

THE SOCIETIES ACT

PETROLEUM SERVICES ASSOCIATION OF CANADA **(PSAC)**

BY-LAWS

ARTICLE I

NAME

The name of the Society shall be "Petroleum Services Association of Canada" (PSAC) hereinafter referred to as "the Association".

ARTICLE II

MEMBERSHIP

1. Membership in the Association shall consist of three classes; namely Regular Members, Associate Members, and Honourary Members, as hereinafter respectively defined.
2. "Regular Members" means corporations or divisions of corporations, established in Canada and admitted to membership by the Board of Directors, whose business during the preceding accounting year was more than fifty percent by dollar sales volume that of a service, supply, or manufacturing company providing or selling services, supplies, machinery or equipment to the drilling and production segments of the petroleum industry in Canada.
3. "Associate Members" means persons including corporations admitted to membership by the Board of Directors who or which are interested in the affairs of the Association including, without limiting the generality of the foregoing, financial institutions, insurance brokers, banks, and oil and gas explorers and producers.
4. "Honourary Members" means persons designated by the Board of Directors as Honourary Members of the Association in recognition of services rendered by them toward the progress and development of the petroleum or an allied industry or of their accomplishments in national or international affairs.
5. Regular Members and Associate Members may be admitted to membership in the Association upon their application to the Board of Directors for membership in such form as the Board of Directors may from time to time prescribe and upon a resolution approving their admission being passed by three-fourths (3/4) of the Board of Directors present at the meeting.
6. Should the business of an Associate Member change during the course of membership with the Association such that the Associate Member now qualifies for Regular Membership status, the

Associate Member must complete and submit a new membership application for the new category of membership by the end of the current dues term. Associate Membership will be terminated at the end of the current dues term in any event.

7. a) Each Regular Member which is a corporation shall designate, by writing delivered to the head office of the Association, a senior management person to represent and vote for it at all meetings of the members of the Association and each such member may also similarly designate an alternate senior management person to represent and vote for it at any such meeting at which its representative is not present. Each such member may revoke any such designation of a representative or an alternate representative and designate another person as its representative or alternate representative by writing delivered to the head office of the Association at any time and from time to time.
- b) Each Associate Member which is a corporation shall designate by writing delivered to the head office of the Association, a person to represent it at all meetings of the members of the Association. Each such member may revoke any such designation of a representative and designate another person as its representative by writing delivered to the head office of the Association at any time and from time to time.

ARTICLE III

VOTES

1. Each Regular Member shall have one (1) vote at any meeting of the members of the Association provided annual dues of the Association have been paid in full.
2. Associate Members and Honourary Members shall not be entitled to vote at any meeting of the members of the Association.

ARTICLE IV

DUES

1. The annual dues payable by the members of the Association shall be as prescribed from time to time by resolution of the Board of Directors which may prescribe different annual dues for each class of membership in the Association.
2. All annual dues prescribed by the Board of Directors are payable when invoiced. A member whose annual dues are in arrears more than three months shall be liable to expulsion from membership in the Association as provided for in the By-laws.

ARTICLE V

WITHDRAWAL AND EXPULSION OF MEMBERS

1. Any member of the Association wishing to withdraw from membership may do so upon notice in writing to the Board of Directors.
2. On the failure of any member to pay annual dues, any subscription or indebtedness due to the Association, the Board of Directors may cause the name of such member to be removed from the register of members but such member may be re-admitted to membership by the Board of Directors upon such evidence as they may consider satisfactory.
3. The Board of Directors shall have the power, by a vote of three-fourths (3/4) of those present to expell or suspend any member whose conduct shall have been determined by the Board of Directors to be improper, unbecoming or likely to endanger the interest or reputation of the Association or who wilfully commits a breach of the By-laws or the membership agreement of the Association. Recommendation for expulsion of any member of the Association may be proposed to the Board of Directors by any five members of the Association acting jointly. No member shall be expelled or suspended without being notified of the charge or complaint against him or without having first been given an opportunity to be heard by the Board of Directors at a meeting called for the purpose.
4. Any member who resigns, withdraws or is expelled from the Association shall forthwith forfeit all right claim and interest arising from or associated with membership in the Association.

ARTICLE VI

MEETINGS

1. The Association shall hold a regular annual/general meeting for the election of Directors and the transaction of such other business as may properly come before such meeting at such place within the Province of Alberta and at such time in each year as may be fixed from time to time by the Board of Directors. Written notice stating the time and place fixed for holding such annual meeting shall be mailed in a post-paid envelope addressed to the members at their respective addresses as shown on the roll of members of the Association not less than twenty-one days prior to the date set for such meeting, but failure to give such notice or any irregularity in such notice shall not affect the validity of the annual meeting or any proceedings thereat.
2. Special meetings of the Association may be held at any place within Canada upon call by the Chair and approved by a majority of the Board of Directors or upon request in writing, stating the objects of the proposed meeting, signed by one-quarter of the voting members of the Association. Twenty-one days written notice of the time, place, and objects of each special meeting shall be given to each member in the same manner as herein provided for the annual meeting, but failure to give such notice or any irregularity therein shall not affect the validity of any special meeting or any proceedings thereat.
3. A quorum for any meeting of the Association shall be ten (10) percent of the voting membership of the Association as of the date of the meeting.

4. All questions arising at any meeting shall be decided by a majority of the votes cast thereat except where otherwise stipulated by The Societies Act.

ARTICLE VII

BOARD OF DIRECTORS

1. No person shall be qualified to serve on the Board of Directors of the Association unless he is a Regular Member representative in good standing of the Association or the designated alternate thereof.
2. The Board of Directors of the Association shall consist of up to sixteen (16) elected member representatives or their designated alternates together with the immediate past Chair of the Association. Such elected members shall serve for two (2) years and shall be eligible for re-election, and the immediate past Chair shall ex-officio be a Director for a term of one (1) year following his retirement as Chair.
3. In the event of the number of elected Directors being at any time less than fourteen (14), the Directors may appoint a person or persons to fill the vacancy or vacancies, or call a meeting of the members of the Association, until the number of Directors has been made up to fourteen (14). At no time should there be less than twelve (12) elected or appointed directors.
4. The Board of Directors shall have the power to appoint a person to be a Director to fill any casual vacancy occurring in the Board, but so that the total number of Directors shall not at any time exceed the number hereinbefore stipulated. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not ceased to be a Director, and then shall be eligible for re-election.
5. The Board of Directors shall have the power to appoint a person(s) to be a Director but so that the total number of Directors shall not at any time exceed the number hereinbefore stipulated. Any director(s) so appointed shall hold office for a period of up to two (2) years, to be determined by the Board of Directors at the time of appointment, and then shall be eligible for re-election.
6. Any member or members of the Board of Directors may be removed from office and one or others appointed in his or their stead by a resolution passed by at least three-fourths (3/4) of the votes cast at a special meeting of the members of the Association called for that purpose. A person so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed, and then shall be eligible for re-election.
7. At the annual meeting of the Association each year, eight (8) elected Directors of the Association who have completed two (2) years in office shall automatically cease to hold office and eight (8) Directors shall be elected to replace them. A retiring Director shall be eligible for re-election.
8.
 - a) At least thirty (30) days prior to each annual meeting of the Association the Nominations Committee shall prepare and submit to the Board of Directors a list of at least eight (8) qualified candidates for election to the Board of Directors.
 - b) A candidate shall be eligible for election by the Regular Members' representatives if he is a Regular Member representative or the designated alternate thereof.

- c) Any Regular Member representative or the designated alternate thereof may nominate any qualified member representative of the Association or the designated alternate thereof as an eligible candidate for election to the Board of Directors by the Regular Members by filing with the Nominations Committee of the Association at least sixty (60) days prior to each annual meeting the written consent of the nominee so to act.
9. If the term of office as a Director of the immediate past Chair has not expired when he becomes the immediate past Chair, there shall be deemed to be no vacancy on the Board of Directors in respect of the office of Directors to be filled by the immediate past Chair as hereinbefore set forth.
10. The President of the Association shall call the first meeting of the Board of Directors of the Association as soon as practicable following the annual election of members thereof at which meeting the Officers of the Association shall be elected. Such Board of Directors may provide for other regular meetings by resolution and special meetings of such Board of Directors may be held at any time upon call of the Chair of that Board, or, upon his refusal or failure to act, then upon the call of the Vice-Chair of the Association, or upon call of at least twenty-five (25) percent of the members of that Board, provided that at any regular meeting of such Board any business may be transacted while at any special meeting no business shall be transacted except that set forth in the Notice of Call. Notice of special meetings of such Board shall be sufficient if mailed five (5) days, or sent by electronic communication or facsimiled three (3) days before the meeting. The place of meeting, the order of business, and procedure of such Board shall be determined by resolution or otherwise of that Board.
11. The property and business of the Association shall be managed by the Board of Directors who may exercise all such powers of the Association and do all such lawful acts and things as are not by statute or by the By-laws directed or required to be exercised by the members of the Association. The Board of Directors may delegate all or any of its powers to such committees and individuals as are established by it under these By-laws.
12. The Board of Directors may by resolution, designate and increase, or decrease, the number of Board committees. The committees shall have and may exercise only such powers and duties as may be delegated to them by the Board of Directors.
13. Directors, as such, shall not receive any compensation or salary for their services, but nothing herein contained shall be construed to preclude any Director from serving the Association in any other capacity and receiving such compensation as may be provided therefor.
14. Directors shall keep regular minutes of their meetings and report same to the annual meeting or any special meeting of the Association when required.
15. A resolution in writing, signed by all of the Directors of the Association, shall be as valid and effectual for all purposes as if passed at a duly constituted meeting of the Board.
16. A quorum of the Board of Directors for the transaction of business at any meeting of the Directors shall consist of at least forty (40) percent of its members.
17. Questions arising at a meeting of Directors shall be decided by a majority of votes. In the case of an equality of votes, the Chair, in addition to his original vote, shall have a second or casting vote. All votes at any such meeting shall be taken by ballot if so demanded by any Director present, but if no demand be made, the vote shall be taken in the usual way of assent or dissent. A declaration by the Chairman that a resolution has been carried and an entry to that effect in the Minutes shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution. In the absence of a Chairman, his duties may be performed by the Vice-Chair or such other Director as the Board may from time to time appoint for the purpose.

18. No error or omission in giving a notice for a meeting of Directors shall invalidate such meeting or invalidate or make void any proceedings taken or had at such meeting and any Directors may at any time waive notice of any such meeting and may ratify and approve of any or all proceedings taken or had thereat.

ARTICLE VIII

OFFICERS

1. The officers of the Association shall be chosen by the Board of Directors annually at its organization meeting. The officers shall consist of a Chair, one or more Vice-Chairs, and a President. The Chair and the Vice-Chair(s) shall be members of the Board of Directors. The President need not be an elected member of the Board of Directors.
2. The Chair shall preside at all meetings of the Association and of the Board of Directors. He shall be a member ex-officio of all regular or special committees and shall perform such other duties as they usually pertain to his office or as shall be designated by the Board of Directors. The First Vice-Chair shall perform the duties of the Chair in the event of his temporary inability, disability, or absence. The President shall be the custodian of the seal, records, and funds of the Association, shall prepare and have custody of minutes of proceedings of meetings of the Board of Directors and keep the register of members and attend to the giving and serving of notices. He shall sign in the name of the Association all contracts in accordance with the governance policies, and he shall affix the seal of the Association thereto and he shall perform such other duties as are usually pertinent to his office, or as may be required of him by the Board of Directors.
3. In the event of the death, resignation, or permanent disability of any officer, the vacancy caused thereby shall be filled by the Board of Directors.
4. The Board of Directors may appoint such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as may be determined from time to time by the Board.
5. The salaries of all officers and agents of the corporation shall be fixed by the Board of Directors.

ARTICLE IX

HEADQUARTERS

1. The principal office of the Association shall be at such place within the Province of Alberta as may be established at any time or from time to time by the Board of Directors.
2. The Association may have other offices at such place or places as may be fixed by resolution of the Board of Directors from time to time.

ARTICLE X

COMMITTEES

1. The Board may appoint an Executive Committee which shall include not less than three (3) officers of the Association.
2. In addition to the Executive Committee, the Board of Directors may establish and constitute Board Committees.
3. The Board shall name the Chair and members of each Board committee.
4. There shall be a committee designated as “the Nominations Committee”, the membership of which shall comprise of no less than three (3) Regular Member representatives or their designated alternates appointed by the Board. This committee shall be responsible for submission to the Association of a list of qualified candidates for election to the Board at the annual meeting of the Association. A quorum of the Nominations Committee shall consist of at least three (3) members thereof.
5. Each committee shall keep regular minutes and records of their proceedings and shall submit and report same to the Board or to any meeting of the Association when required.

ARTICLE XI

AUDIT

1. The books, accounts, and records of the Association shall be audited at least once each year by a duly qualified accountant appointed for that purpose at the annual meeting, failing which an auditor may be appointed by the Board. A complete and proper statement of the standings of the books for the previous year shall be submitted by such Auditor at the annual meeting of the Association.
2. The books and records of the Association may be inspected by any Regular Member representative or the designated alternate thereof at the annual meeting provided for herein or at any time upon the person desiring to inspect the same giving reasonable notice and arranging a time satisfactory to the officer or officers having charge thereof. Each member of the Board of Directors shall at all times have access to such books and records.

ARTICLE XII

BORROWING POWERS

1. For the purpose of carrying out the objects of the Association, the Board may:
 - a) Borrow or raise money on the credit of the Association.

- b) Limit or increase the amount to be borrowed.
- c) Secure the payment of moneys borrowed or raised in such manner as it thinks fit and in particular by the issue of debentures charged upon all or any of the Association's property (both present and future), but in no case shall debentures be issued without the sanction of a special resolution of the Association duly passed at a meeting of the Association, and upon notice of such intention to borrow or raise and issue debentures for moneys borrowed or raised having been given in the notice calling the meeting.

ARTICLE XIII

INVESTMENT

1. The Board of Directors shall have the power to invest the funds of the Association in such manner and in such investments as from time to time seems advisable to it, if and so long as the investment is one which is authorized by The Trustee Act of Alberta, and amendments thereto for the investment of Trust moneys.

ARTICLE XIV

INCOME

1. The income and property of the Association shall be applied to and towards the promotion of the objects of the Association as set forth in its Application for Incorporation and no portion thereof shall be paid or transferred directly or indirectly by way of dividend, bonus, or howsoever by way of profit to any members of the Association.
2. The interest of any member in the Association or its property shall cease upon such member ceasing to be a member of the Association.
3. Nothing herein contained shall prevent the payment in good faith or remuneration to any officer or servant of the Association or to any member of the Association in return for any services actually rendered to the Association, nor prevent the payment of interest at a rate not exceeding the prime lending rate of a Canadian chartered bank on money loaned or reasonable and proper rent for premises demised or let by any member to the Association.

ARTICLE XV

CORPORATE SEAL

1. The Association shall have a corporate seal in form approved by the Board of Directors, bearing the name of the Association and the words, "corporate seal".

2. The seal shall be kept in the custody of the President.
3. The seal of the Association shall not be impressed upon any document except in the presence of the President or the Chair or a Vice-Chair or any two officers of the Association who may be authorized by resolution of the Board of Directors at any time or from time to time and either generally or in specific matters to execute contracts or other documents on behalf of the Association and to affix its corporate seal thereto.

ARTICLE XVI

BY-LAWS

1. The By-laws may be rescinded, replaced, altered, amended, or added to by special resolution passed by the members of the Association at a special general meeting of the Association duly called for that purpose.
2. Wherever the singular and masculine pronoun is used in these By-laws the same shall be deemed to include plural, neuter, and feminine where the circumstances so require in any case.

ARTICLE XVII

DISCIPLINARY PROCEEDINGS

1. In the event that a written complaint is submitted to the Association which alleges conduct in breach of a member's obligations pursuant to the objects, By-laws, membership agreement, or policies of the Association, the Board of Directors will investigate the complaint in accordance with the following procedure:
 - a) A senior officer (the "designated officer") of the Association designated by the Board of Directors for that purpose will advise the member in writing of the complaint and provide full particulars;
 - b) The member against whom the complaint is made shall be afforded the opportunity to satisfy the designated officer within the time specified by the designated officer that the circumstances giving rise to the complaint no longer exist or are unfounded;
 - c) If the member is unable to satisfy the designated officer within the time specified that the circumstances giving rise to the complaint no longer exist or were unfounded, then the designated officer shall forthwith initiate an investigation of the complaint;
 - d) The designated officer shall be entitled to obtain access to the operations, records, and employees of the member to the extent reasonably necessary to enable the designated officer to become fully informed of the circumstances giving rise to the complaint but subject to such assurances as may be requisite regarding non-disclosure of the member's confidential and proprietary information;

- e) Upon completing such investigation, the designated officer shall report his findings to the next regular or a specially called meeting of the Board of Directors.
2. The Board of Directors shall consider the report of the designated officer and shall determine by a simple majority vote whether or not the member has been guilty of improper conduct, conduct likely to endanger the reputation of the Association, or that the member has otherwise violated the By-laws, objects, membership agreement or policies of the Association.
 3. If the Board of Directors makes a determination that a member has been guilty of improper conduct, conduct likely to endanger the reputation of the Association or that the member has otherwise violated the By-laws, objects, membership agreement, or policies of the Association it may do any one or more of the following:
 - a) By simple majority vote reprimand the member;
 - b) By simple majority vote suspend the membership of the member in the Association and all rights and privileges pertaining thereto for a specified period of time but not exceeding twelve (12) months; or
 - c) Expel the member from membership in the Association but in so doing shall follow the procedural requirements of Article V (3) of the By-laws.