

GENESIS OILFIELD LOGISTICS BASE DEVELOPMENT NEWS



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GENESIS OILFIELD LOGISTICS BASE

Welcome to the first issue of ‘*Oilfield Logistics Base—Development News*’, the newsletter that keeps you up to date with everything that is going on with the development of Genesis’ onshore logistics and storage facility at our site in Takoradi.

Our aim is to provide you with monthly newsletters, drawing on key themes to explain the operational benefits of this key piece of infrastructure and the progress to date as the development progresses.

Acquiring the Ideal Site ...



FIG 1: 43 ACRE SITE LOCATED IN NEW INDUSTRIAL ZONE APPROX. 20 MINUTES FROM CENTRAL TAKORADI. 30 SECONDS FROM SCHLUMBERGER’S WEST AFRICA OPERATIONS HUB

When Genesis first set out to develop a logistics, storage and operations base for the oilfield services companies active in Ghana, one of the primary considerations was identifying the right site, in the right location, with sufficient space to accommodate the varying operational requirements of target tenants.

After 8 months of extensive due diligence

and negotiations with land owners, management settled on a 43 acre (174,000 m²) land parcel along the Apowa Main Road in Takoradi, about 30 seconds away from the 50 acre site of Schlumberger’s planned West Africa operations hub.

Another 9 months and \$800,000 later, the land acquisition and title registration process was complete, paving the way for the project to begin!

The Need for Change: Why build the base?



FIG 2: BEFORE THE DEVELOPMENT STARTED

The decision to develop the site into an onshore storage and logistics base was driven by the shortage of adequate managed storage facilities in Takoradi that conform to the stringent HSE standards of the oil and gas industry. As a result of this infrastructure gap, oil companies had largely had to create and run their own, often makeshift, operations facilities in order to properly manage their supply chains in-country.

An infrastructure gap in Ghana’s oil and gas sector is not surprising, given the pace at which the industry has developed since Jubilee was discovered in 2007. However, with the industry expanding as new field developments are brought on-stream, it is critical that this infrastructure gap is bridged to allow upstream operators and service companies to operate in a safe, secure and efficient manner.

As a result, Genesis decided to make a **\$10 million investment** to develop the site into a logistics base with over 30,000m² of outdoor storage and laydown areas in the first phase alone. A double width concrete roadway and turning circle was specified in the design to provide good access to trucks, forklifts and cranes for loading and unloading operations.

HIGHLIGHTS

- ◆ **NEED FOR CHANGE: Why Build this Logistics Base?**
- ◆ **CASE IN POINT: Business Evolution in OCTG Supply**
- ◆ **UNIQUE SERVICE OFFERING to support the development of Ghana’s Oil Fields**

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CASE IN POINT: Business Evolution in OCTG Supply



FIG 3: OCTG STOCKYARD IN ABERDEEN, SCOTLAND

Ghana’s oil and gas industry is growing, and with this comes a natural evolution in the way oil and gas companies manage their supply chain. A good example of this is the increased popularity of managed contract supply for equipment such as casing, tubing, drill pipe and accessories—widely referred to as “OCTG” (Oil Country Tubular Goods).

The onus of in-country storage and management

of OCTG is gradually moving from the operator to the supplier, especially with suppliers being expected to supply tubular products on a “call off” or consignment basis and to buy back unused stock from operators.

In line with this trend, 20,000m² of space at the Oilfield Logistics Base has been earmarked to be used as an OCTG stockyard and tubular management center by Vallourec, Ghana’s leading supplier of OCTG. The aspirations of VMOG Ghana, the JV company between Genesis and Vallourec, include supporting multiple OCTG supply agreements from the Oilfield Logistics Base.

The base will allow VMOG Ghana to offer a range of integrated pipe management services, reducing the need for operators to subcontract OCTG services to several vendors, thereby delivering increased cost recovery in this aspect of the oil and gas supply chain.

“INFRASTRUCTURE DEVELOPMENT IS CRITICAL IF WE INTEND TO GIVE MEANING TO THE IDEA OF ENHANCING LOCAL CONTENT IN THE OIL AND GAS INDUSTRY.”

STEPHEN KERMAH
CHIEF EXECUTIVE
GENESIS OIL & GAS SERVICES

UNIQUE SERVICES OFFERING: to support the development of Ghana’s oil fields ...

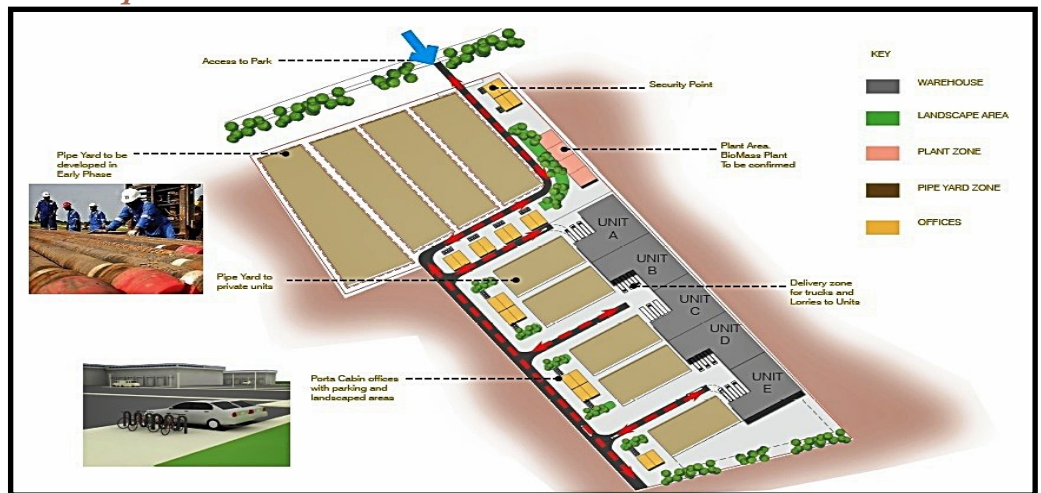


FIG 4: MASTERPLAN - PROPOSED SITE LAYOUT - PHASE 1

As envisaged, the Oilfield Logistics Base will allow Genesis and its partners to offer a unique service offering to the oil and gas industry, including:

- **Indoor Storage:** 12,500m² of warehousing space split into smaller units.
- **External Storage and Work Areas:** with an outdoor storage footprint of 30,000m², providing a safe and secure working

environment for upstream operators and oilfield services companies.

- **OCTG pipe management services:** including rig ready preparation (i.e. slinging, bundling, changing of thread compounds) and rig return processing (i.e. receipt logistics, connection inspection and cleaning, customer inventory management).
- **Dedicated lifting and handling equipment**

CONSTRUCTION: Building the Base



FIG 5: DEVELOPMENT BEGINS WITH CLEARING OF THICK VEGETATION FROM SITE



FIG 6: CLEARING OF VEGETATION AND TOP SOIL CONTINUES, AFTER WHICH CLAY SUB-LAYER WILL BE EXCAVATED AND REMOVED FROM SITE, TO BE REPLACED BY COMPACTED LATERITE FILL MATERIAL

Scope of Work

With all local authority planning approval in place, construction has begun on the first phase of the project, which involves completing all the earthworks for 20 acres of the 43 acre site and preparing a 10 acre section for pipe storage.

Earthworks: Land stabilization and earthworks are a significant part of the scope of work. After vegetation has been completely cleared from the site, unsuitable material (mostly clayey soil) will be excavated and removed from the site. Laterite will then be brought in, after undergoing the required compaction testing, and used as fill material for the sub-base layer. When this is complete and the desired gradient has been achieved for the site, an additional layer of aggregates will then be laid to finish off the pipe storage and laydown areas.

Communal Facilities: The drainage, waste management and utilities (electricity, water, telecommunications infrastructure) for the entire base will be completed during phase 1. Additionally, the 10 acre section earmarked for pipe storage and tubular management will be compacted and levelled, with a gravel finish. In addition to the 20,000m² of space earmarked for pipe storage, an inspection shed and office building will also be constructed within this area.

Roadways: A double width concrete roadway was specified in the design to provide good access to trucks, forklifts and cranes for loading and unloading operations.

HSE: Safety and environmental considerations were foremost in the design phase, with features such as waste water separation filters specified to minimize the environmental impact of the operations of the oil companies that use the base.

Timescale

The construction team expect phase 1 of the base to be built within 6 months, with **target completion in Q4 2013**. Therefore we expect the site to be operational within the first quarter of 2014, once operational readiness assessments have been completed.

Future Issues

Future issues of **'Oilfield Logistics Base—Development News'** will follow the progress of the project, celebrating key milestones and focusing on specific areas such as Health and Safety, as well as the Environmental impact of the development.

“SAFETY DOESN'T HAPPEN BY ACCIDENT. EACH MEMBER OF THE CONSTRUCTION TEAM HAS A DAY-TO-DAY RESPONSIBILITY TO ENSURE THAT WORK AT THE SITE IS PERFORMED AT AN HSE STANDARD IN LINE WITH INTERNATIONALLY ACCEPTED BEST PRACTICE FOR THE OIL AND GAS INDUSTRY.”

FREDA SAM-JONES

(CONSILIUM HSE COORDINATOR)

GENESIS OIL AND GAS SERVICES

Genesis Oil and Gas Services Limited (“Genesis”) is a wholly Ghanaian owned oilfield services company that is focused on delivering world class oil & gas logistics services and infrastructure across West Africa, with Ghana being our first geographical focal point. At Genesis, our people are focused on ensuring that our clients and partners benefit from an unrivalled services package that includes:

- *World class infrastructure and logistics facilities, both physical and “soft”, for companies involved in all aspects of the oil and gas industry*
- *Sound technical capacity within all of our four key business lines:*
 - *Logistics*
 - *Oil Country Tubular Goods—in partnership with Vallourec & Mannesmann Tubes (“Vallourec” or “V&M”)*
 - *Offshore Marine Services*
 - *Engineering & Fabrication*
- *Excellent in-house understanding of the business environment in Ghana and West Africa, as well as the legal and regulatory landscape in the region*

“It is our goal and driving ambition to be the trusted partner of choice for energy companies that are committed to harnessing Ghana’s hydrocarbon potential.”



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