



NORWEGIAN EMBASSY

EMBARGOED FOR RELEASE UNTIL 1PM, 16 APRIL 2013

Norwegian Embassy unveils report on offshore exploration & production in Asia

- Highlights lack of qualified personnel as key obstacle to meeting energy demand in the region

Immediate release: 16 April 2013

Rising energy demand from Asia Pacific countries is a key factor driving the growth in regional offshore oil and gas exploration and production (E&P) activities.

In response to this, The Royal Norwegian Embassy in Singapore, Innovation Norway in alliance with DNV and Norwegian Business Association (Singapore) is staging the **ASIA OFFSHORE TECHNOLOGY CONFERENCE** today in Singapore.

The conference will examine and draw practical conclusions about '*The Challenges of Offshore E&P in Asia Pacific*'. A specially commissioned report into the critical trends of the sector in the region will be unveiled at the half day event.

The report, by consultants Douglas Westwood, was commissioned by leading Norwegian Classification Society Det Norske Veritas (DNV), Innovation Norway and the Norwegian Embassy.

Mr John Westwood, Group Chairman of London-based energy research consultancy Douglas-Westwood, will announce the findings of the report.

Based on interviews with 44 leading players in Asia Pacific's offshore E&P business, the report sets out the challenges facing the sector in terms of economics, regulations, operations and technology, and how these might impact on activity.

The survey spans the drilling, engineering, procurement, construction, installation, and operational phases of offshore oil & gas fields.

Three main trends formed the report's backdrop:

- Expectations that Asia-Pacific (APAC) will continue to lead global energy demand growth
- Deepwater will play a key role in the region's oil & gas production
- Cost increases pose a major threat to the growth of E&P activity

The report suggests that over the next five years nearly 7,000 regional offshore wells are expected to be drilled, costing circa US \$74 billion. Regional deepwater oil, currently 7% of offshore production, is expected to reach 17% by 2020.



NORWEGIAN EMBASSY

Management and operational procedures, plus requirements for more and higher technical specifications for drilling equipment (e.g. BOPs) were cited by 71% of interviewees as an important challenge. Most respondents agreed that increasing regulatory constraints could pose significant challenges for operators in the region.

Incidents such as Macondo have increased the awareness of the need for stringent safety requirements and environmental security, and the need for new and better technical solutions.

As a highlight of the conference, representatives from the regulatory bodies of Indonesia, Timor Leste and Norway, will address these issues in a special panel debate.

The largest operational challenge for 90% of survey respondents was a lack of qualified human resources, making it the most pressing and prevalent challenge in the industry today.

On commercial issues, the report determines how significant the global financial crisis is to the regional sector. The extent to which Asia Pacific's rig fleet can meet the challenge of technology is also addressed.

Other issues discussed in the report and highlighted at the conference include increased costs, technical challenges faced by the industry as a result of the move to deeper water environments, repercussions of the BP-Macondo incident in the Gulf of Mexico, and the need to develop high pressure, high temperature reservoirs.

The region's areas of greatest potential are named, and also preferred hardware and technology to meet the region's unique operating conditions. The sufficiency of supply chain capacity to meet demand growth is also assessed.

Mr Tormod C. Endresen, Norwegian Ambassador to Singapore, and Mr Lim Kok Kiang, Executive Director of Singapore's Economic Development Board (EDB) are the guests of honour at today's event.

Mr Endresen said: "This survey allows us to understand more about the outlook and challenges of the offshore industry. The report points out that deepwater oil has an important role to play in catering to the global increase in energy demand. Safe deep sea drilling requires advanced technology and know-how, and that is why I see a considerable scope for industrial partnerships in this industry. Norway has longstanding experience in deep sea drilling and stands ready to engage with our partners in South East Asia"

The **ASIA OFFSHORE TECHNOLOGY CONFERENCE** is organised by the Royal Norwegian Embassy in partnership with Innovation Norway, the Norwegian



NORWEGIAN EMBASSY

Business Association (Singapore), and Classification society Det Norske Veritas (DNV).

More information can be requested from:

Egil Rensvik, Science & Technology Counsellor, Innovation Norway /Royal Norwegian Embassy, Tel: +65 9832 2669 egil.rensvik@innovationnorway.no

Ellen Skarsgård at the Royal Norwegian Embassy in Singapore, tel: +65 6818 2000, email elsk@mfa.no

Edward Ion, Helix Media, Mobile: 9111 6871, email edward.ion@helixmedia.asia

Valerie Lim, Helix Media, Mobile: 9755 3636, email valerie.lim@helixmedia.asia