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BUSINESS TIMES

Hayleys opts for oil rig hub business

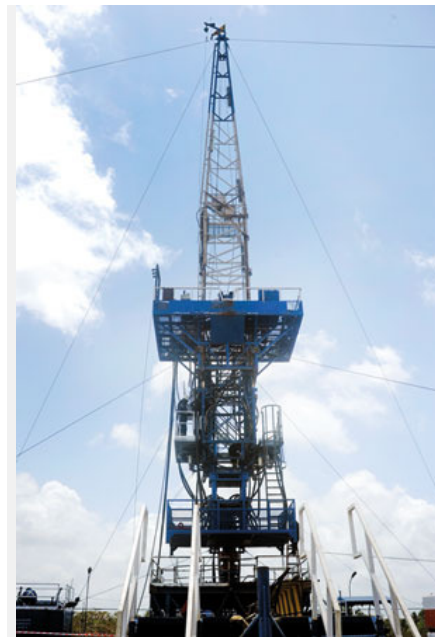
By Sunimalee Dias

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KATUNAYAKE – Hayleys Energy Services has begun to explore opportunities in diversifying within the oil and gas industry by locating an oil rig at the tax free Advantis Free Zone at Katunayake, the first of two more in the pipeline. Since the country is in a logistically viable position, Hayleys has provided the logistics for global company – EMAS Energy to bring down and obtain space at the Advantis Free Zone that could eventually turn out to be a hub for more rigs in time to come serving, regional markets as Sri Lanka is considered to be competitive as against countries like Singapore and Dubai.

The attractiveness of bringing it to Sri Lanka is because of its location, Advantis Free Zone Director Amal Rodrigo said in an interview with the Business Times during a site visit to the Katunayaka Export Processing Zone as it could serve the South Asian, South East Asian and the Middle East markets. He noted that this provides opportunities for Sri Lankans to work on these rigs and give them the necessary exposure into this particular field as well. Two final year undergraduates, the first in their batch of students specializing in petroleum engineering from the Department of Earth Resources Engineering,

Moratuwa University are currently gaining training on site namely Sahan De Silva from Ambalangoda and Geethika Ranga from Kadawatha. With the Advantis Free Zone having the capability to provide the space for locating these rigs it has proved



The oil rig.Pix by Amila Gamage



attractive due to its duty free access enabling clients to bring goods and store them at value without duty, Mr. Rodrigo explained. Land-based oil rigs require a place to be positioned; and this particular one was located with its different components in a number of countries as a result of which when needed all parts had to be shipped to the location from various parts of the world.

In this respect, EMAS Energy picked Sri Lanka to position its oil rigs in Colombo with all parts installed to be shipped out whenever required.

Refurbishing, modifying and other maintenance aspects including repairs with the assistance of the Colombo Dockyard, have been carried out at the site by Hayleys Energy, Hayleys Energy Services CEO/Director Chas Charles said. This first rig was brought down to the country in May including all of its other components and would be shipped to Bangladesh from October

Sahan de Silva

5-10 for its first assignment out of Sri Lanka leased out to an international oil company.

The oil rig located at the EPZ is a work over rig, which is a rig that could be used for servicing an

existing oil well on land, he said. Currently about 40 Sri Lankan workers would be working on the rig alongside 11 foreign experts from EMAS Energy. Locating in Sri Lanka saves money EMAS Energy HWO Operations Manager Keith Cravey told the Business Times that this hydraulic work over rig was commissioned at

the Advantis Free Zone compared to other locations like the UAE and Thailand as Sri Lanka was closer to their next assignment in Bangladesh and it would save them more time, money and shipping costs.

He explained that the free zone facility would also save in terms of opportunity cost and duties as a result of which, Mr. Cravey noted Sri Lanka has the capability to establish a centre for development



Workers



Geethika Ranga

of the oil and gas service industry. With the required infrastructure in place for this industry, the company was looking at the possibility of bringing down drilling rigs that could be marketed to oil and gas companies in Asia, Bangladesh, Myanmar and the Middle East.

This rig in Sri Lanka has been contracted for work in Bangladesh for two months and for three years with the same international oil company.

EMAS Energy is an international company working on both onshore and offshore operations in the energy lifecycle and is a client of Hayleys Energy Services. Hayleys Energy Services General Manager

Ricky Barnett explained that the main components of the oil rig from Hamriyah Free Zone in Sharjah, UAE called the Lewek Explorer 600 and another from the Ramong port in Thailand were brought into the Advantis Free Zone with police escort in the night from the port.

About 60 import shipments on sea and air freights were brought in to assemble the oil rig that took about six months to complete and would be dismantled in two weeks before being shipped out. The total revenue on the oil rig generated by Hayleys Energy Services

would be totalling about Rs.100 million, Mr. Barnett said. Sri Lanka is considered to be 60 per cent cheaper than Singapore and 30 per cent cheaper than Dubai, he noted.