

Blazing the Brazilian trail

Brazil is one of the fastest growing energy producers in the world and continues to make significant oil discoveries. BW Offshore is present on Brazil's offshore oil fields as a producer and a technology provider.



Brazil is the largest country in South America, with 192 million inhabitants and boasting the world's largest oil discovery in the past 30 years. Estimated oil reserves are higher than 50 billion barrels (bbls) for the new pre-salt discoveries in offshore territorial waters. Petrobras (Petroleo Brasileiro SA) is the world's leading oil company in developing deepwater oilfields. With over 1000 oil wells at water depths of 300 to 3000m, Petrobras is the leading oil company for deepwater development. Petrobras' oil production recently crossed two million bbls per day and the prognosis is three million bbls by 2015 and more from then on.

Deep waters combined with lack of infrastructure for oil transportation favour FPSO solutions. Petrobras has more than 20 FPSOs in operation, and the number is predicted to more than double in the coming decades. The Petrobras 5-year plan includes investments of up to USD 105 billion in exploration and production with robust returns at oil prices of 45 USD/bbl or higher.

The Brazilian continental shelf was opened to international oil companies in the 1990s. The build-up of international investments in the oil and gas sector has taken longer than expected. However, the last license round for new blocks involved 67 qualified oil companies out of which 36 gained shares. The present concern

is that new legislation before parliament requires Petrobras to operate all pre-salt developments with a minimum of 30 per cent ownership. There is also a requirement for local Brazilian content in fabrication.

BW Offshore's presence

"BW Offshore had been quoting on jobs in Brazil for some years when we decided to set up a local establishment. The good fortune in the pre-salt discoveries a few months later made this decision an even better one," says Jon Harald Kilde, General Manager, BW Offshore do Brasil Ltda (right).

In April 2008, one month after opening the office in Rio de Janeiro, BW Offshore received a Letter of Intent from Petrobras to charter and operate the FPSO BW Cidade de São Vicente (BW CdSV) for 10 years (plus options for an additional five years). The FPSO is to be used for long term testing of the pre-salt reservoirs, starting at the TUPÍ cluster and changing location annually.

BW CdSV was delivered according to contract, in a record time of 11 months, and Petrobras managed to fulfil its promise to the Brazilian government of oil production from the pre-salt reservoirs within one year. The celebration of first oil on 1 May 2009 was led by the Brazilian President Lula which illustrates the enormous importance of and attention to the pre-salt discoveries throughout Brazil.

Helping Petrobras reach this goal placed BW Offshore in Petrobras' upper league of FPSO suppliers.

"The customer relationship with Petrobras is excellent, which helps in the pursuit of further projects in and outside Brazil," says Kilde. BW Offshore is now delivering Petrobras' first FPSO outside Brazil, which is also the first FPSO ever in the US Gulf.

In January 2010, BW Offshore in consortium with the Brazilian industrial group QUIP and Queiroz Galvão Óleo e Gás signed the contract for the Papa Terra FPSO (P-63) with Petrobras (operator) and partner Chevron. BW Offshore intends to use the VLCC "BW Nisa" for this project. BW Offshore shall be the lead in operating the production unit until it is fully taken over by Petrobras after three years. This follows the trend of increasing demand for Brazilian local content.

BW Offshore will pursue a high activity level in Brazil, and is already preparing its next proposal for Petrobras. The company BW Offshore do Brasil Ltd is now well established and is positioned for continued growth, and aims to benefit from the synergies between the projects and between operation of the FPSOs. The main office is in Rio de Janeiro with the TUPÍ operation office in Santos (450



km SW) and a planned operation base in Macae (230 km NE) for Papa Terra. Presently BW Offshore do Brazil engages 65 employees - 50 of them offshore - and recruits actively from Brazil's competent, hard working and increasing middle class which is a vital part of the prosperous social development in the country. It is a requirement in the Petrobras contract that 80% of the crew onboard the FPSOs are Brazilian.

BW Offshore's technology division APL has delivered equipment to the FPSO BW CdSV, the Peregrino FPSO (for Statoil/Maersk), and oil tankers in Brazil. The stronger overall presence in Brazil is a good basis for marketing APL solutions to the upcoming huge developments, including terminals for oil and gas, and offshore loadings systems.

BW Offshore has a vision of becoming the number one FPSO and technology provider, which makes a strong presence in the world's biggest FPSO market natural and essential. **Wh**

