

CIA HISTORICAL REVIEW PROGRAM

4406

RELEASE AS SANITIZED

1999

S-3476

1/25/11

1. Future Soviet Crude Oil Production V.D. Shashin, Soviet Minister of the Petroleum Extraction Industry, recently predicted that the USSR will produce more than 470 million tons of crude oil in 1975 and that in the future it will overtake the US and become the world's leading oil producer. This statement, contained in a recent issue of the weekly newspaper Literaturnaya Gazeta, and cited in The New York Times of 21 January, is subject to several possible interpretations. Prediction of an output of some 470 million tons in 1975, about the level of current US production, would mark a return to a goal cited by Shashin in October, 1967. This goal, however, was subsequently lowered to about 450 million tons, because production from the Urals-Volga region is leveling off and the climatic and geological conditions encountered in developing new producing regions in Western Siberia and in Central Asia are extremely difficult.

2. Return to the earlier goal could indicate greater optimism about solving the problems of production in the new oil regions, or it could indicate a redefinition of crude oil output. To reach an output of about 470 million tons in 1975 would require the annual increase in production to average 23-24 million tons during 1971-75. Although such increases are not impossible, they are larger than have been achieved in any past period, and they can only be attained if the USSR can develop, or acquire from the Free World, suitable technology and equipment to cope with development of pipelines and oil fields in permafrost and in desert regions. A prerequisite would be a considerable increase in capital investment for oilfield and

transportation equipment, something that Shashin previously has indicated will not be forthcoming.

3. The possibility of a redefinition of crude oil output is suggested by several apparently conflicting announcements that have appeared in recent months. On 25 December 1970, Shashin announced that production of "crude oil" in 1971 would be 371 million tons, or only about 18.5 million tons more than the amount reported as having been produced in 1970. On 12 January 1971, however, in Pravda he announced a 1971 production goal of 377.5 million tons of "crude oil and condensate". (Condensates are hydrocarbon liquids which are gaseous or in solution with crude oil in the reservoir. In the USSR they previously have been flared, or if recovered, reported as natural gas production.) The same article indicated that production in 1971 would exceed that of 1970 by 25 million tons. The 28 December issue of Pravda reported that production of liquefied gas in the USSR is to increase to 5 million tons in 1971. If liquefied gas is assumed to be equivalent to condensate production, the actual increase in crude oil production in 1971 might be around 20 million tons, a more reasonable figure in the light of past experience. If the same reasoning applies throughout the 1971-75 period, actual crude oil production in 1975 would probably fall in the range of 450-455 million tons, although an output of 470 million tons of "crude oil and condensate" might be claimed.

25 Jan. 71)