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On July 18th 2007 the National Petroleum Council in the US delivered a blockbuster report to the Secretary of Energy. The council advises the US government on the energy issues. The council's report, entitled Facing the Hard Truths about Energy provides an analysis of future oil and natural gas to 2030 in the global picture. Its bottom line is that we are running out of cheap oil. A similar picture is presented by the International Energy Agency in a July report that covers trends till 2012.

As oil prices have soared in recent years, the bosses of big oil have said don't worry, be happy. Oil presently supplies about 40% of the world's energy and 95% of our transportation energy. There is still a widely held view that higher prices will lead to discovery of new oil. One of the world's leading experts, Peter Tertzakian, with a life time in the industry contends that only one or two, if any elephants (large pools) remain to be discovered. Big oils view is that in our day to day business, industry will run full out, gas tanks will be full and of course the prices will be low.

I am not an expert in this field, but optimism seems to be giving way to worry. The International Energy Agency says in plain terms, that high oil prices will be with us for a long time. Three elements are merging to cause the worry: surging oil demand in India and China, steady demand in rich countries, and limits on the availability of light sweet crude. In 2007 the world reached a consumption level of 1000 barrels of crude oil a second.

In addition to this amazing statistic there are peak oil theorists that believe that high quality conventional oil pools, that are large and close to the Earth's surface. Past history indicates that in mature oil producing regions, the output starts to decline when about half a regions recoverable oil resource has been pumped out of the ground. Investments in more drilling and new recovery technologies can't reverse the trend. There's general consensus that humankind has consumed about 1 trillion barrels of oil since we started pumping it from the first well in Pennsylvania in 1859. Peak oil theorists say that about a trillion to 1.5 trillion barrels remain. So, in essence the world is very close to a maximum of global conventional oil output.

The National Petroleum Council does not take a firm stand on the amount of oil left, but in their report is a very important statistic. In the view of many analysis, 80% of today's oil production will need to be replaced in the next quarter century. This will be the greatest challenge because the really significant change in the current climate is the stagnation of supply, not a dramatic rise in demand. The number of new deep sea drilling rigs now under construction is almost equal to the total number that currently exist in the world. When we have to look for new oil at depths of over 1,500 meters (5000 feet) under the sea, or slowly drain it from the Alberta tar-sands, we know the age of cheap oil is ending.

OPEC is holding supply at current levels to keep price high, but its members are close to pumping capacity, only Saudi Arabia is investing in new production. Now OPEC oil output is predicted to remain the same for the next five years. It is not peak oil yet, we are at least seeing a number of signs that mimic that time. We need to prepare for sharply higher energy prices beyond 2010. The 100 barrel of oil could be just temporary a detour on its way to \$200.00 a barrel.

These developments will have major implications for government policy or more significantly good public policy. Preserving agricultural land in the Annapolis Valley, one of the three best growing areas in Canada will be prominent in that policy.

Food and fuel production from agricultural products will grow in need and demand over the next 25 years. .