NPG Footnote

Stormy Seas and Head in the Sand

by Lindsey Grant

The *Wall Street Journal* on April 1st ran a page one lead story about the promise of the new Hibernia oil field off Newfoundland ("Politics, Money and Nature Had Kept Vast Deposit on Ice," by Staff Reporter Allana Sullivan). The lead sentence set the tone:

> *"Just as the ice-filled seas near here hid the secrets of the Titanic for decades, so too has the stormy North Atlantic concealed vast reserves of oil buried deep beneath its seabed."*

Then the article rhapsodized:

> *"... one of the largest oil discoveries in North America in decades should deliver its first oil by year end. At least 20 more fields may follow, offering over one billion barrels of high quality crude and promising that a steady flow of oil will be just a quick tanker-run away from the energy-thirsty East Coast. At a time when most of the U.S.'s oil comes from politically risky nations, the security of a nearby oil reserve largely owned by U.S. companies and in a friendly country is hard to overestimate."*

The energy transition will not be so easily resolved. What the author left out is that a billion barrels of oil is just 56 days' U.S. consumption at current levels, or 14 days' world consumption. Even that "billion or more" figure may be hyperbole. It is supported by only one citation: an estimate of "a minimum of 615 million barrels of oil, and likely more" by Mobil, the principal partner in the Hibernia field. That lowers its contribution to 34 days and 9 days, respectively.

The chicken has not yet hatched, and none of that oil has yet started pumping. And, barring massive discoveries yet to come, bringing the field on line will not significantly affect estimates of potential economically recoverable oil resources, given the size of the claim (about 1/2500th of present world estimates) and the field's location in an area where discoveries have been expected.

What the* Journal *forgot is that a billion barrels of oil is just 56 days' U.S. consumption at current levels, or 14 days' world consumption.

The price of Mobil's stock must benefit from such stories. *The Wall Street Journal* presumably likes them, too. They suggest that warnings about the coming transition away from oil are alarmist, that we do not need to change our economic behavior or consumption habits, and that we can continue with business as usual.

For one specific example: the *Journal* has long been a proponent of high immigration. It holds labor prices down. What the editors miss is that high immigration drives high population growth. Using conservative assumptions, U.S. population is headed past a half billion around 2100, and more than 90% of that growth will result from post- 2000 immigrants and their descendants. And population growth, along with our consumption style, drives U.S. dependency on "those politically risky nations" and hastens the end of the oil era.

There is only a certain amount of time. With the present growth in consumption worldwide, the experts' estimates of the world's economically recoverable petroleum resources are the equivalent of 42 to 48 years' consumption. The U.S. cannot continue to rely more and more on others' oil. We must begin to move to benign – and expensive – energy sources. More than that, we must reverse the growth in demand. For 25 years, NPG has been asking the question that others consider taboo: *Why not address population growth, which determines the number of consumers and drives the demand?*

The *Journal* is grasping at straws. It would do much better to grow out of its fixation with growth as usual. It should listen to what scientists are saying about the impacts of such growth on resources, the environment, world climate and the American future – and that listening process should lead it to reexamine its advocacy of massive immigration.

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