

## **Deepwater and Ultra-Deepwater Exploration and Production Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)**

Market Report | 2023-01-23 | 125 pages | Mordor Intelligence

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### **Report description:**

The deepwater and ultra-deepwater exploration and production market is expected to register a CAGR of more than 10.5% during the forecast period of 2022 - 2027. With the COVID-19 outbreak in Q1 of 2020, exploration and production companies were forced to delay turnarounds and postpone new operations due to the high risks of coronavirus. Factors such as rising deepwater oil and gas exploration activities, especially in the Gulf of Mexico and the North Sea, and improved viability of deepwater and ultra-deepwater projects are expected to drive the market during the forecast period. However, stringent environmental and safety regulations for oil and gas exploration and production activities to limit the carbon footprint and increasing demand for renewable and sustainable energy resources are expected to hinder the market's growth during the forecast period.

### **Key Highlights**

The deepwater segment is expected to witness a significant growth rate during the forecast period.

Factors such as technological improvements and the discovery of new oil & gas fields in Gabon, Senegal, Guyana, Trinidad & Tobago, Egypt, and the Gulf of Mexico are actively promoting the development of deepwater and ultra-deepwater reserves. This, in turn, is expected to create significant opportunities for the operating countries in the near future.

Middle-East dominated the global market, with the majority of demand coming from Nigeria, Angola, and Egypt.

Deepwater & Ultra-Deepwater Exploration & Production Market Trends

Deepwater Segment to Witness Significant Growth

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The constant and ever-increasing demand for fossil fuels, particularly oil and gas, has pushed the exploration and production industry to drill in deep waters ranging from 1000 to 5000 feet.

Owing to the oil price volatility starting in mid-2014, the oil and gas operators worldwide undertook several cost-cutting and efficiency gains measures, which resulted in the cost-reduction of deepwater approximately 30-40% from 2014-2017.

Furthermore, with the improvement in oil prices, several deepwater has become viable to operate and have resulted in increased investments for deepwater exdeepwater and production activities. Also, the breakeven for deepwater exdeepwater and production has fallen since 2014 and is expected to follow the same trend during the forecast period.

From 2014 to 2020, global deepwater exdeepwater has increased, and regions, such as Brazil, the United States Gulf of Mexico (GoM), Norway, Angola, and Nigeria constitute a large amount of this capital expenditure, respectively, with West Africa anticipated to have the greatest regional growth.

In April 2021, Reliance Industries Limited (RIL) and BP Plc announced the start of production from the Satellite Cluster gas field in block KG D6 off the east coast of India. They have been developing three deepwater projects in block KG D6 - R Cluster, Satellite Cluster, and MJ - which together are expected to produce around 30 mmscmd (1 billion cubic feet a day) of natural gas by 2023, meeting up to 15% of India's natural gas demand.

Moreover, the recent waves of cost reductions and critical technological breakthroughs have enabled many oil and gas exploration and production companies to expand their portfolio of sustainable deepwater.

Therefore, based on the above-mentioned factors, there is expected to be significant demand for the deepwater segment and the deepwater and deepwater exploration and production market during the forecast period.

### Middle-East to Dominate the Market

The Middle-Eastn region holds a leading share of oil and gas production. The region's oil production comes from offshore projects, with deepwater and ultra-deepwater accounting for the major share of offshore production.

The Angolan offshore is among the most prospective plays in Africa and continues to draw high levels of investment. Drilling results are broadly positive, with exploration yielding several high-impact discoveries in recent years. A heavy focus on the Kwanza Basin pre-salt has returned five major discoveries since 2011: Bicular, Cameia, Lontra, Mavinga, and Orca, in blocks 20 and 21.

On the flip side, with Angola's most prospective acreage in the deepwater, ultra-deepwater, and pre-salt areas, exploration can be characterized as high-risk, high-reward. The bulk of drilling is expected to continue to target deepwater and pre-salt prospects, spearheaded by industry giants, such as Chevron, BP, Eni, Exxon Mobil, Statoil, and Total, along with national oil company Sonangol.

Nigeria holds the top position among the ten countries, with the largest remaining crude oil and condensate deepwater reserves. Most reserves are along the country's Niger River Delta and offshore in the Bight of Benin, the Gulf of Guinea, and the Bight of Bonny. As of now, exploration activities are mostly focused on the deep and ultra-deep offshore, although some onshore exploration is also taking place.

The first Nigerian commercial deepwater discovery, the Bonga oil field, was awarded to Shell Nigeria Exploration and Production Company (SNEPCO) in 1993. However, production did not start till 2005. After Bonga's success, several other deepwater oil explorations followed in quick succession, including Agbami (Chevron), Erha (ExxonMobil), and Akpo, Egina, and Usan (Total), among others.

Furthermore, in February 2020, ENI started drilling a deepwater exploration well for offshore Oman in the Block 52 concession. The well is believed to be the nation's first in deep water offshore.

In January 2021, Egypt's Minister of Petroleum and Mineral Resources signed a concession agreement with Mubadala Petroleum for oil and gas exploration activities in Red Sea block 4.

Therefore, increasing investments and surging demand for oil and gas exports are expected to drive the deepwater and ultra-deepwater exploration and production market in the Middle-Eastn region during the forecast period.

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## Deepwater & Ultra-Deepwater Exploration & Production Market Competitor Analysis

The deepwater and ultra-deepwater exploration and production market is moderately consolidated. The key players in the market include BP PLC, Chevron Corporation, China National Offshore Oil Corporation, Exxon Mobil Corporation, and Shell PLC, among others.

Additional Benefits:

The market estimate (ME) sheet in Excel format

3 months of analyst support

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