

CONGRESS OF THE UNITED STATES

For Immediate Release:

Contact: (Bartlett) Lisa Wright at 202-225-2721

March 29, 2007

(T. Udall) Marissa Padilla 202-225-6190

New GAO Peak Oil Report Provides Urgent Call to Action: U.S. Vulnerable and the Government Unprepared for Unacceptably High Risks of Oil Supply Shock

Washington, DC - Congressmen Roscoe Bartlett (R-MD) and Tom Udall (D-NM), co-chairmen of the Congressional Peak Oil Caucus, held a Capitol Hill news conference with Mark E. Gaffigan of the U.S. Government Accountability Office (GAO) on Thursday, March 29, 2007 to discuss the release of an embargoed GAO report that revealed the United States is *particularly vulnerable* and the United States federal government is *unprepared* to respond to severe consequences from increasing and unacceptable risks of significant disruptions to oil supplies from peak oil and other above ground political and economic factors. “CRUDE OIL - Uncertainty about Future Oil Supply Makes It Important to Develop a Strategy for Addressing a Peak and Decline in Oil Production,” (GAO-07-283) is now available for downloading from the GAO website: www.gao.gov.

The report reaffirmed that peak oil is inevitable. It is the point of maximum oil production followed by irreversible declines for oil fields, regions, countries and eventually the world. The report found most experts project a peak and subsequent decline in world oil production could occur *without warning* any time between now and 2040. The quality and availability of data concerning oil reserves and production capabilities makes projections uncertain. In addition, significant above ground political and economic risks to increasing world production are detailed affecting a large majority of world reserves. Coupled with rising demand, these factors show increasing risks of significant disruption to oil supplies. The report found no focus, coordination or plans by the federal government to prepare for peak oil or other potential supply disruptions.

Congressman Roscoe Bartlett said, “This GAO peak oil report is a clarion call for leadership at the highest level of our country to avert an energy crisis unlike any the world has ever before experienced and one that we know could happen at any time. Only the President can rally the country to take the urgent steps necessary. Potential alternatives to oil are extremely limited. Technology won’t save us without time and money to develop and scale them up.”

Congressman Tom Udall said, “Today’s report once again emphasizes our need to prepare for peak oil by implementing forward-thinking approaches and advance initiatives that will move our nation toward greater energy stability and independence. Practical legislation coupled with a concerted focus on conservation, higher fuel efficiency standards, energy saving buildings and appliances, revival of passenger and freight rail, expanded research into and use of biofuels will make the difference. I wholeheartedly believe in the ingenuity and intelligence of our countrymen and women to achieve these ambitious goals.”

Projecting future oil supplies is highly uncertain, in part, because the Organization of Petroleum Exporting Countries (OPEC) controls most of the estimated world oil reserves, but its estimates of reserves are not verified by independent auditors. In addition, four countries—Iran, Iraq, Nigeria, and Venezuela hold one-third of proven oil reserves and are considered at high risk for political disruption.. Countries with medium or high levels of political risk contained 63 percent of proven worldwide oil reserves. According to GAO’s analysis, “85 percent of the world’s proven oil reserves are in countries with medium-to-high investment risk or where foreign investment is prohibited.”

“A number of studies [GAO] reviewed indicate that most of the U.S. recessions in the post-World War II era were preceded by oil supply shocks and the associated sudden rise in oil prices. Ultimately, however, the consequences of a peak and permanent decline in oil production could be even more prolonged and severe than those of past oil supply shocks. Because the decline would be neither temporary nor reversible, the effects would continue until alternative transportation technologies to displace oil became available in sufficient quantities at comparable costs.”

The United States and the transportation sector are identified as particularly vulnerable to disruptions and dislocations from peak oil. “In the United States, alternative transportation technologies have limited potential to mitigate the consequences of a peak and decline in oil production, at least in the near term, because they face many challenges that will take time and effort to overcome... Development and widespread adoption of the seven alternative fuels and advanced vehicle technologies [GAO] examined will take time, and significant challenges will have to be overcome, according to DOE.”

###