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PRESENTATION

Operator

Good morning. My name is Angela, and I will be your conference operator today. At this time I would like to welcome everyone to the Ensco plc second-quarter 2011 earnings conference call. (Operator Instructions).

Thank you. I will now turn the conference over to your host, Mr. Sean O'Neill, Vice President of Investor Relations. Sir, you may begin.

Sean O'Neill - *Ensco plc - VP, IR*

Thank you, operator, and welcome, everyone, to Ensco's second-quarter 2011 conference call. With me today are Dan Rabun, CEO; Bill Chadwick, our Chief Operating Officer; Jay Swent, CFO; Mark Burns, Senior Vice President of our Western Hemisphere; Kevin Robert, Senior Vice President of Marketing, as well as other members of our management team. We issued our earnings release, which is available on our website at enscoplc.com.

As usual, we will keep our call to one hour. Any comments we make about expectations are forward-looking statements and are subject to risks and uncertainties. Many factors could cause actual results to differ materially.

Please refer to our earnings release and SEC filings on our website that define forward-looking statements and list risk factors and other events that could impact future results and disclose important additional information regarding our acquisition of Pride International. Also, please note that the Company undertakes no duty to update forward-looking statements.

As a reminder, our most recent fleet status report was issued on July 22. Now let me turn the call over to Dan Rabun, Chairman and CEO.

Dan Rabun - *Ensco plc - Chairman, President & CEO*

Thanks, Sean, and good morning, everyone. Before Jay takes us through the financial results, I will discuss the Pride acquisition, second-quarter highlights and the state of our markets. We have a great deal to discuss this morning, so our prepared remarks will be a little longer then they normally are for our earnings calls.

Starting with the Pride acquisitions, we successfully completed the transaction on May 31, and the integration process is going very well. We formed integration teams for 15 separate functional areas early this year, and they have done an excellent job ensuring a smooth transition.

Our new organizational structure is in place, and most employees affected by the acquisition are in their new positions. Marketing teams are working closely with customers on outstanding bids and tenders, and we are leveraging our broader geographic reach, enhanced drilling fleet and larger customer base. Operations is actively integrating systems and procedures to ensure consistency across our organization, especially our safety management systems, and we are capitalizing on our increased scale to take advantage of purchasing efficiencies to lower our cost with vendors.

As we integrate our rig fleet and shore-based operations, especially in regions new to us like Brazil and West Africa, we are being very carefully to properly assess the current state of operations before proposing any potential changes. We know that our workforce is our greatest asset, and we expect to promote and add hundreds of new employees over the coming years as our newbuild rigs come out of the shipyard and go to work around the world, especially in the highest growth markets like Brazil and West Africa that have large numbers of new discoveries.

Our Dallas-based employees are to be recognized and commended for their many contributions to our Company over the years. Dallas has been our home for our corporate administrative office, and all of those employees are either in the process of relocating their families to Houston or moving on to new opportunities.

Now let me cover some of our second-quarter highlights. First, we achieved a significant milestone in Ensco's history by reaching more than 100 years of contacted backlog. This equates to more than 1.4 years per rig in the active fleet, including rigs that are cold-stacked. ENSCO 8504, which we took delivery of yesterday from KFELS, was contracted with Total and Brunei during the second quarter. ENSCO 5001 earned new contracts for work extending into 2014 in Angola and South Africa. We mobilized ENSCO 105 to Southeast Asia where the jackup rig will commence operations in Malaysia under a one-year term contract, and we have signed long-term contracts with Saudi Aramco for five of our jackups, three of which have been stacked for over a year.

All of our marketed jackups in the US Gulf of Mexico were contracted during the second quarter, and all of our North Sea and Mexico jackup rigs are contracted into 2012.

For our deepwater segments, average day rates are projected to increase in the third and fourth quarter since three of our drillships have recently commenced their original five-year contracts, and ENSCO 8502 has commenced its original two-year contracts all at full day rates. In fact, all of our deep water rigs contracted in the US Gulf of Mexico are now earning full day rates. We anticipate that ENSCO 8503 will begin its original two-year contract in the US Gulf of Mexico in the fourth quarter at a day rate of $530,000, plus reimbursables of about $54,000 per day.

In terms of operational excellence, ENSCO 8503, which commenced drilling operations last quarter for Tullow, has performed extraordinarily well and has benefited from our experience with our first three 8500 series rigs. In fact, our ENSCO 8500 series rigs had virtually no downtime during the second quarter and achieved 99% utilization. This is the type of performance that we believe will allow us to maintain our number one ranking in customer service in the offshore drilling sector.

As I reflect on our strategy for the ENSCO 8500 series rigs initiated back in 2005 and our results since then, I think it is fair to say that we have realized all of the intended benefits and more. We designed the rigs to meet the sweet spot of the market at a price tag that was considerably less than what our competitors paid for their rigs. While customers were early advocates of the concept and design, some market commentators were skeptics and did not think our rigs would earn jobs, perform well or work in certain markets. In fact, the results show we have had excellent operating performance.

Customers have had great success with our rigs, and new customers are interested in contacting our newbuild semis in additional markets around the world. As I mentioned earlier in my remarks, we took delivery of ENSCO 8504 from KFELS yesterday. The rig was on time and within budget.

The remaining rigs in the 8500 series are scheduled to be delivered on time and on budget, and the advantages of standardization across the entire seven rig series are becoming more evident every day.

The returns on capital for the rigs delivered to date have comfortably exceeded our cost of capital and the 15% after-tax threshold we set as a minimum goal in 2005 when we started this investment. Based on our current discussions with customers, we feel encouraged the two remaining uncontracted rigs will also exceed our investment thresholds.

In summary, we feel really good about the returns and operational performance for these rigs.

Now let's discuss the market. I will begin with the deepwater markets where Ensco now has the second newest fleet in the world. All but one of our active deepwater rigs have commitments through at least the first half of 2013, and with more than a dozen prospects and bids in the market, we believe we are well positioned to match our availability of ultra-deepwater drillship and semis that are under construction with near and midterm market demand.

In Brazil we will soon have six deep water rigs operating. We expect the market for deepwater rigs in Brazil to remain strong with new discoveries being announced almost weekly. Petrobras remains the driving force behind the deepwater market growth and recently issued tenders for multiple rigs for three- to five-year term contracts.

In the US Gulf of Mexico, we are encouraged that deepwater permits are being issued, and only a few deepwater units in this region are now available. Several operators are now discussing requirements for additional rigs commencing in late 2011 and 2012.

The West African deepwater market has improved significantly during the quarter with contract awards, pre-qualifications, tenders and inquiries from multiple operators. Deepwater activity in Asia has seen a significant increase across Malaysia, Brunei and Indonesia with national and independent operators participating.

Floater activity in the Mediterranean and Black Sea is finely balanced. Currently there are outstanding opportunities in Egypt and Israel, and longer-term there is potential in Libya.

Moving to mid-water markets, although the worldwide mid-water fleet will remain challenged in 2012, Ensco's fleet of six rigs has a strong backlog position. All are contracted through year-end and two are contracted into 2013.

In Brazil we have five semisubmersibles that are currently contracted, and while two are rolling off contract later this year, we anticipate that they will continue to work in the region.

West Africa is a slow mid-water market despite the recent demand that reactivated three stacked rigs. Several industry rigs are scheduled to be free next quarter, and competition will be intense for the two opportunities identified. ENSCO 5003, our only mid-water rig in the region, is contracted to at least the end of that year, and we believe we have some advantages over other marketed rigs.

Turning to the jackup markets, in the US Gulf of Mexico, Ensco has eight marketed jackups that had very good utilization in the second quarter. With hurricane season upon us, though, jackup utilization has begun to decline after steadily rising since the beginning of the year. The market will be competitive for the remainder of the year, but the departure of several 400 foot jackups and increasing demand from Pemex will be helpful factors.

In Mexico, our four jackup rigs are contracted to Pemex with terms into 2012. With Pemex's intention to increase their jackup fleet by some 20 rigs, tender activity is increasing, and we expect it to continue in the coming months. Discussions surrounding rate caps and other contractual terms are ongoing, and we believe Pemex is reconsidering some of their limits in order to fulfill their drilling requirements.

In the North Sea, all of our eight rigs are contracted. The standard duty market has recovered, and forecasts predict an undersupply of one or two units for the remainder of the year and into 2012. A number of operators are unable to secure rig times. The heavy-duty jackup market also has been robust, and one of the industry's three stacked rigs was recently reactivated. We already are receiving inquiries for work in the Central North Sea for 2012 and 2013, a target market for our two newbuild jackups. The Mediterranean jackup market will remain a challenge for the foreseeable future.

The market for jackups in the Middle East tightened considerably this quarter, and we expect this trend to continue throughout the year-end. The primary driver has been Saudi Aramco. Since October 2010, Aramco has contracted 16 rigs, and they issued six more tenders in the second quarter. These tenders called for all types of rigs -- HPHT, high-spec gas drilling and workover.

We also have seen an increase in the demand in the rest of the Middle East fueled by relatively high commodity prices. We are participating in tenders in Abu Dhabi, Qatar, Bahrain, and there is an outstanding tender for two high-spec jackups for the longer-term programs in the neutral zone.

In the Southeast Asia market, Ensco has all of its rigs contracted. A number of operators are locking in long-term contracts, while other operators are stringing together programs. We are in discussions with operators for our limited number of jackups that will be coming available.

To summarize, growing exploration and appraisal success, emerging deepwater basins, rising energy demand, healthy commodity prices and increased client spending all bode well for long-term growth. We believe demand for deepwater floaters will continue to grow as clients are under pressure to efficiently replace production in the midst of increasing technical complexity and rising safety standards. We expect 50% or more of the worldwide deepwater fleet will continue to be occupied by development and completion work, creating long-term opportunities.

Activity is improving in the US Gulf of Mexico. Petrobras continues to contract rigs due to their increasing geological successes in pre-salt, deepwater opportunities are opening up in new areas around the world, and clients are placing a greater value on high specification equipment.

The jackup markets are picking up pace as well with increasing utilization in most major markets. Saudi Aramco and Pemex are adding multiple jackups to their fleets, and the North Sea is almost fully utilized.

To date newbuild jackups are being absorbed into the fleet. Most clients are focused on hiring companies with proven operational excellence, competent crews and successful safety and environmental track records. In essence, we are seeing a flight to quality by customers who favor established high-performing companies such as Ensco.

Scale is an important factor, and having newer assets also gives a distinctive damage. Our newbuild delivery schedule over the next 12 to 24 months not only puts us ahead of the curve in terms of meeting new customer demand, it also will perpetuate our advantage of having one of the youngest fleets in the industry.

And our new drillship and jackup newbuild options that are available through the end of August give us additional flexibility to grow our Company.

In closing, when we announced our plans to acquire Pride, we made the following commitments to our shareholders. We will stay laser focused on operational execution. We would quickly integrate the two companies. We would work diligently to realize cost synergies from the transaction. We believe there would be revenue synergies from the transaction, and the transaction would be accretive to our financial results.

While our team has been working countless hours to get us where we are today, there remains plenty of work to do. I am pleased to report we are on track for keeping these commitments.

Now I will turn it over to Jay.

Jay Swent - *Ensco plc - SVP & CFO*

Thanks, Dan. My comments today will cover highlights of our second-quarter results and our future outlook. Regarding second-quarter results, let me start with a few introductory comments. We completed the Pride acquisition on May 31, so second-quarter 2011 results include just one month of Pride International operations, which distorts comparisons to prior periods.

We have provided information in our earnings release that we just issued yesterday after the market close that will assist you in making certain year-to-year comparisons. Therefore, my focus today will be on operational factors that influence the quarterly comparisons, not the one-month effect of the Pride acquisition on second-quarter 2011 results.

Please note that recording Pride's assets and liabilities at their estimated fair values as of May 31 do not have a material impact on second-quarter 2011 operating results. We will be issuing our 10-Q shortly, which will also provide helpful information regarding our second-quarter result.

Starting with second-quarter results versus prior year, earnings from continuing operations were $0.59 per share, down from $0.85 a year ago. Combined severance costs and other Pride acquisition-related expenses reduced earnings per share by $0.14 in the second quarter. Total revenues were $564 million, a 37% increase from last year. Deepwater revenues increased to $232 million, mostly related to adding one month of Pride deepwater fleet operations.

Adding ENSCO 8502 and 8503 to our fleet over the past year also increased revenues. However, ENSCO's 7500 shipyard project that covered the entire second quarter of 2011 reduced revenues year to year, as well as the average dayrate and utilization.

Mid-water revenues were $36 million, all related to acquiring Pride's mid-water fleet. Jackup segment revenues were down slightly to $289 million, mostly due to a $6000 decline into the average dayrate to $99,000.

Acquiring ENSCO 109 in July of last year helped to offset this decline in the average dayrate.

Sequentially average dayrates increased $2000 from the first quarter of this year. Other revenue was $7 million, all related to acquiring Pride's managed rigs operations.

Second-quarter contract drilling expense increased $80 million year to year. Deepwater segment contract drilling expense increased to $111 million, mostly related to adding one month of Pride's deepwater fleet operations.

Similar to the revenue comparisons, adding ENSCO 8502 and 8503 to our fleet was partially offset by the ENSCO 7500 shipyard project.

Mid-water contract drilling expense was $23 million in the second quarter, all related to the Pride acquisition. Jackup segment contract drilling expense decreased 1% versus last year, mostly due to a $13 million pretax gain from the sale of ENSCO 95, offset by operating costs of ENSCO 109, which was not in the fleet last year. Other contract drilling expense was $7 million, all related to Pride's managed rig operations.

Depreciation, G&A and other income and expense and our effective tax rate comparisons year to year are clearly spelled out in our earnings release, so I won't repeat them here.

Now let's discuss the third-quarter outlook. Revenues are expected to increase to about $930 million, mostly due to adding a full quarter of Pride's former operations plus ENSCO 8502 moving up to full day rate, ENSCO 8504 commencing operations and more operating days for the legacy Ensco jackups.

Consolidated jackup segment utilization, which includes the impact of legacy Pride rigs, some of which are cold-stacked and not being marketed, is projected to be in the mid-70% range in the third quarter and improved to the low 80% range in the fourth quarter. The legacy Ensco jackup fleet utilization is projected to increase to the low 80% range in the third quarter and then rise even further to the 90% level in the fourth quarter.

Moving to expenses, we anticipate third-quarter 2011 contract drilling expense will increase to approximately $500 million, mostly due to adding Pride operations for a full quarter and more operating days for the Ensco legacy rigs. We expect a $10 million insurance settlement in the third quarter that will reduce contract drilling expense.

Depreciation should increase to about $135 million due to a full quarter impact of Pride operations and the commencement of ENSCO 7500 and 8504. We anticipate G&A expense will decrease to approximately $41 million in the third quarter, which will include about $5 million of expense related to the Pride acquisition. Interest expense is estimated to be about $28 million net of capitalization.

Now let's discuss our outlook for the full-year 2011. Revenues are estimated to be approximately $3 billion. Contract drilling expense is projected to be approximately $1.5 billion, and depreciation should be about $415 million. G&A expense is forecasted to be approximate $155 million, which includes Pride acquisition costs totaling $42 million. Total Pride acquisition-related expenses, including severance costs reflected in contract drilling expense, are estimated to be about $48 million.

Interest expense is projected to be approximately $93 million for the full-year net of interest that will be capitalized. Estimated fourth-quarter interest expense of about $41 million is an appropriate run-rate to use for 2012.

Our effective tax rate outlook for the second half of 2011 is 14% and approximately 16% for the full year. Excluding the impact of the gain on the sale of ENSCO 95 mentioned earlier, the full-year 2011 effective tax rate outlook is 14%.

We continue to explore further tax efficiencies with respect to the legacy Pride rig ownership structure, and we believe that there may be opportunities for further improvement in the tax rate in 2012 to below 14%.

2011 capital spending is forecasted as follows -- $630 million for the construction of our drillships, 8500 series rigs and ultra-premium jackups, $235 million for rig enhancement projects and $150 million for sustaining projects.

Now let's turn to synergies. We have already realized some synergies in 2011, and they are reflected in our cost guidance. For 2012 we expect total expense synergies to be approximately $100 million with about half related to G&A and half related to contract drilling expense. The incremental synergies of approximately $50 million versus our last outlook are related mostly to purchasing efficiencies as we leverage our increased scale for items ranging from equipment and supplies to insurance. Anticipated full-year run-rate synergies for years following 2012 will be approximately $150 million comprised of $120 million of expense savings and $30 million of capital expenditure synergies.

Our improved cost synergy outlook is augmented by our favorable outlook for revenue growth with utilization and average day rates improving in 2012 and our newbuild rigs scheduled for delivery over the coming months being put to work.

Now I will turn the call back over to Sean.

Sean O'Neill - *Ensco plc - VP, IR*

Thanks, Jay, and now operator, please open it up for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Arun Jayaram.

Arun Jayaram - *Credit Suisse - Analyst*

I was wondering if you could give us a little bit or perhaps elaborate a little bit about opportunities for the DS-6 rig. Dan, you mentioned there is quite a bit of tender activity going on in the ultra-deepwater. I was just wondering if you could highlight where you are at in terms of that rig and how the opportunities in the deepwater have changed over the last 90 days or so?

Kevin Robert - *Ensco plc - SVP, Marketing*

Opportunities in the last 90 days have increased significantly not only in terms of the number of formal tenders, but, as the market has tightened, there is a lot more private discussion going on that is not visible demand. So we are actively engaged with both the DS-6, the 8505 and the 8506 in discussion with clients on multiple opportunities in all three of the major deepwater basins.

Arun Jayaram - *Credit Suisse - Analyst*

Kevin, one of your peers has called. They mentioned that the leading edge rates are pushing into the $500,000 range, perhaps from $460,000. Is that consistent with what you are seeing in the marketplace?

Kevin Robert - *Ensco plc - SVP, Marketing*

I don't think we should discuss rates right now. But the inquiry trend is definitely in a positive direction.

Arun Jayaram - *Credit Suisse - Analyst*

Okay. And my follow-up question, gentleman, is you do -- you mentioned, Dan, in terms of the Brazilian mid-water, you have a couple of rigs which are coming up for renewal in the back half. Do you anticipate enough demand in that market to keep those rigs working for this year and next year?

Kevin Robert - *Ensco plc - SVP, Marketing*

Mid-water market in Brazil has really gone through quite a transformation with the introduction of no less than 10 to 15 active mid-water clients in that market besides Petrobras. So I think over time we are going to see Petrobras take a back seat in that market.

However, at this time, we have got two mid-water rigs, the 5002, 5004. They have performed very, very well for OGX, and we expect that OGX's program is going to be very robust, and they will keep those rigs.

Operator

Collin Gerry.

Collin Gerry - *Raymond James - Analyst*

I want to start on the Gulf of Mexico. There has been a divergence of opinions, I guess, as we go through the earnings season as to what is going on, what the latest is. Maybe you could give us your opinion. Just on permit activity, what your crystal ball says, maybe 2012 can look like just from strictly a regulatory perspective. I mean are we going to get back to work, I guess, is my question?

Mark Burns - *Ensco plc - SVP, Western Hemisphere*

Why don't we start initially with the shallow water permitting activity. We are seeing the BOEM approving shallow water drilling permits. I think that demand for permits is keeping up with supply. We are starting to see some visibility into the future with our jackup fleet.

Deepwater permitting, as you are aware, is still moving somewhat slowly, although it is getting much better. The rules, the procedures, the documentation requirements are now more familiar with the operators, and they are complying fully. It is a matter of submitting your APD, your application for permit to drill documents, and then following up with the BOEM, answering any technical or well specific questions. But we feel the process will continue to improve and will start to move faster in the coming months.

Collin Gerry - *Raymond James - Analyst*

All right. That is helpful. It sounds kind of cautiously bullish. If I could switch gears, Jay, on some of your guidance, if I heard this right, a $41 million net interest on a quarterly basis is an appropriate run-rate for 2012, was that correct?

Jay Swent - *Ensco plc - SVP & CFO*

Yes, on a quarterly basis, that is correct.

Collin Gerry - *Raymond James - Analyst*

Now I would have thought that your capitalized interest would go down as you deliver rigs, which I guess your guidance would imply that it stays relatively flat. Am I thinking too much about that, or is there --?

Jay Swent - *Ensco plc - SVP & CFO*

No, you are looking at it the right way. We will be delivering -- we have delivered 8504. We will be delivering other rigs later in the year, and as those come out, the amount of interest that you capitalize gets reduced. That is why we jump up to the $41 million rate. That is above what we reported in the second quarter by a considerable amount and considerably more than what we will report in the third quarter as well.

Operator

Mike Urban.

Mike Urban - *Deutsche Bank - Analyst*

It may be a little too early at this point to make a judgment on this, but given the turmoil that you have been seeing at least in the capital markets and the equity markets, have you seen your customers express any concern or any ongoing negotiations right now? Is anyone saying, hey, let's take a step back and take a wait and see, or is it still full speed ahead just given how the rig markets seem to be tightening up?

Dan Rabun - *Ensco plc - Chairman, President & CEO*

So far it has been full steam ahead. We have seen no pullback whatsoever. Obviously it is in the early stages.

Mike Urban - *Deutsche Bank - Analyst*

Good to hear. And, on the cost side, obviously a lot of moving parts as you integrate Pride, and you're getting some cost savings and synergies, which you have updated us on. What would you say the underlying rate of cost inflation is, and I am presuming to the extent you are seeing any, it would be on the labor side?

Jay Swent - *Ensco plc - SVP & CFO*

I think everybody is feeling some inflation, particularly as you go around all the world markets on the cost side or on the labor side I should say.

On the cost side, I think we are going to have the opportunity with our procurement organization on the kind of purchasing leverage that we are going to have to continue to work on costs with vendors and probably not incur a huge amount of inflation on the material side. But I think on the labor side obviously we have to compete in a worldwide market, and we have to be competitive with what other people are doing, and our intent is to do that. (multiple speakers) I'm afraid at this point we probably can't give you anything that is particularly more quantitative than that.

Mike Urban - *Deutsche Bank - Analyst*

Okay. But you are seeing some upward pressure on the wage side?

Jay Swent - *Ensco plc - SVP & CFO*

Sure.

Mike Urban - *Deutsche Bank - Analyst*

Okay. That is all for me. Thank you.

Operator

Doug Becker.

Doug Becker - *BofA Merrill Lynch - Analyst*

Dan, pretty impressive how you were able to avoid some of the issues that have been plaguing others in terms of BOP re-certifications or just the more stringent equipment standards. How sustainable is that view that as we go and really have a full quarter of the Pride fleet, and maybe more generally how is that whole issue being managed?

Mark Burns - *Ensco plc - SVP, Western Hemisphere*

As a company, as you know, we have discussed on previous calls, we have been very proactive and comprehensive in addressing industry and customer concerns surrounding our BOP and well control equipment, not only our subsea equipment but surface equipment as well.

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And prior to the events of last spring, we were already undergoing an operations and maintenance review of these systems, and we are seeing the fruits of those results today.

You will recall last summer that Ensco had the first subsea BOP system to obtain NTL-5 certification, something we were very pleased with, and our surface tax systems on our jackups also were among the first to be re-certified.

There's two points to make. The standardization equipment on our ENSCO 8500 series semis, which we have discussed extensively, as well as the ENSCO DS series drillships which we recently acquired through the Pride acquisition. This is yielding us significant benefits and training our personnel, sharing maintenance costs and ensuring reliability across specifically these subsea complex BOP systems.

The second point is we have a strong contractual protection for BOP and well-controlled equipment maintenance and down time, and this additional focus is placed on this area both from our customers and regulatory agencies. But, as a company, we feel we are very strong. We are managing this issue very well, and we feel very good about our position as it relates to this issue.

Doug Becker - *BofA Merrill Lynch - Analyst*

I think as it relates to the Ensco Legacy fleet, no question. But as you incorporate the Pride fleet --?

Mark Burns - *Ensco plc - SVP, Western Hemisphere*

Well, again, if you recall the Pride fleet that is in the US Gulf of Mexico obviously are the two new drillships, the DS-3 and DS-5. Those units are newly delivered from the shipyard. They have NOV shape or 18.75 inch 15K stacks. They are fully certified to work in the US Gulf of Mexico, and we feel very good about where we are at in terms of operating in the US Gulf of Mexico. Fleetwide we are taking a look at -- or globally we are taking a look, and we are applying the same proactiveness on our global fleet as we are applying on our US Gulf of Mexico fleet.

Doug Becker - *BofA Merrill Lynch - Analyst*

Sounds good. Kevin, maybe just a quick update on the Petrobras 1200 meter and 1500 meter tenders, just the expected timing and just any thoughts there?

Kevin Robert - *Ensco plc - SVP, Marketing*

Our bids are due at the end of the month, and we expect that depending on the proposals, Petrobras could take multiple rigs. But until the bids go in, we will see what happens.

Doug Becker - *BofA Merrill Lynch - Analyst*

And do you view that as incremental demand or replacement?

Kevin Robert - *Ensco plc - SVP, Marketing*

It is incremental demand.

Operator

Roger Read.

Roger Read - *Natixis Securities - Analyst*

Real quick for you, maybe talk a little bit more about the Middle East jackup market. We saw some contracts in there from a competitor earlier today, and you have cited it as one of the better markets. Maybe a little more detail, if you would, on that run-through of the HPHT, the high-spec and other things, and is there a reasonable amount of demand there for standard jackups as well?

Bill Chadwick - *Ensco plc - EVP & COO*

I think the key to the recent developments are that we have three rigs that had been stagnant for over a year that have been recontracted with Aramco, so that is a very positive and definitive development there. Aramco continues to issue additional tenders that we are evaluating and looking at, including some HPHT opportunities. So those bids have yet to be submitted or decided.

So clearly Aramco is setting the pace in the Middle East. There are other tenders out in the other jurisdictions there -- Qatar, Abu Dhabi. But Aramco seems to be setting the pace for additional jackup demand in the region for all different types and specification rigs.

Roger Read - *Natixis Securities - Analyst*

Okay. And then in terms of maybe the AsiaPac market as well, that is one we have heard about consistently as an HPHT market. Is that stable, or is that on the increasing side in terms of specifications?

Kevin Robert - *Ensco plc - SVP, Marketing*

I think we are seeing increasing demand out there for all types of rigs, but especially the higher spec rigs.

Roger Read - *Natixis Securities - Analyst*

Is that something near-term or still out in the medium term?

Kevin Robert - *Ensco plc - SVP, Marketing*

No, there's near-term discussions, medium-term, and even a few discussions looking at longer-term. People are getting concerned. They can't get the rigs they need to execute the programs that are on top of them now and into 2012.

Operator

Ian Macpherson.

Ian Macpherson - *Simmons & Co. International - Analyst*

Jay, a question on your guidance. The past couple of calls you have thrown out 2012 view $5 Ensco standalone earnings power, plus $0.10 Pride accretion. Can we stick with that and add the additional $50 million pretax cost synergy as an enhancement to that? And secondarily, is there any improvement in, say, the jackup market for instance that might make you more optimistic on that prior view?

Jay Swent - *Ensco plc - SVP & CFO*

I think a couple of points. First of all, we normally give 2012 guidance a little bit later in the year when we are doing our detailed budget process, and we have got a really good fix on things. We are not at that stage right now. We gave guidance earlier just to make sure everybody knew how we felt about the transaction that was clearly going to be accretive. I

think you have heard from the comments of Dan and Mark and myself that everything has gone at least as well as our expectoration or better and that the market is very favorable at the moment as well.

Having said that, we also had the recent events in the capital markets that we had the long-term implications of that are unclear.

But I would say the best way I can answer your question is we feel very comfortable with the guidance we gave earlier. We feel like lots of positive things have happened since then. The one quantitative thing I can tell you is that $50 million increase in synergies, you can absolutely add that into the prior numbers that you were using.

Ian Macpherson - *Simmons & Co. International - Analyst*

Great. Thanks. And then on your guidance for run-rate net interest expense, does that presuppose a pretty constant level of net debt relative to what you have currently?

Jay Swent - *Ensco plc - SVP & CFO*

Yes, it does. If you add it all up, the second quarter was low because we did not have all the acquisition debt in place for the whole quarter. But, as you go forward from third and fourth quarter, it will be at a very consistent level of what I would call cash interest, if you will, and it will probably be in the high $50 million, $60 million kind of range per quarter. At the moment we don't anticipate any major debt reductions in the near-term.

Ian Macpherson - *Simmons & Co. International - Analyst*

Perfect. Thanks. And then if I can squeeze in one more on the markets, how does the differential between the opportunities and maybe the dayrate opportunities compare for the drillships and the 8505 at this point? I mean should we look at historical dayrate differentials as being still pretty valid? Are they converging or diverging or any comments there?

Kevin Robert - *Ensco plc - SVP, Marketing*

I think you can use historical fixtures. And the good news is recently there has been a lot of activity, so it gives you a good indication of the different classes of rigs. I will say, though, that as the market tightens, I would expect as rates begin to move, those differentials will squeeze a little bit. That is historically what we have seen in the market.

Operator

Scott Burk.

Scott Burk - *Oppenheimer & Co. - Analyst*

One thing, can you remind me of, say, your total number of options that you have and when you need to declare those for new builds?

Dan Rabun - *Ensco plc - Chairman, President & CEO*

We have two options for two more additional jackups and one more drillship, and they all expire at the end of August.

Scott Burk - *Oppenheimer & Co. - Analyst*

Thanks. And regarding the turmoil in the capital markets that we have seen the last week, does that impact your thinking at all about those options, or is that still something you are just looking at trying to gauge customer demand?

Dan Rabun - *Ensco plc - Chairman, President & CEO*

Obviously it has an effect on your thought process, so we are evaluating our thoughts on those rigs.

Scott Burk - *Oppenheimer & Co. - Analyst*

Okay. Then one other question on customer sentiment, what kind of oil price -- we have seen oil prices drop pretty dramatically. At least WTI prices have been a little more dramatic from recent highs. How low can those go before you would expect customer sentiment to change and start slowing down activity a bit?

Kevin Robert - *Ensco plc - SVP, Marketing*

First of all, remember WTI does not affect too many offshore projects. You need to look at worldwide prices more like Brent. Basically every project that I see right now is economic. If we are over that 60 to 70 range, I don't think you are going to see clients react too quickly to short-term fluctuations in the commodity markets.

Scott Burk - *Oppenheimer & Co. - Analyst*

Okay, very helpful. Then other question. You have got several -- you talked about the improvement in the jackup markets, and you have got several rigs that are cold-stacked in the Gulf of Mexico and then a couple in the Mideast. Are the markets getting strong enough that we might see those come back to work over the next several months, or what would be the timing there?

Bill Chadwick - *Ensco plc - EVP & COO*

The rigs that we have cold-stacked are some of the rigs that at the lower end of the capability of our fleet. So we have to make a judgment as to just how long we want to continue to reinvest in those rigs and how much new capital we want to put into them relative to their future useful working life and their long-term marketability. So we have returned a number of cold-stacked rigs to service. The remaining cold-stacked rigs I would not say that we are very close to the point where we would want to return those rigs to service. It is something that we will always keep in mind and we are evaluating, but we are not close to that point right now.

Scott Burk - *Oppenheimer & Co. - Analyst*

Could you give me a range of how much it might cost to bring those rigs back into service?

Bill Chadwick - *Ensco plc - EVP & COO*

You know, it varies quite a bit over the different units.

Dan Rabun - *Ensco plc - Chairman, President & CEO*

I would like to remind everyone we have been very active over the last 12 months in terms of pursuing opportunities to sell some of that equipment. We sold another rig this last quarter. So we will continue. That is really the path we are going on with these cold-stacked rigs is to move them out of the fleet at a good price.

Operator

Geoff Kieburtz.

Geoff Kieburtz - *Weeden & Co. - Analyst*

First, Kevin, when you said $60 to $70, were you referring to WTI, or were you referring to Brent?

Kevin Robert - *Ensco plc - SVP, Marketing*

Referring to the realized oil price that the client gets when they sell their crude. So you would have to actually go to each client and see how they manage their crude oil disposition to figure that out. But, in general, I think if you use Brent as a standard, that is what most people internationally are using.

Geoff Kieburtz - *Weeden & Co. - Analyst*

Great. And then I know you probably don't want to answer this, but you talked about evaluating the options. Listening to everyone's comments, it is hard to imagine you would not exercise those options. Can you give us a scenario in which you would not?

Dan Rabun - *Ensco plc - Chairman, President & CEO*

Like I say, we are evaluating it, and we will make a decision here in the next few weeks.

Geoff Kieburtz - *Weeden & Co. - Analyst*

Okay. It is hard to imagine you would'nt given the returns you have enjoyed on the new builds and the (inaudible).

Dan Rabun - *Ensco plc - Chairman, President & CEO*

Yes, we have had pretty good success.

Geoff Kieburtz - *Weeden & Co. - Analyst*

Okay. All right. What are your thoughts in regards to additional newbuilds beyond the options that you have in place right now?

Dan Rabun - *Ensco plc - Chairman, President & CEO*

You know, we have got a lot in the pipeline right at the moment, as you know. We have got two jackups and two drillships and a couple more 8500 series rigs, so we have got plenty of organic growth in the pipeline. So we are evaluating those opportunities, and we will make some decisions as we get along, but right now we've got plenty on our plate.

Geoff Kieburtz - *Weeden & Co. - Analyst*

Is it your sense that newbuilds costs are on the rise at this point?

Dan Rabun - *Ensco plc - Chairman, President & CEO*

Not significantly, no.

Geoff Kieburtz - *Weeden & Co. - Analyst*

Okay. And then on the newbuilds that are not yet contracted, should we generally expect that we will be hearing about contracts about a quarter before the rig is delivered such as we did on 8504, or would you expect anything different in those remaining three rigs?

Kevin Robert - *Ensco plc - SVP, Marketing*

We are in discussions with a lot of clients, so it is hard to predict the exact timing. But I feel confident that as those rigs come out of the yard, they will be under contract.

Geoff Kieburtz - *Weeden & Co. - Analyst*

Okay. You would not expect any less than a quarter ahead, though?

Kevin Robert - *Ensco plc - SVP, Marketing*

Clients move as fast as they are going to move, so it is hard to predict when exactly you can announce a contract.

Operator

(Operator Instructions). Matt Conlan.

Matt Conlan - *Wells Fargo Securities - Analyst*

You have sold a number of jackups over the last couple of years and ostensibly would be looking to sell some more, not including the cold-stacked ones. Have the prices that you are seeking or the market prices for those older jackups, are they rising now that the jackup market has tightened up a little bit?

Bill Chadwick - *Ensco plc - EVP & COO*

Sales of these older jackups tend to be one-off occasions, and it is determined both by the specifications of the jackup, the conditions of the jackup, as well as what sort of opportunity a buyer might have to put it to work. So there is not really any pattern or any template. It is kind of a one-off situation with these older rigs.

Matt Conlan - *Wells Fargo Securities - Analyst*

Okay. Let's say a rig that you sold a year ago, would you be able to sell that rig for more or less today?

Bill Chadwick - *Ensco plc - EVP & COO*

And, again, it would depend on what sort of opportunities (multiple speakers) had. But I think generally it probably has not changed a lot.

Matt Conlan - *Wells Fargo Securities - Analyst*

Okay. And the next question is on the operating costs for the Pride deepwater fleet. It still looks like they came in around $200,000. Were there a lot of startup costs there for DP-3, and a year from now what kind of daily operating expense should we be looking at for those deepwater drillships?

Dan Rabun - *Ensco plc - Chairman, President & CEO*

Jay, do you want to take that?

Jay Swent - *Ensco plc - SVP & CFO*

Well, I think we are still working through the synergies on the expense side, on supplies and repair and maintenance costs, that sort of thing. So it is probably a little premature for us to give you any real guidance there. I would say you are a little high on the number probably as we see it going forward. And, as we have said before, I think we still see some cost pressure going forward on the labor side, and we think we will offset some of that on the expense side.

Did I get at the question you are trying to ask?

Matt Conlan - *Wells Fargo Securities - Analyst*

Yes. So you reported about $60 million of costs for the deepwater from the Pride fleet with about 300 days, which is what I got, the 200 per day. So that you think is a little bit high of a run-rate?

Jay Swent - *Ensco plc - SVP & CFO*

I think it is a little bit high. You are in the right ballpark, but you're just a little high, I think.

Operator

John Lawrence.

John Lawrence - *Tudor, Pickering, Holt & Co. Securities - Analyst*

Just a broader question on the Pride assets. Now that you have had those for a couple of months, could you just give us an assessment of the quality of the rigs maybe relative to your original expectations?

Dan Rabun - *Ensco plc - Chairman, President & CEO*

I think they are very consistent with what we saw in diligence.

John Lawrence - *Tudor, Pickering, Holt & Co. Securities - Analyst*

Okay. And then, I guess, just on the ENSCO 91, any new CapEx there with the new contract?

Kevin Robert - *Ensco plc - SVP, Marketing*

There is, but it is all covered in the mobilization fee. So it is funded by the client to the large degree.

John Lawrence - *Tudor, Pickering, Holt & Co. Securities - Analyst*

Okay. Thanks a lot, guys.

Operator

Matt Beeby.

Matt Beeby - *Global Hunter Securities, LLC - Analyst*

With respect to the Mexico jackup market, you mentioned the potential lifting of rate caps. Do you expect that to be a 2011 event or more likely 2012?

Mark Burns - *Ensco plc - SVP, Western Hemisphere*

Okay. To re-clarify your question, you mentioned rate caps in the US Gulf of Mexico market, or are you talking about the Pemex market?

Matt Beeby - *Global Hunter Securities, LLC - Analyst*

Pemex, yes.

Mark Burns - *Ensco plc - SVP, Western Hemisphere*

Obviously we have had some encouraging signs from Pemex. They do want to grow their jackup fleet. They have announced that publicly. They have not had a great deal of success in the past year with getting newer jackup units into the country. They are reassessing their plans and tenders, and what we have heard is that the rate cap issue, the age restriction issue and a couple of other contractual points which have hindered jackup tendering activity there in Mexico may be lifted. Obviously we have not seen anything specific to that yet, but I think, as a drilling contractor, that is a positive sign. So we need to wait and consider and see what the next move is there.

Matt Beeby - *Global Hunter Securities, LLC - Analyst*

Okay. With respect to the options on the newbuilds, we have heard some of your competitors extending those options. Is that a possibility for you guys?

Dan Rabun - *Ensco plc - Chairman, President & CEO*

We are going to explore all possibilities.

Operator

Darren Gacicia.

Darren Gacicia - *Dahlman Rose & Co. - Analyst*

I wanted to ask, it seems like you have a pickup in activity on the tendering side recently. Is that a function of 2012 budgets starting to get thought about, and if that is the case, since that sort of usually flows into the end of the year, do you think that tender activity and demand indications can accelerate into the end of the year?

Kevin Robert - *Ensco plc - SVP, Marketing*

I think there's a number of issues. Primarily I think what we are seeing is the realization by our clients that rig supply is drying up quickly. Deep water supply for 2011 is essentially spoken for. As you look into 2012, it is based on visible demand today balanced. So it is probably going to be in short supply before long, and I think the same thing is going on in the jackup markets. So I think it is primarily the delay in tendering activity that we experienced coming off of the financial crisis in 2009, and the Macondo accident in 2010 is finally catching back up in the market.

Darren Gacicia - *Dahlman Rose & Co. - Analyst*

And so given what you have made for earlier comments with regard to Brent and kind of realized oil pricing and the rest, it does not look like incremental demand is necessarily at risk. So with that, are you sort of holding back a little bit, maybe being a little more reserved in contracting in the near term hoping that rates go up?

Kevin Robert - *Ensco plc - SVP, Marketing*

The great thing about having a larger company is we are much better positioned to play the portfolio and try to have a portion of our fleet take advantage of a market that could be going up.

So we are discussing that all the time. We think we are well positioned with our deepwater available fleet, our jackup fleet, and we are going to monitor this real close because we certainly want to be positioned to take advantage of the market if the rates do start to move up.

Darren Gacicia - *Dahlman Rose & Co. - Analyst*

And just one last quick one, I know there has been some discussion about rig reactivation. If you -- I realize it can depend on the type of a rig, etc., but what you say the range is in terms of timeframe if you decided today to reactivate a rig? How long would it take to bring it to market?

Bill Chadwick - *Ensco plc - EVP & COO*

Anywhere from two to four months.

Operator

Arun Jayaram.

Arun Jayaram - *Credit Suisse - Analyst*

Can you clarify your guidance? You indicated for 2011 you expect that contract drilling expense to be $1.5 billion. But it appears you are also including in that number some of the nonrecurring Pride-related acquisition expenses that analysts such as myself typically back out. Can you also clarify the G&A guidance where you said it would be $155 million? I think that also includes some of the nonrecurring acquisition-related guidance. I was wondering if you could help us parse out the recurring from the nonrecurring piece?

Jay Swent - *Ensco plc - SVP & CFO*

Yes, let me see if I can do that for you. Well, I guess if you look at 2011, we had close to about $41 million of integration costs that got recorded in SG&A. So that would get you a little closer to $110 million kind of run-rate number, I guess, for G&A. Much lower amount in contact drilling expense. That only really amounted to about probably something in the range of $7 million, so about $0.04 of share impact there.

Arun Jayaram - *Credit Suisse - Analyst*

Okay. But you did say, I think, as part of your prepared remarks, that the acquisition-related expenses in contract drilling were about $48 million for contract drilling if I heard you correct?

Jay Swent - *Ensco plc - SVP & CFO*

I don't think I said that.

Sean O'Neill - *Ensco plc - VP, IR*

That is all-in. That is the combined number if you add the two together.

Jay Swent - *Ensco plc - SVP & CFO*

That is the two. (multiple speakers)

Arun Jayaram - *Credit Suisse - Analyst*

Okay. That is the two numbers? Okay. Fair enough, but still thanks for clarifying that.

Operator

Ian Macpherson.

Ian Macpherson - *Simmons & Co. International - Analyst*

One more housekeeping follow-up for me as well. Do you have the total remaining CapEx in your newbuilds at June 30?

Jay Swent - *Ensco plc - SVP & CFO*

I don't have it right at my fingertips. I guess if you would not mind giving Sean a call, we would be more than happy to give that to you. I just don't have it sitting right here.

Dan Rabun - *Ensco plc - Chairman, President & CEO*

We will be filing the Q. It will be in there as well.

Sean O'Neill - *Ensco plc - VP, IR*

Okay. Operator, we will take one more question, please.

Operator

[Grace Holveig].

Grace Holveig

What were the number of shares outstanding as of the balance sheet date?

Jay Swent - *Ensco plc - SVP & CFO*

You are talking about the end of the second quarter?

Grace Holveig

Yes.

Jay Swent - *Ensco plc - SVP & CFO*

There was about 170 -- Sean, help me out -- 170-point something million shares. That is -- that number will change when we get obviously in the third quite, and it is what, 229.4 million shares?

Sean O'Neill - *Ensco plc - VP, IR*

Yes, I believe that it is 170.2 million at the end of the second quarter.

Grace Holveig

That was the average shares outstanding. Do you have your balance sheet as of June 30? You completed the deal on May 31.

Sean O'Neill - *Ensco plc - VP, IR*

Okay. Yes, I'm just getting a draft of our Q here -- 230,493,000 shares.

Sean O'Neill - *Ensco plc - VP, IR*

Thank you, everybody, for your interest in our call today. We appreciate your interest in Ensco, and have a great day.

Operator

Ladies and gentlemen, this concludes today's conference call. You may now disconnect.