

From: Merv Swan
Sent: Thu Jan 28 18:09:35 2010
To: Gary Godwin; Jonathan Lewis - Senior VP D&E
Cc: Mark Richard
Subject: Re: Sperry Horizon again at risk
Importance: Normal
Attachments: image001.jpg

Great email draft Gary. While Barbara could easily reply with some very direct and even harsh direction knowing her nature and pressure to deliver, do not let us be discouraged.

Sperry and in particular James Bement have done everything they could in the past 10 months to keep this business. And we still have the business as a result!

While we still need to improve our performance and tool reliability, this Horizon challenge has given us essential experience which we are applying and BP GOM knows that.

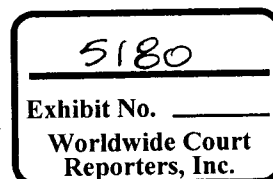
There are huge pressures here within BP's matrix organization and externally from our competition. It is hard to predict the outcome but I am convinced we are doing all we can.

From: Gary Godwin
To: Jonathan Lewis - Senior VP D&E; Merv Swan
Cc: Mark Richard
Sent: Thu Jan 28 17:26:55 2010
Subject: RE: Sperry Horizon again at risk

Jonathan – as requested. Please feel free to amend or restate. We all have different styles so let me know if you want to change the message and I will be happy to re-draft. The important points for me are:

- 1) Acknowledge BP's critical wells, that we understand their importance, and that Horizon is one of those.
- 2) Our performance guarantee is extended in good faith to demonstrate alignment to the goals.
- 3) We want to be distinctive to earn more of their business, and that we know that the Horizon is a key step along that path.
- 4) We have put our best foot forward to ensure success.
- 5) That this is important enough for us at the executive level to monitor and ask questions, and an invitation to call if she feels concerns have not been heard or acknowledged.

Merv – feel free to add or delete if you feel I missed the obvious.



Dear Barbara,

Thank you for the opportunity to meet last week and to discuss BP's priorities for 2010. I understand the priority and importance of your critical wells and that the success of the Horizon is one, very important, element of that critical activity set. The performance guarantee provided for the Horizon is, in part, a reflection of our alignment though I appreciate the difference in the risk that we share.

Our goal is to be distinctive for BP. Of course that must begin with our performance on the next Horizon well. We are confident that we have the right capability, the right people, and that we have made the right adjustments to accomplish that first goal. I believe the actions we have taken begin to satisfy your GOM team; though we need to demonstrate through results.

I will actively monitor our progress, and only request that you call me if you have a concern.

Sincerely, ...

Gary W. Godwin
Halliburton
Office: 281-575-5935
Cell : 281-687-0201

From: Jonathan Lewis - Senior VP D&E
Sent: Thursday, January 28, 2010 9:42 AM
To: Gary Godwin; Merv Swan; Mark Richard
Subject: RE: Sperry Horizon again at risk

Gary

Thx. I am in back to back mtgs the next 48 hrs. Pen me a brief note that would come from me to Barbara and I will review and send.

Regards, Jon

From: Gary Godwin
Sent: Wednesday, January 27, 2010 11:42 AM
To: Jonathan Lewis - Senior VP D&E; Merv Swan; Mark Richard
Subject: RE: Sperry Horizon again at risk

Jonathan – just below this note is an email I sent to James, Jeff, et al last night. I fully concur with you that we are at a point where delivering on the next well(s) will have far more impact than anything we might communicate. That said, we always benefit from ensuring the right people in BP hear that their business has our attention. A brief note, or brief call, to Barbara would not hurt if there is any doubt.

Last week I introduced Jeff Miller to Pat O'Bryan. This meeting had been set for some time before the experience on this last well, but provided a good opportunity to speak with Pat briefly on the topic. Pat is VP GOM D&C. Additionally I met with John Sprague and David Simms last week. John is the Drilling Mgr for all of GOM and David is the DE Leader for Horizon. Mark Swift and Jim Dudley joined me for that meeting. They were encouraged that the 4 events all stem from the same root cause, that we have a handle on it, and know how to fix it. They also acknowledged our skin in the game so to speak and they know how important that is to both of us. As such, the most important communication with BP is keeping John and David informed of our progress on the solution (which we are doing), followed by delivering on this next well.

That below, provides a little more background on the pressure from Schlum and context for where we are today. I believe Barbara is rattling the saber (for reasons we all understand). We do not need to schedule a formal executive meeting, but a note to her reinforces awareness of involvement and attention this is getting within HAL if she has any doubt ...

From: Gary Godwin
Sent: Tuesday, January 26, 2010 8:51 PM
To: Durel Bernard; James Bement - VP Sperry PSL; Jeff Miller - Sr. Vice President, Gulf of Mexico; Wayne Stein; Tony Angelle
Cc: Merv Swan
Subject: Sperry Horizon

Gentlemen,

Please note that below via Durel in reference to a comment the Horizon Drilling Engineer's made to Skip. The reference to Barbara refers to Barbara Yilmaz, Group Vice President D&C. I am routing to you simply to keep everyone informed. We do not believe that there is anything new in this signal, including no change in the intent for Halliburton to drill the next well. A few points for context or historical reference:

- Schlumberger has been all over BP ever since we began to take significant volumes of work from them. In other words, there are elements of this pressure that are dated by a year. That doesn't mean that we take it for granted or ignore it. They have been all over BP NAG as well; so again, this is a byproduct of Halliburton's success with BP (market share).

- The decision for who is performing BP's drilling work will reside with the asset, the BP GOM team. That said, BP global will more strongly influence the assets once their experience demonstrates a clear performance leader. There are enough data points that no one company really stands out in drilling performance (world wide) for BP. Therein is the opportunity for Halliburton; the flip side of that same coin is the risk.

- Regardless of who is providing drilling services, there comes a point where BP will be forced to change, even if the price is zero, if their ability to complete critical wells on time and budget is compromised. We have tested that decision point; however BP acknowledges and values our skin in the game.

We will close the loop with BP on that below, but through the asset and not through Barbara. I do not believe that there is a conversation that could be had with BP at this point that will dramatically influence their confidence. Our performance on this next well will have far more influence than anything that anyone could say. Jim D and his team are very confident that we understand the cause on this last well and how to fix it. BP also acknowledges that the problems were identical is a good thing, and that we are not trying to solve 3 different issues. I also believe that we have put our best foot forward, and that everything that can be done to improve has been done. The deck is stacked in our favor: dedicated tools, the best R&M leader, the replacement parts scrutiny, the test vessel, and clear line of sight on how to solve this last incident.

Again, the intent is to keep everyone informed given the sensitivity of this project. Glad to discuss if you feel that there is a different conversation or level of follow up needed with BP.

Regards,

Gary W. Godwin
Halliburton
Office: 281-575-5935
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From: Jonathan Lewis - Senior VP D&E
Sent: Wednesday, January 27, 2010 11:10 AM
To: Merv Swan; Mark Richard; Gary Godwin
Subject: RE: Sperry Horizon again at risk

I will happily do this. But before I do so, Gary, any comments?

From: Merv Swan
Sent: Wednesday, January 27, 2010 11:10 AM
To: Jonathan Lewis - Senior VP D&E; Mark Richard; Gary Godwin
Subject: RE: Sperry Horizon again at risk
Importance: High

Gary should coach us here. My thoughts are that a note from Jonathan to Barbara acknowledging that we are aware of the issues and this always had our highest priority would not hurt. But we should not escalate any request to influence GOM, they make their own decisions.

Be Safe and Regards,

Merv Swan

Vice President - BP Global Account Management

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From: Jonathan Lewis - Senior VP D&E
Sent: Wednesday, January 27, 2010 11:04 AM
To: Mark Richard; Merv Swan
Subject: RE: Sperry Horizon again at risk

Mark, Merv

My feeling here is that it is not a case of Tim, Dave or myself talking to Barbara, but one of Sperry delivering the SQ they expect. Thoughts?

Regards, Jon

From: Mark Richard
Sent: Tuesday, January 26, 2010 4:12 PM
To: Jonathan Lewis - Senior VP D&E
Subject: Fw: Sperry Horizon again at risk

I know James and his team have been all over this but do we need more visibility from you and/or Tim and/or DL to salvage?
Sent from Blackberry

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HAL_1078689

From: Merv Swan
To: Mark Richard
Cc: Gary Godwin
Sent: Tue Jan 26 15:14:18 2010
Subject: Sperry Horizon again at risk

Mark FYI. This is not the first time the competition has pushed BP executive.
At the end of the day, it is up to BP GOM and James Bement and Sperry have done all they can to keep the business which as you know includes NPT credits.

Will keep you posted.

From: Durel Bernard
To: Gary Godwin; Merv Swan
Sent: Tue Jan 26 13:49:27 2010
Subject: Barbara Y

Gents,

As you know every time we have a run of failures on the Horizon with Sperry, the team (John Guide & David Sims) lets us know they are getting heat from up above. John told Skip that heat is being applied by Barbara. Evidently Schlumberger execs are working her as they get reports from their in-house folks about the problems we are having, trying to get her to force a change out. I told Skip I would alert you.

Du