Stampede Stays On Track For 2018 First Oil

The *Ocean BlackLion* drillship performs drilling work at the Stampede development in the U.S. Gulf of Mexico. (Source: Hess)

Improved market conditions have given way to plans for more spending by many oil and gas companies. Hess Corp., which has unveiled a $2.25 billion E&P capital and exploratory budget, is no exception.

The budget is up from the $1.9 billion the Houston-headquartered company spent in 2016.

Of the anticipated spend, $425 million has been set aside to drill two wells and complete three, install the tension-leg platform (TLP) and progress development of the deepwater Stampede Field in the deepwater U.S. Gulf of Mexico, the company said Jan. 12. Resources from the Stampede reservoir, lying at depths of about 8,534 m to 9,449 m (28,000 ft to 31,000 ft), will be produced from subsea wells and injection wells—six producers and four injectors—tied back to the TLP.

Hopes are to achieve first oil in 2018. The field has estimated gross recoverable reserves of between 300 MMboe and 350 MMboe. The topsides have a daily processing capacity of about 80 Mbbl and a daily water injection capacity of 100 Mbbl.

The Stampede hull arrived at Kiewit Offshore Services in Ingleside, Texas, in August 2016. During the company's third-quarter 2016 earnings call, Hess President and COO Greg Hill said "first oil remains on schedule for 2018." At the time, the topsides deck had been lifted and set atop the hull.

"Now the lifts are complete, integration has commenced at Kiewit Offshore Services in Ingleside, and the work is proceeding well," a Hess spokesperson told *SEN*. A timeline regarding sail out was not provided.

Stampede is estimated to have a net production of about 15 Mboe/d with gross production at an estimated 60 Mboe/d.

With a 25% interest, Hess is the operator. Partners are Nexen Petroleum Offshore U.S.A. Inc., Statoil and Chevron subsidiary Union Oil Co. of California. Each holds a 25% interest.

The project is one of two offshore projects with Hess at the helm as operator.

The other, North Malay Basin, will receive about $275 million this year as the company works to complete the initial full field development. North Malay is nine natural gas fields located in shallow-water offshore the main Malaysian peninsula.

Installation of the topsides at three remote wellhead platforms has been completed for North Malay, where Hess has 50% interest with partner Petronas Carigali holding the rest. Overall, the project is on track for third-quarter 2017 completion.

"Our 2017 budget reflects our balanced approach to investing in short cycle and long cycle growth options while maintaining our financial flexibility," CEO John Hess said in the Jan. 12, 2017, company statement. "With our leadership position in the Bakken, two offshore developments—North Malay Basin and Stampede—that will become significant cash generators starting in 2017 and 2018 respectively, and the world-class Liza discovery on track for sanction in 2017, Hess is well positioned to deliver sustainable growth, cash generation and returns for our shareholders."

The company has allocated $125 million for development work at the ExxonMobil affiliate-operated Liza Field offshore Guyana, where an FPSO unit will be used to develop the field believed to hold more than 1 Bboe. Hess is ponying up another $350 million from its exploration and appraisal budget for additional appraisal drilling and seismic acquisition and processing on the Stabroek Block where the field is located.

—Velda Addison