

Russia says oil reserves repletion lags production

Reuters, 2004, Tuesday April 6, 7:35 am ET

MOSCOW, April 6 (Reuters) - Russia is not renewing its oil reserves quickly enough to compensate for booming production and could therefore lack enough resources to sustain current output levels after 2010, the government said on Tuesday.

The Natural Resources Ministry said in a statement Russian oil firms discovered a total of 240 million tonnes of new oil reserves last year, when they produced 421 million tonnes. In 2002, output stood at 380 million tonnes, while only 254 million tonnes of new reserves were discovered.

"Oil reserves are sufficient for the planned oil output until 2010 on the basis of analysis of the firms' project documentation. But starting from 2010 and especially after 2010 (the country) might lack proven reserves," the statement said.

The ministry said exploration should be done in Eastern Siberia, in the Far East and on the Arctic shelf to compensate for the drop in reserves in Western Siberia, Russia's current core production region.

Russia's oil production is booming for the fifth straight year and the world's second largest oil exporter wants to boost output to at least 10-12 million barrels per day by the end of this decade from nine million bpd now. The country's energy strategy also forecasts a steady output throughout the next decade. Total oil reserves are a state secret in Russia.

BP's statistical energy review rates them seventh largest in the world and puts them at 60 billion barrels. BP says it relies only on the state's statistics.

Many industry analysts say, however, that by adding up reserves of top private firms, which disclose reserves every year, the country's total figure will rise above 100 billion barrels to stand between Saudi Arabia and Iraq, the holders of the world's largest and second largest reserves. Almost all western majors, including BP, are hunting for crude reserves in Russia to bolster declining stocks in the rest of the world.

Royal Dutch/Shell, which recently sent shockwaves through the investment community by downgrading its own reserves estimate, is building a terminal to export Liquefied Natural Gas from Russia's Far East.