



How much did you drive your first car?

Posted by [Heading Out](#) on May 17, 2005 - 6:11am

Having just come back from a week out of town, I was perusing the hard copy of the past couple of copies of the O&GJ and noted one or two numbers that I am going to put in since they go along with some of the comments we have made.

Up in Alaska [BP has drilled a well](#) in the Orion field that has 5 horizontal (or laterals as they are known) wells feeding out from the initial vertical. The oil bearing rock is some 400 ft thick, but with the laterals the well has an exposure of 26,000 ft to the rock. As a result it is producing at a rate of some 3,000 to 3,500 bd.

In developing the new Central Region oilfield of the [Du'ayban](#) in Saudi Arabia the number 1 well is expected to flow 3,300 bd of a sulfur-free (or sweet) oil. The flow rate is interesting since it is in line with [an earlier post](#) where the discussion was on the drop in Saudi oil production per new well from around 5,500 bd in 1998 on its way down to 2,000 bd. What this signifies is that Aramco will have to drill more wells to get the same increase in production and since they only have a limited number of rigs this will further limit their ability to increase production.

The sulfur-free nature of the oil is good news, since an increasing amount of the oil coming out of the ground has sulfur in it (which is why it is called sour). But there are only a limited number of refineries that can cope with high sulfur content, and these are rapidly reaching capacity. In their recent meeting on Saudi mega projects there were [three refinery projects](#) discussed. However, should you have loose change in your pocket, you might want to note that the new 400,000 bd unit planned is going for the bargain price of between \$4 and \$5 billion. Oh, and it won't be ready for a few years yet, either.

Which is a bit of a pity since US refineries (which have a total capacity of around 17 mbd) are likely to have problems as more of the world's available mix turns sour. Current plans seem more focused on allowing the increasing quantities of sour to be processed abroad, since despite the President's plan for refineries on ex-military bases, it is hard to anticipate these appearing in any time frame that will do any good.

The declining estimate of the world increase in demand for oil this year mentioned yesterday, includes a reduction in the amount that Chinese and Indian demand is expected to grow. The only problem that I have with that is that I can remember when I got my first car, and when my kids got theirs. And do you know what? We sure didn't buy it so that we could just polish it so that it could sit in the front yard and be admired by the neighbors. It would be foolish to think that new car owners anywhere else are any different. And on my last trip to China there were lots of new roads being prepared leading into lots of tourist-type places. (Mind you they are preparing for the 2008 Olympics, but that doesn't preclude the Chinese from visiting there now).

Technorati Tags: [peak oil](#), [oil](#)



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