



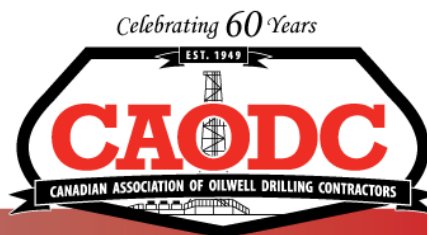
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TO: PROSPECTIVE SERVICE RIG DIVISION MEMBERS

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 most of the report to the Service Rig Executive Committee (SREC). As full members of the CAODC, service rig contractors have representation on the SREC and the Board.

The membership is divided into the following categories:

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

ompany 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 enclosed for your completion. It is very important that the terms of the Membership Agreement be understood and then complied with. The Chairman of the SREC, who is an elected representative, will be contacting you respecting the Agreement. We require that the agreement be executed, including affixing of your corporate seal. Keep a copy for your records.

Please return the Agreement, 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,

A handwritten signature in black ink, appearing to read 'DMH', is positioned over a background of vertical grey lines.

Don M. Herring
President

DMH/jlk-653.0

Encl.



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CANADIAN ASSOCIATION OF OILWELL DRILLING CONTRACTORS 2010 MEMBERSHIP AGREEMENT

THE SERVICE RIG DIVISION of the Canadian Association of Oilwell Drilling Contractors ("CAODC") is a voluntary Association of well servicing companies that provides to its members information on safety, business and technical issues and that seeks to improve the industry's operating and economic environment through its efforts as a focal point in dealings with government, regulatory authorities and operating oil companies.

In consideration of being admitted to membership in the CAODC, the undersigned Service Rig Contractor Member agrees with the CAODC, in respect to the operation of its service rigs, as follows:

1. To abide by the terms and conditions set out in the *Alberta Transportation and Utilities/Canadian Association of Oilwell Drilling Contractors Safe Transportation Memorandum of Understanding*, signed on March 29, 1999. (The terms of the MOU apply to service rig contractors resident in the Province of Alberta or operating rigs in Alberta.) A service rig is defined as "a mobile service carrier composed of a derrick, drawworks and capable of pulling and running jointed tubulars and conventional sucker rods, as well as attendant support equipment such as pump trucks, winch trucks and portable doghouse (crew change facilities)." The member will also file with the CAODC a current copy of the Alberta Transportation portion of the Basic Safety Program audit.
2. To obtain and maintain a valid *Certificate of Recognition (COR)*, issued jointly by either Alberta Employment and Immigration and Enform, or WorkSafeBC and Enform. This condition applies to service rig contractors resident in the Province of Alberta or operating rigs in Alberta, or resident in the Province of British Columbia or operating rigs in British Columbia.
3. To obtain and maintain a valid *Safety Fitness Certificate*, issued by the Alberta Motor Transport Branch. This condition applies to service rig contractors, resident in the Province of Alberta.
4. To abide by the terms and conditions set out in *CAODC Recommended Practice (RP) 3.0 – Inspection and Certification of Masts*, *CAODC RP 3.0A – Inspection & Certification of Substructures, Drawworks & Carriers*, *CAODC RP 4.0 – Overhead Equipment Inspection and Certification*, *CAODC RP 5.0 – Manual Rotary Tongs for Drilling Applications Inspection and Certification*, *CAODC RP 7.0 – Well Servicing Blowout Preventer Inspection and Certification*, *CAODC RP 8.0 – Doghouse Electrical Classification* (this only applies to service rigs with the doghouse on the rig floor), and *CAODC RP 9.0 – Minimum*

Standards for Derrick Egress. Subsisting members will file with the CAODC current verification **under oath** of Mast and Block Certification numbers, including expiry date. New members will file with the CAODC verification **under oath** of Mast and Block Certification numbers, including expiry date. (The information will be filed on a *CAODC Service Rig Certification Verification Form.*) Members agree that the CAODC has the right, so long as a party is a member, to conduct an audit at any time during normal business hours of the member, of the member's records and equipment, if necessary, to determine whether a member is in compliance with the verification filings required by this Clause 4.

5. To discharge its duties to its customers, its employees, the CAODC and the public with integrity.

6. To endeavour to perform all services on behalf of any customer in a competent and safe manner and to maintain its service rigs and other equipment in good working order.

7. In addition to their basic hourly wages, to pay its rig employees at least in accordance with the minimum standards provided under the laws in force in any jurisdiction in which the undersigned is performing its services.

8. To require its Rig Managers and Drillers/Operators to maintain at least the following training certificates where provincially required and recognized:

- (i) Rig Managers - Standard First Aid Certificate
 - Boiler Certificate
 - Enform H₂S Certificate
 - Enform Well Service Blowout Prevention or other Blowout Prevention Certificate
- (ii) Drillers
 - Standard First Aid Certificate
 - Enform Well Service Blowout Prevention or other Blowout Prevention Certificate

9. 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.

10. To furnish CAODC, in a timely manner, monthly average hours per rig. Hours per rig is based on the total number of rigs in your fleet and only the billable hours. Average hours per rig includes all areas of operations. The information must be supplied within 15-days of the end of the previous month.

11. To furnish data for the CAODC injury analysis program on a quarterly basis effective January 1, 2006. 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).

12. To file with the CAODC office, certificates of insurance with a reputable insurance company, or companies, and maintain 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.

13. To pay its annual dues to the 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 fifteenth day of December in the previous calendar year**). Dues will be assessed on all *active rigs* of the member company, which is defined as any rig which carries a current year license plate and registration. Execution of this Agreement, in conjunction with Appendix A Consent Form, will provide CAODC with the right to secure a current list of registered commercial vehicles from the Department of Government Services. (The terms of this condition apply to service rig contractors with rigs registered in the Province of Alberta.)

14. To pay all other amounts payable to the CAODC within 30-days following receipt by the undersigned of each invoice therefore.

15. To be bound by and observe all by-laws, rulings, and policies of the CAODC in force and in effect from time to time.

16. 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;

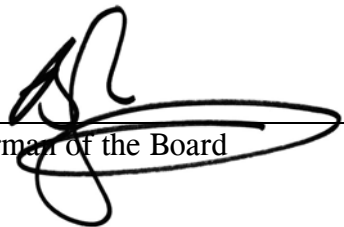
and may, by a two-thirds vote of all the Directors, expel the undersigned from membership in the CAODC. The Board of Directors of the CAODC may, prior to considering a default by a member, have an investigation conducted in accordance with Appendix B.

17. 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.

18. New service rig member applicants must attend a regularly scheduled meeting of the Service Rig Executive Committee prior to approval of their application.

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

DATED, SEALED and DELIVERED this _____ day of _____, in the year 200 _____.



CAODC Chairman of the Board

Seal*
Officer
«Company»



CAODC Service Rig Division Chairman

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



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/_____

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

Drilling Rig Contractor Service Rig Contractor Associate Member

Annual Membership Dues are based on a calendar year; partial year assessments, as noted below, are provided for membership after July 1st each year. Drilling and Service Rig memberships are based on both a company levy plus a fee for each rig owned; Associate memberships are per company or individual. Following are the rates for each class of membership.

	Full Year	Partial Year (July 1 to December 31)
Drilling Rig Contractor		
Initiation Fee (one time only)	\$2000.00	\$2000.00
Company Dues	\$4,500.00	\$2,250.00
Rig Dues	\$400.00 per rig	\$200.00 per rig
Atlantic Division Drilling Rig Contractor		
Company Dues	\$4,000.00	\$2,000.00
Service Rig Contractor		
Initiation Fee (one time only)*	\$5000.00	\$5000.00
Company Dues (includes first 3 rigs)	\$1950.00	\$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.

Completed Agreements (except for Associate members) and payment (in Canadian funds) must accompany application.

Dues \$ _____
 (#106842784RT) GST @ 5% \$ _____
 Total \$ _____

 Date Authorized Signature Title

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APPENDIX A

2010 CAODC SERVICE RIG DIVISION MEMBERSHIP AGREEMENT

CONSENT FORM

I, _____ of _____ in the Province of Alberta, hereby state that I am the _____ of _____, a corporation having offices located at:

_____ and that I have the authority to consent on behalf of the named corporation for release of the corporation's information from the Motor Vehicle Registry of the Province of Alberta.

On behalf of _____, I hereby:

- direct the Ministry of Service Alberta to release to the Canadian Association of Oilwell Drilling Contractors (CAODC), a trade association representing drilling and service rig contractors in Canada, the MVID listing for _____, MVID No. _____ which is made from information in the Motor Vehicle Registry of the Province of Alberta; and
• consent to this release.

CAODC may receive this information only for the purpose of equipment verification.

This consent expires as of December 31, 2010.

DATED this _____ day of _____, 20_____.

Signature

Witness signature

Date

Print name of witness



APPENDIX B

2010 CAODC SERVICE RIG DIVISION MEMBERSHIP AGREEMENT

INVESTIGATIVE PROCEDURE

In the event a written complaint is filed against a service rig contractor at the CAODC office by a party with a legitimate interest — such as an operator, another member contractor, or a government agency — or the CAODC Board of Directors requests an investigation, then the following investigative procedure shall apply:

- a) The President of CAODC will call the registered representative of the member company and advise him of the complaint;
- b) The member company may then take corrective action or request an investigation of the complaint under the terms of this Appendix B;
- c) Such an investigation will be carried out within ten days on behalf of the CAODC by a three-person panel, one of whom is appointed by the member company, one by the Service Rig Executive Committee (SREC), and the third, who shall act as chairman of the proceedings, and who shall be jointly appointed by the original two.

The panel or the Chairman of the SREC of the CAODC will report to a specially-called meeting of the SREC, and in the event the member company is found in default of its membership obligations by the SREC, then the SREC will ask the CAODC Board of Directors to act in accordance with Clause 16 of the Membership Agreement and the By-Laws of the CAODC.

