

E&P Daily

EXCLUSIVE NEWS SERVICE FOR THE GLOBAL OIL AND GAS INDUSTRY

Shell's large GoM Whale find

Shell has made "one of its largest US Gulf of Mexico (GoM) exploration finds in the past decade" with the Whale deepwater probe.

The well encountered more than 427m (1,400ft) of oil-bearing pay. Evaluation of the discovery is ongoing, and appraisal drilling is underway to further delineate the discovery and define development options, said Shell.

"Deepwater is an important growth priority as we reshape Shell into a world-class investment case," said Andy Brown, Upstream director at Shell. "Today's announcement shows how, through exploration, we are sustaining a strong pipeline of discoveries and future projects to sustain this deepwater growth."

Shell operates the Whale well with a 60% stake, while Chevron holds the remaining 40%. Whale was discovered in the Alaminos Canyon Block 772, adjacent to the Shell-operated Silvertip field and around 16km from the Shell-operated Perdido platform.

Marc Gerrits, executive vice-president for Exploration at Shell, said: "The result is another opportunity to think differently about ways we can competitively develop deepwater resources."

Shell expects its global deepwater production will exceed 900,000 boe/d by 2020, from already discovered, established areas.

BP's double North Sea discovery

BP has unveiled two new discoveries in the UK North Sea: Capercaillie in Block 29/4e in the Central North Sea and Achmelvich in Block 206/9b west of Shetland.

BP is 100% owner of Capercaillie, while the partners in Achmelvich comprises operator BP (52.6%), Shell (28%) and Chevron (19.4%).

Both wells were drilled by the *Paul B Loyd Junior* rig in Summer 2017.

The Capercaillie well was drilled to a total depth of 3,750m (12,304ft) and encountered light oil and gas-condensate in Palaeocene and Cretaceous-age reservoirs. The well data is currently under evaluation.

"Options are expected to be considered for a possible tieback development to existing infrastructure," BP said.

The Achmelvich well was drilled to a total depth of 2,395m (7,858ft) and encountered oil in Mesozoic-age reservoirs.

"Evaluation and interpretation of the well results is ongoing to assess future options," BP added.

Shell sells Thai asset for \$750m

Anglo Dutch major Shell has agreed to sell its 22.2222% stake in the Bongkot field and adjoining acreage offshore Thailand to state-owned PTT Exploration & Production (PTTEP for US \$750m.

The agreement is for Shell's stake in Blocks 15, 16 and 17 and Block G12/48. The deal is expected to complete in Q2 2018, subject to completion conditions.

Following the completion of the deal, PTTEP's stake in Bongkot will increase to 66.6667%, with the remaining 33.3333% owned by France's Total. PTTEP is the current operator of Bongkot.

"Shell's decision to divest remains driven by our strategy to sell non-core assets in order to reshape Shell into a simpler, more resilient and focused company. This sale takes Shell a step closer to its divestment target of \$30 Bn," Shell said. "This announcement has no impact on Shell's other business interests in Thailand."

Aker BP gets Norway permit

The Norwegian Petroleum Directorate (NPD) has granted Aker BP a drilling permit for exploration well 6507/5-8 in Production Licence 212 (PL 212) offshore Norway.

Well 6507/5-8 will be drilled using the *Deepsea Stavanger* rig after it wraps up development well 6406/3-H-2 H for Wintershall in PL 475 BS.

Aker BP operates PL 212 with a 30% stake. The other partners are: Statoil (30%), DEA Norge (25%) and PGNiG Upstream Norway (15%).

"The area in the licence consists of part of Block 6507/5. The well will be drilled about two kilometres west of the Skarv field and about 230 kilometres west of Brønnøysund," said the Norwegian Petroleum Directorate (NPD).

This will be the eighth exploration well to be drilled on PL 212.

BRENT/WTI LATEST PRICE

Oil edges up on OPEC cuts

Oil edged higher as OPEC's supply cuts offset news that US output topped 10m b/d for the first time in nearly half a century. The prices at 07.30 GMT, compared to the previous London close, were as follows:

WTI Mar \$64.76 a bbl +03c



Brent Mar \$68.93 a bbl +04c



Premier scoops Andaman block

Premier Oil and its joint venture partners Mubadala Petroleum and Kris Energy have been awarded the Andaman II licence offshore Indonesia under the country's 2017 Licensing Round.

The Andaman II licence is located in the under-explored but proven North Sumatra Basin offshore Aceh, Indonesia, Premier said.

"Premier has identified numerous prospects and leads which exhibit DHIs (direct hydrocarbon indicators) on the existing 2D seismic data, significantly de-risking a potentially material gas play," added the operator.

"Premier assesses that the overall licence has the potential for significant gas volumes which, in the success case, would be delivered to existing gas consumers in North Sumatra. The forward plan is to acquire 3D seismic in the initial three-year term."

Tony Durrant, Premier's CEO, said: "This award is in line with Premier's strategy of targeting low commitment high impact exploration in proven hydrocarbon provinces and has the potential to deliver significant organic growth opportunities for our existing Indonesian business in the longer term."

Trelleborg helps Hansteen

Floatover equipment from Trelleborg's engineered products operation has contributed to the successful mating of Statoil's Aasta Hansteen gas field project's 24,000 ton topside and the world's largest Spar FPSO platform off Norway.

Following a 14,500 nautical mile journey from South Korea, the topside was towed from Ølensvåg to Stord on the west coast of Norway.

At Stord it was floated over the seabed-moored vertical cylindrical hull of the 200 meter long, 46,000 ton Spar FPSO platform.

Trelleborg said it designed, tested and delivered two topside mating units with design loads of 1,500 ton each, as well as eight dual barge floatover support units with support design loads of 7,500 ton.

"These were essential component of the floatover system, as they acted as support points between two barges that supported the topside as it was slowly moved into position over the substructure," Trelleborg noted.

Caspian Filanovsky well work

Lukoil has completed the construction and commissioning of the first well at the Phase 2 of the Vladimir Filanovsky field in the Russian sector of the Caspian Sea.

As a result, oil production at the Vladimir Filanovsky field increased to 123,144 b/d, said Russian big hitter Lukoil.

Offshore sector on the up

The offshore market is recovering, according to consultants Westwood Global Energy.

"However, pricing pressure is absent. The industry simply built up too much capacity for the expected level of activity, leading to an oversupply of rigs, construction vessels, and support vessels. This is good news for E&P companies that can now take advantage of rock-bottom pricing when sanctioning new developments," said Steve Robertson, head of Oilfield Services for Westwood.

"Activity levels are certainly showing encouraging trends. A total of 17 FPS units were ordered in 2017 (compared with zero orders in 2016), and a further 19 units are expected to be ordered this year, according to the latest online data in Westwood's SECTORS.

"E&P companies are starting to report that some deepwater projects have more favourable project economics than shale, with Hess in recent weeks citing the example of Liza Phase 1 in Guyana requiring circa \$35/bbl in order to break even, with a comparable onshore project in the Delaware Basin requiring \$45/bbl.

"Guyana has proven a huge success for ExxonMobil and its partners, with further encouraging discoveries (the sixth, Ranger, was announced this month) with proven reserves standing at 3.2 Bn bbl, excluding Ranger. A second FPSO for Liza, with a production capacity of up to 200,000 b/d, is expected to be ordered in 2019.

"Looking forward, Westwood is tracking 39 FPS units currently under construction, and has identified nearly 100 further FPS deployment prospects in the coming years. The summary is cautious optimism for the offshore sector as we enter 2018, and an opportune moment for E&P companies to be sanctioning projects," Robertson added.

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