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Faroe well set to cost one billion Danish kroner -

Estimates predict it will cost up to one billion Danish kroner to drill the eighth well in the Faroes. Statoil is heading this project, which was scheduled to get off the ground this year, but has been postponed until 2012, as no suitable drilling rig was available. Statoil has now taken the decision to charter the brand new Chinese rig, the Cosi Pioneer, for this project. Apart from Statoil, the worlds largest oil company, Exxon Mobil is a partner to this group and possibly one of the worlds smallest, Atlantic Petroleum is also a partner to this massive project, which has to be the largest investment project in the Faroes ever. It is understood this project is so expensive due to the fact that drilling will penetrate very deep, very much deeper than the other wells drilling in the Faroes to date. The well, which among oil people is being referred to as Brugdan 2 or Brugdan Deep will be drilled in the same license, where Statoil originally drilled Brugdan in 2006. At the time it was necessary to terminate the drilling before reaching the set targets, due to technical difficulties, but gas was discovered the further down the drilling proceeded. It is this gas allure which is the driving force behind Statoil and the other companies to drill a much deeper well in the very near vicinity. The well is intended to be spudded in March or April and the drill time is estimated to exceed 100 days. At the moment Statoil is in the process of preparing tenders for the various tasks attached to such a large project. Negotiations are taking place with both Faroese and foreign suppliers. It is quite evident this large project will deliver a substantial income to the Faroe society, at least during the first half of 2012, and Statoil is adamant they will use Faroese companies to the extent they are competitive. Picture - Rúni M. Hansen is the Managing Director of Statoil Exploration Faroes