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DW Monday: Golden Triangle Fades as Deepwater Sector Diversifies

Hydrocarbon production from the 'Golden Triangle' – incorporating the deepwater (>500 m water depth) plays of Brazil, the US Gulf of Mexico and West Africa – will peak in 2019 due to the lack of projects sanctioned in recent years.

Production data from Douglas-Westwood's (DW) new online analysis tool, **SECTORS**, shows combined oil & gas production will reach its crux in two years' time at some 7.1 million barrels of oil equivalent per day (mmboe/d) before declining into the 2020s. This is largely due to Petrobras' continuing financial and tendering problems in addition to significant delays to large developments in West Africa – notably **Bonga South-West** (Shell) and **Zabazaba** (Eni).

Outside the 'Golden Triangle', deepwater hydrocarbon production triples over the next seven years – rising from 1.3 mmboe/d this year to 3.9 mmboe/d. Of this 2.6 mmboe/d growth, 80% is natural gas. This reflects the increasing diversification of the deepwater sector as operators shift focus towards monetising gas reserves discovered in recent frontier gas plays. In the Gulf of Mexico, the larger discoveries in recent years have been in technically-challenging oil reservoirs with higher costs, like the Palaeogene. Operators have therefore focused more on the emerging gas provinces including LNG in East Africa and especially the eastern Mediterranean, where pipeline exports to local markets are possible. Additionally, Asia – historically a shallow water-producing region – is now seeing an increase in deepwater projects, with CNOOC exploiting fields in the South China Sea and ONGC and Reliance Industries investing in deepwater gas fields in the Krishna Godavari basin, offshore eastern India.

DW expect operators worldwide to continue to shift away from the troubled waters of the traditional deepwater areas, seeing non-Golden Triangle output climb further from the mid-2020s. Countries within the 'Golden Triangle' will need to take steps to maintain production in the long-term by making the investment climate more attractive.

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