



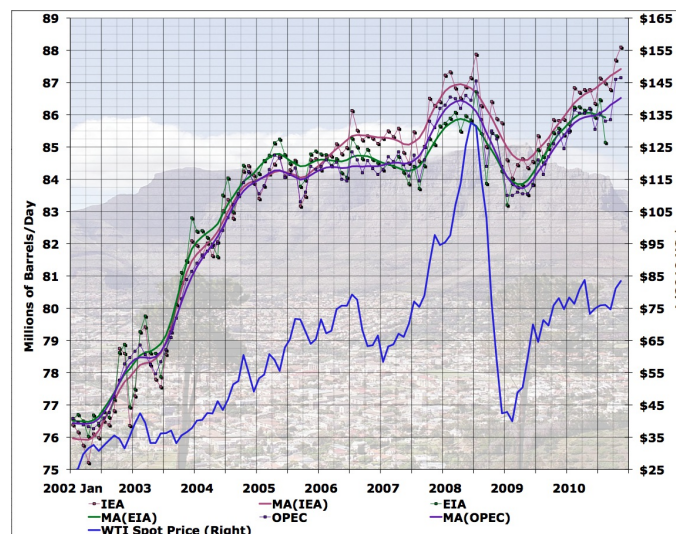
New High of Liquid Fuel Production

Posted by [Stuart Staniford](#) on January 5, 2011 - 11:34am

This post is based on two articles previously published at [Early Warning](#).

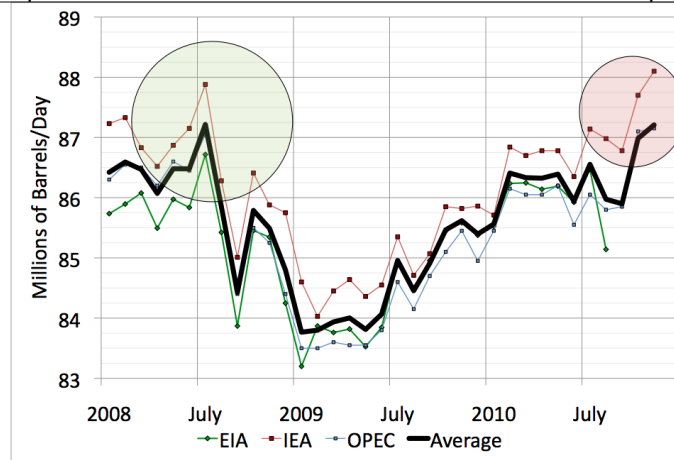
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Both the [IEA](#) and [OPEC](#) came out with new monthly reports recently. And both report that oil production in November 2010 exceeded the previous high month of July 2008 (back when oil was over \$140). Probably the difference is within the margin of error, and in any case the third agency (the EIA) won't weigh in for a few months.



Stuart Staniford is a long standing contributor to TheOilDrum but now writes for his own blog [Early Warning](#). This is Stuart's first post on TheOilDrum for some time and it would be very much appreciated if commenters focussed exclusively on on-topic comments.

At the moment, the average index looks like pretty much a statistical tie:



Still, a significant point: not peak monthly oil just yet. As long as there isn't a massive financial crisis in the next few months (which is what happened to the last global high in oil production) I imagine we'll clearly exceed the July 2008 peak production. In particular, the point I first made [here](#) still holds: the increases in the last eighteen months have largely come from non-OPEC production rather than OPEC, and the latter undoubtedly still have some spare capacity that can be released (at a price). Thus production can and will go somewhat higher as long as demand continues to increase, which will be true as long as the global economy doesn't hit another big pothole.

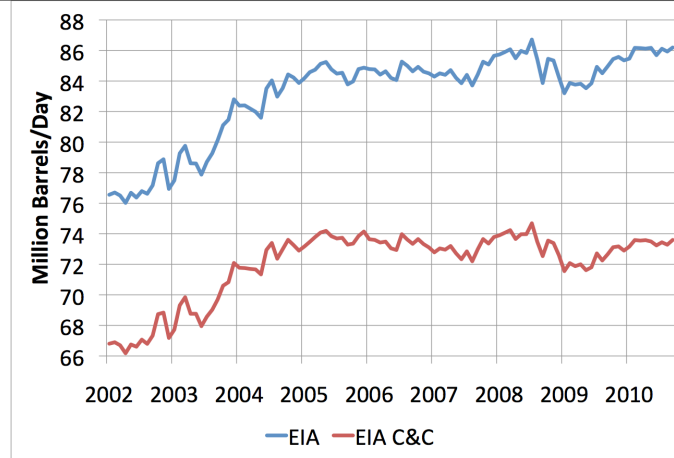
However, prices have been creeping up lately:



I wouldn't be surprised to see that trend continue, on and off, until it starts to cause real problems.

Prospects for a New Peak in Crude & Condensate

Of course, the full liquid fuel series that the various agencies report on include things that aren't really oil, such as biofuels, and natural gas liquids (things like butane and propane). There are decent arguments on both sides of what exact definition of oil one should use. If we look at one more conservative but reasonable definition - crude plus lease condensate (C&C) - we see the picture below (according to the EIA). I have shown the full liquid fuel series in blue, and only the C&C component in red.



Now, the EIA is only up to September as of today, whereas OPEC and the IEA have just released November numbers. So the big leap up in October/November is not apparent in the graph above. However, if these two EIA series behave like the ones that have been released, they will jump up by over a million barrels/day between September and November. As of September, the EIA all liquids series is 0.5mbd below it's all time peak, so it will very likely exceed it as the next couple of month's numbers come out. However, the EIA C&C number is 1.1mbd below it's all time peak, so it will be a near thing when the November numbers are out.

Still, if demand stays strong and prices up, it seems likely that supply will increase further in the next six months. If so, then it's likely that the July 2008 crude+condensate peak will also be exceeded.

The bottom line is this: those people running around saying that the all-time peak in monthly oil production was definitely in 2005 or 2008 are running a considerable risk of having events make fools of them. Appropriate caveats should be used.



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