Increased energy demand in Abu Dhabi has companies local and foreign boosting activities

By Mike Killalea, editor & publisher, and Katie Mazerov, contributing editor

ABU DHABI, RICH in oil and gas reserves and one of the world’s leading producers of hydrocarbons, has emerged as a microcosm of an industry that is hustling to ramp up production in response to rising oil prices.

A sure sign of the increased activity is the rig count rise, which also signals the need for more trained personnel and the accompanying requirements for high health, safety and environmental standards and new but proven technologies for greater efficiency.

The city’s largest operator is Abu Dhabi National Oil Company (ADNOC), but independent oil companies have recently begun operations in the UAE through joint ventures with ADNOC. ConocoPhillips is set to drill sour prospects in Sharjah, and Hess will drill in Hafiez. ConocoPhillips was chosen for the project largely for its sour-gas experience. Also, Oxy has won a concession from ADNOC.

In the first half of this year, Abu Dhabi Company for Onshore Oil Exploration (ADCO), with its contractor National Drilling Company (NDC), both ADNOC subsidiaries, had 17 rigs running. By 2010, pending shareholder approval, the company plans on having eight more rigs operating, and another four to five rigs by early 2011. The expansion will require the companies to hire hundreds more workers.

There is also increased demand in Abu Dhabi for gas. The country has extensive gas reserves, but much of it is sour, a prevalent problem in the Gulf region. Many reserves lie in tight formations. 10,000-ft to 15,000-ft horizontal wells are not uncommon. Wells typically kick off at some 8,000-ft measured depth.

NDC, which also works for two other ADNOC subsidiaries, Abu Dhabi Marine Operating Company (ADMA-OPCO) and Zakum Development Company (ZADCO), is also focusing on jackup rig operations in the region. The company has a total of 28 rigs operating, including 10 jackups, and plans to increase its jackup fleet by a third, according to a company spokesman.

“For future operations, there is a big demand for rigs,” the official said.

ZADCO is operating five NDC jackups and will require several land rigs to drill from islands. ADMA operates five jackup rigs. Recruiting remains an ongoing challenge, as there is a shortage of experienced workers in the country. In determining how to handle the influx of new, often inexperienced, workers, both ADCO and NDC have training programs in place. NDC has set up its own training school that puts new workers through a six-week class that emphasizes safety.†