

MARACC – Marine Accurate Well ASA

Pareto Securities' Oil & Offshore Conference

31st August & 1st September 2011

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Chief Executive Officer



maracc

Marine Accurate Well ASA

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1. **Background and update**
2. **Market opportunity**
3. **Project overview**
4. **Company overview**
5. **Next steps**



- MARACC is building the Semisubmersible rig **Island Innovator** – a purpose built heavy well intervention and drilling unit targeted for North Sea operations
- Focus on services for Increased Oil Recovery (IOR) and spearheading the development of a new business segment – MARACC will **not** be "just another drilling contractor"
- Contract with **COSCO** for a fully equipped semi-submersible vessel with expected delivery during 2Q 2012 and fully operational start-up during 4Q 2012
- **USD 323 mill raised** in capital to date vs. an estimated all-in delivered cost of ~USD 594 mill
 - 60 musd in initial equity in 2007
 - 210 musd in converted bonds raised in 207 and 2008
 - 33 musd in new equity raised in 2010
- Remaining funds of **USD 280 mill** raised as bank loan with DnB, Exportfinans and GIEK in May 2011
- Project fully financed with **USD 603 mill**
- OTC registered in Norway (ticker: MARA)

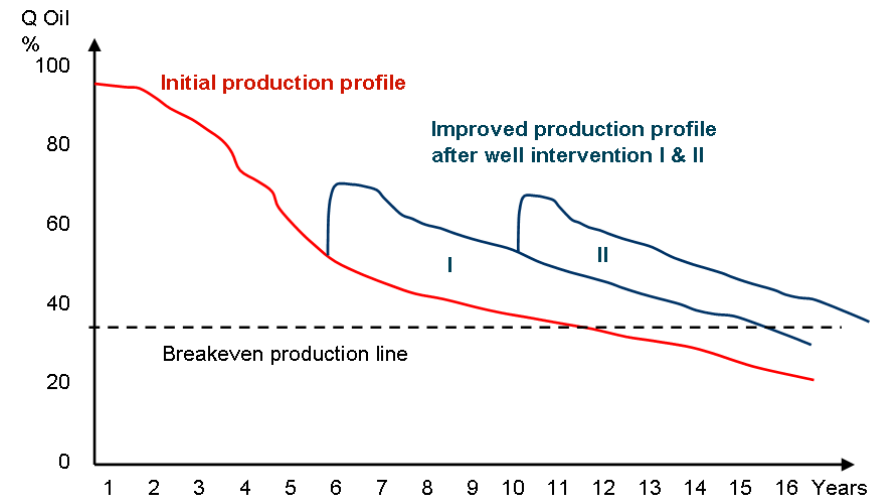
- As focus of initial work scope for Island Innovator probably will be drilling, Maracc and Island Offshore have agreed to use an established drilling contractor as Manager for the Unit
- Maracc has entered into a Management Agreement with Odfjell Drilling AS
- Island Innovator to be operated as part of the fleet of Odfjell Drilling







Typical well intervention activities

- **Logging:** Obtaining valuable reservoir data
- **Re-perforation:** Opening production zones
- **Mechanical work:** Change-outs of valves, plugs, etc
- **Fracking:** High pressure fluid pumping and injection to obtain improved reservoir flow
- **Circulation:** Fluid injection to circulate out solids
- **Coiled tubing:** Targeted chemical injection
- **Side-track drilling (TTRD):** Instant access to isolated oil accumulation
- **Drilling and Completion Activities:**

Value proposition to oil companies



- Immediately improving production
 - Mitigating declining production profiles
 - Ensuring efficient drainage of oil resources
- Project economics based on spot price
- Very low marginal lifting cost (limited or no new infrastructure required)

Light well intervention	Medium well intervention	Heavy well intervention	Conventional drilling
 <ul style="list-style-type: none"> ▪ DP monohull (>250ft) ▪ Riserless well intervention - wireline ▪ Objectives: Reservoir information gathering, logging, re-perforation, zonal isolation and valve / plug setting / removal 	 <ul style="list-style-type: none"> ▪ DP monohull (>450ft) ▪ Coiled Tubing (CT) with small bore riser ▪ Objectives: Chemical injection, circulation, sand removal and push force, X-mas tree change-out 	 <ul style="list-style-type: none"> ▪ Semisubmersible hull ▪ Heavy operations, Through-Tubing Rotary Drilling (TTRD) ▪ Objectives: Perform heavy well maintenance and drilling of short side-tracks, X-mas tree change-out and completion change-out / repair 	 <ul style="list-style-type: none"> ▪ Semisubmersible hull or drillship ▪ Objectives: New drainage through exploration, development drilling and well completion ▪ No deepwater drilling



Island Offshore currently has 3 vessels in operation in the North Sea on long-term contracts

Source: Island Offshore and Pareto Securities



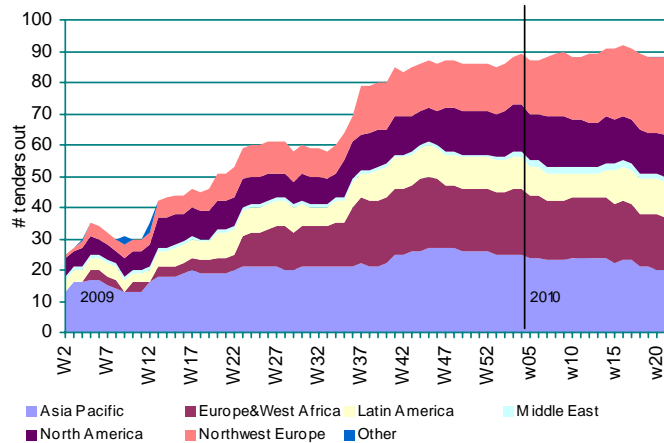
Significant demand expected for the combination of heavy well intervention and drilling in one vessel

- Drilling of short side-tracks in existing wells (up to 2,000 metres)
 - Instant access to isolated oil accumulation of 1–10 mmboe in the proximity of existing fields
- Low cost drainage solution for smaller reservoir pockets
- Required to maintain plateau production and achieve drainage goals on several fields
- Prospects already identified in Norwegian waters estimated to require >2,000 rig days
- Pay-back time for oil companies in weeks / months
- Exclusive agreement with Halliburton to offer integrated heavy well intervention services



Subsea well intervention

Division of subsea tender activity into regions

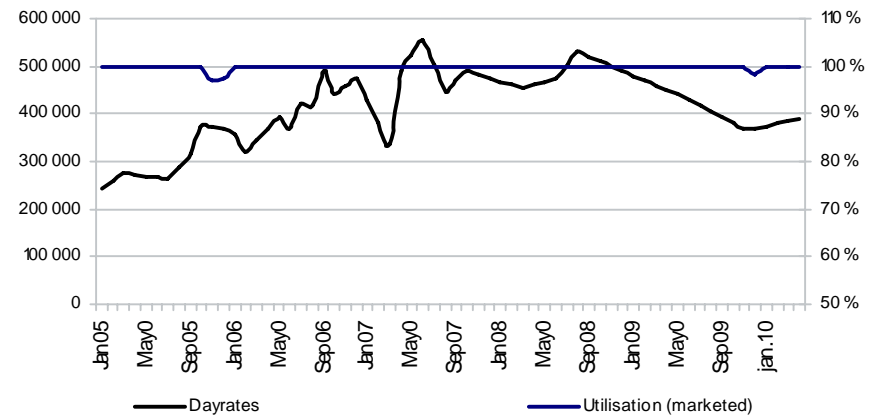


Source: Carnegie Research, ODS Petrodata

- Number of subsea wells growing rapidly as oil companies move to deeper waters
- Complexity of reservoirs increasing
- Recovery rates significantly lower for subsea wells compared to platform wells
- Increased oil recovery (IOR) through well intervention yielding attractive economics for oil companies

Conventional drilling (NCS)

Dayrates and utilisation (marketed)



Source: Carnegie Research, ODS-Petrodata

- Oil price support economics for oil companies and activity expected to remain high
- Tight market balance for quality assets in the mid-water segment supported by ageing fleet and few newbuilds entering the market
- Rates currently at attractive levels and outlook remains strong, recent fixtures in the range of USD 375k-400k/day

Increased subsea activity and IOR initiatives support strong outlook for heavy well intervention services going forward. NCS mid-water drilling market remains attractive supported by recent strong fixtures

- Purpose built heavy well intervention and drilling unit targeted for North Sea operations
 - Light and medium well intervention units not capable of handling all intervention needs
 - Addressing both the conventional drilling market as well as the heavy well intervention segment
- Unit offering significant efficiency gains and safety advantages compared to conventional drilling rigs
 - CT operations can be performed 30% more efficiently
 - Operational modus (TTRD, drilling, CT, WL) can be changed in **one hour** vs. ~24 hours for conventional drilling rigs
 - No lifting operations required in the derrick area for normal operations
- Conventional mooring in addition to DP3 allowing for mooring in shallow waters:
 - 70-750 m Drilling (can be extended to 1300 m with modifications)
 - 70-3000 m Intervention



- Fixed Price Contract with COSCO for a fully equipped and complete semi-submersible vessel including topside installation
- Based on proven design with high quality sub-contractors
- Fully equipped to NCS specifications
- Self-propelled at 10-12 knots
- Delivery of fully equipped semi from yard expected early 2Q 2012
- Operational start-up in Norway expected 4Q 2012
- Rig currently key side at Cosco Nantong/ Qidong yard with focus on MC and commissioning work



Marine systems and integration providers

SIEMENS

Siemens Consortium

- Generators
- Control system


WÄRTSILÄ

- Diesel engines
- Thrusters

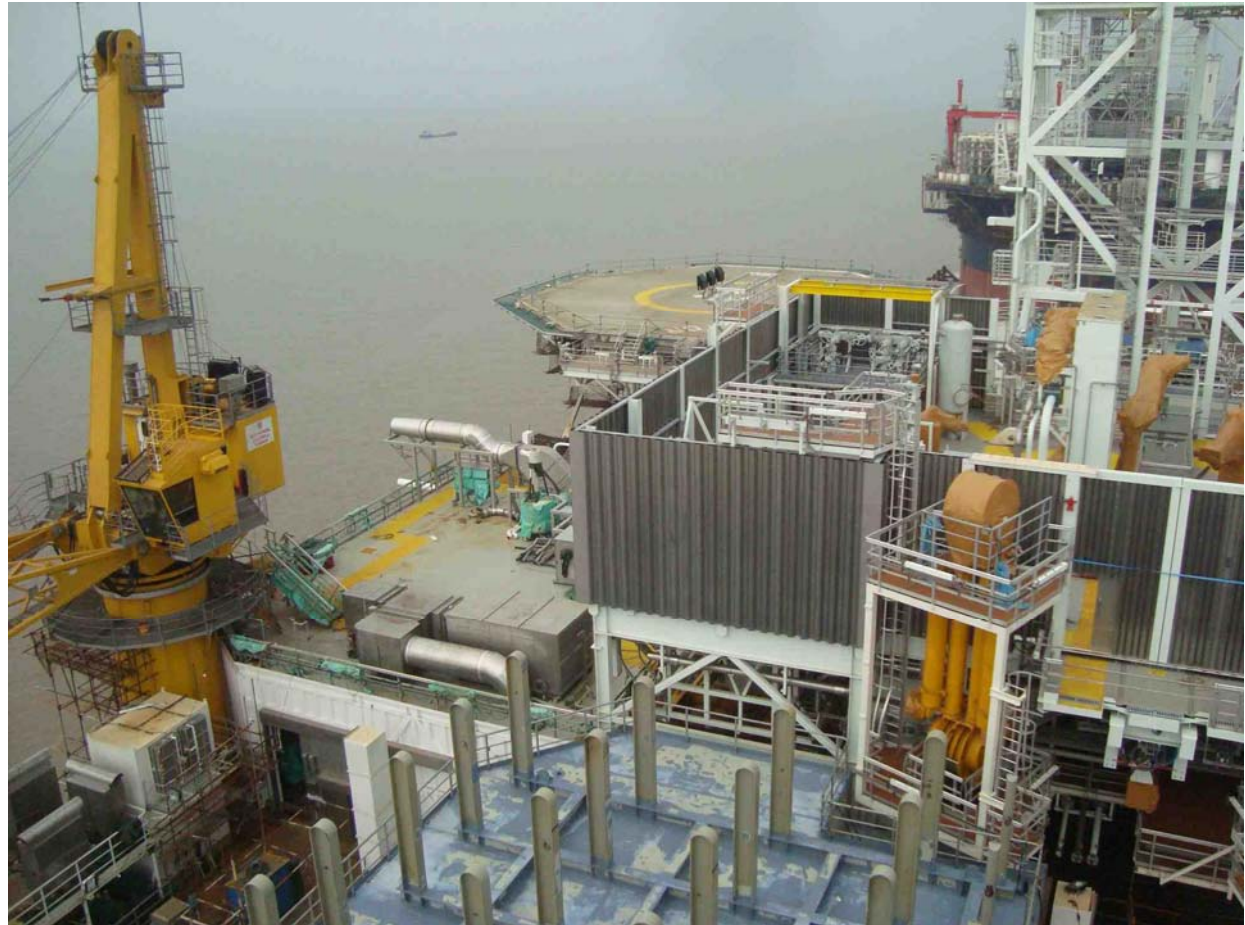


KONGSBERG

- DP3 system

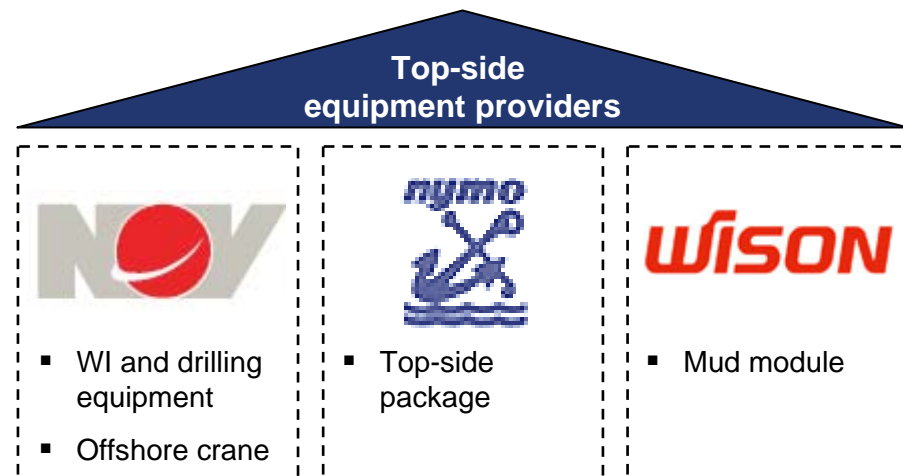
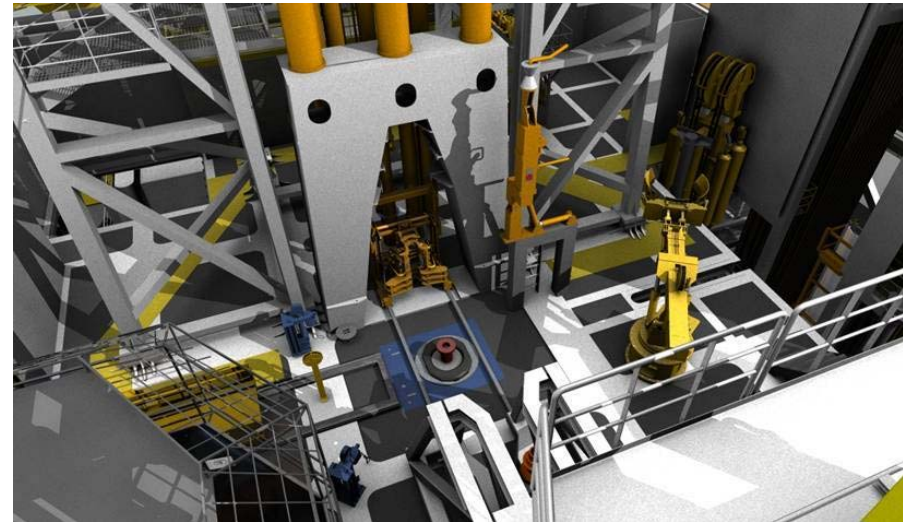
Note: Top-side equipment shown on picture for illustrative purposes only

- Project ~87% complete
- Drilling module installed June 2011
- MC 50-60% complete
- Commissioning well underway
- Delivery scheduled for April 2012
- Ready for operations in Norway Q4 2012



Note: Photos taken in July 2010

- Purpose built top-side for heavy well intervention and drilling operations
- 650 short tonnes hook load capacity
- Added drilling capabilities enhancing operational flexibility
 - Strengthening potential for long-term contracts
 - Increasing applicable day rate potential
- AHC crane with 165 tonnes capacity
 - Enabling efficient handling of CT equipment
 - Enabling vessel to perform light construction work
- All deliveries completed on budget 1st half 2011 except for the BOP carrier by NOV to be delivered early 2012

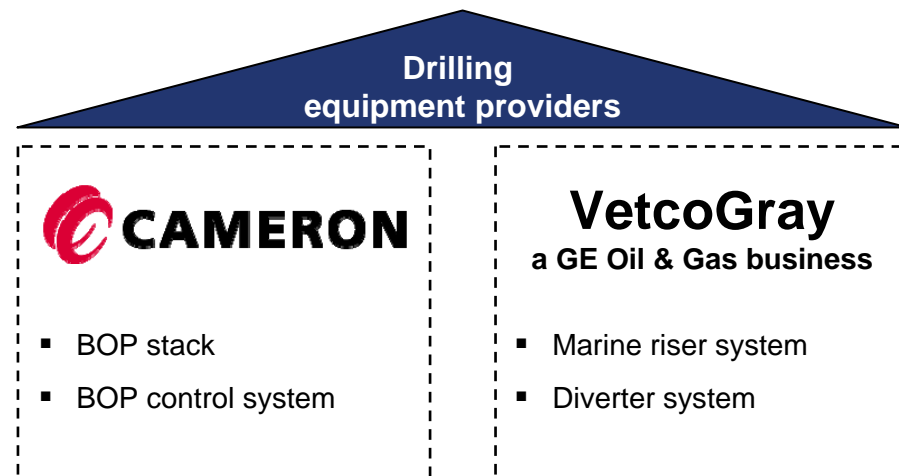


Note: Preliminary picture of top-side equipment for illustrative purposes only

- Cameron to deliver full-size BOP stack and control system
 - 18-3/4" 15K 5 cavity BOP stack
 - Conventional direct hydraulic control system for 750 water depth
 - System can be upgraded to 1300 m WD
 - To be delivered in September and November



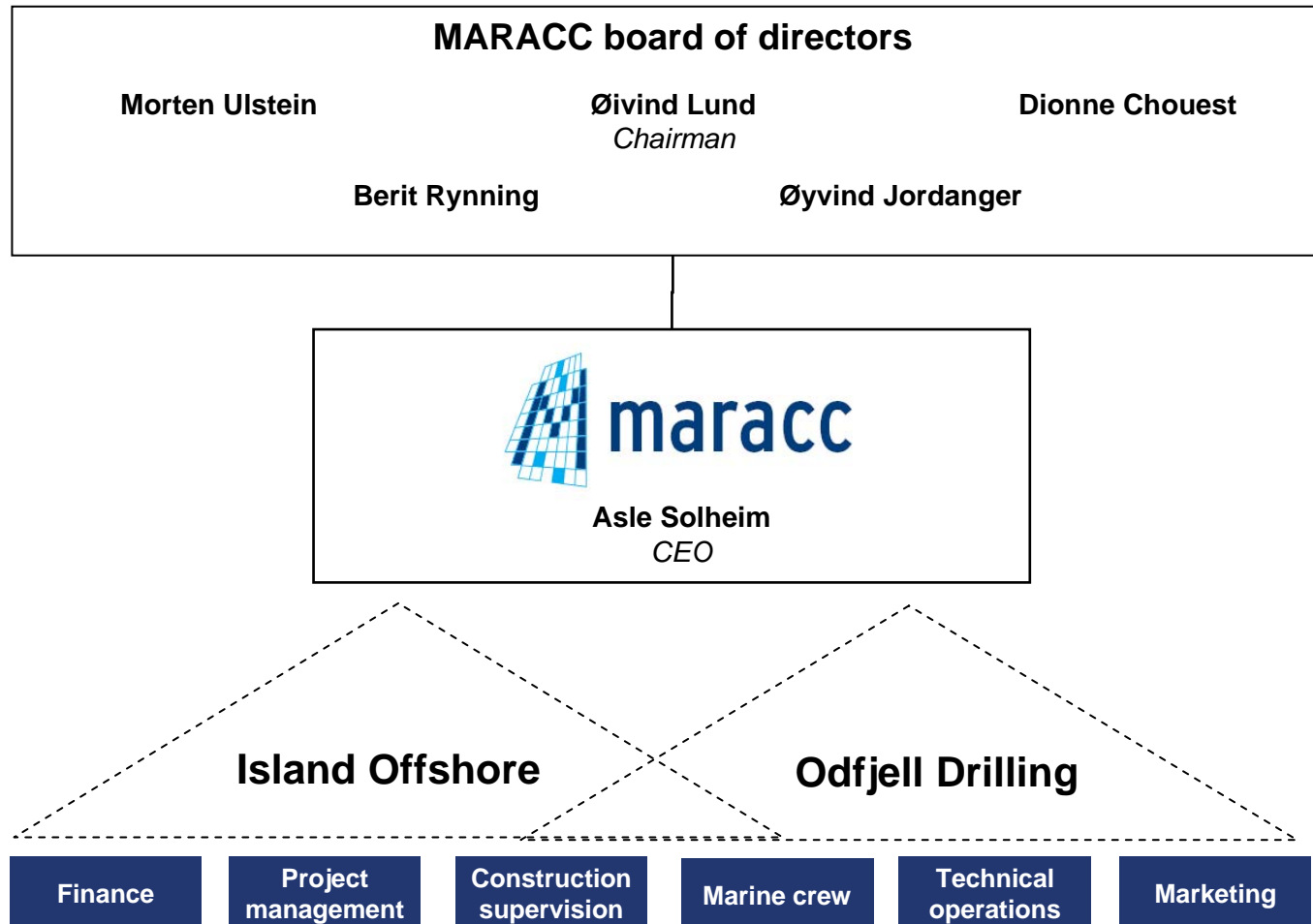
- Vetco Gray to deliver riser system
 - Standard 21-1/4" MR6 marine drilling riser



- Midwater segment was impacted by the market downturn but is now coming back
- Deep Horizon incident in the GoM has put focus on unit age and puts higher interest for new rigs
- Few new midwater rigs built to Norwegian specifications
- In discussions with several oil companies both in Norway and outside for a longer term contract
- Several other potential contracts in Norway:
 - Wintershall
 - BG Group
 - Others
- Maracc wants quality in everything we do, also in the contracts we enter into.

- Estimated all-in delivered cost of USD 594 mill
 - Excluding parts of the start-up costs
- Fully financed with USD 603
- Bank loan of USD 280 mill with DnB; Eksportfinans and GIEK
- Equity of USD 323 mill





Island Offshore and Odfjell Drilling service provider to MARACC on commercial terms

- ~1 175 mill shares outstanding as per end of August 2011
- 20 largest shareholders accounting for ~97% of the shares
- Largest shareholder is Island Offshore Group with ~37% of the shares outstanding

The largest shareholdings as at 31.12.10	Shares	Ownership	Voting rights
ISLAND OFFSHORE V AS	361 668 135	30,8 %	30,8 %
EUROCLEAR BANK S.A./N.V. ('BA') (NOM)	232 943 385	19,8 %	19,8 %
TROND MOHN (NOM)	114 247 646	9,7 %	9,7 %
RIG INVEST L.L.C	113 790 680	9,7 %	9,7 %
SKAGEN VEKST	71 891 376	6,1 %	6,1 %
ISLAND OFFSHORE XII AS	61 987 351	5,3 %	5,3 %
ALDEN AS	53 305 655	4,5 %	4,5 %
TOLLEFSEN, IVAR ERIK	19 746 275	1,7 %	1,7 %
GLAAMENE INDUSTRIER AS	19 611 888	1,7 %	1,7 %
ISLAND OFFSHORE INVEST AS	14 711 627	1,3 %	1,3 %
NAUSTNESET AS	13 598 509	1,2 %	1,2 %
BANK OF NEW YORK MELLON SA/NV	12 011 153	1,0 %	1,0 %
DEUTSCHE BANK AG LONDON	11 842 749	1,0 %	1,0 %
BAKKEVIG, BJØRN	8 495 253	0,7 %	0,7 %
MP PENSJON PK	8 153 720	0,7 %	0,7 %
ARNE LOEN AS	6 441 324	0,5 %	0,5 %
STATE STREET BANK AND TRUST CO	4 424 250	0,4 %	0,4 %
SKAGEN VEKST III	3 633 985	0,3 %	0,3 %
TERRA TOTAL VPF	3 510 448	0,3 %	0,3 %
PELEMENTS AS	3 285 754	0,3 %	0,3 %
TOTAL 20 LARGEST SHAREHOLDERS	1 139 301 163	97,0 %	97,0 %
OTHER SHAREHOLDERS	35 359 353	3,0 %	3,0 %
TOTAL	1 174 660 516	100,0 %	100,0 %

- Secure a long term contract by the end of 2011
- Complete the Island Innovator ready for operations by Q4 2012 within budget and expected quality standards
- Assess listing on Oslo stock exchange in 2012
- Assess options for more rigs

Thank You!