Re: Cheap oil forever!

Source: http://sci.tech−archive.net/Archive/sci.econ/2004−06/0950.html

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From: Grinch (*oldnasty_at_mindspring.com*)
Date: 06/17/04

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Date: Thu, 17 Jun 2004 22:16:33 GMT
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On 16 Jun 2004 07:40:38 −0700, fireplug_98@yahoo.com (Dave Morrison) wrote:

>Grinch,
>
>Despite your vehemence, you are totally unknowledgeable and almost no
>worth responding to. Every point you made was wrong. It's as though
>you have been living in a box since 1989 or so...
>
>> (Remember the source is a free weekly hand−out downmarket from the
>> Village Voice").
>
>The NY Press is actually much more well−read and doing a lot better
>journalism than the Voice these days.

It was before Russ Smith sold it.

But today all those writers are gone.

Now it stars the likes of Matt Tiabbi saying Bush should be fed his own testicles, with a followup story saying he really meant it literally.

If you think that's a step up in quality, more power to you.

> It's not the 1980s anymore.

I was hardly complimenting the Voice.

And as for the Press being "much more well read" than the Voice, a quick look at the circulation figures will disabuse you of that notion.

>> . it understated remaining oil supply by only a mere 2 trillion
>> barrels as per the USGS
>
>USGS numbers have been proven to be overly optimistic and
>scientifically unsound time and time again. There are lots of good,

>credible sources for this. You definitely should not take USGS numbers
>at face value.

All well and good −− yet it somehow still maintains a certain respect among most, and a competent and honest journalist would at least *mention* its figures before explaining that they are wrong because the USGS is incompetent and owned by the industry (which for some unknown reason wants to believe there's three times as much oil remaining as there is, just as if they'd profit from massive mistake.).

Rather than give a figure that's a mere 2 trillion b −− i.e. 2/3rds of all −− smaller, as if there is no doubt about that, and nobody in the world disagrees.

>They are trying to promote exploration.
>
>> . somehow overlooked that there's six times as much oil in Canadian
>> oil sands as in Saudi Arabia, and there are enough proven reserves in
>> Alberta alone right now to meet North American import needs for the
>> next 40 years.
>
>The article was about the end of "cheap oil" not the end of oil in
>general.

And "cheap" is what, in dollar terms? By what practical measure?

And by that practical measure "cheap" may be expected to be what in dollar terms, 20 years from now? 40 years?

I gave my answer, you give yours.

> Tar sands oil is most definitely not cheap. It's very
>expensive to extract and is, in fact, only worth producing if light
>sweet crude costs have run up to about $50/barrel.

That's why it's producing profitably now at a production cost of $15/b right now, 700k barrels a day, right?

And why commercial, for−profit companies like Suncor were ramping up to produce it as fast as possible back when oil was $20/b. right?

Because it's not worth producing except at over $50. ;−)

> Tar sands and heavy
>oils in Canada and elsewhere will most likely not prevent us from
>peaking globally in the next ten years.
>
>> .claimed oil keeps getting harder to find while neglecting to mention
>> that the cost of finding each new barrel has dropped 75% in the last
>> 20 years.

>
>Not sure where you got that stat.

My, you're really up on your industry knowledge aren't you?

On usenet of course that goes with the strong opinions.
http://www.eia.doe.gov/emeu/25opec/sld010.htm

BTW, the trend continues downward since the last date there.

Do you suppose an honest, competent journalist claiming how it's
getting so much more difficult to find new oil might also have
mentioned how the price of finding each new barrel is falling −− if
only to explain it away?.

>In fact, we're having to go to
>greater geological extremes to find ever−smaller reserves.

What, the 177 billion of proven reserves that just appeared in Alberta
at $15/b −− the amount of proven reserves depends on proved production
cost you know −− were too small and well−hidden for you?

> The
>economics of it are not good. It used to take something like 1 barrel
>of energy to find 50 barrels of oil. Today it takes about 2.5 barrels
>of energy to find one barrel of oil. You do the math.

When energy comes in barrels I'll consider it. ;−)

*>> . claimed *all* projections, including the most optimistic, say*
>> production will peak by 2020 at the latest −− while the USGS and USEIA
>> project the date at from 2037 − 2047 ... etc., etc.,
>
>Data from both of these agencies is widly discredited by very
>mainstream sources. Besides you're citing their most optimistic data.

Tut tut −− the NY Press story I was critiquing said the "most
optimistic" projection was 2020, so I am exactly correct to do so,
right?

If the most optimistic estimate is 2037 −− from a source as *obscure*
as the USGS −− but the story explicitly says the most optimistic
estimate is 2020, then the journalist has not told the truth.

It follows that he was incompetent or, as Roy would say in such cases,
telling a fib.

>> I could go on and on with the dumb−assedness in it −− frankly, proof
>> of either incompetence or lying.
>>
>> But of course the Mother Dumbass Claim in it, compared to which the

*>> rest is all mere detail, is that there is *no substitute* for pumped*
>> oil −− as we can substitute bran for corn flakes −− so we must prepare
>> for the coming production top "as seriously as for nuclear war"
>> literally.
>>
*>> *As if* Germany and South Africa hadn't already actually run their*
*>> economies on oil−from−coal, and *as if* gasoline from Canadian oil*
>> sands isn't going into your car right now.
>
>We are most definitely not going to be able to run the "American Way
>of Life" as currently−configured with coal.

Why?

Is there something un−American about consuming coal? One would hardly think so, considering the massive quantities that we do.

Is there some impossibility about turning coal into gasoline and other oil products? One would hardly think so, considering the scale on which it has already been done economically.

Is there some reason why a little gasoline from coal wouldn't mix with and flow right into the tank along with gasoline from Athabasca that is going into the tank right now? Should the day come that the tank needs a little topping off? If so, please explain why gasoline can't mix with gasoline.

Absent some positive answer to these questions your "definitely not" is a statement that has all the foundation of what ... religious belief?

*>> And *as if* there isn't enough oil sands, coal, etc. and so on, to*
>> produce oil on the foreseeably desired scale for maybe another 1,000
>> years, starting when those overlooked 2 trillion barrels should need
>> topping off.
>
>There is a lot of oil and fossil fuel left in the ground. But the
>cheap stuff is dwindling fast.

Not at all. The "cheap stuff" already totally disappeared a long time ago, when the Pennsylvania oil ran out.

You see, this is an important point −− you need an economically meaningful definition of "cheap". If you don't have a definition for the word then the word is meaningless, and so are all claims regarding same.

>Who do you work for?

Ooooh, someone who marshalls facts you don't like has his *motives* questioned.

I work for sinister forces, undeniably.... but sinister forces that respect facts, and which expect its lackeys who post on a sci.econ forum to respect economics as well.

Who do *you* work for?