



A Megaproject list from the Oil and Gas Journal

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Herumph! There I go and take a couple of days to finish a report, and whoops, there is all sort of stuff that I should be posting about. Whether it is the realization that LNG contracts are [going to be needed](#) as the US need will grow from 2 - 10% in the next four years, or a strong urge to explain some of the other aspects of oil sands and oil shale to the current rather one-sided debate (grin). But, before I get to these, in later posts, I would like to draw your attention to the recent listing by the OGJ of their version of the Megaprojects that are going to come on line between now and 2010. For those who have not been following this discussion, if a significant oil production project has not been started yet, then there are logistical reasons why it probably can't be put on line within the next four years. In the past year we have seen [CERA](#) and [Chris Skrebowski](#) both provide their lists, and now we have the latest list from the [Oil and Gas Journal](#).

Unfortunately they did not sort it the same way as Chris did, nor did they do totals, so if there is the odd typo, blame it on having to enter 239 projects into a spreadsheet. So what is the result? Well they are more inclusive, and have broken some of the projects into phases, so that it makes it a little easier to see when the fields impact, in contrast to both the earlier studies. In simple numbers they anticipate 4.671 mbd addition in 2006 (CS had 4.015 mbd); 3.831 mbd in 2007 (CS has 3.756 mbd); 4.643 mbd in 2008 (CS 4.175 mbd); 6.613 mbd in 2009 (CS had 2.64 mbd) and 1.805 mbd in 2010 (CS had 2.610 mbd). However, for the dates that are in 2009 and beyond there are a significant number of projects that say 2009+ or so, meaning that the current schedule could well stretch.

The projects are not all inclusive, at least I hope not, since they have only one new project for Russia, [Prirazlomnoye](#) in 2009+, and they do not give any oil production numbers for [Sakhalin Island](#) at all, but notice who the new player is (our good friend Gazprom, of course). But the OGJ also reaches deeper into the smaller projects, there being one down as small as 5,000 bd for example. To correct my comment the other day on where the Saudi oil will come from in this time frame they have:

Saudi Arabia	2006	2007	2008	2009	2010
Haradh III	300,000				
Abu Hadriya, Fadhili, Khursaniya		500,000			
Khursaniya NGL		300,000			
Nuayyim expansion			100,000		
Shaybah expansion			375,000		
Hawiyah NGL			370,000		
Khurais expansion				1,200,000	
Manifa					450,000

This will cost somewhere on the thick end of \$20 billion, but will very largely produce (other than the Manifa which is heavy) light and extra light oil.

The listing is also useful because it lists the NGL that can be expected from natural gas

production, and where new natural gas production can be anticipated (and again there is nothing new from Russia until Sakhalin 1 comes on stream in 2009).

In regard to new technology they cite increased fracturing of wells in the Piceance basin where, with an average of 45 well fracture zones per well, ExxonMobil have developed a way of accelerating gas production from the wells by a factor of around 3-fold (1 bcf in 500 days as opposed to about 0.3 bcf). The technology won the [Most Innovative Commercial Technology of the Year](#).

The summary comments deal more with the finding of new gas projects including the Great Gorgon in Australia (2 LNG trains), and an expansion of the LNG facility in East Timor. There will be a new LNG facility in Norway at Snohvit. In Kazakhstan they will reinject sour gas at Tengiz to increase oil recovery. There will be a new LNG facility off Equatorial Guinea, while there are three new LNG projects anticipated for Nigeria, although there is a question as to when they will come on line. And Peru is anticipating an LNG plant for their Camisea field.

If we are to put these projects in the same context as earlier discussions relative to the balance of supply and demand then if we are looking at an increase in demand of around 1.2 mbd/year globally, then we had better hope, either that depletion of production from existing wells is less than 4% or that folk keep cranking up that ethanol production (grin).

Interestingly our friends from CERA have just come out with [a report](#) that states that supplies will be tight now through 2007. After earlier claiming that it would not be long before we would be 'swimming in oil' they now state that

Disruptions to supplies of gasoline, diesel fuel, and light products, associated in part with changes in fuel quality standards, will keep oil markets tight and prices high during the next 2 years, Cambridge Energy Research Associates forecast in a report issued June 6.

"Incremental additions to refining capacity over the next 2 years [will] be insufficient to meet new global demand," it predicts.

They also see an increase in refining costs due to a shortage of skilled labor, and construction materials, while they expect midwestern and Middle Eastern refineries to start adapting more to dealing with heavier crudes.

I took the report from the paper version of the OGJ, which also has a section on the oil sands of Canada, and I will include a comment on that in my next post (grin).



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