

Saxon Energy Services

Unconventional Gas A Drilling Contractor's Perspective

Daniel Marcano
Country Manager

March 2013



Who is Saxon?

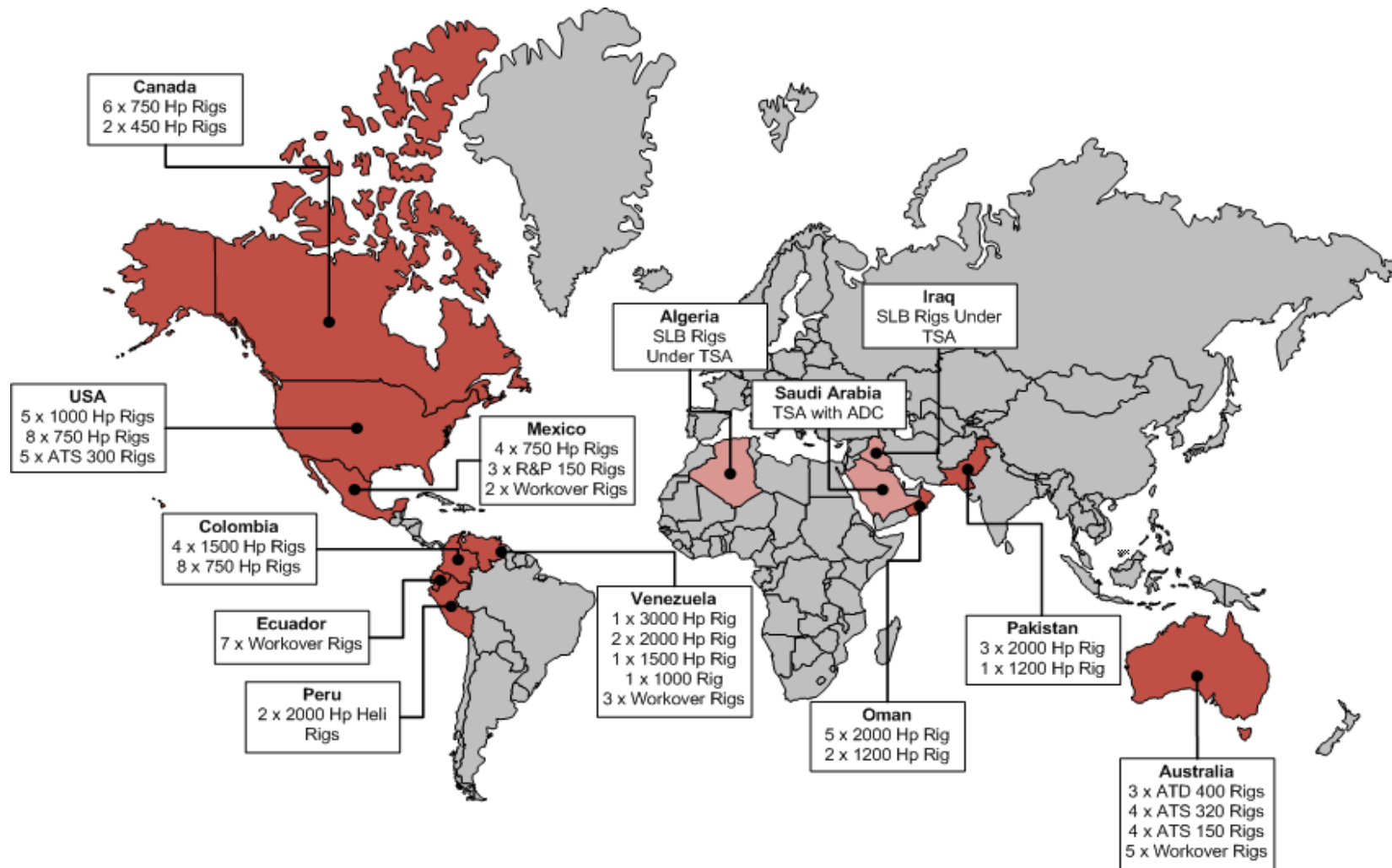
- Saxon Is A Growth Oriented Company Providing Land Based Drilling And Workover Service To Oil And Gas Exploration And Production Companies
 - Specialized ‘Fit For Project’ Rigs
 - Worldwide Fleet Of Drilling And Workover Rigs
- Drilling Rigs
 - Emphasis On Modular And Highly Mobile Drilling Equipment
 - Focus On Drilling Intensive, Large Scale Development Projects
- Workover Rigs
 - Small But Growing Fleet
 - Focus On Large Scale Development Projects

Saxon Ownership



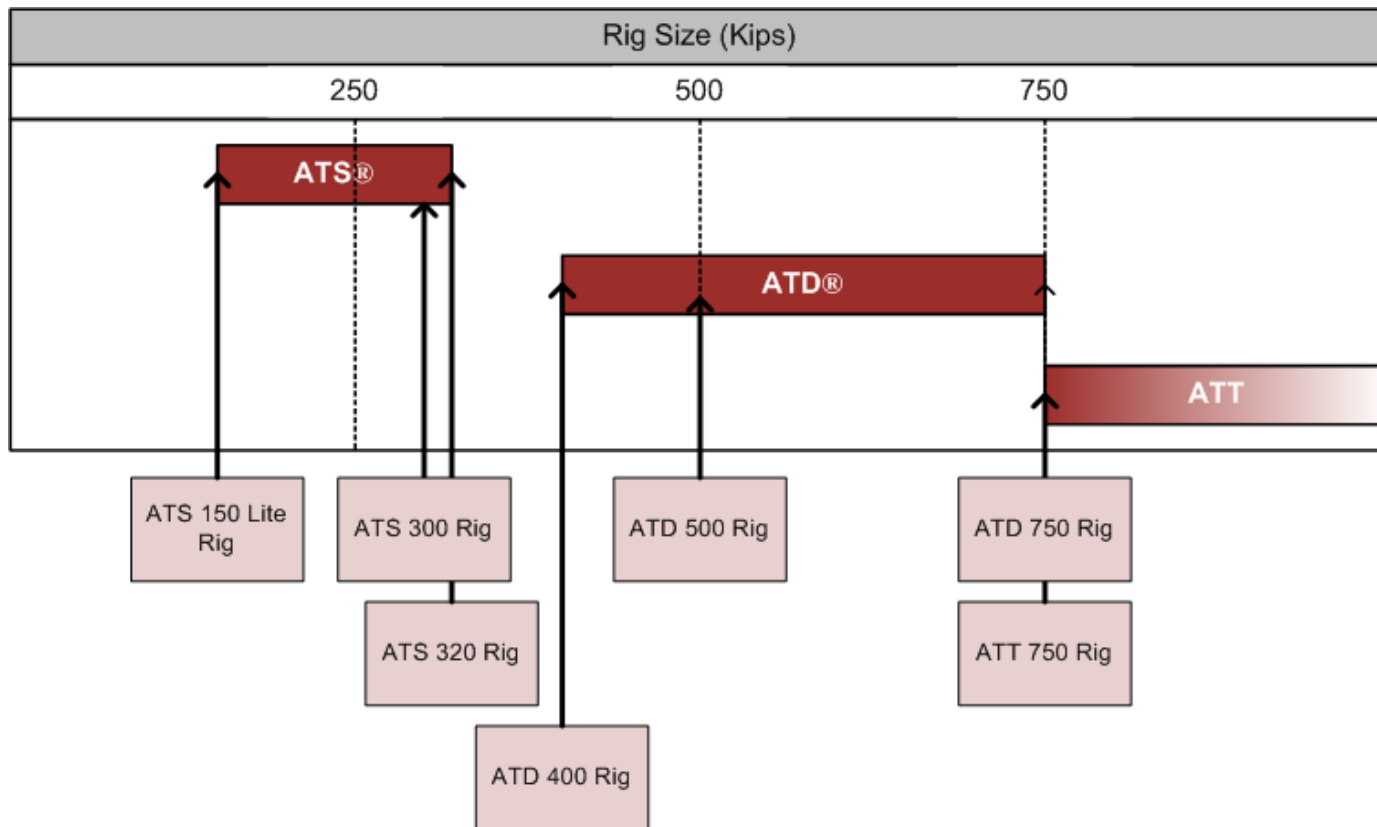
- Saxon was Taken Private in August 2008
 - Financially Strong Shareholders Supporting Strategic Growth Plan
 - Technology Synergies With Schlumberger Downhole Expertise

Saxon's Worldwide Rig Fleet



Saxon Core Rig Designs

- Advanced Technology Rigs



Advanced Technology Rig Features

- **AC/VFD Electric rig with “state-of-the-art” drilling control (auto driller, crown/floor saver, power limit, etc)**
- **Remote monitoring & diagnostics capabilities**
- **Enclosed, climate controlled drillers cabin with console style integrated controls**



Advanced Technology Rig Features

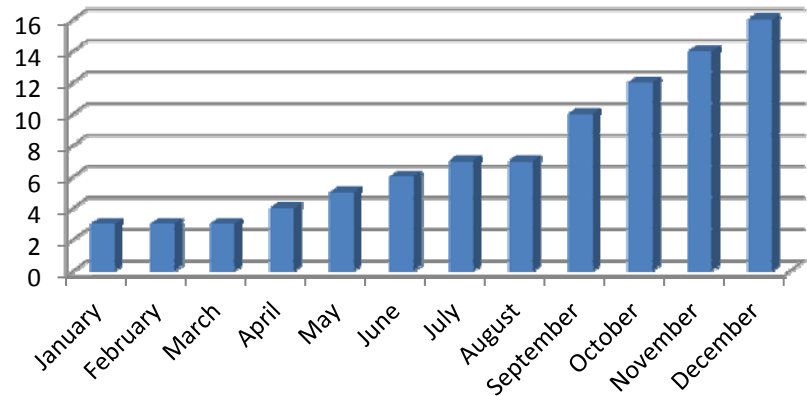
- **Mechanized horizontal tripping with use a hydraulic pipe arm, or dual make-up power catwalk, hydraulic pipe tubs, power slips, floor wrench, and hydraulic elevators.**
- **High mobility of rig loads into compact footprint without the requirement of cranes. All loads are moved and rigged up using standard oilfield trucks/trailers**
- **Integrated skidding system (bi-directional movement)**
- **Sound attenuation**



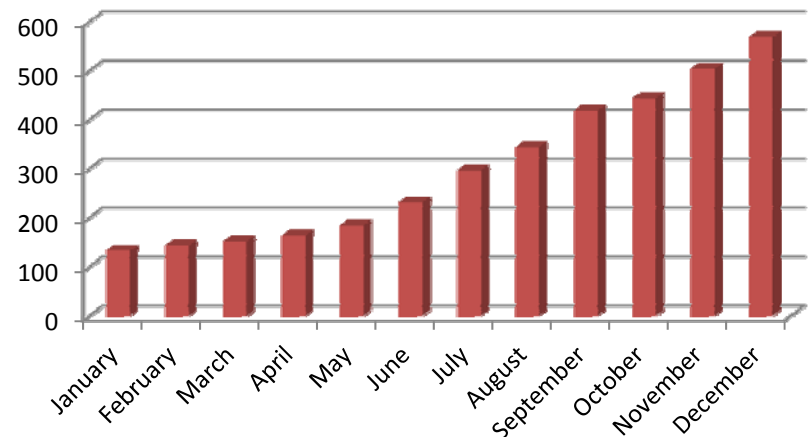
Saxon in Australia

- Started operations in April 2011 with 3 rigs in the Cooper Basin
- As of Dec 2012 we operate 11 drilling rigs and 5 workover (completion) rigs.
 - 3 x ATD 400 (SA)
 - 4 x ATS 320 (QLD)
 - 4 x ATS 150 (QLD)
- Working in conventional oil and gas and CSG.
- Head offices in Brisbane and Adelaide
- Operations Support Bases in Adelaide and Toowoomba.

of Rigs



Employees



Key Success Factors & Challenges

Equipment

Fit for purpose rigs:

- Provide a good platform for performance optimization
- Minimize footprint and logistic requirements
- Reduce HSSE exposure
- Better use of available resources.

Challenges:

- Determining the right rig type with enough time in advance
- Allowing enough time for manufacturing/upgrading and mobilization
- Having the right scope to justify the investment.

Key Success Factors & Challenges

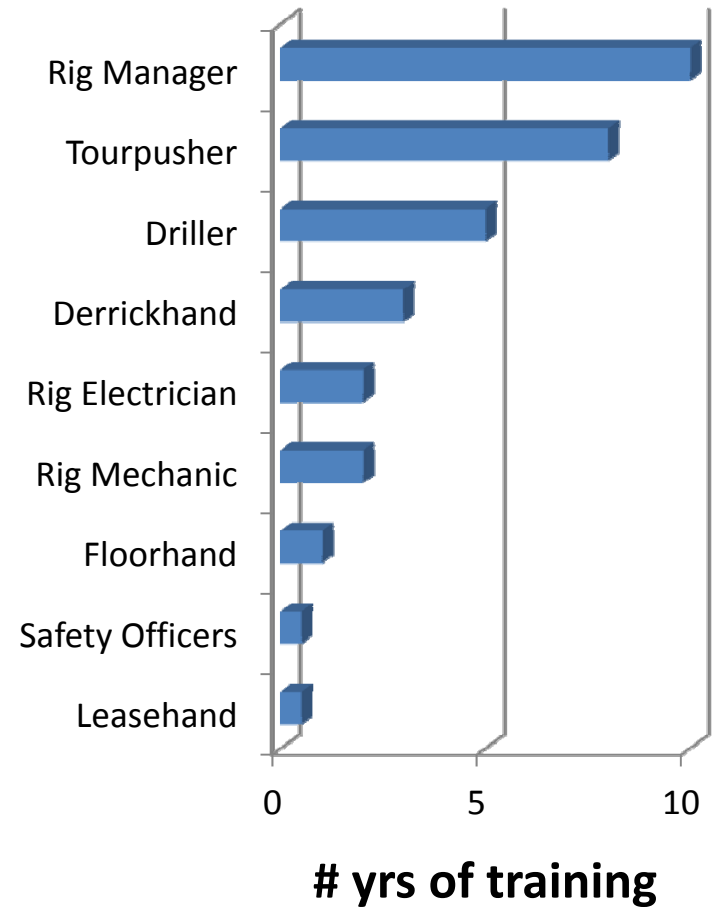
People

The Unconventional Gas projects will cause a sharp increase in the demand for skilled rig workers.

The supply today is not ready to meet this demand.

Drilling Contractor has 3 options:

- Attract skilled/competent people from other companies
- Bring resources from abroad
- Train and promote internally

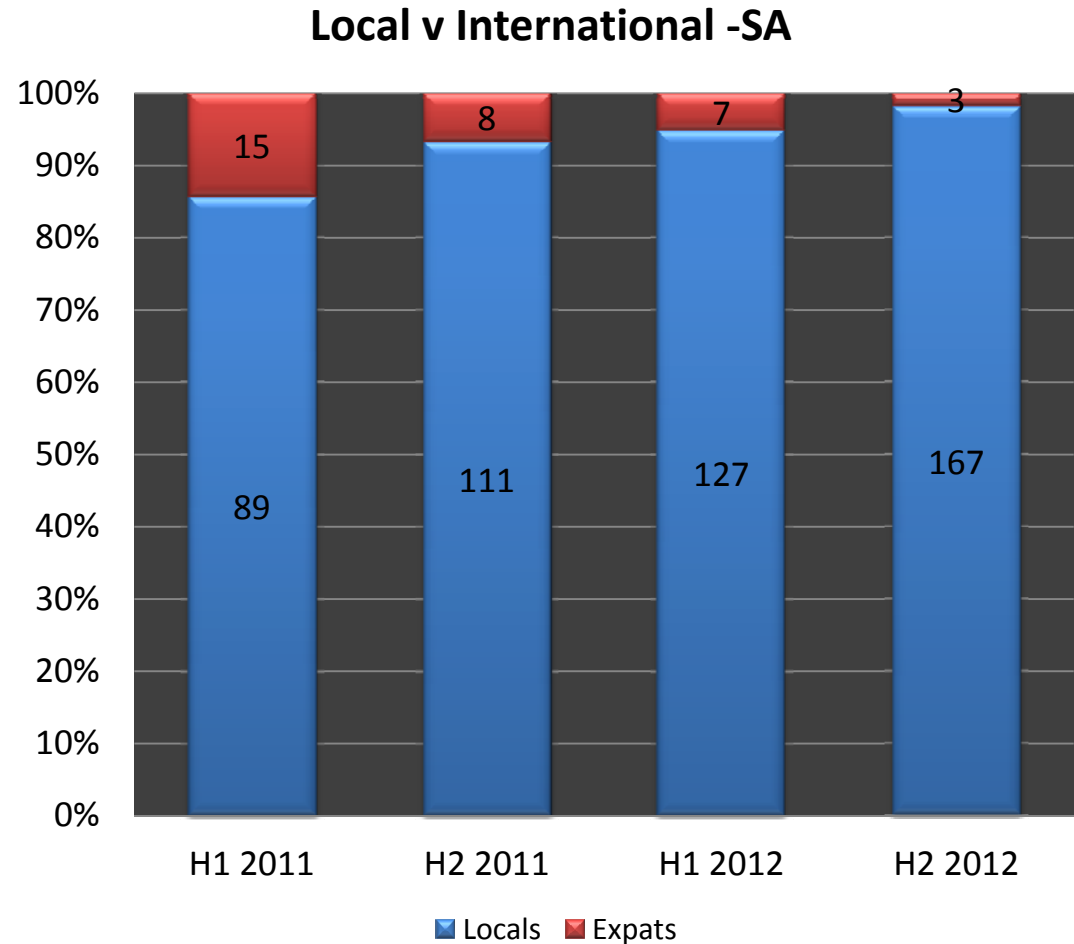




People

Local vs. Expats

- There is limited financial incentive to bring expatriate resources
- Having high local content is good business from every point of view
- We do it to have the right knowledge and expertise at the right time, and to develop local resources.



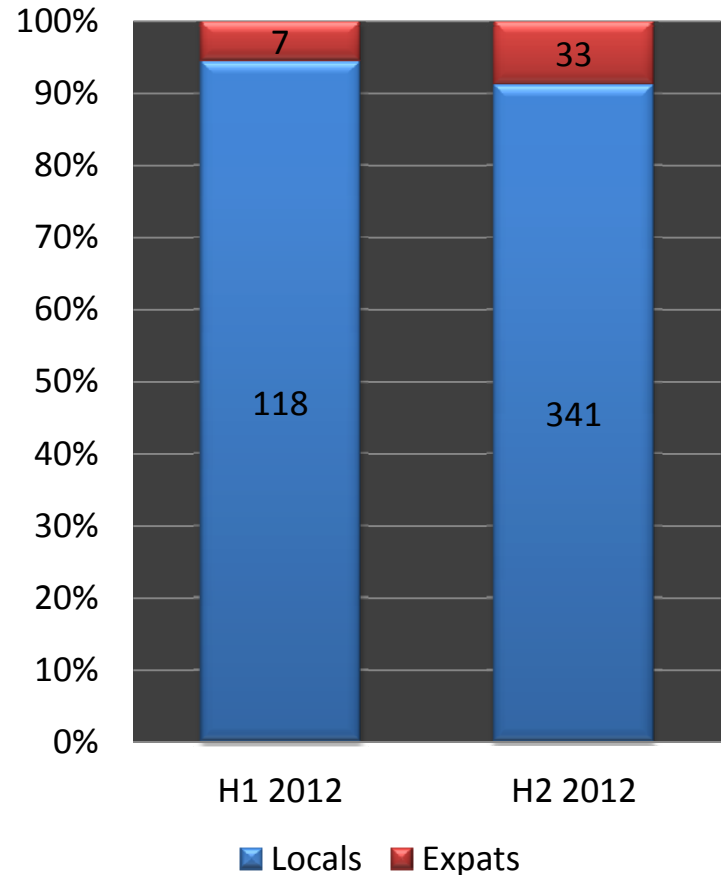
People

Local vs. Expats

But...

- The number of skilled personnel, particularly at supervisor level is extremely limited
- We are forced to increase our international content
- Dealing with Visa issues.

Local v International -QLD



What could help?

Funding Opportunities :

- More funding / Incentives for short compliance courses....OH&S plus on job advanced skills etc
- Funding for online resource development
- Funding for training facilities
- Skills transfer funding, and incentives when looking at investing in new projects
- Literacy / numeracy support

Rig Crew Training and Development Initiative:

- A program to train and develop rig crews that is sponsored by government, but with the active participation from Operators and Contractors.
 - **Increase the supply !**

Area of Concern:

- Pending changes to 457 visa holders.
- Finding competent/skilled workers is difficult so we rely on skilled international assignees to train and develop nationals.

Questions



Daniel Marcano

Country Manager

Mob: 0488 220 938

dmarcano@saxonservices.com

Saxon