Gas Handling Options for Associated Gas in Deepwater Developments in the Gulf of Mexico

Project for the Minerals Management Service by Offshore Technology Research Center with assistance of Offshore Operators Committee

Gas Handling Option Study



Agenda

Time	Subject	Торіс	Presenter
12:30	Registration		
1:00 – 1:15	Introduction	Welcome & Background	Skip Ward - OTRC
		MMS Objectives & Perspective	Paul Martin - MMS
		OOC Perspective & Role	Allen Verret - OOC
1:15 – 1:40	Summary of Overall Study Plan		Skip Ward
1:40 – 2:00	Overview of Gas Handling Technologies in Study		Skip Mick - Paragon
2:00 - 2:35	Study Plan	Technology Assessment Goals &	Paul Martin
		Metrics	Skip Ward
2:35 – 3:05		Break	
3:05 – 3:25		Study Scenarios	Dave Saylor - Unocal
3:25 – 3:55		Workshops – Format & Processes	Andy Wolford - AJW+
3:55 – 4:05		Project Schedule & Final Report	Skip Ward
4:05 - 4:20	Industry	Participant Needs, Roles,	Allen Verret
	Participants	Opportunities	
4:20 - 4:30	Closure		Skip Ward
4:30	Adjourn		

Steering Committee

- Offshore Technology Research Center/TAMU
 - Skip Ward
 - Stuart Scott
- A.J. Wolford Associates
 - Andy Wolford
- Paragon Engineering

 Skip Mick
- Minerals Management Service
 - Bill Hauser
 - Russell Hoshman
 - B.J. Kruse

- Offshore Operators Committee
 - Allen Verret
 - Larry Golson (ChevronTexaco)
 - Rick Meyer (Shell)
 - Eric Nelson (ExxonMobil)
 - Larry Yoho (Marathon)
 - Joe Fontenot (Ocean Energy)
 - David Saylor (Unocal)

MMS Objectives

- Complete objective technical assessment of technology options for handling gas associated with for deepwater oil & gas developments in the GOM
- Assessment to focus on oil developments with associated gas
- Assessment results to be used by MMS
 - Reviews readiness & safety of gas handing options proposed for deepwater development projects
 - Studies pertaining to deepwater oil & gas developments

MMS Objectives

Provide study information & results to –

- the MMS, USCG & other government agencies
- public (awareness of alternative technologies for deepwater GOM gas development)
- oil & gas industry and technology partners

GAS HANDLING KICK OFF MEETING 3-25-03

CHALLENGES FOR INDUSTRY

- Accelerate Field Developments
- Lower Lifting Costs
- Continue to Lower Incident and Accident Rates
- Improve Communication
- Deploy Enabling Technology Solutions
- Enhance Existing Tools and Processes
- Cope with a Shrinking Resource Base
- Compete in a Global Effort to Supply Energy to a Changing World

GAS HANDLING KICK OFF MEETING 3-25-03

Industry Perspective and Role

- Industry has been studying alternative gas handing processes for quite some time.
- Infrastructure is a key element of successful gas distribution systems.
- Deepwater environment provides substantial challenges to operating gas transmission systems.
- Industry can and should provide feedback to MMS and OTRC on the study being undertaken. March 25, 2003 Kickoff Meeting

GAS HANDLING KICK OFF MEETING 3-25-03

Industry Perspective and Role Continued

- Participation by operators in the OTRC organized and managed workshops will help facilitate meeting study goals and objectives and accelerating roll out of available information concerning those options.
- A proactive industry response to study goals has been endorsed by the Offshore Operators Committee.
- Interaction by operator representatives in the early stages of the study planning has been encouraged and supported. Gas Handling Project

Summary of Study Plan

Skip Ward OTRC

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Gas Handling Options

- Study to consider
 - Pipelines
 - LNG Liquefied Natural Gas
 - CNG Compressed Natural Gas
 - GTL Gas-to-Liquid Products
 - Injection
 - GTW Gas to Wire (offshore power generation)
 - Gas to Solids (hydrates)
 - Others
- Pipelines to be considered as the *baseline* in assessing options



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Technical Assessment Metrics

- Technical, Commercial, & Regulatory Feasibility & Readiness
- HSE
- Costs (CAPEX, OPEX)
- Process Efficiency



Overview Gas Handling Technologies

Skip Mick Paragon

Gas Handling Options

- Alternatives to consider
 - Pipeline
 - Injection
 - LNG Liquefied Natural Gas
 - CNG Compressed Natural Gas
 - GTL Gas-to-Liquids
 - GTW Gas to Wire (offshore power generation)
 - Gas to Solids (hydrates, e.g.)
 - Others
- Pipeline to be considered as the baseline in assessing options

Gas Handling Options



Gas Handling Project March 25, 2003 Kickoff Meeting



Technical Assessment Metrics

- Technical, Commercial, and Regulatory Feasibility & Readiness
- HSE
- Costs (CAPEX, OPEX)
- Process Efficiency



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Technology ("Process") Steps



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Pipeline Process

- Compression
- Dehydration
 - Treating
- Compression
 - Raw Gas Liquids Product
- Pipeline for Transportation
- Gas Processing Plant
 - NGL Recovery & Fractionated Liquid Products
- Gas Delivered to Existing Infrastructure Gas Handling Project March 25, 2003 Kickoff Meeting

Source: High Pressure Separator 1200 psi, 100 F

LNG Processes

- Gas Conditioning
 - Raw Gas Liquids Product
- Dehydration
 - Treating
- Liquefaction Processes
- Tanker for Transport
 - LNG Storage and Loading Terminal
 - LNG Receiving and Storage Terminal
- Regasification
- Gas Delivered to Existing Infrastructure March 25, 2003 Kickoff Meeting



CNG "Processes"

- Gas Conditioning
 - Raw Gas Liquids Product
- Dehydration
- Compression
- Gas Chilling
 - Raw Gas Liquids Handling
- Tankers for Storage and Transportation
 - Loading Terminal
 - Receiving Terminal
- Compression
- Gas Processing Plant
 - Fractionated Liquid Products
- Gas Delivered to Existing Infrastructure Gas Handling Project March 25, 2003 Kickoff Meeting



GTL Process

- Gas Conditioning
 - Raw Gas Liquids Product
- Chemical Conversion Processes
 - MeOH, Syncrude
- Tanker for Transport
 - Storage and Loading Terminal
 - Receiving and Storage Terminal
- Liquids Delivered to Refinery for Additional Processing

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GTW Process

- Gas Conditioning
 - Raw Gas Liquids Product
- Power Plant Offshore
- Electrical Wire for Transportation
- Power Conversion Plant / "Transforming"
- Power Delivered to Existing Infrastructure

Gas Injection Process

- Gas Conditioning
 - Raw Gas Liquids Product
- Compression
- Dehydration
- Gas Injected into Reservoir
- Gas Produced at a Later Date
- $\rightarrow \rightarrow \rightarrow \rightarrow$ Gas Handling Options to Consider

Gas Handling Options

- Alternatives to consider
 - Pipeline
 - Injection
 - LNG Liquefied Natural Gas
 - CNG Compressed Natural Gas
 - GTL Gas-to-Liquids
 - GTW Gas to Wire (offshore power generation)
 - Gas to Solids (hydrates, e.g.)
 - Others
- Pipeline to be considered as the baseline in assessing options
- Standard Gas Composition

Gas Handling Options

Questions ?

Gas Handling Project March 25, 2003 Kickoff Meeting Study Plan Technical Assessment Goals & Metrics

> Paul Martin (MMS) Skip Ward (OTRC)

Technical Assessment Metrics

- Technical, Commercial, & Regulatory Feasibility & Readiness
- HSE
- Costs (CAPEX, OPEX)
- Process Efficiency

Assessment "Model"



Technical Readiness Metric

Question - When will technology be "project ready"?

- Examine stage of development of present technology, e.g.,
 - Concept
 - Bench test
 - Pilot test
 - Field test of similar application of key component(s)
 - Onshore or similar applications of key components/systems
- Examine barriers to technical, commercial, & regulatory readiness of present technology
 - Identify key needs
 - Assess probabilities of success

Technical Readiness Metric (continued)

• Metric

- Years to "project ready"
 - Now (2004)
 - +3 years (2007)
 - + 6 years (2011)
 - +9 years (2014)
 - +12 years (>2017)
- Describe uncertainties in readiness in +/- years
HSE Metric

- Risks to human safety
- Risks to environment
- Identify
 - Hazards & risks Mitigation options
 - Costs to achieve acceptable risks
- Build on CRA of Deepwater Production Systems Study

Cost Metric

- CAPEX (\$/MCF-delivered)
- OPEX (\$/MCF-delivered)
- Include costs to mitigate HSE risks to acceptable level
- Project economics (e.g., economic feasibility, profitability) will not be assessed - ∴ will not consider value of
 - Produced gas or product
 - Enabled oil production
- "Value" of produced gas directly used in process will be included in process efficiency metric, not OPEXas Handling Project 38

Process Efficiency Metric

• Thermal efficiency of gas utilization -<u>BTU's delivered to transfer or sales point</u>

Recoverable BTU's

• Gas used in process and losses will be deducted from BTU's & volume delivered

Assessment "Model"



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Assessment Metrics

We know where we are going, but we don't know what it will look like, yet!

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Assessment Metrics

For Each Gas-Handling Option (e.g., CNG) compute assessment metrics for specific Scenario Cases



Assessments Metrics



Study Plan Scenarios

David Saylor Unocal

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Background: DW Development – Big Picture

David Saylor's View

- Key Interface Requirements Influence Development Concept and Project Value:
- "Market", • Export Products – Market **Export** • Wells – Production Facilities **Facilities** Facilities "Midstream" Resource **Industry Sectors** Gas Handling Project Gas Handling Project March 20, 2003 Kickoff Meeting "Upstream" 45

Study Scope & Scenarios

Objective for this section:

• ID Resource parameters



<u>Where:</u> Study Resource Locations



Water Depth Cases of 6,000 and 10,000 Ft.

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GOM Field Size Distribution



<u>What:</u> Subsurface Parameters

	{		Som	M 300
	Reservoir Case	Recoverable Reserves (MMBO)	GOR (MMSCF/BO)	
Sugar	А	100		
500 -	В	300	1000-2000	
8	С	600		
	D	Maximun	n Gas Case	
	Vestern GOM	Cer	• htral GOM	

How: Study Development Characteristics

	Oil		Gas			Est Field
Reservoir Case	Recoverable Reserves (MMBO)	Production Rate (MBOD)	GOR	Recoverable Reserves (BCF)	Production Rate (MMCFD)	Life (years)
A	100	25	1000 2000	100 200	25 50	11.0
		50	1000 2000	100 200	50 100	5.5
В	300	50	1000 2000	300 600	50 100	16.4
		100	1000 2000	300 600	100 200	8.2
С	600	75	1000 2000	600 1200	75 150	21.9
		150	1000 2000	600 1200	150 300	11.0
D				1825	500	10.0

Case D assumes a 10 year life as basis for est. Recoverable Gas Reserves



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<u>Where:</u> Delivery Point Locations



Products	Destination
Gas	Pipeline to tie in to existing infrastructure (e.g. Transco, Seahawk, or Sting Ray from Eastern Gulf; or Tenn. TGT,EI Paso, or Tenn. Trunk from Western Gulf)
CNG	Ship to new build facility offloading/storage facility (w/ gas plant?) located offshore Grand Isle or Freeport in depths > 50 ft.
LNG	Ship to existing LNG facility Lake Charles or Elba Is., S.Car.
GTL	Ship to existing refinery near Houston/Galveston or New Orleans
Power	Cable to Freeport or Grand Isle to tie into existing power grids

Transportation Distances for Gas/Gas Products

Transport Mode	Field Location	Destination	Distance (miles)	Study Distances (miles)	
Pipeline	Eastern GOM	Transco, Seahawk, Sting Ray	150	450 200	
	Western GOM	Tenn. TGT,El Paso, Tenn. Trunk	150	150 -300	
CNG	Eastern GOM	Grand Isle	225	150 200	
	Western GOM	Freeport	175	150-300	
LNG	Eastern GOM	SOM Elba Is., S.Car.		200 4200	
	Western GOM	Lake Charles	300	300-1200	
GTL	Eastern GOM	New Orleans	275	200	
	Western GOM	Houston, Galveston	250	300	
Power	Eastern GOM	Grand Isle	225	450 200	
	Western GOM	Freeport	175	150-300	

Study Plan Workshops Format & Processes Andy Wolford A.J. Wolford Associates

Technical Assessment Metrics

- Technical, Commercial, & Regulatory Feasibility & Readiness
- HSE
- Costs (CAPEX, OPEX)
- Process Efficiency

Workshop Process



Offline Activities

ST Develop Pre-Meeting Form for Process "X"

ST Develop process for reaching consensus at Workshops

SG

•Select Process "X" Workshop Participants •Invitation Only

WS Participants

•Process Experts/Vendors (oil companies, engineering companies, consultants)

•Other WS Participants (oil companies, engineering companies,consultants, class societies)

•MMS & other Agencies

ST - Study Team

SG - Steering Group

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Process Steps



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Gas Handling Process Steps & Metrics



Modeling Roadmap – Pipelines

Dependence of Metrics on Variables

Input	Output Metrics					
input	TRL	HSE	CAPEX	OPEX	Efficiency	
	Export riser fatigue	Х	Mooring payload	IMR*	X	
Water depth						
	Pipe wall		Riser payload			
			Installation			
Gas rate	X	X	Cost of plant	Utilities	Process losses	
			Pipeline diameter			
Reservoir size	X	X	X	X	X	
Distance to market	X	X	Pipeline length	Logistics	Pipeline loss	
				IMR*		
Other			Permit		Fuel gas	
X = no dependence						
^ = Inspection, Mainte	enance & Repair					

Modeling Roadmap – CNG

Dependence of Metrics on Variables

Innuto	Output Metrics						
inputs	TRL	HSE	CAPEX	OPEX	Efficiency		
Water depth	X	X	Mooring payload	X	Х		
			Riser payload				
			Installation				
Gas rate	X		Cost of plant	Utilities	X		
		Number	Cost of tanker	IMR*			
		loading/unloading	(number, size)				
		operations					
			Equipment				
			weight/area				
Reservoir size	X	X	X	X	X		
	X	Tanker transit	Cost of tanker	Logistics (resupply	X		
Distance to market		(exposure time)	(number, size)	crew) /			
				Transportation cost			
				Tanker (fuel, crew,			
				etc)			
Othor	Metallurgy	Consequence	Permit	Port charges			
Other		hazard					
	Motions						
X = no dependence							
* = Inspection, Maintenan	ce & Repair						

Technical Readiness



Technical Readiness(continued)

Barriers to Technical Success of Present Technology

	Key Technical Needs for Option "X"	Probability of Success in Y Years
1		
2		
3		
4		
5		
6		

Commercial Readiness



Commercial Readiness

Barriers to Commercial Success of Present Technology

	Key needs for Option "X"	Probability of Success in Y Years
1		
2		
3		
4		
5		
6		

Regulatory Approval



* Approvals by MMS & USCG

Regulatory Approval

List of Regulatory Barriers

	Regulatory Barriers for Option "X"
1	
2	
3	
4	
5	
6	

Pipelines - Health, Safety & Environment

Hazards & Consequences

Process Step	Hazard	Consequence			
		Fatalities	Oil Spill	Product / Gas Spill	
Offshore Plant	Gas leak from additional gas handling facilities	Fire / explosion, increase in fatality rate	Fire / explosion leading to breech of FPSO oil system contaimment	Gas release disperses without environmental impact	
Offshore Transfer	Gas leak from additional gas handling facilities	Incremental risks introduced by transfer operations - exposure of all POB FPSO	Fire / explosion leading to breech of oil system contaimment	Gas release disperses without environmental impact	
Transit	Pipeline leak	No personell exposure	No oil exposure	Gas pipeline leak disperses without environmental impact	
Offshore Unload	NA	NA	NA	NA	
Onshore Unload	Piping leak from offshore teminal receiving facilities	Fire / explosion & direct incremental fatality (terminal & neighboring facility personnel)	No oil exposure	Gas release disperses without environmental impact	

Include in model
Seek guidance
Exclude from model

CNG - Health, Safety & Environment

Hazards & Consequences

Process Step	Hazard	Consequence			
		Fatalities	Oil Spill	Product / Gas Spill	
Dehydration, Treatment, Convert to Transport State	External Leaks / Failures (from gas process equipment)	Fire / explosion leading to fatalities. Exposure of all POB FPSO.	Fire / explosion leading to breech of oil system contaimment	Any gas released as a result of leak/fire/explosiondisperses without environmental impact.	
Load	External Leaks Collision Structural Failure	Fire / explosion leading to fatalities. Exposure of all POB FPSO + Shuttle Vessel	Fire / explosion leading to or direct breech of bunker containment	Any gas released as a result of leak/fire/explosion disperses without environmental impact.	
Transport	External Leaks Collision Structural Failure Overpressurization Loss of Propulsion / Steering: Foundering	Fire / explosion/impact leading to fatalities. Exposure of all POB Shuttle Vessel	Fire / explosion/impact leading to or direct breech of bunker containment	Any gas released as a result of leak/fire/explosiondisperses without environmental impact.	
Unload Offshore	External Leaks Collision Structural Failure	Incremental risks introduced by loading operations - exposure of all POB (Shuttle Vessel + Terminal)	Fire / explosion leading to or direct breech of bunker containment	Any gas released as a result of leak/fire/explosiondisperses without environmental impact.	
Unload Inshore	External Leaks Collision Structural Failure Grounding	Incremental risks introduced by loading operations - exposure of all POB (Shuttle Crew + Terminal & Neighboring Facility)	Fire / explosion leading to or direct breech of bunker containment	Any gas released as a result of leak/fire/explosiondisperses without environmental impact.	
Convert to Sales State	External Leaks / Failures (from gas process equipment)	Fire / explosion leading to fatalities. Exposure of all POB Conversion Facility	NA	Any gas released as a result of leak/fire/explosiondisperses without environmental impact.	

Include in model	
Seek guidance	
Exclude from model	

HSE – Human Safety



HSE – Oil Spilled



HSE – Liquid Gas Product Spilled



HSE (continued)

Mitigation Measures for Option "X"

	Hazard/Risk	Mitigation Measure
1		
2		
3		
4		
5		
6		
CAPEX



	CAPEX		
	P10(CAPEX)	E(CAPEX)	P90(CAPEX)
Mooring payload	XXXXXX.XX	уууууу,уу	ZZZZZZ.ZZ
Installation cost	XXXXXX.XX	уууууу,уу	ZZZZZZ.ZZ
Cost of plant	XXXXXX.XX	уууууу,уу	ZZZZZZ.ZZ
Cost of tanker (number, size)	XXXXXX.XX	уууууу,уу	ZZZZZZ.ZZ
Equipment weight/area	XXXXXX.XX	уууууу,уу	ZZZZZZ.ZZ
Ammortization timeline/payback	XXXXXX.XX	уууууу,уу	ZZZZZZ.ZZ
Number of Wells	XXXXXX.XX	уууууу,уу	ZZZZZZ.ZZ
Cost of tanker (number, size)	XXXXXX.XX	уууууу,уу	ZZZZZZ.ZZ
Permit	XXXXXX.XX	уууууу,уу	ZZZZZZ.ZZ
TOTAL CAPEX	XXXXXX.XX	уууууу,уу	ZZZZZZ.ZZ

OPEX



OPEX				
	P10(OPEX)	E(OPEX)	P90(OPEX)	
Utilities	XXXXXX.XX	уууууу,уу	ZZZZZZ.ZZ	
Manpower	XXXXXXXX	уууууу,уу	ZZZZZZ.ZZ	
Well Oerations	XXXXXX.XX	уууууу,уу	ZZZZZZ.ZZ	
Logistics (resupply				
crew)/Transportation cost	XXXXXX.XX	уууууу,уу	ZZZZZZ.ZZ	
Tanker (fuel, crew, etc)				
Port charges	XXXXXX.XX	уууууу,уу	ZZZZZZ.ZZ	
Maintenance	XXXXXX.XX	уууууу,уу	ZZZZZZ.ZZ	
TOTAL OPEX	XXXXXXXX	уууууу,уу	ZZZZZZ.ZZ	

Process Efficiency



Order of Assessment Workshops

Gas Handling Option				
1	Pipeline			
2	CNG			
3	LNG			
4	GTL			
5	Other (Power, Gas-to-Solids)			
6	Reinjection			

Study Plan Project Schedule & Final Report

> Skip Ward OTRC

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Schedule

Workshop		Month
1	Pipeline	April
2	CNG	June
3	LNG	September
4	GTL	October
5	Other (Power, Gas-to-Solids)	November
6	Reinjection	December
Final Report		
Issue Draft		February
Final Project Meeting		March

Study Plan Industry Participation

Allen Verret OOC

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Workshop Participants

- Invited Participation in Workshop on Specific Gas Handling Option
- Review pre-Workshop Strawman
- Active Participation in Workshop
 - Presentations on Technologies
 - Share Technical Knowledge & Experience
 - Clarifications & Deliberations
 - Develop Consensus View of Option
- Review Draft Report on Option
- Review/Comment on Final Report (covering all Options)

Workshop Participants

- Invited Participants to Workshop on Specific Gas Handling Option Will Include
 - Process Experts (Advocates, Vendors)
 - Stakeholders & Others with Relevant Expertise
- Opportunity to Volunteer and/or Nominate Others
 - Complete Form Today
 - Email Others Later

Final Stretch!!

Websites OTRC

(http://otrc.tamu.edu)

- Announcements & Calendar Links
 - Project Information & Schedule
- Technology Transfer Link
 - Comparative Risks Analysis for Deepwater Production Systems

MMS

(http://www.gomr.mms.gov/homepg/offshore /fpso/fpso.html)

- FPSO EIS
- Comparative Risks Analysis for Deepwater Production Systems
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Thanks for Your Interest

Please Register your Interest in Participating in Workshops Please Nominate Others That Could Contribute to Workshops