

# ACR Aboriginal Programs Project Program Template

<b>Program Area:</b>	3.0	Business Development
<b>Sub Program:</b>	3.2	Strengthening Business Capabilities
<b>Template:</b>	3.2.8	Support for Aboriginal Business Start-Ups
<b>Sponsor(s):</b>	<i>Imperial Oil Resources Ltd.</i>	

## 1. Objective

To assist an Aboriginal community in gaining the experience and skills required to start-up a service rig business that provides local employment and business opportunities.

## 2. Description

An Aboriginal well-servicing operation was developed through the joint efforts of Imperial Oil Resources and six First Nations in north-eastern Alberta. Pimee Well Servicing Ltd. was structured to address several key issues: (a) capacity development in all areas of business including the management and technical skills required to run a well-servicing company; (b) sustainable income and employment for the residents of the Aboriginal community; (c) generate profits for the Aboriginal company which could be reinvested into other employment-generating undertakings; (d) provide the oil and gas company with another competitive local service company; and (e) provide local skilled workforce for the resource company.

The assistance provided by Imperial Oil included:

- Sectioning out one segment of its business to single source a small percentage of well-servicing contracts in a specific area
- A guaranteed number of rig hours and a buy-back provision were in the contract for the first two years.
- Secondment from Imperial Oil of an experienced company manager, rig manager and driller essential to making this project a success. (Experienced personnel from industry could also have worked.) The secondees assisted in setting up the Aboriginal company including establishing safety and training programs. One secondee went back to the company in one year; the others remained for five and seven years.
- Employees for the new company were trained under the secondees' supervision.
- Imperial Oil maintains ongoing communication with the Aboriginal community to identify opportunities for employment/business development in the area.
- Expansion to two rigs within 2.5 years

### **3. Implementation**

Some of the key elements for implementation and management of this program are:

- The Aboriginal well-servicing business is 100% owned by the First Nation. The resource company has no ownership interest or financial exposure.
- The governance of the Aboriginal well-servicing company is structured to keep politics out of the operations of the business (the company exists to make a profit).
- The model is based on “fee for service”, not as a donation.
- The resource company received a management fee from the Aboriginal company; the secondees payroll was somewhat subsidized.
- A key task of the secondees was to train Aboriginal employees in all aspects of the business including operational responsibilities. As the company matures, Aboriginal employees are trained in management.
- Training of employees is recommended to take place at rig site.
- The program requires effort from the resource developer.
- All employees are able to drive home at night - no camp or hotels.
- The well-servicing company does the employee hiring, not the oil and gas company.
- Senior management and the local operations of the resource company must be supportive of the initiative.

### **4. Timeframe for Results**

The start-up of operations began in 1984. Pimee Well Servicing is expected to service its debt and operate profitably on a year-by-year basis. Initial thoughts were that the company could be independent within three years, but that was not realized. Pimee has been independent since about 1993. Because well-servicing was new for Aboriginal people, the learning curve was steep. Now, well-servicing expertise is more prevalent within the Aboriginal workforce.

### **5. Measurable Criteria**

- Creation of a successful Aboriginal business model with good growth potential
- Creation of a sustainable and skilled Aboriginal employment base
- Creation of sustainable income, economic and other benefits for the Aboriginal community

### **6. Budget**

Pimee Well Servicing financed the start-up capital through government grants and a contract from Imperial that allowed for bank loan financing. There was some subsidization due to the secondees' wages.

## **7. Partners and Sponsors**

Imperial Oil Resources and Pimee Well Servicing Ltd

Pimee Well Servicing Ltd. is a 100% First Nation-owned company. Pimee's shareholders are the Saddle Lake First Nation, Whitefish Lake Band #128, Kehewin Cree First Nation, Beaver Lake First Nation, Frog Lake First Nation and Heart Lake First Nation. Pimee's head office is situated on the Kehewin Cree First Nation.

## **8. Experience with the Program**

This program is seen as successful to date. Pimee also works for Husky Energy in the Frog Lake/Marwayne area. Pimee has worked for Devon Energy and Anadarko. Pimee's other company, Tarsands Steamcleaning, works for many different oil companies.

## **9. General Applicability**

This model which can be applied to support the development of Aboriginal businesses and the transfer of management and operational capacity, which is needed to be successful. It can be applied by an oil and gas company for numerous businesses including: surface reclamation, abandonments, handling spills, soil sampling, garbage hauling, pipeline right-of-way maintenance, and water sampling.

## **10. Additional Information or Support**

Roy Steinhauer, Aboriginal Affairs Manager, Imperial Oil Resources, PO Box 2480 , Station M, 237-4 Avenue SW, Calgary , AB T2P 3M9

Telephone: (403) 237-3710

Email: [roy.g.steinhauer@esso.ca](mailto:roy.g.steinhauer@esso.ca)

Paula McMillan, Imperial Oil Resources, Cold Lake, AB

Telephone: (780) 639-5194

Email: [paula.l.mcmillan@esso.ca](mailto:paula.l.mcmillan@esso.ca)

Tim Schultz, Pimee Well Servicing Ltd., Bonnyville, AB

Telephone: (780) 826-6392

Email: [tschultz@pimee.com](mailto:tschultz@pimee.com)

Date Entered or Updated:            June 28, 2005