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Peak oil theories wrong, says ExxonMobil boss

By Tim Dornin

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THE world has an abundant supply of oil, and high petrol prices are just the reality of a globally traded commodity, ExxonMobil Australia chairman Mark Nolan said today.

Mr Nolan used his speech to the Asia Pacific oil and gas conference in Adelaide today to debunk the theory of peak oil, which suggests oil supplies have peaked and will dwindle over the next 20 years.

Such predictions, he said, had been around since the 1920s, particularly at times of high oil prices.

"The fact is that the world has an abundance of oil and there is little question, scientifically, that abundant energy resources exist," Mr Nolan said.

"According to the US Geological Survey, the earth currently has more than three trillion barrels of conventional, recoverable oil resources.

"So far we have produced one trillion."

Mr Nolan said the oil industry had always underestimated the extent of global resources and the ability of technology to both extend the life of existing oil and gas fields and find new ones.

"We should not forget that we can recover almost twice as much oil today as when we first discovered it over 100 years ago," he said.

"And when you consider that a further 10 per cent increase in recoverability will deliver 800 billion barrels of oil to our recoverable total, we have every reason to be sure that the end of oil is nowhere in sight."

Mr Nolan said that by 2030, conventional fossil fuels (oil, gas and coal) would still account for 80 per cent of the world's energy requirements.

But Mr Nolan said it was very difficult to predict what would happen in the future with both crude oil and petrol prices.

"They are both regionally traded commodities, they are priced by the market, priced by the region," he said.

“The fuel price is ultimately driven by the source of the product, which is the crude price, and of course that is traded regionally and internationally.”

Mr Nolan's comments were endorsed by the president of the Society of Petroleum Engineers, Eve Sprunt, who said the proponents of peak oil theory often confused oil reserves with available resources.

“When you are talking about reserves, you are only talking about a very small fraction of the total resource base,” she said.

“The reserves are the portion for which the infrastructure is largely in place, the technology is in place and that can be produced at the current oil price.

“But if you are planning for the long-term energy future of your country you need to understand the resource base.”

“The whole name of the game is moving resources into the reserves category.”

Ms Sprunt said high oil prices also presented opportunities such as the viable development of other fuels.

“It's a time when new alternatives emerge,” she said.

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