



AUSTRALIAN

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Resources

Collaboration in the Oil and Gas Industry

What do the oil spill in the Gulf of Mexico in 2010 and a remarkable oil discovery off the coast of Southern Brazil have in common? The answer is: both occurrences have considerable impact on the collaboration of the

players within the oil and gas industry. What will be the impact of ecological disasters like the Gulf Oil Spill on the oil and gas industry and how will future oil findings affect this industrial sector? Are

there parties other than the energy industry itself that benefit from new oil discoveries? These are just some of the questions that demand answers. About one year ago a major catastrophe in the history of oil spills (and the biggest oil disaster in American history) occurred in the Gulf of Mexico. On April 20, 2010, a



sequence of unfortunate circumstances led to a blow-out of the oil rig 'Deepwater Horizon'. Not only did eleven workers lose their lives in this tragic accident, but in what became known as the Gulf Oil Spill, the

most severe ecological disaster of its kind in history, extensive damage was caused to marine and wildlife habitats as well as the Gulf's fishing and tourism industries. Trying to fix the spill for months in vain, BP officially announced the final closure of the leak on September 19, 2010.¹

Shortly after the catastrophe, the US Department of Interior issued a moratorium that paused deep-water drilling in order to implement interim safety rules and reforms.² The company Noble Energy Inc. was the first operator to receive approval to drill again in the Gulf of Mexico after approximately one year. The



¹ <http://www.br-online.de/wissen/umwelt/oelpest-im-golf-von-mexiko-DID1274435449552/index.xml>

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business' resumption of work is crucial to the oil and gas industry, as it marks a new beginning of oil drilling and thus a possible re-emerging booming industrial sector.³ Besides the latest development of expanding offshore drilling operations in the Gulf of Mexico, the discovery of the largest light crude oil field since the Mexican Cantarell Field in 1976 is believed to contribute to a continued expansion of the oil and gas industry. Vast amounts of light crude oil were found off the coast of Southern Brazil in late 2007. The basin contains the Tupi field, another massive deepwater field discovered by Brazil's state oil company Petrobras in 2007.⁴ Although the oil and gas industry sustains not only immense economical and reputational damages in the case of ecological calamities, the aftermath of such incidents has the ability to reinvigorate the industry. Taking the newest safety developments for offshore drilling in the Gulf of Mexico into consideration and the demand for new and innovative technologies to make oil drilling more efficient, it is the supplying industry, which is provided

with numerous new orders to help improve offshore drilling. Thus, the energy industry is not the sole beneficiary, but the supplying industry profits as a consequence of new and improved technologies to prevent future ecological disasters.

Suppliers to the oil industry - a new booming sector?

A drilling platform does not involve just one company. It is built up with and run by many companies working together. These include operating companies, drilling companies, major contractors, FPSO operators and service companies. While operating companies hold the exploration and production licenses and operate the production facilities, the drilling companies' field of duty consists in undertaking the drilling work and operating and maintaining their own portable drilling rigs. Major contractors are responsible for maintenance services to the operating companies. Therefore the major contractors often times employ



2 <http://latimesblogs.latimes.com/greenspace/2010/07/gulf-oil-spill-new-moratorium-explained.html>

3 <http://www.welt.de/wirtschaft/energie/article12667324/US-Behoerden-genehmigen-erste-Bohrung-seit-Oelpest.html>

4 <http://www.nytimes.com/2008/01/11/business/worldbusiness/11iht-oil.1.9147825.html>

the majority of the staff working offshore. The aforementioned FPSO (Floating Production Storage and Offloading) operators operate and maintain the FPSO units. Bearing resemblance to ships, these units are fabricated to remain on station for months or even years on end and they are designed to store equipment for processing oil and gas. Another important link to be mentioned in the oil and gas collaboration is the service company. As the name implies the companies' main objective is the provision of services. They serve operating and drilling companies with their expertise, such as well service firms, drilling mud suppliers, cementing companies, well testing specialists, seismic firms, etc.⁵ To put this in perspective, Brazil's state oil company Petrobras works with 57,000 suppliers and service companies, thus exemplifying the tight collaboration between the energy and the supplying industry. It is the collaboration between companies of the oil and gas industry and safety related companies of the supplying industry that is believed to increase, as the Gulf Oil Spill has evoked the call for improved safety regulations in offshore oil drilling. This begs the question...

...what changes have been made to the safety standards in offshore oil drilling a year after the oil spill in the Gulf of Mexico?

In the aftermath of the Gulf Oil Spill safety regulations have been exacerbated in all domains of offshore oil drilling: improved technology, increased maintenance, more demanding drilling projects. These developments were prerequisite for oil companies to resume offshore drilling operations. Compa-

nies are allowed to drill again provided that any operation is subject to more stringent safety rules, such as shorter maintenance cycles and compliance with higher standards in safety management.⁶

Stocks of the supplying industry— an outlook

According to Hamish Clegg, analyst at JP Morgan, orders worth billions are imminent to the suppliers to the oil industry. He is convinced that there will be a rising demand on offshore technology in the near future entailing promising times for shareholders of the supplying industry. With safety being prioritized in the oil drilling business, supplying companies like National Oilwell Varco have been benefiting from the latest safety regulations. National Oilwell Varco recently launched a new secure shut-off device for drill holes. On the oil rig Deepwater Horizon this device, known as a blowout-preventer (BOP), was damaged. Most of the oil rigs that are currently in use on American soil or territorial waters eventually need to upgrade to improved safety.⁷ Besides National Oilwell Varco more companies of the supplying industry, such as Keppel Corporation Ltd. and Weatherford International Ltd., are likely to benefit from a



⁵ <http://www.oilcareers.com/content/career/FAQ.asp>

⁶ http://www.focus.de/finanzen/boerse/tid-20248/oelindustrie-wir-bohren-wieder_aid_566151.html

tighter collaboration in the oil and gas industry. Keppel, for example, is a specialist in offshore rig design, construction and repair, shipbuilding, and in the conversion of floating production storage. Just recently Keppel signed a contract with Standard Drilling, which ordered four repeat jackup rigs worth USD 772 million.⁸ Weatherford International Ltd. is a provider of equipment and services used in the drilling, evaluation, completion, production and intervention of oil and natural gas wells. In March 2011 the company signed a contract with the Marine Well Containment Company over designing and constructing two tankers to operate in the U.S. Gulf of Mexico, as well as maintaining the equipment. The job is supposed to be completed in 2012.⁹ Developments like these make analysts euphoric in regards to stocks of the supplying industry.

Coretrack

It appears that collaboration between the energy and the supplying industry is essential and will intensify, as energy companies depend on new technology and equipment in order to make oil drilling more safe and efficient. Such technology is provided by the third party suppliers. One of those suppliers is Coretrack Ltd (CKK). Listed on the ASX (with a dual listing in Berlin, Germany), Coretrack is a drilling company on the edge of commercializing an unprecedented, world class drilling technology, which is considered to have the potential to make Coretrack a very serious participant in the oil and gas, mineral and geothermal sectors. CKK provides technical solutions to the energy industry in the form of down hole tools, products and services. Its major products are the GT3000 drill rig and the Core Level Recorder System (CLRS).



The GT3000 was originally designed by Globe Drill Pty Ltd. Globe Drill was established in 2005 and successfully acquired by Coretrack in February 2010. The GT 3000 drill rig outclasses conventional rigs in design, safety, power, and capability, and offers a wide range of vastly improved features compared to typical oil and gas platform drill rigs. One of the GT3000's outstanding advantages is its easy mobilization and setup. While conventional oil and gas rigs require approximately 20 workers, the GT3000 is laid out to be operated by only five members of staff, resulting in higher gross margins (and cheaper drilling for the customers). The rig's maneuverability and quick setup further leads to substantially reduced mobilization costs. Compared to conventional rig costs, which can amount up to \$2m within Australia, the GT3000's can be mobilized anywhere in Australia for under \$500k.¹⁰ Further advantages are, for instance, the product's ability to drill using both air hammer technology and mud rotary drilling. Moreover, the GT3000 is a truly versatile energy rig which can be used in various energy sectors such as Oil,



⁷ http://www.focus.de/finanzen/boerse/tid-20248/oelindustrie-wir-bohren-wieder_aid_566151.html

⁸ http://www.sgx.com/wps/portal/marketplace/mp-en/listed_companies_info

⁹ <http://www.weatherford.com/AboutWeatherford/CompanyInformation/>



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Managing Director



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Matt Birney,
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Chairman



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CEO



Warren Strange,
Non-Executive
Director



Shannon Coates,
Company Secretary

Gas, Geothermal, Coal Seam Methane, Shale Gas as well as more traditional Mineral drilling and drilling for water bores. Compared to conventional oil and gas rigs, which manage to mill 3m/hr through hard rock, the GT3000's capability is 25m/hr, substantially reducing drilling costs for energy clients.¹¹ Coretrack's other interesting technology is the Core Level Recorder System (CLRS). The CLRS is a measuring and recording device that supplies operators on the rig floor with real-time data on core intake. With the help of this data, drilling engineers know instantly whether the core sample they are trying to obtain is jammed or being milled. Core jamming is identified immediately resulting in remarkable lost-time savings for clients, as there is no longer a need for unnecessary trip ins and outs. Real time measurement entails even more benefits for the oil and gas industry, such as no stop losses due to information uncertainty, no need for expensive deviated wells to re-do jobs gone wrong, reduced exploration risk, reduced development risk, all translating into substantial cost savings for the industry.¹² As Coretrack's CLRS

and GT3000 show, the company is in the transition from research and development into the commercial world. Both Coretrack Ltd and its subsidiary Globe Drill Pty Ltd are currently still in commercial negotiations with various companies with prospect to sign major contracts. More information: www.coretrack.com.au



¹⁰ http://coretrack.com.au/images/stories/CKK060411_Patersons_research_note.pdf

¹¹ <http://www.globedrill.com.au/rigs-and-technology/gt3000>

¹² <http://coretrack.com.au/about-us/history>

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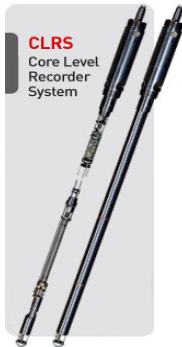
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Company Fact Sheets



Coretrack Ltd, Ratios



◇ Symbol: Sydney	CKK
◇ Website:	www.coretrack.com.au
◇ Market Capitalization	26.98 Mio. AUD
◇ Receipts from customer (last quarter)	617.000 AUD

Source: Comdirect, appendix 4C quarterly report

Company Highlights



Source: Comdirect, Australian securities exchange, 24 May

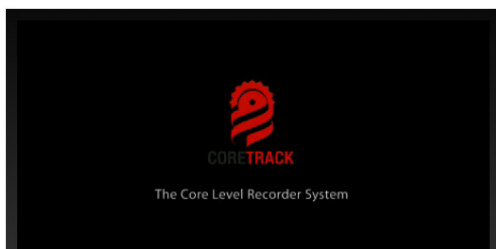
- ◇ Core Level Recorder System
- ◇ Real time measurement
- ◇ A drilling company with a unique technology in the process of being commercialised
- ◇ Coretrack and its subsidiary Globe Drill Pty Ltd are currently in commercial negotiations with various companies

Field of Activity & News

Coretrack is an ASX listed company that provides technical solutions to the energy industry in the form of down hole tools, products and services. Since the company's conception, Coretrack has focused primarily on building and introducing its highly anticipated integrated core tracking tool, the Core Level Recorder System (CLRS) into the commercial market.

- ◇ 09 June 2011: Letter of Intent for Deep Hole Drilling Contract
<http://www.asx.com.au/asxpdf/20110609/pdf/41z4cwpdgcqsq2.pdf>
- ◇ 09 June 2011: Commercial Terms For Deep Hole Drilling Contract
<http://www.asx.com.au/asxpdf/20110609/pdf/41z4813wk3th32.pdf>
- ◇ 13 April 2011: Coretrack Raises \$ 10 Million
http://www.coretrack.com.au/images/stories/Media_Articles/2011/110413_The_West_Australian_-_Coretrack_raises_10m.pdf

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Woulfe Mining Corp, Ratios



◇ Symbol: Toronto	WOF
◇ Website:	www.woulfemining.com
◇ Market Capitalization (13 Juni)	64.14 Mio. CAD
◇ Cash at end of period (03/2011)	10.17 Mio. CAD

Source: Comdirect, tmx 10 June

Company Highlights



Source: Comdirect, TSX 13 June

- ◇ High quality projects in the renaissance of the South Korean mining industry
- ◇ Sangdong tungsten-molybdenum mine
- ◇ Muguk gold-silver mine
- ◇ Properties with excellent regional exploration potential for uranium, base metals and tungsten

Field of Activity & News

Woulfe Mining Corp is an exciting, new diversified resources company playing a central role in the renaissance of the South Korean mining industry. The company has an impressive pipeline of high quality projects which can be brought back into production rapidly and at low cost.

- ◇ 01 June 2011: Woulfe Mining's Sangdong Tungsten Project Drill Results Offer Significant Encouragement
http://tmx.quotemedia.com/article.php?newsid=41816425&qm_symbol=WOF:CA
- ◇ 18 May 2011: Woulfe Mining Sangdong High Grade Main Zone Confirmed
<http://www.woulfemining.com/IRM/Company/ShowPage.aspx/PDFs/1094-22483283/WoulfeMiningSangdongHighGradeMainZoneConfirmed>
- ◇ 12 May 2011: Encouraging drilling results reported at Sangdong
<http://www.woulfemining.com/IRM/Company/ShowPage.aspx/PDFs/1094-22483283/WoulfeMiningSangdongHighGradeMainZoneConfirmed>

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Woulfe on the Move

<http://www.woulfemining.com/IRM/Company/ShowPage.aspx/PDFs/1087-93416170/WoulfeontheMove>



Woulfe 1-Nov-2010 Presentation

<http://www.woulfemining.com/IRM/Company/ShowPage.aspx/PDFs/1058-81272998/Woulfe1stNovember2010presentation>

First Global Energy Ltd, Ratios



◇ Symbol: FRA	WKN A1H66S
◇ Website:	www.firstglobalenergyltd.com
◇ 52 week high	0,310
◇ 52 week low	0,200

Source: Boerse Frankfurt 10 June

Company Highlights



- ◇ Aims in acquiring assets to be vertically intergrated
- ◇ High quality solar energy products
- ◇ Significant consolidated EBIT
- ◇ Diversified income streams and asset base

Source: boerse-frankfurt, 10 June

Field of Activity

First Global Energy PLC is a publically listed company on the Frankfurt Stock Exchange deutsche borse under the code 1GX. First Global Energy PLC has 100% ownership of the Australian Company "First Global Energy Ltd". FGE Ltd is the Australian trading company. FGE is an "energy" company and its strategic focus is to acquire energy related assets. The company aims in acquiring assets that can be vertically integrated.

First Global Energy has exclusive contracts with 3 of the large manufactures to supply Solar Energy related products in Australia/NZ. All our products are of the highest quality product and are all certified to meet standards of the market it resides in.

FGE

