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UPDATE 1-BPC eyes Bahamas exploration revival with Statoil

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* BPC says several 500 mln bbl finds off Bahamas possible

* Expects seismic to start in 2010, drilling in 4 years

* BPC seeks to farm-out remaining Bahamas licences

(Recasts with BPC comments, details, shares)

By Wojciech Moskwa

OSLO, May 18 (Reuters) - British oil company BPC (BPCB.L: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) said new seismic and drilling technology could transform offshore Bahamas into a new hub for oil activity after it signed an exploration deal with Norwegian major StatoilHydro (STL.OL: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)).

Under the agreement, StatoilHydro will become operator of three offshore exploration licences in the Cay Sal region in south-western Bahamas -- some 150 km to the east of Cuba's oil producing region in the Caribbean Sea.

BPC, a company which has a number of offshore permits in the Bahamas, said the StatoilHydro venture marked the first "major Bahamian exploration project in 22 years".

"We feel this is a very prospective area that hasn't been explored for many many years," Paul Crevello, Chief Operating Officer of BPC, told Reuters "It has potential for multiple 500 million barrel oilfields to be discovered."

A U.S. Geological Survey in 2008 estimated 7-14 billion barrels of oil equivalent in undiscovered resources in the northwest Cuba Basin region, BPC said.

Crevello declined to specify the financial details of the StatoilHydro agreement, which awaited approval by the authorities probably before the end of 2009.

StatoilHydro, which has been diversifying away from its aging North Sea oilfields where production is dropping, said limited historic seismic and satellite data indicated "the presence of several large structures in the licence areas."

NEW SEISMIC SCANS

New seismic scans can help paint a much clearer picture of what lies underneath the seabed, StatoilHydro said. Crevello said seismic activity could begin as soon as 2010.

"There is no drilling commitment during the first phase of the licence. At the end of the initial 3-year licence term the licence holders will have the option to commit to drilling a well in the second phase," StatoilHydro's Global Exploration vice president Erik Finnstrom said in a statement. Crevello said the Bahamas region, located east and south-east of Florida, had similar geology to places in the Gulf of Mexico where oil has been found. Its proximity to the United States could also help develop infrastructure more quickly.

"The fiscal regime offered by the Bahamas is very favourable, with only a low royalty," he said. "When companies last looked at this region it (exploration) was beyond the technology of the time in 2,000 feet (600 metres) of water."

The world record for drilling in water depth is 10,011 feet (3,051 metres), held by U.S. driller Transocean Inc (RIG.N: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)).

Crevello said BPC "will retain a strong percentage position within the licence" and that his company will not need to raise capital for the project.

He said BPC was also interested in "farming out" to partners its remaining

five licences offshore Bahamas.

Shares in StatoilHydro were up 2.4 percent to 134.60 crowns at 1248 GMT, outpacing a 1.8 percent rise on the DJ Stoxx oil and gas index .SXEP. Thinly traded BPC was flat at 2.3 pounds. (Editing by Anthony Barker)

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