

Business opportunities
in the oil and gas industry
In-Country Value
18 December 2013, Sultanate of Oman



الفرص الاستثمارية في
قطاع النفط و الغاز
القيمة المحلية المضافة
١٨ ديسمبر ٢٠١٣، سلطنة عمان



Purchasing of commodity chemicals

Presented by:

أوربك
Orpic

December 18th, 2013



Safety briefing and lodging



Emergency contacts

Mr. Kashif - loss prevention manager - Mob : 98089044

Emergency alarm / fire drills

Fire drills, emergency alarms (if any), assembly points to be announced by then hotel loss prevention staff

Prayer rooms

Ladies prayer room & gents Prayer room are located in the Third floor

Toilets

Available in Oman Auditorium & Boshar area

Coffee / tea

Provided outside the workshop room

Arrangements for smokers

Allowed only outside the hotel Premises

Meeting agenda



1. Purpose of this workshop
2. Context and background
3. Scope of the opportunity
4. Industry Data
5. ICV creation through the opportunity
6. Specifications
7. Key ICV elements
8. Targeted parties
9. Contact details
10. Q&A session



Purpose of this workshop

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- To share the scope of one of the priority opportunities with the business community
- To register interest of the business community
- To set an initial dialogue between the oil and gas industry and business community
- To exchange ICV development best practices
- This workshop is NOT an contractual commitment with any business entity

Next steps

- Business community to register interest by reaching the presenter or the PMO
- Oil and gas industry to reach registered parties for follow-up dialogue and implementation

More information on the ICV blueprint or on other opportunities could be found in the brochure and catalogue distributed today or by visiting www.incountrypvalueoman.net

Context and background



Overall Objectives:

Increase in-country value through the increase of sourcing of commodity chemicals from local suppliers with the long term objective of developing local manufacturers for commodity chemicals in Oman

- ❑ Selection of opportunity chemicals was done based on the importance (criticality on operation availability) and consumption of chemicals.
- ❑ Orpic chemicals categories as below:
 1. Corrosion Control Management Program.
 2. Water Management Program.
 3. WWT chemicals
 4. RFCC chemicals Antimony.
 5. General Chemicals: Any other chemicals that do not fall in the above categories & no technical support required
- ❑ Linking the opportunity :

Many future projects (In process stage) expected to be linked with the opportunity chemicals which will increase the demand and profitability.

Future projects: Sohar Improvement project (SRIP) , Liwa plastic project, ..ect

Scope of the opportunity



Category: Chemicals for Production

Opportunity scope: General chemicals

1. Enhance purchasing of commodity chemicals (NaOH & sulfuric acid)
2. Seek for local manufacturing opportunity.

Scope description:

- Enhance of purchasing selected commodity chemicals (NaOH & sulfuric acid) from local suppliers and seek for opportunity on manufacturing locally.
- Orpic will assist on gathering technical and non technical data for interested parties.
- Commodity chemicals consist of many chemicals, used in petrochemical plants, required to keep smooth operation and on spec products.
- Priority will be given for local manufacturing option which will have more ICV compared to other options.
- Opportunity chemicals are the chemicals selected from commodity chemicals with higher consumption and more criticality for operation.



Scope of the opportunity

Scope (cont.):

Selected chemicals are sodium hydroxide (caustic) & Sulfuric acid.

Out of Scope:

All other chemicals in commodity list below:

Description
CHEMICAL, STATIC DISSIPATER FOR JETA-1, PACKING: 186 KG
CHEMICAL, LPG ODORANT PACKING: 950 KG
CHEMICAL, Methyl Diethanolamine, MDEA 90% WT, PACKING: 215 KG
CHEMICAL, RELEASE AGENT, PACKING: 50 KG
CHEMICAL, DIMETHYL DISULFIDE, DMDS, PACKING: 200 KG
CHEMICAL, SODA ASH, Na ₂ CO ₃ , PACKING: 50 KG
SODIUM NITRATE, NaNO ₃ TO NEUTRALIZE EQUIPMENT BEFORE OPNING, PACKING: 25 KG



Scope of the opportunity

❑ Out of Scope:

All other chemicals in commodity list below (Cont.):

Description

CHEMICAL, METHANOL, PURITY: 99%, PACKING: 160 KG

CHEMICAL, MONOETHANOL AMINE, AMMONIA LESS THAN 10 PPM, PACKING: 200 KG

CHEMICAL, ANTIOXIDANT, FOR GASOLINE, PACKING: 190 KG

MONOETHYLENE GLYCOL, PACKING :230 L/DRUM

CHEMICAL, LUBRICITY IMPROVER, PACKING: 180 KG/IBC 900kg

GASOLINE DYE, YELLOW, PACKING: 200 KG

CHEMICAL, ANTIFOAM AGENT FOR RESIDUAL FLUID CATALYTIC CRACKING UNIT & LEAN AMINE SYSTEM , PACKING: 203 KG



Chemical Specifications

❑ Technical specifications:

- I. Different specs for different unit & usage ,Decided by the design licensor of the unit
- II. Detailed specs:

Caustic	Sulfuric Acid
Concentration: 30 DEG	Concentration: ACID 98 %
PURITY: 99% Form: Liquid/ Solid	Operational parameters: ATM P and T Form: Liquid
Total consumption / year is around 1,440,000 kg/year Total Cost/year: 84,960 OMR/year	Total consumption / year is around 568,800 kg/year Total Cost/year: 116,604 OMR/year

❑ Uses of Chemicals:

- I. pH control
- II. Sulfur compounds removal from final products (LPG, Propylen, etc..)
- III. Spent caustic treatment

Chemical Specifications



❑ Logistics:

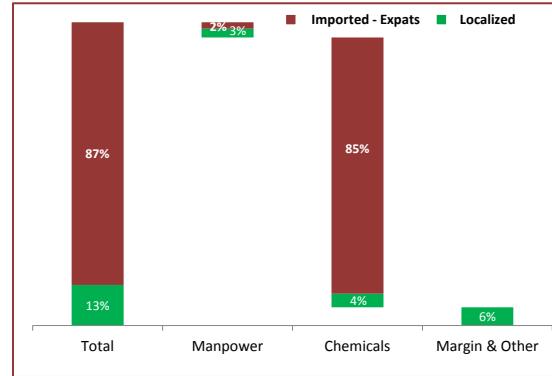
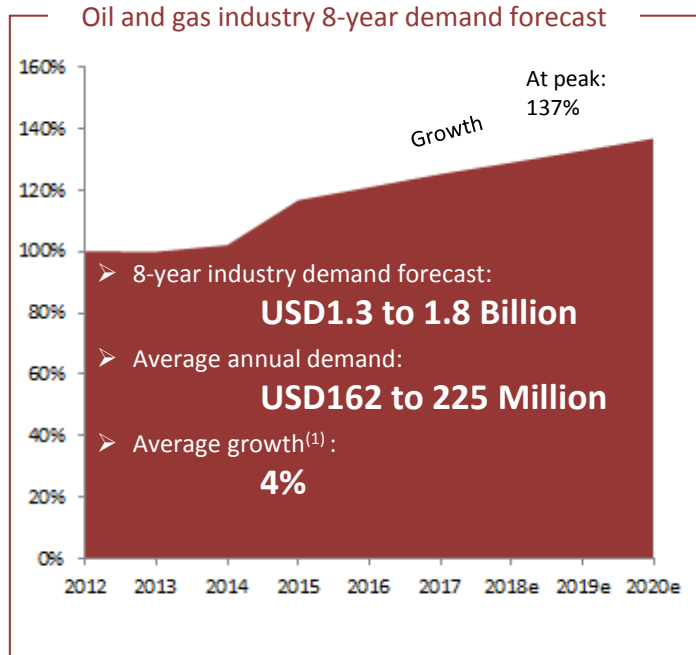
- I. Delivery (lead time). Due to criticality of the chemicals & during upset conditions, the delivery should be done on urgent basis (one day time frame)
- II. Permit
- III. Expiry date

❑ Constrains:

- I. Inventory & storage. Minimum stock should be maintained for normal & upset operation (6months inventory). Prober storage conditions to be considered.
- II. Performance of the chemical (Product quality). The chemicals should achieve client key performance indicators & delivered chemicals to be certified for specs.
- III. Communication and delivery.

Industry demand data

Industry demand data was the main trigger for the development of the opportunity



Breakdown for chemical production demand

Category Overview – Chemicals for production

- Industry demand for production chemicals over the next eight years is between USD1.3 to 1.8 billion
- Commodity chemicals demand is between USD379 to 420 million
- The majority of the demand is addressed mainly through imports as the local market does not meet industry demand for quality and quantity
- The wide use of drilling and production chemicals in various industries make it relevant to develop these chemicals in Oman
- There are some opportunities to develop chemicals in Oman; however, this requires high investment in R&D or the transfer of technological expertise

(1) CAGR: compound annual growth rate



ICV creation through the opportunity

We are expecting that this opportunity would increase ICV by:

Potential direct job creation related to the opportunity

220 – 240 Jobs

Potential ICV related to the opportunity*

USD96 – 107 Mln

ICV value is decreased from opportunity size due to importation of raw material / components and need for employment of expatriates

Feasibility of implementation

High feasibility

Impact

- Manufacturing commodity chemicals requires medium to highly skilled human resources.
- The wide use of commodity chemicals in commercial, industrial and process applications increases the impact of blending these chemicals beyond the scope of the oil and gas industry.

Feasibility

- Increasing the purchase of commodity chemicals from local suppliers requires growing the supplier panel as local manufacturers already have the expertise yet require more visibility on current market demand before they can further invest in plant property and equipment. Furthermore, raw materials are readily available. However, local manufacturers need to achieve price competitiveness in order to secure more business

Key ICV elements



Seven ICV Themes

- Investment in Fixed Assets (i.e. facilities)
- Expenditure on Goods: Made in Oman (MIO) goods, Spend with locally registered vendors
- Expenditure on Sub-contracted services: Spend with locally registered vendors
- Development of National Suppliers: contract specific, long term development
- Omanization of the Workforce: job positions
- Training of Omanis

Target parties



- SMEs
- International investors
- GCC investors
- GCC manufacturers
- Local manufacturers
- Local Stockists
- Local agents
- Local suppliers
- Local entrepreneurs
- Omani Banks

Contact details and support



Operators support:

To be filled by the operators

- Technical Support.
- Opportunity to participate in Orpic Tenders

Other stakeholders:

1. Petrogas
2. OGC
3. Oxy
4. Daleel
5. OLNG
6. BP
7. OOCEP
8. OPAL
9. MOG

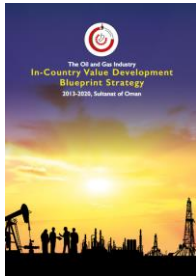
ICV PMO contact details

Website: www.incountryvalueoman.net

Materials and follow-up



For more information:



Brochure



Catalogue of opportunities



Website

For follow-up:

Register interest by contacting the PMO on: www.incountryvalueoman.net

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Thank you for your contribution!

Our mission:

***Developing a competitive and sustainable local supply
market... Together!***