

Exciting oil and gas future between Shetland and the Faroes

Thirty-five years ago, the first well was spudded west of Shetland. Several hundred wells have been drilled since. Today three oilwells are producing and the outlook is for two more oilwells and a gasfield to come on-stream in the quite near future. In addition, there are the exploration wells in a new area. The Faroe oil industry adventure is only ten years old. Six wells have been drilled and a seventh is due to be drilled in 2010. In five to ten years time we could possibly have a considerable oil and gas province stretching from the Faroes to Shetland

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Jan Müller
jan@sosialurin.fo

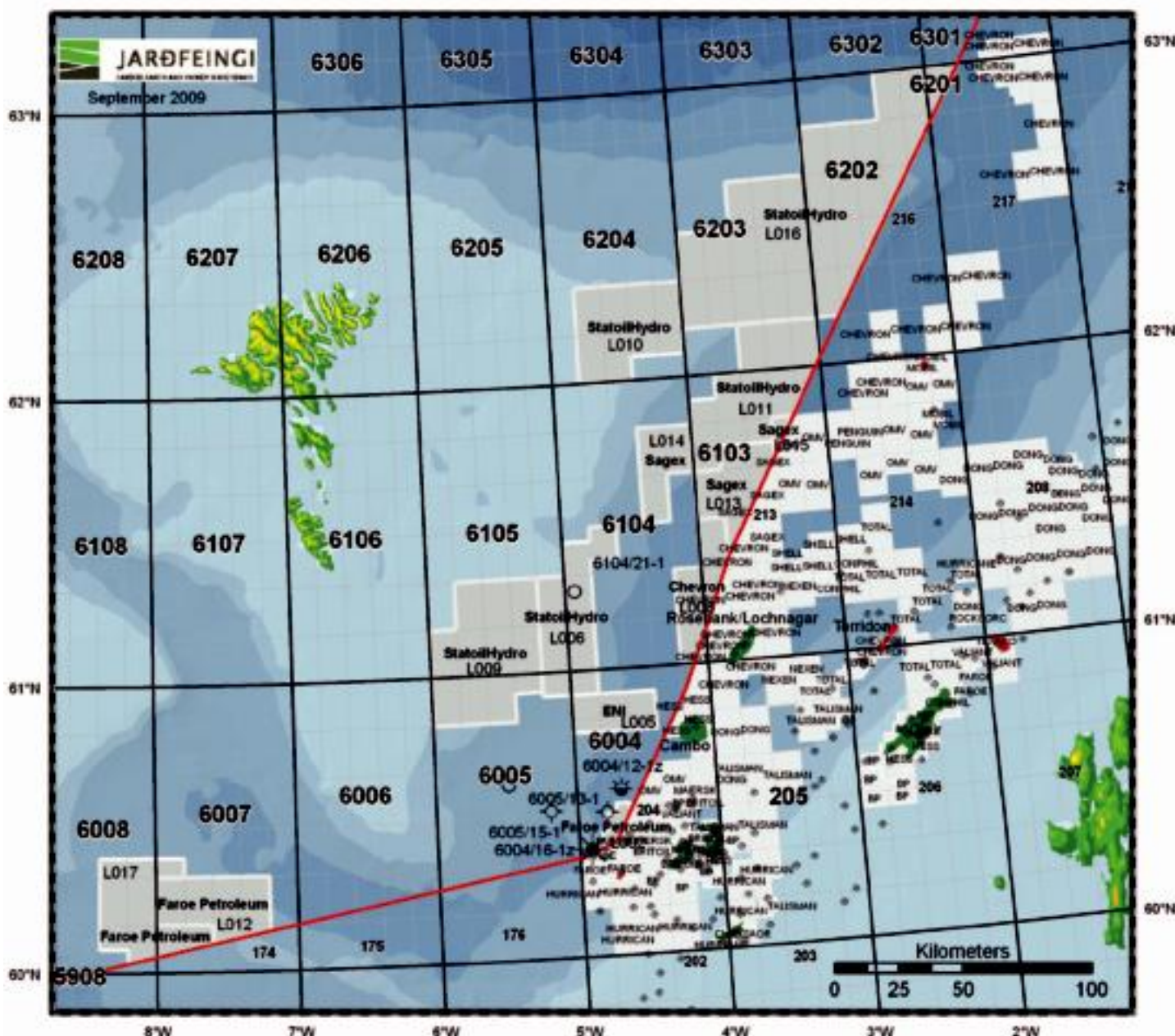
The first exploration licenses west of Shetland were awarded in 1970 and it approximately thirty-five years ago since the first wells were spudded in this then new and virgin area. The first commercial discovery was made in 1977. This was the giant Clair oilfield, but approximately twenty years were to pass before technology had advanced to such a stage that it was estimated feasible to undertake a first production from this field. A few years previously, e.g. in the mid-90-ies, the first two oilfields came on-stream. These were the Foinaven and Scheihallion oilfields. Over all these many years, several hundred exploration- and appraisal wells have been drilled, resulting in three producing oilfields today west of Shetland.

As we now write 2009, drilling is still on going in the area – both in respect of exploration and appraisal wells. The outlook for producing oilwells is good and this number could be set to double over the coming years, with the addition of the Rosebank- and Cambo oilwells and the Laggan gasfield. Development plans are already on the drawing board. For the neighbour to the west, the Faroes, this is of great interest, as it is estimated that a development of wells and the construction of an infrastructure so close to the Faroe border, could be very important for the economic viability of a possible future Faroe hydrocarbon development. In addition, we will in the future see other parts of the giant Clair oilfield come on-stream.

Such a massive growth in the production of oil and gas from the area west of Shetland will therefore make it more attractive for oil companies to include the Faroes area in their portfolios.

If we take this development west of Shetland a step forward, we envisage several new opportunities. There are several other very interesting exploration wells on the agenda. Two wells in particular are interesting. One is the Glenlivet prospect, which is being drilled at this very moment. This is a gas prospect, where Dong is the operating company. Dong is one of the locomotives west of Shetland and they are particularly focusing upon gas. In the event the Glenlivet is a commercial discovery, this could speed-up a gas infrastructure in the region. Dong holds several exploration licenses in the area and that they are sniffing gas here, could spell an even more positive development for the region.

Looking further south, a very interesting well, the Tornado, will be drilled in the very near future. The Tornado prospect lies south of Foinaven and up against the Faroe border.



Exploration licenses and exploration activity on the area between Shetland and the Faroes

Here the operating company is Faroe Petroleum and Dong is also a partner to the project.

These are just two of the highlights west of Shetland, regarding new exploration efforts. Other highlights are just how fast developments of Rosebank, Cambo and the Laggan will be.

Summing up, we can say that there are many indicators, which imply that we will see a development in the large area west of Shetland, all the way west towards the Faroe border.

If we enter Faroe territory, there is reason for optimism, although no commercial discovery has been made after the drilling of six wells. The seventh well, the Anne Marie prospect, seems to command a great level of interest, also among those not involved in the project. The first Faroe exploration licenses were awarded thirty years after the first bidding round west of Shetland.

Almost ten years have passed exploring the Faroes and we are still awaiting a first discovery. On the other hand, existing exploration has provided much very important information, for example, it has been confirmed that an active hydrocarbon system is present in the Faroe subsoil.

Offshore Europe held in Aberdeen over the next few days, is an excellent opportunity to acquaint oneself with all these interesting issues and an opportunity to tie bonds of friendship and cooperation across borderlines.



Alistair Carmichael, chairman of the Faroe Committee in the UK Parliament attending a meeting with the Faroe Minister for Hydrocarbon Affairs in London, seen here studying a map over awarded exploration licenses in Faroe waters:- "We see huge potential opportunities in a cooperation within the oil industry between Shetland and the Faroes in the future"

Photo: Jan Müller