

WEATHER The Abacos Cloudy Max: 81°F | Min: 72°F

ELECTION 2012

BPC hires drilling company for exploratory well

While PLP remains noncommittal, annual report reveals ADTI contract, details 'Drill Plan' and says government and BPC are working on 'parallel paths'

Jeffrey Todd Guardian Business Editor jeffrey@nassguard.com

Published: May 22, 2012

The Bahamas Petroleum Company (BPC) has hired a drilling service manager to spearhead an exploratory well in Bahamian waters.

The disclosure, included in BPC's 2012 annual report, released yesterday, reveals that work has already commenced on phase one, and a comprehensive "Drill Plan" initiated. Divided into three phases, BPC said Applied Drilling Technology Inc. (ADTI) has been awarded the contract and started front end engineering and design. Procurement and project executions are expected to follow, leading up to an exploratory well being drilled by April of 2013.

"The company is now at the point where the only remaining step that will further materially impact risk is to drill a well," the report stated.

In regards to the licenses, Jobeth Coleby, in-house counsel for BPC, noted that BPC is in compliance given the aggregate expenditure to date of \$50 million, mostly spent on 3D seismic testing. She said there is "no room for ambiguity" in that compliance shall lead to renewal, and each year the company has received a letter from the Ministry of Environment signifying its compliance.

The statement may come as a surprise to many Bahamians, including the new Progressive Liberal Party (PLP) administration. The new Minister of the Environment Kenred Dorsett told Guardian Business that the issue of licenses "is something the cabinet will be looking at in short order".

BPC's exploratory licenses were set for renewal last month, and just prior to the election, the former government suspended the oil company's bid, returning nearly \$300,000 in "rental fees". Since then, the new government has remained noncommittal on license renewals.

"I think there will be some discussions at the cabinet level," Dorsett said. "But the matter has not come to a full conclusion. As you can appreciate, there are some housekeeping issues in the formation of the new government."

Meanwhile, in BPC's annual report, the company said the government is working to put regulations in place to oversee operations.

Paul Gucwa, BPC's chief operating officer (COO), said the company expects these regulations to be in place prior to drilling. In the report, the senior executive described the proposed site in great detail, which is believed to contain more than two billion barrels of oil.

"We will plan our initial well to a depth of approximately 22,500 feet, which will take it through the thrust anticline across the thrust fault into a broad structure in the Upper Jurassic," he explained. "We believe this well will test the largest potential volumes, multiple reservoir sections and will provide definitive information on the anticipated Jurassic source."

Gucwa said in the report that it should take about 120 days to drill the well, likely done with a semisubmersible rig in water depth of about 1,500 feet.

The report insisted that BPC and the government are working on "parallel paths".

Share This: [Facebook] [Twitter] [Email] [Print] [RSS] Rate this article: [5 stars] Add To Favourite

Today's Front Page & WELLNESS BUSINE igit to people BPC for e Potter: by Rep Abaco resort re spike in busine he has lupus, one o put herself first

"We are aligning ourselves with the best practices in Norway, the UK and the U.S. as we prepare to drill," Gucwa said. "Both parties are committed to responsible exploration and preserving the environment for future generations."

On the environment front, the company explained how it has initiated an oil spill response plan and an environmental management plan (EMP). BPC is in the process of joining the Clean Caribbean Americas, the report said, "an association that can provide additional 'clean up' equipment should it be necessary, and plans to ensure close cooperation with the Cuban authorities in the near future to evaluate how emergency response capacities can best be integrated".

Repsol, a Spanish company, announced last week that its first exploratory well north of Cuba came up empty. It has several more drilling licenses and targets at play, and it's expected to continue operations despite the setback. A Russian company is also drilling just 100 km from BPC's proposed site, just off the Cuban border.

In the report, Gucwa expressed confidence in the company's latest analysis of 3D seismic surveys.

He said the 3D testing shows a particular section of the structure that dips uniformly to the southwest and provides "an uninterrupted oil migration pathway" from the Cuban side.

**Add comment**

## Comments

Name:

Email:

Submit

*Note: Comments are moderated and generally will be posted if they are on-topic and not abusive. The Nassau Guardian reserves the right not to publish comments that may be deemed libelous, derogatory or indecent.*



Refresh



- \* [Work for us](#)
- \* [Make us your homepage](#)
- \* [Newsletter & alerts](#)

- \* [Community Relations](#)
- \* [Events](#)

- \* [Corrections/Suggestions](#)
- \* [Home delivery service](#)

- \* [Contact The Nassau Guardian](#)
- \* [About Us](#)

### Quick Links

Business