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Warning over global oil 'decline'

By Sarah Mukherjee

Environment correspondent, BBC News



The report warns the situation will be "extremely challenging"

There is a "significant risk" that global production of conventional oil could "peak" and decline by 2020, a report has warned.

The UK Energy Research Council study says there is a consensus that the era of cheap oil is at an end.

But it warns that most governments, including the UK's, exhibit little concern about oil depletion.

The report's authors also state that the 10 largest oil producing fields in the world are all in decline.

Reliable gauge

As this report points out, the debate about peak oil is a polarised one.

On one side, there are those who say that global supplies have already reached their zenith, and we are unprepared for the crisis that will hit world economies in the years to come.

On the other, there are oil companies and many energy analysts who dismiss the notion that supplies are running out.

The report's authors admit it is hard to tell who is right, as the world lacks a reliable gauge with which to measure oil depletion.

“ More than two-thirds of current crude oil production capacity may need to be replaced by 2030 ”

UK Energy Research Council

Problems are created by "inconsistent definitions", it says, noting the "paucity of reliable data, the frequent absence of third-party auditing of that data and the corresponding

uncertainty surrounding the data that is available".

It goes on: "The difficulties are greatest where they matter most, namely the oil reserves of Opec countries.

"But they also apply at a much more basic level, such as uncertainties over the amount of oil produced by a given country in a given year.

"The resulting confusion both fuels the peak oil debate and creates substantial risk in relying on any particular set of numbers."

Part of the difficulty in estimating the amount of oil left is that those with the reserves are often unwilling to divulge what can be commercially very sensitive information.

Countries and companies are notoriously reticent about their oil reserves.

But the report suggests the easy oil has already been found, and new reserves will become increasingly difficult and expensive to extract, and will not make up for the current major oil fields as they decline.

It says: "More than two-thirds of current crude oil production capacity may need to be replaced by 2030, simply to keep production constant.

"At best, this is likely to prove extremely challenging."

More attention urged

This report does not contain new research, but is a review of data already available.

But the authors say the risk presented by global oil depletion deserves much more serious attention by the research and policy communities.

"Much existing research focuses upon the economic and political threats to oil supply security and fails to either assess or to effectively integrate the risks presented by physical depletion," they argue.

"This has meant that the probability and consequences of different outcomes has not been adequately assessed."

Despite the evidence, the report notes with some surprise that the UK government rarely mentions the issue in official publications.