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Norway's DNO exits Oman Blocks 30 and 31

Wednesday 26th, August 2015 / 23:11 Written by **Conrad Prabhu** (<http://omanobserver.om/author/conradprabhu/>)
in **Business** (<http://omanobserver.om/category/business/>)



Aug 26: Norwegian oil and gas operator DNO International ASA has confirmed that it has pulled out of two oil and gas blocks in the Sultanate.

The company said in its second quarter earnings report that it had withdrawn from Block 30 and Block 31 in northwestern part of Oman. With its departure from the two concessions, DNO has seen its portfolio of Omani hydrocarbon assets shrink to two blocks: Block 8 offshore Oman, and Block 36 onshore Oman.

DNO's decision to vacate the two concessions is in line with a period of "consolidation and rationalisation" under way across its international portfolio since the start of the year, it said in a review of the company's operational performance during Q2 2015.

A key priority for the current year, it noted, is to align its spending with earnings. Accordingly, the 2015 capital expenditure programme has been scaled back to \$80 million, of which \$49 million was already expended in the first half of the year. Besides, reductions in operating costs, including staff levels, have led to annual savings of \$50 million from mid-2015, it said. Furthermore, the company is high-grading its overall portfolio by "focusing on core assets while shedding others", the oil firm stated.

Block 31, also known as the Sunainah North Block, was the first to be relinquished by DNO, a process that was formalised last year, it is learnt. Earlier this year, the company withdrew from Block 30, a small concession which is home to the Nadir, Al Sahwa and Hafar gas field, collectively dubbed the 'NASH Trend', besides the Hamrat Duru field.

Attention will now be focused on DNO's flagship concession, Block 8, which contains the nation's only offshore producing fields at Bukha and West Bukha offshore Musandam Governorate. DNO is the operator of the block with a 50 per cent participation interest. The balance is held by LG International Corp.

Gross production from the two fields averaged 9,076 barrels of oil equivalent per day (boepd) in Q2 2015, of which the company's working interest (CWI) production was 4,538 boepd. DNO says it is also weighing plans to drill a new development well to boost oil and gas output from the West Bukha field.

DNO's onshore Block 36, located in the Rub Al Khali basin, is the subject of an early stage exploration programme. DNO has a 75 per cent participating interest in the 18,000 sq km concession, which it acquired in 2013 via a farm-in agreement concluded with the previous operator, Allied Petroleum. It is currently identifying targets for an exploration well planned to be drilled in 2016, it added in its Q2 operational review.

Founded in 1971 and listed on the Oslo Stock Exchange, DNO holds stakes in onshore and offshore licenses at various stages of exploration, development and production in the Kurdistan region of Iraq, Yemen, Oman, the United Arab Emirates, Tunisia and Somaliland.

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