



Independent owner, Leroy Dekens, of Midway Service in Telkwa faces the challenge of escalating operating costs as oil prices increase and market demand fluctuates as a result of peak oil.

By Mike Simpson,  
Executive Director at One Sky

So and so rides her bike every day and saves X litres of gas. She is not just saving money, she may be saving the world. Filling the tank these days is a volatile experience. It is hard to understand who is setting the price per litre and why it keeps going up and down.

With the financial markets in crisis it makes the situation even more complicated. There are a variety of explanations including a powerful one called “peak oil”. The laws of supply and demand are quite simple. If we have lots of apples and not so many buyers, apples are cheap. Just a few apples and lots of buyers...apples are expensive. But what happens if we don’t know how many apples there are or how many there could be in the future? It gets much more difficult to price apples.

In the case of oil the market is subject to two key variables beyond demand: the rate of production and the rate of discovery. Both of these determine the rate of supply. If we could keep on discovering oil there would be no problem. But over the years our rate of discovering oil has been in decline. There is simply a limit on the amount of oil that is out there. Indeed, in the

United States they have not found any new significant amounts of oil for a long, long time. If the production of oil increases but the supply and the rate of finding new oil are both limited, we start to experience a shortage of oil... and there is a price increase. Simply put, fewer apples in the basket, can’t find any more apples, price goes up.

Most of the world’s conventional oil, about two thirds, lies under the Persian Gulf. Key players like Saudi Arabia don’t share information on how much oil remains so we never really get an accurate picture of how much global oil is out there. But there have been attempts to graph how much is being produced along with the rate of discovery and read between the lines.

This math allows scientists to predict a peak in available global supplies of oil. It is kind of like consuming apples out of a big barrel and realizing you are halfway through. The halfway mark is when you realize that apples are getting scarce and their value dramatically increases.

Scientists who study peak oil believe that recent price increases have come about because of issues of supply, discovery and production. We are simply

## Buzz Word of the Week

### Peak Oil

—noun

the notion that at some point in the future we will reach a peak in the rate at which we can pump oil out of the ground.

running out. It won’t happen overnight, and the price will go up and down but the trend will be toward more expensive and scarce oil supplies. We could be out of oil in as little as 50 years or it might take longer but it will happen. We simply don’t know when.

Imagine a fossil fuel free economy in less than one person’s lifetime. What is the bottom line? Saving gas may not just save the climate. It might slow down the rate at which oil disappears, giving us that much more time to adjust, to find alternatives and to adapt. Of course, riding a bike or switching to a fuel-efficient car saves you money, gives our society more options in the future and it protects our global atmosphere. Any one of these reasons seems like enough to save some gas and change the world.

## In The Neighbourhood

If you’ve ever visited the Queen Charlotte Islands, you know that their residents endure a much higher cost of living, with gas selling as high as \$1.70/L and food costing two or three times more than in the Bulkley Valley.

The islands are powered by expensive diesel, which is partly responsible for this high cost of living. However, they are blessed with an abundant untapped source of renewable energy, wind.

Wind farms are being proposed within Hecat Strait, creating a potential for residents to reduce their energy footprint dramatically.

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