

Short Changed by Explanation for Petrol Prices

MEDIA RELEASE: TUESDAY 29th MAY 2007 Short changed by explanation for petrol prices Everybody is feeling a little short changed when it comes to petrol prices. But Phil Hart, from the Australian Association for the Study of Peak Oil, is not upset with the price at the pump. Instead, he is wound up by the economists and their explanation that high prices are the fault of refineries in the United States. While there is a grain of truth to that argument, the US has for a long time required imports to make up for a shortfall in refining capacity.

To meet insatiable demand, Asian refineries are crying out for oil but producers in the Middle East can't keep up, Hart says. "Crude oil production is lower than at any time in the previous two years so somebody has to lose out. We are amongst the winners because, so far, consumers have been prepared to pay the price". In Asia, crude oil has reached \$79 a barrel, just three dollars shy of record highs. There should be no surprise that we are repeating last year's pain at the petrol pump. "Refinery constraints in the US are one aspect of a tight petroleum supply chain, but the main contributor to high petrol prices is a faltering supply of crude oil", says Hart. While Hart is not prepared to call this 'peak oil' just yet, as production might recover to post marginal gains over the next year or two, the message is clear. "The world's fast depleting oil resources will not allow for the kind of continuous growth in supply that economists are counting on". "High prices are the market signal that we urgently need transport and city planning that will reduce our oil dependence. Suggesting that high prices are temporary misleads the public and allows governments to delay difficult decisions".

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World discovery of oil peaked in 1964 and has been declining ever since.

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Each year since 1983 we have consumed more oil than we have discovered.

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We now find just one barrel of oil for every three that we consume.

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Production of oil in Australia peaked in 2001.

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Australia's oil vulnerability is increasing: In just five years, 50% of Australia's consumption will need to be met through imports.

Phil Hart is a Petroleum Facilities Engineer for the Australian Association for the Study of Peak Oil. He has spent the last five years working in the North Sea oil and gas industry.