

BY-LAWS

NDCA--NORTHEAST CHAPTER

ARTICLE I - NAME AND LOCATION

Section 1. The name of this organization shall be the NDCA--Northeast Chapter.

ARTICLE II - PURPOSES

The purposes of this organization shall be:

Section 1. To promote a spirit of helpful cooperation among its members.

Section 2. To foster trade and commerce in the contract drilling business.

Section 3. To collect and disseminate information of value to its members and the general public.

Section 4. To appear for its members before governmental departments and agencies and other bodies in regard to matters affecting the industry.

Section 5. Promote the common and lawful business interests of its members but not engage in business of the kind ordinarily carried out for profit and perform particular services for its members or individual persons as distinguished from activities to improve the business conditions and lawful interests of all its members.

ARTICLE III - MEMBERSHIP

Section 1. Active membership in the Chapter shall be limited to corporations, partnerships and individuals who are engaged in contracting using rotary or percussion drilling rigs and equipment for the drilling of holes in the earth for various purposes.

Section 2. Application for membership in the Chapter shall be made in writing, shall contain acceptance of an agreement to abide by the constitution and by-laws, and shall be signed by the executive officer of the applicant. When the application is approved by the Board of Directors or a duly approved committee, the applicant shall thereupon become a member of this Chapter.

Associate membership in the Chapter shall be limited to branch offices of member companies. The associate member will not have voting rights but can serve on committees.

Section 3. Resignations of members shall be in writing addressed to the Secretary.

Section 4. Each full member corporation, partnership, or individual is entitled to only one vote in person or by proxy by its designated representative.

ARTICLE IV - MANAGEMENT OF THE CHAPTER

The affairs of the Chapter shall be conducted by a Board of Directors which will constitute the legal governing body of the Chapter. The Board of Directors shall consist of:

1. The President who shall preside at all meetings.
2. A Vice President who shall perform the duties of the President in the event the President is disabled or otherwise absent from meetings.
3. A Secretary who shall be responsible for the permanent recording and safekeeping of minutes of meetings and other pertinent documents of the Chapter. He/She shall conduct all correspondence of the Chapter and notify all members in advance of all meetings.
4. A Treasurer who shall have the custody of funds and assets of the Chapter and shall be responsible for maintaining proper books of the account. He/She shall receive and disburse the funds of the Chapter under the direction of the Board of Directors in the name of the Chapter. Any single disbursements of funds in excess of \$1,000 shall require signatures of two Directors.

All fees, assessments, dues and other income and disbursements involving the business of the Chapter shall be managed by the Treasurer. The Treasurer's delegate and such other officer and employees of the Chapter as the Board of Directors may designate shall give surety bonds for the faithful performance of their duties in such amount as may be required by the Board of Directors. The premium or premiums on such bond or bonds shall be paid by the Chapter.

5. At no time shall there be more than one member of the Board of Directors employed by any particular member company.
6. Any two of the above offices may be held by one person except that the President shall hold only one office.

ARTICLE V - BOARD OF DIRECTORS

Section 1. The affairs of the Chapter shall be conducted by a Board of Directors consisting of the officers.

Section 2. Length of Service - The terms of the officers shall be two (2) years and the President may be elected for a second two (2) year term. However, the President shall serve no more than two (2) terms.

The term of office of the President, Vice President, Secretary and Treasurer shall begin immediately after their election at the annual meeting and shall expire at the conclusion of the next election.

Section 3. Election - The President, Vice President, Secretary and Treasurer shall be elected by the general membership at the annual meeting.

ARTICLE V (continued)

- Section 4. Meetings - Except that the Board shall have a regular meeting at the time and place of the annual meeting, the Board shall meet upon call of the President at such times and places as he may designate, and shall be called to meet upon demand of a majority of its members. Notice of all meetings of the Board of Directors shall be sent by mail or telegraph to each member of the Board at his last recorded address at least ten (10) days in advance of such meetings.
- Section 5. Quorum - A majority of the whole Board shall constitute a quorum at any meeting of the Board. Any less number may adjourn from time to time until a quorum be present.
- Section 6. Absence - Any member of the Board of Directors unable to attend a meeting shall, in a letter addressed to the President or Secretary, state the reason for his absence. If a director is absent from three (3) consecutive meetings for reasons which the Board has failed to declare to be sufficient, his resignation shall be deemed to have been tendered and accepted.
- Section 7. Compensation - Directors as such shall not receive any stated compensation for their services as directors, but the Board may, by resolution, authorize reimbursement of expenses incurred in the performance of their duties. Such authorization may prescribe procedure for approval and payment of such expenses by designated officers of the Chapter. Nothing herein shall preclude a director from serving the Chapter in any other capacity and receiving compensation for such services.
- Section 8. Resignation or removal - Any director may resign at any time by giving written notice to the President, the Secretary, or to the Board of Directors. Such resignation shall take effect at the time specified therein or, if no time is specified, at the time of acceptance thereof as determined by the President or the Board.
- Section 9. Vacancies - Any vacancies that may occur on the Board by reason of death, resignation, or otherwise, may be filled by special election by the membership.
- Section 10. Legal Counsel to the Chapter - The Board of Directors shall retain legal counsel for the Chapter upon such terms and conditions as it shall deem advisable upon vote of membership.

ARTICLE VI - MEETINGS

- Section 1. Annual - There shall be a meeting of the Chapter every year, unless otherwise ordered by the Board of Directors, for election of members of the Board of Directors, for receiving the annual reports, and the transaction of other business. Notice of such meeting, signed by the Secretary (or other officer designated by the Board of Directors), shall be mailed to the last recorded address of each member at least thirty (30) days before the time appointed for the meeting.

ARTICLE VI - (continued)

- Section 2. Special - Special meetings of the Chapter may be called by the President or the Board of Directors, or shall be called by the President upon the written request by not less than ten percent (10%) of the members of the Chapter. Notice of any special meeting shall be mailed to each member at his last recorded address at least fourteen (14) days in advance, with a statement of time and place and information as to the subject or subjects to be considered.
- Section 3. Quorum - A simple majority of the enrolled membership shall constitute a quorum at any meeting of the Chapter. In case there be less than this number, the presiding officer may adjourn the meeting from time to time until a quorum is present.
- Section 4. The order of business may be altered or suspended at any meeting by a majority vote of the members present. The usual parliamentary rules as laid down in "Roberts's Rules of Order" shall govern all deliberations, when not in conflict with these by-laws.

ARTICLE VII - DUES

- Section 1. The annual dues for each member of the Chapter shall be determined by the membership.
- Section 2. Members who fail to pay their dues within ninety (90) days from the time the same become due shall be notified by the Secretary and, if payment is not made within the next succeeding thirty (30) days, shall, without further notice and without hearing, be dropped from the rolls and thereupon forfeit all rights and privileges of membership; provided that the Board of Directors may by rule prescribe procedures for extending the time for payment of dues and continuation of membership privileges upon request of a member and for good cause shown.

ARTICLE VIII - COMMITTEES

The President, subject to the approval of the Board of Directors shall annually appoint such standing or special committees or subcommittees as may be required by the by-laws or as he may find necessary.

ARTICLE IX - MAIL VOTE

- Section 1. Whenever, in the judgment of the Board of Directors, any questions shall arise which it believes shall be put to a vote of the membership and when it deems it inexpedient to call a special meeting for such purpose, the directors may, unless otherwise required by these by-laws, submit such a matter to the membership in writing by mail for vote and decision, and the question thus presented shall be determined according to a majority of the votes received by mail within two (2) weeks after such submission to the membership, provided that in each case votes of at least one half of the

ARTICLE IX - (continued)

membership shall be received. Any and all action taken in pursuance of a majority mail vote in each such case shall be binding upon the Chapter in the same manner as would be action taken at a duly called meeting.

ARTICLE X - FISCAL YEAR

Section 1. The fiscal year shall commence on the first day of June and shall end on the thirtieth day of May.

ARTICLE XI - BUDGET

Section 1. Budget - At each annual meeting of the membership, a budget for the total expenses of the Chapter for the ensuing year and for such reasonable reserves for contingencies as may be deemed advisable shall be adopted.

Section 2. Obligations in Excess of Approved Budget - Neither the Board of Directors nor officers of the Chapter shall obligate the Chapter in excess of the total amount of the approved budget except that the Board of Directors, by unanimous vote of its membership if polled by letter ballot or by unanimous vote of those present at a meeting, where a quorum is present, may make appropriations from the surplus funds or reserves for contingencies of the Chapter to defray expenses not contemplated by the budget.

ARTICLE XII - CONTACT WITH OUTSIDE BODIES

Section 1. Approval of New Contacts - New contacts or negotiations with outside bodies shall be made only with the approval of the general membership and after their legality and conformity with the Constitution and by-laws of the Chapter shall have been determined. The President, with the approval of the Board of Directors and legal counsel, if the Board feels this is necessary, shall be empowered to approve such contacts or negotiations between meetings, subject to confirmation by the membership at the Chapter's next meeting.

Section 2. Scope of Contacts with Outside Bodies - At the time that contacts or negotiations with outside bodies are authorized, the scope of the activity of the Chapter representatives shall be clearly defined. No activities beyond such authorized scope shall be engaged in by the Chapter representatives.

Section 3. General Policy - In contacts with outside bodies, the policy of the Chapter shall be, in general, to request (1) the appointment of joint committees composed of accredited representatives of the Chapter and of the outside body directly concerned of (2) the appointment of accredited representatives of the Chapter to serve on such outside body.

Section 4. Instructions for Official Action by Representatives - Chapter representatives on joint committees or on outside bodies represent

ARTICLES XII (continued)

the interests of the Chapter membership in general and whenever formal action is to be taken, shall vote in accordance with the official instructions furnished by the Board of Directors or the President of the Chapter. Requests for such instructions shall be addressed to the Secretary.

Section 5. Reports - Copies of the minutes of all meetings of outside bodies with which the Chapter has contact through its representatives; drafts of all proposed publications; and copies of all official communications to or from outside representatives shall be filed with the Secretary of the Chapter.

ARTICLE XIII - DISSOLUTION

Section 1. The Chapter may dissolve and wind up its affairs in the following manner:

- A. The Board of Directors shall adopt a resolution recommending that the Chapter be dissolved, and directing that the question of such dissolution be submitted to a vote at a meeting of the voting members. Written or printed notice stating that the purpose, or one of the purposes, of such meeting is to consider the advisability of dissolving the Chapter, shall be given to each voting member within the time and manner provided in these by-laws for the giving of notice of meetings of voting membership. A resolution to dissolve the Chapter shall be adopted upon receiving at least two-thirds of the votes entitled to be cast by members present or represented by proxy at such meeting.
- B. Upon the adoption of such a resolution by the membership, the Chapter shall cease to conduct its affairs except in so far as may be necessary for the winding up thereof, shall immediately cause a notice of the proposed dissolution to be mailed to each known creditor of the Chapter and shall proceed to collect its assets and apply and distribute them as provided in these by-laws.

Section 2. Distribution of Assets - The assets of the Chapter in the process of dissolution shall be applied and distributed as follows:

- A. All liabilities and obligations of the Chapter shall be paid, satisfied and discharged, or adequate provision shall be made therefor.
- B. Assets held by the Chapter upon condition requiring return, transfer, or conveyance, which condition occurs by reason of the dissolution, shall be returned, transferred, or conveyed in accordance with such requirements.
- C. Assets received and held by the Chapter subject to limitation permitting the use only for the accomplishment of the objectives and purposes specified by these by-laws, but not held upon a condition requiring return, transfer, or conveyance by reason of the dissolution, shall be transferred or conveyed to one or more domestic or foreign corporations, societies, organizations engaged in activities substantially similar to those of this Chapter,

ARTICLE XII (continued)

pursuant to a plan of distribution adopted by the Board of Directors. No part of said funds shall inure, or be distributed to the members of the Chapter.

ARTICLE XIV - INDEMNIFICATION OF OFFICERS, COMMITTEE MEMBERS, AND STAFF EMPLOYEES

Every officer, director, committee member, and staff employee shall be indemnified by the Chapter against all expenses, settlement, judgments, or other liabilities, including counsel fees, reasonably incurred or imposed upon such person in connection with any proceeding or threatened proceeding to which such person may be made a party or may become otherwise involved by reason of such person being or having been an officer, director, committee member, or staff employee of the Chapter, whether or not such person is an officer, director, committee member, or staff employee at the time such expenses are incurred. PROVIDED, that no indemnification shall be made where a person has been found to have acted in bad faith or where such person did not reasonably believe that the actions in question were in the best interest of the corporation; and PROVIDED FURTHER that, other than expenses paid to a person who prevails on the merits, no indemnification shall be made unless a court orders such indemnification or a majority of a quorum of those directors not involved in the proceeding vote for such indemnification; and PROVIDED FURTHER that the Chapter shall not indemnify any person where such indemnification would be in violation of any applicable law.

The aforementioned duty to indemnify shall not exceed the treasury funds existing for the Chapter at the time the loss in question is incurred, said funds to include any applicable insurance proceeds.

ARTICLE XV - AMENDMENTS

These by-laws may be amended, repealed, or altered, in whole or in part, by a majority vote of the members provided that a copy of any amendments proposed for consideration shall be mailed to the last recorded address of each member at least thirty (30) days prior to the date of the meeting.