



## The Vulnerability of the Oil Supply and Susceptibility of the Market to Terrorism

Posted by [Prof. Goose](#) on April 10, 2005 - 5:18pm

A [couple of posts back](#) (in the comments), [Fed X](#) brought my attention to an important point that needs unpacking a bit.

One of the reasons the idea of peak oil is so disturbing to me is the notion of supply disruption in a time of static or falling supply (if you buy the notion that we are at or close to "peak oil", which the evidence developed earlier in this blog definitely points to...) and ever-increasing demand, including India and China in the equation.

In a [piece over at Global Guerrillas](#), John Robb has a discussion going on about the ease with which terrorist networks can disrupt oil supplies and how that, in effect, gives them pricing power over the market INSTEAD of OPEC. If they can illustrate control over a vulnerable market, that means they are empowered.

My response to this notion is this: I would have to say the flat or declining supply/ever-increasing demand of the oil curve at present (and forever into the future) only puts power into the hands of ANYONE who can disrupt the flow...and that's why I think, if this continues or accelerates (which it seems that we couldn't stop if we tried without serious investment of resources...), the effects of peak oil will be even more devastating than many are expecting.

Geopolitically, that means the US will be like a crackwhore and the oil supplying countries and the terrorists will both be our pimps and dealers...unless we reduce dependency as soon as possible...

Dystopic? Yes...but we cannot protect the supply lines...it's that simple. (it really does sound like the plot of Frank Herbert's Dune doesn't it?). To do so is going to raise the cost of oil even more, to a point of ridiculousness.

(Oh yeah, sorry, we're already approaching "ridiculousness." How about just "damn near fucked up?")

Some quotes from the GG discussion:

"The defense of energy infrastructure against well orchestrated systems sabotage will continue to be ineffective. Even if plans for sensor grids, UAV (unmanned aerial vehicles) patrols, and dedicated guards are fully realized, it will likely prove insufficient to stop ongoing sabotage. These defensive systems are extremely vulnerable to feints (false attacks) and counter-measures. Additionally, the very essence of systems sabotage works against effective defense."

{...}

"The only method demonstrated to work reliably over the last several years is rapid repair. This capability can contain the economic damage and societal dislocation caused by induced infrastructure failures to 20-30% of its potential. Unfortunately, global guerrillas are finding ways to trump this capability"

edited to add: and [here's a link](#) that edifies another piece of the argument...Brad Setser has a [good \(and quite germane\) post here](#)...hat tip to another related piece at [praktike/drupal at LAT](#)...and yet another hat tip to [Flying Talking Donkey](#) of [another Kunstler piece found here](#).

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