Business opportunities in the oil and gas industry

In-Country Value

18 December 2013, Sultanate of Oman

Localize the development of drilling rigs

18th of December 2013

Presented by:
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

- 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

**Feasibility of implementation**
High for manufacturing

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

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**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)
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)
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

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(1) CAGR: compound annual growth rate
Specifications

Local development of drilling rigs

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

<table>
<thead>
<tr>
<th>Rig Type</th>
<th>Light</th>
<th>Medium</th>
<th>Heavy</th>
<th>Extra Heavy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power Rating (HP)</td>
<td>1000</td>
<td>1500</td>
<td>2000</td>
<td>2500/3000</td>
</tr>
<tr>
<td>Rated depth, m (5” DP)</td>
<td>3000</td>
<td>3700</td>
<td>5000 to 5600</td>
<td>6000 to 7000</td>
</tr>
<tr>
<td>Mast/Substructure</td>
<td>Trailer mounted</td>
<td>Trailer mounted</td>
<td>Take-down</td>
<td>Take-down</td>
</tr>
</tbody>
</table>

• 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](http://www.incountryvalueoman.net)
Thank you for your contribution!

Our mission:

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