



Letter to the Editor

June 24, 2008

The following letter is in response to our article, [Peak Oil and the Long Term Asset Allocation Implications](#), by Dick Vodra, which appeared last week.

Dear Editor:

It concerns me greatly that so much broadly published information about the environment, oil, and the economy in general seems to escape journalistic scrutiny these days, in all sorts of publications. In my opinion, you have allowed the publication of an article that is worse than useless to rational investment/portfolio planning. The article you allowed to escape fact-checking scrutiny by so-called 'expert' Dick Vodra; "Peak Oil and Long Term Asset Allocation Implications" is written with a clearly politically-driven agenda along with the attendant and totally to be expected pontificating and lecturing. Following are just a few of my quibbles with what I believe are Mr. Vodra's faulty notions, along with some comments as to why I think very careful thought should be given to publishing articles professing to give investment advice that is so arguably weak on an objective assessment of the facts, such as Mr. Vodra's.

1) "Peak Oil". The very notion itself, is NOT PROVEN, and is at best controversial. The Hubbert curve, the holy grail of "peak oil" believers has plenty of detractors among the scientific community. The very notion that dead dinosaurs and plants create oil is not a proven fact, and it is not without substantial scientific opposition. But the 'peak oil' notion does lend itself very nicely to environmental alarmists and their predictable dire warnings. We've been through this before, for those who have memories, in the 1970s. Then we only had 10 or so years of oil left. Here is a FACT that is actually a fact; oil has been discovered at depths below which organic matter can exist, the [abiotic](#) theory of oil origins holds at least as much validity as this 'peak oil' idea, but in terms of 'inconvenience', an abundant, replenishable supply of hydrocarbons would not fit well with radical environmental alarmists scare tactics. Hydrocarbons are detectable on other planets in our solar system. That is a FACT; how can that possibly be, Mr. Vodra? Were there dinosaurs and plants on Mercury and Venus? There is an abundance of information that points to other possibilities than the 'fact' of peak oil, and whenever articles are published on this topic, I believe responsible journalism should at the very least qualify the topic, and balance it with the countering theories. The National Review Online has [published](#) some thorough countering theories about oil



origination that are worth reading.. Simply citing a number of professional geologists' beliefs as proof is ludicrous. How many map-makers once drew the earth as flat? We don't know whether the 'easy oil' is gone, because we don't even look or drill in areas that might disprove the theory. Much work remains to be done in this area, before we will know the truth, I believe. The current oil dilemma has been primarily manufactured by environmental extremists holding us hostage through weak-kneed politicians whose policies for more than 20 years have prevented us from exploring and producing oil that can be safely and cleanly developed in our own backyard.

2) "The climate side". Mr. Vodra's specious contention that "the news is coming in worse..." is harmful to one vital element in useful investment and portfolio planning information: THE TRUTH. For instance, peer-reviewed scientific [articles](#) have concluded that NASA satellites are showing beyond any doubt that the ice caps have GROWN in the last 20 years; talk about an inconvenient truth, this fact is very tough on radical environmental ideology. Global climate modeling has been shown by responsible scientists to be severely flawed, and worse, used by fear mongers to further their own personal political agendas. Come on guys, check facts! All this purposefully wrong-headed information can't really lead to accurate investment advice, can it? Do we ever get to read how many extra people die on our bloody highways each time CAFE standards are raised? Not in your pages, I guess. Estimates from the [National Highway Traffic Safety Administration](#) are that 7,700 people die for every mile per gallon gained because the only way the car companies comply is by making cars lighter and less safe. Maybe we should look into companies that manufacture body bags as an investment opportunity - morbid, but at least factual.

So my main point, and bottom line to you is when an article is so riddled with factual inaccuracies, and driven by an blatantly apparent political agenda, it would be foolish to put any faith in investment conclusions drawn from it, other than what might work through sheer coincidence.



While I am not in total disagreement with some of Mr. Vodra's asset allocation conclusions, he puts 30% in already high-priced commodities and energy assets, and if we are indeed experiencing a commodities 'bubble', as I think likely, then this is a poor idea. Given the failed governmental and economic policies of the current Congress and the more frightening possibility of a return to Carter-esque economic malaise, portfolio allocation implications should consider much more likely scenarios that are in the midst of being created by an economically irresponsible fiscal policy being put in place by a reckless Congress, than the faulty and scientifically unproven premises upon which Mr. Vodra builds his case. "Expert", indeed.

Very truly yours,

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