



## Dr. James Schlesinger: "The Peak Oil Debate is Over" at ASPO-USA Conference

Posted by [Gail the Actuary](#) on November 1, 2010 - 10:15am

Topic: [Policy/Politics](#)

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[Dr. James Schlesinger](#) gave one of the keynote talks at the recent ASPO-USA Conference. Dr. Schlesinger comes with a wealth of experience: He was the first Secretary of Energy, from 1977 - 1979. Prior to that, he had been Chairman of the US Atomic Energy Commission, US Secretary of Defense, and Director of Central Intelligence.



The video can be viewed (for free) at [ASPO.TV](#). Thanks to ASPO-USA for letting us know about these videos. We understand more free videos will be added over the next few weeks.

Below the fold is the text of his 11 minute talk, talking about the fact that oil production has been flat for six years. The "Peakists" have won the intellectual debate, but the political order will not respond.

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Thank your very much. Between us, I cannot emulate the erudition that was displayed at the last session.

But I am delighted to be here nonetheless, and I hope you share that. May I start with a bromide. A resource which is finite is not inexhaustible. If you think that over, it should not be a revelation. That was a bromide; some people think a keynote should never rise above a bromide.

Some five years ago in Italy, I concluded a talk by saying that like the inhabitants of Pompeii, who ignored the neighboring volcano Vesuvius until it detonated, the world ignores peak oil at its peril.

Two years ago, in addressing ASPO, in Cork, Ireland, I argued that the "Peakists" had won the intellectual argument, except for some minor details about precise timing, but that, by and large, everyone recognized that there were limits on our capacity to increase the production of crude oil, as we have, steadily, since World War II. That Peakists were no longer a beleaguered minority, that they had won, and that consequently, they should be gracious in victory.

There is an old Spiritual, that is relevant here, the walls of those who doubted the peak, seemed to be impregnable. Nonetheless, you marched around the walls seven times, and then blew the trumpets, and the walls of Jericho came tumbling down.

But acceptance by knowledgeable people is not enough. The political order should respond. Nonetheless, our willingness, let alone our ability to do anything serious about the impending inability to increase oil output is still a long way off. The political order responds to what the public believes today, not to what it may come to believe tomorrow. It is also resistant to any action that inflicts pain, or sacrifice, or those who vote. The payoff in politics comes from reassurance, perhaps precluded by a rhetorical challenge. Still, the challenge is clear, in both logic, and in the evidence.

Let me start briefly with the logic:

First, if something cannot be sustained, it will eventually will not be sustained. Ultimately, it will shrink.

Secondly, you cannot produce oil unless you first discover it, a contribution by Colin Campbell.

Third, a resource that is finite cannot continually have its production increased.

What is the evidence? First, we remain heavily dependent on supergiant and giant oil fields discovered in the 50s and 60s of the last century. (I might add, of the last millennium.) Only rarely in recent decades have discoveries equaled production. Mostly, it has been one barrel discovered, for every three barrels produced.

Second, old supergiants like Bergan in Kuwait and in Mexico have gone into decline earlier than had been anticipated, and going into decline have been Alaska, and the North Sea, Western Siberia, and the like.

Third, while it is not yet twilight in the desert, as you may have read, still, we are well into the afternoon, even in Saudi Arabia. Even the Ghawar oil field is increasingly hard to sustain.

Fourth, in 2004, we experienced our first demand-driven price spike, as opposed to the previous price spikes, driven by supply interruptions. We still operate at about the level of production capacity of 2004.

Next, given projected decline curves, running from 4% to 6%, and the projected increase in demand during the next quarter century, we shall require the new capacity equivalents of five Saudi Arabias.

Even the International Energy Agency, which previously had been sanguine, now suggests that we can no longer increase production of conventional oil in the course of this decade. Note that it is conventional oil. That is all that Hubbert talked about.

Somewhat disingenuously, the debate has been turned on him, by talking about fuel liquids in general, throwing in tar sands, heavy oil, coal liquids, oil shale, and so on. But clearly, large conventional oil production is increasingly no longer part of the future, unless there is a technological breakthrough, which Mr. Gilbert talked about just a few minutes ago, raising the ultimate recovery rate from existing fields, which at this moment we cannot expect.

Of course, there are uncertainties, which make timing predictions with regard to the peak risky: Iraq, which has been held back for a variety of reasons, may come along as one of those five new needed Saudi Arabias. Offshore Brazil and offshore oil elsewhere are promising. Shale gas, which is apparently coming in abundance, but is not of course oil, may somewhat alleviate the pressures on liquid fuels.

But in general, we must expect to get along without what has been our critical energy source, in expanding the world's economy for more than half a century.

Can the political order face up to the challenge? There is no reason for optimism. We are likely to see pseudo solutions, misleading alternatives, and sheer sloganeering: energy independence, getting off foreign oil, and the like. All of that sheer sloganeering we have seen to this point.

The political order, which abhors political risk, tends to rely on the Biblical prescription, "Sufficient unto the day, is the evil thereof."

Thank you very much.



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