

Mohamed Hegazi, CEO of ARO Drilling, talks to The Energy Year about ambitious expansion plans for the company's fleet of Kingdom rigs and reducing the environmental footprint of rig deployments. ARO Drilling is a joint venture between Aramco and Valaris that owns and operates a fleet of high-specification rigs in Saudi Arabia.

How do your new locally manufactured rigs, Kingdom 1 and Kingdom 2, enhance ARO Drilling's offerings, and what impact will they have on the offshore drilling market in Saudi Arabia?

Kingdom rigs will gradually replace retiring units within our fleet and offer more automation, better versatility, lower energy consumption and a reduced carbon footprint. They also offer the latest instrumentation, enabling us to collect more data for operational optimisation, an area in which drilling lags behind sectors such as aviation. We are investing in connectivity to ensure we are data-ready, and we intend to use data to improve the safety, efficiency and reliability of our operations.

We have already taken delivery of two Kingdom rigs and there are 18 more to go. This requires significant infrastructure and a comprehensive and complete supply chain, but more importantly, it requires post-construction services. We want to have such services here in Saudi Arabia. We don't want to fly people halfway around the world to perform a service or provide support.

Building rigs locally creates a massive supply chain ecosystem, from vendors to subcontractors, which helps develop new sectors and job opportunities in Saudi Arabia. We are working with local companies to build up the infrastructure needed for servicing these rigs in-country. This is especially important because the market for high-quality rigs will keep growing in the future, and local services will be critical to sustaining that growth.

Recently, our contracted rig builder, International Maritime Industries, kicked off the early stages of the next construction phase in the Kingdom programme, including several vendor awards.

As previously announced, our commitment is to build 20 rigs over the span of just over a decade. Two Kingdom rigs have already been delivered and are operating safely and efficiently for Aramco. We aim to gradually populate the ARO fleet with Kingdom rigs and, as the shipyard goes through its learning curve, we expect the process to be streamlined and become more efficient with shorter build times.

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Do you have a reliable domestic supply chain in place, or are you seeking partners to reinforce it?

We have been working hard to convince the major companies we already work with to bring their operations to Saudi Arabia. Many well-known names in rig construction and services have already come, and we continue to push for others to follow.

What features make the Kingdom rigs ideal for work in Saudi Arabia?

The environment here in the Gulf is relatively benign, which means our rigs don't need to withstand the extreme conditions that rigs in harsher environments such as the North Sea or Gulf of Mexico face. However, rigs in Saudi Arabia still work very hard. They need to be agile and flexible and be able to move and adapt easily. Essentially, Saudi rigs need to be more versatile than most and deliver greater operational flexibility while complying with Aramco's stringent safety requirements.

Is the investment for these rigs coming solely from ARO Drilling?

This is a multi-billion-dollar commitment spanning over a decade. We're partnering with financial institutions to secure competitive funding. The key is that it's easier for banks to lend when there are agreements in place to contract the rigs long-term upon delivery with a company like Aramco. Such commitments make the investment more attractive to lenders.