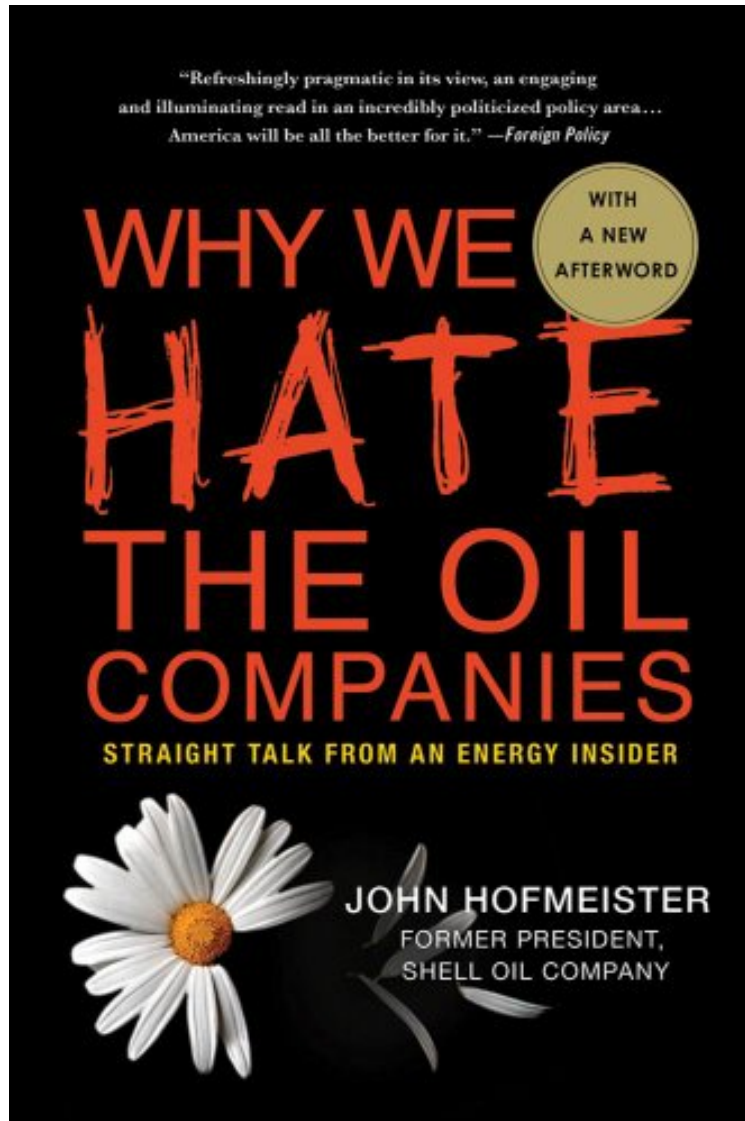


Why We Hate the Oil Companies: Straight Talk from an Energy Insider

John Hofmeister

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John Hofmeister : Why We Hate the Oil Companies: Straight Talk from an Energy Insider before purchasing it in order to gage whether or not it would be worth my time, and all praised Why We Hate the Oil Companies: Straight Talk from an Energy Insider:

0 of 0 people found the following review helpful. Five StarsBy Ward WheatallA thoroughly excellent description the problems Americans face in obtaining their petroleum supplies at manageable prices1 of 2 people found the following review helpful. Misleading titleBy JCFirst and foremost, this book is not a comprehensive critique analyzing why we

hate oil companies. Whoever chose the title of the book has misled you. Instead, it is a high level perspective describing energy production and security in the U.S. Hofmeister's writing style and use of personal anecdotal experiences is engaging and smooth. The background information he relates is informative and supports many of his assertions. I found such elements useful. His discussion contrasting "political time" vs. "energy time" is particularly acute and sage. Also informative is his analysis concerning the popular notion of substituting "green energy" resources (e.g., solar, hydro, wind, biofuels) for more conventional forms of "brown energy" resources (coal, oil, gas, nuclear). He makes a strong argument as to why green energy is not capable of substantially meeting energy gaps/needs now or in the near future. As such, Hofmeister makes a strong case for expanding our known and reliable forms of energy (e.g., coal, gas, oil, nuclear). Hofmeister writes little in his book analyzing or investigating his title question "why we hate oil companies?". His analysis focuses principally on why oil (and other energy companies) can't produce more energy....and blames this squarely on our government. He provides examples that reflect poorly on Congress, the Executive Branch, and our federal court system. These examples do show our government's flaws with respect to addressing energy needs. As such, his summary answer to "why we hate the oil companies?" is: "Because politicians have taught us to by using them as scapegoats for their own inability to lead and because the oil companies have been content, along with utilities, to sit it out under a rock, making money all the while. In fact, the energy companies and special interests are party to the whole mess, given their fealty to the extraordinary fragmentation that our system has created and thus deserve some of our disdain." "While some people may hate oil companies because they've not exercised much judgement when listening to various politicians, that answer falls well short of "why we hate the oil companies." Frankly, there are many reasons as to why people either hate or have contempt for oil companies. Some leading reasons include multiple large oil spills offshore America's coasts (e.g., Santa Barbara oil spill off California; the Exxon Valdez oil spill in Alaska, the Deepwater Horizon spill in the Gulf of Mexico). Such spills adversely impact our coasts and disrupt our jobs and recreation. They soil and tar our wildlife, boats and beaches. Inland, oil companies activities have polluted our lands, contaminated our water supplies, and overall our living spaces. Time and again, oil companies have shown the public they cannot be trusted to follow best industry practices/guidelines, or to comply with federal laws and regulations. There are numerous examples showing intentional negligence, short cuts, and cost-cutting on the part of oil companies that resulted in oil spills (e.g., BP not pigging some of their pipelines on the North Slope for 10 years, though such was required, and resulting in the largest oil spill on Alaska's North Slope; BP's engineering short cuts leading to the Deepwater Horizon blowout in the Gulf of Mexico) or other environmental impacts that were adverse. Or how about the the outright dishonesty and deceit exhibited by oil companies responsible for oil spill catastrophes (e.g., the scrubbing of electronic communications between Exxon executives shortly after the Exxon Valdez started spilling oil into Prince William Sound). And of course, there are numerous cases whereby oil companies have subverted, obfuscated, or leveraged public officials/agencies to NOT adopt or drop certain requirements that would have improved safety for people and/or reduced hazards to our natural resources. For example, months before the Deepwater Horizon catastrophe, oil companies (including BP and ExxonMobil) successfully lobbied the federal government to NOT adopt additional safety measures (used elsewhere in the world) to reduce risks associated with deepwater drilling operations. It's worth noting that Hofmeister spends a lot of time finding fault chiefly with the various branches of the federal government (executive, legislative, and judicial) and his solution is they must change (not industry). I found many of his accusations accurate and precise. For example, partisanship is hindering our advancement past certain bottlenecks on a number of problems facing our nation. What is missing from his book however, is a candid discussion addressing the oil companies or energy industries faults and how they might change to benefit our country. To his credit, Hofmeister accurately points out that the oil companies are in it for themselves (ok, that's capitalism) and it is government's role to manage outcomes in the interests of society. So Hofmeister faults the government for regulating the energy industries, inferring that government gets in the way of energy producers to the detriment of energy producers and society. However, because he fails to dig deeply to identify why we hate the oil companies, he also fails to address that the public and the government do not trust oil companies to "do the right thing" for society, but rather to will do what is right for the oil companies and their share holders. And because the government is supposed to represent the interests of the public, they MUST regulate oil companies and other energy industries. However, I agree with Hofmeister in that our government can and should be doing a better job making our energy both affordable and secure, all the while making energy companies fully accountable to society for environmental or social harm they may do. Based upon my reading, Hofmeister's chief purpose for the book is to advance his idea of establishing a Federal Energy Resources System, much like our nation's Federal Reserve System overseeing the nation's financial sector. The Federal Reserve is independent within government in that "its monetary policy decisions do not have to be approved by the President or anyone else in the executive or legislative branches of government." Its authority is derived from statutes enacted by the U.S. Congress and the System is subject to congressional oversight. Hofmeister suggests replacing the present governmental regulatory system (a complex and encumbered web of federal agencies influenced by presidential and legislative politics, election cycles, and periodic tweeking by the judicial branch) with a Federal Energy Resources System. Such a system would likely absorb some federal agencies (e.g. BOEM, BESSE, NRC) in full and draw regulatory authority

away from other federal agencies (e.g., EPA, NOAA/NMFS, FWS, BLM). The concept is intriguing and with some merit, however, I have some strong reservations as to adopting such a system. For one, as I understand its structure, it would distance its Board of Governors from being truly accountable to the voting public. It would also substantively disrupt one of our government system's leading tenets, that being governmental checks and balances. Wrapping all energy and associated environmental issues (e.g., natural resources potentially impacted by energy projects) into one federal board headed by a single chairman might expedite energy decisions and projects, but it is ripe for abuse leading to environmental degradation and social injustices. Finally, the Board and its Chairman would also be vulnerable to being "captured" by various sectors or companies of the energy industries. When federal agencies are captured by the industry(s) they are responsible for regulating, they often minimize regulating the industry and public resources often suffer in one form or another. For example, the Minerals Management Service (a federal agency within the Dept. of Interior), was responsible for regulating the offshore oil industry. They were effectively "captured" by the offshore oil and gas industry, reduced government permitting and inspections that later contributed to BP's Deepwater Horizon catastrophe in the Gulf of Mexico. Post Deepwater Horizon, the Minerals Management Service changed its name to BOEMRE and was then split into three different federal agencies to establish more checks and balances in regulating the offshore oil industry. Basically, my concern is that as proposed by Hofmeister, a Federal Energy Resources Board/System would have little accountability to the public (i.e., voters and taxpayers), be highly vulnerable to being captured by energy industry members, and be likely to make unbalanced decisions that benefit energy producers and are environmentally/socially destructive or harmful. The idea has merit, but needs more balance and vetting. In all, I recommend reading Hofmeister's book, wherever you may fall in the spectrum of energy consumers. You will learn important information as to where we have been, where we are now, and where we might be in the future with respect to energy resources and security. Please note that Hofmeister poses a bleak energy forecast for our future (frankly overhyped and full of weak assumptions) that may/may not be accurate. I agree with him, that we as a nation must act thoughtfully and promptly to blaze a new path forward to power our nation's economy, and that it will involve blending energy resources (green and brown) to meet our energy needs and wants. Just read his book with a critical mind; challenge his assumptions, positions, and suggestions. And ask yourself "do you hate the oil companies? if so, why?" 6 of 7 people found the following review helpful. Why read why we hate the oil companies? By Ann F. Johnson I heard Mr. Hofmeister lecture at Florida State University and ordered his book since the local libraries didn't seem to be doing it. He makes a strong case for shoring up the "bridge" hydrocarbons and nuclear while we are going about setting up the "new" alternative energies and hydrogen fuel cells. The current utilities infrastructure is aging and no new nuclear or coal plants have been built since the 70's--the life expectancy of a utility plant is 50 yrs and the average age of our plants is 38 yrs and it takes about a decade to get a plant online - so in 10 yrs if we haven't done anything we will be facing brownouts and shortages - which all the "alternative energy sources" planned will not make up for. To get some consistent policies so companies can plan ahead, he suggests an "energy resources board" like the Federal Reserve Board - independent of political cycles and made up of experts-- to set policy and plan for the future phase-in of both alternative and cleaner traditional energy sources. As a former president of Shell Oil, he testifies to the difficulty of getting new infrastructure (in his case a liquefied gas receiving station in LI Sound--an area that is coming up on its energy limits since Shoreham nuclear plant was denied in the 1970's) - there is a thicket of agency permits and rules both local and national that companies have to jump through and even then there is no assurance of getting something built - so they have largely given up. If his facts are right, then we should be paying attention, even though when he talks about preserving the "American lifestyle" I have to wonder just whose "American lifestyle" he wants to preserve, because I see an awful lot of muscle trucks and living beyond one's means in the "American lifestyle" around here. Unfortunately I think his sound points will not resonate with folks who want a change because 1) his title doesn't express the thesis of his book - which should have been "why we will need coal, oil, and nuclear for the foreseeable future" - or "what we should be doing about the non-alternative energy sources while we are experimenting with the alternatives" and 2) his timing is awful - a book with that title coming out on the heels of the Deepwater Horizon oil spill-ouch. And using the Federal Reserve Board as a model for keeping us out of trouble??- the experts didn't do too good a job of that when they fueled the real estate bubble with their low interest rates, did they? Even he concedes it will probably take a series of energy crises in the coming decade to get energy policy de-politicized and moving ahead with a coherent plan. He does make a good point that other countries, including Canada, France, Germany and China, are already developing coherent plans for their transition from "non-OPEC oil". Look folks, we may hate the oil companies, but let's face it, these are the guys who know what it takes to realistically get us where we want (and need) to go and if they are telling us we're being un-realistic, we need to listen.

As president of Shell Oil, John Hofmeister was known for being a straight shooter, willing to challenge his peers throughout the industry. Now, he's a man on a mission, the founder of Citizens for Affordable Energy, crisscrossing the country in a grassroots campaign to change the way we look at energy in this country. While pundits proffer false new promises of green energy independence, or flatly deny the existence of a problem, Hofmeister offers an insider's view of what's behind the energy companies' posturing, and how politicians use energy misinformation,

disinformation, and lack of information to get and stay elected. He tackles the energy controversy head-on, without regard for political correctness. He also provides a new framework for solving difficult problems, identifying solutions that will lead to a future of comfortable lifestyles, affordable and clean energy, environmental protection, and sustained economic competitiveness.