



OCEANIC NIGERIA Limited

Nigeria's Local Content Policy
An LCV's Perspective

June 2009

**CAMAC INTERNATIONAL CORPORATION
ALLIED ENERGY RESOURCES NIGERIA LTD**

Agenda



- Introduction
- Some Philosophy
- Some Examples
- Some Considerations

Introduction

Nigerian Content Definition

The quantum of composite value added to or created in the Nigerian economy through the utilization of Nigerian resources and services in the exploration, development, transportation and sale of Nigerian crude oil and gas resources, **resulting in the development of indigenous capabilities and to encourage foreign investment and participation**, without compromising quality, health, safety and environmental standards all associated with OML 120-121

Some Philosophy

Company Objectives

- To ensure that Oceanic optimizes all works and services that can be performed in Nigeria are carried out in Nigeria
- To use the opportunity of new projects to develop potentials in Nigeria through personnel training and hands on experience and increased capacity building (suppliers, education,...)
- Each project to have a Nigerian Content Plan aimed at increasing the Nigerian content compared to previous projects
- Nigerian personnel shall be appointed to Senior positions in any project management organization
- Operations personnel on our FPSO shall largely be Nigerian staffed

Some Philosophy

Achieving the Objectives

- Aggressive local hiring and training policies – extensive cross postings, long duration training, . . .
- Increase project management and project supervision in-country as soon as possible for OML 120 – 121
- Benchmarking local capabilities, define mandatory local content modules for the OML 120 – 121 process – build on existing capacity
- Encourage local and foreign company alliances – promote in-country localization of contractors, sub-contractors and vendors (create an industrial base)
- Promote education to supply needed qualified personnel – scholarships, vocational training, in Lagos

60% NIGERIAN OWNERSHIP
2 million man-hours
27,000 tons
FPSO AND SUBSEA

Some Considerations

To promote local content

- Deliver international standard product – no compromising HSE standards
- Focus on a few key players in each domain – encourages viable, self-financing businesses
- Consider frame agreements – better work load visibility
- Simplify and shorten call for tender process – more time for contract execution
- Grant duty free zone status to fabrication yards and workshops
- International and Nigerian contractor alliances – knowledge transfer, financial stability
- Creation of favorable conditions for contractor's investment (taxation, transfer of capital and dividends, security, . . .)

Some Considerations

To promote local content

- **IOCs can:**
 - **provide expertise to local companies to expand their range of services**
 - **consider design options that uses local capacity/expertise**
 - **promote sustainable development through continued support for education in all domains**
 - **facilitate financing, expedite payments**

Conclusion

When you wake up in your morning
Local content is the issue.

Oceanic has worked, is working and will continue to work for the utilization of Nigerian resources and services in the upstream oil and gas business without compromising quality, health, safety and environmental standards

Some Examples

Insurance

- Construction All Risk (CAR)-10% is covered with local companies

Cabotage

- Oceanic ensures adherence to cabotage laws by suppliers

Some Examples

Reservoir Engineering

- Reservoir Modeling from Lagos set up in 2007. In 2009 55% of our Reservoir Studies are carried out in Lagos with help of Schlumberger
- PVT (pressure, volume, temperature) studies carried out by local companies
- Routine core analysis conducted in Nigeria

Exploration

- Seismic processing conducted locally
- Geotechnical survey and environmental impact studies contribution to local capacity building

OCEANIC THE HUMAN ELEMENT



PAST PROJECT ASSIGNMENT WITH LOCAL EXECUTION

- 1992 CHEVRON NIGERIA, IKRIKO
- Engineering & Design (5) Platforms
- 1994 EXXONMOBIL – Nigeria
- Engineer and design of Heliport
- 2005-2008 Project Management Support of FPSO - OYO

TOWARDS A DEEP OFFSHORE KNOW-HOW

- For OYO operations
- For OYO technical support
- For sub-sea interventions

OYO THE HUMAN ELEMENT



100 CREW TRAINED FOR START-UP

- From operator to OIM
- Onshore and offshore
- Offshore certified
- Mastering new technologies
- Carrying and promoting our values

A SOLID MAJORITY OF NIGERIANS

- 2/3 at start-up (incl. higher levels)
- >90% in routine

Some Examples

History of Oceanic FPSO, Engineering, Construction and Drilling in Nigeria

- **1992:** Chevron, Ikriko Field-(5) Platforms, Engineers and Design
- **1993:** FPSO OML 110

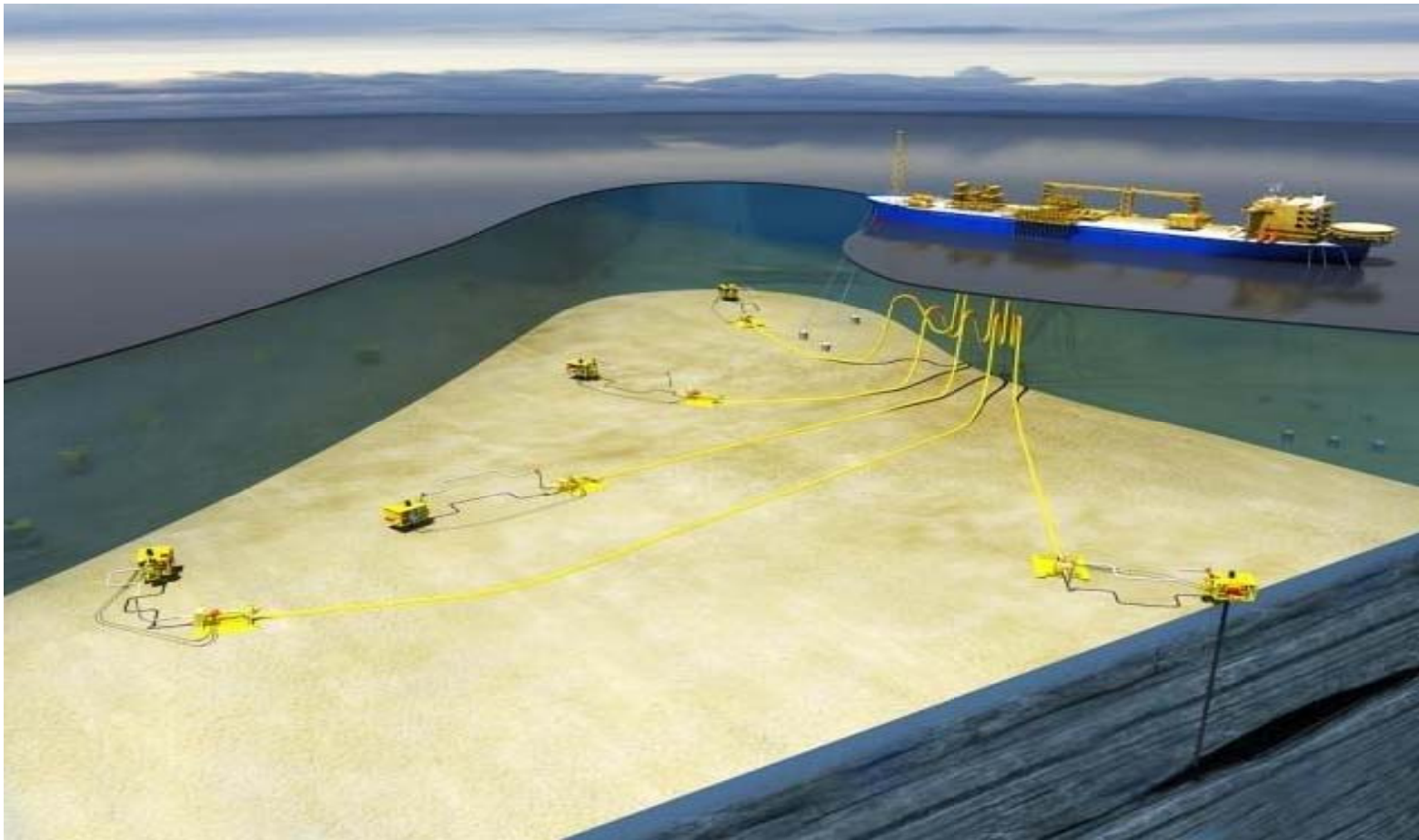
Drilling and Technical Support

- **1997:** ExxonMobile, Heliport, Engineering and Design
- **1997:** OML – OBE Field (Cavendish-Conoco)
- FPSO Crystal Sea, and Export Tanker 50,000 B/D
Local operations staffing
- **2004:** OYO Drilling OML 120 -121
Local Technical Staffing provided to ENI
- **2007/2008:** OYO FPSO Development
Local Content
21% of \$468 mil in value

OYO FPSO SCHEMATIC, FIRST OIL



“A CASE STUDY FOR LOCAL CONTENT”



-Nigeria's Local Content Policy – An LCV's Perspective – April 2008