

BP, Shell Shut Bruce, Rhum, Shearwater Gas Fields (Update1)

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By Ben Farey

Nov. 17 (Bloomberg) -- BP Plc and Royal Dutch Shell Plc have shut U.K. North Sea fields, reducing the supply to Europe's largest natural-gas market.

BP's Bruce field isn't producing, BP spokesman Matt Taylor, in Aberdeen, Scotland, said by phone today. The field will return "as soon as it's ready," he added, declining to give any details. Production from the neighboring Rhum field is also shut in as its gas passes through the Bruce platform.

Shell's Shearwater field is closed for "routine maintenance," spokeswoman Sally Hepton said today. She declined to say when the field halted or when it's expected to return.

North Sea producers typically complete maintenance work by the start of October to be ready for rising winter demand for heating fuel. This year, the recession and mild weather has depressed consumption and prices. That may persuade some producers to maintain production at lower-than-usual levels, consultant Craig Lowrey said.

"It makes perfect sense to turn down fields" during times of oversupply, Lowrey, a consultant at J.C. Rathbone Associates Ltd., said in a phone interview, adding that there is no evidence this is happening now. "The demand just isn't there."

U.K. day-ahead natural gas has fallen 61 percent this year to trade at 26.75 pence a therm at 12:02 p.m. local time today, according to broker data compiled by Bloomberg. That's equal to \$4.49 a million British thermal units. A therm is 100,000 Btus.

Below Norm

National Grid Plc data have shown daily demand below the seasonal norm for most of October and November. The gas-network manager expects demand for the fuel to drop by 2.5 percent this winter from a year earlier.

Gas from the Bruce and Rhum fields flows into Total SA's Frigg pipeline and on to the St. Fergus terminal in northern Scotland. Combined, the two fields produced a daily average of 10.3 million cubic meters day in October 2008, according to the Web site of the Department of Energy and Climate Change.

Shearwater's gas is pumped to the Bacton Seal terminal in eastern England. Oil from the three fields is exported through the Forties Pipeline System.

The Starling and Scoter fields pump their gas through Shearwater. The three fields produced a combined daily average of 5.8 million cubic meters in October last year.

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