



Optimising Industry Partnerships Challenges and Rewards

Abdul Jaleel Al-Khalifa
The Oil Council, World Assembly
17 November 2011



- **Governments looking for higher revenues and job opportunities**
- **NOCs own 80% of oil & gas reserves**
- **IOCs have finance and leading performance**
- **Independents grow production and resources**
- **Service sectors provide technology**
- **EPC contractors continue to amass high value contracts but with less impact on local economy development**

- One shareholder (the government)
- Long-term interest rather than short-term Wall Street mentality
- Rich oil and gas reserves
- Job holder for locals
- Nationalistic in protecting resources
- Eager to work with industry players in services and technologies
- At times, few NOCs need more transparency and governance control
- Performance varies from high to poor

Motto is to develop local economy and create jobs

- Shareholders drive boards and management
- Short-term Wall Street mentality
- Tight oil and gas reserves
- Rich finance
- Exhibits historical delivery of high performance
- Eager to work with industry players in services and technologies
- At times, few IOCs have poor image at community level

Motto is to lead new frontiers: oil shale, shale gas, deep water and GTL, etc.

- **Shareholders drive boards and management**
- **Short-term Wall Street mentality**
- **Hungry for growth**
- **Very sensitive to market spikes**
- **Eager to partner with similar size**
- **Seem acceptable to work with NOCs and local community**

Motto is to deliver production growth, strike new discoveries in new basins and create quick value for share holders

- Shareholders drive boards and management
- Short-term Wall Street mentality
- Acquisition and integration
- Competing for clients
- Moving into Integrated Project Management
- Investing into niche technologies

Motto is to differentiate, secure market share and move into a more fruity business

Lack of alignment amongst key players

- **Not enough trust amongst NOCs and IOCs**
- **Independents feel restrained due to lack of finance or development assets**
- **Competition leading to misallocated funds (e.g. Redundant Service spending on same technologies)**

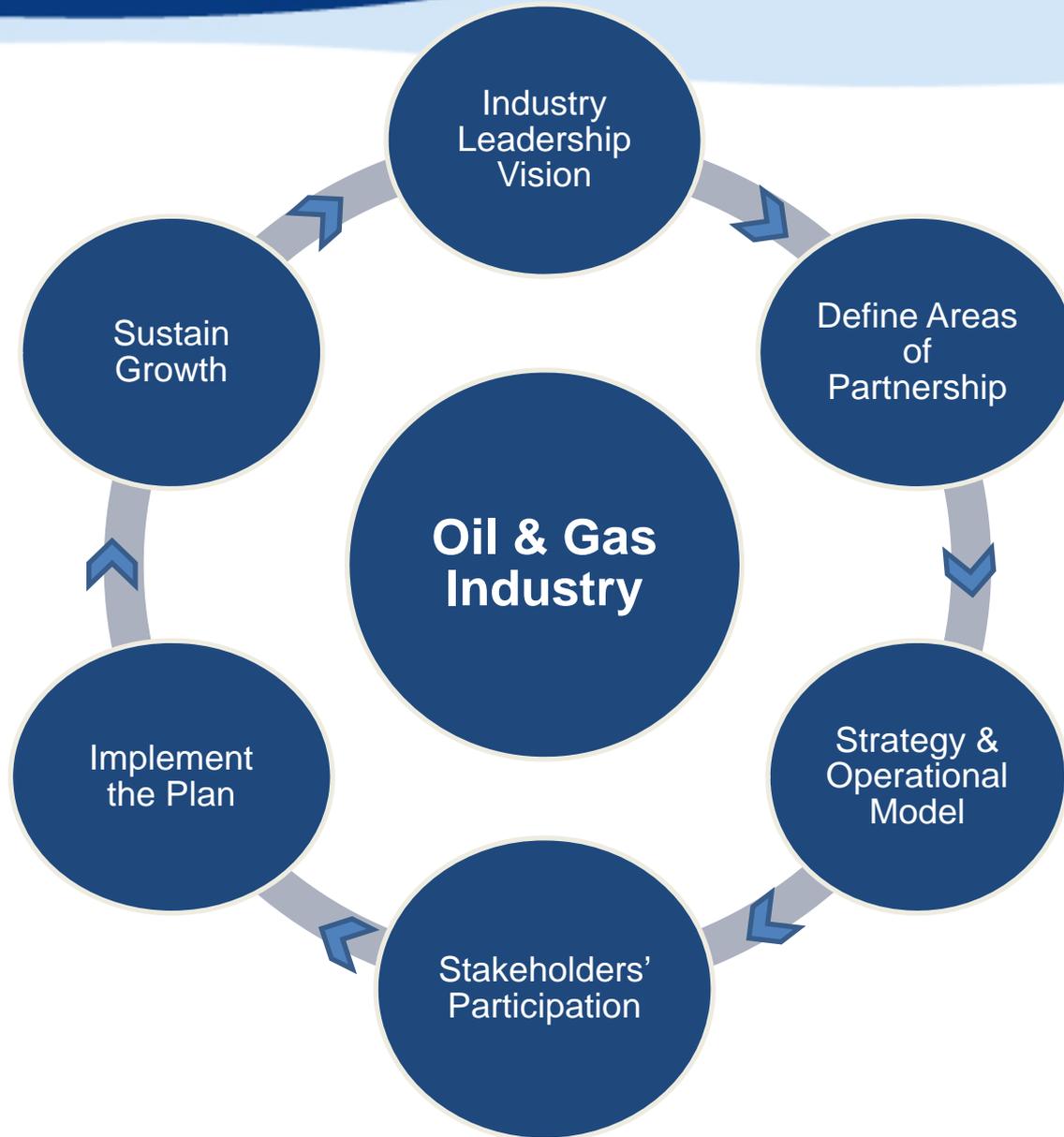
Industry is impacted with global economy, uncertain forecast

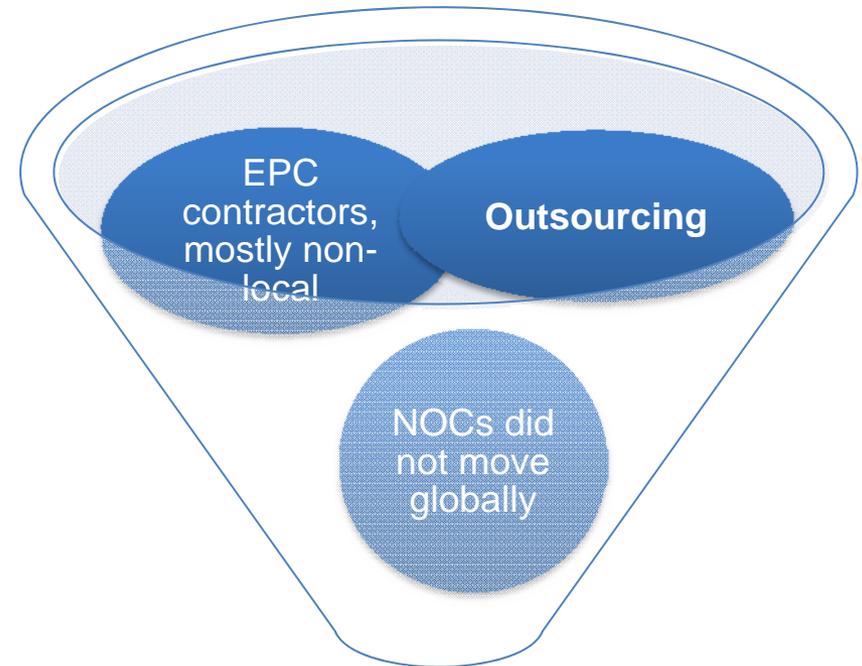
Industry nature is long-term but market is looking for short-term results

Industry can work together if catalysts are available:

- **2007 SPE Industry Summit resulted in establishing:**
 - **Talent Council**
 - **Carbon Storage and Sequestration**
- **Industry- Academia Joint Consortia are leading examples of incubating new technologies**

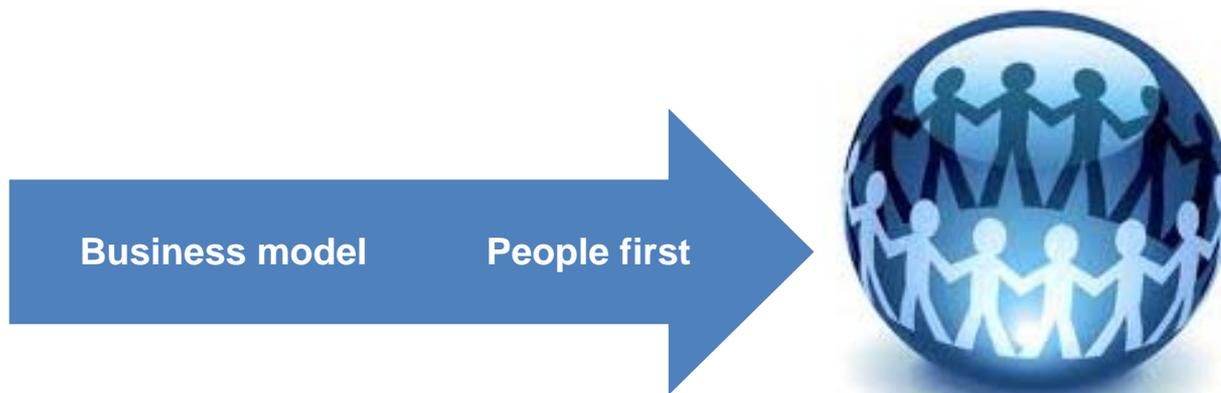
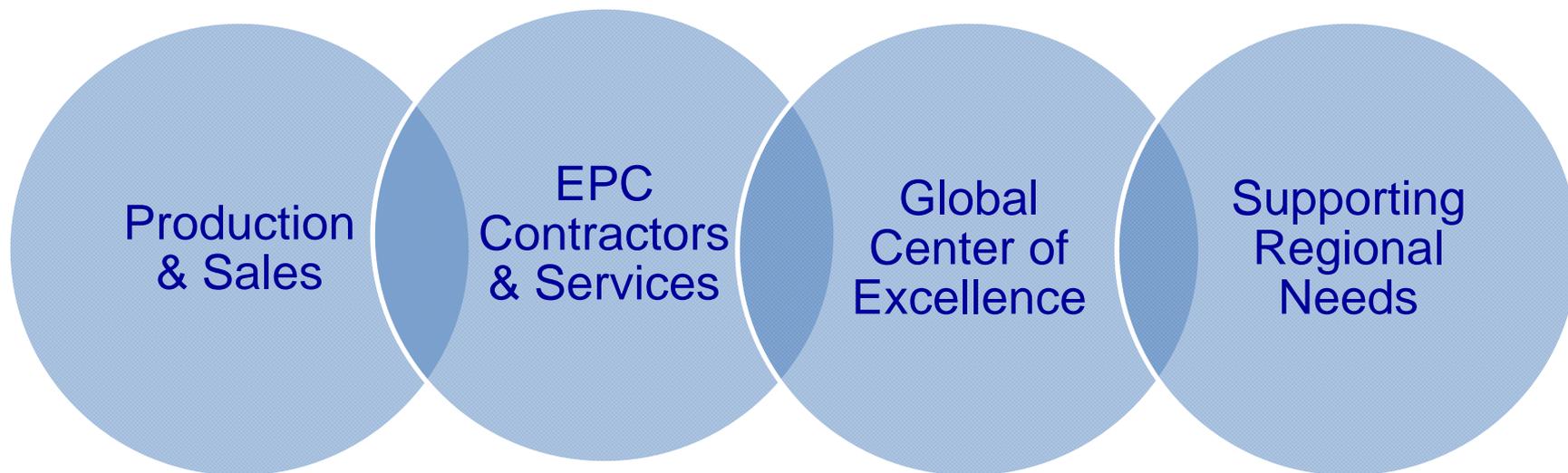
We need to develop new platforms for collaboration and partnership





Shrinkage of value of O&G industry in eyes of local communities

Future Destiny: Industry Cluster

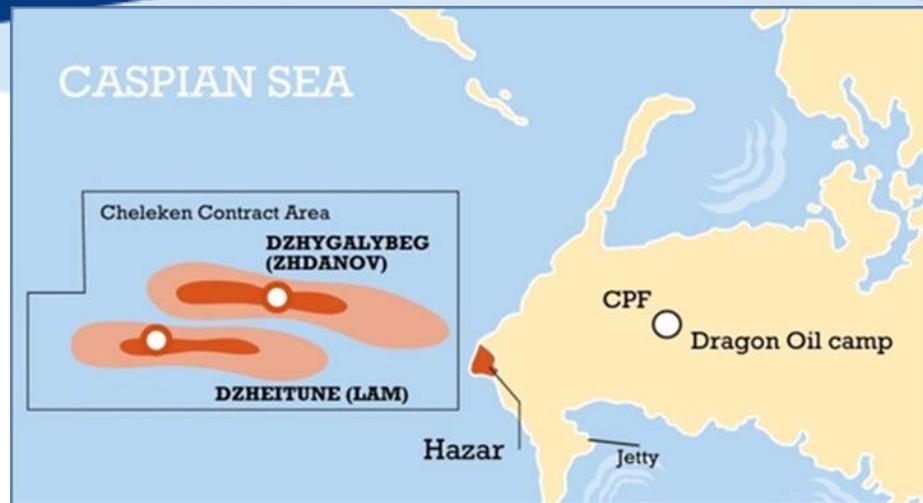


NOCs, IOCs, Independents, Service Sectors and EPC contractors can polish industry image

- **Corporate Social Responsibility projects**
- **Improving local content starting with 20% increasing to 50% in both procurement and engineering**
- **Create jobs for locals**

Result in stable geo-political landscape and more trust amongst all parties

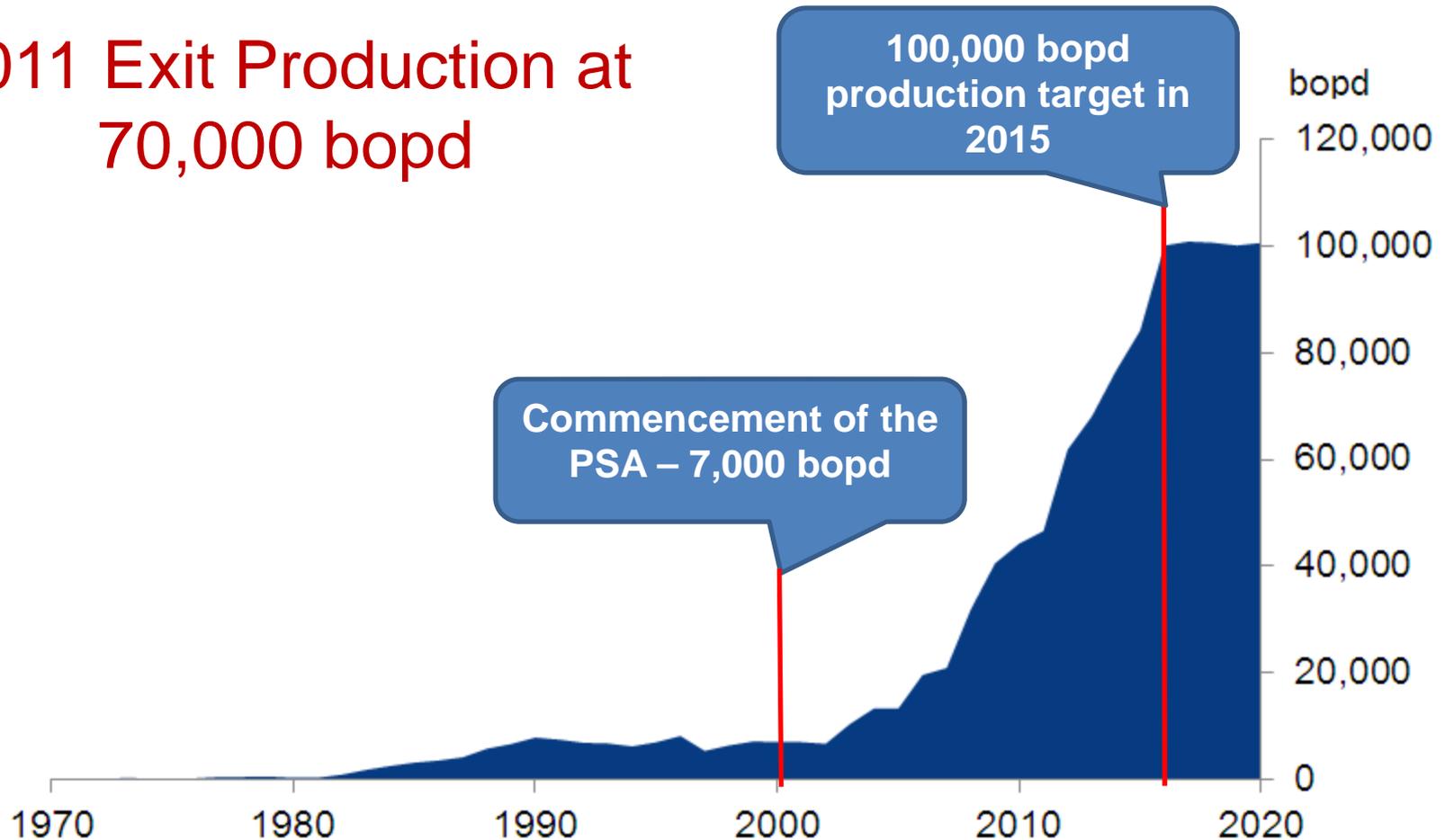
- Dragon Oil has increased production more than 10-fold over 11 years
- 639 million bbls 2P reserves; 3 tcf of natural gas
- Dragon Oil has committed to local content of 20% or more



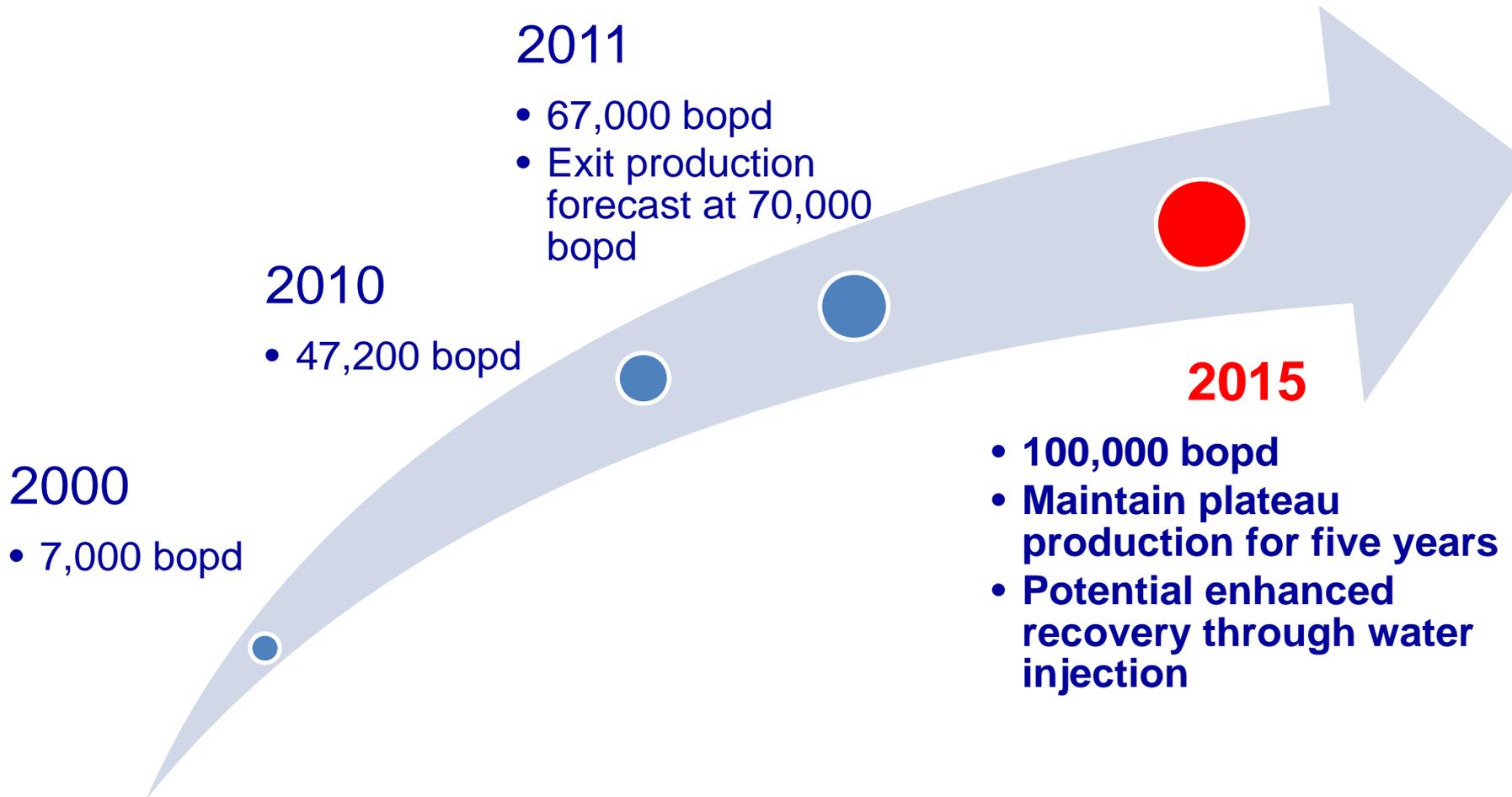


What We Have Achieved

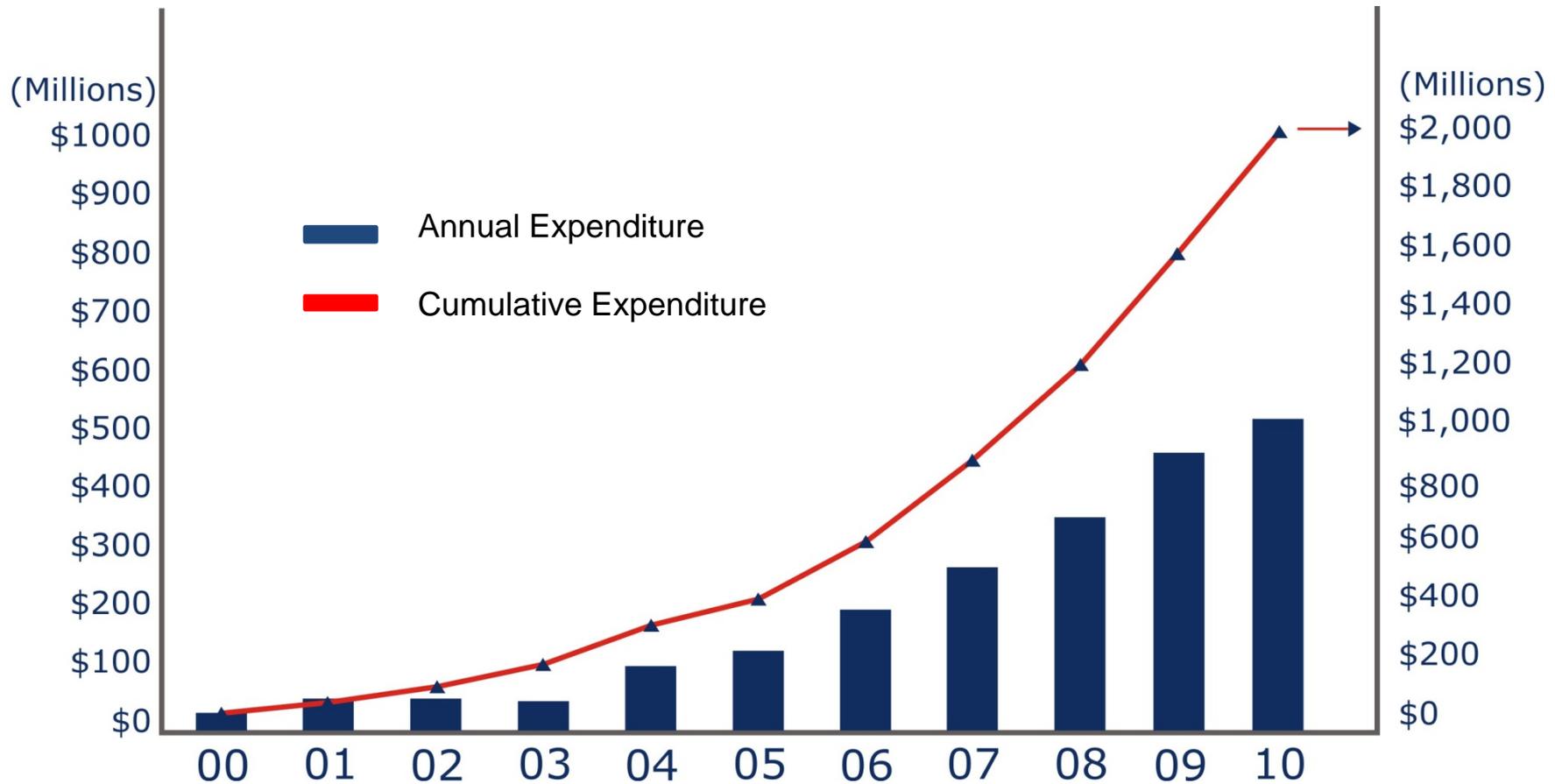
2011 Exit Production at 70,000 bopd



100,000 BOPD Production



Total Investment of US\$ 2billion over the last 11 years





Future Talent

- 91% of our total manpower are local people
- Our country managers are locals



Dragon Oil Center of Excellence

- Advanced in-house training programmes developed to support national employees
- Knowledge transfer to current talent through partnerships with educational institutes in the region

- **Our industry has a strong drive to meeting shareholders' desires but has to be sensitive to community needs**
- **Companies can implement their own local content plans**
- **Partnership is both collaboration as well as constructive competition**
- **Industry needs to minimize destructive competition**
- **Petroleum industry can lead other industries**