

# YourTube

Technology Motion Knowledge

05-2013  
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4 **TMK IPSCO's  
Houston relocation  
complete**

10 **TMK Italia  
weathering the  
Eurozone financial  
crisis**

14 **TMK experiences  
biggest OTC yet**



6

**TMK's first  
Middle East  
manufacturing  
asset**

David Mandolesi,  
Plant Manager at  
TMK IPSCO's facility  
in Edmonton, Alberta,  
Canada

## **New Edmonton Operation Improves Service to TMK's Canadian Customers**





## PRESIDENT'S MESSAGE

### Colleagues and Partners:

This summer will mark the fifth anniversary of TMK's acquisition of IPSCO's tubular operations in the U.S. Since then, the company's American Division has made great strides, with TMK IPSCO expanding its manufacturing operations and developing new products to take advantage of the unconventional energy revolution taking place throughout North America.

This issue of YourTube shows just how far TMK's American Division has come since the summer of 2008. Along with completing TMK IPSCO's corporate relocation to Houston, we have just opened a new premium threading and accessories facility in Edmonton, Alberta. This new plant will allow us to better serve our growing Canadian customer base, which will be vital for the company's success in the years ahead.

This spring we also opened our newly consolidated ULTRA threading facility in Odessa, Texas, which will be hugely beneficial to our business in the Permian Basin and the wider region. Finally, TMK recently acquired a pipe services company in Houston, with facilities capable of producing more than 700,000 joints of threaded pipe and more than 250,000 couplings. The new name is OFSI. This acquisition marks another step in TMK's expansion in the U.S. and reinforces our company's focus on developing service and producing high value-added tools for the oil and gas industry.

Elsewhere around the world, the TMK Group continues to grow as well. Last December, we finalized the acquisition of a 55 percent stake in Gulf International Pipe Industry (GIPI) in Oman. This represents TMK's first manufacturing asset in the Middle East. In Russia, TMK-Premium Service, the company's oilfield services division, is well on its way to offering 100 percent on-site support of pipe string runs at oil and gas fields where TMK products are used. This coincides with the completion of several major projects to upgrade steelmaking and pipe-rolling operations at our Russian plants, as well as the great inroads we have been making into development of new products like superchrome steel.

In early May, TMK took part in the Offshore Technology Conference (OTC) in Houston, and as usual, this year's event offered a great opportunity to connect with colleagues and partners from across the industry. Our customers have ambitious plans to fulfill this year, and with TMK's growing range of premium products and services, we are confident that they will be able to meet the challenges that face them.

**Alexander Shiryayev**  
President & CEO, TMK

## TABLE OF CONTENTS



### 2 News

#### 4 TMK IPSCO relocates to Houston

TMK IPSCO has completed the relocation of its corporate headquarters to Houston, Texas, to better and more effectively serve its key customers in this hub of the global oil and gas industry

### New Assets

#### 6 New pipe-manufacturing facility in the Middle East

TMK acquires majority stake in Oman's Gulf International Pipe Industry (GIPI)

### Markets

#### 10 TMK Italia: weathering the Eurozone financial crisis

TMK Italian sales team weathers the Eurozone crisis

#### 11 TMK in Singapore – satisfying top standards in Southeast Asia

TMK was one of the first major Russian companies to take timely notice of the booming market in Southeast Asia

### Production

#### 12 New Edmonton operations improve service to TMK's Canadian customers

A new premium pipe threading and services facility opened near Edmonton to serve North American oil and gas operators

### Tradeshows

#### 14 TMK experiences biggest year yet at OTC

OTC is huge success with new booth

### Partnerships

#### 16 100 Percent Onsite Support

TMK-Premium Service moves to 100% onsite support of pipe string runs at facilities where TMK products are used.

**YourTube**  
Technology Motion Knowledge

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» NEW SERVICE ASSETS IN U.S.

The U.S.-based service company OFS International LLC, controlled by TMK, has acquired a 100 percent stake in the pipe-services and precision-manufacturing assets of ITS Tubular Services (Holdings) Limited (Aberdeen, Scotland) and a group of affiliated shareholders.

The facility, located northeast of Houston, is capable of producing more than 700,000 joints of threaded pipe and

more than 250,000 couplings annually. In addition, the facility offers pipe-inspection services and manufactures downhole tools and accessories for a wide range of oil and gas applications.

As part of the agreement, OFS International LLC acquired the brand "Independent Inspection Services" and will continue to provide inspection services under this name.

"This acquisition marks another step in TMK's expansion in the United States and

reinforces the company's focus on developing services and producing high-quality, value-added tools for the oil and gas industry," said Alexander Shiryaev, TMK chief executive officer.

Konstantin Semerikov, president of OFS International LLC, added: "These newly acquired assets will allow us to further integrate our operations, as well as meet the pipe-service requirements of our customers throughout the Americas."

» TMK TO DEVELOP NEW RESEARCH AND EXPERIMENTAL-DESIGN CENTER

TMK has signed an agreement with the Skolkovo Foundation to establish a research and experimental-design center in the foundation's Innovation Center.

The center will develop high-performance technology for exploration, production and transportation of hydrocarbons—as well as work to enhance energy efficiency in the production of ferrous metals. The center will reach target operating levels in 2015.

Under the agreement, TMK also will review project feasibility of other Skolkovo participants in this field, participate in the foundation's conferences, and share information about the center's operation. For its part, the foundation gives TMK the right to use the Skolkovo infrastructure and services.

"TMK focuses on research and innovation," said Dmitry Pumpyskiy, chairman of TMK's board of directors. "RosNITI, the Tubular Industry Research Institute in Chelyabinsk, has been part of the company since 2007. Last year, TMK opened a research center in Houston.

"We have a record of successful cooperation with industry-specific institutes, as well as those affiliated with various oil and gas companies. The establishment of a research and experimental design center at Skolkovo is yet another important step in developing TMK's research activities. Cooperation with the Skolkovo Innovation Center will bring us greater opportunities to develop and introduce new technologies and products demanded by companies in Russia's oil and gas sector."

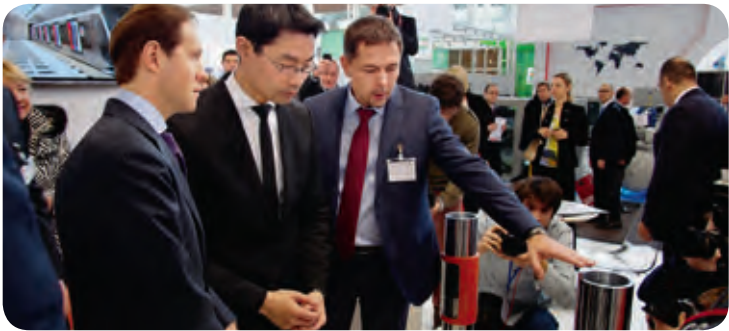


» TMK PARTICIPATES IN HANNOVER MESSE EXHIBITION

TMK participated in the Hannover Messe international industrial exhibition April 8-12 in Hannover, Germany. The event is one of the world's major arenas for demonstrating scientific and technological achievements, as well as innovations in key industrial sectors.

This year, Russia became a general partner in the exhibition, presenting a far-reaching national showcase that included a TMK booth. The exhibition featured numerous forums and conferences, including a Russia-Germany business summit attended by Dmitry Pumpyskiy, chairman of TMK's board of directors.

TMK's corporate booth showcased several new products, including its newest developments in premium threaded connections.



✦ Russian Minister of Industry and Trade Denis Manturov and German Vice Chancellor and Federal Minister of Economics and Technology Philipp Rösler (from left to right) visiting TMK's booth

» POSITIVE FINANCIAL RESULTS IN 2012

TMK achieved positive results in 2012, shipping 4,218,000 tonnes of pipe. This nearly matches the 2011 company record.

Deliveries of oil country tubular goods (OCTG), a key product for TMK, increased by 9.5 percent. The portion of OCTG out of total deliveries also grew, from 36.9 percent in 2011 to 40.6 percent in 2012. TMK shipped 613,000 premium connections developed in the company's Russian and American divisions — 29.9 percent more than in 2011. Among these, deliveries of Russian-manufactured TMK premium threads increased by 42.1 percent.

TMK's Russian Division outperformed the overall market, which experienced a 9.8 percent reduction in demand for industrial-grade seamless pipe and large-diameter pipe. Shipments of Russian-made products fell by only 2.1 percent, to 2,975,000 tonnes. As a result, TMK maintained its market leadership, garnering a 24.7 percent share of deliveries to the Russian market.

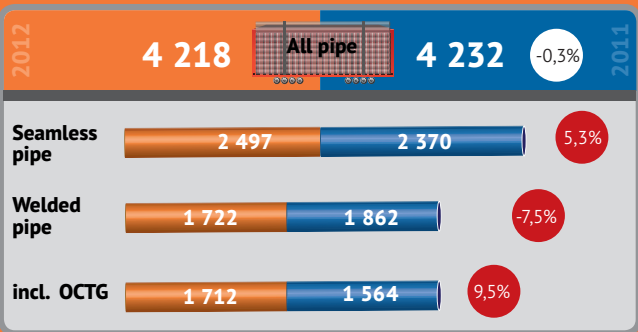
The United States saw reduced demand for OCTG as it reduced its rig count, especially in the fourth quarter. Nevertheless, in 2012 as a whole, TMK's American Division increased its shipments of pipe products by 4.8 percent — to 1,091,000 tonnes. Demand on the European pipe market remained low throughout the year, with considerably stiffer competition. TMK's European Division shipped 152,000 tonnes of pipe — 0.5 percent less than in 2011. However, in the fourth quarter, deliveries jumped 19.5 percent higher than in the third quarter — to 39,000 tonnes.

Reduced demand and prices for pipe in several market segments, as well as unfavorable macroeconomics, took their toll on TMK's 2012 financials, producing a predominantly negative trend.

Financial results for 2012 (USD million)			
	2012	2011	Change , %
EARNINGS	6,688	6,754	-1
NET PROFIT	282	385	-27
ADJUSTED EBITDA INDEX	1,040	1,050	-1
PROFITABILITY (BASED ON ADJUSTED EBITDA)	16%	16%	

TMK expects demand for OCTG and line pipe in Russia to remain high in the first half of 2013, as oil and gas companies engage in exploration and production. The company expects improvement in the large-diameter pipe segment as well. The long-term outlook for the U.S. market also is positive, with improvement expected in the second half of 2013. In the European Division, no improvement is expected until at least the second quarter of 2013. TMK's performance indicators for 2013 match 2012 levels, with some growth potential.

SHIPPING VOLUMES OF TUBE PRODUCTS (THOUSAND TONNES)



» PIOTR GALITZINE SPEAKS AT AMM STEEL AND PIPE CONFERENCE

Piotr Galitzine, chairman of TMK IPSCO, was the keynote speaker at American Metal Market's 6th Annual Steel Tube and Pipe Conference in Houston. He addressed the reasons behind the soft market for steel pipe in the second half of 2012, as well as the forecast for 2013.

"We think some customers spent their 2012 budget early and, therefore, demand dropped from both rigs and distributors," said Galitzine. "We anticipate slight improvement in pricing during the second half of 2013 as the overall economy improves and the rig count increases."

Galitzine also noted that the technological advances in today's rigs will contribute to robust demand for pipe.

"Today's drilling rigs are worth two and a half times those in your grandfather's day," he said. "We think the appetite for tonnage is there."

» NEW POWER REGULATOR SAVES ENERGY

Seversky Tube Works has added a Simelt Micro state-of-the-art power regulator to its ladle furnace for secondary metallurgy.

The power regulator will help optimize the energy consumption and productivity of the ladle furnace. It also guarantees absolute precision in positioning electrodes, reducing their consumption rate.

Seversky's Automated Process Control Department and Siemens installed the regulator without stopping the production line.

"The ladle furnace at Seversky Tube Works was commissioned 10 years ago," said Seversky managing director Mikhail Zuyev. "This modernization will help stabilize the furnace operation, which is an important link in finishing the steel before it is poured into the continuous casting machine."

# TMK IPSCO RELOCATES TO HOUSTON

A mere eight months have passed since TMK IPSCO announced plans to relocate its corporate headquarters from Downers Grove, Ill., to Houston. The move is a key component in the company's long-term strategy to drive growth in oil and gas markets.

The new TMK IPSCO office is in the R&D Center, along with the Houston sales office. The benefits of housing the corporate, sales and R&D functions together are already evident, both in operational efficiency and greater customer proximity.

"Houston is the hub of the global oil and gas industry," said Piotr Galitzine, chairman of TMK IPSCO. "Our position here already is helping us build stronger relationships with key customers. We are well on our way to becoming a better, more efficient and more service-oriented company."

A sizable portion of the Downers Grove corporate staff, at all levels, made the move, which has meant no loss of valuable corporate knowledge, as well as uninterrupted service and delivery to customers during the transition.

"The relocation to Houston is a major event for TMK IPSCO and our customers," said Galitzine. "We are excited to be recruiting top industry talent here, and we look forward to deepening our commitment to the energy industry."



# NEW PIPE-MANUFACTURING FACILITY IN THE MIDDLE EAST

In December, TMK acquired a 55 percent stake in Gulf International Pipe Industry (GIPI) in the Sultanate of Oman. This is TMK's first manufacturing asset in the Middle East.



Oman, in the southeastern part of the Arabian Peninsula, owes the bulk of its wealth to oil production. It has few other resources: It is almost entirely desert, sometimes completely devoid of any vegetation. Oman contains no rivers, and agriculture is practiced only in irrigated areas.

To compensate for declining oil prices, the government of Oman has adopted a course of economic diversification to reduce the percentage of GDP it receives from oil revenue. Its efforts have focused on tourism, metallurgy and gas production, as well as privatization of some of its government corporations.

Oman has invested more than USD 5 billion in the metallurgical industry. Its investments so far have included an aluminum smelter and a pipe plant, Gulf International Pipe Industry LLC (GIPI).

This enterprise became TMK's first manufacturing asset in the Middle East



## A JOINT VENTURE

Plant construction began in 2007 near Sohar, on the northern coast of the Gulf of Oman. The venture was financed by investment funds from Arab countries, as well as a subsidiary of Korean steel manufacturer, Posco. TMK acquired a controlling interest in GIPI in December 2012 and began its integration into TMK's global production and sales network. The acquisition increased the value of the company to all shareholders, including Oman Investment Corp., Gulf Investment Corp. and Posco P&S. It is TMK's first manufacturing asset in the Middle East.

## IMPRESSIVE CAPABILITIES

Brought on line in 2009, GIPI became the first plant in Oman to produce high pressure steel line pipe and casing, and one of only a few enterprises in the Middle East that can produce steel pipe in diameters as large as 24 inches using high-frequency resistance welding. Its capabilities include:

- Pipe manufactured in diameters from 8 inches to 24 inches (203.2 millimeters to 609.6 millimeters) and in wall thicknesses from 0.16 inches to 1 inch (4 millimeters to 25.4 millimeters)



**Vladimir Shmatovich,**  
TMK SENIOR VICE PRESIDENT FOR STRATEGY  
AND BUSINESS DEVELOPMENT, CHAIRMAN OF  
THE GIPI BOARD OF DIRECTORS

"Acquisition of the pipe plant in Oman ties into our strategy for developing TMK as a global supplier of pipe for the oil and gas industry. It allows TMK to strengthen its position in the Middle East by adding manufacturing facilities to its sales efforts already under way in this region."



**GIPI AWARDED FOR SOUTH OMAN GAS PIPELINE**

Gulf International Pipe Industry LLC (GIPI) in Oman, acquired by TMK late last year, received an award from PDO (Petroleum Development of Oman LLC), one of the country's largest oil and gas operators, after successfully completing construction of the 158-kilometer South Oman Gas Line.

GIPI general director Vladimir Shcherbatykh accepted the award from Suleiman Al Maany, PDO pipeline infrastructure and oil terminal manager, in the presence of PDO officials and the senior management of Oman Investment Corp.

"We offer GIPI our congratulations on the successful construction of the South Oman Gas Line," said Mr. Suleiman. "I would like to thank the company's personnel for their dedication and hard work in making this project a reality, and we wish GIPI continued success in future projects."

Vladimir Shcherbatykh replied: "We look forward to continued partnership with PDO, as well as the support of other local oil and gas producers in the interest of developing Oman's economy."

- Threading for pipe diameters from 5 1/2 inches to 13 3/8 inches (134.7 millimeters to 339.7 millimeters)
- Application of external and/or internal, three-layer anticorrosion coatings to pipe diameters as large as 48 inches (122 centimeters)
- Pipe cutting of lengths from 16.5 feet to 60 feet (5 meters to 18.3 meters)

The plant's manufacturing facilities use state-of-the-art, fifth-generation technologies, producing pipe that exceeds the strictest international standards, as well as the supplemental requirements of various oil and gas companies.

Its laboratory is equipped with the latest-generation ultrasonic, nondestructive inspection unit, as well as a hydraulic testing unit, which permits product testing to meet the requirements of API, ASTM, Shell, NACE and others.

**DELIVERING THROUGHOUT THE MIDDLE EAST—AND BEYOND**

Historically, GIPI has delivered its products to Oman, the United Arab Emirates, Egypt and Saudi Arabia. Its primary customers are oil and gas companies doing business in the countries of the Persian Gulf, including Petroleum Development Oman (PDO), Oman Oil Company Exploration and Production (OOCEP), Petrobel-Egypt, GASCO, Saudi Aramco, Occidental Oman and Daleel Petroleum. GIPI has also delivered pipe to Nigeria, Bahrain and the United States.

**GIPI PIPE REACHING U.S. MARKET**

First shipments of GIPI pipe arrived in the United States in late May, bolstering TMK's product lineup in the states. TMK's American Division, TMK IPSCO, makes electric-resistant welded (ERW) pipe as large as 16 inches in diameter, with walls as thick as 1/2 inch. GIPI, on the other hand, manufactures pipe as large as

24 inches in diameter, with walls as thick as 1 inch (25.4 millimeters).

"Many of our customers require larger diameters, which is where GIPI really enhances our portfolio of products," said Chuck King, director of TMK IPSCO's Industrial Division. "It fills a hole, and it's a really nice complement to our U.S. facilities."

The demand for larger-diameter pipe

is increasing nationwide as U.S. oil and gas producers increase their flow rates.

"We consider the United States one of our main markets," said Kirill Marchenko, TMK's deputy chief executive officer for export sales. "We are looking forward to our U.S. clients' reaction to the high quality of our pipe."

**APPOINTMENTS AT GIPI**

**Vladimir Shcherbatykh** – CEO (previously – international business advisor at Trade House TMK, project director at TMK Middle East)  
**Denis Golitzin** – Economics Director (vice head of budgeting for TMK's American and European divisions)  
**Ho Suk Ko** – Dy. CEO-COO (product control director at GIPI)

**Dmitry Maximov** – Dy. CEO-Commercial Director (head of general- and special-purpose pipe export department at Trade House TMK)  
**Svetlana Lysenko** – Chief Accountant-Financial Controller (senior financial information expert at TMK)  
**Khalid Al Balushi** – Director for HR & Administration

**Said Al Hamshi** – HSE and Security Manager  
**Dmitry Degai** – Dy. COO-Heat and Power Shop Manager (tube hot rolling foreman, tube rolling shop No.1 at the Seversky Tube Works)  
**Sergei Perevalov** – Head of Sales (team leader of the sales department at Trade House TMK (Polevsky branch))

# TMK ITALIA: WEATHERING THE EUROZONE FINANCIAL CRISIS

Despite daunting challenges, TMK's European Division has continued making sales, thanks to an intelligent strategy and exceptional coordination among its three regional teams. One team, TMK Italia, has continued its steady growth for more than 10 years and today boasts some of the company's strongest performance.



The European pipe market is primarily focused on automobiles, construction, mechanical engineering and energy—segments that suffered heavily in the 2009 financial crisis.

“European markets change rapidly, but the economic crisis was a game changer,” said TMK Italia managing director Luca Zorzi. “Now, no one wants to have large inventories because of the huge downside risk that they might quickly lose value. So our customers buy only what they need right now and avoid any overstock.”

Europe's metallurgical sector has always faced oversupply, but the demand in the four market segments

has remained exceptionally low since 2009. Customers are intent on keeping their inventories low—and are working to keep prices low as well. Demand for general-purpose pipe has declined, but demand is increasing for products with higher added value. TMK Italia has taken on this challenge in both its day-to-day work and in its long-term planning.

“If we want to continue to meet our customers' expectations, we must follow the trends of the market and focus on high-quality products and services,” said Zorzi.

**INTERCOMPANY COOPERATION**  
TMK's European Division is organized into three geographic zones: the

Balkans and southeastern Europe, served from TMK-ARTROM in Romania; central and northern Europe, served by TMK Europe in Germany; and southwestern and western Europe, served by TMK Italia. The zoned network enables TMK to adjust to changing regional economics. When sales in one of the three zones shrink, the company can often compensate with sales in one of the others.

A substantial share of TMK's European orders has come from TMK Italia, which operates from the small town of Lecco, near Milan. The company sells products manufactured by TMK's Romanian and Russian plants to a large pool of customers—from major wholesalers to small end-users.

TMK Italia sales representatives bring commercial and technical expertise to their customers, comprehensively assessing customer inquiries and suggesting optimum solutions.

“One of TMK Italia's key assets is its professional team,” said Zorzi of his colleagues. “Our specialists love what they do. They are highly motivated and consciously apply themselves to growing TMK's business.”

“At the heart of TMK Italia's interaction with its customers is flexibility, which has proven to satisfy even the most exacting customers. Judging by our results, the strategy has proven itself,” said Zorzi.



## LECCO

TMK Italia's office is in central Lecco's historic pedestrian zone. The company was founded in Genoa in 2000 as Eurosina. It sold pipe products from the Sinarsky Pipe Plant throughout Italy. In 2006, TMK Global acquired Eurosina, moved the offices to Lecco and renamed the company TMK Italia.

## TMK IN SINGAPORE – MEETING TOP STANDARDS

In 2012, for the seventh consecutive year, the World Bank ranked Singapore as the No. 1 country for doing business. This came as no surprise to TMK, which opened its Singapore office in 2008.

Southeast Asia is a sweet spot for the pipe business, with a 2012 sales volume that exceeded 11 million tonnes. Analysts predict this demand to continue—or even increase by as much as 5 percent this year.

“Singapore is the largest business hub in the region. All the biggest players—both customers and competitors—are here,” said Yevgeniy Lunin, director of the TMK Trade House office in Singapore. “Globally, it's also one of the top three ports in terms of marine traffic.”

However, the competitive environment is complex. Chinese pipe manufacturers dominate the market, which has no antidumping protections.

### TECHNOLOGY AND QUALITY

Facing this competition, TMK is banking on its technology and quality. In the oil and gas sector, both national and multinational companies demand enhanced performance from their pipe, as well as the highest product quality. Petroleum-sector products account for more than one-third of total pipe demand in Southeast Asia, and premium-connection pipe accounts for as much as 40 percent of that demand. Furthermore, the requirement is growing for special properties, such as corrosion-resistant chromium steel and steel with high collapse strength.

“Our main competitive advantages are a wide product mix—including our proprietary line of premium connections, as well as cer-

tification to all key international standards, plus exceptional product quality,” said Lunin. TMK also sells beyond the traditional energy sector—providing casing for geothermal projects in Indonesia, for example.

### EXPANDING REGIONALLY

Since opening here in 2008, TMK has expanded its pipe distribution to:

- Vietnam—Petrovietnam Gas, Lam Son JOC
- Malaysia—Nippon Oil, Petrofac
- Singapore—Van Leeuwen Pipe & Tube, SSH Corp.
- Indonesia—Pertamina Geothermal
- South Korea—Studor Korea

TMK services are also growing in Southeast Asia. Last year, TMK established licensing agreements with companies in Vietnam, Indonesia and Malaysia, granting them the right to thread TMK premium connections on pipes and downhole accessories. TMK will soon expand its regional network of licensed repair and fabrication sites for downhole accessories as well.

Long term, TMK intends to increase its foothold in Southeast Asia and penetrate new markets, including those that are largely untapped or remote, such as Myanmar, Papua New Guinea, Cambodia, Timor, Australia and New Zealand.

“We are working to leverage our advantages in Southeast Asia,” said Lunin. “We continue to seek supplier certification with major oil and gas companies and engineering firms. We are enhancing our cooperative partnerships with both Russian operators and joint ventures such as VietSovPetro, Vietgazprom, Lukoil and Nobel Oil.”

# New EDMONTON OPERATIONS IMPROVE SERVICE TO **TMK's CANADIAN CUSTOMERS**

When TMK IPSCO was created nearly five years ago, it was obvious that Canada would play a major role in the company's North American strategy. Just as the development of shale gas was taking off south of the border in the United States, unconventional oil and gas deposits in western Canada promised to bring a similar wealth of energy resources.

**T**MK IPSCO's first step into the Canadian market was to open a Calgary sales office in August 2010. This important decision set the stage for impressive growth in the company's Canadian customer base. Most sales to date have been for oil country tubular goods delivered to customers drilling in the Western Canadian Sedimentary Basin.

"TMK IPSCO has long supported the development of both conventional and unconventional energy resources in the United States. With TMK's extensive global experience operating in harsh geological environments and weather conditions, it only made sense for us to commit to the Canadian market," said Scott Barnes, senior vice president and chief commercial officer.

In March 2012, the company announced plans to open a new premium pipe threading and services facility in Sherwood Park near Edmonton, Alberta, which will thread ULTRA™ premium connections on pipe and accessories, as well as provide field services to regional oil and gas operators.



Today, the facility is complete, and the first products have been delivered. To date, the plant has successfully threaded ULTRA-DQX, QX, FJ and SF connections. In addition to ULTRA connections, the Edmonton facility is capable of threading TMK premium connections. Pipe from 4½ inches to 13-3/8 inches in diameter will be threaded there.

"Opening this plant is a major step forward in developing stronger relationships with our Canadian customers," said Barnes. "This new facility provides complete flexibility in how we meet our customers' needs."



John Kearsey, director of sales – Canada, echoed this sentiment, emphasizing the logistics improvements.

"Previously, Canadian orders for ULTRA connections had to be threaded in the United States and trucked to customers' yards in Edmonton. This new facility allows us to respond quickly to a variety of orders," Kearsey said. "We can supply accessory requests, including threading all third-party accessories and API crossovers. We can respond to changes in string designs in a matter of days. Work that previously took place in Texas can now be handled in Sherwood Park."

In addition to threading TMK IPSCO's existing line of ULTRA connections and TMK premium connections, the new Edmonton facility will be equipped to thread future products.

"This ability to meet future needs will be hugely important to our Canadian customers," said Kearsey.

Along with the production of premium products, TMK IPSCO's Edmonton plant will figure in the development of TMK's Canadian oilfield-services business. As Canadian oil and gas companies transition to producing hydrocarbons from unconventional sources (e.g., deposits in the Horn River, Montney and Duvernay shales), demand for pipe with premium connections, as well as for professional services, will increase.



## WITH EACH MONTH COME NEW CUSTOMERS

**David Mandolesi,** a native of Sault Ste. Marie, Ontario, is a graduate of Queen's University in Kingston, Ontario, where he earned a Bachelor of Science degree in metallurgical engineering. He has held various positions in the steel industry, including quality control, process-control engineering, engineering, operations, purchasing, production planning and inventory management.

Mandolesi has been plant manager at TMK IPSCO's facility in Edmonton, Alberta, since early 2012. He recently spoke with YourTube about the start-up of the plant earlier this year.

### Has the process of equipping the Edmonton facility gone as you anticipated? What have been your biggest challenges?

The installation went pretty much as expected. Larry Wright from our Brookfield facility did a great job of keeping the project on track. The biggest challenges, given the robust Alberta economy and the influence of the labor market in Fort McMurray, have been finding qualified tradespeople and maintaining cost control throughout construction.

### What products does the Edmonton facility make?

The plant is initially producing accessories for the western Canada marketplace, and we plan to expand the product line to include full-length pipe. We can thread both seamless and ERW pipe from 4½ inches to 13-3/8 inches in diameter.

**How is pipe shipped to and from the plant?**  
Pipe arrives mostly by rail, as this site was

selected primarily for that ability. We also can accept shipments by truck.

### How will employees be trained?

The first group of employees spent several weeks training with their counterparts at the Houston plant, and a second group trained at the Brookfield plant. Employees also spent time at the Odessa plant.

I would like to thank David Clarke, Ernie Sexton, Doug Dunford and their crews for putting so much time and effort into helping us understand this business and prepare for production.

### How is the Canadian business developing so far?

We are becoming better known in the western Canadian oil patch and are beginning to fulfill the vision of our senior managers. Each month brings new orders.

# TMK EXPERIENCES BIGGEST YEAR YET AT OTC



**W**hat better place to connect with vast numbers of customers and potential customers than the annual Offshore Technology Conference (OTC) in Houston?

TMK did it in spades, enjoying an amazing 92 percent increase in visitors to its interactive booth, which featured a pipe passing through a hydrocarbon formation and tapered vertical drill strings to simulate a cluster of wells drilled from a single drilling pad. The

eye-catching display also included a 3-D animated video showcasing the melting/casting and seamless-piercing production processes. An interactive display of four product lines—industrial products, line pipe, OCTG and premium connections—attracted positive attention as well.

Overall attendance at the May 6-9 show reached a 30-year high of 104,800, the second highest in show history and up 17 percent from last year. More than 2,700 companies from 40 countries showcased their wares across 652,185 square feet of exhibit space.

“We had a terrific conference with deep and broad technical coverage, supported by excellent panels and executive keynote presentations,” said Steve Balint, chairman of OTC. “Technology is at the heart of the offshore industry, and it was all here on display at OTC 2013.”

High-level attendees included several U.S. governors, energy ministers from around the world, national oil company senior executives, and Norway’s Crown Prince Haakon and Crown Princess Mette-Marit, who

arrived to celebrate the 40th anniversary of Norway’s participation in OTC.

“TMK’s presence at OTC is important because it reinforces our company’s brand visibility,” said Michelle Loomis, marketing coordinator at TMK IPSCO and the primary organizer of TMK’s booth. “Trade shows like these are one of the best ways to achieve such visibility.”

TMK entertained visitors from around the world at the show, wrapping up with its annual party at the elegant Tony’s Houston restaurant May 8. More than 360 customers and other guests attended the event, named “The Grandeur of Monte Carlo,” and featuring a casino, four-piece string quartet and several ice sculptures incorporating custom-designed TMK poker chips.

## » OTC PARTY

Dmitry Pumpyanskiy, chairman of TMK’s board of directors, addresses guests.

Dmitry Pumpyanskiy, Vicki Avril and Piotr Galitzine pose at TMK’s customer party at Tony’s Houston.



# 100 PERCENT ON-SITE SUPPORT

TMK's premium connections business is growing by leaps and bounds. The company's latest innovation, 100 percent on-site support, will enhance TMK's value to its customers—and undoubtedly expand its business.

**T**he desk of Vladimir Churkin, division chief at TMK-Premium Service, is covered with hard hats sporting the TMK logo. He is recruiting heavily to fill those hats—selecting supervisors who will oversee pipe strings made with TMK premium products.

Churkin is reminded every day of the need for this 100 percent on-site service. In fact, he has assembled an entire dossier of the errors he's trying to eliminate. Churkin is eager to show people his collection of "don't" photographs.

## PREVENTING ERRORS

"We used to oversee only the first downhole run of our premium strings," said Churkin. "Now we oversee every run, and that requires more people." Churkin expects to complete the transition to 100 percent on-site support before the end of this year. The new service is already included in TMK's large contract with Yamal LNG.

The value to TMK's oil and gas customers is sizable: "We are training their crews to work with our premium products, which require different handling than traditional pipe. This

guarantees the quality of the pipe string and the long-term operation of the well," said Churkin.

## SPECIALLY TRAINED SUPERVISORS

TMK-Premium Service is recruiting people with experience in the oil and gas industry to undergo special training to supervise the use of premium products.

Since last fall, TMK-Premium Service managers have been teaching higher-education students at three institutions for oil and gas specialists in the Russian cities of Moscow, Tyumen and Ufa. They will soon add Samara to the list. These courses will instruct TMK-Premium Service supervisors as well. "We are getting ready to work offshore, and for that each supervisor needs international certification in offshore safety procedures," said Churkin. Once certified, the supervisors will be registered in an international database maintained by the Offshore Petroleum Industry Training Organization, also known as The Oil & Gas Academy. International certification ensures access to all offshore oil and gas production facilities.



⚡ The third TMK PF threaded casing string was run through the onshore and offshore sections of the well at the Yurkharov oil and gas condensate field (Yamal-Nenets Region, Russia) developed by NOVATEK. Total depth was 5,845 meters. This is so far the deepest well making use of TMK premium products

## BUILDING ON EXPERIENCE

TMK-Premium Service specialists have accumulated valuable experience in supervising pipe runs for their customers. They have worked in the Siberian taiga, in Yamal, on the sands of the Arabian Peninsula and on the shelf of the South China Sea. Churkin himself recently returned from the Kyrtael field, where he assisted in running a pipe string for Lukoil Komi.

Some TMK-Premium Service specialists already have worked on offshore platforms, supervising runs in the White Tiger offshore fields in Vietnam and in the Caspian Sea. In addition, the company expects to supervise runs on the continental shelf of the Gulf of Mexico, where TMK has delivered pipe for two 6-kilometer wells.

In the first half of this year alone, TMK-Premium Service specialists will supervise more than 50 pipe runs at locations around the world. ■

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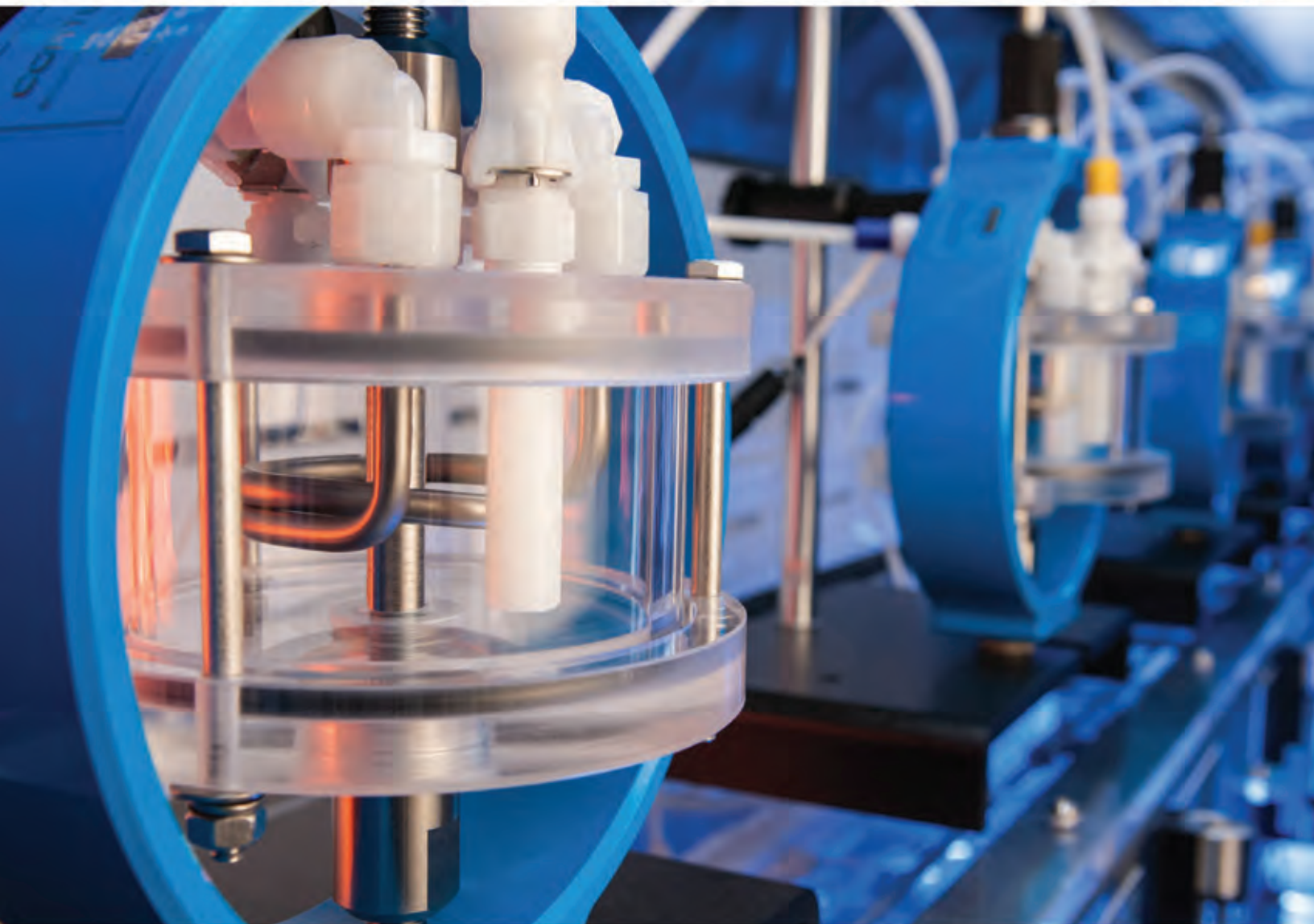


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# Collaboration in Energy

Furthering our commitment to deliver even more innovative tubular solutions for the oil & gas industry, TMK IPSCO offers customers a state-of-the-art Research & Development Center in Houston. This center combines some of the industry's leading engineers, scientists and technologists with the most advanced engineering simulations and physical testing equipment available including a comprehensive corrosion laboratory for both HIC and SSC testing and two in-house connection testing load frames. To begin your next collaboration in customized solutions for your ever-changing energy applications, contact TMK IPSCO a leader in welded and seamless pipe, premium connections and accessories.