

Dear Fellow Shareholders,

Along with Four other board members I expect to be voted off the board of Standard Drilling (Standard) at this upcoming EGM. Clearwater Capital Partners has been an almost 30% shareholder of Standard for over 2 years and both Amit Gupta and myself, have served on the Board and are pleased that during our tenure on the board we have delivered substantial cash realized returns to all shareholders – at a time when equity markets have been difficult generally. We have done so while never trading any shares in the company and in constant awareness of our obligations to all shareholders.

This is an appropriate time to transition Standard to new board leadership; with a notably lower capital base and a substantial change in the equity ownership. Both Amit and I have been in favor of a smaller, lower cost board, and, for these reasons stepping off ourselves. With a smaller board however, we expect no diminution of the governance practices that have been carried out to date. We hope the practice, not only in word but action, of best of class governance will be maintained going forward: Constantly vigilant to conflicts of interest, appropriate diligence and process around investments and divestments, an intense focus on detailed financial management, from bank account management, not too concentrated in one institution, to disclosure of all issues in public filings. Corporate governance, in my view, is not only in the letter of the law, but best practices that allow dialogue and discord to be discussed in board or shareholder forums. We hope that these practices will be upheld going forward.

With those goals, legal obligations, and expectations in mind, I have to admit that practices over the most recent past have given me pause in how governance will be carried out going forward. Examples from the most recent board meeting will highlight these concerns.

First, the most recent board meeting was called with 48 hours notice, and at a time that worked out to be 3:30 in the morning for two directors, myself included. Despite request for a time change and the fact that there had been an outstanding request for a board meeting pending for two weeks. Hardly, a forum or format for full discussion of this important transition, nor best practices.

More specifically, I voted against two proposals, amongst others, that exemplify my concerns about governance going forward. The newly proposed board does not appear to have thought, in my view, about audit, financial management and expertise in that regard going forward. We remain an advocate of a 4th board member who has appropriate financial and audit background and gives all shareholders confidence especially with a departing CFO, that our approximately 70mm dollar cash balance will be managed with financial expertise and best practices. Thus we are not supporting the new slate of directors in their current three person configuration.

While I respect and know all three of the proposed new directors – they could balance their collective skills better with an addition to the board and specifically someone who is representative of all minority investors.

Martin Nes – our current CEO at Standard for over a year - seems a poor choice simply given the guideline of the Norwegian Code of Practice for Corporate Governance clause 8 which recommends that neither the chief executive nor any other executive should be a member of the board. He is also the CEO of Tycoon Industrier AS who is, ironically, the shareholder proposing this new slate. As outlined by public guidance this is not a good practice and appears to be a hurried decision without thought of all minority shareholders or best practices.

We wish we had had the time to propose additional members to the slate in consultation with fellow shareholders.

Most troubling, however was an agenda request at the recent board meeting, subsequently passed by the board with only my objection (though not all board members were able to attend), where one board member was given solo authority to make all investments on behalf of Standard Drilling.

We have, until this time, brought all investments to the full board and scrutinized and decided collectively on major investments and divestments – all minority investors should expect this from the fiduciary responsibility they place in the hands of directors.

With those words of caution I close my letter to fellow shareholders. We are long term supporters of Standard Drilling, we are believers in our fellow shareholders and current board members skills and experience, especially in the Jack Up space, and have every expectation and hope that they will continue to be focused: addressing any conflicts of interest, carrying out best practices for governance, and ultimately to deliver strong returns to all Shareholders.

We welcome additions to the new board that reflect best of class governance, additional financial background, as well as our substantial minority interest. Please know that we at Clearwater, as a substantial minority, will remain vigilant on the above points.

With Concern and Respect,

Rob Petty
Director
Standard Drilling AS