Voices

Outlook. Given the current drop in oil prices, OE asked:

What is the biggest challenge facing the global offshore oil and gas industry in 2015?

The biggest challenge is how to adapt to the current price environment in a way that does not destroy long-term value. It is likewise as much about understanding the new industry dynamics; to understand and commit to the business opportunities evolving despite a low oil price –instead of only seeing problems.

Jarand Rystad, CEO
Rystad Energy

The current low oil prices mean that when it comes to determining the probability of success of reservoirs, there's little or no margin for error. Dry wells and expensive investments with limited commercial value must be avoided at all costs. It's therefore more important than ever to utilize all data sources to develop a complete picture of the subsurface and its economic potential. This includes the integration of seismic and Electromagnetic (EM) data – providing significant ROI and generating probabilities of success operators can have confidence in.

Roar Bekker, CEO
EMGS

From a supply chain perspective, it will be the ability to identify which field developments are to proceed into the contracting phases during 2015 against the backdrop of low oil prices. This will be crucial in knowing where to expend resources. Offshore developments, involving FPSOs, for example, are less likely to go forward as operators look to more economic ways of developing resources (Premier's Sea Lion development in the Falklands being a prime example). The supply chain also needs to look at reducing costs with the standardizing of subsea equipment one potential area for saving.

Neil Golding, Head of Oil & Gas
Energy Industries Council

The considerable drop in the price of oil and gas will have a substantial impact on the global economy in 2015, which will result in pricing pressures to those companies servicing the industry. There will be a significant challenge to continue to provide innovative technology, making the necessary capital expenditures, without traditional profit margins. With smaller margins, there will be an inevitable increase of competition, which will hopefully benefit the industry as a whole as we weather this pricing cycle.

Billy Brown, President and CEO
Blackhawk Specialty Tools

Despite the uncertainty in the 2015 market outlook, the demand for energy remains strong. Deepwater environments, such as the Gulf of Mexico, create huge logistical and technological challenges. They also require complex, capital-intensive development programs characterized by continuous cost increases. In 2015 and beyond, operators will be further challenged to look for improvements in drilling efficiency and operational planning to manage development costs while remaining focused on safety and reliability. Trained, competent personnel remain one of the primary factors in project execution and delivery. Retention of these resources is another challenge for operators and for service companies.

Aaron Sinnott
Vice President–Tubular Running Services
Weatherford

Recent oil price declines have accelerated changes in the industry that were already inevitable – increasing standardization, improving efficiency and bringing costs back to sustainable levels. The biggest challenge will be ensuring that competitiveness, competence, quality and capacity is not compromised and that we collaborate with other industry stakeholders to ensure safe, sustainable and cost effective operating environments that protect the industry's long-term viability.

In the UK North Sea, realizing the significant prize of the 24 billion bbl or more remaining in the basin will require assets being in the hands of motivated, competent and focused operators in order to maximize the region's full potential.

Neil McCulloch
President, North Sea
EnQuest

Tight schedules, high activity and complex projects have driven costs up over the last few years, and as the oil price slides to a five-year low, this will have an even greater bearing on global activity in 2015. The industry needs to take a proactive approach to balancing the short-term need for improved margins and long-term need for continued investment in future production. Cutting costs can be achieved best through smarter ways of working. Reduced complexity and standardization to streamline processes, materials and documentation, will all play a role in helping the industry adjust to this lower margin environment.

Elisabeth Tørstad, CEO
DNV GL – Oil & Gas

Go to OEDIGITAL.COM and give us your opinion on this month's topic!