



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

TO: PROSPECTIVE LAND-BASED DRILLING RIG CONTRACTOR MEMBERS

Dear Contractor:

On behalf of the Board of Directors and the members of this Association, you are cordially invited to membership in the Canadian Association of Oilwell Drilling Contractors.

Since the Association's formation in 1949, it has always been concerned with matters of interest to its members as well as all matters having an impact on the oil and gas industry at large. Through the composition of committees and subcommittees, the Association:

- maintains direct contact with all levels of government;
- maintains close liaison with all member companies, operators, groups, and individuals in order to improve the calibre of the industry;
- gathers, compiles, and distributes to member companies, through related studies and surveys, information pertaining to cost and taxation, wage survey, training needs, etc., as well as formulating training programs; and
- concerns itself with other matters involving technical and legislative changes.

The Board of Directors is responsible for the ongoing functions of the committees. As full members of the CAODC, drilling rig contractors have representation on the Board.

The membership is divided into the following categories:

- a) Drilling Contractors - any person or corporation conducting business as oil and gas drilling contractors.
- b) Service Rig Contractors - any person or corporation conducting business as contractors of oil and gas well service rigs, tools, and equipment.
- c) Associate Members.

All full members of the Association receive information on activities pertaining to the industry, rig utilization statistics, and the availability of training courses (including safety training), plus other relevant data in either the tri-annual OilDriller Magazine or Technical, General, Legal, and Environmental Information Bulletins. The *Rig Locator*, published weekly, is a composite listing of all drilling and service rig members, their equipment, and areas of operation. Each

company shall designate one individual as the registered representative in the Association, to whom all data will be directed.

An application form, a Membership Agreement, and a rig information sheet are included for your completion. It is very important that the terms of the Membership Agreement be understood and then complied with. The Chairman of the Membership Committee, who is an elected representative, will be contacting you respecting the Agreement. We require that it be executed, including affixing of your corporate seal.

Please return the completed Agreement, keeping a copy for your records, as well as the completed application form, rig information sheet, and your remittance, to the Association office for our early attention.

If you require any further information regarding Association activities, please do not hesitate to contact us at (403)264-4311.

We look forward to welcoming you to our Association membership.

Yours truly,



Don M. Herring
President

DMH/jlk-653.0

Encl.



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 _____ Cellular _____

E-Mail _____ Website _____

Select membership classification
 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 for applications received after July 1st each year. Drilling and Service Rig dues are based on a company levy plus a fee for each rig owned; Atlantic and Associate memberships are per company or individual.

	Full Year	Partial Year (Jul 1 to Dec 31)
Drilling Rig Contractor (Land-Based)		
Initiation Fee (one time only)	\$2,000.00	\$2,000.00
Company Dues	\$4,500.00	\$2,250.00
Rig Dues	\$400.00 per rig	\$200.00 per rig
Atlantic Division Contractor		
Company Dues	\$4,000.00	\$2,000.00
Service Rig Contractor *		
Initiation Fee (one time only)*	\$5,000.00	\$5,000.00
Company Dues (includes first 3 rigs)	\$1,950.00	\$975.00
Rig Dues (for each rig more than 3)	\$300.00 per rig	\$150.00 per rig
Associate Members	\$825.00	\$412.50

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

Membership Dues \$ _____
 Plus 5% GST (#106842784RT) \$ _____
 Payment Enclosed \$ _____

Date _____ Authorized Signature _____ Title _____

Returned completed application form and appropriate attachments with payment (in Canadian funds) to:

Canadian Association of Oilwell Drilling Contractors
 800, 540 - 5 Avenue SW Calgary, AB T2P 0M2
 For questions, email members_?@caodc.ca, or telephone (403)-264-4311 ext 108

CANADIAN ASSOCIATION OF OILWELL DRILLING CONTRACTORS 2010 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 oilwell 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* (2006). 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 principal contractor, is responsible for coordination and general supervision of all activities at the work site, including activities carried out by contractors, sub-contractors, 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 work site 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 sub-contractor, a service company or a supplier.

(iii) Recognition:

The process of selecting contractors, sub-contractors, 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 Alberta Employment, Immigration and Industry and Enform, and maintain a valid *Certificate of Recognition*, thereafter. This condition applies to drilling rig contractors resident in the Province of Alberta, or operating rigs in Alberta or resident in the Province of British Columbia or operating rig in British Columbia. (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 Supervisors Well Control Certificate
- Enform H₂S Certificate
- Suitable Environmental Training

(ii) Drillers - St. John Ambulance Standard First Aid Certificate, or equivalent

- Enform First-Line Supervisors Blowout Prevention Certificate

7. If H₂S Certificates are either provided by, or required by, the contractor they must be Enform H₂S 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 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). Additionally, supply of this information will have the effect of enrolling the member in the CAODC Safety Awards Program, and the member recognizes and accepts such participation.

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:

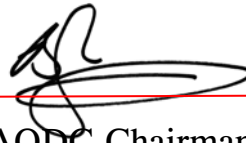
- (i) reprimand the undersigned;
- (ii) suspend the membership of the undersigned in the CAODC for a specified period of time or until the Board of Directors revokes the suspension;

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 himself as a CAODC member.

This Agreement will remain in effect until December 31, 2010.

DATED, SEALED and DELIVERED this _____ day of _____, in the year 20 _____.



CAODC Chairman

Seal*

«Title»

«Company»



CAODC Vice Chairman

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

CAODC has a secure electronic interface to assist members in meeting reporting obligations as prescribed by the CAODC Membership Agreements. CAODC members will have access to numerous features on the navigation menus. The navigation menu will consist of the following:

1. MemberWeb Home:

A link to the title page for the Member only section of the website

2. Member Publications

A listing of documents (annual reports, CAODC Information Bulletins, miscellaneous studies, minutes of committee meetings, CAODC Recommended Practices, recommended wage schedules and statistical reports) that can be accessed by members only — a privilege of membership.

3. Manage Data

A secure online reporting interface containing sections on — Membership, Drilling Rig Data, Service Rig Data, Well Completion Data, Document Upload, and User Administration. These sections will be visible based on corporate membership category (i.e., drilling, service or associate) and the level of access granted to each individual. Until permissions have been granted and verified, some of these sections will only be accessible by administrators.

4. Help

A comprehensive manual on all sections of the MemberWeb. If questions regarding the MemberWeb cannot be answered via the online manual, CAODC staff is available to assist you.

5. Logout

Self-explanatory, although logging out is not required — the server will time out will close the session after thirty minutes any unsaved data will be lost.

6. CAODC Home

Returns users to the public section of the CAODC website.

In order to move forward, there are attachments (A and B) that are to be completed and sent back to the CAODC for processing.

Attachment A

Must be signed by the Registered Representative, dated and witnessed, to allow CAODC to assign initial passwords to the CAODC MemberWeb.

Attachment B

Complete the attached form to list personnel that will require access, noting what type of permissions are needed, and assign passwords as required. Additionally, if

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there are other staff that should have access to particular sections of the MemberWeb, please note the access required and password. Note: permissions and passwords are assigned based on individual email addresses; passwords must be a minimum of six characters and are not case sensitive.

Please review, complete as required and return the attachments to the CAODC office **as soon as possible**.

Any questions regarding the implementation of the CAODC MemberWeb can be directed to Cindy Soderstrom at the CAODC.

Sincerely,

A handwritten signature in black ink, appearing to read 'Don M. Herring', with a long horizontal stroke extending to the right.

Don M. Herring
President

/jlk-170.0

Att.

Attachment A

Canadian Association of Oilwell Drilling Contractors (“CAODC”) MemberWeb Access Agreement

1. Permitted Use

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;

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- (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.

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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:  _____
Don Herring

Drilling Division Membership Application

Attachment B

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; passwords must be a minimum of six characters and are case sensitive.

Administration

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

Name	Email Address	Password	Add Personnel Permissions	Delete Personnel Permissions

Injury Reporting

- Inputting information regarding individual incidents.

Name	Email Address	Password	Data Input	Print Reports

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

Name	Email Address	Password	Data Input	Print Reports

... continued

