

Extraction Investment Slowing

By [The Moscow Times](#)

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Investment in oil and natural gas production in Russia will rise slower than the global rate, industry consultant Wood Mackenzie said Thursday.

“Current plans suggest that spending will not return to 2008 levels until towards the end of the decade,” the consultant said about Russia and Canada in a report.

Globally, oil and gas companies could return to their pre-crisis spending levels by 2012, the report said. They are expected to raise investment in production projects by 5.3 percent to more than \$380 billion this year.

The increase is partly driven by expenditures on drilling for shale gas in the United States and new projects in Australia and Iraq, Wood MacKenzie said.

“Confidence has returned to many regions and sectors of the industry, although the effect is far from consistent across the world,” the report said.

Russia and Canada, two of the world's largest producers, experienced a “modest recovery” this year after they were “most deeply affected by the global crisis” last year, the consultant said. Upstream spending in these countries declined by about one-third through 2009, it said.

The global upturn in investment — meaning that many plans have been restored or expanded — reveals expectations that demand and commodity prices will remain relatively robust over the longer term, the report said.

“The economic crisis of late 2008 shook the foundations of the global upstream business,” it said. “Now, just one year on, the industry has proven remarkably resilient.”

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