

GULF OF MEXICO



Progress: the topsides for Hess' Stampede TLP being fabricated at Kiewit Offshore Services in Ingleside, Texas
Photo: HESS

Stampeding out of the slump

Hess' **\$6 billion US Gulf development** will leave the company well positioned to **rebound when market conditions improve**

KATHRINE SCHMIDT

Houston

THE \$6 billion Hess-operated Stampede oil and gas development in the Gulf of Mexico is one of just a trickle of greenfield projects keeping operators busy in today's low oil price environment.

The US independent has identified the tension-leg platform as one of its key investments, positioning the company for a strong rebound when market conditions improve.

"The project leverages Hess' proven capability to safely execute deep-water development projects," says project director Stephen Whitaker. "When it comes on stream, anticipated in 2018, we expect it to provide a significant contribution to Hess' future growth."

Hess is pushing ahead with its second major standalone development in the US Gulf in recent years, having secured first oil in late 2014 at its Tubular Bells project via the Gulfstar 1 spar in the Mississippi Canyon area.

Stampede, which spans Green Canyon blocks 468, 511 and 512, is

regarded by its project partners as one of the largest undeveloped fields in the deep-water US Gulf, with gross recoverable resource estimated at between 300 million and 350 million barrels of oil equivalent.

The field lies around 115 miles (184 kilometres) south of Port Fourchon in the US state of Louisiana in about 3350 feet of water.

The TLP, sanctioned in 2014, is set to develop the 2005 Knotty Head and Pony discoveries.

Hess holds a 25% operating stake in the project, with US supermajor Chevron, Norway's Statoil and Nexen, wholly-owned by China's CNOOC Ltd, also holding stakes of 25% each.

Japan's Modec won the contract for engineering, procurement, construction management and commissioning of the TLP hull and subsea systems, while topsides were engineered by Wood Group Mustang.

The pair had also previously worked with Hess on TLP units at its Okume complex off Equatorial

Guinea. Stampede is to be a conventional TLP unit, designed with capacity for 80,000 barrels per day of oil.

According to Hess, artificial lift will be required for the field, and water injection may be utilised for reservoir pressure support, with capacity for up to 100,000 bpd.

The topsides are being built by Kiewit Offshore Services in Ingleside, Texas, with a dry weight of about 11,500 tonnes.

Good progress Hess said the 2300-tonne main deck was "safely and successfully" floated on to the production deck in February.

The hull is under construction at Samsung Heavy Industries in South Korea.

Hess told investors on a recent conference call that it made "good progress on the whole" in 2015 at the development, completing installation of the system's piles and beginning to set equipment on the topsides.

Development drilling started this year, with the Diamond Off-

shore drillship Ocean Blacklion on site in Green Canyon 512, with a second rig set to join shortly. Later in 2016 Hess plans to complete the topsides and main deck, begin offshore installation and make progress with installation of subsea systems.

Stampede is set to include six production wells and four water injectors from two drill centres, which will be tied back to the TLP with piggable flowlines.

According to the company's development plan, the subsea infrastructure includes trees, lease term pipelines — four production, one water injector, one gas lift, two umbilicals, 10 jumpers and associated flying leads — and associated pipeline-end terminations, pipeline-end manifolds, inline sleds and sleeper piles.

Hess says the development's reservoir structure lies at about 30,000 feet, with several pay intervals layered within a span of almost 3000 feet.

The company says that, by reservoir depth, the development is

the deepest of its kind in the Gulf of Mexico, and also has the deepest gas lift capacity.

Hess' stable of contractors also includes Intecsea, Oceaneering, 2H and Vallourec, with Canada's Enbridge on a \$130 million offshore pipeline.

While some costs were committed before the downturn began to bite, Hess has been able to realise cost savings amid the slump.

"There is nothing like a low price for companies to get innovative," Hess chief operating officer Greg Hill told investors.

"We are using a lot of the same things that came out of Tubular Bells on Stampede, making sure there's not as much bespoke equipment that really tends to drive your cost up."

Overall, the company is looking at the long-term, chief executive John Hess told an audience at IHS Cera Week earlier this year.

"The seeds for a slow recovery are in place," Hess said. "You ride out the storm, and that is exactly what we're doing now."



The global leader in the design and build of high integrity fire and blast protection solutions

www.mechtool.co.uk

Design Consultancy

Fire & Blast Solutions

Modular Solutions

- Fire Walls
- Blast Walls
- Heat Shields
- Wind Shields
- Blast Relief Systems
- Blast Rated Ducts
- Escape Routes