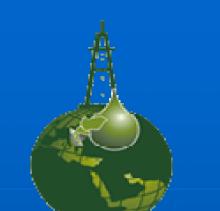


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APPLIED TECHNOLOGY AND BEST PRACTICES IN CEE" 17th of November 2011 Budapest, Hungary

MODERN TECHNOLOGICAL APPROACH TO DRILLING AND COMPLETION OF PRODUCTION WELLS AT THE CROATIAN NORTH ADRIATIC OFF-SHORE GAS FIELDS

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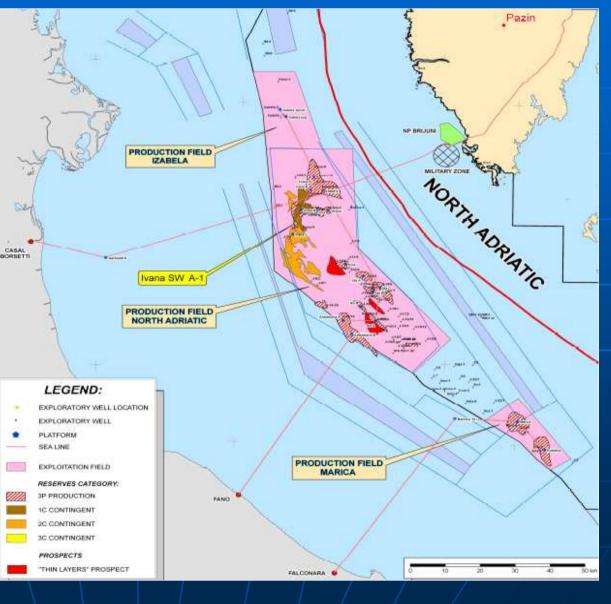
Željko Bolarić, INA-Naftaplin, Head of Drilling & Well Services Management

CONTENT

- Introduction
- Well Construction
- Well Completion
- Croatian Offshore Safety Regulations
- Conclusion

NORTHERN ADRIATIC FIELDS SITUATION MAP

- INA's joint ventures
 - Inagip
 - Edina
- Start of development in 1999.
- Sea depth from 37 to 75 m
- 18 production platforms
- 46 production wells (40 slanted, 6 horizontal)
- 73 production strings
- Current production 5 M m³/day of gas
- 12 exploration wells (9 vertical, 3 slanted)



DEVELOPMENT PHASE JACK UP RIGS FLEET

- J/U Rig Labin Crosco
- Levingstone 111-C
- Drawworks National 2000 HP
- Year of built 1985
- In operations up to 2003.
- J/U Rig Carl Norberg Noble
- Marathon LeTourneau 82-C
- Drawworks National 2000 HP
- Year of built 1976
- In operations 2005 2007.
 - J/U Rig Ocean King Diamond
 - Marathon LeTourneau Class 116-C
 - Drawworks National 3000 HP
 - Year of built 1973
 - In operations 2008 2010.



CONDUCTOR PIPE 26"/ 20"

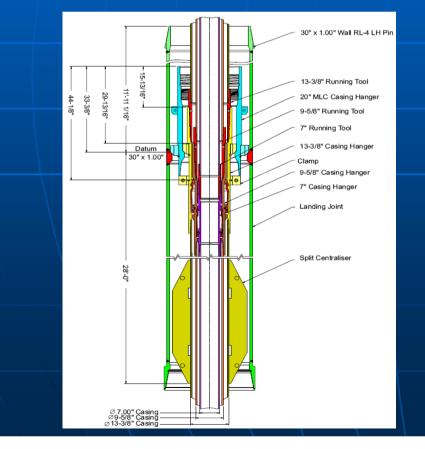
- Driven before rig arrival after jacket instalation
- Penetration in sea bottom 50 m
- Washed by JU rig with 22"/16" bit





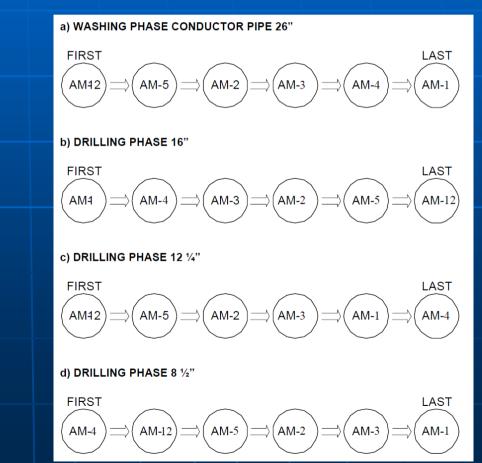
MUDLINE SUSPENSION

- System for temporary abandonment of explorative well (2-3 m above mud line)
- Tie-back and completion ones when production platform is installed



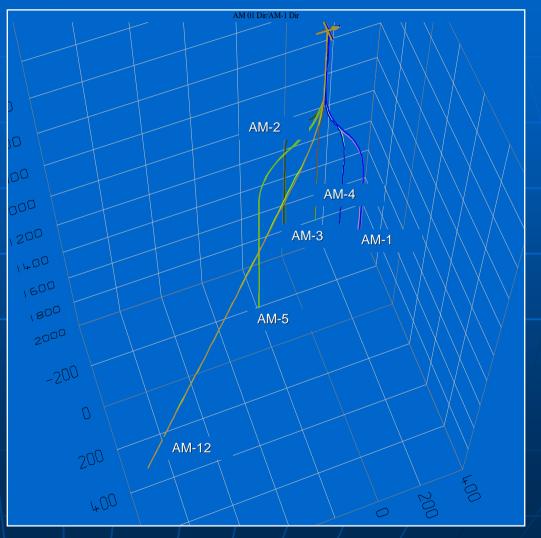
BATCH MODE DRILLING

- Phase by phase drilling operations
- Time saving due to operations repetition
- Longitudinal and/or transversal skid of cantilever



WELL PLANNING

- Developing thick/thin sand layers and carbonates
- One to six wells per jacket
- Targeting up to 31 layers from the one jacket (Annamaria)
- Wells shape "S" or "J"
- KOP below 13 3/8" or 9 5/8" casing shoe
- Build up by PDM
- Hold/drop in 8 ¹/₂" section by steerable motor (PD)
- WL logging and/or LWD
- Water Base mud
- Inner string (surface csg) and Perkins method cementing



SURFACE CASING PHASE

 Isolating the unconsolidated shallow formations, potentional gas lenses and water layers Lithology: sand, shale, lignite Preparing kill mud MW=1,4 kg/l Drilling16" phase with tricone bit Running FW-GE simple, easy to run mud MW=1,1 kg/l Setting 13 3/8" casing shoe at approx. 300 m Cementing by DP 5" inner string method stinged into casing shoe or collar (cem. slurry =1,98 kg/l) TOC at cellar deck (remedial cement job) M/U Wellhead and test at 40 bar

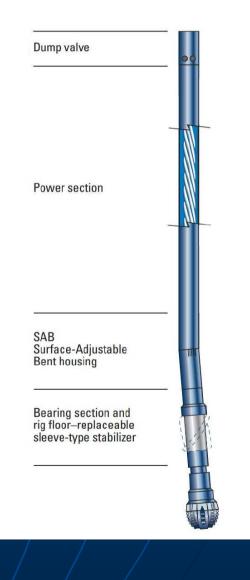
		Cum. Len. (m)
1	5" 19.50 DPG, 10% Wear	
	15 x 5" HWDP (15 joints)	222.99
A	Crossover	82.98
	1 x 8" DC	81.95
	Hydraulics Jar	72.97
	2 x 8" DC (2 joints)	63.12
	8 1/32" NMDC	44.29
H	UBHO Sub	35.26
	8" NMDC	34.23
	PowerPulse	25.23
	8-1/16" NM Pony DC	16.65
	8-1/16" NM Pony DC	13.59
	NM Float Sub	10.53
P	A962M5640XP (1.8 deg)	9.72
U	16" Bit	0.46

WELL CONSTRUCTION TECHNO	DLOGY		
APPROACH	5" 19.50 DPG, 10% Wear	Cum. Len. (m)	
INTERMEDIATE CASING PHASE	12 x 5" HWDP (11 joints)	215.32	
 Setting above well targets and below build-up section Lithology mostly shale with thin sand 	Hydraulic Jar	103.50	
layers	5 x 5" HWDP (5 joints)	93.88	
 Drilling 12 1/4" phase with tricone or PDC bit 	Crossover Circ. Sub	47.07 46.04	
 Running FW-LS low lime content, environmental friendly mud MW=1,15 	8 1/32" NMDC	45.12	
 kg/l Build up upto 6 deg./100 m using PDM Setting 9 5/8" casing shoe at 600 - 900 m TVD 	8" NMDC	36.09	
 Cementing by Perkins method with non rotating drillable plugs using two cem. 	PowerPulse	27.09	
slurries (1,5 kg/l and 1,8 kg/l)	8-1/16" NM Pony DC	18.51	
TOC at 100 – 150 m above 13 3/8" shoe	8-1/16" NM Pony DC	15. <mark>4</mark> 5	
 M/U Casing spool and test at 100-120 bar 	NM Float Sub 11 3/4 NM Stabilizer	12.39 11.58	
	A800M4553XP (1.5 deg)	9.17	
	12 1/4 " Bit	0.25	

POWER PAK MOTOR

- Mud-lubricated bearings (M series)
- Variety of rotor/stator configurations (power, torque, speed, flow)
- Minimum interference with MWD
- Increasing ROP
- Reduce casing and bit wear



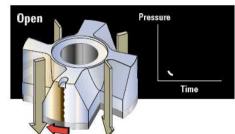


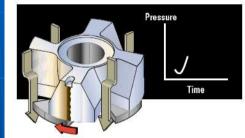
MWD POWER PULSE

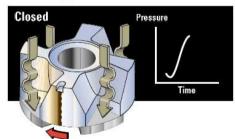
- Mud pulse telemetry tool that establishes the benchmark for reliability and data transmission rates
- Robust and reliable transmission in all mud types
- Continuous D&I measurements save rig time and minimize doglegs
- Data transmission rates of up to 16 bps provide high resolution, real-time logs
- Optional gamma ray sensor

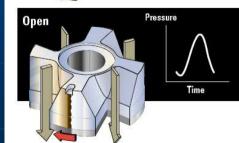
PowerPulse





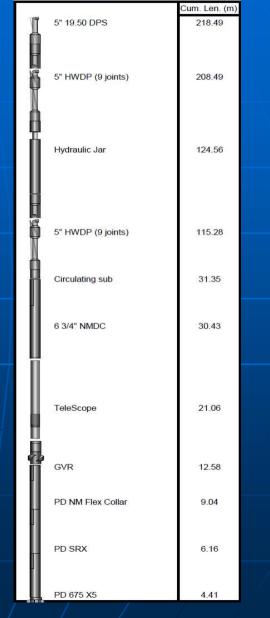






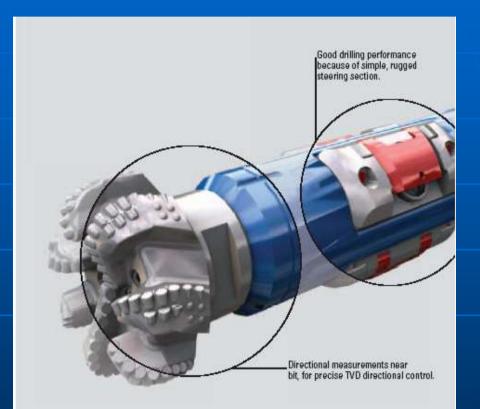
PRODUCTION CASING PHASE

- Covering all predicted production intervals
- Lithology alternation of shale and sand layers
- Drilling 8 1/2" phase with PDC bit
- Running FW-PO-LU environmental friendly mud MW=1,25 kg/l
- Hold an angle (45-60 deg. "J" shape) or drop to vertical ("S" shape wells) using steerable motor
- Setting 7" casing shoe at TD 1400 2400 m MD
- Cementing by Perkins method with non rotating drillable plugs using one or two cem. slurries (1,5 kg/l and 1,7 kg/l)
- TOC at 200 m above 9 5/8" shoe
- M/U Tubing spool and test at 140-160 bar



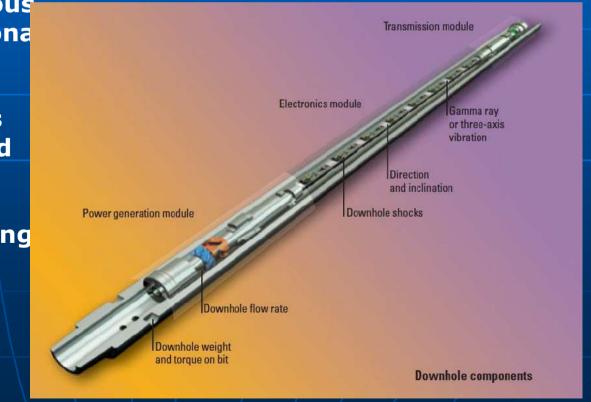
POWER DRIVE

- Push-the-bit system designed for full directional control while rotating the drillstring
- Accurate drilling and wellbore placement
- Near-bit measurements in real time
- Efficient downlink systems and automatic inclination hold
- Optional azimuthal gamma ray sensor



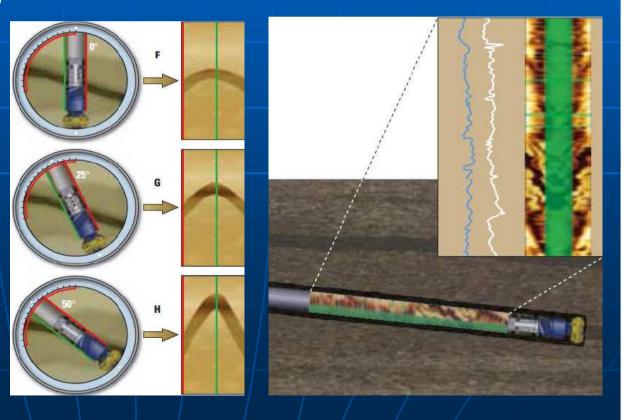
MWD TELESCOPE

- Hi-speed telemetry while drilling system
- Ability to power and transmit data from multiple downhole tools
- Accurate continuous and static directiona and inclination measurements
- Real time updates on shock, flow and vibrations
- Date memory enables post drilling analysis



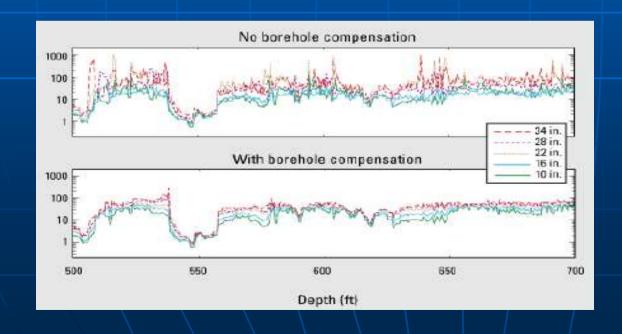
LWD GVR

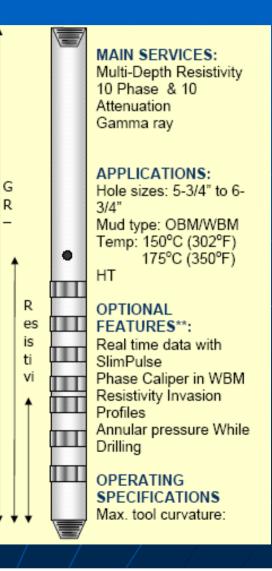
- GeoVision Resistivity tool
- While-drilling visualization and dip interpretation of realtime
- resistivity imagesInteractive 3D
- visualization of borehole images along the well trajectory
- Possibility for resistivity at the bit monitoring in case of running w/o motor



LWD ARC VISION

- Array resistivity compensated tool
- Resistivity, gamma ray, inclination and annular pressure data
- Can withstand a high sand content and high mud flow rates which ensure maximum power transfer

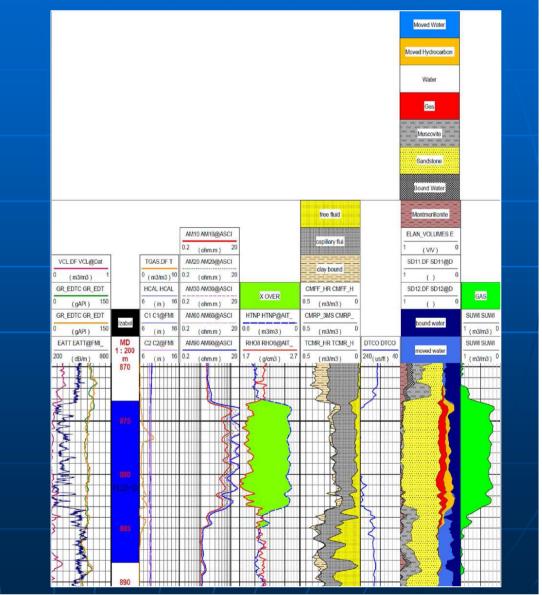




WL LOGGING

Quick look combined log

- Caliper
- Gamma ray nature radioactivity
- Resistivity
- MDT modular dynamic tester
- Neutron neutron porosity
- Density
- CMR combined magnetic resonance



WELL COMPLETION - GENERAL

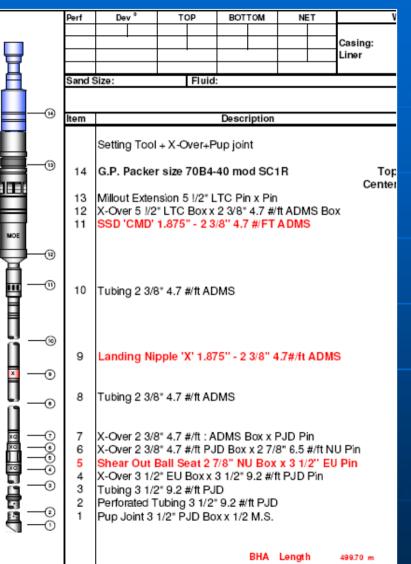
- Dual & single completion 2 3/8";4,7#;L-80, P-110; ADMS, VamTOP (Izabela); IKA A-1 DIR 2 7/8"; 6,7#; L-80; ADMS
- Material used:
 - P-110 & L-80 (Ika & Izabela) for tubulars;
 - L-80, AISI 41XX, AISI 316, 9CR-1MO for DHE;
 - Nitrile, Viton & Teflon for sealing Items
- Wellhead & X-mass API material class D.D.
- Completion fluid brine CaCl₂; SG= 1,20

WELLS COMPLETION – PHASES GENERAL

- Open hole completion & isolation
- Well preparation for completion
- Sand layers overbalanced perforating (phase 2)
- Perforations back surging or
- TCP & back surging (phase 3)
- Frack & pack or high rate water pack gravel packing
- Well completion
- Well cleaning & testing

OPEN HOLE COMPLETION & ISOLATION – IKA CARBONATES

- GP packer, MOE, SSD (close up), "X" LN, shear out ball seat sub, perforated tubing, mule shoe guide
- Spotted 0,5 m Baracarb
- Shifting tool closes SSD when pooh setting tool
- Outside liner 5" cca 20 m in IKA A-2,3 HOR wells
- Inside casing 7" 0,5 m in IKA B-1 DIR well



WELL PREPARATION

- Clean fluid (20 NTU minimal) and working environment are mandatory for GP installation
- Typical well cleaning programme:
 - RIH taper mill & scraper
 - Mud conditioning and circulating
 - Push pill \rightarrow caustic pill \rightarrow acid pill \rightarrow neutralization pill \rightarrow sea water
 - Sea water displacement w/ 1,20 kg/l filtered CaCl₂ brine
- Cartridge & de filtering units used

PERFORATING

- Wire line conveyed casing gun in case of Frac & Pack
- 4 1/2"; 12 spf; 135/45°; DX; big hole charges
- Under overbalanced conditions of 1,20 kg/l filtered CaCl₂ brine
- Usually not noticed significant brine losses after perforating

PERFORATING & BACK SURGING

- TCP-DST in case of HRWP
- 4 1/2"; 12 SPF; 135/45°; RDX; Big Hole charges
- "Clean perforations" mandatory for effective HRWP gravel packing
- Cca 300 500 psi underbalance applied
- Pressure recorded downhole used for pressure build up analysis
- If some sand were recorded on the surface downhole valve were closed ASAP
- LCM pill spotted

GRAVEL PACKING

- Technique applied:
 - Alpha / Beta for horizontal open hole
 - Frack & Pack
 - High rate water pack
- Cased hole GP technique selection criteria:
 - Frack & Pack were preferred technique due to near wellbore skin bypass, vertical sublayers connectivity and turbulence effect reduction
 - Limitation factors were vicinity of free water and no existence of good barriers above and below the layer
 - For all other situations HRWP in combination w/ back surging were preferred technique

GRAVEL PACKING - FRAC & PACK

- "Econoprop" man made 30-50 US mesh propant used
- Non damaging 2,2 2,5% VES (Visco Elastic Surfactant) in sea water w/3% KCI as a carier fluid
- "Slim pack" prepacked screens 4" gauge 8

GRAVEL PACKING - HRWP

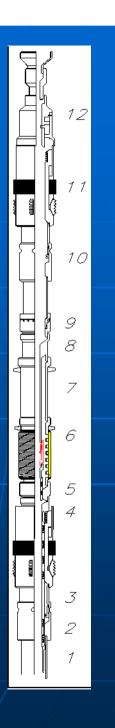
- Standard sand 40-60 US mesh used
- CaCl₂ 1,20 kg/l brine as a carrier fluid
- "Slim pack" prepacked screens 4" gauge 8
- Acid job w/ HCOOH 10% performed in case of LCM pill spotted after "back surging"

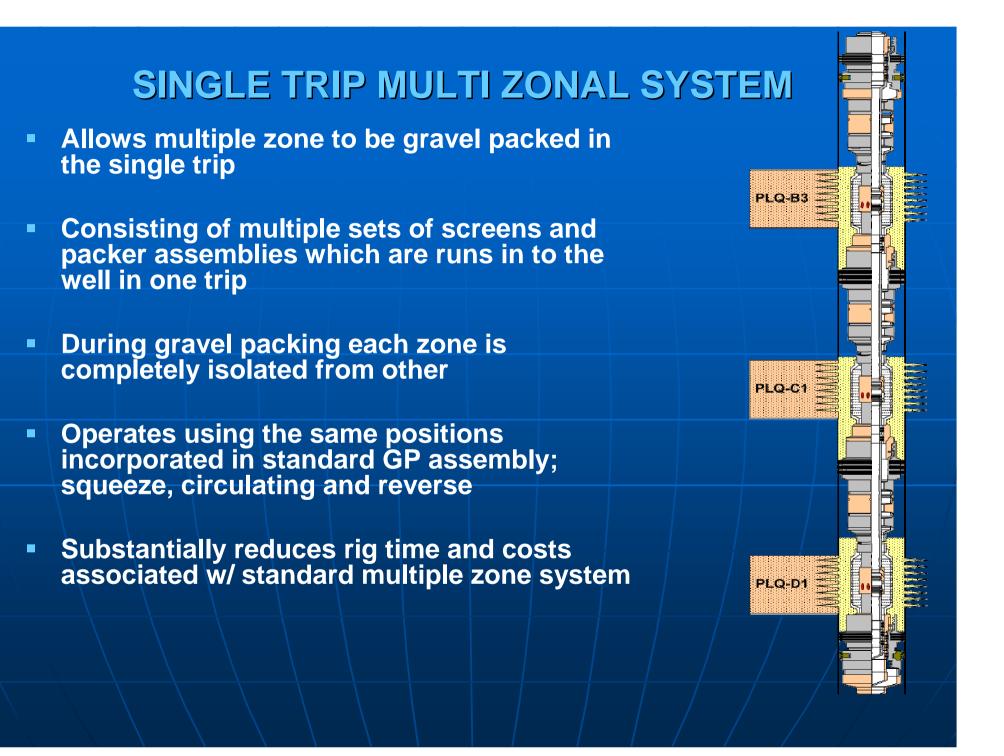
GRAVEL PACKING – HORIZONTAL OPEN HOLE

- Standard sand 20-40, premium screen fine mesh
- CaCl₂ 1,30 kg/l brine as a carrier fluid

DOUBLE PIN SUB

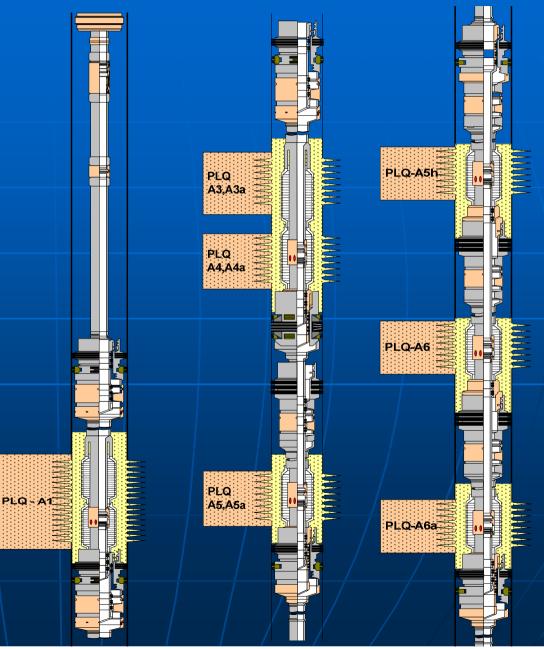
- Mechanical system for fluid loss control after gravel packing
- Using double pin sub inner string w/SSD (close up) is deployed w/GP assembly together
- Circulation during GP job is allowed through opened SSD
- Layer-SSD is closed w/ shifting tool when the crossover tool is pulled after the job
- Can be used for layer by layer aplication

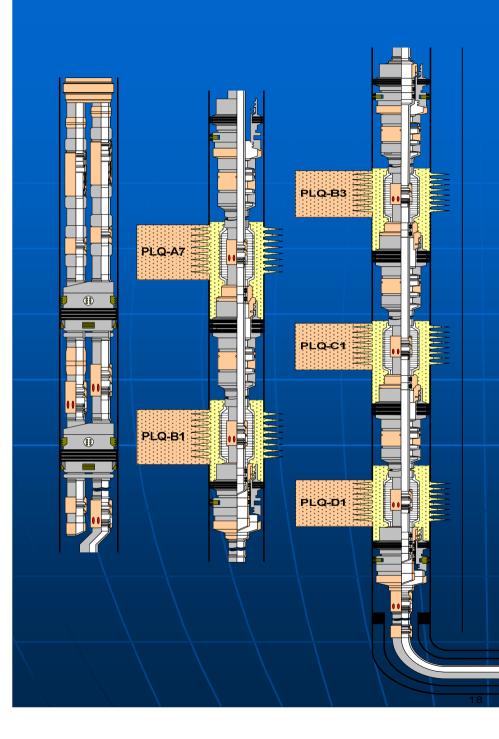




IKA A-1 DIR WELL

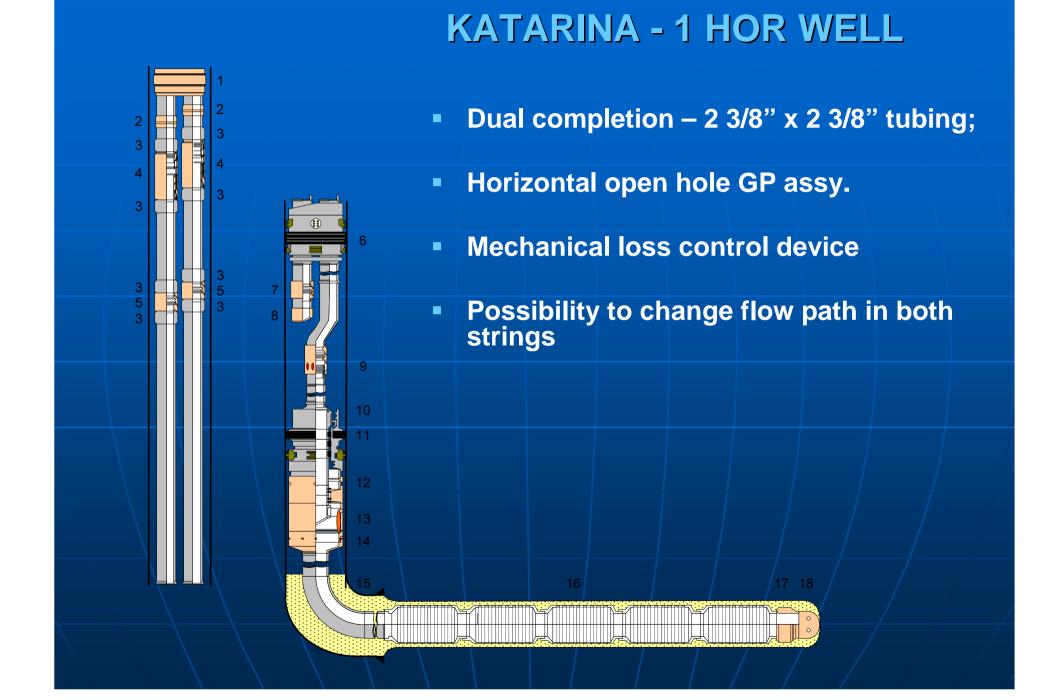
- Single selective completion –2 7/8" tubing; 2 3/8" GP assy
- Two zone multizonal system (PLQ-A8 – PLQ-A12)
- Three zone multizonal system (PLQ-A6A – PLQ-A6 – PLQ-A5H)
- Double pin sub used on layers PLQ-A4, A4A & PLQ-A3, A3A and layer PLQ-A1 completion

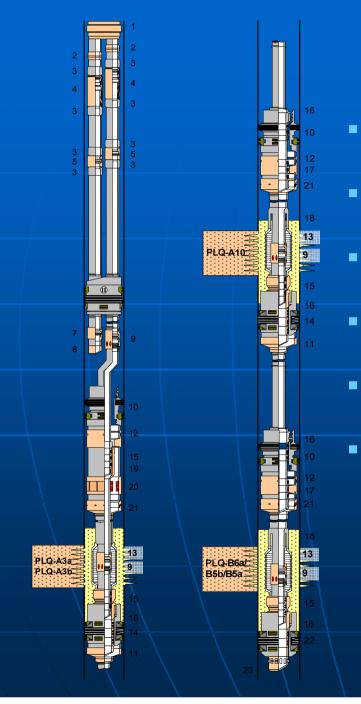




IKA A-2 HOR WELL

- Dual completion –2 3/8" x 2 3/8" tubing; 2 3/8" GP assy
- Possibility to change flow path in both ways (2 dual packers)
- Long string selective completion
- Three zone multizonal system (PLQ-D1 – PLQ-C1 – PLQ-B3)
- Two zone multizonal system (PLQ-B1 – PLQ-A7)





ANNAMARIA - 3 DIR WELL

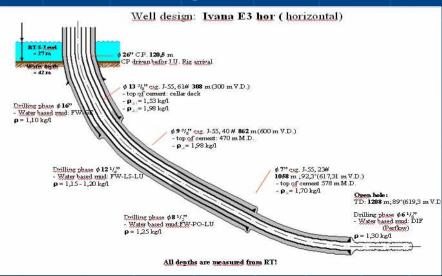
- Dual completion –2 3/8" x 2 3/8" tubing
- **2 double pin sub GP assy.**
- 2 spacers
- Long string selective completion
- F&P + 2 HRWP
 - Mechanical annular loss control valve (SAF)

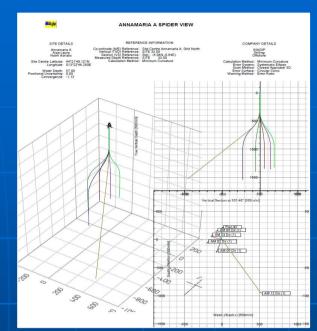
WELL CLEANING & TESTING

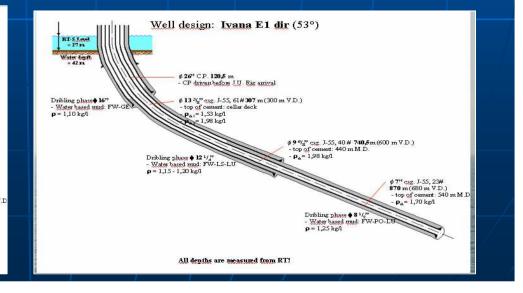
- After well completion tubing string had been pickled from the rust or grease using CT
- Layers were tested selectively manipulating w/ ssd, recording pressure and temperature on the surface and downhole for the carbonate reservoir
- In cases where Icm pills were spotted in front of the screens because of the losses after gravel packing, acid job before testing was performed w/ 10% HCOOH
- Results obtained from back surging (before sand control) represents real reservoir characteristic
- Results obtained from clean-up (after sand control) is characterized by lower productivity due to enormous loss of completion fluid, but with its fast recovery

INA OFFSHORE WELL CONTROL ISSUES

- Shallow gas policy
- Diverter configuration
- Kick tolerance, Choke margin
- Mud design, Cement slurry design
- BOP configurations for drilling & completion
- Well head compact / X- mass tree (dual string)
- Well control procedure
- P&A of exploration wells

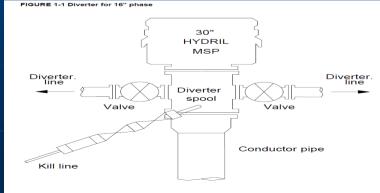






SHALLOW GAS POLICY / DIVERTER

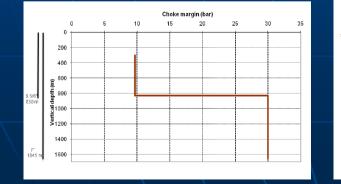
- For unknown area, sample coring within <u>site survey</u>, in pre phase is required to verify geomechanical mud line properties (for aft. legs penetration requirements)
- Exploration well / production platform position to avoid shallow gas - high amplitude anomalies up to 300m TVD; <u>shallow</u> <u>seismic is mandatory</u>;
- Conductor pipes 30" (for expl. wells) & 26" / 22" for production wells are required to be driven up to 30 – 50 m in mud line;
- In case of medium ampl. anomalies, pilot drilling Ø 8 ¹/₂" (prior drilling first hole of 16")
- Drilling phase Ø 16" w/Diverter system WP 1000/500 psi / 12" two lines w/hydr./pneum. valves; kill mud 1,4 kg/l in stand by
- Mud losses usually occurred below CP shoe (cement plug jobs)

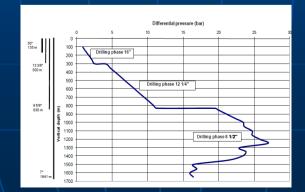




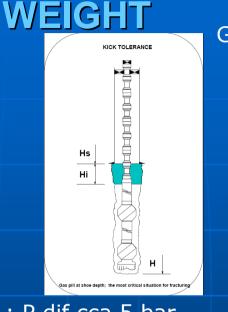
KICK TOLERANCE / CHOKE MARGINE / MUD

- Kick tolerance- calculator: bar/10m
 - Hole Ø 12 ¼" : max 11 m³
 - Hole Ø 8 ¹/₂" : max 13 m³
 - Hole Ø 6" : max 16 m³
- Choke margin:
 - Hole Ø12 ¼" : min 10 bar
 - Hole Ø 8 ¹/₂" : min 30 bar
 - Hole Ø 6" : min 60 bar
- Mud design:
 - Hole Ø16": FW-GE; 1,10 kg/l ; P dif cca 5 bar
 - Hole Ø12 ¼": FW-LS-LU; 1,15 kg/l; Pdif cca 11 bar
 - Hole Ø 8 ¹/₂": FW-PO-LU; 1,25 kg/l / reservoir drilling; Pdif up to 25 bar
 - Hole Ø 6": DIF; 1,25 kg/l / reservoir drilling / open hole-horiz.; Pdif up to 25 bar

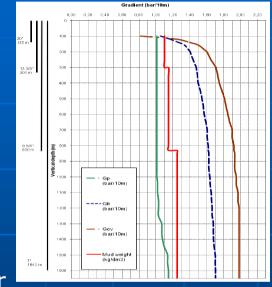






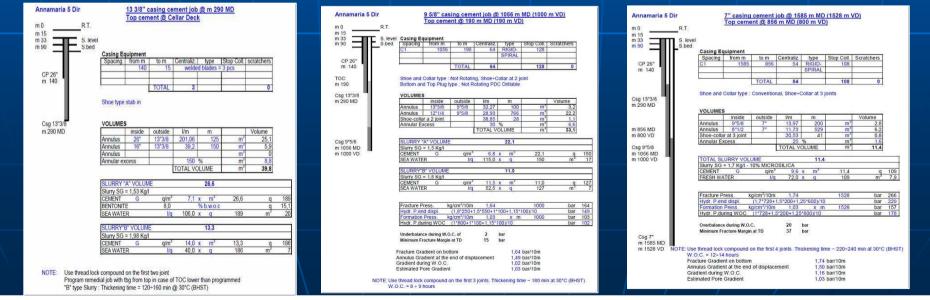


General: PPG=1,03-1,16



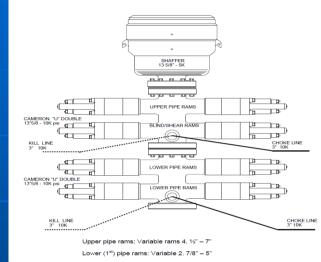
CEMENT SLURRY DESIGN

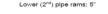
- Casing 13 3/8"up to 300m RT-VD:
 - For exploration well: TOC to cca 5 m below mud line; Lead cs =1,53 kg/l / Tail cs = 1,98 kg/l (sea water)
 - For production well: TOC to top of Cellar Deck ; same as a.m.
- Casing 9 5/8"cca 600 800 m RT-VD:
 - For exploration/production wells TOC up to 200m in previous csg;
 - Lead cs = 1,50 kg/l / Tail cs = 1,80 kg/l; 3% Microsilica (sea water);
- Casing 7" cca 700 1700 m RT- VD:
 - For exploration/production wells TOC up to 200m in previous csg;
 - Lead cs = 1,70 kg/l; 10% Microsilica (fresh water)



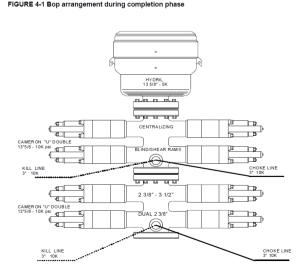
BOP CONFIGURATION

- In Drilling mode:
 - One Bag type preventer 5M
 - For Ram preventers (two double) 10M
 - Upper Pipe Rams : Variable 4"- 7"
 - Blind/Shear Rams
 - Lower Pipe Rams (1): 27/8" 5"
 - Lower Pipe Rams (2): 5"
- In Completion mode:
 - One Bag type preventer 5M
 - For Ram preventers (two double) 10M
 - Upper Pipe Rams : Centralizing
 - Blind/Shear Rams
 - Lower Pipe Rams (1) : 2 3/8" 3 1/2"
 - Lower Pipe Rams (2) : Dual 2 3/8"
- BOP test :
 - prior Drilling operations
 - on WH installation
 - every 14 days
- Accumulator Unit WP 3000 PSI, to meet requirement a.m. BOP configuration; function test; 2 remote panels (rig floor & rig supt. office)
- Casing test:
 - Bump plug at the end of cementing job
 - After WH installation w/BOP test



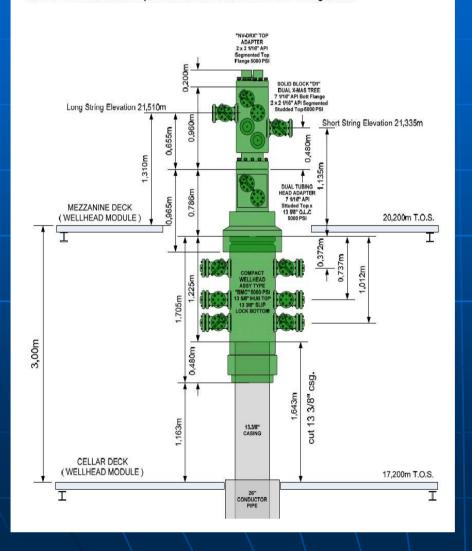


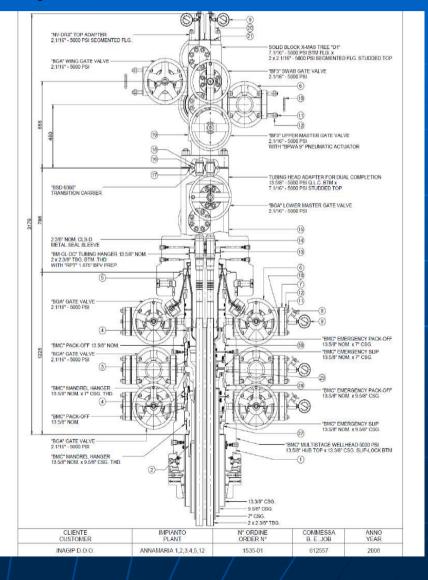
GURE 1-3 BOP Stack for 12 1/4" and 8 1/2" phas



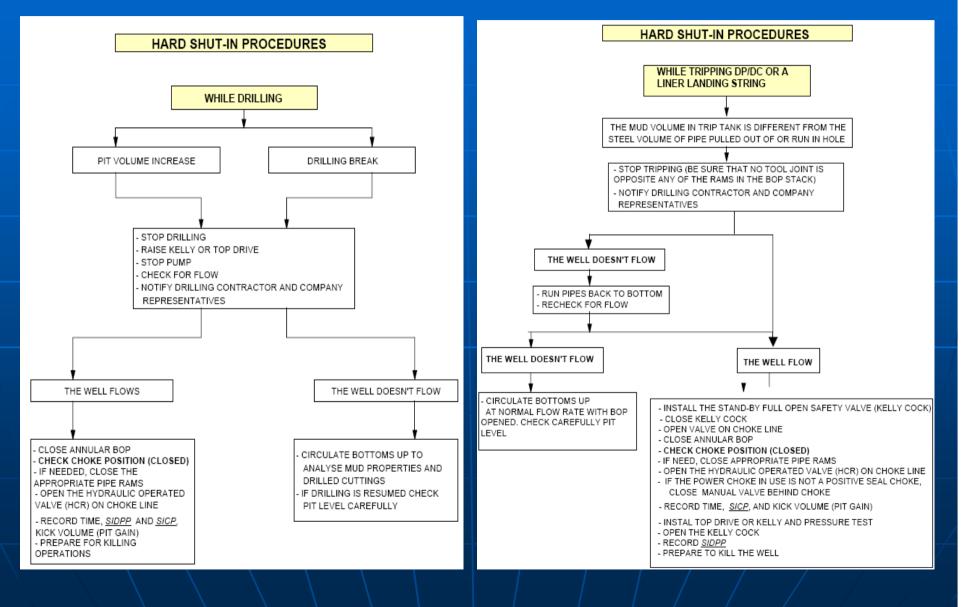
WELL HEAD – COMPACT / X-MAS TREE (DUAL STRING)

FIGURE 3-28 Annamaria A platform wellhead and x-mass tree configuration





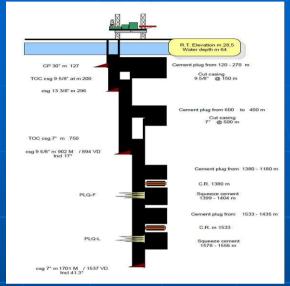
WELL CONTROL PROCEDURE

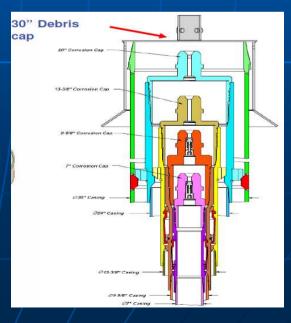


P & A – EXPLORATION WELLS

<u>Abandoning at the end of Drilling in case of dry well (OH)</u> (Permanent)

- Cover all permeable zones in OH (Ø 8 1/2") w/cement plug
- Set cement plug 150-200m above 9 5/8" csg shoe
- Cut 9 5/8" csg above TOC or 150m b. m.l.; Set surface cement plug : 320-120m
- Replace mud w/sea water
- Cut 13 3/8" & 30" CP cca 2-3m below mud line
- Abandoning tested levels in 7" csg:
 - For each tested level, set cement retainer & squeeze cement in perfs, set cement plug above cca 150m;
 - Cut 7" csg above TOC; set cement plug cca 200m, overlapping 7"csg & 9 5/8" csg per 100m;
 - Same as a.m.
- In case of MLS / Mud Line Suspension) : Temporary
 - Each tested interval : Bridge plug & Cement plug above cca 150m;
 - Set cement plug within 7" csg cca 150-200m;
 - Back off & POOH the MLS running tool 7"csg & RIH corrosion cap;
 - Back off & POOH the MLS running tool 9 5/8"csg & RIH corrosion cap;
 - Back off & POOH the MLS running tool 13 3/8""csg & RIH corrosion cap;
 - Back off / Cut cca 2-3 m above m.l. & POOH the MLS running tool 30"CP & RIH debris cap





CROATIAN OFFSHORE SAFETY REGULATIONS FOR DRILLING & COMPLETION OPERATIONS

* Regulations on main technical requirements, safety and protection during exploration and production of liquid and gaseous hydrocarbons from Croatian Offshore"; "Official Gazette" 05/10; 2nd edition

GENERAL FROM AUTHORITY APPROVAL :

- Main Mining Project for Offshore Drilling Rig by INA
- Main Mining Project for Well Operations by INA
- Environmental Impact Study by INA
- Concession licenses
- Well location permit

OPERATING COMPANY:

- Simplified Technical Project (Geological, Drilling, Well testing / Completion Programs)
- Emergency Response Plan (consider all Safety & HSE aspects for drilling & completion operations)
- All relations w/local marine authority
- **Drilling & Completion Fundamental, Policies, Guidelines (Manual)**
- Strictly follows Croatian Offshore Regulations

DRILLING CONTRACTOR COMPANY:

- Offshore Drilling Rig Safety Manual (fulfill all aspects of Safety & HSE procedures during drilling & completions operations)
- Strictly follows Croatian Offshore Regulations

CONCLUSION

IN DRILLING:

- Batch mode drilling for rig time saving
- Suspension the exp. well at mud line for future tie-back and completion
- Water base mud (Poly, Drill in fluid) w/environmental friendly additives
- High sophisticated directional drilling tools (Steerable rotary drilling systems, PDM, MWD, LWD)
- Newest generation of logging tools

IN COMPLETION:

- Dual completion system
- Carbonate isolation system (tail completion vs. upper sand layers to be completed)
- Gravel pack technique: horizontal OH, HRWP, Frack & Pack
- Multizonal gravel pack tool (mini beta system)
- Fluid loss control using double pin sub completion technique (long string) and SAF valve (short string)

...CONCLUSION

OVERALL:

- According to the well test results, all expected start-up gas rate per wells have been achieved
- Improvement of well productivity expected in first few months of production
- Ultimate recovery has increased as a function of number of developed reservoirs due to applied modern well technology
- In the same time, number of required wells enabled optimizing number and design of production platforms



THANK YOU FOR ATTENDANCE!

Questions?