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Total Sees Promise in Arctic and Caspian

By The Moscow Times

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Total is seeking to boost output in Russia more than 30-fold within a decade, as the French producer develops Arctic projects.

Total plans to produce between 300,000 to 400,000 barrels of oil equivalent a day by 2020, Pierre Nerguararian, head of Total E&P Russie, said in a presentation in Moscow on Friday.

Europe's third-biggest oil producer is working on five exploration and production projects with Russian partners and holds about 12 percent in Novatek under an agreement signed last month at a ceremony attended by Prime Minister Vladimir Putin.

Total's output in Russia is now limited to its 40 percent share of the Kharyaga project, which is being developed under a production-sharing agreement. The field, located in harsh conditions above the Arctic Circle, produces about 30,000 barrels of crude with a high paraffin and sulfur content a year.

Total and its Kharyaga partners — Statoil, Zarubezhneft and the local Nenets Oil Company — plan to keep output at that plateau level "for as long as possible," Nerguararian said.

The government approved a budget of $591 million for Kharyaga this year, up from $416 million in 2010. The state has received more than $1 billion in revenue from the project. Production will be at about the same level this year as in 2010, according to Total's presentation.

Total also aims to produce natural gas at the Gazprom-led Shtokman project in the Barents Sea and Novatek's Yamal LNG project, the executive said. The French company holds 25 percent of the Shtokman operating company, and agreed last month to buy a 20 percent stake of Yamal LNG.

Novatek and Total are also working together at the Termokarstovoye field, which may hold more than 47 billion cubic meters of gas and 10 million metric tons of condensate.
An appraisal well drilled at the field last year confirmed the reserves, Nerguararian said.

Total is a partner in the Khvalynskoye field, operated by LUKoil, on the Russia-Kazakh border in the Caspian Sea. The partners aim to develop the project under a production-sharing agreement, Nerguararian said.

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