



EMPLOYEE HANDBOOK

Revised 03/2017

ACKNOWLEDGMENT OF RECEIPT OF EMPLOYEE HANDBOOK

The Employee Handbook contains important information about Patterson Well Service Co. LLC and I understand that I should consult my Tool Pusher regarding any questions not answered in the handbook. I have entered into my employment relationship with PWS voluntarily, and understand that there is no specified length of employment. Accordingly, either PWS or I can terminate the relationship at will, at any time, with or without cause, and with or without advance notice.

I understand and agree that no person other than the Chief Executive Officer may enter into an employment agreement for any specified period of time, or make any agreement contrary to Patterson Well Service Co. LLC's stated employment-at-will policy.

Since the information, policies, and benefits described herein are subject to change at any time, I acknowledge that revisions to the handbook may occur, except to the policy of employment-at-will. All such changes will generally be communicated through official notices, and I understand that revised information may supersede, modify, or eliminate existing policies. Only the Chief Executive Officer has the ability to adopt any revisions to the policies in this handbook.

Furthermore, I understand that this handbook is neither a contract of employment nor a legally-binding agreement. I have had an opportunity to read the handbook, and I understand that I may ask my Tool Pusher or any employee of the Human Resources Department any questions I might have concerning the handbook. I accept the terms of the handbook. I also understand that it is my responsibility to comply with the policies contained in this handbook, and any revisions made to it. I further agree that if I remain with PWS following any modifications to the handbook, I thereby accept and agree to such changes.

I have received a copy of the PWS Employee Handbook on the date listed below. I understand that I am expected to read the entire handbook. Additionally, I will sign the two copies of this Acknowledgment of Receipt, retain one copy for myself, and return one copy to PWS on the date specified. I understand that this form will be retained in my personnel file.

Signature of Employee

Date

Employee's Name - Printed


Fagan Patterson
Patterson Well Service



Date

Employee Copy

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Signature of Employee

Date

Employee's Name - Printed


Fagan Patterson
Patterson Well Service



Date



Mission Statement

Patterson Well Service's mission has and always will be to provide our clients with a level of well servicing that is second to none.

This is accomplished by having employees with years of experience that are the best trained and most knowledgeable in the industry. Their knowledge and work ethic, combined with well maintained, reliable equipment, deliver consistent results that have a positive impact on the customers bottom line.

The key to our success lies in the fact that we are willing to go longer, work harder, and give more than our competition.

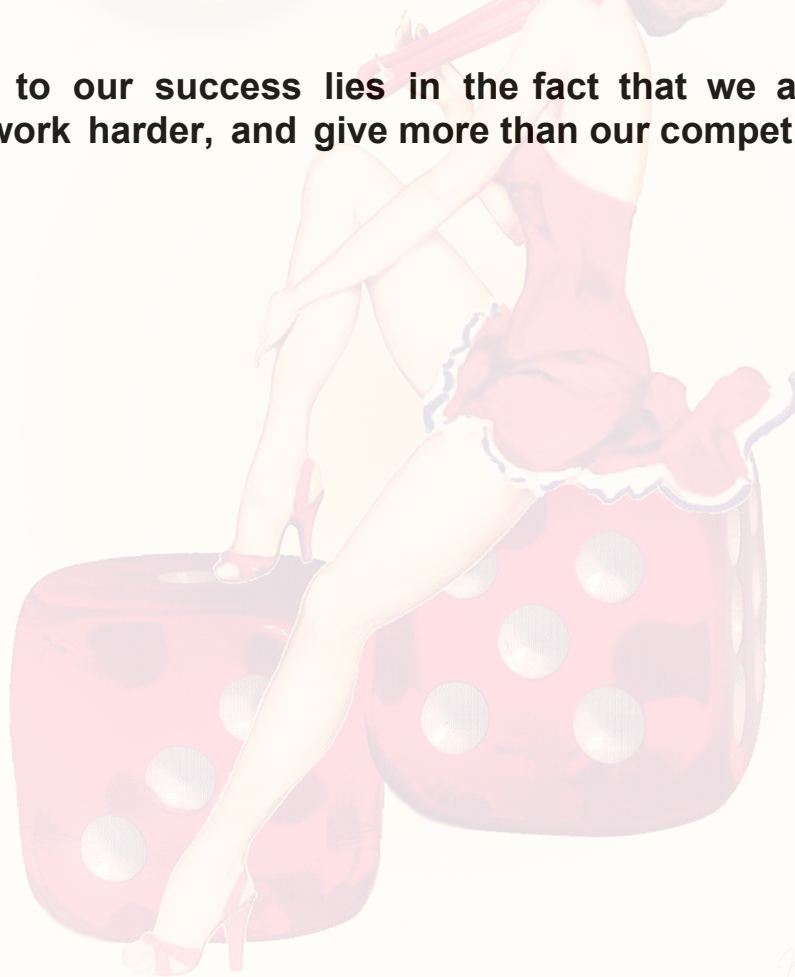


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SECTION 1

INTRODUCTION

This Manual is designed to provide you with information regarding the working conditions, benefits, and policies affecting your employment.

The information contained in this Manual applies to all employees of Patterson Well Service. Following the policies described in this Manual is considered a condition of continued employment. However, nothing in this Manual alters an employee's status. The contents of this manual shall not constitute nor be construed as a promise of employment or as a contract between the Company and any of its employees.

The Manual is a summary of our policies, which are presented here only as a matter of information. You are responsible for reading, understanding, and complying with the provisions of this Manual. Our objective is to provide you with a work environment that is constructive to both personal and professional growth.

1.1 CHANGES IN POLICY

This Manual supersedes all previous employee manuals and memos that may have been issued on subjects covered in herein prior to receipt.

However, since our business and our organization are subject to change, we reserve the right to interpret, change, suspend, cancel, or dispute, with or without notice, all or any part of our policies, procedures, and benefits at any time. We will notify all employees of these changes. Changes will be effective on the dates determined by Patterson Well Service, and after those dates all superseded policies will be null. If you are uncertain about any policy or procedure, speak with your Tool Pusher.

1.2 EMPLOYMENT APPLICATIONS

We rely upon the accuracy of information contained in the employment application and the accuracy of other data presented throughout the hiring process and employment. Any misrepresentations, falsifications, or material omissions in any of this information or data may result in exclusion of the individual from further consideration for employment or, if the person has been hired, termination of employment.

1.3 EMPLOYMENT RELATIONSHIP

You enter into employment voluntarily, and you are free to resign at any time for any reason or no reason. Similarly, Patterson Well Service is free to conclude its relationship with any employee at any time for any reason or no reason.



Patterson Well Service Co. LLC contracts its services, which means that while we make every effort to keep our rigs 'OUT' of the yard, sometimes it is inevitable. In such instances, PWS will make every effort to retain our non-exempt, regular full and part time employees by providing them an opportunity to continue working, whether in the PWS yard or at the Fagan Ranch, in which all compensation and benefits will remain unchanged. However, please be advised that this is not a guarantee of continued employment at the end of each contracted job.

SECTION 2

DEFINITIONS OF EMPLOYEES STATUS

“EMPLOYEES” DEFINED

An “employee” is a person who regularly works for Patterson Well Service on a wage or salary basis.

“Employees” may include exempt, non-exempt, regular full-time, regular part-time, and others employed with the Company who are subject to the control and direction of Patterson Well Service in the performance of their duties.

- **EXEMPT** Employees whose positions meet specific criteria established by the Fair Labor Standards Act (FLSA) and who are exempt from overtime pay requirements.
- **NON-EXEMPT** Employees whose positions do not meet FLSA criteria and who are paid one and one-half their regular rate of pay for hours worked in excess of 40 hours per week.
- **REGULAR FULL-TIME** Employees are those who have completed the 90-day probationary period and are regularly scheduled to work 35 or more hours per week. Generally, they are eligible for the Company’s benefit package, subject to the terms, conditions, and limitations of each benefit program.
- **REGULAR PART-TIME** Employees are those who have completed the 90-day probationary period and are regularly scheduled to work less than 35 hours per week.
- **PROBATIONARY PERIOD FOR NEW EMPLOYEES** A probationary employee is a new employee whose performance is being evaluated to determine whether further employment in a specific position or with Patterson Well Service is appropriate. When an employee completes the 90 day probationary period, the employee will be notified of his/her new status with Patterson Well Service.

SECTION 3

EMPLOYMENT POLICIES

3.1 NON-DISCRIMINATION

In order to provide equal employment and advancement opportunities to all individuals, employment decisions at Patterson Well Service will be based on merit, qualifications, and abilities. Patterson Well Service does not discriminate in employment opportunities or practices because of race, color, religion, sex, national origin, age, or disability.

Patterson Well Service will make reasonable accommodations for qualified individuals with known disabilities unless doing so would result in an undue hardship. This policy governs all aspects of employment, including selection job assignment, compensation, discipline, termination, and access to benefits and training.

Employees with questions or concerns about discrimination in the workplace are encouraged to bring these issues to the attention of the Tool Pusher. Employees can raise concerns and make reports without fear of reprisal. Anyone found to be engaging in unlawful discrimination will be subject to disciplinary action, including termination of employment.

3.2 NON-DISCLOSURE/CONFIDENTIALITY

The protection of confidential business information and trade secrets is vital to the interests and success of PWS. Such confidential information includes, but is not limited to the following examples:

- Compensation data,
- Financial information,
- Marketing strategies,
- Pending projects and proposals,
- Proprietary production processes,
- Personnel/Payroll records, and
- Conversations between any persons associated with the company.

All employees are required to sign a Confidentiality Agreement as a condition of employment. Employees who improperly use or disclose trade secrets or confidential business information will be subject to disciplinary action, including termination of employment and legal action, even if they do not actually benefit from the disclosed information.

3.3 PROBATIONARY PERIOD FOR NEW EMPLOYEES

The probationary period for regular full-time and regular part-time employees lasts up to 90 days from date of hire. During this time, employees have the opportunity to evaluate our Company as a place to work and management has its first opportunity to evaluate the employee. During this introductory period, both the employee and the Company have the right to terminate employment without advance notice.

3.4 OFFICE HOURS

The administrative offices of Patterson Well Service is open for business from 8:00 a.m. to 5:00 p.m. Monday through Friday, except for Holidays.

Employee workweek varies according to job requirements. Consult your Tool Pusher if you are unsure of shift specifics.

3.5 PERSONNEL FILES

Employee personnel files include the following: job application, job description, résumé, records of participation in training events, salary history, records of disciplinary action and documents related to employee performance reviews, coaching, and mentoring. Personnel files are the property of Patterson Well Service, and access to the information is restricted to Management.

3.6 PERSONNEL DATA CHANGES

It is the responsibility of each employee to promptly notify their Tool Pusher and the management of any changes in personnel data such as mailing address, phone numbers, legal name, dependents, emergency contact information.

An employee's personnel data should be accurate and current at all times.

3.7 EMPLOYEE PERFORMANCE REVIEW AND PLANNING SESSIONS

The Tool Pusher and/or Management will conduct performance reviews at will with all regular full-time and regular part-time employees after 90 day probation period. Performance reviews are designed for the Tool Pusher and the employee to discuss current job tasks, encourage and recognize attributes, and discuss positive, purposeful approaches for meeting work-related goals.

Patterson Well Service directly links wage and salary increases with performance. Your performance review will have a direct effect on any changes in your compensation.

New employees will be reviewed at the end of their probationary periods. After the initial review, the employee will be reviewed according to the policy above.



3.8 OUTSIDE EMPLOYMENT

Employees may hold outside jobs in non-related businesses or professions as long as the employee meets the performance standards of their job description with Patterson Well Service. Unless an alternative work schedule has been approved by Patterson Well Service, employees will be subject to the company's scheduling demands, regardless of any existing outside work assignments.

Patterson Well Service property, work areas, equipment, and materials are not to be used for outside employment.

3.9 CORRECTIVE ACTION

Patterson Well Service holds each of its employees to certain work rules and standards of conduct. When an employee deviates from these rules and standards, Patterson Well Service expects the employee's Tool Pusher to take corrective action.

Corrective action at Patterson Well Service is progressive. That is, the action taken in response to a rule infraction or violation of standards typically follows a pattern increasing in seriousness until the infraction or violation is corrected. Though committed to a progressive approach to corrective action, Patterson Well Service considers certain rule infractions and violations of standards as grounds for immediate termination of employment. These include but are not limited to: theft in any form, insubordinate behavior, vandalism or destruction of company property, the use of company equipment and/or vehicles without prior authorization, untruthfulness about personal work history, skills or training, divulging company practices and misrepresentations of Patterson Well Service to a customer, a prospective customer, the general public, or an employee.

3.10 EMPLOYMENT TERMINATION

Termination of employment is an inevitable part of personnel activity within any organization, and many of the reasons for termination are routine. Below are a few examples of some of the most common circumstances under which employment is terminated:

Resignation – voluntary employment termination initiated by an employee.

Termination – involuntary employment termination initiated by Patterson Well Service.

Workforce Reduction – involuntary employment termination initiated by Patterson Well Service for non-disciplinary reasons.

Abandonment – involuntary employment termination resulting from 2 consecutive no call, no shows

When an employee intends to terminate his/her employment with Patterson Well Service, he/she is requested to provide two (2) week's notice to remain in good standing with the company and be eligible for rehire with Patterson Well Service.

Since employment with Patterson Well Service is based on mutual consent, both the employee and Patterson Well Service have the right to terminate employment at will, with or without cause during the Introductory/Probationary Period for New Employees.

Any employee who terminates employment with Patterson Well Service shall return all files, records, keys, and any other materials that are property of Patterson Well Service. No final settlement of an employee's pay will be made until all items are returned in appropriate condition. The cost of replacing non-returned items will be deducted the employee's final paycheck. Furthermore, from any outstanding financial obligations owed to Patterson Well Service will also be deducted from the employee's final check.

- All new hires that do not complete the 90 day probationary period will be required to repay Patterson Well Service the termination fee as indicated in your new hire paperwork. This termination fee will be used to cover the cost of any advances for work clothing, Physical and Drug Testing.
- Any refunds will be processed upon termination of employment and paid on the following week's payroll. We will deduct for any items not returned. The employee will schedule a time to return all company items. One refund check will be issued after inventory of the returned items has been completed.

Employee's benefits will be affected by employment termination in the following manner. All accrued vested benefits that are due and payable at termination will be paid provided the employee has given a formal written 2-week notice. Any employee who does not give a formal written 2-week notice to Patterson Well Service Management will forfeit all accrued benefits. Some benefits may be continued at the employee's expense if the employee elects to do so. The employee will be notified of the benefits that may be continued and of the terms, conditions, and limitations.

3.11 SAFETY

Patterson Well Service provides information to employees about workplace safety and health issues through regular internal communication such as:

- Training sessions
- Team meetings
- Bulletin board postings
- Memorandums
- Other written communications

Each employee is expected to obey safety rules and exercise caution and common sense in all work activities. Employees must immediately report any unsafe conditions to their Tool Pusher. Employees who violate safety standards, cause hazardous or dangerous situations, or fail to report, or where appropriate, remedy such situations, may be subject to disciplinary action including termination of employment.

In the case of an accident or near miss incident, employees must notify their Tool Pusher immediately.

Attendance at safety meetings is mandatory. Any missed safety meetings will need to be discussed with your tool pusher to determine what corrective action is needed.

3.12 HEALTH-RELATED ISSUES

Employees, who become aware of any health-related issue, should notify their Tool Pusher and management Representative of health status. This policy has been instituted strictly to protect the employee.

A written “permission to work” from the employee’s doctor is required at the time or shortly after notice has been given. The doctor’s note should specify whether the employee is able to perform regular duties as outlined in his/her job description.

A leave of absence without pay may be granted on a case-by-case basis. If the need arises for a leave of absence, employees should notify their Tool Pusher and management Representative.

3.13 EMPLOYEE REQUIRING MEDICAL ATTENTION

If it is necessary for the employee to be seen by the doctor or go to the hospital, a family member will be called to transport the employee to the appropriate facility. If an emergency arises requiring Emergency Medical Services to evaluate the injury/illness of an employee on-site, the employee will be responsible for any transportation charges.

Furthermore, Patterson Well Service employees will not be responsible for the transportation of another employee due to liabilities that may occur.

A physician's "return to work" notice may be required.

3.14 INSURANCE ON PERSONAL EFFECTS

All employees should be sure that their own personal insurance policies cover the loss of anything occasionally left on Patterson Well Services location, buildings, or vehicles. Patterson Well Service assumes no risk for any loss or damage to personal property.

3.15 SUPPLIES; EXPENDITURES; OBLIGATING THE COMPANY

Only authorized persons may purchase supplies in the name of Patterson Well Service. No employee whose regular duties do not include purchasing shall incur any expense on behalf of Patterson Well Service or bind Patterson Well Service by any promise or representation without written approval.

3.16 EXPENSE REIMBURSEMENT

Expenses incurred by an employee must have prior approval by a Tool Pusher. Reimbursements will be processed through our accounts payable department on the next weekly check run. An example of such an expense would include travel expenses. All completed reimbursement request forms should be turned in to the accounts payable department.

3.17 IMMIGRATION LAW COMPLIANCE

Patterson Well Service employs only United States citizens and those non-US citizens authorized to work in the United States in compliance with the immigration Reform and Control Act of 1986.

Each new employee, as a condition of employment must complete the Employment Eligibility Verification Form I-9 and present documentation establishing identity and employment eligibility.

Former employees who are rehired must also complete the form if they have not completed an I-9 with Patterson Well Service within the past three years or if their previous I-9 is no longer retained or valid.



SECTION 4

STANDARDS OF CONDUCT

The work rules and standards of conduct for Patterson Well Service are important, and the Company regards them seriously. All employees are urged to become familiar with these rules and standards. In addition, employees are expected to follow the rules and standards faithfully in doing their own jobs and conducting the Company's business.

While not intended to list all the forms of behavior that are considered unacceptable in the workplace, the following are examples of rule infractions or misconduct that may result in disciplinary action, including termination of employment.

- Theft or inappropriate removal or possession of property;
- Falsification of timekeeping records
- Working under the influence of alcohol or illegal drugs
- Possession, distribution, sale, transfer, or use of alcohol or illegal drugs in the workplace
- Fighting or threatening violence in the workplace;
- Boisterous or disruptive activity in the workplace;
- Negligence or improper conduct leading to damage of company-owned or customer-owned property;
- Insubordination or other disrespectful conduct;
- Violation of safety or health rules;
- Smoking in the workplace;
- Sexual or other unlawful or unwelcome harassment
- Excessive absenteeism or any absence without notice
- Unauthorized use of telephones, or other company-owned equipment
- Using company equipment for purposes other than business (i.e. playing games on computers or personal Internet usage);
- Unauthorized disclosure of confidential information;
- Violation of personnel policies; Unsatisfactory performance or conduct.
- Inappropriate or excessive use of personal cell phones while on company time.

4.1 ATTENDANCE/PUNCTUALITY

The Company expects that every employee will be regular and punctual in attendance. This means being on site, ready to work, at their starting time each day. Absenteeism and tardiness places a burden on other employees and on the Company.

If you are unable to report for work for any reason, notify your Tool Pusher before regular starting time. You are responsible for speaking directly with your Tool Pusher about your absence. It is not acceptable to leave a message on a supervisor's voice mail, except in extreme emergencies. In the case of leaving a voice-mail message, a follow-up call must be made later that day. The company phone number is 361-575-9600. Should undue tardiness become apparent, disciplinary action may be required.

If there comes a time when you see that you will need to work some hours other than those that make up your usual work week, notify your Tool Pusher at least seven working days in advance. Each request for special work hours will be considered separately, in light of the employee's needs and the needs of the Company. Such requests may or may not be granted.

4.2 ABSENCE WITHOUT NOTICE

When you are unable to work due to illness or an accident, please notify your Tool Pusher. This will allow the Company to arrange for temporary coverage of your duties, and helps other employees to continue work in your absence. If you do not report for work and the Company is not notified of your status, it will be assumed after two consecutive days of absence that you have abandoned the position, and you will be removed from the payroll.

If you become ill while at work or must leave for some other reason before the end of the workday, be sure to inform your Tool Pusher of the situation.

4.3 HARASSMENT, INCLUDING SEXUAL HARASSMENT

Patterson Well Service is committed to providing a work environment that is free of discrimination and unlawful harassment. Actions, words, jokes, or comments based on an individual's sex, race, ethnicity, age, religion, or any other legally protected characteristic will not be tolerated.

If you believe you have been the victim of harassment, or know of another employee who has, report it immediately. Employees can raise concerns and make reports without fear of reprisal.

Any employee who becomes aware of possible harassment should promptly advise their Tool Pusher or Management who will handle the matter in a timely and confidential manner.

4.4 TELEPHONE USE

Patterson Well Service telephones are intended for the use of serving our customers and in conducting Company Business.

Personal usage during business hours is discouraged except for extreme emergencies. All personal telephone calls should be kept brief to avoid congestion on the telephone line.

To respect the rights of all employees and avoid miscommunication in the office, employees must inform family members and friends to limit personal telephone calls during working hours.

If an employee is found to be deviating from this policy, he/she will be subject to disciplinary action.

4.5 PUBLIC IMAGE

A professional appearance is important anytime that you come in contact with customers or potential customers. Employees should be well groomed and dressed appropriately. Consult your Tool Pusher if you have any questions about appropriate attire.

4.6 SUBSTANCE ABUSE

The Company is committed to providing a safe and productive workplace for its employees. In keeping with this commitment, the following rules regarding alcohol and drugs of abuse have been established for all staff members, regardless of rank or position, including both regular and temporary employees. The rules apply during working hours to all employees of the Company while they are on Company premises or elsewhere on Company business.

All employees are required to drug test prior to permanent employment and are subject to random drug testing as a condition of employment.

The manufacture, distribution, possession, sale, or purchase of controlled substances of abuse on Company property is prohibited.

Being under the influence of illegal drugs, alcohol, or substances of abuse on Company property is prohibited.

Working while under the influence of prescription drugs that impair performance is prohibited.



So that there is no question about what these rules signify, please note the following definitions:

Company property: All Company owned or leased property used by employees.

Controlled substance of abuse: Any substance listed in Schedules I-V of Section 202 of the Controlled Substance Act, as amended.

Drug: Any chemical substance that produces physical, mental, emotional, or behavioral change in the user.

Drug paraphernalia: Equipment, a product, or material that is used or intended for use in concealing an illegal drug, or otherwise introducing into the human body an illegal drug or controlled substance.

Illegal drug:

- a. Any drug or derivative thereof whose use, possession, sale, transfer, attempted sale or transfer, manufacture, or storage is illegal or regulated under any federal, state, or local law or regulation.
- b. Any drug, including – but not limited to – a prescription drug, used for any reason other than that prescribed by a physician.
- c. Inhalants used illegally.

Under the influence: A state of not having the normal use of mental or physical faculties resulting from the voluntary introduction into the body of an alcoholic beverage, drug, or substance of abuse.

Consistent with the rules listed above, any of the following actions constitutes a violation of the Company's policy on drugs and may subject an employee to disciplinary action, up to and including immediate termination.

Using, selling, purchasing, transferring, manufacturing, or storing an illegal drug or drug paraphernalia, or attempting to or assisting another to do so, while in the course of employment.

Working or reporting to work, conducting Company business or being on Company property while under the influence of an illegal drug or alcohol, or in an impaired condition.

Employees maintaining or using prescribed medications should report the circumstances and effects to the Safety Manager. If you fail to report this, any medication you take will be viewed the same as any illegal drug. These types of medications could have undesirable effects, making you a safety risk or endangering those around you.

4.7 TOBACCO PRODUCTS

The use of tobacco products is permitted in designated areas only, and dependent on the company we are working for. Consult your Tool pusher if there is any doubt. Tobacco is not permitted in any company buildings or vehicles.



4.8 INTERNET USE

Patterson Well Service employees are allowed use of the Internet and e-mail when necessary to serve our customers and conduct the Company's business.

Employees may use the Internet when appropriate to access information needed to conduct business of the Company. Employees may use e-mail when appropriate for Company business correspondence.

Use of the Internet must not disrupt operation of the company computer network. Use of the Internet must not interfere with an employee's productivity. Employees are responsible for using the Internet in a manner that is ethical and lawful.

Employees may not use company email or electronic messaging systems to download software. If certain software is required to complete an employee's duties they should request the software from their Tool Pusher so that the appropriate measures can be taken for installation. Any emails that discriminate against employees by virtue of any protected classification including race, gender, nationality, religion, and so forth, will be dealt with according to the harassment policy. These emails are prohibited at the Company. Sending or forwarding non-business emails will result in disciplinary action that may lead to termination.

Please keep in mind, as you consider forwarding non-business emails to associations, family or friends. Non-business related emails waste company time and attention.

Viewing pornography, or sending pornographic jokes or stories via email, is considered sexual harassment and will be addressed according to our sexual harassment policy.

Internet messages are public and not private. Patterson Well Service reserves the right to access and monitor all files and messages on its systems.

4.9 CELL PHONES

Cell phones provided by Patterson Well Service are for Company use only. Company use of the phone should never exceed the rate plan. Any phone charges above and beyond the rate plan will be considered the personal and financial responsibility of the employee. Personal use of cell phones during company business should be kept brief and limited to emergencies and unusual circumstances.

Patterson Well Service also discourages personal texting during regular business hours. Violation of this policy can result in disciplinary action up to and including termination.

4.10 OFF-DUTY CONDUCT / FRATERNIZATION

The company always seeks to respect the dignity of its employees. At the same time, when employee conduct, off- or on-duty, has the potential to impact the business, other employees, or guests, the company will need to review that conduct. Thus, occasions may arise when, in order to avoid the appearance of favoritism, maintain management objectivity, maintain the ability to effectively manage employees, safeguard our guests, and safeguard our property; the off-duty actions of an employee may be reviewed.

Some off-duty conduct may also result in discipline. To illustrate, if an employee is late or misses work due to his or her arrest, that is not an acceptable excuse. Similarly, if off-duty conduct could result in the loss or denial of an operating license for the company, that behavior may result in discipline that may include termination.

Other examples of off-duty conduct that may result in discipline include sexual harassment of other employees, violent acts, illegal intoxication, illegal use of intoxicants (e.g., underage drinking), disruptive action on company property or at company-sponsored events, use of company facilities without permission, or disclosure of confidential information.

SECTION 5

WAGE AND SALARY POLICIES

5.1 WAGE OR SALARY INCREASES

Each employee's hourly wage or annual salary will be reviewed at least once each year. The employee's review date will usually be conducted according to the comprehensive review guidelines on or about the anniversary date of employment or the date of the previous compensation review. Such reviews may be conducted more frequently for a newly created position, or based on a recent promotion. Increases are not guaranteed, they are strictly at the discretion of management in accordance with review guidelines. The company reserves the right to institute wage freezes or wage reduction should market conditions dictate such action.

Increases will be determined on the basis of performance, adherence to company policies and procedures, and ability to meet or exceed duties per job description and achieve performance goals.

Although the Company's salary ranges and hourly wage schedules will be adjusted on an ongoing basis, Patterson Well Service does not grant "cost of living" increases. Performance is the key to wage increases in the Company.

5.2 TIMEKEEPING

Accurately recording time worked is the responsibility of every non-exempt employee. Time worked is the time actually spent on a job(s) performing assigned duties. Administration & Maintenance personnel are paid an hourly rate in accordance with the Time Clock hours and operations personnel are paid in accordance with hours reported and approved by your Tool Pusher.

Patterson Well Service does not pay for extended breaks or time spent on personal matters.

The time clock is a legal instrument. Altering, falsifying, tampering with time records, or recording time on another team member's time record will result in disciplinary action, including termination of employment.

Authorized personnel will review time records each week. Any changes to an employee's time record must be approved by his/her Tool Pusher. Questions regarding the timekeeping system or time cards should be directed to your Tool Pusher.

5.3 OVERTIME

Patterson Well Service is open for business 40 hours per week. Overtime compensation is paid to non-exempt employees in accordance with federal and state wage and hour restrictions. Overtime is payable for all hours worked over 40 per week at a rate of one and one-half times the non-exempt employee's regular hourly rate. Time off on personal time, holidays, or any leave of absence will not be considered hours worked when calculating overtime. In addition, vacation time does not constitute hours worked.

All overtime work performed by an hourly employee must receive the supervisor's prior authorization. Overtime worked without prior authorization from the Tool Pusher may result in disciplinary action.

5.4 PAYDAYS

All employees are paid in accordance with the following schedule:

- Non-Exempt (hourly) employees are paid on Fridays for the previous week
- Exempt (salary) employees are paid on the 15th and last day of the month

In the event that a regularly scheduled payday falls on a weekend or holiday, employees will receive pay on the previous day of operation.

Paychecks will be mailed to the employee's address or deposited directly into an employee's bank account. In the event of any errors in calculation or a missing check, please contact your Tool Pusher immediately. If you elect to receive a "live" check and don't receive your paycheck within 2 business days of the pay date, please contact management.



SECTION 6

BENEFITS AND SERVICES

Patterson Well Service offers a benefits program for its regular full-time and employees. However, the existence of these programs does not signify that an employee will necessarily be employed for the required time necessary to qualify for the benefits included in and administered through these programs.

6.1 GROUP INSURANCE

Health, Dental & Life Insurance - Patterson Well Service offers health, dental and life insurance programs for regular full-time employees (as determined by the carrier of the policies). Please refer to your enrollment packet for more information.

The employee's portion of the premium for health, dental, and life insurance will be payroll deducted on the pay period prior to the effective date of coverage.

This Manual does not contain the complete terms and/or conditions of any of the Company's current insurance benefit plans. For details please contact management. It is intended only to provide general explanations. [If there is ever any conflict between the Manual and any documents issued by one of the Company's insurance carriers, the carrier's guideline regulations will be regarded as authoritative.]

Worker's Compensation - Patterson Well Service provides Worker's Compensation Insurance as regulated by the State of Texas for regular full-time employees. Please see company bulletin boards for more information and updates.

6.2 COBRA BENEFITS

The Federal Consolidated Budget Reconciliation Act (COBRA) gives employees and their qualified beneficiaries the opportunity to continue health insurance coverage under the Patterson Well Service health plan when a "qualifying event" would normally result in the loss of eligibility.

Some common qualifying events are resignation, termination of employment, or death of an employee; a reduction in an employee's hours or leave of absence, divorce or legal separation and a dependent child no longer meeting eligibility requirements.

Under COBRA, the employee or beneficiary pays the full cost of coverage at Patterson Well Service group rates plus an administration fee. Patterson Well Service provides each eligible employee with a written notice describing rights granted under COBRA when the employee becomes eligible for coverage under Patterson Well Service health insurance plan. The notice contains important information about the employee's rights and obligations.

6.3 SOCIAL SECURITY/MEDICARE

Patterson Well Service withholds income tax from all employees' earnings and participates in FICA (Social Security) and Medicare withholding and matching programs as required by law.

6.4 401(k) PLAN

Currently, a 401(k) plan is not offered.

6.5 VACATION

Paid vacation is available to regular full-time employees following their first-year anniversary with Patterson Well Service and is provided based on the following calculations:

After one full year of employment you are eligible for one week of vacation time per calendar year.

6.6 RECORD KEEPING

The management Department maintains vacation days accrued and used. Each employee is responsible for verifying his/her pay stub to make sure the correct amount of hours appear.

6.7 HOLIDAYS

Patterson Well Service observes the following non paid holidays per year for all employees; however the company we are working for at the time may require that we continue working:

- New Year's Day
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving Day
- Christmas Day

6.8 JURY DUTY/MILITARY LEAVE

Employees will be granted time off to serve on a jury or military leave without pay. However, all regular employees both, full-time or part-time, will be kept on the active payroll until their civic duties have been completed. A copy of the jury duty summons and all other associated paperwork are required for the personnel file.

6.9 TRAINING AND PROFESSIONAL DEVELOPMENT

Patterson Well Service recognizes the value of professional development and personal growth for employees. Therefore, Patterson Well Service encourages its employees who are interested in continuing education and job specific training to research these further and get approval before signing up for the seminars or courses.

SECTION 7

EMPLOYEE COMMUNICATIONS

7.1 STAFF MEETINGS

Staff meetings will be held at various times and locations to allow employees to be informed on recent company activities, changes in the workplace and/or employee recognition.

7.2 PROCEDURE FOR HANDLING COMPLAINTS

Under normal working conditions, employees who have a job-related problem, question or complaint should first discuss it with the Tool Pusher. At this level, employees usually reach the simplest, quickest, and most satisfactory solution.

7.3 DEPARTMENTAL RULES

Any department or job specific rules will be distributed by the tool pusher on location.

PATTERSON **WELL SERVICE**

