



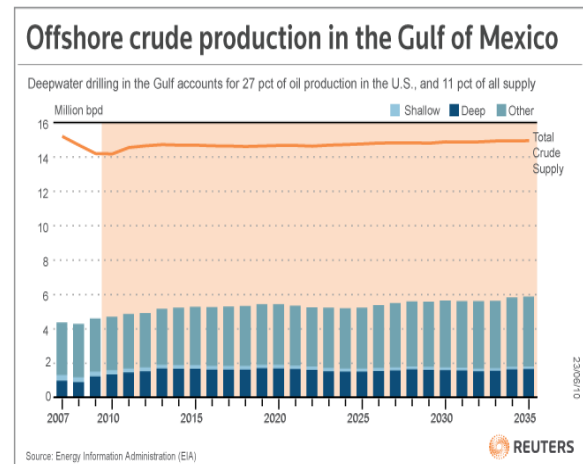
The Gulf what a mess or does it have a “silver lining”

As 60,000 barrels of oil a day continues to gush into the ocean it is a stark reminder as to how fragile our interaction with the environment is. BP has tried several times to stop the leak and as the hurricane season takes hold the chances are the leak will remain unplugged for some time to come. It is an unprecedented ecological and financial disaster where the ramifications will be felt by all for decades. **Is it all BPs fault?**

When US Congress confronted the chiefs of Exxon-Mobil, Chevron, Conoco Phillips and Shell on the 15th June at a senate inquiry, it accused them of having the same ill prepared response plans as BP and that they were all unprepared should a similar disaster occur to them? BP it might be said was just the unlucky one and if the same predicament currently be fallen to BP was to the others then we would be in the same dire circumstances. It was as if Congress was preparing the grounds for a “witch hunt” into the do’s and don’ts of off shore drilling. Interestingly, it is the same Congress who “cried wolf” when the price of Crude reached US147.00 on the 11 July 2008, then virtually unanimously resolved to take the US to 40% self sufficiently on its energy needs by 2035. In doing so, it started a process of dismantling a quarter of a century old moratorium on drilling offshore, obviously it seems opting for the easiest solution to the problem.

Then up at the White House, Barrack Obama, eager to keep up appearances on the disaster vilified BP whilst mobilising the armed forces to help combat the contagion, slapped a six month moratorium on deep water exploration and drilling. Whilst only four months earlier he reiterated the need for the US to become self sufficient on its Oil needs and announced the additional release of over 500,000 square miles of US coastline for offshore drilling.

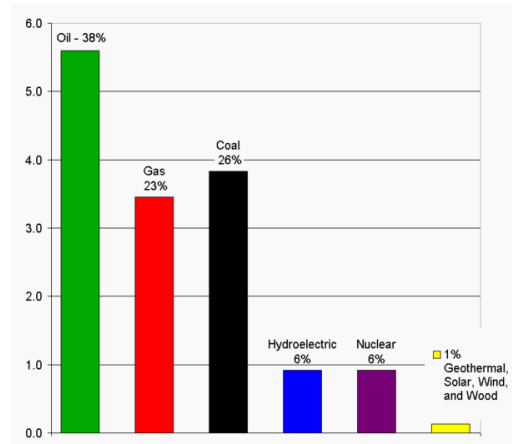
As a global society we have dictated what energy will grease our economies. Oil is by far our main choice of power as it is easy to procure and consume. Our way of life depends on it; globally we consume 84.31 million bpd. The US the worlds largest consume 19.5 million bpd of this 13.5 million bpd is imported on the balance left deep water drilling in the Gulf contributes 27% and represents 11% of total supply to the US. So it goes without saying that drilling programs in the Gulf of Mexico whether deep water or not are a mainstay to the US in achieving 40% self sufficiency of its energy needs by 2035. So there is a lot of resource riding on any decisions to or not to drill. We continually have to be reminded on the fragile state and imbalance of our energy consumption. Why haven’t we acted to seek alternatives? It seems dumbfound that the US who has bared witness to the oil shocks associated with the Abadan crisis of 1951, Suez Canal in 1955, Iranian Revolution in 1982, The Gulf War in 1992 and more recently Peak Oil in 2008, is still import dependant.



Governments have the ability to mandate change and in most cases the general population have the ability to vote the governments in. So why do we find ourselves in the position where 38% of our energy needs are still reliant on Oil and 89% on non renewable energy. Mixed policies to suit the voters and big business or should our

governments independently have opted for the hard line and use these crisis as the catalyst for ramping up the use of alternative and renewable energies? Perhaps these policies were not vote winners but today as sampled by Obama's and the US Congress's comments they are.

Energy Consumption



Renewable energy in the past has not been a vote winner however, it is hoped that the events in the Gulf and the "Peak Oil" rally in 2008 have been the catalyst for change. At the moment, just over 18% of global energy consumed is attributable to renewable energy production. Of this 2.4% is attributable to new renewables mainly, small hydro, modern biomass, wind, solar, geothermal, and biofuels. Wind power is growing at an annual rate of 30% and in Brazil 18% of the countries fuel is ethanol based from sugar. Given the world ending stocks at record highs, the current low price

and better production methods for sugar it makes sound economic sense to move into this space. We have the technology to move to renewables, why since the 1950s are we still standing at 18%? We have opted for the easy/traditional solution each time and as the Gulf fills with oil we can now visualize what the future may or may not look like. It is up to us.

As the spill in the Gulf grows and as the images are a massed we are reminded of the effects on the environment the Exxon Valdez had when it grounded on Bligh Reef in the Prince William Sound in Alaska March 1989. Where reportedly 750,000 barrels re-entered the environment on what was billed the most devastating human caused environmental disasters of all time. Fortunately, in this case we had a finite amount to spill. Not so in the Gulf of Mexico.

We have the resource and the technology however the will power for change is squarely levied on those that put the governments in power; the people. Diasters like the leak will sadly continue to occur as we seek the soft options and seek to be reliant on oil as the number one energy. So is BP to blame for this diaster, perhaps some but not all. The blame is squarely on all of us BP is just the messenger.

Cheers
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