

Suddenly, Peak Oil and Gas! The Cataclysmic Result of Sanctions against Russia

Putting heating, electricity and food in peril! Guests David Hughes and James Howard Kunstler

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“Earlier this month I announced the United States would ban all imports of Russian energy to make it clear the American people would not be part of subsidizing Putin’s brutal unjustified war against the people of Ukraine...The United States is a net exporter of energy with a strong domestic industry, and the United States welcomed the European Union’s powerful statement earlier this month committing to rapidly reduce its dependence on Russia gas. Today we’ve agreed to a joint game plan toward that goal.”

- **President Joe Biden** announcing deal to cut reliance on Russian gas (March 25, 2022) [1]

“It was a great stunt, but it’s kind of coming to an end and it’s going to start winding down now unless we do something really extreme like nationalize it and totally subsidize it. Otherwise, shale oil is going to be declining probably pretty swiftly, and it will hardly be an industry anymore in five to ten years.”

- James Howard Kunstler, from this week’s interview

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With recent news out of the town of Bucha indicating that Russia allegedly executed in the range of 300 people, existing pressure on the leaders of the “democratic” world to punish the perpetrators is mounting. Sanctions against Russian exports, are currently NATO’s Weapon of Choice. [2]

Right now, the European Union pays the equivalent of \$850 million every day for natural gas and oil over to the state run by the current mastermind of the moment **Vladimir Putin**.

Logically, it seems like banning fuel from the country would both prop up the EU's role in solidarity with their Ukrainian friends and possibly win an award for super-duper environmental champions on the COP27 stage! [3]

Russia supplies [at least a third of the Europe's gas](#). It heats millions of European homes come winter. In ten of its nations [it supplies 30 percent of their electricity](#). Even the fertilizer which helped expand the food supply [comes largely from natural gas supplied from Russia](#). Without Russia's supply on hand, freezing and starving in the dark could literally become a frightful scenario eight months from now!

The United States said [it would supply Europe with 15 billion cubic feet of natural gas](#) in 2022 to partially replace the absences resulting from the multi-state European spurn of Russia. They would increase to \$50 billion by 2030. The fact that the U.S. would profit from the sale of their own more expensive liquified natural gas is perhaps just a coincidence. But how sustainable is this energy transition?

The guests on the Global Research News Hour this week are of the informed opinion this situation is not feasible in the long term. In spite of taking the lead in oil and gas production via fracking and horizontal mining practices, this advantage should wear off quickly, and we'll realize that essentially Peak Oil and Gas is here!

Our first guest, **J David Hughes**, an earth scientist and fellow with the [Post Carbon Institute](#) takes us through his latest report: [Shale Reality Check 2021: Drilling Into the U.S. Government's Optimistic Forecasts for Shale Gas & Tight Oil Production Through 2050](#), which assesses the forecasts of the U.S. Energy Information Administration's forecasts over the long term are "extremely optimistic."

Our second guest, writer and blogger James Howard Kunstler, famous for his blog Clusterf**k nation and his 2005 book, *The Long Emergency*, similarly shares his observations about the Shale oil and gas future and talks about the consequences that await our economy and our lives moving forward. Mr Kunstler also shares his point of view regarding the impact of COVID-19 on this development, and the mainstream media sudden interest in **Hunter Biden's** laptop, with critical information damaging the integrity of **President Biden's** leadership.

***J David Hughes** is an Earth scientist, a fellow with the Post Carbon Institute, and the President of Global Sustainability Research. He is the author of the [December 2021 report, Shale Reality Check 2021: Drilling Into the U.S. Government's Optimistic Forecasts for Shale Gas & Tight Oil Production Through 2050](#).*

***James Howard Kunstler** is an author, social critic and public speaker based in Greenwich, NY. He is best known for his Non-fiction books including [Geography Of Nowhere: The Rise And Decline of America's Man-Made Landscape](#) (1994), [The Long Emergency: Surviving the End of Oil, Climate Change, and Other Converging Catastrophes of the Twenty-First Century](#) (2005), and [Living in the Long Emergency : Global Crisis, The Failure of the Futurists, and the Early Adapters Who are Showing Us the Way Forward](#). (2020). His website is [Kunstler.com](#)*

(Global Research News Hour Episode 351)

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Transcript - Interview with James Howard Kunstler, April 6, 2022

Part One

Global Research: Thank you, Mr. Kunstler, for agreeing to this interview. I really appreciate it.

James Howard Kunstler: Why it's a pleasure to be with you.

GR: Could you maybe take just a few brief minutes explaining how peak oil and gas is about a lot more than just switching to electric cars or a better insulating your home. It means dramatically changing the way we live.

JHK: Yeah, it's the primary resource for all of our comforts and conveniences in modern life. And it is also the primary platform we're creating the alt energy resources and technology that we are fantasizing about replacing oil with. And that makes it a big problem.

And the scene, the oil scene, has been pretty confounding for the public. I think it's understandable that they are confounded by it because it's pretty complicated. And the whole story has been full of strange twists and dodges.

What happened over the last ten years is, you know, we experienced this event that we called the shale oil miracle, and that followed immediately a very serious oil crisis in 2008-9, when the price of oil shot up to a really unprecedented \$150 a barrel. And of course, there's a useful equation to understand how this affects us. Oil over \$70 a barrel tends to crush economies and oil under \$70 a barrel tends to crush oil companies. And that was the direction that we were heading in.

We were then importing about 15 million barrels a day, and we were using 20 million barrels a day. So we were only producing something like 4.9 million barrels a day in the United States. But we started the shale oil thing in 2009. Notice it coincided with that great financial crisis, and the shale oil miracle was kind of a product of the attempt to fix that crisis using quantitative easing and zero-interest-rate financial policies.

And so you've got a tremendous amount of investment that went into shale oil after they demonstrated that it could be done, and they really ramped up the industry very quickly. People were investing in it because of zero rate interest policy, zero interest rate policy. They couldn't get decent yields on traditional investments like US Treasury bonds. So they were looking towards more unorthodox targets for their investment, and shale oil was the big thing. It promised tremendous returns.

So we ramped up production, and unfortunately, the one major thing that they demonstrated over that 10-year period was that they couldn't make a dime producing all of that shale oil. We produced a tremendous amount of shale oil, and it was a tremendous financial stunt, but it was a stunt, none the less. What we accomplished was we exceeded the 1970 previous American peak of oil production, which was around 10 million barrels a day, and we got all the way up to just under 13 million barrels a day in 2019. But then coronavirus happened, along with its many disruptions, and it also disrupted the oil market very deeply.

GR: Yes that's true.

JHK: And by that time, ten years had gone by, and it was now evident that the oil companies could not make any money producing shale oil, and that it was basically a lousy investment for people looking to stash their money somewhere that was productive.

GR: So you just explained—

JHK: Wait a minute I'm not finished yet.

GR: Oh, sorry, go ahead.

JHK: See the catch here is that having proved that they can't make money at it, now it's very hard for them to get more investment to continue their operations. So despite the fact that they got very good at this trick of producing oil out of impermeable shale rock, the fact is that the amount of capital that they need to accomplish that is no longer available.

And, let me put it another way. The old conventional oil wells like you got in Texas and Oklahoma in the 1950s, those wells cost about \$400,000 in today's money to drill, and they produce thousands of barrels a day for decades. So they were like running a cash register. Shale oil wells cost between 6 and 12 million dollars each to drill and to frack, and to do all the operations, and they produce about a hundred or two hundred barrels a day, not thousands, for the first year, after which they deplete by 60%, and then three years later they're totally gone and you have to look elsewhere for a new shale well.

So that sort of explains the geophysics of it all. It was a great stunt, but it's kind of coming to an end and it's going to start winding down now unless we do something really extreme like nationalize it and totally subsidize it. Otherwise, shale oil is going to be declining probably pretty swiftly, and it will hardly be an industry any more in five or ten years.

GR: Yeah. Well like you say, it's just kind of a stunt, it doesn't really follow the normal rules of supply and demand, right?

JHK: Well it does in a way, but it's more a matter that the business model for producing it just doesn't pencil out. You know, it cost millions of dollars to drill and frack these wells, you've got to run all of these water trucks to places like West Texas where there's very little water, and all of these trucks with the sand and the chemicals that you need for fracking, and it's tremendously expensive. And then you have to, you know, get rid of the wastewater, and you know, when all is said and done, you're not making money at it, and if you're not making money at it, it's not a good investment. And the investors are going to not put their money into it. So it's really about a shortage of capital, a scarcity of capital that we're facing, and that scarcity of capital is going to affect a whole lot of other things in our society.

GR: Russia has launched a military attack on Ukraine, they say to demilitarize and denazify the country. NATO countries didn't like it and are now waging economic warfare against Russia by issuing sanctions, and one of the instruments in play is boycotting their natural gas. The thing is that the EU imports a third of its gas from Russia. The US say they will bail them out by supplying 15 billion cubic tons of natural gas this year, exploding to 50 billion tonnes in 2030, and I think we both know that that's not going to be sufficient, not over the long haul, and certainly not competitive price-wise. Is Europe essentially shooting its nose in order to spite its face?

JHK: It's cutting off its nose to spite its face as the old proverb goes. You know it's completely idiotic. The whole idea that America is going to compensate for their oil is insane for the following reasons.

The only way we could do that would be by shipping liquid, Liquefied Natural Gas. Natural Gas has to be compressed at very low temperatures in order to liquefy it and get it into a tanker. Moreover, the tankers have to be specially built tankers that are basically refrigerated tankers. That adds a lot of expense to the shipping. Oil is different. Oil is shipped at room temperature, but not the case with natural gas. So it's very expensive to ship and they do not have sufficient natural gas terminals in European ports to receive it. And they wouldn't have the terminals for probably a couple of years because it would take that long to build them if they could come up with the capital to do it, but the whole project is insane anyway because the gas cost too much.

So Europe has really put themselves in a terrible predicament, and they very quickly ended up screwed. And one of the first manifestations of that is that, yeah it was announced in the news this week, that food prices in Germany are going up by 20 to 50 per cent virtually overnight.

So they're in terrible condition economically all of a sudden, and they've moved rashly and stupidly, and you know the Russians have played it pretty cleverly.

And the Russians are now, because the United States and Europe has basically destroyed the international trade payment system, which was based on the SWIFT clearance system for clearing trades, now that we've succeeded in wrecking that, the Russians were already in position to work around that, and they are going to work around it with another system.

Moreover, they're going to, when the Europeans finally get their heads screwed on straight, they're going to force the Europeans to buy natural gas with rubles, and in order to buy, and because of the sanctions, they can't buy rubles with Euros. So what are they going to buy them with? Well, they can buy them with gold, or they can just pay for the oil and the gas in gold. And what that means is that Russia is building a gold-backed currency system which is going to be a potent payment system, a potent currency, and whatever else it does it's going to detract from the power of the US dollar and its position as the world's reserve currency. Probably pretty quickly.

Russia is also in a position to sell a lot of that oil they were sending, a lot of that gas they were sending to Europe, to China and other countries. So that whole sanctions thing was about the stupidest thing you could possibly cook up. Unless you wanted to destroy the Western economies.

GR: Yeah.

JHK: Which is possible.

GR: Well Russia also supplies the world with 10% of crude oil. If the world shuns their oil, then we will suddenly be confronting peak oil. I mean that might be a different experience than the idea of getting more and more expensive as time goes on until it starts slowly one by one affecting people. How would —

JHK: Well, we really are at peak oil in the sense that we are definitely at peak per capita oil. What's really going on in the last couple of years has been, aside from the, from the

business model of shale oil being broken, the other thing that's going on is the distribution system has been interrupted and broken. So, right now, we're mostly experiencing a change in distribution systems that were kind of working, they were held together with baling wire and duct tape, but they were kind of working for a while, and now they're not going to work at all for as far ahead as we can see. And it basically means higher oil prices, higher prices for anything made out of oil like fertilizer, and probably shortages and scarcities in various places on a spot basis.

- Intermission -

Part Two

GR: In case you just joined us, I'm speaking with James Howard Kunstler. He's the author, blogger, and social critic, and author of *The Long Emergency*. And we're talking about peak oil and gas in 2022.

James, another subject I wanted to bring up with you is Covid-19. The response to this virus was to shut down economies, lock down people in their homes, and vigorously encourage taking the vaccine. There were high incidences of vaccine adverse reactions. It's documented by the CDC as alarmingly high, although the CDC and other experts claim they cannot verify that every single reaction death is due to the vaccine and continue to insist the vaccine is safe and efficacious. Now, correct me if I'm wrong, but you're among those who believe it that it's an intentional killer as opposed to a—

JHK: Well, I don't believe, necessarily, in the plandemic idea. I'm not persuaded that that happened, but it's definitely a public health fiasco. It is a tremendous fiasco, and the public health authorities, you know the CDC, the FDA, the NIAID that is run by Anthony Fauci, and other institutions, as well as the pharma companies, have been doubling and tripling down on their errors so consistently that it's hard to believe that they're not deliberately trying to kill people.

For example, we know quite well that this is not a safe vaccine, that it causes a lot of injuries, many of them permanent, and it has killed a lot of people from the side effects, from vascular damage and cardiac damage, and damage to other organs and neurological brain injuries, and there's just a huge number of injuries and deaths from this out there, and yet, the authorities, Rochelle Walensky at the FDA, is still on TV pitching boosters and vaccinations for people.

I think that that means that they've crossed the line into criminally negligent homicide and that they're going to have to be held accountable for it. I don't know how that's going to happen because unfortunately for the last several years we've become a culture in which anything goes, and nothing matters. There are no consequences for any of the misconduct that has gone on by institutions and individuals.

GR: How do you say... They say that you've got to, they keep saying follow the science, listen to us, follow the science. Is there something other than science that's directing them to—

JHK: The critics of the vaccines and the critics of much of the behaviour in response to the Covid-19 affair are following the science probably better than the people in public health. And it's an insult to science, what public health has been doing is an insult to science

itself.

GR: Yeah. Well, I'm just wondering, I mean, you say you don't think that it's necessarily something that's conceived, but I'm just thinking in terms of the fact that there's, we're seeing that based on fossil fuel – the explosion of the use of fossil fuels over the course of the 20th century, that there was a similar explosion in human populations. I mean, fossil fuels fuel fertilizer for example, natural gas. As that fossil-fuel starts to diminish in supply, you will similarly see an effect on human populations. I'm thinking from the standpoint of the elites I guess, the World Economic Forum, people like that that you're, you're going to be looking, well what should we do, should we go out and, let's tell people what's going to happen or would they maybe think of putting in place some sort of a mechanism, like, I don't know, biowarfare or death by vaccination or a combination of the two that would probably be the best choice. That's what I would tend to think. What would, I'm just wondering—

JHK: Before I find it very hard to take the WEF and Klaus Schwab very seriously. Because Klaus Schwab is too much of a cartoon of a James Bond film. You know, he's sitting there in his bunker with a Persian cat on his lap, you know, smearing at the world. I don't really buy that story although I do believe that there are people, obviously Bill Gates has talked about how important it is to reduce the population, and you know, he's enough of a you know semi-autistic Asperger personality that maybe he, you know, it's very easy for him to act like a sociopath, or a psychopath about that.

But I think that the Covid-19 thing, it might have been a deliberate release. It might have been something that the Chinese, CCP, wanted to inflict on the west. It could have been a lot of things. I'm not persuaded necessarily that it was those things. The strange part is the precisely coordinated behaviour of so many nations in response to the pandemic. You know, the fact that Australia and New Zealand, Austria, Germany, France were all doing lockdowns. Italy all doing the same kind of lockdowns. The fact that so many of these countries instituted vaccine mandates in exactly the same way at the same time. It's a little bit weird, and it makes you wonder how such a thing could be so coordinated. You know, one theory is that social media acted, in a way, as an infectious, viral agent itself, and spread this, these typical responses from country to country, and leadership to leadership, and population to population.

So I still tend to be a bit allergic to conspiracies. But, you know, it's hard to look at the big picture and not get the feeling that somebody wanted to get a lot of people dead. And right now, especially, when there's so much information coming out of the life insurance companies, about all-causes death rates, and we've learned recently that the millennial generation has suffered about 60,000 all-causes unusual deaths, in the last 16 months or something, and that's almost equal to the number of people that my generation lost in the Vietnam War. And that's an impressive number of people. So, you know, it's a situation that could make a lot of people pretty paranoid.

GR: Yeah. I also have a question, I guess this is maybe more related to the governments in play because you have, you had Ukraine, and essentially it looks as if they're really ferocious, the Americans and NATO about getting another Cold War started. You know, we're going to do something to get, basically, every, even the starting of the war itself it seems, and this could lead to a third world war, but maybe it won't, but this talking about, you know, escalation to nuclear power ... But that would eliminate a lot of what Henry Kissinger described as the useless eaters, you know, timed right after COVID. But I'm just

wondering if you see these two events connected in any way, not to keep you on the conspiracy theory track, but it just seems like going from one, then to the next with hardly any—

JHK: Well as they say, correlation is not causality. So you can just present some of the circumstances here. I think it's pretty self-evident that the, that our country, are you a Canadian or American?

GR: Canadian

JHK: Ok. My country, the USA, really wanted to provoke this incident in Ukraine, this operation in Ukraine. For one thing, we managed to send a whole lot of money and a whole lot of weaponry over to Ukraine in the last eight years or so, ever since the 2014 Maidan revolution that we sponsored. That the State Department and the CIA sponsored. So we sent all this, we sent all this for material over there and trained a lot of Ukrainian army people, and they went over to the eastern boundary of the Donbas and spent eight years shelling the Russian speaking population over there. They were Ukrainians, but they were Russian speaking. And obviously, you know, Mr. Putin was pretty patient about that, but after eight years, he said enough is enough. And he went in there to stop it and to disarm Ukraine, and to make sure it that it never became a part of NATO.

And that was another thing that our, that my country and that President Joe Biden could have done at any point along the line in January or February. He could have declared that Ukraine will not be a member of NATO. And that would have been a start, at least in negotiating what was going to happen. But he didn't do that either. So it's clear that Joe Biden, and whoever is behind Joe Biden, because we know that he doesn't function very well, we know that they wanted to start this war.

Now the thing that I see happening is that the war started at just the time when the news was coming out that tremendous number of people were being, were dying from reactions to the COVID-19 vaccines. And it seems possible to me that the Biden Administration wanted to distract the nation from that story because obviously it's incriminating, and it would open up a tremendous can of worms.

Also they probably saw coming up very soon the breaking of the Hunter Biden bribery and influence peddling story which, in fact, has now broken. And in fact, is now an active case in the Department of Justice. It's a tax case for now, but, I don't know how they're going to get around just prosecuting him for tax payments. You know, there's too much other stuff there, and it's all out in the public arena now, and I don't think that Hunter Biden is going to get away with any of this. And I don't think Joe Biden did either. So it seemed to me to be an opportune time for them to distract the country with this, by provoking Russia into their cleanup operation in Ukraine.

GR: I noticed that it was The New York Times that broke the story, and they're the official orator of actual news, and it seems strange that it broke that story at this time, because normally, they can... sat on the story for quite a while.

JHK: Yeah they sat on it for two years, and then that, but, you know, let's remember, they published the story about Hunter Biden's tax case. The whole idea, the story had a number of purposes. One was to acknowledge the fact that there was a federal case that was opened against Hunter Biden, because they can no longer deny that. But they downplayed,

they downplayed the whole Hunter Biden laptop thing by not admitting that it was a reality until like the 22nd paragraph of the story. So you know, that's called burying the lead of the story and they did that, so a lot of people probably didn't read down that far. And I think it was, in general it was a matter of The New York Times working to protect President Joe Biden with highly spun and somewhat gamed news.

GR: Wow. Well Mr. Kunstler, I'm afraid I'm right out of time, so I have to close. But I really enjoyed having you on and hopefully we can connect again at a later point.

JHK: Yeah anytime, and I'm sorry I was late to the recording!

GR: No worries. Thank you so much for joining us

JHK: Okay thank you very much Michael. We will ride again.

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Notes:

1. https://www.youtube.com/watch?v=6vnapv6O_IY
2. [Akbar Shahid Ahmed](#) and S.V. Date (April 6, 2022), "U.S. And Allies Ramp Up Sanctions On Russia Over Bucha Atrocities, Huffpost; https://www.huffpost.com/entry/russia-sanctions-bucha-atrocities_n_624b1ebce4b068157f7abd6b
3. Associated Press (April 7, 2022), "Europe set to ban Russian coal, but struggles on oil and gas", Associated Press; <https://www.ctvnews.ca/business/europe-set-to-ban-russian-coal-but-struggles-on-oil-and-gas-1.5851973>

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