



Primary Growth Drivers

Volume growth will be chiefly driven by managing declines at various mature fields in West Siberia and a handful of moderately-sized project start-ups in the Timan-Pechora (Trebs and Titov), Sakhalin (Arkutun-Dagi), and North Caucasus (Vladimir Filanovski) basins. In total we estimate growth projects to grow-term near-term production of ~120 Mb/d (2016 vs. 2014)

Primary Risks

In our view, the key risk to near-term production growth/sustainment involves mitigating against declines in West Siberia. In our view, improvements in operator execution as well as cheap funding from a weakened Ruble will broadly keep production flat through 2020.

Decline Mitigation: Exiting 1Q15 development drilling was up 17.5% YoY and the well count increased by 17%, despite the bottoming of the commodity on better execution from operators and tail-winds from cheaper Ruble-denominated spend. Russian oil companies have broadly spoken to flat or modestly higher capital spending in 2015 (in RUB). The Russian government recently granted a Mineral Extraction Tax (MET) break and a reduced Export Duty rate which may ultimately further costs for operators (and incentivize drilling activity). Given the large size of the production base, a shift of 1% in the forecasted decline rate for Russia results in a significant adjustment to our call on US onshore growth (~300 Mb/d in our 2017 call on US onshore growth.)

Figure 124: Key Growth Projects, 2014-2020

Project	IEA Region	Country	Sector	Operator	Project Type	Dev Status	API	Production Start Up Yr	Peak Prod Yr	2014-2017 Prod	2014-2020 Prod
SeverEnergiya	FSU	Russia	West Siberia	SeverEnergiya	Onshore	Onstream	43	2012	2018	120	122
Srednebotuobinskoye	FSU	Russia	East Siberia	Tas-Yuryakh	Onshore	Onstream	32	2013	2023	85	112
Yarudelskoye	FSU	Russia	West Siberia	Yargeo	Onshore	Under Development	42	2025	2036	79	63
Talakan Fields	FSU	Russia	East Siberia	Talakanneft	Onshore	Onstream	35	1989	2017	40	22
Yaregskoye (LUKOIL)	FSU	Russia	Timan-Pechora	LUKOIL-Komi (Yareganefit)	Onshore	Onstream	21	1989	2017	36	36
Suzurskoye	FSU	Russia	East Siberia	Vankorneft	Onshore	Under Development	41	2026	2018	30	60
Trebs and Titov	FSU	Russia	Timan-Pechora	Bashneft-Polus	Onshore	Onstream	26	2013	2021	29	64
Prirazlomnoye (TP)	FSU	Russia	Timan-Pechora	Gazprom neft shelf	Shallow	Onstream	24	2013	2021	28	75
Novoportovskoye	FSU	Russia	West Siberia	Gazpromneft Novi Port	Onshore	Onstream	32	2011	2022	28	139
Sakhalin-1 Area	FSU	Russia	Far East	ExxonMobil	Shallow	Onstream	32	2005	2025	28	8

Source: Deutsche Bank, Wood Mackenzie