

Peaks, Shortages, and Other Oil Market Myths

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Oil Market Insights?

“The diagnosis of the U.S. energy crisis is quite simple: demand for energy is increasing, while supplies of oil and natural gas are diminishing. Unless the U.S. makes a timely adjustment before world oil becomes very scarce and very expensive in the 1980’s, the nation’s economic security and the American way of life will be gravely endangered.”

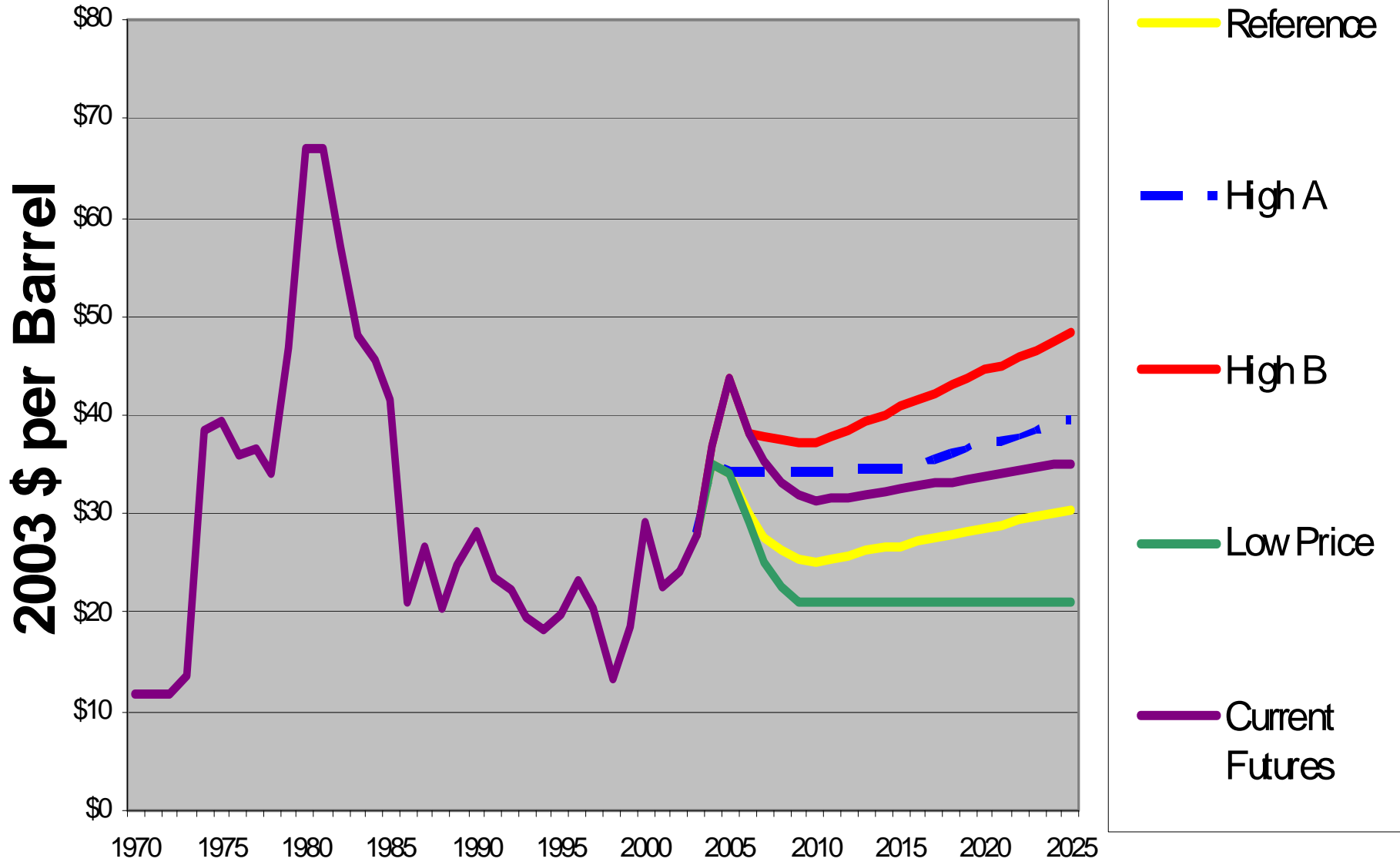
1977

Oil Market Insights?

“...there is the common misconception that the world is running out of oil, that it will become more valuable over time and that one should take steps now to preserve it for future generations. [In fact,] oil is being discovered in large quantities and reserves continue to increase faster than consumption...Over the next three to four decades...supply will not be an issue...nor are we likely to see any upward trend in the prices of energy.”

1993

World Oil Prices, 1990-2025



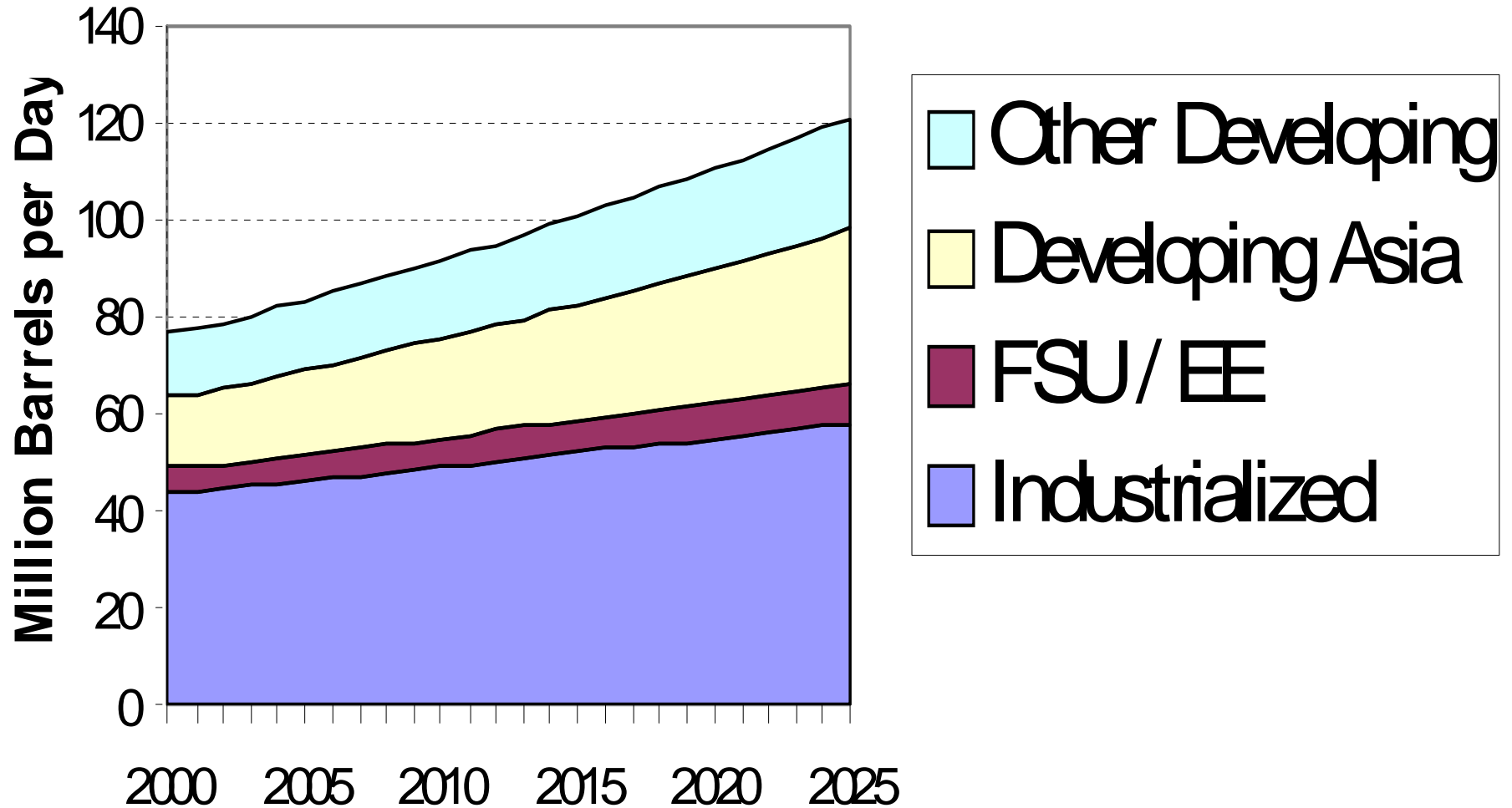
Oil Market Insights?

“...it is unsafe to rest in the assurance that plenty of petroleum will be found in the future merely because it has been in the past.”

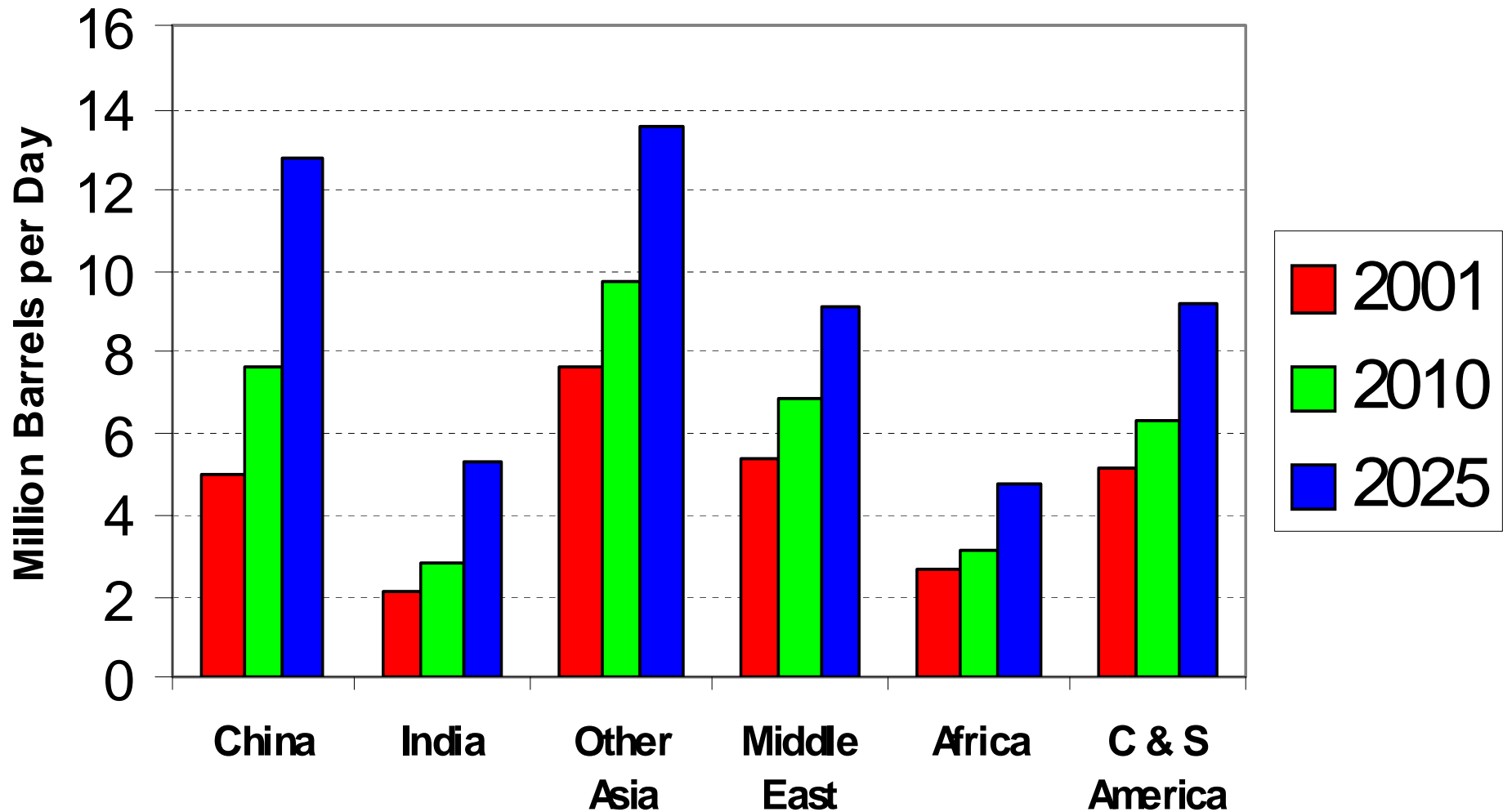
1936

World Oil Consumption

Annual Energy Outlook 2005



Developing Countries Consumption in the Reference Case by Region



Oil Market Insights?

“...the peak of [U.S.]
production will soon be
passed – possibly
within three years.”

1919

Oil Market Insights?

“ ... Non-OPEC production in the longer term will at best remain stagnant and is more likely to fall gradually due to resource constraints.”

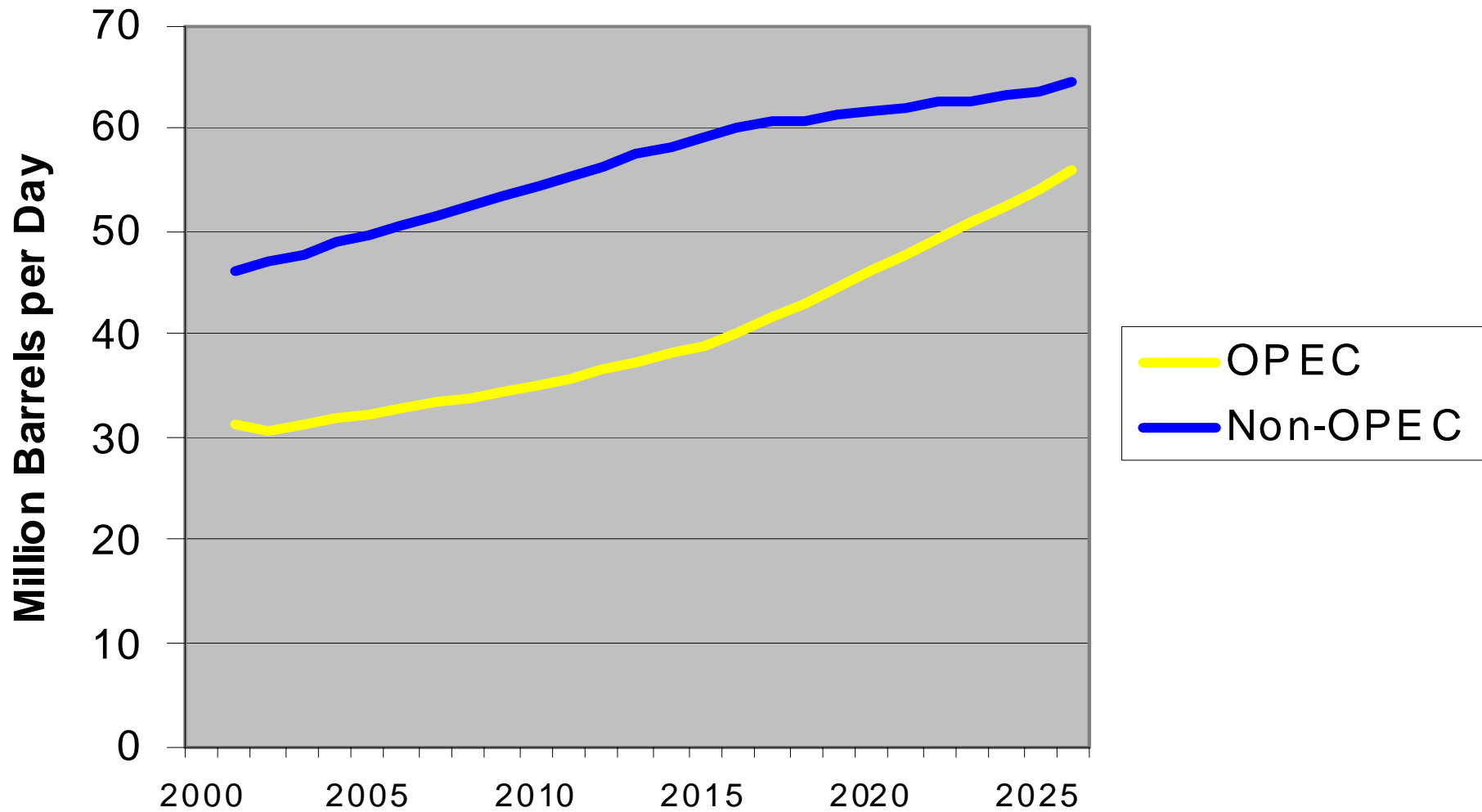
1990

Oil Market Insights?

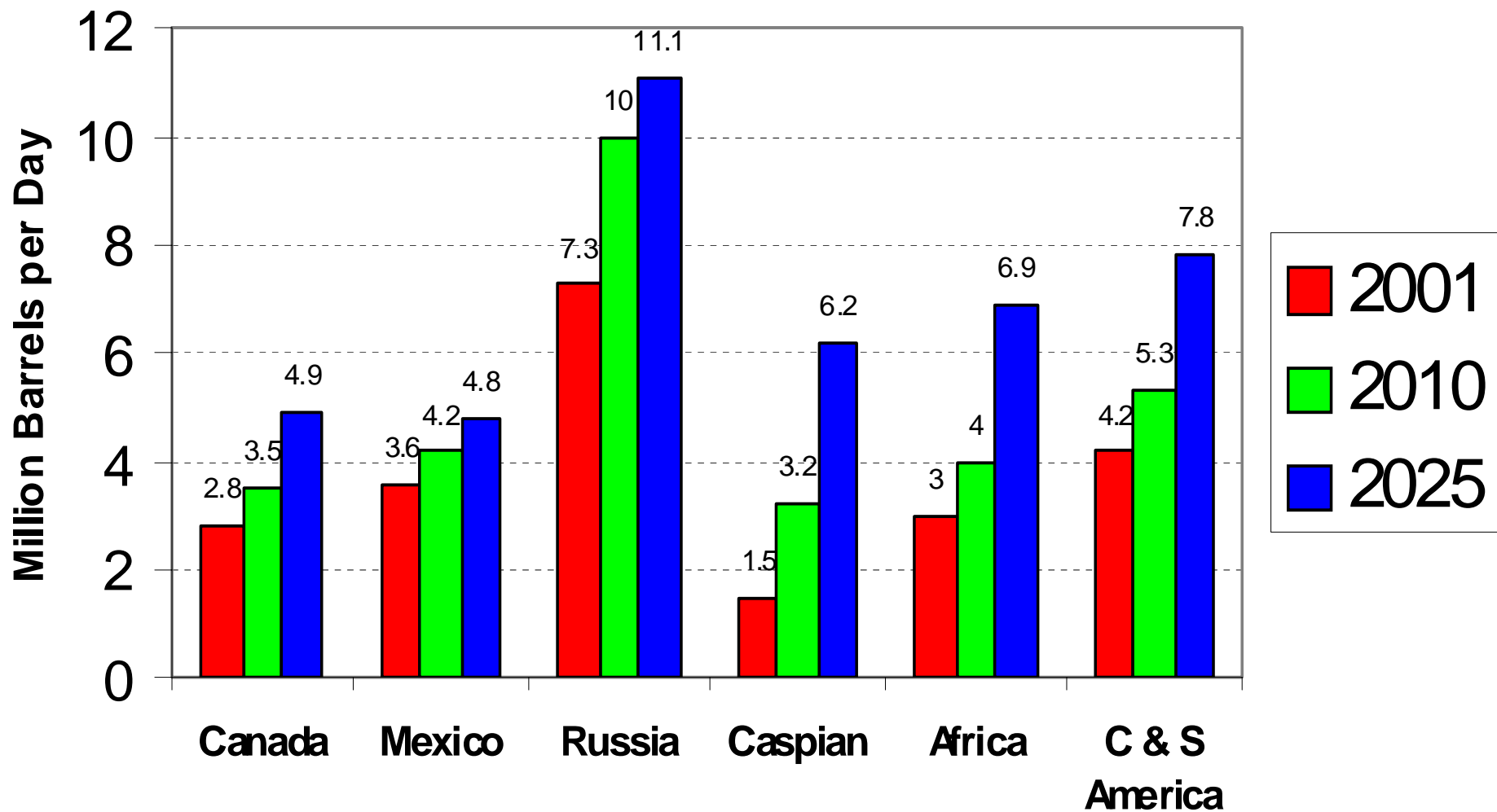
“ ... Higher [resource] numbers are likely to be quoted and used by economists and others lacking insight into the matter...”

1994

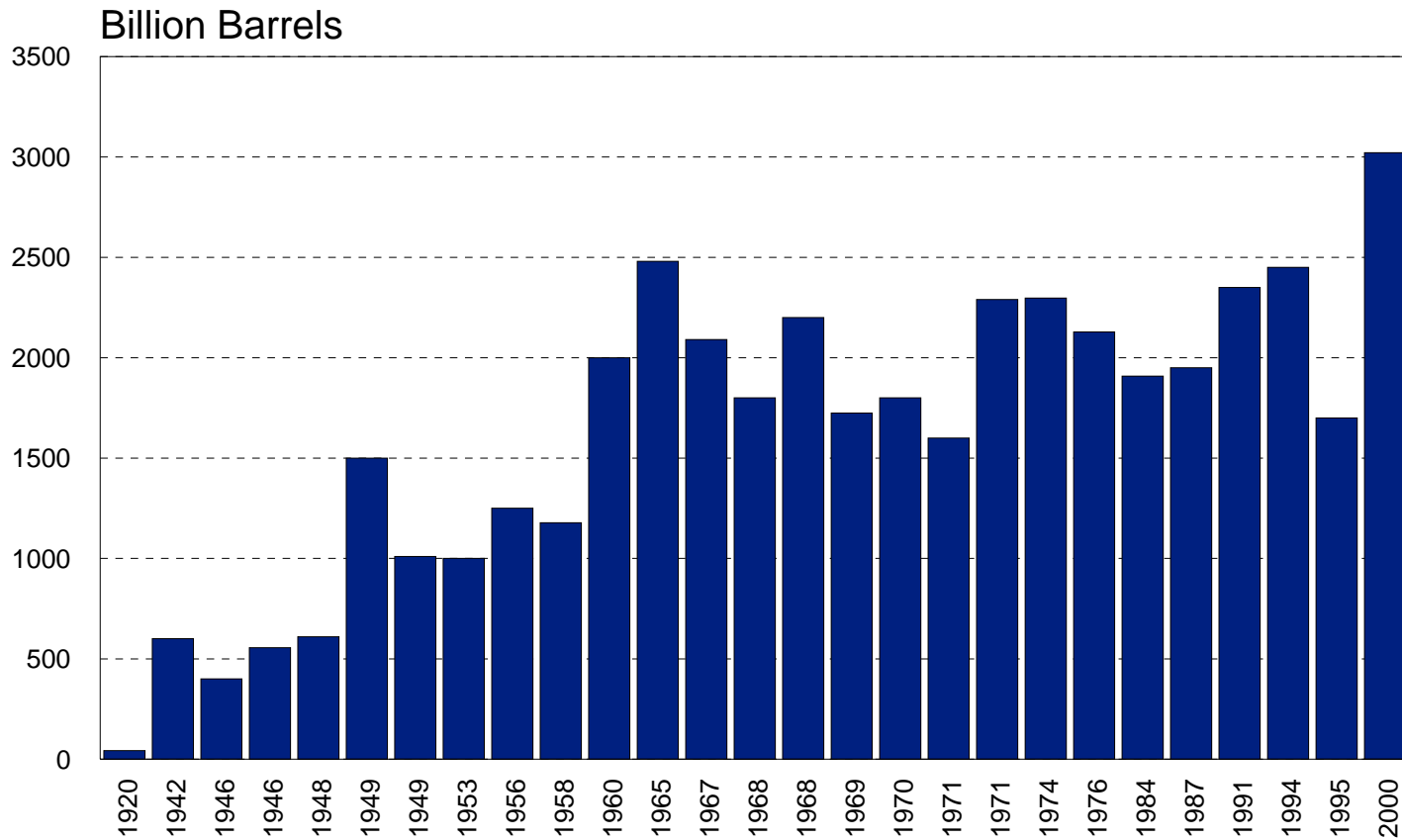
OPEC and Non-OPEC Production in the Reference Case



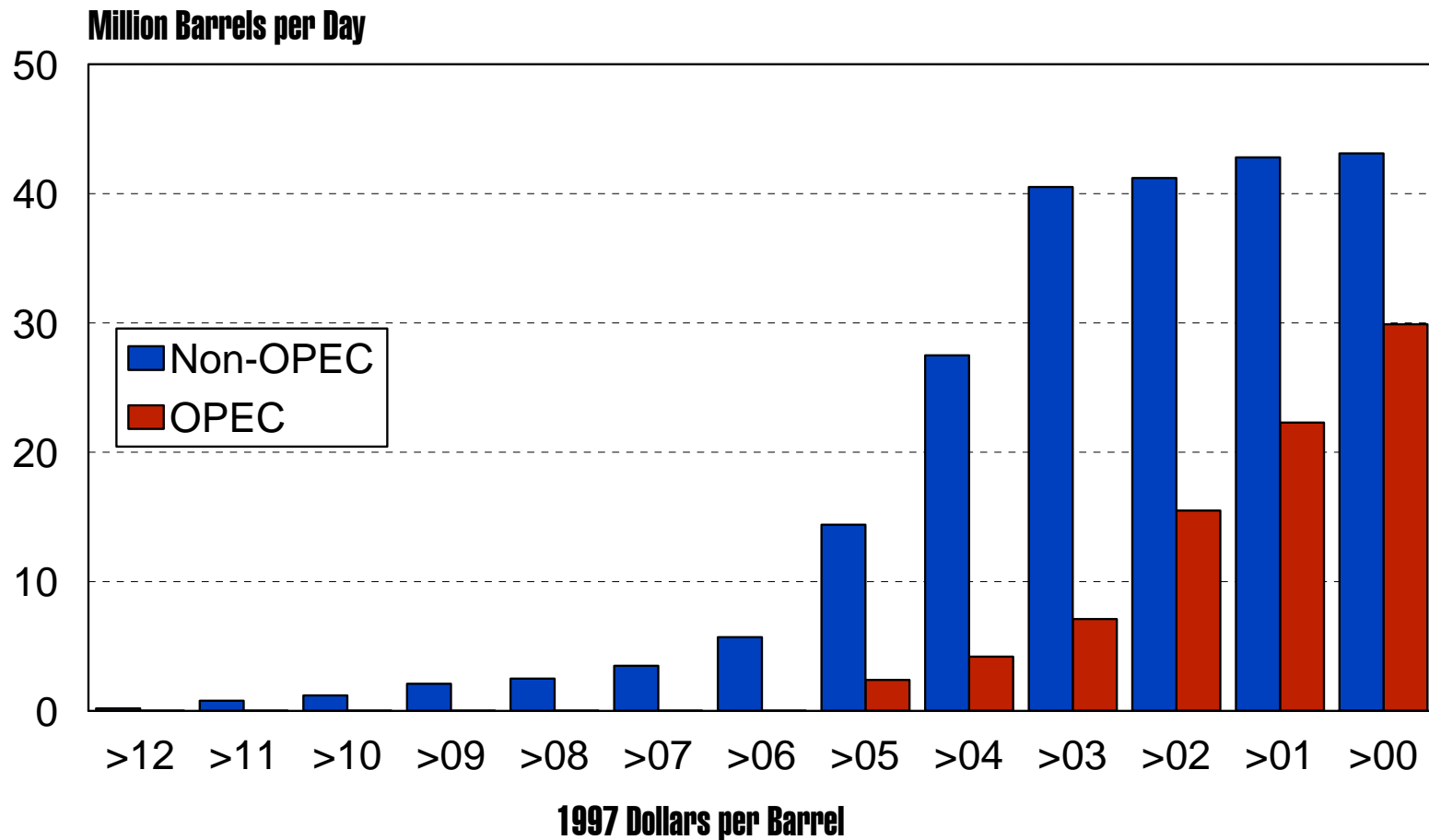
Selected Non-OPEC Oil Production in the Reference Case by Region



Estimates of the World Oil Resource Base 1920-2000

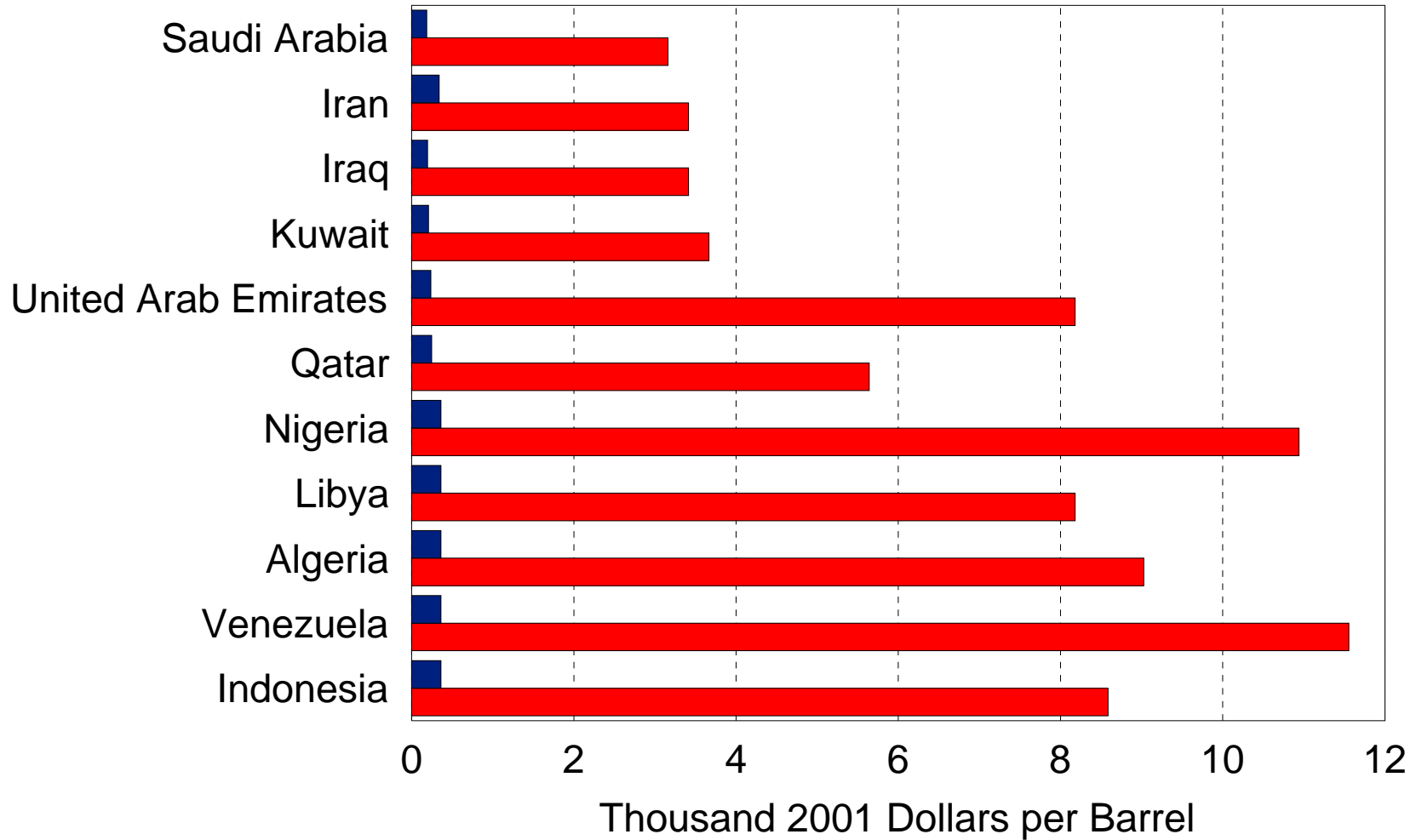


Marginal Operating Costs of Oil Production 1997



Source: Petroleum Economics Limited

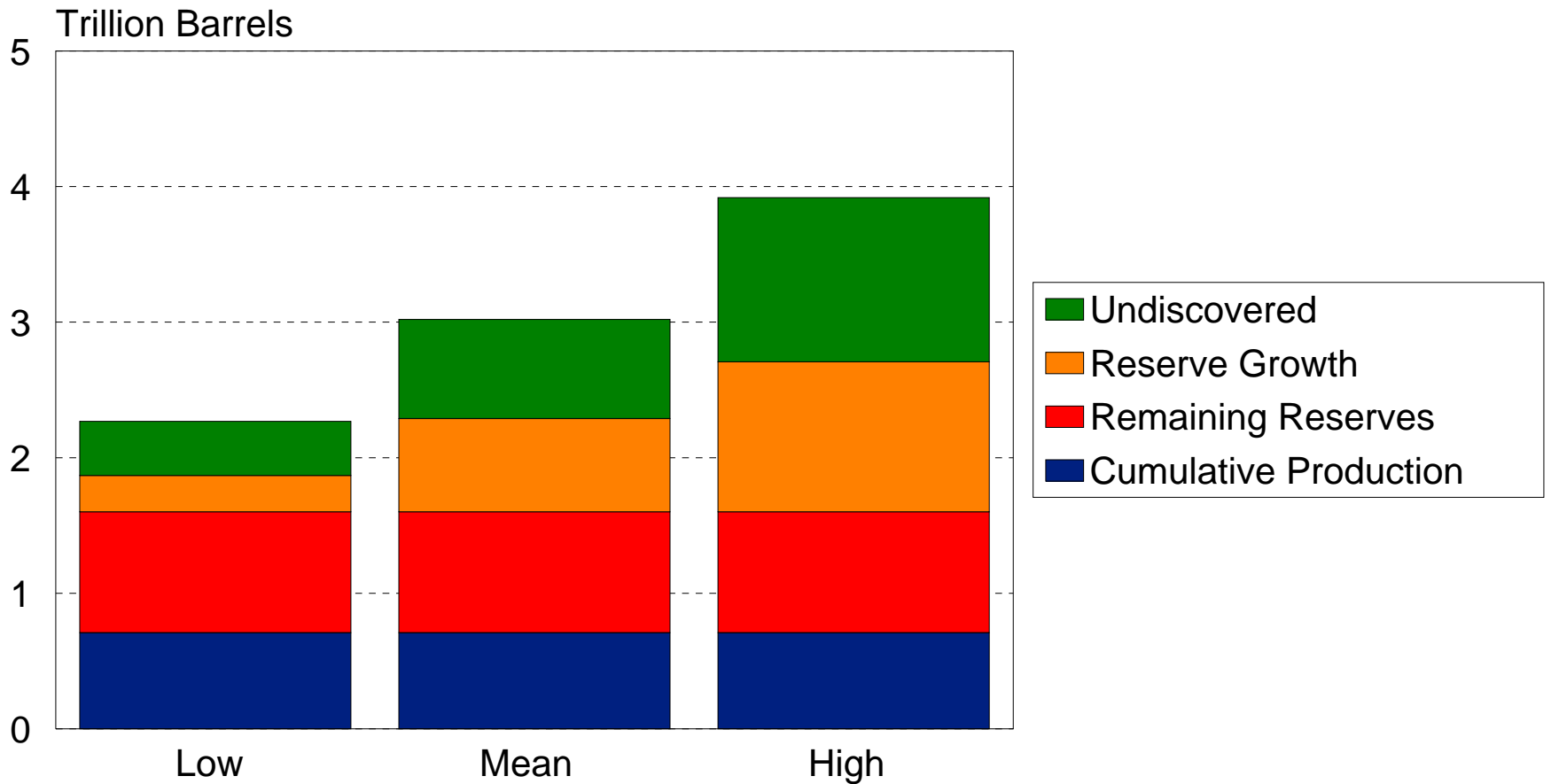
Costs to Maintain and Expand Oil Production Capacity by One Barrel per Day



Source: Arab Petroleum Investment Corporation

World Oil Resources

1995-2025



Source: U.S. Geological Survey

Abundant Conventional Oil Resources

