For much of the past decade, Russian troops pounded the rebellious province of Chechnya with bombs, rockets, and artillery in a war Russia could ill afford and probably never win conclusively. Why such a ferocious assault on a tiny, impoverished state at the fringes of their former empire? The answer is that Chechnya is the gateway, for Russia, to what may be one the world’s richest reserves of oil and natural gas around—and under—the Caspian Sea.

It has long been known that Central Asia is rich in oil. Marco Polo wrote in the fourteenth century of “fountains from which oil springs in great abundance.” An oil boom a century ago turned Baku, the capital of Azerbaijan, into a city of instant millionaires. But the Soviet Union never put much effort into developing Caspian oil, preferring to emphasize less politically challenging wells in Siberia. By the 1980s, a crumbling network of leaking pipelines, rusty drilling rigs, decaying cities, and patches of oil-soaked soil around the margins of the Caspian showed the effects of sloppy management and neglect. When the Soviet Union broke apart in 1991, a mad rush began as Western energy companies fought to be the first to exploit what may be the last really big, relatively accessible oil field in the world.

Oil deposits around the Caspian Sea are thought to hold up to 200 billion barrels, perhaps 25 percent of all the world’s oil. If true, this resource would be worth about $4 trillion at today’s prices, or about 30 times as much as Alaska’s entire North Slope deposit. In addition, countries neighboring the Caspian are thought to have enormous reserves of natural gas. Turkmenistan alone is thought to sit on 9 trillion m$^3$ of gas, making it the world’s fourth-largest holder of this valuable resource. In total, the Central Asian Republics may control a quarter of the world’s natural gas supply.

The biggest difficulty is how to get these resources to market from their landlocked sources. It doesn’t help that the area has some of the worst weather—temperatures ranging from –40°C to +50°C (–40°F to +122°F)—and most bellicose and unstable political climates in the world. Regional players include Russia, Chechnya, Dagestan, Abkhazia, Ingushetia, Ossetia, Kurdistan, Kazakhstan, Turkmenistan, Uzbekistan, Azerbaijan, Armenia, Georgia, Turkey, and Iran. There are more than 60 indigenous languages, and at least as many ethnic feuds in the region. Together in the 1990s, these groups had six major wars, two presidential assassination attempts, two coups, and countless guerrilla and bandit attacks.

A U.S.-backed oil pipeline is proposed from Azerbaijan through Georgia, and then southwest across Turkey to the Mediterranean. Russia prefers a route across Chechnya to Nororossisk on the Black Sea.
Environmental Case Study

Black Gold from the Caspian

The shortest—and probably cheapest—route for an oil or gas pipeline from the Caspian is across Iran to the Persian Gulf. The United States adamantly opposed that option, however, both to thwart Iran, and because of the risk of having additional oil passing through the vulnerable Persian Gulf. In 2001, Russia completed a pipeline running around the north side of the Caspian Sea to Novossisk on the Black Sea. This route requires tankers to pass through the highly congested straits of Bosphorus and the Dardanelles. Turkey is worried about the prospects of a huge oil tanker crashing into the rocks and releasing millions of gallons of toxic crude oil into this busy waterway.

Another 2,000 km (1,250 mi) pipeline is now under construction along the U.S.-preferred route from Baku, across Georgia, and then south across Turkey to the Mediterranean Sea. An extension nearly as long would cross under the Caspian and then run north to the Tengiz oil field in Kazakhstan. Costing at least $4 billion (US), the pipeline will take five years to build, and will carry about a million barrels of oil per day (42 million gal or about 6 percent of U.S. consumption) when finished.

Protecting this sprawling network of vulnerable pipelines in a rugged mountainous region of ancient but fierce ethnic, religious, and political hostilities is a daunting prospect. Destroying local opposition and ensuring its access to the resources of Central Asia are among the reasons that Russia has pursued the war in Chechnya with such ferocity.

Does this story suggest to you that our dependence on oil creates odd bedfellows and difficult geopolitical problems? How far will we go to ensure our access to energy resources?

Ethical Considerations

As major potential customers for Caspian oil, do we in North America have a responsibility for how the resource is tapped and shipped to market, or is that strictly for the suppliers to decide? Are the social and environmental costs of extracting fossil fuels in remote places a concern of ours? If so, how can we influence the actions of people whose religion, politics, and economics may be very different from ours? If this were the last oil in the world, would your attitude be different?