A VALIANT EFFORT IN AFRICA

IT'S BEEN SCARCELY A YEAR SINCE THE OCEAN VALIANT MOVED TO EQUATORIAL GUINEA AND NOW IS IN THE THICK OF HELPING HESS TRANSFORM THIS WEST AFRICAN NATION INTO A SIZEABLE HYDROCARBON PRODUCER. PAGE 2
A VALIANT EFFORT IN AFRICA

Scarcely more than a year ago, the Ocean Valiant moved from Angola to Equatorial Guinea (EG) and is now in the thick of helping Hess transform this diminutive West African country into a sizeable hydrocarbon producer.

AMBASSADORS TO EQUATORIAL GUINEA

For more than a decade Equatorial Guinea (EG) has been like a second home to Hess. Since arriving in 2001, the company has been instrumental in helping this small West African country take its rightful place among the world’s oil-producing nations.

NATION BUILDING

As Diamond Offshore rigs get deployed to new countries around the world, a team of specialists goes in before them to make way for good business.

HAND SAFETY

In an industry as “hands-on” as offshore drilling, it may be no surprise that hand and finger injuries are the most pervasive and frequent accidents on rigs. They’re so common, some might believe they’re impossible to eliminate. But as Diamond Offshore has discovered, when the whole company works together, anything is possible.

TRAVEL TALES

Logging 145 million air miles annually, our frequent fliers are putting Diamond Offshore on the map.

FLEET UPDATE: SETTING SAIL

Over the next two years, Diamond Offshore will launch four ultra-deepwater drillships and two deepwater semisubmersible rigs.

FACETS

News and views from Diamond Offshore.

Diamond Offshore was recently ranked first in two categories of EnergyPoint Research’s 2012 Offshore Drillers customer satisfaction survey: #1 in Deepwater Drilling and #1 in Latin America & Mexico.
I was looking through some old photographs and came across one from my grandfather’s retirement party in 1960 when he left the Southern Pacific Railroad. I’m guessing that the wrapped present in the picture is a fishing rod.

But my eye was drawn to the safety poster on the depot wall: “Tomorrow’s Railroaders Work Safely Today.” I went and looked up railway safety statistics for the U.S. for that period, and I discovered that their safety results were little changed through the 1960s and into the mid-70s. If safety is a journey, then these guys weren’t really moving much at all. Today we realize that in order to make progress in our safety performance, we must continuously improve, year after year.

Why were they satisfied with no improvement? Was it lack of knowledge of modern safety tools? Were they complacent because of the tremendous progress that had been made in the early years? These were probably important factors, but I think it was mostly that safety was considered to be a sideshow that was separate from, rather than an integral part of, operations.

In my thirty years at Diamond Offshore, we have made the greatest strides in safety since taking to heart the idea that safety and operations are not separate—we only have safe operations. What tremendous progress we’ve made, but we’ve still far to go. In both rigs and rails, safety remains a journey. Diesels and drillbits are apt metaphors for a journey, since both of these endeavors mean moving down the track or deeper in the hole. I am sure that 50 years in the future, people will look back at pictures of the drilling industry in 2013 and think how much progress we still had yet to make. However, I don’t want our successors to think we were ever complacent about what we had achieved, but instead that we were always seeking to improve our performance. Tomorrow’s Drillers will be able to Work Safer because of the progress we make Today.

One more thing about the old safety poster—even in 1960, drilling contractors had figured out that engineer caps needed to be replaced with hard hats!
A VALIANT EFFORT IN AFRICA

AN ARTICLE WRITTEN BY SCOTT REDEPENNING AND PHOTOGRAPHED BY CHRIS SHINN
Valiant

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Offshore assets in against several other rigs that are newer and have more capa-
bilities, but Hess chose us for a number of reasons. They had successfully used the Valiant years ago in the Gulf of Mexico, the rig was already nearby in Angola, they liked the experience of the crews, and there was a high level of comfort with our company in terms of working relationship and safety.”

Ladell Bounds of Hess confirms this from the client side. As Drilling Superintendent he is the man in charge of ensuring the day-to-day progress and efficiency of the Ceiba
campaign. Bounds says that in terms of specs, the 1988-built Ocean Valiant wasn’t ideal, primarily because the rig could use more mud capacity. Yet he is quick to add that there is much more to drilling than mud.

“The Valiant has performed excellently for us, but that’s exactly what we expected. The rig is a little older, but really a rig is people, and these people have made her performance outstanding,” he says. “She is well taken care of. Diamond Offshore put in a new derrick, and the guys do a terrific job with maintenance and keeping her really clean. You can tell the crew takes a lot of pride in the rig. Another big plus is the management. There has been a lot of continuity of leadership on the rig, and their people and our people have meshed together very well. When you start up there is always a steep learning curve, but they climbed it very quickly and safely. They have become a very efficient team.”

RIG TIME

Looking from the deck of the Valiant, a featureless horizon of ocean surrounds, and a thick haze blots the sky due to seasonal dust storms blown in from the Sahara. The lush jungles of Equatorial Guinea are far too distant to see, yet for Ray Third, Senior Drilling Supervisor and lead company man on the rig for Hess, this is paradise.

“Beautiful. The performance of this rig is just beautiful. Diamond Offshore people are extremely professional. Their skills are great, and they take the time to really train the nationals who have come to work here,” Third says. “This unit was not perfect for Hess from a technical standpoint, but their people have overcome that. We have had no downtime due to rig limitations. The crew bends over backwards to meet our needs, and the respect they show is awesome and pretty rare. There are no egos on board like I’ve run into on some other vessels. Here it is not an us-versus-them culture. We are a team. I would love to have this rig for many years more. To me it’s a dream.”

Peter Holland, Offshore Installation Manager (OIM) on the Valiant, can’t conceive of a situation where a rig could function without complete teamwork. “There are 18 nationalities on this rig right now who must work together. Communication is key,” he says. “It doesn’t matter the job, you have to treat all crewmembers with respect and train them to do the job well and safely. Hess is a great partner in this. They are very committed. Safety isn’t just some policy on paper. They really practice what they preach.”

In addition to the thorough safety practices already in place, Ray Third uses two other devices to stimulate safety alertness. One is the Golden Hardhat. Every week, every person on board is eligible to win this coveted award, which goes to the crewmember who has done the most exceptional job on safety and accident prevention initiatives. “They get a bag of goodies and get to wear the hardhat for a week,” says Third. “This is a point of immense pride for the winner, especially among the EG nationals.”

The other device is the hazard hunt. “There are times when we decide to stop all operations and focus the entire crew on safety. Everyone goes over the rig with a fine-tooth comb and identifies potential safety hazards, no matter how small. Then we prioritize and address them in order, days

SCARCELY MORE THAN A YEAR AGO

THE OCEAN VALIANT MOVED FROM ANGOLA TO EQUATORIAL GUINEA (EG) AND IS NOW IN THE THICK OF HELPING HESS TRANSFORM THIS DIMINUTIVE WEST AFRICAN COUNTRY INTO A SIZEABLE HYDROCARBON PRODUCER.

In 2001 Hess came to Equatorial Guinea and has since developed two of the country’s most productive offshore oilfields. As one of the primary operators in EG, Hess has formed a close symbiotic partnership with the nation’s government in bringing new progress, new prosperity, and new oil production to this country. For the past year the company has executed a vigorous drilling, workover and completions campaign to bring in the new wells.

“As one of the primary operators in EG, Hess has formed a close symbiotic partnership with the nation’s government in bringing new progress, new prosperity, and new oil production to this country. For the past year the company has executed a vigorous drilling, workover and completions campaign to go after reserves in the Ceiba (pronounced Say-ba) field that were previously bypassed. Diamond Offshore’s Ocean Valiant has been the lone rig on the job from the start, and the semisubmersible continues to bring in the new wells.”

“Right now the Valiant is sitting in about 2,400 feet of water, working on the eighth well in the drilling program,” says Stuart Utting, Operations Manager for all Diamond Offshore assets in EG. “The wells we are drilling are around 8,000 to 10,000 feet, and significantly deviated. This rig can work in much deeper water and can drill deeper wells, but it wasn’t so much the specs that attracted Hess.”

Utting says that less tangible factors won the day when the time came for Hess to award the contract. “We were up against several other rigs that are newer and have more capabilities, but Hess chose us for a number of reasons. They had successfully used the Valiant years ago in the Gulf of Mexico, the rig was already nearby in Angola, they liked the experience of the crews, and there was a high level of comfort with our company in terms of working relationship and safety.”

Ladell Bounds of Hess confirms this from the client side. As Drilling Superintendent he is the man in charge of ensuring the day-to-day progress and efficiency of the Ceiba
Sometimes you have to stop and sacrifice a little production for the sake of safety. All of us who manage this rig’s productivity are perfectly good with that.”

Ladell Bounds shares another example of safety culture prevailing above all else. Last year some damage was discovered in the lower clutch shaft of the rig’s draw works, necessitating a replacement. Together Hess and Diamond Offshore decided against waiting for an opportune time to do this, which was a possible option. Instead, work was suspended and the repair was done immediately. This cost Hess money, and it cost Diamond Offshore money. Bounds says that truthfulness is what brought the companies together on the decision.

“One thing I tell every contractor is just to tell me the truth. We can fix the truth, but we’ll have to chase a lie forever. I expect transparency on performance, safety, everything, and we are also very transparent in return. Diamond is very good with this. They are always frank with us regarding any modifications and safety issues, even if it may cost them some rig time. We may be the client, but really we are a team working for the same goals. They even helped us to get the rig ready before they were on the payroll. To see that attitude makes all the difference in the world.”

THE ONSHORE SIDE OF OFFSHORE

Don VanDeLinder is Drilling Superintendent for the Valiant. He is part of the shore-base team at Diamond Offshore’s office in the city of Bata, along with Ops Manager Stuart Utting, Safety Supervisor Tim Taylor, and Area Administrator Sharon Bayliss. The office building was originally the Spanish embassy, thus there are several rooms spread across a generous floor plan. Yet this team of four occupies a single office, working within 15 feet of each other in a tight cluster of inward-facing desks. Much of the day’s work happens on the phone and every conversation by default is public. The closeness is akin to working conditions out on the rig, and VanDeLinder says this is by design.

“We all support the same rig, so the setup is very efficient. If I have a question about safety, I just lean over my monitor and ask Tim. Every call any of us takes is really like a big conference call. This is a huge advantage for getting things done. I’ve worked in an office where someone would email me from two doors down. That doesn’t happen here.”

VanDeLinder handles rig personnel, the most important component in Hess’s decision to hire the Valiant. Many of the supervisors have been with the rig since it was in the Gulf of Mexico, and that continuity has been vital to the Valiant’s fast success in EG. “Some of the supervisors had never even been on a plane when it was in the Gulf,” says VanDeLinder. “But we kept them with the rig when it went to Angola. They are very experienced at this now and the startup here was very smooth. They are seasoned international operators. We could send these guys anywhere in the world.”

Another challenge of hiring large numbers of nationals in a short timeframe is safety training, a job overseen by Tim Taylor. During startup, once the right crewmembers were identified and hired, they were given a two-day preparatory orientation onshore. This was followed by intensive comprehensive training on the rig, which was done in multiple groups to get everyone up to speed. “We are very serious about incorporating the new crews into our safety methods,” says Taylor. “Many of these crewmembers have experience working for other offshore companies, but we take them as if they are completely new and train them the Diamond Offshore way. One thing that probably surprises them is that we give them the power to stop a job at any time if they think there is a safety issue. Hess has this policy as well. Our two companies really see eye-to-eye on safety.”

The training works. As of printing, the Valiant had achieved 626 days without an LTA (Lost Time Accident), 113 days without a recordable doctor case, 106 ZIO days (Zero Incident Operations) and 82 days without a first aid case, which occurred when a cook cut his finger slicing vegetables in the galley.

VanDeLinder says that ultimately the key to good safety and performance is to sincerely welcome the nationals and make them feel a sense of ownership in the rig as a means for prosperity and opportunity. The Equatorial Guinean government dictates that its citizens be hired for about 60% of crew positions. Diamond Offshore tries to make those the best positions possible. “When we are in a place for a good amount of time, we try very hard to promote nationals to higher levels. We have four national derrickmen on the Valiant, a position with a lot of responsibility and importance to the drilling operation.

“Hess also treats nationals very well,” VanDeLinder continues. “The company pays to fly the crewmembers to Bata so they can catch the helicopter to the rig. It gives the nationals a great deal of pride that they fly over instead of taking a ferry. This makes us one of the more desirable teams to work for.”
I was already familiar with what she could do, but really it comes down to safety record.

It was an easy call. This rig has proven itself for many years and still is.

Ladell Bounds, Drilling Superintendent, Hess
The fifth member of the shore-base team is Materials Supervisor Chris McKeithen, who manages all equipment and supplies that must be imported to EG, and in turn shipped out to the Valiant. He is the lone Diamond Offshore man in Luba Freeport, a bustling logistics center on the island of Bioko that supplies offshore installations up and down the coast of Western Africa. His office is a 40-minute plane ride plus a 50-kilometer journey by car from the main shore base in Bata. He doesn’t sit at the “cluster of desks,” but he is tightly integrated with the team.

“My job is to keep equipment and supplies ready that can’t be stored on the rig. In EG that can be pretty challenging,” says McKeithen. “It takes a ton of advanced planning to get things the rig needs on time. We are on an island so everything needs to be imported, mainly by ship, and then turned around on another supply boat to be sent out to the rig.”

EG is a relatively new area of operation compared to regions like the North Sea, Gulf of Mexico, or even other parts of Africa. Many of the usual offshore vendors are not established here, and the supply chain is much longer, with most of the equipment coming from the U.S., the U.K. and Singapore.

VanDeLinder says the success of any rig is totally dependent on how good the materials supervisor is, and McKeithen wears out a fair amount of tire rubber meeting the challenge. Many of the smaller items can be sourced locally, from gas bottles to office supplies, and McKeithen often goes into Malabo, EG’s capital city also on the island.
of Bioko, to procure whatever he can. “It’s not always about huge pieces of equipment,” he says. “The other day I got a request from the rig for a little pocket calculator, but that’s not as easy as it sounds. I can’t just run out to Office Depot.”

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**CLOCKING IN**

Nothing about working in EG is particularly easy. Say you’re a toolpusher from Thibodaux. When it’s time to go to work, you’ll make your way from Louisiana to Houston where you hop a 10-hour flight to Frankfurt, Germany. You change planes and fly down to Nigeria, then on to Malabo, another 8 hours in the air. Finally you are in EG, and even though the entire nation is only the size of Massachusetts, you’re still not close. You are driven to a hotel, then at the crack of dawn you climb aboard a prop plane to Bata, where you catch a helicopter out to the rig. Time to work.

This routine takes different forms depending on where in the world you are coming from, but the passage is no less arduous. Area Administrator Scott Birnie lives in South Africa. When coming to work he has to fly right past EG all the way up to Europe and then back down into Africa. In the end, VanDeLinder says the journey is well worth it.

“We have a great client in Hess, and we are doing good work for them,” he says. “Besides that, life is good here. This is a safe, peaceful country. There are certainly struggles compared with the comforts of home. Electricity and water pressure are unpredictable. You avoid drinking the water or having ice in your drinks. You have to take your malaria meds. But you don’t have to deal with crime and fear. There is no hostility toward expats here. We can walk around just about anywhere and feel safe.”
FOR MORE THAN A DECADE EQUATORIAL GUINEA (EG) HAS BEEN LIKE A SECOND HOME TO HESS. SINCE ARRIVING IN 2001 THE COMPANY HAS BEEN INSTRUMENTAL IN HELPING THIS SMALL WEST AFRICAN COUNTRY TAKE ITS RIGHTFUL PLACE AMONG THE WORLD’S OIL-PRODUCING NATIONS. HESS HAS ESTABLISHED TWO MAJOR OFFSHORE OILFIELDS IN EG, AND NEW DRILL STRINGS CONTINUE TO PROBE TOWARD UNTAPPED POCKETS OF PRODUCTION.

In square miles, Equatorial Guinea is about the size of Massachusetts. The nation’s entire population roughly equals that of El Paso, Texas, at just over 600,000 people. But to John Simon, Senior Vice President of Global Exploration & Production at Hess, the place is enormous – at least in terms of importance to his company.

“Worldwide, Hess produces about 350 to 400 thousand barrels of oil equivalent per day, and EG represents about twenty percent of that. This is a very significant, high-priority region for the company,” he says.

Hess, in partnership with Tullow Oil and GE Petrol, has developed two of the country’s largest oilfields—Ceiba (pronounced Say-ba) and Okume, both named after enormous tree species that dominate the jungles of Equatorial Guinea. Hess entered the country through the 2001 acquisition of Triton Energy, the company that discovered and first developed Ceiba. “This field was one of the cornerstones of the acquisition,” says Simon. “We took over and further developed Ceiba and also discovered Okume, a field that encompasses both shallow and deepwater reserves.”

Roughly 250 million barrels have been produced from Ceiba, and a projected 100 million barrels still await extraction. Hess considers the field to be far along on the development continuum, which has inspired the company to take a new approach here.
According to John Simon, Hess endeavors to perform high-impact exploration, which can be transitioned to high-impact developments. But he adds that another key part of the company’s strategy is further exploitation of current, more mature assets. “Certain developments such as EG have been very important to our company in terms of cash flow, production and the relationships we’ve developed,” he says. “When we have a strong asset like this, we look for more ways to exploit it and prolong our presence in the country.

“So in EG, Hess acquired 4-D seismic which has enabled us to identify unswept volumes. In the past these opportunities would not have been economically attractive to pursue. But now that we’re able to pinpoint these targets, and since over time we’ve learned how to be much more cost efficient with our drilling programs, we can now justify pursuit of these smaller reserve pools. Those are what we are currently going after with Diamond Offshore.”

Sam Brown, Drilling and Completion Manager for Africa, further elaborates on the drilling campaign. “Most of the targets we’re hitting are between two and three million barrels. With the costs of drilling a new well and the subsea infrastructure needed, two million barrels is the minimum to meet our economic thresholds,” he says. “However, our seismic surveys have also identified a number of targets that are less than two million barrels, so we are looking for ways to successfully monetize those by sidetracking from existing wells to access them. We are trying not to leave anything behind.”
DIAMOND IN THE ROUGH

In December of 2011, Diamond Offshore’s Ocean Valiant was moved up the African coastline from Angola and began drilling Hess’s Ceiba campaign. The 5,500’-water-depth rated semisubmersible hasn’t taken a breather yet. So far the Valiant has completed a well that had been suspended a few years ago, conducted three workovers, drilled and completed three new wells, and is now working on the first of another three-well drill-and-complete program.

Brown is pleased with the results. “The Valiant has performed very well. When the rig came to us from Angola, she had seen quite a bit of action and was in need of some tender loving care. The crews have worked hard to clean her up and make everything very tidy. For a rig of this age and generation, I have to say it is performing admirably.”

Brown adds that there were newer rigs with higher specs available for the assignment on a faster timeframe, but Hess decided to delay the campaign and wait for the Valiant to finish work in Angola. “When we evaluated the Valiant from both the safety and operations standpoints, we determined it was the best choice for us of all rigs available in that part of the world,” he says. “The rig’s experience in doing completions was attractive, as that specialization is vital to us in a field like Ceiba, but safety was the primary factor. The safety commitment and culture on the rig is very good and very much in alignment with our own. We work closely with Diamond to make sure our teams actively and constantly work together to assure safety. We like that our management systems complement each other. These factors give us a lot of comfort and confidence in partnering with them.”
LIFE IS GOOD HERE.

THIS IS A SAFE, PEACEFUL COUNTRY... WE CAN WALK AROUND JUST ABOUT ANYWHERE AND FEEL SAFE.

Don VanDeLinder, Drilling Superintendent Ocean Valiant
Drilling Superintendent Ladell Bounds is the man on the ground in EG who manages the Ceiba drilling program. He had worked with the Valiant years ago in the Gulf of Mexico and was instrumental in choosing the rig this time around. He says there is a lot of value in knowing what to expect. “We submitted the tender and several rigs were bid, but I knew when I saw the Valiant on the list, that would be the one we want,” says Bounds. “I was already familiar with what she could do, but really it comes down to safety record. That is more critical to our operation than a scheduling issue. When we looked at the safety and performance record, we said to ourselves, ‘why are we even talking about this?’ It was an easy call. This rig has proven itself for many years and still is.”

**Partners for Good**

Among the world’s operators, Hess is difficult to categorize. There are the majors, there are the independents, and somewhere in between there’s Hess. According to John Simon, the difference isn’t just the size of the company, but the size of the company’s character. “We are big but still an independent. Our footprint is global and rivals some of the majors, yet we maintain that entrepreneurial spirit. The company is very open, and I think this has given us a strong culture to do the right thing. “And doing the right thing has taken on a whole new dimension since Macondo,” Simon continues. “When drilling deepwater wells, you want to be sure you’re making the right decisions. We believe in having a partner in that endeavor who is not taking chances or cutting corners. Certainly rates are important, but what is most critical to us is to have a real partnership in safety and efficiency, and Diamond has been very responsive on these fronts. Also, working in a place like Equatorial Guinea, it’s important to have a good track record as a corporate citizen, just to have the right to operate there. The contractors we choose have to play a role in this with us. Efforts around hiring nationals and giving them training and opportunities to improve their lives are quite important, and Diamond Offshore shares in these goals as well.”

Another way Hess is doing the right thing is through PRODEGE, a large-scale national education program funded by the company in partnership with the EG government. In 2006, Hess and the government each committed $25 million to a five-year program designed to elevate the level of instruction in EG for grades K-6. “The program has trained about a thousand teachers in a more advanced approach, using modern educational materials and management systems. We also rebuilt a number of schools,” says Simon. “The program has been very successful and we are now entering a second phase of new funding focused on strengthening secondary education and continuing ongoing efforts around primary education. PRODEGE is having a profound impact on the citizens of Equatorial Guinea.”

While there are many issues that could be addressed in Equatorial Guinea, Hess chose this program because education is the key to sustainable advancement of the country and her people. Just by being active in EG, Hess does much to bolster the economy now even beyond oil production. The company’s EG headquarters occupies 165 acres of offices, homes, amenities, even a healthcare facility. Between this complex and the offshore installations, Hess employs several hundred EG nationals. However, the day may come that Hess departs from these shores, and it’s important to the company that they leave the nation a better place.

“Equatorial Guinea has been good for our company and is very important to us,” concludes Simon. “We have established great working relationships with the government and the local communities. We have been successful with our development and production. And we have established a corporate citizenship there that is good for the country long term.”

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**When Drilling Deepwater Wells, You Want to Be Sure You’re Making the Right Decisions.**

**We Believe in Having a Partner in That Endeavor Who Is Not Taking Chances or Cutting Corners.**

*John Simon, Senior Vice President, Global Exploration and Production Services*
NATION BUILDING

Written by Scott Redpenning
Photographed by Matt Wright-Steel

As Diamond Offshore rigs get deployed to new countries around the world, a team of specialists goes in before them to make way for good business.
From left to right:
Mark Keener, Patsy Nettles, Pio D’Acosta, Jane Munoz, Ron Relf and Jim Cantrell
Diamond Offshore currently works in 17 countries spread across every continent except Antarctica, and as new rig contracts come in the company steadily adds new nations to the mix. Yet well before a rig can come anywhere near a new shoreline, a specialized team sweeps in and takes care of the details required for doing business in a foreign country—everything from creating an evacuation plan if the government gets overthrown, to figuring out where to get refills for the inkjet printer. They are known as the New Country Startup Team—six individuals who are adept at setting up complex operations in a strange land in a matter of weeks. The most recent startup occurred in Equatorial Guinea (EG) in Western Africa, where the Ocean Valiant is currently drilling several wells for Hess. Tomorrow the call could come in to enter yet another new country, and the team would start making plane reservations.

**JOB ONE: GET A TOEHOLD**

Diamond Offshore frequently bids on new drilling assignments, often calling for rigs to be sent places the company has never been. When one of these contracts is awarded, the clock starts ticking and the New Country Startup Team storms the field. Imagine trying to import hundreds of foreign personnel and millions of tons of assets, equipment and supplies on short notice and set up operations in a country that many people have only vaguely heard of, often in less developed regions of the world. Pulling this off takes unique experience, a talent for handling curveballs, and according to Area Business Manager Pio D’Acosta, most importantly it takes a detailed plan.

“After we’ve studied the country’s legal and tax structures, the first thing we do is find a trustworthy agent there to help us get set up,” says D’Acosta. “Typically we find the agent through our network of industry contacts. This person helps us perform a scouting trip, where we come in and basically take a snapshot of the country and figure out the details of what it takes to work there. From this trip, many processes get set into motion.”

D’Acosta emphasizes the grave importance of this first point of contact. “The agent is our way in. We have to find the right person who has the right connections to help us be productive right away. For example the first time we went to Equatorial Guinea, we arrived at the airport with no means for doing anything. We had no credit card that worked, no local currency, no bank account, no local phones. A good agent helps us get off the plane and get to work very quickly.”

The scouting trip usually focuses on operations logistics, security factors and health, safety and environment (HSE) issues. Team members fan out to make key contacts, begin to build relationships with the appropriate businesses, suppliers and government leaders, and lay the groundwork for an even more involved trip.

**THE BIG SETUP**

When the team returns for the setup trip, commitments are made, deals are done, and square footage is claimed. Area Business Manager Mark Keener directs a large part of this effort. Looking over his checklist of tasks, he marvels at how many details go into living and working in a new country—things that are taken for granted at home.

“We have to find office space for the shore-based management personnel who will be coming, and homes for them to live in. We have to find ample yard space for the equipment and supplies needed on the rig. We have to get utilities hooked up, buy furniture and supplies for the offices and homes, set up computer networks, obtain local cell phones, find vehicles and drivers, open bank accounts, just lots and lots of details,” says Keener. “And that’s just for the onshore operations. Let’s not forget that all of this activity is because a rig is coming, or multiple rigs, which brings up more tasks. We have to arrange for importation of the rig, everything from ensuring a safe towing plan to making sure we comply with customs laws. We have to hire a catering company to keep our crews fed, we have to find a good helicopter contractor to transport our people to and from the rig, and a reliable supply boat company to move our cargos.”

Typically the team also must strike an agreement with a local labor broker. Most countries require foreign companies to hire a significant percentage of national labor. Diamond Offshore relies on the labor broker to supply qualified locals for a wide range of jobs—everything from roustabouts and derrickmen who work the rig to the interpreters and meet-and-assist personnel who ferry expats through the various airports, heliports, hotels and security checkpoints that must be cleared when entering or leaving the country.
“The more rigs that are coming or the longer the contract, the more complex the tasks,” says Keener. “If we know we are going to be in a location for a number of years, we create a much more permanent setup. It’s like when you’re going on vacation for a longer time, you pack more.” Good examples of this are Mexico and Brazil, where Diamond Offshore has several rigs contracted for multiple years. In these places the company has gone so far as to design and construct its own office buildings and materials complexes, rather than lease space.

Ron Relf sweats the details. As Diamond Offshore’s Chief of Global Security, thousands of crewmembers and managers worldwide are counting on him to protect their lives, property and interests. He handles all of the security issues inherent to a new country startup, and the job has many facets.

“Diamond Offshore policy is that in everything we do, we protect our people, our assets and our reputation. These are the pillars on which we make all plans and decisions,” says Relf. This policy puts a lot on his plate.

In broad terms, he is tasked with facilitating safe travel to and from the rig for employees coming from all over the world, keeping the rig secure as it is moved into the country and for the duration of the stay, maintaining the security of the shore-base facilities, and keeping shore-base personnel secure as they live, work and move about the country. Before entering a new nation, his job is to anticipate everything that could possibly go wrong, set up shop in a way that mitigates those risks, and put a plan in place to respond if the worst happens.

“As soon as we’re told we might be going somewhere new, we start doing an overall risk and threat assessment of the country’s recent history,” Relf says. “For example when we went into Trinidad, it was important for us to know that in 1990 there was a government hostage situation there, and in 2005 there was a bombing a few blocks from Parliament. We take a good hard look at the current geopolitical atmosphere and how it might impact our ability to work there. We look at corruption issues, the stability of national leadership, and the likelihood for regime change. We assess threats of terrorism on land and sea, and the potential for piracy of the rig in transit and in place. We research all of this, determine what the potential threats are, and assess whether or not it’s safe to be in the country at all. Then when we get there, we modify the assessments by what we observe. A lot of experience goes into knowing what to look for.”

Relf is a former Navy SEAL and former Federal Special Agent. He has worked in almost every country in the world, more than 120 nations and counting. Basically, he has been sniffing out and abating threats his entire career. At Diamond Offshore, his observations are turned into detailed contingency plans.

“We put response plans in place for all types of emergencies, including complete country evacuations for the rig and shore base. If we had to move out of any country tonight,
we could do it,” he says. “Our plans include precise step-by-step instructions with trigger points for certain actions. We identify trusted locals on the ground who can help our people. We have backup plans for air and sea transport out of the country, and rally locations in case our people have to hunker down.” Relf adds that they also have a constantly progressing plan for the rig while in transit, because it is a moving target. “For example, when the Ocean Valiant was moving from Angola to Equatorial Guinea, we had evac plans all the way up the coast of Africa, because crews are working on the rig while it’s moving.”

Another major startup task is to plan for a secure shore base. Relf’s assessments ask the hard questions. What is the crime rate? What’s going on with drug activity? Where are the safe neighborhoods for housing? Is the office building that’s being considered secure? Who else is in the building? Is there an entity that draws a lot of attention, such as an embassy? Which roads are safest for moving people around? How hazardous is the traffic?

“Some of our people want to have their own vehicles and drive themselves, but we may recommend that they always have a driver who knows the roads, speaks the language, knows a lot of people around town, and knows what to look out for,” says Relf. “We look at heliport security measures to make sure there are strong screening processes for who gets taken to the rigs. We also assess the security of our materials yards. The company will be keeping many millions of dollars worth of equipment and supplies there, so the site has to be well protected.”

Keener adds that setting up in some places also presents ethical challenges. “There are times when we have to wait a lot longer to get things cleared, because we won’t pay a facilitation fee, which is really just a bribe. We have a zero tolerance policy regarding corruption. No matter where we are, we do everything above board. That’s the only way to operate.”

**HEALTHY RESPECT**

Jim Cantrell’s job runs a close parallel to Relf’s. As HSE Manager, he takes care of all health, safety and environmental aspects of working in a new country. The first step is to look at which diseases are endemic to the location, which vaccinations will be required for employees, and what special health precautions should be provided. Cantrell is responsible for making recommendations regarding in-country healthcare treatment. He tours the local medical facilities, interviews doctors and staff, analyzes the sanitary conditions, and assesses their catastrophe readiness.

“Next up is safety,” says Cantrell. “We assess the safety procedures of any company that interfaces with our crews. For example, we visit helicopter companies, look at their audits, pilot qualifications, maintenance programs, and their pre-departure safety orientations. And finally we look at how to be good environmental citizens. We meet with local government officials to understand their environmental policies, so we know how to comply with them. The operator hiring the rig usually gets involved with us on this.”

**CREW CHANGE**

After the setup trip, it’s time to get the crews in and get to work. Jane Munoz, Director of Global Employee Services, and Patsy Nettles, Manager of Staffing Services, are in charge of quickly getting hundreds of crewmembers and managers ready for working in a strange new land. They help to choose the right people for the jobs. They handle visas and passports, as well as the appropriate compensation adjustments and personal income tax issues for employees working abroad. They also provide each crewmember with a welcome packet that explains everything from immunizations to local customs to exactly what to do when stepping off the plane.

“For example, when deplaning in Equatorial Guinea, all travelers crowd into a small arrivals hall, choose a line and wait to be called. When your turn comes, the immigration officer takes your fingerprints and picture and asks who you work for. The correct answer is “Dee-a-mond” said in your best Spanish accent. Once you clear immigration, look for a man wearing a reflective Diamond Offshore safety vest. He may have it on backwards so you can spot him. This is Marcus. He will help you get your bags cleared and take you from the airport to the hotel.

The welcome packet gives you these kinds of valuable details, including showing you a picture of Marcus. “Arriving in some of these countries can be very stressful and disorienting, so we really try to prepare our guys.” says Munoz. “We also try to get them culturally prepared so they know how to conduct themselves. Some of these guys have never
traveled out of the U.S. We mention things like not to wear an “America Rules” t-shirt, or talk about politics or religion. We tell them not to wear camouflage because while in the U.S. it’s hunting gear, over there it is military and sometimes illegal. We let them know that in Singapore you don’t spit on the ground or you could be arrested. For the Middle East we gave training on the Muslim religion to encourage understanding and dispel preconceptions. Everywhere we go we try to teach our crews about the culture and traditions and to show respect for things that are unfamiliar or might seem odd to them. We want to set a good example for Americans and our company. We never want to forget that we are guests.”

Nettles adds that her team also prepares crewmembers on practical matters. “We tell them what they need to do to make their credit cards work, how much cash they should be carrying, and how to exchange currency. We tell them about special rules, like the fact that you cannot bring any cell phones or electronic devices to the rigs in Mexico. We also provide a map so they can show their families where in the world they will be,” she says. “In some cases a manager might move to the country permanently and bring his family along. So we also give cultural orientation to spouses who will be residents abroad.”

BON VOYAGE
Performing a new country startup takes experience, alacrity, extraordinary attention to seemingly mundane details—and it takes a healthy dose of the adventurer spirit. Pio D’Acosta says he never tires of sailing off into uncharted territories.

“Dealing with new cultures is great, as long as you keep an open mind and have some fun with it,” he says. “Some places in Africa if you ask for directions they don’t give you a street. They say go down this road to a big tree with a goat attached to it. Turn right at the goat. You just have to smile and hope the goat is still there so you can find your way.

“Or this other time in Senegal we came upon a merchant selling some beautiful big prawns. They were so big we only wanted to buy six, but the alarmed merchant said, ‘I don’t sell six! My boss say you can only buy dozen or half dozen!’ So we said, ‘OK, give us a half dozen.’ He sure was happy to hear that.”
IN AN INDUSTRY AS “HANDS-ON” AS OFFSHORE DRILLING, IT MAY BE NO SURPRISE THAT HAND AND FINGER INJURIES ARE THE MOST PERVERSIVE AND FREQUENT ACCIDENTS ON RIGS. THEY’RE SO COMMON, SOME MIGHT BELIEVE THEY’RE IMPOSSIBLE TO ELIMINATE. BUT AS DIAMOND OFFSHORE HAS DISCOVERED, WHEN THE WHOLE COMPANY WORKS TOGETHER, ANYTHING IS POSSIBLE.

WRITTEN BY MOLLY GLENTZER
PHOTOGRAPHY BY CHRIS SHINN
IN LINE WITH INDUSTRY STATISTICS, hand and finger injuries have historically accounted for half of the recordable injuries on Diamond Offshore’s rigs. While that ratio holds, the total number of injuries of all types has declined to record lows thanks to the company’s proactive stance. “It’s not just a Diamond problem. It’s an industry problem,” says Ronnie James, Vice President of International Operations. “Hand injuries are a thorn in every drilling contractor’s side,” adds Scott Vaughn, Vice President of HSE. “It’s not something we take lightly. Without your hands, you’re very limited as to what you can do. That’s why we’ve worked so hard to prevent these injuries.” Diamond Offshore has taken increasingly ambitious steps to eliminate hand injuries since 2008, when it introduced its “Get a Grip on Hand Safety” awareness campaign worldwide. The campaign encouraged employees to search their installations for pinch points; to identify the hazards with stickers, magnets or paint highlights; and where possible, to remove pinch points entirely.

In spite of some success, the company soon realized a significant reduction in hand injuries would require something more concrete than a cultural initiative. Since many of the recordable hand injuries during that period occurred when employees put their hands on suspended loads, the Hand Awareness Committee—comprised of
Operations and HSE leaders—set out to develop an ambitious solution that almost sounded crazy at the time: They wanted to create a tool that would eliminate the need for employees to put their hands on suspended loads. The project began humbly when the Hand Awareness Committee built a rudimentary prototype designed from a shovel handle dipped in plastic with a v-shaped metal end that could push suspended loads. After several operations and safety managers inspected the prototype, they decided to carefully test it on a rig.

A small team from Houston took the prototype to the Ocean Star so crew members could try it in controlled environments. Over two days, a videographer and supervisors observed several roustabouts and floorhands using the tool for the first time as they maneuvered subs, bundles of casing and various loads around the rig. The tool performed well in some situations but poorly in others. Crew members spoke candidly about the tool and suggested several improvements.

A few days later, in a conference room at Diamond Offshore headquarters, the Houston team watched the test footage with the Hand Awareness Committee. “Everyone was looking for what worked and what didn’t,” says Vaughn. “Our primary concern was that the new tool might replace one hazard with another. But the team continued to talk it out and think of ways to make it work safely, and the feedback from crew members made it possible.”

Committee members were enthusiastic about the possibilities, but the tool needed modifications before it could be safely implemented fleet-wide. “It couldn’t have sharp points, and it couldn’t be conductive, things of that nature,” James says. The tool would also need to be sturdy but not too heavy. The handles had to be spaced at just the right length, and the v-shaped end needed to be able to “stick” to the load it was maneuvering.

The Hand Awareness Committee relied heavily on rig employees—who most frequently maneuver suspended loads—to make the tool the best it could be. Over the next several months, more test runs were conducted with increasingly advanced prototypes based on rig employees’ suggestions that made the tool safer, more effective and more suitable for real-world operations.

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“THE PRIMARY GOAL IS TO KEEP YOUR HANDS AWAY FROM A POTENTIAL INJURY OR HAZARD WHEREVER POSSIBLE. WE JUST HAVE TO THINK A LITTLE DIFFERENTLY.”

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People were also starting to call it a “push pole.” After exhaustive testing and design modification, Diamond took the final prototype to a supplier for finishing touches, and the industry-standard “Stiffy” push pole was born.

The Stiffy tool, rolled out in 2010 along with a ‘Hands Free Lifting’ policy, “pretty much cured” injuries associated with suspended loads, James says—that number dropped from six in 2009 to zero in 2010.

Encouraged by that progress, the Hand Awareness Committee solicited more ideas from the fleet to combat hand injuries. All employees were encouraged to submit ideas, and over 90 submissions were received.

“The committee received ideas from nearly every position you can think of, and many times from employees working in groups,” says Vaughn. “You could tell that most of these personnel had put a lot of time and effort into writing and explaining their ideas. We took them seriously and spent many hours of many weeks considering every idea.”

Some of those ideas led to the implementation of sub straps and stiff tag lines. Sub straps make it possible for personnel to replace or remove subs on or off the racks without placing their hands in between other subs. As with the push poles, they were developed with assistance from crew members—and with great success.

The stiffer tag lines essentially eliminate the possibility of tag lines wrapping around an employee’s wrists or ankles when a load is suddenly lifted with a crane. These lines were already in the marketplace but weren’t implemented into Diamond’s fleet until they were carefully tested on its installations.

The Committee received enough innovative and actionable ideas to write a detailed hand and finger safety policy that was introduced in early 2011.

The new hand safety tools, policies and procedures met some resistance, partly because they required doing some tasks much differently, says James. “Some people thought it was too much, too big.” One of the biggest changes requires employees on all Diamond rigs to wear gloves any time they’re outside the living quarters on the company’s rigs—a step they were not accustomed to taking unless they were working with their hands.
And they couldn’t just wear any gloves. All employees are required to wear special gloves appropriate for the job they’re performing, so they now change gloves more frequently. This has helped reduce the significance of some injuries. Pinch points aren’t the only hazard; hands must also be protected from dangerous chemicals, static electricity, microorganisms and cold.

Steadily, however, employees are embracing the requirements because they’ve been effective: the new tools, policies and procedures have helped to reduce hand injuries.

Instead of severe wounds that would have been “recordables” or required sutures, the right gloves can help reduce an injury to a first aid incident—a bruise or a scratch, James says. “But we also discovered people were so focused on using the gloves they forgot our whole objective, which was not to put our hands on it if we could avoid it.”

Vaughn adds, “As we’ve seen in the past, sometimes personal protective equipment can cause employees to let their guards down in another area, which invites another hazard. So we’re always thinking two steps ahead.”

Now the company encourages personnel to begin each task with a question: “Can we do this hands-free?” And during each task, employees are now encouraged to let the machines do the work.

“Our biggest future hurdle is convincing people that the gloves are just an aid,” James says. The primary goal, he says, “is to keep your hands away from a potential injury or hazard wherever possible. We just have to think a little differently.”

James says that he’s encouraged that recordable hand and finger injuries continue to decrease, but he knows old habits are hard to change overnight. “The people who work on rigs for the most part work with their hands. And if something happens, your natural defense is to use your hands.”

As newer employees advance through the ranks, James hopes cultural change will occur more naturally. Wearing gloves, for instance, will be second nature; so will the idea of a hands-free work environment.

“Scott and I well know that 20 years ago, hardly anyone ever wore safety glasses. Today not a person would even think about walking outside the quarters without safety glasses on,” James says.

“And down the road, hardly anyone will think of going outside without gloves on, or about placing their hands on a suspended load,” says Vaughn.

“It may take five years. But if we can reduce our hand injuries to 25 percent, we will have made significant gains in safety and how we approach our job,” James says. “I believe it’s achievable.”

The Hand Awareness Committee continues to take suggestions from all Diamond employees through a dedicated email box that’s easily accessed from the company’s intranet.
LOGGING 145 MILLION AIR MILES ANNUALLY, OUR FREQUENT FLYERS ARE PUTTING DIAMOND OFFSHORE ON THE MAP.
Diamond Offshore has become a truly global company in recent years, with 30 of its 34 marketed rigs now working in non-U.S. waters. Thus, getting to work offshore has become a new challenge, involving passports, visas, work permits, shots, foreign taxes and frequent-flier miles—often for employees who may never have traveled beyond the U.S. Gulf Coast before.

“Our job may be offshore drilling, but it takes a lot of work to get people offshore,” said Renée Gannaway, travel manager. “We’re not like a factory, where people punch in every morning. In our business, we have to take our employees to work. At the same time, travel is personal, and people have very strong preferences. We do our best to satisfy them—along with company policy.”

For international assignments, our crews typically work a rotational schedule of 28 days aboard the rig followed by 28 days off. Keeping everyone happy is a real juggling act, with airline prices and policies changing daily—and an average of 100-plus Diamond Offshore travelers in the air every day. The numbers can be mind-boggling:

Of Diamond Offshore’s 5,300 employees, roughly 3,300 rotate regularly to rigs in non-U.S. waters, including Australia, Brazil, the U.K., Norway, Indonesia, Malaysia, Vietnam, Philippines, Egypt, Montenegro, West Africa and the Bay of Campeche, Mexico.

The Travel Department tries to book flights three to four months in advance, delivering E-tickets to rig rotators before they leave the rig for their time off—in other words, at least 30 days before their next hitch.

Travel agents must swing into action for weather-related and emergency evacuations as well as the rerouting required for special cases, such as the European volcanic-ash event in 2010.

Diamond Offshore’s air transactions for the year typically total 24,000 or more, handled by eight agents at our Houston headquarters.

Our employees travel more than 145 million miles a year, or an average of 400,000 miles per day—nearly the distance of a round trip to the moon and back.

“Diamond Offshore is unusual in keeping its travel office open 24 hours a day, seven days a week to serve its employees, and the department has grown in recent years—to eight agents,” said Gannaway. “Four agents rotate 12-hour shifts, seven days on/seven days off. The other four work staggered hours Monday through Friday. Most other contractors outsource their ‘after-hours’ calls to a customer center. But we figure it’s daytime somewhere we’re working, regardless of the hour here in Houston. We want to always be here for our people.” Along with getting Diamond Offshore’s rig rotators to work on the rigs, the department arranges the travel of rotating-shore-base and corporate travelers.

The value of the personal touch is evident in the tenure and popularity of our agents. Geneva Peretti, for example, is retiring this year after 13 years on the job. “Geneva and Chris Burke are the best of the best,” said Russell Peterson, one of Diamond Offshore’s “top 10 travelers” and a roving electrical supervisor for Australasia.

Some of these friendships are forged in adversity when flights change unexpectedly and bad weather threatens. Peterson would argue that some of them are forged in confusion, as well. “I was on a hitch in Australia once when my mother got very sick, and I needed to fly home,” said Peterson. “We had to make lots of arrangements, and I was on the phone repeatedly with my wife and with agent Chris Burke, back and forth with each. I was tired and confused and,
“WE’RE NOT LIKE A FACTORY, WHERE PEOPLE PUNCH IN EVERY MORNING. IN OUR BUSINESS, WE HAVE TO TAKE OUR EMPLOYEES TO WORK.”

thinking I was talking to my wife, I ended a call with Chris by saying, ‘Thanks for everything, and I love you.’ Chris paused for just a moment before replying, ‘Well, I love you, too, but I think that message was meant for someone else.’”

All of these efforts are in service to a joint goal: to get every employee where he or she needs to be—on time, safely and as comfortably as possible.

ON TIME
As if dealing with dozens of flight changes daily isn’t enough, our agents and the travelers themselves must wrestle with the logistics of international travel. Usually it goes smoothly, but sometimes...well, it doesn’t.

“Once, it took me six days to reach my assigned rig,” said Jim Breeden, storekeeper for the Ocean Vanguard. “I was living in the U.K. and traveling to Australia. Everything was going OK until I reached the Kimberley region of Australia, where I was supposed to board a helicopter to fly out to the rig. The engine on the helicopter burned up, and I ended up having to wait three days in Darwin, Australia, plus one night at the landing strip, which was in a remote area. It’s the longest crew change I’ve ever had.”

SAFELY
Of course, Sept. 11, 2001, changed nearly everything about airline safety. Other factors, such as political unrest and natural disasters, affect not only air travel, but also ground transportation and interim lodging. Even in the safest areas, the logistics of regularly moving people from place to place requires coordination with immigration advisers, logistics teams and ground crews.

“When we go into an area that’s new to us, one of my jobs is to learn about the health risks in the area, such as indigenous infections and health care facilities,” said Jim Cantrell, international health, safety and environmental manager. “I also look into the cultural differences that are important for our people to understand. I work closely with Ron Relf, our chief of global security, to determine the safest ground transportation and to understand any dangers that might come up during the time we’ll be in the area.

“We can’t take anything for granted,” Cantrell stressed. “For example, if we’re hiring buses, we insist that they have seat belts and seat cushions. If we don’t check, we sometimes get unpleasant surprises, like the van in Equatorial Guinea that arrived with about six inches of mud throughout its interior.”
Relf, who has a military and investigations background in 120 countries, set up a contingency plan to move Diamond Offshore people and their families out of Egypt during the recent political unrest. Although everyone eventually was able to leave on commercial flights, Relf was ready with charter flights, safe houses and boats.

**COMFORTABLY**

Diamond Offshore agents can’t do much about the comfort of airplane seats or airports. But they can, and do, ensure that traveling employees have plenty of time to make flight connections, for example. They book hotel rooms if employees must wait more than six hours for a flight. They do their best to accommodate every employee.

“The farthest I’ve ever traveled was when I was working 28/28 in the shorebase office of Balikpapan, Indonesia,” said Seth Tidwell, regional administrator. “As I recall, that trip required 36 hours: first from Houston to Los Angeles, then nonstop on Singapore Airlines for 21 hours to Singapore. There, I had a long layover, then flew on to Balikpapan. The guys working on the rig had it even worse: They then

### Our Top Ten Flights

1. **Fortaleza, Brazil → São Paulo, Brazil** (666 tickets)
2. **Rio de Janeiro, Brazil → Houston, Texas** (580 tickets)
3. **Rio de Janeiro, Brazil → Jackson, Mississippi** (458 tickets)
4. **Aberdeen, U.K. → Bergen, Norway** (439 tickets)
5. **Rio de Janeiro, Brazil → Vitória, Brazil** (427 tickets)
6. **Aberdeen, U.K. → Stavanger, Norway** (405 tickets)
7. **São Paulo, Brazil → Vitória, Brazil** (341 tickets)
8. **Ciudad del Carmen, Mexico → Houston, Texas** (312 tickets)
9. **Alexandria, Louisiana → Rio de Janeiro, Brazil** (230 tickets)
10a. **Rio de Janeiro, Brazil → Lafayette, Louisiana** (234 tickets)
10b. **Atlanta, Georgia → Luanda, Angola** (234 tickets)
10c. **São Paulo, Brazil → São Luis, Brazil** (234 tickets)
10d. **Kuala Lumpur, Malaysia → Labuan, East Malaysia** (234 tickets)
had about a four-hour stop in Balikpapan before taking a four-hour boat trip to the rig—and then some of our guys had to go right to work!

“Twelve time zones from Houston can be tough,” Tidwell sighed. “The best part is that Singapore Airlines had a great choice of movies, so I would see seven or eight movies on each round trip.

“One trip home, however, I flew from Balikpapan to Singapore to Los Angeles to Houston and, after a short layover, flew on to Mexico to meet my family for a vacation. After my long flights, though, I think I slept through most of that vacation.”

ROMANCE

Although we don’t bill ourselves as matchmakers, at least two of Diamond Offshore’s frequent travelers have found the loves of their lives “at work.”

On July 9, 1996, Jim Breeden was traveling from Arkansas to a hitch in Nigeria when his overseas flight to London was delayed by a severe storm. After a wait in Dallas, he boarded a flight as a standby passenger. Just before the doors closed, the last standby passenger, a woman, entered the plane and approached the last available seat: the one next to Jim.
TRAVEL BY THE NUMBERS

3,300
EMPLOYEES WHO ROTATE REGULARLY TO RIGS IN NON-U.S. WATERS

100+
DAILY AVERAGE EMPLOYEES IN THE AIR

3–4
MONTHS ADVANCE IN FLIGHT BOOKING

24/7
TRAVEL OFFICE HOURS

8
TRAVEL OFFICE AGENTS

145 million
AVERAGE ANNUAL MILES

400,000
AVERAGE DAILY MILES

OUR TOP TEN TRAVELERS
FLEW ANYWHERE FROM 29 TO 37 TIMES IN 2012

1. Karl Paterson
2. Frode Viddal
3. Terje Hansen
4. John Montgomery
5. Douglas Davidson
6. Dag Henry Jonassen
7. James Pickles
8. Barratt Wilson
9. Mark Stephenson
10. Russell Eric Peterson

24,000
AVERAGE ANNUAL AIR TRANSACTIONS
“Both of us had been upgraded to first class. He helped me stow my luggage and took my hand to help me into my seat. Then he never let go,” recalled Lise Lotte Breeden, laughing as she recalled the story. “He said, ‘We’re going to be spending the night together, so I’d better introduce myself.’”

Sure enough, they “spent the night together” as they flew across the Atlantic Ocean, holding hands and talking nonstop. “Our respective parents had just had their golden anniversaries on the same date, and the similarities just went on from there,” Lise said. “It was as if we had known one another all our lives,” Jim added.

Their conversation did not go unnoticed by their fellow passengers: “When we got off the plane at London’s Gatwick Airport, the flight attendants and passengers said ‘Invite us to the wedding,’” Lise recalled.

It happened two years later in Lise’s home country of Denmark, with both of their families fully represented. “We chartered a bus for 40-plus people and, for three weeks, toured London, Normandy, and portions of France, Belgium, Germany and the Netherlands before our wedding,” Jim said. “I’m so fortunate to be assigned to Norway today, since our two sons go to school in ‘next-door’ Denmark.”

Seth Tidwell likewise met his wife while living overseas for his job. “I have met many interesting people in my travels, and one dear to my heart stands out,” he said. “When I was transferred to Peru, it became very clear to me that I should have worked harder in high-school Spanish class—especially when I met a young Colombian señorita who I thought was pretty darn cute, intelligent, and made me laugh. The problem was that she didn’t speak English.”

“I started working hard on my Spanish skills and, over many months, was able to slowly but steadily coax that young, cute, smart, funny Colombian into saying ‘I do’ (in Spanish, of course) at the altar,” Tidwell continued. “Carolina and I have been married 32 years now. We have two great kiddos, one of whom was born in Colombia. We have lived overseas about 15 years and now wryly call ourselves ‘the All-American familia.’”

**HAPPY ENDINGS**

Happy endings like those are among the rewards of arranging travel for Diamond Offshore and reflect the tireless efforts of personnel working behind the scenes. “Patsy Nettles [manager of staffing services] and I joke that the stresses of this work are why we have to color our hair,” said Jane Munoz, Houston-based director of global employee services. “But the truth is that Diamond’s executives realize the effort it takes to mobilize our people, and they have always come through for us.”
OVER THE NEXT TWO YEARS DIAMOND OFFSHORE WILL LAUNCH FOUR ULTRA-DEEPWATER DRILLSHIPS AND TWO DEEPWATER SEMISUBMERSIBLE RIGS. THREE OF THE RIGS ALREADY HAVE CONTRACTS AND WILL HEAD DIRECTLY TO WORK.
# Ultra-Deepwater Drillships

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<td>Drilling Depth:</td>
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<td>Derrick:</td>
<td>NOV Dual Bottleneck, 210 ft high with 80 ft x 60 ft base, static hook load capacity of 4,000 kips</td>
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<td>(Main): NOV / AHD 1250-9000, six AC electric motors, 9,000 hp each, 1,250 T with sixteen 2 1/8” drilling lines</td>
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<td>Drawworks:</td>
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<td>(Aux): NOV RST 60” hydraulic, 1,000 T</td>
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<td>(Main): NOV TD-85A, 750 T with 7,500 psi</td>
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<td>Compensator: Active Heave Compensating Drawworks</td>
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<tr>
<td>Tubular handling:</td>
<td>2 x NOV MPT “Hydraulic Roughneck” for tubular range 3 1/2” to 9 3/4” + 2 x NOV PPS-5</td>
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<tr>
<td>Mud Pumps:</td>
<td>5 x NOV 14-P-220, 2,200 hp, 7,500 psi</td>
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<tr>
<td><strong>Power</strong></td>
<td></td>
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<tr>
<td>Main Power:</td>
<td>6 x HHI Himsen V-type diesel engines rated 4,500 hp, each driving 5,375 kVA AC generators</td>
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<tr>
<td>2 x HHI Himsen V-type diesel engines rated 9,000 hp, each driving 10,875 kVA AC generators</td>
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</tr>
<tr>
<td>Emergency Power: V-type diesel engine rated 1,500 hp driving 1,875 kVA AC generator</td>
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</tr>
<tr>
<td><strong>Storage</strong></td>
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<tr>
<td>Liquid Mud:</td>
<td>23,500 bbls</td>
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<tr>
<td>Base Oil:</td>
<td>9,225 bbls</td>
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<tr>
<td>Brine:</td>
<td>10,000 bbls</td>
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<td>Drill Water:</td>
<td>22,500 bbls</td>
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<tr>
<td>Potable Water:</td>
<td>11,750 bbls</td>
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<tr>
<td>Bulk Material:</td>
<td>7,500 bbls (mud + cement)</td>
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<tr>
<td>Sack Storage:</td>
<td>6,000 sacks</td>
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<tr>
<td><strong>Cranes</strong></td>
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<tr>
<td>Knuckle-boom:</td>
<td>110 ton + 2 x 90 ton knuckle-boom</td>
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<tr>
<td>AHC Subsea:</td>
<td>180 ton Active Heave Compensation</td>
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<tr>
<td><strong>Subsea</strong></td>
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<tr>
<td>Diverter:</td>
<td>Vetco CSO 21” 500 psi diverter with 16” flow line</td>
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<tr>
<td>BOP Stacks (2):</td>
<td>Hydril 18 3/4” 15,000 psi seven-ram preventer</td>
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<td>2 x Hydril 18 3/4” 10,000 psi annular preventers</td>
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<td>C&amp;K Manifold:</td>
<td>3 1/16”, 15,000 psi</td>
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<td>Marine Riser:</td>
<td>Vetco HMF Class H 21”, 75 ft long per joint</td>
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<td>Tensioners:</td>
<td>16 x 225 kips NOV wireline riser tensioners. Total capacity 3,600 kips with 50 ft of wire travel</td>
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<td>Moonpool:</td>
<td>73 ft x 41 ft</td>
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<td>Thrusters:</td>
<td>6 x (three forward, three aft) Thrustmaster variable speed, fixed pitch, fully azimuthing</td>
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<td>Accommodation:</td>
<td>210 people</td>
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<tr>
<td>Helideck:</td>
<td>Sikorsky S-61 &amp; S-92</td>
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## Milestones to Completion

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<tr>
<th><strong>Shipyard Delivery Dates</strong></th>
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<tr>
<td><strong>1Q 2013</strong></td>
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<tr>
<td><strong>2Q 2013</strong></td>
<td></td>
</tr>
<tr>
<td><strong>3Q 2013</strong></td>
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| **Ocean Blackhawk** | Contract Anadarko |
| **Ocean Blackhornet** | Contract Anadarko |
| **Ocean Blackrhino** | Ocean Blacklion |
## OCEAN APEX

**Design:** Enhanced Victory Class/Crucifix Form  
**Classification:** ABS Column Stabilized Drilling Unit  
**Dimensions:** 328 ft long x 320 ft wide x 128 ft high  
**Draft:** 74 ft operating / 46 ft transit  
**Displacement:** 44,276 mT operating  
**Variable Deck:** 7,000 mT operating  
**Transit Speed:** up to 4.5 knots  
**Water Depths:** 6,000 ft designed / 5,000 ft outfitted  
**Drilling Depth:** 30,000 ft  

**Derrick:** NOV, 180 ft high with 40 ft x 40 ft base, load capacity of 2,000 kips  
**Drawworks:** NOV UDBEL 2040, four DC electric motors, 1,000 hp each, with 2" drilling line  
**Compensator:** NOV drill string motion compensator, 800 kips capacity with 25 ft stroke  
**Rotary Table:** NOV RST, 49 1/2"  
**Top Drive:** NOV T2X-1000, 1,000 T with pipe handler  
**Tubular handling:** NOV ST-120 Iron Roughneck for tubular range 3 1/2" to 9 3/4" + NOV BR-10-SD-D bridge racker  
**Mud Pumps:** 4 x NOV 14-P 220, 2,200 hp, 7,500 psi  
**Main Power:** 5 x Caterpillar C175 Tier II diesel engines rated 2,400 hp each with 4,160 kVA AC generators  
**Emergency Power:** Caterpillar C32 engine rated 720 kW  

**Liquid Mud:** 8,000 bbls  
**Base Oil:** 3,400 bbls  
**Brine:** 2,500 bbls  
**Drilling Water:** 15,000 bbls  
**Potable Water:** 2,000 bbls  
**Bulk Material:** 25,000 cu ft (mud + cement)  
**Sack Storage:** 5,000 sacks  

1 x 56 ton SeaTrax 6032 with 150 ft boom  
1 x 50 ton SeaTrax 6024 with 130 ft boom  
1 x 80 ton SeaTrax 9040 with 160 ft boom  
1 x 35mT NOV knuckle-boom crane for riser and tubular handling  

**Diverter:** Vetco 24" 500 psi with 16" flow line  
**BOP Stack:** Shaffer 18 3/4" 15,000 psi 5-ram preventer  
**M&B Manifold:** 3 1/16" 15,000 psi  
**Marine Riser:** Shaffer FT-E, 75 ft long per joint  
**Tensioners:** 8 x 200 kips Dual Rucker wireline riser tensioners  
**Total capacity:** 1,600 kips with 50 ft of wire travel  
**Moonpool:** 41 ft x 81 ft  

**Mooring System:** (8) 3 1/4" x 4,200 ft RQ5 chains, (8) 3 3/4" x 8,800 ft wires, (8) 167 Stevpris MK6 anchors  
**Accommodation:** 140 people  
**Helideck:** Sikorsky S-92  

### 4Q 2013  
**Contract:** ANADARKO  

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## OCEAN ONYX

**Design:** Enhanced Victory Class/Crucifix Form  
**Classification:** ABS Column Stabilized Drilling Unit  
**Dimensions:** 327 ft long x 315 ft wide x 128 ft high  
**Draft:** 74 ft operating / 41 ft transit  
**Displacement:** 39,200 mT operating  
**Variable Deck:** 7,600 mT operating  
**Transit Speed:** up to 4 knots  
**Water Depth:** 6,000 ft  
**Drilling Depth:** 30,000 ft  

**Derrick:** NOV Dreco, 180 ft high with 40 ft x 40 ft base, static hook load capacity of 1,600 kips  
**Drawworks:** Continental Emsco C-3-II, three DC electric motors, 1,000 hp each, with 1 3/4" drilling line  
**Compensator:** NOV drill string motion compensator, 600 kips capacity with 25 ft stroke  
**Rotary Table:** NOV RST, 49 1/2"  
**Top Drive:** NOV TD5-4S, 750 ton + PH-85 pipe handler  
**Tubular handling:** NOV Iron Roughneck for tubular range 3 1/2" to 9 3/4"  
**Mud Pumps:** 4 x NOV 12-P 160, 1,600 hp, 7,500 psi  
**Main Power:** 5 x Caterpillar 3516C Tier II diesel engines rated 2,150 hp each driving 600 V AC generators  
**Emergency Power:** Caterpillar c32 engine rated 720 kW driving Kato 900 kVA generator  

**Liquid Mud:** 6,900 bbls  
**Base Oil:** 3,200 bbls  
**Brine:** 3,210 bbls  
**Drilling Water:** 10,700 bbls  
**Potable Water:** 2,000 bbls  
**Bulk Material:** 13,800 cu ft (mud + cement)  
**Sack Storage:** 4,000 sacks  

2 x 60 ton SeaTrax 6032 with 140 ft boom  
1 x 75 ton SeaTrax 9028 with 160 ft boom  
1 x 35mT NOV 3426 knuckle boom crane  

**Diverter:** Vetco 49 1/2" 500 psi diverter with 12" flow line  
**BOP Stack:** Shaffer 18 3/4" 15,000 psi 5-ram preventer  
**M&B Manifold:** 3 1/16" 15,000 psi  
**Marine Riser:** Shaffer FT-E, 75 ft long per joint  
**Tensioners:** 8 x 200 kips Dual Rucker wireline riser tensioners  
**Total capacity:** 1,600 kips with 50 ft of wire travel  
**Moonpool:** 41 ft x 81 ft  

**Mooring System:** (8) 3 1/4" x 4,200 ft RQ4 chains, (8) 3 1/2" x 8,800 ft wires, (8) 15 MT Bruce MK-6 anchors  
**Accommodation:** 140 people  
**Helideck:** Sikorsky S-92  

### 4Q 2014  
**Contract:** OCEAN APEX  

---
Ocean Victory—Job Well Done
Ocean Victory team,

Unless something changes drastically this is my last hitch on the O. Victory, and I wanted all of you to know how well of a job I feel you guys did for us. I have a special place for DODI since I worked for them, and I have really enjoyed getting to know the Victory crew. The O. Victory has an outstanding crew that performs their daily duties without complaint and with the utmost focus on safety. Working with crews like you guys make us rig supervisors look good and like we know what we are doing. Thank you for the respect and all the help that was given to me while ExxonMobil had the rig. I hope that someday we can all work together on a more long term basis. The crews of the O. Victory have a lot to be proud of and their pride in their rig and work shows every day. Please pass on to the galley crew my thanks for the outstanding job they did taking care of us. They are the best I have seen offshore hands down. Good luck with your future projects and I hope we all cross paths again before our careers are over.

Thanks,
David Wedgeworth
Sr. Drilling Supervisor
Ocean Victory, Offshore GOM

Ocean Patriot—Safe, Successful Campaign
To the Ocean Patriot offshore team.

On behalf of everyone at PTTEP AA we would like to thank and congratulate you all as we complete our 417th and final day of operations on the Ocean Patriot. During the campaign the team has faced up to and overcome various challenges to safely execute a work scope that included appraisal of the Cash/Maple gas field, the abandonment of the Challis and Jabiru oil fields and exploration wells Kingtree-1 and Ironstone-1. Completing this campaign is a significant milestone in securing PTTEP AA’s licence to operate and in our ongoing journey towards achieving the company’s goal of becoming a trusted developer and operator in Australia. We strongly believe that this campaign’s success was down to a work culture based on hard work, trust, a commitment to teamwork, strong management support, personal ownership and continuous improvement.

The technically and logistically challenging campaign was executed with safety and well integrity as a guiding principle. We consistently demonstrated our commitment to safety and reiterated at every pre-tour meeting that on the Ocean Patriot and within PTTEP we walk the talk when it comes to safe working practices and stop the job authority. Our safety, environmental and operations record is something we can all be proud of, equally the way we went about our daily jobs and how we interacted as a team should be recognized and is something that sets us apart from others.

As the campaign closes and the rig leaves Australian waters we can pause to reflect on what has been achieved offshore in both operational and safety milestones. However, for everyone involved in the campaign we would like to reiterate that we must be mindful and not allow our pride in this achievement turn into complacency. Please remain steadfast in your commitment to ensuring that work is carried out in a safe manner and take responsibility for our own safety and for that of your colleagues.

Congratulations, to the Ocean Patriot offshore team on an excellent achievement.

Yours sincerely,
Stewart Buchan
PTTEP AA Drilling Superintendent
Ed Lintott
PTTEP AA Drilling Manager

Ocean Victory—Persistence & Efficiency
I wanted to pass on my thanks to you, the crews of the Ocean Victory and the onshore staff who support the rig for work y’all recently completed for ATP Oil & Gas on the MC 711 #5 workover, the GC 300 #2 completion and the GC 300 #4 sidetrack & completion. All three jobs were completed safely and with no environmental incidents. Performance on MC 711 #5 and GC 300 #2 was as expected. Performance on GC 300 #4 was less than what ATP expected, but not because the guys associated with the rig didn’t do their jobs well. Mother Nature putting a sidetrack & completion.

Again, thank you for a job well done, and we congratulate everyone’s contributions to the operational excellence and dedication to a “No Hurt” culture.

Jason Gahr
Drilling Manager, US Drilling
Ocean America—Exceptional Performance
Ocean America Rig Team:
As the newly appointed VP of Drilling at Woodside Energy, I have been fortunate to have stepped into this role with our operating rig, the Ocean America, performing at top quartile performance.

I would like to take this opportunity to extend my personnel thanks for the rig team’s ongoing and outstanding contributions to Woodside during the Ocean America campaign. I know how much time and energy it takes to deliver a steady and outstanding performance, and I deeply appreciate all of your efforts to make it a great success.

To all the personnel involved with the campaign, you have proven to yourselves and shown others what it means to be real “team players”. I would like to congratulate The Rig Team’s safety and overall operational performance displayed throughout the Woodside drilling campaign of May 2010 – Dec 2012.

The campaign has not been without its challenges, the riser tension chain failure, the significant number of wells with well control events, the continuous improvement to equipment and process, have all contributed to make this rig into a reliable drilling machine.

The caliber of this work and team is exceptional, and its experience will allow the rig to go from strength to strength. It has had an impact on the successes of Woodside’s projects, by allowing us to meet our objectives in almost every well drilled from May 2010 to December 2012.

I thank you for your ongoing contribution to the successes of Woodside, and look forward in the future to be able to work with a “Rig of Choice” again.

Regards,
Paul Sullivan
Vice President, Drilling & Completions
Woodside Energy Ltd

Ocean Monarch—Exceptional Contract Professionalism
It was kindly and rightly mentioned by Fraser that the drilling services and personnel support provided by the rig and Diamond Drilling had been absolutely exceptional in terms of contractor professionalism, interface and engagement operationally and on the safety front and in planning the rig moves to respective locations over the period.

It is always encouraging and great to know that there are contractors out there in the industry that do deliver and honour customer service to the highest degree. This level of professionalism and commitment shown to our Vietnam operations was brought to our attention by Fraser with respect to the following individuals in particular—Mr. Duncan Coulson (Rig Manager) and Danny Jack (Rig Suptd).

Both Duncan and Danny gave us complete dedication and support to make our drilling operations safe, efficient and cost-effective. I would be grateful if you could extend our sincere thanks and gratitude to both of them for their sterling efforts throughout the contracted period and their professional standing within our Vietnam operations. It was a pleasure to have them onboard and a credit to Diamond Drilling.

It is unfortunate that we have had to let the rig depart to new pastures but I can assure you that in our future global drilling operations and tenders, this feedback carried to us from Fraser will endeavor a favorable assessment in future rig tenders towards Diamond Drilling for our global operations going forward.

I hope we can continue to work together as companies to foster the positive experience and build a strong foundation going forward. I have copied Mr. Kevin Lacy (SVP—Global D&C) and Mr. Ramsey Kostandi (VP—Engineering, Global D&C) to share this with them and I hope that if any of us are in SE Asia or Houston in the near future, that an opportunity will exist to thank your goodself or any member of the senior management team in Houston personally.

Thank you again and we look forward to using this positive experience to build upon.

Best Regards,
Nadeem Hashmi
Vice President, Global New Ventures (D&C)
Talisman Energy Inc.

Ocean Patriot—Unprecedented Achievement
It’s time to thank our mooring and anchoring teams after they ran our one-hundred-and-ninety-second and last anchor of the campaign last night.
We have performed 24 rig move operations since the 14th of June 2011, statistically that’s a rig move every 14 days for a year which is an unprecedented achievement in Australia in recent years.

Importantly this has all been achieved without injury or incident and with a focus on performance that reduced the time to run anchors from an average of 32 hrs for the first 4 wells down to an average of 20 hrs in the final 15 wells. On behalf of PTTEP please pass on our thanks and congratulations to the boat, rig and third-party crews involved in the anchoring operations in the last 12 months.

Thanks & Regards,
Stewart Buchan
Drilling Superintendent
Ocean Patriot
PTTEP Australasia

Ocean Princess—Area Leader
Ian/George/Rod:
Hearty congratulations to you all for this outstanding achievement. We know from our day to day dealings that HSE is at the forefront of your thoughts during all operations. It is wonderful that others have recognised the effort and thought that has gone into that day after day, to achieve the excellent results which we have all appreciated.

Please pass on thanks to all associated with the Princess rig operation who have helped make the Princess the HSE jewel in crown of the Diamond Europe Africa and Middle Eastern fleet.

As I have said on many occasions, great HSE performance goes hand in hand with effective and efficient drilling and completion operations in my view. The two together give all the indications of a well-managed operation.

Very well done—please do keep it up!

Regards,
Simon Richards
Well Operations Manager
Enquest
### RIGS & LOCATIONS
DIAMOND OFFSHORE RIGS BY TYPE AND LOCATION

#### SEMISUBMERSIBLES

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<thead>
<tr>
<th>Location</th>
<th>Depth (ft)</th>
<th>Equipment</th>
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</thead>
<tbody>
<tr>
<td>OCEAN AMERICA</td>
<td>5,500</td>
<td>SP; 15K; 3M; 5R</td>
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<tr>
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<td>TRINIDAD AND TOBAGO</td>
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<tr>
<td>OCEAN LEXINGTON</td>
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<td>OCEAN GUARDIAN</td>
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#### JACK-UPS

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<tr>
<td>GOM (U.S. AND MEXICO)</td>
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<tr>
<td>OCEAN KING</td>
<td>300</td>
<td>IC; 3M</td>
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<td>OCEAN TITAN</td>
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<td>IC; 3M</td>
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<tr>
<td>OCEAN SCEPTER</td>
<td>350</td>
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<td>OCEAN NUGGET</td>
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#### DRILLSHIPS

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#### COLD STACKED SEMISUBMERSIBLES

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<td>GOM (U.S.)</td>
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<td>OCEAN WHITTINGTON</td>
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<tr>
<td>OCEAN NEW ERA</td>
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<td>3M; 4R</td>
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#### MAP LOCATIONS

1. **Gulf of Mexico (U.S. and Mexico)**
   - 7 Semisubmersibles (1 under construction)
   - 6 Jack-ups
2. **Brazil / S. America**
   - 11 Semisubmersibles
   - 1 Drillship
   - 1 Jack-up
3. **North Sea**
   - 4 Semisubmersibles
4. **Mediterranean / W. Africa**
   - 3 Semisubmersibles
5. **Australasia**
   - 7 Semisubmersibles (1 under construction)
   - 4 Drillships (under construction)

**Key**
- UC Under Construction
- DP Dynamically Positioned / (SP)
- IC Independent-leg Cantilevered Rig
- VC Victory Class
- SP Self-Propelled
- 3M Three Mud Pumps
- 4M Four Mud Pumps
- 5M Five Mud Pumps
- 15K 15,000 psi Well Control System
- 4R Four Ram BOP
- 5R Five Ram BOP
- 6R Six Ram BOP
- 7R Seven Ram BOP
After an 18-year hiatus from playing organized baseball, Chad Williams, fresh off the plane from Houston, has been busy hitting doubles and catching flies as the first non-Korean in the Ulsan (Korea) Class A Baseball League.

Williams, Operations Manager for the Ocean BlackHawk, arrived in Korea a year ago, working a typical 12-hour-a-day Diamond Offshore tour. But a contract manager invited him to try out for the local baseball team, and Williams jumped at the chance. “It’s a dream come true for me to play organized baseball again,” he said. “I find a way to work it into my schedule!”

After a college elbow injury consigned him to the bench, Williams could only watch, not play. “And then this opportunity showed up,” he said. “It wasn’t easy, but they gave me a chance. I worked hard to get back in shape, and they slowly eased me onto the team.”

Williams has been playing mostly left field or second base for the Ulsan Pharaohs for a year now—and was proud to be a part of the team that won its first league championship in 2012. He continues to go to bat today.

Diamond at the diamond