

A-Fields Late Life Strategy | 2014

Centrica Energy Upstream

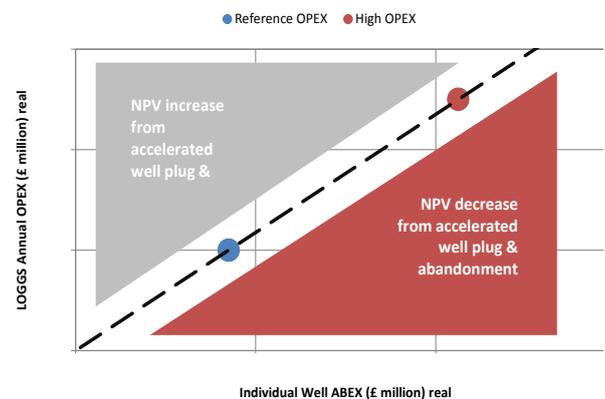
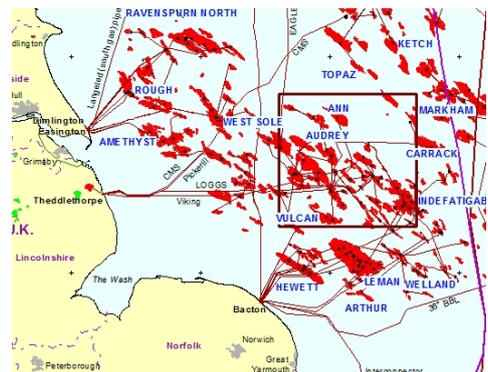
Customer: Sharon Gray, Commercial Manager

Dundas scope: Management Consultancy, Petroleum Economics

PROJECT DESCRIPTION

The Audrey field commenced production in 1988, and has been developed in two phases. The first phase involved the installation of an unmanned steel platform and one subsea satellite well. A second phase completed in 1990, incorporating a further wellhead platform.

Gas from the Audrey field is exported to the central gathering station on the Valiant North platform (part of the V-Fields complex incorporating Valiant North, Valiant South, Vanguard and Vulcan). From there it is transported onwards via the Lincolnshire Offshore Gas Gathering system (LOGGS) pipeline to the ConocoPhillips-operated terminal facilities at Theddlethorpe. A number of other Centrica operated fields referred to as the “A-fields” are produced through the Audrey hub. The A-fields are allocated costs from the LOGGS infrastructure according to a Production and Operating Services Agreement which, unusually, allocates costs based on well count. However, a large number of wells in the Centrica A-fields were not producing, but were attracting OPEX. A strategic review was required.



DUNDAS ROLE

Dundas proposed a method statement for conducting the strategic review for endorsement of Centrica. Once the objectives, methodology and schedule had been agreed, a data gathering exercise was commenced. The underlying data and assumptions were formally documented and signed off in a study basis document. A bespoke economic evaluation model was prepared to mimic the complex commercial agreement and to evaluate the NPV of alternative late life strategies. The fundamental question was to what extent could the regret of accelerating well abandonment expenditure create value from the benefit of removing wells from the cost sharing agreement determinations. Key uncertainties were well ABEX, future OPEX levels, and the response of other operators to any accelerated abandonment programme being pursued by a member of the OPEX sharing mechanism. Dundas identified and evaluated the impact of all key risks and uncertainties, assessed the alternative strategies and made recommendations to Centrica senior management. The work was very well received and helped to build momentum to take positive action to maximise late life value from the A-Fields hub.