



## No conclusions, just the January numbers and some concern

Posted by [Heading Out](#) on February 8, 2006 - 1:14am

Topic: [Supply/Production](#)

Tags: [eia](#), [gas](#), [iran](#), [iraq](#), [production](#), [russia](#), [saudi arabia](#) [[list all tags](#)]

Last Saturday [Stuart](#) commented on the plateau that was developing in oil from both OPEC and non-OPEC. [Platts](#) has drawn attention to the January numbers, and in [the EIA version](#) overall OPEC production is down some 530,000 bd, with drops of 5kdb from Indonesia; 50 kdb from Iran; 250 kdb from Nigeria; 100 kdb from Saudi Arabia; and 150 kdb from Iraq. There was an increase of 25 kdb in other liquids. In their [Short Term Energy Outlook](#) the EIA is now projecting that about 255,000 bd will remain off-line in the GOMEX going into the next hurricane season, which starts in June. Given that loss, and the intention to start to fill the Strategic Petroleum Reserve by another 300 million barrels, this could further tighten available supply this year, when considered with the EIA anticipated overall energy demand increase of 1.4%, for both this year and next.

The continued decline of production from Iran has been projected by [Jean Laherrerre](#) to continue forward to an ultimate recovery of [120 Gb](#). They have currently produced about 56.6 GB of that. (Interestingly instead of using the data from 1930 onward, I took production from 1914 onward and this gave a slightly earlier and lower value for ultimate production of around 100 GB). And although there has been some increase the reported decline in production of around 400,000 bd/year will likely make the need for those nuclear reactors more real than some would currently care to admit.

---

Of the declines in production that the EIA report, the Indonesian, Iranian and Iraqi are most likely to remain down, and it will be interesting to see what the Saudi's do in regard to increasing production to maintain overall OPEC numbers. Given all the debate at the last meeting where they decided to maintain current production, the numbers for this month might be even more revealing.

Meanwhile in Russia, where the sun will be out at minus 17 C tomorrow, there is [debate](#) as to whether the gas from the Kovykta field will be used domestically or sold to China and South Korea. With a change in ownership of the company to give Gazprom a controlling interest, the likelihood, given recent weather, may be that it will now be used domestically, with China getting supplied from Sakhalin Island. At the same time more old [Yukos assets](#) seem to be transitioning to State control.

In debating the relative future production from Russia, Stuart has pointed to Grace's conclusions that State planning had neglected many of the smaller fields, and that these might well come more rapidly on line as smaller companies flourished in the post-Soviet era. But if we are moving back to the larger, effectively State-controlled, company model, then perhaps that conclusion may be starting to become a little optimistic.



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](http://creativecommons.org/licenses/by-sa/3.0/).