

To Russia with love



Boasting a lineage that dates back over a century, Bentec is a leading manufacturer of high quality drilling rig systems and drilling rig components. Its engineers develop innovative drilling rig systems that withstand every environmental challenge and meet customer's requirements.

Bentec focuses on making sure customers receive the best quality service at a competitive price, with an emphasis on performance enhancement. Its quality assurance systems are constantly reviewed and updated via contributions from Bentec's continuous improvement programme. Priding itself on the development and training of its employees at all levels, the company ensures that engineers are sent out into the field with high levels of expertise and technical knowledge.

As a subsidiary of the UK's ABBOT Group plc, Bentec supplies an extensive range of products and systems to enhance the safety and operability of drilling operations, including complete onshore drilling and workover rigs, mechanical, electrical and mechatronical systems. The company has the ability to design rigs for different environments such as very low temperatures, desert conditions and fast moving rigs.

In terms of the company's current contracts and areas of interest, more than 80 per cent of Bentec's turnover comes from outside Germany. The company is established across a number

of different markets – Europe, the Middle East, North Africa and Eastern Europe, particularly Russia. Commenting on Bentec's markets and activities in October 2007, managing director Norbert Gebbeken told *European Oil & Gas Magazine*: "Russia is where Bentec has its biggest investment and I estimate that it will buy about 400 new rigs over the next three to five years. To capture its share of this business, Bentec is investing more than \$25 million in the Tyumen region. In June 2007, we purchased workshop and office buildings, and leased 80,000 square metres of land in the region.

"The facility will employ 300 to 350 people, with most of them will be hired locally and receiving extensive training. The plant will have the capacity to fabricate eight to ten rigs each year – with basic engineering work and production of high-tech key components continuing to be made by Bentec in Germany, and transported to Tyumen." The Russian market is so important to Bentec that the company's 320 tonne cluster slider HR-5000 rig has been designed with it specifically in mind, and there were approximately ten Bentec 320 ton cluster slider HR-5000 rigs at work in the country a year ago.

That number will increase significantly in 2008 - 2010 with the company securing the biggest contract in its history. As Norbert predicted, Bentec's highly advanced systems have struck a chord with Russian oil and gas



companies. Following a multi-million dollar deal that was agreed in July, a further contract worth \$177 million was announced in August with an undisclosed Russian organisation. It will see the fabrication and delivery of three 320 tonne stationary rigs and four 320 tonne cluster slider HR 5000 rigs, with the option of two further 320 tonne stationary rigs at a later date. They are all scheduled to be delivered in 2010, and will operate in Gazprom, Russia.

Commenting on the company's most lucrative order to date, which was won by competitive tender, Norbert said: "Together with the contract signed a few weeks ago for the delivery of four of our 250 tonne cluster slider HR 4500 rigs, this latest significant contract award brings our recent order intake to over \$450 million."

Arend Loedden, technical director, also expressed his satisfaction, adding: "Bentec's proven oilfield technology, combined with an intensive marketing campaign in Russia, were key to our success in winning this contract. This latest contract award further reinforces Bentec's reputation as Europe's leading rig designer and builder, and is another milestone in our drive to enhance our position in the Russian market."

While Bentec is experiencing success in Russia, it faces stiff competition from Asia and sees Chinese producers as a challenge; especially their presence in the Eastern European countries. Speaking about this threat last year, Norbert said: "The Chinese still have quality issues but on price they are very aggressive. From a competitive point of view, Bentec's strategy is to focus on the reputation, quality and reliability of German engineering and workmanship. The company has been navigating the transition from being a rig assembler, to becoming an engineering company that designs and engineers its own equipment including drawworks, masts, electrical systems and, from 2008, mud pumps."

Bentec plans to expand further into the land rig markets worldwide and increase its production depth throughout manufacturing major components. The company will continue to deliver a customer focused, cost-effective engineering service and provide leadership through innovation and continuous improvement in particularly challenging environments. With clients increasingly looking for high quality equipment, reliability of delivery times and the availability of spare parts and service close to their drilling locations, Bentec stands apart from its competitors by delivering in

all of these areas.

When this publication spoke to Norbert some 12 months ago, he was confident that the business would continue with its plan for global growth: "Bentec will continue to expand into the land rig market worldwide. In addition, the company will further increase its production depth through manufacturing major components like drawworks, masts, electrical systems and mud pumps. In Russia, once the Tyumen facility is operational, Bentec's market share will double, reaching at least ten per cent."



Given that the facility is due to open imminently, the future looks very promising for Bentec. When the huge deals that have recently been agreed are taken into account, it is conceivable that the business will increase its market share even more than Norbert predicted. The company has invested heavily in researching and developing equipment that adds value to the operations of its target market, as well as supporting its portfolio with dedicated Russian infrastructure. By taking such measured and carefully considered risks the company has secured a significant market share in a developing region, and looks set to enjoy a prosperous future. ☛



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