

# Working for the RIGS

CAODC takes marching orders from industry

Rig crews see the red and black logo of the Canadian Association of Oilwell Drilling Contractors (CAODC) throughout the lease. It is stamped on notices in the doghouse and on correspondence in the rig manager's shack. It shows up on the "Recommended BOP Practices" placards, on the CAODC Task Analysis and on safety award plaques.

In actual fact, the Canadian Association of Oilwell Drilling Contractors is located in an office building in downtown Calgary, an address that is a long way from the lease sites where the work of drilling and well servicing occurs. It is not surprising that rig workers sometimes wonder what the CAODC really knows about day-to-day operations in the field and how it reaches various decisions.

In essence, the CAODC is a meeting place for drilling and service rig contractors to discuss issues surrounding their role in the upstream petroleum industry. The Association has been part of Canada's drilling industry

since 1949, when 10 drilling contractors formed the original membership. These contractors founded the Association so they could set aside their competitive nature and work together in a cooperative spirit to improve what was, in 1949, still a young industry.

The drilling industry has matured in many ways since 1949. The Association has also grown. CAODC members include companies who operate all versions of oil and gas well rigs. The CAODC has a Drilling Rig Branch, a Service Rig Branch and an Atlantic Branch. A fourth branch of CAODC membership, Associate Members, includes 111 organizations and companies who have an interest in the safe and efficient operation of oil and gas rigs.

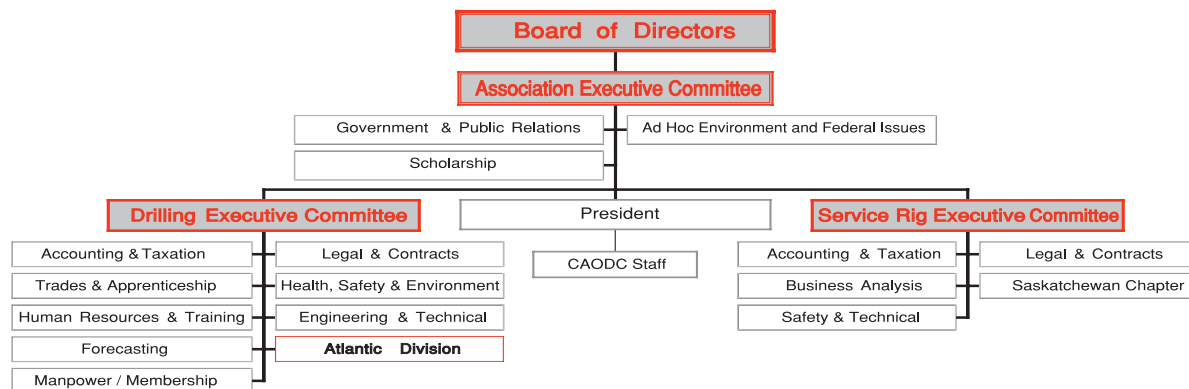
Over the course of the CAODC's 56-year history, it has cultivated a sophisticated network of cooperation and collaboration between its member companies. Member companies meet through committees. Usually a company is represented by a number of employees and on a range of commit-

tees. When a company participates on a committee, the company volunteers its employees' time to the Association. Through this network, the industry implements change efficiently across the entire Canadian rig fleet.

The success of past initiatives has prompted member companies to direct the CAODC to become more involved in the rig contracting business. Don Herring, President of the CAODC, says of the association's growth and success: "Today, there's a much more detailed process, encompassing a wide reach of issues – technical, manpower, economic and government."

Member companies also use the CAODC to communicate a unifying message to organizations outside the rig contracting industry; it is a touchstone for government and other industry associations. Many factors impact the viability of drilling and well servicing. Everything from economic policies to safe work practices to weather influence a contractor's possibility for a successful year. Through the Association, contractors voice the unique per-

## Canadian Association of Oilwell Drilling Contractors Organizational Chart





A 1948 drilling rig in Alberta's Redwater area. At the time of the CAODC's founding, this well was producing 1,790 barrels of oil per day. Image courtesy of Glenbow Archives NA-2497-13

spective of the rig contractor and ensure that, where possible, these external forces can be mitigated to ensure productive operation.

While this amalgamation of perspective encourages uniform change and progress across the industry, it can appear as a monolithic presence to field employees. Derek Hibbard, a former Phelps employee and today the CAODC's Manager of Technical Services, understands this perception. "The only real interaction guys have with the CAODC is through bulletins, which are directives. The CAODC is like the boss who never talks unless there is something wrong."

Hibbard says the biggest misconception is that the CAODC is a group of people in an ivory tower who decide how things are run. In fact, the CAODC takes direction from individuals at all levels of the industry – from those whose careers have progressed from rig crew to senior management positions, to those individuals who interact with field employees every day.

The CAODC Board of Directors is the primary decision-maker for the Association. It is made up of senior executives from drilling and service rig contractors. The Board addresses issues that are broad in scope and have

wide-ranging implications for the industry. When issues affect a sub-section of rig contracting, the issue is raised at the Executive Committee level of that membership branch. The CAODC has a Drilling Rig Executive Committee (which includes land-based and offshore drilling rigs) and a Service Rig Executive Committee.

The annual CAODC Recommended Wage Survey is a typical example of the way decision-making is handled at the CAODC. The CAODC staff (in this case, the Manager of Economic Analysis, Nancy Malone) compiles two wage surveys, one for drilling contractors and one for service contractors. The survey asks about current compensation practices and recommendations for future compensation practices. All members of the drilling and service rig branches receive the survey and make recommendations based on the needs of their company. The responses are compiled and presented to the appropriate Executive Committee, which then sets a Recommended Wage Schedule. The decision is based on the average practice and takes into account the concerns and additional comments contractors indicate on the survey.

In addition to the Board and the

Executive Committees, the CAODC administers a number of technical committees. Standing technical committees, such as the Safety and Technical Committee or the Human Resources and Training Committee, are made up of industry's front line employees on the administrative side of the business, such as safety supervisors or human resources personnel. There are also temporary committees which address very specific (and usually technical) issues and which propose Recommended Practices. Because a number of committees and employees from different departments provide input in the decision-making process, the CAODC incorporates varying perspectives in its initiatives.

Nine permanent staff members provide logistical support for the boards and committees. CAODC staff members arrange meeting dates, distribute minutes and follow up on agenda items. They are directed by the membership to research specific topics, coordinate data (such as rig fleet statistics) or liaise with organizations beyond the industry, such as government and other industry associations.

Staff members also assist in organizing a number of events to promote communication within industry, and communication between industry and outside organizations that influence rig contract work. Events like the annual CAODC Barbecue in September and the CAODC Safety Awards, held each spring, focus on the membership. CAODC committees and staff collaborate with other associations to arrange larger events such as the Petroleum Industry Annual Safety Seminar (PIASS) and the CADE/CAODC Drilling Conference. These events are opportunities for the entire upstream petroleum industry to discuss a myriad of issues.

George Starozik, President of Camaro Drilling Ltd., has been in the drilling industry for as long as the CAODC. During the year of the association's inception, Starozik began

roughnecking near Leduc. From his vantage point on the rig floor of a Sterling Drilling rig, he was unaware of the objectives of the original CAODC membership. Today, as the longest-standing board member at the CAODC, he is very familiar with the workings and the practicality of an industry association.

To enable the formation of the CAODC, competing companies had to exchange information. When Starozik recalls his first years running a drilling company, he remembers feeling uncertain about conversations with his competitors. He admits, "I was a little reluctant to take the opposition's information. How could you know if they were telling the truth?"

That was back in the days when Western Canada's rig fleet boasted a mere 400 rigs. As Canada's drilling industry expanded, the cooperative spirit among competitors enhanced the collaborative work of the CAODC and vice versa: the success of the CAODC's collaborative work enhanced competitors' decision to work cooperatively.

Starozik got used to the cooperative attitude. Today, he doesn't think twice about phoning another contractor to get a different perspective on a business issue. He recalls changing - on the spot - an equipment order after a brief exchange with a Precision Drilling executive about the industry's move to triplex mud pumps.

Starozik thinks that over the course of his drilling career, contractors have become more open to discussing business practices with one another. He provides the example, "When we were on meterage, [the industry] was a little more secretive. When we moved from meterage to day rates, we became less secretive."

Herring agrees with this observation. Twenty years ago, he started at the CAODC as a general manager. Thinking back to his early days with the organization, he notes, "What has changed in the last 20 years is an industry that is much more willing to work together on common problems."

In 1960, CAODC President Steve Shambaugh defined the Association

and its objectives in the following manner: "The CAODC was formed in June 1949, for the purpose of providing a means of close cooperation between all of the drilling contractors and to bring about an improvement in the status of the oilwell drilling contracting industry as a whole, with a view to increasing its value and its efficiency as an integral part of the petroleum industry. The CAODC has provided a ready means of contact and cooperation with federal and provincial governments, municipal authorities, and others, in matters relating to the oil and gas well drilling industry."

Perhaps Shambaugh's words ring even truer in 2005. Starozik believes the value of participating in the CAODC has to do with the close community that characterizes today's rig contracting industry. "I managed to avoid taking an active voice in the CAODC at first," he recalls, "but I enjoy [sitting on] the Board now. I stay in the loop better. I'm part of the process that builds a stronger industry." 