

Bulletin

August 2008 ■ Number 3

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A Comment by Thomas Seltmann

Until now, politicians, the media, and the public have been provided with information about energy issues almost exclusively by sources who, first and foremost, have their own benefit at heart. Many actually have an existential interest in veiling the explosiveness of the situation. For example:

- The producers of fossil and atomic fuel, in their efforts to torpedo the vigorous search for alternatives;
- Governments, in their desire to avoid having to take decisive measures and confess to dramatic policy errors.
- The providers of established consumption technologies, in their striving to avoid the premature loss of their market share and power.

Systematic disinformation has led to the waste of valuable time, making it all the more important and urgent to present the true situation in unadulterated form, both foreseeable problems and durable solutions.

Transparency - to which the Energy Watch Group is unswervingly committed - will help sweep away the illusions and half truths and open people's eyes to new opportunities. The numerous letters, e-mails, and calls we've received have articulated interest, approval, and enthusiasm in regard to our efforts.

In an extremely short period of time, we have succeeded in establishing a new, independent voice providing direct access to accurate data and facts about the energy supply - and have attracted significant attention and publicity.

This bulletin presents our updated study about oil. In the coming months we will expand on what we have achieved and develop it further. We welcome all types of support in this endeavor because our project is not a one-way street; we seek to create a network of stakeholders.



Thomas Seltmann (Project Manager)



A glass toaster: a symbol or mere symbolism? The German Ministry of Economics and Technology has a poster in front of its Berlin headquarters that preaches "Greater transparency when it comes to energy".

Press conference on May 21st, 2008 in Berlin: "The era of cheaply available oil is past"

The attentive, SRO audience (with some of the knowledge-hungry guests even sitting on the floor!) stretches the seminar room of the German Federal Press Conference building to its limits.

Based on the study "The Future of the Worldwide Oil Supply", Dr. Werner Zittel substantiates the fact that speculation is not the main cause of high oil prices. Unlike previous decades, since 2006 it has not been possible to raise worldwide oil production. Despite previous claims to the contrary, a drop in annual production must be reckoned with - by perhaps as much as 50% of current figures in 2030. How much of it will still be available on the free market is also questionable because "the exporting countries will meet their own economic needs first", according to Zittel.

Dr. Aribert Peters, chairperson of the Organization of Energy Consumers, states that the oil shortage has had direct effects on the price. According to economic theory, based on the Energy Watch Group's data, the oil price could climb "around 30% annually".

With these prospects Axel Graf Buelow, president of the German Association of Independent Service Stations, sees the current debate over "a full tank or a full plate" as being "totally exaggerated and driven by economic interests". He recommends that pure biofuel be made tax free.

Hans-Josef Fell, Member of the German Parliament, supports this demand. Rising oil prices also raise the price of mineral fertilizers as well as the production and transportation costs of food. In contrast, biofuels are only a secondary cause for the current increase in food prices.

Dr. Josef Auer of Deutsche Bank Research endorses the Energy Watch Group: "I find what the Energy Watch Group says and publishes very important. I also find it important that these people are expressing something other than the prevailing opinion and have the courage to keep up the fight in the face opposition."



A huge crowd, tense faces, and high-level participants in German Federal Press Conference Center



From left to right: Hans-Josef Fell MP, Dr. Aribert Peters, Axel Graf Buelow, Ralph Kappler, Dr. Werner Zittel, Dr. Josef Auer



Intense discussions after the press conference

What the Media Says - 1

A selection of what pre-eminent media organizations have said about the updated oil study. Further details and links to the original reports can be found at www.energywatchgroup.org.

Frankfurter Allgemeine Zeitung

"Record High - Oil price goes over 132 dollars": ... the experts of the Energy Watch Group have warned that oil will already be in short supply in the next few years.

FOCUS

"The flame of prosperity snuffed out ": ... This was the conclusion of a study published in May by the Energy Watch Group (EWG) of that Zittel co-authored.

Süddeutsche Zeitung

"Experts in oil-price shock" / "Oil prices at record levels" ... In a new study, experts of the independent organization Energy Watch Group warn that oil could already become a scare commodity in the next few years ...

VDI nachrichten

"The patient is receiving a transfusion of oil": "The Energy Watch Group's positions are very disturbing, but it's a good thing they are", commented Josef Auer of Deutsche Bank Research.

Frankfurter Rundschau

"Is oil becoming scarce?"... The Energy Watch Group's message is unambiguous: "Peak Oil is now"...

Die Tageszeitung

"From now on oil production will sink": ... The warnings of the Energy Watch Group, an international network assessing the shortage of fossil energy resources, amassed even more power on Wednesday because of the current oil price...

Berliner Zeitung

"A warning about the end of the age of oil"... the EWG has received the backing of the Deutsche Bank...

Der Tagesspiegel

"Down to the last drop": ... In contrast, the Energy Watch Group (EWG), a group of experts that works independently of the oil industry, estimates in a new study that there are only 854 billion barrels...

Berliner Morgenpost

"The energy markets no longer have limits" ... Experts of the Energy Watch Group have warned that worldwide oil production may have already exceeded its maximum (Peak Oil) ...



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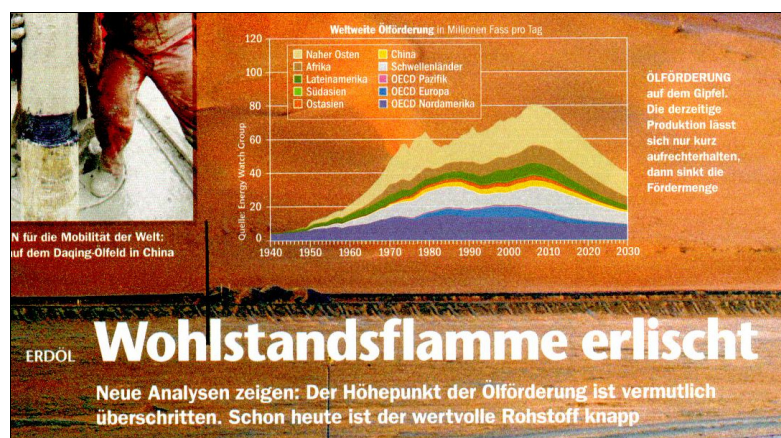
Süddeutsche Zeitung
Deutschlands große Tageszeitung

dpa

REUTERS
Deutschland

AP Associated Press

What the Media Says - 2



“The Flame of Prosperity Extinguished”: An article covering several pages in the German news magazine Focus, no. 30/2008 with excerpts from the EWG oil study and detailed quotations of the study’s author, Dr. Werner Zittel



Editorial

On the development of oil prices on the German governmental tv station ARD’s program “Today’s Topics” - May 21st, 2008

The price curve of oil, gasoline, and especially diesel fuel has reached a new record. Two fatal errors accompany this stratospheric rise. The first is in regard to oil reserves. We have believed for far too long that there is enough oil for the long term. The truth is that the future of oil is already behind us; shortages are no longer a scenario in the distant future. Fatal error number two: the price. Exactly ten years ago Germany’s Green Party demanded that the gasoline price should be raised to five marks per liter. It produced a public outcry. What sounded crazy then might soon become reality. Two euros fifty for a liter of diesel is no longer unthinkable.

This, however, has not noticeably affected either consumer behavior or the automobile manufacturers. Drivers still drool over horsepower-heavy convertibles and spacious limousines. And auto industry’s interest in alternative engines has remained limited. Now the fact that oil prices over the last few decades have been too low to stimulate the necessary investments in alternatives is coming back to haunt us. We slept through the need to put emphasis on gas-saving hybrid and electric vehicles faster and sooner. The price, though, is driving the lesson home. The ever-increasing fuel costs have ignited recognition of the need to adjust. Any change is painful, but we need to move fast before it hurts even more.



With rare clarity and conciseness, Juergen Osterhage of MDR (Middle German Broadcasting) explains the situation and demands the rapid renunciation of our dependance on oil.

Assessing worldwide oil reserves

The current developments on the global oil markets confirm the core message of the study presented by the experts of the Energy Watch Group, a comprehensive analysis of empirical data regarding worldwide oil production. A temporary drop in prices changes nothing: The hope that the ostensible speculation bubble will burst is futile.

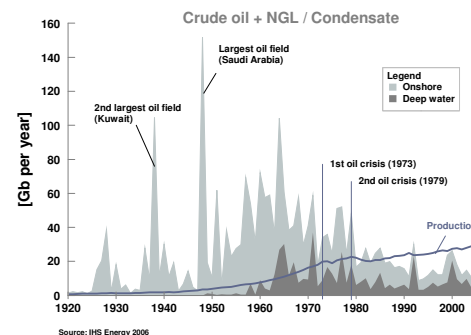
It is highly probable that worldwide oil production has already reached its apex and will continue to fall back. "Peak Oil" is now. By the year 2030, worldwide oil production could even drop to fifty percent of current levels.

The Energy Watch Group's analysis has basically been confirmed by other institutions and by the ongoing change of opinion at the International Energy Agency IEA, the German Federal Institute for Geosciences and Natural Resources. In unambiguous terms, the heads of almost all oil companies - and even OPEC insiders - question whether production capacities can still be raised appreciably.

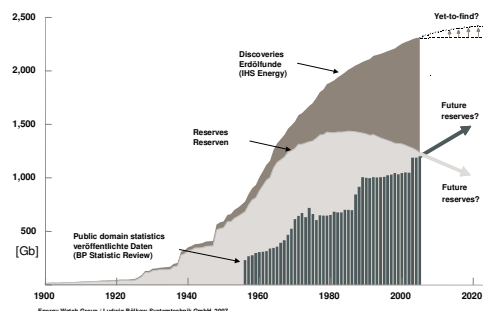
But the situation is no surprise: the fairy tale of never-ending oil supplies has been propagated far too long. The geologists already recognized the high point of new oil finds in the sixties, and the residual reserves have been sinking since the eighties.

Since 1986 less oil has been discovered than the amount pumped. Indeed, new technologies have made it possible to extract more oil from the known fields even faster. However, there have been no major new finds for decades, and none are to be expected. Even the exploitation of ecologically and technologically problematic deposits like those in the Arctic or the Canadian oil sands will not be able to stop the downward trend.

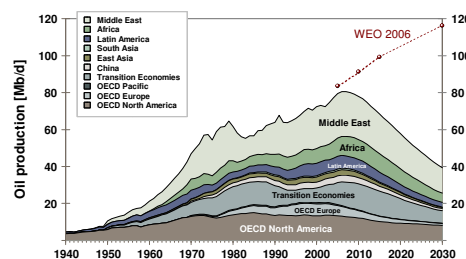
Even the repeatedly called for increases in exploration and production investments cannot reverse the trend toward higher prices. On the contrary: If the amounts produced sink in spite of increasing expenditures, the costs will also increase. The age of cheap, easy-to-get oil is gone forever.



Development of the annual oil finds - proven plus probable - and oil production (Illustration 15 in the EWG mineral oil study)



"Discoveries" (the dark areas extending down to the time axis): Discoveries = proven and probable oil finds (the visible part of the dark area indicates what has already been extracted, i.e. consumed) "Reserves" (the light-gray area extending down to the time axis): Reserves are the difference between the discovered amounts minus the already-extracted quantities of oil. (Illustration 16 in the EWG oil study)



Overview of worldwide oil production (Illustration 7 in the EWG oil study)

The Project Ream

Dr. Walter Kroy is the Executive Director of the Ludwig-Boelkow Foundation and former Director of Research at the aviation company MBB, which has now been integrated into EADS. The Foundation is the supporting organization of the Energy Watch Group and finances it from contributions donated specifically for the Group's work.

"The studies of the Energy Watch Group provide policy makers and the access to important facts and background information."



Hans-Josef Fell is a member of the German Parliament and author of the country's Renewable Energy Law in the year 2000. He initiated the foundation of the Energy Watch Group and is chairman of the parliamentary advisory board.

"The Energy Watch Group provides support for cross-party parliamentary alliances and makes ideology-free, sustainable energy policies possible."



Dr. Harry Lehmann leads the Energy Watch Group's scientific work. He is a physicist and systems analyst and Director of the Department of Environmental Planning and Sustainability Strategies at the Federal Office for Environmental Protection in Dessau.

"We recognized that there was a lack of independent sources in the German Bundestag's inquiry commissions. The members of the science advisory board guarantee the independence and credibility of the EWG analyses."



Thomas Seltmann is project manager of the Energy Watch Group. He has served as a project manager, speaker, and author in the energy industry and the publishing business.

"The broad interest of the media and parliaments, but especially the major endorsements we have received from scientists and companies worldwide underlines the demand for objective information."



Walburga Kopp is the Ludwig-Boelkow Foundation's contact person for contributors to the Energy Watch Group project. She owns the Zinnober & Tacheles Agency for fundraising and sponsoring for social and sustainable projects.

"Energy policy requires objective information - and objectivity requires independent financing."



Stay informed

The most recent information and results of our work can be found on our Internet site as well as in the Newsletter, to which you can subscribe there for free. Or simply send an e-mail with the subject "News-Abo" to office@energywatchgroup.org.

On our website, you can also now find a current PowerPoint® presentation as well as the new EWG booklet in checkbook format.

Organization and financing

The Energy Watch Group is an international network of scientists and parliamentarians that is not affiliated with any political party.

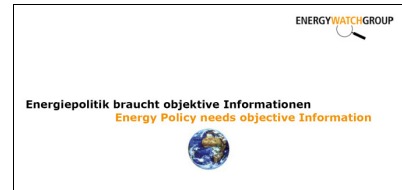
It provides advice independently of any economic interests and supplies facts and background information on the worldwide energy supply. It makes this information available to politicians, the media, and the public - as a basis for rational energy-policy decisions.

Currently, our scientists are working on studies about the real worldwide availability of fossil, atomic, and renewable energy resources. The goal is a global energy scenario based on geological, technological, and economic analyses.

The Energy Watch Group is financed by contributions made to the Ludwig-Boelkow Foundation. The donations are tax-deductible.

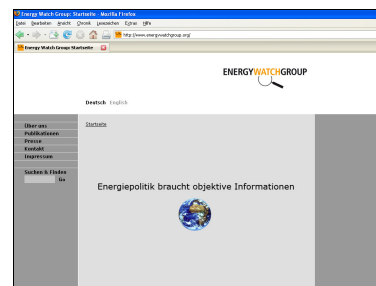
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NEW: The EWG at a glance - bilingually German/English. The booklet is in checkbook format. If you would like copies for distribution (also in large quantities) please send a request to: office@energywatchgroup.org

It is also available on the website for immediate download.



www.energywatchgroup.org

Energy policy requires objective information. Objectivity requires independent financing. Please support the work of the Energy Watch Group today.

Imprint

The Bulletin of the Energy Watch Group appears irregularly

Editor:

Energy Watch Group
Zinnowitzer Str. 1
10115 Berlin
www.energywatchgroup.org

Sponsor:

Ludwig Bolkow Foundation
Ottobrunn near Munich

Responsible:

Thomas Seltmann
Editor: Alexander Morhart, Joseph Greenman