From the Chairman

Volunteering Repays the Effort!

Over the past year, as I’ve worked on IADC projects and met with drillers around the world, the unique diversity of our business and the many ways in which the IADC supports our industry has really struck home. My year as chairman has greatly increased my appreciation of the many challenges facing our industry and of the many dedicated people who work daily to face them.

The recent IADC Annual Meeting was a telling illustration of the challenges facing this diverse industry and the myriad of activities pursued by its Association. For example, rig insurance is soaring. Presentations by Jim Pierce, Managing Director of Aon Risk Services Natural Resources Group and John Lloyd, a partner with Jardine Lloyd Thompson made clear a lot of the reasons why. Medical insurance is another spiraling cost, not just for the drilling industry, but throughout the economy. Gary Brantz with Towers Perrin, gave a comprehensive picture of the reasons behind this alarming trend and emerging practices to deal with it.

Our keynote speaker on the opening day was the distinguished Director of the US Minerals Management Service, Johnnie Burton. Ms Burton graciously offered an update on the status of the Bush Administration’s energy policy and philosophy toward access for E&P. While the Administration is largely pro-development, Ms Burton unfortunately held out little hope for new offshore leases outside the Central and Western Gulf of Mexico and the limited area currently available in the Gulf of Alaska.

Even when public lands are nominally “open” to development, endangered species, wilderness and other environmental restrictions frequently render E&P access impractical. Diemer True, in an informative presentation punctuated with incisive wit, made this all too clear. Diemer, a partner with True Companies, long an IADC stalwart, currently chairs the Independent Petroleum Association of America, with whom IADC works closely on this and other issues important to our industry.

Along those lines, attendees at the IADC Annual Meeting departed well briefed on the many Association activities impacting your companies for the better. If you couldn’t make it, you’ll find a handy compendium of our ongoing initiatives in the “2002 IADC Report to Members”. You can obtain this informative document from the IADC website (www.iadc.org) or by simply calling IADC. The report highlights a considerable record of accomplishment across a myriad of pursuits.

We can be stronger together than apart. Nowhere is this demonstrated more consistently than through the successes of IADC. For instance, I recently had the honor of giving the keynote address at the 2002 IADC International Well Control Conference, the first conference focused exclusively on well control to be held in the Middle East. The event, which took place in Bahrain, provided a good forum for addressing well control concerns facing IADC member companies in that region.

However, it takes commitment to keep this engine of accomplishment steaming. No one recognizes better than I the demands of running our businesses in today’s drilling industry. Nevertheless, I promise you that the rewards of involvement in IADC—personal and professional, to your companies and to our industry—make the extra time well worthwhile. If you already volunteer with IADC, you understand what I’m talking about. If not, I hope you will join us soon and become involved in the activities of one of our many committees. We need new people with new ideas to carry out the work of IADC.

From the President

No Sweat!

At last we come to the end of the line for interesting, and sometimes amusing, stories of environmental impact abatement requirements encountered along the coastline of the North Sea. Make no mistake, drilling companies apply stringent controls on essential operations that could possibly result in environmental impact. The industry expends substantial resources, financial and human, to minimize risk and provide safe, healthy workplaces.

It’s just that a few things happen along the way where the solution seems out of proportion to the problem. Say, installing bird watchers or mussel watchers aboard offshore rigs. Or, building translucent, sound proof walls around land locations. And now, from the home of Hans Christian Anderson comes a new fairy tale: saunas!

Yes, when moving an offshore mobile drilling rig from the UK sector of the North Sea to another coastal state jurisdiction, the company was required to install a sauna aboard the rig.

The reason? It seems the state health authority determined that after a day of working with oil based mud (all contained properly within the mud system, by the way), a little dry heat would help sweat out any impurities that might be caused from a day’s labor. Cost? A little over $100,000 Euros. Value? Priceless.