

2004 IADC Chairman will focus on membership

IF IT WERE not for a quick promotion, IADC's 2004 Chairman might not have remained in the oil and gas business or ended up as Senior Vice President of Operations for one of the largest contract drilling companies in the world.

Marion M Woolie began his career in the oil patch right out of high school. He had planned to attend college but first needed the funds to do so. Living in Houston in 1972 where one out of four jobs was in the oil industry, it was a no-brainer where to begin.

"I got a job at **National Supply Company** and started there as an Assistant Sweeper," Mr Woolie reminisces. "Three days later I was promoted to Sweeper, so I figured I had a promising career in the oil patch."

Mr Woolie continued with National Supply for nearly 10 years in various positions including as a machinist in the

the day and went to school at night."

"Sleep deprivation was part of the lifestyle then," Mr Woolie continued.

"One of my major accounts was Global Marine Drilling Company," Mr Woolie said. "At that time they were building 20-25 jackups, and as they were delivered the company was building its sales force."

In 1982, Mr Woolie began working for Global Marine in sales and contracts in the Gulf of Mexico. He has been with the company, now GlobalSantaFe Corporation, ever since. "I joined Global Marine in March 1982," Mr Woolie said, "which I would have to peg as the absolute peak of the industry."

That didn't last long. "The decline began about a month later," Mr Woolie remembers. "We still had about 15 rigs in the shipyard, which were delivered in 1983 and 1984. There was a tremendous over-supply."



GlobalSantaFe's semisubmersible Aleutian Key received an award from Exxon-Mobil for working four years without a lost time incident. From left are Mike Day, ExxonMobil; Steve Bilsing, GlobalSantaFe; Wayne Schrader, GlobalSantaFe; Jim Davis, ExxonMobil; Ben Haynes, ExxonMobil-Equatorial Guinea; and Marion Woolie.

subsea and wellhead shop. He eventually moved into the drilling equipment division and later into sales.

During the time he was with National Supply, Mr Woolie attended the University of Houston, receiving both his Bachelor and MBA degrees from the institution in 1979 and 1981, respectively.

It was tough. "I was going to school during the day and working on the night shift at National Supply," he said. "When I moved into the office, I worked during

"I spent the next 14 years of my career through the down cycle."

Along the way to his present position, Mr Woolie became Vice President of North American Sales, then Senior Vice President of Sales and in 1997 he was named Division President of Global Marine Drilling Company. Mr Woolie became Senior Vice President of Operations following the merger of Global Marine and **Santa Fe International Corp** in 2001.

He also found time to get married to his wife Tracy and have three children, including 5 ½-year-old twin girls Katie and Whitney, and 11-year-old Ashley. He likes to spend as much time as possible at his ranch in El Campo, TX where the family keeps their three horses and where they can hunt and fish.

GROWTH OF GLOBALSANTAFE

The merger of Global Marine and Santa Fe resulted in a 100-rig drilling contractor, one of the world's largest, and one that has a presence in every major offshore market plus land rigs in the Middle East.

"We basically doubled overnight," Mr Woolie said, "and the merger put us in every major oil basin in the world."

It was a great fit. Global Marine had a large deepwater fleet; Santa Fe had deepwater rigs under construction. Global Marine had rigs in the Gulf of Mexico; Santa Fe had no US presence. Santa Fe had a large position in the Middle East, an area where Global Marine had no rigs. Similarly in Southeast Asia, Santa Fe enjoyed a key market position yet Global Marine was not active there. West Africa was a large market for Global Marine while Santa Fe had only a few rigs there.

Both firms had fairly extensive operations in the North Sea, but the merger allowed the companies to benefit from economies of scale, lowering expenses in the high cost area.

"The merger has given us strength around the world and the flexibility to move the right rigs to the right market."

Additionally, Santa Fe had two large jackups and two large semisubmersibles under construction. One jackup, Constellation I (profiled in the September/October 2003 *Drilling Contractor*) was delivered this past summer. Constellation II is set for delivery during the second quarter 2004.

The two semisubmersibles, Development Driller I and II, are scheduled for delivery in the second quarter 2004 and 2005, respectively.

CONTINUING CONSOLIDATION

Mr Woolie believes that consolidation among drilling contractors will continue. "There is the potential and a need for future consolidation in our business," he said.

He points to the contract drilling industry's client base, where five super majors have resulted from a round of



The entire Woolie family enjoys the outdoors as often as possible. From left are Tracy Woolie, Whitney, Ashley, Marion and Katie.

mega mergers in the past five years. With the demands placed on the contract drilling industry by these super majors, they are looking for large, healthy, international companies with which to do business.

"If you are going to participate in that arena," Mr Woolie said, "you are going to have to be one of those chosen companies and demonstrate your ability to deliver worldwide value."

Today, most international drilling contractors are large and they are generally healthy, he explained, so putting the next deal together has its challenges.

"Evaluations have to be correct for the companies, and there are social issues to deal with," he continued, "but I still think there will be consolidation in our industry."

MARKET OUTLOOK

Mr Woolie has some definite ideas about various markets around the world, from the Gulf of Mexico in general to the deep gas play in the Gulf and deepwater rigs.

He says everyone experiencing the present cycle in the US Gulf is surprised that more drilling isn't taking place offshore. "It appears that this is the first time in our cyclical industry that we have seen rig utilization and commodity prices decouple," he said.

Previously, when commodity prices rose, utilization rose, but currently, particularly in the Gulf with regards to natural gas, that simply has not been the case. "You hear about 20 different reasons from 20 different industry experts," Mr

Woolie said, "and it is probably a little of each that is creating this situation."

"Quite honestly," he continued, "I think the US economy is down, industrial demand for natural gas has suffered, and corporate America is cleaning up its balance sheet."

He points out that drilling technology has improved, prospects have diminished, and majors are spending elsewhere, including very expensive deep-water developments off West Africa, for example.

One bright spot for the US Gulf could be deep gas, according to Mr Woolie. "It has taken some time to gear up for that play, but it certainly appears that the deep gas play is on the horizon. I think we will see some real movement in that area in 2004," he predicted.

Currently, the poorest market is shallow water semisubmersibles (3,000 ft of water or less). "Whether in the North Sea, Gulf of Mexico or anywhere else in the world, that class of rig is suffering the most."

In addition, the deepwater contract drilling segment is facing a new and confounding phenomenon, short-term contracts.

Most deepwater rigs built within the past few years were backed by 3-5 year contracts, and those contracts are beginning to expire. "Now we will have a group of very expensive deepwater assets that will be competing in a short-term market," Mr Woolie explained, "and that could put pressure on pricing."

Today's deepwater contract could cover 3-4 wells, far different from 3-4 years. While 3-4 deepwater wells could represent a year's worth of work, the lack of guaranteed long-term contracts creates major pricing pressure on the contractor.

Still, Mr Woolie said, the deepwater development market looks very good.

He said there are deepwater development projects on the drawing boards for the US Gulf, Nigeria and Angola.

IADC'S ROLE AND CHALLENGES

"I am flattered to have the honor of becoming IADC's Chairman," Mr Woolie said, "and I also know that it does not come without a lot of time and commitment, which I'm willing to make because I think it is worth it."

IADC is a group effort, he says, and no one company can achieve the types of things that IADC has achieved. One thing the industry can count on, he emphasized, is that the bar will continue to be raised.

"The arena in which we operate is going to be more restrictive, and the only way to have a voice that makes a difference and have an impact on the industry is as a group."



Tracy and Marion enjoy hunting with their Labrador Judge.

One important example of this kicked off when the Minerals Management Service (MMS) desired guidelines for well control operations and procedures in deepwater. IADC energetically responded and formed an ad hoc task group to address the issue.

Moe Plaisance with Diamond Offshore chaired the group, which comprised all segments of the industry: contractors, operators, and others. The group developed the landmark *IADC Deepwater Well Control Guidelines*, which set benchmarks for deepwater well control technique.

"No single company could have had the credibility to accomplish that," he said. "That is the IADC."

Mr Woolie notes controversial topics that IADC can constructively manage that are too sensitive to be tackled by an individual contractor. Differences between operators and contractors on cargo handling in the Gulf of Mexico, for instance, could produce confrontations, and ultimately impact commercial relationships.

IADC took on the topic and handled it on an industry basis, producing a set of guidelines that resulted not only in best practices for the actual handling and transportation of cargo, but also addressed whether roustabouts from rigs would board the workboat. Since

the guidelines were established, according to Mr Woolie, preslinging cargo in the Gulf has become standard practice.

IADC MEMBERSHIP

As an organization, IADC is a worthy pursuit because of what can be accomplished when people with different views and ideas are working together on a situation. "Members have a lot of expertise they can bring to the party, and membership is one thing I hope to advance," Mr Woolie said.

Mr Woolie also has thought about the present membership as well as contractors that are not presently members. "I don't understand why anyone would not take the opportunity to have his or her voice heard," he said.

"Members should send someone to meetings, have someone on a committee, weigh in on a topic, have your vote count for something."

Another of Mr Woolie's initiatives is to get more of the industry's customers to

join IADC membership and become more involved on IADC committees. "If we can get more of our customers to become involved," he explained, "it would not only be a plus for our organization but for the customers as well because they could share their thoughts on what IADC is trying to accomplish and where the industry is going."

Associate members play just as vital a role as contractor members, Mr Woolie said. "We couldn't exist without them, we couldn't manufacture or service equipment without them."

"If we don't work together as a team, we are not going to succeed."

If IADC is going to have a future and if members are going to have a voice in IADC, Mr Woolie said, we need to be grooming for our future now. "We blow holes in generations of workers," he said. "You can look at a company and the years of service and tell where the cycles were."

IADC needs to be cautious about doing

that to itself, Mr Woolie warns. "We need to have people ready to take our positions, people that have been active members, active participants on different committees and roles in different tasks and work teams."

"Then they will be prepared, they will be seasoned and they will be committed," Mr Woolie continued. "They will carry IADC into the future."

"If companies continue to send only the senior member and he retires, we will be starting from ground zero, which is unnecessary."

Mr Woolie also recognizes that individual companies share a responsibility for IADC's future as well. "If you are at the management level within a company, like myself," he explained, "I think it is not just your responsibility but also your obligation to see that committees are staffed with the right people, and to make affordable the time to the employees to be able to participate on the committees." ■