

Falklands oil

A decade of environmentally sensitive exploration

by Phil Richards, *Edinburgh*

The BGS has been involved in the search for Falklands oil for over a decade, and is at the forefront of attempts to turn the Islands into one of the world's future important oil provinces. The technical help provided by the BGS to the Falkland Islands Government has resulted in the discovery of active petroleum systems capable of producing huge quantities of oil. The BGS is now helping the government to encourage the further exploration for, and eventual exploitation of, those reserves.

Back in 1992, when the BGS was first commissioned by the Falkland Islands Government to identify any possible petroleum-bearing basins, an integrated team of oil geologists and geophysicists

with diverse international experience was assembled to review existing data. Their recommendation — to acquire new, modern geophysical data-sets — led, in 1996, to the offering of large tracts of the seabed north of the Falkland Islands to oil companies for exploration drilling.

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The BGS then set about working with the 14 oil companies that were successful in gaining exploration licenses. The

main task was to develop a sensible drilling campaign that would pay equal attention to the need to explore in a commercially feasible fashion, while ensuring that the fragile natural habitat was fully protected through the application of best-practice techniques and adequate research.

The result of these efforts was that, during 1998, a semi-submersible drilling rig was towed from the North Sea to conduct a six-well drilling campaign north of the Falkland Islands. These wells, drilled against a background of limited geological, but extensive environmental, knowledge, proved what the government and oil companies had hoped — that there was indeed oil and gas beneath the surface. However, although hydrocarbons were encountered, they were present in less than commercial quantities at the locations drilled.

Unfortunately for all concerned, the market price of crude oil slumped to a near-all-time low just as the initial six-well drilling campaign was coming to a close, and it was difficult to motivate the oil companies to continue drilling in the prevailing financial climate. The BGS therefore spent the time while the world's oil markets were recovering from the crash in conducting post-mortem studies of the wells, in order to establish preferential sites for the next, inevitable, phase of drilling.

Attempts to rekindle drilling in the area are ongoing. To this end, the BGS is using its experience and expertise to help the Falkland Islands Government to attract new investment funds to the region. This should enable the oil companies that remain interested in the area to meet the high costs (and benefit from the potentially huge rewards) of renewed drilling in the region.

As well as attempting to renew interest in already drilled basins to the north, the BGS has recently been involved in a worldwide marketing campaign with the Falkland Islands Government to create interest in currently unlicensed basins to the east and south of the Islands. These efforts are progressing well, and at the time of publication, the Falkland Islands Government has just awarded 10 new licenses to an exploration company interested in diversifying into these areas.



Penguins at Volunteer Point.