

EMPLOYMENT STANDARDS FACT SHEET

OILWELL SERVICING (Hours of Work, Overtime and Other Standards)

Sections 32 to 35 of the *Employment Standards Regulation* apply to field service employees in the oilwell servicing industry.

This fact sheet provides answers to the most commonly asked questions about the minimum standards for the oilwell servicing industry. The answers reflect minimum standards and do not affect an agreement that provides for greater payment or benefits.

Changes Affecting the Oilwell Servicing Industry Effective July 1, 2000:

- Oilwell servicing employees are exempt from the 12 hour maximum for daily hours of work. Under occupational health and safety legislation, employers must ensure the health and safety of their workers. This includes monitoring hours of work if extended hours of work can affect the health and safety of a worker or their co-workers. Workers have a right and a responsibility to refuse work if it appears unsafe.
- The bonus component of wages can be paid within 10 days after the end of the pay period subsequent to the one in which the bonus was earned.
- For the purpose of calculating general holiday pay, the bonus/incentive component is not considered to be wages.
- The minimum wage of \$7.00 per hour is used to calculate the minimum entitlement to overtime pay under a salary/bonus pay system.
- The minimum wage of \$7.00 per hour is used to calculate the minimum entitlement to pay for time worked on a general holiday under a salary/bonus pay system.

1. What is oilwell servicing?

Oilwell servicing means the work that is necessary for the completion, recompletion or remedial treatment of an oil or gas well when the work is applied in respect of the well. It also includes the supplementary work necessary to the drilling of an oil or gas well. Typical oilwell servicing work involves cementing and stimulation services, wireline and perforating services, drilling fluids and chemical supplier services, and leak prevention services. A more detailed listing of oilwell servicing operations can be found on page 3.

2. Is the actual drilling of the well oilwell servicing?

The actual drilling of the well and work performed with a mobile workover or completion service rig is not oilwell servicing.

3. What is a work day?

A work day means a 24 hour period ending at midnight or a 24 hour period as established by the consistent practice of an employer.

4. What is a work month?

A work month means a calendar month, or the period from a time on a specific day in a month to the same time on the same day in the following month as established by the consistent practice of an employer.

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- Contact our Information Centre at: **427-3731**
(Toll-free in Alberta by dialing 310-0000, then 780-427-3731)
- Visit our Web site at: www.gov.ab.ca/hre/employmentstandards

5. What is the maximum number of hours that an employee may work in a day?

Employment Standards legislation does not restrict hours of work per day in the oilwell servicing industry. An employer and employee must comply with safe work practices in accordance with the *Occupational Health and Safety Act*. Under occupational health and safety legislation, an employer must ensure the health and safety of its workers. This includes monitoring hours of work if extended hours of work can affect the health and safety of a worker or their co-workers. Workers have a right and a responsibility to refuse work if it appears unsafe.

For information about fatigue and safety, refer to the Safety Bulletin from Workplace Health and Safety, "Fatigue and Safety at the Workplace" (Publication No. ERG015.1). A copy of this Bulletin can be obtained from any Workplace Health and Safety office near you or under the "Ergonomics" section of the following web site:

www.whs.gov.ab.ca/publications.

Or contact the Workplace Health and Safety Call Centre at 1-866-415-8690.

6. How many days can an employee work before getting a day off?

An employee must receive 1 day off in a week of 7 days. These days off can be accumulated, allowing an employee to work a maximum of 24 consecutive days followed by 4 consecutive days off.

7. Can an employee be on-call/on standby when on days off?

An employee must not be on-call/on standby on the days off referred to above.

8. Are you considered to be working when on standby at the work site?

Yes, an employee is considered to be working when directed by the employer to wait at the work site.

9. Is being on call at home or away from the work site considered to be work?

No, employees on call are not working. Work starts when the employee arrives at the place where they will be performing a service for their employer. If an employee provides a service over the telephone from home, this is also work.

10. When is travel time considered to be work?

Travel time is work when an employee, whether driver or passenger, goes from:

- ♦ The employer's business or a place designated by the employer to a work site and return, or
- ♦ One job site to another job site.

Note: If an employee is given the **choice** of travelling from their residence to the work site on their own, with a co-worker or using transportation provided by the employer, the time spent travelling to the work site is not considered to be work for the driver or any passengers. However, as soon as an employer directs an employee how to travel to the work site, for example, requiring an employee to take the company bus, the time spent travelling to the work site becomes work for both the driver and any passengers.

11. When does overtime become payable?

Overtime is payable when hours of work exceed 12 in a day or 191 in a work month.

With respect to questions 11, 12 and 13, an employee is eligible for general holiday pay if:

- ♦ *They have worked for the same employer for 30 working days in the 12 months before the general holiday, and*
- ♦ *They worked their scheduled shifts before and after the general holiday.*

12. If an eligible employee does not work on a general holiday falling on a day that normally is a day of work for that employee, how are they to be paid?

The employee is entitled to the average daily wage. Provided that the salary component is at least the minimum wage for all hours worked, the requirement for payment of the average daily wage has been met.

13. If an eligible employee works on a general holiday falling on a day that normally is a day of work for that employee, how are they to be paid?

The employee is entitled to at least:

- ♦ The average daily wage for the general holiday. Provided that the salary component is at least minimum wage for all hours worked, the requirement for payment of the average daily wage has been met, PLUS

- ♦ 1.5 times the minimum wage of \$7.00 (\$10.50) for all hours worked on the general holiday.

14. If an eligible employee works on a general holiday falling on a day that normally is not a day of work for that employee, how are they to be paid?

The employee is entitled to at least 1.5 times the minimum wage for all hours worked on the general holiday.

15. How do you determine if an employee, paid by salary and bonus, has received minimum entitlements for overtime and time worked on a general holiday?

The bonus received in the pay period must be equal to or greater than:

- a) 1.5 times minimum wage for all overtime hours worked, plus
- b) 1.5 times minimum wage for all hours worked on the general holiday.

If the bonus in the pay period is less than this minimum entitlement, the difference must be paid by the employer.

16. An employee receives a bonus of \$800 in the pay period in which he works 20 overtime hours and 10 hours on the general holiday. How do you determine if the employee has received minimum entitlements?

This example assumes that the salary component is at least minimum wage for all regular hours worked, in which case the requirement for payment of the average daily wage for the general holiday has been met.

For overtime hours worked and hours worked on the general holiday:

♦ overtime hours		
	$\$10.50 (1.5 \times 7.00) \times 20 =$	\$210.00
♦ general holiday hours		
	$\$10.50 (1.5 \times 7.00) \times 10 =$	<u>\$105.00</u>
♦ Total		\$315.00

As the bonus of \$800 earned in this pay period exceeds \$315.00, the minimum entitlements have been paid.

17. If a field service employee works in the shop, how is the payment of overtime affected?

When an employee is hired primarily to work as a field service employee, the provisions of the Regulation apply whether or not they are working in the field or performing maintenance work in the shop.

18. When must bonuses be paid?

A bonus must be paid within 10 days after the end of the pay period subsequent to the one in which the bonus was earned. For example, the bonus earned in the month of April must be paid no later than June 10.

19. Is vacation pay payable on both the salary and bonus/incentive component of an employee's pay?

Vacation pay is payable on:

- a) the entire salary portion, and
- b) the portion of the bonus remaining after subtracting overtime (calculated using the minimum wage as the hourly rate).

20. Do the provisions in the Employment Standards Code for notice of termination of employment apply to oilwell servicing employees?

Yes.

Oilwell servicing includes but is not limited to:	
♦ Drillstem testing	♦ perforating
♦ Production or well testing	♦ rathole drilling
♦ open hole testing	♦ air quality monitoring
♦ closed hole testing	♦ oilfield firefighters
♦ wireline	♦ plugging
♦ power tong operators	♦ testing blow out preventors (BOP's)
♦ mud logging	♦ running downhole packers
♦ injecting drilling mud and drilling fluids	♦ installation of submergible pumps
♦ cementing	♦ install electronic drilling rig instrumentation and hydraulic chokes
♦ acidizing	♦ tubing testing
♦ fracturing	♦ well stimulation
♦ swabbing	♦ fishing
♦ tubing and casing pressure testing	
♦ thread cleaning	
♦ logging	