



## ASPO-USA Conference, November 2 - 5; Letter to Secretary Chu

Posted by [Gail the Actuary](#) on October 27, 2011 - 4:55am

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### Conference Next Week

The Association for the Study of Peak Oil-USA's conference in Washington DC, "**Peak Oil, Energy, and the Economy**" will be held next week. There is still time to register. Details are available on ASPO-USA's [Conference Website](#).

The main presentations are on Thursday and Friday, November 3 and 4. On Wednesday, there will be [an optional meeting with Congressional Staff](#) to discuss energy issues. Special roundtable and workgroup sessions will be held on Saturday. Many of the [speakers](#) will be familiar to readers of The Oil Drum.

### Letter to Secretary Chu

ASPO-USA also prepared a letter calling for **Truth in Energy** for Energy Secretary Chu; held a press conference October 26, to present the letter to the Department of Energy; and issued a press releases on some of the issues we are now facing. Below the fold, I show the press release and the letter to Secretary Chu.

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### ASPO-USA Press Release

#### DOE OIL & GAS SUPPLY FORECASTS DANGEROUSLY MISLEADING

#### Global Economy Threatened As World Oil Production Stalls For Seventh Year

WASHINGTON, October 26 – An array of energy experts gathered in front of the headquarters for the U.S. Department of Energy (DOE) today to criticize the agency for what they called “dangerously unrealistic” oil and natural gas production forecasts. Calling for “truth in energy,” they delivered a letter to Secretary of Energy Steven Chu seeking greater transparency in how the agency formulates its energy projections and urging development of a plan to address the growing possibility of near-term oil supply disruptions and persistent, long-term oil shortages.

“Despite rising demand and a large increase in oil prices, world oil supply has been on a plateau; it has stayed relatively constant since 2005,” said Robert L. Hirsch, co-author of The Impending World Energy Mess. “Simultaneously, production from existing world oil fields is declining at a high rate. Both of these developments are unprecedented, yet DOE and EIA [Energy Information Administration] have dismissed them as not being of major concern.”

Hirsch added, “Many oil production analysts believe that in a relatively few years, total world oil production will go into decline. That may sound like we have time to react, but our 2005 study for the DOE clearly demonstrated that we now have essentially no time to effectively react. This is

because of the huge amount of oil consumed worldwide and the fact that a relatively few percent oil production decline will be difficult, expensive and time-consuming to make up.”

“The Department of Energy’s optimistic forecasts for future supply are dangerously unrealistic,” said Jim Baldauf, president and co-founder of the Association for the Study of Peak Oil & Gas-USA (ASPO-USA). “The risk/benefit ratio is out of balance. If these exuberant predictions are wrong, the consequences could be catastrophic. We need to be conservative in planning for the future. We can’t bet America’s economy and national security on Pollyanna predictions.” Baldauf added, “We are not running out of oil. But we appear to be running out of oil that we can afford.”

“We have documented and specified our concerns in a letter to Secretary Chu which we hand delivered to his office today,” said Jan Lars Mueller, ASPO’s executive director. “The letter includes seven key questions which we believe are critical for DOE and EIA to answer regarding their projections for future oil and gas supply. It also calls for DOE to lead the development of a national oil emergency response plan which would involve multiple federal and state agencies, industry, and the public in an effort to understand and confront the prospect of an impending decline in world oil production.”

With overall oil supplies constrained, competition among oil-importing countries for the available exports has become acute. Independent petroleum geologist Jeffrey J. Brown said in a written statement: “Global net oil exports are simply defined as domestic production of total petroleum liquids in oil exporting countries less domestic consumption, and global net exports have shown about a three million barrel per day decline from 2005 to 2010, with 21 of the top 33 net oil exporters showing lower net oil exports in 2010 versus 2005.”

Brown explained the possible consequences of this trend as follows: “At the current rate of increase in the ratio of China and India’s net imports to global net exports, the two countries would consume 100 percent of global net exports in about 20 years. Contrary to many optimistic predictions by many organizations and individuals, what the data show is that developed countries like the United States are currently being outbid by developing countries for access to a declining supply of global net exports.”

Tom Whipple, a former CIA analyst and chief editor of ASPO-USA’s Peak Oil Review, said, “There are literally dozens of reports and analyses appearing every week around the world pointing to the fact that the world is facing major challenges in maintaining, much less growing, the global supply of oil in next few years.” He added, “Our concern here today is the growing disconnect between the solid evidence of serious troubles ahead and the Department of Energy’s benign projections concerning the availability of fossil fuels in the next 30 years.”

All is not well with domestic natural gas supplies, either. Independent petroleum geologist Art Berman explained in a written statement that “[t]he National Petroleum Council that advises the Secretary of Energy is now being used by the captains of industry to market and promote their belief that shale gas will solve the nation’s energy needs. Shale gas will not substitute for our dependence on imported liquid fuels for transportation.”

Regarding the plan to address constrained oil supplies, Lt. Col. Daniel Davis said in a written statement: “The heart of our request is the formation of a national oil emergency response plan. We are not demanding that the Department of Energy enact any specific policy change at this time, but rather set up a properly funded and sufficiently empowered commission to study the full range of potential consequences to the United States if we were to experience a near-term imbalance between global supply and demand of liquid fuels.” Davis is currently serving in Afghanistan.

Mueller said that “Americans rely on DOE and EIA to provide complete and reliable information

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to guide their decisions and plans for the future. However, we believe Americans are not getting the whole truth about the challenges facing future oil and gas supply, and we are unprepared for these growing threats and risks.”

## Letter to Energy Secretary Chu

October 26, 2011  
The Honorable Steven Chu  
Secretary of Energy  
1000 Independence Ave. SW  
Washington, DC 20585  
(via hand delivery)



Re: Misleading forecasts, helping Americans to understand the truth about world oil supply and U.S. gas supply

Dear Secretary Chu:

As concerned citizens, and representatives of the Association for the Study of Peak Oil & Gas USA (ASPO-USA), we the undersigned believe that the Department of Energy (DOE) and the Energy Information Administration (EIA) have failed to critically examine one of the most serious threats to our economy, national security, and environment—the prospect of an impending decline in world oil supply. DOE and EIA have also failed to examine factors that may constrain future domestic natural gas supply, despite the current exuberance regarding shale gas. In our view, these shortcomings to recognize and address supply limits for oil and gas are a major danger to America's economy and national security.

In sharp contrast to DOE, the Department of Defense has warned that “by 2012, surplus oil production capacity (in the world) could entirely disappear, and as early as 2015, the shortfall in output could reach nearly 10 million barrels per day” (Joint Operating Environment, 2008, 2010). The 2007 *Hard Truths About Energy* report conducted by the National Petroleum Council also indicated that world oil supply faces serious challenges to meet rising global demand.

We believe that information and analysis provided by DOE and EIA has glossed over alarming trends regarding oil and gas supply, and fostered complacency about their potentially severe consequences. Without reliable information and a clear understanding of these monumental energy challenges, decisions and actions by the private and public sector are likely to be ill-founded and misguided.

The Department of Energy has a key responsibility to help the nation prepare for the growing possibility of an oil supply emergency and long-term oil shortages. We believe that America needs a *National Oil Emergency Response Plan* and that the DOE should take a lead role in developing this plan.

To support DOE toward addressing this national challenge, we respectfully request your responses to the questions below:

1. Global crude oil production has departed from its historical trajectory of steady growth and remained essentially flat since 2005, despite a substantial increase in oil prices. How does DOE explain this trend, and does the change signal an impending decline in world oil supply?
2. The inflation-adjusted price of crude oil has increased far above its historic average and remains very high despite a worldwide economic slowdown. Again, does this development portend an impending a decline in world oil supply?

3. The volume of crude oil exports available to oil-importing countries has been declining since 2005, as domestic demand has increased in many exporting countries. If this trend continues, what are the implications for future oil supply, particularly for importing countries such as the United States?
4. In projecting future global supply and demand for oil and gas, EIA models appear to assume that supply will simply increase to match whatever level is demanded by projected economic activity. How can this assumption be justified in light of the physical, economic, and geopolitical challenges facing oil and gas supply?
5. In projecting future U.S. natural gas supplies, including the growing share provided by shale gas, has DOE addressed the possibility that a large share of these gas resources may require much higher natural gas prices to sustain, let alone increase, production?
6. Has DOE conducted a risk assessment of the consequences of EIA's oil and gas supply projections turning out to be overly optimistic?
7. Unconventional oil and gas resources are providing an increasing share of total U.S. supply. Has DOE assessed the economic consequences of increasing production costs and declining net energy return associated with these resources?

We would like to request a meeting, at your earliest convenience, to discuss these concerns and share our perspectives on the development of a National Oil Emergency Response Plan. Also, as you may know, ASPO-USA will hold its seventh annual conference, Peak Oil, Energy and the Economy, in Washington DC, November 2-5. Energy experts from across North America and Europe will be in attendance. We cordially invite you and/or your staff to be our guests. If you or a member of your staff wish to speak at the conference, we would be pleased to accommodate you.

Sincerely,

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