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Extractive Industries and Sustainable Job Creation

Role of the National Contractors in the Oil & Gas Industry

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The views expressed are those of the author and do not necessarily reflect
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Republic of Sudan
Ministry of Petroleum
Oil Exploration and Production Authority (OEPA)

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Cubic Globe



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Introduction

- **Sudan had more than 50 National Companies working in Oil and Gas different type of Services with very high capabilities and performance.**
- **National Sudanese Contractors accommodating more than 20,000 different types of employees technical & non technical.**
- **Sudanese National Contractors owned a huge different type of resources that support them in executing different type of strategic projects in Sudan with more than 80% local Contents.**
- **Sudanese National Contractors gain very high experience that allow them executing projects out side Sudan.**



History & Background

- **Sudanese National Contractors started support and providing its services gradually since nineteenth century by providing manpower to Chevron Co. (the first American company started Oil exploration in Sudan). Then started participation in doing the access roads and drilling pads for Rigs at site field.**
- **After Chevron Co. left Sudan due to American embargo against Sudan and transfer the Oil exploration to Chinese, Malaysian and Indian Companies (before the Indian Company there is Canadian Co. also left Sudan for the same Reason of Chevron).**
- **Government agreements with the Investors in Oil exploration allow more National Contractors to enter the oil field by considering the local contents. That lead to appearance of large number of national companies to handle large scale of work such as of pad construction, erection of pipes, construction of base camp and prefab buildings, drilling of water wellheads, catering and safety services .**



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- **Then, Sudanese National Contractors after gaining little bit experience started entering on JVs relations with foreign contractors and executed high technical projects such as FPFs, Pipelines, Power station, electrical distribution and switchgear, Drilling Services, ... that transfer a very high knowledge and technical experience to them.**
 - **Also started to train the technical staff internally and externally in all type of Oil technical requirements. So National Contractors gain a lot of experience and capabilities in addition to the improvement of their Financial capabilities after owning new resources, the national contractors and their workforce got the ability to work according to the international standard and modern management systems for equipments , Human resources, inspects of health and safety, and implementation of mechanical and electrical work in petroleum industry and create bigger investment to participate in drilling, deep drilling , and gain the ability to enter to most type of EPCC contracts.**



Development of The SNC

Recently , beside the previous highlighted services provided by Sudanese National contractors , the SNCs had been very well developed and their range of services covered a vast range and competing the foreign contractors in many high technical services and projects in quality and price.

SNCs provided services now covered : -

- The provision of all technical Oilfield services (FSF, Pipe Lines , FPFs, Tanks, Etc).**
- Drilling rigs , work over's Rigs , Cementing, Drilling Fluids, Mud Logging, Directional Drilling , Down Hole Tools.**
- All oil field supplies, all kind of EPCC contracts , power plants , Switch gears, electrical distributions and substations.**
- Complete EPC for operations base camps, construction of Roads and pads, Regional Air Ports, and all type of Building construction.**



SNCs Role and contributions in Sudan Economic

The Sudanese National Contractors playing a major role and contributions in the Sudanese Economics , below are parts of their contraptions : -

- **Retaining hard Currency resources in side Sudan.**
- **Direct Financial contributions through paying the highest Business Profit Tax equivalent to 35 % of the profit.**
- **Hiring a high percentage of the local labors and employees in addition providing a well trainings programs internally and overseas to all Technical staff that equipped them with high experience and knowledge which leads to high demand specially in gulf area and Iraq. Contribute in National economics - hard currency to the country.**



SNCs Role and contributions in Sudan Economic

- **Promote the Purchasing Material and Consumable from local market and encouraging local sub-contractors through hiring their services , logistic and transportations.**
- **Enlarge the business for local Commercial Banks and Insurance Companies.**
- **SNCs became the main providers of expertise personnel , consultations to the Operating Companies, Consultant Companies (PMC) and replace many jobs by local staff instead of foreigners (Sudanization).**



Obstacles and Challenges facing SNCs

There are many factors affecting the Sudanese National Contractors from better performance and improvements: -

• The US Sanction against Sudan are hardly affecting all Sudan and SNCs specially affected in the followings: -

**** Affected the relation and dealing with many of the approved manufacturers, suppliers and vendors. In addition to the dealing with many countries.**

**** Affect the money transfer and any finance deals (L/Cs, Guarantees and T/Ts). Even if the vendors and countries accepting to deal with Sudan the transfer of hard currency outside Sudan many times rejected by intermediate banks after long process and contractors always doing the best to find ways to solve but it was taking time affecting projects schedules and some time loosing the money.**



Obstacles and Challenges facing SNC

- **The Separation of South Sudan has major impact on Volume of work for SNCs in addition to loosing a lot of equipment and resources after separation that all left at South and unable to return them back.**
- **Internal Bank of Sudan and Commercial banks polices affecting well performance due to their high requirements and time to do any Bid Bonds, LGs , LCs, TT,s and any Finance needed.**
- **High Taxation from the government for Sudanese National Contractors working in Oil Sector 35 % of the income.**
- **Operating Companied putting very difficult conditions and requirements from contractors in their contracts and very high requirements and guarantees , in addition to big gab in payments terms that lead NSCs to finance a big part of the projects.**
- **No consideration of the Local Contents by operating companies and SNCs competing foreign contractors in all kind of services and no additional percentage to encourages the local contractors.**



Successful Work achieved by National Contractors

Sudanese National Contractors had executed many of the successful and strategic projects in Sudan and even out side Sudan, such as : -

- **Manga Field Production Facility with its Field service Facilities and Pipe line – Owner GNPOC.**
- **Diffra Field Production Facilities and Operation Base camp – Owner GNPOC.**
- **Moga Field Production Facilities – Owner Pertoenergy.**
- **Moleeta Field Production facilities – Owner PDOC.**
- **Adar & Aljablain Field and Central Production Facilities. – PDOC**
- **Kai and Jake Field production Facilities. – Petroenergy.**
- **South Alnajma Early production facility + storage tank and OBC + pipeline – Owner Star OIL**



Successful Work achieved by National Contractors

- **All GNPOC old oil Field Facilities Improvements including Storage Tanks, Piping , hot tapping, exports Pumps , E&I a control work . – GNPOC.**
- **Neem -Diffra Pipeline (100 KM) – GNPOC.**
- **Hadeeda – Baleela Pipeline (150 KM) – Petroenergy.**
- **Sufyan Field Production Facilities.- Petroenergy.**
- **All in production Fields service Facilities – FSF projects in all Fields.**
- **Palouge Airport.**
- **Baleela Air Port.**
- **Many National Companies Owned and operating Drilling Rigs and Work over Rigs in all operating Fields with very high capabilities.**



**Photos showing part of the Successful Work achieved by
National Contractors**

Diffra FPF & Flow Lines Project



Moleeta Field production facilities



Palouge Airport



Baleela Airport



Neem – Diffra Pipeline Project



GNPOC Field Improvements Projects



Field Surface Facilities Project

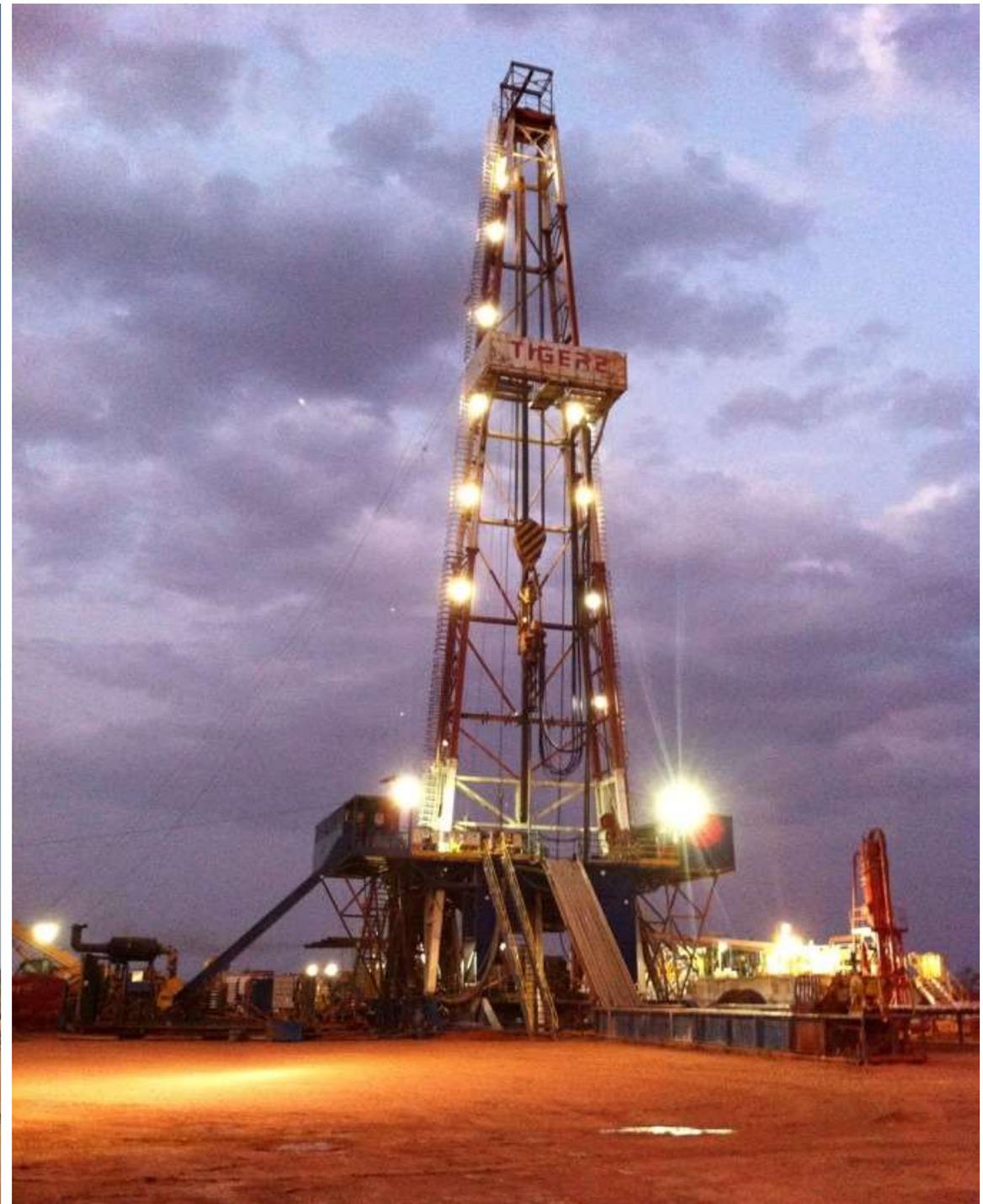


South Al najma EPF and Storage Tank





Drilling Rigs owned and operated by Sudanese National Contractors



Electrical Distribution System





Way Forward

The SNCs can Increase the local contents and perform better by providing all type of Oil services in Sudan and out Side Sudan if the above highlighted constraints associated with Oil business in Sudan had been resolved.

Can support any investor in oil and Gas by providing all service with their wide range of resources and experiences that gained.

