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EnSCO International, Inc. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). We'll take our first question from Ian McPherson with Simmons & Company.

Ian MacPherson - Simmons & Co.

I guess my first question would be regarding the next slug of deep water demand for Petrobras. I'd like to get your opinion on the local content imperative down there. Whether or not you think the next round of rigs will be predominantly or entirely locally built and managed rigs? Or what you think the opportunities are for your three un-contracted units are for that opportunity?

Dan Rabun

Ian, we think we've got a good opportunity for uncommitted units down there, and we're talking to Petrobras about that. With regard to the local construction, we've read what you have read. We've just began to try and discuss that with Petrobras. As you know there haven't been rigs built in Brazil before. But to the extent that Petrobras is interested in doing that, so are we. It's too early to say what the realistic opportunity might be down there, but we find it interesting and we are looking into it.

Ian MacPherson - Simmons & Co.

If I may ask a follow-up it would be on the Mexico jackup market. Any specifics you might have on the incremental demand, the timing? How many of the incremental tenders would be for renewals on existing rigs? Do you expect that PEMEX might exercise their termination rights on some contracts in order to release rigs and then re-contract at lower market rates?

Dan Rabun

Ian, on the last part of your question, I don't think so. I'm not saying that that's totally impossible. As far as terminating some of the rigs that they have under contract, you know, what they're looking at is they need additional supply. I think if any of the rigs that are currently contracted are terminated and released they would be the older Mat slot jackups that are not as productive to help them fulfill their needs as to some of these more capable rigs. As far as what they're looking for going forward, that seems to be fairly dynamic. The number stays fairly constant between six to 10 additional rigs, most of the time it's on the high side. We expect to tender in the next couple of months and that's going to be for we think what we keep hearing maybe at 250 or so, some 300 foot rigs, four, five, and a few 350s.

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