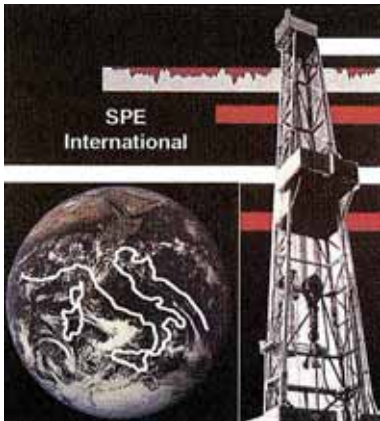


April 2004

SPE 1/04

**Society of Petroleum Engineers
Italian Section**





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This bulletin is printed in 1000 copies and is sent to all Italian Section Members, to all Oil and Service Companies operating in the area, to several SPE Sections and to SPE head-quarters in Dallas.

This issue of the bulletin has been prepared by the following editorial committee:
Editor Chairman: Francesco Guidi.

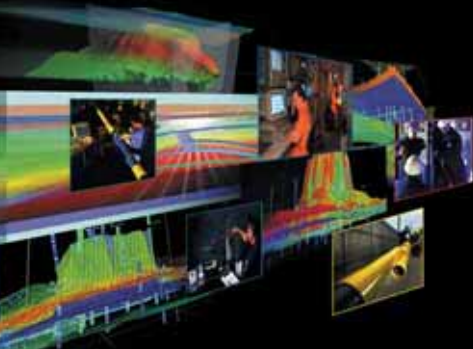
Editorial Committee: C. Lanzetta, D. Giacca, G. P. Borghi, P. D'Antona, M. Tambini, C. Guiducci, A. Marsala

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CHAIRMAN'S PAGE

Dear colleagues,

last April I was in Ravenna, as many other members of the Italian Section, at the workshop on the future of up-stream activities in Italy. This event is described in details in this issue of the bulletin by a Francesco Guidi's article "Italy is a country in which is possible to find more oil and gas" but I would like to illustrate here some personal considerations.

The subject of the workshop, perfectly organized by OMC (Offshore Mediterranean Conference), was originated by a discussion occurred during a Board meeting of the Italian Section. Some time ago in our monthly meeting we were talking about the young engineer activities and their continuous education program and the discussion moved progressively from the juniors to the future of oil and gas industry in our Country. Statistics stand for a significant reduction of drilling activity last years in Italy and some Directors of the Board wondered how far could be the end of a significative up-stream activity in Italy. The resulting discussion was so lively that Francesco Guidi cleverly suggested this subject to OMC for a workshop and now we can say that this was a very successful event.

Many important speakers gave very valuable contributions to this workshop and many of them mentioned the technology as a fundamental key for a successful lengthening of the upstream activity in Italy.



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ENERGY TO GO FURTHER.

CHAIRMAN'S PAGE

As technology planner of the Eni E&P Division and as a member of SPE I was particularly delighted by hearing so many times the word 'technology', pointed out as the strategic factor for future activity. My only concern was that technology could be considered as a *deus ex machina* able to solve magically all the problems in the present very difficult Italian context. Everybody should refuse from the temptation to propose magic technologies able to solve by themselves all the problems, because unfortunately the technological panacea does not exist. A high level of reliability is particularly needed in approaching the difficult technological problems of Italian E&P context. Technologies in the upstream sector, as anybody knows, are complex and their proper application involves a combination of deep knowledge about the technology itself and the context of its application. At this aim the concurrence of all the involved actors (managers, professionals and technicians of Oil Companies, of Service Companies and of Research Institutes) is highly necessary and it must be particularly effective.

In particular the use of new technologies requires a careful planning of all the related activities, an a priori unbiased evaluation of pros and cons and the capability to overcome industry reluctance to take the unavoidable risks involved in innovation.

* * *

This situation offers a challenging opportunity for SPE members of Italian Section: if it is true the Italian situation has a vital necessity of advanced technologies, we have also to consider that Italian section of SPE could be an effective catalyst for a successful and intensive process of innovation in domestic operations.

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CHAIRMAN'S PAGE

During the workshop its Chairman Antonio Angelucci kindly gave me the possibility to present the activity of our Section and I took this opportunity to deliver to the large attendance a clear message on behalf of our Section. The message was very simple: Italian Section of SPE is here and it is ready to actively support and to make easier and successful the future of operations of the upstream sector through a more intensive use of advanced technologies. In delivering this message I underlined among the others three important features of our Section essential to achieve this goal:

- the active and constant cooperation existing among our Members, that are from Oil Companies, from Service Companies and from Universities; we have got accustomed to work together to reach common goals, even though we belong to different organizations;
- the strong interdisciplinary attitude we have; in our Section people with very different background and very different skills like to work together and to learn from each other;
- the enthusiasm we have for innovation; we are “by definition” very fond of new technologies and new approaches and many of our institutional activities are focused on how to improve innovation processes.

Moreover I would like to add that our Section can offer another strategic factor to face future challenges in the oil and gas activity in Italy: the enthusiasm of many young engineers who recently joined us. They are ready to give their important contribution in terms of innovative thinking and stimulus to adopt new ideas and approaches.

So I can conclude by claiming that for the future activities the Italian Oil and Gas Industry can rely on a very active contribution from the Italian Section of SPE.

Mario Chiaramonte



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PROMINENT NEWS

Italy is a country where it is possible to find more oil and gas

by Francesco Guidi

On April 2, in Ravenna, it was held the workshop *The further developments of the oil and gas search in Italy*.

It was organized by the Offshore Mediterranean Conference (OMC), together with the SPE Italian Section, Chamber of Commerce of Ravenna and Assomineraria.

Its purpose was to discuss the real technical possibilities to find more hydrocarbons in Italy. And therefore if it is advisable for the oil companies to continue to invest in Italy.

The answer is *yes*, provided that there is *an authorization process simplification, clear rules on long term E&P activity and, therefore, a reliable time to market is assured*.

Mr. Antonio Angelucci, Chairman of OMC, introduced the Conference, stressing that in this phase of the world energetic crisis, it is necessary to do the maximum to develop our oil and gas reserves. Worldwide, 200 billion dollars will be invested in the upstream, in the next 10 years. Italy cannot remain behind in this race.

Mr. Enrico Cingolani (Eni), outlined that in the four year period 2004-2007 Eni will spend 1.45 billion € in the exploration and production in Italy, allowing a production of 290,000 boe/d.

Mr. Andrea Ketoff (Assomineraria) said that 15 oil companies and 100 contractors are involved in the Italian upstream. All of them are very disappointed for the very high time to market, almost the double of the world average.

Furthermore in some case, as in the North Adriatic Sea and in Sourthen Italy, the development of the already discovered oil and gas fields have been stopped, due to local authorization problems.

Mr. G. Michelotti: the hydrocarbon potential in Italy

Mr. Guido Michelotti (Eni) made historical review of the oil and gas Exploration and Production in Italy.

Total wells drilled since 1941 are 5,795 (onshore 4,608 - offshore 1,187).

NASCONDIAMO IL PROBLEMA



PROFITTI E PRINCIPI.

Il tema del surriscaldamento terrestre ha dato origine ad un dibattito animato. La combustione di carburanti fossili e l'aumento della concentrazione di anidride carbonica nell'aria sono una seria minaccia o soltanto aria fritta?

O RISCHIARIAMO L'ARIA?

C'È BISOGNO DI SCEGLIERE?



Shell è convinta che bisogna fare qualcosa adesso. Per questo siamo impegnati a raggiungere risultati concreti in termini di riduzione dell'emissione di gas ad effetto serra dai nostri processi produttivi. Stiamo lavorando per aumentare l'offerta di gas naturale a combustione meno inquinante e per favorire l'utilizzo di carburanti a più basso contenuto di carbonio. Ed è parte del nostro impegno per lo sviluppo sostenibile, bilanciare gli interessi economici con il rispetto per l'ambiente e le responsabilità sociali. Le soluzioni per il futuro non sono facili, particolarmente nella situazione economica attuale, ma non si possono certo trovare se non si continua a cercare.

PROMINENT NEWS

Discovered reserves: Gas - 860 billion cubic meters of which 640 already produced; Oil-1,6 billion barrels, of which 0,96 already produced.

Mr. Michelotti examined the remaining exploration potential:

- For the gas: 120 up to 200 billion cubic meters yet to be discovered;
- For the oil: 400 up to 800 million barrels yet to be discovered

They are adding to the already discovered to be produced 220 million cubic meters of gas and 640 million barrels of oil.

In the last ten years, Eni E&P total investments in exploration have been 1.31 billion €. Commercial discovery wells have been 70 on a total of 120 wells.

The conclusions of Mr. G. Michelotti are:

- Italy has still a significant exploration potential, albeit its maturity and fast declining level of activity. Managing the production decline and replacing the produced volume is possible.
- A large fraction of the exploration potential is associated with high risk unproven and/or frontier plays which have their own technical challenges. Low to medium risk exploration of known plays and near field features can prove only small volumes, which may still be economic to develop owing to the extensive available infrastructures.
- Oil companies and authorities, each for their own part, have to work together to create the conditions which will allow to capture the value of the remaining exploration potential for the benefit of all stakeholders.
- The potential value, that competitive exploitation costs and a favourable fiscal regime may generate, is often eroded by delays in securing the necessary permits. Certainly, time to market is the key issue to address to revitalize the exploration of known plays and encourage the high investments required for high risk frontier exploration.

Mr. S. Laura: the frontier search

The exploration in the frontier areas, stated Mr. S. Laura, is an activity concentrated on new plays in not very well known basins and therefore at high risk. In Italy they are:

- the Mesozoic Carbonates in the Po Valley;
- the Carbonate in the deep Adriatic Sea;

PROMINENT NEWS

- the deep Ionian Sea;
- in Sicily, the western onshore and the south-east offshore.

This activity requires high investments in terms of studies, data acquisition, and technology development. Furthermore it is influenced by the authorization difficulties and the time to market, that can heavily penalize the exploration in the frontier areas.

Mr. S. D'Andrea: finding costs and time to market

Mr. Salvatore D'Andrea (Total Italy) illustrated the situation of the E & P in Italy, stressing the decline of the gas production: in 2002 it was 14,9 billion cubic meters. In 2005 it should be down to 12 billion cubic meters and in 2010, less than 5 billion cubic meters. In 1995 it was 20.4 billion.

The oil production in 2002 was 40.2 million barrels and in 2005 41.0 million barrels while in 1995 it was 38 million barrel. This increase is due to the enter on stream of the Val d'Agri fields.

The technical costs (exploration, development and production) in Italy are: 7.03 \$/boe that is little above the world average (6.8 \$/boe), but less than those in many important producing countries, like Angola, Russia, Indonesia, Mexico and USA.

Mr. S. D'Andrea later illustrated the difficulties of the legal framework in Italy. E&P industry is adapting to the new legal framework (devolution) with huge difficulties despite great efforts, due to:

- complexity of the authorization process;
- environmental compensations: a new constraint, an undefined cost.

This takes to an increase of the time to market, that in Italy is 36 months for the exploration phase and 96 months for the development phase, while the world average is 24 months for exploration and 48 months for development. This gives a 20% increase of costs.

Mr. D'Andrea asked to introduce the following measures in order to unlock and restart E&P investments:

- a better defined time frame for the regional authorization process;
- a single approval for the entire Exploration & Development cycle;
- clear rules for environmental compensations.

PROMINENT NEWS

Mr. E. Zappardino: towards a unique authorization

Mr. Ezio Zappardino (UNIMG) said that it is under discussion in Parliament a law that introduces a unique procedure for all the authorizations.

According to this innovation, the concession decree should be a title for all the needed operations, including the construction of plants for the development of the oil and gas fields, besides the needed authorizations for the mining security.

Mr. Zappardino announced that three new operators started their activity in the Po Valley, after the liberalization of this ex Eni area. They are Vintage Petroleum, Northsun and WP. In the very near future they will start the drilling programs in the relevant concessions.

Mr. G. Bonati: the Italian legislation

Mr. Gianni Bonati (BG Italy) summarized the Italian hydrocarbon legislation, stressing some of the positive characteristics for the oil companies:

- surface rentals and royalties on the production are low;
- the seismic survey can be financed by the State, as far as the 40% of the cost;
- incentives for the marginal fields;
- there is not a specific taxation on the hydrocarbon sale, as the Petroleum Tax in UK;
- there is enough time for drilling the first exploratory well: 60 months.

It is a pity that the companies cannot fully appreciate these positive aspects of the law, due to the penalized restrictions of the authorization process.

Mr. Giuseppe Bertozzi (Edison) and Mr. Werter Paltrinieri (BG Italy) presented the report *Contribute for the knowledge of the Miocenic basins in the North Italy*.

Mr. Edgardo Curcio, who coordinated the discussions of the workshop, presented a report on *The importance of a correct energetic information*.

All the papers presented in the workshop can be consulted in the web of SPE Italian Section.

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PROMINENT NEWS

The 2003 Sclocchi Prize

The ceremony of 2003 Sclocchi Prize deliveries has been held at 5th Eni Building in San Donato Milanese, on December 21, 2003.

Awards have been given to the eight best Tesi di Laurea (T), Dottorati di Ricerca (R) and Masters (M) submitted in the Italian Universities in the Oil and Gas Sector in 2003. The winners received 1,500 € each.

This Prize is organized by SPE Italian Section, Assomineraria and EAGE (European Association of Geoscientists & Engineers) in order to disseminate the knowledge of the oil and gas upstream among the young generations.

In the eleven years of this prize life, 67 theses received the Awards. Almost all the winners work in the upstream oil and gas sector, becoming appreciated technicians.

Created in 1993, this prize took the name from Gustavo Sclocchi in 2001, to remind this prominent Italian Petroleum Engineer and Manager, who died in Moscow on November 18, 2001.


It is peculiar to remind him, in this young frame and atmosphere, because he has been always very near to the Universities and to the Students to prepare the young generations to the future tasks. He has been also a promoter of this prize.

As a matter of fact he was one of the most appreciated AGIP's Managers and a SPE Italian Section Chairman for two terms. And in both positions he took care of preparing young oil technicians for the working life.

Before the assignment of the Awards, Mario Chiaramonte (SPE Italian Section), Marco Cercato and Giancarlo Dossena (Assomineraria), Alfredo Mazzotti (EAGE) gave an outline of the Gustavo Sclocchi (1942 - 2001) personality, stressing, among the qualities, his deep belief of the necessity to prepare the young generations for the future of the oil world.

Maurizio Senese (SPE) briefed the work made by the Award Committee to select the winners: eight, who have been chosen among 36 who participated at the Sclocchi Prize. Six received a particular mention.

These are the winners and the particular mentions.



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PROMINENT NEWS

Area	NAME	TITLE	UNIV.	
G&G	F. Chiappa	Estimation of petrophysical parameters through linear inversion of reflected seismic signals amplitudes	Univ. di Milano	prize
Reservoir	C. Guiducci	Numerical modeling of hydro-mechanical fracture behavior	Univ. Normale di Pisa	prize
Reservoir/ HSE	C. Catucci	Conceptual and simulation study of enhancing production by carbon sequestration in gas reservoirs	Univ. of London	prize
Reservoir	D. Viberti	Estimation of uncertainties associated to characterization of deposit of hydrocarbons through well log	Polit. di Torino	prize
Drilling	F. Rinaldi	Optimization of process of building of a well inside "learning cycle" business	Univ. di Bologna	prize
G&G	A. Grandi	Combined effects on seismic of fractures and dips for reservoir characterization	Polit. di Milano	prize
Production	L. Garzonio	Control systems of sand through metal filters spreadable for up-stream applications	Polit. di Milano	prize
Drilling	R. Vicario	Systems of filtration of fulfillment fluids: state of the art and research of new technologies	Polit. di Milano	prize
Production	P. Gavioli	Water shut-off operations using relative permeability modifier polymers: theory and applications	Polit. di Milano	mention
G&G	D. Bordiga L. Boz	Migration with multiple arrivals and reconstruction of the field through Gaussian beams	Polit. di Milano	mention
Drilling	L. Colapietro	Tubular elements innovative for drilling	Polit. di Torino	mention
G&G	L. Zappalorto	Geological structural evolution in Guinea Bissau offshore: direct implications in mineralogical exploration	Univ. degli Studi di Firenze "G. D'Annunzio"	mention
HSE	M. Calabrese	Use of ground penetrating radar as an investigation method on sites polluted by LNAPL	Polit. di Milano	mention



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PROMINENT NEWS



*A photo gallery of the 2003
SCLOCCHI Prize Ceremony*

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SPE Italian Bulletin NEW COVER PAGE

SPE Italian Section issues a bid to change the cover page of its bulletin.

The interested people (SPE members and not members) are kindly requested to send their picture proposals by e-mail to the attention of Mr. Carlo Lanzetta (carlo.lanzetta@agip.it) within the end of **2004 October**.

The prize for the winner is a digital camera

For more information please contact Mr. Carlo Lanzetta - Eni S.p.A. E&P division / STAP, via Emilia 1 - 20097 S.Donato Milanese (MILANO) - ITALY - tel. +39.02.520.63351 - fax +39.02.520.63859

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Expandable Completion Technology Workshop

4th March 2004

by Luca Garzonio – Eni E&P Division

The 4th of March 2004 was held a technical discipline workshop on the subject “**Expandable Completion Technologies**” promoted by SPE Italian Section.

The aim of the workshop was to provide an overview on the current state of the art of the technology and to promote an open discussion upon existing applications, specific criticalities and future developments.

The event was organized at the Conference Room in Eni E&P headquarters in SDM and drawn the interest of 72 participants officially registered. The evaluation forms gathered after the meeting showed positive feedbacks from the participants both on the topic and on the quality of presentations, underlining the good outcome achieved by the event.



M. Chiaramonte (Chairman of SPE Italian Section) with M. Rampoldi and A. Pelliccia

The chairmen Maurizio Rampoldi (Eni E&P) and Alberto Pelliccia (Shell Italia E&P) opened the event. Then, Domenico Antonio Di Renzo (Technical Leader for Innovative Technologies in Drilling & Completion at Eni E&P) introduced expandable systems and illustrated the **current state of field applications**. He provided an overview upon the expansion processes performed to deploy expandable systems and the possible utilization of isolation expandable liners, expandable casing, expandable screens and the combination of them.

Di Renzo concluded explaining the main possible future developments of the technology: casing cladding with corrosion resistant alloy (CRA) materials and expandable screens systems for multi-layered reservoir and longer horizontal wells.

Four **technical presentations on specific topics** followed. Each of them was performed by a specialist coming from one of the four Service Companies which provide expandable products on the market.

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Jim Montagna (Manager Business Development for Expandables in Baker Oil Tools), after a brief introduction on solid expandable tubulars metallurgy currently available, presented the latest studies and test results on solid expandable CRA material candidates.



Jim Montagna (Manager Business Development for Expandables in Baker Oil Tools)



Travis Hailey (Halliburton Sand Control Products Manager)



Don Eubank (Product Champion of Expandable Screen for Schlumberger)

Travis Hailey (Halliburton Sand Control Products Manager) showed the expansion process for an expandable screen and its applicability in open hole wells. Subsequently he illustrated the functionalities and the possibilities of the Annular Barrier Tool System, developed in order to provide zonal isolation in open hole completions, in combination with the expandable screen.

Don Eubank (Product Champion of Expandable Screen for Schlumberger) presented the results of the recent study completed at Schlumberger Cambridge Research Center on the role of annular gap in open hole expandable sand screen completions. The tests demonstrate the importance of a good compliance between screen and borehole in order to achieve long term integrity.

David Butler (Responsible for Business Development of Expandable Products in Europe, Africa and CIS for Weatherford CS) offered an overview on the functionality of expandable solid and slotted tubulars and their possible applications in the well.

After the technical presentations followed a **breakout session**. Participants, **divided into four groups** and facilitated by the previous technical speakers, were requested to design an expandable

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completion system for a given field situation. The solutions identified were then presented by each facilitator to the other groups in a final open debate. Maurizio Rampoldi held the **wrap up session** and summarized the most significant ideas and concepts developed during the event.

The chairman recalled the main recent field applications for expandable completion technology: casing cladding, horizontal wells, zonal isolation, sand control and multi-layers. He highlighted how the market is rapidly growing, remembering that in few years more than 250 applications have been performed worldwide with the installation of more than 160000 total footage of expandable systems. This trend, continuously increasing, confirms the tremendous potentiality of the technology and witnesses the rising interest that operators and vendors dedicate to its development. Indeed, during the workshop, several technical solutions have been presented: most of them are proven, while some others will be deployed in the next few years.

The workshop was concluded by pointing out one of the main possible future developments of the technology: its applicability in drilling operations offers the perspective of well re-entry and monobore wells.



Discussion during the coffee break

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PROMINENT NEWS

Moving Abroad – An Account By A Recent Expat

by Thomas Bruni - Eni E&P Division

The industry we work in is as international as only a handful of others can be. That should not come as a surprise as the search for oil has, from its very early stages, always involved traveling to and working in remote areas, from deserts to swamps and, ultimately, deep-water environments.



Being faced with the necessity of traveling and living overseas, oil and gas professionals have had to adapt to the most disparate conditions, ranging across the entire spectrum of life, from culture to food, from religion to language. Judging by the results of the industry, one can say, in all fairness, that they (we) proved to be able to overcome any obstacles with success. I too have been a witness of the above.

After graduating from the Politecnico di Milano, I joined Eni E&P in June 2001 and worked at the San Donato Headquarters for two years, during which I invested my time in building the foundations of my expertise or, as my former boss used to put it, “to learn the job”.

The time I could spare from “learning the job”, I dedicated to the Italian SPE Section, where I found an environment that embraced traditional SPE values and also welcomed innovative ideas. One of these, “The Way Ahead” (today “STYPED”) promoted young professionals activities within the SPE, aiming at their technical and personal (“soft” skills) development. Born in 2000, this initiative was to become a reference model and set an example for similar activities in Europe.

In the summer of 2003 I was offered a position with Eni subsidiary Agip KCO, which I eagerly accepted. Based in The Hague, Netherlands (no remote location, this time), the Company is responsible for the development of the giant oilfield of Kashagan, located in the shallow waters of the North Caspian Sea (Kazakhstan).

Albeit not small in size, Agip KCO still poses the challenges typical of a subsidiary, which are essentially lesser resources and increased responsibility/accountability.

When confronted with a technical problem, while at the Headquarters

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PROMINENT NEWS

support can easily be sought through colleagues with relevant experience, the situation may well be different at a subsidiary. As I had a chance to experience first hand, positions are rarely “duplicated”, implying that there are hardly ever two people with the same background: finding support in your own area of expertise may be a challenge.

An additional implication of the limited size of subsidiary companies is that of accountability: the shorter “chain of command” effectively brings each employer closer to the “end product”, and responsibility is shared among a restricted number of people – and so are the successes (and, sometimes, the failures).

Small size does not come without advantages, though. I found the time-gap between the conception of an idea and its field implementation to be reasonable, allowing for a rapid climbing of the learning curve.

As I did back in San Donato, I also got involved with the local SPE Section, focusing my efforts to promote the activities for the young oil and gas professionals. In all honesty, I found a very active and enthusiastic group of young peers that have come a long way to offer a quality “product” that in many ways resembles STYPED. Some of them also contributed to the most important SPE project I have been involved in so far: the Young Oil and Gas Professionals workshop, held in Stresa last October, which I had the fortune and honor to chair. It has been a milestone event in SPE history: the first resident workshop dedicated to young professionals, focusing on personal and interpersonal (non-technical) skills, proclaiming a new interest of SPE towards the lower end of the age spectrum of its members (or potentially so). Getting involved with the local SPE section gave me a valuable chance to network with peers of similar background sharing the same vision about SPE and our industry.

The story, I briefly gave an account of here, is one of many in our industry. Unlike most expats, however, I was not faced with significant cultural/language/etc. obstacles, but still the transition was a challenging one from a work perspective. Problems often need to be handled first-hand, with no buffer or intermediate-person – a valuable opportunity to accumulate precious experience, though. In this scenario, being able to bridge with oil and gas professionals can be important and supportive, both from a technical and personal point of view. That is where SPE comes into the picture, as it did in my case.



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2005 SPE PRESIDENT'S PAGE

Paccaloni visits Indonesia and Ecuador

The 2005 SPE President Elected Giovanni Paccaloni made two interesting visits in Indonesia and Ecuador. In this issue we like to remind some of the aspects of these trips, that confirm the strong presence of SPE in the Far East and in Latin America.

Indonesia

Indonesia is one of the most important oil producing countries in the world and is a member of OPEC.

Its oil production is 1,3 million bbl/d. The gas production is 70 billion cubic meters per year.

The gas production is in rapid expansion due to the large reserves in the country and because Indonesia is one of the source for the gas supply (by LNG) of Japan, China and South Korea.

The main oil companies that operate in Indonesia are: Eni, BP, Caltex, CNOOC, Exxon Mobil, Husky, Petronas, Shell, Total.

Ecuador

Ecuador is Latin America's sixth biggest oil producer and the fourth biggest exporter.

Oil production of Ecuador is 400.000 bbl/d. Gas production is 12 billion of cubic meters per year.

The main oil companies that operate in Ecuador are: Petroecuador (the state-owned company), Eni, AEC (Encana), Oxy, PetroBras, Repsol-YPF, Perenco.

In the following, Paccaloni gives a summary of his tour in these countries and some shots of the more particular moments of his visits in the UPN University (Universitas Pengerangan Nasional) of Yogyakarta (Java, Indonesia) and the Escuela Politecnica Nacional of Quito (Ecuador), Politecnica de Litoral of Guayaquil.



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2005 SPE PRESIDENT'S PAGE

UPN University, Yogyakarta, Java, Indonesia

From Feb 21 to March 3 I visited the SPE Sections of Indonesia (Java, Sumatra, not Balikpapan in Borneo Kalimantan which I will visit next May 31st), four student chapters from the Universities of Trisakti (Jakarta), UI (Jakarta), ITB (Bandung) and UPN (Yogyakarta), and two Universities (Caltex Politecnic and Islamic University, RIAU) in Pekanbaru, Sumatra.

The Universitas Pngangunan Nasional (UPN) "Veteran" of Yogyakarta is one of the most important Engineering Schools in Indonesia, mainly for Petroleum Engineering and Chemical Engineering faculties. The campus contains several thousand students in the Northern side of the beautiful Yogyakarta, the ancient capital of Java, lying at the epicenter of a fertile crescent of ricelands that is overshadowed to the north by smouldering volcano Mt Merapi (api = fire in Indonesian), and bordered to the south by the churning Indian Ocean.

Yogyakarta (or Yogya) is, with Solo, one of the only two traditional court centers remaining in Java's ancient hinterland. Yogya is one of the most productive traditional agricultural areas on earth, with a rural population density that is among the world's highest. The province's 3.2 million people inhabit just 3170 sq km, for an average density of over 1000 persons per sq km.



The above picture shows Yogyakarta at ca 7,00 in the morning, with the Merapi and sister volcano Merbabu in the background

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2005 SPE PRESIDENT'S PAGE

Not far from Yogyakarta, ca 42 km west of downtown, is located one of the most impressive masterpieces and world's largest Buddhist monument: **Borobudur** (see following pictures):



A picture of Borobudur, the world's largest Buddhist monument not far from Yogyakarta



Borobudur, the world's largest Buddhist monument

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Borobudur, the world's largest Buddhist monument

The construction started around the year 780 a.C. and it took more than 50 years for the work to be over. All around the temple, 1460 exquisitely carved stone relief panels are set in galleries along the four lower levels, arriving finally at the spectacular upper terraces representing the pure knowledge and enlightenment of the Buddha. These lava stones recap the whole life of the Buddha, first as Siddharta. In total there are 7 layers, four on a square symmetry, the last top three circular.

The temple was "discovered" by the Dutch in the early 1800s, almost completely submerged (and protected) by lava eruptions from the nearby volcanoes.

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Closer to Yogyakarta is the Hindu temple of **Prambanan**, raising from the jungle in a spectacular way (see pictures below).



A picture of Prambanan, Hindu temple close to Yogyakarta



Another view of Prambanan, Hindu temple

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2005 SPE PRESIDENT'S PAGE

An inscription housed in the national Museum in Jakarta records that the complex was completed in 856 a.C. to mark the victory of a Hindu king, Rakai Pikatan, over his Buddhist rival.

My guides during this Saturday tour were three students of the UPN University, Ericka, Dian and Iwan, shown in this order from left to right in the second picture of this article.

Monday morning, March 1st, I went to the UPN U. to give my lecture "Suggestions for your career, and for your personal and professional growth".

Attendees were 70+, and their enthusiasm overwhelming.

Here below is a picture taken at the end of the presentation, after one hour of discussion. In their honour, I had decided in the morning to wear their traditional very formal dress: the Batik.



UPN University: on my right side is Prof Sudarmoyo, Head of Department and Faculty Sponsor.

Among the many questions from the students, I would mention: "How does SPE guarantee lifelong learning to its members?"; "How can we communicate with the other 100+ Student Chapters around the world?"; "How can we get some operational experience along the course of our studies?"; "Are there companies offering vacation internships?"; "Which future is envisaged for Petroleum Engineers?".

PERGEMINE



2005 SPE PRESIDENT'S PAGE

Escuela Politecnica Nacional, Quito, Ecuador



View of the Escuela Politecnica Nacional, Quito, Ecuador



Paccaloni with the Chairman of the faculty and others in the ESPOL (Escuela Superiore Politecnica del Litoral) library in Guayaquil



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Paccaloni planting a Guayaco tree at the University, which will be commemorated with a plaque bearing his name and the date



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INDUSTRIAL NEWS

by Francesco Guidi

- Mr. Vittorio Mincato, Chief Executive Officer of Eni, signed on February 25 at Astana, with the President of Kazakhstan Nursultan Nazarbaiev, the definitive agreement for the development of the huge oil field of Kashagan, discovered in the Kazakhstan part of the Caspian Sea.

The investment will be 29 billion dollars in 15 years, on an area, in which the estimated reserves are 13 billion barrels. The production will start at the end of 2007 and will be 1.2 million bbl/d at regime..

Eni is the operator of the joint venture, in which the other partners are: Exxon-Mobil, Shell, Total, Conoco - Phillips and Impex.

In the same block, the joint venture is continuing the exploration work and already discovered four other oil fields: Kalamkas, Kashagan South West, Aktote, Kayran. Their appraisal is under way.

- Gas Plus bought SPI by Eni, for the price of 130 million euro. SPI has a gas production of 250 million of cubic meters per year. It has 42 development and 3 exploration concessions, mainly in Northern Italy.
- Eni acquired in Saudi Arabia a block of 51,400 square kilometers, to explore and produce not associated gas. It is located in the Area C, in Rub al Khali, the desert in the Southern part of the country.

This is a return of Eni in Saudi Arabia, where it operated at the end of the sixties. At the end of the seventies all the hydrocarbon activities in this country were nationalized.

After 25 years, Saudi government decided to open again the upstream to foreign companies, but only for the gas. Together with Eni, other companies that got concessions are: Repsol (that is a partner of Eni for the block in Area C), Shell, Total, Lukoil, China National Petroleum Company and Sinopec. No American company obtained concessions.

- The oil field Elephant went on stream in Fezzan, Libia. The peak production will be 150,000 bbl/d. Eni is the operator of the joint venture, in which the other partners are a Korean company and the Libyan NOC.
- Saipem won two contracts for the construction and installation of facilities (2 platforms and a net of flow lines) in the Ohotsk Sea, in the Pacific, between Russia and Japan, in front of East Siberia. They are in the frame of the Sakhalin Project II, that develops the huge gas fields, discovered around the Russian island. The value of the contracts is 343 million dollars.

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INDUSTRIAL NEWS

- Rosetti Marino manufactured in its yard in San Vitale Ravenna the supply vessel Assoventicinque. This new ship entered in the fleet of Augusta Offshore, the primary shipping company of Naples.

In the same yard of Ravenna, Rosetti Marino built also the tug Sebastiano, for Augstea Imprese Marittime e di Salvataggi di Augusta (Siracusa). This is the first of two tugs that Rosetti Marino is making for Augstea.

Sebastiano (see Figure below) value 4.5 million € is 31 meter long, 10 meter wide. Its maximum speed is 12.5 knots. The two tugs will be used for services in support of the oil companies offshore activities.

Rosetti Marino is a fully qualified Italian company, with consolidated experience gained in more than 20 years of activity in EPC (Engineering, Procurement and Construction). It is a turn – key contractor for offshore platforms, modularized plants and process packages, pressure vessels, subsea systems, besides the ship building.



Sebastiano, the new tug built by Rosetti Marino

A memory of Alves Badini

Alves Badini, 73, a prominent Italian oil technician, died in Pescara on May 22, 2004. He was one of the promoters of SPE Italian Section in the Pescara area.

After the graduation in Mining Engineering, he entered in the middle of fifties, in the oil sector of Montecatini (that later on merged with Edison), which sent him, together with other four young Italian engineers in the United States to specialize in Petroleum Engineering at the Denver University (Colorado). Coming back to Italy after two years, Badini had been since then one of the most brilliant technicians in the Italian upstream, working for Edison.

SPE Italian Section, remembering him with great commotion, sends its deep condolences to the wife Betty, the sons Laura and Claudio and the nephews.



Alves Badini

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TECHNICAL NEWS

Drill Well On Paper

by Alberto Maliardi - Eni E&P Division

Preface

Definition of Drill Well On Paper (DWOP) : It is a process of revision of times and procedures, which is carried out after AFE but before the operations, with the participation of the personnel involved in the operations.

The Aim of the Drill Well On Paper:

Elaborate a single document which makes the management of the personnel easier during the operations by reporting the results obtained in a tally book, favor the communication among the personnel in contact with the operations and define a more accurate respect of the times.




Process Description

Groups organization: All the participants from the Oil and Services Company are divided into four independent groups.

Every group receives the documentation relevant to the well, in particular a complete sketch of the present situation and the charts of the main activities, which are for example: Move Rig, Deploy Anchors, Run Riser and BOP, Test BOP, Drill 36" Phase, Set Conductor 30", Cementing 30" Conductor, etc...

Every activity is subdivided in phases and for each of them is given a time length.

For each activity are also considered the off-line operations, dedicated to the preparation of the activities as illustrated in the next table.



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TECHNICAL NEWS

STEP #	ONLINE OPERATIONS	Time Target	Actual	OFFLINE PREPARATION WORK	Time Target
100	Move rig to location. Start jacking up DP into service.	20.0		Offices & 10' & 10' jacking rig move. Move & 10' on road before rig move. Offical at 14.2 jacking. Change connector. Insert ballast and gasoil. Friction test with DCV to release.	
100	Set Anchor. After & run DCV to pull compression cable. Investigate cable loading and perform all clear bottom survey. Rig should change out connector and break on stop. Insult all items, & move BOP to well center. Continue jacking up core on land side.	30.0		After 4 anchors are set, move to 100' from 000. Release log. Submerge DCV. RCV work, connector seal and diving service work. Move all DP jacking up.	
100	Pick up 8,000' of 20 3/4" jct & 2,500' of 40 21" jct & 10' DP jacking.	10.0		Should be done offline.	
100	Shutdown.	10.0			
Total Target Hours		70.0		Total Actual Hours	

Move Rig Study Analysis	
Breakthrough Issues - Parking Lot	WSE Issues
All activities 14.2 jacking must be on program. Offical at 14.2 and 17:00 of 14.2 will be dropped out.	(1) Programing (2) Crane Rig (3) Shoring & Tangles (4) Permitting (5) High pressure work (6) Environmental Dept (7) Builly required (8) Other
Pressure Problems in Current Plan	In Case of Pressure
Weather	
Logistics with 2 10' & 10' DP & 5 10' DP	
Service problems	
Cost Management Issues	Logistics - Planning & Execution
	Needs to include DP jacking contract
Additional Resources Required	Additional Issues & Recommendations
Additional personnel for rig move - DP in program	7 day night. Issues to be resolved out by DP & Co.
Additional surface tool force	

Example of activity: Move Rig Deploy Anchors

Joint Analysis

The time calculated for each activity is discussed by every group and then presented to all participants under the Oil Company coordination, with the aim to obtain the definitive version .

Once the activities are analyzed and the well program remade as far as the times are concerned, the results obtained are compared with AFE values.

The times calculated are considered trouble free, so a contingency has to be applied.

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TECHNICAL NEWS



Advantages of the Drill Well On Paper

The main advantages of this optimization process are:

Project times reduction.

Creating a of work team.

- Formation of the staff on the complete process and not on the single step.
- Improvement of communication between different parts which cooperate to the well realization.
- Visibility to the operations for all the staff involved, with the possibility to have new ideas or suggestions.
- The results of the discussion on each activity in terms of times, operation off-line, suggestions, possible problems connected to the activities and mitigation actions will be reported in a tally book that will be distributed to all staff involved in the operations.
- This tool adjourned during the operating phase allows at the end to have a feedback on the expected times and the problems encountered.

It is assumed that this type of exercise can capitalize the previous wells experience of the team allowing to avoid the errors and to define in a common way new procedures.

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STUDENT CHAPTER POLIT. OF TORINO	Franческа VERGA	Politecnico di Torino	011.5647644	011.5647699	verga@polito.it
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