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Huge contracts for oilfield development by the Faroe border

The American oil company Chevron has taken yet another important step to develop the massive Rosebank oilfield, just a few kilometres from the Faroe border. Chevron has just awarded several huge contracts, totalling several billion. Among the fortunate companies, which have landed a contract is Aker Solutions, where a large number of Faroese work; the American Cameron International and the French company Technip. The large majority of these contracts concerns equipment to install on the sea floor. This is the first step to develop a commercial production in this area, close up against the Faroe/UK border. A Korean shipyard has already been given the task of building an FPSO vessel and over the coming years many more contract will be awarded, before the Rosebank project achieves its final form. The intention is that this exciting and very challenging project will become a reality in 2017/18. Rosebank will then be a very important part of the oil production in UK waters. The UK energy Minister, Mr Michael Fallon says in a comment that the news from Chevron represents an important decision for the UK industry, which through the contracts will engage in large important and challenging projects. He is very pleased with the importance Rosebank will be for the British oil industry in general. For the Faroes this project is also important and very interesting, as it is located so close to the border and where Statoil intends to drill next year. The Faroe PM also mentioned this in his speech to the Faroe people on the national day, the 29th of July. It is also worth noting that three of the oil companies involved with Rosebank, Statoil, Dong and OMV, are also involved with next years pending well in the Faroes. These three companies hold a 30%, 20% and 10% share respectively. Chevron is the operating company and holds the remaining 40%. Rosebank was discovered in 2004 and although large investments have and are being made,

the final decision to develop and exploit Rosebank will not be taken until next year. Dong, which is an important player in the Faroes oil exploration effort, was the first company to administer the Rosebank license way back in 2000. Dong is now one of the most active oil companies on the North Atlantic Margin area and is a partner to many licenses and development projects. It estimates the Faroes sooner or later will discover oil and become part of the new oil province stretching from Shetland to the Faroes. It is now more than 40 years since exploration begun west of Shetland and several hundred wells have been drilled. However, few discoveries have been made, but some of them are among the most important producing oilfields in the UK, e.g. Foinaven, Scheihallion and Clair. They will now be joined by Rosebank, Cambo and Laggan/Tormore. The main reason why it has proved so difficult to make discoveries west of Shetland is first and foremost the difficult weather conditions in the area and the deep waters with strong currents and huge waves. The geology is also very difficult. All these things combined make it difficult and problematic to drill in the area and the cost is also prohibitive. The consultancy firm, Wood Mackenzie has previously estimated that investments in this UK area could run into 365 billion Danish kroner over the next few years. A large part of this money will go into the area west of Shetland and these are the largest investment amounts seen since the early 70-ies.