

Petrogas targets extra Oman and Egypt flows

Operator aims to take output up to 80,000 bpd in drive to cash in on high prices

NASSIR SHIRKHANI

Geneva

PRIVATELY-owned Omani company Petrogas is targeting 80,000 barrels per day of gross production from assets in the country as well as Egypt as high oil prices encourage the producer to squeeze more out of what are difficult fields.

Petrogas and partners are currently pumping a combined 55,000 bpd from a portfolio of assets. Oman accounts for about 49,000 bpd of the output. The remaining 6000 bpd comes from Egypt.

While output from producing fields has grown strongly in the past few years, Petrogas had mixed results on the exploration front. It has so far drilled three dry holes in India but also hit disappointment with three exploration wells in Oman's Block 48.

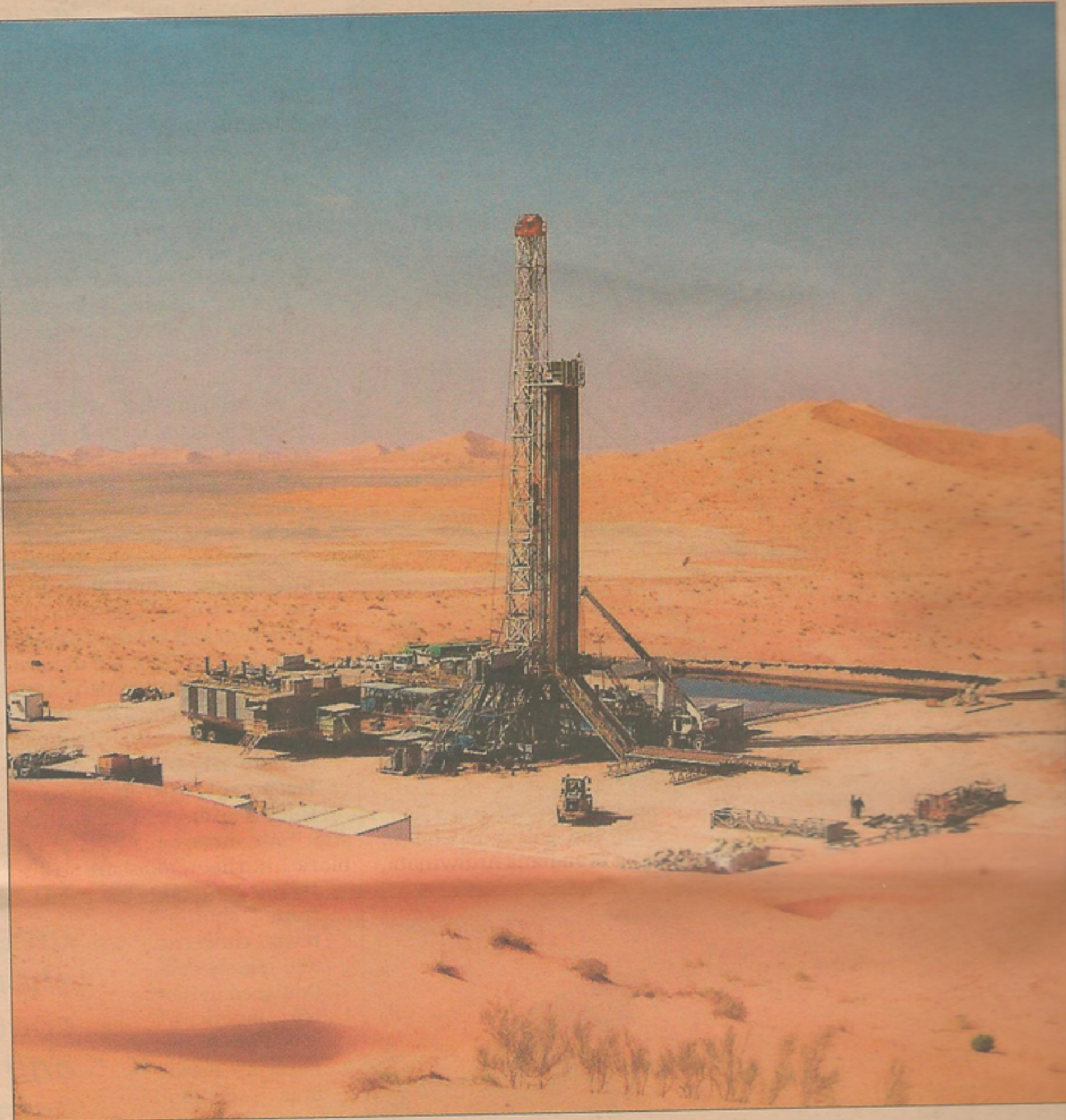
However, the company said the Indian setback has been compensated for with discoveries of the Bushra NW field in Oman's Block 5 and the Shukhier NW field in Egypt.

Chief executive Jean-Denis Bouvier remains upbeat, saying gross output is expected to climb to 80,000 bpd in 2014 as the company invests more in secondary recovery techniques such as water injection to increase output from its flagship Block 5 in Oman.

Petrogas acquired Block 5 in 2001 and subsequently farmed out a 50% stake to China National Petroleum Corporation (CNPC). Their joint venture Daleel Petroleum operates the block.

When Daleel took over, Block 5 was producing about 5000 bpd. Its output has since risen to about 33,500 bpd due largely to the implementation of an extensive water injection programme.

"I believe the best from Daleel Petroleum is yet to come. Year-on-



Tapping in: Petrogas is looking to add to its production in Oman

Photo: PETROGAS

year we have added reserves on account of excellent water injection and artificial lift performance, successful appraisal and new satellite discoveries," Bouvier said.

"With more than 100 million barrels of reserves, reaching a production level of 50,000 bpd within the next few years is feasible."

Elsewhere in Oman, Petrogas has managed to exceed expectations with its development of the Rima cluster of small fields.

Petrogas won a service agreement with Petroleum Development Oman in 2008 for the redevelopment of nine small mature producing fields in southern

Oman. Oman Oil Company is its partner with a 25% interest.

When Petrogas took over, the Rima cluster was producing 2200 bpd. Production has risen to 13,500 bpd after Petrogas drilled more than 50 new wells. It is hoped that output can be raised to 20,000 bpd in the next couple of years. Extensive new 3D seismic is planned in 2012.

Output from its 30% participation in Area A acquired in 2008 has increased from 2500 bpd to 6000 bpd. Petrogas and operator Kuwait Energy Egypt have plans to increase production further.

On the exploration front, Petrogas expanded its presence to India

in 2006. The foray has so far been disappointing.

"In 2006, realising that we probably could not secure growth from operating in Oman only, we ventured into India and acquired 20% equity in three exploration blocks offered by the government of India," Bouvier said.

"While the jury is still out on the first objective as the first three of the nine commitment wells have come in dry, Petrogas has operated its first two offshore wells without incident and with all geological objectives conclusively tested, giving us offshore operator credentials," Bouvier said.