

National Office
2717 Wentz Ave.
Saskatoon, Sask., S7K 4B6
Tel (306) 652-9465
Fax (306) 664-6226



FOR IMMEDIATE RELEASE

NOVEMBER 16, 2009

**CANADA'S HOUSE OF COMMONS MUST CONVENE
INQUIRY INTO FOSSIL FUEL SUPPLY**

HOWE ISLAND, Ont—A recent front-page report by the British newspaper, *The Guardian*, is the latest reason why Canada needs a top-level analysis of global hydrocarbon supplies.

The Guardian's November 9th story is headlined "Key oil figures were distorted by US pressure, says whistleblower." The story focuses on the world's top energy monitoring and forecasting body, the International Energy Agency (IEA). *The Guardian* quotes senior IEA officials and explains that the US encouraged the IEA to underplay the rate of decline from existing oil fields while overplaying the chances of finding new reserves. The IEA insiders dismiss projections of significant oil production increase as "nonsense" and warn that "the world is much closer to running out of oil than official estimates admit." These revelations call into question the integrity of the world's leading authority of petroleum reserves. Industry analysts and governments, including Canada's, rely heavily on IEA data to formulate policy and business decisions.

The November 9, 2009 *Guardian* report is available at:
<http://www.energybulletin.net/node/50659>

The NFU believes that there are several reasons why an independent Canadian inquiry is needed:

1. The *Guardian* report is only the most recent document to question the reliability of the IEA's global oil supply projections;
2. There are widely acknowledged trends pointing to future oil supply problems—trends which Canada's politicians and our lead energy ministry are failing to acknowledge; and
3. Energy, food, climate, water, and our economy are interlinked, so miscalculations regarding energy supplies and prices will have dramatic effects on every aspect of Canadian society.

"As a organization of family farmers, the NFU is acutely aware that food is tightly linked to energy, both locally and globally. Farmers use diesel fuel to run tractors and trucks. We require natural gas to make critical nitrogen fertilizer. Canadians depend on secure supplies of affordable energy to import and export food, to process and package it, and to refrigerate it. Shortage or volatility on global energy markets will rapidly turn into shortage and instability in food markets," said NFU energy security analyst Rick Munroe. Munroe has recently commented on energy issues in various media venues, including CBC Radio's political affairs program, "The House."

Over the past three years, the NFU has written to the government of Canada (including its lead energy department, Natural Resources Canada), calling for a formal examination of energy security concerns. NRCan has indicated that it sees no need for such research and continues to actively deny that there could be any problems with Canadian or global oil supplies.

NRCan regularly states that “there is no imminent peak oil challenge” and that “Canada’s oil supply is secure for about 200 years.”

The NFU believes that both NRCan statements are false and that their issuance is misleading and ultimately dangerous. In dismissing concerns regarding a global peak oil challenge, NRCan is at odds with a growing number of experts. For example, a landmark report conducted for the United State Department of Energy (DOE) begins with this sobering statement, “The peaking of world oil production presents the U.S. and the world with an unprecedented risk management problem” (Hirsch Report, 2005, p. 4, http://en.wikipedia.org/wiki/Hirsch_report)

Because of the critical links between agri-food and energy, the NFU will continue to press the Canadian government to conduct a full and independent examination of the implications of looming fossil fuel supply insecurity.

— 30 —

For more information, please contact:

Rick Munroe, NFU member and energy security analyst: (613) 546-6009 or rmj@kos.net
Darrin Qualman, NFU Director of Research: (306) 652-9465

Backgrounder to the NFU's November 16, 2009 news release.

Trends regarding oil supply

In evaluating future scenarios regarding energy supplies, the NFU has identified several worrisome trends:

1. Oil-field discovery rates—volumes of new oil being found—have peaked and been declining for decades. The world is using oil much faster than it is discovering it.
2. Global oil consumption (apart from temporary recessionary dips) continues to increase, with present consumption at about one thousand barrels a second. Ninety percent of cumulative global consumption has occurred during the past half-century.
3. Net energy (Energy Returned on Energy Invested/EROEI) rates for new oil discoveries are similarly declining. Many of the oil sources being brought into production now— tar sands, deep-sea oil, etc.—require higher levels of energy inputs per unit of energy output than did oil sources of past decades.
4. Oilfield depletion rates continue to accelerate. New fields are “playing out” faster and faster, compared to fields brought into production decades ago.
5. There is growing consensus that the “easy oil” is nearly gone. Even the IEA admits this. New oil will require significantly more energy and money to bring to market. This means that oil prices must necessarily rise.
6. Global production of conventional oil appears to have already reached a plateau. Conventional production has stalled at around 74 million barrels per day since 2004 (this despite the incentive of high oil prices).
7. The number of countries with exportable surpluses of oil continues to decline, resulting in the growing number of net importers. As global export capacity diminishes, so will security of supply. We cannot all be importers.
8. Industry veterans are retiring just as the oil and gas industry must contend with new challenges. This “grey factor” may increase the difficulty of bringing new supplies on-stream.
9. Similarly, there is the “rust factor”: much of the existing oil & gas infrastructure is old and must be replaced.
10. There are still no viable alternatives to replace petroleum (especially when one considers energy density, the net energy of oil compared to proposed replacements, flow rates, infrastructure requirements, the convenience and flexibility of liquid fuels, etc).

Collectively, these ten trends point to a problem of unprecedented magnitude and complexity, especially when climate change is factored in. This problem requires a thorough and impartial examination at the highest level of government.

One indication of the credibility of the peak oil threat is the attention which is increasingly being directed toward this issue by analysts within the international military/security research community. The NFU's energy analyst has examined this literature closely and recently published an extensive bibliography of these recent studies; see:

<http://www.energybulletin.net/node/50208>