

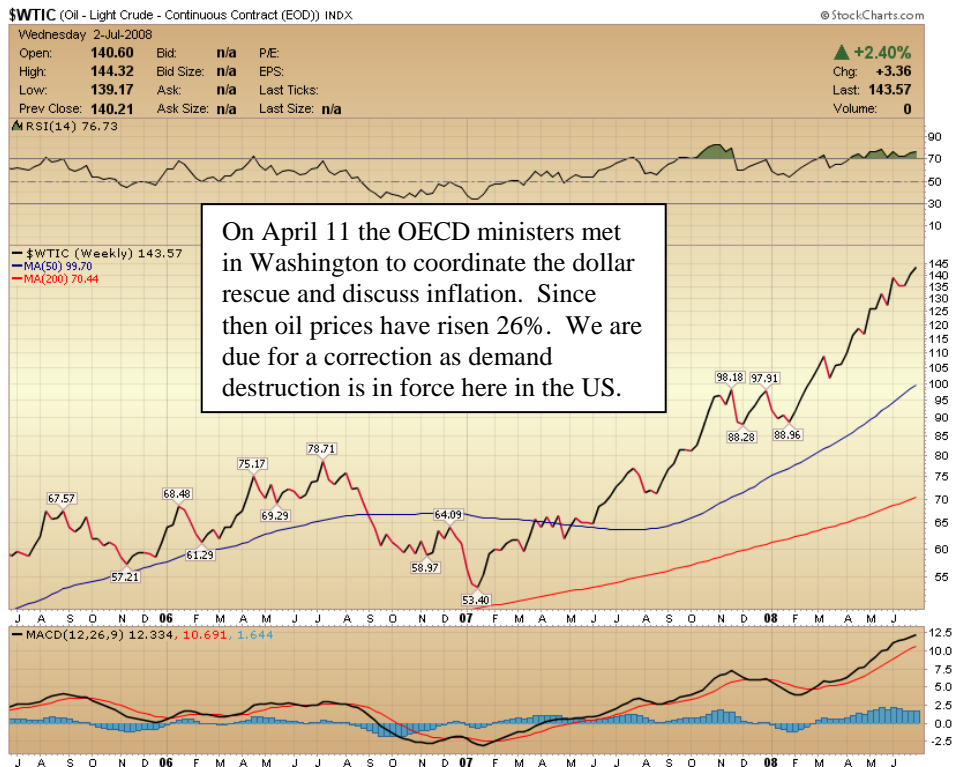
Today's Notes:

- 1. Dependence Day
- 2. Clouds on the Horizon: Stasis

1. FROM NANTUCKET TO RIYADH: DEPENDENCE DAY

I write this AM from Nantucket Island where the Red Sox flags are flying proudly from many homes. But baseball is not on the minds of many as we move through national celebrations of “independence” in both Ottawa and Washington. The cost of energy has become, almost overnight, the sole issue for everyone (and I mean everyone). Three years ago I suggested that this would be the case. In fact during the recent Democratic and Republican primaries here in the US, I remarked that if any of the candidates presented a focused energy policy to the American public, they would win hands down.

Instead, even today we have heard nothing that seems like a plausible solution. But Mr. Market is now hard at work. Dennis Gartman’s Economics 101 has not been repealed. With oil prices (August) this AM at the \$145 level and flashing red, and Congress in the Washington dithering over those awful energy speculators, we have suddenly had the epiphany that demand for energy sources will increase globally by 60% over the next two decades, irrespective of recessions. This experience, then, is the “tip of the energy iceberg.”



The factors that force higher oil prices are many. Supply demand imbalances are the root cause but weaker \$, Iranian geopolitics, futures market pressure and refinery capacity (or lack thereof) have contributed pressures for \$5 gasoline on Nantucket Island this AM.

I mention Nantucket, because for 157 years (1712 to 1869) this was the center of the world's energy trade. The whaling industry emanated from Nantucket and New Bedford. But there is a point to be made here. Alternative energy sources are in the way. They are just not here yet. In the meantime we are dependent on oil from the good graces of Riyadh. But just as alternative energy is on the way but not yet here, the oil era is clearly over – finished. Don't misunderstand oil, coal and natural gas will continue to play major roles in the world's economies for the next 30 to 50 years. But as surely as the discovery of kerosene in 1860 doomed the sourcing of blubber and oil from the Sperm whale to oblivion, the era of a petroleum-dominated world is finished. We must spend on exploration and discovery of solar and wind as well as build out nuclear. We will not do the later but the Chinese will. They will then teach us how to build economical nuclear energy sources.

Meanwhile the \$ has fallen further and oil has moved further north. Concurrently the equity markets have been marked down across the board. Even old favorites like Cleveland Cliffs, Arch Coal and Goldcorp succumbed yesterday in spite of the weaker \$ and higher gold, energy and copper prices. Evidently the hedge funds had maintained their positions through the end of the quarter for performance measurements and had surrendered to the margin clerks.



2. STASIS

The term **stasis** may refer to:

A state of [stability](#), in which all forces are equal and opposing, therefore they cancel out each other.

[Stasis \(political history\)](#), as defined by [Thucydides](#) as a set of symptoms indicating an internal disturbance in both individuals and states

[Stasis \(biology\)](#), a period of little or no evolutionary change in a species in the [punctuated equilibrium](#) model of [evolutionary biology](#)

[Stasis \(fiction\)](#) implies, especially in science-fiction, an artificial pause that stops all physical and chemical processes, including those of life; they resume as if uninterrupted as soon as the stasis is ended.

[Stasis \(medicine\)](#), a state in which the normal flow of a body liquid stops, for example the flow of blood through vessels or of intestinal contents through the digestive tract

[Stasis \(music\)](#), is a technique or form used in [minimalist music](#), and also any other style that may use slow musical development

[Stasis \(argumentation theory\)](#), represents a "stand" or a "mode of proceeding" in a given argument

Stasis reigns world wide this AM. Oil is selling on world markets at \$145 per barrel. The Saudis and others in the Middle East claim prices result from speculation. Jean Claude Trichet says it is a supply demand imbalance. Et le Voila – stasis. The IEA says global extra capacity will fall from 2 million to 1 million barrels per day in the next few years. OPEC says the world is well-supplied. This is another example of stasis. What are the policy prescriptions?

In Washington, stasis reigns supreme as hardball politics is played out to its meanest. This is just when we need bi-partisan thinking. Look at the following happenings in the recent three weeks in Washington. Is it any wonder that oil is trading where it is trading? We should throw the entire “rabble” in Washington out until they serve us in a manner our tax dollars and the country – demands. I wish a penalty box existed for politicians. Congress is at an impasse and the Administration, through Treasury Secretary Paulson is suggesting that he needs more power to “control” the financial system. In other words the President fiddles while Washington We have all had enough. It will not be Independence Day tomorrow here – just the opposite.

Here are some recent examples of Washington’s stasis:

VOTING ON ENERGY ISSUES

ISSUE (%)	REPUBLICANS FAVORED (%)	DEMOCRATS OPPOSED
Drill in ANWR	91%	86%
Coal to Liquid	97	78
Oil Shale Exploration	96	86
Offshore Continental Drilling	81	96

A West Virginia Congressman, Nick Rahall, recently used a loophole in the law, only used 4 times in our entire history, to affect a secret vote in the House Natural Resource Committee which he chairs. This secret vote forbade new federal claims for uranium exploration and discovery on the north rim of the Grand Canyon citing an “emergency.” No one knows exactly what the emergency is since no water problems nor has contamination been documented in previous mining (20 million pounds in the 1990s). The committee refuses to release any documentation on the secret vote which was boycotted by the Republican members. The grand canyon contains some of the highest grade and most economic deposits of uranium in this country.

Bob Novak: House Appropriations Committee Chairman David Obey (D-Wis.) shut down the entire appropriations process to protect Democrats from having to vote on oil drilling. Republicans feel they are winning the national debate with their argument that insufficient supplies rather than speculators caused spiked oil and gasoline prices. The GOP leadership has instructed their troops to press for more drilling without defending speculators.

“Stasis” obtains today and it is hurting every North American. It is rapidly spreading, like a zoonosis, round the world. These are the times that the threat of armed conflict increases. Don’t believe me? Please read Volume 1 of John Toland’s, *“The Rising Sun.”*

The material herein is for informational purposes only and is not intended to and does not constitute the rendering of investment advice or the solicitation of an offer to buy securities. The foregoing discussion contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (The Act). In particular when used in the preceding discussion the words “plan,” confident that, believe, scheduled, expect, or intend to, and similar conditional expressions are intended to identify forward-looking statements subject to the safe harbor created by the ACT. Such statements are subject to certain risks and uncertainties and actual results could differ materially from those expressed in any of the forward looking statements. Such risks and uncertainties include, but are not limited to future events and financial performance of the company which are inherently uncertain and actual events and / or results may differ materially. In addition Dr. Berry may review investments that are not registered in the U.S. Dr. Berry has been awarded 10,000 stock options exercisable at \$7.50 from Senesco Technologies, 200,000 options from Aura Silver (strike C\$.30) and a monthly retainer(\$3,000), 150,000 options which strike at \$2.80 from Birch Mountain and

300,000 options from Ivory Energy for Corporate Finance consulting services. He has been awarded 100,000 options of Derek Oil and Gas exercisable at C\$.47. He is a consultant to Freegold Ventures, for which he received 100,000 stock options exercisable at \$.40, Piedmont Mining (250,000 options), Valcent Products (300,000 options), Global Green Solutions (400,000 options) and War Eagle Mining. He owns shares and/or options in Goldcorp, Golden Predator, Senesco Technologies, Birch Mountain Resources, DataMeg, Immtech International, Horseshoe Gold, Midway Gold, Derek Oil and Gas, Terraco Gold, Stealth Ventures, Kenrich-Eskay Gold, US Silver, Galway Resources, Neuralstem, Oil Sands Quest, Enhanced Oil Resources, Piedmont Mining, MegaWest Energy, Valcent Products, CGX Energy, MacMillan Gold and Quaterra Resources. He has been awarded 250,000 options on Terraco Gold exercisable at C\$.50 for 5 years, for services as a financial advisor. He has also been retained as an advisor by Dejour Enterprises (200,000 options plus retainer of \$2,500 per month), Grande Portage (210,000 options and \$5,000 per month retainer and Galway Resources (200,000 options and \$5,000 per month). In his role as advisor he has been awarded 75,000 options from Polymet which strike at C\$2.76. We cannot attest to nor certify the correctness of any information in this note. Please consult your financial advisor and perform your own due diligence before considering any companies mentioned in this informational bulletin.