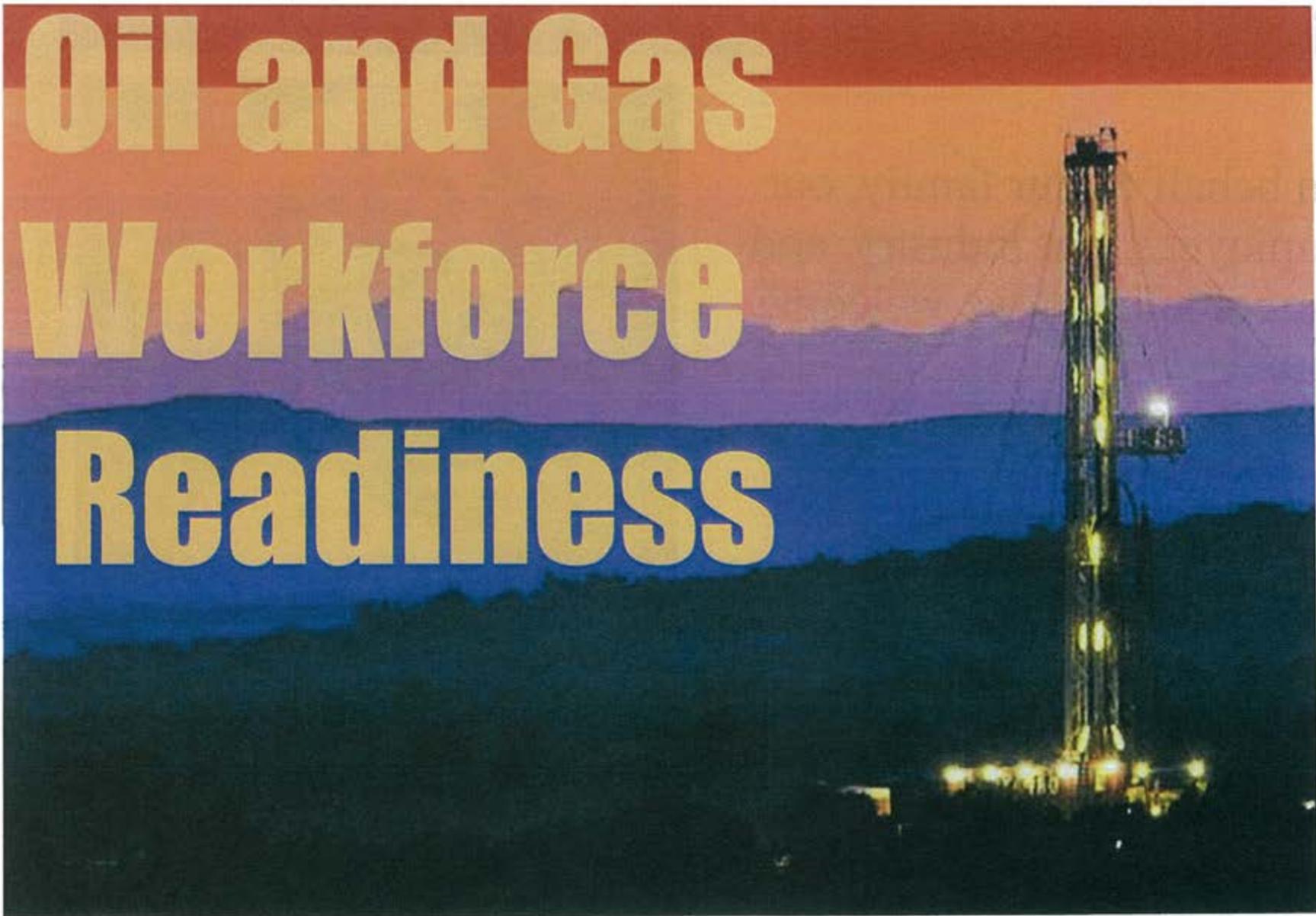


Oil and Gas Workforce Readiness



Presentation prepared for July 14, 2014 meeting of the New Mexico Legislature's Legislative Education Study Committee.

THE AZTEC WELL FAMILY

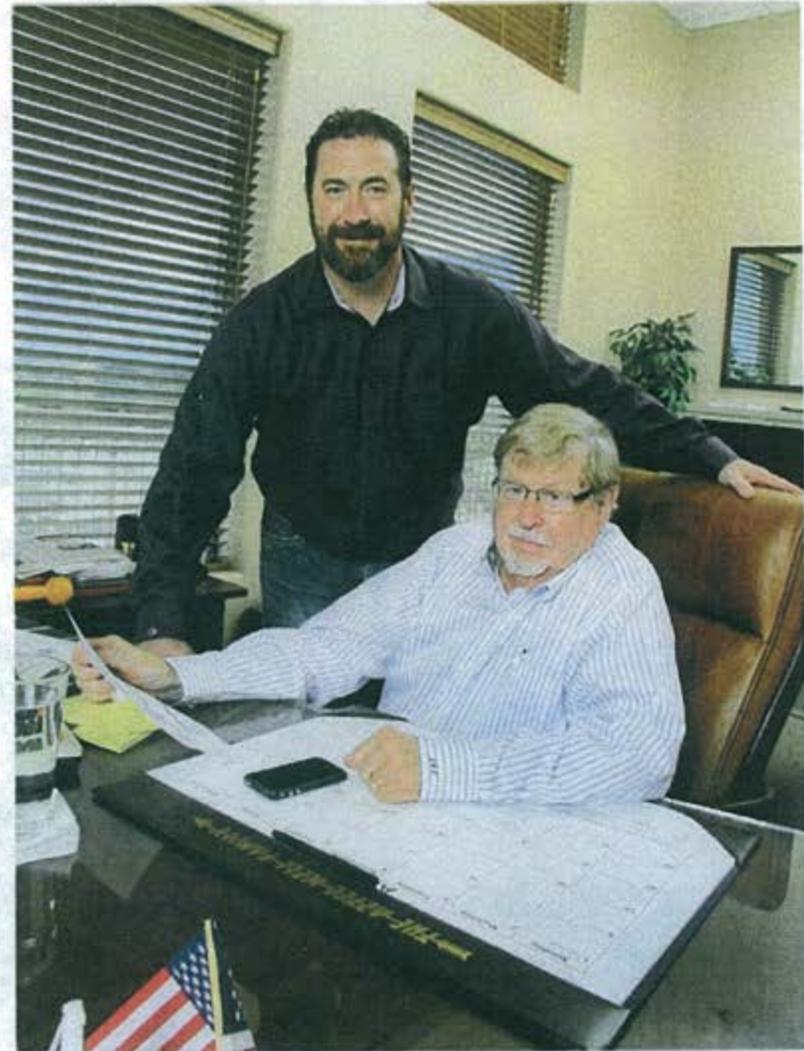
Family-owned, founded in 1963 with Aztec Well Servicing Co.



On behalf of our family, our employees, our industry, and our community we welcome you.

After all, the Oil and Gas industry is about community.

It's about working together to deliver fuel for our future.



Welcome & Introduction

2

THE AZTEC WELL FAMILY

Family-owned, founded in 1983 with Aztec Well Services Co.



Aztec Well Humble Beginnings to 50 Years later



THE AZTEC WELL FAMILY
Family-owned. Started in 1963 with Aztec Well Drilling Co.



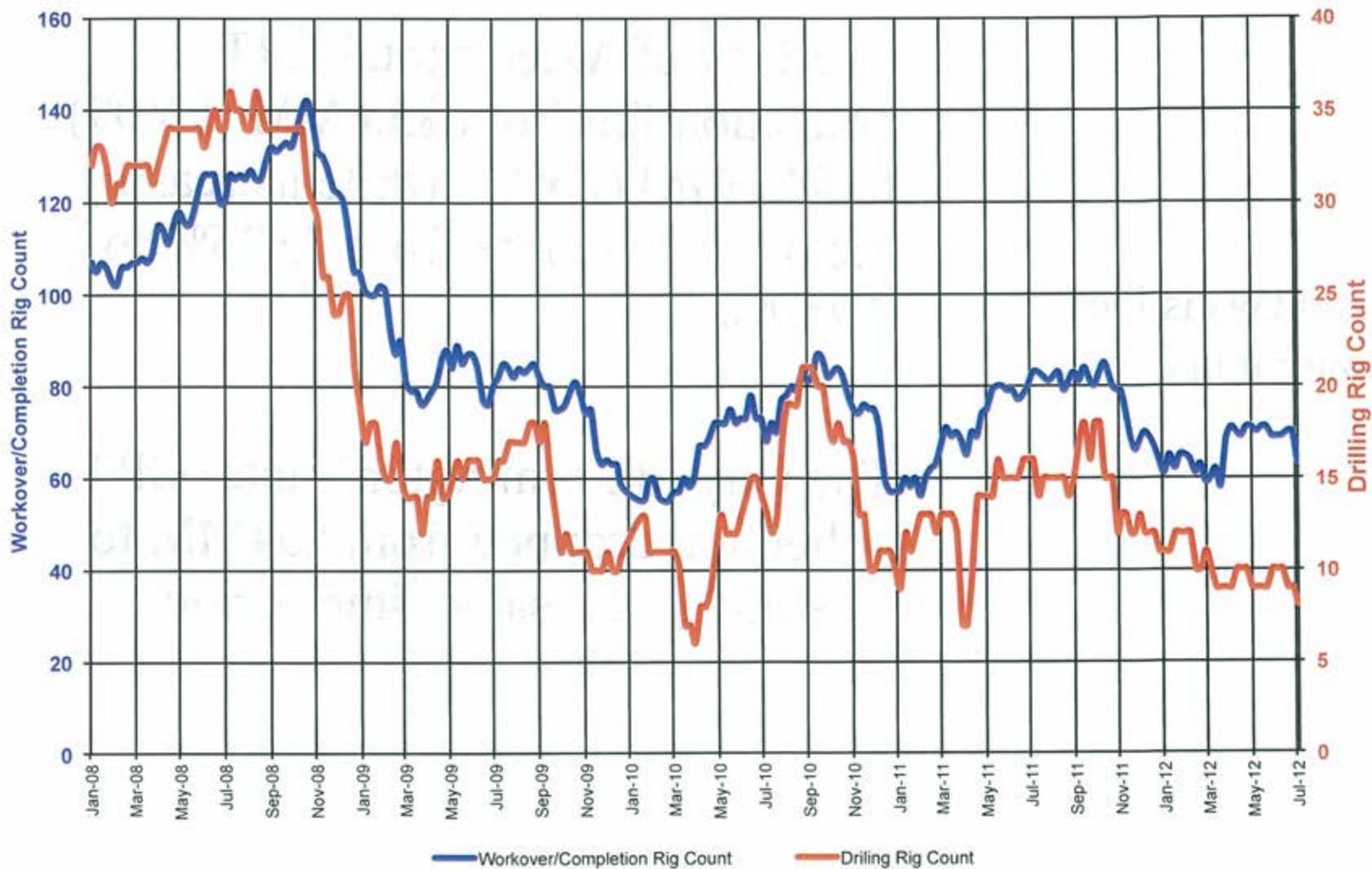
- From 1999 until October of 2008 we operated 100% of our fleet with 100% utilization exclusively in the San Juan Basin. In this same time period we saw 400% organic growth in our operation.
- Once the global economic crisis caught up with energy prices, we experienced an immediate 66% shut down of our equipment.
- As a result of the bust, and a changing oilfield, we were forced to look outside of the San Juan Basin for opportunities. Today we operate in 5 producing basins across 12 states, and we are close to full-employment for the first time in 6 years.

A tough bust

4



San Juan Area Weekly Rig Report



San Juan Rig Count

THE AZTEC WELL FAMILY

Family-owned, founded in 1963 with Aztec Well Servicing Co.



Oil and Gas is local. It is Community.

The City of Aztec's total GRT collection fell from \$5.6MM (FY09) to \$4.1MM (FY11) while increasing the overall tax rate from 7.625% to 7.750%

The City of Farmington's total GRT collection dropped from \$54MM to \$43MM in the same time period.

A 25% Hit @ Home.

6

THE AZTEC-WELL FAMILY

Farmington Branch of ENO with Aztec Well Services Co.





Source: Steve Dunn

The Future of the San Juan

7

THE AZTEC WELL FAMILY

Family-owned, founded in 1962 with Artec Well Drilling Co.



O&G Value to New Mexico's General Fund



Total General Fund Revenues and General Fund Revenues Attributed to Oil and Gas Industry

(\$ millions)

	Total General Fund Revenues	General Fund Revenues Attributed to Oil and Gas Industry	Percentage Attributed to Oil and Gas Industry
Gross Receipts Tax	\$1,913	\$128	6.7%
Compensating Tax	51	15	29.2%
Selective Sales Taxes	405	-	0.0%
Personal Income Tax	1,226	120	9.8%
Corporate Income Tax	263	54	20.5%
Oil & Gas School Tax	385	385	100.0%
Oil Conservation Tax	21	20	95.2%
Natural Gas Processors Tax	24	24	100.0%
Land Grant Permanent Fund Income	441	426	96.6%
Severance Tax Permanent Fund Income	176	152	86.0%
Federal Mineral Leasing	460	408	88.7%
Land Office Income	45	30	68.0%
Total Recurring General Fund Revenues	\$5,590	\$1,761	31.5%

THE AZTEC WELL FAMILY

Family-owned business since 1963 with Aztec Well Drilling Co.



O&G Value to the Education System in Bernalillo



BERNALILLO COUNTY

Impact of the Oil and Gas Industry:
State Education Funding &
State Capital Outlay Projects



Bernalillo County is not an oil and natural gas producing area.

State General Fund Education Appropriations

Fiscal Year 2013

	Total Net State Funding	Total Attributed to Oil and Gas Industry	Oil and Gas Industry Total for Bernalillo County
K-12 Schools			
Charter Schools	\$99,438,405	\$31,323,098	\$31,323,098
Albuquerque	\$592,566,120	\$186,658,328	\$186,658,328
Subtotal K-12	\$692,004,525	\$217,981,425	\$217,981,425
Higher Education			
UNM Albuquerque Main Campus	\$180,996,400	\$57,013,866	\$57,013,866
Albuquerque UNMH	\$85,413,700	\$26,905,316	\$26,905,316
CNMCC Albuquerque - Main campus & Satellites	\$47,750,400	\$15,041,376	\$15,041,376
Subtotal Higher Education	\$314,160,500	\$98,960,558	\$98,960,558
Total Education Funding	\$1,006,165,025	\$316,941,983	\$316,941,983

State Capital Allocations & Severance Tax Bonds (STBs)

Fiscal Year 2013 and Fiscal Year 2007-Fiscal Year 2013 Totals

	Total Capital Outlay Projects	Total Value of Appropriations and STBs	Funds Contributed by Oil and Gas Industry
Fiscal Year 2013	224	\$45,841,005	\$43,549,000
Fiscal Year 2007 - Fiscal Year 2013	1,087	\$349,605,173	\$269,469,260

9

THE AZTEC WELL FAMILY

Family owned, founded in 1962 with Aztec Well Drilling Co.



Most people entering the industry start with drilling, well servicing and roustabout services.

Extensive time and effort spent on developing workforce.

Challenging group of employees — not career based.

- Value of life skills classes in high school.
- Opportunity for Vo-Tech training in high school.

San Juan College School of Energy

- Current classes primarily focused on production activities.
- Opportunity to coordinate with public schools for Vo-Tech.

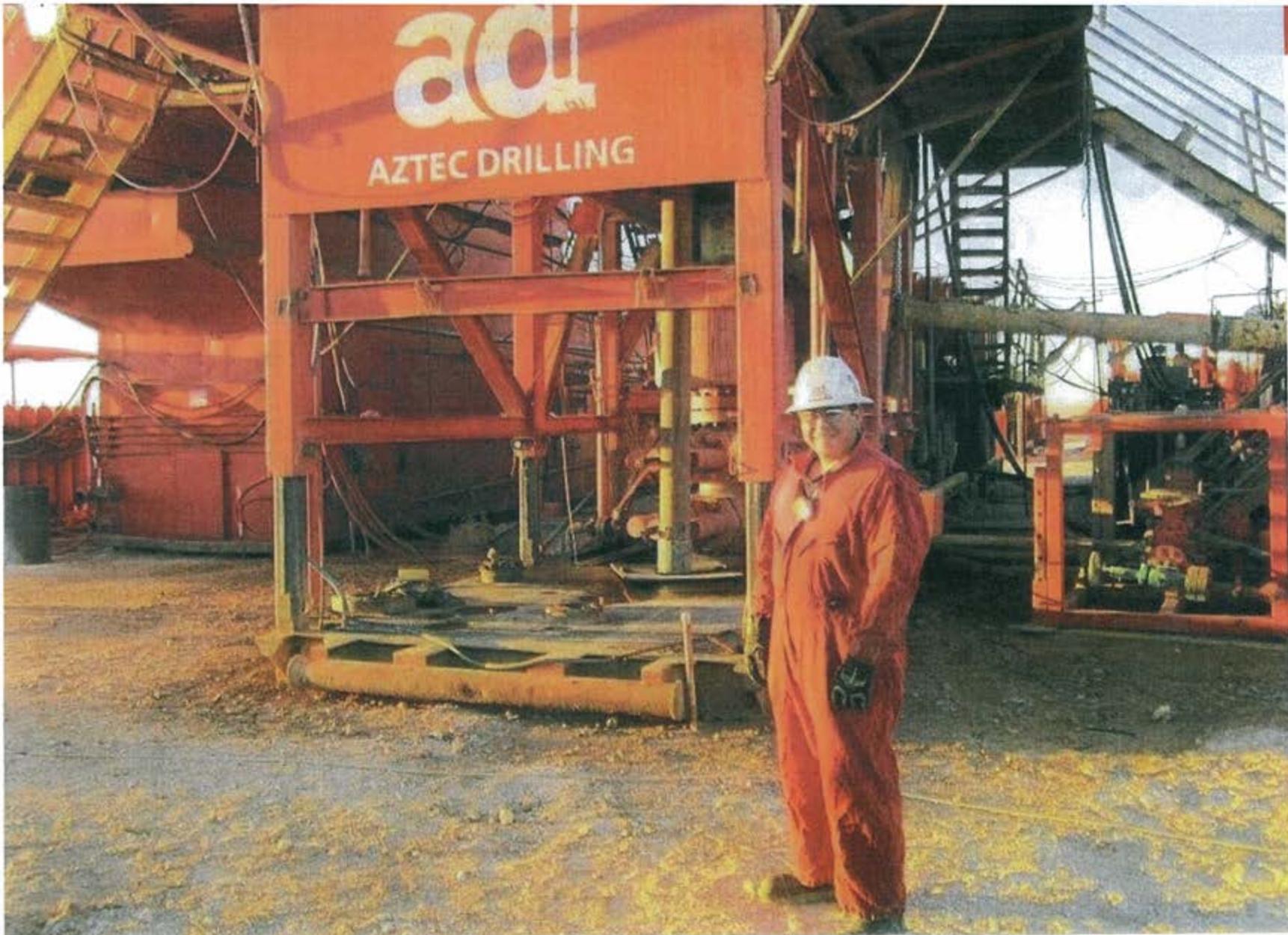
Opportunities with OSHA/NMOGA partnership

- Development of position-based qualifications and apprenticeship program.

Workforce Readiness

10





Our Work: We're about JOBS!

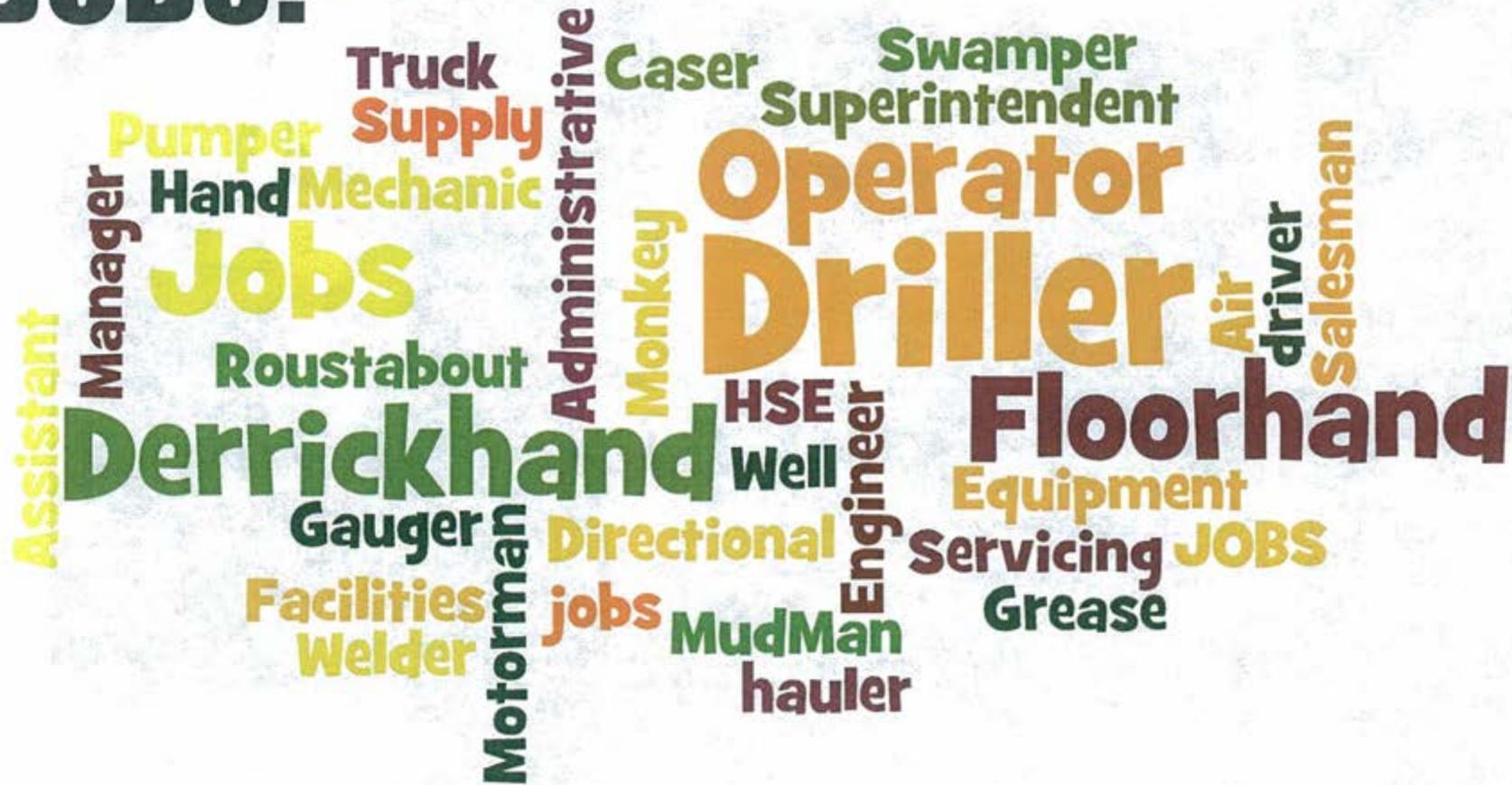
11

THE AZTEC WELL FAMILY

Family-owned. Founded in 1922 with Aztec Well Drilling Co.



JOBS!



**Some say 250 jobs per well. Others say an average of 100 jobs associated with each rig operation. We can identify, by name, 50 specific jobs that are directly tied to each and every drilling rig. We attribute an average \$75,000 per year to each job for total wages paid of \$3,750,000 per drilling rig.

THE AZTEC WELL FAMILY

Family owned, founded in 1903 with Aztec Well Drilling Co.





Thank you.

THE AZTEC WELL FAMILY

Family-owned. Established 1983 with Aztec Well Servicing Co.

