

Industry Boost to High Technology Enterprises



David Ellix, Managing Director, ITF

Five high technology companies are to receive a major boost from the Oil Industry to develop new technologies vital to the future competitiveness of the North Sea.

On 24th August, David Ellix, Managing Director of the Industry Technology Facilitator (ITF), announced the launch of the first five collaborative technology development projects brokered through this oil and gas industry initiative. Over £900,000 will be invested by the oil companies in new technologies, which have the potential to make breakthroughs in North Sea drilling and production. This represents the first step towards the target of £4 million to be committed to 16 new projects before the end of the year.

ALSTOM Power, Maris International, Proneta, TWI and W D Loth & Co will each receive investment, facilitated through ITF, to support advances in drilling, well inspection, welding and sub-sea production technologies. Proneta, for example, will transfer space technology into the oil industry by developing an imaging tool, which can look through crude oil and allow equipment to be inspected down-hole.

The oil companies taking part this round of awards are Amerada Hess, BG

International, BP, Chevron, Conoco, Enterprise, Marathon and Shell Expro.

Ellix said, "This announcement marks the beginning of the process of developing and delivering the technology which the industry has identified as essential for its survival here. We will be announcing further project launches in the coming months"

Jon Turnbull, Technology Unit Leader, BP UK Upstream Technology said, "This initiative is at the leading edge of nurturing high-tech Small & Medium Sized - Enterprises. Investment in technologies such as these will underpin the drive to bring undeveloped discoveries into production and feed through to securing the long-term future of the Industry"

Over the past six months, ITF has received more than 50 proposals seeking funding for innovative ideas and technology. These have been subject to a rigorous refinement and review process, with the most promising being recommended to the oil companies for support. Another ten projects have gone through this process and are with the member oil companies for funding approval. ITF expect to be making a further tranche of recommendations during September and early October.

The five projects to receive support so far are:

1. Continuous Circulation Coupler:

Maris International, with the support of BP, Conoco, Shell Expro and BG International, will be developing a device to allow continuous circulation of drilling fluids while adding or removing drill pipe during the drilling process. This will improve safety and save time and cost on all current top-drive rigs, and will help to protect reservoir formations from potentially damaging downhole pressure fluctuations.

Contact: Laurie Ayling, Maris
Tel: 01276 489489

2. Downhole Imaging Tool:

Amerada Hess, BP, Chevron and Shell Expro are supporting Proneta in the transfer of space technology into the oil industry. An imaging tool is to be developed which can see optically through crude oil. This will radically alter downhole inspection techniques with potentially large cost savings, and could lead to a wider range of oil industry applications.

Contact: John Hother, Proneta
Tel: 01273 234640

3. Wear and Corrosion Resistant Coatings:

Wear and corrosion have long been problems in plant and equipment offshore, and it has often proved difficult to reliably apply protective coatings to small components. TWI, in a short project supported by Shell Expro, Enterprise and BP, will implement and test innovative coating techniques.

Contact: David Harvey, TWI
Tel: 01223 891162

4. Flow Regime Tracking:

Unstable flow, known as slugging, is one of the major difficulties in developing and operating long subsea tiebacks. ALSTOM Power has proposed a methodology to monitor, predict and ultimately control slugging in real time. In a short initial project, Amerada Hess, BG International, Shell Expro, BP and Marathon will support an investigation into its feasibility and applicability.

Contact: Peter Knight, ALSTOM Power
Tel: 0116 201 5659

5. Subsea Electric Actuator:

Also in the subsea arena, W D Loth & Co will be developing an electric actuator for subsea valves. With the support of Conoco, Enterprise and BG International, they will build a prototype that derives its motive power from thermal expansion of a working fluid.

Contact: James Waithman, W D Loth & Co
Tel: 01306 711066

Satellite Accelerator Initiative Lifts Off

Five Fields for Development May Lead to £500 Million New Investment in North Sea



Chris Freeman, Chief Executive Officer, LOGIC

Logic has announced the names and locations of the first five undeveloped discoveries to be offered to the market place under the Satellite Accelerator initiative.

Cumulative reserves for the discoveries are in excess of 200 million barrels of oil equivalent and could lead to as much as £500 million of new development investment.

Amerada Hess, BP and Shell/Esso will be inviting the industry to offer innovative proposals for the development of these fields in a process to be facilitated by LOGIC.

The five fields are:

22/18 Wood discovery – BP operated marginal oil and gas discovery to the East of the Arbroath field.

205/26a Solan & Strathmore discoveries – Amerada Hess operated West of Shetland oil discoveries to the south of the Foinaven and Schiehallion fields.

211/21a Kestrel discovery – Shell/Esso Operated Northern North Sea oil discovery, adjacent to the Shell/Esso operated Tern field.

30/01c Kessog discovery – BP operated high pressure, high temperature Central North Sea gas condensate discovery.

The Satellite Accelerator initiative; a PILOT supported project announced in June by Helen Liddell, Minister for Energy; was established to unlock the door to the development of a number of marginal, technically difficult or commercially

challenging discoveries. By opening up their data and ideas to the industry at large, the Operators are providing the opportunity for companies throughout the supply chain to identify creative and innovative solutions for execution on a collaborative basis.

The BP operated Wood discovery, to be introduced in early September, will be the first opportunity. Solan, Strathmore, Kestrel and Kessog are planned to be released on a phased basis over the next four to six months, with other opportunities expected to follow as the initiative gathers pace.

Commenting on the announcement, Chris Freeman, Chief Executive Officer of LOGIC said: "These projects provide a tremendous opportunity for the industry to demonstrate its ability to work in new ways to identify solutions to real technical and commercial challenges. They present real opportunities which will stimulate UKCS activity and investment."

Further details of the Satellite Accelerator initiative will be available on the LOGIC website: www.logic-oil.com where individuals or companies should initially register. For further information, contact Charles Miskin at accelerator@logic-oil.com

PILOT aims to boost business by £1 billion by 2010

Two new studies aim to identify £1 billion in new business opportunities for oil and gas companies by 2010. The studies have been commissioned by the Department of

Trade and Industry (DTI) to support the PILOT initiative to secure a long-term future for the sector.

ECOTEC Research and Consulting Ltd is carrying out the first study. It concentrates on the opportunities for growth presented by current environmental regulation. The second, by Optimat Limited, will explore how oil and gas companies can diversify into other sectors.

Both studies will assess the UK's capability to take advantage of identified

opportunities, and will develop a strategy to communicate these to the Industry.

PILOT defined the need to focus on new business development as one of the three building blocks for continued UK oil and gas success. Also fundamental are maintaining UKCS competitiveness and increasing exports of skills and services.

Tom Smith, of Nessco Ltd and an industry sponsor of the initiative, said, "These studies will provide companies with a unique opportunity to consider new areas

Mentoring Initiative Promotes Understanding in UK Oil Sector

Oil majors Shell and BP have announced backing for a joint DTI/PILOT initiative to promote greater understanding between companies in the UK Oil and Gas Sector. Larger operators will task key staff with mentoring industry SMEs.

The initiative will help SMEs develop a strategic view of future industry needs. It will also give larger organizations a better insight into the challenges facing SMEs who provide many of their supplies and services. Business Mentors and SMEs will work closely together over an 18-month period on ways to better align their business strategies and practices.

Helen Liddell, Minister for Energy and Competitiveness in Europe, said, "This ground-breaking mentoring initiative will increase awareness of the issues affecting

for business development and diversification, as well as promoting their expertise to prospective clients."

Helen Liddell, UK Energy Minister said, "These are both important studies. They aim to identify and communicate new opportunities for UK oil and gas companies. They will go a long way to helping achieve our vision of £1 billion in additional business by 2010. I urge companies to get involved."

all the various sub-sectors of the oil and gas industry. It is an excellent opportunity for companies to learn from each other and share best practice. It will help to build closer relationships and should bring new value to the supply chain.

"PILOT has set itself the task of ensuring the oil and gas industry remains a dynamic, innovative sector.

"Mentors will be supplied by industry leading companies who have volunteered candidates with high potential - the leaders of the future. This is a substantial commitment for which I thank them. It demonstrates their commitment to make this initiative succeed."

Steve Marshall, Regional President, BP Exploration, added, "A vibrant SME sector is vital for the development of the new technologies needed to build a competitive and sustainable future for the North Sea. This initiative is a great example of how working together within Pilot, government and industry can help SMEs meet this challenge."

ABB Vetco Gray, AMEC, Amerada Hess, BP, Conoco Global Marine Integrated Services, Halliburton, Shell, Transocean and Wood Group will together commit 20

Further information is available at the PILOT website - www.pilottaskforce.co.uk

Both studies will be completed by the end of September. Details of their findings will be announced via the PILOT website later this year. Participation in the PILOT self-assessment initiative is free and open to UK based companies where oil and gas is currently a primary market.

top class candidates for this project. Candidates will devote a portion of their time mentoring one SME each.

Mentors and SMEs will work together to enhance:

- the strategic development of SMEs in line with the trends and needs of the Oil and Gas sector
- the application of SMEs' technologies and services
- utilization of sources of assistance for SMEs e.g. LOGIC, ITF, Small Business Service etc.
- communication and mutual understanding of the different needs of operators, major contractors and SMEs, and how these needs may be better fulfilled
- the sharing of knowledge and lessons learned

Project management assistance for this initiative, funded by DTI, is being provided by The Urquhart Partnership, an independent Aberdeen based HR, recruitment and training management consultancy.

Mrs Liddell added: "I urge SMEs who are active in the oil and gas sector to register their interest quickly."

In this phase of the project only 20 mentor candidates are available thus SME places will naturally be limited to 20. If this phase proves successful then it is anticipated that the programme should be extended, subject to the availability of mentor candidates.

Further details can be obtained by visiting the DTI website at: www.og.dti.gov.uk

Supply Chain Champions

During the first quarter of this year it became apparent that the Operators and the Supply Chain were experiencing significantly different business climates and further that agreements reached to handle a time of low oil price were being continued as the price rose.

Additionally, there were instances where business practices at the Operator or Large Contractor/Supply Chain interface did not match the stated policies of some of the companies involved.

The industry members of PILOT, together with other senior industry personnel who make up the Industry Leadership Team

(ILT), believed that the breakdown of trust was developing as a major risk to some of the collaboration-dependent PILOT programmes. They instituted the Supply Chain Champion process to address the issue directly.

Whilst recognising that business ethics are an individual issue for each company and that the collaborative model is one of several applicable to business in the UKCS, they outlined the following process:

- The Operators and major Supply Chain Companies would identify a senior individual within their organisations who would be the Supply Chain Champion.
- This individual would be senior enough in his or her organisation to make senior management directly aware of any issues and to have sight of the wider strategic picture of future

UKCS development rather than to be sighted only on the cost implications for specific projects.

- Companies would notify their individual supply chains of the identity of this individual who would become the point of contact for any supply company that felt its treatment was at odds with the stated commercial policy of the customer company.
- The Supply Chain Champion would look into the complaint and liaise with all parties to reach an acceptable solution.
- If the supplier companies did not feel able to approach a client directly, the option was to be made available of the relevant trade association making the approach on their behalf.

Supply Chain Champions announced to date are:

SUPPLY CHAIN CHAMPION LIST

COMPANY

UKOOA
Amerada Hess Limited
BG International
BHP Petroleum Limited
BP Amoco plc
Chevron U.K. Limited
Conoco (U.K.) Limited

Enterprise Oil plc
ExxonMobil
Hydrocarbon Resources Limited
Kerr McGee Oil (U.K.) plc
Marathon Oil U.K., Limited

Phillips Petroleum Company United Kingdom Limited
Ranger Oil (U.K.) Limited
Shell U.K. Exploration and Production

Talisman Energy (UK) Limited
Texaco North Sea UK Company
Total Oil Marine plc
VEBA Oil and Gas UK Limited
Weatherford Group
Orwell Group
Schlumberger Group
BJ Services
Cooper Cameron
Frank's International
PSL
Halliburton Group
Expro Group
AMEC Offshore
John Wood Group
NOF
Nessco
LOGIC

CHAMPION

James May
Sandy Paterson
Kim Howell
Matt Dendy
Al Bolea
Paul Mackie
Don Robertson
Steve Brady
Ron Davie
Mike Fry
Martin O'Gorman
Donald Taylor
Dave Smith
Brad Mayer
John Breen
Phil Dimmock
Engelhardt Robbe
David Wood
Paul Blakeley
Sean Hyland
Dawson Henderson
Jo Groeger
Charles Forbes
Donald Brown
Robert Mainstone
Gary Broiles
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Alastair Rodgers
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