

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.



Why Oil Prices Are Going Up, Despite the Doomsayers

By Dr. Kent Moors
September 27, 2017
Money Morning

Only a few weeks ago, pundits were bemoaning the collapse of oil prices. Then these self-proclaimed soothsayers became doomsayers and started predicting oil prices would decline to \$40 a barrel (or below).

When Hurricanes Harvey and Irma hit, these self-same founts of wisdom declared Mother Nature had hurled at us a double whammy, guaranteeing problems in oil infrastructure, refinery demand, and distribution interruptions. Certainly, both hurricanes had an impact. With refineries – heavy users of crude oil – shut down, demand for oil declined. And as residents in South Texas and around here in South Florida quickly learned, the availability of gasoline soon became a major issue.

Oil exports – another big "use" for American oil – also took a big hit. Now, it's only been just under two years since Congress lifted the U.S. oil export ban. But in that time, American companies have raced ahead to more than 1.1 million barrels a day of oil being moved out of the country, largely from the Gulf Coast.

That, of course, is where Harvey hit. Especially the coast from Corpus Christi to Galveston and beyond was badly affected, and that's where many of America's oil export terminals are located. This would seem to set the oil market up for a major fall.

But despite what the doomsayers would have you believe, the effect in each case turned out to be very short-lived. The pundits' fear quickly went by the board. That's because in today's oil market, demand is a combination of elements that are much more difficult to understand than any talking head on TV can get out in thirty seconds... Even if they had the genuine experience and knowledge required.

Here's what these doomsayers are missing...

Despite All the Doom and Gloom, Oil Prices Are Heading Up

As of 2.30 p.m. Eastern Monday (the close of oil trading in New York), WTI stood at \$52.22 a barrel, while Brent was at \$58.87. WTI stands for West Texas Intermediate, the benchmark crude rate for futures contracts on the NYMEX. Brent is the other primary global standard, set each day in London. Despite two hurricanes and the Chicken Littles appearing on the tube, wailing that the (oil) sky is falling, WTI was up 3.1% Monday alone, 5.5% for the week, and 9.1% for the month. Brent is on an even greater tear – 3.6% Monday, 6.7% for the week, and a hefty 12.8% for the month.



That, by the way, is where I predicted oil prices would be by the end of September. Monday, WTI hit and Brent blew past the pricing floors I'd called for – \$52 and \$56, respectively.

Here's what's happening.

First, the run-of-the-mill oil prognostication you see on TV is often less objective than it may appear. "Analysts" are often fronting for their brokerages... and those agencies are taking short positions on oil. In other words, if the Chicken Little on TV can persuade the market that oil is going to decline, then his "The Sky Is Falling" parent firm makes a nice trip to the bank. That's not to say shorts don't have their place in a market; they do. But that place is hardly as the first reaction and never to satisfy a self-justifying manipulative move.

Over the past several days, as oil prices rose, these guys have had to quickly wind down their short positions. That's an expensive proposition. It only goes to show that there may be some justice in the world after all. Second, when you get down to the actual oil market fundamentals, you notice some interesting developments...

Oil Demand Is Rising Faster Than Expected

Oil demand is accelerating, not just in the United States, but globally (where the price of oil is really determined). The International Energy Agency (IEA), the U.S. Energy Information Administration (EIA), and OPEC all agree on this. There's certainly more than enough excess supply that can be easily extracted, especially in the United States. But this surplus does not factor into the equation unless it's actually lifted. Managing the amount of excess in the market is a necessary component of keeping prices higher. Most oil companies now understand this.

As such, the IEA, EIA, and OPEC are all now projecting that a balance in the oil market will emerge much earlier than initially expected. However, it's important to understand what that balance actually means. This is not a case of supply meeting demand exactly. That "just in time" provision of crude to the market would be disastrous, with no one being sure whether they'd be able to buy another barrel of oil or not. If that were to happen, excessive volatility would rule and average oil prices would be flirting with \$100 a barrel. No, the balance we want requires a surplus as a safety cushion. It's the size of that surplus, not simply that one is present, that determines the impact on prices. The balance currently in the works takes this into account and provides some leverage for producers in the process. There is also another sort of offset in play...

Energy Investors Are About to See Some Nice Profits

The OPEC-Russia agreement to limit production will be extended into 2018. Now, there is some excess production seeping into the market despite the accord. In addition, American production has never been a party to this accord. Nonetheless, production declines have intensified in Venezuela, Libya, Nigeria, and Mexico. These moves down are offsetting higher production elsewhere. It may not be an exact match, but it's close enough to sustain the wider balance. Finally, the perception of oil traders has moved decidedly away from the doomsayers. As you've seen several times in Oil & Energy Investor, setting futures contracts (the "paper" barrels that control

forward consignments of actual barrels of oil – "wet" barrels) requires a different view of pricing. In a "normal" market (and to be honest, I'm not sure what that really means anymore), traders peg prices to the expected cost of the next available barrel. They will then run options on those futures contracts to hedge their bets. However, if traders see oil prices moving down, they'll peg prices to the least expensive next available barrel. That's because the trader is more concerned with a surprise fall in price, so they try to lock in as low a price as possible to begin with. If, on the other hand, traders see prices rising, they start pegging prices to the expected most expensive next available barrel. Here, it's the upside that the trader must protect against.

We are rapidly entering this latter environment. The best indication of that is the consistent rise in the floor of the pricing range. As veteran readers of Oil & Energy Investor well know, the floor is far more important than the ceiling. A rising floor provides for traders' higher expectations of barrel prices. To this, the doomsayers have no effective response. Of course, no price trajectory is straight up or down. But oil prices are beginning to ratchet up – meaning more moves up than down, even if it's not a straight line. And that's all we need for some nice investment profits.

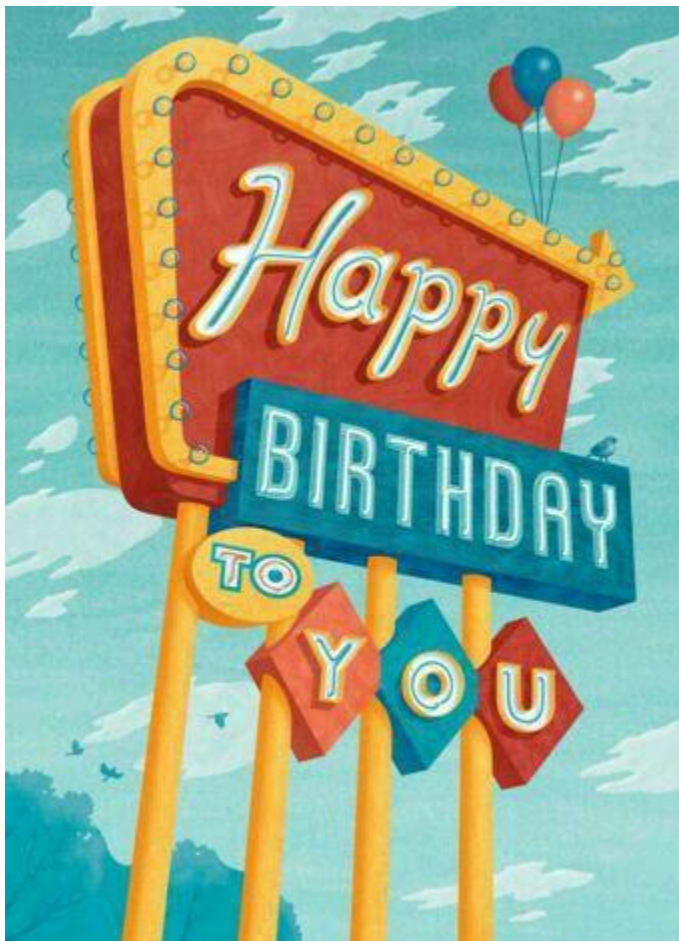


MEETING INFORMATION

- Our meetings are generally held the second 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.

Dates and News

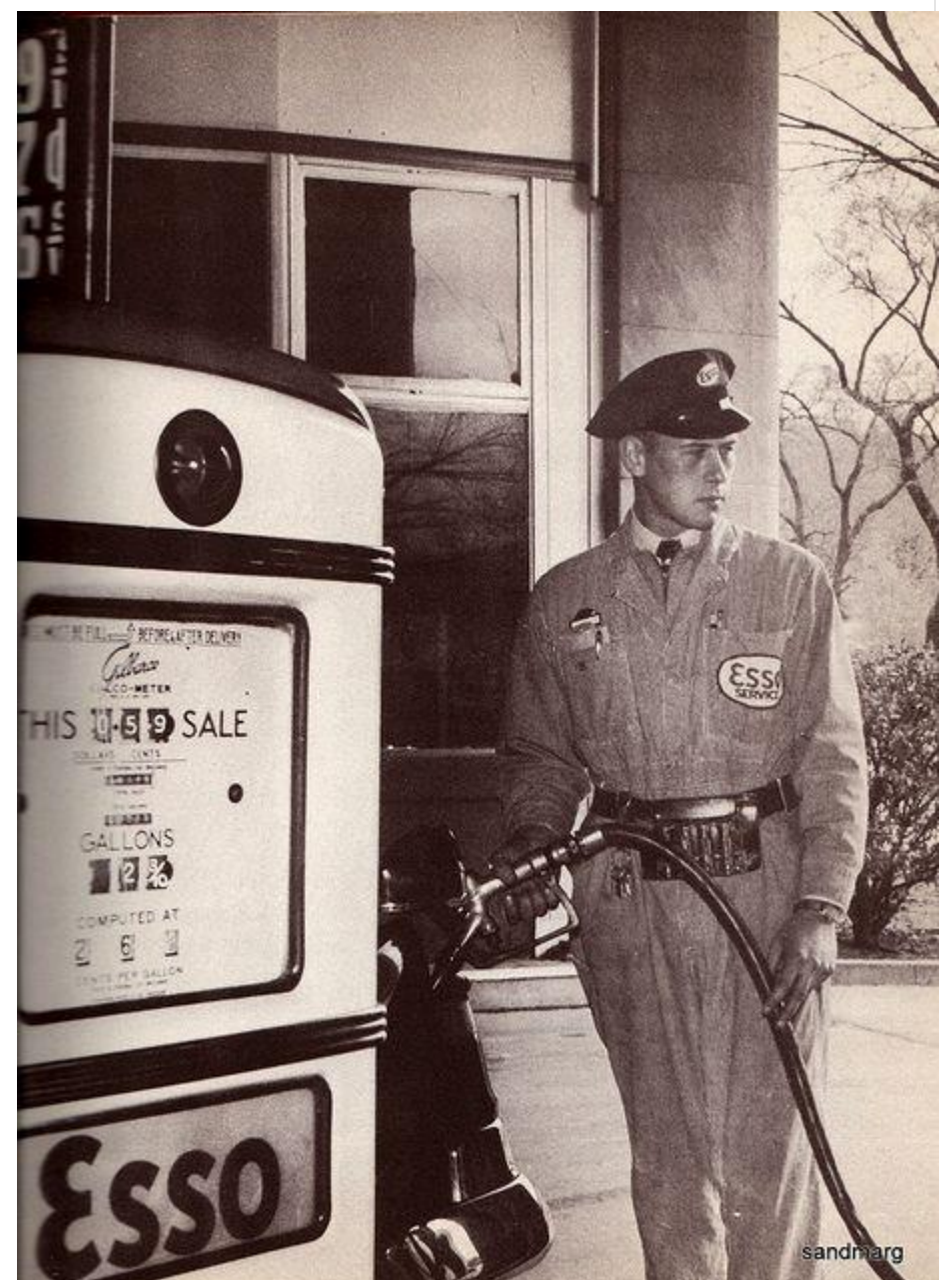
- September Meeting
 - Thursday, September 14th 6:00 p.m.
- September Board Meeting
 - Monday, October 2nd 6:30 p.m.
- Clay Shoot
 - Friday, September 8th Dallas Gun Club
- October Meeting
 - Thursday, October 19th 6:00 p.m.



- ❖ Dulce Chafin– September 16th
- ❖ Polly Marek– September 21st
- ❖ Kelly Blackwood – September 24th
- ❖ Rose Young – September 24th



Remember When?



ADDC President's Letter



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Claudia Prather

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Joan Cartwright
Bark Royalty Co. LTD

REGION VI DIRECTOR

Wendy Sparks
Carl E. Gungoll Exploration Inc.

REGION VII DIRECTOR

Marilyn Carter

Maggi Franks
President

5448 Longview Dr
Cross Lanes, WV 25313
(304) 206-7377 M
maggsmf@aol.com

September 2017,

Friends and fellow members,

There's something about September that I love. The kids go back to school, the leaves start to change, and it's time for our annual Convention and Educational Conference. At last count we were up to 220 members registered and 35 first timers! I'm just thrilled, and can't wait to see everyone. If you haven't registered there's still time! San Antonio is the place to be.

In addition to discussing the bylaw amendments, which everyone should have received by now, we have two other major topics we will be discussing. The first is a proposal on restructuring the organization. An ad-hoc committee has researched this thoroughly, and committee chair Jonathan Slay of the Tulsa Club will be presenting their recommendations during the Friday morning business session. The second item is a proposal by the board to eliminate the position of Vice President from the Board of directors. I will be giving a report on behalf of the board for this proposal. While we will not be voting on these two items at convention, we will be voting on whether or not to vote on these items by mail. Even though we may be voting on these proposed amendments this year, they would not go in effect until 2019. Handling these two issues via a mail vote will enable us to put the wheels in motion this coming year, and not wait for the 2018 convention to vote, and prolong the process by another year.

Enough about convention. Is your club getting ready to elect officers for 2018? Are you willing to be nominated? I know many clubs have a hard time finding candidates for their boards of directors. Is it fear of letting someone down? Is it fear of the unknown? Then ask yourself, "Am I satisfied with my club's path? Can I make a change?" I know many people who have commented on their dissatisfaction with current state of their club, be it losing members, a desire for more field trips, or maybe ideas for fundraisers. If you want things to change, then sometimes you have to be the change.

I remember the first time I ran for an office. It was 2005, and I ran for the office of treasurer. I lost. But I ran again in 2006, and won. I have Charlene Tenney, WV Charter President to thank for that. She gave me the little push (kick in the backside) that I needed to believe in myself, and step out of my comfort zone. So I want to say all of you, take that chance, step outside of your box, and become a club officer. If I can do it – anyone can. If you are on the fence, please contact me. I am available, and I will tell you everything D&D has done for me. All you have to do is take that first step.....be the change. You never know where it might lead you. You could be the next ADDC President.

Until next month,

Maggi Franks

Region IV Director's Newsletter



Evelyn Green
2017 Region IV Director
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Corpus Christi
DorothyJ@headingtonenergy.com

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Helen Lovato
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Lynda McCluer
Graham
ismccluer@yahoo.com

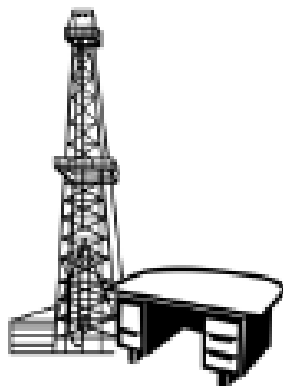
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Carla Adams
Lone Star
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Val Williams
NHMC
Valwilliams1950@gmail.com

Sue Weaver
San Antonio
suew@osbornheirs.com

Lori Lawrence
Victoria
lori_lawrence@kindemorgan.com



September, 2017

Just a little over two weeks until we gather in San Antonio. We are on the countdown to Convention. Remember that the last date to for registration is **September 8th – Postmarked Date!** I hope you all will be a part of the 66th Annual ADDC Convention. There are some field trips that still have plenty of room, just for YOU! This will certainly be a week of educational opportunities and lots of fun mixed in when you attend the field trips or any of the fantastic seminars. The two (2) Free Seminars will be presented by some of our own Desk and Derrick Members. You still have time to be a vital part of this Convention.

Don't forget that ADDC is **NOW ACCEPTING PAYMENTS** for Convention via **PAYPAL!** You can use your credit/debit cards or even your PayPal account to pay for the Convention Registration. Simply complete and mail your Registration Form to ADO, and then make your payment on line via PayPal at www.addc.org . Mark Loch and Wayne Ammons will be happy to help you if you have any questions about the PayPal Convention payment option.

Once again I must sadly report that Region IV has lost another long-time member. On August 6th, the Graham Desk and Derrick Club lost Doris Cook. Doris joined the Graham Club in 1953, the year it was formed, and had been an active member of the club. Doris served as the Club President In 1986 and in 2014 she was honored at the convention in West Virginia for her 60 years in Desk and Derrick.

There is still plenty of time to put the 3-R's into action for 2017. You can **Rejuvenate** your members – ask them to attend Convention! **Retain** your members by sharing all of the educational opportunities that Convention has to offer. And remember to talk about the educational opportunities at Convention – you may just **Recruit** a new member!

I look forward to seeing you all very soon in the beautiful city of San Antonio and share all that we have to offer! Bienvenidos or Welcome to the Alamo City.

Hugs to all,
Evelyn

"There are two primary choices in life: to accept conditions as they exist, or accept the responsibility for changing them"

Dr. Denis Waitley

ADO Manager Letter



Board of Directors

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Maggi Franks

K & E Computer Services

PRESIDENT ELECT

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Wendy Sparks

Carl E. Gungoll Exploration Inc.

REGION VII DIRECTOR

Marilyn Carter

Mark Loch
Association Distribution Office Manager
(ADO)

Association of Desk and Derrick Clubs
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(405) 543-3464 O

Email: ado@addc.org
Website: www.addc.org

Greetings; ADDC Board and Members;

WOW!!! 2017 Convention is here!!! In just 3 short weeks we will all be meeting in the exciting city of San Antonio, Texas for the 2017 ADDC International Convention. I hope everyone is prepared for an exciting and educational week at convention 2017. This convention promises to provide a great deal of memorable educational, networking and social opportunities. Everything from a winery field trip to a refinery field trip to a manufacturing plant field trip, as well as seminars covering leadership, cyber security and the workings of an ADDC club are available. For those of you who have been considering attending but have not yet completed your registration form there is still time to do so but you need to submit your form and payment as soon as possible. Remember you may pay by check, credit card or PayPal. This is a convention you do not want to miss.

ADO was present at Summer NAPE in Houston Texas in mid-August. ADDC made contact with over 70 company representatives and all were interested, in some way, in the ADDC and our offerings whether it was through the Energy Activity Book or the networking, social or educational opportunities. I will be following up with all of these contacts to encourage them to join the ADDC and benefit themselves and employers by being a member of the best industry and public organization within the energy industry.

Shortly after this year's exciting convention in San Antonio, ADO will begin sending renewal packets to clubs within the ADDC. These renewal packets will be for membership renewals for 2018 and we hope to have 100% renewal as well as many new members signing up for 2018.

In closing this month I would like to say thank you all for a great year as ADO Manager and I look forward to many more years to come. I look forward to seeing each and every one of you at convention and look forward to a spirited discussion regarding the bright future of the ADDC. If you have any questions regarding ADDC, Convention or anything related to membership with ADDC please let me know. ADO is here for you.

Please continue to pray for our friends, colleagues and neighbors who have been affected by Hurricane Harvey in Texas. Our thoughts and prayers are with them all. Please let me know if there is anything the ADDC can do to help.

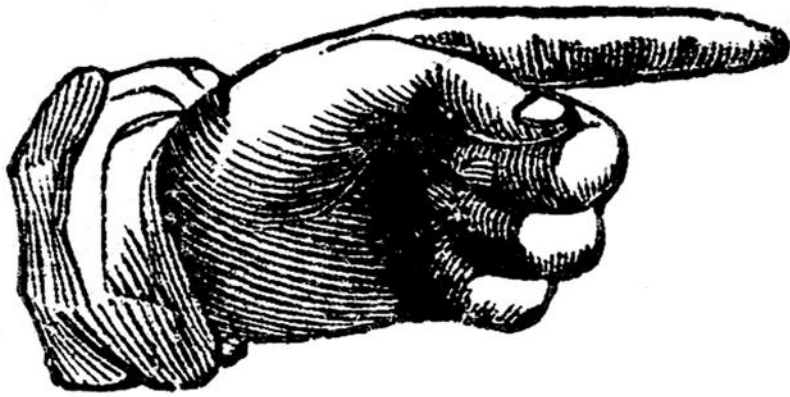
Until convention and next month keep your feet on the ground and keep reaching for the stars and successes for yourselves and the ADDC.

Sincerely;

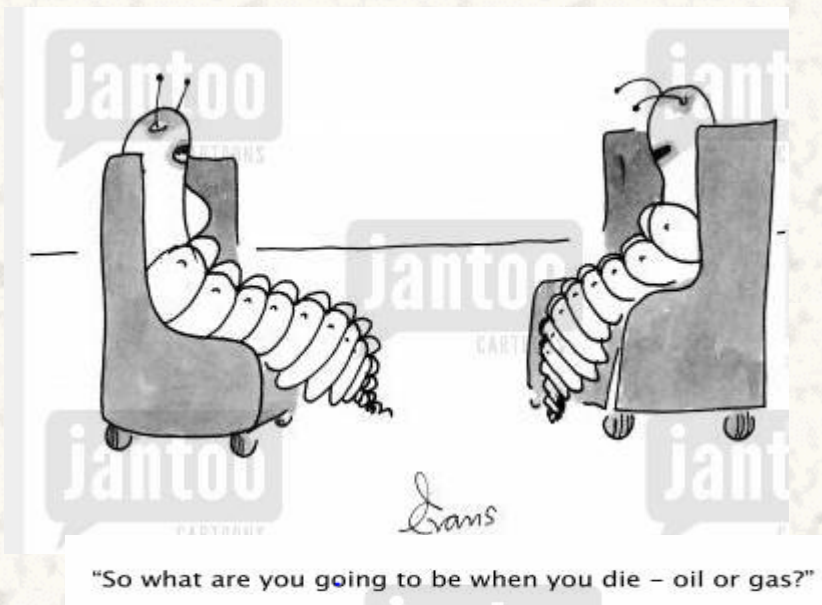
Mark Loch
ADO Manager
ADDC

Spotlight

Please Notice This



Industry Appreciation
Thursday, October 26th
Amegy Bank
2501 N. Harwood Street, Suite 201
Dallas, Texas 75201



PRESIDENT	FIRST VP	SECOND VP	SECRETARY	TREASURER
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MAILING ADDRESS

The Lone Star D&D Club of Dallas
P. O. Box 600416
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



September Meeting Photos



September Meeting Photos

