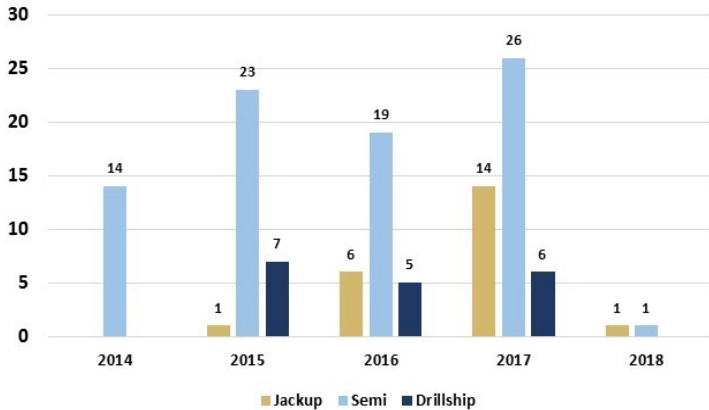




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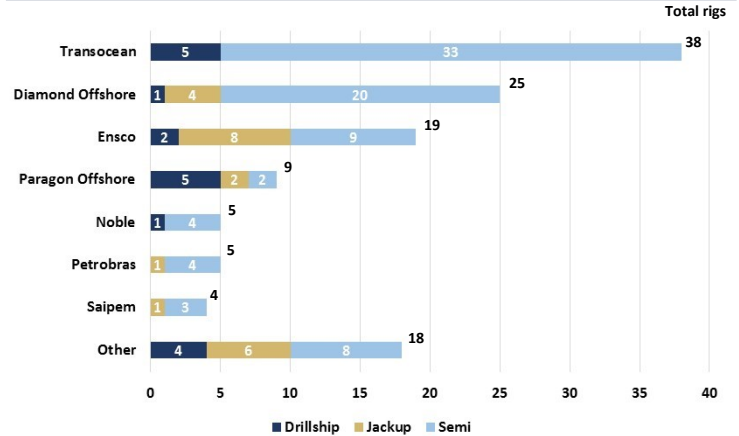
Source: Bassoe Research, Drilling Contractors, Shipyards, Metalbulletin and GMS.

Rigs Sold for Recycling by Type (2014—2018)



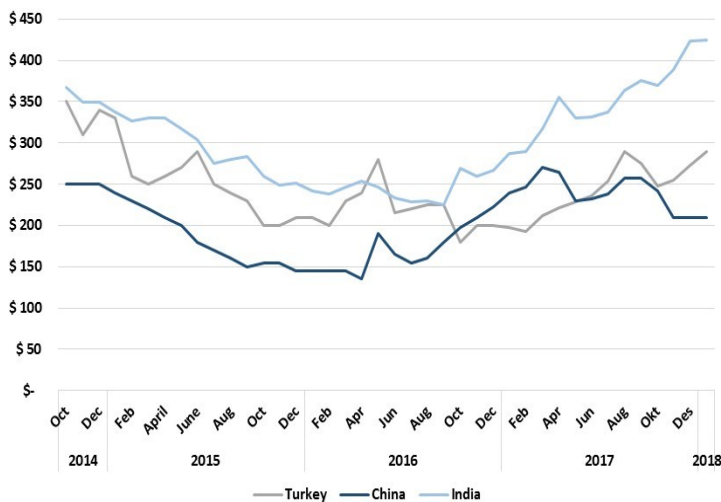
As fleet of old floaters have depleted, recycling of jackups have increased with help of improved steel prices and favorable transportation costs.

Rigs Sold for Recycling by Contractor



"Other" includes Shelf, Dolphin, Jindal, Maersk, Odebrecht, JDC, Crocco, GDI, Rowan.

Scrap Steel Price Development (USD per ton)



Steel prices indicate approximate sale price for conventional ships delivered to the recycling yard.

Rig Sale Price by Rig Location (USD per lightship ton)

Rig Location	Jackup		Semi		Drillship		Recycling Location
	As Is	Delivered	As Is	Delivered	As Is	Delivered	
North Sea	20-30*	240-260	120-140	260-280	-	-	Turkey (*Denmark)
US Gulf	70-90	120-130	120-150	180-200	150-170	180-210	USA
W Africa	10-20	420-440	120-150	400-420	280-300	420-440	India
Middle East	270-290	420-440	-	400-420	-	-	India
SE Asia	270-290	420-440	290-310	400-420	300-320	420-440	India

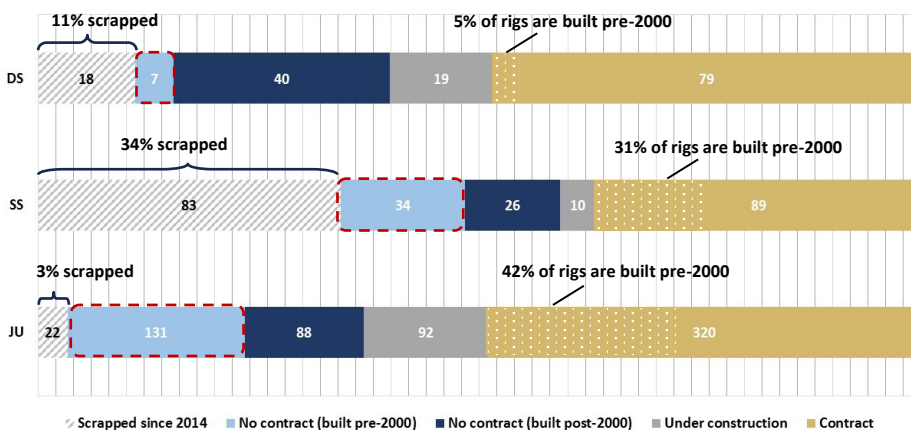
The above prices are based on recent transactions and buyer estimates. For some rig types and locations, more than one recycling location may be considered.

"As Is" prices take into account transportation costs (wet- or dry-tow) to the recycling facility. "Delivered" prices assume that the rig is mobilized to the recycling yard by the owner.

Prices in various regions are highly dependent on the recycling destination, as there are significant geographical differences in scrap steel prices.

Sale prices are multiplied by the rig's lightship weight. Further, rig type, equipment, condition and other technical factors may influence pricing.

Further Recycling Needed to Improve Utilization



Most rigs built before 2000 will still struggle to find work going forward and majority will accordingly be retired within the next 18 months.

Additionally, few rigs currently on contract built before 2000 will find new work once their current contract ends. Instead, newbuilds and newer hot/warm-stacked rigs will replace them.

Even in anticipation of increased activity, further scrapping of stacked rigs and rigs ending contract (built pre-2000) will be needed to achieve 85% utilization.

By taking out all rigs built pre-2000 without contract beyond year-end 2019, we derive a pool of about 300 rigs with potential to be recycled.

Recycling candidates 6-18 months



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Rigs Sold for Recycling Past 6 Months

Rig Name	Contractor	Rig Type	Water Depth (ft)	Region	Year
Ocean Alliance	Diamond Offshore	Semi	6500	US GoM	1988
Ocean Baroness	Diamond Offshore	Semi	1500	US GoM	1973
Ocean Nomad	Diamond Offshore	Semi	1200	NW Europe	1975
Ocean Princess	Diamond Offshore	Semi	1500	NW Europe	1975
Ocean Vanguard	Diamond Offshore	Semi	5250	NW Europe	1982
Ocean Victory	Diamond Offshore	Semi	5500	US GoM	1972
Al-Rayyan	Gulf Drilling	Jackup	300	Middle East	1981
Naga-1	Japan Drilling	Semi	1000	SE Asia	1974
Paragon L1115	Paragon Offshore	Jackup	300	Middle East	1977
Paragon DPDS2	Paragon Offshore	Drillship	5600	US GoM	1981
Paragon DPDS3	Paragon Offshore	Drillship	7200	US GOM	1977
Paragon DPDS1	Paragon Offshore	Drillship	5000	US GOM	1979
Paragon MDS1	Paragon Offshore	Drillship	1500	Middle East	1975
Paragon L1111	Paragon Offshore	Jackup	300	Middle East	1982
Paragon MSS3	Paragon Offshore	Semi	4000	US GOM	1975
Rowan Cecil Provine	Rowan	Jackup	300	US GOM	1983
Perro Negro 3	Saipem	Jackup	300	Middle East	1983
Scarabeo 6	Saipem	Semi	4000	Mediterranean	1984
Songa Mercur	Songa Opus	Semi	1800	SE Asia	1989
Songa Venus	Songa Opus	Semi	1500	SE Asia	1975
Deepwater Pathfinder	Transocean	Drillship	10000	Central America	1998
Cajun Express	Transocean	Semi	8500	W Africa	2001
Sedco Energy	Transocean	Semi	7500	W Africa	2001
Sedco Express	Transocean	Semi	6500	W Africa	2001
Transocean Marianas	Transocean	Semi	5300	S Africa	1998

*Mat and slot jack-up rigs not included.

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