

rigamarole

volume 21 number 2

Fall 2007



78
77
76
75
74
73
72
71
70
69
68
67
66
65
64
63
62
61
60
59
58
57
56
55
54
53
52
51
49
48
47
46
45
44
43
42
41
40



A publication for the people,
customers, suppliers and friends of
Diamond Offshore Drilling, Inc.

02 Toward Energy Independence?

In more than 20 of the last 34 State of the Union addresses since 1973, presidents have tried to fix the nation's energy problems, President George W. Bush being but the most recent. Yet today, we import more than 60 percent of our nation's oil. What steps have we taken as a country to reduce our dependence on foreign imports while increasing domestic production? The answer: not many.

08 Hungry for Hydrocarbons

Brazil, home of 190 million people, is one of the fastest-growing energy markets in the world. The engine that powers this growth is Petrobras, Brazil's semipublic national oil company with current production of 1.9 million barrels per day of oil and gas equivalent. Offshore wells supply 82 percent of that total. Today, the Petrobras goal is to stay 20 percent ahead of Brazil's demand for oil and to double the country's energy output by 2030. With soon to be seven floaters operating in the country, Diamond Offshore is there to help.

24 Creative With a Capital "A"

Anadarko's Darrell E. Hollek talks about the company's major deepwater Gulf of Mexico exploration program that has yielded 14 discoveries since 2005 and how Diamond Offshore fits into future plans.

28 Anatomy of a Survey

Every five years Diamond Offshore rigs are required to cease operations to be put through an industry-mandated ABS Special Survey—a precisely orchestrated symphony of top-to-bottom inspections, maintenance, repairs and modifications. A dozen Diamond Offshore rigs are hitting their five-year interval this year and going through a survey. This is a sweeping view of the process from the towering decks of one rig: the *Ocean Baroness*.

36 Hometowns of Diamond Offshore

The cultural heritage of Diamond Offshore employees is rich and varied. In many cases, the men and women who crew our rigs come from the small towns and villages that help make up the heartland of the countries they represent. In this issue, we take a look at two such hometowns and some of our employees who call them home.

46 Facets

News and views from Diamond Offshore

49 Ruminations

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A letter from Larry Dickerson,

PRESIDENT AND CHIEF OPERATING OFFICER



Larry Dickerson

When the *Ocean Endeavor* commenced work in the Gulf of Mexico this July, the unit became the first new deepwater rig to be delivered in this cycle. Other new-build floater units and upgrades that have been ordered still have months or years to go before they are turning to the right.

Our decision to go forward with the upgrade of the *Endeavor* at a cost of \$250 million was made in late 2004, with the actual upgrade beginning in the middle of 2005, shortly after the *Endeavor* arrived in Singapore. Two years later, the *Endeavor* started drilling for Devon Energy.

Our Victory-class upgrades have, since the *Ocean Quest* was contracted to Chevron in mid 1995, long represented one of the quickest ways to bring on new deepwater capacity. The cost advantages inherent in this design allow us to economically deliver upgraded capacity to the market. New-build deepwater rigs currently being ordered, in contrast, are likely to cost between \$600 million and \$750 million and have delivery dates in excess of three years. Our customers also appreciate the advantage of not having to wait so long to begin their drilling program.

In January 2006, we followed the *Endeavor* order with a similar commitment to upgrade the *Ocean Monarch*. The *Monarch* was purchased in late 2004 for future upgrade work. We held onto the rig until the *Endeavor* was contracted and then brought the unit to Singapore where work began in the first quarter of 2007, with completion scheduled for the fourth quarter of 2008. Following mobilization back to the GOM, the *Monarch* will begin a four-year contract with Anadarko. Although a dozen or so other new-builds are scheduled to be delivered before the *Monarch*, we believe the elapsed time between signing of the Anadarko contract and spudding its first well will be a record for ultra-deep rig upgrades.

Though currently contracted for work in 8,000 ft., of water, both the *Endeavor* and the *Monarch* are designed for water depths of up to 10,000 ft. and are in virtually every respect new rigs.

The *Endeavor* and the *Monarch* join the *Ocean Baroness* and the *Ocean Rover* in a series of 5th generation Victory-class upgrades. Of course both the *Baroness* and the *Rover* were upgraded in the previous down cycle and were delivered and had worked for sometime before the current upturn in demand. Both units initially worked in Southeast Asia following their upgrades. The *Baroness* has since moved to the GOM where the unit is under contract to Hess until early 2010, while the *Rover* remains in Southeast Asia under contract to Murphy until 2011.

Earlier 4th generation Victory-class upgrades included the *Ocean Star*, *Ocean Victory* and *Ocean Quest*, which are now helping customers such as Anadarko, Murphy and Noble Energy achieve their deep water goals in the Gulf of Mexico.

At the end of the day, we have seven Victory-class upgrades to our credit and the *Ocean Voyager* and *Ocean Bounty* remaining for upgrade. The *Voyager* is contracted for several years with Pemex in Mexico and the *Bounty* with Woodside in Australia through early 2010. Given the opportunity cost of taking these units out of service in today's market, upgrading will likely have to wait for the future.

So our attention turned to the shallower waters where we began work on new-build jack-up rigs, the *Ocean Shield* and *Ocean Scepter*. Both of the units will feature 2-million-pound hook-loads and will be capable of drilling to 35,000 ft. using state-of-the-art deep-horizon tools and techniques. With delivery scheduled for Q1 and Q2 of 2008, respectively, we eagerly await this enhancement to our jack-up fleet.

So what is next? It is hard to say, but rest assured Diamond Offshore will continue to enhance its fleet through innovative upgrades and opportune acquisitions. In good times and bad we consistently followed a strategy of investing in our fleet—and when something works well you don't go and change it.

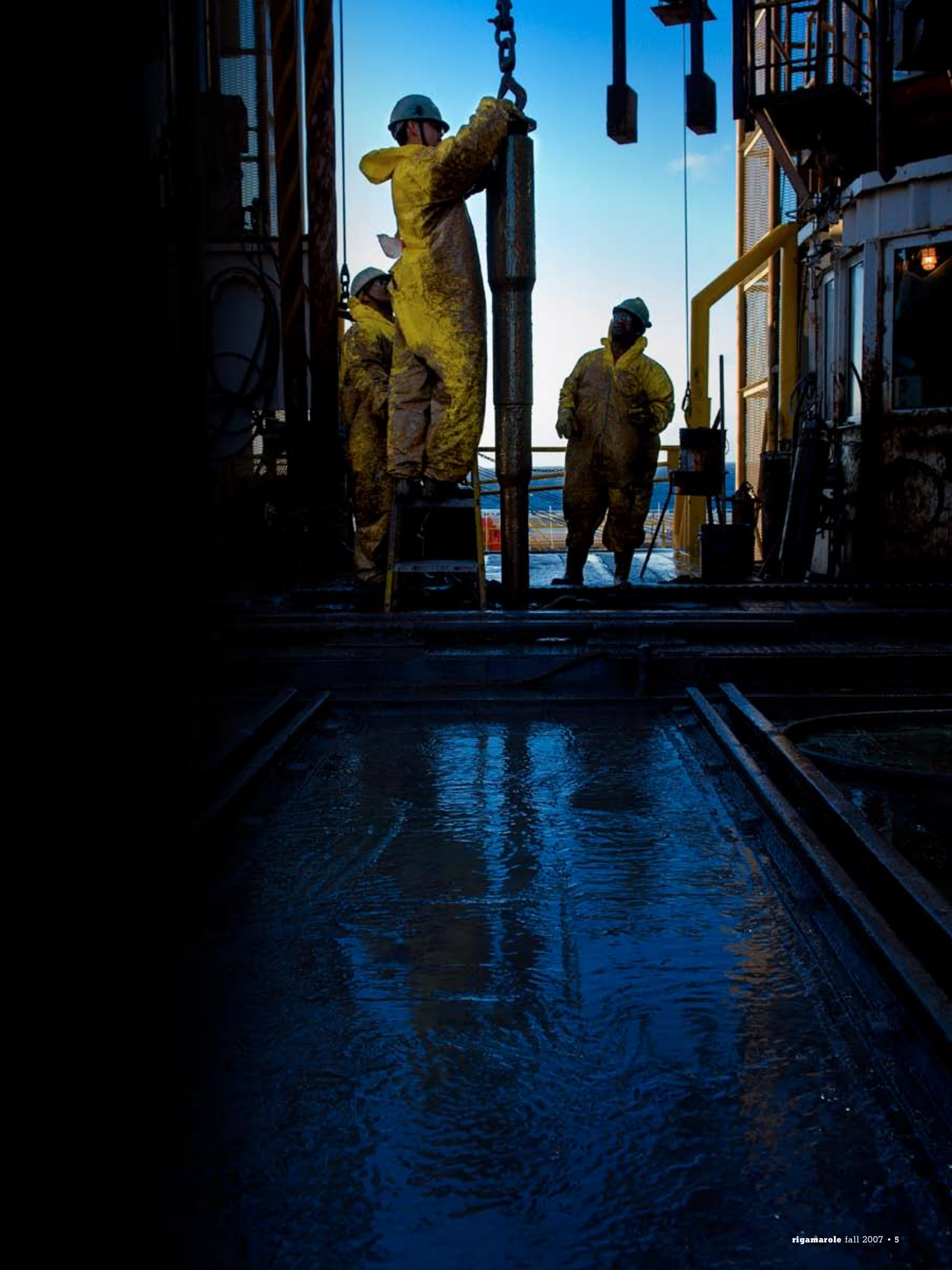
Toward Energy Independence?

by Lawrence R. Dickerson

Chairman, National Ocean Industries Association
President and COO, Diamond Offshore Drilling

In more than 20 of the last 34 State of the Union addresses since 1973, presidents have tried to fix the nation's energy problems, president George W. Bush being but the most recent. Yet today, we import over 60 percent of our nation's oil. What steps have we taken as a country to reduce our dependence on foreign imports while increasing domestic production?

The Answer: Not Many.



How Our Energy Dependence Has Grown

PERCENTAGE OF OIL IMPORTS

1974

“Let this be our national goal: At the end of the decade, the United States will not be dependent on any other country for the energy we need to provide our jobs, to heat our homes, and to keep our transportation going.”

RICHARD NIXON

35%

1979

“I am tonight setting a clear goal for the energy policy of the United States. Beginning this moment, the nation will never use more foreign oil than we did in 1977—never.”

JIMMY CARTER

49%

ARE THE TIMES CHANGING?

Someone once said, “Some people make things happen, some watch while they happen, and some wonder ‘what happened?’” On Dec. 9, 2006, shortly after midnight on a Saturday, members of the Senate from both sides of the aisle agreed 79-9 to allow offshore drilling in 8.3 million acres in the Gulf of Mexico as part of a tax and trade package. This historic legislation was the culmination of years of trying to approve some sort of offshore legislation, including a five-decade battle to give Gulf Coast states a share of royalty payments for oil and gas produced off their shores.

During the signing, President Bush said, “This bill will help expand and diversify energy supplies. The bill will increase America’s energy security by reducing dependence on foreign sources of energy.... Meeting the needs of our growing economy also requires expanding our domestic production of oil and natural gas. If we want to become less dependent on foreign sources of oil and gas, it is best we find some here at home....By developing these domestic resources in a way that protects our environment, we will help address high energy prices, we’ll protect American jobs, and we’ll reduce our dependence on foreign oil.”

One month later on Jan. 9, President Bush, for the first time in 25 years, lifted the presidential withdrawal from leasing in two areas. The first area was in the North Aleutian Basin in Alaska, and the second in the “181 South Area” in the central Gulf of Mexico.

In addition to the presidential withdrawals, Congress had imposed appropriations moratoria on oil and gas activities off the coast of Florida and in the North Aleutian Basin of Alaska. In 2004, at the urging of the Alaska senators, Congress discontinued the yearly appropriations moratorium on the North Aleutian Basin. In 2006, then Alaska Gov. Frank H. Murkowski and other local government and Native Alaskan leaders expressed support for modifying the presidential withdrawal in the North Aleutian Basin.

In January 1974, President Richard Nixon said “Let this be our national goal: At the end of the decade, in the year 1980, the United States will not be dependent on any other country for the energy we need to provide our jobs, to heat our homes, and to keep our transportation going.” At that time, the nation was importing 35 percent of its oil. Three years after President Nixon’s speech, our country’s oil imports had increased to 47.8 percent.

In 1979, during President Jimmy Carter’s “Crisis of Confidence” speech, he said, “I am tonight setting a clear goal for the energy policy of the United States. Beginning this moment, the nation will never use more foreign oil than we did in 1977—never.” In 1991, when President George H. W. Bush released his National Energy Strategy, he said, “When our administration developed our national energy strategy, three principles guided our policy: reducing our dependence on foreign oil, protecting our environment, and promoting economic growth.”

By 1993, our oil imports reached 50 percent.

During President George W. Bush’s State of the Union address in 2003, he said “our third goal is to promote energy independence for our country, while dramatically improving the environment.” Today, we import more than 60 percent of our nation’s oil.

1991

“Three principles guide our policy: reduce our dependence on foreign oil, protect our environment, and promote economic growth.”

GEORGE H. W. BUSH

50%

60%

2003

“Our...goal is to promote energy independence...while dramatically improving the environment.”

GEORGE W. BUSH

The Aleutians East Borough’s administrator, Bob Juettner, said developing the offshore oil and gas presents “a wonderful opportunity” to bring jobs to the area and help the economy, which has declined because of competition from foreign fisheries and the growth of the farm-raised salmon industry.

This legislation did not come easily. Earlier in the 109th Congress, the House of Representatives passed a broader bill that would have allowed oil and gas development along most of the nation’s coasts. The House bill would have repealed the leasing moratoria while allowing revenue sharing. In addition, the states would have had the flexibility to decide whether or not the federal government would allow energy exploration and development out to 100 miles from their coasts. The next 100 miles would have been decided solely by the federal government.

The Senate considered a series of domestic energy bills, but settled on Senate Bill S 3711 after a compromise was crafted to gain support from Gulf Coast lawmakers looking for a share of the revenues and representatives from Florida who wanted to ban leasing off their coasts. After the Senate passed its bill, House negotiators said they would oppose this legislation, as the measure would accomplish little more than what had been proposed by the Minerals Management Service in the upcoming five-year plan. Eventually, the House agreed to accept the Senate bill, which was attached to the tax bill.

This legislation would not have been possible without the numerous trade groups representing the manufacturing, chemical, utility and agricultural industries who advocated for House and Senate leaders to pass an offshore bill.

HOW THE BILL HELPS ALL 50 STATES

The Gulf of Mexico Energy Security Act opened up 8.3 million acres and provides access to an area estimated to contain 1.2 billion barrels of oil and 5.8 trillion cubic feet of natural gas. This is enough natural gas to heat and cool nearly 6 million homes for 15 years. The bill calls for opening approximately 2.5 million acres as soon as practicable, but no later than one year from the date of enactment. The bill also calls for opening an additional 5.8 million acres as soon as practicable.

While the bill prevents oil and gas leasing activities within 125 miles of the state of Florida until June 30, 2022, the measure benefits conservation efforts in all 50 states and compensates coastal states. For the first time, 37.5 percent of Gulf production royalties will go to four Gulf Coast states—Louisiana, Alabama, Mississippi, and Texas. The revenue will come initially from the newly opened areas—the 181 Area and the 181 South Area. Beginning in 2016, revenue sharing will take place for all new leases after 2006 in the Gulf of Mexico planning areas. Between 2007 and 2055, the estimated revenue for

the Gulf Coast states ranges from \$22 billion to \$56 billion. Along the Gulf Coast, this revenue has to be used for one or more of the following: projects for coastal protection, including conservation, coastal restoration, hurricane protection, and infrastructure directly affected by coastal wetland losses; mitigation of damage to fish, wildlife, or natural resources; implementation of a federally approved marine, coastal, or comprehensive conservation-management plan; mitigation of the impact of Outer Continental Shelf activities through the funding of onshore infrastructure projects; or planning assistance and administration.

THE COST OF COMPLYING

In addition to the Gulf Coast states’ revenue sharing, the legislation steers 12.5 percent of the royalties to the State Land and Water Conservation Fund (LWCF) to be shared by all 50 states and to be used specifically for recreational projects. Since 1965, more than \$3.7 billion has been collected from offshore revenue which has funded recreational projects throughout the United States and its territories. Over the years, California has received more than \$274 million from the State LWCF, New York \$228 million, Illinois \$152 million, Florida \$123 million and Massachusetts \$92 million. The remaining 50 percent of the revenues will go to the U.S. Treasury.

WHAT TO EXPECT

While much of the attention is currently being paid to the Gulf of Mexico Energy Security Act, it is important to recall that most practical, operational decisions over the scope of offshore leasing are made by the Department of the Interior’s Minerals Management Service (MMS).

During the final stages of preparation of the MMS 2007-2012 Five-Year Leasing Program, the MMS received more than 73,000 total comments during the public comment periods. Although anti-drilling forces submitted 18,365 of those comments, more than 54,000 public comments favored more access. Offshore energy companies, their individual employees and retirees, and coalitions of end-use consumers of energy from the manufacturing and agricultural industries were a vital part of these numbers.

As a result, the five-year program, which went into effect July 1, 2007, was developed using a more comprehensive approach than in the past and includes new areas outside the central and western Gulf of Mexico for the first time in decades. The plan calls for continuing annual leases in the central and western Gulf of Mexico. The program also expects to offer new areas of the “Sale 181 Area” in the central Gulf in October 2007. In accordance with the Gulf of Mexico Energy Security Act, signed by President Bush on December 20, 2006, new acreage will be offered in portions of the Sale 181 Area in the eastern Gulf in March 2008, as well as the 181 South Area in the central Gulf, which is scheduled to be offered in 2009, following completion of the supplemental environmental impact statement. The total acreage of new areas in the Gulf offered under the program is 8,337,443.



There can be no question that demand is on the rise, both in the United States and globally. At current projections of world growth, this global demand for energy may increase by more than 50 percent by 2025, while the United States' demand could increase more than 30 percent during the same time period. Developing nations will likewise require increasing amounts of energy as their economies modernize and raise the quality of life for their populations.

The leasing program also calls for a schedule of eight sales in Alaska: two in the Beaufort Sea; three in the Chukchi Sea; up to two in Cook Inlet; and one in the North Aleutian Basin. These areas would be subject to environmental reviews, including public comment, and extensive consultation with state and local governments and tribal organizations before any lease-sale decisions are made.

In addition, the program includes a proposed sale in the Mid-Atlantic planning areas, beyond 50 miles of the coastline of Virginia, in late 2010. However, a decision to hold a lease sale will not be made without additional consultation and more site-specific analysis of its environmental effects under the National Environmental Policy Act.

Even with all of this being taken into account, the plan still only offers to lease 12 percent of the OCS. We must continue to fight for all of that 12 percent now and come back later to seek access to the remaining 88 percent.

THE POLITICS OF ENERGY

Regardless of the political arena within which energy policy is debated, the overall story that industry must continue to tell to policymakers remains the same. That story begins with a basic review of the fundamentals: supply and demand. There can be no question that demand is on the rise, both in the United States and globally. At current projections of world growth, this global demand for energy may increase by more than 50 percent by 2025, while the United States' demand could increase more than 30 percent during the same time period. Developing nations will likewise require increasing amounts of energy as their economies modernize and raise the quality of life for their populations.

WHERE WILL THE ENERGY COME FROM?

Some of the needed energy will come from renewable sources, and we should continue to push for development on this front. But widespread use of sources such as wind, solar, and biomass is still far off, and will likely only serve to replace a small percentage of demand during the next two decades. Hydropower in the United States will probably continue to account for about 5 percent of power-generation, but lacks opportunities for major expansion. Nuclear power, which currently supplies approximately 20 percent of U.S. power generation capacity, is a potential source of new energy supplies, but negative public perceptions could impede sufficient expansion.

Biofuels have been hailed as the "new" energy source. According to the University of Minnesota, biofuels, such as ethanol made from corn, do have the potential to provide the nation with cleaner-burning fuel. But because of how corn ethanol is made, only about 20 percent of each gallon is "new" energy. That is because a lot of "old" fossil energy is required to make biofuel: diesel to run tractors, natural gas to make fertilizer and, of course, fuel to run the refineries that convert corn to ethanol.

Keep in mind that our oil and gas supply will become more and more challenged due to accelerating decline rates in older fields. Energy companies are finding smaller reserves than in the past—the last field capable of producing more than of 1 million barrels of oil per day was discovered back in 1976—and current major fields will inexorably decline.

Whether within the federal agencies, among state leaders, or in current or future congressional sessions, industry and energy-consumer coalitions must continue to vigorously make the case for expanded offshore access. The resources are there, the need is great, and the offshore energy industry has the technology and experience to bring our petroleum resources safely to market. ♦



HUNGRY FOR HYDROCARBONS

THE OIL BUSINESS IS BOOMING IN BRAZIL, AND DIAMOND OFFSHORE'S BRASDRIL OPERATION IS DOUBLING ITS ACTIVITY IN THIS ALREADY BUSY REGION.

by Denise Allen Zwicker

Brazil, home of 190 million people, is one of the fastest-growing energy markets in the world. The engine that powers this growth is Petrobras, Brazil's semipublic national oil company, with current production of 1.9 million barrels per day of oil and gas equivalent.

Brasil, terra de 190 milhões de pessoas, é um dos mercados de energia que cresce mais rápido no mundo. O motor que impulsiona esta expansão é a Petrobras, empresa de petróleo semipública do país, com uma produção atual de 1,9 milhões de barris por dia de óleo e equivalente em gás.



Offshore wells supply 82 percent of that total. Today, the Petrobras goal is to stay 20 percent ahead of Brazil's demand for oil and to double the company's energy output by 2030. To do that, Petrobras must install one new offshore production platform each year—or find other energy sources. To help achieve this goal, Petrobras added 14 offshore rigs in 2006—and three more in 2007. By 2010, the company will have 50 percent more rigs drilling than now: for a total of 35 in 2008, 38 in 2009, and 43 in 2010. With soon to be six semisubmersibles and one drillship operating in the country, Diamond Offshore is there to help.

Macaé ("Mah-cah-eh"), "the oil and gas capital of Brazil" is 180 kilometers north of Rio de Janeiro, on Brazil's Atlantic coast. Macaé is in charge of 85 percent of Brazil's oil and 42 percent of the country's natural gas—from the prolific Campos Basin off the city's balmy shores. The basin, found 30 years ago, is a showcase for new offshore technologies designed for mature fields and deep water. So, not surprisingly, Diamond Offshore's operation in Macaé, known as Brasdril, is bustling these days.

One day last June, the four seats in the small lobby were filled, musical-chair style, with an ever-changing parade of job applicants. Upstairs, executive secretary Beth Gomes confirmed the closing date for a worker's new-home sale one minute and ordered new desks the next, all the while handing out a cell phone and car keys to a just-arrived employee. Down the hall, Vera Nascimento planned the transport of 60 new rig hands to the *Ocean Whittington*, due to arrive just a few days later. Around the corner, workers transform a once-open area into three compact new offices. And, at the warehouse just blocks away, buyers, painters, and forklift drivers alike were shifting into high gear.

This scene will repeat countless times between now and early 2008 as Macaé employees, always busy, double the rigs under their sway. Joining the *Ocean Alliance*, *Ocean Clipper*, *Ocean Winner*, and *Ocean Yatzy*, already working offshore Brazil, came the *Ocean Whittington* in June. The *Ocean Concord* will follow this fall, the *Ocean Yorktown* in early 2008, and the *Ocean Worker* in Trinidad this fall.

Os poços marítimos suprem 82 por cento deste total. Hoje a meta da Petrobras é permanecer 20 por cento à frente da demanda de óleo do Brasil e dobrar a produção energética da companhia até 2030. Para fazê-lo a Petrobras precisa instalar uma nova plataforma de produção marítima a cada ano, ou encontrar outras fontes de energia. Para facilitar a conquista desta meta, a Petrobras acrescentou 14 sondas marítimas em 2006, e mais três em 2007. Até 2010 a empresa terá 50 por cento mais sondas perfurando do que atualmente, perfazendo um total de 35 em 2008, 38 em 2009 e 43 em 2010. Com sua sétima semi-submersível operando em breve no país, a Diamond Offshore está lá para ajudar.

Macaé, "a capital brasileira do petróleo" fica 180 quilômetros ao norte do Rio de Janeiro, em sua costa atlântica. Macaé responde por 85 por cento do petróleo e 42 por cento do gás natural do país, oriundos da produtiva Bacia de Campos

Today, the Petrobras goal is to stay 20 percent ahead of Brazil's demand for oil and to double the company's energy output by 2030. To do that, Petrobras must install one new offshore production platform each year—or find other energy sources.

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ao largo das praias mansas da cidade. A bacia, descoberta há 30 anos, constitui uma vitrine de novas tecnologias marítimas voltadas para campos maduros e águas profundas. Assim, não é de surpreender que a operação da Diamond Offshore em Macaé, conhecida como Brasdril, esteja agitada atualmente.

Um dia, em junho passado, as quatro poltronas no pequeno saguão eram ocupadas como em uma dança das cadeiras, com uma romaria em constante mutação de pessoas procurando emprego. No andar de cima, a secretária executiva Beth Gomes confirmava a data da escritura da casa de um expatriado um minuto



01
02





03

- 01 Carlos Moura (Finance & Administrative Manager)
- 02 Worker at Macaé Base
- 03 Flávia Figueiredo (Buyer)
- 04 Március Klem (HSE Coordinator)



04





01

- 01 Left to right: Vera Nascimento (H.R. Assistant), Deise Rocha (Personnel Manager), Regina Fernandes (H.R. Manager), Fabiana Santos (Training Coordinator)
- 02 Shack Brooks (Ops. Mgr. - Ocean Clipper)
- 03 J.R. Dyer (Materialsman, relieving Sam Ray for vacation)
- 04 Mickey Welch (Area Manager)



02



03



04

“Our industry runs in cycles: busy, not busy, busy. But Brazil is one of the few places in the world that stays busy, year after year,” says Mickey Welch, Brasdril area manager. “Petrobras keeps drilling, despite any ups and downs in the price of oil. And they’re one of our very best customers.”

Yet, even for Brasdril, the current pace is worth noting. With seven rigs working offshore Brazil, the Macaé office soon will see record-setting activity. And if that is not enough, the Macaé regional office is also responsible for the semisubmersible *Ocean Worker*, which is expected to begin work in Trinidad late in the third quarter of 2007.

“Diamond Offshore and the Company’s predecessors have worked in Brazil for 35 years under the name Brasdril,” says Bob Blair, vice president, Contracts & Marketing. “But this is the largest number of rigs we’ve ever had in the area at one time. And, in terms of revenue, Brazil is even more important. With the inclusion of the *Ocean Worker* in Trinidad, the area will be generating \$1.7 million to \$2 million a day.”

You might expect the activity to result in chaos in the Macaé office, but that isn’t so. “In just a few weeks, we’ve hired almost 80 people to work on the *Ocean Whittington* and the other four rigs,” says personnel manager Deise Rocha. “That’s because we transfer veterans from the other rigs to the new rig, so we have to fill the spots their transfers create. We’re working hard, but happily. We have a really good team.”

The hiring process is complicated by the fact that Petrobras requires intense psychological testing of all applicants, “and Brazil’s laws about working offshore have many details that vary from other parts of the world,” says Vera Nascimento, who sets up crew travel.

But high standards are a part of the business, from environmental laws to rig safety, and Diamond Offshore always strives to meet the standards of the nations in which the Company operates.

e requisitava novas mesas de escritório no outro, ao mesmo tempo em que entregava um telefone celular e chaves do carro para um estrangeiro recém-chegado. Descendo o corredor, Vera Nascimento planejava o transporte de 60 trabalhadores de sonda novatos para a *Ocean Whittington*, prevista para chegar apenas alguns dias depois. Virando a curva, funcionários transformaram uma área outrora aberta em três novas salas compactas. E, no almoxarifado a só poucos quarteirões de distância, compradores, pintores e operadores de empilhadeira encontravam-se igualmente em ritmo intenso.

Esta cena se repetirá inúmeras vezes entre hoje e o início de 2008, conforme o escritório de Macaé, sempre atribulado, dobrar o número de sondas sob seu controle. Para juntar-se à *Ocean Alliance*, *Ocean Clipper*, *Ocean Winner* e *Ocean Yatzy*, já trabalhando no mar no Brasil, veio a *Ocean Whittington* em junho, com a *Ocean Concord* chegando nesta primavera (outono no hemisfério norte), a *Ocean Yorktown* no início de 2008 e a *Ocean Worker* em Trinidad também na primavera.

“Nossa indústria trabalha em ciclos: com movimento, sem movimento, com movimento. Mas o Brasil é um dos poucos lugares no mundo que permanece movimentado ano após ano,” diz Mickey Welch, gerente de área da Brasdril. “A Petrobras continua a perfurar, independente dos altos e baixos no preço do petróleo. E é também um dos nossos melhores clientes.”

Contudo, mesmo para a Brasdril, vale à pena observar o ritmo atual. Com sete sondas trabalhando na costa brasileira, o escritório de Macaé verá um nível de atividade recorde. Se não bastasse, o escritório regional de Macaé também é responsável pela semi-submersível *Ocean Worker*, prevista de iniciar os trabalhos em Trinidad no final do terceiro trimestre de 2007.

“We meet industry goals for safety on our rigs. But sometimes the Petrobras goal is even more stringent,” says Dennis Bailey,

Brasdril’s HSE manager. “Ultimately, safety is a human issue. We train people, but they have to watch out for each other.”

“For instance, the *Ocean Winner* hasn’t had an accident in six years. That’s because the people have been working together for so long. They know each other’s work habits, and they watch out for each other. And low turnover on the rig keeps the rig consistent and safe.” The advent of the new rigs will challenge this. But each one will be staffed with a mix of longtime and new hands. As the crews learn to work with each other, their own well being will depend on the strength of their pledge to work safely.

Meanwhile, the well being of Diamond Offshore is buttressed by the strength of the Company’s standing with Petrobras—currently Diamond Offshore’s largest customer. “As long as we’re doing our job, they’re happy, and we’re happy,” says Welch.

“Brazil’s always offered us a good base of revenue—a way to even out the cycles of our industry,” says Blair. “Because the government owns more than 50 percent of Petrobras, the company has long planning cycles that don’t vary greatly with oil prices. That’s because they have other drivers—with energy self-sufficiency as the main one during the past 10 years. Right now, they’re producing nearly 2 million barrels per day, which meets Brazil’s domestic needs. But they plan to begin exporting in the next five years. That means they’re stepping up their drilling—now and long term.”

Petrobras’ continued challenge is to find new fields, of course, while not ignoring mature fields that still hold promise.

The company also has pledged not to ignore Brazil’s poorest citizens. For example, Petrobras invests in a program for poor students

“A Diamond Offshore e as precedentes da Empresa trabalharam no Brasil durante 35 anos sob o nome Brasdril”, diz Bob Blair, Vice-Presidente de Contratos e Marketing. “Porém este é o maior número de sondas que já tivemos na área ao mesmo tempo. Em termos de receita, o Brasil é ainda mais importante. Com a inclusão da *Ocean Worker* em Trinidad, a área estará gerando de US\$1,7 a US\$2 milhões por dia”.

Seria de esperar que o resultado fosse um caos no escritório de Macaé, mas não é. “Em apenas algumas semanas contratamos quase 80 pessoas para trabalhar na *Ocean Whittington* e nas outras quatro sondas”, diz a gerente de pessoal Deise Rocha. “Isto porque transferimos veteranos das outras sondas para a unidade nova, e portanto temos que preencher as vagas criadas. Estamos trabalhando arduamente, mas felizes. Temos uma equipe realmente boa.”

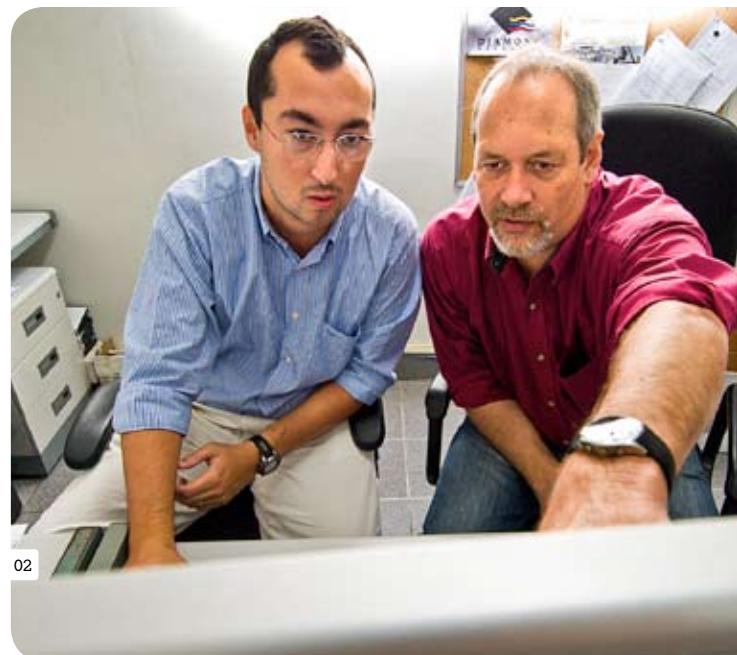
O processo de contratação é complicado pelo fato da Petrobras requerer teste psicológico intenso de todos os candidatos e “as leis do Brasil sobre trabalho no mar possuem muitos detalhes que diferem de outras partes do mundo”, diz Vera Nascimento, que providencia a viagem das turmas.

Porém altos padrões fazem parte do negócio, desde leis ambientais à segurança de sonda e a Diamond Offshore sempre empenha-se em atender às normas das nações nas quais opera. “Atingimos as metas da indústria para segurança em nossas sondas. Mas às vezes a meta da Petrobras é ainda mais rígida”, diz Dennis Bailey, Gerente de SMS (HSE) da Brasdril. Em última instância, a segurança é uma questão humana. Treinamos pessoas, mas elas precisam estar vigilantes uma das outras.”

“Por exemplo: a *Ocean Winner* não tem um acidente há seis anos. Isto porque as pessoas vêm trabalhando juntas por tanto tempo. Elas conhecem os hábitos umas das outras e ficam atentas entre si. E uma baixa rotatividade a bordo mantém a sonda consistente e segura”.



01



02



- 01 Koen Van Twembeke
(Ops. Mgr., *Ocean Alliance*)
- 02 Carlos Junior (Safety Engineer),
Koen Van Twembeke
- 03 Elizabeth Gomes (Executive Secretary)
- 04 Jack Hird (Ops. Mgr., *Ocean Yatzy*)
- 05 Amanda Lima (Personnel Assistant)
- 06 Dennis Bailey (Safety Supervisor)



“Our newest three contracts with Petrobras are all five years long, stretching into 2012,” Blair notes. “And Petrobras is already talking with us about extending our older four contracts, which start to expire in 2009 and 2010. We’re looking at contract terms of four to six years, which means that they could extend into 2014 and 2015.

“Nossos três contratos mais recentes com a Petrobras são todos de cinco anos, estendendo-se até 2012”, observa Blair. “E a Petrobras está pronta para conversar conosco sobre a prorrogação de nossos quatro contratos mais antigos, que começam a vencer em 2009 e 2010. Estamos vendo prazos contratuais de quatro a seis anos, o que significa que podem estender-se até 2014 e 2015

called Young Learners. The Petrobras Children’s Program likewise assists 400 students in public schools. A program called Mosaico supports fishing, long a major source of income in Brazil. And in 2006 alone, Petrobras spent \$144 million to support the arts and sports throughout Brazil.

Because of these efforts, and others like them, Petrobras was named to the Dow Jones Sustainability Index in 2006, as well as to a similar list on Brazil’s stock exchange. The company is committed to eco-efficiency, using production standards that mirror the best practices in the world. And in lost-time incidents—a key safety measure—Petrobras beats the benchmark set by the International Association of Oil and Gas Producers. Clearly, this is a good time to count Petrobras as a major customer.

“Our newest three contracts with Petrobras are all five years long, stretching into 2012,” Blair notes. “And Petrobras is already talking with us about extending our older four contracts, which start to expire in 2009 and 2010. We’re looking at contract terms of four to six years, which means that these rigs could extend into 2014 and 2015.

“We’ve built up a large base of Brazilian personnel to meet this growing demand,” he adds. “We also have an ongoing training program to keep these employees moving up the ladder.

“So the good news is that we’ve not only been in Brazil for 35 years, but we’ll also be there far into this century!” ♦

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

O advento das novas sondas desafiará isso. Mas cada uma será guarnecida com uma mistura de trabalhadores antigos e novos. Conforme os membros das equipes aprendam a trabalhar uns com os outros, seu próprio bem-estar dependerá da força de seu comprometimento em trabalhar com segurança.

No meio tempo, o bem-estar da Diamond Offshore é sustentado pela força do status da Empresa perante a Petrobras, o maior cliente da Diamond Offshore. “Contanto que estejamos fazendo nosso trabalho, eles ficam felizes e nós ficamos felizes”, diz Welch.

“O Brasil sempre nos ofereceu uma boa base de receitas, uma forma de equilibrar os ciclos da nossa indústria”, diz Blair. “Como o governo detém mais de 50 por cento da Petrobras, a empresa possui ciclos de planejamento de longo prazo que não variam muito com os preços do petróleo. Isto porque eles possuem outros motivadores, com a auto-suficiência em energia como principal nos últimos 10 anos. No momento eles estão produzindo quase 2 milhões de barris por dia, o que atende às necessidades domésticas do Brasil. Mas planejam começar a exportar nos próximos cinco anos. Isto significa que estão aumentando a perfuração—agora e a longo prazo.”

O desafio contínuo da Petrobras consiste em descobrir novos campos, é claro, ao mesmo tempo não ignorando os campos maduros que ainda se mostram promissores.

A empresa também se comprometeu a não menosprezar os cidadãos brasileiros mais pobres. Por exemplo: a Petrobras investe em um programa para estudantes carentes chamado Pequeno Aprendiz. O Programa de Criança da Petrobras igualmente dá assistência a 400 alunos de escolas públicas. Um programa denominado Mosaico apóia a pesca, há muito tempo uma fonte principal de renda no Brasil. E só em 2006 a Petrobras gastou US\$144 milhões para apoiar artes e esportes em todo o País.

Devido a estes esforços e outros como tais, a Petrobras foi indicada para o Índice de Sustentabilidade da Dow Jones em 2006, como também para uma lista similar da bolsa de valores brasileira. A empresa está comprometida com a ecoeficiência, usando padrões de produção que espelham as melhores práticas no mundo. Quanto a incidentes com afastamento—uma medida-chave de segurança—uma Petrobras desbanca o referencial estabelecido pela Associação Internacional de Produtores de Óleo e Gás. Claramente é um bom momento para incluir a Petrobras como um grande cliente.

“Nossos três contratos mais recentes com a Petrobras são todos de cinco anos, estendendo-se até 2012”, observa Blair. “E a Petrobras está pronta para conversar conosco sobre a prorrogação de nossos quatro contratos mais antigos, que começam a vencer em 2009 e 2010. Estamos vendo prazos contratuais de quatro a seis anos, o que significa que estas sondas podem estender-se até 2014 e 2015.

“Construímos uma extensa base de pessoal brasileiro para atender a esta demanda crescente”, ele acrescenta. “Também possuímos um programa de treinamento contínuo para manter estes funcionários galgando patamares.

“Portanto a boa notícia é que não estamos apenas no Brasil há 35 anos, mas estaremos lá por muito tempo neste século!” ♦



Not Alone

The Ocean Clipper
Is Right in the Thick of Things

by Denise Allen Zwicker



Seen from the curved windows of a helicopter 1,200 feet aloft, the *Ocean Clipper* is, at first, just a dot on the sparkling blue waters offshore Brazil.

But there's nothing small about the *Ocean Clipper*. The only drillship in Diamond Offshore's fleet, the *Clipper* is home to 140 people, like the company's other fifth-generation rigs.

People outside the industry can think of a rig as a small town, complete with restaurant, school, and power plant. But the *Ocean Clipper* is a town that moves. Maybe not like a speedboat, but plenty fast—6 to 12 knots. "Unlike the other rigs in our fleet, when the *Clipper* finishes a well, we just pull riser and go!" says Shack Brooks, operations manager. That maneuverability makes the *Ocean Clipper* one of the most-easily-traveled rigs in Diamond Offshore's fleet.

"In Brazil alone, since 2000, the *Clipper* has traveled up and down the coast so much that the rig has covered a distance equal to that between New York City and Miami," says Brooks.

On the rig, toolpusher Ed Tucker describes today's job. "We've just cut an 18-meter core, sliced the core into pieces, and loaded the sample onto a helicopter. The core will go ashore for evaluation by Petrobras while we continue to drill. Our particle-diamond-culture bit wouldn't drill through. So we pulled out of the hole and switched to an insert bit that's made to drill extremely hard formations. We think we'll be in this really hard limestone for another 50 meters before we hit the producing formation again."

Elsewhere on the *Ocean Clipper*, shipboard teacher Ana Flavia Silveira conducts language classes, which are free to interested crew members: First, a Portuguese class for the English speakers. Then an English class for the Portuguese speakers.

These days, the *Ocean Clipper* is drilling in the Santos Basin, 150 miles offshore Rio de Janeiro—the only rig in sight. The well is part of an aggressive new drilling program on a sub-salt play where Petrobras has found "very significant" amounts of light, sweet crude and natural gas. The area could hold billions of barrels of reserves—a potential giant field.

Petrobras calls the area a "new frontier" for producing hydrocarbons beneath a 2,000-meter salt cap. And the *Ocean Clipper*, isolated as it may look, is right in the thick of the action. ◆



Observada das janelas curvas de um helicóptero a 1200 pés de altitude, a *Ocean Clipper* é, à primeira vista, apenas um ponto nas águas azuis cintilantes no mar do Brasil.

Mas nada há de pequeno a cerca da *Ocean Clipper*. O único navio-sonda na frota da Diamond Offshore, a *Clipper* é o lar de 140 pessoas, como nas demais sondas de quinta geração da empresa.

As pessoas alheias à indústria podem comparar uma sonda a uma pequena cidade, completa com restaurante, escola e central elétrica. Porém a *Ocean Clipper* é uma cidadela que se movimenta. Talvez não como uma lancha, mas bem veloz: de 6 a 12 nós. "Ao contrário das demais sondas em nossa frota, quando a *Clipper* termina um poço, retiramos o riser e zarpamos!", diz Shack Brooks, gerente de operações. Tal manobrabilidade fez da *Ocean Clipper* uma das sondas mais viajadas na frota da Diamond Offshore, deslocando-se do Oriente até o Golfo do México e o Brasil.

"E somente no Brasil, desde 2000, a *Clipper* subiu e desceu a costa tantas vezes que cobriu uma distância igual à de Nova Iorque a Miami."

A bordo, o Encarregado de Sonda Ed Tucker descreve o serviço de hoje. Acabamos de cortar um testemunho de 18 metros, o segmentamos em fatias e carregamos a amostra em um helicóptero. O testemunho desembarcará para avaliação da Petrobras enquanto continuamos a perfurar. Nossa broca de partícula de diamante industrial não conseguia penetrar. Então nós a retiramos do poço e trocamos para uma broca de insertos, que é fabricada para perfurar formações extremamente duras. Achamos que estaremos nesta rocha calcária por mais uns 50 metros antes de atingirmos a formação produtiva outra vez."

Em outro local na *Ocean Clipper* a professora de bordo, Ana Flávia Silveira, dá aulas de idiomas, gratuitas aos tripulantes interessados: primeiro uma aula de português para os americanos e outros que falam inglês. Depois uma aula de inglês para quem fala português.

Nos dias de hoje a *Ocean Clipper* encontra-se perfurando na Bacia de Santos, a 150 milhas da costa do Rio de Janeiro—a única sonda à vista. O poço faz parte de um novo programa agressivo de perfuração em uma extensão de formação petrolífera sob salgema onde a Petrobras encontrou quantidades "bastante significativas" de petróleo bruto leve "doce" e gás natural. A área pode conter bilhões de barris de reservas—um campo gigante potencial.

A Petrobras chama a área de "nova fronteira" para produção de hidrocarbonetos embaixo de uma capa de sal de 2.000 metros. E a *Ocean Clipper*, isolada como pode parecer, está no meio dos acontecimentos. ◆



Gearing Up

The *Ocean Alliance*.
A Partner to Petrobras Since 1991

by Denise Allen Zwicker



Gearing up for new rigs offshore Brazil doesn't affect just the Macaé office. The existing rigs—the *Ocean Alliance*, *Ocean Clipper*, *Ocean Winner*, and *Ocean Yatzy*—likewise feel the effects.

"The office is busier, of course," says Steven Smith, offshore installation manager for the *Ocean Alliance*, "but we're also affected. We have to spread out our experienced crew members among the new rigs. And we have to hire new crew members—mostly Brazilians—on our own rigs."

"We'll be moving a lot of our veterans to the new Diamond Offshore rigs coming in, and that's tough," Smith adds. "But we'll keep a core base of seasoned hands to help train the new workers. I know it will all work out because we have a lot of good people. Our safety numbers are proof of that. But it's a big job—for the Macaé office and for us. We have to make sure we have the correct people in the correct jobs."

"We want to put more Brazilians in the system, and the Brazilian government has standards in that area, too," says Koen Van Twembeke, operations manager for the *Alliance*. "There are lots of skilled people in Brazil, and workers can make a good salary offshore compared to onshore. But just as it is anywhere in the world, working offshore is not for everyone because the lifestyle is so different."

Levi Daudt, for one, likes the lifestyle. The able-bodied seaman (AB) hired on in 2003 as a painter. He moved up to AB in 2006 and says, "I like all the jobs. I like working as a team. I get pleasure from it."

Another sign things are working out: the *Ocean Alliance* was named Brasdril's area leader in 2006 for achievements in safety, downtime, audits, and financial performance—earning the rig the respect of Petrobras.

"We are true partners," says Petrobras company man Luiz Augusto Fagundes. "Diamond Offshore's Brazilian entity, Brasdril, has worked with Petrobras for many, many years—at least from my first years with Petrobras 33 years ago. Brasdril is one of the best in Brazil, with good safety performance and efficient operations."

Here in the prolific Campos Basin, off the coast of Brazil near Rio de Janeiro, drilling is still going strong after more than 30 years. "It's the most important basin in Brazil—even with the newer activity in the Santos and Espírito Santo basins," says Van Twembeke. "And now, after Brazil's problems importing natural gas from Bolivia, Petrobras is drilling even more here in Campos, where there looks to be a lot of gas."

After reaching energy self-sufficiency in April 2006, Brazil is intent on avoiding imports. In fact, the country has pledged to become a net exporter. With the help of Brasdril, the *Ocean Alliance*, and Petrobras, Brazil is well on its way to reaching that goal. ♦

A preparação para receber novas sondas no mar do Brasil não afeta apenas o escritório de Macaé. As sondas existentes: *Ocean Alliance*, *Ocean Clipper*, *Ocean Winner* e *Ocean Yatzy* sofrem os efeitos igualmente.

"Escritório fica mais atribulado, é claro. Mas também somos afetados. Temos que espalhar nossos tripulantes experientes entre as sondas novas. E temos que contratar novos contingentes—a maioria brasileiros—em nossas próprias sondas", diz Steven Smith, gerente de instalação marítima da *Ocean Alliance*.

"Estaremos transferindo muitos de nossos veteranos para as novas sondas da Diamond Offshore chegando, e isso é penoso", acrescenta Smith. Porém manteremos um núcleo de trabalhadores amadurecidos para ajudar a treinar os novatos. Sei que tudo dará certo porque temos muita gente boa. Nossos índices de segurança são prova disso. Mas é um trabalho grande, para o escritório de Macaé e para nós. Temos que nos certificar que colocamos as pessoas certas nos cargos certos".

"Queremos inserir mais brasileiros no sistema e o governo federal possui normas nesta área também", diz Koen Van Twembeke, gerente de operações da *Alliance*. "Há muita gente qualificada no Brasil e os trabalhadores podem ganhar um bom salário offshore, comparado com onshore. Porém, como ocorre em qualquer lugar do mundo, trabalhar embarcado não serve para todos porque o estilo de vida é tão diferente".

Levi Daudt, por si, gosta do estilo de vida. O marinho de convés foi contratado em 2003 como pintor. Recebeu a promoção para marinho de convés em 2006 e diz: "eu gosto de todos os serviços. Eu gosto de trabalhar em equipe. Me dá prazer".

Outro sinal de que as coisas estão funcionando é que a *Ocean Alliance* foi nomeada líder de área da Brasdril em 2006 pelas conquistas em segurança, tempo de paralisação, auditorias e desempenho financeiro, fazendo-a merecedora do respeito da Petrobras.

"Temos verdadeiros parceiros", diz o Fiscal da Petrobras, Luiz Augusto Fagundes. A entidade brasileira Brasdril da Diamond Offshore vem trabalhando com a Petrobras de longa data, pelo menos desde o meu início na Petrobras 33 anos atrás. A Brasdril figura entre uma das melhores no Brasil, com bom desempenho em segurança e operações eficientes."

Aqui, na prolífica Bacia de Campos, ao largo da costa brasileira perto do Rio de Janeiro, a perfuração continua intensa depois de mais de 30 anos. "É a bacia mais importante do Brasil, mesmo com as atividades mais recentes nas bacias de Santos e do Espírito Santo", diz Koen Van Twembeke. "E agora, depois dos problemas do Brasil com a importação de gás natural da Bolívia, a Petrobras está perfurando ainda mais aqui em Campos, onde parece haver muito gás."

Após alcançar a auto-suficiência em energia em abril de 2006, o Brasil está decidido a evitar importações. Na verdade, o país assumiu o compromisso de tornar-se um exportador do excedente. Com a ajuda da Brasdril, *Ocean Alliance* e Petrobras o Brasil está bem adiantado em atingir tal meta. ♦



DIAMOND OFFSHORE IN BRAZIL



Brazilian Talent

The Record-Setting Team on The *Ocean Yatzy*

by Denise Allen Zwicker



“You can tell the mood of a rig by the mood in the mess hall. And the mood here is always good,” says Fernando Theophilo, rig doctor on the *Ocean Yatzy*. Part of the secret may be the large number of Brazilians on board.

The *Yatzy* has more Brazilians on its crew than any other rig. “Diamond Offshore’s first Brazilian toolpusher was on the *Yatzy*,” says Jack Hird, the rig’s operations manager. “All four drillers are Brazilian. Two of the senior dynamic-positioning operators and all four junior operators are Brazilian. Our crane operators are all Brazilian.

“Carlos Guimaraes de Souza was our most experienced driller, so we moved him up to toolpusher and gave Carlos’ drilling job to Vladimir Vidal,” Hird notes. “That’s how to create experience: Carlos could then train Vladimir, and also Robson Mota, who was the most recent promotion to driller that Carlos groomed.”

The mood, as Theophilo noted, is friendly and helpful—yet professional enough to produce first-rate safety numbers for the rig. So far this year, the *Ocean Yatzy* has had no recordable doctor cases and no lost-time incidents.

Today, working 120 miles offshore southeastern Brazil, the crew is wrapping up the first “intelligent” completion in the Marlim Field. The field is the oldest of Brazil’s big fields, but still offers a lot of oil, with the help of water injection.

“With Brasdril, we have learned a lot of things and set many records,” says Sandro Rappini, the Petrobras company man on board. “We have a very good relationship with the *Yatzy*—20 years working in this basin. We are a good team.”

When the job today is finished, the rig will move to the next drill-site just two miles away. “We’re drilling new wells based on surveys that Petrobras did in 2005 and 2006,” says George Day, the *Yatzy*’s offshore installation manager. “The surveys proved that a lot of oil remains in place here. So we’re going to drill down and get it.” ♦

“Você pode dizer como está o astral de uma sonda pelo astral no refeitório. E o astral aqui está sempre bom,” diz Fernando Theophilo, médico da sonda na *Ocean Yatzy*. Parte deste segredo pode ser um grande número de brasileiros a bordo.

A *Yatzy* tem mais brasileiros em seu contingente do que qualquer outra sonda. “A Diamond Offshore tem seu primeiro encarregado de sonda brasileiro, que foi da *Yatzy*”, diz Jack Hird, o gerente de operações da sonda. “Todos os quatro sondadores são brasileiros. Dois dos operadores de posicionamento dinâmico seniores e quatro operadores juniores são brasileiros. Nossos operadores de guindaste são todos brasileiros.

“Carlos Guimarães de Souza era nosso sondador mais experiente, e, portanto o promovemos para encarregado de sonda e demos o cargo de perfuração dele para Vladimir Vidal”, observa Hird. “É assim que se cria experiência: Carlos pôde então treinar o Vladimir, e também o Robson Mota, que foi o promovido a sondador mais recente que Carlos preparou.”

O astral, como Theophilo citou, é amigável e prestativo, mas ainda profissional o bastante para produzir números de segurança de primeira classe para a sonda. Até agora neste ano a *Ocean Yatzy* não apresentou casos médicos registráveis ou incidentes com afastamento.

Hoje, trabalhando a 120 milhas da costa no sudeste do Brasil, a equipe está terminando a primeira completação “inteligente” no Campo de Marlim. Trata-se do mais antigo dos grandes campos do Brasil, mas ainda oferece muito óleo, com a ajuda de injeção de água.

“Com a Brasdril aprendemos muitas coisas e estabelecemos diversos records,” diz Sandro Rappini, Fiscal da Petrobras a bordo. “Temos um relacionamento muito bom com a *Yatzy*—20 anos trabalhando nesta bacia. Temos uma boa equipe.”

Quando o trabalho de hoje for concluído, a sonda será deslocada para a próxima locação, a apenas duas milhas de distância. “Estamos perfurando novos poços baseados em levantamentos realizados pela Petrobras em 2005 e 2006”, diz George Day, gerente de instalação marítima da *Yatzy*. “Os levantamentos comprovaram que há muito óleo remanescente aqui. Portanto vamos perfurar até lá e obtê-lo.” ♦

Creative with a Capital “A”

Anadarko’s Darrell E. Hollek talks about the company’s major deepwater Gulf of Mexico exploration program that has yielded 14 discoveries since 2005 and how Diamond Offshore fits into future plans.

By Molly Glentzer
Photography by Daniel Pagan

Not many people have access to the kind of view Darrell E. Hollek experiences at work. From a conference room at Anadarko Petroleum Corporation’s headquarters in The Woodlands, Texas, the company’s Vice President—Gulf of Mexico operation and development—can watch deer frolic in a waterfall, see gondolas glide down a canal, ponder a suspension-style bridge, and keep a bead on the traffic at The Woodlands Mall and Interstate 45.



Ok, so the deer are bronze sculptures, the waterfall is part of a faux landscape, and the gondolas transport folks to restaurants and shops. The scenery inspires the imagination, making it an appropriate setting for a company built on innovative thinking.

One of the world's largest independent exploration and production companies, Anadarko has long utilized special production methods and technology to recover unconventional resources efficiently and economically.

"We are a very focused company," Hollek says. "We understand our core competencies such as deepwater, tight gas, enhanced oil recovery, and coalbed methane development. We also have a large midstream position onshore with the necessary infrastructure to deliver the resources we produce to the marketplace."

Hollek and his colleagues celebrated their latest success this summer as Independence Hub came on line about 125 miles south-east of Biloxi, Miss., in 8,000 ft. of water. With mooring lines 2½ miles long, the Hub is the world's deepest production platform and the Gulf's largest offshore natural gas processing facility.

Anadarko operates the two-level platform and eight of the 10 fields it serves, which include the world's deepest subsea production well, in about 9,000 ft. of water. The company also has a working interest in a ninth field, which is operated by Eni. Hydro operates the 10th field. Enterprise Products Partners L.P. and Helix Energy Solutions Group, Inc., own the \$2 billion platform.

Hollek, who oversees all aspects of Anadarko's GOM operations, says the fields around the Hub individually didn't justify platforms. But the consortium of five companies, which collaborated up front to share the central location, allows the production of significant resources. By year's end, 1 billion cubic feet of gas per day could flow through the Hub.

This exemplifies Anadarko's "hub-and-spoke" model, also in evidence at its Marco Polo, Nansen, Boomvang, and other deepwater fields. "We pay as we go for access," Hollek explains. "And we're accelerating the value of our deepwater discoveries by reducing cycle times and delivering resources faster."

Leveraging leading-edge technology and science have always been key to Anadarko's success. Hollek, a diehard Texas Aggie who earned his bachelor's degree in mechanical engineering from Texas A&M University in 1979, expresses amazement at the advances he's seen in his 28 years in the industry. (He worked with Kerr-McGee for 27 years before it merged with Anadarko in 2006.)

"It's incredible what we can do today, and it's a whole lot different from what we did 10 years ago," Hollek comments. "One company will accomplish something that hadn't been done before, and another company will leverage that knowledge into a new area. We can find and produce resources today in a safer, cleaner, and more advanced manner than was thought possible 30 years ago. In 1980, there weren't a lot of people who thought one day we'd be producing natural gas in 8,000 feet of water or more. Deepwater, when I started, was 300 feet."

Anadarko is one of the significant players in the deepwater Gulf of Mexico, with more than 2.7 million net acres and eight floating facilities. "We're one of the largest infrastructure owners in the GOM," Hollek says. Since 2005, the company's GOM exploration program has yielded 14 discoveries. "Going forward, we're mainly focused on targets in the subsalt Miocene and lower Tertiary plays," Hollek says.

Executing those programs requires keeping an industry-leading drilling-rig fleet under contract, including Diamond Offshore's *Ocean Star*, *Ocean Valiant*, and *Ocean Monarch*.

New deepwater floaters are sorely needed, Hollek says. "Demand continues to increase as we pursue deepwater opportunities not only in the GOM but all around the world. Clearly, in the GOM we are moving quickly to ultra-deepwater—pursuing it, you really limit the area in which you can explore."

"The risks have to be in line with the possibility of success. I have confidence that we will find that balance and continue to move deepwater activity forward."



He's hoping that deepwater new-builds will soften demand—as well as rig rates and associated services. He cautions, "We will eventually price ourselves out of many deepwater opportunities if the cost of doing business continues to escalate. The risks have to be in line with the possibility of success. I have confidence that we will find that balance and continue to move deepwater activity forward."

GOM development is ahead of most places in the world, he notes. "In many other locations, mid-range or 3,000 to 5,000-ft. water-depth rigs are largely needed."

The Mahogany 1 discovery well offshore Ghana "is encouraging," Hollek says. Anadarko is the technical operator of the well with a 30.875 percent interest. Anadarko also has a project under development at the very large Peregrino field offshore Brazil, with gross estimated recoverable resources of between 300 million and 600 million barrels of oil. "It's heavier oil, similar to our project in Bohai Bay, China," he adds. Anadarko also plans to drill other prospects soon in Brazil and pursue opportunities in Mozambique, where exploration activity and data gathering are under way. "This is an under-explored area, and we've gotten in on the ground floor," Hollek says.

At year-end 2006, Anadarko had approximately 3 billion barrels-equivalent of proved reserves. "We have a solid portfolio," Hollek says.



“We’ve high-graded our assets with recent acquisitions and divestitures, so we’re in a position to balance our low-risk, predictable and repeatable resource plays with the higher-impact deepwater exploration opportunities both in the GOM and internationally.”

Anadarko’s challenges going forward, Hollek suggests, mirror those of the industry at large. He’s concerned about dwindling human capital—the task of finding, recruiting, and retaining geoscientists and engineers. “Experienced workers are getting older and retiring faster than we can find young talent to replace them,” Hollek explains. “And it’s going to be a bigger challenge five years from now. We need to be more effective in how we educate students about what an international, high-technology-driven business this is today.”

Hollek doesn’t see the current up-cycle in offshore drilling—or record-high oil prices—deflating anytime soon. “There is such a narrow gap between supply and demand, and it’s getting narrower,” he explains. As a result, he adds, “There’s not much room for disruptions on the supply side, so any geopolitical or weather event can cause some pretty wild swings.”

After the infrastructure damage wrought by hurricanes Katrina and Rita in 2005, Anadarko was among the players who helped shape new regulations concerning rig locations, moorings, and risk evaluations in the GOM. While work remains to be done, Hollek says, many


upgrades have already been achieved. “As an industry, we moved really quickly to make that happen.”

Nonworking hours often find Hollek and his wife, Therese, on the sidelines of other types of fields. All four of their children—sons Preston, 23; Nathan, 21; Stephen, 19; and daughter Allison, 16, are athletes. “The boys enjoyed a lot of success in Klein High School football, baseball, and basketball before heading to college at Texas A&M; Allison now plays soccer and runs track,” Hollek says.

Needless to say, they’ve always bled maroon. “Even when we lived in LSU country, my kids wore A&M jerseys,” he adds, smiling. The Holleks don’t miss many A&M football games at Kyle Field and often travel to at least two out-of-town games a year.

He’s also made a career of staying ahead of the game. “I’ve always been dedicated to my job,” says Hollek. “There are a lot of first-time events we’ve been a part of as a company. That’ll keep you on your toes. When things haven’t been done before, it’s an exciting challenge to figure out what you’ve never thought of before.” ♦

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



ANATOMY OF A SURVEY

BY SCOTT REDEPENNING
PHOTOGRAPHY BY DREW DONOVAN



EVERY FIVE YEARS DIAMOND OFFSHORE RIGS MUST FACE THE MUSIC.

They are required to cease operations to be put through an industry-mandated American Bureau of Shipping (ABS) Special Survey—a precisely orchestrated symphony of top-to-bottom inspections, maintenance, repairs and modifications—all under the watchful eyes of an independent classification society. Rather than collecting valuable dayrates, a rig undergoing the Special Survey faces weeks of downtime, and expenses that can easily reach into the millions of dollars. A dozen Diamond Offshore rigs are hitting their five-year interval this year and going through surveys. This is a sweeping view of the process from the towering decks of one rig: the *Ocean Baroness*.

“The current market for a fifth-generation class semisubmersible like the *Baroness* is more than \$400,000 per day, while a typical Special Survey for a semisubmersible can cost the Company \$5-6 million or more and require 45-60 days downtime,” says Gerry Hinloopen, senior project engineer specialist. Hinloopen is a 31-year Diamond Offshore veteran and the conductor of this grand performance. “Obviously we are very interested in getting the survey finished and the rig back out there drilling for our customer.”

In this case, “out there” is the Gulf of Mexico, where the *Baroness* has been drilling for Hess Corporation and will continue to do so after the survey’s completion. In mid-July, the rig retrieved riser, recovered the drill string, pulled in the moorings and was towed to Signal International’s Dockyard, which sits on a protected inlet near Sabine Pass, along the shoreline border between Texas and Louisiana.

The *Baroness* floats at a 34 to 35-ft. draft nestled against Signal’s dry dock, which isn’t sufficiently rated to pull the rig’s 21,648 tons of gross weight completely out of the water. At sea, the rig operates at a 74.5-ft. draft, but one doesn’t need to see a depth marker on a column to know how much of the superstructure is typically submerged. Grayish-purple barnacles cling to every square inch of steel up to the load line, clearly indicating the ocean’s domain. Everything above that line is clean, and getting cleaner by the minute as crews go about their work.

With most of the rig’s 382-ft. height from keel to derrick tip out of the water, the *Baroness* cuts a striking contrast to the unrelenting coastal-plain flatness that surrounds. The rig’s enormous cranes effortlessly swing giant pieces of machinery to and from the deck. Workers are perched all over the structure in seemingly impossible places. The Texas summer heat is crushing down on this steel behemoth, which is adding to the swelter through the exhaust of roaring diesel engines. In its rawness, the worksite has a unique beauty.

CLASSIFIED STATUS

Special Surveys are requisite to ensuring crew safety and insuring rigs, and their reach extends far beyond Diamond Offshore assets not to mention the rest of the offshore drilling industry. Companies around the world that operate any kind of seagoing vessel or marine structure must belong to classification societies—auditing organizations that do inspections, make repair recommendations, and oversee modifications. The ABS is the classification society responsible for certifying most Diamond Offshore rigs, including the *Baroness*. When a ship, barge, boat, or rig completes a survey and is cleared by an organization such as ABS, the vessel is certified as safe and operable, and this certification is used to prove insurability.

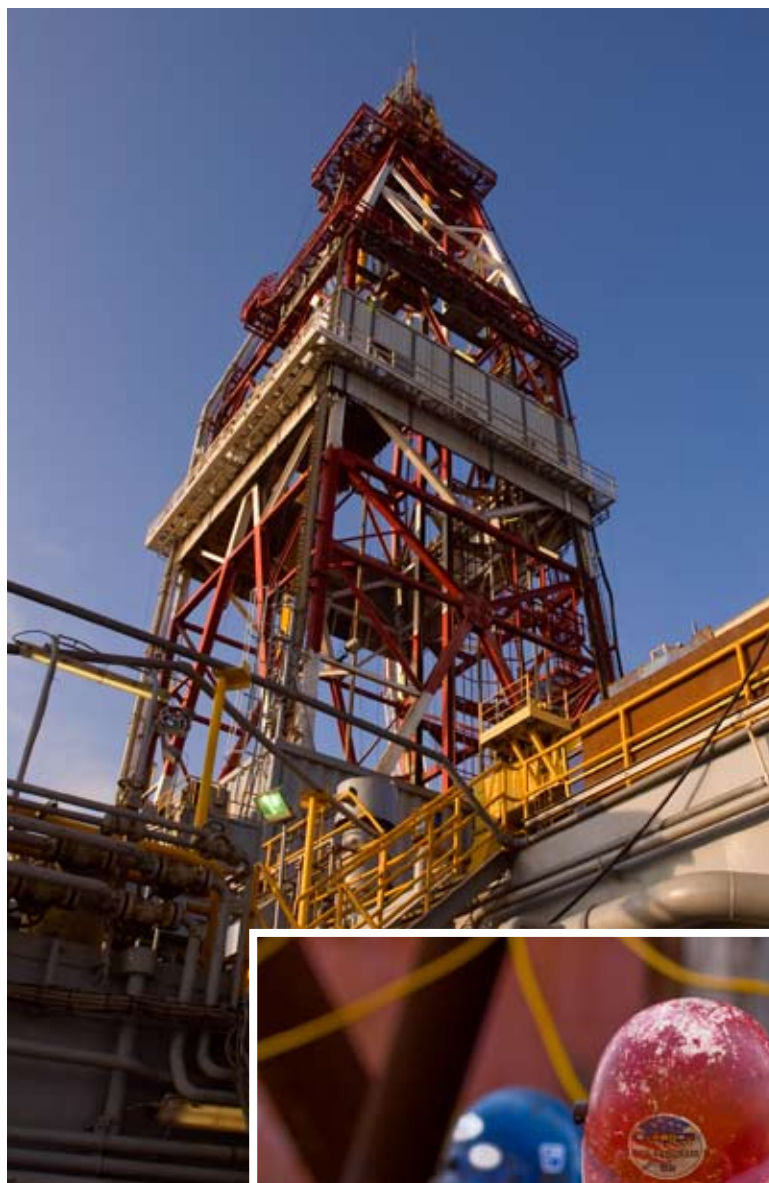
Inspect, certify, insure. This sounds pretty straightforward. But in the case of an offshore rig, nothing could ever possibly be that simple. “We go through every detail on the rig, top to bottom, inside and out, down to each link of anchor chain,” says Hinloopen, who is in



charge of every aspect of the survey from scheduling to cost accountability. Focusing for a moment on Hinloopen’s “smallest” detail, a chain link, immediately puts the enormity of the project into perspective.

“The first thing we usually do for the survey is to take all the chain and anchors off for inspection and repair,” says Hinloopen. “The mooring system on the *Baroness* has eight chain-storage lockers, each with 4,400 ft. of chain. So that’s a nice little first step.” These enormous lengths of links are looped back and forth across the adjacent dry dock, creating a rust-red corduroy floor the dimensions of a soccer pitch. The rig’s massive anchors dot this field of steel. And the heavy lifting has barely begun.

Next the freshly emptied chain lockers, which reside in the imposing cavernous darkness of the columns, are thoroughly cleaned and inspected. The lockers, particularly prone to corrosion, are thickness tested to make sure the steel is up to par. Then the same level of meticulousness is applied to the rest of the lower hull. “We open all of the columns one by one,” says Hinloopen. “We ventilate and light them so the inspector can come through. We go into all the tanks in the lower hull and clean them out, open all the sea valves to make sure they’re working properly, and check all the critical connections between the columns and lower hull where at-sea operational stresses are most intense.” During this process, the entire substructure of the rig undergoes NDT—non-destructive testing—using ultrasonic crack-detection techniques. Repairs, if needed, are made and the lower hull is pressure tested to make sure there are no leaks.



ON THE *BARONESS*, CONTRACTORS ABOUND. A SCAFFOLDING COMPANY HAS COVERED THE RIG IN A WEB OF TIGHTLY CONNECTED PIPE AND TIMBER TO GIVE WORKERS SAFE ACCESS TO OTHERWISE UNREACHABLE PARTS OF THE STRUCTURE.

THERE ARE DOCKYARD PERSONNEL DOING AN ARRAY OF MAINTENANCE TASKS. SEVERAL COMPANIES ARE ON HAND TO SERVICE THEIR PARTICULAR COMPONENT OF THIS FLOATING CITY. THERE ARE SPECIALIZED REPAIR TECHNICIANS, CLEANING CREWS, PAINTERS.

AND ROUNDING OUT THIS LIVELY CROWD ARE HOUSTON-BASED DIAMOND OFFSHORE PERSONNEL MANAGING SPECIFIC ASPECTS OF THE EFFORT, REPRESENTATIVES FROM HESS KEEPING TABS ON THE PROJECT, AND, OF COURSE, THE INSPECTORS FROM ABS.





BARRING CORROSION

A massive pallet of gleaming aluminum bars sits on the dock alongside the *Baroness* in preparation for being welded onto the column walls below the water line. These anodes attract saltwater corrosion away from the steel, giving the lower hull a much longer life. During the Special Survey, the corroded anodes are cut away, and new ones are welded on. This procedure typically means that work on the lower hull is near completion. Yet there is still much to be done from on high.

Everything from deck plating to piping to gauging is taken apart, cleaned, repaired, tested and inspected. The same goes for many components that make up the rig's extensive equipment systems, including engines, pumps, shakers and cement units. All wires, hydraulics and mechanisms of the rig's long-limbed cranes are inspected. Each boom is checked to make sure there are no bent laces, and the load indicator that monitors overload situations is tested.

Safety systems get particularly intensive attention. All watertight doors are checked, making sure every one of the dogs is working properly. The ventilation system is inspected and a test is performed to show that all ventilation and dampers can be immediately shut in case of fire. The main engines undergo a similar test to show that they can be abruptly shut down in case of emergency. All escape systems are checked, including ladders, lifeboats and life rafts. "We do lifeboat tests where we lower each boat, fire up the engine, check the rudder and propellers, and raise the vessel back into place," says Hinloopen. "The Coast Guard also requires this, so the test is sometimes done at sea for them rather than as part of the dockside survey."

This isn't the only part of the Special Survey that occurs at sea. In fact, the entire process begins two-and-a-half years earlier, when rigs undergo an intermediate survey. At this time, an abbreviated version of the survey is done while the rig remains on location. Inspectors come out to the drill site. Divers are sent down to visually inspect the lower-hull. Select columns are opened for inspection. In the end, notes and recommendations are made pertinent to the upcoming bigger survey. "We normally don't disconnect the drill string or completely stop our usual operations," says Hinloopen. "But we apprise ourselves of any issues so they can be quickly addressed during the Special Survey. If an issue can't wait that long, we take action then."

BALANCING ACT

Back in Sabine Pass, as activities surrounding the Special Survey hit their full stride on the *Baroness*, the image of a powerfully raw and complex symphony is invoked more than ever. There are people working over every inch of the structure, from divers underneath to derrick technicians at the very top. Every player in this symphony has to be in perfect synch for the survey to go as planned, and any change from the sheet music can throw the project into discord and cost the Company thousands of dollars.

Randy Hazlewood, offshore installation manager (OIM) of the *Baroness*, spends his days making sure the plan stays on track and that the unexpected is minimized. Hazlewood is responsible for everything that happens on the *Baroness*, during both offshore operations and the less-familiar environs of the Special Survey. The same crews that work the rig at sea are here at the dockyard, but the atmosphere is far from business as usual.

"During the survey, I am no longer working just for a Diamond Offshore customer," says Hazlewood. "With all the contractors around, I now have a lot of new people working for me that I have to manage. I have my usual crew, but the jobs change, so the hazards change. My crew is working around people they're not used to, doing tasks they're not used to. So we take extra precautions."

On the *Baroness*, contractors abound. A scaffolding company has covered the rig in a web of tightly connected pipe and timber to give workers safe access to otherwise unreachable parts of the structure. There are dockyard personnel doing an array of maintenance tasks. Several companies are on hand to service their particular component

of this floating city. National Oilwell Varco is making derrick modifications. Loadmaster is working on the elevator and emergency racking system. Hydralift is installing a new iron roughneck. There are specialized repair technicians, cleaning crews, painters. And rounding out this lively crowd are Houston-based Diamond Offshore personnel managing specific aspects of the effort, representatives from Hess keeping tabs on the project, and, of course, the inspectors from ABS.

The *Baroness* is buzzing with an atmosphere of urgent yet careful progress. “There is a lot of money being spent, a lot of accountability to take care of, and no dayrate being made,” says Hazelwood. “The survey creates new stress. But you also get a break from the drilling side of things, a nice change of scenery for a month or so.

“We also get the chance to do all kinds of maintenance that we normally can’t do while the rig is in operation,” he adds. “We can’t just shut down the engines at sea to work on them, but we can here. We’ve got divers plugging our sea chests so we can access and service the manual valves. Those valves are our first line of defense out at sea, and this is our only opportunity to work on them.”

Time optimization is the order of the day for every precious 24 hours that a rig is dockside. Thus the time taken for the Special Survey is also used to make any required modifications for the client holding the current contract. On the *Baroness*, Hess has requested an augmentation to the derrick, a modification to the shale-shaker house, and a new cement unit, all of which will enhance the rig’s capabilities,” Hazlewood notes.

DIFFERENT RIGS, DIFFERENT APPROACHES

The month-long, dockside process is typical of semis like the *Baroness*, but the Special Survey for a jack-up is sometimes handled very differently. Jack-ups frequently are brought into a shipyard for their Special Survey. These surveys normally cost about \$3-4 million and require approximately 30 days to complete. But sometimes jack-up rigs are able to complete a Special Survey through a two-phase approach. Phase one happens while the rig is still working, but nearing the end of a contract or well location. At this time, all upper-deck work is performed, inspected and approved. Phase two typically takes place while the rig is moving between well locations.

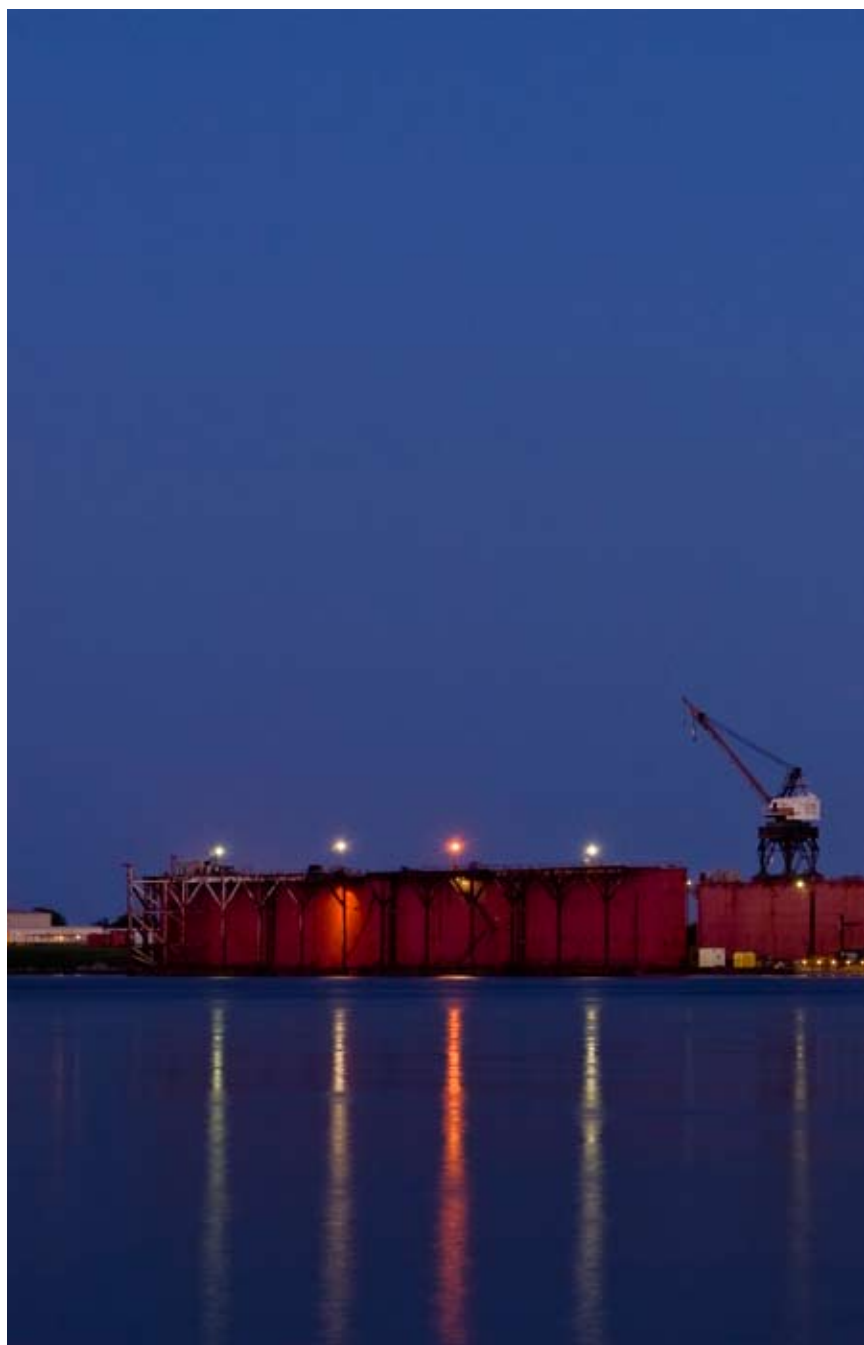
“We just stop the rig in transit,” says Hinloopen. “Here we take care of the critical connections and all other equipment and structures below the waterline. This approach satisfies the survey requirements, saves us time and keeps the rig working.” Diamond Offshore’s dynamically positioned rigs also undergo an at-sea survey, but for different reasons. “We would have to remove the thrusters below the hull for those rigs to come into a dockyard,” says Hinloopen. “This is very difficult and costly, so we have worked out methods with ABS to acceptably perform the survey at sea.”

ANCHORS AWEIGH

When the last box is checked on the Special Survey, the *Baroness* will load up and be towed back into the Gulf of Mexico to resume drilling. “There’s practically nothing on board right now,” says Hazelwood. “No drill pipe, mud, mooring, or any other type of equipment that was unloaded for maintenance. All of that has to come back on.” As the *Baroness* gathers herself for deployment, every item added counts toward the rig’s carefully calculated 5,400-ton maximum load weight. Trying hard to stifle a mischievous grin, Hazlewood adds, “I’m a dozen or so pounds heavier now than when I started at the Company 34 years ago. So we have to factor that in.”

When the *Ocean Baroness* clears Sabine Pass, the *Ocean Quest* will slip into the vacated spot at Signal International Dockyard, and the entire Special Survey symphony will play from the beginning yet again. ♦

SCOTT REDEPENNING IS AN INTERNATIONALLY EXPERIENCED FREELANCE WRITER, ENTHUSIASTIC SOCCER COACH TO 5-YEAR-OLDS, AND A HIGHLY QUALIFIED BEACH BUM.



SPECIAL SURVEYS ARE REQUISITE TO ENSURING CREW SAFETY AND INSURING RIGS, AND THEIR REACH EXTENDS FAR BEYOND DIAMOND OFFSHORE ASSETS NOT TO MENTION THE REST OF THE OFFSHORE DRILLING INDUSTRY. COMPANIES AROUND THE WORLD THAT OPERATE ANY KIND OF SEAGOING VESSEL OR MARINE STRUCTURE MUST BELONG TO CLASSIFICATION SOCIETIES—NON-PROFIT AUDITING ORGANIZATIONS THAT DO INSPECTIONS, MAKE REPAIR RECOMMENDATIONS AND OVERSEE MODIFICATIONS.



HOMETOWNS OF DIAMOND OFFSHORE

FROM THE COMFORTABLE BACK PORCHES OF MISSISSIPPI
TO THE SUN-KISSED COASTLINE OF BRAZIL, RIGAMAROLE TAKES A LOOK
AT SOME OF THE PLACES DIAMOND OFFSHORE CALLS HOME.





PRENTISS, MISSISSIPPI

BY MOLLY GLENTZER
PHOTOGRAPHS BY NICHOLE SLOAN

From the back porch of his comfortable home outside Prentiss, Miss., J.B. Bass enjoys a commanding view of the gently rolling pastures where his contented cattle roam. Deer and wild turkey often emerge from the dense wood border to nibble from his hay bales. The trusty Bush Hog he uses to keep his 250 acres neat sits reassuringly beside the barn, just a few paces from the porch.

On a warm summer day, the air hums with insect sounds and birdsong; come nightfall, bullfrogs from the pond will add a bass chorus to the staccato stirrings of the crickets.



- 01 John B. Bass (Rig Supervisor, *Ocean Drake*)
- 02 Sammy Brown (*Ocean Summit*).
- 03 Willie Ard (Rig Supervisor, *Ocean Tower*)
- 04 Zachery Davis (Roustabout II, *Ocean Confidence*).





01



It's no wonder that Bass, a rig supervisor on the *Ocean Drake* with 40 years of offshore experience, has no desire to leave the land where he grew up. "I've been around the world a couple of times," he says, but I always look forward to coming home." His voice is unhurried, his accent thick as honey.

Bass and his wife, Diane, married 40 years ago just up the hill at Whitesand Baptist Church. His three kids, all married with families of their own, often visit on weekends.

And Bass isn't the only Prentiss native who can't imagine living anywhere else. Nearly 20 Diamond Offshore employees live in or near this town of about 1,000 in south-central Mississippi. Willie Ard, a rig supervisor on the *Ocean Tower*; Stephen B. Hooker, a derrickhand II on the *Ocean Crusader*; and Zachery B. Davis, a young roustabout II on the *Ocean Confidence*, are among those thankful for a career that allows them to return every 14 days to family, quiet, and an abiding sense of home.

Prentiss lies about an hour south of Jackson, Miss., down miles of rolling, pine-forest-lined roads. You know you've arrived when you come to the highway junction dominated by the Country Fisherman Restaurant, a large log building with a sea of a parking lot that's jammed on Friday and Saturday nights.

Veer to the right, and soon you'll be on Main Street. On a recent Saturday, the Jefferson Davis County Courthouse and a large bank building were quiet. Few cars were parked at Prentiss' two motels, several small grocery stores, and gas stations. Customers trickled into the old Rexall Drug Store and a florist, but many other shops were closed, some for good. At the pretty park marking the start of the Longleaf Trace, a 45-mile trail along an old train route to Hattiesburg, a pair of bikers geared up.

Bass remembers the '50s and '60s, when Prentiss was a hub between Jackson, Hattiesburg, Brookhaven, and Laurel. "You could go to the old Four-Way Restaurant any morning and get a job because all the company people met there," Bass says.

Still, even in 1968, he needed to find work elsewhere to support his family and his farm. "I never would have made it in a factory or a nine-to-five job," he says.

Prentiss lost what little industry the town had when the St. Regis Paper Company closed a nearby mill, and General Motors moved a wire factory from the area to Mexico, laying off 400 people. Having a Wal-Mart open 15 miles away in Magee didn't help either.

Willie Ard—who celebrates his 34th year with Diamond Offshore this October—also remembers Prentiss' heyday. "When I was a kid, Main Street was brick," he says.

Ard points out the concrete patches on the sidewalk where mule and horse hitchers stood in the early 1900s, when Prentiss was founded, and alongside these, patches marking the sites of parking meters from a later period. He used to rope calves at a corral where a bank now stands.

One Prentiss feature hasn't changed, however: As cars pass, almost without fail the drivers call out friendly greetings to Ard. "Prentiss is just a good place to live. The town has a nice, slow pace, a good place to bring family up," Ard says.

Although "slow" doesn't really describe his life here: Ard's wife, Wanda, is a head basketball coach at Prentiss Senior High School. His daughter, grandchild, and many other relatives live nearby. He keeps cattle and a few roping horses on his 250 acres, and he owns the local A&K Service Station. Ard likes to play the nine holes at Prentiss Country Club and often invites buddies to the camp he's built for four-wheeling and hunting.

Stephen Hooker, in his fifth year with Diamond Offshore after nine with Pool Offshore, is also happy to be raising his three kids, ages 6 to 18, on land that's been in his family at least four generations.

"It's country. Everybody knows everybody. And the cost of living here isn't high," Hooker says. His wife, Anita, teaches in the Head Start program. The kids swim in nearby ponds and go to Jeff Davis Lake just outside town—just as Hooker did when he was their age. Family outings often involve shopping at the mall in Hattiesburg and eating at the Country Fisherman.

You might expect 20-year-old Zachery Davis, a former star athlete at Prentiss Christian School, to feel some wanderlust in a town this quiet. "You have to have imagination," he admits. "When you pass through Prentiss, you don't think much goes on, but my friends and I have a good time. In a bigger place, you wouldn't have such close relationships."

Zachery and his 21-year-old brother, Joshua B. Davis, a roustabout I on the *Ocean America*, live with their parents. (Mark H. Griffith, a barge supervisor on the *Ocean Valiant*, recruited them; he attended high school with their mother, Kippy Davis Smith.)

Although the Davis brothers like to relax with friends on the back porch or ski at Jeff Davis Lake, home also has its duties. Volunteer firemen, they spent weeks helping clear roads through the community after Hurricane Katrina blew through.

Zachery is thrilled to have found a career that pays well, has great benefits, offers a lot of opportunity, and still allows him to come home. "Life offshore is exciting and overwhelming," he says. "I had no idea what went on out there." ♦



RIO DAS OSTRAS, BRAZIL

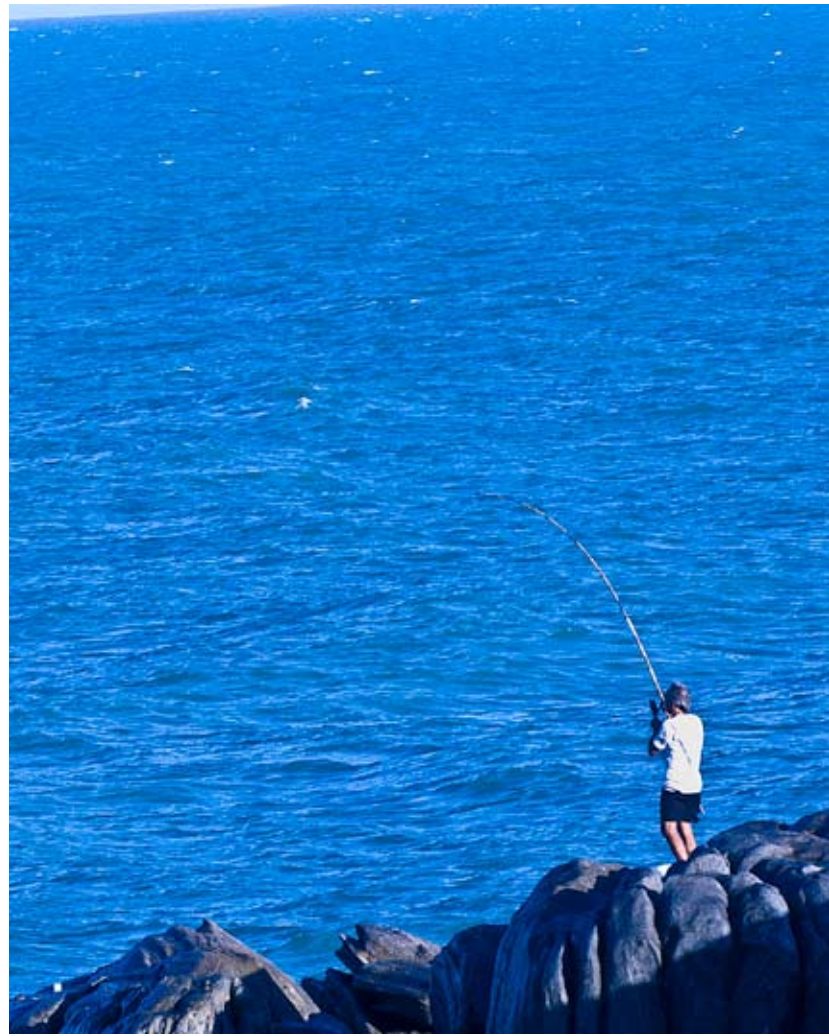
BY DENISE ALLEN ZWICKER
PHOTOGRAPHS BY CHRIS SHINN

RIO...

THE HOME OF CARNAVAL,
THE FAMOUS CHRIST THE REDEEMER STATUE,
"THE GIRL FROM IPANEMA," AND 6 MILLION PEOPLE.

NO, NOT THAT RIO.





Just 175 kilometers north, on Brazil's sun-kissed coast, lies the smaller city of Rio das Ostras (River of Oysters). Here, Diamond Offshore employees enjoy all the beauty of that other Rio—without the congestion.

This Rio is home, for one, to Carlos Guimarães de Souza, Diamond Offshore's first Brazilian employee to reach the level of tool-pusher (on the *Ocean Yatzy*). De Souza, with his wife, Lenice, and 14-year-old daughter, Larissa, enjoys the good life in the town where he's lived his entire adult life. "The town is clean—really clean. And the people live more modestly than many in Rio, but are always happy," he says with his own contented smile.

Everyone seems to agree on the charms of Rio das Ostras: balmy beaches studded with curving palm trees, fishing grounds that offer up a bounty of bagre, cavalinha, and arraia (but no longer many ostras), restaurants galore serving seafood with mouth-watering Brazilian flair. And everyone seems to compare this Rio with that other Rio, citing Rio das Ostras' lower congestion, superior government, and welcome peace.

Robson Mota, driller on the *Ocean Yatzy*, couldn't wait to move here six months ago.

Jeane Milleli de Santos, assistant administrator on the *Ocean Clipper*, is excited about her upcoming move from Rio de Janeiro to Rio das Ostras, where "the weather is wonderful."

Teixeira Ednelson, derrickman on the *Ocean Alliance*, has lived here happily for 20 years.

Alex Crisanto, roustabout on the *Ocean Clipper*, used to live here and can't wait to move back.

Giancarlo Fulchignomi, radio operator on the *Ocean Yatzy*, was born in Sao Paulo, moved to New York City, then to Rio de Janeiro and Macaé (Brazil). But Rio das Ostras is "No. 1" with him.

Luiz Lopes Filho, floorhand on the *Ocean Yatzy*, met his wife, Tatiana, here.

Rui Gonzaga da Silva Junior, second engineer on the *Ocean Clipper*, moved here from Rio de Janeiro just three months ago. In that time, he has enticed almost his entire larger family to join him, his wife, and his two children in the town where he has found beauty, safety, and good prospects.

"I like living close to the beach and near an offshore company," says Da Silva, who's worked for Brasdril for nearly three years. "And I found a course to take nearby that will help me move up in my job. My wife is starting back to college because the city offers free transportation to a college in a nearby town. During my time off, I can stay home with our children while she goes to school. My wife's father and mother like our house so much that they plan to move here and can help with the children while I'm at work. My father retired here, too."

Family exerts a strong pull in Rio das Ostras—and throughout Brazil, home of warm, loving people who welcome strangers with a kiss on both cheeks. "And this town is small enough that it feels like family," says Fulchignomi. "We all know each other. It's kind of pretty. It's quiet. And I love living six blocks from the beach!" ♦

A apenas 175 quilômetros ao norte, na costa brasileira banhada pelo sol, fica a cidade menor de Rio das Ostras. Aqui os funcionários da Diamond Offshore desfrutam de toda a beleza do outro Rio, sem o congestionamento.

Este Rio é o lar, por si, de Carlos Guimarães de Souza, o primeiro funcionário brasileiro da Diamond Offshore a chegar ao nível de encarregado de sonda (na *Ocean Yatzy*). Souza, com sua esposa Lenice e filha Larissa, de 14 anos, usufrui da boa vida na cidade onde morou durante toda a sua vida adulta. "A cidade é limpa, muito limpa. As pessoas vivem mais modestamente do que no Rio, mas estão sempre felizes", diz ele com seu próprio sorriso de contentamento.

Todos parecem concordar com os charmes de Rio das Ostras: praias mansas pontilhadas com coqueiros que se curvam ao vento, pesqueiros que oferecem fatura de bagres, cavalinhas e arraias (porém não mais muitas ostras) e abundância de restaurantes servindo frutos do mar com um toque brasileiro de dar água na boca. E todos parecem comparar este Rio com o outro Rio, citando o menor congestionamento de Rio das Ostras, sua administração melhor e a paz bem-vinda.

Robson Mota, sondador na *Ocean Yatzy* não agüentava mais esperar para se mudar para cá seis meses atrás.

Jeane Milleli de Santos, assistente de administração na *Ocean Clipper* está animada com sua mudança iminente do Rio de Janeiro para Rio das Ostras, onde "o tempo é maravilhoso".

Ednelson Teixeira, torrista na *Ocean Alliance* mora feliz aqui há 20 anos.

Alex Crisanto, homem de área na *Ocean Clipper* costumava morar aqui e mal pode esperar para retornar.

Giancarlo Fulchignomi, operador de rádio na *Ocean Yatzy* nasceu em São Paulo, mudou-se para Nova Iorque e depois para o Rio de Janeiro e Macaé (Brasil). Mas Rio das Ostras é a "No. 1" em sua opinião.

Luiz Lopes Filho, plataformista na *Ocean Yatzy* conheceu sua esposa, Tatiana, aqui.

Rui Gonzaga da Silva Júnior, segundo maquinista na *Ocean Clipper*, mudou-se para cá vindo do Rio de Janeiro há apenas três meses. Neste período atraiu quase todos os parentes para juntarem-se a ele, sua esposa e dois filhos na cidade onde encontrou beleza, segurança e boas perspectivas.

"Eu gosto de morar perto da praia e próximo de uma empresa offshore", diz Silva, que trabalha na Brasdril há quase três anos. "E encontrei um curso perto para fazer, que me ajudará a progredir no meu trabalho. Minha mulher está voltando para a faculdade porque a cidade oferece transporte gratuito para uma instituição em uma cidade próxima. Durante minha folga posso ficar em casa com nossos filhos enquanto ela vai estudar. O pai e a mãe da minha esposa gostam tanto da nossa casa que planejam se mudar para cá e podem ajudar com as crianças enquanto eu estiver no trabalho. Meu pai se aposentou aqui também".

A família exerce uma grande atração em Rio das Ostras e em todo o Brasil, terra de gente calorosa, carinhosa que recebe estranhos com um beijo em cada face. "E esta cidade é pequena o bastante que dá a sensação de uma família", diz Fulchignomi. "Todo mundo conhece todo mundo. É bonitinha. É calma. E eu adoro morar a seis quarteirões da praia!" ♦

- 01 Tatiana (wife) and Joana (daughter) of Luiz Lopes Mora Filho, floorhand at the *Ocean Yatzy*
- 02 Giancarlo Fulchignomi (Radio Operator, *Ocean Yatzy*).
- 03 Carlos Guimarães de Souza with Lenice (wife) and Larissa (daughter), (Toolpusher, *Ocean Yatzy*)





Ocean Princess

Top Quartile Drilling Performance

Please find some recognition on your top quartile drilling performance for the Duart well.

Thanks for all your efforts,

Steve McAllister

Superintendent, WELL CONSTRUCTION
Ocean Princess, Well Construction Team
TALISMAN ENERGY (UK) LTD

Stephen and Team,
Congratulations to you and the entire *Ocean Princess* team on achieving top quartile drilling performance on the Duart North well. This is our first example of top quartile drilling in 2007, and I am very pleased to be able to recognise this excellent performance widely.

Thanks, well done!

Geoff Holmes

Manager
TALISMAN ENERGY (UK) LTD

This is a great success for the *Ocean Princess* team. This is the first well in 2007 that has achieved Q1 drilling performance for Talisman UK.

Regards,

Ian Hudson

Business Improvement Engineer, WELLS
TALISMAN ENERGY (UK) LTD



Ocean Vanguard

Safe and Efficient Operation

I would like to thank Diamond Offshore for its involvement in drilling of production well NO 6506/12 J-1 H with the *Ocean Vanguard* in Norway. The well was drilled as planned and operations were performed safely and efficiently.

During 41 days of operations, which exclude rig move activities and waiting on weather time, the operations were performed very efficiently by the *Vanguard* crew. During this period it has logged 18.5 hours downtime related to rig equipment. These numbers give 98 percent operational efficiency for the rig operations, which is an outstanding achievement. I would like to congratulate the Diamond Offshore shorebase organization and crew onboard the *Vanguard* for the very good performance.

I wish the *Ocean Vanguard* crew safe performance and good results on the next Statoil project on Glitne field.

Best regards,

Jacek Zajackowski

Superintendent,
DRILLING & WELL OPERATIONS
STATOIL ASA



Ocean Scepter

Successful Launch

The hull of the 350-ft. jack-up rig *Ocean Scepter*, currently under construction at the AmFELS shipyard in Brownsville, Texas, was successfully launched on Aug. 4, 2007. When completed, the ultrapremium unit will have a 2-million-pound hook load and be capable of drilling as deep as 35,000 ft. Visible in the photographs are the crew quarters, cranes, and the initial portion of one of the rig's legs. Among other things, the drilling package will be added later. Completion is scheduled for the second quarter of 2008. A sister ultrapremium jack-up rig, the *Ocean Shield*, is currently making similar construction progress at the Keppel FELS shipyard in Singapore. The *Shield* is scheduled for completion in the first quarter of 2008.



Ocean Heritage

Nine Years NLTI

On July 8, 2007, while working for Maersk Oil Qatar AS, the *Ocean Heritage* passed yet another safety milestone—completing one year without a lost-workday case. And on Aug. 2, 2007, the *Heritage* achieved nine years without a lost-time incident. In recognition, Joop Klok, head of operations for Maersk, presented *Heritage* OIM Ricky Barfoot with a Maersk award plaque. The achievement was recognized as exceptional by Joop, who along with Per Hellbrandt from Maersk's Safety Department, attended an open weekly safety meeting on board the rig. At the meeting, Joop asked the assembled crews how they maintain their superior safety performance. The unanimous response was "working as a team and looking out for each other."

Information provided courtesy:

Mark Wojciechowski



Ocean Bounty

Offshore Bonus

Workers on the *Ocean Bounty* offshore Australia were treated to the site of a school of whales that swam near the rig. A crew member snapped this photo of one whale that posed for a close-up shot.



Ocean Columbia

It's Not a Job, It's an Adventure

I want to introduce myself. My name is Francisco Nunez, and I am an Assistant Driller on the *Ocean Columbia*. I started out in the oilfield with Odeco in 1977, and I became a Diamond Offshore employee when they took over in 1992. So I can say I've been around for 30 years. I've seen the old oilfield, and now I'm working in the new. I wrote this because of what I see on the rigs as I watch the guys, listen to them and talk to them.

Have you ever heard the phrase it's not just a job, it's an adventure? This is referring to the Armed Forces.... I believe this saying applies to the oilfield workers as well.... You are a special individual because you have dedicated your life to not just a job, but to an adventure. You are leaving behind someone who cares about you, and you about them.... You are making sacrifices that the person working on land is not asked to make. And there are added risks that come with your job. I don't say this in a negative sense, but just to encourage you, and me, to keep safety in mind.... Regardless of your job offshore, you are a professional. You are a special individual working 14/14 or 28/28, 12 hours a day. Thanks to your sacrifice, people around the world enjoy the benefits of the natural resources we help find and produce.

And there are other rewards. The entry-level Roustabout makes more money than the average person working on land. Not taking away from those who work on land, you do receive 14 or 28 days off for every 14 or 28 you work. That is six months working, six months off every year—what a tremendous blessing. You also receive paid training, tremendous opportunity for promotion, good medical benefits, retirement, dental, vision plan, etc. But the greatest reward for you is to see the man or woman that travels to and from work, safely going back home at the end of a tour to their loved ones who they left behind to do this honorable sacrifice.

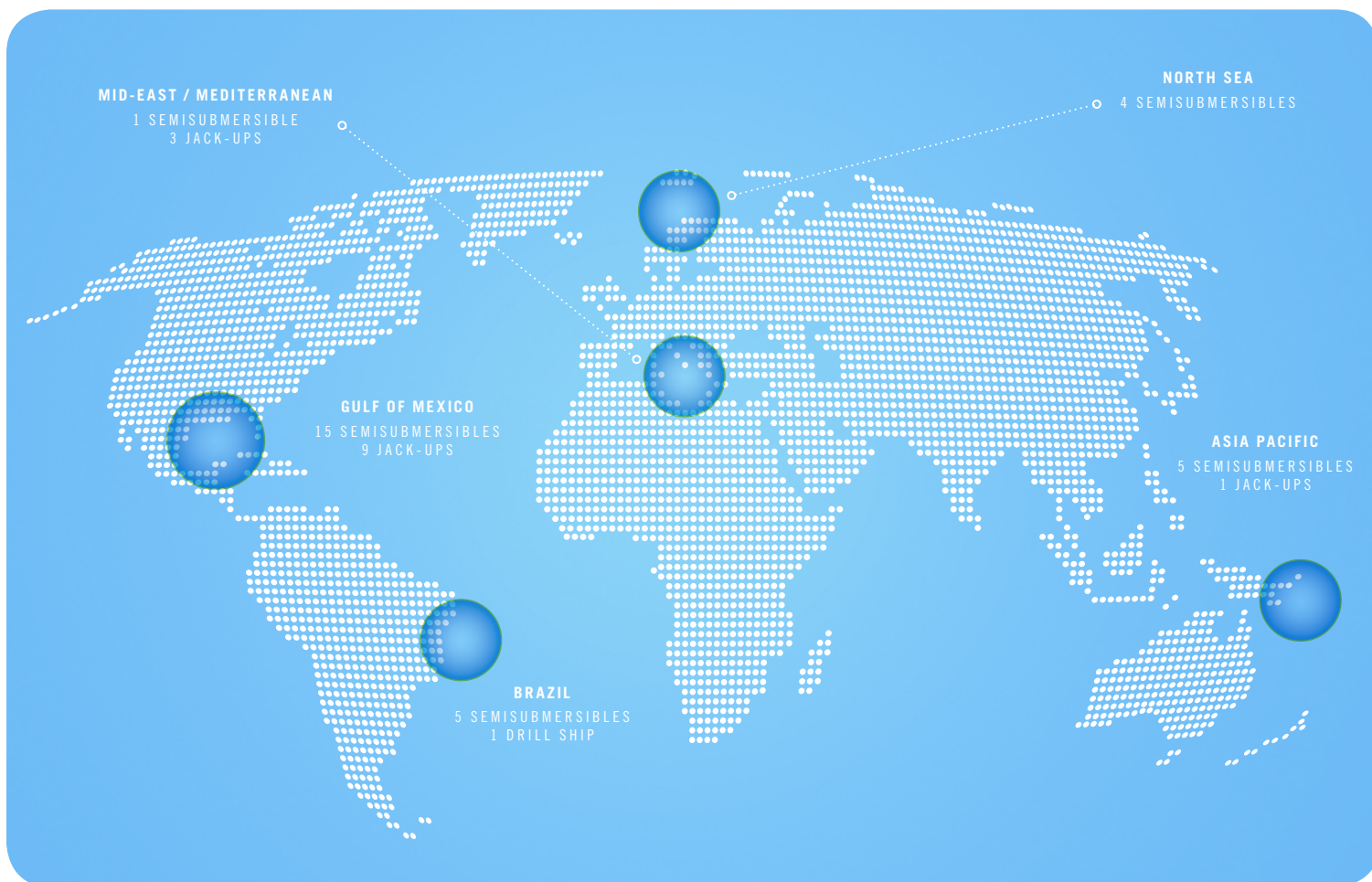
Francisco Nunez

Assistant Driller

Ocean Columbia

RIGS & LOCATIONS

DIAMOND OFFSHORE RIGS BY TYPE AND LOCATION



SEMISUBMERSIBLES			
OCEAN ENDEAVOR	8,000+	VC; 15K; 4M	GOM-US
OCEAN CONFIDENCE	7,500	DP; 15K; 4M	GOM-US
OCEAN BARONESS	7,000+	VC; 15K; 4M	GOM-US
OCEAN AMERICA	5,500	SP; 15K; 3M	GOM-US
OCEAN STAR	5,500	VC; 15K; 3M	GOM-US
OCEAN VALIANT	5,500	SP; 15K; 3M	GOM-US
OCEAN VICTORY	5,500	VC; 15K; 3M	GOM-US
OCEAN QUEST	3,500	VC; 15K; 3M	GOM-US
OCEAN VOYAGER	3,200	VC	GOM-US
OCEAN CONCORD	2,200	3M	GOM-US
OCEAN SARATOGA	2,200	3M	GOM-US
OCEAN NEW ERA	1,500		GOM-US
OCEAN WORKER	3,500	3M	GOM-US
OCEAN YORKTOWN	2,850	3M	GOM-US
OCEAN AMBASSADOR	1,100	3M	MEXICO
OCEAN GUARDIAN	1,500	3M	NORTH SEA-UK
OCEAN PRINCESS	1,500	3M	NORTH SEA-UK
OCEAN VANGUARD	1,500	15K; 3M	NORTH SEA-NORWAY
OCEAN NOMAD	1,200	3M	NORTH SEA-UK
OCEAN ROVER	7,000+	VC; 15K; 4M	MALAYSIA
OCEAN EPOCH	1,640	3M	AUSTRALIA
OCEAN GENERAL	1,640	3M	INDONESIA
OCEAN BOUNTY	1,500	VC; 3M	AUSTRALIA
OCEAN PATRIOT	1,500	15K; 3M	NEW ZEALAND
OCEAN ALLIANCE	5,000	DP; 15K; 3M	BRAZIL
OCEAN WHITTINGTON	1,500	3M	BRAZIL
OCEAN WINNER	4,000	3M	BRAZIL
OCEAN YATZY	3,300	DP	BRAZIL
OCEAN LEXINGTON	2,200	3M	EGYPT

JACK-UPS			
OCEAN TITAN	350	IC; 15K; 3	GOM-US
OCEAN TOWER	350	IC; 3M	GOM-US
OCEAN KING	300	IC; 3M	CROATIA
OCEAN SPARTAN	300	IC	GOM-US
OCEAN SUMMIT	300	IC	GOM-US
OCEAN COLUMBIA	250	IC	GOM-US
OCEAN CHAMPION	250	MS	GOM-US
OCEAN CRUSADER	200	MC	GOM-US
OCEAN DRAKE	200	MC	GOM-US
OCEAN HERITAGE	300	IC	QATAR
OCEAN SOVEREIGN	300	IC	INDONESIA
OCEAN SPUR	300	IC	EGYPT
OCEAN NUGGET	300	IC	MEXICO

INTERNATIONAL DRILLSHIP			
OCEAN CLIPPER	7,500	DP; 15K; 3M	BRAZIL

UPGRADING			
OCEAN MONARCH	8,000+	VC; 15K; 4M	SINGAPORE

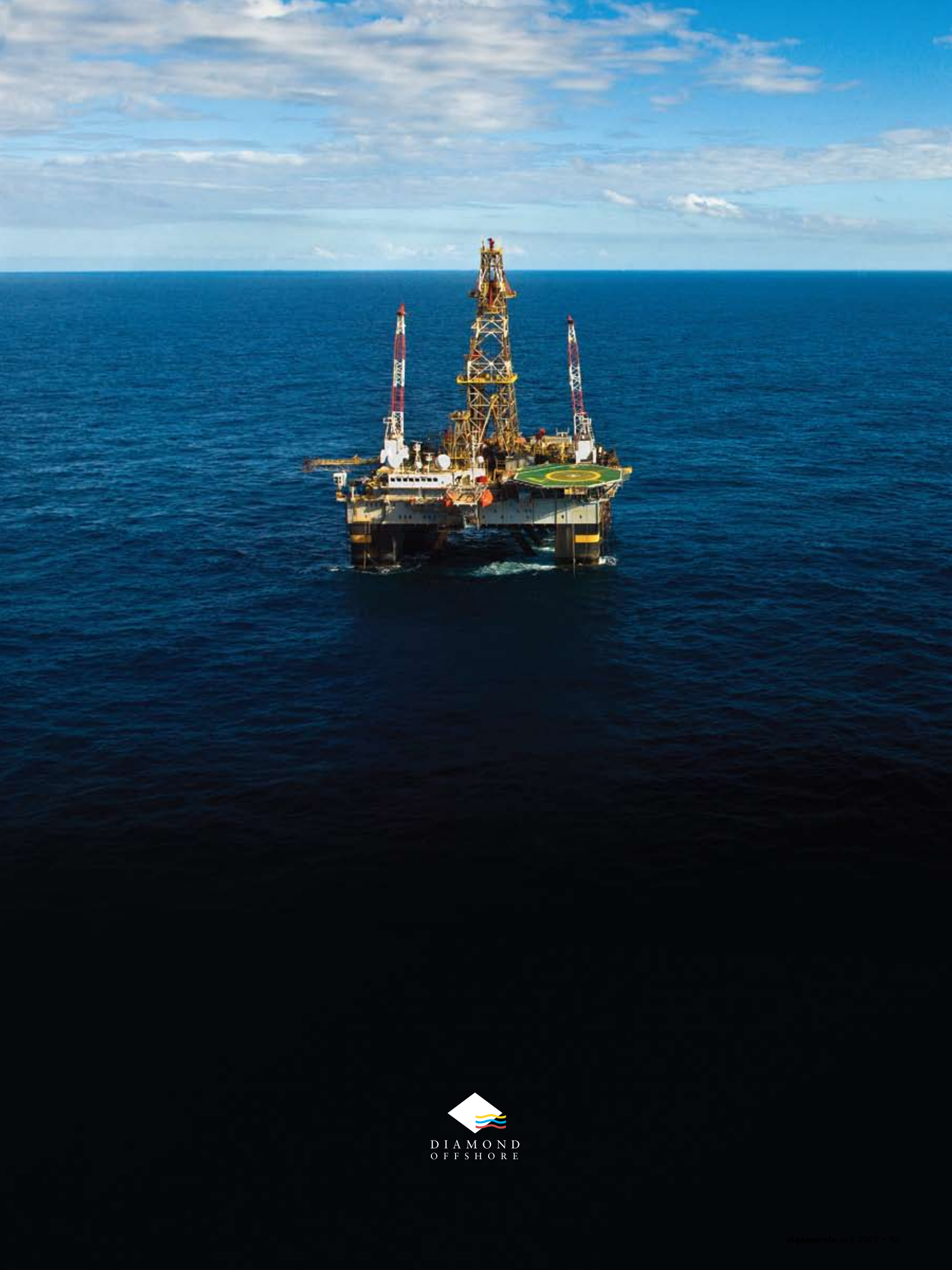
UNDER CONSTRUCTION			
OCEAN SHIELD	350	IC; 3-4M	SINGAPORE
OCEAN SCEPTER	350	IC; 3-4M	GOM-US

KEY			
DP	= DYNAMICALLY POSITIONED/SELF-PROPELLED		
IC	= INDEPENDENT-LEG CANTILEVERED RIG		
MC	= MAT-SUPPORTED CANTILEVERED RIG		
MS	= MAT-SUPPORTED SLOT RIG		
VC	= VICTORY-CLASS		
SP	= SELF-PROPELLED		
3M	= THREE MUD PUMPS		
4M	= FOUR MUD PUMPS		
15K	= 15,000 PSI WELL-CONTROL SYSTEM		



RUMINATIONS

With his welding mask flipped back, his safety goggles up, the heat is off for this welder, at least for now. He's a silent observer, but probably a critical one, since the performance of his craft is vital to the safety of so many. A little over a century ago, he might have been a blacksmith, essential, yes, but limited in his impact on the industrial world. Today, there is virtually no form of heavy industry, from construction to manufacturing to oil and gas exploration and production, that can do without him. Nowhere are his skill and attentiveness more necessary than in the construction and maintenance of offshore platforms. He is master of the electric arc, which he strikes with a welding rod and holds until a stream of molten metal solidifies, bonding metal to metal. He determines the strength of a single joint and ultimately the integrity of a platform's structure. His work is not about art. It's about details. And as we all know, God is in those details.



DIAMOND
OFFSHORE