



Matt Simmons, Author of "Twilight in the Desert" and Peak Oil Speaker, Dies at Age 67

Posted by [Gail the Actuary](#) on August 10, 2010 - 10:33am

Topic: [Miscellaneous](#)

Tags: [matthew simmons](#) [[list all tags](#)]

We are saddened by the news that Matt Simmons died suddenly on Sunday, August 8, at his summer home in Maine. Matt Simmons was an energy investment banker and spoke frequently about peak oil. Matt was Chairman of the Association for the Study of Peak Oil-USA (ASPO-USA) Advisory Board. Matt was also founder and chairman of Simmons & Company International, and author of *Twilight in the Desert*.

Anyone who has attended a meeting of the [ASPO-USA](#) will remember hearing Matt speak. One of Matt's big concerns was the lack of availability of transparent data with respect to oil and gas reserves, as explained in slides such as this one (from his [talk at the 2009 ASPO-USA conference](#)).

It Is Time To Trust But Verify*

- The world seems happy to trust key oil-producing country reports on:
 - Total country oil flows
 - Potential oil producing capacity
 - Remaining “proven reserves”
 - Quality of flows and reserves
- There are no independent audits on origin of flow, capacity and reserves.
- This is like heading into WWII without radar.

All vital indicators of society's economic health

* Trust, but Verify was a signature phrase of Ronald Reagan. He used it in public, although he was not the first person known to use it. When Reagan used this phrase, he was usually discussing relations with the Soviet Union and he almost always presented it as a translation of the Russian proverb “doverai, no proveryai” (Russian: Доверяй, но проверяй) - Trust, but Verify

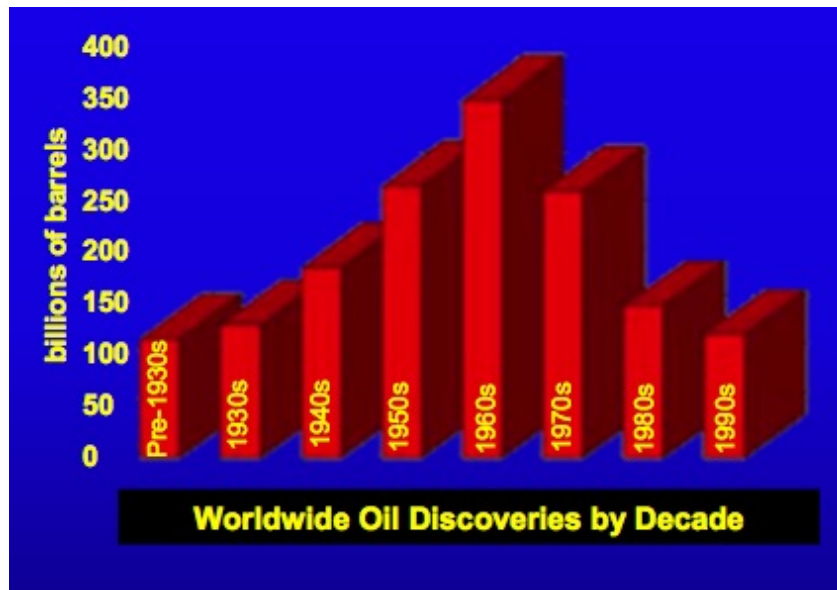
SIMMONS & COMPANY
INTERNATIONAL

In his view (and in ours, too), way too many people hear about the huge reported reserves of Saudi Arabia and other Middle Eastern countries, and assume that this oil is really available for extraction. Matt makes the point that these reserves, and many others around the world, have

not been audited. In fact, they seem to be political numbers, so we cannot depend on them. He also points out that we also do not have detail data with respect to historical oil extraction from individual fields in the Middle East, so we really do not know how close to decline Saudi Arabia and other Middle Eastern countries really are.

In 2005, Matt Simmons wrote a book called [Twilight in the Desert](#). In it, he summarized what he learned about Saudi Arabian oil production by reading 200 academic papers. He concluded from his analysis that the oil extraction techniques being used there were techniques that one might use if the fields were quite depleted. Because of this, he doubted that we should believe stories that Saudi oil production can be greatly expanded. Instead, he raised the possibility that in the not too distant future, Saudi oil production will suddenly decline. Matt's research underlying the book was no doubt behind his concern that oil reserves and oil production rates are not audited.

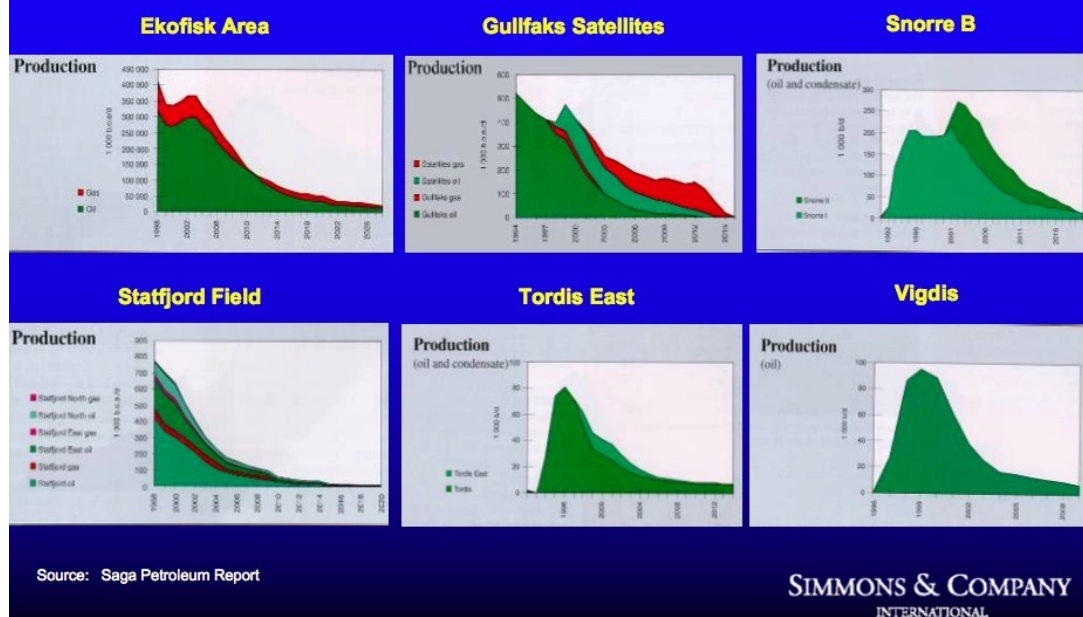
Another thing Matt is known for is his educational graphics about "what is really going on" with respect to oil extraction. For example, in his [talk at the 2009 ASPO--USA conference](#), he shows this graphic of the amount of conventional oil discovered by decade.



It is pretty clear from the above graphic that "conventional" oil discoveries have declined since the 1960s, suggesting that most of the oil in liquid form in the world has already been discovered. While one can argue that there are other kinds of oil (oil sands, oil shale, and other non-conventional oil) that are not included in this graph, these other oil sources can be extracted only very slowly (and at great expense). Because of this, we cannot expect their growth in extraction to offset a decline in conventional oil production.

Matt also is known for showing individual field graphics, such as these from the North Sea.

Some Pictures Are Worth A Thousand Words



With these graphics, he illustrated that oil production from an individual field tends to decline quite quickly. Because of this pattern, an oil company needs to keep discovering new oil reserves, if they are to keep production up. Oil companies know this, and attempt to "replace reserves" each year. But with few new liquid oil discoveries, oil companies are finding this more and more difficult. A recent rule change allows very heavy oil reserves such as oil sands (which can be extracted only very slowly) to be included in reserves, making oil companies look better, but not necessarily allowing oil companies to keep annual production at the level it has been previously.

Matt has spoken to numerous high-level audiences about peak oil, and, until recently, these presentations were available on the Internet. Thus, he has had significant influence as a speaker and educator. Matt has also appeared frequently on television, discussing peak oil and his view of the implications of peak oil.

Art Berman is one of the people on our staff who has known Matt well. Art writes:

The first time that I heard Matt Simmons speak on peak oil was in February 2006. He gave a lunch presentation to the Houston Chapter of the Society of Independent Professional Earth Scientists (SIPES) called "Twilight in the Desert: The Coming Saudi Oil Shock and the World Economy." As an oil industry geologist, I came to the talk as a skeptic. I believed at the time that there was plenty of oil in the world as long as the price was high enough to justify the effort to explore and produce it. I also thought that the identification of a specific year in which oil production was a silly idea.

What I learned at that meeting was that peak oil is not about determining a specific year in which peak production is reached. It is more about planning how the world can effectively make a transition from a relatively cheap and abundant supply of oil to an increasingly expensive and scarce supply. I also learned that it is about the decreasing quality of the crude oil now available compared with past decades. Also, he convinced me that there is an unmistakable relationship between the price of oil and worldwide

economic prosperity, and that the long recession of the 1980s was largely due to the spike in crude oil prices that followed the embargoes of the 1970s. In other words, peak oil more a question of rate, quality and price than it is about the peak itself. I came to that meeting expecting to hear a fanatic and, instead, heard a clear voice of reason backed by a lot of data. While Matt didn't completely persuade me of all the points that he made that afternoon, he started me thinking in a different way.

I wrote and called Matt many times over the last four and a half years. To my initial surprise, he always returned my calls and e-mails, and was enthusiastic about sharing his knowledge and experience without pushing an ideology. As my research on shale gas economics and decline rates progressed, Matt encouraged and supported me. He invited me to visit with him in his office last fall, and spent several hours asking questions and making suggestions. When his company published a view of shale gas economics that differed from my position, he wrote to say that he was in an emeritus position and often disagreed with the research group.

I last heard from Matt three weeks ago. The Oil Drum was preparing to post an article that disagreed with his comments about the BP oil spill in the Gulf of Mexico, and I wanted to understand the evidence behind his position, and to let him know about our planned rebuttal. He left a voice message saying that he would be unavailable for several days but very much wanted to discuss the subject. His death was announced before we could have that discussion. While I disagreed with some his views on the Gulf oil spill, it was clear from his message that he was completely sincere and truly believed that this was a terrible disaster with great human consequences.

The energy community will miss Matt Simmons as an important spokesman about many topics and not just peak oil. I will miss a him as a patient and generous teacher and mentor.

Media in the United States liked to paint Matt as *the* spokesperson for peak oil, but the peak oil community is sufficiently diverse that this is not really an accurate assessment of the situation. For example, in August 2005, Matt Simmons [made a bet for \\$10,000](#) with New York Times columnist John Tierney that the price of oil would exceed \$200 for the year 2010. Not all peak "oilers" would agree with this view. Some believe that the timing will be different from that underlying his bet; others expect the impact of peak oil will be recession and high rates of debt default. Recession and debt defaults (similar to what we have recently been experiencing) will result in depressed demand--but not necessarily very high oil prices.

Matt also generated a lot of media interest with his recent views on the oil spill. We at The Oil Drum did not agree with these, and several of staff members put together a post [explaining our reasoning](#).

While we at The Oil Drum did not always agree with Matt, we appreciate his many contributions and will miss him very much.

A Few Related Posts

[Twilight in the Desert](#) - Heading Out - June 2005

[CNBC: Matt Simmons and John Kilduff Discuss the GAO Report and the Ramifications of a Plateauing Oil Supply with Bob Pisani](#) - Prof. Goose - March 2007

[Matt Simmons on Bloomberg: Peak Oil is Now and Oil Is WAY Too Cheap](#) - Prof. Goose - May 2007

[Matt Simmons' Video on Oil and Gas Markets](#) - Gail the Actuary - March 2009

[A Critical Examination of Matt Simmons' Claims on the Deepwater Spill](#) - Robert Rapier - July 2010



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