Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2010

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [ ] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

C If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

D Check box if filing under:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
MALCOLM DRILLING CO., INC., PROFIT SHARING PLAN

1b Three-digit plan number (PN) ▶ 002

1c Effective date of plan 07/01/1976

2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.)
MALCOLM DRILLING CO., INC.

92 NATOMA STREET, SUITE #400
SAN FRANCISCO, CA 94105

92 NATOMA STREET, SUITE #400
SAN FRANCISCO, CA 94105

2b Employer Identification Number (EIN)
94-1671918

2c Sponsor's telephone number
415-901-4400

2d Business code (see instructions)
238900

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/14/2011	JOHN MALCOLM
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same")
MALCOLM DRILLING CO., INC.

92 NATOMA STREET, SUITE #400
SAN FRANCISCO, CA 94105

3b Administrator's EIN
94-1671918

3c Administrator's telephone number
415-901-4400

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:

a Sponsor's name

4b EIN

4c PN

5	Total number of participants at the beginning of the plan year	**5**	199
6	Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**).		
a	Active participants	**6a**	135
b	Retired or separated participants receiving benefits	**6b**	2
c	Other retired or separated participants entitled to future benefits	**6c**	59
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	196
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	3
f	Total. Add lines **6d** and **6e**	**6f**	199
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	199
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	7
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
2E

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply)

(1)		Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

(1)		Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

(1)		**R** (Retirement Plan Information)
(2)		**MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
(3)		**SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

(1)	X	**H** (Financial Information)
(2)		**I** (Financial Information – Small Plan)
(3)		**A** (Insurance Information)
(4)	X	**C** (Service Provider Information)
(5)		**D** (DFE/Participating Plan Information)
(6)		**G** (Financial Transaction Schedules)

SCHEDULE C (Form 5500)	Service Provider Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ **File as an attachment to Form 5500.**	**2010** **This Form is Open to Public Inspection.**

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan	**B** Three-digit plan number (PN) ▶	
MALCOLM DRILLING CO., INC., PROFIT SHARING PLAN		002

C Plan sponsor's name as shown on line 2a of Form 5500	**D** Employer Identification Number (EIN)
MALCOLM DRILLING CO., INC.	94-1671918

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. . . . . ☐ Yes ☒ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

HEMMING MORSE, INC.

160 SPEAR STREET, SUITE #1900
SAN FRANCISCO, CA 94105

94-2723629

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
10	AUDITOR	8800	Yes [ ] No [X]	Yes [ ] No [X]	0	Yes [ ] No [X]

(a) Enter name and EIN or address (see instructions)

PENSION PLANNING SERVICE, INC.

48 PARK ROAD
BURLINGAME, CA 94010

94-1586677

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
13	N/A	7670	Yes [ ] No [X]	Yes [ ] No [X]	0	Yes [ ] No [X]

(a) Enter name and EIN or address (see instructions)

LS INVESTORS ADVISORS, LLC

555 CALIFORNIA STREET
STREET 3300
SAN FRANCISCO, CA 94104

26-2620361

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
51	N/A	29603	Yes [ ] No [X]	Yes [ ] No [X]	0	Yes [ ] No [X]

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
HEMMING MORSE, INC.	10	8800

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
HEMMING MORSE, INC. 160 SPEAR STREET, SUITE #1900 SAN FRANCISCO, CA 94105 94-2723629	

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
PENSION PLANNING SERVICE, INC.	13	7670

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
PENSION PLANNING SERVICE, INC. 48 PARK ROAD BURLINGAME, CA 94010 94-1586677	

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
LS INVESTMENT ADVISORS, LLC	51	29603

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
LS INVESTMENT ADVISORS, LLC 555 CALIFORNIA STREET STREET 3300 SAN FRANCISCO, CA 94104 26-2620361	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

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Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN;
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN;
c	Position:	
d	Address:	**e** Telephone:

Explanation:

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2010

This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan
MALCOLM DRILLING CO., INC., PROFIT SHARING PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
MALCOLM DRILLING CO., INC.

D Employer Identification Number (EIN)
94-1671918

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	1238881	1036340
(2) Participant contributions	1b(2)		
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	337944	176803
(2) U.S. Government securities	1c(2)	0	0
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)	0	0
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)	9666123	16037854
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)	0	0
(7) Loans (other than to participants)	1c(7)	0	0
(8) Participant loans	1c(8)	0	0
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	2776290	0
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)		
	(2) Employer real property	1d(2)		
e	Buildings and other property used in plan operation	1e		
f	Total assets (add all amounts in lines 1a through 1e)	1f	14019238	17250997
	Liabilities			
g	Benefit claims payable	1g		
h	Operating payables	1h		
i	Acquisition indebtedness	1i		
j	Other liabilities	1j	0	
k	Total liabilities (add all amounts in lines 1g through1j)	1k	0	
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	14019238	17250997

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

	Income		(a) Amount	(b) Total
a	**Contributions:**			
	(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)	1036340	
	(B) Participants	2a(1)(B)		
	(C) Others (including rollovers)	2a(1)(C)		
	(2) Noncash contributions	2a(2)		
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		1036340
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	729	
	(B) U.S. Government securities	2b(1)(B)		
	(C) Corporate debt instruments	2b(1)(C)		
	(D) Loans (other than to participants)	2b(1)(D)		
	(E) Participant loans	2b(1)(E)		
	(F) Other	2b(1)(F)		
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		729
	(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
	(B) Common stock	2b(2)(B)	124305	
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	32214	
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		156519
	(3) Rents	2b(3)		
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)		
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)	2769059	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		2769059
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		3962647
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	683990	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		683990
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)	8800	
(2) Contract administrator fees	2i(2)	7670	
(3) Investment advisory and management fees	2i(3)	29603	
(4) Other	2i(4)	823	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		46896
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		730886
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		3231761
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) [X] Unqualified (2) [ ] Qualified (3) [ ] Disclaimer (4) [ ] Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? [ ] Yes [X] No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: HEMMING MORSE CPA'S & CONSULTANTS (2) EIN: 94-2723629

d The opinion of an independent qualified public accountant is **not attached** because:

(1) [ ] This form is filed for a CCT, PSA, or MTIA. (2) [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

		Yes	No	Amount
a	Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a		X	
b	Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X	
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		2000000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? If yes, enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☒ **No** **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)

Malcolm Drilling Company, Inc.

Profit Sharing Plan

Schedule of Investment

December 31, 2010

Asset Description	# of Units	Market
Waterhouse		
Apple Computer	500	161,280.00
Bank of America	50000	667,000.00
Berkshire Hathaway	30	3,011,250.00
Boeing	2400	156,624.00
Citigroup	350000	1,655,500.00
Microsoft	150000	4,186,500.00
Wells Fargo	80000	2,479,200.00
		$ 16,037,854.00
TOTAL MARKET VALUE OF INVESTMENTS		$ 16,037,854.00

MALCOLM DRILLING COMPANY INC.
PROFIT SHARING PLAN AND TRUST

FINANCIAL STATEMENTS

December 31, 2010 and 2009

MALCOLM DRILLING COMPANY INC. PROFIT SHARING PLAN AND TRUST
FINANCIAL STATEMENTS
December 31, 2010 and 2009

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HEMMING
MORSE, INC.
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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Malcolm Drilling Company Inc. Profit Sharing Plan and Trust

We were engaged to audit the accompanying statements of net assets available for benefits of the Malcolm Drilling Company Inc. Profit Sharing Plan and Trust as of December 31, 2010 and 2009, and the related statements of changes in net assets available for benefits for the years then ended and supplemental schedules as of December 31, 2010 and 2009. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Malcolm Drilling Company Inc. Profit Sharing Plan and Trust as of December 31, 2010 and 2009, and the changes in net assets available for benefits for the years then ended and supplemental schedules as of December 31, 2010 and 2009 in conformity with accounting principles generally accepted in the United States of America.

Hemming Morse

San Francisco, California
October 12, 2011

EXHIBIT A

MALCOLM DRILLING COMPANY INC. PROFIT SHARE PLAN AND TRUST
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2010 and 2009

ASSETS

	2010	2009
Investments (Notes 2C and 3)	$ 16,187,681	$ 12,754,215
Cash	26,977	26,141
Receivables (Note 1B):		
Employer	1,036,340	1,238,881
Total Assets	17,250,998	14,019,237

LIABILITIES

Liabilities:	-	-
Total liabilities	-	-
Net Assets Available for Benefits	$ 17,250,998	$ 14,019,237

The accompanying notes are an integral part of the financial statements.

EXHIBIT B

MALCOLM DRILLING COMPANY INC. PROFIT SHARING PLAN AND TRUST
STATEMENTS OF CHANGES IN NET ASSETS
AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED December 31, 2010 and 2009

	2010	2009
Additions (Note 1B):		
Employer contributions	1,036,340	1,238,881
Investment income:		
Realized and unrealized gain/(loss) on investments, net (Note 3)	2,769,059	1,981,679
Interest and dividends	157,248	195,464
	2,926,307	2,177,143
Total additions	3,962,647	3,416,024
Deductions:		
Benefits paid to participants (Notes 1C and 2C)	683,990	341,308
Professional services:		
Administrative fees	46,896	46,084
Total deductions	730,886	387,392
Net increase/(decrease) in net assets available for benefits	3,231,761	3,028,632
Net Assets Available for Benefits:		
Beginning of year	14,019,237	10,990,605
End of year	$ 17,250,998	$ 14,019,237

The accompanying notes are an integral part of the financial statements.

MALCOLM DRILLING COMPANY INC. PROFIT SHARING PLAN AND TRUST
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE PLAN

The following brief description is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

A. General:
The Malcolm Drilling Company Inc. Profit Sharing Plan and Trust is a plan established in 1976, which covers employees that have reached the age of 21, have completed at least six months of service and are not covered by a collective bargaining agreement. In 2003, the Money Purchase Pension Plan merged into Profit Sharing Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and is exempt from federal and California taxes on income under the current provisions of the Internal Revenue Code and the California Revenue and Taxation code, respectively.

B. Contributions:
Money Purchase:
The company has committed to contribute to each eligible participant 10% of the participant's compensation up to the IRS limitations on compensation.

Profit Sharing:
At the discretion of the employer, contributions are made annually to the plan. The employer is not obligated to make any contributions. For the years ended December 31, 2010 and 2009, there were no contributions made by the employer.

Contributions are credited to an individual account for each employee who is an eligible participant in the plan for the year the contribution is made.

C. Distributions:
Distributions to a participant normally commence within a reasonable time after a participant's death, retirement, or termination of service. Distributions are made in a lump sum or periodic payment.

NOTE 1 - DESCRIPTION OF THE PLAN - (Continued)

D. Vesting:

The portion of a participant's account resulting from rollover contributions is fully vested and non-forfeitable. All accounts under the profit sharing provisions are 100% vested. For employer contributions for the money purchase pension plan provisions, a participant's vested interest at any given time is based on years of service with >1000 hours per year, and increases during continued participation in the Plan according to the following vesting schedule:

2 years	20%	5 years	80%
3 years	40%	6 years	100%
4 years	60%		

Any forfeited amounts from the employer contribution account will be used to reduce the employer's employer contribution. Forfeitures in the amount of $31,491 and $8,650 were used to offset employers' contributions for the years ended December 31, 2010 and 2009.

E. Participants' Accounts

An individual profit sharing account and an individual money purchase pension account are maintained for each participant, which each includes the following components as of December 31:

1. Employee rollover contribution if allowable.

2. Employer contributions.

3. The participant's pro rata share of net investment income.

4. Deductions for benefits paid.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting:

The Plan's financial statements are prepared on the accrual basis of accounting.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

B. Valuation of Investments:

Cash equivalents are based on cost which equals fair value. Mutual funds and common stock are stated at fair value based on closing market quotations at December 31.

C. Benefits Payable to Terminated Participants:

The non-vested portion of an account balance is forfeited one year after termination.

Under the terms of the Plan Agreement, terminated participants whose vested benefit is $5,000 or less, may be distributed to the participant without the participant's consent. Participants whose benefit is more than $5,000, or has ever been greater than $5,000, can leave their account under the plan to continue participation in plan investments and/or to provide benefits upon retirement or death. Terminated vested participants have the option of withdrawing the accumulated benefits through several options offered by the plan.

NOTE 3 - INVESTMENTS

A. General:

Investment assets of the Plan are held by Charles Schwab, and TD Waterhouse under the terms of various agreements.

The following information, included in the Plan's financial statements as of December 31, 2010 and 2009, was extracted from information prepared by the above financial institutions and furnished to the plan administrator.

The administrator has obtained certification from the above entities that such information is complete and accurate:

	2010	2009
	Fair Value	Fair Value
Cash equivalents	$ 149,827	$ 311,803
Mutual funds	-	2,776,290
Common stock	16,037,854	9,666,122
	$ 16,187,681	$ 12,754,215

NOTE 3 – INVESTMENTS – (Continued)

A. General: - (Continued)

The Plan's investments (including investments bought, sold, as well as held during the year) appreciated during the year 2010 and 2009 as follows:

	2010	2009
Mutual funds	$ 81,566	$ 395,426
Common Stock	2,687,493	1,586,253
	$ 2,769,059	$ 1,981,679

Included in the investments are the following which individually represent 5% or more of net assets available for benefits as of December 31, 2010.

	Fair Market Value
Berkshire Hathaway Inc.	$ 3,011,250
CitiGroup Inc.	1,655,500
Ford Motor Co.	1,679,000
Halliburton Co.	2,041,500
Microsoft Corp.	4,186,500
Wells Fargo Co.	2,479,200

B. Fair Value Measurement:

The Fund has adopted the Fair Value Measurement Topic of the Financial Accounting Standards Board Accounting Standards Codification No. 820 (ASC 820). In accordance with ASC 820, fair value is defined as the price that the Fund would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market of the investment. ASC 820 established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, for example, the risk inherent in a particular valuation technique used to measure fair value including such a pricing model and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset of liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are assets that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad Levels listed below.

NOTE 3 – INVESTMENTS – (Continued)

B. Fair Value Measurement: – (Continued)

- Level 1 – quoted prices in active markets for identical investments
- Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The following is a summary of the inputs used as of December 31, 2010 in valuing the Fund's investments carried at fair value:

	Level 1	Level 2	Level 3	Total 2010
Cash Equivalents	149,827			149,827
Common Stock	16,037,854			16,037,854
Total	$ 16,187,681	$ -	$ -	$ 16,187,681

NOTE 4 – RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and amounts reported in the statements of net assets available for benefits.

MALCOLM DRILLING COMPANY INC. PROFIT SHARING PLAN AND TRUST
EMPLOYER IDENTIFICATION NUMBER 94-1671918, PLAN NUMBER 002
SCHEDULE H, ITEM 4i, SCHEDULE OF ASSETS HELD AT YEAR-END

(A)	(B) Identity of issue borrower, lessor or similar party	(C) Description of investment including maturity date, rate of interest, collateral pay or maturity value	(D) Cost	(E) Current Value
Money Market Fund:				
	TD Ameritrade Money Market Fund	145,774 - shares	^	$ 145,774
	Schwab Cash	4,053 - shares	^	4,053
Total Money Market Funds:				149,827
Common Stock:				
	Apple Inc.	500 - shares	^	161,280
	Bank of America Corp.	50,000 - shares	^	667,000
	Berkshire Hathaway Inc.	25 - shares	^	3,011,250
	Boeing Co.	2,400 - shares	^	156,624
	CitiGroup Inc.	350,000 - shares	^	1,655,500
	Ford Motor	100, 000 - shares	^	1,679,000
	Halliburton Co.	50,000 - shares	^	2,041,500
	Microsoft Corp.	150, 000 - shares	^	4,186,500
	Wells Fargo Co.	80,000 - shares	^	2,479,200
Total Common Stock:				16,037,854
Total Investments:				$ 16,187,681

^ Column (D), Cost, has been omitted, this was not prepared by brokers