

PEAK OIL HYSTERIA: ARE WE RUNNING OUT OF ENERGY?

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Dear Benny,

RE: Willy de Backer, 3e Intelligence.

Seeing yet another rehash of the "peak oil", "peak energy" story line, I would like to provide the following reality check:

Oil: the Earth has overall petroleum reserves of between 12-16 trillion barrels [depending on how conservative the estimate]. Over the past 120 years or so, we have used 1 trillion barrels. As the result of the unsophisticated extraction technologies used until the 1980s, most reservoirs considered "depleted", in fact still contain between 40-60% of their original volumes. Current oil prices [@US\$100-105/barrel] adjusted for inflation, are no higher than during the oil shocks of the late 1970s. Several analysts have noted that this price level does not reflect market fundamentals but contains a security fears and hedging "premium" of some US\$25/barrel.

Coal: best estimates tell us that despite wide spread use over the past 150 years, North America has coal reserves that represent 95% of the original reserves. Nor is Australia on its way to depleting its reserves any time soon. Coal is in fact the fastest growing source of energy in the world. In 2007, China installed the equivalent of 1.5x the entire existing electricity generating capacity of France, virtually all of it coal fired.

Uranium: by way of example, the province of Saskatchewan in Canada alone represents some 40% of the readily accessible global uranium reserves and they have barely been touched.

All of this to say that when Willy de Backer and his fellow travellers tell us we are running out of energy, they are telling us a proverbial "good night" story. An unabashed political message not grounded in verifiable facts. It is only if one believes that economic growth is a bad thing, that current and continuing ready access to energy is a problem. And for those would argue that burning hydrocarbons is bad because it causes global warming, they may wish to take a closer look at the rapidly growing body of data and analysis that shows the complete lack of correlation [let alone causality] between CO2 levels which continue to rise and global [surface, ocean and lower troposphere] temperatures that have levelled off and have been declining since 2004.

Best regards,
Henry N. Geraedts, PhD