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## US Surpasses Russia In Fuel Production

Only Saudis & Russians pump more oil

According to the **International Energy Agency (IEA)**, US will surpass **Russia** in total production of liquid fuels in 3<sup>rd</sup> Qtr. 2013 – that includes crude oil plus biofuels like ethanol. Moreover, US is now the third largest crude oil producer behind **Saudi Arabia** and barely trailing **Russia**.

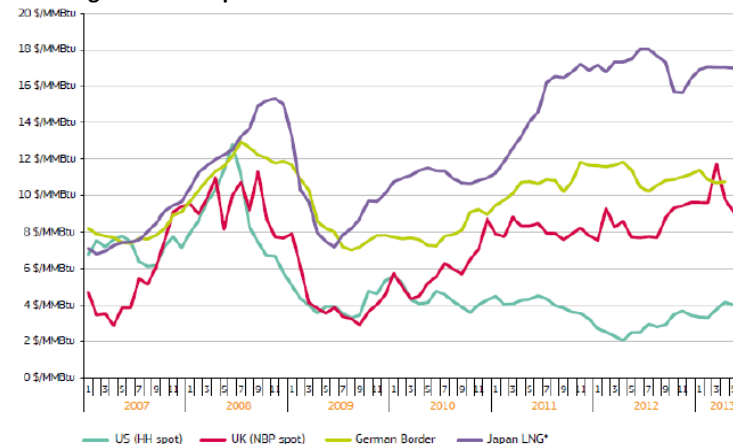
Saudi oil minister **Ali Naimi**, acknowledging the new geopolitical realities, recently conceded that the increased US fuel production has “increased depth and stability for the (global) oil markets.”

Despite the increased US production, however, oil prices have been hovering above \$100/barrel lately due to uncertainties about military action in the Middle East. More US production, however, has had little impact on global prices. The only reason prices haven't gone even higher is that **Saudis** have been pumping record amounts of oil making up for the diminished **Iranian** and **Libyan** exports. It is rather ironic that those who said oil at \$100/bbl was too dear only a few months ago, now long for \$100 oil.

Nobody, of course, has a crystal ball on where future oil prices may be heading, but at \$100/bbl, consumers are already feeling the pinch and businesses are doing what they can to use less. In North America, where natural gas is plentiful and cheap, many are switching. More taxis, busses, trucks, trains and ships are switching to natural gas. In Europe and Asia Pacific, where natural gas prices are high, there is no easy way to get around rising oil prices.

Higher oil prices, if they persist, are also likely to accelerate the **peak oil theory** – on the *demand side* that is – as

Natural gas: Not cheap outside North America



Source: Energy Spectrum, 9 Sept 2013-URL