2017 Annual Meeting

Industry Faces New Challenges

The changing face of the industry and the need to manage risk will occupy the market in the near future, PESA experts said.

More on the inside cover.
PESA Members,

For the past two years, much discussion has focused on the question of when the market will recover.

As crude oil prices strengthened during 2016, I know we wanted to believe we were on a firm road to recovery. However, as demonstrated by the events of the last few months, almost all analysts are projecting continued market volatility.

So, what are the implications for our sector? We obviously want to be optimistic and get back to providing the services, supplies and technologies our customers rely on. However, as prudent business leaders, I suspect we will pause a bit longer to fully vet contingency options for cases of continued market lows.

Throughout my career, markets have fluctuated and new challenges and opportunities have arisen. What I have found is that successful companies are the ones that plan for the long term and work to strengthen our sector as a whole through industry groups such as PESA.

Looking to my term as Chairman, I have laid out three goals for the continued success and improvement of our association, which you can see below.

PESA exists and prospers because it offers specific benefits to its members that cannot be realized individually. We have done this successfully for more than eight decades, and we will continue to do so in the years ahead.

As we face the challenges of tomorrow, we must not shy away from directing our talent, technology, and entrepreneurial spirit towards navigating these challenges, both for the good of our industry and society. PESA will be an important part of how our sector navigates that change. Our sector and our industry is stronger when we work together.

Companies across the oilfield service, supply and manufacturing sector see real value from PESA and know the association is working to strengthen both their individual companies and the entire sector.

I am honored to serve as PESA Chairman this year. I am confident that with the right focus, continued innovation and a commitment to working together, we can successfully navigate the challenges we face now and in the future.
We sincerely appreciate our 2017 Annual Meeting corporate sponsors – the largest group we have had for an Annual Meeting. The event had an outstanding lineup of leading industry executives who addressed their ideas on how to navigate a market in transition, and our generous corporate sponsors made that possible. We're highlighting the key takeaways in this edition of the PESA newsletter.

Leslie Beyer  
PESA President

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PESA
ANNUAL MEETING
2018
April 25-27
GREENSBORO, GA
The 2017 PESA Annual Meeting focused on opportunities and challenges for the upstream industry in transition. Incoming PESA Chairman Burk Ellison, President, Supply Chain Services, DistributionNOW, opened the meeting by setting the tone for the conference and giving insight into the theme.

“We deal with a broad variety of risks during all business cycles. Geopolitical, technical, environmental and policy risks must always be considered, but particularly in a volatile market like today. Effectively managing these risks will go a long way in ensuring a stable outlook for the oilfield service, supply and manufacturing sector.”

“We while we continue to navigate through some choppy waters, we must think beyond the immediacy of today. It is time to consider impending industry and societal transitions, how they will impact our companies, and how we will navigate these changes,” Ellison said.

Keynote Speaker Karl Rove, former White House Deputy Chief of Staff and Senior Adviser to President George W. Bush, shared insight into the new Administration, stressing the importance of confident decision-making in the near future with regards to budget and tax reform.

“The more success the new administration has on passing laws early on, the greater and more robust the tax reform can be,” Rove said.

Although fundamentally optimistic, Rove also voiced his concern about the state of the world, questioning if the United States will be isolated and inwardlooking or active and engaged. “We need to be active and engaged or things are not going to go well,” he said.

With regard to energy, when asked about Arctic development, Rove leaned toward the likelihood it will happen. “With the aid of an Alaska delegation, I think more of it will be made possible. Alaska needs it for revenue and for jobs, and the U.S. Administration will more than likely focus on fulfilling its own energy needs,” he said.

“It is time to consider impending industry and societal transitions, how they will impact our companies, and how we will navigate these changes.”

Burk Ellison
DistributionNOW
2017 Annual Meeting
Onshore Panel Highlights

The changing dynamics of the oil and gas industry was the focus of the onshore panel. Speakers gave overviews of their respective companies and insights into the current market.

Vicki Hollub, President and Chief Executive Officer, Occidental Petroleum Corporation (Oxy), discussed the United States’ oil production position to moderate oil prices, highlighting that cancelled projects will help bolster this effort.

Hollub also spoke about Oxy’s oil and gas core focus in the U.S. – the Permian Basin. In the Permian, a proven value-based development approach and improvements through technology advancements has earned Oxy the largest operated position in the region. She discussed her recent visit to the Middle East, a region that is starting to understand that the Permian can produce wells even at $40 a barrel.

“The Permian is impacting the world and it’s relevant. I’m fairly optimistic that we will see $55/bbl, but more than likely not much more than that. As prices are stabilizing and we get better at what we are doing in the Permian, I don’t expect us to see $70 anytime soon.”

With regard to inevitable cost increases from service companies and suppliers, Hollub highlighted some of the things Oxy is doing to offset those costs.

“We are using data analytics, drilling multi-lateral wells, improving drilling optimizations and putting in logistics hubs. That is where service providers come into play. We want to make sure our cost is optimized as well as yours,” she said.

Hollub closed by sharing suggestions to service companies and pointing out that innovation, risk taking, technical excellence and execution efficiency are key.

“Safety as a culture, focus on core strengths, integrated planning, effective communication and sharing knowledge resources where possible are all elements of a successful relationship between operators and service companies,” she said. “Working together, we can do a better job of helping each other and jointly manage costs.”

Ken Mariani, President, EnerVest, spoke to where his company stands in today’s environment. Although EnerVest is focusing on recapitalizing funds in the Barnett and the Mid-Continent region, they are also deploying new capital in the Eagle Ford and actively developing high-quality assets in Virginia.

“Our spending is on an upward trend, primarily in the Eagle Ford; a third on pumping services, tubulars and drilling services,” he said.

When asked what would move the needle with regards to a technology standpoint, the panelists discussed well recovery and completion technology as needing some attention. “Drilling is so efficient today, but there is room for improvement on the completion side,” Hollub said.

Mariani expanded on that idea, expressing how critical it is to understand data. “In our industry on the completion side, there is so much information, and we often just don’t understand it. That’s where our opportunity lies: data management and analytics,” he said.

TOP: Ken Mariani, President, EnerVest
MIDDLE: Vicki Hollub, President and Chief Executive Officer, Occidental Petroleum Corporation
BOTTOM: Paul Coppinger, Division President, Weir Oil & Gas
Demand will continue to grow and offshore activity will play a large part of that growth, said members of the offshore panel when discussing the current market.

According to John Mingé, Chairman and President, BP America, Inc., the industry is in a lower (price) for longer environment, but not forever.

“The market is still robust. Oil and gas demand is going to continue to grow over the next 20-30 years and therefore we need to prepare for a longer period for prices in the $45-60 range. The way producers and service companies work together, drive productivity and how we make returns on projects is critical,” he said.

Mingé also spoke about the focus of value over volume within the offshore space. “Growing our returns and focusing on high margin projects will help grow returns of the business,” he said.

Ali Moshiri, President, Chevron Africa and Latin America Exploration & Production Company, also addressed the importance of service providers. “An integrated company of our size like ours cannot operate without your help and support. At the end of the day, our industry would not be able to survive without the service providers,” Moshiri said.

Moshiri was very optimistic about the role offshore will play in the future.

“If you are looking for replacement ratio and increased production for the long term, you have to have a long cycle project. That is where offshore will be significant.”

“Although unconventionals are good for the short cycle cash flow, I think we need to make sure we are keeping our eye on the long term in deep water operations. Onshore fields that are in decline or depleted will need to be balanced with some other production. I think offshore will come back strong over the next couple of years, potentially 2019 or 2020,” Moshiri said.

Rob Saltiel, President & CEO, Atwood Oceanics, Inc., spoke about being more efficient as an industry. “We need to continue to find ways as an industry, service providers working along with operators, to make more of the provinces and basins around the world more attractive at lower break-even prices,” he said. “And technology is going to play a key role relative to drilling efficiencies.”

When asked about standardization, consolidation and efficiencies, the panel agreed the collaboration between the operators and the service provider is vital. “It is a challenge, but we have to work together,” Saltiel said.
PESA’s first-ever midstream panel provided insight on the midstream space and how each of their companies are currently growing.

**Mike Howard**, Chairman and CEO, Howard Energy Partners, addressed how his business is growing, especially in the Permian and Latin America. Howard also spoke specifically to a changing market in Mexico, and how his company has leveraged their position to grow stronger in the region.

**Randy Lentz**, President and CEO, Medallion Midstream, LLC talked about how this industry is a relationship business, and noted Medallion’s gathering station facilities have grown in several different basins as well as processing facilities.

**Rob Wingo**, Senior Vice President, Midstream and Marketing, Rice Energy, shared how Rice has grown through aggressive organic leasing, primarily in the Marcellus Shale. Over the past several years, Rice’s midstream business has grown exponentially in the Marcellus and Utica shales, providing gathering, compression and water services in the area.

When the panel was asked about how the new Administration would affect access rights in each of the geographies they play in, the responses for the most part were unanimous. They believe that under the Trump Administration, there won’t be support for blocking infrastructure projects.

Considering the Administration’s interest in new projects, many midstream projects may be pursued over the next four years.

“As long as laws are followed as projects unfold, we are very positive about this new administration,” Howard said.
The analyst panel, moderated by Cindy Taylor, President & CEO of Oil States International, Inc., engaged with the audience on the outlook of the industry, with three unique perspectives.

Brandon Blossman, Managing Director, Midstream Research, Tudor, Pickering, Holt & Co., said he is bullish on crude.

“We think there will be global demand growth, OPEC won’t try to crush U.S. shale and that the U.S. will largely be the provider of incremental demand growth for the next 3-5 years,” he said.

James C. West, Senior Managing Director & Partner-Oil Services, Equipment & Drilling Fundamental Research, Evercore ISI, is bullish on crude and offshore. He also expects a rapid explosion in capital spending over the next few years.

“North America is a great market and is only going to get better this year,” West said.

James Wicklund, Managing Director, Energy Research, Credit Suisse, agreed the U.S. is in a great position. But he shared his concerns about the current environment where companies are getting price increases, hiring people and paying retention bonuses.

“We have to get better faster. We can’t continue to get better at the same rate we have been over the past 12 months,” he said.

When asked about investments in the high-profile Permian Basin, the panel agreed that although shale will always be in the picture, it is a short-term investment situation.

“The Permian is going to continue to grow for the next several years,” Wicklund said, “but not knowing where the oil price is going to be makes it difficult.”

As market conditions inevitably improve, a focus on innovation, sustainability and collaboration remains key. PESA members will continue to work together to drive innovation through dynamic change, conquer challenges and create opportunities throughout the downturn cycle and beyond.
The PESA Board of Directors elected Burk Ellison, DistributionNOW, as its 84th Chairman and Dan Domeracki, Schlumberger, as Vice Chairman for the 2017-2018 term. The leadership was announced at the PESA Annual Meeting on April 20.

“PESA exists and prospers because it offers specific benefits to its members in the oilfield service and supply sector that cannot be realized individually. We have done this successfully for more than eight decades, and we will continue to do so in the years ahead,” Ellison said. “I am honored to serve as PESA Chairman this year. I am confident that with the right focus, continued innovation and a commitment to working together, we can successfully navigate the challenges we face now and in the future.”

Ellison is the President of Supply Chain Services for DistributionNOW. Ellison’s 37-year career with DistributionNOW started in Healdton, OK. He has worked his way through the organization, holding various operations and sales positions. He has a bachelor’s degree in business administration in marketing from Eastern New Mexico University.

Dan Domeracki is Vice President, Government, Industry & Global Stewardship for Schlumberger. Domeracki is an executive corporate sponsor for selected acquisitions, served on the Schlumberger Gender Diversity board and is an active sponsor in the Reservoir Engineering Community SIG in Schlumberger’s Eureka organization. He holds a master’s degree in geology from the University of South Carolina.

Also elected this year are three new Board members from the PESA Advisory Board. Chuck Chauviere, President, Drilling Systems, Baker Hughes, a GE Company; Kevin Crowley, President & Chief Executive Officer, Forged Products; and Charles Davison, President & CEO, Fairfield-Nodal will serve on the Board for the 2017-2020 term.

“Under the board’s leadership, PESA is developing into a stronger voice for the energy industry’s service, supply and manufacturing organizations while continuing to provide direct benefits to our members,” explained PESA President Leslie Shockley Beyer.

“It has been a pleasure working with outgoing chairman Paul Coppinger, and I look forward to continuing this momentum with Burk and Dan as we face new challenges and opportunities for our members and our sector of the industry.”

2017-2018 PESA Board of Directors

Burk Ellison, President – Supply Chain Services, DistributionNOW; Dan Domeracki, Vice President – Government, Industry & Global Stewardship, Schlumberger; Paul Coppinger, Division President, Weir Oil & Gas; Dave Warren, President and CEO, Energy Alloys; Galen Cobb, Vice President, Industry Relations, Halliburton; Robert Workman, President and CEO, DistributionNOW; Christopher Cragg, Executive Vice President – Operations, Oil States International, Inc.; Mark Wolf, Vice President Legal – Subsea Services and Surface Technologies, TechnipFMC; Bob Moran, Vice President, Government & External Affairs, Halliburton; Charles Davison, Jr., President and CEO, FairfieldNodal; Richard Alabaster, President – Surface Technologies, TechnipFMC; Chuck Chauviere, President, Drilling Systems, Baker Hughes, a GE Company; Kevin Crowley, President and CEO, Forged Products, Inc.
Washington, D.C. Fly-In Report

As the new Administration and Congress begin to move forward with their agenda, the oil and natural gas industry is experiencing a sense of optimism. Representatives from PESA member companies met with Congressional members and staff during the PESA Washington, D.C. Fly-In held February 26-28.

The Fly-In provided an opportunity for PESA and attending member companies to convey the importance of implementing policies that ensure a secure supply of abundant, affordable, and reliable energy for the American people in an environmentally responsible manner.

Attendees developed and strengthened relationships with more than 20 Congressional offices including Sen. Ted Cruz (R-TX), Sen. Sherrod Brown (D-OH), the House Majority Whip Sen. Steve Scalise (R-LA), and other members of the U.S Congress, as well as House and Senate staffers.

Fly-In participants emphasized the important role that oil and natural gas plays in modern life, while also highlighting the service and supply sector’s commitment to innovation, safety, and job creation in our diverse manufacturing and engineering workforce. Meetings were also held with lawmakers representing areas outside the oil patch, enforcing our message of the entire energy value chain.

The attendees divided into five groups to meet with Congressional offices. Small group structure provided each attendee the opportunity to discuss detailed contributions to job creation and innovation, as well as potential negative impacts and unintended consequences that regulations may have on businesses.

In between Congressional meetings, Fly-In attendees had lunch with David Bernhardt of Browstein Hyatt Farber Schreck. Bernhardt served as an advisor to the Trump Transition Team for issues associated with the Department of the Interior (DOI). Bernhardt shared his insights on the process to bringing in a new leadership team at DOI and other departments and agencies.

The Fly-In program also included presentations and discussions with representatives from a policy institution and DC-based leadership of multiple E&P companies. These discussions began on Monday morning with a presentation by Adam Sieminski from the Center for Strategic and International Studies. Sieminski discussed the current geopolitical energy landscape and the implications for the industry in the future.

Following Sieminski’s presentation, attendees heard from an operator panel of DC-based representatives...
including Mary Streett, VP Communications and External Affairs, BP; Bill Koetzle, Manager of Federal Government Affairs, Chevron; and John Dabbar, VP Federal and State Government Affairs, ConocoPhillips. Specific regulations and legislation of importance, as well as the overall policy and political landscape in Washington regarding the oil and natural gas industry were discussion topics.

On Monday afternoon, all attendees 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 key legislative initiatives including the overhaul of the Affordable Care Act and tax reform.

While at the Capitol, PESA attendees crossed paths with Texas Gov. Greg Abbott who was in town for the National Governors Association meeting. Abbott was pleased to learn PESA was engaging with members of the U.S. Congress on the importance of the oil and natural gas industry and the commitment of the service and supply sector to innovation, safety and job creation.

While the outlook for the energy industry is positive, there is still plenty of uncertainty on many policy issues, as well as continued challenges from the anti-fossil fuel movement. It is paramount that PESA and member companies continue to educate policymakers about the sector, our shared commitment to innovation, safety and job creation, and the importance of oil and natural gas to society.
Explorers of Houston Golf Tournament first place team.

LEFT to RIGHT: Jon Landes, TechnipFMC; Ernie Leyendecker, Anadarko; Bill Valka, TechnipFMC; Danny Hart, Anadarko
On March 2, PESA hosted its 18th 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 Offshore Energy Center and the IPAA/PESA Petroleum Academies, the event’s strong turnout demonstrates PESA members’ dedication to education.

“With a continued focus on education, PESA creates truly unique networking opportunities to unite those who are invested in educating and enriching the next generation of industry leaders,” stated Explorers Committee Chairman Robert Workman (right), President & CEO, DistributionNOW.

Workman kicked off the tournament by welcoming attendees and thanking the 31 teams entered in the tournament. Competing in a shamble, the TechnipFMC team placed first with a score of 113. The Forum Energy Technologies team followed in second place and the Gardner Denver team finished in third place.

Individual winners were Ed Keppler, C&J Energy Services, closest to the pin in two; Bill Losa, Cameron, a Schlumberger Company, straightest drive; Chris Adams, ConocoPhillips, longest drive and Eric Johnson, Locke Lord, closest to the pin.

The tournament allowed PESA member companies and customers to cultivate relationships. Thank you to everyone who supports the Explorers of Houston in positively influencing the future leaders of the energy industry.

PESA thanks the tournament title sponsor Schlumberger, as well as DistributionNOW, Energy Alloys, Gardner Denver, GE Oil & Gas, LoneStar Group and World Oil for sponsoring this important event.
2017 FSO Training Concludes

On February 6-9, PESA hosted the highly-regarded Oil & Gas Industry Training Program for 25 U.S. foreign and civil service officers from the Department of State. Attendees heard from industry and subject matter experts at Chevron, Citi, FairfieldNodal, Gaffney, Cline & Associates, Halliburton, National Oilwell Varco, Rice University's Baker Institute, Schlumberger, TechnipFMC and Baker Hughes, a GE Company.

The training program was developed 24 years ago to educate global energy influencers on the technological innovations and business dynamics of our industry, allowing for stronger relationships between industry/U.S. interests abroad and promoting better-informed decisions at embassy posts.

PESA’s International Programs Committee, who oversees this training, includes both PESA members and operator partners, including Committee Chairman Jock Pool, Oceaneering International, Inc.; Matt Armstrong, Baker Hughes, a GE Company; Irene Flores, Chevron; Clent Rawlinson, DistributionNOW; Mack Moore, ConocoPhillips; Laura Logan, ExxonMobil; Dr. Ken Medlock, Rice University; Jon Landes, TechnipFMC; Mike Bowie, GE Oil & Gas; Bob Moran, Halliburton; Dan Domeracki, Schlumberger; Barry Donaldson, TETRA Technologies and Lindsy Sallee, National Oilwell Varco.
The committee develops the FSO training course curriculum with a focus on specializing technical content and promoting the industry’s achievements in efficiency, sustainability, global poverty reduction and local content development.

PESA Board and Advisory Board members met with the FSOs for an industry dinner on the third evening of the course. Ambassador Mary Burce Warlick, Acting Special Envoy and Coordinator for International Affairs, U.S. Department of State, addressed the group, thanking PESA for directing the program and emphasizing the importance of collaboration between the industry and State Department.

PESA members also attended a luncheon with the FSOs at the Baker Hughes Center for Technology Innovation. During the luncheon, attendees heard from a panel including Jay Martin, VP, Chief Compliance Officer, Sr. Deputy General Counsel, Baker Hughes, a GE Company; Julie Furuta-Toy, U.S. Ambassador to Equatorial Guinea; Dan Domeracki, Vice President of Government, Industry and Global Stewardship, Schlumberger; and Mamadou Beye, General Manager of Policy, Government and Public Affairs, Chevron Africa and Latin America E&P Company.

The panel addressed the importance of collaboration between the U.S. Department of State and the oil and gas industry.

“Long-lasting, sustainable relationships between U.S. Embassies and oil and gas companies begin with awareness, communication and engagement,” Martin said. Furuta-Toy reiterated the need for early communication when issues arise to find resolution in partnership with the local embassy. The panel also discussed the value of cross-cultural training particularly in this global industry and taking steps beyond the FSO industry training to understand how companies operate.

“This training program is a collaborative effort designed to familiarize foreign and civil service officers with the energy industry, driving stronger collaboration with operations in country and influencing informed energy policy decisions,” said Leslie Beyer, PESA President. “Like other PESA training programs, the FSO Training addresses technologies that drive our industry, and the geopolitical and economic landscape in which we operate.”

PESA thanks all companies and individuals who provided their time, expertise and leadership to make this critical program a success. PESA conducts FSO Trainings biannually with the next training session scheduled for August.
As the business outlook slowly improves for the oil and gas industry, PESA’s 2017 Legal Seminar focused on prospects for and issues surrounding investments in the OFS sector. More than 110 members of PESA and the Association of Corporate Growth (ACG) attended the seminar, which was sponsored by Simmons & Co. and held May 17 at the Houstonian.

PESA Advisory Board Member Sanjiv Shah, Managing Director, Simmons & Co., moderated a panel of experts that included Vince Foster, Chairman and CEO, Main Street Capital Corp., Bret West, EVP & Division Head Energy Services & Equipment, Wells Fargo, and Daniel Tristán, Partner, Baker Botts. Shah opened the program with an overview of the market and recap of recent IPO and M&A activity. IPO activity had been minimal during the last few years, but since October 2016 there have been eight deals. The current runrate for the year would suggest 2017 will close out with 15 IPOs. On the M&A front, generalist private equity drove an increase in M&As during 2013 and 2014, but with the decline in energy prices, M&A deal flow has declined substantially during the last few years. Looking to future activities, Shah believes there is $80 billion of dry powder private equity capital cash reserve poised to invest in the U.S. energy industry.

Panelists then addressed a wide range of questions. Assessing the current landscape, Foster expects banks and other lenders to return to the market when they see stable situations and will tend to avoid loans to rapidly growing companies. West believes the investment outlook feels much better today than just six months ago, but the sector is still not yet out of the woods. In the near-term, investors will likely continue to focus on the high-yield market and asset-based lending. Tristán is cautiously optimistic, but that may change if OPEC decides to increase production at its May 25 meeting.

As shale operations pick up, West believes operators will continue to focus on improving efficiencies and reducing costs. Smaller companies will have a difficult time competing and attracting capital; in turn, this will lead to more consolidation in the OFS sector.

Foster’s clients are particularly interested in companies that operate in the infrastructure area, while they tend to avoid investments that are solely tied to drilling operations. Another key focus area for E&P operators is increasing recovery. OFS companies that offer technology solutions increasing ultimate recovery – bigger diameter, straighter, longer wellbores – will be of particular interest to the investment community.

The panel agreed that many investors may be sitting on the sidelines waiting to see if the U.S. Congress moves forward with tax reform. Given the complexity in the market, West believes there will be fewer banks engaged in lending to the OFS sector.

The seminar was hosted by the co-chairs of PESA’s Legal Committee, Brad Eastman, General Counsel – Cameron Group, Schlumberger, and Mark Wolf, Vice President Legal – Subsea Services and Surface Technologies, TechnipFMC, Alicia Boston, Senior Counsel, TETRA Technologies, Phillip Shotts, Assistant General Counsel and Director of IP, FairfieldNodal, as well as Michelle Lewis, Chief Strategy Officer, SVP, Corporate Development & Investor Relations, DistributionNOW, who were instrumental in assembling the panel and making the seminar a success.
2017 Supply Chain Seminar
Developing Partnerships is Key

Attendees at PESA’s 2017 Supply Chain Seminar, “Supply Chain Contribution to the Changing Cost Structure in Today’s Market,” heard from a variety of speakers who all voiced that in the current state of the market, although optimistic, operators and service companies must develop partnerships to achieve their goals.

Jeff Quigley, Director of Energy Markets, Stratas Advisors, provided an economic overview and spoke to recovery and balance in 2017. “With the recent OPEC deal, as well as a new Administration in place, there is substantial but cautious optimism,” Quigley said. He forecasts natural gas prices to remain stable and North American production returning through 2017 into 2018. Quigley closed with reiterating that although there are several unknowns moving forward regarding economic outlook, geopolitical issues and tax policy, the slow uptick in the market is creating enthusiasm and building confidence within the industry.

Next, Roger Bhalla, Manager of Supply Chain Services & Technology, ConocoPhillips, focused on working together more efficiently through performance-based contracting, automation, identifying non-productive time and concentrating on productive people. “Having expert, focused staff, who truly understand what the data means is critical,” he said. Bhalla stressed the importance of improving visibility of information within supply chain. Digitizing interactions and using smart analytics around big data to better understand and act upon opportunities helps to elevate overall speed and ease of operations.

Pioneer Natural Resources’ Alba Tellez, Vice President, Supply Chain, provided perspective into Pioneer’s current supply chain management as well as how they plan to move the needle by gaining customers’ trust and creating mature supply chain processes as ways for the entire supply chain to evolve. She also stressed the significance of working closely with suppliers, building relationships and developing strong teams. “We’re very interested in partnering with service companies and growing our relationships,” she said. Tellez shared Pioneer’s priorities, specifically increased visibility and granularity around data. “Standardization, solid analytics and turning data into usable information is key and will help us to strategically build and grow our business,” she said.

Scott Campbell, Manager, Supply Chain-Eagle Ford and Mid-Continent, Marathon Oil, shared their supply chain vision for 2017 and beyond. He showed that commercial excellence, efficiency and transparency (and building upon strategies from year-to-year) maximize the overall supply chain value. Campbell expressed that what companies are doing today in the oil and gas space may not necessarily be what works for them tomorrow and therefore having the flexibility to make changes is crucial. “We need to be able to shift our mindset to be successful,” he said.

The speakers participated in a panel discussion which gave attendees the opportunity for continued discussion. The speakers unanimously voiced the importance of relationships between operators and services companies. “Partnering with service suppliers helps drive innovation as well as better position ourselves in the ever-changing oil and gas industry,” Campbell said.
Leadership Dialogue

Members Meet With Rep. Beto O'Rourke

PESA Members met with Rep. Beto O'Rourke (D-TX 16th District) in March during his visit to Midland. O’Rourke, who represents El Paso, wanted to meet with PESA member companies to get a better understanding of some of the environmental issues associated with shale operations.

Chris Gatjanis, Vice President Permian Basin, Halliburton, served as host for the event. More than 150 of the Congressman's constituents work in the Permian Basin, and the participants provided O’Rourke with an overview of industry challenges during the peaks/valleys of the markets. The companies also discussed their hiring of veterans, which is a priority for O’Rourke.

The meeting with the Congressman was a follow-up to a discussion PESA had with his staff during the Washington, D.C. Fly-In in February. PESA welcomed the opportunity to continue the discussion.

PESA Supports Texas Energy Day

The first-ever Texas Energy Day had about 500 participants from across the oil and natural gas industry descend on Austin to highlight to legislators, regulators and other key stakeholders, the industry’s economic and employment contributions to the state.

Kevin Crowley, President & CEO, Forged Products and Bob Ryan, Deputy General Counsel, Stallion Oilfield Services led PESA’s delegation to the March 22 event. PESA joined with the Texas Oil and Gas Association (TXOGA) and 23 other associations to sponsor the event.

Participants divided into small teams during the morning and visited all 181 members of the Texas State Legislature. The participants discussed industry’s contributions to the economy ($9.4B in state and local taxes and state revenue in 2016), the nation’s energy security and the state’s workforce. In the afternoon, participants heard from key state officials including:

* Chairman Drew Darby (R-San Angelo) – House Energy Resources
* Chairwoman Christi Craddick – Railroad Commission (RRC)
* Texas Attorney General Ken Paxton
* Senator Kelly Hancock (R-North Richland Hills)
* Representative Larry Gonzales (R-Round Rock)
* Kathleen Jackson – Water Development Board Member

The top industry issue for this legislative session was the reauthorization and proper funding of the Railroad Commission (RRC). The legislature nearly doubled the commission’s funding by the end of the session.

Operators with major presence at Texas Energy Day included Chevron, BP, Apache, Hess, ConocoPhillips, Anadarko, Shell and Pioneer. PESA Member Companies included Forged Products, Halliburton, and Stallion Oilfield Services.

Board Member Kevin Crowley, President & CEO of Forged Products Inc., visits the Rosen exhibit.

Plans are already underway for the next Texas Energy Day to be held March 2019, and we hope all PESA member companies will participate.
What influenced your decision to enter the oil and gas industry?
My background is in Chemical Engineering and very early on in my studies I was fascinated by how reliable energy supply affects every aspect of the economy and our lives. Given the importance of oil and gas in the energy mix, I wanted to understand how the oil and gas industry works and how I can contribute to this sector.

What was your impression of the industry beforehand and how has it evolved?
I joined the industry in 2012 when oil prices were high and the industry was on a growth path. It is fair to say that my first impression of the industry was different than the environment we are in today. I quickly learned about the cyclical nature of the business and how large companies react to changes in the market and regulation. This has driven consolidation in the industry, but has also brought into focus the need for greater efficiency in operations.

What have you found to be the most surprising about the industry?
Since I joined the industry, I have developed an appreciation of the technical complexity and advanced scientific expertise that is required to extract hydrocarbons. The technological breakthroughs that allow us to operate in a safe and reliable way in remote environments continue to surprise me on a daily basis.

What do you find most challenging and most rewarding about the industry or your work?
The most challenging part so far has been managing the downturn and the shift in priorities that this may entail. However, the most rewarding part of my job is that, regardless of the downturn, business segments want to continually improve and invest in technology that will help them operate more efficiently and push the envelope of their current capabilities.

Where do you hope to see the industry develop over the next five years?
I would hope to see more collaboration in the energy industry and more activities that promote efficient, safe and environmentally responsible technology in the oilfield. I would also like to see the industry recruit and retain young talent. I believe that will help build the foundation for the future.

What role do you believe you will play in the industry’s future?
Technology innovation is how this industry will advance. I hope to further contribute in the sourcing and adoption of new technology that can help the industry operate with higher efficiency and productivity.

How has your involvement in PESA supported your career goals?
PESA has been an amazing networking opportunity and has exposed me to leaders in the oil and gas industry that I would not have had the opportunity to meet otherwise. It has also given me the opportunity to discuss and learn from other oil and gas equipment and services providers.

Tell us about some of the people you’ve met while working in the industry and how they’ve impacted your thinking.
In my role I get to meet entrepreneurs that are working to introduce new technology into the energy sector. Their perseverance and conviction impresses me every time. It is hard not to be motivated by all the technology out there and the potential impact it could have on the industry.

What are you most excited about for your career, your company and your industry?
I am excited to see how this industry can evolve in the future. With technologies such as automation, robotics and data analytics, I would expect to see efficiency improvements and potentially new ways of operating in the oilfield. I am particularly interested to see where these new advancements will take us.

What do you wish other people knew about oil and gas?
Oil and gas is a global industry with many exciting career opportunities. Be open to new experiences, be ready to learn new skills at a fast pace.
Leadership Forum
Embracing New Disciplines

On March 30, PESA Board of Directors Member Chris Cragg, Executive Vice President – Operations, Oil States International, Inc. shared insights on his personal experiences involving changing disciplines as he advanced through his career.

Although Cragg has been in the oil and gas industry for many years, the onset of his career was atypical. With a degree in accounting and economics, Cragg was introduced to oil and gas while working for a public accounting firm. After several years, Cragg changed pace by taking opportunities with oil and gas manufacturing, E&P, and distributor and service companies.

Some of the roles that Cragg has taken in his career were not the best fit, but he saw them as learning opportunities. He highlighted that having the confidence to make changes is valuable, even if you may not know if the position will be long or short term.

“You won’t always know the direction your path is going to take you. If you are willing to develop your skills, being dedicated to life-long learning, you will have the confidence to embrace new disciplines,” he said.

Cragg candidly shared that when stepping outside of his comfort zone and facing new challenges, he recognized what he needed to do in order to be successful.

“I knew I needed to trust people to do their jobs, spend time with the people who knew the business and always ask questions.” He also emphasized that learning what people do and finding a good support system is critical to success, whether it’s a team, peer or mentor.

Continuously developing skills and learning how to communicate well with people has served Cragg well and prepared him for transitions throughout his career. He said that taking chances and having the confidence to embrace new disciplines truly can prepare and propel you into a leadership role.

“All people want a leader. Don’t be afraid to be that leader.”

Chris Cragg
Oil States International, Inc.
“This seminar is a great opportunity to understand the oilfield metallurgy business and its applications in a variety of contexts. Many professionals in the business were never fully exposed to the complexity of metallurgical applications in the oilfield before,” said Aaron Gilbert, Ellwood Group, in opening remarks at the PESA Oilfield Metallurgy Seminar on April 5.

Speaker Michael Pendley, Villares Metals, provided a thorough overview of metallurgical applications in the oilfield. Pendley has more than 30 years experience in the sector, and he explained the complexity of modern metallurgical process considering different activities in the sector, from land operations through offshore drilling.

“The major enemy of operational efficiency and heavy equipment preservation is corrosion,” Pendley said. He added that it is important that oilfield professionals understand standards and processes applied to optimize usage and working life of metals. Many professionals are not fully aware of chemical compatibilities or factors that can cause severe corrosion, which is not visible in some cases until the whole structure is compromised.

Pendley added an overview of the oil cycle, from its inception through its extraction, providing participants the necessary correlation between the vital role of different metals and its specific application in a variety of contexts.

The seminar was hosted by the PESA Energy Educators Committee. The committee is actively involved in activities focused on enhancing oilfield education and advancement of knowledge in the sector, to prepare future generations to better serve the industry.
SAVE THE DATE
PESA ANNUAL MEETING
2018
April 25-27
Member
Networking
Q1 & Q2 New Members

“We are pleased to welcome several new companies to PESA membership,” said PESA President Leslie Beyer. “Building our membership ensures that we are an even strong unified voice for the oilfield service, supply and manufacturing sector.”