



# The Future of Offshore Drilling: Beyond Ultra-Deep

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Pacific Drilling S.A.  
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# Pacific Drilling: Committed to being the Preferred Ultra-Deepwater Driller

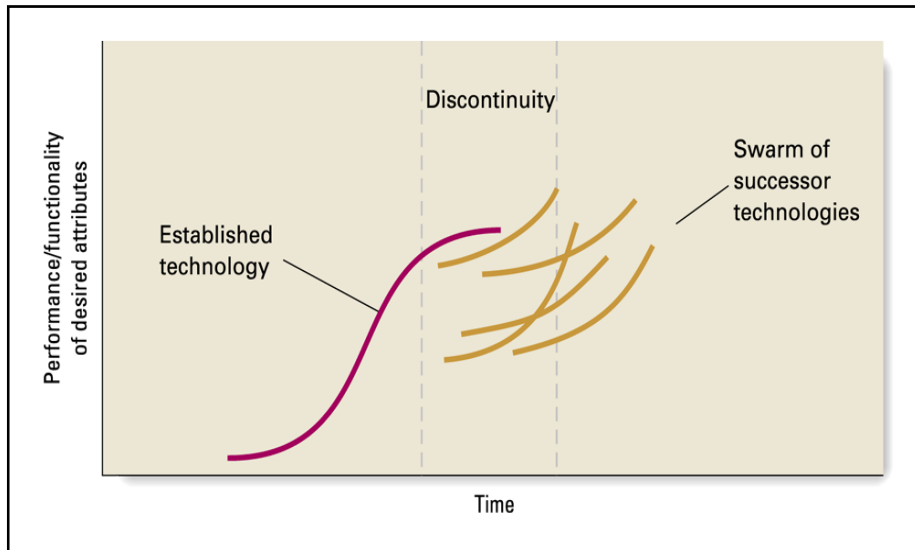
- Only 100% high-specification, ultra-deepwater fleet
- NYSE: PACD
- Market Cap: \$2.0 billion<sup>(1)</sup>
- Substantial growth and more to come

	1Q2011	3Q2014
Number of Rigs	4	8
Number of operating rigs	0	6
Number of drilling contracts	2	6
Contract backlog (billion)	\$1.5	\$3.0 <sup>(2)</sup>
Number of employees	~500	~1,600

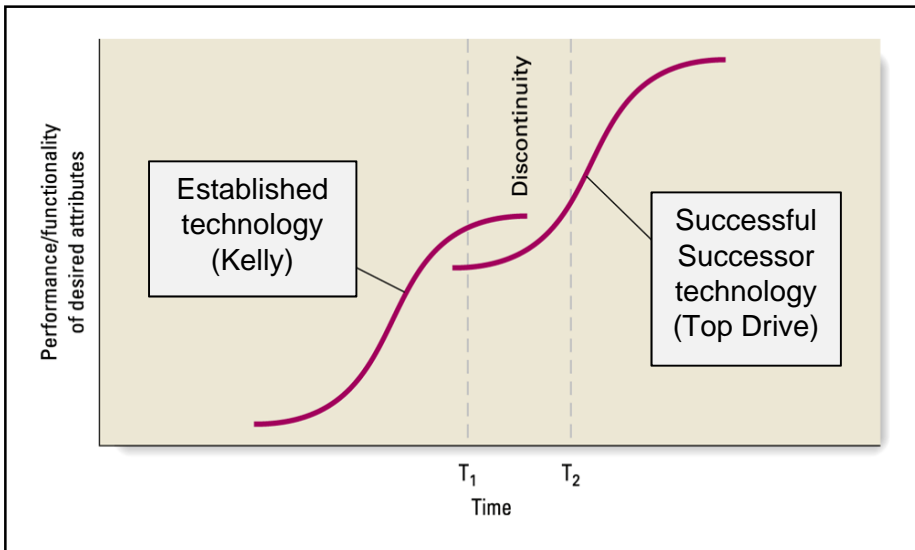


1. Closing stock price of \$9.34 as of September 19, 2014 and 217.3m shares outstanding.  
 2. As of September 1, 2014

# Notion of Disruptive Technology



“A new technology that gets its start away from the mainstream of a market and then, as its functionality improves over time, invades the main market”  
(C. Christensen, 1997)



Such new technology is disruptive because it may:

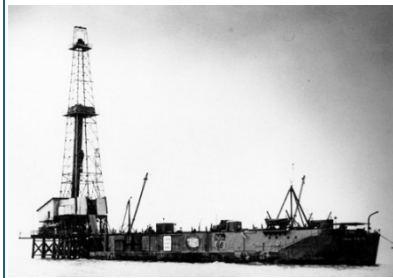
- Revolutionize industry structure and competition
- Make established strategies obsolete
- Cause the decline of established companies

# Offshore Drilling: Over 100 years of technological progress

Platforms enable drilling of first submerged wells



Mobile offshore barge drilling rigs



Semi-submersible drilling rigs



Large displacement ship-shape hull forms with dynamic positioning



Jack-up drilling rigs



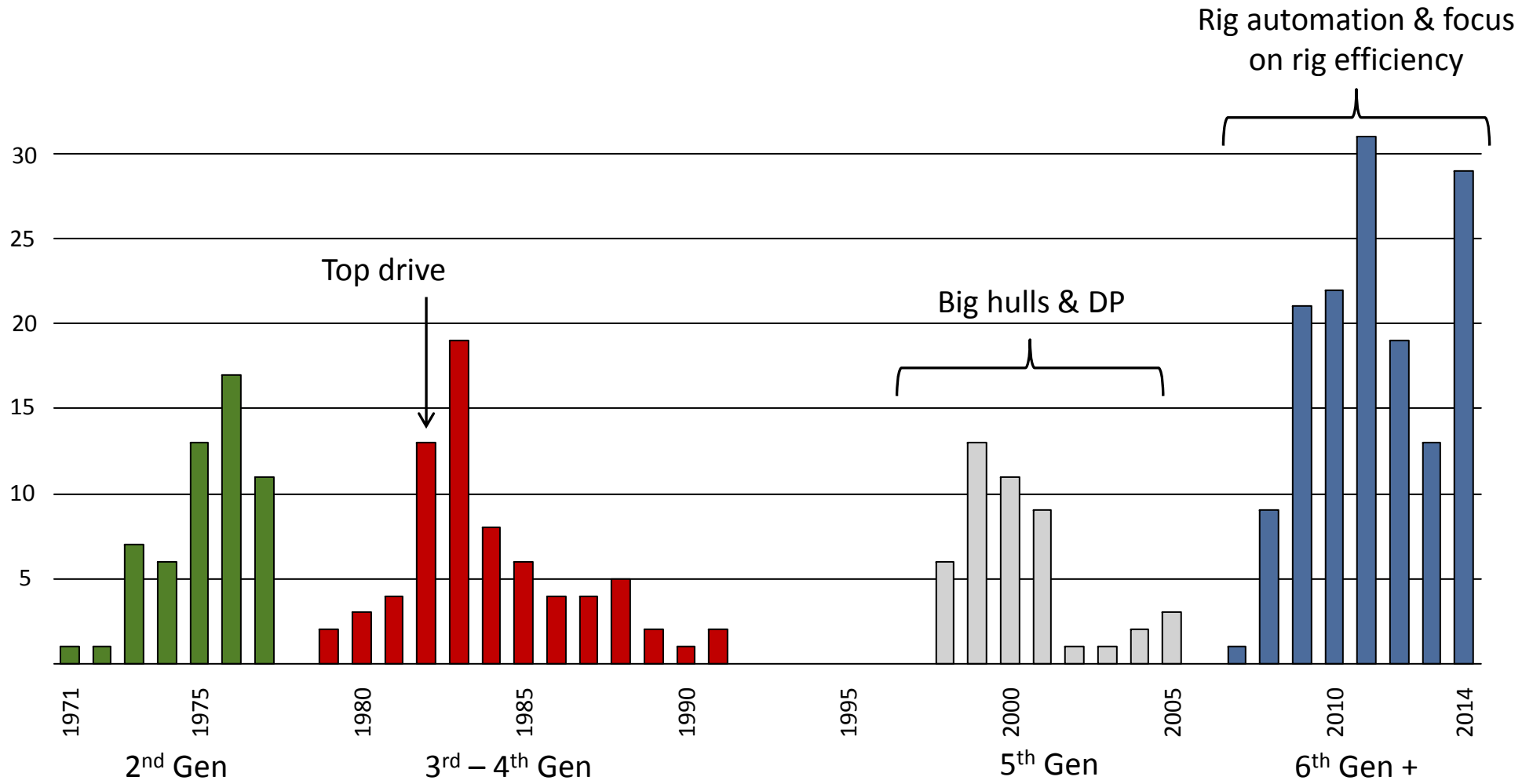
Top drive



Dual derrick, offline handling & rig floor automation

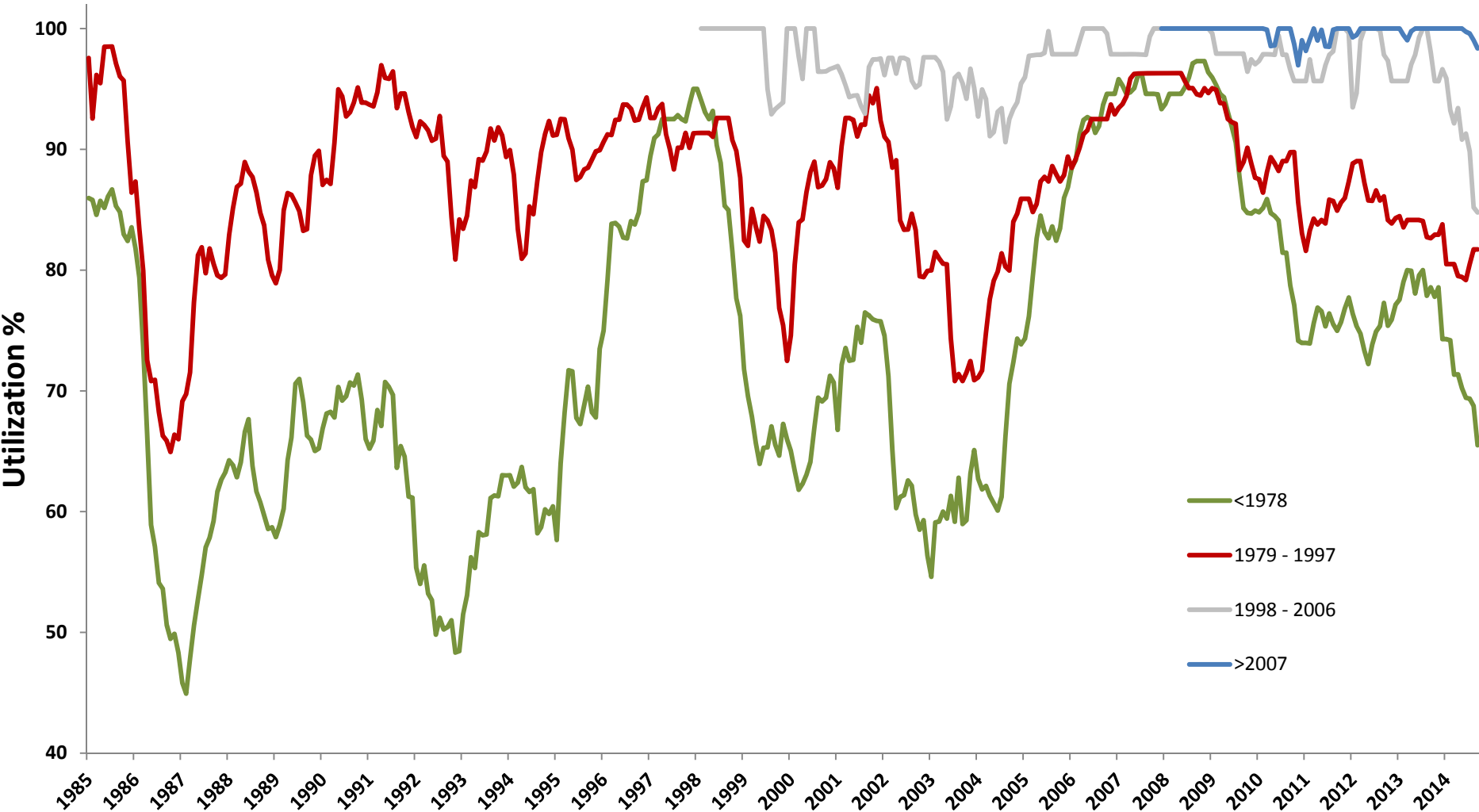
# Newbuild cycles are driven by technology shifts

Current floater fleet by delivery year



# Rig capabilities drive fleet utilization

## Floater utilization since 1985 by build cycle



Source: Utilization data from IHS-Petrodata through June 30, 2014. "2007-Current" adjusted to remove impact of Ocean Courage and Petrobras 10,000 in 2009, which were subject to construction finance issues and unable to work.



# New capabilities driven by client requirements

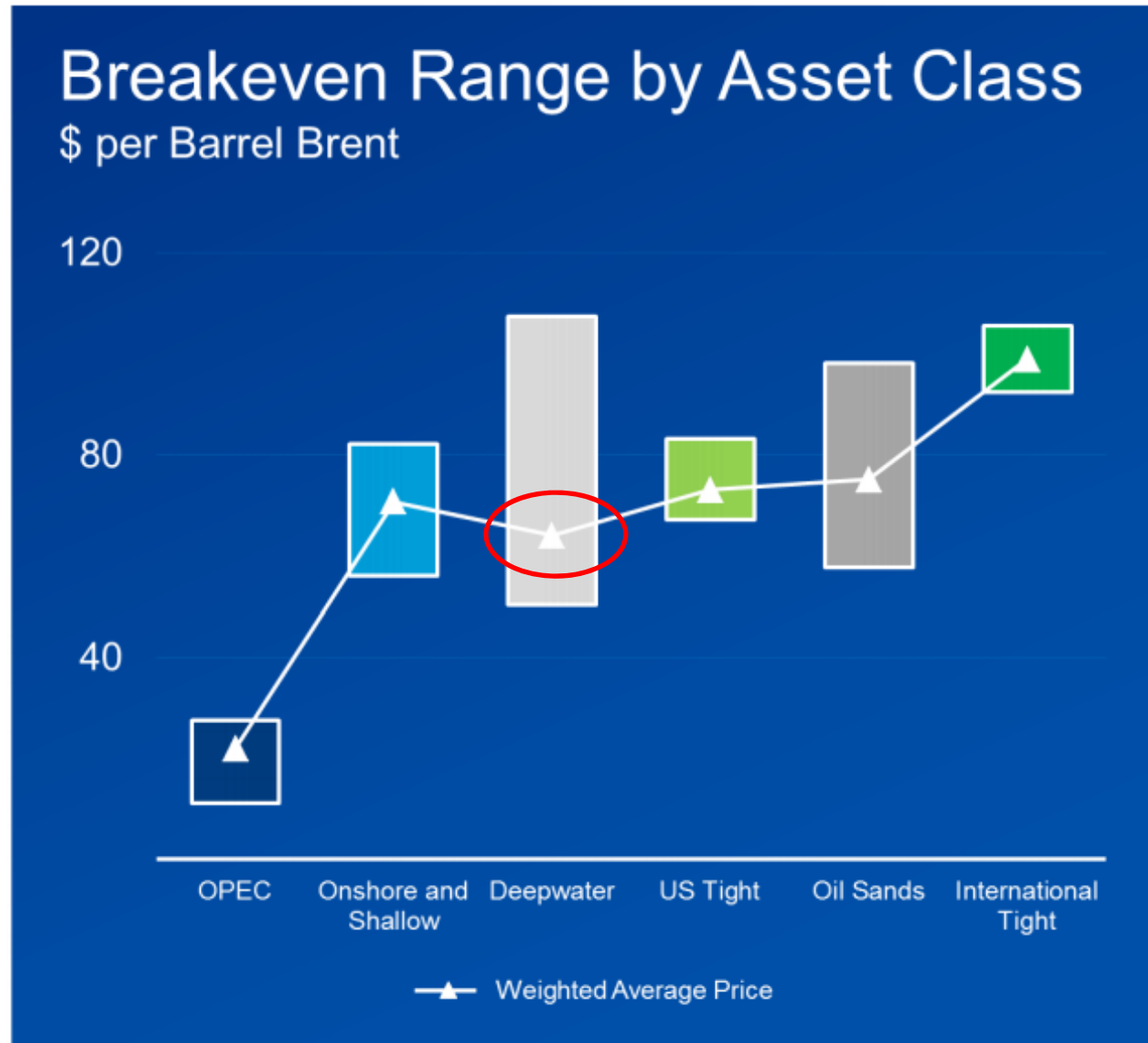
Conventional oil & gas volumes discovered proportionally by water depth



Substantial Increase in Deepwater Discoveries Coincides with Latest Newbuild Cycle



# Deepwater continues to be more attractive than other non-OPEC sources

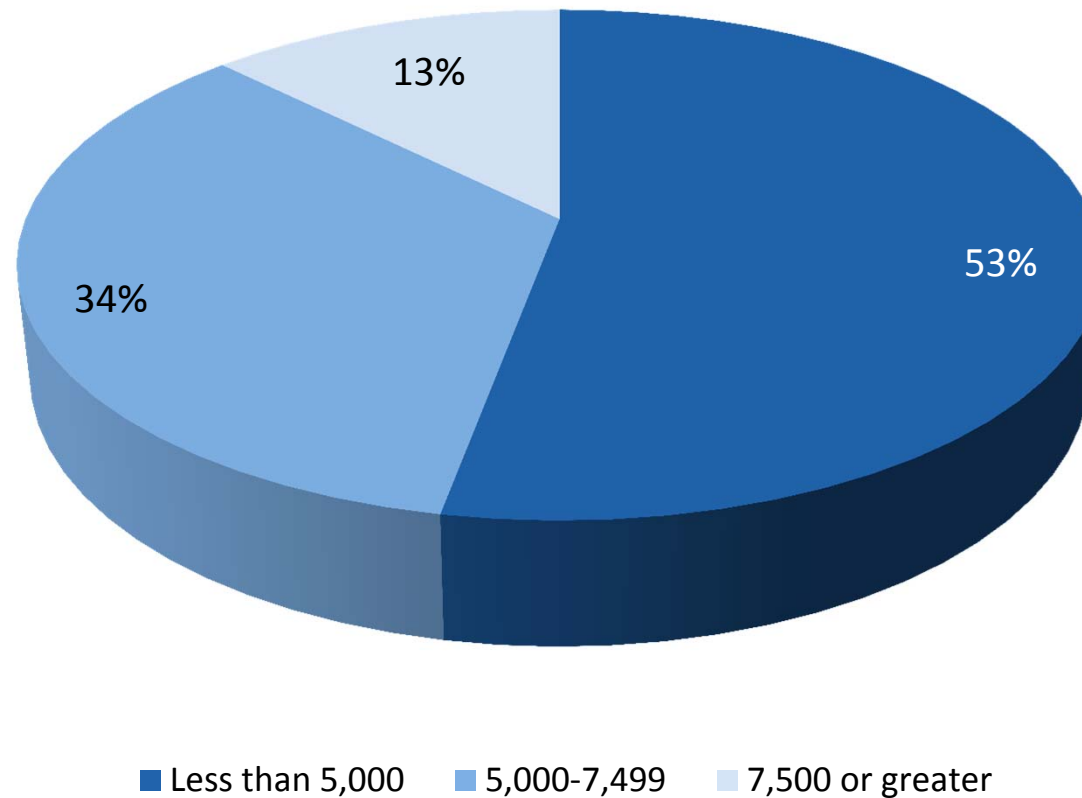




# There is demand for newest drillships in all water depths

87% of high-spec floaters operate in less than 7,500 ft water depth

By operating water depth (ft)



# Deepwater rig design has evolved to satisfy client needs

## Desired design features:

Proven design & drilling package

Water-depth capability 12,000 ft

1250 ST hook loads; 22,000 MT VDL

Dual derrick & offline handling

200+ POB

Up to 40,000 ft drilling depth  
with one or two six-rams BOPs

## Satisfy operator demand:

Guarantees equipment reliability

Capable to drill in all water basins

Exceeds most demanding well-  
construction requirements

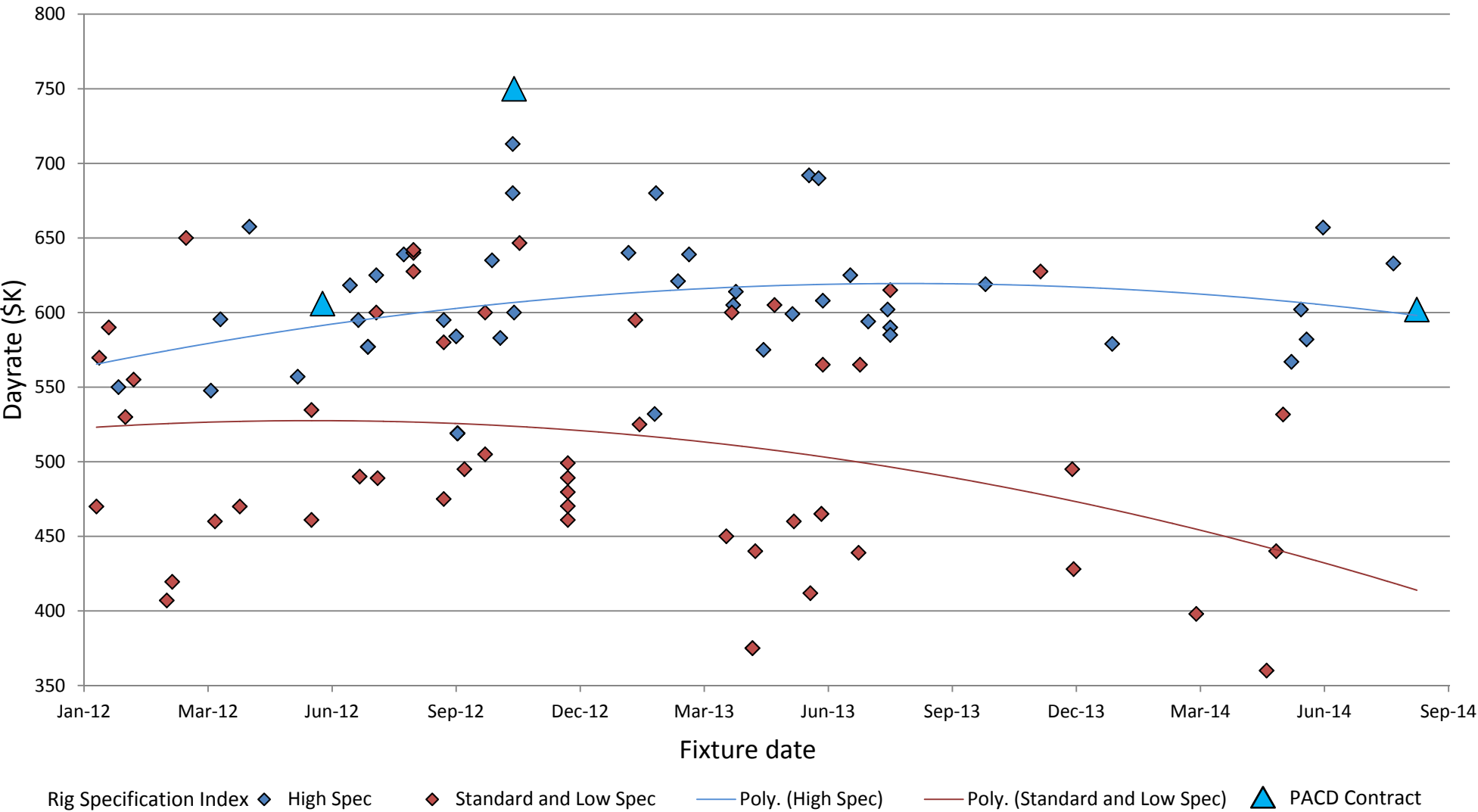
Optimizes drilling efficiencies, reduces flat  
lines during well construction

Accommodates needs of remote and  
complex projects

Meets needs for redundant safety systems  
and latest regulations

# Clients are willing to pay for more capable rigs

All-in dayrate trend for floating rigs by rig specification index<sup>(1,2)</sup>



1. Rig data from IHS-Petrodata as of August 8, 2014. Analysis by Pacific Drilling. Priced option exercises, sublets and contracts for less than 1 year in duration not included.  
 2. Analysis includes rigs with water depth capability greater than 5000 ft and contract dayrate revenue from mutual contracts greater than one year.



# Next generation of rigs will address well construction challenges

## Well construction features:

Improved riser margins

Wider drilling window

Access to deeper reservoir targets

Fewer casings / better cement jobs

Fewer downhole problems and NPT

Improved pipe/casing tripping technology

## Satisfy operator demand:

Safety and well control guarantees

Pushes exploration boundaries

Additional reserves

Reduced overall well costs

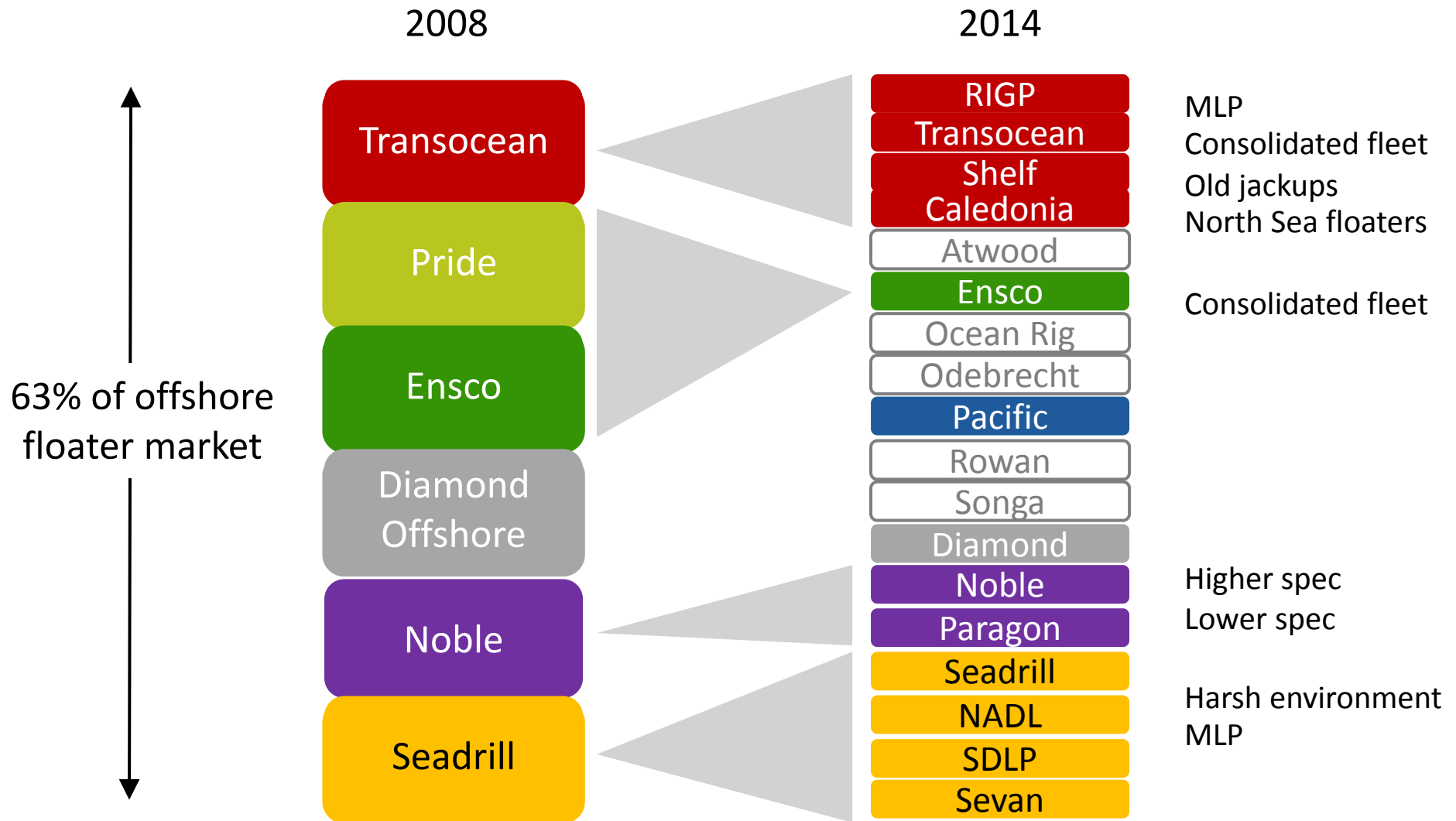
Reduced economic uncertainty

Reduced drilling costs

# New, potentially disruptive drilling technologies are already beginning to address operator needs

	Fully automated tubular handling	Managed pressure drilling (MPD)	Dual-gradient drilling (DGD)	Solids & fluid handling
Solutions	Integrated movement of hydraracker, drillstem & top drive	Closed loop circulation system enabling creation of back pressure	Advanced form of MPD	Better handling of waste returning from wellbore
Benefits	<ul style="list-style-type: none"> <li>Remove people from the drill floor</li> <li>Reduce time to drill the well</li> <li>Increase reliability of the drilling process</li> </ul>	<ul style="list-style-type: none"> <li>Faster detection of fluid inflow/outflow</li> <li>Faster response to losses/gains</li> <li>Improve riser margins</li> <li>Widen drilling window</li> </ul>	Remove effect of higher density mud in the riser	<ul style="list-style-type: none"> <li>Debottleneck drilling process</li> <li>Reduce environmental exposure</li> <li>Reduce cost to handle solids &amp; liquids</li> </ul>

# Changes in technology are driving a change in industry structure



# Questions



# Appendix

## Dual-gradient drilling solutions

