Kenya now a proven opportunity in oil & gas exploration

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Message from the Managing Director

It gives me great pleasure to write to you as we come to the close of an exciting financial year 2011/12.

National Oil has witnessed immense growth in all aspects of its business in the last financial year and as we reflect on the successes of the past year and lay strategies for the coming year and beyond, I take this opportunity to thank the entire team for keeping together.

As I have mentioned to you on several occasions lately, it is not enough to have an expanded retail network. What is needed going forward is enhancing customer experience at all customer contact points. Let us all make sure customer service is a core component of our planning this year.

Going forward As we settle down into the new 2012/13 financial year, I wish to remind all of us that we have not yet arrived. The journey ahead is still long but together we will make it.

CSR and sponsorships In 2011/12, we continued to be actively involved in the lives of our host communities through various social responsibility and sponsorship events. In January this year, we renewed our sponsorship of rally driver Ian Duncan for the next 3 years. National Oil has been the corporate sponsor of Ian since 2008.

National Oil’s biggest social responsibility engagement in 2011/12 is the multimillion shillings greenhouses for schools project. The project is fully funded by our exploration partner Anadarko. In the project, we acquired and installed 33 large-size greenhouse kits in schools across the Coast province as part of our contribution towards addressing the perennial problem of food insecurity in ASAL parts of the country.

Just to remind you of what awaits us, in our current strategic plan, 2008 to 2013, we projected a retail network of 165 stations. This is the number we are aiming at by the close of this financial year in June 2013. This is a tough target to attain but we are equal to the task.

As I have mentioned to you on several occasions lately, it is not enough to have an expanded retail network. What is needed going forward is enhancing customer experience at all customer contact points. Let us all make sure customer service is a core component of our planning this year.

As I conclude, let me once again thank you all for being a wonderful team and let us keep raising standards even higher.
National Oil bags Africa Oil Company of the year 2011 award

November 2011 will forever remain a special month for National Oil after the corporation trounced elite national oil companies in Africa among them Angola’s national oil company, Sonangol to emerge the continent’s best in a ranking by the highly respected Petroleum Africa magazine. Sonangol which won the 2010 crown came second.

National Oil was declared the 2011 company of the year in Africa at a colorful award ceremony held in Cape Town, South Africa and attended by Ken Mugambi of strategic planning and Francis Njuguna of exploration and production. Published monthly since 2003, Petroleum Africa is the world’s leading magazine dedicated to following the petroleum industry in Africa.

While awarding the top recognition to National Oil, Petroleum Africa Magazine cited the company’s “prudent resource management, rapid retail expansion and efficiency in management of exploration and research activities as some of the reasons National Oil won the company of the year award”

“National Oil was declared 2011 company of the year in Africa at a colorful award ceremony”

“The National Oil Corporation of Kenya is an excellent example of a well run national oil corporation that makes the most of what it has even if it doesn’t as yet have production. Unlike other NOC’s on the continent, National Oil makes money,” noted the magazine.

Petroleum Africa Magazine observed that over the years, National Oil’s mandate had expanded to include enhanced marketing of petroleum products, a strategic activity that had started bearing fruit. In the last one year, National Oil has been able to grow its overall market share from an average of 5 per cent to the current 9.3 per cent, retail market share to over 13 per cent and increased its sales volumes by 46 per cent.

The company also added 17 new service stations to its existing stable, bringing the total tally to 86. Further, National Oil enhanced its operation efficiency by investing in the latest computer hardware and software technologies, whilst leveraging on staff training and streamlining decision making and strategic planning.

Reached for comment on the award, Ms Sumayya Hassan-Athmani, National Oil Managing Director, said, “This recognition is a demonstration that our strategic efforts to position National Oil at the heart of the energy sector in Kenya and the region are bearing fruit and being recognized internationally.”

“Our ambitious retail network expansion from 6 service stations in 2008 to the current 86 stations is one of our biggest achievements in the last couple of years and we are glad we are where we are,” Ms. Athmani noted.

This latest recognition comes in the wake of strategic moves by National Oil to focus on petroleum infrastructure development aimed at addressing the current petroleum infrastructure constraints in the country.

At the award ceremony held on Friday, 4 November 2011, National Oil also bagged another award by Global Pacific and Partners for its contribution to excellence in Africa’s petroleum sector.

National Oil records rise in market share

The 2012 Kenya petroleum sales statistics indicate that National Oil has significantly grown its market share to reach 9.3 percent in 2012 up from 4.4 per cent in 2010 making it the fifth largest petroleum marketer in Kenya.

The sales statistics are for the full year, January to December 2011, and excludes export sales where National Oil is yet to venture.

The latest rise in market share comes at a time when the corporation is implementing an aggressive retail network expansion plan that has seen it raise its service station tally from a paltry six stations in 2008 to 95 outlets currently.

The impressive growth by National Oil is attributable to the ongoing network expansion as well as a keen focus on certain key segments of the fuel business including the promotion of the fuel card, SuperCard, which has helped to significantly grow the sales volumes especially from fleet accounts in the last one year.

“Moving on National Oil aims at attaining retail market leadership by 2013 and going by the strides made in the last couple of years, the corporation is on course to attain its envisioned goals as outlined in its current strategic plan.”

At the top of the market is KenolKobil with 25 percent of the market having toppled Total Kenya to second position with 23.3 percent. The two are followed by Kenya Shell (17.8%) and Oil Libya (8.8%).
National Oil unveils a mini LPG filling plant

The mini filling plant commonly referred to, in industry lingo, as skid is the first of its kind in Kenya and has transformed the packaging of cooking gas for the retail market especially for the low end market which is commonly called the kadogo economy.

Unlike the conventional LPG filling facilities, skid is capable of filling gas as little as a kilogram into existing gas cylinders just by a touch of a button. Skid is highly automated and very safe.

Speaking at the colorful launch ceremony also graced by National Oil managing director Ms. Sumayya Hassan-Adhama, the Assistant Minister hailed National Oil for being at the forefront in innovating products and services that are sensitive to the needs of the common Kenyan consumer.

The Minister stressed that as a public company, National Oil was setting a good example for the rest of the marketers to emulate. He particularly pointed out that the move by National Oil to retail affordable quantities of gas into existing cylinders would enhance the uptake of cooking gas as it is preferred source of domestic energy. The move, meant to cushion the majority of Kenyans, is an attempt to escalate the pricing of cooking gas, was well received in the country as it meant more Kenyans can now afford cooking gas.

Supa Kadogo is the first of its kind in Kenya and will be available in all the 78 National Oil service stations across the country. A complete Supa Kadogo cylinder (including gas) will retail at Ksh 1,850.00 and will be refilled at Ksh 800.00. Currently the smallest cylinder in the market weighs 68g.

National Oil Managing Director, Ms. Sumayya Hassan-Adhama said the uptake of LPG in the country being limited by the cost of existing 6 and 13kg cylinders which are still considered unaffordable to the lower income groups. “The introduction of this economy size LPG cylinder will address the issue of affordability and is part of our strategy of availing affordable LPG to the masses,” said Ms. Sumayya.

Mrs. Sumayya said National Oil was committed to the promotion of LPG as a greener and cleaner alternative to wood fuel in line with the country’s Vision 2030. She added that the introduction of the economy size cooking gas cylinder is part of National Oil’s strategy to attain downstream market leadership by 2013.

National Oil recently launched a mobile mini LPG filling plant capable of filling not only full cylinders but also quantities of even 1kg of LPG into existing cylinders. The corporation plans to develop the mini LPG filling facilities in middle and low income areas including Nairobi’s informal settlements where demand for smaller quantities of LPG is on the rise.

The high cost of acquiring LPG equipment including cylinders has been cited as a barrier to wider LPG uptake and usage in the country. The introduction of the 3kg Supa Kadogo cylinder is therefore seen as an incentive for more Kenyans especially those in the lower end of the market to start using the product. To this end, National Oil has partnered with financial institutions including Equity Bank to provide consumers and retailers of National Oil cooking gas with credit to acquire SupaGas cylinder, gas and accessories. The 3kg Supa Kadogo cylinders will be available to the consumer on the same scheme.
National Oil launches fuel card

In June 2011, National Oil unveiled its SupaCard, a competitive electronic fuel management system designed for fleet motorists. The SupaCard has become the fuel management tool of choice in the country, with many benefits including highly discounted prices on fuels, LPG and lubricants.

Over the last two years since its launch into the Kenyan market, National Oil’s advanced electronic fuel management system, SupaCard, has become the fuel card of choice in the country.

Because of its advanced user controls, SupaCard has become a reliable management tool for fleet motorists who are guaranteed near real-time reports of their fuel consumption as well as access to a growing service network. Today, SupaCard motorists have access to 86 National Oil service stations spread across the country with many more in the pipeline.

The recent rise in the National Oil sales market share from 4.4 percent in 2010 to 5.6 percent in 2011 is as result of the increasing significance of fleet accounts. SupaCard motorists are enjoying many benefits including highly discounted prices on fuels, LPG and lubricants.

Going forward, National Oil plans to enhance its presence in the fuel card business segment as a strategy of attaining downstream market leadership as envisioned in its current strategic plan.

National Oil diversifies into lubricants marketing

National Oil has intensified its products diversification with the launch of a number of products and services including the SupaCard and the Supa range of lubricants.

In 2010, National Oil entered into the highly competitive Western Nigerian lubricants market with a growing range of products and has since positioned itself as one of the leading players. The corporation has managed to keep up with the market by continuously innovating and positioning new product brands.

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In a well thought out media campaign following its launch, National Oil’s SupaCard has brought to the retail network a number of individual motorists. The individual motorists on SupaCard are enjoying many benefits including highly discounted prices on fuels, LPG and lubricants.

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At its colorful unveiling ceremony presided over by the Minister for Energy, the Hon. Kiraitu Murungi in June 2011, many anticipated its success but not at the rate it is growing. The card redefined for its superior user controls has literally taken over the market.

In a well thought out media campaign following its launch, National Oil sought to position SupaCard as a fleet management solution with incomparable user benefits and the efforts are paying off. Today, SupaCard is the most sought after fuel card in Kenya thanks to its many benefits backing up reliable product supply.

In the last one year, SupaCard has brought to the retail network a number of high volume accounts including Kenya Red Cross, National Water and Pipeline Corporation, Geothermal Development Corporation (GDC), KEFRI, KNEC and Rural Electrification Authority (REA). Alongside fleet accounts, SupaCard has also brought onboard a number of individual motorists. The individual motorists on SupaCard are enjoying many benefits including highly discounted prices on fuels, LPG and lubricants.

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In November 2011, National Oil set its focus on the development of strategic petroleum infrastructure in a move aimed at addressing current constraints in Kenya’s petroleum supply chain.

National Oil is working on a major National Petroleum Infrastructure master plan which will include the establishment of national petroleum reserves and an offshore petroleum jetty.

Ms. Sumayya Hassan-Athmani, National Oil Managing Director, told journalists at a press conference that National Oil is working on a least cost model for financing the three mega projects among them public private partnerships and infrastructure bonds as possible financing options.

“We are currently carrying out technical and financial studies for the projects and going forward, we plan to explore a mix of financing options with a focus on the least cost model for financing the projects,” said Ms. Sumayya.

It is projected that by 2030, petroleum consumption in Kenya will have risen from the current 4 million metric tonnes (MT) annually to 10 million MT.

National Oil has an active retail network of 86 stations and its global market share has grown significantly from 0.6 per cent in 2008 to 5.6 per cent currently. The corporation is fast expanding its retail network as it aims to position itself as the leading petroleum marketer in the country by 2035.

National Oil’s strategic petroleum reserves project will entail development of nationwide storage facilities. “The facilities will have linkage to present distribution infrastructure to facilitate quick turn-around of stocks and will help ease the present constraints,” Ms Sumayya said.

The proposed locations for the strategic petroleum reserves include: Kinshasha, Mombasa, Nakuru, Eldoret and Kisumu.

“We expect the strategic oil reserves to cushion the country from supply shocks by increasing oil reserves from the current 21 days to 90 days,” said Ms. Sumayya.

The MD said other measures are needed for sustainable price management including a fuel stabilization fund, long term Government to Government contracts and finding our own oil.

Meanwhile, National Oil plans to develop an offshore floating jetty that will accommodate very large vessels. The firm estimates the project will cost between KSh 7.9 and 9.9 billion (USD 80-100 Million).

Currently, the country relies on one mini petroleum jetty located at Kipevu. The current jetty is highly constrained and is unable to handle the ever increasing volumes of petroleum products imported into the country thus occasions long delays which in turn leads to high demurrage costs and in some cases product supply disruptions.

“In line with Vision 2030, National Oil intends to develop an offshore jetty to cushion the country from supply shocks by increasing oil reserves from the current 21 days to 90 days,” said Ms. Sumayya.

We drove in a convoy of three cars with our air-conditioned bus sandwiched between two security escort vans, to ensure that our drive out of town was smooth, local traffic marshalls in Tullow Oil branded reflective jackets lined up the road to man animal traffic. Unlike in the city where the biggest challenge is vehicle traffic, here animal traffic is the biggest headache. Life can be contradic tion realty!

Onwards we drove away from human habitation deep into un-forested open land occupied only by sparsely spread acacia trees. For the 2.5 kilometers drive to the site, we met no vehicle except for a lone motorcyclist we met half way through our journey. At some point during the slightly over forty minutes ride, my eyes got tired of the unending view of open land and I dozed off. The road to Nga ma is in a motorable state thanks to efforts by Tullow Oil.

The camp

From the outside, the Nkigam campsite looks like a military outpost complete with manned watch towers and bunkers. Visitors to the site go thorough security checks before being allowed into the tightly protected facility. We went through the security checks before being driven into the inner enclaves. Then, we were ushered into the training room for a briefing on onsite health and safety. The briefing was short. We were taken through the safety procedures using an illustrated video clip and thereafter provided with protective wear that included safety shoes, a safety jacket and eye safety glasses.

The Nkigam camp is an amazing installation. It is a big compound dotted with numerous container units and nomadic tents. The containers and tents are used by the workers in the 260 workers at the camp, offices, stores and houses. Others are used as restaurants and washrooms.

A Tullow Oil official explains a point to the visiting National Oil team

We left Wilson Airport for Turkana aboard a charter flight some minutes to 8am and landed at the all-weather Lokichar airstrip shortly after 9am. The flight took over one and a half hours.

From Wilson Airport, we flew North-West over the spectacular Mount Longonot, Lake Naivasha and Lake Nakuru, the beautiful Kerio Valley all the way up North. It was a smooth flight all the way and the view was fantastic!

Lokichar is a small transit town on the Kapenguria-Lodwar road. It is a sleepy town with minimal human activity. On the day of the visit, the area had experienced some rains and was not as hot and dusty expected.

Even though barren in all aspects of the word, Lokichar town is inviting. The airstrip is located across a dry river valley and as you enter into the main town, you are met by a sight of mostly mud walled houses neatly lined along the road and scattered concrete buildings. It is a typical easy rural town with very little to see.

Touched down Lokichar

We were met at the airstrip by a team of Tullow Oil security personnel accompanied by a contingent of armed administration police officers. Tullow Oil takes the security of its staff and visitors seriously. We got onto a waiting bus and the long drive to the drilling site began.

The rig

A drilling rig is a big and impressive piece of equipment. It is a master piece installation. At a height of over 150 metres above the ground, the rig compares to some of the tallest buildings you know. The rig is transported to the site as parts in containers. The parts are then pieced together in an offloading and loading jetty that will accommodate very large vessels. The firm estimates the project will cost between KSh 7.9 and 9.9 billion (USD 80-100 Million.) Currently, the country relies on one mini petroleum jetty located at Kipevu. The current jetty is highly constrained and is unable to handle the ever increasing volumes of petroleum products imported into the country thus occassions long delays which in turn leads to high demurrage costs and in some cases product supply disruptions.

“In line with Vision 2030, National Oil intends to develop an offshore jetty to cushion the country from supply shocks by increasing oil reserves from the current 21 days to 90 days,” said Ms. Sumayya.

The floating jetty will also berthing of vessels of up to 280,000 Dead Weight Tonnes (DWT) compared to the current KOT’s 120,000 DWT.

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Kenya now a proven opportunity in oil & gas exploration

News on the morning of Monday, 26 March 2012 that Kenya had made a major oil discovery in Turkana was met with mixed reactions. For some, it was a turnaround of sorts while for others it was just one of those announcements from the government.

For weeks following the announcement made by the President of Kenya, the Hon. Mwai Kibaki, the Turkana Oil discovery made headline news in local and international media. To date, debate on Kenya's oil find still rages on.

Compared to countries in East Africa, Kenya has had perhaps the longest history of oil and gas exploration dating back to sometime in the 1950's. For starters, Kenya's exploration area is largely divided into four sedimentary basins that straddle the entire country. The sedimentary basins are Lamu, Anza, Mandera, and Turkana. The sedimentary basins are further divided into 46 exploration blocks.

Petroleum exploration in Kenya began in the 1950's with the first well being drilled in 1960. British Petroleum (BP) and Shell were among the earliest petroleum explorers in the country. A consortium of the two oil majors began exploring in Kenya in 1954 in the Lamu embayment. The consortium drilled 10 wells out of which none was fully evaluated or completed for production. This was despite indications of oil staining and natural gas shows. Since then, exploration activities in the country have been in high gear.

In 1975, several consortia acquired acreage in upper part of Lamu Basin. Texas Pacific Oil (TPO) and Shell explored as a joint venture in 1975 and encountered oil and gas shows in the Cretaceous interval. In 1976 Chevron and Esso drilled Kafi-1 and Kafi-2 in the central parts of the northern part of Anza Basin. The drilling mud of both tests was suspected of having oil bearing hydrocarbons. Later, an interest in the offshore part of the Lamu Basin resulted in the drilling of three deep wells, Simla-1, Maridadi-1 and Kafi-1 by a consortium of Cities Service, Esso, and Shell. In 1982, Seismic data revealed that the East African structures were present.

In 1986, Kenya's petroleum exploration and production strategy was re-evaluated and the Kenya Exploration Authority was created. The new agency was created to attract exploration activity in Kenya. Since then, the government has been working to modernize the oil and gas sector and Kenya has been given an opportunity to re-evaluate its energy resources in light of the new global oil and gas market.

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Pictorial

SupaCard launch at Crowne Plaza Hotel

2nd National Energy Conference at KICC

Glamorous end of the year 2011 party at the Nairobi National Park

Various launches

Employees of the year 2011 awards at the Nairobi National Park

Greenhouses for Schools Project
Tullow Oil: From an idea to a global oil & gas exploration giant

By Temesi Mukani
Corporate Affairs

Tullow Oil is a name associated with immense success in oil and gas exploration activities in the world. Very little was known locally of the Irish company before its announcement sometime in 2010 that they had made a discovery of over 1 billion barrels of commercial crude deposits in the Lake Albert Basin in Uganda. That announcement made Tullow Oil an instant hit in East Africa and soon everyone was talking about them. What they did not know is that Tullow Oil had been in Eastern Africa long before that announcement.

Tullow Oil Kenya just like Tullow Oil Uganda is a subsidiary of Tullow Oil Plc, a leading Independent oil and gas exploration and production company. Tullow Oil Plc was started in a small town called Tullow, 35 kilometres South of Dublin, Dublin is the capital city of Ireland.

From humble beginnings as a small ambitious business venture, Tullow Oil has grown in leaps to become a giant in oil and gas exploration and production. Currently, the company is present in 22 countries spread across 4 continents namely Africa, South America, Asia and Europe.

For a company that signed its first production contract in Senegal in 1986, the growth of Tullow Oil over the years has been phenomenal. In 2007, Tullow Oil made its largest discovery to date in the Tilobai field in Ghana.

Tullow Oil landed in Kenya in mid-2010 and commenced operations later that year. Over the period, Tullow Oil Kenya has quietly worked in the country preparing its blocks for drilling. The March 2012 announcement of Ngamia 1 oil find was a culmination of close to two years of work.

For the period, Tullow Oil Kenya has recorded a number of firsts in the long history of oil and gas exploration in Kenya. For instance, Tullow Oil undertook the world’s largest Full Tensor Gradiometry (FTG) survey across its acreage.

Gravimetric gradiometry (FTG) is used by oil, gas and mining companies to measure the density of the subsurface, effectively the rate of change of rock properties. FTG is an x-ray of the earth to establish the structure of the rocks. The information gathered from FTG is used by geoscientists to understand the subsurface anomalies which can then be used to establish accurately target oil deposits.

An FTG is acquired from a light aircraft flown at low altitudes and among other aspects measures the gradient of the earth’s gravity field while recording shifts in the density of underlying rocks. FTG can deliver results on both shallow and deeper targets and can provide strong 3-dimensional image quality and a detailed dataset. The results from FTG help the exploration team to identify drilling targets which can reduce the number of wells to be drilled and associated costs.

Tullow Oil is currently undertaking a major 2-dimensional (2D) seismic campaign. Unlike FTG, 2D seismic is a ground-based activity that produces a detailed image of the geology beneath the earth surface.

Borrowing from its mother company, Tullow Oil Kenya has invested heavily in its host Turkana community. In the last two years, Tullow Oil has helped develop infrastructure in its catchment including improvements on the road network and telecom-munications. In fact, the road from Lokichar town to Ngamia-1 is as good as any all-weather road in resource endowed regions of the country.

In 2011, Tullow Oil invested over Ksh. 50 million in community initiatives including education, provision of clean water and health infrastructure. In 2012, the company enhanced its community participation and is looking at offering five fully funded public scholarships in the fields of drilling and well engineering, reservoir evaluation and management as well as energy studies specializing in oil and gas economics, environmental science and oil and gas law.

At the Ngamia camp, Tullow Oil Kenya sources most of the supplies from the local community. Food products such as meat and dry rations including cereals are all sourced from local suppliers. For a site with over 260 personnel in camp, this translates to millions of shillings.

National Oil in a mega food security CSR project

National Oil has initiated a multi-million project to address the perennial problem of food scarcity in ASAL parts of the country.

The project dubbed National Oil Greenhouses for Schools entails empowering communities in ASAL areas with the greenhouse farming technology with a view of enhancing local agricultural productivity.

So far, National Oil has spent over Ksh. 1.6 million to procure and set up greenhouse kits in 33 schools along the Kenyan Coast. This initial phase of the project is funded by Anadarko Petroleum. Anadarko Petroleum is a National Oil exploration partner working off-shore in Lamu.

The project is the first of its kind to be undertaken by an oil company in Kenya and is expected to transform schools and their local communities. So far, some beneficiary schools have started enjoying the benefits of the initiative.

The genesis

The decision by National Oil to invest in greenhouse farming was reached after a protracted campaign that devastated some parts of Kenya in 2011. The drought was so severe prompting National Oil and other leading corporate organizations to come together for a fundraising drive to purchase foodstuff for the starving.

As much as the fundraising ef-forts realized millions of shillings for the to purchase foodstuff as a mitigation measure, National Oil management felt that providing relief food was not a sus-tainable way of addressing the problem of food scarcity in these regions.

The idea of establishing green-houses in schools was thus mooted as a sustainable way of empowering communities in ASAL areas with the technology to deal with food insecurity.

Schools were identified as entry points into communities because school children are the most vulnerable and suffer the most from hunger. In many instances, children are forced to stay at home during drought periods to look after their family relatives and livestock. Schools were also identified because of their critical role in ensuring diffusion of new tech-nologies into their host communities. The projects seek to use schools as centers of excellence from where the green-house farming technology would be diffused into adjacent com-munities. Children in beneficiary schools are able to influence communities to take up greenhouse farming.

The process of identifying ben-efficacy schools was involving National Oil and the Kenya Red Cross Society held a consultative meeting with members of par-lament from across the Coast. It is these MPs that proposed the schools. These schools were then assessed by a technical team from Amiran Kenya to estab-lish their suitability. Amiran Kenya is an Israeli Company that deals in greenhouse farming kits.

Speaking at the consultative meeting with the parliamen-tarians, National Oil manag-ing director Ms. Sumayya Has-san-Abdhami informed them that through the greenhouses, National Oil is looking at a long term solu-tion to the problem of food scarcity. She mentioned that as a seasoned company, National Oil took upon itself the responsibility to ensure that Kenyans are adequately em-powered to produce adequate food by use of the greenhouse farming technology. The green-house farming technology has been effectively in many desert countries of their critical role in ensuring diffusion of new tech-nologies into their host communities. The projects seek to use schools as centers of excellence from where the green-house farming technology would be diffused into adjacent com-munities. Children in beneficiary schools are able to influence communities to take up greenhouse farming.

The idea of establishing green-houses in schools was thus mooted as a sustainable way of empowering communities in ASAL areas with the technology to deal with food insecurity.

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In January 2012, National Oil renewed its corporate sponsor-ship for rally ace Ian Duncan for the next three years. The Corpo-ration has sponsored Ian since 2008 and the initial 3 year spon-sorship agreement ended in De-cember 2011. The National Oil rally team of Ian navigated by Amar Starch has done tremendously well and National Oil management team was convinced that rally had contributed tremendously to the growth of the National Oil corpo-rate brand.

In 2011 for instance, the National Oil rally team emerged top in the seven leged Kenya Commercial Bank (KCB) sponsored Kenya National Rally Championship (KNRC) and the yellow colored heavily branded National Oil Mitsubishi Evolution 9 received the highest media coverage of all rally cars in the competition. His endorsement of the National Oil managing director Ms. Sumayya Hassan-Athmani with rally ace Ian Duncan after signing of the new contract sport. His endorsement of the National Oil brand has therefore lifted the profile of the Corporation among rally enthusiasts most of whom are current con-sumers of National Oil products.

As part of the renewed contract, Ian will continue to be the Na-tional Oil corporate brand ambasador as well as the face of the newly launched National Oil Supadell diesel engine oil. For Supadell, Ian’s trademark rally pickup truck is being used on its campaign materials including bumper stickers, newspaper ad-verts and posters.

Speaking at the signing of the new enhanced contract, the soft spoken Ian thanked National Oil for believing in him and promised to work even harder in the 2012 KNRC season so as to lift the National Oil brand even higher. He pledged his availabil-ity for National Oil marketing and brand promotion activities in-cluding product endorsements. On her part, National Oil man-ageing director Ms. Sumayya Hassan-Athmani assured Ian of the Corporation’s continued support and urged him to keep up the good work. The MD acknowl-edged that by sponsoring Ian, the corporation was getting value for the sponsorship. Ms. Sumayya further urged the National Oil corporate affairs team to make maximum use of the sponsorship by enhancing the branding of the rally team.

The National Oil rally team has since started the 2012 KNRC sea-son on a good footing by emerg-ing second in the Nyeri, Kisumu and Kajiado rallies. The next rally in the series is scheduled for July in Mombasa.

“In the design competition, students were required to come up with modern and cost effective designs”

In February 2012, National Oil awarded top architecture students with cash prizes and corporate mer-candise after emerging tops in an Inter-university architecture com-petition to design modern sanitary facili-ties for the company’s retail stations.

The top award of Ksh. 150,000 was won by David Mogikonyo and Makana Crispine of the University of Nairobi. In the competition, students were required to come up with modern and cost effective designs for female and male washroom fa-cilities. The selection panel drawn from within and outside National Oil awarded points based on design relevance, ease of use, creativity of designs, cost effectiveness and provisions for mass production.

In their design, the winning team of Mogikonyo and Makana made creative use of National Oil’s corporate identity including its logo and colors. They also included a roof water collection system, bio-digester, and use of prefabricated plastics.

While awarding the students, National Oil Man-ageing Director Ms. Sumayya Hassan-Athmani said that she was impressed by the high quality of de-signs by the students. She added that the corpo-ration will continue involving students in under-taking some of its projects as a way of preparing them for the job market. Those in attendance during the award ceremony held at the head office included Jane Njerenge (Marketing Manager), Charles Maina ( Territory Manager-Oil), Denis Mwe (Lubricants Manager), Temesi Mukami and Lucy Njagi of Corporate Af-fairs.

National Oil donates to Murugi Secondary School

In February 2012, National Oil made a corporate donation of Ksh. 150,000 to Murugi Second-ary School from Muruugi Country.

The cash donation was awarded to the newly established school for the construction of a modern ablution block.

During a short award ceremony held at head office, the manag-ing director Ms. Sumayya Has-san-Athmani acknowledged the need to invest more in education supporting infrastructure includ-ing toilet facilities by communi-tees and well-wishers as a way of enhancing education standards in the country.

Ms. Sumayya added that as a responsible Kenyan company, National Oil will continue sup-porting communities in their en-deavors to uplift their wellbeing.

Speaking after receiving the cheque, the head teacher thanked National Oil for the kind gesture and promised to ensure that the funds were put to good use.

National Oil MD Ms. Sumayya Hassan-Athmani presents a dummy cheque to staff and students of Murugi Secondary School.
In February 2011, National Oil staff drawn from across the Corporation including branch offices was trained on the provisions of the public procurement law. The main focus of the one-day training organized by the procurement department and conducted in phases was to expose non-procurement staff to the provisions of the Public Procurement and Disposal Act (PPDA). During the intensive training, the staff were taken through the various provisions of the Act before being helped to identify their various responsibilities in the public procurement processes including their roles in the various committees including tender negotiation and inspection. The question and answer sessions were the most exciting sessions of the training as staff sought to understand public procurement procedures including provisions in the law that they could use to expedite their activities.

By Nita Mwangi

National Oil staff trained on public procurement

By Nduza Njenga

Legal Affairs

The interns chronicles

By Nduza Njenga

Legal Affairs

My internship experience

By Najma Maalim

Supply Planning

I remember my first day as though it was just yesterday. Butterflies in my stomach, dreams and an attitude of ‘it’s-ok-to-make-a-mistake’. Having graduated in Chemical Engineering from Nottingham University and not being the type to rest on my own laurels, I relished the challenge of a new role in Supply Planning. So far the experience has been brilliant! Being an intern, I feel a sense of responsibility from day one. I have thoroughly enjoyed working with my supply team. Being part of National Oil has so far been fun and insightful. Having tasted the corporate life, I now know that this is what I meant to be.

As I began to walk around the company for my first introduction, I was pleasantly surprised to find the average staff member was less than 30. “Youth power!” I thought and I immediately knew I would fit in.

I found the culture of the company to be one of openness, acceptance and friendliness. The warmth and friendliness of the staff is always evident and clearly illustrated especially during tea time.

I remember countless invitations from colleagues—“Najma take tea...Najma I’ve brought you tea...Najma I’ve brought you hibiscus tea...Chai!” Initially, it was somewhat strange and slightly hummus to be in an office environment to “take tea”. It highlighted to me that this was an environment which fostered friendships and a culture which made me feel as part of a big happy family. A big glamorous family! Having graduated in Chemical Engineering from the University of Nairobi and not being the type to rest on my own laurels, I relished the challenge of a new role in Supply Planning. So far the experience has been brilliant! Being an intern, I feel a sense of responsibility from day one. I have thoroughly enjoyed working with my supply team. Being part of National Oil has so far been fun and insightful. Having tasted the corporate life, I now know that this is what I meant to be.

By Najma Maalim

Supply Planning

If you’re looking for an exciting career opportunity, consider joining National Oil as an intern. We offer competitive salaries, benefits, and excellent training programs designed to help you develop the skills you need to succeed. Whether you’re interested in supply planning, procurement, or another area of the business, we have opportunities for you. So if you’re ready to take on new challenges and grow your career, apply now at National Oil. We’re looking for enthusiastic, motivated individuals to join our team. If you think you have what it takes, apply today! National Oil offers a comprehensive benefits package that includes health, dental, and vision insurance, as well as a 401(k) plan with matching contributions. We also provide opportunities for professional development and advancement within the company. If you’re ready to join a team that values diversity, inclusion, and respect for all, apply now at National Oil. We encourage applications from all qualified individuals, including those with disabilities and veterans. We are an equal opportunity employer and we value diversity in our workforce. If you require reasonable accommodation in completing the application process, please contact our human resources department. We are pleased to consider qualified candidates with prior criminal record and offer competitive salaries based on experience and qualifications.
E&P makes impressive progress in Block 14T

In 2010, National Oil added to its traditional mandates of marketing Kenya’s oil and gas exploration blocks by taking up its own acreage, Block 14T. The expansive Block 14T stretches from the Lake Magadi basin north to the shores of Lake Baringo in the rift valley. So far, the National Oil exploration and production (EEP) team has made tremendous progress in this block. They completed gravity tests in a record time paving the way for gas seepage geochemistry (Gore Sorber) studies which they conducted on a grid of 2km by 2km.

In April 2012, National Oil signed a joint study agreement for the evaluation of hydrocarbon bearing offshore Kenya with international oil companies seeking partnerships. The team continues to project Kenya as a key frontier in oil and gas exploration.

SHEQ in an ambitious project to ISO certify stations

The Safety, Health, Environment and Quality (SHEQ) department is leading an ambitious project to attain ISO 9001:2008 certification for National Oil petrol stations. The initiative is the first of its kind in Kenya and is critical as it is to have Times and West service stations in Nairobi certified before close of the current financial year in June.

One word describes Christine, METICULOUS! As the bridge between the staff and the Managing Director, Christine does her work with unmatched passion and precision that the MD’s busy calendar accommodates everyone. Christine is liked for her approachable and calm nature, her unique ability to match her activities and her friendly demeanor.

In 2011, Oscar distinguished himself as a dependable hardworking employee always willing to go the extra mile. His friendly demeanor and keen attention to details makes Oscar an outstanding member of the National Oil fraternity and his supervisor rates him as being one of the key men in his Operations department.

In January 2011, National Oil unveiled a new website developed internally by a joint ICT and corporate affairs department with input from the management team. The new website has a fresh, interactive and easy to navigate interface and is a complete departure from the old website whose design had received immense criticism from both internal and external audiences as being a difficult site to navigate.

In addition to its appealing and easy to navigate user interface, the new website has several new features including links to social networks such as Facebook, Twitter and YouTube as well as an online site search and a dedicated menu for reporting corruption. With this website, it is easier for users to navigate the site and make them centers of excellence in customer experience. Customer experience is attained largely by ensuring that station staffs including pump attendants, their supervisors and the dealers are customer focused.

As part of the certification process, the two pilot stations currently under contract to other refineries including refining, civil works and mechanical repairs done by the in-house maintenance team.

The initiative to ISO certify National Oil retail network comes at an opportune time for the corporation which is fast expanding its stations tally with a view to realizing downstream market leadership by 2013.

Addressing staff at the head office recently, the Managing Director Mr. Sumaya Hassan- Ahmani informed that the marketing focus for the next financial year, 2012/2013, which commences in July this year, is enhancing customer service. The drive to certify the stations therefore falls right within this strategic goal.

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With the website fast becoming a key contact point for the corporation, the website management team is working to enhance it even further.
National Oil to focus more on alternative business

National Oil is looking to invest more in its alternative business segment as an emerging key revenue stream in view of the shrinking fuel business segment.

Alternative business segment comprises non-fuel services offered by the company at its service stations and includes leasing of space by service providers to use for services such as restaurants, ATMs, pharmacies, mobile money transaction services, agency banking and other cetera.

Alternative business has become a money spinner for oil marketing companies as the petrol stations are now one-stop shops where motorists not only fuel their cars but also access related services.

So far, National Oil has largely and successfully so, depended on its fuel, lubricants and other conventional offers.

National Oil sells deal with JGMEC

In May 2012 National Oil entered into a joint venture agreement with the Japan Oil, Gas and Metals National Corporation (JGMEC) which is the national oil company of Japan.

The agreement signed by National Oil Managing Director Mr. Sumaya Hassan-Athammi and JGMEC President Mr. Hisakazu Kawano was for the evaluation of hydrogen potential of songa area by undertaking geo-physical surveys.

The geophysical surveys will include Full Tensor Gravimetry, Sea Gravity, Oceanic Profile, Ja-pan Oil, Gas and Metals National Corporation (JGMEC) which is the national oil company of Japan.

The agreement signed by National Oil Managing Director Mr. Sumaya Hassan-Athammi and JGMEC President Mr. Hisakazu Kawano was for the evaluation of hydrogen potential of onshore Kenya by undertaking geo-physical surveys.

The geophysical surveys will include Full Tensor Gravimetry, Sea Gravity, Oceanic Profile, Japan Oil, Gas and Metals National Corporation, which was promulgated on July 26, 2002.

JGMEC integrates the functions of the former Japan National Oil Corporation, which was in charge of securing a stable supply of oil and natural gas, and the former Metal Mining Agen-cy, which was in charge of ensuring a stable supply of nonferrous metal and mineral resources through implementing mine pollution control measures. 27

Comprehensive Geology Geochronology (Geomax Gorber) field work on a grid of 2KM by 2KM and over 400 Tonor Gravity/EM/Tenser Gravity/EM/Tensor Gravimetry/Seismic Magnetic, Telluric and Time Domain Electromagnetic studies.

The completion of the grid has given an overall understanding of the potential for hydro-carbon discovery in the area, which has been made possible by the lack of previous seismic data in the area.

The National Oil plans to acquire FTG on Block 16T in June 2012 and this latest development is a major boost to the corporation’s oil and gas exploration activities.

JGMEC was established on February 29, 2004 pursuant to the Law Concerning the Japan Oil, Gas and Metals National Corporation, which was promulgated on July 26, 2002.

By Chiruha Ganga Sales & Marketing

Dealership like most businesses operates closely with banks as the sales and shuttles to finance, loan and overdraft facility that allow them to bridge the gap in finan-cing as well as to focus on core activity in demand. In November 2011, the central bank increased its base lending rate to 18% to tame the fall in the value of the shilling and contain inflation. Commercial banks that fund dealers increased their lending rates from the average of 15% to between 24% and 25%. Other macro- economic factors that have affected dealers have in the difficult year of 2011 are:

• Rise in international crude pric- es to a high of $121 per barrel at its peak in mid 2011 had an immediate impact of increased cost of dealers.

• Increased cost of borrow-ing to finance business

• Increase in Minimum wage by 25%.

• Increase in electricity cost by 30% in 2011 arising from fuel cost adjustment factor in prices.

• Most licences cost have gone up due to new framework, tax, li-cence etc.

• Increase in all risk insurance standing charges from $250 per month to $350 per month in 2011 –monthly premium mini-mum.

• Inflation cost the year at a monthly average of 20% but has been under control at 18% as at end of February 2012.

While the crude prices have been falling gradually since the second half of 2011, the price of diesel has been being overtaken in mid February and the price of diesel was above $118 as of 2012. This has led many dealers to invest additional capital to sustain the same profit margins. This difference in fuel prices is likely to be around $118 which will see the buying prices for the dealers are either reporting very low returns or in some cases losses. It also creates pressure on dealers to take up stations while others diverti ng because of reduced profitability. Some companies that do not have alternative plans to support fuel sales have had to close shop.

1. Station stock holding: Dealers are increasingly finding it difficult to hold adequate stocks that can sustain sales without stations running dry. This is arising from the fact that the cost per litre of fuel has increased over the period. Dealers are called upon to invest more to sustain the minimum volume of fuel that dealers who are not able to increase space to service providers and provision of fore-casting.

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By 10am we had passed the last human settlement driving through the Tana River delta headed towards the new Lamu port. We speed and found our- selves right at the gate of the Navy base in Lamu, with “op- eration Linda chuka” in progres, the officers directed us to the right road. We finalized the time by 1am all soiled in sweat temperature and humid- ity rising to unbearable levels. We were happy to speed off to Lamu, even stopping to pick a passenger who showed us the road to the Lamu jetty from the new port and there began our troubles.

About two hundred meters away our four wheel drive got stuck in the sand, we were in a trouble. I tried my driving of the fun too. The road ahead was not any better, the boat was 4-wheel drive and pushed through the dunes. It was a thrilling experience.

Trim tab
Back to the slow boat, passen- gers determined where we would start the journey. They took control and distribute safety jackets, and organized seating. The boat had an old manner Ustinger engine; the boat was old and heavily leaking so crew members removed the wa- ter while others assembled the luggage.

The crossing was unrecogniz- able, curiously I asked how the boat was being directed, a crew member amused pointed to his knee.

The law of the navigation
We soon got in and out of Lamu establishing the contacts we required the plan was to sleep in Hola as we passed an isolated- ed forest; we were told we would be picked up by the fast and enthralling cockroaches on my pillow. I wondered how long I would stay awake. I was interrupted by two voices approaching; dear old ‘The cockroach dance’. The bathroom was communal; one drum of water, one basin and one toilet. As I scooped the water then hit the bath tub nar- rowly missing my vitals by a few inches. Still I was happy a feeling of rejuvenation and joy de- spite the moment being caught.

The bathroom was communal; one drum of water, one basin and one toilet. As I scooped the water then hit the bath tub narrowly missing my vitals by a few inches. Still I was happy a feeling of rejuvenation and joy despite the moment being caught.

quick sand
The speed boat and the slow boat in the jetty were like the 33 sea- ler, the speed boats are like the classy ‘Mataas’ with young men speaking sheng and sag, the fast boats are like the Garsen boys.

By Chrisnene Genga
Sales & Marketing

By Sammy Malata
Sales & Marketing

The racing cockroaches of Garsen

With a bottle of water in one hand, an orange and a notebook in the other, I made the bold step back and passed as a customer. The ramp was slippery with no warning signs. We could see my seat. I noticed men sitting distinctly away from the wom- en, not like In Matala, I was soon in conversation, with the locals eager to play our guides.

John and I had planned this trip for a long time with our boss. The night before, we spent the evening in a vibrant town with a hippy name –Mpeketoni. It was very slow going. Could this be an island of the coastal people? Do not shoot me; I never asked Coasals are slow!

Tricks that frituwe. Worse, our drinking water was running low and there was no settlement in the vicinitty.

Mpeketoni brothers
Soon some villagers we had de- cided to offer a ride arrived at the scene. These people were our only hope we opened con- versation apologistically trying to woo them over. None of them raised an issue on our refusal to give them a ride and were very eager to help. I learnt an important lesson; offer help to whoever requires it as you will need one day. The villag- ers drunk on ‘Mwee’ soon got to work and after an hour or so we were out.

We thanked them and surpris- ingly they did not need our lift anymore. We wished them well and off we drove, hoping we would have our share of the fun too. The road ahead was not any better, the boat was 4-wheel drive and pushed through the dunes. It was a thrilling experience.

Field work memoirs of a petroleum marketer

Dr. Sammy Malata
National Oil

For official introduction, my name is Sammy Edgar Malata. However, I am cool being called SAMALALA. For National Oil, I am a Territory Manager in Lubricants Marketing Section.

My last marketing sojourn led me to one of the top runners, Supadip SHP 15W-40 free of charge for testing pur- poses...

For starters, Supadip SHP 15W-40 is a high premium product in our range. It is priced higher than the rest of the products in its league. For numbers sake, a drum of oil at 200 litres and a standard truck consumes an av- erage of 55 litres of engine oil in one change. All this for free! Spot-on and our bright corpo- rate colors made it easy to sell despite being relatively new in the market; that was a positive appraisal from a dear customer!

Customer B: Let’s brand loyalty is best epitomized by this customer. We did not talk a lot. All he wanted to find out was whether we of- fered free samples. Not knowing his drive, I responded in an effec- tive manner, a fact is regretted a little while later.

“...arrange to supply us with a free trial of Supadip SHP 15W-40 free of charge for testing pur- poses...”

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Customer D: We went to market and sell lubes. We left as real rally aficionados. They have three rally cars in their yard. The family has produced top rally drivers over three gen- erations. Talk of longevity of a name in rallying. Next time there is a rally, we were promised VIP treatment. Conflict of interest already noted there; National Oil has a formi- able rally team led by veteran driver Ian Duncan, don’t we? On to memorable lessons and en- counters of this particular trip.

In Mombasa, it is very difficult to be on a WEIGHT-LOSS DIET WHILE IN MOMBASA, ALMOST IMPOSSIBLE! Elevators. Some of you call them lifts. They are anonymous away. In Mombasa, the design of the elevators is that they are actually very slow going. Could this be the island of the coastal people? Do not shoot me; I never asked Coasals are slow!

We got a contact of a restau- rant in the middle of the fun too. The road ahead was very slow. Could this be the town of “Mla mam- bwa” this was the town of “Mla mam- bwa” this was the town of “Mla mambu”. We left as real rally aficionados. They have three rally cars in their yard. The family has produced top rally drivers over three gen- erations. Talk of longevity of a name in rallying. Next time there is a rally, we were promised VIP treatment. Conflict of interest already noted there; National Oil has a formidable rally team led by veteran driver Ian Duncan, don’t we? On to memorable lessons and encounters of this particular trip.

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Ties that bind

Solomon Nderitu of Network expansion with his bride Faith pose for the cameras during their wedding in Nairobi.

Christopher Syengo of Marketing and the love of his life Faith Nyambura dance during their glamorous wedding at Oak Place at Ridgeways, Kiambu.

bundles of joy

Bundes of joy

...divorce

A judge was interviewing a woman regarding her pending divorce, and asked, “What are the grounds for your divorce?”

She replied, “About four acres and a nice little home in the middle of the property with a stream running by.”

“No,” he said, “I mean what is the foundation of this case?”

“It is made of concrete, brick and mortar,” she responded.

“I mean, what are your relations like?”

“I have an aunt and uncle living here in town, and so do my husband’s parents.”

He said, “Do you have a real grudge?”

“No,” she replied, “We have a two-car carport and have never really needed one.”

“Please,” he tried again, “Is there an infidelity in your marriage?”

“Yes, both my son and daughter have stereo sets. We don’t necessarily like the music, but the answer to your question is yes.”

“Ma’am, does your husband ever beat you up?”

“Yes,” she responded, “about twice a week he gets up earlier than I do.”

Finally, in frustration, the judge asked, “Lady, why do you want a divorce?”

“Oh, I don’t want a divorce,” she replied, “I’ve never wanted a divorce. My husband does. He says he can’t communicate with me!”

...ash tray

A guy goes to a girl’s house for the first time, and she shows him into the living room. She excuses herself to go to the kitchen to make them a few drinks, and as he’s standing there alone, he notices a cute little vase on the mantel. He picks it up, and as he’s looking at it, she walks back in. He says “What’s this?”

She says, “Oh, my father’s ashes are in there.”

He goes, “Jeez...ooh...I...”

She says, “Yeah, he’s too lazy to go to the kitchen to get an ashtray.”

...facebook!

The maid did not show up for work so the house wife called her in an angry voice and scolded her.

“What is wrong with you? If you were not to come you should have told me.”

The Maid explained, “Ma’am I had already announced on my Facebook page that I was taking a trip to Mexico for a week to see my family. Ma’am you should remain updated on Facebook. If you still had a question then you should have asked.”

Wife: “So you are on Facebook too?”

Maid: “Ma’am who is not? Every time I announce on Facebook your husband sends me well wishes, sympathy and help. This time he said have a nice trip home, enjoy and comeback soon as I will miss you. He pleaded, please save me from my wife’s cooking.”

Ever wondered why...

...the sun lightens our hair, but darkens our skin?

...you don’t ever see the headline “Psychic Wins Lottery”?

...“Abbreviated” is such a long word?

...electors call what they do “practice”?

...the man who invests all your money is called a broker?

...they are called apartments when they are all stuck together?

...When everything is coming your way, you’re in the wrong lane...
Account for every drop of fuel with SupaCard.

At National Oil, we believe that managing your fleet fuel costs should not take too much of your time. With National Oil SupaCard™, management of your fuel costs is reduced to a click of a button. You can log onto our website to access your fleet transaction reports whenever you want. Give your business the ultimate fuel management solution. 

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To sign-up, contact us on: 0726 610102, 0722 203747, 0734 333000 or 020 6952000. Email: cardcenter@nockenya.co.ke