Lest you know not yourselves

Posted by Heading Out on December 2, 2005 - 1:43am
Topic: Supply/Production
Tags: opec conspiracy, peak oil, raymond learsy [list all tags]

For a little light relief I thought I would quote from "Over the Barrel" by Raymond Learsy, a book I picked up at the airport today. As William F. Buckley said in review "Over a Barrel explains how OPEC's manipulations of the oil markets have led to today's prices at the pump."

Given the broad range of folk that comment and write at this site about the Peak Oil situation, I thought you would all like this quote

> Most of the Hubbert modelers and their alarmist colleagues work for major oil companies, energy consultants, or governments of oil-producing nations. It is in their employers' interest to keep the world in a fluctuating state of alarm over the oil supply, since looming shortages are used to justify high prices.

Just thought you'd like to know (grin). And if you had missed the tenor of the book it also states "the industry is more likely to run out of markets long before the supply of oil peters out." In earlier discussion we have commented among ourselves that the requirement for reserves to be drilled into before they can be counted as proven, means that, as a field is initially developed, the reserve prediction for the proven reserves in the field will generally grow, often significantly. But there comes a point when the field is fully defined, and beyond that point it is not possible to create more oil. Further with the relaxation of definition that occurred as oilfields moved from being under the oil companies to being under the oil countries, some of those restrictions on definition no longer have held. This is largely understood in the overall estimation of how much oil is where by many of those who post here. And, as a result, there is a concern that nations now over-state their reserves.

Raymond, in contrast, would have you believe, that these nations are deliberately understating their reserve so that they can artificially jack up the prices to make more money. He sits very much on the side of the economists who believe that with price increases the problems will be solved.

His solutions are to use the Strategic Petroleum Reserve to bring down the price of oil and break the back of OPEC, by forcing a dramatic cut in price. (He suggests about $10 a barrel). Second we need to find alternative energy sources - and his main hope is nuclear (there seems to be a lot of this going around). Third, he wants a voucher-based gasoline distribution system, where you have to buy gas above your quota by obtaining the vouchers (at a price) from those who do not use all of their own. Fourth we should put OPEC on trial, since it is a blatant conspiracy to rig a market. And then we should go believe in Amory Lovins.

It is a somewhat strange book, because there is a certain lack of consistency in its progression. Certainly it poses an argument, though not with many credible numbers, for there being plenty of oil around, though in part by ignoring some inconvenient facts. And it fails to understand the burdens of time in finding alternate solutions. In all it was an interesting read, with some different views as to how we got here, and much less credulity for the present Administration and the Gulf States than I had originally imagined, but there were really no credible suggestions at the end, and so it is another book for the dark end of the bookshelf, although perhaps a little closer to the light than some.

Note that the author was on Newshour on November 12th, but I did not know that until I just Googled to see if there was any more information out there.