

Oil and Gas Report Press Release and Editorial – Final

Tuesday, 16 March 2010

Press Release

Supporting the Oil and Gas Supply Chain

As oil prices continues to rise, there has never been a better time to be more informed on opportunities for those materials manufacturers and engineering companies interested in supplying the oil and gas industry. The Special Metals Forum, managed by NAMTEC, launched their comprehensive report on this industry last year, specifically for its members. The report was well received and companies, not already members of the Special Metals Forum, were given the opportunity to obtain the report at the Offshore Europe exhibition in Aberdeen in September last year, where we exhibited with our members.

The industry and its supply chain have been through tough times in the last two years and, in recognition of this, the price of the report has been reduced from £595 to £250. The report looks at opportunities from offshore exploration, through sub-sea well development to operational activities. The information contained in the report is of value to those seeking to expand their business into the oil and gas market. The lack of investment over 2008 and 2009 will have serious consequences as the new wells required to meet the demand for oil and gas as we climb out of recession have not yet been developed. As a consequence, it is likely that there will be significant opportunities as the developers and their contractors race to bring new wells on-stream.

Copies of the report "Materials' Supply Chains in the UK's Oil and Gas Market" can be obtained from NAMTEC call 01709 722479 or email david.stafford@namtec.co.uk

Editorial

When Will the Oil and Gas Run Out?

Eventually the finite resource of oil and gas will run out, or at least become too expensive to extract economically. Some say we have already reached the peak and that we are already on the downward slope. Estimates vary and a view on Wikipedia shows proven reserves to be equivalent to just 54 years of consumption. There are of course unproven reserves and undiscovered reserves as well as unconventional reserves such as the massive tar sands in Canada.

But will we see a decline in oil and gas production long before the proven reserves run out, let alone the other reserves. Investment in new wells by the developers over the last two years has been greatly reduced. Exploration has continued but with the decline in the demand for oil and gas, new wells have not been fully developed with new finds being capped. The supply chain for sub-sea wellheads has been working at reduced rates of output for two years. Whilst land

based wells can be turned on quickly, much of our oil and gas now comes from offshore wells, increasingly in deeper and more hostile waters.

The UK is a world leader in offshore technology from its long experience gained from the industry in the North Sea. Our manufacturers supply their products and services worldwide – to operations offshore Brazil, West Africa, Australia to name just a few as well of course as the North Sea which still has significant reserves despite the assumption that the North Sea Oil is finished. However, UK companies have been through lean times as have those in other countries. As a result they have cut back on production and on investment waiting for the end of the recession.

So will the end of the recession be a gradual return to previous levels of activity or a massive onslaught as economies gather pace. Either way the demand for oil and gas will increase – the question is – will the industry have the capacity to respond? There is of course a danger that the lack of oil and gas could result in a second recession as the industry struggles to catch up with demand – but this is unlikely.

This issue was discussed at a seminar in June 2009 organised by NAMTEC to launch the report “Materials’ Supply Chains in the UK’s Oil and Gas Market” commissioned by the Special Metals Forum. This report was commissioned exclusively for members but has now been made generally available and can be obtained from NAMTEC.

So, as the price of petrol keeps going up and the wholesale price of oil is still below \$80 a barrel, are oil companies using this time to build the financial reserves needed to fund the massive investments that will be required to develop new wells, many of which will be in more difficult situations? To maximise the benefits from these investments for the supply chain, companies need to be well informed about the products and services required and the customers for those. The report mentioned above does provide valuable information which enables companies to improve their position.

Contacts:

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