

# YourTube

Technology Motion Knowledge

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**Vladimir Oborskiy:**  
Customer's Needs  
Come First

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## Solutions for the Customer





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## YourTube Technology Motion Knowledge # 1 (20)

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# News



## »» VOLZHSKY PIPE PLANT TURNS 45

Volzhsky Pipe Plant held events marking the 45th anniversary of its founding. More than 200 employees were recognized with various level awards in recognition of their high performance.

The awards ceremony was held at the Tsaritsyn State Opera House in Volgograd. Honoring these production workers marked the beginning of a host of anniversary events that will take place at the Volzhsky plant throughout the year. ■



## »» CONFERENCES AND EXHIBITIONS

TMK participated in two oil and gas industry trade shows in the first quarter – the 2015 Nigeria Oil and Gas exhibition in Abuja and the 2015 Offshore Mediterranean Conference (OMC) in Ravenna, Italy. TMK's booth featured company operations and its wide product range. In Singapore, a "lunch & learn" was held for Indonesian oil and gas operators, where OCTG products and premium threaded connections from TMK's UP series were highlighted.

In March, TMK took part in the forum and exhibition entitled *Government Purchase Orders – For Honest Purchases*, which is Russia's largest discussion platform for state purchase orders. ■



## »» TMK IPSCO SPONSORS U.S. RUSSIA CHAMBER OF COMMERCE DINNER

TMK IPSCO sponsored a U.S. Russia Chamber of Commerce dinner in Houston in March, where His Excellency Ambassador Thomas R. Pickering, U.S. Ambassador to the Russian Federation from 1993 to 1996, spoke on the future state of the U.S. - Russian Bilateral Relations. Piotr Galitzine, TMK IPSCO Chairman, introduced the ambassador at the dinner.

Pickering served as Under Secretary of State for Political Affairs (1997-2000) and as U.S. Ambassador to the Russian Federation, India, Israel, El Salvador, Nigeria and Jordan. He also was the U.S. Ambassador and Representative to the United Nations in New York, where he led the U.S. effort to build a coalition in the UN Security Council during and after the first Gulf War. ■



## »» UPDATED WEB PRESENCE

TMK has launched its updated corporate Internet portal in Russian ([www.tmk-group.ru](http://www.tmk-group.ru)) and English ([www.tmk-group.com](http://www.tmk-group.com)). The updated portal has a modern design, user-friendly interface and intuitive internal architecture. It is heavily focused on information designed for the investment community. Also available are corporate photographic and video material, TMK social network pages, and archived issues of the company's multilingual magazine *YourTube*. ■



»» TMK IPSCO NAMES JOEL MASTERVICH CHIEF OPERATING OFFICER

Joel C. Mastervich was appointed Vice President and Chief Operating Officer of TMK IPSCO on April 8, 2015. In this role, Mastervich will be responsible for all operations, including the company's 12 manufacturing plants in the U.S. and Canada.



Mastervich has been involved in the steel industry for more than 30 years. Until recently he was Executive Vice President of Vallourec USA, based in Houston. Previously, he was President and Chief Operating Officer of Vallourec Star, in Youngstown, Ohio. Mastervich holds a bachelor's degree in metallurgical engineering from the University of Pittsburgh and an MBA from the University of Chicago.

»» NEW PRODUCTION TECHNIQUE

TAGMET has developed a technique for producing 300- and 400-mm-section continuously cast billets made of a new grade of low-alloy carbon steel – P250GH. The billets will be used to manufacture pipe, rolled section, and specialty engineering products.

The new technique improves the surface quality, shape, and internal structure of the continuously cast billets, resulting in products that will meet the most stringent of customer requirements.



»» A TWO-COMPANY PROJECT

TMK and ROSNANO are engaged in a project to expand the production of high-tech tubulars with improved performance for the oil and gas sector. In order to implement the project, ROSNANO acquired TMK shares during an additional share issue under open subscription, acquiring 5.476% of TMK shares.

The new production facilities include a rolling plant with a continuous FQM mill at Seversky Pipe Plant. The plant will produce seamless pipe to be used for oil and gas well and pipeline construction. Pipe performance has been significantly improved by alloying and microalloying with nanostructure alloys, which increase pipe strength and elasticity by 15 - 20% and enhance corrosion resistance. This will allow the new products to be used especially for developing unconventional and hard-to-recover hydrocarbon reserves.



»» WORKING ON QUALITY

A meeting of engineering managers and quality control department engineers from TMK plants was held at the Sinarsky Pipe Plant in February. Over the course of three days they discussed major issues involving tubular product quality and requirements.

The meeting focused on safe working conditions as a key indicator of efficiency and changes made to meet the new requirements instituted by Russian environmental protection laws.

»» AMBRIDGE FACILITY MAKES PIPE DONATION

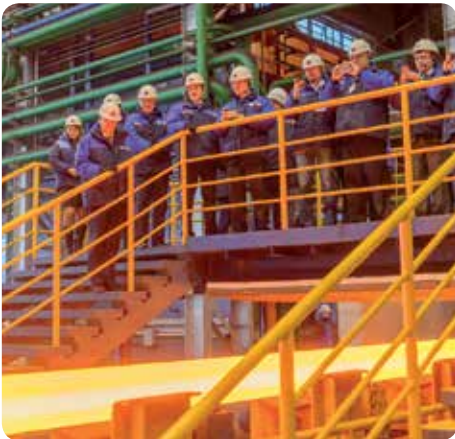
TMK IPSCO's Ambridge plant is donating pipe to the Beaver County Career & Technology Center (BCCTC) to assist in teaching welding students. Ambridge Plant Manager Frank Corona said, "BCCTC is working hard to ensure students will have the hands-on welding experience they need when they enter the workforce. As a local manufacturer, we were glad to be able to help out, contribute to their success and give back to the local community."



»» OIL EXECS VISIT SEVERSKY PIPE PLANT

Russian energy sector company officers paid a visit to Seversky Pipe Plant to see the new rolling plant and continuous FQM mill. The visitors came from Gazprom Oil, Gazprom Drilling, Surgutneftegaz, InvestGeoService, Slavneft, Bashneft, Eriell Oil and Gas Services, Tatneft Commercial Engineering Sales, and the EDC Group, many of which have been doing business with the Seversky plant under long-term programs and contracts.

During the visit, guests were able to observe the electric steel smelting facility and the Seversky blast furnace, which is a unique monument of 19th century industrial architecture.



»» NEW ACQUISITION

TMK has acquired a 100% interest in ChermetService-Supply LLC. The deal was valued at around 2.73 billion rubles.

ChermetService-Supply, founded in 2000, is a major player on the Russian scrap ferrous metals market. In addition to its scrap ferrous metal procurement, processing, and sales operations, the company is acting as TMK's central supplier, providing comprehensive logistical supplies for steel production.



»» TAGMET INCREASES OUTPUT

TAGMET has approved a program to manufacture 5,000 tonnes of casing pipe with TMK PF premium threaded connections using lubricant-free GreenWell coating in 2015. In 2014, the plant shipped 2,000 tonnes of these products; in 2015, plans are to boost that figure by 150%.

TAGMET was one of the first companies in TMK to enhance its products with the new GreenWell polymer coating, which keeps the threaded casing connections leak-free without using a thread sealing compound.





» WARRANTY TRIALS COMPLETED

Warranty testing of pipe rolling equipment with a continuous FQM mill was successfully completed at Seversky Pipe Plant, and the document of final handover of the FQM mill from Danieli to Seversky Pipe Plant was signed.

The warranty tests on the mill began in December 2014 and were completed in late February. The test results proved positive in terms of efficiency, product quality and prime yield, and confirmed that the new technology meets the technical requirements of the contract. ■

» STEELMAKERS' SUMMIT

The 20th *Metals of Russia and the CIS* summit took place in Moscow during the Russian and CIS Metals and Mining Week organized by the Adam Smith Institute. The event was visited by decision makers and specialists involved in development of the mining and steelmaking industries. This year, over 300 delegates heard more than 50 reports during 16 information sessions and discussions.

Sergey Alexeev, Director of TMK's Marketing Directorate, gave a presentation entitled *The Petroleum Sector – New Realities for Tubular Manufacturers* in which he described trends on the world's oil and gas markets, new trends in consumption models, and current requirements for tubular products. ■



» TMK IPSCO TO COMPLETE CAPITAL IMPROVEMENTS TO AMBRIDGE, PA PLANT

TMK IPSCO will take advantage of the slowdown in the energy market to complete a capital improvement program for its Ambridge, Pa. seamless hot mill.

During the steel pipe-making plant's July shutdown, TMK IPSCO will invest more than \$15 million in capital improvements, including a complete rebuild of the rotary hearth furnace and the installation of a new, upgraded piercer housing. These improvements are expected to be completed during a planned outage in July.

"We are taking advantage of the slowdown in demand for seamless oil country tubular goods (OCTG), due to the current low levels of drilling," said president and CEO Dave Mitch. "These improvements were originally scheduled for later time periods, but with the current lower volumes we now have the opportunity to complete the upgrades and have the time available to run ahead to meet our customer requirements during the 3rd quarter." ■



» NEW POWER SUPPLY

A 6/0.4 kV package transformer substation has gone into operation at Sinarsky Pipe Plant. This is part of an investment project to build an NDT line for hot-rolled OCTG products at the T-2 pipe mill. The design loads of the new substation switchgear are enough to provide "clean," stable power to the NDT line equipment, overhead lighting in the mill, process control system, and two frequency generators, with sufficient reserve to supply the crane rails too. ■



NEW PRODUCT:  
TMK CDP (H) PROTECTIVE  
INTERIOR COATING FOR DRILL PIPE

TMK Group's oil service company, TMK Neftegazservice-Nizhnevartovsk (TMK NGS-NV), has mastered the process of applying the TMK CDP (H) protective interior coating to drill pipe with weld-on tool joints. The TMK CDP (H) coating offers the highest levels of adhesion, ultimate tensile strength, and peel strength. It features high resistance to abrasive and corrosive wear and impact loads. The coating is neutral to H2S and does not react chemically with it. It also has low gas permeability. These qualities enhance the operational properties of pipe under heavy load conditions, allow the use of a wide range of drilling fluids, reduce pipe friction losses, improve hydraulic properties of the wellstream, and reduce the energy cost of drilling.

Mr. Goumeniuk, what is new in TMK coatings?

Much of the oil currently produced in Russia comes from fields opened 20 to 30 years ago that are now in their final stages of development. Development is complicated by many factors that affect the reliability of oilfield equipment. Every year petroleum companies spend a fortune on corrosion control. Yet it is more effective to prevent corrosion than deal with its consequences. Eliminating conditions that favor corrosive and erosive wear is the best way to guarantee trouble-free well operation. Using polymer coatings is one effective way to protect oilfield equipment against corrosion.

What types of coatings do you use?

We manufacture line pipe, tubing, and drill pipe with interior coatings that have powder-based materials. Laboratory tests and eventually shop tests have demonstrated that epoxy-based powder coatings offer the best combination of protective properties and manufacturability for an affordable price.

After establishing that the level of

manufacturability of this material using the existing equipment was acceptable, our primary criterion in choosing the powder epoxy coating was its resistance under specific operating conditions.

Could you describe the coating application process?

Preparing the metal surface to be coated is vital. To be able to form adhesive bonds with the polymer film, the metal has to be thoroughly cleaned to remove grease, slag, and rust. Surface treatment includes thermal degreasing and shot-blasting of the pipe's interior surface. The powder material is applied over a coat of primer on a preheated pipe surface and is ablated to form an even, perfectly smooth coating. It then hardens to form a durable non-fusible and insoluble film, which does not obstruct the movement of tools and equipment through the annulus.

How effective are your coated pipe?

TMK NGS-NV has extensive experience developing anti-corrosion solutions. We know from experience that using polymer materials and coatings in combination with other anti-corrosion methods can considerably increase the mean time between repairs. For example, coated tubing used in the most corrosive wells at the Samotlor Field can go more than 1,400 days without failing, whereas uncoated tubing goes out of service after just 150 to 280 days.

For tubing, we have developed an entire line of protective coatings for different operating temperatures. They provide protection against corrosion, acids, hydroabrasive wear, and wax deposition, and do not lose their protective properties at elevated temperatures. We are currently pilot-testing our epoxy-coated tubing in injection wells. There hasn't been a single instance of pipe failing due to internal corrosion.



ALEXANDER GOUMENIUK,  
Technical Director, TMK  
Neftegazservice - Nizhnevartovsk



How promising is your new drill pipe coating business?

Drill pipe accounts for the biggest share of investment in well development, so they deserve special attention. Few companies on the market currently offer drill pipe coating service. We are the only TMK Group company to provide it. Over a year ago we launched a new coating shop. Thanks to new equipment and some additional upgrades, we are able to coat not just line pipe but also all kinds of OCTG pipe. The shop is currently running at full capacity.

Do you plan to develop and launch any new types of coatings?

We are working to study and select new next-generation coating systems utilizing a wide range of polymer compounds. To ensure the longest possible service life of tubing and drill pipe with interior coatings, we need to find ways to increase operational reliability. This will enable our customers to further reduce tubing maintenance and drilling costs, spend less on corrosion control, and improve well performance and drilling speed.





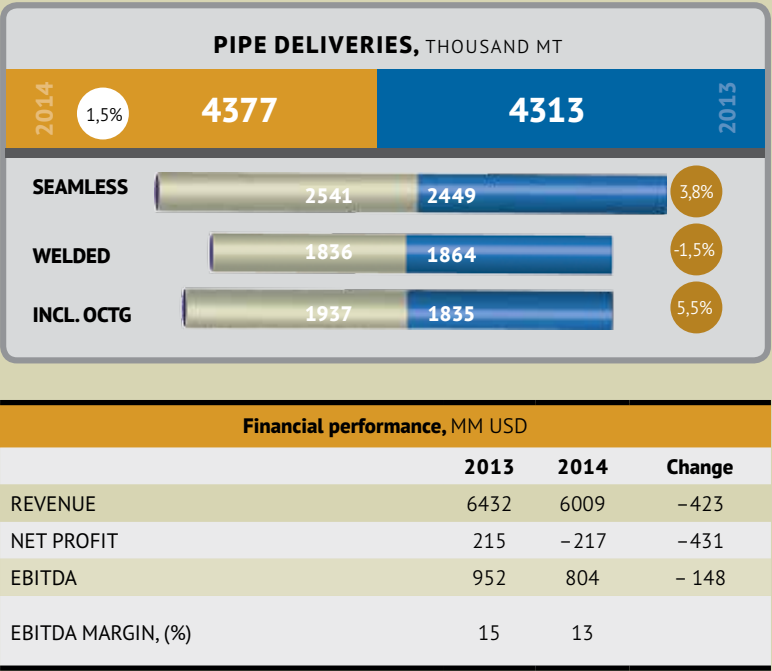
# SIX YEARS RUNNING

As of the End of 2014, TMK is Once Again the Largest Pipe Producer in the World

At the regular annual meeting of company managers in mid-January, Dmitri Pumpyansky, Chairman of the Board of TMK, reviewed the 2014 operating results and presented new challenges.

Noting the sustained positive trend in manufacturing output – TMK was once again, for the sixth year running, the world's largest steel pipe producer – he called the Russian division's results, which totaled just short of 3 million metric tons, a "strong result and one of the best throughout the entire history of our manufacturing achievements." Almost all the companies of this division contributed to this success by setting their own records. The American division concluded 2014 with record shipments – 1,238,000 metric tons, beating the previous year by 6%. The European division

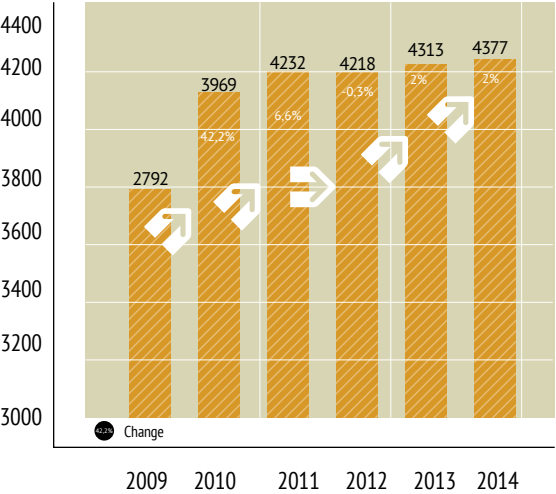
Shipment of Premium products increased by 15.2% to 892,000 joints.



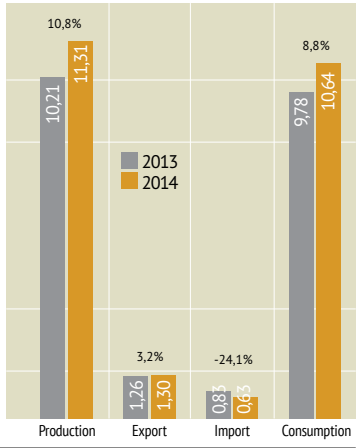
was led by TMK-ARTROM, which surpassed the production milestone of 190,000 metric tons a year – the highest record in the company's history. "The Company was able to maintain its leading position in the Russian market and remain a major supplier of seamless OCTG pipe in both Russia (over 60% of the market) and the USA (approximately 10%)," said Dmitri Pumpyansky.

However, the unfavorable geopolitical and macroeconomic situation has had negative financial and economic consequences for both the company and other players in the market. "Foreign economic factors, the drop in the ruble exchange rate, falling oil prices, and the euro's drop against the dollar could not help but have an effect on our economic indicators.

TMK PIPE SHIPMENTS, THOUSAND MT



TMK PIPE SHIPMENTS, THOUSAND MT



Source: FDPI



In Dmitri Pumpyansky's view, there are promising opportunities for TMK even given the complicated market conditions. Due to the reduction in Western oil and gas equipment on the Russian market, TMK has become the only domestic company capable of completely making up for the drop in imports in this sector, and must take advantage of this situation to further solidify its market share.

The priority tasks for 2014 outlined at last year's annual meeting of TMK managers included improving product quality and efficiency and developing human capital. The overall economic impact from implementation of the efficiency program in 2014 was more than \$100 million. "A positive factor for us in 2015 will be that we have been able to completely retool our operations and complete our main investment projects. And today we are the only company on the Russian pipe market that is solidly standing on two feet. In addition to the Russian market, we also have the European and American markets, which should help us significantly," stated Chairman Pumpyansky.

The demand for TMK UP premium connections remained at a high level thanks to the growth in directional and horizontal drilling in America and Russia. Deliveries of premium connections for the year increased by 15.2%, to 892,000 joints.

## 165,000,000 MT OF PIPE

Global steel pipe market in 2014. 7.1% greater than 2013.

This kept us from meeting budget targets, particularly EBITDA and net profits," said the Chairman.

The current year is also expected to be challenging for the company and for the economy as a whole. Low oil prices limit the investment capabilities of energy companies, which make up 70% of TMK's market. However, OCTG pipe will nevertheless be sought after for engineering reasons, and no significant drop in the market will occur.

- 8,2% North America
- 6,7% SEA
- 11,2% China
- 5% Latin America
- 5% Russia
- 3,8% MENA
- 0,1% Europe
- 32% CIS



# VLADIMIR OBORSKIY:

## “A CUSTOMER-ORIENTED APPROACH IS EXTREMELY IMPORTANT FOR US”

At TMK, 2015 has been dubbed Year of the Client. How the company builds relationships with its partners, what it has done to further improve cooperation in its clients' interests, and its new initiatives in this field are discussed by Vladimir Oborskiy, First Deputy General Director of TMK.

### Mr. Oborskiy, how is TMK's sales system currently structured?

Our sales system is a matrix structure with two focal directions: regional and product-based. By regional I mean the geographic markets where we have a presence, the most important ones being Russia, North America, and South America. In 2014, TMK achieved a new sales record of over 4.4 million tonnes of pipe, around 55% of our earnings being generated in Russia. The runner-up in terms of sales volume is the North and South American market, which accounted for approximately 34% of our earnings. Other important, albeit smaller, markets for us are the CIS and the European, Middle Eastern, Asian, and African markets.

The product-based sales direction focuses on the sphere of application and type of products offered. In broad terms, we make a distinction between tubulars for the petroleum industry and mechanical tubulars. The most important sphere for us is the petroleum industry, for which we supply nearly 80% of our entire output.

### What kind of things affect development of the sales system?

The primary determining factor is development trends on the target markets – in other words “where” and “to whom” we sell our products. To make our collaboration as easy as possible for our clientele, we create sales offices in those regions where we need to work actively with the client. We currently have 15 sales offices covering the world – Russia, the CIS, Europe, North America, Africa, Asia, and the Middle East. We keep in close contact with the client at

the local level and can be highly responsive to the client's needs.

The second factor strongly affecting our sales system is the structure of demand, in other words what the client needs. These days it is not enough to have the most advanced production facilities, an elaborate technical sales system, and the best management methods. To achieve company success and stable financial results you need to keep hold of the domestic markets, retain the loyalty of your longtime clients, and at the same time make inroads into new areas.

On the tubulars market today there is strong demand for high-tech products. To meet this demand, TMK has created professional teams of engineering specialists and has founded two R&D centers – one in Russia based on RosNITI, and the other in Houston. Last year we signed an agreement with the Skolkovo Joint Directorate for Asset and Services Management to build a new TMK research and development facility at the Skolkovo Innovation Center.

Furthermore, clients are increasingly looking at the overall cost of a product, meaning not just the product price, but the costs of maintenance, repair, inspection, and pipe preparation and supervision during operation. To provide these services, we are expanding our network of service centers.

### How does the single TMK brand operate today?

TMK is a global company supplying its products and services to more than 80 countries worldwide under the single TMK brand. This is why we

focus intently on company reputation and product quality and endeavor to make every plant meet our high internal standards.

We have developed and are introducing corporate standards TMK-1 and TMK-2, which prescribe stringent requirements for production procedures and product quality. This year we will start shipping the first pipe manufactured to these standards. In time, our goal is for the TMK-1 and TMK-2 standards to become accepted and recognized by our clients the world over.

### How do you build relationships with your key clients, the oil and gas companies?

Our foreign clients include virtually all the leading petroleum corporations such as Exxon, Shell, Saudi Aramco, and Eni. Our total shipments to Russian companies (Rosneft, Surgutneftegaz, Gazpromneft, Lukoil, Bashneft, Slavneft, and Tatneft) will amount to around 1 million tonnes in 2015. Our major contract with Rosneft this year alone will supply 430,000 tonnes of products.

Our goal is strategic long-term partnership. The correctness of this approach is corroborated by the fact that throughout its history, TMK has succeeded in building its position on the Russian market. In 2014 our share of the seamless OCTG segment was over 60%, our share of the drillpipe segment more than 64%, and our share of the oil and gas line pipe segment around 65%.

In some cases, for example with Gazprom, in addition to a long-term

THE SECOND FACTOR STRONGLY AFFECTING OUR SALES SYSTEM IS THE STRUCTURE OF DEMAND, IN OTHER WORDS WHAT THE CLIENT NEEDS.



contract we have formulated a clear pricing mechanism that makes the effect of currency exchange fluctuations, metal prices, and other external factors transparent.

A transparent sales system, long-term relationships, employing a pricing formula, and developing scientific and technological cooperation programs all help strengthen and develop our relationships in the medium and long term.

### Is there a difference between international petroleum companies and Russian ones?

Today's world is global and the major petroleum market players develop fields all over the planet. Foreign and Russian partners work closely together in developing drilling projects.

Our focus is not so much on the client's origin, but on the client's individual needs and expectations. Petroleum companies are placing more and more stringent requirements on pipe for developing offshore fields, drilling in permafrost soils, and deepwater, horizontal, and directional drilling. At the same time, while current oil prices are low, oil companies are looking for cost-effective comprehensive solutions to meet their specific requirements. Meeting that demand is one of our major goals.

### In working with the end user or its contractors, what are the priorities?

We have no choice as to whether we work with the end user or the end user's contractor. Our collaboration is dictated by the market and the specific project. In Russia the oil and gas companies in general control

all their contractors' operations and provide them with most of the pipe they require. Project material and equipment purchases and all operations are typically handled directly by the oil company.

Outside Russia, projects are frequently implemented by a large number of specialist companies involved in separate phases of the project. We work both with contractors in selecting the technology and materials and with clients that qualify and approve the pipe suppliers.

In either case, our goal is to get TMK products included in the project in its earliest stages. We offer the client and its designers and contractors technical solutions that are best suited to the project.



**What do the oil and gas companies think of TMK's oilfield service offer to provide field support for running the pipe?**

Early on, we realized the client was interested not only in just-in-time deliveries of high-quality tubulars, but also in downhole equipment, accessories, and a whole range of concomitant services. Field support for running pipe strings is an important part of our offer and is a service that our clients need.

The main advantage of this service is that qualified TMK personnel who know the technical features of the tubular products help the client save time and avoid breakages when running a string. Last year, TMK-NGS specialists provided field support for running over 100,000 meters of pipe. Engaging TMK engineers resulted in leak-free pipe strings in 100% of cases. This is conclusive evidence of how effective this service is.

**How promising is the CIS market for TMK, and what projects do you foresee there?**

We view the CIS as one of the domestic markets. The companies that are now part of TMK have been supplying their products to the region for 50 years. We have sales offices operating in Turkmenistan, Uzbekistan, Azerbaijan

and Kazakhstan. In the Kazakhstan market the operation of our company TMK-Kaztrubprom, which specializes in manufacturing highly leakproof threaded connections, makes us a local producer.

In 2015-2016 a number of major pipeline projects are expected to be launched, such as the Central Asia – China gas pipeline (Uzbekistan, Kyrgyzstan, Tajikistan), South Yolotan (Turkmenistan), and others. With the active participation of our local sales offices in the CIS countries and Beijing, we plan to gain a share in these projects.

**Which of the world's oil and gas producing regions are most interesting from the standpoint of growing tubular demand?**

One of the most important areas is offshore oil and gas projects. TMK has already gained huge experience in supplying tubulars for offshore development, and we are committed to expand this process. The most important offshore project in Russia for us is Sakhalin Energy's Sakhalin 2 Project in the Far East. Outside Russia, the Gulf of Mexico is the most interesting. Here we are building relationships with operating companies such as Petroquest, Shell, and ExxonMobil. We are also working to promote our products for UAE projects in the Persian Gulf, and we plan to continue shipping products for projects in Vietnam and Nigeria.

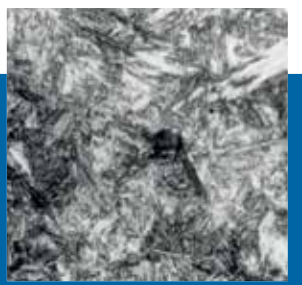
Within Russia, TMK is participating in Gazprom's massive Power of Siberia project. This gas transmission pipeline will be a shared gas transportation system for the Irkutsk and Yakutsk gas production centers and will transport gas via Khabarovsk to Vladivostok. This March we won a tender to supply products worth around 12.6 billion rubles.



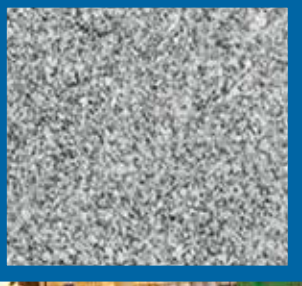
# NEW PRODUCT: SOUR SERVICE



Original austenite grain



Microstructure after quenching



After tempering



As TMK develops new products, plant personnel are working hard to employ advanced materials and master processes of producing high-strength pipe out of sour service steel grades. This is consistent with the best practices of increasing pipe material resistance to impacts of the corrosive hydrogen sulfide environment.

SinTZ has mastered the process of producing casing pipe out of sour service steel of strength classes L80S, C90S, and T95S with TMK UP

FMC and TMK UP CS premium gas-tight threaded connections.

Pipe resistant to hydrogen sulfide is made out of extremely pure feedstock with the lowest possible content of non-metal impurities, harmful non-ferrous metal admixtures, sulfur, phosphorus, and gases.

Other TMK plants have mastered the manufacture of similar products. VTZ pilot-tested new 244.48x8.94mm pipe made of

25KhM1FBA steel of T95 grade. TAGMET launched production of 177.8x11.51 mm pipe and collars for them made of 26KhMA steel of T95 grade.

This pipe is designed for use at Gazprom gas and gas condensate fields in moderate climate regions with hydrogen sulfide in their wellstream. They can be used for casing vertical, directional, and horizontal gas, gas condensate, and oil wells.



# OMZ LAUNCHES New Tool Joint Facility

Orsky Mechanical Engineering Plant (OMZ), the largest plant in TMK Group's oil service division, has launched a robotic stamping facility that produces steel blanks for drill pipe tool joints. This completes a key phase of a project to revamp a facility that delivers products enjoying robust demand in the oil and gas industry.

Orsky Mechanical Engineering Plant (OMZ) is the flagship producer of drill pipe tool joints in Russia and the former Soviet Union states. In 2014, tool joints accounted for more than half of the plant's output and are rightfully considered its calling card.

Oil and gas industry professionals are setting down increasingly demanding requirements for tool joints to keep up with the evolving technologies of ultra-deep, directional, and horizontal well drilling. In light of the new requirements, OMZ is marketing improved-quality drill pipe tool joints that are cold-resistant and offer enhanced plasticity, resilience, and corrosion resistance. The product mix is growing constantly. While the plant mastered production of 29 new tool joint models in all of 2014, in just the first three months of 2015 the lineup has expanded by 20 tool joint varieties.

In 2007, OMZ launched an upgrade program to improve product quality and cost-effectiveness at its tool joint production facility. As part of the first phase, an automated process line was installed in the metal-form-

ing shop to produce stamped steel blanks for tool joints. The facility was launched on March 27, 2015.

The facility produces precision stamped blanks for tool joints with a design capacity of 150,000 blanks a year. Along with the tool joint annealing line launched at OMZ in 2013, the new facility operates as a single process line that also includes an induction furnace, a cutoff machine, and robotic manipulators.

Now that the robotic stamping facility has been put into service, the plant will be able to improve the metal yield by 30%, thereby saving at least 20 million rubles a year on this cost item alone. Energy costs will also decrease because the line uses natural gas instead of electricity for heating up the blanks. With the launch of the new production facility, the metal-forming shop created 30 new high-tech jobs filled by the plant's young professionals. The line is fully automated, with all manual labor eliminated.

According to TMK General Director Alexander Shiryaev, the launch of the robotic stamping facility will enable Orsky Mechanical Engineering Plant to step up production of high-strength double-shoulder tool joints for steel drill pipe used in horizontal and directional drilling of oil and gas wells under all kinds of climatic and geological conditions. In the past, imports were the only source of such drill pipe for Russia.



The tool joint facility upgrade project is part of an ambitious OMZ modernization program that is part of the nation's import replacement strategy, and the OMZ Tool Joint Facility Upgrade Project is one of the priority projects in Orenburg region. The Orenburg Region Ministry of Industry has put it on the list of the Russian import replacement program. According to Orenburg Regional Governor Yuri Berg, the regional authorities will continue creating conditions favoring the development of state-of-the-art industrial facilities: "Supporting the manufacturing industry and implementation of advanced technologies is a priority for the regional government. Our efforts are therefore aimed at facilitating the development of TMK Group's oil service division and Orsky Mechanical Engineering Plant in particular. A modernized OMZ will enjoy a stronger presence in the oil and gas sector while boosting the economic potential of the city and the region as a whole."

Equipment was started-up at the touch of a button

Equipment to produce precision stamped blanks for tool joints

## TYPES OF DRILL PIPE TOOL JOINTS MADE BY OMZ:

- **NC tool joints** – weld-on tool joints compliant with API Spec5DP. wells with hydrogen sulfide in the wellstream, used with drill pipe of strength class X.
- **TMK TDS double-shoulder tool joints** – designed for use in well construction and workovers under complex geological conditions, for drilling wells with a high angle build rate.
- **TMK EXD tool joints** – connection has a modified thread profile compared to the standard design, which simplifies the pipe lineup process and appreciably reduces thread wear during the process of stabbing the pin into the box and assembling the drill string.
- **Tool joints made of sour service steel grades** – connections with tool-joint threads (3-102, NC38, 3-133, NC50) for Gazprom field
- **Hardbanded tool joints** – the Duraband® and Tuffband® hard-banding products are designed to reduce wear of casing pipe and the outside surface of the tool joint.
- **Tool joints for light-alloy drill pipe** – designed for assembling drill strings out of light-alloy drill pipe used for rotary drilling, down-hole motor drilling, and combined methods of drilling oil and gas wells in all climate regions.
- **Process tool joints (threaded)** – designed for use with process drill pipe in well drilling, completion, and workovers and for well interventions.





# THE EVOLUTION OF PERCEPTION

TMK Finalizes Ambitious Rebranding Project: All TMK Plants and Divisions Now Operate Under a Common Brand

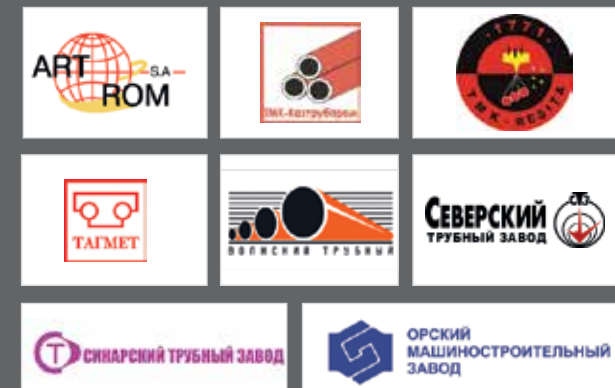
Orange signifies red-hot metal

The logo stays the same in both English and Russian

Black signifies the power and confidence of the Company in the marketplace

## »»» BRAND EVOLUTION

Logos of all manufacturing, service, R&D and sales facilities are now in the same corporate style, which incorporates all the plant names. Old logos were trademarked.



### MANUFACTURING PLANTS



In ancient times, the use of brands was associated with the custom of livestock branding: in effect, imprinting the right of ownership. In today's world, brands have evolved into something more than just a name, symbol, or image. "A brand is whatever the consumer thinks of when he or she sees your company's logo or hears its name," says David F. D'Alessandro, author of the best-selling book *Brand Warfare: 10 Rules for Building the Killer Brand* and former chairman and CEO of John Hancock Financial Services.

By crafting and promoting a brand, a company not only attracts consumers, but also creates a corporate identity, fosters team spirit, and implements standards of work understood by all. "A strong, recognizable brand

is one of the key intangible assets and a powerful tool in competition. Developing a brand means investing in the future," believes Andrey Posokhov, TMK Brand Manager and Director of the Product Advertising and Promotion Front Office.

#### Unified Standards

The first TMK Brand Book was released in 2003. It documented the brand concept and included a corporate style guide along with the rules for using elements of the brand on different types of media.

Yet the Brand Book applied only to the Management Company, while all of the plants stuck to their traditional practices. At odds with the strategic goal of growing a unified company, it was decided to bring all plants, including overseas operations, in

line with a common corporate style standard.

Approved last summer, the new Brand Book's purpose is to get the newly developed visual information standards put into practice by all stakeholders — not only TMK plants and divisions, but also third-party advertising and marketing contractors. Rebranding does not mean erasing everything that had been created in previous years. The old names of plants have been preserved as part of the new corporate style, and all old plant logos have been patented.

#### Practice Makes Perfect

The corporate logos of all manufacturing and service plants, R&D centers, and trade offices now follow the same style. The Brand Book provides instructions for creating corporate "blocks" that include the TMK logo and the name of the specific organization.

Transitioning to the new TMK unified corporate style is being conducted







**ANDREY POSOKHOV,**  
TMK Brand Manager and Director of  
Product Advertising and Promotion

“When we launched the rebranding process, there was a lot of debate as to whether we should keep the old plant logos or not. The fact of the matter is that in Russia many customers traditionally have very close ties with suppliers. While this can be seen happening in some other countries, too, these ties are usually much stronger in Russia. Logos of TMK plants enjoy a very high level of recognition in the market. That’s why there was some concern that this advantage might be lost during the rebranding process.

“But there were also convincing arguments that put those concerns to rest. First, practical experience shows that such fears often arise at the start of a rebranding project, but usually turn out to be exaggerated. Second, and most importantly, the single brand opened up new opportunities for us as soon as we started using it. TMK is a world-famous brand, but the company was not taking full advantage of its international stature. Now our message to consumers is this: It doesn’t matter which plant made a certain product — we guarantee the same high quality everywhere. The new image of the plants has to show that they’re all parts of a whole – they’re all striving to be more advanced and dynamic.

“This is a new emotional aspect not just for customers, but also for employees of the company. After all, people come to work on a daily basis with emotions inspired by the brand. It was very important to us to make sure that the new design was to our team’s liking. And I’m very glad that we got good feedback.”

replacing one image with another. We have to make sure the new identity is understood and accepted. It is important to get this message across to people: the new logo represents what took place a long time ago – the fact that the plants are already part of the TMK group,” says Igor Malyugin, Deputy Chief of Staff of the Managing Director at VTZ. “The company has formed an integral and unified corporate community.”

# TMK is a world-famous brand that can be found on three different continents

in phases. The first changes were introduced at and embraced by TMK IPSCO. Next, the single corporate style was implemented in two business units of the Russian division (TMK-INOX and TMK Premium Service), marking the start of the creation of a global brand. Innovations were widespread and implemented in all visual communication media.

“By the end of last year, we got a lot of work done to replace the ‘old’ logos with the new ones. We updated our letterheads, business cards, and name plates on office doors, put up

the logos in our conference rooms, and bought new protective clothing,” says Svetlana Russkikh, Deputy Head of the Public Relations Department at SinTZ. According to her, virtually the entire scope of work has been completed, with the exception of one major item— the large illuminated plant logo on the façade of the office building needs to be replaced, which will happen soon.

Eventually, TMK expects to take the process of implementing the corporate style at its plants to a new level. “It’s not just about physically

## INTERNATIONAL PRACTICE

According to the Interbrand agency, Apple is the world’s most valuable brand (valued at \$119 billion). A steadily rising value of brands in the high-tech sector is a discernible trend of recent years (besides Apple, the top 10 brands include Google, IBM, Microsoft, and Samsung). Old-timers are doing their best to keep up. General Electric—a multi-sector industrial corporation established in 1878 by inventor Thomas Edison—is holding its own among the 10 leaders.

The most valuable Russian brand is Gazprom. At 1.26 billion rubles, its value seems quite paltry compared to the top-ranked Western leaders. Interbrand experts note, however, that the Russian market situation was originally different from how things were done in the USA, Europe, and Asia. Historically, our industry did not have the concept of brands as such. Yet our way of thinking started to change in the 21st century, and this process is only gaining momentum. This means that growth in the value of Russian brands is still to come.

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# Global Strength

As one of the world's largest producers of welded and seamless pipe and premium connections, TMK is dedicated to serving the oil and gas industry. Our legacy of quality, industry-renowned customer service and focus on innovative products and services allows us to drive unparalleled value for our customers. Dedicated to the advancement of tubular technologies, our team of experts is available to work with you to create customized solutions for the most challenging environments.