



## **BP's Oil Rig Leak is Food For Thought**

We'll be reading about BP's recent blowout of their deep ocean oil well in the news for months to come. It's likely to be the worst industry accident ever. But there's a lot more going on under the surface of this story than most people realize, and that's the subject of today's article.

First, consumers are facing tough times ahead. If you're old enough you might remember the opening for the TV show *The Beverly Hillbillies*, wherein Jed Clampett was "shooting at some food, when up through the ground came a bubblin' crude?" Yeah, well those days are long gone. That easy to get, high quality oil – the "Black gold, Texas tea" - has long since been pumped, refined and burned. That's why BP and others have to go miles deep to the ocean floor - and miles past that - to get the oil we use today. Oil companies are going after deep water and "unconventional" oil (stuck in shale and sand) because the worldwide demand for the stuff is passing up worldwide supply. At least that was what was expected back in 2008 when the price at the gas pump approached \$4/gallon, but the recession and subsequent drop in demand stalled the problem and prices dropped.

Today, with the world wanting to get back to strong economic growth, we'll again approach the limits of what oil companies can supply relative to what the world wants. And unfortunately the BP fiasco will stall further investment in offshore drilling. It's unfortunate only because, as one who's convinced we need to transition to a far more sustainable use of energy, we need low-cost petroleum to fuel the transition. The problem is it's not going to happen, at least not at the level needed and within the timeframe needed. The unconventional oil has proven to be much more expensive and time-consuming than originally thought. As a result, oil companies are hesitant to invest. The upshot of all this is that prices at the pump are going to go through the roof. It's not a matter of "if" it's a matter of "when". My best guess is that this will take less than three to five years, probably much less time (hey, it's seriously complicated!).

The news - on all of these issues and related issues as well - is out there. It's just that people outside of energy industry circles don't hear much about it. But that's starting to change. If you believe in the old adage "forewarned is forearmed" I recommend you keep up on this topic at this web site – [www.EnergyBulletin.net](http://www.EnergyBulletin.net). The local group Apple (<http://apple-nc.org/>) is your local source for information and solutions.

In the meantime there's a lot you can do to protect your own interests and, in so doing, protect the interests of your household, your community and your country. The number one place to start is with transportation. Transportation, as we know it, will become more and more unaffordable for an increasing number of people. The average household in Nevada County already spends more on transportation energy than all other energy combined, and we're poised to see things get worse. Much worse. So start planning for sky high gas prices today. You can thank me tomorrow!

If you're in the market for a new vehicle, purchase the most fuel-efficient option to meet your "needs".

With the economy improving I see more and more folks driving giant trucks or SUVs with new plates. Even most “environmentalists” I know drive them. But the vast majority of folks don’t “need” such a vehicle; they simply “want” such a vehicle. And everyone that consumes more energy than they need is making energy more expensive for the rest of us, now and in the future.

Another thing you can do is look at ways to reduce the energy consumption of your home or business. Today’s fixed interest rates are historically low. With energy prices poised to increase rapidly in the near future you can expect price inflation on everything. If you invest in cost-effective, high return-on-investment solutions today you’ll be in great shape tomorrow.

I should tell you that it’s very difficult for me to write this. After all, we’ve all been “warned” about so many things in the past that haven’t turned out to be anywhere near as serious as we were told they’d be at the time. I imagine some folks are thinking “here we go again, another chicken little jumping up and down saying the sky is falling”. That’s why that Energy Bulletin web site is so important; recent articles posted there show the US Government, US Military, and pretty much every country on the planet is taking this looming shortage news seriously. I just didn’t want to see my community left out!

So the bottom line is today, not tomorrow, is the time to get your house in order. If you don’t.....well.....at least you can’t say you weren’t warned.

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