

## Opinion & Analysis

# Ireland faces crude awakening from its oil addiction



**JOHN GIBBONS**

Cheap, abundant oil has transformed the lives of millions but the party's over and we must adjust swiftly or else

**S**OME CALL it the devil's excrement. To others, it's the blood of the Earth. One thing is certain: nothing in the last 500 years has had a more profound effect on human history than the discovery and exploitation of oil.

Cheap, abundant oil has transformed the lives of millions and has given humanity the power to change the very face of the planet. It has fuelled the extraordinary growth in world food production that allowed the Earth's population to quadruple in just one century. Without oil, and lots of it, this could never have happened.

Oil has placed god-like power at our fingertips. One modern bulldozer can employ as much energy as the mightiest Egyptian pharaoh or Roman emperor could command, using all the slaves at his disposal. There is as much energy in a single barrel of oil as a dozen men, working for an entire year, can muster.

Oil giveth – and oil may yet taketh away. This week, prices touched \$120 a barrel. That's eight times its \$15 price tag just 10 years ago. The Organisation of Petroleum Exporting Countries (Opec) has stated that it "does not rule out" oil hitting \$200.

Is this just a blip, or the edge of a new age? "We're moving from an era of abundant

cheap energy to an era of scarce, hard-to-get energy," says Prof Terry Lynn Karl of Stanford University in California.

In a nutshell, for every one barrel of oil now being discovered, we are burning three. Insatiable world demand will drive this ratio to six-to-one by 2030. The irresistible force of oil-hungry economic growth is about to encounter the immovable object of finite and diminishing supply. We may be in for a crude awakening.

The oil shocks of the 1970s exposed the vulnerability of the industrialised world to even temporary, limited reductions in supply. A short-term cut of less than 10 per cent in oil was enough to trigger a major recession, the effects of which were felt for over a decade.

The notion that the world is running out of oil is not popular, neither is it new. In 1956 a respected Texas geologist, M King Hubbert, stunned the US oil industry by telling them that the party was nearly over. "Peak oil" was less than 20 years away for the US, then the world's top producer, he predicted. After that, no amount of exploration and drilling could reverse its decline.

His views were dismissed as heresy by the energy industry and politicians – until, right on time, the US hit peak oil in December 1970. Today, the once mighty US oilfields

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account for a puny 2 per cent of known world oil reserves.

The term peak oil does not imply that all the oil is gone; rather, it's the point at which the world's maximum rate of oil production is reached. After this, it's downhill all the way. The rise and fall of oil production can be visualised as a bell-shaped curve. It starts slowly, rises sharply, peaks briefly and then declines precipitously. Right now, we are at or approaching the apex of this curve.

Just how quickly we come down the other side of what is known as Hubbert's Peak depends on whether we choose to recognise

our predicament. Hubbert himself noted drolly: "we can assume with complete assurance that the industrial exploitation of fossil fuels will consist of progressive exhaustion of an initially fixed supply."

The oil industry, despite such slick re-branding as BP's "Beyond Petroleum", remains in denial about the finite nature of oil. Shell for instance was found in 2004 to have falsified and overstated its reserves. Countries are even more likely to lie about the real state of their reserves, as pumping quotas are directly related to publicly declared reserves.

Ireland is extremely vulnerable to any reduction in oil supply. A 2006 Forfas report revealed how we are at the very top of the European league of oil dependency. A decade and more of chaotic urban sprawl, poorly built housing, neglected public transport and car dependency has left Ireland singularly ill prepared.

The law of supply and demand is supposed to invisibly regulate the marketplace. However, oil makes its own rules. Recent price hikes have failed to even put a dent in what even Bush, the oilman's president, described as our "addiction" to the black stuff.

The world now consumes about 80 million barrels of oil a day. Ireland's share of this is a

thirsty 200,000 barrels, or well over a million litres an hour.

Renewables and nuclear power can play a modest role in weaning us off our addiction. Alternative oil sources, mainly from shale and tar sands, are a pipe dream – and an ecological nightmare, as is further dependence on coal. Drastic conservation measures are our best hope of staving off peak oil for another decade or so, to buy ourselves time to engineer a soft landing.

Perhaps the toughest call for the public, politicians and pundits alike is to accept that the era of growth and limitless possibility is at an end. Despite all the warning signs, many Irish economic commentators continue to spin this dangerous falsehood.

Failure to prepare leaves us wide open to a global depression on a scale not endured since medieval times. With global warming, we now face two eerily symmetrical hazards. One is that we'll run out of oil. The other is that we won't.

As a Saudi oil prince once famously observed: "my father rode a camel, I drive a car, my son flies an airplane; his son will ride a camel."

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