

OFFICIAL MAGAZINE OF THE INTERNATIONAL ASSOCIATION OF DRILLING CONTRACTORS

DRILLING CONTRACTOR

MARCH/APRIL 2013

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INNOVATING
WHILE DRILLING

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IADC WEBINAR:

“What is Competence and how can it help your organization?”

IADC's groundbreaking competency webinar answered these complex questions and demonstrated the huge advantages of implementing a competence assurance program in your company – for your customers, your company, your employees and yourself.

The webinar is live through May and can be viewed following a quick and easy registration. Please see link below.

The approximately 60-minute webinar, sponsored by **Lloyd's Register**, featured three expert panelists, moderated by **Mark Denkowski**, IADC VP of accreditation and credentialing.

John Tustin, Petrofac operations director of competence solutions, kicked off the webinar by defining competency and providing a “users guide” to the language of competency.

Malcolm Duncan, Lloyd's Register competency manager, discussed the benefits of implementing a competency program in the work place, such as safety, efficiency, enhanced company reputation and employee satisfaction.

Then **Brenda Kelly**, IADC senior director of program development, highlighted common pitfalls in designing and implementing a competence program, discussing the IADC Competence Assurance Accreditation Program model and previewing IADC building blocks for designing your company's competence assurance program

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BY JOANNE LIOU, ASSOCIATE EDITOR

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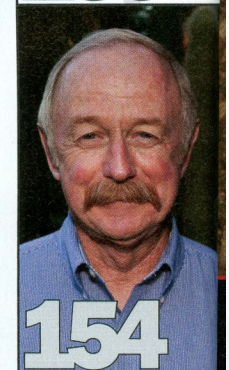
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Trent Latshaw, Latshaw Drilling: Lessons learned in setbacks lead to greater success

By JOANNE LIOU, ASSOCIATE EDITOR

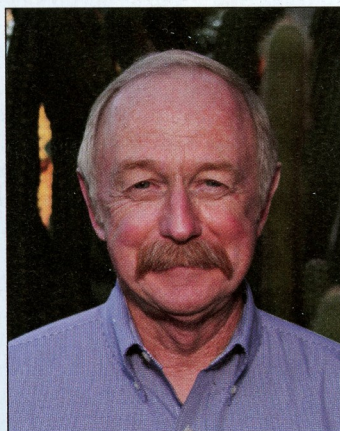
Arriving in Alaska in 1971, just three years after the Prudhoe Bay discovery, **Trent Latshaw**, now president and owner of **Latshaw Drilling**, had headed northwest from Palestine, Texas, determined to follow his passion for hunting and fishing. His plan was to study wildlife management at the University of Alaska. "I thought, 'OK. There's my ticket. I'll go to Alaska, go to college, hunt and fish and live happily ever after,'" he recalled.

Things did not go quite as planned, as Mr Latshaw found that "the job situation for wildlife management grads left a lot to be desired." Instead, he found himself at the school library perusing energy industry trade journals, becoming intrigued with drilling rigs. "I was always mechanically inclined and always liked big equipment," he explained. "Once I discovered that there was a drilling contractor industry, I thought that's where I want to be. At age 18, I set a goal to have my own business." By the time he was 20, Mr Latshaw began roughnecking in the summers offshore in Cook Inlet, Alaska. Then, after earning a petroleum engineering degree from Texas A&M University in 1975, he joined **Parker Drilling**, initially as a roughneck, then as motorman, derrickman and relief driller.

Working his way up, he moved to **ARCO Alaska** as a drilling engineer and drilling foreman consultant in Cook Inlet and on the North Slope, and just three years out of college, Mr Latshaw quit his job and began to pursue his own business. "I thought I knew everything. I quit working and spent the next two years putting my drilling company together." To support himself, he became a wellsite consultant for independent oil companies in South Texas and South Louisiana before he founded Latshaw Drilling in 1981, with two newbuild rigs that entered the market in December of that year, at the peak of the rig count.

By 1985, however, dayrates had dropped from \$11,000/day to approximately \$3,500/day, and Mr Latshaw had returned his two rigs to the bank. From 1985 until 2003, Latshaw Drilling did not operate any rigs and instead focused its business on buying/selling rigs and equipment and acquisitions. From 1985 to 1992, when companies unloaded excess inventories and repossessed rigs, and equipment entered the auction market, "we probably bought \$100 million worth of equipment for \$5 million. I never knew if the drilling industry was going to be an economically viable business to be in again," he said.

During this period, Latshaw Drilling experienced its share of setbacks and unsuccessful acquisition attempts that Mr Latshaw credits for expanding his knowledge base. "When I would go to the next deal, I could point to the previous unsuccessful deal that we attempted and the financial backers that I had, so it gave me a lot of credibility," he said. "Unfortunately, I think so many people tend to think of failures in a negative sense. I look at all my failures as nothing more than great learning experiences."



Trent Latshaw, president and owner of Latshaw Drilling, founded his company in 1981. It is now the second-largest privately owned contractor in the US.

Scan to read an extended version of this article and watch an exclusive interview with Mr Latshaw.



It took 20 years for the industry to work through the surplus of equipment that was built in the late '70s and early '80s, he said. Then, "in 2003, all of a sudden people were looking for additional rigs. I took one of the rigs we had bought in the downturn, refurbished it, put it to work," Mr Latshaw recalled. In 2005, the company began to receive long-term contracts and within two years had built 11 new rigs. In October 2012, Latshaw Drilling completed its acquisition of **Keen Energy Services**, and in just under a decade, "we went from one rig to 41 rigs and the second-largest privately owned contractor (in the US)."

Mr Latshaw believes that although the challenge spurred by a shortage of experienced workers is not as pronounced at his company, training of the workforce is an issue that must be addressed from an industrywide perspective. "Technology is great, and a lot of the big companies pour billions of dollars into research and development," he said. "From my perspective, what would be just as good is if we invested money into training our people industrywide – more time and effort and money spent on training people. There's going to be a great loss of talent in the next few years, and it's not to say our industry can't handle it, but there is a big gap."

As a member of the Texas A&M Petroleum Engineering Industry Board, Mr Latshaw participates in conversations about significant industry issues, such as the people shortage. "It's a two-way flow of information. We try to find out what the petroleum engineering department and what their student trends are, as far as enrolling and graduating," he explained. "The petroleum engineering department tries to learn from us what are the demands the industry is looking for and what can the department do better to serve industry needs."

While Mr Latshaw continues to hunt and fish, a hobby that has taken him around the world from the Canadian Arctic to Tajikistan in the Middle East, the oil and gas industry also continues to pique his interest after nearly 40 years. "If my health prevails, I can still see myself doing this for another 20 to 25 years." ♦