

- The main oil industry players are supported by a wide range of oilfield services companies.
- Logistics costs constitute a significant part of oil and gas companies' budgets.
- Logistics companies play a crucial role in the world's more remote oilfields.

Vital support

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Major oil and gas operations would scarcely get off the ground without a strong network of logistics professionals to support them. Matt Willey investigates the invisible hand working behind the scenes.



Drilling operations in remote areas rely on first-class logistical support.

AS THE WORLD'S OIL AND GAS PRODUCERS TACKLE THE INCREASINGLY COMPLEX task of searching for, harvesting and selling the world's prime energy resources, they are standing centre stage in a major geopolitical spectacle.

With an audience of consumers looking on from afar, a diverse cast of state enterprises, multinational corporations and smaller independents plays out its own version of 'all's well that comes out of the well'.

All the while courting governments, pumping petrodollars into the global economy and keeping the wheels of industry turning, the major players vie for attention as they ply their trade in full view of the public.

If your rig is on the Kashagan oilfield in Kazakhstan's Caspian Sea and the spare part repair facility in Aberdeen, an efficient logistics partner is an absolute necessity.

What most of the audience fail to see, however, is the great buzz of activity going on backstage. While the operators hog the limelight, a vast array of oilfield services, engineering and construction companies scurry around in the wings, putting the scenery in place, rehearsing the extras and making the props.

And while it is the big names that get the applause at the end of the performance, their relatively anonymous colleagues working behind the scenes are no less valuable in making the show a success.

Hard work in a harsh environment

What sets the oil and gas industry apart from a standard 'all the world's a stage' analogy, however, is the fact that the stage in question is out in the middle of the North Sea, the Persian Gulf, the Kazakh Steppe or the Siberian Taiga.

For example, long before BP, Exxon, Sakhalin Energy & Co moved in, Sakhalin Island (Karafuto) was best known as a penal colony in Tsarist Russia, and subsequently one of Stalin's gulags.

Remote control

The quest for new reserves has forced the majors offshore, allowing them to drill for ever more remote reserves. The rate of development in offshore production has been impressive in recent years and is set to continue in the same vein for some time. The UK offshore market alone has seen 48 new fields developed since 1999.

Potential new offshore sites are being explored, with Africa and Asia in particular offering huge potential reserves. And most of the big global oil companies have highlighted offshore as a vital component of their long-term business. Shell has made a massive commitment to offshore production with its work on Sakhalin II (see p17), which has involved one of the largest logistics operations ever seen on a major oil project.

The newly merged Statoil has consistently pushed the boundaries of offshore with its work on platforms such as Statfjord, Gulfaks and Kristin, and looks set to hit even greater heights with the added expertise of Hydro. With these and other industry giants embarking on ever more ambitious projects, carefully managed logistical support will continue to be a vital component of any successful operation.

The vast majority of oil and gas activity takes place in some of the most remote locations on the earth – which brings us to another set of ‘bit players’: the logistics providers. One of the biggest challenges in any remote operating arena is equipment and personnel logistics. As such, the various freight forwarders, express carriers and logistics companies servicing the thousands of oil and gas projects around the world have a critical role to play.

The success of these logistics providers in supporting the operations of producers and service companies can be measured by their anonymity. The less visible they are in shifting equipment and building materials, rigs and spare parts, the smoother the running of the operation, and the greater the profit to the client.

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Offshore operations are especially reliant on ship-based logistical support.

Logistics costs represent a significant percentage of oil and gas companies’ budgets, precisely because of the remoteness of the locations and the time-critical nature of the activity.

In a business where an oil rig can cost anything upwards of \$100,000 per day to rent, the replacement of a single spare part holding up production has added urgency. If your rig is on the Kashagan oilfield in Kazakhstan’s Caspian Sea and the spare part repair facility in Aberdeen, an efficient logistics partner is an absolute necessity. Only with this level of support behind the scenes will the final performance be a success. ●

An advertisement for All Weather, Inc.'s Automated Weather Observing System. The background is a dark blue sky with a bright light source on the right, creating a lens flare effect. In the foreground, there is a silhouette of an offshore oil rig. On the left, there is a photograph of the weather observing system itself, which consists of a metal frame with various sensors and instruments mounted on it. The text is in a white, serif font. The logo for All Weather, Inc. is a stylized blue and white swirl, followed by the company name and website address.

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