

Bringing advanced technologies to the Middle East

NESR's regional knowledge and access to the latest technologically advanced solutions are proving a winning combination in the Middle East. Sherif Foda, the leading national oilfield services provider's CEO, speaks to *Oil Review Middle East*.

Can you tell us briefly about the history of NESR?

NESR started in 2017 as a Special Purpose Acquisition Company (SPAC). The SPAC was a vehicle to list an oilfield services company from the MENA region in NASDAQ. National Energy Services Reunited Corp (NASDAQ: NESR) was officially formed in June 2018, following the acquisition and merger of two leading companies: National Petroleum Services (NPS) and Gulf Energy Services SAOC. In June 2018, NESR became the first and only company from the MENA region to list on NASDAQ. Today, NESR is a leading oilfield services provider that operates in 14 countries and employs more than 4,000 people from more than 40 countries.

NESR is driven by its strong values and strict governance. The company is customer centric, socially responsible, and dedicated to the development of its people. NESR provides best in class services, expert employees, and fit-for-purpose technologies and solutions. Our experienced and diverse team is committed to meeting all our clients' needs and helping them address their challenges.

What makes companies choose to work with NESR? To what values do you attribute the company's continuous success?

NESR is the national champion of the MENA region. By combining two strong companies from the MENA region that are widely known for their impeccable services, excellent growth, and commitment to the development of local communities, and listing those companies in NASDAQ, NESR created a strong regional oilfield services company that is responsibly governed and widely trusted as a reliable local partner. From day one, NESR affirmed its commitment to increasing the local content of its operations and improving its in-country value proposition. NESR is committed to hiring, investing, and procuring goods and services locally whenever possible.

In addition to the value we bring to the local communities and economies of the

MENA region, we are proud to be a local player with international standards of QHSE, governance and service excellence. At the same time, we are accessible, very close to our customers, and responsive to their needs. Moreover, given our international presence, we have access to technologies and solutions from all around the world. Our R&D centre in the region, set to open its doors in 2020, will become an open platform that brings together technological innovators from all around the world to develop customised solutions for our clients and operations throughout the MENA region.

How do you currently view the Middle East market for your services? Are there any recent contracts/projects you would like to highlight?

Public data indicates that E&P budgets in the Middle East will grow by a minimum of 6-8 per cent in the next four to five years. We believe that the actual rate of growth will be much higher. The region is experiencing high domestic energy demand and as a result it is moving towards developing non-traditional reservoirs including un-conventionals, tight, sour fields, and heavy oil fields. Such reservoirs were previously inaccessible because of their high costs or inadequate technology available. Today, new developments in technology have refocused attention on nontraditional reservoirs to meet growing demand.

The opportunities in Kuwait and the MENA region are endless. We used to have a single business line in Kuwait but today we have

“ Our R&D centre will become an open platform that brings together technological innovators from around the world.”



Sherif Foda, CEO, NESR.

three. We are also planning to increase the number of product lines in Kuwait. Additionally, we are importing technology to the region as a deployment partner with full in-house maintenance setups including the groundbreaking Kinetic BOP, which will allow customers to safely access high H₂S or CO₂ reservoirs. Kinetic's BOP will significantly reduce risk and well control events.

The MENA market for oilfield service companies is getting bigger as fields are maturing and higher intensity of services per well are required. The investment-friendly environment of the region also allows more activity and growth. Hence, the market presents an array of different opportunities and we are uniquely positioned to access a larger part of the increasing market size.

How are you looking to develop your business further – are there any particular sectors or markets you are targeting?

In Kuwait, we have plans to grow rapidly and are committed to becoming a leading local oilfield services provider. As mentioned, we are increasing the number of services and product lines we offer and aim to become our

→ Oilfield Services

customers' partner of choice in all aspects. Our local focus and ability to facilitate access to solutions that are not available in the market give us an added advantage. We are currently focused on building our capacity and heavily investing in new equipment and infrastructure to improve our offerings to our clients.

What are the main technical challenges operators are facing in the region, and how are you helping to address them?

The biggest technical challenge for most operators in the region is maturing assets with all related challenges such as: unwanted water and gas production, scale and sand production, loss of well integrity, loss of well productivity and in some cases, the total loss of production. Most services we offer in Production and Evaluation are tailored to help our customers identify the specific well challenges and provide cost-effective solutions, which can be as simple as pumping a water shut-off treatment and as complex as bringing a workover rig with all the required services. During this cycle, innovative and fit-for-purpose technologies are key to providing commercially viable solutions.

Another major challenge is producing hydrocarbons at a lower cost to stay competitive. Optimising production systems and environmental utilities on currently operating oilfields is therefore a priority for the oil industry. This maximises production efficiency, and reduces the costs of extraction and refining, thereby offsetting the exploration costs. We are a primary contributor to this optimisation through conducting efficient operations with low overhead cost and innovative solutions, and combining that with best practices and the latest fit-for-purpose technologies. We leverage our ability to combine our knowledge of the region with our access to the latest technologically advanced solutions globally.

To what extent are you introducing new technologies to the region?

For NESR, leveraging newer technologies to solve our customers' major challenges is a key driver. We have been continuously introducing new technologies in the region. From pathbreaking perforation techniques to innovative intervention tools and changing the paradigm on fracturing, NESR has been at the forefront of bringing change to the region.

In Kuwait, we introduced drilling tools and casing running tools from the very beginning. This significantly improved efficiency and performance, especially after we combined our delivery platform to bring cementing innovative solutions including gas migration preventive slurry, critical well control technology for the most severe well conditions, well integrity sealant fluids and many other carefully selected advanced technologies.



Image Credit: Adobe Stock

The MENA market for oilfield service companies is growing.

“The market presents an array of different opportunities.”

We are currently building a state-of-the-art R&D Centre in the region, which will become an open platform for technological innovation, providing a space for innovators to develop technologies on perforation, chemical development and well control.

How do you see the growth of unconventional in the Middle East over the next few years?

We are at an early stage of the development of unconventional, which are needed for regional economic growth. The industry needs to adopt the approach of North America to get the same innovation and efficiency levels. Given the cost sensitivity of these projects, it is critical that we think creatively and learn from the unconventional development in the USA to execute these projects.

We believe we will see an exponential growth in unconventional in the Middle East to essentially fulfill the internal demand for gas in the growing economies of the region. Most countries have initiated projects in this space and are at different stages of developing these resources. Reservoirs differ, some are tight, and some are shale. NESR has an appreciable footprint now, and we believe that

our differentiated delivery is one of the key factors that will help our customers produce commercially from these reservoirs.

How important is local development and capacity building to your company?

Investing in local communities is key to NESR as the company prides itself on being the national champion of the MENA region. Corporate responsibility is also one of our key values, and we incorporate it in everything we do internally and externally. Our main internal focus is on the health and safety of our employees, the diversity and inclusion of the work environment, and the involvement of our employees and their families in community development projects through corporate volunteering.

Externally, we focus on building the capacity of local communities and the empowerment of women and people with disabilities. At the same time, we are extremely committed to increasing the local content of our business and participating in all the in-country value programmes in different countries. Whenever possible, we hire and develop local talent and procure goods and services locally. We also invest in local manufacturing and even export locally produced products to other countries, as is the case in Oman.

The environment is another big concern for us, and we are committed to reducing our environmental footprint in order to reduce the negative impact of our operations on local communities and ecosystems. ■