

J. Ray NEWS

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AN OFFICIAL PUBLICATION OF J. RAY McDERMOTT, S.A.

Special Focus

PROJECTING SUCCESS

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Buying POWER

The right thing, at the
right time, at the right price

Surprising Saudi Arabia

Cornerstone of civilization,
model of modernization




The 2008 Business Marketing Association
Award Winning Magazine of J. Ray McDermott



Surprising **Saudi Arabia**

Known as "The Edge of the World," a rock-framed "window" opens to a breathtaking view of Acacia Valley, a centuries-old east-west route for travelers moving across the Arabian Peninsula.



During the early days of oil exploration, chief geologist, Max Steineke arrived in Saudi Arabia filled with a sense of mission and unshakable commitment. Previous attempts at finding oil had proved unsuccessful, but Steineke refused to accept defeat.

With his constant drumbeat of encouragement and urgings to drill deeper, Steineke and his team persisted and ultimately discovered the rich and abundant pools of oil that would transform the Kingdom of Saudi Arabia from a poor country into an economic powerhouse. This shift illustrated the country's capability and underscored its shrewd sophistication, giving it admission as a leading and respected player on the world's financial stage.

The incredible power to dig deeper and persevere, sometimes in the face of daunting obstacles, has propelled this largest country of the Arabian Peninsula to firmly establish itself as the world's leading petroleum producer and exporter, and has given the Saudi people an undeniable pride.

But it's much more than oil. The country is an archeological treasure, deeply rooted in ancient history and tradition that are strikingly blended with futuristic architecture, breathtaking landscapes, a multifaceted culture and diverse international commerce.

Deep roots

Nestled between the Nile River Valley and Mesopotamia, the Arabian Peninsula geographically defines itself as the epicenter of the ancient world. To survive, Bedouins and other merchants formed trade routes to transport agricultural goods, such as almonds, dates, spices and aromatics – frankincense and myrrh – throughout the region by camel caravan.

For hundreds of years, the Bedouins and the camel have weaved their lives and livelihoods

together into a tapestry of endurance and survival. The camel provided Bedouins with food, transportation and utility as a pack animal, able to carry up to 1,000 pounds at a time. So central was the camel that the Arabic language supports 1,000 words pertaining to the hump-backed animals.

As the cornerstone of Arab history, the camel enabled the early people to develop and travel critical trade routes, effectively linking the country and launching its prosperity.





Al Ula is characterized by its attractive natural scenery marked by the reddish sandstone inselbergs carved by natural agencies into beautiful and attractive shapes.



The Kingdom occupies about 80 percent of the Arabian Peninsula and is commonly listed as the world's 14th largest state.

A century ago, Bedouin still made up a large percentage of the total Saudi population. The numbers sharply declined since the introduction of new Ottoman land laws in the mid-18th century which abolished the communal ownership of land that was a basic ingredient of the Bedouin nomadic lifestyle. The decline continued under 20th-century central governments that applied many pressures on the Bedouin to settle. The oil boom and rapid industrialization in the area further accelerated this trend.

Today, only one quarter of the total Saudi Arabia population is Bedouin – nomadic or recently settled.

Fueling progress

The enduring camel and great camel caravans have also vanished, supplanted by the modern inventions of planes, trains and trailer trucks. Progressing at an astounding pace, Saudi Arabia has very much emerged into the modern world, with its skyscrapers, leading telecommunication technology, agricultural exports and, yes, its oil exports, which fuel the country's economy.

Home to Saudi Aramco energy company, the Kingdom presently commands 260

billion barrels of proven oil reserves, equaling about a fourth of the world's proven total petroleum reserves. This liquid black gold is responsible for over 90 percent of the country's exports and 75 percent of its revenues.

In recent years, economic diversification has been a rallying cry for the Saudis, and is best exemplified by the development and construction of six planned cities. One, King Abdullah Economic City, representing investments of more than US\$26.6 billion, is being built near al-Rabegh, north of Jeddah along the country's western coast. Striving for diversification, while boldly underscoring Saudi Arabia's drive for economic and financial might, King Abdullah Economic City includes the largest port of the Kingdom, as well as areas in pharmaceuticals, tourism, finance, research, education and, of course, petrochemicals.

The remaining five cities will be built throughout the country to further support economic diversification, adding US\$150 billion to the country's GDP when completed. In keeping with this focused thrust of economic strength, Saudi Arabia officially joined the World Trade Organization in 2005 and has, over the past 10 years, privatized its telecommunications and electricity companies.



The royal capital of Riyadh is a bustling commercial center offering architectural wonders like the award-winning Kingdom Center (above, right). This tallest building in the city – almost 1,000 feet high – is topped by a V-shaped steel structure that supports an enclosed viewing bridge. Al Faisaliah Tower (below, right), known as the first skyscraper in Saudi Arabia and the Eiffel Tower of Riyadh, features a multi-faceted glass-clad globe at the top (above) that houses a restaurant and observation deck.



Culture and traditions

Established in 1932 by King Abdulaziz Al Saud, Saudi Arabia occupies almost 80 percent of the Arabian Peninsula. It is bordered by Iraq to the north-northeast, Jordan to the north-west, Oman to the southeast, Yemen to the south and Kuwait, Qatar, Bahrain and United Arab Emirates to the east. In total, the country covers an area of 830,000 square miles.

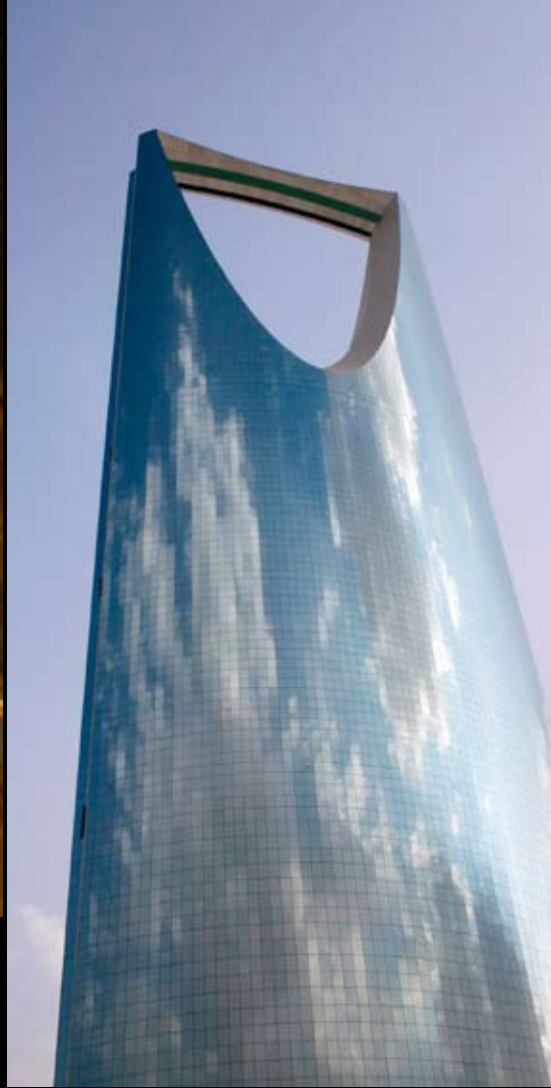
Saudi Arabia is ruled by the Saudi monarchy, made up of the progeny of King Abdulaziz Al Saud. The country is divided into 13 emirates, which are further divided into governorates. The Qur'an is the constitution of the country.

Home to 27 million people, including 5.5 million resident foreigners, 85 percent of Saudis are of Arab descent, with 12 percent of South Asian ancestry, including Pakistani, Indian and Bangladeshi. Migrants from all over the world number another 8 million. An additional 100,000 Westerners also live in Saudi Arabia, and an estimated quarter million Palestinians live in the country.

Since the 1950s, education has increasingly become an important part of Saudi Arabian life. With the creation of the Ministry of Education in 1954 and the construction

of King Saud University, founded in Riyadh in 1957, more than 20 universities and colleges, and 24,000 additional schools, now make up the country's educational system. Because of its vast oil revenues, the Saudi government provides free education, books and health services to every Saudi resident. The Kingdom also supplies scholarships to students wishing to attend schools and universities outside the country. Currently, thousands of Saudi students can be found in the United States, Canada, Europe, Australia, Japan and other countries.

The Kingdom supports a deep and varied cultural mix of music, dance, theatre and literature. Al Ardha, Saudi Arabia's national dance, is one of the country's most popular and compelling folk rituals. Based on historical Bedouin traditions, it is comprised of sword-carrying men dancing shoulder-to-shoulder in harmony with a staccato drumbeat that accompanies verse chanting. While public theatres are prohibited, IMAX theatres are available, as well as local music, art and theatre productions. DVDs of American and British movies are also permissible and available to the public.



At Mada'in Saleh, in northwest Saudi Arabia, 131 rock-cut tombs rise up from the sands in a landscape of stunning beauty. Sister city to Petra in Jordan, this archeological site is one of the largest and better-known, dating back to some time between first century B.C. and first century A.D.

Lesser known is the Saudis' deep interest in sports – namely European football and baseball. Their national football team has competed four consecutive times in the FIFA World Cup and six times in the AFC Asian Cup, winning three titles. The Saudi youth baseball team has participated in the Little League World Series.

Desert and beyond

The country's landscape is also a study in contrasts. Dominated, of course, by miles of sand and undulating dunes, there are no permanent year-round rivers. Widely dispersed semi-arid regions are made inhospitable due to lack of water and soaring summer temperatures that can exceed 120 degrees. Most population centers reside along the eastern and western coasts. Frost or snow occurs only once or twice a decade, and annual rainfall rarely exceeds four inches.

To the southeast, Rub' al-Khali, the largest continuous sand desert, spans an area larger than the country of France. Known as the Empty Quarter, because of its searing heat, this vast area of pristine sand is an amazing

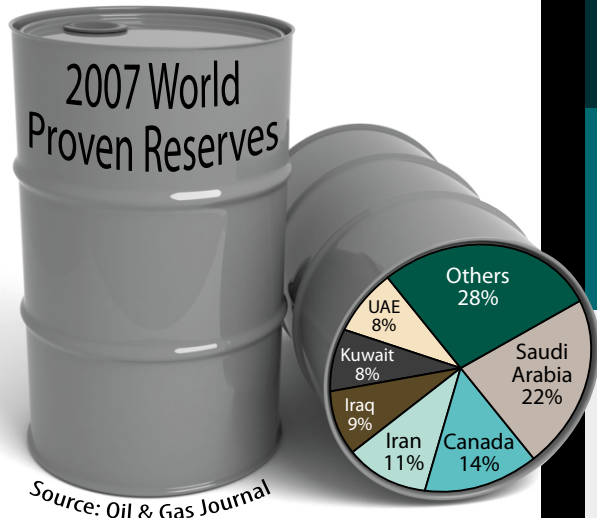
sight, but the scorching temperatures prevent man or animal from venturing into the area for the six-month summer season.

Conversely, Saudi Arabia boasts a diverse marine and wildlife habitat so impressive and intriguing that it was portrayed in an award-winning three-part documentary, *Arabia: Sand, Sea and Sky*. The Discovery Channel series explored the desolate landscape of Rub' al-Khali and the extraordinary survival strategies adopted by the desert plants and animals, the marine riches of the Red Sea, and the mountains of the Asir region in the western part of the country.

Those who take the time and effort to dig under the surface to see all that the Kingdom of Saudi Arabia offers are richly rewarded. From fascinating and abundant archeological sites to picturesque settlements of weavers, potters and other indigenous crafts and skills; colorful and lively souks (marketplace or bazaar); Al-Hasa, largest groundwater-fed oasis in the world; and the sophisticated, bustling capital city Riyadh – a multitude of destinations and cultural treasures stir the imagination and awaken the senses. 



Fueling Saudi Arabia's Economy



Strictly Saudi

The richness and variety of the history, culture and traditions of Saudi Arabia present a unique perspective on this intriguing country.



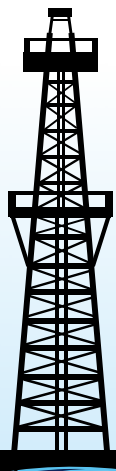
Masmak Fortress

This 19th-century mud fortress is located at the heart of Al-Bathaa, the old section of the capital city of Riyadh. In the early 20th century the building was the focus of an historic struggle for power between the ruling Al Saud family and the rival Al Rashid dynasty. Today it houses collections of traditional dress and crafts, a diwan or sitting room with an open courtyard and a working well.



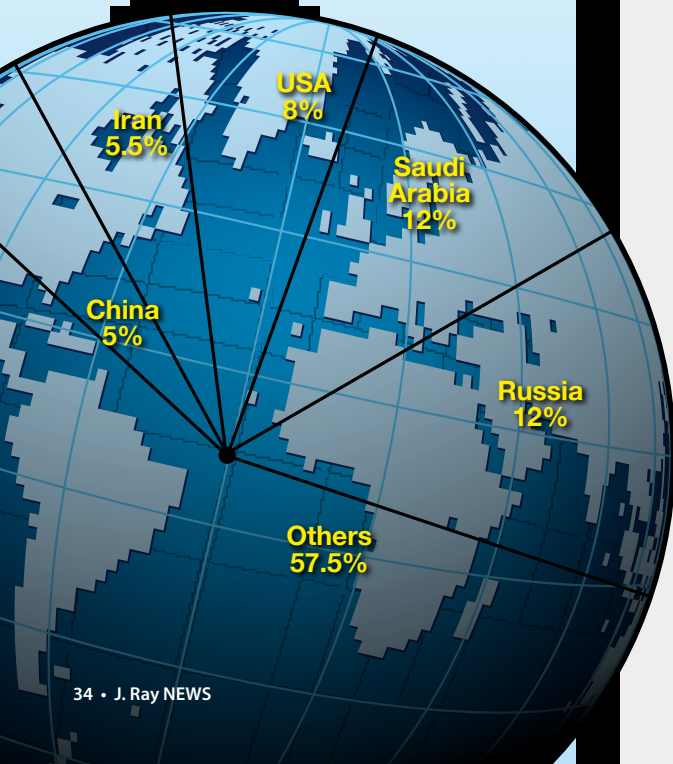
Taif

On the eastern slopes of the Al-Sarawat mountains, Taif is known as the Summer Capital for its cooler weather in the summer months, beautiful scenery and relaxed atmosphere. It is also popular for its pink palaces, astounding modern cornice road that winds down the steep cliffs of the Taif escarpment, and nearby rock carvings site that includes the remains of a Turkish fort reputed to be where Lawrence of Arabia fought in 1917.



2007 World Oil Production

Source: International Energy Agency



Dir'aiyah

These ruins of the kingdom's first capital, a short distance from Riyadh city center, are Saudi Arabia's most popular archaeological site. Founded in 1414, the city reached the height of its powers at the end of the 18th century, before being razed in 1818. The reconstructed ruins include palaces, mosques and the old city wall.



King's Camel Race

Held in conjunction with the national Heritage and Cultural Festival at Jenadriyah in April or May each year, this is one of the world's most important camel races. More than 2,000 competitors race across vast tracts of desert for huge prizes of cars or money. Equally enthusiastic are the 20,000 to 30,000 spectators.



Divers' delight

The waters of the Red Sea are blue, though they might appear red due to reflections of the surrounding reddish landscape or reddish coral on its seabed, as well as the blooming of plankton.

Saudi nationals and tourists from around the world have acknowledged the Red Sea as one of the world's premier viewing and recreational diving destinations, much of it made popular by Jacques Cousteau. With its incomparable beauty, unique marine life and exquisite coral reefs, the Red Sea unites an unsurpassed ecosystem.

Divers can explore among the many disintegrating shipwrecks and endless underwater rock formations, giving those who venture into these ethereal waters countless hours of up-close viewing – 1,100 species of fish, 44 species of shark, and 1,240 miles and 200 species of spectacular coral reef, some more than 7,000 years old, many still untouched.

In addition to recreational offerings, the Red Sea also gifts nearby oil refineries and cement factories with the use of its water for cooling purposes.

Thirty million years ago, the Arabian Peninsula tore away from Africa in a violent

tectonic jolt that slashed a 1,000-mile gash from Ethiopia to Jordan. This savage tear in the earth's crust permitted the waters of the Indian Ocean to pour into the crevasse, carrying a multitude of marine life with it and heralding the formation of the Red Sea.

Secluded in a long finger of salt water, the Red Sea created life forms found no place else on earth. Home to abundant plankton, boat fish, triggerfish, and varieties of prawns and gobies, the salt-water inlet also hosts shoals of barracuda and groups of giant manta ray in its nutrient-rich waters.

Long dormant volcanic islands rise from the center of the Sea, deceptively tucked away in their silent slumber. In 2007, however, Jbal Al-Tair Island violently erupted, reminding nearby inhabitants that occasionally sleeping giants do wake.

While the Red Sea has an average depth of 1,600 feet, about 40 percent is quite shallow at just 330 feet. The Red Sea's depth and

efficient water circulation are attributed to the development and growth of its reef system. The Red Sea exchanges its water with the Arabian Sea and the Indian Ocean, by way of the Gulf of Aden, thereby reducing the effect of high salinity. Still, the Red Sea remains one of the most saline rich waters in the world.

This unique and awe-inspiring body of water may derive its name from any number of theories, including seasonal blooming of the red-colored cyanobacteria *Trichodesmium erythraeum* algae that thrives near the water's surface, to the mineral-rich red mountains keeping watch nearby.

Still relatively remote and unspoiled, officials in the Red Sea countries worry about the impact of commercialism and tourism upon the waters. Thus, they have taken steps over the past few years to protect and preserve what so many bear witness to every year: that out of such unforeseen violence came such transcendent beauty.