

BP Statistical Review Reveals Biggest Annual Increase in US Oil Production, as W

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The BP Statistical Review of World Energy 2013 - the 62nd annual report - is launched today, revealing that 2012 had the largest single-year increase in US oil production ever recorded, and new evidence of the flexibility of the world's energy system in meeting rapid global change.

The US recorded the world's highest growth in production of both oil and natural gas in 2012, on the back of increasing production of unconventional hydrocarbons such as tight oil, an example of the increasing diversity of energy sources as the global market continues to adapt, innovate and evolve. With rising natural gas output driving prices lower in the US, natural gas displaced coal in power generation, causing the US to experience the largest decline of coal consumption in the world.

Elsewhere, 2012 saw the largest annual decline in world nuclear output. In Japan, where nuclear power generation all but disappeared after 2011's Fukushima accident, higher imports of fossil fuels including liquefied natural gas (LNG) 'kept the lights on'. In Europe, where gas prices were higher than in the US, power generators took the opposite course from the US, and substituted coal for gas.

"For those of us in the energy industry, the challenges are about how we respond to the big shifts we are seeing – a shift in demand towards emerging economies and a shift in supply towards a greater diversity of energy sources, including un conventionals," said Bob Dudley, BP Group Chief Executive.

"The data show there is ample energy available. Our challenge as an industry is to make the best choices about where to invest. We want to provide energy in ways that enable us to be both safe and competitive – deploying our strengths while reducing our risks, and managing our costs."

The Review also revealed a drop in the growth of overall global energy consumption to 1.8% in 2012, down from 2.4% the previous year. This was partly as a result of the economic slowdown, but also because individuals and businesses responded to high prices by becoming more efficient in their use of energy. The emerging economies - the non-OECD countries - firmly established themselves as the source of what demand growth was seen, with China and India alone accounting for nearly 90% of the increase. Just twenty years ago, the emerging economies accounted for only 42% of global consumption; now that figure is 56%.

For a second consecutive year, oil supply disruptions in Africa and the Middle East were offset by growth among other Middle East producers, with record oil production in Saudi Arabia, the UAE, and Qatar. Despite these supply increases, average nominal oil prices reached another

record high.

Coal remained the fastest-growing fossil fuel, with China now consuming the majority of the world's coal for the first time—but it was also the fossil fuel that saw the weakest growth relative to its historical average.

Hydroelectric and renewable energy (along with cheap natural gas in North America) competed against coal in power generation. Global biofuels output fell for the first time since 2000 due to weakness in the US, but renewables in power generation grew by 15.2% and accounted for a record 4.7% of global power output.

Global carbon dioxide (CO₂) emissions from energy use continued to grow in 2012, but at a slower rate than in 2011. Lower coal use helped the US reduce its emissions of carbon dioxide to 1994 levels, and EU emissions declined despite coal gaining market share from natural gas in power generation.

“2012 was yet another year of adaptation to a changing energy landscape,” said Christof Rühl, BP's Chief Economist. “As the non-OECD economies industrialize, they unlock ever more resources. The data tell us that the industrializing part of the world not only outpaces the OECD in terms of proved reserves growth, it also contributes its fair share to energy production.”

Review highlights – energy developments

- World primary energy consumption grew by 1.8% in 2012, well below the 10-year average of 2.6%.
- Consumption in OECD countries fell by 1.2%, led by a decline of 2.8% in the US (the world's largest decline in volumetric terms).
- Non-OECD consumption grew by 4.2%, below the 10-year average of 5.3%.
- Global consumption growth was below average for all fossil fuels and nuclear power; regionally growth was below average everywhere except Africa.
- Oil remains the world's leading fuel, at 33.1% of global energy consumption, but oil continued to lose market share for the 13th consecutive year and its current market share is the lowest in BP's data set, which begins in 1965.

Oil

- Dated Brent averaged \$111.67 per barrel in 2012, an increase of \$0.4 per barrel from the 2011 level.
- Global oil consumption grew by 890,000 barrels per day (b/d), or 0.9%, below the historical average.
- Oil had the weakest global growth rate among fossil fuels for the third consecutive year. OECD consumption declined by 1.3% (530,000 b/d), the sixth decrease in the past

seven years; the OECD now accounts for just 50.2% of global consumption, the smallest share on record. Outside the OECD, consumption grew by 1.4 million b/d, or 3.3%.

- China again recorded the largest increment to global consumption growth (+470,000 b/d, +5%) although the growth rate was below the 10-year average. Japanese consumption grew by 250,000 b/d (+6.3%), the strongest growth increment since 1994.
- Global oil production increased by 1.9 million b/d, or 2.2%. OPEC accounted for about three-quarters of the global increase despite a decline in Iranian output (-680,000 b/d) due to international sanctions. Libyan output (+1 million b/d) nearly regained all of the ground lost in 2011.
- For a second consecutive year, output reached record levels in Saudi Arabia, the UAE and Qatar. Iraq and Kuwait also registered significant increases.
- Non-OPEC output grew by 490,000 b/d, with increases in the US (+1 million b/d), Canada, Russia and China offsetting unexpected outages in Sudan/South Sudan (down 340,000 b/d) and Syria (-160,000 b/d), as well as declines in mature provinces such as the United Kingdom and Norway.
- US net oil imports fell by 930,000 b/d and are now 36% below their 2005 peak. Conversely, China's net oil imports grew by 610,000 b/d.

Natural gas

- World natural gas consumption grew by 2.2%, below the historical average of 2.7%.
- Consumption growth was above the 10-year average in South & Central America, Africa and North America, where the US (+4.1%) recorded the largest increment in the world. In Asia, China (+9.9%) and Japan (+10.3%) were responsible for the next-largest growth increments. Globally, natural gas accounted for 23.9% of primary energy consumption.
- Global natural gas production grew by 1.9%. The US (+4.7%) once again recorded the largest volumetric increase and remained the world's largest producer. Norway (+12.6%), Qatar (+7.8%), and Saudi Arabia (+11.1%) also saw significant production increases, while Russia (-2.7%) had the world's largest decline in volumetric terms.
- Global liquefied natural gas trade declined for the first time on record (-0.9%), while pipeline trade grew weakly (+0.5%).

Other fuels

- Coal consumption grew by 2.5% in 2012, well below the 10-year average of 4.4% but still the fastest-growing fossil fuel.
- Global coal production grew by 2%, with growth in China (+3.5%) and Indonesia (+9%) offsetting a decline in the US (-7.5%). Coal reached the highest share of global primary energy consumption (29.9%) since 1970.
- Global nuclear output fell by 6.9%, the largest decline on record for a second consecutive year; Japanese output fell by 89%, accounting for 82% of the global decline. Nuclear output accounted for 4.5% of global energy consumption, the smallest share since 1984. Hydroelectric output rose by an above-average 4.3%, with China accounting for all of the net increase.
- Renewable energy sources saw mixed results in 2012. Global biofuels production

recorded the first decline since 2000 (-0.4%), due to a decline in the US (-4.3%). In contrast, renewable energy used in power generation grew by 15.2%, slightly above the historical average.

- Renewable forms of energy accounted for 2.4% of global energy consumption, up from 0.8% in 2002; renewables in power generation accounted for a record 4.7% of global power generation.

Further enquiries:

Name: BP Press Office

Location: London

Phone: +44 (0)207 496 4076

Email: bppress@bp.com

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