

**AN INDUSTRY IN TRANSITION:
EMERGING CHALLENGES FOR DEEPWATER OIL TRANSPORTATION
IN THE GULF OF MEXICO**

Tuesday 14 October 2003
In Salon A at Wyndham Greenspoint Hotel, Houston

www.spegcs-workshops.com

*A workshop organized by the SPE Facilities & Construction Group of Houston,
and underwritten by the Gulf Coast Section of the Society of Petroleum Engineers.*

You're close to selecting your preferred deepwater facility, but how do you get the production to shore and sell it for maximum netback to the producer, with the new options available, and from greater water depths and more remote locations than ever before?

Designed for operators, contractors, and business people contemplating deepwater developments in the Gulf of Mexico, this is a forum to exchange ideas, some on the technical and many on the commercial attributes required and available in the industry today for the Gulf of Mexico:-

- + How will the latest transportation economics and new options stack up for these really remote and deep water field locations?
- + Are we closer to extracting the full value of production, selling for best margin, wherever the market demand may be?
- + Will shuttle tankers, working with any kind of platform and not just FPSOs, really open up the GoM transportation market? Will they be able to compete with established pipeline networks in the deepwater Gulf of Mexico?
- + What can be learned from experience elsewhere in the world? Or are we in good shape as we are in the Gulf of Mexico, with the world's most extensive pipeline infrastructure?

Combines Interests of Industry Organizations:

This workshop brings together the upstream and mid-stream elements of the oil producers, along with existing pipeline transportation companies and new companies proposing to provide shuttle tanker services, all vying for the producers' transportation business in a high stakes competition not seen before in the Gulf of Mexico.

A practical means is thus provided for bringing the right group of people together to address current issues important for transportation of oil production from new field developments in the Gulf of Mexico.

The Unrecognized Third Phase:

In the first phase in the 1980s the barriers of drilling in deep waters were addressed. Then in the 1990s the means of producing in these great depths were addressed. Only recently has the third phase -

transportation - approached center stage as it became evident a serious leap forward may be needed as operators and contractors grapple with the difficulties of laying pipe in the ultradeep and remote areas, operating these lines and economically transporting oil. Tankers are used for transportation elsewhere in the world for bringing the oil ashore. Every day tankers bring huge volumes of imported oil to the United States. The question now being asked is “will they become a competitive solution for transportation from these deepwater locations in the Gulf of Mexico?” Whether new pipeline networks or tankers, a new set of big new capital investments becomes necessary.

For all these reasons this workshop addresses the “Emerging Challenges” in “An industry in Transition”.

Format:

Two thirds presentation and one third audience discussion, the format is patterned after the series of six highly successful similar SPE Workshops in Houston and Rio de Janeiro during 1999-2002 on a theme of “The Latest in Deepwater Facility Selection”.

Addressing the Changes Ahead:

We consider if new business models and technologies may be needed to address question such as:-

- + What are the oil companies’ real needs for the new remote deepwater areas being explored and planned for development? Can we make the market more efficient to satisfy them?
- + From a pipeline only marketplace hitherto, to competition between pipelines and shuttle tankers, how will this affect the deepwater oil transportation market in GoM?
- + How does the choice of oil transportation mode affect the choice of deepwater production facilities?
- + What criteria should be used to evaluate the real effectiveness of pipelines or shuttle tankers for a given deepwater field in maximizing the ultimate netback to the producer?
- + How soon could Jones Act-compliant shuttle tankers be reliably made available to transport oil from deepwater fields in the Gulf of Mexico?
- + What are the comparative performance envelopes of pipelines and shuttle tankers, in terms of water depths, transportation distances involved, volumetric capabilities and construction and operating costs and limitations?
- + What could be learned from deepwater pipeline and/or oil shuttling operations in other parts of the world?

These and other questions will be addressed.

Open Discussion:

The idea of this quite intense one-day event is to capture some of the spirit of the open discussion typical of the week-long SPE forums. We will provoke fresh thinking without corporate restraints. Accordingly, the views expressed would be those of the speakers and attendees and would not necessarily be those of their employers.

Press will be excluded, to encourage open discussion, as in earlier similar workshops.

In view of the industry attention that this workshop has received, we felt that some limited mention in the industry press is appropriate. A Press Briefing will therefore be held immediately after the workshop, in which the moderators from the day's sessions summarize their conclusions and are available for questions with carefully selected recognized petroleum industry.

Broad Industry Appeal:

This workshop will appeal to all involved in the business and technology of deepwater facility selection for oil production and the choice of tools to bring these reserves economically and efficiently to market.

It may be useful not only to oil company management, and engineering companies engaged in the development of new deepwater oil reserves, but also to those involved in the logistics and sale of production, as well as professionals engaged in corporate planning and the technical and commercial evaluation of new prospects.

At this workshop you will hear from leading oil companies on their problems, options, and opportunities for bringing the oil to refineries from deepwater facilities, with a focus on the deeper more remote Gulf of Mexico plays. It will provide a forum for business people and providers of the more proven new technology to discuss first hand how they might provide acceptable solutions to a relatively new transportation business opportunities.

Program:

The day starts with a keynote address by Matt Simmons, industry leader, noted energy analyst, founder and CEO of Simmons & Company International. His keynote address on "Transportation the Unrecognized Third Phase of Deepwater Oil Developments: New Capital Requirements and Market Changes" will set the stage for issues being considered.

Next we hear from producers in the deepwater Gulf of Mexico: a supermajor integrated company, three large leading independent E&P companies, plus the U.S. government which transports large volumes of royalty oil. The morning concludes with an examination of the operational, technical and economic factors affecting deepwater oil transportation in the Gulf of Mexico.

Discussions after lunch begin with presentations by two pipeline and two shuttle tanker companies that compete for shares of the oil transportation market in the Gulf of Mexico's deep water, demonstrating the options available and their latest capabilities.

A panel with the day's speakers wraps up with a round table discussion with the audience on market dynamics, the timing of future deepwater oil transportation needs in the Gulf of Mexico, and predictions of likely deepwater prospects where pipeline-shuttle tanker competition will flash first.

The workshop is intended to offer attendees a means of gaining insights on: (a) how deepwater oil transportation solutions from outside the U.S. may be useful in GoM, (b) a better appreciation of the drivers and problems facing operators in new **developments and the priorities and requirements involved in** selecting the best oil transportation option for a given deepwater project, and (c) exploring new ways of addressing the business opportunities now emerging.

Award Winning Organizers:

This workshop is organized through the SPE Facilities & Construction Committee of Houston, which received the "Outstanding Study Group" award from the SPE Gulf Coast Section in the 2002-2003 season. In the 2001-2002 season Peter Lovie, chair and organizer for this workshop, received an outstanding service award for vision and leadership in chairing the Committee and creating and organizing the "Latest in Deepwater Facilities Selection" workshop series.

LOCATION: In Salon A at the Wyndham Greenspoint Hotel, located near I-45, just north of the Sam Houston Tollway (West Belt), provides easy access from both Houston airports. Address: 12400 Greenspoint, Houston, TX 77060; Phone: 281 875 2222; Fax: 281 875 0099.

QUESTIONS FOR DISCUSSION: Be sure to give us your top three questions you'd most like to see addressed in this workshop when you sign up on line. These are assembled and provided to speakers and panelists in advance.

SPE MEMBERSHIP: This event is designed for the interests of the SPE membership. SPE membership is not necessary to attend.

WORKSHOP MATERIALS: The complete set of presentations, with a list of attendees, will be made available to attendees after the workshop via CD ROM mailed to the address given at registration. There will be no other printed papers or transcribed notes.

QUESTIONS, MORE INFORMATION: Please either call the Workshop Administrator (Linda Calvey) at 832-264-3634, or e-mail us at:- info@www.spgcs-workshops.com

ATTIRE: Business casual.

COST: \$380 paid in advance on or before 10 October, otherwise \$450 at the door. Substitutions OK. No refunds. Will discuss block bookings by companies.

This event is staged as a service to the industry by the Society of Petroleum Engineers (SPE), a non profit organization. When attendance has resulted in a surplus, in past years SPE has devoted a portion of it to scholarships for Houston area students to study petroleum engineering at area colleges.

TO SIGN UP: Complete the application form on line and pay with a credit card on:-

www.spegcs-workshops.com

Or: Download the registration form and mail or fax to:

Linda Calvey, Workshop Administrator
Society of Petroleum Engineers
9555 West Sam Houston Parkway South, Suite 360
Houston, TX 77099
Fax: 713 779 4216

Or: Pay extra at the door, space available basis.

Workshop Steering Committee

| <u>Who</u> | <u>Company, Location</u> | <u>Affiliation</u> | <u>Responsibilities</u> |
|------------------------|-------------------------------------|--|--------------------------------------|
| James Hostetler | Poseidon Pipeline Company Denver | - - - | Content Advisor Speaker |
| A.D. Koen | Consultant Houston | SPE Facilities & Construction Committee | Marketing, Writing, Press Officer |
| Kim Limmex | Shell E&P New Orleans | - - - | Moderator |
| Peter Lovie | American Shuttle Tankers Houston | SPE Facilities & Construction Committee | Chair, Moderator, Speaker |
| David Saylor | Unocal Deepwater USA Houston | SPE Facilities & Construction Committee | Content Advisor Moderator |
| Steve Smetana | Shell E&P Houston | SPE Member | Content Advisor Moderator |