

Exploring unconventional in the MENA region

Scott Watters, Chief Operating Officer, Tendeka

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Scott Watters joined Tendeka in May 2015. He has 30 years experience working in a range of operational, support and senior line management roles. Previously he worked for Weatherford where his last role was General Manager for Saudi Arabia. He has also spent time working in the Operator sector, where he was Director for an Independent Oil & Gas Company carrying out exploration work in Myanmar.

Scott has a strong formation evaluation background from over 15 years with Baker Atlas, as well as completions experience from time spent with Weatherford's Wellstream group. With numerous postings globally, Scott brings a diverse range of international experience to Tendeka.

Scott holds a B.Eng from the University of Glasgow, and is an active member with SPE having previously held board positions in Qatar and Thailand.

What is your opinion of the Middle East and North Africa (MENA) region's unconventional oil and gas resource potential?

Will take some time to catch up with the development in comparison to North America. But it is an important part of the main NOC operators' long-term strategy.

The type of unconventional reserves in the region cannot be broadly categorised as 'shale oil and gas' as they exist in North America. What makes the nature of regional reserves unique according to you? Also, do the various types of plays found in the region – tight, sour, etc – make resource appraisal technically and commercially complex, and call for bespoke approaches?

I think it's still not fully understood how to approach all the challenges given how far they lag in "unconventional" development. However, utilising the experience from service companies and partners in North America they will make this happen quicker.

Could you provide a brief background of the region's journey in unconventional resource development – when and how it started, which countries showed more intent than the others, the level of capital invested in these projects, and why those plans haven't quite materialised in the past?

I'm not really clear on this. Our focus at Tendeka has so far been in conventional areas, but we are trying to better understand the increase in unconventional resources in both North America and MENA, in particular in Saudi Arabia. At the moment, We offer E&P operators with assets in US unconventional shale formations disruptive advanced completion and production enhancement solutions. This not only serves to increase recovery factors, but also improve operational efficiencies to achieve maximum return on investments.

At present, do you think NOCs in the GCC are ahead than their counterparts in the wider region in terms of economic development of unconventional hydrocarbons?

Yes, being much more politically stable with well structured organisations and development programs for conventional, they are able to spend time on new and challenging fields.

Does your reading of the unconventional resource development programme in the region tell you there is a clear focus on future commercial production of gas, due to the global energy transition, or is there an equal emphasis on the recovery of oil?

Both. The push for gas in the likes of Saudi, Oman and the UAE is more focused on domestic use, which would then enable

further export of oil resources. The geopolitical issues surrounding Qatar makes this of great importance to the likes of Aramco and ADNOC. They will also want to increase oil recovery, as continued exports are what is used to drive the economic diversification and development of these countries.

Do you think there are enough unconventional reserves available in the region, or do producers need to indulge in further exploration in existing reservoirs and previously untapped zones?

Exploration is never ending in this region, they will continue to search for and find both conventional and unconventional resources. They have the organisational capability to do this and funding to support. Our unique solutions for unconventional formations include the ReFlow Control, FloFuse Stim and FloDual, each of which were innovated around the challenges of shale plays.

Contractors, oilfield drilling players and other service providers have a large part to play in making NOCs' unconventional resource development efforts successful. Do you feel the regional energy sector supply chain has the technological know-how and human capabilities to support NOCs? Alternatively, is there a considerable conventional market in MENA for service providers to tap into business opportunities?

The Big Four in the service industry have the capabilities and resources to support this. There are also many "local" companies, Mansoori, Taqa, NESR, Oilserv to name some, which are fairly well known. However, many others are being given opportunities to support this market by pulling together many smaller companies like NSC and Tendeka to provide an integrated solution to compete with the international and big local service companies.

Mention some of the key unconventional projects undertaken by state energy companies that would lead to considerable capacity addition. As per you, does there need to be more capital investments allocated for more such projects going forward?

- ADNOC: Ruwais Diyab Unconventional Gas, push to make UAE fully self supporting in gas needs, partnered with Total.
- ARAMCO: Jafurah, Turaif and South Gawhar unconventional gas, though investment in this has been slowed down recently
- Oman: Block 61 operated by BP has seen significant investment
- Kuwait: Has been developing deep, tight Jurassic reservoirs for a number of years, with plans to increase this.

Given current industry conditions, I think all these projects will suffer from cuts and delays till we see a return to pre-COVID global oil and gas consumption levels. Nevertheless, significant challenges such as improving operational efficiency, increasing low recovery factors, EOR, and produced water disposal will need to be tackled safely and sustainably.

With the resolution of the Gulf diplomatic conflict, will we see Gulf economies, as well as other regional states, postpone their cost-intensive unconventional plans in favour of importing cheaper gas and LNG from Qatar, which sits on enormous conventional gas reserves in the offshore North Field? Although it is not directly linked, and presumably is more of an impact of the pandemic on its profitability, Saudi Aramco has deferred progress on the first phase of its Jafurah unconventional gas development project.

Whilst no means an expert on the Gulf diplomatic conflict, these issues are long running and have deep historical significance. I don't see any of the other GCC countries wanting to be dependent on Qatar gas supplies going forward and they will continue to invest, all be it at a slower pace currently to gain gas independence.

About Tendeka

Tendeka is a global specialist in advanced completions, production solutions and sand management for the oil and gas industry. From simple to complex well designs, the company has an extensive track record in enhancing productivity for clients' reservoirs offshore and onshore. Tendeka invests in research and development, bringing to market disruptive technologies and offering solutions targeted to operators' specific production challenges.

Established in 2009 and headquartered in Aberdeen, UK, Tendeka operates in strategically positioned bases, located at global energy hubs including the North Sea, Asia-Pacific, Middle East and USA.

To find out more, please visit: www.tendeka.com