

# YourTube

Technology Motion Knowledge

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Promote Products  
and Technologies**

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# 2 (17) 2014

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## »» CHELYABINSK MARKET ASSESSMENT

TMK participated in the 4<sup>TH</sup> Russian Conference on Steel Pipe: Production and Regional Sales in Chelyabinsk, where conference participants discussed various current issues in the development of the tubulars industry, new pipe projects, markets, price forecasts and the sales policies of leading manufacturers on regional markets and the status of customer industries. ■

### »» TMK IPSCO TRANSITIONS SERVICES AND ACCESSORIES CAPABILITIES TO OFS INTERNATIONAL

TMK IPSCO transferred its oil country tubular goods (OCTG) fishing tools, accessories and field services assets to another TMK subsidiary - OFS International LLC (OFSi). OFSi was established to provide tubular and oilfield services and previously announced the acquisition of the pipe services and precision manufacturing assets of ITS Tubular Services (Holdings) Limited, Aberdeen, Scotland.

These transferred businesses will operate as Oilfield Services & Technologies LLC (OFS&T), a new subsidiary of OFSi. OFS&T has been formed to focus on production of fishing tools, accessories and downhole equipment, and to be a platform to expand into additional rig services.

Sixty-three employees from TMK IPSCO's field service organization and its Odessa, Texas and Brookfield, Ohio plants are transferring to OFS&T. ■

### »» TAGMET'S EUROPEAN QUALITY

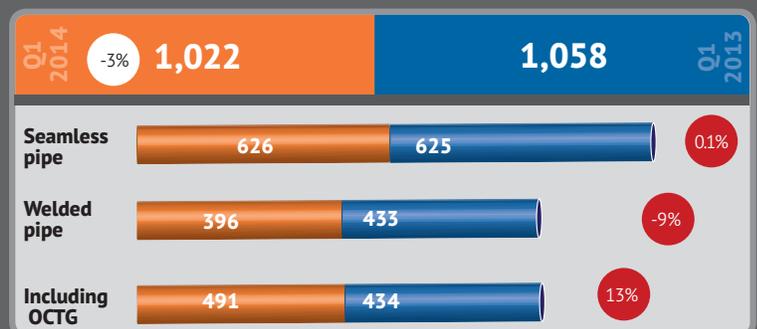
TAGMET has successfully completed a regular semiannual audit by the German company TUV NORD Systems GmbH & Co.KG, confirming that its welded pipes meet the requirements of DIN EN 10255 and DIN EN 10240. The high quality of the galvanized pipe and the effectiveness of the pipe steam cleaning process during galvanizing were noted. ■

### »» FIRST QUARTER FINANCIAL RESULTS

- The decline in shipments is related to a decrease in demand for seamless and welded line pipe and large diameter pipe as a result of the completion of a number of pipeline projects at the end of last year.
- Shipments of OCTG, a key TMK product, rose. Demand for TMK UP premium threaded connections continues. 193,000 connections were delivered, representing 18% more than in the same period last year.
- The decline in shipments and currency market instability had an adverse impact on TMK's financial results. ■

Financial Results, USD million			
	IQ 2014	IQ 2013	Change
EARNINGS	1,466	1,725	-15%
NET PROFIT	-16	85	n/a
ADJUSTED EBITDA	184	273	-32%
PROFITABILITY BASED ON ADJUSTED EBITDA %	13%	16%	

### Tubulars Shipments, tonnes in thousands



# TMK IPSCO

## EXECUTIVES BEGIN INTERNAL SAFETY AUDITS

At TMK IPSCO, safety is a core value for the company. We share a personal and professional commitment to protecting the safety and health of our employees, our contractors, our customers and the people of the communities in which we operate. And we are working to demonstrate this through our new safety audit program.

In May 2014, members of the TMK IPSCO executive leadership team began conducting internal audits of TMK IPSCO facilities.

“These audits should show the company’s commitment to our safety program and help increase safety awareness at our facilities,” said EHS Director Carl Raycroft. “Having executives walk the plants and talk safety to our employees shows the importance that TMK IPSCO places on safety.”

During the January 2014 Leadership Summit, TMK IPSCO leadership announced that they would begin conducting routine safety audits of all TMK IPSCO facilities. Safety audits provide executives with the opportunity to understand, and help remedy, any issues related to safety risks within the plants.

Recently, President and CEO Dave Mitch, along with Chief Manufacturing Officer Dave Diederich and Chief HR Officer Peter Smith, visited the Koppel plant.



Camanche Safety Audit, June 23, 2014.

“It’s good that the executive leadership took time to look for issues that we don’t always see,” said Koppel Assistant Plant Manager John Dluhos. “We get to learn their expectations.”

“The predictive solutions program we use teaches us that the more inspections you do, and the more diverse the group that conducts the inspections, the fewer accidents you have,” said Dluhos.

The planned benefits of the audits include:

- Second set of eyes looking at safety in the plants. Audits are not only about identifying areas for improvement, but to also identify good practices that can be shared throughout the company.
- Elevates importance of safety to beyond just the plants’ responsibility. Safety is everyone’s responsibility, which is highlighted with the executives spending time in plants evaluating plant safety programs.
- It gives the executives the opportunity to evaluate safety at the plants and understand any issues related to safety culture in the plants, and provides the opportunity to talk safety with operators on the floor.

Leadership plans to complete at least four executive level audits this year. ■

## News



### »» TMK AT SKOLKOVO

TMK entered into an agency contract with the Combined Assets and Services Management Directorate of the Center for Development and Commercialization of New Technologies (Skolkovo ODAS) for the establishment of a TMK Science and Technology Center at the Skolkovo Innovation Center.

The signing of this contract signifies practical implementation of plans to build a TMK R&D Center pursuant to an agreement reached in April 2013. The center’s activities will focus on developing efficient oil and gas field production and exploration and hydrocarbon transport technologies, and on developing new solutions to increase the energy efficiency of basic ferrous metallurgy production processes.

The future center will consist of two adjacent buildings unified by a single architectural concept. One will house laboratories and industrial testing equipment, with administrative offices in the other. Construction of the center is scheduled for completion in late 2016. ■

### »» TMK GIPI AT OMAN SHOW

TMK GIPI, the company’s Middle Eastern Division, participated in the 9th International Oil and Gas, Petrochemical and Fuel Industry Conference and Exhibition (OGWA 2014) held at the International Exhibition Center in Oman from March 31 through April 2.

The biennial event attracts a large number of national and international oil and gas and petrochemical companies. The TMK GIPI exhibit was visited by Ali bin Masoud As-Sunaidi, Oman’s minister of trade and industry, Envarbik Fazelyanov, Russia’s ambassador to Oman, and high-ranking officials from international and Omani companies. ■

## » FESTIVAL RECOGNIZED

The Festival of Poetry and Art Songs, “Come to Arkhyz, Ladies and Gentlemen,” organized by TMK and the Sinara Group, won the national competition’s “Best Social Projects in Russia” in the “Corporate Projects” category. ■

## » WELL PROBLEMS TO BE SOLVED



TMK participated in LUKOIL’s 7th International Science and Technology Conference, which was dedicated to promising trends in the development of equipment and technology for well construction and reconstruction. Sergey Rekin, the CEO of TMK

Premium Service, discussed TMK’s line of premium-threaded connectors in his “Premium Connections for Well Completion from Wellhead to Bottomhole on Land and Sea” address. ■



## » PIPES AND TRANSPORT FOR AZERBAIJAN

Dmitry Pumpyanskiy, chairman of the board of directors of TMK and president of the Sinara Group, participated in an official visit of representatives of governmental authorities and major industrial enterprises in the Middle Urals to Baku. A business forum was part of the visit.

Pumpyanskiy attended a working meeting with Ilham Aliyev, President of Azerbaijan, and Yevgeniy Kuyvashev, governor of the Sverdlovsk Region, where prospects for trade, economic, scientific and humanitarian cooperation were discussed. He also informed the President of Azerbaijan of the long-term cooperation with the state oil company SOCAR, a customer for TMK oil and gas tubular goods, and proposed that Sinara Group supply modern rolling stock for the Azerbaijan railroad and the Baku subway. ■

## » PARTNERSHIP ACTIVITY

Agreements signed during the first quarter of 2014:

**Sakhalin Energy:** A memorandum of understanding has been signed with the operator of Sakhalin-2 for tubulars for field development, including casing string with TMK’s premium UP PF threaded connection.

**YAMAL LPG:** The company signed a contract for delivery of an estimated 48,000 tonnes of premium tubulars through 2020.

**Baker Hughes:** TMK signed an agreement to develop joint integrated well completion solutions. The integrated solutions involve turnkey completion of both onshore and offshore wells.

**Gazprom Neft:** TMK has concluded an agreement with Gazprom Neft on the use of a price formula taking into account market prices for raw materials and supplies needed to produce tubulars. This agreement is the first of its kind that Gazprom Neft has concluded with a Russian tubulars company. ■

## »» SUMMER 2014 INTERNSHIP PROGRAM



The TMK IPSCO Summer 2014 Internship Program is well underway. Seventeen interns representing five schools are working in their respective areas of study at TMK IPSCO sites throughout the United States.

Aside from being a fascinating summer job, the internship program has encouraged interns to find opportunities to be of service to their local communities.

On Saturday, June 21st, six interns from the Houston R&D center volunteered at the Houston Food Bank where they scanned in about 5,000 food items and then loaded the food onto pallets. On Saturday, June 28th, interns at Ambridge participated in the Township of Moon 5K Run and 1M Fun Walk.

In Catoosa, our interns did maintenance work at a campground for children. They removed large hazardous rocks from trails and completed ground leveling to allow for proper drainage. The camp teaches children outdoor activities like hiking, fire building, fishing, archery and climbing.

Then on Sunday, June 29th, R&D interns joined a team of TMK IPSCO employees who went to Houston Hobby Airport to greet World War II veterans as they returned from a ceremony in Washington, D.C.

The 2014 TMK IPSCO interns represent the following schools:

- Massachusetts Institute of Technology
- Colorado School of Mines
- Missouri University of Science & Technology
- Texas A&M University
- University of Houston

The internship program officially concludes Thursday, August 7. ■

## »» AMBRIDGE SETS PRODUCTION RECORDS

TMK IPSCO's Ambridge, Pa. seamless pipe plant set a production record in the first quarter of this year, then broke their own record again in the second quarter, producing more than 109,000 prime tons. Along the way a number of other records were set, including:

- Most billets in an eight-hour shift
- Most prime tons in an eight-hour shift
- Most tons in a 30-day month

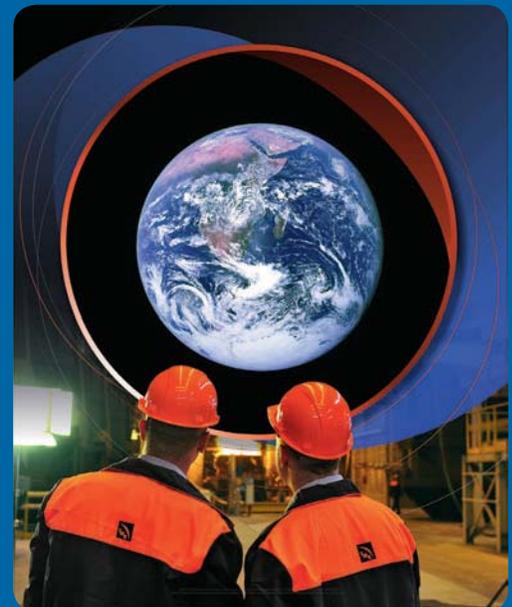
Plant manager Frank Corona commented, "I would like to congratulate all of the folks in the plant who have gotten us to this point. While there is more to do, we want to celebrate the progress we have made. It is clearly a team effort that involves operations, maintenance and support staff, both hourly and salary. We must continue to work together to increase tonnage and quality and decrease costs, while improving safety. New seamless mills are currently under construction that will be direct competitors." ■

## »» ART EXHIBIT COMMEMORATES THE FOUNDING OF TMK

An art exhibition opened in the main offices of the Volzhsky Pipe Plant on April 17, the day TMK celebrates its birthday.

"I wanted to portray people of different nationalities, speaking different languages, and living on different continents, but united within the global company TMK," Artist Olga Krayneva said. "We, who are so different, have a vast amount in common – our work, our striving for success and prosperity and the desire to make our world safer."

"This exhibition of modern art is an example of how open we are to everything that is new and promising. Our innovative approaches, willingness to make changes, the high professional level of our personnel and their devotion to their work make TMK a truly brilliant leader," said Sergey Chetverikov, managing director of Volzhsky Pipe Plant. ■



# STRIPES TO PIPES

## How TMK IPSCO's Recruiting Brings in Great Talent and Supports Our Returning Veterans



**Matt Albrecht**

There is fierce competition for talent in the oil and gas industry, particularly in the technical trades.

At the same time, the country is welcoming home tens of thousands of veterans from Iraq and Afghanistan. Could there be a match? Could returning veterans have some of the direct skills the company needs, and could others bring transferable "soft" skills like leadership, performance under pressure and commitment?

That's what TMK IPSCO recruiter Matt Albrecht thought, and he ought to know. A nine-year US Marine veteran, Matt learned about leadership as a machinegun team leader, squad leader, and section leader by the age of 22. In 2003 he became a recruiter for the Marines in the Houston area. After the Marines, he joined TMK IPSCO, initially focusing on IT recruitment and the move from Chicago to Houston. He soon became a permanent employee, recruiting in a number of areas, and including from returning veterans.

"We had a number of champions of military recruitment, but no coordinated approach," Albrecht said. With the guidance of his manager, Ken McKee, Matt is developing a military recruitment plan for the second half of 2014 and 2015. Of course, the working name for the program is "Stripes to Pipes."

Here are just a few of the company's recent hires from the military:

### **DANIEL RUIZ** 20 year US Army veteran

Hired in 2012 into Field Service (OFSi), promoted to supervisor in 2013, manager in 2014  
Manager: Rusty Blue  
Located at Houston OFSi



### **CLAYTON O'CONNOR** 4 year US Marine and Iraq War Veteran

Hired in 2012 into Tech Sales, promoted in 2014 to District Sales Manager OCTG, Mid Continent  
Manager: Gary Durbin  
Located in Dallas



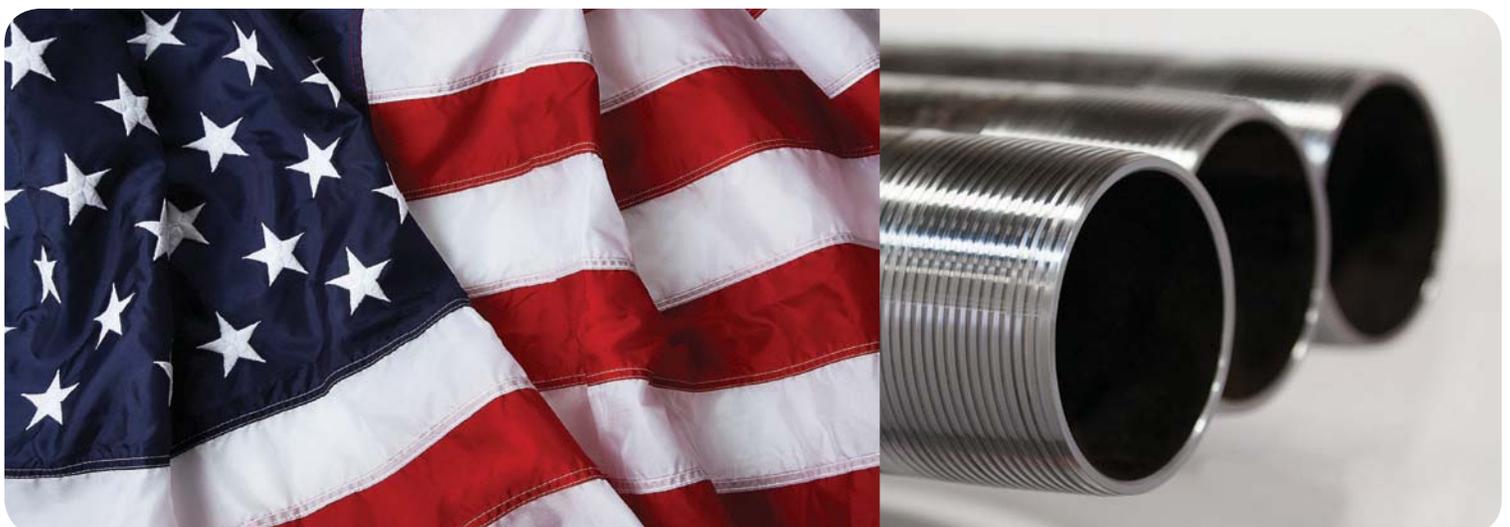
### **MORGAN MCCOY** 8 year US Air Force Veteran

Named Material Management Airman of the Year in 2008  
Hired as supply planner in 2014  
Manager: Melisa Sprouse  
Located in Ambridge



### **JARROD LOTT** 9 year US Air Force Veteran and Flight Instructor

Hired in Inside Sales in 2014  
Manager: Paul Heitkamp  
Located at Houston R&D



Sergey Chikalov, vice president of technical sales, discusses new strategies to promote products and technologies.



# DEVELOPING GLOBAL CUSTOMER PARTNERSHIPS

We're confident that there is no project that we cannot handle.

**YourTube: Sergey, what is changing in approaches to the client and in creating cooperation?**

Mr. Chikalov: Our main clients are oil and gas companies who are constantly confronted with new challenges. Each manager has his own conception of how to technically and technologically solve a given problem. As a rule, the tender documentation already contains predefined technical requirements and specifications, from which bidders propose particular solutions. TMK has all the needed competencies to develop its own highly complex products from material selection and service to well completion solutions. We can offer our colleagues a straightforward solution during the design phase by participating in direct selection of a particular product to suit their specific objectives. We also participate in the tender process, following the specific rules in place for the specific market involved.

**YT: Does TMK have experience in this work?**

Chikalov: Yes, this has been a successful practice to help our partners solve their problems. We're now discussing a more extensive cooperation platform that's not just technical, but a partnership, with direct involvement in developing our customers' technical policy through selecting the best solutions for them. We are now offering this model to our key clients. We've already reached mutual understanding with some and believe that cooperation programs will be signed in the near future.

**YT: How will the new forms of partnership be implemented? What is the mechanism for interaction?**

Chikalov: Last year, when we began implementing this process, we established a technical sales department. It's basic function is to introduce new and upgrade existing products to maximize customer satisfaction in our most profitable segments. We began with the idea that technical sales should have an active influence on the market, creating a demand for

our capabilities and products. It quickly became clear that a second aspect was also important – we must adapt ourselves to market needs.

In addition to identifying technical sales as a new direction, we have implemented a new project management-based system for working with key clients. Our foundation was built on our key account management process. In the past, we set up several project teams in different areas for a specific client. It's now clear that we can't create such teams for every TMK client, product and project. We're now focused on how to best refine the new methodology and expand its applicability.

**YT: Clearly, the new approach has affected many company business processes.**

Chikalov: We are doing more than just establishing a new department. We have converted the concept of "client orientation" into a system.

In the long term, there will be a multi-project office with dedicated teams in various areas. All tasks handled by project teams are at the interface of various departments, so they include technical sales personnel, marketing specialists and others, depending on the specific goals. Specialists may be from our American, European and Middle Eastern divisions along with the Russian division. We will bring together different specialists from across the company's organizational structure to achieve specific client satisfaction objectives. The new approach is one that is consistent with the level and ambitions of a global company.

**YT: What products and technologies will the company promote? What will be emphasized?**

Chikalov: TMK's specialty is oil and gas products, and we have strong positions here. Our company is one of the recognized manufacturers of premium products. With

the participation of all company divisions, we will promote the existing line of TMK UP premium threaded connectors and develop new ones.

TMK's advantage is its ability to offer a comprehensive solution: a vast tubulars product line and additional equipment, plus supporting services. This makes it possible to assemble a string from a single supplier and receive service and quality warranties from that supplier. This greatly simplifies procurement, guarantees higher reliability of assembly and lowers the overall cost of oil production. This integrated approach creates a huge advantage for us and for operators in the international non-gas market.

**YT: Considering that many international companies play by their own rules, and some have their own suppliers, what can domestic companies expect from TMK?**



Chikalov: We want to operate on a level playing field with all international partners. Our goal is to approach them all in the same spirit of collaboration.

We will work to confirm that our technologies and products meet the requirements of each major. We have completed qualification with 120 international companies and are actively undergoing qualification audits with many others.

TMK is joining the ranks of leading suppliers of premium product. Doing so takes great effort. A newcomer has to have glowing, reputable recommendations and other proofs that it meets high standards. We're confident that there is no project that we cannot handle. ■



# RUSSIAN ACADEMY PROJECTS NEXT 25 YEARS OF ENERGY PRODUCTION AND USE

The new issue of *Global and Russian Energy Outlook to 2040*, was presented during an April forum in Moscow. This summarizes the Academy's projections.

**G**lobal energy consumption will increase 46% by 2040. This prediction is based on anticipated population growth and higher global economic performance. The UN estimates that the world population will increase by more than 25% over the next quarter-century, topping nine billion people. India, with 1.5 billion people, will become the most populous nation, but the most rapid rates of population growth are expected in Africa, the Middle East, and developing Asian countries.

The global economy is expected to undergo substantial structural shifts. China will become the world's leading economy as early as 2017 and will account for one quarter of global GDP by 2040, while India's share will reach 11% by 2040. The United States and the other members of the Organisation for Economic Co operation and

Development will account for far less of the global economy.

## THE POWER OF OIL

The trend toward diversification of the fuel basket will continue. The total market share of oil and gas in global energy consumption will stay virtually the same (53.2% in 2010, and 49.8% by 2040). However, for the first time in history oil will lose its dominance, its market share falling from 32% to 26%, while the market for gas will expand from 21% to 24%. In absolute terms the demand for oil will increase by almost 25% to reach 5.160 billion tonnes.

The principal growth in demand for liquid fuels will come from the developing countries. The key player, China, will be on par with the United States in terms of oil consumption. Demand for liquid fuels will dramatically increase in India, African countries, Latin America, the Middle East

and the Commonwealth of Independent States.

The opposite will hold true in the developed countries, where oil demand has already peaked and will continue to decline.

Traditional oil recovery will peak in the period from 2015 through 2020, and by 2040 production will decline to 3.1 billion tonnes against the current 3.4 billion. This will be due to gradual depletion of the major existing fields. These losses, however, will be offset by gas condensate production and by oil from nontraditional sources.

Nontraditional oil production by 2040 will amount to 950 million tonnes, almost half of which will come from oil shales and, to a lesser degree, synthetic oil produced from kerogen. The United States will remain the top producer by far. By 2040, approximately 75% of all oil produced in North America will come from nontraditional sources.

Increased production by tapping nontraditional oil sources could also be achieved in Russia by using innovative techniques, such as the launch of shale oil production from the Bazhenov shale, where reserves are estimated at 500 million tonnes.

The Middle East will remain the key producing region, with a 45% increase in production by 2040. South American production will increase more than 40%, largely due to development of offshore fields in Brazil. A significant role in the region's increased oil production will occur in Venezuela, through its development of the Orinoco River belt. Reduced oil production in the Russian Federation will be offset by increased production in Kazakhstan. Production in Africa after 2035 will decline as the Nigerian, Angolan and Egyptian fields become depleted. Libya will be able to maintain stable production growth.

Reduced production is expected in all European countries except Norway, where new offshore reserves were recently identified in parts of the North Sea. Likewise, the Asian region will be unable to maintain production at former levels.

### THE ERA OF GAS

By 2040, global gas demand will grow by more than 60% to reach 5340 billion cubic meters. The main growth will come in developing countries, where demand will rise 90%. China will attain a six-fold increase in demand and become the major driver of the global gas market. By 2040, it will account for 14% of world demand, second only to the United States.

Developed countries will also show an increase in gas consumption, but at a far more restrained pace. Only in North America, which has local resources at acceptable prices, will there be a significant increase in gas consumption. Europe will see an absolute decrease in the volume of gas consumption.

While additional oil demand will be met by production from nontraditional sources, increased gas demand will be met chiefly by the development of new traditional-type gas fields. Production of nontraditional gas, however, will also expand by 2040 to account for almost 20% of global gas production.

The United States, currently the world's largest gas producer, will be unable to maintain this position to the end of the forecast period; by 2035, the number one position will revert to Russia.

The growth in gas production in North America pales alongside the production growth in the Middle East, where Iran will play the most important part with an expected increase of 85% by 2040. Gas production will also increase in Qatar and Saudi Arabia.

Gas production will more than double in Africa and Australia, and Australia is forecast to become one of the major suppliers to world markets. There is huge production potential in South and Central America, especially in Brazil and Argentina.

The *Outlooks* are actively used in national and corporate strategic documents and in scientific and applied research. ■



Regarding the positions of the key players, no major changes in the current status quo on the oil market are expected by 2040. Saudi Arabia, Russia, and the United States will continue to play the main roles on the supply side. The United States and China will continue to play the main roles on the demand side.





# SHELL SAFETY DAY

## TMK IPSCO and Shell Share the Same View on Safety – Zero Is Achievable

Safety is and will remain the number one priority for TMK IPSCO, and Shell's Safety Day was the prime opportunity for us to communicate our commitment to creating a culture of safety throughout our organization.

On Wednesday, June 4, 2014, Shell hosted its eighth annual Safety Day with the theme "Achieving Goal Zero – No Harm, No Leaks." Each year Shell hosts Safety Day to capture the belief that they can operate without fatalities or incidents in spite of difficult working conditions. Through our "Zero is Achievable" program, TMK IPSCO consistently expresses our unwavering belief that we can operate our facilities without incident or injury.

Through Safety Day, Shell's aim is to keep its employees and contractors safe by focusing on compliance and tackling cultural issues that can lead to unsafe behavior. The company continues to roll out initiatives to strengthen its safety culture, like the "12 Life-saving Rules," which reinforce what employees must know and do to prevent serious injury. These include precautions like not using mobile phones while driving or walking under a suspended load. If they break the rules, employees face disciplinary action up to termination of employment.

TMK IPSCO participated in "Goal Zero," with many of our facilities hosting pre-shift meetings and toolbox talks to discuss ideas and best practices and agree on commitments to work together in building a safer workplace. Many plant leaders reviewed Shell's safety presentation with their teams. In pictures and in words, here are a few highlights from the field:

- Brookfield held pre-shift meetings centered on making zero a reality. During the meetings, supervisors acknowledged Shell and their dedication to safety, reviewed the current Brookfield recordable rate, and discussed the importance of reporting unsafe acts and conditions and correcting them immediately. They also discussed proactive approaches to safety, reiterating that safety is everyone's responsibility.
- Blytheville recognized Safety Day during all of its meetings, including each shop's down day safety meeting (a weekly meeting), the operations/shipping/maintenance pre-shift safety meeting (daily/every shift), and the shipping department's mid-shift safety meeting (daily/every shift). The team leaders and supervisors shared how Shell has the same critically important goal as TMK IPSCO – keeping our people safe day-in and day-out every shift. Then they shared Shell's "12 Life Saving Rules" with the group.
- At the Ambridge plant, supervisors reviewed the Shell handout during their scheduled bi-weekly safety meetings and at the offsite meetings that were held June 3rd and 4th. Employees were required to attend one of the four sessions, which also focused on heat stress and ergonomics.
- The Camanche facility utilized one of Shell's videos found online to engage employees in the Goal Zero concept. The video was viewed along with a short presentation as the group discussed the safety culture that we share with Shell. About 90 employees attended. Afterward, Camanche reviewed Scott Barnes' presentation on market conditions and TMK's business participation with Shell.



- Baytown conducted a review of the Shell flyer during their weekly safety meetings, and supervisors shared the safety awareness message with employees.
- Catoosa took time during its daily pre-shift safety and production meeting to re-emphasize the goal of zero injuries. Sharing the “Goal Zero” Shell initiative, supervisors and managers met with their crews and encouraged employees to commit to using safe work practices both at work and at home.
- The Odessa plant began its regular safety meeting with the Shell Awareness Day presentation. EH&S Specialist Anthony Duckworth discussed Shell’s expectations of its employees and how TMK works hand-in-hand with our customers to provide a safe and healthy environment for our workers.
- Edmonton reviewed Shell’s Safety Day letter and re-emphasized the plant’s commitment to zero accidents.

As a key Shell supplier, it was logical for us to use their global Safety Day to reinforce our focus on safety. ■





# TMK SHINES AT OTC AND GPS

For the fifth consecutive year, TMK participated in the largest event on the global oil and gas industry calendar – Houston’s annual Offshore Technology Conference (OTC).

Recording its highest attendance ever, 108,300 energy professionals from around the globe gathered to learn about new technologies that are safely pushing the boundaries of oil and gas exploration and development. Although “offshore” is part of the name, OTC has become a Mecca for all oil and gas companies across

the industry. Executives, engineers, scientists and salespeople swarmed Houston’s NRG Park to view the massive equipment on display, hear presentations on the latest technical and market developments, and make new business connections.

The Global Petroleum Show (GPS) in Calgary, Alberta, a biennial event with 2000 indoor and outdoor exhibitions, hosted 60,000 industry professionals a month after OTC.

TMK’s presence at both shows

included a 20 x 20-foot booth, featuring the full range of TMK’s products and services, as well as informative videos and customer literature.

A highlight at both events was TMK’s annual “Thank You” party for its customers, distributors and vendors. At OTC, over 400 people packed fashionable Tony’s restaurant in downtown Houston, while more than 70 guests enjoyed the company’s hospitality at Rush Restaurant in downtown Calgary.



🔥 Piotr Galitzine: "One of TMK IPSCO's core values is a deep customer focus. It's not just a slogan for us – it is something we live by every day."

Toasting the company's customers, Piotr Galitzine, Chairman of TMK's American Division, said, "One of TMK IPSCO's core values is a deep customer focus. It's not just a slogan for us – it is something we live by every day. We view alliances and partnerships as key to our global competitiveness, and this event is one of the more enjoyable ways we serve customers each year. You – our customers, distributors and industry friends – are central to everything we do."



**We view alliances and partnerships as key to our global competitiveness, and this event is one of the more enjoyable ways we serve customers each year.**

# LICENSING INTELLECTUAL PROPERTY



TMK was the first company in Russia to develop premium oil field tubular threaded connections, and has been actively growing this business for more than 10 years. The evolution of TMK's premium technologies led to the development of a line of premium connections under the TMK UP brand. As the use of premium connections expands, accessory threading and the repair of products with premium connections are becoming more sought after.

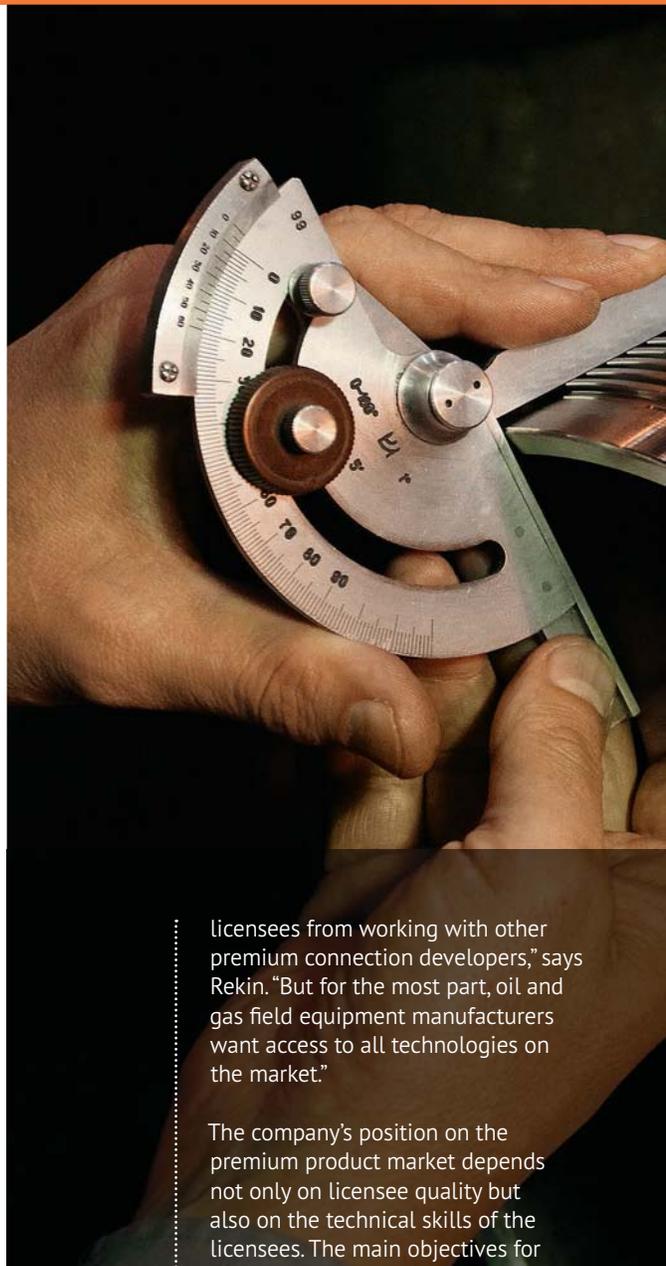
Following best international practices, TMK uses its own capabilities as well as those of third parties under license. Licensing is managed by TMK Premium Service, a specialized company that develops TMK's premium threaded connections and owns the rights to them.

TMK Premium Service has now contracted with 55 licensees around the world. These licensees include

major oil and gas field equipment-producing companies in the United States, Canada, Russia, the Middle East, Africa, and Southeast and Central Asia.

According to Sergey Rekin, CEO of TMK Premium Service, the licensing network will be further expanded on the African continent, in the Middle East, and in the Southeast and Central Asia regions (Indonesia, Malaysia, Vietnam, Thailand, and India). "TMK Premium Service is seeking partners to support specific orders for premium tubulars and TMK's strategic interests regionally. In many regions, including the Middle East and Southeast Asia, pipe can be delivered if the supplier has a service center there, and an authorized licensee can fill that role.

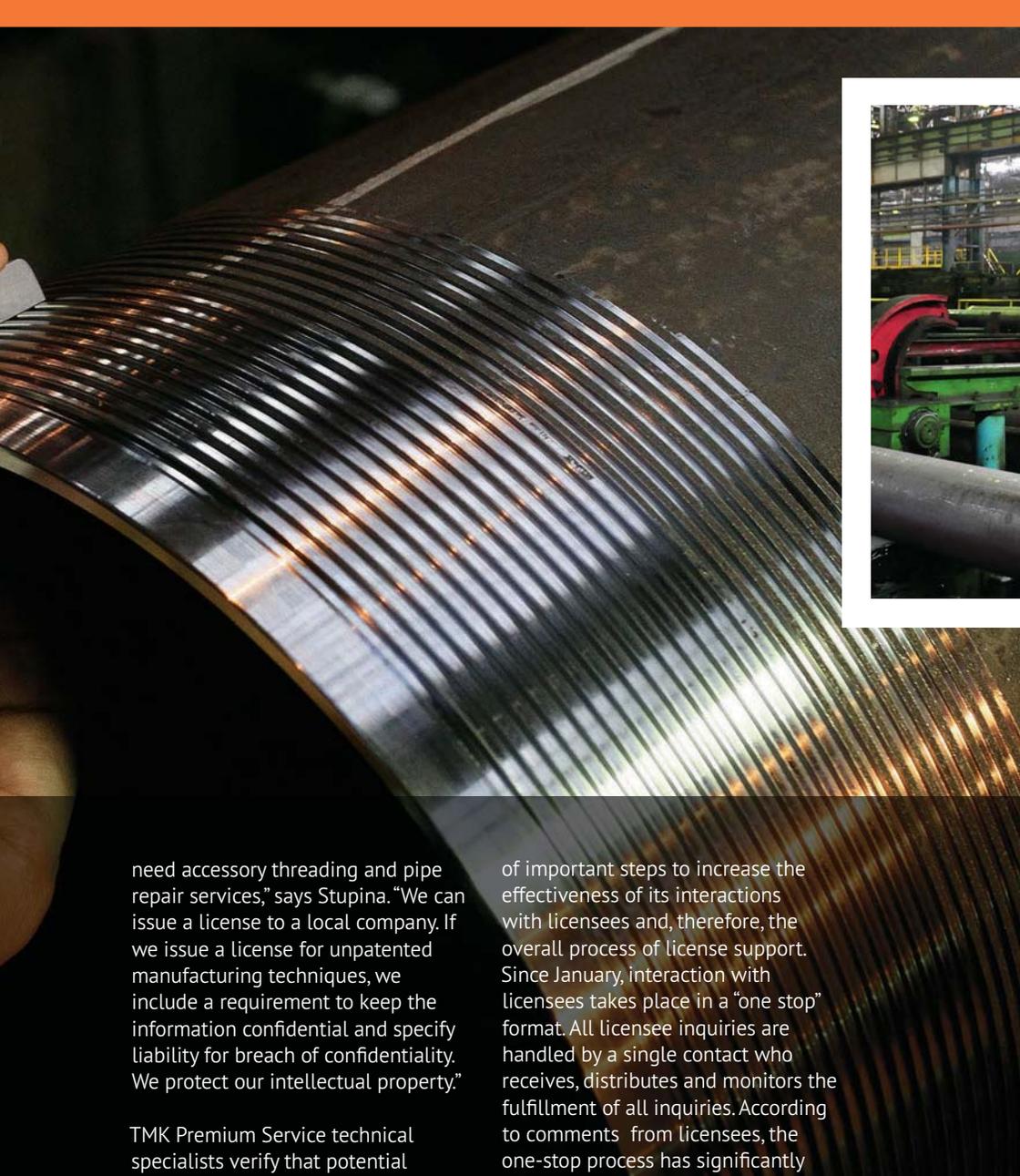
"Competition in the premium segment of the market is very high. Competitors will occasionally write terms into licensing agreements that bar their



licensees from working with other premium connection developers," says Rekin. "But for the most part, oil and gas field equipment manufacturers want access to all technologies on the market."

The company's position on the premium product market depends not only on licensee quality but also on the technical skills of the licensees. The main objectives for TMK Premium Service specialists are protecting the company's interests and ensuring that the premium products meet quality requirements from the start.

In addition to specifying a facility's technical infrastructure, licensing terms are customized depending on the company's interests, explains Svetlana Stupina, a patent specialist at TMK Premium Service. A license is issued for a specific connection from the TMK UP line, and the licensing agreement specifies the terms for using the connection. License terms are intended to protect the company's interests in a particular region. "If we supply our own pipe with premium connections to a region, we probably won't give a pipe threading license to another company operating in the same region. However, we may



need accessory threading and pipe repair services,” says Stupina. “We can issue a license to a local company. If we issue a license for unpatented manufacturing techniques, we include a requirement to keep the information confidential and specify liability for breach of confidentiality. We protect our intellectual property.”

TMK Premium Service technical specialists verify that potential licensees meet all terms and conditions by conducting a preliminary remote audit and later by a site visit. Annual follow-up audits are performed while the facility is operating as a licensee. “The fact that we issue a license means that the company is working to TMK standards and using our technologies, and the licensee’s specialists have the required competence and have mastered all the nuances of producing premium threaded connections,” says Rekin. “This also implies our responsibility to the customer for the quality of our partners’ product. We therefore continuously monitor that conditions for the production of TMK’s premium connections meet our requirements.”

This year the management of TMK Premium Service took a number

of important steps to increase the effectiveness of its interactions with licensees and, therefore, the overall process of license support. Since January, interaction with licensees takes place in a “one stop” format. All licensee inquiries are handled by a single contact who receives, distributes and monitors the fulfillment of all inquiries. According to comments from licensees, the one-stop process has significantly reduced their administrative tasks and sped up licensing agreement support.

To maintain a dialogue with licensees, TMK Premium Service is implementing annual licensee meetings. The first meeting took place in Taganrog in April of this year, and specialists from more than 42 facilities in Russia, Kazakhstan, Lithuania, the United States, Canada and Singapore participated. Topics discussed included the technical features of TMK’s premium threaded connections, requirements for blanks, equipment, production processes, inspection and measuring tools and product support documentation and technical audits.

It was no accident that Taganrog was selected as the site for the meeting

with licensees. The development of new threaded connections has long been one of the priorities for TAGMET engineers and technicians. And it was there that the TMK Premium Service division was established.

The first TMK license center will be opened in Taganrog, followed by Houston. Later, license centers will be established in Southeast Asia and the Middle East. The establishment of an international team to promote TMK’s premium technologies will promote more efficient interaction with licensees. “Any improvement in conditions for partners is a plus for us too. We’ll develop the collaboration even further based on mutual interests,” says Rekin. ■



# BROUGHT TOGETHER By HISTORY



TMK-ARTROM is the general sponsor of a cultural project commemorating the 100th anniversary of the last Russian emperor's visit to Romania.

An exhibition titled "The Visit of Nicholas II to Romania" opened at the National Museum of Romanian History in Bucharest this summer. The Russian imperial family's only official visit to Romania took place in June 1914, two months before the start of World War I. Nicholas II and King Carol I met as the two countries were attempting to resolve serious differences. At a time of dynamic geopolitical changes, the Russian and Romanian governments developed the idea of a strategic partnership.

In attendance at the opening was a TMK contingent led by Chairman of the Board Dmitry Pumpyanskiy, who talked about the extensive and painstaking work the organizers had done to collect the archival materials, which are now in the public domain. "Events like this, dedicated to developing and reinforcing cultural relations between our countries, are very important,



especially during difficult historical periods," he said. "TMK is an international company that works effectively in various regions in the world, and everywhere we try as much as we can to support meaningful initiatives in the field of culture and art."

Adrian Popescu, CEO of TMK's European Division, reminded attendees that the Russian emperor's trip to Romania was his last visit outside Russia before World War I started. It was "an important moment marking the meeting of two monarchs, each of whom has his own place in history and in the hearts of the people he ruled."

Oleg Malginov, Russian Ambassador Extraordinary and Plenipotentiary to Romania, commented that the event brings Russian-Romanian cultural exchanges to a new level, as it calls to mind valuable lessons from history.

Exhibition items included dozens of photos with captions in Russian, Romanian, and English. Half of the collection was donated to the Romanian museum, with copies being sent to all of the district libraries in the country.



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# Commitment

At TMK we recognize that the integrity of our welded and seamless pipe, premium connections and accessories has a direct impact on the safety of our communities and our environment. That's why each of our tubular products is manufactured at an ISO 9001:2000-compliant facility and is personally inspected during every production step by a dedicated member of our quality inspection team. Our commitment to exemplary quality control extends to a pipe traceability system and a group of experienced engineers ready to assist our customers.