



Saudi Arabia Announces They Will Produce More Oil

Posted by [Nate Hagens](#) on June 22, 2008 - 11:00am

Topic: [Supply/Production](#)

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[CNN is reporting](#) that Saudi Arabian King Abdullah and the country's petroleum minister Ali I. Al-Naimi, at their [Jeddah Energy Meeting](#), have announced an increase in production from **9 mmbpd to 9.7 mmbpd effective July**, and **will increase investments in oil projects which will allow for 12.5 mmbpd by the end of the year.**

Saudi Arabia will increase its daily oil production to 9.7 million barrels from 9 million to counter the sharp rise in international oil prices, Saudi King Abdullah said Sunday.

The country's petroleum minister, Ali I. Al-Naimi, said that the increase will take place in July.

It would be Saudi Arabia's highest production rate since 1981.

Al-Naimi also said the government will invest in oil projects that would allow the nation to produce 12.5 million barrels per day by the end of the year.

Did he mean that productive capacity would be 12.5 mmbpd by the end of the year or more likely the *investments* would be made by the end of the year in order to try to get to 12.5mmbpd in the future? (The latter more likely, though the phrasing, as usual, was odd)

King Abdullah's remarks came at the end of the Jeddah energy summit, where he also called for OPEC to set aside \$1 billion for a strategy to ease the oil price crisis. He said \$500 million should be given to developing nations to help them get the energy they need.

King Abdullah said there are "many factors that made oil prices high." Along with increased demand, he also cited oil speculators and an increase in taxes in consumer nations.

Is this newsworthy at all? March 2008 production was already 9.2 mmbpd. The May increase took it to 9.5mmbpd (+300,000), so there is 200,000 remaining for July. E.g. no new increase.

Thoughts? Links? Analysis? Charts? Graphs? Translation?

(Rembrandt will follow this post with a more detailed analysis shortly)



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