

UKCS Offshore Drilling Increase 44%



Deloitte's North West Europe Review, which summarises drilling and licensing in the region and as is produced by its Petroleum Services Group (PSG), reports that 91 exploration and appraisal wells were spudded in the UK between the beginning of January and the end of August 2008 - a 44% increase on the same period last year.

Offshore activities in the oil & gas sector are continuing to rise - the latest industry figures released by Deloitte show that drilling operations within the UK Continental Shelf have increased significantly this year, driven particularly by the independent players.

Of the wells spudded, 48% were exploration and 52% appraisal related. The majority (30%) of wells were located in the Central North Sea, with a further 25% in the Northern North Sea, 20% in the Southern North Sea, 19% in the Moray Firth and 6% in the West of Shetlands.

Derek Henderson, Senior Partner for Deloitte in Aberdeen said: "The need to find and exploit the UK's remaining reserves has greatly increased levels of exploration activity within the North Sea, fuelled by high oil prices earlier in the summer. We expect to see this trend continue, uninterrupted by the recent decrease in oil price, since demand remains high.

"These increased levels of exploration provide great opportunities for oilfield service companies with the technology and the talent that are essential for retrieving UK and non-UK reserves in the future."

Deloitte's Review also summarises licensing and deals, oil price fluctuations and corporate or asset acquisitions carried out since April of this year.

Graham Sadler, the Director of Deloitte's Petroleum Services Group said: "Deal activity in the oil & gas sector has shown a steady stream of transactions, particularly asset acquisitions and divestitures. Much of this is driven by the ongoing rationalisation of portfolios by the majors and the larger independents."

The second quarter of 2008 saw the average Brent Blend oil price continue to rise at the rate set at the beginning of the year. Prices stabilised in July before decreasing sharply to an average of 113.83 USD/bbl in August. The impact of this price volatility has yet to be determined on UK Continental Shelf.