



DRILLSAFE

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Agenda

- Challenges facing the industry
- Santos' Challenges
- Wellsite Leadership
- What Santos is doing
- Today's Presentations



2006/2007 Drilling HSE Challenges

In an environment with a shortage of experienced personnel...

- Worldwide high activity levels
 - Shortage of equipment & personnel
 - Competencies diluted / equipment reliability & availability issues
 - Competition for staff
 - Shortage of 'Frontline Leaders' (i.e. our onsite Safety Leaders)
- New Rigs and contracting companies
 - Onshore – 2 new drilling contractors and numerous rigs entered the Australian market in 2006
 - More rigs to come in 2007
 - Offshore – 5 new drilling contractors will enter the Australian market in 2006/2007



...the quality of our Frontline Leaders is more important than ever

Santos' Challenge

Our offshore drilling HSE performance has been world class ...

- Offshore Australia Drilling & Completions

- Zero TRCFR for 2005 & 2006
- High quality systems
- (both Santos and Contractor)
- Strong planning focus
- "Mature" Frontline Leaders (both Santos and Rig Contractor)



- Onshore Australia Drilling

- Drop in EHS performance from 2005 to 2006
- Substantial increase in drilling activity in 2006
- Strong focus on equipment improvement in 2006
- Commenced Safety Leadership training for Frontline Leaders

...we now need to now replicate this in our onshore business

Safety Leadership

Safety is all about people's behaviour and their acts or inaction...

- Safety Leadership is an effective safeguard in an environment with significant 'green' crews
- Safety Leadership Training for frontline leaders
 - Santos vision and expectations
 - Leadership roles and responsibilities
 - Basic intervention skills to new leaders
- Common themes from recent incidents
 - Lack of identification of the hazard – no Stepback or ineffective JHA
 - Lack of control for the identified hazard
 - Ineffective use of tools (eg Permit to Work)
 - Perception of pressure to 'get on with it'



...no behaviour is more critical than that of the leader

Safety Leadership

We demand a lot from our Safety Leaders...

- We expect our leaders to set the standard
 - Show exemplary personal safety behaviour Set clear safety expectations
 - Possess a good knowledge of safety
 - Consistently raise safety standards
 - Recognise and act on poor safety conditions
 - Regularly observe, assess and intervene in the workplace
 - Understand your people and demonstrate a real concern for their well-being
 - Commend good safety performance
 - Give and receive constructive feedback
 - Demonstrate an enthusiasm for safety



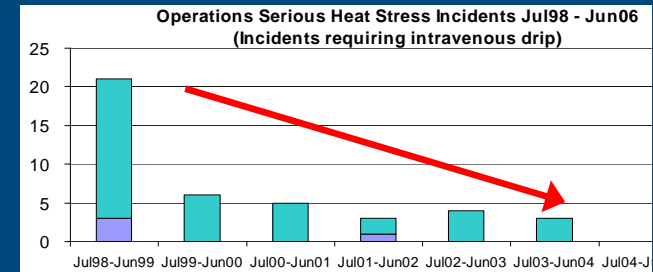
...but we also supply help, training and support

What Santos is doing

Santos are rolling out a range of education initiatives...

- Heat Stress Management

- Implemented in response to a number of incidents in past years
- Successfully reduced incidents of heat stress to zero in past 3 years
- Subject of one of the presentations later today



- SafeDrive

- Santos safe driving initiative
- Combination of education and equipment/process (in vehicle monitoring systems)
- Currently being rolled-out to Santos' field operations



...we still require significant contractor "buy-in" for these to succeed

What Santos is doing

Focus on elimination and engineering out of hazards...

- Introduction of automated land rigs
 - Significantly reduced manual handling
 - No manual handling of pipe or casing
 - Bulk mud product handling system
 - Simplified rig moving
- Significant Hazard Risk Registers
 - Process of hazard identification and control measure identification
 - Focuses attention on potential major accident events



...while improving key EHS systems and process

Today's Presentations

The Forum has a general onshore 'flavour'...

- Incident Reviews
 - Dropped Casing Near Miss (PDI)
 - Driving Incident (Schlumberger)
 - Finger Injury (Atwood/BHP)
- Safety Management
 - Heat Stress Management
 - Fitness for Work
 - Driving Management

...however themes are common to both onshore and offshore operations