

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



Localize the development of drilling rigs

18th of December 2013

Presented by:



شركة تنمية نفط عمان
Petroleum Development Oman



دليل النفط ش.م.س.
DALEEL PETROLEUM LLC



أوريك
Orpic



النفط والغاز
PETROGAS
E&P

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 Promises

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. Targeted parties
8. Contact details
9. FAQ
10. Q&A session

Purpose of this workshop



Purpose of the workshop

- 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

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



ICV creation through the opportunity

We are expecting that this opportunity would increase ICV by:

Potential job creation related to the opportunity

1420 – 1570 Jobs

Potential ICV related to the opportunity*

USD110 – 123 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 for manufacturing

Impact

- Localizing the development of drilling rigs should result in the development of local maintenance and repair services, the increase of local sourcing for spare parts, and the increase in the demand of certain equipment. It should also increase the local consumption of steel.
- Export activities of the country can be increased, as business should focus on providing units to the Middle East and East Africa countries.

Feasibility

- The feasibility of developing drilling rigs locally is limited due to the bargaining power of international manufacturers as few of them exist. However, the large demand for drilling rigs in Oman could be a bargaining chip. Although it may not be possible to manufacture the entire rig locally, some equipment like solid control equipment could be manufactured locally as they are relatively simple equipment that don't require advanced machinery

Context and background



Drilling Services

- Drilling wells (gas and oil) is a mainstay of the oil and gas industry in Oman.
- PDO alone has a fleet of 38 rigs and 30 hoists and with plans to pick up additional units as from 2014 onwards. About 470 to 500 new wells are drilled each year
- Outlook is to drill more wells in upcoming years.
- Drilling will continue in existing PDO fields and new projects.
- Main New Projects are:
 - North: Ghabah North (oil); Yibal Khuff, Khulud & Harmal-Burhaan (gas)
 - South: Rabab-Harweel Integrated project (gas & oil)
- Upcoming projects: LTO – Shallow (North) and Deep (South)

Scope of the opportunity

Drilling Services

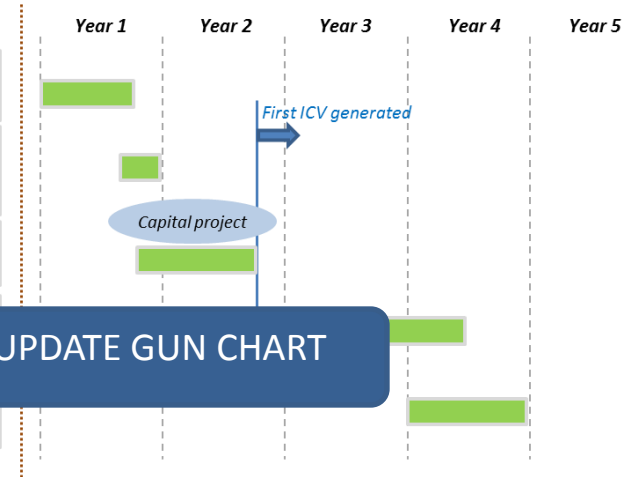
Opportunity

Localize the development of drilling rigs

- The number of rigs (more than 45), under continuous drilling activities offer an opportunity to establish some rig services locally:
- Provide rig maintenance and repair services: required to keep the rigs running and maintain industry standards (minimum level, frequency of inspections, etc.)
- Sourcing of spare parts;
- Meet increase in demand of some equipment due to high level of activities (i.e. solid control equipment, various spare parts, etc.)
- Launch drilling rig assembly for domestic market with a view to exportation (Middle East and East Africa)

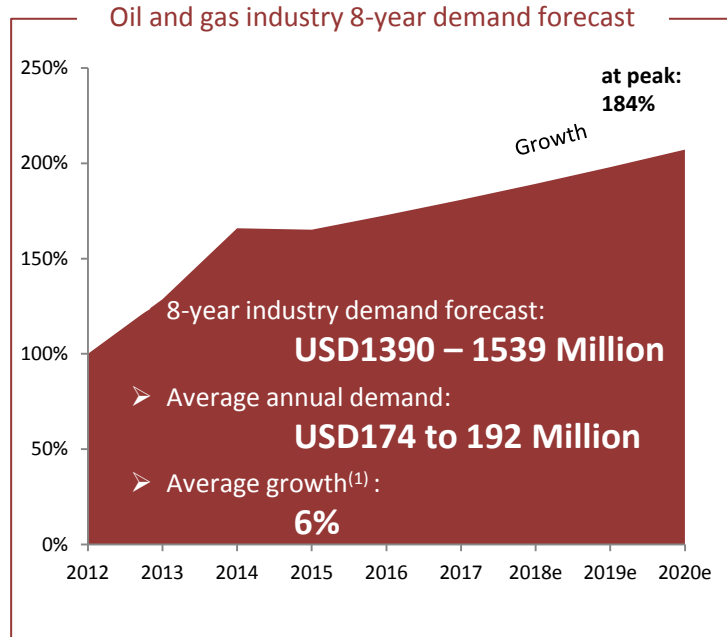
Development Phases / Streams

1. Attract major rig supplier to set partnership with local establish company perform assemble activities locally
2. Set up import substitution plan for of solid control equipment including shale shakers, centrifuges, desanders and desilters
3. Launch drilling rig assembly facility
4. Launch solid control equipment manufacturing plant
5. Focus on developing exporting activities (Middle East and East Africa)



Industry demand data

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



Category Overview – Drilling rigs services

- Drilling rig services industry demand is between USD1.4 to 1.5 Billion
- The majority of demand is addressed through imports representing USD 1 to 1.1 Billion
- Drilling Rig and Well Hoist Services can be used in water well operations, oil and gas, environmental, geotechnical, directional, and construction
- Cross-industry development of DRS and WHS can be used in the mining sector, which is one of Oman's growing sectors

(1) CAGR: compound annual growth rate

Specifications



Local development of drilling rigs

- *Demand is mainly for land drilling rigs (Light, Medium & Heavy):*

| Rig Type | Light | Medium | Heavy | Extra Heavy |
|------------------------|-----------------|-----------------|--------------|--------------------|
| Power Rating (HP) | 1000 | 1500 | 2000 | 2500/3000 |
| Rated depth, m (5" DP) | 3000 | 3700 | 5000 to 5600 | 6000 to 7000 |
| Mast/Substructure | Trailer mounted | Trailer mounted | Take-down | Take-down |

| Rig Type | Light | Heavy | Extra Heavy |
|------------------------|--------------|--------------|--------------------|
| Power Rating (HP) | 1000 | 2000 | 2500 |
| Rated depth, m (5" DP) | 3000 | 5000 to 6000 | 5000 to 6000 |
| Mast/Substructure | Take-down | Take-down | Take-down |

- *Geographic location of rig repair plant is to account for North & South operations (i.e. logistics support challenges).*

Target parties



Local development of drilling rigs

- SMEs
- International investors
- International EPC contractors
- Local EPC contractors
- GCC investors
- GCC manufacturers
- Local manufacturers
- Local fabrication workshops
- Local Stockiest
- Local assembler
- Local agents
- Local suppliers
- Local entrepreneurs
- Omani Banks

Contact details and support



Lead operator(s) contact details:

- Ibrahim Al Farei, ICV focal point,

Other stakeholders:

1. Petrogas
2. Oxy
3. Daleel
4. OOCEP
5. OPAL
6. MOG

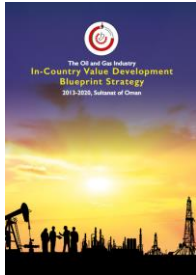
ICV PMO contact details

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

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



Thank you for your contribution!

Our mission:

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