

Franchising Myanmar's Exploration Success

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ABSTRACT

Since the commencement of the low oil price environment in late 2014, exploration activity levels in Southeast Asia have dramatically reduced as oil companies effect budget changes to accommodate the oil price challenges. Discretionary exploration spend is always the first to be reviewed as it is risk capital and usually has an immediate impact on the financial bottom line of companies. This has been the case across most Southeast Asian countries, despite significant reduction in costs for both seismic and drilling activities. Myanmar activity levels, however have proven to be an exception. Since the license round that commenced in 2012, the country's licensing and seismic activity levels have reached all-time highs and offshore drilling levels from 2017 to 2018 are expected to follow suit. Success has followed with the first two deep-water wells drilled since the new 3D seismic was acquired and interpreted being gas discoveries. The Myanmar license awards in 2014 (onshore) and 2015 (offshore) represented the most complete bid rounds within Southeast Asia in the last 5 years. The uptake of awarded block acreage compared to the original acreage offered is approximately 75%. The next best performer, Indonesia, saw 45% uptake in the same period. Clearly Myanmar had something better to offer than its peers in Southeast Asia.