EUROPEAN OFFSHORE PETROLEUM NEWSLETTER

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LATE NEWS

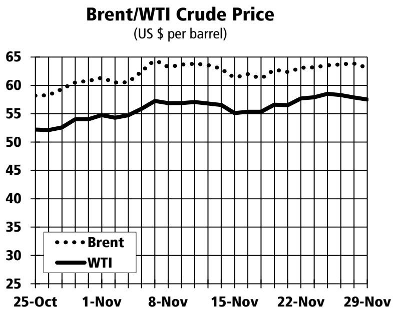
Safe Swift bags Mediterranean job

Prosafe, acting as commercial managers for the Axis Offshore-owned *Safe Swift* vessel, has won a contract to support the TechnipFMC managed Bahr Essalam Phase II development in the Central Mediterranean Sea.

The *Safe Swift* can accommodate more than 200 people and will operate gangway connected to the Sabratha platform, which is located around 110km offshore the Libyan coast in a water depth of approximately 190m (623ft).

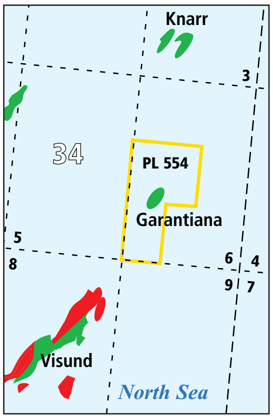
OIL WATCH

Latest prices



INSIDE THIS WEEK

Total's $1.45 Bn Norway sale



Total has sealed a deal to sell all of its equity in the **Martin Linge** field (51%) and the **Garantiana** discovery (40%) on the Norwegian Continental Shelf (NCS) to Statoil for US $1.45 Bn.

"The forthcoming acquisition of the Maersk Oil portfolio, which will make Total the second largest operator in the North Sea, leads us to review our portfolio in this area so as to focus on the assets in which Total will be able to generate synergies and reduce their breakeven points," said Arnaud Breuillac, president of Exploration & Production at Total.

"In this context, given that Martin Linge is Total's only operated asset in Norway, there is limited scope to optimise operations, whereas with Statoil's leading operating position on the NCS, Statoil is in a better position to optimise this asset for the benefit of all stakeholders. We are therefore satisfied with the agreement with Statoil, a long time trusted partner, which in addition, offers us a satisfactory value for this asset.

"Norway remains a strategic country for Total as one of the largest contributors to the group's production and we of course intend to continue bringing our expertise to Norway by focusing in particular on major non-operated assets such as **Ekofisk**, **Snohvit** and **Johan Sverdrup**," Breuillac added.

The deal remains subject to final due diligence and approval from the relevant authorities. The deal has an effective date of 1 January 2017. The deal involves the transfer of relevant employees from Total to Statoil.

Total has been present in Norway for more than 50 years and has played a major role in the development of a number of large fields on the NCS. The company holds interests in 85 production licences and operates 32 of them. Total E&P Norge equity production was 235,000 boe/d in 2016.

Most recently, Total has signed an agreement with Shell and Statoil to mature the development of a full scale carbon storage on the NCS. This is in line with Total's roadmap to develop carbon capture utilisation and storage as a key axis of its low carbon strategy.

Cluff gets SNS extension

Cluff Natural Resources has been granted an extension of two licences in the UK Southern North Sea by the Oil & Gas Authority (OGA).

Cluff said that the 100% owned **P2248** and **P2252** licences, estimated to hold combined net P50 prospective resources of 67.99 Bcm (2.4 Tcf) of gas, would be extended for another year, subject to certain milestones.

Cluff said that both the promote period and the initial term of each licence will run until 30 November 2018, subject to a farm-out being achieved by 31 May 2018, and a drill or drop decision being made by 30 September 2018.

Cluff added that the technical milestones that must be achieved under the extension of the licences were in accordance with the company's planned work programme.

"The company has received interest from a number of parties viewing the data room for the farm-out process in respect of P2248 and P2252, and Cluff remains in dialogue with those companies who have shown interest in the portfolio to date," the company said.

Cluff's chairman and chief executive, Algy Cluff, said: "We are very pleased that the OGA has granted our request to extend both of our licences. This ensures that we will be able to continue our farm-out negotiations from a stronger position, which increases the probability of the drilling of one or more wells on our licences.

Exploration Review

NORWAY

• Lundin Petroleum has plugged and abandoned sidetrack exploration well **7219/12-2 S** in **Production Licence 533** (PL 533) using the *Leiv Eiriksson* semisubmersible rig. The probe was spudded on 8 October and has a water depth of 338m (1,109ft). The well targeted the **Hufsa** prospect (*see story on pg 3*).

• Following this, Lundin drilled exploration well **7219/12-2 A** using the same rig. This has also since been plugged.

• In the final well of the three planned, Lundin used the *Leiv Eiriksson* semi-submersible rig to spud exploration well **7219/12-35** on the **Hurri** prospect on 8 November. All three wells lie in the Barents Sea at a water depth of around 338m (1,109ft).

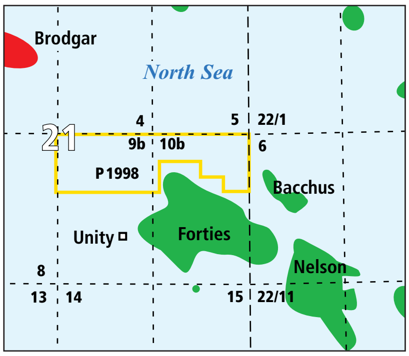
• Bayerngas is preparing to spud the **35/9-13** exploration well on the **Tethys** prospect using the *Songa Enabler* rig.

UNITED KINGDOM

• Apache has spudded exploration well **9/14b-16** on the **Titan** prospect. The *WilPhoenix* rig spudded the probe on 5 November. The probe is operating under a tight hole status. Once this well is finished, the rig will move on to spud exploration well **21/10b** on the **Val d'Isere** prospect. This final well is planned to kick off before the end of this year.

• BP is drilling ahead with exploration well **206/9b-5** on the **Achmelvich** prospect using the *Paul B Lloyd Jr* rig. The probe was spudded on 23 September and is currently drilling ahead at a depth of around 2,438m (8,000ft).

• Wintershall has plugged and abandoned appraisal well **44/23g-15** on the **Winchelsea** prospect using the *Maersk Resolve* rig. The probe was spudded on 6 July. It reached a final depth of 5,599m (18,370ft).



• Nexen is also pushing ahead with exploration well **205/15-1** using the *West Phoenix* rig. The probe will target the **Craster** prospect. The well was spudded on 29 May.

THE NETHERLANDS

• Engie has completed the **K/9-13** exploration using the *Ensco 101* rig. The probe started drilling on 19 May.

Rigs

Frigstad tenders for new semisub

Frigstad Offshore has launched a tender with shipyards in Asia for a new generation harsh environment semi-submersible drilling rig.

The Frigstad D90 AWD design has been developed over the last two years by subsidiary Frigstad Engineering "to take advantage of latest technology developments, meeting end client and environmental requirements of the future."

The Frigstad D90 AWD is designed as a highly versatile and efficient tool for all offshore drilling, both in harsh and benign environments and in water depths ranging from 107-4,267m (350-14,000ft), Frigstad said.

Harald Frigstad, chairman and owner of Frigstad Group, said: "We have seen an increased demand among oil companies for larger and more efficient drilling units. The recent downturn has pushed the industry to make great advances within technology development. We have worked closely with major vendors and end users to incorporate this new technology into the Frigstad D90 AWD design which will provide our clients with unmatched capabilities and reduced well costs."

Frigstad Offshore will initially price the rig fully equipped with a full dual activity hydraulic drilling package with 2 x 1,500 short tons hoisting capacity, riser for 4,267m (14,000ft) of water depth, managed pressure drilling facilities and ready for 20K BOP system.

"The final equipment selection will, however, be subject to commercial evaluations and client requirements," Frigstad added.

The Frigstad D90 AWD is the third generation of the proven Frigstad D90 design, which has been used to construct three drilling units since 2006.

Onshore Europe

Romania gas discovery

Raffles Energy reports that the **Bainet-1** well in the exploration area of the **EIV-1 Suceava Concession** onshore Romania has made a gas discovery.

Bainet-1 was drilled to a total depth of 600m (1,969ft) and encountered 9m (30ft) of reservoir with 8m (26ft) of net gas pay consisting of a good quality Sarmatian sandstone reservoir, similar to that found in fields producing elsewhere in the concession, as well as in analogue fields in the **Bilca** gas production area of the adjoining **EIII-1 Brodina Block**.

The two intervals tested by Bainet-1 within the main gas pay zone were perforated at a measured depth of 513-515m (1,683-1,690ft) and 516-517m (1,693-1,696ft).

During the final 11-hour test, natural gas containing over 99% methane flowed at a rate of around 33 Mcm/d (1.16 MMcf) through a 8mm choke.

Prospex's non-executive chairman, Bill Smith, said: "To have made a commercial gas discovery with just the second well in which we have participated is, in our view, testament to the quality of the technical work we carry out when evaluating potential projects and also our focus on minimising risk wherever possible. This sees us focus on proven onshore European plays such as Suceava, which are close to markets and have excellent access to infrastructure.

"As well as generating the company's first production and revenues in the near term, the Bainet gas discovery will provide an excellent platform from which to evaluate the multiple conventional shallow gas prospects and leads that have been identified across the concession."

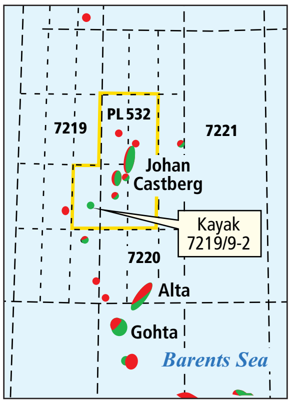
Statoil eyes Barents wells

Statoil will continue exploration drilling in the Arctic Barents Sea in 2018, even though its campaign this year was mostly disappointing, according to reports.

Statoil plans to drill between 25 and 30 wells offshore Norway in 2018, of which five or six are expected in the Barents Sea. The rest will be split between the North Sea and the Norwegian Sea south of the Barents Sea.

"We have tested a lot of potential there (in 2017), and that potential is gone, but we still believe in the overall potential of the Barents Sea," Statoil's exploration chief Tim Dodson told Reuters.

Even though Statoil did not discover any large Barents Sea discoveries from the five wells drilled so far this year, it did make a small oil find, called **Kayak**, and the exploration campaign had a positive overall value for the company, Dodson added.



Statoil's plans for 2018 also include at least three wells off Brazil, one off Tanzania, one or two wells onshore Argentina and one onshore Russia, Dodson added.

He declined to say exactly how many wells to be drilled globally by Statoil next year but he did say that the company's exploration budget would not change much from 2017.

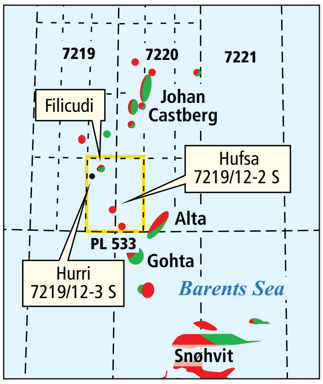
Statoil's chief financial officer Hans Jakob Hegge said the company would continue to cut the operating costs of its Norwegian offshore oil and gas business.

"We see potential for more efficiency gains next year," Hegge noted.

Mixed bag for Lundin

Lundin Norway is in the process of completing the drilling of exploration wells **7219/12-2 S** and **7219/12-2 A** – with one making a minor gas discovery and the other coming up dry.

The wells were drilled around 20km west of the discovery well **7220/11-1** (**Alta**) and around 50km southwest of the discovery well **7220/8-1 Johan Castberg**. The probes lie in **Production Licence 533** (PL 533), which is operated by Lundin.



"The primary exploration target for wildcat well 7219/12-2 S was to prove petroleum in Early Jurassic reservoir rocks (Nordmela formation). The secondary exploration target was to prove petroleum in Late Triassic/Early Jurassic reservoir rocks (Tubåen formation)," said the Norwegian Petroleum Directorate (NPD).

"In wildcat well 7219/12-2 A, the primary exploration target was to prove petroleum in Early Jurassic/Middle Jurassic reservoir rocks (Stø formation). The secondary exploration target was to prove petroleum in Late Triassic/Early Jurassic reservoir rocks (Tubåen formation)," added the NPD.

Well 7219/12-2 S encountered a total gas column of 22m (72ft) in the Nordmela formation, of which around 20m (66ft) were in sandstone layers with good to moderate reservoir quality.

"Aquiferous sandstone layers were encountered in the Tubåen formation with good reservoir quality and in the Fruholmen formation with varying reservoir quality from good to poor. Gas/water contact was encountered," noted the NPD.

Preliminary estimates indicate that the size of the discovery is less than 500 MMcm (17.65 Bcf) of recoverable gas.

"The assessment is that the discovery is not profitable," said the NPD.

Well 7219/12-2 S was drilled to a vertical depth of 1,829m (6,001ft) and a measured depth of 2,075m (6,808ft) below the sea surface, and was terminated in the Fruholmen formation in the Upper Triassic.

Well 7219/12-2 A encountered aquiferous sandstone layers in the Stø and Nordmela formations, with good reservoir quality. The well is classified as dry.

The wells were not formation-tested but extensive data acquisition and sampling have been carried out.

Well 7219/12-2 A was drilled to a vertical depth of 1,618m (5,309ft) and a measured depth of 1,878m (6,162ft) below the sea surface, and was terminated in the Nordmela formation in the Lower Jurassic.

These are the fourth and fifth exploration wells in PL 533, which was awarded in the 20th Licensing Round in 2009.

The water depth at the site is 337m (1,106ft). The wells will now be permanently plugged and abandoned. Wells 7219/12-2 S and 7219/12-2A were drilled by the *Leiv Eiriksson* drilling facility, which will now proceed to drill wildcat well **7219/12-3** also in PL 533.

World News

Canada Hebron onstream

The Hebron oil field development project offshore eastern Canada has produced first oil, reports operator ExxonMobil.

At plateau, Hebron will produce up to 150,000 b/d, ExxonMobil said, adding that it will help Atlantic Canada offshore production rise 44% to 307,000 b/d by 2024, according to estimates from the Canadian Association of Petroleum Producers.

The platform is located 350km offshore Newfoundland and Labrador at a water depth of 92m (300ft). The oil field, discovered in 1980, is estimated to contain more than 700m bbl of recoverable resources.

The project is operated by ExxonMobil Canada Properties with a 35.5% stake. The other partners are: Chevron, Suncor Energy, Statoil and Nalcor Energy.

In Brief...

Wintershall gets Norway nod

The Norwegian Petroleum Directorate (NPD) has granted Wintershall a drilling permit for exploration well 6604/5-1 in Production Licence 894 (PL 894) offshore Norway.

Well 6604/5-1 will be drilled using the *West Phoenix* rig.

"The area in this licence consists of a part of Block 6604/5. The well will be drilled about 120km southwest of the Aasta Hansteen field," said the NPD.

PL 894 was awarded on 10 February 2017 and this is the first well to be drilled on the licence.

Wintershall Norge operates PL 894 with a 40% stake, while Statoil has 40% and Petoro holds 20%.

UK seismic data released

The UK Oil and Gas Authority (OGA) has released the results of the US $26.7m (£20m) UK government-funded seismic campaign that aims to "promote exploration activity in under-explored areas of UK Continental Shelf".

"This data will support the forthcoming 31st Offshore Licensing Round, which will open in mid-2018. This dataset is now available to industry and academia, and contains close to 19,000km of newly acquired broadband seismic data, new gravity and magnetic surveys, around 23,000km of reprocessed legacy seismic data, a rejuvenated set of digital well data, in addition to various supplementary reports," said the OGA.

The new marine 2D surveys, acquired during Summer 2016, cover the East Shetland Platform and South West Britain areas, with reprocessed datasets stretching along the English Channel and up the western areas of the UK as far as the Hebrides.

"Together with data from the 2015 seismic programme, this provides a regional exploration dataset for almost all of the UK's under-explored offshore shelf, in regions where no substantial activity has occurred in decades," added the OGA.

The data have been published under open licences, and the key data packages can be downloaded for free, with complete data packages (including field data) available to order from www.UKOilandGasData.com. The larger data packages will be available on digital media only, for which a nominal charge will be made to recover media, handling, and delivery costs, noted the OGA.

"The OGA has also released a set of regional studies on the East Shetland Platform and SW Approaches Basin and a comprehensive set of regional maps across the Southern North Sea to supplement maps published earlier this year for the Central North Sea and Moray Firth. An updated UKCS well tops database is also available with the aim of providing these data in a more readily accessible format," said the organisation.

The East Shetland Platform and SW Approaches studies were funded by the OGA through the 21st Century Exploration Roadmap (21CXRM) initiative and the contract for a second phase of studies in these areas, jointly funded by the OGA and an industry participant group, was recently awarded to APT.

Jo Bagguley, OGA's principal regional geologist, said: "The seismic acquisition programme is a vital part of the OGA's plan to help revitalise exploration with up to £40m [$53.4m] already spent to provide modern coverage of nearly all underexplored regions of the UKCS. This new data will provide valuable insight to companies identifying new plays and prospects ahead of the 31st Offshore Licensing Round in 2018. The UKCS has a lot to play for with up to 10 to 20 billion barrels of oil still remaining. The challenge is now for industry to increase the level and quality of exploration drilling across the UKCS and work together with the OGA in maximising economic recovery."

Katy Heidenreich, Oil & Gas UK's operations optimisation manager, said: "Improving access to quality well and seismic data is a key lever to unlocking exploration activity on the UKCS. This data release marks another key milestone in the collective drive towards improving commercial success rates and stimulating fresh interest in potential new development opportunities."

Malcolm Fleming, chief executive of CDA, the Oil & Gas UK subsidiary which manages UKOilandGasData.com, said: "The significant improvement in the quality and availability of the data over these areas will allow geoscientists to re-evaluate previous interpretations, leading to a re-think of the prospectivity and potential of the petroleum systems in place and reappraisal of discoveries previously thought to be uneconomic, as well as the discovery of new prospects for exploration drilling."

PGS and WesternGeco were awarded the contracts to acquire and process seismic data from the East Shetland Platform and South West Britain respectively. "Acquisition was completed in late 2016, mirroring the 2015 seismic programme, which saw more than 40,000km of new and reprocessed data successfully released to industry. This second seismic acquisition programme forms part of a package of measures from the government designed to support the oil and gas sector. The areas were selected following engagement with industry and endorsed by the MER UK Exploration Task Force," said the OGA.

● The PGS vessel *Nordic Explorer* carried out seismic surveys across the East Shetland Platform, which includes the East Orkney Basin, East Fair Isle Basin and Dutch Bank Basin. The WesternGeco vessel *WG Magellan* carried out seismic surveys around South West Britain, including; the Celtic Sea, Western English Channel, Bristol Channel, St George's Channel and the Irish Sea.

Calendar 2018

FEBRUARY

6-8
Operational Excellence & Risk Management Summit
Houston, Texas, USA
http://opexandrisk management.iqpc.com

MARCH

14-16
Asia Pacific Maritime (APM)
Singapore
Contact: apm@reedexpo.com.sg
Tel: +65 6780 4586
www.apmaritime.com

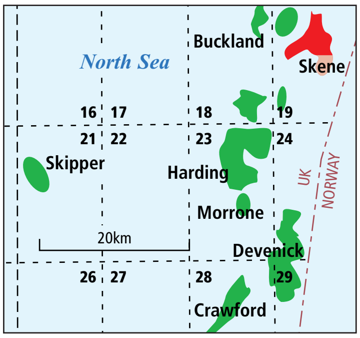
Production

UK Harding shutdown

TAQA has shut down its **Harding** oil field platform in the UK Central North Sea, and removed non-essential workers due to power issues and a water leak.

The platform was shut down on 21 November following a main power generation problem. This was followed by a water leak on 23 November, which resulted in a loss of accommodation services.

Main power generation on Harding has been restored but TAQA has decided to start other required work before restarting "early next week on completion of these activities."



The Harding field is located in **Block 9/23b**, 320km northeast of Aberdeen. Harding has 16 oil production wells, three water injection wells, one gas injection well and two aquifer lift wells. Oil from Harding is exported via a 24-inch diameter oil export pipeline to submerged tanker loading system.

TAQA operates Harding with a 70% stake, while Maersk holds 30%.

UK round bids

The UK Oil and Gas Authority (OGA) says it has received 96 applications for 239 blocks in the 30th Licensing Round, which was launched this month.

Oil & Gas UK's upstream policy director Mike Tholen said: "With 68 companies bidding, many of which we know to be new entrants, this response can be viewed as a vote of confidence in the UK Continental Shelf.

"It offers early signs that the £8 Bn [US $10.67 Bn] of merger and acquisition activity highlighted in our Economic Report is translating into activity in the basin. This will help realise much of the 2-6 billion barrels of yet to find potential, particularly given the maturity of this licensing round and its large inventory of prospects and undeveloped discoveries.

"Whilst this reflects industry's growing optimism, our interests now turn to how many awards will be given, and the commitments which follow," Tholen added.

Decommissioning

North Sea decom outlook report

An insight into how the North Sea decommissioning market will take shape over the next nine years has been launched.

An up-to-date overview of the decommissioning of offshore structures, known as steel piled jackets, was also released at the Offshore Decommissioning Conference in St Andrews, Scotland.

Industry body Oil & Gas UK's upstream policy director, Mike Tholen, said: "Now in its eighth year, we've broadened the scope of the 2017 issue of our popular Decommissioning Insight so that it now includes decommissioning activities off Norway, Denmark and the Netherlands, as well as those on the UK Continental Shelf (UKCS).

"This additional information will help the supply chain better understand the demand for their service and expertise from now until 2025."

Key findings of the 2017 Decommissioning Insight include:

• From 2017 to 2025, decommissioning is forecast to take place on 349 fields across the four regions of the North Sea:

– Six fields on the Danish Continental Shelf.
– 23 fields on the Norwegian Continental Shelf.
– 106 fields on the Dutch Continental Shelf.
– 214 fields on the UKCS.

And across these regions, the infrastructure scheduled for decommissioning includes:

• More than 200 platforms are forecast for complete or partial removal.
• Close to 2,500 wells are expected to be plugged and abandoned.
• Nearly 7,800km of pipeline are forecast to be decommissioned.

"When set against this wider context, the forecast for the UK reveals it is the largest market with decommissioning, as a proportion of total UKCS expenditure, increasing from 2% in 2010 to 7% in 2016, when the market was worth $1.6 Bn (£1.2 Bn). Operators forecast this figure will rise to 11% (£1.8 Bn/$2.41 Bn) this year," said the body.

• From 2017 to 2025, $22.72 Bn (£17 Bn) is forecast to be spent on decommissioning on the UKCS.
• Annual expenditure on the UKCS is forecast to remain consistent over the near term at $2.27-2.67 Bn) £1.7-2.0 Bn per year, which compares with $534.5m to $1.07 Bn (£400m-800m) on the Norwegian Continental Shelf and a forecast of between $868.5m to $1.07 Bn (£650m-800m) on the Dutch Continental Shelf.
• 46% – $10.56 Bn (£7.9 Bn) – of the total UKCS decommissioning spend from 2017 to 2025 will be concentrated in the central North Sea.
• The largest category of expenditure on the UKCS between 2017-2025 is well plugging and abandonment (P&A) at 49% – $11.09 Bn (£8.3 Bn).

Tholen added: "With industry driving efficiency improvements which have led to a 16% increase in UKCS production following a decade of decline, the sector is successfully controlling the cost of well plugging and abandonment.

"The Insight reveals that the average forecast cost for well P&A has fallen by five per cent in the central and northern North Sea and west of Shetland, and by four per cent in the southern North Sea and Irish Sea with further cost reductions predicted as the sector ensures decommissioning is carried out as cost-effectively as possible, while maintaining high safety and environmental standards."

Blyth's decom focus

UK's Port of Blyth is planning to step into the offshore decommissioning market after a successful application for a decommissioning licence from the UK Environment Agency (EA).

The port is now preparing a site that is suitable for decommissioning at the Battleship Wharf terminal during 2018, the Port of Blyth said, adding that pursuing decommissioning work in the North Sea is a key area for the port's future growth plans.

The designated decommissioning site in the terminal is now licensed to handle up to 50,000 tonnes of offshore energy materials per year. The port will now focus on small to medium sized projects and work of up to 4,000 tonnes.

Port of Blyth already has direct access to deepwater berths to more than 9.5m and an adjacent rail link. Work will start to prepare a heavy-duty concrete base and quarantine areas for hazardous waste, including NORM (Naturally Occurring Radioactive Materials).

Martin Lawlor, chief executive of Port of Blyth, said: "Securing this decom licence is excellent news for the Port of Blyth. It enables us diversify our offering to the offshore energy market and makes good use of our experience of the sector particularly in relation to our heavy lift and project cargo handling expertise."

Roger Esson, chief executive of Decom North Sea, the decommissioning sector's membership organisation, said: "This successful application for a decommissioning licence from the UK Environment Agency clearly demonstrates the benefits brought by early communication between the supply chain and sector regulators.

"The Port of Blyth has clearly prepared for the scope of North Sea decommissioning work to come, and I am delighted to see the northeast of England rise to the challenge of optimising the opportunities that arise within the sector."

Trends

Chopper market recovery

The offshore helicopter market has "finally started to recover following some three years of decline", says a report by consultants Westwood Global Energy.

"Rotorcraft operators have reorganised, restructured and recognised that the outlook in the near-term is for modest growth. In our latest analysis, covering the period to 2022, we conclude that the market still presents opportunities for the supply chain. We expect notable changes in geographic focus, preference for more efficient rotorcraft and new applications for helicopters in offshore renewable energy," Westwood said.

The main conclusions of the report were:

- Offshore oil and gas helicopter expenditure to total US $16 Bn over 2018-2022, growing at a 1% CAGR over the period.
- Global utilisation will average 59% over the forecast across the medium and large helicopter fleet.
- Middle East to see highest average utilisation up to 2022.
- Offshore wind related helicopter expenditure emerging from a small base and projected to see a 39% annual growth rate.

"Global helicopter fleet utilisation is estimated to have hit 54% in 2017, due to a combination of falling demand and increasing supply from orders placed pre-downturn. Oil companies have taken abrupt measures to control costs that have resulted in fewer journeys offshore and pricing pressure throughout the supply chain," said the report.

"In the large helicopter segment we have seen some heli types benefiting from grounding of H225 and future utilisation in this segment will ultimately be function of both market recovery and operator sentiment/preferences for the >100 units that are presently not in use.

"In terms of demand growth, Westwood expects a move from the traditional deepwater areas of activity (Nigeria, Angola, US Gulf of Mexico and Brazil) into new frontiers such as the Mediterranean, East Africa and Guyana amongst others. This geographic expansion will require new bases being set up, and the re-allocation of unutilised units.

"Similarly, the offshore wind market offers a significant opportunity for helicopter operators, with almost 6,000 turbines to be installed globally over 2018-2022 and a global population set to reach almost 10,000 turbines by forecast-end.

"Increasing distance from shore and clustering will help to raise the commercial viability of helicopters for offshore wind, due significantly higher transfer speeds and the ability to service a larger number of turbines over a smaller period of time. As a result, Westwood expects a total of $119m of offshore wind related helicopter expenditure over the forecast, with a CAGR of 39%," noted the report.

Vessels

Khankendi wraps Caspian Sea job

The new US $378m *Khankendi* subsea construction vessel has completed its first project installation work offshore Azerbaijan.

The vessel was specifically designed and built by Azerbaijan's Baku Shipyard to install the largest subsea production system in the Caspian Sea as part of the BP-operated **Shah Deniz Stage 2** project.

The vessel completed its sea trials in August this year. The official inauguration of the vessel took place in Baku in early September. It was then deployed to the Shah Deniz field where it is expected to perform subsea installation and construction work over the next 11 years.

The *Khankendi* can carry out complex activities without the need for anchors. The vessel has a maximum capacity of 175 people on board, including the marine crew and discipline specialists.

Vroon PSVs start charter

Two platform supply vessels (PSVs) owned by Vroon have started a charter for TechnipFMC.

Vroon reported that the *VOS Patience* and *VOS Partner* have now started the charter for the oilfield services big hitter.

The PSVs were delivered in Malta and will support TechnipFMC, supplying pipelines and subsea materials to TechnipFMC's construction assets in the Mediterranean.

Both units will operate in the Mediterranean for two, non-consecutive phases in 2017 and 2018.

The *VOS Patience* and *VOS Partner* are two of a series of six PX121-type PSVs, constructed for Vroon at the COSCO Guangdong Shipyard in China.

Both vessels are under commercial and operational management by VOS Genoa.

World News

Höegh terminates Pakistan job

Höegh LNG said it has considered its options under a contract with Global Energy Infrastructure Limited (GEI), and has "informed GEI that it has concluded to terminate the FSRU charter agreement signed 15 December 2016".

In December 2016, Höegh LNG Holdings signed an FSRU contract with GEI for GEI's LNG import project in Pakistan.

"However, Höegh LNG is involved in several ongoing processes for alternative employment for *FSRU #9* and the company remains optimistic that firm FSRU employment will be in place before delivery end 2018," said Höegh.

Brazil Libra onstream

France's Total has produced first oil from the huge ultra-deepwater Libra field, which lies in the Santos Basin, 180km offshore Rio de Janeiro, Brazil.

The Floating Production, Storage and Offloading (FPSO) vessel *Pioneiro de Libra* has a production capacity of 50,000 b/d of oil.

The start-up of the early production system will generate revenue, while also enabling technical data to be collected to optimise the subsequent development phases, Total said.

Arnaud Breuillac, president of Exploration & Production at Total, said: "Libra is a major asset in Total's portfolio and fits into our strategy of investing in highly competitive projects with low break-even points. The start-up is a major step in the development of this field, and Total is bringing its deep offshore expertise to the project."

Beyond this early production phase, the Libra development will further continue with the next investment decision for the *Libra 1* FPSO with a capacity of 150,000 b/d.

Strategy

Well-Safe picks Dundee

Aberdeen-based Well-Safe Solutions has chosen to locate its onshore marine base in the Port of Dundee, Scotland.

Well abandonment player Well-Safe made the announcement at the Offshore Decommissioning Conference in St Andrews.

Well-Safe has secured two acres of quayside facilities with access to 40,000sq ft of covered space at the Port of Dundee for its marine assets.

"Combining a wealth of subsea oil and gas expertise and experience with dedicated marine assets and equipment, Well-Safe is the first-of-its-kind 'Tier 1' company with complete P&A [plugging and abandonment] capability from front-end engineering and design to project execution," the company said.

"The Port of Dundee, which is rapidly establishing itself as a North Sea Decommissioning hub, will provide Well-Safe Solutions with direct access to deep water quaysides, heavy lifting capabilities, significant dedicated warehouse space and unconstrained access into the established and operating Augean North Sea Services (ANSS) decommissioning facilities."

Phil Milton, chief executive of Well-Safe said: "This marine support base in Dundee will play a crucial role in supporting our rapidly growing business. We have chosen the Port of Dundee because of the critical mass of decommissioning companies already based here and the facilities on offer. We are looking forward to fostering a strong partnership with Forth Ports."

At the port, Well-Safe will work alongside decommissioning industry leaders such as AF Offshore Decom, as part of the soon to be formed AF Dundee, waste management specialist ANSS, and other decommissioning specialists.

The company added: "With a commitment to invest £200m [US $267.3m] in bespoke assets and grow its workforce to 400 in the next three year, Well-Safe has already secured its first contract with TAQA and amassed an unrivalled pool of well plug and abandonment personnel with a string of high profile appointments, and is on track to have 30 employees by the end of this year at its Aberdeen headquarters."

UK Budget Round-up

UK allows transfer of tax history…

The UK Chancellor last week unveiled a tax measure that will unlock further investment in the UK North Sea by enabling more assets to change hands and allow new owners to provide fresh investment in many mature oil and gas fields, said industry body Oil & Gas UK.

"Oil & Gas UK has been working constructively with HM Treasury for a number of years on measures to help further unlock asset trading in the UK North Sea and generate additional tax revenues.

Deirdre Michie, chief executive of Oil & Gas UK, said: "We very much welcome the Chancellor's action to enable the implementation of transferable tax history. This is a vital step that can bring in new investment to increase recovery from existing fields and fund fresh investment which is key to generating activity for our hard-pressed supply chain. It will also help extend the lives of many mature fields and postpone decommissioning.

"While there have been a number of deal announcements in the basin over the last year, these have mostly been for less mature assets, have been extremely complicated and taken a very long time to negotiate. This tax measure should help complete deals more quickly and in a more efficient way.

"Prolonging the life of mature assets better allows the industry to deploy its skills and technology to maximise extraction of the UK's oil and gas, increasing production tax revenues to the Exchequer and securing highly-skilled jobs.

"We note the measure is intended to be effective by November 2018 and are committed to work closely with Treasury to ensure the change delivers the intended outcome."

Currently existing owners of oil and gas fields are unable to pass their tax history onto a buyer. This means the buyer perceives the field to be less attractive commercially, partly because they are unlikely to be able to access the same level of tax relief than the current owner when decommissioning.

"Enabling the transfer of tax history allows the purchaser to value the asset on a similar basis to the vendor and removes a significant barrier to asset trading. Transferable tax history will not permit the purchaser to gain greater tax relief than the vendor and will be at no net cost to the Exchequer," said Oil & Gas UK.

Michie added: "We also welcome the Chancellor's re commitment to the fiscal plan *Driving Investment,* a key request from Oil & Gas UK as it provides confidence for investors that the UKCS is a competitive basin in which to do business."

Oil & Gas UK also said that Treasury has announced a technical consultation on petroleum revenue tax deductions for decommissioning and, additionally, are providing clarification on how tariff income is treated within the ring-fenced corporation tax regime. The trade body will work closely with its members and Treasury to ensure that these measures will help maximise economic recovery from the basin.

…welcomed by industry

Bob Ruddiman, head of Oil and Gas at legal company Pinsent Masons, welcomed Chancellor Philip Hammond's Budget concessions on Transferable Tax Histories for North Sea oil and gas operators.

He said it was a result of a productive dialogue between the major operators, "entrepreneurial new entrants" industry bodies, oil and gas professionals and HM Treasury over the last two years.

Ruddiman said: "This is what the industry has been seeking throughout consultations in 2016 and in a working group which was set up to explore the transferability of tax history.

"In recent months there has been a significant increase in the sale and acquisition of North Sea assets. This new legislation will allow transferrable tax histories to act as an incentive, which encourages fresh investment in the basin by providing comfort for new entrants who have no previous tax history.

"This signals that there is a greater commitment to extracting the North Sea's estimated 20m barrels of oil reserves, even if the huge tax yields of yesteryear are no longer achievable because of the lower price of Brent Crude. Whilst the energy mix is changing, with a variety of fuel sources contributing to security of supply, North Sea oil and gas has an important contribution to make in a post-Brexit landscape.

"With continued constructive government liaison, the North Sea has a viable future which creates jobs and wealth, develops people skills, promotes our world-leading technologies and improves our energy security of supply."

BASF eyes DEA merger

Germany's chemical player BASF is in talks regarding a potential merger of its unit Wintershall with Letter One's DEA Group.

BASF would hold the majority of the shares in the joint enterprise, the company said. An Initial Public Offering (IPO) of the joint enterprise would be an option in the medium term. The outcome of the talks is uncertain and there is no assurance that any deal will be reached, BASF added.

BASF's oil and gas activities are contained in the Wintershall Group, which focuses on exploration and production in Europe, North Africa, Russia, South America and the Middle East.

Together with Gazprom, the company is also active in the transport of natural gas in Europe.

Fotech-Sercel alliance

Fotech Solutions, the linear asset monitoring technology player, has set up a new technical partnership with seismic data acquisition equipment company Sercel.

The partnership will see Fotech's Distributed Acoustic Sensor (DAS) monitoring technology integrated with Sercel's seismic tools and software.

"The combined solution significantly enhances subsurface seismic operations – giving oil and gas operators access to high-quality data sets that deliver greater insight into the status of their assets," Fotech said.

Fotech's DAS technology enables operators to visualise, locate and record what is happening downhole at every point of the well in real-time, "adding a new layer of intelligence to the monitoring process."

Deploying DAS in combination with Sercel's monitoring instruments provides new capabilities in reservoir profiling and production monitoring, Fotech said.

Chris Shannon, CEO of Fotech, said: "The partnership with Sercel provides us with a perfect platform to showcase the benefits that fibre optic monitoring technology can deliver."

Pascal Rouiller, CEO of Sercel, said: "Fotech's fibre optic technology will enable Sercel's downhole seismic equipment to extend the boundaries of well exploration and therefore lead to a better understanding of the subsurface. This is a significant step forward for the oil and gas industry."

World News

China Weizhou 12-2 flows

CNOOC Ltd has confirmed that Phase 2 of the Weizhou 12-2 oil field development project in the Beibu Gulf in the South China Sea, has come onstream.

The project is expected to reach its peak output of around 11,800 b/d of crude in 2018. Currently, seven wells are producing around 6,400 b/d of oil.

Weizhou 12-2 Phase 2 used the existing facilities of the Weizhou 12-2 oil field and also built a new wellhead platform.

CNOOC Ltd said in October that the operator achieved a total net production of 116.2m boe in hte third quarter of 2017, which is a decrease of 1.3% compared to Q3 2016.

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