

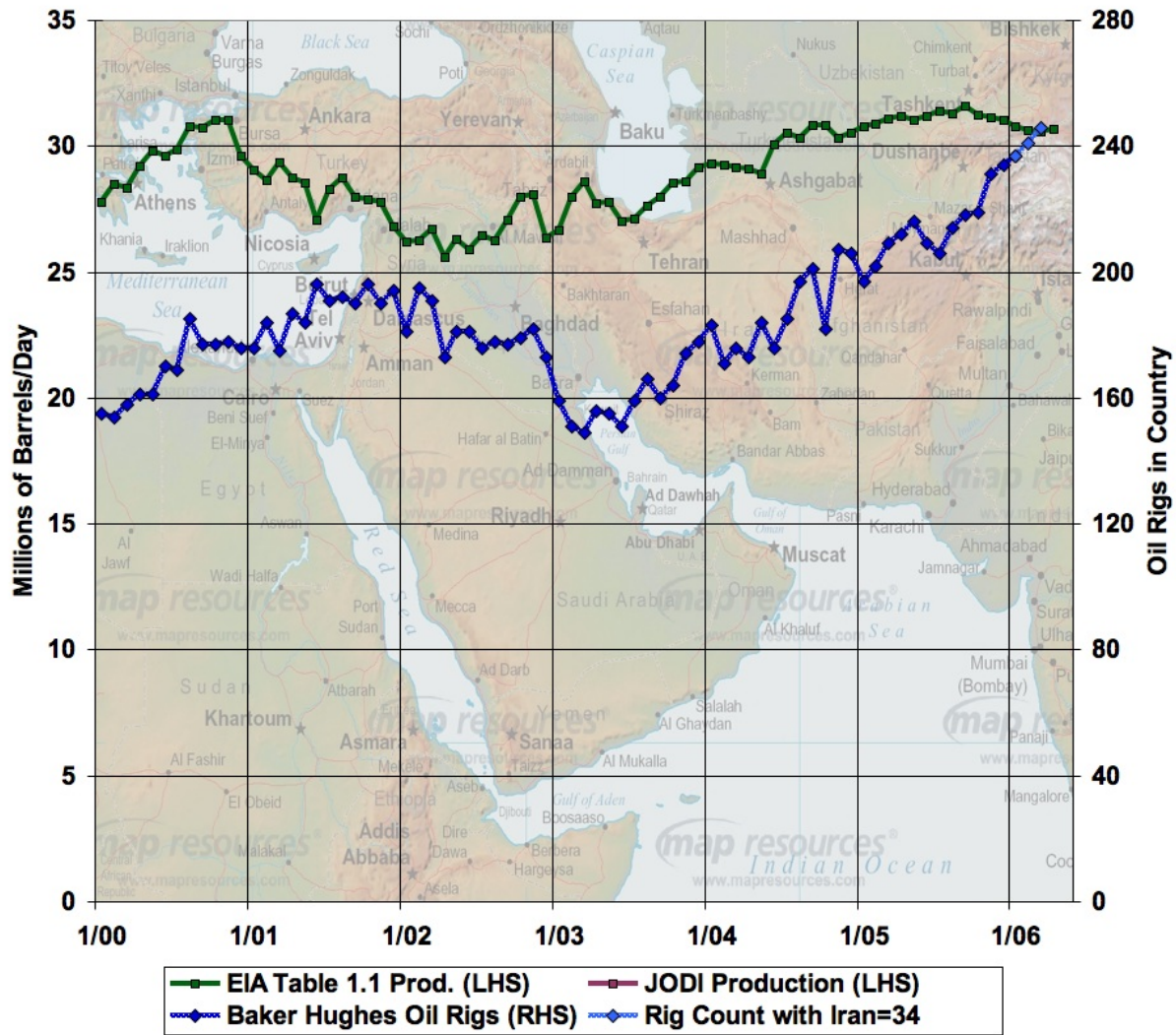


More on OPEC Rig Counts

Posted by [Stuart Staniford](#) on July 5, 2006 - 6:34pm

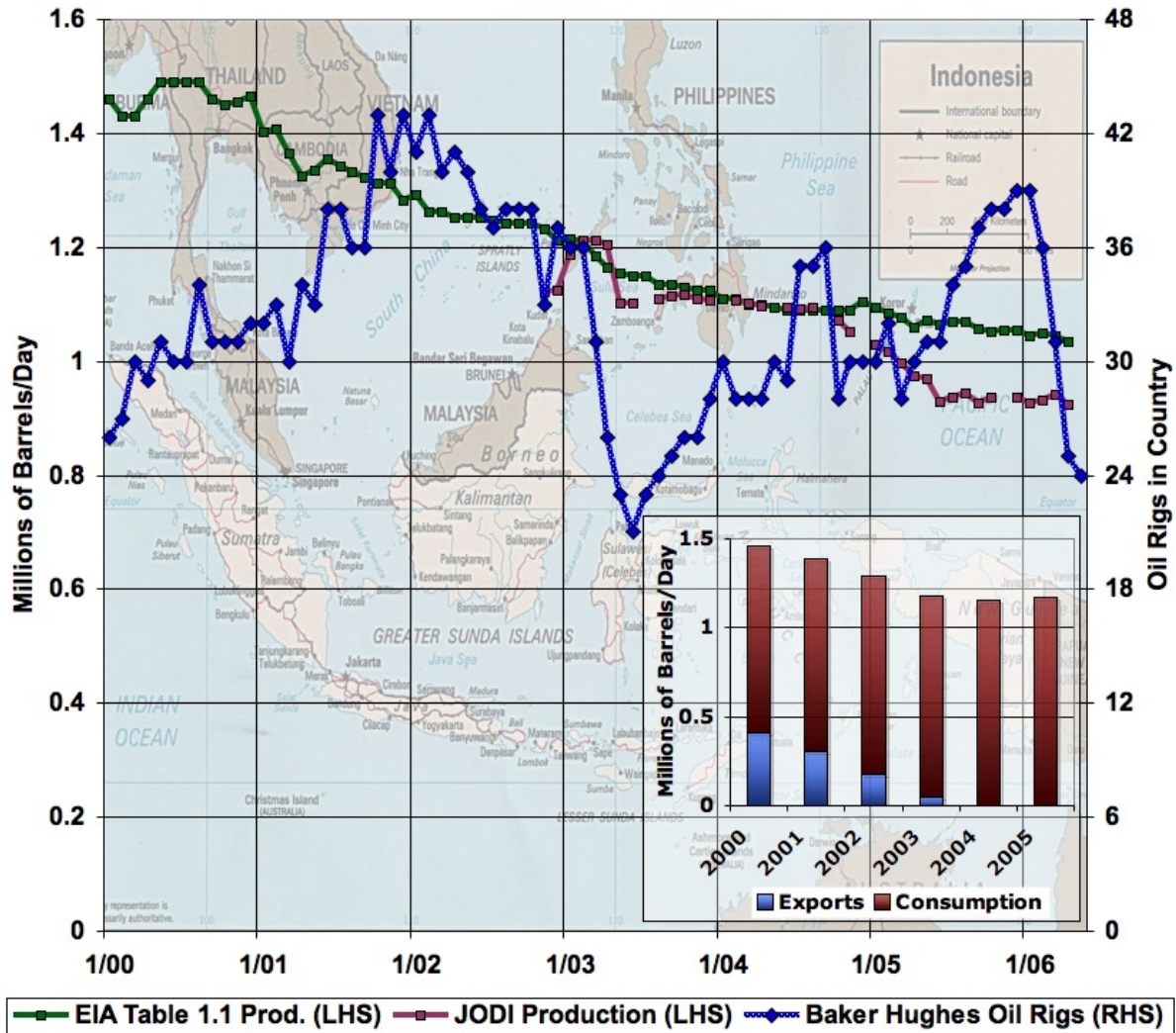
Topic: [Supply/Production](#)

Tags: [peak oil](#), [rig count](#) [[list all tags](#)]



Average daily oil + condensate production for all 11 OPEC countries, by month, from EIA, together with Baker-Hughes oil rig count. January 2000-Mar 2006. Rig counts exclude Libya and Iraq for missing data, and the last three points hold Iranian rig counts at the December 2005 value, as the data are missing. Click to enlarge. Source: [EIA International Petroleum Monthly Table 1.1a](#) and [Baker-Hughes](#).

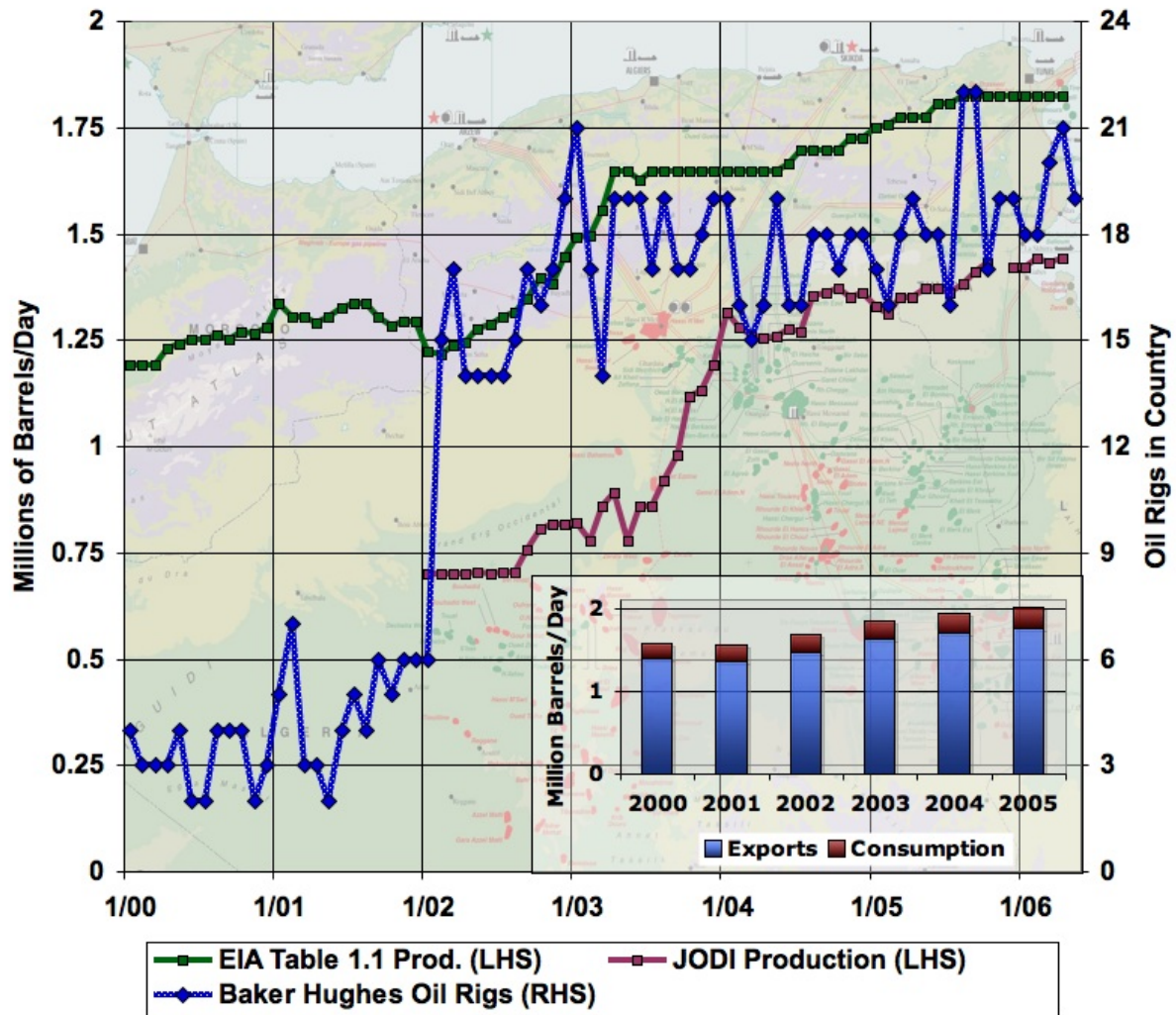
Let me complete the story on OPEC rig counts that I began [yesterday](#). First let's talk about Indonesia.



Average Indonesian daily oil + condensate production, by month, from EIA and JODI, together with Baker-Hughes oil rig count. January 2000-April 2006. Inset graph shows annual oil consumption and exports according to BP (including NGL). Click to enlarge. Source: [EIA International Petroleum Monthly Table 1.1a](#), [Baker-Hughes](#), and [BP](#).

Production in Indonesia has been in decline for some time as the graph shows very clearly. The rig count was increasing in recent years, but that has gone into sharp reverse in 2006 - I don't know why. Perhaps the most important story is told in the inset graph however: Indonesia is no longer an oil exporter and probably never will be again. It's striking that consumption was almost completely unaffected by the declining production (Indonesia subsidizes fuel internally).

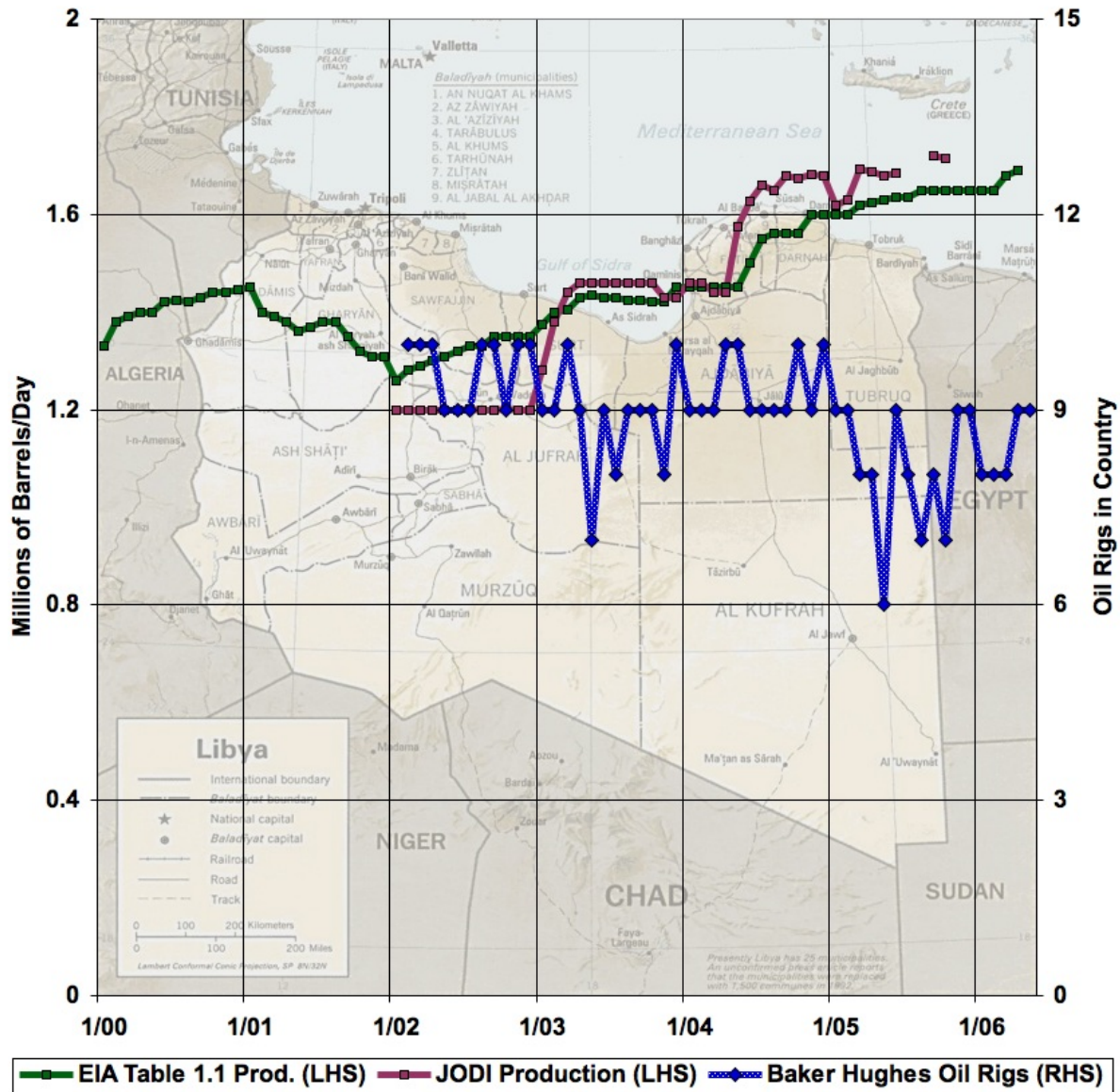
Next is Algeria:



Average Algerian daily oil + condensate production, by month, from EIA and JODI, together with Baker-Hughes oil rig count. January 2000-April 2006. Inset graph shows annual oil consumption and exports according to BP (including NGL). Click to enlarge. Source: [EIA International Petroleum Monthly Table 1.1a](#), [Baker-Hughes](#), and [BP](#).

Algerian rig count jumped sharply at the beginning of 2002, and this led to production increases. The rig count has been mostly fairly flat since, but production is increasing well, confirming that Algeria has fresh new reserves to exploit.

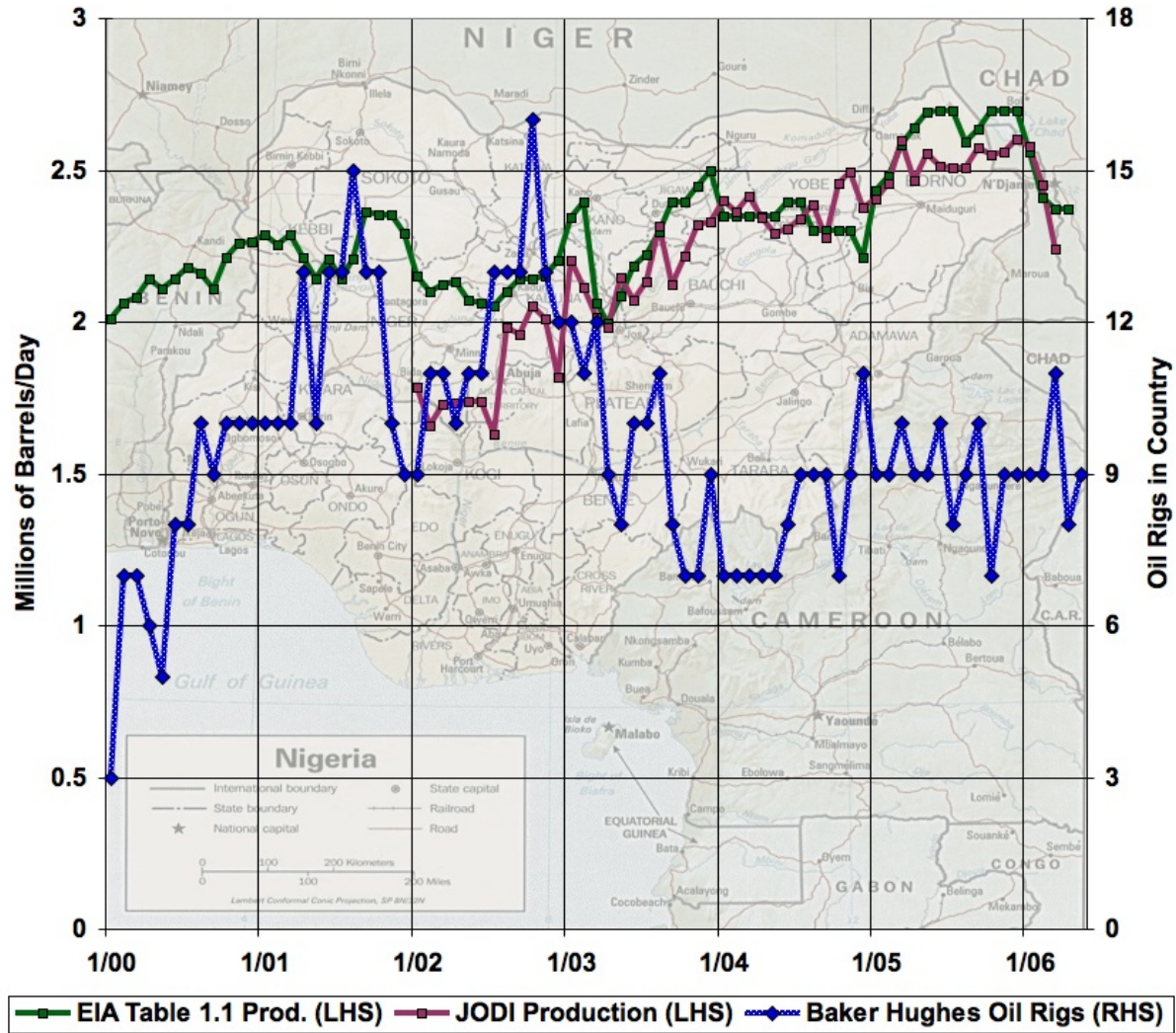
Here's the graph for Libya.



Average Libyan daily oil + condensate production, by month, from EIA and JODI, together with Baker-Hughes oil rig count. January 2000-April 2006, except Baker Hughes data begins in Feb 2002 and JODI data is quite incomplete. Click to enlarge. Source: [EIA International Petroleum Monthly Table 1.1a](#), [Baker-Hughes](#).

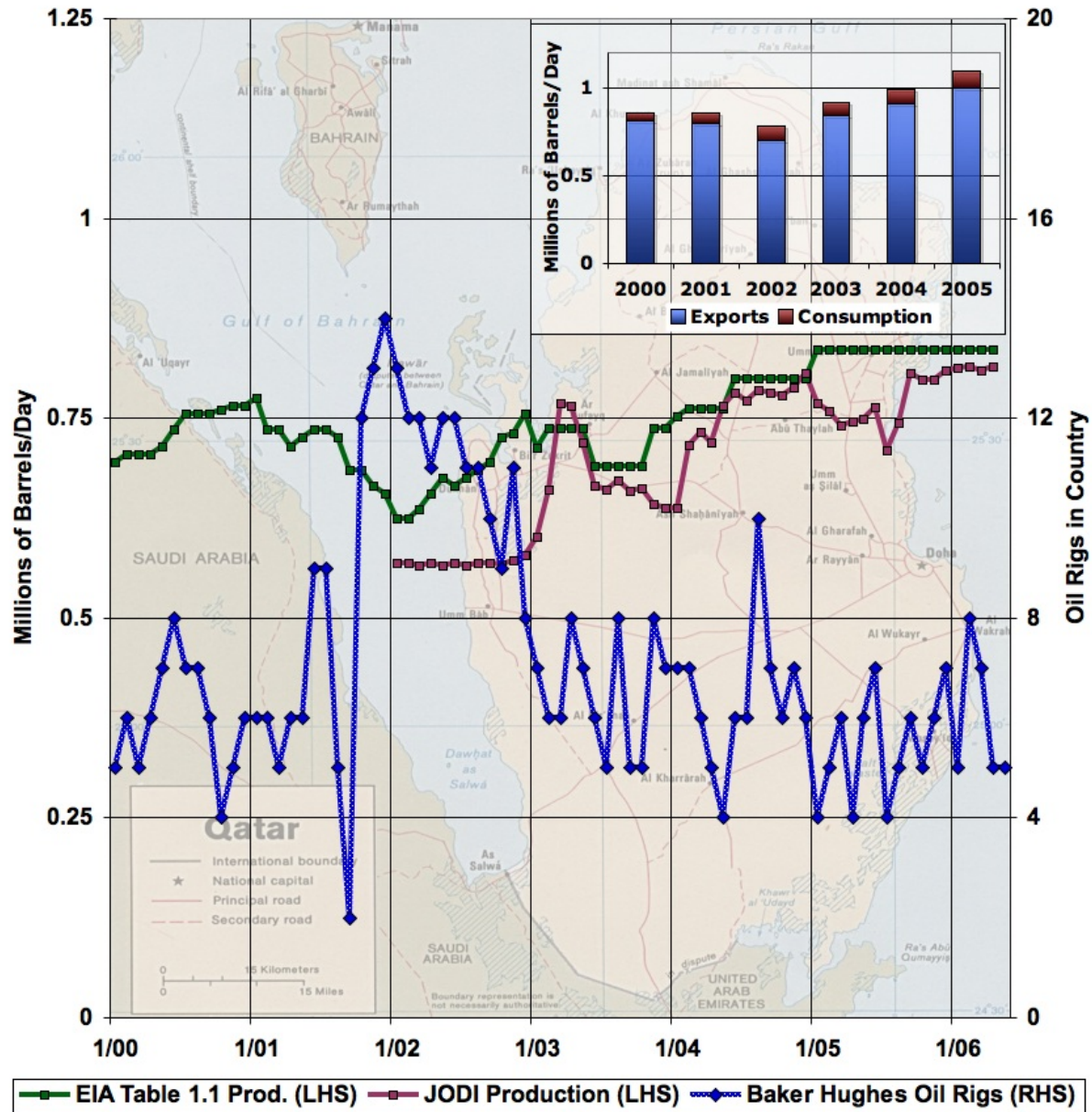
The situation is similar to Algeria: a flat rig count is leading to rising production, suggesting fresh high quality reserves to exploit.

Nigeria is the same story, until the political troubles started to set in this year:



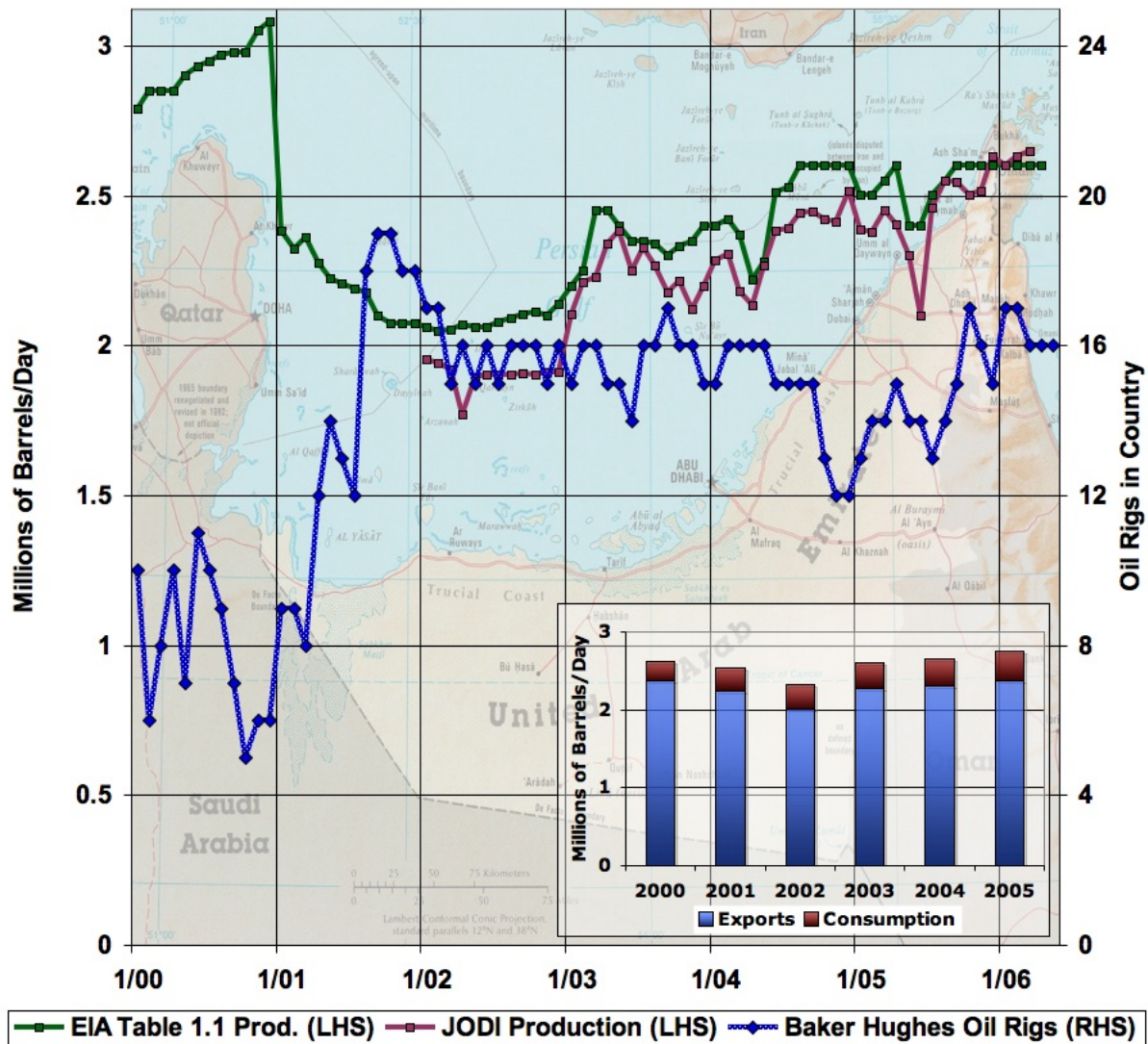
Average Nigerian daily oil + condensate production, by month, from EIA and JODI, together with Baker-Hughes oil rig count. January 2000-April 2006. Click to enlarge. Source: [EIA International Petroleum Monthly Table 1.1a](#), Baker-Hughes.

Here's Qatar: a very small rig count that is not rising, and production has leveled off. Could try harder.



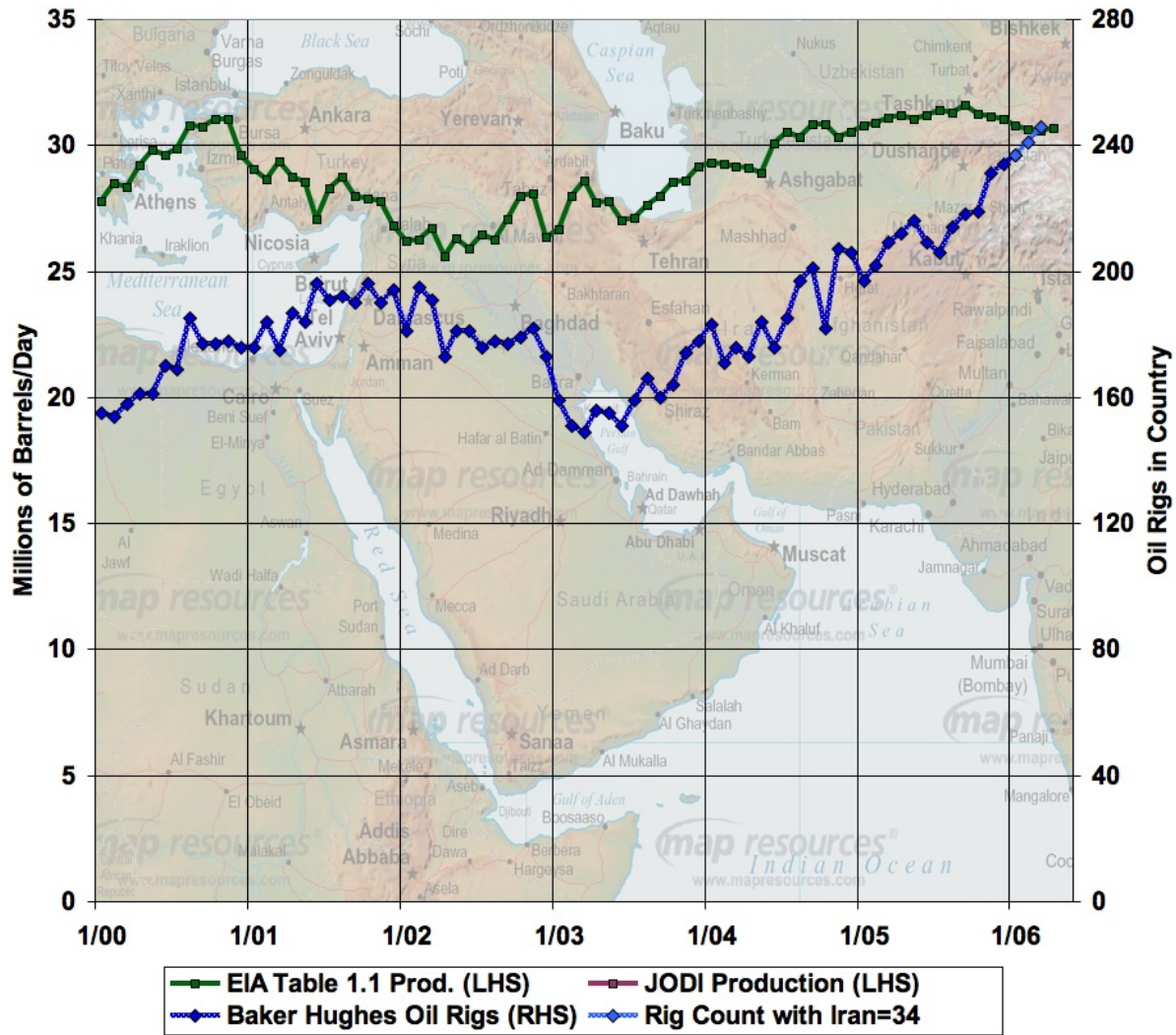
Average Qatari daily oil + condensate production, by month, from EIA and JODI, together with Baker-Hughes oil rig count. January 2000-April 2006. Inset graph shows annual oil consumption and exports according to BP (including NGL). Click to enlarge. Source: [EIA International Petroleum Monthly Table 1.1a](#), [Baker-Hughes](#), and [BP](#).

United Arab Emirates is similar, though both the production level and the rig count are higher.



Average daily oil + condensate production for the United Arab Emirates, by month, from EIA and JODI, together with Baker-Hughes oil rig count. January 2000-April 2006. Inset graph shows annual oil consumption and exports according to BP (including NGL). Click to enlarge. Source: [EIA International Petroleum Monthly Table 1.1a](#), [Baker-Hughes](#), and [BP](#).

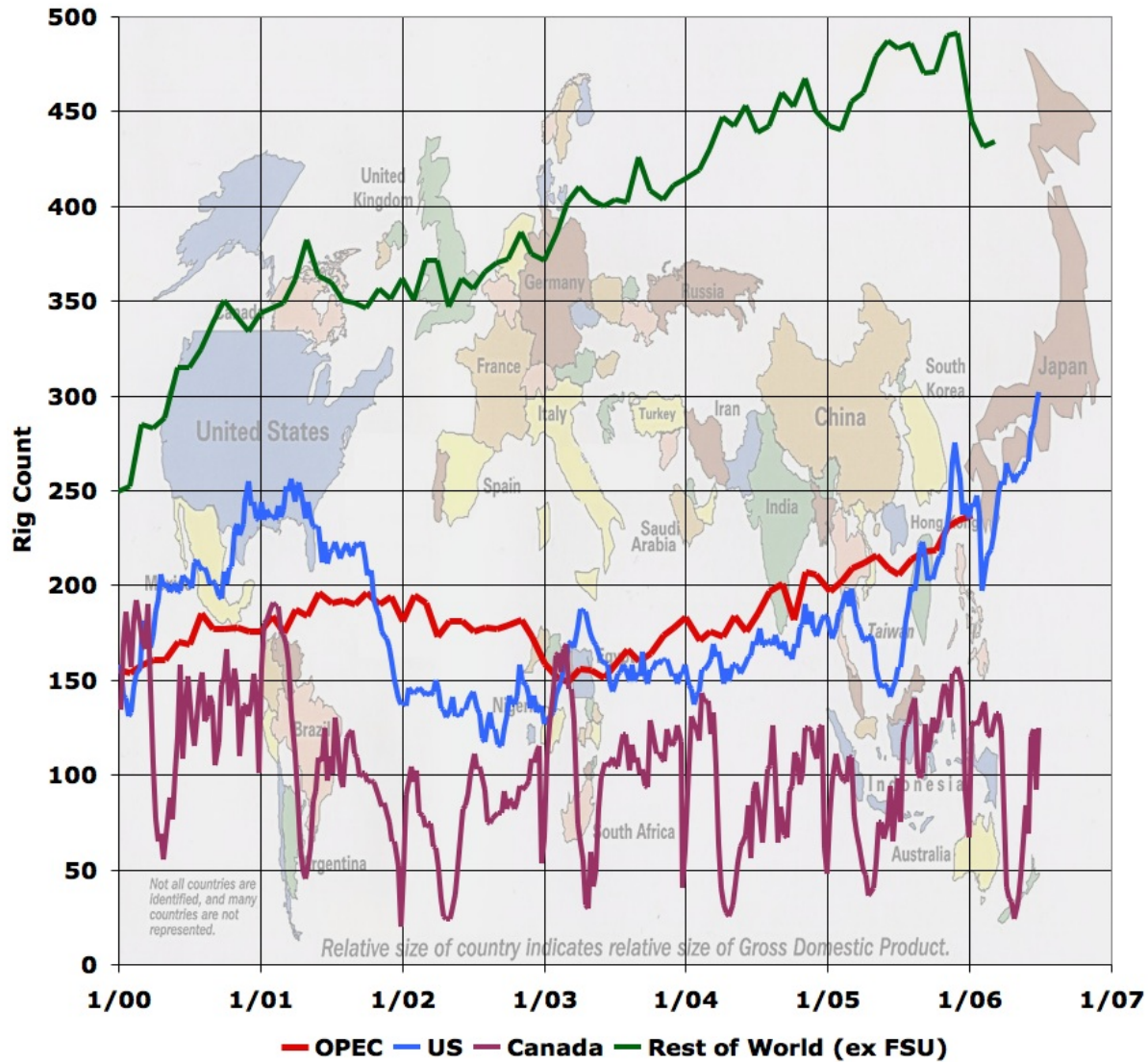
Finally, if we put together all the OPEC countries (excluding Iraqi and Libyan rig counts where there's not enough data, and extrapolate the last few months of Iran), we get this graph:



Average daily oil + condensate production for all 11 OPEC countries, by month, from EIA, together with Baker-Hughes oil rig count. January 2000-Mar 2006. Rig counts exclude Libya and Iraq for missing data, and the last three points hold Iranian rig counts at the December 2005 value, as the data are missing. Click to enlarge. Source: [EIA International Petroleum Monthly Table 1.1a](#) and [Baker-Hughes](#).

On the whole, although some of the smaller countries are not increasing their rig count, this looks like OPEC is generally behaving in a fairly reasonable manner. After the global slowdown that started in 2000, they cut production, and then cut rig count. As the economy started to recover in 2002, they increased production from their spare capacity and then began increasing rig count. Rig count has continued to grow rapidly and steadily, but production has been declining for the last seven or eight months. On the whole, it doesn't seem to me this is very compatible with the "There's plenty of oil but OPEC isn't making an effort" that some anti-peakoilers have been arguing (though you could just about still argue that the Saudis and Iranians are deliberately cutting production to maintain very high prices in the short term while increasing rig count to maintain more capacity in future).

For further context, here's OPEC (in red) contrasted with the US, Canada, and the rest of the world (ex Former Soviet Union which Baker Hughes doesn't seem to track).



Baker-Hughes oil rig counts for OPEC (ex Iraq and Libya), United States, Canada, and the rest of the world (ex-FSU). January 2000-Mar 2006. Source: [Baker-Hughes](#).

OPEC has a relatively small rig count for the large amount of oil they produce (probably because a number of the big Middle Eastern fields have historically had wells with very high flow-rates). However, the growth of OPEC rig counts in response to market events of the last six years seems well within the range of how other players are responding.



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