



## “PILOT Delivering Investment and Jobs on UKCS” Says Minister

**Brian Wilson, Energy Minister, has welcomed signs of increased activity in the UK oil sector, including the announcement by BP of a £650 proposed development.**

Mr Wilson chaired the October meeting of PILOT – the joint Industry and Government forum for the offshore sector – where emerging news of activity levels was revealed.

**BP and its co-venturers are seeking DTI approval to develop phase 1 of the Clair oil and gas field at a cost of around £650 million.**

Welcoming the submission of the development plan Mr Wilson said:

“It is vital for the future of the UK that we make the most of our natural resources and I am delighted that BP has brought development of Clair closer than ever before. The potential of West of Shetland has been known for some time and further development of the province is eagerly awaited.”

“Clair, once it proceeds to the implementation stage, will make a

significant contribution to achieving PILOT’s investment targets. It will also boost the UK’s offshore supply chain.”  
“DTI officials have been fully engaged in the ongoing efforts by UK fabrication yards and other suppliers to demonstrate they can compete globally. I expect them to prove that competitiveness and to win a significant proportion of available work”  
Today’s announcement is further evidence of continued activity on the UKCS. A number of DTI and PILOT initiatives are beginning to yield favourable results with a higher number of projects coming forward for development. Since last June’s Fallow Review, DTI has approved four developments and received a further six Plans for approval. DTI is also aware of plans for seven more fallow discoveries that could be submitted early next year.

The Progressing Partnership Workgroup (PPWG) presented interim reports to PILOT. All parties involved demonstrated their commitment to bringing about the kind of cultural and behavioural changes required to deliver the PILOT targets. PPWG, in conjunction with PILOT’s Stimulating Exploration workgroup, is working towards a systematic reduction of fallow blocks, ensuring that licences are in the hands of operators willing to invest in them.

Another joint initiative on brownfield development is looking to stimulate production of an estimated 3 billion barrels of additional oil from mature fields.

Mr Wilson commented on these initiatives:

“The work of these Groups is vital to the future success of the UKCS. It is

imperative that we make the most of our natural resources and I am delighted that progress is being made but we must not be complacent. We must continue the good work if we are to meet the challenging targets set by PILOT.”

### Business to Business Mentoring Extended

Brian Wilson, Minister for Energy, extended an innovative programme for developing closer partnerships within the oil industry whilst at Offshore Europe.

Business to Business Mentoring is a technique by which corporate high flyers from many of the oil giants act as personal mentors to oil and gas SME businesses across the country to develop ways to better align business strategies and practices.

Launching the second phase of the joint DTI and PILOT initiative, the Minister said, “Developing smarter ways to work is now the key to remaining successful in this highly competitive global market place. Business to Business Mentoring is a good example of smart working and it is crucial that the programme is now reaching out to a greater number of oil and gas SMEs. The rapid successes of the current participants who have pioneered this new approach has proved crucial in proving that extending the programme will enable other companies to reap new benefits.”

In particular, export mentoring is an exciting new development in the programme. This will bring successful oil exporters together with SME’s keen to improve their export performance.

## Clair Field Gets Green Light

BP, and its co-venturers, will develop phase I of the Clair oil and gas field at a cost of around £650 million.

Currently the largest undeveloped resource on the UK Continental Shelf, the Clair field was discovered in 1977, some 75kms to the west of the Shetland Islands, in 140 metres water depth.

Scott Urban, Group Vice President for BP's North Sea operations, said the company was delighted that the project was moving ahead.

"When Clair was discovered we knew we had a challenge on our hands to develop the field, given the technical difficulties at that time in doing so. But I'm pleased to say that technology has advanced to the point where this difficult development is now viable. As operator of the project we are delighted to see so much work over the years, finally being rewarded.

"The development of Clair represents a significant investment for all the co-venturers. It also shows that there are still opportunities to invest in the North Sea and Atlantic areas of the UKCS. I believe there will continue to be for many years to come."

Mr Urban said one of the keys to moving the Clair project forward had been the strong degree of alignment among the co-venturers on a range of issues and a shared determination to see the Clair development succeed.

The first phase of the Clair development involves recovery of oil and gas from the central area of the field. The objective of the Phase I development is to deliver first oil in late 2004.

It is estimated that phase I of the Clair development will produce recoverable reserves of 250 million barrels. If successful, future satellites could tap outlying areas and significantly boost this figure.

Plateau production from the Phase I development is expected to be 60 thousand barrels of oil per day and 15 million cubic feet of gas per day. The development will comprise a single steel jacket and associated topside and integrated drilling facilities.

The co-venturers in the Clair development are:

<b>BP(operator)</b>	<b>28.6%</b>
<b>Conoco</b>	<b>24.0%</b>
<b>Chevron UK</b>	<b>19.4%</b>
<b>Enterprise Oil</b>	<b>18.7%</b>
<b>Amerada Hess</b>	<b>9.3%</b>

During the Front End Engineering Design(FEED) process, carried out earlier this year, the project co-venturers sought new approaches to project delivery that have not been considered by previous UKCS developments. This has included incorporation of best practice globally in terms of project execution including input from the Gulf of Mexico. This effort resulted in Clair becoming competitive in the co-venturers' worldwide portfolios.

The Clair co-venturers believe that by taking these and other 'best in class' practices and combining them with the best from the UK, it will result in a facility that is not only cost competitive, but also a leader in health, safety, environment and reliability measures.

### Promoting e-Enabled Collaboration in the Oil and Gas Supply Chain

In order to further promote and facilitate the take up of e-collaborative solutions in the UK Oil and Gas industry, LOGIC has been commissioned by the DTI to work with a number of linked groups of organisations to implement projects aimed at deploying e-enabled solutions to the benefit of all the participants. The experience of this implementation will then be captured as a case study for communication to a wider audience both within and outwith the Oil and Gas industry.

Organisations face a number of challenges, both technical and cultural, during implementation of an e-enabled collaborative solution. The DTI commission will allow LOGIC to assist groups of organisations to address the challenges by providing a dedicated, free of charge, consultant (an e-Collaboration Champion) to:

- Identify common interest and clear expectations
- Identify appropriate e-solution/s for the specific supply chain
- Assist with the implementation of the identified solution
- Assist with the exploitation of the implemented solution
- Prepare and promote a case study discussing the 'lived experience' of implementation and exploitation
- Promoting e-Enabled Collaboration in Oil and Gas Supply Chains

For more information contact:  
[e-champions@logic-oil.com](mailto:e-champions@logic-oil.com)

## PILOT in East Anglia

Over 200 delegates and more than 30 exhibitors were at the highly successful Energy Industry Day at the Hilton Hotel, Norwich, on September 24<sup>th</sup>.

This event was attended by members of the Industry Leadership Team (ILT), including some of the most influential figures in the oil and gas business, who took part in a question-and-answer session with representatives from regionally based companies and organisations.

The visit was headed by Sir Ian Wood, chairman and managing director of the John Wood Group, and co-chairman of the ILT. He outlined the role of the ILT and how it worked with the equally-powerful Government team to drive the PILOT initiative.

John Best, chief executive, of EEGR, said, "It was a very successful event and the high turnout reflected the importance of the visit by the Industry Leadership Team. This is an extremely influential organisation and companies from our region recognised that this was too good an opportunity to miss."

### Refreshing Approach from ILT

David Hogg, of Business Link for Norfolk, was impressed with the ILT's openness at the Energy Industry Day.

He said "The ILT's forthright acknowledgment of the energy sector's current problems and issues for both the Northern and Southern North Sea Was very refreshing.

Surely, frank and open discussion of what's wrong must come before remedies and corrective strategies are applied. The chronic present and future skills shortages, the decommissioning issues raised along with all the other difficulties are obviously clearly on everyone's agenda. That should lead to solutions, even if the time frame is in years or even decades.



I was delighted by the level of enthusiasm among the exhibitors and attendees very reassuring. Certainly, I was pleasantly surprised to see the considerable number of stands from such a wide variety of interests in the energy sector from throughout the East of England. All were helpful and I browsed the stands relentlessly, coming away with a much better informed understanding about the general issues and challenges facing this seemingly disparate group of companies and organisations".

## Forthcoming Conference

### North Sea Oil and the Environment - Creating New Business Opportunities

**Date:** 13 November 2001

**Venue:** Marriott Hotel, Farburn, Dyce, Aberdeen AB21 7AZ

**Registration:**

Online at [www.enterprise-corp.co.uk](http://www.enterprise-corp.co.uk)

**Tel:** +44 (0) 1525 840424

**Fax:** +44 (0) 1525 841715

**Email:** [projects@enterprise-corp.co.uk](mailto:projects@enterprise-corp.co.uk)

A major conference takes place this month in Aberdeen to highlight new business opportunities opening up in the rapidly

expanding environmental market in the oil and gas sector.

**Do you want or need to know:**

- The current and future directions of Environmental Regulations impacting the Oil & Gas Industry?
- The North Sea Oil & Gas Industry approach to Sustainability?
- What the industry is doing to meet its environmental targets?

- If UK suppliers are providing the services and products required to meet the North Sea Oil and Gas Industry environmental needs?

- The opportunities for new services and products from the UK service sector?

**Programme details are available from:**

Energy Enterprise, Enterprise House, 19 George Street, Maulden, Bedfordshire, MK45 2DF.

## Study Produces Evidence of Unexploited North Sea Reserves Existing Fields May Yield 4 Billion More Barrels of Oil than Expected

A major new report for the UK government's oil and gas industry task force, PILOT, has produced evidence of substantial unexploited reserves in existing UK oilfields.

Commissioned by PILOT, coordinated by the industry-funded body, LOGIC, and sponsored by six major North Sea operators, the study reveals evidence of a 4 billion barrel prize in unexploited probable and possible reserves from mature North Sea fields.

The report's authors, petroleum economics and benchmarking consultants AUPEC, have provided detailed information on how much oil is recoverable using current methods and technology, and what steps can be taken to recover other unexploited reserves.

AUPEC has produced the 'Brownfield Benchmarking Project' report from a detailed survey of six operators - BP Exploration, Enterprise Oil, Kerr-McGee,

Shell Expro, Talsiman Energy and TotalFinaElf.

The AUPEC study focused on 28 'brownfield' (already developed) sites, analysing data compiled over a five-year period. The conclusions make exciting reading for the oil industry:

- In addition to the 4.1 billion barrels of oil & gas currently expected to be recovered from those sites at the centre of the study, a further 2.3 billion could become available through improved technology and techniques
- The figure of 2.2 billion barrels currently being exploited in Britain's other 'brownfields' could be increased to 3.6 billion using advanced methods
- Other discovered reserves, in locations not yet developed, amount to approximately 3 billion barrels.

In short, the UK's existing oil fields could yield up to 4 billion barrels more than had previously been thought, with a further potential 3 billion in undeveloped fields.

AUPEC project director, David Rose says the keys to unlocking this prize are innovation, co-operation and ongoing benchmarking: "The recovery of this oil is possible, but it depends on new ways of thinking. Most North Sea developments are mature assets, and we need to concentrate on extending the lives of those fields, reaching reserves that were previously inaccessible. It is certainly the case that 'creative commercial approaches' can help to enhance investment in Brownfield projects. Appropriate risk and reward sharing contracts could incentivise the contractors to produce imaginative schemes

There is a lot of comfort to be taken from the list of top 10 Brownfield challenges reported by companies surveyed. Many of the challenges are clearly capable of solution. If the key challenges had included lack of remaining reserves in place then the Brownfield problem would be much greater.

"It will require improved technology, techniques and commercial approaches. The idea behind the Benchmarking and Best Practice Study is to share insights on best practices for the benefit of the whole industry. It is the sort of enlightened attitude being encouraged by PILOT and LOGIC, and it has already brought about this report. Continuous benchmarking will allow us create a detailed knowledgebase and, hopefully, significantly extend the life of the North Sea oil industry."

### Key Contacts

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Energy Industries Council (EIC)		

Jargon Buster	
LOGIC:	Leading Oil and Gas Industry Competitiveness
LIFT:	Licence Information for Trading
DEAL:	Digital Energy Atlas and Library
ITF:	The Industry Technology Facilitator