

Russia's OMK targets oil and gas companies with new OCTG operations

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Russia's OMK plans to develop production of seamless pipes through the commissioning of a new OCTG shop that will supply domestic and foreign oil and gas companies, a spokesman told S&P Global Platts Thursday.

OMK is investing Rb50 billion (\$817 million) in the construction of a new shop, its first that will make seamless pipes. Being built at the company's flagship Vyksa Steel Plant (VMZ), in the Nizhniy Novgorod region, it will be commissioned before the end of 2021.

The shop will make up to 500,000 mt/year of seamless OCTG -- casing, tubing and line pipes with 73 to 273 mm diameters with semi-premium and premium joints. It will employ technology designed by Danieli of Italy specifically for the project. Danieli has already started manufacturing the plant's equipment whose assembly will commence in mid-2020.

Next year will also see the completion of another major reconstruction project at VMZ -- the complete revamp of pipe welding shop No.5.

Today, the oil and gas industry requires a wider range of tubular goods and of improved strength characteristics both in terms of steel grades and wall thicknesses. Pipes with thicker walls are more sought after, the spokesman said.

Commissioned 33 years ago, welding shop No.5 makes 140-245 mm diameter casing pipes with 12.7 mm maximal wall thickness. The new line that is being installed to replace the old analogue is able to produce pipes in a wide diameter range -- from 114-245 mm -- and with the maximum wall thickness extended to 15.9 mm.

Shop No.1 due mid-2020.

On a separate project, OMK will this year complete the full modernization of pipe welding shop No.1. The fully revamped shop, also at VMZ, will be inaugurated in July.

Hot tests of its core equipment -- the 160,000 mt/year line that will weld oil-well tubing in 60-114 mm diameters and up to 178 mm diameter casing -- are ongoing.

OMK already commissioned -- in March 2018 -- pipe finishing operations that take a third of the 75,000 square meter No.1 shop. The finishing center threads casing with 140-426 mm diameters and up to 14 mm wall thicknesses. In 2018, it processed 40,000 mt of pipes and reached 3,000-6,000 mt/month capacity utilization in 2019.

Besides, the shop has been equipped with a tempering furnace, a drawing furnace, a tube straightening machine and a quality control line. Its machine fleet enables it to operate in full production cycle dispatching a completely finished product.