



National Oilwell Chosen for Design and Construction of Kazakhstan Drilling Facility

July 29, 2004

HOUSTON--(BUSINESS WIRE)--July 29, 2004--National-Oilwell, Inc. (NYSE:NOI) today announced that the Company has been awarded a letter of intent regarding the design and construction project for a complete drilling facility for Agip Kazakhstan North Caspian Operating Company's (Agip KCO) "D" Island Project in the Kashagan field in Kazakhstan. The project is valued at approximately \$150 million and includes two complete harsh environment land drilling rigs and all of the drilling support equipment. Under the terms of the letter of intent, Agip KCO has made an initial payment to the Company of approximately \$30 million.

These harsh environment module style rigs are specially designed to drill on artificial (or man made) islands in the North Caspian Sea where the winter conditions are extremely challenging and very similar to the North Slope of Alaska. All rigs currently drilling on the North Slope of Alaska were designed and manufactured by National Oilwell. This project specifies 3,000 horsepower rigs capable of drilling to depths of 25,000 - 30,000 feet that can be moved fully erect from well location to well location via rail. The rigs will be assembled and commissioned at National Oilwell facilities in Houston with equipment and products coming from the Company's plants in Norway, Canada, China and the United States, and are expected to be shipped in the third quarter of 2005.

Pete Miller, Chairman, President and CEO of National Oilwell, stated "We believe that Agip KCO's selection of National Oilwell for this project is a testament to our expertise in designing and building harsh environment rigs and managing large, fast track design/build projects, and anticipate that the contract for this project will be finalized in early August. This type of major capital investment is indicative of many of the business opportunities we believe we will see over the next few years."

National Oilwell is a worldwide leader in the design, manufacture and sale of comprehensive systems and components used in oil and gas drilling and production, as well as in providing supply chain integration services to the upstream oil and gas industry.

Statements made in this press release that are forward-looking in nature are intended to be "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934 and may involve risks and uncertainties. These statements may differ materially from actual future events or results. Readers are referred to documents filed by National Oilwell with the Securities and Exchange Commission, including the Annual Report on Form 10-K, which identify significant risk factors which could cause actual results to differ from those contained in the forward-looking statements.

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