ENVERUS

Oilfield Pulse

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Exxon's latest Guyana FID brings work to MODEC & TechnipFMC

Mitsui Ocean Development & Engineering Co. confirmed May 8 that it will proceed with EPC on a new FPSO vessel after ExxonMobil and its partners made a positive FID April 27 on the Uaru project off Guyana. The FID also led to TechnipFMC securing a contract worth at least $500 million for the Uaru subsea production system.

At a cost of $12.7 billion, Uaru will be the most expensive development on the Stabroek block thus far. Development drilling is expected to commence in mid-2024 with first oil in 2H26 or 1H27. Exxon's partners on Stabroek are Hess (30%) and CNOOC (25%).

TechnipFMC scores $500MM-$1B contract for subsea production system.

The Uaru FPSO, which will be MODEC's first off Guyana, will be named Errea Wittu and will have topsides designed to produce 250,000 bo/d with associated gas treatment capacity of 540 MMcf/d, water injection capacity of 350,000 bbl/d, produced water capacity of 300,000 bbl/d and ability to store around 2 MMbo. Financial terms for the MODEC contract were not disclosed. *Read more...*

Top clients warn Nabors of modest slowdown in U.S. drilling

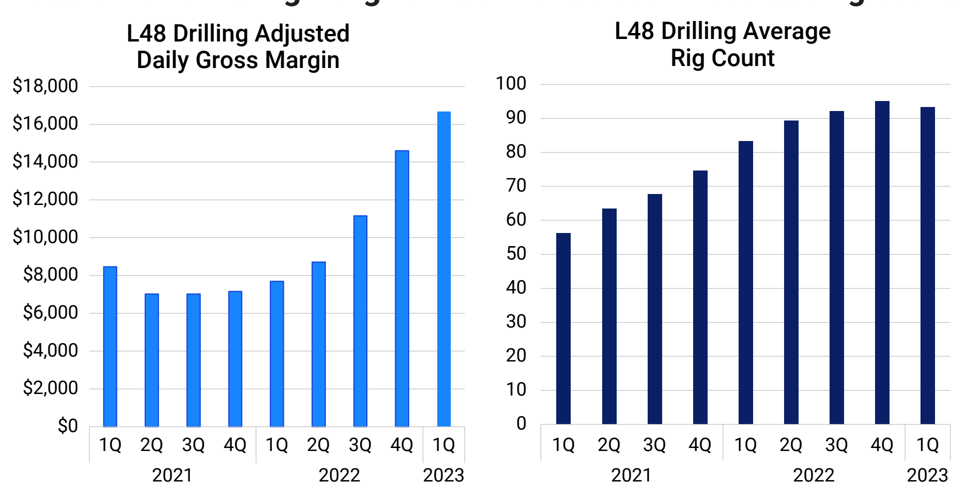
Nabors Industries Ltd. said its leading Lower 48 customers have told it to expect a Q2 slowdown as receding natural gas prices reduce drilling activity. As a result, the company expects to exit Q2 with roughly 85 active rigs, down by three from the end of Q1 and by eight from its Q1 average.

In the quarterly survey Nabors' leading customers, which make up 34% of Nabors' working rig count, said the dip would be only modest—which CEO Tony Petrello said reflected the "constructive" oil prices—and would be followed by an H2 increase in activity. Demand destruction from higher interest rates and a risk of recession also could disrupt the outlook, but a potential acceleration of China's economy could boost the upside.

U.S. rig utilization expected to rebound in H2, Nabors CFO says.

While oil basins continue to support activity, "these increases have not been enough to accommodate the full redeployment of gas rigs," CFO William Restrepo said in an April 25 earnings call. *Read more...*

Nabors' Lower 48 Rig Margins Rise Even as Gas Prices Cut Rig Count



Disciplined pricing drives improving daily margins

Source | Nabors Industries 04/25/23 presentation via Enverus docFinder

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Contracts & Projects

Worley to provide EPC for Sparta in GOM using lightweight FPU

Shell awarded Australia-based Worley a contract to provide EPC services for the Sparta floating development—known until mid-2022 as North Platte—in the Gulf of Mexico's Garden Banks area, 170 miles off Louisiana. The supermajor (51%) and partner Equinor (49%) are progressing the project toward an FID later this year. Under the contract, Worley will provide engineering, design, procurement support, construction and commissioning support for the FEED, detailed design and follow-on phases of the project.

The project incorporates Worley's design for a lightweight floating production unit, previously deployed on two other Shell projects. Worley will implement a full suite of digital tools in providing its services on the project.

The subsalt Paleogene reservoir was discovered by Cobalt International Energy in 2012. Equinor and Total acquired the project in Cobalt's Chapter 11 sale in April 2018. Worley received a FEED contract in 2019, but it stalled amid demand destruction related to COVID-19. TotalEnergies divested its 60% stake to Equinor in February 2022, and Shell acquired an operated 51% stake four months later, at which time the companies renamed the project Sparta.

Newly renamed Select Water awash in infrastructure projects

Select Water Solutions Inc. completed its name change from Select Energy Services Inc. on May 8 with the filing of amendment and restatement of incorporation with Delaware's secretary of state. Stockholders approved the name change May 4 at the annual meeting. The name change reflects Select's strategic focus as a water services company. The company's Class A common stock will continue to trade under the ticker symbol WTTR on the NYSE.

Select's focus on water was also reflected in its Q1 earnings report, issued March 2, which included a raft of water infrastructure projects that are backed by long-term agreements inked during Q1. Despite soft natural gas prices, three projects are in the Haynesville Shale, where "produced water management remains a core priority for many of our customers," CFO Nick Swyka said during the May 3 earnings call.

CFO: Wastewater mgmt. 'core priority' for Haynesville E&Ps despite gas woes.

In one, Select is constructing a 5-mile produced water pipeline after it signed a multi-year gathering and disposal agreement with a large Haynesville independent. The pipeline will connect Select's existing 60-mile underground twin pipeline network in Texas and Louisiana. The operator has agreed to a 15 MMbbl minimum volume commitment over five years with a total contract term of 10 years plus the dedication of all future produced water volumes generated in a 30,000-acre area to Select's gathering and disposal systems. The company expects to complete construction in Q3.

Select also signed two 10-year gathering and disposal agreements with a public operator in the East Texas Haynesville supporting a combined $5 million of capital projects. One agreement has Select building a 5-mile pipeline connecting the operator to a new wastewater disposal facility; the other calls for a 2-mile pipeline linking the operator to an existing Select disposal facility. Pipelines and facilities should be operational by the end of Q2.

In the Mid-Continent, Select signed a multi-year gathering and disposal agreement with a large public operator. The $4 million project is supported by an MVC in exchange for a capacity dedication and construction of a 6-mile produced water pipeline connecting the operator's water infrastructure to an existing Select disposal facility. Completion is expected by the end of Q3.

In January, Select commenced operation of a 6-mile, 24-inch pipeline to connect a nearby water source to the leasehold of a major integrated company in the DJ Basin, at a cost of $8 million. The operator signed a multi-year water sourcing and delivery agreement with an initial up-front capital commitment of $10 million and a 35 MMbbl MVC over three years.

Capstone to send microturbine in latest Texas oilpatch order

California-based Capstone Green Energy Corp.'s Southern U.S. distributor, Lone Star Power Solutions, secured a contract with a large West Texas energy company to provide an additional C800S Signature Series microturbine. The microturbine contract adds to a 3.6 MW energy-as-a-service contract the same producer signed with Lone Star in February.

Adds to a 3.6 MW contract the same producer signed with Lone Star in February.

The producer will use the microturbine energy systems to power production loads using on-site gas produced from its day-to-day operations. Capstone said its EaaS solution was selected because of its track record of reliability in remote oil and gas fields across the world and its low emissions profile. All maintenance is included with the rental contract.

"We are seeing repeat orders from core industry segments like oil and gas while also expanding interest from new areas like electric vehicle charging providers," Capstone CEO Darren Jamison said. "EaaS is proving itself to be a win-win solution as it meets the Capstone customer need to manage capital investment while delivering reliable, lower-emissions energy, and it meets Capstone's need for higher margins and predictable revenues and cash flow."

Capstone's EaaS business offers rental solutions utilizing microturbine energy systems and battery storage systems, service contracts that guarantee lifecycle cost and aftermarket parts. In February, Lone Star received a long-term EaaS rental order for five C1000 Signature Series microturbines from a different West Texas oil and gas customer. The microturbines will be commissioned in May at a remote production site.

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Dr Scott Tinker
Chairman, Switch Energy Alliance

- Do we need to engage in civil dialog and debate?
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- Should we advance energy technologies via the private sector or government mandates and incentives?
- What is the role of oil and gas companies in decarbonization?
- Is there a need for human diversity to solve environmental and energy challenges?
- Is there such a thing as clean energy? Should nuclear play a role?
- What will be required to significantly accelerate solar, wind and batteries?
- Can these issues be addressed if all global citizens are not lifted up economically?

Meet Our Panelists

Register Today

Chris Wright
CEO and Chairman,
Liberty Energy

Julio Friedman
Chief Scientist, Carbon Direct
(formerly in the Obama DOE)

Contracts & Projects

Reach Subsea backlog reaches new high after Equinor agreement

Norway-based offshore services provider Reach Subsea ASA reported that its order backlog has reached a record high of NOK 815 million ($77 million), a 133% increase YOY. Q1 additions to the backlog include a three-year frame agreement with Equinor for work on the Norwegian Continental Shelf and internationally into 2026. The Equinor frame agreement covers all core activities for Reach Subsea, including installation support, seabed intervention and subsea surveys and monitoring.

The first call-off under the frame agreement with Equinor is for a gravimetry campaign at four Equinor-operated gas fields in the North Sea, the Norwegian Sea and the Barents Sea. The two-month survey, which will be performed by the survey and light construction vessel Viking Reach, will start in Q2. The company acquired the Viking Reach on March 21 following an NOK 126.3 million private placement.

Offshore wind tender activity also boosted Reach Subsea's backlog in Q1. The company secured two contracts with major renewables companies for offshore wind-related services, one for six months plus options and one for five months plus options. The six-month contract, which started in Q1, is using the multipurpose supply vessel Olympic Triton, and the five-month contract employs the subsea vessel Deep Cygnus and will begin in May.

Reach Subsea ended Q1 in the red, although results were a dramatic improvement from a year earlier. Q1 EBIT was negative NOK 8.4 million amid seasonally lower utilization and preparations for the upcoming main season, compared with 1Q22's negative NOK 37.7 million. Revenue was NOK 234 million in Q1, an 81% YOY increase.

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Equinor seeks approval for $1.67B second round of 2023 buybacks

U.S. Rig Count by Basin & Top Drillers

	Current 05/09/23	Week Ago 05/02/23	Month Ago 04/09/23	Year Ago 05/09/22	Δ YOY (%)
Total	**774**	**788**	**829**	**782**	(1%)
Top Drillers					
Helmerich & Payne Inc.	170	170	181	174	(2%)
Patterson-UTI Drilling	120	128	117	107	12%
Nabors Industries Ltd.	77	78	87	85	(9%)
Ensign Energy Services Inc.	52	56	55	44	18%
Precision Drilling	52	50	55	53	(2%)
Rigs by U.S. Basin					
Delaware	198	200	199	175	13%
Midland	141	144	149	130	8%
Gulf Coast	86	90	96	90	(4%)
Anadarko	62	62	67	65	(5%)
Appalachian	51	51	52	56	(9%)
Ark-La	35	37	41	46	(24%)
Williston	34	38	41	39	(13%)
East Texas	33	33	34	30	10%
Gulf of Mexico	29	29	31	32	(9%)
DJ	17	17	18	18	(6%)
Powder River	15	13	15	13	15%
Uinta	11	11	11	11	0%
Fort Worth	8	8	13	11	(27%)
Permian Central Platform	8	10	10	15	(47%)
North Slope	7	7	8	7	0%
Other	39	38	44	44	(11%)

Source | Enverus Rig Analytics

Equinor receives bids in tender for BM-C-33 pipeline work

Equinor has received at least two offers in its tender for a major subsea pipeline in Brazil for its upcoming BM-C-33 pre-salt project, Upstream reported April 26, citing unidentified sources familiar with the matter. Italy's Saipem and Switzerland's Allseas reportedly submitted bids for the contract, which could be worth $500 million to $1 billion, while sources suggested TechnipFMC, Subsea 7 and McDermott International declined to make offers. The contract covers a 200-km pipeline that will link an FPSO on the BM-C-33 block to shore and will transport gas to a new dedicated receiving facility inside Petrobras' Tecab site at Cabiúnas before entering the domestic gas network.

Saipem & Allseas reportedly submitted bids for pipe contract worth $0.5-1.0B.

The winner will be responsible for supplying the pipelaying vessel and installing and commissioning the line in ultra-deep and shallow waters, Upstream said. Installation is slated to begin in 2025 or 2026, with Equinor supplying the 24-inch pipes for the deeper section and 22-inch pipes for the shallower section.

Equinor reportedly plans to use a topsides module onboard the FPSO to process gas, rather than transporting it to shore for processing. Crude oil and condensate will be offloaded by shuttle tankers and exported after ship-to-ship transfers. Based on the approved development concept, the proposed FPSO will be able to process 565 MMcfe/d of gas and condensate and 125,800 bo/d.

Last July, the company signed an LOI with TechnipFMC for an integrated FEED study on the development, with an option to proceed with a direct award to TechnipFMC for the integrated EPCI phase of the project. Equinor is aiming to take an FID on the project later this year.

Thank you! We hope you've enjoyed your sample of our Oilfield Pulse report.

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