



Sanjel Energy Services Inc.

REMEDIAL SERVICE LINE Variable Pay Program

**This document is confidential and is the property of Sanjel Energy Services. Unauthorized distribution, copying, transmission, display or other use of this material is prohibited.*



Variable Compensation for Field Operations Personnel - REMEDIAL

Field employees' total compensation includes a variable pay component for work performed under normal operating circumstances. The **Variable Pay Plan** is based on criteria related to the cementing job completed and takes into consideration the following:

- Hours of Service
- Service Ticket (revenue) amount
- Job quality and execution compliance
- Health, Safety & Environment incidents and performance
- Number of customer jobs completed (Job Count)

Variable Pay Plan Eligibility

Participation in the Variable Pay Plan is for field operations personnel only. Managers and Assistant Managers are not eligible for this program.

Variable Pay is paid in addition to salary to compensate eligible field professionals for work performed under normal operating circumstances. After-discount ticket revenue, hours of service, position performed, job quality, crew performance, and employee's individual job count are used to determine the amount paid (Exceptions - refer to Code 9000).

Variable Pay Paid for Jobs Performed out of Position:

For situations where employees are working in a position that is different from their position held, variable pay is based on the **position performed** on the job and not the position held.

Extended Location Premium Rates

Extended Location Premium rates are paid when time on location exceeds 11 hours per shift (exception only – may be project work or shift work, where these rates may not apply and this will be communicated in advance of any work started).

	Extended Location Premium (> 11 Hrs on Location)
Supervisor	\$46
Operator	\$35
Support	\$28

Code 9000:

When there is a significant issue on location due to human error, operational or mechanical failure, deemed by Sanjel Energy Services Inc. or the Client, tickets will be coded 9000.

In the event of a code 9000, **no variable pay** will be paid, but employees will receive an Extended Location Premium Rate for hours worked exceeding 11 hours while on location. This applies to all Variable Pay eligible employees on location. A review will occur and once the invoice amount is determined, and any variable pay owing, based on this revised invoice amount, will be paid. **Any exceptions to this will require approval of the Vice President - Operations.**

Job Not Performed (Incomplete Service):

When Sanjel Energy Services Inc. is unable to perform a job due to circumstances beyond its control, the applicable Variable Pay amount will be awarded.



VARIABLE PAY PLAN

BASE VARIABLE PAY– REMEDIAL

When the employee completes a job for a client, and has met all criteria associated with the type of job, including length of time for the job, area the job is completed (east or west of the 5th meridian), meeting all quality and performance criteria, and compliance with Hours of Service, the position performed will be eligible for the amount of pay based on the chart below;

The Supervisor responsible for the cementing job will complete the Employee Variable Pay Summary sheet and submit it, along with the completed service ticket package, to the appropriate manager. Jobs must be reported within the reporting period in which they occur. Dates on the Variable Pay form must correspond with the “on-location” dates as reported on the service ticket. Variable Pay is paid 3 weeks in arrears (based on payroll cut-offs dates) from when the service ticket is completed.

VARIABLE PAY PROGRAM SCHEDULE – REMEDIAL

Variable Pay - REMEDIAL		
Position	\$0 to \$10,000	Over \$10,000
Supervisor	\$315	\$340 plus 0.40% of revenue over \$10K
Operator	\$230	\$250 plus 0.20% of revenue over \$10K
Support	\$220	\$240 plus 0.15% of revenue over \$10K

Variable Pay Examples:

1. The employee is the Supervisor on a Remedial job:
 - The revenue if the completed job was under \$10,000
 - All criteria was met for Variable Pay to be earned
 - The employee will be paid **\$315.00**

2. The employee is the Supervisor on a Remedial job:
 - The revenue if the completed job was \$22,890
 - All criteria was met for Variable Pay to be earned
 - The employee will be paid as per the calculation below:

$$\text{Amount} = \$340 + (0.0040 \times (22,890 - 10,000)) \rightarrow = \$340 + (0.0040 \times 12,890) \rightarrow = \textbf{\$391.56}$$

****Client Charged Day Rate for Non-Operating Unit:**

When a client requires a Sanjel Energy Unit on location, and is paying a day rate for the unit to stay, but the unit is not pumping on that day, the crew will earn the level 1 based on position to be performed, specific to the job pending on location, Variable Pay amount for that day.

Example of when a Unit is on location but not pumping a job.

The Sanjel Unit is required to remain on location and the client is paying a day rate for the equipment to remain on location (i.e. pad work or project work). A single crew is required to remain on location. The crew will earn the base Variable Pay.

- If the location is **East of the 5th Meridian**, a Supervisor-Remedial will earn \$315, an Operator-Remedial will earn \$230 and if Support is required, the Support employee will earn \$220.
-



Single Well:

Variable Pay will be paid on jobs that have met all of the required criteria. The amount earned is classes by any associated extended hours on location, after 11-hours in a shift and in accordance with the Sanjel Energy Services Inc. Variably Pay Plan.

Example for Single Well. *All criteria for Variable Pay eligibility has been met.

A single crew completes 3 jobs for different clients in a shift, the revenue is \$5,000 for 1, \$10,000 for another and \$11,000 for the last job. The crew will receive variable pay based on the revenue generated for each job, based on the revenue they would receive, 1 - category 1 amount, and 2 – category 2 amounts as per the Variable Pay Plan Schedule.

Multiple Well Project in a day – for a single client (24 hours):

Variable Pay will be paid by summing up all of the revenue for the wells completed on 1 particular day, the revenue will be totaled and the variable pay amount will be based on this total. This is not limited to project work and must be approved by the Manager – Operations.

Example for Multi-Well (abandonment or conductor barrel). *All criteria for Variable Pay eligibility has been met.

Crew A completes 5 consecutive jobs for client X successfully on Tuesday and the sum of the revenue from the 5 wells is \$65,000. The variable pay amount will be based on \$65,000, plus any associated extended hours on location, after 11-hours in a shift, as per “Variable Pay Plan Schedule.

MONTHLY JOB COUNT INCENTIVE

The Monthly Job Count Incentive is paid on the **second pay period** of the following month.

When the employee completes a specific number of jobs (either Primary or Remedial) within a month, the employee is eligible for an additional amount of pay. Monthly Job Count does not include Client Charged Day Rate for Non-Operating Unit (**see above).

Monthly Job Count Incentive	
Job Count	Amount Paid
0 to 10	\$0
11 to 15	\$100
over 15	\$150

Example:

The employee completed 21 jobs in the month of January. The chart below shows what the employee would earn per job after completion of the first 15 jobs:

Job Date	Amount Earned	Job Date	Amount Earned
1/4/2020	\$0	1/19/2020	\$0
1/6/2020	\$0	1/20/2020	\$100
1/7/2020	\$0	1/22/2020	\$100
1/9/2020	\$0	1/23/2020	\$100
1/11/2020	\$0	1/25/2020	\$100
1/13/2020	\$0	1/26/2020	\$100
1/13/2020	\$0	1/27/2020	\$150
1/14/2020	\$0	1/28/2020	\$150
1/16/2020	\$0	1/30/2020	\$150
1/18/2020	\$0	1/30/2020	\$150
1/19/2020	\$0	1/31/2020	\$150
Total		\$1,250	



OTHER VARIABLE PAY PROGRAMS

A Manager or approved designate must sign and approve all other variable pay amounts based on the final approval of the job ticket.

Remedial Travel Bonus Adjustment:

If an Operator or Supervisor is completed a job for the Remedial Service Line, and is required to travel over **600kms** to location for the purpose to stage/prep for a job the day before the job is performed, the employee will earn \$70.00, which is classed as a "RTBA".

Eligibility

- Position eligibility;
 - Operator - Remedial
 - Supervisor - Remedial
- The distance must be greater than 600 kilometers from the travel starting location to the job location;
 - Example: If the employee is required to travel 800kms from the starting location to the job location, the employee will be paid \$70.00 for 600kms of the total amount driven, earning him/her a \$70.00 RTBA
- ***Management pre-approval is required**
- ***Documentation is required and must be approved by Management**

OTHER INFORMATION

Scheduled Days Off Worked

Any days off worked must be authorized by the Manager - District Service Line.

*When a field employee **performs a job** on a scheduled day off, the employee will be paid an additional day of pay based on his/her salary. The day will not be banked.

**An employee's day rate is calculated using his/her annual salary divided by 260 days per year → example: \$40,000 /260 = \$153.85 per day.*

Field-based Engineering Positions

- A **Field Engineer** will earn an **Operator-Remedial** level variable pay amount, ensuring all criteria has been met.
 - An **Operations Engineer** will earn a **Supervisor-Remedial** level variable pay amount, ensuring all criteria has been met.
-