



Perhaps this is a quiet week ?

Posted by [Heading Out](#) on October 13, 2005 - 11:50pm

Topic: [Miscellaneous](#)

Tags: [exploration budgets](#), [gasoline production](#), [peak oil](#) [[list all tags](#)]

(Perhaps as in . . .before the storm?)

The tables that Jean Laherrerre used for the amount of reserves that Saudi Arabia has, was, in his paper, drawn from two sources. In an earlier [post](#) on those numbers, I cited only the IHS data from the table that he had published. The other source is Wood Mackenzie (WM) and in an article yesterday in [Rigzone](#) it is noted that WM is seeing that the incentives for new exploration may outweigh that of buying other oil companies.

A study by oil consultants Wood Mackenzie has modelled the effect of oil prices on the profitability of exploration. Assuming they could sell the oil they have discovered for \$40 a barrel, the best explorers would have made returns of more than 20 percent on every dollar they have ploughed into finding new oil supplies over the past 10 years.

Even the worst performers out of the 28 top international oil firms surveyed would have made a 12 percent return.

Although WM suggest that the industry will have to spend \$40 bn to find enough oil to replace that which is being produced. Of course this gets us back to the question as to whether, even if they spent that money, would they actually be successful in finding that much oil. Certainly the fact that companies are not making those investments might be an indication that they, themselves, might not think it feasible.

Last week at this time I also referred to the plots of gasoline statistics at the [EIA](#). It is worth commenting that the US gasoline production continues to fall according to the plot, (which you may remember is a four-week average) while the actual weekly data shows that production may be starting back up (though obviously we still have refineries off-line). In the same way while imports are still going up on the graph, the weekly data shows that these numbers have stabilized. The worry with that is that the amount we have "borrowed" from others may well now be starting to reach a ceiling. A couple more weeks of data and we should know.

And as a final comment for the evening, having been out of touch while wandering around the Mississippi Delta, I have been catching up on comments, and see that we are being told to expect a warm winter everywhere but the far North-East. Well, rabbits! Since that was where I was hoping to spend Christmas break.



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