

# NE Earnings Call Transcript

**Date: 2025-10-28**

**Quarter: 3**

Operator: Thank you for standing by. My name is Carly, and I will be your conference operator today. At this time, I would like to welcome everyone to the Noble Corporation Third Quarter 2025 Earnings Call. [Operator Instructions] I would now like to turn the call over to Ian MacPherson, Vice President, Investor Relations. Please go ahead.

Ian MacPherson: Thank you, operator, and welcome, everyone, to Noble Corporation's Third Quarter 2025 Earnings Conference Call. You can find a copy of our earnings report, along with the supporting statements and schedules on our website at [noblecorp.com](http://noblecorp.com). We will reference an earnings presentation that's posted on the Investor Relations page of our website. Today's call will feature prepared remarks from our President and CEO, Robert Eifler; as well as CFO, Richard Barker. We also have with us Blake Denton, Senior Vice President of Marketing and Contracts; and Joey Kawaja, Senior Vice President of Operations. During the course of this call, we may make certain forward-looking statements regarding various matters related to our business and companies that are not historical facts. Such statements are based upon current expectations and assumptions of management and therefore, are subject to certain risks and uncertainties. Many factors could cause actual results to differ materially from these forward-looking statements, and Noble does not assume any obligation to update these statements. Also note, we are referencing non-GAAP financial measures on the call today. You can find the required supplemental disclosure for these measures, including the most directly comparable GAAP measure and an associated reconciliation in our earnings report issued yesterday and filed with the SEC. Now I'll turn the call over to Robert Eifler, President and CEO of Noble.

Robert Eifler: Thanks, Ian. Welcome, everyone, and thank you for joining us on the call today. I'll open with a brief summary of our Q3 highlights and recent contract awards, then provide some perspective on the market outlook. Richard will provide more detail on the financials before I wrap up with closing remarks and move on to Q&A.; During the third quarter, we earned adjusted EBITDA of \$254 million, generated free cash flow of \$139 million and received an additional \$87 million in net disposal proceeds. We again distributed \$80 million to shareholders through our \$0.50 quarterly dividend. And yesterday, our Board declared a \$0.50 per share dividend for the fourth quarter, bringing total 2025 capital return to \$340 million. The highly competitive cash yield on our stock continues to be a critical component of our story as we traverse this mid-cycle lull for our industry. Before we discuss the market, I'd like to commend and thank our crews and operating teams for achieving excellent operational uptime and HSE performance, aided by tools like our NORMS, Horizon56 and operations performance platforms. Our teams have continued to push the envelope in technically challenging well construction and completion activities. In Guyana, our drillships continue to post record-setting results within the Wells Alliance. We have now constructed over 200 wells in the basin, delivering 60% of the most recent 25 wells in under 35 days. In the U.S. Gulf, the Noble BlackHornet set a new benchmark in deepwater drilling operations, earning high praise from the customer for outstanding execution of MPD influx management on a complex exploration well. Nearby, the Noble BlackLion recently performed the longest step out yet for BP in the Gulf at over 12,500 feet, which was also delivered well ahead of AFE. Results like these continue to be a defining success story for the deepwater industry and are leading the way in bringing deepwater sharply down the cost curve and thereby structurally increasing the size

of the prize. We've also had another solid quarter on the commercial front with backlog increasing to \$7 billion currently on the back of several key contract awards. First, the Noble BlackLion and Noble BlackHornet have both been extended by an additional 2 years by BP in the U.S. Gulf, extending the rigs into September 2028 and February 2029, respectively. These extensions are valued at \$310 million per rig, excluding MPD services and both come with an additional 1-year priced option. These contract extensions further amplify the merits of the Diamond acquisition, which has materially over delivered on our original accretion expectations as the legacy Diamond rigs continue to perform and recontract at very high levels. We are thrilled to continue the BlackLion and BlackHornet's long-term assignments, which will now be approaching 1 decade in tenure. These long-duration engagements demonstrate the power of the deeply collaborative service posture that we have been working hard to cultivate over the past several years in order to drive value for our customers and earn their repeat work through dependable performance. Next, the jackup Noble Resolute has been awarded a 1-year contract with Eni in the Dutch North Sea at a day rate of \$125,000. This contract is expected to commence later this quarter. And the Noble Interceptor has booked a 5-month accommodation contract with Aker BP in Norway, which is scheduled to start next August. Lastly, the 6G Semi Noble Developer has had an option exercised by Petronas for an additional well early next year, and the drillship Noble Venture was awarded a 1-well contract from Amni in Ghana at a day rate of \$450,000. This well is scheduled to follow in direct continuation of ongoing Tullow work in Ghana, which is expected to resume in its second phase within the next several days before the rig mobilizes to the U.S. Gulf for long-term work commencing in late 2027. Beyond these specific contract awards, the broader contracting and utilization trends in deepwater are showing gradual signs of stabilization and improvement. The committed UDW rig count of approximately 100 rigs and low 90% marketed utilization is, in fact, up slightly compared to recent quarters despite some lingering near-term availability across several units with longer-dated contract starts. Additionally, deepwater contracting momentum is on an uptrend with an average of 18 UDW rig years per quarter fixed in Q2, in Q3 this year, up 10% compared to the preceding 2 years. These are encouraging indicators and there remains a significant number of additional fixtures anticipated over the next few months. Noble's backlog picture as summarized on Page 5 of the earnings presentation slides, shows 57% contract coverage across our entire fleet in 2026. When zooming into our 15 high-spec drillships, we are now 70% booked for available days in 2026, excluding options. However, we have active conversations behind all of our available rigs in 2026, including the Gerry de Souza, Viking and BlackRhino, and while we are also tracking the number of contract opportunities across the balance of the fleet, both jackups and floaters. Securing additional work for these 3 drillships is a key priority, and our objective is to obtain 90% to 100% contract coverage across our 15 high-spec drillships by the second half of next year. On the jackup side, activity in the harsh environment Northern Europe market has been stable at 28 rigs and marketed utilization at 90%, flat with last quarter with leading-edge day rates for drilling programs in the Southern North Sea holding flattish. Although the contracting environment has remained relatively subdued, we do have line of sight towards several opportunities that we hope to be able to book relatively soon. With the Interceptor's pending reactivation, we now have improving contract coverage for all 5 of our ultra-harsh CJ70 jackups as we progress through next year. While our 6 harsh rigs presently have limited contract coverage in 2026, we do expect this picture to improve based on several bidding opportunities currently in process. So overall, we are encouraged by the shape of things and the opportunity set at hand, which includes a broad range of UDW requirements throughout the Golden Triangle, Asia Pacific, Mozambique, Mediterranean and the harsh environment basins. The pipeline for early 2026 jobs is still significantly more limited compared to late '26 and early '27. But at this point, we are not seeing indications of additional project or procurement deferrals. Assuming reasonably stable oil prices, the path toward a methodically tightening floater market with deeper backlog appears to be on track. Now I'll pass it over to Richard to discuss the financials.

Richard Barker: Good morning or good afternoon all. In my prepared remarks today, I will review our third quarter results and then discuss our outlook for the remainder of the year as well as some additional high-level perspectives on 2026. Starting with our quarterly results. Contract Drilling Services revenue for the third quarter totaled \$798 million, adjusted EBITDA was \$254 million and adjusted EBITDA margin was 32%. As expected, Q3 revenue and adjusted EBITDA were sequentially lower,

primarily due to a number of rigs rolling off contract during the third quarter. Free cash flow of \$139 million in Q3 excluded an additional \$87 million in disposal proceeds driven by the sale of the Pacific Meltem and Noble Highlander. Thus, we ended the quarter with a cash balance of \$478 million, which is up \$140 million compared to last quarter. Subsequently, in October, we have completed the sale of the Noble Reacher for alternative use outside the drilling market for \$27.5 million. As a reminder, the Reacher has not worked in drilling mode for several years having recently completed a long-term and low-margin accommodation contract. The rig would have required a significant amount of capital to return to drilling mode again. And as such, the Reacher was an outlier within our group. As summarized on Page 5 of the earnings presentation slides, our total backlog as of October 27 stands at \$7 billion, which includes approximately \$0.5 billion that is scheduled for revenue conversion for the remaining 2-plus months of this year and \$2.4 billion and \$1.9 billion scheduled for conversion in 2026 and 2027, respectively. As a reminder, these figures exclude reimbursable revenue and revenues from ancillary services. Referring to Page 10 of the earnings slides, we are now in the range for our full year 2025 guidance for adjusted EBITDA to \$1.1 billion to \$1.125 billion. The midpoint of this range implies Q4 adjusted EBITDA that is marginally lower versus Q3. I would point out that the exact start date of the Globetrotter I contract in the Black Sea, which we currently estimate in mid-December, is the key sensitivity for Q4 revenue due to the relatively compressed duration of the full contract value, including mobilization. We are now guiding for full year 2025 CapEx net of customer reimbursables to a range of \$425 million to \$450 million. Reimbursable CapEx is expected to be approximately \$25 million this year, including approximately \$20 million year-to-date through Q3. We plan to provide 2026 guidance on next quarter's earnings call. In directional terms, I would say that the shape of our current fleet status report would indicate an EBITDA trough in the first half of 2026 that would be somewhat below second half 2025 levels as well as lower results on a full year basis for 2026 versus 2025. However, based on current and anticipated backlog, we are tracking toward a material inflection from late 2026 onwards, which we will look to define more sharply next quarter as the next slug of foundational contracts are expected to come into backlog. We continue to anticipate approximately \$450 million in CapEx, net of customer reimbursables next year based on our current contract status. However, this estimate may be subject to an increase to the extent that additional contract supported opportunities arise with compelling accretion. The capital to reactivate the Noble Interceptor will be reimbursed through an upfront mobilization payment. Additionally, we are likely to incur additional outlays totaling up to approximately \$135 million associated with the termination of the BOP service and lease contracts on the legacy Diamond Black ships. During the third quarter, we delivered a termination for convenience notice for the service agreements, and we are currently in discussions around the lease agreement. We expect an approximate \$35 million of cash outlay during Q4 2025, which is expected to flow through OpEx and CapEx and then the remainder during 2026. These amounts are not included in the aforementioned guidance ranges. However, as a reminder, this cash outlay would be offset by annual savings of approximately \$45 million across OpEx and lease payments on the agreements on a combined basis. We are focused on building cash here in the last quarter of this year in anticipation of next year's capital requirements, including the potential BOP-related payments. We are also committed to maintaining a robust return of capital program and a prudent balance sheet position. Based on existing backlog and current customer dialogue, we would expect a healthy EBITDA and cash flow inflection late next year. That concludes my remarks. And with that, I'll hand it back to Robert.

Robert Eifler: Thanks, Richard. To wrap up, we're continuing to see a number of positive signs of increased deepwater activity after the anticipated trough over the next few quarters. This is essentially very similar to how we assess the outlook last quarter, albeit with additional backlog in our books today to help lay the path towards that outcome, but also with a bit more slippage with certain program start dates, which continues to bifurcate the 2026 versus 2027 picture. We still have some work to do with securing a few more key contracts in order to support our expectation for a meaningful free cash flow inflection by late next year, but the opportunity set there is highly encouraging and progressing well. We continue to watch our customers' budget announcements closely, which, of course, have an aggregate, been less than inspiring at a headline level and which remain the ultimate growth governor for our business. But the same time, it has also been highly encouraging to see the relative resiliency of rig contracting activity this year in the face of elevated macroeconomic noise, sluggish oil prices and

upstream capital restraint. These divergent dynamics underscore the strategic long-term criticality of deepwater within the global upstream supply stack. We see this in the renewed emphasis and urgency surrounding upstream reserve replacement metrics. And in that same vein, on the ground here in Houston, there is a palpable growing sense of the capital imperative towards deepwater exploration in a way that feels different from anything over the past decade. So I would encourage investors to pay close attention to this important litmus indicator in the months and quarters ahead. Meanwhile, as we wait for these anticipated demand tailwinds to materialize, we continue to manage our costs and marketed capacity to optimize cash flow, and we remain committed to paying a competitive dividend and maintaining a strong balance sheet through the cycle. With that, let me hand it back to you, operator, to go to the Q&A; section.

Operator: [Operator Instructions] Your first question comes from Arun Jayaram from JPMorgan.

Arun Jayaram: Robert, I wanted to maybe start with your thoughts on improving the utilization for your high spec floater fleet. You mentioned that you're 70% booked for 2026 with a target of getting to 90% to 100% by the second half of 2026. Talk to us about the opportunity set to get there, and kind of how long of a putt using a gulf analogy, would it take to get there?

Robert Eifler: Thanks, Arun. So really it revolves around the Viking, the Gerry de Souza and the BlackRhino, and let's see. Continuing with the gulf analogy, I'd say it's really not a very long putt. I think we -- while we didn't have any real new news for you this quarter versus last, we are advancing conversations around all 3 of those rigs. And we hope to have some news for you here in the not-too-distant future. So we're -- those are all very technically capable rigs. We're bidding them and in the discussions around a couple of different areas, but we do have line of sight towards the work that we're hopeful to win.

Arun Jayaram: Great. That's helpful. And maybe if you guys could maybe just elaborate on the Diamond Offshore -- BOP leases. I believe those are agreements on 8 of the rigs that you acquired. Can you just go through maybe the mechanics of that a little bit? It sounds like it's a pretty quick in terms of a cash return payoff given the savings and maybe just go through the numbers a little bit, just so we can tighten up our models?

Richard Barker: Sure, Arun. So there's 2 components to it. There's the service agreement and the lease agreement. So we've now terminated the service agreement, and we'll have about a \$35 million payment on that here in Q4. Okay. So that's \$35 million of kind of cash out of the door during the fourth quarter of this year. On the lease agreement, we're still working through that. There is a cap on that agreement of \$85 million, and that would be payable next year. Obviously, there's a few remaining lease payments as well. So if you sum that all up together, there's a maximum of \$135 million of cash out of the door and then the kind of the annual cash savings, if you will, so that's about \$45 million for that. So it's about 3x EBITDA multiple on that, if you will.

Operator: Your next question comes from Greg Lewis with BTIG.

Gregory Lewis: Robert, I was hoping for a little more color, and I guess you kind of touched on it with some of the comments to Arun. But like as we think about the first half of '26, the kind of the moderately down versus what we are going to do in the second half of '25. As we kind of look at those drillships, some of them all have idle time in the second half of '25. It looks like there's going to be some idle time in the first half of '26. Is that largely what's driving that? Or is there other costs? Is it maybe some idle time on the jackup fleet, just kind of -- if you could kind of help us maybe bridge why we're thinking it could be down? And what -- I mean, I'm assuming the answer to getting it higher would just be some spot work?

Robert Eifler: Yes. It really is largely driven by the floaters. Last quarter, we mentioned trying to get to a run rate of \$400 million to \$500 million of cash flow here at the kind of back half of the year. And really, the driver there, are the 3 rigs I mentioned earlier. I think what -- I guess also I mentioned we just -- we're aiming to get back to effectively market utilization to low 90% to hit those numbers. And that translates to kind of 2 out of the 3 of those rigs working at any given time. And like I said, we have line of sight on different jobs. We're not going to win everything that's out there, but we feel pretty confident that as we work through things that the goal of having 2 out of those 3 is very achievable and hopefully can outperform by finding work for all 3 of them. The spot work -- you asked about spot work. I think right now, it's one of those times in the market. It's actually a more unique time, I think, than I've seen

previously, where there is a fair amount of work on the horizon starting in '26 and '27, but there is a definitive gap in between, where it's quieter than we've seen in multiple years. I'm probably missing some piece of history as I reflect on that, but I find it somewhat similar in nature. And so I think the spot work, the gap filler work, so to speak, is going to be really separated from the rest of the work that's out there as it prices and as people think through it. So I anticipate that to be a dynamic that plays out through 2026.

Gregory Lewis: Okay. Great. Super helpful. And then just the other question I had was around -- I know it's hard to look at snapshots in time, but just kind of trying to understand, I think we all see the work out there, whether it's West Africa or parts of Asia. But as we look at some of those term jobs that are out there, do we get a sense or are those dates kind of remaining firm, just given some of the macro out there, are jobs that maybe 3 to 6 months ago, we thought were going to be in the second half of '26 still lining up to be in the second half? I'm trying to understand if there's been any drift or slippage in some of this work that's -- that me and you and a lot of people are waiting to kind of start early?

Robert Eifler: Yes, it's been a mixture. I think there's some that have held firm and then there are some that have moved to the right. We really haven't seen anything being pulled back forward. That's certainly not the feeling you get right now. But I'm just -- off the top of my head, I can think of a handful of jobs that are -- that have been pushed by, say, 6 months. And I can think of a handful of jobs that are right on schedule with our customers eager to start kind of in the middle or the beginning of the start window. So I think it's a mixture. Yes.

Operator: Your next question comes from Eddie Kim with Barclays.

Edward Kim: Just wanted to touch on your expectations for the first half and next year. So you mentioned you expect moderately lower earnings and cash flow compared to second half '25 levels. Consensus currently has you guys at around \$440 million in EBITDA, which represents about a 10% decline versus what your guidance implies for second half of this year. So just curious if you could speak to your expectations for first half '26 relative to where consensus is that now? And what it would take maybe in terms of some incremental contracting and spot market from here to achieve that level of EBITDA or if that level might be a bit too optimistic at this point?

Robert Eifler: Yes. So we haven't given out quarterly estimates. So let me think about how -- so that is standing true directionally that all that fits with kind of our narrative in the prepared remarks. And I think I would focus also on the fact that there's not a whole lot of work that we see in the first half of '26. There'll be a couple of announcements out there. There is some gap filler work that I mentioned earlier. There really, I don't think, is a lot of room for upside improvement in the first half of the year. That does change pretty dramatically in the second half of the year. Of course, some of that's known and contracted and announced for both us and our competitors. But there's other work out there as well that's being negotiated and hasn't been announced industry-wide. So I think we're really focused on the timing of that working. We've set everything up, as we've mentioned, to hit this cash flow inflection. And for us, the timing is a little less certain around that back half of the year, but we certainly see it coming.

Edward Kim: Got it. Got it. Understood. And my follow-up is just on your expectation for that, you called it the deepwater utilization recovery by late '26, early '27. Could you just talk about your confidence level in this recovery? Is it based on the tenders that are out there currently or the tone of your conversations with customers or contracts that you already have in hand. So if you could just talk to your confidence level in that recovery?

Robert Eifler: Sure. Yes. I mean, it's a mixture of both. We -- starting with the contracts in the U.S. and in Suriname, I think we've kind of baked in somewhat of a floor for ourselves starting in the back half of next year. And we really see a tightening of the market out there. Some of that's announced and out there. Some of it is rumors that we understand some of our competitors have won some work and some of it's stuff that we're working on ourselves. We're cautiously optimistic here that day rates have bottomed. And not to say that there won't be some lower day rates that get announced after I've made the statement, but we're cautiously optimistic that from here, the market is tightening to a point late '26 and '27 that we've bottomed here. So stay tuned.

Operator: Your next question comes from Fredrik Stene with Clarksons Securities.

Fredrik Stene: So I think you painted a relatively, I guess, optimistic picture of demand from the second half of '26 and beyond, then you've mentioned a handful of rigs by name, more specifically the Viking,

Gerry de Souza and BlackRhino, which you seem to be relatively confident that you'll get some work on. But I was wondering, there is the Globetrotter I and there is the Deliverer, for example. Do you have any additional color on how we should think about those rigs specifically going into next year? And maybe even more so the Globetrotter I. Is that also going to be at some point a divestment candidate after this contract? Or do you think it can get more work?

Robert Eifler: Yes. It's a good question. So in GT-I, we continue to chase intervention work, as we've mentioned, in that we continue to believe that, that is an interesting market for that asset. We also have said that it could be a divestment candidate. So it's a little too early for us to kind of give anything firm there. But I would say that both of those, frankly, are on the table. If we can't find work for the rig in the intervention market, then we'll make a decision there. On the Deliverer, so I would maybe group all of the D rigs together as a bundle and say that we see more work today than we've seen at any point since at least the Noble side has owned those rigs for the last few years. Our outlook does not require all 3 of those rigs to be working. So I think finding work for all 3 would be [indiscernible] for us. But we have -- we think we have a pretty good line of sight to at least 2 working and again, probably more increase than we've had at any point.

Fredrik Stene: That's very, very helpful. And as a follow-up, just turning on the less spoken about assets also on the floater fleet and maybe more in the harsh environment side. You have the GreatWhite, the Apex and the Endeavor that's currently idle. And I guess there's a 2-part question here. One, on the GreatWhite is originally a U.K. type of rig, but have you thought anything more about potentially taking that rig into Norway, getting a proper AOC, and I'm sure that will come with a major CapEx payment, if you like to do something like that? And on the Apex and the Endeavor, how do you think about the fleet size in general? Or do you think that's maybe one too many rigs that are currently idle on the lower spec harsh environment side?

Robert Eifler: Yes. So the GreatWhite, we're marketing in a number of different regions around the world. You're right, it was not built to a Norwegian spec, so there would be a capital cost to take it into Norway, if that were to become an option. So I think we're just a little too early right now to give guidance on where that rig might end up. There will be some white space on it and we're trying to find the best fit for it at any point in the future. There are several different jobs out there in different places around the world. The Apex and Endeavor likewise have opportunities. And like with all of our older rigs, we'll continue to have a very sharp pencil and look at opportunities closely. And for us any opportunity needs to stand on its own for those rigs, and that's pretty firm on our side. And so those are being marketed and hopefully have some update on direction there, perhaps next quarter. We'll see.

Operator: Your next question comes from Doug Becker with Capital One.

Doug Becker: Robert, I was hoping you would expand on the prospects for the BlackRhino specifically? Is this likely to be well-to-well work in U.S. Gulf? Or is it more likely to be term work in the U.S. Gulf or some other region? Just given that you've talked about line of sight to contracting that rig?

Robert Eifler: That was the Rhino? Yes, sorry. Look, I think we're talking to customers of that book. And actually, we think we have opportunities both in the Gulf and outside the Gulf right now. So I wish I had more direction than that. But we're kind of -- honestly, we have opportunities that fit in all 3 of those categories, short-term U.S., long-term U.S. and long-term non-U.S. So we're going to have to just see what comes through for us here.

Doug Becker: Fair enough. And then maybe circling back to Norway, it was kind of encouraging to see the reactivation of the Interceptor. Does this mean that there's a meaningful tightening in that market and really kind of thinking about some of the CJ70s that are working outside Norway, the potential of moving back in, in say, '27 or so?

Robert Eifler: Yes. Look, I would say, I wish I could report that we saw a flood of work coming in Norway for the CJ70s. I can't claim that right now. We do have more opportunities today than we did 6 months ago and certainly a year or 2 ago, and that's driven us to look at reactivating the Interceptor there. I'd say that will be probably the most marketable rig in the region that doesn't have a contract as it rolls out of that accommodation work. So we like where it's positioned. And we're hopeful that perhaps rig demand picks up by one or if it's already picked up by one side, kind of maintain steady there. But it is a little too early to tell. And this contract I had stands on its own, and we're really happy to have it.

Operator: Your next question comes from Noel Parks with Tuohy Brothers.

Noel Parks: I just had a couple. Is it safe to say at this point that price sensitivity is not in the mix in a big way in customer decisions either from sort of a formal perspective, which would maybe urge them to commit sooner rather than later or sort of from a bargain hunting perspective. So is this sort of just what they want to do, being conservative on their budget commitments, the main driver that's at work these days?

Robert Eifler: I wish I could say yes. I don't think so, Noel. I think our customers are as price sensitive as ever. The macro outlook is obviously variable and uncertain. There's some downward oil price beliefs. And we'll learn more as 2026 budgets start to get announced and become more clear. But we're -- I would say we're seeing the opposite. I'd say we're seeing extreme price sensitivity in our ongoing negotiations.

Noel Parks: Okay. Okay. And you did mention sort of in the wrap-up of the prepared remarks that in Houston on the bound there, it feels different from how it has in terms of settlement towards the deepwater at any time in the past decade. I wondered if you could talk a little bit more about, I don't know if there's a sense of being like an inevitability that capital needs to head offshore relative to onshore opportunities. But just any sort of color or feel you can give for what you're hearing?

Robert Eifler: Sure. I think here, it feels like it's well known that deepwater is going to be an important part of the supply mix going forward. That is obviously in the context of a slowing plateauing Permian, which eventually some day has to decline. Deepwater is obviously long cycle and requires forward thinking and investment. And those investments have to start at some point. To me, that's the most obvious connector between the malaise in the macro environment in a world where a lot of people are calling for perhaps lower oil prices in the near term with the '26 and -- the opportunity set that we see in 2026 and 2027. And so I think we see more activity than perhaps one would have predicted if just given the macro uncertainty out there today. And to me, that explanation is -- one possible explanation is the understanding that deepwater is an important part of the energy mix going forward.

Noel Parks: Right, right. And if I could just...

Robert Eifler: I'll just add, Noel. We mentioned exploration. I can't say today that we've seen any uptick in exploration wells. I have seen an analysis that shows that the higher explanation of the difference in rig count from last market cycle high in 2013, '14 to today is the difference between development work and exploration work. And so I think that's something we've watched very closely. I don't think it's right on the horizon as a driver for demand in our business, certainly not in 2026. But I do think that's an important litmus test, which is why we mentioned that because we're running at around 90% utilization today on the pretty heavy development load or put a different way on a pretty low total exploration load and so we watch that very closely. And we'll see what happens over the next couple of years here.

Noel Parks: Great. And I just wanted to ask one more and that's about, I think last quarter, you were observing that in general, in West Africa, customers were a little slower to commit than compared to South America. So I just wondered if that's unchanged. And you're talking about oil sentiment. It has been surprising to me that there seems to be just a lack of attention to sustained geopolitical premium in the oil strip these days despite there being still quite a few hotspots out there to be sure. And I just wonder if there are -- if you saw the sort of concern about future oil prices or oversupply or whatever, if you saw it playing out more strongly in the thinking of customers in one region than another?

Robert Eifler: Yes, sure. So first, just on West Africa, that's a long-cycle region, takes a lot of planning. I think last quarter, we mentioned -- but certainly in the past, we've mentioned that really a difference between where we, at one point, we're hopeful the demand picture would be around this time, and reality here is explained by a lack of West Africa demand. We see that starting to play out in a number of countries in West Africa. We mentioned Mozambique too. I think that comes online in the next couple of years. So if that corrects itself, I think that's a few units of demand that I think is going to really help in late '26 and '27 bring total utilization -- or excuse me, total demand back where we were predicting it to be. On the oil piece, I think there's a lot of negative sentiment. There's -- a lot of people hold a belief that it's likely to go down before it goes up. We struggle to predict, obviously. I will say, I guess, kind of repeat what I said around what we see on service demand, demand for our services, which is encouraging. And then I always point to kind of the middle part of the Brent curve which has moved so

much less than spot pricing and then a very volatile sentiment. And if you're a deepwater operator, you're obviously having to take 5- and 10-year view. So it makes sense that with that middle part moving less, that we're seeing planning continue, perhaps beyond what the otherwise volatile macro would suggest.

Operator: [Operator Instructions] Your next question comes from Josh, Daniel Energy Partners.

Joshua Jayne: I just had one. I think it was at the end of the prepared remarks. You talked about the balance sheet and some cost rationalization. Maybe you could speak to the efforts you're taking on the cost side. And if you view those as sort of structural or if these are things that you're doing, assuming that we have a trough in the first half of next year before recovery. Maybe just go into more detail on the things that Noble is doing?

Richard Barker: Sure. Yes. Obviously, the cost in the down markets is very important. And I think as you think about the Diamond transaction as an example, right? So in that deal, we've announced a \$100 million of synergies. We achieved that, I guess, in Q2 of this year. And so we're well -- it was -- well, at an amount now obviously, that's materially higher than that. But it's hard to bifurcate what is the synergy versus the other kind of cost work that we're doing in the company. So we haven't put out a kind of an incremental cost savings target, but I think it's fair to say that we're realizing kind of the incremental cost savings, obviously, as activity slows here in the first half of next year.

Operator: There are no further questions at this time. I will now turn the call back over to Ian MacPherson for closing remarks.

Ian MacPherson: Thanks, everyone, for joining us today and for your interest in Noble. We look forward to speaking with you again next quarter. Have a great day.

Operator: Ladies and gentlemen, that concludes today's call. Thank you for joining. You may now disconnect.