

Falklands to start producing oil by 2017

Written by Darren

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Oil will flow from the Falkland Islands seabed for the first time by 2017 according to Rockhopper, the exploration company drilling in the South Atlantic Ocean.

Announcing the completion of a £600m tie-up with Premier Oil, Rockhopper said it was on track to pump oil from its Sea Lion field by the third quarter of 2017 and was working with its bigger partner to develop other prospects in the Falklands area.

Rockhopper struck oil in the north Falklands basin in 2010 and earlier this year agreed to give Premier 60% of its existing and future fields in exchange for the funding needed to bring oil on stream. Rockhopper will receive \$231m (£145m) upfront from Premier. The Sea Lion field is believed to hold around 300m barrels of oil which would be worth more than \$30bn at current prices.

Sam Moody, chief executive of Rockhopper, said: "With the completion of this transformational deal, Rockhopper is now fully funded to first take oil from Sea Lion in 2017 and for a three-well exploration programme targeted for 2014.

"Good progress has been made with Premier on advancing both the Sea Lion project itself and on high-grading the wider prospectivity in the region.

"We are also looking forward to executing a focused new ventures effort outside the Falklands which plays to our strengths as a frontier explorer."

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Drilling off the Falklands has raised objections from Argentina, which claims the islands as its own. The sensitive nature of the exploration meant Premier sought permission for the deal from the British government.