

SOUTH AMERICA

CGX in partner search for Guyana exploration

Company has eyes on a **Turonian fan system** and **Cretaceous carbonates**

TOM DARIN LISKEY

Houston

GUYANA-focused CGX Energy hopes to secure a partner for its Demerara and Corentyne offshore blocks and the onshore Berbice tract before restarting exploration efforts in the high profile frontier play later this year.

In all, CGX is offering up to 40% in the Guyana-Suriname basin blocks on the South American margin.

"We are trying to find what has been successful in the equatorial margin off West Africa and in Brazil," said CGX executive officer Dewi Jones.

CGX has a physical data room open in Houston, as well as a new virtual data room. The three licences cover about 13,430 square kilometres.

On the CGX acreage, drilling will likely focus on the Turonian fan system, while Jones said the company has leads in Cretaceous carbonates similar to the Aptian and Albian trend in Brazil's Campos basin.

Timing of drilling and prospects will depend on input from a future partnership.

"We've already got prospects defined in Corentyne and we are pretty much ready to drill there," said Jones.

"We plan to work hard to get a joint venture partner and then acquire 3D seismic on the Demerara licence."

One of the leading prospects in the block is the Eagle Deep wildcat, which will target the Turonian fan complex.

CGX is not alone in exploring Guyana, with a 50:50 joint venture formed by Shell and ExxonMobil on the Stabroek block planning to drill a wildcat in the play in the coming years.

Onshore, CGX's farm out process includes the Berbice licence.

Neighbouring Suriname produces heavy oil from onshore deposits, and Jones said the compa-



Centre point: Georgetown, Guyana

Photo: TOM DARIN LISKEY

ny's aim is to extend that trend into Guyana. "What we are looking at there is heavy oil type of exploration," he said.

The company plans to carry out an aerogravity survey soon, with a possible seismic shoot next year.

CGX has experience in heavy oil through its main shareholder, Pacific Rubiales.

The company has made strides in developing heavy oil production in Colombia at a time when major producers in the region such as Venezuela are struggling and Mexico is a decade away from bringing new production on line.

CGX is also eyeing future drilling activities in Guyana and is gearing up to start wildcatting following the unsuccessful Eagle 1 well in 2012.

The well reached upper Cretaceous Maastrichtian zones without detecting hydrocarbons.

Jones was hired last year to restructure the company and strengthen its financial position — all with the idea of returning to exploration.

In what is a major step in that direction, CGX has teamed up with other Guyana-Suriname basin players, including Inpex-owned Teikoku Oil and Malaysia's Petronas in a memorandum of understanding for a rig sharing agreement.

"We signed the MoU and we are working on a (final) agreement," said Jones. Just which company will get the rig first has yet to be decided, "but the idea is to use a jack up rig", he added.

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Petronas farms in to Block 48

US-BASED Murphy Oil has farmed out 50% of its wholly-owned Block 48 off Suriname to Malaysia's Petronas, according to sources.

The block covers 794,000 acres in water depths ranging from 1000 to 3000 metres and is Murphy's most important offshore project in the country.

In 2011, the company drilled the Aracari and Caracara dry wells off Suriname.

Petronas has been building up its business in the region and holds majority rights to Block 52, about 120 kilometres off Paramaribo.

Germany's RWE Dea recently secured a 40% stake in that block to investigate the Upper Cretaceous layer in the basin.

Murphy could not be reached for comment about the farm-out.

Flemish Pass rig secured

STATOIL Canada has secured a drilling rig to carry out further exploration off Newfoundland & Labrador in the Flemish Pass basin.

On the hunt for a rig since November, the Norwegian outfit confirmed Seadrill's semi-submersible West Hercules will be sent to the Flemish Pass in the third quarter of 2014 and will carry out appraisal work in the Bay du Nord area.

The Bay du Nord marks Statoil's third major discovery off Atlantic Canada since the Mizzen discovery in 2009. Bay du Nord was discovered in 2013 along with Harpoon.

Statoil is the operator of all three discoveries with partner Husky Energy. The 18-month drilling programme in the Flemish Pass will begin in autumn after the West Hercules finishes operations for Statoil in the Barents Sea.

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Fresh start for a pioneer

Canadian outfit **CGX Energy** believes **Colombian-Welsh** oilman is the one to **reignite** its fortunes

TOM DARIN LISKEY

Houston

WHEN shareholders tapped Dewi Jones to engineer an overhaul of Canada's Guyana-focused CGX Energy, they picked a seasoned oilman capable of thinking outside the box.

The Colombian-born oil executive took over the reins of CGX last year amid little fanfare, but the 53-year-old father of two has been hard at work rebuilding one of the first drillers to make a major bet on the under-explored South American frontier play.

"CGX has been in Guyana since its inception," says Jones. Other players have followed the trail to the former British colony, including ExxonMobil, Shell and Anadarko Petroleum.

Jones's entrance into the company also gave CGX a much needed boost.

The company's share price — and reputation — took a hit amid management turmoil and lacklustre results from the unsuccessful Eagle 1 wildcat in 2012. The well reached an Upper Cretaceous Maastrichtian zone without detecting hydrocarbons.

The well was important for oil-poor Guyana and CGX shareholders because the company had been pushing for drilling ever since its oil rig was chased away from a disputed border area by Suriname in 2000.

CGX's future success may now rely partly on Jones not being a typical oil man.

Born in Colombia's coastal city of Cartagena to a Welsh mechanical engineer father and a Colombian mother, Jones spent much of his youth exploring the pristine waters surrounding the Caribbean

island of San Andres. "He fell in love with the country," Jones says about his father's decision to stay in Colombia after a stint in the industry. "We moved to San Andres when I was six. It's my home."

When Jones left Colombia to study abroad, oil was not his first ambition. "I started out at Florida International University with the idea of studying biology," he says. "I prefer things that nature makes, not those which man makes."

He later switched to geology at Louisiana State University. Following graduation, working in the industry took him back to the region.

Jones eventually landed as a manager with Repsol, where he worked in Guyana.

Earnest approach Explorers with less stamina, especially those focused on one specific play, could have easily folded after a duster like the CGX-operated Eagle 1.

However, backers in the company know the geology of the area and industry sources believe that, with Jones at the helm, CGX will take a more earnest approach in exploring the offshore sector.

Support from the company's main shareholder, Pacific Rubiales, means CGX's belt-tightening campaign is about staying the course in Guyana.

Located on the fringe of the South American oil patch, some in the industry believe the region's equatorial margin holds similar plays to those in red-hot West Africa.

"The focus now is cost cutting, restructuring and our portfolio of assets," he explains.

Jones is also leading the push for CGX to find partners. The company has a major farm-out under way for the three blocks it holds in the country.

"It has officially started now and we hope to wrap it up with a new partnership soon," he says.

The farm-out process covers the Demerara and Corentyne off-

shore blocks as well as the on-shore Berbice, and the three licences cover about 13,430 square kilometres.

However, CGX is not just looking for a partner with deep pockets. Recent drilling has revealed light oil deposits in high pressure zones.

Given these heightened technical challenges ahead, CGX is working towards finding the perfect partner.

"We've been preparing our assets for the farm-out and working with integrating the Pacific Rubiales team," says Jones.

Latin American-focused Pacific Rubiales, a heavy oil specialist founded by Venezuelan oil guru Ronald Pantin, trades in both Toronto and Colombia and has a technical team in Houston.

That expertise will play a major role in future exploration activities in the Guyanas.

Much of Pacific Rubiales' top-line management worked in state-run Venezuelan oil company PDVSA before leaving the country in the aftermath of a massive oil strike by workers more than a decade ago.

Colombia, it is widely believed, benefited from that Venezuelan expertise.

Now it looks like Guyana will as well. Former PDVSA exploration managers familiar with Venezuela's share of the equatorial margin in the Plataforma Deltana are now in Pacific Rubiales.

"They know the regional picture," Jones says.

Pacific Rubiales' expertise in the Llanos heavy oil trend in Colombia will also come into play in Guyana.

"Their success in the Llanos and the similarities with what they see in Colombia is one reason why they like Guyana," says Jones.

Jones' family life remains a priority and he is still an islander at heart, travelling to San Andres every chance he gets.

"I love the sea. Whether it is night-fishing or diving, I'm a fisherman," he says. **U**

Focused: CGX chief executive Dewi Jones

Photo: CGX

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