
Proven oil reserves of OPEC go up to 1.02 trillion barrels

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Menafn reported that oil is found in the minds of men, energy fraternity is often found boasting about. It continues to be the case even today. Global oil scene does is not that bleak, as is being painted by some. Pundits are now coming round the assertion that there is enough oil beneath the surface to keep this crude driven civilization going. The issue is taking it out of ground and overcoming the impediments in the process.

Saudi Arabia is rightly referred to as the global gas station indeed not without reason. Eyes remain focused on Saudi Arabia for it provides insight into the future direction of the industry. In recent weeks the Saudi crude production capacity as per the earlier pronouncements and despite skepticism of some touched the 12 million barrels per day mark. This was achieved by carrying out developments at 3 of its oil fields and extends Saudi spare capacity to almost 4 million barrels per day. Indeed this was done at a cost but indeed should go a long way in soothing the nerves of the otherwise jittery market.

In the meantime, it is also a known that Saudi Aramco wants to improve its oil recovery rate to 70% from 50% over the next 20 years by focusing on enhanced oil recovery techniques and other new technologies.

Aramco is endeavoring to expand its resources from 742 billion barrels to 900 billion barrels to address the world's future energy needs.

Mr Amin H Nasser senior VP exploration and production of Aramco said that "In the most optimistic scenario, world oil demand is placed at 125 million barrels per day and this would require 15 million barrels per day to 40 million barrels per day of additional capacity and compensation for declining fields."

Mr Nasser said that Aramco has also been particularly successful in its water cut: For example, the Abqaiq Arab-D reservoir, which produces 300,000 barrels per day, has a water cut of 35%. Oil recovery from the field is expected to increase to 70%. Ghawar's water cut is 28% and it produces 5 million barrels per day of oil. He said that "Horizontal wells and equalizers to reduce the pressure draw down helped with the water cut. We previously had horizontal wells and people are now talking about SMART equalizers. It's expensive up front but good over the long term."

The OPEC Annual Statistical Bulletin for 2008 released recently now claims that proven oil reserves of the group has gone up by more than 75 billion barrels in 2007 to reach 1.02 trillion barrels in 2008. The main source of the increase is Venezuela increasing its reserves to 172 billion barrels, a rise of about 73 billion barrels over 2007.

The ASB said that this makes Venezuela the second largest crude holder within the OPEC after Saudi Arabia. And with some minor adjustments in the reserves of the rest of the world, the OPEC's share of world oil reserves after this adjustment is seen going up to over 79%. Indeed the development could be unsettling for some, one has to concede.

The increase in Venezuela's reserves in recent years has been very sharp from the 76 billion barrels in 2003, as the country now adopts the policy of adding non conventional heavy oil deposits to its conventional oil reserves.

And interestingly, if a similar practice is adopted by the US and Canada, the reserves picture in the world would alter completely. However, the world still lacks an agreed way of assessing a country's reserves independently and therefore, reports like the ASB take whatever a country claims to be its reserves, one needs to point out.

On the other hand the BP Statistical Review still considers Venezuela reserves at 99 billion barrels. There is indeed no doubt that the oil is there and not every one contests that and in fact Venezuela has much more of that heavy oil in its Orinoco belt, yet indeed the question remains if this heavy oil is extractable economically at current conditions of price and technology.

Venezuela claims that at "USD 50 per barrel, a portion of the Orinoco tar sands becomes commercially viable; enough to bring the country's proven reserves up to 312 billion barrels".

In the meantime, contrary to popular wisdom, the US too has huge oil and natural gas resources. The outer continental shelf may contain much natural gas and 86 billion barrels of oil, about 4 times today's "proven" US reserves. The US Geological Survey recently estimated that the Bakken Formation in North Dakota and Montana may hold 3.65 billion barrels. And there's upward of 2 trillion barrels of oil shale, concentrated in Colorado. If only 800 billion barrels were recoverable, that's triple Saudi Arabia's proven reserves. And good news seems to be emanating from next door Iraq too. In the recent bidding

round, BP was awarded Rumaila, Iraq's flagship field. If BP hits its targets, it will nearly double Iraq's production to 4 million barrels per day range, over the next 7 years, some are now starting to say. Another aspect of the recent round was the top production targets bid by the international oil community on the 6 Iraqi oil fields on offer adding up to 8.2 million barrels per day.

(Sourced from Menafn)

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