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OIL AND GAS ANALYSTS AND FORECASTERS

HENRY GROPPÉ E.W. LONG, JR. GEORGE S. LITTELL

1111 BAGBY, SUITE 2330
HOUSTON, TEXAS 77002

PHONE (713) 658-1193
FAX (713) 658-1196

WEBSITE www.groppelong.com
EMAIL gll@groppelong.com

PRICE RATIONING OF PEAK OIL

Presentation to

2007 HOUSTON WORLD OIL CONFERENCE

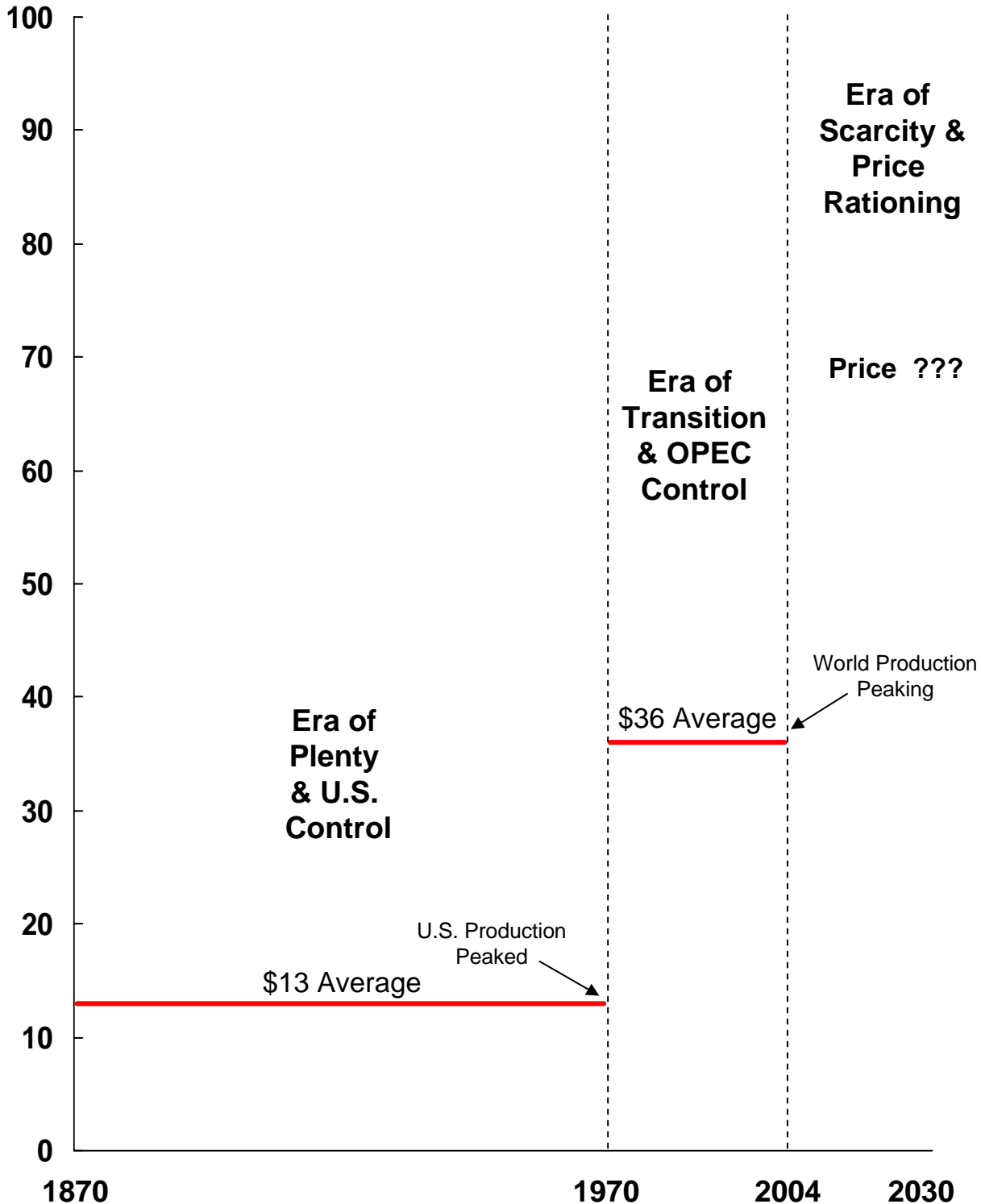
October 19, 2007

By

Henry Groppe

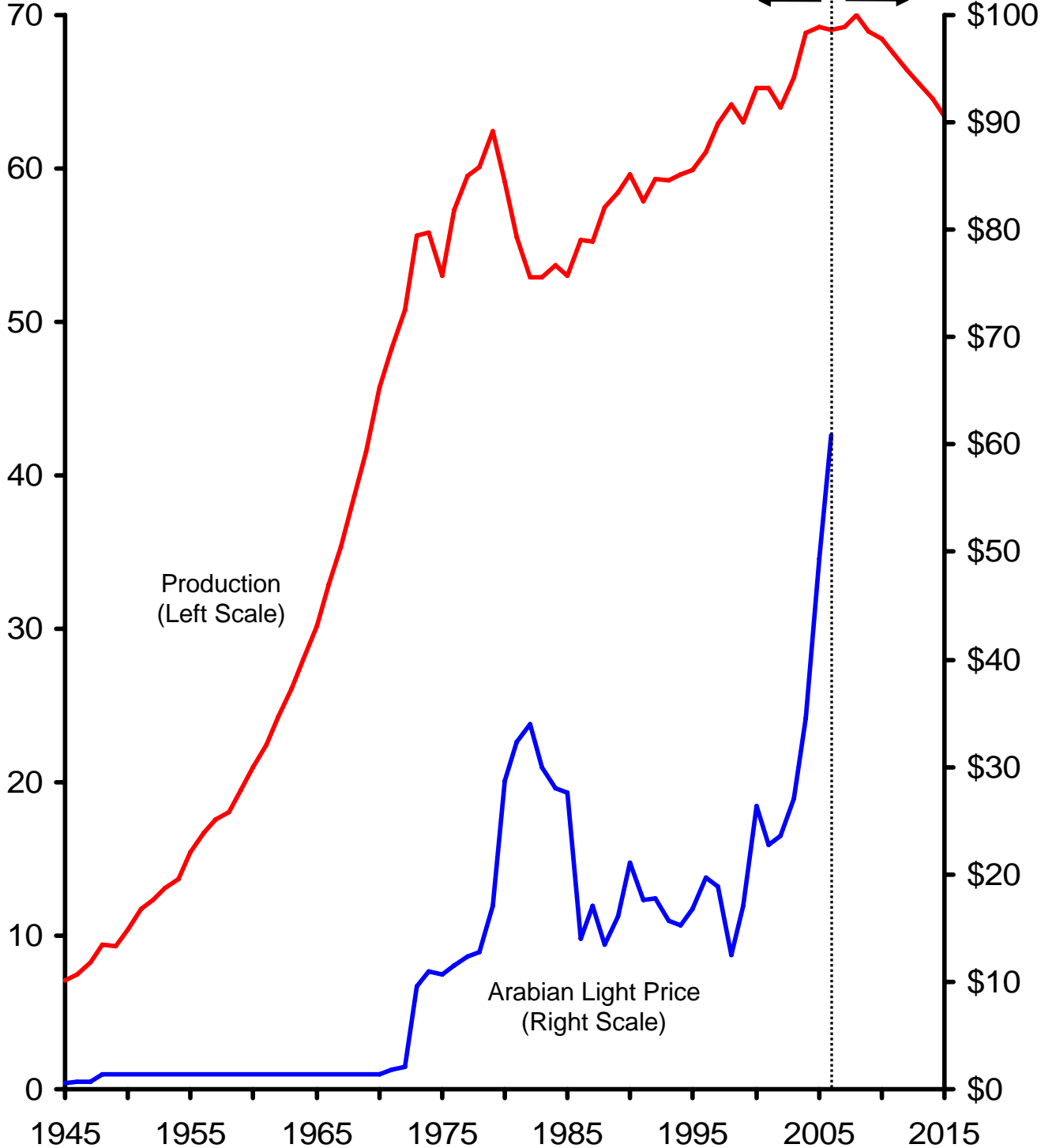
THE HISTORY AND FUTURE OF THE OIL BUSINESS

Crude Oil Price *
2004 \$
Per Barrel



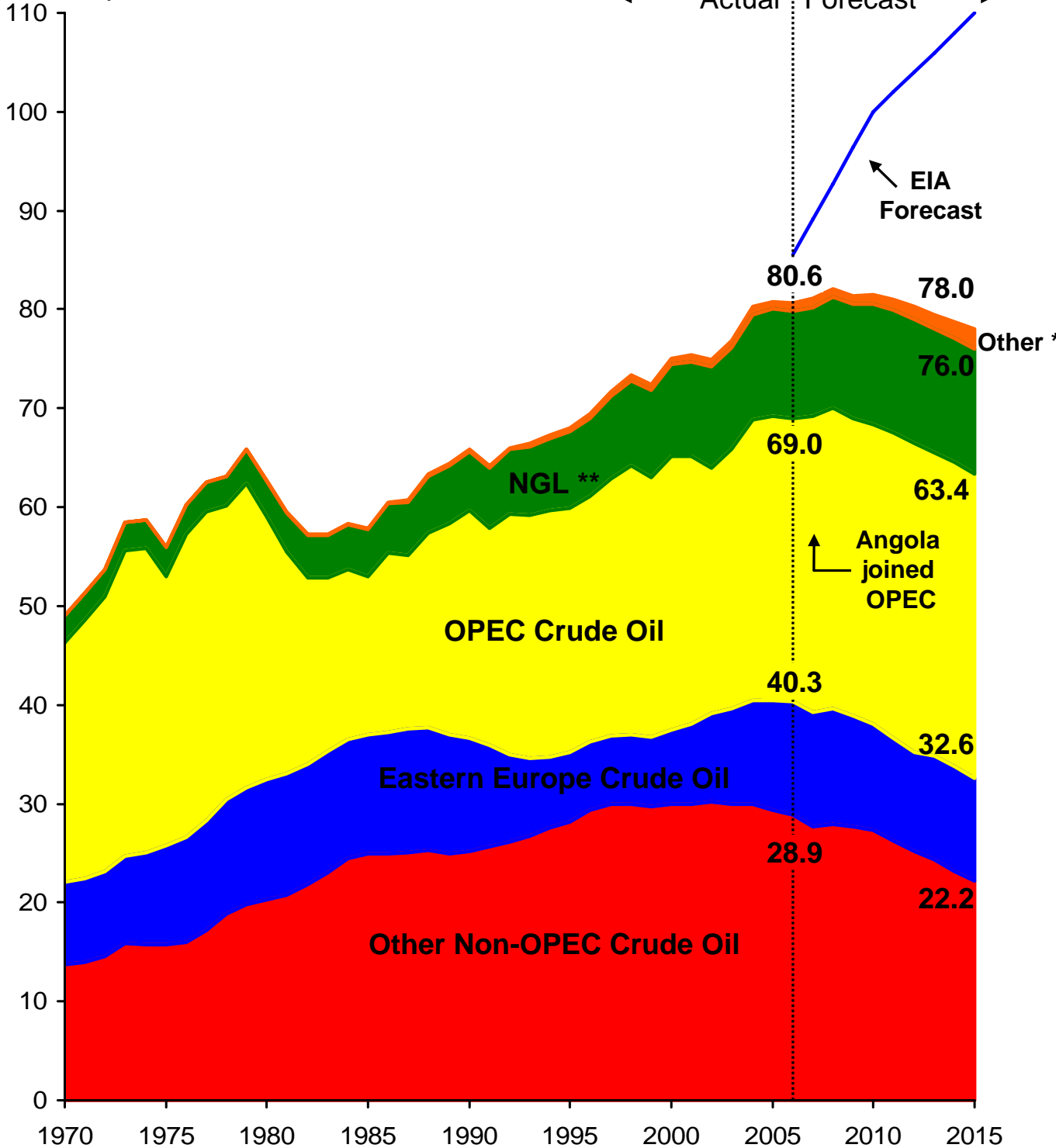
* US WTI or Equivalent

WORLD CRUDE OIL PRODUCTION

Million Barrels
Per Day

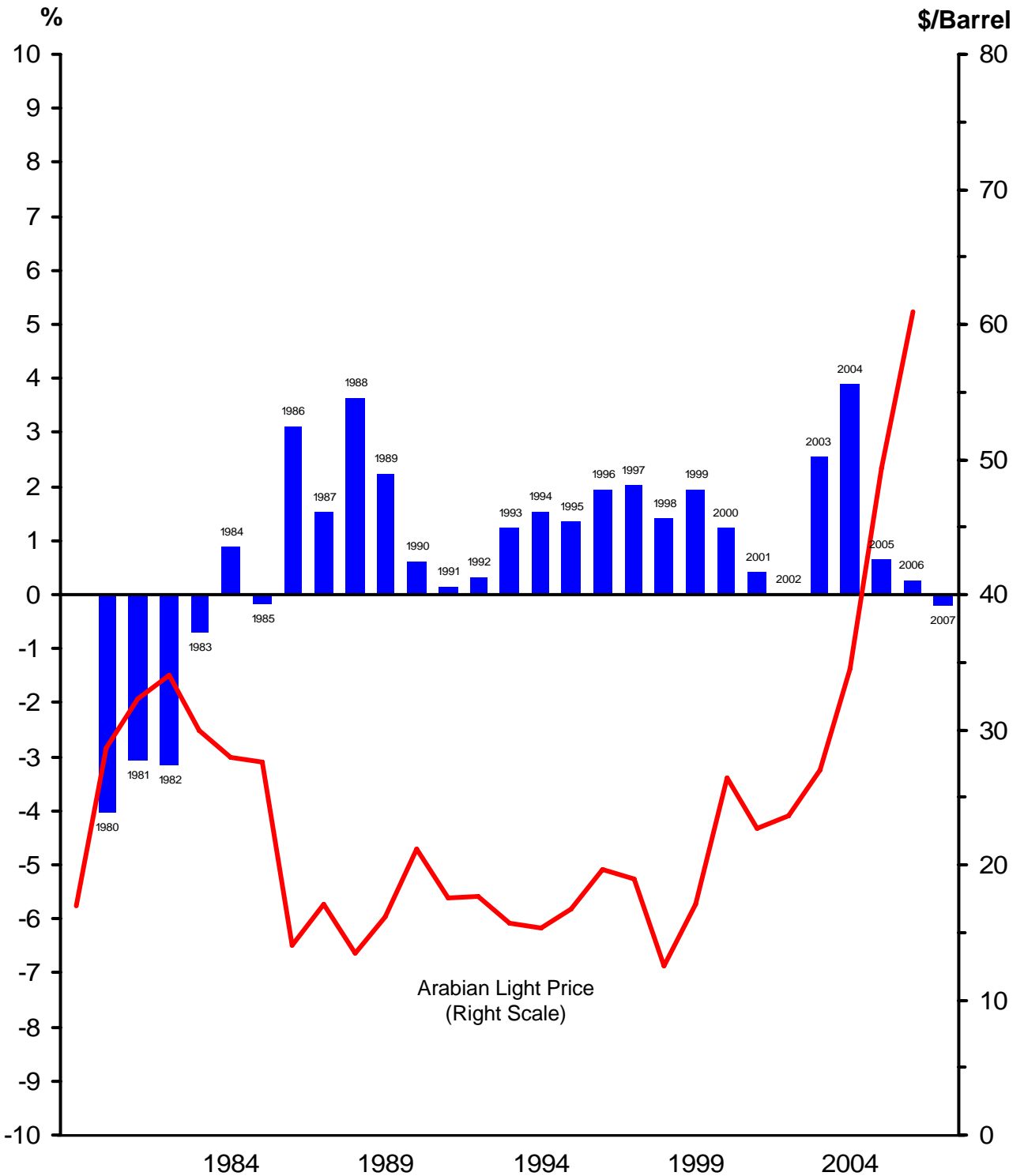
WORLD PETROLEUM PRODUCTION

Million Barrels
Per Day



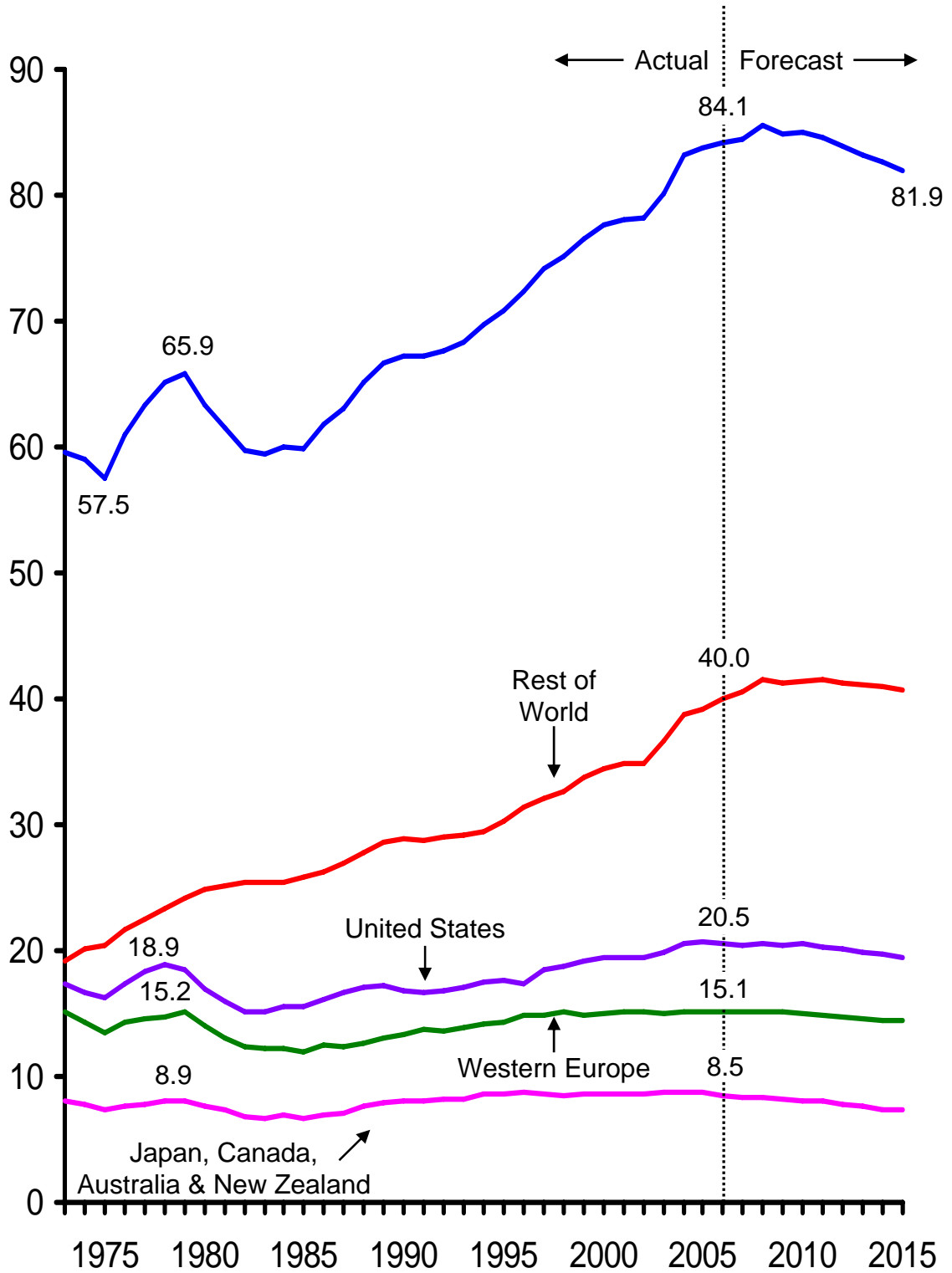
* alcohols, coal liquefaction, and gas to liquids
 ** condensate, natural gasoline, butanes, propane, and ethane

WORLD CRUDE OIL CONSUMPTION CHANGE VS PRICE



WORLD PETROLEUM DELIVERIES

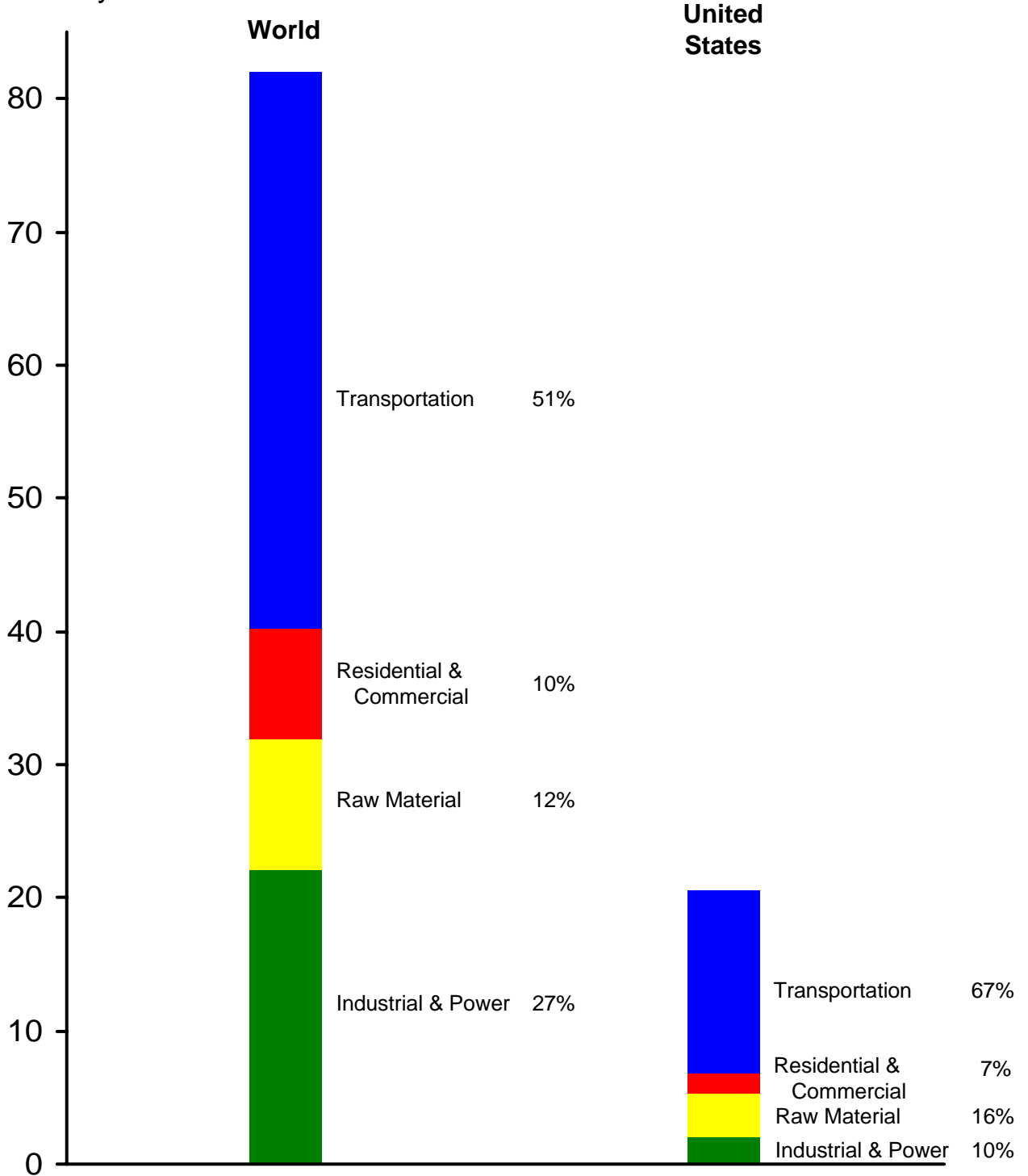
Million Barrels Per Day



Includes crude oil, other liquids and processing gain

WORLD PETROLEUM USE BY SECTOR

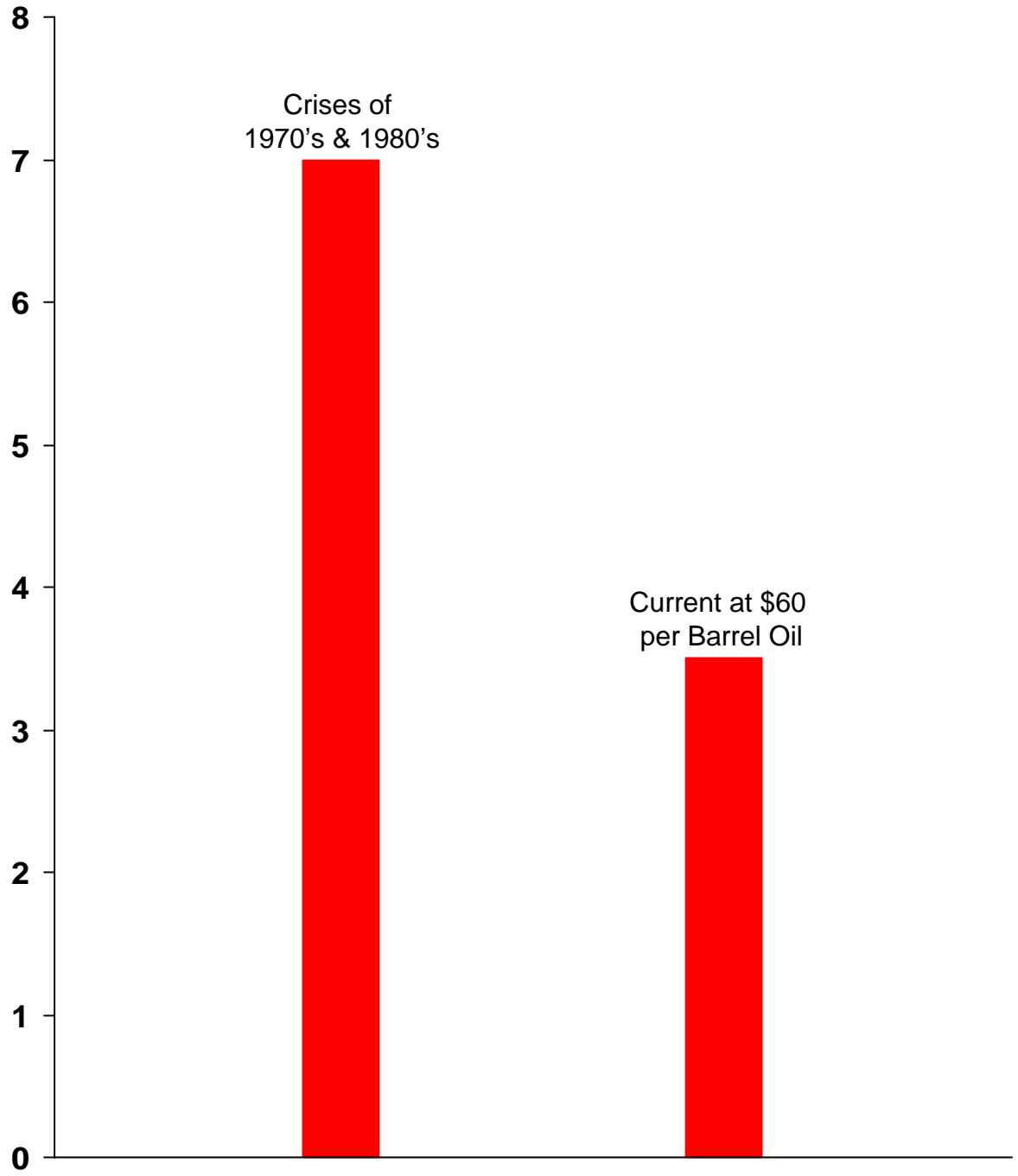
Million Barrels
Per Day



OIL EXPENDITURES RELATIVE TO GLOBAL ECONOMIC ACTIVITY

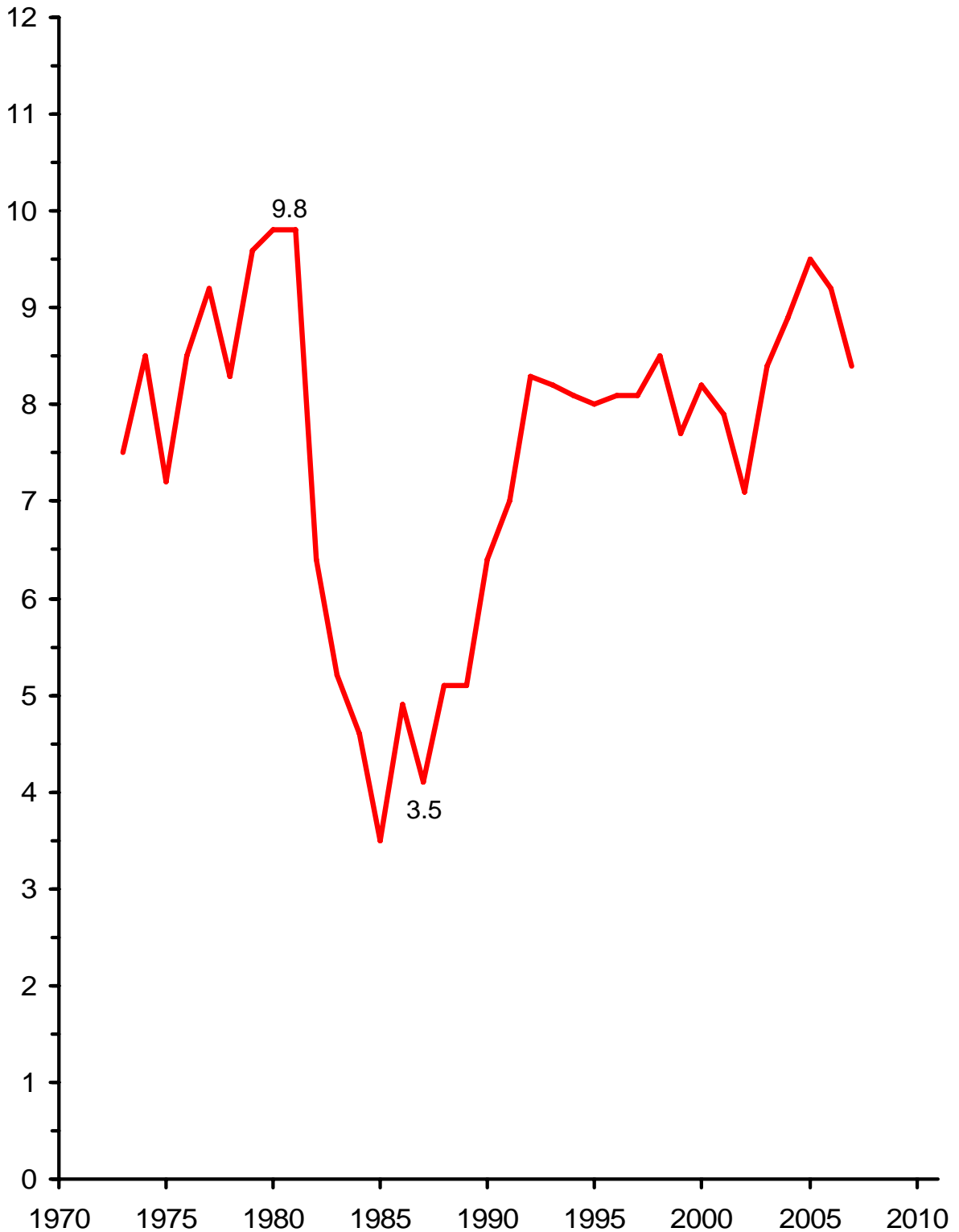
Percent of
Global Gross
Domestic
Product

OIL EXPENDITURES



SAUDI ARABIAN OIL PRODUCTION

Million Barrels Per Day



WORLD PETROLEUM BALANCES

Million Barrels Per Day (mmbd)

	<u>2005</u>	<u>2006</u>	<u>2007</u>
Deliveries	80.4	80.7	80.5
Production			
OPEC Crude	28.8	28.7	27.8
OPEC NGL	4.3	4.4	4.6
Total	<u>33.1</u>	<u>33.1</u>	<u>32.4</u>
Non-OPEC Crude	40.4	40.3	40.7
NGL	6.5	6.4	6.3
Total	<u>46.9</u>	<u>46.7</u>	<u>47.0</u>
Other	0.8	0.8	1.0
Total	<u>80.8</u>	<u>80.6</u>	<u>80.4</u>
Stocks Up or (Down)	0.4	(0.1)	(0.1)
 Saudi Arabia Production	 9.5	 9.2	 8.5
 Price, Spot WTI	 \$56	 \$66	 \$69*
Per Barrel			

* Average, 9 months

2007 Houston World Oil Conference

Proceedings



*Energy Action for a Healthy Economy
and a Clean Environment*

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