

Understanding the Oil Endgame

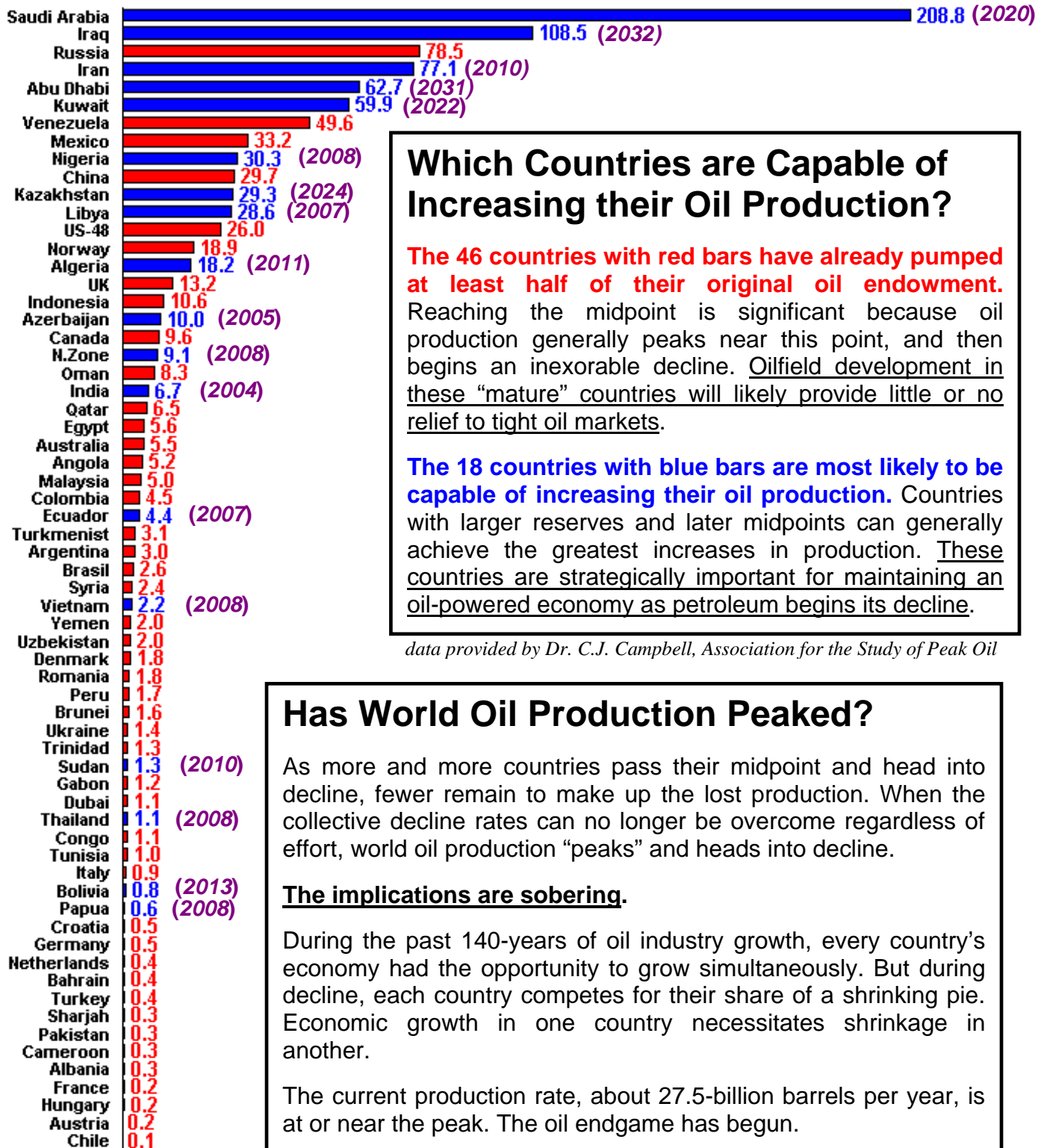
...is the first step toward changing the outcome.

by Mark Sardella, PE, July 21, 2003

Remaining Recoverable Oil*, by Country

in billions of barrels, and (year of midpoint production)

(*excludes heavy oils, deepwater, polar, and NGL's)



Which Countries are Capable of Increasing their Oil Production?

The 46 countries with red bars have already pumped at least half of their original oil endowment.

Reaching the midpoint is significant because oil production generally peaks near this point, and then begins an inexorable decline. Oilfield development in these "mature" countries will likely provide little or no relief to tight oil markets.

The 18 countries with blue bars are most likely to be capable of increasing their oil production. Countries with larger reserves and later midpoints can generally achieve the greatest increases in production. These countries are strategically important for maintaining an oil-powered economy as petroleum begins its decline.

data provided by Dr. C.J. Campbell, Association for the Study of Peak Oil

Has World Oil Production Peaked?

As more and more countries pass their midpoint and head into decline, fewer remain to make up the lost production. When the collective decline rates can no longer be overcome regardless of effort, world oil production "peaks" and heads into decline.

The implications are sobering.

During the past 140-years of oil industry growth, every country's economy had the opportunity to grow simultaneously. But during decline, each country competes for their share of a shrinking pie. Economic growth in one country necessitates shrinkage in another.

The current production rate, about 27.5-billion barrels per year, is at or near the peak. The oil endgame has begun.