

FPSO ROUNDTABLES 2017



**PART
THREE**

FPSO Europe Roundtables 2016

The Executive Summary

On Tuesday 25th October 2016, senior representatives from across the FPSO supply chain came together for a special one-day, closed-door event to discuss the polemic issues that underpin the FPSO sector today. The participants included the whole gamut of industry stakeholders, from vessel owners and oil operators to EPCs, shipyards, subcontractors, law firms and banks.

In this executive summary, you will see a précis of the findings that emerged after a day of free-flowing discussion and debate, conducted in the form of seven moderated roundtables. Whilst the themes touched on below are far from novel, they have certainly been accorded a heightened importance in the current low oil price continuum.



Commercialising FPSO Redeployment as an Alternative Solution for Marginal Field Development

Five Ways to Make Redeploying Your FPSO Pay Dividends

The beauty of the floating production, storage and offloading (FPSO) unit is that it can be steered from field to field whenever necessary following field depletion.

Although this “hummingbird” approach is a prime advantage in the exploitation of marginal fields, redeployment of an FPSO is not as easy as it may appear. Each field presents a different mechanical prospect, often requiring major modifications to a unit’s processing plant and/or mooring system.

As well as the technical aspect of redeployment, there is also a financial and personnel concern to be taken into account. In the following analysis, we look at five things to bear in mind that could make redeploying your unit a more successful and straightforward process.



Sometimes a square peg will have to fit in a round hole

In the FPSO world, absent the costly elaboration of an entirely bespoke solution, it will often be difficult to find the perfect vessel for your asset from those available for purchase or lease.

Can your reservoir performance be acceptable with an asset that doesn’t quite tick all of the boxes? Perhaps it will not achieve maximum recovery, but will it be acceptable for the project’s economic parameters? This should be taken into consideration as a key criterion for progressing with a redeployment.



Manage your relationships candidly

Oil companies will necessarily want to seek the highest output from the fields that they control. To that end it is critical to manage client expectations and impart the cost savings that could make a marginal field financially viable with a redeployed FPSO.





Working backwards to go forwards

In 1993 marine regulations came into place that stated FPSOs had to be serviced every five years. In line with that, lease periods were never longer than that time. This made redeployments popular as vessels came off contract at regular and predictable intervals. However, with 25+-year leases and more bespoke vessels, this has fallen out of favour.

Today, the usual project execution methods/procedures can't be applied to a redeployed FPSO, so reverse engineering is a better solution: instead of starting with the reservoir and building a solution around that, with a redeployed FPSO you must begin with the asset and tailor your unit to fit.



Be robust to gain financing

Redeployment is treated as a new project financing endeavour and not a continuation or adjunct to something that is already extant. Redeploying may be a better option for smaller companies on marginal fields, but those smaller organisations are inherently more of a red-flag warning for financial institutions. Banks do not assume reservoir risk and solely focus on counter-party risk, therefore, the matrix of requirements must be robust for the redeployment to move forward to the FID phase.



Flexibility is the key to profitability

Redeployments are often the province of later-life field optimisation, and as such, getting the best out of what you have means capitalising on the existing equipment in place and ensuring operability and connection.

From a technical perspective, this can best be handled with early discussions about the hardware and interfaces in question. Can subsea systems be used to assist in redeployment? Enormous cost savings could be made from the optimal usage of subsea equipment and moving critical infrastructure from topsides to the seabed.





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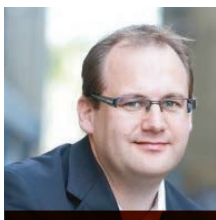
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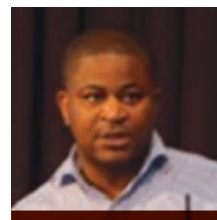
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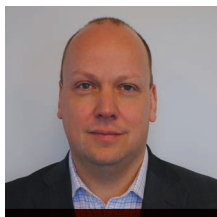
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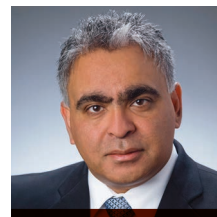
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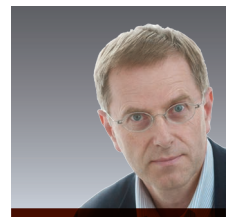
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