



BG Changes Nigerian Strategy

BG arrived Nigeria in 2005 hoping for a rapid build-up on its decade old status as gas supplier of first resort in Tunisia and a more recent, phenomenal success in Egypt.

The UK gas major was aiming to create a value-laden, Africa wide portfolio from the Mediterranean sea to the Gulf Of Guinea.

Output from the Simian, Sienna and Sapphire fields in the West Delta Deep Marine Concessions, had established BG as a dominant gas producer in Egypt. It had also become a lead, private stakeholder in the country's LNG(ELNG) Trains 1 and 2, operating as both supplier of dry gas to Trains 1 and 2 and buyer of liquefied gas from Train 2. BG supplies each of the two trains with 565million standard cubic feet per day and purchases 3.6Million Tonnes Per Annum (TPA) of liquefied gas from Train 2 on a 20 year agreement.

In Tunisia, BG supplies 50% of the gas for domestic use. The group delivers 230MMsc/d to the Tunisian state electricity and gas company, Societe Tunissienne de l'Electricite et du Gaz (STEG).

With Nigeria's gas reserves(187tcf) more than double that of Egypt(72tcf) and the authorities calling for massive investment in the sector, BG looked forward to ingratiate itself into the growing LNG production business and to establish its own gas reserves portfolio.

So far, the pieces of the puzzle have been extremely slow in coming together. In the beginning, it seemed that the company was poised for a rapid take off in the world's eighth holder of gas reserves. By January 2006, BG had started evacuating 2.3MMTPA of LNG from the Nigerian LNG Trains 4 and 5, signed an MoU with the Brass LNG

Stalled gas export projects, a disappointing first well and partner issues cramp the style of the aggressive, British gas company

By Fred Akanni, in Lagos



Demola Adeyemi-Bero, Managing Director, BG Nigeria Limited

group for an initial term of 20years purchase starting from 2011 and committed to lifting 2.5MMTPA of gas from NLNG's Trains 7 and 8 for 20 years. BG also got itself a stake in the OK LNG, which launch project is in two trains, each with a capacity of 6.3 MMTPA of LNG, and expandable in the future to a multi-train natural gas liquefaction facility and marine terminal. Additional technical work is being done to optimise the final design. BG Group has a 14.25% share in the project. All shareholders will have the right to lift their equity share of LNG.

Now the company's initial bullishness in Nigeria has been tempered by the environment of oil and gas business in the country. Most of the gas export projects to which it was so heavily committed have



Emmanuel Enu, General Manager (Exporation), BG Nigeria Limited

simply not gotten to the stage where the deliverables can be clearly ascertained.

The OK LNG hasn't even reached FDI status. The project is stalled for the primary reason that Nigerian authorities want to be clear that there are adequate gas supplies for domestic use, before allowing the export projects to go forward. Another reason is that the entire framework for gas production, distribution and pricing in the country is only being set and it is coming very slowly.

BG, which states clearly in its website: "Natural gas, the hydrocarbon fuel with the lowest carbon emissions, is increasingly becoming the fuel of choice", has now opted, in the meantime, to develop crude oil, if it finds it, in Nigeria.

But even that proposition is not going to come into fruition easy.

BG's first well, drilled in a regime of overpressure in the deepwater Niger Delta, didn't work out as planned. The second well, in the same general geologic province, is almost as uncertain. The lease OPL 286-DO, on which these wells were drilled, is held by BG and Sahara, who signed the PSC and associated downstream MoU with state hydrocarbon company NNPC. The UK major is a technical operator, paying the bills for all its partners, who are local. The third local partner, Equinox, was paying its 10% until late 2007, when it decided it too wanted to be carried like Sahara Petroleum.

Whereas OPL 284-N, another lease in which BG partners with Sahara, looks more prospective than OPL 286, BG's geoscientists can't get on interpreting the data as quickly as they want, as the company that held the lease prior to the 2005 bid round had not released the full suite of seismic profiles, as of the time of our going to press. Everyone seems to agree that OPL 284 is where the juice is, but the company can't get there in a hurry. BG's other lease, OPL 332, located offshore Benin Basin, is in an area generally considered as a duster. Even the company's most optimistic oil finders don't think that BG should go there anytime soon.■

Twenty-two Wells Validate New Well Test Separator

Schlumberger has released a three-phase well test separator product, which allows optimum retention of fluids. A company release says that CleanPhase* "allows for cleaner phases and better measurements". The oil service company claims that an operator who used it in North Africa "had 22 wells tested and it accurately measured flow rates from wells producing gas, condensate and water".

"The CleanPhase separator is a rejuvenated approach to phase isolation during the separation process" says Eugene Francois Kleyn, Schlumberger's CleanPhase product champion. "It limits the uncertainty inherent during reservoir characterization and significantly aids in the efficient disposal of the individual phases. It is a new generation well test separator that allows flow back activities to be conducted confidently through increasing safety, reducing manual intervention and providing seamless operations," he adds.

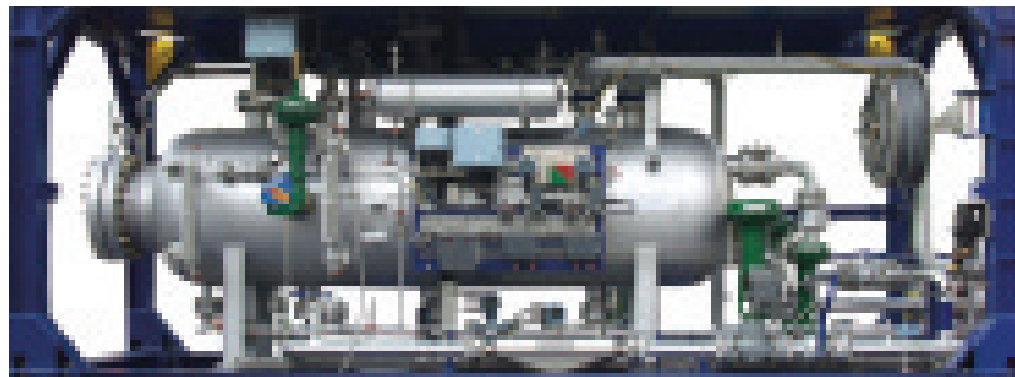
The Well Test Separator also includes a SmartWeir* technology that uses radar to unobtrusively monitor liquid levels "and

adjust the weir to accommodate the most challenging well effluents". This feature "allows online separation for the entire job, from the beginning of cleanup until the end of the well test", the release testifies.

The first reservoir fluids are identified sooner than with traditional methods, allowing the well testing to begin earlier. It allows faster cleanups by flowing the well to a higher-pressure vessel than is possible with conventional setups, which require flowing to a low-pressure surge tank. This eliminates the need for and risk of pressurized storage tanks.

The separator handles high water cut and fluctuating flow rates without slowing down the process, which leads to the efficient isolation and measurement of purer single-phase fluids. The CleanPhase separator provides high-quality and high-capacity phase separation for fast cleanups, better measurements and increased certainty.

It can operate as a stand-alone unit or in combination with the PhaseTester* multiphase flowmeter.■



Now's the Time to Invest in Africa

"It is perfectly legitimate for Africa to ask for aid but it cannot be the whole story," Strauss-Kahn said. "A large part of the story also has to be the way the private sector in Africa and elsewhere in the world responds to the continent's growth and development needs" -Dominique Strauss-Kahn, Managing Director of the International Monetary Fund. For details, see Page 32