

## Argentina Oil & Gas: Opportunities for UK

*Argentina is the world's 21st largest economy and the second largest in South America. Business opportunities are increasing as market conditions are liberalised. Argentina's vast unconventional oil and gas reserves, and a new offshore licencing round, offer significant opportunities for UK business: the Argentine government and major operators are keen to welcome new UK suppliers to the market*

### Market Detail

- Largest gas consumer in South America: aiming to shift from net-importer to net-exporter
- New Offshore Licencing Round for 31 shallow & deepwater blocks: bids open March 2019
- 110 years of hydrocarbons production: existing infrastructure, skills and oilfield services
- Oil production 479,283 bpd (15% unconventional); gas production 130 MMm<sup>3</sup>/day (37% unconventional)
- World's 2<sup>nd</sup> largest recoverable shale gas (802tcf) and 4<sup>th</sup> largest shale oil (27 bn bbl) reserves
- Annual investment of US\$9bn to rise to US\$24bn in 2023; doubling oil & gas production in 5 years
- 850 completed wells (2018) to rise to 1,943 in 2023
- Long-established legal framework combining unconventional concession regime (35 years) with stabilized royalties at 12%
- Policy, regulatory and energy price reforms opening market and promoting investment
- New legislation to liberalize midstream investments to be passed
- Industrial, labour and fiscal reforms driving efficiency and lowering costs
- Existing offshore E&P activity by Total Austral and ENAP Siptrol in Marina Austral basin

### Mail Basins

- Neuquen: Vaca Muerta formation transforming E&P market: 31 key active/pilot projects; 5 in full development. Current production: oil 199 kbb/d, gas 2,527 Mcf/d
- Austral: 35% Argentina's gas reserves (4.27tcf)
- Golfo San Jorge: current oil 231 kbb/d, gas 519 Mcf/d

### Key Projects

- YPF to invest US\$20bn over 2018-2022
- US\$35bn active projects; future projects worth US\$4bn
- Lomo Campana YPF/Chevron: US\$17bn
- El Orejano YPF/Dow: US\$2.5bn
- Fortin de Piedra Tecpetrol: US\$2.3bn
- El Mangrullo Pampa Energia: US\$2.3bn
- Amarga Chica YPF/Petronas: US\$2.3bn

### Requirements

- Strong push by government and operators to strengthen supply chain
- Rigs: 68 in 2018 set to rise to 158 in 2023
- Completion sets: 6 in 2018, to rise to 33 in 2023
- Drilling - horizontal and multilateral wells
- Pressure pumps, compressors, turbines, valves
- Drilling/fracking fluids and chemicals
- Equipment automation and software
- Services: seismic, water, logistics, HSE, housing, catering
- Midstream: new and upgraded oil & gas pipelines, compression plants, EPFs and CPFs
- Infrastructure: \$1.2bn in 850 km Norpatagonico Train project
- Downstream: Campana refinery upgrade
- LNG: new natural gas liquefaction plant to export LNG

### Leading Upstream Players

- |                                |                    |
|--------------------------------|--------------------|
| • YPF                          | • Petronas         |
| • Pan American Energy (50% BP) | • Pampa Energia    |
| • Exxon Mobil                  | • Petrobras        |
| • Total Austral                | • Pluspetrol       |
| • Shell                        | • Tecpetrol        |
| • Chevron                      | • Sinopec          |
| • Vista                        | • <u>Other UK:</u> |
| • Equinor                      | Phoenix Global     |
| • Wintershall                  | Resources,         |
| • DowDuPont                    | President Energy,  |
|                                | Echo Energy/CGC    |

### EPC and Oil Service Companies

- Schlumberger
- Halliburton
- Baker Hughes
- Techint/Petrofac
- TECNA
- Bolland
- SIMA

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