

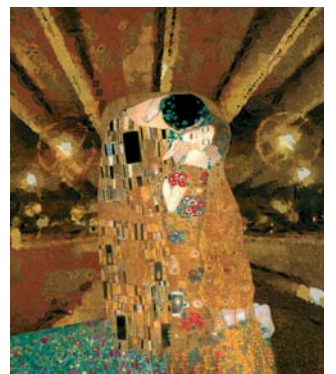
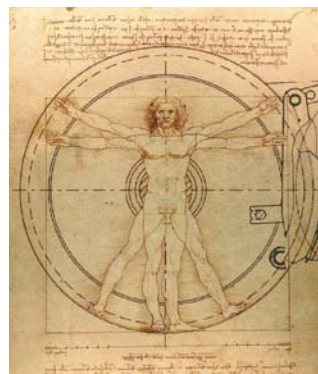
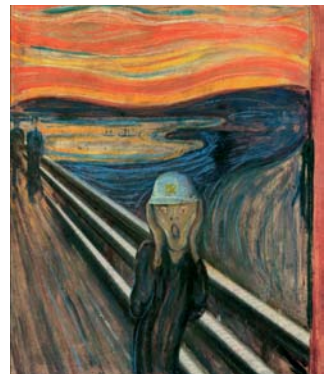
# iPipe

INTERPIPE Customer Bulletin  
No 4, 2013

## FOCUS ON PREQUALIFICATION

**Ed Warren:**  
We are focusing on quality

**Interpipe's**  
new products



**ON THE COVER:**  
Interpipe's metallurgical masterpieces based on famous paintings





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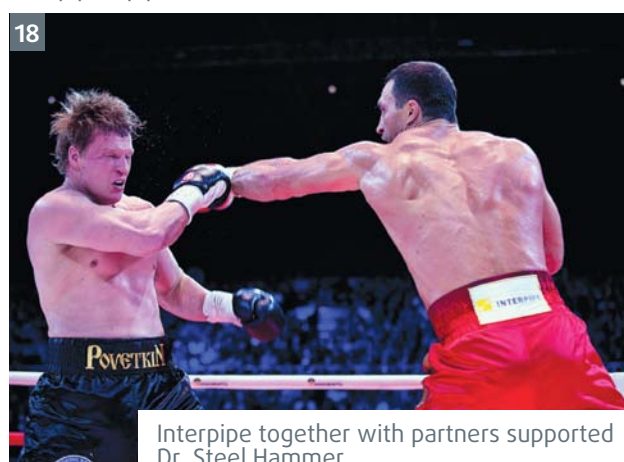
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Interpipe has produced the pipes in line with Shell's special requirements



American customers assessed the quality of Interpipe's pipes



Interpipe together with partners supported Dr. Steel Hammer

## SHELL AND INTERPIPE: DELELOPS PARTNERSHIP

IN 2012 SHELL AND INTERPIPE SIGNED A MEMORANDUM OF UNDERSTANDING OUTLINING THE PRINCIPAL AREAS OF COLLABORATION FOR THE TWO COMPANIES. FOLLOWING MILLS' INSPECTION IN 2013, INTERPIPE WAS LISTED AS ONE OF SHELL'S APPROVED SUPPLIERS. IPIPE PRESENTS THE FIRST RESULTS OF COMPANIES' COOPERATION:



### FIRST PIPES FOR SHELL-USA

SHELL EXPLORATION AND PRODUCTION COMPANY (SHELL-USA) AND INTERPIPE NORTH AMERICA HAVE SIGNED AN AGREEMENT FOR THE PRODUCTION AND DELIVERY OF PIPE PRODUCTS ACCORDING TO API 5CT STANDARD.

The first set of tubes with diameters of 2 3/8" (N80 Q steel grade) and externally-upset ends have already been supplied to Shell-USA. Throughout the production process for these pipes Interpipe NIKO TUBE fulfilled both the requirements of API 5CT standard and all additional requirements by Shell for pipe marking and inspection.

The pipes are currently inspected by a third party – NOV Tuboscope (Houston, Texas). The preliminary results of this inspection are expected imminently.

Based on the final results of the inspection, technical experts at Shell-USA and Interpipe NIKO TUBE will generate further recommendations for product enhancement.

The pipe products will be used for natural gas production by Shell in North America, namely Eagle Ford, Appalachian Mountains, Permian basin, and Arrowhead.



The Interpipe team is ensuring that this products not only achieves the pipe products' quality required by Shell, but also exceeds these standards. The start of Interpipe supplies to Shell-USA is a positive trend, one which I think will grow into further collaboration with Shell-USA and other SHELL divisions around the world.

**Daniel Valk**, Interpipe North America President

### NEW STANDARDS FOR SHELL

Interpipe NIKO TUBE has mastered the pipe marking process in accordance with Shell's special requirements. Thus, based on the company's request, the orange color rust-preventing grease has been applied to all open threads.

Owing to the better quality of the coating application and the special marking, the control procedure during the string assembly in the well becomes simpler.



### SHELL IN UKRAINE: POSITIVE START

On September 16, 2013 Shell and "Ukrgezdo bychya" completed the drilling of the first exploratory well Belyayevskaya-400 (Kharkiv region, Ukraine) and confirmed the presence of gas reserves. The drilling of another 14 exploratory wells is planned as part of the initial stage of the project at the Yuzovka gas deposit. The expected reserves of the Yuzovka deposit amount to 4.054 trillion cubic meters of gas.

**Graham Tiley**, Shell Vice-President, explained that Shell were satisfied with the data obtained as a result of the well boring: "I cannot specify the results yet – it is still too early to do that. But from the point of view of the data obtained this well is successful".





## INTERPIPE GOT APPROVAL FROM ENI

INTERPIPE PRODUCTION FACILITIES PASSED THE QUALIFICATION AUDIT OF THE ITALIAN OIL AND GAS COMPANY ENI S.p.A (ENTE NAZIONALE IDROCARBURI S.p.A.).

In the process of this audit ENI S.p.A. representatives visited the company's pipe mills– Interpipe NTRP, Interpipe Niko Tube, and Interpipe NMPP. ENI's experts assessed the technical capabilities of the production equipment and checked the mill's quality control system. ENI S.p.A. concluded that INTERPIPE's tubular products complied with international standards and ENI's in-house requirements.

Based on the results of this audit INTERPIPE has now been listed as one of ENI S.p.A.'s approved suppliers. Specifically, ENI S.p.A. qualified oil and gas tubular products: API 5 CT threaded casings and seamless and welded line pipes. Obtainment of this prequalification will enable INTERPIPE to supply tubular products to all ENI S.p.A production facilities.



### PARTNERSHIP LAUNCH

As the approved supplier of ENI, INTERPIPE has already won a tender to supply approximately 800 tons of casing according to API 5CT standard to ENI S.p.A Ukrainian asset – "ZAPADGAZINVEST" Company.

ENI S.p.A. IS ONE OF THE LARGEST INTERNATIONAL ENERGY COMPANIES, CARRYING OUT ITS ACTIVITIES IN 79 COUNTRIES OF THE WORLD. ENI S.p.A. EXTRACTS OIL AND GAS, OWNS A CHAIN OF REFUELING STATIONS (UNDER THE "AGIP" BRAND) AND ENIPOWER ENERGY COMPANY, AND HAS A NUMBER OF OIL REFINING FACILITIES.

Successful attestations by large players in the oil and gas sector, including ENI S.p.A, Shell, and South Oil Company, confirms that INTERPIPE tubular goods not only comply with standard requirements, but are also in demand in this industry. These collaborations will help INTERPIPE to strengthen its position in the global market.



**Denis Morozov**, INTERPIPE Economy and Finance Manager

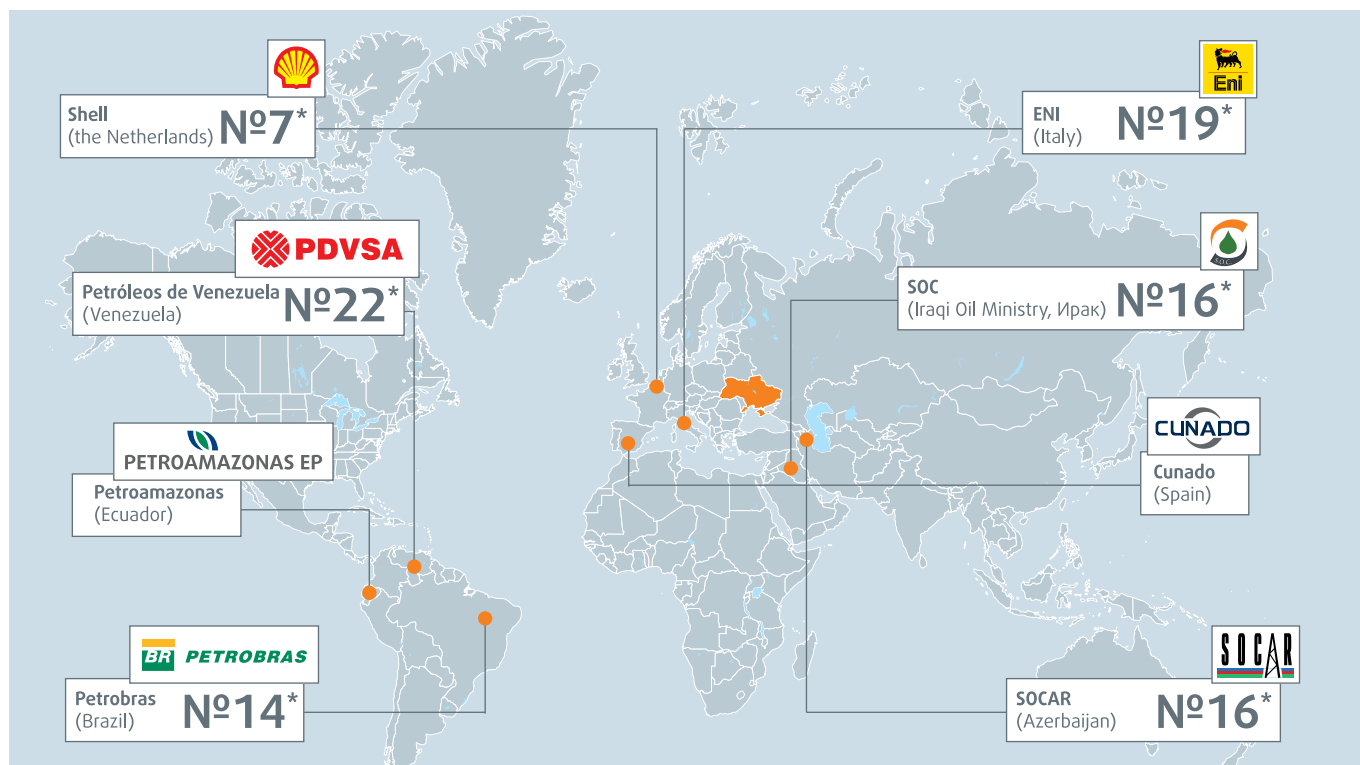


### ENI IN UKRAINE: SHALE GAS AND BLACK SEA OFFSHORE OPERATIONS

In 2012 ENI S. p. A. bought the control package of "ZAPADGAZINVEST" which is the licensed operator for 9 shale gas fields with a total area of 3.8 thousand square meters in Western Ukraine. According to the media, ENI has already started exploration of an area in the Volinsky district where the renaissance of shale gas will begin in the summer of 2014.

# PREQUALIFICATIONS 2013

IN 2013 INTERPIPE PASSED PREQUALIFICATION AUDITS AND BECAME AN APPROVED SUPPLIER FOR LEADING OIL PRODUCING COMPANIES IN THE WORLD.


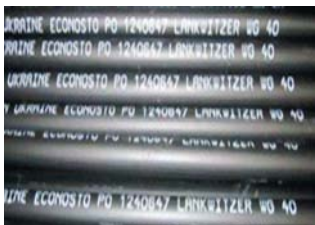



\* Ranking in the TOP-25 rating of the largest oil and gas companies of the world on production volumes according to FORBES.

## NEW SOLUTIONS FOR PIPE PROTECTION

INTERPIPE NIKO TUBE HAS STARTED TO USE NEW TYPES OF COATING TO IMPROVE THE PROTECTIVE COVER OF PIPES AND TO ENHANCE THEIR CORROSION RESISTANCE. TO ACHIEVE THESE OBJECTIVES, INTERPIPE HAS CARRIED OUT A SERIES OF TESTS ON VARIOUS TYPES OF COATINGS FOR PIPES. BASED ON THE RESULTS OF THESE TESTS THE COMPANY HAS 3 BEST CORROSION PREVENTING PRIMERS OFFERED IN THE MARKET.

The use of new coatings will help to ensure the protection of pipes surfaces during the delivery of pipes from the mill and storage the at client's warehouses around the world. Pipes are covered with corrosion preventing coatings in accordance with standard requirements or at the customer's request.

COATING TYPES	Quakercoat 141 Coating	Primer enamel WG 40-9005/2	Urethral-primex US Coating
			
PRODUCER	Quaker (the Netherlands)	Lankwitzer (Germany)	EMLAK (Russia)
COLOR	Colorless, Dark-grey	Black	Grey, black
RESISTANCE IN THE SALT SPRAY	120 hours	120 hours	168 hours
ADVANTAGES	Corrosion preventing protection, quick drying	High corrosion resistance and water-resisting properties	Corrosion preventing protection with faster drying

# NEW RING FURNACE

INTERPIPE NIKO TUBE HAS COMMISSIONED A NEW RING FURNACE FOR THE HEATING OF STEEL BILLETS, MANUFACTURED BY GERMAN LOI THERMOPROCESS COMPANY. THE RING FURNACE WILL BE INVOLVED IN THE PRODUCTION OF ALL GOODS BEING PRODUCED AT TUBE-ROLLING SHOP NO 2, IN PARTICULAR, PIPES ACCORDING TO API 5 CT, API 5L, GOST, AND OTHER STANDARDS.



Over the last few years Interpipe Niko Tube has been at the center of large-scale transformations. We have invested 60 million US dollars in the modernization of our production facilities, and we have also invested money in our staff – into new working clothes, personal service rooms, catering, and the training center. We have put things in order at our production shops. But the most important thing we have managed to achieve is the change in the attitude of people towards their work. Our top priority now is to offer a top quality competitive product to the market.

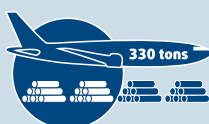


Vladimir Gornstein,  
Interpipe Niko Tube  
Supervisory Board  
Chairman

## TOP FACTS:

**\$20 million**

Implementation of this project has required 20 million US dollars and 17 months of work.



The furnace capacity is 330 tons of billets – the weight of an entire BOEING 747 or “Soyuz” rocket.



Production capacity of the new furnace is 325 thousand tons billets a year – and therefore the production capacity rates will grow by 1.5 times.



**100 experts**

Approximately 100 experts have been involved in the construction of this furnace.



**20 countries around the world**

Casing and line pipes produced at the No. 2 tube-rolling shop, with the help of the new furnace, are marketed in 20 countries around the world including Austria, Italy, Spain, Saudi Arabia, and the USA.



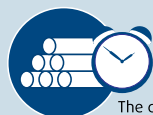
The quality of the pipe's external surface will be enhanced owing to the reduction of scale formation in the new furnace by 1.5%.



The ring furnace area is 586 square meters – the same area of a skating-rink for ice-hockey.



The quality of pipe products at tube-rolling shop No 2 will improve thanks to more stable heating of billets at the expense of an increase in the heating diameter by 50 mm.



The duration of billet heating by the new furnace varies from 1 hour and 40 minutes to 3 hours.



**-20%**


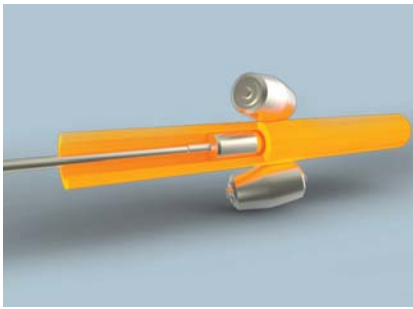
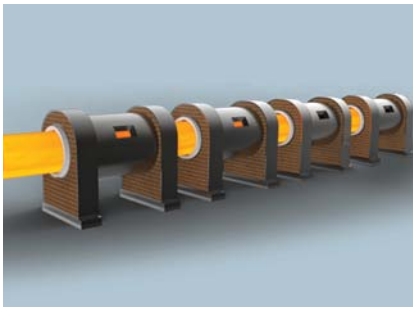
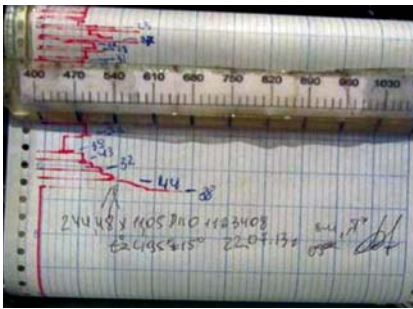



**-33%**

Natural gas and electric energy consumption will be cut down by 20% and 1/3 respectively, owing to the energy efficient technologies applied by LOI THERMOPROCESS.



# INVESTMENTS IN QUALITY

UPGRADES AND IMPROVEMENTS	PLACE OF INSTALLATION	RESULT
<p>New non-destructive test unit combines eddy currents and ultrasonic methods</p> <p>Enhanced quality control procedure in accordance with API 5CT and API 5AS</p>	<p>Tube-rolling shop No 4, Interpipe NTRP</p> 	<p>The new equipment allows for better quality control of pipe end and body. The data received through the new equipment exposes the disorders in time so as to continuously track the production flow.</p>
<p>Special marking and lubrication procedure during the hot rolling process</p> <p>A two fold increase in the frequency of amendments to the plug mill rolls compared with the standard requirement</p>	<p>Tube-rolling shop No 5, Interpipe NTRP</p> 	<p>Changing the rolls more often enhances the quality of piercing and rolling, while the marking and lubrication provides better control of the internal pipe surface.</p>
<p>Modernization of the heat treatment shop (additional pipe quenching section installed)</p>	<p>Tube-rolling shop No 4, Interpipe NTRP</p> 	<p>The increase in quantity of the pipe quenching section provides more standardized products.</p>
<p>Serial numbering of pipes</p>	<p>Interpipe Niko Tube, Interpipe NTRP</p> 	<p>The serial numbering allows Interpipe to trace the production process and control the quality of pipes at all stages – from “green” pipe production to finishing.</p>
<p>New equipment measures the thread diameter by means of magnetic resonance pancratography (used for 8 round threads and “buttress” thread)</p>	<p>Interpipe Niko Tube, Interpipe NTRP</p> 	<p>New equipment provides better control of the thread properties during the OCTG production. The tool is used in addition to the API 5B standard requirements.</p>



## INTERPIPE STEEL TO SELL STEEL BILLETS

INTERPIPE ANNOUNCED THE LAUNCH OF ITS STEEL BILLETS SALES, PRODUCED BY INTERPIPE STEEL THE ELECTRIC STEEL-MELTING COMPLEX. THE INNOVATIVE MILL, COMMISSIONED IN 2012, PRODUCES ROUND CONTINUOUSLY CAST BILLETS FOR PIPE AND WHEEL STEEL GRADES WITH 150 - 470 MM DIAMETER RANGE.

At present the mill has already shipped trial lots of ER7 steel grade billets for wheels to leading manufacturers of railway products from Spain, the Czech Republic, and Germany, as well as billets for axles of EA1N and OS steel grades to the Ukrainian producer of railway axles.

INTERPIPE STEEL is now reaching its designed production rates and can not only provide high-quality steel billets to the company's production facilities, but also start the deliveries of billets to customers. Mastering of the steel billet market, being quite new for us, is one of the directions for our Company's development.



**Fadi Hraibe**  
Interpipe Chief Commercial Officer:

### CONTACT OUR SALES MANAGERS TO LEARN MORE ABOUT STEEL BILLETS:

Natalya Baraley Natalya.Baraley@interpipe.biz

Olga Vyshniakova Olga.Vyshniakova@interpipe.biz

Mikhail Shiyonov Mikhail.Shiyanov@interpipe.biz



Steels for pipe production	Carbon and alloyed steel grades for pipes: classes X42 - X80, from H40 to Q125, and others.
Steels for railway wheel production	Transport steel grades ER6, ER7, ER8, ER9, and their analogues.
Steels for forging	Steel grades A350 LF2 and 42CrMo4 for production of flanges and rings (in the process of development)

DETAILED STEEL GRADE MANUAL AT: [WWW.INTERPIPESTEEL.BIZ](http://WWW.INTERPIPESTEEL.BIZ)

## INTERPIPE NMPP LAUNCHED THE PRODUCTION OF WELDED CASING

INTERPIPE HAS HAS BEGUN THE PRODUCTION PROCESS OF A NEW PRODUCT – WELDED CASING ACCORDING TO API 5CT STANDARD. INTERPIPE NMPP HAS SUCCESSFULLY PASSED THE AUDIT OF THE AMERICAN PETROLEUM INSTITUTE AND RECEIVED CERTIFICATES OF CONFORMITY WITH INTERNATIONAL API 5CT STANDARD FOR WELDED OIL AND GAS PIPES.

### WELDED CASING ACCORDING TO API 5CT:

ø	Pipe estimated weight		Steel grade	Product class
	lb/ft.	kg/m		
8 5/8	24,00	35,71	H40, J55	PSL-1
8 5/8	32,00	47,62	H40, J55	PSL-1
8 5/8	36,00	53,57	H40, J55	PSL-1
10 3/4	40,50	60,26	H40, J55	PSL-1
10 3/4	45,50	67,70	H40, J55	PSL-1
16	65,00	96,72	H40, J55	PSL-1
16	75,00	111,60	H40, J55	PSL-1
20	94,00	139,87	H40, J55	PSL-1



WELDED CASING MAY BE USED FOR EXPLORATION AND OPERATION OF OIL AND GAS WELLS.



New products development is the key to success in the harsh conditions of today's market. Mastering of ERW casing pipes, as well as the start of steel billets sales enables us to extend Interpipe's product portfolio to meet real market needs. For example, ERW casing pipes according to API 5CT are mostly requested in the North American market, as such Interpipe is looking forward to immintently supply ERW OCTG pipes to our existing and potential customers in the USA and Canada.

**Fadi Hraibe,**  
Interpipe Chief Commercial Officer

## INTERPIPE NTRP DEVELOPED BIG DIAMETER SEAMLESS PIPES

INTERPIPE HAS BEGUN PRODUCING A NEW PRODUCT – BIG DIAMETER SEAMLESS PIPES IN LINE WITH GOST AND EN STANDARDS. BIG DIAMETER PIPES ARE DEVELOPED AT INTERPIPE NTRP, WHERE THE PREVIOUS MAXIMUM MILL RANGE WAS RESTRICTED TO 377 MM.

In October 2012, experimental pipes of 426 mm in diameter with 10 mm wall thickness were produced for Belorussian consumers. In January 2013 there has been a new breakthrough with pipes measuring 406.4 mm in diameter with walls 50 and 68 mm thick made according to GOST steel grade

32XA standards. These were developed for Polish consumers. And finally in the third quarter of 2013 Interpipe produced and delivered pipes of 406.4 mm in diameter with 10 – 70 mm wall thickness in accordance with European standards EN 10210-1,2 and EN 10297-1 in steel grades S355J2H/E355.



The larger diameter seamless pipes are currently in high demand globally; however, the number of suppliers for these products is limited. For this reason Interpipe has capitalized on the manufacturing of pipes 406.4 mm and 426 mm in diameter. Our ability to produce pipes in these diameters sets us apart from other suppliers and ensures we are able to deliver high quality products to fit our customers' needs.

**Ivan Mazanka,**  
Regional Sales Director for Europe at Interpipe

## AMERICA: INTERPIPE GETS CLOSER

TO EXPAND THE RANGE OF ITS COLLABORATION WITH AMERICAN CUSTOMERS AND TO ENSURE THAT INTERPIPE'S AMERICAN PARTNERS KNOW AS MUCH AS POSSIBLE ABOUT THE COMPANY'S PRODUCTS, INTERPIPE'S NORTH AMERICA TEAM HAS CARRIED OUT A NUMBER OF EVENTS IN THE USA, ECUADOR, AND EVEN UKRAINE.

### HOUSTON, USA

### INTERPIPE GOLF TOURNAMENT

50 customers from 40 companies in the USA, Venezuela, Bolivia, Columbia, and Mexico met with Interpipe experts at the 2nd annual Interpipe Golf Tournament, to discuss their new pipe projects, pipe market trends and of course to play golf.

#### Hector Borges, H&B Equipment, Venezuela:

It is the first time I have taken part in Interpipe's Golf Tournament. I met Interpipe's North American team and received lots of interesting information about Interpipe. As well as this, I also had the opportunity to discuss recent market trends.



#### Zach Bibb, Thomas Bibb, Consolidated Pipe Company, USA commented:

Our Company has been working with Interpipe for 10 years. I can say Interpipe is a reliable partner. At this Golf Tournament I learnt many details about Interpipe Steel and some more news.





## DNIPROPETROVSK, UKRAINE

### OPEN-HOUSE FOR THE AMERICAN GUESTS

REPRESENTATIVES FROM 9 COMPANIES FROM THE USA, CANADA, AND MEXICO TOOK PART IN AN EVENT IN UKRAINE TO ASSESS THE PRODUCTION PROCESSES AND QUALITY CONTROL OF INTERPIPE'S MILLS.

The delegation saw 3 Company mills – INTERPIPE STEEL, INTERPIPE NTRP, and INTERPIPE NIKO TUBE. The customers received evidence of the quality control system which produces goods in full compliance with the world's most stringent standards.

**Andrew Northcott,  
Hallmark Tubulars, Canada**

Modern technologies along with clean and quiet production makes this facility the best I've ever seen. Both seamless and ERW pipe mills are impressive with good organization. Quality control is sufficient to supply quality products. It is definitely what we are looking for and we will continue to purchase pipes from Interpipe.



**Gerald Merfish,  
Merfish Pipe and Supply, USA**

I found this tour very important for me. I visited Interpipe's mills 10 years ago and today I've seen obvious improvements. I have strong intentions to work with Interpipe, supplying its product in the USA.



**Isaac Villarreal,  
Vice President of Sales Interpipe North America:**

The customers' visit is a very important event for Interpipe. We have an opportunity to tell our customers about recent improvements and ongoing projects. As a main result of this event our visitors are coming home with new cooperation plans with us.



## TEXAS, USA

### LUNCH&LEARN WITH INTERPIPE

IN THE FRAMEWORK OF THE NEW "LUNCH&LEARN" PROGRAM INTERPIPE NORTH AMERICA NOT ONLY ARRANGES BUSINESS MEETINGS AT ITS CUSTOMERS' OFFICES, BUT ALSO OFFERS ITS PARTNERS TO SOCIALIZE WITH THE INTERPIPE TEAM IN THE INFORMAL AND FRIENDLY SETTING DURING THE LUNCH.

Due to such meetings, Padre Tubulars, MRC and Cimarex not only learned more about new products and investments into quality, but also got the opportunity to discuss the peculiarities

of pipe production quality control at the company's mills and up-to-date demands for the pipes at the US market with the Interpipe's quality control managers.

## EUROPE: HEADING FOR THE STRATEGIC PARTNERSHIP

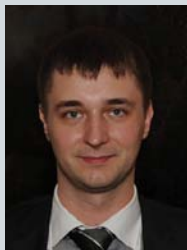
STARTING FROM 2011 INTERPIPE HAS BEEN IN COLLABORATION WITH NIS-GAZPROMNEFT, ONE OF THE LARGEST OIL PRODUCING COMPANIES OF THE SOUTH-EAST EUROPE. THE VOLUME OF DELIVERIES HAS GROWN 14 TIMES OVER THE TWO YEARS – FROM 500 TONS IN 2011 TO 7000 TONS IN 2013.

Ivan Mazanka, INTERPIPE Europe Sales Manager, strongly believes that “The key factor for such success is the quality of our products and our readiness to meet customers’ requirements”.

INTERPIPE supplies casing according to international API 5CT standard for NIS projects in Serbia, Bosnia and Herzegovina, Romania, and Hungary. One of the last joint projects has involved the delivery of pipes for deposit development in Serbia.

### IVAN MAZANKA ON THE DEVELOPMENT OF PARTNERSHIP WITH NIS:

We intend to move to long-term contracts with NIS-Gazpromneft. Such a move will enable better understanding of their business and provision of support, when and where it is required. The other key priority consists in the development of collaboration between our technical experts to ensure that our products are brought into compliance with the real market needs.



Ivan Mazanka,  
Interpipe's regional sales manager in Europe

### NIS at a glance



**53** oil, gas, and oil and gas deposits in Serbia



**597** currently  
operated oil wells



**98** currently  
operated gas wells



**672** million cubic meters –  
natural gas production volume



**9** countries of presence



**1.1** million tons –  
oil production volume



**7,000 tons** –  
INTERPIPE pipe procurement  
volume in 2013

## MIDDLE EAST: SUPPORT TO DISTRIBUTORS

IN 2013 INTERPIPE HAS LAUNCHED A NEW PROGRAM TO SUPPORT ITS DISTRIBUTORS AND AGENTS IN THE COMPANY'S KEY MARKETS IN THE MIDDLE EAST. ALONG WITH ITS PARTNER COMPANIES, INTERPIPE CARRIES OUT A NUMBER OF ACTIVITIES AND EVENTS FOR END CUSTOMERS OF DISTRIBUTORS, AND DEVELOPS INDIVIDUAL PROMO PRODUCTS.

### SEMINAR WITH THE NEW AGENT

**Jordan, Amman.** INTERPIPE has signed a distribution agreement with Al Omrania Company, which will involve the sales of INTERPIPE tubular goods to end consumers in Jordan.

The first step in the collaboration framework has consisted in a seminar for 80 engineers from construction companies. During the seminar, direct consumers of tubular goods had a chance to learn details about the company's pipe products and to discuss the collaboration opportunities in construction and infrastructure projects in Jordan.

#### Interpipe's distribution support program is developed individually and may include:

- Joint release of catalogues and leaflets
- Interpipe's distributor labels and branded souvenirs
- Promotional stands and product samples
- Joint participation in exhibitions
- Arrangement of the seminars and conferences for the end users

To ensure Interpipe's growth at the Middle East market, the company will continue to develop relationships with the key agents and distributors. New support program will provide our partners with the necessary tools for more qualitative and effective service for end-consumers and therefore influence positively on the sales. Such cooperation helps us to find common aims and tasks with our partners and collectively satisfy the real needs of end users.



Andrei Burtsev,  
INTERPIPE Middle East  
Regional Sales Manager



## AT THE EXHIBITION TOGETHER

**Turkey, Istanbul.** As part of a collaboration with the Turkish distributor Aydin Boru Company, the agreement with which was signed in spring 2013, INTERPIPE has taken part in the Boru Fair exhibition. More than 6000 producers, traders, and end consumers of tubular goods from 20 countries around the world visited Boru Fair - 2013.



## INTERPIPE STANDS

To ensure end consumers' ability to see first hand INTERPIPE's tubular goods and personally assess the quality of the pipes, the company has launched a presentation programme for its distributors. The first stands with samples of INTERPIPE products, in demand in the region, have been delivered to Turkey and Jordan.



## CIS: INDIVIDUAL DECISIONS FOR CUSTOMERS

### INTERPIPE PIPES WILL PROVIDE DRINKING WATER TO TURKMENISTAN

INTERPIPE HAS SUPPLIED 3,800 TONS OF WELDED PIPES TO TAZE JAY COMPANY FOR THE DRINKING WATER PIPELINE KÖY-TENDAG – MAGDANLY – MUKRY (TURKMENISTAN). THE FIRST 15 KMS OF THE PIPELINE HAVE BEEN LAID OUT OF INTERPIPE PIPES, WITH A REMAINING 27 KMS TO BE BUILT FROM THEM.

BOTH EXTERNAL AND INTERNAL INSULATION COATINGS HAVE BEEN APPLIED TO THE PIPES TO ENHANCE THE CORROSION PREVENTING PROPERTIES AND EXTEND THE SERVICE LIFE PERIOD OF THE PIPELINE.

#### PROJECT FEATURES:

APPLICATION OF EXTERNAL AND INTERNAL INSULATION COATINGS ON PIPES

COLLABORATION WITH ENGINEERS OF NURGAZ (PIPELINE CONSTRUCTION COMPANY) IN DEVELOPMENT OF SPECIFICATIONS

ATTESTATION OF THE PRODUCT QUALITY BY BUREAU VERITAS CERTIFICATION AUDITORS AT ALL STAGES – FROM PIPE PRODUCTION TO APPLICATION OF THE EXTERNAL AND INTERNAL COATINGS

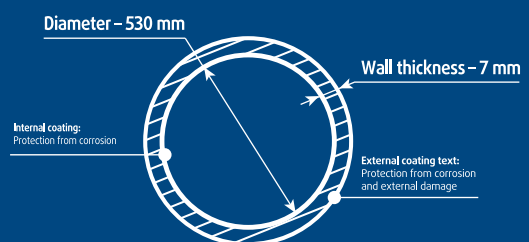
The successful implementation of this project means that INTERPIPE opens a new sales area – collaboration with private Turkmen companies, acting as contactors for state companies and the mayor's offices. We intend to further develop cooperation in Turkmenistan, which plans to lay out new pipelines and to modernize the water supply system of the country's capital.



**Yevgeniy Zavraiskiy,**  
Turkmenistan  
Regional Sales Manager



#### Double protection from corrosion



## INTERPIPE PIPES IN THE CASPIAN SEA

AZERBAIJAN PARTNER OF INTERPIPE – BOS SHELF COMPANY – HAS BUILT ONE OF THE LARGEST DEEP-WATER FOUNDATIONS IN THE CASPIAN SEA SHELF WITH THE HELP OF INTERPIPE TUBULAR GOODS. TO CARRY OUT THE CONSTRUCTION OF THE SUPPORTING BLOCK FOR THE NEW “WEST CHIRAG” PRODUCTION PLATFORM, INTERPIPE DELIVERED MORE THAN 10,000 TONS OF SEAMLESS PIPES ACCORDING TO GOST STANDARDS, INCLUDING A NEW COMPANY PRODUCT – 426 MM DIAMETER SEAMLESS PIPES.



**PROJECT AT A GLANCE:**  
Foundation weight: **18 200 tons**  
INTERPIPE pipes: **10 350 tons**  
Foundation height: **185 m**

INTERPIPE's production of 426 mm diameter seamless hot-deformed pipes has enabled a full-scale collaboration with BOS SHELF Company and a comprehensive offer for the “COP Jacket&Piles Fabrication” project. Positive appraisal of the pipe quality by our customer will help in the development of our cooperation with oil producing companies of Azerbaijan and in successful competition in this region.



**Sergey Lugovskoy,**  
Regional sales manager in Azerbaijan



BOS SHELF Company would like to express its gratitude to INTERPIPE for revising the Company's product portfolio to satisfy special requirements of BOS SHELF projects in the development of oil deposits. High quality INTERPIPE tubular goods and the company's compliance with delivery schedules has facilitated the timely and high-quality implementation of our project, called “COP Jacket&Piles Fabrication”.

Ihtiyar Ahundov, **BOS SHELF** General Manage

## ED WARREN: «WE ARE FOCUSING ON THE QUALITY»



**Ed Liberty WARREN**  
founder, owner and director,  
Warren Quality System

THE NORTH AMERICAN PIPE MARKET HAS THE HIGHEST CAPACITY, BUT, ON THE OTHER HAND, IT IS CONDITIONED WITH TOUGH COMPETITION. THEREFORE, ANY PRODUCER MUST NOT ONLY MAKE ITS GOODS IN COMPLIANCE WITH THE STANDARD REQUIREMENTS BUT SHOULD ALSO MEET ALL CUSTOMER REQUIREMENTS. AMERICAN EXPERT ED WARREN HAS BEEN INVITED TO JOIN INTERPIPE'S NORTH AMERICA TEAM TO ENSURE BETTER SERVICES FOR CUSTOMERS IN THE REGION. ED TOLD THE IPIPE CORRESPONDENT ABOUT THE TRENDS AND CHALLENGES IN THE AMERICAN MARKET.

**HOW LONG HAVE YOU BEEN WORKING WITH INTERPIPE AND WHAT IS THE FOCUS OF YOUR WORK?**

I have been working with Interpipe for over 2 years. I am working with quality assurance teams both in North America and the mills in Ukraine. The main focus of my work with Interpipe is to improve pipe quality at NTRP and Niko Tube to exceed API requirements. A lot of quality programs are being implemented at mills and we can see positive results of these improvements.

**COULD YOU PLEASE CHARACTERIZE MAIN FEATURES OF THE AMERICAN PIPE MARKET?**

As you know, the USA is becoming a leading oil and gas producer in the world. Major companies like Shell, Exxon Mobil, Chevron, etc. are operating with horizontal drilling and fracking practices. That's why the American pipe market is a critical market for pipe of diameters 5.5" and 7" of grades P110 and L80 being required for drilling in the USA.



INTERPIPE'S MAIN OBJECTIVE IS TO CONCENTRATE ON THE PRODUCTION OF MORE QUALITATIVE PRODUCTS



#### WHAT ARE FUTURE TRENDS OF THE PIPE MARKET IN THE USA?

The main future trends in the American market will be sour service OCTG of grades L80- 9,13Cr, also grades T95 and C110. And this should be a part of improvements program to bring Interpipe on line to be able to supply these grades for this market.

#### WHAT ARE MAIN POINTS OF INTERPIPE'S ONGOING QUALITY PROGRAM?

Interpipe's commitment is to produce high quality products and to supply pipes above and beyond minimum API requirements. There are several ongoing projects on inspection practices at the mills: new EMI units, UT units, and numerous new equipment units, such as MFL Foerster

(Germany) unit installed at shop #2 of Niko Tube, as well as MAC (USA) ultrasonic unit, and there is also a Komplex unit that combines eddy-current and ultrasonic methods at shop #4 at NTRP. All these units are commissioned now and in the process of production at both mills along with a new hydrostatic system that allows hydrostatic pressure tests to be done on treaded pipes. Also the thread-

ing practices have been upgraded with the use of MRP-gages to be used on API connections (LTC, BTC, etc.).

#### CAN YOU EVALUATE THE RESULTS OF THESE IMPROVEMENTS IMPLEMENTED SO FAR?

The results of these improvements are tremendous. Interpipe has gone from having many claims of quality issues back a few years ago. Now claims are on the decrease and arise very rarely.

#### INTERPIPE IS DEVELOPING A NEW GAS-TIGHT CONNECTION. COULD YOU PLEASE TELL MORE ABOUT IT?

This connection is a threaded and coupled connection with metal-to-metal seal. This gas-tight connection will compete with existing reputable premium connections in the US now.

#### DO YOU HAVE CERTAIN GOALS WITH INTERPIPE?

I think that it is my privilege to be a part of the development of Interpipe. My goal is to make Interpipe one of the top producers of OCTG in the world.



## INTERPIPE ANNOUNCED THE APPOINTMENT OF A NEW CEO AND A NEW CHAIRMAN OF BOARD OF DIRECTORS

OLEG ROZENBERG HAS BEEN APPOINTED AS THE NEW CEO OF INTERPIPE, WHO PREVIOUSLY HELD THE POSITION OF CHIEF OPERATIONAL OFFICER AT THE COMAPNY. OLEXANDER KIRICHKO, THE PREVIOUS CEO AT INTERPIPE WILL NOW TAKE ON THE POSITION OF CHAIRMAN OF BOARD OF DIRECTORS. KIRILL RUBYNSKYI, WHO PREVIOUSLY HELD THE POSITION OF CHAIRMAN OF BOARD OF DIRECTORS, WILL CONTINUE COOPERATION WITH THE COMPANY AS A MEMBER OF BOARD OF DIRECTORS AND PRESIDENT OF THE COMPANY.

These staff changes are part of the reorganization of the company's management system. As the new CEO, Oleg Rozenberg will focus on increasing the company's efficiency. His area of responsibilities will include procurement, production and sales.

The new company model will be strengthened by the new Chairman of Board of Directors. Apart from its current functions, the Directors Board will be responsible for the development strategy and human resources development.

"The new company model separates out strategic and operation administrations ensuring the company is more sustainable to short-term and long-term challenges. These changes aim to strengthen the role of the Board of Directors as the body that communicates shareholder's interests".



Olexander Kirichko,  
Chairman of the  
Directors' Board

"The company's short term goal is to increase the business' efficiency by reviewing cost reduction procedures, improving cooperation between the production and sales units, and amending processes that slow down development".



Oleg Rozenberg,  
Interpipe's CEO

## STEEL PARTNERSHIP



INTERPIPE HAS BECOME THE OFFICIAL PARTNER OF THE IBF/IBO HEAVYWEIGHT CHAMPION, WBO/WBA/ HEAVYWEIGHT SUPER CHAMPION – UKRAINIAN BOXER WLADIMIR KLITSCHKO IN HIS VICTORIOUS FIGHT AGAINST ALEXANDER POVETKIN – THE WORLD BOXING ASSOCIATION'S «REGULAR» HEAVYWEIGHT CHAMPION.

THIS PARTNERSHIP WITH INTERPIPE HAS BEEN A LUCKY ONE FOR WLADIMIR KLITSCHKO AS THE UKRAINIAN CHAMPION HAS GAINED HIS 61ST VICTORY

INTERPIPE customers have also supported the Ukrainian champion – the Company has invited 30 of its partners from all around the world to watch the fight in Moscow. This fight has been a great opportunity for the Sales Department team to socialize with its customers in an informal and friendly setting and to strengthen business contacts and relations.



Being a Ukrainian company, INTERPIPE is happy to support its champion. Wladimir – a strong boxer and an outstanding person – shares values, which are quite similar with the ones that we have in our company. The international world outlook, the continuous strive for development, and the strong spirit – these are what we see as the components of success and the earnest of future victories.

Olexander Kirichko, Chairman of the Directors Board

I am very happy to have a strong business player like INTERPIPE as a partner, representing my country on the world arena.

Wladimir Klitschko, Ukrainian boxer



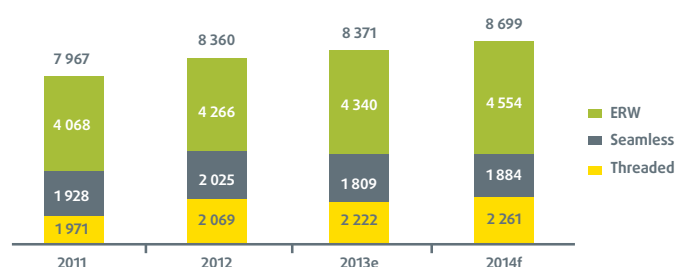


# TREND OVERVIEW

## CIS

Oil production in the Russian Federation in 2014 is expected to stay at the same level as in 2013, amounting to 522 million tons; the rise in the gas production, according to the estimates, will be 2%. Investments into the oil and gas production industry are also expected to match the level of 2013. Taking into consideration these factors, the growth in the threaded pipe market is expected to reach 1%.

There are expectations that the welded pipe segment will also show a rise in demand due to implementation of infrastructure projects both in Russia (in the framework of preparation for the FIFA World Cup in 2018) and other countries of the CIS.

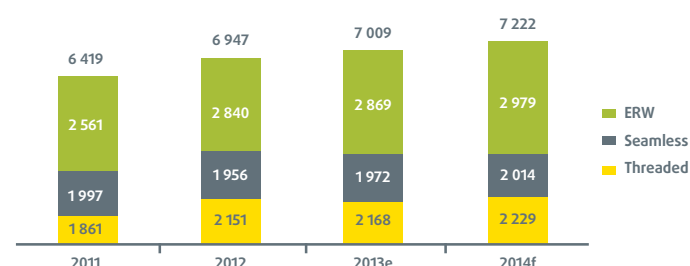
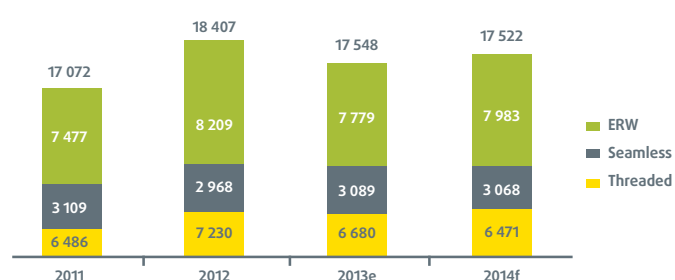


## NAFTA

According to forecasts, the end of 2013 and the year of 2014 will show a drop in the demand for OCTG, since the number of towers will be cut down by 5-7% as compared with 2012. The restoration of growth of the tower numbers is expected to start in 2015.

The growth in threaded pipe consumption is expected at the expense of the shale gas and oil production in the USA. It will also lead to the rise in demand for line pipe, required for construction of pipelines, the lack of which is currently experienced in the USA.

It is expected that in 2014 the construction sector will show a rise of spending into non-residential premises' construction, promoting the demand for welded pipes.



## MENA

The growth of the pipe market in the region will be ensured by active drilling in Africa, mainly on the shelf, as well as in Saudi Arabia, Iraq, and Kuwait.

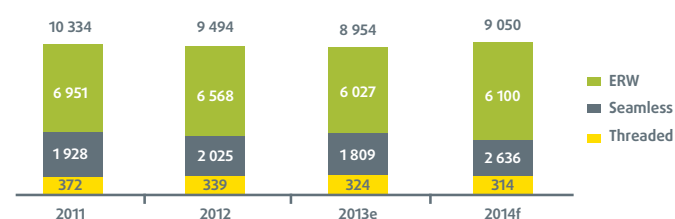
Active construction is expected in Saudi Arabia and UAE, ensuring the rise in the demand for general application pipes.

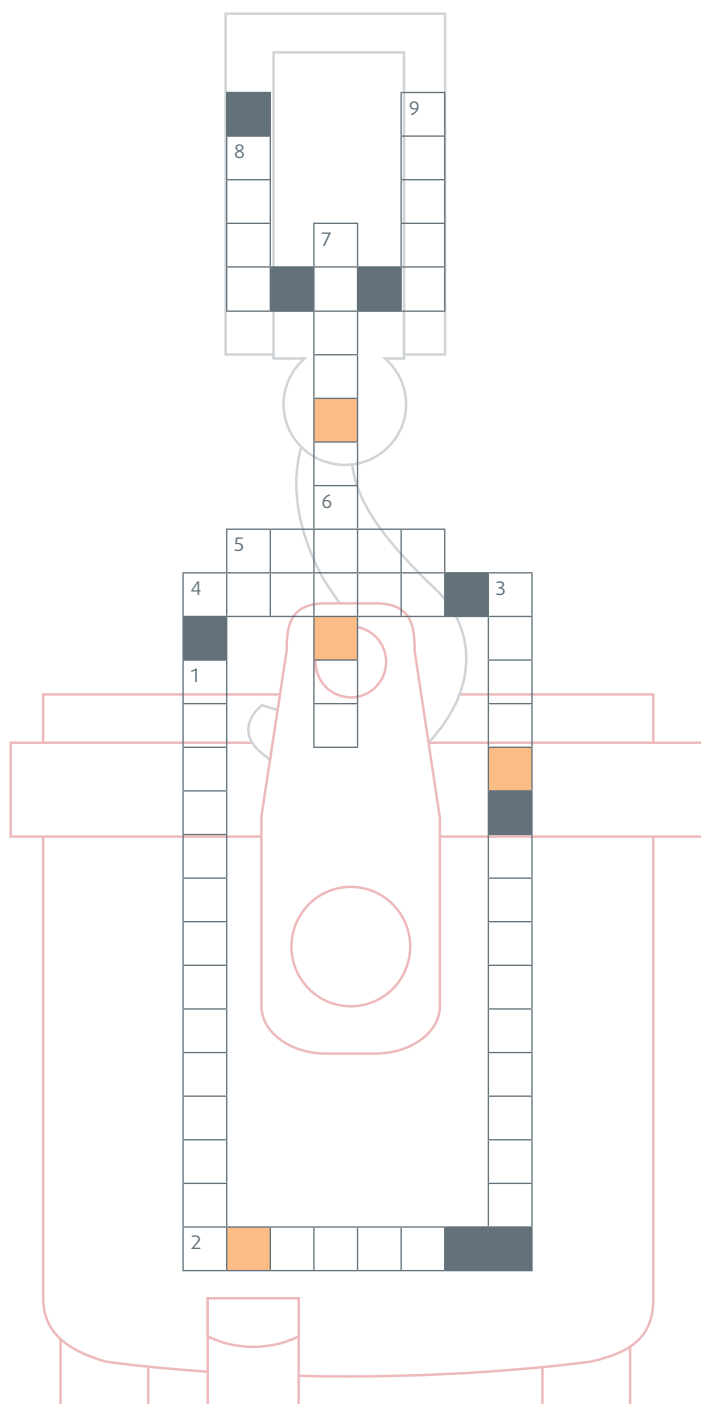
The political situation in the region is still a risk factor, which may adversely affect the pipe consumption rates.

## EUROPE

Major macro-indices and indicators for pipe markets have started to demonstrate positive dynamics, giving evidence to the fact that the region started to move out of the recession. In the second quarter of 2013 the GDP growth rates for 17 out of 27 Eurozone countries amounted to 0.3% and 0.4% as compared with the first quarter of 2013. This is the highest rate over the last two years.

As at the end of 2013, the situation in the European pipe markets still shows low demand, high competition, and absence of long-term orders. Eurofer forecasts that steel pipe production, owing to the demand in the construction and mechanical engineering sectors, as well as partial renewal of stock resources, will grow by 3.5% in 2014. Construction of the South Stream gas pipeline will continue in the first quarter of 2014, leading to the rise in the demand for large diameter pipes.





## IQUIZ

- 1 INTERPIPE has won the tender to supply 800 tons of casings for this company (a part of ENI S.p.A.).
- 2 INTERPIPE has participated in an exhibition in this country with Aydin Boru.
- 3 What index has gone down by 1.5 % owing to the launch of the new ring furnace?
- 4 Technical consultant from INTERPIPE North America team.
- 5 INTERPIPE has passed the prequalification audit of this large oil and gas company.
- 6 The country, where the last joint projects of INTERPIPE and NIS-Gazprom has been implemented.
- 7 International certification bureau, which has confirmed the quality of pipes for the pipeline in Turkmenistan.
- 8 A sport where INTERPIPE North America customers competed?
- 9 Russian corrosion preventing primer, which is used at INTERPIPE NIKO TUBE.

**SEARCH FOR CROSSWORD  
ANSWERS AT IPIPE PAGES!**

Send the code word  
at [sales.eu@interpipe.biz](mailto:sales.eu@interpipe.biz) and win the prize from  
Interpipe!





