

## **ANTICIPATED ACQUISITION BY IRON MOUNTAIN INCORPORATED OF RECALL HOLDINGS LIMITED**

### **Summary of hearing with Talisman-Sinopec Energy UK on 22 February 2016**

1. Talisman-Sinopec was a customer of C21, which was taken over by Recall. There was continuity with the director and operations from C21, and it still provided service with a small company approach that was helpful.
2. Talisman-Sinopec said that its requirements were for a secure store which fulfilled an archive and records management need, as well as the storing and layout of geological samples. There was a statutory requirement to keep records and geological samples. Day-to-day access was also required as geoscience staff needed access to the core from previous wells to correlate a database of information to drill new wells in the North Sea. The samples also helped solve day-to-day reservoir issues.
3. Talisman-Sinopec had switched from Iron Mountain to C21 in 2012. The main reason for switching supplier was that the quality of service was going down and costs were rising.
4. Fugro Data Services (now CGG) was also part of the tender process. Talisman-Sinopec would only consider local suppliers with a footprint in the north-east of Scotland. It was not [redacted] viable to consider splitting the contract between two suppliers.
5. Talisman-Sinopec said that if Iron Mountain and Recall (C21) merged there would be no other viable local operators and the market would become uncompetitive with just two options. Taking storage in-house was not [redacted].
6. Storage facilities required more than a conventional warehouse set up; any new supplier entering the market would need to configure storage space to handle the size and weight of the samples and include facilities such as an inspection room equipped with UV lighting and microscopes.
7. Talisman-Sinopec said that barriers for new entrants in the marketplace were high. There had not been much activity other than consolidation in the market place. Consolidation was a concern to Talisman-Sinopec as it saw price likely to move one way as a result. It was also concerned about service quality, as it

would be a smaller part of a supplier's business. It saw a risk in playing second fiddle to the needs of larger oil companies.

8. ALS Petrophysics was based north of Aberdeen. It had the potential to offer facilities of this type although possibly not for a company the size of Talisman-Sinopec, which needed around 146,000 cubic feet of storage.
9. Talisman-Sinopec recently signed a longer-term deal [X] with C21 which lasts until 2020. Its contract was on a cubic feet storage rate rather than being specific to boxes or core samples. A room rate was also specified in the contract for viewing core samples on site.
10. To switch to another supplier would involve exit costs, somewhere between £1 and £2 per boxed item for a permanent retrieval, but these were negotiable and it had done this before. It would not be impossible to switch again in future.
11. Talisman-Sinopec told us that although core samples were fragile, and it had only moved samples locally, the British Geologic Survey had successfully moved its storage from Edinburgh to Nottingham several years ago.
12. Talisman-Sinopec said that the forthcoming Energy Act was expected to take a more punitive approach to non-compliance with fines likely for not providing government with timely data. This was likely to lead to greater storage requirements.