

EDITORIALS

From the Chairman

GET YOUR PEOPLE INVOLVED!

THE E&P INDUSTRY—and especially the drilling business—has always been highly competitive—not to say “cut throat” at times! Certainly the exploration process must by its nature include a healthy dose of secrecy, if the clandestine subsurface mysteries are to benefit only that producing company whose logo is on the geologists’ paychecks. Nonetheless, oil producers have long cooperated on projects of mutual interest—sharing ideas on technology, developing common standards, and so on.

And commercially, it’s no secret that we contractors and our colleagues in the oilfield service industry compete fiercely for the business of the aforesaid producing companies. Still, we work together on many non-competitive pursuits. Over the past several decades, our cooperative work through IADC, for instance, has produced landmark after landmark for the benefit of the entire industry, from the industry IADC Daily Drilling Report and standard



Marion M Woolie, Chairman

model contracts to deepwater well control guidelines and our first-rate accreditation programs WellCAP and RIG PASS.

The pertinent word in the foregoing paragraph, though, is “several decades”. The volunteers in our industry organizations—not just IADC, but throughout our industry—are growing increasingly long in the tooth. The “Big Crew Change” is upon us.

Many companies, including GlobalSantaFe, have begun the long process of hiring younger people in anticipation of the wave of retirements that will be upon us over the next several years.

As we ensure the strength of our own companies, we must also reserve an important place for our joint industry associations and joint industry projects. For one thing, new employees, eager to prove their worth to their new companies, are less likely to pursue association activities without direction.

It is up to their supervisors and professional mentors to encourage our juniors to get engaged in joint industry activities. First, this will benefit the new employee by broadening his or her scope of knowledge in and about our business. Second, our companies will gain through improved insights into customers and competitors, as well as through a more quickly seasoned employee. And finally, the entire industry will benefit from enhanced contribu-

tions to projects of mutual concern and creative solutions from fresh minds.

Get your folks involved in IADC committees, conference planning and local chapters. The payoff will be worth the investment! ■

From the President

A TANK OF “JOE” TO GO, PLEASE

THE COLOMBIAN COFFEE Federation recently announced a plan to open retail coffee shops in the U.S. in order to increase the return to its members from 1 to 2 cents per cup of coffee sold to 4 to 5 cents. One analyst suggested that a major oil company was their vertical integration model: they take it out of the ground and sell it in their own gas stations, he opined.



Lee Hunt, President

This got me to thinking the other day as I was filling my gas tank at a neighborhood station before jumping across the busy street to a Starbucks coffee shop. What would it cost to fill my tank with coffee?

Let’s start with first things first. I paid \$1.339 per gallon for 87 octane, including taxes. State and federal taxes amount to \$0.384 per gallon; gasoline content \$0.955 per gallon. Topping off at 20 gallons, I paid \$19.10 for gasoline and \$7.68 taxes for a total cost of \$26.78.

Applying a firm foot to the accelerator of my gas-guzzling SUV, I leapt across the busy street to the Starbucks parking lot. Inside, I paid \$1.41 for an 8 ounce cup of regular coffee (caffeinated version not required to meet any federal standards analogous to the US Environmental Protection Agency mandates for unleaded, high octane gasoline). The coffee was actually \$1.30 and tax was \$0.11.

So, let’s see. At 16 cups per gallon, it takes 320 eight-ounce cups of coffee to fill a 20 gallon tank. Starbucks would ring up \$416 for the coffee and \$35.20 for taxes. That’s a total of \$451.20 per tank of regular coffee, compared to \$26.78 for gasoline. (And for those who prefer their coffee thick and strong, the price tag for a tank of espresso is \$4,019.)

What does it cost Starbucks to make one gallon of regular coffee? According to public sources, Starbucks buys “fair-trade” coffee for \$1.20 per pound (as opposed to other coffee wholesalers who pay only about 0.70 cents per pound). Starbucks “fair-trade” price is a voluntary purchase price to help guarantee a living wage to poor coffee farmers in developing countries. Good for Starbucks! Approximately 7 ounces of ground coffee beans are required to produce one gallon of coffee. So, coffee costs \$0.525 per gallon for raw feedstock (beans) and retails at \$20.80 per gallon (sans tax).

Now, if we could only get the oil companies to think about “fair-trade” day rates for drilling rigs... you know, guarantee a living wage for poor drilling contractors—that will really be something! ■