

**WHERE ARE OIL AND GAS PRICES GOING AND
HOW WILL THEY AFFECT BUSINESS?**

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COMMERCIAL REAL ESTATE COURSE
OCTOBER 1-2, 2009

Biographical Sketch

MICHAEL J. ECONOMIDES

A chemical and petroleum engineer and an expert on energy geopolitics he holds a number of positions such as professor at the Cullen College of Engineering, University of Houston, Chairman of the Board of XGAS, a natural gas firm (www.xgas.us) and Managing Partner of Dr. Michael J. Economides Consultants, Inc. with a wide range of industrial consulting, including major retainers by several Fortune 500 companies and national oil companies, Editor-in-Chief of *Energy Tribune* (www.energytribune.com) a newsletter in the energy and related industries and activities and Editor-in-Chief of the newly established peer-reviewed *Journal of Natural Gas Science and Engineering*, published by Elsevier.

Technically, he casts a commanding figure in petroleum and natural gas reservoir and production engineering. With 14 textbooks and over 200 journal papers and articles, his works are referenced by almost all practitioners in the field.

In the relatively recent past he has served as Senior Technical Advisor to Yukos and Sibneft, Russia's major petroleum companies, ENI, Italy's main petroleum multinational company, and China's CNOOC and subsidiary COSL. During 1997 and 1998 Economides was in Venezuela as the Senior Advisor on Production Technology for PDVSA, the national oil company of Venezuela.

Following his 2000 best seller *The Color Of Oil* and a large number of publications in international magazines, he is considered by many as the premier world expert on the geopolitics of energy, giving about 50 speeches per year to groups from many large professional societies, organizations and corporations. He is a frequent guest on national and international media, appearing on CNBC, Fox News, A(Australian)BC, Tokyo Channel 13, Dow Jones Wire, NPR, Bloomberg, BBC World Service and many local stations throughout the world. He writes for the editorial pages of major newspapers and internet news organizations.

His latest wide appeal book is *From Soviet to Putin and Back: The Dominance of Energy in Today's Russia*. (www.soviettoputin.com)

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Facts vs Ideas in the World of Energy

Few issues in modern history have generated more ideology-driven misinformation than energy. While most would agree that energy is crucial to the world economy, very little public discourse seems based on the intractability of certain facts.

The problem: the huge gap between the theoretical and the practical, the latter affected by logistical and economic considerations. For certain people, the achievement of their desired course of action, based on their preferred world-view, is often confronted with abysmally small odds. It should not be acceptable for governments and non-governmental groups to avoid disclosing the required path and costs for achieving their goals. Many imply that the government and/or taxes should provide the funds, but even then the magnitude of such costs is rarely revealed.

Much of the rhetoric involves issues such as conservation, the environment, and “energy independence.” Exacerbating the situation is the recent clamor about anthropogenic global warming, and the expressed desire to either reduce carbon dioxide emissions (by using non-fossil fuels) or to sequester them.

Let’s examine the big picture of world energy supplies between 2006 (the latest year for which full information is available) and the forecast for 2030. According to the Energy Information Administration:

- In 2006, world energy demand was 473 quads (quadrillion British thermal units). By 2030, demand is expected to be 678 quads, a 43-percent increase.
- In 2006, fossil fuel demand was: oil, 171 Quads; natural gas, 108 Quads; and coal, 127 Quads.
- In 2006, those three sources accounted for 86 percent of total global energy use.
- By 2030, expected fossil fuel use will be: oil, 233 quads (a 36-percent increase over 2006); natural gas, 153 Quads (a 42-percent increase); and coal, 190 Quads (a 50-percent increase).