It is an understatement to say that our province’s oil reserves are significant. In 2014, Alberta’s remaining established oil reserves stood at 168.1 billion barrels. This gives Alberta the distinction of having the third-largest proven oil reserves in the world. Since Alberta’s oil reserves account for 97 percent of Canada’s proven reserves, this enables Canada to be the third-highest ranked country in terms of proven global reserves.

The overwhelming majority (about 99%) of Alberta’s oil reserves is in the form of bitumen (i.e., oil sands). Alberta’s oil sands resources are therefore expected to remain the major source of our province’s oil production.

The size of this reserve is impressive. At first glance, it even gives the impression that if the world wants oil over the long haul, then it’s going to have to come to Alberta to get it.

But there’s more to this story that we need to keep in mind. Some other facts give us a more complete picture of the global energy landscape and where Alberta sits within it.

First, it’s important to recognize that Alberta’s been in the energy game for a long time, and lots of exploration has happened here. Over time, our province has done a very good and thorough job of examining and measuring the oil resources that we have. It also helps that our large bitumen resource is easy to locate. The challenges over time have been finding the right technologies to develop it.

As a result, we can show that we know where the oil is, and how to develop it. So we get to appear in charts that give us the official distinction of having the third-largest proven oil reserves on earth.

Many other countries also have significant sources of oil, but they haven’t yet had those sources officially designated “proven oil reserves”.

So that’s the first important take-away here. Alberta might look like it’s one of the few places in the world with lots of oil, but we’re not. There are significant sources of oil in many other places around the world.

In fact, you can see this when you look at the chart of the top 10 oil producers in the world. Consider how this list (on the bottom) compares to the list of countries with the top 10 reserves (on the top).
The United States, at 31.8 billion barrels, is ranked eleventh in the size of their proven oil reserves. And yet, in 2014, it was the largest oil producer in the world, at about 14 million barrels per day.

Venezuela has the distinction of having the largest proven reserves on earth, and yet it wasn’t among the top 10 producers of oil in 2014. Venezuela ranked 12th in oil production last year.

China isn’t among the top 10 in terms of oil reserves. And yet China ranked 4th in the world in terms of total oil production, producing 4.6 million barrels per day in 2014.

Canada, despite officially having the third-largest proven oil reserves on earth, was fifth in terms of total oil production in 2014. (Canada produced about 4.4 million barrels per day.)

So that’s the second important take-away. Having lots of oil doesn’t mean your jurisdiction is the most attractive place to drill and produce oil.

Companies certainly consider the size of the opportunity that a jurisdiction offers. But they consider lots of other factors as well, including how open the jurisdiction is to investment, the risks posed in the jurisdiction, what it will cost to produce oil in the jurisdiction, and the royalty framework used by the jurisdiction.

1. Note: production figures are for total petroleum and other liquids production.