



Not as good as it sounds

Posted by [Heading Out](#) on July 22, 2005 - 8:34am

(First an UPDATED [note for racing fans](#). The first five cars have now arrived in Winnipeg having travelled from Austin Texas, largely off the interstate, at an average speed in excess of 40 mph, since they set off. The University of Minnesota was the first to arrive, MIT was second - and Michigan was third. Missouri-Rolla was fourth and Waterloo fifth. All thanks to the power of the sun, direct fuel bill zero. Two days rest before the final dash to Calgary).

One of the difficulties that I believe that the general public have with the concept of peak oil, arises from announcements such as that just issued by the Canadian Association of Petroleum Producers (CAPP). In it the Association predicts significant growth in crude oil production.

Total Canadian production is projected to increase from the current 2.6 million barrels per day to reach 3.9 million barrels per day (b/d) by 2015. The 1.3 million b/d growth in production represents an increase of 50 per cent over the annual average level of production recorded in 2004.

"Canadian oil producers are increasing production to meet rising global demand," says Greg Stringham, Vice President, Markets & Fiscal Policy at CAPP.

â€¦

The primary source of Canada's growing crude oil supplies is the expected development of Alberta's vast oil sands reserves. Oil sands production, which now exceeds the 1.0 million b/d plateau, is forecast to almost triple by 2015 to almost 2.7 million b/d. With 175 billion barrels reserves, Alberta has the second largest petroleum deposit in the world.

It is the last paragraph that has caught many commentators attention (thanks to [Cassandra Oil](#) for the tip). But while the numbers appear large, bear in mind that in a world market of 85 mbd an increase of 1.7 mbd is not a huge amount, and when spread over 10 years amounts to an increase of only 170,000 bd each year. Given that the Norwegian portion of the production from the North Sea is itself falling faster than this (to give but one example) it is not, I'm afraid, going to help all that much. Unfortunately given the way the information is presented, that reality is likely not obvious to the general public. (And it might be worth noting, for the American audience, that the majority of this increase may well end up heading out to China).

The political problems with whose oil goes may be beginning to become more evident.

The Indonesian OPEC governor has just been [quoted](#):

OPEC oil producers do not need to boost their oil output for now because crude prices have fallen below \$60, an official for Indonesia, the group's only southeast Asian

member, said Wednesday. "OPEC will produce at the current volume for now," Indonesia's OPEC governor Maizar Rahman told Platts in Jakarta. "OPEC will not increase production because we think the oil price is stable at less than \$60/bbl."

At the same time the Indonesian government is dealing with a fuel shortage. The [Antara News](#) reports:

The House of Representatives (DPR) has urged the government here on Friday to immediately overcome current fuel oil supply shortages to avoid other serious problems.

.....

Agung also called on the House Commission on energy to tighten control to prevent the general public from increased suffering under the current circumstances.

He said the problem had affected the life of many people and had also increased costs.

In view of the increasing oil prices, Agung suggested that the government adjusted the bench price of oil set in the 2005 budget at at US\$45 per barrel.

President Susilo Bambang Yudhoyono has also asked the navy, the army as well as the police to make their cars available in case Pertamina needed them for fuel distribution especially in the eastern regions of the country.

It is this sort of thing that is leading to riots around the world, particularly in the poorer countries, and which may lead to changes in where those countries sent their oil. But it will come to be true in other parts of the world as well.

Technorati Tags: [peak oil](#), [oil](#)



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](#).