



Chevron, Oil, and China

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This is a guest post by Shepherd Bliss. We have discussed his work here before here at TOD, and we're happy to have him.

"It took us 125 years to use the first trillion barrels of oil," notes Chevron Corporation's two full-page ad that began appearing in July in the Wall Street Journal, the Economist, Financial Times and elsewhere. "We'll use the next trillion in 30," the ad continues, thus quietly admitting to the Peak Oil that the industry has not previously disclosed.

"One thing is clear: the age of easy oil is over," the ad reveals in a folksy letter from "Dave," Chevron's Chairman and CEO David J. O'Reilly. Most Americans are still unaware of the pending Peak Oil or try to deny the tremendous impact it will have upon us. Chevron proudly presents itself as "the Good Guy" by informing the public of the lessening supply of petroleum at a time when the demand is soaring, especially in China, India, and other industrializing countries.

Chevron's multi-million dollar global corporate goodwill effort includes TV teaser ads throughout the US, Asia, Africa, the Middle East, and Latin America. Airport locations in Beijing, Moscow, Washington, D.C. and elsewhere broadcast the ad, also available online. Yet as the prices of crude oil and gasoline soar—symptoms of Peak Oil—so do the profits of Big Oil.

Chevron is one of the world's four largest oil companies, so it should know a lot about petroleum. Chevron has half the story correct—that Peak Oil is upon us—but they may have the timing off, according to at least half a dozen recent books by oil experts.

"It is my opinion that the peak will occur in late 2005 or in the first few months of 2006," writes geologist Kenneth Deffeyes in his new book "Beyond Oil." Deffeyes was a Shell Oil company engineer and is a retired Princeton University professor.

This sooner-rather-than-later scenario is echoed by Houston-based investment banker Matthew Simmons in "Twilight in the Desert: The Coming Saudi Oil Shock and the World Economy." Saudi Arabia is the world's largest oil producer. Simmons "argues that Saudi Arabian production is at or very near its peak."

The Earth may have another 30 years, more or less, of a dwindling supply, which will be increasingly difficult and expensive to extract. I wonder what Chevron's studies reveal will happen to civilization during that time. When they say that "easy" oil is over, how difficult do they think our petroleum-dependent lives will become as a result?

Exxon/Mobil has also recently admitted to Peak Oil, but without all Chevron's fanfare. Their report "The Outlook for Energy: The 2030 View" forecasts a peak in five years. "No oil company has ever discussed peak oil production before," writes energy consultant Alfred Cavallo in the May/June issue of the authoritative Bulletin of Atomic Scientists. "The public should heed the

Meanwhile, Chevron CEO O'Reilly speaks out of both sides of his mouth. While sweet-talking to the world in the ad campaign, he is tough-talking against China's attempt to outbid Chevron for Unocal. After China's state-owned CNOOC offered \$18.5 billion for Unocal, besting Chevron's \$16.6 billion offer, the American suitor raised its bid to \$17 billion. "Our increased offer has been driven by competitive circumstances," an aggressive O'Reilly stated on July 19, the day his folksy letter appeared in the San Francisco Chronicle.

Behind the scenes Chevron and other corporations are pressuring Congress to reject the CNOOC offer as a national security risk and Un-American, should the Chevron shareholders accept the higher bid at their Aug. 10 meeting. The Chevron-China struggle to buy Unocal and thus control more oil is not over. Wall Street expects CNOOC to raise its bid. China has passed Japan as the world's second largest consumer of oil, behind the US, and is expected to take more assertive efforts to secure its energy needs. The Iraq War may expand from being partly a behind-the-scenes US-China conflict into a more hot war between the world's declining power and the world's emerging power.

The US and China seem headed into an escalating conflict over oil, currency, Taiwan, and other matters. The July 21 New York Times reports "that a Chinese general threatened the United States with a nuclear attack if the United States attacked China during a Taiwan crisis."

Meanwhile, the Chevron ad is classic green-washing. Whitewashing is a superficial coat that makes something appear cleaner than it is; green-washing is an attempt to present something that is environmentally damaging as clean. Now that most oil experts agree that Peak Oil will happen, Chevron wants to appear to be the oil company to act for the public good by informing people that we are indeed running out of oil.

"The same Madison Avenue firm, Young and Rubicomb, that put together Bush's TV ads in 2004 and the Army's 'Be All You Can Be!' campaign prepared these ads," according to attorney Matt Savinar. He wrote the book "The Oil Age is Over" and maintains the web-site lifeaftertheoilcrash.net. Savinar spoke to a grassroots Peak Oil group in Sonoma County, Northern California on July 20 at its fifth meeting.

We should ask "the tough questions," fatherly Dave advises in his friendly letter. "What role will renewables and alternative energies play? What is the best way to protect our environment? How do we accelerate our conservation efforts?"

One would almost think that the Chevron chairman was in fact the chairperson of the Sierra Club. Dave makes it sound like one of the world's most polluting companies in one of the world's most polluting industries is actually on the side of the Earth, rather than merely trying to maximize profits by extracting natural resources that lead to global climate changes.

"At Chevron, we believe that innovation, collaboration and conservation are the cornerstones on which to build (a) new world," the ad concludes. I wish that I could accept this as genuine corporate accountability. Chevron's past degradation of the environment leads me to believe that they are once again seeking to fool the public with carefully chosen words at a time when a Peak Oil movement is growing. In Europe and Japan and in some small towns on the mainland citizens and some government officials are making plans to mitigate the impact of Peak Oil.

What sort of "new world" might Chevron have in mind, this skeptic wonders. America's control of

the world's oil supplies" which it seems to be losing during oil's end game" enabled it to dominate the 20th century. As petroleum dwindles, so will US power, as China positions itself to be the superpower of the 21st century. Chevron's ad is part of Big Oil's struggle to maintain power. Dave's folksy letter seems inclusive when it talks about "every citizen of this planet" and even calls upon environmentalists to "be part of reshaping the next era of energy." Don't be fooled. Beneath it is an attempt to shore up Big Oil's threatened power base.

As the struggles around Peak Oil and its consequences heighten we can expect more such calculated public relations language to point to Big Oil as the Earth's friend. Seeing through such green-washing will be important. Let's not make the same mistakes during the 21st century that we made in the last century by letting one country, the US, hoard too much of the world's resources, and one industry, oil, concentrate too much power.

Look for yourself at the newspaper ad and see and listen to its television version by going to Chevron's friendly website---www.willyoujoinus.com.

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