



**Working in the Caribbean
A Contractor's Perspective**

by

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McDermott International, Inc.



McDermott International, Inc.

A leading worldwide engineering and construction company



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Babcock & Wilcox

BWXT Technologies

J. Ray McDermott

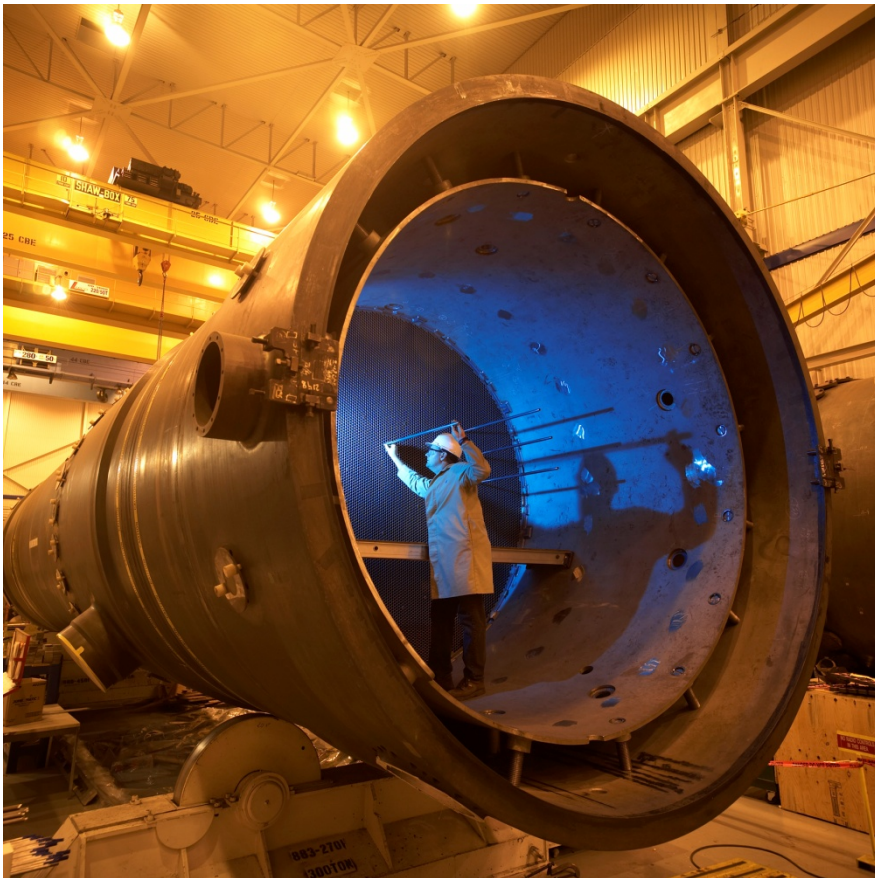




McDermott International, Inc. Subsidiary



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Integrated capabilities EPCI - Seafloor to Shore





Contractor's Perspective: The Caribbean



North Atlantic Ocean

Trinidad

Trinidad

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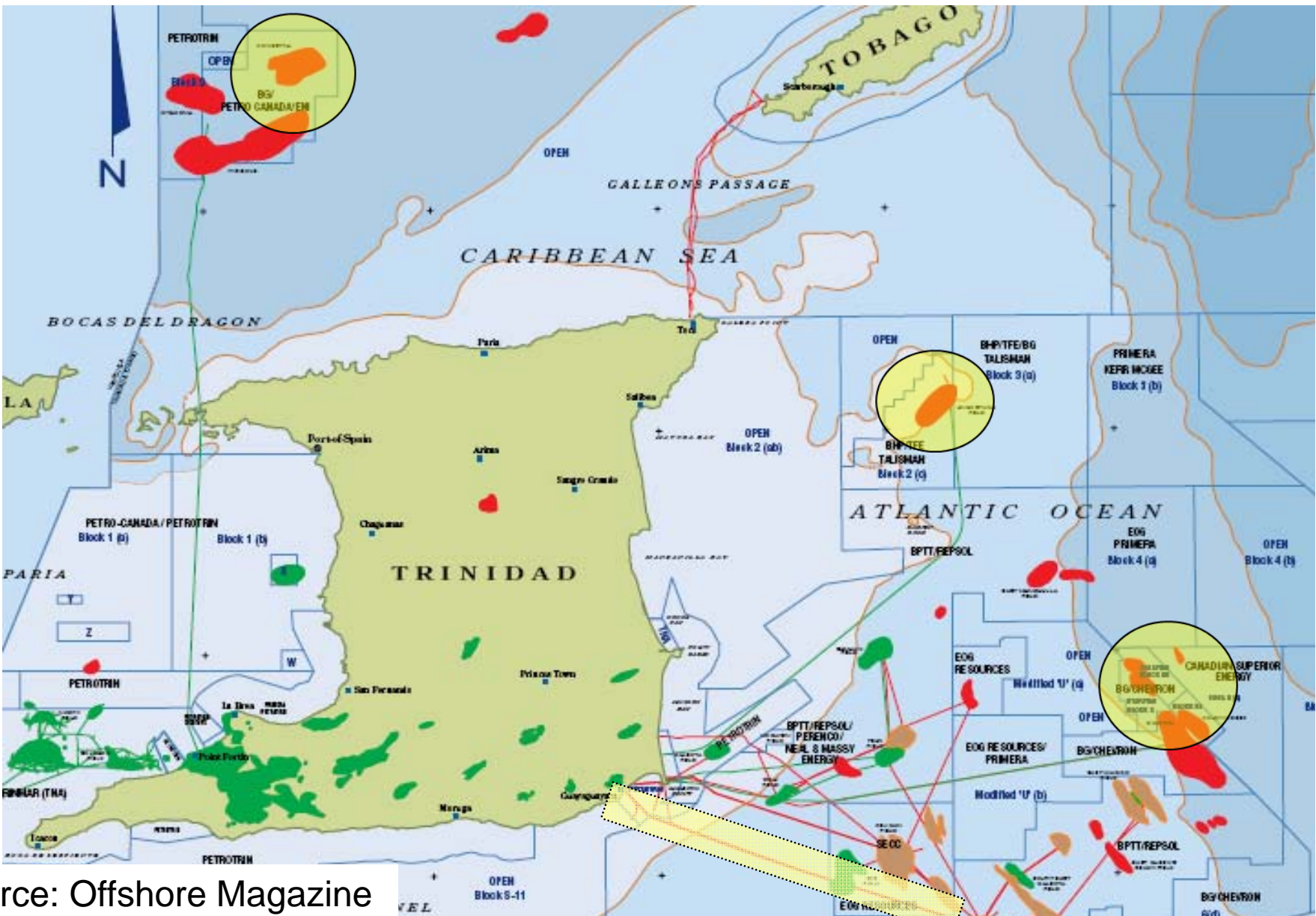
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11°18'57.49" N 64°23'20.96" W

Eye alt 3757.28 mi



Contractor's Perspective: The Caribbean



Source: Offshore Magazine



Back Log for Caribbean Projects

Year	Number of New Projects
• 2004	0
• 2005	1
• 2006	1
• 2007	1
• 2008	0
• 2009	1
• 2010	0



Issues Contracting in Trinidad

- Distance from Mainstream Centers
- Logistics
- Environment (Rainy Season, Seas, Currents)
- Sustainable Work
- Strikes
- Balancing local content with price and schedule risks
- Taxes and Permits



Issues (Positive) Contracting in Trinidad

- Educated Workforce
- Entrepreneurial spirit
- Innovative
- Developed infrastructure
- Access to Company Decision Makers
- Ethical Standards
- Western Style of Contracting



Innovative Contracting Plans

BP

Strategy

- Design it once, build it many times
- Designed around local capabilities
- Time installation with Installation Contractor Fly-bys

Result

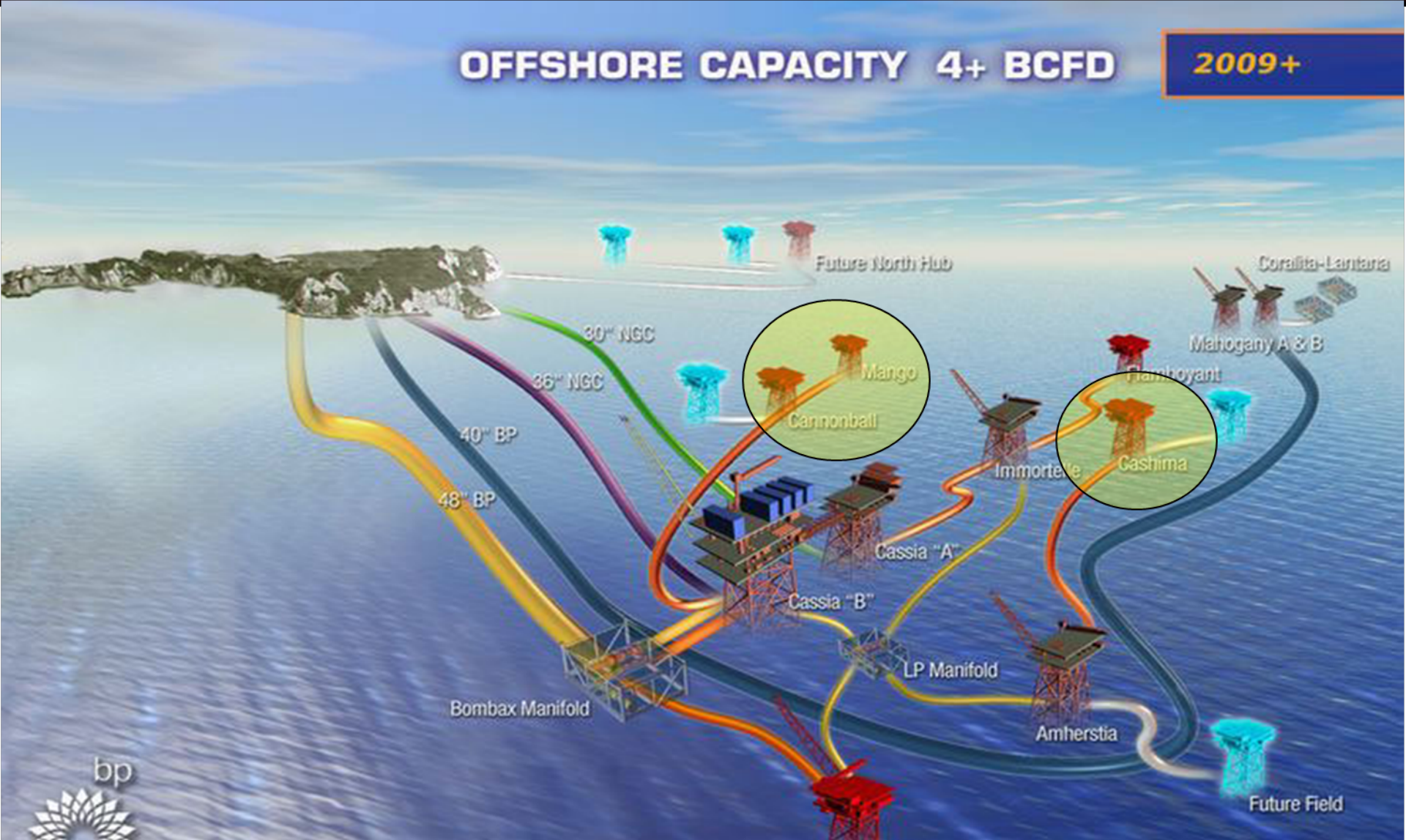
- Led to Formation of the Fluor/Summit Alliance
- Let to formation of TOFCO
- Successfully completed 4 platforms between March 2006 and February 2009 designed and constructed in Trinidad



Innovative Contracting Plans

OFFSHORE CAPACITY 4+ BCFD

2009+



Source: Journey Towards World Class Safety Performance, Tyrone Kalpee, BP Trinidad and Tobago



Innovative Contracting Plans



Cannonball Topsides at TOFCO

Source: Triniview.com – Photo Gallery



Innovative Contracting Plans

Amoco (now BP) Trinidad LNG Upstream Development Project

Strategy:

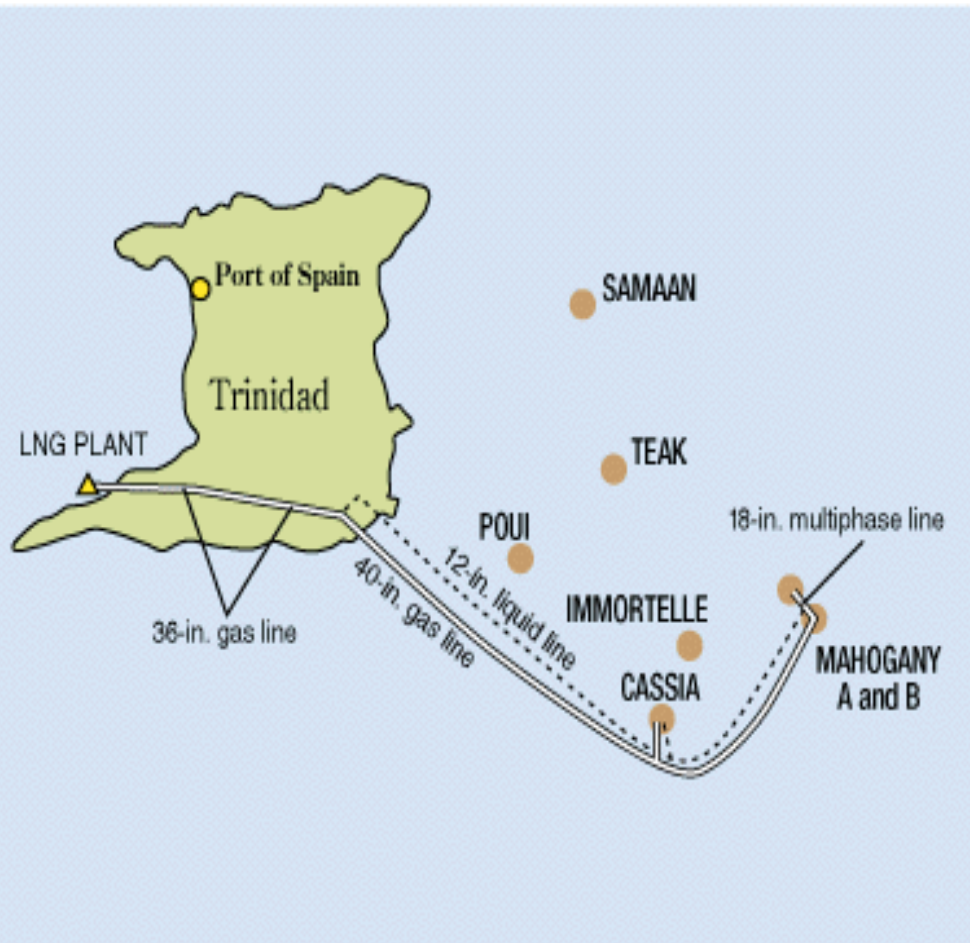
- Secure companies with world-class capabilities
- Link everyone's success to a common goal
- Empower the alliance to work the interfaces.

Result:

- The project team installed two drilling/production platforms within 16 months while projecting an overall 9% capital cost savings on a tight schedule



Innovative Contracting Plans



Fluor Daniel: engineering and project management services

CBS Engineering: project resources to the integrated team

Brown & Root: Fabricating the offshore structures

Heerema: Platform Installation

Murphy: onshore pipeline and related onshore facilities

J. Ray McDermott: installation of the offshore pipelines.

Courtesy: Offshore Magazine April 1998



Innovative Contracting Plans

EOG Toucan

Strategy:

- Conventional Gulf of Mexico Execution (The Cafeteria Plan)
- Purchase of Materials in advance under Purchase Order
- Incentive Bonus for Completion (The Dessert Menu)

Result:

- Pre-purchase of materials protected schedule while contract negotiated
- Project completed on date agreed 12 months previously
- Contractor achieved incentive bonus for completion
- Company avoided costly offshore standby time



Innovative Contracting Plans

BG Poinsettia

Strategy:

- Project Consortium: (Fluor Daniel and J. Ray McDermott)
- Temporary Service Agreement to progress project during negotiations
- Agreed Contracting Principles
- Agreed Profit, Open Book Estimate of Costs
- Convert to lump sum EPCI
- Joint Risk Analysis and contingency development

Result:

- First Gas achieved this year within 14 days of target set in 2006
- Fluor designed and Tofco constructed the largest offshore facility ever built in Trinidad
- Project achieved all operator's strategic goals in Quality, Safety, Schedule and Budget



Poinsettia Jacket Built at Morgan City





Poinsettia Jacket Begins Transit to Trinidad





Poinsettia Jacket Launched





Poinsettia Deck – Ready for Sailaway





Poinsettia Deck Installed





Contractor's Perspective - Takeaways

- **Trinidad is an easy place to conduct business**
- **Niche Market**
- **Challenging Weather**
- **Needs Innovative Contracting Strategies**
- **EPCI a viable strategy**
- **Relationships Matter**

Integrated Capabilities - Seafloor to Shore

