

One trillion more barrels of oil!

Oil company report says world supply potentially double that now available

In the months since the onset of the current world oil "crisis," leading officials of every major multinational oil company, echoing the projections of former U.S. Energy Secretary James Schlesinger and the Central Intelligence Agency, have been warning in dire terms that the limits of world oil resources have finally been reached.

Not so, according to Cities Service geological projections published in the June 1979 *World Oil* and the April 1979 *Ocean Industry*. According to Cities Service Executive Vice President and international operations head P.W.J. Wood, the earth holds a potential one trillion plus barrels of economically recoverable petroleum reserves yet to be discovered. To give an idea of the scope of this oil, it is as much as the total of proven reserves and oil already pumped over the entire last century of oil exploration. Far from a shortage, the world's oil supplies have been systematically *underexplored* as a result of deliberate policy decisions by the London-New York oil multinationals and related corporations such as the giant oil testing monopoly, Schlumberger NV. The oil multinationals have used artificial restrictions of supply to maintain artificially high prices.

The recent announcement by the Saudi Arabian government, and continuing announcements by the government of Mexico, of confirmed finds of new giant oil fields equal to or greater in size than Saudi Arabia's huge Ghawar field, underscore the relevant point. Both the announcements, on the order of 200 billion barrels-plus estimated reserves, completely confute the Schlesinger-CIA projections. Both announcements were made by governments which have achieved sufficient independence from the Seven Sisters to defy the oil multinationals' blackout of accurate information on world oil reserves.

Where is the oil?

According to the detailed projection developed by Tulsa-based Cities Service, the world's petroleum base is more than sufficient to allow for full-scale exploitation of oil well into the next century.

Outside of North America, exploratory drilling for oil is far more limited than is possible: the United States is currently doing as much to find new domestic petroleum reserves as the rest of the noncommunist world

combined. Drilling and exploration activity outside the United States is woefully inadequate, a situation illustrated by comparing the mix of oil extracted from "giant" accumulations and non-giant accumulations within the United States to that in the rest of the world. Recovery from the so-called "giant" fields is cheaper than recovery from smaller accumulations, requiring less capital investment to recover more oil, but, in the U.S., only 36 percent of known oil comes from giant fields; 64 percent is recovered from non-giant fields, using advanced equipment that makes economic recovery possible. In the rest of the world, the proportion is reversed: 75 percent is recovered from giant fields, and only 25 percent from non-giant fields. The solution is the application of more advanced technology, which would not only produce more oil, but through the combination of increased supplies and more efficient production methods, lower the cost of oil. Says Cities Service's Wood: "If technology and economic incentives advance sufficiently, the world as a whole should attain a drilling maturity approaching that of the U.S. The world should then have a similar proportion of giant to non-giant accumulations." And this, based on the present 1.038 trillion barrels of oil known assuming the 75/25 giant/non-giant ratio, assumes economically recoverable world reserves of 2.163 trillion barrels—double the present supply.

Moreover, Wood states, "conservative assumptions were used in making this estimate. The U.S. is far from being completely explored and as drilling continues it appears certain that an even greater proportion of reserves will be found in non-giant accumulations. Also ... the world model excludes giants that will be found in the future."

Even in the U.S., oil finds have been artificially, and sometimes corruptly, held back. Through a sequence of environmentalist and other legal maneuvers over last years, major offshore continental drilling in such oil-rich potential basins as the Santa Barbara Channel in California has been halted. California Governor Brown, who is financially linked to Indonesian oil interests through his father's Perta Marketing, Inc., has been instrumental in maintaining a freeze on development of these vast offshore reserves.

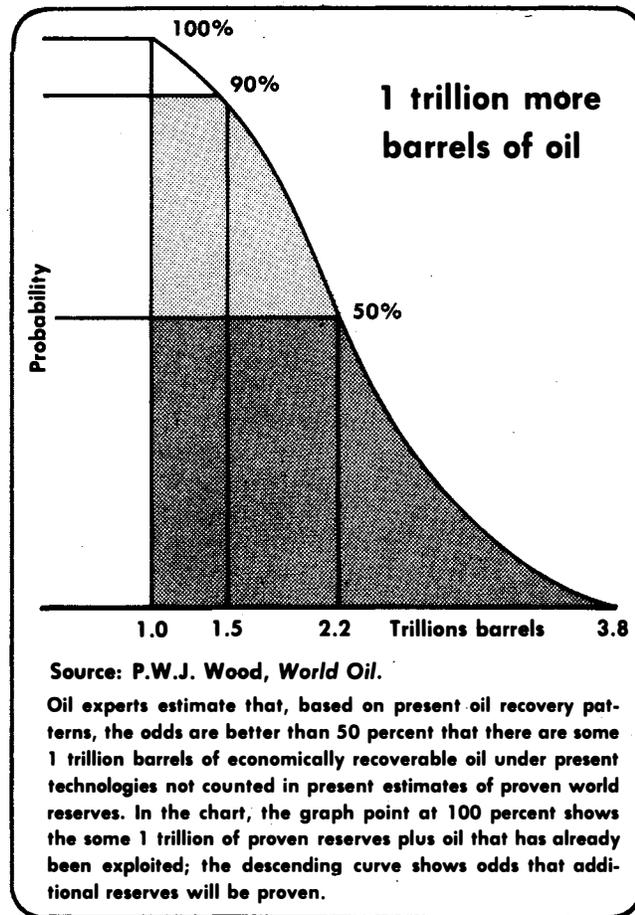
Geological analysis

The estimates of additional oil derived from analysis of the potential for recovery from non-giant accumulations correspond to the results of probability analysis conducted by Cities Service of where oil can be found based on patterns of geological formations known to produce oil (see chart).

Oil and gas are historically formed and trapped in what are called sedimentary basins. These basins are generally classified into three broader types: convergent, divergent and plate interior. Convergent basins are formed by geological plate strata moving toward one another. Divergent basins, as are found in the North Sea and the Nigerian coast and Western Atlantic coasts, are formed by continental margins moving away from one another. Plate interiors, which currently are known to contain 1.2 trillion barrels of crude oil, or 68 percent of the world's known economically recoverable petroleum, include most of the world's giant fields, such as the Arabian Gulf. The Lake Michigan Overthrust Belt in the U.S. is an example of this type. Because of recent advances in drilling technology, this Michigan area is highly attractive and is estimated on the basis of only preliminary exploration to contain a 600 million barrel oil reserve.

The eventual development of these vast oil reserves is foremost a political and not an economic question. Politically, as in the case of the Seven Sisters domination to date of most of the world's exploration results, the true scope of world oil resources is being carefully suppressed. As documented in a previous issue of this journal, for example, 70 percent of total world oil well testing equipment is controlled by one giant, the Schlumberger Corp., a Rothschild-linked multinational tied directly to Royal Dutch Shell, the London-based Seven Sister multinational which is coordinating the current Iranian world oil hoax and the astronomical price speculation on the Rotterdam spot markets. Fully 50 percent of all domestic and a whopping 85 percent of foreign testing is done by highly sensitive Schlumberger-patented equipment. Oil companies or countries are forbidden to operate this equipment, and are only given the results of what Schlumberger says they have. Other oil equipment innovators such as the Dresser Corp. which have tried to break this monopoly have been kept out of the market by unnecessarily stringent patent rulings, according to one informed industry source.

The Soviet Union, on the basis of such known geological evidence, and strictly contrary to published CIA estimates, has vast oil reserve potential, of primarily the plate interior type, including several known giant fields and vast areas in the Novosibirsk region of Siberia. This is the area from which the Carter administration chose to withhold advanced U.S. drilling technology in order to hamper rates of exploitation of the vast Soviet reserves and make the CIA-Schlesinger



scenario of dwindling Soviet reserves politically credible for a confrontation over the Persian Gulf resources.

Other regions with known giant fields in such plate interior regions include Texas, Venezuela, and Libya. Libya announced last week that it now estimates its reserves might even surpass Saudi Arabia's, and has embarked on an ambitious development program.

In short, there is so much more oil to be found in the world that, as Wood puts it, "if there is going to be a petroleum shortage, it will not be caused by the world running out of oil, but rather by our own unwillingness to go and look for it." Advances in exploratory geological mapping technology, such as the development of Landsat satellite high altitude photography, have permitted global geological mapping of areas over 1,000 times previous low-altitude aerial mapping. In addition, new innovations in seismic signal technology allow for the first time to identify the presence of subsurface gas formations before a well is drilled. These and other technologies, if wrested from the control of the handful of Seven Sister-linked conglomerates, will allow the world to develop the petroleum sufficient for orderly transition to hydrogen- and nuclear-based economies.

—William Engdahl