

Venezuela and Peak Oil: New Estimate of Oil Reserves Makes Venezuela the Grandest of Grand Prizes for the US

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Global Research, May 23, 2006
23 May 2006

Region: [Latin America & Caribbean](#)

Theme: [Oil and Energy](#)

I just finished reading an important new book the author's publisher sent me, which I'll shortly be reviewing for publication. The book is investigative journalist (and in his words "forensic economist") Greg Palast's latest foray into exposing the hidden from view crimes and wrongdoings of the Bush administration. I'm very familiar with Palast's important work and can only wish many others of his profession did the same sort of it he does - his job. Sadly most don't, but luckily we have some who do, and we should pay close heed to what they tell us. They're our window to the dangerous world around us, and the information they provide is our protection from it.

Palast's book is almost encyclopedic in detail, but I only want to focus here on one part of it that relates to Venezuela. In it Palast provides information showing the country may be of far greater strategic importance to the US than we likely realized. It all relates to a somewhat arcane theory called Hubbert's peak that many readers may not know about or understand well if they do. Before reading Greg's book, I knew about it but didn't understand it as well as I do now.

M. King Hubbert was a well-respected geologist of his time who on March 7, 1956 published a research paper explaining his notion of "peak oil," the amount of total reserves likely to be available, when production would peak, and when we would likely exhaust a finite supply. Ever since his report came out, it's been held up as gospel by many who follow the oil market. The essence of the Hubbert theory, whether we accept it or not, was that "peak oil" would be reached around this year. However, in fact, production rose every year since Hubbert's prediction and new discoveries of oil have so far kept pace.

A New Interpretation of "Hubbert's Peak"

M. King Hubbert may have been a fine geologist deserving of the his reputation. But today we know much more than Hubbert did in his time, and it's currently believed by some savvy analysts that we're nowhere near peaking or running out of oil. Palast sides with that view and concludes that we have enough oil left untapped to last many decades into the future. Why? Because there's oil and then there's oil - there's the easy to find and refine kind called "light sweet" like what's abundant in the Middle East, and there's also the harder to find, more expensive to refine so-called "heavy crude" and oil available from tar sands. When the latter two categories are added in, the amount of total oil available skyrockets to off-the-chart numbers.

Palast makes a key point related to the price of crude. At \$10 a barrel the supply is low because only the easy to extract and refine kind are economically feasible. But at \$70 a barrel it's a whole new oil market. The heavy stuff and tar sands then become economical to extract and refine, and a new far higher finite supply is realized almost magically. In short, it's just a question of supply and demand and how the price of a commodity depends on how much of it consumers want. Too little demand and the price is low, but when it's high like now and rising, then so does the price.

How This Relates to Venezuela

From what we know for sure plus what we think we may know about Venezuelan "total" oil reserves, I suggest the reader first take a seat and buckle up. In previous articles, I reported Venezuela may have reserves of about 350 billion barrels if all their known heavy and light crude are counted. That total is far more than is now officially recognized by OPEC which means unofficially the country has greater reserves than Saudi Arabia by that number alone.

But wait, there's more, a lot more. Palast reports a US Energy Department expert believes Venezuela holds 90% of the world's super-heavy tar oil reserves - an estimated total of 1,360,000,000,000 (1.36 trillion) barrels. Let me repeat that - 1.36 trillion barrels. That alone is more oil than Hubbert believed 50 years ago lay under the entire planet.

Again, back to the key issue. Whatever the true highest estimate of reserves is from all varieties of oil, those reserves are only available at a price. If it ever gets too low again, which looks unlikely, those heavy reserves and tar sands oil will again go off the charts and be uncounted. However, with today's heavy demand and the likelihood of it continuing to grow in the future, the price of oil may continue to rise and all reserves from all sources may be needed and used to supply the market.

So with a report like this coming from an apparent credible source (according to Palast) in the US Energy Department, it takes little imagination for VHeadline readers to understand more than ever that Venezuela is likely viewed by any US administration as the world's most important source of future oil supply. And to readers who understand US imperial intentions, it takes even less insight to realize the Bush administration intends to go all out to get its hands on it even if it takes a war to do it. The US goal isn't access to the oil. It's control of the supply and its price, what countries get it and how much and which ones don't, what companies profit from it, and overall how this ocean of oil can be used as a strategic resource and weapon. Beyond question, the stakes are enormous, and the battle lines are now drawn more clearly than ever.

I've reported before on VHeadline that the US is now planning a fourth attempt to oust Hugo Chavez by whatever means it has in mind. I think the wheels of its plan are now in motion, but we won't know what will unfold until the fireworks begin. With the information now available and published here, I feel more certain than ever that US instigated serious trouble is heading toward Venezuela and maybe harsher than we might expect. Venezuela's likely total oil reserves are potentially so great that the country has to be the grandest of grand prizes for the US. It's a virtual certainty the US will do anything it takes to try to seize and control it. For those of us who respect the sovereign rights of all nations and the obligation their leaders have above all else to serve the needs of their people, we can only hope Hugo Chavez is prepared for what he knows is coming and will again succeed in deterring it.

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