

DRILLING NEWS

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TRT jack in with chance

A Hamilton engineering company's invention could be helping to rebuild Kuwait's war ravaged oil industry in a few months' time.

The Rapa-based TRT Transport Ltd has developed a new system of erecting and repairing oil and petrol storage tanks using specially built hydraulic jacks.

The jacks, which can be synchronised through a control box to lift together, can be used to build oil storage tanks without using cranes, guy wires or scaffolding thus allowing them to be placed closer together in oil field tank "farms".

"We believe the system, which has just been patented, could both speed up and lower the cost of repairing Kuwait's bombed and burnt tank farms and that of building new storage tanks," said TRT managing director Dave Carden yesterday.

Until now oil storage tanks had been erected by welding the bottom ring of the steel wall to the steel floor and then placing each successive section on top, with the roof lifted on last, he said.

The technique involved erecting extensive scaffolding and using cranes or guyed derricks to lift and secure each segment.

"By contrast the TRT system allows tanks to be built from the ground up, avoiding the need for costly and space-consuming scaffolding cranes and wires. First, the roof is built on the

ground, then lifted hydraulically to allow successive three-metre wall sections to be built underneath."

Some 15 jacks can be placed equidistantly around the tank walls to lift simultaneously at the push of a control button.

TRT is to submit its system to US-based construction giant Bechtel Corporation, which has a letter of intent from Kuwait authorities giving it the major role in rebuilding and restoring the country's oil pipelines, tank farms and related installations.

"We know we've got a good idea but it's going to be a long, hard haul to get it to Kuwait," said Mr Carden. "For a start Bechtel has had to put in dedicated phone lines and telephonists just to cope with the 2000-plus calls a day they are getting from would-be sub-contractors like us. So there's a huge number of companies from right around the world chasing the work that's there.

"If we can't piggy back in on a company like Bechtel we will need an Arabian joint venture partner to get our technology in on the ground floor."

TRT devised its hydraulic lifting jack system as the most cost effective method to meet new New Zealand regulations on repairs to rusting tanks.

"Typically the floor rusts through and leaks. Until now tanks of up to 300 tonne deadweight have been very difficult to lift so they have been repaired by cutting

slots in the sidewalls and horizontally inserting new steel plates which are then welded in to form a new floor above the old on," said Mr Carden.

As a result a number of New Zealand tanks have up to three false floors each enclosing a cavity which could contain fumes.

"To prevent this the new rules require foundations to be replaced where leaks have penetrated the ground. Until now that has only been achieved by

demolishing the tank and building anew.

"Our lifting system, however, enables repairers to cut away the damaged floor and hoist up the rest of the tank to allow a new foundation to be laid underneath."

The tank jack system which typically would cost around \$140,000 was developed from TRT's expertise in building house lifting and house removal loaders.

Federation Elects New Executive

C. Woodford (President), Jim Faulkner (Vice-President), Bain Webster, Russell Baylis, Lyle McMillan, Stuart Montgomery, Peter Garnet, Bill Washington, Greg Honnor, Martyn Brown.

Conferral of Life Membership

At its 1990 AGM the Federation made Dick Baylis managing director of Baylis Bros. Ltd in Napier the first holder of Life Membership. It was noted that Dick Baylis had maintained a relationship with the Federation right from the time its very formation was even thought of. Since the Federation's formation in the early 1970s, Dick Baylis had played a leading role. Firstly by hosting the first ever conference in 1975 and again hosting an even bigger programme in 1979. He had also served as President during which time he instigated strong moves to improve lines of communication with Water Boards and all sections of the groundwater industry. Members expressed unanimous support for the resolution, and expressed thanks to Dick and wife Val for their industry support.

LETTER TO EMPLOYEES

The Employment Contracts Bill

The proposed new labour relations system has been designed to provide you with freedom of choice, make your employer's business more efficient and thus increase job security and job opportunities. **How will it affect you?**

1. This Act is intended to apply from 1 May 1991.
2. From that date unions will become Voluntary Incorporated Societies.
3. You will have the freedom to choose whether or not to belong to an Incorporated Society (Union).
4. No-one will be able to unduly influence you in making this decision.
5. If you wish to remain in the same Incorporated Society (Union), there will be no need to take any action, except that you may have to discuss with your employer and the Incorporated Society (Union) how your fees are to be paid in the new system.
6. You will be free to join **any** Incorporated Society (Union) whose membership is open to you, not just the one you might currently be a member of.
7. If you don't wish to remain a member, you should write a brief letter of resignation, simply stating that you wish to resign from a particular date. When the Incorporated Society (Union) receives this letter, you will no longer be

a member from the date you specified. You should also advise your employer to cease deducting union fees from your wages where these are remitted to the union on your behalf.

8. If you should choose to withdraw from an Incorporated Society (Union) you may think that not paying the fees or stopping your employer from making deductions, if this is happening now, is sufficient to remove you from membership. The non-payment of fees does not automatically remove you from membership, so a letter as mentioned above would be better.
9. Awards will cease to exist on 1 May 1991 (proposed date of new Act), except if the existing award still has time to run. If this is the case, the award (then called a Collective Employment Contract) will cease to have effect on its expiry date. If you don't know the date you should ask your employer.
10. **When the award expires, the conditions in it will continue to apply to you, as an individual, in the form of an Individual Employment Contract until this arrangement is changed or brought to an end by agreement.**
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your employer and reach agreement on the wages and conditions which you are prepared to work for in an Individual Employment Contract. Alternatively, you may join with workmates and negotiate a "Collective Employment Contract" with your employer. Your employer will have a say in what types of contract will apply. What goes into an employment contract is entirely a matter of agreement.

12. In either individual or collective contracts, you are entitled to have a bargaining agent - someone who acts as your spokesperson. This can be any person at all, e.g. a workmate, a consultant, a lawyer, an Incorporated Society (Union) official.
13. Bargaining agents, including Incorporated Societies (Unions), will not be able to act for you unless you, as an individual, specifically appoint them. This is your choice.
14. You may **not** agree to conditions which are less beneficial than those provided by general law (e.g. Holidays Act, Minimum Wage Act, etc.) in an employment contract, either collective or individual.
15. Under the new system, as it presently stands, grievance procedures (e.g. if you are sacked) will be available if you are covered by a Collective Employment Contract.

They may be available in an Individual Employment Contract if you have agreed with your employer that a grievance procedure is to be included.

16. It is important that matters of concern are fixed wherever possible between you and your employer at the workplace. If necessary, it is proper for both you and your employer to get help from an outside source.
17. If you have any questions about the new law you should discuss them with your employer.

Note: These notes have been prepared from the Employment Contracts Bill as it stands at 5 February 1991. Any changes made as the Bill moves through the legislative process may alter the position outlined above.

Ohanga test intention

New Zealand Petroleum Co., which spent \$10,502 on exploration in the February quarter, says it will start long-term production testing at its Ohanga 1 well within two months.

Drill stem tests in the well late last year produced gas flows.

Mr Brown said the company was also planning a 200 kilometre seismic programme to be completed by August 1.

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your employees that.

5. Do **not** allow unions to hold meetings during work hours to "discuss" the legislation.
6. Maintain ongoing communication with your staff over the progress of this legislation.
7. Do not wait for the union to approach your staff; tell them about the Bill first.

8. Your Employers Association can arrange for management briefings if you require them.
9. Tell staff that where they have an award it will continue to apply until its expiry e.g. Printing and Related Trades Award will continue to be binding on employers and employees until 22 November 1991.

10. That upon an awards expiry the terms and conditions contained in it will continue to apply "individually" to your employees until either (a) another collective employment contract is negotiated; or (b) an individual employment contract is negotiated.

Down Hole TV Inspection

Through their relationship with the Claude Laval Corporation, Fresno, California, Dominion Construction are able to bring to the New Zealand drilling industry products from their Laval Underground Surveys Division.

Originally designed and developed in the 1940's by Laval Underground Surveys, today's TV survey is a specialized closed-circuit video system capable of visually inspecting water wells and boreholes as small as 2-inches in diameter and to depths up to 10,000 feet (3,048m). With fingertip controls, an operator guides the specially-designed camera deep into the well, pinpointing actual conditions, as an on-screen digital read-out identifies the depth of the camera

at all times. Simultaneously, the inspection is recorded onto a VHS video cassette as a permanent record, available for later review or comparison. A significant feature in the system is the 1/4-inch steel-armored single conductor cable, pioneered by Laval for handling power to the camera, transmitting the video signal to the TV monitor and supporting the camera's weight.

Today's systems offer traditional black and white or state-of-the-art colour video. Colour, of course, is the preferred technology, replacing the sometimes questionable shades of grey with clear images of conditions such as corroded casings, encrusted well screens and mineral de-

posits. It's also the perfect choice for analyzing geologic strata and ground formations or environmental monitoring in borehole and dry-well inspections.

Engineered and manufactured for rugged field operating conditions, the componentry involved in television inspection is a carefully-matched package of video-electronics and mechanical hardware, built to withstand the high pressures and temperatures below ground and in water, assembled for efficient operation and adaptable to field situations and customer needs. Available in many system packages, TV inspection systems by Laval Underground Surveys are custom-built assemblies, featuring top com-

mercial-grade equipment and a selection of options tailored to your specific needs.

A wide variety of options are available from vehicle mounted installations to modular or portable assemblies. One option frequently detailed for inclusion in the package is the 90° rotating head for direct viewing of casing walls.

The downhole TV package eliminates guesswork, allowing underground conditions to be analysed and located accurately for treatment or repair, locates 'lost' pumps or tools, enables work to be verified and gives operators a visual log for future

Club can get exemption

I have recently been elected treasurer of a sports club. I understand that the club has never paid any income tax, but its reserves are now relatively high, and I expect that the club will earn something like \$1400 in interest this year. Is the club exempt of income tax on this interest? I assume the club is not liable for tax on subscriptions. —A.P. Henderson.

Any club or association (whether incorporated or not) which is not carried on for the purpose of profit or gain to any member and is prohibited from making any distributions to members is not liable for income tax on the first \$1000 of its annual income. Any income over this sum will be taxable. Incorporated clubs pay tax at the rate of 33 percent. Unincorporated clubs pay tax at

the rate of 24 percent on the first \$30,875 and 33 percent on income above this level.

Members' subscriptions are not regarded as income and are not taxable.

It is possible for a club to apply for a complete exemption from income tax. This is available if the Commissioner of Inland Revenue accepts that the club is

established "substantially or primarily for the purpose of promoting any amateur game or sport if that game or sport is conducted for the recreation or entertainment of the general public, and if not part of the income or other funds of the society or association is used or available to be used for the private pecuniary profit of any proprietor, member, or shareholder thereof."

Double-tax avoidance 'legitimate'

Auckland (PA) — Businesses are entitled to rearrange their affairs to pay the least tax regardless of past practices, the Taxation Review Authority rules.

In particular, owner-directors could change their remuneration from dividends to salary to escape double taxation.

Judge Paul Barber turned to an English case more than 100 years ago to reach a decision that "seems to me to be basically a matter of common sense, or commercial reality."

Till 1982 a motor vehicle dealership had been paying its owner directors a "dividend" each year from the profits after making an allowance for the working capital needs of that next year. The dividends were taxed before being paid out and taxed again

as income once in the director's hands.

But after advice from a banker the company changed its policy and paid out the profits as salary which was claimed as a deductible expense for the company and taxed as income to the directors.

Inland Revenue claimed these payments were still dividends by another name and subject to double taxation.

Judge Barber disagreed. "Although the company has been loose in what it called the payments, this was not a decisive factor," he said.

Although the Income Tax Act 1976 determined dividends as "all sums distributed in any manner and under any name among all or any of the share-

holders of the company", Judge Barber went back to a ruling of Mr Justice Blackburn in 1876.

He ruled that: "If a man gives of his services, whatever consideration he gets for giving his services seems to me a remuneration for them."

Judge Barber said the company was in effect a partnership whose members had contributed the necessary share capital not to earn a return on the funds invested but to give the motor vehicle dealership working capital to run the business without financial stress or strain.

All except the managing director drew down remuneration each month, not as reimbursement for their effort, but to provide living expenses pending the end of the year.

L, M closing operation

L and M Mining is closing its Rimu goldmining operation near Hokitika.

The managing director Mr Albert Brantley, said the low gold price, low gold grade recovery and increases in running costs had made mining uneconomic.

Other mining continues in the upper Arahura Valley and on the Shotover River, Central Otago, and commissioning work has started on the Nokomai project, Southland.

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