

6610 NW Grandview Dr  
Corvallis, OR 97330-3008  
July 12, 2002

Northwest Power Planning Council  
Public Affairs Department  
comments@nwppc.org

Subject: Comments on “Draft Fuel Price Forecasts for Fifth Power Plan” April 25, 2002

The draft plan appears to present a reasonable approach to projecting costs of natural gas, oil and coal. Since coal is not likely to be a significant resource in the Pacific Northwest, my comments are directed toward oil and natural gas.

**The Draft Plan does not adequately reflect natural resource depletion.**

M. King Hubbert, an American geophysicist, while working at the Shell research lab in Houston made his original estimate of future oil production. He later continued his work at the U.S. Geological Survey (USGS). His original work was directed toward U.S. oil in the lower 48 states which predicted production would peak in the early 1970's. The actual peak turned out to be 1970.

Subsequently world oil production, assuming ultimate world recovery of 1.8 trillion barrels, estimated the peak at between 2003 and 2004. This work was performed by Colin J. Campbell, an independent oil industry consultant. After the peak, global supply will fail to meet global demand. The following web site “Magoon: Are We Running Out of Oil?”

is an updated version of the “Hubbert Peak” in a poster form.

<<http://www.oilcrisis.com/magoon>>

He may also be reached at: [lmagoon@usgs.gov](mailto:lmagoon@usgs.gov)

The Draft Plan rightly recognizes natural gas supply and cost as more difficult to forecast.

Recent experience with the gas price spike of 2000 is a good example. High gas prices resulted in a frenzy of drilling activity. Results were disastrous! Added production from the drilling activity did not increase supply, but only kept it flat! This should be a wake-up call to forecasters of future supply.

Matthew R. Simmons, an investment banker with a great interest in oil industry analysis, looking at the natural gas situation expresses great concern about future supply. In the past the peak of natural gas was expected in about 20-years, but he now expects it to be much sooner.

When supply fails to meet demand, simple economic theory suggests prices will rise to reduce demand. Decreasing supply and rising prices for oil and gas may create severe

dislocation in the marketplace and perhaps lead to global conflict.

I strongly suggest services of one or more independent petroleum geologists be retained to provide a more informed perspective to the future of the oil and gas natural resource.

Sincerely,

Martin E. Thompson

List of petroleum geologists/consultants:

- 1) Dr. Albert Bartlett, Dept of Physics, University of Colorado
- 2) Dr. Roger Blanchard, Dept. of Chemistry, Northern Kentucky University
- 3) Dr. Colin Campbell, Independent Geologist, Partner PetroPlan
- 4) Dr. Cutler Cleveland, Director Center for Energy & Environmental Studies,  
Boston University
- 5) Kenneth S. Deffeyes, Professor Emeritus, Princeton University
- 6) Richard Duncan
- 7) Brian Fleay, Associate of Murdock University, Inst. of Science & Technology
- 8) Harold Hotelling, Professor, Department of Geology at Stanford University
- 9) L. F. 'Buzz' Ivanhoe, President Novum Corp. Ojai, California
- 10) Robert Kaufmann, Assoc. Professor, Center for Energy & Environmental Studies  
Boston University
- 11) Jean Laherrère, Consultant with Petroconsultants
- 12) David Pimentel, Professor Emeritus, Cornell University
- 13) Douglas Reynolds, Asst. Professor, Graduate Director, Economics Dept.  
University of Alaska
- 14) Walter Younquist, Retired Professor of Geology, University of Oregon
- 15) Jack Zagar
- 16) Roger Bentley, The Oil Depletion Centre, London
- 17) Joseph P. Riva, retired, consults on world petroleum geology  
9705 Mill Run Dr.  
Great Falls, VA 22066  
(703)759-3308

Other Resources:

- 1) Hubbert Peak of Oil Production <<http://hubbertpeak.com>>  
Tough Year, but the Oil and Gas Kept Flowing  
false reserves  
Oil Experts Draw Fire for Warning  
North American Conventional Gas and Oil Shortfall Seen  
When Wells Go Dry
- 2) M. King Hubbert Center for Petroleum Supply Studies (series of newsletters by geologists) <<http://hubbert.mines.edu/>>
- 3) Simmons & Company International <<http://www.simmonsco-intl.com/>>  
Matthew R. Simmons recent speeches

- “The Natural Gas Outlook: Crisis Ahead?”  
“Depletion & U.S. Energy Policy”  
“The Global Energy Scene” and others
- 4) “Methane Madness: A Natural Gas Primer”  
<<http://hubbertpeak.com/gas/primer/>>