

# Is peak oil dead? BP energy outlook 2018.

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Is peak oil dead? This is the intriguing question raised by BP's 2018 energy outlook. Since the collapse in the oil price in 2018 the conventional wisdom has been that peak oil is dead. The arguments do not for once come from the supply side but from the demand side. A number of things reinforce this argument, which was one we did not cover in our book. These are basically that renewables have really taken off with huge drops in costs. Also electric car sales are growing exponentially albeit from a very low base. Again costs and more significantly ranges are moving in the right direction. Very importantly on this one governments all over the world have made commitments to ban conventional vehicles at some point in the future (usually 2030-40). However balanced against the above are 3 factors that BP must be relying on for their arguments. These are that oil, gas and coal are used not just for generating electricity but also for transport, plastics and space heating. On transport BP reckon that oil demand for transport was 18.7Mbd in 2016 and will be 18.6Mbd in 2040. Look at the graph below I have drawn below using BP's data. Whilst the internal combustion engine data includes hybrids BP clearly see most cars on the road in 2040 relying at least in part on oil.

[BP car data energy outlook 2018](#) Looking at oil demand BP see this growing. Look at the next graph I've drawn from their data of % share of total energy production by source.

[BP data energy outlook 2018](#) It appears to show oil use has peaked. Indeed as a % share of world energy it did in about 1975. However since global energy demand is still rising the global oil demand is still rising. This means from 2016 production levels (about 97Mbd) we need an increase to 116Mbd. Can this be done? Its a big increase. BP see US shale oil in the early years and OPEC in the last 10 years of their scenario as critical. However they say; "*For there to be sufficient oil supplies to be able to meet demand in any of the scenarios considered requires significant levels of new investment in oil production. If there were no new investment in oil production from today, and existing production declined at 3% p.a., global oil supplies would be around 45 Mb/d in 2040.*" Is peak oil dead? Not sure. It depends on so many factors that run against on another. If electric car use and renewables growth is faster than people think (and renewables growth is always faster than predicted) then demand will peak. If production slows or cannot be maintained then we are back to peal oil. Currently electric car sales are still low... Neil

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