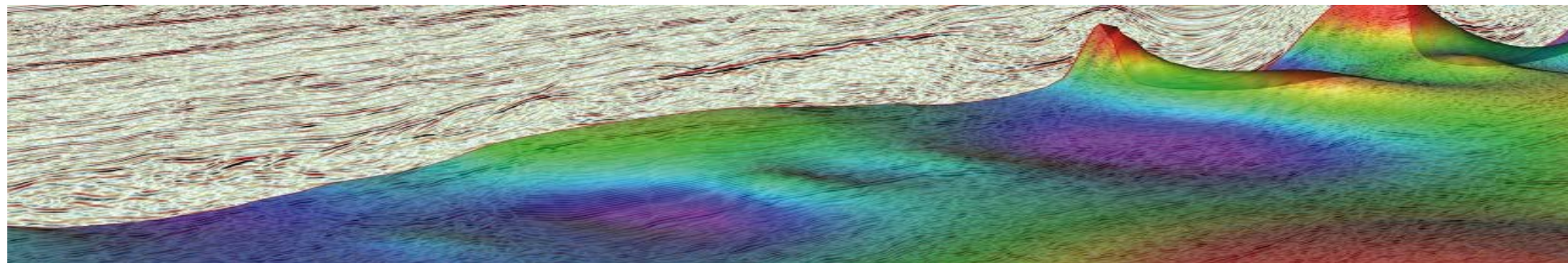


THE LONE STAR PIPELINE



In this Issue

Industry News & Meeting Info	1-2
Dates & News	3
April Meeting Speaker Bio	4
ADDC President's Letter	5
Region IV President's Letter	6
Article	7
Miscellaneous	8
General Information	9
Upcoming Events	10
March Meeting Photos	11

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.



Latest Threat to U.S. Oil Drillers: The Rocketing Price of Sand The market for a key ingredient in fracking is again surging

By Christopher M. Matthew & Erin Ailworth
March 23, 2017
The Wall Street Journal

The market for sand—a key ingredient in fracking—is surging once again as U.S. oil production rebounds, and the rising price of the tiny grains threatens to cut into energy companies' profits.

Now that crude oil is selling for just less than \$50 a barrel, American shale companies have rushed back into the oil patch, and they are using more sand to help supersize their wells. Sand props open underground fissures, which allows oil and gas to escape to the surface.

But the millions of pounds of sand being poured down wells is pushing up sand prices, eroding some of the profits that energy companies have managed to regain since the oil bust ended. Some are concerned sand supplies, diminished during a two-year oil-price downturn, could stall the drilling renaissance.

"Companies are worried about it," said James West, a managing director at Evercore ISI, an energy investment bank. "I think the threat of a bottleneck, at this point, is probably understated."

The tightening market has already sent prices marching toward \$40 a ton or more, by some estimates, up from \$15 to \$20 a ton in the second half of 2016. Increasing sand orders are also raising demand for railcars and trucks to transport it from mines in states like Wisconsin to shale fields in Texas and Oklahoma.

Some predict that demand for sand may outstrip supply by next year, creating a shortage that could linger for most of 2018. Tudor, Pickering, Holt & Co. estimates the sector will need 120 million tons of sand by next year, more than double the demand in 2014 at the height of the U.S. drilling boom.

Demand for sand has already returned to pre-bust levels, said George O'Leary, director of oil-field services research at Tudor Pickering, a Houston-based energy investment bank.

Sand accounted for between 5% and 7% of the cost of a well last fall, and Mr. O'Leary expects that percentage to rise as exploration and production companies use more of it this year. He thinks the price of sand could hit \$50 a ton before year-end, though that is still below the \$60 to \$70 a ton being paid in the third quarter of 2014, before the bust really took hold.

(Continued on page 2)



In the quest to find efficiencies of scale during the two-year downturn, producers have been drilling megawells, which run underground for more than a mile horizontally, and blasting larger quantities of sand down them to unleash more fossil fuels.

The biggest U.S. shale fields get fracked with about 30% more sand every year, according to Phillip Dunning, a technical adviser at Drillinginfo, which tracks oil-field supply use.

Frack sand use in the Delaware, one of the hottest parts of the Permian Basin in West Texas, has more than tripled since the start of 2012. By the end of 2016, producers put an average 1,919 pounds per foot down wells that measured 5,500 feet, according to Drillinginfo data.

In Louisiana, Chesapeake Energy Corp. recently pumped a record 50.2 million pounds of sand into a horizontal well roughly 1.8 miles long, piquing the interest of some rivals who are now weighing whether they can do the same.

A handful of oil producers, including Pioneer Natural Resources Co., have purchased their own sand mines to insulate themselves from bottlenecks. Pioneer, a prolific driller in the Permian Basin, plans to nearly triple its Texas sand production by the end of 2019.

Pioneer's sand use has surged 70% since 2013 to 1,700 pounds a foot. The company will test wells this year using 3,000 pounds a foot.

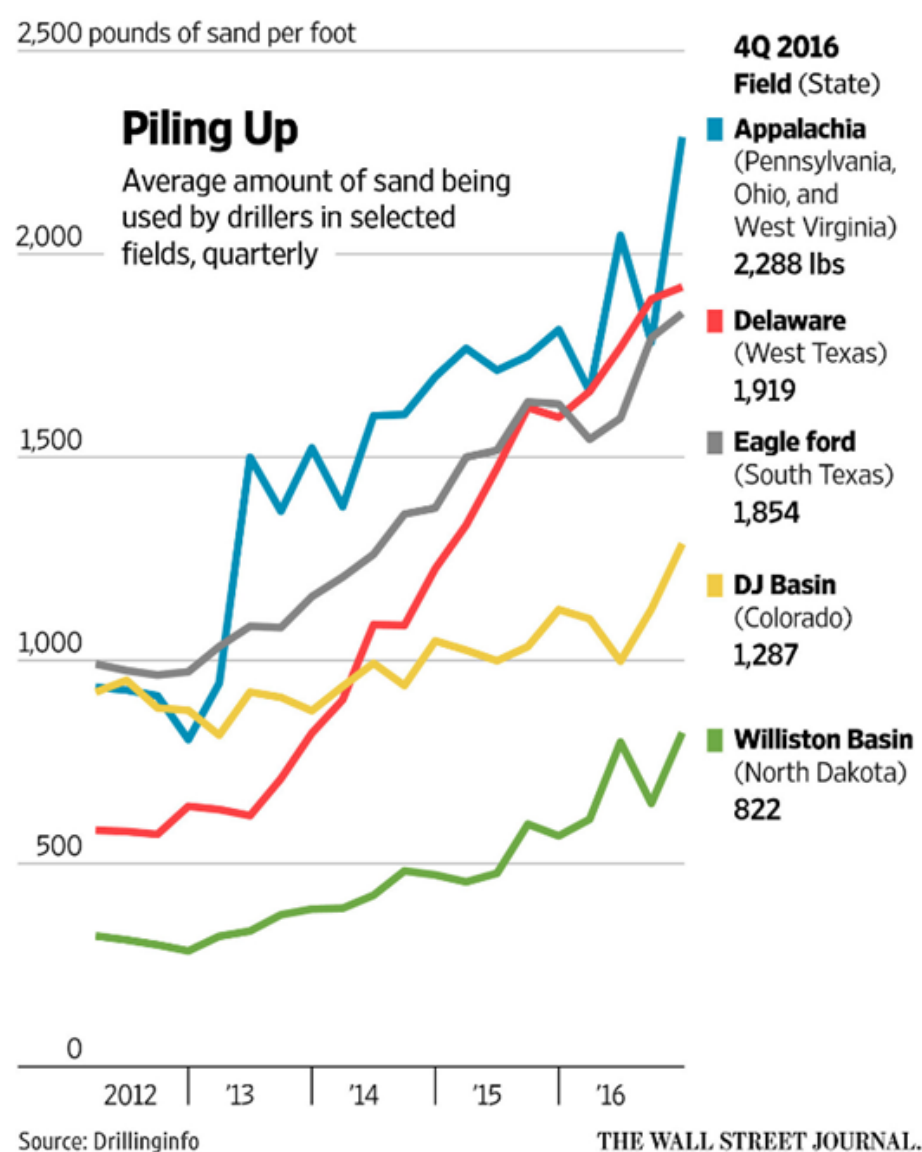
The expense is compounded by the logistics of moving sand from mines to well sites thousands of miles away. Drillers don't use sand found on a beach. They prefer fine white silica, much of it found in northern Midwest states. Shipping 5 million tons of sand can require 200,000 truck loads, according to a 2013 study by the University of Wisconsin.

Fracking a West Texas well in some sweet spots now takes 10 million pounds of sand, which requires 200 truckloads of the stuff.

David Adams, the head of Halliburton Co.'s well completion and production division, said sand costs break down into thirds, equally divided into the cost of sand, the cost of rail transport and the cost to truck the sand to the well. He expects a short-term bottleneck because during the protracted downturn, sand-mining companies slowed production and some canceled plans to open new mines.

Many sand producers are ramping back up, but expanding operations take time. U.S. Silica, which is fetching 20% more for its sand today than it did in October, plans to double its mining capacity to more than 20 million tons in 2018.

Halliburton is trying to keep costs for its clients down by investing in its own train depots and storage facilities in major shale basins from Colorado to North Dakota. It also signed a deal with U.S. Silica in January to use its Sandbox trucks, which use a forklift to load and unload containers from a customized chassis in seconds.



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

MONTHLY MEMBERSHIP MEETINGS



★ Cecilia Thorne – April 10th

OIL AND NATURAL GAS PRICES AS OF 1:30 PM CST 04/04/2017

	Price	Change	%Change	Contract
WTI	51.07	+0.83	+1.65%	MAY 2017
Brent	54.20	+1.08	+2.03%	JUN 2017
Natural Gas (Nymex)	3.276	+0.148	+4.73%	MAY 2017

U.S. RIG COUNT FOR MARCH 31, 2017:

	Oil	Gas	Total	Year ago Total 04/01/16
Rig Count	662	160	824	450
Change from previous week	+10	+5	+15	----

*In addition to oil and gas rigs, there are 2 rigs classified as "miscellaneous"

RIGS PER BASIN FOR MARCH 31, 2017:

	Total	Net Change +/- from last week
Barnett	5	0
Cana Woodford	48	-2
DJ-Niobrara	23	-2
Eagle Ford	73	+1
Granite Wash	14	+1
Haynesville	38	+1
Marcellus	44	0
Mississippian	6	-1
Permian	319	+4
Utica	22	0
Williston	42	-1
Others	178	+14

Glossary "T"

- tcf - Trillion Cubic Feet (of gas).
- Temporarily Abandoned - The act of isolating the completed interval or intervals within a wellbore from the surface by means of a cement retainer, cast iron bridge plug, cement plug, tubing and packer with tubing plug, or any combination thereof.
- Toolpusher - Second-in-command of a drilling crew under the drilling superintendent. Responsible for the day-to-day running of the rig and for ensuring that all the necessary equipment is available.
- Topsides - The superstructure of a platform.

With Sympathy to Toni Epps LoneStar Member on the loss of her husband, Phillip Epps

Obituary for Phillip Darrell Epps Phillip Epps, 64, of Grapevine, TX went to be with the Lord in the presence of his loving family on Tuesday, March 28, 2017.

He was born on November 5, 1952 in Fort Worth, TX. He is survived by his loving wife Toni; son John Epps; daughter Rachel Sparger, her husband Tommy; daughter Rebecca Middlebrook, her husband Eddie; sister Patrice Cain, husband Steven; 5 grandchildren David, Christian, Katherine, Elizabeth, and Tripp; his uncle Maurice Sims; and many cousins, nieces and nephews.

He was preceded in death by his father Darrell and mother Carol. He attended Polytechnic High School in Fort Worth, TX where he achieved the first chair in tenor saxophone. He graduated from Eastern Hills High School in 1971. He met his wife at church, Bethel Temple and they married in 1981. Next to the love of his life, Toni, was his love for music. He participated in local jamborees playing the fiddle and was in numerous bands throughout his life including swing, country, jazz, rock and blues. He played many instruments including the saxophone, violin, and flute for various events and churches throughout the years, most recently including Abundant Life Church in Grapevine, TX where he was an active member.

Later in life he also developed a passion for educating people in firearm safety and became a certified CHL instructor, teaching at Texas Gun Pros in North Richland Hills. He was a peaceful soul and a friend to all he knew.

Funeral Service 11am, Monday, April 3, at the Lucas Funeral Home Keller Chapel with burial at 3pm at the Goshen cemetery in Springtown TX. Visitation will be at the funeral home from 2-4pm Sunday April 2, 2017.



April Meeting Speaker Bio



Thursday, April 20th ★ 6:00 p.m.
Brookhaven Country Club
3333 Golfing Green Drive
Farmers Branch, TX 75234

SEE *You* THERE
→

Don Drake moved to Texas in 1996 when he was stationed at Fort Hood as a Field Artillery officer after graduating from West Point with a degree in Mechanical Engineering. After serving with distinction in the military, Don moved to Dallas with his wife Brooke and earned his MBA from SMU in 2001. After graduating, he began his career as an oil and gas banker at Bank of Texas where he was introduced to Desk and Derrick by his co-worker Star Hasse and he attended a number of excellent D&D meetings and field trips, learning tremendously and meeting a lot of great people.

Along with Star and several other co-workers, Don founded the Dallas energy lending arm of Amegy Bank. He later served as Vice President of Finance at Noble Royalties and then as President and Chief Strategist at Dominion Natural Resources in Dallas, TX where he successfully drilled in the Permian Basin. In 2014 Don transitioned to work with a Dallas based family office in the hydrogen fuel cell and clean energy space, leading the acquisition of a fuel cell business based in Jakarta, Indonesia and exploring markets in Vietnam and other areas of the world.

Don currently serves as an independent consultant and in one of his projects, is energetically involved in business development in the B2B Payment Optimization space. He lives in Dallas with his wife Brooke and their two dogs, Stanley and Genevieve.

April ADDC President's Letter



Board of Directors

PRESIDENT
Maggi Franks
K & E Computer Services

PRESIDENT ELECT
Christina Forth
AOC International

VICE PRESIDENT
Terry Ligon
L Chem Tech Co., Inc.

SECRETARY
Keith Atkins
Murphy USA

TREASURER
Tammy Watkins
CTKW Petroleum Land Service, LLC

IMMEDIATE PAST PRESIDENT
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Valero Energy Corp.

EXECUTIVE ASSISTANT
Linda Rodgers
Process Equipment & Service Co.

PARLIAMENTARIAN
Sheryl Minear, RP
Silver Oil & Gas, Inc.

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Bev Roberts
American Refining Group

REGION II DIRECTOR
Jan Bell
Advanced Energy LLC

REGION III DIRECTOR
Claudia Prather

REGION IV DIRECTOR
Evelyn Green

REGION V DIRECTOR
Joan Cartwright
Bark Royalty Co. LTD

REGION VI DIRECTOR
Wendy Sparks
Carl E. Gargoil Exploration Inc.

REGION VII DIRECTOR
Marilyn Carter

Maggi Franks
President

1600 Edgewood Drive
Charleston, WV 25302

(304) 343-5557 O
(304) 206-7377 M

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maggsmf@aol.com (h)

April 2017

Dear friends and fellow members,

I hope by now you have received information on both the Convention Registration Award Program, and the Proposed Bylaw Amendments. They are both posted on the website and have been sent out to club presidents.

As part of the Award Program, 3 registrations will be given out. Clubs are divided into three groups by size. The Small group consists of clubs with 1-20 members, the Medium group 21-35 members, and the Large group 36 and above. Send your completed entries to Mark Loch at ADO. The deadline for completed entries is April 30th. Then one winner will be selected in each group. The winning clubs will then select the member from their club to receive the registration credit. The criteria for the club entries, and suggested ways to select a winning member are included in the Award form. I urge every club to take advantage of this program. What a great way to get another member hooked on conventions!

When it comes to the Proposed Bylaw Amendments, I'm not going to sugar coat it; the Board is proposing some major changes. At Budget & Planning, we discussed the future of the Association. We firmly believe that these changes are necessary to ensure the future of the ADDC. Keep in mind that we are no longer the same organization we were in 1949. We have grown, we have changed. The world has changed around us. We need to keep moving forward with the world, or we will fade away with the past. These are not proposed for the sake of change, but to aid in the survival of the Association. Please take time to review and really think about each of these proposed amendments. Discuss them at your meetings and at your regional meetings. Ask questions. Propose solutions. Just think.

I was fortunate to be able to attend the Region II meeting. Jan Bell chaired a fantastic meeting, and the members of the Olney club hosted an amazing weekend. The discussions during open forum left me with much to think about, and relay to the Association. I will be reporting to the board some items brought to my attention during this meeting. I enjoyed the education, the discussions, and the camaraderie I found at this meeting. I encourage everyone to attend a regional meeting other than their own. Each has its own unique spin on our shared goal – *Great Knowledge – Greater Service*.

Until next month,

Maggi Franks

Region IV Director's Newsletter



Evelyn Green
2017 Region IV Director
evelyn@gbcm minerals.com

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Helen Lovato
Fort Worth
hlovato@swbell.net

Lynda McCluer
Graham
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Donna Altomari
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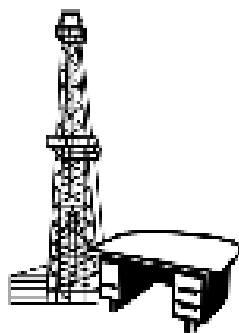
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Lone Star
cadams@tkmil.com

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NHMC
ValWilliams1950@gmail.com

Sue Weaver
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Lori Lawrence
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Connie Bass
Wise County
Connie.bas@bit-group.com



April 2017

It is hard to believe that the Region IV Meeting will be next month! Have you mailed in your Registration Form? The Registration Deadline is quickly approaching, so if you haven't sent it in – do so today! The Desk and Derrick Club of Corpus Christi has been working hard to assure that you have a wonderful time while learning about *Marketing in the Certification Class; taking a visit to the Port of Corpus Christi; learning more about oil spills and remediation thru a joint effort of the Coast Guard and Texas A&M University at Corpus Christi or spend the day touring the historic King Ranch just to name a few!* You won't want to miss the Friday Night Ice Breaker - it will leave you wanting more.

Recruit - the third of my 3-R's: Recruit – to strengthen or reinforce. Does your club have some members that didn't renew for this year? Sure, we all do – but how do we get these individuals to return? When we think of recruit, we naturally think of getting new first-time members to our association – what about reconnecting to past members, recruit these past members – rejuvenate their interest in Desk and Derrick. What are you as a club doing to recruit new members? Have you had an open house at your membership meeting; or what about a "Lunch and Learn" at a company that maybe you don't have any members from? The possibilities are endless on ways to recruit. We all realize that some clubs in our association are just trying to "stay alive", but just invite one person to your meeting and see what happens.

Hopefully you have all had a chance to review the Proposed Amendments to the Association Bylaws and Standing Rules that were sent out recently. These will be discussed at the Region IV Meeting before they are *voted on at the Annual Convention* in San Antonio. We will vote on the Amendment to the Region IV Resolution at the Regional Meeting. All voices need to be heard on these items.

And just a few short months from now, the 66th ADDC Annual Convention will be held in San Antonio. As this is a Region IV concerted endeavor, all Region IV Clubs will be assisting in some fashion.

Evelyn

"Let us think of education as the means of developing our greatest abilities, because in each of us there is a private hope and dream which, fulfilled, can be translated into benefit for everyone and greater strength for our nation." *John Fitzgerald Kennedy*

Oil industry leads Texas economic improvement trend

Alex Mills, Special to the Times Record News Published 7:42 a.m. CT April 9, 2017 | Updated 7:43 a.m. CT April 9, 2017



The economy in Texas has shifted into second gear and is expected to grow in 2017, according to a study released recently by the Federal Reserve Bank of Dallas.

The outlook for the Texas economy has improved considerably from a year ago," said Robert Kaplan, president and CEO of the Dallas Fed.

"Texas jobs are expected to increase between 1.5 percent and 2.5 percent, as the energy sector improves and the service sector grows at a moderate pace," the report stated.

"The largest risk to the outlook is a sharp change in oil prices. A continued appreciation of the U.S. dollar, making Texas goods more expensive abroad, also poses a significant risk to Texas exporters," the report stated.

The report said oil prices held steady above \$44 per barrel since May 2016 and provided "a great sense of stability in energy markets." Near the end of last year, OPEC agreed to cut production of oil, and a new president was elected that issued executive orders repealing many regulations on the domestic energy industry.

The Texas Petro Index also confirms the report's findings. Crude oil prices rose from an average of \$27.08 per barrel in February 2016 to \$50.03 per barrel in February 2017. Natural gas prices at the wellhead increased from \$1.84 per million Btu to \$2.70. Also, drilling permits issued by the Texas Railroad Commission increased from 1,083 to 1,947 and the drilling rig count rose from 244 to 370 in Texas during the same period.

"Although energy prices are not expected to rise significantly in 2017, optimism among energy company executives has surged, and drilling activity is expected to pick up," the Fed's report stated. "The Dallas Fed's Energy Survey shows a much higher share of respondents reporting a positive outlook in exploration and production firms as well as support services companies in the fourth quarter 2016. Given this optimism, a more robust recovery is likely this year as capital expenditures rise and oil and gas employment stabilizes."

Two oil and gas industry publications recently forecast a rise in drilling, production, and capital spending this year. The Oil and Gas Journal proclaimed "North American upstream spending to soar in 2017." World Oil magazine stated: "Drilling in the Lone Star State will rise 26.4 percent with double-digit increases expected for all 12 of the Railroad Commission districts."

Alex Mills is President of the Texas Alliance of Energy Producers. The opinions expressed are solely of the author

Miscellaneous

Just for Fun

Oil & Gas Industry

What my friends think I do. (A woman smiling and holding a fan of cash.)

What my parents think I do. (A formal meeting around a long table.)

What the land owners think I do. (A protest with signs that say 'Save Our Water NO Fracking' and 'Ban Fracking Now').

What my boss thinks I do. (A landscape with a wind turbine.)

what society thinks I do (People cleaning up an oil spill on a beach.)

What I actually do. (An oil rig with workers.)



LoneStar D&D Board

PRESIDENT	FIRST VP	SECOND VP	SECRETARY	TREASURER
Carla Adams	Pat Blanford	John Ezell	Ann Hallam	Peggy Loyd
DIR. OF EDUCATION	DIR. OF LEADERSHIP	DIR. OF PR	DIR. OF RULES	IMD. PAST PRESIDENT
Shar Fields	Polly Marek	Ian Stageman	Rebecca Edwards	Renee Durham

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



General Info

Who is Our ADO Manager and What Does He Do?



Mark Loch is ADO Manager for ADDC. He began the position in October of 2016.

He has been a member of the Red Earth Desk and Derrick Club since 2007. Mark's duties with ADDC involve managing the day-to-day operations of the ADDC which includes but is not limited to tracking membership documents and dues, working with the ADDC Board and Treasurer to assure all accounting is accurate and up to date, managing the accounts payable and receivable for

the ADDC as well as processing bank deposits and handling all Emails and correspondence from the ADDC board and membership. Mark also fields questions via phone from ADDC members, the Board and potential new members to the organization. Mark's position as ADO Manager also consists of ADDC organizational development. Mark has worked in the energy industry since 2007 and holds a Master's Degree in Energy Management from Oklahoma City University. Mark is always available to assist you with any questions or matters involving the ADDC.

Mark further assists the board with completing ADDC related action items, Mark helps the committee chairs with information requests; keepings track of inventory items, such as the trade show booth, brochures, member certificates, pins and the Energy Activity Books (EABs). Mark handles shipping and receiving of all promotional and educational materials for the ADDC. Mark also is one of the editors of *ADDC Insight*.

If you need assistance from the ADO Manager, please contact Mark at ado@addc.org.

SAVE THE DATE

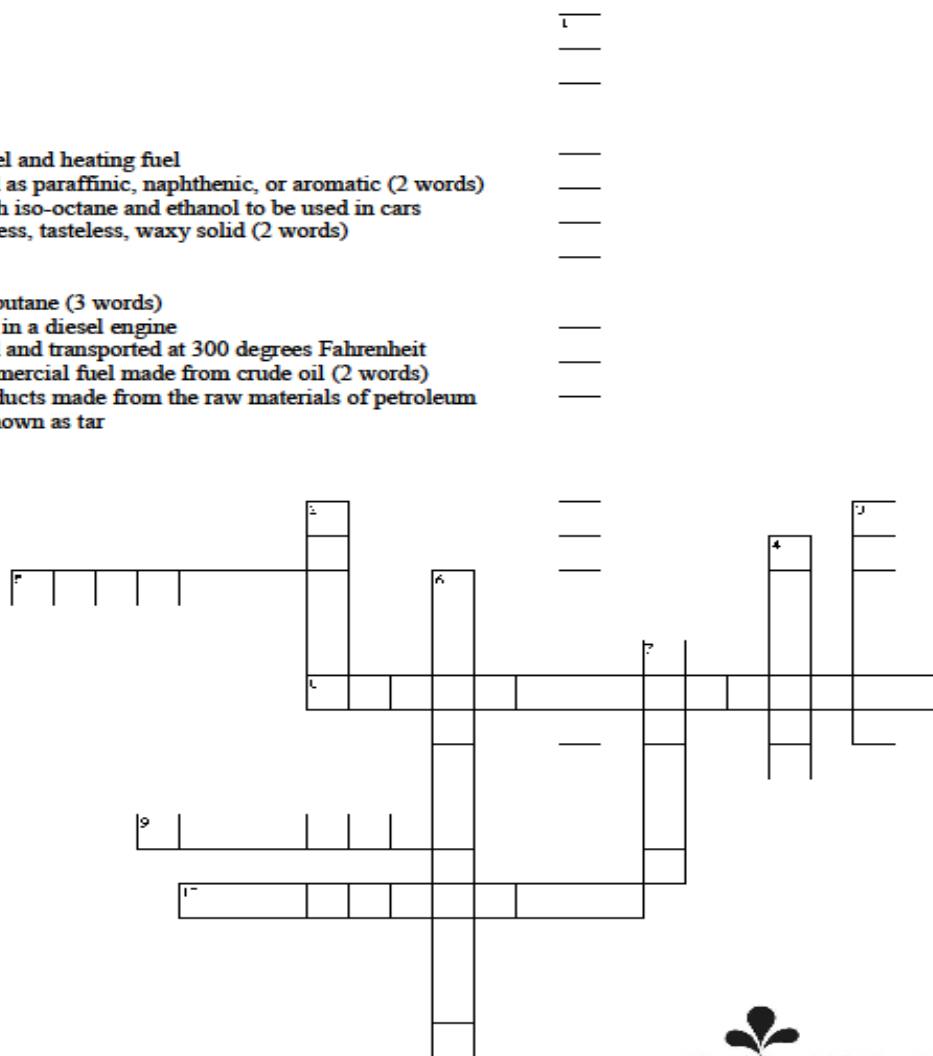
FRIDAY, SEPTEMBER 8, 2017 | 11:00 AM - 4:30 PM
 DALLAS GUN CLUB | 3601 STEMMONS FREEWAY | LEWISVILLE, TX 75067

ABOUT THE EVENT <ul style="list-style-type: none"> ❖ 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 <ul style="list-style-type: none"> ❖ <i>Registration:</i> 11:00 am – 12:00 pm ❖ <i>Lunch:</i> 11:30 am - 12:30 pm ❖ <i>Shoot:</i> 12:30 - 3:00 pm ❖ <i>Ceremony:</i> 3:00 - 4:30 pm <p>Awards, gun raffles, and extensive door prizes.</p>
SPONSORSHIP OPPORTUNITIES <ul style="list-style-type: none"> ❖ \$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 ❖ \$\$ – Gun Sponsor 	EVENT CONTACT Buffie Campbell bcampbell@argentineral.com EMAIL FORMS TO reneed@lonestardandd.org OR BY MAIL Lone Star Desk & Derrick Club of Dallas P.O. Box 600416 Dallas, TX 75360-0416

Lone Star Desk and Derrick Club of Dallas is a member of The Association of Desk and Derrick Clubs and is a non-profit educational organization. We are a 501 (c)(6) educational organization. Tax ID #35-2511129

Ten Products Refined from Petroleum Crossword Puzzle

- Across**
5. used as jet fuel and heating fuel
 8. oils classified as paraffinic, naphthenic, or aromatic (2 words)
 9. enhanced with iso-octane and ethanol to be used in cars
 10. white, odorless, tasteless, waxy solid (2 words)
- Down**
1. propane and butane (3 words)
 2. any fuel used in a diesel engine
 3. colloid stored and transported at 300 degrees Fahrenheit
 4. heaviest commercial fuel made from crude oil (2 words)
 6. chemical products made from the raw materials of petroleum
 7. commonly known as tar



Upcoming Events

Region IV Convention – May 3-6, 2017 Corpus Christi, Texas Holiday Inn Downtown Marina



ADDC Convention Registration:

https://www.addc.org/site/assets/files/1083/addc_convention_registration_form_2017.pdf



Halliburton Field Trip – Friday, May 19th 2:30 p.m.

Tour the Halliburton plant in Carrollton - 2601 E Belt Line Rd, Carrollton, TX 75006

July Social: Bowl & Barrel

July 21st <http://www.bowlandbarrel.com/bowl/>

The Shops at Park Lane, 8084 Park Ln Ste 145, Dallas, TX 75231



March Meeting Photos

