



Why use a 5-year window?

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Topic: [Supply/Production](#)

In discussing the rate at which projects become productive fields, the discussion has usually just looked at new projects out to 2010. It is illustrative in explaining why this 5-year window is chosen to look at the case of [Cepu](#), an oilfield in Indonesia, to be developed by Exxon Mobil. In terms of a help toward future supply this block holds some promise.

Jakarta estimates Cepu block on Java island could hold more than 500 million barrels of oil and could boost Indonesia's production by as much as 180,000 barrel-per-day (bpd) -- equivalent to about 19 percent of the country's current output.

But the story notes that it has taken four years to get this far - to the signing of a development contract, and that oil may begin to flow by 2008. With a normal ramp up in production, one might therefore anticipate that the field would be unlikely to be in full production before 2010. It is because there are many examples of this type, where both negotiation and development times are significant, that it is likely overly optimistic to look much beyond the currently planned projects to anticipate supply capabilities up to 2010.

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