

Running on empty?

Theories abound on when oil production will reach a peak. Some analysts say this year; others say untapped sources will fuel supplies for years.

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Photo illustration by Thomas McKay | The Denver Post

The question of when world oil production will peak has energy analysts engaged in a weighty debate with major implications for consumers. On one extreme are predictions that world oil production will peak by the end of this year. The other extreme argues that advancements in geology and technology will provide plentiful oil until alternative energy is widely developed. The issue takes center stage in Colorado this week at the Denver World Oil Conference sponsored by the Association for the Study of Peak Oil-USA.

"People should be listening to the peak oil debate because it will have a profound impact on our economy," said conference organizer and energy analyst Steve Andrews. "Our transportation, food and manufacturing all revolve around plentiful, cheap oil." The conference, which runs Thursday and Friday, primarily will feature speakers who embrace the concept of peak production. Oil production will hit a peak, some of them warn, then leave a growing world economy thirsting for a declining resource. Yet even within that constituency are projections that vary from a peak in the next couple of years to one that is still several decades away.

Energy optimists maintain, however, that the world still has large supplies of known oil, plus vast fields of undiscovered petroleum that can be exploited with new exploration and recovery technologies. "We have at least 29 years worth of oil even if we never find another drop, yet we're finding new oil every day," said Craig R. Smith, co-author of a new book titled "Black Gold Stranglehold: The Myth of

Scarcity and the Politics of Oil." The amount of known but unproduced global deposits of oil increased by 300 billion barrels from 1980 to 2002, according to a survey by British Petroleum.

Relatively new discoveries of oil sands in Canada and heavy crude oil in Venezuela are harder to refine than conventional light crude but offer major new resources, said David Morehouse, senior petroleum geologist at the U.S. Energy Information Administration. Huge oil shale deposits in Colorado, Wyoming and Utah remain untapped but contain an estimated 800 billion barrels of oil, three times the size of Saudi Arabia's reserves. Unconventional oil sources, proponents say, offer many decades of supply if technology and oil prices reach levels high enough to support production. But new discoveries and better extraction technologies will only slow an inevitable production decline, said Thomas Petrie, an oil analyst and head of Denver-based investment banking firm Petrie Parkman & Co.

"It is likely that world oil production will peak by 2010; I would be very surprised if it doesn't happen by 2015," Petrie said. "Using better technology is a mitigator, not a solution, to eventual oil production declines."

The Denver conference's keynote presentation is scheduled to be given by Matthew Simmons, a Houston-based energy expert who has been one of the nation's leading voices on peak oil and subsequent production declines. Simmons predicts an oil production peak between 2007 and 2009, largely because he thinks Saudi Arabian reserves are being depleted much faster than the Saudi government will admit.

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Conference: Information about the Denver conference. www.aspo-usa.com or 303-759-0708

Checking in on oil

Opinions differ drastically about whether oil supplies are close to peaking. Some forecasts, based on current oil-extraction technology:

2006-07

A.M.S. Bakhtiari, former executive, Iranian National Oil Co.

2007-09

Matthew Simmons, energy investment banker and author

AFTER 2010

Cambridge Energy Research Associates

AFTER 2025

Royal Dutch Shell

2047

U.S. Energy Information Administration

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