

Minutes of the New Zealand Drillers Federation Inc Council Meeting Thursday 6 December 2012 at Wellington Airport Convention Centre.

Meeting convened at 9.30 am.

Present: Iain Haycock, Steve Faulkner, John Butt, Mel Griffith, Dale Preston,
Tony Lyons, Mike Ormsby, Zane Brown, Dennis Stowe, James Chapman, Marcus Durrant,
Steve Pilcher, Ken Mears and Kevin Wafer, Executive Officer.

Iain Haycock opened the meeting. He requested that the election of President and Vice President be added as an agenda item. He then introduced the issue that had been raised by Baylis Brothers Ltd which would be the first agenda item.

1. Baylis Brothers Ltd Issue

Russell Baylis, Scott and Shane from Baylis Bros Ltd were invited to attend the meeting and address the NZDF council. A summary of the address follows:

In 2004 Baylis Bros Ltd drilled a water supply bore. Approximately 4 to 5 years later an irrigation contractor commissioned the bore, reportedly without retesting or redevelopment, and attempted to abstract a higher yield from the bore that previously tested. The bore produced sediment that passed through the irrigation system and caused damage and therefore the property owner sought financial compensation from the irrigation company. Representatives from Baylis Bros were asked to give evidence during which they advised that the existing bore should have been checked, or at least retested after the length of time that had elapsed since its construction – more so should a higher yield than previously tested be required. Evidence was also given by other members of the NZ Drillers Federation which gave alternative views on this issue. The court ultimately ruled that the bore did not need to be retested or redeveloped, and in doing so, this has set a dangerous precedent that could be applied to other drilling projects in the future. While the NZDF members giving evidence did not suggest that they were giving evidence on behalf of NZDF, unfortunately some were current NZDF Council Members this added weight to their expressed views.

To conclude Russell hoped that some lessons could come out of this situation in that anyone giving evidence or an opinion in a similar situation needed to be absolutely sure that they were in possession of all of the necessary information and relate their evidence back to industry standards where possible. They should also make it clear that they were not expressing an opinion on behalf of the NZDF so that the court did not connect the evidence/opinion to the NZDF in anyway.

The council thanked Russell, Scott and Shane for attending the meeting and would discuss the matter further and advise any feedback to Baylis Bros Ltd.

2. Election of President Vice President

Iain clarified that the election of President and Vice President was required following the AGM in Adelaide. Normally this would have been held at the conclusion of the AGM, but as there were insufficient numbers for a quorum, this had to be deferred to the next NZDF Council meeting.

Iain advised that in light of the pending election he needed to make known that he may not be able to commit the time necessary for the Presidents role due to commitments in 2013, and may need to stand down prior to the next AGM. It was discussed and suggested by the council that in these situations assistance from the Vice President to cover the Presidents role should be considered. Steve Faulkner advised that he would be prepared to do this but could not make any comments about his current situation for a few weeks yet. Iain was prepared to retain the status quo until the introduction of the new drillers registration system so it was agreed that the election should be postponed until the next council meeting.

3. Apologies: Ian Shaw, Jeff Ashby

Motion: *"That the apologies be accepted"*.

Moved: Iain Haycock / James Chapman Carried

4. Minutes:

Minutes of the previous meeting, held on Wednesday 8 August, were read.

Motion: *"That the minutes be accepted"*.

5. Matters Arising From Minutes:**DrillNZ**

James Chapman asked what had happened regarding the approach from DrillNZ to put NZDF member contacts and equipment lists on their website. The EO had advised DrillNZ that NZDF did not see any need to duplicate this information which was already on the NZDF website and suggested that they join the NZDF on behalf of their membership to gain access to drilling industry information and networking opportunities. No response has been received to date.

GSB Membership Benefits Offer

Zane Brown asked about the level of response to the GSB offer. GSB had advised that they had received a reasonable level of response to the first approach. They normally expected a take-up of about 25% initially and then further sign-ups from those that generally waited to hear feedback from other members who had signed up early. The cost to NZDF was reduced from \$7500 to \$5700 (plus GST) due to some members already being involved in through other organisations.

6. Correspondence Inwards

Revised proposal from GSB reducing cost of membership benefits scheme to \$5700 plus GST;
 Letter from the Chairs of MITO and EXITO advising their intention to merge the two ITOs;
 Email from Margaret Rimmer of Goulder and Associates advising of their interest in working with the Federation on developing Health and Safety standards specific to drilling and their interest in getting involved in training of drillers;
 Email from EXITO advising of special meeting to approve merger of MITO and EXITO;
 EXITO Newsletter;
 Email from Geothermal Heat-pump Assn. of NZ advising of ground source heat-pump presentations;
 Neville Curtain - application for membership;
 Request for information on Road user charges /overweight permits from Honnor Drilling;
 Request for information on standards for temporary drill platforms from Karl Tolley.;
 Request for information on methane hazards when drilling in a landfill or filled site;
 Email from Atlas Manufacturing, Canada advising of non renewal of membership due to change of business ownership;
 Request for membership information from First-break Drilling;
 Advice from Companies Office advising that Incorporated Society status has been reinstated;
 Letter from Barclay Moir thanking the NZDF for the sponsorship to attend Drill2012.

7. Correspondence Outwards

Acceptance of revised GSB offer;
 Various letter / emails following up non-payment of subscriptions;
 Email to contractor members inviting them to attend GHANZ ground source heat-pump presentations;
 Response to Honnor Drilling;
 Response to Margaret Rimmer of Goulder and Associates;
 Response to Karl Tolley;
 Application, NZDF rule changes and 3 years financial statements to Companies Office to reinstate Incorporated Society Status;
 Letter to Allan Holcroft confirming the award of the NZDF Scholarship.

There was discussion about the response to Goulder's Consultants. In response to the membership applications there was a suggestion that there should be some stand-down period for new members where they could not use the NZDF logo in advertising until they had been a member for a year. It was decided that this would require a change of rules and would need to wait until an AGM to be considered.

Motion: *"That Inwards/Outwards Correspondence be accepted and acted on accordingly"*.

Moved: Mel Griffiths / James Chapman

Carried

8. Financials

There was discussion about subscription payments still owing. Nine subscriptions had yet to be paid totalling about \$3700. The list of those members who had not paid subscriptions was read out and council members advised that Atlas Copco was no longer operating and the same may be true for Berry Drilling. The EO will make another attempt to gain payment of the other subscriptions with the memberships being cancelled if the subscriptions were not paid this time.

The council reviewed the financial statements being the Bank Reconciliation Report for the period 1 June to 30 November 2012 and the Cash Flow Report for the 5 month period ending 30 November 2012.

Balance of Accounts as at 31/03/2012:

00 A/c \$6,868.55
02 A/c \$2527.57

Accounts for Payment:

00 A/c
Executive Officer hours and reimburse expenses \$1953.00
Quaystone Signs \$80.25
Netmaestro \$125.35

Plus – Reimbursements of Council Flights

02 A/c

No accounts for payment. However subs payments paid into the conference account by direct credit would need to be transferred to the 00 A/c to give a balance of \$6809.95 in the 00 A/c and \$427.57 in the 00A/c.

We are still awaiting a payment from ADIA related to the Drill2012 conference however we do not know how much this will be due to the low turnout of NZ Drillers compared to the previous year.

Term Investments:

These were unchanged since the last meeting.

It may be necessary to transfer some funds from the term investment when it matures in Jan 2013 if the conference payment from ADIA is not received by then.

Motion: *“That financials be accepted, accounts passed for payment.*

Moved: Dennis Stowe / John Butt Carried.

NZ Drillers Federation Budget

The meeting discussed a draft budget developed to take into account an increase in EO hours/ costs, some changes to the expenses and some possible other forms of income. It was suggested a good way of increasing new member numbers would be for council members to advise the EO of non-member drilling companies operating in their area to enable the EO to encourage them to join. The council agreed to do this.

Motion: *“That budget be accepted.*

Moved: Dennis Stowe / Dale Preston Carried

7. New Members

Applications for Membership were received from the following:

Neville Curtin – Associate membership

Ashburton Construction Ltd. (Rapid Drilling), Ashburton. – Geoff Haywood Manager – Full Membership

Motion: *“That the applications for Membership be accepted”.*

Moved: James Chapman / Iain Haycock Carried

8. EXITO

There was general discussion about EXITO and what would come from the merger with MITO. There were

concerns expressed about the whereabouts and ownership of all of the training information and materials that NZDF members had contributed to developing over a number of years. It was agreed that whatever happens it would be a considerable time before the new qualifications were in place and that NZDF should focus on its own registration system in the first instance.

A letter should be sent to EXITO requesting advice on:

- what is happening with the training information /materials developed to date and who has ownership of them;
- who we should be talking to at MITO or EXITO so that we are kept advised of progress;
- the current status on the review of the qualifications and likely timeframes;
- the status of the existing qualifications and unit standards.

9. GENERAL BUSINESS:

2013 AGM Conference

There was discussion about possible venues and whether it should be just an AGM or a full scale conference. There may be issues in organising a full conference considering the timeframes. There was a suggestion our conference could be tied into another relevant conference. It was agreed to form a sub-committee to discuss this subject further. The sub-committee would be made up of Mel Griffiths, Steve Faulkner, Steve Pilcher and Iain Haycock.

NZDF Award

Three applications had been received for the NZDF Award which acknowledges the top student from the TPP 14 week drilling course. The applicants were John Makakea, Jimmy Brown and Michael Walls. Their course marks were very similar and the council members who knew the applicants all gave high praise of their work. The council found it difficult to differentiate between the three applicants and discussed the possibility of having joint recipients of the award.

Motion: *“That John Makakea, Jimmy Brown and Michael Walls be joint recipients of the NZDF Award.*

Moved: Mike Ormsby / Dennis Stowe Carried

Baylis Brothers Ltd. Issue

The council discussed what response there should be regarding the issue raised by Baylis Bros Ltd. It was proposed that there should be a technical committee/panel that could provide a NZDF opinion in these situations. Rule No. 24 of the NZDF Rules covered these situations to a certain extent in that it prohibited members from stating an opinion on behalf of the federation unless that opinion had been expressed as a majority vote at an AGM or Special Meeting. However, it was felt it was still a need for a technical committee/panel.

Motion: *“That a technical committee/panel be set up on an as needs basis with the members chosen by the council being made up of four independent experts in that particular type of drilling and at least two being familiar with the geographical area where the drilling was done. The technical committee/panel would need to have all relevant information provided to them and the costs of the committee would need to be paid by the person seeking the opinion. This service would be available to NZDF members only”.*

Moved: Mel Griffiths / John Butt Carried

Other follow-up actions would include:

- drawing members attention to clause 24 prohibiting them expressing an opinion on behalf of NZDF and if any individual member is asked for a NZDF opinion it should be referred to the council.
- advising members that NZDF is putting in place a process to set up a technical committee to give advice;
- writing to Baylis Brothers Ltd thanking them for raising the issue and advising them of the actions to be taken.

Registration for Drillers

- Marketing of the registration concept – it was suggested that council members could approach NZDF members in their area to promote the registration system. We would also need to market the concept to key clients such as regional councils etc.
- There was also a need to consider a disclaimer. We could perhaps obtain an opinion from Simon Fitzgerald on suitable wording for a disclaimer.
- TPP have suggested some alternatives to H&S unit standard 497 and can offer H&S and First Aid courses in many parts of NZ.

The criteria for each level of registration were reviewed with the main change being the industry experience for the senior driller being changed to 10 years industry experience **including** 6 years operating a rig.

Some suggestions were made to improve the registration application form including:

- adding the company name and contact details for the nomination as we may need to talk to them;
- adding two other referees and contact details;
- include the fees on the form.

Changes suggested to the registration process included:

- a confirmation letter from the employer and an outline of work experience will be required;
- a registered driller ID card may be issued as well as a certificate;
- there will be annual renewal which may be connected to the companies NZDF membership renewal.

Registration will be for people employed by a NZDF member company and the nomination must be made by an NZDF member.

The EO will cost plastic ID cards.

James, Ken and Zane will test the updated registration application form on some of their employees. The EO will do a trial assessment of these applications. The cost of registration will be based on the time it takes to process applications and costs of certificates, ID cards etc. with the application cost and renewal cost to be decided at the next meeting.

Meeting closed at 3.30pm.