

بِسْمِ ا... الرَّحْمَنِ الرَّحِيمِ



DanaEnergy

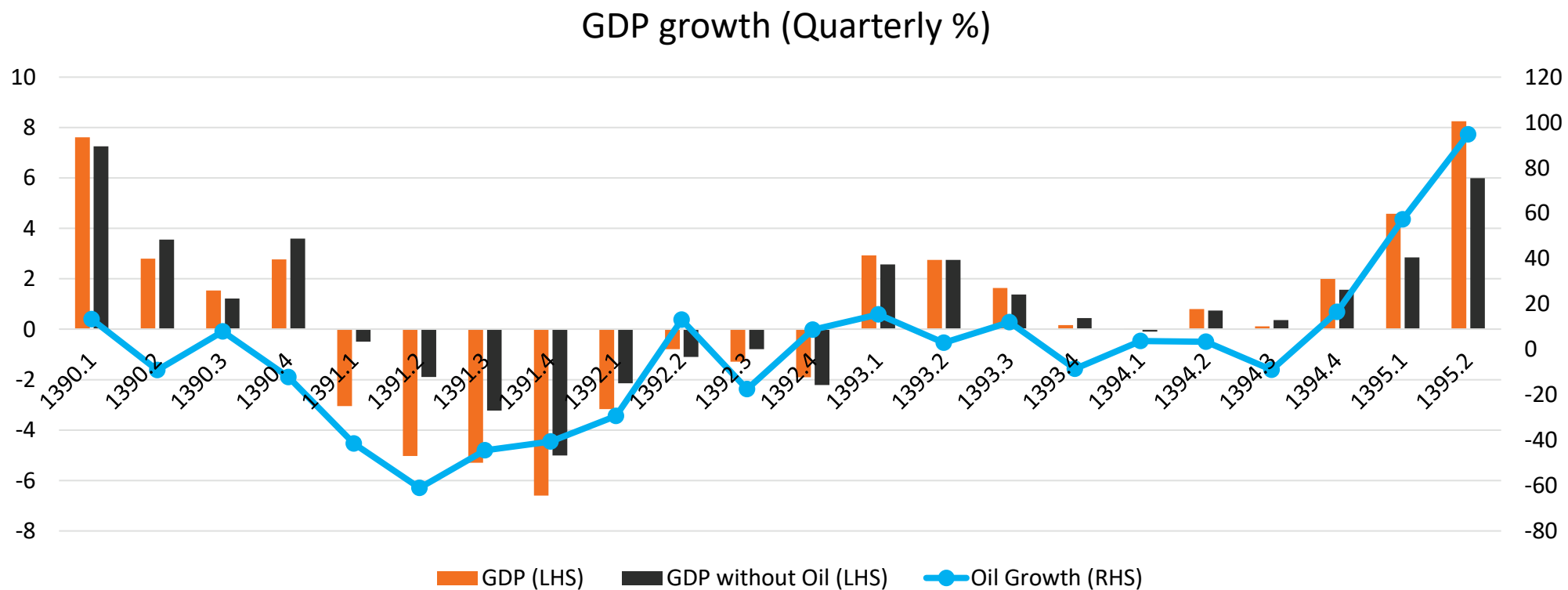
Market downturn; implications for Iran drilling industry

Ramin Forouzandeh – Senior Strategist - Dana Energy
4th Iran Drilling Congress – 19 Feb 2017

Agenda

1. Iran drilling industry
2. Scope of Change
3. Implications & Actions

The role of Oil

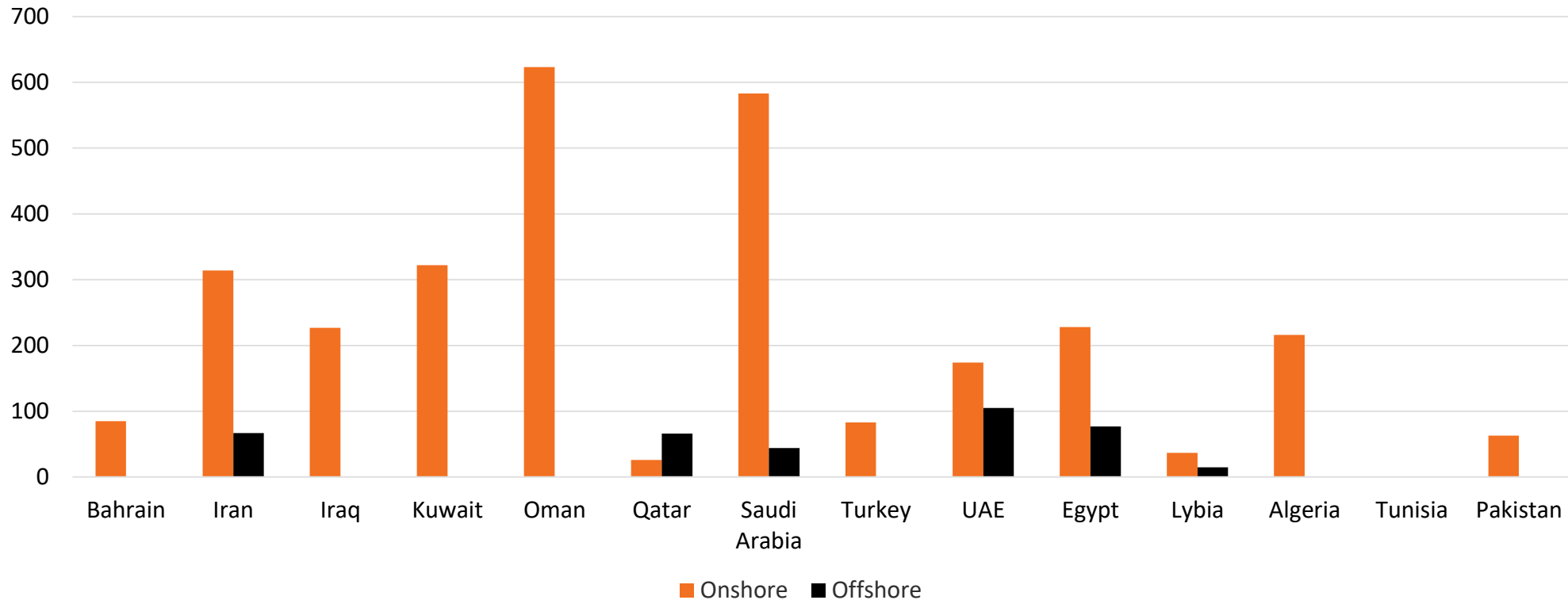


■ Iran Drilling Industry



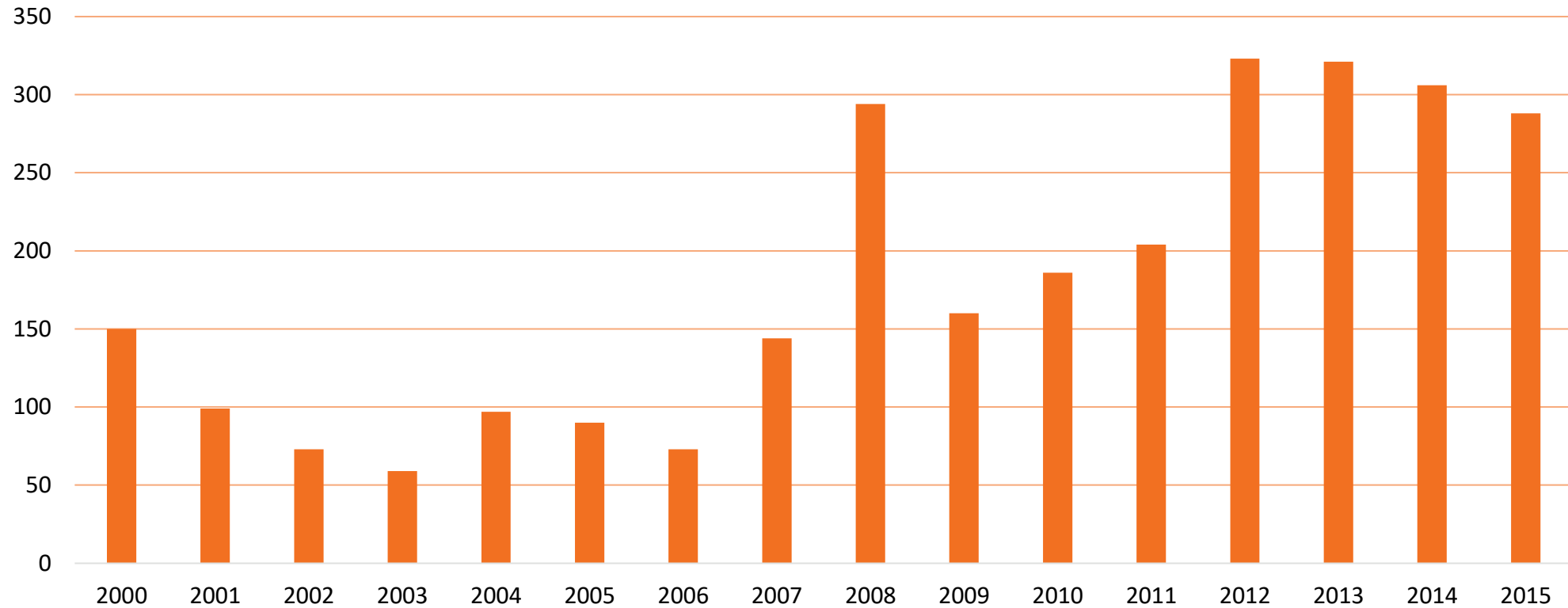
Iran drilling industry

Number of wells drilled by location (2016)



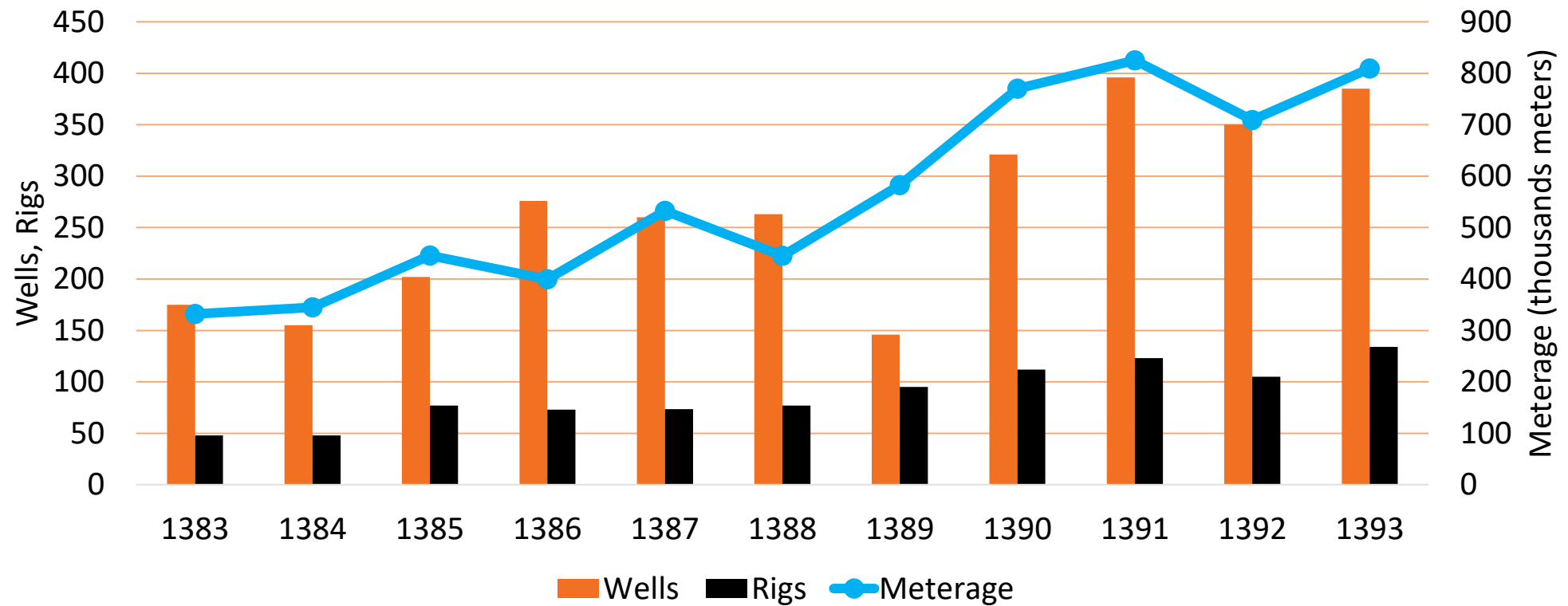
Iran drilling industry

Wells Completed



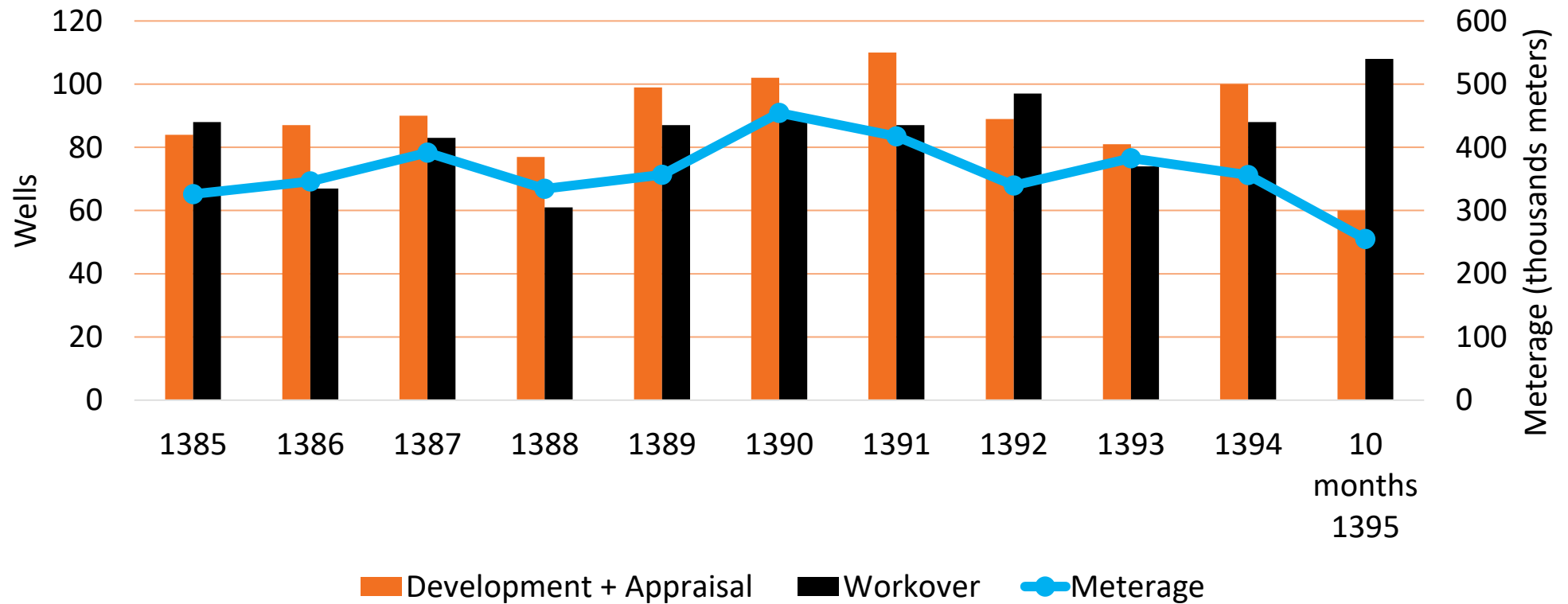
Iran drilling industry

Drilling Activity



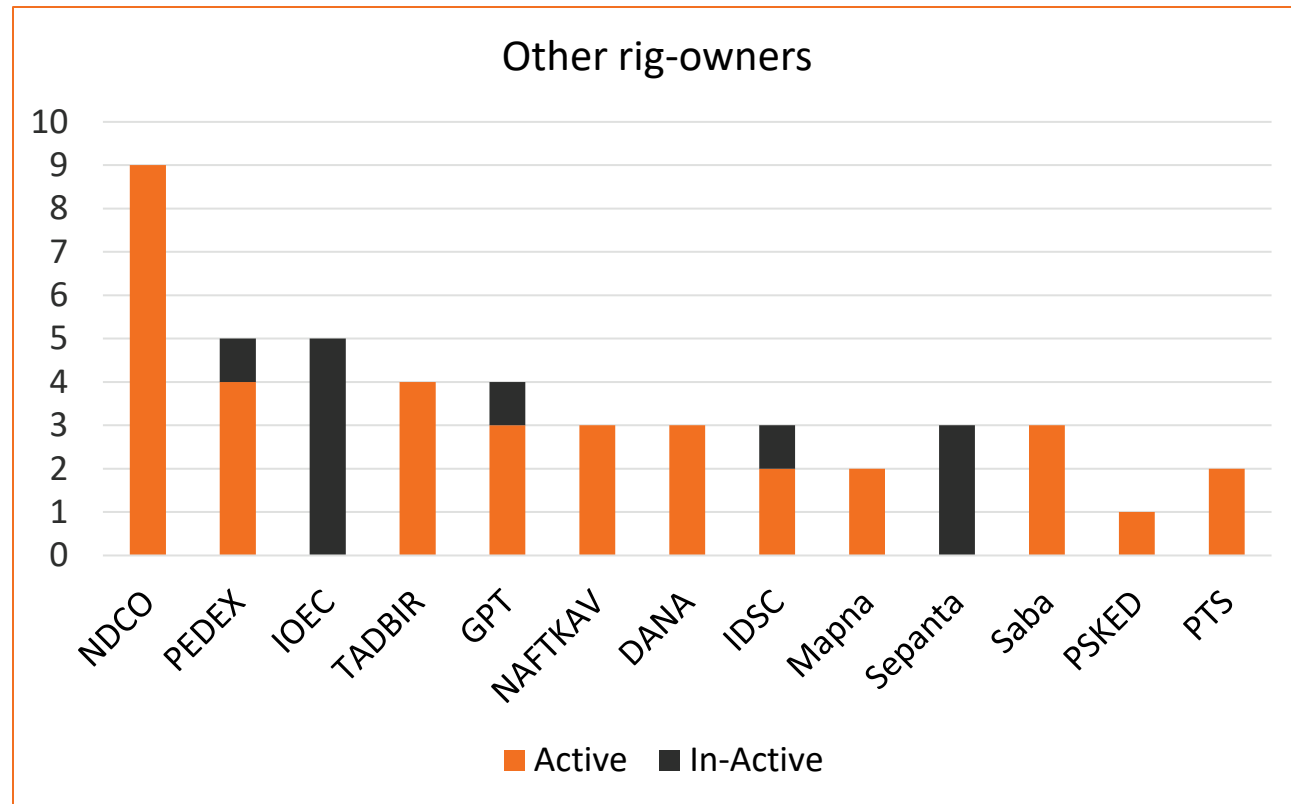
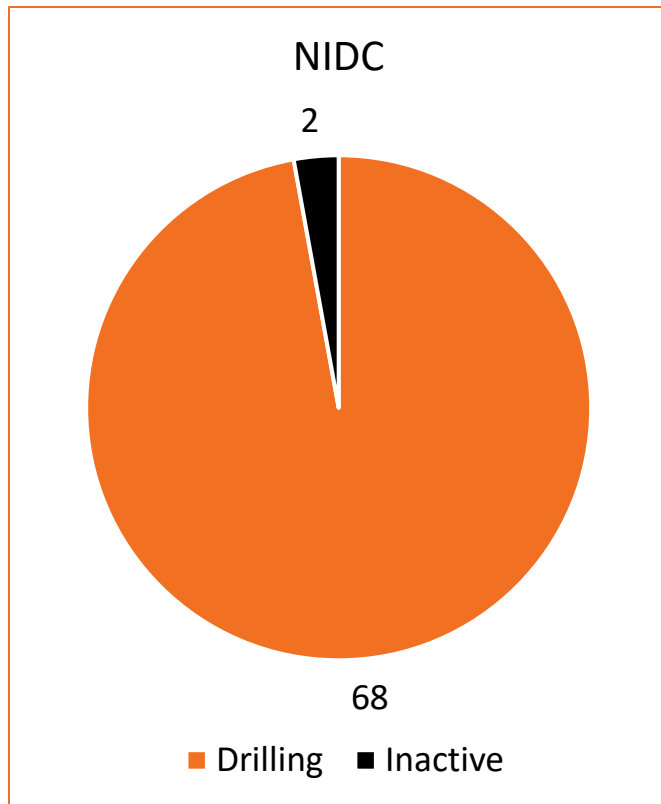
Iran drilling industry

NIDC Drilling activities



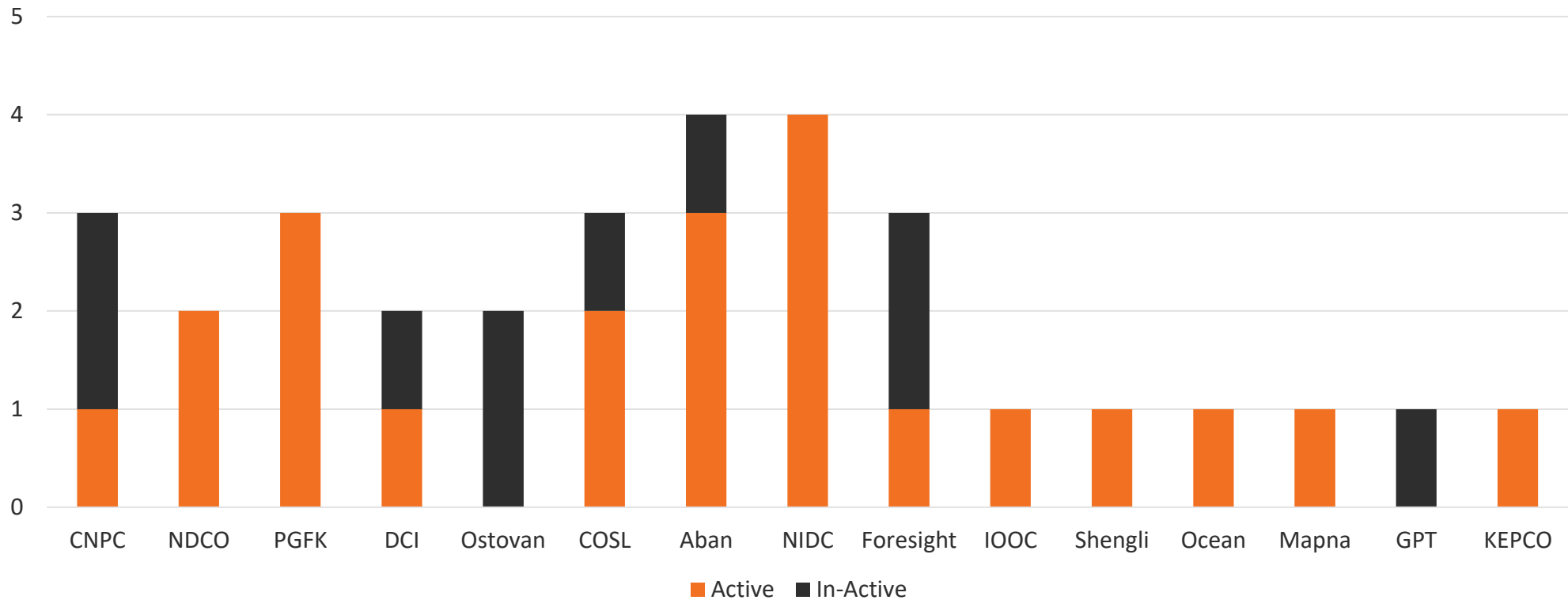
Iran drilling industry

Land rig-owners (118 rigs-13 inactive)



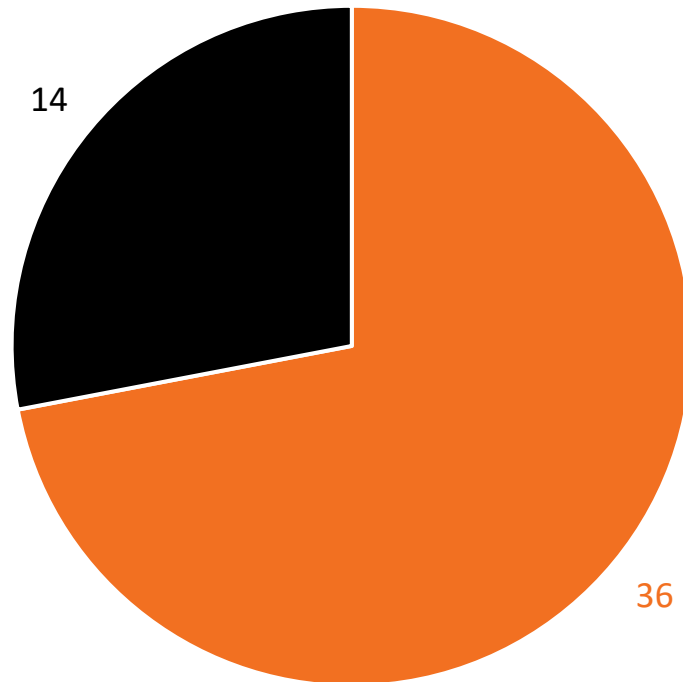
Iran drilling industry

Offshore rig-owners (32 rigs – 10 inactive)



Iran drilling industry

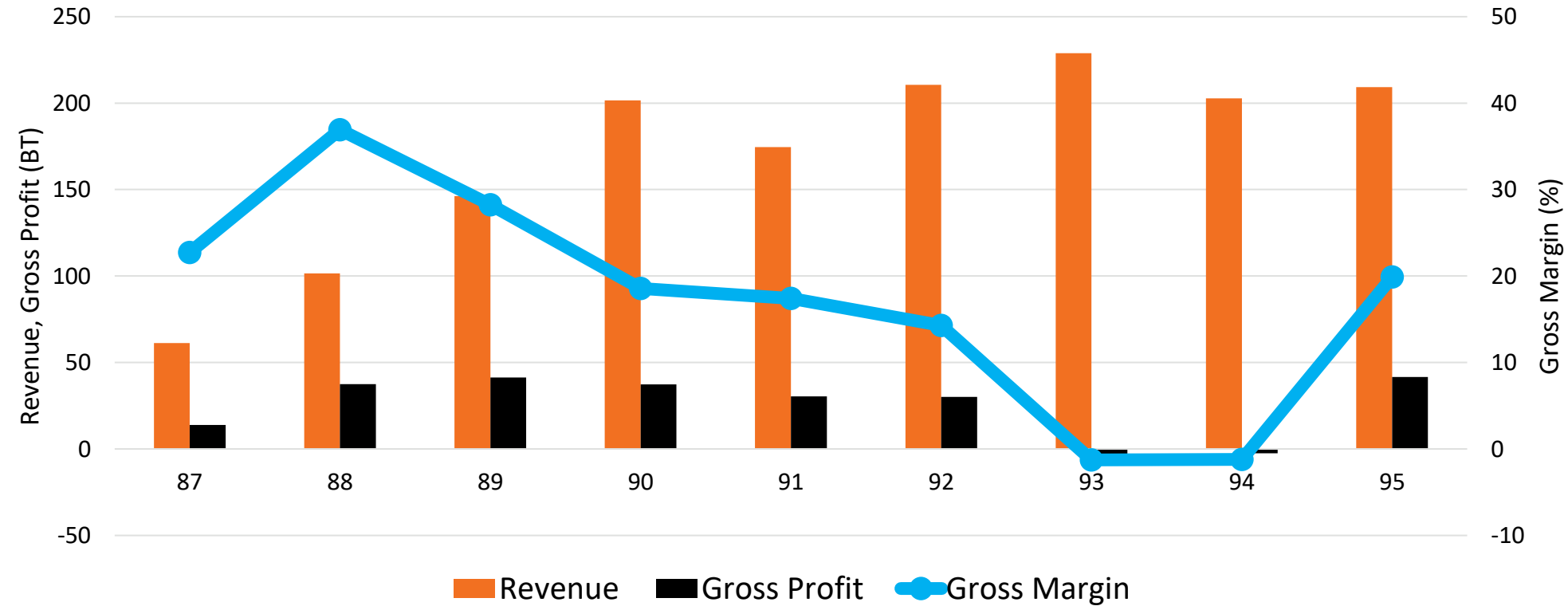
50 IPC projects - Signed MOU's (IPC)



Company	Field
Lukoil	Ab Teymour / Mansouri
Total	S Azadegan / South Pars 11 (CNPC, Petro Pars)
Wintershall	4 fields
OMV	Cheshmeh Khosh / Band Karkheh
Zarubezhneft	Aban / Paydar Gharb
Tatneft	Dehloran
PGNiG	Sumar
DNO	Changouleh
PTTEP	Changouleh / Balal / Dalpari
Shell	S Azadegan / Yadavaran 2 / Kish gas
Gazprom	Changouleh / Cheshmeh Khosh
Persia	N Yaran / Maroun / Koupal
Pergas	Shadegan / Rag-e Sefid
Shclumberger	Shadegan / Rag-e Sefid / Parsi
PEDC	Karang / Parsi / Shadegan

Iran drilling industry

NDCO land rig results

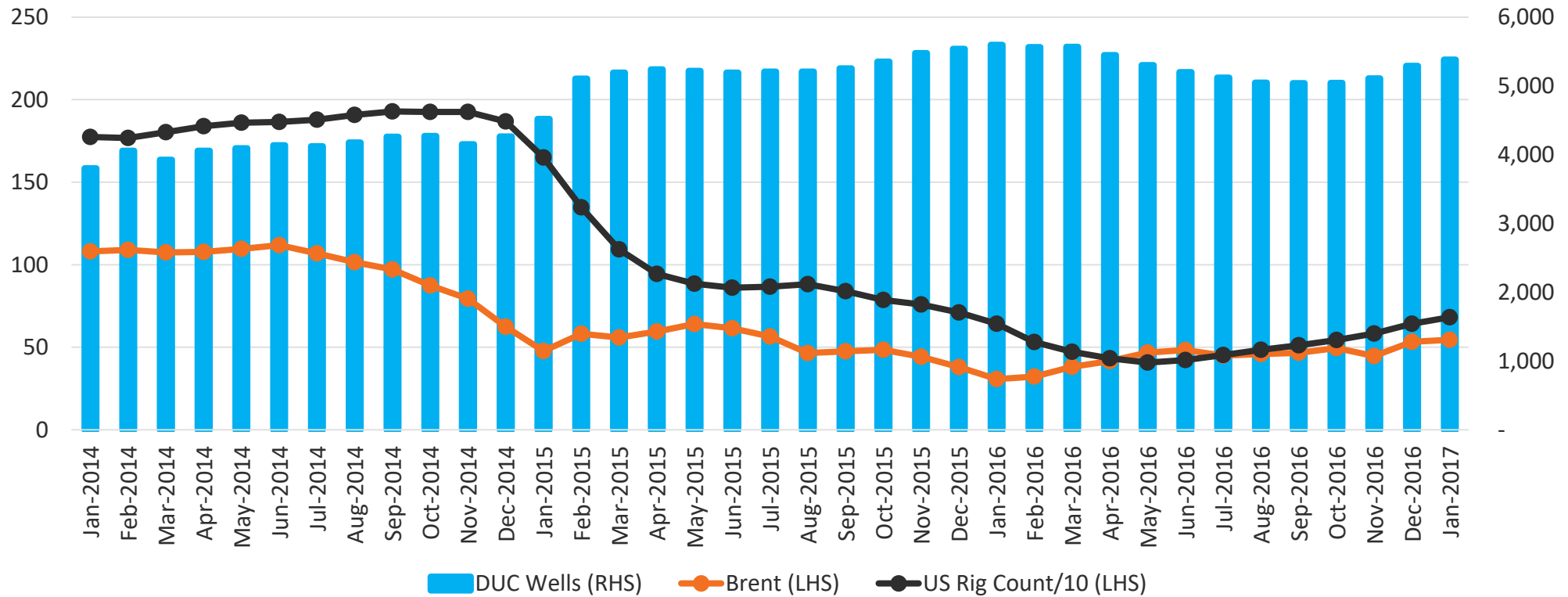


Scope of Change



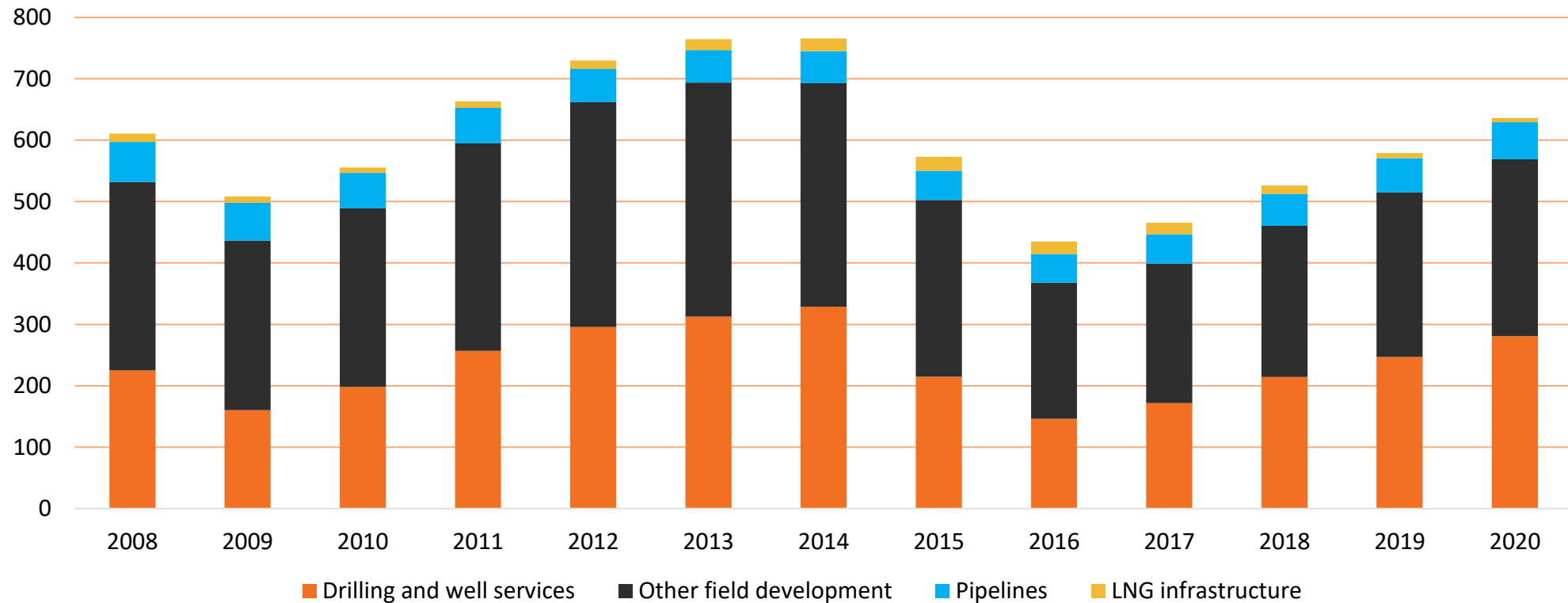
Scope of change

Oil price cap



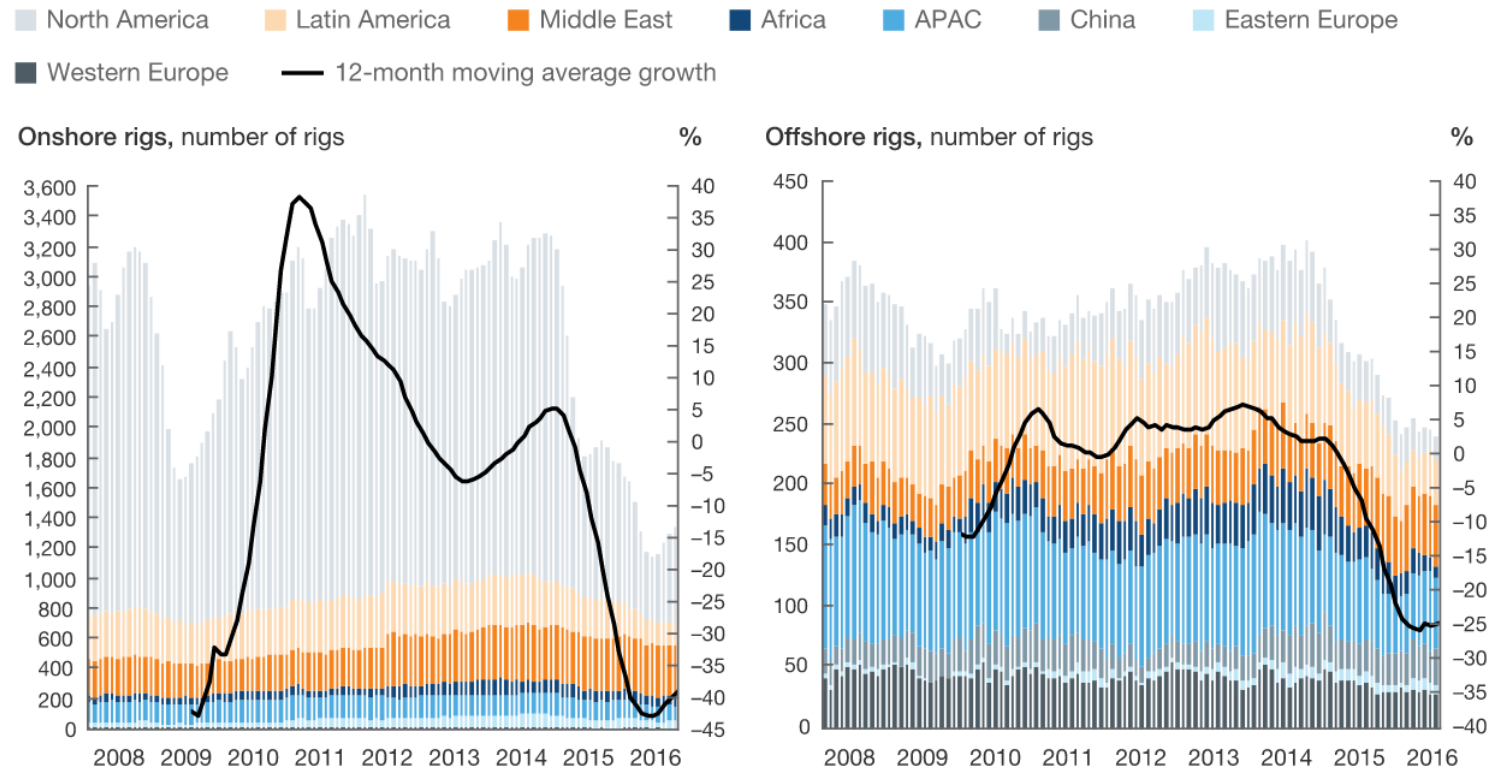
Scope of change

Upstream spending (B\$)



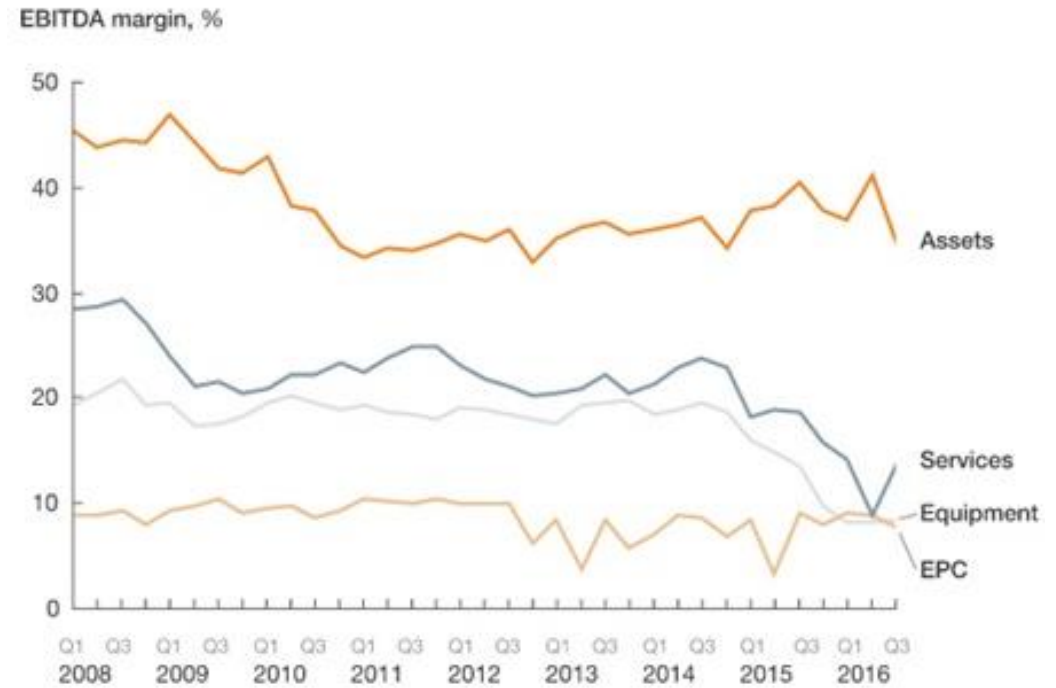
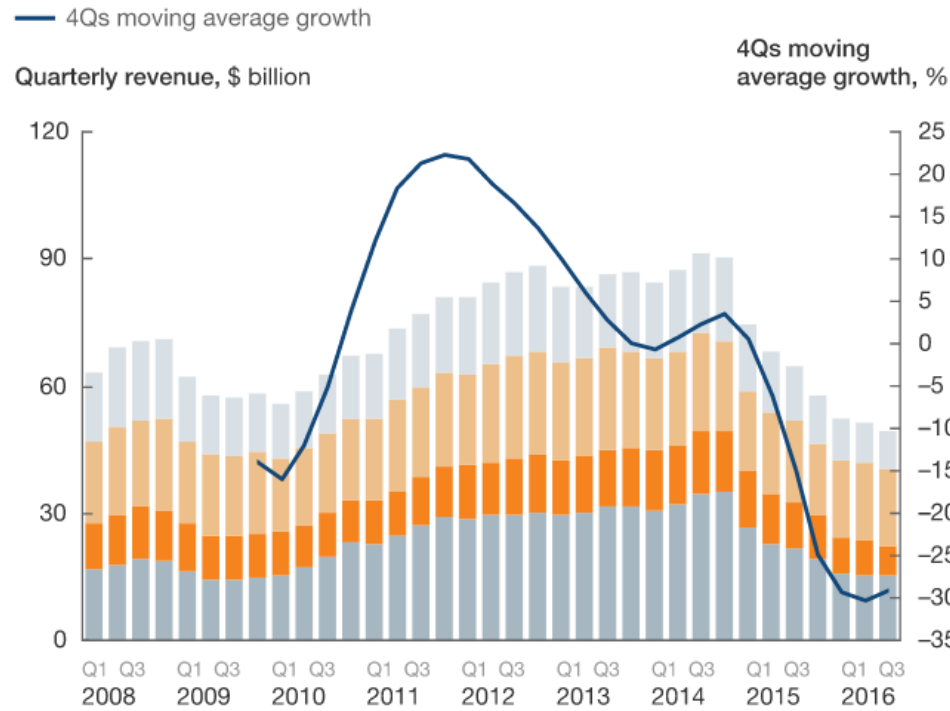
Scope of change

No. of Rigs



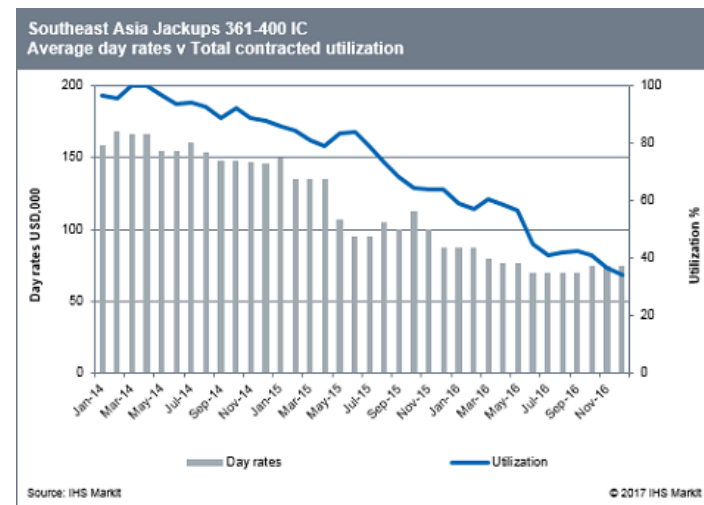
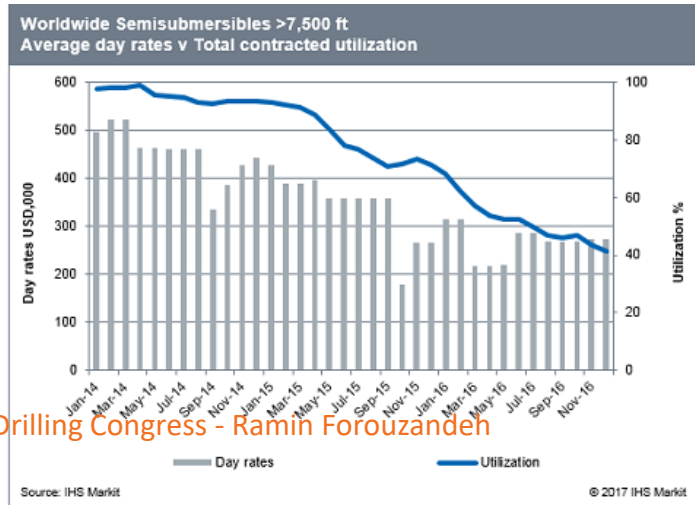
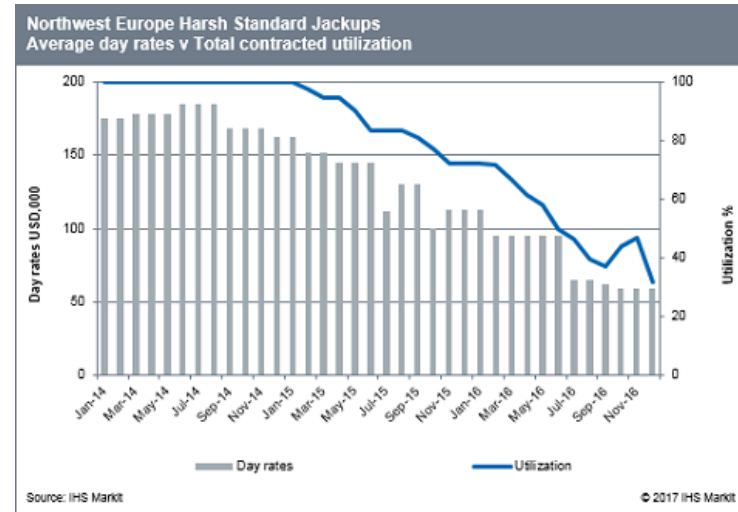
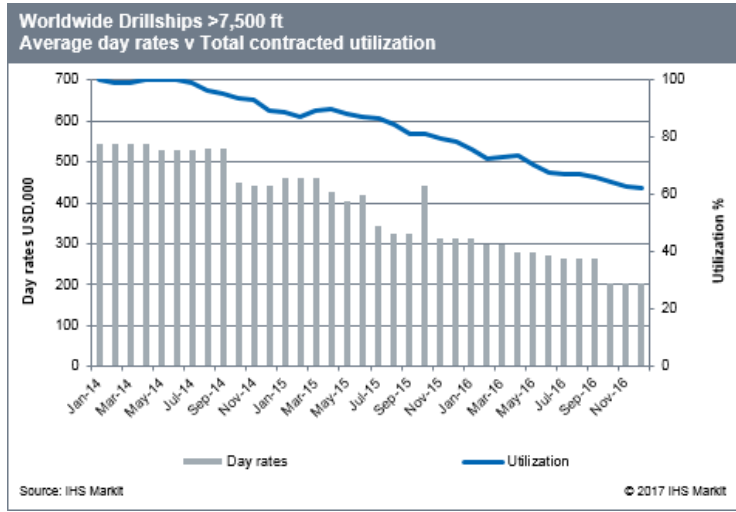
Scope of change

Revenue & margin



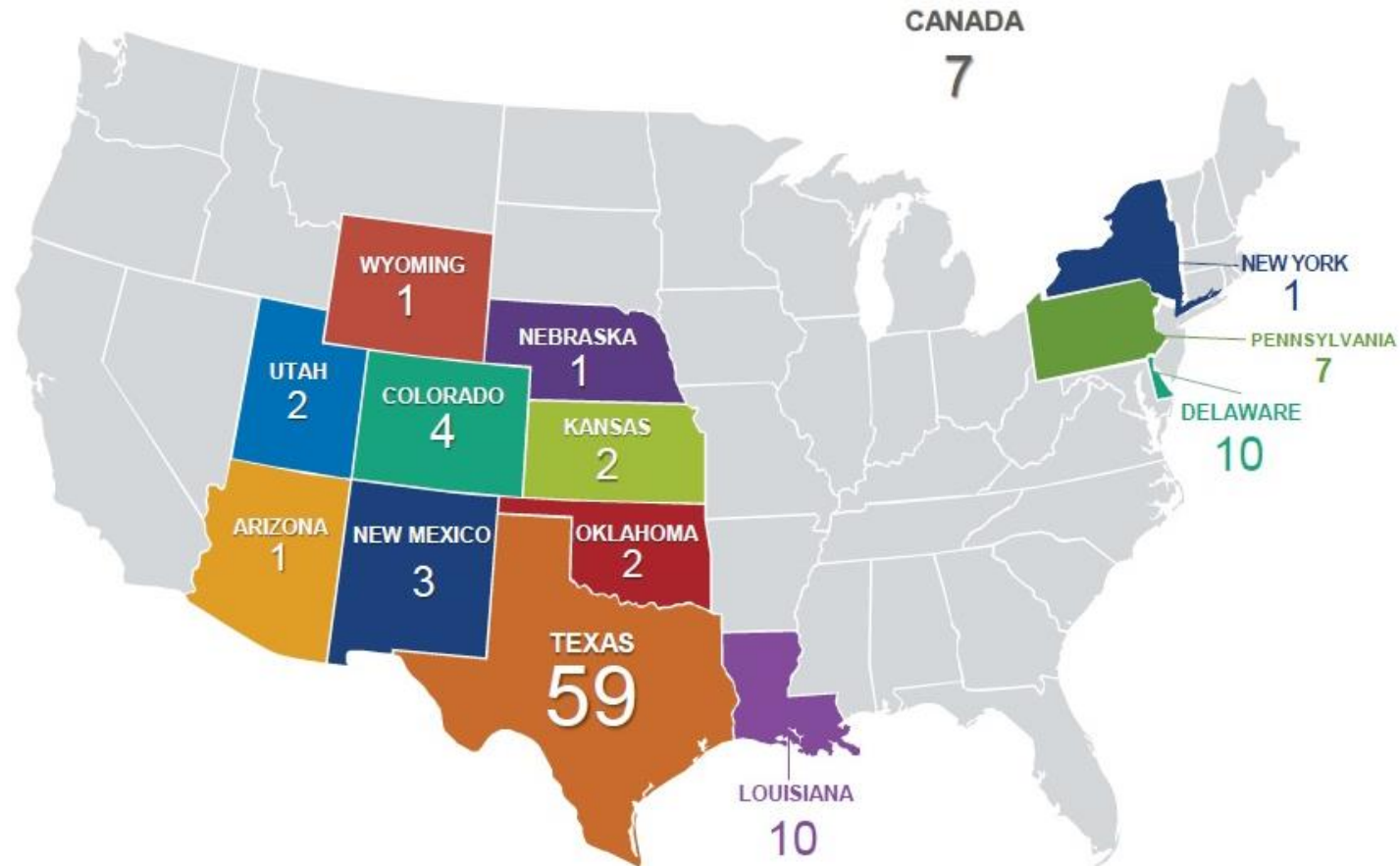
Scope of change

Offshore rig market



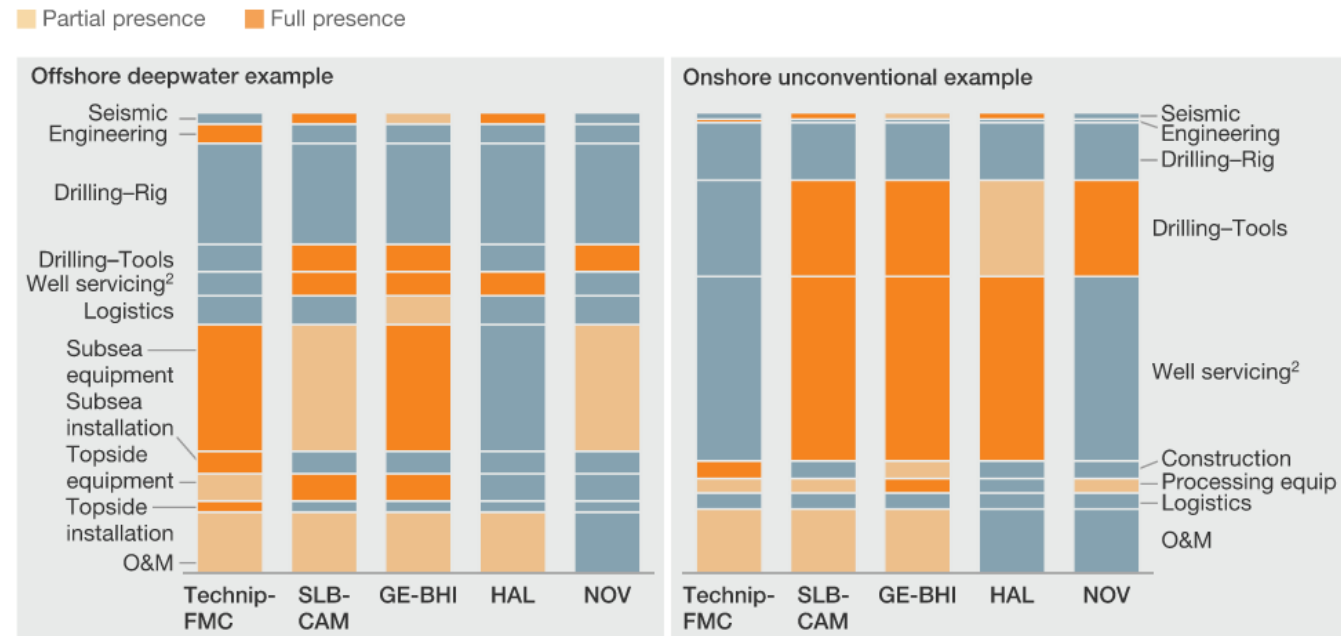
Scope of change

2015-2016 NA OFS Bankruptcy Filings



World M&A

Addressable project lifecycle cost, % of total capex and opex, example projects¹

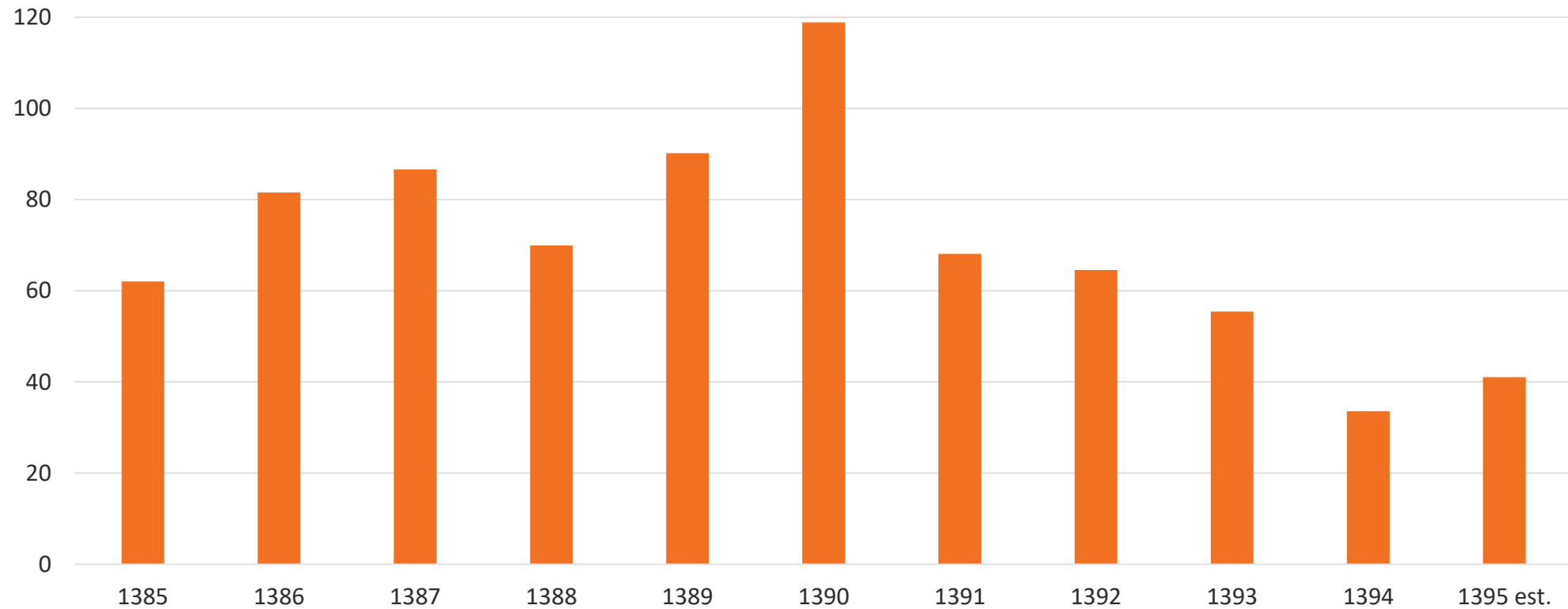


¹Based on total capex and opex spend on Atlantis, Thunder Horse, and Appomattox projects for offshore deepwater, and Permian tight oil for US unconventional.

²Includes field intervention (well stimulation, wireline, artificial lift services, and others) and drilling services.

Scope of change

Iran oil revenues (B\$)



Implications & Actions



Implications & Actions

Deloitte (the five stages of grief)



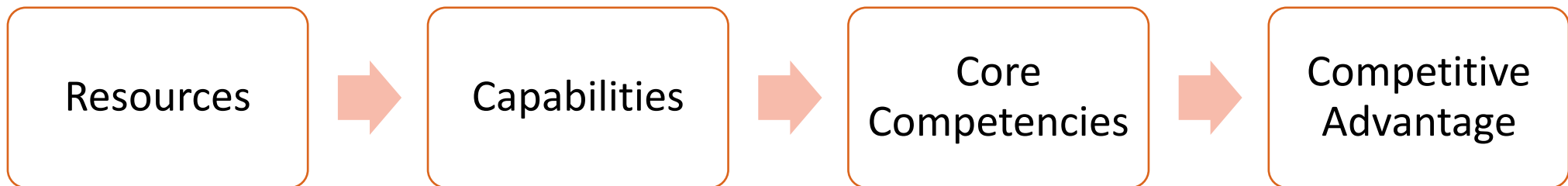
Implications & Actions

Bad year(s) for OFS companies

- Decline of South Pars development drillings
- No real investment for upcoming 6 months
- Government financial bottleneck
- A tough year for industry, but not identical
- Decline for OFS, Growth for some

Implications & Actions

Strategic Planning



Implications & Actions

For companies

Cost Reduction



- Corporate center
- Support activities
- Unused assets

Diversification



- Location
- Value chain
- Life cycle

Implications & Actions

For companies

Focus on land



- South Pars
- IPC & signed MOU's
- 6th development plan

Global view



- Capital abundance
- Unused assets
- M&A

Implications & Actions

For companies

Strategic Partnership



- Developers
- Discounted prices
- Integrated solutions

M&A



- Horizontal & Vertical
- Capture long-term value
- Offer for both sale & buy

Implications & Actions

For policymakers

Contracts



- IPC
- Buyback & EPDF
- IDS

NIDC



- Restructuring (not privatization)
- Shrink market size from 60% to 30%
- JV with world class rig-owners

Thanks for your attention

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