NEWSWATCH

Shanghai's Secco refinery: China increased its oil imports 10% in the past year

The oil lamp's flickering

Even as oil demand continues to climb, a documentary warns that supplies are dwindling faster than the world realises, **Andrew Lansdale** reports

THE WAR has almost started. The battle lines have been drawn. Where will it be fought?

Well, initially at the New York Mercantile Exchange, the London International Petroleum Exchange – or anywhere that oil is traded and prices are fixed. And the battle will get fiercer as competition for crude intensifies, which will have staggering effects on shipping.

This is the only conclusion that can be drawn from *A Crude Awakening*, a film documentary being released in London on 9 November. Its story starts more than half a century ago. The US geophysicist M King Hubbert predicted that oil production in the US would peak in 10-15 years. He also stated that oil discoveries had peaked in the US back in the 1930s.

He was laughed out of his profession. The US was then to the world what Saudi Arabia is today: the largest oil producer on the planet. It was also the largest consumer and the largest importer. But Hubbert was right.

His prediction – made at the American Petroleum Institute meeting in San Antonio in March 1956 – was that US production would go into steep decline between 1966 and 1971. What is now described as Hubbert's Peak was reached in December 1970, when the US produced 10.4M barrels per day.

By then, a drilling boom of epic proportions had started. But no new oil was found, and over the next decade production fell to fewer than 7M barrels a day. The last big oil fields discovered in the world were Alaska in 1967, Siberia in 1968 and the North Sea in 1969.

All are now in steep decline, the film indicates: North Sea reservoirs will be empty in 12-13 years; Alaska and Siberia are estimated to be drained in the same timeframe.

And what of the Middle East? "Keeping the world dependent on oil is important," as one former OPEC minister put it. Mideast countries have assured consumers that they can supply as much oil as is required. But now its oil has peaked as well.

Iran peaked in 1978 at 6M bpd. It now struggles to produce 3M. With an enormous effort, Kuwait manages to hold on at 2.5M bpd.

The Saudis say that they will be producing 20-30M bpd by 2030. Some experts reckon that this figure will be closer to 15-20M. Still others say that Saudi Arabia will never be able to produce more than 12M bpd and that at its current 11M bpd, it has already exceeded its maximum sustainable peak supply.

Worse, oil demand is rising. China increased its oil imports by 10% in the past year. At this rate, its imports will double in seven years and double again in 14.

No wonder supplies of oil are being fought over and the price forced up. And the future is chilling.

Oil has been a magnet and catalyst for war for a century. Oil fuels war. Oil sustains war. Oil prolongs war. It intensifies war. So the next decades are not likely to be pleasant.

"But what are the alternatives?" the film asks. If 10,000 nuclear power stations are built, the world will run out of uranium in 15 years, by the film's estimate. Wind power is unreliable and intermittent.

Solar energy is a possibility, but enough solar panels would have to be manufactured to cover an area half the size of California to compete with oil.

As the film states, "One barrel of oil produces the same amount of energy as 12 people working all year, yet at the wellhead in Iraq, it costs just one dollar."

But when this is gone, there will essentially be no air travel, no cars on the road and no ships on the oceans.

As one expert states in the film: "If you were to ask me whether your grandchildren will ever travel in an aeroplane, I would have to say, probably not." F

Heavy hitters, not Cassandras

Among the authorities taking part in the documentary were:

- **Matt Simmons, author of *Twilight in the Desert*, adviser to President George W Bush and founder of Simmons & Co**
- **David L Goldstein, physics professor and vice-provost, California Institute of Technology**
- **Robert E Ebel, energy chief for Centre for Strategic Studies and former CIA official**
- **Rosco Bartlett, scientist and Republican congressman**
- **Don Clarke, California Department of Oil geologist**
- **Franklin M Orr Jr, Stanford oil engineering professor**
- **Matthew David Savinar, California attorney and founder of lifeaftertheoilcrash.net**
- **Colin Campbell, founder of ASPO and consultant to Aramco, Fina, ExxonMobil, Shell, Statoil and Total**
- **Luis E Giusti, director, Royal Dutch Shell, ex-CEO of PDVSA**

Pithy quotes from the documentary

- **Oil is not like wheat. You do not grow it every year.**
- **The better you do the job of oil exploration, the sooner it is gone.**
- **More and more of our oil is going to come from less and less stable places.**
- **OPEC countries do not care what happens in 20-30 years. They are prisoners of their budgets.**
- **When you reach the peak you are at the top of the mountain. You do not always know what lies on the downward slope.**

Photo: Emerson Process Management