FALL 2002 VOLUME 1 NUMBER 3

GlobalSantaFe

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North Sea Development Significant to CMI

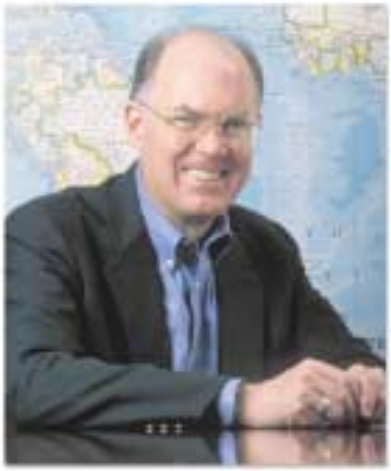
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Arctic IV Drilled West Heather Wells for Operator DNO and CMI

Message from Management

By Sted Garber
President and Chief Executive Officer



It's hard to believe that just one year has passed since the merger of Global Marine and Santa Fe International, creating GlobalSantaFe, the world's premier drilling company. It has been a year of hard work and sacrifice for all of us, but it has also been a year of tremendous accomplishment. Your accomplishments are far too numerous for me to mention them all here; however, I want to touch on a few of the most significant ones. On the safety front, we got off to a slow start this year as we began to work together as a new company, but I am pleased that our incidence rate has steadily improved since the first quarter with the rate through October declining to .33 lost time incidents per 200,000 man hours worked. During the year, 4,300 people, including myself, have attended FOCUS and/or ASA training, and I am confident that we are moving steadily toward the injury-free workplace that all of us have embraced. Another tremendously important accomplishment is that our customers clearly see us as GlobalSantaFe and they like what they see. During the course of the year, the company's worldwide coverage of virtually all markets has resulted in drilling contracts that neither company would likely have received on a stand-alone basis.

Both the Houston office and the Aberdeen office have been relocated to new facilities which enables all the people working in these locations to be together. The Cairo office has also relocated to a new facility. I have had very positive feedback about our new offices and appreciate the great effort by those involved who helped make the preparation and moves go as smoothly as they did. Finally, I hope all of you are beginning to feel like GlobalSantaFe employees and are leaving your old allegiances behind. I hope you are beginning to feel comfortable with the many changes that have taken place as we continue to build a new company. I wish I could thank each of you personally for your tireless efforts this year in creating the world's premier drilling contractor.

One of the important projects that comes around every fall and in which many of you are involved is the preparation of the company's budget for the upcoming year. It's always exciting to me to begin to contemplate what the new year holds, but at this time I must warn you that the new year will require some belt tightening. Most of our markets remain relatively strong and we have a number of long-term contracts already in place for much of next year. However, a general weakening in the North Sea, especially for our conventional semisubmersible rigs, is expected to have a negative impact on our results which is unlikely to be offset by the continuation of the gradual upturn which we expect in the Gulf of Mexico. This demands a reduction in our capital spending programs from what they otherwise would have been, including a reduction in the number of rigs that we will upgrade in 2003. The company's financial strength and a positive long-term outlook for our industry support the continuation of upgrades to our fleet, just not at the same pace we anticipated earlier. A weaker outlook for 2003 will also mean an increased emphasis on controlling costs. We have asked operations to revisit their budget requests with an eye toward reducing their costs to the extent reasonably possible and we must do the same in all of our shore based offices.

I think it is important to remember that 100% of our revenue is generated by our operations in the field, while the Houston office is strictly a cost center. This office exists to serve the field and we who work here do so only because the field exists—not vice versa. So please remember, when you are asked for additional efforts to manage costs in your department, it must not come at the expense of the level of service we render to our operating units, but we must reduce as much as possible the burden that our operating assets must carry.

In spite of a generally softer outlook for next year, we should all realize that GlobalSantaFe is a company with tremendous financial strength and well balanced operations around the world. We have good upside potential in our markets that are not doing so well, and we have staying power because of our other markets that are doing reasonably well, as well as our strong financial condition. We have a bright future and are able to continue to invest for that future. These investments will include continued work on our newbuild program, a continuation of our rig upgrade program, though at a slower rate, significant continuing capital expenditures for maintenance and, most importantly, continued high levels of training for our employees.

During the holiday season, I would ask those of you who will be traveling to remember that your safety and that of your family are far more important than getting anywhere on time. Best wishes for a wonderful holiday season, a very Merry Christmas and a joyous New Year.



GlobalSantaFe

F E A T U R E S

ProFile FALL 2002



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GlobalSantaFe Corporation

ProFile



On the Cover:

The cover shows a structural map of the West Heather Field as interpreted from modern technology three dimensional seismic data. The map shows the bottom hole location of well number 19y and well number 20, directionally drilled wells that were turnkeyed by the Aberdeen GlobalSantaFe Well Engineering group. The shaded semicircle surrounding the 19y well is the area investigated by the drill stem test (see photo in article) as calculated by CMI. West Heather wells 19y and 20 were drilled by *Arctic IV.*

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CMI's Unique Industry Niche

Exploration Discoveries in the Gulf of Mexico and Expansion into the North Sea

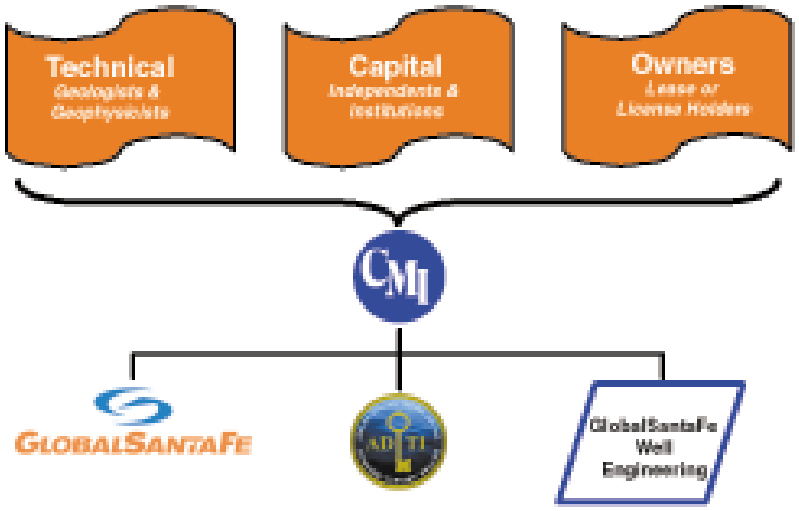
By Aimee Dobbs

Challenger Minerals Inc. (CMI), the upstream subsidiary of GlobalSantaFe, serves a business development role for our drilling management services groups. Providing geological and geophysical expertise on potential projects, CMI continues to expand its niche as the premier screener of oil and gas prospects in the Gulf of Mexico and in the North Sea. This strategy incorporates a Joint Venture program that supplies third-party capital to the client base of GlobalSantaFe for projects that are not fully funded, thus enabling exploration and development projects to proceed in an accelerated manner.

This is just one more way that we are able to outperform our competitors by satisfying the client's needs for timely capital deployment. At the same time, CMI is accelerating the use of turnkey drilling and completion services by our sister company, Applied Drilling Technology Inc. (ADTI) in the Gulf of Mexico and the GlobalSantaFe Well Engineering group in the North Sea.

Organizational Background

CMI was reinvented in 1995 from a traditional generating exploration company into the premier screener of offshore projects. This offshore focus, now expanding from the Gulf of Mexico into the North Sea and beyond, allows CMI to build on the strengths of the entire GlobalSantaFe organization. CMI has created a powerful business model that aligns the three fundamental segments of the upstream sectors—Technical (Geologists & Geophysicists), Capital (Independents and Institutions) and Asset Owners (Lease or License Holders).



CMI generates revenue from both Joint Venture (JV) partner participation fees and equity interest in drilling projects. CMI has traditionally participated for 15 percent or less interest in projects while CMI's JV partners fill out the additional available interest on drilling projects. Under CMI's joint ventures there are no overriding royalty or other burdens imposed on our partners' interest in any project. Partners support the well being turnkeyed for their own risk management reasons. This partner support has proven beneficial to both ADTI and the GlobalSantaFe Well Engineering group.

Over the past eight years, CMI's initial Gulf of Mexico Joint Venture program has expanded into three programs, two in the Gulf of Mexico and one in the North Sea, with a total of ten partners. CMI plans to expand the partner list to twelve within six months.

CMI Joint Venture Partners	
Bright & Company	Dallas
Cheyenne Petroleum Company	Oklahoma City & Houston
Comstock Resources	Frisco
Continental Resources	Enid
Denbury Resources	Covington & Plano
Palace Exploration	Tulsa & New York
Picus Petroleum	Houston
Reef Exploration	Richardson
Stephens Production Co.	Fort Smith
Walter Oil & Gas	Houston

CMI aggressively pursues potential drilling opportunities by reviewing prospects generated by third-parties. Upon careful evaluation of available prospect opportunities, weekly reports are then sent to JV partners for their review.

CMI's unique relationship with its JV partners allows CMI to assist capital deployment from these companies into the offshore oil and gas industry. Traditionally, these JV partners invested in onshore drilling projects in the United States. In the last 12 months, we estimate our JV partners have spent $40 million—money which, in the past, would never have reached the offshore arena.



GlobalSantaFe's *Arctic IV* semisubmersible flaring during well testing of the 2/5-19y well at West Heather, in the North Sea.

CMI's management team offers a wealth of oil and gas experience. Vice President Ron Symecko heads CMI's Gulf of Mexico Exploration division, while Vice President Jack Downing oversees Gulf of Mexico Field Development. CMI expanded into field development projects in 1998 to participate in the later stages of basin development. Jon Goodale is Manager of the North Sea team, a recent area of expansion for CMI. Chuck Hauf serves as Vice President of New Ventures and Tom Morrow serves as President of CMI since its rebirth in 1995.

Expanding CMI's Reach

As the North Sea drilling market matures and major oil and gas companies look to larger reserve prospects in the emerging international offshore markets, independent oil and gas companies will likely become more active in the region, drilling prospects with more modest reservoir potential, less than those targeted by the majors.

GlobalSantaFe is uniquely positioned to help the independents take advantage of the area by supplementing their internal project management with engineering expertise and providing rigs that meet the strict area standards. No other company in the world can provide oil and gas companies this level of support.

CMI's recent success in the North SeaWest Heather project is an excellent example of our total solutions level of service that enhances GlobalSantaFe's viability as a world-class service provider.This project marks the first time that GlobalSantaFe has participated in all aspects of a drilling program in the North Sea—providing the rig, turnkey drilling services and equity funding. CMI's role in the North Sea is dependent upon the historical support given by all units within the GlobalSantaFe family. In particular on West Heather were GlobalSantaFe groups headed by the following individuals: Jon Marshall, Executive Vice President & Chief Operating Officer; Marion Woolie, Senior Vice President Operations; Blake Simmons, Regional Vice President U.K., Caspian & Canada; Doug Vrooman, President of ADTI; and Chris Ness, Vice President of GlobalSantaFe Well Engineering.

CMI's recent oil discovery in Block 2/5 of the North Sea's U.K. sector was the successful 2/5-19y appraisal well test that confirmed oil accumulation in the West Heather Field. The initial 2/5-18 exploratory well test was drilled in October 2001 by the field's Operator, DNO Heather Limited.

Continued on page 6



Challenger Minerals Inc. 2002 Team

Left to right, top row: Tim McCauley, George Fraser, Al Schneider, Rick Holden, Dan Tinkler, Curt Killinger, Reagan Newton, Tommy Phipps. *Middle row:* Graham Smith, Tiffany Barcelona, Sally Brown, Jack Downing, Michelle Best, Eddie Haggard, Renee Goff, Aimee Dobbs, Bob Young, Bill Hamby. *Bottom row:* Paul Nielsen, Jon Goodale, Ron Symecko, Tom Morrow, Chuck Hauf, Tom Leary, Ron Ramsey, Rob McNamara. Not pictured: Charles Speh and Stephen Birrell.

Recent CMI Exploration Discoveries

Location		Operator	Results	CMI's Working Interest
North Bayou Penchant	Terrebone Parish	Helis	Discovery / Gas / 75' pay	7%
Ayres Point	Calhoun County	Neumin Production	Discovery / Gas / 42' pay	10%
West Cameron 639	#A-31	Valiant	Discovery / Gas / 68' pay	11%
Ship Shoal 28*	#40	Callon	Discovery / Gas / >150' pay	10%

**still drilling*

Oil flowed 38 degrees API gravity from the 2/5-19y well at restricted rates of up to 6,000 barrels per day, with no water, from a partially perforated 150-foot section about 9,000 feet deep in the Jurassic Brent Sandstone reservoir. The 2/5-19y well has been suspended, and Aberdeen-based operator DNO has recently finished drilling a second well, the 2/5-20, to further appraise recoverable reserves from the West Heather Field.

The 2/5-20 well has been evaluated as productive and the rig has been released for other work. DNO and its equity partners, CMI and Palace Exploration, will finalize the development program anticipated to include three production wells and at least two water-injection wells. The 19y and 20 wells were drilled by GlobalSantaFe Well Engineering on a fixed-cost turnkey. The West Heather agreement, as negotiated by CMI, provides that Aberdeen-based GlobalSantaFe Well Engineering will have the opportunity to submit turnkey bids for all future drilling and completion projects. Once production begins, possibly by the fourth quarter in 2003, a subsea pipeline will transport the crude oil to the Heather Field's Alpha platform, about 4.5 miles to the east of the West Heather Field, for processing and transporting to market via the Ninian Pipeline.

GlobalSantaFe, via CMI's participation agreement with operator DNO, will earn 16 percent interest in approximately 50,000 acres in UKCS Licenses P.242 and P.902, including the West Heather Field and other prospects previously identified.

Operator DNO contracted GlobalSantaFe's Well Engineering group to bid the drilling of the 2/5-19y and 2/5-20 wells on a turnkey basis using the company's own *Arctic IV* semisubmersible rig (see photo on page 5). Mick Hodgetts of GlobalSantaFe Well Engineering in Aberdeen introduced CMI to the West Heather project for possible equity participation. GlobalSantaFe Well Engineering's Chris Ness, Jeff Shyer, Ian Bibby, Les Browne and Matt Rothnie were instrumental in implementing the turnkey aspect of the project. GlobalSantaFe's Assistant General Counsel Dave Faure, Senior Legal Advisor Greg May, and CMI's Land Manager Paul Nielsen played key roles in negotiating the final trade with DNO.

Exploration Successes

CMI's Gulf of Mexico exploration team has enjoyed good news on the drilling front, as their last four projects have all been successful. To put these discoveries into perspective, approximately 50 billion cubic feet (100% interest) of gas will be produced from these projects—enough to supply 40,000 homes with natural gas for the next 10 years!

CMI was also busy this year starting up production from both 2002 and 2001 discoveries in the Gulf of Mexico. CMI participated in construction and startup of six new platforms in water depths ranging from eight feet (caisson) to 205 feet (3-well tripod). These new startups included: Ship Shoal 279 and High Island 77S (W.G. Helis operated), Ship Shoal 79 (LLOG), South Marsh Island 239 (ChevronTexaco), West Cameron 116 (Gryphon Exploration), and Ayres Point/San Antonio Bay (Neumin Production). All four wells were drilled on a turnkey (fixed cost) basis by CMI's affiliate, Applied Drilling Technology Inc.



The Ship Shoal 279 tripod platform is in 205 feet of water in the Gulf of Mexico.
(Photo courtesy of W.G. Helis, Operator)

Total initial production rates from these and other CMI 2002 startups from existing platforms exceed 60 million cubic feet of gas and 1,450 barrels of oil per day. This is enough equivalent energy to power 240,000 Houston cars to work and back on a given day! CMI had an average 10% interest in these projects.

GlobalSantaFe Re-flagging the Fleet

By Jock Mirrey

Each of GlobalSantaFe's offshore drilling units, whether a ship, semisubmersible, or jackup, is registered in a "flag state", a maritime country which acts as the unit's home port and which issues it a license to operate. The name of the home port appears on the stern along with the unit's name.

Originally, almost all of legacy Global Marine's and legacy Santa Fe's drilling units were US flagged—the licensing authority in the United States is the US Coast Guard(USCG). While both Global Marine and Santa Fe were willing to accept their requirements, the publication in 1979 of the IMO MODU (International Maritime Organization Mobile Offshore Drilling Unit) Code, along with efforts to internationalize fleet management, shifting emphasis to international MODU standards, caused both companies to reevaluate their flag state position.

The MODU Code became effective on December 31, 1981, and it applied to all vessels delivered after that date. Many operators, and particularly foreign countries in which a rig was to work, insisted that any rig built before or after 1979 had to comply with the code. As time progressed, it became increasingly difficult to maintain compliance with both USCG and MODU requirements in overseas locations. Due to US Government travel restrictions, it became increasingly difficult to obtain USCG inspectors to perform necessary surveys on rigs in some parts of the world and it was impossible in others. As a result of these concerns, and to provide a truly international fleet, both Global Marine and Santa Fe started to reflag their international MODUs to Panama.

However, due to changes that have taken place in Panama over the past several years, the company recently decided that it would be beneficial to evaluate other countries in which to flag its fleet. The search identified Vanuatu, a small group of islands in the Pacific, as meeting all of our requirements and satisfying a number of important and very well defined objectives.

As a test case, the jackups *Compact Driller*, *Key Manhattan* and *Monarch* were re-flagged from Panama to Vanuatu. These three rigs represented a broad cross-section of age, geographic location, and crew nationality. The results of the test case were very positive. The Vanuatu registry repeatedly demonstrated its dedication to maintaining high standards, and provided consistent, timely and quality rulings on issues brought before it. Based on the results of the test case, a management decision was made to reflag all of GlobalSantaFe's MODUs as circumstances permit. So far, 32 of GlobalSantaFe's rigs now fly the Vanuatu flag.

Recently, questions have been raised regarding this decision because the USCG, who pays very close attention to "flags of convenience", had placed Vanuatu on its flag state "watch list." While this caught the attention of many people, in fact, Vanuatu has one of the best records of all of the flags of convenience as measured by the condition of ships visiting US ports. The USCG has since removed Vanuatu from its watch list. In any event, GlobalSantaFe operates its rigs to a standard higher than that of any flag state, including the United States.

Another measure of the quality of a flag state's fleet is the number of detentions its ships receive from the USCG when visiting US ports. The USCG will detain a ship if it does not meet certain minimum international standards, and it is the flag state's responsibility to monitor ships in its fleet to ensure that they comply with these standards. It is interesting to note that, of the 94 detentions in the United States from January 1 to July 31, 2002, not one was flagged in Vanuatu.

In conclusion, GlobalSantaFe's experience with Vanuatu has been very positive. The registry staff in its New York office takes a keen interest in what we do. They are very responsive to our requests, and they work with us to ensure that our marine operations are maintained to the high standard our management demands. The change to Vanuatu flagging, which we expect to complete in 2003 (except for some units that circumstances preclude re-flagging), will bring significant long-term benefits to our relations with both the government administrations in foreign countries where we work and our clients in those countries. It is also an important component of GlobalSantaFe's overall commitment to a safe and high-quality workplace for its personnel.

Vanuatu has issued Certificates of Registry to the following rigs which are listed with their official new names.

GSF Adriatic I
GSF Adriatic IV
GSF Adriatic V
GSF Adriatic VI
GSF Adriatic VIII
GSF Adriatic IX
GSF Aleutian Key
GSF Baltic
GSF Compact Driller
GSF Galaxy I
GSF Galaxy II
GSF Galaxy III
GSF High Island III
GSF High Island V
GSF High Island VII
GSF High Island IX
GSF Key Gibraltar
GSF Key Manhattan
GSF Key Singapore
GSF Labrador
GSF Magellan
GSF Monarch
GSF Monitor
GSF Parameswara
GSF Rig 103
GSF Rig 105
GSF Rig 124
GSF Rig 127
GSF Rig 135
GSF Rig 136
GSF Rig 140
GSF Rig 141

Upgrade Projects Excel in Safety Performance

By Bob McKechnie

The year 2002 has proven to be a demanding year for the Technical Operations Department, and particularly so for its Upgrade Projects group that has planned and executed a total of 12 major shipyard projects to date, with a further six that are currently in various stages of pre-planning and prefabrication. Throw into that mix a series of hull preservation and minor rig upgrade projects and the end result has been a very full calendar, indeed.

Under the leadership of Duncan Lennox, Chris Corcoran, and Jay Stiles, our project managers, project teams and rig crews have performed admirably and it is with great satisfaction that we are able to report these projects have been carried out safely, with no serious injuries to personnel and no environmental incidents.

Those of you who have participated in shipyard projects will be very aware of the intense and diversified nature of the activities that take place during a fast track rig upgrade. Multiple, simultaneous operations that require a keen awareness of all aspects of the project mean that effective communications and teamwork are essential components of the safety management process.

GlobalSantaFe employees who have participated in these projects are to be congratulated for their diligence in ensuring their personal safety and the safety of their co-workers.

Some examples of the major upgrade projects that were carried out during 2002 are:



Labrador—Keppel Verolme Shipyard, The Netherlands. Received a living quarters upgrade and various other modifications and upgrades to meet North Sea regulatory requirements.



Galveston Key—Jurong Shipyard, Singapore. Project workscope included a new 1.3M bottleneck derrick, a National 650/750 power swivel, a new mud process system, a new Seatrax port crane, a leg mounted raw water system and a new CAP437 helideck. The legs were also removed for repainting.



Adriatic X—Sabine Pass, Texas. Project workscope included a new 1.5M bottleneck derrick, a Varco TDS8S top drive, three National 14P220 mud pumps and five new Caterpillar 3516B engine-generator sets.



Rig 136—Keppel FELS Shipyard, Singapore. Received a major life enhancement upgrade that included a completely new 105-man quarters module, a 1.3M bottleneck derrick, a National 650/750 power swivel, two new Dreco cranes, a new mud process system, a leg mounted raw water system, a new CAP437 helideck and a new rack chock system.



Australia New Home for *Jack Ryan*

By Jess Richards

The *Jack Ryan* departed the Gulf of Mexico on September 1, 2002, for a 12,790 nautical mile voyage to Western Australia. The ship has commenced a four-well drilling program for ExxonMobil (MEPA), Kerr-McGee, BHP Billiton and Woodside Petroleum in Western Australia. The voyage took the ship through the Gulf of Mexico, Caribbean Sea, and across the Atlantic Ocean to Cape Town, South Africa. The ship arrived in Cape Town on October 4 to take on fuel and make a crew change.

On October 5, 81 experienced and dedicated crew members departed the ship in Cape Town after riding the ship from the Gulf of Mexico. For all of the crew joining and leaving the ship this was a bittersweet event since many personnel would say "good-bye" to the *Jack Ryan* for the final time due to the rig's relocation to Australia.

The riding crew joining in Cape Town consisted of 105 crew members. 73 of these personnel were new-hire Australians who were completely new to the vessel. Although all the new crew was experienced, the *Jack Ryan* was a very impressive sight offering much excitement since she is the most technologically advanced rig of any kind to ever visit Australia.

After lowering the thrusters off Cape Town, the ship continued her voyage to Australia and arrived offshore Dampier, Western Australia, on October 28. Shortly after arrival, the Australian crew handed over and crew changed with a fresh crew which had just completed FOCUS I and Operator Induction training for the campaign in Australia. The crew departing the *Jack Ryan* also attended this same Induction and FOCUS I training prior to departing Perth for their shore leave.

GlobalSantaFe would like to welcome all the new Australian crew members to the *Jack Ryan* and to the company. We look forward to the Australian campaign and future opportunities for the *Jack Ryan* and her crew. The commitments and efforts of all associated with the drillship are necessary for improving the safety culture and making the *Jack Ryan* all she can be in all areas.

GlobalSantaFe would also like to recognize and thank the many crew members that are no longer with the *Jack Ryan* due to this relocation. The high operational and safety standards you set are a legacy for all those who follow.



While awaiting the arrival of the *Ryan* in Cape Town some of the crew took in the sights from Table Mountain which creates a majectic backdrop to the city and offers a beautiful view of the harbor.







A Personal Perspective on the Jack Ryan

By Chris Knight, *Jack Ryan* Safety Coordinator

The *Jack Ryan*, which was christened in Galveston, Texas, in October 2000, may appear to be simply "just another ship" plying her trade. But, on closer inspection, something special will start to appear. This is a ship that started out with a crew wanting this to be the best drillship afloat and accomplishing this by setting first class examples. Since start-up she has traveled 28,423 miles, drilled numerous wells under difficult circumstances, and changed out crews at six-month intervals, while crew members truly believed this could be achieved without causing serious injury to any of the crew. All onboard the *Ryan* remain dedicated to the goal of maintaining an injury-free workplace.

Many people have joined and left the *Jack Ryan*, each contributing to her success story. Upon becoming a new crew member, all are encouraged to strive to improve the ship's safety and work culture. Onboard the *Ryan*, we don't believe in luck, only in committing, through our efforts, to be the best. The accomplishment of working 810 days without a serious injury has been achieved through FOCUS training, ASA, OJT and a personal safety commitment to each other.

The crews have been made up of diverse nationalities—American, British, Trinidadian, Dutch, Australian, Puerto Rican, Bulgarian, Croatian and, last but not least, Scottish. With this cultural diversity the crew has enjoyed a wide range of culinary delights including such items as cow heel soup, grits, roast beef and roo burgers and considers itself quite cosmopolitan.

The Merging of Health, Safety and Environmental Cultures through a Management System

By Adrian Gray

The foundation of GlobalSantaFe Corporation on November 20, 2001, created the immediate challenge of integrating two legacy safety management systems into a common form under one new corporate structure.

Part of the newly merged GlobalSantaFe drilling fleet was comprised of two self-propelled semisubmersible units and four self-propelled drill ships, which fell under the International Safety Management (ISM) code of standards mandate. The ISM code is a set of guidelines established by the International Maritime Organization, which requires any company operating a self-propelled vessel in excess of 500 gross tons to implement a safety management system utilizing the guidelines established within the initial 13 elements of the code.

The primary objectives of the ISM code are to ensure safety at sea, prevention of human injury or loss of life and avoidance of damage to property and the environment, particularly the marine environment. The mandate also required full implementation of such a safety management system by July 1, 2002. An external audit of both the shore-based facilities and each individual rig, conducted by a class society recognized by the appropriate flag state, is required to demonstrate compliance with the requirements of the code of standards.

The introduction of the ISM code represented the resulting measures taken by the world community in an effort to tighten the standards, quality, and safety of international ocean going vessels following a series of maritime disasters involving significant loss of life and environmental pollution.

A common industry misconception is that a safety management system is comprised entirely of health, safety and environmental directives. However, a truly effective safety management system incorporates additional branches of the organization such as training, marine operations, engineering, materials, human resources environmental management and preventative maintenance.

The first order of business was to define a new Health, Safety and Environmental policy statement, which reflected the core values of the new company. Once this cornerstone was established, the management system would be designed to reflect these values and establish policies, procedures and guidelines to form the foundation that would enable the workforce to meet these objectives.

A top-tier manual was then prepared which served as a "roadmap" or administrative guide to enable employees to understand not just the structure of the system, but where specific information could be located.

GlobalSantaFe management made the decision to implement the principles of the ISM code throughout the entire fleet, marrying the architecture of the Global Marine Safety Management System (SMS) with the electronic format of the Santa Fe Health Safety and Environmental System (HSEMS). This focused on ensuring the final Management System would be in full compliance with the International Safety Management Code and a consistent core value based on behavioral based safety which could be applied throughout the entire organization.

The evolution of safety management over the years can best be defined as industry initially trying to engineer safety through the process of design, legislate through policy and procedure, and latterly to identify and eliminate at-risk behavior through a behavioral based safety management process. While each individual initiative has value in its own right, all three should be incorporated into a Management System if the system is to be genuinely effective.

The GlobalSantaFe behavioral based safety initiatives such as the FOCUS (Field Observation Continuously Upgrading Safety) and ASA (Advanced Safety Auditing) processes, combined with clear and concise policy statements and implemented on well designed and maintained drilling units, would provide the foundation of the proposed safety management system.

Once complete, this system can be equated to behavioral-based safety for the organization in a manner similar to the traditional behavioral-based safety initiatives that have been applied to the individual.

Using the ISM code of standards as a guide, the concept appeared relatively simple. A taskforce consisting of departmental managers and represented by both sides of the legacy companies was charged with reviewing both existing safety management systems. The objective was to first identify and then implement the best practices from each. The next stage was to apply what the Company calls the Principle of The Three Rs (Retain, Revise and Remove). This involves a second overall review of the safety management system to identify areas of conflict, duplication or overlap. If a policy or procedure was considered to be sound, the decision was made to ***retain*** the document. Secondly, if a

Continued on next page

Management System...

Continued

policy or procedure was considered reasonable but could be improved then it would be ***revised***. Thirdly, a policy or procedure that served no practical purpose for inclusion would be ***removed***. A simple process, but highly effective.

The recommendations from the taskforce were then presented to a steering committee made up of executive management for their review, guidance and approval.

Once the safety management system had been established the next stage was to train the workforce. ISM classes are ongoing and have already been conducted in the United States, Central Asia, Europe and the Far East. It is rewarding to note that not only are operators starting to focus more on contractor safety management systems but also companies such as BP and BHP have already taken the opportunity to attend GlobalSantaFe ISM classes.

The ISM Code takes a similar form to the ISO-9000 quality management standards except that it places more emphasis on safety and pollution prevention. The International Maritime Organization does not however define how the safety management system should be designed nor what the contents should be. It does however have the same focus with regards to policies and procedures, inasmuch as it invites a company to:

"Say What You Do," "Do What You Say," and "Prove It!"

It is important to remember that ISM is not a final destination, but an ongoing journey of continuous improvement. With the help of our new Company Management System, the direction of this journey continues to be towards achieving the goals and benchmarks established in our Company Mission Statement, our Health and Safety Policy and our Environmental Policy.

A View of Today's Market

By Steve Gangelhoff, Vice President Business Development and Market Analysis

What has changed in worldwide rig markets since the last edition of *ProFile* magazine? A pessimist would say '*Not much*'. Current and forecasted jackup utilization in West Africa and Southeast Asia are still strong, at or near 100% now and for the foreseeable future. Gulf of Mexico jackup and intermediate water depth floater markets continue to languish at utilization rates in the sixty percentile. Intermediate floaters (rigs that work in 1,500 to 5,000 foot water depths) continue to have a worldwide utilization rate of approximately 75%, which is not the sort of activity that generates good revenue for our Company.

In some cases, markets have notably deteriorated since the last *ProFile*, this mainly in the North Sea. Floater fleet utilization as predicted has now slipped below 70%, and we expect continued weakness in the winter months ahead.

It's always been easier in our business to become immobilized by current poor conditions and forecast market weakness ahead, rather than forecast strength. But if you believe that the change of seasons is inevitable, you'd have to believe in the inevitability of shifting business cycles in our drilling industry. So, while a lot of folks have a dim view of market conditions ahead, this contrary view senses market recovery. If asked the question 'what has changed in worldwide rig markets since last quarter', an optimist would answer *'Just enough'*.

The number of bids and inquiries we are receiving from our clients worldwide are now increasing on a month to month basis. Since the *Jack Ryan* arrived in Australia there has been something of a wake up call amongst our clients who are showing interest in contracting the rig in the general region. A short while ago we thought the *Celtic Sea* would travel to Angola for work there, when the rig's current client in the Gulf of Mexico decided to keep the rig right where it is for some additional term work. The *Explorer* continues to have a good work forecast.

And the level of interest in our new build jackup *Constellation I* and semi-submersible *Development Driller I*, continues to percolate as our marketing teams literally travel the globe making technical presentations to our clients on these new build units.

One of our top revenue-providing clients, a major oil company, recently announced it will have to increase investment by USD 1 billion per year in its mature US and North Sea operations in order to meet its production targets. Its production targets are under pressure because production declines in its 'base' operations are offsetting growth from new areas. This client also noted that it would not simply produce more volume just to meet production targets, but that it would in fact 'earn more money' by investing more.

(Sounds like a novel idea: invest money to earn more!) Fact is though, that one of the main reasons why rig counts have been slow to improve is because the spending strength of the independent E&P companies has been more than offset by spending reductions of the big integrated companies. The announcement by this particular client is a sign that the big integrated companies realize they may have cut back too far.

Sure, some parts of the drilling world continue to languish and probably won't improve much during the winter season. But while our clients worldwide are busy preparing the 2003 E&P budgets that will tell the tale of what we can expect next year, this contrary view subscribes to the notion of inevitability. Business cycles do shift, and there may already be optimistic signs on the horizon.



***Arctic I* returns to work after hurricane Isidore.**

Arctic I Takes Break from Drilling, but not from Work

By Jeffrey C. Thorn

On June 16, the *Glomar Arctic I* completed a three-year contract with EEX. The rig was moved to Grand Isle block 92 for a much needed refurbishment. The crew would have only four months in which to complete all the planned work and finish their five-year DNV inspection.

As soon as the rig was on location the crew jumped right into the work at hand. Three of the *Arctic I's* eight anchor chain's were due for their five year inspection. While this was being done the drill crew was hard at work removing the top drive, the blocks, and the crown sheave cluster. The rig's Sub Sea engineers were assisted by the GlobalSantaFe Sub Sea task force in dismantling the BOP so that it could be sent to Cameron for refurbishment. The engineering crew had to rebuild the number two engine as well as replace two generators and the main transformer B.

Once the anchor chain was inspected, focus was turned to replacing one of the anchor winch gypsies. There was also an anchor fairlead that needed to be replaced before the anchor handling vessel could come back to do repairs on two of the inspected chains. With the crown sheaves being fully inspected, the crown was rebuilt and the blocks reassembled. The top drive was also inspected and the motor replaced.

A team of contract welders was sent to the rig to replace large pieces of the columns that had been worn down over the last 20 years of the rig's life, much of which was spent in the harsh conditions of the North Sea. The welders also rebuilt the rig's two flare booms so that they would be ready for the rig's upcoming completion well for ChevronTexaco. While the welders were hard at work, painters spent the better part of 40 days blasting and painting the columns and diagonals of the rig as well as the underside of the moonpool. The rig's painters had the task of blasting and painting the inside of the moonpool.

The weather beaten and worn wind wall was removed and replaced by the drill crew in time to be tested by hurricanes Isidore and Lili. Once the new wind wall was in place the drill crew turned its attention to rebuilding the drawworks. Sub Sea engineers worked on refurbishing and repairing the marine riser tensioners and the guideline tensioners before the BOP returned. The engineering department had to replace the starboard crane engine.

Divers where brought out to plug the sea chests so the rig's skin valves could be inspected by DNV. DNV also inspected all of the rig's many tanks and void spaces. The crane crew, with the help of the engineers, pulled out all of the crane sheaves so that the pins could be inspected and the sheaves replaced.

On the October 19, the *Arctic I* started pulling anchors for ChevronTexaco. The rig's crew finished all the work and celebrated four years without a LTI, during the refurbishment period.

On-Location Modifications Completed on *High Island II*

By Sam Ricord

The *High Island II* recently completed a solids control modification while on location in the Gulf of Mexico. After the jackup completed operations on ChevronTexaco Eugene Island 113 on August 14, the decision was made, with the cooperation of ChevronTexaco, to carry out the solids control modification and replacement of the shaker house on location. The existing shaker house was removed to the main deck level and the new tanks, shakerhouse, and derrick solids control system were added, along with a Brandt gumbo removal system. On September 19, following two hurricane evacuations, the rig crews and third party contractors (M & M Ind. Services and Meaux Services) completed the project. The work was done without a safety or environmental incident and all parties involved were commended for a job well done.

Upon completion of the upgrades, the rig commenced an 18 month contract commitment with ChevronTexaco. The *High Island II* will become a core rig for ChevronTexaco and operate under a Memorandum Of Understanding (MOU) which includes ChevronTexaco's RIGS Incentive Program for rig based personnel and also an incentive program for GlobalSantaFe, tied to the rig's safety performance, operational efficiencies, and management commitment. As this ties directly to the GlobalSantaFe Mission Statement, the *High Island II* should have no difficulties reaching all of ChevronTexaco's expectations.

Interested in a great tool to keep you safe? Time Out!

By Norm Maguire

At GlobalSantaFe our commitment to safety is an ongoing campaign that has been implemented by more than just words. Resources are being used to train our employees about new ideas and methods that involve observation and risk reduction. These safety concepts provide methods that allow us to observe at-risk behaviors and reduce risk on the job. New techniques and skills are being taken back to the field and utilized by rig crews to improve safety in all operations.These safety initiatives will enable us to obtain our vision of an injury-free work place.This means allowing all of us to return home uninjured, keeping our promise to those we left behind. Only by empowering every employee who is surrounded by risk 24-7, will we as a company stop injuring members of our work force. The great Time Out tool has been given to everyone—that's what makes it so great. Make sure you bring this tool to work with you every day, because an unused tool serves no purpose and has little value.

For years, our industry has talked about safety, usually on the employees' time. GlobalSantaFe realized that as a company, it was time to implement a safety culture change and take a proactive approach to safety. In years past, some in our industry had the attitude "it's dangerous work and we must accept injury and death when we drill a hole in the ground, its just part of the job." Today, this type of attitude with regards to safety is obsolete and sounds prehistoric. Behavioral based safety has taught us to pre-plan our work and to closely observe one another while conducting work operations. This allows us to see the unrecognized dangers associated with various work operations. Being aware of hazards will help us eliminate unsafe conditions and better control the amount of risk we deal with every day.

Having a basic understanding of how people think, behave and react will enable us to communicate more effectively. Effective communication exists in many different forms. If we know our job and communicate freely with other team members, things tend to operate smoothly and run without incident. When things are not running smoothly something could be coming into conflict with our safety. When we sense conflict we must stop working and make our safety equal to our job. How? By communicating. Stop the job and make safety equal by asking questions, exchanging information, and getting things right. Then resume work operations only when everyone has a clear understanding of what is going to happen. You are all well aware that things can happen very quickly on a drilling rig. The difference between a near miss and a multiple fatality is luck, seconds of time or inches of distance. When something in our head or gut tells us that safety is in conflict, we must act quickly by using the great Time Out tool.

Time Out is a safety concept that we should all be familiar with, and hopefully are not reluctant to use anytime conditions warrant. Time Out is a valuable tool that every employee has been empowered with by the highest level of executive management to temporarily stop and talk about what is happening. We all know that Time Out is not to be used as an excuse to avoid doing an unpleasant job. We should also know that calling Time Out does not shut down an entire operation, costing the client large amounts of money. Time Out is simply a verbal, or non-verbal (if signaled) means of communication —"Hey, we need to talk". Use Time Out when things are not proceeding as planned, or when some change has altered the method that had been discussed, or when you do not clearly understand your role in the operation, even if it has been explained to you several times. If you see something, or even feel something that is not quite right, it's time to call or signal Time Out.

Failing to call or indicate Time Out is a breakdown in our line of communication. By not calling Time Out, we have left our safety to chance. Working as a team means that we must rely upon and look out for each other. Each person brings different skills, knowledge, and levels of understanding to the team. Having the ability to call Time Out and to ask questions, or to provide solutions, is a valuable communication tool. Ideas, observations, and knowledge can be shared, and all team members can be kept in the loop. It's okay to question work activities that are going on around you and that directly affect your safety. You have a right to protect yourself and it's your duty to call Time Out when your safety, or that of a team member, is placed at risk. All it takes is the courage to make the call.

Let's consider when a Time Out might be used during an American football game. It's the last play of the championship game, and your team is one yard from scoring the winning touchdown. The coach carefully reviews all information available to him and decides upon the best play to use. Instructions are given to the players and everyone understands their job. As players line up for the final play of the game, the crowd noise becomes very loud.As the quarterback starts calling signals he sees the opposing defense suddenly change their alignment. Next, he sees a teammate run onto the field from the sidelines and then stop. Not enough men on the field, or too

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Constellation I



Constellation I being turned at quayside during leg installation. 395 feet of the 548-foot legs have now been installed.



The cantilever, drill floor and derrick were assembled on the quayside and skidded onto the hull as a single package. The helideck will be installed (forward of the living quarters) in early December, 2002.

Constellation II

Construction on the *Constellation II* began in May, 2002, at the PPL Shipyard in Singapore.



Hull assembled up to intermediate deck level, engines and bulk tanks installed.



Spud cans under construction, in position, under the hull.

Development Driller I



View of derrick erection area showing the three sections of the derrick prior to installation of lower section of derrick.



Upper hull after erection of drill floor and lower section of derrick. Drill floor and lower section of derrick were installed using a single lift.



Pontoons, side-by-side, in the dry dock.

Rig 103 Gets Quick Upgrade, Clean Bill of Health and High Praise

During the transition between its Maersk and Occidental drilling contracts, *Rig 103* managed to squeeze in a highly successful shipyard visit that was completed two days ahead of its planned schedule. The main components of the project were the replacement of two of the Marathon LeTourneau PCM120 crane pyramids and the installation of two new Fassmer sixty-man lifeboats.

The replacement of the crane pyramids was particularly challenging as it required the use of a 400-ton shipyard crane boomed out over 200 feet to remove the 24-ton starboard crane cabin and equipment house. Prior to the repair, the MLT cranes had been de-rated until such time as the pyramids could be replaced. We are happy to report that the cranes have now been fully load tested to their maximum capacity and have been signed off by ABS.

Rig 103 had been operating in a high H_2S environment prior to the shipyard visit which meant that the lifeboats had to be maintained in operational readiness at all times. Despite this, it was still possible to install the new support structure offshore with the final installation of the davits and lifeboats being carried out in the shipyard. This paid dividends in the form of reduced shipyard time.

Congratulations to overall Project Manager Dave James, Crane Upgrade Supervisor Stuart Robertson and Rig Manager Richard Lively for a job well done.

Rig 103 has undergone some fairly significant upgrades in recent years and prior to going to work for Occidental the rig received high praise from the inspection company that had been engaged by Occidental. Some of the more notable comments were "a two year old rig on a 27 year old hull" and "a review of the certification and documentation provides us with a model for other rigs to attempt to attain."

Rig 103 also achieved the highest rating ever in Occidental Petroleum Qatar's Safety and Environmental evaluation program.

It is interesting to note that the second oldest rig in the GlobalSantaFe fleet is now setting the standard in Qatar.

Galaxy II Reaches Four Year Milestone



***Galaxy II* crew members gathered for photo to commemorate safety milestone.**

Crews of *Galaxy II* working offshore Nova Scotia, celebrated the milestone of working four years without an LTI. Operations Manager Dave Formas and Rig Manager Kevin Knott congratulated the crew:

"We would like to thank everyone involved over the past 4 years on the *Galaxy II* for helping us to reach this stepping stone. Whether you are full time crew or an occasional visitor your effort towards "NOBODY GETS HURT" counts.

An injury free workplace can only be accomplished with everybody's effort and participation toward a common goal.

We recognize and respect the huge commitment it takes from all to have achieved 4 years LTI free. Let's not drop our guard. Instead, face each new day with increased determination to take our safety standard another step higher."

Garber Addresses IADC Conference in Middle East

Sted Garber, the 2002 International Association of Drilling Contractors Chairman, gave the keynote address at the 2002 IADC International Well Control Conference. This was the first event focusing solely on well control to be held in the Middle East. The event, held October 27-28 in Bahrain, drew sponsorships from important regional producers, including Saudi Aramco, Kuwait Oil Company, Petroleum Development Oman and Abu Dhabi Operating Company (ADCO).

Panels on well control training and accreditation and a regional operators roundtable highlighted the conference. Technical papers covered well control contingency planning, case histories, planning and training for emergencies, new techniques and practices, among other topics.

TECHNOLOGY PROFILE

STORM-MOOR™
Development Driller's New Approach to Deepwater Mooring

By Julian Soles

The objective of GlobalSantaFe's fifth generation semis, *Development Driller I & II*, under construction in Singapore, is to satisfy a demand for high-capacity development drilling units for wells in deep and ultra-deep water. The units have been designed for the moderate environment areas of the world such as West Africa, Brazil, and the Gulf of Mexico, where the majority of these deepwater wells will be located. Because a rig like this will be working for extended periods on one location drilling over sub-sea infrastructure with a very high capital value, a significant number of Operators' plans for such locations include a requirement that the unit be capable of either mooring or attaching itself to a pre-laid mooring system rather than relying on dynamic positioning. This requirement presents a unique challenge to those units that will operate in the Gulf of Mexico because the Gulf (like some parts of Southeast Asia) is subject to tropical revolving storms (hurricanes).

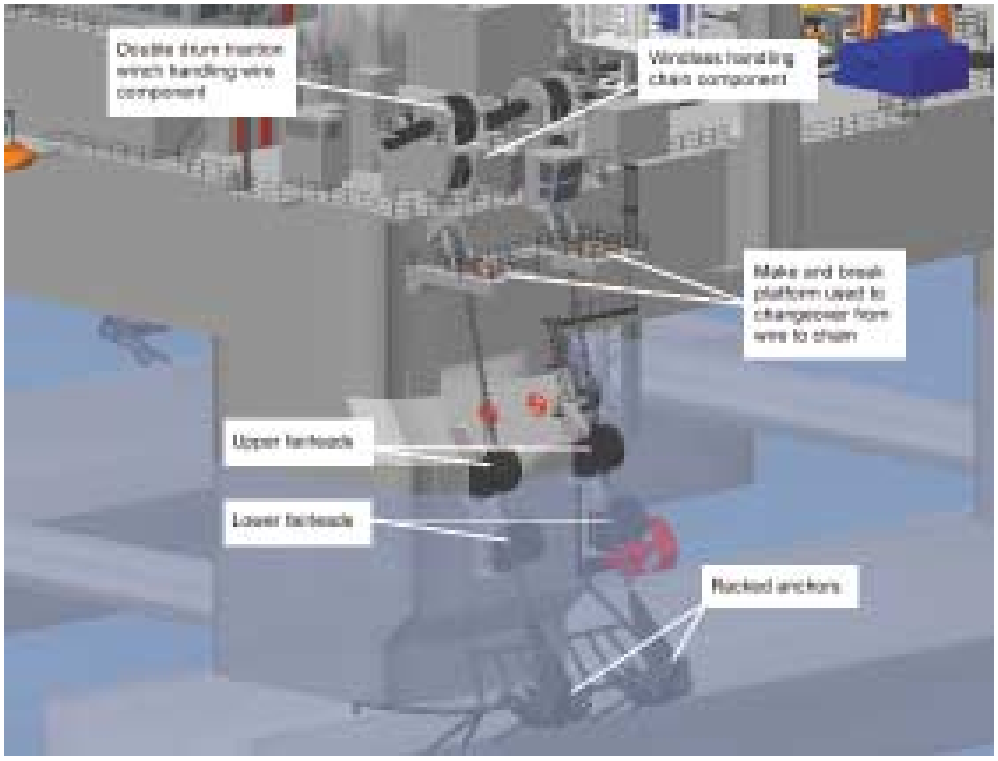
Historically, all rigs in the Gulf of Mexico, with the exception of dynamically positioned drillships, have been secured and abandoned in the face of hurricanes. This policy may well be reexamined in light of the increased number of very large drilling units operating at the outer edges of the continental shelf up to 200 miles from land, but until that happens, the policy is still to evacuate. This means that the mooring system alone must be adequate to keep the unit on location even if a hurricane passes right over it.

Design Criteria

GlobalSantaFe's goal in designing the *Development Driller's* mooring system, therefore, was to produce a system that could be economically deployed in benign areas but that also had the capacity to maintain the unit on location in a 100-year Gulf of Mexico hurricane. This sort of mooring system would provide the Operator with maximum flexibility in a wide variety of operating areas. Even though the *Development Driller* has over 500 tons of thruster force available from its dynamic positioning system, this capability could not be considered for the unmanned mode.

There are two ways to address this design requirement. One way is to increase the size of the mooring leg components and the other is to use additional mooring lines to strengthen the system. In the first case, larger mooring lines and anchors mean that there are fewer anchor handling boats available that can deploy the system, particularly in the benign parts of the world where the *Development Driller* is expected to work. Therefore, we elected not to increase the size of components, but rather to increase the number of the mooring legs. Choosing a system capable of using sixteen lines (instead of eight much larger lines) has several benefits: the overall system cost is much less, there is a reduced storage requirement for the

Continued on next page



Development Driller mooring arrangement

Late Season Hurricanes Blast through Gulf of Mexico

By Randy Sivils

Who would have ever guessed we would be hit by two hurricanes back-to-back. Well it happened this year late in the hurricane season. The first, Isidore, kept everyone on the Gulf Coast on alert for several days. The hurricane finally turned north from Mexico and luckily decreased in strength. Then, a week later, here comes Lily, but this time we were not so fortunate. For many people around the country a hurricane is not a big deal but for those of us in the offshore drilling business it's a very big deal to say the least.

It is necessary to monitor these storms literally by the hour. Depending on a rig's present operation, it can sometimes require up to three or four days to secure for a major storm. GlobalSantaFe operates fifteen rigs in the Gulf of Mexico—eleven jackups, two semisubmersibles and two ultra-deepwater drillships. The drillships are the only rigs to remain fully manned, as they disconnect from drilling operations and sail away from the storm's path.

In preparation for evacuation, the rig crews shorebased staff begins by reserving hotels. This is quite a challenge since there are literally thousands of people to accommodate, not to mention the need to place everyone in a safe place. Personnel have to be contacted and kept in constant contact with the office so they can be available to report back to the rig on a moment's notice. Nearly every hotel within 200 miles of the Louisiana and Texas Gulf Coast will be booked. Offshore the Gulf of Mexico there were 800 installations in the path of hurricane Lili. A total of 2,934 platforms were evacuated and 386 drilling rigs. An estimated 25,000 personnel were transported to shore. GlobalSantaFe alone evacuated about 700 people.

Storms of this nature pose a serious threat not only to people but to the environment and the economy. The storm surges cause serious erosion to the already eroding coast line and are also responsible for significant loss to wildlife. Fortunately, there were no fatalities or injuries to any offshore workers and no major pollution. The economic impact is tremendous with lost production of approximately 150 million cubic feet of gas and 18 million barrels of oil.

Continued

mooring line components, there is much improved system strength in "one line damaged" cases (the loss of 1 out of 16 lines is far less significant than 1 out of 8), and the number of anchor handling vessels capable of deploying the system is far greater.

The System

The *Development Driller* is a large, but conventional, four column, twin pontoon arrangement that lends itself to an equally conventional eight-leg combination chain/wire mooring system. The system utilizes double-drum traction winch and windlass units mounted on the main deck above each corner column to tension each mooring line.

The *Development Driller's* eight, self-contained mooring legs can be supplemented with four or eight additional pre-laid mooring legs depending on the customer's station keeping criteria. The self-contained mooring legs are deployed through the lower set of fairleads and tensioned using the traction winches. The additional four or eight legs are connected to the semi using additional lengths of chain that pass through the upper set of fairleads and are subsequently tensioned using the wildcats located directly below the traction winches. By using the winches in this fashion, only eight instead of sixteen winches are required to tension all the mooring lines, resulting in significant savings in deck space and weight. In addition, the self-contained system has been sized to allow conventional anchor handling boats to deploy it, as well as being able to maintain station in up to a 25-year Gulf of Mexico hurricane in water depths to 5,000 feet (without the aid of thrusters). Alternatively, the anchor lines can be connected to a pre-laid mooring system consisting of eight, twelve or sixteen mooring legs. Such a pre-laid system can be used in any water depth up to the rated *Development Driller* operational range of 7,500 feet.

The *Development Driller's* design approach, therefore, was to avoid expensive, heavy components that take up a lot of valuable space, and use conventional equipment arranged in an unconventional way to provide the customer with a range of options not available on any other existing unit. This approach has resulted in a unique mooring system that can maintain station in a 25-year hurricane using eight mooring lines, a 50-year hurricane using twelve lines, and a 100-year hurricane using sixteen lines.

GlobalSantaFe Honored By Philippine Government

GlobalSantaFe was selected by the Philippine Government to be recognized at the First International Employers Awards hosted by the Philippine government, held in Manila November 21 and 22, 2002.

The awards were the culmination of the Philippine Government's desire to recognize and show its appreciation to foreign employers of Filipino workers who have demonstrated the highest standards of employment and well being for this work force.

The International Employers Award, presented by the Department of Labor and Employment, was conferred by Secretary of Labor Patricia A. Sto. Tomas at a dinner reception at the Peninsula Manila Hotel on November 21. Over 400 representatives of 93 international land-based and seafaring companies were recognized for their enduring support of Filipino workers, who have provided exemplary terms and conditions of work and have initiated programs that benefit the employees beyond the workplace.

In addition to the International Employers Award, GlobalSantaFe was also selected to be one of 15 land-based companies to be awarded the Presidential Award of Distinction.



Joe Boyd receives the International Employers Award from Secretary of Labor Patricia A. Sto. Tomas along with Undersecretary of Labor Manuel Imson.



Following the presentation of the Presidential Award of Distinction in Manila are (from left): Undersecretay of Labor Manuel Imson, Secretary of Labor Patricia A. Sto. Tomas, Her Excellency President Gloria Macapagal-Arroyo and Joe Boyd.

This award was conferred by Her Excellency President Gloria Macapagal-Arroyo, at the Malacanang Palace on November 22. This is a special award given to foreign employers who have made a major contribution such as performing an extraordinary act of assistance and aid to Filipino workers during times of emergency or danger, for special achievements such as being a long-term employer of Filipino workers or for providing exemplary welfare programs.

In a message by President Macapagal-Arroyo, she stated, "The First International Employers Awards was conceived in appreciation of the role of overseas employment providers in promoting the continued employment of overseas Filipino workers and as partners of the government ensuring the upliftment and protection of their welfare."

Accepting the Presidential Award of Distinction for GlobalSantaFe was Joe Boyd, Senior Vice President Human Resources and Corporate Affairs. GlobalSantaFe has maintained an office in Manila for 25 years. It is fitting that Joe was the Company representative to receive the award, as he has been a staunch advocate for the Filipino workers over the years and has fully supported GlobalSantaFe's commitment to ensure

Continued on next page



In attendance with Joe at the Awards ceremonies were GlobalSantaFe's Jess Ramos, Manila office Personnel Manager (left) and Randy Unfred, Human Resources Manager.

Safety Milestones

Congratulations to the crews and management of the following operations that successfully completed one or more years without a Lost Time Incident as of October 31, 2002.

Key Gibraltar ..... **12 Years**
Key Manhattan ..... **12 Years**
Rig 104 ..... **11 Years**
Rig 105 ..... **11 Years**
Rig 94 ..... **11 Years**
Adriatic III ..... **9 Years**
High Island VII ..... **8 Years**
Rig 151 ..... **8 Years**
Baltic ..... **7 Years**
High Island III ..... **7 Years**
Rig 157 ..... **7 Years**
Adriatic VII ..... **6 Years**
Adriatic VIII ..... **6 Years**
Main Pass I ..... **6 Years**
Rig 146 ..... **6 Years**
Enserch Garden Banks ... **5 Years**
Rig 161 ..... **5 Years**
Rig 171 ..... **5 Years**
Rig 172 ..... **5 Years**
Rig 174 ..... **5 Years**
Tiffany ..... **5 Years**
Arctic I ..... **4 Years**
Galaxy II ..... **4 Years**
Galveston Key ..... **4 Years**
High Island IX ..... **4 Years**
Rig 178 ..... **4 Years**
Adriatic I ..... **3 Years**
Adriatic X ..... **3 Years**
Aleutian Key ..... **3 Years**
Arctic III ..... **3 Years**
Key Singapore ..... **3 Years**
Labrador ..... **3 Years**
Rig 119 ..... **3 Years**
Rig 155 ..... **3 Years**
Rig 159 ..... **3 Years**
Rig 160 ..... **3 Years**
Rig 177 ..... **3 Years**
Rig 179 ..... **3 Years**
Adriatic IX ..... **2 Years**
Adriatic VI ..... **2 Years**
Beatrice Alpha ..... **2 Years**
Galaxy III ..... **2 Years**
Jack Ryan ..... **2 Years**
Parameswara ..... **2 Years**
Rig 169 ..... **2 Years**
Adriatic II ..... **1 Year**
Adriatic V ..... **1 Year**
Britannia ..... **1 Year**
C.R. Luigs ..... **1 Year**
Celtic Sea ..... **1 Year**
Clyde ..... **1 Year**
Compact Driller ..... **1 Year**
Dada Gorgud ..... **1 Year**
Galaxy I ..... **1 Year**
High Island VIII ..... **1 Year**
Kittiwake ..... **1 Year**
Nelson ..... **1 Year**
Rig 124 ..... **1 Year**
Rig 127 ..... **1 Year**
Rig 134 ..... **1 Year**
Rig 135 ..... **1 Year**
Rig 140 ..... **1 Year**
Rig 143 ..... **1 Year**
Rig 144 ..... **1 Year**
Rig 173 ..... **1 Year**
Rig 180 ..... **1 Year**
Rig 186 ..... **1 Year**
Rig 187 ..... **1 Year**
Rig 92 ..... **1 Year**
Rig 97 ..... **1 Year**
Saltire ..... **1 Year**

Congratulations to the crews and management of the following operations that successfully completed one or more years without a Recordable Incident as of October 31, 2002.

Garden Banks **2**
High Island III **1**
Jack Ryan **1**
Main Pass I **1**

Continued

their well-being, in whatever part of the world they worked.

It should be noted that Jess Ramos, Personnel Manager in the Manila office, worked diligently with representatives of the Philippine Overseas Employment Administration to supply them with information when GlobalSantaFe was notified it was being considered for these awards.

GlobalSantaFe's Filipino Work Force

In 1978 the Santa Fe Construction Company (SFCC) office opened in Manila and began hiring Filipino personnel for the company's construction and drilling divisions. At that time, the majority of the new hires were employed with the construction division in Saudi Arabia. The Filipinos were deployed overseas through the facilities of the Overseas Employment Development Board (OEDB). Subsequently, the Philippine Overseas Employment Administration (POEA) took over the functions of the OEDB.

As of November 2002, there were 305 Filipino employees, serving in a range of positions from professionals through Roustabouts, deployed by the Manila office to the following locations.

Azerbaijan	1
Kuwait	144
Oman	9
Qatar	45
Equatorial Guinea	13
Nigeria	21
Saudi Arabia	66
Singapore	1
US	4
Venezuela	1

In addition to those listed above, over 80 additional Filipino employees will join the organization in 2003 as a result of the Company's merger.

They will initially be deployed to the following locations:

Cameroon	33
Equatorial Guinea	21
Gabon	15
Nigeria	14

GlobalSantaFe's loyal and reliable Filipino work force has a history of long-term service as shown below.

Over 20 years of service—2.95%
15 to 20 years—3.61%
10 to 15 years—24.92%
5 to 10 years—27.21%
0 to 5 years— 41.31%

FOCUS Comes to Southeast Asia

Balikpapan, Indonesia





The Randy Smith FOCUS Training Team arrived in Balikpapan, Indonesia, to conduct the first Southeast Asia FOCUS 1 training sessions with the Supervisors and Crews of *Parameswara*. The *Parameswara* "first wave" team, accompanied by their Rig Manager, Dick Vlack, had a busy but enjoyable three days, participating in the various group sessions and tests of the FOCUS 1 training course. All agreed that FOCUS 1 was a step forward in highlighting the importance of working as a team and how each team member affects the entire operation.

The FOCUS Training Team then traveled to Singapore and conducted sessions with the Supervisors assigned to the shipyards where *Constellation I* and *II* and *Development Driller I* are under construction.

Finally the Team traveled back to Balikpapan and completed the FOCUS Training with J.R. Smith, the Regional Vice President of Operations and the remaining crews of the *Parameswara*.

The next FOCUS 1 courses for Southeast Asia were held in September in Thailand for the crews of the *Compact Driller*, followed by Vietnam for crews of *Galveston Key* and *Key Gibraltar.*

Vietnam





Thailand









Compact Driller crews celebrate the award of a five year drilling contract with ChevronTexaco in Thailand by combining a team building cart racing event along with FOCUS 1 training. Not only have the Thai crews proved to be first past the post in drilling performance in Thailand, but also proved to be pretty fast on the race track as well.

The *Compact Driller* has been working in the Gulf of Thailand for 4 years and has notched up some impressive drilling performances in that time including drilling over 1-1/4 million feet of hole. The crews had further reason to celebrate recently, having also completed two years without a Lost Time Accident.



Adriatic XI Team Meets Demanding Challenge

By Adriatic XI Personnel

During a routine survey by a DSV on a subsea template, divers observed a small gas leak on one of the horizontal production trees. The leak appeared to come from a connection on the ancillary wing valves but the compact configuration of these valves could have masked a defect within the tree body itself. Such a defect would require a full work over and tree replacement.

Rigorous application of our JRA process produced a workable intervention plan consisting of a complex flow chart to determine the way ahead as each component was tested, removed, and inspected. With the close support of the diving vessel *Aquamarine*, the *Adriatic XI* was positioned over the template. Once the guidelines were run and established with the aid of divers, the debris cap was pulled from the top of the tree.

A Work Over Running Tool (WORT) needed to be run next but, as this would not pass through the tension deck system (unique to *the Adriatic XI*), a radical rethink to the rig-up was required. The task was analyzed, risk assessed and revised by the entire team and a new forward plan resulted. This consisted of splitting the tension deck into three major sections and spotting the WORT under the rotary on the main deck with the rig skidded in. The lower part of the tension deck was raised on the BOP hoists and maneuvered over the WORT. A joint of 16" riser was then run through the rotary and made up to the WORT to lift it off its transit frame. The rig was skidded to starboard to allow removal of the transit frame from under the WORT and then re-centered before skidding out to allow the umbilical reels and test units to be positioned under the cantilever deck. The WORT was lowered below the BOP deck and a temporary work platform was built around the riser to allow safer access to clamp the umbilical to the riser joints. Once the WORT was landed out on the tree, the tension deck was reassembled and a special clamp was attached to the riser to allow tension to be applied.

The BOP was installed and tested and a 7" landing string was run. The surface test tree was installed and the well test spread was prepared. Plugs were removed from the production tree and tubing plugs were set to secure the well. The BOP, riser and WORT were raised and secured to allow divers access to the production tree.



Crew members give a cheer of success. From left: Ian MacFadyen, Valerji Zubov, Rimants Gurskis, "Buster" Brown, and Carl Norman.

Following the predetermined test sequence revealed a leaking wing valve gasket. The gasket was replaced by the divers and held a good test. After reinstating the production tree, the WORT was recovered using a reverse procedure. The rig moved off location and the well was brought back on line.

Such an important task—to GlobalSantaFe and client alike—and ensuring the rig's ability to handle and run the WORT safely and efficiently required much brain storming, measuring, re-measuring and evaluating, both shore side and on the rig. The end result was the team delivering on a difficult and demanding task, which is not fully portrayed in this short narrative.

A robust plan, good work ethics and effective risk assessment made it happen. The feeling of achievement in completing this task without incident was shared by all crewmembers and commended as "outstanding" by the client representative.

The entire operation took 31 days, in which time a wide range of operations with an even wider range of service providers took place. Rig movers, well testers, wire line operators, divers, DSV liaison, wellhead engineers and more rig movers, all actively participated and contributed to the safe and efficient manner in which this task was completed.

The ultimate success of this project was only achieved through a concentrated team effort by all involved, with excellent pre-planning of the work scopes and a special emphasis on safety.

Congratulations to the team!

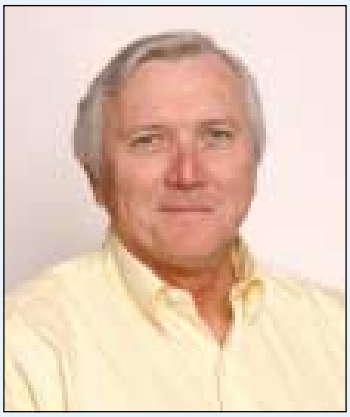
Time Out...

Continued from page 13

many? Uncertainty about winning is beginning to make him feel uncomfortable. Things are changing quickly and he senses that his team's chances for success have been compromised. He thinks that others are equally confused and as a leader he does not want to leave success up to chance. It is obvious that someone on the offense should call Time Out. Regardless of who calls Time Out, no one will accuse any player of shutting down the championship game. The stakes are too high for someone not to call Time Out and spend a few minutes communicating the necessary changes your team needs in order to regroup.

Our employees live and work in remote, isolated locations, often exposed to harsh environments with risk all around them. Working aboard a mobile offshore drilling unit or a land rig will always expose our work force to risk. If this risk is not controlled, the cost can be much greater than just winning or losing a football game. Remember the great Time Out tool—use it!

Matej and Roberts Celebrate 30 Year Anniversaries



George Matej, Vice President Operations, North Sea, Caspian Sea, and Canada.



Alun Roberts, Vice President Operations, West Africa.

The year was 1972 when George Matej was hired on with the drillship *Glomar II*. This was George's first job with GlobalSantaFe but it wasn't his first experience in the drilling business. George had started in the industry seven years earlier with Voss Drilling Company as a floor hand on a land rig. After several years with different contractors and a three-year tour of duty in the United States Army, George came to work for GlobalSantaFe and we are very glad he did.

Since coming onboard in 1972, George has worked all over the globe. His assignments included Peru, Panama, Las Palmas, Portugal, Norway, Nicaragua, Atlantic City, New Jersey, the Gulf of Mexico, Holland, Malta, Africa, Dubai, Egypt, Houston, and back to Holland again, then on to the UK, traveling to what seems to be the four corners of the earth and wearing out several passports in the process!

During his 37 year career in the business George has been on all different types of rigs: drillships, semis, jackups and land rigs. George has worked as a Crane Operator, Derrickman, Assistant Driller, Driller, Toolpusher, Drilling Superintendent, Shorebased Superintendent, Rig Manager, Area Manager, and is currently Vice President Operations, responsible for the North Sea, Caspian Sea and Canada.

GlobalSantaFe is very proud to be able to include George in its ranks and extends a thank you to him and his family for the opportunities over the past 30 years to work together during the highs and lows of the drilling industry.

George commented, "Yes, 30 years is a long time, however, it doesn't really seem that long. I guess it's true of the old saying 'Time flies when you're having fun!' Especially when you're among family and friends that you have made through the years. A word of advice to all my fellow employees? Set your goals and do not let anyone deter you from achieving them!"

P.S. Keep sending the check!

As a teenager, Alun Roberts studied agriculture and started out as a farm manager (which he still claims is the hardest work he's ever done). After a few years, knowing there was a better way, he responded to a newspaper ad asking for "strong, hard-working men, willing to travel". He felt that he fit the bill and went to work as a roughneck on a jackup in the Persian Gulf, followed by a transfer to a rig in the Sahara Desert.

After two and one-half years, he decided to go back offshore and was hired by GlobalSantaFe in 1972 as a Derrickman on the *Sirte* (one of our last steam powered rigs). He was rapidly promoted to Driller on the *Glomar V* and Toolpusher on the original *Grand Banks* (drillship).

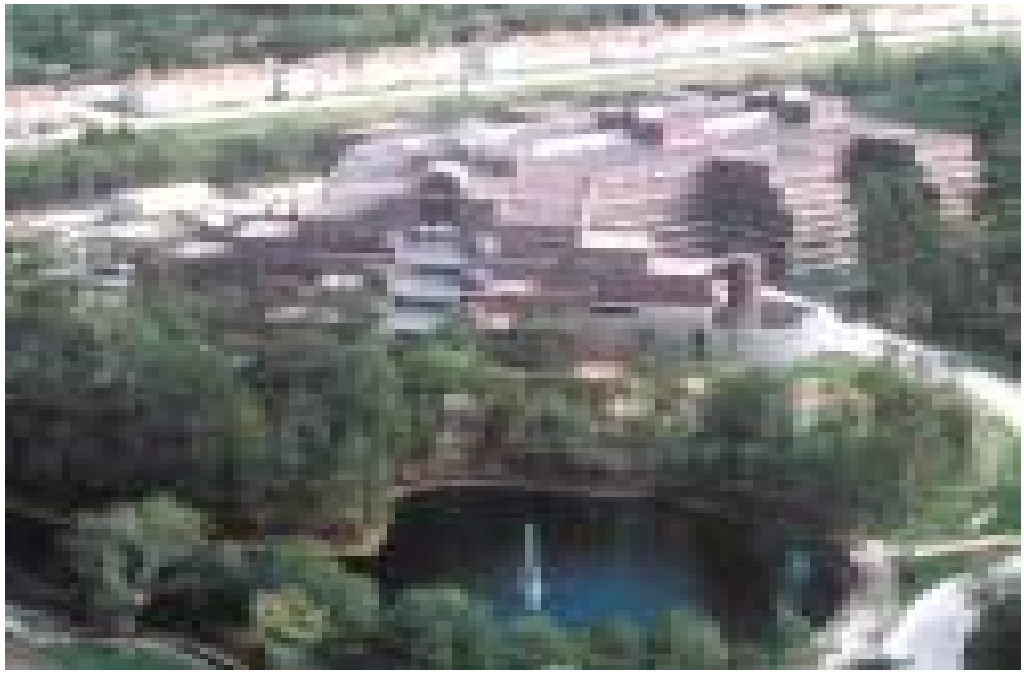
Alun's move to shore was made in 1984 in Italy, where he became Shorebased Superintendent of the *Biscay I* and then Rig Manager in 1986. Running this operation was one of his more difficult positions, as money was tight and the rig switched locations and customers many times. However, Alun felt that this was good training. His first assignment with a jackup was in the North Sea as Rig Manager of the *Baltic I* in 1989. Since then he has progressed steadily, taking on multiple rig operations and is currently Vice President Operations, responsible for West Africa.

Today, Alun is one of the most respected Operations men in the business, providing award winning safe operations, while making GlobalSantaFe the Preferred Contractor.

He and his lovely wife Anne have two daughters, Lisa and Tasmin ("Tas").

Alun commented, as he looked back over his career, "The years have flown by and seem to just go by faster as you get older!"

GlobalSantaFe's New Regional Offices Up and Running



Houston's Memorial Office Building



Cairo Office in Maadi



Langlands House in Aberdeen

Following the merger that created GlobalSantaFe in November 2001, a momentous effort commenced to form the new organization which included establishing new office buildings to consolidate the legacy companies in Houston and Aberdeen. Additionally, a new office in Cairo was established to serve operations in Egypt and to serve as Regional office for the Middle East.

The top photo shows the Houston Memorial Office Building which became fully occupied in early November; above left is the Maadi, Cairo Office, which became fully occupied by Egypt Country personnel in May and by Regional personnel (who moved from Dubai) in August; and above right is Langlands House in Aberdeen which became the consolidated office in September.

Through the determined efforts of many employees in these locations, and while conducting their other job duties, the new offices are now fully operational.

Adriatic II

"BP would like to thank each and every one of you for your involvement in the drilling of the GI 52 L-10 well. Up hole conditions created a situation where BP asked the crews and equipment to perform exceptionally well in order for us to reach our objectives in less than optimal conditions.

Drilling 1,900 feet of 4-1/2" hole by itself is no major accomplishment. Drilling 1,900 feet of 4-1/2" directional hole to a final measured depth of 19, 700 feet and a true vertical depth of 17,672 feet in a 16+ ppg environment without a major incident is not only a major accomplishment, but one that very few have attained in the Gulf of Mexico.When comparing your accomplishments to all the BP shelf wells (including Amoco,ARCO and Vastar heritage wells), the successful drilling of the GI 52 L-10 well is outstanding. For bit sizes less than 5", the L-10 well ranks as the l0th deepest in BP Shelf history and was 3rd deepest on a measured depth basis.

Without everyone's individual commitment and focus on the operations and safety during these "non-routine" operations, the successful drilling could not have been achieved. It is that commitment to providing a safe working environment and exceptional operational performance that will propel BP forward as a "Great Operator".

Again, everyone involved in the GI 52 L-10 should be proud of the accomplishments on this well. Remain focused on all operations, both routine and non-routine and continue to make safety personal and a part of our everyday operation."

—Scott Truby, Wells Team Leader, GOM Shelf East
Mark Patteson, Wells Manager, GOM Shelf Business Unit
John Lewis, Performance Unit Leader, GOM Shelf East
BP America, Inc.

Galveston Key

"Once again it is my pleasure to compliment your drillers, in this case Lexy Kusen and Nelson, for the excellent job they just did in drilling the 12-1/4" section in one bit run. This was achieved at a 40% higher penetration rate (including connections, S.C.R.s, etc.,), than the previous well. Credit also should go to their crews, especially the pumpmen (Manotar and Teddy Fidel).

Obviously, bit selection is critical, but a run like this can only be achieved if the drillers are paying close attention to all parameters, and organising their crews well."

—Geoff Blunt, Senior Drilling Supervisor
Cuulong

Compact Driller

"I would like to pass on COTL's appreciation and congratulations to the *Compact Driller* team on reaching the milestone of 2 years of operation without a lost time incident.This is a very significant achievement, all the more so when we consider the continuing improvements in drilling performance that have occurred over the same period. This clearly demonstrates a very high level of commitment to safe working practices, communication and teamwork. It would not have been possible without the dedication and effort of all people working on the rig, whether they be GSF, service company or COTL employees.

Please pass on my congratulations to all crew members and my hope that we can build on this achievement and continue to demonstrate world class safety performance into the future."

—R R Weakley, Drilling Manager
ChevronTexaco

Adriatic VI

"We would like to commend the crew of the *Adriatic VI*, for their outstanding performance during their contract with BP's Southern Business Unit.

We were delighted to complete the 437-day contract with No Days Away from Work Cases. We believe this achievement could only have been reached with the commitment to safety, as demonstrated by the uptake of the safety processes onboard such as Focus, Mini Risk Assessments, Advanced Safety Audits and Risk Assessments, by the crew with the support of the GSF management.

There were a significant amount of highlights during this contract. The challenging re-entry and multi-lateral work on Hoton; the drilling of subsea wells from a jack-up on Wollaston and Whittle; and the successful implementation of the Starburst Whipstock system allowing the Boyle sidetrack to be drilled whilst retaining the ability to get production from the Brown well at a later date.

We were particularly pleased with the contributions made by the crew to the Technical Limit process introduced onboard the rig. Utilising the system to pre-plan the upcoming work in detail, while incorporating the rig site learnings from Whittle, allowed the team to produce a Best In Class performance on the subsequent Wollaston well.

We would like to take this opportunity to wish yourself, all the crew and management of the *Glomar Adriatic VI* success in your future ventures."

—Dr. Rosy J. Wood, Performance Unit Leader, Development PU
BP

Nigeria Operation

"On behalf of ExxonMobil Drilling Leadership team we would like to congratulate each of you (office and rig locations) for achieving a milestone for Mobil Producing Nigeria's Drill Team of 365 days without a LTI on all 5 rigs (three GlobalSantaFe rigs—*High Island IX*, *Adriatic V* and *Adriatic VIII*). This accomplishment is something we are very proud of and you should be proud of it also.

In recognition of this milestone, MPN drilling have ordered a tote bag for each of you involved in achieving this milestone. Upon delivery, the bags will be distributed.

Again, thank you and remember, "NOBODY GETS HURT"."

—Michael Davis
ExxonMobil

Adriatic XI

"On behalf of Consort EU Ltd. I would like to thank all personnel involved in this project (J3Y well) for their efforts. The operational phase of this work was mobilised on a very tight timeframe but the commitment of all of you has resulted in the main objective of the project being delivered in a safe and effective manner.

Thanks again for your assistance."

—W. Fletcher, Drilling Superintendent
Consort EU Ltd.

Dada Gorgud

"On behalf of AIOC I would like to express our appreciation for your contributions to the successful start to the Central Azeri pre-drill programme.

The Dada Gorgud team has worked together to ensure:

- -The safe start up of ACG pre-drill operations after the rig upgrade
- -A real and continuous commitment to the safety of each other
- -Exceptional productivity during the Central Azeri batch drill programme without compromising safety standards
- -Successful coring operations on both Azeri B-001 and Azeri B-002

It is by performing detailed planning and concentrating on doing each job safely that we have been successful.

Your continued support of creating an injury free workplace where there is no harm to people or the environment is sincerely appreciated.

Thanks again for a great job."

—Phil Prestridge, Wells Manager, ACG Pre-Drilling
BP

Rig 103

"Please pass on to the management and crews of *Rig 103* that the performance of the last well and reaching another milestone in safety (200 days) have not gone unnoticed. We like to thank you all for your contributions. CA-10 is in the top 3 best, fastest wells drilled until now in the field development plan 2002!

It is nice to see that performance, safety and quality of work delivered are compatible and even complementary!"

—Joop L. Klok
Maersk Oil Qatar AS

High Island IX

"ExxonMobil would like to take time for the recognition of outstanding efforts put forth by all crew members aboard GlobalSantaFe *High Island IX*. The drilling of well Enang 60E was extremely exceptional, through your diligent efforts of safety, health, environmental protection, crew efficiency, and operating performance. Enang 60E was drilled 1.6mm and 7 days under planned APE, although the pilot interval was shortened, this still equates to a substantial savings. Congratulations to all team members for a job well done. We look forward to continued safety and operating excellence on the *High Island IX*."

—Cole Williamson, ExxonMobil Operation Supervisor
ExxonMobil

Rig 104

"We write to cordially thank you on behalf of the Drilling Department of SUCO for your outstanding performance on well ZB-L21.

Your outstanding performance has led to an overall satisfactory result and we have full confidence that this performance will continue into the future.

We wish both Rig 104 and SUCO management many more successes in the projects still to come.

Many thanks and please continue to work safe."

—Ralf Jakschies, Drilling Superintendent
Moussa Mustafa, General Drilling Superintendent
SUCO Oil Company

Continued on page 26

GlobalSantaFe Management System Revalidated

As many of you know, we have recently completed external ISM audits of the Aberdeen and Houston offices. I am pleased to advise you that our Company Document of Compliance has been revalidated for another year. The auditor that I met with in Houston was very complimentary of all aspects of our management system and how it is working. I appreciate the tremendous effort of all the employees who have contributed to the development, implementation and ongoing compliance with our Company Management System and offer well deserved congratulations.

—Sted Garber

Performance Profile...

Continued from page 25

Key Gibraltar

"On behalf of JVPC management, I would like to express my thanks to all who have made their contributions to the outstanding achievements of the first oils from WHP-E1 and WHP-SI, which contributes a significant increase of oil production from Rang Dong Field.

JVPC highly commend your professional performance of first oil related projects such as fabrication and installation of the offshore facilities, upgrade of production facilities, drilling/completion of production wells and related logistic support, which were successfully executed to meet JVPC's goal, without any lost-time injury and despite adverse weather conditions and unexpected troubles.

JVPC recognize the above outstanding achievements could not have been realized without restless efforts of your staff and the vision and commitment of your management team. Our achievements are yours.

With confidence, we look forward to the successful execution of the remaining Rang Dong Full Field Development Plan."

—Kazufumi Fukuoka, General Director JVPC

Key Singapore

"Very good feedback from Peter and Steve upon their return to the office. It was very encouraging to hear their comments on our operation in general. Of course we have a way to go to satisfy the requirements of 'full implementation', and we are working hard at putting plans in place for this event, however comments like ' in comparison to BG assets worldwide, in our opinion the TVD implementation performance achieved by TWT ranks second...', and 'of all the assets worldwide, the team spirit in TWT is without doubt the best we have experienced', are encouraging to say the least!

Well done to everyone."

—David Millar, Drilling Superintendent BG Tunisia Ltd

Retired Director Honored



A small gathering was held on September 11, 2002, to mark the occasion of the retirement of Robert E. Wycoff who had served on Santa Fe's Board of Directors. Bob served as a Director, President and Chief Operating Officer of ARCO until his retirement in 1993. He was elected to Santa Fe's Board in September 1997 and retired in November 2001.

In attendance for the occasion, held at Bob's home in Los Angeles, were (from left): Joe Boyd, Sr. Vice President Human Resources and Corporate Affairs, and his wife Karen; Gordon Anderson, former Santa Fe Chairman and CEO, and his wife Liz; Ed Shannon, former Santa Fe Chairman and CEO (who preceded Gordon), and his wife Ruth; Sted Garber, President and CEO, and his wife Robin; and Bob Wycoff and his wife Deborah.

Mission Statement Winner



Ishmail Khalil (right), a Trainee Driller on *Rig 103* in Qatar is presented a $100 bill by Vice President Rick McClaine for reciting GlobalSantaFe's Mission Statement. Congratulations Ishmail.

Houston Employees Supporting the Community



GlobalSantaFe employees in the Houston office have given their time, efforts and contributions to help support the United Way and other organizations in the Houston area.

This year's annual United Way program set a goal of raising $90,000 through employee pledges. That goal was surpassed with employee pledges totaling $110,885, which the Company matched dollar for dollar. Combined with proceeds from a golf tournament, with 244 participants which included employees, service companies, customers and retirees, that raised $23,000, GlobalSantaFe's total donation to the United Way was $267,770.

A special thanks to Connie Abbs and her crew of volunteers for working tirelessly to organize the golf tournament and other events that have raised significant contributions for the United Way and other causes in the community.

GlobalSantaFe's Connie Abbs (left) and P.J. Peplinski (from Navigant—the Company's travel service) draw names for prizes during an employee lunch held at the Houston office in November. The occasion marked the completion of the Memorial office building and provided an opportunity for Sted Garber to announce the total contributions by GlobalSantaFe to the United Way for 2002.



American Heart Walk

On November 2, fifteen GlobalSantaFe employees and family members gathered in Houston to participate in a fundraiser to help fight heart disease and stroke.



Day of Caring

GlobalSantaFe Houston employee volunteers traveled to Houston's Family Services Center in October to make Christmas ornaments to support the Center's fundraising program.

Race for the Cure



On Saturday, October 12, some seventy GlobalSantaFe employees, friends and family members joined a crowd of 22,000 participating in Houston's annual Komen Race for the Cure which helps to fund breast cancer research. 75 percent of the proceeds of the event remain in the Houston and surrounding area. GlobalSantaFe was a "Silver Sponsor" of the 2002 event and also sponsored all GlobalSantaFe participants. Liz Capritto-Strahan was the event coordinator again this year.

To all volunteers, runners, survivors and supporters, a heartfelt "thank you."

Some of the participants gathered for this photo taken at the Memorial office.

Azerbaijan Pipe Yard Works Six Years without LTI

The Caspian Drilling Company Primorsk Pipe Yard facility in Azerbaijan has worked LTI free from the beginning of our operations in Azerbaijan. The yard team is fully committed to continue delivering an injury free work place for the benefit of all personnel who come to our facility. Congratulations on your achievement and we look forward to recognizing many more in the future.



Front, left to right: Kamran Adigezalov (Yard Foreman), Bob Wilson (Materials Superintendent). Back, left to right: Yardmen Javanshir Abdulbeyov, Mehrali Khalilov, Balagardash Kasumov, Malik Mamedov, and Sabir Aliyev.

Caspian Safety Champions

Personnel on *Istiglal* working in the Caspian Sea were recognized as Safety Champions for their safety performance



Nariman Mustafayev



Gulmeddin Ibragimov



Maknum Ibragimov



Siyasat Mutallimov

Congratulations to Cairo Office Personnel

On November 13, the Cairo office achieved a commendable milestone of working six years without incurring a Lost Time Accident. This record clearly indicates a high level of teamwork and personal dedication by every member of the office team. Cairo management, along with the entire GlobalSantaFe community, can share in the pride of this achievement.

Congratulations and we all look forward to your continued success in maintaining an injury free workplace.

Grand Banks Crew Members Awarded



From left: Alex Hotchkiss (OIM), Ken Rippey (Cheif Engineer), Louis Morris (Welder) and Chris Currie (Toolpusher).



From left: Alex Hotchkiss (OIM), Garland Wells (Mechanic) and Chris Currie (Toolpusher).

Awards were presented to Louis Morris (Welder) and Garland Wells (Mechanic) for their design, fabrication, and installation of a guard on the pipe racking system controls. These awards are a way for GlobalSantaFe to show its appreciation for crew members who continuously strive to make the workplace safe for everyone. Louis and Garland were presented with restaurant gift certificates so their family members can also benefit from their safety contributions.

The son of a GlobalSantaFe employee recently sent this poem to his father. The father wished to remain annonymous.

The Workin' Man

I was never one to eavesdrop when someone was having a chat,
But late one night as I came through our yard, I found I was doing just that.

My wife was talking to our son as he sat on the kitchen floor,
So I stopped quietly to listen just outside the back screen door.

Seems she'd heard some kids all bragging about their daddy's jobs,
How they all had big long titles . . . and then they asked our Bob—

"What fine career does your father have?" their queries all began,
Bob mumbled low as he looked away, "He's just a workin' man."

My good wife waited 'til they all had left, then called our young boy in,
She said, "I have something to tell you, Son," as she kissed his dimpled chin.

"You said your dad's just a workin' man, and what you said was true,
But I doubt if you know what that really means, so I'll explain it to you.

In all the sprawling industries that make our country great,
In all the shops and stores and trucks that daily haul our freight . . .

Whenever you see a new house built, remember this, my son,
It took the common workin' man to get that big job done!

It's true—executives have big jobs and work real hard all day,
They plan big projects to achieve—give orders to relay.

But to turn their dreams into fact, remember this, my son,
It takes the common workin' man to get those big jobs done!

If all the bosses left their desks and knocked off for a year,
The wheels of industry still could turn—running in high gear.

If men like your dad aren't on the job, that industry can't run,
It takes the common workin' man to get the big jobs done!"

Well, I choked back a tear and cleared my throat as I entered through the door,
My young son's eyes lit up for joy as he jumped up off the floor.

He gave me a hug as he said, "Hey, Dad, I'm so proud to be your son . . .
'Cause you're one of the men—the special men—who get the big jobs done."

Sr. Drilling Foreman Retires After 28 Years

Tommy Middleton, Senior Drilling Foreman, retired on November 12, 2002, after 28 years of service.

Tommy, previously with legacy Santa Fe, has worked on all ranges of mobiles and platforms during his long career and has been a great asset to the Company.

We wish Tommy a long and happy retirement of holidaying in all of the world's hot spots and "we sympathize with Lynn who will now have Tommy's company 100% of the time rather than 50%."



In Aberdeen, Tommy (3rd from left) is presented with watches for himself and his wife, Lynn, from Danny McAleese, Operations Manager, Platforms. To the left is Steve Taylor, Manager Human Resources and George Matej, Vice President, Operations.

Trap and Skeet Shooting Popular Sport in Kuwait

By Steve Hansel

Returning to Kuwait following the Manager's Meeting in Houston in June, we discovered the wonders of clay shooting in Kuwait. Kuwait has some excellent world-class trap and skeet shooters and a world-class shooting facility under the warm, family-like leadership of Sheikh Salman Al-Hamoud Al-Sabah with the guidance of Abdul Mohsen Al-Matrouk and direction of Nayef Al-Deehani. The current number one world-ranked (Olympic standards) trap shooter is Khaled Al-Mudhaf from Kuwait. Also, Kuwait's Fahaid Al-Deehani was a double trap bronze medal winner at the Sydney 2000 Olympics. Several other Kuwaiti shooters are currently ranked in world-class competition.

My wife Peggy and I recently had an opportunity to visit the shooting club and received some personal shooting advice from Nayef. In her initial try, Peggy "powdered" the first Olympic standard single trap clay target she ever aimed at, with a 20-gauge shotgun! Peggy's advice from Nayef was well founded as Nayef placed 4th in the 1992 Barcelona Olympics in skeet competition and has won many Middle East and World Competition championship trophies. We really enjoyed viewing all of Nayef's trophies, along with enjoying the true family atmosphere of the shooting facility and the friendships of the Kuwait shooters.



Peggy hits her target to Steve's amazement.



Left to right: Peggy, Steve, Abdul and Nayef. (Nayef's trophies seen in background.)

A Very Special Gift

By The Vung Tau Office Team

Over the years, Ahmed Ali, who heads GlobalSantaFe's Vietnam Materials Department, and his assistant Ms. Hai, have developed a very good working relationship and have come to think of each other more like family rather than as a boss and subordinate.

In the past, after every trip home to Egypt, Ahmed would talk to his wife Arefa about Ms. Hai and, on his return to Vietnam, he talked to Ms. Hai about his wife. This has also made Arefa and Ms. Hai feel like a family even though they had never met. When Ahmed told his wife that Ms. Hai was getting married, she wanted to do something very special for her on her wedding day. Arefa came up with the idea that she would like to send her, would you believe, a wedding dress from Cairo. Ms. Hai was so surprised when she received the dress (it had been hand carried from Egypt to Vietnam) that she found it difficult to express how overwhelmed she was by the generosity and kindness of Ahmed and Arefa. Ahmed claims that he was only the "courier" and it was his wife that had everything to do with this lovely present. Of course the dress had to be a small size because Vietnamese ladies are tiny and very much smaller than the average Egyptian lady. In fact, the dress had to be returned several times to the Egyptian tailor who just could not believe how small it needed to be.



Arefa Ahmed

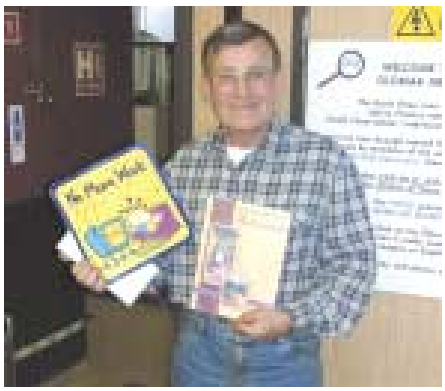


On their wedding day, Ms Hai and her husband Le Xuan Tinh.

Wearing her beautiful dress on her wedding day Ms. Hai very proudly told everyone that it came from a faraway land, Egypt, and it was a wedding present from her brother and sister.



The Vung Tau Team thought it would be nice to share this very touching story with all GlobalSantaFe employees and their families. We also have included pictures that speak a thousand words. Doesn't our Ms. Hai look simply stunning in her Egyptian cotton dress next to her handsome husband Tinh? Ahmed is standing to the left of Ms. Hai.



Easton Retires After Long Career

George (Geordie) Easton, Welder on *Arctic III*, retired on November 15 after working for 50 years. He started work in 1952 in the coal mines in Fife, Scotland. Geordie has worked offshore since 1977 and went to work for legacy Global Marine on *Arctic I* in the North Sea in 1987 and has worked full time for GlobalSantaFe since 1997.

Geordie is married to June and has four sons and seven grandchildren. One of his hobbies is animals and he has two dogs, a parrot and a large number of fish.

Geordie was presented with a generous collection by the crews of *Arctic III*. He is looking forward to his retirement after a safe and industrious working career and we wish him the very best.

Coming to America



September 10, the day she became a naturalized U.S. citizen, was a very proud day for Penelope Smith.

The following is a personal account of becoming an American citizen, written by Penelope Smith, whose husband George is Senior DPO on the Explorer.

I remember vividly the day I arrived in New Orleans. I almost felt sick and I thought to myself "I'm never going to drive here." Initially I walked everywhere. I found back streets and used the levy to get to the closest shopping mall. After a while, a friend loaned me a bicycle. This sped up my trips to the store but as I wobbled, laden with groceries, I realized I was attracting a lot of attention!

What had previously been normal to me back in the "old country" (Great Britain) was obviously causing a stir in the suburbs.

Then came an opportunity to buy a car. A black Ford Mustang with vents in the back and I thought it looked like a race car. At a turtle's pace I meandered down the same back streets I had walked, staying off the highways. Finally, I gained enough confidence to try a road with more than two lanes. Well, that was the turning point and I never looked back. I cruised the highways with music blasting, windows open and my arm resting ever so casually on the wheel. I had made it!

On September 10, 2002, I pledged the oath to America and became a naturalized citizen. It was a proud and emotional day for me. I felt no more nervousness, just a wonderful sense of acceptance and permanence.

God Bless America!

Grand Banks Roughneck Recognized



Gary Kavanaugh (left) was presented with a gift certificate by OIM Kerry Naas for his safety awareness.

Gary Kavanaugh, a Roughneck on Crew B on the *Glomar Grand Banks*, was recognized for exceptional safety awareness behavior in October. Gary had the foresight to recognize twice in one day an unsafe operation, and both times stopping the job to correct the situation and preventing a potential injury to co-workers. Gary received a gift certificate for dinner with his family at a local restaurant in St. John's, Newfoundland. Rig management felt it would be appropriate for Gary to share his reward with his family to symbolize the importance of his preventing *Grand Banks* team members' families possible grief had he not intervened to make our operation safer that day. We hope that celebrating Gary's behavior will inspire other members of the GlobalSantaFe team to similar safety-focused actions.

Birth Announcements

Madeline Marie Freer was born on March 21, 2002. The proud parents are Tom Freer, Manager of Networking and Communications in the Houston office, and mother Rebecca.



Imogen Rose McCormick was born on July 26, 14 weeks premature, weighing 1 pound, 15 ounces. Photo shows proud mother Jessica, wife of Craig McCormick, Subsea Engineer, *Development Driller I* project, holding Imogen when she was 9 weeks old. Craig wished to express his many thanks to all involved in getting him home to Tasmania from Houston and for all the best wishes during the family's lengthy stay in the hospital.





Lauren Aslanian was born on July 12, 2002, in Austin, Texas, to the parents of Debrah and Scott Maranda. KJ (Marine Supervisor, *Adriatic VIII*) and Janet Watts are the proud grandparents and Corina Watts is her doting aunt.

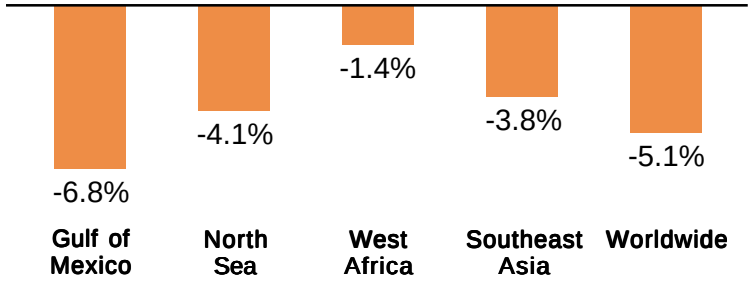
GlobalSantaFe SCORE—October 2002

(Summary of Current Offshore Rig Economics)

GlobalSantaFe's SCORE compares the profitability of current mobile offshore drilling rig dayrates to the profitability of dayrates at the 1980-1981 peak of the offshore drilling cycle. In that peak period, when SCORE averaged 100 percent, new contract dayrates equaled the sum of daily cash operating costs plus approximately $700 per day per million dollars invested. In addition to a worldwide SCORE covering key types of competitive offshore drilling rigs in key drilling markets, a separate SCORE is calculated for certain types of rigs and certain regions to indicate the relative condition of rig markets.

	Oct 2002 SCORE	Sep 2002 SCORE	1 Month Change	1 Year Change	5 Year Change
Gulf of Mexico	30.8	33.0	-6.8%	-10.2%	-48.6%
North Sea	42.2	44.0	-4.1%	-18.4%	-48.7%
West Africa	53.3	54.1	-1.4%	-7.7%	-21.3%
Southeast Asia	44.9	46.7	-3.8%	-19.4%	-28.1%
Worldwide	39.5	41.6	-5.1%	-14.8%	-43.1%
Jackup	48.1	49.1	-2.1%	-10.4%	-37.5%
Semisubmersible	31.4	33.6	-6.4%	-21.9%	-49.5%

GlobalSantaFe SCORE Change from Previous Month



Worldwide SCORE slipped further in October as most major offshore drilling regions struggled to balance rig supply and demand. As a result, dayrates in many key markets have either plateaued or declined, as is the case for semisubmersibles operating in the North Sea. Today, contractors are happy to keep their rigs working and, in some cases, are willing to accept reduced dayrates to do so.

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