first-hand

March 22nd, 2017
Editor: Andrew Hamilton

Field Development Newswire

Key Offshore Construction Intelligence

STRATEGIC OFFSHORE RESEARCH

⏭ Emerging Plans

1.**NORWAY**: Statoil is to proceed with NKr 40 billion to NKr 55 billion Johan Sverdrup second phase including Avaldsnes, Kvitcoey and Geitungen satellites. FEED contracts have been awarded to Aker for processing platform, Kvaerner for jacket and Siemens for power supply from shore. Second half 2018 is due PDO and 2022 on-stream. Late 2019 is anticipated production start from NKr 97 billion first phase. Break-even for full field development is less than $25 per barrel.

2.**NORWAY**: Imminently due is development plan for Statoil Njord Future Project, including Bauge (previously Snilehorn) and other tie-backs. By summer approval is expected for 2020 production.

⏭ Early Prospects

3.**SENEGAL**: FAR best estimates 1.6 billion unrisked proven and probable reserves for Djiffere block. Sirius prospect has 60% success probability and contains 294 million barrels while Spica and Leebeer SNE hold combined 315 million barrels with 37% and 33% success probabilities. Operator expects final decision once fast-tracked seismic interpretation is complete.

4.**GUINEA BISSAU**: Talks are ongoing for extension to end-2019 expiring Svenska-operated Sinapa (Block 2) and Esperanca (4/A and 5/A). Acreage contains 472 million barrel Atum prospect potentially analogous to Cairn SNE oil find. Best estimated reserves for all three blocks is 954 million barrels with high case 3.5 billion barrels.

5.**NORWAY**: Faroe says focus is appraisal well on Brasse with mid-year possible second appraisal. Estimated reserves are 43 million to 80 million boe close to Wintershall Brage and Statoil Oseberg. Further potential wells are being matured for late this year or early 2018 on Brasse extension, OMV Aerosmith in 6506/8, 10 and 11 and Wellesley Goanna in 33/9.

6.**NORWAY**: Lundin is undertaking concept studies for Luno II discovery in 16/4. Contingent reserves are 38 million to 97 million boe to tie-back to Edvard Greig. Operator says concept is "robust" with minimal capital outlay.

7.**AUSTRALIA**: FAR intends to farm-down 100% stake for WA-458-P. Block is east of Woodside Lambert and Angel and contains 359 million barrels. Further seismic is planned. Operator has also submitted relinquishment for WA-457-P south of Woodside North Rankin and Perseus.

8.**PHILIPPINES**: Nido has executed agreement with PNOC-EC for SC/63 block in NW Palawan Basin. Dragon is in process of withdrawing with Nido and PNOC-EC to each take 50%. Meanwhile, Nido confirms intention to withdraw from Gurita PSC alongside operator Lundin and plans to replenish interests with "quality assets" primarily in SE Asia.

9.**BAHAMAS**: To April 2018 Bahamas Petroleum has 12-month extension for initial well on four southern licenses: Bain, Cooper, Donaldson and Eneas. Farm-out talks are at "advanced" stage.

10.**KENYA**: For offshore portion of L6 block in up to 400 msw, FAR estimates 3.6 billion barrels across at least eight prospects. Largest are 327 million barrel Tembo and 304 million barrel Nyati West. Talks are ongoing to firm up PSC terms.

11.**IRELAND**: Faroe sees "considerable potential" in 16/23 and has farm-out deal with Nexen. Nexen becomes operator with 80% by fully funding seismic and well.

⏭ Pipelines

12.**USA-GoM**: Subsea 7 has BP lump-sum EPIC award for subsea construction on Mad Dog-2 including risers and flowlines. OneSubsea has separate award for subsea production systems and two have identified "additional areas of cost improvement to provide greater cost certainty and reduce risk". 2019 and 2020 are scheduled for offshore work.

13.**EGYPT**: Second quarter is due to see ENI in market for subsea construction work on second phase Zohr development. Saipem has negotiated first phase contract. Second phase is intended to add further 14 subsea production wells with two 220km 30-inch export lines and two 160km

Continued ...

umbilicals. Third phase for six further wells with two more 30-inch lines and one more umbilical is still possible too. End third quarter/early fourth quarter is due to see phase two contract in place.

⏭ Firm Projects

14.**NORWAY**: DEA has PDO approval for NKr 1.1 billion Dvalin for 2020 production. Project has four wells and 15km 12-inch within 16-inch pipe-in-pipe production line to Heidrun, plus 7.5km 12-inch gas export line to Polarled trunkline. Aker has production system and tie-back awards while TechnipFMC structures and flowlines. Noreco is by end-April due $14.3 million payment from OMV.

15.**NORWAY**: Wintershall has commenced Maria production drilling and has installed subsea templates. Operator hopes to exploit 180 million boe via three-way tie-back to Statoil Kristin, Heidrun and Aasgard-B with fourth quarter 2018 production anticipated.

16.**INDONESIA**: ENI says FPU is ready to mobilise for Jangkrik. Vessel has 450 million scf/d capacity and will allow "prompt development" of nearby discoveries. New 79km pipeline to shore will export gas to local domestic and Indonesian LNG markets.

17.**UK**: EnQuest confirms Kraken FPSO is moored on-site. Risers and umbilicals have been pulled in and work is ongoing for turret and topsides commissioning. Second quarter start-up is scheduled from 13 wells. Operator says 2017 capex is $375 million to $425 million with bulk on Kraken.

18.**DENMARK/GERMANY**: Later this year due on-stream Wintershall Ravn oil field is in final phase. Field will tie-back 18km to A6-A platform in German waters. Operator is evaluating further development of Greater Ravn license in Danish block 2/16, Elly/Luke in 3/16 and Torsk in 1/16.

⏭ Producing Fields

19.**PHILIPPINES**: Nido has approval for this year seismic reprocessing on West Linapacan redevelopment in SC/14 C2. Work will "assist in better modelling West Linapacan structure and update well design and development plans". Elsewhere, very shortly Nido expects to spud appraisal on mid-Galoc area in SC/14 to confirm commerciality of potential third phase development.

⏭ New Licensing

20.**NEW ZEALAND**: Government has made available acreage with bulk in five offshore basins: Northland-Reinga, Pegasus-East Coast, Hawke Bay, Taranaki and Great South Canterbury. September 6 is bid deadline for December awards.

⏭ Corporate

21.**USA/SINGAPORE/INTERNATIONAL**: Ezra has filed for Chapter-11 bankruptcy protection in US. Ezra already had $900 million of exposures for parent company guarantees for EMAS-Chiyoda, plus $272 million unsecured loans to DBS, OCBC and HSBC. In internal memos, Ezra says move has "no immediate impact on day-to-day operations" and should allow "financial and operational restructuring". Ezra notes VT Halter Marine yard has commenced civil action against EMAS-Chiyoda for $3.3 million claim. However, Ezra provided parent company guarantee and is being pursued for payment. Welding company Serimax also has claimed $4.4 million under Ezra guarantee. EMAS-Chiyoda 35% shareholder Chiyoda is to replace multiple members of senior management team.

22.**INTERNATIONAL**: Lundin EGM has approved dividend of shares in spin-off International Petroleum Corporation (IPC) to shareholders. One IPC share will be issued for every three Lundin shares. April is anticipated for completion.

23.**BRAZIL**: PetroRio has completed acquisition of Brasoil 10% stake in Petrobras' Manati field and 100% stakes in Campo de Pirapema and FZA-M-254 concession in Foz do Amazonas Basin.

Contact: ☎ +44 (0) 1224 498020 Fax +44 (0) 1224 318333
✉ andrew@StrategicOffshore.com http://www.StrategicOffshore.com