



ORAL PRESENTATION

Context for the Opportunities in Asia Pacific

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Demand for hydrocarbons in Southeast Asia continues to outpace domestic supply, providing excellent opportunities for the 50 companies who have added to their Asia Pacific acreage in the last two years, and for the 40 new country entrants in the region. As LNG trains move forward by the biggest operators in Australia and Papua New Guinea the opportunities for companies of every size are being realized. At oil prices over US\$ 70 per barrel the competition for these opportunities will only get more intense.

158 conventional exploration wells were drilled in the study area between Bangladesh and New Zealand during 2017, an increase of 16% over the year before. The majority of these exploration wells of the last two years were drilled onshore by Beach Energy, Santos, PTTEP and Pertamina. Petronas and Quadrant also completed 13 to 16 offshore wells each including deepwater. In total there were around 60 operators of exploration wells. Despite the increased activity, discovered volumes were down, lacking contributions from Australia where an offshore exploration hiatus has been supported by extensions from the government.

The strategy of each Asia Pacific explorer today is a singular combination that meets ongoing investor expectations, leverages and de-risks monetization schedules, aligns with national goals, and builds on the company's expertise and track record as well as that of its partners. Exploration remains a core strategy for most new entrants and many existing players – while well counts are 40% of the 2013 peak, many companies still see exploration as critical to generating value. A lot of effort goes into de-risking the highest value targets for these smaller drilling campaigns. Recent successes by Woodside, Total, Pertamina and their partners illustrate the potential value of Asia Pacific frontiers and older plays.

This presentation dives into the exploration and broader upstream strategies of Asia Pacific players and looks at the opportunities – bid rounds, contract expirations, fiscal changes and high impact wells – coming up in the year ahead for this truly dynamic region.

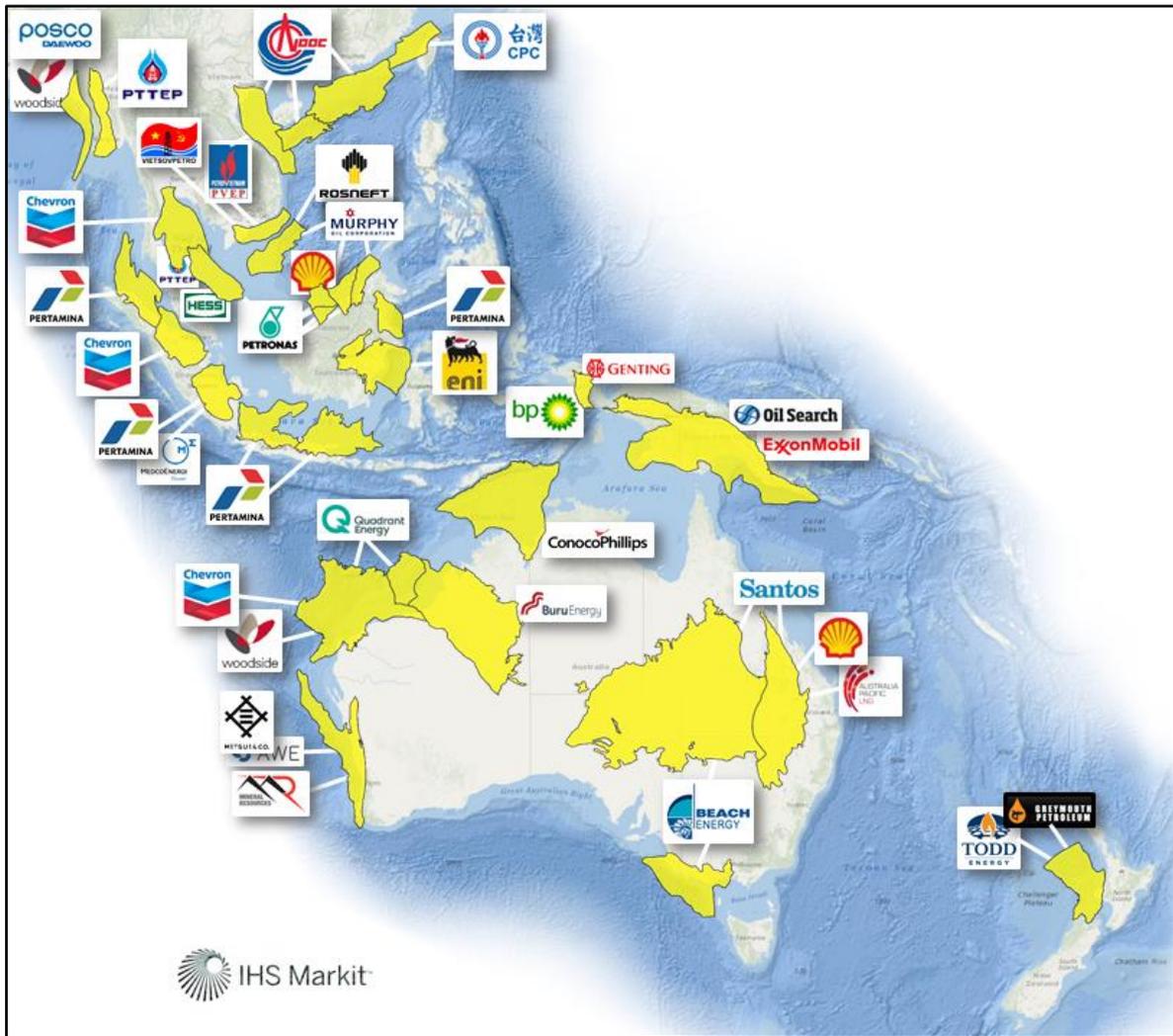


Figure 1. Basin Masters. Companies with a major stake in key basins of Asia Pacific are shown. Most basin masters are growing these key positions although some (notably Chevron and Shell in Southeast Asia) have sought to focus expenditure elsewhere.