

ACR Aboriginal Programs Project Program Template

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| Program Area: | 3.0 | Business Development |
| Sub Program: | 3.2 | Strengthening Business Capabilities |
| Template: | 3.2.7 | Strategic Business Partnership - Shehtah Nabors LP |
| Sponsor(s): | <i>Nabors Canada Ltd. and Shehtah Drilling Limited</i> | |

1. Objective

To develop a strategic business partnership between a major energy service firm and an Aboriginal-owned contractor in the same business.

2. Description

In June 2004, Shehtah Drilling Limited and Nabors Canada formed a new strategic partnership - Shehtah Nabors LP. The new joint venture has its head office in Yellowknife, NWT, and is owned by affiliates of Denendeh Development Corporation (51%) and Nabors (49%).

Shehtah Nabors LP offers drilling rigs, service rigs and related services to customers with northern oil and gas activities. It started with an initial rig fleet of four drilling rigs and four service rigs. Since then, additional rig capacity has been added to meet the anticipated increase in demand for northern drilling.

Shehtah Drilling had been active in the North since 1984 and is a wholly owned subsidiary of Denendeh Development Corporation which is 100% Dene-owned through the 27 Dene First Nations of the Gwich'in Chiefs Secretariat, Sahtu Dene Council, Deh Cho First Nations, Tli Cho First Nations and Akaitcho Territory Government.

Nabors has been in the contract drilling business in Canada since 1952 and is a proven leader in northern drilling technology with 20 rigs in Alaska. Nabors Canada LP markets 81 drilling rigs and 209 well servicing rigs across Canada and is a wholly owned subsidiary of Nabors Industries Ltd.

3. Implementation

The case for the partnership was described by both parties in the following terms.

Shehtah Drilling

The partnership immediately doubled Shehtah's drilling capacity and gave the company access to new technologies and a wealth of experience.

It also increases the opportunities for the people of the Dene communities to participate in the growing northern oil and gas industry. The new partnership benefits the Dene through equity ownership as well as employment, training and business opportunities.

Shehtah provides training and education for all employees, specifically northern Aboriginal employees, as part of northern and local benefits initiatives.

Nabors Canada

The joint venture is the first for Nabors in the North, although the company was active in the territories in the 1970s. Nabors CEO Duane Mather said having a partner with northern experience was a driving force behind the venture. "They (Shehtah) have over 20 years worth of experience and are in tune with the issues and challenges of operating in the North."

With the local presence of Shehtah and new northern technology capabilities of Nabors, the partners expect to the new entity to create real benefits for customers with plans in the North.

Both parties have an expectation for growth based on the need to for technology to extend the drilling season in the North, thus changing the economics for producers.

4. Timeframe for Results

The timeframe was almost immediate as Nabors could provide additional drilling and service rig capacity to meet increased northern demand. As well, the parties worked closely together for almost a year before the joint venture was formalized.

5. Measurable Criteria

- The ability of the joint venture to generate additional drilling contracts and related work in the North
- Improved capacity to work effectively with northern communities
- Success in recruiting and retaining local Dene people as part of the joint venture's workforce

6. Budget

Not specified

7. Partners and Sponsors

Nabors Canada and Shehtah Drilling

8. Experience with the Program

While the joint venture is still relatively new, Nabors has been pleased with the results to date in terms of additional contract drilling work in the North and the solid business relationship that has developed with Shehtah. Both parties have been able to bring their respective strengths into the partnership for mutual benefit.

9. General Applicability

This program may be transferable to other companies and sectors interested in forming strategic business partnerships with Aboriginal companies as a business development strategy.

10. Additional Information or Support

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