

Quippo investing Rs 1,400 cr to enhance onshore E&P, offshore oil services

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Quippo Oil and Gas Infrastructure Ltd, promoted by infrastructure equipment financing company SREL, is investing approximately Rs 1,400 crore to expand its area of operation to onshore exploration and production and offshore oil services segments.

The expansion, which had entered the onshore rig business two years ago, will be over in the next one year.

According to Mr Sunil Kanoria, Vice-Chairman of SREL, Quippo's fleet of onshore rigs will increase from

two to four within a month as the construction of two heavy-duty rigs - of 1,000 HP and 2,000 HP and worth approximately \$148 million (Rs 700 crore) - is completed and will be shipped from the US shortly.

The company is yet to secure any order for deployment of the rigs.

With this acquisition, Quippo will have rigs from 800 HP to 2,000 HP.

The company entered into a contract with GAIL last week for starting drilling at the GAIL-operated oil and gas exploratory block in Arunachal Pradesh. Jubilant

Expro has participatory interest in the block.

INTEGRATION STRATEGY

As part of integration strategy in oil services sector, Mr Kanoria said, the company - in a joint venture with Sapura Petroleum of Malaysia and investment group AP Prakash - has ordered the construction of a \$125-million (Rs 587 crore) offshore transportation and installation vessel at Singapore.

Quippo holds 39 per cent controlling interest in the joint venture, Quippo Prakash Pte of Singapore. Sapura holds a 26 per cent

participatory stake.

The vessel will be delivered in March 2010 and will be deployed at Sapura oil and gas fields for offshore pipeline work for five-and-a-half years.

CONSOLIDATION

"Once the ongoing acquisition of rigs as well as the offshore vessel is over, we will focus on business consolidation. We are not planning any further enhancement of onshore or offshore fleet at this juncture," Mr Kanoria said.

In a bid to further integrate its interests in oil

and gas sector, Quippo bid for four exploratory oil and gas blocks in NELP-VII. The company secured one onshore block in Cambay basin in Gujarat. Quippo holds 80 per cent operating interest in the block.

"We have already entered into a product sharing contract for the block and are planning to launch the seismic programme by the end of this year. Initial investment in exploration activities in the block is estimated to be Rs 100 crore," Mr S.K. Mehta, Managing Director of Quippo, said.