

SHARING TRADE SECRETS

CALGARY COMPANY OUTBIDS COMPETITION IN ISRAELI OIL PATCH

Drilling for oil and gas can be profitable, especially in the Middle East... including Israel. This is what Tesco Drilling Technology of Calgary found out recently.

Inventor and developer of the world's first portable top drive drilling system, Tesco recently signed a \$1.1 million contract with Lapidoth-Israel Oil Prospectors Corp Ltd.

Tesco top drives — a piece of equipment that becomes part of a drilling rig to enhance drilling while cutting drilling costs — are used throughout the world. But this is the company's first foray into Israel.

As a matter of fact, Tesco was surprised to learn that there was an oil business in Israel.

How did this opportunity come about?

Getting wind of the contract

It was in part through its participation in the National Petroleum Show, in Calgary last year, that Tesco came into contact with Lapidoth which was attending the show as part of a mission organized by the Canadian Embassy in Tel Aviv.

But, says Tesco's Senior Vice President and General Manager Per Angman, "It was really through word of mouth that the company heard of the upcoming Israeli contract."

The company had supplied top drives to GreyWolf Drilling of Houston, Texas, which had sold a drilling rig to the Israelis some years ago.

The U.S. company, in turn, had recommended Tesco to the Israelis who were looking for a top drive for this project, despite the presence of strong American competition.

Tesco had also been advised around last Christmas of the pending contract by its local agent, Joel Fisher of Enerserv.

A few letters and faxes, but not much action, followed.

In the running

Then suddenly the ball started rolling last March when Angman and Tesco Senior Vice

President Lindsay Hood stopped in Tel Aviv after a trip to Europe.

"Our agent Fisher, who knew all the key players in the field, got us to meet them during that visit to Tel Aviv," says Angman.

A day and a half of intense negotiations focusing on technical questions and pricing ensued.

According to Angman, "I knew immediately that we had won on our technical merits alone. We have the best equipment. But they still wanted us to give them a good price."

The contract was delivered and officially signed a few weeks after Angman and Hood returned to Calgary.

Key factors for success

Tesco knows that it has one of the best products in the world: a top drive that can be adapted — on location in the field, and in a matter of hours — to land rigs. With offshore rigs being much larger, few companies manufacture a top drive that will fit the much smaller land rigs.

A key factor in Tesco's success was the top-notch agent it had recruited in Tel Aviv.

"Having previously worked for both the Israel National Oil Company (INOC) and Lapidoth — INOC's drilling contractor — Fisher had excellent connections and knew all the key players in the Israeli oil industry. That helped us get to the right people and eventually the contract

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