



DrumBeat: July 6, 2006

Posted by [threadbot](#) on July 6, 2006 - 9:45am

Topic: [Miscellaneous](#)

Update [2006-7-6 9:46:19 by Leanan]: With [new record highs](#) set for oil yesterday, there's a flood of peak oil stories today.

Billionaire investor Jim Rogers says [Oil will hit well over \\$100 and stay high](#):

"We're going to have high oil prices for a very long time. The surprise is going to be how high it goes," Rogers said.

Reiterating earlier comment oil prices would hit at least \$100 a barrel, he said: "It will be much more than \$100 before the bull market is over."

[What's more likely - stagflation or depression?](#)

Yes, we had an oil shock in the '70s. That oil shock was caused by an embargo. The oil shock now is caused by Peak Oil. Is there a difference? Yes, there is: In the former, wages rose to meet rising costs. Are wages rising now because of Peak Oil? I think not.

[Saudi Crude Production Falling:](#)

Apparently the story coming from the technical experts in the oil fields is very different than the story coming out of the political types in the royal family and the oil ministry. The ministry says it can boost capacity by 25% in two or three years, when there has been no ability to increase it at all over the last two years despite record prices. The technical types are saying that it will take fairly heroic measures to keep production flat.

My bet is that the technical types have it right. If the incremental oil to meet growing demand does not come from Saudi Arabia, it is hard to see where it will come from. If so, the bull market in oil is only beginning and we are unlikely to ever see \$50 oil again, not in our lifetimes, our children's or our grandchildren's. In other words, peak oil maybe happening even sooner than I had thought, and I have been on the relatively pessimistic side. I hope I am wrong, but fear I am right.

But others aren't worried:

[Non Peak Oil](#)

...Every year we have more proven reserves at the end of the year than we did at the beginning, thanks to vigorous exploration and improved extraction technologies. This has been the consistent theme for as long as oil reserves have been calculated. There has never been a time that the oil industry has had less proven reserves at the beginning of the year than at the end, even with the intervening 365 days of consumption being factored in. Odd circumstances indeed for a scarce resource!

[Old king coal to reign as fossil fuel continues to fire the future](#)

Malthus was wrong: the world's population has risen sixfold since his day, while life expectancy has doubled. So will contemporary Malthusians prove right about energy?

The answer is: No. Moreover, without extraordinary action, the future lies with oil, gas and, above all, "old king coal", the fuel with which the industrial revolution began.

[Grain production dropping; fuel thefts rising](#)

[Gunmen kidnap guard at Nigerian oil rig](#)

[Hit with rising gas prices, boaters are scaling back on trips](#)

[Saudi Aramco sees rig fleet at 121 by year end](#)

[China, Russia benefit from energy co-operation](#)

Update [2006-7-6 10:39:11 by Leanan]: The EIA [Weekly Petroleum Supply Report](#) is out. Oil is dropping on stronger than expected gasoline inventories.



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