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How Much Oil Is Left In The

▲ BP \$36.98 +0.33 0.90%

Earth?

PUBLISHER Zacks

il is one of the earth's most valuable non-renewable resources, and these

CREDIT: SHUTTERSTOCK PHOTO f types of resources are named so because they are-well, non-renewable. in Although there is plenty of organic matter that could potentially become oil over the next few million years, it is likely that humans will one day see the end of black gold as we know it. \checkmark

So just how much oil do we have left? For decades, oil production has been steadily increasing, and energy experts have been attempting to calculate when we might run out. Those that have been following along will note that, despite the warnings of many would-be Nostradamuses, production is still on the rise and previous dead-end predictions have been pushed back.

The difficulty with estimating the amount of oil available for human use comes from varying definitions about how we should calculate our potential reserves. For example, one of the most-cited estimates comes from BP's BP prediction made on World Energy Day in 2014; based on reserve estimates of 1.688 trillion barrels, BP claimed the earth has enough oil left for about 53 more years at current production levels.

However, BP's estimate relies heavily on "proved reserves." This is a method of calculating how much drillable oil that we know of is under the ground. Every country calculates their proved reserves differently, but the figure is typically a representation of the amount of oil that companies think they can bring up using existing technology while still turning a profit.

Previous predictions that would have had oil reserves completely tapped by now were wrong because both production and proved reserves increased consistently. To clarify, the amount of oil that actually exists on the planet is significantly larger than the amount of oil that we currently think we can drill. Therefore, we may have significantly

more than 53 years of oil remaining if drilling technologies can improve to the point that

Here's an interesting chart from the U.S. Energy Information Administration that should

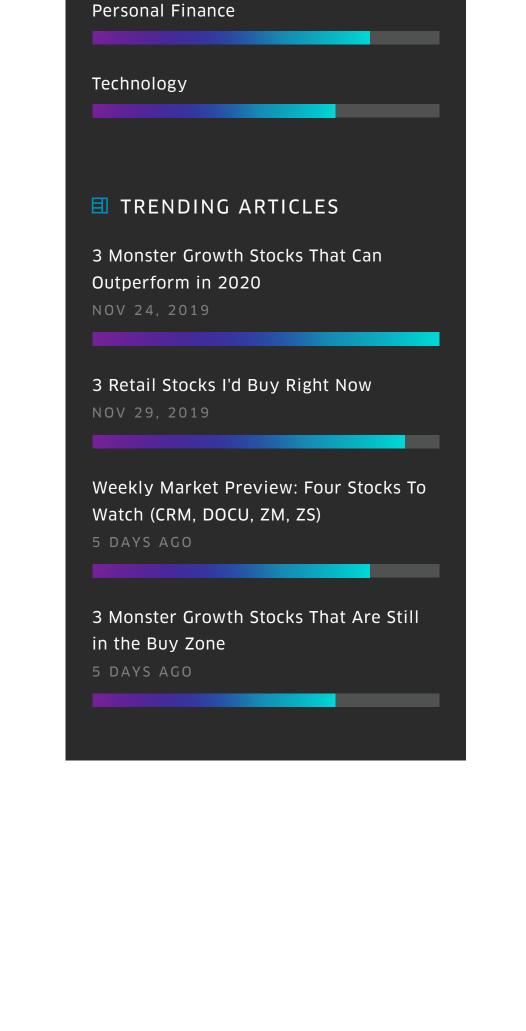
recovering the more difficult to reach oil becomes economically feasible.

gas in-place

billion barrels of oil.

resources

Less certain Certainty of resource estimate



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help you visualize what the amount of oil on Earth looks like: Stylized representation of oil and natural gas resource categorizations (not to scale) Original oil and natural gas in-place Cumulative Economically Technically Remaining Proved production oil and natural recoverable recoverable

resources

reserves

More certain

to date

eia

BP's estimates are based on reserve estimates using today's drilling technologies. One need only to look at the advent of fracking and the increase in shale oil production to realize just how much these methods can change in a relatively short period of time.

Another thing to consider is that we are still discovering massive deposits of oil that

it discovered the biggest deposit of untapped oil in the United States. Located in the

Wolfcamp shale formation in Texas, the new oil field has an estimated average of 20

were otherwise not known of. Last November, the U.S. Geological Survey announced that

To put that in perspective, the Prudhoe Bay formation in Alaska-the largest producing oil field in North America to date-has only produced roughly 12 billion barrels of oil in the past 43 years. The East Texas Field, which is the biggest producing oil field in the lower 48 states, has produced just over 7 billion barrels of oil since the 1930s. Nevertheless, oil discoveries are slowing down. In fact, new data from the International

Energy Agency suggests that conventional oil discovery investments fell to their lowest

level in more than 70 years. Also the volume of resources sanctioned for development

Notably, the IEA said that new activity in the offshore sector, which is considered a

crucial component of future global supplies, was particularly weak. Only about 13% of all

conventional resources sanctioned in 2016 were offshore, compared with an average of

fell to 4.7 billion barrels last year, a drop of more than 30% year-over-year.

more than 40% over the previous 15 years.

For more on the future of the oil industry and the recent discovery in Texas, check out this episode of the Zacks Friday Finish Line podcast. The hosts discussed the new oil find and what it could mean for the near-term and long-term outlook of the energy business:

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