

How much oil?

Read this carefully (adapted from 'BP Statistical Review of World Energy'): "Proven reserves is the estimated quantities of oil which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under current economic and operating conditions."

Note in particular the last few words: "under current economic and operating conditions".

The ongoing discussion about "peak oil" (see also page 66) is about how much oil is left to be produced, i.e. the world oil reserves, and the actual price of oil. The big difference under the **current economic conditions** is that the price of oil has quadrupled compared to only a few years ago.

It is my allegation that the definition referred to above should increase the world's oil and gas reserves considerably compared to many of today's conservative estimates. There are – at least – four reasons for this. First, small fields that were previously considered uneconomic are now highly profitable. Second, larger fields that were previously considered uneconomic are now healthy investments because new and innovative technology have made it possible to recover the oil. Third, improved oil recovery has the potential to increase the output from many large and giant fields. Fourth, vast deposits of unconventional oil (heavy oil, oil sands, shale oil) are turning profitable because the price of the product is now higher than the cost of producing it.

The proof of the above statements, to name a few examples, lies in the interest of the oil companies to invest in the development of small fields, ultradeep water, the Canadian oil sands and the huge deposits of oil shales in Utah, Colorado and Wyoming of the United States.

Why then are the official estimates of the world's oil reserves not being changed in line with the new regime?

In my mind, the time is now right – based on the higher oil prices – to revise our estimates of the world's oil reserves. I am very curious to know who will have the courage to make a new and radically higher estimate than some of today's low numbers.

I am eagerly waiting for the BP report on world energy for 2005.



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Photo: Halfdan Carstens



Photo: Eddie Belle

A Frontier Province

The Seychelles constitutes a frontier geological province with respect to hydrocarbon exploration. The data acquired so far suggests that the sedimentary basins contain all necessary ingredients to make this huge area an oil province.

The government of the Seychelles has recognised the importance the discovery of petroleum would have on the economic objectives and has put in place the required structure to facilitate exploration and eventual production within its maritime boundaries.

Granitic rocks exposed on the islands – as illustrated on the front cover photo – give no clue as to the presence of oil and gas. Plate reconstructions do, however, confirm that the Seychelles platform area is a drowned microfragment of Gondwanaland, a supercontinent that lay to the south of the Tethys Ocean 225 million years ago. At this time the Seychelles is understood to have been conjugate to both Northern Madagascar and India where billions of barrels have been discovered.

Plate reconstructions nicely show the geological closeness of the proven petroleum systems to both India and Madagascar making the Seychelles an attractive objective.

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GEO ExPro is published bimonthly for a base subscription rate of GBP 35.- a year (6 issues).

We encourage readers to alert us to news for possible publication and to submit articles for publication.

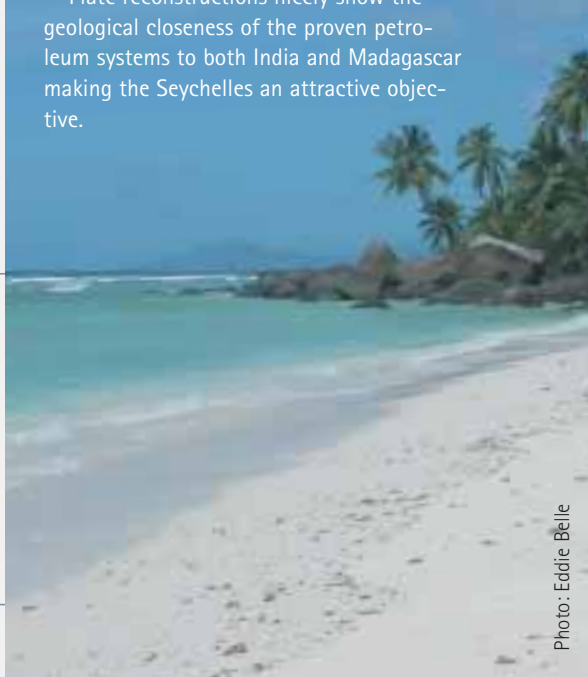


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