Anadarko CEO: Conquering Frontiers Requires Exploration, Technology, Investment

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HOUSTON—Anadarko Petroleum Corp. CEO Al Walker still sees a future for international exploration—including frontier areas—with technology taking a leading role, despite industry-wide budget cuts.

Anadarko continues to look for new places across the world to work and international exploration will “always be a part of what we do,” Walker said May 17 at the Association of International Petroleum Negotiators' (AIPN) 2017 International Petroleum Summit.

His remarks were delivered amid growing concern that a lack of long-cycle investment will turn today's abundant supply of oil and gas resources into future shortfalls as production from U.S. shale declines and global demand rises.

“I think it’s important for us as an industry ... to think about exploration in new areas, new countries and in new plays,” Walker said.

The Houston-based company allocates the bulk of its capital nowadays to its Delaware and Denver-Julesburg (D-J) basins and deepwater Gulf of Mexico (GoM) assets, but it has a sizeable international portfolio. Anadarko’s interests include positions offshore Brazil, Colombia, New
Zealand and Africa. Among the six nations on the continent, Anadarko and its partners are working offshore Mozambique in the deepwater Rovuma Basin, where about 75 trillion cubic feet (Tcf) of recoverable natural gas has been discovered.

“Mozambique will be a great source for LNG for the next 20 years,” Walker said.

That probably wouldn't have been possible without improved subsurface imaging combining proprietary and existing seismic technology that Walker said helped “image the subsurface there in a way that we had not before.”

Strides are still being made. Walker recalled news in late April about a proprietary algorithm created by a BP engineer and his team. When used with full waveform inversion technology, the algorithm helped the company identify more than 200 million barrels of additional resources at the Atlantis Field in the GoM.

BP said it plans to use this technique in other fields across the world. Locations include Azerbaijan, Angola, and Trinidad and Tobago.

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“That is simply an individual sitting down and looking through the looking glass differently,” Walker said. “That's a great example of how emerging technology will change what we do. All of us will be using and deploying techniques that we would not have thought about five years ago.”

Anadarko's Advanced Analytics and Emerging Technologies group is using the “think-tank environment” to find faster, more efficient and more effective methods.

“We're [also] thinking about longer cycle of disruptive technologies that completely change the way we think about our business.”

The atmosphere wasn't the same 15 years ago for the industry that was once known for being slow to change and embrace technology. That mentality was crushed by the downturn as companies searching for smarter ways of doing business found answers in new technology and improved techniques. Now, cloud computing, predictive analytics and algorithms and other forms of technology are getting attention.

“We have terabytes of data related to seismic,” Walker said. “We might, on a really good day, use 5% of it.”

Imagine the possibilities, Walker suggested, if such data was analyzed and put to use, possibly opening other places across the world to exploration.

“Technology will continue to evolve to make our industry better, not obsolete,” Walker said.

Anadarko might not drill as many wildcat wells as it did in 2012-2014, he added, but its exploration strategy remains the same. Having a mix of both short-cycle and long-cycle investments is still part of the plan.

In the next five years, Walker anticipates seeing plenty of shale development, particularly in stacked U.S. shale plays such as the Delaware. The plays may outperform estimates. But shale production levels will eventually fall and be unable to contribute much to offsetting the 1.2 million barrels per day (MMbbl/d) to 1.7 MMbbl/d of demand growth per annum that Walker said is anticipated over the next five years.

The world will need conventional oil, he said, encouraging those looking for new places to explore to stay on course. But countries wanting to attract foreign capital must have attractive economics.
Management has to “balance what we think is the right way to run a company for five to 10 years vs. the demands that are being put on us for the next five to 10 quarters,” Walker said.

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