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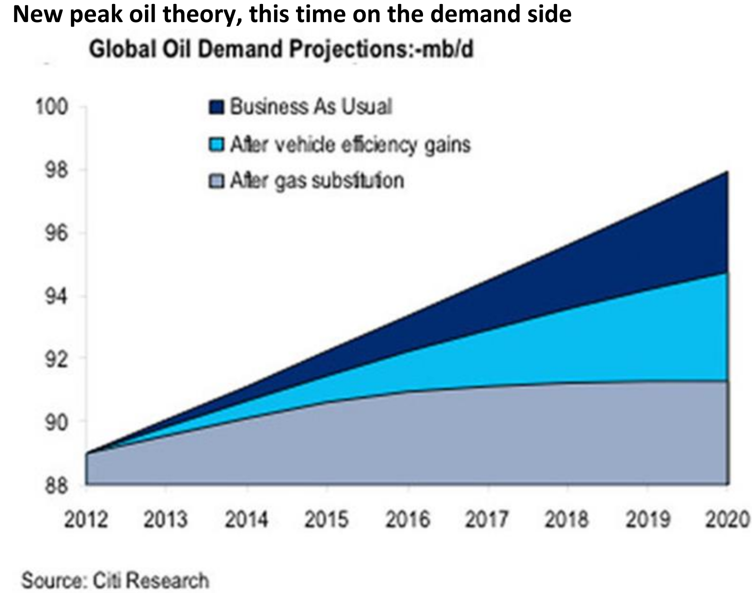
Peak Oil Is Real – On The Demand Side

Global demand for oil may be heading for a peak, and sooner than many believe

In 1956, a little-known geologist named **Marion King Hubbert** published a paper predicting that oil supplies were destined to reach a peak as the cheap and easy to tap reservoirs were depleted over time. He predicted that US oil production would peak somewhere between the late 1960s to early 1970s. Others, including oil financier **Mathew Simmons**, extrapolated the supply and demand data and predicted a similar fate for global oil supplies.

This led to a heated debate, which became known as the **peak oil theory**. The proponents argue that the supplies are essentially *finite* and sooner or later, prices are bound to rise, leading to lower demand if not the physical exhaustion of the resource, or running out of oil. The opponents of the theory argue that the rise in price of oil would in fact lead to better technology and more innovation, which in turn will lead to more discoveries, moderating prices and encouraging further demand growth – refuting peak oil theory.

New peak oil theory, this time on the demand side



Both arguments are plausible – which explains why peak oil theory has been around for a while. And the recent shale gas boom and discovery of unconventional oil in places like **North Dakota** supports those who say we are far from the peak oil. But new evidence suggests that the focus of the debate should be changing from **supply** to **demand**.