

International Association of Drilling Contractors



Supply Chain Committee Meeting

29 April 2016

9:00 am – 11:30 am

IADC

10370 Richmond Ave., Suite 760
Houston, TX 77042

Minutes

Call to Order: The Co-Chairmen (Jorge Lebrija & Andy Poosuthasee) welcomed everyone in attendance to the Supply Chain Meeting.

Safety Briefing/ Anti – Trust Guidelines/Administration

John Pertgen (IADC liaison) provided the emergency response information including muster points. He also reviewed the Anti-Trust Guidelines; wherein he emphasized the core of anti-trust law, and the required refrain from discussing pricing, dividing, allocating or boycotting suppliers or potential suppliers.

General Introductions & Agenda Review

Formal introductions were conducted including new participants. The agenda for the meeting was shared by the Co-Chairman, Andy Poosuthasee. In addition, the co-chairman provided a brief overview to the Supply Chain Committee of the Chairman election process and the change of the current term dates.

ABS Presentation – Purchasing Terms & Conditions

Chris Corcoran (ABS, Director of Offshore Energy Development)

- Provided a brief overview of ABS to the audience.
- He discussed the importance of having well-defined commercial terms between the buyer and the seller. He stated he has seen some really detailed POs, and some that have insufficient information. He suggested that the contractors work together to create the standard terms for these purchase orders.
- The standard terms should cover the problem areas that drilling contractors have seen. The process of PO reviews should include internal end users to ensure all technical requirements are covered.
- One member asked for validation to ensure that he is not referring to the legal aspects of the terms. Chris confirmed he is referring to the technical requirements of the PO.

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- A member asked who does Chris suggest be involved in the development of a standard PO for the industry. Mr. Corcoran responded that he recommends to start with the drilling contractors first, and that ABS would be more than welcome to participate if requested.
- Chris also stated that this will help resolve some of the issues with cultural, ethnic differences around the world and within companies as it will help prevent misinterpretations.
- Another member asked Chris what are the major issues ABS sees that the drilling contractors should address first. Chris responded that we should review our previous major/minor non-conformances, the timeliness of documents from the suppliers, and to address access of original (even proprietary) documents when necessary.
- Mr. Corcoran stated he can share the draft of the new Guide to the Committee. The IADC liaison indicated that he would send out the new Guide with the draft minutes. It was also suggested by the IADC liaison that the drilling contractors reach out to Chris directly if they wish to have a copy of his power-point presentation [chris.corcoran@eagle.org].
- After the presentation, the Committee discussed whether or not we should pursue this initiative. The decision by the Committee was to postpone this action due to the current lack of resources. It was agreed that this action may be reviewed again after the Documentation Sub-Committee finishes their current initiatives.

Update of Sub-Committees:

1) Documentation (Enasco, Paragon, Rowan)

– Sub-Committee Chairman provided an update

- a. Gave an update of the last Committee meeting with Lloyd's Register.
- b. Since that meeting, reached out to ABS, DNV, GE, NOV, MHWirth, and Cameron, and received positive feedback.
- c. Met on April 12th with all parties. Lloyd's gave the same presentation to the group with their ideas.
- d. They agreed upon an expected outcome, which is to develop a standard format.
- e. Everyone agreed to participate in the initiative.
- f. Take away action is for all parties was to review the main index to Lloyd's presentation.
- g. The next meeting is on May 18 with the ultimate goal of having everything completed by December.
- h. Co-Chairman (Jorge) commented that the OEMs were very excited about this initiative, with some having higher expectations than others. The decision again was to focus on the format, and not the content.

2) Logistics & Trade Compliance Subcommittee (Atwood, Enasco, Maersk, Noble, Paragon, Vantage)

– Sub-Committee Chairman provided an update

- a. Sub-Committee Chairman provided an YTD summary. The rig entry/exit guidelines for the USA were finalized on Feb 18, and the completed document was posted on the IADC Supply Chain Committee website. During that last Sub-

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Committee meeting, it was decided that the Sub-Committee would focus on Nigeria next. The action identified from that meeting was for the drilling contractors to gather information from both internal documents and local agents. The goal for this new focus is to complete the rig entry/exit requirements for Nigeria by the end of 2016.

- b. One committee member asked how or why Nigeria was chosen. The Sub-Committee Chairman responded that the Sub-Committee looked at the number of rigs working by country, the level of risk and corruption in those countries, and they also took into account the recommendations of those in the Sub-Committee. The Chairman (Andy) added that the Sub-Committee also wanted to focus on countries with relatively favorable future contracting opportunities.
- c. The Sub-Committee Co-Chairman further stated that the Sub-Committee's goal this year is to review all previously completed documents to ensure that their content remains current.
- d. One Committee member asked for clarification on when the document will be completed. The Sub-Committee Chairman responded by the end of this year, hopefully by November.
- e. Another Committee member asked who will we get to vet the document, and how will we vet that reviewer. The Sub-Committee Chairman stated we would ask our respective agents to provide comments regarding the document. In addition, since we expect to utilize our own respective agents for the review, they would have already been vetted by the Drilling Contractor's internal review process.

Elections

- John Pertgen reminded the group of the term of the Committee Chairmen, and that it is to be for the calendar year. Consequently, this year's term will be shortened.
 - 1) Chairman / Vice-Chairman of the Committee – Andy Poosuthasee and Jorge Lebrija were re-elected as Co-Chairman of the Supply Chain Committee for 2016.
 - 2) Brad Green was re-elected as Chairman of the Documentation SC. He will elect a Vice-Chairman at a later date.
 - 3) Boris Kos was re-elected as Chairman of the Logistics & Trade Compliance SC. He will elect a Vice-Chairman at a later date.

Open discussion and comments

- Sub-Committee Chairman asked the new Committee member (from abroad) how we can get more drilling contractors involved internationally. They indicated that they got involved once they saw the documents that were being created, and how useful they are. This new Committee member stated they would use the IADC supplier performance scorecard and KPIs in the discussions with their suppliers. Therefore, in order to continue to gain interest abroad, the Committee must continue to create relevant and helpful documents.

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- Another new Committee member stated that she sees the value in the documents that we are producing. For example, she sees how valuable the Nigeria document will be (once finalized) for anyone who intends to work in Nigeria. She is happy to be a part of this Committee.

Next Meeting Date and Venue:

12:30 PM – 3:00 PM Wednesday, 27 July^h 2016, IADC Crown Center 1 & 2 Conference Rooms

Lunch Sponsor: VANTAGE

Attendance:

Name		Company Name
Chris	Corcoran	ABS
Chris	Zhang	ATWOOD OCEANICS
Jorge	Lebrija	ENSCO PLC
Brad	Green	ENSCO PLC
Boris	Kos	ENSCO PLC
John	Pertgen	IADC
Emily	Wheeler	MAERSK DRILLING
Andrea (Nikki)	Jones	MAERSK DRILLING
Jim	Upchurch	NOBLE DRILLING SERVICES INC.
Leonard	Oei	NOMAC DRILLING
Wilson	Lopes	QUEIROZ GALVÃO ÓLEO E GÁS S.A.
Cristiano	Azeredo	QUEIROZ GALVÃO ÓLEO E GÁS S.A.
Andy	Poosuthasee	VANTAGE DRILLING COMPANY