

# Becoming a World Class Drilling Team



## OSL/HAES Alliance/Evolution





# PNG DRILLING VISION

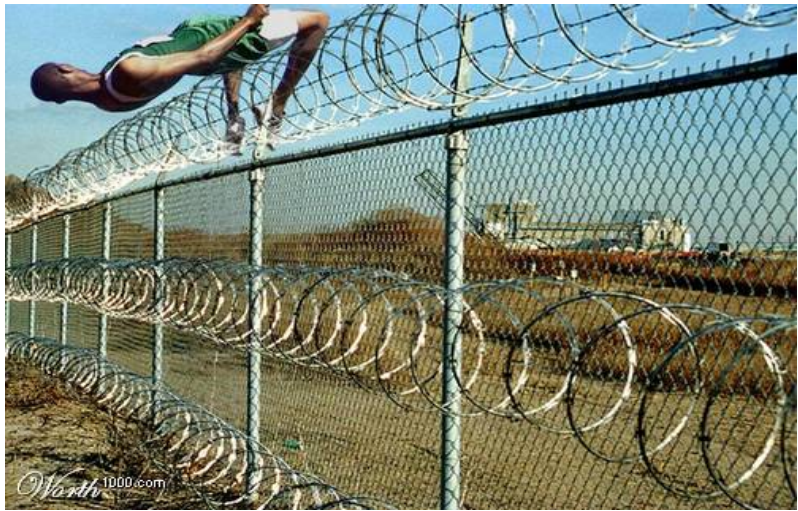


**To be one of the most respected drilling teams in the world**

- To Drill wells safely, cost effectively and timely.
- We need to improve performance.....through leadership, performance, increased competency and focus.
- Delivering stakeholder satisfaction through:
  - Teamwork, innovation, capability, performance, integrity & learning in an energised and fulfilling culture.
- Focus on:
  - The highest levels of safety and commitment
  - Planning, plan the work and work the plan!
  - Minimal environmental impact
  - Lower drilling costs
  - Technically effective & highly productive wells



# *Our Vision is not*



# Some CHALLENGES...Gobe!



Juha 5



One of our Favourites...MORAN





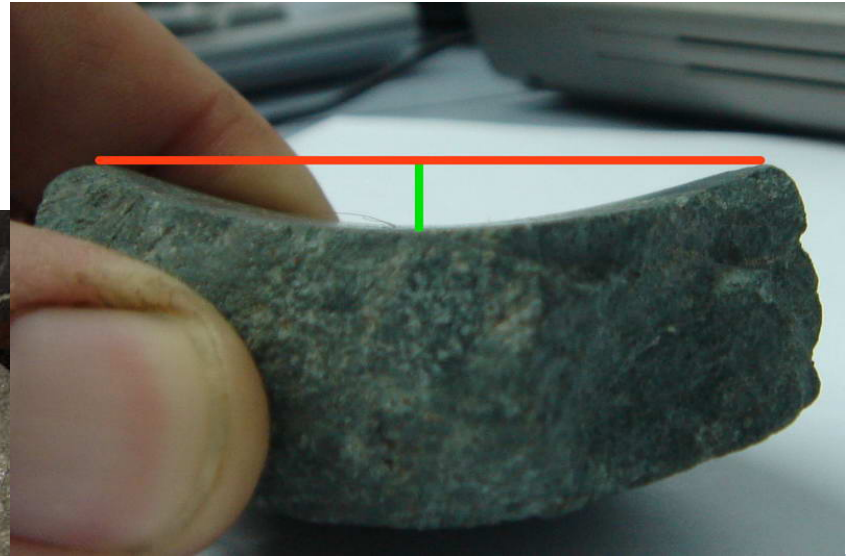
# The Moran Campaign



Curvature from Drillpipe seen in cavings through the Volcanics

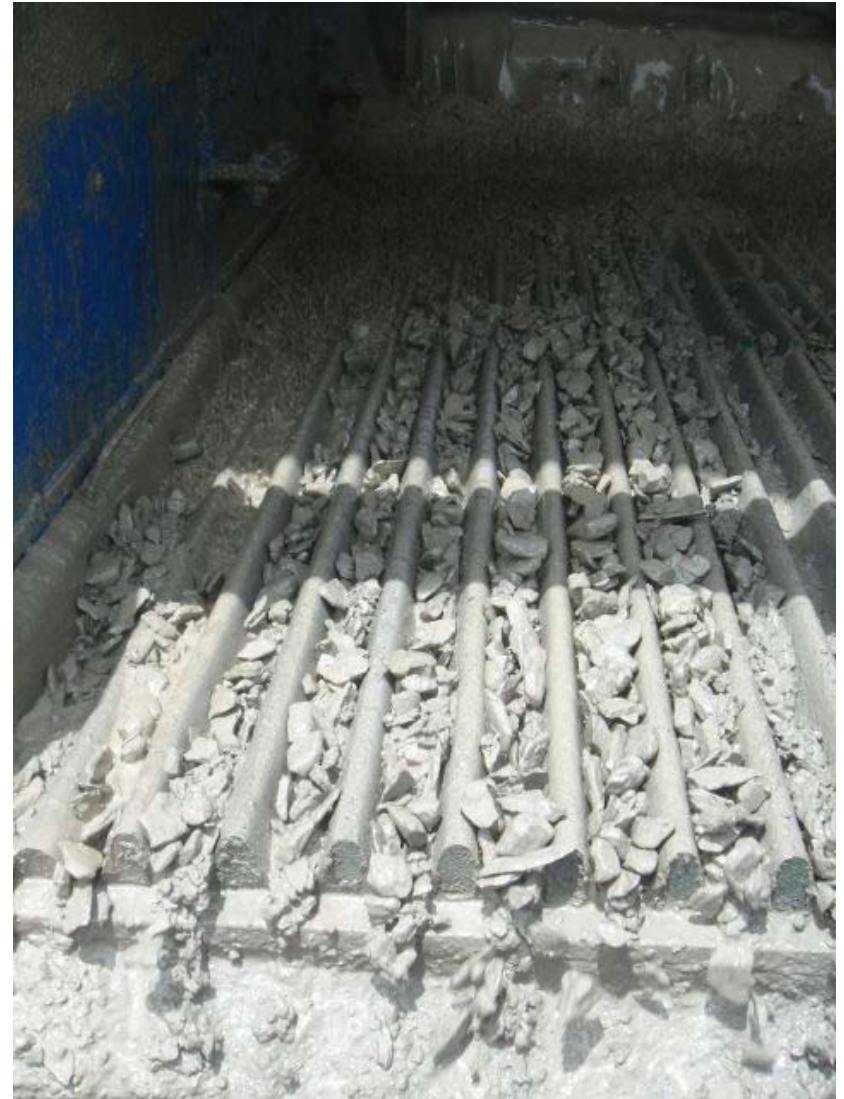


Mass flow of cavings photographed at the shakers during the Moran Volcanics





# Moran 12¼" Drilling



Next up.....Korka





# Why Change?



- The 6 most expensive words in business are:
  - **“We’ve always done it that way”** (the old paradigm)
- Poor relationship with previous incumbent drilling contractor
  - Lack of commitment to investing for long term growth
  - Old school contractor/operator relationship (closed hand)
  - All negotiations driven around the terms of the contract
    - created an adversarial relationship
- Market review for interested parties willing to operate customer owned rigs in PNG
  - High Arctic Energy Services, drilling contractor from Red Deer, Alberta looking to diversify into the international market
  - Major commitment from day one
  - providing project management, rig upgrades, Hydraulic workover/Snubbing units, crews, BMS/HSES, camps, catering, cranes, forklifts, trucks, durabase matting immediately



# Steps in the “Journey”



A Significant investment of time & resources by the client and contractor senior management prior to contract award to ensure delivery of the “vision”

- An Expectations Workshop was performed between the Senior Management of both HAES and OSL Drilling group
  - Probably most critical enabler of the whole process
  - Values & Beliefs discussed between both parties
  - Developed “Vision” of success
  - Clear definition of the expectations of both parties
- Clear contract management guidelines & expectations were drawn up collaboratively and agreed
- An integration plan was developed to manage the transition of a new contractor into PNG
- Performed a gap analysis of our present documented processes and system both within OSL and HAES
- Developed a bridging document to align the HAES Safety Management System with OSL's and address any deficits
  - Where possible amendments/upgrades were made to the HAES SMS to minimise the content of the bridging document



# Alignment of Vision and Goals



## **Combined Vision:**

- Desire to build a world class drilling team in a very challenging environment, requiring full engagement from Operator, Drilling Contractor and 3<sup>rd</sup> Party Service Companies

## **High Arctic Energy Services Goals:**

- Desire to provide a high quality of customer service in a collaborative environment,
- Working together with the client to exceed customer expectations
- High levels of safety and operational performance.
- Strong focus on training & development of national crews and provision of personal growth opportunities
- A commitment to care and pride in the equipment by keeping it clean and well maintained.
- "No Worries" means the contractor shares the clients worries

## **OSL Drilling's Goals:**

- Working together with all 3rd Party Suppliers
- Create a 'can-do' culture where things get done and problems are resolved
- Proactive and committed to success
- "No blame" culture across the entire drilling team, whilst maintaining ownership and responsibility for one's actions



# Embedding the Vision



- For the field personnel a detailed off-site induction workshop took place to explain and demonstrate the desired team culture along with some of the unique challenges of PNG, such as Community awareness and logistics/weather challenges
  - Meeting was kicked off by OSL COO and HAES president to demonstrate the level of commitment
  - Senior management attendance and guidance throughout the workshop
  
- Leadership training for key supervisors in the field
  - Safety management
  - Identify expected behaviours between team members
    - Trust & Respect
    - Open communication
    - Full disclosure of errors & opportunities
    - Commitment to common goal
    - Personal responsibility
    - Equal opportunities regardless of employer
    - Every team member is as important as the next
    - Support and never put down
  
- Detailed competency/training matrix was developed for all crew members
  
- 2 day HSE familiarisation mandatory for all employees



# Contracting/Management Strategy



- Open book contracting strategy with agreed profit margin
  - Contract was built from scratch in a collaborative fashion involving both operator & contractor
  - Contract changes are made collaboratively whenever it is to the benefit of the business goals
- High focus on relationship between both parties
  - Management level alignment
    - Contractor manager embedded in Operators office
    - Works as a internal division of the client, aware of challenges across the departments
  - Field level engagement
    - Communication, communication, communication
    - Respect for individuals and recognition of their drivers
    - “No Blame” culture whilst accepting ownership & accountability
    - Proactive, problem solving, single “team” (no them & us)
    - Attitude of the individuals is critical to success



# Any Improvements?



- Drilling TRIFR dropped from 6.1 in 2006 to 3.63 for YTD 2009, Rigs 101, 102, 103, 104, Moro base and Leapfrog crews have all achieved 1 year LTI free
- 1 million manhours LTI free
- 47% reduction in NPT from 2008 to 2009
- 6 out of 7 wells this year within AFE
- Rig move times reduced from 28 days to 7-8 days
- Multiple new technologies successfully implemented
  - Rotary Steerable Tools
  - Performadrill mud system
  - AFR (Azimuthal Focused Resistivity) LWD tools
  - MPO Continuous Circulation Subs
  - Directional Casing Drilling
  - Electro-Magnetic MWD in foam drilling section



# Thank You



**"Behold the turtle. He only makes progress when he sticks his neck out"**

**James Bryant Conant  
1893-1978, Past President of Harvard University**

