



International Association of Drilling Contractors Supply Chain Committee Meeting Minutes

17 May 2013
IADC - Houston, TX
11:30 am - 1:30 pm

**SUPPLY CHAIN COMMITTEE
MEETING MINUTES
17 May 2013**

**Location: IADC offices
CROWN 1 & 2 Conf Rooms**

Call to Order: At 11:30 hrs. the Chairman (Tom S) welcomed everyone to the meeting and reviewed the agenda. John Pertgen (IADC) was introduced as the interim IADC committee liaison.

Safety Briefing / Anti-Trust Guidelines: The IADC Committee Liaison provided the building and emergency response information. He also reviewed the Anti-Trust Guidelines, which were provided to all attendees in their hand-out.

Mission Statement: The Chairman reviewed the committee mission statement and functions as agreed upon at the previous meeting. He stressed that this group is our opportunity to change our industry.

Establishment Guidelines: The Chairman next summarized what Ken Fischer, IADC, advised at the last meeting regarding committee establishment. This included:

- highlighting key features a committee must have in order to be successful.
- the committee cannot take on everything at once, but must rather identify the problems and define the actions needed to be taken to solve the problems.
- each subcommittee must have a champion to move the group forward and ensure tasks are being completed.

The Chairman also stated that, in order to be successful, there needs to not be segregation between onshore and offshore. He suggested inviting our colleagues from the onshore side to the next meeting.

Goals of this Committee: The Chairman presented the committee goals that they should work to achieve over the next few years.

What good looks like?

- 95 % on time delivery
- Quality manufactured equipment – exceeds expectations
- Vendors have spare parts on demand
- Capital equipment lead time aligned to market demand
- Business process improvements have reduced cycle time procure to pay by 50%
- Vendor metrics are all positive
- Drilling industry is safe, environmentally friendly, reliable, and leading other industries in process efficiencies

The group then discussed the need to define “on time” with regards to 95% on-time delivery. One member indicated that it is easier for products to arrive on time internationally because of the slot system they use. Another indicated that we can use that information to help the oilfield achieve a higher on-time rate. It was expressed that one factor in deciding if something is on time comes down to deciding which “date” to use.

It was also discussed that our goals are mostly materials focused, but that we also need to be concerned about service. For instance: Are companies responsive? How long does it take for a supplier to respond? Is it right the first time? Are their employees trained and can service personnel repair the materials in the time they say they will?

DISCUSSION OF SUB-COMMITTEES:

The Chairman reviewed the previously proposed list of approved sub-committees and their goals and objectives. It was agreed that the sub-committee initiatives need to be prioritized. The following sub-committees were discussed:

- 1. IADC Global Logistics & Trade Compliance Sub-Committee:** To develop and publish a guide (check off list) for vendors providing for overseas shipments. Objectives of the sub-committee are:
 - Educate vendors on export process & deliverables.
 - Develop an IADC Guide for vendors for overseas shipments.
 - Decrease administrative lead time in exporting components.
 - Advance vendor compliance with applicable trade regulations.

NOTE: It was decided to add an objective regarding domestic delivery requirements.

Discussion: The group agreed they were okay with equipment suppliers but that they have the most difficulty with “rope, soap, and dope” providers, which may be based on the lack of contractor standardized information in their data content. This would help suppliers be more efficient. One member suggested that a trade compliance representative(s) (driller perspective & freight forwarder) should be invited to give presentations at the next meeting. Then each could be asked the following three questions to help determine the sub-committee’s priorities:

- What can we do that we haven’t been doing?
- What are we doing that we can keep doing?
- What are we doing that we need to stop doing?

It was decided that in meeting (3) an IADC Global Logistics & Trade Compliance Sub Committee Co – Chairman will be appointed. IADC participants are asked to bring Logistics and Trade personnel to the next meeting. Co-Chairman Damon Flores committed to reach out to Committee members individually to find out who can make a 20 minute presentation on logistics and trade compliance at the next IADC meeting on June 21st.

- 2. IADC Vendor Performance Metrics Sub – Committee:** Develop and define a set of vendor metrics to be used to trend vendor performance over time, improve vendor efficiency and performance on delivered product, and reduce administrative lead time.

The group discussed creating a vendor recognition program like the IADC Incident Statistics Program (ISP). We are beginning to see a two way metrics system. Vendors are also working on creating a metric system that measures our industry.

Sub-Committee Co-chairmen: Brent Shinall (Rowan) and Wayne Mason (Patterson UTI).

The Vendor Performance Metrics Sub-Committee (“VPM SC”) will be open to drillers and IADC member-vendors in a collaborative effort to establish the base IADC Metrics. The VPM SC should determine participation by vendor IADC members, rate and frequency of reporting, meetings, charting progress, awards, etc. The VPM SC chairman is to report to the main committee at each IADC Supply Chain meetings.

ACTION ITEM: All committee members are to designate their available resources (people) to work in this sub-committee and provide the names to the committee co-chairmen.

- 3. IADC Quality Sub – Committee:** Quality upfront certification and documentation is one of the most important initiatives for our industry. Companies have gone as far as they can individually; it’s time for an industry solution. Objectives of this subcommittee are:
 - Establish an IADC Quality Audit Program
 - Develop and define an IADC Quality Audit
 - Improve consistency in vendor quality of manufactured product

- Validate quality programs are in place and working properly
- Reduce driller downtime due to quality issues with manufactured products.

NOTE: The group decided to add an objective concerning ourselves internally; setting a standard how we file and keep documents, who is in charge of them, and which department keeps them.

The Chairman indicated that equipment certification and documentation were important concerns for the sub-committee. He further proposed that a presentation on “Quality” be administered from a driller prospective and/or from a customer prospective at meeting #3.

NOTE: Due to the time restraints of meeting #3 with the Trade compliance presentations, it was decided that Quality presentations would be initiated in meeting #4.

The group decided that Drilling Company quality representatives would be invited to meeting #3 and that a Quality Sub-committee Chairman and Co-Chair would be nominated at meeting #3.

4. IADC Process Efficiencies Sub – Committee: What “Business Process” including standardization of “data content” can be IADC driven to enhance standardization to leverage efficiencies amongst drillers and vendors?

The Chairman stated that this initiative is far reaching and long term and suggested that the members look to see what other industries are doing. Establishment of this Sub-committee will take place at our next meeting

The Chairman indicated that the main committee would have a least one person at each sub-committee meeting and that the Sub-Committee Chairman would be from a Drilling Contractor company

The Chairman indicated that we need to specify our requirements for presenters when we have them attend our meetings. For example:

- Presenter must have presentation approved before the meeting
- Presentation is not to be a sales pitch
- Presentation has to be about how to improve the industry or part thereof

It was suggested that competing vendors should not be scheduled for the same meetings (unless in a panel discussion).

OPEN DISCUSSION & COMMENTS

The group discussed inviting non-industry workers to participate. The airline industry has been dealing with these same problems for a few years. Maybe they have an association the Supply Chain Committee can reach out to invite to speak at a committee meeting.

Committee members are encouraged to invite drilling contractors, onshore and offshore, to attend the meetings. This is our industry group and the more input we have, the more successful this committee will be.

Meeting adjourned: 1 PM

ACTION ITEM SUMMARY:

ACTION ITEM: All committee members are to designate their available resources (people) to work in this sub-committee and provide the names to the committee co-chairmen.

Next Meeting Date and Venue:

11:00 – 2:00 Friday, 21 June 2013, IADC Crown Center 1 & 2 Conference Rooms

Attendance:

Name		Company Name
Jeff	Farmer	Atwood Oceanics
Jorge	Lebrija	Ensco plc
Tom	Schexnayder	Ensco plc
Rodney	Barretto	Ensco plc
John	Pertgen	IADC
Bob	Warren	IADC
Damon	Flores	Maersk
Luis	Rivas	Maersk
Joe	Turner	Maersk
Eric	Bartz	Noble Drilling (US) LLC
Rodney	DeVersa	Noble Drilling (US) LLC
Mike	Curtis	Pacific Drilling Services, Inc
Wayne	Mason	Patterson UTI
Timothy	Kelley	Rowan Companies
Brian	Stanley	Rowan Companies
Brent	Shinall	Rowan Companies
Rex	Pigg	Seadrill Americas