

Security Costs Rising for Oil Projects

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Oil industry executives believe that investment in some new projects may slow, particularly in North Africa, following the recent siege at an Algerian gas plant and a 2012 cyberattack on Saudi oil computers.

"Our industry is traditionally linked to political risks, but [the Algerian] events will lead to a major review of security spending," said Andrei Kuzayev, who heads overseas operations at LUKoil.

This would inevitably mean a big increase in costs, he said. Kuzayev said security usually accounts for 1 to 3 percent of a project's overall costs.

Kuzayev cited Egypt, where an uprising took place in 2011, as an example of rising costs.

"We had to evacuate people from Egypt three times during the revolution," he said.

"Basically, the main take here is that you cannot relax even for a second."

(Reuters)

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