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ABSTRACT

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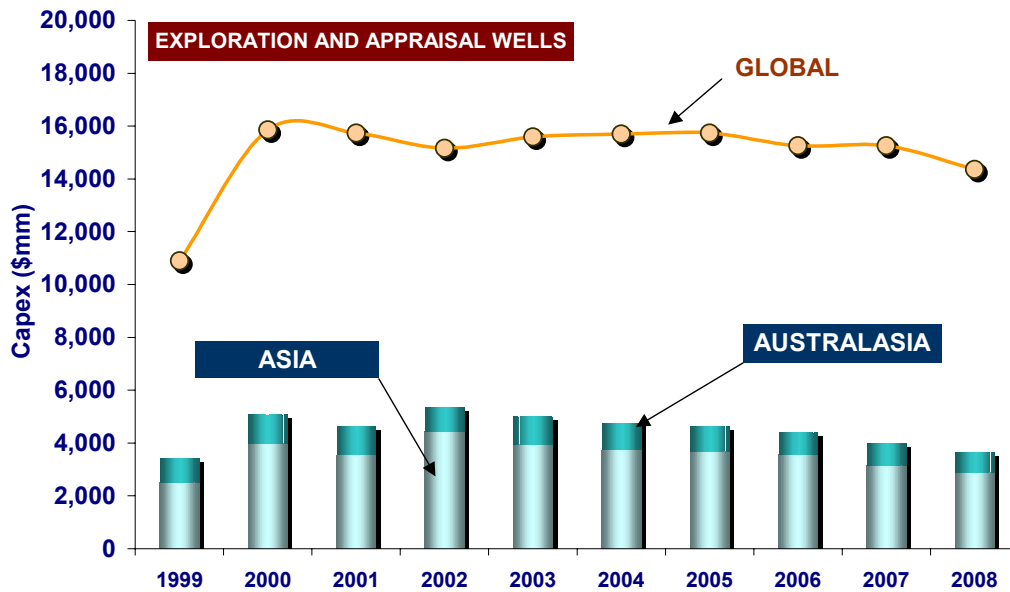
How Much of the Budget will be for you? – Offshore Expenditure in the Asia-Pacific Region

The Asia-Pacific is dominated by offshore production. In 1936 the first offshore wells to be drilled in the open sea were located in Brunei. However, real growth in global offshore drilling did not occur until the 1960s, after opportunities on land had begun to decline. Well numbers then peaked in 1981 following a decade of fluctuating and rising oil prices.

After a steep drop, exploration drilling levels have now stabilised, boosted by higher oil prices and the appearance of new opportunities through improved technology, but limited by the disappearance of drilling prospects in mature regions.

On average just under 1000 exploratory offshore wells are drilled globally each year of which a quarter are located in this region. Around 20% of global exploratory wells are now in deepwater. In the last decade reductions in available targets in shallow waters have been counter-balanced by moves towards increasing water depths.

What is the future for the Asia-Pacific; how has drilling activity and expenditure moved here and how will it move? In particular what do changes in activity mean for geoscientists engaged in exploring for and developing the region's oil and gas? Estimated offshore well expenditure in the region is shown in the figure below.



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Drilling costs vary enormously but the cost of the rig is usually between 25% and 30% of the well cost. The engineering programme makes up between 35% and 45%, depending on the total depth of the well and whether drilling problems are encountered. Support services, including transport such as boats and helicopters, make up between 20% and 30% of total costs which leaves the cost of the geological programme, depending on well objectives, at just 5% to 10% of the total.

Seismic expenditure on a project, including acquisition, processing and interpretation, is roughly a third of that allocated to drilling exploratory wells. Thus it attracts around four times as much spending on an exploratory project as the geological part of a drilling programme.

It is forecast that around US\$22 bln will be spent over the next 5 years on all offshore drilling in the Asia-Pacific region and an additional \$7bn will be spent on seismic data. Thus around \$8.5 bln will be allocated to geologists and geophysicists. This paper will consider regional exploratory activity and determine what share in the global money pot geoscientists working in different parts of the region can really look forward to.