



VALLOUREC & MANNESMANN TUBES

OCTG Division
130, rue de Silly
92100 Boulogne-Billancourt
France
Phone : +33 (0)1.49.09.35.86
Fax : +33 (0)1.49.09.37.13
e-mail : contact.boulogne@vmtubes.fr

Boulogne, Tuesday, 20th January 2004

Dear Sir,

We have been informed by our representatives, that VAM copies are extensively promoted in your geographical area.

Given our long lasting and fruitful relationship, we would like to draw your attention to the significant risks of using such VAM copies, especially when mixing them with genuine VAM connections. Despite claims of interchangeability by copy manufacturers, we are aware that considerable problems have been experienced in the field.

No access to VAM drawings and technical information

VAM copy manufacturers do not have access to genuine drawings and technical information which are dispatched to our licensee network through a "controlled document" system and which are regularly updated to take into consideration the latest developments. The technical data required to produce genuine VAM connections is deliberately split into distinct sets of documents. Having access to just one or even two sets does not give the full picture. A joint made to the product drawing and which looks like a VAM joint, it is not the same as a genuine product because it does not necessarily comply with all the requirements specified elsewhere. All this prevents copiers from reaching the high level of technology offered to their customers by VAM Licensees.

No access to VAM gauges system

All VAM manufacturers adhere to a very stringent system of gauge calibration which is under the exclusive control of VAM Services.

In order to ensure compatibility of VAM joints manufactured worldwide, these joints are inspected to VAM gauging procedures specifying the use of specific setting blocks calibrated under the control of VAM Services. As VAM copy manufacturers do not have access to this sophisticated gauging system, it is impossible for them to manufacture copy threads and to claim that they are compatible with VAM joints.





VALLOUREC & MANNESMANN TUBES

No Technical assistance from VAM Service Network

A VAM copy, as proved in the points above is different from a genuine VAM joint.

As a consequence, VAM copies are not supported by the VAM licensee workshop network. We specifically include in our Licensee agreements clauses to prevent use of V&M proprietary knowledge for non V&M products. Neither will it be possible to obtain technical assistance, nor field service or trouble shooting support from our worldwide representatives of VAM Field Service International.

VAM cannot be held responsible for operational problems and additional costs incurred by the use of copies

Due to the differences in tolerances, make-up torque, gauging criteria and lack of access to VAM approved quality control system, VAM copies mixed with genuine VAM joints may lead to failures such as : thread or seal galling, ineffective sealing, thread jump out, tensile failures at loads substantially lower than theoretical minimum, connection back off, ID restriction...

VAM copies are not compatible or interchangeable with genuine VAM joints. Only with VAM can you manage operational risks efficiently. Please note that, when using those copies, V&M in no case can be held responsible for leakage, accidents or any other problem that may arise and damage your reputation.

Conclusion

From a purely technical point of view, VAM Copies cannot perform at the level of genuine VAM connections and are not supported by VAM Services. Besides, taking into consideration the lifecycle cost of such products, though they might appear cheaper in the first instance, copies will be more expensive because of failure risks, repairs, cross overs etc...

May you require any further information or assistance, please do not hesitate to come back to us. We are eager to share our experience and knowledge with our privileged customers and would be delighted to pursue our long term collaboration with you in order to help your company minimize operational risks.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'ALAN LANCRY', written over a light blue rectangular background.

Alain LANCRY
Director Marketing & Development
VALLOUREC & MANNESMANN TUBES
OCTG Division

VALLOUREC MANNESMANN OIL & GAS FRANCE

SAS au capital de 9 048 000 €- Siège social : 54, rue Anatole France – 59620 Aulnoye-Aymeries, France
Siren 384 627 170 RCS Avesnes – N° de T.V.A. FR 77 384 627 170

