

Fieldwood Sees Offshore Mexico Crude Flowing in 2019, CEO Says

by Adam Williams

September 19, 2016 — 11:00 PM CDT

- ▶ Riverstone-backed Fieldwood to begin Mexico drilling next year
- ▶ Blocks have potential for more than 400 million barrels: CEO

Fieldwood Energy LLC is looking to become the first private offshore driller to produce oil in Mexico in 80 years, according to the Houston-based company's chief executive officer.

Backed by Riverstone Holdings LLC, Fieldwood expanded quickly after its 2013 formation to become the biggest shallow-water operator on the U.S. side of the Gulf of Mexico by investing \$5 billion to buy up offshore assets from companies looking to exit. With a Mexico-based partner, Fieldwood plans to begin drilling on the Mexican side of the border next year, with production to begin as soon as 2019, Matt McCarroll, the company's President and CEO, said in a phone interview.

Fieldwood won rights to develop crude in two shallow-water offshore fields in Mexico's second-ever oil auction last year, bidding in a joint venture with newly formed Mexican company Petrobal. The blocks are believed to contain potentially more than 400 million barrels of oil, McCarroll said.

Potential production for the fields is "very significant," McCarroll said in a phone interview from Houston. The Fieldwood-Petrobal joint venture will be the only operator to develop the Ichalkil and Pokoch shallow water fields. It was Petrobal's "favorite block from the very beginning," McCarroll said.

Appraising Potential

The partners' budget plan, approved by the National Hydrocarbons Commission, includes spending about \$170 million to drill and test two wells next year, the CEO said. Petroleos Mexicanos, which held a government-controlled monopoly on crude production from 1938 until 2014, drilled successful exploration wells in both fields, though abandoned them prior to production. The Fieldwood-Petrobal joint venture "will be appraising those wells and looking at potential field development," McCarroll said.

Enter your email

Riverstone, a private-equity firm, formed Fieldwood as a vehicle for investments in energy. In the three years since its creation, Fieldwood's purchases have included the shallow-water offshore assets of both Sandridge Energy Inc. and Apache Corp. The company now produces more than 100,000 barrels of oil equivalent a day, making it the largest U.S. shallow-water producer in terms of both production and

acreage, according to McCarroll. Petrobal, which was formed in 2015, is backed by billionaire Alberto Bailleres and directed by former Petroleos Mexicanos Exploration and Production director Carlos Morales.

Diamond Contract

Fieldwood recently signed a contract with Houston-based Diamond Offshore Drilling Inc., which will lease the Ocean Scepter rig to commence drilling activities. The rig was previously under contract by Pemex, which canceled its agreement with Diamond Offshore earlier this year.

The joint venture, which has long-term development plans in Mexico, "will be looking at blocks" in the country's auction of 15 shallow-water areas next year, McCarroll said. Mexico anticipates each of the 15 shallow-water oil blocks up for lease in the 2017 auction will require as much as \$750 million to develop.