

ExxonMobil will not renew bid for Abu Dhabi's historic onshore concession

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ExxonMobil has reportedly not bid for the renewal of Abu Dhabi's [historic onshore concession](#).

The American major was alone among the legacy partners to decline to bid, [according to a report](#) published on Monday by *Petroleum Intelligence Weekly*, an industry news source. Exxon and partners Total, BP and Royal Dutch Shell lost their 75-year rights to the emirate's oldest producing fields in January, when the Second World War-era contract expired.

The family of oilfields, which include Bab, Asab and Bu Hasa, are together responsible for half of the emirate's almost 3 million-barrel-per-day output and hold more than 100 billion barrels of [oil](#) or oil equivalent in one of the most politically stable parts of the world open to foreign partners.

The Abu Dhabi Company for Onshore Oil Operations (Adco), which runs the fields, has been 100 per cent owned by Abu Dhabi National Oil Company (Adnoc) since January, when the western majors lost their stakes in the operators.

ExxonMobil recently negotiated a longer and more favourable deal for Upper Zakum, one of the world's biggest offshore fields.

"ExxonMobil likes to maintain relationships, and if they were asked to bid it means they would," said Adrian Nizzola, an oil and [gas](#) lawyer at Simmons & Simmons in Abu Dhabi. "Upper Zakum means they at least maintain a presence. It means they maintain a relationship. But not to bid at all, I'd be surprised at that."

A source close to the auction said Exxon had actually placed a conditional bid stipulating that it be the sole operator of a slice of the Adco area. It has been the most vocal among the western majors in criticising Adco's former structure, which gave the four majors equal 9.5 per cent shares but put them in a position of potentially exposing propriety technology to competitors.

Exxon was also one of the least hurt among the majors by the loss of Adco volumes. Upstream earnings in the first quarter rose US\$746 million to \$7.8 billion, thanks to greater gas output, and overall production fell by only 5.6 per cent.

Liquids production declined by 2.1 per cent to 2.1 million barrels per day.

In 2012, Adnoc raised eyebrows when it invited a long list of oil companies to prequalify to bid--except for BP. But BP was eventually brought back into the fold. It remains just as uncertain whether Exxon is out of the auction, said Chris Gunson, an oil and gas lawyer at Pillsbury, the American firm.

"From Iraq to Russia, Exxon is adept at re-writing the rules - without breaking them," he said. "The same thing could happen in Abu Dhabi."

Adnoc is expected to submit its recommendation within weeks for technical partners to the Supreme Petroleum Council, the Abu Dhabi oil policy body that includes members of the ruling family.

In October it received bids from companies including Korea National Oil Company, China National Oil Company and others for shares of either 5 or 10 per cent. Bidders could also ask to be the technical leader for a slice of the Adco concession, which is expected to be broken up.

Exxon and its Japanese partner Inpex negotiated their per-barrel fee for Upper Zakum from \$1 to \$2.85. That is expected to serve as a benchmark for Adco, which has long paid one of the lowest fees in the world.

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