

# Reservoir Mechanics



WEATHERFORD INTERNATIONAL, INC.

## 2000 Annual Report

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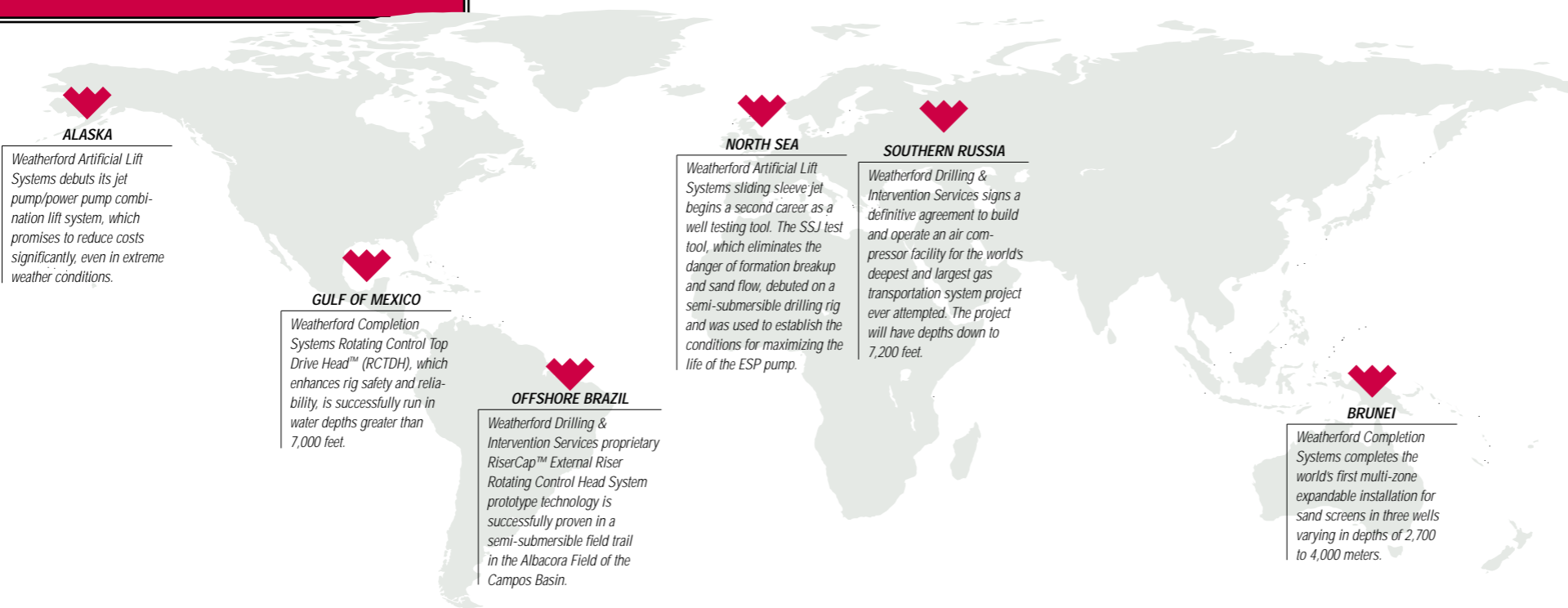
Critical Technologies for  
Increasing Reservoir Recovery

Underbalanced Systems  
Less pressure. More flow.

Expandable Sand Screens  
Revolutionize Sand Control

Production Efficiency  
Improves with Remote  
Optimization Systems

[www.weatherford.com](http://www.weatherford.com)



**ALASKA**

Weatherford Artificial Lift Systems debuts its jet pump/power pump combination lift system, which promises to reduce costs significantly, even in extreme weather conditions.

**GULF OF MEXICO**

Weatherford Completion Systems Rotating Control Top Drive Head™ (RCTDH), which enhances rig safety and reliability, is successfully run in water depths greater than 7,000 feet.

**OFFSHORE BRAZIL**

Weatherford Drilling & Intervention Services proprietary RiserCap™ External Riser Rotating Control Head System prototype technology is successfully proven in a semi-submersible field trial in the Albacora Field of the Campos Basin.

**NORTH SEA**

Weatherford Artificial Lift Systems sliding sleeve jet begins a second career as a well testing tool. The SSJ test tool, which eliminates the danger of formation breakup and sand flow, debuted on a semi-submersible drilling rig and was used to establish the conditions for maximizing the life of the ESP pump.

**SOUTHERN RUSSIA**

Weatherford Drilling & Intervention Services signs a definitive agreement to build and operate an air compressor facility for the world's deepest and largest gas transportation system project ever attempted. The project will have depths down to 7,200 feet.

**BRUNEI**

Weatherford Completion Systems completes the world's first multi-zone expandable installation for sand screens in three wells varying in depths of 2,700 to 4,000 meters.

# Reservoir Mechanics

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### Drilling & Intervention Services

**Competitive Advantages**

- Fully integrated global provider of all underbalanced drilling products and services.
- Worldwide leader in well installation technology and services, including advanced rig mechanization systems.
- A leader in multilateral technology for increasing casing exit, thru-tubing and re-entry applications.
- Largest and most complete line of cementation products and services, including technology for increasing global deepwater applications.
- World's most comprehensive solutions offering in support of underbalanced, multilateral, thru-tubing, well installation, cementation, well repair/intervention applications and drilling operations.
- Complete line of tools for fishing applications such as multilateral, workover fishing, sidetracks, casing milling, and plug and abandonment.

**Growth Opportunities**

- Strong growth projected in 2001 for international markets, especially in the North Sea, West Africa and Latin America.
- Growth rate for underbalanced services (UBS) is accelerating. Additionally, underbalanced acts as a powerful pull-through magnet for all drilling, intervention and completion products and services.
- Multilaterals and UBS are important to reservoir recovery, a key industry mandate.

### Completion Systems

**Competitive Advantages**

- A comprehensive line of integrated completion systems for cased- and open-hole applications.
- Global leader in expandable technologies, including Expandable Sand Screens (ESS) that set worldwide installation records in 2000.
- Well positioned in high-end, deepwater flow control market, due to interventionless completion installation expertise and technology.
- Class-leading liner hanger technologies proven in a number of environments, including world-record extended reach wells.
- Proven inflatable packer technology for growing offshore thru-tubing and high pressure/high temperature markets.
- Emerging leader in a range of reliable intelligent completion technology.

**Growth Opportunities**

- Business outlook for expandables is exceptionally strong, due to the formation benefits this technology provides. Additionally, expandables offer broad-based pull-through of other Weatherford products and services.
- Continuing research and development work, particularly for expandable liner systems and casing, which have potential market applications equal to or even greater than sand control.
- Margin gains anticipated from the growing leverage of our global operations footprint and manufacturing base.

### Artificial Lift Systems

**Competitive Advantages**

- Leading single-source worldwide provider of all types of artificial lift systems and services for the life of the well.
- Only company in the industry offering a systems approach to asset recovery solutions.
- Industry leader in developing customized, hybrid lift systems.
- Leading developer of remotely operated production optimization systems that allow proactive reservoir management and system performance evaluations.

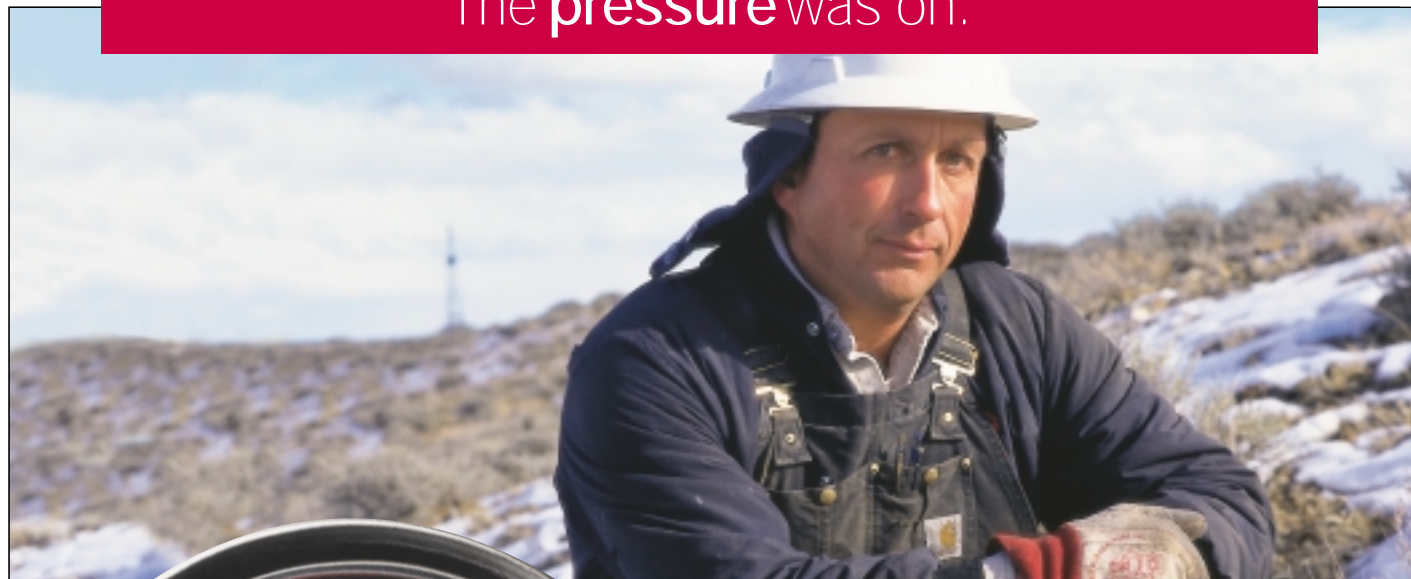
**Growth Opportunities**

- Volume for lift expected to grow in North America and international markets.
- Build international business by leveraging off Weatherford's global presence.
- Continued development of intelligent well technologies.
- Capitalize on increasing coalbed methane production demand for pump products in North America.

### On the Front Cover

With its mechanized rig systems technology, Weatherford is well positioned to capitalize on the growing worldwide trend toward safer and more efficient rig operations. Weatherford continues to move this technology forward with pipe handling systems and equipment designs implemented on new-builds and upgrades, for deepwater drilling vessels, and land rigs.

The pressure was on.

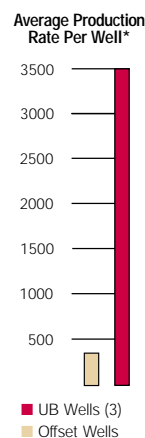


**In the Pietu Siupariai Field, Lithuania, Operator Minijos Nafta increased production on a horizontal well by 875%.**

How? By using Weatherford's Underbalanced (UB) products and services, which help lower pressure in the wellbore. Less pressure means more oil and gas flowing from the formation. And more oil and gas flowing in the reservoir means more money in your pocket.

So... if the pressure is on to increase your reservoir productivity while still minimizing formation damage, contact Weatherford. We are the industry's largest and most comprehensive underbalanced product and service company, offering everything from rotating control heads to compressible drilling fluids to UB project management and site supervision.

But more importantly, onshore or offshore, we're used to dealing with pressure. Let us help you reduce yours.



**Weatherford**  
Drilling & Intervention  
Services

Weatherford. Less pressure. More flow.™

Worldwide Headquarters: 713/693-4000

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\* Stable production rate from UBS horizontal well of 3,500 barrels of oil per day (BOPD) compared to offset wells of 180 BOPD with original Inflow Potential (IP) measured at 400 BOPD. © 2001 Weatherford International, Inc. All rights reserved.

Weatherford International, Inc. (NYSE: WFT), headquartered in Houston, Texas, is one of the top oilfield service companies in the world, with approximately 10,500 employees and more than 400 locations in 54 countries, excluding Compression Services. Weatherford's purpose is to deliver superior financial performance by providing high performance technologies and superior products and services that facilitate our customers' drilling, completion and production operations.



**Financial Highlights**

(In thousands, except per share amounts and employees)

	2000*	1999
Revenues	\$ 1,814,261	\$ 1,240,200
Earnings before Interest, Depreciation, Amortization and Taxes (before Charges)	\$ 375,755	\$ 233,476
Earnings before Interest, Depreciation, Amortization and Taxes (after Charges)	\$ 319,437	\$ 233,476
Operating Income (before Charges)	\$ 176,646	\$ 66,818
Operating Income (after Charges)	\$ 120,328	\$ 66,818
Net Income from Continuing Operations (before Charges)	\$ 80,041	\$ 16,206
Net Income (Loss) from Continuing Operations (after Charges)	\$ (38,892)	\$ 16,206
Diluted EPS from Continuing Operations (before Charges)	\$ 0.71	\$ 0.16
Diluted EPS from Continuing Operations (after Charges)	\$ (0.36)	\$ 0.16
Diluted Weighted Average Shares	109,457	102,889
Total Assets	\$ 3,461,579	\$ 3,513,789
Total Debt	\$ 1,163,810	\$ 951,870
Stockholders' Equity	\$ 1,338,458	\$ 1,843,684
Depreciation and Amortization	\$ 199,109	\$ 166,658
Capital Expenditures	\$ 266,560	\$ 174,300
Number of Employees	11,863	9,668

\*Our 2000 results include impairment charges for assets to be disposed of related to the merger of essentially all of our Compression Services Division into Universal Compression Holdings, Inc. and a tax provision related to the deconsolidation of this division. Additionally, in April 2000, we completed the spin-off of Grant Prideco through a distribution to our stockholders, which is reflected as a reduction to Stockholders' Equity.

www.weatherford.com

# To Our Stockholders:

Favorable markets and a sharpened focus on our core businesses had a very positive impact on Weatherford's performance in 2000. Financial results improved substantially while the company completed critical steps in its quest for focus.

Among the year's notable milestones:

- Our core businesses, serving the drilling, completion and production segments of the oil and natural gas industry, delivered a strong financial performance that improved throughout the year. Revenues rose 46%. Operating earnings (before special charges related to the merger of our Compression Services division) increased 164%. Fully diluted earnings per share from continuing operations (before special charges) increased 343% to \$0.71.

- Our balance sheet was greatly strengthened with the \$500 million received from the issuance in June of the zero-coupon convertible senior debentures due 2020.

- Our stock price performed very well, as it increased 98% during the year. These results put Weatherford in the top of its class, as we were in 1999. Over the years, Weatherford has consistently provided one of the best stockholder returns in the oilfield industry.

- In April, our Drilling Products division, Grant Prideco (NYSE: GRP), was spun off to stockholders in a tax-free transaction. In addition to unlocking significant value for stockholders, the spin-off allows both Weatherford and Grant Prideco to independently focus on their respective development.

- In October, we announced the merger of our Compression Services division with Universal Compression Holdings, Inc. (NYSE: UCO). The merger, completed in February 2001, creates the second largest company in compression services, an industry where scale matters. Furthermore, the combination is a broad consolidation with powerful economies, which will accrue to both Universal stockholders and our own through Weatherford's 13.75 million shares ownership.

Weatherford is a provider of mechanical solutions for the purpose of optimizing reservoir recovery. Why reservoir recovery? The industry's producing formations have been overwhelmingly the same during the past 25 years. We have not kept up with the rate of field discoveries prevalent in the 50s, 60s and most of the 70s. That earlier time was truly the golden age of oilfield discoveries. With the passing of time, the aging of the average producing formation has resulted in diminishing formation drive and growing decline rates. Improving both flow rates and ultimate reservoir recovery have become industry priorities. Weatherford believes that much can be accomplished to optimize reservoir recovery in two interrelated ways:

- Minimizing formation damage
- Providing optimal downhole geometry

Much of our technological drive is centered on and around furthering both objectives.

Your company is organized today in three divisions – Drilling & Intervention Services, Completion Systems and Artificial Lift Systems. Each of these divisions has a two-pronged strategy for growth in place. The first and most obvious element of that strategy is to maximize revenue and earnings leverage to the oil and gas cycle. The second and perhaps the most important element is to pursue investment and technology opportunities that will enhance reservoir recovery while improving our competitive advantage and thus market positions and profitability.

Weatherford's earnings powerhouse during 2000 was its Drilling & Intervention Services division. Revenue increased 47% to \$882 million, fueling a 60% increase in EBITDA to \$277 million. While that was a strong performance on a year-to-year basis, this division's performance accelerated during the year.

This strong growth principally reflected the rapid expansion in natural gas drilling activity in North America. In 2000, in the United States alone, the average annual number of rigs drilling for natural gas increased 45% over 1999. All service and product lines contributed to the improvement and all are poised to continue to grow in 2001. This will be particularly true in international markets, which is where historically we excel. Weatherford has one of the industry's most extensive international



footprints with a half century-old proud tradition of service.

We noted last year that within Drilling & Intervention Services, we had begun building a market-leading presence in underbalanced services (UBS). Our growth has been phenomenal in this market. In the fourth quarter of 1999, our UBS revenue was running at \$58 million on an annualized basis. By the fourth quarter of 2000 that run rate was \$120 million, more than twice that of the prior year. The only factor that will slow that growth is the availability of technical personnel and equipment to serve a market that is still in its infancy. Although only 1% of the world's wells are drilled underbalanced today, it is becoming increasingly clear that the formation benefits of the technology are so compelling that widespread industry use will be inevitable over time.

Our challenge will be to manage that growth responsibly, protecting our share and technology leadership without diluting the engineering quality of our services. Very recently, in March 2001, we announced a

further addition to our UBS fleet with the acquisition of eight fully integrated UBS systems from Tesco, a publicly traded Canadian oilfield equipment company, to our growing capabilities.

Another important technology we are focused on within the Drilling & Intervention Services division is multilaterals, a core technology that delivers optimal geometry downhole. We want to build on our current market position and further leverage our capabilities in casing exits, re-entry and thru-tubing services. In October, we acquired multilateral well completion technologies from Starfield Holdings. The acquisition included drilling, completion and re-entry technology and equipment, and allows Weatherford to compete in the high end of the market for multilateral junction systems.

A key component of Weatherford's growth lies with its Completion Systems division. In 2000, we laid the foundation for the future. We integrated people, products, brands and facilities brought to your company from

the intensive 1999 acquisitions. We built infrastructure, opened 24 new operations bases in 11 countries and added more than 400 people, many of them with engineering skills, and doubled our manufacturing capacity. In the process, revenues grew by \$100 million to \$221 million, or 82%, and our market position improved from number four to a clear number three with systems integration and breakthrough technologies. In addition, this division generated \$20 million EBITDA for the year and by the third quarter was generating positive operating income. We consider this a very favorable start.

One of the most promising technologies for Completion Systems has been its expandable product line. Last year marked the initial commercial success of our line of expandable sand screen (ESS) products based on expandable technology. More than 40 successful installations of this breakthrough product have been made in oil and gas fields around the world. The popularity of the ESS is due as much to its well productivity



or less formation damage benefits as to its cost advantages. Within the February to April 2001 timeframe alone, we have more than 20 ESS installations either scheduled or in progress.

Further developments in Weatherford's expandable technology have occurred. After years of R&D, we introduced our own proprietary expansion system, which is known as the Rotary Expansion System. This system was used initially for ESS sand control applications, but long term it has major implications for well construction and completion since it is designed to expand solids such as tubulars, liner hangers and packers. Such applications will have a quantum impact on client wellbore geometry and economics.

Our third division, Weatherford's Artificial Lift Systems division, delivered record results in 2000. Revenues increased 50% and EBITDA rose by 86%. This growth was particularly impressive, for it occurred in a market that was dominated by gas drilling. The North American market for oil and heavy oil was substantially more subdued than its gas segment. Whereas gas activity soared well above 1997 (the most recent cyclical high) levels, U.S. and Canadian oil activity remained at a fraction, one-half to one-third depending on market

segment, of 1997 levels. Improving margins in this business have been driven by aggressive pursuit of operating efficiency. Productivity has grown sharply. Revenue generation per person nearly doubled during the year to more than \$200,000 by year-end.

Notwithstanding its efficiency focus, Artificial Lift Systems emulated its sister divisions by investing in lift technologies. Pursuing the same objective of maximizing reservoir recovery, Artificial Lift Systems is working on intelligent lift, otherwise called intelligent production systems, cross-breeding of lift systems and breakthrough lift technologies. Artificial Lift Systems introduced in the marketplace well optimization and remote monitoring and control systems. These systems include field management and products that allow customers to remotely monitor and control well production and operations from one central location. Such systems are expected to offer customers substantial operating savings and improved well productivity.

Concurrently, we are also testing a new revolutionary positive displacement turbine lift system. As in the case of our other divisions, our technology focus is on products and services that will improve overall reservoir recovery and the economics of producing hydrocarbons.

#### Final Comments

While 2000 was a good year by many measures, we should remember that it was only year one of a recovery. In our letter to you last year, we commented that the pattern of

recovery would be different in this cycle when compared to previous cycles. Our opinion then was that the initial rate of recovery would test our patience, but that its strength and duration would exceed all expectations. We still believe this to be true, particularly in the international markets where hydrocarbons future will be. The basis for this belief lies in the cumulative interaction between accelerating decline rates and extraordinarily low levels of idle capacity available. The need for technology has never been greater.

As we enter 2001, we believe Weatherford is a stronger company in terms of its capabilities, operating effectiveness, financial condition and competitive position. Our investments in technologies that help customers optimize reservoir production are beginning to yield returns. All of this translates into higher stockholder returns. In fact, in its February 26, 2001 edition, the *Wall Street Journal* ranked your company first in stockholder returns within the oilfield service & equipment industry with a 41.2% five year compounded return. We have in the past often been ranked in the top slot for stockholder returns, and we pledge on behalf of your entire organization to do everything in our power to continue this proud tradition.

Respectfully,

Bernard J. Duroc-Danner



Produced ahead of production plan estimates ■ Eliminated capital expenditures  
Experienced no mechanical failures ■ All while still staying under expense budgets

These are just four benefits a major producer discovered after hiring Weatherford on a cost-per-hour contract to provide artificial lift equipment and services for their heavy oil fields in South America.

To see how we can give your assets a lift by customizing lift solutions that maximize your asset recovery, contact us at **713-693-4000** or visit our web site at **www.weatherford.com**.

- Reciprocating Rod Lift
- Hydraulic Lift
- Progressive Cavity Pumping
- Gas Lift
- Plunger Lift
- Electric Submersible Pumping
- Well Optimization



Weatherford. The Lift Experts.™

  
**Weatherford**  
Artificial Lift Systems

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# PRODUCTIVITY GAINS

and Safety Record Speed Acceptance of UBS.



Weatherford currently has underbalanced drilling programs on the drawing board in Algeria, Brazil, China, Columbia, Indonesia, Lithuania and the United States, as well as large-scale projects in the Middle East and the North Sea.

Contracts for Weatherford UBS are on the upswing and market share continues increasing worldwide as UBS gains acceptance for its safety and productivity results. Weatherford's UBS Pipeline Services, for instance, have been contracted to build and operate an air compressor facility that will provide bulk dewatering and drying services for the Blue Stream

Pipeline Project, the deepest and largest project of this kind ever attempted. Weatherford was also tapped to supply equipment and technology, as well as train engineers from Shengli China's Petroleum Administrative Bureau, in the concepts of UBS.

Two factors are propelling this growth in business: 1) continued

demand for hydrocarbons at stable price levels; and 2) the challenge of squeezing them from the world's maturing fields. Weatherford is uniquely positioned to continue moving UBS into worldwide markets, due to our existing global infrastructure and because we have assembled all components of the UBS system through R&D and strategic acquisitions.

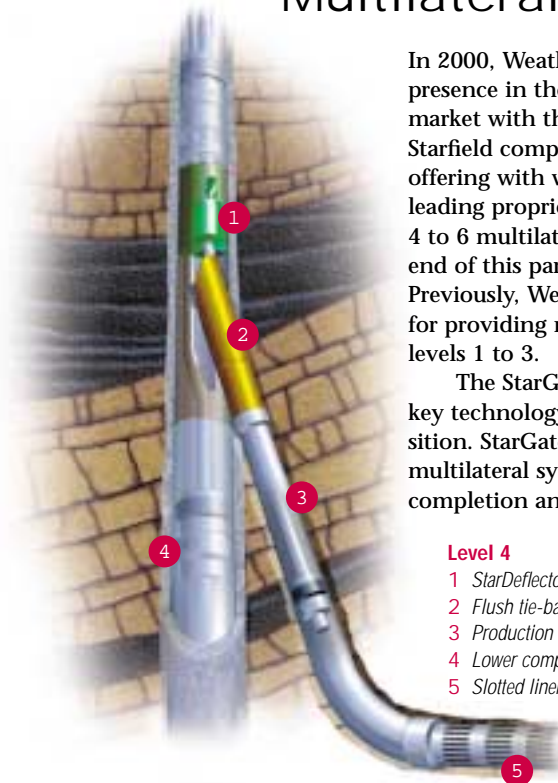
A particularly strong market for 2001 and beyond will be offshore and deepwater environments. Weatherford already has proven UBS technology is successful in offshore applications with the Brazilian JIP trials of the proprietary RiserCap™ External Riser Cap Rotating Control Head System. The RiserCap was run in a 10,000-foot well in 1,000 feet of water in the Albacora Field of the Campos Basin in early 2001. Weatherford also is planning entry into the Gulf of Mexico market with a contract for its first project for a major operator later this year.

## ♥ What is Underbalanced Drilling?

Underbalanced is the planned condition where the bottom hole pressure exerted by the hydrostatic head of the wellbore fluid column is less than the pressure of the formation being drilled. UBS is not new to the industry – for the better part of 50 years, it's been used to conduct air drilling. But in the last five years, the technology has improved to the point where UBS can be used in a variety of applications, including the vast offshore market.



## Weatherford Moves into Advanced Multilateral Well Completion Technology.



In 2000, Weatherford ramped up its presence in the expanding multilateral market with the acquisition of Starfield. Starfield completes our multilateral offering with what we consider to be a leading proprietary technology in level 4 to 6 multilaterals, or the very high end of this particular technology. Previously, Weatherford was known for providing multilateral systems in levels 1 to 3.

The StarGate System was the key technology gained from the acquisition. StarGate is a fully integrated multilateral system including drilling, completion and re-entry technology

### Level 4

- 1 StarDeflector™ dual completion system
- 2 Flush tie-back hanger
- 3 Production tubing
- 4 Lower completion packer
- 5 Slotted liner

### Multilateral Update

Multilaterals are predicted to be the next step in production technology. Multilaterals optimize reservoir recovery without the cost or environmental impact of additional wells because they take the wellbore to the oil instead of forcing the oil to make its way to the wellbore.

and equipment. The system is unique in the market in that it permits down-hole orientation of pre-milled windows without the need for rotation of the casing from the surface. This provides a substantial advantage in predictability, as well as cost reduction.

By the year 2004, more than 5,000 multilateral wells are projected to be completed. Additionally, half of all subsea wells are expected to be drilled multilateral.

## Mechanized Rig Systems Well Positioned for Growing Rig Safety Trend.

The industry's upturn and renewed focus on rig safety practices provide strong growth avenues for Weatherford's mechanized rig systems technology. Increasingly, drilling contractors and operators require contractors and sub-contractors to reduce or eliminate injuries on the rig floor as a condition in tenders and in most bid qualifications. Weatherford's Mechanized Rig systems are optimally positioned to capitalize on this trend, since we already have established a track record for shrinking safety incident numbers as well as running times.

In 2000, for instance, we completed the second Stabberless System™ project for Burlington Resources with a run time of 27 ½ hours (a 34.2% reduction over previous running times) for a 15,500-foot string of 14-inch pipe. This particular job represents one of many industry firsts by running all casing on an ultra-deep, critical well while eliminating personnel from hazardous work environments.

Weatherford will continue moving this new technology forward worldwide with pipe handling systems and equipment designs installed on new vessels and upgrades for existing deepwater drilling vessels, as well as systems for onshore use.



*Since 1994, when Weatherford began installing "first generation" rig systems, the company has been developing new generation rig systems that eliminate a greater number of personnel from the rig floor where most accidents occur. In fact, our rig mechanization advances are promoting a different breed of multi-skilled field service technician who knows how to operate both the hardware and software of these computer-driven systems.*

# ESS<sup>TM</sup>

## Expandable Sand Screen Increases Production by More Than 20%.

*Formation benefits, including major production increases and cost savings, are positioning ESS to gain substantial market share in sand control over traditional technology.*

During the past year, Weatherford's revolutionary ESS technology continued to excel in downhole performance. In January 2001, for instance, we set a new industry record in a very challenging North Sea well by installing a horizontal section of more than 7,000 feet with an expandable sand control system.

The initial cleanup production rates indicate performance improvement of more than 20% compared to

plan, and well cost savings in excess of \$1 million.

These types of geological and cost advantages are two of the reasons behind the significant number of worldwide ESS jobs we performed last year. To put this in perspective, we began the year 2000 averaging two installations per quarter. By year-end, we averaged nine installations a quarter, a rate we hope to double in 2001.

Technology leadership is another factor behind Weatherford's impressive growth in this market. Our distinct advantages include offering the only commercial product in the industry, providing the broadest product range and dedicating significant manufacturing facilities for increased capacity.

For the future, we are increasing our expandable capabilities through the development of products such as revolutionary expandable liner systems and expandable casing that will push current engineering envelopes.



## Worldwide Contracts Increase for Completion Isolation Valves.

Weatherford's custom life-of-the-well flow control equipment continues to gain market share in regions beyond the North Sea where it initially was developed.

Late last year, for instance, we were awarded our largest Advanced Flow Control Systems (AFCS) contract – delivering Completion Isolation Valves (CIVs) for a major operator in China. The contract is the latest in a series of other AFCS contracts, such as several that were awarded to Weatherford in the Gulf of Mexico. Combined, these represent growing market awareness of the company's expertise in totally interventionless completion installations, and also validate our pull-through strategy of introducing regionally strong product lines into new areas of the world.

Additionally, Weatherford's AFCS technology is a prime candidate for the steadily increasing offshore market, due to its record of helping customers reduce operational costs, improve safety and protect the reservoir. Currently, the company is bidding for major deepwater projects that could further raise this product line's profile in the next few years.



Weatherford's Completion Isolation Valve was born out of customer need for a high-integrity bi-directional down-hole isolation device. The CIV was applied in a multi-zone gravel pack completion to provide protection against fluid loss to the formation and act as a barrier for subsequent completion installations for a major operator in the Gulf of Mexico. Future plans for CIV include additional technology developments for extreme high debris potential and high pressure/high temperature operations.



## Inflow Control Devices Fit Growing Market in Long Horizontal Applications.

Approximately 40% of all screens currently are run in long horizontal applications. However, as the well produces and drains its associated reservoir volume, slow changes occur in the pressure profile along the well. This can make it difficult to regulate inflow into screens, since certain areas of the well flow easier than others.

Weatherford currently is developing four inflow control device (ICD) prototypes that allow the reservoir to drain more uniformly. This results in more recovered hydrocarbon, which in turn means more profitable reservoirs.

Although there is another ICD currently on the market, Weatherford's will be unique in that it will be a single size concept, which will improve logistics on the rig floor. The other advantage of Weatherford's ICD technology is its pull-through potential. The ICDs are being designed to work with Weatherford's current sand screens such as the Ultra-Grip™ wire wrap screen, as well as our extended reach roller centralizer product. Testing on the ICD prototypes is scheduled for second quarter 2001.



## Move into Lifting Solutions Market Marks Shift in Focus During 2000.



In 2000, providing lift solutions versus simply selling equipment yielded a number of new contracts for Weatherford and began positioning us as a provider of cost-efficient answers to operators' recovery needs worldwide.

For instance, in Venezuela, we supplied progressing cavity pump systems with downhole sensors, as well as personnel to install, operate and maintain them, for a major operator's heavy oil wells. This project now runs 89 wells with a production rate of 130,000 barrels of oil per day and has had no mechanical pumping failure in over 16 months.

Exploiting core competencies beyond traditional markets also is found in the customized solution Weatherford put together for a client on Alaska's North Slope. Through comprehensive up-front evaluation and access to the full range of lift technology, we developed a jet pump/power pump combination that reduces costs significantly in this harsh production environment.

On the immediate horizon for the upcoming year will be further commercialization of new technologies as we continue an R&D focus on intelligent well technology and remotely-operated well optimization technology. We also will continue focusing our efforts on markets where we hold dominate shares such as heavy oil in Venezuela and Canada, as well as continued emphasis on coalbed methane production in the United States.

Weatherford has moved into a leadership role of providing lifting solutions that pinpoint customers' needs and offer a systems approach to asset recovery for the world's growing population of maturing fields.

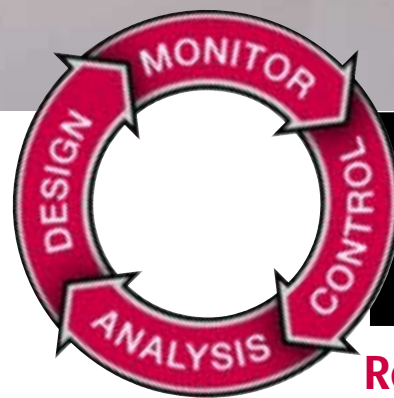
### What are Lifting Systems?

Simply defined, Lifting Systems involves working with customers to determine the following: 1) the best system for the well based on an analysis of well conditions and production goals; 2) which product combination can help optimize field production; 3) the ability to offer one supplier and the same service for different solutions; and 4) technical support for all the products. Because we are the only company to offer all forms of lift, we are the only company that can provide these types of comprehensive services.



### Customized Lift Solution Equals Technical and Commercial Success.

Weatherford recently incorporated a sliding sleeve into a temporary drill stem test string in a horizontal well that was being cleaned up and evaluated for the potential running of an Electric Submersible Pump. By using the sliding sleeve jet pump in the well test string, producers were able to gradually draw down well pressure to kick off the well while avoiding the danger of formation breakup and sand flow. During the clean up, the back pressure was reduced while injection pressure was increased and the well flowed at 6,200 BPD.



# ROPOS

## Remotely Operated Production Optimization System

Already at the forefront of remote automation and optimization systems, Weatherford has further refined the AIM™ System that we originally introduced in February 2000. The system now incorporates all forms of subsurface lift as well as remote system performance.

ROPOS is Remotely Operated Production Optimization System technology that will allow proactive reservoir management decisions as well as system performance evaluations. The information gathered can be accessed through the Internet and adjustments to equipment can be made from the operator's desktop. ROPOS will help lower maintenance costs as well as increase production rates.

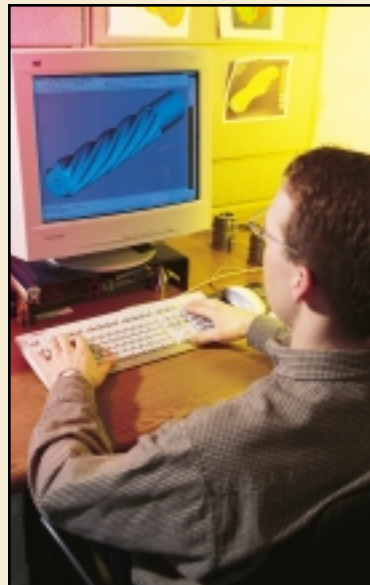


### WolfPack™ Nitrogen Generation System

WolfPack, Weatherford's new nitrogen generation system, is the latest addition to the company's industry leading offshore underbalanced products and services offering. In fact, WolfPack positions us to increase our presence in the growing UBS market, where cost-effective nitrogen separation is an essential component in the air drilling process. WolfPack's benefits to customers include: 1) operating with fewer moving parts, 2) requiring less complicated filtration and 3) leaving a smaller footprint. It is the only system of its kind with a direct drive design and has the industry's highest volume output relative to its size.



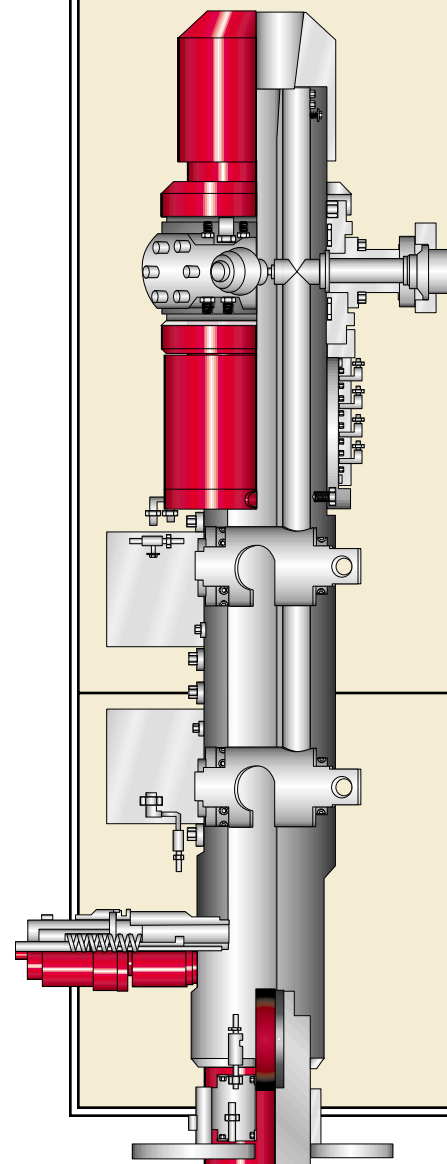
### ROPOS – Remotely Operated Production Optimization System



Weatherford was one of the first companies to provide complete artificial lift well optimization services and products that allow the customer to remotely monitor and control, design and analyze wells from a remote location. We continue to be the market leader in this growing segment by refining existing products and services, such as our new Remotely Operated Production Optimization System (ROPOS) technology. ROPOS will incorporate all forms of subsurface lift with remote system performance. The information gathered can be accessed through the Internet and adjustments to equipment made from the operator's desktop. ROPOS will help lower maintenance costs as well as increase production rates.

### Remote Control Top Drive Cementing Head™ (RCTDH)

Weatherford's premium liner hanger systems have been run in some of the most challenging wells in the world, including the world's longest extended reach well. The latest technology to join these systems is the Remote Control Top Drive Head (RCTDH), which is fast becoming the new standard in deepwater Gulf of Mexico and North Sea applications. RCTDH allows remote actuation of the cementing head, making it safer than standard battery powered remote-controlled heads because no rig personnel are required to manually operate the ball and dart release valves. It also boasts a smaller footprint and is powered with compressed air.



#### Corporate Officers

Bernard J. Duroc-Danner  
President, Chief Executive Officer,  
Chairman and Director

E. Lee Colley, III  
Senior Vice President and  
President, Artificial Lift Systems

Mark E. Hopmann  
Senior Vice President and  
President, Completion Systems

Gary L. Warren  
Senior Vice President and  
President, Drilling &  
Intervention Services

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Senior Vice President,  
Communications and  
Investor Relations

Jon R. Nicholson  
Senior Vice President,  
Human Resources and  
Information Technology

Burt M. Martin  
Vice President, Law  
and Secretary

James N. Parmigiano  
Vice President,  
Operational Controller

Lisa W. Rodriguez  
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Chairman Emeritus  
Weatherford International, Inc.

David J. Butters  
Managing Director  
Lehman Brothers, Inc.  
(Investment banking company)

Bernard J. Duroc-Danner  
Chairman of the Board, President  
and Chief Executive Officer  
Weatherford International, Inc.

Sheldon B. Lubar  
Chairman Lubar & Co.  
(Private investment company)

William E. Macaulay  
Chairman and  
Chief Executive Officer  
First Reserve Corporation  
(Investment funds manager)

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(Investment banking company)

Robert K. Moses, Jr.  
Private Investor

Robert A. Rayne  
Executive Director  
London Merchant Securities plc  
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#### Legal Counsel

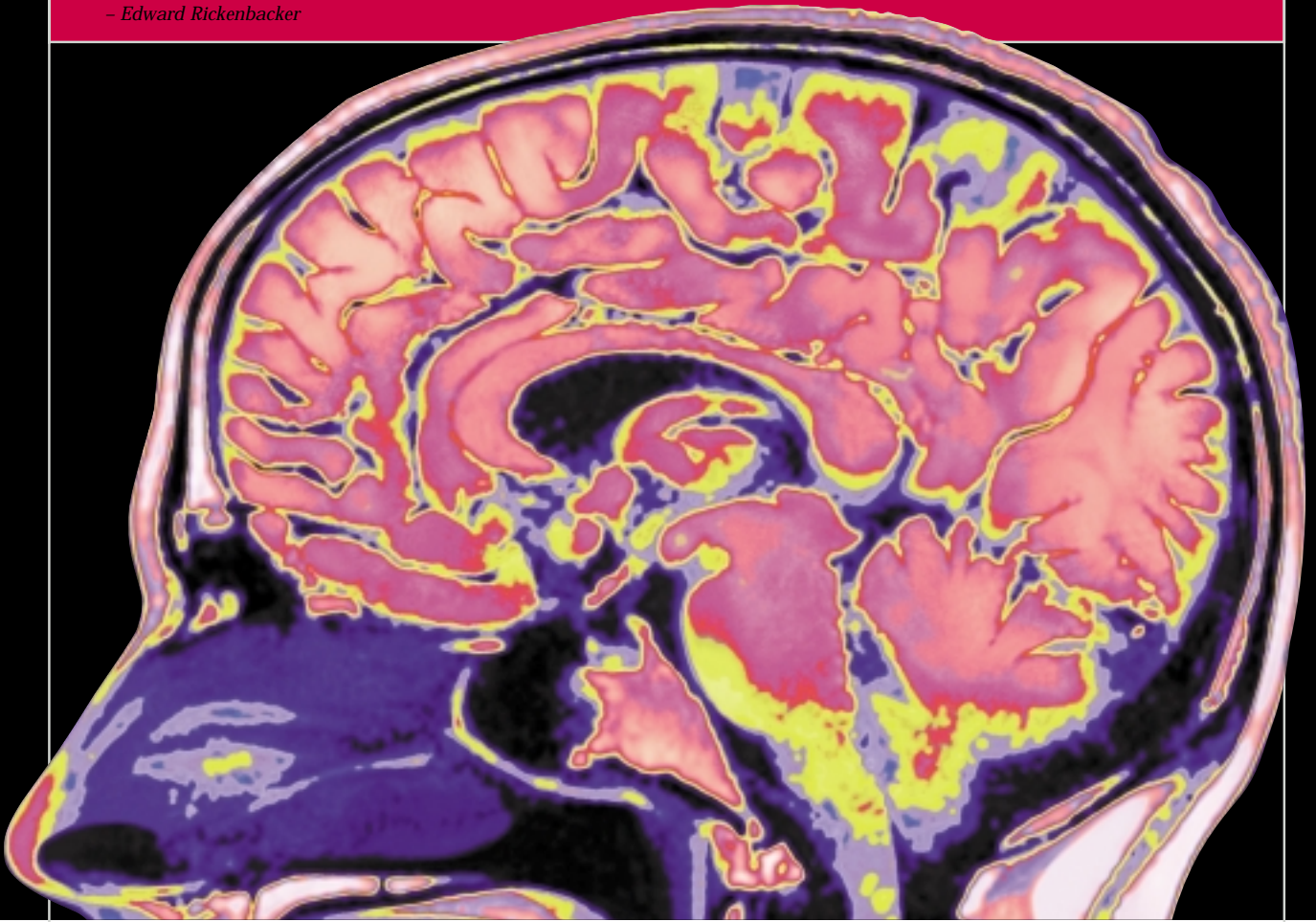
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#### Stock Data

New York Stock Exchange  
Symbol: WFT

"Think things through. Then follow through."

- Edward Rickenbacker



**Production and Service Packers ■ Liner Systems ■ Expandable Technologies ■ Conventional Sand Screens ■ Advanced Flow Control Systems ■ Inflatable Packers ■ Intelligent Well Systems**

**Turning ideas into results:**

*Created the fastest-growing completion systems company in the world.*

*Established an extensive global infrastructure, including opening 24 new operation bases in 11 countries in the year 2000 alone.*

*Only company to commercialize and run 35,000 feet (11,000 meters) of Expandable Sand Screen technology, a revolutionary sand control solution.*

*Completed record liner installations in extended reach wells in the Gulf of Mexico and the North Sea.*

Less than two years ago, Weatherford saw the need in the industry for a new completion systems company. But not just any ordinary completion provider.

This one needed to be responsive, agile and focused. It had to combine production-enhancing technology with a highly talented team of experts. And dedicated service with an impressive global infrastructure.

Next time you need a completion system company with a track record of turning ideas into results, contact Weatherford Completion Systems. We're not just different; we approach completion differently.

Weatherford. **Completely Different.**



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