Amplus Parliamentary Submission

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Purpose: Written Evidence for Inquiry on the Future of the Oil and Gas Industry
Executive Summary

- Substantial, albeit individually smaller scale reserves of economically producible hydrocarbons exist in UK waters.
- There is a continuing lack of concerted development activity in respect of what has been classified as the numerous “Currently Identified and Drilled Discoveries” in UK territorial waters.
- UK licence holders and Operators together with the Oil and Gas Authority have joint obligations under the current national strategy to produce the hydrocarbon reserves under their control on the basis of providing Maximum Economic Recovery on an overall basis. The strategy prioritises net economic returns over gross production volumes and the fostering of inter-company cooperation where necessary to achieve this.
- Amplus Energy Services have developed the technical and commercial means to unlock a whole range of such reserves but have been unable to overcome the currently prevailing systemic inertia in order to bring them into the development phase.

Petitioner - Amplus Energy Services

Amplus Energy Services is a British owned and domiciled private company. Over the past seven years Amplus have invested several millions of pounds in the design and development of a mobile Oil and Gas Production Vessel that is ideally suited to bring into production many of the numerous undeveloped hydrocarbon resources identified in United Kingdom territorial waters. The vessel design was undertaken by a renowned firm of British naval architects and the key components have been designed and will be manufactured in the United Kingdom. The overall design has gained acceptance by the certifying authorities, which is an industry first. There has been worldwide interest in the vessel providing an export opportunity in UK terms, however Amplus still see deployment in UK waters to be a natural and highly desirable outcome.
Amplus Progress to Date

Multi-Supplier Integrated Technical Delivery

In addition to developing the Amplus vessel known as the VPU (Versatile Production Unit), Amplus have entered into partnering arrangements with major international contractors for the coordinated supply of the subsurface infrastructure optimising the benefits of each suppliers’ component to provide a complete oil field development offer and operating solution.

Novel Commercial Proposals

Amplus has also, with the input of their legal advisors and the participation of the UK Oil and Gas Authority (OGA), developed commercial and corporate structures that facilitate cooperation between Operators enabling them to enter into long term contracts for FPSO charter and subsea infrastructure investments, enabling risk sharing for the development of smaller scale hydrocarbon discoveries. By utilising the inherent mobility of the VPU this “Operators Production Club” arrangement enables study and development costs to be shared whilst minimising Abandonment costs.

The Amplus Versatile Production shown above is a dynamically positioned vessel, i.e. without fixed moorings; it arrives at each field site under its own power and maintains station via its thrusters. It has the capability to position directly above the reservoirs thereby minimising the cost of subsea infrastructure. The UK designed turret and quick release fluid transfer system enables rapid connection for production start-up – and correspondingly speedy disconnection for emergency purposes or for planned redeployment to another field.
The Oil & Gas Development Context

While it is widely accepted that there are some 4 Billion barrels of hydrocarbon reserves identified and proved by drilling, there is virtually no current activity taking place in respect of vast majority of these reserves, which could realistically be seen to lead to their development in the short term. There exists a persistent lack of real impetus, even when price oil forecasts are seen as favourable.

We see a demonstrable lack of acceptance of the application of novel technical approaches, even when based upon fundamentally proven technology, and no real desire to implement new commercial arrangements to share risk when these are developed and presented to participants. This lack of innovation is seen as one of the underlying causes of the current development hiatus, as it is generally agreed that the smaller reserve pools which are the subject of this submission are most unlikely to be economically developable via the installation of new conventional fixed platforms or structures.

Small reserve pools can be developed only by new smaller mobile floating structures – of which the Amplus VPU is the leading example. Tie-back may offer a viable option to existing infrastructures which are themselves becoming subject to abandonment.

It seems perverse that where conventional solutions both technical and commercial are proven to be uneconomic and the promulgation of the Maximum Economic Recovery Strategy provides an environment conducive to a change in development methods - the smaller and larger companies controlling a range of UK developable reserves are unwilling to embrace the opportunities available.

Recommendations

Widely published studies and data bases outlining existence of the existing opportunities are available yet there is continuing lack of real action.

The current situation is ripe for the delivery of a fresh de-blocking impetus.

A first step would be to follow up a rapid collation of existing opportunities via a questionnaire requesting details of positive actions taken in the last six months or to be planned with the next six months to bring drilled and undeveloped discoveries to Field Development Plan status. Fields should aim to be brought into production within the next three years following the principles of Maximum Economic Recovery as promulgated by the OGA. Action plans within the short term to be a clear requirement.

While the development requirement by the relevant authorities may be expressed in a manner which falls just short of compulsion, it should be of a nature which at the very least represents a serious motivational reminder to the Industry. They have obligations to develop the resources granted to them by licence, employing appropriate new and emerging technologies and working in a cooperative manner.

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