



Debating to the numbers (or more on Saudi production)

Posted by [Heading Out](#) on September 28, 2005 - 11:30pm

Topic: [Supply/Production](#)

Well not that I am being awkward you understand, but what [Bloomberg](#) quotes the Saudi Oil Minister as saying is

Saudi Arabia, the world's largest oil producer, will 'soon' almost double its proven reserve base, adding 200 billion barrels to the current estimate of 264 billion, said the nation's oil minister, Ali al-Naimi.

And in that regard I thought I would post the numbers from IHS that Jean Laherrerre cited on page 25 of his presentation at the ASPO in Lisbon this summer. (available [here](#)) (Site corrected - thanks Stuart).

Table from Jean Laherrerre at Lisbon ASPO (p25)

Field	Discovered	IHS	IHS	Recovery	Recovery
		2004	2005	Factor	Factor
		Gb	Gb	2004	2005
Ghawar	1948	122	147	60%	70%
Safaniya	1951	35	55	54%	69%
Shaybah	1968	15	22	68%	70%
Manifa	1957	17	23	52%	70%
Abqaiq	1940	22	19	72%	60%
Zuluf	1965	14	20	43%	62%
Berri	1964	13	18	40%	59%
Khurais	1957	9	17	24%	47%
Marjan	1967	4	10	35%	67%
Qatif	1945	9	10	45%	50%
Abu Sa'fah	1963	8	8	52%	52%
Khursaniyah	1956	4	4	55%	55%
Total (above 12)		272	353		
Total all fields		314	395		

It should be noted that IHS, I believe, owns CERA. Further that, as is noted in the article, the gain in reserves comes from a change in Recovery Factor, and, while I have commented on this table before, I did not give the entire list. This time I have only included the IHS numbers, since they are most relevant to the discussion.

For those who are relatively new to the site, I should also mention, relative to remarks that "World Production will decline when Ghawar peaks" that Ghawar peaked a number of [years ago](#) (at over 6 mbd). Back in [May](#) we pointed to this [Al Jazeera article](#) which indicated that Aramco was increasing its drilling rate. (At the time I missed that they were putting Abu Sa'fah and Qatif production at 600,000 bd, it has a current target of around 650,000 bd and was supposed - when installed - to be producing 800,000 bd by now).

The remarks yesterday about additional production having to be produced relatively rapidly

were related to thinking that Saudi Arabia might be joining Canada, Venezuela and others in counting "tar sands" as potential reserves, since there is that tar mat on the Eastern edge of Ghawar that Matt Simmons writes about on pages 173 - 175 of his book. (It also appears in some of his slide presentations).

My point yesterday was that despite potential changes in overall reserve numbers for the next few years Saudi production is pretty much tied to current projections of performance, because of the lead times involved. Borrowing rigs to do more drilling in existing production fields, or to do more detailed exploration in their offshore fields, indicates how much they are willing to commit to trying to make even those targets. Since those numbers are now used by most in reviewing the levels of achievable production in the short term, nothing has changed. At least nothing for the better.

The difficulties in getting the metal for rig production, and the limited number of folk that can make to the technical requirements that Aramco must have to create their more sophisticated wells will also play a role in probably slowing the rate at which they can bring their new rigs on line.

UPDATED however, thanks to Leanan who cites [this article](#) apparently the first of the rigs has already arrived and it is planned that it be used to drill new prospects rather than existing fields.

"The Karan-6 location is actually one of the shallower prospects," said Mulaik. "Several of the locations will require more than 6,000 m of drilling. However, the Ensco 76 can drill up to 9,000 m." A second exploration rig will join the Ensco 76 during 2006 in drilling deep exploration prospects in the Gulf. The two rigs will drill 11 prospects scattered through Saudi territorial waters. The entire project will last from five to six years. This reflects a substantial investment by Saudi Aramco to discover new gas fields.

However it should also be noted that these rigs are being used to look for new gas fields, rather than new oilfields. It does however note that an old rig has been refurbished and

SAR-102 is now back in action, drilling and working over oil wells in the Ghawar field and helping Saudi Aramco meet global energy demands.

In talking about Ghawar the Minister said

Saudi Oil Minister Ali al Naimi who said production would increase by April 2006 and that the field had yet to reach its peak capacity. Saudi Arabia had planned to increase its crude output to 12.5 million barrels per day by 2009 but, according to Nawaf Obaid, managing director of the Saudi National Security Assessment Project, a government consultancy firm, "due to higher spending and soaring oil prices, the target will be met by mid 2008."

Well the article mentions that the Aramco drilling rigs will now be increased to a total of 110, which is 20 more than the last number we quoted, earlier this summer. And that, in itself, sends a message. The realisation that Rita did serious damage is now getting [more coverage](#) but unfortunately at a time when other political events are starting to grab the attention of the MSM, and thus the public. It may well be that this will make the next step up in prices that much more of a shock when it arrives.



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