



STAKEHOLDERS' FORUM ON KENYA'S OIL & GAS INDUSTRY

PRESENTATION BY:

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Presentation Outline

- National Oil Corporation of Kenya Overview
- Kenya Journeying Towards Commerciality
- Challenges to Opportunities
- The National Oil We Are Building
- Stakeholder Engagement
- We are now in Year 2030...The Picture of Success



National Oil Corporation of Kenya

.....Who We Are

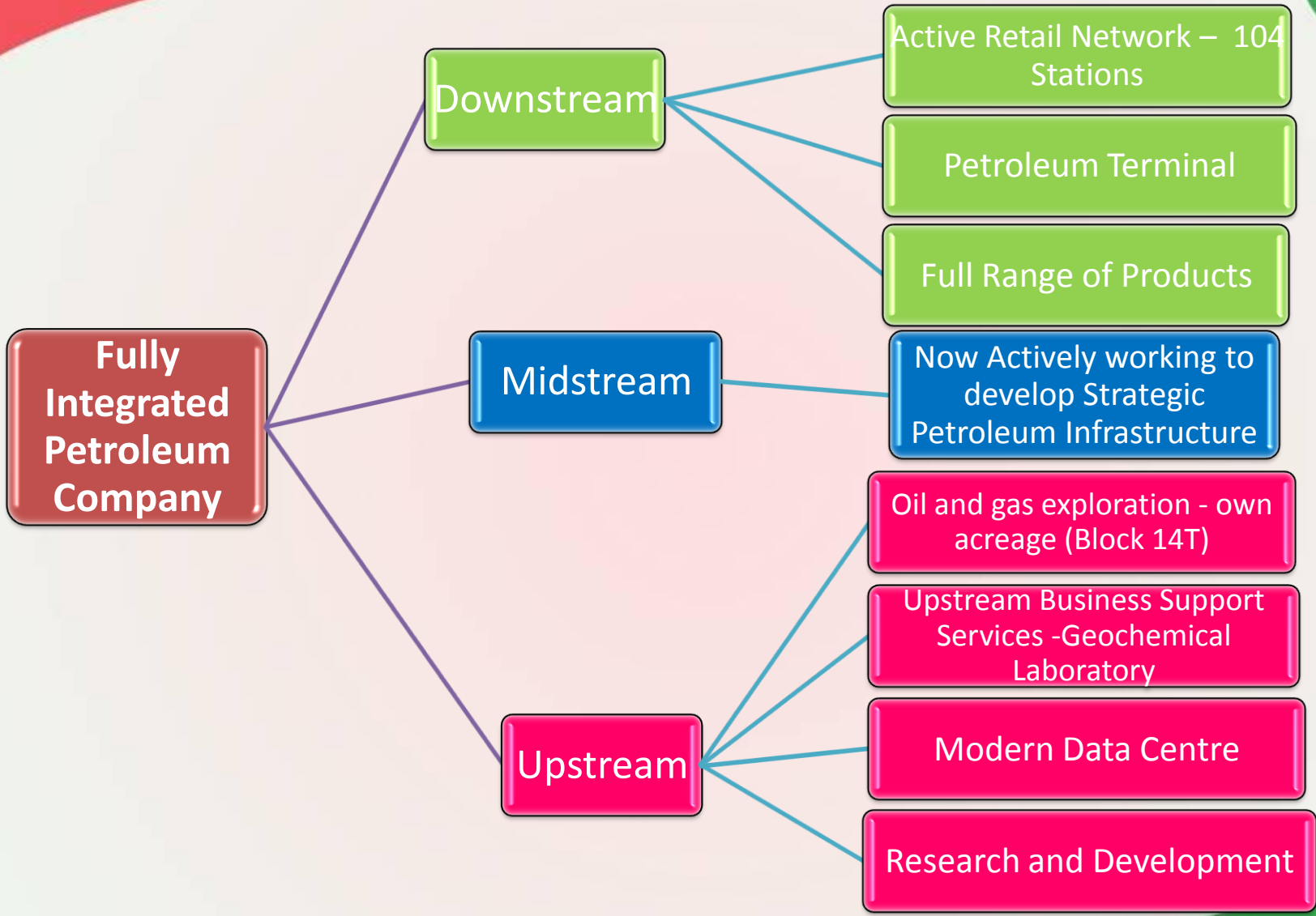


Our Mandate – Energizing Kenya





Our Business



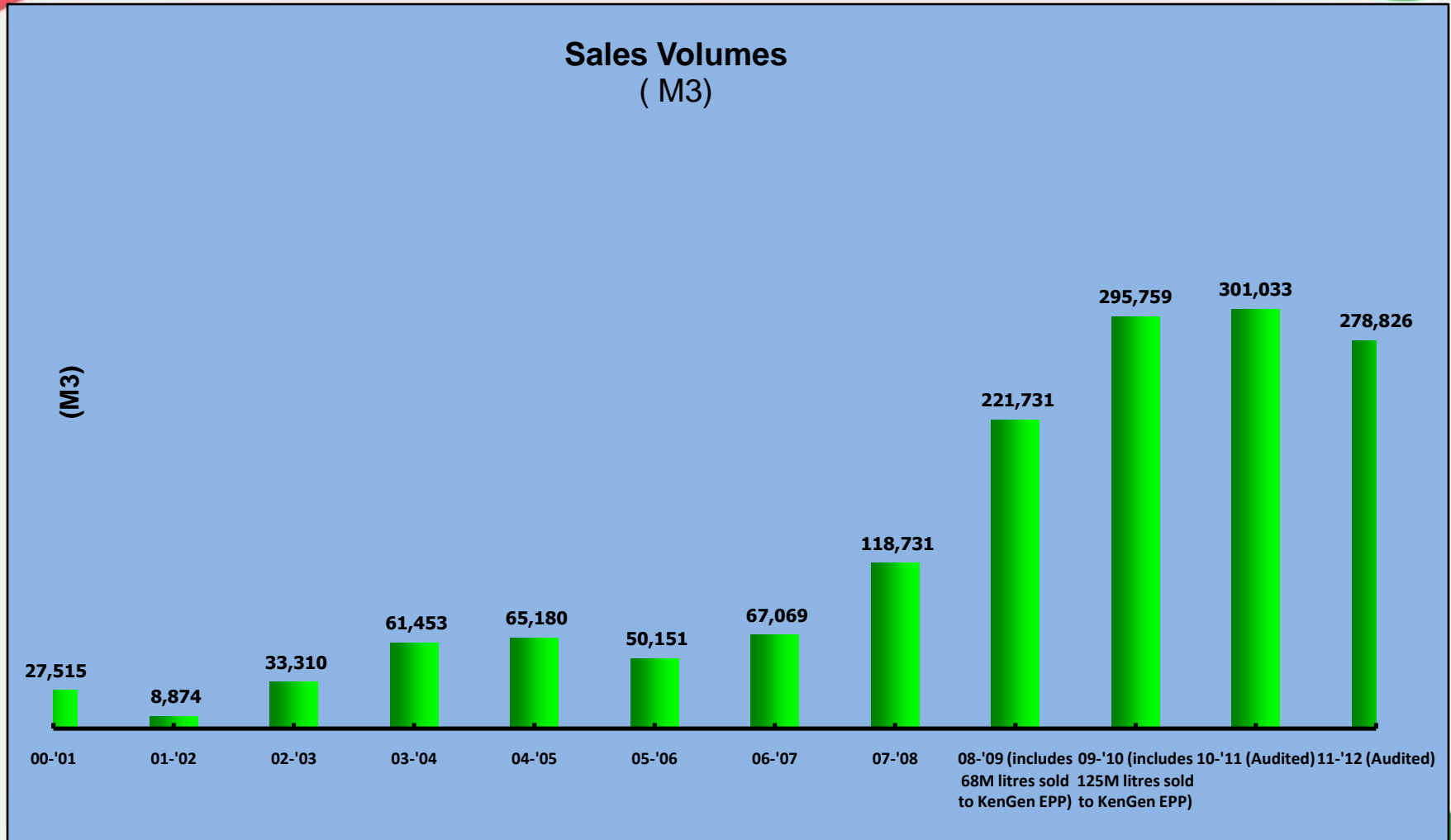
Shaping into one of Africa's foremost fully integrated NOCs



.....And We Have Grown



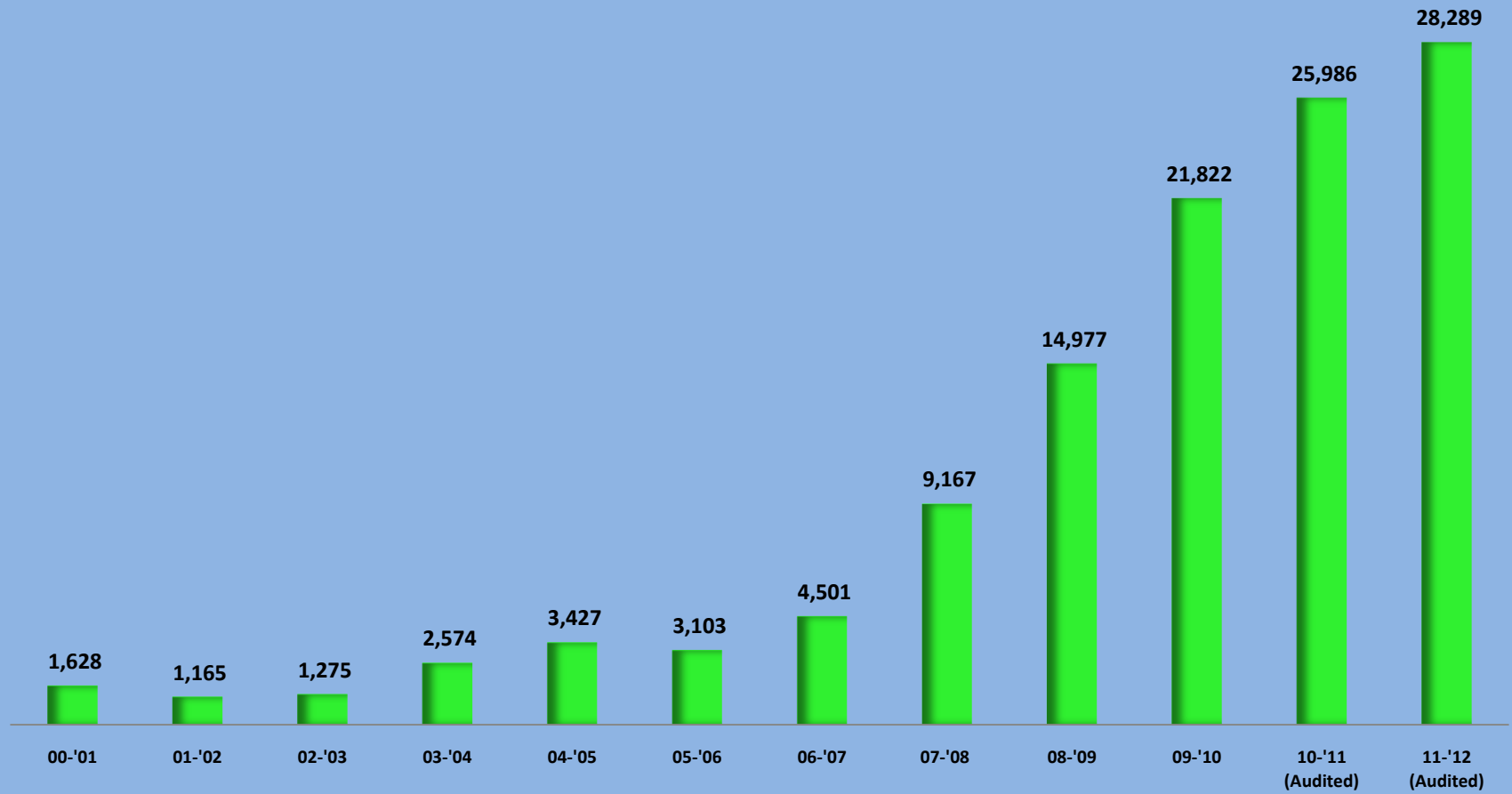
Sales Volumes





Turnover

Turnover Ksh 'Millions'



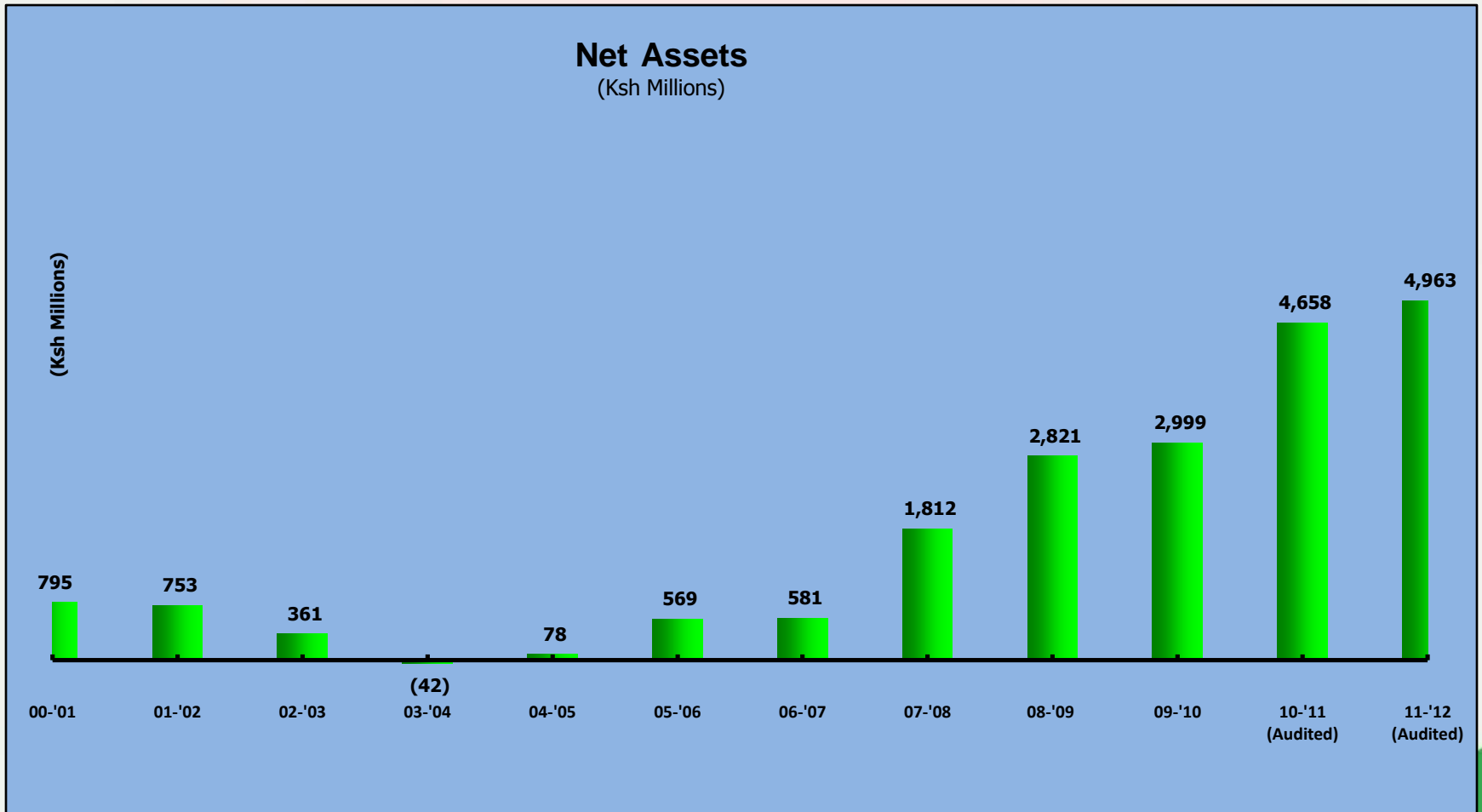


Profitability



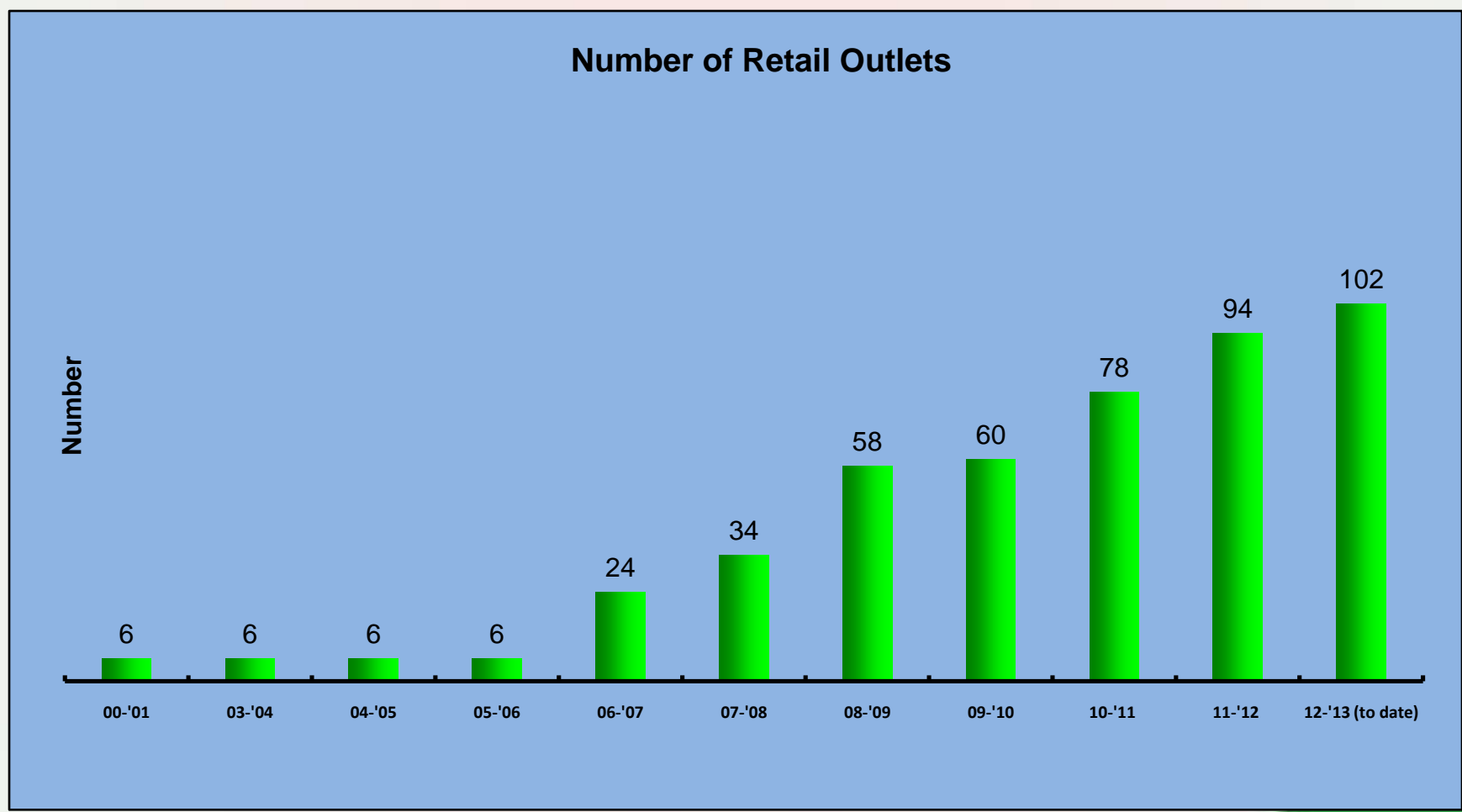


Net Assets





No. of Stations





Kenya Journeying Towards Commerciality

A String of Successes.....

March 2012:
Ngamia-1
Discovery

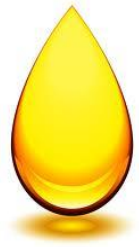
September
2012:
Mbawa-1
Offshore Gas
Discovery

November
2012: Twiga-1
Discovery

February
2013:
Commercial
flow of oil in
Twiga-1 well;
2,812 BoPD

February
2013:
Hydrocarbon
shows in
Paipai-1 well

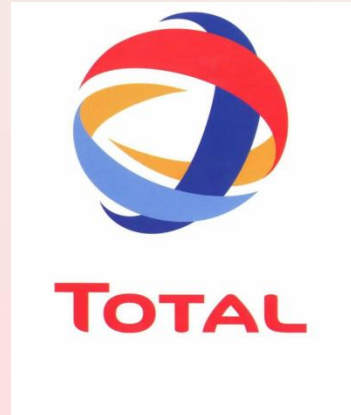
April 2013:
First flow test
in Ngamia-1
well; 281
BoPD
additional
tests ongoing



Commercial
production in
site



....And the Industry has Noticed....



.....among others all now call Kenya 'Home'

In the Face of the Many Challenges...



Inadequate
skill base

Infrastructure
limitations

Lack of
learning
institutions
for the
technical oil
and gas
courses

Need to
define the
legislative
framework to
support the
evolving
industry

Need to set
up effective
institutions to
steer the
evolving
industry

.....are numerous opportunities



The Opportunity

To develop and implement an integrated and well-coordinated national strategy comprising among others :

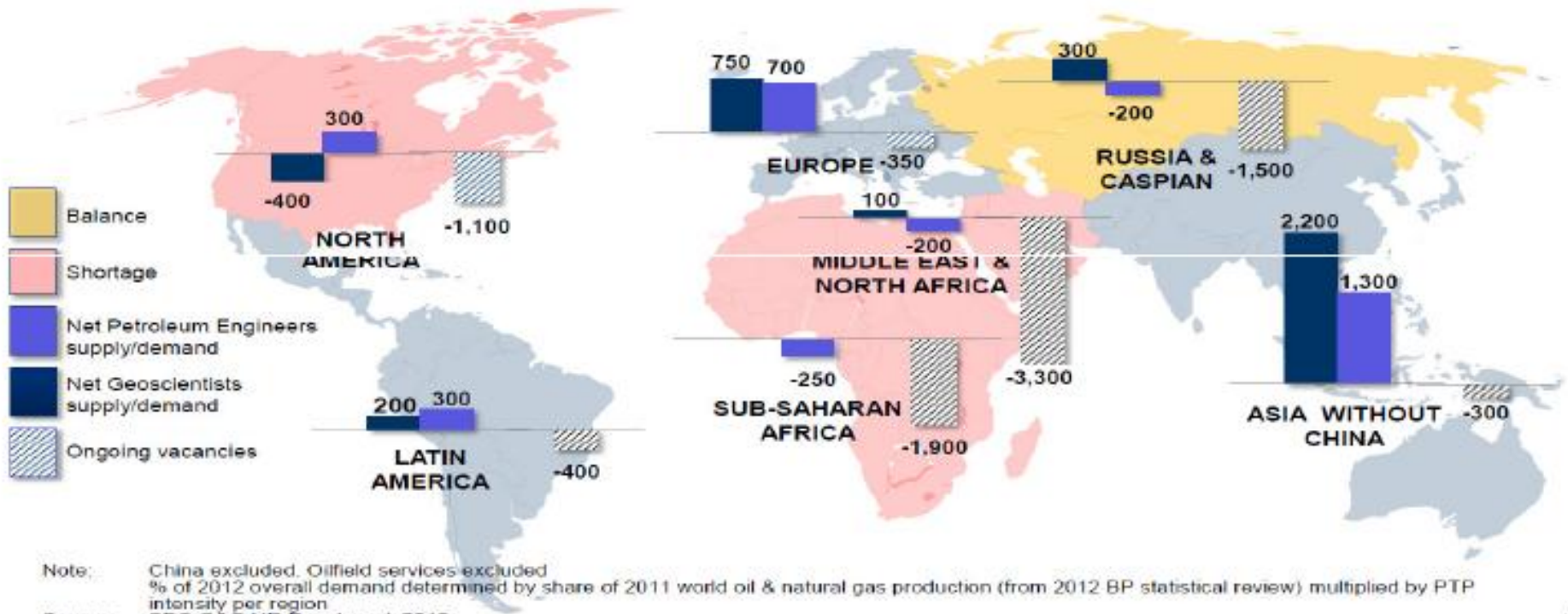
- **Capacity building:** a robust national capacity building programme to build homegrown skills for Kenya's and East Africa's oil and gas industry.
- **Economic strategy:** to create new employment and expand business opportunities by promoting investment, foreign and domestic, while providing a strong base for a strong local content.
- **Robust institutional framework:** to enhance good governance in oil and gas industry both in the public and private sectors,
- **Developing local enterprises:** to enhance opportunities for local small and medium sized enterprises (SMEs) as well as enable Kenyans to achieve leadership in business and industry by developing greater competitive strength..... **Local content**
- **Developing infrastructure:** develop world-class petroleum infrastructure through public-private partnerships.
- **Caring for the environment:** to ensure the proper conservation of the environment and cultural heritage in line with the highest international practices.



Challenges to Opportunities

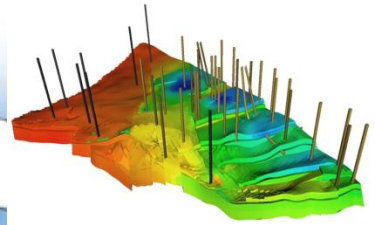
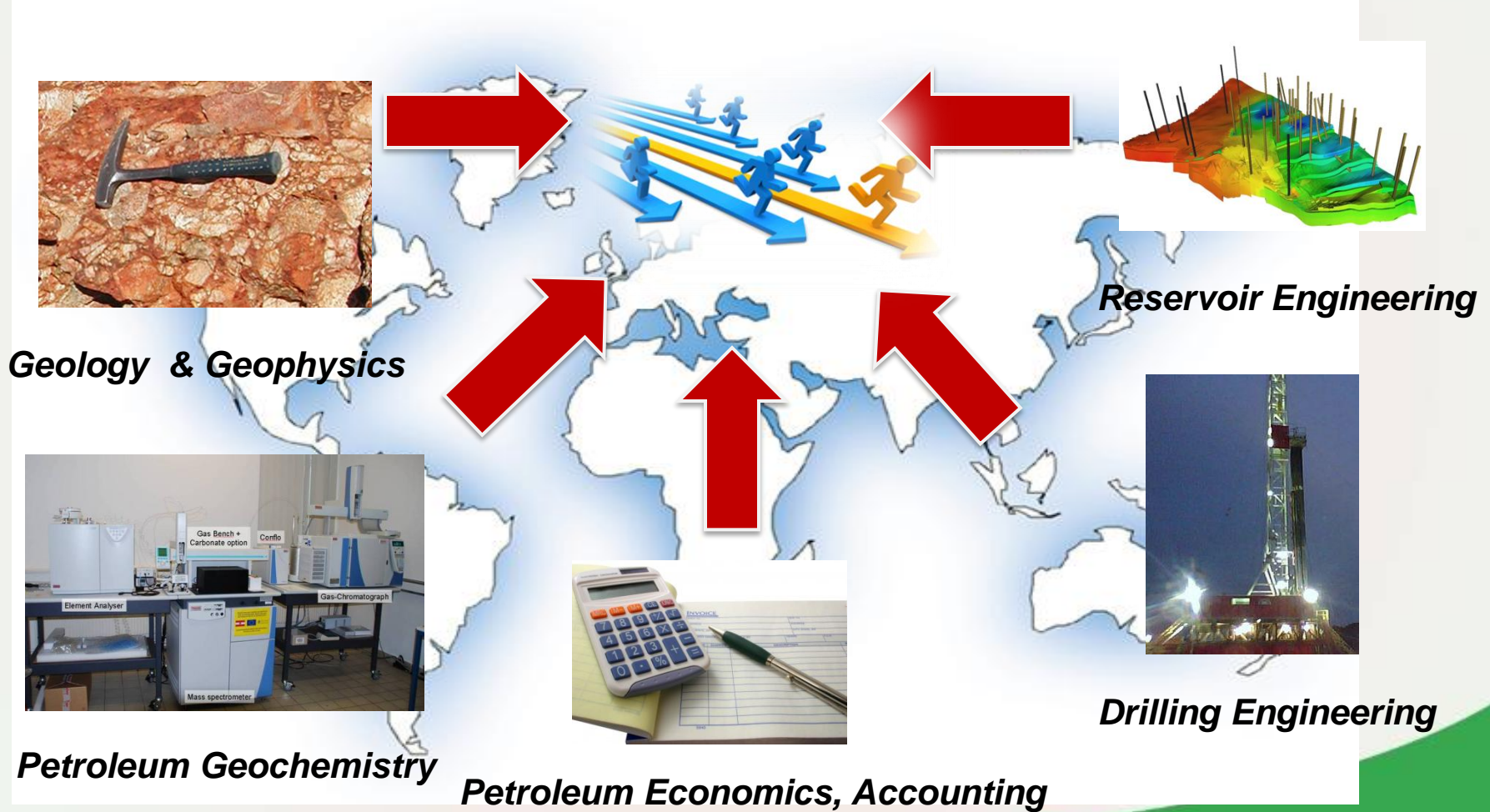
Inadequate Skill Base

AVAILABLE SUPPLY OF GRADUATES VS. DEMAND PER REGION
2012, number of PTPs

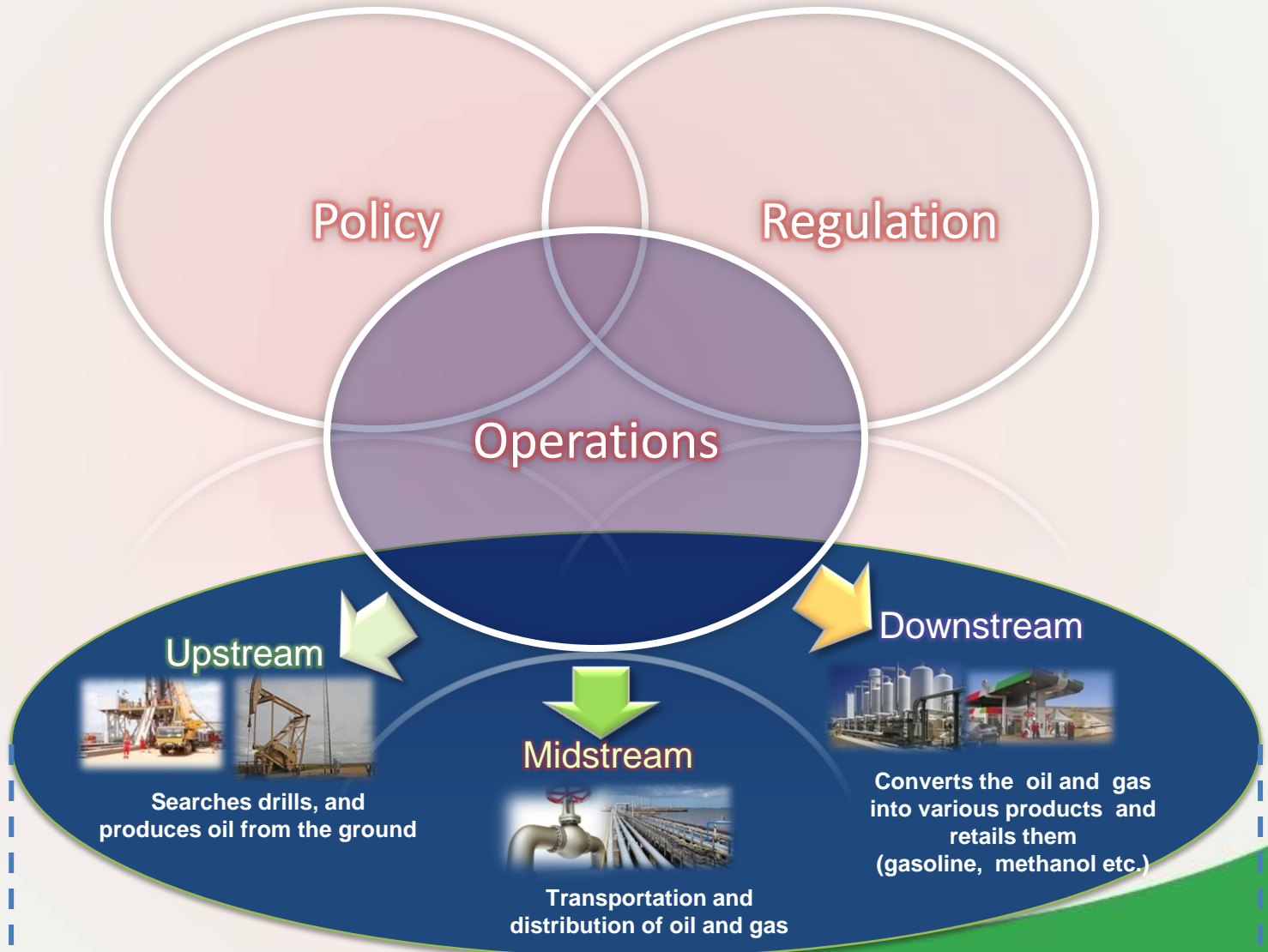


Source: Schlumberger - NEXT

Locally Developing the Next Generation of World Class Oil and Gas Professionals



Re-structuring the Industry



Infrastructure Opportunities

Petroleum Distribution Infrastructure Masterplan

- Mapping out national petroleum infrastructure requirements to year 2030
- Kenya; the Gateway to East Africa - Identifying and integrating regional needs e.g. cross-regional pipelines with Kenya as a termination hub
- National Strategic Reserves

Production Infrastructure

- Most exploration activities being undertaken in very remote areas
- Upon commerciality - taking the oil to the market

The Infrastructure Boom

Addressing current challenges at the point of entry

- Development of a petroleum offshore jetty and tankfarm currently underway
- Upgrade of Mombasa – Nairobi pipeline to speed up evacuation

Regional and subsequently Global Petroleum Trading Hub:

Kenya's natural geographical advantage
Growing profile of East Africa as a hydrocarbon rich region

Oil and Gas Industrial Parks and Support Bases



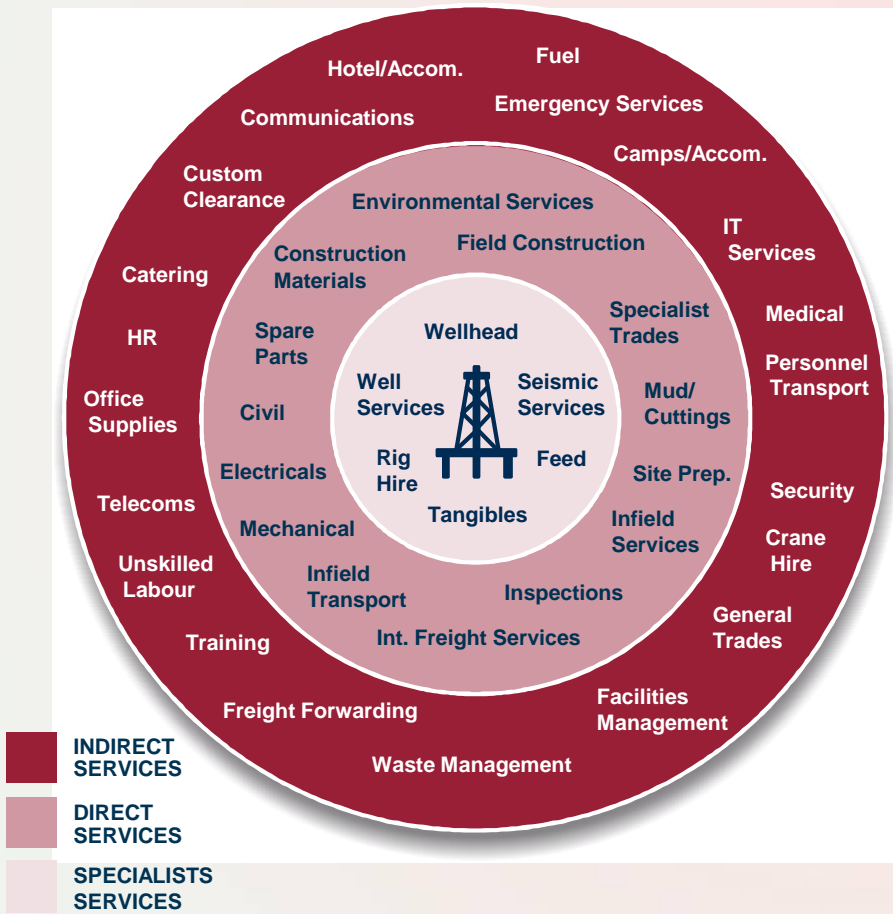
SEZ's: in
Mombasa,
Lamu and
Kisumu

LAPSSET
Corridor

Enshrining
Oil, Gas
and
Minerals in
the Vision

1. Supply base to support offshore operations:
 - Well/Drilling Services: Drilling fluids & Chemicals, Cementing, Drilling tools, Completion equipments, OCTG, etc
 - Operation & Maintenance Services: Production chemicals, Materials, Painting, Offshore Infrastructure maintenance, etc
2. Oil & Gas Contractors/Suppliers bases (Mainly dedicated for Local Demand)
3. Regional Oil & Gas Maintenance & Service Hub ("Free Trade Zone")
4. Fabrication/Construction Yards
5. Shipyard/Dry-Docking Facilities / Facility to service offshore marine vessels

Partnerships to Develop Local Content



- Initial services are specialist.
- Opportunities for local content already available in direct services.
- The most local content opportunities will be in the indirect services
- Tapping into the existing strong industrial and competence base to grow local content



The National Oil We Are Building



A Globally Competitive Fully Integrated NOC



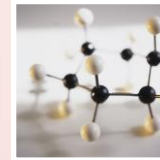
Oil and Gas Upstream Services

- Seismic Processing
- Enhanced data centre and data visualisation
- Modern geochemical laboratory
- Drilling and seismic services



Oil and Gas Upstream Logistics

- Marine support vessels
- Service yards
- etc



Research and Development

- Developing own solutions – upstream and downstream
- Basin studies, biofuels, lubricants, etc



A Globally Competitive Fully Integrated NOC



Capacity Building

- World Class training centre
- World Class faculty
- Serving Kenya and Africa



Midstream

- Building world class infrastructure locally
- Regional synergies with East African neighbours



Downstream

- Building modern retail and distribution outlets
- Enhancing LPG penetration
- Biofuels



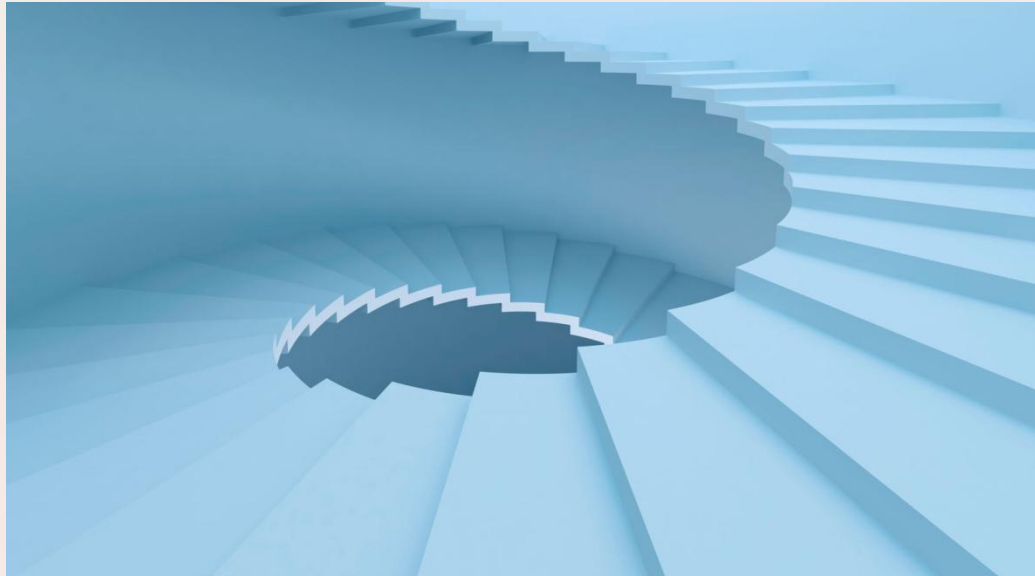
Stakeholder Engagement

Objective



- Stimulate thought and debate on the policies, legislation and institutional structures that need to be put in place in the Kenya oil and gas industry
- Inform and harness input from participating stakeholders that will guide government decision on the immediate and future direction of the industry so as to fully maximize on the emerging benefits

Approach



- General discussion sessions on various topical issues
- Presentations by keynote speakers invited to share expert knowledge, current global trends and experiences concerning the industry through the various topics selected for the engagements.

Who....?

Government Ministries/Departments

Private Sector

Public Bodies

Academia

Professional Associations





We are now in Year 2030 – The Picture of Success

Kenya.....



...is a Global hub for petroleum trading logistics;

- World class facilities in Mombasa, Lamu and inland

...is a leading hub for services in the oil and gas industry

...is a Global centre for capacity building in oil and gas

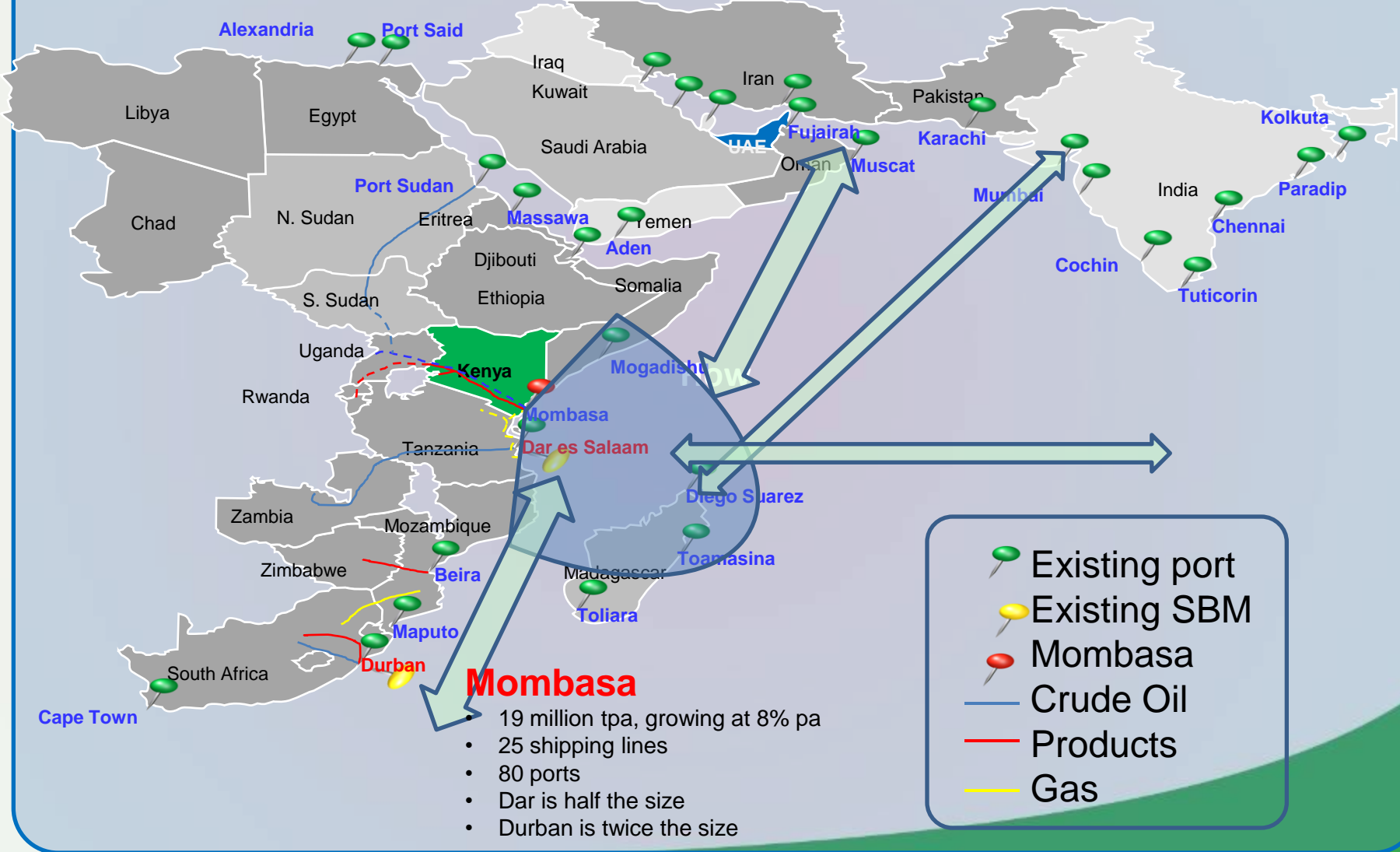
...has a robust manufacturing and services base supplying local content



A vibrant fully integrated National Oil Corporation



Kenya is a Global Energy Player....



Kenya (KENYA VISION 2030

A graphic element for Kenya Vision 2030, consisting of three thick, brush-stroke-like lines in black, red, and green, curving upwards and to the right, positioned above the year "2030".

.....Together Lets Shape this Journey towards Realising Vision 2030.