

BUSINESS AVIATION

Time Well Spent



A SUPPLEMENT TO
**Oil and Gas
Investor**
SEPTEMBER 2013

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WHEELS UP

Look at your own calendar and you'll see that traveling frequently for business is a must for getting things done and making the most of opportunities, even for sealing the deal.

Investors in New York and Boston are waiting to see you; bankers in Houston want to meet one more time. Joint-venture partner meetings are on for Tulsa. Those investor conferences in New Orleans, Chicago and San Francisco beckon and are important times to reach out. Your division managers from Odessa, Lafayette and Casper need to fly in to do new budgets. And let's not forget that deal-closing celebration, a round of golf in Cancun with the board of directors.

With corporate aviation, you can execute a strategy in style—or just watch the clouds go by as you ponder your next move.

Traveling by private business jet or private plane makes juggling the schedule all the more palatable and time-efficient. You can easily work or rest on the way, you arrive on time, and you land without the hassles or unforeseen problems that can make you seem tired before the meetings even start.

Private aviation delivers the goods, and with so many benefits: saving time is obviously the biggest one.

For many executives, private aviation is a vital tool that helps move the right people to the right place at the right time—not only to more locations faster, but, to the next level of high-powered corporate results, from being industry players, to industry leaders.

In this special supplement, we have showcased a few of the major providers of aviation services. They are here to help you. Whether it is leasing, buying, fractional ownership or charter, the private aviation industry has many options available, and it offers the latest in safety and technology, all at the ready.

—Leslie Haines, Editor-in-chief, *Oil and Gas Investor*



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Getting A Piece Of The Pie In The Sky

For fast-paced executives who need to make the most of their travel time, there are more aviation options than ever.

by Taryn Peine

As commercial flying becomes more time-consuming, difficult and less reliable, the old saying rings increasingly true: time is money. For many executives, whether responsible for operations in far-flung locations or eager to make their pitch to investors spread equally far apart, private aviation is no longer a perk of the C-suite. It's becoming a necessity for doing business efficiently in the 21st century.

"Scheduled air carriers cannot accommodate executive travel in a timely and cost-efficient manner while maintaining consistent levels of productivity," says Jill Hinder, director of marketing and corporate communications at Executive Air Share, a fractional ownership company. "For the most part, scheduled commercial air travel is painful and costly to executives whose primary objective is growing the company business."

In pure numbers, more than 3% of all commercial flights are cancelled, nearly one-quarter are delayed—and commercial airlines service only 500 of the 5,500 airports in the United States, says Roger Woolsey, chief executive of Million Air, a charter company that also offers aircraft management and jet card membership.

Woolsey describes a client with operations in a remote Wisconsin town that requires two commercial airline stops and a rental car ride to get there, resulting in three days of travel to accomplish one day of work.

Just as smart operations help executives capture oil and gas leases or recover more BOEs, private aviation can help them recapture 70% of the time they would otherwise lose flying commercially, says Keith Harrison, president and CEO of Founders Aviation, a provider of private aviation solutions.

"With commercial aviation, you'll need two or three days for a single travel event," he says. "Corporate aviation can allow you to accomplish two or three events in a single day."

Woolsey says some of the major benefits of private aviation include access to communities with little or no airline services (a real bonus in many small, remote towns that have oilfield operations and district offices), the ability to reach destinations quickly and efficiently, moving equipment, ensuring flexibility, increasing employee productivity and providing security and schedule predictability.

“Private aviation also supports the travel needs of many types of company employees,” he says. “An industry survey revealed 72% of passengers aboard business airplanes are non-executive employees. Companies often send teams of employees to a given destination because it is the most cost-effective means of transport.”

Today’s private aviation is all about recapturing the value of executives’ time, Harrison says. In addition to saving travel time, the newest fleets of private planes offer technology that allows executives to magnify the time saved flying privately by transforming flight hours into working hours. With all of the functionality of Wi-Fi and phone service at the ready and no regulations on powering down during flight, an airplane can easily become an office in the air.



Private aviation is about recapturing executives’ time.

CHOICES, CHOICES

As companies’ aviation needs have evolved, so too have the choices available. In addition to the classic choices of chartering, fractional ownership, jet cards and whole aircraft ownership, there are now in-between options, such as management companies that manage clients’ aircraft and charter it out when they’re not using it, and aviation consulting companies that essentially become out-of-house aviation departments for companies too small to house their own.

Bill McNease, chief pilot at Moser Aviation, suggests running through a checklist before deciding which option is right.

“How many hours are you going to fly per year? That number, along with where you want to fly and how many people you want to transport, will determine what choice is right for your company,” he says.

CHARTERING

Hiring a chartering service to provide a plane for specific flights is the simplest of all the private aviation options. A company with private flying needs of less than 150 hours per year would be well-served through the use of a chartering company, McNease says.

“You can have the tax benefit of writing off the cost of the charter for business, and you don’t have to deal with hiring a crew or taking care of maintenance,” he says. “In the end, it’s just like paying for a seat on a commercial airplane. After your flight, you’re done.”

Aside from the low capital investment, another perk of chartering a private plane is the service.

“Our flight coordinators and professional flight crews are on duty around the clock,” Million Air’s Woolsey says. “Million Air simplifies your travel challenges and you can always be assured a comfortable, safe flight.”

While chartering a plane involves flying privately, it’s more like renting a plane than actually owning one. In this way, chartering has a few drawbacks.

“You will never see the same plane or crew twice,” McNease says. McNease also urges caution when selecting a chartering company.

“Make sure the company has qualified under Argus, Wyvern and IS-BAO,” he says. “These companies do independent audits of charter operators, and their ratings will inform on their safety record.”

JET CARDS

Mike Silvestro, chief executive of Flight Options, refers to jet cards as “debit cards in the sky.” For a company looking to fly between 15 and 40 hours per year, a jet card, which can be loaded with a predetermined number of flying hours and used as needed, is the perfect balance of low capital commitment and access to all the perks of private aviation.

“In terms of commitment level, a natural progression from commercial travel to private travel is typically done through the jet card product,” Silvestro says. “This type of buyer is also, perhaps, but not always, in the early stages of their private flying experience.”

According to Merrill Lynch’s private banking and investment group, jet cards offer a great amount of flexibility, making a plane available for a customer almost anywhere in the U.S. with just a few hours’ notice. However, that flexibility costs money. Jet cardholders pay an annual maintenance fee and approximately 10% more per hour than fractional owners.

FRACTIONAL OWNERSHIP

For companies requiring more than 50 flying hours per year, fractional ownership is often the most effective solution, says Jill Hinds, director of marketing and corporate communications for Executive AirShare, a fractional company.

Fractional ownership involves the purchase of part of a plane, and the more a company purchases, the more hours it is allotted. Because ownership is partial, so are the costs.

“There are several benefits to fractional ownership, from greater flexibility to accelerated depreciation to consistency in service,” Flight Options’ Silvestro says. “Specifically, you are better able to control your flying costs due to the fact that you share indirect operating costs and overheads with other owners, rather than bearing them yourself, as with whole ownership.”

Fractional ownership also gives access to an entire fleet instead of just one plane. This means an aircraft will always be available, and larger aircraft are available for specific travel needs, Silvestro says.

There are a few downsides to fractional ownership to consider. Because this option involves ownership, there are residual value concerns and rate of return on investment to consider. Most fractional programs require a five-year commitment that involves early exit penalties and remarketing fees, Hinds says. Fractional ownership is also not recommended for those with constantly changing travel schedules.

“If you need your aircraft on immediate notice, the minimum eight-to 10-hour call-out time that is required by many fractional

providers may not work best for you,” Silvestro says. “Also, if you want the same pilots on every trip, you will not have that ability with fractional ownership. Many providers have crew members stationed throughout the country for efficient dispatching purposes.”

Many fractional companies also offer other options for those not quite ready to commit to ownership. Executive AirShare offers an equity charter card in the Phenom 100 and aircraft leasing in the Phenom 100, Citation CJ2+ or the Phenom 300, Hindes says. Flight Options offers a hybrid jet card and fractional ownership option, which allows customers access to new technology aircraft in 150-hour increments over 36 months, Silvestro says.

“It’s a hybrid program that combines the simplicity of jet cards and the predictability of fractional ownership,” he says.

MANAGEMENT COMPANIES

Many chartering companies also have a management component to help private jet owners get the most value out of their asset.

“We offer our clients the opportunity to generate revenue from their aircraft because our charter demand is high,” Million Air’s Woolsey says. “Our management programs simplify the complex tasks of aircraft maintenance, operations, crew training, accounting, scheduling and cleaning.”

For those who don’t fly the more than 300 hours per year that is considered full-time use for a private jet, but still want the luxury

of personalizing and owning their own plane, a management company is an excellent option.

“If you don’t mind your plane being chartered while you’re not using it, this option offsets fixed costs and you don’t have to be involved in the personnel issues of hiring a crew and pilot,” says McNease.

This option does take some of the privacy out of the private jet experience, as the owner of the jet does not control who charters it when it’s not in use. However, most management companies can ensure the same crew and pilot will be on the plane and if the plane is down for maintenance, the owner of the plane will have access to one of the management company’s other aircraft, he says.

WHOLE AIRCRAFT OWNERSHIP

When a company’s air travel needs reach 300 hours per year, the metrics of private plane ownership begin to make sense. While purchasing a plane can look as easy as purchasing a car, Jerry Smith, president of JBA Aviation, an aircraft brokerage firm, cautions that car-buying and airplane-buying are like apples and oranges.

“Owning a plane comes with a number of fixed costs,” Smith says. “You have the insurance, the crew, maintenance, the hangar, training and benefits for the crew—and those are all going to remain constant no matter how much you’re in the air. Private aviation



Image courtesy of Executive AirShare

is complicated. Don't go it alone. Find someone who has been in the private aviation business and knows the process and the various options."

Smith believes there are three components to considering aircraft ownership.

"You have to have the need, the want and the wherewithal to do it, meaning the money," he said. "I've met a lot of people with the need and the wherewithal, but they don't want to deal with all the work of owning a plane. For those people, I advise them to go into fractional ownership."



You have to have the need, the want, and the wherewithal to do it (decide on full ownership).

Brokers such as Smith work to put buyers and sellers together, whether that results in the purchase of a used plane from another company, or a brand new plane, such as one of those offered by Piper Aircraft. Piper currently offers both single-engine and twin-engine aircraft, all of which feature Garmin avionics in the cockpit, according to Alba Walcott, marketing coordinator at Piper.

"There are a number of fractional aircraft service companies that offer Piper airplanes," she says. "But customers should also consider outright ownership of Piper's cabin-class aircraft for the advantageous economics of single-engine operation and fuel-efficient performance."

Another consideration with aircraft ownership is the tax advantages that can result from the purchase of a brand-new plane.

"In addition to productivity and time-saving benefits, there are tax advantages based on favorable depreciation schedules," Walcott says. "In some cases, deductions can exceed economic depreciation and generate cash flow to purchase a new Piper airplane."

In a nod to the changing needs of the private aviation customer, many aircraft manufacturers, such as Cessna, are happy to customize a plan to help customers achieve the type of private flying experience they desire.

"Cessna prides itself on its level of commitment to the customer," says Lee Butler, director of global energy business development for Cessna. "We do not adopt a one-size-fits-all approach to customers, because every customer is different, and needs vary across the board. We would encourage customers in-

terested in any type of ownership structure to contact us, as there are many solutions outside of what one would consider traditional aircraft ownership."

PRIVATE AVIATION CONSULTING SERVICES

A final option, which can cover all of the options along the spectrum of private aviation, is private aviation consulting. Harrison's company, Founders Aviation, specializes in helping companies that are considering getting into private aviation to decide what course of action to take; then translating the optimum solution into an aviation program tailored specifically to a company's needs.

"When a company decides to start flying privately, an uninformed decision can be fatal. Diligence is vital," Harrison says. "We provide our clients the information they need to make a wise decision."

Through a series of interviews and research to determine exactly what the aviation needs of the company will be, termed the "playbook phase," Harrison and his team look at the number of flight hours needed, the company's financials and the locations to which the company will most need access.

At the conclusion of their research, they recommend three different aircraft for whole ownership—an optimum solution, a plus-1 solution that is a step up, and a minus-1 solution that is a step down. If whole ownership isn't the best option for the company, Founders Aviation can offer shared ownership, which can be converted to whole ownership should the needs of the client company change.

"Through our full-service management, we essentially become a company's out-sourced aviation department, from inception and creation of the idea, all the way through execution," Harrison says.

With so many options available, choosing the right one for the needs of you and your company is imperative.

"Don't take the advice of a buddy, don't just jump after that half-priced used airplane, and don't underestimate the intricacies of private aviation," Harrison says. "It's a complicated field and it requires professionals to help navigate it."

If done properly, private aviation can extend not only the reach of your company, but also the hours in your day. ■

S&P 500 BUSINESS AVIATION USERS

Industry	% # User	User	Non-User	Total	% of Study
Consumer Discretionary	90%	75	8	83	17%
Consumer Staples	93%	38	3	41	8%
Energy	88%	36	5	41	8%
Financial	82%	67	15	82	16%
Health Care	88%	46	6	52	10%
Industrials	84%	52	10	62	12%
Information Technology	68%	47	22	69	14%
Materials	86%	25	4	29	6%
Telecommunications Services	86%	6	1	7	1%
Utilities	79%	27	7	34	7%
Grand Total	84%	419	81	500	100%

Source: NBAA.org (The National Business Aviation Association)

E&P companies often fly to New York to meet with investors, and private flights make the trip quick and easy.





FOUNDERS AVIATION

The shortest distance to success

So you've finally reached an epiphany: Clearly, you and your employees can no longer continue to effectively conduct business spending endless hours on our nation's congested roadways, or trying to navigate through the rigors of commercial air travel... even the occasional, exorbitant charter flight just isn't adequately providing the regularity or efficiency your business strategy demands. So what else is out there, and where do you begin?

Do these questions sound familiar? If so, you're not alone. Nearly all Founders Aviation clients start from a similar vantage point, and our service programs were designed with you in mind.

Transitioning into a full-service, corporate aviation program is a major decision. When done right, it can help catapult your company well ahead of any competitor, as the catalyst for unmatched strategic capability. But when improperly planned and executed, significant consequences often result that are extremely difficult to rectify.

There are two overarching principles: First, corporate aviation is not simply "buying a plane" or "purchasing a share". And second, what's ideal for one business circumstance is often vastly different from another. Similar to the research and diligence oil and gas companies perform when deciding whether or not to drill in a specific location, the level of effort preceding a corporate aviation decision is comprehensive and in depth.

Founders Aviation initiates services for all clients (from as large as publically traded companies to individuals of varying levels of wealth) using derivations of our proven developmental process. Guiding questions are highlighted below, and used to assemble a turnkey, customized plan... unique to your needs:



Using corporate aviation, clients immediately increase productivity, converting what would have been a two- to three-day requirement to accomplish a single business event into the ability to complete two to three events, often in different cities, in a single day.

Step 1: Operational Assessment. Independent of anything having to do with aviation, what problems are you trying to solve? Are there roadblocks to productivity that you just can't seem to conquer? Are you trying to expand your market share but uncertain how to get the expertise you've built to the new territory you're acquiring?

What would you do differently than you're doing right now if you had access to a dedicated support platform? Are you looking to transform your productivity in entirety? Is quality of life a factor for varying team members, and would their performance improve if given the chance? Can you quantify things like time away from the office, overall productivity, or direct versus indirect costs of operation?

Once we explore these and other similar questions with your executive leadership, a profile often emerges that guides the remaining solution.

Step 2: Financial Analysis. What is your institution's cost of capital? Does it make sense for you to purchase something like this? And if you do that, does an outright cash purchase or a financing arrangement better suit your financial situation? How can we best structure the tax profile and legal framework of the ownership entity? You do know there are quite a few taxes that come into effect with corporate aviation (federal, state, local, excise, franchise, sales, use, property taxes, etc...), don't you?

With that list in mind, how do we set things up to avoid them? What offsets, deductions, and depreciation scenario can we invoke to recapture the value of the capital you're committing? Understanding the impacts of each of these questions is vital to ensuring the development of a well-tailored, efficient, effective solution for the long run.



FOUNDERS AVIATION

Step 3: Aircraft & Service Programs. New or used? Large, small, or both? Your “buddy” the broker is claiming he can get you a “magical” aircraft for “HALF-price”... is he really being honest? (Hint, hint: the answer here is ALWAYS no!) How old is “too old”? Are there technology tradeoffs and improvements in later-year models; and if so, what are they?

What if you get a used aircraft and sink a bunch of money into it to “improve” and “refurbish” it... is it worth doing that? How does depreciation change if you purchase something new versus something used? What if you don’t need a whole aircraft... can you share it; and if so, how do you do that? What support programs are there to ensure this thing keeps running at its peak performance? Is this aircraft actually safe enough to commit yourself, your employees, and your family to frequently using it?

Once the operational assessment (Step 1) and financial analysis (Step 2) are complete, it’s time to place the optimum aircraft into the identified mission. Founders utilizes only safe, new-technology aircraft from proven manufacturers, and conducts extensive research and diligence to ensure an effective combination.

Step 4: Execution. Where do you find “good” pilots? What is a “good” pilot? And how do you keep the “good” pilot “good”? What about logistics... do you have to become an expert in “aircraft management” to do this? What about safety and training programs? At Founders Aviation, we take “turnkey” to an entirely new level. Not only do we work with you in the early stages to assemble an optimum program, but we then remain by your side as your outsourced flight department. From program inception and creation, through execution and day-to-day management, we’re there. Always. For you.

Aircrew remain under our Safety Management System, backed by our training programs, employed by Founders Aviation, and on our payroll. Otherwise, they’re answering to themselves, while you’re bearing all the risk. So often overlooked, logistics are

fundamentally administered through our professional team of experts, armed with our proprietary Digital Management System. Scheduling, dispatch, accounting, expense tracking, legal and tax application, maintenance and servicing... simply put, Founders covers it all.

Step 5: Succession Planning. So we’ve answered the immediate problem and have a complete system up and running... Now what? Do you plan to hold onto the aircraft in question for 15 to 20 years, and keep flying it until the wings fall off? Or is there a better way to preserve your equity? What if your corporate or personal needs change over time? How long is “too long” to own/use an aircraft? Maybe now is a good time to get going with something smaller,



Keith Harrison, President and CEO of Founders. MBA, Strategy & Finance, University of Texas; BS, Systems Engineering, University of Virginia. Retired U.S. Naval Aviator: Test Pilot, Weapons School (Top Gun) Instructor, Distinguished Flying Cross Awardee.

then plan a transition point in a year or two for something larger... can you do that?

Most aircraft owners/users never even contemplate what comes next once an aircraft program is active, and often find themselves in situations that are untenable. What comes next is just as important as what you begin

with, which Founders constantly evaluates to ensure an optimum solution remains in place.

One final piece of advice, and part of every Program Development phase Founders undertakes: Make sure your potential provider quantifies their solution with a detailed comparative analysis of the many options available to you, including: what you’re doing now, commercial air, chartering, fractional, etc. If they are unable to do so, what confidence does that give you they’re the right fit? Ensure you’re not looking at direct costs alone, but ALL factors involved. Value provided should go far beyond simple cash flow.

Finally, understand that sometimes the RIGHT answer is actually NOT to move forward with a corporate aviation program. Occasionally we find no cost offset or pro-

Similar to the research and diligence oil and gas companies perform when deciding whether or not to drill in a specific location, the level of effort preceding a corporate aviation decision is comprehensive and in-depth.

ductivity increase capable of justifying the commitment. Better to work toward a solution that eventually will make sense, than push a bad position up front.

Founders Aviation looks forward to having our unique team of business professionals, legal experts, CPAs, experienced aircrew, and dedicated logisticians construct and execute a corporate aviation program that truly makes a difference for you, your business, and your family. We are “The Shortest Distance to Success!”



FLIGHT OPTIONS

Value and service fuel growth

Any corporate entity that can boast 30% growth in sales after the most challenging period in its industry's history has planned its recovery well. Flight Options, in fact, has reported double-digit growth in the past three years. But year-over-year sales increased at an even brisker pace last year, as the second-largest firm in private aviation took delivery of several innovative new aircraft types, expanded its Jet Membership Club program, and saw its fractional business rebound by 35%. In the last two years, Flight Options has taken delivery of more new aircraft than any of its competitors.

Flight Options' Jet Membership Club program has become its leading driver of growth. But its fractional ownership business has also posted huge market-share gains in the last two years, thanks largely to deliveries of new aircraft like the Phenom 300 and Nextant 400XT as well as the Citation X. Between the 400XT and Phenom 300, Flight Options says that it now has the best products in the super-light and light-jet categories.

The synergy between its value-laden programs and best-in-class fleet has been the driving force behind recent growth for Flight Options. Last year, the Cleveland-based company saw 70% growth in its "conquest sales," or clients who left a competitive brand to join Flight Options. That is proof that veterans of private aviation not only understand Flight Options' fiscal and operational advantages, but are willing to leave other firms for a more beneficial relationship with a financially secure provider.

Another major driver of growth last year was the highly popular Embraer Phenom 300 and Nextant 400XT aircraft. Flight Options began to take delivery of the first of 100 Phenom 300s in 2010, and the aircraft has



As the fastest business jet in the world, the Flight Options Citation X seats eight passengers comfortably and offers amenities such as in-flight Wi-Fi and a fully stocked galley.

proven extremely popular with both fractional owners and Jet Club members who appreciate its best-in-class attributes. The clean sheet Phenom 300 boasts the longest range in its category, 2,298 sm, with superior fuel economy that soars above most turbulence and air traffic. The super-light jet, with more headroom and legroom than other seven-passenger jets, also has Wi-Fi to maximize business travel. The Nextant 400XT also sets new standards for efficiency and range. The company states that there's nothing like this light jet on the market. By modifying the Hawker 400 with new engines and aerodynamic enhancements, Nextant Aerospace was able to increase the aircraft's range, make it more efficient and lowering its operating costs.

Flight Options continues to lead the industry in safety. It is the only fractional provider to be awarded six consecutive bi-annual Platinum awards from the industry watchdog ARG/US, and its Cleveland-based maintenance facilities, with AMT-certified mechanics, have gained eight FAA Diamond

Awards. Its Operations Control Center, modeled after NASA's Houston Control Center and Delta Airlines' Atlanta facilities, has teams of professionals using the most advanced proprietary software in general aviation, monitoring flights on a 24/7 basis. Three rows of computer banks, manned by veteran dispatchers, meteorologists, chief pilots and other flight professionals, face a center array of projection screens.

Clients also enjoy an unusually high level of service, and each Owner or Member is assigned a personal Owner Services Team familiar with preferences. Members of the team, trained by a five-star luxury hospitality company, schedule flights, plan itineraries and order catering. Flight Options teaches team members to anticipate clients' needs and respond to them. The company's core philosophy, in both safety and service, is to attain nothing short of a gold standard for all Flight Options' clients, down to the smallest detail. **For more information on Flight Options, call 877.703.2348 or visit www.flightoptions.com.**

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EXECUTIVE AIRSHARE

Own the day, not just a few hours of it

Now that Executive AirShare has added the Cessna Citation CJ2+ to its fleet of jets and turboprops, picking the perfect fractional aircraft just got easier.

The Citation CJ2+ lands perfectly between the Embraer Phenom 100 and 300, giving you even more options to elevate your air travel with Executive AirShare. Plus, you can also choose the economical and efficient Beechcraft King Air 350 turboprop, which is a favorite with shareowners in the oil and gas industry. They all come together to make a fleet that's perfect to fly you into smaller airports near different basins and shales.

Unlike other fractional programs, your aircraft is yours for the whole day, not just a few hours of it. Executive AirShare offers the only day-based fractional ownership program in the industry, giving you more freedom to get down to business in the field and less hassle worrying about hours. This day-based model is only possible through Executive AirShare's cost-effective regional program that keeps your aircraft and your familiar pilots with you whenever you fly. In other words, your aircraft is always waiting on you, not the other way around.

Best of all, this intentionally regional model saves you money. Executive AirShare operates out of convenient hubs right in the heart of oil and gas country, including bases in Kansas, Missouri, Oklahoma, Nebraska and Texas. National fractional programs must build in the significant costs of repositioning empty aircraft by shuttling them across the country from owner to owner. But with Executive AirShare, there's much less repositioning and shuffling aircraft around the country, which keeps costs down and lets Executive AirShare pass the savings on to you.



With room for up to nine passengers, the Super King Air 350 can transport an entire team in comfort.

Whether you need to fly engineers into a different remote field location every week or you just need to travel more efficiently than flying commercial, Executive AirShare has a program that will fit your needs.

Unlike other fractional programs, your aircraft is yours for the whole day, not just a few hours of it.

Fractional ownership with Executive AirShare gives you the most flexibility and best pricing of any fractional program you'll find. As a shareowner, you gain all the benefits of private ownership while sharing the costs with other participants. You'll have your aircraft at your disposal for a certain

number of days per year so you can decide when and where you want to travel.

If you're not quite ready for a long-term commitment and up-front acquisition cost, you can still get most of the benefits of fractional ownership with the LAUNCH leasing program. Executive AirShare offers 100, 200 or 300 levels of the LAUNCH program, giving you the flexibility to pick the perfect combination of days and the aircraft to best suit your needs. And no matter which level you choose, you'll enjoy first-class service from friendly crews and familiar aircraft, all for the lowest rates in the industry.

It's time to get on board with intentionally regional and Executive AirShare. Find your perfect flight plan and start getting the unmatched service and savings that only come with Executive AirShare.

To see what's possible with Executive AirShare, visit ExecAirShare.com.

One.



Phenom 100

Two.



Citation CJ2+

Three.



Phenom 300

Go.

Introducing the Citation CJ2+ to the Executive AirShare fleet.
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Learn how to elevate your air travel at ExecAirShare.com or call 866.946.4900.





PIPER MERIDIAN

Energy Service Co. gains time with Piper Meridian

Energy Service Co.'s mission statement says a lot about the company. It includes the question: "What and how can we do better?"

It's a question that gets asked of every employee at the start of each day because the Bowie, Texas-based company's goal is to always go above and beyond any other service provider by anticipating customers' needs and by perfecting existing service.

One daily question that doesn't beg for an answer lately is how can Energy Service Co. better meet with its remote customers and provide those oil and gas operators with the equipment, personnel and expertise to achieve optimum producing conditions.

Doing more in less time

Able answering that question is the company's recent acquisition of a new M-Class Piper Meridian single-engine turboprop aircraft, based at its headquarters in Bowie. The Meridian is doing two things it does best: boosting productivity and saving the company the precious commodity of time. Energy Service Co. bought the Piper Meridian from Larry Johnson of Cutter Aviation, Piper's dealer based in McKinney, Texas.

Nearly every business day and on many weekends, the Piper Meridian meets a customer need throughout the company's prime service regions that include the oil and gas industry in North Texas and the Fort Worth Basin. In addition to corporate headquarters, other Energy Service Co. equipment and crew centers operate in East, South and West Texas and in Western Oklahoma.

Bruce Barber is a 30-year industry veteran who has been with the company for four years. He heads the company's East Texas division and is in the airplane several



Energy Service Co.'s new Piper Meridian before leaving the Piper factory.

days a week flying out to customers much faster than before the airplane acquisition. In the first two months of ownership, the Piper has logged nearly 40 hours in the air, mostly over the sprawling Texas geography.

Barber lauds the single-engine Meridian's economical acquisition and operational costs. "We bought it for the sole purpose of short trips, you know, here in Texas, Oklahoma and Louisiana. It's perfect for that." The company owns and operates 43 work-over rigs scattered across its service area and has grown to more than 400 employees.

About half the time, when Barber is not in the Piper, Chief Operating Officer and Chief Financial Officer Todd Brown uses it to conduct company business. As a younger family man, he appreciates the airplane's ability to get him home in time for dinner after being on the road all day.

Meeting customer needs more quickly

"We have expanded tremendously in the last three years," Barber says. "We were mostly North Texas-based. Now we are in South Texas and West Texas, and we even

have a rig in Oklahoma. But you waste so much time driving. You cut about a six-hour drive from Bowie to San Antonio down to an hour. It saves us time. Driving wears on you, makes you tired, and this plane gets you there so fast and back. It's just wonderful.

"We are now able to get in front of our customers more, and faster. When they call a meeting, we are able to get there, no matter how fast we are needed. This week we've been very busy. COO Brown was in San Angelo Monday and Tuesday. Tomorrow about 7 o'clock in the morning, the flight crew is going down to Austin to pick up one of the executives of the company and flying him to Taos. Then they'll fly back to Bowie."

Energy Service Co. began in 1975 with two double/triple well service rigs and 12 employees, with Tim Hall at the helm. Since that time, the company has grown to be the largest privately held well service contractor in the Fort Worth Basin and North Texas area. Today, Energy Service Co. is still led by Hall and thriving with a business family comprising experienced, dedicated oilmen and new energetic and committed talent.



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Getting There Is Half The Battle

Planes and trains play a critical role in moving work forces and supplies where they are needed most.

The oil and gas boom is even being felt by Amtrak, the country's passenger train system. Shown here is the Empire Builder making its way through Glacier National Park. (Image courtesy of Amtrak)

As exploration and development heats up in North America's boom towns, so does the need to move people in and out. Commercial airlines have responded by adding flights and streamlining schedules to make access easier. Delta Airlines has added two round-trips per day from Minneapolis to Williston, N.D., to try to accommodate the increased demands.

"Williston is conveniently located near hundreds of drill sites on the Bakken oil reserve, and the Williston market has demonstrated considerable recent growth due to oil and gas production," said Joe Esposito, Delta's managing director of domestic network planning. Delta also added six new flights from New York's La Guardia airport to Pittsburgh, hub of the Marcellus shale activity, in July 2012, and Southwest Airlines added an additional flight from Houston Hobby to Pittsburgh in April 2013. In September, Alaska Airlines began operating a flight between Seattle and San Antonio, the heart of the Eagle Ford exploration efforts.

The flights will use a Boeing 737-800 aircraft, accommodating 16 passengers in first class and 141 in the main cabin.

United added three round-trip flights per day to Williston from its hub in Denver in November 2012. This United Express service operates with Embraer ERJ-145 regional jet aircraft providing 50 economy seats on each flight.

"These additional services underscore three commitments: To fly where our customers want to fly, to introduce new flights where we can profitably do so, and to be the clear leader in service and choice in each of our hub cities," said United Airlines executive vice president and chief revenue officer, Jim Compton.

United said it stays tuned in to the fluctuating demands of the oil and gas industry and has recently started flying between Denver and Shreveport, Louisiana; Denver and Anchorage, Alaska; seasonal service to Fairbanks, Alaska; and added a second daily flight between Houston and Edmonton (Canada), "all to capture energy demand," a company spokesperson said.

GOING BY RAIL

The boom effect is even being felt by Amtrak, the country's passenger train system. Amtrak ridership is up on the route between New York and Pittsburgh by 2.2% over last year, to more than 212,000 riders. San Antonio is Amtrak's second busiest station in Texas, but the biggest exploration-related impact for Amtrak has been in North Dakota, where ridership has increased so much that the stations have had to expand in both Williston and Stanley to create more space for the massive influx of riders, said Marc Magliari, Amtrak media relations manager.

"These stations have been overwhelmed with the volume of passengers, and waiting times for check-in and boarding were growing long, so we expanded," Magliari said. "We had to create more space."

Amtrak's Empire Builder route starts in Chicago and terminates in either Portland, Oregon, or Seattle, passing directly through the heart of Bakken shale country.

"Due to the recent oil and natural gas boom in northwest North Dakota, Amtrak ridership in fiscal-year 2012 at Williston and Stanley, North Dakota, are both expected to about double from fiscal-year 2011 levels," the company said. "As a result, the increase in ridership at Williston will make it one of the top origins/destinations along the Empire Builder route."

"Just two years ago, in 2010, Williston's ridership ranked 11th among the route's 46 stations. In 2012, it is expected to jump to sixth. Stanley's ridership in 2010 was among the lowest along the route at 39th, but this year it is expected to rise to around 23rd."

Magliari said Amtrak is an economical travel alternative to flying for the rotational workers in the oilfields. "Workers are

taking Amtrak to Williston and Stanley from throughout the U.S. During the first seven months of fiscal-year 2012, riders boarded at 216 different Amtrak stations to reach Williston (including both connections and nonconnections), up more than 76% from the same period in fiscal-year 2011. Stanley showed similar percentages of increase."

Amtrak is also eyeing growth related to the Bakken exploration efforts in Montana, and although Magliari could not yet say if additional service would be offered or where the next station expansion might be undertaken, he did say that he has been "hearing rumbles about Shelby, Montana" as another location that may be under review.

THE PRIVATE OPTION

Executives, investors, service providers, and work crews vie for the same limited seats on commercial carriers, but sometimes these travelers can't wait for a pre-determined schedule. One solution is to use private planes and jets.

"Business aviation picks up where passenger air travel ends—which in most instances, is far short of where the oil and gas experts need to be," said Lee Butler, manager of business development for Cessna Aircraft in Wichita, Kansas.

"A private aircraft gives travelers a great deal of flexibility on both ends of the trip," Butler said. "For example, if key personnel unexpectedly need to stay in North Dakota for a few extra hours, they can still fly out when the work is done, without fear of missing a connection or being absent from a meeting the next morning. Or, if a potential investor or local official requests a last-minute



The boom in the Bakken shale in North Dakota has sparked an increase in train and plane service to the region.



face-to-face, they can proceed without fear of missing a commercial flight back to a hub.”

One issue that is always a concern when traveling is cost. While it may be cheaper to send an individual employee via a commercial airline, sending a group by private jet may cost less than buying several tickets on a common carrier and may also save valuable time. Butler compared a trip from Houston to Williston, N.D., epicenter of the Bakken shale action. There are no direct flights to Williston from Houston, so at least one plane change is required. Total travel time is between seven hours and eight hours. Add in the check-in time of an additional 1.5 hours, and the travelers are looking at a day-long ordeal—and that is without the unexpected delays that are always possible.



"Oil executives, investors, and other crucial personnel live in the 'time is money' world, and their destinations are often off the beaten path."

The same trip on a seven-passenger business jet with a range of 1,875 nautical miles might take three hours and 20 minutes, plus approximately 10 minutes to board. Williston is 1,157 nautical miles from Houston, so no stops are necessary. The total cost on a commercial airline for six travelers is around \$9,000. The direct operating cost for a CJ3 for the same trip, said Butler, is about \$8,300.

“When the wheels touch down and the door opens, you are minutes from where you need to be,” Butler said. “Compare that with the inefficiency of two commercial legs, time for security and layovers, cab fare or a rental car from whichever airport might be nearest. All told, it’s at least twice the amount of time to fly commercial. Oil executives, investors, and other crucial personnel live in the ‘time is money’ world, and their destinations are often off the beaten path. Business aviation is for leaders who don’t want to be limited by the airline’s route map.”

Flexibility is a key factor when choosing a business aircraft over commercial service. If plans change, the traveler risks trying to get seats on a potentially sold-out airline and having to spend the night at one of the area’s booked-solid hotels—so advance planning is always necessary. On a private jet, meetings can run long, and the traveler can travel comfortably all the way home, avoiding the scramble to find accommodations

and the headache of rearranged schedules.

The business jet option offers other benefits, as well. Companies can send their most valuable people out and never lose contact, because of the modern connectivity features offered during a private flight, including phone and internet access. On a commercial aircraft, rarely can a group of travelers all sit together, and even if they do, work space is constricted and no conversation is confidential.

Another consideration is the ability to visit multiple locations in a single trip—something that can be challenging to arrange when constricted by a commercial flight schedule. Additionally, items that commercial airlines cannot allow on board—oil samples and other liquids, tools, and some materials, for instance—can easily and safely be carried onto private aircraft.

There are 551 commercial (airline-serviced) airports in the U.S., and only 70 “major” airline airports. In contrast, there are 5,168 public-use airports in the country. This means more accessibility, no matter how remote the location.

Some companies opt to purchase their own aircraft, some charter on an as-needed basis, and some take advantage of fractional ownership arrangements, where planes are shared with others and are dispatched to a client’s requested location within a certain timeframe. Associated costs of plane ownership include fuel and maintenance, pilot salaries, hangar costs, and, of course, the cost to acquire the craft.

A charter can be arranged by calling the local fixed base operations center at the nearest airport or contacting an aircraft charter company. Charter cost is based upon the time of the trip, and an overnight stay may incur a per diem charge for the pilots. If the aircraft stays several days, then there can also be a minimum charge.

“The business jet’s usefulness can be measured in the value of the time it gives back to owners and their staff,” Butler said. “Airlines provide a valuable and much-needed service. But airlines perform within boundaries and timeframes where they make money, and the convenience and flexibility possible with business aviation is simply not available with commercial air travel.

“For the quality of life and the efficiency it delivers, and for allowing work to be done in remote areas and then having those people back at their own homes that very evening—that’s the value that business aviation offers that cannot be measured.” ■



A Cessna Caravan operates from a remote landing strip. (Image courtesy of Cessna Corp.)