

Total Sees Russia as Biggest Source of its Oil Output by 2020

By [The Moscow Times](#)

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PARIS — France's Total expects the biggest share of its oil and gas output to come from Russia by 2020 and plans to stay there for the long haul despite recent tensions with the West over Ukraine, a top executive said.

Total executives said they expected its production in Russia to soar to 400,000 barrels of oil equivalent per day, or boe/d, by around 2020, almost doubling from 207,000 boe/d last year, thanks to its partnership with Russia's Novatek and their giant Yamal LNG project in Siberia.

Its Russian operations would therefore overtake those in Norway and Nigeria, which have been vying for the top position in its production portfolio in the past few years but have struggled to keep output rising at mature oil fields.

"Russia is a country that has large resources, oil and gas, conventional and nonconventional. We have good partnerships," Michael Borrell, Total's exploration and production chief

for continental Europe and Central Asia, told reporters on the sidelines of an oil conference on Wednesday.

"Of course we look at the risk associated with what we are doing, but long term we are in the right position," he said.

Total made a final investment decision last December on the \$27 billion Yamal liquefied natural gas, or LNG, project, which is slated to start production in 2016 and ship 16.5 million tons in 2018. It holds 20 percent in the joint venture.

The project, operated by Novatek, fits well with Moscow's more aggressive push to sell oil eastward, since the U.S. and European Union have imposed trade sanctions as a result of the Ukraine crisis and Russia's annexation of Crimea last month.

Instead of sending gas by pipeline to long-standing EU customers, Russia aims to ship LNG from the Yamal peninsula by sea largely to Asian buyers such as China, which has avoided confrontation with Moscow over the Ukraine crisis.

For Total, healthy production prospects in Russia are welcome while delays and cost overruns at the giant Kashagan field further south in Kazakhstan have made its production targets of 2.6 million boe/d in 2015 and 3 million in 2017 look shakier.

Borrell was asked if the failure to produce at Kashagan, in which Total holds a 16.9 percent stake, could push the company to revise its production targets.

"If it was in our previous numbers, then yes, there may be a revision," he said, although he later affirmed the group's 3 million boe/d objective.

Total's head of exploration and production, Yves-Louis Darricarrere, said on Tuesday he did not expect any production this year from the Kazakh oil field, which was brought to a halt because of pipeline leaks, and probably little in 2015.

Total's interests in Russia also include the Kharyaga oil field, north of the Arctic Circle in the Timan-Pechora Basin, and the rights to explore three hard-to-recover shale oil blocks in the Bazhenov fields in West Siberia with LUKoil.

"It is very early days for Bazhenov. I see it very much as an exploration play; I would not put any figures on that, but even without any figures, the Russian subsidiary will be the largest producer in the Total group in about 2020," Borrell said.

Total will join majors ExxonMobil, Statoil and Royal Dutch Shell in developing Russian shale oil, a major part of Moscow's efforts to at least maintain its oil output at more than 10 million barrels per day.

The U.S. Energy Information Administration estimates the possible shale oil resources in Russia at 75 billion barrels, more than the 58 billion held by the U.S., current leader in shale oil production.

Asked whether Total's operations in Russia could be at risk in the current political upheaval in the region, Borrell said, "The long-term nature of our relationships with our clients

in Russia is built on a common understanding of what each brings, and I feel no threat whatsoever from our Russian partners."

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