

**NEWS RELEASE
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Friday, 19 January 2007

Reports of 40% Increase in Saudi Oil Production Capacity by 2009 Are Very Misleading (2)

Reports from the *Associated Press* of Saudi Arabian oil production capacity increasing by 40% by 2009¹ are very misleading, as the true figure is nearer 14%.

To quote from the articles:

“Saudi Arabia plans to increase its crude oil production capacity nearly 40 percent by 2009 and double its refining size over the next five years to keep pace with growing global demand, the country's oil minister said Thursday.

... It plans to expand crude production capacity to 12.5 million barrels a day by 2009 from 9 million barrels now. And if market conditions demand, the country has identified additional projects to further boost capacity after 2009, he said...”

The root of the problem is the distinction between ‘production capacity’ and ‘actual production’. Production capacity now is about 11 mb/d, not 9 mb/d. Therefore, the increase to 12.5 mb/d by 2009 is an increase of only 1.5 mb/d, not 3.5 mb/d, not 40%. The most recent detailed, and public, report of what exactly the Saudis hope to achieve was given by Nawaf Obaid on Nov 9th last year in a PowerPoint presentation to the Center for Strategic and International Studies (CSIS) in Washington D.C., which is still available online²:

Slide 3: Saudi Arabia has a production capacity of 11.1 - 11.3 mb/d; exports 8 mb/d; and produces between 8.6 - 9.0 mb/d and 1 - 1.3 mb/d of natural gas liquids.

Slide 6: March 2006 - Aug 2009 estimated sustainable oil production capacity will increase by a net of 1.55 Mb/d. Depletion rate used works out at about 1.8% per annum.

11,000,000 b/d Estimated sustainable capacity in March 2006

+ 2,350,000 b/d Estimated increase in capacity 2006-09

- 800,000 b/d Estimated natural production decline 2005-09

≈ 12,550,000 b/d Estimated sustainable capacity in August 2009

Slide 9: Aug 2009 - 2011 estimated sustainable oil production capacity will increase by a net of 0.9 Mb/d. Depletion rate used works out at about 2.8% per annum over two years.

Net new capacity to 2009: 1.55 Mb/d

Net new capacity 2009-2011: 0.9 Mb/d

Summary: net new capacity to 2009: 1.55 Mb/d, an increase of 14.1% on 11,000,000 b/d.

Ends

Notes for editors:

1. Saudis to Increase Oil Output Capacity, *Forbes*, Thu 18 Jan.,
<http://www.forbes.com/feeds/ap/2007/01/18/ap3338701.html>

Saudis plan to increase oil production and refining, *International Herald Tribune*, Thu 18 Jan., <http://www.iht.com/articles/2007/01/18/business/saudi.php>

Saudis to Increase Oil Output Capacity, *The Washington Post*, Thu 18 Jan.,
<http://www.washingtonpost.com/wp-dyn/content/article/2007/01/18/AR2007011800253.html>

2. *Saudi Arabia's Strategic Energy Initiative: Safeguarding Against Supply Disruptions*, CSIS, 9th Nov 2006: http://www.csis.org/media/csis/events/061109_omsg_presentation1.pdf. There is a review of the presentation with links on the ODAC Bulletin Board, see "Saudi Arabia's Strategic Energy Initiative: Safeguarding Against Supply Disruptions"

3. The Oil Depletion Analysis Centre (ODAC) is a UK-registered educational charity working to raise international public awareness and promote better understanding of the world's oil and gas depletion problems. Further information is available on its website.