



## Progress Report Thule Drilling ASA

Fearnley Fonds

9 June 2005



## Thule Drilling ASA - Organisation

### “Thule Power” project and corporate update

### Newbuilding options at QGM Group

### Relative pricing and market considerations

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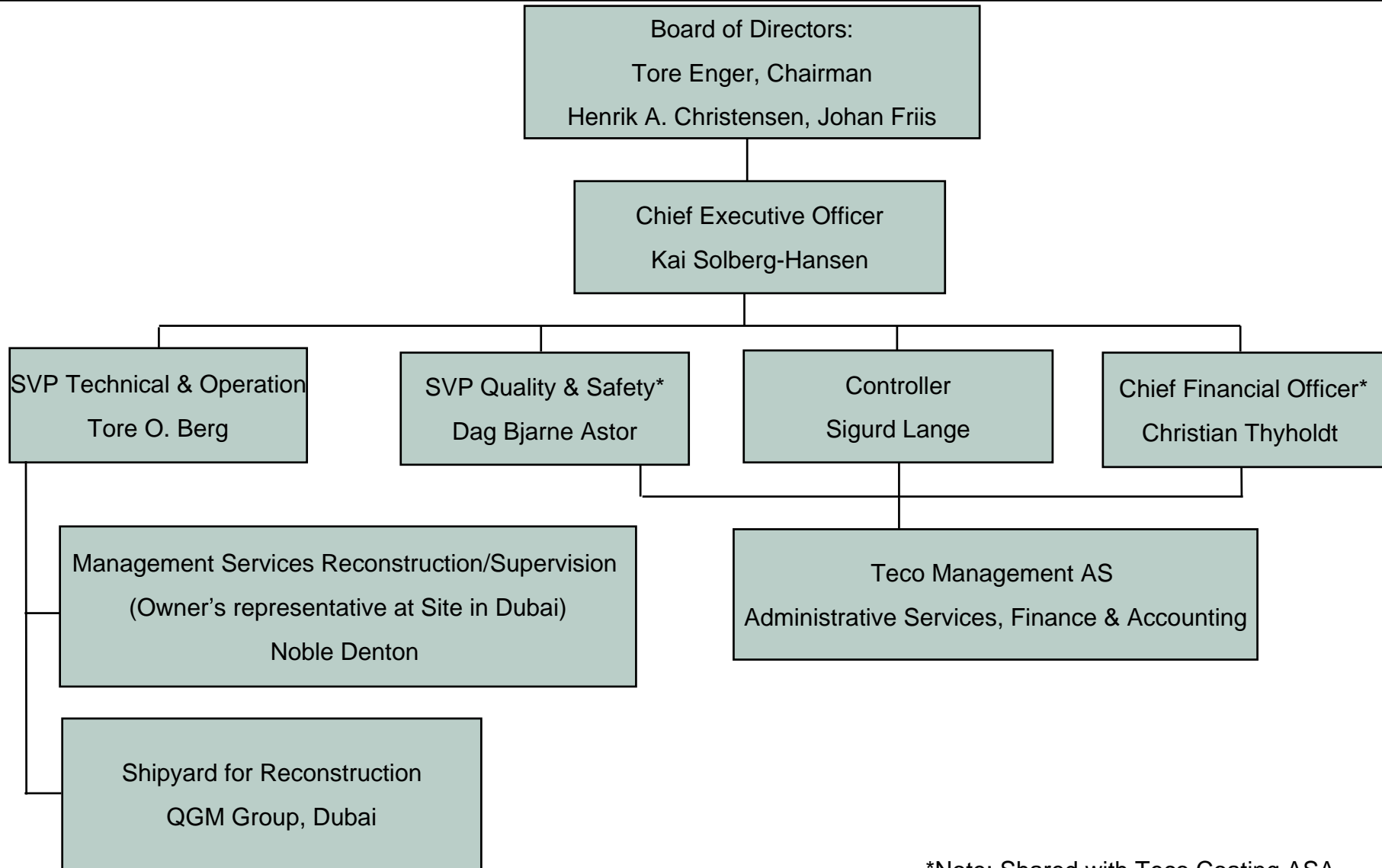
## Thule Drilling ASA - Investment considerations

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- **Reconstruction provides favourable “newbuilding” cost compared to the prices quoted by already busy yards (USD 75 mill – USD 120 mill)**
- **Competitive early delivery (14 months – 28 months/42months)**
- **Rig will be positioned in and adapted to the requirements of the large and rapidly growing Middle East drilling region**
- **Experienced management and consultant team**

# Thule Drilling ASA Organisation



\*Note: Shared with Teco Coating ASA

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## Status report "Thule Power" and Corporate

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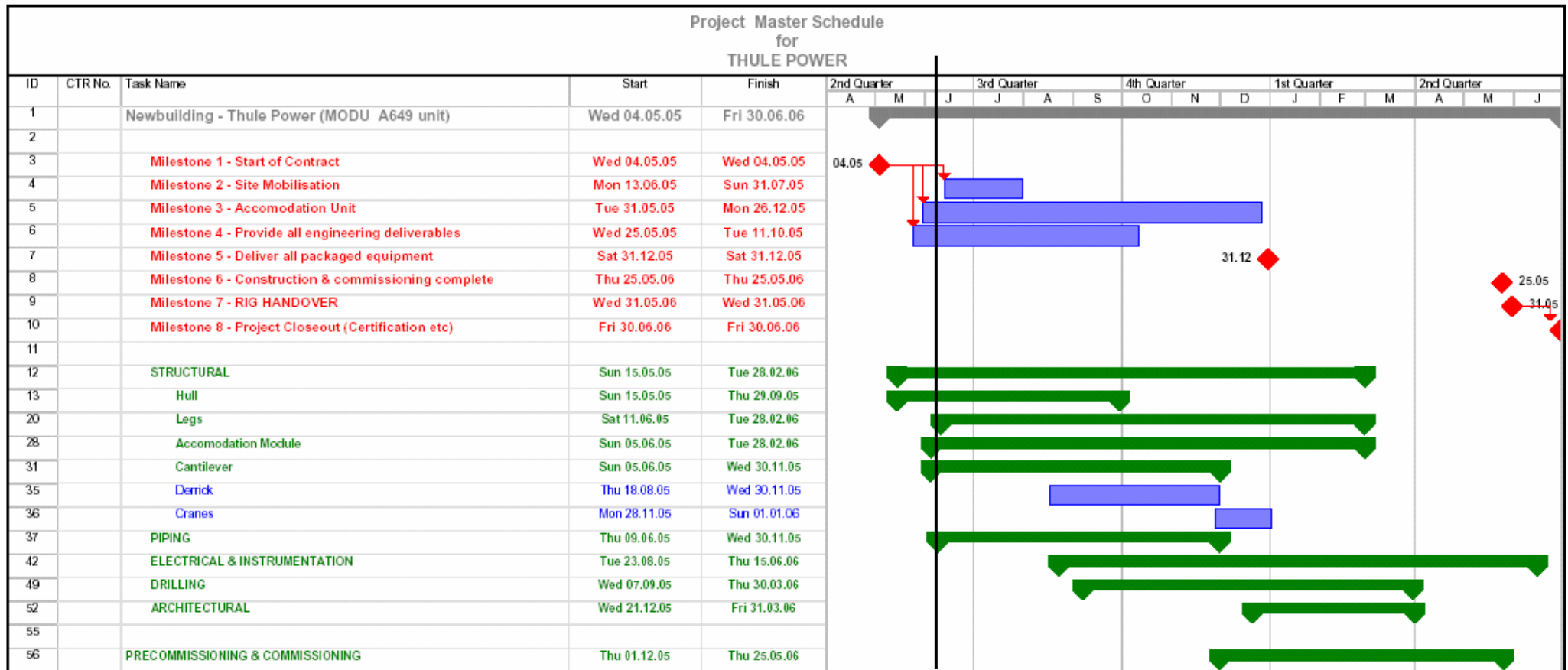


- **Generally speaking: project is "on track"**
  - **No disturbing errors discovered after two visits and a team of 2-3 Noble Denton inspectors on site since end April 2005.**
  - **Most vendor agreements completed, delivery dates and prices confirmed**
  - **Work started and progressing:**
    - **Cleaning, sandblasting & coating of hull**
    - **Cleaning and sandblasting of spud cans**
    - **Inspection and preparing of hull jacking tower & mechanism**
    - **Started preparing yard facilities**
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- **Currency Exposure of USD cost secured against NOK**
  - **JU Newbuilding Options secured at QGM in favour of Thule Drilling ASA at no cost**

# Project Master Schedule I



Project Master Schedule  
for  
THULE POWER



## "Thule Power" Construction Cost



Financing requirements (USDm)	Value	Vendor
Project Management & Engineering	4.2	QGM
Construction	5.4	QGM
General Procurement	13.7	QGM
Rig WIP payment	2.0	QGM
<b>Work on rig</b>	<b>25.3</b>	
Classification Society	0.7	ABS
Design Modifications, Jacking System, Cranes	7.8	Baker
Materials	4.3	Superior Fabricators
Derrick / Drill Floor	2.7	Loadmaster
Drilling Package	18.0	Varco
Purchase of rig	2.5	Arabian Drilling Co.
<b>Equipment</b>	<b>36.0</b>	
<b>Contract price</b>	<b>61.3</b>	
Project Management	1.8	Noble Denton
Management services	0.8	TECO Management
Company management	0.4	
Financing costs in building period	4.7	10% coupon
Fee to financial advisors	3.9	First and Fearnley
Success Fee - rig completion	2.8	QGM
Cost overrun buffer	5.0	
<b>Other project cash requirements</b>	<b>19.3</b>	
<b>Total project cost/financing requirements</b>	<b>80.6</b>	

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## New building Options at QGM

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- Options are received at a price of USD 1 each
- Competitive price and delivery of JU for 375ft wd, 30 000ft dd: USD 100 mill, 24 months
- Full flexibility in relation to transferability
- QGM's shipyard is ideally suited for building jack-ups
- All capacity at shipyard is secured for foreseeable future with 13 units
- Dialog with potential end users due to be imitated shortly
- Financing in the area seems promising with "unlimited" resources available

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## Why QGM Group for Jack-Up construction

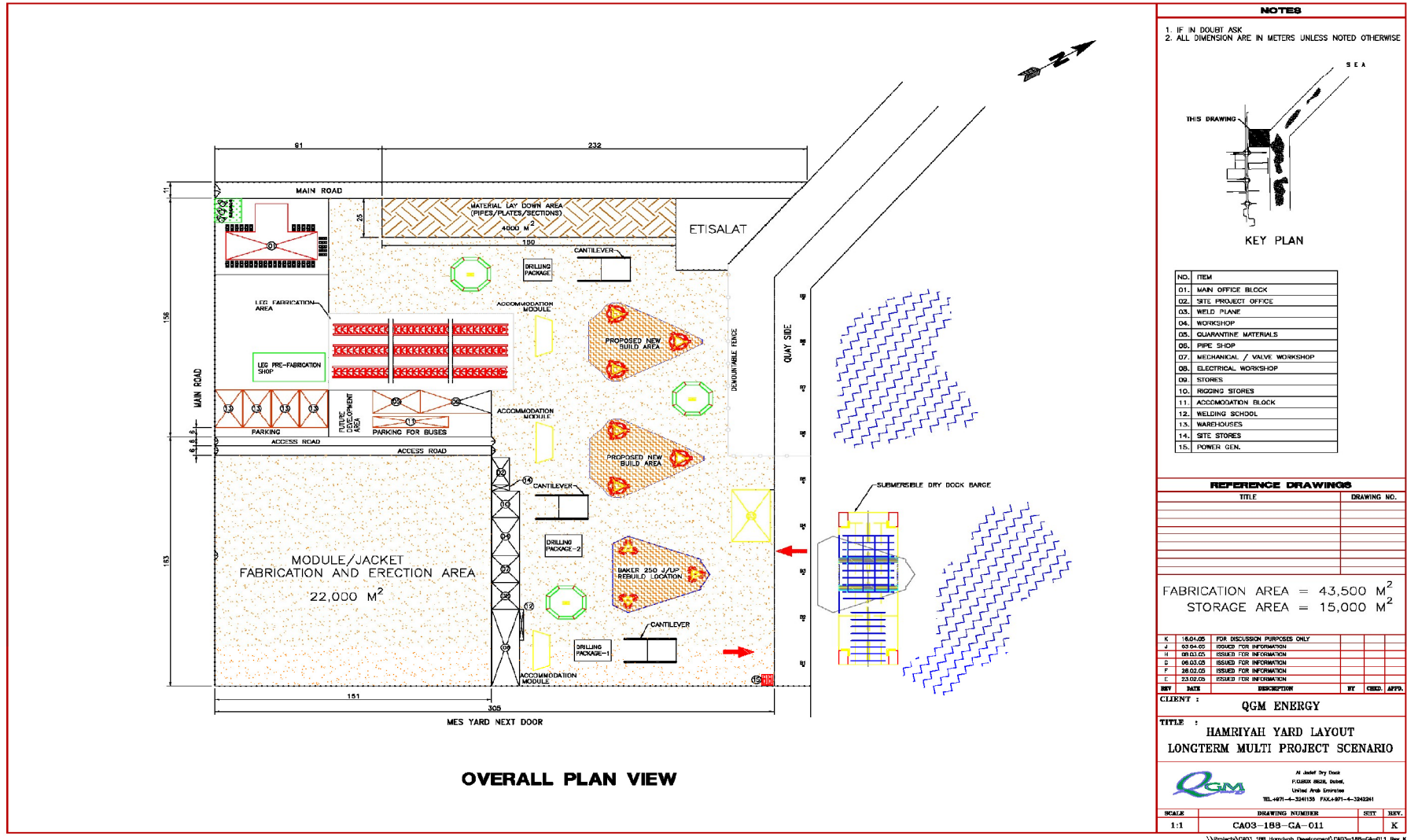
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Head office Dubai, operates a quay side shipyard in Hamariyah Free Zone, Sharjah (United Arab Emirates)

- **Ideally placed in relation to the Middle East & Far East, the fastest growing JU market**
- **The yard will be streamlined for serial production of jack-ups**
- **Unlimited access to cheap labour and no tariff or union agreements in Dubai**
- **Excellent infrastructure, with access to a high number and variety of subcontractors**
- **Module construction of hull at other workshops for efficient and early start**
- **Low administrative overhead cost**
- **QGM Management & senior employees have long experience, good track record**
- **Thule Drilling as basically the sole customer has substantial influence and attention**
- **Optional: new Noble Denton design**

# QGM Group - Shipyard facility



**NOTES**

- IF IN DOUBT ASK
- ALL DIMENSION ARE IN METERS UNLESS NOTED OTHERWISE

S E A

THIS DRAWING

**KEY PLAN**

NO.	ITEM
01.	MAIN OFFICE BLOCK
02.	SITE PROJECT OFFICE
03.	WELD PLANE
04.	WORKSHOP
05.	QUARANTINE MATERIALS
06.	PIPE SHOP
07.	MECHANICAL / VALVE WORKSHOP
08.	ELECTRICAL WORKSHOP
09.	STORES
10.	RIGGING STORES
11.	ACCOMMODATION BLOCK
12.	WELDING SCHEDULE
13.	WAREHOUSES
14.	SITE STORES
15.	POWER GEN.

**REFERENCE DRAWINGS**

TITLE	DRAWING NO.

FABRICATION AREA = 43,500 M<sup>2</sup>  
STORAGE AREA = 15,000 M<sup>2</sup>

REV	DATE	DESCRIPTION	BY	CHKD.	APPD.

CLIENT : **QGM ENERGY**

TITLE : **HAMRIYAH YARD LAYOUT  
LONGTERM MULTI PROJECT SCENARIO**

At Shell Dry Dock  
P.O. Box 2000, Hamriyah,  
United Arab Emirates  
TEL: +971-4-3241135 FAX: +971-4-3242261

SCALE	DRAWING NUMBER	SHEET	REV.
1:1	CA03-188-CA-011		K

\\Project\QA03\_188 Hamriyah Development\QA03-188-CA-011 Rev K

## Relative pricing still very favourable



<b>VALUATION SUMMARY (USDm)</b>	<b>SIN</b>	<b>OIL</b>	<b>JACK</b>	<b>THULE</b>	<b>AWO*</b>
Rate assumption	110000	110000	110000	100000	110000
Cost assumption	25000	25000	25000	25000	25000
Revenues	191	76	76	35	168
OPEX	46	18	18	9	45
G&A	4	3	2	2	3
EBITDA	141	55	56	24	120
Depreciation	23	9	9	3	19
Interest cost*	38	10	14	2	6
<b>Net profit pre tax</b>	<b>80</b>	<b>37</b>	<b>33</b>	<b>18</b>	<b>96</b>
P/E	2,0	4,4	2,1	1,7	4,5
EV/EBITDA	5,7	5,8	5,5	2,8	5,8
Antall u bygging	5	2	2	1	3
Antall opsjoner	2	1	1	13	4

\* Including accommodation business, EBITDA USD35m

# Reconstruction of the rig: - Overview

## Donor vessel

- Originally built by Promet, Singapore in 1982 as SEDNETH 202 (Latterly Arabdrill 19)
- Unit has seen service principally in the Arabian Gulf with a four year assignment offshore Nigeria.
- Unit suffered a “punch-through” which led to capsizing in 2002. Unit categorized as a “Constructive total loss” by insurance underwriters.

## Structural repairs

- Structural repairs are limited to
  - Main Deck area (Midships and aft)
  - Transom
  - Port/Stbd. sideshells
  - Associated internal bulkheads
  - Port legwell
  - Legs (replace 40%)



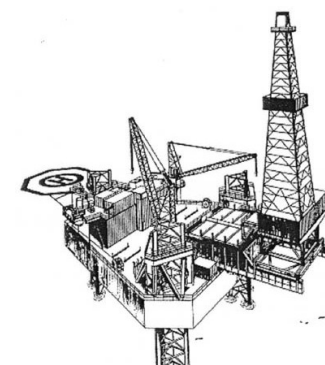
In operation



Capsized



After cleanup

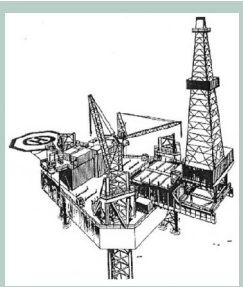


After reconstruction

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## Reconstruction of the rig: - "Thule Power" – the reconstructed rig

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- **A "brand new" rig**
  - State of the art equipped
  - A versatile high efficiency drilling package
  - Suitable for use in all major jack-up drilling regions
    - ◆ Ex. harsh environment regions
  - Well positioned to the Middle East Gulf market – the fastest growing drilling region
- **Early delivery, low cost**
- **Usage**
  - 250 ft water depth – all major jack-up drilling regions (85% of all drilling jobs)
  - 30,000 ft drilling depth – complex/deep wells – horizontal drilling
  - HPHT – high flexibility

# Reconstruction of the rig: - Key specifications after reconstruction



- *To provide operational flexibility and minimise investment, BOP and downhole equipment will be leased for each assignment.*
- *The typical cost of leasing such equipment is USD 60,000 per month.*
- *Equipment is readily available from third parties in the major drilling regions.*

## Technical overview of rig

- Cantilever type Jack-Up rig
- Design: Baker Marine, 200 IC (Enhanced to 250 IC)
- ABS class: +A1 SEDU (Self elevating drilling unit)
- Max water depth: 250 feet, max drilling depth: 30.000 feet
- All original equipment to be replaced by latest technology new components.
  - All new pipe work, electrical/instrumentation cabling, accommodation, safety systems, drilling package, utility systems
- Quarters for up to 105 persons
- Offset rotary technology
- Power generation system: 4 x 1750 KW

Source: Thule Drilling

## Technical overview of rig

- Maximum cantilever outreach – 40 feet (+ an additional 5 feet utilizing Loadmaster derrick with offset rotary design – this approach will be subject to the conclusion of final engineering studies. The target is to provide +/- 30,000ft of drilling capacity with 5 1/2" pipe)
- BOP Stack & Diverter – NL Shaffer
- HPHT Capabilities – Rig will be equipped for HPHT applications which are relevant to some of the deeper wells in areas of Saudi Arabia. The rig will also be equipped with a breathing air cascade system to deal with H<sub>2</sub>S (Sour Gas) which is found to quite an extent in Qatar, UAE and Saudi Arabia.
- Mud Pumps - 3 x Varco (Model VNP-2214M 2200hp)
- Liquid mud cap. – 200bbls (an enhanced tank design with greater volumetric capacity is being considered)
- Drawworks – Varco (Model ADS-10T)
- Top Drive – Varco (Model TDS-8SA)
- Main Power – 4 x Caterpillar Model 3516B + 1 x Caterpillar Model 3512/3508B Emergency Generator. These units will be ex Caterpillar rental units fully inspected to Class standards, completely refurbished and returned to zero hours.
- Derrick Pipe Handling System– Varco Compact Racker – VCR robotic racker arm

Source: Thule Drilling