

# DRILL BITS



## An Update From Lyle



*As I write this letter, I am happy to say that we are beginning to see the early signs of improvement in the energy services sector that we hoped for throughout 2009.*

The first quarter of this year has been much improved over last year and we continue to see steadily increasing demand for our services

in both Canada and the United States. While some of this renewed interest is due to the broader economic recovery, we still find ourselves in the enviable and hard-earned position of exceeding general industry utilization based on our reputation for providing strong people and the right equipment.

Despite these signs of improvement we are still cautious with our outlook for 2010. Lower than expected natural gas prices mean there will continue to be increased competition within the industry for the work that is available. Correspondingly, we need to ensure that we maintain our competitive advantage by continuing to provide our customers with strong operational performance.

During 2010 the management team will be pursuing two important initiatives that we believe will help us distinguish ourselves in the marketplace thereby protecting our competitive advantage. The first is a major initiative related to purchasing and inventory management. As many of you know, Trinidad has grown considerably over the last number of years. At present we believe that we can obtain better pricing on many of the supplies and services we buy by leveraging our size

and the scope of our business operations. In addition, as we have grown we have not taken the opportunity to look at our inventory management practices which could help us make better use of the equipment and supplies we already have on hand.

The second major initiative is related to our Health, Safety and Environmental performance. In 2009 we implemented a number of key initiatives that helped us reduce our corporate TRIF (Total Recordable Incident Frequency) rate by approximately 26% from the beginning of 2009 to the end of 2009. Despite this improved performance, we still believe we can make meaningful changes that will further instill our culture of safety and help us distinguish ourselves from our competitors.

On a related safety note, I would like to remind everyone that the summer season is fast approaching. In 2009 we experienced a number of incidents where employees suffered heat-related illnesses. Moving into this summer season we are taking steps to ensure that employees are trained in heat awareness and that an adequate supply of fluids is available in areas where heat stress is a major concern.

Finally, I hope that each of you is able to find some time this summer season to take a vacation and spend some quality time with family or friends playing in the outdoors. But remember – play safe!

Sincerely

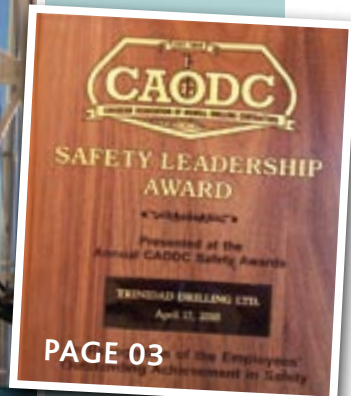
Lyle Whitmarsh  
President and Chief Executive Officer

## EMPLOYEE NEWSLETTER

:: SPRING/SUMMER 2010 – ISSUE 4 ::

### :: in this issue ::

INDUSTRY UPDATE .....	PAGE 02
MEET & GREET .....	PAGE 02
TRIPLE PLAY .....	PAGE 03
SPRINGTOWN SNOW .....	PAGE 03
AWARDS + MILESTONES + ACCOLADES .....	PAGE 04
TIDBITS .....	PAGE 04
DID YOU KNOW? .....	PAGE 04



## :: UNDERSTANDING THE "TRINIDAD ADVANTAGE" ::

### A Look At Our Technology

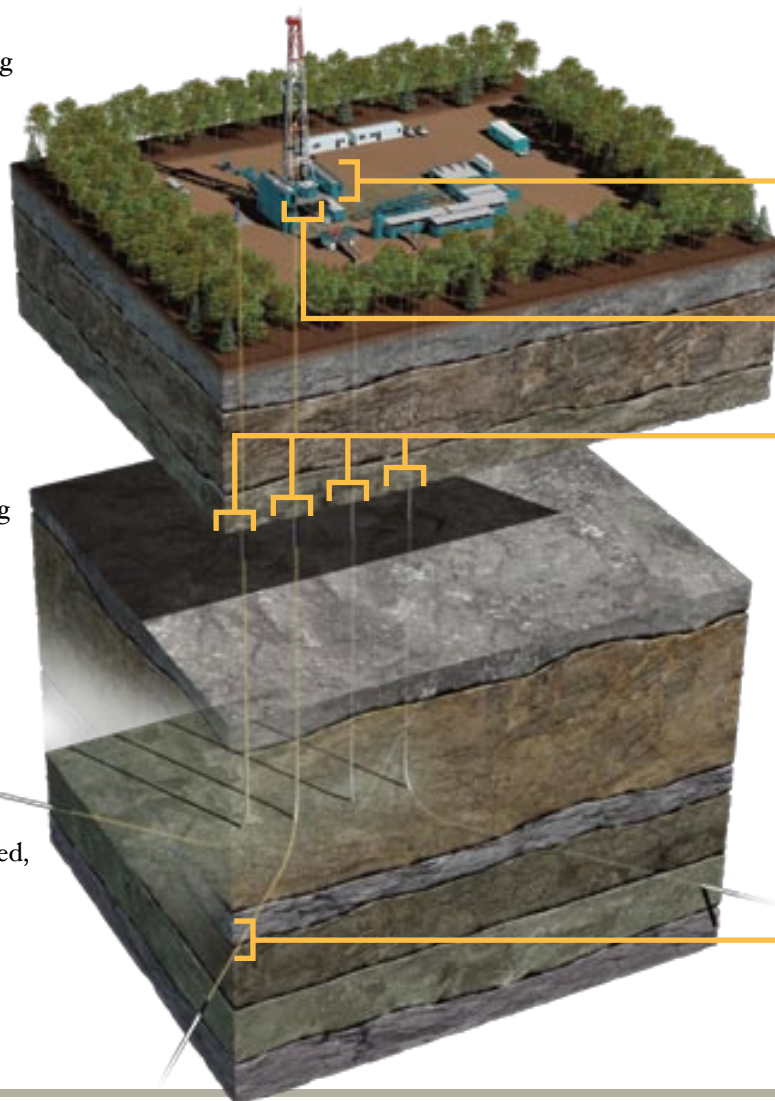
The use of new technology is changing the face of our industry, unlocking reserves in areas that were previously overlooked as too expensive or too difficult to drill. But it's not just a matter of economics; technological advances also improve safety and reduce environmental impact.

#### Unconventional shale drilling

Developing resources in unconventional shale plays is currently the "hottest" place to be in the oil and gas industry. These plays are one of the few areas that have remained relatively active during the recent downturn. The potential for high levels of recoverable reserves and strong initial production rates provide robust project economics. However, these plays come with new and complicated challenges that are being overcome through growing experience and the use of new technology. Trinidad's high-tech, modern fleet is purpose-built for drilling in this environment; in fact we have almost half our fleet working in the North American shale plays and one of the highest market shares in the key Haynesville and Montney shales.

#### Gas factory application

The combination of pad drilling and moving systems has created what's being referred to as a "gas factory" in some areas. With a moving system, we are able to skid the rig around the location, moving between wells in a matter of hours rather than the days it previously took. While we are drilling the next well, previous wells are being fractured and completed, allowing for a seamless, repeatable process and improving the speed at which production can be brought on stream.



#### Integrated control system

Integrating the control of key pieces of equipment allows the driller to monitor down-hole conditions and respond to problems quickly.

#### AC drawworks

Provide precise control over drilling speed and the weight on the drill bit, giving better performance with less risk of damage to the formation.

#### Pad drilling

Drilling multiple wells from one location vastly increases the project's economics and reduces environmental impact.

#### Horizontal drilling

Allows more of the well bore to be in contact with the producing formation, significantly increasing the productive capabilities of each well.

## Trinidad's Growing Rig Fleet

*Now that market conditions have begun to show signs of improvement, Trinidad's customers are once again placing orders for new, built-for-purpose equipment. While our rig manufacturing facility is busy building these latest additions to our fleet, our existing equipment is working more actively than we would have expected a year ago.*



Rig construction at Trinidad's Nisku facility

### Trinidad resumes rig construction

Earlier this year, Trinidad resumed construction on six new drilling rigs that had been put on hold in 2009. With industry conditions weak last year, we made a joint decision with our customer to delay finishing the rigs until conditions improved. This proved to be a win-win decision for both parties: Trinidad didn't have to spend any additional capital and the customer didn't have to find work for the rigs.

With conditions improving towards the end of 2009 and into 2010, we were asked by the customer to finish building the rigs; a good sign for Trinidad and for the drilling sector in general. It showed that the mood was starting to turn, that our customers were beginning to feel more optimistic about the near future of the drilling industry and also that they remained committed to using Trinidad's rigs.

Victory Rig Equipment, our rig manufacturing division, is building the new rigs, which should be completed within 2010. Once built, they'll be trucked to Louisiana where they will work in the Haynesville shale under long-term, take-or-pay contracts. The rigs are all 18,000 feet (5,600 metres) triple rigs with 1,500 horsepower AC drawworks. All are equipped with Trinidad's in-house, state-of-the-art technology and automation.

### New rig for the Canadian drilling fleet

In early March, Trinidad also added Rig #55 to its Canadian fleet. Rig #55 was built at Victory Rig and is a 3,500 metre (11,500 foot) telescopic double rig equipped with state-of-the-art automation, including an automated catwalk, top drive and integrated control system. The rig is now out in the field, working under a long-term contract in the Montney play in north-east British Columbia.

### Rig utilization increase

Drilling activity levels were relatively low throughout 2009, reflecting lower commodity prices and weak economic conditions. In the past few months, some positive momentum has been building in the drilling industry and both the Canadian and the US drilling divisions have seen a marked increase in utilization levels.


In the first half of 2009, the Canadian drilling division averaged a utilization rate of 32%. By early December 2009, that rate had crept up to 65% and activity continued to rise during the winter drilling season in Canada. In February 2010, Trinidad's Canadian utilization hit a peak of 92% and signs continue to look promising for post spring break-up activity levels.

In the US, Trinidad has about 60% of its fleet under long-term contracts which means activity levels tend to remain more stable. Utilization levels have been averaging around 60-65% over the past year, but, in the last few months, we have seen activity increase to above 70%.

### Employee safety

Although employee safety is always our first priority, during these past few winter months we were especially concerned with crew safety. Increased utilization rates meant an increased number of new and entry-level, as well as returning employees. Our safety team was hard at work making sure to visit all of our locations to communicate and implement our health and safety program to all managers and employees.

The safety department is pleased to report fewer injuries than in previous years. As a result, we now have a lower TRIF (Total Recordable Incident Frequency).

Management would like to take this opportunity to thank all our employees for their hard work and dedication to making this past winter a safe and successful drilling season. 

## :: MEET & GREET ::



### Liberty Barge Rig & Crew

Picture of the Liberty barge rig, drilling in Venice, Louisiana.

ESPN came out to photograph the Liberty barge rig and crew during a tour of the Louisiana coast for the Super Bowl which was held in New Orleans earlier this year. A few of the crew members seen here are wearing jerseys to show their support for the New Orleans Saints. This picture and a photo of the Liberty barge rig was featured during the Super Bowl.

Three men standing on staircase (left to right): William Lewis, Lawrence Parfait, Eric Toupes.

Sitting on staircase: Vincent King.

Six men standing behind railing (left to right): James Gaspard, William Weidner (Martin and Marks-Operator), Marty Stovall, Wayne Brunet (Superior Derricks), Mike Guidry, Rusty Russ (company man).

Two men at the drillpipe (left to right): Jeremy Nino, Travis Jack Knagg.

## Zero Recordable Injuries

*Safety underpins all Trinidad Drilling operations. We continually strive to improve and sustain our excellent safety record across all job sites.*

### Safety and performance run parallel

Trinidad Drilling takes a proactive approach to safety across all rigs. We use modern, well-maintained equipment, and implement clear safety protocols through continuous training and ongoing reporting of all incidents and near misses in the field. Most of all, we encourage a culture of safety that recognizes safety as a daily shared responsibility.

Employees on rigs with sustained safety records continually prove that performance and safety run parallel. Rigs with a record-breaking status for safety and performance owe their outstanding success to their crew members' dedication to safety and strong drive to succeed at any task assigned to them.

We commend those crew members working record-breaking rigs for their exceptional professionalism, selfless devotion to duty and tireless pursuit of the highest performance and safety standards. You set a bar for safety and performance at Trinidad Drilling that we all aspire to achieve and maintain. Thank you all for a job well done!

### Canadian Drilling – an industry leader in safety

On April 17, 2010, at the annual Canadian Association of Oilwell Drilling Contractors' (CAODC) Safety Awards Gala, Trinidad Drilling Ltd (Canadian Drilling Division) was one of 11 drilling contractors honored with a CAODC Safety Leadership Award. This award is given to drilling contractors who maintain an injury rate less than industry average for the year.

### Victory Rig proud of its safety accomplishments

With the continuous support and guidance of the HSE Department, the Victory group has reached a level of safety of which we can all be proud.

"Employee safety is at the top of our list," acknowledges Arnold McKernon, Divisional Safety Manager, who continues: "Zero loss time from accidents over the past year really goes to show how serious we are about safety."

Victory has also been making strides in other areas of safety improvement, pressing ahead with new ideas and new goals, and setting higher safety standards.

We take all suggestions for safety improvement very seriously, valuing the information every employee has to offer. "Every employee plays a key role," states Arnold, "not only for their own safety, but for every other person within the company."

Two things are for sure. One: People who work directly in the field see the exact areas where safety improvements are needed, thereby enabling actions to be taken promptly and effecting positive change and increased safety for everyone.

Two: Victory Rig Equipment has set the bar high for itself and for others. With the continued input and efforts of our supervisors, our coordinators and our employees, we look forward to the future confident that our safety standards will continue to improve.

### US South Drilling safety achievements

Crew members across rigs have taken Trinidad's philosophy of "Work Safe, Live Safe!" to heart, and it shows in an increased number of rigs that have gone two consecutive years or more with zero recordable



injuries in the US South Drilling Division based in Spring, Texas.

Congratulations go to Rig 104 for achieving three consecutive years with no OSHA recordable injury; to Rigs 107, 109 and 120 for achieving two consecutive years with no OSHA recordable injury; and to Rigs 123, 126 and 127 for achieving one full year with no OSHA recordable injury.

### US Northern Drilling safety achievements

The US Northern Drilling division (Fort Worth, TX; Garden City, KS; and Woodward, OK) is beginning to see a number of its shops and rigs go over one and two years without a recordable safety incident.

Congratulations go to the Garden City shop for achieving over three years (1164 days) with no OSHA recordable injury. Likewise achieving over three years with no OSHA recordable injury is Rig 208 (1103 days). At 1019 days injury free, Rig 216 is closing in on a three-year record, as is Rig 202 (970 days).

US Northern Drilling operations that share the honour of going more than a year with no OSHA recordable injury are Rig 110, Rig 202, Rig 204, Rig 207, and the Fort Worth shop. Rig 206 is at 436 days, although it has only worked about 190 of those days. **DB**



### Give us your feedback and be in the draw to win an iPod nano.

Drill Bits is your newsletter, tell us how we can make it better. Let us know what you like, what you don't like or give us your ideas for what you'd like to see in future issues. We're always looking for ideas for articles or ways to improve Drill Bits and we'd love to hear what you think. **Email your feedback or ideas by August 15th to [TGDDrillBits@trinidadrilling.com](mailto:TGDDrillBits@trinidadrilling.com) or fax to 403 265 4168** and we will pick one lucky winner. Don't forget to include your name if you want to be in the draw for the iPod.

## Safety Pays Off

### Safety is a team effort on Axxis Drilling's Freedom barge rig

The Freedom barge rig has attained **1,192 days** or **3.2 years** without a recordable incident. Freedom has been with Axxis for five years and has no LTI (Lost Time Injury) on record.

Rig Manager, Daryl Hale, explains the reasons for Freedom rig's exceptional safety record:

"Here on the Axxis Freedom we always keep a good morale and we are always looking for ways to improve our rig and keep it a safe place for our employees to work."

As rig manager, Daryl makes a point of regularly speaking with employees about safety issues and protocol such as "not getting in a hurry, always planning ahead, always being consistent and to think 'what if.'"

For Hale and his crew, safety requires a team effort. "In our safety meetings," states Hale, "everyone participates and communicates with one another in trying to make sure that everyone stays safe. We think of everyone on the rig as our family and we want everyone to leave the rig each week just like they came."

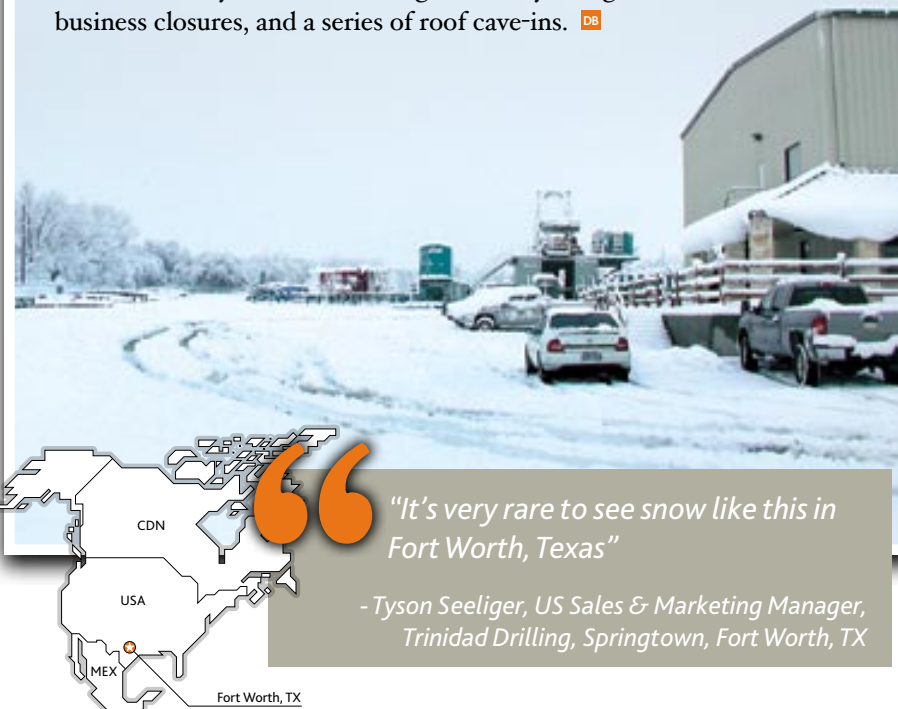
Freedom rig's team efforts on behalf of sustained safety are supported by Axxis Drilling's HSE Department and Drilling Superintendent who, according to Hale, has "always been great in helping us resolve any issues that may arise." **DB**



Daryl Hale, Freedom Rig Manager, Axxis Drilling. Hale has been with Axxis for over five years and brings over 20 years experience.

## Springtown Snow

With its subtropical climate and average winter low temperature above zero, Fort Worth, Texas, doesn't often get or expect to get snowfall! This year was different though. A record 12.5 inches (32 centimetres) of snow fell on February 11 and 12, causing electricity outages, school and business closures, and a series of roof cave-ins. **DB**



"It's very rare to see snow like this in Fort Worth, Texas"

- Tyson Seeliger, US Sales & Marketing Manager, Trinidad Drilling, Springtown, Fort Worth, TX

## Trinidad Well Servicing (TWS) Safety Awards

Trinidad Well Servicing Ltd. (TWS) participates in the Canadian Association of Oil Drilling Contractors (CAODC) Safety Recognition Program. Each 200-day period without a recordable injury is a milestone. Milestones are tracked and awarded for rigs, rig managers and rig operators.

In 2009 the following rigs and personnel achieved a 200-Day Recordable Injury Free Milestone:

Rigs	Rig Managers	Operators
4	19	Dwight Balisky
12	20	Steve Ballantyne
15	21	Ryan Boyles
17	25	Kevin Bussey
18		Cory Dunsing
		Kelly Duprey
		Ron Kenyon
		Chris Mielnik
		Jesse Smith
		Jerod Staffen
		Chuck Steele
		Dale Turner
		Curtis Unrau
		Chad Reyne
		Kevin Baier
		Terry Culbert
		Joe Hill
		Darrel Moe
		Adam Nash
		Brett Peters

The CAODC hosts an annual Safety Awards Banquet in April of each year. To recognize and celebrate their achievement of significant safety milestones in 2009, TWS has invited its award-winning rig managers and operators to attend the banquet.

Achieving two or more consecutive 200-Day Recordable Injury Free milestones is of significant note.

The following rigs and personnel continue on the journey of consecutive milestones:

Rigs	Rig Managers	Operators
2 (600 days)	19 (600 days)	Kevin Bussey (400 days)
4 (400 days)	20 (400 days)	Brandon Busby (400 days)
5 (400 days)	21 (600 days)	Ron Kenyon (400 days)
15 (400 days)	25 (400 days)	Joe Hill (600 days)
		Mark Seykora (400 days)
		Stuart Ramsey (600 days)
		Chuck Steele (800 days)
		Curtis Unrau (400 days)



**TRINIDAD DRILLING**  
TDS

Create a **PROACTIVE** Safety Culture on your Rig. Safety is **EVERYONE'S** Responsibility!

**OSHA**  
FTL 1  
LTI 30  
RECORDABLE INJURIES 300  
NON-RECORDABLE INJURIES 3000  
NEAR MISSES 30,000  
AT RISK BEHAVIORS & CONDITIONS

**97% OF ALL INCIDENTS ARE CAUSED BY...**

**Proactive Safety**  
Controllable... You Have a Choice!  
Use Your Safety Tools to Reduce or Eliminate At Risk Behaviors & Conditions.

**Reactive Safety**  
Uncontrollable... You Have No Choice of what the Outcome Will Be!

**TRINIDAD DRILLING**  
TDS

**"LOOK-OUT" Observation Card**

REVIEWED FOR THE JOB YOU OBSERVED?  
 YES  NO

AM I OBSERVING AN ALL SAFE OBSERVATION:  
PRINT ON BACK OF CARD

AM I OBSERVING AN AT RISK BEHAVIOR OR CONDITION:  
ITEM BELOW THAT MOST APPLIES)

wearing Hardhat  
wearing Safety Glasses  
wearing Face Shield  
using Hearing Protection  
wearing Respirator  
wearing Gloves  
wearing Steel Toe Boots

By Hazard  
Between/In Hazard  
Dropped Object  
Fall Hazard  
Finger Injury  
With Heat/Cold Hazard  
Shock Hazard  
Absorbing/Swallowing Hazard  
Sick Illness Hazard

EQUIPMENT  
Not for the Job  
Use of the Tool  
Equipment in UNSAFE Condition  
Equipment NOT Inspected

Name: \_\_\_\_\_

PROCEDURES  
 Bypassing Safety Policy  
 Procedures Not Followed  
 Did not Lock-Out/Tag-Out Equipment  
 Other

### The "Look-Out" observation card

As part of our ongoing drive to increase and improve safety, Trinidad HSE has just rolled out the new in-house "Look-Out" observation card in the US South drilling division.

The "Look-Out" card replaces the STOP card, but works on the same principle. Cards are included in a tally book so that crew members can carry the cards with them while they are working. When crew members see an At Risk Behavior or At Risk Conditions they can immediately address and document what they see on their "Look-Out" card.

The "Look-Out" observation card program is fairly new in the field, but the feedback has been positive so far.

### :: TIDBITS ::

## It's summer time, fire up the BBQ!

#### Bacon & tomato burgers on the grill

##### Ingredients

- 1 lb (500 g) ground beef, preferably medium or regular
- 4 sun-dried tomatoes, packed in oil
- 1 tbsp (15 mL) bacon bits or 1 slice cooked bacon, crumbled (see tip, below)
- 1 tsp (5 mL) garlic salt
- 1 tsp (5 mL) Worcestershire sauce

##### Preparation

- Oil grill and heat barbecue to medium heat. Crumble beef into a large bowl. Slice sun-dried tomatoes in half, then thinly slice or finely chop bacon. Sprinkle over beef along with bacon bits and garlic salt. Add Worcestershire sauce. Using your hands or a fork, gently mix together just until ingredients are evenly distributed. The more you mix a burger, the tougher it will be.
- Shape into 4 burgers, each about 1/2 inch (1 cm) thick. To prevent burgers from puffing up when grilling, using your thumb make a shallow depression in centre of each patty.
- Place burgers on grill. Barbecue with lid closed until burgers are cooked through, 5 to 8 minutes per side. Delicious tucked into warm buns or pitas. Or serve with sliced beefsteak tomatoes, steamed new potatoes and grilled corn on the cob.

#### Mexican garden salad

##### Ingredients

- 1 head of lettuce
- 4 tomatoes
- 1 avocado
- 3 limes
- 1/2 red onion
- salt to taste

##### Preparation

- Wash and chop lettuce. Slice red onion, tomatoes, one lime and the avocado into thin strips.
- Add the juice of two limes to the onions and lettuce. Lightly toss.
- Add salt to taste.

Decorate the salad with tomato and avocado slices in the center and at the edges as shown in the image.



## DID YOU KNOW ?

Trinidad is always looking at new ways to minimize our impact on the environment. By printing this newsletter on post consumer recycled paper, DRILL BITS is doing its part. Now, go ahead... recycle it!

## DRILL BITS eco-audit

The savings below are achieved when post consumer recycled fibre is used in place of virgin fibre. This newsletter uses 285 lbs of paper which has post consumer recycled percentage of 10%.

- 1 lbs.** waterborne waste not created
- 116 gallons** wastewater flow saved
- 13 lbs.** solid waste not generated
- 25 lbs.** net greenhouse gases prevented
- 193,800 BTUs** energy not consumed

