



**LADOL** INTEGRATED LOGISTICS ENTERPRISE



A LADOL FREE ZONE ENTERPRISE  
ESTABLISHED UNDER THE NIGERIA EXPORT PROCESSING ZONES ACT NO. 63 OF 1992

**LOGISTICS SUPPORT SERVICES  
TO THE  
OIL AND GAS INDUSTRY  
IN NIGERIA**

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LADOL integrated Logistics Free Zone Enterprise (LiLE)

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## INTRODUCTION

Good morning Honourable Ministers, Mr Osahon (Group GM Nigeria content, NNPC), Mr Chairman (Engineer Obembe, Executive GM Nigeria Content, ELF Petroleum Nigeria Ltd.), Ladies and Gentlemen. I am André Van Niekerk representing LiLE (LADOL integrated Logistics Free Zone Enterprise). Please also allow me to introduce our Executive Chairman, Mr Ladi Jadesimi. We are honoured to share some time with you on Logistics Support Services from Nigeria and the trends in this regard.

## EXPLORATION AND PRODUCTION

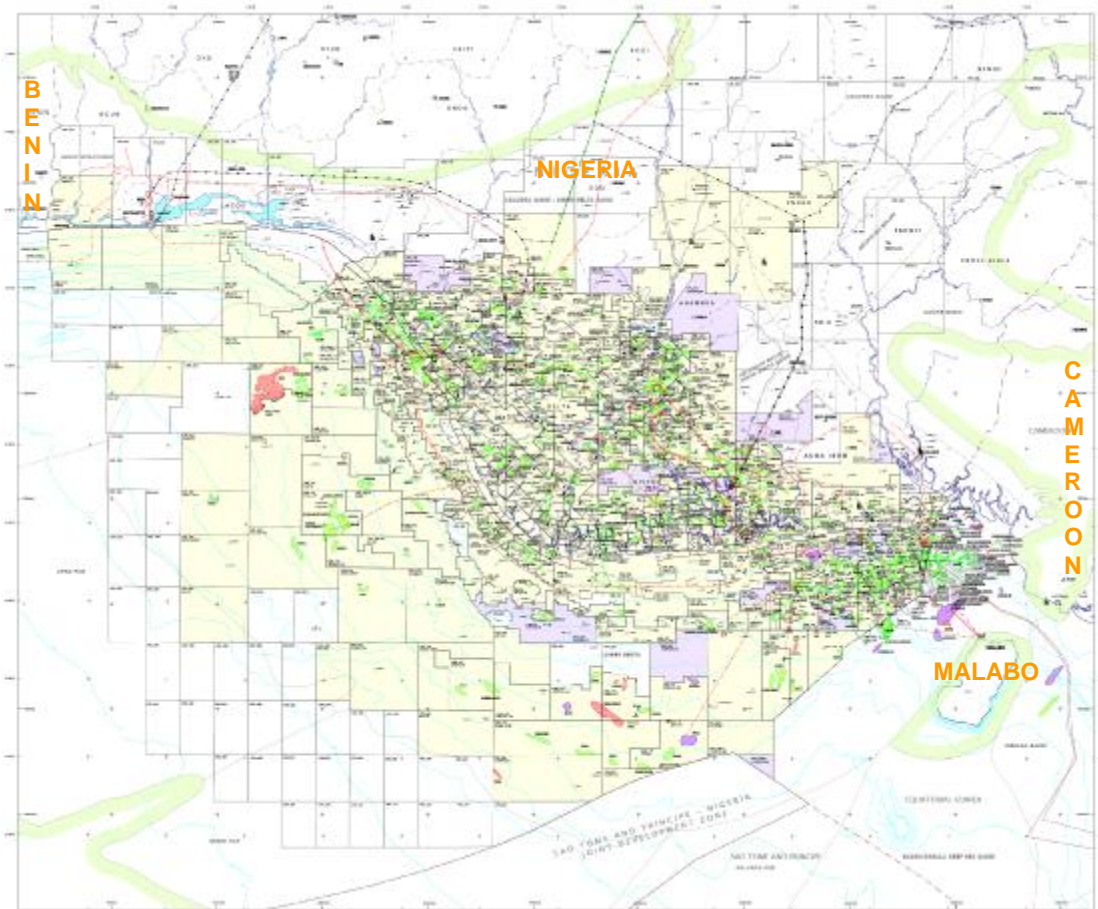
Initially exploration and production of hydrocarbons was on land. As technology developed operators also ventured into shallow water (mostly in river basins) and with time into increasingly deeper offshore waters. Cost per time unit and hence total cost of projects increased accordingly.

## HISTORICALLY

Historically Nigeria followed the same trends and as onshore and shallow water provinces started to mature, explorationists started looking at increasingly deeper water plays.

## DEEP WATER TRENDS IN NIGERIA

Please refer to the following map:

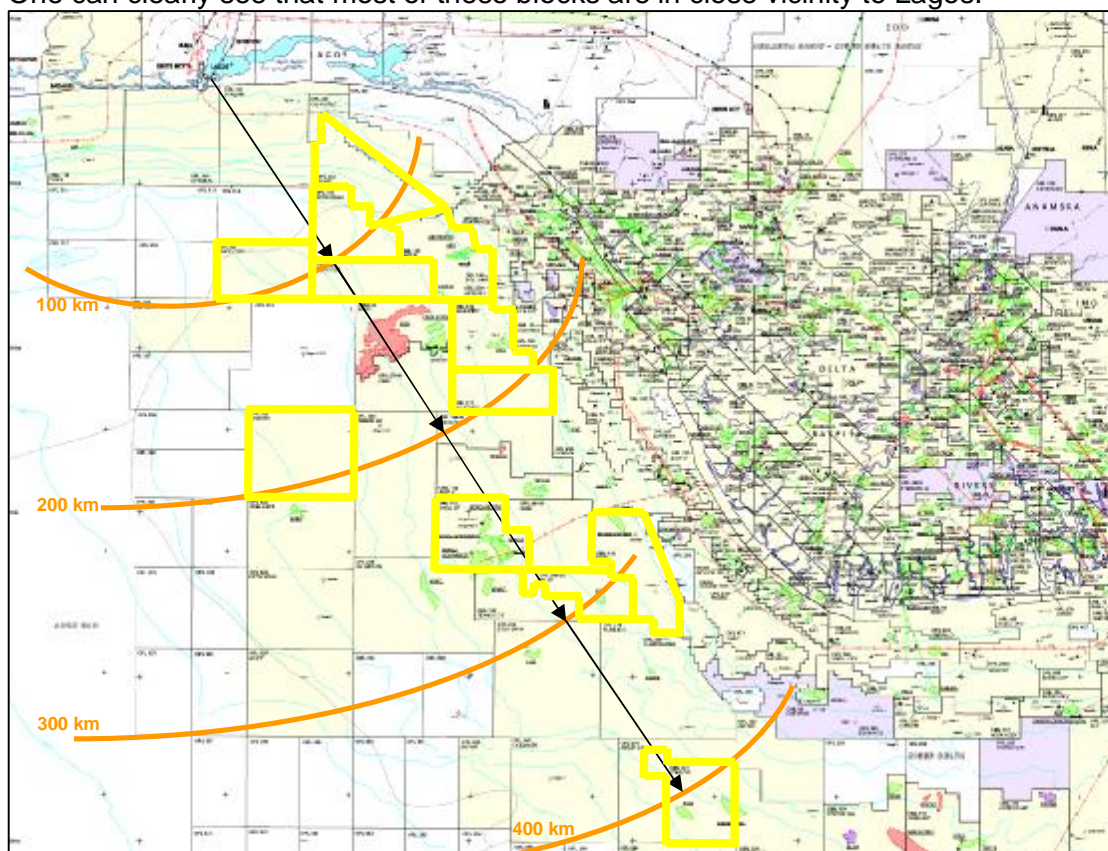


One can clearly see firstly the finds onshore, then in the shallow waters of the east Niger Delta and more recently towards the deeper water moving in the north westerly direction. There have been substantial successes in water depths to 1,500m, notably Bonga, Ehra and Agbami and drilling has been done in water depths up to 2,500m.

Several operators have commitments to drill wells in the deeper water blocks in close vicinity to Lagos and some development projects will get underway during the next two years. Some examples are:

|                     |  |
|---------------------|--|
| OML120              | Development plans to drill 5 wells during 2008/9 on the Oyo discovery. |
| OPL332<br>OPL286 DO | Commitment to drill two wells starting late 2008 or early 2009.        |
| OML 122             | Developing of Bilabri is pending.                                      |
| OPL 321<br>OPL 323  | Plan to spud mid 2009. 4 firm wells.                                   |
| OPL315              | Spud of first well planned for late 2008.                              |
| OPL 320             | One well commitment planned for mid Sept 2007.                         |
| OML 118             | Development of Bonga.  |
| OML 125             | ABO in production.   |
| OML 127             | Agbami gearing up for production.                                      |

One can clearly see that most of these blocks are in close vicinity to Lagos:



## **LAGOS AS A SUPPORT VENUE**

For some of these deeper water blocks in close vicinity to Lagos, Lagos is the ideal venue to support offshore projects:

- 24 hour port access, companies can operate for 24 hours, 7 days a week with relative ease and security;
- Short distance from open sea (fairway buoy) to port;
- Adequate water depth in port ( $\pm 14\text{m}$ ), not tide restricted;
- International airport;
- Existence of Free Zones;
- Cosmopolitan city with good hotels, schools, accommodation;
- Easy access to Nigeria's pre-eminent commercial and industrial centre and
- Substantial pool of skilled, semi skilled and casual labour.

## **PROJECTS A LAGOS BASE CAN SUPPORT**

All oil and gas related projects can be supported from a Lagos base, including:

- Exploration well drilling;
- Appraisal well drilling;
- Production well drilling;
- Subsea installation projects;
- Fabrication for oil and gas projects.

In addition other related industries can establish themselves in Lagos, many of which will be able to directly benefit from the infrastructure and services available in Lagos:

- Pipe manufacturing and spool bases;
- Pipe coating;
- Ship repairs;
- Engineering shops;
- Diving companies;
- Helicopter operations;
- Various manufacturers (e.g. paints and coatings).

Such support can easily be extended to service neighbouring countries to our west (Benin, Togo and Ghana) because of their close proximity to Lagos.

## **POTENTIAL SAVINGS**

- Cost of rigs (Deep water drilling operations running into hundreds of thousands US\$ per day)
- Cost of support vessels (Starting at US\$ 40,000 per day)
- Cost of helicopters
- Cost of personnel movement, housing ....
- Time duration of wells
- Depth of wells
- Mechanisms in PSC's, i.e. potential savings to Nigeria

## **OPERATIONAL BASES AVAILABLE IN NIGERIA**

On the Eastern side of the Niger Delta there are three private base facilities:

- NPA Onne

- Shell Kidney Island
- Aker Base

On the Western side of the Niger Delta there are two bases:

- NPA Warri Port Complex
- Escravos Base

These are all complimentary to one another as opposed to being in competition because they already have an established and expanding client base in the areas they are servicing.

It is very clear however that new business that will result from the deeper water block in the north-west of the Niger Delta can best be serviced economically from Lagos. Should Lagos bases not adequately respond to market demands, especially for short duration project work and in particular fabrication opportunities, it is likely that this business will be lost to neighbouring countries in West and Southern Africa. In particular countries such as Malabo, Angola and South Africa are showing a keen interest in servicing the oil and gas sectors in the West African countries and are already developing facilities to support this vision.

## **LADOL**

### **Introduction**

One such Logistics base in Lagos that is already operational and progressively expanding is LADOL (Lagos Deep Offshore Logistics Base). LADOL is currently the only base in Lagos that has made any significant investment in creating an oil and gas logistics base in Lagos. In fact the investment made in LADOL to date has been huge and has enabled it to become the first and only operational deep offshore logistics base in Lagos.

The Base has been developed from scratch to meet the logistical needs of the deep offshore oil industry. The success of LADOL is expected to attract other investors to the market in the future, which will be a very good development indeed for Nigeria.

### **The Founding of LADOL**

LADOL Free Zone (“LADOL”) and LADOL integrated Logistics Free Zone Enterprise, (“LILE”) were conceived by a group of Nigerian entrepreneurs who firmly believed that there is a need to significantly enhance local content at all levels in the Nigerian oil and gas sector. Through greater Nigerian participation and investment in this sector, Nigeria will be able to take huge steps forward in local value added. Local content means local investment, training, education, jobs and opportunities.

The promoters believe in unlocking local initiatives by investing in local infrastructure and developments that will enable foreign companies to easily source services and set-up manufacturing in Nigeria as well as making Nigerian companies more attractive partners. Their extensive knowledge and experience of marine and oil and gas operations including logistical support, lead them to invest in and create LADOL.

LADOL is the first operational custom built deep offshore oil and gas engineering and logistics Base in Lagos. LADOL’s investors have funded the initial construction of LADOL. This initial phase was designed, funded and completed without any contractual commitments from customers, thus, demonstrating the commitment of LADOL’s investors and management to the provision of world class logistics support services in Lagos. The independent completion of the initial phase also reassured

potential clients that future developments, which will be based on specific client requirements, will be completed in a timely manner to the specifications and standards required.

#### **Management**

LADOL's logistics operating company, LADOL integrated Logistics Enterprise ("LiLE") has already recruited and put in place a first class management team, who have decades of experience in global and local oil and gas exploration and production, particularly in the logistics support to these type of operations and projects.

#### **LADOL Base**

The area covered by LADOL (120 hectares) became a designated Free Zone in Q2-2006 and the base has the full support of the NEPZA, NPA, NNPC and other relevant Nigerian authorities who are fully committed to supporting true Nigerian local content.

LADOL and LiLE are operational and ready to provide logistical support from Lagos. LADOL is an excellent local content location and partner that has made the investments necessary to provide international oil and gas companies with a first class service provider and partner.

The developments to date are sufficient for the base to begin offering basic services to oil and gas operators, service providers and fabricators immediately. Thus LADOL's clients can now establish a presence in the Free Zone and start work and planning for their projects, while additional facilities are being erected for them in the zone.

The following is the status of the development in LADOL Free Zone where business already started during October 2006 and is operational 24/7:

- Clearing and sand filling of 25 hectares of land;
- 200m quay wall (with a high load bearing section) with 8.5m draft;
- ISPS (International Ship and Port Security Code) certified facility;
- Covered storage in 2,000m<sup>2</sup> warehouse;
- 7,000m<sup>2</sup> plus hard standing;
- Water Treatment Plant (with 1,000m<sup>3</sup> ground storage tanks, delivering water straight to the quay);
- Sewage Treatment Plant;
- Offices;
- Catering;
- Security: Outsourcing Services Limited (part of G4 Group);
- Clinic Services: Hygeia Healthcare;
- Ferry Service: own 2x 25 man ferries supplemented by Texas Connection Ferries;
- NEPZA / NPA / Customs & Clearing / Immigration;
- Crane rental;
- Forklift rental;
- Truck rental;
- Internet access;
- Power supply.

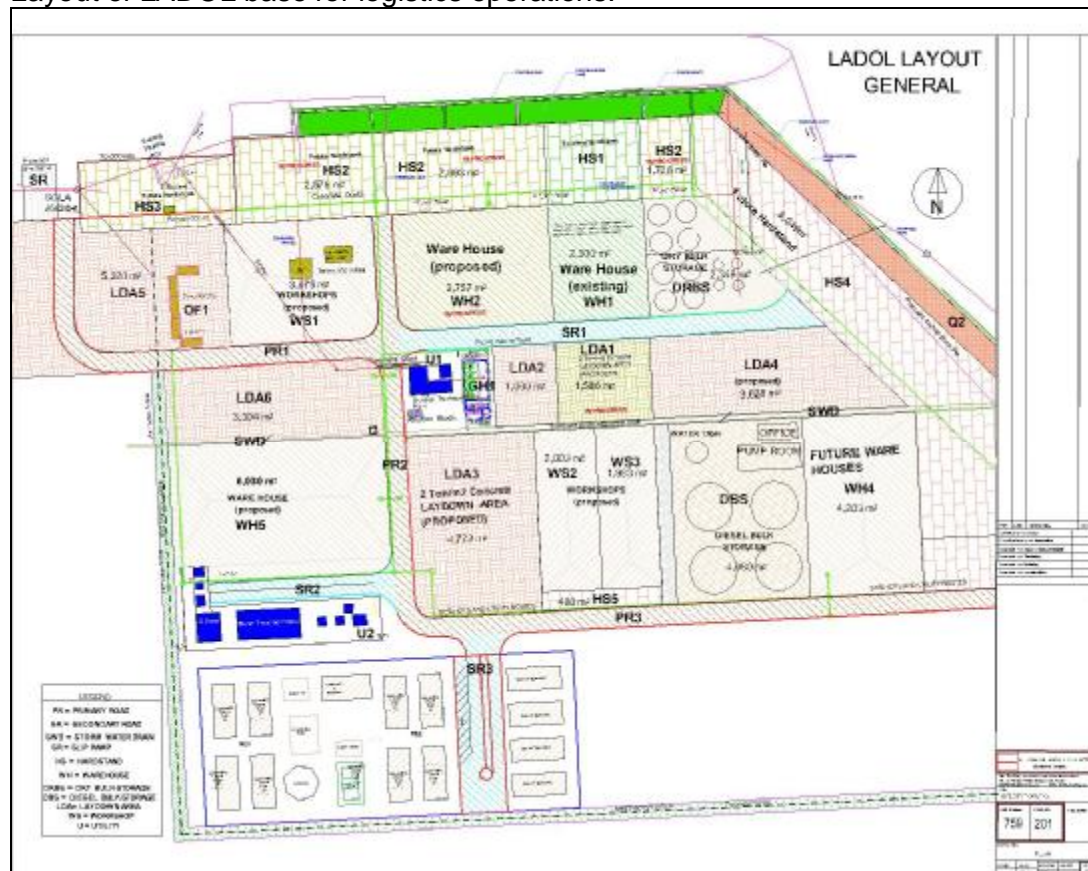
## Ongoing Expansion

Although further development of major infrastructure will largely be driven by clients' requirements and will be custom built for them, LADOL is continually updating its master development plan and will be adding the following additional infrastructure during 2008:

- Further 3,700m<sup>2</sup> warehousing with integral offices overlooking the quay – completion August 2008;
- Accommodation for 98 people complete with a restaurant, laundry, gym and swimming pool – completion August 2008;
- Offices for over a 100 people – completion August 2008;
- Additional 70m quay for small vessels;
- Floating jetty for speedboats and ferries;
- Access control facilities for people;
- A slip ramp to accommodate ramp barges;
- Diesel storage tanks of about 5,000m<sup>3</sup> capacity, complete with piping to the quay;
- Depending on demand a helipad/heliport.
- Planning will start for the next quay (min 150m) with an estimated draft of 10m.

## Layout and Location

Layout of LADOL base for logistics operations:



The layout of the base Master development plan is continually evaluated for efficiency of the base in terms of vessel turn around time. The aim is to provide the full scope of services for a vessel to be fully supplied and catered for at LADOL.

The location and layout of LADOL as indicated on the map below offers the following advantages to its clients:



- Free Zone Status. LADOL is a designated Free Zone providing all the tax and bureaucratic benefits that come with a free zone;
- Fast turn around time. One stop shop services, closest to port entrance;
- Calm waters in port, not subject to swell or limited by tidal variation;
- Customs, NPA and NEPZA officials present on LADOL;
- Secure location;
- Ample land available to clients wishing to establish in a free zone;
- Within easy reach to provide services to neighbouring countries; could become a hub for West Africa, to the west of the Niger Delta

### **CALL FOR SUPPORT**

The development of LADOL is a prime example of private sector initiative to develop facilities of this nature in an attempt to keep and increase this business in Nigeria. The development has taken place entirely as a private sector initiative. Operators wishing to make use of LADOL for support to their exploration and production projects close to Lagos can expect very significant cost savings.

### **APPRECIATION**

LADOL management wishes to express their appreciation to the organizers and sponsors of NOG2008 for this opportunity to bring this very important Nigerian content initiative to the attention of the market.

Also our sincere appreciation to those in Government and Industry that have already supported these initiatives and last but not least to those companies and individuals who assisted in supplying material for this presentation.