

Iran - Bringing the US Energy Situation To A Head

Are we ready to solve our problems with energy yet? During the last couple of weeks Iran has threatened to shut off their oil if we "interfere" with their nuclear ambitions. This is coming from a nation that has all but threatened nuclear war on Israel. Now I am no fan of Israeli politics. But that doesn't mean that I think it would be a good idea for anyone to cook off a few nuclear bombs in anger. Indeed, the probability has gone way up that by the end of the year there will be a second Middle East war on in some fashion " this time over and in Iran. In the meantime we must take seriously their threat. While we do not buy any oil from them, the other nations in the world do. If they shut off the tap, those nations will look to the remaining suppliers. Even worse, Iran **could** launch attacks on ships coming through the straits from the Persian Gulf " even one such attack would effectively halt oil supplies from Saudi Arabia and elsewhere in the Middle East. We, and the rest of the world, would be forced to respond militarily " but in the meantime, there'd be no oil. If you think Katrina was bad for the nation's oil supply, you've not seen **anything** yet. Its time for a solution " one that the left wing will go bananas over, but one which **we can achieve** using technology available **today**. No more obstruction, no more interference. Here it is folks: We have enough oil shale to produce petroleum fuels for the next 50 years or so. Our **proven reserves** in the form of shale exceed the entire inventory of Saudi Arabia. **There is no oil shortage in the United States " we have simply refused to go get it due to the screaming of a bunch of left-wing socialists!** We can produce our way out of this mess short-term (0-20 years) while we create a long-term solution to our energy problems that will **permanently** solve the problem. Here's the prescription:

1. Mine the shale - right now - on federal lands.
2. Open up drilling in all places where there is currently oil and natural gas. Right now. This includes but is not limited to ANWR and the Gulf of Mexico. Ban sale of these fuels outside the US. The fuel comes off federal property, it must stay in the United States. Anyone diverting it goes to federal prison and the company responsible if fined 5 times the amount of product diverted.
3. Build the terminals for and use all the imports we are able to acquire at a price no higher than our domestic production. We don't have to mandate any of this - if our local oil is \$40/bbl and foreign is \$39, you know what Shell will buy for its refinery. Ditto for natural gas.
4. Build the refineries and processing facilities necessary to produce ALL our domestic requirements - right here, in the US, again, diversified across the country. Gasoline and other energy is inherently an interstate commerce issue; ergo, all state and local attempts to regulate or prevent this must be overruled. A streamlined permitting process that can be completed from start to finish in **no more than six months** must be put in place so that construction can begin **now** " not five years hence.

These are short-term solutions but they stabilize the price of petroleum in the \$40/bbl range for US consumption for the next 10 to 20 years. During this time we have a STABLE supply of fuels for our vehicles (cars, boats, trucks, etc) at a price under \$2/gallon that is IMMUNE to supply disruption from Nigeria, Iran and Venezuela. This **completely removes** the ability of foreign governments and radicals to play with us over energy supply concerns. We **can** produce enough domestically to meet our own demand - we have just historically refused **because of the environmentalists who have refused to let us stuff our own supply lines with our own raw materials!** Yes, this supply will run out. I understand that. This is why we use the intervening 20 years to fix the problem permanently. During that time we:

1. Build nuclear and other (e.g. indirect conversion solar " aka "solar boiler" - and wind) plants. Simply put, we require that 100% of our electrical energy needs be met by off-petroleum and off-coal resources within that 20 year timeframe. We pass a federal law that no utility may tie into any interstate grid, directly or indirectly, if they consume any fossil fuel to produce their power 20 years hence " no exceptions or extensions. Local and state governments are forbidden (under the

commerce clause - already existing law) from blocking the construction of nuclear, solar and wind energy production facilities - energy is inherently traded in interstate commerce; this is not a stretch by any means. Over time (more than 20 years out) we are likely to be able to use fusion - energy breakeven has been achieved, and it's only a matter of time before we're able to commercially exploit it. However, for now the breeder reactor - which produces more fuel (and easily separable fuel too, since it's in the form of plutonium which can be chemically separated rather than needing gas centrifuge enrichment) than it consumes - is the best option available to us. Fermi I gave breeders a bad name, but there is no inherent reason we cannot operate them - we're just unwilling to do so. This must end today if we are going to break the stranglehold.

2. Coal becomes our petroleum of last resort. Coal liquifaction is a proven technology and we have several hundred years of proven reserves. It's expensive to process this way, which is why we use it LAST - but we keep it up our sleeve.
3. Gasoline automobiles are outlawed for new sale 5 years hence. Compression-ignition engines (diesels) are required. Exceptions are left in place for weight-sensitive applications (e.g. motorcycles, lawn mowers, etc.) There shall be no subsidy and no federal grant money for any fuel research that has a negative net energy cost (that is, which requires more BTUs to be put in than you get back out.) This immediately excludes any attempt at a "hydrogen car", since by definition these are net energy negative. We simply cannot afford pipe dreams and pie-in-the-sky technology that will work technologically but is thermodynamically and fiscally unsound on the federal teat.
4. Biomass conversion is mandated to produce diesel fuel; within 10 years we can produce all the over-the-road fuel necessary using this technology. The Germans already have this working "not on soy or rapeseed (which is woefully inefficient) but on raw biomass. Biodiesel using conventional oil seed methods cannot work because we cannot grow enough soy or rape to create more than about 5% of our fuel with it. Raw biomass conversion, on the other hand, can easily manage 100% and more of our fuel demand " it works on **anything** that grows. Most of our land can grow **something**. You simply pick the most productive (in terms of mass per unit of time) vegetative material for the area in question. This conversion unloads the remaining petroleum reserves (shale and offshore drilling) leaving them for industrial uses where ACTUAL petroleum is necessary (e.g. some plastics, etc) AND radically (by hundreds of years) extends our supply. Biomass conversion is economical **now** with a total delivered price of under \$2.50/gallon " below our current road diesel cost. This cost is expected to drop as economies of scale come into play. In addition this fuel is 100% compatible with **existing** engines " stick it in your car, truck or boat and turn the key, and also can be burned as home heating oil.
5. The diesel vehicle shift instantly results in a 30% drop in consumption for vehicular use since these engines are at least 20% more efficient on a per-gallon basis thermodynamically AND you get ~10% more diesel fuel out of barrel of oil than you do gasoline. It's also easier to refine and consumes less energy, producing less waste product, in doing so. Within 5 years, we achieve what we could not with CAFE requirements - a real honest-to-god 30% improvement in fuel economy - without forcing people to buy smaller vehicles while at the same time reducing energy losses in the production pipeline. In addition within 10 years NONE of these vehicles consume one drop of petroleum " it's all coming from biomass. **When the biomass conversion is complete then all greenhouse gas emission from these vehicles and home heating oil use also ceases - burning biomass-converted fuel is carbon-cycle neutral as the CO2 emitted is re-absorbed, short-term, by plants to make new biomass!**
6. AFTER we transition ALL of our electrical generation off coal and petroleum fuels, if the price of using electrical power to crack water is cheaper than using biomass fuel directly then so be it. I don't believe it will be - but I could be wrong. IF there is a hydrogen fuel car in the future, that's the time and place for it - purely driven by economics, not by insane environmental activism.

You want a solution? There it is, and not one bit of it requires technology that we do not currently possess. No pie-in-the-sky research projects, no advances on current technology required. It WILL work because every bit of this is proven technology that we already know how to do in a cost-effective manner. In addition it puts a sock in all those who argue for Kyoto or similarly-flawed treaties by **completely removing**

transportation and electrical generationâ€™s contribution to greenhouse emissions â€” the two biggest contributors. Within 20 years, we can be free from the â€œdrill for itâ€• oil economy. We will still use natural gas and we will hold in reserve our coal â€” just in case. The oil companies will now be in the business of producing â€œrenewable oilâ€•, a carbon-cycle-neutral fuel that has no greenhouse gas consequence. We will drive cars that get 20% better fuel mileage â€” and will still be able to get fuel for them at a competitive price. The mercury problem in our environment will be solved, as will that of greenhouse and other emissions from power plants. **We can reach energy independence from the â€œweird beardsâ€• within 3-5 years.** *We can also reach a **stable energy posture** in this nation inside of a decade, and cast off forever the tie to petroleum as a primary resource within two decades.* With this change will come lasting prosperity and destroy the ability of radical world governments â€” or terrorists â€” to destabilize our economic base. To implement this plan out of the box we must strip the environmentalists of their ability to stop it from being put into place, and demand that Washington implement it. It CAN be done. Will we come together to do it today, or will we become a third-world country when Iran, Venezuela or some other nation decides to turn off the tap?

Posted by Karl Denninger at 16:55

Have you mailed any of this to your elected officials? These plans of yours need more publicity. Scream it from your rooftop if you need to. Get this out there! Anonymous on Apr 7 2006, 09:44

Yes, and you should too! Print it out and fax it to your rep and senators! Anonymous on Apr 7 2006, 10:19