



Plan approval: Eni chief executive Claudio Descalzi Photo: AP/SCANPIX

# CNH go-ahead for first two major projects

Leap forward for offshore sector as CNH approves plans for developments worth \$10 billion in total

Kathrine Schmidt

Houston 6 Sep 2018 22:00 GMT

Mexico's offshore sector took a big step forward this spring after the National Hydrocarbons Commission (CNH) oil regulator approved the first two plans by private operators to bring oil and gas discoveries to production.

Eni saw approval for its \$7.49 billion plan for a development at the fields of Amoca, Mizton and Tecoalli, which is set to draw modest initial production early next year via a tie-back to shore, but later reach plateau output of about 90,000 barrels per day by late 2020 via a floating production, storage and offloading unit.

The Italian major has said it aims to take a final investment decision on the project by the fourth quarter, and has already begun ordering long-lead items.

Meanwhile Argentina player Pan American Energy also gained the go-ahead for its \$2.5 billion plan for a fixed-platform scheme at the Hokchi development that would tie back to shore, with first oil in 2020 and peak production of 27,000 barrels per day targeted by 2023.

"We are happy to start approving development plans," CNH president commissioner Juan Carlos Zepeda Molina says. "At the end what we want is to have an increase in reserves and production."

The companies won the rights in the CNH's Round 1.2 to further appraise and bring to production discoveries made, but not ultimately developed, by Pemex.

The third successful bidder in Round 1.2, a consortium of US player Fieldwood and Mexican player Petrobal, is still finishing out the appraisal phase of its contract.

Exploration indications have been positive and the company has said it expects to move forward with a development plan.

The arrival to this stage represents "exciting times" for the country, says Pablo Medina, vice president at Welligence Energy Analytics.

## Government upside

For one, the projects have quite a high government take — more than 90% in the case of Amoca — and accordingly upside for the government.

It also demonstrates different examples of how discoveries can be brought to production, especially in a country that has so far only a single floating production, storage and offloading vessel.

“You have projects in which different techniques have been applied, different ways of looking at things,” Medina says.

“You start looking at this richness of engineering solutions... it's extremely important in that it changes the way that people start thinking about projects, including Pemex themselves.

“It's very useful for Mexico to open their eyes to new ways of developing assets.”

After a multi-well appraisal drilling programme, Eni raised its resource estimate for the field to 2 billion boe, approximately 90% of it oil.

Total ultimate recovery is planned for 345.8 million barrels of oil and 221.6 trillion cubic feet of gas by 2038, according to the CNH development plan.

Contractors are poised to submit bids by early to mid September to supply the FPSO, with Modec, Bumi Armada and Yinson said to be in pursuit of the work.

Malaysia's Sapura is believed to be in pole position to install an existing platform to facilitate the initial production from the Mizton field, expected to be about 8000 bpd in the first quarter of next year.

Eni has also tendered for a trio of platforms that will be used in conjunction with the FPSO for the latter phase of the development.

Pan American Energy was the first non-Pemex operator since the energy reform to drill a well off Mexico.

## Successful results

Following successful results, its development at Hokchi aims to recover 147.8 million barrels of oil and 45.4 billion cubic feet of natural gas, a 37% recovery factor, according to the CNH development plan.

The layout will incorporate the five wells already drilled by Pan American into a scheme that will include a total of five development wells, four injectors and three well conversions.

The Hokchi field lies about 30 kilometres off Port of Dos Bocas in Tabasco state, covering about 40 square kilometres. Water depths range from about 27 to 29 metres.

The scheme includes two platforms about one kilometre apart.

The first, HOE, or Hokchi West, will be a six-legged hexapod configuration with up to five production wells and five injector wells.

The other, HES, will be a tripod configuration with up to two production wells and two injector wells.

A 24-kilometre, 14-inch pipeline will tie in production to new onshore processing plant, Hokchi Paraiso.

The company was set to kick off clarification meetings shortly and is now believed to be targeting a decision in early October to choose a preferred contractor, having tendered onshore and offshore bid packages earlier in the summer.

Companies believed to have advanced past prequalification in the tender include local affiliates of McDermott, ICA Fluor, Avanzia (Dragados), Grupo R, Sapura, Saipem and Techint, with the mix also including China's Offshore Engineering Corporation, industry sources say.

The field may include others such as Bonatti, Tecnimont and Servicios Maritimos de Campeche.

UK-based contractor TechnipFMC is serving as the owner's engineer.

---

---