

# Energy Update

by Don Shrader

## Constitution Party of Ohio



Here is the latest regarding the state of energy in the U.S. and around the world. Everybody knows that the world, and the U.S. in particular, is about to run out of oil and our only salvation is solar, wind, and bio-fuels. To further demonstrate this truth, I give you the following from today's SME Executive Briefing:+

Alberta Agency Predicts Big Increase In Oil Sands Output By 2021.

Reuters (6/21) reports that on Wednesday Alberta's Energy Resources Conservation Board says oil sands output is likely to at least double by 2021. This prediction is in line with last month's Canadian Association of Petroleum Producers report, that predicted production of oil sands in the province will reach 3.1 million bpd by 2020. Meanwhile, last year was the first time in 16 years that conventional oil production increased in the area.

Oops! Well, maybe we are not going to run out of oil all that soon except that Canada plans to ship the oil overseas via rail to a western Canadian port and then ship all the oil that Canada does not use itself to Asia . if we don't allow the Keystone Pipeline.

Crude Tumbles As EIA Says Supplies At 22-Year High, Fed Does Not Meet Expectations.

Bloomberg News (6/21, Shenk) reports crude oil prices "dropped to an eight-month low after the Energy Department reported that US crude inventories climbed to the highest level in 22 years." Crude oil for July delivery settled \$2.23, or 2.7 percent, lower at \$81.80 a barrel on the New York Mercantile Exchange, the lowest settlement since Oct. 5. The July contract expired Tuesday, and the more actively traded August contract fell by \$2.90, or 3.4 percent, to settle at \$81.45. Brent crude in London also dropped to an 18-month low of \$92.69 a barrel on the ICE Futures Europe exchange. According to Bloomberg, futures fell after the Energy Information Administration reported that crude supplies rose last week to the highest level since July 1990, and "the decline accelerated after Federal Reserve policy makers lowered their outlook for growth and employment."

The AP (6/21, Kahn) reports that "a 'build' and a 'Twist' knocked oil prices to the floor on Wednesday," referring to the EIA report and Fed announcement that it "extended an interest-rate reduction program known as Operation Twist, but declined to take more aggressive steps to boost the economy." The AP explains that the EIA supply report surprised analysts who had expected a drop of only 600,000 barrels. Regarding the Fed announcement, the AP adds that "what traders wished for was another round of Fed bond purchases. ... Those bond purchases made it easier for investors to raise money, and many pumped that money into commodities like oil that were considered safe bets given rising demand from developing nations like China."

The Wall Street Journal (6/21, Strumpf, Subscription Publication) adds that crude supplies have been at above-normal levels for months due to a combination of a weak economic recovery and rising production. According to the EIA, domestic oil production is at the highest level in 14 years.

Well, doggies! Where did all that oil come from? You know what? Those high gasoline prices seem to be working, causing people to conserve by driving less. At the same time, it is good they are driving less because by buying less fuel, there are less local taxes collected, which are paid per gallon not on the dollar amount, which reduces the amount of money local governments, like your county and city, have available to repair roads and bridges.

But, not to worry about high gasoline prices because much greater automobile engine fuel efficiency is underway and probably only decades away from implementation.

Companies Work To Improve Fuel Efficiency In Combustion Engines.

The New York Times (6/21, Gies, Subscription Publication) reports on companies trying to increase combustion engine efficiency by as much as 55%. For example, Michigan-based EcoMotors "seeks to increase efficiency by shutting down part of the engine when full power is not required." In EcoMotors' engine, the pistons "face each other, creating a combustion chamber between them, eliminating the need for a cylinder head. ... This allows a modular architecture, stacking as many as three cylinder pairs, connected or disconnected with clutches, which can increase efficiency by 15 to 55 percent depending on the number of modules stacked," according to EcoMotors' chief executive Donald Runkle.

And if that is not enough, there are always hydrogen powered fuel cells that will further save us. Don't let the fact that like the electric car the fuel cell has been the promised savior of energy conservation for decades. (BTW, for those friends

. and enemies . who say we just need more time for the electric powered vehicle to mature, remind them that the first self-powered automobile [yes, I know automobile by definition means self-powered+so that is a redundancy, but not all your liberal friends know that] was an electric powered vehicle, circa 1867. So, how much time is needed for the technology to mature?) But, back to the future.

#### Fuel-Cells Promoted At Hydrogen Education Conference.

Bloomberg News (6/21, Keane, Ohnsman) reports two aides to President Obama -- Heather Zichal, Obama's top aide on energy and climate change, and Energy Department assistant secretary David Danielson . spoke recently at a conference sponsored by the Hydrogen Education Foundation, where they called fuel cells "part of the solution for improving automobile efficiency, giving boosters some optimism the US will help create a market for the technology." National Fuel Cell Research Center director Scott Samuelsen said at the conference, "There's been a dramatic turnaround in the past six to nine months of the need for this in the future' by the Energy Department." Danielson said at the conference, "Fuel cells are truly an integral part of our portfolio and part of our all-in approach."

BTW, do you suppose that people are driving less because they have fewer places to drive, like to work? Well, that may be changing in the near future thanks to Obamanomics. Today, SME reported that:

#### Mass Layoffs In Manufacturing Fell Last Month.

IndustryWeek (6/21, Jusko) reports, "The number of mass layoffs in

manufacturing declined in May, on both a seasonally adjusted and non-seasonally adjusted basis, compared with the same month one year ago, according to the US Department of Labor." According to data from the Labor Department's Bureau of Labor Statistics, the "number of mass layoffs in manufacturing was 264 in May, seasonally adjusted, compared with 374 in the previous year." IndustryWeek reports, "Data unadjusted for seasonal variation showed 186 mass layoffs in manufacturing during May, down from 270 in 2011."

Do you get that? The number of layoffs were fewer than last year at this time. Is there any chance that there were fewer %Mass Layoffs+this year, not because of Obamanomics stimulus packages and shovel ready jobs, but because there were so many workers laid off in the past 3 years that there are fewer workers left to lay off? Duh! Do you think?

Well, for those that are out of work and cannot afford to buy gasoline to drive anywhere, your worries will soon be over (if you last that long)!!

Human-Powered Helicopter Designed By University Of Maryland Engineering Students Breaks World Record.

The UK's New Scientist (6/21, Aron) "New Scientist TV" blog reported, "Last year, engineering students at the University of Maryland in College Park tried to set a record for flying a human-powered helicopter. Today they are at it again, with a lighter, more advanced cycle-copter." So far, the students "managed to break the world record for human-powered choppers in their first flight by staying airborne for 35 seconds."

Popular Science (6/20, Boyle) reported, "The Gamera II helicopter is shooting

for the Sikorsky Prize, one of aviation's last great challenges, by hovering for one full minute under human power only." Last year, the "students set a new record for a human-powered hover that lasted 11.4 seconds. This year's design is 30 percent lighter and is projected to hover for at least 60 seconds, which is one of the Sikorsky Prize requirements." Also, the aircraft "has to stay within a small area and reach 9.8 feet (3 meters) in altitude."

However, if your liberal friends still need some critical shortage to turn into a cause, tell them about this:

### China Warns Rare Earth Mineral Reserves Are Declining.

The New York Times (6/21, Bradsher, Subscription Publication) reports, "China's cabinet issued on Wednesday its first white paper on rare earth industry policies, acknowledging that poorly regulated mining of rare earth metals had caused widespread environmental damage and promising an extensive cleanup and a crackdown on illegal mines." The white paper "warned that inefficient mining and refining practices had squandered scarce mineral reserves and produced extensive emissions of radioactive residues, heavy metals and other contaminants." The document "says China has only 23 percent of the world's rare earth reserves and has already depleted the most accessible reserves. But the United States Geological Survey a year ago raised its estimate of Chinese rare earth reserves, to half the world's supply, compared with a third of the world's reserves."

BBC News (6/21) reports, "China has warned that the decline in its rare earth reserves in major mining areas is 'accelerating,' as most of the original resources are depleted." Beijing "added that it would implement 'stricter

standards' and 'protective exploitation policies' to ensure sustained growth of the sector."

So, tell those liberals to turn in their cell phones, ipads, laptops, cameras, and the likes because these are the largest users of rare earth metals. Oh, wait, never mind, the Obama administration is on the case. So, tell your liberal friends, %Never mind!+

China on Wednesday defended its export curbs on rare earths used in high-tech products as an environmental measure and rejected a World Trade Organization challenge by the United States, Europe and Japan."

Well, that's the news for now. Sleep well.

Don Shrader

They that can give up essential liberty to obtain a little temporary safety deserve neither liberty nor safety. ~ Ben Franklin