2018 Annual Meeting
Emerging Opportunities in the Upstream

PESA’s Annual Meeting included thoughtful discussions ranging from oil price volatility to diversity and the energy sector’s future.

Full coverage, pages 2-11.

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Chairman’s Letter

PESA Members,

During the past five years, PESA’s exemplary performance in service as a voice for the oilfield equipment and services sector, promoting STEM and energy education, gender diversity, and our emphasis on social and fiscal responsibility, have raised the profile and burnished the brand that is PESA. Local, state and federal governments as well as other critical stakeholders have begun to view PESA as a source of unbiased information about our industry, the technical innovation of our sector and the markets in which we operate. The industry’s operators – our customers – are increasingly engaging PESA as a credible, reliable partner in dealing with the many challenges before our industry today.

This coming year, PESA joins the operators in tackling important concerns such as conservation; the social license to operate; ESG performance reporting and the court of public opinion.

Our voice is needed to continue our crucial education and advocacy programs. Last year, we contributed our unique insights to key public policy issues ranging from sanctions, to offshore access, to regulatory reform. While we will continue to advance our sector’s views on these issues, PESA’s current advocacy priority is trade policy, focusing on the potential impact to both global and domestic oilfield service and supply companies. PESA’s voice has a growing and substantive impact on global public policy issues that impact our member companies’ bottom line, and I am immensely proud of the difference that our targeted advocacy efforts have made and continue to make.

PESA’s voice is also showcased with our PESA/U.S. Department of State Foreign Service Officers Energy Industry Training Program, held twice a year in Houston. This training program educates U.S. diplomats on the technological aspects and business dynamics of our industry to promote better-informed decisions at embassy posts around the world.

We will celebrate the 25th anniversary of the program this year in August, with what we believe will be a very special Gala event for all PESA members and our operator partners, with keynote addresses from both U.S. Deputy Secretary of State John Sullivan and Council on Foreign Relations President Richard Hass.

I encourage all PESA members to attend and look forward to seeing you there.

Simultaneously, PESA continues to maintain a strong presence in areas of intense industry activity, especially the Permian Basin. As PESA meetings and events develop over the summer, please watch for opportunities to engage in this critical geographic area.

Finally, as our voice grows, we rely on the input of each PESA member company to engage on the key issues that we face together as a sector. In this way, your continued engagement in PESA and participation in PESA committees and programs is invaluable. PESA is truly a member-led organization and it cannot be emphasized enough that your contribution and involvement make PESA a true force in industry.

Lastly, please join me in a special thanks to Leslie, Molly and the rest of the PESA leadership team for the thoroughly professional job they are doing in advancing the voice of our organization with government, local communities and the industry across North America.

I look forward to seeing you in the coming months. In the spirit of continuous improvement, if you have ideas or recommendations for improving PESA and our programs – or if you simply wish to volunteer to serve in any of the PESA programs - please reach out to Leslie, Molly or me, and we will help.

All the best,

Dan Domeracki
PESA Chairman
PESA Members,

It was wonderful to see and visit with so many of you during our 2018 Annual Meeting in Greensboro, GA! It was an exceptional event featuring industry executives and thought leaders addressing upstream opportunities, and created valuable networking events for members. We had record attendance and added in a number of new program elements, including the roll-out of the PESA Gender Diversity Study and Recommendations. I am personally very invested in the development of this tool and potential for future applications and growth, and was so pleased to see the overwhelmingly positive response from our members. Watching you become incited to action on how to best promote and retain diverse leadership on your individual teams was incredibly rewarding. The Annual Meeting also signified the transition of chairmanship for the Association. Burk Ellison, President – Supply Chain Services, DistributionNOW, completed the year as Chairman; ending a very successful term focused on member engagement and increasing value for our organization.

This year was also the first time we recognized contributions individual members have made not only to the Association but more importantly on behalf of the oilfield service and supply sector.

PESA was pleased to recognize the following leaders for elevating the profile of the oilfield equipment and services sector.

**INDUSTRY ADVOCATE AWARD: BOB RYAN, DEPUTY GENERAL COUNSEL, STALLION OILFIELD SERVICES**

Presented each year to a Member who achieves outstanding work and unwavering commitment to advocating on behalf of the sector. Bob Ryan, Deputy General Counsel, Stallion Oilfield Services, was the recipient of the award, given for his work on the Government Affairs Subcommittee and participation in multiple PESA Washington, DC and Austin, TX Fly-Ins, where he has championed the sector’s position on key state and federal policy issues.

**INDUSTRY INNOVATOR AWARD: ANGELA KNIGHT, GLOBAL DIVERSITY LEADER, BAKER HUGHES, A GE COMPANY**

Presented each year to a Member who has shown significant engagement and leadership in charting a new course for the OFS sector. Angela Knight, Global Diversity Leader, Baker Hughes, a GE company, was the recipient of the award for her leadership in creating a sector-wide benchmarking tool for gender diversity.

**EMERGING EXECUTIVES AWARD: WILL LI, VICE PRESIDENT, LI GEAR**

Presented each year to a Member who has shown extraordinary leadership within the Association and externally in the OFS sector. Will Li, Vice President, Li Gear, was the recipient of the award, given for his work on the Emerging Executives Committee and participation in PESA events and trainings over a two-year time span.

**2018 MEMBER ENGAGEMENT AWARD: SCHLUMBERGER**

Presented each year to a PESA Member Company that has made extraordinary strides in engagement, including attending and hosting events, serving on committees and committee leadership, and participating in CID. Member companies are scored based on engagement/participation levels throughout the previous program year. This is designed to help members track and promote PESA engagement across their entire employee base, with total points accumulated weighted against company size in order to create a level playing field. This year the award was presented to Schlumberger.

We will continue to recognize our member achievements at the Annual Meeting, and look forward to all the milestones and accomplishments that we will have to celebrate at the 2019 Annual Meeting in San Diego, CA on April 24-26.

Leslie Beyer
PESA President

TOP to BOTTOM: Leslie Beyer, PESA; Bob Ryan, Stallion Oilfield Services; Donald Young, Hoover Ferguson; Angela Knight, BHGE; Michelle Lewis, DistributionNOW; Will Li, Li Gear; Dan Domeracki, Schlumberger; Burk Ellison, DistributionNOW
2018 Annual Meeting

“Emerging Opportunities for the Upstream Industry”

Keynote speaker General Colin L. Powell, USA (Ret.) kicked off the meeting Wednesday with a challenge to PESA Members and our leadership role in the global economy.

“Trust and confidence go both ways in an organization,” he said. “If you create an environment where everyone will thrive, and treat them as equals, your people will have a sense of purpose. If you delegate authority to the people who work for you, amazing things will happen.”

Incoming PESA Chairman Dan Domeracki, Vice President, Government, Industry & Global Stewardship, Schlumberger, opened the meeting on Thursday by highlighting the strength of PESA Members’ combined voice in the industry.

"Our future is forged in the crucible of decisions that we make today with respect to the markets, our work in the political environment we find ourselves, and the social realities that press on us."

DAN DOMERACKI
Schlumberger
Thursday’s upstream panel offered perspectives from **Jeff Shellebarger**, President, Chevron North America Exploration and Production Company; **Greg Hill**, President & COO, Hess Corporation; and **Brendan McCracken**, Vice President and General Manager, Northern Operations, Encana. PESA Vice Chair **Richard Alabaster**, President – Surface Technologies, TechnipFMC, moderated.

Overall, the speakers were optimistic the industry has hit the bottom of the downturn and foresee oil prices stabilizing.

“I am cautiously optimistic about the market,” Shellebarger said. “In a broader macro environment, the elimination of the surplus that has been overhanging the market for a while is looking better.”

Shellebarger said he believes the changes industry has made during this downturn have been sustainable, as they involved targeted execution of efficiencies in business operations.

“You have got to work on the efficiency side of the equation, and that should remain part of the business regardless of where oil price goes from here. We also need to take a real look at existing breakthrough technologies in other industries that have applications in our business and adopt them simultaneously,” he said.

Hill said he believes that investors in unconventionals will soon demand a return, and that long cycle times will take years before production of recent offshore discoveries hit the market. Supply chain stresses will also cause prices to increase.

“Shame on us if we squander a higher price, because I think we have done amazing things in eliminating waste and capitalizing efficiencies. I just hope that we stand together as an industry to continue that,” Hill said.

McCracken agreed, stating that industry’s collective focus on discipline and innovation has upended the global energy landscape.
Analysts Forecast Multi-Year Growth

The Analyst Panel, moderated by Kirk Shelton, President, NOV Completion & Production Solutions, engaged the speakers on an outlook of the industry, with both speakers forecasting multi-year growth in global D&C spending, with robust onshore spending and E&P capital spending that will further demand for oil services.

For the near term, however, Jim Wicklund, Managing Director – Energy Research, Credit Suisse, cautioned the sector to avoid overbuilding and to rely on capital discipline.

"Investors are scared to death that you guys will overbuild, and the whole cycle is going to roll over," he said.

Jud Bailey, Managing Director, Senior Equity Analyst and Head of Oil Services & Equipment Research, Wells Fargo Securities, agreed, saying that even through oil prices have increased, earnings estimates for a lot of service companies have gone down.

"Generally, stocks are going to follow earnings. If you want investors to look at an industry that's going to be more stable and have a return profile, they need to be comfortable with the management, cash flows and returns," he said.

Both analysts forecast a decrease in offshore spending, and Shelton asked what would trigger an incremental spend in that market.

"E&P's will have to feel confident that pricing is going to stay at a certain level," Bailey said.

In response to an audience question about how markets view the oil and gas sector, Wicklund said that most portfolio managers view energy as an afterthought.

"It's too cyclical for them to take any risks," he said. "And you've got hedge funds that are short term with immediate gratification. Long-range strategic planning, long-term value growth is not prioritized."

As to how that would effect the mergers and acquisition market, Bailey said that companies are going to have to be disciplined.

"M&A deals will be scrutinized closely by investors. Buyers are going to have to be very comfortable with what they're pursuing."
ESG Panel

PESA’s first-ever ESG panel featured commentary from John Mingé, Chairman & President, BP America; Stephen Arbogast, Director, Kenan-Flagler Energy Center, University of North Carolina; and Greg Gershuny, Managing Director, Energy and Environment, Aspen Institute. PESA Chairman Dan Domeracki, Vice President, Government, Industry & Global Stewardship, Schlumberger, moderated.

With relation to the industry’s corporate social responsibility efforts, the panelists agreed that oil and gas production has a long life ahead and this must be an area of focus as the industry evolves.

“Our study says that energy demand will continue to grow 35% out to 2040,” Mingé said. “Two-thirds of that is going to be fossil fuels, hydrocarbons. Even in the most extreme case, if you take the Paris Accord goals, oil and gas is still going to be an important source of fuel for the global economy.”

The challenge that the world faces with climate change shows up in many areas of education, transition to renewable energy and sustainability. From an ESG point of view, how the customers of the service sector are responding to these pressures and what they can do to align themselves with their customers will ultimately be good for business.

“There will be many opportunities for you to provide solutions to your major customers,” Arbogast said.

The speakers acknowledged that the energy conversation is changing.

“Operators are changing their business models, disclosing carbon risk and investing in technologies like carbon capture and storage (CCS),” Gershuny said. “That’s important to keep an eye on.”

And the climate conversation itself is not going to go away, Mingé said. It’s just going to get more intense.

“If I were a service company right now, I’d understand my own footprint, but I’d start to look at the operators. If they’re going to start focusing on this, where are those emissions? What areas of expertise do we have, and how can we help them at the lowest possible cost and the highest capital efficiency?” Mingé said.
Michelle Lewis, Chief Strategy Officer, DistributionNOW, presented the results of a groundbreaking diversity study from PESA’s Engagement Committee that analyzes the current state of female talent in the oil and gas industry.

“To be competitive in attracting top talent to our industry,” she said, “we need to find more ways to make it appealing, regardless of gender.”

The study analyzes the current state, in-flow, and out-flow of female talent and identified actions organizations can take to advance women into greater leadership positions.

The oil and gas industry has historically struggled with attraction and retention of female talent. In the United States, women comprise 47% of the workforce (15% within the oil and gas sector overall).

Today, in the U.S., women comprise 16% of the service, manufacturing, and supply sector of the oil and gas industry workforce.

Some key takeaways from the study are below.
Energy, Poverty and Carbon

Dr. Scott Tinker, Bureau of Economic Geology, University of Texas at Austin, spoke to the audience about the changing energy industry and how energy policy and technology can lift emerging communities out of poverty.

He described how the prevalent narrative is that nuclear energy and fossil fuels are “bad” and renewables are “good.”

“But the reality is that most people don’t know how electricity is made or where gasoline comes from,” he said.

Tinker said there are arguments on both sides of the equation, with some thinking that climate change is the most important issue of the moment, and fossil fuels are the problem, with others thinking that poverty is the most important issue of the moment, and fossil fuels are the solution. The challenge is to seek the middle through civil discourse.

“Half the world gets their energy from coal,” he said. “While demand has flattened in North America and Europe, energy consumption has tripled in these growing economies.”

Things such as electric cars aren’t going to solve the emissions problem, he said, because they still have to be charged and that energy has to come from somewhere. Then you add in the additional problems of the scarcity of rare-earth elements and worn-out technology.

“Nothing at scale is without environmental impact in the energy world. Environmentalists are getting duped by the bad conversation,” Tinker said.

Only by bringing together those on each side of the discussion spectrum into civil discourse in the radical middle, will we begin to have intelligent conversations about energy, he said.

The Global Energy Sector in Transition

Jason Bordoff, Professor of Professional Practice in International and Public Affairs Founding Director, Center on Global Energy Policy Columbia University, gave the last keynote address at the meeting, and reiterated what some other speakers had mentioned, which is that the global energy sector is in transition.

“As we all know, U.S. shale has disrupted the oil world,” Bordoff said. But shale production is more uncertain in the longer term.

U.S. shale projections vary widely, he said, and the price elasticity is highly uncertain.

“The future trajectory of U.S. shale production will greatly depend on oil prices and futures curve, cost inflation and deflation trends, technology and productivity gains, and capital market conditions,” he said.

The natural gas trade, he said, is switching to more flexible liquid natural gas (LNG), and that product is finding markets around the world. But the catch is that buyers are reluctant to sign long-term deals, so the producers are unable to sanction new projects. The next LNG markets will likely be China, India and Europe, he said.
Annual Meeting Program Roundtables

Six committees conducted roundtable discussions in order to educate members on current programs, recruit new members and solicit feedback.

PESA Committees manage a range of activities designed to educate, empower and elevate sector professionals and collective member companies. Active engagement with PESA Committees is an opportunity for professionals at all levels, and their companies, to show leadership, network with other industry leaders and gain recognition for helping improve the industry.

During the Program Roundtables at the 2018 Annual Meeting, Members heard reports from the following committee chairs and vice chairs:

**INTERNATIONAL OUTPOSTS SUBCOMMITTEE**
Committee Chair Scott Livingston, President, Intervention & Stimulation Equipment, NOV Completion & Product Solutions

**SUPPLY CHAIN**
Committee Vice Chair Cris Baker, President, Sigma Fasteners

**ENERGY EDUCATORS**
Board Member and Committee Chair Galen Cobb, Vice President – Industry Relations, Halliburton

**EXPLORERS OF HOUSTON**
Board Member Chuck Chauviere, President – Drilling Systems, Baker Hughes, a GE company

**GOVERNMENT AFFAIRS**
Advisory Board Member Matt Armstrong, Counsel and Director, Global Government Affairs & Policy, Baker Hughes, a GE company

**INTERNATIONAL TRADE POLICY**
Committee Chair Doug Polk, VP Industry Affairs, Vallourec

Member Companies interested in joining any of the PESA Committees should contact Molly Determan, VP Communications & Member Relations.
PESA Elects 2018-2019 Board Members

PESA elected several new industry leaders to the Board of Directors during the Annual Meeting. Schlumberger’s Dan Domeracki and TechnipFMC’s Richard Alabaster were elected as Chairman and Vice Chairman, respectively.

Appointed to a first term on the Board of Directors:

- **Larry Kerr**, Vice President & General Manager – Petroleum, Gardner Denver
- **Rod Larson**, President & CEO, Oceaneering International, Inc.
- **Kirk Shelton**, President, NOV Completion & Production Solutions
- **Donald W. Young**, Chairman & CEO, Hoover Ferguson

Reappointed to the Board of Directors were:

- **Dan Domeracki**, Vice President, Government, Industry & Global Stewardship, Schlumberger
- **Richard Alabaster**, President – Surface Technologies, TechnipFMC
- **Burk Ellison**, President – Supply Chain Services, DistributionNOW

Appointed to the newly formed Chairman Emeritus group:

- **Paul Coppinger**, Division President, Weir Oil & Gas
- **Galen Cobb**, Vice President – Industry Relations, Halliburton
- **Chuck Chauviere**, President, Drilling Systems, Baker Hughes, a GE company
- **Dave Warren**, President & CEO, Energy Alloys
- **Kevin Crowley**, President & CEO, Forged Products, Inc.
- **Mark Wolf**, Vice President, Legal – Subsea Services and Surface Technologies, TechnipFMC

Appointed to the newly formed Chairman Emeritus group:

- **Chris Cragg**, Executive Vice President – Operations, Oil States International
- **Robert Potter**, Board of Directors, Oil States International
- **Robert Workman**, President & CEO, DistributionNOW

2018 ANNUAL MEETING HIGHLIGHTS
Member Networking
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2018 Annual Meeting Sponsors

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PESA Foreign Service Officer Training

On February 5-8, PESA hosted its highly-regarded Oil and Gas Industry Training Program for 25 U.S. foreign and civil service officers from the Departments of State, and Trade and Development. The training program was developed to educate global energy influencers on technological innovations and business dynamics of our industry.

PESA’s International Programs Committee, who directs and develops the FSO Program, includes committee Chair Jock Pool, Oceaneering International, Inc.; Dan Domeracki, Schlumberger; Matt Armstrong, Baker Hughes, a GE company; Irene Flores, Chevron; Clent Rawlinson, DistributionNOW; Mack Moore, ConocoPhillips; Dr. Ken Medlock, Rice University; Jeff Mathews, TechnipFMC; Mike Bowie, BHGE; Laura Logan, ExxonMobil and Lindsy Sallee, NOV.

PESA Board and Advisory Board members met with the FSOs for an industry dinner on the third evening of the course. PESA members also attended a luncheon with the FSOs on the last day of the program at the Baker Hughes Center for Technology Innovation. During the luncheon, attendees had the opportunity to hear from a panel that spoke to the value of influence the Foreign Service Officers will have as they venture to their new posts across the globe.

The FSO 25th Anniversary Celebration Gala will be August 22 at the Houston Museum of Natural History. Registration is open and sponsorships are available.

> THANK YOU TO THE PARTICIPATING COMPANIES
On March 1, PESA hosted its 19th Annual Explorers of Houston Golf Tournament. PESA members and customers gathered at the Golf Club of Houston for a day of networking and friendly competition. With proceeds supporting the education initiatives including the Offshore Energy Center and the IPAA/PESA Petroleum Academies, the event’s strong turnout demonstrates PESA members’ dedication to education.

PESA Board Member and Explorers of Houston Committee Chair Chuck Chauviere, President – Drilling Systems, Baker Hughes, a GE Company, kicked off the tournament by welcoming attendees and thanking the teams.

Competing in a shamble, the Forum Energy Technologies/MRC Global team placed first with a score of 104: Keith Barnard, Forum Energy Technologies; Stuart Spears, MRC Global, Greg Peterson, MRC Global, and Lance Lorance, MRC Global.


The NOV team finished in third place with a score of 112: Scott Livingston, NOV; Brad James, Enterprise Offshore Drilling; Kevin Chapman, NOV; Jason McGuire, Parker Hannifin Corporation.

Individual winners were: Dwight Gross, IronGate Energy Services, Closest to the Pin in 2; Don Bishop, Arnco Technology, Straightest Drive; Beau Beason, DistributionNOW, Longest Drive; Carroll Hall, Gardner Denver, Closest to the Pin with a hole-in-one. Marco Vigueras, Throne Petroleum, was the winner of the fish bowl raffle for four rounds of golf on the tournament course.

“We are here to support PESA’s strong commitment to STEM and excellence in energy education. Your support today is integral to developing the next generation of industry leaders,” Chauviere stated.

> THANK YOU TO OUR SPONSORS

TOP: Leslie Beyer, PESA; Chuck Chauviere, BHGE; Beth Bradford, PESA
MIDDLE: Forum Energy Technologies/MRC Global Team
BOTTOM LEFT: Energy Alloys Team
BOTTOM RIGHT: NOV Team
2018 Spring Washington, D.C. Fly-In

Members met with Sen. Murkowski, Rep. Gohmert and more


As the Trump Administration and Congress move forward with their ambitious 2018 agenda, the Fly-In provided an opportunity for PESA and attending Member Companies to convey the importance of implementing policies that ensure the U.S. a secure supply of abundant, affordable and reliable energy in an environmentally responsible manner. Key issues raised during meetings with policy-makers were NAFTA modernization, offshore access and regulatory reform.

Attendees developed and strengthened relationships with nearly 30 Congressional offices, including Sen. Lisa Murkowski (R-AK), Sen. Cory Gardner (R-CO), Sen. Pat Roberts (R-KA), Sen. Michael Bennet (D-CO), Sen. Dan Sullivan (R-AK), Sen. James Inhofe (R-OK), Chairman Rob Bishop (R-UT), Chairman Greg Walden (R-OR), Congressman Louie Gohmert (R-TX) and other members of the U.S Congress, as well as House and Senate staffers.

The Fly-In program began with a briefing with Karen Knutson, Global Government Affairs & Policy Leader, BHGE. She shared her perspective on the legislative and regulatory priorities and challenges for the coming year.

Sarah Ladislaw, Director of Energy & National Security Programs, Center for Strategic and International Studies, hosted a roundtable forum at the think tank’s conference center. Ladislaw discussed the current geopolitical energy landscape and implications for the industry in the future.

Attendees also met with top energy policy staffers from the offices of Senate Majority Leader Mitch McConnell (R-KY) and House Speaker Paul Ryan (R-WI). In these meetings, staffers shared their views on the near-term outlook for the legislative agenda.

The PESA delegation also had the opportunity to engage with Deputy Assistant Secretary for Land & Mineral Management Kate MacGregor on offshore access, the well control rule, and methane venting/flaring regulations.
2018 Executive Leadership Program Begins

PESA’s 2018 Executive Leadership Program, sponsored by the Emerging Leaders Committee, launched its fourth consecutive year in January. The Executive Leadership Program provides an external opportunity for high-potential personnel to engage in a structured year-long program that develops leadership skills in preparation for the responsibilities of future roles. The program provides one-on-one executive coaching sessions, mentorship and networking.

“The value our member companies receive from this program is apparent as we continue to receive repeat registrations from our member companies each year,” said Leslie Beyer, President, PESA.

“The feedback we’ve received reflects increased productivity, better employee engagement, a higher-quality of decision making, and an avenue to nurture future leaders,” said a Participating Executive Leadership Member.

With more than 250 program participants to date, PESA continues to elevate the industry by investing in the next generation of industry leaders. The Executive Leadership Program is becoming an essential tool in PESA member company professional development strategies.

Featuring two courses, Engaging Leadership and Executive Presence, the 2018 Executive Leadership Program provides professional development and training for member company high performers. Through the program, participants cultivate relationships with peers and leading industry executives.

Pat Lipovski, International Executive Specialist, Envision Group, led the initial seminars in January with co-facilitators from Envision Group, an innovative global leader in corporate advising and coaching. The seminars were held at Caterpillar Oil & Gas.
Focusing on STEM Education

IPAA/PESA ENERGY EDUCATION CENTER UPDATE
The IPAA/PESA Energy Education Center supports education of the oil and gas industry, including the award-winning Petroleum Academies. The Center supports STEM curriculum at five engineering, geoscience and leadership academies at Houston and Fort Worth high schools.

2017-2018 academy activities included a Shell STEM Showdown, 2018 Summer Extern Program Training, Leadership Camp, Guest Speaker Lecture Series and more.

The mission of these academies is to make mathematics and science more meaningful and relevant, as well as to address the workforce development issue facing the industry.

2018 ANNUAL MEETING RECOGNITION
Board Member Galen Cobb, Vice President, Industry Relations, Halliburton, introduced Ashley Menendez, Senior in Chemical Engineering at Howard University, and a graduate of the IPAA/PESA Petroleum Academy at Southwest High School in Fort Worth. She was a recipient of a PESA scholarship for the upcoming year.

Advisory Board Member Santosh Mathilakath, President & CEO, LoneStar Group, introduced two Rice students who participated in the 2017 PESA/Rice Fellowship Program. Ashkan Rohani, senior in chemical engineering, interned with Baker Hughes, a GE company. Isabel Milton, senior in chemical and biomolecular engineering, interned with Schlumberger.
Natural Disasters Roundtable

The hurricanes of 2017 were unprecedented, with wide-ranging effects across the United States. PESA Human Resources and Health & Safety Committees jointly hosted a roundtable discussion about managing through a natural disaster on February 28 at National Oilwell Varco.

Panelists discussed the challenges faced by employers and best practices to implement moving forward. Jason Kuntz, Director – Systems QHSE & Quality Improvement, FairfieldNodal; Bob Bernazal, Director of Security, National Oilwell Varco; Holly Kriendler, Vice President, Human Resources, Oceaneering; Jock Pool, Director of Compliance, Oceaneering; and Roland Martinez, Human Resources Director, TechnipFMC served on the panel, which was moderated by Dave Warnick, VP Human Resources, Weir Oil & Gas.

Panelist shared their company’s experience during Hurricane Harvey, Hurricane Ike and the Tax Day floods. Bernazal aid having good data is critical, so employees can receive instructions. “We need to be able to respond to all levels of the organization and be able to make contact through employees in various methods,” Bernazal said.

Supply Chain Seminar

The 2018 PESA Supply Chain Seminar included key operators who addressed accomplishments achieved with service and supply sector partners during the downturn and leveraging supply chain efficiencies. Supply Chain Committee Chairman Brad Wise, Vice President, Marketing, DistributionNOW, moderated the seminar held February 22 at Baker Hughes, a GE company.

Jud Bailey, Senior Equity Analyst, Wells Fargo, opened with a market outlook and trends for service, supply and manufacturing companies to focus on.

“There will be a broad reflation across the market,” Bailey said. “We forecast an increase in global drilling and completion spend in 2018, driven by an increase in U.S. lower 48 spend, possibly close to 20%.” In the U.S., Bailey predicts service cost inflation will be offset by efficiencies.

Scott McKaig, Director – Technical Sourcing, Transocean, focused on the importance of aligning operator drivers with supplier drivers. He highlighted the importance of moving beyond competitive bidding and negotiation, focusing more on balancing business objectives.

BP’s Pedro Rodriguez, Director of Strategic Relationships for Well Operations, provided insight on how BP has created value by building trust between its organization and its service providers.

Alan Killion, Vice President, E&P Services, WPX Energy, provided insight into how WPX’s supply chain management team has helped to streamline operations.
Advisory Board Leadership Forums

The Emerging Executives Committee hosts bimonthly leadership forums with PESA Board and Advisory Board Members. Michelle Lewis, DistributionNOW and Pat Bond, Gravity Oilfield Services, recently shared their thoughts.

Michelle Lewis, Chief Strategy Officer, SVP, Corporate Development & Investor Relations, DistributionNOW, shared her approach to leadership development in January.

“Being a leader is not about having all of the answers; it’s about asking the right questions,” she said.

Lewis provided inspiration on how to navigate through market cycles from a personal perspective.

“How can you ask yourself the following questions: What is your why? Why are you motivated? Why do you push forward? Why do you persevere?” Lewis asked. “Having answers to these questions will provide important insight into yourselves. It will give you the tools you need to evolve and change.”

When downsizing occurs in the industry, attitude and behaviors change under duress. The process is difficult for everyone, so recognizing a co-worker’s deepest needs is important. Lewis said she hopes that everyone can find a place to love where they work, love who they work with, and know someone appreciates you. She said that she tries to make others feel appreciated, and when asked if she could put her thoughts on leadership on a bumper sticker, she said, “Be Kind.”

Pat Bond, Co-CEO, Gravity Oilfield Services shared his thoughts in March. He discussed merging cultures while maintaining both functional and operational excellence.

Bond shared his oilfield industry service throughout the years, focusing on his experience going through many mergers and acquisitions. Bond said that in the past, there was little emphasis on developing culture and integrating the companies. Today, however, the top priorities during an M&A are developing culture, employee integration and engagement.

“During a company merger, embracing change, blending cultures and consistent positive communication is the key to success,” Bond said. “Change the conversation from negative to positive. It’s easy to get caught up in the negative, and it is counterproductive. During the transition period, those that embrace change and are part of the solution will succeed.”

Bond also addressed the importance of getting involved to build community internally and externally. Networking through trade associations, such as PESA or non-profits, to engage in the community can bring new ideas and connections that are invaluable.

Bond explained that leading companies identify and agree on best practices, and then optimize those values to maintain operational and functional excellence. By deciding what’s best for the organization, with clear communication, companies can then move forward.
West Texas District Meeting

PESA welcomed Paul Morris, Founder & CEO, Elk River Resources and Rio Oil & Gas Chairman, as the keynote speaker for a West Texas Regional District Meeting on April 3 at Green Tree Country Club in Midland, TX. PESA members and guests from more than 40 companies attended the meeting.

Morris shared his history in the industry and explained how his company has realized exponential growth due to technology and innovation. He cited technologies such as new drilling fluids, directional drilling techniques, casing and tubular programs, metallurgy and the total redesign of fracking completion techniques as allowing the industry to improve. Morris acknowledged that this would not be possible without the dedicated individuals working in the industry with a common mission and vision.

G. Allen Brooks, Managing Director, PPHB, opened the meeting with an economic outlook presentation.

The event was chaired by PESA Advisory Board Member and incoming 2018-2019 West Texas Regional District Chairman Wayne Richards, President & CEO, GR Energy Services.

The goal of the West Texas Regional District Meetings is to create group settings where PESA members can benefit from the ability to address region-specific issues through an influential industry group, engage in best-practice sharing within antitrust compliance and receive sector-specific industry intelligence.

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PESA Joins Industry, Comments on Tariffs and Trade

Since March, PESA has worked with a coalition of trade associations to encourage the Trump Administration to take a multilateral approach to tariffs on steel/aluminum tariffs, NAFTA and tariffs on Chinese goods.

STEEL/ALUMINUM TARIFFS
On March 19, PESA joined the Alliance for Competitive Steel and Aluminum Tariffs (ACSAT), which represents steel and aluminum downstream users and U.S. exporters. ACSAT is being led by the National Foreign Trade Council (NFTC) and comprised of more than 40 trade associations (including PESA, IPAA and API). ACSAT’s objective is to promote policies that drive competitive U.S. steel/aluminum production, assist workers impacted by trade, and eliminate prolonged import protection measures.

On May 17, ACSAT submitted comments urging the Department of Commerce to revise the regulations governing the 232 tariff exclusion process. PESA strongly believes that tariffs are not the right way to address global over-capacity in steel and aluminum created by China’s unfair trade practice.

PESA also worked with the American Petroleum Institute (API) to compile a list of the impacted service/supply sector HTS codes that was included by API in an initial Section 232 impact analysis report.

NAFTA
High-level trade officials from the United States, Canada and Mexico have indicated that talks recently had been gaining momentum after making little progress for months. However, contentious issues such as tariffs on automotive and farm goods, as well rules for handling investment disputes, remain matters of key interest to the energy industry.

Trade talks broke down at the end of May and President Trump announced tariffs of 25% on steel and 10% on aluminum. The tariffs will apply to Canada, Mexico and the European Union.

Experts say negotiations may now go into 2019.

CHINA 301 TARIFFS
On May 11, PESA submitted comments to U.S. Trade Representative Robert Lighthizer outlining how the Administration’s proposed tariffs on $50 billion worth of Chinese imports would impact the oilfield service, supply and manufacturing sector.

However, the Administration announced on May 30 that a 25% tariff on $50 billion of Chinese goods with “industrially significant technology” would be imposed. The full list of imports that will be subject to the tariffs will be announced by June 15, the White House said, with implementation shortly thereafter.

U.S. Trade Representative Robert Lighthizer’s investigation into Section 301 of the Trade Act of 1974 identified four policies that the Trump Administration said puts more than 44 million American technology jobs at risk, including:

- Forced technology transfer
- Requiring licensing at less than economic value
- Chinese state-directed acquisition of sensitive United States technology for strategic purposes
- Outright cyber theft

PESA has joined with more than 100 associations in protesting these tariffs and urging the Administration to instead develop a comprehensive strategy to effectively address China’s unfair trade practices by aligning with Congress and like-minded trading partners.

To read more about PESA’s work regarding these issues, visit https://pesa.org/news/industry-news/

HOW YOUR COMPANY CAN GET INVOLVED

PESA has Committees and Task Forces where Member Companies can help define PESA’s positions on national and international policy and trade issues. These groups include Government Affairs, International Trade Policy, Policy and the Mexico Task Force. Members who are interested in joining any of the PESA Committees or wish to be added to a communications list should contact Molly Determan, VP Communications & Member Relations.
Focus on Emerging Leaders

High Performer Spotlight

Andy Warren
General Manager, Americas
Energy Alloys

What influenced your decision to enter the oil and gas industry?
With my education in physics and math, and my passion rooted in sports, I have always been drawn to the technical challenges and competitive spirit of the industry. When I started working with Energy Alloys, I enjoyed the relationships created, the opportunities offered and the fact that hard work was expected, noticed and rewarded.

What was your impression of the industry beforehand and how has it evolved?
The first half of my career saw year-after-year growth, and an industry focused on deeper water, and more complex and deeper wells. The last five years have seen almost a complete change in direction, both in the type of well now being drilled, as well as the growth trajectory of activity in oil and gas. With this most recent downturn, the focus shifted to costs, and every company had to provide more value to its customer base to distinguish itself amongst its peers.

What have you found to be the most surprising about the industry?
The capital intensive nature of the oilfield supply chain is something that continues to surprise me. Whether it is raw material used to make down-hole tools, rigs required to drill, fleets required for pressure pumping, OCTG for the string, or any-other thing else along the way there is a significant investment required to participate competitively.

What do you find the most challenging and most rewarding about the industry or your work?
The large swings in activity level of the industry — and the challenges associated with trying to respond quickly and right size the business accordingly — has definitely been the hardest for me on several different levels. A close second would be how forecasts from customers are either non-existent or inaccurate, and I’m not sure which is worse! It has been very gratifying to work with and lead teams of people that continue to accomplish goals and help customers in an ever-changing market.

What role do you believe you will play in the industry’s future?
I’ve had the fortunate experience of working for a medium-sized privately held company with a global footprint. The family-like culture has shifted to a little more structure as we’ve grown, but we’ve managed to hold on to that personable aspect that drew me to the company when I first started. We’ve managed to do this on a global scale! I think that even outside of our company, the culture of the industry is one of safety, hard work, passion, innovation and entrepreneurship. I hope to coach and mentor others to be future leaders with a commitment to preserving these core values.

How has your involvement in PESA supported your career goals?
PESA has provided me with networking opportunities with industry leaders and executives that have become new business opportunities, engagement with other people to exchange management ideas and long-standing friendships.

Tell us about some of the people you’ve met while working in the industry and how they’ve impacted your thinking.
I’ve had the opportunity to live in the Middle East and manage Energy Alloys’ facility there. I’ve also spent a significant amount of time visiting and working with our UK facility. It amazes me that no matter where you are on the globe or which culture you interact with, the oilfield language, service expectations, people skills and basic supply chain principles still apply. It’s important to maintain a solid company culture that encourages ideas from different parts of the globe, but also maintains a consistent face to employees and customers regardless of your physical location.

What would you tell someone who is thinking about entering the oil and gas industry?
Go for it! The energy industry provides global opportunities, unique problem-solving requirements and worthwhile products used by everyone across the world.
Q1 New Members

"PESA’s ability to deliver on the needs of the diverse oilfield service, supply, and manufacturing sector is shown by our continued growth in membership," said PESA President Leslie Beyer.

Top 15 Destinations for Q1 2018 (in U.S. $1,000)

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<tr>
<th>Country</th>
<th>JAN</th>
<th>FEB</th>
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Subtotal: 77,250 79,888 102,374

All Other: 82,989 70,423 70,871

Total: 160,239 150,311 173,245

Sources: Data has been compiled from tariff and trade data from the U.S. Department of Commerce and the U.S. International Trade Commission.

UPCOMING EVENTS

June 28
West Texas District Meeting, Featuring Dave Stover, Noble Energy Odessa

July 26
Executive Address Topgolf, Houston

August 13
Leadership Forum With Craig Lange, Caterpillar Oil & Gas Houston

August 22
FSO 25th Anniversary Gala Houston

September 18
Membership Luncheon Houston

September 26-27
Washington, DC Fly-In Washington, DC

October 3-4
Oil & Gas 101 Houston

Find all of our upcoming events at www.pesa.org