

## **Pick-up round the corner...**

Seven exploration and appraisal wells are currently operating on the UKCS, an increase of two wells over the five wells last reported. Drilling these are 3 semisubmersibles, 3 jackup units and one drillship. The 2011 tally currently amounts to 15 starts (9 well spuds and 6 sidetracks) comprising 4 exploration spuds & 1 sidetrack and 5 appraisal spuds & 5 sidetracks.

23 production/development wells are currently operating, including batch drilling programmes, utilising a further 11 mobile units (9 semisubmersibles and 2 jackup rigs); the remainder drilling from existing platform facilities.

The drillship Stena Carron continues operation in the deepwater West of Shetland area on Chevron's Well 217/15-1Z, a mechanical sidetrack initiated on 22 January, on the Lagavulin Prospect.

In the Northern North Sea the semisubmersible Sedco 714 should, later this week, commence testing operations on Total's Well 3/15a-14 on the Oban Prospect.

The Transocean Prospect semisubmersible completed operations for Sterling on Cladhan appraisal sidetrack, Well 210/30a-4Y, abandoned as dry but assisting in delineation of the Jurassic accumulation. On 21 May the rig commenced operations on Well 210/30a-4X, the final leg in the current programme, designed to obtain further data on the southern sector of the main Cladhan "Northern Channel".

In the Central North Sea, Maersk's second geological sidetrack, Well 22/25a-10Y, on the Jurassic/Triassic HPHT Culzean accumulation continues, having kicked-off on 29 March with the jackup Ensco 101. BG Well 30/2a-8, an appraisal of Jackdaw and utilising the Gorilla VI jackup, has now been at, or at least close to, total depth of around 18,500ft since the second or third week of January.

Maersk has two wells active in the CNS with the spud of Courageous appraisal Well 30/2a-9 using the Noble Ton van Langeveld semisubmersible, on 7 May. The 23-day initial leg has been followed by sidetrack Well 30/2a-9Z, kicking-off on 29 May.

In the Southern North Sea, Tullow spudded, then (10 May) re-spudded Well 44/19b-7 on the Cameron Prospect, an exploration well close to the ConocoPhillips-drilled Harrison Discovery. Tullow's well, also chasing Carboniferous sands, is utilising the Ensco 80 jackup, previously in port.

West of Britain, in the East Irish Sea Basin, no activity is reported and the picture looks set to remain that way in the near – mid term.

At face value, activity levels to date in 2011 are certainly diminished if compared with recent years. This time last year, 19 E&A wells were noted as new spuds, with a further three sidetracked wells. Even during the 2009 downturn, the level of spuds matched today's figure and, indeed, 13 sidetracks had already kicked-off compared with just six so far this year.

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The slow start to 2011 certainly reflects a diminution in the appetite for exploration and, to a lesser extent, appraisal drilling on the UKCS in light of recent budget changes over which an increasing number of companies in the sector have voiced concern. Indeed, the situation looks likely to have impact further up the tree with some potential developments likely to be put on the backburner and even some existing production operations curtailed.

However, on E&A activity, even if the current employment of two or three drilling units on, by any standards, long-running wells is taken into consideration, there appears to be an additional factor coming into play. Although not necessarily in place, there are mutterings that the governmental approval process for drilling may result in a delay of three-months before wells are authorised to spud. If this is the case, it looks to be a direct impact of the US Gulf of Mexico incident at Macondo. Already the approval process itself has been reviewed and closer attention has, for some months been paid to drilling plans, especially those for deeper water drilling programmes. Whilst 14 E&A drilling plans have been submitted to date in 2011 for drilling, nine of these currently remain outstanding covering 8 exploration wells and a single appraisal. As the refreshed system gets into its stride, the process is likely to see a quickening in approvals being granted, but for now it may be contributing to a shortage of new spuds emerging.

Our forecast E&A pool currently stands at about 200 wells, of which at least 20% are commitments, some of which have near-term pressure as do a further 15 Fallow wells identified. The approval process is just one, albeit very significant, factor but activity levels will have to pick up to relieve the building pressure and the second half of 2011 might look very different from the first half.