

# PEAK CHICKEN: PA'S DRINKING WATER VERSUS SAUDI EXTRAVAGANCE

This FT article—describing the calculations stakeholders are making in face of the realization that the US is the only non-OPEC nation to have increased petroleum output in the last three years—is worth reading. As reported, OPEC members are worried that our shale oil development (and the ability to frack around the world) will eat into their control of the oil market—though they're counting on concerns about groundwater stalling fracking development.

Abdalla El-Badri, Opec's secretary-general, acknowledged that shale oil and gas were changing the North American energy landscape. But there were still questions surrounding hydraulic fracturing, particularly its impact on groundwater, and it would "take time" to solve problems associated with the technique.

The Saudis, meanwhile, believe they could flood the market to bring oil prices low enough to make fracking unprofitable. Except they need oil to sell expensively to meet their own financial needs.

If non-Opec oil supplies look like becoming a serious threat, Saudi Arabia could lead a production increase to drive the price down, making high-cost rival sources uneconomic.

But [Chatham House researcher Paul] Stevens points out that the high oil price sought by Opec is a double-edged sword. On the one hand, they need it to balance their budgets. On the other, it encourages investments in unconventional

oil reserves. "So they're cutting their own throats," he said.

Perhaps we should call this moment Peak Chicken? Where we pit drinking water in PA and other states against the extravagant lifestyles of the Saudi Princes and see which concedes first? (I love how OPEC ministers discuss the problems of fracking far more openly than any official in this country does.) And yet, somehow OPEC seems unworried about losing their power due to the rise in renewables?