

Cost escalation driven by a spike in commodity prices in 2021

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Abstract

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Lukoil subsidiary becomes sole owner, operator of Wolgodemin oil

Exploration & Development Quick Takes

Al Yasat Petroleum Operations Co. Ltd. has let a \$744-million contract for full field development of the Belbazem offshore block to the National Petroleum Construction Co. (NPCC). The block, which lies 120 km northwest of Abu Dhabi city, consists of Belbazem, Umm Al Salsal, and Umm Al Dholou fields.

The award is part of ADNOC's efforts to maximize value from all Abu Dhabi fields as it expands oil production capacity to 5 million b/d by 2030.

The scope of the award covers engineering, procurement, construction, and commissioning activities for offshore facilities required to enable full production capacity of 45,000 b/d light crude with about 35°API gravity and 27 MMscfd associated gas from Belbazem.

The project includes three offshore wellhead towers, one in each of the block's three fields, interconnecting subsea pipelines, and cables to Zirku Island some 60 km from Belbazem. It also covers development of greenfield facilities for water injection, produced water treatment, gas compression, and associated utilities, as well as brownfield works for tie-in to existing infrastructure at the island.

Leading up to the award, Al Yasat undertook a front-end engineering design (FEED) competition and reduced the originally scheduled tender time by up to 12 months and enabled capex savings of about \$190 million (OGJ Online, July 29, 2019). First oil is expected in 2023.

Al Yasat is a subsidiary of Abu Dhabi National Oil Co. and joint venture with China National Petroleum Corp. ADNOC and CNPC hold 60% and 40% stakes in Al Yasat, respectively.

Ithaca Energy lets contract for Captain field EOR project

Ithaca Energy (UK) Ltd. has let an engineering, procurement, construction, and installation (EPCI) contract to TechnipFMC for the Captain enhanced oil recovery (EOR) project in the UK North Sea.

Ithaca Energy sanctioned the Captain field EOR Stage 2 project after receiving field development plan addendum consent from the Oil and Gas Authority (OGJ Online, Apr. 8, 2021).

TechnipFMC will design, manufacture, deliver, and install subsea equipment including a rigid riser caisson, water injection flexible flowline, umbilicals, and associated equipment.

Captain field, in Block 13/22a, lies about 145 km northeast of Aberdeen in the outer Moray Firth in water depths of 105.5 m.

TechnipFMC has valued the contract at \$75-250 million.

Captain is operated by Ithaca Energy with 85% interest. Dana Petroleum (E&P) Ltd. holds the remaining 15%.

Equinor, partners select joint development concept for Haltenbanken East

Equinor Energy AS and partners selected a concept for developing six discoveries in a joint unitization project on Haltenbanken in the Norwegian Sea. The development concept is a subsea tie-back to Åsgard B platform, using existing facilities and infrastructure, partner Spirit Energy said in a release May 19.

Haltenbanken East will be developed as a unit between four different licenses. It comprises six discoveries and three prospects with a combined volume in the order of 100 MMboe, mostly gas.

The project will be executed in two phases. In the first phase, six wells will be drilled on five of the discoveries. The second phase includes the last discovery and three prospects, planned to be drilled as sidetracks from existing wells.

The discoveries, said Gunn Gadeholt, asset manager at Spirit Energy, "were basically considered stranded assets—it would not have been economically viable to develop any of them on their own."

A final investment decision is expected in first-half 2022 with submission of a plan for development and operations (PDO) to Norwegian authorities in second-half 2022.

Equinor is operator in Haltenbanken East (57.7%) with partners Spirit Energy AS (11.8%), Vår Energi AS (24.6%), and Petoro AS (5.9%).