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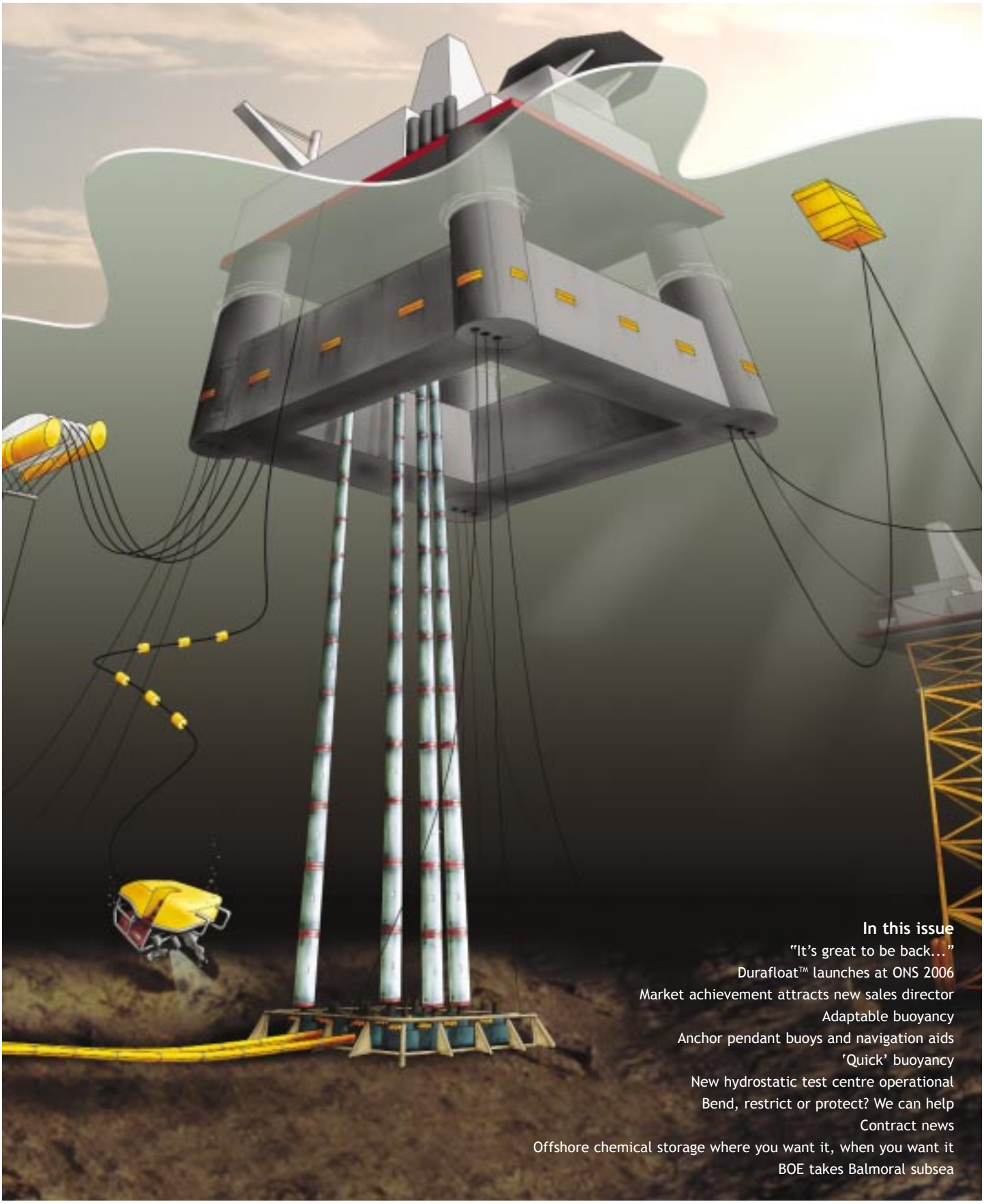
BALMORAL OFFSHORE NEWS



In this issue

“It’s great to be back in the subsea sector...”

As they say… “Never say never”, and that is especially true in the business world.

Back in 2003 we were delighted to join forces with our old adversary, CRP Group, in a joint venture providing buoyancy and elastomer products to the global energy industry.

Three years down the line, we find ourselves back on opposite sides of the fence, both companies a bit longer in the tooth and, ultimately, much wiser. Who would have thought it?

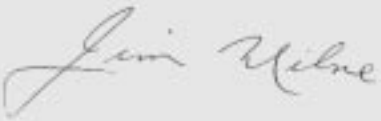
We launched Balmoral Offshore Engineering (BOE) at Oi06 at Excel in London, and since then have been to OTC and ONS promoting the new division.

I must say it’s great to be back in the subsea sector. It gives me a great ‘buzz’ to see how motivated and excited the BOE team is… both at Balmoral Park and at our new sales and contracts office in Heywood, Lancashire.

Another oft-quoted adage goes: “Your company is only as good as its people”. Again, I can’t argue with that. The breadth of experience on offer at BOE is quite breathtaking. I did a calculation to add up the ‘man-years’ of buoyancy experience we have within the team and it came to a staggering 1000+! Regardless of fingers being pointed at yours truly as accounting for most of these, I’m extremely proud of what we’ve achieved in the past on projects such as Asgard, Bonga, Girassol and Rosa.

As our new manufacturing plants in Aberdeen come on stream, I am reminded of another old saying by fellow Scot, Andrew Carnegie – a few years ago, admittedly – but still pertinent: “Take away my people, but leave my factories, and soon grass will grow on the factory floors. Take away my factories, but leave my people, and soon we will have a new and better factory."

This does indeed ring true as we design, install and commission a new generation of maufacturing plants in Aberdeen. Give us a call if you’d like to discuss your project; we’d be delighted to share our experience with you.



Jim Milne
Chairman and managing director, Balmoral Group

Market achievement attracts new sales director

Following the launch of Balmoral Offshore Engineering, the company announced the appointment of David Clayton as divisional sales director.

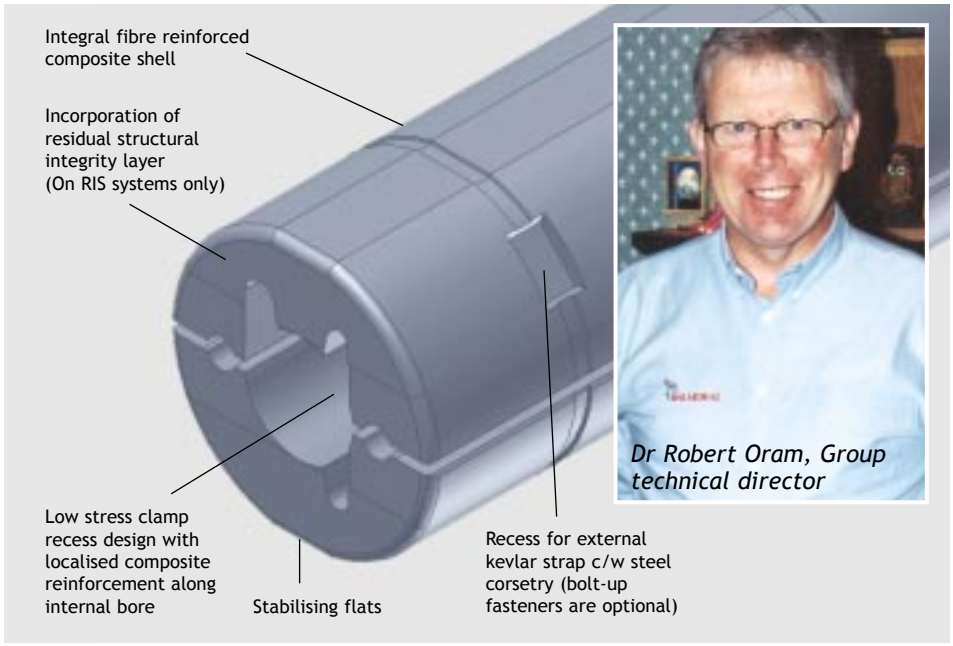
Commenting on his appointment, David said: "I was delighted to join the Balmoral team at this exciting time in the industry. As we all know, the subsea sector is currently enjoying a surge of activity on a global scale.

"With Balmoral's history of achievement in the buoyancy and elastomer markets I have been overwhelmed by the goodwill that exists towards the company. It would be no exaggeration to say that Balmoral has been welcomed back to the sector with open arms."

David (45) has 18 years' experience in the oil and gas sector - most recently with CRP Group - and, in joining Balmoral, brings a wealth of knowledge to the table. David was tasked initially with establishing a sales and projects office in North-west England and, having completed that, he is now in dialogue with his subsea network around the world.

David Clayton: "Overwhelmed by goodwill towards BOE"

Durafloat™ launches at ONS 2006



Dr Robert Oram, Group technical director

The demands placed on rigid riser buoyancy performance have increased dramatically as the industry continues its exploration and development of ever deeper waters.

Similarly, the requirement for ultra-safe modules has grown in response to the extreme conditions which are now commonplace in today's operating environments.

Balmoral's technical and design engineering team has developed the high performance rigid riser series, Durafloat™, to accommodate and perform in the most arduous of conditions.

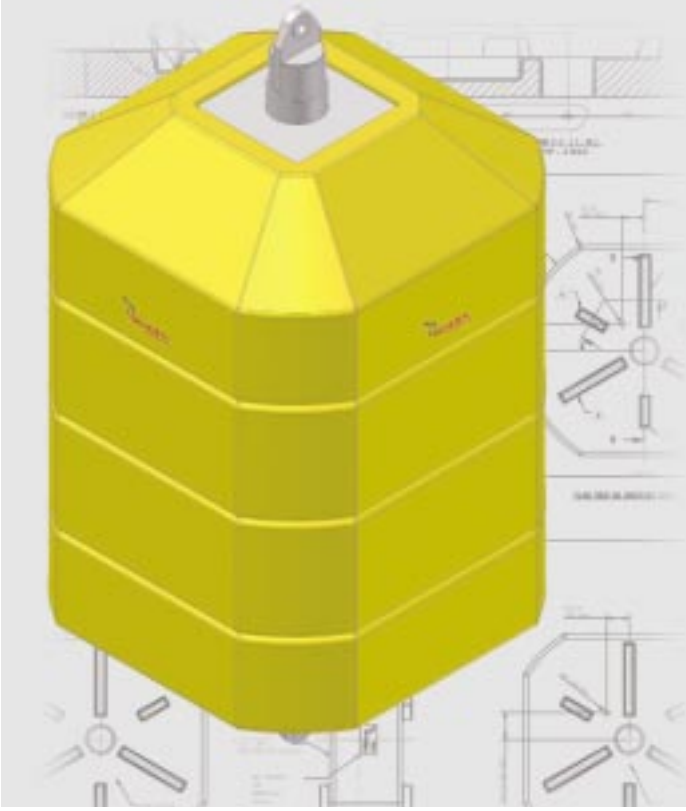
Featuring an advanced composites high impact protective skin and a residual integrity system, Durafloat is designed to minimise the risk of cracking and fracture while delivering high performance uplift.

Dr Bob Oram, technical director, said: "Buoyancy plays a critical role in the dynamic performance of the riser string. We believe Durafloat is a significant step forward for the industry and its contribution to safety and performance should not be underestimated."

Durafloat features include:

- *High impact composite integral shell*
- *Residual integrity system (RIS grade only)*
- *High performance syntactic foam body*
- *Comprehensive flexing ability*
- *Localised composite reinforcement at clamp recesses*
- *Stacking and storage capability*

Adaptable buoyancy



How deep do you want to go? With a modular buoyancy range offering nominal uplift from 50-30,000kg, BOE has the product you seek.

Predominantly used in suspended mooring systems, modular buoyancy is highly adaptable and can be furnished with a range of end fittings.

Because these products comprise individual modules, any damage occurring during service means the loss of buoyancy is restricted to one particular element which is simply interchanged with a replacement.

Manufactured using a variety of core materials, dependent on depth rating, Balmoral modular buoyancy is coated in polyethylene, polyurethane, moulded polyurethane or spray applied GRP to suit specific project parameters.

Anchor pendant buoys and navigation aids

From anchor pendant buoys to small marker buoys and large navigation and data collection products, Balmoral has extensive experience in designing and manufacturing surface buoyancy products.

Anchor pendant buoys, from 1000-30,000kg nominal buoyancy, are supplied either as "suitcase" models or in modular style to suit operating requirements. Steelwork fittings such as crucifix and pad eyes come as standard with alternatives available.

The company also has many years' experience in navigational aids and manufactures a wide range of GRP rotationally moulded and elastomer buoys.

If you need 'quick' buoyancy...

Having received numerous calls beginning: "I need some buoyancy… quickly!" BOE took the bull by the horns and developed the "Oceanus*" range of standard, readily available, subsurface flotation.

David Clayton, divisional sales director, said: "Over the years I've received so many calls for instant buoyancy that I thought it would be worthwhile developing such a range.

"Following discussion, design and trial, we're pleased to bring Oceanus to the market. These floats can be supplied in virtually any colour and we are happy to incorporate clients' graphics into our moulds."

David describes the technicalities: "Oceanus floats comprise a high performance low density composite foam buoyancy core, encapsulated within a tough impact and abrasion resistant polyethylene shell.

"The floats are easily handled and stored on-board as we've integrated flat surfaces and recessed lifting holes into our design."

Operating depth	OF1	OF2	OF3	OF4
	Nett buoyancy generated (kg)			
1000 msw	9	13.5	26	56
1500 msw	8	12	23	49
2000 msw	7.5	11.5	22	47
2500 msw	7	10.5	21	44
3000 msw	6.5	10	20	43
6000 msw	4	6	12	25
Bore ØID	19mm	38mm	38mm	38mm

The standard range of Oceanus floats covers four uplift capacities and six standard operating depths as illustrated in the table above.

** Oceanus (Greek Okeanos), was the world-ocean, which the Greeks and Romans believed to be an enormous river encircling the world. In Greek mythology, this world-ocean was personified as a Titan, a son of Uranus and Gaia. In Hellenistic and Roman mosaics, this Titan was often depicted as having the upper body of a muscular man with a long beard and horns and the lower torso of a serpent.*
Source: http://en.wikipedia.org/wiki/Oceanus

New hydrostatic test centre operational

Balmoral's new hydrostatic test centre is now fully up and running in Aberdeen.

The new facility, which provides a testing capability to 6000msw equivalent across a range of vessels, is available for external client use and offers instrumented buoyancy loss, hydrostatic compression, uniaxial compressive strength, uniaxial creep, Poissons ratio, density and water absorption testing.

For further information on hydrostatic testing, please call Charles Daniel or Charles Smith on +44 (0)1224 859000.

One of Balmoral's test vessels

If you need to bend, restrict or stiffen, we can help

Frequently, when clients specify buoyancy products, they require auxiliary items to support their project – such as bend restrictors or cable protection.

As BOE's aim is to be the single source supplier of choice to the oil, gas and oceanographic industries, substantial investment has been made to install the very latest in elastomer engineering plant at Balmoral Park.

Supported by a highly experienced design team BOE's dedicated workshop is now fully engaged in the production of a comprehensive range of elastomer products which include:

- *Bend restrictors*
- *Bend stiffeners*
- *Cable protection*
- *Vortex induced vibration (VIV) strakes*
- *Cable and flowline protection*
- *Flange protection*
- *Pin and box guards*
- *Clamps, saddles, spacers, centralisers*

BOE's elastomer processing plant is gearing up for busy times ahead. Ken Toole, director of research (pictured, centre), said: "The combination of design experience and the latest equipment means clients benefit in terms of top quality products complemented by a quick turnaround."

Contract news

An impressive array of products have been passing through Balmoral's production shop in recent weeks including anchor pendant and subsurface buoys, ROV blocks and distributed riser buoyancy modules.

Group director, Jim Hamilton, says: "We are working hard to secure a number of contracts.

"Balmoral's expertise, both in terms of design and engineering capability, as well as in manufacturing, is recognised in the marketplace and clients are keen to talk to us at the design phase of their projects.

"We are pleased to offer advice at any time but it's often at the conceptual stages of a project that major time and cost savings can be identified. For that reason we encourage early dialogue and offer a no obligation advice service."

Offshore chemical storage where you want it when you want it

GRP sectional chemical storage tanks, produced in Aberdeen by Balmoral Tanks, are currently being specified on many offshore installations. Because of the flexibility provided by the sectional installation system, and the changes in offshore regulations, many facility managers are specifying the installation of this proven system.

With panels ranging from 0.5x1m to 1x2m, potentially any capacity, shape and size of tank can be installed with relative ease, particularly in areas of restricted or difficult access. Supplied with a full range of accessories, a number of chemical storage tanks are now in use across the North Sea. Balmoral's considerable offshore experience means the company understands the requirements of this highly specialised industry.

Project Manager with Balmoral is Fraser Milne: "The beauty of the system is that we can put the tank together in Aberdeen and subject it to rigorous testing. Once approved and certified, we break the tank down and ship it offshore where our installation team either puts the tank together or supervises the installation.

"Access is frequently a problem on these platforms but the tank panels can be taken below deck quite easily by two people and put together at their final place of use."

GRP sectional storage tanks are designed to ease installation

BOE takes Balmoral subsea

During 2006, Balmoral re-entered the subsea buoyancy and elastomer protection market with its new division, Balmoral Offshore Engineering (BOE), following a three year break.

Balmoral Hitec Buoyancy previously provided the industry with subsea products for more than 20 years on high profile projects such as Girassol, Amethyst and Triton Ceiba.

Balmoral's chairman and MD, Jim Milne, said: "With the growth in subsea activity there is a requirement for an independent global supplier and we have been encouraged by many to return to the market.

"The wealth of technical, production and management experience created over the last 25 years within Balmoral has allowed us to move back into the market very quickly.

"With new manufacturing equipment in place we offer the industry a single source for all its buoyancy and elastomer design and product needs. Our well-known team offers a wide range of design, engineering and manufacturing experience and, positioned alongside technical proficiency, on-time delivery and new plant, we are operating on a worldwide basis."

Jim Hamilton is the Balmoral director with responsibility for offshore projects and says: "Our strengths lie in our people who offer unrivalled experience in the composites sector. Balmoral products are used by the industry worldwide and we're extremely proud of our track record."

Jim Hamilton and Jim Milne plot the way forward

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