



# THE DRILLING LINE

THE NEWSLETTER OF CYCLONE DRILLING, INC.

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**A New Day. pg.4**



Dear employees,

We are finally seeing an uptick in the drilling industry and Cyclone is putting rigs back to work for the first time in a couple of years. That's good news for everyone. We are cautiously optimistic that the trend will continue and we are restaffing and prepping stacked rigs for deployment. Fortunately our stack yard outside Williston, N.D. has kept our rigs in prime condition and ready to work.

I am pleased that so many of our employees who were casualties of the downturn have decided to return to work at Cyclone now that business is improving. We view Cyclone as a family and we do everything we can to keep our employees working even when it may not be economical to do so. I think our employees appreciate that and that's why so many are back on our payroll.

Even though the future is brighter I would still encourage everyone to do everything you can to keep costs in line. Even though we are putting rigs back to work we are compelled to work for lower day rates. Please use our resources wisely, don't waste time or money, practice preventive maintenance and keep our rigs and our equipment clean and in good working condition.

Above all, please continue to focus on safety. It's not only the right thing to do, it's good business. It's one of the main reasons operators select Cyclone to drill their wells.

Thanks to all of our employees who helped us weather the storm, to all of our former employees who came back to Cyclone when conditions improved, and to our customers who continue to show faith in us. We have always been a good company. We will be a better company going forward.

Sincerely,

PAUL HLADKY

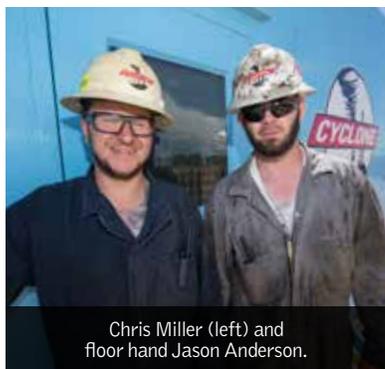


# Family affair.

For some people, oil and gas drilling just gets in your blood. Once it does, it can extend across an entire family and from generation to generation.

That's the case with Chris Miller, Tool Pusher on Cyclone Rig 37 drilling in the DJ Basin near Greeley, Colorado.

"My father was a driller for Cyclone so it was natural for me to come to work here," he said. "My mother, my brother, my uncle and some of my cousins have all worked in oil and gas."



Chris Miller (left) and floor hand Jason Anderson.

Miller is currently drilling for a new customer, Extraction Oil and Gas, on a 13 well pad. Each well is drilled in 2-3 days, a tribute to the expertise of the Cyclone crew and the capabilities of the Cyclone AC rig.

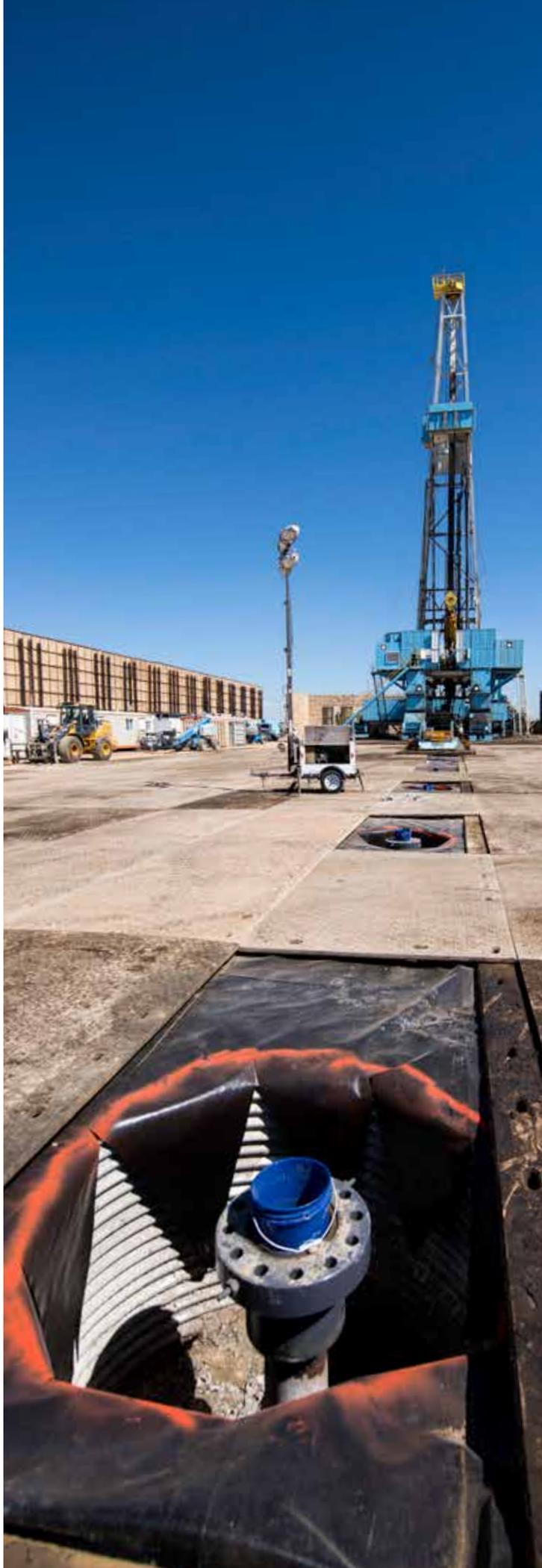
"It's a walking rig specifically designed by Cyclone for wells of this type," said Miller. "It moves quickly from well to well with the entire backyard intact. That's the only way you can drill this many wells in this short a time."

Miller has worked for other drilling contractors but he is quick to say he is at home at Cyclone.

"This is probably the best company I have worked for," said Miller. "They really take care of their people. During the downturn I was on a rig with a crew entirely made up of tool pushers. Cyclone was doing everything they could to keep people on the payroll."

Miller began to realize that Cyclone was a little different the first time he went to a pushers' meeting. The owners of the company were on hand making sure everyone worked safely and got home to their families.

"It's like a family here," said Miller. "We are dedicated to the company because they are dedicated to us."



# A New Day!

## Cyclone bounces back from worst

The oil and gas industry downturn that began in 2014 and reached rock bottom in 2016 appears to be over. Cyclone Drilling has emerged as a different company, but perhaps stronger than before.

How did the company do it?

“I don’t think you can point to one single thing,” said Paul Hladky, Cyclone Vice President. “It was really a combination of things that collectively positioned the company to survive this and perhaps future downturns.”

One of the things was the purchase of 40 acres near Williston, North Dakota to preserve stacked rigs. That property included an 18000 square foot warehouse to house and protect technical

equipment and rig software so it could go back to work quickly. “We did not cannibalize our rigs,” said Hladky. “We kept them together and ready to run so we could be responsive to our customers when they needed us.”

One of the areas that received the most attention was the warehouse inventory. The company went from just stocking tool parts to stocking everything a rig would need to keep it running. This reflected the company’s philosophy of having rigs ready to go to work quickly with a minimum of downtime.

“We also focused on preventive maintenance,” said Hladky. “We quit thinking about how to fix equipment when it broke down to how to keep it from breaking down.”



# downturn in years.

Perhaps the biggest focus was on keeping employees, even when it did not make economic sense to do it. As a result recruiting was not a major issue when the industry recovered.

“We worked hard to keep as many people as possible,” said Hladky. “Those we had to lay off we brought back as soon as we could. That was really important because no matter how well you maintain your rigs they are only as good as your people.”

How has that strategy worked out?

“Well we picked up market share,” said Hladky. “Apparently our customers noticed. That fits our overall plan of going from relevance to prominence in the industry.”



**Floyd Velasquez, Derrickman, Rig 39**

“I love the work and I love the company. Cyclone has done very well for me. They kept me on as long as they could and brought me back as soon as they could. I plan to be with them as long as they will have me.”



**Ronnie Schuback, Tool Pusher, Rig 33**

“Cyclone does what it can to keep us working. During the downturn I went back to working derricks on Rig 38 and then to drilling on Rig 36, Rig 33 and Rig 37. Now I am back to being Tool Pusher on Rig 33. The owners of this company are into the day to day operations of the company. They give us input and accept our input.”

# From truck shop to training center.

New training facility will provide employees with a hands-on experience.

The best hands are usually the best trained hands and Cyclone is taking steps to make sure the company's hands are the best in the industry. Step one was converting the old truck shop to a new training center. Step two is adding the equipment necessary to provide a hands on experience.

"The first time an employee sees an abnormal event it should not be the real thing," said Paul Hladky, Cyclone Vice President. "It should first be practiced in a simulated situation where no one can get hurt. That can keep someone from getting hurt when it happens for real."



Training manager Jason Bryant conducts hands on training in new training facility.

At present approximately 70 employees are being trained each month. Most are new hires but eventually current employees will be brought in from the rigs to undergo training. Classes are scheduled in First Aid/CPR, Lock Out Tag Out, Fall Protection, Dropped Objects, Hand and Finger Injuries, Materials Handling, Forklift Training and BOP/Accumulator.

"The first goal is safety," said Bryant. "We are a family here at Cyclone and getting everyone home safely each day is priority number one."

"The best training is when employees can actually work on the equipment they will be using on the rig," said Jason Bryant, Cyclone Training Manager. "The new facility allows us to have slips, an iron roughneck, a BOP and part of an SCR house right here in the training center. That's a big plus when you are training new employees, particularly those with limited experience on a rig."

That goal is being accomplished as the company's Total Recordable Incident Rate is coming down. The additional benefits are improved drilling efficiency and reduced downtime. In short, Cyclone becomes a better all around company.

The new facility allows employees to experience real life events and potential problems in a controlled environment. This eliminates any surprises when they get on the rig.

"That translates into new customers and repeat business from existing customers," said Bryant. "Once we get an established curriculum and a regular training schedule, we will see even more improvements in these areas."

## Safety Moment.

A good safety record requires all employees to be vigilant all the time. That means watching out for potential accidents and stopping them before they occur. That was the case recently on Cyclone Rig 39 when Driller Spence Rinker spotted a floor hand

putting his hand on the backup wrench when reaming out of the hole. He alerted the floor hand before he set the slips, which could have resulted in a hand and finger injury. Watching out for the other guys on the rig keeps everyone safe.



Spence Rinker

## High school students consider careers in oil and gas.

Campbell County high school students visited Cyclone recently to learn about oil and gas drilling. The 11th and 12th grade students are part of the Natural Resources Section in the chemistry department. They were able to get a taste of careers in the petroleum industry, from entry level skilled labor to petroleum engineering.



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## Montana Tech Students Tour Cyclone.

Petroleum engineering students from Montana Tech made their annual visit to the Cyclone facilities recently. The students from Professor Dane Gregory's class got a firsthand look at a drilling rig and learned some practical information about oil and gas exploration, particularly in the Rocky Mountains.



## Community fabrication facility prepares students for workforce.



It's an old tire store now but it will soon be a new fabrication center.

Cyclone is investing in a community fabrication facility to teach students how to make tools and related parts. The result will be a better trained workforce.

The facility will be formally named the Gillette College Center for Innovation and Fabrication although it will be referred to as Area 59. It is housed in a converted tire shop in Gillette, Wyoming.

When it opens in August it will be equipped with a 5-axis Computer Numeric Control (CNC) machine and plasma cut tables. Students can learn to cut and mold wood, plastic and foam and to run 3-D scanners and printers. Metal work will be added to the curriculum at a later date.

Cyclone put up part of the money to build the facility and the U.S. Department of Economic Development put up the rest. Adults who use the facility pay a fee but students pay only for the materials they use during classes.

“We want to get kids excited about the computer manufacturing processes available today,” said Paul Hladky, Vice President for Cyclone. “We think this will ultimately benefit the community as it promotes economic development and entrepreneurship . It also prepares students for the jobs that will be available in a changing manufacturing sector and encourages young people to stay and build businesses close to home.”

Area 59 will launch a website prior to opening. It will feature classes available and allow online registration and fee payment.

# RIG LOCATOR

**Rig 3** Anschutz Exploration Corp

LOCATION: WYOMING

**Rig 16** Cheyenne River, LLC

LOCATION: WYOMING

**Rig 17** Ursa Operating Co

LOCATION: COLORADO

**Rig 26** Alta Vista Oil

LOCATION: MONTANA

**Rig 32** WPX Energy

LOCATION: NEW MEXICO

**Rig 33** Balidior Oil and Gas, LLC

LOCATION: WYOMING

**Rig 34** Continental Resources

LOCATION: NORTH DAKOTA

**Rig 35** Slawson Exploration

LOCATION: NORTH DAKOTA

**Rig 36** Nine Point Energy, LLC

LOCATION: NORTH DAKOTA

**Rig 37** Extraction Oil & Gas

LOCATION: COLORADO

**Rig 38** Continental Resources

LOCATION: NORTH DAKOTA

**Rig 39** Anschutz Exploration Corp

LOCATION: WYOMING

