

DELEGATION ORDER



**Retrainee - Job Creation
Training Proposal for:
Engineered Well Service International Inc.**

Small Business ≤ \$50,000

ET16-0171

Approval Date: September 2, 2015

ETP Regional Office: North Hollywood **Analyst:** M. Reeves

CONTRACTOR

- Type of Industry: Services
- Priority Industry: Yes No
- Number of Full-Time Employees
 - California: 95
 - Worldwide: 95
 - Number to be trained: 67
 - Owner Yes No
- Out-of-State Competition: Customers Outside CA
- Special Employment Training (SET): Yes No
- High Unemployment Area (HUA): Yes No
- Turnover Rate: 10%
- Repeat Contractor: Yes No

FUNDING

- Requested Amount: \$49,808
- In-Kind Contribution: \$45,000

TRAINING PLAN TABLE

Job No.	Job Description	Type of Training	Estimated No. of Trainees	Range of Hours		Average Cost per Trainee	Post-Retention Wage
				Class / Lab	CBT		
1	Retrainee SB <100	Business Skills, Commercial Skills, Computer Skills, Cont. Imp., Hazwoper, OSHA 10/30, PL-Commercial Skills	37	8-60	0	\$704	\$15.07
				Weighted Avg: 32			
2	Retrainee SB <100 HUA	Business Skills, Commercial Skills, Computer Skills, Cont. Imp., Hazwoper, OSHA 10/30, PL-Commercial Skills	15	8-60	0	\$704	\$12.00
				Weighted Avg: 32			
3	Retrainee SB <100 Job Creation	Business Skills, Commercial Skills, Computer Skills, Cont. Imp., Hazwoper, OSHA 10/30, PL-Commercial Skills	15	8-60	0	\$880	\$12.33
				Weighted Avg: 40			

- Reimbursement Rate: Job #1-3: \$22 SB Non-Priority
- County(ies): Kern, Los Angeles, Ventura
- Occupations to be Trained: Rig Operator, Driver, Administration Staff, Rig Assistant, General Laborer, Supervisor, Manager, Tier I & II Rescue Staff, Owner
- Union Representation: Yes
 No
- Health Benefits: Job #1: \$2.25 per hour Job #3: \$1.31 per hour

SUBCONTRACTORS

- Development Services: Strategic Business Solutions, LLC in Visalia assisted with development for a flat fee of \$3,487.
- Administrative Services: Strategic Business Solutions will also provide administrative services for a fee not to exceed 7% of payment earned.
- Training Vendors: To Be Determined

OVERVIEW

Engineered Well Service International Inc. (EWS) (www.ewellservice.com) was founded in 2010. The Company provides oilfield services that include rehabilitation and maintenance of oil wells and rigs, waste minimization and clean up, and other ancillary oilfield services. EWS works with large oil companies such as Chevron USA, Shell Oil, others to maintain, clean, service and rehab their oil well equipment and operations.

The Company's ability to service and rehabilitate oil rigs and all ancillary equipment puts EWS in the unique position to provide service when oil wells are both in and out of production. This flexibility allows EWS to adapt quickly to client demands that are often driven by volatile market conditions.

Need for Training

EWS is experiencing dramatic growth in California's burgeoning oil industry. In response to this growth, the Company is in the process of expanding its operations and capacities by adding employees and purchasing additional service rigs. Training is required across service lines to ensure a flexible workforce. In addition, new hire training will provide relatively unskilled workers from the Central Valley with the knowledge to perform newly assigned tasks with ideal efficiency.

The Company is also striving to improve employee proficiency in the use of various software applications currently being utilized both in the office and in the field. Training in this area will promote real-time data sharing and enhanced communication throughout the organization.

Retrainee - Job Creation

The Panel offers incentives to companies that commit to hiring new employees. Under the Retrainee-Job Creation program, training for newly-hired employees will be reimbursed at a higher rate and trainees will be subject to a lower post-retention wage.

In this proposal, EWS has committed to hiring a total of 15 new employees in the Rig Operator, Driver, Rig Assistant and General Laborer occupations (Job Number 3). The Company is expanding its business capacity through a significant investment of approximately \$3.8 million in new equipment including a Vacuum Truck, Bobtail Pump Trucks, Drilling Rig and Hot Oil Trucks. The Company plans to form new service teams as these new pieces of equipment become operational. The proposed training will raise the skill level of newly hired untrained frontline workers, as well as equip incumbent workers with the tools to improve their overall productivity in the oilfield industry.

EWS represents that the date-of-hire for all trainees in the Job Creation program will be within the three-month period before contract approval or within the term-of-contract. The Company also represents that these trainees will be hired into "net new jobs" as a condition of contract.

Training Plan

Business Skills: Training will be offered to Administration Staff and Supervisors/Managers. Training will focus on Total Account Development, a mixture of customer service, sales, product knowledge and effective communication. These topics will teach employees how to identify customer needs in ways that lead to increased customer satisfaction and new business opportunities for EWS. Project Management training will cover scheduling, materials purchasing and staging, site prep, safety and clean up. This training is designed to increase

efficiency and productivity by ensuring that all tools, materials, and equipment are on site in a timely fashion.

Commercial Skills: Training will be offered to Rig Operators, Drivers, Rig Assistants, General Laborers and Tier I & II Rescue Staff. Passport Training is a “boot camp” for entry into the industry. Training will cover rig types, blowout prevention, drilling fluids, pipe handling, casing and cementing, well logging, power systems, maintenance, and instrumentation.

To keep pace with demand, the Company will be deploying new equipment teams, and extensive training is required. In addition to Passport Training, workers will be trained in equipment set-up, calibration, shut down and maintenance to have four to five new service teams ready for the field.

EWS has identified a need to offer Tier I & II confined space rescue crews as a viable service line. These teams will pre-inspect client worksites, identify hazards, and develop a plan for confined space work. These teams will remain on standby to respond to any on-site confined space emergencies. The proposed training will equip these teams with the knowledge of safe planning and execution of confined space activities.

Computer Skills: This Training will be offered to all occupations. SAP systems training is designed to integrate all aspects of the business into one data sharing network that can manage financials, purchasing, inventory, scheduling, and production. The Bid2Win software package will support the areas of estimating and bidding, field tracking and analysis, equipment maintenance and repair, resource planning and dispatching. Geoforce software will allow the Company to locate and track its equipment with cloud-based global positioning technology. Microsoft Office Suite training will help improve communication and data sharing throughout the organization.

Continuous Improvement: This training will be offered to all occupations. Teambuilding exercises are designed to promote cooperation and establish that everyone in the organization is working towards a common goal. This training will teach workers how to lead, motivate, coach, and mentor members of a team. Lean training will help the Company maximize capacity, efficiency, and quality.

Certified Safety Training

1. **OSHA 10/30:** This training is a series of courses “bundled” by industry sector and occupation. It consists of 10 hours of classroom training for journey-level workers and 30 hours for frontline supervisors. The coursework is geared to construction work and also manufacturing. Completion of the training results in a certificate that expands employment opportunities. The coursework must be approved by Cal-OSHA, and the instructors must be certified by Cal-OSHA. This training will be offered primarily to Tier Rescue Staff and Supervisors.
2. **Hazardous Waste Operations and Emergency Response Standard (HAZWOPER):** This training is a series of courses specifically designed for workers who handle hazardous substances as first-responders, or clean-up as needed at a hazard disposal or emergency site. Completion of the training results in a certificate that expands employment opportunities. Each certification requires an 8-hour annual refresher course. This coursework must be approved by Cal-OSHA, and the instructors must be certified by Cal-OSHA. This training will be provided to Rig Operators, Drivers, Tier Rescue Staff and Supervisors.

Productive Laboratory

The Panel recently adopted regulations to authorize reimbursement for training delivered in a Productive Laboratory (PL) setting. PL trainees may produce goods for profit as part of the training in the courses identified under the Curriculum. The instructor must be dedicated to training delivery during all hours of training.

EWS states that the unique hazards and machinery associated with working in oilfields require a certain level of instruction that is best taught on actual equipment and vehicles in a real-time environment. Therefore, the Company plans to provide PL in Commercial Skills training to its Rig Operators, Drivers and Rig Assistants. Training will take place at job sites in Inglewood, Bakersfield, Ventura, and McKittrick. PL training will help workers achieve the competencies necessary to perform their jobs safely, efficiently, and at a pace that is conducive to real-time conditions.

The proposed PL training in oilfield equipment operation and maintenance will include the use of Drill Rigs, Hot Oil Rigs, Vacuum/Guzzler Units and Hydroblasters. Training will be taught by subject matter experts with demonstrated knowledge and industry expertise.

Due to the high cost of equipment, training time and scheduling considerations, EWS requesting a trainer-to-trainee ratio of 1:3. Trainees will receive up to 18 hours of PL training.

High Unemployment Area Wage Modification

The 15 trainees in Job Number 2 work in a High Unemployment Area (HUA), with unemployment exceeding the state average by at least 25%. The Company's locations in Kern and Los Angeles counties (Bakersfield, McKittrick, Inglewood) qualify for HUA status under these standards.

For these trainees, the Panel may modify the ETP Minimum Wage by up to 25% if post-retention wages exceed the start-of-training wages. EWS is requesting a wage modification for the 15 trainees identified in Job Number 2 only to \$12.00 per hour.

RECOMMENDATION

Staff recommends approval of this proposal.

Exhibit B: Menu Curriculum**Class/Lab Hours**

8 - 60

Trainees may receive any of the following:

BUSINESS SKILLS

- + Account Development
- + Project Management

COMMERCIAL SKILLS

- + Passport Training (oil well boot camp)
- + Well Service/Rehabilitation
- + Tank/Vessel Cleaning
- + Tier I/Tier II Rescue
- + Oilfield Equipment Operation and Maintenance
 - Drilling Rigs
 - Hot Oil Rigs
 - Vacuum/Guzzler Units
 - HydroBlasters

COMPUTER SKILLS

- + SAP System Software
- + Bid2Win
- + Geoforce
- + CAD System Technology
- + Microsoft Office Suite

CONTINUOUS IMPROVEMENT

- + Leadership/Teambuilding
- + LEAN Processes

HAZWOPER

- + Hazwoper/Hazardous Waste

OSHA 10/30 (Certified OSHA Instructor)

- + OSHA 10 (Requires Completion of 10 Hours)
- + OSHA 30 (Requires Completion of 30 Hours)
- + Confined Space

Productive Lab hours

0 - 18

PL - COMMERCIAL SKILLS (Ratio 1:3)

- + Oilfield Equipment Operation and Maintenance
 - Drilling Rigs
 - Hot Oil Rigs
 - Vacuum/Guzzler Units
 - HydroBlasters

Note: Reimbursement for retraining is capped at 60 total training hours per trainee, regardless of the method of delivery.
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