



Holy Crap...8%???!!!

Posted by [Prof. Goose](#) on June 29, 2005 - 1:57am

Here I was, shuffling through the [peakoil.com](#) message boards this evening trying to make myself go to sleep...and in one of those "holy crap" moments, I stumbled across [a conversation](#) about [this document by Eric Sprott](#). Eric Sprott is the head of [Sprott Asset Management](#). I dunno if he's any good at his job and I don't know if he has an agenda, but that .pdf linked up above has some scary stuff in it.

The basic point of the Sprott document/the conversation was that there is evidence that world supply will decline at a rate of 8% once production is at its peak, which we all seem to think is here or right around the corner. Sprott says in the .pdf above:

More and more experts (executives of oilfield services companies like Schlumberger and Baker Hughes for example) are now saying publicly that the average decline rate of the world's oil wells is 8%! â€“ a shockingly high hurdle to overcome with new production.

This number is much lower than the 3-5% post-peak decline in supply I think I remember HO talking about in some post a ways back.

As one of the posters in that conversation said:

Do the math, that's a nine-year halving time. 84mbd to 42mbd. I think we're pretty much all in agreement that we're peaking in 05, maybe 06. Nine years puts us out at 2015 at the outside til we're at HALF the production we're at now.

Now, there's some lack of clarity about how new discoveries and production gains factor into Sprott's numbers, but if argument and the statistics stand up, this is the strongest assertion I've seen in peakoilblogistan that the anticipated supply decline is much worse (or more cooked) than we could have imagined.

I just wanted to bring this to everyone's attention, I am by no means saying that I agree with the report, and I'm sure HO will have much to say (hopefully positive uplifting things?) about this...but this little nugget will probably be the topic of conversation in our little neck of blogtopia over the next couple of days.

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