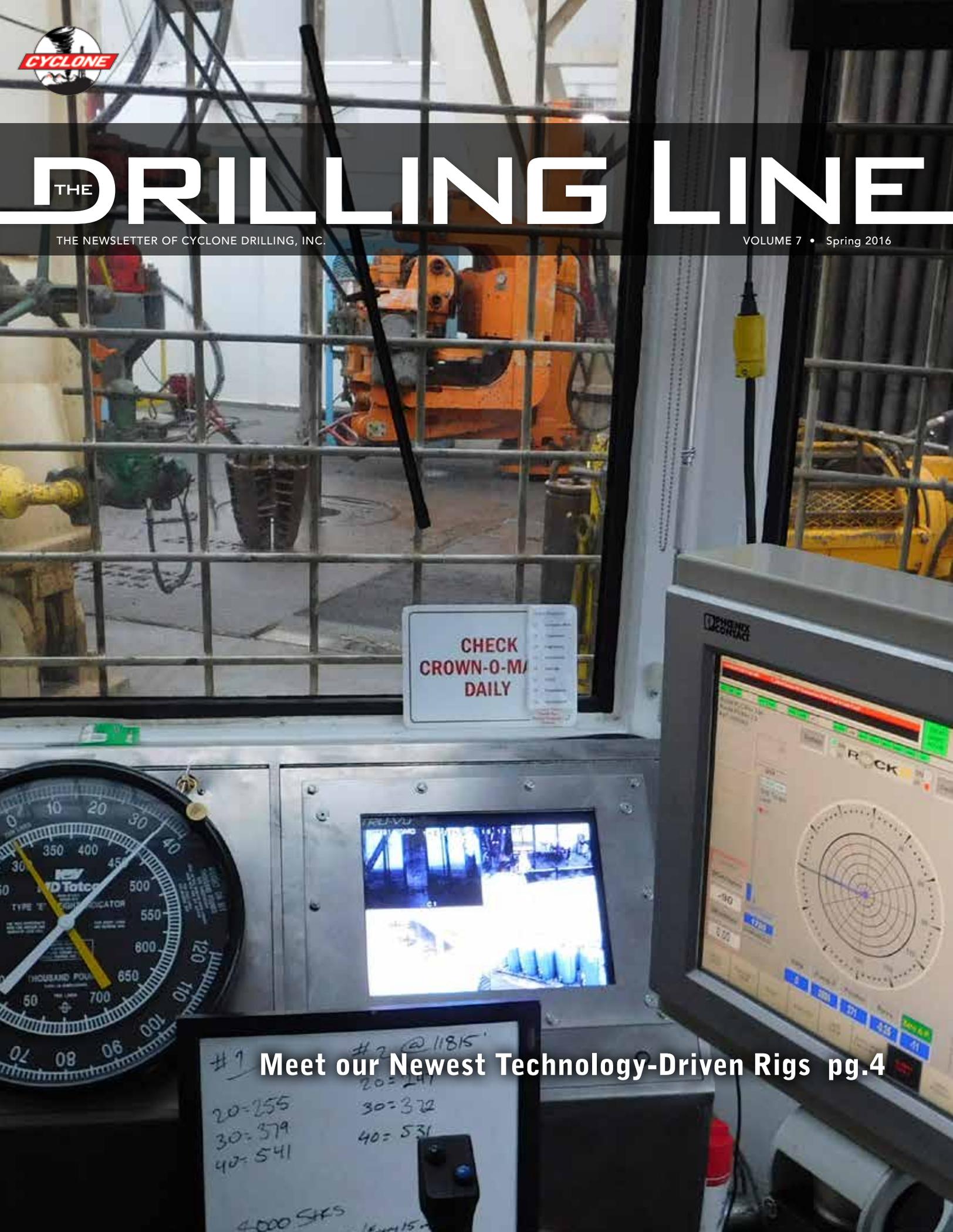




# THE DRILLING LINE

THE NEWSLETTER OF CYCLONE DRILLING, INC.

VOLUME 7 • Spring 2016



CHECK  
CROWN-O-M/  
DAILY



#1  
20=255  
30=379  
40=541  
4000 SFES

#2 @ 1185'  
20=241  
30=372  
40=531  
16000 SFES

Meet our Newest Technology-Driven Rigs pg.4



Dear employees,

I don't have to tell you that it's a tough market out there. But as the saying goes, tough times don't last but tough people do.

Cyclone Drilling was built not just to survive tough times, but to use them to position ourselves for even greater success in the future. That's why we built state-of-the art AC rigs that work when others don't. It's also why we assembled an experienced, talented work force that is second to none. And it's why we are using cutting edge technology to drill faster and more efficiently no matter how tough the weather, the terrain, or the downhole conditions.

It's also why we continue to make safety a priority. Our safety record continues to improve because we won't settle for anything less. We are committed to sending our employees, our customers, our vendors and our contractors home safely every day.

For over 40 years Cyclone Drilling has taken pride in meeting our customers' needs. We assemble each rig and crew according to specifications outlined by the customer. They expect us to be excellent and we are in the business of meeting those expectations.

Maybe that's why we have been so successful over the years. And why we will continue to be.

Sincerely,

A handwritten signature in black ink, appearing to read 'PH', is written over the word 'Sincerely,'.

PATRICK HLADKY

*President*



# Weathering the Storm

Weather conditions regularly challenge and endanger our rig sites and infrastructure throughout the region. Mark Twain has been quoted as saying: “Everybody talks about the weather but nobody does anything about it.” Twain’s famous expression is not exactly true for us at Cyclone. We pride ourselves on the ability to adapt to changing weather conditions and have made numerous innovations to face potential problems head on.

We take the extra precautions during hazardous conditions to minimize employee’s exposure to the elements and provide everyone with the appropriate protective gear and safety guidelines for outdoor oilfield work. These guidelines “are accomplished by a program of closely controlled inspection procedures and careful handling and operation,” says Chad Stout, Safety Superintendent. Some of the major precautionary procedures include training documentation, emergency communication rules, clothing requirements, fall protection rules, and a requirement for ongoing training.

Drilling rigs are designed to operate in the harshest weather conditions including heavy rain, high winds, heat and extreme cold, says Leon Decker, a toolpusher on Rig 37. Although many rig masts have engineered wind loads of up to 70 MPH or more, a worker has to be careful when climbing a derrick 30, 60, 90 or more feet above the ground, even without wind. As best as we can, Cyclone adapts to changing weather with specialized equipment, motor vehicles, clothing and other safety considerations. Heavy

rains can wash out rig roads or make them impassable with pools of mud, possibly shutting down well site activity. Snow and ice, freezing and thawing, can also create mud and slippery conditions on rig floors or derricks. Storms can knock out the electricity that powers pumping wells or other production facilities that are serviced by electric lines. The teams we have at Cyclone have experienced just about every form of weather, and can support each other when noticeable weather patterns begin forming skyward.

Overcoming obstacles that could potentially halt drilling operations is important to us. Starting shifts with safety meetings is done for a specific purpose—to discuss possible safety issues and job specific tasks that could be altered due to changing circumstances. Management is in place to advise on safe drilling practices so that the entire Cyclone operation can enjoy fast paced production with safety in mind. This safety culture is not something we take lightly. So pay attention to the signs, and help your crewmembers out to weather the storm as a team.



SAFETY

# Modern Drilling

## Taking a closer look at Cyclone's newest

Our newest rigs, 37 & 38, are highly versatile and technology driven, reducing operational costs, increasing safety, and streamlining drilling to optimize performance. Rig 37, the first of our innovative rig upgrades, coupled with high grading of personnel has been a recipe for success. Rig structures that are innovative are indispensable for our clients, and we pride ourselves on these rigs which are designed to be cost effective at a wide range of depths, with quick rig move and cycle times.

Over 75% of the wells drilled in the US are now drilled horizontally, and extended reach laterals are becoming progressively longer. Rig 37 is currently drilling an 8-hole pad, drilling 8 wells all in a line, which means production can start while wells are still being drilled. This practice reduces the cost of equipment, and facilities. It also reduces our environmental footprint of drilling. Pad drilling and walking features, footprint size and truckloads, and automation and efficiency features have become almost as important as horsepower in determining whether a land rig is truly optimized for performance.

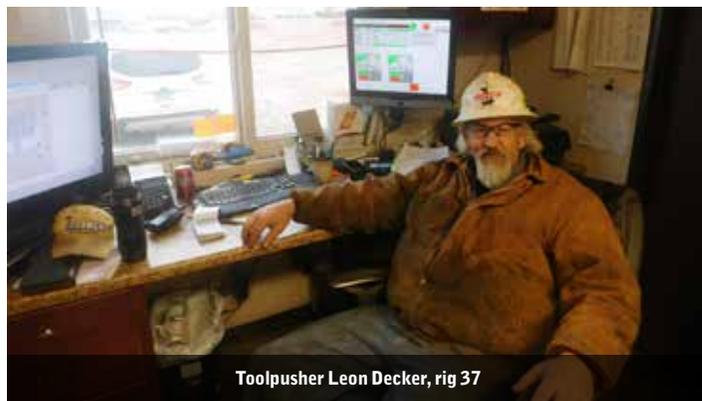
Driller Ronald Schubach has been impressed with the new equipment and is happy that the upgrades maintain Cyclone's "safety and efficiency" mantra. "I have worked with Cyclone for over three years now and know this new technology is going to keep us working." The futuristic control room has touchscreens and joysticks, rather than the valves and dials on conventional rigs, appealing to a generation of oilfield workers raised on technology. When production picks back up, Cyclone is going to be ahead of the game and continue to set drilling records due to these technology upgrades and performance.



Rig 37 and 38 "walk" themselves with these hydraulic feet

After spending years on traditional compound rigs (37 years to be exact), ex-superintendent now toolpusher Leon Decker knows a thing or two about drilling. "Working on this rig has proven to be safer to operate, and we incur less downtime and experience less mechanical issues." With Cyclone for 18 years, Leon has an old-school way of doing things, and once worked with the same group of guys for almost 10 years.

Married to his wife Connie for 22 years, Leon is grateful to live a simple life and enjoy his 10 grandchildren, happy that Cyclone has given him the opportunity to build a home in Dickenson, WY where he enjoys hunting and fishing, riding his Harley Davidson, and restoring a '55 Chevy pickup. Although reluctant, Leon has enjoyed learning the bells and whistles of the new rigs. "I guess you CAN teach an old dog new tricks."



Toolpusher Leon Decker, rig 37

# technology

## New A/C Drilling Rig Features:

- 7,500 PSI Fluid Ends with P-Quip Quick Change
- 500 Ton Top Drive
- “Walking” rig package with hydraulic feet
- Drilling control station
- Protected from the elements
- New computer technology

Rig 38, the newest of the fleet at 6 months old, began drilling in June of 2015 with a full walking package, meaning the front and back yards move themselves. Once set on a location it can drill as many wells as it wants without rigging down and losing time. Currently drilling a 9-hole pad for Continental Resources, Rig 38 is an A/C rig with 7,500 PSI fluid ends with p-quip quick change pump. Toolpusher Casey Rost, who worked for Cyclone in the late 70's and early 80's before returning in 2003, feels fortunate to be working on a new rig. “This is the safest, most productive way to drill,” Casey says, “some of the older guys might have a harder time with the new technology, but that allows for the perfect balance of their wisdom and time on rigs with the younger guys who have experience with computers.” Casey, married 40 years to his wife Jean, has three kids, including his son Jeremy who is the night supervisor on Rig 35. From Baker, Montana, Casey enjoys ranching and has added the hobby of spear fishing and bow fishing. After spearing a 28-inch Northern Pike within 2 hours of his first spear fishing experience, he was hooked. The new technology on Rig 38 might be the next thing Casey gets hooked on.



Toolpusher Casey Rost, rig 38



Driller Trey Van Orsdel at the drilling control station on rig 38

Driller Trey Van Orsdel enjoys working on the newest rig because “everything is computerized, making processes more streamlined and drilling more efficient.” This AC-powered walking rig incorporates several features aimed at reducing the number of loads and increasing mobility. Rig 38 operates 6-man crews drilling wells that are 40-45 feet apart on average, moving from one well to the next in 2 ½-3 hours. Before, a trucking company would have to come in to move the back yard, chewing up a full day on moving the yard and rigging it back up. We will continue to deploy new rigs and retire older equipment, making the Cyclone fleet one of the newest and most modern in the industry.

# Keeping the Engines Running

Joe Kern, senior superintendent in North Dakota with over 37 years at Cyclone, has a deep respect for the behind the scenes employees that keep the rigs in top shape. “They are extremely important to the success of our operations,” says Joe, “and I have been impressed with how quickly they can solve problems over the years.” Joe, like all Cyclone employees, understands the importance of keeping the rig working and getting ahead of potential problems before they get any bigger. “In the past, these resources weren’t as readily available. Now preventative care is an important part of our operations which reduces down time significantly.”

There is an entire team behind the scenes that keep drilling operations running safely and efficiently from electricians to our safety department. Casey Rost, toolpusher on Rig 38, relies on the “quick response and quality of work” from the top drive technicians and rig mechanics at Cyclone. Joe Krausse, a mechanic from Gillete,

WY, has worked with Cyclone for 3 years and has enjoyed traveling between rigs and working for the company. With a construction and aviation maintenance background, Joe understands the importance of his role and prides himself on his work. “We want to get in and fix the problem so drilling operations doesn’t skip a beat.” Leon Decker, toolpusher on Rig 37, says the support team is “extremely professional and efficient” and he is always quick to give the safety department credit; “when we are busy doing operations, the safety department can see things we don’t, which always prevents potential incidents and aids in productivity.”

Efficiency and preparedness remain at the forefront of a safe and productive working environment. So thank you to our technicians and behind the scenes crew for being the ultimate professionals and problem solvers to literally keep our engines running.

## Behind the Scenes Crew:

- Electricians
- Top drive technicians
- Diesel mechanics
- Rig mechanics
- Safety department
- Reliability department



Computer control room



Mechanic Joe Krausse

# A Cowgirl from Gillette, WY

Pam Kruse has been Cyclone's payroll supervisor since 2002, but she has been taking her daughter Cassidy to rodeos for longer than that. "I have been going to rodeos for all my life it seems," says Cassidy, who began competing professionally as a barrel racer when she turned 18. Last December, just shy of her 20th birthday, Cassidy was invited with the other top 14 barrel racers to compete in the Wrangler National Finals Rodeo in Las Vegas for the World Championships. "It was a really big deal for me. To be so young and have worked on this year round, placing in the World Championship was a dream come true."

That's right. Cassidy placed 5th in the world. This year she plans on competing in larger competitions around the country with her 2 horses, JJ and Scooter, and making it back to Las Vegas to compete for the world title again in December. The Women's Professional Rodeo Association has Cassidy currently ranked at #6 in the world. Pam and the entire Cyclone family will be cheering her on.



Cassidy and her horse JJ (News Record Photo/Steel Brooks)

## Williston Stack Yard

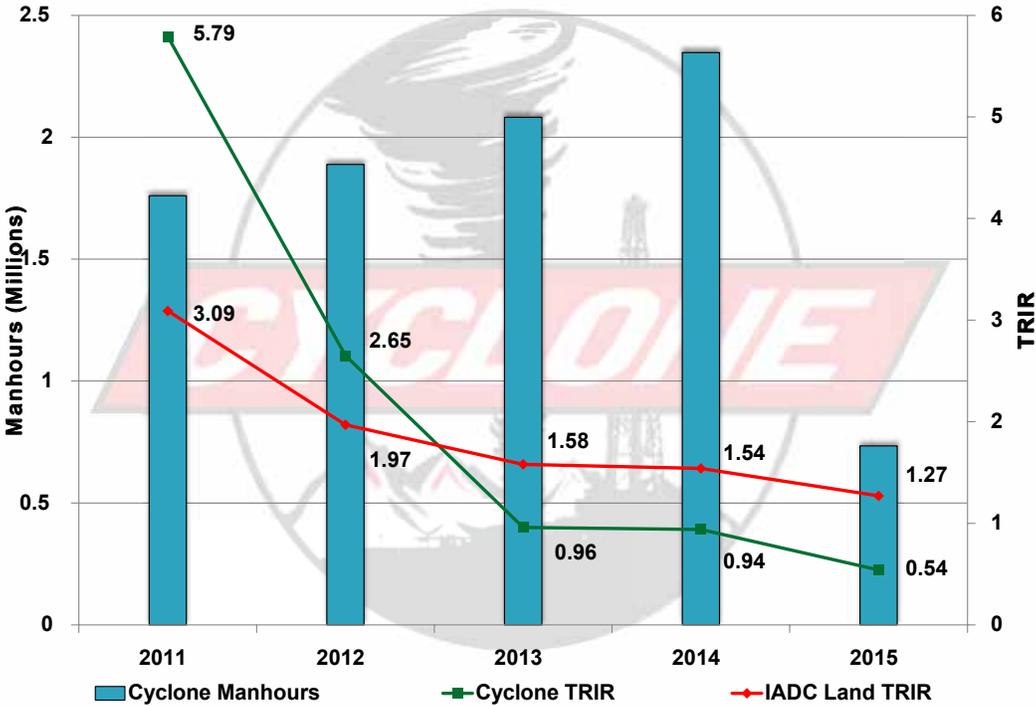
Cyclone has built a new facility on purchased land right outside of Williston, ND to stack our discharged derricks and associated equipment properly so they are work ready at a moments notice. Maintenance work, painting, safety inspections and other routine procedures will take place at the stack yard to maintain the fleet's readiness. All electric parts will be stored safely inside and the entire facility is fenced and gated. The installation of a high tech CCTV security system will help us ensure the safety and security of the equipment as well as to give us confidence that the equipment has not been tampered with. At this new facility, rigs can be constructed in the field where a potential client could see it, and get it back working quickly.



A look inside the new facility

# Nobody Gets Hurt... Nothing is More Important

Cyclone Drilling H&S Performance Metrics



TRIR = Total Recordable Incident Rate, IADC = International Association of Drilling Contractors



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