

EDITORIALS

From the Chairman

MANAGEMENT MUST COMMIT TO SAFETY

IN TODAY'S IMPROVED markets, we have a real opportunity as well as a necessity to make solid safety gains. A poor safety record can put a company out of business more quickly than poor performance with an operator, poor relations with shareholders or lagging technology.

Enhancing safety is the right thing to do for our people. It is also the practical thing to do. The National Safety Council estimates that each fatal work injury costs approximately \$800,000 in lost wages, medical insurance, and other costs. The average cost of injuries that result in even one day of lost time is \$28,000.



Thomas P. Richards, Chairman

Those accidents that affect the environment also create the added burden of clean-up costs and fines.

Fortunately, our record has improved. The incidence of lost time accidents in the drilling industry improved by 55% from 1995 through 1999. However, we saw a slight increase in 2000, which reflects the employment of a

large number of new, less experienced personnel.

The question we face today is how can we further reduce the level of accidents? Moreover, how can we achieve an *accident-free* industry?

First, we should look at how we've achieved an improved record. Most of that progress has come through changes in equipment and procedures. We engineered a safer work environment by changing guards, handrails, and stair spacing and making other physical modifications in the work place.

The next phase in safety enhancement was designing better processes, policies and procedures, including better training programs. The **DuPont STOP** program and the IADC Well Control Accreditation Program (WellCAP) are good examples.

But safety is a three-legged stool, and the missing leg has been management commitment. Even with safety policies and procedures in place, it is management that most influences practice. We must set the tone, placing the emphasis on safety first versus a constant stream of messages to employees about cost containment, rig appearance or utilization.

We must reward positive performance and penalize negative performance. At **Grey Wolf**, the board holds me responsible if we can't work for an operator because of a poor safety record. My compensation is partly determined by safety performance and that scheme follows on down the line.

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When it comes to safety, either we go forward or we go backward. Our opportunity today is to go forward by committing to accident-free operations.

JOIN US FOR IADC LAND CONTRACTORS DAY!

Let me offer a special plug for IADC Land Contractors Day, 19 April in Houston. The main theme of this edition of *Drilling Contractor* is land drilling, a subject near to my heart. Land Day, as we call it, is the only industry event designed exclusively for the land drilling industry, as well as their customers and suppliers.

This year, we have planned a special welcoming breakfast that will feature remarks on the industry's key challenges and direction by **Gene Isenberg** of **Nabors Industries**, **George Dotson** of **Helmerich & Payne International Drilling Company**, and yours truly.

This breakfast will kick off a strong daylong program on topics and issues drilling contractors care about—and that our customers should also pay attention to, especially in these high-demand times.

I invite you to join us. Please call IADC for further details. ■

From the President

CREDIT WHERE CREDIT IS DUE

WHEN SCHLUMBERGER Reed-Hycalog's President, **John Deane**, presented **Ray Peterson** (Senior Vice President, **UTI Midland**) with the 2001 Contractor of the Year Award, Ray commented that he thought it "remarkable" that his term as Chairman of IADC came in 1998, when he headed an 8-rig company. "That's the amazing thing about IADC", he said, "that a small land contractor from West Texas can come to head something as large and international as IADC."

The following year, Ray sold his company, **Peterson Drilling**, to UTI, becoming part of a 150-rig organization. Recently, UTI and **Patterson Drilling** announced a merger that will result in a 300-rig US-based land drilling company. "When I ran just 8 rigs, I went to IADC for information, conferences, drilling report forms and training material; not to mention, looking out for our political and regulatory interests." When, with UTI, Ray's responsibility expanded to managing UTI's West Texas operations, "We did the same thing."

And now? "As one of the largest US land contractors, I can assure you that IADC serves the very same interests as it does for my original 8-rig company. One thing about IADC is its diversity of membership: large and small companies, US and international; IADC is there for everyone's benefit".

Congratulations to Ray Peterson on being named 2001 Contractor of the Year, and a hearty thanks to John Deane and the folks at Schlumberger Reed-Hycalog for their continued support in sponsoring this annual award. ■



Lee Hunt, President