Over a Barrel:
The High Cost of Oil

"The day of the Lord will come as a thief in the night; in the which the heavens shall pass away with a great noise, and the elements shall melt with fervent heat, the earth also and the works that are therein shall be burned up."
—II Peter 3:10

THE APOSTLE PETER WAS looking forward in time to the closing scenes of this present Gospel Age. He speaks of the passing away of the symbolic heavens and the melting of the symbolic elements of earth's society in the prophetic 'day of the Lord.' At that time, our Lord Jesus would be present to make way for his coming kingdom of peace and truth. "Nevertheless we, according to his promise, look for new heavens and a new earth, wherein dwelleth righteousness."—vs. 13

THE WORD OF PROPHECY

The symbolic times in which we live will not be understood by the worldly-wise, while others will scoff at the wonderful promises of God and the nearness of Christ's kingdom. Peter cautions, "Knowing this first, that there shall come in the

last days scoffers, walking after their own lusts, And saying, Where is the promise of his coming? for since the fathers fell asleep, all things continue as they were from the beginning of the creation." (II Pet. 3:3,4) Only those who love our Lord Jesus and desire to follow him have the light shined in their hearts, and have been enlightened by the Holy Spirit of God. They study the symbolic language in the light of prophecy and are thus able to identify the foretold events that mark our time. "We have also a more sure word of prophecy; whereunto ye do well that ye take heed, as unto a light that shineth in a dark place, until the day dawn, and the day star arise in your hearts."—chap. 1:19

A THIEF IN THE NIGHT

The Apostle Paul provides an important perspective in connection with the foretold time of the end and the events that will take place at that time. "Yourselves know perfectly that the day of the Lord so cometh as a thief in the night. For when they shall say, Peace and safety; then sudden destruction cometh upon them, as travail upon a woman with child; and they shall not escape. But ye, brethren, are not in darkness, that that day should overtake you as a thief. Ye are all the children of the light, and the children of the day: we are not of the night, nor of darkness."—I Thess. 5:2-5

SIGNS OF THE TIMES

One of the signs that indicate that we are now living at the end of this Gospel Age is the growing concern in connection with the value of the United States dollar. The dollar has been the powerful eco-

nomic standard of nations for over a century. As the purchasing power of our currency decreases there is increased risk of inflation. It takes more dollars to purchase the same commodity that was much cheaper only a few years ago.

The growing concern of runaway inflation is generating a great deal of attention at the present time. The high cost of oil has devastating effects on all segments of life in the United States, as well as in many other parts of the world. Low cost energy was the accepted norm only a few decades ago, but it created an atmosphere of false security among America's oil men and financiers who ignored the growing reality that the country was increasing its dependence on foreign oil supplies at an alarming rate. Domestic production had peaked and was beginning its long-term decline, while oil imports were needed to fill the widening gap between dwindling supply and growing demand.

This shift in foreign supply also created increased risk in connection with the nation's energy and its economic security policies. Oil production has now become a major factor in America's foreign policy and its overall trade deficit. Even during peacetime, the United States spends billions of dollars every year to maintain a powerful military presence in the Persian Gulf region. The importance of petroleum products to the United States economic and energy security may be noted by the readiness to go to war with Iraq in 1991 to ensure access to Persian Gulf supplies.

OVER A BARREL

One of the foremost spokespersons in the

American petroleum industry at the present time is Mr. T. Boone Pickens, who is a wealthy and powerful Texas oil executive and financier. He founded Mesa Petroleum Corporation a few decades ago and, under his leadership, the company grew into one of the largest independent oil companies in the world. Among his many other endeavors, he is also chairman of BP Capital Management which was founded in 1997.

Pickens has spent his whole life in the oil industry and foresees that major changes are necessary to address the problem of dependence on foreign energy sources. He proposes developing alternate means such as natural gas, wind, and solar power to produce energy here at home. He made an interesting observation that in 1970 less than one quarter of the total consumption of oil in the United States was derived from foreign sources, and even at that time he states that there was considerable discussion to lessen that amount. By 1990, the figure had grown to 42% while the seriousness of the growing problem was still being debated. Today he warns that nearly three quarters of the country's total oil consumption is derived from foreign sources and still growing. Pickens pointed out that this is imported at a staggering cost of $700 billion per year at the present time and that this represents the greatest transfer of wealth in the history of mankind.

A RUDE AWAKENING

In recent months, Americans have been awakened to the fact that energy costs are now out of control and are spiraling upwards at ever higher

rates. They have been made abruptly aware of this, especially when they line up at the pump to fill the gas tanks in their vehicles. They are also reflecting on the cost of heating their homes as the cold winter season approaches.

It is estimated that crude oil production in the lower 48 states has declined by about 45% since its peak was reached in 1970. Although the United States is willing to enter into conflict to protect its petroleum supplies halfway around the world, it is now becoming obvious that there has been no long-term policy to reduce its dependence on foreign source oil. Neither has there been any major effort to improve energy efficiency or developing alternative energy sources. The Strategic Petroleum Reserve contains approximately 560 million barrels of oil that may be tapped into in case of emergency. However, as dependence on imported supplies continues to grow the supply and demand factor diminishes the reserves.

GROWING CONCERNS

With gasoline and oil costing what only a short time ago would have been thought to be unthinkable, the belief is now spreading throughout our petroleum-addicted world that it may get worse. Behind some of this fear is the fact that much of the easy-to-reach supplies have already been found, and that some major suppliers of oil may soon be reaching their production peak. Researchers acknowledge that the earth's oil production will eventually max out, after which time output levels will begin an irreversible decline.

Experts in the industry predict the possibility

that this could happen sometime after 2020.

Added to this possibility is the growing worldwide demand for oil, especially in new consuming nations such as China and India, that may exceed 94 million barrels a day in the next five years. International Energy Agency estimates indicate that global production is between 82 and 86 million barrels per day. This is forcing the issue to obtain supplies from unconventional sources such as Canada's vast oil sands in Alberta which is more difficult, expensive, and environmentally harmful.

SUPPLIES THREATENED

The growing reliance on foreign energy sources is becoming more fragile as terrorists target the supply. The *Los Angeles Times* published an interesting news article (June 28, 2008) entitled "Nigeria Attacks Disrupt Oil Flow" that was submitted by Staff writer Paul Richter. We quote from the article in part which reads, "Clashes with increasingly bold rebels in a key area reverberate through global markets. Amid surging demand for oil, a severe bottleneck has developed in production of high-quality West African crude, alarming world leaders, and demonstrating a new vulnerability in fragile oil markets.

"With production declining elsewhere, consumer nations had been looking hopefully toward Nigeria, but rebels who have waged an increasingly bold campaign in the oil-rich Niger Delta have slashed the country's output in their most recent attacks. 'The deepening disruptions in Nigeria represent a huge hole in world oil markets,' said Daniel Yergin, a top oil expert and chairman of the

Cambridge Energy Research Associates consulting firm, who warns of an increasingly crisis-prone oil economy.

"A nighttime raid by Nigerian militiamen in speedboats forced the shutdown of a Shell offshore platform and shocked the industry, demonstrating that even production facilities far from land are no longer safe. That attack, among others, has cast doubt on whether oil companies will continue investing billions of dollars in a region plagued by violence and corruption. And it has raised questions about whether the Bush administration has done enough to pressure Nigeria's government to find a political solution to the unrest.

"The disruptions also signaled the sensitivity of the oil markets to political and security pressures at a time of tight supplies, when the smallest fluctuations can quickly drive up prices. Violence regularly disrupts oil flows from Nigeria, Iraq and Columbia; the threat of conflict also hangs over the output of Venezuela, and Iran, Saudi Arabia and other Persian Gulf states, boosting prices. Nigeria's petroleum infrastructure is threatened by militias motivated by anger that the country's leadership and international oil companies were not sharing the oil wealth with the impoverished residents of the Niger Delta.

"Though the movement has its origins in political grievances, many experts regard the militias as youthful crime gangs that steal oil, carry out kidnappings and buy weapons in a sophisticated scheme that benefits Nigerian military and civilian leaders as well as warlord commandants. The gangs, whose arms include surface-to-air missiles and

bazookas, have learned how to siphon thousands of gallons of crude into barges and send it to the high seas for sale on the world spot oil markets. Since 2005, attacks have cut 20% to 30% from the nation's oil output. But recently, the oil conflict has combined with labor strikes and other problems to reduce output by 1 million barrels a day.

"The decline in West African production represents a fraction of United States consumption—about 21 million barrels a day, but it has a powerful effect on oil markets at a time when output from Mexico and Venezuela is falling, and Iraq's production languishes below prewar levels. The offshore speedboat raid raised new questions about security in the region. And United States influence is limited by Chinese and Russian interest in the Nigerian market."

SUPPLY LANES THREATENED

Another news item also appeared in *The Los Angeles Times* (June 29, 2008) under the title "Iran Threatens to Block Persian Gulf Oil Lanes." The article was submitted by Borzou Daraghi, a Times Staff writer who wrote, "The commander of Iran's elite Revolutionary Guard said the government might shut down vital oil lanes through the Persian Gulf if the country were attacked by the United States or Israel, according to a newspaper report. Major General Mohammad Ali Jafari warned that if there were any confrontation over Iran's nuclear program, Tehran would try to damage Western economies by targeting oil.

"'Naturally every country under attack by an enemy uses all its capacity and opportunities to con-

front the enemy,' Jafari said to the hard-line newspaper Jaam-e-Jam, according to translations of the comments on the English-language website of the semiofficial Fars News Agency. 'Iran will definitely act to impose control on the Persian Gulf and Strait of Hormuz,' through which 17 million barrels of oil passes each day. 'After this action, the oil price will rise very considerably and this is among the factors deterring the enemies,' he said. Iran abuts the strategic strait, and Iranian and Western analysts have frequently said that the country could try to blockade or mine it in the event of a war, a move that would send oil prices skyrocketing.

"Some military analysts say Iran might not be able to hold the waterway, which is 21 miles wide at its narrowest point, in a confrontation with United States warships and aircraft. The West and Iran remain locked in a standoff over uranium enrichment, which Tehran insists is meant to produce fuel for energy production, but which the United States and its allies allege is the cornerstone of an eventual weapons program. The West has threatened a fourth round of United Nations sanctions as well as a tightening of other economic restrictions if the program is not suspended. United States lawmakers are considering resolutions that would require President Bush to increase pressure on Tehran by preventing the export of refined petroleum products and inspecting all persons, vehicles, ships, planes, trains, and cargo entering or departing Iran. U. S. officials also leaked word of a large Israeli military exercise that they described as a prelude to a possible attack on Iran.

"Tehran has reacted angrily to the pressure,

which comes as it considers a package of United States and European-backed incentives meant to entice the government to halt enrichment activities. An escalating war of words has rattled nerves and contributed to rising oil prices. Jafari also warned of possible reprisals against countries that allow the United States or Israel to use their territory or airspace to launch attacks against Iran. 'If enemies from outside the region use the soil of regional countries against the Islamic Republic of Iran, the governments of those countries will be responsible, and it is our obvious right to act in the same way against their military capabilities and abilities of enemies everywhere,' Jafari said."

AIRLINES SURVIVAL

There is much concern that air travel as we know it today will change in the near future. With rapidly rising costs of fuel, airlines are now forced to increase ticket prices, trim domestic flight schedules and impose charges for baggage and other items in an effort to survive. Oil prices have doubled in the last year, and it has been reported that air fares have increased more than 20% across the country since January. Higher fares will inevitably cause some people to stop flying. The Department of Transportation notes a decrease of 3.3% in airline travel in April from the year earlier. Delta Air Lines reported a $1.04 billion loss and American Airlines a $1.45 billion loss in the second quarter of 2008, and announced that travelers could expect higher costs as they struggle to maintain service.

GLOBAL INSTABILITY

In midsummer 2008, the price of oil began to

drop, signaling the Federal Reserve's attempt to curb growing fears of inflation. Chairman Ben Bernanke was reported as saying, "The Fed must remain particularly alert to any sign that inflation is getting out of control." Bernanke's remarks suggested that this was a major concern. Oil traders are fearful that the Federal Reserve will raise interest rates which, if they do, means the price of oil will come down and the United States dollar will become stronger.

Other factors such as possible disruptions in output from oil-producing countries and other worries remain as analysts continue to watch for the Fed's next move. Also, statistics show that Americans are travelling less during this summer vacation season when compared with the previous year. Higher energy costs have been a major factor in the decline. Increasing evidence of a slowdown in the United States economy has been interpreted by oil traders as a sign that the demand for oil would continue to weaken in the world's largest oil-consuming nation. The Organization of the Petroleum Exporting Countries reported that a sluggish global economy would further reduce demand for the cartel's crude oil.

PREPARATION FOR CHRIST'S KINGDOM

In the featured scripture (II Pet. 3:10), our attention was drawn symbolically by the Apostle Peter to the noise and confusion that would accompany the closing scenes of this present Gospel Age and as one of the dramatic signs that our Lord Jesus was present. In Peter's reassuring words, he writes, "Beloved, be not ignorant of this one thing,

that one day is with the Lord as a thousand years, and a thousand years as one day. The Lord is not slack concerning his promise, as some men count slackness; but is longsuffering to us-ward, not willing that any should perish, but that all should come to repentance."—II Pet. 3:8,9

GOD OUR REFUGE

Looking down the long stream of time to our day, the psalmist wrote in prophetic words, "God is our refuge and strength, a very present help in trouble. Therefore will not we fear, though the earth be removed, and though the mountains be carried into the midst of the sea; Though the waters thereof roar and be troubled, though the mountains shake with the swelling thereof. Selah."—Ps. 46:1-3

The psalmist spoke further concerning the events that would be associated with the end of this age. "The heathen raged, the kingdoms were moved: he uttered his voice, the earth melted. The LORD of hosts is with us; the God of Jacob is our refuge. Selah. Come, behold the works of the LORD, what desolations he hath made in the earth. He maketh wars to cease unto the end of the earth; he breaketh the bow, and cutteth the spear in sunder; he burneth the chariot in the fire. Be still, and know that I am God: I will be exalted among the heathen, I will be exalted in the earth. The LORD of hosts is with us; the God of Jacob is our refuge. Selah."—vss. 6-11

TIME OF JUDGMENT

The psalmist and the Apostle Peter spoke in prophetic terms concerning the destruction of earth's present structure, including its social, political, ecclesiastical and financial elements. This method

has been designed by our loving Heavenly Father as the means to prepare mankind for a new administration which will be based on justice, truth and righteousness, that will be established to take charge over earth's affairs.

During the time of the world's judgment, the faithful members of the Christ will share with our Lord Jesus in the teaching and enlightenment work that will be administered on behalf of the whole sin-sick and dying human family who will obey the laws of the kingdom. Mankind will then be given fair and full opportunity to turn to the Lord and the provisions of his righteous kingdom.

At that future time, earth's population will no longer be deceived by the wiles of Satan and the powers of darkness, of which the Apostle Paul wrote in his letter to the church at Corinth. "No marvel; for Satan himself is transformed into an angel of light." (II Cor. 11:14) The apostle explains, "We wrestle not against flesh and blood, but against principalities, against powers, against the rulers of the darkness of this world, against spiritual wickedness [wicked spirits, *Marginal Translation*], in high places." (Eph. 6:12) The Prophet Isaiah speaks of those who would walk in the ways of unrighteousness. He warns, "Woe unto them that call evil good, and good evil; that put darkness for light, and light for darkness; that put bitter for sweet, and sweet for bitter."—Isa. 5:20

NEW HEAVENS AND EARTH

The poor, groaning human creation will no longer be subject to earth's present institutions which have for the most part been based on human error, pride

and selfishness. We are inspired by the prophetic words of Isaiah, who pointed forward in time to Christ's wonderful kingdom, saying, "Behold, I cre-ate new heavens and a new earth: and the former shall not be remembered, nor come into mind." (Isa. 65:17) He confirmed God's wonderful promise, "As the new heavens and the new earth, which I will make, shall remain before me, saith the LORD, so shall your seed and your name remain. And it shall come to pass, that from one new moon to another, and from one sabbath to another, shall all flesh come to worship before me, saith the LORD."—Isa. 66:22,23

The Apostle Peter also spoke of the new social order to be established under the administration of Christ's kingdom. "We, according to his promise, look for new heavens and a new earth, wherein dwell-eth righteousness. Wherefore, beloved, seeing that ye look for such things, be diligent that ye may be found of him in peace, without spot, and blame-less."—II Pet. 3:13,14 ■