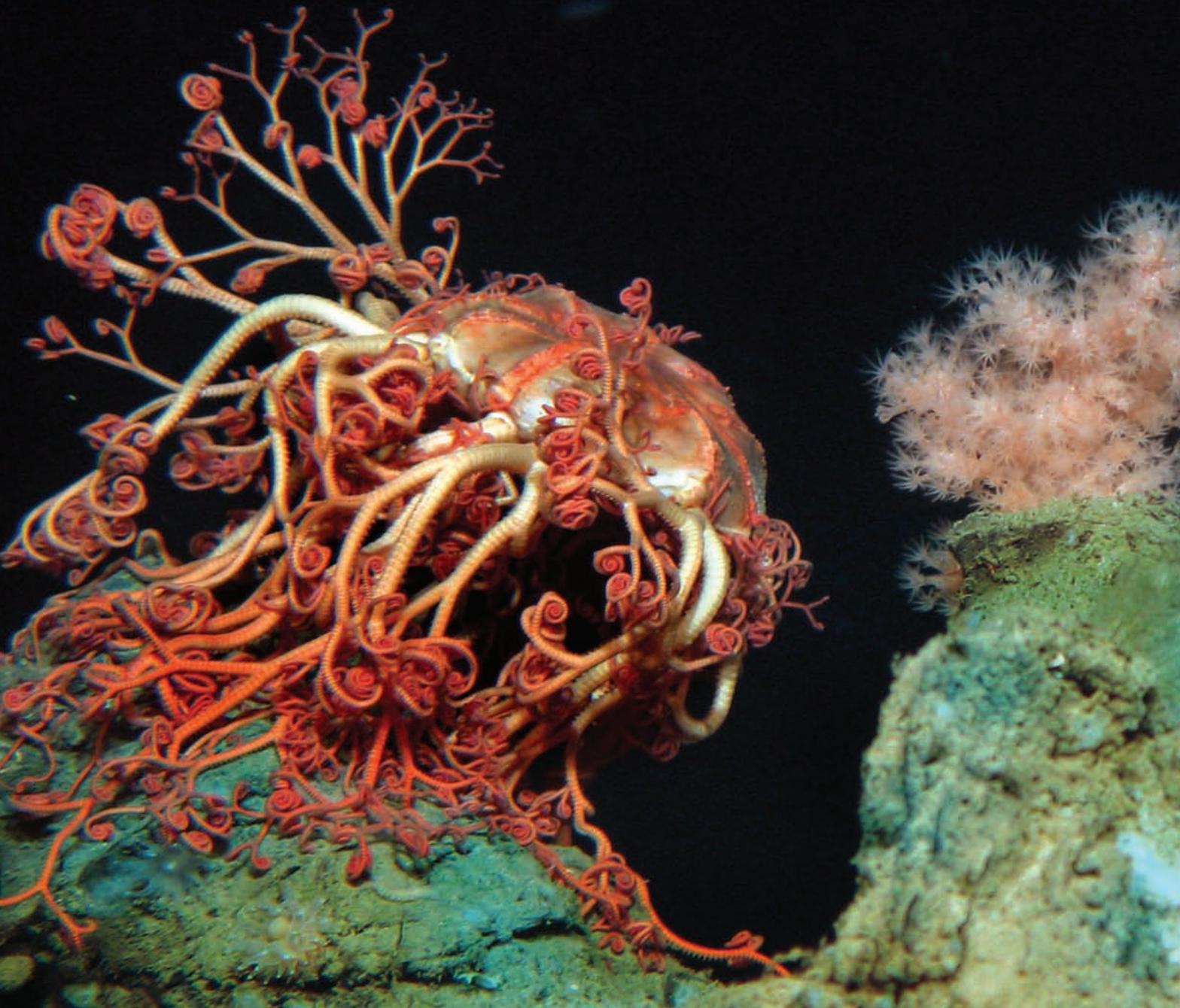


ENVIRONMENTAL RESPONSIBILITY

WHAT DOES IT TAKE TO BE RESPONSIBLE IN THE DRILLING INDUSTRY?



By Ian Hudson, Transocean



WE HAVE COME A LONG WAY IN THE DRILLING INDUSTRY over the last few years in both technology and HSE performance. As pressure mounts to find more petroleum and to open up new areas for exploration drilling worldwide, our industry is experiencing an unprecedented period of growth, with many newbuild offshore drilling rigs set to start work in the coming three years. During such periods, it is important to focus on all aspects of the offshore drilling business, and a key area at the forefront of new exploration is environmental protection.

Transocean has been a key founding partner in a scientific research project called SERPENT for the last six years. SERPENT uses drilling rigs around the world's oceans to collect data on the marine environment and ecosystems.



CHANGING VIEWS

One major improvement area in our environmental performance is best summed up by the fact that containment losses have been dramatically reduced from hundreds of barrels in past decades to just milliliters in the vast majority of incidents today. **Transocean** records every loss of containment irrespective of whether it is contained onboard or escapes to the environment, no matter the product or amount. The belief that you can't manage what you don't measure led the company to measure spills to this small scale and to set a 2008 goal of a 30% reduction in loss-of-containment incidents.

"We firmly believe an incident-free workplace is achievable, and many rigs in our company have worked in excess of eight years without a single loss-of-containment event of any type," said **Adrian Rose**, vice president, QHSE. "While we continue to see consistent reporting of different fluids spilled to the amount of 0.01 liter, this is an extremely encouraging development for our industry."

In general, this improvement is not understood by the public; however, those of us closer to the industry know we have made the safety of our people and the protection of the environment integral parts of our mission.

COMMITMENT AND CONSISTENCY

As the world's largest offshore drilling contractor, Transocean believes that environmental protection is a core value that requires performance beyond just compliance with international and local legislation and an environmental management system (EMS).

Environmental responsibility can be called by many different terms, but the one consistent theme is reducing impact on the environment in which you work or the cumulative impact of your company's activities. This is certainly easier said than done, and the drivers behind being environmentally responsible are varied.

One common way to help place your business in context is through the operation of an environmental management system, but this means much more than just having a system; it means assurance that the system in place is working at all levels, all the time, and is understood by the people that use it day in and day out.

A system that resides on paper and does not translate into action will not reduce any environmental footprint. Many companies like Transocean, within our industry, have been operating an EMS to the ISO 14001 standard for a number of years since the 1990s and have achieved some level of success in improving environmental performance. Still, it is easy to be complacent and stop continuously improving just because initial targets have been achieved.

An EMS needs to help a company improve as it experiences growth. Transocean's EMS is helping to provide a single standard on a worldwide scale where the company operates 137 offshore drilling rigs, with 10 more under construction, and over 30 offices and facilities in 34 countries. This makes it the single largest standard in the offshore drilling industry.

Benefits of such an approach include global consistency, the ability to move from location to location without complication, reliability for our clients and regulators, and a chance to equally compare locations with a single standard to help drive continuous improvement. What makes this system successful

Transocean continues to actively push for emissions reductions, such as in engines, through advanced technologies. At right is a MAN diesel engine that will be used on the sixth-generation ultra-deepwater drillship Discoverer Clear Leader.

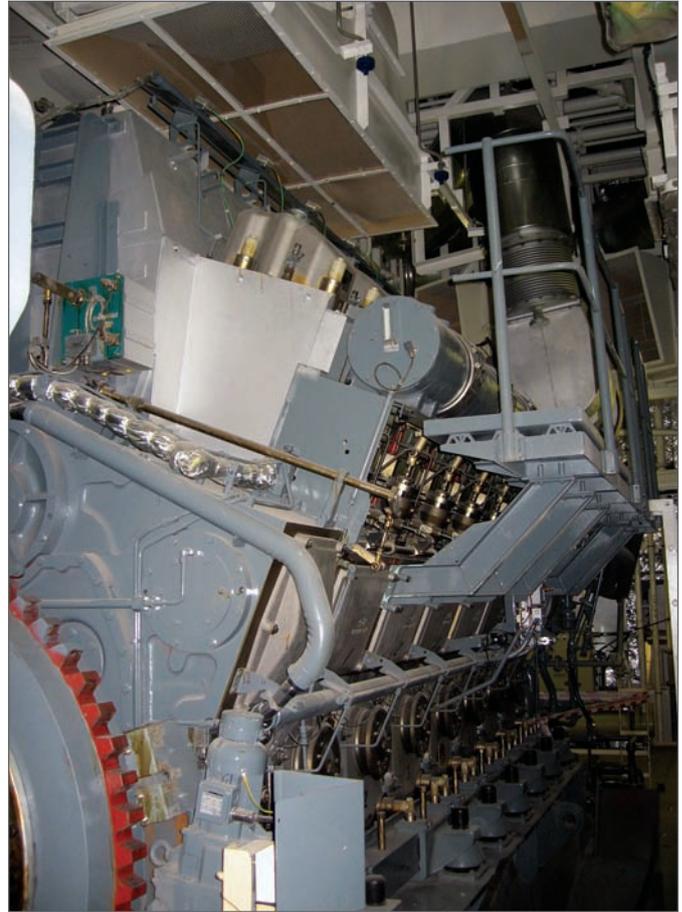
is not just a manual, it is the awareness and buy-in to achieve a common goal that “Our Environment is Our Responsibility.” We believe that if you are able to explain why you want to protect the environment in which you work and get employees’ buy-in upfront, people will do what is required of them in any management system because they feel it is the right thing to do – not because it is a company or regulatory requirement.

To reach every rig in the Transocean fleet, an environmental awareness DVD and a computer-based training module have been developed for the orientation process at each location. From the moment people join Transocean, they know that environmental responsibility is taken seriously, and this is backed up by this message from **Robert L Long**, Transocean chief executive officer: “We want our operations to have as little impact on the environment as possible, and that objective is an important part of achieving an incident-free workplace across our entire operational fleet and company. Environmental responsibility is one part of what makes us a successful company.”

Because awareness starts by understanding the place you work, Transocean has also enhanced this element through alliances with external stakeholders.

JOINING FORCES

The company has been a key founding partner in a scientific research project called SERPENT for the last six years (www.serpentproject.com). The project uses drilling rigs located





For a company of Transocean's size – it operates 137 offshore rigs, including the Transocean Marianne seen above, and has 10 more under construction – an environmental management system is needed to help provide a single standard on a global scale.

around the world's oceans to collect important data on the marine environment to enable a better understanding of its complex ecosystems. This project brings our rig crew and office crew first-hand visual experience of the environment and in a way in which they can see why we want to ensure our impact is kept to the smallest degree possible within the scope of a drilling operation. We don't pretend there is not an operational impact, but we are honest in the way we control those impacts, and that starts with understanding, awareness and accountability.

Recently, Transocean also joined forces with the Gulf of Mexico Foundation to further stimulate awareness about the Gulf as a tremendous ecosystem and to continue to send a strong message within the company that we are always looking for ways to learn more about the environment and how we can better ensure it is protected. This alliance also allows our employees to take an active volunteer role in environmental stewardship on their own time as we participate in coastal restoration projects and educational awareness. The Foundation also allows Transocean to have active dialogue with its clients and industry regulators who are involved. Find out more at www.gulfmex.org.

With strong awareness, you can build your system at the local level – where it matters. Every rig and office in Transocean has a Green Team, a dedicated group of people tasked with specific responsibilities functioning as environmental champions in their own workplace. The teams are encouraged to develop new initiatives, drive participation and help ensure the consistent application of company procedures and equipment.

Green Teams have been in operation in Transocean for more than five years, and their ideas have reduced the company's impact on the environment.

"Some of these results include reductions in engine emissions and fuel consumption by 30% through improved anchor management techniques," said **Ian Hudson**, Transocean's corporate environmental manager. "Other results include the removal of disposable cups offshore and recycling partnerships with local communities that help to provide jobs and security to people with mental and physical disabilities."

Projects like Can-Do and Wood Recycle in the UK and Recycle the Gulf in the US have been supported by Transocean operations for several years. Recently, the company's rigs operating in the Gulf of Mexico passed a Recycle the Gulf milestone, recycling over 1.5 million bags of material with only 10 bags of material unable to be recycled. "This is a truly strong statistic that shows our offshore crews really understand the importance of good waste management and the ability to support a cause that benefits the community so positively," Mr Hudson noted.

While much of Transocean's work takes place offshore, it is important to show that onshore support staff is playing a role as well. Transocean offices are stepping up to the plate with recycling programs, environmental awareness events for employees and their families, energy-saving PC window screens and double-sided printing and lighting sensors. These efforts help to ensure the environment is considered in every part of our business, not just offshore.

MAKING WASTE MANAGEMENT A BIG DEAL

Transocean believes that waste management has to be a "cradle-to-grave" process. By tracking what we bring to a location, how it is used and ultimately where it is disposed of and by whom, ensures that waste is managed responsibly from the moment it leaves a Transocean location. We practice this system on a global level, even in areas where local standards are not in place. By seeking out new vendors and new opportunities, local standards have been strengthened and new infrastructure has arisen through collaboration with local companies and regulators to set up new waste management facilities in places where standards or equipment were not in place.

One success story is Transocean's Egypt Middle East Division. There, all waste is segregated in color-coded bins on location. It is then brought to shore to be collated and sent to a series of approved recycling centers employing local people and disposal sites managed to a high standard of professionalism. Through a rigorous audit program, personnel ensure these high standards are maintained, and most let rig crews know that their efforts on waste segregation are making a difference.

CALCULATING YOUR CARBON FOOTPRINT

One of the largest global environmental issues is emissions. Different emissions vary from rig to rig and with the operational activity. Transocean has been measuring its carbon footprint for more than five years and reports this information to the Carbon Disclosure Project (CDP), the world's largest and most respected repository for climate change-related information representing over \$57 trillion of institutional investors. This reporting helps to ensure accurate carbon measurement, gives a roadmap for improvement and informs investors about a company's progress and future strategy.

The CDP also provides a key opportunity to learn from other major companies undertaking a range of emissions-related projects. Transocean recognizes it does not have all the answers and seeks to work with companies and organizations outside of its sector to better understand what can be achieved to reduce the effects of climate change and its impact on our business.

“In 2007, the company’s carbon footprint was 2.37 million tons, and, while it is important to create a baseline, we are mindful that reductions of any type require work in many areas such as engine loading, fuel management, maintenance and equipment upgrades,” Mr Hudson said. “We are active in all these areas, as well as continuous emissions monitoring, and our goal is to continue to develop a short-, medium- and long-term emissions strategy that delivers emissions reductions, fuel consumption benefits to our clients and reduced maintenance to our engines.”

Climate change legislation is also changing fast, and being able to respond in a proactive manner is important to companies. External partnerships help to increase the ability to gather information, expand a company’s network and enhance environmental performance. With dedicated environmental advisers across the entire company, Transocean recognizes that to achieve consistent results requires the ability to form a team that involves as many people in the company as possible. The strength of this approach lies in people and not purely in systems. As Transocean people make the right choices, demonstrate leadership and take environmental responsibility seriously, this, above all else, will ensure environmental performance continues to improve and lead.

MAKING POSITIVE CHANGES TOGETHER

When it comes to protecting the environment, it is not about who is doing more or less; it is about what we can achieve together as an industry. If every drilling contractor is successful, then we will really be making a significant impact. If we do this in isolation as a public relations exercise, we may realize some short-term benefits, but, in the long run, we will remain where we are and with no means to really drive improvement.

If we can find a way to reduce our losses of containment to the environment, whether it is with hose standards, containment measures or inspection regimes, we need to share those thoughts across our peer group. If we make a breakthrough on reducing waste or emissions, we should not be afraid of sharing our efforts so that everyone can reap the same benefits.

Small changes can make for large gains, if everyone is willing to make the change. Such changes might be to the products we buy and use. Transocean has implemented a number of global green product substitutions. Examples include BOP fluid across its entire fleet, removing harmful products where possible and helping to streamline the supply chain and reduce waste footprints by increased rationalization, bulk buying and packaging control. Making these small product changes across the whole fleet has helped to realize real benefits for the company and for the environment.

Whether your company’s focus is recycling, containment, emissions or all of the above, we need to ensure we keep pushing the boundaries of performance and share our best practices when they have real benefits for the industry. ♠