PESA CELEBRATES
FSO Training Program Anniversary

U.S. State Department joined PESA in marking 25 years of the FSO Oil & Gas Training Program.

Full coverage, page 2-3.
Chairman’s Letter

PESA Members,

As we come to the end of what has been a transformational year in our sector, shifting commodity prices and evolving drilling strategies have demanded agile thinking and ingenuity – especially in the service sector. Technological innovation has been on the rise as PESA Members spearhead efforts to increase productivity and efficiency across the supply chain.

While some market analysts remain unsure if the downturn is truly behind us, broad trends provide optimistic prospects for 2019.

Strong domestic production growth combined with market volatility abroad has pushed American oil and gas markets toward net exportation of natural gas, crude oil and petroleum products, an exciting economic prospect for the future. OPEC and its allies appear committed to cutting production in the coming months, with an eye towards ending an oil price slump. U.S. influence over the industry should continue to grow, with the U.S. Energy Information Administration (EIA) predicting that U.S. crude production will exceed that of Russia and Saudi Arabia in 2019.

Many in the industry plan to expand operations in the next year, which has significant implications for our sector. Retaining talent, especially in high-impact, high-turnover regions like the Permian Basin, will be critical. PESA will continue to offer opportunities for intra-sector collaboration and development opportunities for our Member Company employees to generate lasting solutions for maintaining the greatest oil field assets, the men and women who compose our workforce.

To maximize potential for long-run growth, pipeline infrastructure must improve. This is especially imperative in the Permian, where low pipeline takeaway capacity is already slated to suppress production through 2019. Such an issue provides an opening for our sector to step in and provide needed expertise, and PESA Member Companies are fully engaged in creating solutions to this challenge.

Our sector’s success is also intrinsically linked to decisions made in statehouses, capitols and economic forums worldwide. Policy outlooks for the coming year are mixed, bringing both opportunities and challenges for our sector.

On a global scale, trade policy will remain a wild card. Despite cross-industry pushback, the toll of the Sino-U.S. trade dispute has grown to encompass $53 billion, with the potential to increase nearly fourfold. China has also imposed a 10% tariff on liquified natural gas, indicating a new willingness to target domestic upstream development. PESA has and will continue to spearhead efforts to firmly advocate for a thoughtfully considered approach to trade, and these efforts will continue into 2019.

Our industry has reason to keep looking up. This coming year provides an opportunity to strategize, grow our businesses and capture the tremendous opportunities that lie ahead.

All the best,

Dan Domeracki
PESA Chair
PESA Members,

Recognizing the market will end 2018 with significant challenges for our sector, we have all come to the end of a momentous year. In solidarity with our members, PESA grew significantly as a stronger force in the oilfield services and equipment sector, and the Board of Directors, Advisory Board and I would like to thank you for your continued engagement.

This marks the fourth consecutive year of growth for PESA, with record attendance at April’s Annual Meeting, robust interest in committees, and continued Member Company commitment to invest in the workforce of today and tomorrow. PESA would not be successful without the care expressed by its Members, and the Association’s growth is a direct result of Member’s passion and involvement.

PESA is guided by its mantra of Train, Elevate, Network, and that sharp focus is top of mind with more than 100 events, workforce training and networking opportunities that will continue in 2019.

TRAIN
As the sector looks to recruit, retain and promote its skilled workforce, PESA remains committed to offering Members opportunities to learn and grow regardless of career level.

The highly regarded training seminar Oil & Gas 101 had record attendance this past October, and PESA will be offering two sessions of this course in 2019. Additionally, PESA achieved great success with the 2018 Executive Leadership Program, resulting in two additional sections added for 2019.

PESA added three key benchmarking standards this year. The sector’s first diversity study analyzing the current state of female talent was launched in April. The Health & Safety Benchmarking Digital Platform was launched in August and uses anonymized company data to identify baseline health and safety performance standards within the industry and specific sections of the sector. Also in August, the Credit Interchange Division (CID) added the ability to submit international credit data for the use of Member Companies.

PESA celebrated the 25th anniversary of our partnership with the U.S. State Department. By training foreign service officers, we are bringing operators, Member Companies and academia together to educate on the importance of the industry to energy security and geopolitics.

And finally, PESA’s Committees hosted a variety of roundtables, seminars and webinars, with topics ranging from best practices in recruitment and training to silica regulations to efficiencies across the supply chain.

ELEVATE
With critical regulatory and legislative issues impacting the business for Member Companies on both the state and federal level, PESA continues to engage with policymakers on international trade, environmental regulations and election outcomes. In October, PESA filed a number of product exclusion requests on behalf of Member Companies to avoid additional tariffs of 25% for parts imported from China that make up Artificial Lift Systems. As the Section 301 exclusion process continues in 2019, PESA will work with our Members to identify equipment and products with commonality and support these exclusions on their behalf.

PESA was also active during the election cycle, forming a task force to provide support and educational materials for Members with operations in Colorado. Member Companies helped defeat a ballot measure that would have made an estimated 85% of non-federal land in Colorado inaccessible for oil and gas development, which would have endangered more than 230,000 jobs.

NETWORK
It is important to highlight the tenet that sustains all PESA’s activities. Networking is the lifeblood of the industry, and PESA offers access to thought leaders, key customers and sector experts. In addition to education and training, PESA events offer a chance to build relationships with colleagues, make strong connections with others in the industry, and gain new perspectives.

PESA also made great strides towards a targeted international growth model, with the establishment of the Middle East Regional Chapter and the upcoming chapter in the developing market in Argentina.

Finally, preparations for the 2019 Annual Meeting are underway, and we look forward to seeing you April 24-26 in San Diego. An impressive lineup of speakers is in progress, and many of you have already registered for what will be an outstanding event.

Thank you so much for your time and efforts in support of PESA and our sector. We look forward to continuing our work with you in the coming year. As market uncertainty continues, PESA remains a strong resource for Member Companies during this challenging time.

Warmest wishes for you and your families in the new year.

Leslie Beyer
PESA President
PESA Celebrates 25th Anniversary of FSO Industry Training Program

On August 22, U.S. Department of State representatives were joined by PESA’s Board and Advisory Board, the Consular Corps of Houston and various PESA members to celebrate the 25th Anniversary of the Foreign Service Officer Oil & Gas Industry Training Program.

The celebration was held at Wiess Energy Hall at the Houston Museum of Natural Science. Special guest speakers included Clay Neff, President, Chevron; Francis R. Fannon, Assistant Secretary, Bureau of Energy Resources, U.S. State Department, and Richard N. Haass, President, Council on Foreign Relations. Secretary of State Mike Pompeo sent the attendees a video message congratulating PESA and the Houston business community on a quarter-century of partnership.

“The State Department’s partnerships with American businesses are vital to our foreign policy,” Secretary Pompeo said. “For our part, we will keep creating environments around the world in which American businesses can thrive.”

PESA Chairman Dan Domerakci, Vice President Government, Industry & Global Stewardship, Schlumberger spoke to the importance of the program in his remarks.

“Foreign Service Officers know their posts, and PESA knows oil and gas. For 25 years, the FSO Training Program has synthesized those assets to make itself one of Schlumberger’s most valuable resources,” Domeracki said.

PESA President, Leslie Beyer, also addressed the audience, highlighting the value of the training program.

“The PESA FSO Industry Training course 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 in country,” Beyer said.

“Like other PESA training programs, the FSO Industry Training course addresses advanced technologies that drive our industry, as well as the dynamic geopolitical and economic landscape in which we operate,” Beyer said.
Global Energy Market Outlook Luncheon

PESA MEMBERS GATHERED on September 18 for a Market Outlook Luncheon at The Briar Club in Houston, hosted by the PESA Energy Educators Committee.

Marshall Adkins, Director of Energy Research, Raymond James, presented his analysis of present and future energy markets following opening remarks from PESA Board Member and Energy Educators Committee Chair, Galen Cobb, Vice President Industry Relations, Halliburton.

Adkins, who leads the energy research team at Raymond James, discussed the current growth of onshore production, unconventional gains and future price forecasts.

Dr. Scott Tinker, Bureau of Economic Geology, University of Texas, provided the keynote for the luncheon. Tinker first presented at the 2018 PESA Annual Meeting, where he discussed global energy, poverty and carbon. During this presentation, he spoke to the audience about the changing energy industry and how energy policy and technology can lift emerging communities out of poverty.

Tinker 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.

Things such as electric cars aren’t going to solve the emissions problem, he said, because they still have to be charged. Then companies have to think about 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.
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energyalloys
Schlumberger
PESA Files 301 Exclusion Request on Behalf of Member Companies

**ON OCTOBER 9,** PESA filed a number of product exclusion requests under Section 301 for individual parts imported from China that make up Artificial Lift systems. If accepted by U.S. Trade Representative, these exclusions will allow products fitting the descriptions to avoid additional duties of 25% being imposed on the products.

The individual products filed were contained on List 1. Product exclusion requests for products contained on List 2 were due by December 18. The products contained on List 3 have been postponed, as of December 1, for a 90-day period. PESA will inform members of any further action.

**EXCLUSION PROCESS**
During September, PESA reached out to all Member Companies to solicit the list of products which they import from China that fall on the three lists of products compiled by USTR to be subject to additional 10% or 25% tariffs upon importation into the United States. Based on the responses PESA received, commonality was found (meaning more than one PESA member listed said product) among four products.

Those products were:
- Casing Heads
- Casing Hangers
- Barium Sulfate
- Artificial Lift

If your company would like to become involved in this process, please contact Tim Tarpley, VP Government Affairs.

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PESA, BJ Services Host Meet and Greet for Rep. Michael McCaul

**ON OCTOBER 30,** PESA and BJ Services hosted Rep. Michael McCaul (TX-10) for a tour and meet-and-greet with employees at the BJ Services headquarters in Tomball.

Rep. Michael McCaul represents the 10th Congressional district of Texas, which includes Tomball, northwest Houston, Brenham and parts of Austin. Rep. McCaul is currently Chairman of the House Committee on Homeland Security, a position he has held since 2012.

Rep. McCaul had the opportunity to tour BJ Services’ Technology Center as well as its manufacturing facility, where he was able to see firsthand how the company’s fracking equipment works, as well as how it produces its fracking fluid and cement casings. The tour was led by BJ Services’ Caleb Barclay, Executive Vice President and Chief Operating Officer, and John Bakht, Executive Vice President and General Counsel.

Following the tour, a group of employees gathered to speak with Congressman McCaul about the challenges facing the oil and gas industry, such as workforce shortages, fracking regulations and other issues.

This event was the first of many similar events with elected leaders across the country who are influential to the oil and gas industry and related issues. Should your PESA Member Company be interested in hosting such an event in the future, please contact Tim Tarpley, VP Government Affairs.
THE PESA HUMAN RESOURCES and West Texas Steering Committees collaborated on two meetings in Midland in October. Members discussed developing a value proposition to attract skilled workers to the Permian, as well as practical considerations, such as housing and P-12 education.

On October 11, Chad McAllaster, Vice President – Permian, Anadarko, lent his expertise on creating value propositions to attract and retain employees to the most active area in the industry.

He discussed multiple staffing strategies Anadarko has successfully executed. Anadarko moved 200 families from Houston to the Permian over a six-month period.

Many Anadarko employees had challenges securing bids for homes, building homes in a timely manner, finding childcare and decent schools, and healthcare was a 6-12 month wait. However, Anadarko employees are realizing the benefits of more family and personal time because of shorter commutes and better quality of family life, he said.

Since then, Anadarko outsourced a company to build a man camp with 500 beds for Anadarko employees and contractors.

For healthcare, many employees are able to receive immediate healthcare through video conference programs. Anadarko has also partnered with a local daycare to increase childcare options, and thirty-four of Anadarko’s employees serve as teachers through the Junior Achievement Program to improve the quality of schools.

PESA hosted a luncheon in Midland October 17 to dive deeper into the topics of education, workforce training, housing and more.

Attendees discussed the shortage of teachers and classrooms in the area. School systems are addressing the space issue by using temporary buildings and conducting virtual classrooms, broadcasting to multiple locations with one teacher.

Required operator safety training for oilfield workers in the area was also discussed. To improve efficiency, it was suggested that PESA could offer a combined training for all OFS basin companies, with the Health & Safety Committee taking the lead.

There was also discussion about the need to make the area seem more attractive to young professionals. While the Chamber of Commerce offers a website promoting area activities and events, companies felt that more can be done in this area, including veteran outreach and job boards. Another idea was the use of artificial intelligence technology to find people who have family or social ties to the area.

Finally, participants discussed housing shortages in the area. Community financiers and builders have been hesitant to invest in this area with fears of the housing market collapsing during a downturn. A large-scale Woodlands style development has been proposed, but has lacked financing, as large scale investors worry about the fluctuating nature of the industry.

As the lack of housing ties into the inability to attract teachers and other skilled workers, Members discussed engaging in fund-raising activities to building housing for teachers and childcare workers.

These issues and more will continue to be topics of interest to Member Companies in the Permian. PESA will continue to facilitate Member engagement in the area with trainings, roundtables and events in 2019.
INDIVIDUALS FROM ACROSS the services and equipment sector gathered on October 3-4 for a comprehensive overview of oil and gas production, hosted by the PESA Emerging Executives Committee and sponsored by Baker Hughes, a GE company.

This year's Oil & Gas 101 attendance was at an all-time high, yielding an extraordinarily diverse group, both in companies and functions, represented across the supply chain. An enriching audience of interdisciplinary attendees made for excellent discussion, Q&A sessions and networking opportunities.

PESA Board Member Chuck Chauviere, President of Drilling Systems, Baker Hughes, a GE company, kicked off the two-day seminar conveying the importance of personal development and continual learning. Barry R. Kessler, Managing Director, Simmons Energy, A Division of Piper Jaffray, then provided a market outlook to set the stage for the seminar.

Since 2014, the U.S. has had a major impact on the global supply and demand, and E&P companies can increase production faster than any other company in the world. Oil companies have returned to the U.S. after decades, and technology has allowed that to happen.

Kessler provided a breakdown of upstream oilfield service, an oil and gas overview and touched upon capital expenditures in North America.

“Spending on drilling and completions in North America continues to rise as shale production becomes even more efficient,” Kessler said.

PESA thanks the following subject matter experts:

Barry R. Kessler, Managing Director, Simmons Energy, A Division of Piper Jaffray; Emerging Executives Committee Members: Chip Zay, AFGlobal; Omeid Rahimian, Oceaneering; Dawn James, Halliburton; Will Li, Li Gear; Jim Geary, Maturation Manager – US GOM, Total E&P USA; Tom Yost, Business and Technology Development Director, National Oilwell Varco; Ed O’Malley, Director of Technology for Completions, Baker Hughes, a GE company.

Nicole McIntosh, Tender Project Manager, Subsea NAM, TechnipFMC; Kemal Anbarci, Managing Venture Executive, Chevron Technology Ventures; Wes Beasley, Director of Process and Treating – North America, Exterran; Mary Polson, North American Crude Optimizer, ExxonMobil; Brad Wise, Vice President, Marketing & Investor Relations, DistributionNOW; Rolando Gabarron, Principal Digital Product Manager, Upstream Digital Solutions, Baker Hughes, a GE company.
PESA Board and Advisory Board Members met with leadership from 18 committees, subcommittees, and regional districts on July 24 for the annual Committee Chair Briefing. Each chair shared their committee’s mission and goals, events and ongoing projects.
PESA ADVISORY BOARD MEMBER CRAIG LANGE, Portfolio Strategy and Growth Director, Caterpillar Energy & Transportation, discussed successful M&As and leadership skills during a forum on August 13.

Lange shared his thoughts and insights on leadership relating to his 30-year global career with Caterpillar. He said that strongly executed M&As were possible while maintaining high performance and navigating a globally diverse workforce. He shared key messages through relatable analogies the group would be sure to remember.

DUST MITES: Dust mites are essentially invisible until magnified thousands of times or when accumulated. In leadership, how many times do you not see what is going on around you? Leaders do not see or hear what is truly happening until its magnified thousands of times or accumulated, like dust mites.

Lange said dust mites are like leadership. With consistent cleaning schedule, dust mites are manageable. When not cleaned regularly, dust mites accumulate without organization or direction. When this happens in the workplace under a poor manager, no one reaches their goals because the leader had no input on clarity and the team is unorganized. With consistent and proactive leadership of nurturing the culture, staff development, providing direction, setting goals, monitoring activities and measuring results, the team is set up for success.

AUTONOMY AND MASTERY: Your team needs to feel they have autonomy and mastery. Lange continued by adding that the most valued attributes of a job for many people is autonomy and mastery. As a leader, you need to allow your employees to have the space and individuality to complete their work, then let them master their work.

OPEN AND FEARLESS: A good leader wants to hear the ideas from open and fearless people and know that they are not right about everything. Listening to others and understand that you, as a leader, are not always right. At the end of the day, the job of you as a leader is to develop your team and allow them to grab onto your shirttails, so you can bring them to a better place as a team. If the team is not grabbing onto your shirttails, you are not being a good leader.

MAKING IT HAPPEN: It’s not what we do, it is about what gets done. Keep score to learn. If many activities are completed, but projects are not moving forward, and a high performance-high culture is not driven, you are not making it happen. Measure performance with what you do and what you have done.

SUPERMAN: Lead the team by seeing through things and around corners. As a leader, you need be intuitive and anticipate what is going to happen before it happens.

COLUMBO: Use common speak and common sense.

TINKER BELL: Sometimes you are given dust to deal with, whether you are a contributor or a leader. You need to be able to turn dust into gold.

BE A CRUSADER: The top most successful way Lange has achieved success is by getting on a crusade. Choose two or three top items you need to accomplish and be a crusader with them to take the team to a better place. You can achieve the goal by helping everyone on the team be right.
High Performer Spotlight

Kevin Dersch
Sr. Category Manager
Halliburton

WHAT INFLUENCED YOUR decision to enter the oil and gas industry?
After my second year of college, I wasn’t sure what career I wanted to pursue. I was fortunate enough to be given the opportunity to work with Imperial Oil in Norman Wells, Northwest Territories, Canada on the artificial islands they built in the middle of the Mackenzie River. By the end of the summer, I was hooked on the endless opportunities that I saw before me.

What do you find the most challenging and most rewarding about the industry or your work?
Constantly being driven to exceed the status quo and look for the next opportunity to advance the position of the company is the most rewarding and challenging aspect of the industry.

Where do you hope to see the industry develop over the next 5 years?
I hope to see the analysis of big data help formulate and drive more efficient and effective strategies regarding reserves management, human capital safety and utilization, reducing the cost to produce a BOE.

What role do you believe you will play in the industry’s future?
I see myself as a leader and mentor for future generations as I foster the fusion of their new ideas with tried and true methods of the industry. In other words, I will provide the fuel and sometimes the spark to effect change while being an anchor for stability.

How has your involvement in PESA supported your career goals?
I’ve been involved with PESA for a short while. However, in that time I’ve had invaluable opportunities to network with peers and learn about current events affecting our industry from industry leaders, all while gaining market insight from the multiple facets that make up our industry. PESA is an incredible resource.

Tell us about some of the people you’ve met while working in the industry and how they’ve impacted your thinking.
I’ve been able to engage on many levels with numerous leaders in their fields of expertise. I was able to liaise with CEOs of Fortune 100 companies, entrepreneurs directing and leading their own company and vision, scientists, engineers, as well as numerous managers and leaders. The one thing they have in common is that they all have unique perspectives. While they may not always provide the answer I’m looking for, I’ve been able to gain valuable insights and lessons from all.

What are you most excited about for your career, your company and your industry?
While I’ve been in the industry for more than 30 years, the opportunity to gain new knowledge and continually be challenged to improve are the main motivating drivers that keep me energized and passionate about the work I do.

What do you wish other people knew about oil and gas?
Walk with me through a typical day of an average American to see some of the ways in which oil and gas touches our daily lives. You wake up and head to the kitchen to prepare breakfast. You cook using your new utensils in your Teflon pan with food taken from the shelves in your refrigerator. You then make lunch for the kids and package it up in sandwich bags after which you put the scraps in the trash can. You head to take a shower and use your soap and shampoo. After that, you have a shave with your shave cream or put on your makeup after having cleaned your teeth with your toothbrush and toothpaste. You clean your eyeglasses or put in your contact lenses before heading to the car to drop the kids off at school and daycare before heading to the office. Along the way, you stop at the gas station to fill your SUV with gasoline. At the daycare, you take your youngest out of the car seat. Once at work, you turn on your computer for the day. After work, you head to the gym for a relaxing session wearing your new yoga pants, or you grab a basketball and shoot a few hoops.

The daily items we use, and sometimes take for granted, are made possible because of the oil and gas industry.
### U.S. Oil and Gas Field Equipment Exports

**Top 15 Destinations for Q3 2018**

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<th>Country</th>
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<th>SEPT</th>
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<tr>
<td>Argentina</td>
<td>28,140</td>
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<td>57,678</td>
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<td>Russia</td>
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<td>12,639</td>
<td>12,825</td>
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<tr>
<td>Mexico</td>
<td>11,640</td>
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<td>Marshall Islands</td>
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<td>Singapore</td>
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<td>Norway</td>
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**Subtotal:** 168,730 199,621 156,897

**All Other:** 71,522 80,195 85,054

**Total:** 240,252 279,816 241,951

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

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**Q3 New Members**

“We are pleased to have these companies join us as PESA strengthens individual companies, unifies our sector, and promotes the entire oil and gas industry.” said PESA President Leslie Beyer.

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**UPCOMING EVENTS**

**JANUARY 22**

Leadership Forum with PESA Advisory Board Member Mike Reeves, Rubicon Houston, TX

**FEBRUARY 11-13**

Washington, DC Fly-In Washington, DC

**FEBRUARY 21**

Supply Chain Seminar Houston, TX

**FEBRUARY 26-28**

Executive Leadership Programs: Advanced Business Development, Engaging Leadership and Executive Presence Houston, TX

**MARCH 5**

Permian Executive Leadership Program: Engaging Leadership Midland, TX

**APRIL 24-26**

2019 Annual Meeting San Diego, CA

Find all of our upcoming events at [www.pesa.org](http://www.pesa.org)