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Little Interest in Eastern GOM Lease Sale 189

The Eastern Gulf of Mexico Lease Sale 189 on December 16th, was one of the smallest in history with only 16 bids on 14 tracts, generating just \$8.376 million in high bids. Only six companies participated in Sale 189. The highest bid received was \$2.23 million from partners Shell and Nexen for DeSoto block 398. It is assumed that the best tracts were taken when the region was reopened to leasing in 2001 with Sale 181. That sale saw 190 bids on 95 tracts and raised \$340.5 million in high bids.

ChevronTexaco Set New GOM Record

Schlumberger Oilfield Services and ChevronTexaco announced today they have set new measurement-while-drilling (MWD) and logging-while-drilling (LWD) depth and pressure records for the Gulf of Mexico. These results were recorded while drilling the ChevronTexaco deepwater Tonga Exploratory Prospect located in Green Canyon Block 727. True vertical depth of 31,824 feet was reached exceeding the previous depth record by 700 feet, with a maximum-recorded downhole pressure of 26,138 psi in the Tonga # 1 well.

Schlumberger delivered continuous real-time surveys, allowing the well trajectory to be kept on target during the entire drilling and logging process. "These results are an excellent example of how Schlumberger and its partners capitalized on technology and our strong working relationship to advance the exploration frontier," said Paal Kibsgaard, president,

Drilling & Measurements, Schlumberger Oilfield Services. "The Schlumberger tools functioned flawlessly under the extreme conditions of depth and pressure. We were able to capture and transmit 100 percent of the data in real time, without lost time or trips, which was critical to the success of this ultra-deep exploration well."

Schlumberger used a high-pressure arcVISION675 6 3/4-in. drill collar resistivity tool and PowerPulse MWD telemetry system to acquire data while drilling. The high-pressure OBMI Oil-Based MicroImager tool along with the Xtreme high-pressure, high-temperature well logging platform were used to complete the formation evaluation program. Drilling operations for this record-setting well located in 4,695 feet of water and approximately 150 miles southwest of New Orleans were conducted from Transocean's Discoverer Deep Seas drillship.

Shell and BP Achieve First Oil From Na Kika

Shell and BP achieved first production from the giant, five-well Na Kika oil and gas project in the deepwater Gulf of Mexico in December. The five independent fields, Kepler, Ariel, Fourier, Herschel and East Anstey, each of which would be uneconomic to develop on its own have been developed with the installation of a centrally located, permanently-moored semi-submersible floating production facility. This is thought to be the first time a hub-type system has been used to develop a group of fields all of which are of small to medium size. Na Kika's semi-submersible production facility is moored in water some 6,300 feet deep, the deepest for any installation of its type in the world, with the individual wells in water depths between 5,800 and 7,000 feet. The Kepler, Ariel and Herschel fields are primarily oil, while the Fourier and East Anstey fields are primarily gas. A sixth field, Coulomb,

which is 100% owned by Shell and located in 7,600 feet of water, will be tied back to the Na Kika host facility as production capacity becomes available. At peak production Na Kika is expected to produce some 110,000 barrels of oil per day and 425 million cubic feet per day of natural gas. Ultimate recovery from Na Kika is estimated at about 300 million barrels of oil equivalent. BP and Shell also announced the start up of the 75-mile Na Kika segment of the Okeanos Gas Gathering System from Na Kika to Main Pass 260 where the gas will be transported to various onshore markets via the BP/Shell Destin pipeline system. Okeanos will transport gas from deepwater discoveries in Mississippi Canyon and the eastern Gulf of Mexico. The Na Kika segment of the Okeanos pipeline system was built by Shell, but is operated by BP.



Story Page 10—Leadhand MK III hydraulic power tong handling system

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USCG Allows Use of Solar-Powered LEDs on Navigation Aids



Carmanah Technologies Corporation (TSX.V: CMH) announced that on December 8, 2003, the U.S. Coast Guard enacted a long-awaited regulation that will allow private aids-to-navigation (PATONs) to use light-emitting diodes (LEDs), versus incandescent light bulbs. Tens of thousands of PATONs in the U.S. will now be allowed to use Carmanah's solar-powered LED lights as a low-cost lighting alternative.

"This U.S. Coast Guard endorsement of LED solid state lighting marks a watershed in marine lighting equivalent to the shift from kerosene to electricity in the last century," states Carmanah's CEO, Art Aylesworth. "Carmanah is leading the market with a range of LED lights that already meet the new standards. In fact, we have been perfecting these lights for years for U.S. federal navigation aids and other marine applications."

Carmanah began building solar-powered LED lights for the U.S. Coast Guard's federal aids-to-navigation in 1999. PATONs, however, include all marine navigation aids owned and maintained by bodies other than the Coast Guard, including other branches of federal government, state and municipal governments, corporations, small businesses and individuals. These 'private' applications account for more than half of the aids-to-navigation registered in the U.S.

The new rule, effective March 8, 2004, will replace the requirement to use tungsten-incandescent bulbs in PATONs with a performance-based standard that will allow the use of LEDs.

LEDs have many advantages over regular bulbs. They burn for up to 100,000 hours, about 20 times longer than the best incandescent bulbs, and use up to 90 percent less electricity. Also very durable and compact, LEDs are ideal for the demands of marine navigation lighting. The new regulation notes that LEDs "may reduce the consumption of power and simplify the maintenance of PATONs".

"Final approval to use LEDs in PATONs has been a long time coming," states Carmanah's Marine Division Manager, Mimi Drabit. "We have already proven our technology by meeting the strict regulatory standards for federal navigation aids. Now we can also serve the larger consumer/private aids market with LED solutions that are less expensive and more durable than traditional lighting with the added incentive of being maintenance-free."

What sets Carmanah's technology apart is its MICROSOURCE integration technology, a combination of sophisticated, patented micro-electronics and software that control power storage and LED output for optimum performance at the least possible size and cost. MICROSOURCE enables Carmanah lights to be installed virtually anywhere and operate maintenance-free for years. For more information, visit Carmanah's new marine lighting web site: www.solarmarinelights.com

Schlumberger to Build New-Generation 3D Visual Reality Center

Schlumberger Oilfield Services today announced that it has been selected to build a new-generation, 3D Visual Reality Center in Ahmadi for the Kuwait Oil Company (KOC). The 3D Visual Reality Center is a collaboration and virtual-reality facility that integrates computing and communications with collaborative workflows. "This facility will be an integral part of the effort to transform KOC into a digitally intelligent company," said Miriam Al-Ajmi, team leader, Information Systems, KOC. "The 3D Visual Reality Center will give us a collaborative environment for multidisciplinary teams to view and manipulate information, thus facilitating decision-making in the areas of well planning, real-time drilling decisions and more." A team of highly trained KOC specialists will use the center to solve reservoir problems and to advance the company's real-time reservoir management initiative. By assembling expertise and combining technologies,

the facility will help KOC geoscientists and engineers advance their interpretation and visualization capabilities. The first such center in Kuwait will feature the latest virtual-reality technological developments, including an 8 by 2.3-meter curved screen with a three-channel back-projected system using six projectors. Schlumberger Information Solutions (SIS) will provide full-time collaborative expert consultancy services to ensure optimal utilization of the facility. This includes information technology (IT) support and software and domain science experts. "This new center will enable multidisciplinary teams to collaborate locally and remotely to better understand complex data and to effectively plan projects," said Nabil Kassem, SIS business manager, Middle East and Asia. "The combined technologies and services offered through the center are a means to gain significant efficiencies and to streamline and refine the decision-making process."

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