



## It would be nice, but . . . . .

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There is an interesting article in the newsletter at [Energy Central](#) this week, which states that the Russian Government is looking at increasing oil production to 11 mbd. One of the areas of interest is in Western Siberia, where the company Siberian Energy Group is going to start drilling in new areas within [the near future](#). They are claiming that the area used to be a military reserve, if I understand the situation, and thus it is a relatively untapped area that they hope will be productive. They will also be bringing in Western technology to help with production and exploration. At the same time there is an article in [Rigzone](#) today which also indicates that Russia is now looking to the West.

Russian Industry and Energy Minister Viktor Khristenko said Monday he would like to see both U.S. energy majors Chevron Corp. and ConocoPhillips in the consortium to develop a huge offshore natural gas field in the Barents Sea.

Both companies - along with Norway's Norsk Hydro ASA, Norway's Statoil ASA and France's Total SA - are on a shortlist to develop OAO Gazprom's Shtokman field.

Given that the majors are running out of good investment opportunities elsewhere and that the need for oil supplies at an ever increasing price is becoming obvious, one can see that the opportunities that this is bringing is loosening investment restrictions in a number of places, Russia being only one.

Well a quick check with the Megaprojects list we mentioned [earlier](#) gives only 5 fields between now and 2010 that will collectively by then only yield about 1 - 1.5 mbd. These are Prirazlomnoye (Russia Siberia) 155,000 now, 610,000 in 2010; Sakhalin I (Russian Far East) 250,000 in 2006; Sakhalin 2 (Russian Far East) 120,000 in 2007; Vankorskoye (Russia Siberia) 216,000 by 2010; and Uvatskoye (Russia Siberia) 200,000.

Well it would be nice to see that extra production from Russia, but it must be remembered that Russia is much like the United States in that a lot of the oil has now been developed and produced, and it has to be considered a set of very mature fields. As such many of the larger fields are in terminal depletion ([Romashkino](#) and [Samotlor](#) coming immediately to mind). Without finding another one of those - the odds on which are miniscule, and the time line for development of which would likely be at least 7 years - it does not seem likely that the Russian government will be able to meet the new targets. Further, since many of the Russian fields use concurrent water flood with primary production, this led to the high depletion rates for both of the above fields, once they reached peak production. This, in turn, would suggest that the new developments that Chris Skrebowski has listed will, if anything only partially mitigate what will potentially be



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