

Summary

Manama, Bahrain 8-10 May 2018

New Discoveries, New Potential: The Oil Story

10 May

Key points

- Bahrain's biggest-ever discovery of tight oil and deep gas resources is cause for great optimism.
- Exploitation of these resources, which fall into the 'unconventionals' category, will draw on new technologies that have emerged with the recent shale revolution.
- It is unusual for investors to have access to opportunities in upstream as well as downstream projects on such a large scale.

Synopsis

In April 2018, Bahrain announced a discovery estimated to contain at least 80 billion barrels of tight oil – light crude oil usually contained in shale or tight sandstone that requires fracking – which represents its biggest discovery ever. Deep gas reserves of 10-20 trillion cubic feet have also been discovered.

Expressing excitement about the potential of this discovery, H.E. Shaikh Mohamed Khalifa Al Khalifa, National Oil & Gas Authority/Bahrain Petroleum Company (BAPCO) Minister of Oil, said he is "very optimistic".

"The potential could be very large," Jim Taylor, Vice President, Consulting and Project Management, Halliburton, United States, agreed. Tight oil falls within the category of unconventional oil, and he noted that some characteristics of the discovery are still to be determined.

The challenge with unconventionals is how to exploit them, said Christophe Amadei, Director of Unconventionals at Total, France. Fortunately, technologies for unconventionals have been boosted in recent years by the shale revolution in the United States. Other major projects with unconventionals are underway in other parts of the world, too, including Argentina and Australia.

From 2014, the drop in oil prices has forced down the costs of exploiting unconventionals, even as technologies have continually improved. The timing of Bahrain's discovery means it has the "chance to catch on the wave", said Trisha Curtis, President and Co-Founder, Petronerds, United States.

Bahrain is looking to work with the private sector to develop the discovery, consistent with the principles of its Economic Vision 2030. Related projects in downstream processing will offer further opportunities in the future for co-investments.

It is unusual for investors to have access to opportunities on this scale and with the potential of both upstream and downstream projects, said James Janoskey, Managing Director, Global Co-Head Oil and Gas, J.P.Morgan, United Kingdom.

The projects will remain attractive even if oil prices fall once again. This is partly because the costs associated with unconventionals are likely to come down further due to long-term trends such as big data, digitisation and automation. "The best is yet to come," said Taylor.

The discovery in Bahrain has been likened to a 'wild card' that adds an extra dimension to the country's future. Alongside the optimism, the focus continues on efforts to diversify the economy and fulfil the ambitions of the country's Economic Vision 2030.

Session panellists

H.E. Shaikh Mohamed Khalifa Al Khalifa, National Oil & Gas Authority/Bahrain Petroleum Company (BAPCO) Minister of Oil

Trisha Curtis, President and Co-Founder, Petronerds, United States
James Janoskey, Managing Director, Global Co-Head Oil and Gas, J.P.Morgan, United Kingdom
Jim Taylor, Vice President, Consulting and Project Management, Halliburton, United States
Christophe Amadei, Director, Unconventionals, Total, France

Moderator: **John Deferios**, Emerging Markets Editor, CNNMoney, United States

Disclosures

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