



Peak Oil Day - July 11

Posted by [Gail the Actuary](#) on July 8, 2009 - 10:42am

Topic: [Miscellaneous](#)

Tags: [peak oil](#), [peak oil day](#), [richard heinberg](#) [[list all tags](#)]

*This is a guest post by Richard Heinberg of the Post Carbon Institute. The original post can be found [here](#). A **petition to make July 11 Peak Oil Day can be found [here](#). Please sign it.***



On July 11, 2008, the price of a barrel of oil hit a record \$147.27 in daily trading. That same month, world crude oil production achieved a record 74.8 million barrels per day.

For years prior to this, a growing legion of analysts had been arguing that world oil production would max out around the year 2010 and begin to decline for reasons having to do with geology (we have found and picked the world's "low-hanging fruit" in terms of giant oilfields), as well as lack of drilling rigs and trained exploration geologists and engineers. "Peak Oil," they insisted, would mark the end of the growth phase of industrial civilization, because economic expansion requires increasing amounts of high-quality energy.

During the period from 2005 to 2008, as oil's price steadily rose, production remained stagnant. Though new sources of oil were coming on line, they barely made up for production declines in existing fields due to depletion. By mid-2008, as oil prices wafted to the stratosphere, every petroleum producer responded to the obvious incentive to pump every possible barrel. Production rates nudged upward for a couple of months, but then both prices and production fell as demand for oil collapsed.

Since then, with oil prices much lower, and with credit tight to unavailable, up to \$150 billion of investments in the development of future petroleum production capacity have evaporated. This means that if a new record production level is to be achieved, further declines in production from existing fields have to be overcome, meaning that all of those canceled production projects, and many more in addition, will have to be quickly brought on-stream. It may not be physically possible to turn the tide at this point, given the fact that the new "plays" are technically demanding and therefore expensive to develop, and have limited productive potential.

On May 4 of this year, Raymond James Associates, a prominent brokerage specializing in energy investments, issued a report stating, "With OPEC oil production apparently having peaked in 1Q08, and non-OPEC even earlier in 2007, peak oil on a worldwide basis seems to have taken place in early 2008." This conclusion is being echoed by a cadre of other analysts.

Maybe it's a stretch to say that the production peak occurred at one identifiable moment, but attributing it to the day oil prices reached their high-water mark may be a useful way of fixing the event in our minds. So I suggest that we remember July 11, 2008 as Peak Oil Day.

We are now approaching the first-year anniversary of Peak Oil Day. Where are we now? The global economy is in tatters, yet oil prices have recovered somewhat (they're now about half what they were in July 2008). World energy consumption is down, world trade is down, the airline industry is shrinking, and most of the world's automakers are on life support.

It is too late to prepare for Peak Oil—a year too late, in fact. Now the name of the game is adaptation. We are in an entirely new economic environment, in which old assumptions about the inevitability of perpetual growth, and the usefulness of leveraging investments based on expectations of future growth, are crashing in flames. Even if economic activity picks up somewhat, this will occur in the context of an economy significantly smaller than the one that existed in July 2008, and energy scarcity will quickly cause most green shoots to wither.

It is impossible to say what will happen in the future with regard to oil prices. Clearly, very high prices kill demand by undercutting economic activity. Thus it is possible that the barrel price of petroleum may never break last year's record. On the other hand, if the value of the dollar were to collapse, then the sky's the limit for prices in dollars per barrel.

It is easier to forecast the oil supply trend: though we'll see level-to-rising production temporarily from time to time, in general it's down, down, downhill from now on.

Even though Peak Oil is now in the past, its annual commemoration on Peak Oil Day may serve an important purpose by reminding us why our economy is shrinking, and by focusing our thoughts on ways to facilitate the transition to a post-petroleum world.

What are some appropriate ways to commemorate Peak Oil Day? I'd suggest spending time in nature, engaging in a 24-hour oil fast, or organizing a neighborhood bicycle parade and solar-cooker bakeoff.

Mark your calendar. What will you be doing on July 11?

Help us "celebrate" Peak Oil Day by signing our petition.



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](http://creativecommons.org/licenses/by-sa/3.0/).