Open Thread for "Peak Oil is 'A Waste of Energy'" NYTimes Article

Posted by Nate Hagens on August 25, 2009 - 10:55am
Topic: Geology/Exploration
Tags: belief systems, michael lynch [list all tags]

Today the NYTimes ran an Op-ed by Michael Lynch once again pointing out the "fallacious thinking behind the concept of Peak Oil."

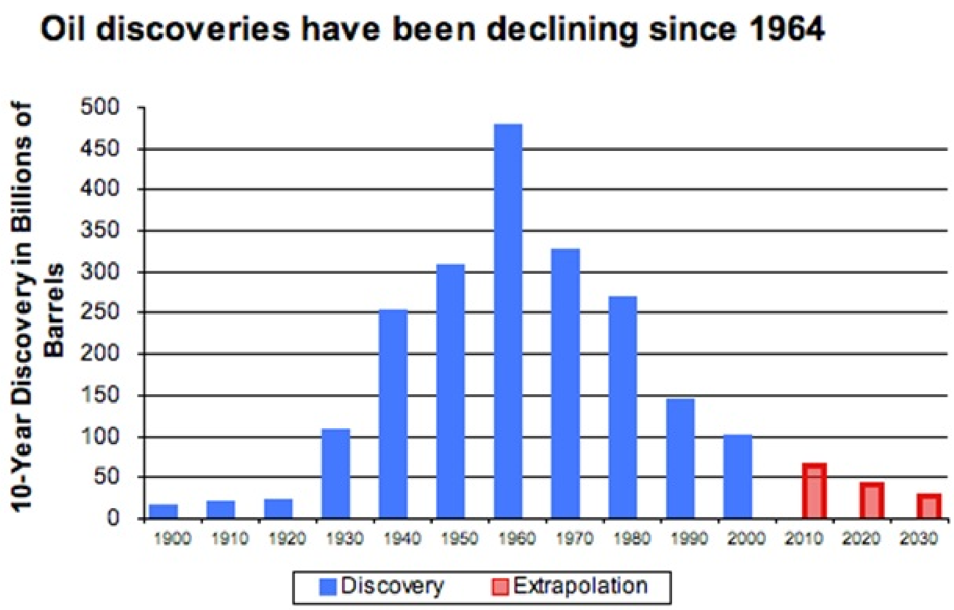
TheOilDrum staff is considering a rebuttal to this article, though if we go point by point to Mr. Lynch it will be a bit like Monty Python skit, "The Argument Clinic", given he didn't posit many facts. Below the fold are some brief points followed by an open thread for you to deposit your own.

Ed Stein on Energy

Here are some points to rebut Lynch:

1)Peak Oil has never been about the amount of hydrocarbon molecules that exist, but flow rates, timing and costs.
This post from 2007 gives a general overview of the differences between those concerned about a near term oil peak, and the unconcerned.

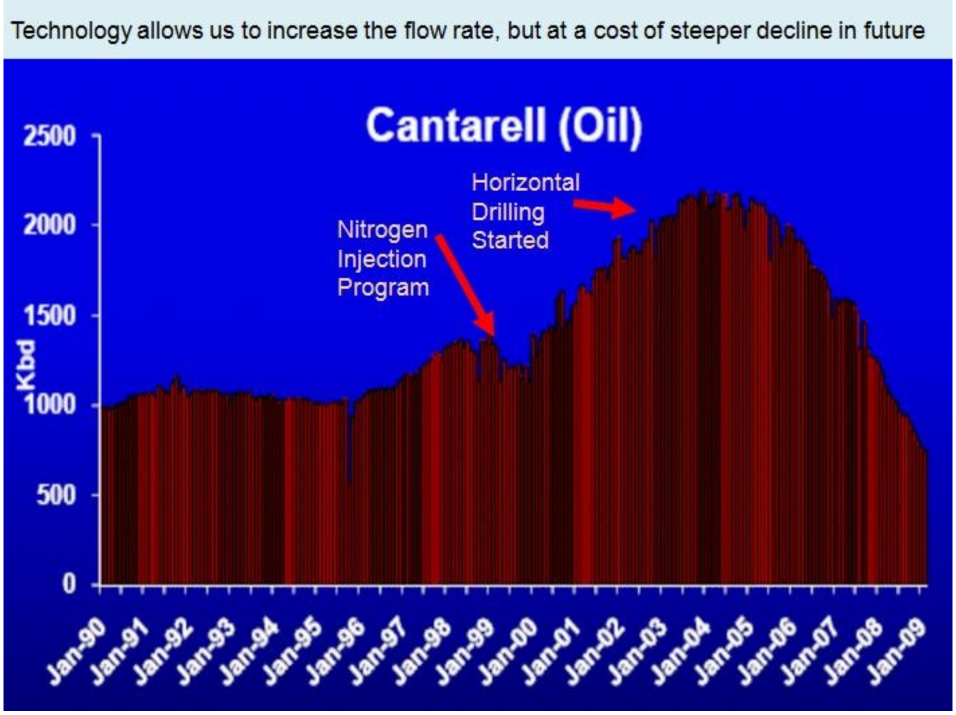
2)Reserves additions are backdated to date of discovery - even with that global discoveries peaked in 1960s and have declined every decade -we need to find oil before we produce it. Onshore oil production peaked in 1980 -all growth since then has come from offshore. 30 of the worlds 54 oil producing countries are past peak, with 10 flat or declining and only 12 increasing. etc.



Note: World oil discovery over 10-year periods, by Association for the Study of Peak Oil and Gas.

Graphic by Gail Tverberg, Data from Exxon, Source: Tsoskounoglou, M.; Ayerides, G.; Tritopoulou, E. The End of Cheap Oil: Current Status and Prospects. Energy Policy 2008, 36, 10, 3797-3806

3)New, better technology generally allows us to maintain current oil flow rate at cost of higher future decline, (which then requires more discoveries, etc.). Look at the example of Cantarell - stagnant production until 1999 when they introduced nitrogen injection - then horizontal drilling in 2002 -production increased for a few years but is now crashing - (yesterday Mexico announced they are buying oil from Brazil, which means USA is buying oil from Brazil indirectly)



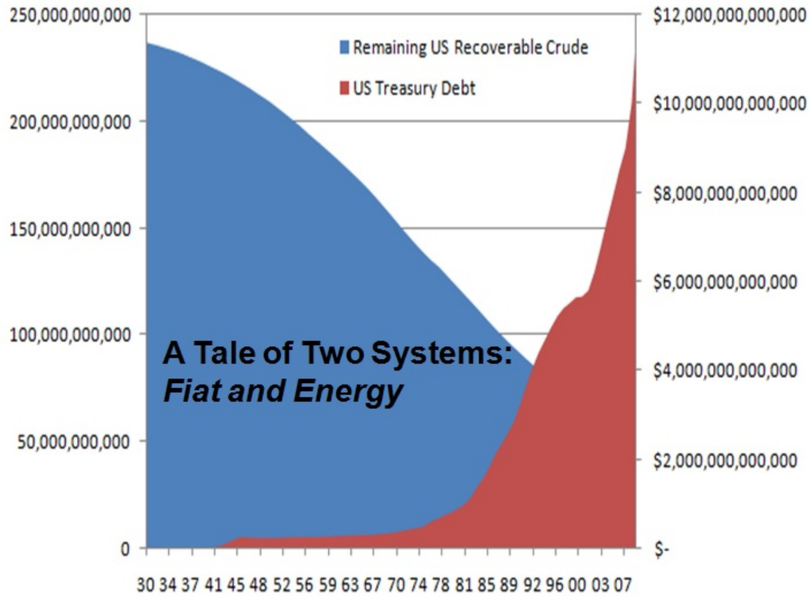
4)Lynch and most other natural resource optimists completely ignore net energy analysis - the fact that energy and other natural resource inputs are requirements of oil extraction. Dollars are only an abstract marker for real biophysical costs. The energy return on energy invested on oil in USA has gone from 100:1 (1930s) to 30 to 1 (1970s) to 11:1 (2000) and anecdotally (we don't have the data) is lower now - additionally how much energy and natural resources will it take to rebuild the massive oil/gas infrastructure around the world with 40+ year average life? That isn't even included in those energy profit figures quoted above.

5)Nobody I know is blaming politics for declining discoveries -more expensive exploration and production, or increasing depletion rates. Mr Lynch tries to tie the current debate to the oil embargoes from 40 years ago - but tellingly doesn't mention one person today.

6) His final argument about total resources available being enormous mentions "some geologists". Again, he tellingly doesn't mention one name or organization to substantiate his claims.

7) If the mountain of credit/debt relative to physical resource continues to unwind, the market price signal will cause new investments to stagnate, and the observed decline rate will approach natural decline rate.

8)There was no mention of oil as the lynchpin of economic growth and that we need growth to pay back debt. We import 2/3 of our oil, yet are paying for it with fiat markers. Just today the Obama administration revised the 10 year deficit to $9 trillion. US Oil production and debt creation, are going in opposite directions. Lynch and others don't seem to understand that energy and natural resources are what we have to spend - dollars are just who controls these resources in the current system (or maybe they do understand?)



US lower 48 remaining recoverable oil (based on HL) vs. US Treasury Debt

Please add additional points with relevant charts, data, links, below.