

THE NATIONAL



Oil mega-projects worth \$200bn have been scrapped in recent months in favour of investment in extracting from known reserves

BP: oil reserves secure for decades to come

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THE world is no longer at risk of running out of oil or gas for decades to come, with existing technology capable of unlocking enough resources for global reserves to almost double by 2050 despite booming consumption, according to BP.

When taking into account all accessible forms of energy, including nuclear, wind and solar, there are enough resources to meet 20 times what the world will need over that period, David Eyton, BP Group's head of technology said.

"Energy resources are plentiful – concerns over running out of oil and gas have disappeared," Eyton said at the launch of BP's inaugural Technology Outlook.

Oil and gas companies have invested heavily in squeezing the maximum from existing reservoirs by using chemicals, super computers and robotics.

The halving of oil prices since last June has further dampened their appetite to explore for new fields, with mega projects worth more than \$200 billion scrapped in recent months.

By applying these technologies, fossil fuel resources could increase from 2.9 trillion barrels of oil (BOE) equivalent to 4.8 trillion BOE by 2050, nearly double the projected 2.5 trillion BOE required to meet global demand until 2050, BP said.

With new exploration and technology, the resources could leap to a staggering 7.5 trillion BOE, Eyton argued.



“We are probably nearing the point where potential from additional recovery from discovered reservoir exceeds the potential for exploration.”

The world is expected to reduce its reliance on fossil fuels in favour of cleaner sources of energy as governments introduce policies limiting carbon emissions in order to combat global warming. “A price on carbon would advantage certain resources,” Eyton said.

Governments are expected to achieve agreement on a framework to limit global warming by limiting carbon emissions at the United Nation’s climate summit in Paris starting this month.

European oil companies have urged policy-makers to introduce a global price on carbon that will favour the use of less dirty natural gas at the expense of coal.

Eyton added: “Ultimately, national and international policies will determine how much of and which resources will be produced.

“We envisage increasing competition between energy resources. This will likely result in increased competition in the energy market and disruption for the incumbent.”

In North America, a charge of \$40 per tonne of carbon would make gas-turbine power plants more cost-effective than coal, according to BP.

However, an \$80 per tonne price on carbon would make onshore wind technology competitive with gas-fired power; it would also make carbon-capture and sequestration with gas-fired power a viable option.

And while oil is expected to remain the main source of fuel for the transport sector until at least 2035, electric vehicles could soon approach cost-parity with the internal combustion engine, due to advances in battery technology.

As a result of such developments, BP, the largest operator of solar and wind power among its peers, will see its investment portfolio evolve over time in line with government policies, Eyton said.