

Energy Drilling in the running for Shell and PTTEP contracts



Photo: ENERGY DRILLING

ENERGY Drilling is in the race for two drilling contracts to be offered next month by PTTEP for its Zawtika phase 1B project off Myanmar and by Shell for operations on its deep-water Malikai field off Sabah, East Malaysia.

Sources say that EDrill-2 and EDrill-3 — the two tender rigs offered by Energy Drilling — are very competitive because of their low building cost, high specifications and proven management team and operations crew being well received by oil companies.

Energy Drilling has already put its first tender rig, EDrill-1, into service on a three-year contract with PTTEP in Thailand.

"EDrill-1 has a good track record for a newly delivered rig. It is already drilling and moving faster than its competitors in the Gulf of Thailand and the client is very pleased with the results," Marcus Chew, the chief executive of Singaporean rig owner Energy Drilling, tells Upstream.

For Shell's Malikai job, Energy Drilling is running against PV Drilling of Vietnam, which has offered the PVD V rig, New York and Oslo-listed Seadrill offering the West Vencedor, and Malaysia's SapuraKencana Drilling offering the West Esperanza.

For this contract, Energy

Drilling is offering its EDrill-3, a GustoMSC Ocean400-TD design unit, which is being built at Cosco's Guangdong Shipyard in China. This rig will be the largest of its kind when completed towards the end of this year and able to operate in water depths of 6500 feet with the ability to drill to 29,500 feet.

According to Chew, there are 31 competitive tender rigs in the market, comprising 15 barges, 10 semi-submersibles and another six under construction.

About 20% of the worldwide tender barge fleet is cold stacked and unlikely to re-enter service, as these units are more than 25 years old. Some, such as SapuraKencana Drilling's T-3, T-4, T-6 and T-7, are being scrapped.

He says adequate funding remains a significant barrier for less-experienced market entrants.

Sources said Energy Drilling might add a new tender unit once EDrill-2 and EDrill-3 are on contracts but that would need board approval based on market conditions.

He says tender rigs are widely accepted as a deep-water production drilling concept for many majors, including Chevron, Shell, Total and Petrobras.

Chew adds that Cosco Guangdong is a purpose-built newbuild yard and not a repair yard that has converted to

newbuilds. "I was initially apprehensive as the Guangdong yard has no experience in rig building. However, after a visit to the yard, I was convinced that it was the right choice," he says.

"Most importantly, the people I met gave a very good impression about their willingness to go the extra mile to win a new customer and new product line," he says.

Energy Drilling, like many other drilling contractors, has its regional office in Singapore.

Although its clients are not drilling in Singapore, most drilling contractors are based there for good reason. The local environment is conducive to business and expatriates have access to good healthcare, housing and international schools for their children's education, Chew says.

A stable government with a clear rule of law and competitive tax regime is also another plus for drilling contractors based in the city state.

In addition, logistics costs tend to be low as Singapore is a major seaport and airport, Chew says, adding that all the support industries — equipment suppliers, shipyards, legal and financial institutions — are also located there.

He says that access to a highly educated labour pool with good work ethics is also a major draw.

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