

Riding the gulf stream



BACKGROUND YUUM K'AK'NAAB arrived the Gulf of Mexico in time to celebrate the 59th anniversary of PEMEX. On 16 March, the day of anchorage in the Bay of Campeche, PEMEX held an onboard press conference with local and national media which was a big success.

With a 15-year contract with PEMEX, a Mexican state owned company, BW Offshore is expanding its scope to the Gulf of Mexico.

BW Offshore was awarded the contract in July 2005. The world's largest converted FPSO, the YUUM K'AK'NAAB (previously Berge Enterprise), will be the first FPSO in the Gulf of Mexico.

THE LORD OF THE SEA

The YUUM K'AK'NAAB, Mayan for 'The Lord of the Sea', was converted in Singapore in record time and arrived in Mexico on 15 March. It will soon be receiving different oils for separation, mixing, storage and offloading at the Ku-Maloob-Zaap (KMZ) field.

The FPSO is important to Mexico since its throughput will account for over 15 per cent of the country's total oil production. At USD 1.2 billion, the

contract is the largest awarded by PEMEX and success is critical to all stakeholders.

BW OFFICE IN CARMEN

In order to ensure the efficient operation of the FPSO, BW Offshore has opened an office in Ciudad del Carmen in the state of Campeche, Mexico to deal with both the logistics and the manning side of the FPSO. Ciudad del Carmen was transformed from a sleepy fishing village into a hub for oil when PEMEX discovered large amounts of petroleum off the coast in the mid 1970s. Since then, Carmen has become a destination for Mexican and foreign oil workers alike, and is now home to many foreign companies.

EXPANSION THROUGH NEW PARTNERS

BW Offshore is also interested in expanding its activities to the US Gulf of Mexico. The company is in the process of preparing a bid to another national oil company from the American continent; Petrobras America Inc. Its parent company Petroleo Brasileiro S.A. (Petrobras) has been at the forefront of

the technology needed to pull oil out of ultra-deep waters, such as those offshore Brazil, and is the world's largest client of floating production systems. The company is now using its expertise to compete head-on with international oil companies such as ExxonMobil in the US Gulf of Mexico.

FOCUS ON NATIONAL OIL

BW Offshore's focus on national oil companies is related to their increasing influence in recent years. National oil companies now control over two-thirds of the world's total oil and gas reserves. A group of seven, predominantly state-owned companies, among them Brazil's Petrobras and Malaysia's Petronas, have consolidated their power and control almost one-third of the world's oil and gas production and more than one-third of total oil and gas reserves. The main reason for this shift in power has been a resurfacing of the resource nationalism that began in the 1930s but abated in the late 1980s and 1990s when the oil price dropped. Today's energy insecurity and high oil price is likely to enhance the influence of the state-backed companies. ●