

# ***Energy and Geopolitics: Russia's Perspective***

by

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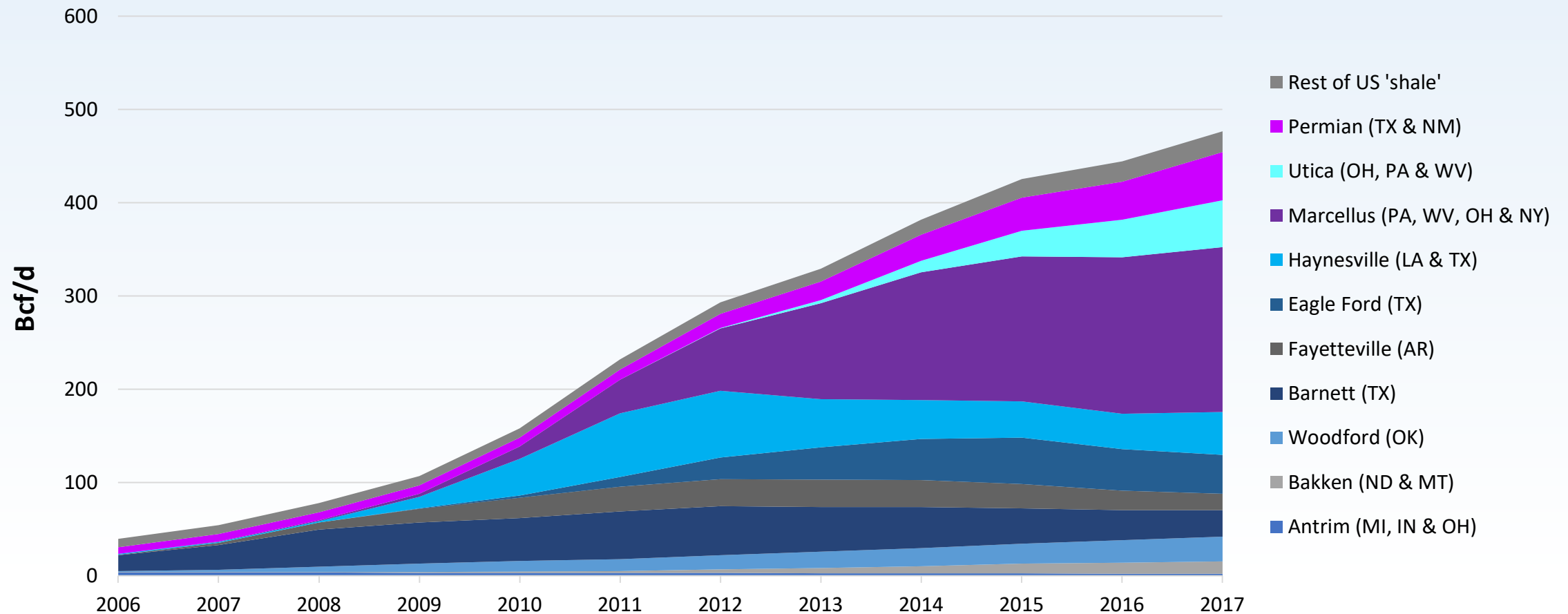
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# Overview of the Recent Trends

In 2017, about 17 Tcf of dry natural gas or more than 60% was produced from shale resources.

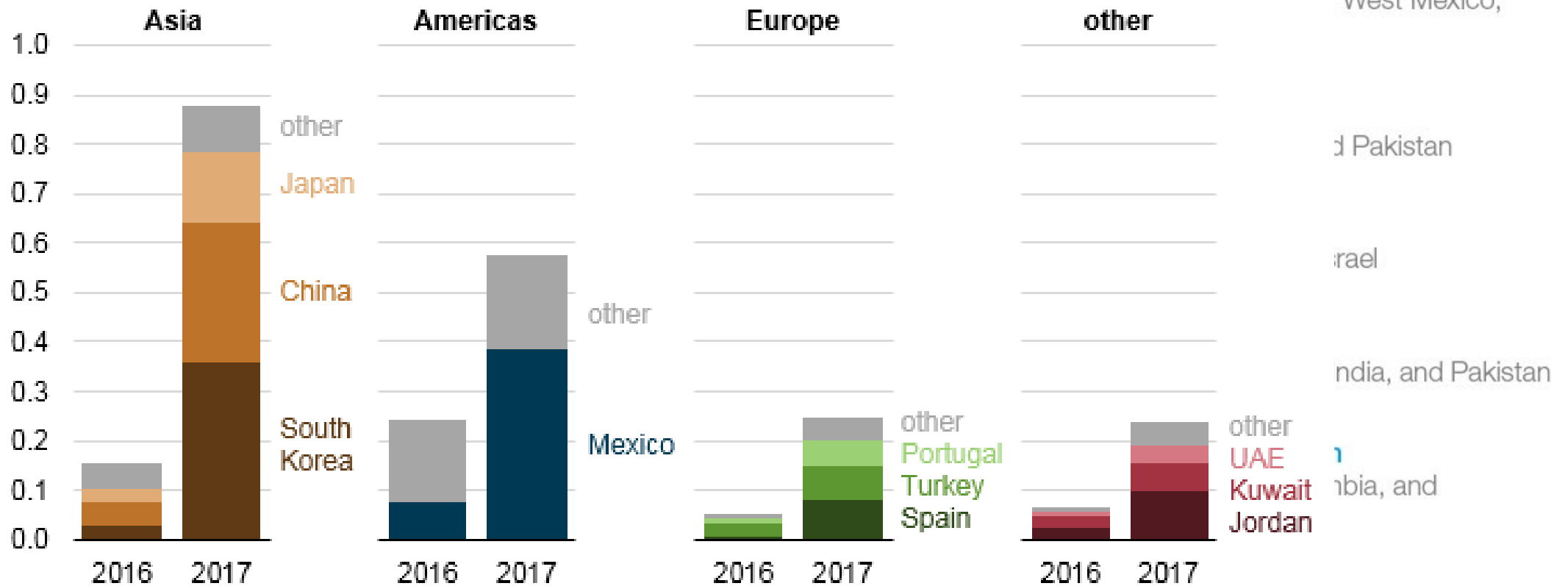


# New Roads

## Direction of travel of US LNG exports<sup>1</sup>



### U.S. exports of liquefied natural gas billion cubic feet per day



<sup>1</sup> Data accumulated for the last 18 months (January 2017 to June 2018)

Source: LNGFlow

Within Gulf of Mexico

Main directions: East Mexico

Total volume exported: 1.98MT/9%

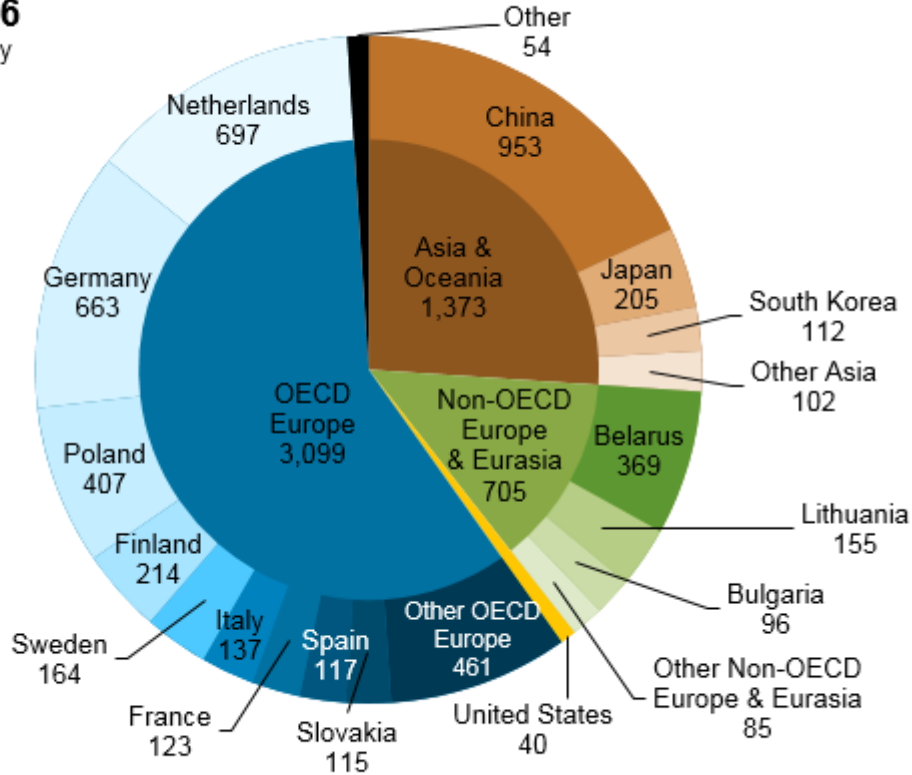
# Looking into the Future

- What threatens Russian exports and therewith profits comprising a lion share of the country's budget?
- How can Russia maintain and possibly strengthen its position on energy markets?
- Does Russia has enough capital to invest into supply and infrastructure?
- What are the long-term scenarios: how Russia's relationship with EU and Asia may change (with the increasing U.S. supplies)?

# Fast Changing Environment

**Figure 3. Russia's crude oil and condensate exports by destination, 2016**

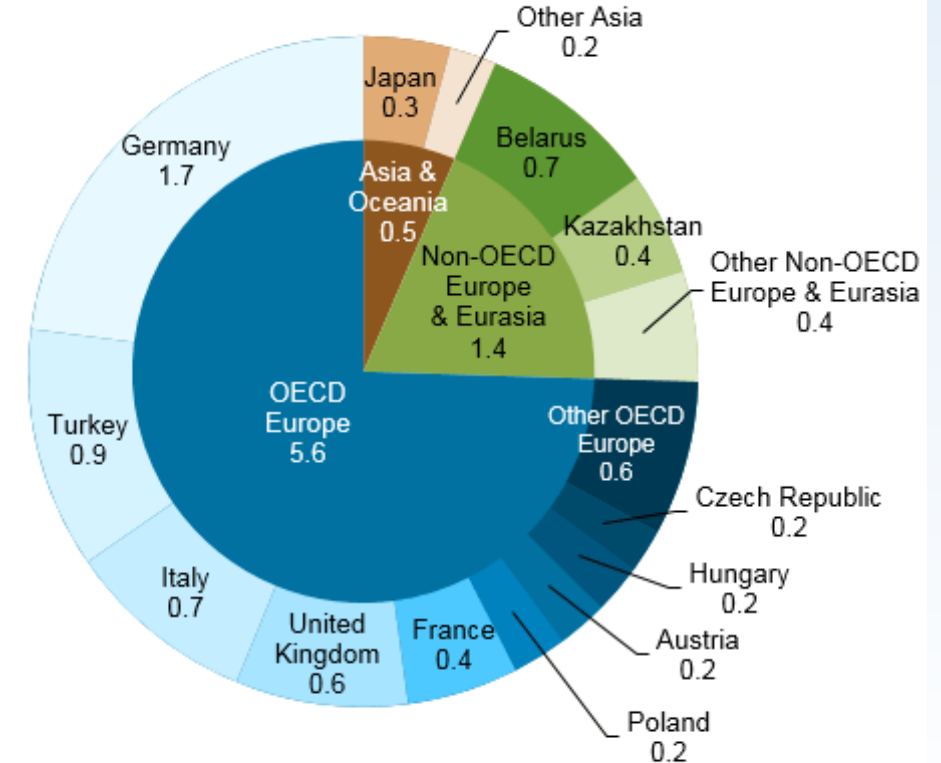
thousand barrels per day



Source: U.S. Energy Information Administration based on Russian export statistics and partner country import statistics, Global Trade Tracker

**Figure 7. Russia's natural gas exports by destination, 2016**

Trillion cubic feet



Source: U.S. Energy Information Administration, based on Russian export statistics and partner country import statistics, Global Trade Tracker

Sources: International Monetary Fund; A.T. Kearney analysis



*(excl. Permian)*

Gas

*Tcf*

Oil

*Bbbl*

Original In-Place 3150 450

Tech. Recoverable ~25% <10%

Production to date <3% <2%

Horizontal wells to date ~90,000

Future wells (base case) ~500,000

Gas

Oil

Resource-  
in-Place

TRR

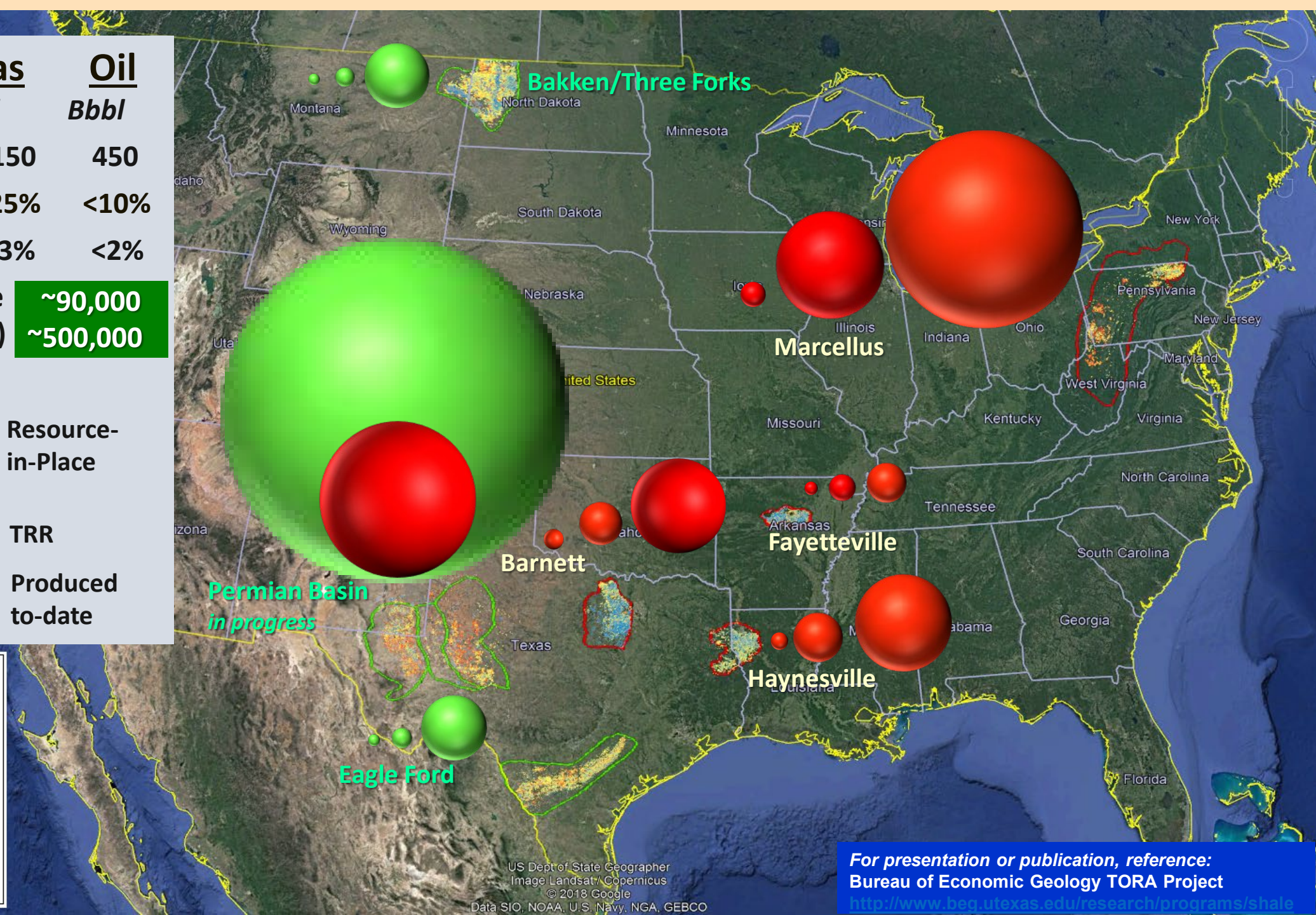
Produced  
to-date

Completion  
Date

before 2009  
2009  
2010  
2011  
2012  
2013  
2014  
2015  
2016



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For presentation or publication, reference:  
Bureau of Economic Geology TORA Project

<http://www.beg.utexas.edu/research/programs/shale>

# Summary

- Russia makes relation-specific investments to keep its partners
  - New pipelines, LNG, and supply contracts with China
  - Increased flexibility in pricing at the EU markets
  - Diversification: oil, ng, nuclear with South America and Asia
- ⇒ **Russia ensures a stable profit flow and expansion of the market if prices go low creating a portfolio of options**
- Russia keeps a close look at the U.S. exports but even more so on domestic demand growth
  - LNG perceived as the price determining resource