

Europe offers increased drilling opportunities

WHILE THE NORTH Sea is the most active European drilling market, there are several other regions that, while small in comparison, also provide increased E&P opportunities for drilling contractors. Among them are the Caspian Sea and Western and Eastern Siberia.

Future E&P opportunities are likely in the Caspian Sea, including a unique barge-mounted rig that would drill a series of wells on the edge of an artificial island.

Western Siberia is a growing market with Eastern Siberia expected to follow later, and there are new opportunities in Romania and Austria as well.



BP's Chirag platform has been operating offshore Baku, Azerbaijan since 1999 and currently produces 140,000 b/d of oil. A total of 19 wells have been drilled. As part of an ongoing program to improve drilling performance on the platform, KCA DEUTAG's deep drive conductors set world records in terms of total depth achieved and length of conductor penetration into the soil.

CASPIAN SEA

KCA DEUTAG is one of the most active drilling contractors operating in the Caspian Sea presently, with BP its primary client. The contractor operates two platform rigs on BP's Chirag and Central Azeri platforms. The company expects to grow during the next few years, with its continuing involvement in the East and West Azeri platforms.

"We see operating six platform rigs for

BP by the end of next year," said **Brian Taylor**, Group Director, UK, Norway, Caspian and Sakhalin for KCA DEUTAG. "We think by the end of next year we will have about 700 employees working from Baku."

First oil from the Central Azeri platform was achieved last February following installation of the topsides and drilling package in October 2004. KCA DEUTAG completed several wells in order to commence production and have drilled several wells since then on their way to completing a dozen wells by the end of 2005.

The company is also seeking opportunities to operate several land rigs in Azerbaijan.

TAG, received a FEED contract from **Agip Kazakhstan North Caspian Operating Company (Agip KCO)** for Tranche 3 of the Kashagan field calling for rigs that will be designed specifically to allow drilling operations in shallow water. They are unique in the fact that the drilling package, installed on a barge, will be skidded to each wellhead along the edge of an artificial island.

Each barge is 100 m x 75 m and will contain all drilling and marine equipment as well as crew quarters. The drilling rig will be capable of being skidded along the length of the barge to access each wellhead on the island by cantilevering over the well. KCA DEUTAG is currently tendering for the operation phase of the project.

Additionally, while the contractor's present activities are operating platform rigs for BP and others, the company is considering the possibility of expanding their Caspian Sea activities to include jackups as well.

The company is remaining flexible about its options, saying any expansion into the jackup market could take the form of either mobilizing an existing rig into the region or possibly a newbuild unit.

An existing rig would have to be disassembled to a certain extent to transport it through the canal system to the Caspian Sea, and there are weather windows to consider as well. A newbuild jackup could be constructed at **Keppel FELS' Caspian Shipyard Company**.

RUSSIA, OTHER EUROPE

Russia has been identified by KCA DEUTAG as one of the company's core growth areas, according to **Claus Chur**, the company's Director for Europe/Middle East & Russia. The Caspian Sea and the Middle East are the two other growth areas.

The company is already in the process of building a new Russian regional office in Tyumen, Western Siberia, to support and manage its onshore drilling operations in Russia. The office and yard facility are expected to be open by the third quarter 2005.

"In Western Siberia we operate three rigs," Mr Chur noted, "and the plan is to grow the fleet up to 10 rigs by 2007."

The company's three current rigs include the T-2000, a fully winterized 2,000 hp

unit that recently completed a contract in the Nadym area of Eastern Siberia for the Russian oil and gas company RITEK, a Lukoil subsidiary. The project was under subcontract to **Schlumberger Integrated Project Management**.

Additionally, the contractor recently took delivery of two BU-3900 series rigs, the T-390 and T-391, to fulfill a drilling contract from **Salym Petroleum Development NV**, a 50/50 joint venture between **Shell** and **OAo Evikhon**.

The rigs are drilling in the West Salym field. The two new BU-3900 rigs for the project were built in conjunction with the Russian construction company **Ural-mashzavod**.

The Salym fields, located in Western Siberia, include West Salym, Upper Salym and Vadelyp. The largest field is West Salym, which accounts for about 80% of the total estimated reserves. First oil is expected by the end of 2005.

Further rig fleet expansion will come from two new rigs dubbed HR-5000 that are being built by KCA DEUTAG's sister company **Bentec**. These rigs will bring the contractor's Russian fleet to five units. The HR in the rig series stands for



KCA DEUTAG's T-2000 was modified to work in the harsh Arctic climates in temperatures to -45°C. The fully-winterized rig recently completed a contract in east Siberia for the Russian oil company RITEK.

hybrid, which, the company says, "combines proven Russian rig building technology with advanced western rig components such as top drives and SCRs."

Mr Chur explained that while Western Siberia is underexplored, it is more underdeveloped. He also noted that the company's next step would be to enter

Eastern Siberia, however, that likely would not occur before 2007.

In other European areas, Mr Chur said that Germany and The Netherlands still comprise one of the company's core markets where they operate a total of eight rigs, six of which are working, five in Germany and one in The Netherlands.



KCA DEUTAG's T-47 rig operates from an artificial island in the Caspian Sea. The rig was recently modified to enable it to skid over all seven existing well slots.

However, while the two countries are a core market for KCA DEUTAG, he also noted that the company does not see the countries as growth areas.

"Germany and The Netherlands do not have growth potential," he said. "I would expect the activity as it is now to continue for a couple of years. On the mid-term, we must expect a straight line."

In another new development for the contractor, it recently was awarded a contract in Austria by OMV that will result in a new rig to be built specially designed for the contract.

The rig will be highly flexible with a "box-on-box" substructure with a bootstrap mast that can accommodate single, double and triple stands of pipe by adjusting the height of the mast by adding or removing sections.

One country that holds interest for KCA DEUTAG as well as others is Romania. The company notes that there is little opportunity for new exploration drilling but the country does hold the promise of development and production activity. The contractor has already discussed projects with a potential client in Romania.

Another contractor, **Crosco Integrated Drilling and Well Services Company** in Croatia, also is interested in pursuing business in Romania. The company's President and CEO, **Bojan Milovic**, believes Romania will be a strong, active market in the future.

"Except for Romania," he said, "we don't consider (Europe) a promising market.

"Romania has been the country with the best production in Europe," he continued. "I think with high oil prices there are some projects from the past that can bring some profits."

He noted that there could be some enhanced oil recovery (EOR) projects in the country in the future and anticipates that such activity might begin in 2006 or 2007.

Meantime, Crosco continues to operate two onshore rigs in Croatia and one rig each in Albania, Slovenia, Bosnia and one rig expected to begin operations in Hungary. Crosco has ten workover units operating in Croatia.

The contractor also has a jackup rig offshore Italy and one in the Adriatic Sea between Italy and Croatia. ■