



Issues Related to the Exploration and Exploitation of Shale Gas in the Utica Shale of the St. Lawrence Lowlands

Oral Presentation / Memoir

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by

Mark Scholz, President

Canadian Association of Oilwell Drilling Contractors

Suite 2050, 717 7th Avenue S.W.

Calgary, AB T2P 0Z3

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Who is CAODC

The Canadian Association of Oilwell Drilling Contractors (CAODC) is a trade association that represents the Canadian drilling and service rig industry. CAODC is based in Calgary but it's a national organization. Today we represent all of the drilling rigs operating in Canada and 98% of the service rigs operating in Canada.

I'd like to share today the impact that rig work has for Quebec communities today, and what the economic impact could be should Quebec decide to develop its shale gas resources.

What Rigs Do and Why Rig Activity is Important

When an exploration company wants to invest in a particular basin, drilling rigs are needed for exploratory wells. Drilling rigs are also needed to drill the wells for production.

And the requirement for rig equipment is needed even after the well is established. In some cases, wells can produce for as long as 50 years. Over a well's production life, a service rig will be required at several points to maintain or repair the well.

Every time a drilling rig goes to work, a total of 135 direct and indirect jobs support that rig activity.

In terms of jobs generated directly within the rig sector, an active rig captures:

- 16 jobs to directly operate a drilling rig
- 5 jobs to operate the service rig to turn the cased hole into a producing well.

Rigs are just one segment of the work needed to develop oil and gas resources. Working rigs also require geologists, transport services and specialized oilfield services. In fact, one drilling rig is supported by 75 jobs just in the oil industry.

When you add in local services – services such as hotels and restaurants and gas stations – the total number of jobs impacted by an active rig grows to 135.

Drilling rig activity is watched closely by analysts, and this is because rig activity is a powerful indicator of economic activity. Strong drilling rig activity tells analysts that a host of other oilfield support services will be in demand to support the well throughout its life cycle.

The Opportunities a Rig Career Offers

When rig contractors bid for contracts, they highlight their technology, their skilled people, their safety record and the ability to complete a job efficiently.

CAODC members are companies who run rigs, but they also are heavily invested in a people business. A rig is only as good as the crew that can run it. Rig contractors know this.

One driller captured it best when asked what his job was about. He didn't talk about the wells his rig drilled or about the hours he stood at his drilling console. He didn't talk about the latest technology integrated into his rig.

He said, “My job is about people. My biggest responsibility is training my crew.”

Unique skill sets are needed to operate a drilling rig or service rig.

Rigs are million-dollar business units - in some cases, multi-million dollar business units - and a rig contractor can't rely only on advanced equipment to compete. The rig contractor needs the right people.

It takes a unique skill set to manage and maintain this equipment. The rig industry has a very hands-on approach to developing this skill set.

Both service rig contractors and drilling contractors place a premium on their people. Rig contractors have training and mentorship built right into the rig crew structure. This gives Canadians an opportunity to step onto a promising career path and develop a unique and valued skill set.

Training is one area where the Canadian industry has a strong track record. When CAODC was formed – in 1949 – its founding members partnered that same year with another association to establish a centralized training resource for rig crews. The Canadian industry has a well control certification that has been mandatory since the 1980's.

And today we have a Red Seal trade - which is unlike any other trade in Canada. It is the only trade that is identical in terms of content and standards throughout the entire program. This was achieved because CAODC members worked with governments to establish the framework for this program.

The Rig Technician trade is a Red Seal trade with thousands of apprentices and journeymen. Some of these tradespeople live right here in Quebec. There are people in Quebec today who are on this career path.

Drilling rig employees travel to their rig for a two-week hitch, and then travel back home for time off. And home can be anywhere right across the country. Drilling employees do not live only where there is oil and gas activity. A number of drilling employees live in lower mainland BC, where – notably - there is no oil and gas activity. They also live in Ontario and Quebec and Newfoundland.

If Quebec were to open shale gas development, the opportunity to pursue this career path would be more prominent, with this activity happening closer to home.

The Rig Technician trade is specific to the drilling side of the business. Service rig companies chose a different route for setting training standards. Instead of joining the apprenticeship community, CAODC service rig members worked together on a training program known as the Service Rig Competency Program (SRCP). Like a trade, SRCP places high value on the on-site supervision and mentorship.

Both the trade and SRCP focus on on-the-job training standards. The difference between the two programs lies in administration:

The Rig Technician trade is administered through provincial apprenticeship divisions, and requires a classroom component offered by post-secondary institutions. SRCP is administered out of an industry-funded training service, Enform, the safety association of the upstream oil and gas industry.

Unlike drilling rigs, which move often, service rigs look after wells in a set area. And in areas central to the gas activity, service rigs become part of the local communities.

Because service rigs maintain wells over a production cycle – years – they have a home base right at the heart of the gas activity. A service rig crew lives in that area, and they travel together to and from well sites.

Rigs are a people industry. This might be a surprising way to think about this equipment. The rig industry is one that's recognized as a derrick mast on the horizon. But, for every mast, there's a crew on the rig floor. And that crew has a unique skill set that directly strengthens local economies and the national economy.

Canadian rig contractors have a history of working together through CAODC to create resources that create better, safer work environments. They do this even despite a very competitive market environment.

If Quebec chooses to develop its shale gas resources, the companies that provide rig equipment bring the benefit of established training resources, and a focus on helping employees progress on a career path.

Rig companies will be able to offer to Quebec residents world-class training and good paying jobs.

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