

Wednesday, May 28, 2003

Petroleum Club, 800 Bell (downtown)
Social 11:15 a.m., Lunch 11:45 a.m.

Cost: \$28 Preregistered members; \$33 Nonmembers & Walk-ups
(Note Price Increase)

Make your reservations now by calling 713-463-9476 or by e-mail
to Joan@hgs.org (include your name, meeting you are attending,
phone number, and membership ID#).

HGS Luncheon Meeting

by *Dan Smith*
President, American Association
of Petroleum Geologists

Your Future

Throughout most of the 20th Century, AAPG has promoted scientific, prudent, and environmentally sound exploration and production of hydrocarbons and energy minerals. Now at the beginning of the 21st Century, 86% of the world's energy is still provided by fossil fuels. With rising living standards worldwide, the need for energy will only continue to grow.

Although the world will someday transition to a nonhydrocarbon era, the world is not imminently "running out of oil." From the world's "proven reserves" and "field growth" alone, the daily worldwide consumption can be maintained for 53 years for oil and for 60 years for gas. If we assume that only half of "undiscovered resources" will eventually be converted to "proven," the numbers can be extended to 71 years for oil and to 92 years for gas. Even if the annual consumption of oil and gas grows at a modest rate of 2% annually, the supplies should last for most of this century.

In the United States, we consume almost 25% of the world's energy with only 5% of the population. We are already importing almost 60% of our oil and about 15% of our gas. However, we can maintain our supplies for approximately 50 years at the current consumption and import levels just from our "proven reserves" and "field growth" and by converting only 50% of the undiscovered resources to proven reserves category. Moreover, "unconventional resources" (such as heavy oil and gas hydrates) have the capacity to extend these time horizons for the world and the United States almost indefinitely. Although world resources are not a problem, the balance of supply and demand may be a huge problem depending on drilling activity and worldwide geopolitical stability.

The figures above assure us that while there is no reason to panic, we should not fall into complacency either. The transition to a nonhydrocarbon era should not only consider the well-being of mankind and the environment, but also be based upon sound economic principles. In this regard, worldwide efforts to promote energy efficiency and research on "renewables" need to be undertaken. While there is a need for global efforts to manage the transition to nonhydrocarbons, the United States, with its status as the only super power and its reliance on imports, needs to have a sound energy policy. AAPG members, as students of the Earth, not just as oil and gas finders, will continue to play a crucial role in helping the world with its energy needs well into the 22nd century. ■

Biographical Sketch

Dan Smith has 45 years of oil and gas exploration and production experience. His background includes prospect generation, property evaluation, structural and stratigraphic interpretations, well log analysis, geophysics, and business and financial management. He is responsible for causing over 100 successful wells to be drilled, resulting in numerous new field discoveries. Mr. Smith started his career at Amoco after graduation from UT Austin with a degree in geology. He became Executive Vice President and part owner of Texoil after a period at Roberts and Whitson Petroleum. In 1992 he joined Meridian Resource Corporation as a consultant, accepting a position as Vice President in 1996. He continued with Meridian until 1999, when he again became an independent. Mr. Smith joined Sandalwood Oil & Gas, Inc. as Executive Vice President in 2001. Mr. Smith has served as President of HGS and the SIPES foundation. He received the Distinguished Service and Honorary Life Membership Award from both HGS and GCAGS. He also received the Distinguished Service Award from AAPG. He is a member of SEG and GSH and currently President of the AAPG.

