



Integration Memo

To: Business Unit Senior Vice Presidents

CC: Vice President of QHSE, Vice President of Engineering and Technical Services, Vice President of Newbuilds, Vice President of Global Supply Chain, Vice Presidents of Asset Management and Merger Integration Team

From: Executive Vice Presidents of Performance and Assets

Date: November 20, 2007

Re: Day 1 Operational Guidance

Doc #: IM-2007-001-Version 1

At Transocean, our success will be measured by the level of service we provide to our clients, the quality and integrity of the assets we operate, and the consistently high standards we set for ourselves across our worldwide fleet. As we embrace the challenge of integrating Transocean and GlobalSantaFe into one company, one management system, and one culture, we need to ensure that these integration efforts are transparent to our clients and user-friendly for our people. With that objective in mind, these initial guidelines will govern combined fleet operations with effect from Day 1.

Policies and Procedures Review

A joint review and gap analysis of the following GlobalSantaFe manuals versus the Transocean QHSE Manual, Field Operations Manual, Well Control Handbook and Certificate and Survey Manual was performed:

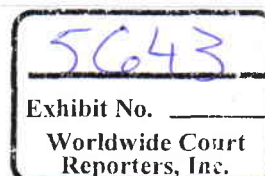
- HSET Manual
- Marine Operations
- Drilling Operations
- DP Operations Manual
- Well Control Manual

In general, there were minimal differences noted between the two management systems that would cause concern for Day 1. With that in mind, all rigs should follow their existing manuals until the new Transocean Company Management System is rolled out in 2008. The results of this detailed analysis will be distributed separately to the Business Unit Directors of Operations and Performance for reference and distribution to Division management as required.

The following points represent key areas to communicate to Unit and Division management on Day 1.

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Field Operations

Operation Abnormality Notification

The Operation Abnormality Notification will be implemented on all rigs Day 1.

Each Business Unit Manager or the Unit Director of Operations and Performance will e-mail a notification of an Operation Abnormality as soon as possible following an event that meets the following criteria outlined in the Transocean Field Operations Manual:

- Operations downtime or equipment failure that has lasted, or has the potential to last, more than 6 hours.
- An environmental pollution problem or potential problem of note, i.e. a reportable occurrence.
- Property damage in excess of \$100,000.
- Problems or potential problems with Clients.
- Injuries or illnesses that require persons to be evacuated from their place of work.
- Potential insurance claims as a result of property damage.
- Any other significant issues that are considered to have a material impact on the Company's well being.

The Operation Abnormality Notification is required to be distributed to the following positions:

Executive Vice President - Performance
Executive Vice President - Assets
Vice President - QHSE Services
Vice President - Engineering and Technical Services
Vice President - Asset Management - Floaters
Vice President - Asset Management – Jackups
Vice-President – Performance
Director - Operations Performance
Manager - Well Operations

Incident and Daily Reporting

Rig Managers should report all incidents through the new Business Unit/Division Operations organization along with ensuring the incidents are reported through the legacy systems (GRS/OMS/Safety Dashboard).

It is the intention to provide Division and Operation Managers with access to both of the legacy reporting systems as soon as possible after Day 1. This will be dictated by the local IT capabilities and support and will require a period for training which is expected to delay the transition.

Due to this fact, it will be required that a short-term reporting protocol be established by each Division and its management team for consolidated reporting.

Note that the legacy GSF rigs utilize OMS for various administrative functions to include payroll, training, etc. For the payroll function, OMS directly transmits with Peoplesoft whereas GRS does not contain this function and payroll is performed manually. This difference requires that we limit the number of inter-rig transfers between legacy rigs where possible.

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Exemption Process and Request for Exemption Form Approvals

The Exemption Process and Request for Exemption Form Approval will be implemented on all rigs Day 1.

Exemptions from Company management procedures are reviewed on a case by case basis and approved/denied as appropriate. Company management system procedures are the Company – approved methods for achieving Company policies.

Commencing on Day 1 if a new or revised plan does not comply with either the Transocean or legacy GSF management system procedures, an exemption for those procedures will be required. The exemption is approved only after the Business Unit Manager, or his designate, normally the Unit Director of Operations and Performance, has reviewed, assessed and confirmed the alternative procedures proposed by Division line management (Division Manager, Division Operations Manager, Rig Manager, OIM) will effectively manage the risks and that the risks are within the Company's executive leadership expectations.

A Task Risk Assessment (TRA) and Request for Exemption form must be completed and submitted with each exemption request to verify all associated risks are identified, and the control measures to prevent and mitigate those risks are clearly identified and listed.

The Request for Exemption Form and Task Risk Assessment are both available in Appendix 1A and 1B.

Request for Engineering Action Form

The Request for Engineering Action (REA) form requires to be implemented on Day 1.

The Request for Engineering Action (REA) is the internal process for requesting assistance from the HQS Engineering and Technical Services. The REA should be used for any work expected to take more than 4 hours of HQS Engineering and Technical Services time.

Request for Engineering Action forms can be forwarded to the REA inbox REA@mail.deepwater.com maintained by HQS Engineering and Technical Services.

The Request for Engineering Assistance Form (REA Form, Rev 5 Nov 2003) is available in Appendix 2.

Marine Operations

All rigs will require a rig site assessment and location approval performed by Engineering (inclusive of riser analysis where applicable) for jackups, moored semi- submersibles and DP vessels commencing from Day 1.

The REA form is to be completed by the Rig Manager and the request submitted to Engineering and Technical Services in Houston to carryout the rig site assessment and location approval.

The Request for Engineering Action Form (REA Form, Rev 5 Nov 2003) is available in Appendix 2.

All moored semi-submersibles and DP vessels are required to include the supplemental Well Specific Planning Sheet Form with the REA form.

The Well Specific Planning Sheet Form for Floating Vessels is available in Appendix 3.

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Operations Management Organization

The new Asset and Performance organization will be implemented over a period of time tailored to specific Business Units and Divisions. Until Operations Managers Asset and Rig Managers Asset are in place, the financial responsibilities for Maintenance and Capital Expenditures remain with the existing Rig Managers and Operations Managers as applicable. Additionally, each rig should continue to follow their approved 2008 Budget until further instructions are provided.

Rig Operations

Rig Chain of Command

There will be no changes to the current chain of command and rig organization on Transocean or GlobalSantaFe rigs on Day 1.

The Offshore Installation Manager will remain overall responsible for the health, safety and welfare of all persons, and all activities conducted onboard their respective rig. The OIM is authorized and obligated to take whatever actions he considers necessary to prevent injury, loss of life, damage to equipment/structure, and / or loss of rig and well operation integrity.

A GlobalSantaFe versus Transocean Offshore Job Title Bridging Matrix is available in Appendix 4

Rig Operating Manual

The rig will continue to utilize their current Rig Operating Manual per policy.

IADC Daily Drilling Report

The IADC Daily Drilling Report will continue to be reported electronically in the IADC approved format via GlobalSantaFe's Operation Management System (OMS) and Transocean's Global Reporting System (GRS) on Day 1.

Daily Rig Operation and Downtime Event Reporting

Daily rig operational reporting and downtime event reporting will continue to be reported by legacy GlobalSantaFe rigs via the Operation Management System (OMS) and Transocean via the Global Reporting System (GRS) on Day 1.

Well Control

Kick Tolerance:

The existing GSF well control manual does not require calculations of kick tolerance. As each rig will initially use its legacy manual, the Operations Managers should be aware of this difference. Note: Transocean rigs will continue to request approval for the kick tolerance limits as required.

Well Control Event Reporting:

Transocean rigs will continue to report all well control events through the Global Reporting System (GRS). As the GSF reporting system does not have provision to report well control events, the GSF rigs will report events

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in the well control event report format (Appendix 5). A copy of this well control report is required to be sent to the Well Construction Group, Houston.

For queries on well control related issues, the Well Construction Group can be contacted at wcg@mail.deepwater.com

Well Construction

If you require well construction technical support, contact the Well Construction Group in Houston at wcg@mail.deepwater.com or Steve Hand at shand@mail.deepwater.com

Emergency Response Procedures/Teams

Rigs: The rigs will continue to follow their respective legacy Emergency Response Plan. The Rig Manager must ensure that his/her rig has the updated emergency contacts for the Division on Day 1.

Business Units/Divisions: The Business Units are responsible to communicate the applicable ERPs/ERTs to the local Divisions and Rigs within their control.

Corporate: The Transocean Corporate Emergency Response Plan is to be followed post-close. The primary ERT location is 4 Greenway Plaza and the alternate is Park 10 (NAM Division).

A revised Corporate Emergency Response Team member contact list, with alternates, will be available for issuance to the Business Units prior to Day 1.

The Corporate Emergency Response Manual will be revised to reflect the above changes and be available for posting on Day1.

Medical Support

Effective Day 1, Transocean coverage for international assistance worldwide via International SOS will be available to all legacy GSF workers in all locations. The program is based on a fee per service basis. The Main Alarms Centers to be used are listed below depending on the area of operations. **Each Business Unit/Division Managers shall provide/or update the Corporate Medical Advisor with a list of Managers authorized to activate international repatriations no later than 26 November 2007.**

Unit	Emergency Alarm Center Options
	ISOS
EAU	Johannesburg Tel: +27-11-541-1300 Fax: +27-11-541-1058
APU	Singapore Tel: +65-6338-7800 Fax: +65-6338-7611
AMU	Philadelphia Tel: +1-215-942-8226 Fax: +1-215-244-9617

Topside Medical Support (medical direction and guidance provided to the Installation Medical Personnel) is already in place in most locations worldwide. A preliminary review of the most effective options has already

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been conducted; however, more information will be available in the near future from the Corporate Medical Advisor.

Supply Chain and Accounting

Access to the legacy Supply Chain and Accounting systems software for approval of requisitions, purchase orders and projects by shore based managers will need to be established as soon as possible. In the interim, an approval protocol should be established by the local management team. This may require short-term approval assistance or basic training on required systems from IT/primary function (i.e. Accounting).

The Transocean Authority Limits Matrix is available on the Company intranet and can be obtained from the Business Unit Finance Group. The Matrix is effective on the Day 1 following the close. Pre-merger Delegation of Authority in both Transocean and GlobalSantaFe remain valid for the remaining of 2007. At which point, new Delegation of Authority should be in place.

There are some changes in accounting policies which will have an impact on the financials, most notably spare parts inventory which is expensed when issued from the warehouse rather than when it is received on the rig. The Global Supply Chain group has issued guidelines to the legacy GSF rigs on this subject. The Accounting group has issued a gap analysis of the most significant accounting policy changes to the legacy GSF Field and Corporate accounting teams. Both documents are posted on the intranet.

Technical Support and Maintenance

The Engineering & Technical Services (Headquarters) and Technical Support Groups will begin to function according to the announced organizational changes and published organization charts. As you know, there are many transition tasks underway, and we are moving toward a unified approach to technical support of the fleet. In order to reduce the impact of changes on Day 1 and to maximize the support provided to the fleet, Operations are encouraged to continue to request engineering and technical support as they have in the past utilizing the REA process discussed above where appropriate. The technical groups will assume the responsibility of redirecting requests as necessary.

Insurance Policy Warranty Conditions and Risk Management Policies

Rig Location and Transit

All routes through or operations in areas noted in the American Institute Trading Warranties ([Appendix 6](#) and listed on the Company's Risk Management website) must be reported to Houston Risk Management prior to transit or entrance into the area.

All moves/shifts/wet tows of jackups are to be approved by an agreed surveyor ([Appendix 7](#) and listed on the Company's Risk Management website).

All wet tows of jackups over 1,000 NM must be reported to Houston Risk Management so that the additional premium charge can be determined.

Shifts or moves onboard heavy lift vessels under own power and/or dry tows are covered without additional premium.

War Risk

It is agreed that units located in areas excluded and listed in the attached War Risk Endorsement ([Appendix 8](#)) are still covered for war risks and subject to an additional premium charge. Houston Risk Management should be informed of any transit into, through or from these areas.

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Shipyard

It is warranted that for a shipyard project greater than USD 15,000,000, including the cost of OFE, an approved surveyor must approve the plans and procedures of the shipyard for the works with particular reference to fire fighting procedures prior to commencement of work.

All units which have been stacked for 180 days or more must have a reactivation survey completed by an approved warranty surveyor.

Mutual Releases and Master Service Agreements

With the exception of supply boat contractors, executed Master Service Agreements or Mutual Release and Indemnity agreements should be on file for all subcontractors entering and working on Company installations or facilities. The Master Service agreements should be backed by a certificate of insurance. Contract templates can be found on the Risk Management website (<http://www.rigcentral.com/hqs/fin/risk/>) and should be returned to Risk Management once completed.

Claims - Property Damage

Property damage incidents which involve fire, blowout, punch through, sinking, explosion, collapse or are expected to exceed USD \$250,000 in value are considered significant and should be reported to the Manager - Insurance in the Risk Management Department in Houston.

Claims - Personal Injury (Crew)

All rigs will continue to report personal injury claims through the current legacy systems.

Contacts: Todd Jordan, tjordan@mail.deepwater.com , work: 713-232-7640, cell: 713-505-8710
Betsy Kelly, bkelly@mail.deepwater.com, work: 713-232-7630, cell: 713-829-6871
Ken Smith, Ken.Smith@globalsantafe.com, work: 281-925-6725, cell: 713-202-5749
Risk Management Website: <http://www.rigcentral.com/hqs/fin/risk/>

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