



Developing Upstream Services in South Africa

Presentation at Siemens/SAOGA Event

25 May 2011

Agenda

- **SAOGA: an Overview**
- **South Africa's Upstream Opportunities**

The South African Oil & Gas Alliance is public/private partnership to develop the SA Upstream Services Sector



Investment Promotion

Marketing & Bus Dev.

Networking & Linking

Skills Development

Supplier Development

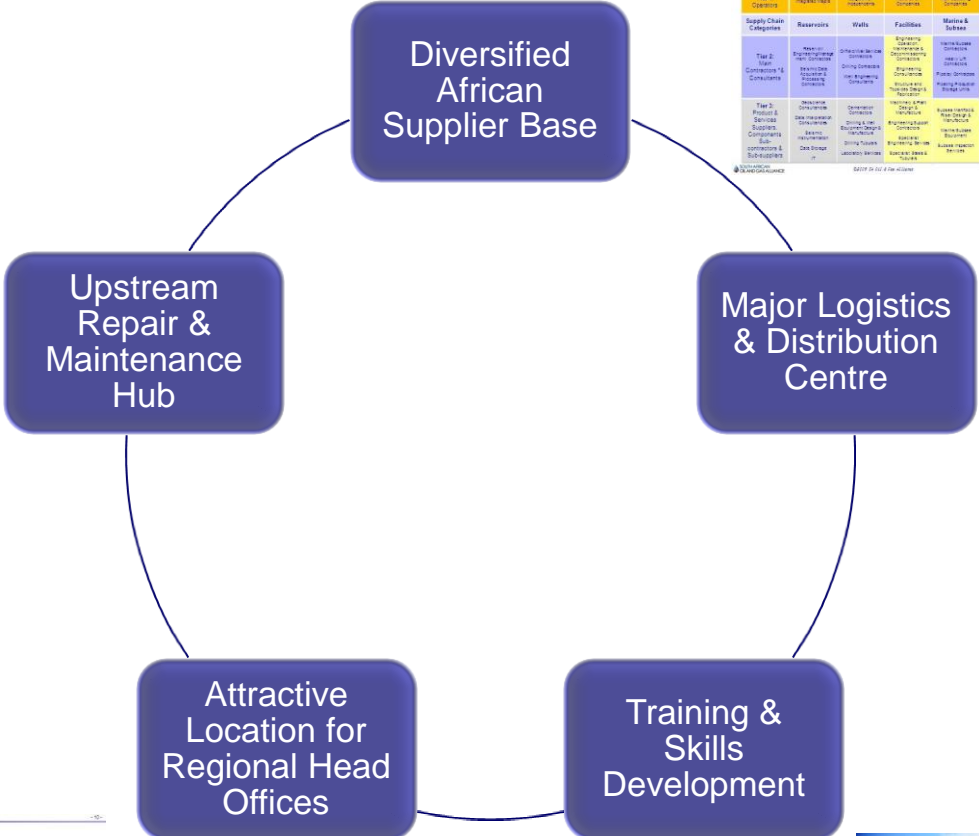
Public Sector Liaison



The big vision is to establish South Africa as a regional upstream hub and gateway to sub-Saharan Africa

SA upstream suppliers have built on the foundation of a strong engineering and resource economy

Tier 1 Categories	Reservoirs	Wells	Facilities	Marine & Subsea	Support & Services
Supply Chain Categories	Reservoirs	Wells	Facilities	Marine & Subsea	Support & Services
Tier 2 Companies & Consultants	Reservoirs	Wells	Facilities	Marine & Subsea	Support & Services
Tier 3 Providers	Reservoirs	Wells	Facilities	Marine & Subsea	Support & Services



Our current business plan focuses on four broad areas of activity

Our Mission
(Where are we going)



To promote the development of South African-based industry serving the upstream needs in the region

Our Strategic Imperatives
(What do we need to do)

	Market & Promote SA Capability	Grow the Ship/Rig Repair Cluster	Link & Network the Sector	Identify & Develop New Clusters
Our Strategic Initiatives (How)	<ul style="list-style-type: none"> • General marketing & promotion of SA upstream industry (media, publicity etc) • Individual company matchmaking & trade support (export training, trade missions etc) 	<ul style="list-style-type: none"> • Formation of Cluster Leadership Team • Development of Cluster Strategic Agenda • Execution cluster strategic projects 	<ul style="list-style-type: none"> • Member/industry events • Social media initiative • Grow SA Oil & Gas Directory • Member/industry communications • Public Sector Liaison 	<ul style="list-style-type: none"> • Put long term advisory/support agreement in place with global partner. • Support for ship/rig repair cluster • Analysis of key content localisation opportunities. • Identification of potential new clusters.

SAOGA's member base is made up of a wide variety of companies involved in the sector

Fabrication & Construction

(Subsea modules, jackets, topsides modules, steels & pipe, tugs/barges)

Repairs & Maintenance

(Full range of wet & dry repairs on rigs & vessels, class surveys, certification inspection & testing)

E&P Service Companies

(Local/regional bases of global players)

General Engineering Services

(Mechanical, electrical & controls, civil & structural, geotechnical, environmental, chemical & process, marine, general & specialised project management)

Equipment & Materials Supplies

(Pumps, valves, pipes, motors, hoses, instrumentation, chemicals, hydraulic & pneumatics, process equipment)

Logistics

(Freight forwarding and clearing, warehousing & storage, helicopters, crew changes, chandelling, bunkering, stevedoring)

Other Services

(Rope access services, ROV repair, training, financial, legal, commercial, IT, medical services, SHEQ services, recruitment, salvage, diving services, hospitality)

Some recent examples of our activity:

- **Entry of Oil & Gas Services sector into Government's IPAP2.**
- **New jack-up barge - 7Seas GeoScience & Belmet**
- **Assisted Transocean *Celtic Sea* Rig project to Saldanha.**
- **Placement of 70 artisan trainees into companies for on-the-job training.**



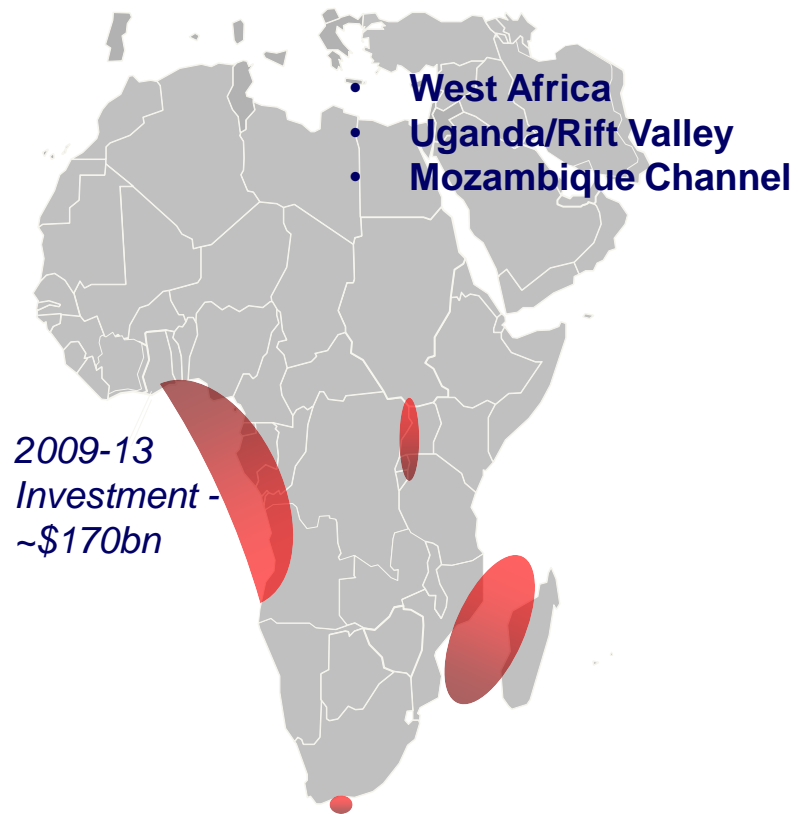
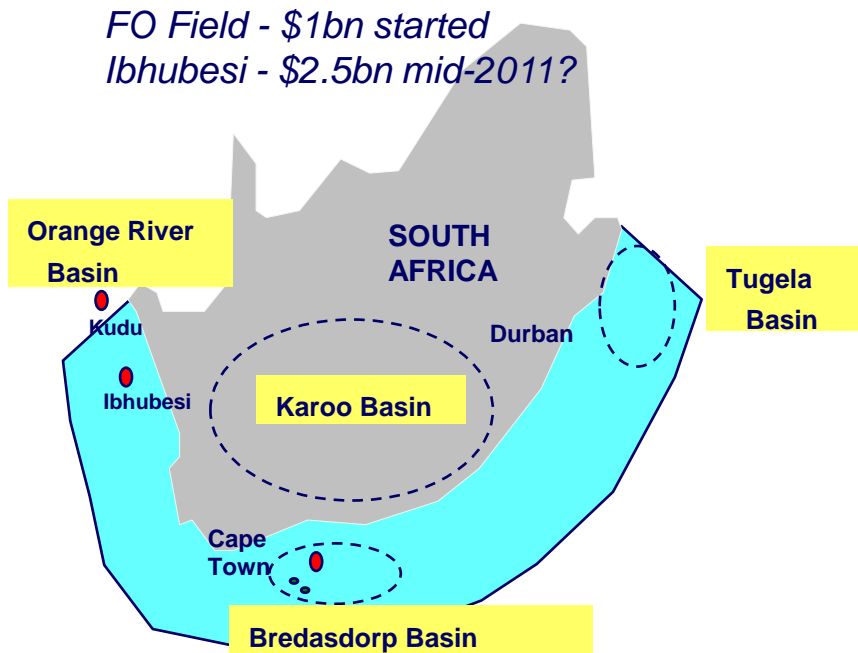
Agenda

- **SAOGA: an Overview**

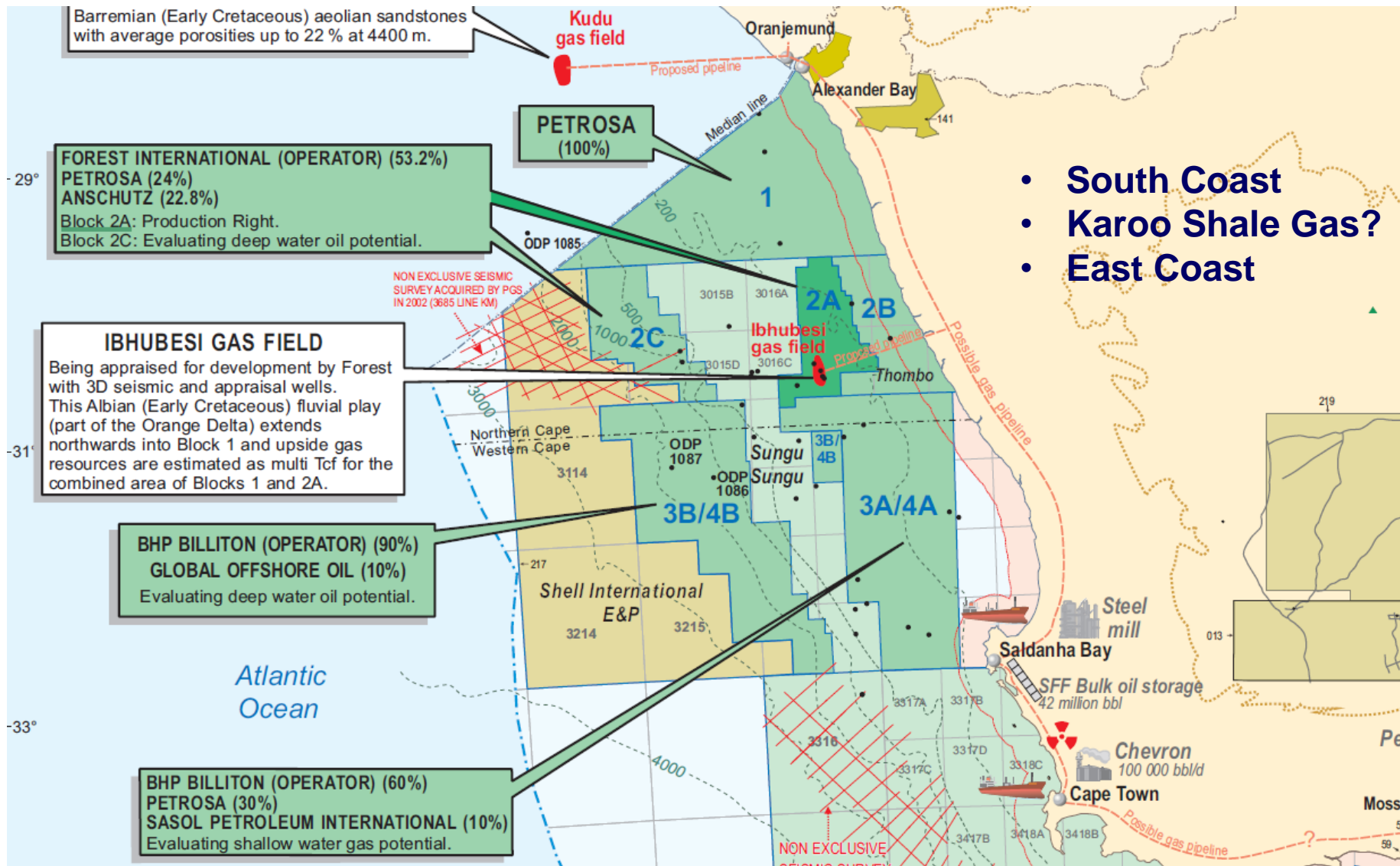
- **South Africa's Upstream Opportunities**

South African upstream activity has two key drivers:

- **Local Exploration & Production**
- **Support/Supply Services and Equipment into Africa**



Domestic upstream activity will pick up from 2012



Source: Petroleum Agency of South Africa

Development work on Forest Oil's Ibhubesi gas field will likely start in the next 12 months

- **Offshore gas field about 100km from the coast in ~100m of water.**
- **Discovered in the 1970's there hasn't been a commercial case for developing it.**
- **Awarded production license in September 2009.**
 - 5 Year market development period.
- **Indications are that they have opted for a gas-to-power concept.**
 - Planning to sign commercial agreement this quarter.
- **~\$2.5 billion offshore development feeding a ~900MW power station near Hondeklipbaai area.**



Offshore



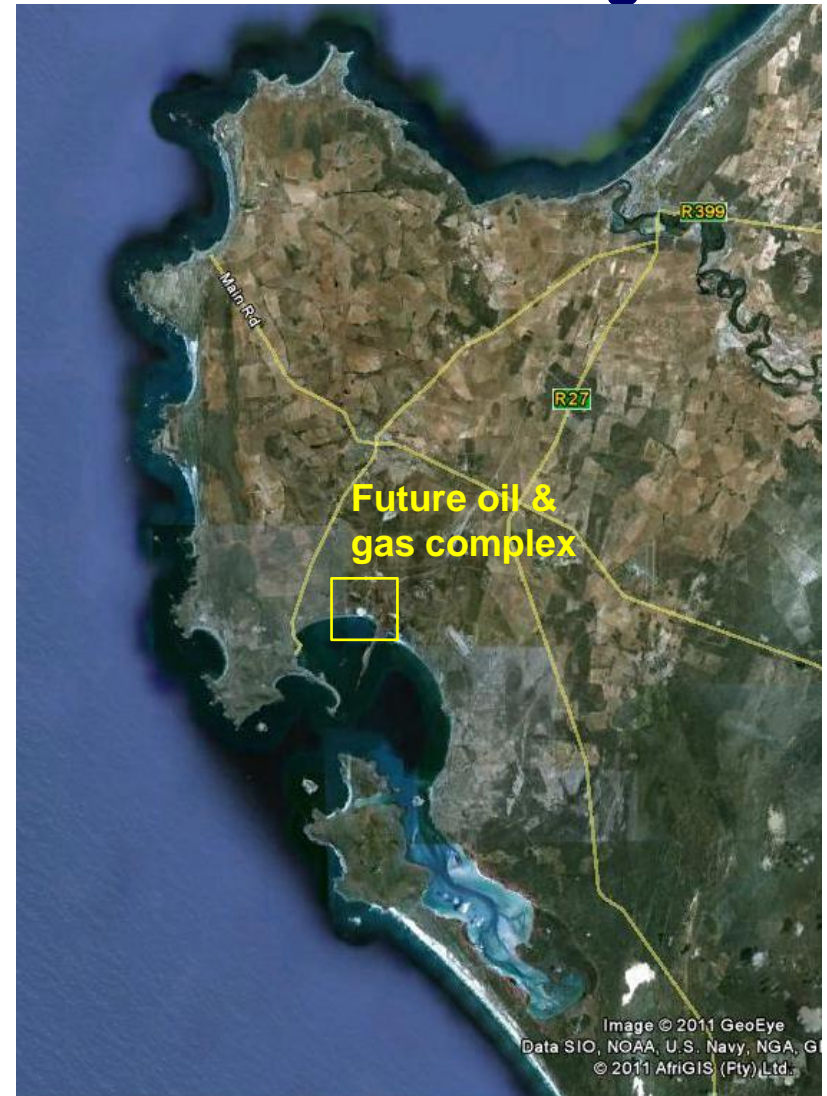
Gas Plant



Power Plant

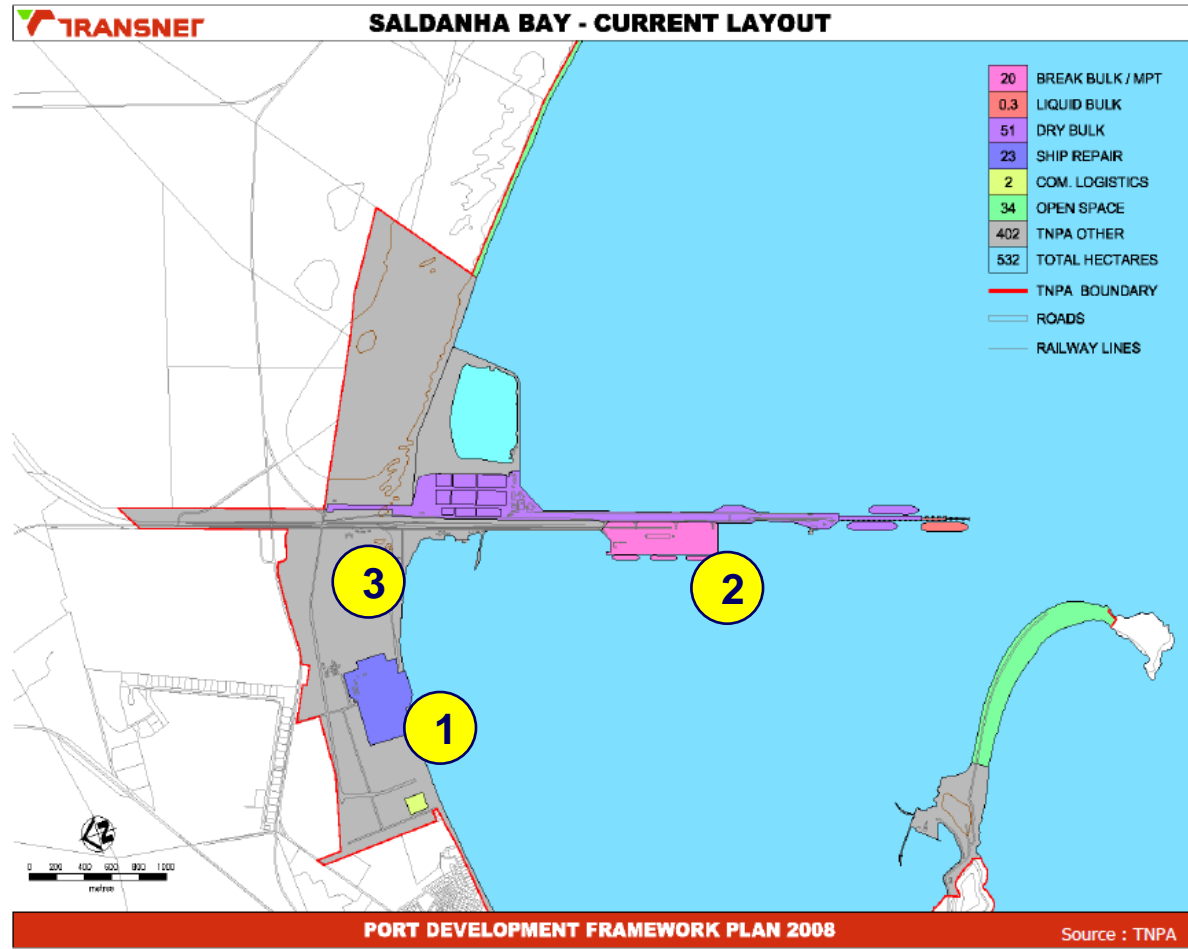
Saldanha Bay has a lot of potential as a hub for oil and gas services targeting the West Coast and the region

- **Natural deep water port**
 - Up to 24m draft
- **Developed quayside facilities**
- **Road and rail links to Cape Town**
- **International status airport**
- **Established engineering community**
 - Iron ore terminal, Saldanha Steel
- **Favoured location for an IDZ (SA's version of a freezone)**
- **Most importantly, lots of available land**



Oil and gas activities are developing quite rapidly in the Port of Saldanha Bay

1. **Grinaker Fabrication Facility**
2. **Rig Repair projects**
3. **Oil & Gas Supply Base**
 - Awaiting finalisation of port land lease
4. **LPG Import Terminal**
 - Out for tender
5. **Floating Dry Dock(s)**
 - Proposed
6. **Manufacturing & Support Industry**
7. **Rig Dry Dock**





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**Come & help
us build the
sector!**

