

1 business.

2 Q. During that time, were there WesternGeco customers
3 that developed a preference for using steerable streamers?

4 A. Yes, there were a lot. I said Statoil had done the
08:01:21 5 first project and then once they'd done it and they saw
6 that we could control the streamers, then they said, okay,
7 right, all 4D going forward, immediately, we want lateral
8 steering on all of them.

9 Shell used it, so we did a project in
08:01:39 10 Malaysia in late 2001 to early 2002. And they were
11 delighted because we just -- is this picture -- yeah, the
12 picture is still up. One of the other things you can do
13 with it if we -- customers have an irritating habit of
14 having production facilities in a producing oil field, and
08:01:58 15 they want us to be as close as -- they want us to get as
16 close as we can to it.

17 Q. To the rig?

18 A. To the rig.

19 Now, we normally steer our streamers to be
08:02:08 20 straight. That's what you do. But you may say: All
21 right. What I want to do because the vessel has a -- can't
22 get that close to the rig because of safety concerns,
23 absolutely right -- that you can actually deliberately
24 steer your streamers sideways so that you can get coverage
08:02:27 25 very near the rig, just by careful survey, planning and

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1 careful operation, so they were interested in doing that,
2 so they came onboard quite early.

3 Q. Are there other conditions at certain places of the
4 world that get a real benefit from this technology?

5 A. Yes. There are areas where you've got a lot of
08:02:40 6 currents, and the boats is going at four and a half knots,
7 something like that, which is about five and a half miles
8 an hour. And so, if you have a cross current, then your
9 streamers are going to be pushed out sideways.

10 Well, if they're regular, you can live with
11 that, but if you have odd currents and you get odd currents
12 maybe where you have a change in water depth, currents by
13 the outflow of rivers, big rivers, particularly around
14 Brazil, imagine what the Amazon water flow does, or in West

08:03:02 15 Africa we have projects there. So that's an area you want
16 to be able to steer them. There's another -- another very
17 specialized area which is in the Arctic, because the
18 shooting window in the Arctic is very short. You've
19 obviously -- you've got to wait for the ice to break up.

08:03:41 20 So if you can steer your streamers then even though there
21 are icebergs floating around and you have to do some fairly
22 hairy maneuvers, you can steer around them and you can get
23 started. And you can add a month to your shooting window,
24 and that's very, very important for our customers.

08:04:00 25 Q. Were there companies during this window after you

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1 launched Q-Marine that give direct awards to WesternGeco
2 because you were the only ones that could offer this
3 technology?

4 A. Yes. We had lots of them. I said Statoil after the
08:04:14 5 first survey. They gave us -- we had a five-year contract
6 that was about 15 surveys, 15, 4D surveys. We had direct
7 awards from Shell, direct towards from Total, direct
8 awards from Chevron in the 2003 area.

9 And we also had direct awards, quite big
08:04:36 10 ones from ONGC for example, which is the National Oil
11 Company of India. That was about \$300 million, that was
12 about three or four seasons work.

13 We had direct awards from Petro Gas. They
14 had a very complicated 4D, 3D, 4D they wanted. And a
08:04:55 15 direct award from PEMEX, which is the Mexican National Oil
16 Company for two seasons work, our vessel for a couple of
17 years.

18 Q. Was it unusual for companies, particularly national
19 oil companies to award direct awards?

08:05:10 20 A. Unheard of.

21 Q. Why?

22 A. Because they spend -- effectively they are spending
23 taxpayer dollars, and so they have to be open and
24 transparent and they do genuinely open public bids
08:05:23 25 openings or everyone bids and they set quite often fairly

1 low technical criteria, and then take the cheapest because
2 it's the taxpayers' money they're spending, and they have
3 to look after.

4 But in these cases what they wanted to do
08:05:34 5 they knew they needed lateral steering, so it was a direct
6 negotiation. A fairly tough one, but it was direct.

7 Q. Due to your ability to be the only company offering
8 this patented technology, were you able to get premiums
9 from your customers on price?

08:05:49 10 A. We were, yes. We started with quite a high price and
11 then as we built up the fleet, we adjusted that and we
12 settled by about 2000, late 2000, late 2004, which is when
13 I was -- took over responsibility. I said: Look, let's
14 aim for about a 40 percent revenue increase. And it
08:06:14 15 didn't really look like 40 percent to the customers, but
16 that was 40 percent.

17 Q. Can you explain what you mean by if you're going to
18 increase your revenues as a company by 40 percent, how
19 that can be anything but a 40 percent increase for the
20 customer?

21 A. Yes. I said we're more efficient. So you imagine
22 that I'm doing 4Ds in the North Sea, and it takes me a
23 month and I've got maybe -- conventionally I'd have
24 \$10 million revenue, and another month of \$10 million, if
08:06:46 25 I can do that in three weeks, then and I've got a bit of