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Overseas gas assets in Aramco crosshairs

SAUDI Aramco, the world’s pre-eminent producer of oil, is actively pursuing an ambitious new strategy to invest heavily in international gas production.

Aramco chief executive Amin Nasser, in an exclusive interview with Upstream in Istanbul on the sidelines of the World Petroleum Congress, said the company “is exploring all opportunities” within the international gas sector.

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Aramco to aim for overseas gas assets

Saudi Aramco chief executive Amin Nasser speaks to Upstream in exclusive interview

SAUDI Aramco, the world’s pre-eminent producer of crude oil, is actively pursuing an ambitious new strategy to invest heavily in international gas production. Aramco chief executive Amin Nasser, in an exclusive interview with Upstream in Istanbul on the sidelines of the World Petroleum Congress, said the company “is exploring all opportunities” within the international gas sector.

He declined to reveal specifics on production targets, investment levels or geographical regions that have caught the eye of the Saudi national oil company, but he emphasised that international growth is a priority for Aramco.

“We are ambitious,” he said. “There is a big team looking at it, assessing the opportunities globally, and then hopefully it will come to our board and seek approval based on where are the opportunities and where we want to get in… All of this is ongoing right now.” Aramco has previously revealed ambitious gas production goals, aiming to double its output to 23 billion cubic feet per day within the next decade.

However, Nasser told Upstream that target involves only domestic production.

“Our programme is all currently in the kingdom. All of our production is coming from associated and non-associated gas, including unconventional gas, and this is our target over the next decade — to bring 23 billion cubic feet per day. But this is from existing resources within Saudi Arabia,” Nasser explained.

“We are at the same time looking at international investment in gas. This is a new strategy to look at international gas development and production. We are exploring opportunities in different countries.”

He added that there are many questions that need to be addressed on such investments – conventional or unconventional, onshore or offshore, upstream or downstream.

Asked when such overseas investments might be forthcoming, Nasser remained noncommittal: “You will see it whenever we announce certain joint ventures or partnerships or heads of agreement.”

Nasser also spoke freely on topical issues such as the vast underinvestment in the upstream oil and gas sector worldwide over the past few years and the recent rise of US shale output.

“There is an under-investment that we have seen — almost $1 trillion of investment was supposed to come to the upstream sector that was deferred or cancelled — and that will have an impact over the mid-to-long term on supply,” Nasser said. The Aramco chief executive is on record as saying his company plans $300 billion of investment over the next decade, mainly on the upstream side. “That is an indication of our continued investment, regardless of the cycle, because our view is that the market, in terms of demand, will increase.”

He went on to predict that global demand is likely to rise by between 6 million and 7 million bpd over the next five years, and the industry will be hard-pressed to meet this demand.

“US shale definitely is helping by adding a certain amount of supply to the market,” he observed. “However shale alone is not going to be sufficient.”

“You have 97 to 98 million barrels of supply today, and on that supply we are looking at a 3% to 5% rate of decline, so we’re talking about 3 million to 5 million barrels per day in decline that need to be caught up. Add to this a lack of investment of $1 trillion, so there is a need to have additional production coming from conventional oil,” he said.

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Sonatrach looks to bring back foreign investment

Algerian state company keen to attract fresh business after suffering during downturn

MARK HILLIER
Istanbul

ALGERIAN state oil company Sonatrach is targeting a new relationship with oil companies as it looks to reinvigorate its oil and gas sector after the downturn caused by the oil price crash.

Recently installed chief executive Abdelmoumen Ould Kaddour, speaking in an interview with Upstream during the World Petroleum Congress on Tuesday, said that in the three months since he was appointed to the job he has set about the task of improving sentiments towards the Algerian oil and gas sector.

Algeria has plans for capital investment of as much as $3.5 billion in the period from 2017 through 2021 but knows that it has had difficulty attracting investment from foreign players after the downturn amid concerns about the terms under which they have been operating.

Ould Kaddour said this meant Sonatrach has been putting a lot of effort into trying to resolve issues with operators.

Sonatrach was involved in more than 10 arbitration cases with its partners when he took on the job, most of which related to upstream ventures. Already, five of these have been resolved, the new chief executive said.

He noted as an example the agreement with French supermajor Total that was signed in April to amicably resolve earlier disputes between the two sides and set the stage for the pair to develop a new contractual framework for the delayed Timimoun gas project along with Spain’s Cepsa.

“We are looking at resolving outstanding issues and also looking at the future,” he said of the Sonatrach approach, adding that with Total the Algerian state operator is already looking at other new opportunities, such as introducing solar energy to power its oil and gas operations.

A pilot project to test such renewable technology is already being undertaken with Italian operator Eni at Bir Rebaa and other operators are also interested, he explained.

Ould Kaddour also acknowledged the concerns oil companies have had over the Algerian taxation system and said that these were being addressed along with the challenges of bureaucracy and an oil law that has widely been seen as unattractive by oil companies in a lower oil price environment.

“We want to make sure that the profit is shared by both sides,” he said.

Improving the taxation system and reviewing the hydrocarbon law are key priorities for Algeria and with those to be addressed first it is likely to be next year before the North African producer starts to turn its attention to fresh licence rounds.

In the meantime, however, Ould Kaddour said Sonatrach is already starting to see the steps it has taken being reflected in a more positive attitude from operators. That was shown, he suggested, in meetings he has already held at WPC with the likes of BP, Statoil, Total and Cepsa.
Wednesday 12 July

08:00 – 09:30 Plenary 6: OPEC – Non-OPEC Ministerial Round Table

Session Chair:
Dan Yergin, Chairman, IHS Cambridge Energy Research Associates, USA

09:30 – 10:30 Plenary 7: Taking leadership for responsible operations

Session Chair:
Elisabeth Tarstad, CEO Oil and Gas, DNV GL, Norway
Keynote Speakers:
Bob Dudley, CEO, BP, UK
Barry Worthington, Executive Director, United States Energy Association (USEA), USA
Dr. Amir Hossein Zamaninia, Deputy Minister of Petroleum for Trade & International Affairs, Iran

10:30 – 10:45 Coffee Break

10:45 – 11:45 Ministerial Sessions

Brazil:
Décio Fabricio Oddone, Director General, Brazilian National Agency for Petroleum, Natural Gas & Biofuels, Brazil
Mustapha Guitouni, Minister of Energy, Algeria
Abdelmoumen Ould Kadour, CEO, Sonatrach, Algeria

Israel:
Dr. Yuval Steinitz, Minister of National Infrastructures, Energy & Water Resources

11:45 – 12:00 Break

12:00 – 13:00 Technical Programme

Block 1: F3
Managing upstream mega projects
Oils and products storage and transportation
Sustainable value chains for unconventional gas
Human resources – how to retain talent

Block 2: RT13
Interactive Poster Plaza

12:00 – 13:00 Expert workshops

EW04 Challenges of the European Refining Industry in a Global Market
EW05 Local Content Development & Integration Processes

12:00 – 13:00 Ministerial Sessions

12:30 – 14:30 Lunch Buffet

13:00 – 14:00 Plenary 8: IEA – OPEC Dialogue

Session Chair:
Prof Xiansheng Sun, Secretary General, International Energy Forum (IEF)
Keynote Speakers:
Fatih Birol, Executive Director, International Energy Agency
Mohammad Barkindo, Secretary General, OPEC

13:30 – 15:30 Interactive Poster Plaza

Block 1: F4
New technologies in production and development
New marketing approaches for delivering products to consumers
Delivery of large scale integrated gas projects
Energy poverty alleviation initiatives

14:00 – 14:15 Break

14:15 – 15:45 Technical Programme

Block 1: F5
Geoscience technology and innovation

Block 2: RT7
Best practices in the management of safe operation of gas assets

Block 3: F15
HSE and operations integrity – keeping pace

14:15 – 15:45 CEO Panels

CEO 6 Promoting Women in the Industry
Moderator:
Ulrike von Lonski, Director of Communication, World Petroleum Council, UK

Presentation of WPC/BCG Study:
Katharina Rick, Partner and Managing Director, Boston Consulting Group, USA

Leader Panel:
Reem Al Ghanim, Division Head, Women Development and Diversity, Saudi Aramco, Saudi Arabia
Vartika Shukla, Executive Director (Technical), Engineers India Limited, India
Peter Coleman, CEO, Woodside, Australia

CEO 7 Future work force

Chair:
Jorge Ciaciarelli, Executive Secretary, ARPEL, Uruguay

Speakers:
Louise Kingham, Chief Executive, Energy Institute, UK
Milton Costa Filho, Secretary General, Instituto Brasil Petroleum (IBP), Brazil
Didier Houssin, Chairman and CEO, IFP Energies Nouvelles, France
Lisa Salley, Vice President of Global Industry Services, American Petroleum Institute (API), USA

15:45 – 16:00 Coffee Break

16:00 – 17:30 Technical Programme

Block 1: F6
IOR / EOR – maximising the development of mature fields

Block 2: F11
Products of the future

Block 3: F13
Sustainable value chains for unconventional gas

Block 4: F18
Human resources – how to retain talent

16:00 – 17:30 Strategic Sessions

ST 4 Reserves & Resources (UNECE)

Chair:
Dominique Salacz, Chair, UNECE Reserves and Resources Committee, Switzerland

Speakers:
Andy Brogan, Global Oil & Gas Transactions Leader, EVBob Frykland, Chief Upstream Strategist, IHS Energy

ST 5 Unconventionals – the new conventional

Chair:
Dr. Gurcan Gulen, Senior Economist, Bureau of Economic Geology, University of Texas, USA

Speakers:
Christophe Amadeli, VP, Unconventional Development, Total, France
Jim McFarland, President & CEO, Valeura Energy, Canada
Rob Hall, Director of Technology – Global Technical Solutions, Halliburton, USA

16:00 – 17:30 CEO Panels

CEO 8 Global Midstream Strategies

Chair:
Amb. Urban Rusnak, Secretary General, International Energy Agency

Speakers:
Jorge Guillén, COO, CLH Group, Spain
Abdelmoumen Ould Kadour, CEO, Sonatrach, Algeria
Sanjiv Singh, Chairman, Indian Oil Corporation, India

16:00 – 17:30 Strategic Sessions

ST 6 Future Energy

18:00 – 22:00 Young Professionals Gathering

Military Museum Inner Garden
Oil industry warned of young talent shortage

Human resources specialists fear sector will see shortfall in number of petro technical professionals by end of the decade

ANAMARIA DEDULEASĂ
Istanbul

THE oil and gas industry is increasingly losing the fight for young talent, prompting human resources analysts to warn of shortages by the end of the decade.

Alek Datta, managing director of consultancy Accenture Strategy, warned during the 22nd World Petroleum Congress in Istanbul that analysts believe there will be shortage of petro technical professionals (PTP) talent in the near future.

Datta said that while the industry tried to protect PTPs in the early days of the downturn, companies capitulated in 2016.

"From 2011 to 2016 there was a drop in PTP capital expenditures," Datta said.

"In 2011 around $590 billion was spent on workforce, which then increased to $760 billion in 2014. However, by 2015, capex dropped by 25% to $570 billion, and is declining ever since."

Research showed that recruiting graduates is increasingly a "challenge", as more than half of the 2015 graduates, who came onto the workforce market just as the oil price was down, are unlikely to return to the industry.

"If we assume demand will increase, and we keep the hiring levels at current levels, we will have a 30% deficit of PTP in early 2020," Datta warned. "The oil and gas industry is losing the fight for top millennial talent. Top talent prefer other industries, mostly technologically-orientated ones like Facebook, Amazon, and other such tech companies. Only 2% on US graduates consider oil and gas as a primary career choice."

"It might seem counterintuitive to train and invest in people when the oil price is down, but if we do not, we are at risk of not having a workforce."

However, trying to bridge the gap, Anna Illarionova, a WPC young professionals and student committee representative from Russia, said during the same session that "the industry is trying to balance cost cutting with retaining and recruiting best talent."

According to Illarionova, 75% of companies in the industry "may add programmes in the future."

Zdravka Demeter Bubalo, vice president HR at MOL Group said that the Hungarian group has already set up three such programmes aimed at recruiting young talent and growing interest in the industry.

She said MOL has in place a programme targeting middle-school students, aged up to 15, a separate programme aimed at university students, and a female engineers programme that is "trying to work on maintaining a gender balance in the industry", Bubalo said.
Iran targets investment for output expansion

BILLIONS OF DOLLARS targeted to help country boost oil and gas output over the next five years

MARK HILLIER
Istanbul

IRAN is aiming to attract billions of dollars of investment to its upstream oil and gas sector as it looks to boost oil and gas production over the next five years to 4.8 million barrels per day and 1.3 billion cubic metres per day, respectively.

Currently the Middle East producer’s output capacity is at 4 million bpd of oil and about 850 MMcmd of gas, said Reza Dehghan, manager of oil and gas upstream contracts co-ordination for the state-owned National Iranian Oil Company (NIOC).

On top of that, Iran is likely to need as much as $150 billion of foreign investment, of which about two thirds could come from foreign companies, said Dehghan.

NIOC is currently involved in as many as 26 parallel negotiations about upstream projects and Dehghan reiterated that the state oil company is prioritising fields that either have common reservoirs with neighbouring countries or are in the second stage of their lives and will benefit from new enhanced recovery techniques.

A total of 30 oil and gas fields are being defined as falling into these categories.

Dehghan explained that NIOC has pursued a strategy whereby it has signed a sizeable number of memora de of understanding with oil companies that are non-binding and usually run for about six months.

In total, 22 of these MoUs have been signed with foreign oil companies and another eight with domestic players, he added.

Dehghan said these efforts yielded the first tangible result this month when French oil giant Total, China National Petroleum Corporation and domestic player Petropars signed a $2 billion agreement covering the South Pars Phase 11 development—a project that will eventually be expanded to a $5 billion investment over its 20-year contract period.

Meanwhile, two big tenders involving oil companies competing for interests are looming, the first covering the giant Azadegan field, for which about 20 players have been pre-qualified, and a second for the Yadavaran oilfield.

Separate to the opportunities for oil operators, Iran is also offering foreign engineering, procurement and construction contractors the opportunity to bid for a series of upstream infrastructure projects covering, for example, pipelines, compressors, offshore platforms and well workers.

About $5 billion of work is likely to be made available through this series of 27 tenders, according to Iranian officials.

On top of that, Iran is also set to offer 14 new exploration blocks in a new round to be run by NIOC’s exploration directorate that is set to launch within the next two to three months and will include acreage in the prolific Zagros and Kopeh Dagh regions as well as in the Persian Gulf.

VENEZUELAN state oil company PDVSA sees itself as a key low-cost supplier of heavy oil to the eastern hemisphere, an executive said at the World Petroleum Congress in Istanbul.

The country aims to position itself as a key provider of heav-ier crudes to growing markets such as China, India and the Russian Federation, according to Hector Andrade, executive director of corporate planning at the oil giant.

“We have the largest crude-oil reserves on the planet. The oversupply right now is mainly related to light oil,” Andrade said during a plenary session at the event, where the company showcased its business plan.

“We have the largest crude-oil reserves on the planet. The oversupply right now is mainly related to light oil,” Andrade said during a plenary session at the event, where the company showcased its business plan.

He added: “Our vision is to be the primary provider of low-cost heavy oil around the world.”

Venezuela has faced its share of economic and political struggles lately, with economic stagnation and high levels of state control by President Nicolás Maduro, successor to Hugo Chavez.

However, it still possesses the world’s top oil reserves at more than 300 billion barrels, some of the lowest production costs, Andrade highlighted.

Using numbers from 2015, the average production cost for PDVSA was about $10 per barrel, given the upgrade process for heavy oil.

However, when heavy oil assets are mixed, the cost of production stands at below $5, he explained.

“We have other things to solve, but the cost of produc- tion, and the low oil price is not an issue for us,” Andrade added.

PDVSA has teamed up with partners in a range of joint ventures, which include 23 foreign companies and production of 1.3 million barrels per day.

The company said its “most conservative” aspiration is to add production of 1 million bpd over the next seven years.

For that goal, it is also seek- ing additional partnerships, Andrade said.

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SAFETY

Work practices in focus with new safety report

US Center for Offshore Studies data report part of industry drive to revamp rule-based system

KATHRINE SCHMIDT
Istanbul

WORK practice issues made up some of the most common complaints documented by data recently compiled by the US Center for Offshore Safety, an industry-funded safety organisation.

Compiling the data on safety-related incidents threw up some interesting results for the group, director Charlie Williams told an audience at the World Petroleum Congress in Istanbul, with the data collated not by type — such as falls or spills — but by cause.

Common complaints included work practices often being incomplete, outdated or carried over from another facility, Williams said, referencing four years of data collected by the US offshore industry since the 2010 Macondo disaster. Supervisors were found to not be visiting worksites often enough, while employees were not considering how their decision could affect the broader project risks, the data showed.

The data report is part of the industry’s efforts to revamp a largely rule-based system that has focused on traditional workplace metrics such as slips, trips and falls, but also to take a wider view to bear in mind the global picture to avoid major incidents, Williams explained.

"People want to be safe and make good decisions," he said, with strong organisations giving them the tools to do so.

After Macondo, companies were required to phase in safety and environmental management systems (SEMS) that were verified by third-party audits, instead of meeting regulations.

These days companies are still working to implement these goals, and engage both contractors and workers at all levels in the process.

"You don't have to be the king of the rig or the king of the field," Williams said. "You have a team-based decision."

ENSCO has secured contracts for three of its drillships for work off West Africa with major oil companies Shell, Chevron and Total.

The UK-based rig contractor’s final newbuild drillship DS-7 has been lined up by Shell for work off Nigeria starting in the first quarter of 2018 under a firm one-year charter with five one-year extension options.

In addition, Ensco is reactivating its previously stacked drillship DS-4 for a two-year contract with Chevron off Nigeria starting next month, with a one-year extension option.

The drillship DS-7 will return to work for Total from next month to drill one well off Ivory Coast with an estimated duration of 60 days under a firm deal lasting until November, with another one-well option.

Data: COS executive director Charlie Williams
Photo: COS

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WPC Daily News
Wednesday 12 July 2017
Russians remain positive

GAZPROM NEFT STRATEGY

RUSSIAN state-controlled oil producer Gazprom Neft has scaled down its foreign investment activity as a result of lower international oil prices, according to a company executive, writes Vladimir Afanasiev.

However, the company continues its search for international partners for joint research efforts in oilfield science and technology.

Speaking on the sidelines of the World Petroleum Congress in Istanbul, Gazprom Neft deputy executive board member Vladimir Baryshnikov said the company’s main priority is its significant resources base in Russia, which it can develop effectively.

Most of the foreign upstream projects that the company has recently considered to invest in have produced lower returns and profitability than Gazprom Neft can achieve in Russia on its greenfield sites in West Siberia’s Yamal-Nenets autonomous region, said Baryshnikov.

In the past two years Gazprom has started oil production at the Pirazlomyoje field in the Pechora Sea in the north and the Novoportovskoye field on the remote Yamal Peninsula, which together helped the company become Russia’s fastest growing oil producer.

Baryshnikov said Gazprom Neft continues to operate the Badra oilfield in Iraq where production started in 2014, and carry out geological exploration on the three Garmian, Shakal and Halabja blocks in Iraqi Kurdistan.

The company is also a controlling shareholder in Serbia’s Nafina Industrija Srbije (NIS), which is one of the largest vertically integrated energy companies in southeast Europe.

While Gazprom Neft is happy with its NIS investment, returns under its control are still too small to present a significant growth opportunity for Gazprom Neft, Baryshnikov said.

While the Russian producer has been in contact with Saudi Aramco since March, there is no indication as yet that it will be permitted to invest in Saudi upstream projects, he added.

Instead, both companies have been researching opportunities for co-operation in oilfield science and technology, and are gradually moving towards signing an agreement, according to Baryshnikov.

In June, Gazprom Neft signed a set of agreements with the UK’s national oilfield service providers, seeking access to latest oilfield recovery and drilling technology to tap its Arctic conventional and West Siberia unconventional oil reserves.

Baryshnikov acknowledged that being state-controlled gives Gazprom Neft better operating, fiscal and resource access terms in Russia against domestic privately-held peers, such as Lukoil.

SECTOR players are seeing reason for optimism in financing for the oil and gas industry as the market continues to grapple with the downturn, speakers told audiences at the World Petroleum Congress in Istanbul.

Larger independent oil companies have pared down and strengthened their balance sheets in the wake of spiraling project costs, as lenders have become more conservative and stringent with their requirements, speakers said.

"The return to shareholders, whether they be government entities or retail or institutional investors, have been much lower than cost of capital," said John Martin, senior vice president of the World Petroleum Council. "Lenders have become more cautious to the sector."

However, there has been a resurgence of activity, with “a lot more focus on returns”, he said.

In one panel, speakers presented the results of an expert workshop held last year in the UK, aimed at sizing up the state of the oil and gas finance sector.

Another kicked off with details on oil and gas investment from International Energy Agency director Fatih Birol.

Among its conclusions was the assertion that, despite challenges, there is still investor appetite, and “significant bank liquidity” remains for upstream operations. Other scenarios may have to rely on more “complicated” or “bespoke” solutions rather than “plain vanilla” financing deals, according to Osmar Abb, global head of oil and gas at Credit Suisse.

“The right projects for the right companies will still get financed in today’s environment,” he said. However, certain areas of the industry have been hit harder than others, with financing remaining a challenge for the likes of independents and small-cap explorers.

As a result, speakers pointed to a “record backlog” of initial public offerings, particularly in the US, that might yet transpire if access to capital loosens up. “It does seem to be a cycle of boom and bust in terms of capital access,” said Peter Gaw, managing director, global head of oil and gas, at Standard Chartered Bank.

“You’re a darling one minute, you’re not a darling the next minute.”

Emerging markets can also face a harder time attaining financing, panelists said, and deals can require more time and patience.

Some of banks’ restrictions stem from regulatory requirements that require certain financial metrics to complete a deal.

Private equity, however, is a rising force in the sector that could help bridge the gap.

While it has been dominant in the US shale sector, there have been signs of interest in expansion to the offshore and international markets.

Other potential contributors could be hedge funds or sovereign wealth funds that may help line up financial backing, Gaw suggested.
Innovation key for future

Major companies pushing for more research and development to help industry’s competitiveness

ANAMARIA DEDULEASA

Big players in the oil and gas industry are pushing for more research and development that is necessary to drive innovation and the future competitiveness of the sector.

Speaking at a session at the 22 World Congress Petroleum in Istanbul, Yuri Sebregts, Shell’s chief technology officer, said R&D is of paramount importance to an industry that requires more and cleaner energy.

“Shell, we see this as both a competitive and a collaborative. In our deep-water business, where we have the full intention to grow, we need to sharply reduce costs. We can do this by developing large engineering technology in collaboration with other players,” he said.

In the current low oil price environment, however, Sebregts said that collaboration is also essential.

“Collaboration is key to innovation,” he said. “Our industry will require much innovation to meet the demand for more and cleaner energy. As a competitive industry, we will need to attract the capital required for this. There is room for in-house R&D, and collaborative R&D in this area.”

“My belief is that the skills to collaborate efficiently is in itself a good competitive strength,” Sebregts said.

Tom Schuessler, president of upstream research at ExxonMobil added: “Anyone can see that research is necessary to drive innovation, but it’s difficult for companies to sustain research. Innovation is the lifeblood of corporate success, but research is what keeps the blood flowing.”

According to Schuessler, ExxonMobil’s R&D in-house team improved drilling rates by more than 80% from a decade ago and as a result has made savings of $2 billion, proving the department’s worth.

“Looking forward, our industry, are stakeholders, and governments simply must continue R&D investments,” Schuessler said.

Speaking at the same session, Nasir bin Haji Darman, chief technology officer at Petronas, said: “At Petronas, technology has been used to ensure a sustainable future for the company. Take for example our upstream business, where we need to squeeze oil until the last drop. We have developed technology that can recover as much oil as possible and do so at $50 per barrel. “For the gas segment, where we need to develop small gas fields that could potentially be costly, we built the world’s first floating liquefied natural gas unit,” Darman said.

“As for the future, we believe we will be talking about digitalisation. “That is why we created an R&D programme with the aim of reducing out operating costs by 50% compared to 2016 costs.”

Photo: BOSCH REXROTH

Lab work: R&D is a major focus for the oil and gas industry

Photo: BOSCH REXROTH

Lab work: R&D is a major focus for the oil and gas industry

Photo: BOSCH REXROTH
Recovery boost for projects

The outlook for global oil and gas projects and capital investment has improved this year on the back of the oil price recovery and an upturn in activity, according to Oil & Natural Gas Corporation’s (ONGC) managing director, Dinesh Kumar Sarraf, as he wrote in an article.

“However, only the best projects are passing the final investment decision test, Sarraf told the 22nd World Petroleum Congress in Istanbul.

“This will translate to an expected continuing fall in global upstream capital investment, which is forecast to slide annually from around $430 billion this year to some $360 billion in 2021, according to Global Data.

ONGC itself is “defying industry trends” and has embarked on the $8 billion-plus KG-DW-98/2 Cluster 2 project, which it is hoped will help contribute to Prime Minister Narendra Modi’s ambitious aim of reducing India’s hydrocarbon debts by 10% by 2022.

The Cluster 2 project is aiming for peak production of 79,000 barrels per day and 15.7 million cubic metres per day of gas after coming on stream in June 2019.

ONGC is also drawing up plans for the $12 billion ultra-deep water Cluster 3 development that would add a further 19.5 MCMd of gas production from the offshore Krishna Godavari basin block.

The Indian state-owned company in the last financial year drilled its highest level of wells while managing to achieve drilling speed gains of 25% and reducing its costs per well by 37%.

“What is different is that it has a rhythm, a different metric to it,” he told delegates.

Sarraf added that cost deflation in the services sector and internal efficiencies have helped to reduce the global breakeven costs of projects by $10 per barrel to a weighted average of $51 per barrel since the oil price peak in 2014.

Chief executive Patrick Pouyanne says if operators keep a tight rein on break-even costs then giant deep-water fields can be attractive investment options

CAPITAL markets are driving the current surge in shale production, which is set to see the US record its highest ever daily output level as soon as later this year, according to analyst stalwart Daniel Yergin, as he wrote in an article.

“The US shale really is a big part of the new oil and gas industry,” the vice chairman of HIS Markit said at the World Petroleum Congress in Istanbul on Tuesday as he contemplated the major changes to the market in recent years.

“I think what has been harder to come to terms with is that this is a different oil industry — it has a different dynamic, a different rhythm, a different metric to it,” he said. “What we have is a multi-cycle oil industry. The short cycle is dominated by different players, such as the independents, and has remarkable resilience — it is not a $70 (per barrel) business, it is a $40 to $50 business,” he said.

The US liquids-rich unconventional market — such as in the Permian basin and Delaware sub-basin — is virtually the only sector in the oil industry attracting significant new investment these days, and it has attracted a new class of player.

“What is different is that it has a different cash machine — there is a very high impact from private equity financing it, and we are talking about tens and tens of billions of dollars. To give you an example of the impact, when oil prices had reached their bottom and the drilling rig numbers went to their lowest level of around 800 and then increased by 300 rigs, 290 of the new rigs that came back into operation were financed by private equity, not by traditional oil companies.”

Capital markets players have been drawn into the shale plays due to their short-term cyclacity as well as significantly reduced production costs through technological advancements in drilling and completions. This has seen US production rise, and Yergin predicts it will soon reach a peak.

“The numbers are quite striking. Just looking at the state of Texas, 10 years ago Texas produced 1.2 billion barrels per day; today Texas produces more than 3 million bpd — and that is just one state.”

Yergin said HIS Markit predicts that US production will be up this year by about 1 million barrels a day.

“Either later this year or early next year, the US will reach the highest level of production it has ever reached in history, exceeding its highest level in the early 1970s.”

However, he cautioned: “We do think that growth in the US will actually be lower — we are outside the consensus in that view for a number of reasons.”

Shale expansion is fuelling current surge in capital

The US shale realty is a big part of the new oil and gas industry,” the vice chairman of HIS Markit said at the World Petroleum Congress in Istanbul on Tuesday as he contemplated the major changes to the market in recent years.

“Leading Through Change”
The troubled political situation in Brazil that is shaking the foundations of the administration of President Michel Temer will not derail the country’s ambitious plans to host three bid rounds later this year, writes Fabio Palmigiani.

In a speech at the 22nd World Petroleum Congress in Istanbul, Decio Oddone, director general at Brazil’s market regulator ANP, said that even though the country is going through extremely challenging times in the political spectrum, the bid rounds will occur as scheduled.

“We don’t need any additional political decision to go ahead to conduct the 2017 bid rounds. We are opening up a new era in exploration activities in Brazil,” said Oddone at a plenary session.

Temer has been fighting for his political survival ever since evidence emerged in late May implicating him directly in high-level corruption schemes. Two weeks ago, Temer was formally charged by Brazil’s Attorney General Rodrigo Janot.

Despite the political uncertainty, the rounds are set to go ahead. On 27 September, the ANP will offer concession contracts for 287 offshore and onshore exploration blocks, estimated to hold unリスクed volumes of 50 billion barrels of oil in place, in the 14th licensing round.

A month later, on 27 October, Brazil will host two coveted pre-salt rounds simultaneously, featuring eight large areas under production sharing agreements.

In order to make the rounds more appealing, the ANP has sharply reduced local content requirements and sweetened terms to try to attract as many players as possible.

“We need to create a very dynamic market, and we want to create opportunities for small and mid-sized companies,” he told the audience.

The ANP expects to raise billions of US dollars in signature bonuses with the three offerings, especially in the pre-salt polygon.

Output in the prolific pre-salt province topped 1.5 million barrels per day of oil equivalent from 75 wells in May, less than seven years after first production from the Lula field.

Nevertheless, Brazil remains an underexplored country where it comes to upstream activities, something that Oddone hopes to change in the future.

“We have a new exploration and production policy which features a calendar with 10 bid rounds scheduled from 2017 to 2019. We have less than 30,000 wells drilled in Brazil. We still have two virgin basins,” he said of the Madre de Dios and Peru-nambuco-Paraiba basins.

On a more global perspective, Oddone said that even though natural gas is gaining momentum, the world will continue to need oil as the main source of energy for many years to come.

Oddone said: “The energy mix will eventually change, and the industry will change too. Many are saying large amounts of oil will be left unexplored, so these reserves need to be produced sooner rather than later.”

“We no longer discuss peak oil. Ours is a time of big changes and the challenges ahead of us are huge.”
Young talents to shape the global energy future

SHAPING the global energy future by bringing together the passion and talents of industry students, young professionals and emerging leaders. This motto was at the heart of the volunteers who designed and ran the programme of the 22nd World Petroleum Congress Young Professionals Lounge (B4, the Bridge). The lounge has been officially opened and is now welcoming all generations to meet and exchange ideas on the future of the industry.

Yesterday morning students and young professionals met with HR managers and industry experienced professionals to fine tune their CV and to learn how to stand out from the crowd as they enter their journey into the oil and gas industry. Turkish Petroleum and BP will share their expertise and global experience during technical tours. These tours are intended to lead attendees on a journey through the entire petroleum value chain.

Yesterday afternoon, after the official opening of the lounge, the winning team of the Olympics Hieropolis was awarded. Two former World Petroleum Council Presidents visited the lounge to share their experience and views with the students and young professionals. Dr Jozsef Toth brought his perspectives to share his views on the new generation’s challenges with Dr Anatoly Zolotukhin (Gubkin State University of Oil & Gas) and Sezer Sevinc (Turkish Petroleum), in a session moderated by Esra Essel. Renato Bertani shared his perspectives on Petroleum Economics at the Bridge Auditorium, a panel led by John Martin (WPC) that included the views of Dr Ivan Marten (BCG), Timur Topalgoeckel (Hello Tomorrow) and Dr Abhishek Deshpande (Natixis).

After the technical tours at SOCAR and the National Iranian Oil Company, the Young Professionals’ Lounge ended the day with career guidance, Schlumberger awards, and further details.

Stephane Rousselet Chair of the WPC Young Professionals Committee

Disruptive Technologies – Young Professionals main session

IN A world that is ever more connected and interdependent, fast changes in one area have wider and deeper consequences than ever before. The impact of social media on election outcomes around the world and the “uberisation” of society are but a few examples.

Very visible changes on the ground include the electrification of transport. Other sectors may follow in their quest to decarbonise. Solar and wind electricity generation have surprised the world with rapid cost decreases and uptake rates.

The next years will show whether gas will remain the flexible electricity generation of choice. The energy industry, by its very nature of powering society, will be affected by the many technology changes lying ahead, both on the supply and the demand side.

Electrification, on the one hand, and defossilisation of electricity on the other, are just two trends the oil and gas industry faces.

Different competitors will come to play both in the shape of different energy sources as well as different business models. Are we prepared for the impact, and informed on the possibilities, that the technology revolution will bring to the new digital oilfield?

Are you curious in what ways the future may unfold and how the oil and gas industry is equipped to deal with these changes? Join the Young Professionals main session on Thursday 13th July 14:15-15:45 in Hall One to hear perspectives from senior industry leaders and young professionals.

WPC Social Responsibility Programme, 12 July, 2017

School Children showcased their unique projects about the “Future Energy Solutions” at the SR Global Village (right)

SR PANELS

The Social Responsibility Programme will feature a number of presentation panels at the Bridge Auditorium located next to the SR Global Village stand. Selected companies are invited to share their experiences, and provide case studies of practical engagement and joint projects with local communities and other stakeholders.

Innovative approaches to SR challenges and providing access to energy and alleviating energy poverty panels are concluded with the participation of distinguished moderators and speakers.

Upcoming SR Panels at the Bridge Auditorium

- July 12th, 10:30-11:30
  Ethics and Human Rights
- July 12th, 10:30-11:30
  Protecting the Environment

- GREEN PEDALS ARE WAITING FOR YOU AT THE SR GLOBAL VILLAGE

Your phone is out of charge - no worries. Come and join us at the SR Global Village to charge your phone by creating your own energy.
On the eve of WPC 2017, Upstream surveyed many of the leading figures in the international oil & gas industry on topical issues shaping the sector. ONGC managing director Dinesh K Sarraf responds

UPSTREAM: What impact will climate concerns have on the operations of oil and gas companies over the next five years and beyond? Does the US decision to pull out of the Paris accords actually change that outlook?

SARRAF: The upstream sector has always been about expectations of uncertainty, but today’s volatility of prices and returns is a substantial change. As the industry adjusted to the extent that companies can operate profitably in the current lower price environment for oil and gas? If not, what more needs to be done and by whom?

UPSTREAM: Is gas becoming more attractive than oil for companies and, if so, what implications does that have for the business?

SARRAF: Surely so. Gas is going to become increasingly critical to building resilient portfolio for oil and gas companies in this new energy environment. It is cleaner as well as more abundant.

Many of the more promising and significant hydrocarbon discoveries of the past few years are gas-rich, be it the Mozambique Rovuma basin discoveries, Egypt’s Zohr field, or our own deep-water discoveries off India’s east coast. Demand for gas is also rising in major emerging economies and growth engines such as China and India.

UPSTREAM: Can large-scale multi-billion-dollar conventional oil and gas developments, including in deep waters, compete for capital against short-cycle shale and unconventional developments in the US and beyond?

SARRAF: Conventional oil and gas activity has been seriously affected in the aftermath of the price crash. Conventional wildcat exploration has been cut as much as 60% in 2016 from 2014 levels. Lack of investment in the past couple of years could result in a tight market a few years down the line, as anywhere between 2 million and 3 million bpd of crude supplies are trapped in such pre-final investment decision projects globally.

This situation is compounded by the proposition of short-cycle turnaround and quicker cash flows that the US unconventional segment presents in contrast to the high upfront costs and long payback periods of most conventional projects. But I still believe that there is sufficient room for conventional project development. Not only do they offer scale but also long-term cash flow. And recent project approvals and development in key global projects indicate that there is room for growth of conventional projects.

The deep-water arena, which was the most severely affected, is also picking up. ONGC’s decision to develop the large gas finds in KG basin deep-water block KG-DW-987-2 off India’s east coast reinforces the industry’s positive outlook for the conventional sector.

UPSTREAM: Where do you expect the oil price to be by the end of this year? And by 2020? Why?

SARRAF: It is difficult to predict the future of crude oil. The forecasts vary — some say a lower for longer, some a gradual rise — so prices can be anywhere from $45 to $80 per barrel. But it is unlikely we will see a period like 2010-14 of consistently high prices of above $100 per barrel.

Notwithstanding prices, our focus will remain the same — greater efficiencies in operation, better cost discipline and more robust and streamlined project execution. Together these should ensure our operations are leaner and more resilient to any market environment.
TOTAL global energy investment in 2016 was about $1.7 trillion, 12% down on the previous year in real terms and accounting for 2.3% of global gross domestic product, according to the International Energy Agency (IEA).

Many in the oil and gas industry had hoped to see a resurgence in spending in 2017 after two years of declines, IEA executive director Fatih Birol told an audience at the World Petroleum Congress. However, the numbers for this year are expected to be “more or less flat”.

Unfortunately, we do not expect a major rebound in expected investments in 2017,” he said.

Upstream oil and gas investment fell by more than a quarter, while there was a 9% increase in spending on energy efficiency and a 6% hike in electricity networks, according to the International Energy Agency (IEA). Energy Investment 2017 report released this morning.

Energy investment fell by more than a quarter, while there was a 9% increase in spending on energy efficiency and a 6% hike in electricity networks, according to the International Energy Agency (IEA). Energy Investment 2017 report released this morning.

On the other hand, projects in Angola and Nigeria — the two largest oil provinces in West Africa — are still suffering from high costs, exacerbated by local content requirements and unfavourable fiscal terms, said the IEA.

Similarly, activities in Southeast Asia are not expected to rebound quickly due to regulatory uncertainties and a resource base that is more gas-oriented and less economically attractive due to oversupply in regional markets and competition from large liquefied natural gas supply facilities in Australia.

The agency noted that the offshore sector, especially deep water, seems likely to remain in a transition phase given there are several important changes taking place that are encouraging a wait-and-see approach on the part of many operators.

These changes are said to include a scaling down of the size of new projects, standardisation of facilities and equipment, fewer wells, optimisation of project design and enhanced efficiencies from industry level collaboration.

Only seven offshore projects have taken their final investment decision in 2017 and all but one — Leviathan in the Mediterranean — are for small field developments.

The IEA questions whether the industry is investing sufficiently in exploration to meet future supply needs. Exploration spending had already halved in 2016 to around $60 billion compared with its historic peak in 2014.

“A further contraction of 7% is expected in 2017, bucking the overall trend in the upstream sector,” said the report.

The share of exploration in total upstream spending is set to reach around 12% in 2017 — the lowest level for more than a decade.

Total discoveries of conventional oil last year fell by half to 2.4 billion barrels — a decline said to be “all the more dramatic” considering that 2015 saw the lowest level of discoveries for more than 60 years.

Forecast: IEA executive director Fatih Birol speaking at WPC yesterday

Photo: TOLGA SEZGIN
‘Serious attack’ at UK rig

A RIG owned by UK shale gas explorer Quadrilla Resources has reportedly been vandalised, potentially slowing down the company’s plans to carry out hydraulic fracturing in northern England, writes Anamaria Deduleasa.

A “serious attack” took place in May when a person illegally entered the facility where the rig was being kept, UK publication The Guardian reported.

“A large amount of criminal damages” were reportedly caused to the rig. Police are investigating but there have been no arrests so far, according to the report.

Quadrilla has not confirmed or denied the reports.

The company started construction work at the Preston New Road site, in Lancashire, earlier this year.

The explorer is also expecting a final decision on a nearby second site, Roseacre Wood, after a delay. Drilling at Preston New Road was expected to start in the second quarter of 2017.

Operations there have started despite increased opposition from locals and environmental groups, which have been protesting against the development of shale gas in the region.

Campaigners have blocked the company’s sites several times over the course of the year, with several protesters arrested for trespassing.

Quadrilla is one of two companies that have been given permission to frack in the UK. Third Energy, which plans to drill at a northern England site, has been faced with protests and lawsuits from the local community and environmental groups in an attempt to delay the company’s drilling plans.

A third shale gas company in the UK, Egas, only has permission for exploratory drilling for shale gas, although it too can apply for a fracking permit if its findings prove promising.

DeepOcean pipe deal

DEEPOCEAN has secured a contract with Statoil to carry out an underwater tie-in of the oil export pipeline for the under-development Johan Sverdrup field off Norway.

The Dutch contractor will use its subsea construction vessel Edda Freya to perform engineering, procurement, construction and installation work due to be carried out in 2018 or 2019, before the scheduled start-up of the North Sea field in late 2019.

The workscope entails delivery of a 36-inch oil export spool piece with the remote hyperbaric tie-in of the pipeline to the field’s riser platform.

No value was disclosed for the deal.

Cairn nets oil pay but results fail to excite

UK-based explorer drills Fan discovery probe off Senegal that hits target but reservoir falls short of expectations

Cairn Energy has hit oil pay with an exploration well drilled at its South Fan prospect off the coast of Senegal, although results apparently fell short of expectations.

The Fan South-1 probe sunk by drillship Stena DrillMax, which was targeting a pre-drill oil resource estimate of 134 million barrels, struck a Lower Cretaceous hydrocarbon-bearing reservoir containing 31-degree API oil, the London-listed explorer said.

The probe was drilled to a total depth of 3343 metres in a water depth of 2175 metres in the Cairn-operated Sangomar Deep offshore block, to the south of the earlier Fan discovery.

It was targeting dual prospects — an Upper Cretaceous stacked multi-layer channelised turbidite fan prospect and a Lower Cretaceous base of slope turbidite fan prospect, similar to the Fan-1 oil discovery in 2014.

However, the well failed to hit pay in the Upper Cretaceous, prompting analysts at GMP First Energy to state in a note that “net pay was less than expected at the lower end of the potential range” and the reservoir quality mixed. As a result, the company said market reaction was “slightly negative”.

“The commerciality of Fan-1 was already uncertain and it is not clear if Fan South-1 is improving the picture as the encountered volumes are much less than expected,” it stated.

Edinburgh-based Cairn said: “Further work is being undertaken to integrate this discovery with Fan-1 to establish the potential commerciality of the deep-water basinal resource seen in these two wells.”

Oil samples were taken from the latest well, which is now being plugged and abandoned.

The probe — the first exploration well to be drilled since the Fan-1 and SNE-1 discoveries in 2014 — was the fourth of the current drilling campaign and the 10th hole to be drilled overall off Senegal by Cairn and its partners.

Three appraisals have previously been drilled, mainly at the SNE field, under the current campaign that started in January this year. Cairn estimates the SNE field alone could hold gross oil in place of more than 2.7 billion barrels.

Australian partner Far Ltd’s managing director Cath Norman said: “The discovery of oil in Fan South-1 yet again verifies the quality of the oil and gas generating system in our offshore Senegal permits and is another significant result.”

“The basinal fan play off Senegal is clearly a very large, but technologically complex system, which will require further evaluation to understand the commerciality of this deep-water basin area.”

The Stena Drilling-owned drillship will now move on to drill the SNE North-1 well targeting the Sirius prospect, about 15 kilometres north of the SNE-1 discovery, well, with prospective oil resources of 294 million barrels.

The probe will be drilled in a water depth of 900 metres and to a total depth of 2800 metres.

The fresh prospect is on trend with the SNE field and will be the most northerly location tested to date with drilling work across the acreage.

Norwegian company Petoro said: “A large amount of criminal damages” were reportedly caused to the rig. Police are investigating but there have been no arrests so far, according to the report.

Quadrilla has not confirmed or denied the reports.

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Project investment calls are set to double in 2017

The number of operators making final funding decisions is on the rise this year

**Josh Lewis**

Perth

The number of projects reaching a final investment decision is on the rise this year, according to research by consultancy group Wood Mackenzie.

Wood Mackenzie claims the number of projects being sanctioned in 2017 could more than double to 25, compared with just 12 last year.

The number of projects progressing to a final investment decision has already surpassed last year's figure, with 15 projects sanctioned in the first half of the year.

The sanctioned projects have been smaller in size overall, equating to about 4 billion barrels of oil equivalent of reserves compared with 8.8 billion boe over the 12 projects sanctioned last year.

However, Wood Mackenzie believes up to another 10 projects could reach a final investment decision before the end of the year, which would give over 31 billion boe of reserves.

Wood Mackenzie Asia Pacific research director Angus Rodger noted project capital sanctioning year-to-date are either brownfield expansions on existing fields, satellite developments or operate on a stand-alone basis.

"Not only are these projects less risky than greenfield developments, they also tend to be less capital-intensive and are quicker to bring onstream, offering a quicker payback and better returns on development dollars," Rodger noted.

Bourbon joins Hronn team to develop new support vessel

French vessel owner Bourbon has joined Norway's Kongsberg and UK-based Automated Ships Ltd (ASL) to develop an autonomous offshore support vessel prototype, writes Josh Lewis.

In a joint press release on Tuesday, the companies said Bourbon was joining the team to provide detailed input to the development and design of the project, which has been dubbed Hronn.

It is expected Bourbon will use its expertise in building and operating a standardised fleet, as well as its customer experience to help the project meet client demand. Bourbon and ASL will also search jointly for subsidies to finance the effective construction of the prototype.

Meanwhile, Kongsberg will bring its technology expertise to the table and deliver all major marine equipment necessary for the design, construction and operation of the vessel. It was reported last year that Norway's Fjellstrand yard was in line to build the autonomous OSV, which could be used to service the offshore energy, hydrographic and scientific industries.

The vessel could also be used as a support ship for remotely operated vehicles and autonomous underwater vehicle operations, and as a standby vessel to provide firefighting support to an offshore platform working in co-operation with manned vessels. The current design of Hronn envisages a steel mono-hulled vessel, which is believed will provide more payload capacity and greater flexibility in the diverse range of operations compared to the original catamaran design touted at the project launch last year.

The joint venture will use Norway's officially designated automated vessel test bed in the Trondheimsfjord to carry out sea trials of the vessel under the supervision of DNV GL and the Norwegian Maritime Authority.
INTERVIEW

On the eve of WPC 2017, Upstream surveyed many of the leading figures in the international oil & gas industry on topical issues shaping the sector. Tatneft president Nail Maganov responds.

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As the industry adjusted to the extent that companies can operate profitably in the current lower price environment for oil and gas? If not, what more needs to be done and by whom?

MAGANOV: Based on the results that oil producers demonstrate today, I believe the industry has adjusted to the low price environment. As far as Tatneft is concerned, we have adopted a new strategy that calls for an increase in oil production to 30 million tonnes (219 million barrels) by 2025. However, we have had to put the brake on our strategic plans because we have to comply with Russia’s share of reduced output under the [November] agreement between Opec and non-Opec producers.

Based on the current high market volatility and external risks, we have revised our approach to investment programmes, selecting those with high efficiencies and providing the largest profitability. We have implemented a number of steps to optimise and reduce operating costs that permits us to reduce external [price] risks and maintain financial stability. In harsh conditions, we have put the emphasis on our internal staff, as much as possible, its own experienced staff.

UPSTREAM: What impact will climate concerns have on the operations of oil and gas companies over the next five years and beyond? Does the US decision to pull out of the Paris accords actually change that outlook?

MAGANOV: In my view, heads of major international oil producers have formed a uniform approach to this challenge. In the mid-term, the response has been the high utilisation of by-pass gas, the introduction of modern and effective waste treatment plants and other technological and management innovations.

In the long term, we are set to see the gradual increase of alternative energy sources. It goes without saying that oil producers will adapt to these challenges as more interesting possibilities for business diversification open. At the same time, estimating the growth of global wealth and population, we do not expect any reduction in the world’s demand for oil in the next 20 years. The Paris climate agreement has become a prerequisite that can contribute to the formation of legislative initiatives to reduce greenhouse gas emissions at national level.

The US exit from this global agreement will negatively affect the adoption of [higher] environmental standards in the world, while the already slow process of de-carbonisation of the global economy may be further delayed.

UPSTREAM: Is gas becoming more attractive than oil for companies and, if so, what implications does that have for the business?

MAGANOV: Tatneft continues to prioritise the development of its oil business. The company also focuses on improving its oil refining, for which it is investing in a new modern refinery, Taneko.

We insist on regarding gas and gas condensate as by-pass products of our oil production [at the core operation region in Tatarstan]. Gas development projects in other regions are considered only in terms of their economic feasibility.

UPSTREAM: Can large-scale multi-billion-dollar conventional oil and gas developments, including in deep waters, compete for capital against short-cycle shale and unconventional developments in the US and beyond?

MAGANOV: I do not believe that investments in the development of shale oil are more effective and environmentally safe than spending on conventional oil. Tatneft has traditionally produced conventional oil, however, we are working on geological exploration and commercialisation of heavy bitumen oil and unconventional oil reserves on our licence blocks.

The intensity of such unconventional oil activity depends on its economic effectiveness.

UPSTREAM: What financing challenges does the industry face and will mergers and acquisitions?

MAGANOV: There are number of challenges for the industry here. These are high costs and difficulties in raising banking and shareholder loans, related to increased industry risks, the worsening of the resource base, sanctions and re-nationalisation threats to oil producers from governments.

Mergers and acquisitions may temporarily resolve financial difficulties or increase the efficiencies of selected oil producers, however, they are unable to decrease industry risks for oil companies.

A new possible agreement between oil producers to reduce oil production may lead to a fall in oil price volatility. In the case of such an agreement, one may expect a reduced risk premium for the oil business. This in turn will permit companies to proceed with more oil development projects and to create additional value for shareholders and society.

UPSTREAM: Where do you expect the oil price to be by the end of this year? And by 2020? Why?

MAGANOV: Increasing oil production in the US and several other countries prevents the oil price from growing. Opec efforts to reduce the oil glut are offset by rising shale oil output and slowly growing production in Nigeria and Libya. The task of reducing global oil output to the average level for the five years will not be fulfilled in the near future. Some analysts expect the oil price to remain between $55 and $60 per barrel in such an environment. We tend to agree with such an assessment.  

Photo: VLADIMIR AFANASIEV
With budget restrictions and cost cutting featuring prominently on the business agenda it’s easy to do away with the ‘non-essentials’. Some say paid-for industry publications fall into this category. It’s easy to say no. But is it wise?

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