

THE ASSOCIATION FOR THE STUDY OF PEAK OIL AND GAS “ASPO”

NEWSLETTER No. 91 – JULY 2008

ASPO started as a European network of scientists and others, having an interest in determining the date and impact of the peak and decline of the world’s production of oil and gas, due to resource constraints. Now, associates are active in Australia, Austria, Belgium, **Canada, China**, Croatia, Denmark, Egypt, Finland, **France, Germany**, Hong Kong, **Ireland**, Isle of Man, Israel, **Italy**, Luxembourg, **Japan, Korea**, Kuwait, Malaysia, **Mexico, Netherlands, New Zealand**, Norway, **Portugal**, Russia, Singapore, Slovenia, **South Africa, Spain, Sweden, Switzerland, United Kingdom, USA** and Venezuela.

(Formally constituted entities are shown in bold face)

Missions:

- 1. To evaluate the world’s endowment and definition of oil and gas;**
- 2. To study depletion, taking due account of economics, demand, technology and politics;**
- 3. To raise awareness of the serious consequences of oil and gas decline for Mankind.**

Foreign language editions are available as follows:

Spanish: www.crisisenergetica.org

French: www.oleocene.org (press “Newsletter”)

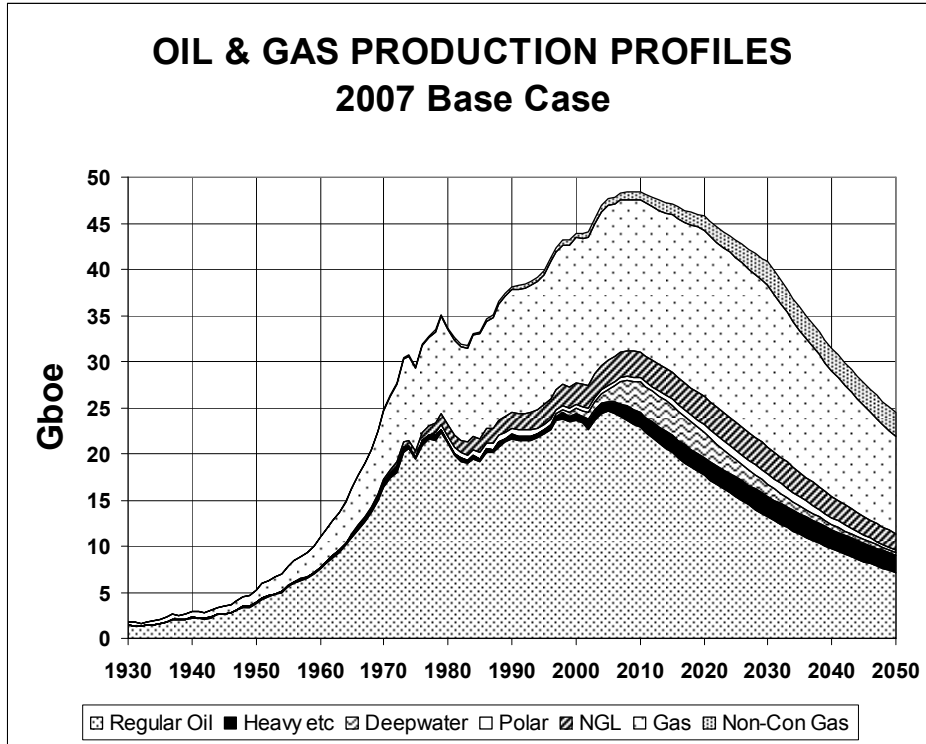
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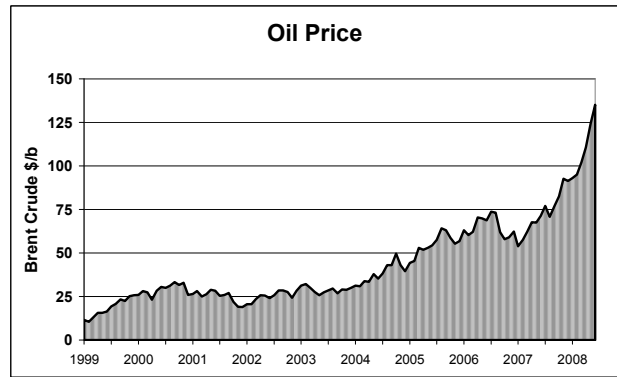
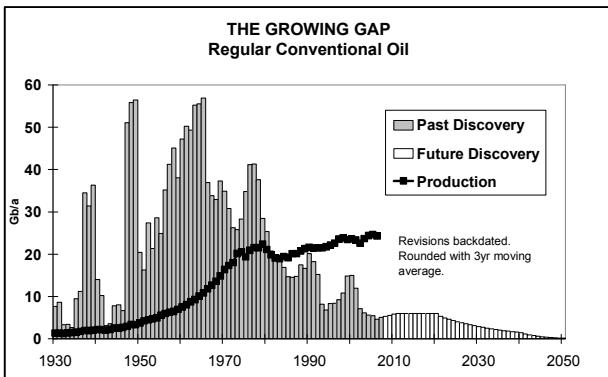
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The General Depletion Picture



ESTIMATED PRODUCTION TO 2100								End 2007				
Amount			Gb	Annual Rate - Regular Oil					Gb	Peak		
Regular Oil				Mb/d	2007	2010	2015	2020	2030	Total	Date	
Past	Future	Total		US-48	3.7	3.1	2.4	1.8	1.0	200	1970	
Known Fields	New			Europe	4.3	3.5	2.5	1.7	0.9	76	2000	
1009	725	141	1875	Russia	9.7	9.7	7.8	6.2	3.9	230	1987	
		866		ME Gulf	19	19	20	20	17	663	2015	
All Liquids				Other	29	27	23	19	13	706	2005	
1151	1299	2450		World	66	63	55	48	36	1875	2005	
2007 Base Scenario				Annual Rate - Other								
M.East producing at capacity (anomalous reporting corrected)				Heavy etc.	3.9	4.6	5.2	5.5	6.2	184	2030	
Regular Oil excludes Heavy Oils (inc. tarsands, oilshales); Polar & Deepwater Oil; & gasplant NGL				Deepwater	6.7	8.8	9.1	7.5	3.6	85	2013	
Revised 06/05/2008				Polar	1.2	1.3	1.7	2.2	3.0	52	2030	
				Gas Liquid	7.7	7.7	8.0	8.4	8.2	228	2027	
				<i>Rounding</i>			1	-2	-2	26		
				ALL	85	85	80	70	55	2450	2008	



1057. The Flat-Earth Refrain loses its appeal

Anatole Kaletsky, the Business Editor of The Times, has provided a revealing article on the high price of oil in the issue of June 2nd 2008, stating that the World faces a threat from high oil prices more serious than the current credit crunch. He refers to the reality of Peak Oil although stressing the weak statistics, and recommends four responses for Governments to take: first, for consuming countries to cut subsidies to encourage more efficiency; second, for new rules to prevent speculators buying commodities; third, for the United States to raise energy taxes to European levels; and fourth for the provision of incentives for renewables and nuclear energy.

But he ends with the classic flat-earth economic assumption that one resource is seamlessly replaced by another as market forces dictate. He suggests that the Oil Age will end long before the resource is exhausted if the world turns to electricity, repeating the well-worn refrain that *“The Stone Age did not end for want of Stones”*. Electricity has to be generated, and the prime fuels in the form of natural gas, coal and uranium are also subject to depletion, and the construction of the solar panel consumes energy.

Even if, at the end of the day, the financial executives are happily commuting to their pawn shops by donkey cart, the scale of the transition remains considerable.

In another perceptive article of June 30th Kaletsky confirms the situation with the words *“The Oil Shock has created a pincer movement of inflationary and deflationary pressures. The financial markets are a casino and of interest only to gamblers, clairvoyants and cheats”*.

Meanwhile, Ireland, which has little indigenous oil or gas, faces the recession head-on after years of prosperity. Its Economic and Social Research Institute forecasts an economic contraction of 0.4% this year and estimates that unless 20 000 recent immigrants head for home, unemployment will rise to 8%. It is noteworthy that the country rejected by referendum a proposed new EU Treaty aimed to strengthen its central command structure.

1058. Impact of High Prices on Reserves

If the price of potatoes rises, farmers tend to grow more of them under normal economic rules, but it is less sure if the same principles apply to finding more oil or producing more from existing fields.

So far as exploration is concerned, the oil companies have already enjoyed a highly attractive economic environment whereby the cost of exploration was taken as a charge against taxable income, which was a great benefit especially in countries with high marginal tax rates, such as Norway, where the companies were effectively using 20 cent dollars. In practice, it meant that many more dry holes were drilled than would otherwise have been the case.

The issue is more complex so far as production is concerned. Most oilfields have been highly profitable even with low prices, but higher prices may stimulate efforts to extract more from the various nooks and crannies in complex reservoirs that might not have been tapped easily otherwise. Such endeavours probably serve primarily to lift extraction rate, which naturally accelerates depletion. At the same time, the oilfield contractors are not slow to raise their prices as the demand for their services grows.

The national companies, which now dominate world production, naturally do not have these tax-induced incentives to accelerate depletion, and in many cases may be increasingly subject to political policies aimed at the conservation of national resources.

It is also worth pointing out that reserve revisions should be backdated to obtain a valid discovery trend. Accordingly, if some of the old large fields turn out to be bigger than current estimates, it simply means that the decline in world discovery over the past forty years will have been that much steeper.

1059. Falling Demand

Oil prices weakened slightly in early June reflecting small falls in demand as recession bites around the world and especially in the United States. Demand has also been cut by price increases in countries, where pump prices are set by the Government. There have been some radical increases as for example in India (up 10%); Indonesia (up 29%); and Malaysia (up 41%).

But a few days after the fall, prices rebounded to a new high prompted by a statement by Shaul Mofaz, the Transport Minister of Israel, saying that that country would attack Iran if it does not change its nuclear energy programme. Israel itself is thought to have an arsenal of nuclear weapons. Its air force also conducted an exercise in the Mediterranean, which has been interpreted as a training exercise for an Iranian target. By the end of the month, prices had rebounded to pass \$140, which might suggest that market speculators have reason to expect such an event.

It is a very sensitive market that over-reacts to small imbalances of supply and demand, as well as other transitory factors, which no doubt yield most acceptable profits to the traders who are in a position to anticipate, if not manipulate, market movements.

Most remarkable of all is a very telling article in no less than Newsweek of 9th June that spells out the economic and political consequences of Peak Oil, foreseeing prices at \$200 a barrel.

(See www.newsweek.com/id/139395 - reference furnished by Franco di Cesare)

1060. Economical with the Truth

The 2008 Edition of the BP Statistical Review of World Energy has now been published. It is widely taken as an authoritative source of information coming from a very experienced and knowledgeable oil company, but not everyone reads the following critical footnote:

Statistics published in this Review are taken from government sources and published data. No use is made of confidential information obtained by BP in the course of its business.

Government statistics on oil production and reserves are of course grossly unreliable in many countries. In earlier years, BP simply reproduced data from the Oil & Gas Journal, but now it uses various sources and thereby does assume some responsibility for the selection.

The Oil Reserves data carry additional key footnotes, deserving some comment.

Notes: Proved reserves of oil - Generally taken to be those quantities that geological and engineering information indicates with reasonable certainty can be recovered in the future from known reservoirs under existing economic and operating conditions.

Reserves-to-production (R/P) ratio - If the reserves remaining at the end of any year are divided by the production in that year, the result is the length of time that those remaining reserves would last if production were to continue at that level.

Source of data – The estimates in this table have been compiled using a combination of primary official sources, third-party data from the OPEC Secretariat, World Oil, Oil & Gas Journal and an independent estimate of Russian reserves based on information in the public domain. Canadian proved reserves include an official estimate of 21.0 billion barrels for oil sands ‘under active development’. Reserves include gas condensate and natural gas liquids (NGLs) as well as crude oil.

The term *Proved Reserves* as reported by companies quoted on the Stock Exchange is a valid financial term, subject to strict rules aimed to prevent fraudulent exaggeration, while smiling on under-reporting as laudable caution. There are two sub-classes : *Proved Producing* for the estimated future production of existing wells and *Proved Undeveloped* for the estimated future production of yet-to-be drilled infill wells, *assuming current economic and operating conditions*. These are important qualifiers. In the case of an offshore field, new reserves can be reported following for example the construction of a new platform or the application of long-reach drilling, although nothing unforeseen is added. This explains the observed but misleading reporting of *reserve growth*, which is attractive in financial terms, having additional tax advantages in some countries. As already mentioned above, reserve revisions should be back-dated to the field discovery to obtain a valid discovery trend.

The BP report attributes 152.2 Gb to Canadian tarsands, which is a remarkably accurate estimate unchanged from last year, but otherwise does not distinguish the *Conventional* from *Non-Conventional* categories, each of which has its own costs, characteristics and depletion rates that need to be understood in forecasting future production.

It also gives emphasis to the highly misleading concept of *Reserve to Production Ratio*. While the ratio itself is mathematically correct, it is clearly absurd to imply that production could stay constant for 41.6 years and then stop dead overnight, when all oilfields are observed to decline slowly during the latter part of their lives. Instead of dividing reserves by annual production to obtain a misleading result quoted in years, it would be much more meaningful to do the opposite and divide Annual Production by Reserves to obtain a Depletion Rate in percent.

The report unfortunately gives no direct information on discovery. It would be very interesting to know what BP itself has found. Subtracting reported production from the difference in the reported reserves should equate to discovery and upward reserve revision. It calculates at 28.16 Gb for 2007, most of which must arise from upwards reserve revision, thanks in part to higher prices, but the data are so unreliable that little can be deduced.

The Chief Executive, who understands Peak Oil perfectly well, offers the customary bland assessment, speaking of the exploration possibilities of the Arctic and other currently closed areas, and even parades the eternal blandishment of *R/P Ratio*.

No criticism is implied as in commercial terms he has every good reason to play down the limits of Nature to avoid strengthening the hand of Governments in whose countries the remaining oilfields lie. The company is in fact at present engaged in difficult negotiations with its

	Oil Production (Mb/d)		
	BP Review	Newsletter	
		All	Reg. Con
1970	48.06	47.22	44.94
1980	62.95	63.42	57.79
1990	65.48	67.10	59.31
1995	68.13	69.36	60.59
2000	74.92	76.04	64.66
2005	81.26	82.72	67.54
2006	81.66	83.87	66.62
2007	81.53	85.13	65.72
2008		85.31	64.86
2009		85.20	63.62
2010		85.07	62.74
2020		71.88	48.31

partners in Russia, and has every reason to exaggerate the alternative options. About one-third of its production now comes from Russia, so there is much at stake. The Company is in the business of making money for its shareholders, and reporting valid and useful world data is not part of its job.

In fact, the Statistical Review shows an all time peak of production in 2006 but no particular significance attaches to it because of the unreliable data. A comparison with the database (*All Liquids* and *Regular Conventional*) as used by this Newsletter is given in the table, with peak values in bold face. Without a breakdown of the BP numbers into the different categories, it is not possible to identify where the discrepancies lie, but it begins to look as if the Newsletter database errs on the side of optimism.

Looking ahead, it is difficult to see a future for the major oil companies. Few of those who have worked for them would accuse them of high efficiency or mercurial entrepreneurship, but even if these attributes applied, they are hardly the ones needed for managing the depletion of a finite resource. More likely, we will see the growth of national companies, operating under some form of international Depletion Accord, whereby imports would be cut to match depletion rate. Hopefully they will be in a position to provide greater transparency to allow the proper calculation thereof. The major companies themselves have heralded such changes by merging, hardly an approach calculated to encourage free market competition, outsourcing services, and selling off secondary refineries and marketing chains in recognition of declining future supply. The British Government formerly held a majority stake in BP, originally taken to secure supply for the Navy: it sets a relevant precedent.

1061. Peak Oil : A Turning Point for Mankind

The term *Peak Oil* now enters the dictionary as the importance of the issue finally hits the mainstream. The International Energy Agency, which is the OECD watchdog, has long been aware of it having issued a warning in 1998 that demand would outpace supply by 2010 save for the entry of a mysterious element, termed *Unidentified Unconventional*, which was evidently a coded term for shortage. But recent statements made to the Press suggest that it is finally going to come clean in the 2008 issue of the World Energy Outlook to be published in November, and explain the true position in no uncertain terms.

Given the central role of oil and gas in the modern economy, the peak of production is likely to be a turning point for mankind of almost unparalleled magnitude. It prompts consideration of the historical evolution of societies as a basis for evaluating what the reactions might be.

It seems that land-ownership was the critical determinant during the first seventeen centuries of the last millennium. We can consider the case of Britain as an example. It was invaded in 1066 by recycled Vikings from Normandy, and the new King allocated lands to his barons, who in turn controlled a peasantry that worked the land. One may suppose that they did so happily as that was the only life they knew.

Then in the early 19th Century came coal mining which provided the energy for the Industrial Revolution, led by Britain. The social structure changed as the importance of land-ownership diminished, and the peasants became industrial workers earning wages and living in gruesome slums. Power shifted from the baron to a new managerial and financial elite. Increasing longevity and other factors evidently gave an unsustainable population growth, leading to massive emigration from Europe to the United States, Canada and Australasia, where the indigenous people were expropriated and largely exterminated.

The banks increasingly lent more than they had on deposit confident that *tomorrow's industrial expansion* was collateral for *to-day's debt*. The British Empire blossomed as the pound sterling became a global currency for trade, delivering a massive hidden tribute to the banks of London, which later set up the Federal Reserve Bank in New York to control that economy. Britain, as an island, had natural frontiers, which was not the case on the Continent of Europe where territorial disputes and the quest for new markets and empires led to two world wars of unparalleled severity. It seems that economic expansion encouraged nationalism as different countries sought competitive strength by emphasising their identity. The First World War evidently arose from tensions as Russia was seeking to control its trade route to the Mediterranean which it felt was being threatened by Germany's moves to exert a commercial and military influence on Turkey, then controlling much of the Middle East under the Ottoman Empire. The Second World War was essentially a continuation of the first, although some countries had changed sides.

Oil and gas gradually replaced coal as the driving force for an expanding economy, which allowed the world population to grow in parallel.

Social pressures developed as the industrial workers sought a greater reward for their efforts. That led to the rise of socialism under which was the State was expected to assume the role of a benign landlord providing a fair allocation of wealth. A more extreme variant developed in Russia in 1917 with a revolution that brought the Communists to power. Still another variant was the National Socialist movement of

Germany, which in the inter-war years tried to weld together German identity under a form of Social Darwinism to give its people the competitive edge, breaking the grip of the international banking fraternity.

Post-war Britain faced a difficult economic situation having lost its empire and surrendered the pound sterling to the US dollar which became the world trading currency. At first, it adopted socialist principles with high levels of taxation for the elite. But despite having a sympathetic government, the trade unions pressed for ever more, giving rise to a time of much industrial unrest, especially driven by the coal miners, who controlled the country's energy supply. But the development of North Sea oil broke the power of the coal miners, and ushered in an epoch of affluence, much of which was channelled to a financial elite, who built a new empire through the stock market. Immigration increased rapidly to provide the workforce for a dwindling and aging indigenous society. America for its part built its military power in the so-called Cold War as it sought to strengthen its global economic and financial hegemony, even though its industrial base largely moved overseas to use near slave-labour.

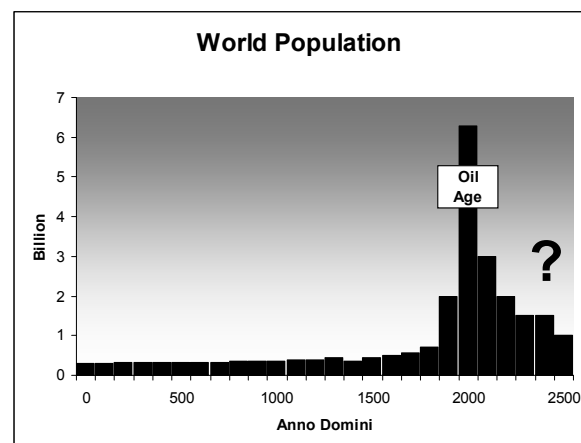
Britain's oil production peaked in 1999 before falling at a relatively high rate of around 7% thanks to the high efficiency and advanced technology of its offshore operations. It had produced its oil and gas at the maximum rate possible without a thought for the future, exporting its surplus at a time of low oil prices before becoming an importer at a time of soaring prices: a strategy that was hardly in the national interest, whatever the short-term gains. Now, the world as a whole comes to the peak of production. Oil prices have soared almost ten-fold in as many years. The increases have caused rising food prices, which have prompted unrest in many places. Since the average cost of oil production has not changed in parallel, the soaring prices mainly reflect profiteering from shortage by the Middle East governments, which in turn has contributed to world financial instability, growing recession and a collapse in the value of the dollar.

The United States and Britain invaded Iraq on a false pretext, no doubt both hoping to gain more control of the Middle East, which holds about half of the world's remaining of oil and gas, and reacting to Israeli pressures. It has not been an unqualified success as conventional forces, being trained for pitched battles, are ill-equipped to face dedicated Resistance fighters who are even willing to undertake suicide missions. Under the principles of globalism, the resources of any country are supposed to belong to the highest bidder, but that concept now seems to have run its course as countries, led by Russia, move to conserve their oil and gas for their own use, seeing little merit in subsidizing their industrial competitors with cheap energy.

The growing economic recession may well evolve into the Second Great Depression. Being based on the fundamental decline in critical energy supply, it is likely to be much more severe than the first Great Depression which was little more than the bursting of a speculative Stock Market bubble in 1929. In Britain, we already see moves to devolution, as Scotland and, to a lesser extent, Wales seek greater control of their destinies. Industrial disputes return as the cost-of-living soars. While immigrant workers from eastern Europe now head for home, the main immigrant communities remain, such that there are now more Muslims than practicing Christians in the country, whose character is changing rapidly. The Government moves to strengthen its control with greater surveillance as the tensions begin to mount, being in part accompanied by rising murder and gang warfare in the once gentle cities.

It seems, on reflection, that the past two centuries of rapid world expansion were built on the quest for money that came to be accepted as the prime motive for living, although it did not in itself deliver any particular degree of corresponding happiness. *Another day – another dollar* was a perceptive slogan. Now, we face a corresponding century of economic contraction during which the quest for money will become ever less realistic. This may in turn prompt new attitudes which could be positive. Cuba is an interesting anomaly where there is apparently a strong feeling of communal egalitarianism and a fair reward for work, far removed from the quest for money as such. In Britain, we find an echo in the Transition Town Movement, whereby mainly rural communities are encouraged to a new self-sufficiency and co-operation, even adopting local currencies to facilitate barter, thereby breaking the hegemony of the bankers.

Petroleum Man will be extinct by the end of this Century, but there may be survivors who find a new way to live happily within the resources of the Planet. This presumably means reverting to a traditional rural condition. But the transition, even if moderated by new energy from nuclear power, coal, non-conventional oil and gas, and various renewable sources, is likely to be a time of great tension unless people come to grasp



that the contraction is ordained by Nature. In all probability, the world population will have to fall to a new sustainable level, with the greatest challenge being to achieve that with the minimum of suffering. Future historians may look back and describe *Petroleum Man* in less than positive terms, as he was responsible for changing the natural balance and causing a massive destruction of species and environments.

It is a complex large subject that is hard to grasp or summarise, but it looks as if the winds of change are blowing ever stronger.

1062. An Atlas of Oil & Gas Depletion

Over the years, this newsletter has reviewed the status of depletion in the major producing countries as listed in the Index on Page 1, some of which have been duly revised. A world depletion model has also been maintained and updated on the best available information in order to evaluate the evolving situation.

These studies have been compiled into a new study *An Atlas of Oil & Gas Depletion* by C.J.Campbell and Siobhan Heapes. A limited, special Executive Edition is being printed. It is intended to provide executives in industry and finance, politicians, officials and institutional researchers with the essential framework for investigation. It is recognised that the only sure numbers are the page numbers, such is the grossly unreliable nature of public data, but, that said, the results can be confidently presented as revealing valid production profiles by country, region and for the world as a whole, sufficient for planning purposes. It describes a turning point for Mankind of almost unparalleled magnitude and importance.

The book could indeed prove a useful yardstick with which to assess the forthcoming World Energy Outlook from the International Energy Agency that is expected refer to Peak Oil and address the dire consequence. Marketing arrangements are under consideration but meanwhile it will be available through C.J.Campbell (aspotwo@eircom.net) at £160 (incl. postage).

1063. A Remarkable Shift of Position

The British Government has announced a remarkable new energy policy costing £160 billion, which is to be spent on increasing wind and solar energy, insulation and improved efficiency. It is dubbed a *Green Revolution* but in fact reflects belated recognition of Peak Oil.

The Prime Minister has urged the Middle East countries to invest in his scheme some of the massive amounts of money they make by profiteering from oil shortage, evidently finally grasping that are not in position to increase oil production for long. While much play is made of the beneficial environmental impact, especially in relation to the threats of climate change, the new policy probably means that the Government has finally noticed that the production of the country's own oil and gas has passed its peak and is in steep decline. It may be no coincidence that the International Energy Agency, the OECD energy watchdog, is about to come clean on the subject, as mentioned above, suggesting that its member governments now seek an international umbrella under which to adopt new national policies.

At all events, it is a remarkable shift of position, as governments begin to react to the conditions imposed by Nature during the Second Half of the Age of Oil. The following article from the Financial Times underlines the scale of the unfolding problems.

Security fears over food and fuel crisis

By Carola Hoyos and Javier Blas in London

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Western countries have upgraded the food and fuel crisis into a national security concern as they fear record high energy and agriculture commodity costs are destabilising key developing regions of the world. The concerns come as the world suffers for the first time since 1973 from the confluence of record oil and food prices. Corn, soya bean and meat prices jumped this week to all-time highs, while oil prices hit a record of almost \$140 a barrel. This shift toward a national security concern will become apparent at Sunday's oil meeting in Jeddah, Saudi Arabia, where ministers are expected to warn that developing countries are cracking under the burden of record oil and food costs.

Saudi Arabia, the world's largest oil producer and the only country able to raise output, has recognised the danger after developing countries, including US-ally Pakistan, pleaded for a reprieve from oil payments. Morocco was forced last month to ask for an \$800m loan from Saudi Arabia and United Arab Emirates to cushion the impact of oil and cereal imports.

One Washington official said: "What we have been watching is behaviour that indicates China, India, Indonesia, Vietnam and Malaysia simply can't bare the burden on the central budget and that the medium to long-term confluence of oil and food prices is just too much." He added: "It is leading to a real security issue where the streets are talking to the president."

Martin Bartenstein, Austria's economics minister who is travelling to Jeddah, said on Friday that the risk of social tension caused by high oil prices driving inflation to double digits will be a main tenet of his argument. "It is very high on our agenda," said a senior diplomat from a larger European nation.

Senior active and former US, European and United Nations officials said they had met US White House staff on the issue for briefings having been prompted in part by the unrest that toppled Haiti's government and more recently after several Asian countries risked popular anger by cutting fuel subsidies.

1064. Saudi Exports

The following article by John Busby draws attention to the impact of growing domestic demand on the amounts that Saudi Arabia can export. Indeed the population and consumption of most Middle East countries has grown rapidly.

Saudi Net Crude Oil Exports

*By
John Busby*

BP has just published its annual Statistical Review which provides a comprehensive review of statistics encompassing oil, gas and coal reserves, production and consumption together with many other aspects of global energy vital facts and figures.

It does have certain caveats as to the source of the data and indeed the size of proven reserves is subject to much controversy as in spite of continuous production some national reserves fail to reduce in size without parallel statements of newly confirmed augmentations.

However, the figures for national production and domestic consumption are for the purpose of this analysis deemed to be accurate.

Saudi crude oil production and consumption

The UK Prime Minister, Gordon Brown, has just visited Jeddah, together with leading industrialists in an attempt to boost Saudi crude oil production, reflecting his concerns with the current crude oil price escalation, likely to restrain economic growth and lead to inflation. In response the Saudi oil minister has promised to raise production by 500,000 barrels per day.

From figures in the BP Statistical Review the following table of production, domestic consumption and net exported crude oil has been compiled.

From this it can be seen that Saudi oil production and net exports peaked in 2005, while domestic production steadily increased. In fact, net exports reduced by 10.5% in

the two year period 2005-2007, of which a reduction of 6.7% occurred in 2007.

Net exports in 2005 were 9.223 million barrels per day, 8.848 million barrels per day in 2006 reducing to 8.269 million barrels per day in 2007.

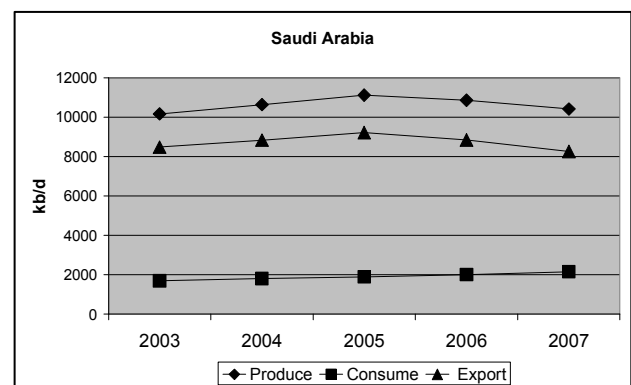
Comments

If the Gordon Brown has been briefed by his officials and industrial colleagues on his mission, the level of net exports does not appear to have been discussed. Production has probably already fallen to 10 million barrels a day, while domestic consumption continues to rise.

It does seem to be the case that Saudi Arabia is unable to increase its contribution to world supply without restraining its internal demand, as unless the trend observed in the BP Statistical Review has changed, Saudi production has passed its peak.

Gordon Brown's mission is therefore unlikely to ameliorate the current oil shock.

kb/d	2003	2004	2005	2006	2007
Production	10164	10638	11114	10853	10413
Consumption	1684	1805	1891	2005	2154
Net Export	8480	8833	9223	8848	8259



1065. ASPO-USA Conference

ASPO-USA is certainly one of the more active members of the ASPO fraternity and has organised another major conference to be held in Sacramento, California on September 21-23rd under the title

The Energy Challenge – The Future Starts Now

The conference has an impressive list of speakers covering the full spectrum of subjects surrounding the Peak Oil issue.

1066. A Matter of Saudi Mindset

The Wall Street Journal of June 27th carries an interesting article contrasting the views of Sadad al-Husseini and Nansen Saleri, two former senior executives of Saudi Aramco. To a certain degree, they may reflect the differing mindsets of the explorer and the reservoir engineer. The Explorer is only too conscious of the limits of Nature as less than one in ten of his considered proposals to drill new prospects meet with

success. The Reservoir Engineer by contrast is accustomed to success as he uses his skill to improve the recovery from known fields, whose initial size is normally and rightly reported conservatively.

One can imagine that an engineer working on the difficult reservoirs of the huge Ghawar Field in Saudi Arabia can come to believe in the impact of growing knowledge and engineering skills in finding the best ways to extract ever more. This seems to be the position of Mr Saleri. By contrast, Mr al-Husseini sees the limits, recognising the inevitability that individual fields, countries and eventually the world as a whole must pass a peak in production. He has also evidently grasps the supreme irony that increasing production simply accelerates the rate of depletion. According to The Wall Street Journal, King Abdullah himself shares Mr al-Husseini's viewpoint speaking against high depletion rates with the words "*with Grace from God, our children need it*". On balance, the paper gives more weight to the position of Mr al-Husseini, which it states is shared by the veteran US. oilman, T. Boone Pickens, and a growing number of professionals.

Calendar - Forthcoming Conferences and Meetings

ASPO members and associates [shown in parenthesis] will be addressing the subject of Peak Oil at the following conferences and meetings. Information for inclusion in future newsletters is welcomed.

2008

August 9th -14th – Geological Conference, **Oslo**, Norway [Campbell, Laherèrre]

Sept. 21-23 – ASPO-USA Conference, **Sacramento**, California

Oct 20th-21st 7th International ASPO Conference, **Barcelona**, Spain [ASPO-ESPANA]

NOTES

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Multi-Science Publishing Co. (Sciencem@hotmail.com) wishes to advise that copies of the book *Oil Crisis* by C.J.Campbell, providing background reading, are still available for purchase.

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A privately printed booklet entitled *Living through the Energy Crisis* by C.J.Campbell and Graham Strouts is available from zone5.org (price €10 plus postage)