



Obama rejects Netanyahu criticism over Iran

US president determined to settle Iranian nuclear issue. Pages 12&13



ExxonMobil eyes benefits of US tight oil position

Domestic output gives giant more flexibility for mega-projects. Page 5

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No breakthrough in Sete Brasil talks

Crisis talks between investors in **Sete Brasil's ambitious rig-building project** and Brazilian **President Dilma Rousseff** did not bring any news of a **solution** this week, meaning the scheme could still collapse. **Pages 2&3**

Lifting a heavy burden

ALLSEAS president Edward Heerema speaks candidly with Upstream about his sensational return to the heavy lift industry, 30 years after he walked away:

- Putting an end to a family rivalry
- Spending billions to build giant new vessels on spec
- The emotional row over the name of his new flagship.

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In the spotlight: Allseas president Edward Heerema
Photo: ERIK MEANS

Cambodia bid

KrisEnergy draws up new plan for Block A.

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Yard on spot

Yangzijiang and Jiangsu Rongsheng in partnership talks.

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Gulfstar boost

Williams boosts spar capacity ahead of Gunflint tie-back.

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Equus cheer

NWS Venture and Hess close in on tie-in deal.

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Target for Sichuan shale production in 2020.

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Uganda sets target for Tullow and Total licences

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Port of Acu has sights on a starring role

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PIONEERING SPIRIT

Lifting a heavy burden

Three decades since his emotional departure from the Heerema Group, **Allseas president Edward Heerema** — armed with the gargantuan new vessel that will soon **rewrite the record books** — is making a **sensational return to the heavy lift industry**. His main competitor will be the company **built by his father and now run by his brother**, but the restless engineer insists there is no longer a rivalry between them.



ERIK MEANS
Rotterdam

IT HAS been a long and bumpy road for Edward Heerema, but the idea he hatched 28 years ago — to build a giant twin-hull vessel designed to install and remove offshore oil and gas platforms — is now only weeks away from completion.

"It is a coming-back-home experience, emotionally," the 67-year-old confides in an exclusive interview with Upstream on board his new flagship.

Up until 1984, when Edward was an aspiring young engineer working for the family company, the only business he really knew was offshore heavy lift.

The Heerema Group had enjoyed a near monopoly on platform installation work thanks to the company's bold and opportune decision in the mid-70s to build the world's first semi-submersible crane vessels — the Balder and the Hermod — entirely on a speculative basis at a cost of about 250 million Dutch florins apiece (about €115 million or \$129 million each).

That was the defining move made by group founder, and Edward's father, Pieter Schelte Heerema, and it ended up earning him a fortune. Edward now hopes to emulate that game-changing act of dare-devilry.

His new floating behemoth, the Pioneer Spirit, was ordered on spec and carries a price tag of €2.4 billion (\$2.7 billion), including about €470 million for the jacket lifting system that still has to be built and fitted at the sprawling stern of the platform installation and removal vessel.

"When you have a great vision

U PIONEERING FACTS

- **Cost:** €2.4 billion (\$2.7 billion)
- **Built:** Daewoo, South Korea
- **Length overall:** 382 metres
- **Breadth:** 124 metres
- **Gap between hulls:** 59 metres
- **Topsides lift capacity:** 48,000 tonnes
- **Jacket lift capacity:** 25,000 tonnes
- **Maximum speed:** 14 knots
- **Accommodation:** 571 persons
- **Pipe diameters:** two to 68 inches OD
- **Tensioner capacity:** 4 x 500 tonnes
- **Pipe cargo capacity:** 27,000 tonnes
- **Operating draught:** 10 to 25 metres
- **Total installed power:** 95,000 kilowatts

you have to pursue it relentlessly... and you have to build on speculation," Edward says. "No-one will give you a contract until it's half-built."

Even before this giant gamble embarks on its first assignment, Edward is preparing to speculatively order yet another heavy lift catamaran, of similar design but even bigger dimensions, at an estimated cost of about €3 billion.

These vessels will compete with established offshore construction companies such as Saipem, McDermott and — first and foremost — the outfit that still bears Edward's name, Heerema Marine Contractors.

After Pieter Schelte Heerema died in 1981, the company was run

Johan Sverdrup award enhances outlook

ALLSEAS secured a banner contract from Statoil late last week for the installation of three major platform topsides structures on the Johan Sverdrup field off Norway, writes Erik Means.

The work will be carried out by the platform installation and removal vessel Pioneer Spirit in 2018 and 2019, according to Allseas president Edward Heerema.

First in line will be the Sverdrup drilling platform topsides, weighing approximately 20,500 tonnes, with work scheduled for 2018.

The following year will see the vessel install the 19,500-tonne living quarters deck and the 26,000-tonne processing platform topsides.

This award provides a healthy boost to the contract portfolio of Allseas' new behemoth.

It will carry out its maiden lifting work this May, though not under contract to any oil company.

Pioneer Spirit will first carry out test lifts on

the K-field in the Dutch sector of the North Sea, where a 5500-tonne topsides structure will be installed and removed several times in succession.

The structure in question was originally the module support frame and jacket of BP's old North West Hutton platform, which was removed from the UK sector several years ago.

Allseas bought that structure for this very purpose — a trial run for the unique new vessel.

Water ballast tanks were added to give the platform sufficient weight for the test.

Once this is successfully completed, Pioneer Spirit will mobilise in June to the Norwegian North Sea to remove Talisman's ill-fated Yme production platform, which was abandoned for safety reasons without producing a single drop of oil.

Then comes Allseas' biggest contract so far, covering the removal of four giant platform

by three of his sons — Edward, Pieter and Hugo. But before long their differences of opinion and conflicting styles made it clear that something had to give.

Edward and Hugo cashed in their chips, leaving Pieter in full control.

"I was very sorry to leave Heerema at the end of 1984," Edward tells Upstream. "But in hindsight it was the best thing that could have happened to me, because it gave me the opportunity to show what my own value would be — I could do my own thing."

The terms of his departure from Heerema included a 10 year non-compete clause, so Edward instead launched Allseas, which has grown to become one of the

world's biggest pipeline installation contractors.

Allseas carved out a lucrative niche, building a highly efficient fleet of dynamically positioned pipelay vessels, all ship-shaped as opposed to barge-based.

However, the urge to return to the heavy lift segment was always present, and Edward began conceptual work on a twin-hull vessel — which eventually was named Pieter Schelte — as early as 1987.

The project began in earnest in 2007, and the massive vessel sailed away from Daewoo Shipbuilding & Heavy Engineering in South Korea in November.

Though Edward ultimately had to change the name of his giant new vessel to Pioneer Spirit, he

admits he is forever driven by the memory of his father.

"I always wanted to be a worthy son for him. I never tried to surpass my father, only be worthy. I imagine that he is here and that he would approve of what I am doing," he says.

One might suspect that he is also driven by a brotherly rivalry, but Edward brushes off that notion.

"The rivalry is behind us. I am on good terms with my brothers, although Pieter I don't see too much. But I feel no rivalry even against Pieter... I still take pride in Heerema's success," he says.

This conciliatory tone will be put to the test before long, with Heerema Marine Contractors



Spirit of adventure: Allseas president Edward Heerema and the giant platform and installation vessel Pioneering Spirit
Photos: ERIK MEANS

Amazing Grace set to join the Allseas choir

HAVING spent €2.4 billion (\$2.7 billion) to build the platform installation and removal vessel Pioneering Spirit on speculation, Allseas president Edward Heerema is gearing up to spend another €3 billion on its bigger sister, Amazing Grace, writes Erik Means.

"My guess is that we can go out for tender for Amazing Grace in the second half of 2017, with an award after about six months," Heerema says, pointing to delivery in 2020 or 2021.

The new unit will have a jaw-dropping lift capacity of 72,000 tonnes. With a gap of 72 metres between the two hulls, it will be able to manoeuvre around the biggest platforms ever built.

"She has to be able to lift the heaviest, the widest and the longest topsides in the world," Heerema says.

Asked if South Korean yard group Daewoo will get the nod, as it did with Pioneering Spirit, Heerema replies: "Daewoo did a good job, they were very capable. But for us it is entirely open which yard will do it, and it doesn't have to be in Korea."

Heerema is not overly concerned that the two giant vessels will cannibalise each others' market.

"Pioneering Spirit will be the more versatile unit of the two, installing and removing medium-sized and large platforms and laying heavy pipelines," he explains.

"Amazing Grace will deal with the heaviest of topsides, and in addition can be a back-up if Pioneering Spirit is away to another area of the world."

He reckons the bigger unit will have lower utilisation, adding: "She will mostly be used for the special, extreme projects, worldwide."

Heerema mentions several candidate fields by name. "It must be applied in the Northern North Sea for the Gullfaks, Sleipner and Troll fields (off Norway)... and Magnus and Ninian Southern (in UK waters), but also in West Africa and maybe Sakhalin," he says.

Asked whether oil prices of \$50 or \$60 per barrel might increase demand for platform decommissioning work as ageing fields become uneconomic, Heerema shakes his head.

"No. The consensus is that also removals will be delayed because oil companies are very cash-flow driven."

He says operators, facing low prices, will need to prioritise their investments and will likely "choose an installation project rather than a removal project."

Does this give him second thoughts about investing another €3 billion in a new vessel? No again.

"This low oil price is a temporary thing. The world is still using so much oil and gas that new fields will have to be developed."

Look for giant Pioneering Spirit vessel

topsides and one steel jacket on Shell's Brent field in the UK North Sea.

The Brent D deck is scheduled to be removed in May 2016, with Brent B following in 2017 and Brent A, including the steel jacket, in either 2017 or 2018.

Brent C — the biggest of the four — is scheduled for removal in 2021.

Before Brent C, however, the vessel will handle its Sverdrup duties in Norway and is scheduled to sail across the Atlantic to Canada, where a 14,500-tonne topsides structure is to be installed on Husky's White Rose Extension project in 2018 or 2019, pending reviews of that project that are under way.

Pioneering Spirit is also fully equipped for pipeline installation work and had been contracted to install the giant South Stream gas trunkline.

However, that scheme was put on hold recently

by Russian gas monopoly Gazprom. "We have the contract, but it has been decided that it will be suspended. So we are just awaiting what will happen," Heerema says.

"It's really politics that decide that, between Russia and the European Union and Turkey."

The 16 giant hydraulic lifting arms for topsides work are currently being installed on the two bows of the Pioneering Spirit.

However, the lifting system that is to be fitted at the stern of the vessel — for lifting of steel jackets — has yet to be bought by Allseas.

"We want to start building the jacket lift system as soon as possible," Heerema says.

"We are bidding work for jacket installation, and we have to take away the Brent A jacket, so we will build the jacket lift system as soon as we can."

"But it may suffer a year's delay because also our cash-flow is delayed," he adds.

pushing forward with plans to build the world's largest semi-submersible crane vessel, capable of tandem lifts of up to 20,000 tonnes.

Rivalry or no rivalry, Edward is no doubt pleased that the Pioneering Spirit can handle topsides of up to 48,000 tonnes in a single lift.

"I always wanted to be a worthy son for him. I never tried to surpass my father, only be worthy. I imagine that he is here and that he would approve of what I am doing."

Allseas president Edward Heerema



All change: the old name, Pieter Schelte is painted over, above the vessel's new name

What's in a name?

FOR years, Allseas president Edward Heerema has planned to name his new platform installation concept the Pieter Schelte, after his late father and Heerema Group founder.

However, on the eve of the vessel christening ceremony, held in Rotterdam on 27 February, Edward reluctantly gave instructions that the name on the twin bows of the vessel be painted over in black, and that Pioneering Spirit should be inscribed as the new name.

This was in response to a rising wave of negative publicity, as Jewish groups voiced objections to the vessel being named after a man who had served as an officer in the

Waffen-SS during the Second World War.

"What is important for me, is what my father was for the industry," Edward tells Upstream.

"But I had to change the name to respect Shell, because for Shell it was difficult. For us it wasn't — we know what we're doing and we're not vulnerable — but Shell is a public company."

"And I must say, Shell treated me extremely well."

"They never put me under pressure. They just told me how difficult the situation was becoming for them, and that hit a sensitive nerve... I realised then that I had to do something."



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