



## Dr James Buckee: Testimony to the Australian Senate inquiry into public transport funding

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*[Hansard](#) (pdf) has a transcript of Dr James Buckee's testimony to the Australian Senate inquiry into public transport funding (via [Energy Bulletin](#)).*

I have had 37 years in the oil industry. I was CEO of a large company for the last 16 years and I have just retired. As Bruce pointed out, that company produced about half a million barrels a day, which is sort of Australia's consumption. From the 16 years of exploring the world, I would make the following observations: there are virtually no unexplored basins in the world. The ones that there are might be in the Arctic, and that illustrates the point quite neatly because it is obviously really difficult to get that.

The underlying fact here is that the world is consuming 30 billion barrels of oil a year and finding eight. It has been like that since 1980, maybe a little bit earlier, and it is certainly not getting any better. There are two further things. People say, 'Look at the subsalt discoveries in the Gulf of Mexico and Brazil.' I would say, those are extremely difficult resources to produce. You will notice, of all the discoveries in the deep water Gulf of Mexico, not one barrel has been produced; not even on the list. It is the same for Brazil: it is subsalt and it is really difficult to produce.

The second point is that—I agree with the gentlemen over there—the black oil has peaked. This is disguised by the NGL production from the big gas fields in Qatar. They are quite rich in liquids and, as the LNG has been boosted from there, so has the associated NGL. So that has enabled the world's liquids to keep growing, albeit slowly, while the black oil itself has declined, and this is disguised.

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Another point in opposition to this thesis is, look at all the big oilfields in Canada—for example, the tar sands or oil sands. My response to that is that you have to think of tank and spigot: it is a big tank but the spigot is pretty small. The best projections get it going to two or three million barrels a day when the world is declining at four or five million barrels a day, so it does not really change the big picture at all.

The recent demand weakness has certainly disguised the tightness of supply demand. It has also deferred a lot of investment and it has deferred a lot of drilling. It has given people who are making big investments cause to doubt. As a result of this, the supply side has weakened. The demand side is driven by population growth and GNP per head, which is going up. So it is inexorable that the stress situation is going to come around again and the price of oil will start going up again in the next year or so.

I see the price going up until price rations demand and so I see the outlook as a long, gentle plateau, but by 2030 definitely we will be seeing a decline in oil production. So for people who are in the long-term planning business, as you are, to focus the mind you should think \$20 a litre.

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That focuses it quite well and throws into sharp contrast the sorts of things you have to do.



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