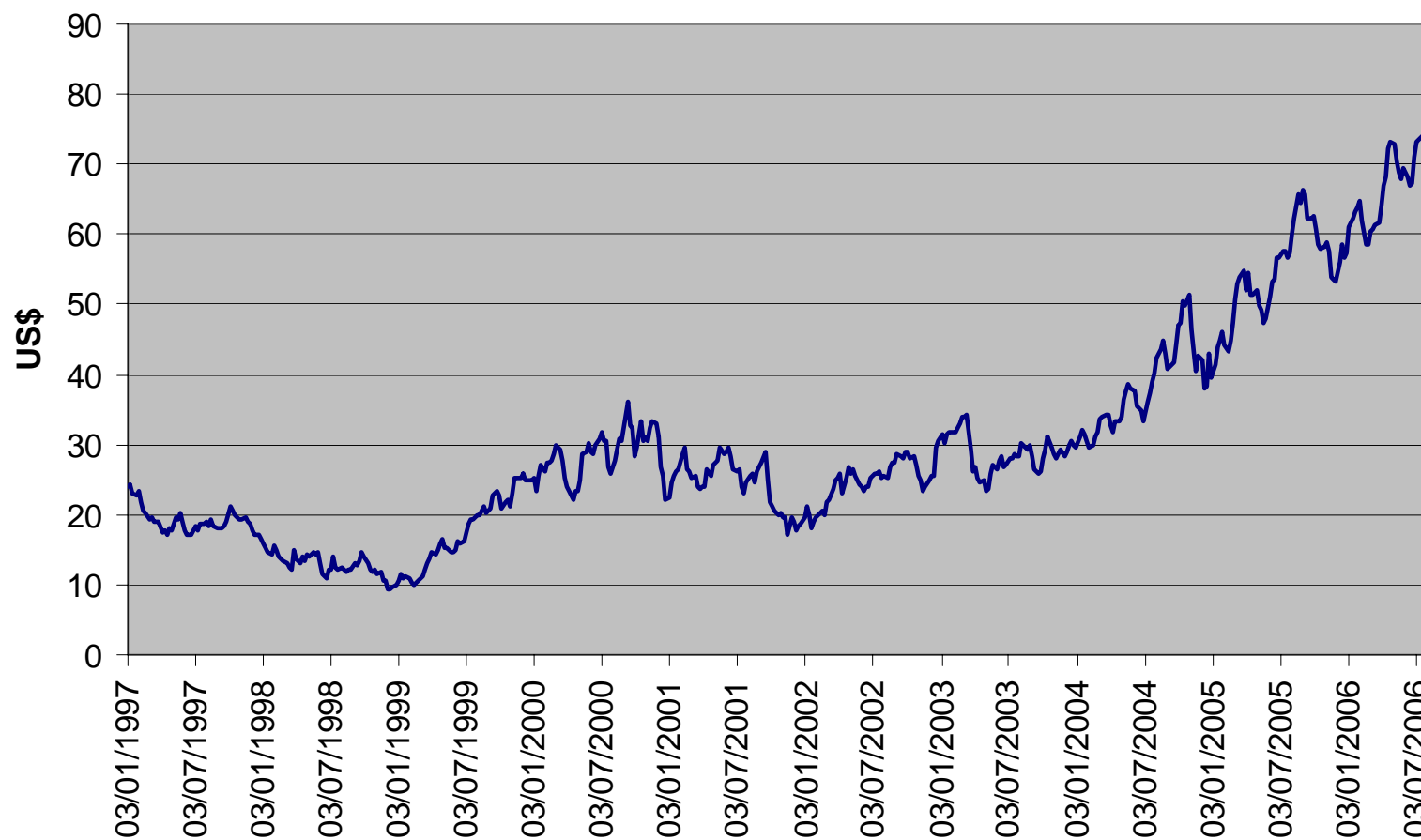
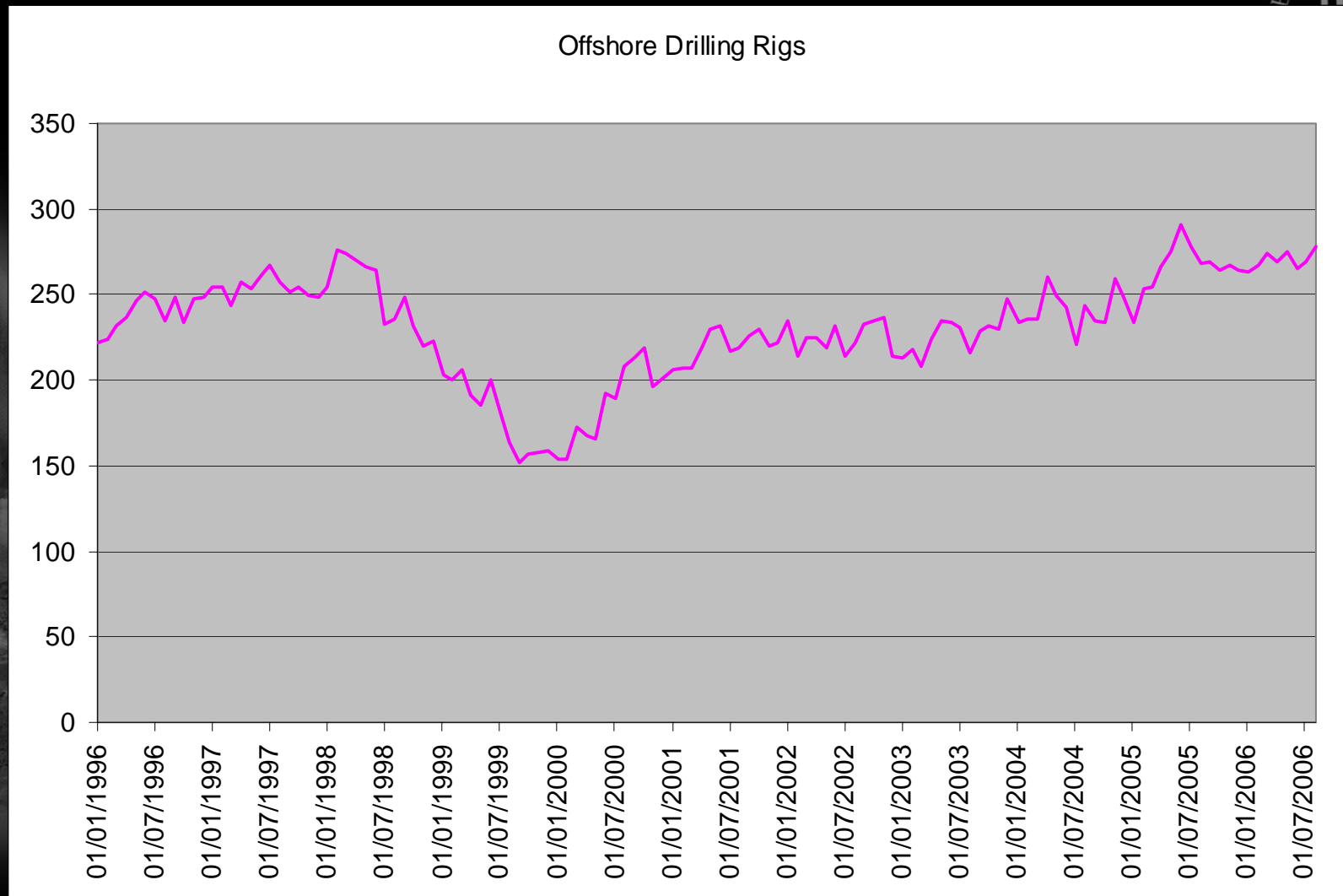




BRENT SPOT PRICE



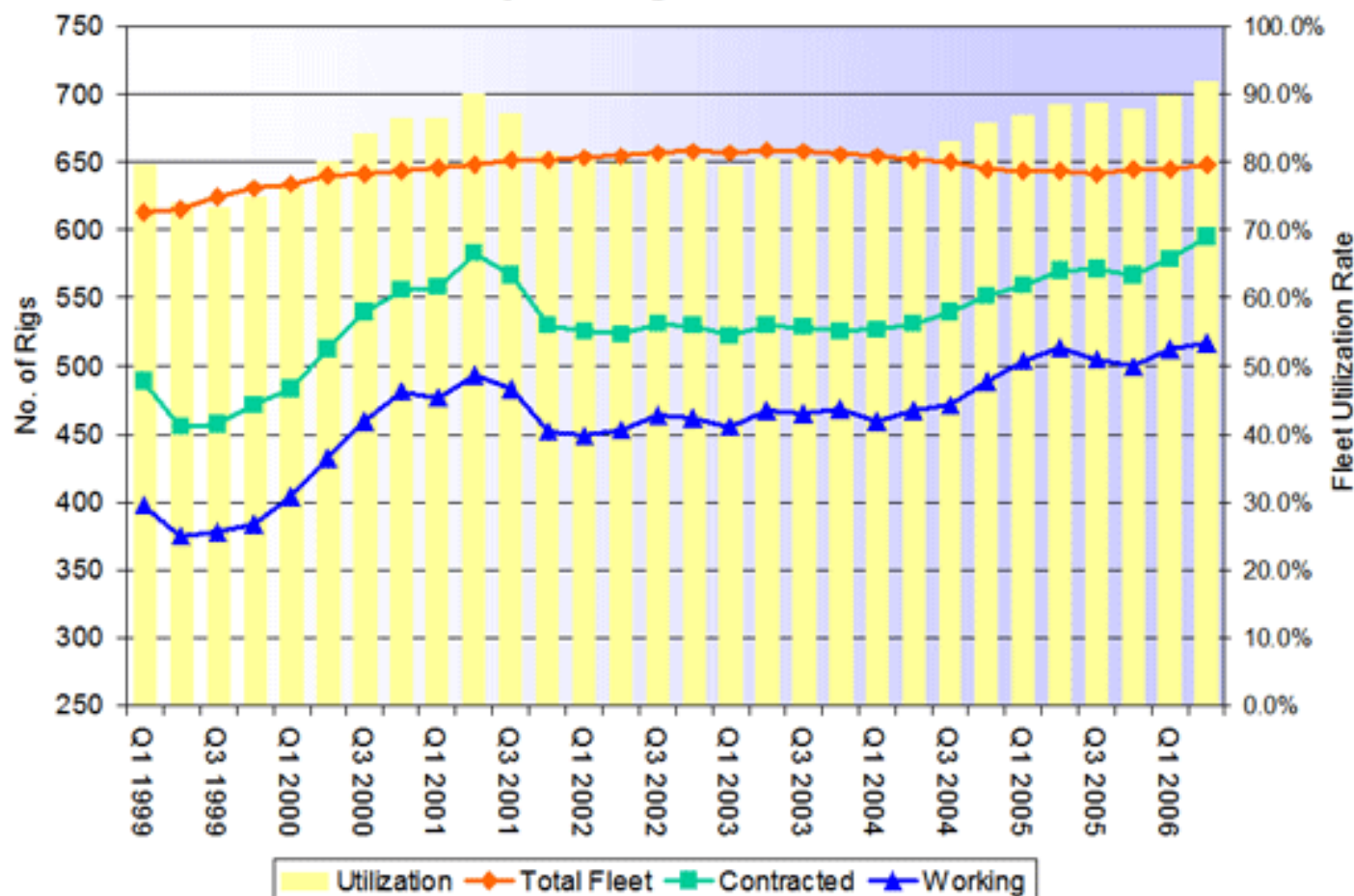


Historical Offshore Rig Utilization by Rig Type - FROM RIGZONE.COM

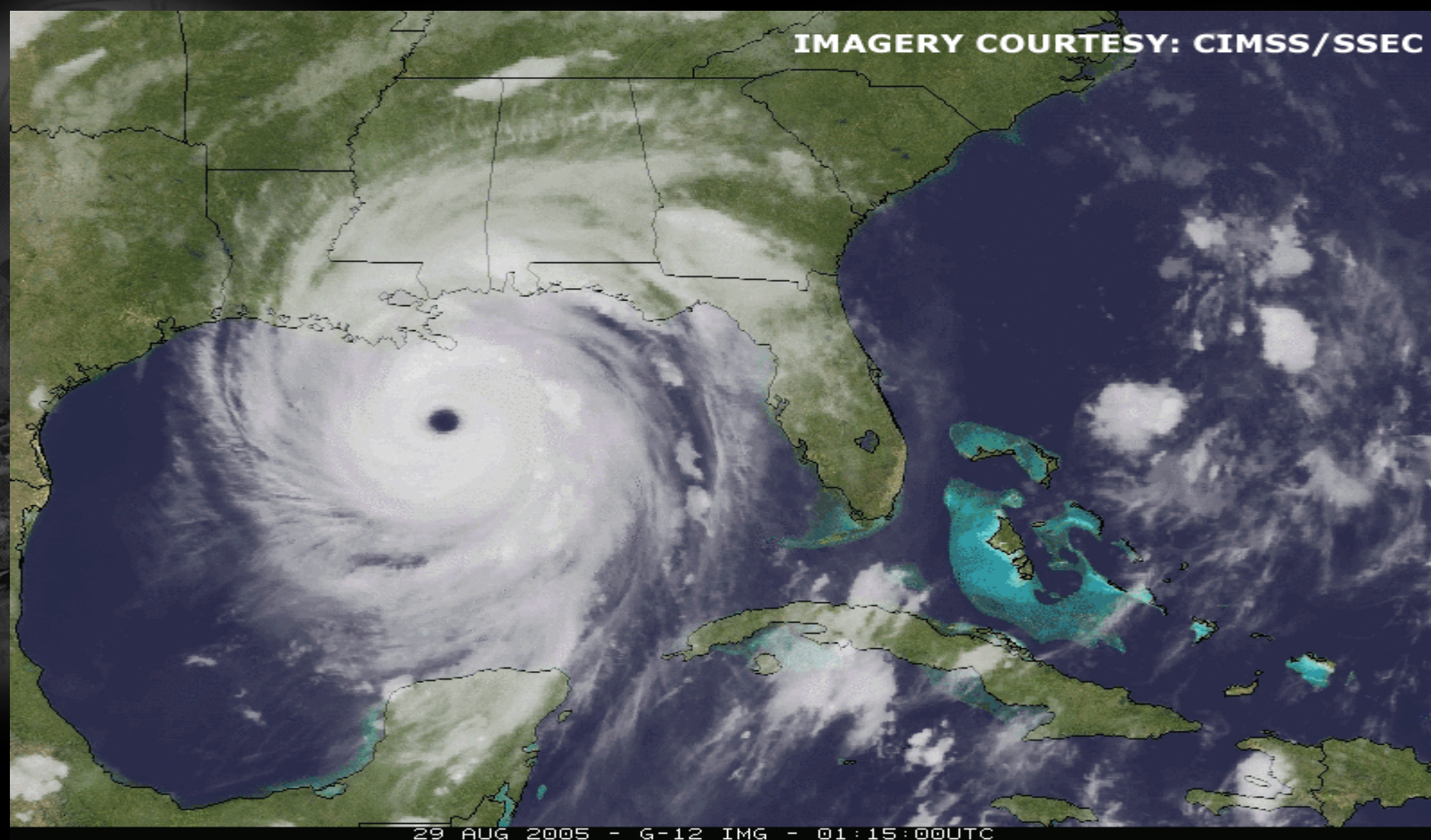
Below is the breakdown of rig utilization by rig types for each time period indicated. Utilization numbers are based on a snapshot rig count. Only competitive rigs are included.

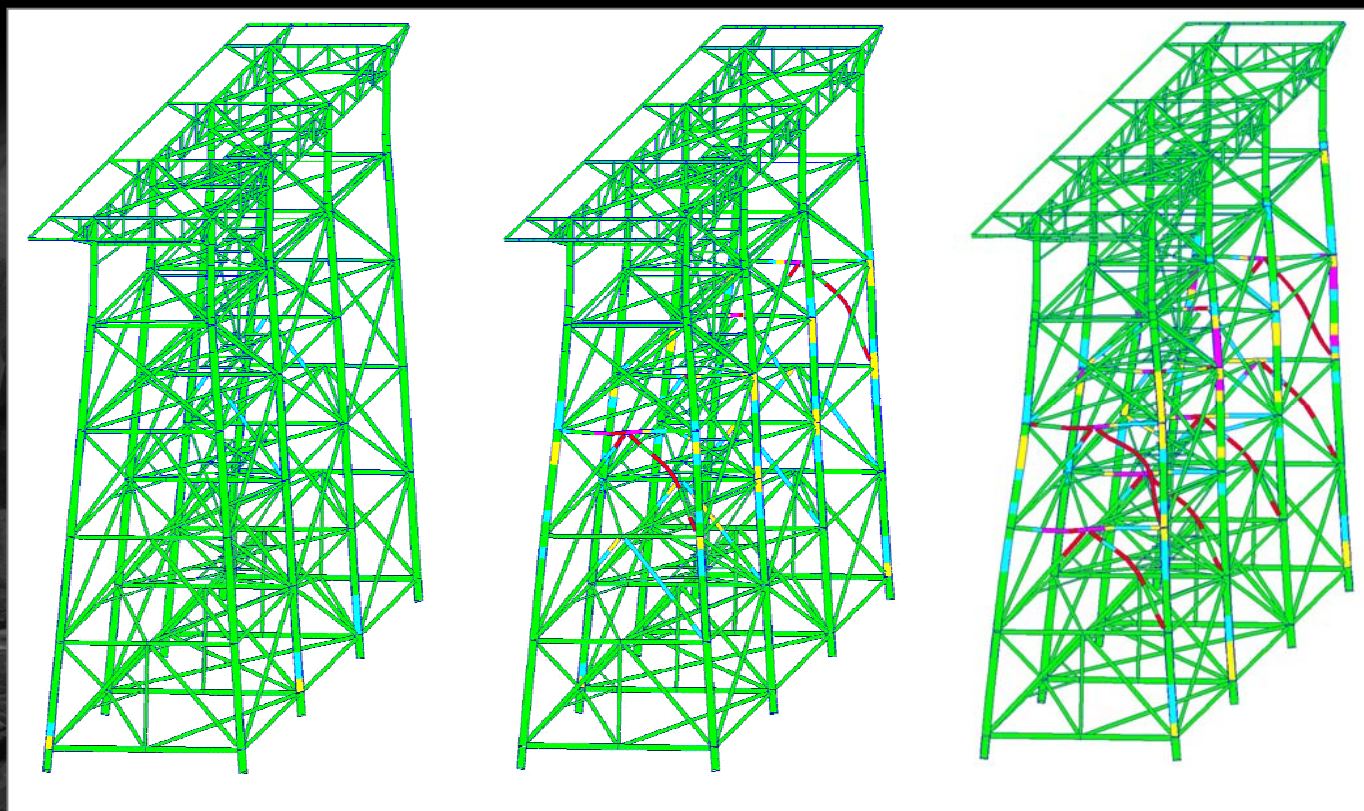
Rig Type	Current	Month Ago	6 Months Ago	1 Year Ago
Drill Barge	81.8% (9/11)	90.9% (10/11)	90.9% (10/11)	90.9% (10/11)
Drillship	76.5% (26/34)	79.4% (27/34)	79.4% (27/34)	79.4% (27/34)
Jackup	88.5% (285/322)	90.7% (292/322)	89.3% (283/317)	92.7% (293/316)
Semisub	86.6% (123/142)	85.2% (121/142)	89.4% (126/141)	83.8% (119/142)
Submersible	100.0% (5/5)	100.0% (5/5)	80.0% (4/5)	80.0% (4/5)
Tender	81.8% (18/22)	77.3% (17/22)	77.3% (17/22)	77.3% (17/22)

Worldwide Offshore Rig Count & Utilization Rate Quarterly Average - 1999 to Present



Katrina's wrath

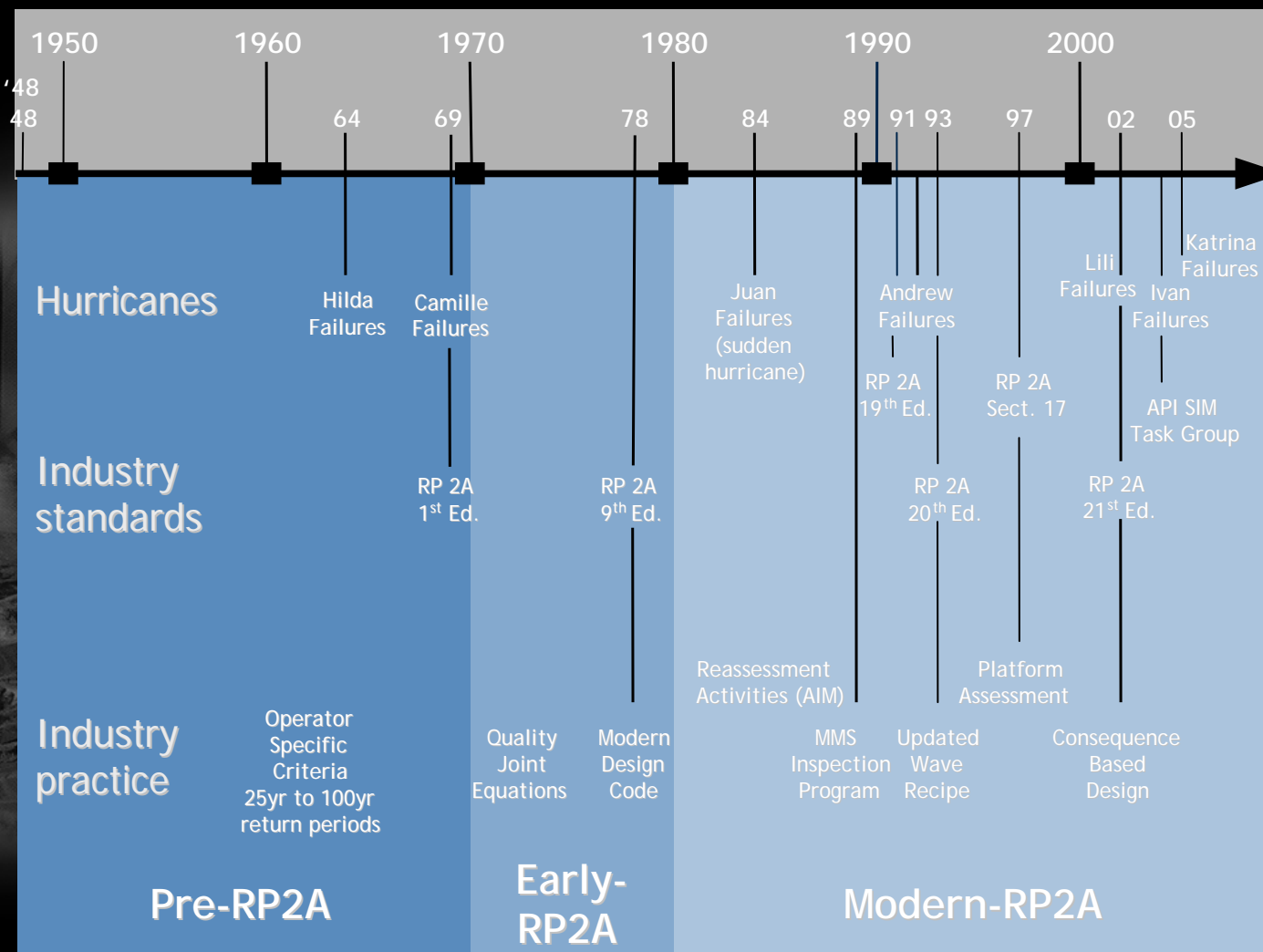


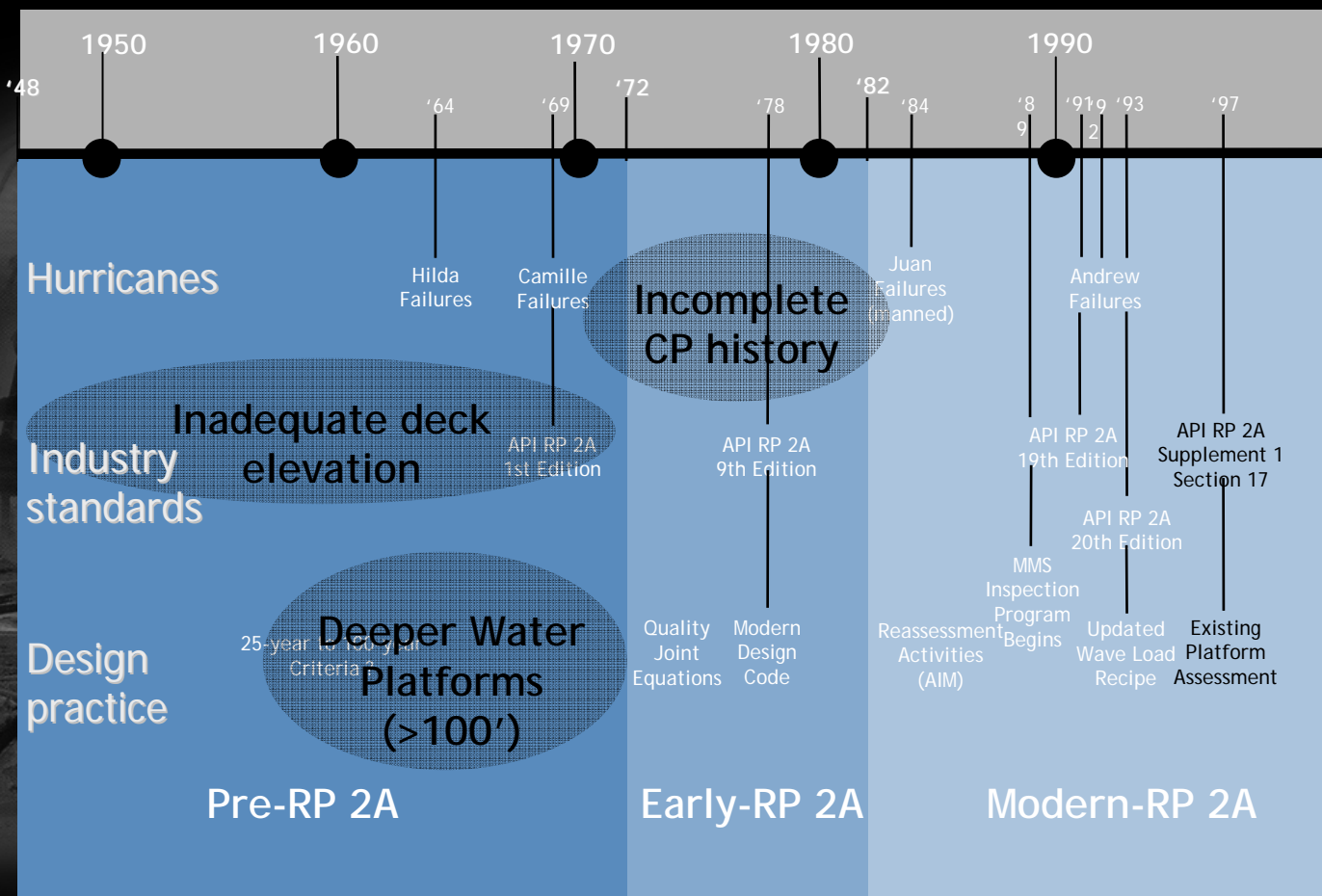


Initial Yielding
of K-Braces

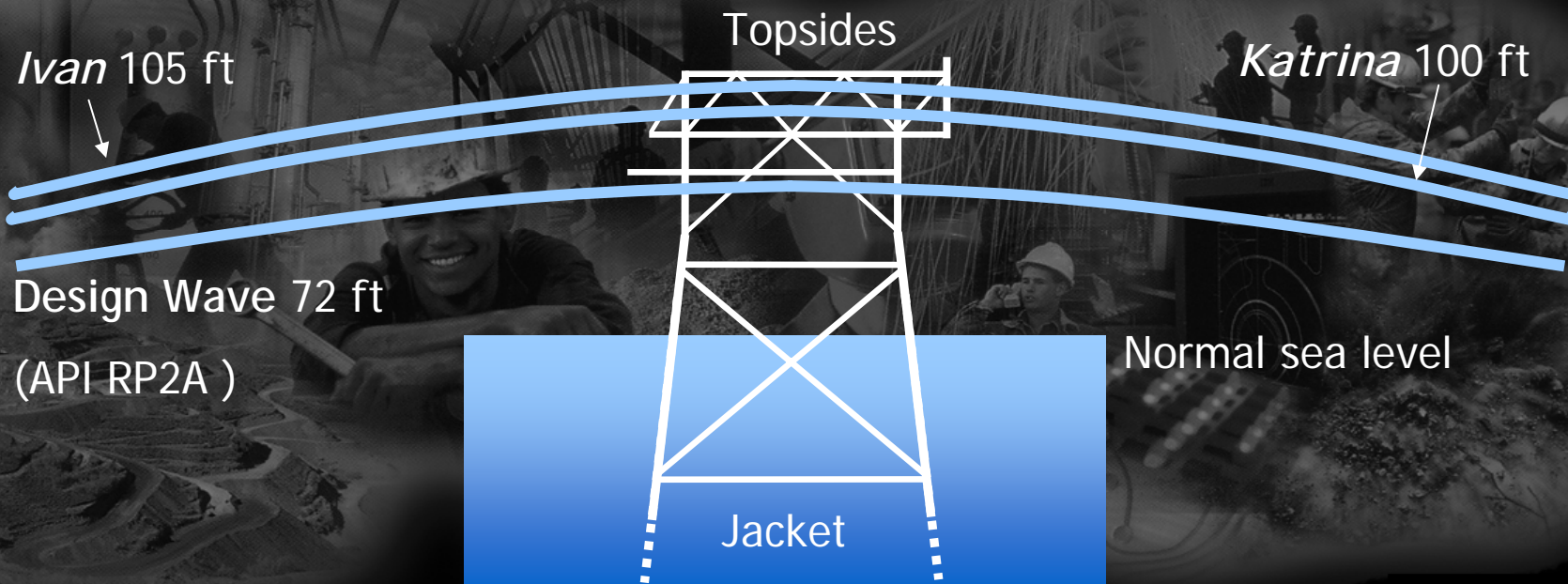
Outer K-Braces
Begin to Fail

K-Braces Along
Lower Bay Fail
& Jacket Collapses





Hurricane Ivan







P36 at 08.11 a.m. on 15 March 2001



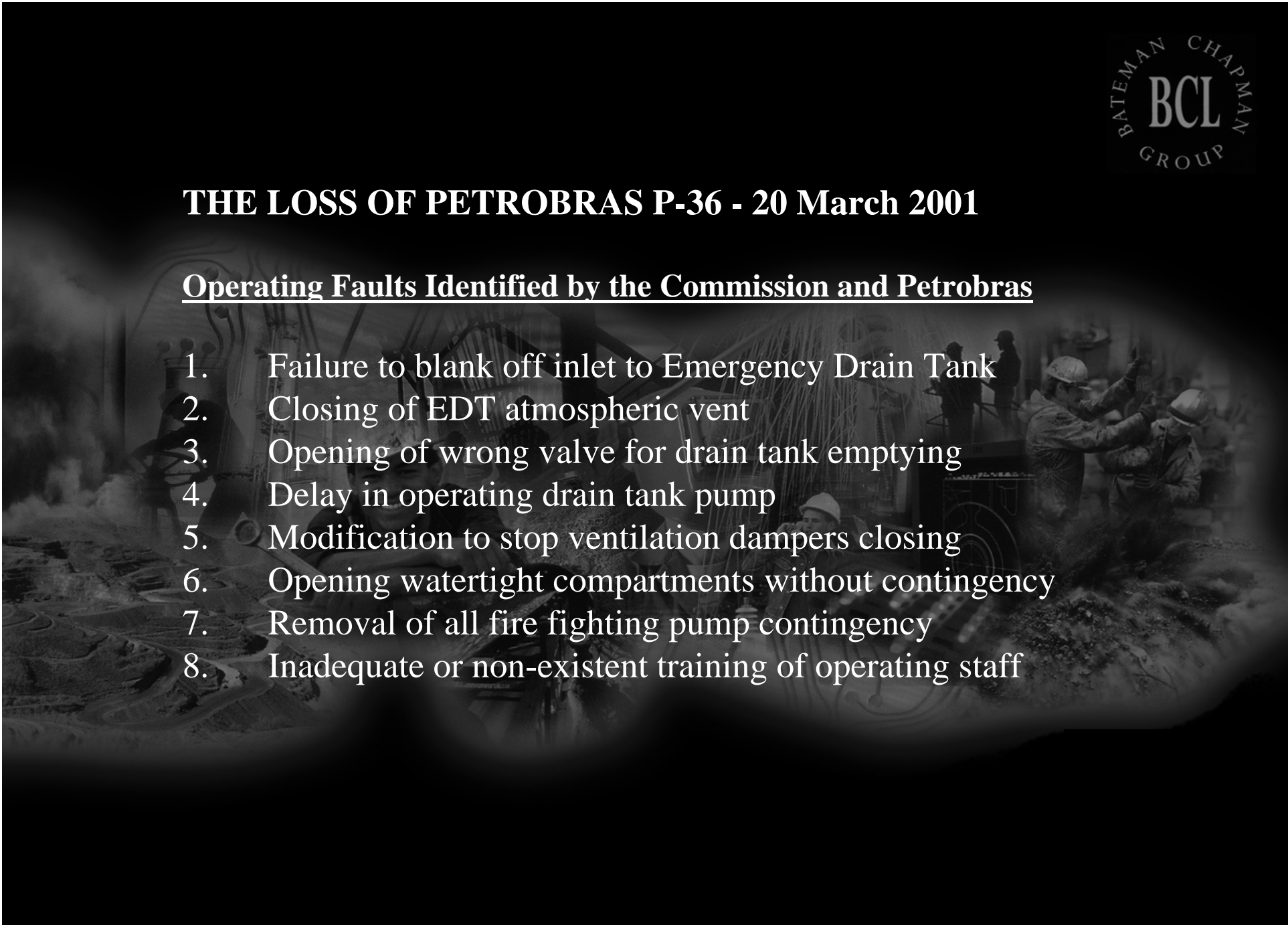
P36 at 11.24 a.m. on 18 March 2001



Loss of P36 at 11.41 a.m. on 20 March 2001

THE LOSS OF PETROBRAS P-36 - 20 March 2001

Operating Faults Identified by the Commission and Petrobras

- 
- A dark, grainy, black and white photograph of an industrial facility, likely an oil refinery or offshore platform, with thick smoke or steam rising from the ground. Several workers in hard hats and safety gear are visible in the background, some standing near equipment. The image is used as a background for the text.
1. Failure to blank off inlet to Emergency Drain Tank
 2. Closing of EDT atmospheric vent
 3. Opening of wrong valve for drain tank emptying
 4. Delay in operating drain tank pump
 5. Modification to stop ventilation dampers closing
 6. Opening watertight compartments without contingency
 7. Removal of all fire fighting pump contingency
 8. Inadequate or non-existent training of operating staff

OFFSHORE INDUSTRY CHANGES AFFECTING RISK OVER THE LAST 30 YEARS



OIL COMPANIES HAVE:

1. Ceased use of customised in-house specifications
2. Reduced technical support staff
3. Reduced internal technical development
4. Concentrated on short term shareholder return
5. Reduced in-house recruitment and training
6. Increased contractor's financial and technical risk
7. Faced more competition from Government owned oil companies
8. Accepted more local involvement in their developments
9. Rapidly moved into deep and ultra deep production areas
10. Rapidly increased their dependence on floating and sub-sea technology

CONTRACTORS HAVE:

1. Reduced technical support staff
2. Reduced internal technical development
3. Concentrated on short term shareholder return
4. Reduced in-house recruitment and training
5. Accepted greater financial and technical risk
6. Been forced to accept local partners
7. Been forced to purchase local supplies
8. Accepted risk of extending capability on projects
9. Many projects are now prototype developments

RESULTS OF OFFSHORE INDUSTRY CHANGES OVER THE LAST 30 YEARS



1. Low margins have reduced investment in technology
2. Independent checking and inspection reduced
3. Technical standards have been lowered to achieve economy
4. Material quality is often compromised by local supply
5. Generation gap has developed throughout industry
6. Rapid offshore expansion has exacerbated staff shortages
7. Local operating crews have less training and experience
8. Mature fields are being taken over by Independents
9. Many new geographic areas have started development
10. Large step changes in technical development in deepwater
11. New contractors and concepts have entered industry
12. Major contractors are becoming more risk averse
13. Adversarial roles have returned to contracting
14. Insurance is becoming the technical safety net

Policy Wordings

- Full value declaration – New for old
- LOPI – ALOP
- Physical Damage
- Faulty Design
- Etc etc