

rigamarole



FALL 09, NO. 28

A PUBLICATION FOR THE PEOPLE, CUSTOMERS, SUPPLIERS
AND FRIENDS OF **DIAMOND OFFSHORE DRILLING, INC.**



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rigamarole is published for and about the people and customers of Diamond Offshore. For more info., write us, call or visit www.diamondoffshore.com.

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Courage and Valor

In the space of 100 days, Diamond Offshore has purchased two new sixth-gen. rigs delivered from the shipyard and ready to go, but for our own crew commissioning. The *Ocean Courage* profiled in this issue and its sister rig, the *Ocean Valor*, are ultra-deepwater units of a design already delivered in this cycle. Both are highly capable dynamically positioned rigs, and bear builders' plates with a 2009 construction date.

We moved quickly to take advantage of these sales, first by submitting a winning bid for the *Courage*, and then at the end of September by placing a bid to secure the *Valor*. We had cash on hand to buy both units because we had previously completed our new-build and upgrade program.

These two rigs will allow us to serve our customers on the modern frontiers and augment our existing ultra-deepwater fleet of the *Confidence*, *Clipper*, *Baroness*, *Rover*, *Endeavor* and *Monarch*. If need be, we also are fully capable of putting our fourth-gen. fleet in ultra-deepwater as when the *Ocean Star* and *Ocean Valiant* drilled in approximately 6,000 feet of water in the Gulf of Mexico.

We've already contracted the *Courage* to our good customer Petrobras, who will initially operate the unit in the Gulf of Mexico.

To augment our internal cash resources, we have issued two series of \$500,000,000 bonds. Our first borrowing earlier this year was for 10 years, and this October we borrowed some 30-year money. Both series have interest rates in the high 5% range. We believe these rates are an affirmation by the capital markets of our sound conservative fiscal policies.

So, buy, borrow and contract? Seems like a smooth way to add to our fleet.

Paying in the mid-to-high \$400 millions for each rig is a large discount on what it would cost to order the rigs today for delivery in 2012. A competitor of ours has a copy of the same design under order with an indicated price of \$750 million. And although we didn't "buy one, get one free," we came pretty close.

Investing wisely, while still providing state-of-the-art solutions to our customers, is a succinct way to summarize the Diamond Offshore strategy. Our experienced crews and staff are already working to help us make both the *Courage* and *Valor* two of the best current-generation rigs our customers will contract.

Courage and *Valor* are not just names of rigs but also describe how we operate. Having patience to wait for these deals and acting upon opportunities swiftly is also essential.

Remember the 1980s movie *Ghostbusters*? The theme song had a chorus of "Who ya gonna call? GHOSTBUSTERS!" For shipyards and bond holders with repossessed rigs, the answer to the question "who ya gonna call?" is: DIAMOND OFFSHORE.



Credit Where

Diamond Offshore President and CEO **Larry Dickerson** sits down with Louisiana Senator **Mary Landrieu** to talk about contributions by the oil and gas industry, revenue sharing and other energy policy issues.



Credit Is Due

Photographs by David Aaron Troy

L. Dickerson Let me ask you about revenue sharing between the Federal government and the coastal states, something the industry sought for a long time. Often the substantial lease payments made by the offshore industry disappear without any credit being given to the offshore industry. Spearheading revenue sharing for the coastal states was not easy for you. How did you accomplish this?

Mary Landrieu Actually, it took 10 years of hard work, and just never being willing to say no.

LD Is that the sort of time horizon we're looking at on big changes to tax policy?

ML Yes. I wasn't going to take no for an answer. But it was difficult, because our delegation had been working on this literally for years.

Back in 1927, the interior states through the Mineral Leasing Act were able to share 37.5% of all the royalties and severances generated within their states on Federal land. The share was later raised to 50%. Coastal states never received that same opportunity, although the infrastructure that has to be put into place is often greater for coastal states.

So, I argued that because the interior states have had that kind of treatment, the coastal states should also be treated the same. Unfortunately, I was not successful in including all coastal states, and ended up having to compromise on just four Gulf Coast states. I'd eventually like to see sharing for all coastal states, particularly those that allow drilling off their shores. But for right now, we have the four states, Texas, Louisiana, Mississippi and Alabama, that are currently set to share 37.5% of all the revenues generated from waters off their state. The state line can start from between three to 12 miles offshore, depending on the state, and extend from there out to 200 miles. We think that will be a very fair distribution as opposed to the current system, which has 100% of the revenues derived from offshore energy production going into the general fund of the United States. And for the employees and families of the people employed by oil companies, and those in the



service industries such as Diamond Offshore, at least some of that money is now being invested in the communities in which they live, which makes all the sense in the world.

Actually, I think this should be a model internationally. I think it would build more goodwill, and more support, and stronger partnerships with production around the world. And we need to be about producing more, not less, particularly here at home in America. So, I was thrilled to lead the effort. It's not done yet. We still have some fine tuning to do. But this program could mean hundreds of millions of dollars to Texas, Louisiana, Mississippi and Alabama, and literally billions of dollars over the next 20 years that could be put to good use right at home, helping our communities be stronger and better.

LD As in the potential lease payments from the new Tiber oil field?

ML Yes, the new Tiber field is a terrific example. It's about 200 miles off Louisiana's coast. So it's not technically on Louisiana land. But you can't access it, you couldn't have built it, you can't supply it, you can't maintain it, you can't operate, you can't produce

from it without shore support through either south Louisiana, Texas or both. And because of that, the states of Texas and Louisiana should share in those revenues, in my view, and now will under our new statute. Before, all that money would go straight to the U.S. government general fund.

LD I think that's absolutely appropriate.

ML And sustainable.

LD And the other states will notice, as the amount of revenue paid to the states grows, that they are missing out on revenue potential.

ML Yes, but to be honest, when I first started this idea and effort, I didn't start it primarily to be an incentive to drill. I started it as an effort to just be fair to the communities that were saying yes to oil and gas, which is one of our most important industries. But as the economy has turned down, as states have struggled to find revenues, and as the country has struggled with how to get more secure in terms of our domestic energy production, it actually makes a lot of sense to say: "Why not open up drilling off the east and west coasts



of Florida, and the eastern Gulf?”

In fact, why not open it up along the western coast of the United States or the eastern seaboard? Do it appropriately, not everywhere and far enough offshore where you can protect against any very unlikely oil spills. Revenue-strapped states in those areas, too, could share in this income that could reduce the tax burden for citizens, and direct the money to some really good programs and initiatives. So, the argument for revenue sharing has been broadened. But when it started, the argument was really just a fairness, common sense and equity issue. Now, if it encourages production, that’s terrific, because we need to be more secure in our domestic energy production.

LD All I seek is for our industry to get credit for the positives we do. If states and their governments don’t want to drill, it’s unfortunate, because foreign locales want our rigs. Diamond Offshore currently has 10 rigs in the U.S. Gulf of Mexico and 37 overseas. But if we had had this conversation 12 years ago, when you first arrived in Washington, the rig count would have been reversed, with a large majority of our rigs in the Gulf.

Can we turn for a minute to jobs, which is one of the other benefits our industry provides?

Some movement of our rigs out of the Gulf is natural, as more and more near-shore prospects get drilled up. But I worry about the possible loss of the employment base that we have. As long as the domestic oil and gas industry is vibrant, we are able to train people so that when we go overseas, we take people from Jennings, Louisiana, or Brookhaven, Mississippi, for senior positions. And, without a U.S. employment base, then we have a problem in continuing to staff overseas rigs from the U.S. I don’t know what the solution to it is, but certainly any efforts that opened up more drilling and encouraged more drilling to augment what we’re doing in deep water would be a huge step forward. And as you say, that’s going to be a 10-to-15-year project.

ML I think it’s a very important point in the debate right now, as America struggles to find jobs and to create new ones, to say, you’ve got an industry right here that’s already producing and is sustaining 1.8 million jobs in America today. And these jobs in the oil field are good jobs.

They more resemble space-age jobs as opposed to roughnecking in the old days. It’s become very computerized, very highly skilled. And it’s highly paid relative to other industries.

I’ve tried to explain to the President, that this is not an industry we should be beating on. This is an industry we should be promoting and expanding, for all of the reasons we have discussed. It represents jobs; it can create more jobs, good jobs. This industry has helped build more homes in America, sent more kids to college and sustained more people in life-threatening situations by providing decent health coverage and money to afford healthcare. It’s not an industry you want to beat up.

LD Right.

ML And in the last 15 to 20 years, there’s been a true transformation in terms of environmental sensitivity. Of course, the government has regulated the industry more, which is good in the sense of being careful for the environment. But business itself, contractors and drillers and exploration companies and pipeline companies, has found better, less intrusive ways to extract the minerals and minimize the environmental footprint. And hopefully those new techniques are being carried on internationally.

But the remarkable thing is that you can drill 35,000 feet into the earth and pull up the minerals that you need with very limited impact on the sea or the air. Particularly when it comes to natural gas, we need to be as aggressive as we can. But the jobs are very important, and I would hope that the President would back off of his efforts to repeal some of the tax incentives, tax credits and tax deductions that have been the foundation of the way this industry was built. This is not the time to remove those incentives. It is a time to be more supportive of the domestic industry.

LD I appreciate that. Our high wages have always struck me as a key benefit, because our typical starting pay in the industry, for what amounts to half time, six months offshore, is about \$45,000 a year in the U.S.

ML Exactly.

“I would hope that the President would back off of his efforts to repeal some of the tax incentives, tax credits and tax deductions that have been the foundation of the way this industry was built. This is not the time to remove those incentives. It is a time to be more supportive of the domestic industry.”

LD And as you said, when I go offshore, I talk to tool pushers and drillers, and they're all very proud of their children that are going into college. Their kids are not always necessarily following them into the business. Some do, but for many of them, our wages allow their children to access higher education. Of course, not everybody is going to go to college. And here's an automobile-level wage, with solid benefits, so why would anyone not support our industry?

ML Absolutely. And as you know, many of these men and women working in the field take advantage of having half of their time off to run a small business with their family or their spouse or their children, or they have part-time employment in their days off. And with the training they receive, they have opportunities to move up in the field. Many fortunes have been made and many kids sent to college. And many community centers have also been built with donations from people who work in this industry at all levels. So, as you can tell, I'm a very strong supporter. We're proud of the industry in Louisiana and Texas and Mississippi and Alabama. We like for the more positive aspects of this to get out to other parts of the country. And, frankly, what I've noticed is that the new discoveries of gas and shale throughout other parts of the country—Pennsylvania, New York, Illinois, Haynesville shale in northern Louisiana and Arkansas—are attracting the attention of congressmen and senators who don't normally follow the oil and gas business.

But since their constituents are starting to receive royalty checks, and they like the business now, they're starting to hear from their constituents about how they'd like to receive more of those royalty checks, which is good.

LD That's a good point.

Another area I think is of concern is the new focus on overseas earnings from corporations that currently are not taxed. We've seen a number of oil and gas companies defensively move to Switzerland, which doesn't have a coast. Ultimately, I'm concerned more jobs will migrate internationally. And as the industry base shifts outside the U.S., so will a lot of the hiring decisions.

ML It is very concerning, and I think we have to find the right way to tax international companies so that they're paying their fair share of taxes for the work and jobs that they're creating, and income that they're earning from America. We want to be careful to not start a bidding war between countries, where corporations can just go, hang a shingle, register and then get tax-free status. I think that people want both individuals and corporations to pay their fair share. But the last thing I want to do is drive away the oil and gas business to any other country in the world. We helped to start it here, and we'd like the industry to be anchored here. And it's a great technology that we export, and money that we bring home, and opportunities we give our people to be fully employed and engaged, and I'd like to maintain that.

LD I'm glad to hear that; we feel the same way. Changing the subject, I think our readers will be interested to hear a little bit about life as a U.S. senator. One of the great advantages you must have among all the state representatives that come to Washington is the great Louisiana cuisine that you can share. So, I'm sure you're pretty popular at picnic time.

ML Well, yes, the gumbos and etouffees make our state's senators more popular than most. But I wish that we had more authentic Louisiana restaurants here in Washington.

That's why one of my favorite times up here is Washington Mardi Gras, when some of our chefs come up from the state and cook for 2,000 people from Louisiana, our guests and friends for a weekend. People really look forward to that. And then we'll occasionally have a staff party, where the staff can fix a gumbo, and we invite friends from Capitol Hill. This good cooking has even been known to win an occasional vote or two.

LD As I indicated, we've got a huge number of rigs all around the world and in all different countries, and there's not a place that I have been that you don't see a bottle of Tabasco.

ML It's a great symbol of Louisiana. We like to think that good food comes with a real commitment to family, friends and real, kind of down-home values that we hang onto, and we really protect, and we nurture. We think the food is more of a statement about the quality of life that we want to have: family values, and having meals together as a family, and having large extended families, and cooking together, and sharing time together, not just a five-minute phone conversation, or rendezvousing in an airport, or exchanging one weekend a year. As you know, James Carville is from Vacherie, which has the least mobile population of any place in the United States, and James says, yes, why would anyone move anywhere when you can live next door to your mother and get good cooking every day? But south Louisiana has that extra-special effect.

Thank you for coming to visit today; we have been thrilled to have you here.







GAINING COURAGE

By Scott Redepenning
Photographs by Lee Mawdsley

Diamond Offshore wins a bid for a 10,000-ft., new-build DP semisubmersible fresh out of the shipyard. The rig is expected to begin work in the GOM early in 2010.

As the price of oil made its spectacular climb past \$140 a barrel in July 2008, drilling companies clamored to get new-build orders into shipyards around the world. Now lop \$75 to \$100 off that oil price, and throw in a global credit crunch, and suddenly some of these new rigs are standing near completion with defaulted construction payments. One such rig went on the auction block last summer and, following the sale, emerged under a new name, the *Ocean Courage*—a hulking dynamically positioned unit capable of drilling 40,000-foot wells in 10,000 feet of water.



SINCE TAKING POSSESSION OF THE RIG FROM JURONG SHIPYARD IN SINGAPORE, DIAMOND OFFSHORE HAS CARRIED OUT AN INTENSE PERIOD OF FINAL COMMISSIONING, SYSTEMS TESTING, CREW BUILDING AND TRAINING—GETTING EVERY PIECE OF EQUIPMENT AND EVERY HAND ON THE VESSEL READY TO GO TO WORK.

The *Courage* is now mobilizing to the deep waters of the Gulf of Mexico (GOM) where the first contract wells will be drilled. This is an 80-day, 13,300-mile wet tow through the Sunda Straits, across the Indian Ocean, around the Cape of Good Hope, across the Atlantic Ocean and finally to the GOM. Yet the journey the *Courage* has made to arrive on Diamond Offshore's rig roster is equally as remarkable.

UPWARD THROUGH THE DOWNTURN

The oil & gas industry is down, with cautious optimism in near-term forecasts. But according to *Ocean Courage* Area Manager Jon Richards, challenging times like these are when Diamond Offshore sees opportunities. "The growth strategy of this Company has always been to acquire assets during downturns where you can get iron at a reduced price, and that's what they've done here," he says. "If we had placed an order for this class of vessel a year ago, we would have waited three years for delivery, and the price would have been more than \$700 million. As it stands, we're getting a rig that's essentially ready to work now, and we won the bid with a \$460 million offer. That's win-win."

Although adding assets at bargain prices is standard for Diamond Offshore, this practice has never before come in the form of a completely new rig, according to Neil Hall, operations manager for the *Courage*. "Normally, you can't go out and buy cutting-edge technology at discount prices brand new out of the shipyard. But these are not normal times," Hall says. "Our strategy is usually to buy rigs that other companies don't see value in anymore. Cases in point are the *Ocean Vanguard* and *Ocean Patriot*. We bought these mid-water units for \$65 million each in a previous down-cycle when many in the industry thought they might never work again. But work they have, and they've paid for themselves two or three times over in the past few years. Buying the *Courage* is an extension of that opportunistic philosophy, finding value at an attractive price."

Before acquiring the *Courage*, Diamond Offshore was already well positioned with deepwater equipment, due to relatively recent Victory-class upgrades for the *Ocean Baroness*, *Ocean Rover*, *Ocean Endeavor* and *Ocean Monarch*, two 7,500-ft. rated units and two 10,000-ft. rated units, respectively—all conventionally moored semisubmersibles. These also fit the Diamond Offshore strategy, Richards points out. "Each upgrade took less than two years and resulted in an essentially brand new ultra-deepwater rig. Building one from scratch would have taken twice as

long and cost twice as much," he says. "Instead of spending capital and waiting, we've got our new rigs out there earning dayrates. The *Courage* acquisition is simply a twist on that approach. And with the *Courage*, we have added a fifth DP rig to our fleet that's as capable as, or more capable than, virtually any semi in deepwater today. This is definitely leading-edge technology."

DYNAMIC STRENGTH

The *Courage's* first job will be to drill a series of wells for Petrobras ranging from 25,000 to 31,000 feet in about 8,300 feet of water. While these are no mere shakedown starter wells, the rig is built to handle much more. "In the Gulf of Mexico, you have to drill big or go home," says Hall. "And this rig can certainly drill with the biggest."

Atop a 324 x 299-foot lower hull, the superstructure rises 118 feet to a sprawling 244 x 244-foot main deck, crowned by a massive derrick that soars another 210 feet skyward. The derrick is rated to handle 2 million pounds of hook load, 2.5 million pounds of static load, 3.5 million pounds of riser tension and 2 million pounds of tubular setback. Smart fingerboards rack various diameters of drill pipe up to 6 3/4-in., as well as casing and drill collars. Plus the derrick supports efficient offline building of four-joint drill pipe stands and three-joint casing stands simultaneously with drilling operations. Riser sections can be racked vertically as well.

The *Courage* handles 7,000 metric tons of variable deck load, readily accommodating up to 42,000 feet of drill pipe and 10,000 feet of riser, as well as major equipment systems like the 15,000-psi-rated Schlumberger MD1000 cementing unit and Oceaneering's Magnum Class ROV with control and maintenance shacks. The rig can hold 14,613 barrels of drill water, 21,043 barrels of fuel oil, 12,178 barrels of liquid mud in the lower hulls plus another 6,808 barrels of mud in the pits. More than 34,100 cubic feet are set aside for bulk mud and cement storage, and 17,340 square feet of storage is available to hold 6,100 sacks. There's also ample room for personnel, with ultra-modern living facilities designed to comfortably feed, house and office up to 164 crew members.

Far beneath the waves, the *Courage* deploys a touch-screen-controlled 18 3/4-in. x 15,000-psi Cameron TL blowout preventer stack and H₂S-rated lower marine riser package with ROV interface panels. The riser package includes 21-in. outer diameter x 75-foot Cameron Loadking joints, and an Aker Marine DAT riser tensioning system rated to a total stroke of 50 feet.

Fully loaded with equipment, tubulars, supplies and personnel, the *Courage* tips the scales at 46,700 metric tons, and yet the rig is incredibly nimble—an efficient, fully automated machine designed to drill deep and get there fast. Wielding this kind of deepwater might takes considerable raw power, which comes from eight Caterpillar C280 engines split between two separate engine rooms and capable of putting out a collective 40,000 horsepower. Being a dynamically positioned rig with no anchors holding the vessel in place over the wellhead, the majority of those horses are allocated to the thrusters mounted underneath, eight 15-foot propellers that automatically pivot and adjust to keep the *Courage* perfectly in place and the riser at a safe angle, no matter what the wind, waves and currents are doing.



▶ **Clint Bailey, Senior DP Operator**



▶ **David Hammond, Drilling Supt.**



▶ **Jon Richards, Area Manager**



▶ **Ben Taylor, Rig Supt.**

STEERING THE BOAT

Each of the eight Rolls Royce UUC 355 full-azimuth thrusters is capable of producing 66.4 metric tons of propulsion in any direction on very short notice. These thrusters take their direction from the vessel's Class 2 Kongsberg K-Pos Dynamic Positioning package, a triple-redundant digital control system that keeps the rig fixed squarely over the well by following heading data from two differential GPS units, as well as hydro-acoustic beacons placed on the seafloor. All DP functions are run from a bank of widescreen monitors and input panels that traverse the full length of the spacious bridge, a system that is also duplicated in the engine rooms for an extra measure of control versatility.

The Kongsberg system employs advanced computerization and sophisticated algorithms to automatically steer the vessel, yet all this technology sits idle and ineffective

unless there are talented hands at the controls. This responsibility falls to the offshore installation managers/captains of the *Courage*, Michelle Gorman, Richard Annis and Carl Smith. Gorman, who happens to be the first female OIM captain in Diamond Offshore history, was hand-picked because she brings extensive DP experience to the job. Annis, on the other hand, offers longtime captain experience from his stints on conventional vessels. Both 13-year Diamond Offshore veterans, Gorman and Annis are effectively training each other, so by the time the rig starts drilling, each will be a full-fledged OIM captain who is proficient in DP. Then they'll be able to alternate hitches and be the other's relief. Smith is also a veteran Diamond hand.

Gorman states that the timing couldn't be better for adding a robust DP vessel to the Diamond Offshore fleet, even beyond the obvious boon of getting the rig at a low



▶ **Neil Hall, Operations Manager**



▶ **Michelle Gorman, OIM Captain**

purchase price. "Ultra-deepwater is where operators want to go, and DP rigs are particularly popular in this environment because of their versatility," she says. "You don't have to go through a long mooring-up process when you arrive on location. You don't have to hire anchor boats and lay out an anchor pattern. In fact, you can get to work on the well almost immediately once you arrive. DP rigs are also ideal for highly developed fields, like the areas we're likely headed to in the Gulf of Mexico. Developed fields have lots of pipelines and other subsea infrastructure on the bottom, making it difficult to drop an array of anchors. But DP rigs can go and work just about anywhere."

Annis points out other practical benefits of having DP thrusters on the bottom of the rig, especially in the GOM during hurricane season. "The *Courage* is basically a ship that can move under its own power," he says. "That means we can

motor right out of the path of oncoming storms. We just pull the riser and BOP stack and go. Then after the storm passes, we can quickly get back on location and working." Having this kind of mobility has its less-dramatic uses as well. As the sun arcs across the sky during operations, the driller often catches a blinding glare off the glass of the driller's shack. One call up to the bridge can get the DP crew to rotate the rig to put the sun at a better angle, without interrupting operations. "Being free of anchor chains can be very convenient," Annis says.

Clint Bailey, senior DP operator and the captain's right-hand man on the bridge, enthusiastically adds his observations of the *Courage's* capabilities. "This is a state-of-the-art system. There are very few rigs out there that are its equal," he says. "There are cameras all over the rig so we can look anywhere and everywhere from right here. We can also monitor our fire systems, ventilation, emergency

shutdowns, deluge system and ballast system. We can even run that ballast system on full automatic to keep us on an even keel — that's never been done before. Plus the amount of power on this vessel is incredible. On simulation we can drill in 100 knots of wind and hold station. As for forward speed, the vessel was pushed up to 10 knots in sea trials, which is amazing. We normally wouldn't sail that fast, but this rig can obviously perform."

A NEW CREWING APPROACH

Many of the major components on the *Courage* are new to Diamond Offshore. The Aker Solutions drilling package is the first in the Company's fleet. The Kongsberg DP technology is leading edge. Plus all of the rig's systems are digitally integrated at unprecedented levels for performance and safety. Even doing something as seemingly simple as moving mud from pit to pit is a complex touch-screen maneuver. Add in the fact that the rig is due to go to work in a matter of weeks, and according to *Courage* Drilling Supt. David Hammond, "We've got quite the steep learning curve to climb.

"With all of our other new-builds and upgrades, we've been 100% on top of everything from the beginning. This time it's more like buying a car right off the lot," Hammond says. "Normally on a vessel like this, we'd have operations people on board for at least a year, sometimes two years prior — going through all the schools and training to get ready to run the rig. Obviously, we don't have that kind of time."

Corners, however, will not be cut. Diamond Offshore has found a way to gain back some of that lost time through a unique crewing strategy that's as new to the Company as the rig itself, Jon Richards explains.

"This rig was fully crewed by the company that commissioned construction of the rig before they ran into financial difficulties and were forced to sell the unit. As soon as we won the bid for the rig, we quickly called as many of the original crew as we could, from the highest positions down, and brought them in to Houston for interviews. We needed the experience they'd already gained on this rig as it was being constructed, and we needed the labor to keep from having to draw so heavily on our other rig crews. We were very fortunate to hire about 50% of our current crew on the *Courage* from that group.

"The interviews showed that these people had been hand-picked. They had previously worked for major drilling contractors, so we felt very good about these hires. Many had spent more than a year on this rig, and we needed to retain that knowledge base. It was also good that we didn't have to pull too much talent off our other rigs."

Toolpusher Vince Chrisovergis is one of the original hands who now dons Diamond Offshore coveralls — a man who takes considerable paternal pride in the *Courage*. He was there when the rig was born from a slab of steel and helped raise the structure up into the giant it is today. Chrisovergis is in the drilling department, but he'd be happy to tell you about every detail of every system on board. He knows the *Courage* top to bottom, which makes him a valuable resource to Diamond Offshore.

"This Aker drilling package is incredibly complex, so our philosophy is that everyone needs to get trained everywhere," he says from one of the three high-tech control chairs in

"THIS IS A STATE-OF-THE-ART SYSTEM. THERE ARE VERY FEW RIGS OUT THERE THAT ARE ITS EQUAL. THERE ARE CAMERAS ALL OVER THE RIG SO WE CAN LOOK ANYWHERE AND EVERYWHERE FROM RIGHT HERE. WE CAN ALSO MONITOR OUR FIRE SYSTEMS, VENTILATION, EMERGENCY SHUTDOWNS, DELUGE SYSTEM AND BALLAST SYSTEM. WE CAN EVEN RUN THAT BALLAST SYSTEM ON FULL AUTOMATIC TO KEEP US ON AN EVEN KEEL — THAT'S NEVER BEEN DONE BEFORE."

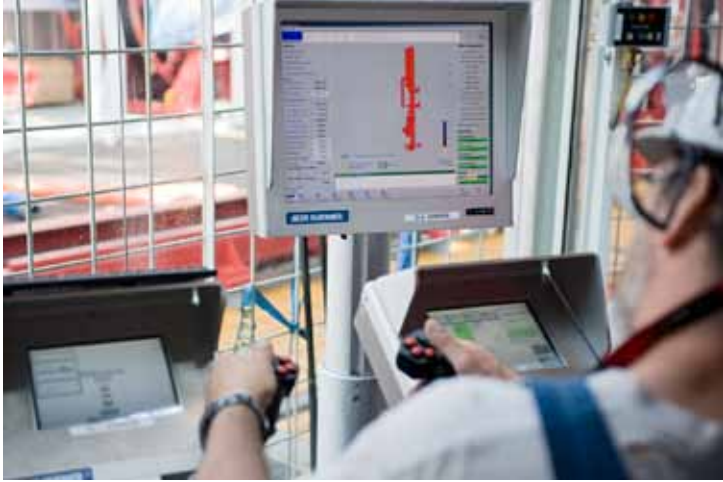
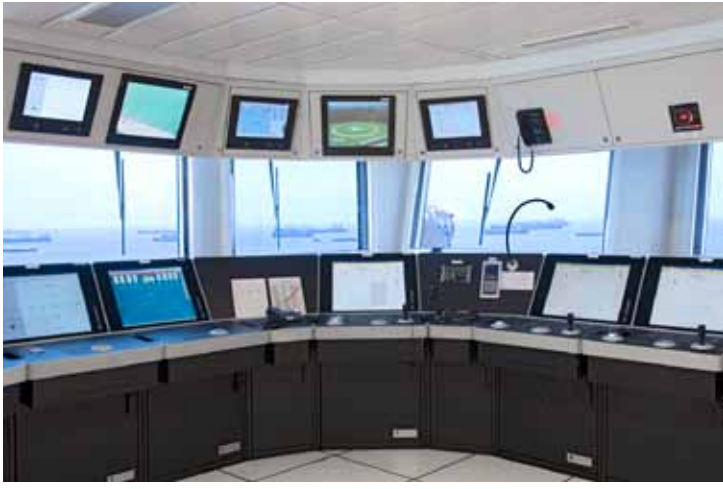
the driller's shack. "Even a deckhand will be trained to drill. That way we're always ready to step into any task, no matter what. We want to get the mistakes, what I call burps, out of the way during training before we're out there working. But this system also is so automated with so many safety measures built in, it's hard to make a mistake. I'm lending my experience to the training, but we've all got a lot to learn."

As for the Diamond Offshore personnel who were drawn from other rigs, Neil Hall says there was a strategy in this process, too. "In several key positions, we have a Diamond Offshore veteran paired with an original crew member as relief," he says. "This really facilitates information exchange both ways. One will be strong in Diamond Offshore's management system and how we do business, and the other will have the technical understanding of the rig. Each will bring the other up to speed.

"It's an ideal situation," Hall continues. "But it's not easy. Before we can pull a crew member from one of our working rigs, we have to fill the position with a trained person, so we don't leave the other rig short. For example, we specifically chose Michelle Gorman for the OIM job, but it took two months to get her here. This is no normal rig compared to most of our others, so we were very careful about looking around our fleet to find the relevant experience, the right leadership skills and the best attitude."

Jon Richards puts the crewing strategy in frank perspective. "We've got a unique situation here," he says. "Deepwater is the future, and ambitious individuals want to step up to the newest technology and advance their careers. We have people coming from different companies and areas of the world just to be on this rig. Now we have the opportunity to instill in them a culture of safety and a solid work ethic. We get to Diamondize them, so to speak. We've got all these different talents, and it's up to us to put them in the right place to make this rig all it can be. No doubt this is a high-profile operation. The spotlight will be bright."

SCOTT REDEPENNING IS AN INTERNATIONALLY EXPERIENCED FREELANCE WRITER, COMMUNICATIONS CONSULTANT AND UNIVERSITY LECTURER.



on the *up* and *up* (and *up*)

A chat with Noble Energy's Chuck Davidson and David Stover

Even before their first cups of coffee, Noble Energy's employees buzzed with positive energy one recent morning as they waited for an elevator at the company's north Houston headquarters. The mood held at the top floor, where the sun illuminated a broad swath of city and sky through the windows of a corner conference room.

"You can see storms brewing from up here," Chairman and CEO Charles D. (Chuck) Davidson noted cheerfully, "but no storms today." With David L. Stover, Noble Energy's president and COO at his side, Davidson could have been talking business.

▶ **Charles D. Davidson**
Chairman and CEO





▶ **David L. Stover**
President and COO

By Molly Glentzer, Photographs by Patrick Lane

A string of major discoveries in the deepwater Gulf of Mexico (GOM), offshore Israel and offshore West Africa — plus nearly \$1 billion cash-on-hand — has given Noble Energy's top brass a clear, blue-sky view.

In the past few years, the company has found more than 700 million barrels of oil equivalent (MMBoe) from its ongoing exploration programs. These discovered and unbooked resources represent an 80% increase in the company's current booked reserves of 864 MMBoe. Its assets of more than \$12 billion encompass domestic and international oil and gas properties—a combination of low-risk projects, long-term growth developments and high-impact exploration opportunities strategically staggered to keep the flow of cash coming. "Forty percent of our current year capital investments are focused on long-term growth and facilitate production three to five years out," Stover said.

Noble Energy also holds operating control for many of its projects, with a significant portion of production hedged or marketed under favorable pricing arrangements.

"These major projects are the things that get us excited," Davidson said.

Founded by Lloyd Noble in 1932 as an onshore oil company, the company has long operated in the Mid-Continent region. Noble Energy (formerly Noble Affiliates, Inc.), which began trading on the NASDAQ in 1972 (you'll find it today on the NYSE as NBL), also became one of the early independents to drill in the Gulf of Mexico.

Davidson, who took the reins about a decade ago, has diversified, methodically reshaping Noble Energy into one of the world's leading independent energy companies. He and Stover both began their careers at ARCO, where they met in the 1980s. They were a part of Vastar Resources, an ARCO spin-off, in the 1990s, migrating to Noble Energy after BP bought Vastar. "We've known each other since we lived in Midland," Stover said. "It goes by in a hurry," added Davidson. Especially when you're hitting pay dirt.

"Merging with Patina in 2005 brought us the Wattenberg field north of Denver and allowed us to refocus

our U.S. exploration business toward the deepwater GOM, where we've had two really nice discoveries," Stover said.

Diamond Offshore's *Ocean Victory* drilled the discovery at Santa Cruz last April. Noble Energy operates Santa Cruz and has a 33% interest in BP's adjacent, successful Isabela project. (Close proximity between projects also figures into the company's strategy.)

Stover expects these wells, with more than 100 MMBoe gross resources combined, to be online in 2011. "We were fortunate to be able to work with Diamond and bring a rig in on relatively short notice," he added. "Our working relationship goes back to Vastar. The *Victory* was our first deepwater rig." More adrenaline flowed at Gunflint, due to produce in 2014. "It's the biggest GOM discovery in our history," Stover said. Noble Energy plans to appraise Gunflint early next year, part of its standard post-drill evaluations.

The industry's track record has been stellar in the GOM, proving that it can operate in a very safe way. Noble Energy certainly has: the Department of the Interior's Minerals Management Service recognized the company's outstanding achievements in offshore safety, environmental protection and pollution prevention with a Safety Award for Excellence the past two years.

And they expect to spud their largest deepwater GOM prospect, Deep Blue, late this year (2009). With about 413,000 acres leased in the deepwater GOM and more than 1.6 billion barrels of oil equivalent (BBoe) net un-risked resources, Stover said, they plan to drill two to four exploration wells annually.

"These sub-salt, Lower Miocene plays are larger than we've been drilling in the past, and with a lot of potential," Davidson said. As a result, Noble Energy has abandoned the shallow GOM. "That

business appears better suited for smaller independents," Davidson said. Even with the GOM news, international plays have generated the most excitement this year. Noble Energy and its partners hold more than 3 million gross acres offshore Israel and Cyprus in the Mediterranean Sea, where its Tamar and Dalit sites yielded more than 6 trillion cubic feet (Tcf) of gas—perhaps as much as two decades of future supply for Israel. This breakout project, Davidson said, "has gone a long way toward helping Israel become more self-sufficient." Noble Energy expects the first production from Tamar to reach Israel in 2012, while a coming 3D project will offer a closer look at further leads on the company's acreage. "Based on the 2D we currently have, there are some leads with the potential to be as large or larger than Tamar," said Davidson. With interest in more than 3 million gross acres in the region, he added, "We'll be active in that area for a number of years."

Noble Energy excels at exploring new concepts in previously uncharted territory. New ideas about how reservoirs could have been formed in the Mediterranean drove the Israel successes, Davidson said.

Before Noble Energy arrived offshore Equatorial Guinea and Cameroon—an area where it operates 1.5 million gross acres—only one well had been drilled on their acreage to the Miocene section.

"We started with a four-well program and ended up drilling 12, of which 11 were discoveries," Stover said. "It's been a tremendous success, with the potential for more exploration."

The Aseng oil project, sanctioned last July, will initiate production in 2012, while providing infrastructure for other developments. In 2010, Noble Energy will have two rigs in West Africa conducting exploration and development activity. "We have the good fortune to have a mix of oil-rich and gas-condensate discoveries over there," Davidson said.

Each area has its place in Noble Energy's plans. "The deepwater GOM fits nicely into our future because it can provide production in a three-to five-year time frame, whereas international projects can take four to six years from discovery to completion," Davidson said.

Running room is critically important and allows you to extend your successes, he explained, because the exploration phase carries so much risk. "Your initial chance of success is one in three."

So does Davidson see any clouds ahead? "Our future is highly dependant on several major projects," he conceded. "We have not carried out projects of this scale in the past—certainly not several of this size simultaneously. Our biggest challenge (and opportunity) is to execute them well. We have set a goal of being in the best quartile for major project execution. This means achieving the schedule, keeping costs within budget and obtaining the desired project performance. In many cases, that means bringing in additional staff with the needed skills." (Noble Energy currently employs 1,600.)

In the past few years, the company has found more than 700 million barrels of oil equivalent (MMBoe) from its ongoing exploration programs. These discovered and unbooked resources represent an 80% increase in the company's current booked reserves of 864 MMBoe.

Reduced demand for energy—especially for natural gas in the U.S.—also presented challenges this year. A strong balance sheet going into the recession provided Noble Energy flexibility. "Still," Davidson said, "we are being conservative with our spending and are making a real effort to keep spending within cash flow."

He and Stover continue to invest in long-term projects. "It's a good time to build legacy properties," Davidson said. Down the road, exploratory acreage in Suriname and Nicaragua could come into play.

Regardless of the economy, Davidson added, "We have to be careful about how we allocate our capital. You

can quickly get into the \$100 millions, sometimes billions, on development projects. That takes a lot of work and coordination with our suppliers well into the future."

Davidson, currently chairman of the Independent Petroleum Association of America's Offshore Committee, also keeps a sharp eye on industry issues. "The industry has valid reasons for being concerned about a number of proposals in Washington, and we'll want to continue to educate policy makers," he said. "The broad array of initiatives involves everything from climate change to where and how we produce.

"Our proposal in Washington would eliminate expansion of intangible drilling costs (IDCs) for producers. It would pull so much money out, it would reduce drilling activity by 2,800 wells per year, as estimated by one industry organization," Davidson said.

New areas of development, both onshore and off, bring state governments into play as well. "There definitely will be more producing states, especially in the Mid-Continent and Rockies," said Davidson. "They view it as additional revenue but also a cost."

The industry needs to tout its successes, he added. "Our records have been stellar in the GOM; the industry has proved that we can operate in a very safe way." Noble Energy certainly has: the Department of the Interior's Minerals Management Service recognized the company's outstanding achievements in offshore safety, environmental protection and pollution prevention with a Safety Award for Excellence the past two years. Safe, environmentally sound practices onshore also earned it an award last year from the Colorado Oil & Gas Conservation Commission.

Noble Energy's Mediterranean success has brought Davidson himself into the political limelight. He and his wife, Nancy, traveled to Israel in August with Texas Governor Rick Perry's delegation. "It's not often you have an opportunity to help a country achieve a goal on that scale," Davidson said.

Noble Energy's culture of commitment also thrives closer to home. Active in many organizations, Davidson serves on boards for the Sam Houston Area Council of the Boy Scouts of America, Houston's Society for the Performing Arts and the Offshore Energy

Center. Stover, equally busy, serves on the board of Junior Achievement in Houston and the Offshore Energy Center's Education Committee.

Davidson and Stover also make time to escape with their wives to weekend retreats. Stover and his wife, Kathleen, share a cabin near Centerville, Texas, with his brother's family. "We like anything outdoors," he said. That includes riding ATVs, fishing and playing golf. In season, hunting tops his list. "My dad and grandfather were hunters, so that's in the blood," he said.

The Stovers have two grown children. Their son, Brian, who has a finance degree from the University of Texas, attends the UT Medical School in Houston. Their daughter, Kaitlin, graduated from Texas A&M and works at Halliburton as a human resources generalist.

Davidson and Nancy also have an adult son, Han, who works at Houston medical clinics. On free weekends, they head to their 175-acre farm near Brenham, Texas. But don't envision Davidson wielding a pitchfork. Since most of the pasture is leased out for cattle and horse grazing, he said, "It's a good way to get away."

Noble Energy excels at exploring new concepts in previously uncharted territory. New ideas about how reservoirs could have been formed in the Mediterranean drove the Israel successes.

Not that he and Stover want to be away too long, when they're bringing Noble Energy to the cusp of a major transformation. The trick will be to keep the great culture going as the company grows. Davidson and Stover, both easygoing, don't seem as if they would appreciate bureaucratic slowdowns. "We like the independent approach," Davidson said. "Noble Energy is a nice size company."

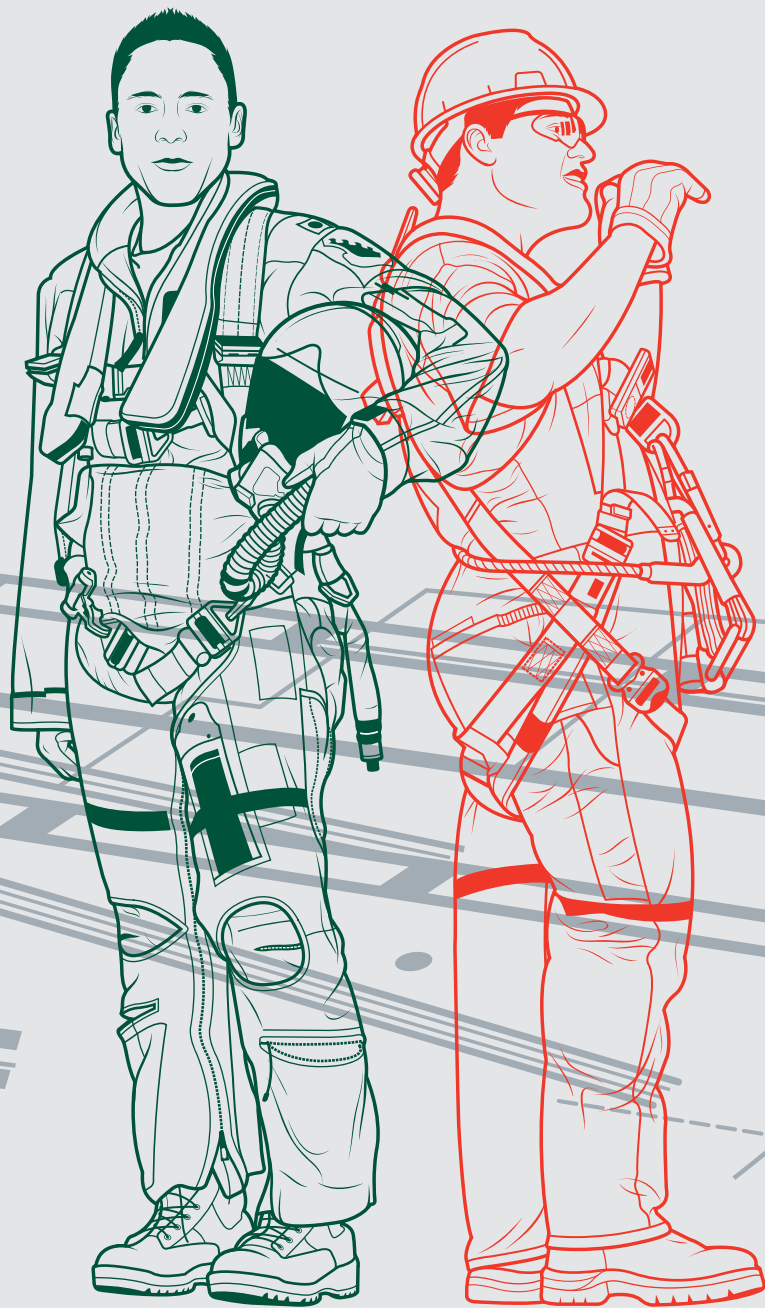
MOLLY GLENTZER IS BASED IN HOUSTON, TEXAS.



NEW PROGRAM BRINGS THE
LESSONS LEARNED BY FIGHTER
PILOTS TO IMPROVE SAFETY
AND EFFICIENCY.

CHECK SIX

By Denise Allen Zwicker



BRIAN "BRU" BRURUD IS ONE OF THE MOST HIGHLY DECORATED NAVY COMBAT PILOTS SINCE VIETNAM. TODAY, HE'S USING THE LESSONS HE LEARNED FLYING FIGHTER JETS OFF THE FLIGHT DECKS OF NAVY AIRCRAFT CARRIERS **TO TEACH DIAMOND OFFSHORE CREWS** HOW TO WORK MORE EFFICIENTLY AND SAFELY.

Illustrations by Jameson Simpson

Brurud is president and founder of Check Six, Inc., a group of fighter pilots, special-operations operatives and a former astronaut who teach “plan-based execution” in the oil field. They are working this fall on 12 Diamond Offshore rigs, helping crew members meet Diamond Offshore’s safety goal of Zero Incident Operations (ZIO).

CHECK SIX... WILL HELP US SIGNIFICANTLY IN OUR QUEST TO ACHIEVE ZERO INCIDENT OPERATIONS.

“After steady progress over many years in improving our safety performance, we decided that we needed to find ways to take our performance to the next level,” says Larry Dickerson, president and chief executive officer.

“Looking outside the oil and gas industry made sense, and we naturally turned to industries like aviation, where safety is ingrained into a high-performance culture. Check Six brings these skills to our industry with inspiring examples from military aviation,” he continues.

“We believe that Check Six and the training and coaching our crews receive will help us significantly in our quest to achieve Zero Incident Operations.”

WATCHING OUT FOR EACH OTHER

“Check six” is fighter-pilot lingo for checking your “six o’clock,” which is the area behind the plane, where the pilot can’t see — the most vulnerable area. Pilots are trained to look out for each other during every phase of flight: mission planning, briefing, execution and debriefing. That safety culture transfers naturally offshore, where it promises great value to Diamond Offshore.

“Diamond Offshore is the first drilling contractor in the world that I know of with the Herculean goal of ‘Zero Incident Operations’ as a business model. This type of initiative has typically been the objective of major operators, not drilling contractors. It is an impressive dedication of resources ensuring the world’s best-trained, most efficient and safest rig crews. The oil field will never be the same,” says Brurud, who is also a former geologist who remains involved in energy exploration. “Typically, Check Six is brought in as an operator initiative. But Diamond Offshore says, ‘This isn’t just an operator’s responsibility; it’s ours, too.’ I predict that, with this attitude, Diamond Offshore will soon lead the industry.”

Lyndol Dew, senior vice president, Worldwide Operations, notes, “We’ve been pleased with all the feedback we’ve received about Check Six, from roustabouts on up. And the numbers are beginning to show the results of this effort. In fact, beginning on Aug. 24, 2009, our entire worldwide fleet

operated for five of the next six days with zero incidents—no injuries, no environmental incidents, no near misses of any kind. This is an incredible achievement, and it shows the impacts Check Six and ZIO are having,” Dew said (since August, ZIO days are becoming increasingly more frequent).

AIRCRAFT CARRIER OR DRILLING RIG?

Brurud makes the point that a drilling rig is very much like an aircraft carrier. “Flight technology is changing all the time, just like the technology on offshore rigs. And both facilities are doing dangerous work, all day, every day.”

Check Six brings the best practices from the military to the energy industry—logical, since both are high-risk, high-reliability operations. “A high-reliability operation involves risk to life, limb or property, requires teamwork and depends on multiple disciplines,” Brurud explains. “In this environment, we teach plan-based execution. Job-Safety Analyses (JSAs), the Global Excellence Management System (GEMS) and the Safety Training Observation Program (STOP)—all current Diamond Offshore programs—are all part of plan-based execution.”

DESTINATION EXCELLENCE

Check Six trainers teach “destination excellence,” which applies a six-step process to every job on the rig:

1. State the objective; it should be clear and measurable.
2. Plan your work.
3. Brief the team on the plan.
4. Execute the plan.
5. Debrief the plan, the brief and the execution.
6. Incorporate lessons learned (what to do, what NOT to do) into the plan/JSA.

Using this process is paying off for Check Six’s operator customers. They’re seeing reduced environmental incidents, near misses, total reportable incidents, first-aid cases and operating costs in their own companies. “These same reductions at Diamond Offshore will help create a strong incentive for operators to choose Diamond Offshore,” says Brurud.

“I think the Check Six training will help Diamond Offshore achieve records in safety performance,” says Steve Nelson, vice president, Operations. “With their help, we aim to get our Total Recordable Incident Rate (TRIR) first below the 1.0 level and then achieve our ultimate goal of ZIO.”

CREWS RELATE WELL

The Check Six training is exciting, entertaining stuff. In-flight videos of fighter pilots in action introduce each section of the training. Funny videos illustrate important points. And case histories of oil field mishaps bring each lesson home. “Our crews seem to relate well to the Check Six fighter-pilot persona,” says Nelson.

“This is ‘top-gun’ training. We used these same techniques to train junior pilots in the military,” says Brurud. “Our fighter-pilot background gives us credibility with the crews. We admire them for what they do, and they see that we understand their world. That goes across well and elevates their self-expectation to the level of fighter pilots with the same obligations and Check Six responsibilities.”

He laughs. “We’ve also discovered that offshore hands and fighter pilots have the same 11-minute attention span!”

FOCUS ON EFFICIENCY WITH SAFETY AS A BY-PRODUCT

"During the training, it doesn't take long for the crew members to see that it's simple to be successful," Brurud says. "We're not bringing new programs. We're just taking Diamond Offshore's existing safety system and helping people become more successful."

"Check Six is not your standard safety training," he continues. "We focus on efficiency, with safety as a by-product. We've learned that perfect efficiency is impossible to achieve without working safely."

The Check Six team observes the rig crew at work for about five days to spot the areas that need improvement. "After one day of training, the crew members are already saying to each other, 'I'll check your six,'" Brurud says. "It's very humbling and extremely rewarding to hear from a crew member, 'This is the best training we've ever had.'"

Check Six custom designs its program for each rig. Currently, the rigs undergoing training with Check Six are the *Ocean Monarch*, *Ocean Saratoga*, *Ocean Clipper*, *Ocean New Era*, *Ocean Nomad*, *Ocean Princess*, *Ocean Nugget*, *Ocean Voyager*, *Ocean Baroness*, *Ocean Endeavor*, *Ocean Vanguard* and *Ocean Patriot*.

"The majority of crews I have spoken with are quite excited about the Check Six training. They are starting to see the positive effects it is having on their rigs and crews," says Nelson.

ADDRESSING THE HUMAN COMPONENT

The key, says Brurud, is that Check Six addresses the human component offshore, the most critical yet most vulnerable component. "We teach cross-checks, mutual support and oversight in pursuit of a clear, measurable, attainable objective. In other words, we teach people to plan. That's important, because 20 of the last 43 Safety Alert Mishaps from the Minerals Management Service attributed 'failure to plan' as the primary root cause," says Brurud.

"We know that most of the problems we face offshore are with routine tasks," he continues. "When we run up against something that differs from what we planned, we should stop, debrief—and revise our plan. But stopping the job is the single hardest thing we do—in a fighter or on a rig. Still, we have to learn to do it. Nothing we do offshore is worth hurting people or breaking equipment."

**WE'VE LEARNED
THAT PERFECT
EFFICIENCY IS
IMPOSSIBLE TO
ACHIEVE WITHOUT
WORKING SAFELY.**

Nelson agrees: "The Check Six personnel bring a significant level of experience in applying simplicity and discipline to the JSA process, which is our key safety-planning tool. They also have a strong background in applying the After Action Review, which drives a continuous-improvement process in our JSAs."

**CHECK SIX IS
NOT YOUR STAN-
DARD SAFETY
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CIENCY, WITH
SAFETY AS A
BY-PRODUCT.**

Rather than slowing down our work, the JSA speeds it up. "If we plan our work, we can come in days or even weeks ahead of schedule," Brurud says. "The people who pay Diamond Offshore its dayrate expect its crews to perform—to do the best job they can in the least amount of time. You get there by planning. Just like pilots plan every landing, no matter how routine."

A TOOL FOR LEADERSHIP

Brurud notes that the Check Six training will increase Diamond Offshore's efficiency and safety at the same time that it creates better leaders in our ranks. "If we teach our current workforce to operate this way, the people who come up under them will learn it naturally."

Dickerson says, "We brought in Check Six on a test basis on some of the rigs about which operators had expressed safety concerns. We initially planned to send them to five or six rigs. But the training has been so well received that we're implementing it as rapidly as we can to all of our rigs. I feel pretty comfortable that, if we get the Check Six culture out to the rigs, we'll reach our ZIO goal. And I'm not going to be satisfied until we get there."

POSITIVE REVIEWS

Already, the reviews are positive. "Everyone that I have spoken with who has attended the training has had a positive view of it," says M.R. "Moe" Plaisance, formerly vice president, International Operations, Eastern Hemisphere, and now vice president, Contracts and Marketing, Houston. "We have now conducted the training in most of our areas of operation, both domestically and internationally, with similar positive reviews. This shows that the training crosses cultural boundaries well."

Brurud chuckles at that. "It's true, though. We know how to communicate with people who speak Indonesian and West African—and those who speak Cajun and Mississippian as well!"

No one falls asleep during Check Six training. The presentations are lively, interesting and challenging. Says Brurud, "We get the biggest fulfillment, short of the privilege of flying fighters and pulling 5 g's at 500 knots, from showing people how planning can be done well."

DENISE ALLEN ZWICKER HAS BEEN A FREELANCE WRITER SINCE 1977, COVERING VIRTUALLY EVERY ASPECT OF THE ENERGY INDUSTRY.



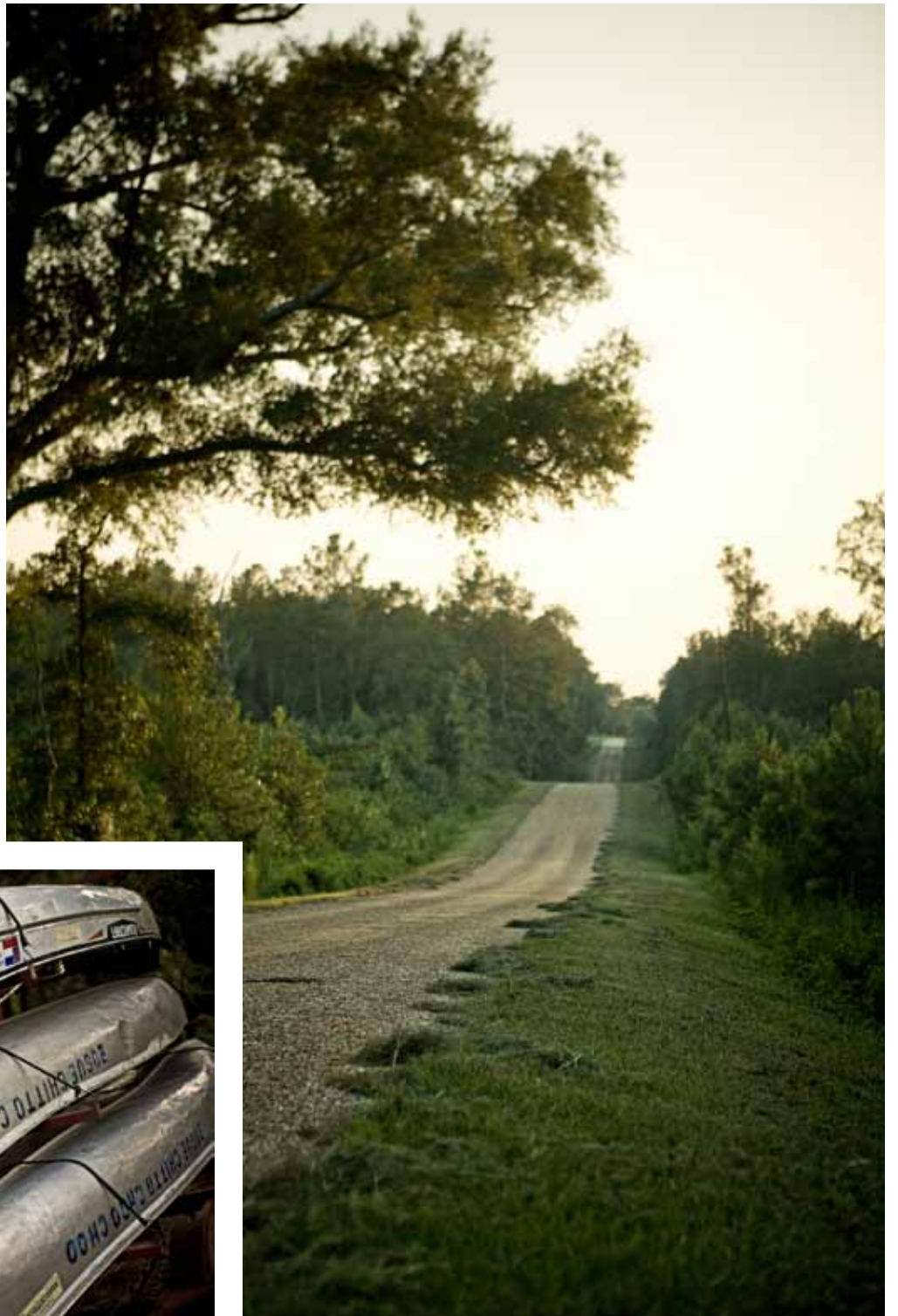
Hometowns **OF DIAMOND OFFSHORE**

ON TRACK FOR GOOD TIMES

Tylertown, Mississippi

Cicadas drone above chirping crickets at Holmes Water Park near the center of Tylertown, Mississippi, on a summer afternoon. Small creatures scurry through the underbrush. Cardinals and blue jays call from the bald cypresses above Magee's Creek, a primordial-looking waterway that flows with surprising swiftness, challenging canoers.

By Molly Glentzer, Photographs by Andy Mahr



Elsewhere in this town about halfway between New Orleans and Jackson, life appears sleepy. Tylertown, an agricultural enclave known as the cream pitcher of Mississippi, sits in the longleaf pine belt, where coastal swamps yield to rolling, red-dirt pastureland and patches of forest. Quiet city streets quickly become country roads where you can drive miles without hitting a stop sign.

Of course, an open road invites one to let the spirits loose—which may explain why so many people here relish racing in one form or another. Shaun Barnes, an assistant driller on the *Ocean Quest*, loves fast cars. Walter Gardner, a deck coordinator II on the *Ocean Baroness*, rides a motorbike for thrills. Charles Dillon, a crane operator on the *Ocean Star*, wouldn't call himself a speed demon anymore, but as a star athlete at Tylertown High in the 1980s, he ran a 4:02 mile and played wide receiver, running back and safety.





▸ **Shaun Barnes** (opposite)
Assistant Driller, *Ocean Quest*

▸ **Walter Gardner** (left)
Deck Coordinator II, *Ocean Baroness*

Fans cheer today's Tylertown Chiefs, a 3A division team, for their quickness, too. Undefeated in last year's regular season, they started this season 3-0.

Several dirt tracks in the area also provide an adrenalin rush. Barnes recommends the Hub City Dragway and the Hattiesburg Motorsports Park, both about an hour's drive east, near Hattiesburg.

Barnes can draw attention just cruising through town in his prize possession — an immaculate, black '06 Corvette. "I saved five years to get one," he says. He wouldn't dream of racing this car — "the maintenance is too expensive," he explains, "but you can't go anywhere without somebody putting on the gas, trying to provoke you." For those moments, he keeps a 1983 Buick Regal in the driveway, equipped with a powerful engine he built himself. "I knocked a hole in the first one, a V-6," he says, grinning.

A former middle linebacker for the Salem Wildcats, Barnes keeps his body running right, too. When he's home, he jogs a mile a day, visits a gym four days a week with a workout group and goes easy on the red meat. (His pet bulldogs — Max, D, and Jip — look equally muscular.)

Gardner, who played basketball for the Chiefs, still looks on top of his game, too, although he says he hasn't used the practice hoop in his yard in a while. "Cars used to line up and down the road with people watching or coming to play," he recalls.

On his off-time now, he prefers "stunting." Last year Gardner bought a bright green '05 Kawasaki 636 Ninja cycle, a bike favored for stunts and drag racing. He rides with Club X Extreme Riderz, a group of about 30 fellow motorbike enthusiasts who are a familiar sight around Tylertown. "We ride around for events and do things for kids," Gardner says.

He enjoys testing his skills, and while he's pushed the Ninja to 159 miles per hour on a track, he says he more often hits the highways for leisure rides. And he's safety-conscious. "My dad died in a motorcycle accident in '99," he says. "You have to pay attention to everything, watch out for yourself and everybody else."

Gardner and his wife, Tabitha, have two children, 8-year-old Kearrah and 2-year-old Jamari. He's also close to his mom, Linda, and 20-year old sister, Samantha. For fun, they might drive into New Orleans (they recently visited the Aquarium of the Americas and Audubon Park) or Jackson. Or just hang out together.

"Usually I just like to be around family and friends," Gardner says. The Gardners have lived in the Mount Canaan community — one of the oldest in the area — for at least three or four generations.

Gardner worked at Lowe's after high school and landed at Diamond Offshore almost by accident three and a half years ago. "I went with a friend to his interview, and they asked me if I wanted to apply," he says. He's glad he did.



In the early 1800s, Tylertown's first settlers built mills along McGee's Creek. Cotton fields eventually gave way to dairy farms, tree farms and poultry plants. Today a box factory, a metal manufacturing plant and a Walmart distribution center also bring jobs to the region. But for many, the best opportunities lie offshore.

Barnes worked in the poultry industry before joining Diamond eight years ago. "If you have a family to support, it's the best option here," he says. He wears his job enthusiasm proudly — with a silver drill bit charm around his neck.

Dillon, a relative of Gardner's, also left a poultry processing job to start his Diamond career about 13 years ago. "It's a good company," he says. In addition to the pay and benefits, he appreciates the mentoring he received from supervisors like Wesley Sullivan, Horace Gallo and Scotty Hart. Now it's his turn to dispense a little fatherly advice to his crew. "Mostly I tell them to hang onto their jobs and take care of their families," he says.

Dillon lives about 20 miles west in McComb with his wife, Kimberly, and their sons, 14-year-old Kevonté and 10-year-old Chardarrius. (His 20-year-old son, Damian, and 17-year-old daughter, Shandrika, live in Tennessee.)

His life at home revolves around family. "We fish a lot," he says. They reel in catfish and brim at private ponds, sometimes hitting the lake at Percy Quin State Park just south of McComb. "Brim are really good eating," Dillon says. The official fish fryer, he also stirs up a variety of tasty foods. "My grandmama raised me, and I spent a lot of time beside her in the kitchen," he says.

Family and friends often eat together and relax in the open area between the Dillons' neat frame home, which is trimmed in a vivid blue, and the guesthouse out back. Once a year, one side of the family also convenes for a reunion at Bogue Chitto Water Park between McComb and Tylertown, a popular spot for tubing and camping.

The Dillons also bowl occasionally and love shopping excursions. "We'll drive to Jackson, New Orleans, Baton Rouge, Hattiesburg — even to a big mall in Birmingham," Dillon says.

Home chores also call; Dillon keeps his 1.5-acre corner lot pristine, and he's renovating a second place he plans to turn into a home for his mom. And you might find him alongside Kevonté on the track at McComb High. "I'm trying to get him to make my time," Dillon says.

Barnes values family traditions, too. He lives about 20 minutes north of Tylertown, next to his parents and a sister (one of five siblings) on land once farmed by his grandfather. "We grew up raising our own vegetables," Barnes says. He still helps his parents, Charles and Emma Barnes, with their garden. (Emma, like her father before her, preaches at a Church of God in Christ in nearby Columbus.)

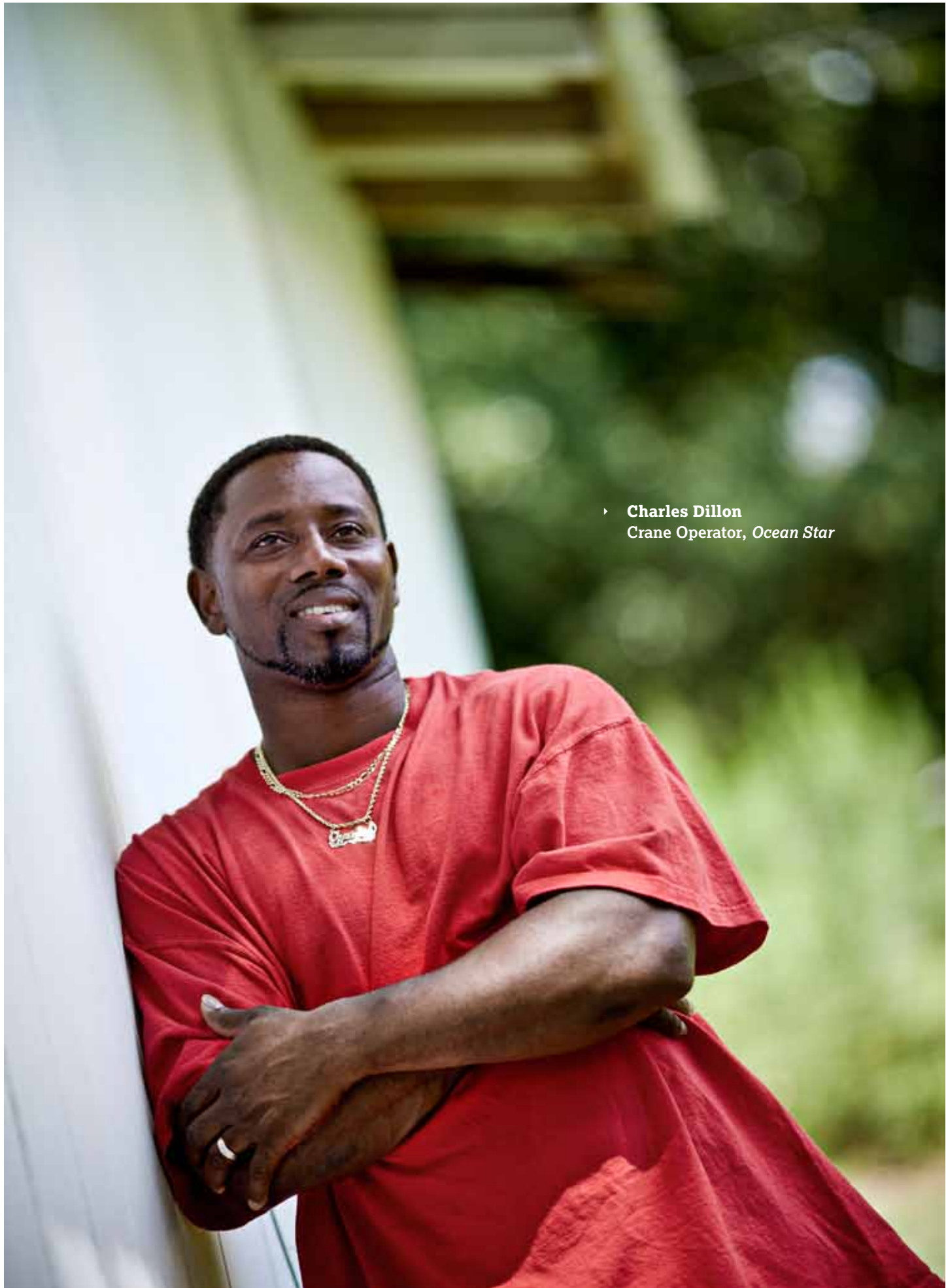
A few cows graze on adjacent acreage rimmed with tung trees, dogwoods and honeysuckle. Although Hurricane Katrina knocked down the old barn, the sheds where the family cured sugarcane and stored sweet potatoes still stand, along with a smokehouse.

Still, Barnes' eyes light up when he talks of traveling. "I love scenery," he says. Working offshore Brazil since last March has allowed him to experience Rio de Janeiro. On a recent trip, he toured the iconic, 120-foot tall Christ the Redeemer statue atop Corcovado Mountain. "The view up there you've gotta see," he says.

He thinks about moving to a larger city, but he might miss his mom's azaleas in the spring. For now, he's thankful to explore the world with Diamond and return every 28 days to the solid grounding of home.

Finger that drill bit charm on a chain, he turns philosophical. "If He blesses you to get it, He blesses you to keep it," he says.

FREELANCE WRITER **MOLLY GLENTZER** IS BASED IN HOUSTON, TEXAS.



▶ **Charles Dillon**
Crane Operator, *Ocean Star*

Ocean Epoch—Very High Level of HSE Performance, No Recordable Incidents, No Reportable Environmental Incidents

BHP Billiton would like to thank all personnel on the *Ocean Epoch* for their commitment to achieving and maintaining a very high level of HSE performance during our Pyrenees development drilling campaign to date.

The HSE performance during the drilling of the three Stickle development wells has been excellent with no recordable incidents and no reportable environmental incidents. From the initial campaign inductions, and throughout the start of the campaign, the commitment and leadership from all personnel involved to aspire to our goal of zero harm undoubtedly created a culture that ultimately is delivering real HSE success. In addition, many new initiatives, such as the After Action Reviews and hands-free lifting, have been fully embraced and are now an effective part of the HSE system on board the *Epoch*.

We also achieved some excellent operational performance during the campaign, which we believe is a by-product of the efforts that go into ensuring a safe operation. Three high-quality subsea wells were successfully drilled and completed meeting all required objectives.

The incentive scheme that is in place for the Stickle-6H3 and Stickle-4H1 wells was based on performance against a set of HSE objectives as outlined in the HSE plan. All these objectives were met, and as a result eligible personnel will receive a bonus payment. A similar incentive scheme is in effect for the next two wells.

Manuel Sessink Drilling Supt.,
Rob Stomp D&C Engineering Supv.,
Doug Berean Drilling Mngr.,
BHP Billiton

Ocean Patriot—Job Well Done

ROC senior management would like to extend their congratulations to the team for successfully landing and locking the completion string in Basker-7. This week has been challenging with a spanner thrown in the works, and the decision to continue to run the completion was not made lightly, but it was the less risky option. This represented one of the many challenges that we have overcome during the program using risk management and a team approach.

Now that we have installed the completion, it is a big sigh of relief.

As we approach the final operations for the BMG 2009 *Ocean Patriot* program, let's continue to maintain high vigilance for HSE issues around the rig, vessels and shorebase.

We want everyone to go home safe and proud of what we have achieved.

Cheers,

Bradley Stout Drilling & Completion Mngr., *Australia Roc Oil Company LTD*

Ocean Victory—Outstanding Safety, Performance

Just a quick note to thank you and the crew personally for doing a good job for ATP on the MC 942 #2 BP #3, MC 941 #4 and MC 941 #3 wells. It was a pleasure working with both the rig and office staff from Diamond and your subcontractors on this project for ATP. I appreciate the hard work, the safety, the excellent hole making, etc., that you put forth these last few months. It was everything I knew the *Victory* and her crew to be capable of based on your reputation. Take pride in the fact that you lived up to both your reputation and my expectations.

I am looking forward to seeing and working with you again sometime in Dec. We'll be tying back and completing a 15K, three-zone, smart completion subsea well when you get back. I am confident that if we give you a good plan, you'll again do a good job of executing it. Stay safe while you are away.

Regards,

William T. (Bill) Daugherty Drilling Mngr., *GOM ATP Oil & Gas Corp.*

Ocean Nomad & Princess—Sword of Honour

I am delighted to confirm that both the *Ocean Nomad* and *Ocean Princess* have won the coveted, HSE recognized, prestigious British Safety Council "SWORD of HONOUR" award. Please accept my warmest congratulations for you and the staff and all the hard work that you have put in to win this award. Great news for all concerned.

Alex Lovie Scottish Division, Acct. Mngr., *British Safety Council*

Editors Note—The Sword of Honour is one of the most prestigious international health and safety accolades that a company can receive, and it is designed to encourage and reward organizations that work to best practice. It was inaugurated in 1979, and every year only 40 Swords are awarded worldwide (out of some 600 rigs). For Diamond Offshore to receive two Swords out of a possible 40 demonstrates the commitment of all concerned and that we are an industry leader.

Ocean Guardian—Admirable Performances; Safe and Successful Drilling

Now that the *Ocean Guardian* is off contract to AGR/Serica, on behalf of AGR/Serica, we would like to thank you all for your efforts and commitment to the safe and successful drilling of the Bandon Exploration well. Obviously this has been an extremely positive result for Serica, and I would like to acknowledge the important part you all played as part of the team. We really value the relationship we have built up with Diamond over the past few months, and we wish you all the very best for your future drilling campaigns and look forward to working with you again in the future.

Thanks again,

Laurie Phillips Sr. Drilling Engineer, *AGR Petroleum Services*

Ocean Lexington—Safely Delivering Beyond Expectations

It's with mixed feelings that I... announce the *Ocean Lexington* departed from PhPC and BP Egypt this week at 0900 hrs on 5 September after more than three years with us. Sad to see her depart, but proud to reflect on the last three years.

As we come to the end of this contract with Diamond and the *Lexington*, I would just like to deliver personal thanks to all the people, the offshore rig teams, service providers, onshore coordinators and onshore planning teams, and supporting functions involved in making this such a successful partnership. The rig has delivered beyond expectations and you should all be extremely proud of your contribution to that. Right up until the last anchor was racked, the commitment shown by all involved has been excellent.

Amongst many other achievements, the rig has delivered 14 wells including four subsea completions, much of which underpins our future in the Mediterranean for years to come.

- Carried out a successful and accident-free shipyard and upgrade program in Mobile, Alabama.
- Drilled the discovery well for the Giza field.
- Valuable appraisal of the Giza, Taurus, Libra and North Alex fields.
- Completed four subsea sand control completions on Taurt and Hapy, delivering in excess of our contracted gas commitments.
- Safely and successfully completed well tests and well cleanups on the Libra, Hapy and three Taurt wells.
- Safely carried out multiple simultaneous operations with construction vessels and production facilities on the Taurt field.
- Introduced or developed the successful use of new or emerging technologies in Egypt such as riserless mud return, trees-on-wire, jetting and expandable screens.
- Developing a multinational and multicultural organization, promoting national talent.
- Continuously improving drilling and completion performance, reduced NPT and great lessons learned as reflected by the later NAB, Hapy and Taurt wells.

- Most recently, since returning from Libya, the rig has completed the 2009 Taurt and Hapy field extension program for Pharaonic Petroleum. This has been completed with P10 performance coming in 36 days ahead of the planned time and under budget. This work has delivered all the well objectives without a single LTI (DAFWC). This was truly world-class performance.

I wish the rig, rig crews and our service providers the best in the future.

With thanks,

Kevin Walter Wells Team Leader,
Ocean Lexington Team, *UK BP*

Ocean Shield—Extremely Professional Work From Shore-based Personnel

I am aware that you are leaving Australasian operations very soon and would like to offer you some feedback on my experience working with the Diamond *Ocean Shield* shore-based management team over the last 14 months or so. This feedback is from a purely personal point of view and is not written from an Eni company perspective.

This feedback is in particular regarding Duncan Coulson (Operations Manager, *Ocean Shield*), Ben Devlin (HSE Manager), and to a lesser extent Ben Lawrance, Jay Crocker and Daniel Ziglar (though only because my dealings have been slightly less with them).

As you are aware, the last year has been a hectic year for the Eni proposed operations with many changes often at short notice, and that has meant we have placed considerable demands on the OS shore-based management team. This has meant numerous meetings, changes to plans, redoing the meetings because of changes, regulatory meetings, queries to Diamond from me, follow-up required by Diamond on our behalf and so on. What I have received back from Diamond is an extremely professional approach, always endeavouring to attend a meeting (even at short notice) and, if they could not attend, then assisting in getting someone with relevant rig knowledge to the meeting, all the while keeping a good sense of humour in their interactions with the Eni HSE team.

They have demonstrated repeatedly that safety is a priority for them and provided us with backing and knowledge when we were trying to convey the importance of issues to some members of meetings. They have highlighted issues, assisted in getting equipment and brought to our attention the need for backup items, always doing that bit extra to ensure we had a smooth operation.

Duncan, Ben, Ben, Daniel and Jay have made working with them very easy and, pleasant, and they display a wonderful professional approach. I believe this has been a big contribution to the successful campaign we have had to date.

Kind regards,

Alix Hinchliffe Sr. Health & Safety Specialist, *Eni Australia Limited*

Ocean Guardian—Admirable Performance; Safe and Successful Drilling

On behalf of Serica, I would like to thank everyone involved from Diamond. The rig (*Ocean Guardian*) has performed admirably and the offshore team and onshore support staff have provided a safe, professional service. I would like to think that this is not the last time we work together.

Regards,

Mitch Flegg Gen. Mngr., Ops. & Projects, *Serica*

Ocean Patriot—Delivering a Safe, Efficient Operation

On behalf of Beach Petroleum and Australian Drilling Associates, we would like to thank the management and crew of the *Ocean Patriot* for their significant contribution to the safe and efficient drilling of the Spikey Beach-1 well.

It was very refreshing to work with a team that was focused on delivering an efficient operation, and worked with our supervisors to effectively overcome any operational challenges that presented themselves. This operation was safely completed with 2.5 hrs of NPT in 17 days (0.5%), which is an excellent result.

Michael Giuliano Drilling Ops. Mngr., *Beach Petroleum*,
Iain Robertson Drilling Supt., *Australian Drilling Associates*

RIGS & LOCATIONS

DIAMOND OFFSHORE RIGS BY TYPE AND LOCATION



SEMISUBMERSIBLES

ANGOLA	DEPTH	EQUIPMENT
OCEAN VALIANT	5,500	SP; 15K; 3M

AUSTRALIA	DEPTH	EQUIPMENT
OCEAN EPOCH	1,640	3M
OCEAN PATRIOT	1,500	15K; 3M

BRAZIL	DEPTH	EQUIPMENT
OCEAN ALLIANCE	5,000	DP; 15K; 3M
OCEAN WINNER	4,000	3M
OCEAN WORKER	3,500	3M
OCEAN QUEST	3,500	VC; 15K; 3M
OCEAN YATZY	3,300	DP
OCEAN YORKTOWN	2,850	3M
OCEAN LEXINGTON	2,200	3M
OCEAN CONCORD	2,200	3M
OCEAN WHITTINGTON	1,500	3M
OCEAN AMBASSADOR	1,100	3M

GOM-US	DEPTH	EQUIPMENT
OCEAN COURAGE	10,000	DP; 15K; 4M
OCEAN MONARCH	10,000	VC; 15K; 4M
OCEAN CONFIDENCE	10,000	DP; 15K; 4M
OCEAN BARONESS	7,000+	VC; 15K; 4M
OCEAN AMERICA	5,500	SP; 15K; 3M
OCEAN STAR	5,500	VC; 15K; 3M
OCEAN VICTORY	5,500	VC; 15K; 3M
OCEAN SARATOGA	2,200	3M

MALAYSIA	DEPTH	EQUIPMENT
OCEAN ROVER	7,000+	VC; 15K; 4M
OCEAN BOUNTY	1,500	VC; 3M

MEXICO	DEPTH	EQUIPMENT
OCEAN VOYAGER	3,200	VC
OCEAN NEW ERA	1,500	3M

NORWAY	DEPTH	EQUIPMENT
OCEAN VANGUARD	1,500	15K; 3M

SINGAPORE	DEPTH	EQUIPMENT
OCEAN VALOR	10,000	DP; 15K; 4M

UNITED KINGDOM	DEPTH	EQUIPMENT
OCEAN NOMAD	1,200	3M
OCEAN GUARDIAN	1,500	15K; 3M
OCEAN PRINCESS	1,500	15K; 3M

VIETNAM	DEPTH	EQUIPMENT
OCEAN GENERAL	1,640	3M

JACK-UPS

AUSTRALIA	DEPTH	EQUIPMENT
OCEAN SHIELD	350	IC; 3-4M

CROATIA	DEPTH	EQUIPMENT
OCEAN KING	300	IC; 3M

EGYPT	DEPTH	EQUIPMENT
OCEAN SPUR	300	IC
OCEAN HERITAGE	300	IC

GOM-US	DEPTH	EQUIPMENT
OCEAN TITAN	350	IC; 15K; 3M
OCEAN SPARTAN	300	IC
OCEAN CHAMPION	250	MS
OCEAN COLUMBIA	250	IC
OCEAN CRUSADER	200	MC
OCEAN DRAKE	200	MC

INDONESIA	DEPTH	EQUIPMENT
OCEAN SOVEREIGN	300	IC

MEXICO	DEPTH	EQUIPMENT
OCEAN NUGGET	300	IC
OCEAN SUMMIT	300	IC

URUGUAY	DEPTH	EQUIPMENT
OCEAN SCEPTER	350	IC; 3-4M

INTERNATIONAL DRILLSHIP

BRAZIL	DEPTH	EQUIPMENT
OCEAN CLIPPER	7,500	DP; 15K; 3M

1 Gulf of Mexico

11 Semisubmersibles
8 Jack-Ups

2 Brazil / Uruguay

10 Semisubmersibles
1 Drill Ship
1 Jack-Up

3 North Sea

4 Semisubmersibles

4 Mid-East / Mediterranean / Africa

1 Semisubmersible
3 Jack-Ups

5 Asia Pacific

6 Semisubmersibles
2 Jack-Ups

Key

- ▶ **DP** Dynamically Positioned / (SP)
- ▶ **IC** Independent-Leg Cantilevered Rig
- ▶ **MC** Mat-Supported Cantilevered Rig
- ▶ **MS** Mat-Supported Slot Rig
- ▶ **VC** Victory-Class
- ▶ **SP** Self-Propelled
- ▶ **3M** Three Mud Pumps
- ▶ **4M** Four Mud Pumps
- ▶ **15K** 15,000-psi Well-Control System



Diamond Offshore Drilling is committed to operate at the highest possible level of operational integrity and quality, while emphasizing exemplary performance in the areas of health, safety, environmental protection and regulatory compliance. Diamond Offshore's mission is to exceed customer expectations and continually set the standard of excellence as we assist our customers in their worldwide efforts to discover and produce offshore petroleum resources.



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