

Well Slot – April 2011

At the time of writing it's all the sevens; seven E&A wells spudded to date in 2011, seven wells completed and seven wells currently operating or drilling.

Spudded in the year to date are three exploration wells and four appraisals. The seven wells currently active, down by three on last month are all utilising mobile rigs; one drill-ship, two semisubmersibles and four jack up units. Four of these current operations are carry-overs, the wells having spudded during 2010. The number of ongoing development/production wells, predominantly from mobile units, amounts to 20.

In the Northern North Sea, no change is reported as Total continues operations on Oban Well 3/15a-14, now three months in with Sedco 714 semisubmersible and Sterling's Cladhan Well 210/30a-4 with semisub Transocean Prospect now one month into its appraisal programme. Mid-month saw EnQuest's Don Southwest appraisal 211/18a-S8 abandoned and a development leg S8Z kicked-off by semisub John Shaw.

The drillship Stena Carron remains on station in over 5,100ft of water on Chevron's Lagavulin Prospect, Well 217/15-1, the sole E&A well active in these deep waters West of Shetland. The Well, chasing Tertiary sands spudded in early October 2010, although reports that a mechanical sidetrack was initiated due to downhole problems have been denied.

Three wells are currently active in the Central North Sea, a drop of two since the last report. EnCore is nearing completion on Well 28/9-4Z with Galaxy II jackup. Eocene oil was encountered in the initial leg and the find has been successfully appraised in the geological sidetrack 4Z. Marking the end of this current phase of activity on Catcher Block 28/9, the rig will be released. Maersk continues operations in the initial sidetrack of Culzean HPHT appraisal Well 22/25a-10 with jackup Ensco 101. Ahead of a planned back-to-back appraisal, a second sidetrack is to be drilled from the current location. BG's Jackdaw appraisal well 30/2a-8 with jackup Rowan Gorilla VI also continues operations, almost eight months since spud.

Switching from E&A to development drilling, semisubmersible Noble Ton van Langeveld abandoned Centrica's Jurassic Whitethroat exploration well 21/17a-6 after just 24 days, the rig moving a short distance to the north to drill a crestally-located production well on the operator's Goosander Field. Operations on Talisman's Josephine appraisal, Well 30/13a-9, with semi Ocean Princess were also completed, the successful well being suspended before the rig mobilising to development drilling on the operators Auk North Field in the same sector.

In the Southern North Sea just one unit is active on E&A drilling; jackup Ensco 80 on Sterling's Grian Prospect with Well 48/28b-2 targeting Rotliegendes sands. RWE's East Breagh appraisal, Well 42/13a-6, was suspended as a successful gas delineation before the jackup Ensco 72 was released, returning to port for upgrades.

The tax increases announced in the Budget have taken the UK industry by surprise. Superficially, in order to maintain share price and investor confidence, a small number of companies have publically put on a brave face. Overall, consensus of opinion is one that suggests longer term damage to the UK sector's E&P business just when the first glimmers of a recovery were appearing. Less than a year ago, the requirement for stability in the sector was acknowledged by the Chancellor, yet stability has gone out of the window with the 22 March proposals.

Amidst an expected backlash from players, the merest hint of tax breaks for marginal projects has surfaced, but already at least two marginal field developments are on the point of postponement, with more possible. These two projects alone will diminish the activity set and further undermine the confidence required to secure capital investment and optimally utilise the UK's remaining and not insubstantial resource.