

November 2017

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ADDC Insight



Top 10 Facts About Thanksgiving

by William Hartston

1. Thanksgiving dates back to a three-day feast in 1621 shared by 50 Pilgrim Fathers and about 90 native Americans to celebrate a good harvest
2. George Washington proclaimed the first national Thanksgiving Day, held on November 26, 1789
3. It was then held sporadically until 1863 when Abraham Lincoln declared Thanksgiving as an annual holiday on the last Thursday in November
4. He was persuaded to make it a holiday by Sarah Josepha Hale, author of *Mary Had A Little Lamb*
5. In 1941, President Franklin D Roosevelt changed the date from the last Thursday in November to the fourth Thursday
6. Roosevelt's opponents said the new date was disrespectful to Lincoln and called it Franksgiving
7. More food is eaten in the United States of America on Thanksgiving Day than on any other day of the year
8. Since 1947, it has been traditional for the President of the United States to "pardon" a turkey before Thanksgiving and save it from the feast
9. Canadians celebrate Thanksgiving on the second Monday in October
10. *Postprandial somnolence*, or falling asleep after a heavy meal, is also known as "Thanksgiving food coma"





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November 2017

Dear friends and fellow members,

November is a time of reflection and thanks. I have been reflecting on my time as ADDC President, and how I am thankful for the experience. I am humbled by the faith you have put in me, and the friendship and support you have shown. I would have never thought 12 years ago that a group of strangers could become my second family. So thank you for being part of my life.

As we come closer to the end of the year there is some "Year End" business that must take place. If you are a committee chair, please start forwarding any files to the 2018 committee chairs. Clubs, as you elect and install your new, or newly recycled boards, please be sure to fill out the proper forms (ADO 30) and send them to both ADO and the Webmaster.

I am happy to say that Mark and Wayne were able to get out the membership renewals in October. Great job gentlemen! With the renewals each of the club presidents should have received a list of former members. Please think about contacting them and see if they'd like to rejoin. Invite them to your Christmas events, or to the March meeting for Desk and Derrick Month. Remind them of the benefits of membership: education, networking and friendships. It never hurts to ask, and the worst they can say is "no." The answer will always be "no", unless you ask.

Please remember the Dues for 2018 have gone up to \$55.00 for the Association. This does not include the regional or club portions, so please check with your club's treasurer for the correct amounts.

Let me wrap up this letter with a quote from one of my favorite philosophers – Marcy from the Peanuts:

But Thanksgiving is more than eating, Chuck. You heard what Linus was saying out there. Those pilgrims were thankful for what had happened to them, and we should be thankful, too. We should just be thankful for being together. I think that's what they mean by Thanksgiving, Charlie Brown. --Marcy

Until next month,

Maggi Franks

Region I Director's Newsletter



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Region I Director

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Carrie Harmon
Buckeye

Maureen Kertes
Ohio Valley

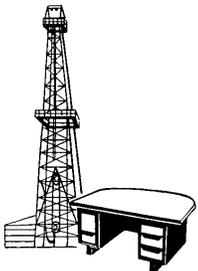
David Hotchkiss
Oil Heritage

April Lang
PYOGA

Lawrence Edelstein
Three Rivers

Sherri Morgan
Tuscarawas Valley

Pam Beaver
West Virginia



ASSOCIATION OF
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November, 2017

October brought us beautiful colors with the changing leaves and Halloween with costumes and carved pumpkins. November brings us a cooler nip in the air and Thanksgiving.

If I were to list all the things I am thankful for the Library of Congress couldn't hold all the books that would be filled. I would like to share a few of the things I am thankful for with you all.

I am thankful for:

1. My husband. He is my best friend, the love of my life, and my voice of reason (sometimes I don't want to hear his thoughts/ideas but I need to hear them).
2. My company and my job. They continue to support me and my endeavors as well as the community. An employee in my company introduced me to Desk and Derrick.
3. Each of you - Region I, PYOGA, and ADDC members. The people that make up this organization are dedicated, hardworking, and eager to learn more and teach others. They spread their energy and enthusiasm everywhere they go and I am thankful to be a part of such a fantastic organization.
4. Having the privilege to be your Region I Director for 2017 and visiting each of the Region I clubs this year. You are all amazing!!
5. Stepping out of my comfort zone. I have had the time of my life and I wouldn't trade it for the world.

My special thought for each of you is to continue: 1. To be strong in the face of adversity, 2. To make an impact in your company and your communities, 3. To help one another, 4. Step out of your comfort zone, and 5. Share your story – Energy: The Powerful Message!!

Sincerely,
Bev

Region II Director's Newsletter



Jan Bell
2017 Region II Director

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November 2017

This year has meant many different things to me. In January, it meant preparing for a trip to Tulsa, Oklahoma for Budget and Planning to become a part of our ADDC Board. I was excited and a bit nervous at the same time not knowing what to expect or what would be expected of me! President Maggi Franks gave us all the tools we needed to handle the two-day meeting plus get to know each other better.

By February, I knew what needed to be done as our Region II meeting in Terre Haute, Indiana was scheduled for the end of March. GAC Linda Welty and the Olney Club worked with dedication to help me achieve my goal to have an educational, fun 3-day meeting.

April and May were filled with board conference calls, emails, and general consent votes to name a few. Summer arrived but the planning and discussions did not end with the arrival. Before I knew it, the time had come for convention in beautiful San Antonio, Texas on the Riverwalk. By now, I knew the ropes and preparing for convention came relatively easy.

I am not done yet as two months remain in 2017 but soon Beth Etzkorn will get to experience the joy of being a regional director. I mean that in the most sincere way as I have learned and grown as a person through the experience. Not the least being the new friendships I have gained.

Which brings me to my Thanksgiving Quote: Feeling gratitude and not expressing it is like wrapping a present and not giving it. ~William Arthur Ward

Although all my convention discussions did not had a positive outcome, I am still grateful that I was able to voice my opinions based on what I learned being a board member. Desk and Derrick started out being a monthly social time with oilfield friends at local meetings. As I became involved, it meant learning from our speakers and applying it to my job. Now after 26 years, it means keeping ADDC a vital membership of dedicated men and women that will continue to teach and inspire.

I count you among my many blessings. Thinking of you and sending warm wishes for a bright and beautiful Thanksgiving Holiday.

Until December,

Jan Bell
Region II Director

Region III Director's Newsletter



October 2017

Claudia Prather
Region III Director

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Baton Rouge

Rebecca Rainwater
El Dorado

Sarah Hulin
Lafayette

Rhonda Reynolds
Laurel

Margaret Kreider
Morgan City

Carol Schiavone
New Orleans

Sheryl Cole
Red River

Susan Miller
Westbank

Dear Region III Members:

Fall is definitely here, along with some chilling temperatures. The leaves are beginning to change colors. This beautiful change in our surroundings also reminds me that our Association has many changes that are being presented to our members. As each of you are making your decisions I am hoping that if the outcome is not what you wanted or voted for, that you will try your best to embrace these changes as a beautiful one. Change is not an easy thing for any of us, but one thing we all know that is constant in our lives, is change.

This year the winner of the DESA award is T. Greg Merrion, President of Merrion Oil & Gas Corporation. The two winners of the DMSA award are: Nell Lindemeyer and Linda Rogers. Congratulations to these winners! What an honor to receive such a tremendous award.

The month of November is going to be another busy month. There will be election of officers, the yearly monthly business meetings conducted, and committee reports to be read. Be sure your clubs have met the six industry and nine educational meetings for this year. If your club is one short, then you might want to consider getting a video or other material from the ADDC Library. If your club has met the yearly requirements, then the ADDC Library maybe a tool to help with your meetings for next year.

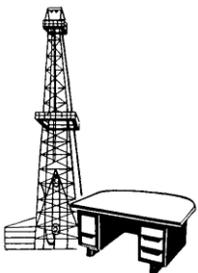
The time of the year is rapidly approaching to get your AIMEE contest entries selected and turned in to the 2018 Contest Committee Chair. Be sure to review all of the information that was previously emailed out regarding the deadline dates and all of the rules. We want all entries to be considered and judged. Also, be thinking about which ADDC committee you will be willing to serve on as a Region III Rep. Within the next several weeks I will be making phone calls to help Carol get these positions filled. Remember, Region III and the ADDC needs YOU!

If you have any questions or comments, please do not hesitate to contact me. I am here to serve You-the members of Region III.

Have a Blessed and Happy Thanksgiving!!

2017 Region III Motto: Open Hands: Receive by Giving

Claudia Prather



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Region IV Director's Newsletter



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November 2017

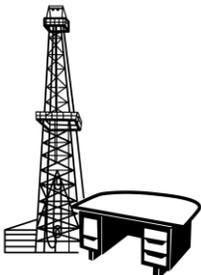
Where has this year gone?? It is almost time for Thanksgiving and then next – Christmas!! It is hard for me to decide which is my favorite holiday because at Thanksgiving my family gets together for several days (from Wednesday until Saturday). We may have anywhere from thirty (30) to fifty (50) people for Thanksgiving Dinner. We have such a wonderful time together.

I hope that if you were in San Antonio for Convention, that you have recovered and back into the “groove of things”. In my last letter I mentioned some of the highlights of the Convention, but I failed to list the AIMEE Winners from Region IV. Our Region was well represented as you can see below:

- | | | |
|-------------------------------|---|-----------------------------------------------------------------------------------------------------------|
| Best Industry Article | - | Second Place – San Antonio
“Shale Plays” by Sheryl Minear |
| Best Desk and Derrick Article | - | Second Place – Dallas
“The Presidential Pilgrimage” by Carolyn Szczepanski |
| Best Desk and Derrick Program | - | First Place – Victoria
“Deal or No Deal – Desk and Derrick Style – Cindy Miller and Becky Perez |
| Best Industry Seminar | - | First Place – Dallas
Land 101 – Elizabeth Nolan and Sharon Figueroa |
| Best Industry Field Trip | - | First Place – Dallas
NLA Drilling Rig Trip
Sharon Figueroa |

Congratulations to each of these wonderful Desk and Derrick Members – well deserved! Region IV is very proud of each of you and we look forward to next year's contest, where we will be well represented again.

Speaking of Contest – Remember that the 2017 Contest Entry Period runs from *December 1, 2016 thru November 30, 2017*. Therefore any programs, seminars, articles or items that you have published in your bulletin for this time frame are eligible for entry into the 2017 AIMEE Contest. All Club Presidents were sent the 2017 Contest Information in October. Please review all of the information, be sure that your entries are in the right category and make sure that your Contest entries are postmarked on or before **December 15, 2017**.



Calling all Region IV Members - Have you considered serving as a Committee Chairman or a Region IV Representative for the ADDC Committees? There are still some of the Committees that do not have a Region IV Rep. If you would like to volunteer for an ADDC Committee as a Committee Member, please let me know. If you are not sure what each does, you can either go onto the ADDC Website (www.addc.org) or send me an email and I will get the information for you. Region IV has such a multitude of talent to fill each of the Committees – let's get our Region filled.

Last month I mentioned the Realignment of the regions discussion that took place at Convention whereby the current Seven (7) regions would be realigned into Four (4) regions. Also discussed was the elimination of the position of ADDC Vice President. The Mail Ballot and supporting documents for both of these Proposed Amendments to the ADDC Bylaws have been sent to each Club President to be discussed and to be voted on by Your Membership. The Mail Ballot must be postmarked by **December 1, 2017**. It is important that You, as a member understand the reasoning behind the Proposed Amendments. Please remember that if you have any questions about either of these items – do not hesitate to contact me.

To each of you and your family, I wish you a Happy Thanksgiving. A time to be thankful for our families and friends; thankful for the freedom that we enjoy and thankful for all the blessings that we have been given.

Hugs to all,

Evelyn

From our house to you and yours:



***“A recipe for thankful heart: one cup of true love,
two cups of kindness, three cups of grace,
a teaspoon of patience and forgiveness, and
just a pinch of zest for living.
That’s the kind of thanksgiving meal we’re cooking in our lives
together!”***

Region V Director's Newsletter



November 2018

Region V Members,

My heart is full of thanksgiving. I am thankful for the opportunity I was given to represent the members in Region V this year. I am humbled to be part of such a wonderful organization. The Association of Desk and Derrick Clubs is here to promote education for you and to arm you with knowledge to educate the world in which we live and raise our families. It doesn't matter what your standing is in the workplace, you have taken a step to better yourself with knowledge about the oil and gas industry or the other energy industries that are up and coming in this wide world. Within this organization, we are all equal and have an equal input. Don't overlook the value of one, but as a unified group we can do more. Going forward, remember the reason for assembling together. It was not to promote a person or two, but to give understanding of our collective professions to a world where untruth has become the norm. Stay centered on values, live within your means, ask questions and be as involved as you can be in your club and perhaps move to the board in the future.

It is time to vote. The two agenda items have a deadline of December 1st. Please discuss with your club and if there are any questions, please ask me or any board member. There are changes coming, perhaps a tightening of the belt, but whatever comes, keep an open mind. It is my belief that change has to happen from the top to the bottom, not just somewhere in-between. Keep in mind that we are all volunteers.

Then there are the new positions within each club. If you are asked to volunteer for an office, please consider it. You will be a better person and your club will find a treasure in you.

December 15th is the deadline for contest submissions. You can't win if you don't enter. Casi Nichols is in charge. Her address is 263655 E. County Road 45, Ringwood, OK 73768. casinichols@yahoo.com

Have a wonderful Thanksgiving with your family and friends. Remember to give thanks for all the blessings we have in our lives, for all the opportunities yet to be offered, and all the paths not traveled as yet. Then bow the knee.

Blessings

*Joan Cartwright
2017 Region V Director*

Joan Cartwright
Region V Director

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Sherry Meers
Abilene

Kaye House
Amarillo

Hugo Fernandez
Artesia

Molly Brummett'
Bakersfield

Kim Cadle
Farmington

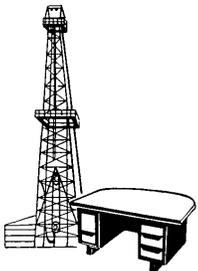
Joyce Nolly
Midland

Elaine McDowell
Pampa

Cindy Garrison
Roswell

Candice Brewer
San Angelo

Nichole Harney
Wichita Falls



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Region VI Director's Newsletter



Wendy Sparks
Region VI Director

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Missy Jack
Butler County

Casi Nichols
Enid

Pam Hitz
Great Bend

Kay McKinley
Liberal

Michelle Burgard
OKC

Jackie Shaver
Red Earth

Jonathan Slay
Tulsa

Abby Bock
Wichita

Region VI Members;

It is that time of year! Each club should be holding their elections for the 2018 club officers. Please remember that once you have held your elections, the NEW OFFICER FORM ADO31 needs to be sent to ADO, Casi Nichols (Region VI Director-Elect) and retain one for your club files. THANK YOU to all who have stepped up to the challenge for 2018. Whether this is your 1st time on the board or your 41st time, it all begins with the members at the club level.

It is time to start thinking about 2017 contest entries. Casi Nichols will be the Contest Chair this year and will have her mailing instructions posted on the website soon. DEADLINE IS DECEMBER 15, 2017. You can also find the entry form on the website and instructions under the "FORMS" and then scroll down to "CONTEST ENTRY FORMS". A letter was sent out this month with the mailing address.

There was much discussion in the business meeting over the Proposed Bylaw Amendments. Below are the results:

Amendment 1 Name: 12 in favor; 34 opposed. FAIL

Amendment 2 Association Membership: STRIKE

Amendment 3 Dues and Fees: (an amendment to the original amendment was passed to change to a \$10 increase instead of \$20. 33 in favor; 13 opposed. PASSED

Amendment 4 Publication: 45 in favor; 1 abstain. PASSED

Amendment 5 Insignia: 23 in favor; 22 opposed; 1 abstained. FAIL

Standing Rules 1 trademark approval process: 43 in favor; 3 opposed. PASSED

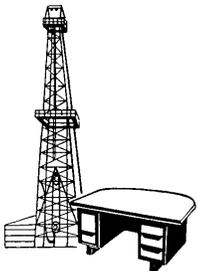
By now all Presidents should have received a ballot for the mail vote. These votes are for the region realignment and the elimination of the office of Vice President. As per the instructions, the submission envelope must be postmarked no later than DECEMBER 1, 2017 - there are no exceptions. Presidents, please discuss with your clubs and get your votes in as soon as possible so all voices may be heard.

I hope everyone has a fantastic Thanksgiving! There is ALWAYS something to be thankful for!!

"There is no dishonor in losing the race. There is only dishonor in not racing because you are afraid to lose"~ Garth Stein

Regards,

Wendy Sparks



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Region VII Director's Newsletter



November 2017

Marilyn Carter

Region VII Director
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Evelyn Black

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Region VII Members

As this year quickly draws to a close, there are still many items to consider and finish up. This month, most of the clubs will be holding elections for a new Board for 2018. I wish you success and know that stepping forward and volunteering has many rewards that far outweigh the work you will do. Don't be afraid to take that next step! Share your knowledge and skills with your club members. Two things to remember....stay positive and delegate.

After elections are over, don't forget to submit your "New Club Officers" form ADO31 to ADO and RD Elect Tracy Fillmore. Also, please copy Wayne Ammons, so he can update our Region Website. The form can be found on the ADDC website under the Forms tab.

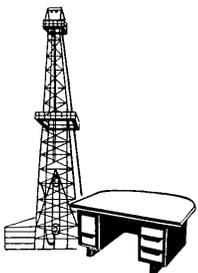
Just a reminder that there are two mail votes/ballets that need to be submitted before the deadline. Please follow the instructions that were sent and make sure your club has a voice. Both voting items will need a 2/3 vote to pass. If you have any questions, please don't hesitate to call me.

Submittals for contest (AIMEEs) are due in mid-December. Have you started reviewing your categories and pulling together your submittals? Don't wait until the deadline as you may miss it and there are no extensions.

RD Elect Tracy is looking for volunteers to be representatives on the ADDC Committees. Please step forward and email Tracy if you can donate a few hours each month to help on one of the committees. Almost all the committees are open at this point, so you can pick and choose which one you want. Please **CHOOSE** to be a representative!

On October 9, 2017, Canadians celebrated Thanksgiving. One thing I am especially thankful for this year is being able to serve as your RD. I appreciated all the help and confidence you gave me this year and hope you will do the same for Tracy next year.

On November 23rd, our American friends will be celebrating Thanksgiving and we wish them all the best. Be safe in your travels and give thanks for what you are given.



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Marilyn

Marilyn Carter
2017 Region VII Director

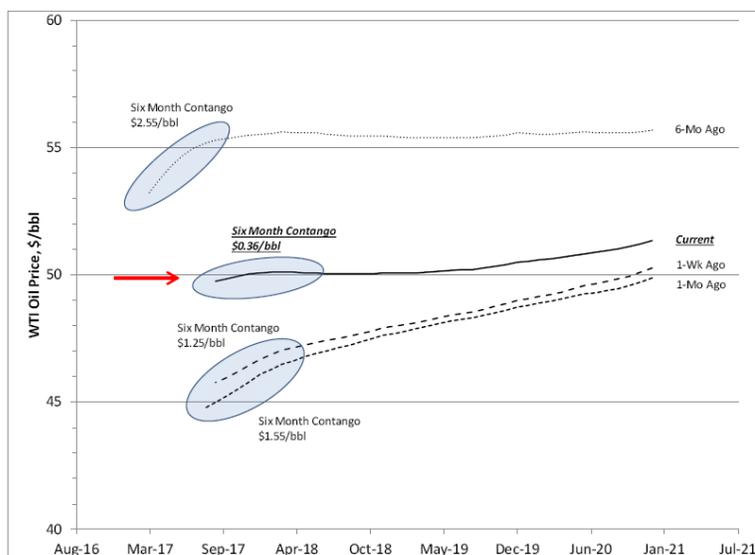
Let's talk about tight pants and doing the 'tango. Wait, just kidding! Since we are an energy education club, this letter is an educational moment to learn about a tightening oil futures market and the concept of contango, and its impact on energy jobs and member growth. I will close by mentioning recent employer news relevant to many of our members.

While WTI prices were down in the \$30s and low 40s since January 2016, storage facility owners stocked up on cheap crude oil, hoping to sell it for at least \$2.50/bbl more in a future higher price (see first chart). However, rising inventory levels of unsold crude creates a dampening effect on prices in the near term, as that inventory takes time to sell off before new produced oil can be sold at current market pricing.

As WTI prices have risen into the upper \$40s per barrel in July, something is happening in the oil market right now that indicates supply and demand are coming more into equilibrium. The contract for the sale of oil or gas shows a volume to be delivered in each future month. A situation called "contango" arises when contract prices on future deliveries are higher than the current month's deliveries. When a large price gap (contango) exists, storage owners like those in the port of Catoosa have incentive to fill or hold inventory waiting to sell it at a higher price later. The degree of contango is thus a qualitative indicator of the level of a market's "oversupply."

What we saw in late July is *less* profit incentive for storage tank owners to hold inventory due to the narrowing contango of only \$0.36/bbl in the next six months (see chart below). That narrowing of the price of today's volume deliveries versus the next six months of delivery pricing shows a closing of the price gap. This indicates a tightening of supply and demand in the market, meaning it's coming into more of an equilibrium rather than a huge supply glut we have seen for the past two years.

WTI Crude Futures Curve Flattening

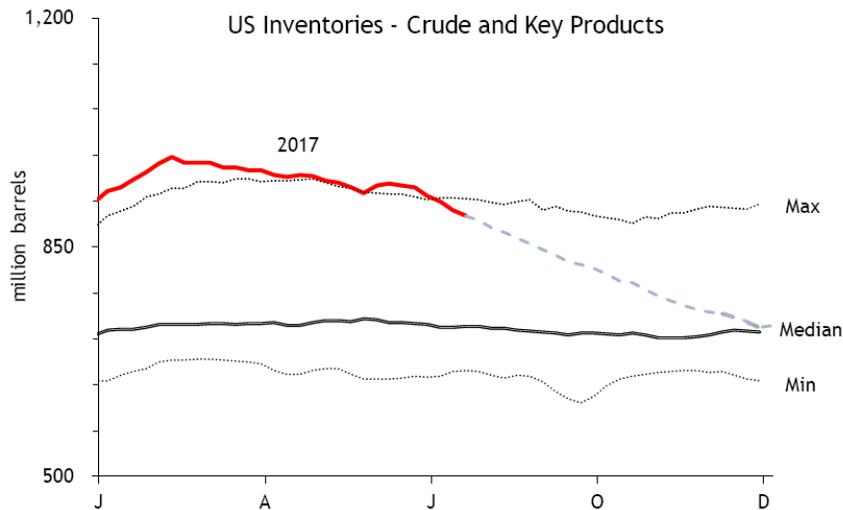


Over the past month, WTI futures have shifted up with the front of the curve moving more than the longer-dated contracts...this results in a smaller near-term contango.

The tightening (smaller) spread of future profit gives less incentive to storage owners to hold inventory, so they sell it off. The decline of US crude oil and refined fuels inventory accelerated in July. In August, Saudi Arabia will tighten the market further by reducing their August exports into the US, allowing US stored oil and gasoline inventories to continue to be sold off and decline. In summary, the contango of the forward price curves in the NYMEX WTI for crude oil future is "flattening" in July as inventory is drawn down. What does all of this mean? Price is stabilizing around \$50/bbl. Total inventory is still well above the 10-year normal level, but at least the

market is self-correcting somewhat in a positive, stabilizing direction. TPH estimates based on their EIA research that US inventory may fall to a normalized level by the end of 2017 (see “D” for December in second chart).

Crude Oil and Key Product Inventory Draws Impressive



If prices can stabilize above \$50/bbl, we should see more capital investment and job creation in the energy sector, something that all of our members can appreciate. I am excited to see the contango tightening and the market pricing firming up in July. Price stability and job growth is a positive outlook for the future of the Association and attracting new members.

As a final note, I wanted to mention the performance of a few local companies who employ the largest number of our Tulsa members.

1. Cimarex Energy has underperformed in the past year, but it has strong prospects with a competitively low debt leverage ratio (0.8x vs optimal 1.0x), a high rate of return in the Northern Delaware basin and a 30% expected revenue growth rate (vs. 20-27% peers). Despite some of its peers (FANG) using its investor capital more efficiently, Cimarex is a strong long-term employer.
2. Laredo Petroleum announced a process in July to sell its investment in Medallion, a pipeline. TPH speculates that this sale could bring in cash proceeds to significantly reduce its debt and/or expand future drilling opportunities.
3. Two private drilling operators in Tulsa moved forward with development of recently acquired leased land, firming up the job outlook for those members.

Thank you for letting me share an energy learning moment about pricing contango on future deliveries. Enjoy the news of supply and demand equalizing, but most importantly, go tell someone about D&D today!

Regards,

Jonathan Slay

2017 Tulsa Club President

Sources:

Tudor Pickering Holt, *Crude Oil Futures Point to a Tightening Market, July 2017*. Author: David Pursell.
TPH Energy Thought 7-31-17 (weekly publication).



Rena Shaffer
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REGION VII DIRECTOR
Marilyn Carter

October 10, 2017

Dear ADDC Members:

The Contest Committee would like to congratulate all the members that participated in the 2017 contest awards. As stated in the presentation at convention, Desk and Derrick is full of brilliant, talented Stars and the proof is in the entries our committee and judges were honored to read. We have some real talent in our organization!

We were excited to receive 208 entries from 37 clubs, which was 74% participation. We want to encourage you to participate again, but now we would like to challenge those clubs that did not send in entries to do so this year. Showcase your members and their hard work and commitment given to your club!

The 2018 ADDC Contest entry forms are now available on the ADDC website. Please remember that the entries you submit must be within the period of December 1, 2016 through November 30, 2017.

From the ADDC website, go to Forms and scroll down to Contest Entry Forms to start. On the 2018 Contest Instructions page, read the tabs labeled Instructions, Contest Rules and Category Descriptions for complete details on submitting your club entries. Verify that the information you type on the Official Entry Form tab is correct, as this will automatically be forwarded to each Judge's Evaluation Form for each category on the other tabs. Remember to send Four Complete Sets of your entries per the contest rules. **All submissions must be postmarked by December 15, 2017.** We attempted to simplify the instructions, but if you have ANY questions please ask – we're here for you and we want you to participate!

All entries should be sent to: 2018 ADDC Contest Committee Chairman
Casi Nichols
263655 E. County Road 45
Ringwood, OK 73768

I truly enjoyed serving as the 2017 ADDC Contest Committee Chairman and would like to thank my committee representatives for their dedication: Region I – Pam Beaver; Region II – Karen Thomas; Region III – Diana Glaze; Region V – Natalie Bright; Region VI – Casi Nichols; Region VII – Linda Topolinsky. You're the Best!

Sincerely,

Rena Shaffer

cc Maggi Franks, Christina Forth, Casi Nichols

The "2018 Contest Forms & Instructions" workbook can be found in the "Members" area of the Association website, under the "30th Mailing" or the "Monthly Committee Letters & Forms" for November.

Editor

**Theresa Adams
2105 Stall Drive
Harvey, LA 70058**

A 501 (c) (3) non-profit
educational organization

October 2017

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Website:

www.addcfoundation.org

Dear ADDC Members:

The 2017 ADDC Convention is now history. The ADDC Foundation thanks the San Antonio Club and Region IV for the outstanding field trips, seminars and other events offered to all attendees. The Industry Symposium was presented during the business session on Friday morning. The panelists were excellent and the information they shared with our members was outstanding. Their expertise enhanced our knowledge and the audience participation was overwhelming!

Of course, the Foundation can only continue to supply funding for projects, regional grants and these symposia through your contributions. We wish to thank the following 2017 contributors:

- Shell Oil Company and Shell Oil Company Foundation
(matching gifts – honoring Judi Adams’ volunteer hours)
- Lafayette Desk and Derrick Club – memory of Phil Simmons
- Lafayette Desk and Derrick Club – memory of George Minton, Jr.
- Ada Weeks – memory of George Minton, Jr.
- Region II – honor of David Briggs
- Region II – honor of Christina Forth
- Region III – honor of regional meeting speakers
- New Orleans Club – honor of Claudia Prather
- El Dorado Club – honor of John Peiserich
- Theresa and Royal Adams – memory of Al Ledet
- Ada Weeks – memory of Al Ledet
- Angie Rust -- annual contribution
- Wise County Desk and Derrick Club

As noted above, Shell Oil Company and Shell Oil Company Foundation made matching gifts in honor of Judi Adams’ volunteer hours. Perhaps, your company has a similar program or policy. Check with your HR department. It is great way to help our foundation.

For Foundation information, please visit our website. You will find detailed information about the Foundation, contact info for the trustees, Contribution Form, and other important information. www.addcfoundation.org

As always, we sincerely appreciate your continued support.

Theresa



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Mark Loch
Association Distribution Office Manager
(ADO)

Association of Desk and Derrick Clubs
P.O. Box 847
Bethany, OK 73008

(405) 543-3464 O

Email: ado@addc.org

Website: www.addc.org

Greetings; ADDC Board and Members;

Fall and cooler weather have arrived, at least here in OKC at the ADO Office, I hope this letter finds everyone enjoying a wonderful fall and preparing for a fun filled and enjoyable holiday season with family and friends. We all have so much to be thankful for and sometimes we do not realize just how much. I encourage each and every one of you to take some time during the month of November to reflect on the last year and on your lives and be aware of all the things you do have to be thankful for. I think you will be surprised at all of the little and big things you should give thanks for.

I hope everyone has had time to reflect on this past convention in San Antonio and to realize that we are so very blessed to have a Board of Directors that truly has the best interest of the membership and the future of the ADDC in its sights at all times. Club Presidents please be sure to discuss the mail votes that have been distributed, with your respective clubs and return the results in the envelopes provided. If you did not receive a return envelope please contact Sheryl Minear and she will assure you receive an envelope in which to return the voting results from your club.

2018 Renewal packets have been Emailed to all club Presidents. Please distribute these renewal forms to your members and ask that they complete, update and return them to you as soon as possible so that payment may be sent to ADO so as to facilitate obtaining an accurate number of renewing members as this will assist in the budget and planning for the 2018 ADDC year. If you have any questions regarding the membership renewal forms please give me a call or Email me at ADO and I will help in every way I am able. Also, please encourage your membership to recruit new members and discuss with your clubs how you might conduct membership drives for the upcoming year. If we all work together we will be able to maintain the ADDC as the best networking and educational organization within the energy and allied industries as it has been for the past 66 years.

In closing I would like to wish everyone a very happy Thanksgiving and encourage you to enjoy yourselves with family and friends and to be mindfully thankful for all the blessings in your lives.

Until next month keep your feet on the ground and keep reaching for the stars within the ADDC and beyond.

Sincerely;

Mark Loch
ADO Manager
ADDC



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REGION VII DIRECTOR
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Judi Adams
Rules Committee
322 Bienville Dr
Gretna LA 70056

504-407-7443 (M)
Email: dandd.judi@gmail.com
Website:www.addc.org

November 1, 2017

TO: All Club Presidents
FROM: 2017 Rules Committee
SUBJECT: Reminder - Mail Ballot Vote

This is a reminder for the mail ballot vote for the proposed amendments regarding Region Realignment and elimination of office of Vice President.

The following items to be used in this voting process were mailed to all club presidents in October:

1. Mail ballot submission instructions including voting procedures for the club
2. Official ballot for each of the proposed bylaws amendments
3. Official ballot envelope
4. Submission envelope for returning the official ballot envelope including address and postage

As per the instructions, the submission envelope must be postmarked no later than December 1, 2017.

If you have any questions or need assistance in completing and mailing your club's ballots, please contact me or ADDC Parliamentarian Sheryl Minear.

Judi

Judi Adams
2017 Rules Committee Chair

Copy: Maggi Franks, 2017 President
Christina Forth, 2017 President Elect
Rules Committee
ADO Manager



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Marilyn Carter

P. Wayne Ammons

Webmaster

Association of Desk and Derrick Clubs
P.O. Box 847
Bethany, Oklahoma 73008

Phone (304) 439-4357

Email webmaster@addc.org

Website www.addc.org

Happy Thanksgiving!

As many of you already know first-hand from Convention, the October Region Director newsletters, *ADDC Insight*, and the like, ***the times they are a-changin'***—in the words of Bob Dylan—for **our Association**.

We are talking about the possibility of realigning the regions and clubs; the possibility of eliminating the ADDC Vice President position; and the ADO Manager and the Webmaster positions have been combined into the **new** Business Manager position as of January 1, 2018. These proposals and the combined payroll position are meant to perpetuate our Association in a dire economic environment. These changes are difficult, yet necessary for survival.

Mark and I have made a great team for a little over a year. I am happy Mark is remaining active in ADDC and will remain a resource for the Association. I understand he has the required credentials to be an ADDC Board member and I hear he might run for office in the future. I commend you, Mark.

I am honored and blessed to have the opportunity to serve as the new Business Manager going forward. I am not new to great challenges nor shouldering great responsibility. My personal goals for 2018 are to help maintain the current positives of ADDC membership and to continue improving members' experience and interaction with the Association via technology.

With the Business Manager position brings more Association changes in 2018. The Association Distribution Office (ADO) will have a new physical address and a new postal address—both in West Virginia—by January. However, the ADO main phone number will remain (405) 543-3464.

I am looking forward to continuing working with each and every one of you—**our membership**. Should you ever require information or assistance, please do not hesitate to contact me. I am here to help!

Best regards,

Wayne Ammons
Webmaster

Dear members,

ADDC means Energy Education, and this President’s letter aligns with our club’s mission. This is part two of my miniseries on oil commodity pricing. Grab a cup of coffee as we enjoy another learning moment together today. Fall colors are turning and for the oil market, that means Thanksgiving is nearly here and things are looking up. In October, oil prices jumped ~\$5/bbl. We are now in a period of oil inventory drawdown as stored oil sells at higher prices and greater oil volumes are exported out of the U.S.

Brent Oil Futures Overview



Since a low of \$45/bbl in June 2017, Brent oil futures pricing has taken off like a rocket.

The supply-demand equilibrium continues to tighten as demand for U.S. oil has grown substantially since the late-2015 change in laws that allowed the U.S. to export oil. Brent pricing is at a 2-year high, at \$60/barrel. The rather large gap of \$6 between the international Brent price and the U.S. WTI price of \$54 means that foreign countries are quickly placing more orders to buy U.S. oil priced at the cheaper WTI price. The increase in exported U.S.-produced oil will cause U.S. supply and demand to further “tighten,” causing drawdowns of oil inventory that has been stored in Cushing, OK. The \$6/bbl WTI-Brent spread versus the \$1.69/bbl average in early 2017, per the EIA, is due to expectation of the U.S. producing and exporting more in 2018, especially in exports shipped to Asia.

Brent WTI Spread Chart

[View Full Chart](#)



The above chart from Ycharts shows the Brent to WTI spread has widened in the past twelve months, making U.S. oil more attractive to export to foreign countries, which helps reduce excess inventory in the U.S.

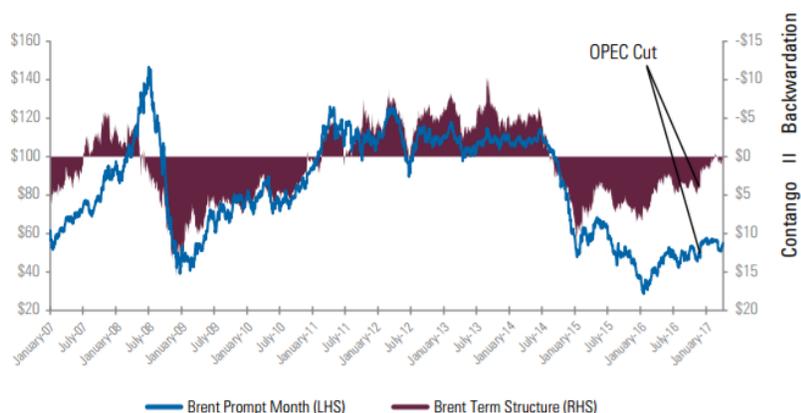
In my August President’s letter, I mentioned the concept of contango. To recap, a situation called “**contango**” arises when contract prices on future deliveries are higher than the current month’s deliveries. When a large price gap (contango) exists, storage owners like those in the port of Catoosa have incentive to fill or hold inventory waiting to sell it at a higher price later. The degree of contango is thus a qualitative indicator of the level of a market’s “oversupply.”

Heading into November, the global oversupply is diminishing, so the futures pricing has flipped and we are now in a situation called “**backwardation**.” Whereas the 2014-2017 contango market showed next month’s future deliveries selling at a discount to later deliveries, Nov 2017 is now in backwardation where today’s spot prices are *higher* than the contracts for future months’ deliveries. For example, refinery storage owners are jumping with joy as their bet to store up oil when the market price was \$45/bbl will pay off handsomely at \$9/bbl of extra profit as they now sell at the current market’s price of \$54/bbl. With spring 2018 deliveries expected to be priced lower than today, storage owners are hurrying to sell all that they can at today’s higher prices.

CONTRACT	LAST
JAN18	60.460
FEB18	60.190
MAR18	59.980
APR18	59.800
MAY18	59.620
JUN18	59.440

The above chart shows Brent oil prices for deliveries in the first half of 2018, declining from the current \$60.53 spot price as of 10/31, meaning market prices are presently in backwardation (theice.com).

Shapeshifted – Contango to Backwardation



Source: Bloomberg and BBH Analysis.
Data as of May 8, 2017.

The above chart from BBH in May 2017 shows the backwardation state of the oil market in 2011-2014, and contango state in 2015-2016. Nov 2016 OPEC production cuts indeed reduced global supply, dampening the future delivery prices. Future market prices trending downward eventually led to the current Nov 2017 state of backwardation.

Why is the recent flip from 3 years of contango to backwardation important to the broader oil market? (see PIMCO link)

1. OPEC’s limiting of production volume of its member countries is successfully reducing the “overhang” or excess inventory. The allows OPEC to have an advantage of being able to sell all of their inventory at today’s spot prices (\$54 WTI) while U.S. producers are trying to

- buy volume hedges (derivative contracts) to ensure their future production realizes at least as much as today's prices, no less. (Per the EIA, Sep 2017 was an all-time high of number of derivative contracts enacted). "A prolonged, backwarddated market structure is what OPEC needs to reach its objective of reducing global [inventory] stocks because carrying inventory becomes financially burdensome in a market that lacks contango" (BBH).
2. The downward slope (aka inverted slope) of future delivery prices, from Nov onward, historically implies a green light to investors to buy and hold oil stocks, rather than sell their stocks, because future stock growth is far more likely to be positive in a backwardation situation where stock prices tend to lose value when commodity prices are in a state of contango. Positive news!
 3. Producers (drillers) react to higher market prices, as we have in Nov 2017, by ramping up production, which reduces longer-term delivery prices, sustaining the backwardation state.
 4. Signs of OPEC production cut effectiveness indicate it is highly likely that volume cuts will be extended well into 2018, with cooperation from Russia and Iran.

Slowdowns to the optimism here includes U.S. shale producers' ability to shut in production quickly if prices fall, but that is offset by OPEC's spare capacity to pump out more production as prices rise.

As we look ahead to Thanksgiving, I am thankful to see the massive storage volumes finally getting drawn down, and U.S. oil exports increasing to decrease oversupply and stabilizes prices above \$50. U.S. producers, which many of our D&D members are employed by, have an increasing hope of *positive* cash flow and a positive profit margin going forward, which means more stability and new job opportunities coming in 2018. The October pop in oil prices allows the commodity market to self-correct by selling through some excess inventory, and getting us back on track to a more stable price and job environment. In a nutshell, to go forward towards more stable prices, in the near term the delivery prices must first turn slightly backward from the current spot pricing. To learn more, check out the EIA and PIMCO links below. Have a great week!

Jonathan Slay

2017 Tulsa Club President

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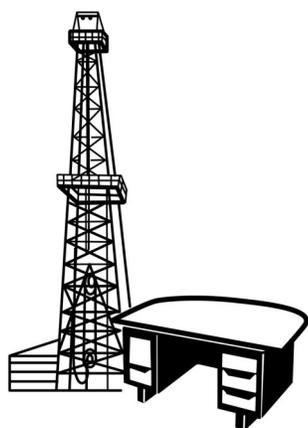
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About Our Association



MOTTO

Greater Knowledge—Greater Service

PURPOSE

The Association of Desk and Derrick Clubs (ADDC), an international non-profit organization, is a premier provider of energy education and professional development. ADDC's purpose shall be 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 as well as the companies and global communities the members serve.

MISSION STATEMENT

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.

2017 ADDC Board of Directors

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