STAFFETTA QUOTIDIANA
LA RIVISTA ITALIANA DEL PETROLIO

TODAY @

DAY 3
OMC 2009

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HOW TO GUARANTEE A LEVEL PLAYING FIELD

Frictions between Italy's upstream and environmental protection according to the Environment Ministry's Bruno Agricola

"A significant boost has certainly been given to the new Eia Commission. But we are noticing a disparity of treatment, with some proponents getting the iron fist and others a velvet one". In this interview, the director for environmental protection of the Environment Ministry, Bruno Agricola, stresses the knots to be cut to encourage Italy's upstream without damaging the environment, making sure all operators get the same treatment.

Now anyone planning an Lng terminal, an upstream project, or an offshore wind plant must have the luxury of waiting a long time. Do you agree?

There are certainly long procedures for authorization. And various players are at fault. One of them, doubtless, is the Environment Ministry, because its organization was such as to make it impossible to respect schedules, in the sense that there were too few people to do the work. We have made hundreds of environmental impact assessments. One fact comes out of this: some commissioners produced three assessments a year on the average, some two, others one and still others did not produce any. This means that some commissioners did not work adequately.

Bruno Agricola, Director for Environmental Protection, Ministry of Environment and Territorial Protection

Does this still happen?

A significant boost has certainly been given to the new Eia Commission. But we are noticing a disparity of treatment, with some proponents getting the iron fist and others a velvet one. Take two plants of the same type: if I allow one to have higher emissions and the other lower I distort competition. The commission should treat everyone the same way: if one company tells me an emission of 10 is possible, and another proposes 40, the latter must comply to 10. Instead it seems that anyone asking for 40 gets 40, anyone asking 10 gets 10. At a time when we must reduce all emissions by 40% by the end of 2011 – a desperate effort – this creates problems.

How can these be avoided?

A verification downstream from the Eia commission, which supplies single technical opinions, must be made, through homogenization and evaluation on the part of the ministry. But at this time the ministry absolutely cannot do this job because it lacks personnel. We cannot even schedule assessments, let alone approve them. I have told the minister about this. We have a backload of tenders for renewable energy sources that we cannot publish. Perhaps some thought it would be possible to speed things up without directorates, solely through political decisions. But this is not possible.

Is it possible to speed up the authorization process?

Sometimes the procedures take a long time because proponents present highly defective environmental measures or are not able to prepare proper studies, while others do excellent ones. In short, there is a disparity between those who do it right and those who are trying to get away with something. But there is another delicate matter, because many serious proponents do not have all the information necessary to produce a serious environmental impact study. We are resolving this problem with a public intervention to supply proponents with a free environmental picture ahead of time, so that all companies are equal in the knowledge available to them.

What are you planning to do?

We have already reached an agreement with Sviluppo Italia, which, along with what regions

Continues

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offer, should make it possible for companies to have such an environmental picture, both for the Eia and for the authorization. We have also, to insure transparency in the evaluation, prepared assessment guidelines that are currently under examination by the Eia commissioners. The ministry must then adopt an act which renders evaluation methods transparent and uniform.

Changing Eia commissions every year does not help...

Right, and that shows in the commissions' productivity. Changing is absolutely deleterious. It takes a long time before the new commission can get to work because officially the authorization procedures must begin again. And often, along with the commissions, rules too have been changed. With the most recent change, consolidating a trend, the commission was impoverished in its specific technical quality and was enriched in its technical-administrative quality.

But the commission's 150 completed procedures are a fact,

The problem is that these are not 150 projects, but 150 opinions, most of them verifications of conformity. These were reasoned opinions from previous commissions, much easier to express. The minister is demanding maximum efficiency, this must be noted. But the fact remains that the maximum efficiency of a Cinquecento is not the same as the maximum efficiency of a Mercedes. The commitment is there, from a quantitative point of view. From a qualitative point of view, I do not know, I do not want to express an opinion. I see only the final results, and in the final results I note this discrepancy of treatment.

There is a problem of standardization of procedures, for instance with regasifiers. Will it ever be achieved?

For regasifiers too there is a problem of comparative evaluation. There are investors like British Gas blocked for reasons that are not clear. A series of high hurdles have been set up in order to get a plant superior to all standards. Yet this plant is not being built, while some with less strict standards move forward. Aside from this, one of the problems is related to the port authorities who have complex regulations. Modifications introduced by the Prodi government – somewhat superficially – did not resolve the problem which must be dealt with upstream. Port authorities' functions are historically complicated by the part played by strong local interests.

But is so much time really necessary to produce an Eia for a terminal?

Regasifiers are basically simple plants, very simple to evaluate for an Eia. Sixty days are enough, if the port's regulatory plan is working. But we cannot resolve the port's part because if there is not a well-made and consolidated port regulatory plan upstream, we are in no condition to say if that plant can be built.

And regions and local authorities are often hindrances as well...

When the region is contrary, the Eia can be made but the project does not move forward. Another problem is that often the regional opinion does not arrive. There is the case of the wind project offshore Molise where the region is conducting a wholly illogical war which meanwhile slows things down, blocks them, influences them because politics always prevails. It is fundamental to reach an agreement with the regions and from this point of view the procedure could be turned upside down, with an initial investigation on the regional level, before that of the central government. Even if the projects are of national importance.

But are the regions equipped for this?

Some are well equipped, others could be. And there would not be problems of uniformity, because the last word would be that of the ministry. It is absurd for the state to make its pronouncement first, then the regions. Inverting this order would speed things up.

And when the Eia is cross-border?

By now we have a consolidated manner of consulting other countries. Problems, however – as is the case of Slovenia – come when there is an a priori opposition. That is tiresome. No political agreement means more delays. Foreign minister Frattini, for instance, said that without the political consent of Slovenia nothing will be done in Trieste, and we cannot ruin political relations with a country just to build a regasifier. Before putting these things into the hands of the Environment Ministry, the foreign ministers should reach a more general agreement.

INTERVIEW

OIL'S CENTER TRAVELING TOWARD "EURASICA"

Global oil potential in Turin Politecnico University model

"Oil is like coal, the oil era will end, not the oil". **Riccardo Varvelli,** professor of energy economy at the Politecnico of Turin, does not see oil as a depleting resource. Rather, he sees it traveling, moving toward the Mediterranean basin.

What is the oil potential of the Mediterranean?

I conceived a model for evaluating oil potential that I have applied around the world, using seven indicators. I then applied this model to the Mediterranean, with surprising results.

Riccardo Varvelli, professor at Turin Politecnico University

Let's begin with the indicators.

The first indicator is current production, followed by ascertained and economic reserves, with economic signifying reserves that it is convenient to exploit given the current price of oil. The third parameter is the traditional one for evaluating potential, that is, the relation between reserves and production. Oil potential used to be calculated using only this parameter, and for this reason there are those who believe that there will be oil only for another 35 years. I think, rather, that oil is like coal, the oil era will end, not the oil. The fourth parameter is the variation in production in the last ten years, the fifth is the variation of reserves in the last ten years, the sixth is the difference between crude export and import, the seventh is the export-import difference in relation to production.

What happens when these indicators are applied to the Mediterranean?

First a premise. I consider the Mediterranean area as the circumference created by extending a 4,000 km radius with the island of Crete as its center. The radius was calculated taking the distance between Gibraltar and Iskenderun, in Turkey. I call this area "Eurasica", because besides Europe it includes countries of Asia and Africa. All told, 62 countries, of which 29 produce oil. According to my study, 62% of production and 74% of global reserves are concentrated in this area. It is here that oil companies must concentrate their investments.

In part they are already doing that, since "Eurasica" includes the Persian Gulf and Nigeria.

That is true, but the center of oil potential will be constantly moving northward. In ten years, it will have moved from the Persian Gulf to the Caspian Sea and finally it will move into the Mediterranean basin.

ITALY'S UPSTREAM, OUTPUT IN 2008 DOWN

The National Office for Mining, Hydrocarbons and Geothermal Resources of the Economic Development Ministry (Unmig) has published updated data on national hydrocarbons production through 2008. Figures for last year show a drop of 10.7% in oil production, to 5.211bn t, and of 5% in that of natural gas, to 9.07bn m^3. Gasoline production was up 6% to 22,985 t. Oil production fell from 4.36 a 3.93mn t in Basilicata and from 296,000 to 157,000 t in Zone C (Channel of Sicily). Natural gas production offshore dropped from 7.26 to 6.81bn m^3 and onshore from 2.36 to 2.25bn m^3 (www.staffettaonline.com).

DRILLING PLANTS OPERATING IN THE WORLD

	1985	1990	1995	2000	2005	2006	2007
Abu Dhabi	20	13	13	11	13	14	13
Saudi Arabia	8	11	19	26	44	75	76
Iran	20	17	22	27	38	38	38
Iraq	25	-	-	-	-	-	-
Kuwait	7	-	5	11	13	16	11
Siria	26	13	15	18	23	25	19
Others	25	81	103	144	230	254	243
Total Middle East	**131**	**81**	**103**	**144**	**230**	**254**	**243**
India	64	135	65	51	83	85	84
Indonesia	74	54	41	34	60	53	66
Others	98	68	59	47	70	68	63
Total Asia	236	257	165	132	213	206	213
Algeria	41	35	28	17	21	25	29
Egypt	41	14	21	21	32	39	50
Libya	34	15	13	6	9	13	15
Others	48	44	36	25	19	29	30
Total Africa	**164**	**108**	**98**	**69**	**81**	**106**	**124**
Italy	44	23	11	7	4	5	5
Norway	13	15	17	24	15	15	19
Holland	20	11	11	5	5	3	2
UK	68	46	32	19	27	22	22
Others	96	35	51	34	32	20	26
Total Europe	**241**	**130**	**122**	**89**	**74**	**65**	**74**
Canada	421	147	251	391	458	429	343
USA	1,898	1,086	763	1,116	1,381	1,649	1,768
Total North America	2,319	1,233	1,014	1,507	1,839	2,078	2,111
Total Latin America	439	266	270	257	327	329	370
Pacific	36	21	18	14	22	33	29
Total in the world*	3,566	2,096	1,790	2,212	2,786	3,071	3,164

* Without FSU and Cina onshore.

Source: until 1985 Oil & Energy Trends, afterwards Baker Hughes and Oil & Gas Journal

INTERVIEW

BELZONA POLYMERS PATCH THINGS UP

Enzo Arrabito, general director BS Belzona Service

"When demand for new equipment is down, there is more space for maintenance and therefore more work for companies like BS Belzona Service, which, in addition to selling the high resistance resins of the English company Belzona Polymerics, supplies technical assistance to customers as well, guaranteeing masterly application of the products sold".

The crisis does not worry **Enzo Arrabito**, general director of BS Belzona Service, a company that sells English-made metallic resins for repairing ships and offshore platforms.

What is your yearly turnover?

Depending on how the general economy is going, our turnover can be 2-3bn or 4-5. Our activities are closely linked to how other businesses are doing, especially in the naval sector. Any machine will wear out in time and it is necessary to repair it with resins if you do not want to replace it.

What is your best-selling product?

That is 11-11, a very versatile metallic resin. It is used in all sectors, from naval to industrial. What the future holds are high temperature products with high dynamic resistance.

Are you happy being at OMC2009?

It was a strategic choice because energy is the sector where the economy will begin to pick up again. During the morning of the first day alone we were contacted by 30 delegations interested in our services.

FROM THE OMC2009 STANDS

POLYMERS OF THE NEXT GENERATION

Following the success of Belzona 1391 (Ceramic HT), Belzona Polymerics has developed two new and improved versions of this industrial benchmark; Belzona 1391S and Belzona 1391T. Belzona 1391 has been used extensively in the oil and gas industry since its introduction in 1993, providing protection against erosion-corrosion at elevated temperatures for equipment in contact with hydrocarbons, water and aqueous solutions. Belzona Polymerics Limited is a world leader in the design and manufacture of polymer repair.

CALEDYNE, NEW SIZE SAFETY VALVE

Caledyne, a leading energy industry engineering services and products specialist, has announced the successful qualification of a second size of its Torus insert safety valve, adding a 4.1/2" version to the existing 2.7/8" size at the Offshore Mediterranean Conference in Ravenna, Italy. The Torus Safety Valve has opened up many new opportunities for enhancing production from mature fields. Improving on a basic flapper type safety valve design, the Torus safety valve allows for a central conduit to pass through the core where the conduit may be hydraulic (mini-coil or capillary string), electrical or fiber-optic.

INTERGRAPH AND IV-OIL & GAS GET CLOSE

Iv-Oil & Gas, a Dutch multidisciplinary engineering, procurement and construction (EPC) company, has expanded its use of Intergraph SmartPlant Enterprise software solutions to further increase productivity and cost savings throughout the design, engineering, purchasing and construction cycle for its onshore and offshore oil and gas projects. The information comes from a joint note make public by Intergraph during the OMC2009 conference.

GEOLOGY

DRILLING AT TEMPA ROSSA

A Total presentation at OMC2009

The Tempa Rossa Oil Field is located in the Gorgoglione Concession in the Basilicata Region (Italy). It is part of the Southern Apennines thrust belt environment.

Discovered in 1989, five exploration appraisal wells were drilled in the 1990s by various operators. After field unitisation in 1999, another 10-year period has been necessary to generate an appropriate development plan, negotiate the terms of production between the joint venture and the authorities and obtain the relevant authorizations and permits.

Jean Perrot,
Geosciences Director of Total Italia E&P

The main challenge now is to develop the field and, at the same time, to appraise it, as with the existing wells only about 10% of the field is known.

The current development plan's first phase entails producing from six wells (the 5 existing ones and a new drilled one), immediately followed by the drilling of two additional wells in new compartments. First oil is expected in 2012, with the oil (50,000 bpd) sent to the Taranto refinery through a link to the Val D'Agri pipeline.

The reservoir, a fractured Apulian carbonate platform (cretaceous to early tertiary) is characterized by high structural internal complexity. None of the five existing wells has reached oil-water contact (OWC). The oil's chemical and physical characteristics, of the heavy type, vary with depth: API is from 24 to 11 from Top (3000 m SS) to ODT (5175 m SS).

Taking into account the unusual complexity of some of the Tempa Rossa subsurface features (structural context, sediments, petrophysics, fluid nature and variations) much data acquisition and integrated multidisciplinary studies are still necessary to reduce static and dynamic uncertainties and to improve understanding of production modes. A new operational phase will start in 2009 with the drilling of a deep new well called Gorgoglione-2, with a planned total depth of 7,000 m. It is to become not only a future producer but also a mode of appraising the eastern part of the field by acquiring geological and reservoir information, reducing overall uncertainties.

As a result, new models will allow better evaluations of reserves and of ways to improve field monitoring and future drilling operations.

ACTIVITIES HINDERED

No decision has been made yet by the Re-examination Court of Potenza concerning the recourse presented by Total's lawyers against the decision of the preliminary investigation judge of Potenza, Rocco Pavese, to suspend the oil company's activities for a year in the "Gorgoglione" concession, where it is working on the Tempa Rossa project (www.staffettaonline.com).


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TODAY'S AGENDA

09.00
EXHIBITION OPENING

09.00 - 12.45
WORKSHOP:
- Non-conventional Surface Surveys: the Facts and Myths
- Carbon Capture & Storage, Hurdles and Prospects

09.00 - 10.45
SESSION 19 - ROOM A
Drilling & Completion (4)
- HIGH PERFORMANCE WATER BASED DRILLING FLUIDS DESIGN
- APPLICATION OF NONCONVENTIONAL RISK ANALYSIS TECHNIQUES TO THE DRILLING ACTIVITY
- DISCRETE EVENT SIMULATION FOR THE RISK ANALYSIS OF DRILLING PROJECTS
- MECHANISMS, MEASUREMENT AND MITIGATION OF BARITE SAG
- ENVIRONMENTAL PERFORMANCE: LOOKING AT THE MIRROR TO BETTER DESIGN OUR ACTION PLAN - (ALTERNATE)

SESSION 20 - ROOM B
Offshore Technologies (2)
- NEW MULTIPURPOSE VESSEL CONCEPT
- GOLIAT FIELD DEVELOPMENT - CIRCULAR FPSO IN HARSH ENVIRONMENT
- DESIGN OF PILED PLATFORMS FOR LIQUEFIED SOILS, AN EGYPTIAN CASE STUDY
- REDUCTION OF MEG CONSUMPTION USING KHI FOR HYDRATE CONTROL IN A DEEPWATER ENVIRONMENT OFFSHORE EGYPT

10.45 - 11.00
COFFEE BREAK
Sponsored by ROSETTI MARINO

11.05 - 12.45
SESSION 21 - ROOM A
Drilling & Completion (5)
- HIGH-TEMPERATURE LWD (LOGGING-WHILE-DRILLING) SUITE PROVIDES HIGH-QUALITY DATA FOR CORRELATION PURPOSES IN COMPLEX STRUCTURAL AREA: A CASE HISTORY FROM PO VALLEY DEEP TRIASSIC REGION
- THE USE OF WATER-BASED FLUIDS TO REPLACE INVERT FLUIDS IN EGYPT
- BEST PRACTICES AND LESSONS LEARNED FROM 15 YEARS EXPERIENCE OF CEMENTING WELLS IN ITALY
- DEVELOPMENT OF A NOVEL OIL-BASED CHEMICAL GEL SYSTEM FOR IMPROVED WELL BORE STABILIZATION AND STRENGTHENING
- ADDRESSING OPERATIONAL GAPS THROUGH INTEGRATED RESERVOIR-FOCUSED SOLUTIONS: THE NEXT MANAGEMENT STEPS FOR IMPROVED RESERVOIR PRODUCTIVITY - (ALTERNATE)

SESSION 22 - ROOM B
Offshore Technologies (3)
- SUBSTITUTION AND INSTALLATION OF FLOW METERS IN OFFSHORE PLATFORMS MANTAINING PRODUCTION FLOWS
- ACTIVE HEATING TECHNOLOGIES FOR FLOWLINES AND RISERS FOR DEEP WATER FIELD DEVELOPMENTS
- ACTIVE TENSION CONTROL FOR HEAVE COMPENSATION SYSTEMS
- SINGLE INDEPENDENT RISER FOR FUTURE ULTRA DEEP WATER FIELD DEVELOPMENTS

SESSION 23 - ROOM C
Production (3)
- OPERATING EXPERIENCE FOR HYDRATE INHIBITOR AND DEW POINT CONTROL IN GAS PRODUCTION FACILITIES OFFSHORE AND ONSHORE MEDITERRANEAN SEA
- EFFICIENCY DETERMINATION OF SEPARATION OF SOLID PARTICLES IN A GASEOUS STREAM IN THE "MULTI PRINCIPLE" AND "STANDARD PRINCIPLE" WRINGING TYPE SEPARATORS
- NEW MATHEMATICAL MODEL, FORECASTING ESP EFFICIENCY AS FUNCTION OF WELLHEAD PRESSURE, OTHER RESERVOIR PARAMETERS & WELL DATA
- LESS OIL IN, LESS OIL OUT - A HOLISTIC APPROACH TO ENHANCED PRODUCED WATER TREATMENT

12.45 - 14.00
BEST PAPER / POSTER AWARD LUNCHEON
Sponsored by ADRIATIC LNG TERMINAL

15.00
EXHIBITION AREA CLOSES

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Today's Special event

Don't miss the prize ceremony! At lunchtime, in the restaurant, chairman of OMC2009 Antonio Angelucci will announce this year's three best papers and stands. The awards are sponsored by Adriatic LNG.