

SHARING TRADE SECRETS

Alberta Energy Company Drills Deep Into Russia

Edmonton-based Dreco Energy Services Ltd. got its first taste of Russia over 20 years ago when it supplied a mud system as part of a package used to upgrade a rig in the Komi region.

But it was only in 1982, following the collapse of the drilling industry in the west, that Dreco began to search for new markets in earnest, spending more than six months investigating the Russian marketplace.

These efforts were rewarded with orders for a large workover and drilling rig, hydrogen gas removal systems and well service rigs for Tengiz and Astrakhan, followed by many large orders for various tools and equipment.

Technology sharing

"As a result," says Dreco's Moscow Operations Director Sean Murphy, "customers in the former Soviet Union combined to make that area one of the largest destinations of our manufactured products for several years."

In an effort to increase two-way trade and add Russian content to its products, Dreco developed a unique design for a servicing rig by combining the Russian Kirovets agricultural tractor and Dreco's Kremco well service rig.

Dreco has supplied over 40 of these new rigs which are particularly well suited to Western Siberian applications.

The technology-innovation conscious company, through exchanges with various design institutes in Russia, became interested in downhole motor technology for drilling directional and horizontal wells.

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1990, as a result of increased business and decentralization of purchasing decision makers.

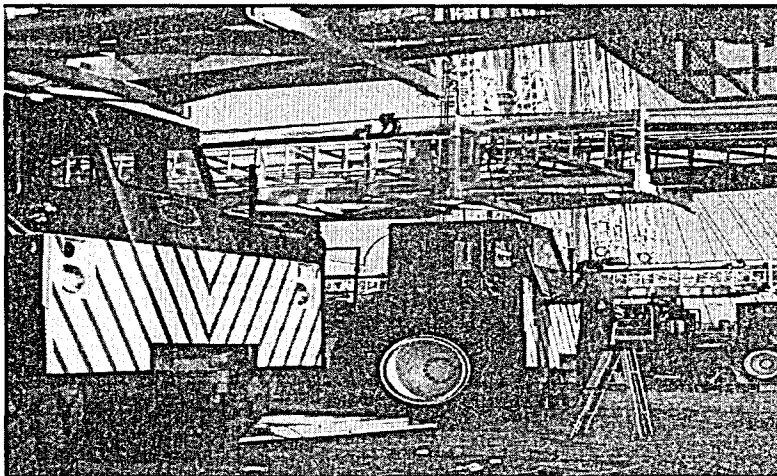
Two years ago, Dreco also established a service base — including factory-trained technicians — and a large inventory of spare parts in Nefteyugansk, operated in cooperation with the Yuganskneftegaz division of Yukos.

One prospecting and marketing tool the multinational company uses is participation in trade fairs, some of them held annually in Moscow, or in other regions like Siberia, Kazakhstan or Turkmenistan — either in conjunction with federal

or provincial presence, or on its own.

"In addition, we find the logistics support offered by the Commercial Section of the Canadian Embassy or the Government of Alberta Trade Offices quite useful," says Murphy.

For more information on Dreco and its operations in Russia, contact Dreco Marketing Director Kevin Neveu in Edmonton. Tel.: (403) 944-3800. Fax: (403) 465-6068.



More than 40 well service rigs supplied to Russia by Dreco

Dreco is a world leader in the supply of downhole PDM (positive displacement motor) style drilling motors with service centres and distribution points throughout the world.

Large quantities of these motors have been sold to Russia itself in recent years.

How did Dreco do it?

Originally working through an agent in the former Soviet Union, the company decided to open its own Moscow office in