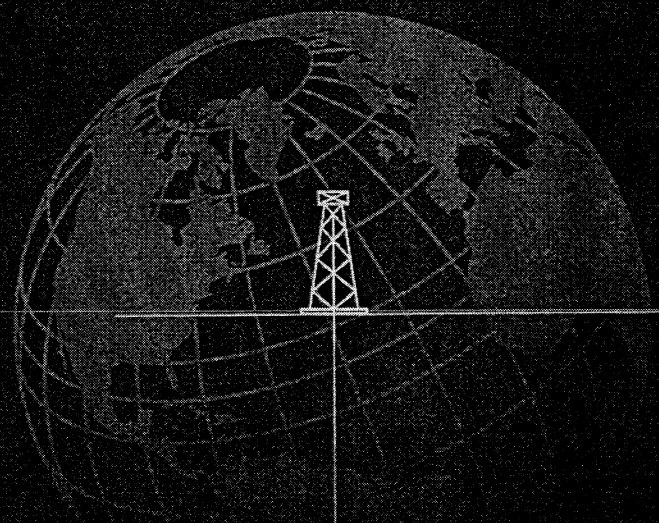
VAM® DRILLING

China capacities and international markets
December 2010



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Drill Pipe capacities - China

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Manufacturers		No. of welding lines	Estimated Total capacity DP (k Nton)	Listed by CNPC
Grant Prideco China	Grant-Prideco (Jiangsu) Drilling Tools Co., Ltd	2	33	LEVEL A
	Tianjin Grant TPCO Drilling Tools Co., Ltd.	1	13	N
BHNK	Bohai NKK Drill Pipe Co., Ltd.	2	30	LEVEL A
Hilong Group	Hilong Drill Pipe (Shanghai) Co., Ltd	3	33	LEVEL A
	Hilong Drill Pipe (Wuxi) Co., Ltd	1	10	LEVEL A
	Hilong drill pipe (Jiangsu) co., Ltd	1	12	LEVEL A
DP Master	DP-Master Manufacturing Co. Ltd	3	47	LEVEL A
Longbright	Jiangyin Longbright Drillin Pipe Manufacturing Co. Ltd	2	20	LEVEL B
Rongtech	Jiangsu Rontech Petroleum Technology Incorporated Company	2	27	N
Baosteel	Baoshan Iron and Steel Co. Ltd	4	43	LEVEL A
WSP	Wuxi Seamless Pipe Holdings Limited	3	33	LEVEL A
SFMC	Shanxi Fenglei Drilling Tools Co., Ltd	2	20	LEVEL B
PMC	Petromaterials(Cangzhou) Co. Ltd	2	20	LEVEB B
Highland	Shengli Oilfield Highland Petrolerum Equipment Co. Ltd	1	10	N
Hongda	Yuan Ke Hong Da Petroleum Technology Development Co. Ltd	1	10	N
Weima	Dongying Weima Petroleum Machinery Co.,Ltd	1	10	N
Liaohe	Liaohe Pipe & Drilling tools Manufacture Co/ Ltd	1	10	LEVEL A
Tianshui	Tian Shui Pneumatic Machinery Co. Ltd	1	10	N
Huanjie	Shanxi Huanjie Petroleum Drilling Tools Manufacturing Co., Ltd	1	10	N
Found	Baotou FOUND Petroleum Machinery Co., Ltd	1	10	N
Changgang	Jianyin Changgang Pipe Making Co. Ltd	1	10	N
Elite	Taizhou Elite Drill Pipe Co., Ltd	2	20	LEVEL B
Mingzhu	Shandong Mingzhu Petroleum Equipment Manufacturing Co., Ltd	2	20	N
Hongjin	Hengyang Hongjin Petroleum drilling tools Co., Ltd	1	10	N
Shined	Jiangsu Shined Petroleum Equipment Manufacturing Co. Ltd	1	10	N
Xiandai	Zhangjiakou Xiandai petroleum Drill Tools CO.,Ltd	1	10	N

Manufacturers		No. of welding lines	Estimated Total capacity DP (k Nton)	Listed by CNPC
Worldrise	Beijing world-Rise Petroleum Technology Co., Ltd	1	10	N
Zhonyuan	Sinopec Zhongyuan oilfield Drilling services Co., Ltd	1	10	N
Bohai Pipeline	Bohai Pipeline CO. LTD., Shengli oil field	1	10	N
Huanhe	Huanghe Pipeline Co., Ltd, Shengli Oilfield	1	10	N
Daqing	Drilling engineering Co., Ltd, Daqing oilfield	1	10	N
Greatwall	Drilling tools Co, Ltd, Greatwall Drilling company	1	10	N
Zhongding	TianJin ZhongDing Oil Drilling Tool Manufacturing Co.	1	10	N
Selte	Tianjin Selte Petroleum Drilling Tools Co., ltd	2	20	N
Uno	Uno-Steel (Jiangyin) Drilling Products Manufacturing Limi	2	20	N
Kangbei	Shengli Oilfield Kangbei Industry And Trade Company	1	10	N
Haixin	Dongying Haixin Petroleum Equipment Co., Ltd	1	10	N
Changyuan	Ningxia Changyuan Petroleum & natural gas Technology Co.	1	10	N
Zhongyuan	Zhongyuan Special Steel Co.	1	10	N
Zongqi	Puyang Zhongqi Petroleum Special-purpose Tube CO.LTD	1	10	N
Total		59	652	

Estimated total capacities China:

- 59 welding lines from 37 companies
- 652,000 Net tons capacity
- 13 companies are qualified by CNPC and other Chinese National Oil Companies.

Drill collars capacities China

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Manufacturers		Estimated Total capacity DC (K Net ton)	CNPC listed Suppliers
Hilong Group	Shanxi Tangrong Hilong Drill Pipe Co., Ltd	5,7	LEVEL B
DP Master	DP-Master Manufacturing Co. Ltd	5,7	LEVEL A
Longbright	Jiangyin Longbright Drillin Pipe Manufacturing Co. Ltd	1,4	LEVEL B
Rongtech	Jiangsu Rontech Petroleum Technology Incorporated Company	5,7	N
SFMC	Shanxi Fenglei Drilling Tools Co., Ltd	10,0	LEVEL A
PMC	Petromaterials(Cangzhou) Co. Ltd	2,9	LEVEL B
Hongda	Yuan Ke Hong Da Petroleum Technology Development Co. Ltd	1,4	LEVEL B
Liaohe	Liaohe Pipe & Drilling tools Manufacture Co/ Ltd	1,4	LEVEL A
Huanjie	Shanxi Huanjie Petroleum Drilling Tools Manufacturing Co., Ltd	1,4	N
Found	Baotou FOUND Petroleum Machinery Co., Ltd	1,4	LEVEL B
Mingzhu	Shandong Mingzhu Petroleum Equipment Manufacturing Co., Ltd	1,4	N
Worldrise	Beijing world-Rise Petroleum Technology Co., Ltd	4,3	LEVEL A
Bohai Pipeline	Bohai Pipeline CO. LTD., Shengli oil field	1,4	N
Huanhe	Huanghe Pipeline Co., Ltd, Shengli Oilfield	1,4	N
Daqing	Drilling engineering Co., Ltd, Daqing oilfield	1,4	N
Zhongding	TianJin ZhongDing Oil Drilling Tool Manufacturing Co.	1,4	N
Selte	Tianjin Selte Petroleum Drilling Tools Co., ltd	1,4	N
Uno	Uno-Steel (Jiangyin) Drilling Products Manufacturing Limi	1,4	N
Haixin	Dongying Haixin Petroleum Equipment Co., Ltd	1,4	N
Changyuan	Ningxia Changyuan Petroleum & natural gas Technology Co.	1,4	N
Zhongyuan	Zhongyuan Special Steel Co.	2,9	N
Total		57,1	

Estimated total Drill Collars capacities China:

- 21 companies
- 9 companies are qualified by CNPC and other Chinese NOCs
- 57,100 Net tons capacity

Rig count – Drilling footage

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Spears

		2010	2011
Rig Count	U.S.	1,535	1,729
	Canada	358	409
	Intl	1,068	1,120
	Russia	800	849
	China	852	861
	Central Asia	270	278
	Total	**4,883**	**5,246**
Wells Drilled			
	U.S.	51,394	60,452
	Canada	14,864	17,016
	Intl	14,053	14,705
	Russia	6,832	7,220
	China	15,839	16,008
	Central Asia	1,095	1,124
	Total	**104,078**	**116,521**

Activity in China is forecast to rise 2% in 2010 after having dropped 6% last year. Drilling is expected to climb 1% in 2011[1].

[1] Spears and Associates September 2010 Drilling and Production Outlook

2010 Drill Pipe and Drill Collar Market

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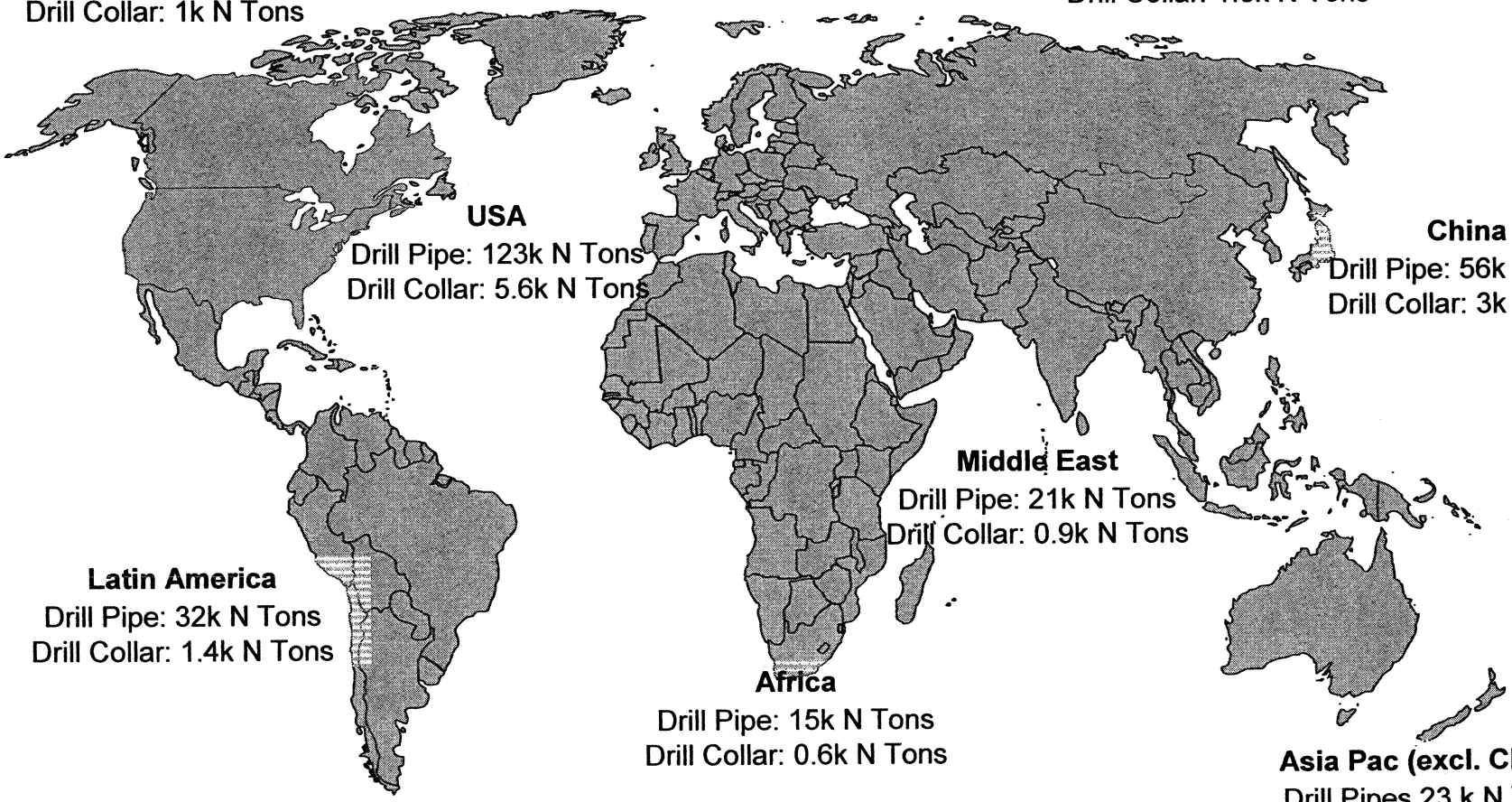

- World Drill Pipe Market = 338,000 Net Tons (USA = 36%)
- World Drill Collar Market = 15,700 Net Tons (USA = 36%)

2011 Drill Pipe and Drill Collar Market

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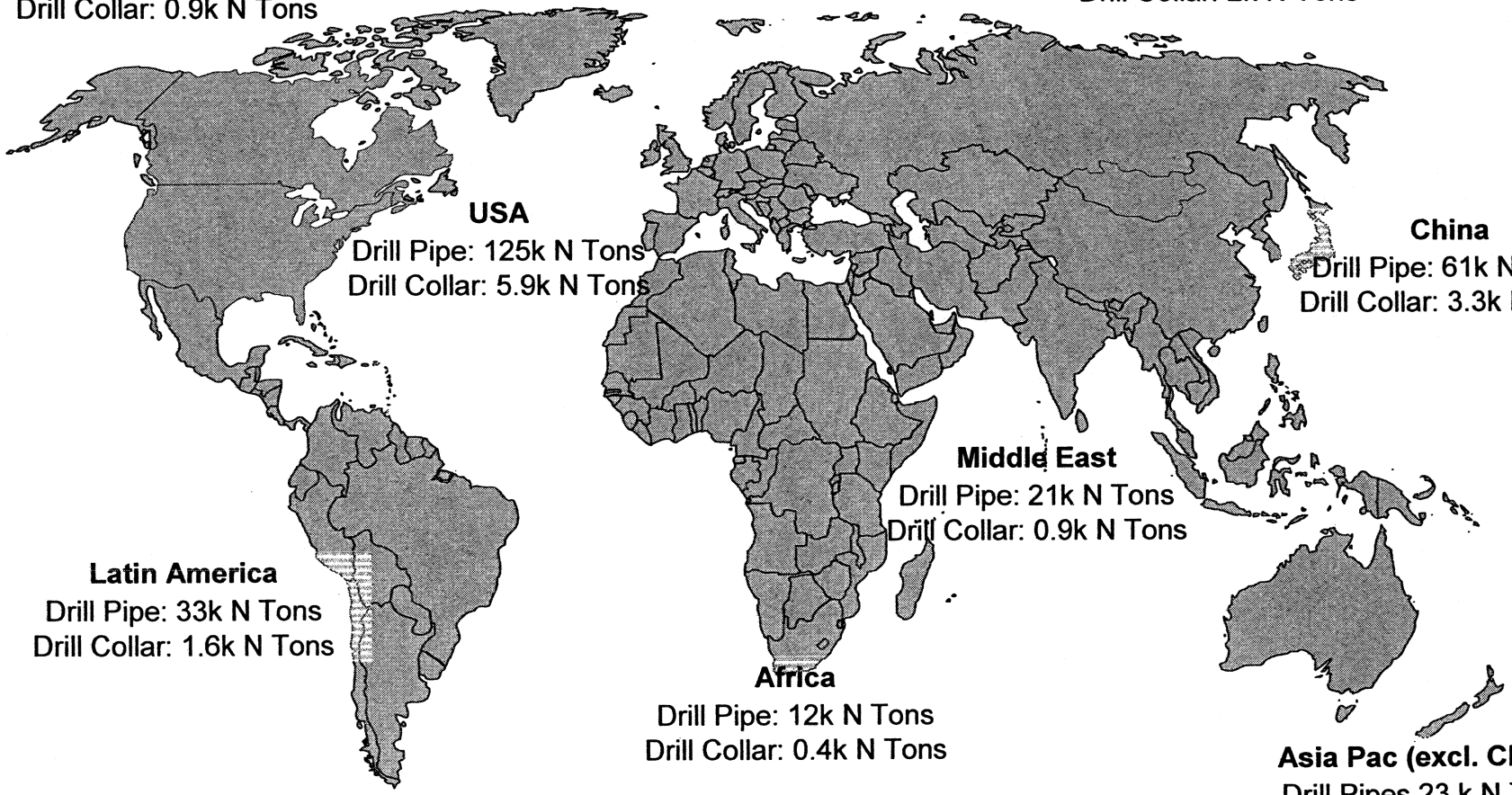


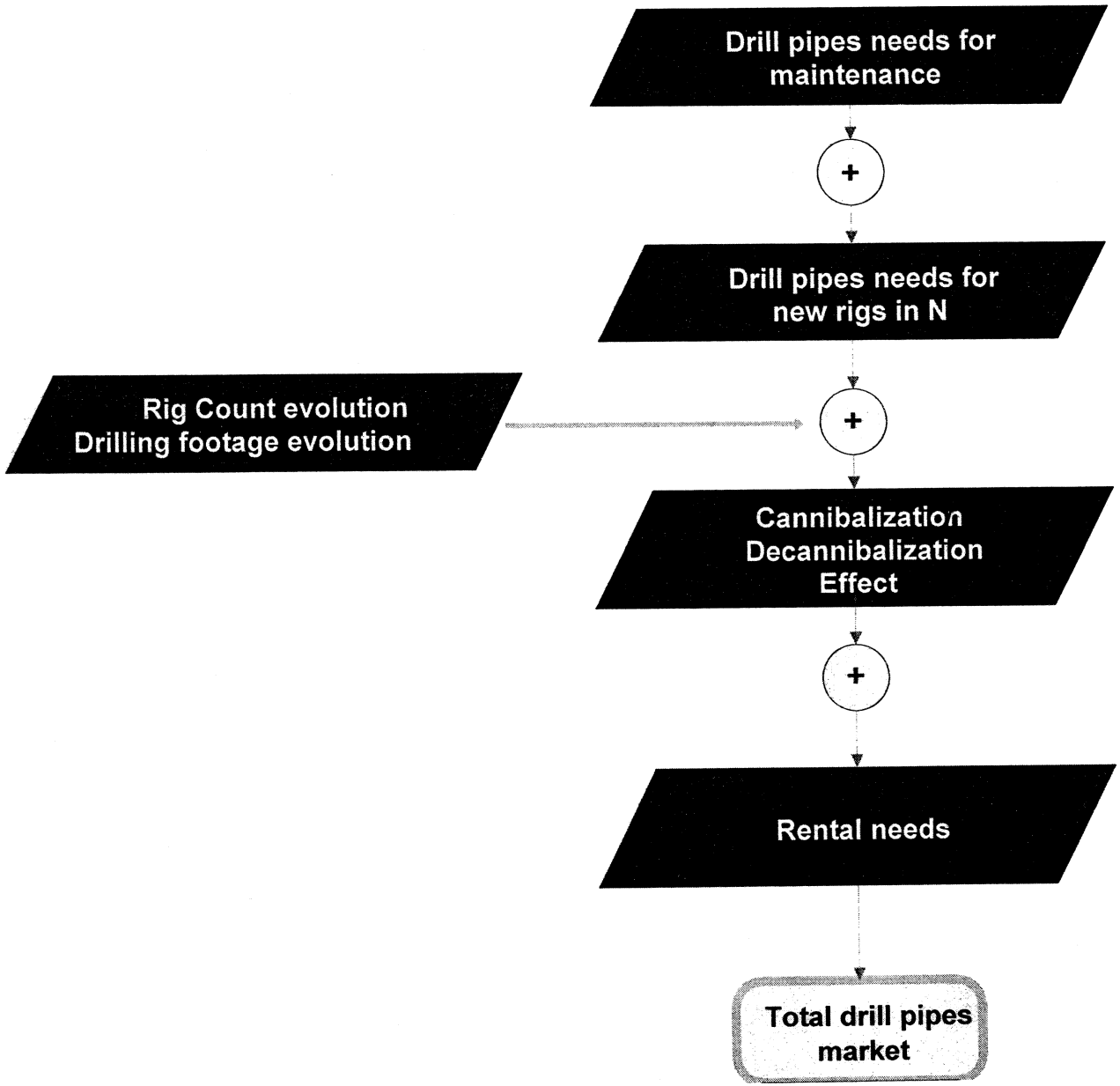
- World Drill Pipe Market = 347,000 Net Tons (USA = 36%)
- World Drill Collar Market = 16,700 Net Tons (USA = 36%)

Conclusion

In Year 2011:

- World Drill Pipe Market = 347,000 Net Tons
- Chinese Drill Pipe capacities = 652,000 Net Tons = 1.8 times world market

- World Drill Collar Market = 16,700 Net Tons
- Chinese Drill Collar capacities = 57,100 Net Tons = 3.5 times world market

Drill Pipe / Drill Collar Market Calculation

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