

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



Fabrication and threading of Tubulars

Presented by:

18th of December 2013



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 a 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

Context and background



OCTG (Tubing) manufacturing

- Drilling wells (gas and oil) is a mainstay of the oil and gas industry in Oman.
- 450 new wells are drilled every year in PDO. More than a thousand of well interventions take place in PDO. All these new wells and well interventions require tubing.
- The outlook is drill more wells in coming years. Hence more OCTG consumption is anticipated.
- 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) .
- There is one casing manufacturer in Oman.
- There is no tubing manufacturer in Oman.

Scope of the opportunity

Category: Casing and Tubing

Opportunity: Manufacturing and Threading of OCTG (Tubing)

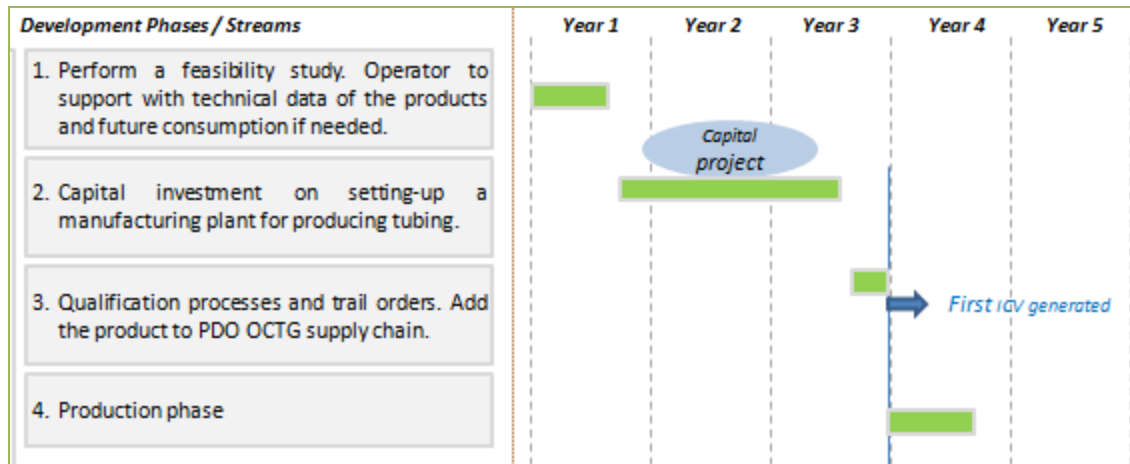
The opportunity is local manufacturing of tubing as a final product

• The scope will cover the following, partially or fully

- API tubing.
- Threading
- Coupling.

• Out of scope.

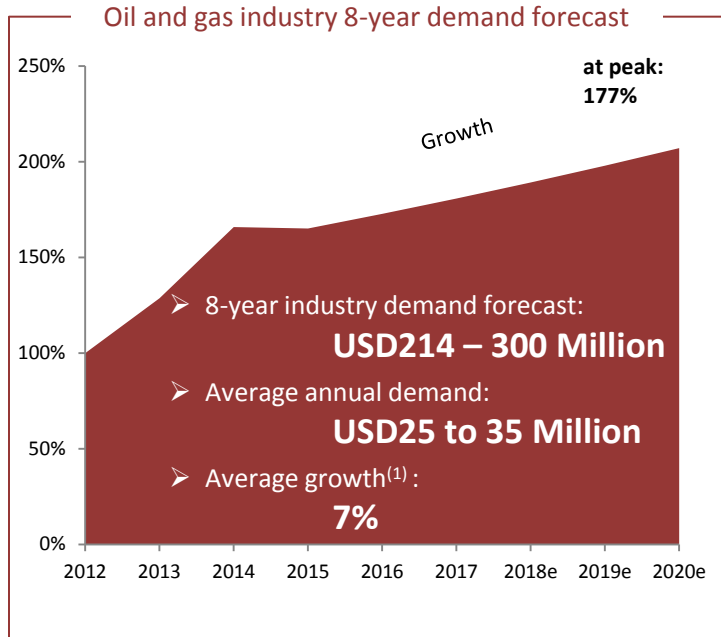
- Premium tubing.
- Casing both API and premium.





Industry demand data

PDO demand of tubing.



Category Overview – Manufacturing tubing locally.

- PDO demand for the manufacturing API tubing is 20,000 – 25,000 MT per annum.
- Currently all tubing are imported.
- The demand for tubing is increasing due to the increase in both new wells and brown field.

(1) CAGR: compound annual growth rate



ICV creation through the opportunity

We are expecting that this opportunity would increase ICV by:

Potential job creation related to the opportunity

40- 150 Jobs

Potential ICV related to the opportunity*

USD 10 – 15 Mln/yr

Feasibility of implementation

Medium for manufacturing

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

Impact

- Manufacturing of tubing will increase the demand for steel which offers great potential for ICV development opportunities.
- Manufacturing of tubing equipment requires skilled to highly skilled human resources.
- Set portion of the supply chain such as storage, transportation, packaging, and manufacturing of some components

Feasibility

- Local companies may enter the OCTG market by forming JV with international companies. (or) Oman pipe producers could modify the well mill to roll OCTG line pipe and casing pipe
- Producing tubing requires a reasonable investment for finishing operations (cutting & testing, straightening, upsetting, threading, hydrostatic pipe testing, and QMS, and Coating)
- High demand for this product can justify investment.
- Qualification of the mill and trial orders can take sometime.
- The raw materials at the moment will need to be sourced from outside.
- It is along term investment and with a long term demand due to brown field.

Specifications



Tubing types and specifications

- 4-1/2" 12.75# J55 R2 EUE (55,000 to 65,000 joints/year)
- 3-1/2" 9.3# J55 R2 EUE (75,000 to 85,000 joints/year)
- 2-7/8 6.5# J55 EUE R2
- *Requirements*
 - *API*
 - *ISO*
 - *MPS*



Target parties



- 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:

- PDO, Zahran AL Abri

Other stakeholders:

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

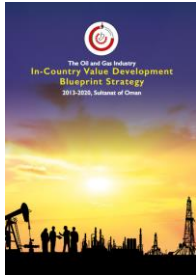
ICV PMO contact details

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!***



Back up – Not part of the main presentation deck