

Chevron receives offer for its Rosebank field stake in North Sea



Chevron Corp has received an offer for its stake in the Rosebank project in the North Sea, months after the company said it plans to exit some fields in the UK. The oil major has a 40% stake and is the operator of the Rosebank field, located west of Shetlands in one of the harshest and most expensive areas of the North Sea. Chevron has struggled to reach a final investment decision for the project since at least 2013, right before an oil-price collapse caused companies to slash spending. Chevron and other big oil companies including ConocoPhillips are reducing their interests in the ageing North Sea as they focus on growth regions like US shale. The UK is likely to have the fewest new wells this year since 1973, according to a trade group. The government, keen to keep production going in the region, has encouraged private equity companies to fill the gap left by the oil majors. "Chevron has been weighing up development options for a number of years," Ross Cassidy, a senior research manager at

consultant Wood Mackenzie Ltd, said in a statement.

“The asset may be struggling to compete for capital within Chevron’s low-breakeven tight-oil portfolio, focused on the US Permian basin.” News of the talks for Rosebank was first reported by industry trade publications, which didn’t name the potential buyer. A spokeswoman for Chevron confirmed the offer, without giving more details. The San Ramon, California-based company is still working on engineering and design for the project, she said. Chevron said in July it intends to dispose its assets in the central North Sea after an internal strategic review. That didn’t include Rosebank. The field is the largest undeveloped asset in the North Sea, according to Wood Mackenzie. Suncor Energy Inc holds 40% in the project and Siccac Point Energy 20%. Rosebank will probably need about \$6bn to develop, according to Cassidy. If it gets the green light in 2019, oil production could start in 2024, with output rising to about 100,000 barrels of oil equivalent a day at a peak rate, he said. Development would probably include a new-build, harsh environment floating production, storage and offloading vessel and up to 20 production wells, Cassidy said.