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ASIA OIL AND GAS NEWSLETTER

BREAKING NEWS AND ANALYSIS FROM ACROSS ASIA

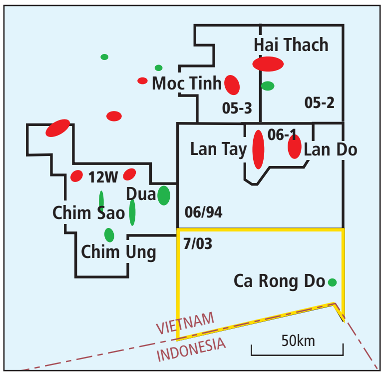
Keppel bags Vietnam TLWP deal

Keppel Offshore & Marine, via subsidiary Keppel FloaTEC, has landed a contract to provide engineering, technology and construction management support services for a Tension Leg Wellhead Platform (TLWP) on Repsol's **Ca Rong Do** field offshore Vietnam.

Keppel said the contract is worth around US $40m. When installed, it will be the first three-column TLWP in the offshore oil and gas industry, Keppel noted, adding that the TLWP would be the first of its kind offshore Vietnam.

The Ca Rong Do field is operated by Spanish player Repsol's subsidiary Talisman Vietnam.

The TLWP will be used on the Ca Rong Do field development in **Block 07/03** offshore southern Vietnam. It will be part of the overall field development plan which includes the development of a TLWP, a tender assisted drilling vessel and a Floating Production, Storage and Offloading (FPSO) vessel. The platform will be located at a water depth of 320m (1,050ft) and host up to 20 wells, including oil production, water injection and gas injection.



Keppel FloaTEC's work on the wellhead platform comprises hull and mooring engineering, topsides basic engineering as well as construction management support services.

Chris Ong, acting CEO of Keppel O&M, said: "I am confident that this TLWP will become the preferred proven solution for projects of similar water depths."

T K Das, president of Keppel FloaTEC, said: "We are proud to contribute to the first TLWP in Vietnam. It is a testament to Keppel FloaTEC's technical strength and expertise, and the advantages our patented ETLP (Extended TLP) technology brings to this project."

● Malaysia's Yinson has won a contract with Talisman Vietnam for the provision of the FPSO (*see story on pg3*).

Woodside expands Myanmar drilling plans

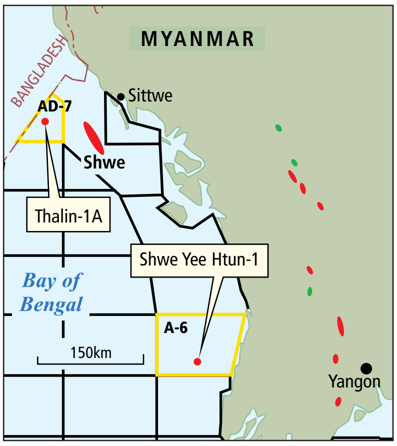
Australia's Woodside is increasing the size of its drilling campaign offshore Myanmar following positive results.

In 2016, Woodside said it planned to drill "at least four wells offshore Myanmar". But in a presentation this week, Woodside said that it would add another firm well to its campaign for 2017.

Woodside's CEO Peter Coleman said: "In Myanmar, our interpretation of seismic data has identified an additional low-cost exploration target with upside potential in **Block A-6**, which contains the **Shwe Yee Htun-1** discovery. This increases our Myanmar firm well schedule for 2017 to five."

Last year, Woodside encountered 32m (105ft) of net gas pay with the Shwe Yee Htun-1 exploration well, and 62m (203ft) net gas pay with the **Thalin-1A** exploration well in **Block AD-7**. The discoveries increased Woodside's contingent resource (2C) by 83m boe.

In its presentation, Woodside said the **Thalin-1B** appraisal well, which will be a re-entry and sidetrack of Thalin-1A, was spudded in late February.



The sidetrack was successful and Thalin-1B has acquired 99m (325ft), and 100% recovery, of core and wireline logs over the objective reservoir interval, the operator said, adding that initial multi-rate Drill Stem Test (DST) results from the lower reservoir section of Thalin-1B showed sustained flow rates of around 1.42 MMcm/d (50 MMcf/d) for a 50 hour flow period on a 48/64-inch choke.

Woodside said the deliverability test there suggested "excellent reservoir quality".

Preparations for a DST of the upper reservoir are continuing. Thalin-1B will be followed by the **Thalin-2** appraisal well in Block AD-7. An additional firm exploration well has been committed to as part of the 2017 Myanmar drilling campaign.

The campaign now comprises five firm (two appraisal and three exploration) and two contingent wells. Two exploration wells will be drilled in Block A-6 after Thalin-2, followed by a further exploration well in Block AD-7.

INSIDE THIS WEEK

CBM

China Qinshui Basin CBM plan approval

Green Dragon Gas reports that the **Chengzhuang Cooperative (GCZ) Block** Overall Development Plan (ODP) has been given the green light by the Consultation Center of state-owned China National Petroleum Corp (CNPC).

The GCZ Block lies in the Qinshui Basin and to date the Chengzhuang coalbed methane (CBM) project has drilled 114 wells. The ODP includes the drilling of an additional 147 production wells in 2017 and 2018. These wells will be targeting both coal seam #3 and coal seam #15.

Estimated gross annual production in 2017 was 85.27 MMcm (3.01 Bcf) and production is estimated to increase to 91.50 MMcm (3.23 Bcf) in 2018 – 74.79 MMcm (2.64 Bcf) from existing wells and 16.71 MMcm (590 MMcf) from new wells.

The development cost for GCZ is budgeted at around US $53.80m over 2017 and 2018. CNPC will invest $28.51m in accordance with its 53% stake and Green Dragon will pay $25.28m based on its 47% stake in the GCZ Block.

The GCZ Block is located in the Qinshui Basin and covers 67sq km. It lies around 20km south of the **Greka Shizhuang South Main Block** (GSS Block).

"Reservoir properties and geological settings are similar to those found in the GSS Block. There are two major laterally continuous shallow coal seams present throughout the GCZ Block, namely, coal seam #3 and #15. CBM in this area is imbedded in the coal formations at average depths, ranging from 300m (984ft) to 600m (1,968ft). The block has been in commercial production since 2010," Green Dragon said.

Randeep S Grewal, chairman of Green Dragon, said: "This is a significant step forward for Green Dragon and a further realisation of our strategy of progressing our resource base through to long term production. The GCZ ODP, while only 0.44% of our total acreage, fairly represents the profit potential of Green Dragon's asset portfolio.

"In this investment, $45.5m was invested between 2009-2016, during which 114 wells were drilled and on commencement of production, the costs were recovered leading to net cash flow returned as dividends to the parent from October 2015. GDG has been carried for all development capex and cost in relation to GCZ."

OIL PRICES

$60-70/bbl for next three years

Analyst McKinsey Energy Insights (MEI) says oil prices will revolve around US $60-70/bbl over the next three years – with US $1.6 trillion cumulative capital investment needed to meet projected demand over the next five years.

MEI's latest Global Oil Supply and Demand Outlook identifies five potential supply and demand scenarios.

"If the market was to follow MEI's business as usual scenario, it would expect oil prices to revolve around $60-70/bbl over the next three years and balance close to $65-75/bbl by 2030," MEI said.

The outlook says that if OPEC continues to stick to the output cut deal – it achieved 90% compliance in January – then the short-term market rebalancing process is expected to proceed relatively smoothly over the coming months.

MEI expects strong growth in North America's Light Tight Oil (LTO) production, while accelerated legacy declines due to the lack of upstream investment will help reduce oil over-supply. The excess inventory in the market will lead to increased price volatility in the near term.

MEI has identified six key supply and demand drivers that will contribute to long-term oil price recovery.

On the demand side, slower growth in global GDP – 2.5-2.7% a year – coupled with decreasing oil intensity due to improved energy efficiency and alternative fuels will drive a structural deceleration in oil demand growth, MEI added. In terms of supply, the level of decline in legacy production, the cost of new production, and LTO and OPEC production will all affect the supply stack.

MEI forecasts that the change in supply mix towards energy resources with faster decline will lead to a faster than usual global decline rate, while new production sources will become more economic than 2014 levels due to cost-cutting strategies introduced during the downturn.

Aggregated cost improvements are expected to yield 15-20% reductions in project breakeven price (versus current 30-35% reductions). US LTO will return to a formidable source of growth, while OPEC production will continue to grow with the market while maintaining constant market share, MEI noted.

"Based on these conditions, MEI estimates that E&P companies will need to add 35m b/d of new crude production from unsanctioned projects by 2030 to meet demand, which would require $1.6 trillion cumulative capital investment over the next five years. To meet these investment needs, upstream capex is expected to grow by approximately 6% a year but remain below the 2014 peak by approximately 24%," MEI said.

Environment

China looks to cleaner fuels

China plans for non-fossil fuels to account for around 20% of total energy consumption by 2030, increasing to more than half of demand by 2050, its state planner said, as Beijing continues its shift away from coal power.

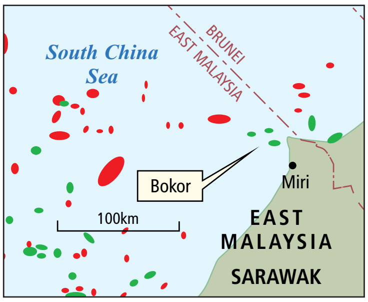
In a policy document, the National Development and Reform Commission (NDRC) said carbon dioxide (CO2) emissions will peak by 2030 and total energy demand will be capped at 6 Bn tonnes of standard coal equivalent by 2030, up from 4.4 Bn tonnes targeted for this year.

The NDRC said it wants to increase oil and underground natural gas storage facilities but it did not give any further details, Reuters reported. The statement largely reiterated previous pledges contained in five-year plans and other policy documents and aimed at boosting wind and solar power usage.

MMHE scoops Bokor CPP deal...

Malaysia Marine & Heavy Engineering (MMHE) has won an engineering contract worth US $226.7m (1 Bn ringgit) from Petronas Carigali for the **Bokor Phase 3** redevelopment project offshore Sarawak, East Malaysia.

MMHE said the contract would involve the engineering, procurement, construction, installation and commissioning of the project's Central Processing Platform (CPP). First steel is due to be cut in Q3 2018 and the CPP is scheduled to be completed in the middle of Q2 2020.



"Upon completion, the new CPP will be installed at the Bokor field located in Baram Delta offshore Sarawak in a water depth of 70m (230ft)," MMHE added.

MMHE said the contract is expected to contribute positively to its future earnings.

The company dipped into the red for the financial year ended 31 December 2016, posting a net loss of $30.5m (134.3m ringgit).

The losses were mainly due to lower contributions from the heavy engineering sector, net foreign-exchange losses compared to gains in the previous year, and the impact from the recognition of a higher impairment on assets in the current year. Revenue for the year dipped 51.5% to $269.8m (1.19 Bn ringgit).

...as Brooke Dockyard also wins work

Malaysia's state-owned Petronas Carigali unit PCSB has handed a contract to Brooke Dockyard and Engineering Works Corp for work on the **Bokor Phase 3** re-development project offshore Sarawak, East Malaysia.

The contract with PCSB is for the provision of Front-End Engineering Design (FEED) and Engineering, Procurement, Construction, Installation and Commissioning (EPCIC) of three wellhead platforms (WHPs) for the Bokor Phase 3 project.

The three WHPs will be installed at the Bokor field around 45km northwest of Lutong. The project is under the **Baram Delta EOR** Production Sharing Contract, where PCSB is the operator and its partner is Sarawak Shell.

Earlier this week, construction company Malaysia Marine and Heavy Engineering (MMHE) was awarded a contract to build an offshore central processing platform for the Bokor Phase 3 redevelopment (*see story above*).

MMHE also applied tendered for the WHP work but lost out to Brooke Dockyard.

Brooke Dockyard is an integrated engineering company with businesses in ship repair, shipbuilding and fabrication of oil and gas offshore modules. It is wholly owned by the Sarawak state government.

Absheron 2019-2020 start-up

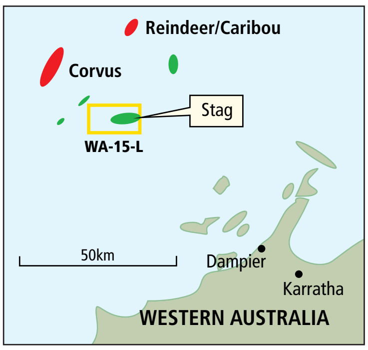
Natural gas production from the **Absheron** field in Azerbaijan's sector of the Caspian Sea could start in late 2019 or early 2020, according to an official at Azerbaijan's state-owned SOCAR.

Absheron is located 100km southeast of Baku and 25km northeast of the **Shah Deniz** gas field. It covers around 270sq km and is operated by French major Total.

The field, discovered in 2011, is estimated to hold 350 Bcm (12.36 Tcf) of natural gas and 45m tonnes of condensate.

EM&I wins Australia Stag work

Asset integrity services provider EM&I has won a contract from Quadrant Energy for work on the mature **Stag** platform offshore Western Australia.



The work scope covers placing an integrity engineer to manage the inspection requirements on Stag, from the Quadrant office, for an initial six-month period, EM&I said.

In addition, EM&I will be supplying an offshore site based plant inspector on a rotational basis for at least six months.

Jadestone Energy, formerly Mitra Energy, acquired the Stag oil field from Quadrant in November 2016.

Stephen Blair, general manager Asia Pacific at EM&I, said: "I see this as a significant opportunity for us to support Quadrant Energy to fulfill the remainder of their obligations for Stag in the short term and as a helpful lead into Jadestone, with a view to extending and expanding on the core services.

"When embedded, we will look to use this contract as an opportunity to offer some of our innovative methods of inspection such as WrapSight and PSI in particular."

The Stag field is located in the Carnarvon Basin 60km offshore Western Australia at a water depth of around 47m (154ft). The field has been developed with a conventional oil production platform, which has been in production since 1998.

The platform is connected to the *Dampier Spirit* floating storage and offtake vessel. The Stag field is currently producing an average of more than 3,400 b/d.

News in Brief

Yinson's Vietnam FPSO job

Talisman has awarded Malaysia's Yinson a contract to deploy a Floating Production, Storage and Offloading (FPSO) vessel on the Ca Rong Do field offshore Vietnam. The contract is for 10 years with five extension options. Yinson said the total value of the bareboat charter is approximately US $1.0 Bn, options included.

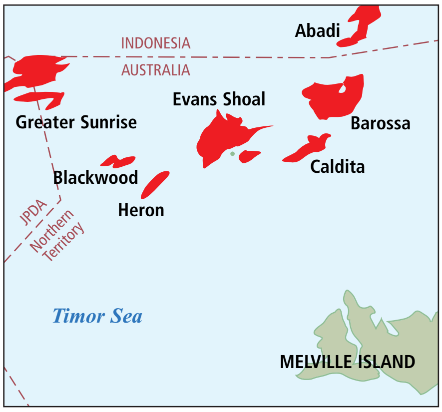
Talisman is a subsidiary of the Spanish operator Repsol and is operator of the Ca Ron Do field. The other partners in the field are state-owned PetroVietnam, Mubadala Petroleum and Pan Pacific Petroleum.

One of the requirements for the signing of the contract was a novation agreement with Talisman and PetroVietnam Technical Services Corporation (PTSC) for the novation of all rights and liabilities under the contract to PTSC.

Australia Barossa-5 completed

ConocoPhillips has completed drilling an appraisal well (**Barossa-5**) at the **Barossa** project in the Timor Sea offshore Australia.

The second appraisal (**Barossa-6**) is now being prepared to spud. The wells at the Barossa field are being drilled to test backfill viability for the Darwin LNG plant. The two-well appraisal campaign started on the Barossa field in January 2017 using the *Atwood Osprey* semi-submersible drilling rig.



"The first well, Barossa-5, was successfully completed and analysis is ongoing. The well is currently being plugged and abandoned as planned and once complete, the rig will move across to the second well, Barossa-6," said ConocoPhillips' partner Santos.

In February, Santos CEO Kevin Gallagher said the Final Investment Decision for the project development could be made in late 2018 or early 2019.

Santos holds a 25% stake in the **Barossa-Caldita** joint venture along with partners ConocoPhillips (37.5% and operator) and SK E&S (37.5%).

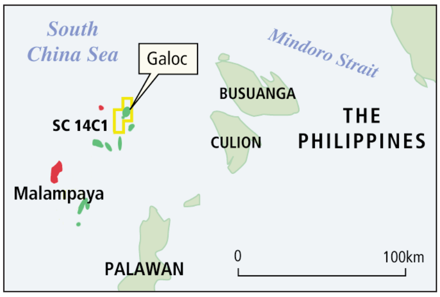
ConocoPhillips' **NT/RL6** and **NT/RL5** permits offshore Northern Territory in the Timor Sea contain the Caldita and Barossa discoveries.

The **Caldita-1** discovery well in NT/RL6 was drilled in 2005, while the **Barossa-1** discovery well in NT/RL5 was drilled in 2006. A three-well appraisal campaign to further evaluate the fields' potential was completed in March 2015. The first two wells, **Barossa-2** and **Barossa-3** both encountered hydrocarbons. The final well, **Barossa-4**, was not commercially viable.

Philippines Galoc sidetrack

Nido Petroleum will drill a sidetrack well on the **Galoc** field in the Palawan Basin offshore the Philippines following inconclusive results from appraisal well **Galoc-7**.

Nido said that the drillship *Deepsea Metro I* reached total depth of 2,373m (7,783ft), having drilled through the Galoc Clastic Unit reservoir of the Galoc Mid Area.



The Galoc-7 appraisal well, which lies in **Block C1** of **Service Contract 14** (SC14), was spudded in late March. The drillship has been hired for one firm well and one optional sidetrack well.

Nido said that the reservoir objective for the Galoc-7 well was encountered between 2,240-2,358m (7,349-7,737ft) with a gross pay of 115m (377ft) and net sand thickness of 8m (26ft) comprising primarily of poor quality sandstone and claystone.

Preliminary logging whilst drilling and wireline log data recorded through this interval indicate the reservoir unit contains hydrocarbons and water.

Nido said that at this stage, the Galoc-7 well results are inconclusive in terms of the potential commerciality of the Galoc Mid Area in SC14. The company said it plans to continue to evaluate the results of the Galoc-7 well over the coming weeks and will incorporate this information into the relevant sub-surface models along with the results of the Galoc-7ST-1 well when they are available.

The *Deepsea Metro I* is in the process of plugging and abandoning the Galoc-7 well and preparing to drill out the **Galoc-7ST-1** well in the Galoc central field area.

DRILLING

Big hitters bag Cambay studies

Oilex Ltd has award contracts to Schlumberger and Baker Hughes as part of its 2017 work programme at the **Cambay** Production Sharing Contract (PSC) in India.

Schlumberger and Baker Hughes will advise on the optimal well and stimulation design required to achieve potential commercial flow rates, Oilex said.

"The company has a significant multi Tcf gas resource at the Cambay PSC in the EP-IV tight siltstones that requires drilling optimisation and stimulation technologies to achieve commercial flow rates. Both Schlumberger and Baker Hughes are global leaders in the stimulation of tight gas reservoirs and their selection follows a competitive tender process," Oilex added.

Schlumberger has been appointed to provide geomechanical, fluid sensitivity and proppant embedment testing on the **Cambay-23z** core along with their recommendations on future technical work. The data from these tests will be used to carry out the geomechanical modelling required for optimisation studies.

Baker Hughes has been appointed to provide detailed geomechanical modelling to assess and recommend optimised drilling and stimulation solutions to maximise production from the EP-IV reservoir.

In addition to providing a functional geomechanical model, Baker Hughes will provide specific recommendations on fluid chemistry and proppant optimisation required for the stimulation of any future wells.

The studies have started and are scheduled to be completed within three months. The analysis of the core from Cambay-23z is essential in the planning of both future wells and the stimulation process at the Cambay PSC, Oilex noted.

"We are fortunate to be working with world class tight gas experts, Schlumberger and Baker Hughes. Their assistance is important to unlocking the commercial success of the large gas resource at the company's Cambay project," Oilex said.

South China Sea block offer

China has launched the bidding process for 22 offshore blocks in the South China Sea.

State-owned China National Offshore Oil Co (CNOOC) said the 2017 offer includes 22 open blocks covering an area of 47,270sq km. The blocks are available to international operators in partnership with CNOOC. A data room for interested parties will be open until 15 June 2017.

Foreign operators looking to partner with CNOOC for the first time are required to provide relevant qualifications, CNOOC said.

Husky bags China PSC

State-owned CNOOC has signed a Production Sharing Contract (PSC) with Canada's Husky Energy for **Block 16/25** in the South China Sea.

Block 16/25 is located in the Pearl River Mouth Basin around 150km southeast of the Hong Kong Special Administrative Region. The block covers 44sq km and has a water depth of 100m (328ft).

Husky will operate Block 16/25 during the exploration period and will cover all exploration costs during this time.

When entering the development phase, CNOOC has the right to take up to a 51% stake if any commercial discoveries have been made on the block.

Husky plans to drill two exploration wells on Block 16/25 by the end of 2018, tying them in with two planned exploration wells on nearby **Block 15/33**.

Husky has stakes in two sizeable South China Sea projects: the producing **Liwan** gas development and the **Wenchang** oil field.

China offers 10 CBM blocks

State-owned China National Offshore Oil Co (CNOOC) has launched the tender for 10 coal bed methane (CBM) blocks in the country, with both domestic and foreign operators open to submit bids.

The acreage on offer covers blocks in the Ningxia region in western China, Shanxi province in central China, and Shandong, Anhui province in the east, CNOOC said in a statement.

The blocks cover a total area of 2,173sq km. A data room for the blocks will be open from 30 April to 31 July this year.

Repsol to buy Vietnam unit

Pan Pacific Petroleum (PPP) has sealed a deal to offload its Vietnam subsidiary to Spain's Repsol for US $5m.

Pan Pacific Petroleum Vietnam (PPPV) owns a 5% stake in **Block 07/03** located in the Nam Con Son Basin in the South China Sea.

PPP's executive director, Grant Worner, said: "After the sale PPP will be in a strong financial position with no debts and estimated cash of circa $16m (unaudited) and liquid investments of $3m (unaudited). Monetisation of this investment at this time means PPP's current assets will be approximately twice the market capitalisation of the company.

"PPP will then have the freedom to deploy its capital in a range of affordable investment opportunities rather than committing to and being reliant on a single investment that is significantly larger than existing funding capabilities."

PPP added: "The company's combination of corporate and technical expertise, low overheads, significant financial backing and cash reserves with no debts, places it in an ideal position to grow through investments and acquisition, particularly at a time when asset values are giving rise to a large number of attractively priced opportunities."

Completion of the deal is subject to shareholder approval.

TRENDS

Upstream 'sentiment improves'

Sentiment in the upstream oil and gas sector has "undoubtedly improved since turn of the year, which brought the implementation of OPEC's long-awaited output cut", says a new report by consultants Douglas-Westwood (DW).

"Attention has shifted from lay-offs and spending cuts to opportunity seeking and renewed project sanctioning activity. However, a significant number of challenges are still faced, posing a substantial threat to the upstream investment outlook through the coming years," DW noted in its Upstream Investment Outlook.

The main points in the report are:

- Co-ordinated OPEC and non-OPEC production cut will push the oil market into undersupply this year.
- Vast volumes of offshore supply to be added next year from projects sanctioned pre-downturn, tipping market back into oversupply.
- Operators are likely to continue to focus on gas exploration and export methods (LNG & FLNG) over the long term to adapt to shifting demand patterns.
- The financial health of E&P players has been significantly dented by the downturn, but non-OPEC national oil companies are particularly well positioned – having made substantial cuts to dividends and capex.
- Onshore is identified as the first area of development to return as oil prices continue to stabilise and trend upwards, due to short lead times and relatively strong returns on investment – as has already been seen in the US since mid-2016.
- A difficult two years has led to a strong reaction from the OFS supply chain, from cost reductions to merger and acquisition activity. However, significant excess capacity still exists – particularly offshore.

"Oil prices hovered in the mid-$50/bbl range for much of Q1, however a quicker than expected rebound in US onshore activity – accompanied by signification inventory builds – has provided pause for caution. While the macroeconomic environment has undoubtedly improved, the foundations of the recovery may not be as solid as initially thought, with large uncertainties surrounding OPEC and non-OPEC compliance over the rest of 2017, as well as the significant volumes of crude expected to be added in 2018 which will likely tip the market back into oversupply," DW said.

GEOPHYSICS

Neptune scoops Australia deal

Neptune Marine Services has been awarded a geophysical and geotechnical deal by Thailand's state-owned PTTEP for work on the **Cash Maple** field, which lies around 630km northeast of Broome, Australia.

"Neptune will acquire survey and geotechnical data to assist PTTEP in deciding export pipeline routing options from the Cash Maple field. The work will be executed from the *MV Offshore Guardian* vessel, which Neptune currently has on long-term charter. The work scope also requires pipeline engineering services, which includes pipeline concept design and geohazard reporting, all to be supplied under Neptune's head contract," Neptune said.

Robin King, Neptune's CEO, said "This opportunity represents further work for a valued client under a relationship which goes back many years, and demonstrates PTTEPs trust and value in the wide suite of Neptune services which they currently utilise."

VESSELS

Siem scoops eight charter deals

Siem Offshore has been awarded charter contracts for eight vessels for work across four continents.

Namely, Siem bagged deals for four Anchor Handling Tug Supply (AHTS) vessels, two Platform Supply Vessels (PSVs), and two Offshore Subsea Construction Vessels (OSCVs).

The *Siem Aquamarine* and *Siem Topaz* AHTS vessels will support BHP Billiton with its upcoming drilling work west of Australia. According to Siem, the firm period of the contract is 240 days.

Meanwhile, the *Siem Garnet* and *Siem Sapphire* AHTS vessels were chartered by Gazprom for operations on its **Sakhalin** project offshore Russia's Far East for a firm period of 440 days.

The *Siem Louisa* and *Siem Sasha* PSVs will start a firm contract for 290 days at the end of April offshore West Africa for an unnamed client.

The *Siem Marlin* and *Siem Spearfish* OSCVs have already started their contracts. The *Siem Marlin* is on a 150 day charter in South America, while the *Siem Spearfish* is on a 100 day charter in the Black Sea. Neither customer has been named.

Prosafe fleet update

Prosafe reports that its fleet utilisation rate in the first quarter of 2017 was 40%.

The *Safe Boreas* continued a contract with Repsol Sinopec (formerly Talisman Sinopec) in the UK North Sea and was in full operation throughout the quarter. The Repsol Sinopec contract at the **Montrose** field has been extended until 24 April 2017 "at market adjusted rates".

The *Safe Zephyrus* completed a contract with Aker BP offshore Norway at the end of January and is currently laid-up in the UK.

The *Safe Notos* started a three-year and 222-day contract for Brazil's Petrobras on 7 December 2016 and was on contract throughout the quarter. The *Safe Concordia* was fully contracted in the quarter to Petrobras and "continues on short-term extensions at a market adjusted day rate".

The *Safe Scandinavia* Tender Support Vessel (TSV) was fully contracted in the quarter with Statoil. The TSV contract has a firm period until July 2018.

The *Safe Caledonia* is undergoing a five-year SPS before starting a 134-day plus 30-day option contract with Total off the UK in mid-May 2017.

"The *Regalia*, *Safe Bristolia*, *Safe Astoria* and *Safe Regency* were idle in the quarter. The *Regalia* is laid up in the UK, the *Safe Bristolia* is laid up in Norway, while the *Safe Astoria* is laid up in Indonesia," Prosafe said in a fleet status report.

"The *Safe Regency* is laid up in Curaçao (Brazil) and the company has taken the decision to sell the vessel for scrap in the near term. The *Safe Lancia* was sold for scrap in the US in March 2017. Following this, Prosafe has scrapped four vessels as part of its strategy to high grade the fleet, protect cash flow and rebalance the market."

The *Safe Eurus* is in a preserved, strategic stacking mode with COSCO (Qidong) Offshore Co Ltd (COSCO) in China.

"Prosafe remains in negotiations with COSCO and related parties for a workable commercial solution for the *Safe Nova* and *Safe Vega*. If no agreement is reached, Prosafe has the right to claim cancellation of the newbuild contracts due to delay and claim repayment of the installment paid including interest of around US $60m secured by a refund guarantee from Bank of China," Prosafe added.

Calendar 2017

SEPTEMBER

27-28
Tank Storage Asia
Singapore

NOVEMBER

2-3
StocExpo China
Shanghai, China

2018

MARCH

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

Emas to demobilise FPSO

Emas Offshore Construction & Production (EOCP) has won a US $545,000 contract to demobilise the *Perisai Kamelia* FPSO from its current location offshore Malaysia.

The FPSO is owned by Emas Victoria, a joint venture between Perisai Petroleum and Emas Offshore.

Under the agreement, EOCP will provide project management, engineering and project support services for the demobilisation of the *Perisai Kamelia* from the North Malay Basin, up to the point of layup of the FPSO at a designated layup location.

The FPSO has been deployed at the Hess-operated **Kamelia** field offshore Terengganu, Malaysia.

COMPANY NEWS

Handal wins Exxon work

Malaysia's offshore crane player Handal Resources has bagged a crane maintenance and service deal from US major ExxonMobil.

Handal said that its subsidiary Handal Offshore Services entered into a goods and services outline agreement with ExxonMobil for the workload.

The deal is effective from 10 April and includes the provision of offshore crane maintenance services for a term of three years, ending on 9 April 2020. The deal has a one-year extension option.

Chevron sells Bangladesh assets

After months of talks, US player Chevron has sealed a deal to sell its assets in Bangladesh to Himalaya Energy Co.

Chevron Bangladesh operates **Block 12** (**Bibiyana** field), as well as **Blocks 13** and **14** (**Jalalabad** and **Moulavi Bazar** fields).

"Closing of the transaction is subject to the satisfaction of certain closing conditions," Chevron said, without giving any financial details of the deal.

The sale of the Bangladesh assets is a part of Chevron's asset divestment plan to raise between US $5-10 Bn between 2016 and 2017, and thus become "cash neutral" this year.

In 2016, Chevron generated $2.8 Bn in asset sales. At a recent analyst meeting, Chevron's CEO John Watson said the cash raised from sales in 2017 is expected to be higher than that in 2016, and close to the upper end of the guidance, so closer to $10 Bn.

In March, Watson said that 2017 asset sales could reduce its 2017 production 50,000 b/d to 100,000 b/d from the 4% to 9% range. Cumulative asset sales could reduce top line 2020 production by a total of 150,000 b/d to 200,000 b/d.

"We are comfortable that these asset sales are good value decisions," Watson said.

In late March, Chevron completed the sale of its geothermal business in Indonesia to Star Energy Consortium. The sale of Chevron's geothermal business in the Philippines is expected to close later this year.

RIGS

Vietsovpetro hires Aban rig

Russian-Vietnamese joint venture Vietsovpetro has hired Aban Offshore's *Deep Driller 8* jack-up rig, according to reports.

The contract for the rig was sealed on 16 April and work will start on 30 April. The two-month contract will end on 29 June. The rig is currently located offshore Ho Chi Minh City, Vietnam, where it arrived on 10 April.

The *Deep Driller 8* is of a Keppel FELS Super B Class design with the capability to drill high-pressure high-temperature wells up to a depth of 10,667m (35,000ft) at water depths of up to 107m (350ft). The rig can also accommodate 120 people.

Repsol takes on *Ensco 52*

Spain's Repsol has hired the *Ensco 52* jack-up drilling rig, owned by the UK driller Ensco, according to reports.

The contract, fixed on 18 April 2017, is for two months and for an undisclosed fee, reported VesselsValue.

Ensco's last fleet status update in February said that the *Ensco 52* was under a contract with Murphy Oil offshore Malaysia.

The rig has a maximum operating depth of 91m (300ft) and had been sublet to Malaysia's state-owned Petronas from July 2016 to early January 2017.

SERVICES

KBR wins Sumatra EPCM work

KBR has landed a five-year contract for Engineering, Project and Construction Management (EPCM) services for US major Chevron's operating fields in Sumatra, Indonesia.

The EPCM deal will be executed through a consortium formed between KBR and its Indonesian partner PT Singgar Mulia Engineering Consultants.

As part of the consortium, KBR's work scope includes project and portfolio management, engineering design and construction management for Chevron's production surface facilities at the **Minas**, **Duri** and **Dumai** fields in Sumatra.

"The consortium will provide in-country services to manage daily operational activities for Chevron's production facilities; including providing local and global personnel, tools and procedures, best work practices and processes, as well as establishing and maintaining infrastructure and providing health, environment and safety training to the workforce. Through this project, the consortium will conduct training programmes to help the local work community develop essential skills for current and future employees on these projects," KBR said.

Stuart Bradie, KBR's president and CEO, said: "This contract demonstrates KBR's ability to establish strong local partnerships as well as our global oil and gas capabilities for new and brownfield project developments in any location across the globe. Moreover, this long term operational support services contract furthers KBR's strategic objective of growing the operating expenditure-facing portion of our business."

ENGINEERING & CONSTRUCTION

Browse concept still uncertain

Woodside is still working on the best development concept for its **Browse** LNG project offshore Western Australia – with the original Floating LNG (FLNG) solution being moved off the table, according to the company.

The initial concept called for the use of three FLNG facilities but in March 2016 Woodside decided to put the development on ice due to the poor economic environment.

The Browse FLNG development concept was based on three FLNG facilities utilising Shell's FLNG technology and Woodside's offshore development expertise to exploit the **Brecknock**, **Calliance** and **Torosa** fields that hold gross contingent resources (2C) of 436.3 Bcm (15.4 Tcf) of dry gas and 453m bbl of condensate.

Even when Woodside shelved the project last year, CEO Peter Coleman said the company remained committed to the FLNG solution despite the delay.

However, Woodside's quarterly report suggests this is no longer the case, with a move away from FLNG possibly on the cards.

Woodside said it has made significant progress in "narrowing alternative concepts" for the Browse development.

"Woodside prefers a concept utilising existing LNG process infrastructure on the Burrup Peninsula, subject to reaching acceptable terms with the Burrup infrastructure owners. Woodside continues to target the selection of a Browse development concept in H2 2017," the operator said.

While the FLNG solution seems to be less likely for the Browse fields, there is another project Woodside is still working on that could be well suited to FLNG facilities.

In partnership with ExxonMobil, Woodside is looking to develop the **Scarborough** gas field offshore Australia.

Scarborough, discovered in 1979, is located off Western Australia around 220km northwest of Exmouth at a water depth of 900m (2,953ft). It is a remote gas field in the Carnarvon Basin and Woodside acquired a stake in it last year.

Woodside said that development concepts being considered for Scarborough are an FLNG facility or use of existing LNG process infrastructure on the Surrup Peninsula. Both concepts will be studied and evaluated this year.

STRATEGY

Federal-CMIH Indonesia MoU

Federal International has signed a Memorandum of Understanding with China Merchants Industry Holdings (CMIH) to cooperate exclusively on oil and gas projects in Indonesia.

Federal said that it and CMIH are currently in talks with "various Indonesian parties on a number of identified projects".

Federal is a Singapore-listed service provider, while CMIH is a wholly owned subsidiary of the China Merchants Group, which is a state-owned China conglomerate headquartered in Hong Kong.

KBR bags Chevron deal

KBR has landed a 10-year engineering and procurement services contract from US player Chevron.

Under the deal, Houston-based KBR will provide the services to Chevron in "multiple global locations, on all phases of projects across its portfolio."

These services will range from field development planning and conceptual engineering, to Front-End Engineering and Design, detailed engineering and final design, KBR said.