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Brugdu 2 drilling may extend into December

The current well drilling looks like it will extend well beyond the projected estimated time schedule. Last Saturday, the 17th of November, five months have elapsed since the Cosl Pioneer drilling rig spudded the well. The Statoil manager, Mr Rúni M. Hansen said on the radio that the drilling operation will probably last longer than anticipated and therefore Statoil has decided to extend all contracts with their subcontractors. Mr Hansen points out that they have experienced various operational challenges - -It is not always easy to predict exact estimations, when operating in a new area. It is a challenging well we are drilling and we are also drilling very deep this time and have progressed far, but we have experienced various obstacles, which we have spent more time on than we had expected to. There have also been various valve problems on the rig, which have taken additional time to resolve. Mr Hansen told the radio that Statoil has extended contracts with their subcontractors to the end of the year. He admits the Faroese weather could disrupt work on the rig even further. The Brugdan 2 well drilling is estimated to cost app. one billion Danish kroner. As the work has been delayed, this means the cost will increase even more. According to the radio interview, Mr Rúni M. Hansen does not wish to comment on what the preliminary drilling results from this large project will reveal. Prior to the drilling commencement, it was estimated the drilling would last for 4 to 5 months. It now looks like it will last for six months more or less. This will very much depend upon the weather over the coming period. It is understood that BP are experiencing the same problems with their well on the other side of the border. They have also experienced mechanical problems and drilling has been on-going for almost eight months now. It is estimated the North Uist well will also be very expensive. Both the Faroe oil companies are partners to

the aforementioned wells. Atlantic Petroleum holds a 1% stake in the Brugdan 2 well, while Faroe Petroleum holds a 6% stake in the North Uist well. By all accords it looks like the final results from these wells will not be forthcoming until the turn of the year.