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Matthew Simmons, Who Said Global Crude Production Has Peaked, Dies at 67

By Edward Klump and David Wethe - Aug 10, 2010 7:47 AM GMT+1000

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[Matthew R. Simmons](#), an energy investment banker and a leading proponent of the “peak oil” theory that claims the Earth is running out of crude, died yesterday.

Simmons, 67, died in an accidental drowning at his home in Maine, local officials said.

Simmons started Houston-based Simmons & Co. in May 1974 with a focus on the oil-services industry, according to the company's [website](#). The firm expanded to offer research, institutional sales and investment banking in the energy industry. Simmons promoted the idea that world oil reserves are peaking, and he explored the implications in a 2005 book called "Twilight in the Desert."

"In the history of the petroleum era, [Matt Simmons](#) will be remembered for calling attention to 'peak oil,'" T. [Boone Pickens](#), chairman of BP Capital LLC, said in an e-mailed statement. "You had to admire his advocacy and his ability to focus on the need to better prepare for a new energy future."

Emergency medical workers responded to Simmons's home a little before 10 p.m. local time yesterday, said John Dietter, a crew chief in North Haven, Maine. The official cause of death is drowning, and he was found in a hot tub, said Tara Harrington, medical associate at Maine's Office of Chief Medical Examiner.

"It was an accident," Harrington said today in a telephone interview. She said "heart disease" was listed for the category of "other significant conditions" on the death certificate.

'Very Good Analyst'

"He was somebody that was very comfortable challenging conventional wisdom, someone that thought beyond the near term and was a very good analyst in terms of identifying big trends," said Dan Pickering, who worked at Simmons & Co. from 1996 to 2004 and is now co-president of the Tudor Pickering Holt & Co. investment bank in Houston.

On a tour of Saudi Arabia's oil industry in 2003, Simmons was inspired to estimate the world's largest oil reserves, and from research that included poring through neglected engineering data, determined that the country was close to or nearing peak output, Peter Maass wrote in his book, "Crude World: The Violent Twilight of Oil."

"He built his own energy firm and, having done that successfully, used his knowledge of the industry to challenge one of its biggest accepted truths -- that there are nearly unlimited quantities of oil in the world," Maass said today in an e-mail.

Demand Concerns

Demand for energy has become a "runaway train that cannot be easily slowed or reversed," Simmons said in a slide presentation in May at the Offshore Technology Conference in Houston.

"We are in early stages of a global train wreck when demand outstrips supply and shortages begin," according to the slides on the website for the [Ocean Energy Institute](#), which Simmons founded in 2007 to explore opportunities for harvesting energy from the seas. He is survived by his wife Ellen and their five daughters.

In May 2008, Goldman Sachs Group Inc. analysts said crude might rise to between \$150 and \$200 a barrel on increased demand from developing countries that supply could fail to match. Simmons said July 16 of that year that oil was more likely to hit \$200 per barrel than drop to \$50 over the next six months.

Record Oil Price

Oil did touch a record, hitting \$147.27 a barrel in July 2008 in New York futures trading. Crude fell to \$44.60 at the close of 2008 and hasn't returned to triple digits following a global recession that cut demand.

Rising prices raised awareness of peak oil, said Ted Harper, who helps manage about \$6.8 billion in assets at Frost Investment Advisors in Houston. Harper said he thinks the industry is at or near peak output capacity, though he didn't fully endorse peak oil, which has seen its prominence fade.

Interest in whether global oil production has plateaued or peaked has waned as prices have remained well below their 2008 high, Harper said.

Arthur Berman, a geologist who lives near Houston and writes for the Oil Drum energy website, said he shared Simmons's views on peak oil. Simmons did have "some peculiar ideas" on the [BP Plc](#) spill such as the size of the disaster, Berman said, and he'd hoped to talk with Simmons about the reasons for some of his thoughts.

Simmons was a frequent critic of BP's efforts to stanch its oil spill in the Gulf of Mexico, suggesting at one point that the best option would be to detonate a small nuclear bomb undersea to kill the well.

On June 16, Simmons announced his retirement as chairman emeritus from Simmons & Co. so he could focus on the Ocean Energy Institute.

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