



HALL 8

STAND 8130

# VOLATILITY HITS OIL AND GAS CONTRACTING LEVELS, ACCORDING TO EIC MONITOR

The UK-based Energy Industries Council (EIC) organises and manages the UK Group at ADIPEC. Here, ADIPEC Show Daily reveals a precis of the latest findings from EIC Monitor in the upstream, midstream and downstream sectors

**T**he latest EIC Monitor report paints a mixed picture of activity across the global upstream, midstream and downstream sectors in Q3 2014, with a large decline in upstream activity balanced out by a similar percentage rise in downstream activity. The midstream sector has remained steady, with a very small decline in the number of major contract awards made since the last quarter.

The global oil and gas industry has followed a gentle downward trajectory of project contracting activity in the last quarter (Q3: Jul-Sept 2014), with 139 contracts placed, a decrease of 7.0 per cent compared to 149 in Q2 2014, and a significant 22 per cent decrease on the 178 contract awards made in Q3 2013.

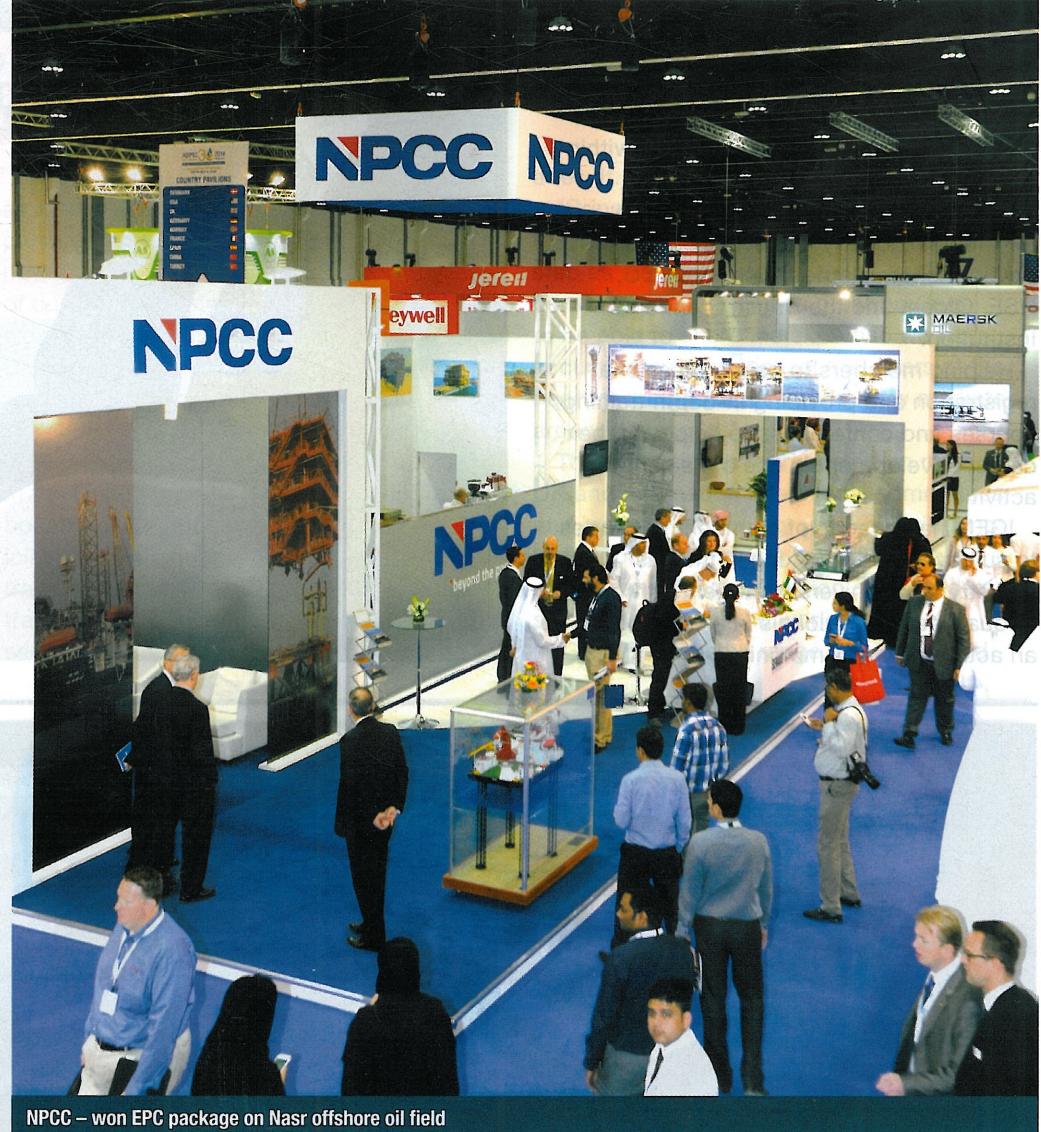
In Q3 2014, a total of 40 major upstream contracts (EPC, FEED and Subsea/SURF) were awarded across 35 upstream developments, a significant decline of 41 per cent from 68 awards in Q2 2014, and a 49 per cent decline on Q3 2013 figures. The decline reflects the slowdown in global upstream project activity, largely due to rising costs. A total of 22 EPC contracts, 12 FEED contracts and 6 Subsea/SURF contracts were awarded in Q3 2014.

## EPC activity

The Asia Pacific, North Sea and Middle East regions have been hotspots of activity, together accounting for 14 EPC contracts across 11 upstream developments. In the Asia Pacific region, EPC activity has been dominated by Indonesia.

In nearby Malaysia, Malaysia International Shipping Corp was appointed to build a Marginal Mobile Production Unit for the \$200 million Ophir oil field development.

In the Middle East, EPC activity has been dominated by projects in Abu Dhabi, where National Petroleum Construction Company



NPCC – won EPC package on Nasr offshore oil field

## \$150m

Tecon Engineering was appointed as FEED contractor for DNO's \$150 million expansion at the Tawke and Khanke oil fields in Iraq

and Hyundai Heavy Industries were both awarded EPC packages on the \$3.5 billion Nasr offshore oil field development. A consortium of Technip and NPCC also landed the contract to upgrade gas facilities at the \$350 million Umm Shaif Super Complex. In neighbouring Saudi Arabia, Essar Group has been appointed to carry out the EPC work for the \$54 million Abqaiq Crude Stabilisation Plant upgrade in Shaybah.

## FEED activity

Projects in the MENA region account for four FEED contracts: Foster Wheeler secured a five-year contract for the \$3 billion Empty Quarter, South Ghawar and Jafurah tight gas development; Tecon Engineering was appointed as FEED contractor for DNO's \$150 million expansion at the Tawke and Khanke oil fields in Iraq; CB&I are to carry out design work for the \$1.5 billion Ain Tsila project, onshore Algeria; and a consortium of Foster Wheeler and Taknia Libya Engineering secured a contract for the \$900 million Area 47 Ghadames Basin onshore development in north-western Libya.

## Midstream contracting activity in Q3 2014

In Q3 2014, a total of 48 major contracts (EPC, FEED and Pre-FEED) were awarded across