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The recent delay on the Keystone Pipeline became more academic as the issue was allowed to bubble and fester in the public domain. Certainly in the end Obama, facing an election in 2012, was in a lose-lose position in making any kind of decision before the election. In many ways Keystone has become the flashpoint for the environmentalists in their bid to wage social warfare (I think I just coined a new term) against the use of fossil fuels (as least in North America).

Some text from the Daily Oil Bulletin – Nov 7, 2011 - Cleaning Up Oilsands Won't Diminish Anti-Oilsands Campaign: By Pat Roche

Changes that make oilsands production greener -- such as cleaning up toxic tailings -- won't appease global environmental groups whose real goal is to shut down the industry, says a prominent climate change scholar. David Keith made the comment last week in an impassioned and provocative speech to a conference held by the University of Calgary's Institute for Sustainable Energy, Environment and Economy (ISEEE). "The reason that the big NGOs [non-governmental organizations -- in this context, environmental groups] want to shut down the oilsands has nothing to do with the local environmental impacts," Keith told the Calgary ISEEE conference. "That's just what they say in the tactical battle. In some ways, it has nothing to do even with carbon intensity. It has to do with a desire to keep that carbon in the ground."

Some text from the National Post – Nov 12, 2011 - Stopping Keystone XL won't save the planet By David Frum

What will curtailing oilsands accomplish for the environment? Nothing. This is a big planet full of oil, and if the United States does not buy its oil from Canada, it will buy its oil from somebody else.

So long as demand runs high, oil will be imported and burned. And it's not like pumping the oil from the Gulf of Mexico, or transporting oil from the Middle East in tankers, is exactly environmentally risk-free.

Getting off oil means changing the way Americans use oil. That change requires a change in incentives: A permanently higher oil price that will encourage Americans to live closer to work, to build their cities denser, to prefer more fuel-efficient vehicles, to convert their bus and truck fleets to natural gas, and so on.

Price incentives work. The oil shocks of the 1970s cut American oil use dramatically. As late as 1995, Americans were still using less oil than they did in 1978 — even as they drove many more miles.

High prices persuaded homeowners to switch to gas heat. High prices and well-timed deregulation shifted U.S. freight transportation from truck to rail. High prices jolted U.S. utilities to stop burning heavy oil to power electrical generators.

But after 1996, low prices ended this conservation era. Oil use surged for the next decade.

They won't become ingrained, however, until and unless Americans accept that oil prices will remain high indefinitely. Which, in turn, means until and unless the U.S. adopts some system of stand-by energy taxes or carbon taxes.

Putting a price on carbon, however, is a concept the Obama administration and the Democrats in Congress indefinitely postponed all the way back in 2009. Such a step would have imposed costs on voters, and in bad economic times, the politicians flinched. And hey, flinching from adding costs in bad times is a pardonable reflex — if you are a politician. What is unpardonable is the willingness of environmentalists to accede to the political imperatives of their Democratic chums, and to join with the Obama administration in pretending that the United States can move off oil at zero cost. You see, it's only "big oil" that craves cheap gasoline — the actual voters are the victims of the machinations of sinister corporations selling products that people want at prices that people can afford.

There are serious carbon tax proposals that would mitigate the costs upon non-affluent voters by rebating the proceeds in one or another kind of tax cut. But if you want to use less oil, then you must ensure that oil costs more. Ad hoc gestures like the Keystone cancellation change nothing — except to sustain the status quo, with its dependence on oil drilled and carried from across the ocean.

Environmentalists have become adept at stopping things. A greener future requires the advanced countries to build things — including pipelines.

Australia has recently introduced a carbon tax. They were fortunate as a nation to have seen little effect from the global economic downturn over the past couple of years. In a large part no doubt due to the fact that as a resource driven economy their primary markets would be in Asia. We did see a greater propensity for higher prices due to environmentalism when times were better in North America. This fell off sharply as the recession set in. The EU carbon market has faced similar challenges given economic strife and most recently certain countries' reactions to nuclear power as an energy source after Japan's earthquake and the Fukushima situation. So the recent Australian move may be an important one in seeing if and how a carbon tax can be successful.

The International Energy Agency (IEA) recently published its World Energy Outlook for 2011. Coming as no surprise (as in at least to me) coal has been the foundation for world energy growth over the past decade contributing about half. It is abundant, cheap, and easy to get at and located in developing countries that need the energy for growth. It is hard to fathom an effective replacement source in these developing economies in the coming decade.

Similarly in relation to the Keystone Pipeline drama, the USA uses 15 million barrels of oil per day of which they import between 10 and 11 mb/d. It is difficult to understand how they could forsake energy security for politics. A price shock emanating out of the Middle East would certainly send ripples through the system. Of note however is that the IEA predicts the USA import requirements will drop to around 6 mb/d by 2035 based on increased production through oil shales and lower demand as technology allows change in consumer use.

All this as the world human population ticked by the 7 billion mark.

From the Thursday Files

Stress is an ignorant state. It believes that everything is an emergency.
- Natalie Goldberg