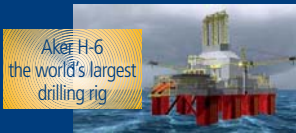




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## AROUND THE BOOTHS

# Roar of the Asian tigers grows louder



In terms of total offshore capital expenditure through 2012, Infield Systems (Booth 2557) expects Asian spend to represent the second highest level after that of Africa. Dr Roger Knight (far left) and George Venturas investigate why some developments are requiring unprecedented levels of regional investment, not seen until now, to successfully bring them onstream.

Projects such as Reliance's Dhirubhai D6, Chevron's Gheem/Ranggas and PTTEP/Petronas' Muda, located in India, Indonesia and the Malaysian-Thai Joint Development Area respectively, are regionally best suited to become the sites of future oil and gas hubs as the quest for untapped hydrocarbons intensifies throughout the region.

With regards to floating production in the Asia Pacific region, we expect to see 42 units being deployed or redeployed through 2012. This represents the largest total number of units of any region in the world but in terms of total expenditure these 42 units only account for 24% of all global facilities.

The reason for this is because on average these units are smaller than both those in African and Latin American waters and invariably conversions rather than newbuilds. Indonesia, China and Malaysia will install deeper water facilities while potential growth is expected from shallow water developments in Vietnam, Cambodia, India and the Philippines.

FPSO deployment is expected to represent close to 60% of Asian floaters spend going forward while accounting for half of installations in terms of total numbers. Increasingly we expect FSOs and TLPs to provide a major part of the expected growth in the Asian market. Other floaters will not represent major expenditure as these are most likely going to be smaller projects and at times completed entirely by local operators only.

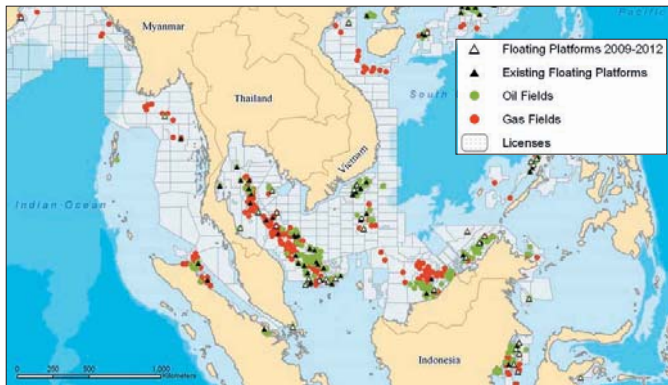
We expect Vietnam to be very crucial in the future with high profile FSOs such as

PetroVietnam's *Su Tu Vang* FSO and the *Rong 5* FSO to be installed within the next year.

Recently, regional schedules have been hit by extended delays such as that caused by Chevron's complete re-evaluation of the deepwater properties that it acquired when it took over Unocal. Despite these delays we still expect to see aggressive growth especially in pipelines going forward which we believe will increase by a

factor of two compared to the last five years. This is fuelled in part by projected major Vietnamese projects such as those associated with the Kim Long and Con Son Basin rigid pipelines which are expected to be operational in 2011 and 2012 respectively.

Traditionally, Asian plays have been dominated by the deployment of mainly converted assets. However this is being challenged and we expect a



Future Southeast Asian oil and gas fields.

SOURCE: OFFSHORE ASIA OIL & GAS MARKET UPDATE 2008-2012, INFIELT SYSTEMS

more balanced ratio of newbuild to conversions. Most noticeably and more importantly for the region we expect local fabrication yards to contribute more to this growth with PT Batamec, Kochin and Unithai shipyards located in Indonesia, India and Thailand, looking the best placed to take advantage of this trend.

Due to Asian yards being at the forefront of global construction efforts especially in South Korea and Singapore, yards are working at full capacity and Infield Systems does not discount a number of projects slipping from a 2011 scheduled date of installation to 2012. This can be highlighted in the reported difficulties of matching Gumusut's growing topdies to its designed base.

The majority of headlines have been dominated by deepwater projects such as Kikeh, which came onstream in 2007, but many shallow developments, some at depths of less than 100m, are using floating production systems as their chosen project types because of their remote geographical locations away from existing fixed infrastructure. Malaysian pipelines are also expected to give the region a boost with future pipelines increasing 160% compared to the previous five years. Petronas' Kimanis-Bintulu pipeline, expected to be close to 500km long with a diameter of 30in, is one such project under discussion.

As time goes by the general perception of this region is definitely shifting. Asia, once considered a region with extensive red tape and little promise, has surprised many commentators through efficient execution of high profile projects such as Murphy's Kikeh project which included a spar, FPSO, a subsea element and an export pipeline.

As a result, this has gone some way toward convincing larger operators of the future potential of this play. The jury is currently out as to how much of this potential can be effectively realized in the near term. However, every operator's quest to boost reserve portfolios in under-explored regions makes this region the logical choice to look to for any future rapid expansion.



Pictured at yesterday's launch of Castrol's GreenField range (l to r) are: Phil Shirley, Susanna Linnington, Tony Globe and Paul Harrald.

## Castrol goes green offshore

Castrol Offshore (Booth 2341) has launched a new range of 'environmentally responsible' lubricants and control fluids, which are designed to help the offshore industry reduce its environmental impact. The company has stripped out some of the environmentally damaging elements from the fluids and replaced them with water based products which are not so harmful to marine life.

According to Castrol Offshore's strategy director Tony Globe, these GreenField products are the offshore industry's most comprehensive range of 'environmentally responsible' lubricants and control fluids, which are vital to the reliable operation of numerous offshore applications on mobile offshore drilling units, fixed, floating and subsea production facilities, supply boats and specialist support vessels.

At an OTC press briefing yesterday, Globe said: 'The new brand is aimed at helping customers reduce their environmental impact. We believe we are ideally placed to help the industry to meet those environmental challenges. We have over 30 years' experience in this market and we're the only player with subsea control fluids as part of its portfolio.'

Globe said his company had not sacrificed any of the fluids' performance in creating the new

range and that equipment could be easily retrofitted to work with them.

Susannah Linnington, Castrol Offshore's environmental specialist, said that lubricants used offshore are always going to end up in the sea and that reducing their environmental impact was essential.

'The management and control of pollution from offshore operations is assuming a higher priority for the industry as governments and official bodies focus increasingly on the protection of the environment,' she explained. 'For responsible companies, complying with environmental laws is a minimum requirement. They go further, however, in adopting pioneering environmental solutions as a standard part of ethical business.'

Castrol's GreenField lubricants had to meet standards in two out of three key criteria of marine biodegradation, marine toxicity and bioaccumulation, added Linnington. 'For a product to be included in the GreenField range, it must have a demonstrably improved environmental performance.'

The range includes the Castrol BioBar series of hydraulic fluids intended as 'drop-in' replacements for conventional mineral oils. The BioStat series will be used to lubricate thruster gearcases and stern tubes and the Castrol Anvol CF 22 in blow out preventers.

## Indonesia looks to drive up output

Indonesia will put 18 exploration blocks up for grabs this year on top of the 26 that went under the hammer last year.

The winners of the 2007 round will be announced later this month as the country tries to breathe new life into its stuttering oil and gas exploration and production business.

Luluk Sumiarso (pictured), director general for oil and gas at the Indonesian Ministry of Energy & Mineral Resources told delegates at an OTC industry breakfast that the country has the potential to become a player that could rank alongside the other huge producers.

He said: 'Indonesia still has lots of potential basins which have not been explored. We have identified 60 potential sedimentary basins throughout the country, 70% of which are located offshore and more than half of them are in deepwater.'

Attempts are being made to counter Indonesia's declining production, he said.

The country produced 960,000b/d in 2007 but



output has been dropping by 5% a year since 2001, with many discoveries offshore Indonesia lying idle.

Indonesia had hoped to increase its oil and gas output by 30% by 2009, but Sumiarso said he now realised this target had been unrealistic. 'We're now looking at maintaining the current level of production or increasing by perhaps 6-10%', he said, adding that Indonesia was keen to bring foreign investors into its offshore oil plays and that the licensing and regulatory regimes were undergoing reform to attract new investors.

'We're looking at ways to improve our contract terms and we would welcome any suggestions to improve those terms - come and see us,' he said.

Contract terms are open to negotiation, but Sumiarso said three key requirements would have to be met, namely: the ownership of the blocks would remain in the hands of the government; investors would have to sign a contract with state-owned BP-Migas which would manage all aspects of exploration and production; and that capital and risk was in the hands of the investor and the government would not bear the risk.

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