



**Press Release**  
The Sustainable Energy Forum Inc  
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## **Is "Peak Oil" a Factor in Rising Oil Prices?**

The term "Peak Oil" refers to the theory that for fundamental geological reasons and with demand starting to exceed supply, global oil production will reach a peak soon enough from now to be of considerable concern, and then commence a slow but irreversible decline.

The latest issue of EnergyWatch, the journal of the Sustainable Energy Forum, explores the concept of Peak Oil, drawing in particular on the findings of a 200 page report released last year on an inquiry by the federal Senate in Australia, which appears to give a calm and balanced assessment of the Peak Oil situation from an Australian perspective.

Editor of EnergyWatch, John Blakeley, said "Peak Oil received scant mention in the NZ Energy Strategy released in October last year. This shows that NZ Government ministers and officials are not taking Peak Oil very seriously. The above 200 page report shows that Australia is taking it much more seriously."

"The possibility of Peak Oil now being imminent is raised by the international price of crude oil reaching a price of US\$100 per barrel for the first time in early January before falling back since to around US\$93 now", Mr Blakeley said. "One of the most important factors in the rising price of oil may be that that global oil production is no longer rising significantly. The international oil price has risen from around US\$61 to almost US\$100 over the last 12 months during a period when global oil production was remaining steady or falling slightly until very recently, but at a time when demand for oil in developing countries is steadily increasing, and especially in China and India with their rapidly growing economies".

"The problem was highlighted by President George W Bush being in Saudi Arabia earlier this week to ask their leaders to supply more oil, to try and help protect the US economy by preventing oil prices from rising further. But Saudi oil only provides about 10 percent of the world's total supply, so there is a limit to what they can do", Mr Blakeley said.

"World oil production reached a peak of around 86.1 million barrels per day (bpd) in June 2006 and since then it declined slightly to round 85.1 million bpd until September 2007, when it started to rise again to 86.5 million bpd towards the end of 2007", Mr Blakeley said.

"The rising oil price over the last year has coincided with a decline in the crude oil inventories being held in the USA, the world's largest oil consuming country" Mr Blakeley said. "It has recently been reported by Reuters that oil stockpiles in the USA have plummeted to a three year low in the first week of January and are expected to slide further during the cold winter there".

"The present low point in US oil stockpiles is said to be due to export disruptions from a key US supplier, Mexico, but it may also indicate that the USA is not replenishing its stockpile for fear of ramping up international prices further, with consequent effects on its own economy as

well as those of many other countries" Mr Blakeley said. "The US economy may be entering a recession and a further rise in oil prices could make things worse".

"Some economists are suggesting that the world oil price may now drop back over time to around US\$70 per barrel and then remain relatively constant at that lower but still historically high level" Mr Blakeley said. "Other people, including Lord Oxburgh, a former chairman of Shell, are warning that the price could continue on upwards towards US\$150 per barrel."

"If the economists are wrong, we are in for a rough ride", Mr Blakeley said.

The latest EnergyWatch (Issue 46, December 2007) can now be viewed at [www.energywatch.org.nz](http://www.energywatch.org.nz) and contains more detailed information on this issue.

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