Inflation Adjusted
Monthly CRUDE OIL PRICES
(1946- Present) In January 2014 Dollars
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Updated 3/6/2014

Dec. 1979 Monthly Average
Peak $115.89 in
January 2014 Dollars

June 2008 Monthly Average
Oil Price $135.04
in January 2014 Dollars

Nominal Peak $38 (Mo. Ave. Price)
Intraday Prices peaked higher

Inflation Adjusted Oil Price

Nominal Oil Price

Source of Data:
Oil Prices- www.PlainsAllAmerican.com -- Illinois Crude
CPI-U Inflation index- www.bls.gov
Almost all new developments have good profitability at US$120/bl

Our base case cost modeling in this report is based on the current cost environment and does not assume potential further cost inflation. In assessing the breakeven price required, we use commercial hurdle rates (ranging from 11% in OECD to 15% in high risk countries); under our base case, the marginal 3.4 mnbls/d of production (marginal deepwater and shales, GTL, Canadian heavy oil, Russian greenfields, and Kashagan) requires US$100/bl+ to meet these hurdle rates. Key new development areas, such as pre-salt Brazil (c.US$40/bl), deepwater Angola (c.US$60/bl), deepwater GoM (c.US$65/bl) and US shales (c.US$70/bl), make good economics at lower prices.
D. Murphy, the oil drum
http://www.theoildrum.com/node/7246

Producing oil at a profit?
Unconventional oil is expensive to produce

Declining net energy
For oil extraction

Data from D. Murphy and C. Hall
Energy return of renewables close to that of fossils

**Figure 2**  \(\text{EROI}_{el}\) of PV electricity, compared to the \(\text{EROI}_{el}\) of oil- and coal-fired thermal electricity \((Eqn.~2)\).
Investing in renewable energy

Source: Sgouridis and Csala 2014
Trends in Energy production: take-home points

1. Producing energy requires energy

2. The energy return of fossils is declining because of depletion

3. High prices are necessary if current production is to be maintained

4. High prices cause demand destruction and recession

5. Investing in renewables is a crucial priority for Europe's future
Hearing on the "EU Energy Security Strategy under the conditions of the Internal Energy Market" - Brussels, 05 Nov 2014

Posted by Ugo Bardi

Ugo Bardi's blog
The depletion of the cheap ores which we have been extracting up to now is at the root of our economic problems. In the future, we will have to learn how to live with less; recycle carefully and be more efficient.

www.cassandrarelegacy.blogspot.com