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Halliburton Academy

Company's commitment to deep water: Make it happen

There are several steps employees attending Halliburton Academy this year have been tasked to take to "make it happen" for the Company in 2013, but key among them is to up the game in deep water.

"The average discovery size of a deepwater reservoir is six times the size of an onshore discovery," said [Eric Carre](#), one of four panelist speakers presenting on deep water at HalAcademy, "and about 50 percent of all global discoveries in the last 10 years have been made in deep water."

These two facts, Carre said, were part of the reason oil and gas companies were busy bidding for leases in rich deepwater reservoirs such as offshore Brazil and East Africa. An average discovery in deep water can yield 150 million barrels of oil equivalent (BOE), while, onshore, the average is 25 million BOE.

There is currently 4,890,000 square kilometers of acreage licensed for drilling in deep water.

"The expected growth in the deepwater market is much higher than the growth we are expecting in the industry," Carre said. "Deep water has long-term potential – about 75 percent of the discoveries made in deep water have not been developed yet."

Carre was joined on the deepwater panel by [Mark Richard](#), [Karl Blanchard](#) and [Harold Mesa](#). Each expressed the importance of winning more work in deep water, and each shared an aspect of Halliburton's strategy to make it happen.

Deepen the commitment, execute the strategy

In 2012, Halliburton's commitment regarding its deepwater business was to outgrow the market by 25 percent, Carre said. Halliburton surpassed that goal and grew its deepwater business by 34 percent.

"There is absolutely no question that we are delivering against our commitment," Carre said. "Now it is a new year – 2013 – and we need to once again outgrow the market by 25 percent."

To achieve this new commitment, Carre said, employees must continue to execute the following:

1. Reduce uncertainty for customers as it relates to reservoir identification, drilling and well placement, and reservoir characterization.
2. Increase the reliability of our well construction and completion operations.
3. Keep up the momentum of our pursuit activity and contract win rate.

Know your BAP, build trust

Richard said that for Halliburton to continue to grow market share in deep water, "we must be the best at understanding our customers' needs and delivering on these needs through flawless execution by everyone in our Company."

He said the two most important strategies in Halliburton's Business Acquisition Process (BAP) that will help the Company win deepwater work



At Halliburton Academy, from left, Eric Carre, Mark Richard, Karl Blanchard and Harold Mesa present a panel discussion on deep water and what its vast potential can mean for the Company.

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are:

1. Identify opportunities
2. Pursuit of strategy

To better achieve the first strategy, he emphasized the importance of building relationships.

"Building relationships is building trust," Richard said. "It is this deep relationship that we need to have to understand our customers' value propositions and strategies.

"By showing our customers how our unique capabilities are aligned with their needs, we demonstrate the value that differentiates us from the competition."

Plan ahead – 'Adherence to process is critical'

Blanchard said proper planning is at the forefront of everything the Company does.

"It's our challenge to understand the requirements, know what's expected of us, and make sure we develop detailed plans before the project starts so we can get off on the right foot," Blanchard said. "Nowhere is that more critical than in a deepwater environment."

He said rig costs typically exceed \$1 million a day in deep water, which means nonproductive time on a deepwater rig can cost the customers millions more, and could harm Halliburton's reputation.

"Adherence to process is critical," he said. "Our clients consistently tell us our Halliburton Management System (HMS) is second to none in the industry, but – they say in the next breath – you don't follow your processes, Halliburton.

"We want Halliburton to be the partner of choice – to be the No. 1 service company in deep water. It's imperative that we stick to our processes and that we know them."

Hire the best, train for success

Blanchard said the next critical step in winning more deepwater work was ensuring the Company employed competent people who know how to get the job done, flawlessly.

"With the increased scrutiny from regulators and from the public at large, our operators are beginning to change the requirements of the people they bring on their rigs," Blanchard said. "Many operators today demand employees have 10-15 years of experience – otherwise, they won't let them on their rig. That's not a sustainable requirement.

"First of all, there aren't enough people with that experience to man all the rigs and all the service functions that are required within the deepwater environment today," he said. "And with the growth that's occurring over the next two or three years, there won't be enough people then, either. So the answer is something completely different than tenure – it is competency. And it starts first with who we hire."

After the best skilled and educated employees have been hired, Blanchard said it is up to Halliburton to ensure employees are properly trained and certified as competent to fulfill their roles.

Make it happen, anywhere

Earning customer trust and winning jobs in deep water is critical, Richard said, because, as Carre mentioned during his presentation, there is long-term growth potential in deep water. In the Gulf of Mexico alone, 69 percent of the acreage under lease has yet to be explored.

What has been explored, particularly offshore Brazil, has been lucrative to all who have helped develop the deepwater resources – especially Petrobras, Mesa said.

"Brazil is a fairly large economy, and it demands huge amounts of energy," Mesa said. "That is why Petrobras has been so active pursuing new sources of gas and oil, and why it has been very successful."

Mesa said between 2005 and 2010, 32 percent of all deepwater discoveries in the world had been found in deepwater Brazil – making it the largest deepwater market in the world.

"One of the top key customer drivers is technology, not only in exploration,

but in production as well," Mesa said. "That is why, back in 2010, we decided to sign an agreement with Petrobras to research and develop technology together. So today we have already completed two projects [for Petrobras], and we have eight more projects ongoing. And, most importantly, we are about to sign agreements to develop technology [with two other energy companies] in Brazil."

Mesa said that in 2010, Halliburton was the third-largest service provider in Brazil, with only a few product service lines leading their segments.

"Our main competitor [in 2010] was twice our size in terms of revenue," he said. "After a couple of very intense business development campaigns over the last couple of years, we managed to secure around US\$3.5 billion, executable over the next four years. So, if we could take a snapshot of 2014, we would see that we are becoming the largest service provider in Brazil."

And if Halliburton is becoming the largest service provider in the largest deepwater market in the world, Mesa said, that means "we can make it happen anywhere."

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