

THE LONE STAR PIPELINE



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Our Purpose

The Association of Desk and Derrick Clubs (ADDC) is a non-profit, international organization whose purpose is to promote the education and professional development of individuals employed in or affiliated with the petroleum, energy, and allied industries and to educate the general public about these industries.

Our Mission

Our mission is to enhance and foster a positive image to the global community by promoting the contribution of the petroleum, energy, and allied industries through education by using all resources available.



Permian prices may deter some drillers

By Joe Carroll, Bloomberg

Published 5:53 pm, Monday, February 13, 2017



Photo: James Quinn

Two operators, left, and Kevin Goodings, right, add a section of casing down a vertical well on the floor of Trinidad Rig 435 on Wednesday, Nov. 2, 2016, in Midland County, James Quinn/Reuters/Photo by Getty Images

Record prices for drilling rights in the Permian Basin, the most fertile U.S. shale field, are prompting oil companies and private equity investors to look elsewhere for the next big gushers.

Explorers eager to tap the basin's mile-thick stack of oil-soaked rock layers have paid as much as \$60,000 an acre. That marks a 50-fold explosion in deal prices over four years, according to Wood Mackenzie Ltd. It also pushes the cost 10 times higher than in the Bakken of North Dakota.

The backlash is just beginning. BP Plc, the U.K.-based supermajor, has focused its shale-drilling efforts on the other end of the hemisphere, in Argentina's Vaca Muerta region, while Sanchez Energy Corp. has targeted the Eagle Ford of South Texas and Newfield Exploration Co. has acquired rights in the Stack field in northern Oklahoma.

As far as the Permian is concerned, "companies that don't already have a foothold are seeing valuations that are out of control," said Gabriele Sorbara, an analyst at Williams Capital Group LP in New York. "They can't get involved."

The Permian runs 250 miles wide and 300 miles long across West Texas and southeastern New Mexico. It's a gold mine for oil drillers, not only because it has many more layers of oil-rich stone, but also because each seam is 10 or 15 times thicker than those in other shale formations such as the Bakken or Eagle Ford.

That means more opportunities to strike oil, and more pay zones. Permian wells can generate profit with crude selling for less than \$40 a barrel, a threshold unheard of in other shale fields.

That's why drillers already there have been boosting their efforts. Occidental Petroleum Corp., the biggest operator in the Permian, said on Thursday it may double output in the region during the next four years. The Permian is Occidental's "foundation" and "growth engine," Chief Executive Officer Vicki Hollub said in a conference call.

Now, though, prices have risen above \$50 a barrel on the strength of a pledge by the Organization of Petroleum Exporting Countries and 11 other nations to enact output cuts. OPEC implemented 90 percent of the promised reductions last month, the highest compliance rate in the cartel's history. Higher prices mean broader opportunity, opening new promise at fields where it costs more to produce oil. West Texas Intermediate crude rose 2 percent to \$54.05 a barrel at 12:40 p.m. on Friday in New York.

Prime candidates to capture the Permian's overflow are the Snoop and Stack regions of Oklahoma, the Bakken, the Haynesville Shale in Louisiana and the Eagle Ford. As for the Permian, uncertainties about whether it holds enough crude to justify skyrocketing prices is reminiscent of "the Internet circa 1998," said Peter Pulikkan, a Bloomberg Intelligence analyst.

"We're in the second inning of a Permian bubble," Pulikkan said. "Some players are starting to look at other areas that may offer better risk-reward" ratios, given the buy-in.

Emboldened by a rejuvenated oil market where prices jumped 90 percent in New York in the past year, the rush to snap up Permian assets accelerated as 2016 wound down, with companies such as Exxon Mobil Corp. and private equity firms like Talara Capital Management LLC leading the push. By year's end, the region had absorbed one of every four dollars spent globally on oilfield acquisitions, according to Wood Mackenzie, the Edinburgh-based research house.

However, the attractiveness of the Permian may already be fading. Less than half the respondents in a Bloomberg Intelligence survey said the Permian will draw the most acquisition interest in the coming year. That's down from 57 percent in 2016.

Another sign of weakness for the region may be gleaned from the performance of Jagged Peak Energy Inc., a Permian explorer that had to cut the price and size of its initial share sale last month, and has fallen almost 3 percent since its debut.

"It's all about what you pay to get into an asset compared to how much you can get out of it," said David Zusman, chief investment officer and co-founder of Talara, which has \$600 million under management. The firm began investing in Permian driller Caza Oil & Gas Inc. in late 2014 and took control of the company at a bargain price the following year during the depths of the market collapse.

Although major Permian operators including Exxon, Pioneer Natural Resources Co. and Anadarko Petroleum Corp. are "in it to win it" and unlikely to alter course, "new entrants may be turned off and look elsewhere," said Joseph Triepke, founder of Infill Thinking, a Dallas-based oil research firm, and a former analyst at Citadel LLC's Surveyor Capital unit.

"Oklahoma is the logical place to go" because of the huge potential in the Snoop and Stack regions, Triepke said. "Those are the places that will benefit most from the Permian bubble."



Dulce Chafin works for Schlumberger as a Cementing DESC (Design and Evaluation Services for Clients) Engineer. The main areas of work include the Williston, Niobrara, Western Gulf and, Permian Basin. In the past, she worked as a Hydraulic Fracturing DESC Engineer covering East and West Texas. She has been with Schlumberger over 10 years. She holds a Bachelor Degree in Industrial Engineering from Monterrey Tech, Mexico. She also holds a Petroleum Engineering Master of Science Degree from Texas A&M.



Energy Futures

Symbol	Price	Change	%Change	Volume
OIL	53.17	▲ 0.24	0.45%	358239
BRENT	50.95	▲ 0.36	0.65%	200340
NAT GAS	2.904	▼ -0.04	-1.36%	80311
RBOB GAS	1.5419	▼ -0.0027	-0.17%	33728

MEETING INFORMATION

- Our meetings are generally held the third Thursday of each month at 6:00PM at the Brookhaven Country Club. (3333 Golfing Green Dr | Farmers Branch, TX 75234
- The cost of dinner is \$30, cash or checks made payable to Lone Star Desk and Derrick Club of Dallas | RSVPs must be made by the second Tuesday at 10:00AM unless otherwise stated.
- Prior to the meeting, there will be a Social Hour from 5:00-6:00PM with a cash bar



ADDC President's Letter



Board of Directors

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K&K Temporal Services

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Maggi Franks
President

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February 2017

Dear friends and fellow members,

February brings with it thoughts of Valentines and the Groundhog. To me it's a reminder that I must love what I do, because like in *Groundhog Day*, I do it over and over. But that's the life of an accountant, and, yes, I do enjoy it. Sometimes though, the monotony can get to you, and you just need to change things up.

This year at Budget and Planning, we changed things up a bit. We went through all the committee reports and the Board reports as usual, but we didn't stop there. We took the time to decide what direction we wanted to head with the Association. That involved coming up with tasks for everyone in ADDC. When I say everyone, I mean everyone. We outlined tasks for each of the committees, for the Board, for the regions, and for the clubs. We are in the process of sending these tasks out to everyone, so keep a lookout for updates soon. I know I might be slightly biased, but I believe this may have been the most productive planning meeting I've attended.

One of the changes that has happened over the course of the last two years is to include our ADO Manager and Webmaster at these planning meetings. Mark Loch (ADO Manager) and Wayne Ammons (Webmaster) play a vital role in the day-to-day operations of our organization. They are the face of ADDC, so including them in the budget and planning process only aids them in providing us, the members, with better service. Like the Parliamentarian and Executive Assistant, they do not have voting rights, but along with the Parliamentarian and EA, they were given a voice. This truly enhanced our meeting. This year's Board is a diverse group, and it was immediately apparent at Budget & Planning that each member intended in the utmost to advance the Association's best interests. We should all be proud of our Regional Directors and officers. I know I am.

I teased everyone by mentioning the new blog and video welcome, and I promise you will see them soon. I apologize for the delay, but unforeseen circumstances (mainly a server crash at my daytime job) kept me from completing these tasks as timely as I had hoped.

I hope to see many of you at the upcoming Regional meetings. I will be attending almost all of them. I regret being unable to be with my Region VI friends in person, but the silver lining is that I will get to see everyone at the Region III meeting scheduled for the same weekend. I still haven't figured out, unfortunately, how to be in two places at once. But Region VI will be in great hands — Christina Forth, Tammy Watkins, and your own Wendy Sparks will be there to share the weekend. If I can work out the details, I will try to slip in for part of the meeting.

Until next month,

Maggi Franks

Region IV President's Letter

Region IV Director's Newsletter



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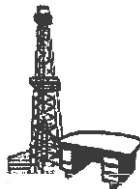
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February 2017

The ADDC Board of Directors met in Tulsa, Oklahoma for the Annual Budget and Planning Meeting, January 13-14, 2017 and it was my honor to represent Region IV. It was an extremely productive meeting: setting goals and taking care of Association business. The weather in Tulsa was cold, cold and cold – mixed in with ice! Leaving San Antonio it was 80° and arrived in Tulsa to 34°! But have no fear, when I returned home on Sunday I was greeted with a 75° degree temperature!

On Saturday, February 11th at the Hilton Garden Inns here in San Antonio – the 2017 Region IV Presidents, Vice Presidents, Region IV Committee Representatives and ADDC Chairman will gather for a one day meeting. This is a time to share ideas and goals for our Region for this year. If you have any concerns or an idea of something that you want your President to share at the meeting, please let her know.

It appears there has been confusion about the date for the Regional Meeting. The Region IV Meeting will be in Corpus Christi, Texas May 3-6, 2017 at the Holiday Inn Downtown Marina. The registration information will be coming soon! Just for clarification - originally another date had been chosen, however because of lack of available rooms, we had to change the date to May.

The first of the 3-R's: **Rejuvenate - to make fresh or new again; revitalize.** How can we rejuvenate our membership and/or have more participation by members? In this busy world we live in, sometime it is hard to get newer members to commit to help, or maybe they don't have an understanding of how a committee works, so they don't come forward. Does your club use Mentors for a new member? If not, start and utilize the wealth of knowledge that is available within your club, our long-standing members. Remember that retirement doesn't mean that they don't want to help, maybe take a less active role in the day-to-day activities of the club. Asking these members can certainly be the Pot of Gold in your club. Everyone tries not to bother others, so we feel like it is easier to just take on the task alone. Let's all strive to get all of the members involved and rejuvenate! Remember the old saying "There is no 'I' in Team".

Evelyn

"Believe in yourself! Have faith in your abilities! Without a humble but reasonable confidence in your own powers you cannot be successful or happy."
Norman Vincent Peale

Dates and News

MONTHLY MEMBERSHIP MEETINGS

February Meeting

Thursday,
Feb. 16th

March Board Meeting

Monday,
Feb. 27th



Birthdays of the Month

- ♥ 2/3 - Melissa Bell
- ♥ 2/22 - Erica Haley
- ♥ 2/22 - Pepper Krugman
- ♥ 2/27 - Renee Durham
- ♥ 2/27 - Karen Keller

Oil & Gas Humor

It puzzles me how they know what corners are good for filling stations. Just how did they know gas and oil was under there?

Dizzy Dean



Rigging UPI

Rig Count Overview & Summary Count

Area	Last Count	Count	Change from Prior Count	Date of Prior Count	Change from Last Year	Date of Last Year's Count
U.S.	10 February 2017	741	+12	3 February 2017	+200	12 February 2016
Canada	10 February 2017	302	+9	3 February 2017	+130	12 February 2016
International	January 2017	933	+4	December 2016	-112	January 2016

Elected Basins – Rig count reported Feb. 10, 2017:

Basin	Rig Count	Type
Barnett	3	2 oil, 1 gas
Cana Woodford	51	oil
DJ-Niobrara	21	
Eagle Ford	59	54 oil, 5 gas
Fayetteville	1	gas
Granite Wash	8	oil
Haynesville	31	gas
Marcellus	42	gas
Permian	301	oil
Utica	21	gas
Williston	37	oil

Oil & Gas Glossary

Recoverable reserves - That proportion of the oil and/gas in a reservoir that can be removed using currently available techniques.

Reenter - To enter a previously abandoned well.

Reservoir - The underground formation where oil and gas has accumulated. It consists of a porous rock to hold the oil or gas, and a cap rock that prevents its escape.

Riser (drilling) - A pipe between a seabed BOP and a floating drilling rig.

Riser (production) - The section of pipework that joins a seabed wellhead to the Christmas tree.

Roughneck - Drill crew members who work on the derrick floor, screwing together the sections of drill pipe when running or pulling a drill string.

Roustabout - Drill crew members who handle the loading and unloading of equipment and assist in general operations around the rig.

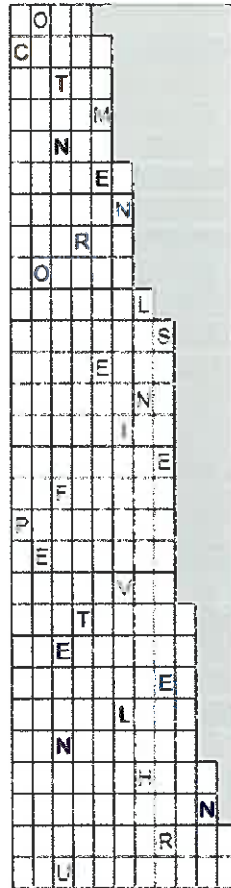
Royalty payment - The cash or kind paid to the owner of mineral rights.

Just for fun

FOSSIL FUELS!



China produces half of the world's ___ - about 3 billion tons a year
 Extracting shale oil is more expensive than extracting ___ oil
 A pumpjack pulls oil from a well using a ___ and moving head
 Some oil fields require gas or ___ injection to raise oil to the surface
 Petroleum is stored in ___; Natural gas is often stored underground
 For years, natural gas was ___ at refineries since it could not be sold
 Coal produces about twice as much ___ dioxide as natural gas
 Petroleum and coal supply the majority of the world's ___ needs
 ___ fuels come from decomposed ancient plants and animals
 ___ gas can be found in oil fields or in its own reserves
 The world ___ over 40 times more oil now than in 1930
 Some estimate that current petroleum reserves may be ___ in 80 years
 Directional ___ techniques can access previously unreachable resources
 ___ or hydraulic fracturing, breaks rock for natural gas extraction
 ___ is made from refined petroleum and powers most cars
 ___ oil drilling started after WWII in the Gulf of Mexico
 Petroleum can be transported by ship, truck, or ___
 Crude oil and gas are turned into marketable products at a ___
 World ___ of natural gas are expected to last over 200 years
 China, Brazil, Estonia, the U.S., ___ and Canada extract shale oil
 Petroleum is used to create plastics and organic ___
 ExxonMobil, Saudi Aramco, Royal Dutch Shell and Chevron are oil ___
 The ___ industry is the world's largest in terms of dollar value
 Oil, gas and coal are non-___ resources which will eventually be gone
 Burning fossil fuels products releases carbon dioxide into the ___
 Shale oil extraction is known as an unconventional oil ___ process
 Mud logging measures the ___ content while an oil well is drilled
 ___. Iraq, Iran, Venezuela, Canada and Russia have the most oil



Enter unused letters from puzzle, in order

___ _ _ _ _

___ _ _ _ _

___ _ _ _ _

Copy boxed letters to form your hidden message.

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Member News



Dimple Zeiger had hip replacement surgery Jan 10th. Dimple was in rehab for almost three weeks but is home now and recovering rapidly. It is difficult to keep a good woman down! Get well soon Dimple!

Reminder: Monday, February 20th is a Federal Holiday. Banking and US Post Office will be closed.



SAVE THE DATE

**COMING
UP**

**Region IV Conference
May 3 – 6, 2017
Corpus Christi, Texas
Holiday Inn, Downtown Marina
More information forthcoming**

PRESIDENT

FIRST VP

SECOND VP

SECRETARY

TREASURER

Carla Adams

Pat Blanford

John Ezell

Ann Hallam

Peggy Loyd

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EDUCATION

DIR. OF
LEADERSHIP

DIR. OF PR

DIR. OF
RULES

IMD. PAST
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Shar Fields

Polly Marek

Ian
Stageman

Rebecca
Edwards

Renee
Durham

MAILING ADDRESS

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Dallas, Texas 75360-0416*

ONLINE RESOURCES

Club Website:

www.lonestardandd.org

Facebook: [Click Here](#)

Public Calendar: [Click Here](#)

ADDC Website: www.addc.org

Club Email:

info@lonestardandd.org

Texas Energy Council Website:

www.texasenergycouncil.org



2016 Scholarship Recipients Awarded in 2017



McKenzie Taylor is a sophomore at Texas Tech majoring in petroleum engineering. She was a recipient last year as well. She worked for Headington Energy Partners last summer and has accepted an internship with Pioneer Natural Resources for the summer 2017.

Patrick McNeely is a senior at Texas A&M majoring in mechanical engineering. He was a recipient two years ago. He interned with Exxon Mobil spring of 2016 and interned at BHP Billiton the last two summers. He has accepted a full time position with Exxon after graduation.



Jordan Bevers is working on his Masters in Geology at UTA. He obtained a BS in geology from UT, Austin. He is a member of the Dallas Geological Society, Fort Worth Geological Society and has joined Lone Star Desk & Derrick with a student membership. He was able to attend our January meeting and plans to attend more meetings.

Landon Breeding is a Junior at Texas Tech majoring in Petroleum Engineering. During the Summer of 2016 he worked at a production engineering intern for Concho Resources in Artesia, New Mexico. He will return to Concho Resources for the summer of 2017 to work in drilling and completions in Midland, Texas.





Jesse Villarreal is a sophomore at Texas A&M majoring in Petroleum Engineering. He is minoring in Mathematics and Geology. He has an internship lined up for the summer with Chesapeake Energy. He is the only child of 5 to graduate from high school. While working 20-30 hours a week, he has maintained a 4.0 GPA.





Left to Right: Carla Adams, Val Williams & Pat Blanford



Left to Right: Rose Young, Val Williams & Yasmeen Sayed



Left to Right: Jordan Bevers & Polly Marek



Left to Right: Carla Adams & Val Williams

SAVE THE DATE



FRIDAY, SEPTEMBER 8, 2017 | 11:00 AM - 4:30 PM
DALLAS GUN CLUB | 3601 STEMMONS FREEWAY | LEWISVILLE, TX 75067

ABOUT THE EVENT

- ❖ Open to **ALL**
- ❖ First-come, first-serve basis
- ❖ Breakfast and Lunch sponsorship opportunities available
- ❖ \$750 per four-man team (includes cart and event shirt) or \$200 per individual (team TBD)
- ❖ Shooters provide ammo, eye and ear protection

SCHEDULE OF EVENTS

- ❖ *Registration:* 11:00 am - 12:00 pm
 - ❖ *Lunch:* 11:30 am - 12:30 pm
 - ❖ *Shoot:* 12:30 - 3:00 pm
 - ❖ *Ceremony:* 3:00 - 4:30 pm
- Awards, gun raffles, and extensive door prizes.

SPONSORSHIP OPPORTUNITIES

- ❖ \$7,000 - Title Sponsor (3 teams)
- ❖ \$5,000 - Shirt Sponsor (2 teams) **or**
- ❖ \$2,500 - Shirt Sponsor (1 team)
- ❖ \$2,500 - Cart Sponsor (1 team)
- ❖ \$2,500 - Cap Sponsor (1 team)
- ❖ \$1,500 - Beverage Sponsor
- ❖ \$300 - Station Sponsor
- ❖ \$200 - Door Prize Sponsor
- ❖ \$5 - Gun Sponsor

EVENT CONTACT

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