Petrobras to launch tender for Jupiter FPSO

Looking for opportunities: Petrobras chief executive Maria das Gracas Foster

By Fabio Palmigiani Rio de Janeiro 17 October 2014 00:00 GMT

Brazilian oil giant Petrobras is preparing to offer a tender early next year for an extra floating production, storage and offloading vessel to operate in the area of its large Jupiter discovery in the Santos basin pre-salt play.

According to multiple sources, Petrobras intends to charter a small FPSO that will be dedicated exclusively to running extended well tests at Jupiter and other nearby discoveries in Block BM-S-24, starting in 2017.

Sources pointed out that the impending tender has emerged in the wake of Petrobras and project partner Galp Energia having had exciting results from the latest drilling in the permit earlier this year. Drilling of the Apollonia well hit a massive 313-metre hydrocarbons column, with rocks showing good porosity and permeability conditions, plus a separate oil column about 87 metres thick.

"Apollonia was much better than anyone expected, and is certainly the driving force that persuaded Petrobras to fast-track" more work at Jupiter, said a source.

It is understood that the Jupiter floater will be similar in size to the recently signed Libra FPSO, contracted with a consortium comprising Odebrecht Oil & Gas (OOG) and Teekay Offshore for a dayrate of about $425,000.

The Libra unit will be able to produce 50,000 barrels per day of oil and 4 million cubic metres per day of natural gas, although sources have suggested the gas processing capacity of the Jupiter FPSO may be higher, possibly at 5 MMcmd or as much as 6 MMcmd. Discovered in 2008, Jupiter is a massive carbonate reservoir composed of oil, condensates and natural gas with a high concentration of carbon dioxide.

Two appraisal wells — Jupiter NE and Bracuhy — unlocked thick hydrocarbon columns below the salt canopy later on, proving the extension of the maiden find and the existence of a single structure with the same fluid composition.

A new well, Bracuhy NE, will be drilled in BM-S-24 later this year by the semi-submersible rig Gold Star.

Sources told Upstream that Petrobras will issue the tender in the first quarter, again asking Brazilian contractors to team up with international floater specialists.

Upstream understands that partnerships that bid in recent Petrobras jobs, including Modec International with Schahin Engenharia, Bumi Armada with UTC Engenharia, and Teekay with OOG, are likely to team up again for the Jupiter unit.

After months sitting on the sidelines, there is talk that SBM Offshore may be able to participate once the tender is launched. The Monaco-based contractor was suspended earlier this year from new Petrobras tenders following allegations of bribery involving some of the company's contracts with the oil company. However, Petrobras later said it found no evidence of any wrongdoing in an investigation it launched into the matter.

"Petrobras cannot afford to leave SBM out of these FPSO tenders for too long," said one source.

If SBM does make it back for the Jupiter race, the company will likely join forces with Queiroz Galvao Oil & Gas, its usual ally in Brazil.

A fifth partnership may also be in the works. Sources said Brazilian engineering firm OAS may try to forge an alliance with BW Offshore, which has been absent from bidding in Brazil for more than five years.

Petrobras is said to be asking for an FPSO to operate in about 2200 metres of water. The unit will conduct several tests at Jupiter, Bracuhy and Apollonia for a period of up to eight years.

Local content for the Jupiter floater is expected to be low, at around 5%, which will give the winning bidder the option to carry out both the conversion and integration of the unit abroad.

Given the high levels of CO2 in Jupiter, mainly concentrated in the top section of the reservoir, Petrobras is running multiple scenarios on whether to re-inject the CO2 to enhance oil recovery.

The potential of re-injecting CO2 in pre-salt reservoirs has already been tested in laboratories, and on a small scale in the Lula field through water-alternating-gas techniques.

One source said the good results of the WAG-CO2 programme in Lula, means the strategy could be replicated in Jupiter at some stage.

The EWT floater is expected to have slots for two wells, including one for oil production and one for gas injection, as with the Libra floater.

Petrobras already has plans to begin commercial output from Jupiter in 2019 using a larger production unit.