



E N E R G Y Q U E S T

## **MEDIA RELEASE**

Monday, 25 February 2008

- **Australian petroleum production surges to 7-year high**
- **Petrol sales top 19 billion litres – despite higher prices**
- **Challenge for greenhouse targets**

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 today by energy economics group, 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 474 MMBOE in 2000.

And there are no signs that high petrol prices are slowing demand, with Australian petrol sales growing by 1.6% to 19.4 billion litres in the past calendar year.

### **First increase in oil production since 2000**

Australian oil production increased by 3.2% to 121 million barrels, the first increase since 2000, and production is expected to grow further in 2008.

However Australia remains only 53% self-sufficient in petroleum, with a petroleum trade deficit of \$7.6 billion (including LNG 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 CEO, Dr Graeme Bethune, said today.

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

### **Massive increases in petrol prices would be required to reduce greenhouse emissions**

“This petrol consumption trend has important implications for greenhouse policy and the Garnaut Review’s deliberations,” Dr Bethune said.

“Cars are a significant source of greenhouse emissions and cutting emissions means cutting petrol use,” he said.

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“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, as applies in many European countries.”

The Garnaut Review – a report commissioned by Federal Labor while in Opposition and released last week by eminent economist Ross Garnaut – urged the Federal Government to set a 2020 greenhouse target this year, and to consider a much tougher 2050 target.

### **Record gas production**

Australian natural gas production reached a record 1,705 petajoules (PJ) in 2007, up by 6.0%.

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.

### **Record Victorian gas production**

Victorian gas production was a record 366 PJ (up 18.4%).

### **Coal seam methane up 40%**

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

### **WA gas production hits 1,000 PJ.**

West Australian gas production reached a record 1,000 PJ.

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.

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