

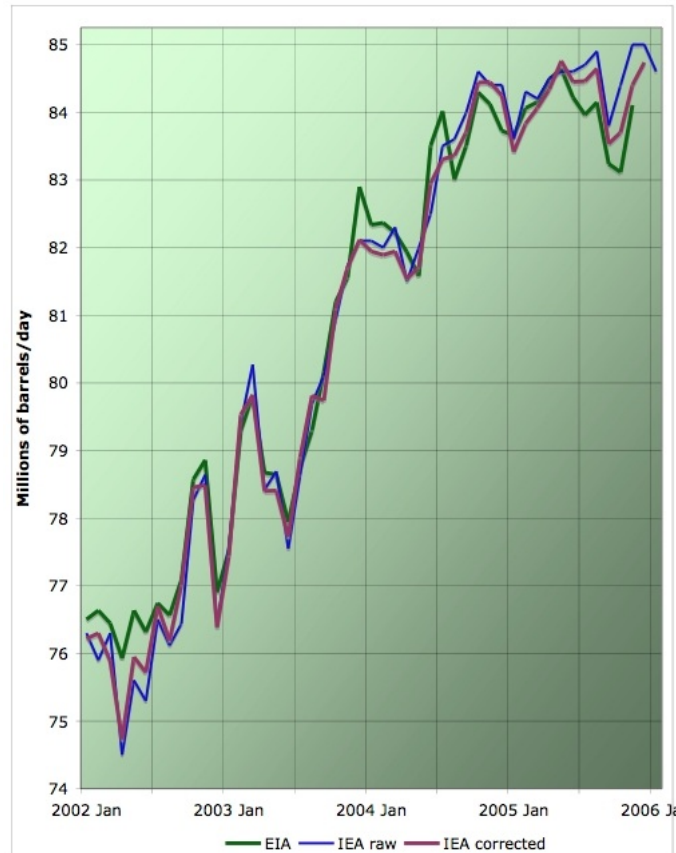


Close, but no cigar

Posted by [Stuart Staniford](#) on March 1, 2006 - 2:59am

Topic: [Supply/Production](#)

Tags: [hubbert peak](#), [oil prices](#), [peak oil](#), [plateau](#) [[list all tags](#)]



Average daily oil production, by month, from various estimates. Click to enlarge. Believed to be all liquids. Graph is not zero-scaled. Source: [IEA](#), and [EIA](#). The IEA raw line is what they initially state each month. The IEA corrected line is calculated from the month-on-month production change quoted the following month.

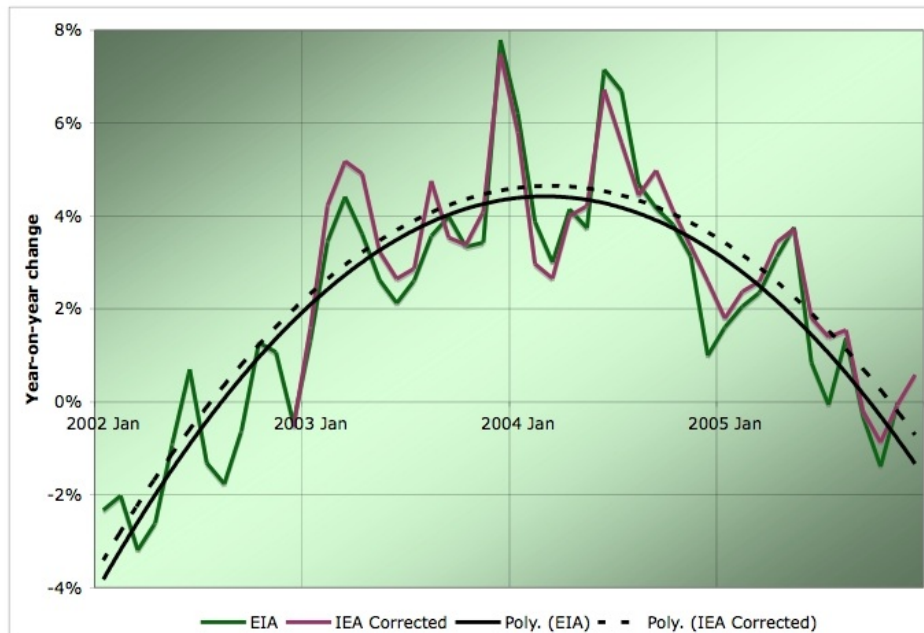
For those of us amusing ourselves by tracking the monthly production numbers to see if the global oil industry can disprove the near-term peak hypothesis, the latest news is the IEA's current [Oil Market Report](#). Like November before it, December has been downgraded significantly from the initially claimed 85 mbd -- in this case to 84.735 mbd. This is breathtakingly close to May 2005's 84.755 mbd, but doesn't quite graze the bulls-eye (pedants are free to note that the difference is certainly much less than the uncertainties in these numbers, but let's just enjoy the game).

(moved up from 2/14)

So May 2005 reins supreme still, and the IEA reports that the forces of entropy and chaos gained

ground in January, with even their initial claim coming in at only 84.6 mbd. Since oil stocks are high, one has to assume that demand remains at least as flat as supply, which will not be good news for those looking for better GDP growth in Q1 2006 than the 1.1% we had in Q4 2005 in the US.

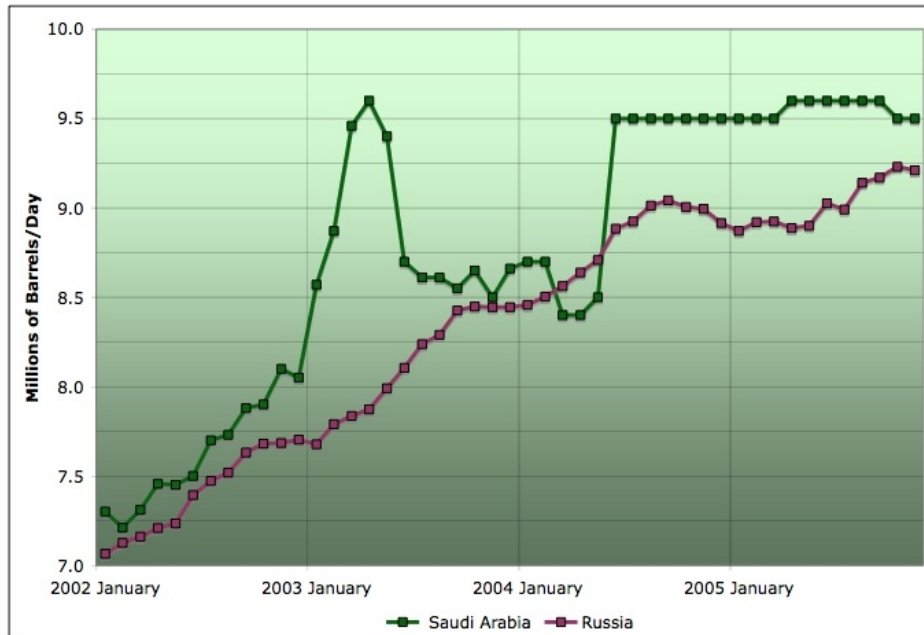
The corresponding updated graph for the year-on-year changes looks like this. Overall, the positive December numbers do not look outside the overall trend yet, given that January is likely to be a little poorer.



Year-on-year growth rates in daily oil production, by month, from various estimates. Click to enlarge. Believed to be all liquids. Graph is not zero-scaled. Source: [IEA](#), and [EIA](#). The IEA raw line is what they initially state each month. The IEA corrected line is calculated from the month-on-month production change quoted the following month.

However, I think it would be premature to say with confidence that no month in 2006 could exceed May 2005 - clearly that remains a distinct possibility. However, there seems little possibility of a radical rise. The EIA's [projected gradual rise](#) to 86.5 mbd by Q4 2006 looks like rather a stretch to me. That would be a 2.9% increase over the EIA's report of the situation in Q4 2005 (84.1 mbd averaged over the quarter). Certainly it assumes that things will go a lot better in 2006 than they did in 2005, and it's rather hard to see the basis for this optimism.

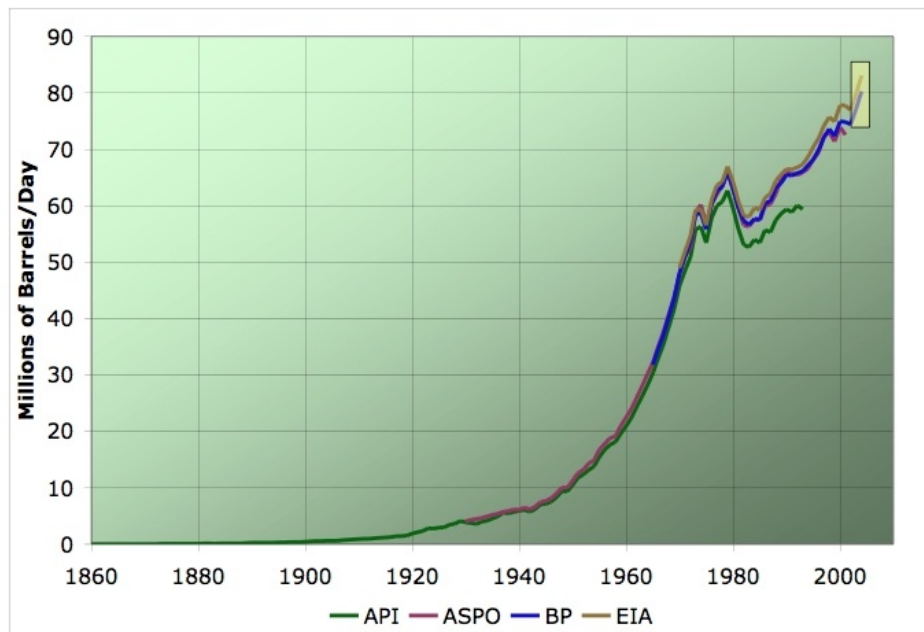
Of the run-up in supply since January 2002, about half has come from just two countries: Saudi Arabia and Russia. So it's of particular interest to look at their supply, which is shown in this graph (through November):



Saudi and Russian average daily oil production, by month. Click to enlarge. Believed to be all liquids. Graph is not zero-scaled. Source: [EIA Table 1.1](#).

It will be interesting to see if the bringing on stream of the Haradh III development [recently announced by Saudi Aramco](#) results in any increase in reported production (HO [discussed this](#) the other day). The Saudi's have been claiming to have around 1.4mbpd in spare capacity, but there's no evidence of it in the production statistics (eg they were not the ones increasing production in response to the US hurricanes).

Finally, to keep Halfin off my back, I note that all these graphs concern only the very recent history of oil production: the period in the little yellow box in this graph of production since the beginning of the oil era.



Average annual oil production from various estimates. Click to enlarge. Believed to be all liquids, except for API line which is crude only. EIA line includes refinery gains, others do not. Sources: American Petroleum Institute, [ASPO](#), [BP](#), and [EIA](#).



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