

Special 4Q Supplement on Energy Self-Reliance

The Biggest Issue....

The most crucial issue facing America is developing and implementing a 10-year plan for Energy Self-Reliance. **Our 10-year plan for Energy Self-Reliance has three parts.** 1) For the long term, we need alternate energy sources. 2) For the medium term, we need to find more oil and develop better sources of supply. 3) For the short term we need **solid** science and to let the market run its course, not subsidies and tariffs to promote corn-based ethanol.

We've now devoted several issues to energy. This is a supplement to give answers to questions raised by our last newsletter on topics affecting the election. Our last newsletter helped prompt the wave of anger about high gas prices that led Nancy Pelosi to adjourn Congress and run for cover. The burning question posed is, “**How long will take to develop better sources of oil supply?**”

Let's frame the importance of finding a good answer: Exorbitant oil prices put America in danger for reasons far beyond the quality-of-life impact from \$5 per gallon gas. High oil prices empower terrorism and threaten our economy. Oil causes our major economic and national security risks.

The immediate issue is to reduce our dependence on foreign oil. Only with that problem solved, can we hope to get traction on fixing the economy and ending Islamic Terrorism. The money we spend for foreign oil goes to people who hate us. They use it to fund hostile actions against us.

Unless urgent action is taken, number 44 [the next President of the United States] will, during his term, transfer between **\$2 and \$3 Trillion** dollars in wealth from the United States to places like Iran, Russia, and Venezuela. This money goes to America's enemies like Hugo Chavez and Mahmoud Ahmadinejad, and some of it finds its way to terrorists like bin Laden.

Addiction to foreign oil is bad policy. If we allow it, we allow the destruction of America. In the long term we need to end oil, to move from a carbon economy, but this will take many decades. If we don't make a carefully managed transition, we allow grave and lasting harm to our nation.

The Medium Term: How long does it take to get new oil?

My niece was one of many who asked that. She saw Obama give a speech saying it would take “At least seven years” to get new oil. I replied, “That's interesting. Two nights ago *News Hour with Jim Lehrer* showed a clip where Obama said, ‘Ten Years for the first drop, and twenty years to get any significant quantity.’” No matter, by the next week, it all had changed. Congress was on [vacation](#) and there is a tacit understanding that new oil can be developed – if we choose to.

So which answer is right? **Seven years? Twenty years? Right now?** It turns out **any** of these could be correct, because what happens depends on our own policy choices. Unfortunately, our current laws and regulations, the history of this issue, and the dismal approval ratings of Congress inspire little hope for quick, effective action – **unless public outrage forces it.**

We are gridlocked, and it's our own fault: Blame Congress. Write them and demand action.

Right now 97% of our offshore areas and 94% of our federal lands are off limits for energy production. Some of this could move to production quickly. Let's go back to where it all started: An oil spill off Santa Barbara in 1969, back in the halcyon hippie era, helped begin the environmental movement. Tourists on Stearns Wharf can see the oil platform which caused the spill, now producing oil without problems under a grandfather clause of the federal drilling ban.

The rest of California's offshore oil production was shut down, but 10 billion barrels of proven offshore oil could be brought to market in a year "if the moratorium were lifted." The platforms are already there. We just have to take them out of mothballs and re-start them.

Ironically, despite pockets of fierce resistance, a recent survey (funded by an oil company) found that 61% of Santa Barbara County residents now support offshore drilling. For one thing, the untapped oil causes "oil seeps," natural emissions that leave oil sheens on the surface and balls of tar on the beaches. A local group named "Stop Oil Seeps California" cites things ranging from the improved safety record of the oil industry to the dangers of dependence on foreign oil as reasons to allow drilling and increased oil production. (Source *WSJ* 8/22/08)

America has overlapping layers of regulations that typically block developing new oil for over a decade, and even when you "win" you still lose, because it is then that the litigation starts. The number of lawsuits to block oil production have increased by 706% from 1997-2000. Congress is blaming the oil companies for not producing oil from leases in the National Petroleum Reserve in Alaska, but the critical pipeline to bring the oil to market is blocked by lawsuits. Similarly, 100% of New Mexico's 78 oil leases are blocked by litigation. (Source *Investors Daily* 7/21/08).

There is plenty of oil for this century. New estimates place U.S. oil reserves at 350 billion barrels, and this doesn't count the massive shale and oil sand deposits, or deep oil under the Arctic icepack. The time required to get it is in the hands of Congress, and current policy is hostile.

The Long Term: Alternatives are coming.

It's important to understand that electric cars are alternatives to oil, not "alternate energy." They have batteries that need to be charged. The same holds for hydrogen cars. Hydrogen is NOT an energy source. It is just a carrier (and a problem one) which must be produced by energy sources.

There are a variety of ways to get the energy to power electric vehicles. All require new infrastructure, and those that seem most promising key on electricity. The U.S. power grid is archaic. It barely makes it through warm summers without brownouts and failures. Here in Oregon, we have windmills. Mostly they don't provide much power, because the wind isn't blowing. But when the wind blows hard, we risk melting down the power grid and have to spill water over the dams, causing problems for salmon. Suffice it to say existing infrastructure is inadequate.

To power transportation, we need a vastly expanded and modernized power grid, one driven by perhaps twice the generating capacity. All this will take a lot of time and investment.

Here's what's not mentioned: To power the new grid to fuel our electric or hydrogen cars, we'll need a lot of new nuclear plants, or even more coal fired plants. These basic realities need to surface in American policy discussions. So far, they have not.

Sound bites ("Get off oil") don't help without actionable plans, and I've just seen a compelling business model for electric cars. It comes from an ex-Silicon Valley entrepreneur named Shai Agassi whose company is called Better Place. Mr. Agassi is Israeli, and his goal is to end oil. His test country is, of course, Israel, an island surrounded on three sides by enemies and the other by water, and run by a government with the highest possible motivation to stop dependency on Arab oil. It's a small island: the furthest you can safely go in a straight line is about 250 miles.

The American public might view Better Place as an electric car company, but, at the core, it's a software firm. The cars are almost incidental. They could be given away, or sold at cost. The environment that could make it succeed is a small island, an intelligent power grid, smart cars with GPS systems that lead limited-range vehicles to the "refueling stations" they need, and a government willing to change its tax codes if it would threaten the livelihoods of hostile Arab oil sheikhs and Iranian mullahs. The Better Place business model is selling private electricity and hot-swapping batteries. It could work. (Source [Wired](#), Sept 2008 Cover Article, pp 118.)

Solutions, not Politics.

The hard part is imposing common sense on Washington. The government needs to deal with facts and stop interfering with the free market. Subsidized biofuels distort the market, use more oil, and cause shortages. Badmouthing the oil industry and threatening it with taxes (when we urgently need investment) is about the worst policy one could imagine, next to, of course, suing OPEC, which has also been suggested. Solutions are needed.

Our strong recommendation is restoring the Office for Technology Assessment ([OTA](#)). America needs to get Congress back to making science-based decisions, and good science is impossible once politics take hold. If you Google "global warming hoax" you get **1,340,000** hits! Thanks to Gore's promotion of global warming, Congress and the public are hopelessly confused. A short, entertaining, well-researched book to inject science and sensibility into that hysteria is [Climate Confusion](#). Check the reviews and send a copy to your Senator. It's an easy, fun read.

Before we shoot ourselves in the feet to eliminate our carbon footprints, we should focus on the medium term dangers of foreign oil addiction. The public is right: Congress needs to act.

Our 10-year plan for Energy Self-Reliance has three parts. For the long term, we need alternate energy sources. For the medium term, we need to find more oil and develop better sources of supply. For the short term, we need innovation and to let the market run its course.

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"Mars, Jupiter and Pluto warmed at the same rate as earth. Since they are not known to have factories or SUVs, I conclude the most recent warming was caused by the sun, not Man."

Lord Moncton of Brenchley
Science adviser to
Margaret Thatcher

"Gore's circumstantial arguments are so weak that they are pathetic. It is simply incredible that they, and his film, are commanding public attention."

Professor Bob Carter
Marine Geophysical Laboratory
James Cook University, Australia

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