

The best of both worlds.

Local market knowledge, global buying power



The Challenges of Aircraft Chartering in the Energy Sector

28th February 2012

Optimising supply chains, Stavanger

Agenda



- Chapman Freeborn Air Chartering – who we are and expertise
- Challenges – Emergency support
- Geological Surveys – Helicopter & Fixed-Wing Aircraft
- The Challenges of Projects and operations
 - Moving equipment & Personnel
 - Aircraft Types
 - Airfields / handling
- The Future Challenges
- Carrier Due Diligence
- Summary

About Chapman Freeborn



- One of the world's largest charter brokers
- Established in 1973
- Over 30 offices worldwide
- Local market knowledge, global buying power
- Available 24 hrs a day, 365 days a year
- Over 6,000 cargo and passenger charters a year
- Annual group turnover around US \$800 million
- Privately owned by working board members



Services



Chapman Freeborn

Cargo Air Charter

General Cargo
Heavy/Outsized
Dangerous Goods
Humanitarian

On Board Courier

Global Courier
Network

Passenger Air Charter

VIP Executive
Group Charter

Aviation Support

Sub-charters
Leasing
Handling
Fuel Purchase



Worldwide locations



Afghanistan: Kabul
Australia: Melbourne
Belgium: Ostend
Brazil: Sao Paulo
Canada: Toronto
China: Beijing
Czech Republic: Prague
France: Paris, Marseille

Germany: Berlin, Cologne, Frankfurt, Munich
Hungary: Budapest
India: Delhi
Iraq: Baghdad
Italy: Turin
Netherlands: Amsterdam
Poland: Warsaw
Romania: Bucharest

Russia: Moscow
Singapore
Spain: Barcelona, Madrid
South Africa: Johannesburg
Turkey: Istanbul
Uganda: Entebbe
UAE: Sharjah, Dubai
UK: London (Gatwick) – **Global HQ**
USA: Atlanta, Detroit, Fort Lauderdale, Houston, Washington

Emergency Support - Challenges



- Emergency evacuation, repatriation flights and Medevac Services
- Global coverage - 24 / 7 / 365
- Local contacts and knowledge
- Passengers:
Response within minimum of 2 hours
(Subject to destination, availability, permits etc.)
- Cargo:
 - Quick turnaround for permits
 - Jets / large aircraft arranged quickly and at short notice



Evacuation / Repatriation - experience



- In response to the crisis in Libya, groups of passengers including oil and gas industry workers were safely flown from Tripoli to airports in Turkey and Malta. Aircraft successfully utilised for evacuation operations include B737 and Fokker 100 types.
- CF flew passengers from Cairo to airports including London Gatwick, Istanbul, Dubai, and Barcelona on chartered B757, B737 and ATR 72 aircraft, as well as executive jets called in from the Middle East.
- CF provided an aircraft charter for two Canadian diplomats after they were released by al-Qaeda militants who had held them captive for over four months in Niger. CF kept a VIP configured MD83 aircraft on standby for a week until confirmation finally came through that the hostages had been freed.
- CF arranged an urgent evacuation charter for 40 French laboratory workers and their families from Mexico as the H1N1 outbreak reached its peak. A 167-seat MD83 aircraft was rapidly positioned to Mexico for the flight back to France, with fears that the flu crisis could have reached Level 6 - barring all entry and exit from the country.



Geological Surveys: Helicopter & fixed-wing aircraft for an airborne electromagnetic or radiometric survey.



- Helicopters – Advantage
 - Able to maintain a more constant ground clearance above rugged terrain.
 - Slow-flying capability, which allows for greater accuracy
 - Can land for a ground check in critical areas.
- Helicopters – Disadvantages
 - Much more expensive to operate than are fixed-wing aircraft
 - They can cover only a third as many line-kilometres per day at best.
 - They have a relatively short range of operation.
 - Require more maintenance work per flying hour.
- In most cases the Aircraft/Helicopter has to be modified if special survey equipment is used.



Profile: Helicopter support



- Passenger and cargo operations
- Short-term and long-term basis
- Heavy lift movement of equipment on shore to vessel and vice versa
- Passenger movement of crew to vessel
- Offshore projects include:
 - - *winching people and cargo onto vessel*
 - - *crew movements*
 - - *surveillance*
- Documentation for operations above sea, rigs and ships, winching and with hoist (slung) equipment
- SAR helicopters
- Ambulance helicopters at remote locations
- 24/7 standby basis and ad-hoc basis



Case study: Marine Salvage Offshore



Accident: Fire or stranded ship in Mediterranean Sea

- Salvage company has 5 - 7 specialists with around 40kg luggage each to fly as soon as possible to closest airport from the accident.
- Regional airports can be used, depending on opening hours. In some cases regional airports obtain permits faster than international airports due to allocated slots.
- In difficult regions (Africa / Asia) check required on permits with local Government for clearances'. Sometimes the embassy is involved.
- Usually with environmental risks involved permits are obtained in an instant. Response time can be reached in 2 hours, depending of response of client and contract.

Challenging Areas - Arctic



FROZEN FUELS

A 2010 Norwegian–Russian border agreement has opened up the Barents Sea to oil companies eager to exploit resources.

Oil and gas facilities: ● Planned ● Operational
■ Oil and gas reserves

Projects & Airfields



- Hammerfest Airport / HFT
 - Issues strong winds
 - Elevation: 799 ft (244 m)
 - Runways: 1
 - Longest: 2625 ft (800 m)
 - Aircraft Type:
 - Cargo: Dash 7 / Pax: Dash 8
-
- Alta Airfield / ALF
 - Elevation: 9 ft (3 m)
 - Runways: 1
 - 7165 x 131 ft (2184 x 40 m), paved
 - Aircraft type:
 - Cargo: AN12 / Pax: B767



AN-124 Freighters



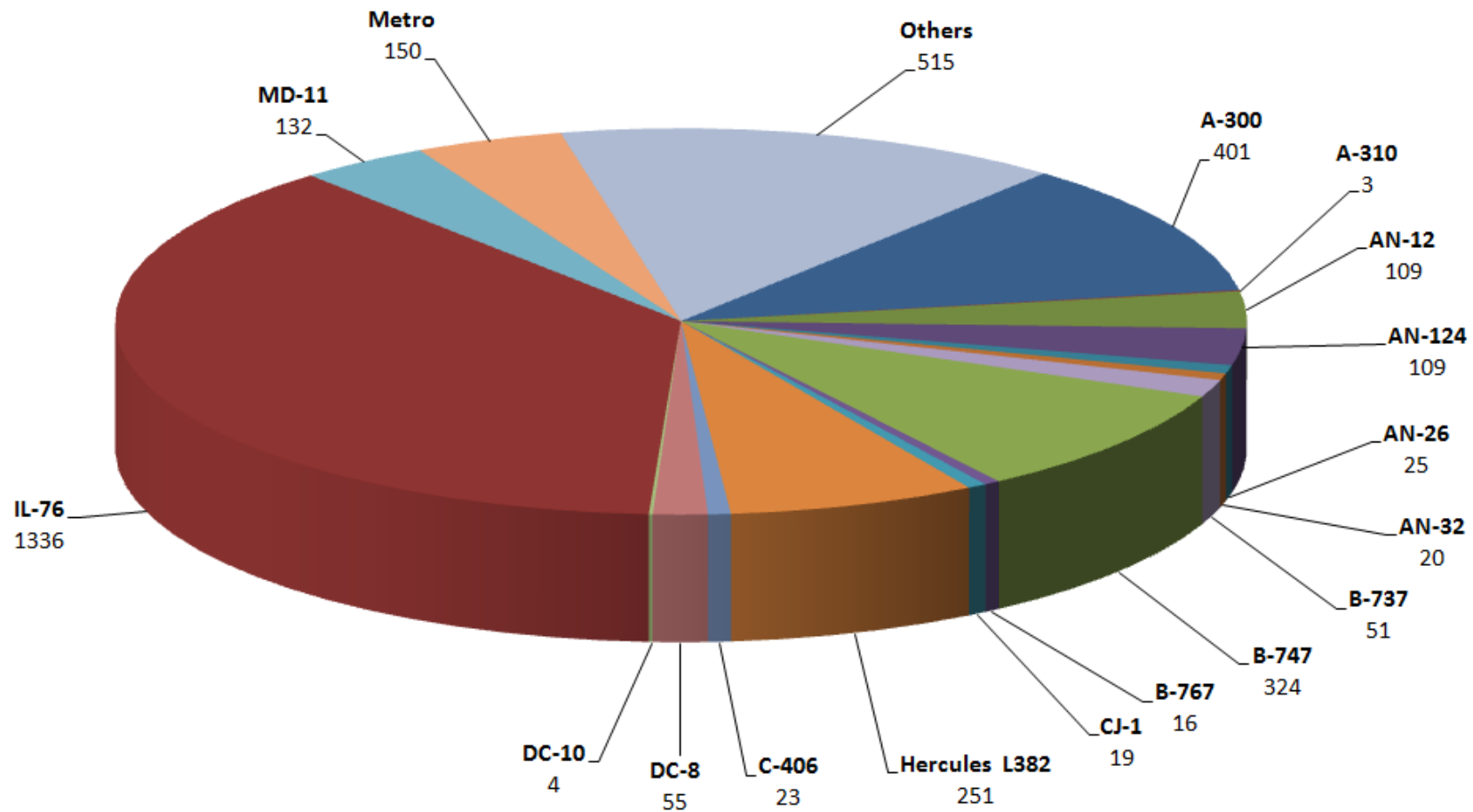
Projects & Airfields



- Bardufoss Airport / BDU
 - Issues can land AN124 but reduced payload
 - Elevation: 252 ft (77 m)
 - Runways: 1
 - 8015 x148 ft (2443m by 45 m)
 - Aircraft Type: Cargo: AN124
-
- Bodø Airport / BOO
 - BDU to HFT – up to 17 hours Trucking (pending route)
 - Alta Airfield / ALF
 - Elevation: 42 ft (13 m)
 - Runways: 1
 - 11136 x148 ft (3394 x 45 m)
 - Aircraft type: AN124



Future Challenges... Cargo Aircraft Types



Based on 3,543 cargo contracts in the last 12 months (excludes leases and multi-flight airdrops)

Russian Freighters



- In the post-Cold War environment the landscape was changed by the influx of Soviet era freighters
- From late-1980s Antonov and Ilyushin aircraft flooded the market
- Used extensively for military and humanitarian airlifts, as well as commercial heavy & outsize requirements – including O&G cargo



IL-76 Freighters



IL-76 Freighters



Russian Freighters - Uncertainty



- Typical USSR production - more than 100 civil aircraft produced per year
- In the 1990s production nearly stopped – it has barely started again since
- In 2006 only 8 aircraft manufactured / delivered
- Few IL-76 airlines exist that are allowed into Europe today
- Supplier base limited to about 30 EU compliant aircraft out of a fleet of 90 operational civil IL76s (the remainder in the Arabian Gulf region and Africa)
- Production of AN-124 suspended since 2004 – most recent deliveries
- Only 3 major AN-124 operators with an operational fleet of about 20 aircraft

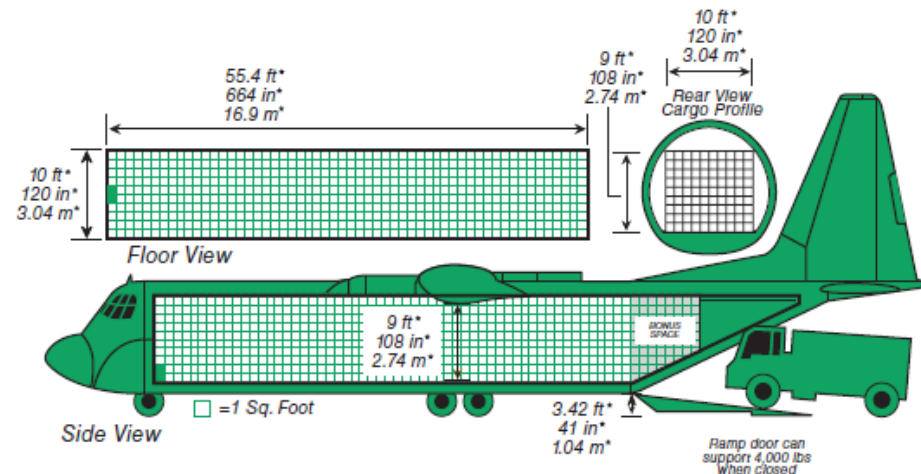
IL-76 Quiet engine project?

- D-30KP BURLAK development
- Very slow progress
- Uncertainty....



L-100 Hercules

- The unique characteristics of the Hercules make it ideally suited to moving energy industry cargo:
 - 23 ton (max payload)
 - Palletised and unpalletised cargo
 - 20' or 40' shipping containers
 - Airdrop capabilities
 - Operations to shorter runways and unpaved surfaces



L-100 Hercules - Challenges



- No longer in production
- Limited civil fleet
- 118 built in total
- 48 written off / 8 withdrawn – only 62 in service
- 40 government or Air Force (foreign)
- 22 commercial – 4 major airlines only
- Many of these already on long term contracts



Profile: Oil Spill Response



- Chapman Freeborn has been ***Oil Spill Response's*** preferred charter partner for more than ten years
- Acting as broker as well as providing aviation consultancy and support
- We offer round the clock service with immediate access to aircraft worldwide
- Allows ***Oil Spill Response*** to operate internationally with minimal response time
- Vital equipment can be immediately deployed on jet aircraft while their own Hercules aircraft make their way to the location of a spill



Carrier Due Diligence



- In house Safety Management Systems (SMS) Specialist / Safety Manager
- Qualifications include IATA Internal Auditor, JAA/ECAC Quality Management, UN SMS certified
- In house Compliance team
- Carrier Vetting
- Carrier Audit Management – in association with 2 IATA IOSA certified companies
- Foreign Air Carrier Certification assistance for specific countries
- SAFA inspection corrective action assistance

Auditing - Value Added



- We also work in close partnership with ACS Aviation Solutions - an IATA IOSA certified auditing company.
- Together we offer a number of different airline audit packages for clients who require a more detailed background and/or safety assessment made of air carriers that we charter on their behalf.
- National CAA's can vary in their ability to perform oversight and correct regulation of airlines they have registered with them.
- The IATA IOSA framework is now generally accepted to be the main bench mark on safety management processes and the quality of management at carriers.



Summary



- Optimising the supply chain....
 - Forward planning
 - Understanding the regions for logistics
 - REACT (Rescue, Evacuation & Aid Charter Team) being prepared
 - Part-charters, backloads and other commercially innovative solutions
- Future issues
 - Aircraft which can take outsized cargo

Why an Intermediary?



- Airlines usually restricted to one or two specific aircraft products
- Intermediaries close to realistic pricing and most competitively located aircraft
- Maximum commercial knowledge is available to brokers and this can be quite easily leveraged by the end user
- Secure and contract most cost effective and appropriate aircraft for route
- Aware of regulatory and safety issues with particular theatres and which carriers have experience into them
- Financing operations and providing credit to end user – airlines usually cash sensitive

Requirements in The Energy Sector



- Understanding of the Energy sector products & projects globally
- Awareness of logistics issues – difficult locations / Harsh terrains
- Expertise in time definite shipments & political situations.
- Airport supervision and management 24hr/7d
- Understanding of the business ethics and economics of clients
- Global reputation for last minute and planned charter programmes.
- Understanding of urgency - time definite / Production shut down.
- Understanding of loss in revenue due to loss in time

The best of both worlds.

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chapman freeborn
The Global Aircraft Charter Specialists

Thank you for listening

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