

John Energy buying 4 more oil rigs for Rs 160 cr

To meet exploration sector demand

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With Reliance Industries Ltd (RIL) and Gujarat State Petroleum Corporation Ltd (GSPC) hiring its rigs for the next three years, John Energy Ltd is acquiring four more rigs by March 2008 to meet the exponentially increasing demand in the exploration and prospecting (E&P) sub-sector of the hydrocarbon sector.

The company invested Rs 180 crore in 2006-07 and Rs 160 crore in 2007-08 for acquiring rigs, being imported from the US. Apart from this, it also has plans to invest another Rs 400 crore next year to acquire more rigs.

Orders for buying these rigs were placed after the company received drilling orders from the E&P sector, a senior official of the Ahmedabad-based company, engaged in drilling contract business, told *Business Line* here on Wednesday.

DEPLOYMENTS

With these five new rigs, John Energy will have 20 rigs deployed across India and one in Kazakhstan, becoming next only to ONGC, which has some 140 rigs in the drill-

Growth flow

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ing business.

Recently, RIL and GSPC placed their orders with John Energy for hiring rigs for their Gujarat and Cambay Basin oilfields, respectively. The 1,500 Horse Power (HP) rig, currently meant for GSPC, has already reached India and would be deployed soon.

Purchase orders for two more rigs of 2,000 HP and one more of 550 HP have also been placed by John Energy.

GSPC had, in July this year, announced having struck oil in a well, Miroli-1, at a depth of nearly 2,500 metres in the Cambay-Olpad Block, allocated under NELP-IV to a joint venture of GSPC, Jubilant, Geoglobal Resources and Prize Petroleum in February 2004.

Reliance, on the other hand, is likely to use the drilling rigs in Anand, Patan and in some other blocks as well.

FULLY BOOKED

All the rigs owned by John Energy are fully booked for drilling for the next two to three years. Even ONGC has placed an order with John Energy seeking a 1,000-HP rig in January 2008, the official added.

In August this year, John Energy's first 2000 HP rig, first of its kind in India, was commissioned in an onshore oil and gas field near Neyveli, Tamil Nadu. The \$22-million drilling rig, which can drill up to a depth of 6,000 metres, was hired by a consortium of Jubilant Oil and Gas Ltd, GSPC and GAIL for a daily rent of around \$35,000.

The company, whose 2006-07 turnover of Rs 48 crore is projected to go up to Rs 120 crore this fiscal due to heavy booking, is also contemplating an Initial Public Offer (IPO) next year to raise

around Rs 100 crore for its future expansion.

Mumbai's stock market investor, Mr Rakesh Jhunjhunwala, had picked up 30 per cent stake in John Energy Ltd early this year. At present, the company has 16 rigs, between 140 and 2,000 HP, which are all engaged.

SBI TIE-UP

Apart from going public to fund its expansion plans in the next couple of years, John Energy plans to disinvest further. Besides, it has tied up with the State Bank of India (SBI) for a Rs 115 crore debt to kick-start an aggressive business strategy overseas.

The company has a capacity to manufacture smaller rigs but imports the bigger ones. Its clients for drilling and work-over services also include Cairn Energy India Pvt Ltd and Essar Oil Ltd, while its clients for gas compression services include ONGC and Gujarat Gas Company Ltd.

Its water-well drilling rigs are being used by Neyveli Lignite Corporation Ltd, a host of other companies, and some 500 contractors across India.