

Technip, Heerema win third giant Angolan oil contract

April 16 2014, by Elodie Mazein

The ultra-deep Angolan offshore oil project called Kaombo generated the third huge contract in three days on Wednesday when French group Total picked two firms to carry out underwater engineering worth \$3.5 billion.

The latest groups to win a share of the mega investment are French engineering firm Technip in association with Dutch company Heerema Marine Contractors.

The cascade of announcements began when Total said on Monday it had decided to go ahead with development of the Kaombo field, having worked out how to reduce the overall capital cost by \$4.0 billion (2.9 billion euros) to \$16.0 billion.

A large part of this cost-reduction came from improvements to the contracting strategy, Total said.

The field is about 260 kilometres (160 miles) offshore, from the Angolan capital Luanda, where the water is 1,400 to 1,900 metres deep, and is due to begin production in 2017.

The project, which ranges over 800 square kilometres, is an example of the increasing quest by energy groups to extract oil and gas from regions and depths considered until recently too expensive and too difficult to reach.

Total has moved quickly.

On Tuesday, it awarded a contract worth \$2.4 billion (1.7 billion euros) to Norwegian firm Aker Solutions for underwater pipeline fittings and equipment for vertical wells, with the first deliveries due in the second quarter of next year.

'Fantastic success'

The third contract on Wednesday is worth \$3.5 billion for French engineering group Technip, in association with Heerema Marine Contractors, an alliance formed 15 months ago to provide a package of services for this growing ultra-deepwater market.

Technip will have a share of about 55 percent of the work and Heerema about 45 percent, Technip said in a statement.

Technip chief executive Thierry Pilenko said: "This project is the largest sub sea contract ever awarded to Technip and strengthens our position in the ultra-deepwater market."

For Heerema Marine Contractors, chief executive Pieter Heerema said that winning the contract was a "fantastic success" in the sector of "large and complex ultra-deepwater projects".

The [contract](#) is for the production and installation of various underwater equipment and about 300 kilometres (188 miles) of pipelines and related devices.

Both companies said they would promote local activities in Angola.

To carry out the work, they will use several ships, including a Heerema ship designed for supporting deep-water engineering, and a Technip

vessel designed to lay pipelines.

Total had said on Monday that a substantial amount of the work for the total project would be carried out in the country, estimating that "over 14 million man-hours of fabrication and construction works will be performed locally in Angolan yards which will be used for equipment fabrication and assembly."

The Kaombo field has estimated reserves of 650 million barrels and should produce 230,000 barrels per day, Total said.

With the launch of the field, the forthcoming start-up of another Angolan deep-water resource, the CLOV field, and with three exploration wells planned in the Kwanza basin this year, "Angola remains a priority country for Total", the company said.

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