

Oil and gas offshore the Faroes is still in very early stages with only the sixth exploration well being drilled this year, however the Faroes Oil Industry Group closely follows developments on the UK side of the Faroe-Shetland Channel, with good reason.

BRUGDAN WAS A MILESTONE, according to Nils Sørensen, current chairman of the Faroes Oil Industry Group (FOÍB). While the Statoil-operated well did not encounter hydrocarbons, it demonstrated clearly that drilling thick basalts, though challenging, could be accomplished successfully at respectable penetration rates.

He believes that data gathered and the experience of drilling through the basalts will prove of considerable value to BP when it spuds the William probe during Q3 this year.

“Drilling through basalt seems not to be as big a problem as everyone thought,” says Mr Sørensen. “Of course, everybody hopes that they will find oil and gas at William but even if there isn’t any, as long as you drill it’s progress. The point is that if you don’t drill the wells, then you won’t learn anyway.

“It’s true that with Brugdán there was disappointment. The partners didn’t get the result that of course everyone wanted, but the well nevertheless answered a lot of questions. It showed that the [long-offset] seismic techniques developed to ‘see’ through the basalt work in terms of identifying structures.”

But Mr Sørensen warns that both the petroleum companies involved and the Faroese who have watched the hunt for oil and gas unfold more slowly than initially anticipated, need to understand that, with only five wells drilled so far, it remains very early in the game.



Scene from Tórshavn’s western marina with Tinganes in the background.

But he acknowledges that, with the timing of the William well—possibly quite close to the Faroese Government announcing the Third Offshore Licensing Round—this could have an impact on how interested companies are in bidding for exploration licenses.

“But the companies... people... are more realistic now than when the first well was drilled in 2001. The pace is not the same.”

Nor is it. The first season saw three wells drilled followed by a fourth two years later. By 2006 it was just one well, 2007 is set to be the same, then a well may be drilled on the Anne Marie prospect in 2008 or 09 by Italian energy group ENI.

But to think that the future lies in sporadic drilling would be taking a narrow view, especially since activity is once again hotting up on the UK part of the

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LOOKING TO LEARN

FROM THE UK

Atlantic Frontier. There, Chevron is appraising its promising Rosebank/Lochnagar oil discoveries and Total is working hard to pull a cluster of modest gas finds together as a commercial proposition, with the Laggan field at its heart. Then there is the forthcoming appraisal of the Cambo discovery by Hess.

Mr Sørensen points to UK license awards covering the Corona Ridge, which happens to cut close to the Faroese aquatory. The ridge is of particular interest to Chevron and Faroe Petroleum holds five licences on this play.

“Corona Ridge is a new play that is rapidly coming to the fore and it is quite likely that some structures will straddle the UK-Faroes boundary.

“Remember, our members are looking for big structures. There’s a chance that they will find them around the Faroes and it helps that the through-basalt seismic imaging seems to be working.”

“It’s so early in the game that there’s no reason for pessimism, not with new areas like the Corona Ridge.

“In fact there’s rather a lot of activity going on out there, it’s just that it’s not so visible in the news; it’s more a business as usual sort of thing.”

Ask Mr Sørensen whether FOÍB can help the Faroese Government in terms of attracting more companies to the table to bid, he is cautious, not because FOÍB doesn’t want to but because the issue—the role—hasn’t been discussed.

“We are of course looking forward to welcoming new players and

I see an informal part in that for us as I think we have a lot to offer.”

Until now, FOÍB has largely concentrated on technical, HSE (health, safety and the environment), exploration, geotechnical, and legal issues. But Mr Sørensen sees the organization’s role broadening. “We should be doing more to, for example, assist our members find new opportunities and have more involvement with the supply chain. We should be more of a voice, speaking out on behalf of the oil companies; also assist them to work together wherever possible in order to reduce costs.”

In this regard, Mr Sørensen is keen to see elements of the kind of cooperation that is now commonplace on the UK Continental Shelf permeate the Faroes

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FOÍB acts as the joint association of the oil companies holding licences to explore for hydrocarbons in the Faroese area either as license holders or partners.

Current members: Amerada Hess, Anadarko, Atlantic Petroleum (Atlants Kolvetni), BG Group, BP, Chevron, DONG, Eni, Faroe Petroleum (Føroya Kolvetni), Geysir, OMV, Shell, Statoil.

in the belief that it could help the exploration process. For sure, most FOÍB members have significant experience of UKCS conditions and are acutely aware of the huge cost-inflation issue that emerged over the past three years.

Overview of petroleum licenses held in the combined Faroe and Shetland (UK) area as of Jan. '07.

