

The Peak Oil Crisis: Hard Truths

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During the past week, dozens of stories have appeared in the world's press commenting on the National Petroleum Council's new report entitled "Facing the Hard Truths about Energy --- A comprehensive view to 2030 of global oil and natural gas." This report is deemed important because it represents the official view of the U.S. government's leading advisors on energy matters and, at the same time, reflects the collective view of the U.S. petroleum industry on what we will be facing in the years ahead.

The most interesting thing that can be said about the NPC report is that it has very little to do with providing government officials and the rest of us insight into the likely availability of oil over the next 25 years. There are federal employees, international organizations and contractors loaded with expertise that the Secretary of Energy can whistle up in minutes and can produce papers comparable in scope to the NPC's efforts in days rather than years.

In reality, the "Hard Truths" report is a piece of political theater carefully constructed to deflect responsibility from the administration for failing to publicly acknowledge and start preparing the nation for the consequences of oil depletion.

Let's drop back two years and review what was happening in September 2005 when a letter requesting the report was being staffed through the Department of Energy, the White House and other interested government agencies.

The country was just recovering from back to back hurricanes that came very close to shutting down much of the U.S.'s gasoline supply and gas prices were at levels not seen in decades. Without the aid of emergency shipments from European stockpiles, many Americans would have spent the fall sitting in lines at gas stations, cursing the government for their predicament.

It was a time when the world oil production was starting to flatten after several years of rapid growth and Congressman Roscoe Bartlett was rushing around Washington telling anyone who would listen that peak world oil production was nearly upon us with devastating economic and social consequences. Bartlett, a loyal Republican, had even made his way into the oval office and made his pitch directly to the president. There was no pleading ignorance of the issue.

Given the pressures, the administration had to do something. With three years left in office, there was too much risk in completely ignoring a situation that had the potential to destroy an already tottering presidency should major fuel shortages and lines at the gas pumps develop setting off social unrest.

Taking decisive action to prepare for oil depletion was, and still is, unthinkable for an administration and its supporters who had just spent the better part of five years denying global warming and doing everything in their power to promote the welfare of big business and economic growth. The last thing any president would want to do would be to propose highly unpopular conservation measures without absolute, positive, irrefutable, un-debatable proof that peak oil was real and imminent.

When in doubt, call for a study. If you have any concerns about what the study might conclude, then put it in completely trustworthy hands and closely monitor progress. Involve as many people as you can. With everybody talking at once, you can pick and choose what you want the study to say, or more importantly, use in your defense, should there ever be Congressional hearings on the topic of "who was sleeping while America collapsed."

Thus the great National Petroleum Council study on global oil and natural gas was born. A cast of hundreds worked on it and over 1,000 participated.

So what happened? First of all, the 422-page report does not come close to answering the secretary's question in a useful way. Asked about the future of oil and natural gas production, the council declared "The world is not running out of energy resources, but there are accumulating risks to continuing expansion of oil and natural gas production from the conventional sources relied upon historically."

The "accumulating risks to continuing expansion" clause is about as close as the report comes to sounding a warning. The council goes on to make some fairly pedestrian recommendations such as to increase the efficiency with which we use fuel; get busy developing clean coal, nuclear and renewables; and naturally the self-serving "let us drill for oil anywhere we want" and all will be well.


To the report's credit it does discuss peak oil and some of the arguments for an imminent reduction in world production. However, these are quickly dismissed as not giving sufficient weight to economic forces and technological innovation that will soon bring forth sufficient oil and gas, or adequate substitutes, to satisfy the world's growing demands.

By balancing diverse pressures, the report artfully fulfills its real goal. First, by consulting over 1,000 interested parties, no one can say that all voices including those of peak oil were not heard. The report does sound a warning that changes in our sources and use of energy are ahead, but it is done in such a gentle way — "challenges to be overcome" — that no one became alarmed.

The report's release certainly did not crash the stock market, burst any financial bubbles or elicit calls to impeach the president. It did provoke a few newspapers to write of troubles someday, but these are seen as so far away they are the grandchildren's problem, not that of the current administration.

Thought of in these terms, the report is a roaring success. It gives the impression the administration is right on top of energy supplies, and there is no immediate problem that can't be taken in stride

If the administration is lucky, the matter will rest until January 2009 when oil depletion becomes somebody else's problem. If not, and serious shortages develop in the next 18 months, then "hard truths" may take on a whole new meaning.

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