

# E&P Daily

EXCLUSIVE NEWS SERVICE FOR THE GLOBAL OIL AND GAS INDUSTRY

## \$300m for Bowen Basin Arcadia

Santos and the Gladstone LNG (GLNG) will invest more than US \$303.5m (A\$400m) in the 137-well Arcadia gas project in the Bowen Basin in Queensland, Australia.

“The Arcadia investment is in addition to the \$682.9m (A\$900m) we are investing in upstream developments in the Maranoa, Western Downs, Central Highlands and Banana regions of Queensland this year,” Santos said.

Santos’ managing director and CEO Kevin Gallagher said: “The Arcadia gas project will create up to 300 construction jobs and local business opportunities in the Central Highlands region, helping to sustain and boost the benefits of Santos’ and GLNG’s earlier investments.

“This initial phase of the Arcadia development will at its peak deliver in excess of 75 TJ/d [2.01 Bcm/d or 71.09 Bcf/d] to the gas supply for the GLNG project.”

The field lies in Queensland’s Central Highlands. Gallagher said the decision to sanction the project follows a successful 13-well pilot programme which tested changes to the planned well design and operating philosophy.

## PG wins Valhall pumps contract

Aker BP has handed PG Flow Solutions a contract to supply “a number of pump systems” to the Valhall Flank West wellhead platform off Norway.

The normally unmanned Valhall Flank West platform is the first project in the Wellhead Platform Alliance, which was set up in the spring of 2017 between Aker BP, Kvaerner, ABB and Aker Solutions.

Under the contract, liquid handling and pump specialists PG Flow Solutions will deliver “miscellaneous pumps to the platform topside”, which is constructed at Kvaerner’s yard in Verdal, Norway. PG Flow Solutions has not revealed the value of the contract. PG Flow Solutions will deliver a shaker drain pump, diesel transfer pump, pressure equalising pump, fresh water pump, fresh water pressure pump, hazardous open drain pump and drains recovered oil pump.

Valhall is one of the largest oil fields in the southern part of the Norwegian North Sea. Valhall Flank West will be developed from a new Normally Unmanned Installation (NUI), tied back to the Valhall field centre for processing and export. The platform will be remotely operated from the Valhall field centre. First oil is expected in Q4 2019.

## Shell starts up GoM Kaikias

Shell has kicked off production – around one year ahead of schedule – from Phase 1 of the Kaikias subsea deepwater development in the US Gulf of Mexico (GoM).

Kaikias has an estimated peak production of 40,000 boe/d.

Shell has reduced costs of the project by around 30% since making the Final Investment Decision in early 2017. This lowered the estimated break-even price to less than US \$30/bbl of oil.

“We believe Kaikias is the most competitive subsea development in the GoM and a prime example of the deepwater opportunities we’re able to advance with our technical expertise and capital discipline,” said Andy Brown, Upstream Director at Shell.

Kaikias is located in the Mars-Ursa Basin 210km off Louisiana. Shell operates the project with an 80% stake, while MOEX North America holds 20%.

## Wood wins Kenya pipe work

Wood has won the initial phase of a Front-End Engineering Design (FEED) contract from Tullow Oil for the design of the proposed Lokichar to Lamu crude oil pipeline in Kenya.

The pipeline will be used to export waxy crude from oil field developments in the South Lokichar Basin to Lamu Port on Kenya’s coast.

Wood said it will provide the first phase of FEED services, setting the technical requirements and estimating the installed cost for the pipeline system. The project is being led by the subsea and export systems team with support from capital projects teams.

The Lokichar to Lamu pipeline project is being developed by the Pipeline Project Management Team, a consortium that includes Tullow Oil, Africa Oil and Total in partnership with Kenya.

### BRENT/WTI LATEST PRICE

#### Oil shifts sideways

Crude erased earlier losses but record US oil production and expectations of OPEC boosting production added downward pressure. The prices at 08.30 GMT, compared to the previous London close, were as follows:

**WTI** Jul \$67.03 a bbl -01c



**Brent** Aug \$77.60 a bbl +04c



## Wellesley gets Norway permit

The Norwegian Petroleum Directorate (NPD) has granted Wellesley Petroleum a drilling permit for exploration well 35/12-7 offshore Norway.

Well 35/12-7 will be drilled in Production Licence 925 (PL 925) using the *Transocean Arctic* rig. This is the second well to be drilled on the licence.

The area in this licence consists of a part of Block 35/9 and 35/12. The well will be drilled around 23km southwest of the Gjøa field and 7km east of Byrding, said the NPD.

Wellesley Petroleum is the operator of PL 925 with a 90% stake, while Concedo has the remaining 10%. PL 925 was awarded in APA 2017 in March 2018.

## TEMS scoops Murphy deal

Aberdeen-based drilling fluids systems player TEMS International has signed a master service agreement with Murphy Oil

The deal is worth around US \$1.33m (£1m) and the initial work scope will lead to TEMS creating six new full-time posts, the majority of which will be operational roles, the company said.

TEMS will provide fluid management and environmental compliance services on-board a number of Murphy's rigs in the Gulf of Mexico and offshore South East Asia.

"The services will identify where improvements can be made to performance of the rigs' fluid systems to increase efficiency and reduce costs, while ensuring operations remain compliant with environmental and governmental legislation," TEMS said.

This is the second global contract that TEMS has won in the last six months. In February, TEMS won a global multi-year contract with Australia's BHP.

"A year after its launch, TEMS is pressing ahead with its international expansion plans, recently appointing an agent in Kuala Lumpur to represent it and support growth in the Far East and Australian markets. This comes a few months after the firm established an office in the USA," TEMS added.

"Capable of working both onshore and offshore, TEMS seeks to work as an integral part of an operator's drilling team, providing significant cost savings over the life cycle of their drilling campaigns."

## Petronas buys into LNG Canada

Malaysia's state-owned Petronas is acquiring equity in the LNG Canada project, located in Kitimat, British Columbia (BC) on the west coast of Canada.

Petronas will buy the stake via its wholly owned entity the North Montney LNG Limited Partnership (NMLLP), subject to regulatory approvals and closing conditions.

Under the deal, if completed, the new partnership in LNG Canada would be: Shell (40%); Petronas (25%); PetroChina (15%); Mitsubishi unit Diamond LNG Canada (15%); and South Korea's unit Kogas Canada LNG (5%).

"BC is home to one of the largest and most accessible sources of natural gas in the world. If constructed, LNG Canada participants will ship natural gas, including from BC's vast reserves, to various countries where the imported gas could displace more carbon intensive energy sources, helping to reduce greenhouse gas emissions," Shell said.

LNG Canada recently handed JGC Corporation and Fluor the Engineering, Procurement and Construction (EPC) contract for the project.

"The deal does not amount to a Final Investment Decision (FID), which remains pending," Shell added.

## Aqualis wraps Bahrain jacket job

Aqualis Offshore has completed the installation of an 1,800 tonne steel jacket offshore Bahrain as part of the Bahrain LNG Import Terminal.

Aqualis was contracted by GS E&C to provide loadout, transport and installation of the jacket. Aqualis delivered the project in cooperation with APMC, which was in charge of the transportation and installation contract.

Aqualis' work scope provided full engineering services related to the loadout, -transportation and float off operation, towing, positioning, lowering to the seabed and buoyancy tank removal, including all marine procedures. Aqualis managed the jacket installation project out of its Singapore office. The associated topside floatover installation will be executed in August 2018.

The *Wish Way* heavy lift vessel was used to transport the jacket from Samkang M&T in Goseong Yard, South Korea to its final location offshore Bahrain at a water depth of 20m (66ft).

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**END TODAY'S E&P DAILY 01.06.18**

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