



CANADIAN ASSOCIATION OF OILWELL DRILLING CONTRACTORS  
800, 540 – 5 Avenue SW Calgary Alberta T2P 0M2 Telephone: (403)264-4311 Fax: (403)263-3796

## **TO: PROSPECTIVE LAND-BASED DRILLING RIG CONTRACTOR MEMBERS**

Dear Contractor:

The directors and members of the Canadian Association of Oilwell Drilling Contractors cordially invite you to consider membership in the Association.

In 1949, ten drilling contractors came together because they had a vision. They wanted to chart a new course that would lead the Canadian drilling industry to reach some of the highest safety and equipment standards in the world. 60 years later, CAODC is one of the oldest upstream associations in Canada, representing nearly 100% of Canada's drilling contractors and 98% of Canada's service rig contractors. The longevity of the Association can be attributed directly to the willingness of its members to work collaboratively as they pursue ambitious objectives and effect positive change for the industry as a whole.

The Association coordinates industry committees and subcommittees. With the volunteer support of its members, the Association succeeds in:

- maintaining direct contact with all levels of government;
- maintaining close liaison with all member companies, operators, groups, and individuals in order to improve the caliber of the industry;
- gathering, compiling and distributing to member companies information pertaining to cost and taxation, wage trends, training needs, etc., as well as formulating training programs; and
- assessing matters involving technical and legislative changes.

Association activities focus on matters of interest to the drilling and service rig industry, as well as on matters that impact the oil and gas industry at large.

The Association has three categories of membership:

- a) Drilling – available to any person or corporation conducting business as an oil and gas drilling contractor.
- b) Service Rig – available to any person or corporation conducting business as a contractor of oil and gas well service rigs, tools, and equipment.
- c) Associate – available to persons or corporations with a vested interest in oil and gas drilling and well servicing matters.

Members of the Drilling and Service Rig Divisions are full members with complete access to Association data, reports, bulletins and proprietary contract templates. As well, full members of the Association have representation on the CAODC Board of Directors and have a director assigned to them should they wish to discuss issues or ask questions about the Association's activities.

As a member company, you will need to designate one individual from your company to be the registered representative in the Association. The registered representative is the primary point of contact for Association communications.

An application package is attached for your completion. The section of the application that deals with the Membership Agreement is a critical component. It is very important that the terms of the Membership Agreement be understood and complied with. The Chair of the CAODC Membership Committee, an elected representative, will be contacting you regarding the Agreement. We require that it be fully executed. This includes affixing your corporate seal.

Please return the completed application package to the Association's office.

If you require more information regarding Association activities, please do not hesitate to contact CAODC's Coordinator, Member Services and Publications, Ms. Janice Kyte, at (403)264-4311.

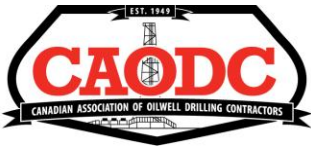
We look forward to welcoming you to the CAODC community.

Yours truly,

A handwritten signature in black ink, appearing to read "Mark A. Scholz". The signature is written in a cursive, flowing style.

Mark A. Scholz  
President

MAS/jlk-653.0

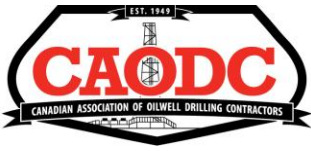


## **CAODC Membership Application Package:**

### **Prospective Drilling Members**

Before returning your application, verify that all required documentation has been completed:

- Membership Application Form (attach remittance)
- Drilling Rig Inventory
- CAODC 2011 Membership Agreement (executed in full)
- Access to CAODC Online (includes attachments 'A', 'B' and 'C')



## MEMBERSHIP APPLICATION FORM

**COMPANY NAME:** \_\_\_\_\_

Street / P.O. Box \_\_\_\_\_ City \_\_\_\_\_ Province \_\_\_\_\_ Postal Code \_\_\_\_\_

Main Telephone \_\_\_\_\_ Main Facsimile \_\_\_\_\_ General E-Mail \_\_\_\_\_

**DESIGNATED REPRESENTATIVE:** \_\_\_\_\_

Name \_\_\_\_\_ Title \_\_\_\_\_

Direct Telephone \_\_\_\_\_ Direct Facsimile \_\_\_\_\_ E-Mail \_\_\_\_\_ Cellular \_\_\_\_\_

Do you have a *web site* you wish to link to the CAODC? [http://\\_\\_\\_\\_\\_](http://_____)

CHECK MEMBERSHIP CLASSIFICATION AND COMPLETE ATTACHED INFORMATION SHEET(S).

Drilling Rig Contractor  Service Rig Contractor  Associate Member

Is the company Privately Owned  Publicly Owned

Annual Membership Dues are based on a calendar year; with partial year assessments, as noted below, provided for membership after July 1<sup>st</sup> each year. Drilling and Service Rig dues are based on both a company levy plus a fee for each rig owned; Atlantic and Associate memberships are per company or individual.

|  | Full Year        | Partial Year<br>(July 1 to December 31) |
|--|------------------|---|
| <b>Drilling Rig Contractor</b>                   |                  |   |
| Initiation Fee (one time only)                   | \$12,500.00      | \$12,500.00                             |
| Company Dues                                     | \$5,000.00       | \$2,500.00                              |
| Rig Dues   | \$425.00 per rig | \$210.00 per rig                        |
| <b>Atlantic Division Drilling Rig Contractor</b> |                  |   |
| Company Dues                                     | \$4,200.00       | \$2,100.00                              |
| <b>Service Rig Contractor</b>                    |                  |   |
| Initiation Fee (one time only)*                  | \$5,000.00       | \$5,000.00                              |
| Company Dues (includes first 3 rigs)             | \$2,000.00       | \$1,000.00                              |
| Rig Dues (for each rig more than 3)              | \$320.00 per rig | \$160.00 per rig                        |
| <b>Associate Members</b>                         | \$1000.00        | \$500.00                                |

\*Applicants will also be responsible for the costs of a third-party Membership Agreement assessment.

Membership Dues \$ \_\_\_\_\_  
 (#106842784RT) GST @ 5% \$ \_\_\_\_\_  
 Payment Enclosed \$ \_\_\_\_\_

\_\_\_\_\_  
 Date Authorized Signature Title

**Return all 4 sections of the application package and payment (Canadian funds):**  
 Canadian Association of Oilwell Drilling Contractor  
 800, 540 – 5 Avenue SW Calgary, AB T2P 0M2  
 For question, email [membership@caodc.ca](mailto:membership@caodc.ca) or telephone (403)264-4311 ext 108



# DRILLING RIG INVENTORY

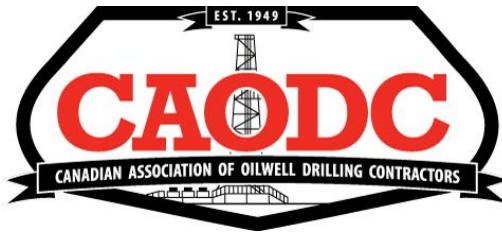
Please return to CAODC with completed application form. This application must be accompanied by a membership agreement, executed under corporate seal.

| Rig No. | Drawworks Description | Depth Capacity (in meters) | Rig Type | Origin             |     |               | Anticipated Operation Date |
|---------|-----------------------|----------------------------|----------|--------------------|-----|---------------|----------------------------|
|         |                       |                            |          | CDN or US Imported | New | Reconstructed |                            |
|         |                       |                            |          |                    |     |               |                            |
|         |                       |                            |          |                    |     |               |                            |
|         |                       |                            |          |                    |     |               |                            |
|         |                       |                            |          |                    |     |               |                            |
|         |                       |                            |          |                    |     |               |                            |

Company \_\_\_\_\_ Date \_\_\_\_\_

Note: To assist in future surveys of rig movements, we would appreciate the follow information, if known:

Anticipated rig additions: No. of rigs \_\_\_\_\_; month/year \_\_\_\_\_ or deletions; No of rigs \_\_\_\_\_ month/year \_\_\_\_\_



## **CANADIAN ASSOCIATION OF OILWELL DRILLING CONTRACTORS 2012 MEMBERSHIP AGREEMENT**

WHEREAS the Canadian Association of Oilwell Drilling Contractors ("CAODC") is dedicated to the establishment of high standards of integrity, operating skill, care and efficiency, and business conduct for its members so as to improve and enhance the well-being of the oil and gas drilling industry in Canada and to make the services of its members available to the public in a competent, safe and efficient manner;

NOW THEREFORE in consideration of being admitted to membership and/or being allowed to continue its membership in the CAODC, the undersigned Drilling Contractor Member agrees with CAODC, in respect to the operation of its land-based drilling rigs, as follows:

1. *Petroleum Industry Guiding Principles for Worker Safety* (2008). We, the members of the petroleum industry, have a responsibility to protect all workers engaged in its activities from personal injury and health hazards. To meet our responsibility we will operate under the following guiding principles:

(i) **Responsibility:**

The operating company, when acting as prime contractor, is responsible for coordination and general supervision of all activities at the worksite, including activities carried out by contractors, subcontractors, service companies and suppliers. While all parties have a responsibility to promote worker safety, the operating company recognizes its leadership role in promoting worker health and safety on the basis that it has the greatest power to influence worksite situations. It is the responsibility of workers and employers to refuse to perform unsafe work practices.

(ii) **Priority:**

Activities will be conducted on the basis that safety of all personnel is of vital importance, whether those personnel are employed by an operating company, a contractor, a subcontractor, a service company or a supplier.

(iii) **Recognition:**

The process of selecting contractors, subcontractors, service companies and suppliers, and the administration of contracts, will include recognition and support of good safety performance. Support and recognition based on good safety performance will also be provided by all employers to their employees.

## (iv) Improvement:

The operating company, in cooperation with service companies within the industry, will promote methods and practices that have potential for improving safety performance.

2. To obtain a *Certificate of Recognition* (COR), issued jointly by the various Provincial Governments, Industry and Enform, and maintain a valid *Certificate of Recognition*, thereafter. This condition applies to a drilling rig contractor resident in the Province of Alberta or operating rigs in Alberta, resident in the Province of British Columbia or operating rigs in British Columbia, resident in the Province of Saskatchewan or operating in Saskatchewan, and/or resident in the Province of Manitoba or operating rigs in Manitoba. (Contractors with 10 or fewer employees are eligible for a “Small Employer COR”).

3. To discharge its duties to its clients, CAODC, members of the public and other drilling contractors with integrity.

4. To endeavour to perform all services that it undertakes to perform on behalf of any client in a competent, safe, efficient, diligent and workmanlike manner and in accordance with good drilling practices and to maintain its rigs and equipment in good working order in keeping with the prevailing standards in the jurisdiction in which the undersigned is performing its services.

5. In addition to their basic hourly wages, to pay its rig employees in respect of their regular employment on an active rig at least in accordance with the following minimum standards:

(i) Overtime in excess of 8 hours per day and 44 hours per week (Alberta)

(ii) Holiday pay at 4% of straight time, in the first four years of employment, and 6% of wages earned thereafter (Alberta)

(iii)\*Camp allowance (rig up to tear out) \$50.00/man/day

(iv)\* Subsistence allowance (rig up to tear out) \$140.00/man/day

\* One or the other to apply

Provided that if the laws and regulations in force in any jurisdiction in which the undersigned is performing its services requires such additional compensation in excess of the foregoing minimum standards the undersigned shall comply with such laws and regulations.

6. To require its Rig Managers and Drillers to obtain and thereafter maintain at least the following training certificates:

- (i) Rig Managers - St. John Ambulance Standard First Aid Certificate, or equivalent
  - Boiler Certificate
  - Enform Second Line Supervisor’s Well Control Certificate
  - Enform H<sub>2</sub>S Alive Certificate

- Suitable Environmental Training
- (ii) Drillers
- St. John Ambulance Standard First Aid Certificate, or equivalent
  - Enform First Line Supervisor's Blowout Prevention Certificate
7. If H<sub>2</sub>S Certificates are either provided by, or required by, the contractor they must be Enform H<sub>2</sub>S Certificates, regardless of crew position.
8. To comply at all times with the Employment Insurance Act and Workers' Compensation laws and regulations in force in each jurisdiction in which the undersigned performs its services and to make and pay promptly and in a timely manner all contributions, assessments, costs and premiums required by such laws and regulations.
9. To acquire and maintain with a reputable insurance company, or companies, insurance at least equivalent to the following for each separate claim:
- (i) Comprehensive General Liability Insurance with a bodily injury, death and property damage limit of \$2,000,000 inclusive;
  - (ii) Employer's Liability Insurance to the extent of \$1,000,000 per occurrence; and,
  - (iii) Automobile Liability Insurance covering all motor vehicles, owned or non-owned, operated and/or licensed by the undersigned with a bodily injury, death and property damage limit of \$1,000,000 inclusive.
10. To pay its annual dues to CAODC in the amount prescribed by the Board of Directors of the CAODC within the time stipulated in the by-laws of the CAODC (i.e., on or before the first day of January in each calendar year) and to pay all other amounts payable to CAODC within 45 days following receipt by the undersigned of each invoice therefore.
11. To furnish to CAODC, at any time upon demand, such information and access to field operations as may reasonably be required to enable the CAODC to verify whether or not the undersigned is complying with this Agreement.
12. To furnish data for the CAODC injury analysis program on a monthly basis. All data submissions will strictly adhere to the guidelines set forth by the CAODC Injury Analysis Definitions and Formulas for the Total Recordable Incident Frequency (TRIF).
13. To furnish to CAODC, in a timely manner, monthly rig activity statistics. Monthly reporting will take place within 15 days of the end of the previous month. The definition of rig activity is an accumulation of the time occurring from *spud* (or commencement of nipple up with pre-set surface casing) to *rig release* only. Rig tear out, moving time, and rig up prior to spud do not contribute to rig activity.
14. To be bound by and observe all by-laws, rulings and policies of CAODC in force and in effect from time to time.

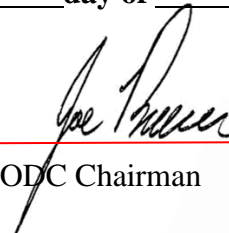
15. If the Board of Directors of the CAODC determines that the undersigned has defaulted in the performance of one or more of its obligations set forth in this Agreement, the Board of Directors may, by a simple majority vote of all the Directors, do one or more of the following:

- (i) reprimand the undersigned;
- (ii) suspend the membership of the undersigned in the CAODC for a specified period of time or until the Board of Directors revokes the suspension;
- (iii) and may, by a two-thirds vote of all the Directors, expel the undersigned from membership in the CAODC.

16. If for any reason the undersigned resigns or fails to renew its membership, the undersigned agrees to remove and destroy or return all CAODC identification and is no longer authorized to represent themselves as a CAODC member.

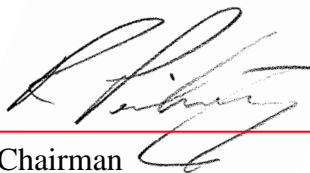
This Agreement will remain in effect until December 31, 2012.

DATED, SEALED and DELIVERED this \_\_\_\_\_ day of \_\_\_\_\_, in the year 201 \_\_\_\_\_.

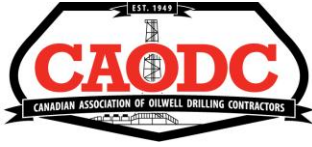
  
 \_\_\_\_\_  
 CAODC Chairman

\_\_\_\_\_  
 Representative  
 Company

Seal\*

  
 \_\_\_\_\_  
 CAODC Vice Chairman

*Full Execution of this Agreement requires that a corporate seal be affixed.*



## Access to CAODC Online Presence

CAODC maintains several online resources: a public site and two employment information websites.

CAODC also maintains a secure site, the CAODC MemberWeb. This secure electronic interface helps members to meet the reporting obligations prescribed in the CAODC Membership Agreement. It also gives CAODC members a way to access reports, documents and data that CAODC doesn't distribute publicly.

The following attachments ('A', 'B' and 'C') must be completed and returned to the CAODC before you can benefit from these online resources.

### Attachment A

**(MemberWeb Access Agreement)** This form permits CAODC to assign initial passwords for company personnel to access the CAODC MemberWeb. It must be signed by the Registered Representative, as well as dated and witnessed.

### Attachment B

**(MemberWeb Permissions)** List personnel who will require CAODC MemberWeb access. Note what kind of permissions each individual will need and assign passwords.

Note: permissions and passwords are assigned based on individual email addresses; passwords must be a minimum of six characters. Passwords **are** case-sensitive.

### Attachment C

**(Listing on [www.RigTech.ca](http://www.RigTech.ca))** CAODC uses [www.RigTech.ca](http://www.RigTech.ca) to promote drilling career paths. As a CAODC member, your company will be added to the industry contacts on this site.

Please provide on Attachment C the contact information your company publicizes for recruiting purposes.



## CAODC MemberWeb Access Agreement

### 1. Permitted Use

The Canadian Association of Oilwell Drilling Contractors (CAODC) hereby grants the following individual or corporate entity «Company» (hereinafter referred to as the “Subscriber”) a non-exclusive, non-transferable, limited license to access, read and enter information on the CAODC MemberWeb website and to receive, use, download and print CAODC MemberWeb data (collectively referred to as the “Website”). The Website is made available to Subscribers by the CAODC for the sole purpose of enabling Subscribers to gain access to and manipulate certain information contained therein. The Website may change from time to time and access to certain information on the Website may be restricted.

### 2. Intellectual Property & License for Use of Materials

Subscriber acknowledges that all intellectual property including all copyright, trademarks, patents or rights to trade secrets in the Website, belong to CAODC and that Subscriber’s rights do not extend beyond the limited license expressly granted herein. The Subscriber is permitted to:

- (a) use the Website upon the terms and conditions as outlined in Clause 1, above;
- (b) download and temporarily store insubstantial portions of data or other information from the Website (“Downloaded Data”) to a storage device within the Subscriber’s exclusive control, solely:
  - i. to display internally such Downloaded Data; and
  - ii. to quote and excerpt from such Downloaded Data in work product created by the Subscriber in the regular course of its business.

### 3. Activities Excluded from License

The Subscriber shall not without the written permission of the CAODC:

- a) copy all or part of the Website, save and except, insubstantial portions, onto a memory storage facility of any computer, and keep on such storage facility, provided that data required to be maintained by the Subscriber as a permanent record may be downloaded and stored in a computer for so long as the project of the Subscriber requiring this information continues;
- b) create a “hard copy” printout of all or part of the Website, save and except, insubstantial portions, provided that data required to be maintained by the Subscriber as a permanent record may be printed and stored for so long as the project of the Subscriber requiring this information continues;



- c) publish, sell, lease, rent, license, sub-license, transfer, market, distribute, re-distribute or otherwise part with all or part of the Website in any manner or in any form, save and except for its use in the ongoing business operations of the Subscriber;
- d) copy, modify, alter, disassemble, decompile, translate or convert into human readable form or reverse engineer all or any part of the source code used in constructing the Website;
- e) use all or part of the Website to develop any derivative works, any functionally compatible or competitive software, or a directory or data base prepared for commercial sale;
- f) impersonate another person in the use of the Website.

**4. Protection of Content**

Subscriber shall not permit, allow or do anything that would infringe or otherwise prejudice the proprietary rights of the CAODC or allow any third party access to the Website. The restrictions set out in this agreement shall not apply to the limited extent the restrictions are prohibited by applicable law.

**5. Password and Permission Assignment**

Subscriber authorizes CAODC staff to assign access to the Website to staff of Subscriber until such administrative functions are transferred to Subscriber.

**6. Password**

If the Subscriber's password is lost or stolen, the Subscriber will immediately notify CAODC by telephone and confirm such notice in writing. Upon receipt of said notice, CAODC shall make every effort to cancel the password as soon as is possible under the circumstances. CAODC reserves the right to change passwords at any time, subject to notice being given to the Subscriber. All change of password requests on behalf of the Subscriber must be made to CAODC in writing.

**7. Governing Law**

This agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.



**8. Limited Warranties and Limitation of Liability**

- 8.1 CAODC disclaims any representations, warranties or conditions express or implied including those of performance or merchantability or fitness for a particular purpose with respect to the Website. CAODC provides the Website “As Is” and does not warrant that the functions or that operation or content of the Website will be:
- (a) uninterrupted, or
  - (b) free from libelous content or content which is an invasion of privacy, or
  - (c) accurate, or
  - (d) complete, or
  - (e) current.
- 8.2 CAODC shall not be liable for any loss or injury arising out of or caused, in whole or in part, by CAODC’s negligent acts or omissions in procuring, compiling, collecting, interpreting, reporting, communicating, or delivering the Website.
- 8.3 CAODC shall not be liable for any indirect, consequential, punitive or special damages of the Subscribers or of any third party claimed against the Subscriber, including, without limitation, damages for loss of profits or revenue.
- 8.4 Notwithstanding anything to the contrary in this agreement or any Statute or Rule of Law to the contrary, subject to section 8.3, CAODC cumulative liability for all claims arising out of or in connection with this agreement and any schedules attached thereto, whether directly or indirectly, including, without limitation, from or in connection with the license, use or improper functioning of the Website, shall not exceed the sum of ONE DOLLAR (\$1.00). The expression “CAODC” in this section shall be deemed to include any licensors or third party suppliers to CAODC of the Website, and all gateway providers of the Website through CAODC to the Subscriber.



**9. Notices**

Except as otherwise provided herein, all notices must be in writing to the CAODC at 800, 540 – 5 Avenue SW, Calgary, Alberta, T2P 0M2 and to the Subscriber at the most recent address in CAODC’s records. Notices shall be deemed delivered three business days after posting in the Canadian postal system or one business day if delivered via courier.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

Company \_\_\_\_\_

Per: \_\_\_\_\_

«First» «Last»  
(the “Subscriber”)

**CAODC**

Per: \_\_\_\_\_

  
Mark A. Scholz



**MemberWeb Permissions**

Company Name

**Canadian Association of Oilwell Drilling Contractors (CAODC)  
MemberWeb Access Permissions**

**Please complete the tables below to open a new user account. You can request access for as many people as you want.**

Note: Permissions and passwords are assigned based on individual email addresses.

**Administration**

- Only person(s) other than the Registered Representative allowed to request CAODC MemberWeb access on behalf of the company.

| Name | Email Address | Add Personnel Permissions | Delete Personnel Permissions |
|------|---------------|---------------------------|------------------------------|
|      |               |                           |                              |
|      |               |                           |                              |
|      |               |                           |                              |

**Injury Reporting**

- Inputting information regarding individual incidents.

| Name | Email Address | Add Personnel Permissions | Delete Personnel Permissions |
|------|---------------|---------------------------|------------------------------|
|      |               |                           |                              |
|      |               |                           |                              |
|      |               |                           |                              |

- Inputting Twelve Month Injury Analysis Reports (TRIF) on a monthly basis.

| Name | Email Address | Add Personnel Permissions | Delete Personnel Permissions |
|------|---------------|---------------------------|------------------------------|
|      |               |                           |                              |
|      |               |                           |                              |
|      |               |                           |                              |





## Online Presence: Attachment C

### Listing on [www.RigTech.ca](http://www.RigTech.ca)

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Company Name

Please provide the appropriate contacts\* to be passed on to job seekers:

Website: \_\_\_\_\_

Email Address: \_\_\_\_\_

Phone number: \_\_\_\_\_ City: \_\_\_\_\_

Toll Free: \_\_\_\_\_

Fax Number: \_\_\_\_\_

\*It is the member company's responsibility to forward up-to-date recruiting contacts to CAODC in the event that this information changes.