Hughes; Ken Medlock, The Baker Institute at Rice University; Irene Flores, Chevron; John Dabbar, ConocoPhillips; Clent Rawlinson, DistributionNOW; John Harrington, ExxonMobil; Jon Landes, FMC Technologies; Mike Bowie, GE Oil & Gas; Bob Moran, Halliburton; and Dan Domeracki, Schlumberger.

At a Membership Luncheon, held on the final day of the program at GE Oil & Gas, PESA members received a unique opportunity to interact with the FSOs and keynote speaker Ambassador Craig Kelly, Senior Director, Americas, International Government Relations, Exxon Mobil Corporation. Ambassador Kelly, who previously served as former Chief of Staff to U.S. Secretary of State Colin Powell and spent 26 years with the U.S. Foreign Service, shared his expertise on international policy and the global energy market.

The connections made through this program establish a valuable and mutually beneficial resource between members of the service and supply sector and the officers serving abroad.
Credit professionals from PESA member companies gathered at the 2016 PESA Credit Interchange Division Annual Meeting on September 21–23 for networking opportunities, training on how to best utilize the CID platform, and presentations from industry experts.

With more than 40 member companies, PESA-CID creates a unique opportunity for credit professionals to exchange trade credit information and histories on more than 10,000 customers. This data provides a cost-effective way for members to utilize the CID platform, and presentations from industry experts.

In addition to outlining how the economics of a well differ not only from basin-to-basin, but within the basin, speakers from Wood Mackenzie shared an overall positive outlook for the industry. For natural gas, the Northeast will see the fastest growth with the Marcellus and Utica plays representing more than half of the breakeven gas resources. The oil-focused Permian Basin will experience growth in other areas, accounting for almost 60 percent of the sub-$65 breakeven wells. With continued investments in this region, it is estimated that 50 percent of production will come from the Permian Basin by 2025.

Despite recent improvements, bankruptcy and insolvency continues. However, according to Charles Beckham, Jr., Partner at Haynes & Boone, traditional Chapter 11 bankruptcies are rare. With the rise of “prepackaged” and other forms of bankruptcy, it is important to protect your company by understanding the effects of a customer filing bankruptcy and adjusting payment terms accordingly. Before the petition date, debts can be restructured and paid under a plan. Upon petition, debts are frozen then subject to administrative expenses and ordinary course obligations.

With wide experience in restructuring proceedings, Steve Hessler and Andrew Calder of Kirkland & Ellis provided insight on strategies service and supply companies can use when one of their customers enters into bankruptcy. “Dialogue with a distressed company” is critical, and you should start it early.

Jared Yerian, Managing Director at M-III Partners, discussed the importance of asking the right questions when determining credit terms.

Some factors he considers vital are rock quality, the effectiveness of drilling techniques, capital allocation across a portfolio and the ability to execute a development plan. “Client asset specificity is critical to the commodity risk profile,” stated Yerian. “Asset quality and productivity varies widely within each basin and different data should be used to analyze the productivity of each play and each operator.”

Bret West and James Poery from Wells Fargo provided insight into past and upcoming borrowing base re determinations. They also emphasized that rock quality will be an important factor moving forward. The information from the PESA-CID Annual Meeting provides true value, helping members to rebuild and refocus during the downturn.

In an effort to better serve its members, PESA added two seats to the CID Operating Committee and appointed Carrie Mendiola, North America Credit Manager at Schlumberger and PESA Advisory Board Member, as the first CID Liaison to the Board of Directors.

Additionally, PESA held the first ever elections for the CID Operating Committee and updated its policies to facilitate increased member engagement. Congratulations to the 2016–2017 PESA Operating Committee:

- Don Giallanza, Halliburton; Lauri McDonald, Nabors; Kristy Wooley, DistributionNOW; Don Burell, Schlumberger; Randy Friedsam, Select Energy Services; and Doug Dunlap, TETRA Technologies. Not pictured: Ross Guthrie, Key Energy Services.

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For more information on how to join PESA-CID, contact Ryan Bowley at rbowley@pesea.org.
What influenced your decision to enter the oil and gas industry? What role do you believe you will play in the industry’s future? What are your impressions of the industry beforehand and how has it evolved? Before I was involved with oil and gas, I thought of the industry in very broad terms and was naive about its intricacies. My position at LoneStar has exposed me to all of the various aspects of oil and gas, and has really changed my perspective. I learn new things about the industry daily and it’s fascinating to learn how all the elements of the oil and gas industry interconnect to ultimately provide energy to the world. It’s a never-ending education. What do you find most challenging and most rewarding about the industry or your work? Marketing during a downturn can be challenging. However, I welcome such a challenge – it forces you to think and innovate. It’s incredibly rewarding to see my contributions help my team and the organization at large. Knowing that I’m part of a great organization that produces quality products makes my job much easier.

What was your impression of the industry beforehand and how has it evolved? Before I was involved with oil and gas, I thought of the industry in very broad terms and was naïve about its intricacies. My position at LoneStar has exposed me to all of the various aspects of oil and gas, and has really changed my perspective. I learn new things about the industry daily and it’s fascinating to learn how all the elements of the oil and gas industry interconnect to ultimately provide energy to the world. It’s a never-ending education.

What do you find most challenging and most rewarding about the industry or your work? Marketing during a downturn can be challenging. However, I welcome such a challenge – it forces you to think and innovate. It’s incredibly rewarding to see my contributions help my team and the organization at large. Knowing that I’m part of a great organization that produces quality products makes my job much easier.

What role do you believe you will play in the industry’s future? I am part of the next generation of the oil and gas industry workforce, so it’s great that organizations like PESA are investing in programs like the Emerging Leaders Committee. As a member of this group of up-and-coming industry professionals, I recognize that we need the guidance and expertise of industry veterans to be successful and bring the industry into the future.

How has your involvement in PESA supported your career goals? I’ve been exposed to many opportunities that I would not have been able to experience otherwise. I’ve attended some great events and networked with people I would never have met thanks to my participation and membership with PESA. These types of connections support my personal development, which is crucial to career success.

Tell us about some of the people you’ve met while working in the industry and how they’ve impacted your thinking. Since I started working in the industry, I’ve encountered a number of fascinating people, and I’m always amazed by their knowledge and expertise. However, two people in particular come to mind. My boss, LoneStar Group CEO Santosh Mathimakath, has always taken the time to share his knowledge and constantly challenges me to see things from a different perspective. He is the person who encouraged me to become involved with the Emerging Leaders Committee, and the resulting experiences have been invaluable. In addition, PESA President Leslie Boyer has inspired me by demonstrating that although this industry may be male-dominated, there are more than enough opportunities for a woman to make her mark. As a well-respected industry leader with many accomplishments, she is one of my role models.

What are the most exciting about your career, your company and your industry? As a mid-career professional, I’m eager to see how my role will evolve and expand. It’s a dynamic industry, and as a result our needs are constantly changing. I look forward to contributing to my organization on a more global level.

What would you tell someone who is thinking about entering the oil and gas industry? Go for it! The oil and gas industry powers the world, and it’s exciting to be a part of it. There are so many career opportunities within the industry, and the possibilities are endless for those seeking an opportunity.

What do you wish other people knew about oil and gas? Oil and gas is so much more than how much it costs to fill up your tank. If those outside the industry took a little time to be more educated about the industry, they would see the bigger picture and know that everything we do comes together to power the world and make modern life possible.

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The PESA Emerging Leaders Committee, in conjunction with Envision, an innovative global leader in corporate advising and coaching, will continue the successful Executive Leadership Program in January of 2017. The program has doubled in participation over the past two years and 100% of the attendees surveyed would recommend the course to others. New this year, we are offering two tracks – Engaging Leadership and Executive Presence. Both year-long professional development programs (with a half-year option) offering participants one-on-one executive coaching sessions, personal assessments and mentorship. PESA’s Board of Directors and Advisory Board Members serve as mentors to the participants, giving the class a unique opportunity to gain strategic career advice and develop valuable relationships with industry leaders. These programs are designed specifically for organizational leaders interested in enhancing their capacity to develop others through effective coaching conversations.

The second track, Executive Presence, will guide and coach leadership in establishing personal brand foundation and managing first impressions. Through a combination of lectures, group discussions, case analyses and videos, participants will learn how to self-assess core values and branding as well as define and manage initial personal presence.

Two day of the Executive Presence track focuses on building the virtual executive presence and connecting with influence. Leadership will explore new ways to build a personal leadership template which includes developing a pathway into social media as well as utilizing connections and networking to construct a personal Board of Directors.

### Engaging Leadership Track

**The Engaging Leadership Seminar** is designed to help leaders understand the importance of developing positive organizational change by implementing effective coaching and delivering feedback. Leaders will learn how to identify productive communication strategies that yield positive results within their organizations. Topics covered will include the six most common leadership styles, how and when to develop people and how to deliver feedback.

Once leaders have a solid understanding of the most effective leadership styles, participants will then have the opportunity to learn about the principles and skills of feedback in the second full day seminar, **Putting Feedback to Work**. Participants will not only be able to explore their own experiences with giving and receiving feedback, but will also have the opportunity to explore the various types of feedback and complete a self-assessment.

**Executive Presence Track**

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Preparing Future Energy Leaders for a New Global Market

PESA’s Emerging Leaders Committee held one of their signature events, Oil & Gas 101, in September sponsored by GE Oil & Gas.

Oil & Gas 101 is a shared-knowledge platform where industry experts provide a comprehensive technical overview of the oil and gas industry, including existing and emerging technologies. Seminar attendees have called the course “appropriate for those new to the industry as well as individuals with some experience,” “very well organized with excellent speakers and a wide variety of topics,” and “the best Oil & Gas seminar I have ever attended.”

PESA Advisory Board Member Chuck Chauviere, President of Drilling Systems, GE Oil & Gas, kicked off the two-day seminar conveying that although there are always going to be ups and downs in the oil and gas industry, we all need to keep the moral purpose in our work at the forefront: “There is value created in the energy space that drives quality of living, that drives education and drives value propositions that are good for not only each and every one of us, but for the industry as a whole.”

The event’s keynote speaker, Praveen Narra, CFA, Research Analyst at Raymond James & Associates Inc., opened his address by saying that he is optimistic about the future. “We’ve seen a tremendous downturn, it’s been a generational downturn, and we think we are at the tail end of that.”

Narra’s forecast calls for US production to continue growing because efficiency gains will sustain as we continue to position more technology in the oilfield. He stated once activity starts to rebound, everything else will in conjunction have to rebound as well. “Hiring will have to occur, wages will have to increase and we will have to start manufacturing equipment that hasn’t been maintained over the past several years because the service companies haven’t had the capital to put back into their own equipment,” Narra said. In Narra’s view, investing will be key in order to meet growing demand.

PESA ADVISORY BOARD MEMBER AND COMMITTEE CHAIRMEN ALSO LENT THEIR INSIGHTS DURING THIS EVENT.

PESA International Outposts Committee Chairman Mitch Williams, Global Strategic Sales Executive – Drilling Systems, GE Oil & Gas, spoke about changes occurring commercially in the oilfield, the value of partnerships and how features and benefits are not as significant as the outcome. “We are trying to change the way we market ourselves, we want to tie our long-term benefit to our customers.”

PESA Board Member Bob Moran, Vice President Government & External Affairs, Halliburton, spoke to the importance of active engagement and participation relative to politics and energy policy. “Each of us plays a critical role in the political process,” he said. “If we don’t raise our voice, if we don’t speak out, if we don’t share our message, somebody else is talking on our behalf.”

THE FOLLOWING COMPANIES CONTRIBUTED SUBJECT MATTER FOR THE OIL & GAS 101 TRAINING:

- Praveen Narra, Research Analyst, Raymond James & Associates Inc. – Energy Markets
- Steve Jacobs, Sr. Vice President – Oil & Gas, Sinclair Group-History of the Industry and Emerging Technology
- James Geary, Exploration Team Lead, Cobalt International Energy Inc. – Geology and Seismic
- Karl Appleton, Vice President of Marketing, NOV-Rig Systems and Drilling the Well
- Chris Elliott, North America Land Applications Engineer, Baker Hughes – Completions and Flow Equipment
- Mitch Williams, Global Strategic Sales Executive, Drilling Systems, GE Oil & Gas – GE Partnership for Advanced Performance
- Shane Corliss, Technical Manager, Systems Engineering, FMC Technologies – Subsea Drilling and Production
- Teoman Altinkopru, Vice President, Well Intervention Marketing and Technology, Schlumberger-Well Intervention and Well End-of-Life
- Chris Doss, Project Engineer, Wood Group, Mustang-Refining
- Brad Wise, Vice President, Business Development & Marketing, DistributionNOW-Supply Chain
- Robert Moran, Vice President, Government & External Affairs, Halliburton-Policy Watch
- Beth Lemmons, North America General Manager for Digital Solutions, GE Oil & Gas–The Future of the Industry: Digitizing the Energy Mix

“There is value created in the energy space that drives quality of living, that drives education and drives value propositions that are good for not only each and every one of us, but for the industry as a whole.”

Chuck Chauviere
President of Drilling Systems, GE Oil & Gas
PESA takes the Lead to Launch
The WISE Program

PESA’s Engagement Committee promotes diversity within PESA’s culture and in the industry. As part of this effort, the committee collaborates on strategic partnerships to strengthen our impact. PESA is proud to be the founding association of WISE (Women Investing in Self and Energy) Program Powered by PinkPetro. The PinkPetro WISE Program will bring together associations, organizations, women’s networks and gender initiative leaders to harness the power of human capital, content and tremendous technology.

PESA members will have access to the PinkPetro platform of services at a discounted rate (see promo code below) and gain the opportunity to engage with this outstanding network. PinkPetro was born out of becoming the most influential global community of women and men in energy looking to do something serious about the gender gap and attracting new talent into an unsung industry.

“I’m thrilled to see industry come together through the WISE Program at a time when we need to do something different to attract, retain and develop women in our industry,” said Katie Mahnert, CEO and Founder of PinkPetro.

“At PESA, we are focused on supporting current and future generations of oilfield talent, and promoting diversity of that talent is a top priority,” said Leslie Beyer, PESA President. “The Engagement Committee and PESA leadership are energized about this program in coordination with PinkPetro, and we look forward to deeper engagement and growth in these efforts.”

Companies participating on the Engagement Committee and leading PESA’s diversity efforts are DistributionNOW, Dover Energy, Elite Multiphase Solutions, Halliburton, LoneStar Group, Schlumberger, Sigma Fasteners, SDR and Teledyne Oil & Gas. If your company is interested in participating, please contact Molly Smart, PESA VP Communications & Member Relations.
Welcome New and Returning Members

PESA is excited to welcome a number of new members to the Association, as well as a returning member company:

Beaumont Manufacturing & Distribution Company manufactures production equipment, including valves, relief valves and regulators. PESA Advisory Board Member Mike Waters of SOR introduced Beaumont to PESA.

RAKI Computers provides E-waste recycling, disposal and secure data destruction services for corporate clients.

Houston Digital Instruments (HDI) manufactures high-pressure and high-temperature controls and instrumentation for the oil and gas industry.

Fox Metals & Alloys distributes alloy, carbon and stainless bar and plate steel products, with a focus on the oil and gas industry.

Valtek Industries, based in Odessa, Texas, is a returning PESA member. Valtek is an innovative manufacturer of high-quality, high-performance well service pumps and fluid end parts. Josh Lowrey of Galtway Industries spearheaded recruitment efforts of Fox and Valtek.

If you know of any company that would benefit from PESA membership, please contact Ryan Bowley at rbowley@pesa.org.