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## Rowan Companies Inc Q2 2009 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions). Our first question is coming from the line of Collin Gerry with Raymond James. Please state your question sir.

#### Collin Gerry - Raymond James

Question on the North Sea. You mentioned that there is a lot rigs going off by year-end here but the recent tenders or bidding activity on the high-spec side is encouraging. We saw transitions for instance that if there was one of those high-spec rigs, they cold stacked in that region. I guess, maybe just walk us through what you're seeing there in terms of possible number of demand? Is it oil driven? Is it gas driven? Where could we possibly see there? I know it is murky but maybe a little bit of color.

#### Mark Keller

Actually, there are three high-spec rigs available in the North Sea right now that compete with our fleet. What we are seeing, we have six active tenders right now that require a world-class high-spec jack-ups or 240c class jack-ups in the North Sea. They all commence beginning in first quarter 2010. Most of them are oil driven projects that we are seeing right now, but there is a lot of activity and the tenders that we look at and the optimism that I refer to in my prepared remarks are the fact that they are for high-spec rigs. And as far as day rates, I'd rather not go into the day rate part of it because we do have some live tenders, active tenders in the region. But the day rates are strong, given what's taken place in the worldwide market, we feel like those day rates are very good.

#### Collin Gerry - Raymond James

Moving onto the fourth EXL rig, I guess we're kind of pending a decision there on that, as sometime in the September. Kind of just reading body language or what you're saying in terms of the jack-up market, it doesn't sound like you're too excited about continuing to build that rig. I guess what does it take to pursue continuing or finishing instruction on that?

#### Mark Keller

Collin, as we discussed in our prepared comments, it's fairly compelling investment when you look at that rig, roughly \$120 million go forward cost when there was a rig that was sold recently that's similar but not quite as capable as this rig, it sold for \$175 million. The main issue for us is sort of internal competition for capital dollars and what our alternatives are for capital investments. We are keeping

our option open, we just don't have to make a decision yet and so we're putting it off and getting all the data we can before we decide which way we are going to go on that.

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