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President's Message

By Mark Nelson, President & CEO

AES's Response in the Gulf

Many people have asked me if AES is involved in the Gulf of Mexico cleanup efforts resulting from the Deepwater Horizon spill. I am proud to say we are responding through the AES subsidiary, AES Response Operations (ARO). ARO is a perfect partner for a cleanup effort because they are a federally recognized oil spill removal organization.

Early in the disaster, AES provided ARO personnel Bill German, Brian Reith and Gary Danielson to the Marine Spill Response Corporation, BP's lead response organization. All three men are highly trained in safety and offshore spill response, and have been working long hours since June 1 to recover oil from the Gulf. Their expertise is operating Transrec oil skimmers (large oil skimmers that run off the back of a ship). To date, Brian has recovered in excess of one million gallons of oil with his Transrec alone.

This response assignment for Bill, Brian and Gary will continue for a minimum of two more months. A three-week-on, three-week-off rotation recently began and three more ARO employees, Edgar

Caldwell, Bob Jeffries and Carrington St. Claire, will join the original team in the Gulf.

ARO Operations Manager Jim Rosenberg was called back to active service for the Coast Guard Reserves. As a lieutenant, Jim is running all vessel decontamination operations in the Mobile, Alabama area until August at the earliest.

I am extremely proud of the ARO team and Jim for their commitment to their work, the environment, our country, and the safety of all those involved. It is the dedication and talent of our AES employees that allow this company to provide quality services at a moment's notice.

AES-manned Transrec skimmers
at work in the Deepwater Horizon spill.





Engineering Ranked in Top 500

The AES engineering division is ranked No. 175 on the 2009 Engineering News-Record Top 500 Design Firms list, bucking an industry-wide recession in the process with revenue growth of 10 percent.

For 2009, AES engineering revenue was \$62.1 million according to the list, making it one of only three Alaska companies to crack the top 200. That figure includes international revenue from AES Tri Ocean Engineering Ltd.

The ranking and the growth reflects that our company is maturing: the engineering division has grown from a seven-person outfit in 2003 into a 200-plus-person operation in 2010. The growth has allowed us to build the confidence of our clients, develop relationships, and garner more work.

2010 Quality Update

By Jeff Doyle, Director of Quality/GM of Projects

A permanent objective of our quality program is to continually improve overall organizational performance. To that end, we turn to our customers for feedback and use internal processes, such as lessons learned, to drive program improvements.

In late 2009, the customer survey process was revised to include personal interviews, a move away from the static paper or electronic form method. Several managers were trained to conduct interviews by The Growth Company who also helped coordinate and facilitate customer interviews. The process was a huge success. Our customers provided valuable feedback and were complimentary of the process improvement. While many comments were positive, many opportunities for improvement were presented. Improvement initiatives have been documented as corrective actions to ensure issues are addressed and that we follow up with our customers to ensure satisfaction is achieved.

Meanwhile, in between efforts to fill the freezer with fish, your quality and project services teams have been busy developing plans to further improve our quality and project management programs, including:

- Updating the Quality Policy and Implementing Procedures (QMS-01) to the 2010 ISO Standard. Carla Williams, Engineering Quality Manager, is leading this project while also incorporating lessons learned and feedback from 2009 and 2010.

- Updating the Engineering Quality Management manual (QMS-02). Carla is also leading this effort. The revised document will include additional and updated procedures by the engineering quality committee chaired by Carla.

- Developing the SharePoint-based project management information system and upgrades to the Konfig document management system (collectively called the PMIS or Project Management Information System). Rebecca Romine, Business Services Manager, is leading this project.

- Updating the Project Management manual (PMP-02). David Rechenhain, Project Management Specialist, is heading this effort. When complete, the revised manual will include charts of accounts for engineering, fabrication, and construction, and updated estimating and project controls sections. Improved communication abilities from the new SharePoint-based PMIS, will be added to procedures where applicable.

- Developing a plan to improve project status reporting. This plan will identify opportunities to streamline processes related to earned value reporting, data input, data management, and transfer of data between project management systems. This effort is being led by Greg Wohrle, Project Controls Manager.



Using Oracle Employee Self Service

Employees interested in applying for a job at ASRC, Petro Star, or AES should apply through Oracle Employee Self Service.

Here is how to use Oracle Employee Self Service to apply for a job:

- 1 Go to <http://office.asrc.com>
- 2 Select Oracle Self Service under the Applications column
- 3 Sign on to Oracle with your current employee login credentials (if you need assistance with your Oracle user account credentials, please contact the Help Desk, extension 76900 from inside the ASRC phone network, or (907) 339-6900 from anywhere else)
- 4 Choose Self Service Employee
- 5 Click on Home on the right side of the Navigator screen under Apply for a Job

At <http://office.asrc.com>, you will find detailed user information by clicking on iRec Employee User Guide under the Help and Training column. Oracle Employee Self Service is also useful for viewing your pay slip, printing your W-2, and electing health care benefits.

“Good Catch” Program Begins *By Richard Oelkers*

The HSET Department is rolling out its “Good Catch” program. This proactive program is designed to reduce the number and severity of workplace incidents. By identifying, learning from, and eliminating unsafe conditions and behaviors, we can reduce the number of incidents.

Good catch examples include noticing a slippery step to the office trailer, a loader with no backup alarm, a hydraulic hose that is worn, an employee fueling a truck without a drip pan, or a driver not using a seatbelt.

To report a good catch, fill out a good catch form available from your supervisor. Give the completed form to your supervisor or safety specialist, email it to goodcatch@asrcenergy.com, call 907-334-1500, or fax it to 907-334-1800. You may submit it anonymously.

The HSET Department will ensure that good catch reports are addressed and the unsafe condition or behavior is eliminated.





Spotlight on AES Divisions: Providing Support Early in Project Development

AES is made up of many divisions. Each division has attributes that contribute to the overall success of AES.

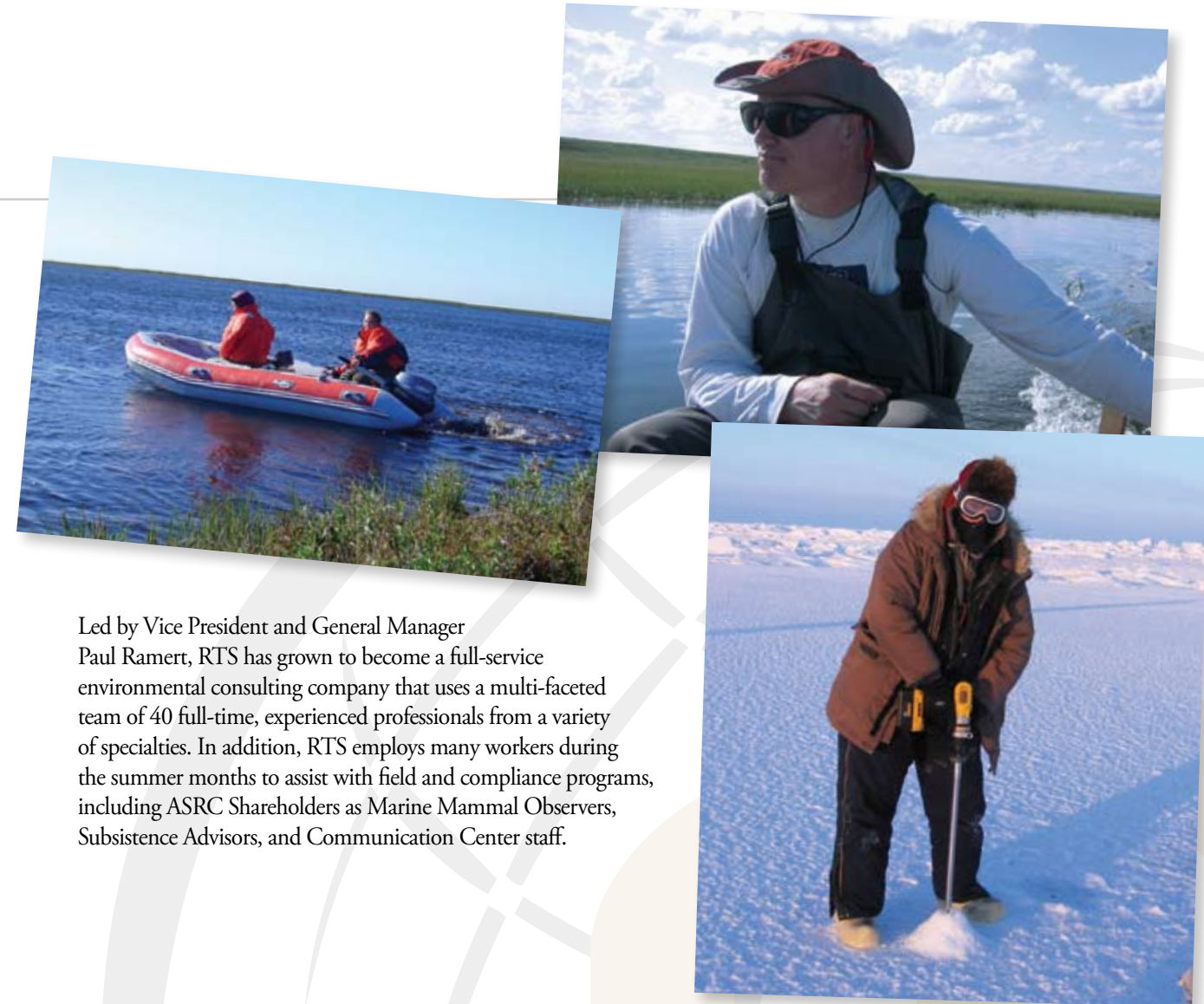
Beginning with this issue, we will focus on one or two divisions by describing what each does to round out AES's wide range of services.

Regulatory and Technical Services *By Shelia Schooner*

As a leading oil and gas service company, AES is involved from the beginning of a project through its completion, and at every step in between. Whenever a company considers a new project in Alaska, the principal focus is on regulatory permitting, exploration drilling engineering and operational expertise.

The AES Regulatory and Technical Services Division (RTS) provides support to development projects early in their life cycle. These projects often trigger complex federal, state, and local regulatory requirements based on the project scope, location and multiple land ownership issues. Because of this, RTS takes a multi-disciplinary and strategic approach to regulatory permitting, environmental assessment, and integrated stakeholder engagement. With knowledge and sensitivity to both onshore and offshore projects, RTS works collaboratively with clients and other AES divisions, like E&P Technology, to initiate projects for the next stage of design, exploration or development. RTS serves the oil and gas, telecommunications, utility, geothermal, construction, mining and transportation industries.

Formerly Lynx Enterprises, Inc., AES acquired the small, 12-person consulting firm in 2004. In 2007, Lynx Enterprises was renamed Regulatory and Technical Services as a better descriptor of its services. Since that time, RTS has been involved in a long list of projects for clients including Shell, ENI Petroleum, ENSTAR Natural Gas, Statoil, PGS Onshore, Inc., Naknek Electric Association, Chevron, BP, ExxonMobil, and the Alaska Department of Natural Resources. Currently, RTS is involved with two high-profile projects: the In-State Gas Pipeline project and the Alaska Pipeline Project, both of which aim to supply natural gas to Alaskans.



Led by Vice President and General Manager Paul Ramert, RTS has grown to become a full-service environmental consulting company that uses a multi-faceted team of 40 full-time, experienced professionals from a variety of specialties. In addition, RTS employs many workers during the summer months to assist with field and compliance programs, including ASRC Shareholders as Marine Mammal Observers, Subsistence Advisors, and Communication Center staff.

E&P Technology *By Gary Greener*



While the RTS group is helping clients obtain regulatory permission, E&P Technology (E&PT) is taking them down a parallel path toward exploration once the government gives its approval.

E&PT President John Lewis has a staff of 65 drilling engineering, geology and geophysics, exploration project management, and drilling operations employees.

We provide consultation to companies interested in drilling new wells in Alaska, and operate either independently or as part of a client's project team. E&PT offers expertise in drilling engineering and operations, well site supervision, project management, geology, geophysics, logistics, and project health, safety and environmental management.

Formed as Natchiq Technical Services, Inc. in September, 2000, the company was renamed ASRC Energy Services E&P Technology, Inc. when Natchiq was rebranded in 2003 as AES. E&P stands for Exploration and Production, a standard phrase

in the industry. The T stands for technology, which means that E&PT is always on the lookout for new technology to support the oil and gas industry.

Together, RTS and E&PT form the front line of AES's business development operations whenever a company considers a new project in Alaska.



Interns' 2010 Field Trip

By Cordelia Kellie

During this year's intern field trip, interns participated in a service project, learned to dig for seafood, and had a great time getting to know each other.

The interns met bright and early on a Thursday morning in June. They packed themselves into a van driven by mentor Jeff Kinneeveauk, and headed for Ninilchik, accompanied by Intern Administrator Shannon Wallner.

Four hours later, they pulled up to Rivers of Life Assembly of God in Ninilchik and were greeted by a bountiful spread prepared by Carolyn Edwards and Pastors Milt and Hap Michener. Donning their painting clothes, the interns got to work and the one-story church was painted in just three hours! The interns benefited from the hospitality of Glenn and Carolyn Edwards as they stayed at their cabins, God's Country Cabin Rentals. Glenn and Carolyn provided the group with an abundance of suppertime selections, including maktak, barbequed caribou, and caribou soup, in addition to s'mores, "pudgies," and other campfire treats.

They also enjoyed the company of Glenn and his son, Ace, on the next day's clamming expedition. While the fruits of the clamming trip were less than expected, the interns had fun trying and enjoyed combing the beach for eagle feathers.

The field trip was a valuable experience where everybody got to know each other and discover how they are all interrelated. Several interns said getting to know each other was their favorite part of trip. It was also an opportunity for interns who grew up outside of the village to experience more of the Inupiat culture. Those who may not have heard the old village legends and tales were able to listen in on a late-night story exchange and learn new Inupiat words sitting around the campfire.

Other field trip activities included learning to clean clams, participating in a nature walk, and practicing bear safety.



New North Slope Managers for ConocoPhillips

By Steve Dawson, Business Unit Manager – CPAI, O&M

Tim O'Malia and Don Voigt now share the position of North Slope Manager for the ConocoPhillips Alaska business unit. They are responsible for overseeing all O&M activities on the North Slope.

Tim has over 29 years of oil and gas experience. He is a project management professional, and has managed projects in the Arctic for 15 years. He has been with AES for 19 years and was field manager for Alpine O&M for the past four years. His expertise includes HSE leadership, interfacing with clients, budget management, and resource planning and scheduling.

Don has over 30 years of construction and management experience. He has held significant leadership, business, and technical positions during 20 years on the North Slope and on a Cook Inlet platform. He is a project management professional with 11 years of former AES service, including as a business unit manager for Kuparuk and Alpine. He returns to AES after serving as an operations manager for an oilfield services company.

Employee Spotlight



Drew Weathers

Drew joined AES in 2007, and works for E&P Technology as the commissioning manager for the BPXA Liberty project. He has 29 years of experience in the oil and gas industry. Drew has a Bachelor of Science degree in petroleum technology and an applied science degree in industrial safety. He has an all mobile offshore drilling unit certification as an offshore installation manager, an Able Body Seaman/Lifeboatman certification, and he is a member of the Society of Professional Engineers. Drew has been married to Angela for 30 years and has two children, Rebecca, 26, and Brandt, 25. He enjoys spending time at his house in Arizona, and hosting barbeques for large family events.



Phil Smith

Phil is a senior drilling engineer with E&P Technology, and he is currently assigned to the PBU WRD project. He has worked in the oil and gas industry for 21 years, including 19 years of drilling experience. Phil specializes in horizontal sidetrack drilling and completions, and he has a background in extended reach drilling and drilling rig operations supervision. In his off hours, Phil likes to do woodworking, downhill ski, and paraglide, but most of his free time is spent with his wife and their three-year-old daughter.



Mike Bill

As a registered professional petroleum engineer, Mike has worked for E&P Technology since 2003. He is a senior staff engineer, and he holds a Bachelor of Science in chemical engineering from the University of Wisconsin. Mike is currently contracted to the BPXA Drilling and Wells Group where he works on waste disposal and regulatory issues. Before coming to AES, Mike worked for ARCO, BP, and the State of Alaska on the Alaska Oil and Gas Conservation Commission. Mike has been married for 32 years. He has three children and three grandchildren. He enjoys serving in his church, managing the rental of family farm and houses in Wisconsin, and being a grandparent and an empty nester.



Steve Lewis

Steve is an advanced drilling technology implementation engineer for E&P Technology. He has been with AES for over a year and has 40 years experience in the industry. Steve is currently working as a logistics coordinator on Pioneer's Ooguruk development. He has a Bachelor of Science degree in petroleum engineering from the Colorado School of Mines. Steve enjoys boating, fishing, and participating in civic and volunteer activities during his personal time. He is a volunteer fireman, life guard, and city council member in Seldovia. Steve is a member of the Kachemak Bay National Estuarine Research Reserve council. He is also a board member and past president of the Prince William Sound Regional Citizen's Advisory Council.



Lincoln Promoted, Storer Joins AES



Butch Lincoln has accepted the position of Vice President, Operations, for our subsidiary, Petrochem, in Vallejo, California. Butch will report directly to Art Lewis, President of Petrochem, effective July 26. Butch has been with the ASRC family of companies for 10 years and is a key member of the AES management team. In addition to developing business plans for service line expansions, acquisitions, and capital investments, he has overseen commercial terms during contract negotiations and renewals. His strong grasp of the financial and commercial aspects of our business operations will be a tremendous benefit to Petrochem. Butch holds a BBA in Accounting, a BBA in Finance, and an MBA from Duke University.

Geri Storer joined AES on July 19, 2010, as Vice President, Chief of Staff. She will assist with the day-to-day functions of the President's office. Born and raised in Barrow, Geri started her career with ASRC in 1989 as a management trainee. She is a graduate of the Harvard Business School and has an extensive background in the oil and gas sector. Geri worked for ExxonMobil and most recently for Shell Oil in Alaska. AES will benefit from her experience and leadership qualities.

Save the Date

It's not too early to start planning for the holidays. This year, the AES holiday party will be held on Saturday, December 4th at the Egan Center in Anchorage. All AES employees are invited to attend, and each may bring one guest.

For more information, call 907-339-6320 or email: holidayparty@asrcenergy.com.



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Our quarterly newsletter, *Inside AES*, reaches ASRC Energy Services (AES) employees working in all divisions and subsidiaries located in Alaska, California, and Louisiana, U.S., and Alberta, Canada. Our goal is to keep you informed about the state of the company, with a focus on providing information about our business plans, current projects, new opportunities, and employee achievements.

We welcome your comments and suggestions at newsletter@asrcenergy.com

Interns: Coworkers, Family, and Friends *By Cordelia Kellie*

The popular and successful Shareholder Internship Program helps to cultivate community between the interns. This year, the program added governance to its offerings. Shareholder Internship Mentor Jeff Kinneeveauk and Internship Administrator Shannon Wallner supported the formation of an Intern Board of Directors. Elected intern directors or officers are eagerly learning how to manage intern operations. The meetings allow the interns to practice for the future.

When new interns are welcomed into the group, they experience the special way interns have been taught to introduce themselves. Going around the table, each intern says their “real” or Iñupiat name, where they are from, and their family name. When the interns introduced themselves for the first time this year, a few found that they are related as aunts, nieces, and cousins to other interns.

Internships are common in several companies in Alaska. However, our interns are a network of coworkers, families, and friends which keeps the Shareholder Internship Program special.

