

LAST TEMPLATE UPDATE: May 1, 2012

Information Summary for the Public

Host Country(ies):	All OPIC countries
Name of Borrower(s):	Air Drilling Associates, Inc.
Project Description:	Air Drilling Associates, Inc. is requesting refinancing for a portion of existing equipment loans, the purchase of off balance sheet equipment currently being leased by the company, and financing for future equipment purchases.
Proposed OPIC Loan:	\$10,000,000, 5 year tenor
Total Project Costs:	\$10,000,000
U.S. Sponsor:	Air Drilling Associates, Inc.
Foreign Sponsor:	
Policy Review	
Developmental Effects:	This project will have a positive developmental impact in countries in Asia and Africa where the project company operates through the provision of well drilling services to oil and gas exploration companies. The project will involve the purchase of equipment used for the company's method of drilling wells with air, foam and mist, rather than the conventional use of oil- and water-based fluids. With this investment, the project company will be hiring additional staff to operate the new equipment, and will provide this staff with benefits and training. This technology is new in many of the countries where ADA will provide its services, and the system is less environmentally damaging than current well drilling methods.
US Economic Impact Summary:	Since the project involves the provision of oil drilling services wholly within the host countries, the project is not expected to have a significant negative impact on the U.S. economy. There is U.S. procurement associated with this project, which is expected to have a positive impact on U.S. employment. The project is expected to have a positive impact on the U.S. balance of payments over the first five years.

<p>Environment:</p>	<p>Because the project does not drill oil and gas wells but rather provides equipment and services for onshore oil and gas activities and provides onsite maintenance for that equipment, this project has been screened as a Category B project under OPIC's environmental and social guidelines. Unlike onshore oil and gas activities that have the potential to result in significant and potentially adverse environmental impacts that are sensitive, diverse, and potentially irreversible, impacts resulting from equipment provision and services related to oil and gas activities are site-specific and readily mitigated. The primary environmental and social impacts associated with these types of projects include hazardous material and solid waste management and health and safety measures for workers.</p> <p>Applicable Standards. The Project and its contractors will be required to operate in accordance with (i) April 30, 2007 International Finance Corporation's (IFC) Environmental, Health, and Safety Guidelines for Onshore Oil and Gas Development (ii) Applicable provisions of the International Finance Corporation's April 30, 2007 Environmental, Health, and Safety General Guidelines; and (iii) All applicable host country environmental, health, and safety requirements.</p> <p>The project does not involve any land acquisition. In order to ensure that there are no impacts to protected areas, cultural sites or indigenous areas, the finance agreement will prohibit equipment installation and operation in these areas; therefore, Performance Standards 5, 7, and 8 are not applicable.</p> <p>Impacts and Mitigation Measures. Although the country listed for this project is Singapore, this assessment examines the impacts of the project's operations which occur globally. Projects are located in multiple countries;</p>
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	<p>currently, the majority of projects are in Indonesia. Proceeds from the investment will be used to procure equipment components that constitute an air compression package and hire and train additional field staff.</p> <p>The Portfolio Company performs its work under the general guidance of the production sharing contractor or operator in accordance with local environmental and social laws and regulations. The compressors and boosters use diesel fuel. Average fuel consumption for an air compression package is approximately 140,000 gallons/year; greenhouse gas emissions are estimated to be approximately 40,000 tons CO₂eq per year.</p> <p>The Portfolio Company's operations adhere to its Health, Safety and Environmental (HSE) Management System which conforms to the latest ISO 9001, ISO 14001 and OHSAS 18001 guidelines. The manual has been reviewed by OPIC and appears comprehensive. Pollution prevention and control, waste management, and hazardous materials management policies are addressed in the HSE manual.</p>
<p>Workers Rights:</p>	<p>OPIC's statutorily required standard worker rights language will be supplemented with provisions concerning the right of association, organization and collective bargaining, minimum age, hours of work, the timely payment of wages, and hazardous work situations. Standard and supplemental contract language will be applied to all workers of the Project.</p> <p>In consultation with the Department of State, the project received a human rights clearance on November 18, 2010.</p>