

Shell's \$15B Prelude ships first LNG eight years after FID

Shell shipped the first long-anticipated cargo of LNG from its Prelude floating LNG plant off Western Australia's northern coast. The cargo on the Valencia Knutsen LNG tanker went to customers in Asia on June 10, eight years after the supermajor approved the development concept for its Prelude and Concerto discoveries in Australia's Browse Basin, which contain an estimated 3 Tcf of gas plus 120 MMbbl of condensate. Delays and cost overruns over the years have pushed overall capex for the project to ~\$15 billion from an initial estimate of \$11 billion.



The vessel has been on location, about 200 km northwest of Australia, since December 2017. The Prelude development started wellhead production in January and shipped its first cargo of condensate in March. Prelude's first cargo was initially targeted for 2018, but was delayed by a series of problems associated with the size of the vessel.

The ship is 490 meters long, about six times bigger than the world's largest aircraft carriers. Prelude is expected to produce 3.6 mtpa of LNG, 32,000 bbl/d of condensate and 13,000 bbl/d of LPG at peak and will remain in place for 20-25 years to develop the Prelude and Concerto gas fields.

Will deliver 3.6 mtpa LNG, 32,000 bbl/d condensate, 13,000 bbl/d LPG at peak.

► [Continues On Pg 16](#)

OMV takes \$1B bite of Gazprom's 14 Tcfe Achimov project

OMV will pay \$1.105 billion (€980 million) to buy into a Gazprom project targeting West Siberia's Achimov formation. The June 6 agreement for the acquisition of 24.98% WI in the Achimov 4A and 5A development phases of the 14,000-sq-km Urengoy gas and condensate field, Russia's largest, amends a basic sale agreement signed last October. The deal is expected to close by the end of 2019.



OMV says the acquisition will add 3.6 Tcfe to its reserves, representing its share of production

from Achimov 4a and 5a through the end of 2044. This implies total recovery of 14.4 Tcfe for the two development phases. This implies total recovery of 14.4 Tcfe for the two development phases. Production is expected to commence at the end of 2020, a year later than the original plan, and to reach a plateau of 480 MMcfe/d net to OMV in 2026. Following the deal, Gazprom's operated stake in the project will decrease to 50.01%, while Wintershall Dea will retain 25.01%.

OMV expects 480 MMcfe/d net plateau production by 2026 from Achimov stake.

► [Continues On Pg 18](#)

Anadarko commits to 12.9 mtpa Mozambique LNG project

Anadarko Petroleum Corp. has made a final investment decision to develop the Mozambique LNG project. The company plans to build two LNG trains with an initial capacity of 12.9 mtpa to support development of the Golfinho and Atum fields within Offshore Area 1. The initial project sets the stage for future expansion of up to 50 mtpa from the region, ~40 km offshore northern Mozambique in water depth of ~1,600 meters.



Offshore Area 1 covers ~2.6 million acres and includes the Windjammer, Barquentine and Lagosta fields, which were discovered in 2010. The Tubarao and Camarao fields were discovered in 2011. Atum and Golfinho were discovered in 2012, while Orca was discovered the following year. Collectively, the fields hold ~75 Tcf of recoverable gas. The project will now advance to the construction phase. The commitment to the project will also support initial volumes of ~100 MMcf/d for domestic use in Mozambique. Anadarko said it has signed a total of 11.1 mtpa in long-term LNG sales contracts, about 87% of the plant's initial capacity. The buyers of the LNG are in Asia and Europe.

Offshore Area 1 covers 2.6 million acres and consists of eight fields.

► [Continues On Pg 14](#)

Exxon moves Vaca Muerta oil into large-scale development

ExxonMobil will proceed with its oil development in Argentina's Bajo del Choique-La Invernada block, which will produce up to 55,000 boe/d within five years and include 90 wells, a central production facility and export infrastructure connected to the Oldeval pipeline and refineries. The commitment is the latest in Argentina's Vaca Muerta shale, after Shell announced in December plans to start full-scale development of 70,000 boe/d by the mid-2020s. The Vaca Muerta is the first major shale outside North America to attract intensive development investment.

ExxonMobil

Phase 1 targets 55,000 boe/d within 5 years, Phase 2 would add 75,000 boe/d.

If successful, ExxonMobil could invest in a second phase, which would produce an additional 75,000 boe/d. Timing of the second phase depends on the performance of the initial project, market conditions and other factors, it said.

"We are encouraged by the excellent results of our Neuquén pilot project and look forward to increased production through this significant expansion," Exxon unconventional resources SVP Staale Gjervik said.

► [Continues On Pg 12](#)

DEALS FOR SALE

NEW ZEALAND ORRI OPPORTUNITY

1-Onshore Permit.
Field Projected To Produce Until 2027.
5% OVERRIDING ROYALTY INTEREST
Production: 140 BOPD & 200 MCFD
Steady & Immediate Cash Flow.
CONTACT AGENT TO LEARN MORE
RR 1839PP

RR
>150
BOED

NORTH ZIMBABWE OPPORTUNITY

1-Permit. 1,011-km2.
EAST AFRICAN RIFT SYSTEM
Massive 4-Way Dip Identified Prospect.
Upper & Lower Angwa Reservoir Sands.
Reprocessed 2D Seismic Data.
SEEKING EXPLORATION PARTNER
Recoverable Rsrcs: ~650.18 MMBOE
CONTACT AGENT FOR MORE INFO
DV 2973FO

DV
SEEKING
JV

Activity Index

PLS

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CENTRAL AFRICA

OFFSHORE GUINEA FARMOUT

1-Block. 244,881-Acres. (991 km2)

OFFSHORE - STACKED PAYS

Santonian-Turonian Sands. 16,404 Ft.

3D Seismic Data Available.

SEEKING JV PARTNER

Mean Prospective Resources: 542 MMBO

DHC: \$75,000,000 - \$85,000,000

CONTACT AGENT FOR UPDATE

DV 5085FO

DV

STACKED PAYS

NORTHERN GABON OPPORTUNITY

5-PreSalt Wells Drilled. 75,000 sq km.

SIGNIFICANT UNDRILLED PLAY AREA

Pre-Salt Carbonates Leads & Prospects.

2D Seismic Data Available.

SEEKING EXPLORATION PARTNER-

-FOR SEISMIC & DRILLING PROGRAM

CONTACT AGENT FOR MORE INFO

DV 9289FO

DV

SEISMIC

EAST AFRICA

UGANDA EXPLORATION PROJECT

One Oil Discovery Tested.

Production Sharing Contracts.

Lower Pliocene & Upper Miocene.

Existing 2D & 3D Seismic Data.

SIGNIFICANT EQUITY POSITION

OPERATED WI AVAILABLE

Offset Field Reserves: 200 MMBO

CONTACT AGENT FOR UPDATE

DV 9204FO

DV

OIL

ABOUT THIS REPORT

International Scout is published every three weeks and covers the global oil and gas industry, including E&P activity, midstream projects, licensing, the deal market, finance and regulatory updates.

All dollar amounts in this report are in US dollars unless otherwise stated.

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PLS Inc.

10375 Richmond Ave Ste 1800

Houston, Texas 77042

+1 713-650-1212 (Main)

To obtain additional listing info, contact us at +1 713-650-1212 or listingmgr@plsx.com with the listing code. Only clients are able to receive additional information. To become a client call +1 713-650-1212.

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LNG projects to drive world energy growth through 2035

Shell's Prelude shipped its first cargo of LNG offshore northwest Australia, making it the last of eight LNG plants built in Australia over the last decade (PG.1). More big LNG news came from Mozambique, where **Anadarko Petroleum** committed to a 12.9 mtpa project to develop the Golfinho and Atum gas fields (PG.1).

Thailand's **PTTEP** bought **Partex** for \$622 million, giving it a minority stake in the Oman LNG project (PG.8). **Total**, which bought a 10% stake in Russia's Arctic LNG 2 in March, said it expects the project to be a third cheaper than the cost of constructing the existing Yamal LNG plant (PG.17). **OMV** will pay \$1.1 billion for a 25% stake in a 14 Tcfe project with Gazprom targeting the Achimov formation at West Siberia's Urengoy gas and condensate field (PG.1).

Argentina's Vaca Muerta has emerged as the world's first shale formation outside North America to enter large-scale development. **ExxonMobil** will develop the Bajo del Choique-La Invernada block, which will produce up to 55,000 boe/d within five years (PG.1). Argentina's state-controlled **YPF** won a bid to develop the Aguada del Chañar block, also in the province of Neuquen (PG.12).

Reabold Resources Plc. reported early tests on the West Newton A-2 well onshore the UK indicate a gas discovery that could contain as much as 189 Bcf. If confirmed, it would be the country's largest onshore find in 46 years (PG.4). **Equinor** has agreed to take over as operator of the Wistig discovery in the northern Barents Sea as it moves toward development (PG.7).

In finance, Shell plans to return \$125 billion to its shareholders between 2021 and 2025 through higher dividends and ongoing stock buyback programs (PG.5). **Emirates National Oil Co.** signed a \$690 million term loan with a group of Chinese banks. It plans to use the funds for general upstream purposes (PG.8). **Sasol Ltd.** signed a \$1.8 billion five-year credit facility to finance a loan for its Lake Charles chemical project in Louisiana (PG.16). **Okea** finally launched its IPO in Norway, raising \$37 million (PG.3).

North Sea & Western Europe

Poland's PGNiG acquires Total's 22.2% stake in King Lear

Poland's **PGNiG** is acquiring **Total's** 22.2% WI in the **Aker BP**-operated King Lear field. Located within licenses PL146 and PL333 in the North Sea, production from the gas and condensate discovery is expected to commence production in 2025 following an investment process planned in 2021-2024. Gas produced from the asset will be sent to Poland via the future Baltic Pipe gas pipeline.



"King Lear is one of the largest

undeveloped discoveries in the North Sea. This is another purchase PGNiG has had recently on the Norwegian Continental Shelf," PGNiG management board president Piotr Wozniak said. "This way, we develop our upstream operations in Norway consistent with the strategy of PGNiG Group."

The discovery is estimated to hold gross recoverable resources of 592 Bcfe (55% gas), with 131 Bcfe net recoverable resources representing the 22.2% WI acquired by PGNiG. Aker BP acquired its operated 77.8% WI in King Lear last October from **Equinor** for \$250 million, a transaction which implies PGNiG's stake is worth ~\$71 million.

Aker BP plans to develop the field as a satellite to the nearby Ula field, which it operates with 77.8% WI. Total will retain its 22.2% WI in Ula.

Plans to start production in 2025 with gas sent to Poland via Baltic pipeline.

Lundin makes two new discoveries near Edvard Grieg field

Lundin Petroleum has made two oil discoveries from the Jorvik and Tellus East wells on the eastern edge of the Edvard Grieg field on the North Sea's Utsira High. The discoveries have combined gross resources of 4-37 MMboe.



The Jorvik well encountered

oil in 30 meters of conglomerate reservoir of Triassic age with a thin, high quality sandstone above. After extensive coring and data collection the well was tested at an anticipated low rate of ~130 bo/d in the conglomerate interval. Pressure measurements show that the area is in communication with the Edvard Grieg field. The combination of conglomerate and sandstone reservoirs are also found at the southern and eastern part of the Edvard Grieg. A horizontal production well in Jorvik is expected to flow at commercial rates.

The Tellus East well encountered an oil column of 60 meters in porous weathered basement reservoir. The Tellus area is producing from two horizontal production wells. Lundin is the operator with 65% WI. Its partners are **OMV** (20%) and **Wintershall Dea** (15%).

Pair of new discoveries has combined resources of 4-37 MMboe.

Okea lists on the Oslo Børs with a NOK2.1B market cap

Following four years of buildup from a fresh portfolio company of Bermuda-based **Seacrest Capital** into a major Norwegian Continental Shelf player, **Okea ASA** launched an initial public offering to raise NOK315 million (\$37 million) on the Oslo Børs. The company completed the sale June 17, giving it an instant NOK2.139 billion (\$252 million) market cap. Trondheim, Norway-based Okea issued 15 million shares at NOK21 each and has a 2.25 million-share underwriters' overallotment open, which if exercised in full will result in about 31% of the company's shares in the float. Shares began trading June 18 under the symbol Okea. **Pareto, Skandinaviska Enskilda Banken** and **SpareBank 1 Markets** were joint global coordinators.

Seacrest began backing Okea in 2015 with a \$200 million initial investment and has subsequently strengthened it with resources and capital to make acquisitions. Okea is run by its four co-founders, which consist of CEO Erik Haugune and SVPs Anton Tronstad, Knut Evensen and Ola Borten Moe, the former Norwegian oil minister. Last year Okea paid \$566 million for stakes in the Draugen and Gjøa fields from **Shell**.

Last capital raise was in September, grossing \$13.53MM.

North Sea & Western Europe

BP relaunches Shearwater sale effort after Shell talks end

BP has relaunched its search for a buyer of its non-operated 27.5% WI in the UK North Sea's Shearwater oil field after negotiations with partner **Shell** were cancelled, unnamed sources told Reuters. They added that a disagreement over the value of BP's stake was the key reason why a potential deal fell through. Industry sources told Reuters in April that the stake was valued at \$250 million. Shell operates Shearwater with 28% WI, while **ExxonMobil** holds the remaining 44.5%.



A deal with BP would have boosted Shell's operated stake to 55.5% WI.

Shell plans to modify the Shearwater platform to enable the production and processing of wet gas and construct a 37-km pipeline from the Fulmar gas line to Shearwater. The pipeline installation is scheduled for this year, while the expansion of the platform is slated for 2020, Reuters reported. At peak production, wet gas from the Shearwater hub is expected to be ~400 MMcf/d.

The report comes as BP announced plans to sell \$10 billion in global assets in the next two years to reduce debt accrued from its \$10.5 billion acquisition of US shale assets from **BHP** last October. A sale would make the company the latest supermajor to recalibrate its North Sea portfolio, following **ConocoPhillips'** \$2.67 billion sale of its UK North Sea assets to **Chrysaor** and **Chevron's** \$2 billion divestment of its central UK North Sea assets to **Ithaca Energy**. Both of those deals are expected to close later this year.

A&D Transactions June 27
Lime Rock SWOOPS in on emerging play in deal with BP.

West Newton looking like biggest UK onshore find in 46 years

Early tests on the West Newton A-2 well in the PEDL 183 license onshore UK show a gas discovery that could contain as much as 189 Bcf, according to **Reabold Resources**, controlling shareholder of license operator **Rathlin Energy**. Reabold plans to conduct a production test of the well in Q3 to determine the well's potential. If confirmed, the discovery is the largest onshore discovery in the UK since Wytch Farm in 1973.



The well was drilled to a depth of 2,061 meters and found a net 65-meter hydrocarbon interval within the Kirkham Abbey formation. The well also found hydrocarbon shows in the secondary Cadeby formation target, Reabold said.

Discovery could be largest onshore gas find in UK since 1973.

"Success in a project of this scale would undoubtedly be transformational for Reabold and its investors," co-CEO Sachin Oza said. "We look forward to the well test in the coming weeks and potentially generating early cash flow from the testing program." Reabold owns 37% of Rathlin, which operates PEDL 183 with a 66.7% WI. Other partners in PEDL 183 are **Humber Oil & Gas** and **Union Jack Oil** (16.7% each). Reabold shares rose 25% while Union Jack shares jumped 28% in the hours after the announcement was made.

■ **Neptune Energy** plans to drill two exploration wells on the Norwegian Continental Shelf later the year, local media reported: Sigrun East in the Gudrun area and Echino South in the Fram area. It also plans four additional wells after YE19: Grind in 1Q20, Dugong in mid-2020 and Hamlet and Eirik in 2021. The company has contracted the West Phoenix and Deepsea Yantai to drill the wells.

■ UK-based private equity firm **Petroleum Equity** is seeking buyers for **Alpha Petroleum Resources**, its North Sea operating unit, according to documents seen by, and sources speaking to, Upstream. The report comes as Alpha has been developing its 100%-operated Cheviot field, located east of the Shetlands. **BNP Paribas** and **Rothschild & Co.** are reportedly running the sales process.

■ **Chrysaor Holdings Ltd.** has agreed to farm into a non-operated stake in multiple North Sea permits held by **Apache**. The assets include a stake in the Corona discovery and a planned two-well subsea tieback to the Beryl Alpha platform, Upstream reported. The agreement allows Chrysaor to acquire a 39.5% non-operated WI in licenses P103 Area W, P2335, P2354 and P2355. It will boost its stake in licenses P103 Area AA and P1985.

■ **Rex International Holding Ltd.'s** North Sea subsidiary **Lime Petroleum** struck a deal to acquire a non-operated 30% WI in two Norwegian Sea licenses from newly created **Wintershall Dea**. PL838 and PL838B are both located in the Donna Terrace area in water depths of 350 meters. Poland's **PGNiG** operates both with 40% WI and **Aker BP** holds the remaining 30%. PL838 holds the Shrek prospect, where exploration well 6506/5-9 is slated for drilling in October. Rex said a discovery could be tied back to the Aker BP-operated Skarv field.

■ **CNOOC** hired the **Diamond Offshore** semisubmersible Ocean Great White to drill an appraisal well on its Cragganmore gas discovery in the West of Shetland area Upstream reported. The well is expected to take 80 days to drill. CNOOC has 70% WI in the license. Its partner, **Ineos**, holds 30%. In addition, it plans to drill on the Howick oil prospect in the same region.

May 2019 International Rig Count

PLS

	May 2019			April 2019			May 2018		
	Land	Off	Total	Land	Off	Total	Land	Off	Total
Middle East	356	54	410	356	56	412	353	48	401
Asia Pacific	138	90	228	137	99	236	137	81	218
Europe	142	44	186	57	41	98	52	28	80
Latin America	149	30	179	158	32	190	150	24	174
Africa	101	22	123	103	23	126	77	17	94
International	886	240	1126	811	251	1062	769	198	967

Source: Baker Hughes Inc.

- Norway's production of hydrocarbon liquids fell by 120,000 bbl/d in May to 1.60 MMbbl/d from the previous month, according to preliminary data from the Norwegian Petroleum Institute. Total liquids production is down from 1.65 MMbbl/d one year earlier. The decline in production was attributed to technical issues and maintenance work on some fields.

- Hungary's **MOL** has hired **Odfjell Drilling** for an exploration well in license 820 at Evra/ Irving in the northern part of the North Sea. The well is ~145 km from Utsira and 6 km from the closed Jette. It plans to start in September and to take 62 days to drill.

- **Vallourec Umbilicals**, the Burgundy, France-based maker of stainless steel welded rolled tubes for the oil and gas industry, announced it received a round of funding on June 5 from, among other investors, **Fonds Sociétés de Projets Industriels, FPCI** a fund managed by **Bpifrance Investissement** and **European Investment Bank**. The value of the investment was undisclosed. Vallourec will use proceeds to "triple its production capacity to meet market expectations while shortening our production times," it said. Last fall, Vallourec became a subsidiary of **EPIC Bpifrance** and **Vallourec Tubes France**.

- **Wintershall Dea** has started pre-drill preparation work for drilling four new wells at its aging Emlichheim field near the German border with the Netherlands. The company plans to drill the wells sequentially with a single rig starting in September, with work scheduled to be complete by January. It will drill the wells to the Bentheimer sandstone at a depth of 800-900 meters. Two of the wells will be producers and the other two will be steam injection wells.

North Sea & Western Europe

Cluff's equity raise transforms, funds new North Sea work

In a June 6 equity raise that CEO Graham Swindells called "transformative," North Sea-focused **Cluff Natural Resources Plc**, sold more than 857 million new ordinary shares to existing and new institutional investors, and insiders, at £1.75 each to raise £15 million. The shares sold in the placement represent 61% of the company's now outstanding shares.



"Our company is now entering an exciting operational phase of its growth with line of sight over the drilling of at least two wells in the Southern North Sea while continuing to grow and diversify our portfolio of highly prospective oil and gas assets," said Swindells, who added that the incoming money will "fully fund the company to drill its two high-impact wells with **Shell** at Selene and Pensacola while also allowing us to continue to further expand and de-risk the rest of our portfolio." Cluff recently expanded its portfolio of licenses in the last UK licensing round, with Shell becoming a new partner.

Cluff picked up new partner Shell on two recent UK licensing grants.

Shell to return \$125B to shareholders from 2021-2025

Shell CEO Ben van Beurden said that his company would return \$125 billion to shareholders between 2021 and 2025, and the future involves oil and gas. In a Bloomberg TV interview, the high-profile executive said that its plan would depend on \$60/bbl oil and just a small rise in capital spending while transitioning to lower-carbon energy. "We want to position the company for the future of energy," he said. "The future will involve oil and gas, by the way. But it will also be a future where much more of the dynamics of the market are dictated by the customer."



Expecting overall ROCE above 12% by 2025, up from 9% at Q1 end.

Shell's new projects will generate up to \$35 billion in cash per year by 2025. The money would be used to pay out higher dividends and to continue stock buyback programs. From 2016 to 2020, the company will pay out an expected \$90 billion in dividends compared with \$52 billion during the prior five-year period. It is in the midst of a \$25 billion (€22.1 billion) repurchase program that will end at YE20. At present, Shell has over 8 billion shares outstanding and trades in the €28 a share on its primary Euronext Amsterdam exchange. The company estimates spending an average \$30 billion in the five years up to 2025.



Shell Financial Goals Through 2025

2020		2025
DE-RISKED		STRONG OUTLOOK
\$28 -33 billion	ORGANIC FREE CASH FLOW	~\$35 billion
\$25 billion share buybacks 2018-20	SHAREHOLDER DISTRIBUTIONS	\$125+ billion potential total distributions 2021-25
~10%	ROACE	>12%
~25%	GEARING	15-25%
\$24 -29 billion	CASH CAPEX CEILING SUSTAINING	~\$30 billion average over 2021-25 \$32 billion \$20 billion

Source: Shell June 4 Presentation via **PLS docFinder** www.plsx.com/finder



PLS

Transactions Metrics and Comparables

app.drillinginfo.com/ma

The image shows a blurred screenshot of a Drillinginfo report. The report is organized into two main columns. The left column contains a list of company names, and the right column contains a list of asset details. The text is too blurry to read, but the layout suggests a detailed data table with multiple rows and columns.

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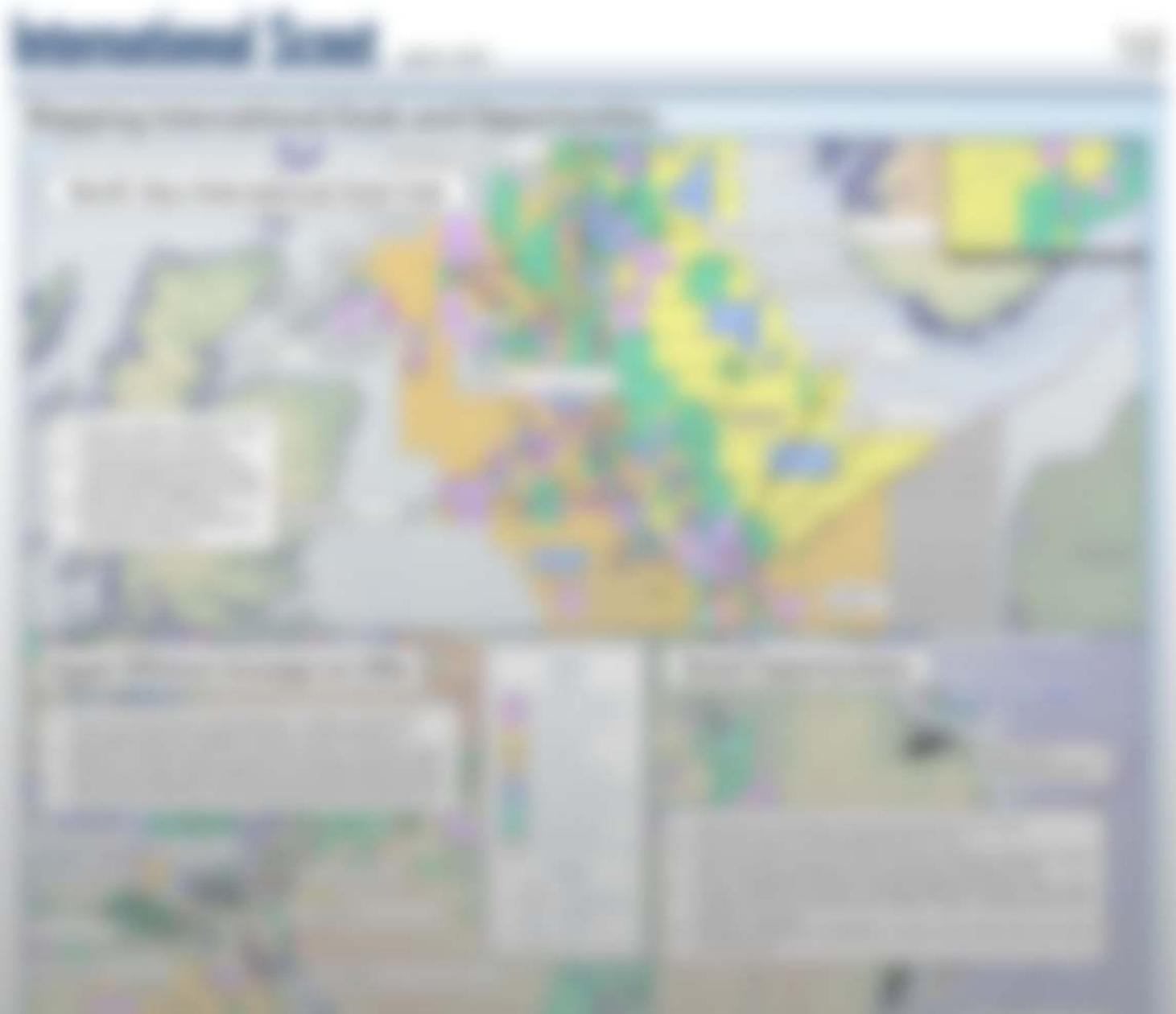
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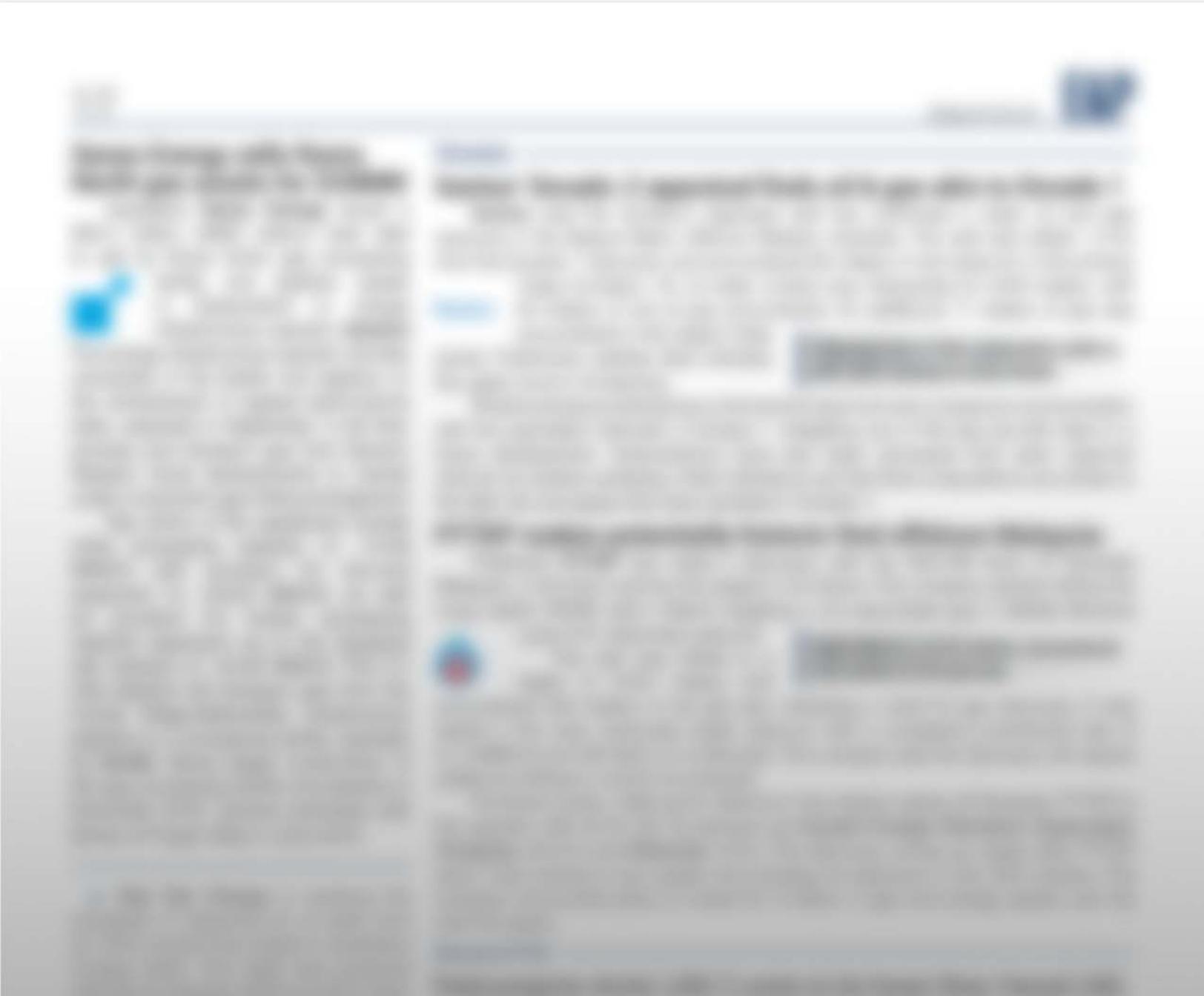
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