

that supplies from non-OPEC countries are peaking, and then beginning their long-term decline, the petroleum supplies from OPEC will be moving in the opposite direction. OPEC production of crude oil and natural gas liquids was approximately 19 million barrels a day in 1984. It is projected to increase to 28 million barrels a day by the year 2000.

One cause of the decline of non-OPEC supplies is that recent prices for crude oil have seriously discouraged exploration and development efforts in non-OPEC countries. This will result by the 1990s in slowly declining production.

It is true that the increase in oil prices during the 1970s did greatly increase the search for oil. What is frequently overlooked is that most of the new exploration was confined to North America, which accounts for approximately 70 percent of all drilling activity in the non-Communist world. The reason for this is threefold. First, the opportunities outside North America were viewed as being less

secure. Second, those non-North American areas were less favorable for tax reasons for North American-based companies. The result was the concentration upon exploration in North America.

Non-OPEC problems

This exploration did produce many small fields. It did not produce many larger ones. The failure to find large oil fields meant that exploration and development costs were rising. This occurred at the same time that uncertainty was increasing regarding prices. Drilling reached its peak in 1981. Since then the rig counts in North America have fallen by about half.

The third reason for the North American domination of oil exploration, and the most important one, is that supplies of petroleum in non-OPEC countries are running out. The United States is now a net importer of major proportions. This will continue and increase. The supplies of petroleum in the North Sea are limited and will begin to

OIL STATISTICS

| | World Proven Crude Oil Reserves by Regions 1983 (Million Barrels) | World Crude Oil Production 1983 | |
|----------------------------|--|---------------------------------|-------------------------|
| | | Thousand Barrels per Day | % Change 1983 over 1982 |
| North America | 34030.0 | 9,999.5 | 0.7 |
| Canada | | 1,343.5 | 6.0 |
| United States | | 8,656.0 | -0.1 |
| Latin America | 83416.9 | 6,072.1 | -2.1 |
| Mexico | | 2,665.3 | -3.0 |
| Venezuela | | 1,800.8 | -5.0 |
| Western Europe | 23634.5 | 3,440.0 | 12.7 |
| Norway | | 656.3 | 23.6 |
| United Kingdom | | 2,300.0 | 9.5 |
| Middle East | 391983.3 | 11,138.8 | -13.1 |
| Iran | | 2,441.7 | 2.1 |
| Iraq | | 1,098.8 | 8.6 |
| Kuwait | | 1,054.1 | 27.9 |
| Saudi Arabia | | 4,539.4 | -30.0 |
| United Arab Emirates | | 1,149.0 | -8.0 |
| Africa | 56964.3 | 4,505.0 | 1.7 |
| Libya | | 1,104.9 | -2.7 |
| Nigeria | | 1,235.5 | -4.0 |
| Asia and Far East | 17123.2 | 2,373.7 | 4.4 |
| Indonesia | | 1,245.3 | -6.0 |
| Oceania | 1756.0 | 432.1 | 11.1 |
| Communist Countries | 84355.0 | 14,815.8 | 1.1 |
| China | | 2,121.4 | 4.0 |
| USSR | | 12,325.0 | 0.6 |
| Total World | 693263.2 | 52,777.0 | -1.8 |
| OPEC | 470559.8 | 16,988.7 | -10.6 |

Source: OPEC