



# *The* Wonder Springs Chronicle

21 June 2010

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## The Chaos of American Energy; *and the world suffers*

Liebig's law of the minimum, states crop yields are proportional to the amount of the most limiting nutrient. However that is just a subclass of a more universal natural law, in that productivity of any entity is limited to the extent of the limiting contributor. Broadening that into the fields of human enterprise it could read, wealth creation is limited by the applications of energy, financial liquidity, and information all functioning within the limits of natural laws.

Now plug that concept into a Vietnam era saying:

*We the unwilling, led by the incompetent, to do the impossible, for the ungrateful, have struggled so long, with so little, we are now able to create anything out of nothing.*

That needs to be modified in the early twenty-first century to conclude: create nothing out of everything. The limiting factor? Basically human knowledge and

wisdom! Put in an enlightened Green Street context, "*The blowhards that are in charge, or think they know what is happening, are so full of themselves, that they are in the process of exploding human civilization with their excreted methane gas.*"

Last week as I watched President Obama's address to the nation concerning the Gulf oil catastrophe, I ended up yelling that the television screen. Then while watching all the commentators after the President's address I yelled even more. In that illumination I refer you to the Green Street context above!

One of the two things that I found worth repeating was Sarah Palin's comment that, "*You can't trust oil industry information, you must verify it yourself.*" Having spent the first years of my professional career embedded in the intelligence culture, that truth must become a Kantian universal law. In the



Vietnam context, the industry spokesmen are relying on information provided by the unwilling, which they are incompetent to understand. Furthermore many times these unwilling don't know the answer demanded of them, and for a multitude of reasons, they create something out of nothing.

The other speech rebuttal statement worthy of development is, *"The United States doesn't have a comprehensive energy policy even though we have been trying for over forty years."*

"Yep! The difficult we do right away, the impossible takes a little longer."

So where do we begin?

Over our history, the infrastructure of the United States has developed almost exclusively on gasoline driven personal and commercial road transportation. Because of the long distances within the country, with nothing but a road driven alternative, high status travel is accomplished by air. This all works very well with \$2.00 per gallon gasoline (plus tax) and related liquid fuel price equivalents. For sake of our discussion that converts to a crude price of about \$40-\$50 per barrel.

Over a year ago, when oil was trading in that range, the Saudis announced to the world that they thought a fair price for oil was at least \$70 per barrel. Poof, in a few weeks the price had risen to that level and except for a couple of days it has stayed within that range. So are we to trust the Saudi and their market making friends in financial centers around the world, that this trading range has any relationship with a true free market price of oil supply and demand?

In a true free market world what would the price of crude oil be today? I for one haven't got a clue.

Furthermore when I was consulting in alternative energy in the 1980s, what we now call green energy, the price when those fuels and technologies began to reach the potential to compete with oil, that crude price was about \$60. So allowing for inflation, that current break even is in the neighborhood of \$80. Hum? So if you add for some type of relatively free enterprise profits to develop this green technology you are looking at a real true sustaining cost of oil of about \$100. That

would translate into about \$4.00 gas give or take, in a country with an infrastructure that works great with \$2.00 go juice.

In my opinion to this day the greatest energy scam forced on the American people is corn-based ethanol. Every time I fill up my tank and smell those sweet alcohol fumes and look at the sticker on the pump that says, "This gasoline may contain up to 10% ethanol." I then always thank George W. Bush for reducing my gas mileage and promoting crony special interest capitalism.

Plant derived (especially corn based) ethanol will never be an energy positive in the United States, simply because we don't get enough solar insolation. A couple of years ago I read a report, prepared by the industry that said, if they slice and dice the inputs properly, eliminate those they say don't relate, there was a net energy gain. However, ethanol works great in Brazil because it is in the tropics, because the sunshine there is much more intense and sugarcane does not require the energy intensive agriculture and fertilizers needed to produce the crop. *"You can't trust ethanol industry information, you must verify it yourself."*

This points out one popular significant contribution that has come out of the global warming religion and that is the mis-development of the concept of the carbon footprint. How can a significant contribution come out of a wrong application? Because a carbon footprint is really just a subset of the product or service's total energy, or energetic footprint.

In that energetic light is a hybrid vehicle a multi-tasker, or is it a toaster oven, that sort of works, but is really not very good at anything? No where can you find any information on how much energy goes into the creation of your hybrid, including the batteries, compared to buying a regular infernal combustion vehicle, or keeping and fixing an old energy efficient vehicle. According to all the literature you are able to glean, the life span of the batteries are supposed to be the same as that of the vehicle.

Never answered is the question what is the life of the vehicle? My feeling that should be about 200,000 miles, but I would assume the manufacturers' life would be more in the line of getting your loan paid off. That five or six years is somewhat inline with large battery life in certain other applications. Then you need to replace those batteries that will cost someone more than a little chunk of change, and how do you price a

used car, estimating remaining battery life? *"You can't trust auto industry information, you must verify it yourself."*

Building on that statement, early in this article we agreed with Sarah Palin that we should always verify what you are told by company executives. In the same way, that verification should extend to politicians and everyone else. When we move into this broader arena however, verification becomes much more difficult, because we are no longer dealing with proprietary data or the absence thereof, but rather power, money, stupidity, and laziness.

On Friday an oped in the New York Post by Ben Lieberman of The Heritage Foundation said that cap-and-trade will raise the cost of gasoline to \$7.00 per gallon. His source for that prediction was Harvard's Kennedy School Belfer Center for Science and International Affairs. Cap-and-trade is perhaps the greatest openly proposed swindle the big government — crony capitalist subterfuge has ever attempted to impose upon the American people and the world for that matter. Europe has basically proved that the ruse does not work, but that has not stopped this President to use this ploy to refocus attention away from his administration's failure to deal with the BP Gulf spill.

Put in a form most people can understand, ObamaCare took a healthcare system in need of substantial reform and made it worse, which, left unmodified, will eventually lead to shutting down traditional health services. Likewise without an energy policy the United States is completely dependent on a chaotic world, but Obama's cap-and-trade proposals would lead to an economic disease to be known as ObamaParalysis.

Bait-and-switch tactics aside, underlying it all, is a concept that first openly surfaced in the Clinton presidency and may have been fostered by then Vice President Al Gore, and that is the political application of Environmental Imperialism. While historically the United States has never been an imperialist nation in the traditional sense, Environmental Imperialism's goal is to shift all the NIMBY (Not In My Back Yard) dirty industries and processes into other nations and basically turn the United States into a big warm and friendly park, where Mother Nature can express her love for our kitsch driven materialism.

Of course since you can't do anything in these new parklands other than commune with nature for a few hours every year or so, there is no money for maintaining any public land infrastructure. And heaven forbid, since wildness on wildness terms, pretty much scares the hell out of urban dwellers, America's natural treasures can no longer be considered treasures, but more like ignored wastelands.

Concerning energy, the more recent antitheses to Environmental Imperialism is the Republican fostered concept of drill baby drill. What all this punching holes everywhere denies is the reality of what it costs to drill all the holes, the net price of the energy they may produce, contrasted upon the need for environmental safeguards, not only as it pertains to potential spills, but also the availability of water. The extremely important limiting water issue is beyond the concept of this article.

However the oft used statement of, "Just drill in ANWR in Alaska" never looks at anything related to the cost of that oil, nor the potential public relations disaster of even a small spill — like minutes, not hours, not days of what is now happening in the Gulf. Furthermore in an article I read sometime ago, it stated that the only industry professional people really pushing ANWR drilling, were the oil services companies such as Haliburton, who get handsomely paid no matter what happens.

This leads to an energy quandary. If we begin with an assumption that United States or North American energy independence is a good thing, how do we get there? First of all we need to understand how much the oil and other energy will cost to get us there. We used the assumption earlier that \$4.00 gasoline and \$100 crude might work, but we really have no readily available information to verify, just cap-and-trade religious dogma.

To make matters worse we really don't know what the current free market price of oil really is, and if you could factor out all the taxes contrasted with tax incentives, the market making potential of the speculators, oil rich foreign nations, and greedy crony capitalists, then you might be able to determine how you could over time slowly build a \$4.00 infrastructure with some sort of developmental incentives. In short there is no way to even begin; especially with twentieth century special interest so determined to maintain the status quo and their own market share.

Let us leave that sleeping beast to look at the specifics of the Gulf oil catastrophe. If you look behind the curtain of the government's Wizard of Oz charade you can easily see that from the issuance of deep water permits to begin with, to the unspoken Environmental Imperialism, coupled with the unwillingness to supervise the drilling, and the bureaucratic bungling of the cleanup efforts, you plainly see a Federal government too big to govern.

The media bloviates about the biggest environmental disaster in the history of the United States, which is true. However, pictures of globs of oil and dead fish, untouched beaches and spoiled ones, empty restaurants, show a holocaust induced by failed governance. In that light the best example is not of the Exxon Valdez spill in Alaska, but rather the nuclear destruction of the Chernobyl disaster in the Ukraine area of the former Soviet Union on 26 April 1986.

At latest estimates the oil catastrophe has touched almost five hundred miles of beaches, and it will take months to even get a handle on the extent of under sea and methane pollution. Because of the high solar insolation in the area, the oil will greatly alter existing ecosystems very rapidly. While photos will show birds and dead fish, the real action will take place in the world of microbes that will gobble up the oil, deplete the dissolved oxygen and then die and create perhaps toxic wastelands, or become fertilizer of a renewed ecological diversity. Human experts are working beyond any level of human expertise, even though they are too self centered to admit their limitations.

Just like Chernobyl you will be able to detect the aftermath of the catastrophe for decades, over a very wide area. However life goes on and it is truly amazing how the inherit diversity of all life forms on this planet can adapt rapidly to situations where our human contribution is negligible and many times harmful, both on the front and the back end of the happening.

Back in my corporate days I was a team member who designed or managed environmental cleanups that monetarily ran well into eight significant figures and treatment plants that reached into the mid eights. Success in these endeavors, only comes when those who get dirty have the full support of those who supply the support materials, expertise, and funding.

The reason I yelled at both the President and his pundit detractors is none of them have any true empathy for the "small people" who actually are affected or actually do any of the work. At least the Swedish chairman might have used an Un-American idiom, but the whole spill has been typified by gross negligence on the part of the US government and is an annoying distraction to the global British Petroleum. The President's self imposed six month drilling ban, so that a commission of intellectual Environmental Imperialists can make recommendations, being a prime example of this arrogant federal governmental negligence.

Most leaders and managers have a problem dealing with real expertise outside their skill set. The general response is to act aloof and pretend you understand. Essentially the only institution that provides that continual out of the box training is the military. If all your experience is either in urban Chicago politics, or in a European oil behemoth, you are at a severe handicap when dealing with cataclysm, especially when it occurs in the American south. So this outside leadership fails, except in their own eyes, and the rest of the world looks on them as nincompoops.

So wrapping up the chaos of American energy, we the unwilling, would like our energy policy to remain just like it was back in the good old days. The incompetent believe that they should change all that, but they cannot agree on any of the details. Hence could that be called unnecessary? We then become the ungrateful, because we the small people of the world, are just too small to understand the wisdom of greatly altering something that has worked relatively well for over two centuries.

Essentially the reason the United States doesn't have a comprehensive energy policy is that the everything we have enlightened, gets in the way of everything else our enlightenment has created. And so to fix all that we have currently decided we would like to do better, we build on our failures of the past. So we end up creating chaos out of the energy we need to make things better. Perhaps we are not as smart as we would like to think we are.

Put into evolving contemporary jargon, "In the big bad world out there, we all are pretty much small people." Or in terms of Liebig's law of the minimum, we are the limiting nutrient in our desires to create heaven on earth.