

# Oil in the veins

Logistics services provider **Polar Logistics Projects** supports the working of newly established oil and gas fields, and exploration activity in some of the world's most remote locations. Director Toni Ordning describes the company's past and its future prospects.

**T**hree years after arriving at Polar Logistics, director Toni Ordning is proof that in business, as in life, timing is everything. To have become involved in the Russian oil and gas industry has proven a good decision as the sector is holding up well while many other industry sectors are tumbling.

"This is a good time to be involved in the oil and gas business," says Ordning.

The hard and specialised requirements of providing logistics services to the oil and gas industry, combined with the special features involved in the regions where oil and gas fields are located, can rarely be satisfied by standard logistic solutions providers. The solution is to plan and analyse project requirements and to create and deliver logistics services. Polar Logistics Projects' network inside and outside Russia brings added value to the logistics chain and works to ensure successful project completion.

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This is particularly evident where the company has demonstrated its capabilities for turnkey project logistics in supporting the Sakhalin I, Sakhalin II and Kashagan oil and gas projects. The company has also assisted clients throughout the CIS countries. The work involves serving greenfield oil field developments, explains Ordning.

Polar Logistics Projects supports the operations of newly established oil and gas fields as well as exploration activity in some of the world's most remote locations. The company's staff work on-site with clients.



The oil and gas industry requires specific services that standard logistic solution providers can rarely provide.

"We support oil companies and engineering, procurement and construction (EPC) contractors when they establish greenfield drilling locations," says Ordning. "We transport the drilling rigs and associated equipment required. We concentrate on supporting the upstream work of the oil and gas companies and do not get involved in downstream activity."

## Project cargo business

Polar Logistics Projects is part of Polar Logistics Group, which was founded in Helsinki in 2001 when Polar Logistics International acquired the Russian operations of Wilson Logistics, formerly Huolintakeskus Russia. As a result, Polar Logistics opened offices in Moscow and St Petersburg, forming the basis of Polar Logistics Group.

During the same year, Polar Logistics International became a cargo agent for Aeroflot in Finland. A German subsidiary was founded in 2005 and first accreditation by the International Air Transport Association was received. The acquisition of an office and a warehouse facility near Helsinki-Vantaa Airport gave an extra boost to the Group's development.

A year later, Ordning joined the group and was the force behind the establishment of the projects section. Coming to Polar Logistics with a background of working at EPCs, he was able to give the group a flying start in entering the project cargo business.

“When I joined, Polar Logistics was a general freight forwarder sending cargo to Russia and the CIS,” he says. “Many forwarders had failed to penetrate Russia and the CIS successfully, despite the opening up of these countries to foreign trade. Back then, I was a consultant, having worked for an EPC. Having investigated Polar Logistics, I very much liked what I saw. In particular, I admired their history with Russia: acquiring Wilson gave Polar considerable experience there. This was combined with in-house customs knowledge. It’s very much a hands-on company.”

### Icy prospects

With a specialisation in the oil and gas industry, Polar Logistics Projects is confident about prospects over the next couple of years. The sector is buoyant, with oil and gas companies seeking new fields and expanding existing fields.

“The oil and gas sector is buoyant, with companies seeking new fields and expanding existing ones. The rest of 2010 and 2011 are looking particularly good.”

“The rest of this year and 2011 are looking particularly good for us,” says Ordning.

There is continuing work involved in the Sakhalin and Kashagan projects while Ordning has also identified good prospects in Uzbekistan. The Kashagan field, where production is expected to begin in 2014, is located in Kazakhstan in the northern part of the Caspian Sea, close to the city of Atyrau.

Discovered in 2000, the field was one of the larger discoveries of the decade and is estimated it has commercial reserves of between 9-16 billion barrels of oil. It is offshore in a harsh environment, where sea ice is present in the winter and temperatures ranging from -35°C (-31°F) to 40°C (104°F) can be encountered. Polar Logistics is more than capable of providing the products and services this hard and remote environment requires.

### Invaluable experience

Ordning has had a keen interest in providing logistics services to the oil and gas industries through much of his working life: he has worked with one of the first EPCs involved in developing the Caspian Sea oil industry.

In fact, having experienced poor standards from some forwarders providing logistics services to the oil and gas industry, Ordning was inspired to establish a project forwarder that could control the whole logistics chain, from transport operations to customs clearance. “The existing companies were not doing their job very well,” Ordning explains. “There was an opportunity to join Polar Logistics and I just took it.”

### People power

There has been a deliberate policy to differentiate Polar Logistics Projects from rivals by addressing the issue of staff development. There are approximately 50 people employed by the company, with the majority found in locations in Russia and Kazakhstan.

Managers have taken an interest in the composition of the workforce to engineer the perfect fit for the needs of the global clients attracted to Russian and Kazakhstani oil and gas reserves.

“We have a policy of having the minimum number of expatriate staff on our sites,” says Ordning. “My preference is to use local staff whenever it is possible. In fact, this policy works as a strength for us.”

The policy of seeking local staff makes good business sense in a number of ways, he says. Taking expatriates to a site and staffing a location with non-locals can be expensive when compared with employing local staff.

Given the remoteness of many oil and gas locations, work on such a site can be priceless for local populations with few alternative employment opportunities. In employing local staff, Ordning is conscious of the ‘trickle-down’ effect his employment can bring when local people are directly involved. The preference not to move expatriate staff to all locations is based on his own experience. However, taking on such staff is not without costs, and training is often required. For example, it makes sense to



Icy environments require specialised logistics services.



Polar Logistics was involved in a sailaway project in Astrakhan.



Working on a remote site is invaluable to local communities where employment can be hard to find.

provide English language lessons to staff. The payback is at the end of the training when Polar finds it has highly trained staff who can speak English to a good standard and who are deployable wherever the company requires.

Local and international staff recruitment is also being helped as a result of the current global economic difficulties.

“Recruiting staff at present is not difficult,” says Ordning. “Some other project cargo sectors are in difficulties and shedding staff.”

**Comprehensively safe**

Whatever the origin of the staff, Polar Logistics Projects managers and logistics specialists monitor all activities to ensure that operations comply with the company’s management systems, process documents and methods designed to make sure that operations meet the level of quality, HSE and security required by customers.

In fact, health and safety is taken so seriously at Polar Logistics Projects that managers have made it one of the company’s core values. They have an active approach to managing health, safety, environmental and quality practices with the objective of maintaining a safe environment at all the company’s operations throughout the world.

Polar Logistics Projects is headquartered in Tallinn, Estonia. Branch offices are located at Vantaa Helsinki, Finland; Almaty and Atyrau, Kazakhstan; St Petersburg, Astrakhan and Nakhodka in Russia; and Tashkent, Uzbekistan. The Nakhodka office is located conveniently to serve the Sakhalin peninsula. ■

**Further information**

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