

Ray's Ramblings

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Obama's Pipeline, Buffet's Trains, Canadian Oil and Ohio Corn

Almost coincidentally, although not accidentally, two events occurred. In the first instance, Warren Buffet invested heavily in his Burlington Northern Railroad consortium. Secondly, puppet master Obama indefinitely delayed the construction of the Keystone XL pipeline. What is the significance? What is the connection between pipelines, trains, oil and Ohio corn?

Well, one wonders how Warren Buffet knew to order more rolling stock for his Burlington Northern railroad nearly two years ago ... the highest rate of increase in rail rolling stock in nearly 40 years. The order consisted mostly of tanker cars. Could it be possible that Obama's close financial advisor buddy knew something the rest of us didn't as a result of his many conferences with the President? And why the advance orders for all of those railroad tank cars? Aren't we in a recession?

Take a breather, as the story gets a little more complicated. Now, before we move forward with the story, let's take a little side trip to the US Congress. To be specific, H.R. 3784 co-sponsored by who else but Representative Dennis Kucinich (D-Ohio) along with five other Democratic henchmen. Well, what do they grow in Ohio ... corn, which most of us thought was food. No, no! An exponentially increasing percentage of our supply of this foodstuff is stupidly used to make a gasoline additive. How does it get shipped hundreds and up to a thousand miles to the blending refineries. Well, a big chunk of it rolls along on Burlington Northern. Of course, the good folks in Ohio use petroleum-based fertilizers to grow corn that gets turned into a replacement for real petroleum. Now THAT chain of events could only be invented by the Federal Government. Nobody else is that stupid. And, of course, the government gives outlandish grants and subsidies to the farmers who engage in this nearly criminal activity. Representative Kucinich certainly knows how to take care of his 'home boys'.

Kucinich's H.R. 3784 would provide for an 'excess profits tax' on all sellers of any petroleum product. The bill calls for a three-man board, of course appointed by whom else but the President of The United States, with absolutely ***no oversight from the congress or any other regulatory agency.*** They would

decide, with guidance from the president, the definition of excess profits while the bill provides for the taxation of up to 100% of 'excess profits' ... as the board could whimsically define 'excess profits'. Of course, all agricultural fuels ... read corn ... would be exempt from such taxes. We really don't want to burden the corn growers in the Kucinich district with taxes on a product that is already supported by tax dollars. Why that would be un-American. You know, I spent hours trying to find in our Constitution where it gives this kind of power to the executive branch. Maybe I didn't look hard enough. If you can find it, let me know. Can you spell *Atlas Shrugged*?

The Keystone Pipeline has been studied by everybody from the EPA, Department of Energy, Homeland Security, oil companies and a spate of environmentalists, both pro and con, for nearly seven years. The general consensus, even by the government, was that this was a 'slam dunk'. Well, Mr. Billionaire Buffet hadn't quite yet appeared on the scene. Plus, Kucinich and his cronies don't want a pipeline running through their corn fields. There are at least two reasons, and neither has anything to do with environmental impact or the water aquifer. First, the Keystone XL pipeline would, according to almost everyone including the government's own Department of Energy, increase the availability of oil to the United States by about 25%. That would replace nearly all of the oil we get from our dear friends in Saudi Arabia and at a cost of at least 30% less. At the same time it would also bring into very sharp focus the stupidity of turning a large portion of our food supply into automobile fuel and stop the insane subsidies. Take a look at the price of your breakfast corn flakes compared to two years ago. The price has gone up about 250%, mostly due to using our corn as an expensive replacement as a gasoline additive. And it is not just corn flakes, corn and corn byproducts are used in virtually every food we consume from ice cream, to our daily bread. Secondly, it is not in concert with the Obama deal with Warren Buffet. **"Whatever people bring to us, we're ready to haul," Krista York-Wooley, a spokeswoman for Burlington Northern, a unit of Buffett's Omaha, Nebraska-based Berkshire Hathaway Inc. (BRK/A), said in an interview. "If Keystone XL doesn't happen, we're here to haul."** And haul they will, including all of the petroleum products from the Bakken finds. **Ms. York-Wooley (don't you just hate hyphenated names) rambling on attested to the fact that "Burlington Northern carries about 25 percent of the oil from the Bakken and hopes to double their market share within one year. The company can carry higher volumes from North Dakota or Alberta, and any rail port of entry from Canada".**

To give the reader an idea of the explosive growth of the oil schlepping business, the volume of shipments from Bakken by rail has increased from about 500 carloads for the entire year of 2009 to nearly 20,000 carloads in 2011 with an expected minimum of 37,000 carloads in 2012. Oil spokesmen agree that number could double every two years for the next 6 years for a total of about 250,000 carloads per year. And good 'ole boy Obama 'advisor' will be in for a really big chunk of this. By the way, there will be no 'excess profits' committee overlooking the costs of rail transportation. Recent proposals to build a pipeline from Bakken have been met with statements of the 'dire consequences for the environment' from the typical alarmists. The rail system can charge whatever they want. After all, their buddy Obama took away the only other competition from central Canada's border ... the Keystone Pipeline. And besides, they can just pass the extra cost along to the consumer with virtually no regulation.

One savvy Wall Street analyst estimates that Burlington Northern will turn in profits on this endeavor of about \$1,800,000,000 over the next 5 years. Yes, that's \$1.8 Billion Dollars with a big chunk of it going into the pocket of Obama's buddy Warren Buffet. So much for helping the middle class. The long-term cost of shipping oil by rail compared to the Keystone pipe line is higher by about 200-300% and is subject to accidents, union work stops and weather issues. The environmental impact is huge. All trains are powered by diesel, and the cost of the fuel for these trains will be about \$2.2 billion dollars per year and will emit at least 250,000 tons of pollutants per year into the atmosphere. The pipeline emits nothing! So much for green thinking.

So those wondering how it is that AAR railroad statistics continue to be so very strong. It is not because the economy actually justifies it: it is because profit motivated interests such as those of the Octogenarian of Omaha demand it as "payment" for their crony collegiality with the biggest dunce (or politically very clever) president since your hero and mine, Jimmy Carter. At least Carter was not malicious.

Canada has all of the plans in place to build the pipeline to their west coast in the event Keystone is cancelled or delayed. They are not going to wait, as they need the addition of the oil to fuel the economic engine for their own economy. Canada is our second most important trading partner, and if you didn't know it, our largest supplier of oil. They are about to send their oil to their west coast and sell it on the open market, with our dear close friends the Chinese being the main

beneficiary. In the meantime, we will continue to ship oil on Buffet's trains and Kucinich will keep the corn subsidies for his farmers making the most expensive gasoline on the planet. You can bet that Burlington Northern and Obama are in the background trying to get the Canadians to ship by rail from central Canada rather than build a pipe line to the west coast. Just you wait and see, that is exactly what is going on now. If they are successful, the rail system would be stretched well beyond capacity, and the environmental impact of that expansion would make the impact of building the pipeline look like a spilled office waste basket. They might have some success with the Canadians, but it is a lot cheaper and structurally easier to let it flow continuously through a big pipe, with the attendant economic advantages in the market place, not to mention the freedom from union work stoppages and weather delays. Two pipelines, one from Bakken and one from central Canada will do 90% of the work, avoiding tens of thousands of dangerous rail tanker shipments across the country. There *will* be train wrecks ... and they will make the typical pipeline oil spill look like a stain on your favorite tie.

There are pressures on the Mighty Obama to change his mind. The voters are almost unanimously in support, as are most of the government agencies. He now has to balance his decision on whether to bend to the few environmentalists and Buffet or the ever increasing pressure from the voters. In the end, if the past is any indication of the future, we know he will go down the path that will ensure the greatest number of votes in the 2012 elections.

Please, keep breathing.

So let's look at the whole picture. Here are the choices:

Column A:

- Approve Keystone XL
- Create 25,000 high paying jobs
- Eliminate dependence on the Saudi thugs who hate our guts
- Dramatically reduce the cost of gasoline and other fuel for our citizens
- Eliminate the corn subsidy, maybe ... if we have the courage
- Reduce effluents from tens of thousands of train trips per year

- Create thousands of secondary jobs

Column B

- Make it easier for China to compete and further dominate the U.S.
- Embolden mid-East oil gangsters as to price/rationing
- Throw away 20,000 plus jobs – who needs them anyway?
- Alienate our best trading partner
- Create the real potential of dangerous train tanker accidents
- Distort balance of imports with Canada
- Keep food prices high
- Keep price of gasoline high
- Pay off the President's cronies

What column would the average American choose? The polls say 96% for Column A. Which column did our President choose?

Of course, this president chose column B. Why? He doesn't really care what the citizenry wants. All he wants out of it is the support ... again ... of all his cronies in order to get reelected.

God Speed,

Ray