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StatoilHydro takes Bahamas bite

Staff & news wires

Norwegian giant StatoilHydro is set to take operatorship of the Zapata, Islamorada and Falcones licences, in the Bahamas' offshore play, after striking a deal with the Bahamas Petroleum Company (BPC).

StatoilHydro said in a statement that the move, which will see it set up a joint venture with BPC, is waiting on Bahamian government approval.

It is hoped the applications will be processed before the end of this year.

"There is no drilling commitment during the first phase of the licence. At the end of the initial three-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.

StatoilHydro said limited historic 2D seismic and satellite data indicate the presence of several large structures in the areas.

It added that a competent persons report, published last year, said that there could be a number of oilfields, possibly holding up to 500 million barrels of oil equivalent, in 18 leads recognised in the licences, in the Cay Sal areas of the southern Bahamas.

Ambrian analyst Werner Riding said: "This new joint venture agreement ... , removes a significant uncertainty with respect to future exploration capital requirements.

"Furthermore, we believe StatoilHydro's proposed involvement is testament to the regional prospectivity and potential upside on offer.

"This tie-up moves BPC one step closer to entering a more active phase of exploration, where testing of some very large structures may unlock a new hydrocarbon province."

BPC's chief operating officer told Dow Jones Newswire that the licences, which lie between BPC's existing Bahamas assets and StatoilHydro's Cuban interest, probably contain light oil.

He did not give details of the agreement between the two companies, but said it will play out in three phases, with the finishing touches to be agreed after the Bahamas authorities have approved licence applications.

Crevello said BPC will carry out new seismic surveys in the Bahamas and could be producing from its existing assets in the Bahamas within five years. Before today's agreement, it was the only oil company operating in the region.

Oil could be exported by pipeline or ship to the US market and also consumed domestically, Crevello added.

"Some of the structures are very large. There is potential for multiple 500 million cubic metre (of reserves) fields," he said.

The move will also see the first upstream activity in the Bahamas since 1987.

Monday, 18 May, 2009, 08:07 GMT | last updated: Monday, 18 May, 2009, 11:43 GMT

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Interview with
Ibraheem Assaad
VP Exploration, Saudi Aramco

Q: There is a school of thought that many Middle Eastern companies are focusing on enhancing their existing wells as opposed to exploration. Do you think that is a short-term view?



Ibraheem Assaad: "It's not the optimum solution. But going radical when it comes to R&D and exploration is not always the right approach, however we realize there is a need to deal with short-term fluctuations..."

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