Petroleum Roller Coaster Ride

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Remember This?

OGJ, 9 Feb 2004 (Jan-Nov 2003)
Range of Peak Oil Views
• “The stone age did not end for lack of stone; the oil age will not end for lack of oil.”

Sheikh Zaki Yamani
Remember this?

"Please God, give us another oil boom, we promise not to piss it away this time"
Remember this?

“Please Lord, give me one more oil boom. I promise not to mess it up next time”
150 Years of Oil Prices
Annotated
First Half 2014 Oil Prices

Ample conflicts, little response
Brent crude oil prices, $/bbl

Source: Goldman Sachs Global Investment Research, various news sources.
All of 2014 Unannotated

Crude oil prices
USD per barrel

Brent
WTI

Source: Thomson Reuters Datastream / Fathorn Consulting
• The Fundamentals have not changed, just the details
  – Geology
  – Fiscal terms
  – Legal regime
• “Oil is found in the minds of men.”

Wallace Pratt
Geologist, 1885-1981
• “A microeconomist is someone who is wrong about specific things;
• “A macroeconomist is someone who is wrong about things in general.”

P. J. O’Rourke
“Eat the Rich”
• "A politician needs the ability to foretell what is going to happen tomorrow, next week, next month, and next year. And to have the ability afterwards to explain why it didn't happen."

Winston Churchill
“A petroleum lawyer counsels the IOC client about legal and political risks by converting them to business risk so the client may ignore the advice.”

Owen Anderson
Saudi Arabia - Oil Production and Exports Forecast - "Peak Exports"

EnergyInsights.net July 2011

Exports decline because of massively expanding consumption and growing population

Oil Production Actual to end 2010 and Forecast to 2015 minus Oil Consumption Actual to end 2010 and Forecast to 2015
American takeover
US v Saudi Arabia, oil* production, m barrels

Saudi Arabia

United States

*Crude/condensate/NGLs
†Projected, based on 2014 year-on-year growth
Source: IEA