



Alberta oil sands on 60 Minutes

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Did anyone else happen to catch the [60 Minutes piece on the Alberta oil sands](#)? What most struck me about it is that the situation in Alberta seems to be a microcosm of many problems we've discussed with respect to peak oil. Namely:

1. The technology required to mine the sands and convert it into refined oil is expensive and the whole operation has a fairly low EROEI.
2. Lack of appropriately trained labor force, coupled with the fact that Fort McMurray, Alberta is not a particularly desirable place to live
3. Environmental disaster (although at least Canadian law says requires that old mines are refilled and trees are replanted)
4. Geopolitical factors: Namely, China is in a desperate competition with the US for these resources, and politicians are suggesting that Canada should use the oil sands to gain leverage in their trade disputes with the US

Another interesting aspect of the story was the appearance of T. Boone Pickens. At the beginning of the segment, the interview has Pickens looking like he's betting the farm on the oil sands:

"We're managing \$5 billion here. And, about 10 percent of it is in the oil sands. So, it's the largest single investment we have," Pickens says.

And if oil sands are the answer for investors, does Pickens think the oil sands are the answer for the United States?

"Oh, I think so," he says.

I was surprised to hear this, since as we know, Pickens has [gone on record](#) predicting that gas prices are going to remain at all time highs, and the reason for that is because of a shortage of world supply. Only at the end of the CBS piece does Pickens mention the end of cheap oil:

Does Pickens think the days of cheap oil are gone?

"They're gone," he says. "From what we knew as cheap oil, when I pumped gasoline in Ray Smith's Sinclair station on Hinkley Street in Holdenvale, Oklahoma, 11 cents a gallon, that's gone."

Will we ever again see \$1.50 a gallon? "We won't ever see \$1.50 a gallon. No, that's gone," says Pickens.

Unfortunately, the implications of this statement were far overshadowed by CBS's portrayal of the oil sands as the greatest energy source ever known to man. Indeed, they even ask, "Will the availability of an enormous supply of secure oil right next door mean America will have little incentive to reduce its dependence on oil?"

The answer, of course, is yes. According to CBS, it is inevitable:

But unless the Chinese go back to bicycles and Americans trash their SUVs, there will be buyers — for oil anywhere, no matter how it's found or mined. Right now, Canada has become the land of opportunity for oilmen. They will tell you there is little else on the horizon.



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