

Industrial Relations of StatoilHydro in Russia

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StatoilHydro

Industrial and social relations in NW Russia



Supplier Associations in North-West Russia

MURMANSELF

Murmansk regional suppliers' network.
Initiated by Statoil and
Murmansk Region
Government.

Established in March 2006.



murmanself



SOZVEZDYE

Arkhangelsk regional suppliers' network.
Initiated by Statoil and
Arkhangelsk Region
Administration.

Established in February 2006.

Objectives of Supplier Associations



- Develop regional industrial potential
- Assist regional companies achieving as high level of regional supplies to the oil and gas industry as possible
- Improve competence of small and medium business enterprises in order to become qualified suppliers to the oil and gas industry
- Protect rights and common interests of Association members



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ASSOCIATION OF SUPPLIERS
FOR OIL-AND-GAS INDUSTRY

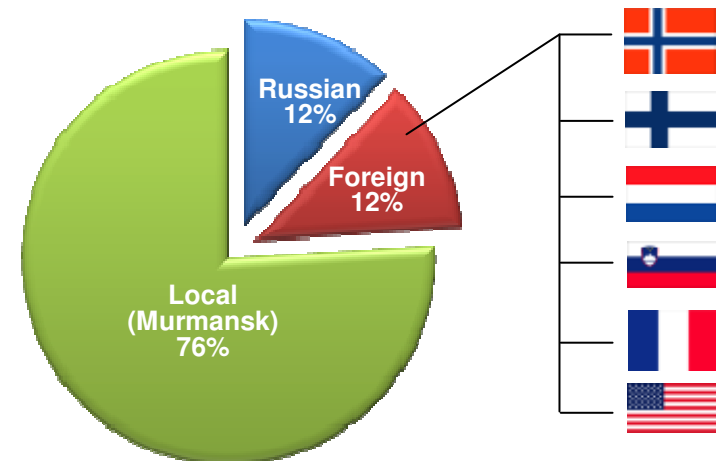


167 companies-members

- 128 local members (Murmansk region)
- 16 Russian members (Moscow, St. Pete, Samara, Yekaterinburg)
- 23 foreign members (Norway, Finland, Netherlands, France, USA)

Prominent members:

- Stroytransgas (Leading Russian EPC contractor)
- Zvezdochka (Major Russian ship repair yard)
- Samara Cable Company, (Leading Russian producer of cables)
- Uralmash (Leading Russian producer of O&G equipment)
- OMK (leading Russian pipe producer, the only one producing subsea pipes)
- Baker Hughes, USA (One of the world leading O&G servicing companies)





«SOZVEZDYE»



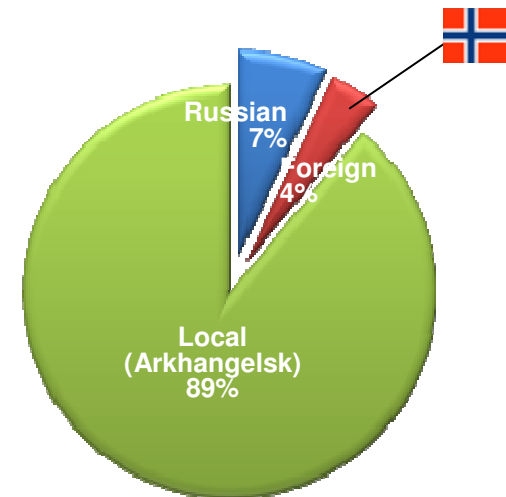
Suppliers for Oil and Gas Industry Assistance Centre

120 companies

- 96 local members (Arkhangelsk region)
- 8 Russian members (Moscow, St. Pete, Murmansk, Vladivostok)
- 4 foreign members (Norway)

Prominent members:

- Sevmash (Major Russian ship building yard)
- Zvezdochka (Major Russian ship repair yard)



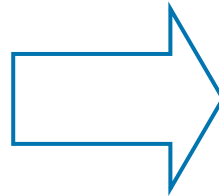
Making Associations more stable

- Stability to be achieved through commercialization
- Support from other sources besides StatoilHydro

From external support



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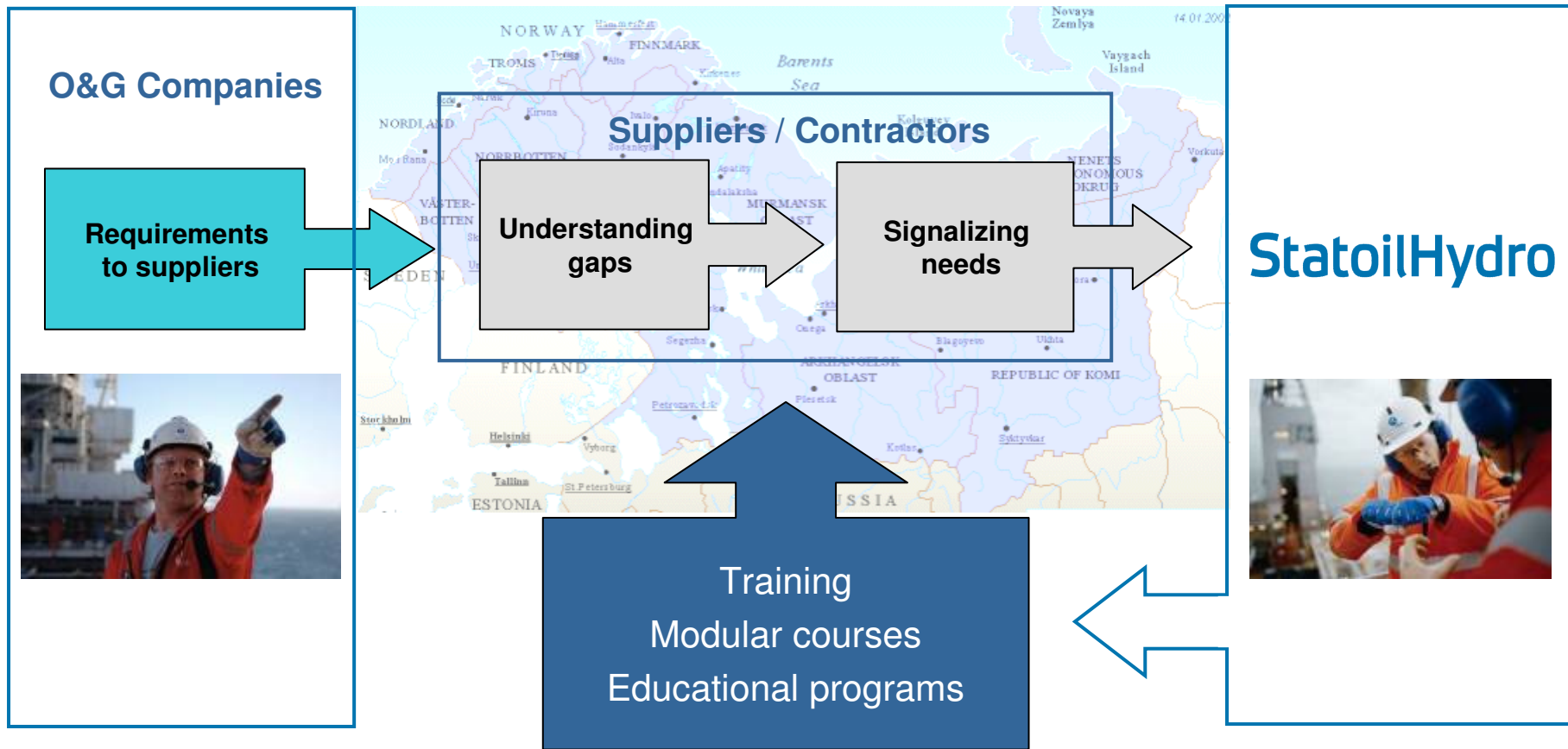


To self-support and flexibility



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Transfer of specific Norwegian knowledge



Extensive dedicated competence development in Russia

- Initiatives by both former Statoil and Hydro since 2005
- Support to Supplier Networks in NW Russia (Murmansk and Arkhangelsk)
- Supplier Development Center, Intershelf
- More than **40 courses** and seminars held since 2006
- Trained over **500 industry specialists** from more than 50 companies of Arkhangelsk and Murmansk Regions

Topics: quality management, HSE, sales, logistics, Customer Relations Management (CRM), procurement in O&G



Project Management for Russian suppliers

Project Management knowledge is a keystone to the success in O&G development

- Specially developed modular course – **February-April 2007**
- Locations: Murmansk - Arkhangelsk - Molde
- **30 participants** from key regional enterprises
- Participants' age: 24-62. Middle / top management

1. Introduction of professional terminology and tools
2. Test of tools in practice
3. Exchange of best practice
4. Building a team of management professionals
6. Final exam – proof of acquired knowledge and skills

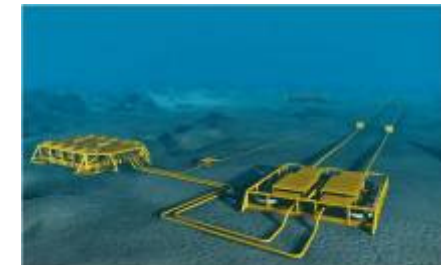
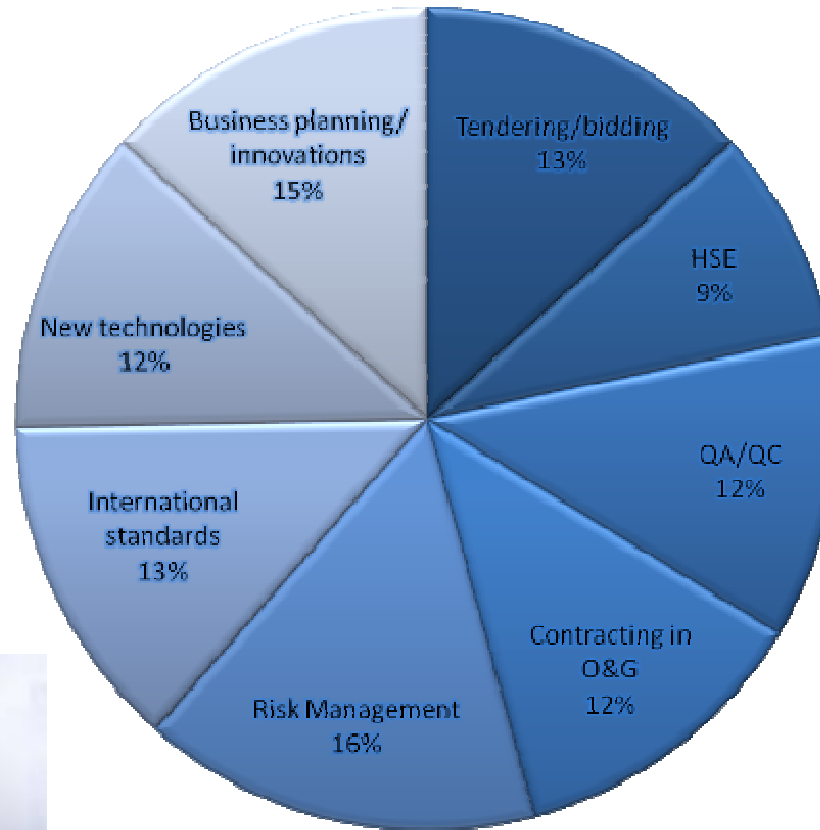
- **Follow-up meetings** in Murmansk and Arkhangelsk, December 2008 – gather impressions and new ideas



Priority areas of new competence and knowledge

80% of any project success lays in proper utilization of knowledge in these areas....

Senior manager, Sevmash shipyard



Source: StatoilHydro survey – questioning the participants of PM course (Murm/Arh)

Why these areas? Russian industry speaks....



We are more and more into the O&G business but miss essential knowledge...

I think experience and skills of our company are not sufficient...

Russian and international companies work differently - it is critical to harmonize processes...

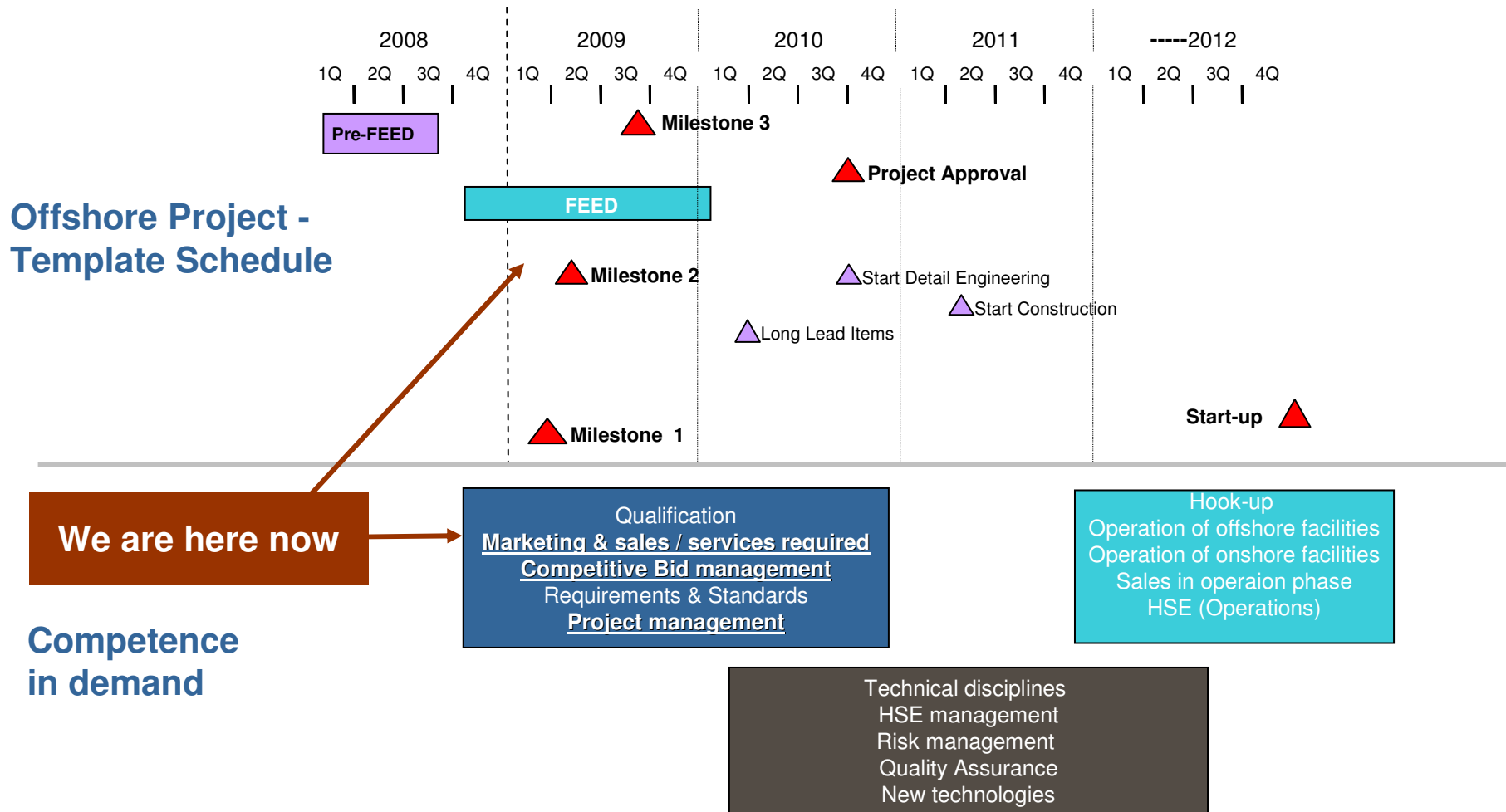
I work as a project manager in Sakhalin and see clearly where the Russian industry has gaps...

New knowledge is needed! Russian future to be based on innovations not hydrocarbons!...



Source: StatoilHydro survey

Need for knowledge varies along offshore project development

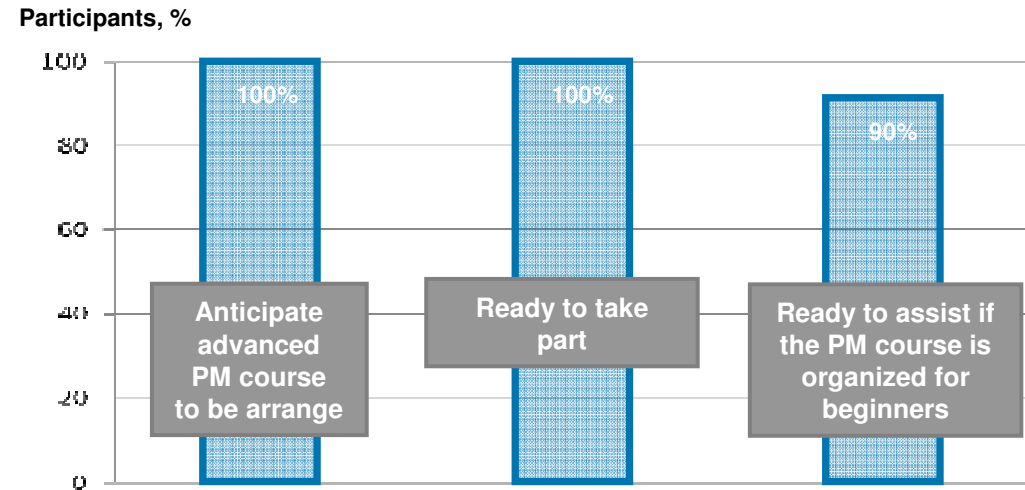


New competence development initiative for Russia

Competence areas:

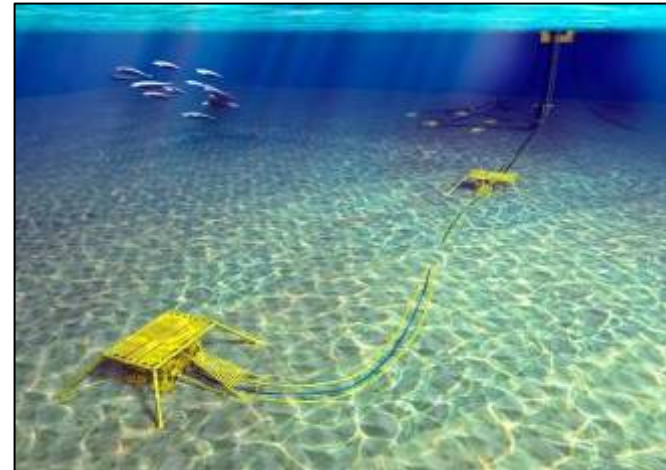
1. Project management
2. Tendering/bidding
3. Contracting in O&G

TYPE OF REQUEST: How to become a supplier	Tender document
AREA: Drilling & Well	
GROUP: Drilling Operation	
CATEGORY: Drilling mobile UBS & LHT	
COMPANY INFORMATION	
NAME AND LEGAL FORM OF YOUR COMPANY: *	
(i.e. Sarvelempiänsä Ltd.)	
<input type="text"/>	
STREET: *	
<input type="text"/>	
CITY: *	
<input type="text"/>	
COUNTRY: *	
<input type="text"/>	
INDUSTRIAL SECTOR: (i.e. mechanical engineering, chemical industry)	
<input type="text"/>	
SALES VOLUME P.A.:	
<input type="text"/>	
NUMBER OF EMPLOYEES:	
<input type="text"/>	

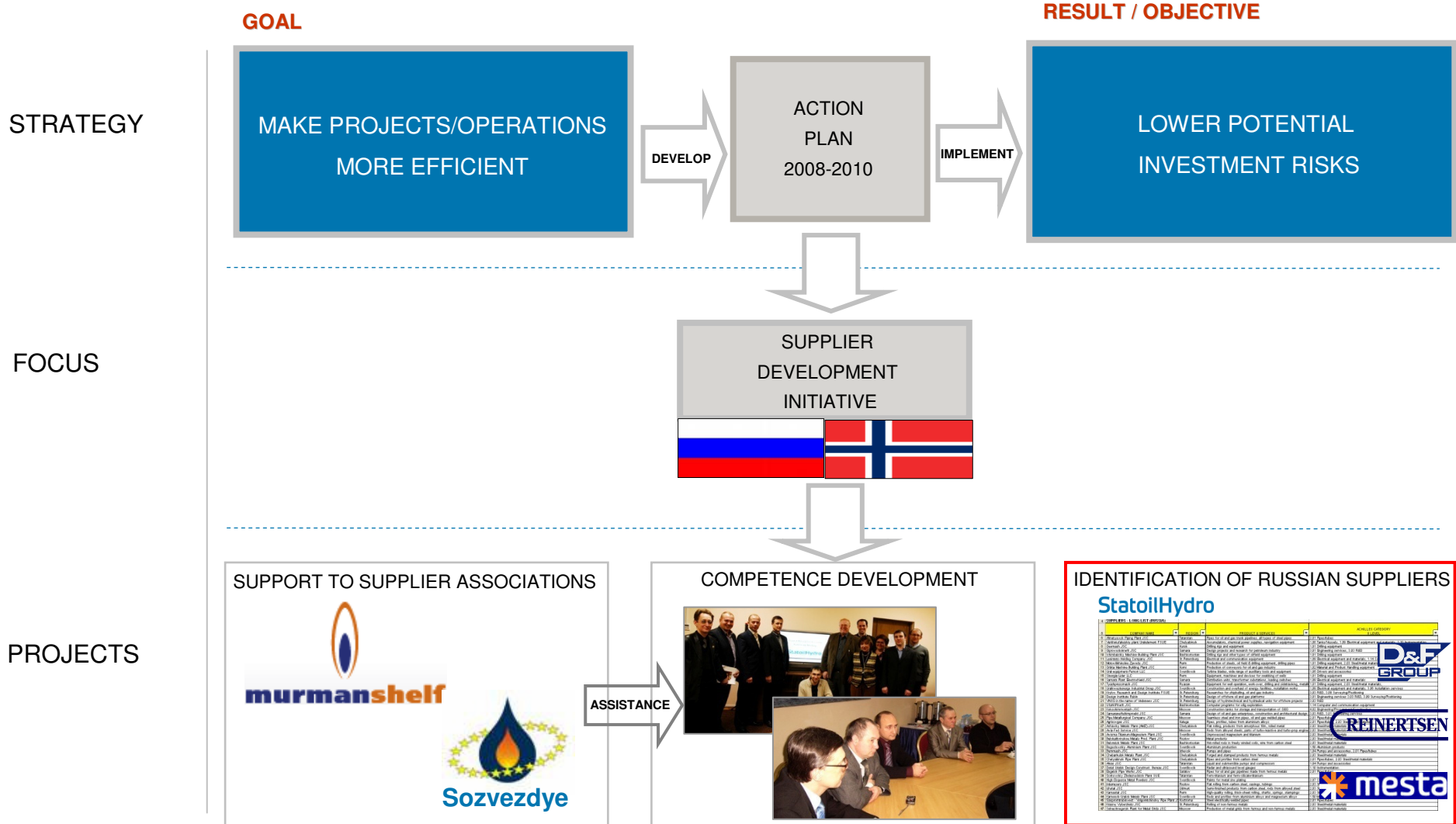


Russian industry goes offshore – StatoilHydro is here to assist

- **Focus** – major Russian industrial clusters. Specific focus on NW Russia
- **Timeframe** – 2009-2010
- **Target group** – leading and perspective O&G contractors and suppliers
- **Suppliers Source** – StatoilHydro long list, membership lists of Supplier Associations



Industrial initiatives of StatoilHydro



Identification of Russian suppliers

In close cooperation with Russian authorities, associations and industry itself



Russian industrial clusters



Identified and categorized along the value / technology chains – over 700 companies

Assessed in certain details – over 80 companies. Visits + 6 major categories (EPC, pipes, shipyards, metal works)

Qualified for supplies to Norwegian Continental Shelf – 11 companies

Supplier management tools developed since 2005

- More than 750 entries
- Commonly recognized info criteria:
 - company name & contact info,
 - region,
 - products & services,
 - references,
 - documented QS (e.g ISO)
- Specific info:
 - compliance with JQS Achilles products/services categories
 - package code of Ormen Lange
- User friendly search function
- Easy to update / manage

LONG LIST OF RUSSIAN SUPPLIERS

SUPPLIERS - LONG LIST (RUSSIA)			
#	COMPANY NAME	REGION	ACHILLES CATEGORY (1-10)
6	Armatek Piping Plant, JSC	Tatarstan	2.01 Piping/fitting
7	Mechpribority and Mashinrem FSUE	Orel'skiy	1.03 Tanks/Nozzles, 1.09 Electrical equipment and materials, 1.10 Instrumentation
8	Dezinmash JSC	Kash	1.01 Drilling equipment
9	Spetsdizel' JSC	Saratov	3.01 Engineering services, 3.03 R&D
10	Avtomobilny Mashin-Building Plant JSC	Enskitektor	1.01 Drilling equipment
11	Leningradskiy Mashin-Building Plant JSC	St. Petersburg	1.03 Electrical equipment and materials, 1.14 Computer and communications equipment
12	Metro Mashin-Zavod Plant, JSC	Fern	1.01 Drilling equipment, 2.03 Steel metal materials
13	Metiz-Mashin-Building Plant, JSC	Kam	1.02 Minerals and Products Handling equipment
14	Uralmashprom-Prom LLC	Sverdlovsk	1.05 Cranes and accessories
15	Stroy-A-Join LLC	Fern	1.01 Drilling equipment
16	Saratov Plant Electroweld, JSC	Saratov	1.04 Electrical equipment and materials
17	Tyazhprommash JSC	Ryazan	1.01 Drilling equipment, 2.03 Steel metal materials
18	Uralmashzavod Industrial Group JSC	Sverdlovsk	1.04 Electrical equipment and materials, 1.08 Installation services
19	Kryva Research and Design Institute FSUE	St. Petersburg	3.03 R&D, 3.04 Surveying/Positioning
20	Design Institute Babar	St. Petersburg	3.01 Engineering services, 3.03 R&D, 3.06 Surveying/Positioning
21	MFC in the name of Krasovsk JSC	St. Petersburg	3.03 R&D
22	IPM Power JSC	Enskitektor	1.14 Computer and communication equipment
23	Iskrommashprom, JSC	Povoloz	4.02 Engineering Process Control/Control室
24	Saratovskiy Mashinostroyitel JSC	Saratov	3.03 R&D, 3.01 Engineering services
25	Pneumotekhnicheskoye Company JSC	Povoloz	2.01 Appliances
26	Appretage, JSC	Moscow	2.01 Appliances, 2.03 Steel metal materials
27	Advanced Metals Plant (AKSD) JSC	Chelyabinsk	2.03 Steel metal materials
28	Avto-Fed Service JSC	Povoloz	2.03 Steel metal materials, 1.05 Cranes and accessories
29	Avtomatizatsionnyy Magnitnyy Plant JSC	Sverdlovsk	2.03 Steel metal materials
30	Belokhromskoye Metal'noye Proizvodstvennoye Predpriyatiye JSC	Borino	2.03 Steel metal materials
31	Belovskiy Metal'noye Proizvodstvennoye Predpriyatiye JSC	Enskitektor	2.03 Steel metal materials
32	Belovskoye Aluminium Plant JSC	Sverdlovsk	1.09 Aluminium products
33	Burmash JSC	Moscow	1.04 Pumps and accessories, 1.01 Piping/tubing
34	Cheljabinsk Metal'nyy Zavod JSC	Orel'skiy	2.03 Steel metal materials
35	Cheljabinsk Pipe Plant JSC	Orel'skiy	2.01 Piping/tubing, 2.03 Steel metal materials
36	Chuz JSC	Tatarstan	1.04 Pumps and accessories
37	Detal'nyy Zavod-Consortium, Borovo JSC	Sverdlovsk	1.10 Instrumentation
38	Engel'skiy Zavod JSC	Saratov	2.01 Piping/tubing
39	Densonskiy Zhelernodolobnyy Zavod SUE	Tatarstan	1.01 Instrumentation
40	High-Dispense Metal'noye Proizvodstvennoye Predpriyatiye JSC	Sverdlovsk	2.02 Chemicals/Coatings
41	Iskrommash JSC	Borino	2.03 Steel metal materials
42	Iskrom JSC	Moscow	2.03 Steel metal materials
43	Iskrom JSC	Fern	2.03 Steel metal materials
44	Iskrom-Metiznyy Metal'nyy Zavod JSC	Sverdlovsk	1.03 Minerals for the production of aluminium
45	Iskrom-Metiznyy Metal'nyy Zavod JSC	Khatanga	2.01 Piping/tubing
46	Krasnoyarskiy Metal'nyy Zavod JSC	St. Petersburg	2.03 Steel metal materials
47	Krasnoyarskiy Metal'nyy Zavod JSC	Povoloz	2.03 Steel metal materials

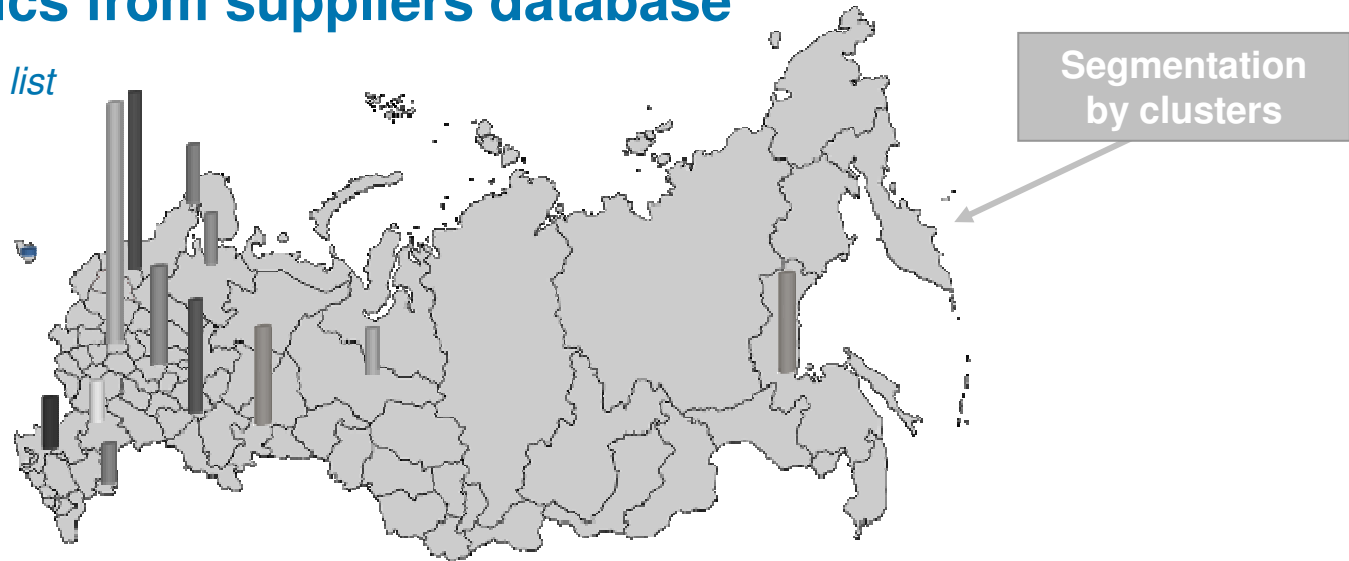
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The supplier info is synchronized with SDAG – input for supplier relations in the project

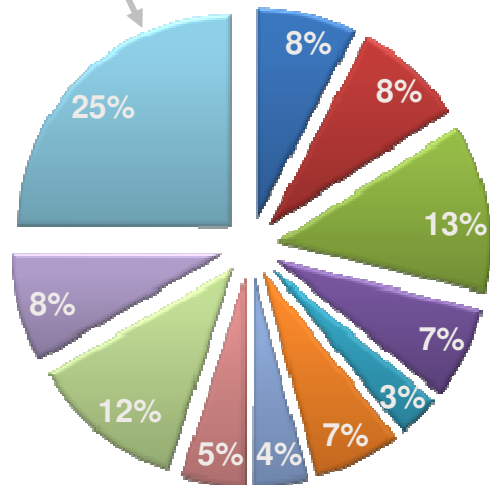
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Essential statistics from suppliers database

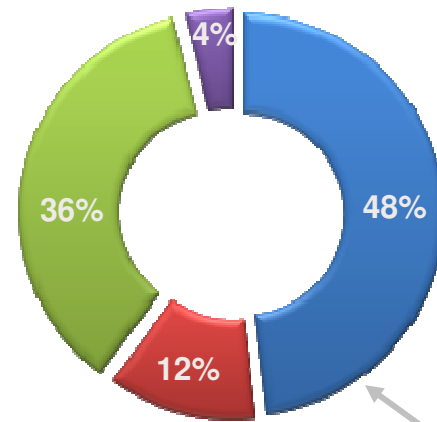
Source: StatoilHydro Long list



Segmentation by industry



- Energy machinebuilding
- O&G machinebuilding
- Industrial machinebuilding
- Instrumentation
- Pipe industry
- Metallurgy
- Logistics / transport
- Shipbuilding
- Design / engineering
- Civil & industrial construction
- Other



- 1 Equipment
- 2 Products/Materials
- 3 Services
- 4 Combined supplies

Segmentation by categories

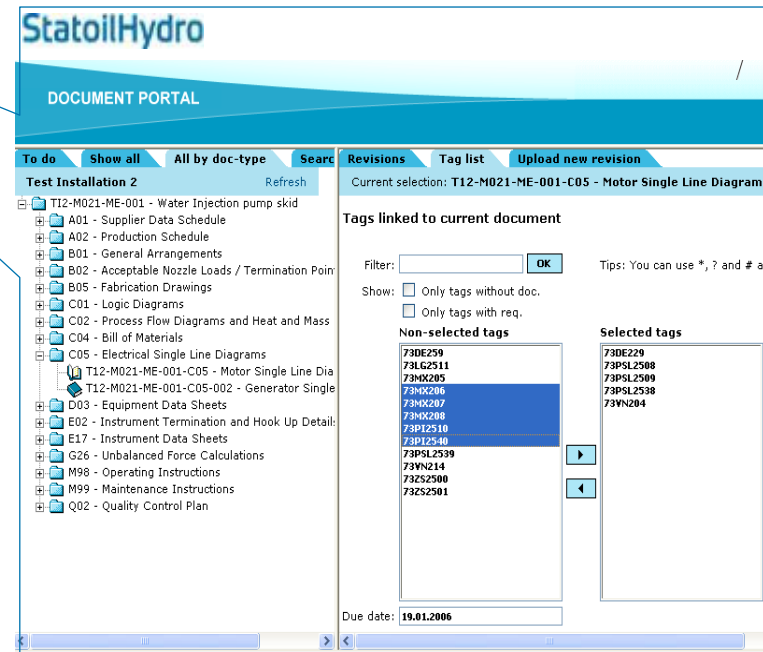
Improvement of the system – efficient tool for Russian and Norwegian suppliers

PAPER LONGLIST

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WEB DATABASE



ADVANTAGES OF THE WEB SOLUTION

- Better usability both for operator (StatoilHydro) and users
- More innovative approach
- Easier to manage and handle
- More technically advanced
- More additional functions / filters / searches



Fostering cross-border industrial cooperation

- Sponsor of number of conferences, Russian-Norwegian matchmaking events and venues
- Presentation of major Norwegian EPC contractors to Giprospeftsgas and Morneftegasprojekt
- Support to Russian and Norwegian companies to find partners:

Russian: Murmansk Shipyard, Mostotryad № 9, VYSO, Volgoburmash, Samara cable company

Norwegian: Reinertsen, Mesta, D&F, Flochem, Nexans

- Support to Norwegian production in NW Russia



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First Russian subsea pipe in cooperation with OMK

- Pilot project initiated by Hydro and OMK
- Hydro together with DNV assisted OMK with technical guidelines, manufacturing process approval and product certification
- Project start – January 2006
- First pilot pipe in accordance with the “Shtokman” specifications – May 2006
- Production according to standard DNV-OS-F101 (subsea pipeline)
- Won the tender for 25 % of pipes for Nord Stream project – the most significant Russian content so far

