SPRING 2004 VOLUME 3 NUMBER 1

GlobalSantaFe

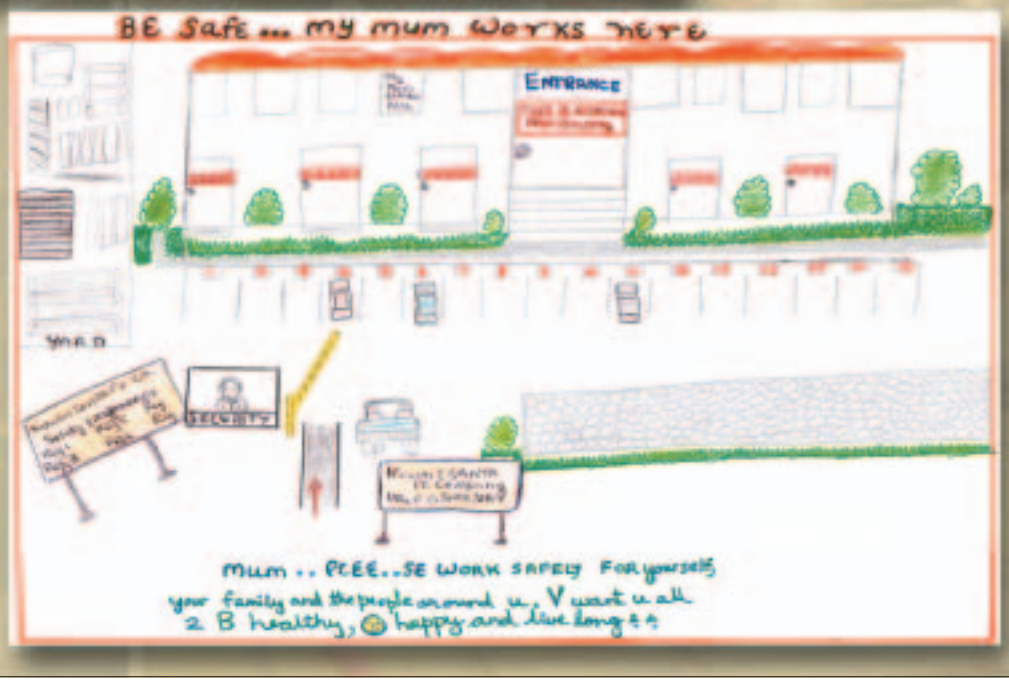
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GlobalSantaFe Families Supporting Safety in Our Workplace

Second annual safety poster competition

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Message from Management

By W. Matt Ralls
Senior Vice President and Chief Financial Officer



Long-Term Focus on Cost Effectiveness

By now, most of you have heard of a company-wide campaign on cost effectiveness, although you may not know exactly what that effort entails. I would hazard the guess that many of you equate cost effectiveness solely with cost cutting and dramatic announcements of layoffs or salary freezes. In actuality, we are trying to design a process with a long-term focus, with much more planning on what we do, when we do it, and how it is carried out. To be sure, the intent of a cost effectiveness program is to reduce the overall cost of operating our company, and ultimately that means changes are coming that will impact almost all of us in some way. At the same time, we are looking for ways to enhance our financial performance and hence, shareholder returns, by spending more money. And through the whole process, we will be working hard to accomplish our objectives while maintaining a challenging and rewarding work environment that provides long-term career opportunities and competitive compensation.

I can't say with certainty at this time where the cost reductions will come from, but I can shed some light on the processes we are putting in place to identify opportunities. These processes involve both a bottom-up approach and a top-down approach. You may have already been involved in the bottom-up approach, known as the Cost Effectiveness Scorecard. Ideas coming from all parts of the company have been collated and put into a common database that is reviewed by GlobalSantaFe management. This will be a quarterly process and we have been through one complete feedback cycle so far. The objective of the Scorecard is to get everyone to think about ways to be more cost effective and to share ideas that come out of the process. We have been very pleased with the energy and creativity shown through the first round of ideas. We want to encourage all involved to continue to put that same level of energy into finding new opportunities for savings and carefully reviewing the Scorecard for ideas generated by others that might have applicability for your area. Remember that even ideas that yield relatively small savings per occurrence can lead to very meaningful cost savings across a company as large as GlobalSantaFe.

This bottom-up approach is very important, both from the standpoint of the great ideas we are getting from all involved as well as the benefit of just having as many people as possible involved and thinking about reducing cost. By itself, though, this approach can't produce the level of savings we can ultimately achieve because that requires changing the way we do things. The two-plus years since the merger have involved a lot of work by everyone in the company and we know how stretched everyone is. We recognize that we can't ask you to take on more without finding some way to take something off your current list of responsibilities. That is why we have a concurrent top-down effort that involves carefully reviewing all the things we ask of you now to see how we can change the way we do things.

In this top-down effort, we are looking at several major areas of expense, prioritized by magnitude. The broad categories include labor cost, repair and maintenance expense, shorebase expense, travel and outside services, and we have individual task forces looking at how to improve our cost effectiveness in each of these areas. I don't think you would be surprised to hear that labor cost is by far our largest category of expense, and one that is getting a lot of attention. Included under the general heading of labor cost are issues like the optimal manning levels for rigs, globalization of our workforce to reduce dependency on expatriate labor, the types of benefits we provide and the size and composition of our shorebase and headquarters support systems.

Our evaluation process is based on both external and internal benchmarking. Our external benchmarking process, in which we compare our company's cost structure with the cost structures of our competitors, has demonstrated conclusively that GlobalSantaFe operates at the high end of the cost spectrum for our industry. However, we recognize that part of that differential results from a strategic commitment to maintain higher quality operations and safety and training systems than many of our competitors. Our challenge is to find the lowest level of expense that enables us to fulfill our mission of being recognized by our customers as providing the world's best drilling services while valuing our people, providing an injury-free workplace, respecting the environment and adhering to the highest standards of integrity and financial discipline.

Internal benchmarking provides one approach to finding that optimal level of expense, as we compare the cost of our individual rig operations against our other rigs in the same region and compare operations from region to region. This process will allow us to identify our own best practices and share that knowledge internally so that we adopt those practices throughout our company. We are working to develop and disseminate data that makes these internal comparisons available to all our rig level managers on a monthly basis.

I mentioned benefits as an area that is being studied at GlobalSantaFe, as it is by almost every company in the country, and certainly by those with which we compete. Our objective is to structure a benefit program that is competitive and that delivers the most value per dollar spent in the perception of our employees. We fully understand what an important and sensitive topic this is for all our employees, and any changes in this area will be made only after the most thorough study and thoughtful consideration of the potential impact on all of our employees, both current and retired.

While we all love the drilling business and want this to be the best company in the industry to work for, we are owned by a diverse group of shareholders, including a large percentage of our workforce. Ultimately, we are stewards of our shareholders' investments and have to balance their return objectives, the demands of our customers, and our own desire to make GlobalSantaFe the best employer in our industry. I know that change makes everyone uncomfortable but it is unavoidable if we are to remain a viable competitor and have the opportunity to provide long-term, rewarding careers to our employees. We will work hard to keep you informed of any changes that are made and the necessities of making them. In the meantime, please work safely, look out for each other, and continue to demonstrate the skill and pride that GlobalSantaFe employees are known for.





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GlobalSantaFe selected by BP Americas to develop Atlantis Project in GOM



6 **Safety Poster Winners**

Winners of the second annual Safety Poster competition announced



8 **Compact Driller Upgrades to Meet Client's Goals**

Unit breaks record drilling 6,316 feet in under 12 hours utilizing offline tubular building capability



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GlobalSantaFe Corporation

ProFile



On the Cover:

Grand Prize winners from the GlobalSantaFe 2002 Safety Poster competition, Jordan McCallum (top) and Ralyn Thomas. 2003 winners and their artwork featured in this issue.

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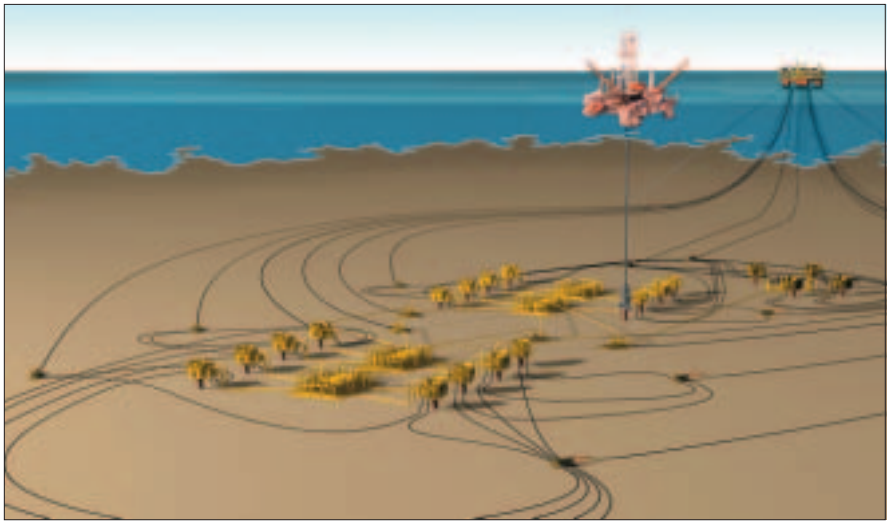
Development Driller II Contracted to BP Americas for the GOM Atlantis Project

A significant milestone in the history of the Company's *Development Drillers* was reached on December 17, 2003, with the formal contract signing by BP Americas for the *Development Driller II*. This first commitment by a client to one of GlobalSantaFe's two new-build, ultra-deepwater semisubmersibles may be viewed as effectively validating the Company's vision and design for the *Development Drillers*.

Atlantis Project

A three year firm term commitment with two one-year options, the contract is slated to commence in July 2005 in the Gulf of Mexico on BP's vaunted Atlantis development project. The work has an estimated contract value of approximately $200 million. This highly-contested project among the Company's competitors was awarded to GlobalSantaFe after a lengthy competitive evaluation process, technical review, and contract negotiation.

Atlantis is a development drilling and completions project of over 20 wells in up to 6,800 feet of water on Green Canyon Block 743. It is slated to provide BP and its partner, BHP, approximately 150,000 barrels of oil per day via its complex array of ocean floor production systems. The *Development Driller II's* mission will be not only to drill the development wells, but to complete them as well. The scope of work will include running and setting much of BP's subsea architecture from the rig itself. The rig's design is conducive to lifting, handling, storing and testing up to four major-size production trees and other subsea equipment. Its multiple activity features include a trip saver cart to suspend drill string or BOP's and riser when necessary, and two cranes which are considered to be the largest ever installed on a floating drilling unit in the world. The unit has 18,000 square feet of usable deck space and 7,000 tonnes of variable deckload. Altogether, the *Development Drillers* are ideally suited for such intense completions and subsea equipment handling and running operations.



The Atlantis project will consist of a complex seabed production system, located in 6,800 feet of water. *Development Driller II* will drill and complete the field's 20 wells. Additionally, it will run and set much of BPs subsea architecture from the rig. The unit will work on location in the dynamic positioning mode rather than using its mooring capabilities. This will eliminate the possibility of the mooring lines and mooring equipment coming in contact with the subsea equipment.

Exploration

In 1998, the GC699#1 well was drilled and oil sand was discovered. At the time, it was unknown if this discovery was even something to be interested in. Then, in 2000, the drillship *C.R. Luigs* arrived to drill the GC743#1 well and a high quality pay at the heart of the Atlantis field was found. Less than a year later, BP was looking for a rig to drill the confirmation well which would potentially provide BP with the information needed to sanction the Atlantis project. The drillship *Explorer* delivered this confirmation well and a sidetrack which truly established Atlantis as a world class, deepwater development and the third largest field in the Gulf of Mexico.

Dynamic Positioning Above an 'Underwater City'

BP anticipates that during the contract period, the *Development Driller II* will spend approximately 80 percent of its time conducting such subsea and completions operations, rather than drilling, which represents a significant paradigm change in traditional requirements for such deepwater units. To make matters more interesting for BP and GlobalSantaFe, the multiple activity features of the rig provide Atlantis planning teams plenty of permutations for concurrent operations to optimize project delivery time and efficiencies. Atlantis teams are already at work, staffed with BP, GlobalSantaFe and other key contractor members, drawing up task profiles and projections.

Since the Atlantis field will be heavily populated with ocean floor production equipment, BP has opted for the *Development Driller II* to work on location in the dynamic positioned ("DP") mode only, and not as a moored vessel. This is to eliminate concerns for mooring lines and other mooring equipment coming

into contact with this subsea equipment. One of a number of the multiple capability features of the *Development Drillers* is its dual-positioning capability, which provides our clients the option to either work in the DP or the fixed moored modes. These units have an 8-leg mooring system, with up to 8 optional additional mooring legs for a total of 16, and their holding capacities are collectively designed for the toughest environmental criteria of the Gulf of Mexico. Through the innovation of the Atlantis team, extended enhancement of the mooring system has been identified. One of the mooring winches will be converted to run the subsea systems over the side of the ves-

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***Development Driller II*, under construction in the Jurong Shipyard in Singapore, is scheduled for completion the first quarter 2005.**

On December 17, 2004, representatives from BP and GlobalSantaFe were present in Houston for the Atlantis/*Development Driller II* contract signing.



Left: David Eyton, Vice President of GOM Deepwater Developments (BP); and Jon Marshall, President and CEO.



Mike Kucharski, Director Semi Newbuild Program; Hank Birmingham, Operations Manager; Steve Gangelhoff, Vice President Business Development & Market Analysis; and Peter Wilson, Well Engineering Manager.



Marion Woolie, Sr. Vice President Operations; Don Weisinger, LTDU Team Leader GOM Deepwater Development-Atlantis (BP); Scott Walker, Global Rig Commercial Coordinator (BP); Randy Rhoads, Contract Specialist Drilling Well Services (BP).



Maggie Whitaker, Executive Secretary I and Liz Capritto-Strahan, Executive Secretary II.

BP and Partners "Find Their Atlantis"

As ancient lore tells it, when the mythological gods divided the Cosmos, Poseidon, the lord of the ocean, took possession of a chain of islands stretching from Spain to Central America. The largest of these islands was as large as the whole of Asia Minor. The island was named Atlantis.

Situated on a large fertile plain, rich with precious natural resources, Atlantis became a great center for trade and commerce and for many centuries was regarded as the center of the world. Because of its abundance of natural resources, the people of this land possessed great wealth and enjoyed long contented lives, full of achievement and prosperity.

Perhaps even more extraordinary was the plan on which Atlantis had been laid out. It was arranged in five zones, built in perfect concentric circles, and its ports were served by a system of canals, displaying technological precision far beyond its time.

Myth or reality, the legend of Atlantis has inspired a search that echoes down through the ages. And for the BP team, Atlantis has been found! Not the storied island as legend has it, submerged in the Atlantic Ocean, but an amazing opportunity for BP and its partners, buried under eight million years of rock and 6,800 feet of sea, in the Gulf of Mexico.

BP chose to bestow this legendary name on the project for several parallel reasons. Not unlike ancient Atlantis, the modern-day project is a significant economic opportunity and one that will maintain the ecological beauty of what has now respectfully been named Atlantis. The artists, scientists, architects, and technologists of ancient Atlantis created a capital that was a marvel of architecture, engineering, and civil efficiency. The BP team of engineers, scientists, construction and operations staff were sent out to explore, discover, and develop an Atlantis of subsea architecture and wells that will deliver some 150,000 barrels of oil per day.

GlobalSantaFe is very proud to be a part of this monumental undertaking.

2003 Safety Poster Contest

By Adrian R. Gray, Director HSE

Once again, we received an overwhelming number of entries from our employee's children in response to our Annual Safety Poster competition.

Entries were received from virtually every area of the world in which we operate and each had its own unique and special way of interpreting the competition's theme ***"Please Be Safe – My future Depends On It".*** The 12 winning posters appear in GlobalSantaFe's 2004 Safety Calendar.

The judges were tasked with selecting a winner and three runners up from each age category. The judging process turned out to be quite a challenge in itself with considerable debate before a final selection could be agreed upon. One thing that the judging committee did agree on was the simple fact that all participants were winners in their own right and should be commended for their efforts. The recommendation was made and approved that in addition to a personal thank you letter from Rick McClaine, Vice President Safety, Training and Environmental Affairs, each child would receive a painting set as a further token of appreciation.

The 12 selected winning entries in the contest will have their artwork framed and displayed at their parent's workplace. Each of the Grand Prize winners is awarded a US$1,000 savings bond or equivalent and each runner-up will receive a US$500 savings bond or equivalent.

I would like to take this opportunity to thank all the participants for making this competition such a success and for their contribution toward promoting safety at their parent's workplace through their artwork. I look forward to another exciting safety poster contest this year and will be releasing further details in the coming months.

Listed below are the winners and their parents. The winning posters can be seen on page 19.

Once again, thank you to the participants and congratulations to all!

Group 1: Up to 7 Years of Age

Grand Prize Winner	**Ulker Gurbanova, Age 6**	Fatima Dursunova, Baku Office
First Runner-up	**Jordan L. McCallum, Age 7**	Peter McCallum, Egypt Office
Second Runner-up	**Sarah Herington, Age 7**	Joshua Herington, North Sea
Third Runner-up	**Taylor Washington, Age 7**	Wally Washington, *Arctic I*, Gulf of Mexico

Group 2: Ages 8 through 11

Grand Prize Winner	**Courtney Veale, Age 9**	Charlie Veale, *Adriatic VII*, Trinidad
First Runner-up	**Ahmed Magdy, Age 9**	Magdy Wahb, Egypt Office
Second Runner-up	**Jamie Marshall, Age 8**	Ian Marshall, *Britannia*, North Sea
Third Runner-up	**Jessica Broomfield, Age 11**	Stephen Broomfield, Upgrade Projects, Singapore

Group 3: Ages 12 through 15

Grand Prize Winner	**Jessica Chism, Age15**	Kenneth Chism, *Main Pass 4*, Gulf of Mexico
First Runner-up	**Andrea Lucas, Age 15**	Bernard Lucas, Port Harcourt, West Africa
Second Runner-up	**Candice Bridglal, Age 14**	Steve Bridglal *Adriatic VII*, Trinidad
Third Runner-up	**Dustin Souza, Age 13**	Marie Therese Souza, Kuwait Office



Ahmed Magdy is presented his award by Ian Kelly in the Cairo office.



Jessica Broomfield is shown with her grandmother, Lucy Broomfield, at a luncheon in Aberdeen.



Sarah Herington is presented her award by George Matej at a luncheon in Aberdeen.



Ulker Gurbanova receives her award from Mike Simpson, Operations Manager in Azerbaijan, as Ulker's family and other members of Caspian Drilling Company look on.



Candice Bridglal is joined by her parents, Steve and Parbatie as she receives her award from *Adriatic VII* Rig Manager Jeff Carter in the Trinidad office.



Jamie Marshall is presented his award by George Matej during a luncheon held in Aberdeen.



Jordan McCallum receives his award from Ian Kelly in the Cairo office.



Kenny Chism presented his daughter Jessica with her award.



Courtney Veale's award is accepted on her behalf by her father, Charlie Veale, onboard the *Adriatic VII* in Trinidad. The award was presented by Jeff Carter.

Atlantis...

Continued from page 5

sel. This is especially important when running flowline jumpers with a maximum length of 120 feet.

Framing the Relationship

Normally, our client's competitive evaluations are static in the sense that they are paper exercises comparing the technical and commercial elements of a basket of proposals. The Atlantis evaluative process departed from such convention by applying dynamic and frequent meetings between client and bidders on a routine basis over several months as BP probed and analyzed the multifaceted capabilities of the bidders and their equipment. Contractor rigs, people, knowhow and commitment were all screened by the client, in recognition that 'best value for money' is a quantifiable process with an achievable result.

BP refers to the process as *Framing the Relationship*. The process has specific target-points, such as reducing project costs, minimizing risk, reducing NPT, shortening project duration, and more.

Success Is All About Attitude

There may be the perception by outsiders to the project that there is plenty of time to prepare the *Development Driller II* for Atlantis. There is more than a year to go before the drilling starts! But anyone who 'steps inside the boundaries' of the Atlantis team environment will quickly determine that its members are already driven and focused on agreed targets, including timely delivery of the rig to the Atlantis field, trouble-free start-up, on-time 'first oil', and a commitment to safety, health and environmental protection that is recognized for its excellent results. The Atlantis team has already adopted a project motto: ***Atlantis—the best at what we do each day!*** It is clear when you spend any time around the BP and GlobalSantaFe Atlantis team members, they are planning for success.

The *Development Driller II* is scheduled to be completed in the first quarter 2005 and depart from Southeast Asia for the 90-day voyage to the Gulf of Mexico. To prepare for the rigors of the Atlantis project, a few enhancements of the unit are being undertaken during the construction period remaining, including the upgrade of the accommodations to 176 person capacity, the provision of a subsea test valve to test the BOP's while on the sea floor, installation of an array of well testing gear, and modifications to accommodate a second ROV.

Compact Driller—*An Exercise in Drilling Efficiency*

By Sam Watt and Rob Fogal

In 2002, when the *Compact Driller* was awarded a five year contract with ChevronTexaco in Thailand, it presented an ideal opportunity to customize the rig for enhanced performance to meet the long-term drilling programs the oil company had planned.

GlobalSantaFe was approached by ChevronTexaco with the outline of what they as an operator needed from the rig in order to optimize the efficiency of the specific drilling programs ahead. This raised eyebrows in some quarters as the rig was already drilling an average of 1,000 feet per day in its present mode. However, GlobalSantaFe listened to the client's needs, which were four fold:

- An offline tubular building and racking capability
- Enlarged custom designed shaker house
- Offline wirelining capability on platforms
- Extra accommodation facilities

The biggest challenge was how to provide a safe offline stand building system. In other words, a system was needed that would allow for picking up and mating 90-foot stands of drillpipe and casing and racking them in the derrick while not interfering with ongoing drilling operations. While this type of simultaneous operation had been done before, fitting it into an existing 30-foot by 30-foot derrick presented some unique challenges. Various ideas were explored and finally it was decided that the rig's standard straight-leg derrick would have to be removed and a bottleneck type derrick would be required. In order to handle the tubulars, a bridge crane system was suggested, with extra mouse-holes and an extra spin-torque tool to create a secondary work area on the drill floor. The philosophy was to create two independent work areas that would not encroach on one another.

In order to meet the expected increase in drilling rates, a completely new mud processing or shaker house would need to be designed and built with special accommodations for cuttings processing. Finally, a permanent 20-man hotel addition would be installed, mainly to house personnel required for the extra workload.

The scale and cost of the project was presented to ChevronTexaco and, although it meant considerable operator investment, their forward thinking management embraced the plans. The project was a go and the Technical Operations group was provided with the basic concepts and, of course, was given a minimal time frame in the shipyard to accomplish the work.

Delivering the New System

Fortunately, there was some lead time available to design and plan the project. In addition to the usual challenges associated with such projects, the extra challenge was to develop a highly specialized crane to handle the tubulars in an efficient manner. Not only would the crane need to be moved around within the very congested space of the derrick, but it would be located 110 feet above the drill floor, need to quickly raise and lower weights roughly equivalent to an average automobile, be controlled from either down on the drill floor or up at the monkey board, require access for maintenance, and it certainly needed to do all this safely, staying clear of all the other equipment and personnel that move around in the derrick. Developing this equipment took a concerted effort between the Technical Operations group in Houston and the operations personnel in Bangkok, to first define and then refine all the operational and technical requirements. As always, the professional commercial support from Resource Rig Supply, the Company's purchasing wing, efficiently coordinated the extensive interactions with the crane, spin-torque, and other equipment suppliers, eventually resulting in on-time delivery of well-manufactured equipment.

After the tremendous effort of getting the rig in and out of the shipyard in 36 days, she went back to work with the new systems in place. After a very short training and break in period, the crews fine-tuned the stand building system, learning to build both drill pipe and casing stands offline in a safe and efficient manner, while drilling operations continued simultaneously alongside.



Simultaneous operations on the drill floor—ongoing drilling operations being conducted at the main well center (left) while one of the 'offline' personnel with spin-torque tool is engaged in stand building operation (right).



Looking up from the drill floor to the crane in the derrick (in yellow circle).



Derrickman on the main fingerboard at the monkey board level with the crane at left foreground.

Meeting the Client's Expectations

To measure the effectiveness of the system, operations management kept track of online and offline stand building and pipe lay down activities. On the first exploration well, the handling of drill pipe for the complete well was split 33

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Complex Horizontal Wells Program Earns BG Innovation Award

From December 2001 to August 2003, ADTI's Southern North Sea base in Lowestoft was home to a project team, drilling complex horizontal wells for major gas producer, BG International. This campaign included the use of two jackup rigs, the *Noble Julie Robertson* and the *GSF Labrador*, to drill subsea and platform wells on BG's multi-field, Juno development. ADTI, the Company's turnkey and drilling management services subsidiary, provided onshore well engineering and a full suite of downhole services, together with offshore supervisors and engineers.

When the first horizontal well was drilled, production rates fell short of BG's project sanction estimates. With six further wells planned, the ADTI project team, working closely with BG's subsurface specialists and with directional contractor, Anadrill, looked for a better way to tackle these tight, complex reservoirs.

The layered nature of the Juno pay zones, each layer differing in porosity and only a few having sufficient porosity to enable flow, combined with the large amount of faulting present, meant that the target reservoir layers had an extremely complex alignment. It was clear that conventional horizontal wells could not access these different pockets and a new technique would have to be found. The team concluded that multi-lateral drilling, incorporating open hole side-tracking methods, would improve the chances of hitting the high porosity areas and deliver the desired production rates.

However, BG's completion design included a slotted liner to maintain stability of the well bore. This presented a further problem because any lateral bores going down from the main bore could hinder the insertion of the liner. The team's solution was to drill all the laterals on the high side of the main bore. Any that were intended to go down would deviate back down after leaving the main bore. This would leave the low side of the main bore clear so that the liner could slide along it unobstructed to the end of the well. As well as intersecting the targets, the information gained from these laterals also gave the team the ability to constantly review the well path to target the good sands.



The jackup *Labrador* was one of two rigs used to drill the wells on BG's Juno development.

In the remaining wells where this multi-lateral solution was applied, all of the wells achieved the desired flow rates with two of them being significantly higher than the budgeted figure. These were the first multi-lateral wells to be drilled for BG and, with up to four different 8 ½" laterals in each well, were some of the most complex well designs ever to be drilled in the Southern North Sea.

Team Earns Top Innovation Award

On October 13, 2003, at London's Science Museum, BG Group helds its annual Innovation Awards ceremony, promoting new ideas developed in its drilling and production activities, with awards presented by Chief Executive Frank Chapman. A total of 115 innovative operations from BG operations around the world had been submitted for consideration. The Juno Drilling Team was awarded first place in the "Innovation through Alliance with External Parties" category.

The judges cited one of the main reasons for the Juno Team winning the award was that the innovation used on the Juno field is the type of innovation that will be required to lower the commercial risk and turn increasingly marginal fields that have been deemed uneconomical into commercial viablity in the maturing fields of the Southern North Sea.

Compact Driller...

Continued from page 8

hours offline and 23 hours online. On the second well only three hours of online drill pipe handling was recorded and by the third well, all drill pipe was handled offline, meeting the client's expectations.

A phone call one morning from Senior Toolpusher Buddy Moore to rig management might best sum up the efficiency of the *Compact Driller* and her crews. Buddy said, "I just called to tell you that Mark the Driller just made a new rig record of footage drilled in one shift—6,316 feet in 11½ hours." He called back a few minutes later: "I forgot to tell you, we also picked up and racked back 86 stands of drill pipe that same tour as well."

That's over a mile of hole drilled and a mile and a half of pipe racked—surely a success by any measure!

Ensuring Company Ethics Is Responsibility of All Employees

Employee Hotline

In the workplace, unjust or illegal acts can adversely affect the entire organization. In order to protect the Company from such acts, GlobalSantaFe has established a procedure for employees to be able to anonymously report any issues that may be of concern to them. This could include corporate misconduct, activities that may be illegal or unethical, breaches of company policy, or complaints regarding accounting, internal accounting controls, audit matters or questionable accounting practices. The hotline can also be used for complaints about human resource or benefit issues, or safety or environmental concerns.

While GlobalSantaFe encourages an open-door policy, sometimes you may not be comfortable talking to your supervisor about sensitive subjects. You could have a concern that by speaking up there could be retaliation; your supervisor might get angry or not take you seriously. And, questions racing through your mind might sound like this: Will I get the time off I've requested? My performance review is coming up and if I talk about this now, will my performance rating go down?

That's why GlobalSantaFe has contracted with The Network, Inc., an independent corporation, to provide two, toll-free CONFIDENTIAL telephone lines that employees can use 24 hours a day, seven days a week, to report unethical or illegal activity in the workplace.

From the US or Canada, call 877-888-0002. From any other worldwide location, you can place a collect call to 770-810-1147. Translation services are available in more than 150 languages, 24 hours a day. Calls can remain anonymous. Incidents that threaten or harm employees, customers or operations, or significant incidents that may reoccur within 24 hours, are immediately addressed.

If you report any type of illegal or unethical behavior, including any issues regarding accounting, The Network, Inc. will immediately report your complaint on a confidential basis to the Chairman of the Audit Committee of the Board of Directors, the General Counsel and the Vice President of Internal Audit. Any issues that you report regarding Human Resources will be reported to the Senior Vice President of Human Resources and the General Counsel, and any dealing with safety or environmental issues will be reported to the Vice President of Safety, Training and Environmental Affairs and the General Counsel. For our rig based employees, you can continue to send in comments or complaints on the Safety and Environmental Concern Cards located on each rig. These are forwarded directly to the General Counsel of GlobalSantaFe, who ensures that the complaints are fully investigated and that action is promptly taken when it is warranted.

If you are aware of an activity that is unjust, unethical, or illegal or could otherwise be harmful to the Company, it is your duty to report it. Additional information can be found on the Company's intranet site at: http://home.gsfdrill.com on the home page, under Employee Ethics.

Sarbanes-Oxley Act: New Law Has Significant Impact at GlobalSantaFe

By Keith Shuffler

The Sarbanes-Oxley (SOX) Act of 2002 requires all publicly traded companies to have an independent auditor test and render a professional opinion on the Company's system of controls for the 2004 financial statements. This is a new requirement: historically, the independent auditor has only commented on the accuracy of a company's financial statements.

What does this mean for GlobalSantaFe? In 2003, the Internal Audit Department worked with Deloitte & Touche and key management throughout the Company to identify controls and to establish COSO (one of the recognized control frameworks required by SOX that companies must adopt) at GlobalSantaFe. COSO is a system of controls that meets SOX requirements. For 2004, the Finance Department will periodically distribute and collect Control Self Assessment (CSA) questionnaires. The CSA will be required of all individuals who perform activities that ensure the overall accuracy of the financial statements. Internal Audit has begun conducting SOX-compliance audits to verify Company compliance. More updates and information on SOX will appear in future issues of *ProFile*.

Standing Up for Safety



"If you don't know and understand the equipment, don't use it!"

—Mark Rafferty, Driller, Arctic III

While visiting the *Arctic III* in the North Sea on October 1, 2003, Dave Anglin, ExxonMobil Operations Manager, encountered one of the many GlobalSantaFe passionate safety advocates. During a rig floor visit, Dave was inspecting the fall restraint sleeve mounted on a cable on one of the derrick ladders. The device came loose from the cable and he asked the *Arctic III* Driller, Mark Rafferty, to replace it. During the dialogue between Mark and Dave, Dave asked, "What keeps me or someone else from climbing this ladder using this device and subsequently having it come off the cable?" Without missing a beat, Mark launched into a clear explanation that began by reaffirming the clear expectation that no matter what your position, you have no business undertaking something for which you are not properly trained, for which there has been no JSA or Step Back 5 x 5. Mark assured Dave that he, or one of his team, would never allow someone to climb, even if they failed to follow the former expectation.

Mark's tone was direct, sincere and "in your face". It epitomizes the behavior and passion we expect from everyone. He was not acting, he was extremely serious because safety is extremely serious.

Dave paused to observe the concern on the Toolpusher's face and then thanked Mark for the response. He shared the discussion with both crew and GlobalSantaFe leadership, reinforcing ExxonMobil's expectation that everyone rise to that level in caring for themselves and others.

If ExxonMobil Drilling can bring everyone to the level of commitment exhibited by this Driller, we will achieve our vision

Newly Structured ADTI Introduced at Exhibition



Some 500 people visited ADTI's booth at Offshore Europe 2003. ADTI representatives staffing the booth were (left): Sandy Fettes, Dougal Scott, Andrew Stannard and Hein Sweerts.

ADTI (Applied Drilling Technology International) hosted a booth at Offshore Europe 2003 which is held in Aberdeen every other year. The event, which took place September 2-5, 2003, provided ADTI, GlobalSantaFe's turnkey drilling management services division, an opportunity to introduce itself to the industry, under the ADTI branding in the North Sea region, following restructuring in May 2003. ADTI conducts turnkey and drilling management services projects in the Gulf of Mexico, the North Sea and, more recently, offshore West Africa.

ASA Results in New Tool Design



Redesigned 'C' plate eliminates pinch point risk.

Nightpusher Dave Aldridge and Driller John Hyatt recently completed an ASA (Advanced Safety Audit) with a BJ Casing Supervisor regarding the condition and design of a 'C' plate tool used on the semisubmersible *Aleutian Key* working in Equatorial Guinea.

During the ASA it was determined that the tool, which is placed over the open end of casing in the rotary table and used to support the casing fillup tool (stinger) attached to the top drive, represented a serious pinch point for personnel lifting it on and off the casing.

BJ's response to this audit was highly favorable.

Howly Williams, Rotational Country Manager in Equatorial Guinea, followed through with Alan Sim, the BJ Operations Supervisor in Malabo, who took this problem back to BJ's regional office in Aberdeen. There, engineering personnel came up with a solution and a modified 'C' plate was produced. It was then successfully tested on the *Aleutian Key* and on *Rig 135*, also working in Equatorial Guinea.

The engineering drawings were submitted to BJ Corporate which issued a requirement for all BJ operations worldwide to make the change, eliminating the pinch point risk that existed.

This is an excellent example of the power individuals have to benefit not only their co-workers, but others throughout the industry.

Bob Rose Honored at Retirement Dinner



Carolyn and Bob Rose

On March 31, 2004, following a career in the drilling business that spanned four decades, Bob Rose retired as GlobalSantaFe's Chairman of the Board. (Bob will remain in the position of non-executive Chairman.) A retirement dinner attended by family, co-workers, and members of the industry, was held on April 7 in Houston, honoring Bob's retirement and his distinguished career. Guests took the opportunity to look back on Bob's career and his many accomplishments.

Joining the Industry

Bob completed his service in the United States Air Force in 1963 and the following year went to work for Global Marine. Between 1964 and 1976, he held various positions including Manager of the Company's first purpose-built drillship, the *Glomar II*, and Vice President for Europe, Africa, and the Middle East. Bob's work took him around the world and gave him broad experience in the marketing, operations, and management of the international drilling industry.

Following this period of employment with Global Marine, Bob held senior executive positions with Atwood Oceanics Inc., Diamond M Company, and Kaneb Services, Inc. For more than a decade Bob was President and CEO of Diamond Offshore Drilling and its predecessor, Diamond M Company. He presided over the 1992 consolidation of Diamond M and ODECO, the initial public offering of Diamond Offshore in 1995, and the acquisition of Arethusa Offshore in 1996, creating the industry's largest deepwater offshore drilling company.



Celebrating with Bob and Carolyn is their son Robert and his wife Susannah.

Bob rejoined Global Marine in May 1998 as President and CEO and the following year was named Chairman of the Board, succeeding C. Russell Luigs.

In November 2001, after his instrumental role in the merger of Global Marine and Santa Fe, he was named Chairman of the Board of GlobalSantaFe.

Industry Legacy

In addition to holding executive corporate positions, Bob has made a significant mark on the industry in many other ways. He serves on the Department of Energy's National Petroleum Council, Spindletop International's Board of Trustees, the Boards of American Petroleum Institute, American Bureau of Shipping, National Ocean Industries Association (Chairman-1998), International Association of Drilling Contractors (Chairman-1994 and voted IADC's "Contractor of the Year" in 1993), San Jacinto chapter of the Boy Scouts of America and Grey Wolf Inc. He is Vice Chairman Emeritus of the Offshore Energy Center. Among his many awards, Bob was the recipient of the Offshore Energy Center's 2003 Pinnacle Award which honors leaders in the industry.



Nearly three decades of leadership: Jon Marshall, current President and CEO; Bob Rose, President and CEO 1998-2001 and elected Chairman in 1999; and Russ Luigs, President 1977-1997, CEO 1977-1998, and Chairman 1982-1999.

Those who have known Bob over the years understand how he rose to the very top of the energy industry, through his decisive leadership and uncompromising integrity. It is that integrity that may be Bob's greatest legacy.

Today, Bob is having a great time trail riding, participating in the Houston Livestock Show and Rodeo, riding his Screamin' Eagle Harley-Davidson, bird hunting, trying out his new bamboo fly rod, and traveling. A veteran of the United States Air Force, Bob is a pilot and holds the rank of Colonel in the Commemorative Air Force and enjoys flying vintage aircraft. He and Carolyn, his wife of 44 years, will continue residing in Houston and spending time with their son, Robert, daughter-in-law, Susannah, granddaughter Blake, and grandson Tanner.

Galaxy II Completes Five Years LTI Free Following Sable Offshore Energy Project

"If I had to work on an oil rig, this would be one of my top choices, based on the behavior of the people. There seems to be a real caring for each other and pride in what has been achieved." This comment was made to Dave Formas, Operations Manager Nova Scotia, by Ian Hockridge, ExxonMobil Behavioral Safety Auditor, following his first visit to *Galaxy II* in Nova Scotia in December 2003.

It is this behavior and caring that enabled *Galaxy II* to reach its five year LTI free milestone. Five years without an LTI in one of the harshest environments in the oilfield is a benchmark that every person associated with this accomplishment can take great pride in.



With the air temperature at -27.5 degrees Celcius (-17.5 degrees Fahrenheit) and the water temperature a much higher +1.8 C (35 F), the result is a thick fog engulfing Halifax Harbor. *Galaxy II* can be seen at right, docked on the Dartmouth waterfront. Following a five year contract in the Arctic environs off Nova Scotia, *Galaxy II* is undergoing intense maintenance before going back to work.
(Photo taken by Shelly Webb, wife of Galaxy II Crane Operator Randy Webb.)

Rig Tours

Following a highly successful five year contract with ExxonMobil on the Sable Offshore Energy Project, *Galaxy II* has been towed into Halifax Harbor awaiting her next assignment.

During this period, the Company has taken the opportunity to host tours of the jackup to clients ExxonMobil and Encana, the American Consulate staff, and Nova Scotia's Minister of Energy, Cecil Clarke (see letter from Mr. Clarke on page 24). The Premier of Nova Scotia, John F. Hamm, held his weekly Caucus meeting in the training room on *Galaxy II* following Mr. Clarke's recommendation to do so. Approximately 30 government ministers and officials from all over Nova Scotia attended, followed by a tour of the rig. Additionally, families of rig personnel were invited onboard for two Family Day events.

A special thank you goes to Kevin Knott, *Galaxy II* Rig Manager, and Paul Johnson, Drilling Foreman, for their professionalism in organizing and leading the tours. An excellent risk assessment was carried out prior to the visits, ensuring the safety of all visitors.

FOCUS/ASA Observations Promote Safety at Home for the Holidays for *C.R. Luigs* Families

In an effort to expand the safety culture we are committed to in our workplace, GlobalSantaFe and operator BHP Billiton personnel on the drillship *C.R. Luigs*, initiated a FOCUS on Home Safety for the Holidays competition. Crew members were invited to submit Safety Observations in the form of FOCUS cards or ASA observations, based on activities in their home or in their daily activities. The winning entries were awarded gift certificates for Bass Pro Shops, a popular outdoor retail outlet.

The winners of the competition were:

Scott Hamby ($300 gift certificate) completed a FOCUS card on a contractor cleaning tiles with muriatic acid in his house and not wearing the proper protective gear. Scott took the contractor to a Home Depot hardware store and outfitted him with the correct PPE.

Leita Conway ($150 gift certificate) conducted an ASA on two teenage girls stopped on the side of a highway changing a tire with part of their car protruding into the outer lane. Leita instructed the girls to move off the highway and helped change the tire.

Owen King ($100 gift certificate) conducted an ASA on a person installing dry wall by himself and standing too high on a ladder that was an inadequate height. He made an agreement with the worker to use a taller ladder and to get assistance.

Thank you to all the family members who participated in this initiative.



A poster was sent to families of GlobalSantaFe and BHP Billiton personnel working on the *C.R. Luigs* inviting them to participate in a safety at home competition.

Statistics clearly show that by practicing safety observations and reacting to the potential risks that are identified, the number of incidents leading to injury is reduced.

GlobalSantaFe Meeting the Challenge of Apache Forties

GlobalSantaFe has embarked upon a slightly out of the ordinary contract with Apache North Sea Ltd, a new player to enter the North Sea market. In April 2003, Apache, an independent oil and gas company, acquired the mature Forties field from BP. Development on the Forties field began in the 1970s and remains one of the North Sea's largest discoveries. Apache's objective is to drill a number of wells over the existing Forties Echo platform, targeting reserves which were previously considered uneconomical for development, and restore and maintain production.

Heavy duty jackups *Galaxy I* and *Galaxy III* were contracted to drill a number of wells over the Echo platform which is a Normally Unmanned Installation (NUI), equipped with its own drilling facilities. *Galaxy I* will drill initially, followed by *Galaxy III* which will complete the work. However, the platform's derrick and drill floor would need to be removed in order for the jackups to be able to access the platform's well bays. Additionally, the furthest well slots could only be reached by extending the jackup's cantilevers—*Galaxy I* from a 55 foot to 67 foot reach and *Galaxy III* from an 80 foot to a 90 foot reach.

Removal Project

In addition to the drilling program, GlobalSantaFe was awarded the platform's derrick and drill floor removal work. GlobalSantaFe worked closely with Apache to quickly develop the Combined Operations Safety Case required by UK legislation and assumed responsibility for providing the interface between the jackups and the platform including personnel access, fire and gas systems, shutdowns, and alarms. Working in close cooperation with the client, the GlobalSantaFe project team, led by Bill Cairns and Mike Robb, and specialist contractor Rig Builders, CLS, of Lowestoft, successfully managed the completion of the removal project, within the required time frame and budget and most importantly, with zero accidents or incidents occurring during approximately 15,000 collective team man-hours. This included shuttling to the platform and a limited work day during the duration of the project.

The crew successfully removed a combined total weight of 278 tons of drilling mast, support steel, pipework, drilling equipment and electrical cabling from the platform, utilizing a floating gin-pole for items that were above the platform crane operational limits. Bill Cairns commented, "Despite the many challenges, least of all those presented by the weather, which was very frustrating at times, a strong team spirit was built throughout the project. By working together with a new, progressive client, and implementing a fully integrated safety culture between our contractor and ourselves, utilizing the GlobalSantaFe Safety Management process, a challenging project was completed to the client's satisfaction. The encouragement and commitment from all involved has been excellent."

Mitch Elkins, Drilling Superintendent at Apache North Sea Ltd further stated, "The compressed planning period, aggressive timeline and performance goals associated with the Echo rig removal is typical of the type programs operators will be faced with to remain economic players in the North Sea. The performance levels achieved by GlobalSantaFe, CLS, and the Apache NUI team, were outstanding. Requiring a completely new and fresh approach to all aspects of the program, both cultural and process barriers had to be challenged and overcome. The fact this work was done without so much as a bruised finger is proof that these types of projects can be tackled in a safe and efficient manner while pushing performance. Apache wishes to express their thanks and appreciation for a superior job and are excited to see the start of new approaches to performance in the Forties field."

Cantilever Extension

As the removal project was in progress, *Galaxy I* headed for Peterhead Harbour, north of Aberdeen, for the required cantilever upgrade, platform interface modifications, and a full schedule of maintenance activities. Rig Manager Dave Walls, Project Manager Gordon McAllister, the project team, and the rig crew, performed an outstanding job. Work on the cantilever commenced on December 4 and was completed 12 days later which included a full load-test. The completion of approximately 21,500 man-hours over such a short period, with zero incidents, is a tribute to the commitment of all involved.



Following cantilever extension and other shipyard work, *Galaxy I* was towed out to Apache's Echo platform in April. Derrick and drill floor have been removed from platform in order for jackups to operate over well bays.



***Galaxy I* drilling over platform. *Galaxy III* will move to the site and resume drilling program in April.**

Upon completion, *Galaxy I* was towed out to the platform where she is currently drilling.

Prior to *Galaxy III's* arrival at Peterhead for upgrades, the majority of work on the existing primary and secondary cantilever extensions was completed onshore by a local fabricator. Onboard, reinforcement plating to the existing cantilever commenced

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"I can't believe this is happening to me…"

By Kris S. Callen, Senior Facilitator, Randy Smith Training Solutions

As I was lying there in the hot sands of Vietnam, I said to myself, "I can't believe this is happening to me!" That's the way my day started on October 21, 2003, while teaching a FOCUS II class in Vung Tau, Vietnam, for the *Galveston Key*.

My crew and I were attempting to set up the High Rescue activity at 7:45 AM. Now this is something we have done many times. There were four Randy Smith Training Solution Facilitators, each with different levels of experience. We had all successfully set up this element many times. However, this time there was a change. Instead of using a tower made of wood, we were using a tower erected with scaffolding.

This was our first class in Vung Tau and the scaffolding was erected and certified by a professional scaffolding company. Yet, that morning, with one man on top of the scaffolding and myself standing at the bottom gathering our rope, a 5 foot piece of scaffolding came loose and fell 35 feet, striking me on the shoulder.

Now, it would be easy to sit back and say the scaffolding company did not do their job. And, as it turned out, when a third party was called to inspect the scaffolding, it was obvious the scaffolding company had not done their job correctly. In fact, the scaffolding was not only improperly secured, that same pipe was about to fall again.

So, is that where it stops? No! Let's take a look at ourselves. Randy Smith Training Solutions had not written Job Risk Assessments (JRA's). We had JRA's for conducting this activity on file in our office but not for actually setting up the element. We had a discussion before the set up but it was casual and not very thorough.

As I lay there thinking, "I can't believe this is happening to me", what I should have been saying is, "Of course this happened to me." We did not practice what we teach. That day, quite frankly, we did not use all the tools available to us. Had we done a Risk Assessment (either verbal or a written JRA), I would have been wearing a helmet and would not have been working below a man working overhead. We also would have done a better inspection.

We may not have had the expertise to know, even with an inspection, that the pipe was not properly secured. But, the one thing a proper risk assessment would have accomplished is that when the pipe fell, there is a 99.99% chance I would have not been standing where I was. And if, just if, I had been there wearing my PPE, the potential would not have been for a near fatal incident. Fortunately, this was only a first aid case.

We learned a big lesson. ***I*** learned a big lesson. This was embarrassing and discouraging as a Senior FOCUS Instructor, to write this article and admit that I failed. That we failed as an organization. Well, I have a choice. I can hide from it and blame the scaffolding company, or I can be accountable. I can learn a lesson from it as well as thank God I am still alive.

As we have been going around the world teaching FOCUS I, FOCUS II, and now as we roll into FOCUS III, it is very clear that FOCUS alone is not going to get us to an injury-free workplace. Risk Assessments alone will not get us to an injury-free workplace. Time Outs alone will not get us to an injury-free workplace. It takes *all* the tools.

Subsequently, although there have been some moans and groans, we have instituted written JRA's. Once implemented, we realized it has really helped. The next class went off without a hitch and there were probably 15 Time Outs called. We are no longer depending on luck or providence.

This incident was no accident. This was totally preventable. This incident has renewed and strengthened my belief in an incident-free workplace. An incident-free workplace will only happen if we use all the tools available: JRAs, Time Outs, Meetings, ASAs and the FOCUS process.

As I was driving to the hospital, my driver said to me, "You sure were unlucky today!" and I looked at him and said, "Unlucky? I am the luckiest man alive today!"

Take care, watch out for each other, and use all the tools. See you in FOCUS III.

Apache Forties...

Continued from page 14

February 19 and was completed on March 6, including the assembly and installation of counterbalance support and link framework. Full load test will be completed after reinstallation of the hoisting equipment following a five year survey inspection. Up to that point, 24,000 man-hours had been worked with zero incidents—again a tribute to the commitment of Rig Manager John Boone and his entire team.

The success or failure of a project can be gauged by comparing the goals achieved against those set by the Company's mission statement:

"GlobalSantaFe's mission is to be recognized by our customers as providing the world's best drilling service.

We will accomplish this while valuing our people, providing an injury-free workplace, respecting the environment and adhering to the highest standards of integrity and financial discipline."

With *Galaxy I* performing well at Apache's Echo platform and with *Galaxy III* scheduled to take over in early April, GlobalSantaFe has taken a step to achieving these goals and to enhancing the Company's reputation with a new and important player in the North Sea.

Development Driller I



Development Driller I, preparing to leave the shipyard, is in the final stages of commissioning and completion of last minute changes. The unit is currently scheduled to depart quay side in mid-May 2004 for inclining experiment, installation of its eight thrusters, and load out/bunkering. Providing there are no unforeseen problems during sea trials, the forecasted delivery is mid-July 2004. Operations personnel have been living onboard the vessel since the beginning of April 2004.



Commissioning of the *Development Driller I* alongside the quay at the shipyard in Singapore.

Development Driller II



Development Driller II's upper hull is now structurally complete. The lower hull, consisting of the pontoons and columns, is being painted in preparation for float out from Drydock 5 and relocation to Drydock 3. The shipyard is installing skid rails in Drydock 3 in preparation for the mating of the upper and lower hulls, presently scheduled to take place in the second half of May 2004.

Constellation II



Constellation II was delivered on March 31 at PPL Shipyard and then moved to KFELS Shipyard for a winterization upgrade.

Galaxy I Gets WISE with ADTI

By Dave Robb, ADTI Project Manager and
Grant Benton, *Galaxy I* Rig Manager



***Galaxy I* WISE winners with the ADTI offshore supervisors. From left: G. Donald, Drilling Engineer, ADTI; G. Stewart, Assistant Driller; K. Bain, Driller; P. Hearns, Roughneck; C. Ready, Company Man, ADTI; M. Miller, Roughneck; M. Rothnie, Night Company Man, ADTI; C. Tulleth, Derrickman; M. Clancy, Roughneck; D. Sutherland, Assistant Derrickman; and H. Truszkowski, DTP.**

The *Galaxy I* has completed operations in the Southern North Sea on the Rose field development. Well operations were managed on behalf of Centrica Resources Ltd by ADTI, under a lump sum contract. The *Galaxy I* crew members and service personnel submitted a total of 210 WISE cards suggesting Workable Ideas to Stimulate Efficiency. Each week, £50 prizes were issued to those who submitted the best two or three cards during that week. At the end of the well, the weekly winning cards were evaluated again and prizes of Bonus Bonds worth between £100 and £500 were awarded for the best cards.

ADTI introduced the WISE card system to their North Sea operations because they recognized that each individual on the rig can impact the efficiency of the operation. The suggestions made by the *Galaxy I* team during the Rose development well are estimated to have saved about 40 hours of rig time (equivalent to about a £135,000 cost savings). The scheme complements safety awareness on the rig by incentivizing personnel to identify efficiencies. Good efficiency complements safety and, together, these attributes will assist GlobalSantaFe in becoming the world's best drilling services provider.

"We Have Always Done It That Way!"

By Mike Groarke

Sound familiar? Heard it before? Said it? For anyone who has worked in the drilling industry any length of time, this is probably a familiar phrase. Most of us have both heard and said it.

Let's think about this phrase in the context of the fatal accident that occurred on the *Key Hawaii* in June 2003.

A man fell to his death doing something the crew had come to consider a normal routine task done in a routine way. The particular task had become a job easily explained with the statement, "We have always done it that way."

Review of the fatality report begs the question: "Is it normal to have to walk out on a plank to free up a section of folding deck that should have unfolded on its own?" Take that thought further and you have to ask: "Is it normal to use timber planks to access equipment to carry out normal or routine work activities?" If the task was routine, why was there no proper access to where the man had to work?

I suggest that when someone makes the statement "We have always done it that way", it is time to stop and reassess the task under discussion. The use of this statement is generally a sign of complacency, a word that the dictionary defines as "lack of concern".

A good example of complacency can be found in just watching the passengers on a normal commercial flight when the flight attendant gives the safety briefing. How many people actually pay attention? Do you?

For the junior members of a crew hearing this statement it should prompt you to ask a very simple question: "Why?" The way forward that is chosen may be exactly the way we have always done it in the past but I challenge you to have a clear understanding why it is done this way, the risks involved, and how the risks are reduced before proceeding.

For the leaders out there, if you catch yourself using the phrase, use it as a signal to reassess the task under discussion. There have been many changes over the years, both in skills, procedures, and equipment, and any one of these three items may provide a safer more efficient way to accomplish your goal.

Accepting the status quo or "We have always done it that way", without understanding the reason why, is one sure way to expose yourself and your co-workers to risks that you are not aware of and, most likely, risks that do not need to be taken.

Hand FOCUS Campaign on *Adriatic IX*

Due to past incidents involving hand injuries on the *Adriatic IX*, rig personnel initiated a FOCUS awareness campaign competition between Gabonese Crew J and Crew L. The objective of the campaign was to identify pinch points that could cause a hand injury while on tour and record them utilizing the FOCUS card system. The contest went extremely well and the competition was spirited. At the end of the contest, a review of the 64 cards turned in for the week from both crews was held. The review showed that the two teams tied. OIM Red Gudmudsson decided that a tie breaker would be determined by a coin toss at a pre-tour meeting and Crew J was declared the winner. Crew J was awarded director leisure chairs and Crew L, which also had done an excellent job, was given ball caps as a consolation award. Congratulations to both crews for a fine job and keep up the excellent work!

Crew J



Crew L



One Person *Can* Make a Difference

Just ask personnel who serve on the semisubmersible *Arctic IV* in the North Sea if one person can make a difference. Chances are Medic Lynsey Benzie will come to mind and the answer will be "yes". Lynsey can often be seen around the rig talking to crew members in their environment, listening to their problems, discussing career paths, and being someone they can openly discuss their concerns with.

A highly motivated person, Lynsey does much more than the basic requirements of her job as a Medic. With her help, the rig has earned the Bronze SHAW award (Scotland's Health At Work) and is working to achieve the Silver award. She has earned smoking cessation certification to help smokers onboard to stop smoking, and she regularly engages in FOCUS and ASA practices along with Safety Zone inspections. Lynsey recently completed certification to be a Gym Instructor and organizes physical fitness programs for the crews.



***Arctic IV* Medic Lynsey Benzie**

Through her determination, Lynsey fought and won a personal battle. Following a medically controlled diet and exercise program, in a 150 day period she lost 100 pounds, over one third of her body weight.

Arctic IV OIM Malcolm Brocklesby commented, "Lynsey exudes an air of professionalism and confidence that client representatives notice and comment on, which for someone so young, 27 years of age, isn't something you come across every day."

To the crews, Lynsey symbolizes the rig's strength of character and the warm, welcome feeling that exists onboard. Her attitude toward safety conveys to clients, visitors and rig personnel that the job will be done safely and to GlobalSantaFe standards.

GlobalSantaFe 2004 Safety Calendar Posters



Jordan McCallum - January *Age 7*



Courtney Veale - February *Age 9*



Jessica Chism - March *Age 15*



Andrea Lucas - June *Age 15*



Jamie Marshall - May *Age 8*



Ulker Gurbanova - April *Age 6*



Sarah Herington - July *Age 7*



Jessica Broomfield - August *Age 11*



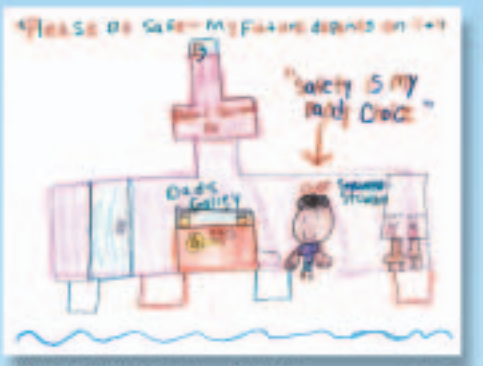
Dustin Souza - September *Age 13*



Candice Bridglal - December *Age 14*



Ahmed Magdy - November *Age 9*



Taylor Washington - October *Age 7*

GlobalSantaFe Announces Sale of Land Drilling Business

On April 2, 2004, GlobalSantaFe and Precision Drilling Corporation announced they have executed a definitive agreement for Precision to buy all GlobalSantaFe's worldwide land drilling assets for $316.5 million in an all cash transaction. The transaction is anticipated to be completed during the second quarter of 2004.



The sale to Precision includes the Company's entire fleet of 31 land rigs located in the Middle East, North Africa and South America.

The sale includes 31 land rigs located in the Middle East, North Africa and South America and an extensive fleet of specialized rig transport equipment that supports land rig operations in Kuwait and the Kuwaiti-Saudi Arabia Partitioned Neutral Zone.

Jon Marshall stated, "While we have been successful with the land rig business over the years, it has become an increasingly smaller part of our overall operations. This transaction will permit us to focus our management efforts on growing the offshore market. With Precision's reputation for quality operations and with the vast majority of our employees associated with these operations being offered continuous employment with Precision, we are confident our customers will continue to receive an excellent level of service."

The transaction will provide Precision, a Canadian based company, an opportunity to expand its growing international drilling services.

Early Land Business

The Company drilled its first wells in the oil fields of southern California in 1947 and the following year expanded internationally with a contract in Venezuela. In addition to its domestic operations, the Company's international expansion continued and, by the end of the 1950s, the Company had experience drilling in Europe, throughout the Middle East, South America, Australia, the Pacific and Africa.

Over the decades, countless employees served the Company's land drilling business with distinction and dedication to make it one of the industry's pioneering and most respected drilling operations. We salute those employees, both past and present, and wish continued success to those who will remain with Precision and to those who will take new career paths.

Upgrading the Company's Worldwide Computer Systems



Steve Watkins (left), *Labrador* Day Toolpusher and John Robertson (right), OIM, are taken through the new system by Darren Christie from Aberdeen IST.

In October and November 2003, Information Services technicians from the Houston and Aberdeen offices completed the server upgrade and XP rollout project on the *Adriatic XI, Arctic II, Arctic III, Arctic IV,* and *Labrador* in the North Sea. These units have been migrated from Novell Groupwise to Microsoft Exchange, as well as receiving new server equipment and Windows XP operating system on every PC. IT personnel are currently updating the remaining rigs in the North Sea and plan to have that project completed in May.

In January, the Houston and Aberdeen teams traveled to West Africa and completed upgrades to *Adriatic I, Adriatic V, Adriatic VI, Adriatic VIII, Adriatic IX, Baltic, High Island V, High Island VII, High Island IX* and *Rig 135*. The team also completed installations in the Company's offices in Malabo, Equatorial Guinea; Port Gentil, Gabon; and Port Harcourt, Nigeria.



Houston IST upgrade team: David Teter, Corky Thomas, Joe Welsh and Andrew Vaz. Corky, Joe and Andrew traveled to West Africa in January to complete rig and office installations.

The drillship *Jack Ryan* in the Gulf of Mexico completed its upgrade in March which means there are no remaining Novell/Groupwise systems in the Company's environment.

In May, the team began deploying the new system on newbuilds *Constellation I*, *Constellation II* and *Development Driller I*, followed by upgrades to the rigs and offices in Southeast Asia.

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 February 29, 2004.

KEY GIBRALTAR 13
RIG 105 12
ADRIATIC III 10
HIGH ISLAND III 9
HIGH ISLAND VII 9
ADRIATIC VII 8
BALTIC I 8
ADRIATIC VIII 7
MAIN PASS I 7
ADRIATIC I 5
ARCTIC I 5
GALAXY II 5
GALVESTON KEY 5
HIGH ISLAND IX 5
ALEUTIAN KEY 4
ARCTIC III 4
ADRIATIC II 3
COMPACT DRILLER 3
HIGH ISLAND VIII 3
PARAMESWARA 3
RIG 134 3
RIG 140 3
ARCTIC IV 2
BRITANNIA 2
C.R. LUIGS 2
CELTIC SEA 2
DADA GORGUD 2
GALAXY I 2
MAIN PASS IV 2
MONARCH 2
NELSON 2
RIG 102 2
RIG 124 2
RIG 135 2
ADRIATIC IV 1
ADRIATIC VI 1
ADRIATIC XI 1
ARCTIC II 1
AUK ALPHA 1
GRAND BANKS 1
HIGH ISLAND I 1
HIGH ISLAND II 1
HIGH ISLAND IV 1
HIGH ISLAND V 1
KEY SINGAPORE 1
MAGELLAN 1
RIG 103 1
RIG 127 1
Rig 136 1

Congratulations to the crews and management of the following operations that successfully completed one or more years without a Recordable Incident as of February 29, 2004.

HIGH ISLAND III 3
RIG 105 2
GALVESTON KEY 2
RIG 105 2
RIG 140 2
KEY SINGAPORE 1
DADA GORGUD 1
RIG 103 1
ADRIATIC XI 1
ARCTIC I 1
ARCTIC III 1
CELTIC SEA 1
HIGH ISLAND I 1
HIGH ISLAND IV 1
HIGH ISLAND V 1
HIGH ISLAND VII 1
MAGELLAN 1
MONARCH 1
NELSON 1

20,000 FOCUS Card Milestone on *Arctic III*

Arctic III has reached a milestone with the submission of the unit's 20,000th Safety FOCUS card.

This card, submitted by Phil Ridley, MI Mud Engineer, demonstrates the buy-in to GlobalSantaFe's safety systems by all onboard.

Phil's Safety FOCUS card on this occasion demonstrated care for his co-worker with the goal of achieving an accident-free workplace. The problem that Phil observed was: "Person entered shakers then inserted ear plugs." What action will eliminate the problem: "Don protective hearing plugs before entering high noise area." What action was taken or agreement made: "Talked issue over with person. Raised issue with STC."



Phil Ridley (left) receives a gift voucher from John Murdoch, *Arctic III* STC.

Safety FOCUS has steadily moved forward on the rig since it commenced work with ExxonMobil in September 2000.

This FOCUS card milestone means that 20,000 conversations identifying at risk behaviors or equipment condition have been initiated, all in the pursuit of the ultimate goal of an injury-free workplace and "Nobody Gets Hurt."

Arctic III, as a committed rig team, plans to continue to build on this achievement and move forward together—safely!

Dada Gorgud Reaches One Year Without Recordable Incident—Three Years Without LTI



On February 8, the crews of the *Dada Gorgud*, working in the Caspian Sea, reached the milestone of working one year without a Recordable Incident. In this photograph taken the following day, Chris Ness presents a commemorative plaque to Driller Baylar Ganbarov.

In the photo above, from left, are: Mike Simpson, Steve Cuthill, Seyab Pashayev, Huseyn Islamov, Khusan Eyyubov, Chris Ness, Baylar Ganbarov, Ilgar Mamedov, Tom Buskie, Azer Piraliyev, Sabiraga Jafarov, Oktay Badalov, Bob Mills, Valery Koldayev, Tariel Khanmamedov, Kadir Tagiyev, and Steve Thorley.

Additionally, *Dada Gorgud* personnel completed working three years without a LTI on February 23.

Istiglal Performance Recognized by BP



On January 6, the crew of the *Istiglal*, working in the Caspian Sea, mustered for a presentation by Don Nellis, BP Shah Deniz Team Manager. The award, signed by David K. Woodward, President BP Azerbaijan, was presented to the Shah Deniz Well Team and Subsurface Team in recognition of their exceptional contribution to the BP 2003 Performance Contract. Accepting the award on behalf of the crew was Rig Manager Eugene Vanlangendonck.

"I Chose to Look the Other Way"

The following was posted on the IADC website (www.iadc.org)

I could have saved a life that day,
but I chose to look the other way.

It wasn't that I didn't care,
I had the time and I was there.

I didn't want to seem a fool,
or argue over a safety rule.

I knew he'd done the job before,
if I called time out, he might get sore.

The chances didn't seem that bad,
I've done the same, he knew I had.

So I shook my head and walked on by,
he knew the risks as well as I.

He took the chance, I closed an eye,
and with that act, I let him die.

I could have saved a life that day,
but I chose to look the other way.

Now every time I see his wife,
I'll know I could have saved his life.

The guilt is something I must bear,
but it isn't something you must share.

If you see a risk that others take,
that puts their life or health at stake.

The questions asked or things you say,
could help them live another day.

If you see a risk and walk away,
then hope you never have to say,

I could have saved a life that day,
but I chose to look the other way.

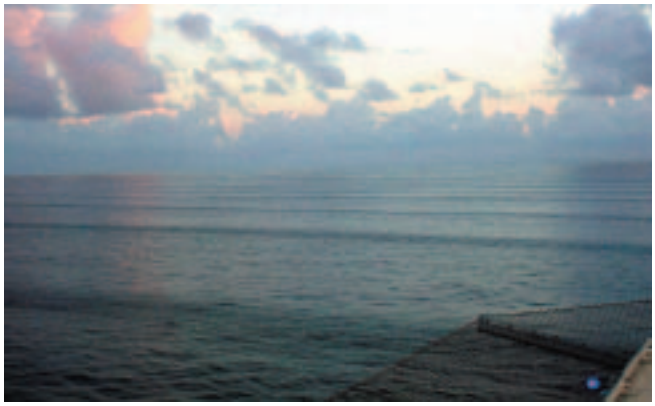
ADTI Celebrates 100th Well with Newfield Exploration



On January 28, ADTI hosted a luncheon celebrating the 100th well that ADTI has drilled for Newfield Exploration Company, an independent operator with interests in the Gulf of Mexico.

From left: Jim Metcalf, Newfield Drilling Manager; Blake Simmons, ADTI President; Frank Henicke, retired Newfield Drilling Manager; and Bob Waldrup, retired Newfield Senior Vice President Operations.

Ring Currents Off Coast of Trinidad



Ring currents as they pass by the *Adriatic VII* off the coast of Trinidad. *(Photo taken by Gary McHattie, Barge Master.)*

In October 2003, the *Adriatic VII*, drilling off the east coast of Trinidad, experienced strong eddy, or ring currents, shown in the photo above. This condition is created through a complex ocean current system and appears five to six times per year. The North Brazil Current travels in a northwestward direction parallel to the coast of Brazil. In an area to the north of Brazil the current separates from the coast, turning sharply to the east as it is met by strong countercurrents moving eastward. This area is called the NBC reflection zone where the NBC turns back on itself. As a result, well defined rings are formed which travel northwest along the coast of South America and eventually disintegrate in the Caribbean. The rings cover three to seven nautical miles per day and remain intact for up to 150 days. Maximum surface currents within the rings may at times exceed three knots and subsurface ring currents may extend as deep as 3,000 feet. To date, the *Adriatic VII* has experienced currents as high as five knots. At the time the above photo was taken, the currents were running at three and a half knots.



From left, back row: Graham Duncan, Geoff Howells, Nicola Martin, Harry Croft, Ben Greig, Keegan, Barry Kirton, Kannan , Neil Clarke. Front row: Andy Gill, Kristine Kraft, Simon Aslam, John McKee.

Team Work in Action

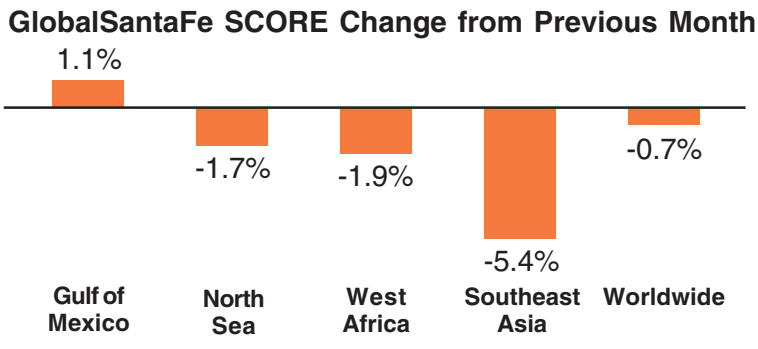
Take one Irishman, two Englishmen, seven Scots, one German, two Sudanese and one Bangladeshi, and what do you have? The GlobalSantaFe soccer team in Cairo. A great effort was made by the team which advanced to the semifinals before being eliminated—not bad for a tournament with 20 teams. Proceeds that were raised by the GloabalSantaFe team were donated to various charities in Cairo.

GlobalSantaFe SCORE—March 2004

(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.

	Mar 2004 SCORE	Feb 2004 SCORE	1 Month Change	1 Year Change	5 Year Change
Gulf of Mexico	38.4	38.0	1.1%	32.2%	40.5%
North Sea	39.7	40.4	-1.7%	-5.2%	-15.1%
West Africa	53.5	54.6	-1.9%	1.8%	6.3%
Southeast Asia	58.4	61.8	-5.4%	9.9%	35.7%
Worldwide	44.2	44.5	-0.7%	11.2%	12.5%
Jackup	54.1	51.8	4.5%	17.6%	27.7%
Semisubmersible	34.6	35.9	-3.5%	5.8%	-3.6%



PERFORMANCE PROFILE

Arctic III

"Recognition of safety achievements is one of the fundamentals of ExxonMobil's Drilling Safety Management Programme. On 22 December 2003 the *GSF Arctic III* passed the milestone of a full year without a single Recordable Incident—a Zero Total Recordable Incident Rate, something never before achieved by a semi-submersible rig working for ExxonMobil and something we will commemorate as '0/365'. This 0/365 accomplishment is all the greater when we consider the sequence of operations of the rig: spudding a well in mid-winter; multiple subsea completions and workovers using very different systems.

ExxonMobil would like to recognise the contributions of all the *GSF Arctic III* crew who participated in achieving our incident free year with an individual award of £250.00 voucher for a major department store. We hope this shows everyone our commitment to our vision of 'Nobody Gets Hurt' and the fundamentals which help to make that vision a reality. We will be working with our specialist service companies to give the same recognition to their key offshore personnel because our vision includes everyone and because this tremendous achievement was a team effort.

We would also like a plaque for the rig to be presented at an offshore ceremony some time in the first quarter, we will work on the timing of this and we will make two visits so as to try to catch everyone out there.

Once again, this marks a great achievement—and it also sets a standard. We've done it once, let's look forward to doing it again. One day at a time.

Thank you again."

Gregory King,
Operations Superintendent—Drilling & Completions
ExxonMobil

Key Gibraltar

"I am happy to advise that the crew of the *Key Gibraltar* all played a part in drilling Talisman's fastest 8-1/2" hole in Malaysia. The previous record was 4,915 ft in 24 hours. We drilled 5,158 ft in 24-1/4 hours. This equates to 4,915 ft in 21-3/4 hours.

Further to this, the *Key Gibraltar* also holds the Malaysia record for the longest single run for a 8-1/2" hole-7,563 ft. This was achieved on the North Bunga Orkid-1 well.

No matter what your position on the rig, whether it be a galley hand or sample catcher, you have all contributed.

All these records have been set in a timely, safe manner and you should all be proud to be members of a great team.

Keep up the good work."

Wally Jakimczuk,
TML Senior Drilling Supervisor
Talisman

Galaxy II

"I would like to take this opportunity to thank you (Kevin Knott, Rig Manager) and Paul Johnson (Drilling Foreman) for providing a tour of the *Galaxy II* jack-up drilling rig. This was a unique opportunity as the rig has been otherwise deployed off our coast throughout the past five years.

From the outset of the tour, I was impressed with the overall cleanliness and orderliness of the vessel. This clearly plays a role in GlobalSantaFe's commitment to creating and maintaining a safe work environment for all personnel and visitors. During the tour it became obvious that this focus on safety permeates every aspect of rig operations. From competency-based modular training, supported by job shadowing, to redesigning the shakers to more effectively vent fumes away from the mud returns, the commitment to workplace health and safety is clear.

What also became clear was the level of technological sophistication throughout the *Galaxy II* and the role it plays in modern oilfield drilling operations. The automated pipe racking system, touch-screens on the driller's console, and other computerized functions enable personnel to work with greater accuracy and efficiency. Potentially hazardous operations require less direct crew involvement.

I was particularly pleased with GlobalSantaFe's success in recruiting and training Nova Scotians for employment on the *Galaxy II*. More than five years after arriving in Nova Scotia to drill production wells for the Sable Offshore Energy Project, the crew complement is now almost entirely Nova Scotian. Several local crewmembers have also been promoted into positions of significant responsibility. This succession plan reflects dedication and hard work on the part of the crew and commitment on the part of their employer.

Overall, I was very impressed with the *Galaxy II* and greatly enjoyed the tour. Please extend my thanks and best wishes to the entire crew."

Cecil P. Clarke,
Minister Department of Energy
Nova Scotia

Dada Gorgud

"This is a great accomplishment (one year without a Recordable Incident) and one your organisation and the BP team should be proud of. It makes you realise how far we have come as an industry—a few years ago we would have been celebrating no DAFWC's for a year—great that we can now recognise a team for a recordable free year and hopefully establishes further in our organisations that ZERO is really possible.

Well done!"

Steve Haden,
Wells Team Manager
BP Azerbaijan

Labrador

"Petro-Canada would like to thank yourself (David Foster), GlobalSantaFe management, and in particular, the crew members of the *GSF Labrador* for the safe, efficient and positive way that they performed on the P10-4 well.

The excellent teamwork and positive "can do" attitude meant that the Petro-Canada offshore and onshore teams, together with the service company teams, quickly knitted into an efficient organisation with a good morale.

The rig arrived with an impressive safety record and leaves with it intact. All the well objectives were met within the plan.

Petro-Canada hopes to be active in the near future, and this track record will stand GlobalSantaFe, and in particular, the *GSF Labrador*, in good stead when considering future work.

Good luck in your future ventures."

Dave McKellar,
Well Construction Manager and
Reidar Hustoft,
Country Manager
Petro-Canada Netherlands

Britannia and *Monarch* (Members of the Shell EPE UBD Team)

"For the last 1,320 days we have managed to maintain a zero TRCF in UBD (Underbalanced Drilling) operations. In that time we've drilled many wells offshore and on land. This has involved a range of operations from low pressure to drilling with high H2S. However, today we have reached a milestone that I think is even more impressive...

Today, for the first time, we have had a whole year of UBD operations with no first aid cases to report. We can really say we've hurt no one all year!

This has been achieved because we believed it to be possible and because we took care of each other. The team depends on and trusts one another. Over this last year we executed 8 major UBD projects and had our best operational performance ever. This, and the fact that we hurt no one, makes me feel very proud.

I'd like to specifically thank the rig crews on the *GSF Monarch* and *GSF Britannia* who have been integral to our UBD operations. Thank you very much for treating the UBD crews as you treat your own! I'd also like to thank each of the UBD service companies for their willingness to engage their staff and change behaviours. Finally, I'd also like to thank all our UBD supervisors and crews. It takes real leadership and many personal engagements to achieve such an excellent result and to lead change.

Continued

To end, it's true that the same behaviours that drive safety also drive business performance...and I think you have all set out a fantastic basis for us all to deliver our safety and our business promises in 2004...it only remains to thank you all very much!"

Peter Brett,
Head of UBD
Shell EPE

ADTI

"Thank you all very much for taking time to recognize our relationship and the many accomplishments that we achieved along the way. We do appreciate not only what you do for us, and the industry in general, but more importantly how you do it! All of your staff consistently respond in a very professional and courteous manner, provide a very high level of experience and technical knowledge and add real value to the process of getting wells drilled in the GOM.

We truly value our relationship and work hard to show this appreciation as well to you. It has been a real "win-win" for both companies—which must be the result of a quality, long-term relationship.

We thank you and look forward to the challenges of the next 100 wells!"

Jim Metcalf,
Drilling Manager
Newfield Exploration

Adriatic VI

"I have the pleasure to inform you that your contribution to the HSE improvement efforts of our company through your commitment and enthusiasm in upholding HSE ideals has been recognised.

In particular, your consistency in organising and participating in HSE meetings are highly commendable. This has undoubtedly increased the HSE consciousness, culture and attitude within your team. We also appreciate your efforts in hazard identification as well as in maintaining LTI-free operations on your rig in 2003.

In pursuit of our vision to ensure an effective HSE culture in our company, you are enjoined to continue to sustain this feat and even strive to achieve greater heights.

Finally, I urge you to keep up the good work and continue to help EPNL in her drive to be the preferred operator.

Once again, accept my warm congratulations."

G. Buresi,
Managing Director
TotalFinaElf

Continued on page 26

Performance Profile...

Continued from page 25

Arctic IV (Blake Flank Field—First Oil)

"Congratulations on your fine efforts during the drilling of the BG Group's 24/13-9b water injector. The well presented a difficult challenge of combining two sections of the well in to one and that in a high angle 12 ¼" hole.

Your willingness to get out of the comfort zone of old ideas and embrace the practices taught by K&M demonstrated a degree of professionalism that is commendable. I was fortunate to watch you grow to a new dimension as a team as each of you began to recognize how important it is for everyone to make his contribution at a high performance level so that WE could be successful. There was little room for error.

There is a certain quiet pride that develops as you become aware that you are performance driven. It is the mark of a professional in any field of endeavor.

We were fortunate to have a support group of service professionals that performed at a high level as well.

I can honestly say that I would drill with you, anytime, anywhere, under any conditions.

There is plenty of work to be done yet before you deliver a successful well to BG, but the drilling hurdle is behind you.

Work safe, continue to grow and raise your standard. Until we drill together again, I wish each of you All the Best.

Randy Harrison,
K&M Technology Group
(On behalf of BG Energy Holdings Limited)

Adriatic VI Recognition



The crews of the *Adriatic VI*, operating in Nigeria, were recognized by TotalFinaElf for their commitment and enthusiasm in upholding HSE ideals.

In the above photo, TotalFinaElf Company Representative Didier Cousin (right) presents a letter of commendation to Mike North, *Adriatic VI* OIM. (See letter from client on page 25.)

Arctic III Completes One Year Without Recordable Incident and Four Years LTI Free



On December 22, 2003, *Arctic III* was recognized by ExxonMobil for the achievement of working one year without a Recordable Incident. *Arctic III* is the first semi to achieve this distinction in all of ExxonMobil's operation.

Pictured above is ExxonMobil's Steve Lewis presenting a plaque commemorating this milestone to M. Edwards, OIM, and Kenny Duffy, STP.



In the photo to the left, Gregory King (left), Drilling Manager ExxonMobil, presents George Matej and Ray Dunn with a commemorative plaque in recognition of *Arctic III's* milestone of working one year without a Recordable Incident achievement.

Additionally, *Arctic III* has completed working four years LTI free.

Monitor Helping in Fight Against Childrens' Disease

Personnel on the jackup *Monitor* working in Trinidad, raised £2,500 which was donated to Tayside Children with Cancer and Leukemia in Dundee, Scotland. Accepting the check on behalf of TCCL was six year old Douglas Rands, who is into his sixth month of a three year treatment at Nine Wells Hospital in Dundee. Douglas is a classmate of Melissa Cousland, whose father Keith is a Driller on *Monitor*.



From left: Alan Rand and his son Douglas, and Keith Cousland and his daughter Melissa.

International Scholarship Award Winners

Last year, GlobalSantaFe established a scholarship program to assist children of international employees who plan to continue education in college or university programs. Renewable scholarships are offered each year for full-time study at an accredited institution of the student's choice.

The winners of the 2003 campaign were Debra Hiller, whose father, Ian Hiller, works on the *Arctic I*, and Philippa Middler, whose father, Brian Middler, works on the *Arctic IV.*

Information and application forms for 2005 scholarships will be posted on the Company intranet (http://home.gsfdrill.com) in December 2004. Additionally, questions regarding the scholarship program should be directed to:

GlobalSantaFe International Scholarship Program
Scholarship Management Services, CSFA
1505 Riverview Road, P.O. Box 297
Saint Peter, MN 56082 USA
Telephone: 507-931-1682

The following letters of appreciation were received by Sherry Richard, Senior Vice President Human Resources, from the two scholarship winners.



Debra Hiller

Dear Sherry,

I would like to thank GlobalSantaFe for selecting me to receive an International Scholarship award of $2,000.

I feel very proud of this award and it will greatly assist me in the funding of my degree in Physical Education at St. Martin's College in Lancaster.

Yours sincerely,
Debra Hiller



Philippa Midler

Dear Sherry Richard,

I am writing to say thank you so much for awarding me this scholarship fund. It shall certainly make a huge difference to both me and my family.

I am really looking forward to university and can't wait to get started. I have wanted to do accounting since I was young so expect to enjoy my course thoroughly. Of course my ultimate goal is to gain a respected degree after four years of hard work.

This scholarship shall help me achieve this goal, through funding educational expenses such as textbooks, stationery and reading materials.

I would like to say thank you once again and look forward to letting you know how I am getting on.

With gratitude,
Yours most sincerely,
Philippa Middler

Britannia Supports Childrens' Hospital



In December 2003, a check was presented to representatives of Noah's Ark Appeal in GlobalSantaFe's Lowestoft office. From left: Jonathan Speed-Andrews, GlobalSantaFe Well Engineer; Roger Hunter, Shell Well Engineer; Suzanne Mainwaring, Director Noah's Ark Appeal; Jamie Perks, *Britannia* Rig Manager (retired); Lyn Jones, MBE Noah's Ark Appeal; and John Foy, Shell Lead Well Engineer.

In 2003, crews of the jackup *Britannia* supported the Noah's Ark Appeal in raising funds to build and equip a children's hospital in Wales, UK. The crew donated the incentive bonus which was earned on the Shell Leman E-12 well by completing the well 16.4 days ahead of schedule. The total amount paid to Noah's Ark Appeal by this donation was £76,180.



Chris Morgan

Crews have continued their support of Noah's Ark Appeal in 2004. Chris Morgan, a Roughneck on the *Britannia* and ex-Paratrooper, along with currently serving Paratrooper, Mick Perrines, set off on January 20, 2004, to row 3,000 miles in an open boat from the Canary Islands, Spain, crossing the Atlantic to the Caribbean island of Barbados. Their goal was to beat the existing record of 41 days set by a team from New Zealand. The pair completed the journey in 48 days, missing the world record but setting a new British and European record for a two man team to cross the Atlantic, and winning the pairs regatta.

Britannia crews raised £1,627.5 to support this epic endeavor, which will be donated to Noah's Ark Appeal in 2004. So far, crews have donated a total of £77,807.50 to Noah's Ark Appeal.

Service Anniversaries



On April 1, co-workers and friends gathered in the Houston office to recognize President and CEO **Jon Marshall's** 25 year service anniversary. Bob Rose presented Jon with his service gift and a plaque commemorating his years of service.



Charlie Dewar, Senior Electrician (left) and **Mike Prothro**, Senior Mechanic, each received their 25 year service recognition awards while working on the *Constellation I*. All crew members offer their congratulations to Charlie and Mike and are proud to have them as team members.



On December 1, 2003, **Alex George**, Personnel Manager in Kuwait, completed his 25 year anniversary with the Company. In addition to Kuwait, Alex has worked in Saudi Arabia, Dubai, Qatar, and Oman. Alex was honored at a dinner held in Kuwait in December.



Jack T. Daly, Barge Engineer on *Rig 103* (left), was presented with his 30 year service award from Qatar Country Manager Alistair McKinlay in Doha.

Jack has worked in various locations with the Company around the world including the North Sea, Egypt, Ivory Coast, Thailand and Qatar.



Mohammed Aslam (right) was presented with a service milestone plaque by Suadi Arabia Zone Controller Chris Butler.

Accountant **Mohammed Aslam**, assigned to Saudi Arabia, was honored for his 30-year service milestone. Mohammed first went to work for the Company in December 1972.



Donnie Pirtle (left) received his 25 year service award from Ian Kelly in the Cairo office. At the time the photo was taken, Donnie was serving as the Area Operations Manager for the Middle East, based in Cairo. He has held roles of increasing responsibility in numerous international locations including North America, Southeast Asia, West Africa, South America and the Middle East.

Donnie has subsequently been transferred to Trinidad to run the Company's operations there.



Marty Cheadle celebrated her 20 year anniversary with the Company on September 10, 2004. Marty, a Staff Technical Aide with ADTI, was joined by her husband, Clifford, along with co-workers who signed a commemorative plaque which was presented to her at the celebration. Marty and her husband have two children, Colt, 20, who is a student at the University of Texas in Austin, and Hope, 17, a senior at Cy-Spring High School. And not to be forgotten is, Trooper, the family dog who Marty adores.



Ramon "Shorty" Baquit (right), Deck Supervisor on the *High Island V*, working offshore West Africa, is seen in photo receiving his 20 year service award from Superintendent Wayne Cornick. Wayne commented, "Ramon exemplifies the dedication, pride and endurance of the Filipino personnel within our organization. All who know him will agree that you can always count on him to get the job done right."

Retirements

Following a 25 year career with the Company, **Doug Stegall** was honored at a reception held on March 11 on the occasion of his retirement. Doug entered the oil and gas industry in 1972 after serving five years in the United States Air Force. Prior to his military service, Doug had majored in Accounting at Southern State College in Arkansas. In 1972, Doug joined legacy Global Marine as Manager of Accounting and at the time of his retirement held the position of Vice President and Controller—a position he has held with the Company for a number of years.



Doug Stegall (right) is recognized by Matt Ralls for his years of service to the Company.

A major contribution of Doug's over the years was his ability to bridge the gap between the operations side and the administration side of the Company.

Doug and his wife Julia will be retiring in Houston to be close to their three children, twin grandsons and granddaughter. Doug is looking forward to playing a lot of golf and fishing.



Rick Kennedy (right) receives a plaque from Randy Sivils, Rig Manager, recognizing his retirement after 24 years of service.

On March 6, **Rick Kennedy** celebrated his retirement with family, friends and colleagues after 24 years of service to the Company. Rick hired on in 1978 as a Roustabout with legacy Global Marine and rose to the position of OIM Senior Toolpusher. Rick has worked both domestically and internationally, serving on *Glomar Tender II, High Island VIII, Adriatic II, High Island VI, High Island III, Biscay II, Adriatic VIII, Adriatic I, and High Island IX.*

Rick resides in Austin with his wife Kay Ann and plans on spending most of his time on the lake boating or on his Harley.



Jamie Perks was honored at a retirement dinner in February. Jamie's wife Norma joined him in this photo.

On February 29, following nearly 30 years of service to the Company, **Jamie Perks** has retired. Jamie, whose most recent assignment was Rig Manager on the *Britannia*, will be remembered for his service, dedication and commitment to helping the Company achieve its goals during his career.

Jamie and his wife Norma have purchased an apartment in Tenerife in the Canary Islands and plan on spending their retirement in the sun.

After 36 years of dedicated service, **Mohamed Khairy** retired on March 1. Mohamed joined legacy Santa Fe in 1968 and has the distinction of being the longest serving employee in the Egypt operation. He has spent most of his career as Human Resources and Administration Manager and his contribution, dedication and hard work have been instrumental to the Company's success in Egypt. He has provided invaluable counsel to many employees and his counsel and support will be greatly missed.

We wish Mohamed and his wife, Gihan, all the successes and good fortune in the years ahead. Mohamed plans to move to the beautiful retirement villa he has built in Sharouk and will no doubt spend much of his time guiding the development and education of his grandchildren.



From left, at a retirement luncheon honoring Jim Boswell: Mike Hoke, Bill Sannan, Jim, and Bert Morris.

On December 31, 2003, after nearly 22 years of service to the Company, **James P. "Jim" Boswell,** Manager Worldwide Materials Support, has elected to retire. Jim joined legacy Santa Fe in 1980 and went to work on the semisubmersible *Blue Water II* in the Gulf of Mexico. He held various materials related positions in Southeast Asia, the Middle East, Africa, the North Sea, and South America. In 1994, Jim joined Resource Rig Supply Inc. (formerly Sphere Supply, Inc.) and taught Materials Management and Warehousing to the Company's worldwide operations. We wish Jim and his wife, Hilda, all the success and good fortune in the years ahead. Jim plans to take a little well-deserved time off and then pursue other business activities.



Jerry Douglas, Electrician on the *Explorer*, and Teeny were married on October 24, 2003, at Teeny's parents' home in Abita Springs, Louisiana. For their honeymoon, the couple flew to London, then traveled by train to Scotland. The above photo was taken on Loch Ness with Urquhart Castle in the background.

Jillian Grace Vanlangendonck was born on December 9, 2003. Her parents are Eugene and Cherrie Vanlangendonck. Jillian and her mother joined Eugene, Rig Manager on the *Istiglal*, in Baku, Azerbaijan, in March.

(See photo on back cover.)



Larry Taylor La Gauce was born on March 3, 2004. His Parents are Larry and Cristina La Gauce. Larry is a Roustabout on the *High Island III*.



Katerina Elizabeth Vogel was born on February 22, 2003, in Russia and was adopted by Roger Vogel, PM Superintendent in the Houston office, and his wife Diane, on August 28, 2003.



Jacob Griffiths was born January 28, 2004. His parents are Fergus and Pamela Griffiths. Fergus is a Roughneck on the *Grand Banks*.



Carson Alexander Menzies was born on December 11, 2003. Carson's parents are Mark, Staff Engineer, ADTI, and Maria Menzies.



Amariel Anthony was born on February 16, 2004. Her parents are Dathan Anthony, Roughneck on the *Grand Banks*, and mother, Elisa. Amariel's big brother is Terry, two years of age.

GlobalSantaFe and ADTI Aberdeen Support First Walk To Cure Diabetes in Scotland

On September 28, 2003, a team of over 100 walkers from GlobalSantaFe's Aberdeen office supported the Juvenile Diabetes Research Foundation's first Walk to Cure Diabetes in Aberdeen. Overall, more than 1,600 people took part in the four mile walk, raising over £110,000 for the charity.

The fund raising team from GlobalSantaFe, through various fund raising activities, in addition to the walk, raised £4,790 for the Foundation. The highest overall individual fund raiser was Ray Dunn, Rig Manager of the *Arctic III*. In the photo to the right is Chris Ness, Regional Vice President, with a 'Friday fancy dress' fund raising participant (none other than John Boone, Rig Manager for the *Galaxy III*) who, through various Friday fancy dress collections, raised £1,640 around the office.





In the above photo are some of the people from GlobalSantaFe and ADTI involved in the organization of the Walk during a check presentation ceremony. From the left: Kathleen Reid, Chris Ness, Kath Shand, John Boone, Claire Mackie (representing the JDRF), David Bell, Ray Dunn and Andrew Stannard.

In Memoriam

On November 4, 2003, Senior Toolpusher Ken Lewis and Electrician Brian Shouldice were fatally injured in an automobile accident in Port of Spain, Trinidad. Ken and Brian were both assigned to the *Adriatic VII* and were en route from the rig to town when the accident occurred.

Ken Lewis, a resident of Petal, Mississippi, joined the Company in March 1982 and is survived by a sister and brother, a 19 year old daughter, and a 13 year old son. Brian, a resident of Devon, Alberta, joined the Company in November 1996 and is survived by his wife, Beverly, and three children, ages 16, 20 and 22.

Stanley Duda, Jr., a Santa Fe retiree, passed away on July 19, 2003.

Charles Puglisevich passed away on August 14, 2003. Charles was well known throughout legacy Global Marine for his work in providing labor contracts around the world.

Walter H. Gage, a Santa Fe retiree, passed away on August 24, 2003.

Eddie Scott, a Santa Fe retiree, passed away on October 16, 2003.

Arthur Raymond Lavoie, a Santa Fe retiree, passed away on November 13, 2003.

Clayton Beraldo, a Global Marine retiree, passed away on November 25, 2003.

Jack Kendrick, a Santa Fe retiree, passed away on December 2, 2003.

Earl Wickham, a Santa Fe retiree, passed away on December 15, 2003.

LeRoy Faye, a Santa Fe retiree, passed away on December 20, 2003.

Ayman Soliman



On December 13, 2003, Ayman Soliman, Electrician, was fatally injured while working on the *Key Manhattan* in Egypt.

Aly Eid Mohamed Aly



On March 15, 2004, Aly Eid Mohamed Aly, a Derrickman, was fatally injured while working on Rig 104 in Egypt. Aly had twenty years of service with the Company.

Such incidents are harsh reminders that safety must remain at the forefront of everything we do. Please continue to work safely for yourself and your colleagues, and let's make sure that every one of our employees return home safely to their families. There is no higher priority for this company than the safety of its employees.

L. Cecil Hubbard, a Santa Fe retiree, passed away on December 24, 2003.

Rusty Roberts, a Global Marine retiree, passed away on December 23, 2003. At the time of his retirement in 1986, Rusty held the position of Drilling Group Vice President.

Frank Thompson, of the A.W. Thompson Company (a legacy Santa Fe acquisition), passed away on January 13, 2004.

Fred A. Todd, a Santa Fe retiree, passed away on January 28, 2004.

John Waterbury, a Global Marine retiree, passed away on February 2, 2004.

Paul Richardson, a Santa Fe retiree, passed away on February 22, 2004. Paul had served as Vice President of Santa Fe Shaft Drilling Co.

Earl Fitzgerald, a Santa Fe retiree, passed away on March 1, 2004.

Richard Butchee, a Global Marine retiree, passed away on March 18, 2004.

Robert E. Steele, a Santa Fe retiree, passed away on March 31, 2004. Soon after its formation in 1948, Bob joined the Company as a Derrickman. He quickly rose to the position of General Foreign Staff Superintendent, traveling extensively throughout the world to oversee the Company's drilling operations. At the time of his retirement in 1985, Bob held the position of Vice President and Director of Personnel.

Paul D. Abbott, Jr., a Santa Fe retiree, passed away on May 5, 2004.

Race For The Cure

On October 4, 2003, GlobalSantaFe employees and family members gathered in downtown Houston to participate with over 25,000 people in the city's annual "Race For The Cure", a fundraising walk/run event that supports the Susan G. Komen Breast Cancer Foundation. Liz Capritto-Strahan coordinated this year's GlobalSantaFe participation. The Company was recognized by the foundation for being in the top 100 fundraisers.





GlobalSantaFe walkers who gathered in the early morning hours before the start of the Race are, from left: Mark Thompson, Jonathan Tristan, Malory Dreith, Jonathon Dreith, Mark Dreith, Ariana Civley, Erin Strahan, Lisa Lewis, Malcom Denkins, Joann and Ned Hastings, Liz Capritto-Strahan, Ken Baum, Dallas Thompson, Michelle Ashcraft, Chase Strahan, Siti and Syasya Thompson.

GlobalSantaFe participants, some of whom were not included in the pre-race photo are: Michelle Ashcraft, Alberto Woll, Ned Hastings, Maureen Hengst, Dana Elliott, Dalinda Mackey (with her son) , Donna Lesoon, Yolanda Genesky, Todd Jordan, Liz Capritto-Strahan, Sandy Tedeschi, Chris Barclay, Siti Thompson, and Kelly Millsap.

ProFile Photo Competition

Jillian Grace Vanlangendonck (see page 30) has a message for her daddy and everyone else involved in GlobalSantaFe operations...



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