

Submission for the Senate Inquiry “Inquiry into Australia's future oil supply”

What we need is not more Oil but MORE Leadership

In November 2005, I watched the ABC Program “Catalyst” (see below) which explained the topic called Peak Oil. As I had never heard of “Peak Oil”, I searched the Internet to find a huge amount of information about the current Oil Supply and Demand situation. Many of these Internet sites quoted articles and statements by respected and experienced oil people and financial advisors, confirming the world’s oil supply is soon to decline. (for instance, see www.ASPO-Australia.org.au, and www.PeakOil.net)

I then began to imagine how this will affect our children and wonder what sort of work they will do and how we should guide them, as they will take the full effect and pain of these changes. I did not have an answer to my many questions. I searched for some useful in depth and practical information about how to plan for such a future.

I found very little. Fortunately Professor Peter Newman (Murdoch University) and Bruce Robinson (ASPO-Australia) are in Perth, and have been able to help me begin to grasp the problem, but I still have more questions than answers.

My next step was to start asking our family members, friends and neighbours if they had any knowledge about the current oil supply situation and its possible effects on their family members. I have yet to find anyone who had any knowledge, and worse still, sufficient interest in the topic to be bothered in a serious way.

This was shock to me. It has made me realize that our biggest obstacle seems to be not technical (although that is big), but rather realizing that it WILL happen in OUR lifetime and what are we, as individuals, going to do ?

For example, one of our neighbours who is involved with finance commented that his younger clients only know the Australian business environment as it has been for the last 20 or so years. They find it very difficult to imagine it being much different in the years ahead.

This is largely an attitude and emotional problem. It is going to take a VERY LONG time to get most Australians to put the situation into a context that is meaningful to them. Until this happens, **nothing much will change.**

What I do know, is that those people who do create practical plans which can be implemented as events unfold, will cope better than those that don’t.

This is even more important for our government and other important institutions.

Here in Western Australia, piecemeal steps to build infrastructure and change town planning ideas have occurred from time to time. But do Western Australians have any understanding of the State or Federal Governments ideas and forward comprehensive plans about Peak Oil. Definitely No. It is therefore asking a lot of a normal person to piece together what to do, when there appears to be no serious effort being made at a National or State Level to evaluate our Oil Vulnerability. (You may not agree with this statement, but that is my belief and I suggest, most others who bother to think about the subject.)

Why can’t we be as forward thinking as countries like Sweden, Norway and even Brazil who put national policies and strategies together many years ago.

With wise counsel, planning and community consultation, **I can see a better Australia can emerge from the changes ahead.** On the other hand, I can also imagine us sliding into a “Easter Island” style devolution. That is what has happened to most great civilizations of the past. Do you want this to be on your conscious? For one, I do not!

For most Australians, who are doing nothing, they are unwittingly contributing to the latter outcome.

With the current very unstable geopolitical situation, you would have to be very ill informed or a fool, to predict the future oil price or how quickly the oil price will change. Because we cannot know when this might occur, and there is so much to do to prepare Australians, we need to act now.

Do we need a catastrophe like a war to bring us together as a nation, put our self interest and political differences aside, to solve a national problem and provide a good future for our children ?. Please give us a chance to be successful.

My plea to the members of the Inquiry is to clearly recommend a need to:

- Engage with the public to discuss Peak Oil, its probable impacts and possible mitigation and adaptation strategies

- Establish a National Forward Strategy to reduce our Oil Vulnerability

- Establish an effective way for us to help ourselves For example, some ways could be:

 - A properly funded national network of forums for interested people to exchange ideas and make well thought out plans for their local communities

 - On going Radio, TV and Internet interviews, discussions and services focusing on ideas that will help bring us together and show a **POSITIVE** practical way forward that will help us make our changes in an appropriate and thoughtful way. (I have read so much doomsday stuff on this subject, it is time for us to start to hear and read about a brighter future for our children)

I certainly do not want to see a waste of money and resources on superficial TV and Booklet campaigns

I repeat my conclusion, these steps are much more important then the technical issues. When people know what is ahead of them, they will find innovative and creative solutions.

What is the alternative, wait until the price of fuel becomes unaffordable, then panic and start adjusting to reality when it happens !!!!!

You could say our REAL problem is a little like a person learning they have cancer. Until you have cancer and experience the emotions involved, it is very difficult to imagine what it would be like.

You often hear such people say, they now really appreciate the simple things in life that they just took for granted.

What we need is not more Oil but MORE Leadership

Mervyn Couper
7 Mulga Place
Duncraig Western Australia 6023
Tel 08 9447 6310
coupert@iwireless.net.au

Appendix: ABC Catalyst Transcript

Real Oil Crisis



Reporter: Jonica Newby
Producer: Greg Swanborough
Researcher: Leonie Hansell

<http://www.abc.net.au/catalyst/stories/s1515141.htm>
Transcript

Related Info



24 November 2005

What would happen if the world were to start running out of oil? Conventional wisdom says we've got 30 years, but there's a growing fear amongst petroleum experts it's happening much sooner than we thought – that we are hitting the beginning of the end of oil now. So how soon will the oil run out, and can we stop our economy collapsing when it does? How prepared are we for the real oil crisis?

Transcript

Narration: What would happen if the world started running out of oil?

Jeremy Leggett: It's going to be very difficult to get gasoline for transport. Food is not going to be getting through in enough quantities to the shops,

Narration: Conventional wisdom says that's at least 30 years away.

So why does a growing group of petroleum experts believe it's coming within three?

Eric Streitberg: Ah. I think it's happening now frankly.

Peter Newman: It gives me nightmares when I think about what we're headed for.

Narration: Are they just scaremongers or have the rest of us been asleep at the wheel. Are we about to hit the real oil crisis?

Jeremy Leggett: Really when the crisis dawns I think people are going to be looking back in anger. How have we allowed ourselves to get into this mess?

Narration: In just a century, we've allowed our lives to become entirely dependent on cheap oil.

Jonica Newby, Reporter: And it's not just that 90% of our transportation is fuelled by oil. This shopping centre is literally full of petroleum products.

Look: the fabric in these clothes – petroleum based. These plastics, petroleum based. It takes on average 6 barrels of oil just to bring one cow to market.

Narration: Yet who of us stops to think oil is a finite resource - the lifeblood of our modern world is steadily pouring away.

Jeremy Leggett: We just take it so much for granted that cars drive around, the pumps are always full. I talk to people in financial institutions who are investing on the assumption that oil supplies are going to grow and grow into the 2030's. I hardly ever meet anyone who knows about this problem outside a relatively elite group of whistleblowers inside and around the oil industry.

Narration: Dr Jeremy Leggett is part of an international splinter group of petroleum geologists convinced a tipping point on oil is imminent.

This former oil industry insider, now alternative energy advocate, has written a new book outlining the case.

It makes startling reading.

The most oil ever discovered was way back in 1965.

Narration: This graph traces world oil discoveries.

Since 1965, the amount of oil discovered each year has inexorably plunged - despite all our advances in technology.

Jeremy Leggett: The last time we discovered a whole new province was the North Sea in the early 1970's and really you know these days the average size of an oil field that gets discovered is about 50 million barrels. It's nothing, it's a drop in the ocean. We're using 84 million barrels a day.

The last year we discovered more oil than we consumed was 1981.
We use 2 barrels of oil for every barrel discovered.

Jeremy Leggett: I've been talking to people who I know because of my past in these big oil companies and they tell me there are no more big oil fields left to find.

Narration: So if we've found nearly all the world's oil, how long before it runs out?

Surprisingly, that's not so important. The real question is when will we reach half way – it's known as 'peak oil'.

Jonica Newby, Reporter: So what exactly is peak oil, and why is it so serious? That's what I'm heading to the west Australian oil fields to find out.

Narration: My guide is a geologist from deep within the oil industry. Eric Streitberg is managing director of Australian oil company, ARC energy.

He's just decided to go public with his fears.

Eric Streitberg: The reason I feel strongly about this is that people don't understand the underlying causes of why petrol prices are going up and what the effect that could have on our lives.

Narration: Eric is about to show me what happens when an oil field reaches peak oil.

Eric Streitberg: The oil field was discovered in 2001 and it's now on full production doing about 6000 barrels of oil a day which is about 10% of Western Australia's consumption.

Jonica Newby, Reporter: Wow: 10%.

Narration: When oil is first pumped, it's under pressure and comes out easily – production rises.

But over time, oil pressure drops. Water is pumped in to maintain pressure. At the half way point, it reaches peak oil, and then-

Eric Streitberg: We're holding on to peak production at the moment but we'll be going into the inexorable decline of all oil fields very shortly.

Jonica Newby, Reporter: Really, and there's nothing you can do?

Eric Streitberg: No you can slow the decline but you can't stop it.

Narration: To ram home the point, Eric takes me to an oil field which passed peak oil in 1992.

Eric Streitberg: Jonica this is what we are getting out of this old oil well. It's 99% water and 1% oil.

Narration: All oil fields follow the same pattern of rise, peak, then fall – even if they encompass an entire nation.

The US hit peak oil in 1971. The UK with its North Sea oil peaked in 1999. Australia peaked in 2000.

So when will planet earth reach peak oil?

That depends on what's really happening here. The place that provides a quarter of the world's oil - the Middle East.

Jeremy Leggett: These governments have not let anyone in to verify how much oil they have for getting on for a quarter of a century and in the 1980's there were some really suspicious treatment of oil reserves data. Most of the Gulf countries increased their national proved reserves supposedly by in some cases up to double, and then ever since the quoted figures have not gone down very much at all. I don't believe that for a minute.

Narration: The dissident geologists went back to original surveys to estimate total Middle East oil. They added world known reserves, and projections of all future oil to be discovered.

That's how they calculated the world will reach peak oil in the next 3 years – if we're not there already.

Jeremy Leggett: 2008 maybe 2009, certainly no later than 2010. That's the point at which we will no longer be living in a world with growing supplies of generally cheap oil but instead living in a world of rapidly shrinking supplies of ever vastly more expensive oil and that point of realisation is going to come as a real shock.

Then we will see world record oil prices. Who knows how high they can go.

Narration: So what does the mainstream think?

The world's largest petroleum company is ExxonMobil – Esso. It employs 20,000 scientists to generate their own exhaustive data sets.

In their Melbourne 3D seismography room, I meet head of exploration, geologist Dr Doug Schwebel.

Doug Schwebel: OK this is a 3 dimensional image of the geology offshore Bass Strait in Victoria.

Narration: Doug acknowledges oil will run down eventually, he just vigorously disputes when.

Doug Schwebel: Well people have been predicting for over a hundred years that we're going to run out of oil. It hasn't happened. We don't think it's going to happen in the near term.

Narration: Exxon calculates twice as much oil left in the world as the so called 'early peakers' - placing peak oil decades away.

Doug Schwebel: I mean we're talking at least out to 2030 with what we know today. And then potentially another 20 – 30 years beyond that with technologies that we can envisage might exist. You know if we can improve technology by only 10% then we can recover an additional 600 – 800 billion barrels of oil.

Narration: If this majority view is correct, we have plenty of time for a smooth, market driven transition to alternatives via hybrid cars.

Cruising in the balm of this reassuring future, it's tempting to dismiss the 'early peak' camp entirely, as a small bunch of vested interest doomsdayers.

But it's not that easy.

Petroleum giant Chevron is now running these startling advertisements.

And here in Australia, some surprising people have come out in the early peak camp.

Earlier this year, Eric Streitberg asked an extraordinary question at the Australian Petroleum Production and Exploration Association conference.

Eric Streitberg: I asked them to put up their hands if they thought that we had reached peak oil. Fifty percent of the people in the audience put up their hand saying that they believe we're at peak oil and these are practicing petroleum industry professionals.

Narration: So what if they're right?

This is what the early peak camp are terrified of – an apocalyptic gulf between dwindling supply and rising demand from the voracious east.

Jeremy Leggett: It's panic that causes collapses in markets. People start selling their shares. That's what happened in October 1929 and it just snowballs.

Eric Streitberg: Rationing - people having to queue for three days to get a tank full of petrol, people not being able to afford to heat their houses.

Peter Newman: Getting to 2 to 3 to 4 dollars a litre you really are grinding to a halt.

Narration: But couldn't we just switch to alternatives – like solar cars or hydrogen?

Professor Peter Newman should know. He's been trying to prepare his home town of Perth with a post-petroleum transport system - which includes Australia's first hydrogen buses.

Peter Newman: This is a transition that can't be done overnight. Hydrogen technology is being developed but it's a 20 year program.

Jonica Newby, Reporter: Twenty years?

Peter Newman: Yeah, the next 20 years are an absolute critical point where I don't know that we can make it. I just feel we haven't started soon enough.

Narration: The trouble is, if peak oil is imminent, other mooted oil substitutes, like biofuels, tar sands, shale oil, could only yield a fraction of the world's needs.

And no one can think of an alternative fuel for aeroplanes.

Jeremy Leggett: So I've looked at it all and I don't see a way of closing the gap quickly enough. That's the honest and depressing answer. It's all about renaissance. It's all about how quickly we can repair the problems and get an alternative infrastructure after the crisis breaks.

Narration: Whether we reach the end of cheap oil in 3 years or 30, it will be a defining moment for human society.

Even if there's only a one in ten chance the early peakers are right, with the lifeblood of our economy at stake, shouldn't we listen, just in case.

Eric Streitberg: If people like myself are taking the view that they need to speak out, I think it's time to start taking it seriously.

Peter Newman: We have lots of preparedness for terrorist attacks; but where's the plan for peak oil? We don't have one.

Jeremy Leggett: I think the interesting thing about the problem is that we'll find out. We'll find out who's right really soon, within a few years it will happen and play out on our watch.

Story Contacts

Dr Doug Schwebel
Geologist
ExxonMobil

Barry Jones (the late)
Former Executive Director
Australian Petroleum Production Exploration Association (APPEA)

Dr Jeremy Leggett
Geologist / author

Eric Streitberg
Managing Director
ARC Energy

John Ellice-Flint
Managing Director
Santos

Prof. Peter Newman
Transport Academic
Murdoch University