

Whatever Happened to Peak Oil in Director McNutt's Talk, “Whatever Happened to Peak Oil”?

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On Feb. 6th, Dr. Marcia McNutt, Director of the US Geological Survey, delivered a lecture at IU entitled “US Energy Outlook: Whatever Happened to ‘Peak Oil?’” According to the press release announcing this talk, “Not so many years ago, the public heard much concern that the nation, and the globe, had or was about to reach the point of peak oil production and would be on a downward trajectory due to declining resources. The current fact is that despite growing demand for energy, fossil fuel resources have never been higher.¹”

Today the price of gasoline in the United States stands at an all-time high for this time of year². This fact is enough to make a reasonable person wonder whether there might be some problems with Dr. McNutt's thesis. And indeed there are.

One problem is that “fossil fuel resources” and “oil” are not the same thing. There are two major fossil fuels in addition to petroleum: coal and natural gas. While coal and natural gas are indeed -- at the moment -- relatively abundant, Director McNutt herself observed that the three fossil fuels are not easily substitutable or fungible. You can't shovel coal into your gas tank, and almost none of us own cars that can run on natural gas.

This admission alone significantly undermined Dr. McNutt's principle assertion, but there is more. The main problem with Dr. McNutt's talk is that it was based on a critical evasion. “Peak oil” is not simply about the resource base - it's about the *flow rate* of *petroleum*. It's about the amount of oil that is delivered to market in a given year. It is defined as the peak of global production³. But curiously, Director McNutt failed to even address *production* in her presentation.

After the conclusion of Dr. McNutt's prepared remarks, a questioner – an undergraduate student - observed that she had avoided the very topic that she had supposedly come to address. The student referred to a recent paper in the premier scientific journal *Nature* that had noted that, despite volatile but mostly historically high prices, global oil production has been virtually stagnant for the past six years⁴. The *Nature* article's title, "Oil's Tipping Point," suggests that in fact the world has already reached peak petroleum production – peak oil. Director McNutt could not effectively respond to the student's question, finally stating that he was asking about an "economic" phenomenon, and that as a scientist she was not qualified to speak about it⁵. This was a shocking evasion. Clearly the intent of her talk was to reassure the audience that peak oil was not an imminent problem, but somehow we did not feel reassured.

Dr. McNutt's first slide purported to show that the world has plenty of oil reserves⁶, but how reliable are the estimates of those reserves that Director McNutt would have us believe are at the ready? Surprisingly the answer was again provided by Director McNutt herself when she admitted, later in her talk, that fully 90% of the world's "proven oil reserves" are *un-audited*. Those supposed reserves are controlled by national oil companies, and there is simply no way to confirm whether the data published by such companies is reliable.

The subject of the size of the world's oil reserves was the subject of a recent article in the journal *Energy Policy* by Sir David King⁷, the former chief scientist of the British government. King concluded that almost one third of the world's "reserves" probably do not even exist. Perhaps that is why a former vice president of Saudi Aramco (the Saudi national oil company) stated that the U.S. government's forecast of future of oil production is a dangerous overestimate⁸.

Director McNutt's evasions suggest the truth of a recent comment by the nation's first Secretary of Energy, James Schlesinger: "The peak oil debate is over... the peakists have won."⁹ More ominously, it suggests that officials in positions of national responsibility cannot or will not level with the public. Oil is indeed a precious commodity, but false reassurances that "all is well" threaten to deprive us of other precious commodities: the time and the will to

begin the necessary adaptation to oil's increasing scarcity before it is too late to avoid a major crisis.

1. <http://newsinfo.iu.edu/news/page/normal/20996.html>
2. http://www.cnbc.com/id/46439046/Gas_prices_are_highest_ever_for_this_time_of_year
3. <http://energybulletin.net/primer>
4. Climate policy: Oil's tipping point has passed. *Nature* 481, 433-435. January 26, 2012.
5. <http://bloomington.in.gov/media/media/audio/mpeg/11316.mp3>

Questioner: (referring to Nature article): "You didn't really address peak oil...production has plateaued since 2005..."

Director McNutt: Yeah, I know the article you're talking about. OK, um, yeah, that's production...production is not reserves... you know production is...you know...production is what... production plateaus because people want to keep the prices where they are...you know...It's... um... it doesn't... it's not responding to supply and demand for a bunch of very good reasons, that um...ah...that... you're getting into the economics of it. And all I want to talk about is the science of where the reserves are.

That's...that's economic theory, and I'm not qualified to discuss the economic theory. All I am showing you are the reserves.... what's in the ground... what's in place....

(Indiana Geology Department) Chair Pratt: On that wonderfully kind of edgy note... (presentation concludes).

6. <http://bloomington.in.gov/peakoil>
7. 'The status of conventional world oil reserves—Hype or cause for concern?. *Energy Policy* 38 (8): 4743–4749.
8. <http://www.peakoil.net/Channel4.html>
9. <http://www.davidstrahan.com/blog/?p=42>