

BP HANDS DOWN LATEST WORLD ENERGY REVIEW

THE latest world energy review - released recently by London-headquartered energy giant BP - has confirmed that the global consumption of oil has risen slightly over the last 12 months, with crude production remaining steady and natural gas consumption and production on the rise.

According to the 2008 BP Statistical Review of World Energy, worldwide oil consumption grew by 1.1 per cent in 2007 - or one million barrels per day (bpd) - slightly below the 10-year average. Consumption in the oil exporting regions of the Middle East, South America, Central America and Africa made up two-thirds of the growth. OECD consumption was 0.9 per cent lower.

European Union (EU) energy consumption fell by 2.2 per cent, with Germany recording the world's largest decline in energy consumption.

EU OIL/GAS PRODUCTION

EU oil production in 2007 was 2,394,000 bpd, representing a 12 month decline of 0.9 per cent. EU and UK gas production fell by 6.4 per cent and 9.5 per cent respectively.

Global oil production declined by only 0.2 per cent, or 130,000 bpd, the first fall since 2002. OPEC production dipped by 350,000 bpd as a result of production cuts implemented in November 2006 and February 2007. Increased output in Angola and Iraq, and growing supply of condensates/natural gas liquids, partially offset bigger cuts in other OPEC countries.

Oil production growth outside OPEC remained weak, climbing last year by approximately 200,000 bpd. OECD output declined for the fifth consecutive year. Output among former Soviet Union nations increased by almost 500,000 bpd, with Azerbaijan and Russia each boosting output

by over 200,000 bpd.

Proved oil reserves were steady in 2007, at 1.24 trillion barrels (this is sufficient to meet current production for at least the next 40 years).

Meanwhile, BP's world energy report reveals that natural gas consumption shot up by an above-average 3.1 per cent in 2007 (only North America, Asia Pacific and Africa had above average regional growth).

The US accounted for almost 50 per cent of the global growth in gas consumption (due to strong demand for gas in power generation and cold winter weather).

Chinese consumption surged by approximately 20 per cent and accounted for the second-largest increase in global gas consumption. EU consumption fell by 1.6 per cent - the second consecutive drop, largely due to a warmer than average winter.

Global gas production increased by 2.4 per cent in 2007, with Chinese and Qatar production up by 18.4 per cent and 17.9 per cent respectively. The US accounted for a rise of 4.3 per cent, its strongest growth since 1984. A small gas output decline in Russian was offset by strong growth elsewhere in the former Soviet Union.

The number of liquefied natural gas (LNG) shipments rose by 7.3 per cent, led by Qatar and Nigeria. USA LNG receipts climbed by approximately 33 per cent (a large price premium to European spot markets resulted in the diversion of cargos to the US).

At the launch of the world energy review, BP's chief executive Tony Hayward said the world's energy markets are continuing to deliver reliable energy supplies.

"The defining feature of global energy markets remains high and volatile prices, reflecting a tight

