FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2001-08-03** | Period of Report: **2001-06-30**
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SANTA FE INTERNATIONAL CORP/

CIK:**1038914**| IRS No.: **980108989** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-14634** | Film No.: **1696747**
SIC: **1381** Drilling oil & gas wells

Mailing Address
5420 LBJ FRWY
SUITE 1100
DALLAS TX 75420-2648

Business Address
TWO LINCOLN CENTRE
SUITE 1100
5420 LBJ FREEWAY
DALLAS TX 75240
9727017300

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2001

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM TO .

COMMISSION FILE NUMBER 1-14634

SANTA FE INTERNATIONAL CORPORATION
(Exact name of registrant as specified in its charter)

CAYMAN ISLANDS (State or other jurisdiction of incorporation or organization)	98-0108989 (I.R.S. Employer Identification No.)
Two Lincoln Centre, Suite 1100 5420 LBJ Freeway Dallas, Texas (Address of principal executive offices)	75240-2648 (Zip Code)

Registrant's telephone number, including area code: (972) 701-7890

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

As of July 31, 2001, 115,483,594 ordinary shares, par value $.01 per share, were outstanding.

SANTA FE INTERNATIONAL CORPORATION AND SUBSIDIARY COMPANIES
INDEX TO FORM 10-Q
QUARTER ENDED JUNE 30, 2001

<Table>
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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SANTA FE INTERNATIONAL CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS
(Unaudited)
(U.S. dollars, in thousands, except share and per share data)

<Table>
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	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
Operating revenues	$ 183,655	$ 146,285	$ 350,908	$ 278,833
Operating costs	110,902	92,664	214,249	181,307
Operating margin	72,753	53,621	136,659	97,526
Other operating costs and expenses:				
Depreciation and amortization	23,000	20,362	45,719	40,721
General and administrative	5,209	4,296	10,617	8,417
(Gain) loss on sale of assets	(21,562)	(50)	(21,560)	(334)
Operating income	66,106	29,013	101,883	48,722
Other income (expense):				
Investment income	4,496	4,450	9,600	8,040
Other, net	(800)	(326)	(915)	(1,454)
Income before provision for taxes on income	69,802	33,137	110,568	55,308
Provision for taxes on income (Note 4)	8,796	5,945	15,127	9,847
Net income	61,006	27,192	95,441	45,461
Retained earnings as of the beginning of the period	816,082	707,702	785,399	693,168
Dividends declared ($0.0325 per share per quarter)	(3,753)	(3,742)	(7,505)	(7,477)
Retained earnings as of the end of the period	$ 873,335	$ 731,152	$ 873,335	$ 731,152
Income per Ordinary Share:				
Basic	$ 0.53	$ 0.24	$ 0.83	$ 0.40
Diluted	$ 0.52	$ 0.23	$ 0.82	$ 0.39
Weighted average ordinary and ordinary equivalent				

shares used in Ordinary Share computations:				
Basic	115,263,874	114,916,587	115,219,099	114,913,712
Effect of dilutive securities - employee and non-employee director stock options	1,790,130	1,708,898	1,852,396	1,584,758
Diluted	117,054,004	116,625,485	117,071,495	116,498,470

</Table>

See notes to unaudited consolidated financial statements.

SANTA FE INTERNATIONAL CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(U.S. dollars, in thousands, except share data)

<Table>
<Caption>

<S>	June 30, 2001 <C>	December 31, 2000 <C>
ASSETS		
Current assets:		
Cash and cash equivalents	$ 266,543	$ 146,836
Marketable securities	120,802	177,906
Accounts receivable	169,728	147,099
Inventories	43,730	37,595
Prepaid expenses and other current assets	15,266	12,796
Total current assets	616,069	522,232
Property and equipment, at cost	2,258,926	2,232,085
Less accumulated depreciation and amortization	(1,158,310)	(1,128,770)
Property and equipment, net	1,100,616	1,103,315
Other noncurrent assets	73,058	68,093
Total assets	$ 1,789,743	$ 1,693,640
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 64,297	$ 68,370
Accrued liabilities	118,113	109,902
Total current liabilities	182,410	178,272
Other noncurrent liabilities	40,490	41,141
Total liabilities	222,900	219,413
Commitments and contingencies (Note 3)		
Shareholders' equity:		
Ordinary shares par value $.01; 600,000,000 shares authorized, 115,476,477 and 115,229,133 shares issued and outstanding at June 30, 2001 and December 31, 2000, respectively	1,155	1,152
Additional paid-in capital	692,353	687,676
Retained earnings	873,335	785,399
Total shareholders' equity	1,566,843	1,474,227
Total liabilities and shareholders' equity	$ 1,789,743	$ 1,693,640

</Table>

See notes to unaudited consolidated financial statements.

SANTA FE INTERNATIONAL CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)
(U.S. dollars, in thousands)

	Six Months Ended June 30, 2001	2000
Operating activities:		
Net income	$ 95,441	$ 45,461
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	45,719	40,721
(Gain) loss on sale of assets	(21,560)	(334)
Accretion of interest income and gains on sales of marketable securities	(4,908)	(2,033)
Deferred income tax benefit	--	(561)
Changes in operating assets and liabilities:		
Accounts receivable	(22,629)	(24,271)
Inventories	(7,856)	4,504
Prepaid expenses and other current assets	(2,470)	3,411
Accounts payable	(4,073)	(760)
Accrued liabilities	8,257	(5,790)
Other noncurrent assets and liabilities	(355)	(11,787)
Net cash provided by operating activities	85,566	48,561
Investing activities:		
Capital expenditures	(48,068)	(22,374)
Advance payments for drilling rigs	(7,237)	--
Proceeds from sales of property and equipment	30,773	584
Maturities of marketable securities	184,515	148,254
Purchases of marketable securities	(122,503)	(141,960)
Net cash provided by investing activities	37,480	(15,496)
Financing activities:		
Dividends paid	(7,490)	(7,464)
Issuance of shares under the Employee Share Purchase Plan	4,151	1,964
Net cash used for financing activities	(3,339)	(5,500)
Net increase in cash and cash equivalents	119,707	27,565
Cash and cash equivalents at beginning of period	146,836	99,692
Cash and cash equivalents at end of period	$ 266,543	$ 127,257
Supplemental disclosures of cash flow information:		
Income taxes paid	$ 8,361	$ 10,145

See notes to unaudited consolidated financial statements.

SANTA FE INTERNATIONAL CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - BASIS OF PRESENTATION AND DESCRIPTION OF BUSINESS

Santa Fe International Corporation ("Santa Fe" or the "Company"), a Cayman Islands corporation, owns and operates a high quality, technologically advanced fleet of 26 marine and 31 land drilling rigs and provides drilling related services to the petroleum industry worldwide.

In June 1997, the Company completed an initial public offering (the "Offering") of Ordinary Shares. Immediately following the Offering, SFIC

Holdings (Cayman), Inc. ("Holdings") owned 65.1% of the Company's outstanding Ordinary Shares. In July 2000, Holdings completed a secondary public offering of a portion of its Ordinary Shares, reducing its ownership interest in the Company to 37.8%. Holdings is a wholly-owned subsidiary of Kuwait Petroleum Corporation ("KPC"). KPC is wholly owned by the State of Kuwait.

Holders of Ordinary Shares are entitled to participate in the payment of dividends in proportion to their holdings. Under Cayman Islands law, the Company may pay dividends or make other distributions to its shareholders, in such amounts as the Board of Directors deems appropriate from the profits of the Company or out of the Company's share premium account (equivalent to additional paid-in capital) if the Company thereafter has the ability to pay its debts as they come due. At June 30 2001, the Company had declared dividends that had not been paid amounting to $3,753,000.

The accompanying condensed consolidated financial statements are presented in U.S. dollars and in accordance with accounting principles generally accepted in the U.S. The preparation of interim financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. While management has based its assumptions and estimates on facts and circumstances currently known, actual amounts may differ from such estimates.

The condensed consolidated financial statements included herein have been prepared without audit, pursuant to the rules and regulations of the U.S. Securities and Exchange Commission. Certain information and notes normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. The financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the results for the interim periods. Such adjustments are of a normal recurring nature unless otherwise identified. Results of operations for the three and six month periods ended June 30, 2001 are not necessarily indicative of the results of operations that will be realized for the year ending December 31, 2001. These financial statements should be read in conjunction with the audited financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2000.

SANTA FE INTERNATIONAL CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash Equivalents and Marketable Securities

Cash equivalents consist of highly liquid short-term investments that are readily convertible into cash and which at the date of purchase were so near their maturity that they expose the Company to an insignificant risk from changes in interest rates. Cash equivalents are carried at cost plus accrued interest, which approximates fair value. The interest method is used to account for any premium or discount on cash equivalents. The Company's policy is to place its temporary cash investments with high credit quality financial institutions and by policy limit the amount of credit exposure to any one financial institution. The Company's marketable securities are classified as available-for-sale securities. Unrealized holding gains and losses on available-for-sale securities are included as a component of other comprehensive income in shareholders' equity, net of the tax effect. The fair values for marketable securities are based on quoted market prices. The amortized cost of debt securities in this category is adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization is included in investment income. Realized gains and losses and declines in value judged to be other-than-temporary on available-for-sale securities are included in investment income. The Company does not believe that it is exposed to any significant risks on its investments.

At June 30, 2001, marketable securities consisted primarily of Eurodollar debt securities and commercial paper. Cost approximates market value.

Comprehensive Income

Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from nonowner sources. For the three and six month periods ended June 30, 2001 and 2000, respectively, the Company realized no such transactions other than those reported in net income.

Business Combinations

The Financial Accounting Standards Board has issued two new pronouncements, Statement of Financial Accounting Standards No. 141 ("SFAS 141"), Business Combinations, and Statement of Financial Accounting Standards No. 142 ("SFAS 142"), Goodwill and Other Intangible Assets. SFAS 141 prescribes the accounting treatment and disclosures to be accorded to all business combinations effective after June 30, 2001. SFAS 142 defines the accounting treatment for all intangible assets, including goodwill, and provides methodology to be used to assess possible impairment of such intangibles. The Company does not believe that the adoption of SFAS 141 and SFAS 142 will have a significant effect on the financial position and results of operations of the Company.

NOTE 3 - COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company is involved in various lawsuits, claims and related matters. In the opinion of management, the ultimate resolution of such matters will not have a material adverse effect on the consolidated financial position or results of operations of the Company.

In December 2000, the Company's Board of Directors authorized the construction of two deepwater semisubmersibles and up to four high performance jackup drilling rigs contingent upon successful negotiation of construction contracts that meet the parameters and conditions established by the Board. The Company anticipates that the rig building program will be funded through existing cash balances plus cash flow to be generated over the program's duration; however, the Company may borrow some of the required funds if conditions warrant. Although the new rigs are being built without benefit of drilling contracts, the Company expects such contracts will be in place for each unit prior to delivery.

The Company has executed fixed price contracts with PPL Shipyard PTE, Ltd. of Singapore for construction of two high performance jackup rigs at approximately $125 million each with options for construction of additional jackup units, the first two of which are at a similar price. Initial work is underway on the first rig. Each jackup rig will take approximately two years to complete. Construction of the second rig will begin approximately one year into construction of the first rig. It is anticipated that the first jackup will be delivered in early 2003.

In April 2001, the Company announced that a Letter of Award had been executed with PPL Shipyard PTE, Ltd. of Singapore for the construction of two deepwater semisubmersible drilling rigs, plus options for two additional drilling units. The first two rigs will cost approximately $285 million each, with the two option rigs priced slightly higher. The Company is in final contract negotiations with the shipyard. Construction of the first new semisubmersible will commence in the third quarter of 2001. The second rig is expected to commence 18 months into the construction of the first rig, with completion expected within 24 months. It is anticipated that the first semisubmersible will be delivered in late 2003.

The Company is a defendant in a lawsuit originally filed in the United States District Court for the Southern District of Texas, Galveston Division which was recently transferred to the Houston Division. In the suit, the named plaintiffs purport to be members of an "offshore worker" class and allege that approximately 20 offshore drilling contractor defendants, including the Company, have engaged in a conspiracy to depress wages and benefits paid to their offshore employees. Plaintiffs seek treble damages, attorneys' fees and costs on behalf of themselves and the alleged class of similarly situated offshore workers. The court has not ruled on the issue of whether the plaintiff has established the requirements for bringing this case as a "class action" on behalf of other similarly situated employees. Certain of the other defendants have entered into settlement agreements, pursuant to which they have agreed to pay settlement amounts[]. The Company vigorously denies the allegations and, while the outcome of any lawsuit is unpredictable, management does not believe based upon information presently available that the outcome of this suit will have a material adverse affect on its financial condition or results of operations.

NOTE 4 - INCOME TAXES

The Company is not subject to income taxes in the Cayman Islands. All of the Company's income before provision for taxes on income and the related provision for taxes on income relates to operations in jurisdictions other than the Cayman Islands. The relationship between income before provision for taxes on income and the provision for taxes on income varies from period to period because each jurisdiction in which the Company operates has its own system of taxation (not only with respect to the nominal rate, but also with respect to the allowability of deductions, credits and other benefits) and because the amounts earned in, and subject to tax by, each jurisdiction varies from period to period. The provisions for taxes on income for the three and six month periods ended June 30, 2001 and 2000, respectively, were recognized based upon the expected annualized relationship.

SANTA FE INTERNATIONAL CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 - SEGMENT INFORMATION

The Company currently has six reportable segments, defined as different equipment classifications, or by contract terms in the case of drilling related services, as follows: heavy duty harsh environment jackup rigs, semisubmersible rigs, 300 to 350 foot premium cantilever jackup rigs, 200 to 250 foot jackup rigs, land rigs and drilling related services.

Santa Fe evaluates performance and allocates resources based upon the operating margin (operating revenues less operating expenses) generated by the segment. For further details of operating margin by segment, see "Item 2. - Management's Discussion and Analysis of Financial Condition and Results of Operations." There are no intersegment sales and transfers due to the nature of the business of the segments. The following table sets forth operating revenue and segment income for each of the reportable segments and reconciles total segment income to consolidated income before provision for taxes on income.

<Table>
<Caption>

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2001	2000	2001	2000
	(in thousands)			
<S>	<C>	<C>	<C>	<C>
OPERATING REVENUES				
Heavy duty harsh environment jackup rigs	$ 52,975	$ 53,001	$ 100,053	$ 108,396
Semisubmersible rigs	14,038	8,092	28,581	13,456
300-350 foot premium cantilever jackup rigs	30,052	17,384	58,385	31,083
200-250 foot jackup rigs	26,175	15,055	51,741	29,474
Total marine rigs	123,240	93,532	238,760	182,409
Land rigs	36,190	33,238	68,361	67,830
Drilling related services	23,843	19,197	43,234	27,984
Other	382	318	553	610
Total operating revenues	$ 183,655	$ 146,285	$ 350,908	$ 278,833
SEGMENT INCOME (LOSS)				
Heavy duty harsh environment jackup rigs	$ 26,251	$ 28,673	$ 48,200	$ 60,391
Semisubmersible rigs	(635)	(6,762)	2,319	(16,400)
300-350 foot premium cantilever jackup rigs	7,641	34	14,886	(1,784)
200-250 foot jackup rigs (1)	31,500	144	39,567	(1,215)
Total marine rigs	64,757	22,089	104,972	40,992
Land rigs	492	4,186	(840)	8,975
Drilling related services	6,001	8,811	10,761	11,293
Other	65	(1,777)	(2,393)	(4,121)
Total segment income	71,315	33,309	112,500	57,139
Unallocated amount:				
General and administrative	5,209	4,296	10,617	8,417
Operating income	66,106	29,013	101,883	48,722
Other income	3,696	4,124	8,685	6,586
INCOME BEFORE PROVISION FOR TAXES ON INCOME	$ 69,802	$ 33,137	$ 110,568	$ 55,308

</Table>

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(1) Includes $21.4 million in non-recurring gains from rig sales.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The statements regarding future performance and results and the other statements that are not historical facts contained in this report are forward-looking statements. Statements made in this document that state Santa Fe's or management's intentions, hopes, opinions, plans, estimates, beliefs, expectations, anticipations or predictions of the future and words of similar import are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to have been correct. Such statements involve risks and uncertainties including, but not limited to, the risks involved in dealing with other parties, including the risk that other parties' commitments to us and our subsidiaries could be breached, changes in the markets for oil and natural gas and for drilling rigs and the risks of doing business in changing markets and changing costs and other factors discussed herein and in our other Securities and Exchange Commission filings. Should one or more risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated.

The contract drilling industry is a highly competitive and cyclical industry that is influenced by customer drilling budgets and expenditures and oil and natural gas pricing, consumption and demand. Our contract drilling revenues vary based upon demand, which affects the number of days the rig fleet is utilized and the daily remuneration received for each rig. Revenue can also increase or decrease as a result of the acquisition or disposal of rigs. To improve utilization, realize higher dayrates or retain market share, we may move our rigs from one market to another. During the period in which a rig is moved to a new market, revenues generally are adversely affected. As an additional response to changes in demand and dayrate conditions, we may withdraw a rig from the market by "stacking" it in an idle mode or may reactivate a rig that was previously stacked. Withdrawing a rig from a market may decrease revenues and reactivating a rig may increase revenues. The volatile and cyclical nature of the industry may be further exacerbated as newly built rigs enter the market and drilling companies compete for the opportunities to contract offshore and land rigs.

During an industry down cycle, demand for rigs declines and we must compete aggressively for drilling contracts at generally lower rates. As an additional response to negative changes in demand and dayrate conditions, we may withdraw a rig from the market by "stacking" it in idle mode, which may result in terminating the employment of all or part of the associated rig crews.

The volatility of our business is caused by many factors beyond our control, including:

- the current and anticipated prices of oil and natural gas;
- the drilling expenditures of oil and gas companies;
- political and economic factors, including war and civil disturbances, export sales restrictions, embargoes and expropriation or nationalization with or without compensation; and
- the conversion of existing rigs and construction of new rigs by our competitors.

Oil and natural gas prices are extremely volatile and are affected by numerous factors, including:

- worldwide demand for oil and natural gas;
- the ability of the Organization of Petroleum Exporting Countries, also referred to as OPEC, to set and maintain production levels and pricing;
- the level of production of non-OPEC countries;
- the policies of the various governments regarding exploration and development of their oil and natural gas reserves;
- advances in exploration and development technology; and

o the political environment of oil-producing regions.

In December 2000, our Board of Directors authorized the construction of two deepwater semisubmersibles and up to four high performance jackup drilling rigs contingent upon successful negotiation of construction contracts that meet the parameters and conditions established by the Board. We anticipate that the rig building program will be funded through existing cash balances plus cash flow to be generated over the program's duration; however, we may borrow some of the required funds if conditions warrant. Although the new rigs are being built without benefit of drilling contracts, we expect such contracts will be in place for each unit prior to delivery.

We have executed fixed price contracts with PPL Shipyard PTE, Ltd. of Singapore for construction of two high performance jackup rigs at approximately $125 million each with options for construction of additional jackup units, the first two of which are at a similar price. Initial work is underway on the first rig. Each jackup rig will take approximately two years to complete. Construction of the second rig will begin approximately one year into construction of the first rig. It is anticipated that the first jackup will be delivered in early 2003.

In April 2001, we announced that a Letter of Award had been executed with PPL Shipyard PTE, Ltd. of Singapore for the construction of two deepwater semisubmersible drilling rigs, plus options for two additional drilling units. The first two rigs will cost approximately $285 million each, with the two option rigs priced slightly higher. We are in final contract negotiations with the shipyard. Construction of the first new semisubmersible rig will commence in the third quarter of 2001. The second rig is expected to commence 18 months into the construction of the first rig with completion expected within 24 months. It is anticipated that the first semisubmersible will be delivered in late 2003.

Higher oil and natural gas prices increasingly benefited drilling operations in 2000 and the first half of 2001, and the drilling industry has essentially recovered from the latest downturn in rig utilization and dayrates. We believe that if oil and natural gas prices remain at or around current levels, the international offshore drilling market will continue to improve through the balance of 2001.

Dayrates in the U.S. Gulf of Mexico drilling market tend to be more responsive to changes in oil and natural gas prices than those in international markets. Second quarter 2001 decreases in oil and natural gas prices resulted in what are presently believed to be temporary declines in U.S. Gulf of Mexico dayrates and utilization. For the six months ended June 30, 2001, the international markets in which we operate have continued to strengthen as the major and national oil and gas companies that dominate these markets have increased their exploration and production spending. We expect this trend to continue, leading to further growth in the international drilling market for the remainder of 2001.

Operating revenues for the second quarter of 2001 increased approximately 10% compared with first quarter 2001, primarily due to increased dayrates for our marine rig fleet, higher utilization of our land rigs and higher drilling related services revenues. Operating expenses increased approximately 7% in the second quarter of 2001 compared to the first quarter of 2001, mainly due to increased costs incurred for maintenance and repairs on Galaxy I, Rig 140 and Parameswara, higher land rig utilization and increased drilling related services costs.

During the quarter ended June 30, 2001, we completed the sales of three rigs that were idle in Venezuela, the 200-250 foot standard jackup rig Key Victoria and two land rigs, Rig 166 and Rig 167, for total proceeds approximating $30.5 million. Gains of $21.4 million were recognized from the sale transactions, with an additional $2.0 provided for income taxes above our expected tax requirement from ongoing operations.

The following table presents data relating to the Company's operating revenues, operating costs, rig fleet utilization and average dayrates by segment, as well as for operating margin and operating income. Data related to operations of our leased semisubmersible rig, which is included in our drilling related services segment, is presented as well.

<Table>
<Caption>

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2001	2000	2001	2000
		(in thousands except as indicated)		
<S>	<C>	<C>	<C>	<C>
OPERATING REVENUES				
Heavy duty harsh environment jackup rigs	$ 52,975	$ 53,001	$ 100,053	$ 108,396
Semisubmersible rigs	14,038	8,092	28,581	13,456
300-350 foot premium cantilever jackup rigs	30,052	17,384	58,385	31,083
200-250 foot jackup rigs	26,175	15,055	51,741	29,474
Total marine rigs	123,240	93,532	238,760	182,409
Land rigs	36,190	33,238	68,361	67,830
Drilling related services	23,843	19,197	43,234	27,984
Other	382	318	553	610
Total operating revenues	183,655	146,285	350,908	278,833
OPERATING COSTS (1)				
Heavy duty harsh environment jackup rigs	20,380	18,020	39,150	35,405
Semisubmersible rigs	12,765	13,043	22,459	26,224
300-350 foot premium cantilever jackup rigs	18,907	14,399	36,439	27,063
200-250 foot jackup rigs	13,057	12,951	27,857	26,637
Total marine rigs	65,109	58,413	125,905	115,329
Land rigs	29,385	22,643	56,327	46,275
Drilling related services	16,699	10,126	30,283	16,207
Other	(291)	1,482	1,734	3,496
Total operating costs	110,902	92,664	214,249	181,307
OPERATING MARGIN	72,753	53,621	136,659	97,526
Depreciation and amortization	23,000	20,362	45,719	40,721
General and administrative	5,209	4,296	10,617	8,417
Loss (gain) on sale of assets	(21,562)	(50)	(21,560)	(334)
OPERATING INCOME	$ 66,106	$ 29,013	$ 101,883	$ 48,722
OPERATING INCOME AS A PERCENTAGE OF REVENUES	36.0%	19.8%	29.0%	17.5%
RIG FLEET UTILIZATION (IN PERCENTAGES)				
Heavy duty harsh environment jackup rigs	100.0%	91.9%	93.7%	91.9%
Semisubmersible rigs	92.7%	59.7%	95.9%	45.6%
300-350 foot premium cantilever jackup rigs	88.9%	77.5%	93.0%	72.4%
200-250 foot jackup rigs	90.0%	74.5%	91.3%	73.4%
Total marine rigs	92.2%	77.9%	93.0%	75.1%
Land rigs	80.1%	65.5%	75.3%	66.8%
Leased rig operations - semisubmersible	100.0%	100.0%	97.8%	100.0%
AVERAGE DAYRATES (IN WHOLE DOLLARS)				
Heavy duty harsh environment jackup rigs	$ 97,024	$ 105,580	$ 98,284	$ 107,964
Semisubmersible rigs	55,486	49,644	54,858	52,976
300-350 foot premium cantilever jackup rigs	41,280	27,376	38,538	26,208
200-250 foot jackup rigs	41,091	27,777	39,679	27,597
Total marine rigs	56,950	50,077	54,787	51,296
Land rigs	15,687	16,906	15,519	16,915
Leased rig operations - semisubmersible	84,044	60,099	82,718	59,815

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(1) Exclusive of depreciation which is presented separately below.

QUARTERS ENDED JUNE 30, 2001 AND 2000

OPERATING REVENUES. Total operating revenues for the quarter ended June 30, 2001 increased $37.4 million, or 25.6%, compared to the quarter ended June 30, 2000.

- Revenues from our marine fleet increased $29.7 million, or 31.8%.

    - Semisubmersible rigs increased $5.9 million (73.5%) mainly due to increased utilization of the Aleutian Key and Rig 135 ($6.2 million) as the rigs returned to work following completion of repair programs and higher average dayrates (+$0.8 million), partly offset by lower utilization of Rig 140 while undergoing recertification ($1.1 million).

- o 300-350 foot premium cantilever jackup rigs increased $12.7 million (72.9%) due to a 51% increase in average dayrates ($8.7 million) and increased utilization ($4.0 million).

- o 200-250 foot standard jackup rigs increased $11.1 million (73.9%) mainly due to a 48% increase in dayrates ($8.4 million) and increased utilization ($2.7 million).

o Revenues from our land rigs increased $3.0 million, or 8.9%, mainly due to increased utilization in Venezuela ($3.8 million) and Saudi Arabia ($1.6 million), partially offset by lower average dayrates ($2.6 million).

o Revenues from drilling related services increased $4.6 million, or 24.2%.

- o Higher dayrates for our leased semisubmersible rig operating in Azerbaijan, the Dada Gorgud, resulted in a revenue increase of $2.2 million.

- o Revenues earned from third party rig operations increased $1.2 million mainly due to higher activity levels in the North Sea.

- o Revenues from our platform rig in the North Sea increased $1.4 million primarily due to increased rig utilization.

OPERATING COSTS. Total operating costs for the quarter ended June 30, 2001 increased $18.2 million, or 19.7%, compared to the quarter ended June 30, 2000.

o Operating costs for our marine fleet increased $6.7 million, or 11.5%.

- o Heavy duty harsh environment jackup rigs increased $2.4 million (13.1%) primarily due to increased repair and maintenance cost incurred on the Galaxy I and Magellan ($1.9 million).

- o 300-350 foot premium cantilever jackup rigs increased $4.5 million (31.3%) primarily due to higher Galveston Key mobilization, labor and support costs ($0.9 million), increased operating and maintenance costs for the Parameswara ($1.1 million), increased Rig 136 maintenance and labor costs ($0.6 million), higher Compact Driller maintenance and support costs ($0.5 million) and higher Key Gibraltar maintenance, labor and support costs ($0.4 million) and other labor costs ($0.5 million), mainly in Egypt.

o Operating costs for our land rigs increased $6.7 million, or 29.8%, mainly due to increased utilization, primarily in Saudi Arabia ($2.1 million), higher labor costs, mainly in Egypt and Venezuela ($2.9 million), higher maintenance costs ($1.0 million) and higher mobilization costs ($0.4 million).

o Operating costs for drilling related services increased $6.6 million, or 64.9%.

- o Operating costs for the Dada Gorgud increased $1.0 million mainly due to higher labor, mobilization costs and equipment rental expenses.

- o Incentive drilling and third party rig operations costs increased $4.7 million mainly due to higher activity levels in the North Sea.

- o Costs for our platform rig in the North Sea increased $0.9 million primarily due to increased rig utilization.

o Other operating costs decreased $1.8 million (119.6%) primarily due to decreased provision for inventory obsolescence.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization expense increased $2.6 million (13.0%) for the quarter ended June 30, 2001 as compared with the same period in the prior year. Depreciation of our leased semisubmersible rig Dada Gorgud increased $0.8 million, with the remaining increase generated from depreciation of other capital additions.

GENERAL AND ADMINISTRATIVE. For the quarter ended June 30, 2001 compared to the same quarter in 2000, general and administrative expense increased $0.9 million (21.3%) primarily due to increased personnel levels, higher employee benefit costs and increased professional services.

(LOSS) GAIN ON SALE OF ASSETS. Gains on asset sales increased $21.5 million during the quarter ended June 30, 2001 compared to the same period in 2000, primarily due to recognition of $21.4 million in gains on the sales of the standard jackup rig Key Victoria and two land rigs, Rig 166 and Rig 167.

PROVISION FOR TAXES ON INCOME. The provision for taxes on income for the quarter ended June 30, 2001 increased $2.9 million compared to the same quarter of 2000. Excluding gains on non-recurring asset sales, our expected annualized effective tax rate is anticipated to decrease to 14.8% for calendar 2001, down from 17.7% for calendar 2000. This decrease is due to changes in the mix of reportable earnings generated within the various taxing jurisdictions in which the Company operates.

NET INCOME. Net income for the quarter ended June 30, 2001 increased $33.8 million (124.4%) to $61.0 million as compared to $27.2 million for the quarter ended June 30, 2000, primarily due to:

- $37.4 million increased operating revenues and
- $21.5 million increased (loss) gain on sale of assets, net

partially offset by:

- $18.2 million increased operating costs,
- $2.6 million increased depreciation and amortization and
- $0.9 million increased general and administrative,
- $0.4 million decreased other income (expense), net, and
- $2.9 million increased provision for taxes on income.

SIX MONTHS ENDED JUNE 30, 2001 AND 2000

OPERATING REVENUES. Total operating revenues for the six months ended June 30, 2001 increased $72.1 million, or 25.9%, compared to the six months ended June 30, 2000.

- Revenues from our marine fleet increased $56.4 million, or 30.9%.

    - Heavy duty harsh environment jackup rigs decreased $8.3 million (7.7%) primarily due to 9% lower average dayrates ($6.9 million), lower utilization of the Monarch ($4.4 million), partially offset by increased utilization of the Monitor ($3.4 million).

    - Semisubmersible rigs increased $15.1 million (112.4%) mainly due to increased utilization of the Aleutian Key and Rig 135 ($15.3 million) as the rigs returned to work following completion of repair programs and higher average dayrates (+$1.1 million), partly offset by lower utilization of Rig 140 while undergoing recertification ($1.3 million).

    - 300-350 foot premium cantilever jackup rigs increased $27.3 million (87.8%) due to a 47% increase in average dayrates ($15.8 million) and increased utilization ($11.5 million).

    - 200-250 foot standard jackup rigs increased $22.3 million (75.5%) mainly due to a 44% increase in dayrates ($15.0 million) and increased utilization ($7.3 million).

- Revenues from drilling related services increased $15.3 million, or 54.5%.

    - Higher dayrates ($4.1 million) and utilization ($4.1 million) for our leased semisubmersible rig operating in Azerbaijan, the Dada Gorgud, resulted in a revenue increase of $8.2 million.

    - Revenues earned from third party rig operations increased $5.1 million mainly due to higher activity levels in the North Sea.

    - Revenues from our platform rig in the North Sea increased $2.0 million primarily due to increased rig utilization.

OPERATING COSTS. Total operating costs for the six months ended June 30, 2001 increased $32.9 million, or 18.2%, compared to the six months ended June 30, 2000.

- Operating costs for our marine fleet increased $10.6 million, or 9.2%.

    - Heavy duty harsh environment jackup rigs increased $3.7 million (10.6%) primarily due to increased repair and maintenance cost incurred on the

Galaxy I and Monarch ($3.1 million).

- o Semisubmersible rigs decreased $3.8 million (14.4%) mainly due to lower repair and maintenance costs for the Aleutian Key and Rig 135 ($6.6 million), partially offset by increased costs for Rig 140 as it entered the shipyard for recertification ($1.8 million) and increased utilization.

- o 300-350 foot premium cantilever jackup rigs increased $9.4 million (34.6%) primarily due to higher Galveston Key mobilization, labor and support costs ($1.7 million), increased Key Hawaii labor, repair and maintenance and support costs ($1.3 million), higher Rig 136 maintenance and labor costs ($1.2 million), higher Key Gibraltar maintenance, labor and support costs ($1.1 million), increased maintenance and support costs for the Parameswara ($1.3 million), higher Compact Driller maintenance and support costs ($0.8 million), and other labor costs ($1.5 million), mainly in Egypt.

- o 200-250 foot standard jackup rigs increased $1.2 million (4.6%) mainly due to increased mobilization and labor costs.

o Operating costs for our land rigs increased $10.1 million, or 21.7%, mainly due to increased utilization, primarily in Saudi Arabia ($2.8 million), higher labor costs, mainly in Egypt and Venezuela ($4.2 million), higher maintenance costs ($2.1 million) and higher zone support costs ($0.5 million).

o Operating costs for drilling related services increased $14.1 million, or 86.9%.

- o Operating costs for the Dada Gorgud increased $4.5 million mainly due to higher labor, mobilization costs and equipment rental expenses.

- o Incentive drilling and third party rig operations costs increased $8.4 million mainly due to higher activity levels in the North Sea.

- o Costs for our platform rig in the North Sea increased $1.2 million primarily due to increased rig utilization.

o Other operating costs decreased $1.8 million (50.4%) primarily due to decreased provision for inventory obsolescence.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization expense increased $5.0 million (12.3%) for the six months ended June 30, 2001 as compared with the same period in the prior year. Depreciation of our leased semisubmersible rig Dada Gorgud increased $1.8 million, with the remaining increase generated from depreciation of other capital additions.

GENERAL AND ADMINISTRATIVE. For the six months ended June 30, 2001 compared to the same six months in 2000, general and administrative expense increased $2.2 million (26.1%) primarily due to increased personnel levels, higher employee benefit costs and increased professional services.

(LOSS) GAIN ON SALE OF ASSETS. Gains on asset sales increased $21.2 million during the six months ended June 300, 2001 compared to the same period in 2000 primarily due to recognition of $21.4 million in gains on the second quarter 2001 sales of the standard jackup rig Key Victoria and two land rigs, Rig 166 and Rig 167.

OTHER INCOME (EXPENSE), NET. Other income increased $2.1 million for the six months ended June 30, 2001 compared to the six months ended June 30, 2000, mainly due to higher investment income.

PROVISION FOR TAXES ON INCOME. The provision for taxes on income for the six months ended June 30, 2001 increased $5.3 million compared to the same period of 2000. Excluding gains on non-recurring asset sales, our expected annualized effective tax rate is anticipated to decrease to 14.8% for calendar 2001, down from 17.7% for calendar 2000. This decrease is due to changes in the mix of reportable earnings generated within the various taxing jurisdictions in which the Company operates.

NET INCOME. Net income for the six months ended June 30, 2001 increased $49.9 million (109.9%) to $95.4 million as compared to $45.5 million for the six months ended June 30, 2000, primarily due to:

o $72.1 million increased operating revenues,
o $21.2 million increased (loss) gain on sale of assets, net and

- $2.1 million increased other income (expense), net

partially offset by:

- $32.9 million increased operating costs,
- $5.0 million increased depreciation and amortization,
- $2.2 million increased general and administrative and
- $5.3 million increased provision for taxes on income.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents increased $119.7 million during the six months ended June 30, 2001 compared to an increase of $27.6 million for the six months ended June 30, 2000.

- Net cash provided by operating activities increased $38.7 million for the six months ended June 30, 2001 compared to the same period in 2000.

    - The increase in cash flows from operations was primarily attributable to changes in income before non-cash charges and working capital requirements.

- Cash provided by investing activities increased $51.2 million.

    - Cash provided by net maturities and purchases of marketable securities increased $55.7 million.

    - Cash used for capital spending increased $25.7 million.

        - For the six months ended June 30, 2001, expansion capital spending was $15.2 million, including $14.7 million for new land rigs in Venezuela and $0.5 million for the marine newbuild rig program. No corresponding expansion spending occurred for the six months ended June 30, 2000.

        - Spending to meet contractual obligations to customers and for rig upgrade, maintenance and enhancement projects increased $9.6 million for the six months ended June 30, 2001 compared to the same period in 2000.

    - Advance payments for drilling rigs used $7.2 million for the six months ended June 30, 2001.

        - Such funds represent required advance payments made under fixed price construction contracts for the new jackup rigs.

- $3.3 million cash was used in financing activities for the six months ended June 30, 2001, while $5.5 million was used in financing activities for the six months ended June 30, 2000.

    - Cash of $7.5 million was used to pay dividends to shareholders in each period.

    - Cash was provided from the issuance of shares under Santa Fe's various share options and award plans of $4.2 million for the six months ended June 30, 2001 and $2.0 million for the corresponding period in 2000.

We have budgeted approximately $356.5 million for capital expenditures during the year ending December 31, 2001.

- Capital spending to meet routine rig maintenance and contractual obligations for customers and for rig upgrade, modernization and enhancement projects was budgeted to require approximately $83.9 million, representing numerous individual transactions spread over the course of the year.

        - We currently expect to spend the full amount budgeted.

- $272.6 million was budgeted for expansion capital spending.

    - $95.0 million was budgeted for expenditures in 2001 related to construction of a deepwater semisubmersible rig.

        - A Letter of Award for construction of two deepwater semisubmersible rigs has been executed with PPL Shipyard PTE, Ltd. of Singapore at a cost of approximately $285 million per rig including builder and owner furnished equipment and all other costs.

- o We are now in final contract negotiations with the shipyard.

  - o Construction of the first semisubmersible rig began in the second quarter of 2001, with follow-on construction of the second semisubmersible expected to begin in late 2002.

- o For the year ended December 31, 2001, we currently expect to spend $97.0 million related to construction of the first deepwater semisubmersible rig and $35.0 million for owner furnished equipment purchases related to construction of our second deepwater semisubmersible.

o $62.6 million was budgeted for 2001 expenditures related to construction of a premium jackup rig.

- o Definitive contracts for construction of two jackup rigs have been executed with PPL Shipyard PTE, Ltd. of Singapore at a cost of approximately $125 million per rig.

- o Initial construction expenditures have begun for the first jackup, with follow-on construction of the second jackup expected to begin in the first quarter of 2002.

- o For the year ended December 31, 2001, we currently expect to spend $46.0 million related to construction of our first premium jackup newbuild rig and $10.0 million for owner furnished equipment purchases related to construction of our second premium jackup.

o $95.0 million was budgeted for a harsh environment land rig and its support facilities.

- o We were not awarded the contract and these funds will not be spent on a harsh environment land rig in 2001;

- o However, at the July 2001 meeting, our Board of Directors redirected a portion of these funds and authorized spending approximately $20 million for a further upgrade project on the leased semisubmersible Dada Gorgud.

o $20.0 million was budgeted for two 2,000 horsepower rigs designated for work in Venezuela.

- o This work is underway through rebuilding Rig 110 and Rig 115, which will be renamed Rig 186 and Rig 187, respectively.

- o We expect the rigs to be placed in service during the third and fourth quarters of 2001.

We expect that the entire 2001 capital program will be funded from cash on hand and internally generated funds. Future capital spending, particularly rig fleet additions other than those whose construction is currently under contract or Letter of Award, is subject to the Company's prospects for securing appropriate drilling contract opportunities and the availability of suitable rigs, rig components, construction facilities and supplies.

From time to time, the Company reviews opportunities for rig acquisition, construction or upgrade. Once the Company undertakes a capital project, factors outside the Company's control, such as changes in market demand, may alter the project economics and the Company may be unable to fully recoup the cost of such expenditures through future drilling contracts. At any time, should plans for rig acquisition, construction or upgrade not be completed, the Company would not have those rigs available to compete in its markets.

On June 5, 2001, the Company's Board of Directors declared a regular quarterly dividend of $0.0325 per Ordinary Share payable on July 16, 2001 to holders of record at the close of business June 30, 2001. The Company's current dividend policy contemplates payment of future quarterly dividends of $0.0325 per Ordinary Share.

The Company's principal source of funds has been cash flow from operations. The Company believes available cash resources and cash flows from operations will be sufficient to meet its capital requirements during 2001.

The Company currently has a $35 million uncommitted credit facility for advances and letters of credit with a major bank, none of which was drawn or subject to standby letters of credit at June 30, 2001.

CURRENCY RISK AND INFLATION

We follow a strategy that calls for our international drilling and services contracts to be partially payable to us in local currency in amounts that approximate our estimated operating costs, with the balance of the payments under the contract payable in U.S. dollars, except in Kuwait and Saudi Arabia where we are paid entirely in local currency. Following this strategy, we have reduced our net asset or liability positions denominated in local currencies to a minimum. As a result, we have not experienced significant gains or losses associated with changes in currency exchange rates. However, to the extent that our revenues denominated in local currency do not equal our local operating expenses, we are exposed to currency exchange transaction losses, which could materially adversely affect our results of operations. We have not historically entered into financial hedging arrangements to manage risks relating to fluctuations in currency exchange rates. However, we may enter into hedging contracts in the future if we assume significant foreign currency risks.

Although inflation has not had a significant impact on our results of operations during the past several years, labor availability and cost and vendor prices and delivery fluctuate in response to overall drilling industry conditions.

CREDIT RISKS

Our customers consist primarily of major international, state owned and large independent oil companies and their affiliates. We have not incurred any charges for credit losses during the last five years; however, there is no assurance that such charges will not occur in the future. We have secured written agreement for full payment plus interest prior to yearend, with the possibility of earlier partial payments, from one customer six months in arrears on invoices for a completed marine rig contract offshore Venezuela. Any charge for credit losses will adversely affect Santa Fe's profitability.

OTHER

Operational risks and hazards may result in extensive damage to or total loss of drilling rigs, with associated personal injuries and loss of life, pollution, well loss, well control expenses and/or wreck removal or other requirements. These losses, liabilities or obligations may be uninsured or underinsured. As a result of these hazards, we may sustain a loss of revenue by reason of the rig loss or damage and have to pay extraordinary expenses for losses that are uninsured or underinsured.

In our international operations, we are subject to many environmental laws and regulations, including regulations controlling the discharge of materials into the environment, requiring removal and clean up of discharged materials or otherwise relating to the protection of the environment. As a result, the application of these laws could materially adversely affect out results of operations by increasing our cost of doing business, discouraging our customers from drilling for hydrocarbons or subjecting us to liability. Laws and regulations protecting the environment have become increasingly stringent in recent years and may impose a liability on us for environmental damage and disposal of hazardous materials even if we were not negligent or at fault. We may also be liable for the conduct of others, or for our own acts even if our acts complied with applicable laws at the time we performed those acts.

We operate each of our rigs under a contract either to drill a specified well or number of wells or for a stated period of time. This period of time is generally automatically extended to include the period required to complete the well in progress on the scheduled contract expiration date. Contracts often are cancelable upon specified notice at the option of the customer. Some contracts require the customer to pay a specified early termination payment in the event of cancellation. The contracts customarily provide

for either automatic termination or termination at the option of the customer in the event of total loss of the drilling rig or if drilling operations are suspended for extended periods because of acts of God or some other events beyond our control or for excessive rig downtime for repairs. The contracts also contain provisions addressing automatic termination or termination at the option of the customer in some circumstances and may be dishonored or subject to renegotiation in depressed market conditions.

Our liquidity also may be adversely impacted by reason of war, political turmoil, revolution, insurrection or similar events which could result in damage to or loss of our rigs, either physically or by reason of nationalization, expropriation or deprivation of use, or could impair the concessionary rights of our customers, thus jeopardizing our drilling contracts. We do not normally insure against these risks. These events could result in an actual or constructive loss of substantial assets and the associated loss of revenues and/or receivables.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's exposure to interest rates relates primarily to its investment portfolio. The Company does not currently use financial derivative instruments to manage interest rate risk; however, it closely monitors the relationship between interest rate-sensitive assets and liabilities and may elect to use derivative instruments in the future.

The objectives of the Company's short-term investments are safety of principal, liquidity maintenance, yield maximization and full investment of all available funds. As such, the Company's investment portfolio consists primarily of high credit quality Eurodollar debt securities and commercial paper. For the six months ended June 30, 2001, had short-term interest rates averaged 10% lower than actually earned, the Company's interest income for the six months would change by approximately $1.0 million. This estimate was determined by applying the hypothetical interest rate change to the Company's average short-term investment balance for the six months ended June 30, 2001.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is a defendant in Verdin v. R&B Falcon Drilling USA, Inc., et al., Civil Action No. G-00-488, originally filed in the United States District Court for the Southern District of Texas, Galveston Division. In the amended complaint, named plaintiffs purport to be "offshore workers" previously employed by other of the named defendants. Plaintiffs allege that approximately 20 offshore drilling contractor defendants, including the Company, have engaged in a conspiracy to depress wages and benefits paid to their offshore employees. Plaintiffs contend that this alleged conduct violates federal and state antitrust laws. Plaintiffs seek treble damages, attorneys' fees and costs on behalf of themselves and an alleged class of similarly situated offshore workers that have allegedly suffered similar damages from the actions of defendants. The purported class includes all individuals in the employ of, or who have been employed within the last ten years by, the defendants as crew members on water-based drilling apparatuses and who accepted employment by the defendants within the Unites States for either domestic or international employ. At the present time, the court has not ruled on the issue of whether the plaintiffs have established the requirements for bringing this case as a "class action" on behalf of other similarly situated employees. A hearing previously set to be heard on this issue on August 9, 2001 has been postponed, and the matter was recently transferred to the Houston Division of the United States District Court for the Southern District of Texas. Certain of the other defendants have entered into settlement agreements, pursuant to which they have agreed to pay settlement amounts. The Company vigorously denies the allegations and, while the outcome of any lawsuit is unpredictable, management does not believe based upon information presently available that the outcome of this suit will have a material adverse affect on its financial condition or results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At the Annual General Meeting of Shareholders held on May 15, 2001, 105,706,740 shares of the total 115,439,394 entitled to vote as of the record date of March 16, 2001, were represented either in person or by proxy, thus representing a quorum. Of the shares represented in person or by proxy, all were eligible to vote. No shares were represented by broker non-votes on any matters voted upon. Voters were asked to:

(1) elect three Class I Directors to hold office until the Annual General Meeting of Shareholders in 2004 or until their successors have been duly qualified and elected;

(2) approve a new 2001 Long Term Incentive Plan

(3) approve an Amendment to the 1997 Employee Share Purchase Plan; and

(4) ratify the appointment of Ernst & Young LLP as the independent auditors of Santa Fe for the year ending December 31, 2001.

Each of the matters presented was approved.

With respect to the election of Directors, the following number of votes were cast as to the Class I Directors:

- Gordon M. Anderson, 102,309,742 votes for;
- Ferdinand A. Berger, 105,578,971 votes for; and
- Khaled R. Al-Haroon, 105,235,696 votes for.

As to the approval of the 2001 Long Term Incentive Plan, 64,710,261 votes were cast for, 35,545,320 votes were cast against and 42,107 abstained.

As to the approval of the Amendment to the 1997 Employee Share Purchase Plan, 100,150,460 votes were cast for, 107,737 votes were cast against and 39,491 abstained.

As to the approval of the ratification of the appointment of Ernst & Young LLP, 105,355,976 votes were cast for, 341,074 votes were cast against and 9,690 abstained.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a) Exhibits

10.1 Registrant's 2001 Long-Term Incentive Plan, which exhibit is incorporated by reference herein to the Registrant's definitive proxy statement filed with the Commission on March 21, 2001.

10.2 Amendment to Registrant's 1997 Employee Share Purchase Plan, which exhibit is incorporated by reference herein to the Registrant's definitive proxy statement filed with the Commission on March 21, 2001.

b) Reports on Form 8-K

None.

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, thereunto duly authorized.

Date: August 3, 2001 SANTA FE INTERNATIONAL CORPORATION

By: /s/ S. M. McCarty

S. M. McCarty, Senior Vice President and Chief Financial Officer