

IHS Markit evaluated associated gas utilization opportunities for an independent producer and identified the most attractive gas utilization

Situation



An independent oil company was producing a small oil field and a small amount of associated gas was being flared. Production of both oil and gas was expected to increase as a water injection scheme was implemented. New areas within the contract block were expected to produce significantly higher quantities of gas. Flaring of the gas would soon no longer be a viable option.

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Action



Upstream Oil & Gas Consultants:

- Worked with the client to develop a range of future production and utility demand scenarios
- Screened alternative options for gas utilization and determined technical and economic feasibility: gas export, power generation, desalination, Gas to Liquids, LNG, CNG and 'tri-generation'
- For selected options prepared detailed technical and cost forecasts using IHS Markit QUE\$TOR; used in-house data for price projections for crude, gas, diesel, electricity and LNG, as well as vendor data
- Built probabilistic cash flow models to determine key financial parameters and associated economic risks for each option

Result



- IHS Markit produced a development plan that provided greatest flexibility to handle the uncertainties and deliver a good rate of return
- Provided a business case justification for the selected development plan and why options were screened out
- Provided a timeline for when development decisions need to be made along with the optimum phasing and methodology of monetising the gas
- The client engaged an engineering company to perform basic (pre-FEED) engineering of the selected concept so as to create a FEED tender package.