

Latest News Items

Peak oil - the trigger for global sustainability Ian Dunlop, Deputy Convenor, ASPO-Australia, (etc) ABC Radio "Ockham's Razor" presentation 27th July. Transcript and Audio available

<http://www.abc.net.au/rn/ockhamsrazor/stories/2008/2313512.htm#transcript>

Future oil shortages prominent in Customs forward planning document.

Main Trends to 2015 Availability of oil and oil-based fuels will become a critical issue
http://www.customs.gov.au/webdata/resources/files/strategic_outlook.pdf

News Release, 25th July 2008

An attack on Iran could cripple Australia's transport

An attack on Iran could cripple Australia's transport, Bruce Robinson, Convenor of ASPO-Australia said. A third global oil crisis is very likely if Iran is attacked, as 20% of the world's oil is shipped through the narrow Strait of Hormuz. Iran also produces about 5% of the world oil (~4 M bbl/day).

A conflagration in the Persian Gulf could make a 30% reduction in petrol and diesel supplies, similar to WA's gas shortage, but with much more severe and widespread consequences.

In the 1973 and 1979 oil crises, Australia was shielded by Bass Strait production, but these fields have been in decline since 1985, and almost 80% of our petroleum products now come from imported oil. Australia is now exceptionally vulnerable to a sudden petrol and diesel shortage.

ASPO-Australia called on Foreign Minister Stephen Smith to caution Condoleeza Rice against any attack on Iran, because of its probable impact on Australia. We are not well prepared to handle a sudden petrol shortage. There are no adequate plans in place to allocate scarce fuel to those in greatest need. If there is petrol rationing, then we will also need to ration public transport, as it does not have enough spare capacity.

Contact Bruce Robinson 08-9384-7409 0427 398 708

Reference: Australian Institute of Petroleum <http://www.aip.com.au/industry/supplyreliability.htm>

In 2006-07, Australian refineries supplied around 75% of total Australian demand for petroleum products. That is, around 25% of product demand was met by imports. Around 70% of crude oil used in Australian refineries is imported (30% is from Australian oilfields). Australia exports a fair proportion of its oil production while importing other oil, so our overall net oil self-sufficiency is higher than the figures above, but we are very vulnerable in the short-term if imports drop.

The Sydney Morning Herald, one of the nation's leading papers, sums it up in a perceptive cartoon

CSIRO Future Fuels Forum released its report "Fuel for thought - The future of transport fuels: challenges and opportunities" at GM Holden, Melbourne on 11th July 2008.

Petrol tipped to hit \$8 a litre by 2018 ABC News

A new report by the CSIRO has warned the cost of petrol could rise to as high as \$8 a litre in the next 10 years. The Fuel for Thought study by the Future Fuels Forum says that would be the worst-case scenario if oil production does not keep up with increasing demand.

Petroleum engineer Phil Hart from the Australian Association for the Study of Peak Oil and Gas believes it will not be long before the demand for oil will outstrip supply. "Oil production has been essentially flat since 2005, and we have only another couple of years at this same sort of level of production before we start seeing oil production going into decline," he said.

Doctor John Wright from the CSIRO has told ABC's AM program the study also suggests that such an oil shock would have a greater impact than a carbon emissions trading scheme.

Media coverage naturally focussed on the \$8/litre scenario, examples below

<http://www.abc.net.au/news/stories/2008/07/11/2300646.htm>

www.smh.com.au/news/national/petrol-to-hit-8-a-litre/2008/07/10/1215658037458.html

<http://www.news.com.au/business/money/story/0,25479,24002278-5017313,00.html>

<http://www.thewest.com.au/aapstory.aspx?StoryName=496960>

Phil Hart on ABC Stateline, <http://www.youtube.com/watch?v=hk1HyUnZAgk>

ASPO-Australia contacts for further comment, if needed

Phil Hart 0438 037 567

Convenor, Bruce Robinson 0427 398 708 08-9384-7409, Perth

Sydney David Bell, 0413 594 154 Ian Dunlop 0412 586 798

Brisbane Stuart McCarthy 0447 095 141

Adelaide Sam Powrie 0414 307 413

Preparing for the Petrol Droughts. An evidence-based approach

Peak Oil, and what we can do, a review. Bruce Robinson 11th July 2008

Global oil production is quite likely to halve by 2030, with the decline possibly starting very soon. A Federal Office of Oil Vulnerability and a National Oil Vulnerability Mitigation Strategy (as being prepared in Queensland) are essential urgent first steps for Australia. We need to collect and analyse the evidence on which to base future policies to reduce our oil vulnerability across all portfolios.

ASPO Australia spokesperson Phil Hart gave this speech at the launch of the report:

The Australian Association for the Study of Peak Oil congratulates CSIRO for leading the Future Fuels Forum and thanks all the participants for the constructive dialogue that led to this final report. We have all learnt new things along the way. I have been personally encouraged to hear of the many changes businesses have been making – there are more pro-active changes under way than even I realised.

2007 began with oil prices falling back to near \$50 a barrel – because the speculators got it wrong. Many forum participants would have choked on a prediction of \$8/litre early last year, but tight supply and the rapid increase in prices since then have given them courage to accept these dramatic model outcomes now. No one can know the precise future of oil prices, but such high figures reflect how hard it is to transform our cities and economies built on cheap oil when we are faced with declining oil production.

It was logical and appropriate for the Future Fuels Forum to include previous forecasts from international energy agencies among these scenarios. However, the Association for the Study of Peak Oil believes these forecasts are fundamentally flawed, and it is self evident that they failed to anticipate the beginning of this 3rd oil shock. The International Energy Agency has now signalled that its forecast to be released later this year will dramatically revise down estimates of future oil production.

We therefore believe that the peak oil scenarios in this report provide a far more useful insight into our future than the assumptions of 'business as it used to be'. An imminent peak in global oil production is demonstrated to have serious negative impacts on the economy and society. A complementary scenario shows that with a rapid cultural and technological response, the impacts of peak oil can be minimised. However, it is a lot easier to transform society and the economy in a computer model. The transformations required in the real world are on a scale that can barely be imagined, and they need to start today if we are to successfully mitigate the impacts of peak oil.

Professor Ross Garnaut has rightly described climate change as one diabolical problem. Well, now we have two. There is no silver bullet and we must accept that we will have higher transport and energy costs in the future. This signals that conservation and efficiency must be part of our response, and this is where we can make some of the most cost effective changes. Debating five cent price reductions does nobody any good - we need to look for more courageous and honest leadership on this issue.

We must also avoid counter-productive responses which result from dealing with these two issues in isolation. The most viable unconventional 'oil' is turning coal into liquids and this market response to peak oil has already begun, producing some of the most carbon dioxide intensive liquid fuels imaginable. As an engineer with oil industry experience, I am sceptical that 'Carbon Capture and Sequestration' is viable on the world scale required. Given how critical a role it is assumed to play in the future, and in these scenarios, the coal industry needs to pay for and get on with large scale demonstration plants to prove them quickly. We do not have time for a decade of cautious development when there are other more certain alternatives.

I would like to finish with my favourite quote from the Future Fuels Forum report:

“The choices Australians make about how often, how far and in what mode they travel and what size vehicle they need to own are likely to be equally as important as the fuel and technology choices they make”.

Phil Hart 0438 037 567 aspo@philhart.com

Other ASPO contacts if needed for local comment

Convenor, Bruce Robinson 0427 398 708 08-9384-7409, Perth

Sydney David Bell, 0413 594 154 Ian Dunlop 0412 586 798

Brisbane Stuart McCarthy 0447 095 141

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