



## Is a Wall of Oil Heading for the Market?

Posted by [Prof. Goose](#) on August 10, 2006 - 5:12pm

Topic: [Supply/Production](#)

Tags: [chris skrebowski](#), [eia](#), [iea](#), [megaprojects](#) [[list all tags](#)]

**[editor's note, by Super G]** This is a guest post by Cry Wolf.

Those few of you who may have read some of my earlier posts will know that I like technical analysis, but prefer to look at the technical position in conjunction with what is going on in the real world. In particular, [Stuart's excellent plateau posts](#) provide a short-term view of world oil production struggling to rise above 85 million bpd.

What has concerned me was the knowledge that a number of large new oil fields are due on stream during 2006 (and beyond) and I was left wondering how many of those were already on production, and would be included in EIA, IEA data and therefore included in Stuart's charts? And how many have yet to come on stream later this year? Was it possible that a wall of new oil was heading for the market that would see production rising towards 86 or 87 million bpd?

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[Chris Skrebowski's megaprojects database](#) (pdf warning) formed the basis of this research. I have basically trawled company web sites and the internet for status reports on the 29 new 50,000 bpd+ projects that were due on during 2006.

The results fall into three categories:

1. Projects with recent data reporting that they are on stream
2. Projects with recent data indicating that they will be on stream by the end of 2006
3. Projects with no recent or confident data whose status is unknown. These are mainly ME OPEC projects.

So here's the results (the numbering system is from my spreadsheet which is available on request at the email at the bottom of this post):

### **Projects that are on production with indicated max flow rates**

- 1 AOR-E delta, 110,000 bpd new production capacity came on July 06
- 7 Erha, 150,000 bpd, March 06
- 9 In Amenas, 50,000 bpd, May 06
- 13 Azeri-Chirag, 300,000 bpd, June 06
- 14 Albacore Leste, 180,000 bpd, June 06
- 16 Benguela Belize, 110,000 bpd, July 06
- 19 Chinguetti, 75,000 bpd, Feb 06
- 21 Enfield, 100,000 bpd, July 06
- 23 Golfinho, 100,000 bpd, June 06

26 Syncrude ph3, 100,000 bpd, May 06

29 Upper Salym, 60,000 bpd, June 06

30 Yoho, 160,000 bpd, Feb 06\*

12 projects: 1,485,000 bpd new capacity already introduced

\* not on the "Megaprojects" list.

### **Projects not on production yet but with reported probability that production will start 2006**

15 Atlantis, 150,000 bpd, end 06

17 Buzzard, 100,000 bpd, late 06

20 Dalia, 240,000 bpd, no recent news

22 Foster Creek, 115,000 bpd, SAGD tar sand

24 Jubarte, 60,000 bpd, 2H 06

25 Surmont, 100,000 bpd, SAGD tar sand

28 Thunderhorse, 250,000 bpd, ¾ 06

7 projects: 1,015,000 bpd new capacity going to come on

### **Projects with uncertain status**

2 Asab upgrading, 100,000 bpd

3 Bu Hasa, 180,000 bpd

4 Darquain, 105,000 bpd

5 Dolphin, 100,000 bpd

6 EA, 50,000 bpd

8 Ghawar Haradh, 300,000 bpd

10 NEB, 100,000 bpd

11 South Pars 6 & 8, 120,000 bpd

12 South Pars 9 & 10, 250,000 bpd

27 Tengiz, 150,000 bpd

10 projects: 1,455,000 bpd that may or may not be already on production

Note that Cachalote in Brazil is on the Megaprojects list but I can find no reference to it being an actual project for 2006. This is replaced by a large Nigerian Field, Yoho, that is not on the Megaprojects list but which came on in February this year.

Looking at the fields with confident reported data, 12 are on production representing 1,485,000 bpd new production capacity whilst 7 fields are still expected on stream by the end of the year representing 1,015,000 bpd new production capacity. This is split exactly 7:5 indicating that new production has come on stream proportionally throughout the year and is neither biased towards the beginning or the end. It therefore seems reasonable to assume that 2006 production from the 10 projects with no data may be distributed similarly (although some of those such as South Pars 6&8 have been delayed to next year).

The main conclusion to draw from this is that capacity erosion has been balanced by new capacity for the first 5 months reported on Stuart's most recent plateau chart. Equally, it is worth noting that 7 of the projects already on, came on stream during June and July and are not yet included in Stuart's data, these are, however, included in the current oil price. It would not surprise me if we see June and July production creeping up, to be knocked back in August by supply disruption at

There does not seem to be a wall of new oil heading for the market that would substantially alter the emerging production plateau. The main areas of new production are the Caspian, Angola, Brazil and the US GOM. The Tbilisi-Baku-Ceyhan pipeline opened on June 4th and since then 8 consignments of oil from the Azeri-Chirag fields have been lifted at Ceyhan (just up the Med. from Lebanon) representing an average 120,000 bpd. This is projected to build to 1 million bpd over the next three years.

Note that all production data are for maximum capacity that will not yet have been reached in most cases. Production from those fields will build in the months ahead - just as production from fields brought on last year will have been building during the first half of this year.

I have a spreadsheet summarising all this data with links to sources. If you want a copy then mail me at:

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