

ConocoPhillips closes in on Barossa choices

Operator to choose at least two bid groups for FEED competition

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Major contractors are on tenterhooks as ConocoPhillips decides which of them will compete to build the floating production, storage and offloading vessel for the Barossa wet gas field off northern Australia.

The idea is that ConocoPhillips will choose at least two bidding groups for a front-end engineering and design competition in 2018.

The winner will perform the FEED work followed by the billion-dollar-plus engineering, procurement, construction and installation of the big FPSO.

Seven groups of contractors were originally engaged in bid clarification discussions with The US-based operator in the months leading up to Christmas.

Four of those groups seemingly stood out as favourites for the shortlist, and they were led by SBM, Modec, Saipem and TechnipFMC.

Now however, sources believe the two FPSO specialists – SBM and Modec – are likely to be on the shortlist, but that does not necessarily exclude Saipem or Technip from being invited to compete.

ConocoPhillips is open to either an FPSO supplied on a turnkey basis or on a lease basis.

SBM and Modec are global leaders in the FPSO lease sector, while Saipem and TechnipFMC are turnkey contractors who generally do not participate in the lease sector.

The FPSO will be a permanently moored very large crude carrier-size vessel with a topsides weight of up to 40,000 tonnes.

It will separate gas, condensate and water, and remove bulk carbon dioxide.

Barossa, which is the first new standalone offshore project proposal in Australia since 2013, is located in water depths of between 200 metres and 320 metres.

The project will include a subsea production system plus subsea umbilicals, risers and flowlines. A 260-kilometre 26-inch subsea gas export pipeline will tie into the existing Bayu-Undan pipeline, which is also operated by ConocoPhillips.

The Barossa project will provide backfill gas supplies into the ConocoPhillips-operated Darwin liquefied natural gas plant, and FEED is targeted to start in the second quarter of this year.

A final investment decision for Barossa could be made in the third quarter of 2019.

ConocoPhillips and its joint venture partners were given a huge lift in confidence in late 2017 following a 35% increase in the field's contingent resource base.

A recent two-well appraisal campaign combined with 3D seismic results boosted the best estimate resource at Barossa to 4.3 trillion cubic feet of gas on a gross basis.

Al Hirshberg, ConocoPhillips' executive vice president of production, drilling and projects, said recently his company would be investing about US\$750 million over the next three years on the Barossa project.

Based on the appraisal well data and ConocoPhillips' ongoing optimisation work, the US operator had been able to simplify the design of the FPSO and reduce the development well count, which had resulted in a capital cost reduction of about \$1 billion.

The nearby Caldita field, which is relatively small, will be developed as a subsea tie-back in the future if economically feasible; Caldita is about 30 kilometres away from Barossa.

The Barossa field sits in Block NT/P69 and has a carbon dioxide content of between 16% and 20%.

The project co-owners are operator ConocoPhillips (37.5%), SK Energy (37.5%) and Santos (25%).