1. Local Content is major change from importer to producer – will be resisted globally and locally.

2. Must be championed from top. Tied to National Agenda – Chairman Governing Council is member of FEC and direct report to President.

3. Structured consistent approach. Show results and resistance will reduce.

4. More development, less focus on regulations – Collaboration with stakeholders.

5. Create enabling data management systems to handle information and analysis


7. Asset ownership and yard developments attract investments. Investors follow opportunities. Legacy facilities on the back of projects (EGINA spin-offs)

8. Local banks can fund substantial portion of investments.

9. Training and employment connects the local communities.

10. Drive impacts to host community level – Nigeria Oil and Gas Industrial Parks Scheme.
Local Content is major game changer

Objective:
• Promote in country value
• Retain more spend in country
• Get more locals involved

Will be resisted locally and globally due to:
• Cost
• Schedule
• Quality
• International free trade agreements
• Other stakeholder interests – Shareholders, Governments etc
**NIGERIA**

- Oil Reserves = 36 billion barrels
- Daily Production = 3m bbls/d
- Gas Reserves = 5 trillion cubic metres
- Nigeria is amongst highest ranking oil producers but not a high ranking oil and gas country.

**KEY LEGISLATIONS**

- NOGICD Act – Consistent philosophy, focused on developing in-country capacity
- PIB will create further opportunity for the capacities
- National Assembly working on Nigerian Content legislation to cover other sectors.

**CHANGING THE PRE – NOGICD ACT FOOTPRINT**

- Capital Flight
- Loss of Jobs

**Imports, Finished Goods & Services**
DRILLING IN-COUNTRY-VALUE (ICV) OUT OF THE O & G CHAIN

We need to maximize value from these activities.
• Must be championed from the top

• Tied to a strong National agenda – Transformation

• Chairman of the Governing Council is member of the Federal Executive Council and direct report to His Excellency, Mr. President
COMPOSITION OF THE GOVERNING COUNCIL AND NCDMB

- CHAIRMAN - HMPR
- REP OF MPR
- REP OF DPR
- REP OF NNPC
- REP OF COREN
- REP OF NCCF
- REP OF NAICOM
- REP OF PETAN
- SECRETARY – ES NCDMB
• Structured consistent implementation

• Show results, resistance will reduce

• Awareness workshops, enlightenment programs
Major fabrication yards upgrading their facilities to accommodate increased workloads.

New yards being developed – Daewoo, Kaztec, EWT

Existing pipe mill fully booked up till 2015.

New pipe mill projects are in construction phase – Technova

Indigenous marine vessel operators are acquiring vessels to take advantage of opportunities from marine vessels utilization strategy.

OEMs setting up manufacturing plants – Siemens, ABB for electrical products, Baker screens, GE panels, Neway valves.

Indigenous Offshore Rig companies are acquiring and deploying rigs, multinationals are keying into the Offshore Rig Acquisition Strategy to develop indigenous capacity.

R&D clusters are being setup and budgets channeled to fund research and capacity building to address technology and environmental issues.
• More development, less regulation
• Collaboration with key stakeholders
NCDMB act as facilitator, bringing together a broad array of stakeholders
We are developing TCEs to provide industry standard training within Nigerian facilities.

**PETROFAC + OGTAN COLLABORATION**

Credible pupilage program, identify institutions and upgrade to TCEs
Sustainable training, attachment and employment opportunities for Nigerians in Nigeria
• Create enabling data management systems to handle information and analysis

• NOGIC JQS system – Capturing industry capacity, categorization, training, employment and expatriate quota management data
1. Categorization of oil and gas service companies
2. Industry data base for skills verification.
3. Verification of available in-country capacity
4. Effective information exchange across stakeholders
5. Compliance Monitoring
6. Test data uploaded
7. Launch Q2 2012

- Expatriate Quota Utilization and Succession data
- Marine Vessels data
- Contract Processing data
- Equipment Ownership
- Nigerian Content Compliance Certificate Data
- Skill Base Tracking
- Training and Employment data
- Nigerian Content Plans and reports repository

Nigeria Oil & Gas Industry Content Joint Qualification System (NOGIC JQS)
Q1 2013
• Class AAA vessels = 62
• Vessels captured = 518
• Category A vessels = 250 (48%)
• Vendors captured = 106
• Category A vendors = 50 (47%)

Q3 2013
• Class AAA vessels = 71
• Vessels captured = 677
• Category A vessels = 370 (55%)
• Vendors captured = 106
• Category A vendors = 66 (40%)

LEGEND

<table>
<thead>
<tr>
<th>Category</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>CLASS AAA</td>
<td>Classification for Nigerian built vessel and flagged vessel</td>
</tr>
<tr>
<td>CATEGORY A</td>
<td>Nigerian Indigenous Companies that own marine vessels/ Nigerian owned vessels</td>
</tr>
<tr>
<td>CATEGORY B</td>
<td>Nigerian company that is into long term bare boat lease of foreign owned vessel</td>
</tr>
<tr>
<td>CATEGORY C</td>
<td>New Entrants with plans to own vessels and/or short term lessee of foreign-owned vessels</td>
</tr>
<tr>
<td>CATEGORY D</td>
<td>A foreign company operating in Nigeria with wholly owned foreign vessels</td>
</tr>
<tr>
<td>CATEGORY E</td>
<td>Companies that have submitted no documents or inadequate documentation</td>
</tr>
</tbody>
</table>
EXPATRIATE BIOMETRIC DATA CAPTURE SCHEME (EBDCS)

EBDCS launched as a tool for monitoring manpower utilization in the industry

- Registration of Expats by Operators and other companies ongoing
- Expat id generated serves as compliance monitoring tool at project sites
- EBDCS system ensures that only expatriates needed operate in the industry
• Contracts give monetary gains.

• Manufacturing provides jobs – creates linkages to other sectors.

• Introduces Research and Development activities
Two Strategic Development Options

1. Revenue - Focused
   - Operators seek cheapest fastest route to first oil.
   - Govt uses Taxes & Royalties for Devt
   - Little attention to value addition from operations
   *Promotes import of Goods & Services*

2. In-Country-Value (ICV) - Focused
   - Operators consider long term value
   - Govt takes lower revenue for higher ICV
   - Greater attention to life cycle support for ops
   - Progression from supplier syndrome to manufacturer and then exporter
   *Promotes devt & use of local capacity*
Based on proportion of value of contracts awarded to Nigerian Companies

NC VALUE (70% - 87%)

Based on proportion of contract sums spent on Nigerian made goods

NC VALUE (12% - 18%)

- There is marked increase in contract award to Nigerian companies
- Spend proportion in Nigeria has peaked
- Without manufacturing, no further NC Growth – steel products major input in manufacturing
- Local value addition drives employment growth
- Strong stakeholder collaboration and local value addition framework required to achieve real NC
CURRENT PERFORMANCE LEVELS

- Sub-optimal utilization of locally made goods by industry
- Case for strong linkage between manufacturing and oil and gas industry
- NCDMB as facilitator of growth
**RESEARCH AND DEVELOPMENT FRAMEWORK**

**MAJOR OPPORTUNITY:**

i. Guidelines requiring Companies to source for R & D solutions in-country as first port of call

ii. R & D clusters being developed

iii. MoAs to be signed by Operators/Service Providers with R & D clusters.
• Asset ownership and yard developments attract investments.

• Investors follow opportunities.

• Legacy facilities on the back of projects (e.g. EGINA spin-offs)
<table>
<thead>
<tr>
<th>Legacy Programs. EGINA/GAS MP/ BONGASW/ERHA NORTH/BRASS LNG</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FPSO Topside Integration Facility</strong></td>
</tr>
<tr>
<td>• TUPNI committed to EGINA topside integration</td>
</tr>
<tr>
<td>• Integration Facility set by 2014</td>
</tr>
<tr>
<td>• Cost of $150m to $200m</td>
</tr>
<tr>
<td>• Generate 30,000 jobs</td>
</tr>
<tr>
<td>• Training opportunities</td>
</tr>
<tr>
<td><img src="image1.png" alt="Figure" /></td>
</tr>
<tr>
<td><strong>Pipe Mills</strong></td>
</tr>
<tr>
<td>• Consolidate existing Mill</td>
</tr>
<tr>
<td>• 3 new Pipe mills</td>
</tr>
<tr>
<td>• Start Production by 2015</td>
</tr>
<tr>
<td>• Cost of $150m each</td>
</tr>
<tr>
<td>• Generate 15,000 Jobs</td>
</tr>
<tr>
<td>• 3,000 training opportunities</td>
</tr>
<tr>
<td><img src="image2.png" alt="Figure" /></td>
</tr>
<tr>
<td><strong>Dock Yards</strong></td>
</tr>
<tr>
<td>• NLNG, BLNG focus</td>
</tr>
<tr>
<td>• LNG carrier size Dockyard</td>
</tr>
<tr>
<td>• Complete by 2015</td>
</tr>
<tr>
<td>• Cost of $250m</td>
</tr>
<tr>
<td>• Generate 55,000 Jobs</td>
</tr>
<tr>
<td>• 20,000 training opportunities</td>
</tr>
<tr>
<td><img src="image3.png" alt="Figure" /></td>
</tr>
<tr>
<td><strong>Subsea Equipment Manufacturing Complex</strong></td>
</tr>
<tr>
<td>• Erha North/ Egina</td>
</tr>
<tr>
<td>• Umbilical facility &amp; Tree assy</td>
</tr>
<tr>
<td>• Start Production by 2015</td>
</tr>
<tr>
<td>• Cost of $250m each</td>
</tr>
<tr>
<td>• Generate 5,000 Jobs</td>
</tr>
<tr>
<td>• 2,000 training opportunities</td>
</tr>
<tr>
<td><img src="image4.png" alt="Figure" /></td>
</tr>
</tbody>
</table>
Typical Project Spinoffs

- FPSO topside Integration capability
- Subsea Equipment Manufacturing Capability
- Subsea Training & Certifying Academy
- Heavy Industry Fabrication Yard - $250million
OBJECTIVE:
a. identify new and existing fabrication yards in-country.

b. Capture yard capabilities and progress

c. Establish matrix for yard selection in tenders

<table>
<thead>
<tr>
<th>TIER</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Fully Established with loadout capabilities/ Executing Work</td>
<td>Development/ Construction Phase (&lt;3year timeline)</td>
<td>Development phase (&gt;3year timeline or investment yet to commence)</td>
</tr>
<tr>
<td>B</td>
<td>Fully established but landlocked to do structural members, spools. Land locked</td>
<td>Facility exists but out of service or moribund</td>
<td>Bare Facility</td>
</tr>
</tbody>
</table>
TRANSPORTATION OF NIGERIAN CRUDE BY NIGERIAN VESSELS

Value Lost:
- No Nigerian Tanker fleet or Nigerian carrier
- Nigerian crude export volumes sufficient to sustain Nigerian tanker fleet

Status:
- Requirement under NOGICD Act and Cabotage for Nigerian equity ownership
- Presidential Initiative for inter agency collaboration to enforce by 2014
- Transportation of Nigerian Crude by Nigerian
- Proposals to Govt to revert from FOB to CIF for crude shipping

OMTS – INDIGENOUS OWNED CRUDE TANKERS
Local banks can fund substantial portion of investments

Several initiatives aimed at providing competitive funding for development –

• Nigerian Content Development Fund (NCDF)
• Shell Kobo Fund
• Private energy financing initiatives
30% Direct Intervention Ltd

- Acquisition and preparation of the site for pilot pipe mill.
- Part funding of NOGIPS
- Environmental Remediation and Geo science training

70% Guarantee Ltd

- Provide partial guarantees for loans to finance contracts
- More relaxed terms
- Build supplier capacity.

NCDF (Section 104 of Act)

- Executive Secretary/CEO
- Fund Managers (BGL/UBA global)
- NCDF Advisory Committee
- Capacity Building
- Finance
- Secretarial support

SPV setup to strengthen Governance

NIGERIAN CONTENT DEVELOPMENT FUND MODEL
Implemented to support working capital and loan requirements of the local supply chain
Training and employment connects the local communities

- Project based training earmarks slots for indigenes of oil producing communities
- Direct intervention training and attachments
- Enlightenment and awareness workshops
- Skilled training on Government capital projects.
DIRECT TRAINING INTERVENTIONS
Funding, Organizing and Supervising programs to develop local skills

Stage (1) Prep
Classroom training

Stage (2) Hands on expérience
Prototype/life project

Stage (3) Certificate
Certificate of participation

Geosciences, Environmental Remediation, Construction Skills

1. High end and low end training opportunities
2. Hands on experience assured
3. Priority consideration for catchment areas
1. MOU signed between NCDMB and PETAN, commits PETAN to engage trainees
2. NC training packages result in international certification
3. Creates attachment and job placement slots for Nigerians post training
4. Opportunity for skills development in exploration, field development and production phases – Geosciences, Environmental training, electrical & instrumentation, welding, drilling
5. NOGICJQS is platform for candidate sourcing (http://portal.nogicjqs.com)
STRATEGIC INTERVENTIONS
Training & Employment

INTerventions:
1. (NOGETTS) Project Based Training and Attachment -
   • Over 12,000 candidates captured on JQS Platform
   • Over 2,000 attached to O & G Projects

2. NCDMB Direct Intervention Pilot Training Programs –
   • 50 candidates have commenced Geosciences Training and Attachment
   • Environmental remediation training of 250 community indigenes to commence
   • E&I, civil, mechanical, scaffolding training to commence

3. Institutional Development -
   • Established OGTAN
   • Establish Engineering Academy with PPP
   • NIW Welding Technology Complex (NIW/NCDMB/Shell)
   • Establish Subsea Academy

4. Expatriate Quota Management -
   • EQ allocation supported by robust succession planning
   • Monitor utilisation of EQ slots
• Drive impacts to host community level – Nigeria Oil and Gas Industrial Parks Scheme
Equipment Component Manufacturing Initiative (ECMI)
we have adopted 2 pronged approach to stimulate manufacturing culture and enhance use of made in Nigeria goods

1. Macro - line pipes, Umbilicals, pumps etc
   1. NCEC a requirement in equipment supply tenders
   2. IOC collaboration
   3. High employment and revenue retention impact
   4. Technology transfer

2. Micro - flanges, chemicals, PPEs, bolts & nuts etc
   1. Nigeria Oil and Gas Industrial Park Scheme (NOGIPS)
   2. State/community participation
   3. Skilled and semi skilled employment
   4. Low cost manufacturing solution
PILOT PIPE MILL PROJECT
We are directly involved in promoting establishment of a PipeMill to close steel line pipe supply gap.

Polaku aerial view

Site preparation ongoing
Equipment Component Manufacturing Initiative (ECMI)

Our value proposition to OEMs that set up manufacturing facilities in Nigeria

- Value proposition
- Leverage R&D clusters
- Facilitate NCEC approval
- Enhanced NC target in tenders
- Low cost start up through NOGIPS
NIGERIAN OIL AND GAS INDUSTRIAL PARK SCHEME
Scheme will provide a range of made in Nigeria goods for the oil and gas industry

The built up area of each park shall consist of the following businesses at the minimum:

a) Manufacturing (eg Brackets, switch gear, panels, etc.)
b) Maintenance and repairs workshop
c) Utilities base - power plant, water supply, waste management, telecommunications
d) Parking space
e) Warehouse and distribution center
f) Security post
g) Financial services center
h) Training and Research & Development center
i) Clinic
j) Canteen
k) Office accommodation

Attributes:
- Proximity to gas corridor
- Attract SMEs in partnership with international OEMs
- Nearness to power source
- Availability of skilled labour
- Availability of raw material base
- Critical product demand by oil and gas industry
**NIGERIAN OIL AND GAS INDUSTRIAL PARK SCHEME**
Scheme will provide a range of made in Nigeria goods for the oil and gas industry

**STATUS:**

- Received offer from Bayelsa and Cross Rivers for proposed site that meet criteria.
- Advert/RFP for Industrial Park Development Consultants published.
- SME fair planned for Q4 2013
- Benchmarking visits scheduled for Q4 2013
- Collaborations with UKTI, Industry to promote partnerships
TECHNOVA PIPE MILL COMPLEX

BACK FILLING

SITE CONSTRUCTION

FOUNDATION WORKS

FENCING OF COMPLEX
KAZTEC SNAKE ISLAND FABRICATION YARD/INDUSTRIAL COMPLEX

KAZTEC LEASED FABRICATION FACILITY

KAZTEC FABRICATION SITE UNDER CONSTRUCTION
BEFORE

TOTAL PREMIER

TODAY

BEFORE

SUDELETTRA

TODAY

HEAVY FABRICATION
OFFSHORE SUPPORT VESSELS

MV OSAYAME

MV AFRICAN VISION

BRORON – DSV AVIANNA

C&I – MV ELIEZER
RIG ACQUISITION AND RIG MAINTENANCE

SEAWOLF - ONOME

OANDO – OES RESPECT

RIGS & VESSEL MAINTENANCE AT LADOL
INDIGENOUS CAPACITY FOR OFFSHORE CONSTRUCTION

NIGERIAN OWNED PIPE LAY BARGE - AKPEVWEOGHENE

HORIZONTAL DIRECTIONAL DRILLING EQPT AT FENOG
DRYDOCKING AND NIGERIAN BUILT VESSELS

BEFORE

NIGERDOCK

TODAY

WEST ATLANTIC SHIPYARD
CLOSING REMARKS & THANK YOU