

BP receives approval for development of £4.5 billion Clair Ridge project

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BP and its co-venturers ConocoPhillips, Chevron and Shell announced today that approval has been received from the UK Government to proceed with the second phase of development of the giant Clair field, located to the west of the Shetland Islands.

The development - called Clair Ridge - will involve the construction and installation of two new, bridge-linked platforms, scheduled to be installed in 2015 with production expected to commence in 2016. The new facilities are being designed for 40 years of production and will require a total capital investment of circa £4.5 billion.

The new development will have the capability to produce an estimated 640 million barrels of oil and will provide a hub for future expansion, subject to further appraisal. Peak production is expected to be up to 120,000 barrels of oil per day.

Trevor Garlick, Regional President for BP's North Sea business said: "The Clair field is an established, high quality asset with a strong future and with our co-venturers we are taking significant steps to maximise its potential."

Clair Ridge will be developed using the latest technology. To reduce the environmental impact of the project, the platforms will be powered using dual-fuel power generators, incorporating waste heat recovery technology. Vapour recovery will also be used to capture and recycle low pressure gas for use as fuel or for exporting to shore.

The project will also include the world's first offshore full field deployment of LoSal* enhanced oil recovery technology to modify the salinity of water injected into the reservoir and increase the recovery of oil.

The Clair co-venturers

- BP Exploration Operating Co 27.6215%
- Britoil plc (BP) 0.98%
- ConocoPhillips (U.K.) Limited 24.0029%
- Chevron North Sea Limited 19.4225%
- Enterprise Oil Limited (Shell) 18.6831%
- Shell Clair UK Limited (Shell) 9.2900%

Facts and Figures

- The Clair field was originally discovered in 1977;
- The Clair field is located 75 km west of Shetland and extends over an area of 220km², in water depths of approximately 140m;

- The first development phase (Clair Phase 1) was sanctioned in 2001. It was developed with a single fixed platform with production and process topsides facilities, supported by a steel jacket and associated oil and gas export facilities;
 - Production from the Clair field commenced in February 2005 from the first phase facilities and has so far produced around 80 million barrels. The first phase facilities are designed to continue producing until 2028;
 - The second phase of the development -Clair Ridge - is planned to target the part of the field to the north of Clair Phase 1;
 - Oil and gas is exported via pipelines to the Sullom Voe terminal on Shetland where it is processed for onward use;
 - Total hydrocarbons initially in place across the entire field are estimated at more than 7 billion barrels of oil equivalent, although due to the highly complex and fractured nature of the reservoir, there has been considerable uncertainty as to how much of the oil could be recovered.
 - The Clair Ridge project is headquartered in London, where approximately 650 people are currently employed;
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- The engineering is being delivered by AMEC and Rig Design Services (RDS), both UK companies;
 - The Clair Ridge facilities will consist of two bridge-linked fixed steel jacket platforms and topsides, comprising a drilling and production (DP) platform and a quarters and utilities (QU) platform;
 - The new facilities will tie in to the existing oil and gas export pipelines to the Shetland Islands. There is also provision on the DP platform for future subsea tie-backs;
 - Around 30% of the £2.1bn base cost of the project (i.e. all engineering, all project management, a large share of the topsides equipment) is in the UK;
 - Around 80% of the estimated £1.1bn of drilling costs will be spent in the UK;
 - Following a global competitive tendering process the initial "pre-sanction" awards for the platform jackets were made in Q3 2010 to Aker's Verdal yard in Norway. A pre-sanction award for the platform topsides was made to Hyundai Heavy Industries in Korea in Q2 2011;
 - 500 tonnes of subsea structures will be bid in 2012 to UK fabrication companies via the Subsea EPC contract which is due to be awarded shortly;
 - Over 60% of the topsides orders placed to date have been awarded to UK companies. 43 equipment packages have been awarded to UK companies;