

Offshore Africa drives service sales

A number of service companies set out their results for 2011 last week, demonstrating the potential for African investment in 2012. Offshore – in West and East Africa – seems likely to flourish this year and a recovery from the turmoil of the Arab Spring should bolster gains in North Africa.

Schlumberger

Schlumberger's CEO, Paal Kibsgaard, last week highlighted international exploration growth "particularly in East and West Africa," in addition to "strong land activity in the Middle East and North Africa," during the company's recent fourth-quarter results statement. However, the company said, disruption as a result of the Arab Spring – particularly in the first quarter of 2011 – did have an impact on international results.

Seismic acquisition for the company's WesternGeco multi-client unit benefited from work in Angola – driven by subsalt interest – and new surveys in North Africa.

Eni awarded WesternGeco work on a high-resolution seismic survey offshore Angola. The six-month survey is being conducted by the WG Amundsen and will be completed in the first quarter of 2012, Schlumberger said.

The Schlumberger unit also started the second phase of work for PetroSA offshore South Africa. The work will cover 3,500 square km.

Wireline work grew across all areas, "particularly on stronger offshore exploration activities in the Nigeria and Gulf of Guinea, Southern and East Africa and Central and West Africa."

Drilling and measurement revenues also benefited from strong activity in the Gulf of Guinea, which had "robust completions, product sales and higher drilling & measurements and wireline activity," while North Africa GeoMarket "reported higher wireline, testing services, well services and integrated project management activity."

The French company also noted in-well performance work, combined with hydraulic pipe-cutting, on oil wells for Sonatrach at its Hassi Messaoud field in Algeria.

Schlumberger also provided advanced wireline logging technology at an exploration well offshore Cote d'Ivoire, operated by Vanco. Without this, Schlumberger said, the thin beds could have been missed.

Halliburton

Halliburton also noted disruption in North Africa, in its 2011 results statement. The company's chairman, president and CEO, Dave Lesar, said work had been "challenging" in the eastern hemisphere. However, he continued, progress was made as "Egypt and Algeria recovered."

The company went on to note improved income from the region on more cementing work in Angola, in addition to higher stimulation activity and completion tools sales in Algeria.

A note from FBR Capital Markets predicted improvements for Halliburton in "troubled" areas such as Iraq and Libya in 2012. In broader terms, it said, growth in the offshore rig count should benefit the US service company.

Tudor Pickering Holt said there were improvements in Algeria, East Africa, Libya – and Iraq – for Halliburton in the fourth quarter. Losses in Libya were halved, it continued, predicting profits would "resume once more meaningful activity does."

Baker Hughes

Baker Hughes' results for last year, also published last week, showed charges related to civil unrest

in Libya as having been US\$70 million in the second quarter of 2011. The company also noted a number of contracts for work in South Africa – on drilling, fluids, completions and cementing – for an offshore development programme.

The service company also won two multi-service contracts for two rigs working offshore Angola from Maersk Oil, in Block 16.

UBS predicted Baker Hughes would benefit with growth in international rig counts and capital expenditure predicted to rise by 11% and 12% respectively. Pricing will remain competitive, the note said, but the service company's management believes this will improve over the course of 2012.

UBS' note went on to predict Baker Hughes would benefit from higher land activity in North Africa and offshore West Africa. ■