

DISTRIBUTION
NOWTM

RIGSTORETM

*An Innovative
Operating Model*



Value Proposition

CAPITAL OUTLAY

ISSUE: Contractor chooses what inventory they need to own

VALUE: Reduction in capital investment through leveraging shorebase and global DistributionNOW inventory

INVENTORY MANAGEMENT

ISSUE: Contractor to manage all inventory on board and replenish

VALUE: Use contractor system – periodically reconcile with DistributionNOW system

VALUE: Inventory replenishment process on board through material planning

VALUE: DistributionNOW can provide people, processes and ERP capabilities

SHOREBASE INFRASTRUCTURE

ISSUE: Full Shorebase paid for by contractor

VALUE: Utilize existing DistributionNOW shorebase infrastructure

VALUE: Contractor pays a portion of the scalable shorebase infrastructure

VALUE: DistributionNOW maintains backup inventory as needed to support operations

SETUP AND SHUT DOWN COSTS

ISSUE: Contractor has full setup and shut down cost when rig moves

VALUE: Reduced setup and shutdown costs by DistributionNOW's infrastructure

SERVICE AND REPAIR

ISSUE: Contract or personnel manage service and repair transactions

VALUE: DistributionNOW provides procurement personnel for services and repair work

SOURCING

ISSUE: Contractor hires procurement team and procures items locally with limited leverage

VALUE: DistributionNOW leverages both DistributionNOW's domestic and international sourcing

ADMINISTRATION

ISSUE: Contractor manages transactions with numerous suppliers

VALUE: DistributionNOW dramatically reduces transactional burden on contractor

Storeroom

- On-board contractor inventory synchronization
- Alignment of material management practices
- MRO consumables, critical spares and capital spares
- Inventory replenishment system

Materials and Project Planning

- Determine and manage inventory levels and optimization
- Develop materials supply plan with rig manager/offshore installation manager
- Utilize inventory planning to reduce and consolidate freight costs

Procurement

- Stock replenishment and one off/project purchases
- Expediting through DistributionNOW supply chain

Inventory and Warehouse Management

- Transparent, accurate sourcing and inventory supply chain management
- Replenishment of customer-owned inventory
- Expediting, reporting and inventory visibility into the supply chain

Shorebase

- DistributionNOW inventory for DistributionNOW RigStore replenishment
- Material control practices
- MRO consumables, critical spares, capital spares, additional inventory from local inventory
- Procurement services capital items, service and repair, miscellaneous

Procurement Support

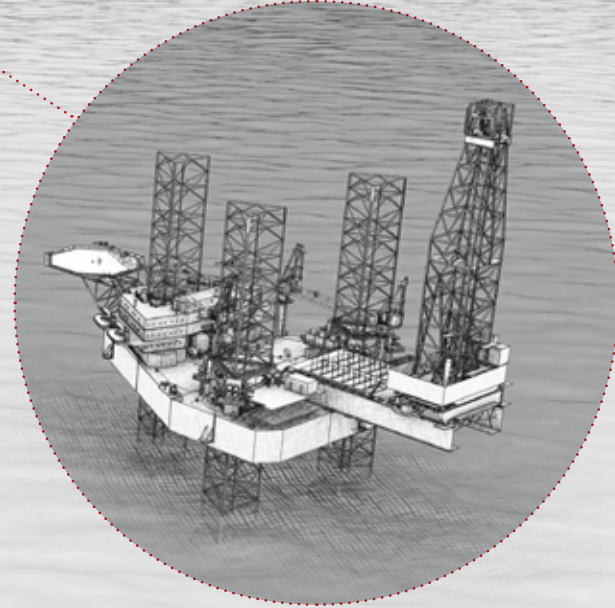
- Material replenishment and one off/project purchases
- Expediting materials through DistributionNOW supply chain
- Management of equipment service and repair work

Logistics

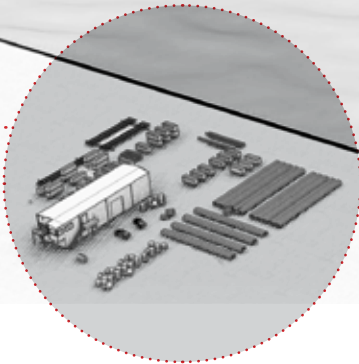
- Inbound materials logistics
- Product consolidation at shorebase
- Receipt, tagging and load out

Inventory and Warehouse Management

- Manage back-up inventory levels to optimize rig fill rates
- Assist with re-deployment and return of surplus goods
- Inventory consolidation
 - Leverage shared inventory
 - Reduced material on the rig
 - Regional critical spares management



RigStore™ is an innovative operating model geared to reducing inventory cost and managing the procurement process within the supply chain for drilling rigs operating offshore.



Hub

- Special projects procurement and support
- On site resources committed at customer's administration requirements

Performance Management

- Develop plans for current and future rig needs
- Establish, monitor, and report performance indicators

Contract and Pricing

- Contract compliance
- Competitive pricing assurance

Process Management

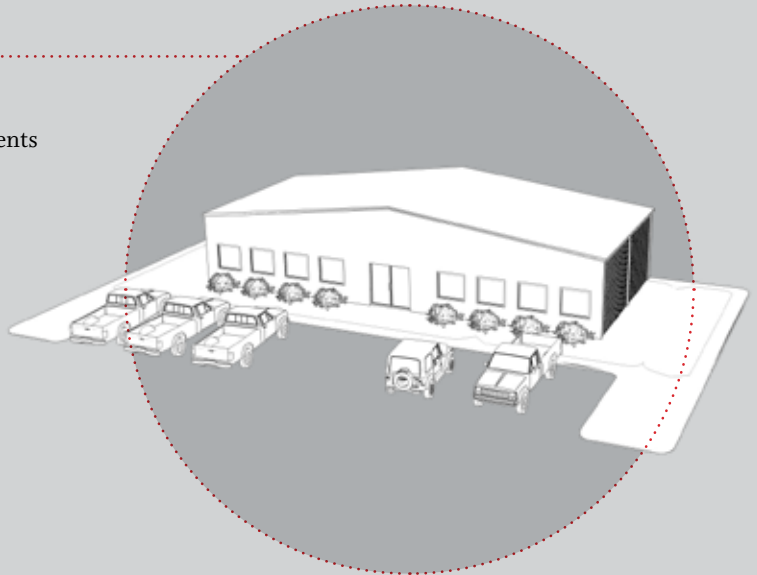
- Process documentation and training
- Process audit and compliance management

Accounting

- Invoice processing and payment
- Inventory reconciliation

Procurement

- Project buyers on demand locally





DRILLING & PRODUCTION

Drilling Products

OEM equipment
Wireline, slings
Tong dies, inserts
Pipe wipers
Fluid treatment
Drilling fittings

Fluid end parts
Drilling hose
Drilling compounds
Mud buckets
Power end parts
Elevators

Production Equipment

Wellhead parts
Blowout preventers
Spill protection
Chokes
Surface pumps
Storage compounds

Artificial Lift

Rod pump systems, parts, accessories
Progressing cavity pumps, parts, accessories
Plunger lift equipment
Variable frequency drives

Power Transmission

Hydraulic hose, couplings
Roller chain, sprockets
Pneumatic hose, couplings
Sheaves
V-belts
QD bushings
Pneumatic clutches
Rotor seals
Shaft couplings



PIPE, FITTINGS & FLANGES

Pipe

Carbon steel
seamless, ERW, DSAW, CW, low-temp, all spec/grades
Stainless steel
welded, seamless, instrument tube, grade 304/L, 316/L, duplex
Chrome/Molybdenum
grade P11, P22, P5, P9
Resin-based fiberglass, polyethylene

Fittings/Flanges

Carbon steel, including low-temp and high yield
Stainless steel and alloy, grade 304/L, 316/L, duplex
Resin-based fiberglass, polyethylene

Gaskets/Fasteners

Spiral-wound
Ring-type joint
Heat exchanger
Stud bolts
Carbon and stainless steel
Plated and Teflon-coated

Paint/Coatings

Acrylics (solvent and waterborne)
Epoxies (high build, high solids)
Alkyds (oil-based enamels, high solids)
Polyurethanes
Tank linings



VALVES & ACTUATION

Valve Actuation Packages

Electrohydraulic
Gas over oil, direct gas
Scotch yoke
Linear, electric, hydraulic
Subsea
Rack and pinion
Electric fail safe
Spring return/double acting
Speed controllers

Valves

API 6A gate
API 6D ball, gate, plug
Wafer/dual plate check
Flange, thread, SW ball
HF acid gate, globe, check
Gate, globe, check
Plug
Choke
Modular ball (DBB)

Cryogenic
API 600/603 gate, globe, check
API 602 gate, globe, check
High-performance butterfly
Resilient seated butterfly
Triple offset butterfly
Control valves
Safety and pressure-relief valves
Rebuilt control valves

Instrumentation

Mechanical, electronic, diaphragm seal instruments
Pressure gauges, sensors
Temperature sensors
Level sensors
Gauge accessories
Instrumentation valves, fittings, hose assemblies



MILL, TOOL & SAFETY

Mill/Industrial Supplies

Abrasives
Adhesives, sealants
Lubricants, solvents
Janitorial supplies
Material handling

Industrial MRO
Drill bits, reamers, burs, cutters
Taps and dies
Cutting oils, fluids

Hand/Power Tools

Hand tools and accessories
Power tools and accessories
Measurement/precision tools
Hoists
Torqueing tools

PPE/Safety Supplies

Personal protective equipment
Protective clothing, workwear
Lockout/tagout
Ergonomics
Gas detection, instrumentation
Spill control



ELECTRICAL

Cable

Onshore and offshore
Marine and industrial

Motors

Oilfield and industrial
Explosion-proof
Fractional
Motor control

Lighting

LED, HID, incandescent, fluorescent
Marine
Emergency

Industrial Fittings

Conduit bodies
Unions, couplings
Hubs and seals

Connectivity

Classified zone area
Harsh area
Pin and sleeve
High amperage roughneck
CSA, UL, NEMA, IEC, IEC Ex, ATEX
Cable glands

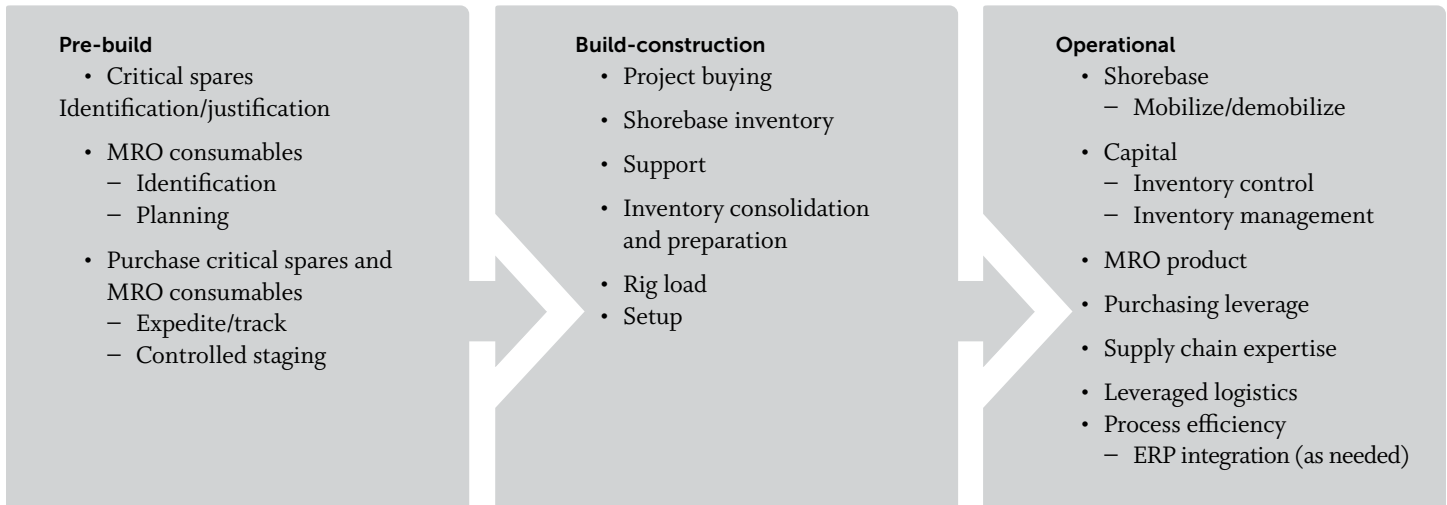
Instrumentation

Accessories

Grounding/earthing
Cable ties, wraps, heatshrink
Fasteners, lugs, terminations
Cable trays and supports
Enclosures

Transformers

Phases and Benefits



KPI Report Metrics

Customer Savings

- Inventory (planning)
 - Stock outs
 - Buy outs
 - Turn rates
 - Inventory dollars (capital spares, MRO)
- Procurement
 - Leverage improvements
- Logistics
 - Value added/no cost
 - Ocean freight
 - Air (emergency)
- Infrastructure
 - Systems
 - Buildings
 - People

Internal KPIs

- Cycle times
- Compliance
 - Preferred vendor metrics
 - Material requisition (MR) versus goods receipt (GR)
- Vendor measurements
 - Delivery dates
 - Vendor invoice (purchase order date versus vendor invoice date versus purchase order GR)
- Expediting
- Freight forwarder
 - Purchase orders GR date versus rig purchase order GR date
- New item requests
 - New items
 - Items already set up
- Rig measurements
 - Cycle count compliance
 - Cycle count accuracy
 - Spot checks on inventory

Sample Reports

Overall spend data by time

Spend analysis by commodity

DISTRIBUTION
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WE WANT TO HEAR FROM YOU!

Please send customer service comments
and questions to CP1@dnw.com

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