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ATWOOD OCEANICS INC
Form 8-K
July 28, 2006

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WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

DATE OF EARLIEST EVENT REPORTED: July 28, 2006

ATWOOD OCEANICS, INC.
(Exact name of registrant as specified in its charter)

COMMISSION FILE NUMBER 1-13167

Internal Revenue Service - Employer Identification No. 74-1611874

15835 Park Ten Place Drive, Houston, Texas, 77084
(281) 749-7800

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On July 28, 2006, the Company announced its earnings for the Fiscal Year 2006 Third Quarter ended June 30, 2006. A copy of the press release summarizing

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these earnings is furnished with this Form 8-K as Exhibit 99.1 and should not be deemed to be filed under Section 18 of the Exchange Act.

Additional information with respect to the Company's consolidated statements of operations for the three months and nine months ended June 30, 2006 and 2005 and an analysis of revenues and contract drilling costs for the three months and nine months ended June 30, 2006 and 2005 are attached hereto as Exhibits 99.2 and 99.3, respectively, which are being furnished; however, should not be deemed to be filed under Section 18 of the Exchange Act.

ITEM 7.01 REGULATION FD DISCLOSURE

Additional information with respect to the Company's Fleet Status Report at July 28, 2006 is attached hereto as Exhibit 99.4. Such information is being furnished under Regulation FD and should not be deemed to be filed under Section 18 of the Exchange Act.

Statements contained in this report with respect to the future are forward-looking statements. These statements reflect management's reasonable judgment with respect to future events. Forward-looking statements involve risks and uncertainties. Actual results could differ materially from those anticipated as a result of various factors including; the Company's dependence on the oil and gas industry; the risks involved the construction of a rig; competition; operating risks; risks involved in foreign operations; risks associated with possible disruption in operations due to terrorism; risks associated with a possible disruption in operations due to a war with Iraq; and governmental regulations and environmental matters. A list of additional risk factors can be found in the Company's annual report on Form 10-K for the year ended September 30, 2005, filed with the Securities and Exchange Commission.

ITEM 9.01 EXHIBITS

EXHIBIT 99.1 PRESS RELEASE DATED JULY 28, 2006

EXHIBIT 99.2 CONSOLIDATED STATEMENT OF OPERATIONS FOR THE THREE MONTHS AND NINE MONTHS ENDED JUNE 30, 2006 AND 2005

EXHIBIT 99.3 ANALYSIS OF REVENUES AND CONTRACT DRILLING COSTS FOR THE THREE MONTHS AND NINE MONTHS ENDED JUNE 30, 2006

EXHIBIT 99.4 FLEET STATUS REPORT AT JULY 28, 2006

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ATWOOD OCEANICS, INC.
(Registrant)

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/s/ James M. Holland
James M. Holland
Senior Vice President

DATE: July 28, 2006

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EXHIBIT INDEX

| EXHIBIT NO. ----- | DESCRIPTION ----- |
|----------------------|---|
| 99.1 | Press Release dated July 28, 2006 |
| 99.2 | Consolidated Statements of Operations for the Three Months and Nine Months ended June 30, 2006 and 2005 |
| 99.3 | Analysis of Revenues and Drilling Costs for the Three Months and Nine Months ended June 30, 2006 |
| 99.4 | Fleet Status Report at July 28, 2006 |

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EXHIBIT 99.1

Houston, Texas
28 July 2006

FOR IMMEDIATE RELEASE

ATWOOD OCEANICS, INC., Houston-based International Drilling Contractor, announced today that the Company earned net income of \$27,623,000 or \$.87 per diluted share, on revenues of \$71,565,000 for the quarter ended June 30, 2006, compared to net income of \$5,989,000 or \$.19 per diluted share, on revenues of \$43,589,000 for the quarter ended June 30, 2005. For the nine months ended June 30, 2006, the Company earned net income of \$57,775,000 or \$1.84 per diluted share, on revenues of \$194,508,000 compared to net income of \$19,350,000 or \$.62 per diluted share, on revenues of \$130,032,000 for the nine months ended June 30, 2005.

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Net income for the quarter and nine months ended June 30, 2006 was enhanced by approximately \$1.9 million or \$.06 per diluted share from income tax benefits discrete to the June 2006 quarter and by approximately \$1.1 million or \$0.03 per diluted share from the gains on sales of excess equipment.

| | FOR THE THREE MONTHS ENDED JUNE 30, | |
|--------------------------------------|-------------------------------------|---------------|
| | 2006 | 2005 |
| | ----- | ----- |
| Revenues | \$ 71,565,000 | \$ 43,589,000 |
| Income before Income Taxes | 28,763,000 | 5,933,000 |
| (Provision) benefit for Income Taxes | (1,140,000) | 56,000 |
| Net Income | 27,623,000 | 5,989,000 |
| Earnings per Common Share - | | |
| Basic | 0.89 | 0.20 |
| Diluted | 0.87 | 0.19 |
| Weighted Average Shares | | |
| Outstanding - | | |
| Basic | 31,037,000 | 30,484,000 |
| Diluted | 31,583,000 | 31,300,000 |

| | FOR THE NINE MONTHS ENDED JUNE 30, | |
|-----------------------------|------------------------------------|----------------|
| | 2006 | 2005 |
| | ----- | ----- |
| Revenues | \$ 194,508,000 | \$ 130,032,000 |
| Income before Income Taxes | 64,108,000 | 20,176,000 |
| Provision for Income Taxes | (6,333,000) | (826,000) |
| Net Income | 57,775,000 | 19,350,000 |
| Earnings per Common Share - | | |
| Basic | 1.87 | 0.64 |
| Diluted | 1.84 | 0.62 |
| Weighted Average Shares | | |
| Outstanding - | | |
| Basic | 30,900,000 | 30,356,000 |
| Diluted | 31,412,000 | 31,144,000 |

Contact: Jim Holland
(281) 749-7804

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EXHIBIT 99.2

ATWOOD OCEANICS, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

| Three Months Ended | | Nine M |
|--------------------|-------|--------|
| June 30, | | Ju |
| ----- | ----- | ----- |
| 2006 | 2005 | 2006 |

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REVENUES:

| | | | |
|--------------------------------|-----------|-----------|------------|
| Contract drilling | \$ 71,565 | \$ 43,589 | \$ 194,508 |
| Business interruption proceeds | - | - | - |
| | ----- | ----- | ----- |
| | 71,565 | 43,589 | 194,508 |
| | ----- | ----- | ----- |

COSTS AND EXPENSES:

| | | | |
|----------------------------|--------|--------|---------|
| Contract drilling | 31,679 | 25,863 | 102,719 |
| Depreciation | 6,192 | 6,764 | 18,789 |
| General and administrative | 4,830 | 3,224 | 15,428 |
| | ----- | ----- | ----- |
| | 42,701 | 35,851 | 136,936 |
| | ----- | ----- | ----- |

OPERATING INCOME

| | | | |
|--|--------|-------|--------|
| | 28,864 | 7,738 | 57,572 |
| | ----- | ----- | ----- |

OTHER INCOME (EXPENSE)

| | | | |
|---|---------|---------|---------|
| Interest expense, net of capitalized interest | (1,435) | (1,913) | (4,642) |
| Gain on sale of equipment | 1,075 | - | 10,350 |
| Interest income | 259 | 108 | 828 |
| | ----- | ----- | ----- |
| | (101) | (1,805) | 6,536 |
| | ----- | ----- | ----- |

INCOME BEFORE INCOME TAXES

| | | | |
|--|--------|-------|--------|
| | 28,763 | 5,933 | 64,108 |
|--|--------|-------|--------|

PROVISION (BENEFIT) FOR INCOME TAXES

| | | | |
|--|-------|-------|-------|
| | 1,140 | (56) | 6,333 |
| | ----- | ----- | ----- |

NET INCOME

| | | | |
|--|----------|---------|----------|
| | \$27,623 | \$5,989 | \$57,775 |
| | ===== | ===== | ===== |

EARNINGS PER COMMON SHARE:

| | | | |
|---------|------|------|------|
| Basic | 0.89 | 0.20 | 1.87 |
| Diluted | 0.87 | 0.19 | 1.84 |

AVERAGE COMMON SHARES OUTSTANDING:

| | | | |
|---------|--------|--------|--------|
| Basic | 31,037 | 30,484 | 30,900 |
| Diluted | 31,583 | 31,300 | 31,412 |

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EXHIBIT 99.3

ATWOOD OCEANICS, INC. AND SUBSIDIARIES
ANALYSIS OF REVENUES AND DRILLING COSTS
(Unaudited)

FOR THE THREE MONTHS ENDED
JUNE 30, 2006

| | | |
|--|----------|-------------------------------|
| | REVENUES | CONTRACT DRILLING COSTS |
| | ----- | ----- |

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(In Millions)

| | | |
|--------------------------------|---------|--------|
| ATWOOD HUNTER | \$ 20.7 | \$ 4.9 |
| ATWOOD EAGLE | 11.9 | 6.8 |
| ATWOOD FALCON | 8.4 | 4.1 |
| ATWOOD BEACON | 8.4 | 2.6 |
| VICKSBURG | 7.9 | 2.6 |
| ATWOOD SOUTHERN CROSS | 6.6 | 4.1 |
| RICHMOND | 4.7 | 2.5 |
| SEAHAWK | 0.1 | 0.3 |
| AUSTRALIA MANAGEMENT CONTRACTS | 2.9 | 2.1 |
| OTHER | - | 1.7 |
| | ----- | ----- |
| | 71.6 | 31.7 |
| | ===== | ===== |

FOR THE NINE MONTHS ENDED
JUNE 30, 2006

| | REVENUES | CONTRACT DRILLING COSTS |
|--------------------------------|---------------|-------------------------------|
| | ----- | ----- |
| | (In Millions) | |
| ATWOOD HUNTER | \$ 43.1 | \$ 12.6 |
| ATWOOD EAGLE | 33.3 | 19.0 |
| ATWOOD SOUTHERN CROSS | 23.3 | 20.2 |
| VICKSBURG | 22.3 | 8.6 |
| ATWOOD FALCON | 21.7 | 11.3 |
| ATWOOD BEACON | 21.4 | 7.8 |
| RICHMOND | 12.8 | 7.4 |
| SEAHAWK | 7.6 | 4.4 |
| AUSTRALIA MANAGEMENT CONTRACTS | 8.9 | 7.3 |
| OTHER | 0.1 | 4.1 |
| | ----- | ----- |
| | 194.5 | 102.7 |
| | ===== | ===== |

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EXHIBIT 99.4
ATWOOD OCEANICS, INC. AND SUBSIDIARIES FLEET STATUS REPORT
AS OF JULY 28, 2006

As used herein, "we", "us", and "our" refers to Atwood Oceanics, Inc. and its subsidiaries, indicates otherwise. Statements contained in this Fleet Status Report, including information on rig availability, contract duration, future dayrates, future daily operating costs, future effective or contract status are forward-looking statements. These statements reflect management's respect to future events. Forward-looking statements involve risks and uncertainties. Actual results may differ materially from those anticipated as a result of various factors including: our dependence on the risks involved in upgrade, repair and construction of our rigs; competition; operating in foreign operations; risks associated with possible disruptions in operations due to terrorism; possible disruption in operations due to the war with Iraq and governmental regulations and e

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list of additional risk factors can be found in our annual report on Form 10-K for the year ended June 30, 2006 filed with the Securities and Exchange Commission. All information in this Fleet Status Report is indicated above. We undertake no duty to update the content of this Fleet Status Report or to conform the statement contained herein to actual results or to reflect changes in our operations.

| RIG NAME | RATED WATER DEPTH | LOCATION | CUSTOMER | ESTIMATED CONTRACT END DATE | ESTIMATED CONTRACT DAYRATE | AVERAGE PER DAY OPERATING COSTS INCLUDING TAX) THE THREE MONTHS ENDED JUNE 30, 2006/MONTH OF JULY 2006 ONLY |
|----------|-------------------|----------|----------|-----------------------------|----------------------------|---|
|----------|-------------------|----------|----------|-----------------------------|----------------------------|---|

SEMISUBMERSIBLES:

| | | | | | | |
|--------------|--------|-----------|-------------------------------------|---|--|-------------------|
| ATWOOD EAGLE | 5,000' | Australia | WOODSIDE ENERGY LTD ("WOODSIDE") | FIRM WORK - (2 wells) August 2006 | 1 well at \$99,000 1 well at \$179,000 | \$75,000/\$73,000 |
| | | Australia | BHP BILLITON PETROLEUM PTY ("BHPB") | FIRM WORK - (10 wells) August 2007 | 8 wells at \$158,000 1 well at \$168,000 1 well at \$150,000 | N/A |
| | | Australia | BHPB | OPTIONS - (3 wells) November 2007 (if all three option wells are drilled) | \$168,000 | N/A |

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| RIG NAME | RATED WATER DEPTH | LOCATION | CUSTOMER | ESTIMATED CONTRACT END DATE | ESTIMATED CONTRACT DAYRATE | AVERAGE PER DAY OPERATING COSTS INCLUDING TAX) THE THREE MONTHS ENDED JUNE 30, 2006/MONTH OF JULY 2006 ONLY |
|----------|-------------------|----------|----------|-----------------------------|----------------------------|---|
|----------|-------------------|----------|----------|-----------------------------|----------------------------|---|

| | | | | | | |
|--|--|-----------|--|--|-----------|-----|
| | | Australia | ENI Spa AGIP EXPLORATION & PRODUCTION DIVISION ("ENI") | FIRM WORK - (1 well) December 2007 (assuming that all of the above option wells are drilled) | \$360,000 | N/A |
| | | Australia | WOODSIDE | FIRM WORK - (1 year) December 2008 (assuming that all of the above option wells are drilled and that Woodside does not extend their program to two or three years) | \$420,000 | N/A |

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| | | Australia | N/A | N/A | N/A | N/A |
|---------------|-------------------|---|--------------------------------|---|---|--|
| ATWOOD HUNTER | 5,000' | Mauritania/ Libya | WOODSIDE | FIRM WORK - (2 years) May 2008 | \$240,000 (Mauritania) \$245,000 (Libya) | \$54,000/\$63, |
| | | Mauritania | N/A | N/A | N/A | N/A |
| -2- | | | | | | |
| RIG NAME | RATED WATER DEPTH | LOCATION | CUSTOMER | ESTIMATED CONTRACT END DATE | ESTIMATED CONTRACT DAYRATE | AVERAGE PER DAY OPERATING COSTS INCLUDING TAX) THE THREE MONTHS ENDED JUNE 30 2006/MONTH OF JULY 2006 ONLY |
| | | TBD | WOODSIDE | OPTIONS - Two (2) six-month options. | TBD | N/A |
| ATWOOD FALCON | 3,700' | Malaysia (to be upgraded to 5,000' at the end of fiscal year 2006) | SARAWAK SHELL BERHAD ("SHELL") | FIRM WORK - August 2006 | \$93,200 | \$45,000/\$38, |
| | | Shipyard | SHELL | FIRM WORK - November 2006 | \$90,000 (for up to 85 days) | N/A |
| | | Malaysia | SHELL | FIRM WORK - January 2007 | \$93,200 | N/A |

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| | | Malaysia | SHELL | FIRM WORK - July 2007 | \$113,000 | N/A |
|-----------------------------|-------------------------|--|--|---|---|--|
| | | Malaysia | SHELL | FIRM WORK - (2 years) July 2009 | \$160,000/ \$200,000 (dayrate depends on water depth of each well) | N/A |
| | | Malaysia | SHELL | OPTION - (1 year) | TBD | N/A |
| -3- | | | | | | |
| RIG NAME | RATED WATER DEPTH | LOCATION | CUSTOMER | ESTIMATED CONTRACT END DATE | ESTIMATED CONTRACT DAYRATE | AVERAGE PER DA OPERATING COSTS INCLUDING TAX) THE THREE MONTH ENDED JUNE 30 2006/MONTH OF JU 2006 ONLY |
| ATWOOD SOUTHERN CROSS | 2,000' | Italy | ENI | FIRM WORK - September/ October 2006 | \$70,000 | \$45,000/\$47, |
| | | Mobilization to Black Sea - Bulgaria/ Turkey | MELROSE RSOURCES ("MELROSE") AND TOREADOR TURKEY LIMITED ("TOREADOR") | FIRM WORK - November 2006 | \$100,000 | N/A |
| | | Bulgaria | MELROSE | FIRM WORK - (3 wells) February 2007 | \$125,000 | N/A |
| | | Bulgaria | MELROSE | OPTIONS - (2 wells) April 2007 (if both option wells are drilled) | \$125,000 | N/A |
| | | Turkey | TOREADOR | FIRM WORK - | \$125,000 | N/A |

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(3 wells)
 July 2007
 (assuming Melrose
 option wells are
 drilled)

| | | | | | | |
|--|--|--------|---|---|-----------|-----|
| | | Turkey | TURKIYE PETROLLERI A.O. ("TPAO") | FIRM WORK - (3 wells) October 2007 (assuming above option wells are drilled) | \$290,000 | N/A |
|--|--|--------|---|---|-----------|-----|

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| RIG NAME | RATED WATER DEPTH | LOCATION | CUSTOMER | ESTIMATED CONTRACT END DATE | ESTIMATED CONTRACT DAYRATE | AVERAGE PER DA OPERATING COSTS INCLUDING TAX) THE THREE MONTH ENDED JUNE 30 2006/MONTH OF JU 2006 ONLY |
|-------------|-------------------------|----------|----------|-----------------------------------|----------------------------------|--|
|-------------|-------------------------|----------|----------|-----------------------------------|----------------------------------|--|

| | | | | | | |
|--|--|--------|------|--|-----------|-----|
| | | Turkey | TPAO | OPTIONS - (3 wells) January 2008 (assuming MELROSE option wells drilled and TPAO exercises options to drill all three option wells) | \$320,000 | N/A |
|--|--|--------|------|--|-----------|-----|

| | | | | | | |
|--|--|---------|---|---|-----------|-----|
| | | Ukraine | VANCO INTERN- NATIONAL LTD. ("VANCO") | FIRM WORK - (1 well) March 2008 (assuming MELROSE and TPAO options are exercised) | \$305,000 | N/A |
|--|--|---------|---|---|-----------|-----|

| | | | | | | |
|--|--|---------|-------|---|-----------|-----|
| | | Ukraine | VANCO | OPTIONS - (1 well) April 2008 (assuming MELROSE, TPAO and VANCO options are all exercised) | \$325,000 | N/A |
|--|--|---------|-------|---|-----------|-----|

CANTILEVER JACK-UPS:

| | | | | | | |
|------------------|------|---------|--|-------------------------------|-----------|--------|
| ATWOOD BEACON | 400' | Vietnam | HOANG LONG AND HOAN VU JOINT OPERATING COMPANIES ("HOANG LONG") | FIRM WORK - September 2006 | \$110,000 | \$29,0 |
|------------------|------|---------|--|-------------------------------|-----------|--------|

| | | | | | | |
|--|--|------------------------------|---|---|-----------|-----|
| | | Mobilization to Singapore | GUJARAT STATE PETROLEUM CORPORATION | FIRM WORK - October 2006 (Mobilization is | \$110,000 | N/A |
|--|--|------------------------------|---|---|-----------|-----|

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LTD. ("GSPC") expected to take one week.)

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| RIG NAME | RATED WATER DEPTH | LOCATION | CUSTOMER | ESTIMATED CONTRACT END DATE | ESTIMATED CONTRACT DAYRATE | AVERAGE PER DAY OPERATING COSTS INCLUDING TAX) THE THREE MONTHS ENDED JUNE 30 2006/MONTH OF JULY 2006 ONLY |
|----------------|-------------------|--------------------------|--|--|----------------------------------|--|
| | | Singapore | N/A | October 2006 (The rig is expected to be in Singapore about two weeks to reattach its last leg section.) | \$70,000 | N/A |
| | | Mobilization to India | GSPC | FIRM WORK - November 2006 (Mobilization is expected to take 17 days.) | \$110,000 | N/A |
| | | India | GSPC | FIRM WORK - (13 months) December 2007 | \$113,000 | N/A |
| | | India | GSPC | FIRM WORK - (12 months) December 2008 | \$133,500 | N/A |
| | | India | GSPC | OPTIONS - (1 year) | TBD | N/A |
| VICKSBURG 300' | | Malaysia | PETROFAC (MALAYSIA - PM304), LTD. ("PETROFAC") | FIRM WORK - (4 wells) September/October 2006 | \$82,000 | \$29 |
| | | Malaysia | PETROFAC | OPTIONS - (3 wells) October/November 2006 (assuming all three option wells are drilled) | \$87,000 | N/A |
| | | Mobilization to Thailand | CHEVRON OVERSEAS PETROLEUM ("CHEVRON") | FIRM WORK - November 2006 (Mobilization is expected to take three days.) | \$89,775 (95% of operating rate) | N/A |
| | | Thailand | CHEVRON | FIRM WORK - (8 months) June 2007 | \$94,500 | N/A |

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| RIG NAME | RATED WATER DEPTH | LOCATION | CUSTOMER | ESTIMATED CONTRACT END DATE | ESTIMATED CONTRACT DAYRATE | AVERAGE PER DAY OPERATING COSTS (INCLUDING TAX) THE THREE MONTHS ENDED JUNE 30 2006/MONTH OF JULY 2006 ONLY |
|----------|-------------------|----------|----------|-----------------------------|----------------------------|---|
|----------|-------------------|----------|----------|-----------------------------|----------------------------|---|

| | | | | | | |
|--|--|----------|---------|---------------------------------------|-----------|-----|
| | | Thailand | CHEVRON | FIRM WORK - (2 years) June 2009 | \$154,000 | N/A |
| | | Thailand | N/A | N/A | N/A | N/A |

SEMISUBMERSIBLE TENDER ASSIST UNIT:

| | | | | | | |
|---------|--------|-----------------------------------|---|---|---|-----------|
| SEAHAWK | 1,800' | Mobilization to Equatorial Guinea | AMERADA HESS EQUATORIAL GUINEA, INC. ("HESS") | FIRM WORK - August 2006 (Mobilization is expected to take approximately one month to complete.) | \$5.5 Million in fees to be received during the mobilization period | \$3, \$3, |
|---------|--------|-----------------------------------|---|---|---|-----------|

| | | | | | | |
|--|--|-------------------|------|--|----------------------------------|-----|
| | | Equatorial Guinea | HESS | FIRM WORK - September 2006 (Rig-up is expected to take three to four weeks.) | \$51,322 (75% of operating rate) | N/A |
| | | Equatorial Guinea | HESS | FIRM WORK - (2 years) September 2008 | \$68,430 | N/A |

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AVERAGE PER DAY

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| RIG NAME | RATED WATER DEPTH | LOCATION | CUSTOMER | ESTIMATED CONTRACT END DATE | ESTIMATED CONTRACT DAYRATE | OPERATING COSTS INCLUDING TAX) THE THREE MONTH ENDED JUNE 30 2006/MONTH OF JU 2006 ONLY |
|-------------|-------------------------|----------|----------|-----------------------------------|----------------------------------|--|
|-------------|-------------------------|----------|----------|-----------------------------------|----------------------------------|--|

| | | | | | | |
|--|--|----------------------|------|---|----------|-----|
| | | Equatorial Guinea | HESS | OPTIONS - (2 years) September 2010 (if all four six-month options are exercised) | \$68,430 | N/A |
|--|--|----------------------|------|---|----------|-----|

SUBMERSIBLE:

| | | | | | | |
|----------|-----|----------------------|--------------------------------|---------------------------------------|----------|------|
| RICHMOND | 70' | US Gulf of Mexico | HELIS OIL AND GAS ("HELIS") | FIRM WORK - (7 wells) July 2007 | \$80,000 | \$27 |
|----------|-----|----------------------|--------------------------------|---------------------------------------|----------|------|

| | | | | | | |
|--|--|----------------------|-------|---|-----|-----|
| | | US Gulf of Mexico | HELIS | OPTIONS - October/November 2007 (one option for four additional wells) | TBD | N/A |
|--|--|----------------------|-------|---|-----|-----|

| | | | | | | |
|--|--|----------------------|-----|-----|-----|-----|
| | | US Gulf of Mexico | N/A | N/A | N/A | N/A |
|--|--|----------------------|-----|-----|-----|-----|

MANAGEMENT CONTRACT

| | | | | | | |
|---------------------|-----|-----------|----------|-------------------------------|---------------------------------------|--|
| NORTH RANKIN 'A' | N/A | Australia | WOODSIDE | FIRM WORK - September 2006 | Daily margin of \$5,000 to \$7,000 | |
|---------------------|-----|-----------|----------|-------------------------------|---------------------------------------|--|

NOTE - EXPECTED TAX RATE

An effective tax rate of 10% to 12% is expected for fiscal year 2006 and 20% to 25% for 2007. Virtually all of the Company's tax provision for fiscal year 2006 and expected tax provision for 2007 relates to taxes in foreign jurisdictions. Working in foreign jurisdictions with nontaxable or deferred tax systems contribute to the effective tax rate being significantly less than the United States statutory rate.