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Halliburton Receives Contract with Estimated Value of $400 Million From BP

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HOUSTON, Apr 28, 2003 (BUSINESS WIRE) -- Halliburton Energy Services, a business unit of Halliburton (NYSE:HAL), has been awarded a three-year contract by BP America Production Company to provide products and services for its drilling and completion activities in the Gulf of Mexico and lower 48 states. The contract, estimated at approximately $400 million total value, includes all of Halliburton's product service lines that were tendered.

"This award was based on HSE, operational performance, technology innovation and commercial considerations," said Dave Lesar, chairman, president and chief executive officer, Halliburton. "We are very pleased with the confidence that BP has shown through this award in Halliburton's ability to deliver value and service quality. This award represents a 50 per cent increase in our market share with BP in the Gulf of Mexico and lower 48 states, with the most significant gains occurring in logging and stimulation."

"We are very pleased with the overall performance and innovation that has been demonstrated by Halliburton and clearly identified by our Contractor Performance Management process in the Well Services sector," said Pete Zwart, vice president, Supply Chain Management, BP.

Some of the Halliburton technologies that will be available under the contract include Baroid's ACCOLADE(TM) drilling fluid, Sperry-Sun's GeoPilot(R) rotary steerable system, Halliburton L&P's MRILab(TM) service, and Halliburton MicroPolymer(SM) (HMP) fracturing service.

ACCOLADE is a revolutionary synthetic-based fluid (SBF) system that is the first of its kind. The unique ester/internal olefin blend-based fluid system is the first fully emulsion-based SBF that contains no commercial clay or lignite additives; and it is the first SBF to consistently provide the rheological control necessary for safe, efficient deepwater drilling operations where slim pore pressure/fracture gradient margins and cold temperature ranges are present. These outstanding attributes of the ACCOLADE system have consistently reduced fluid loss, which has resulted in a significant reduction of overall drilling expenses for numerous operators in the Gulf of Mexico.

Sperry-Sun's Geo-Pilot(R) 3D rotary steerable system, designed in collaboration with Japan National Oil Corporation (JNOC), has consistently provided a step-change in regards to performance, reliability, and optimum hole quality. The matched, point-the-bit drilling system is part of the FullDrift(TM) drilling suite matched drilling and incorporates Security DBS' extended-gauge bits. Introduced three years ago, the Geo-Pilot system has a complete range of capabilities including an azimuthal gamma ray sensor (3 feet from the bit), three-dimensional cruise control, precise vertical drilling and the ability to perform vertical kick-off. The system's Geo-Span(TM) two-way communication system provides operators with true "on-the-fly" command control, which translates into significant savings associated with rig cost and non-productive time.

Halliburton L&P's MRILab(TM) tool provides laboratory quality measurements of the reservoir fluid as it is drawn from the formation by the Reservoir Description Tool (RDT(TM)). The MRILab tool utilizes Nuclear Magnetic Resonance technology to continuously monitor the level of filtrate contamination in the fluid to minimize the time required to obtain a clean sample. Information from the MRILab tool is further used to provide important fluid parameters such as Hydrogen density, fluid viscosity and gas/oil ratio (GOR) as well as enhance the formation evaluation provided by the MRIL-Prime(TM) logging tool.

Halliburton MicroPolymer(SM) (HMP) fracturing service enables real-time viscosity control, allowing operators to adjust a fracturing fluid's formulation almost instantaneously based on observed treatment responses such as surface pressure. The key to the service is the viscoelastic fluid system that uses Halliburton's MicroPolymer(TM) material; a substance 25 to 30 times smaller than conventional polymers. Fluid viscosity is controlled by linking and delinking based on pH. The HMP polymer is not damaged which means that polymer residue in the formation is virtually eliminated. The resulting extremely clean proppant pack can result in increased production and improved return on the operator's investment. In addition, the recovered polymer may be reused in certain circumstances. In developing this new fluid system, Halliburton reengineered the fluid process with a focus on desired rheology, real-time operations and the environment.

Halliburton Energy Services provides products, services and integrated solutions for oil and gas exploration, development and production. Capabilities range from initial evaluation of producing formations to drilling, completion, stimulation and well maintenance, for a single well or an entire field. With more than 300 service centers in more than 100 countries, Halliburton possesses the global perspective that is increasingly important for energy exploration and production.

Halliburton, founded in 1919, is one of the world's largest providers of products and services to the petroleum and energy industries. The company serves its clients with a broad range of products and services through its Energy Services Group and Engineering and Construction Group business segments. The company's World Wide Web site can be accessed at www.halliburton.com.

SOURCE: Halliburton

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