

Oil Age Still Has 'Long Way To Run': BP Chief

The oil age is not going to end in the near future and although supplies are finite there is still a "long way to run", according to BP Australasia President, Gerry Hueston.

In a speech to the Australian British Chamber of Commerce in Melbourne on 3 May, Hueston said he didn't subscribe to the peak oil view that "it's doomed tomorrow and it's going to run out", or oil is going to run out in the immediate future.

"The question many people ask is when is oil going to run out? When is gas going to run out? When is coal going to run out? It could be said that William Knox D'Arcy, the person who founded BP, saw the beginning of the oil age as we know it", Hueston said.

"Maybe today we are seeing the end of the oil age as we know it. But the oil age is not going to end tomorrow. For example, over the last 20 years we have managed to ensure that there is always 40 years of oil supplies left to meet today's demand.

"In other words, we have managed to not only replace our production every year, but we have managed to increase it to meet the increase in demand. With increases in technology, in terms of where you find the oil and what you can extract, we believe that this trend will continue."

Hueston said people should not despair about the fears of peak oil. "We believe there are good grounds to be optimistic about the future but we need to face some realities", he said. "One of those is that short term events have dictated the terms about security. But one thing I can assure you is that short term fixes are not going to mean a long term solution. And energy security is a long term issue. Growth in demand for energy is going to continue. Whether we like it or not, we can't roll it back."

He said it was also unrealistic to restrain the growth in prosperity of developing countries, any more than it was to wind back prosperity in Australia. "Another reality is that if you think that supply is relatively concentrated today, then all we need to do is look 10 years down

the track where we will see that 80% of the additional production or growth in supply is going to come from just three areas of the world – West Africa, Russia and the Middle East, with the predominance from the Middle East. I don't have to describe the potential implications of that when it comes to energy security."

"We need to be thinking about the long term now, and not waiting for a crisis to occur. I know some people have declared today a crisis with the price of oil. We don't think it is. But we do need to be thinking long term. And this is not simply thinking five years ahead. This is thinking about a horizon closer to 2020 and beyond."

"Ultimately diversity – diversity of supply sources, diversity of products and diversity of technology are going to be some of the key enablers supported by the right policy frameworks. Along with that we need to make sure we have the appropriate investment and infrastructure, and that we have the right policy settings to make sure that trade is as good as possible." ■