

From: Little, Ian
Sent: Tue Apr 07 15:39:41 2009
To: Guide, John; Harland, Richard
Cc: Thierens, Harry H
Subject: Deepwater Horizon Cost Savings
Importance: Normal

John,

This is great work. Many thanks for taking the initiative to lead on this for the Horizon and share with others.
Richard,

This is the kind of actions we need to be capturing from each rig to demonstrate to Kevin and Neil that we are in action - can you pull this together?

Thanks, Ian.

From: Guide, John
Sent: Tuesday, March 31, 2009 12:56 PM
To: Kirtan, Bill
Cc: Little, Ian; Skelton, Jake; Daigle, Keith G
Subject: Deepwater Horizon Cost Savings
As per your request,

The team divided this up into two Groups:

1) Immediate Action (this is already been implemented):

Sent in all openhole fishing tools that were on the rig for contingency purposes - actual savings \$50,000/month. This is a change in fishing strategy.

Renegotiated third party rental on miscellaneous items that stay on the rig - actual savings \$20,000/month. Purely getting a better price

Change in Drillpipe inspection strategy: Old - Sent in a portion after every well. New - evaluate need based on last inspection date, visual inspection, footage / difficulty of well just drilled versus footage / difficulty of next well to be drilled, estimated savings based on time to lay down pipe / pick up pipe and inspection, since implementation - \$1,000,000

If possible, reuse SOBM from one well to the next without transferring from the rig. We did this between Freedom and Kodiak S/T, estimated savings \$250,000

Trimmed real-time Halliburton Insight users in half - actual savings \$1,000,000 / year

Change in strategy, based on wellbore configuration, eliminate tapered drillstring: Old - drill below 13-5/8" with tapered 6-5/8" x 5-1/2". New - if possible drill with 6-5/8" through the 10-5/8" hole section (below 11-7/8"). We did this successfully on Puma: 11-7/8" set at 19,281' MD (TVD), drilled 10-5/8" hole to 23,529 ft MD 22,562 ft TVD (45 degrees at TD). Actual savings = 36 hours = \$1,200,000 just on shorter BOP tests alone

2) In the process

Negotiate elimination / reduction of standby and restocking charges with all vendors outside of current PSCM work.

Go to all single plug systems for cementing

Simplify cement slurries

Minimize LWD suite, don't send back up tools on those that are "good to have".

Reviewing the benefit of ALL third party positions on the rig.

Changes in strategy were not done in a vacuum. The entire team was involved and all contributed.

To be continued.....

John Guide
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