

# E&P Daily

EXCLUSIVE NEWS SERVICE FOR THE GLOBAL OIL AND GAS INDUSTRY

## UK Blythe-Vulcan FID delayed

Independent Oil and Gas (IOG) has delayed the Final Investment Decision (FID) on Phase 1 of the UK North Sea Blythe and Vulcan satellite hubs development projects to Q1 2019 due to “market volatility”.

The Blythe hub and the Vulcan satellites hub is a two-phase development plan in the UK Southern North Sea, which will produce 8.56 Bcm (302 Bcf) of 2P gas reserves and provide a 38% internal rate of return (IRR) and US \$364.5m (£285m) post-tax NPV10, IOG said.

NPV10 is the present value of estimated future oil and gas revenues net of estimated direct expenses and discounted at an annual discount rate of 10%.

IOG said that the core project was technically ready to enter the execution phase with all engineering work required for FID complete and commercial terms were agreed with all major contractors.

Also, documentation is expected to be signed imminently for the purchase of the onshore Thames reception facility, where IOG’s fully proven 15.58 MMcm/d (550 MMCF/d) capacity Thames pipeline lands at Bacton Gas Terminal on the north Norfolk coast in eastern England.

The financing plan for the project is expected to incorporate a senior secured bond issuance and the issue of new equity in IOG, the company noted.

IOG said that the current oil price volatility and capital market conditions were “not conducive to deliver this financing plan before year-end”, adding that it is fully ready to progress its funding plans as soon as markets stabilise.

Therefore, IOG decided not to make the FID in 2018, but the objective would be to secure the financing and make the FID in Q1 2019.

“The company is technically ready to achieve first gas within 20 months of the FID, during the second half of 2020 based on the updated FID target. Despite market volatility, the SNS commercial environment remains favorable to operators and the company is satisfied with its agreed contractual arrangements,” IOG said.

Andrew Hockey, CEO of IOG, said: “The company considers that the current equity and debt market conditions are not sufficiently stable for IOG to proceed to complete the funding process before the year-end. Having considered carefully and taken due advice, the board believes that it is in the best interests of shareholders to do so as early as possible in the New Year.”

In October, IOG signed the Harvey East and Goddard 30th Round Licences, giving it 100% stakes in both assets.

## Tullow’s Comoros farm-in

Tullow Oil has agreed with Discover Exploration to farm into deepwater Blocks 35, 36 and 37 offshore the Union of the Comoros in the Indian Ocean.

Once the deal is completed, Tullow will operate the three blocks with a 35% stake. Before the farm-in, Bahari Resources held the role of the operator.

The blocks cover an area of 16,063sq km with a gross unrisks resource potential of up to 7 Bn bbl of oil. A 3D seismic survey is planned for 2019.

The licence area is adjacent to the proven Rovuma Basin offshore Mozambique. But despite its close proximity this basin, Comoros is still largely under-explored.

## Eni-Total pan Cyprus drilling

Italy’s Eni and France’s Total plan to explore offshore Cyprus despite recent issues when a drillship had to be moved out of waters due to objections from Turkey.

According to a statement this week by the

The Cypriot Energy Ministry reported that Eni and Total have applied for a hydrocarbon research licence for offshore Block 7 in the country’s Exclusive Economic Zone (EEZ). Cyprus’ Energy Minister Georgios Lakotryppis confirmed the news via social media.

“I informed President Anastasiades about the filing of an application for a hydrocarbon research permit for Block 7,” Lakotryppis said.

This is not the first time Eni and Total have teamed up offshore Cyprus because they are partners in Blocks 6 and 11.

In February, the companies unveiled “a lean gas discovery” in Block 6 at the Calypso 1 well.

Eni said Calypso 1 was “a promising gas discovery” and confirmed the extension of the “Zohr like play” off Egypt in the Cyprus EEZ.

### BRENT/WTI LATEST PRICE

#### Oil holds firm

Oil firmed on expectations that OPEC and Russia will agree output cuts next week, although strong US supply kept markets in check. The prices at 07.30 GMT, compared to the previous London close, were as follows:

**WTI** Jan \$51.50 a bbl +05c



**Brent** Jan \$59.62 a bbl +11c



## Aquaterra-Maerlin Nigeria job

Aquaterra Energy and Maerlin Nigeria have won a contract from First E&P to design, engineer and install two non-identical Sea Swift conductor-supported offshore platforms in the Niger Delta Basin offshore Nigeria.

The platforms are for the Anyala and Madu fields in Oil Mining Leases 83 and 85, where state-owned Nigerian National Petroleum Corporation (NNPC) is a joint venture partner, Aquaterra said.

The Anyala and Madu field project work scope will develop around 185m bbl of oil and 18.05 Bcm (637 Bcf) of gas reserves.

Aquaterra will manage the end-to-end project scope with engineering and onsite fabrication support being performed in Nigeria. The work includes structural design, topsides engineering, equipment selection, procurement, fabrication management and logistics.

## UK Brent Charlie power outage

Shell has evacuated 135 workers from the Brent Charlie platform in the UK North Sea after a power outage.

The platform lies 185km northeast of Lerwick, Scotland. The 135 non-essential personnel were moved to Shell's Brent Alpha and Bravo platforms.

"Working with the Coastguard we removed all non-essential personnel to nearby platforms. Power has been restored and personnel will be returned at the earliest opportunity," Shell said.

"The Brent Charlie platform was shut down for maintenance and although the 184 crew were safe and well the platform had limited power, meaning no lighting, heating or water. With severe incoming weather HM Coastguard and Shell made the decision to ensure the safety of the crew by declaring an emergency situation and evacuate 135 non-essential crew," the Coastguard said.

## Aker BP gets Norway nod

Aker BP has received consent from Norway's Petroleum Safety Authority for exploration and production drilling in the North Sea using the *Scarabeo 8* semi-submersible rig.

The well will be drilled on the Aker BP-operated Bøyla field, which is located in Production Licence 340 (PL 340) and PL 869. The Bøyla field is in the Norwegian North Sea around 200km offshore at a water depth of 119m (390ft).

## DOF bags Aussie extension

DOF Subsea has landed an extension of its existing subsea inspection, maintenance, and repair (IMR) contract with Chevron in Australia.

DOF Subsea has provided IMR vessel, ROV, AUV, project management, engineering services including onshore and offshore personnel to undertake various work supporting construction and IMR activities on the Chevron-operated Gorgon and Wheatstone projects and other assets since February 2015, when Chevron awarded it a three-year master services agreement.

DOF Subsea said that this long-term contract has created training, employment and supply chain opportunities in regional communities and businesses. The contract extension will allow DOF Subsea to continue to offer opportunities in the future.

DOF has not revealed the name of the vessel to be used for this contract.

## TAP-TANAP welded together

The Trans Adriatic Pipeline (TAP) and the Trans Anatolian Pipeline (TANAP) – both constructed to transport gas offshore Azerbaijan gas to Europe – have been connected with a 'golden weld'.

TAP, an 878km long pipeline, will carry gas from the huge Shah Deniz II field in the Azeri sector of the Caspian Sea to Europe.

It has connected with TANAP at the Turkish-Greek border at Kipoi. It then crosses Greece and Albania and the Adriatic Sea, before coming ashore in southern Italy.

Luca Schieppati, managing director of TAP, said: "The connection of TAP with TANAP signals that we are moving towards the completion of the Southern Gas Corridor and will be delivering gas to Europe, according to our schedule in 2020."

The Southern Gas Corridor (SGC) is a new energy route planned to increase energy security and diversification of energy supplies, TAP noted.

TAP's partners are: BP (20%), SOCAR (20%), Snam (20%), Fluxys (19%), Enagás (16%) and Axpo (5%).

According to TAP first gas to Georgia and Turkey is now being delivered, with first deliveries to Europe expected to follow in 2020.

TAP said its pipeline route can promote gas supply to several South Eastern European countries, including Bulgaria, Albania, Bosnia and Herzegovina, Montenegro, Croatia and others.

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