The Oil Drum
DISCUSSIONS ABOUT ENERGY AND OUR FUTURE

A new data base appears

Posted by Heading Out on November 18, 2005 - 1:18am
Topic: Supply/Production
Tags: drilling rigs, joint oil data initiative, peak oil, statistics [list all tags]

What is, in blogistan, I imagine a long time ago(last May not long after we started this site) I commented on the apparent good news that the International Energy Forum had a Joint Oil Data Initiative (JODI) which would provide more transparent reporting of oil market data. Since then there have been some complaints about the quality of the data that was being furbished, but I see that Platts is now carrying a story that the database will go live this weekend.

> At least 15 oil and gas ministers from major producing and consuming nations will be present for the inauguration of the IEF's permanent home by King Abdullah bin Abdulaziz, who offered in 2000 to create a permanent IEF secretariat and base it in Riyadh.
>
> The launch of data under JODI will mark a major development in relations between producers and consumers while going a long way towards easing fears by consuming nations about the reliability of reserves data, particularly in Saudi Arabia, home to a quarter of the world's crude oil reserves.

Well it will be interesting to see what exactly is new about the data that will be made available. Bear in mind that there are really two issues that should be addressed in such a data base, the first being the exact nature and size of the reserves, on an individual field basis; and second the actual production rates from those individual fields.

It is the latter point that concerns me more than the former, although there are a lot of concerns about that too. The reason for this goes back to the presentation that first got Matt Simmons into a discussion with Saudi Arabia about their situation. And he returned to it last week in his comments in Denver.

If one goes to the OPEC Annual Statistical Bulletins one can find that over the past decade, that the typical Saudi oil rig has apparently drilled an average of around 10 wells a year. Matt Simmons found this number to be high, and when he was discussing his visit to Saudi Arabia in his talk, last week, he mentioned that he had found that the number was actually closer to 5.

Further he had earlier commented that the average production produced by each new well was falling, year by year. It is a theme I have followed, and in earlier posts you may have noticed that I keep coming back to it, like a sore tooth.

The reason for the return is that over time his evaluation is proving out, and the oil per well data is showing a decline. This cannot be news to Aramco, since while sustaining a growth rate over the next few years they had originally not anticipated much in the way of growth of their rig fleet, but now are trying to expand it from 40, to 70 to 90 to (and I think this is the latest figure) 110 rigs. This at a time when such rigs are becoming harder to get (remember the Chinese rigs in Colorado). This sensibly underwrites the argument that was made in Denver.

Now the problem is not just restricted to Aramco. In many countries (including this one) as the big fields run out we have to have much more drilling, and more rigs, that still produce less oil at the end of the year. (The discussion on this in comments on Stuart's last post are well worth reading and very informative). At the same time the number of rigs that can create the more productive horizontal wells are, again as we learned last week from Charlie Brister only 200 out of the 1400 that are actively drilling away. Since it is these that not only get the oil out faster, but which also give concerns since they lead to the higher (plus 12%) rates of decline, I am not sure whether that is a good or bad statistic. On the other hand, as Rigzone notes if one spends a record amount, as they have done in Canada, one might on occasion be able to find as much new oil as is produced.

Which brings me back to JODI. And being technologically challenged, it has only just dawned on me that I should Google to find the site. And alas it has not all our hopes within it, but perhaps it might provide some information on project start and success rates. Nice to feed into the tables of new field production and all . . .

> * Seven products : Crude Oil, LPG, Gasoline, Kerosene, Diesel Oil, Fuel Oil and Total Oil,
> * Four flows : Production, Demand, Closing Stock Levels and Changes.
> * Data are available in three different units : barrels, tons and litres
> * For 92 participating countries
> * Monthly data from January 2002 to one month old.