

Jindal takes stake in deep-water game

By *Damon Evans*

Indian contractor Jindal Drilling & Industries is set to dive into the country's deep-water sector through a planned joint venture with Norwegian outfit Sevan Marine that will build a rig for India's Oil & Natural Gas Corporation (ONGC).

A well-placed source close to the negotiations said that if the deal with Sevan goes through, it will hold a 77.5% interest in the venture with Jindal taking the remaining 22.5%.

Jindal has been eyeing the ballooning deep-water market and earlier this year formed an alliance with an "unnamed technically strong foreign company", the New Delhi-based company's managing director said.

"We forged our alliance together and they've been awarded a three-year contract with ONGC, and we shall be working together with this project ... this and more to come," Naresh Kumar told Upstreamonline in an interview.

The deep-water rig, which is expected to be operational within the next three years, will be capable of operating in water depths of 10,000 feet and drilling down to 50,000 feet.

Sevan Marine will operate the rig with Jindal playing a supporting role, providing services as the local partner.

The Norwegian company has an existing deal to charter one of its cylindrical drilling units, being built by Chinese yard Cosco, to ONGC for a deep-water campaign off the east coast of India, for three years from December 2010

Jindal will become the first Indian drilling outfit to take a stake in a deep-water unit capable of operating in 10,000 feet of water, beating rivals Aban Offshore and Great Offshore. Aban's deep-water rigs can drill at depths of about 7000 feet, but the company has plans for more units able to operate at greater depths.

The joint venture will be funded through internal finance but an initial public offering is also a real possibility, potentially in Singapore.

Last week, Jindal took delivery of the first of two new-build jack-ups on order from Singapore's Keppel Fels yard.

Kumar said that an initial public offering is on the cards for a third or fourth jack-up rig, but for the first two units, Discovery I and Virtue I, all the finance is tied up with leading foreign banks.

As well as the deep-water and jack-up markets, Kumar foresees exponential demand for directional drilling and aims to build on Jindal's recent experience in this area.

Jindal currently operates two jack-up drilling rigs in partnership with US-based Noble Drilling, which will double with the arrival of Discovery I and Virtue I, which are both set to start work for ONGC this year.



Flagship: Sevan Marine's harsh weather Deep Driller design

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