

Aussie oil & gas production surges

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AUSTRALIAN petroleum production reached a seven-year high in 2007 and petrol sales topped more than 19 billion litres, despite high prices at the pumps.

A key report – issued yesterday by energy economics consultancy EnergyQuest – revealed that Australian petroleum production for 2007 was 467 million barrels of oil equivalent (MMboe), a 4.6% jump on the previous year and just short of the all-time record of 474MMboe in 2000.

And there are no signs that high petrol prices are slowing demand, with Australian petrol sales growing by 1.6% in the past calendar year.

First increase in oil production since 2000

New projects in Western Australia's Exmouth Sub-basin helped Australian oil production increase by 3.2% to 121 million barrels, the first rise since 2000, and production is expected to grow further in 2008.



Graeme Bethune

But Australia remains only 53% self-sufficient in petroleum, with a petroleum trade deficit of \$7.6 billion (including liquefied natural gas exports) in 2007.

Petrol demand grows despite high prices

Despite record prices at the bowser, Australian consumption of petroleum products grew by 2.3% in 2007, with petrol sales up 1.6% to 19.4 billion litres.

"There is no sign that high prices are reducing demand for petrol," EnergyQuest chief executive Dr Graeme Bethune said.

"Petrol sales have increased by 6.5% since 2000 despite a 43.5% increase in prices," he said.

"This petrol consumption trend has important implications for greenhouse policy and the Garnaut Review's deliberations."

The Garnaut Review is being conducted by eminent economist Ross Garnaut and was commissioned by Federal Labor while in Opposition. Professor Garnaut released an interim report last week that urged the Federal Government to set a 2020 greenhouse target this year, and to consider a much tougher 2050 target.

"Cars are a significant source of greenhouse emissions and cutting emissions means cutting petrol use," Bethune said.

The continuing resilience of petrol sales in the face of high prices suggests that massive increases in petrol prices would be required to reduce emissions from cars, probably to over \$2 per litre, he said. This has already occurred in many European countries.

Record gas production

Australian natural gas production reached a record 1705 petajoules in 2007, up by 6%.

East coast production (NSW, Victoria, Queensland, South Australia and Tasmania) was particularly strong, growing by 12.5%. This was driven by a jump in gas use for power generation to offset

reductions in hydro and coal-fired generation due to the drought.

Victorian gas production was a record 366PJ (up 18.4%) and Western Australian gas also reached a record with production at 1000PJ.

Meanwhile, coal seam methane production in Queensland and NSW grew by 40.2% to reach a record 113PJ.

EnergyQuest oil and gas production and reserves estimates are compiled from a comprehensive database of company reports and are published in the company's EnergyQuarterly.