

Excerpt from Seeking Alpha, November 8, 2006
http://biz.yahoo.com/seekingalpha/061108/20097_id.html?v=1

SeekingAlpha **Oil Industry Dropped Ball on Investment, IEA Claims** Wednesday November 8, 3:13 am ET

[Oil Industry Barely Boosted Investment in Production, IEA Says](#) [Wall Street Journal]

Summary: A report released yesterday by the International Energy Agency [IEA] indicates that after adjusting for inflation, the world oil industry's investment in oil and natural gas production has increased a skimpy 5% over the past five years. Because oil and gas projects cannot be completed quickly, paltry investment during the decade's first half will come back to haunt consumers in the second half. If demand for oil exceeds expectations, or if capacity falls short, the result will be a rise in prices. But even in the unlikely event that both supply and demand remain in line, the industry's insufficient investment will have failed to add enough to the world's spare oil capacity -- leaving consumers at the mercy of supply disruptions. Oil prices have almost doubled since 2000, in part because of a 9.3% increase in global demand. The industry's production capacity is expected to continue to edge demand through the end of the decade, but only if current projects reach fruition. Even then, the total reserve of 3.3 million barrels a day would be well shy of the five million barrels a day considered necessary to keep the world safely supplied. The IEA advocates accelerated development of nuclear and other alternative energy sources as a means of reducing the world's dependency on fossil fuels -- a solution that would offer the added benefit of slowing the pace of climate change. **Related links:** IEA Press Release: [World Energy Outlook 2006](#) • Seeking Alpha commentary: [Oil Inventories On the Rise: Where's the Shortage?](#) • [Saudi Threatens Further Production Cuts to Defend \\$60 Oil Price](#) • [Investment Thesis: Clean Energy ETF Potentially impacted ETFs:](#) United States Oil Fund LP (AMEX: [USO](#) - [News](#)), Oil Service HOLDERS Trust (AMEX: [OIH](#) - [News](#)), PowerShares Dynamic Oil Services Portfolio (AMEX: [PXJ](#) - [News](#)), iShares Dow Jones U.S. Oil Equipment & Services Index Fund (NYSE: [IEZ](#) - [News](#)), SPDR Oil & Gas Equipment & Services ETF (AMEX: [XES](#) - [News](#)), iShares Dow Jones US Oil & Gas Ex Index (NYSE: [IEO](#) - [News](#)), Vanguard Energy ETF (AMEX: [VDE](#) - [News](#)), PowerShares Dyn Energy Exploration (AMEX: [PXE](#) - [News](#)), WilderHill Clean Energy Index (ECO), Powershares Wilderhill Clean Energy Portfolio (AMEX: [PBW](#) - [News](#))

....