

By 2017 U.S. Could Overtake Russia for Gas Output

By [The Moscow Times](#)

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Riding the momentum of the shale gas boom, the U.S. could soon overtake Russia as the world's top natural gas producer. Above, an LNG tanker transporting gas off the coast of Sakhalin Island. **Denis Grishkin**

KUALA LUMPUR – A surge in unconventional supplies will see the United States overtake Russia as the world's biggest natural gas producer in 2017, but it will still need imports to feed a voracious appetite, the International Energy Agency, or IEA, said on Tuesday.

A rapid rise in production of shale gas and oil trapped in difficult reservoirs has revolutionized the industry of the world's top fuel consumer, turning it from the biggest gas importer to a potential exporter and reducing its dependency on expensive crude shipments.

Despite low gas prices that have slowed the pace of drilling somewhat, the momentum of the shale gas boom led to the United States adding production equivalent to half the annual shipments of top liquefied natural gas exporter Qatar in 2011, and it could soon overtake

Russia as top producer.

"The United States is forecast to be one of the largest sources of incremental supply to 2017, where gas production continues to boom despite a difficult gas pricing environment... putting the United States slightly ahead of Russia," the IEA said in a report issued on Tuesday.

The IEA expects total U.S. gas production to rise from 653 billion cubic meters, or bcm, in 2011 to 769 bcm in 2017, while Russian gas output is expected to rise from 659 bcm last year to 757 bcm over the same period.

But U.S. demand is also expected to surge from 690 bcm last year to 779 bcm in 2017, as a slump in prices over the last few years encourages U.S. industry to use more.

"The continued boom in unconventional gas in the United States may even herald the end of the 100-year dominance of coal in U.S. power generation," said the agency, which advises 28 industrialized countries on energy policy.

Gas could displace coal as the leading fuel source for U.S. power stations by 2017, it said.

Abundant and cheap gas will be a blessing for many energy-intensive industries in North America but could be a curse on their European competitors, the IEA said.

"The [European] industrial sector struggles amid prices three to four times higher than in the United States, which becomes a new competitor for European-based petrochemical and fertilizer industries," the IEA said.

"Unlike their U.S. counterparts, European industrial sectors will not see any benefits of lower gas prices induced by shale gas developments."

Over the five-year period covered in the report, China's demand will double to 273 bcm, up from 130 bcm in 2011. That will make China the world's third-largest gas user behind the United States and Russia, the IEA said.

Ukraine is offering two natural gas exploration and extraction licenses to reduce its dependence on Russian imports and help unfreeze an international bailout, Energy and Coal Industry Minister Yuriy Boyko said, Bloomberg reported.

"Priority number one is to increase domestic production," Boyko said in a June 1 interview in Washington.

Ukraine is offering licenses for the Skifska and Foros fields on the Black Sea shelf, the government said in its official gazette, Uryadovyi Kurier, on June 2. Shell and Chevron won extraction rights last month. The companies are expected to sign production-sharing agreements that will give the government more than 30 percent of output, Environment Minister Eduard Stavytskyi said May 16.

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