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Future of Iran's petroleum market and partnerships with local Iranian Companies

The Introduction of New Iran Petroleum Contracts – IPC



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This present will give you some real and useful information about capabilities and advantages of Iranian petroleum equipment manufacturers

- **Section 1: Introduction**
- **Section 2: About SIPIEM & Iranian manufacturers**
- **Section 3: IPC contracts and SIPIEM partnership model**
- **Section 4: IPC contracts and Local Content**
- **Section 5: SIPIEM services**

Section 1: Introduction

- ✓ Iran Realities
- ✓ Iran Cross Road of Energy Movement
- ✓ Iran's real private sector in petroleum industries

Iran Realities

- ✓ The most stable country in the region
- ✓ Youngest population in the Region
- ✓ Having world Famous universities and R&D centers
- ✓ Highly educated & brilliant minded Graduates in all science and technology disciplines
- ✓ R & D oriented Industries and manufactures
- ✓ Numerous technology parks (Incubators)
- ✓ The most qualified export center in the region

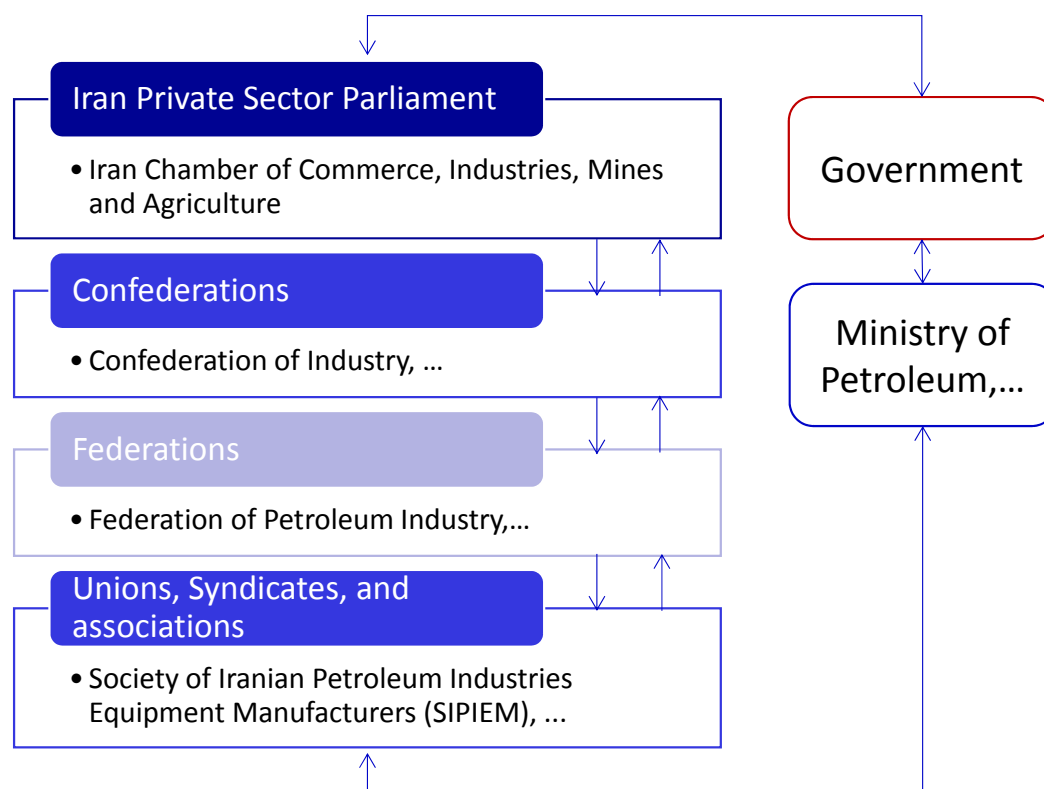
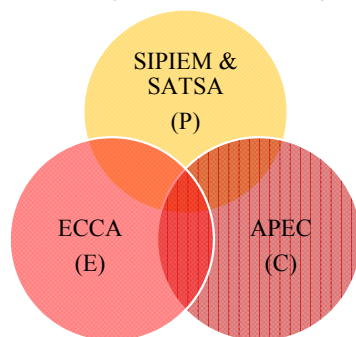


Iran Cross Road of Energy Movement



Iran's real private sector and relationships flowchart

- ✓ There are three main private associations related to the Petroleum Industries:
- ECCA (Engineering)
- SIPIEM & SATSA (Procurement)
- APEC (Construction)



Section 2: About SIPIEM & Iranian manufacturers

- ✓ About SIPIEM
- ✓ About Iranian manufacturers
- ✓ Localization - Highlight achievements
- ✓ Successful Experiences
- ✓ SIPIEM Roadmap

About SIPIEM

Society of Iranian Petroleum Industries
Equipment Manufacturers (SIPIEM)

- ✓ SIPIEM was established in March **2000**.
- ✓ SIPIEM is the largest private community in the field of equipment manufacturing in Iran.
- ✓ From about **1,100 Iranian companies** active in the field of petroleum industries equipment; among them, more than **600 companies are as SIPIEM members**.
- ✓ Direct Employment of more than 60000 qualified personnel
- ✓ SIPIEM has a critical role in the policy making in petroleum equipment industry

About Iranian manufacturers

Undeniable facts

- ✓ Over the years, Iranian manufacturers have provided a great infrastructures and production facilities.
- ✓ Iranian manufacturers **current capacity is about 70%** of supplying petroleum industries equipment.
- ✓ Iranian manufacturers can meet all international standards and requirements such as API, ASTM, ASME, DIN, ...
- ✓ Over the years Iranian manufacturers have supplied lots of equipment for most of **International GCs** such as ENI, TOTAL, SHELL, SINOPEC, PETRONAS, HYUNDAI, and BP.
- ✓ Among our more than 600 company members, there are **50 companies** with the ability to operate on a **global scale**

Localization

Highlight achievements

After the revolution, the Iranian oil industry as the pioneer of self-sufficiency and self-reliance was involved in the production of the equipment locally.

This trend of localizations has seriously begun from 1990 with the much closed partnerships between public-private sectors in Iran.

Localization of hundreds of strategic and high-tech equipment.

Gas turbines, well-head equipment, consumed chemical substances and drilling equipment are as parts of the achievements of this cooperation.



Upstream achievements

Drilling rigs

- ✓ Design, engineering & construction of oil and gas drilling rigs
- ✓ Cantilever mast & Swing up substructure as per API 4F
- ✓ Draw works rated input: 2000 HP and Drilling depth: up to 20000 Ft
- ✓ Rig 71 Fath for National Iranian Drilling Company (NIDC)



Upstream capabilities

Drilling Bits

- ✓ Three Cone Bits, 17.5" model: DSJ
- ✓ These kinds of Bits use in Drilling areas with soft to moderate formation
- ✓ Has been used by Iranian Central Oil Field Company (ICOFC)
- ✓ Has same performance like Americans products like Baker, Reed, and Smith



Upstream capabilities

Gas Turbines

- ✓ Enhancement and localization of Solar Centaur gas turbine
- ✓ Gas Turbines with a capacity of 5MWatts
- ✓ Installed in the Maroon gas compressor station in National Iranian South Oil Company (NISOC)
- ✓ By use of Reverse Engineering
- ✓ 10 percent more operational power and 30 percent cheaper than foreign ones.



Upstream capabilities

Compressors

- ✓ Gas compressor, Oil free instrument Air compressors, Gas gathering compressor, manufactured based on Iranian Patent and met API618
- ✓ 750 bar pressure and 2MWatts power
- ✓ Installed in Abadan Refinery, Khark Zone, Siri Zone, ...
- ✓ By use of **tailor made method**
- ✓ Over 10 years in service without failure



Upstream capabilities Electrical Submersible Pump

- ✓ The Electrical Submersible Pump usually called as ESP pump used to lifting moderate to high volumes of fluids from wellbores.
- ✓ Available with features from 100 Blb/D to 45000 Blb/D
- ✓ motors from 10 HP to 350HP



Upstream capabilities Casing and Tubing pipes

- ✓ seamless steel pipes, included casing-tubing
- ✓ From size 1.9 to 16 inch



Upstream capabilities

Top Drive

- ✓ Top Drive is a kind of drilling rig equipment
- ✓ Top drive is essential and has a very important role in the acceleration of oil and gas drilling operations
- ✓ Installed in Drilling rig No. 83 of Iranian National Drilling Company (NIDC)
- ✓ By use of Reverse Engineering



Upstream capabilities

Wellhead equipment

- ✓ WELLHEAD ASSEMBLY: 4 1/16"- 5000 PSI-FF: installed in Khark zone, Well No.D130, Iranian Offshore Oil Company (IOOC)
- ✓ X-Mas Tree 7 1/16" 6500 PSI HH, For Offshore Sour Gas Wells, Standard: API 6A, ordered by Pars Oil & Gas Co. (POGC)
- ✓ X-mas Tree AG(H)-10000 Psi-FF, Fully Stainless Steel Material NACE MR0175, ordered by Iranian Central Oil Fields Company (ICOFC)
- ✓ Casing head housing, casing head spool, tubing head spool, Casing Hanger both slip and mandrel style, composite tree, master gate valve for 15000 psi application



Upstream capabilities Oil Well Logging Unit

- ✓ the world's greatest (in power and capacity) Oil Well Logging Unit.
- ✓ Wire Capacity : 25000ft 15/32 7 Cond. + 25000ft 7/32 mono cond, Min smooth speed: 1.2 m/min, and Max pulling force: 100 KN
- ✓ This Well Logging Skid Unit is currently operating on international oil well platforms via Khark Zone



Upstream capabilities Industrial UPS System

- ✓ Industrial Online UPS & Converter System (single/three phase)
- ✓ High Power (Up to 250 kVA for single phase and 500 kVA for three phase systems)
- ✓ Compatible with IEC, IPS, NEMA Standards
- ✓ Installed on is South Pars Phase 6 - 7 - 8 & 9-10 Offshore Platforms



Downstream achievements

South Pars Gas Field - Phase 12

- ✓ The **largest project on Iran's oil industry** and one of the largest gas production projects around the world
- ✓ More than 7b\$ of investment
- ✓ The **most Iranian made Phase** of south Pars gas field
- ✓ More than 45 millions man hours
- ✓ **67 percent** of the equipment has been supplied by local companies and manufacturers



SIPIEM Roadmap

Knowledge transfer

Short term goal:

Start cooperation with foreign partners

Medium term goal:

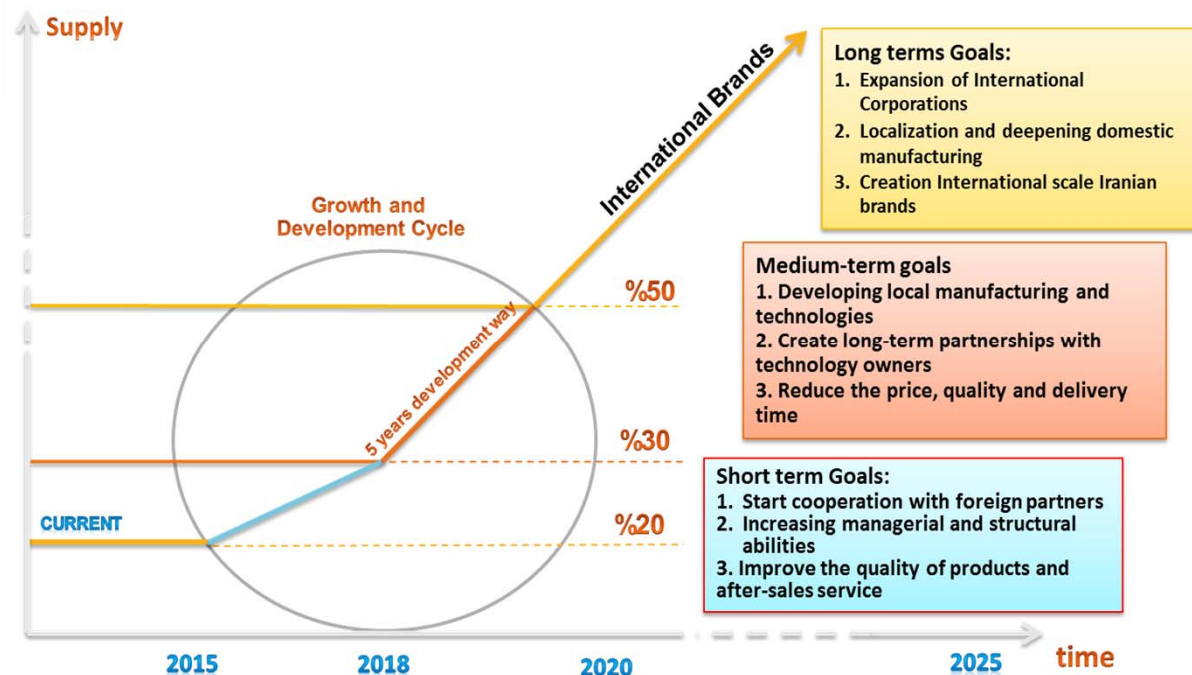
Develop local manufacturing based on knowledge transferring

Long term goal:

Create international scale Iranian brands

Our growth strategy will continue to leverage strategic business partnerships based on

Knowledge Transfer



Section 3: IPC contracts and partnership model

- ✓ IPC & partnerships
- ✓ SIPIEM partnership model

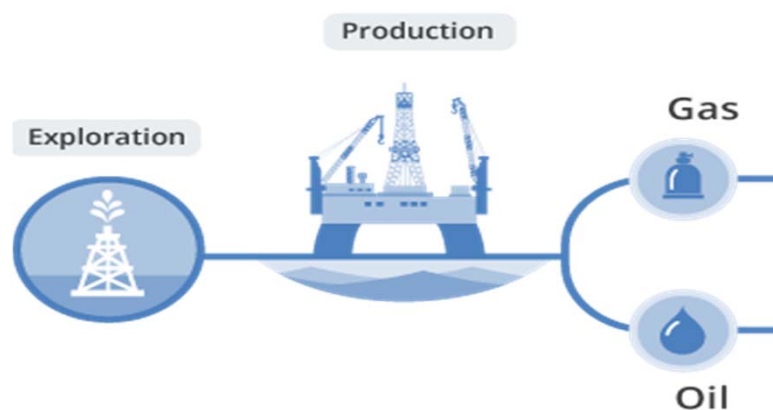
IPC & partnerships

The Iranian Petroleum Contract (IPC) offers IOCs more attractive and acceptable terms and condition for exploration and production (E&P) of oil and gas field operations.

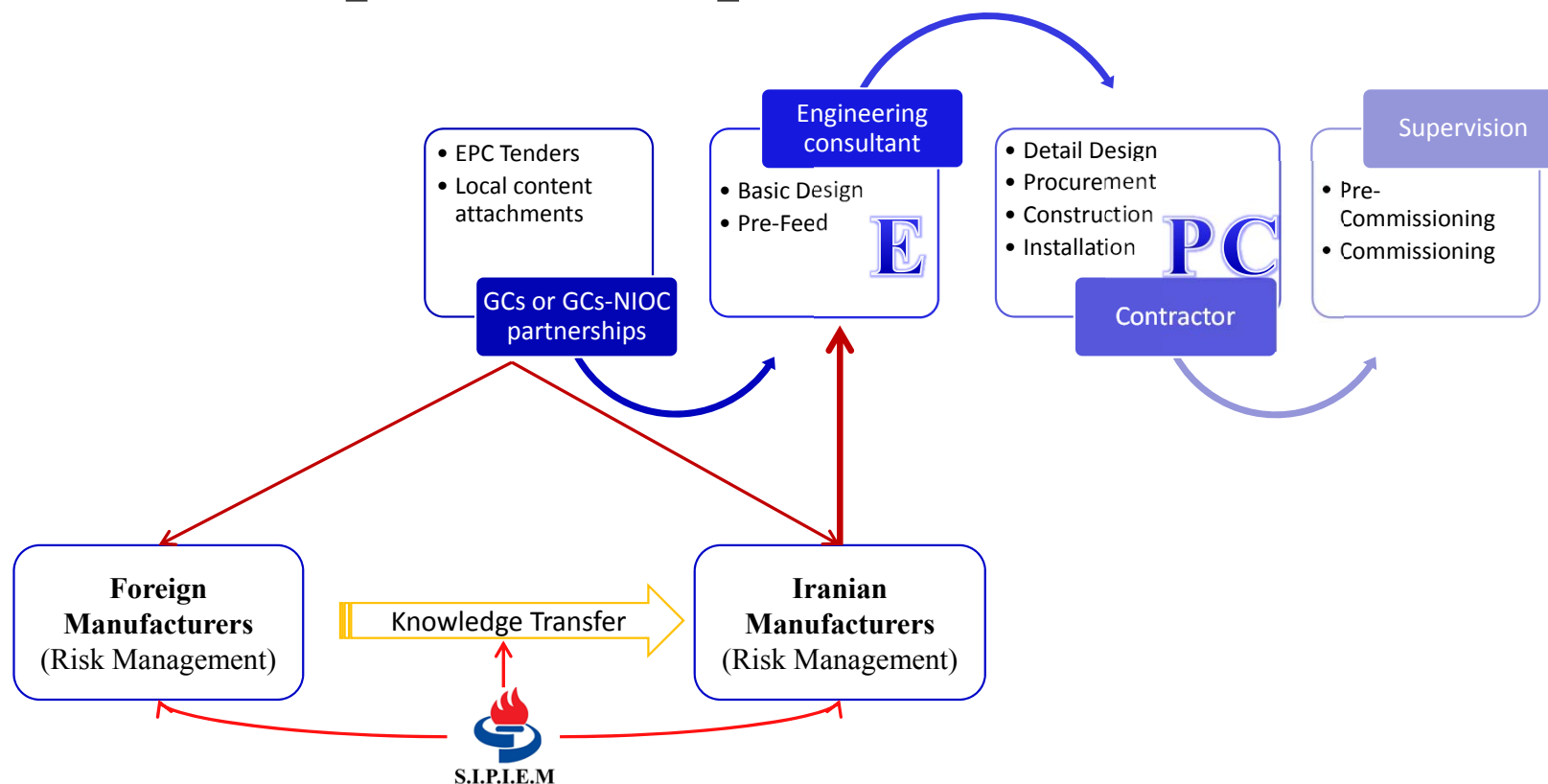
The new investment model facilitates **transfer of technology to the Iranian companies** and localizes the know-how and management skills by making partnership with local companies and maximum employment of local experts.

The “partnership model” covers three stages of exploration, development and production.

the foreign investor is required to purchase **51% of tools, equipment and services supplied by domestic manufacturers** in conformity with the local content laws.



SIPIEM partnership model



Section 4: Investment Opportunities, IPC contracts and Local Content

- ✓ Maximum utilization of Iranian Content
- ✓ Ten strategic equipment group

Investment opportunities

Oil Section

Investment Opportunities in petrochemical section	
Total projects	Investment estimation
100	50b\$

Investment opportunities

Petrochemical Section

Investment Opportunities in petrochemical section	
Total projects	Investment estimation
30	27b\$

Maximum utilization of Iranian Content

- ✓ More important attachment of IPC
 - ✓ Total Local Content Percentage: minimum investment in the Iranian Content (IC) is based on value and monetary and it should be taking written allowance of NIOC
 - ✓ Maximum Iranian Content will lead to:
 - A bonus signature
 - Extra score for next tenders
- IC eq: Iranian Content of “equipment, goods and material”

IC se: Iranian Content of “ services”

IC hr: Iranian Content of “human resource and labor”

IC tot: Iranian Content of “ technology transfer”

IC tr: Iranian Content of “training”

IC inf: Iranian Content of “infrastructure”

- ✓ Contractors must meet the Iranian Content and preference to hiring Iranian Manufacturers and suppliers whenever their offers present conditions of **price, time and quality are equivalent to non-Iranian suppliers**

Ten strategic equipment groups

- ✓ Iran oil industry has some strategic equipment needs
- ✓ 10 special strategic groups
- ✓ SIPIEM invites investors to start corporations in these groups

1. Wellhead equipment and downhole completion sets
2. Downhole pumps (ESP pumps)
3. Drilling Bits (PDC, Rock and Core bits)
4. Control and Safety Valves
5. Casing and Tubing seamless and none seamless Pipes
6. Explosion Proof Electromotors
7. Rotary equipment (turbines, compressors and centrifugal pumps)
8. Alloy & Cryogenics steels
9. Log measurement tools in drilling
10. Intelligent PIG

Section 5: SIPIEM services

- ✓ Advantageous of Iranian private sectors (Engineering companies, manufacturers and EPC contractors)
- ✓ SIPIEM services for GCs and IOCs

GCs incentives provide by SIPIEM in Iran:

Critical advantages

- ✓ Lowering Lead Time in:
 - Supply of all Bulky and Fixed Equipment
 - Supply of more than 50% of all other Parts,
Machinery and Equipment
 - Supply of Highly Qualified Technicians,
and Engineers
- ✓ Providing After Sales Services and Up-Grading

SIPIEM Welcomes IOCs, GCs, Financers and Manufacturers for:

- 1) JV in Know How Generation & Products Development
- 2) JV in Project Execution (EPC)
- 3) Financing partner in EPCF Projects
- 4) Consortium Formation on Project basis
- 5) Provide facilities through Kish Island Technology and Investment Center**



Kish Island: Unique advantages

- ✓ Access to world free waters
- ✓ No need to visa for foreign visitors
- ✓ **Strategic situation and closeness to Asalooeyh oil zones**
- ✓ **Energy resources (gas fuel) independent from the main land**
- ✓ Independent air lines and shipping lines with ability to carry vehicles
- ✓ High level of social security and peace and low rate of social disorders
- ✓ Appropriate intercity transportation facilities
- ✓ Relative control of environmental pollutants
- ✓ Access and closeness to international ports and cities like Dubai, Sharjah, Manama and Doha



Advantages and infrastructures of economic activity in Kish free zone

- ✓ 20-year tax exemption for any kind of activity
- ✓ Legal guaranty and support for foreign investment
- ✓ Company registration with 100% foreign ownership
- ✓ **Activity of foreign stock exchange and product, oil and petrochemicals exchange**
- ✓ **Exemption from customs duties for importing raw materials and industrial machinery for manufacturing units**
- ✓ Product transit to the countries of Middle Asia and neighboring countries with a population over 400million
- ✓ Hosting vessels with capacity of 12000 tons presently and 35000 tons in the future
- ✓ Exporting products abroad without customs and port duties
- ✓ Low commercial interest for importing products to the country through Kish Island by 15%
Independent customs in the free zones
- ✓ Free entering and exiting for capital principal and interest



Kish Island Investment and Technology Transfer Center

- ✓ **SIPIEM has signed an agreement** with Kish Island Free Zone Organization
- ✓ SIPIEM is ready to establish the center of Technology transfer and Investment Center with cooperation with other associations and companies
- ✓ To provide facilities to all of Iranian-foreign partners



Thank you



Iranian cheetah, is a [critically endangered cheetah subspecies](#) surviving today only in [Iran](#).

In order to raise international awareness for the [conservation](#) of the Iranian cheetah, an illustration was used on the [jerseys](#) of the [Iran national football team](#) at the [2014 FIFA World Cup](#).

Currently in 2015, it is estimated that approximately 50 cheetahs are living in the wild of Iran, however their numbers are rising.