



## DrumBeat: August 6, 2007

Posted by [Leanan](#) on August 6, 2007 - 9:02am

Topic: [Miscellaneous](#)

[Peak Oil is Here](#)

The world's most respected journal of economics has now officially acknowledged the advent of peak oil, validating (finally!) what we've been saying for years.

In a July 19 article, the venerable *Economist* cut straight to the point:

"The world is consuming more oil than it is producing." --*The Economist, July 14-20 print edition.*

...Some observers such as Kenneth S. Deffeyes, Matthew Simmons, and James Howard Kunstler believe that because of the high dependence of most modern industrial transport, agricultural and industrial systems on inexpensive oil, the post-peak production decline and possible resulting severe price increases will have negative implications for the global economy.

Talk about understatement!

[Beijing hits oil lines](#)

Rising global oil prices are straining relations between economic policymakers in Beijing and the nation's largest state-owned oil and gas companies as long queues for gasoline begin forming around the country.

[The World Economy is Doing Well with the Rise in Oil Prices](#)

A number of economic declarations have been issued recently by major countries indicating that the world economy is performing well with high oil prices, without any increase in inflation accompanying the rise, unlike in the past.

[In search of safe nukes](#)

The Idaho National Laboratory is at work on next generation reactors that promise to

deliver more reliable energy.

### [Ukraine forgets about Chernobyl](#)

The politicians, however, are not telling the whole story: the uranium problem is not quite so straightforward. What is surprising, though, is that the CANDU reactor, developed at the dawn of the nuclear energy era, is a "cousin" of the Chernobyl RBMK reactor that exploded 20 years ago. One would think Ukraine would have developed a distaste for anything associated with that past tragedy.

### [Businesses paid not to use power](#)

When temperatures soared across Ontario this week, businesses like Magna, Royal Group, Canada's Wonderland and Lear Corp. in southern Ontario responded by cutting back on their power use.

It was a responsible thing to do and helped the York Region's hydro service deal with the exceptional demands of near-record temperatures.

But the companies, along with others in a pool managed by Rodan Energy, got more than the satisfaction of doing their part for the community good. They got paid for not using electricity.

### [World's first carbon-free city](#)

It may seem strange that the emirate of Abu Dhabi, one of the planet's largest suppliers of oil, is planning to build the world's first carbon-neutral city.

But in fact, it makes a lot of financial sense. The 3.7-square-mile city, called Masdar, will cut its electricity bill by harnessing wind, solar, and geothermal energy, while a total ban on cars within city walls should reduce the long-term health costs associated with smog.

### [Hybrid power served 5 ways](#)

"Hybrid" doesn't mean just one thing. Cars and SUVs can be set up in different ways to meet different needs. Here's a look at the various systems.

### [National Express quits biofuel experiment](#)

One of Britain's leading transport groups has cast doubt over the green credentials of biofuels after pulling out of a trial amid fears that it was doing more harm than good to

the environment.

National Express has suspended a biodiesel trial at its UK bus operations after consulting green groups. Biofuel tests have been used by transport companies to highlight their environmental friendliness, with Virgin Trains and Virgin Atlantic among the most high-profile backers of the alternative energy source.

Richard Bowker, National Express chief executive, said the coach, bus and rail group would continue to look at such initiatives, but its biofuel study underlined that "what appears to be the green option may not actually be green after all".

### [BP will no longer offer its fuel in North Dakota](#)

Mike Rud, president of the North Dakota Petroleum Marketers Association, said it's a "huge loss" for the state.

"It's a sign of the times," Rud said. "If you don't have supply, you can't do your job. I think they saw the writing on the wall"

### [When Will the Next Bridge Collapse?](#)

The US freeways got the miserable grade "D" from the ASCE. Around 332,000 kilometers of highways cross the US, most of them built in the 1950s. Hundreds of highways are maintained with the help of toll charges. Nevertheless bad road conditions, potholes, cracked asphalt and broken road surfaces cost US drivers a total of \$54 billion each year -- \$275 per motorist -- in terms of extra vehicle repairs and operating costs caused by driving on roads in need of repair.

...The ASCE's list of defects continues. The US's completely overloaded airports get a "D+" grade. The ramshackle drinking water system get the grade "D-" with the ASCE writing that "America faces a shortfall of \$11 billion annually to replace aging facilities and comply with safe drinking water regulations." The electric power grid, which is "in urgent need of modernization," likewise gets a "D."

### [Blast in Bulgarian pipeline cuts supply](#)

SOFIA, Bulgaria - An explosion ripped through a pipeline in Bulgaria on Monday, interrupting Russian gas supplies to Greece, authorities said. No injuries were reported.

The most likely cause of the blast was a gas leak, said Angel Semerdjiev, general manager of Bulgartransgas, an affiliate of state-owned gas company Bulgargaz.

### [China Southern Power Grid June electricity sales to Vietnam up 320% year-on-year](#)

State-owned China Southern Power Grid said it sold 268 mln kWh of electricity to Vietnam in June, up 320.34 pct year-on-year.

China Southern Power realized sales revenue of 12.05 mln usd from Vietnam during the month, the company said in a statement.

### [India: Crude oil price rise matter of concern](#)

Finance Minister P Chidambaram on Monday said the surge in international oil prices is a matter of grave concern and it was for the Petroleum Ministry to take a call on retail pricing of petroleum products.

"Yes, rising crude prices is a matter of grave concern... it is entirely for the Ministry of Petroleum to propose that (an increase in domestic fuel prices) and seek a view on this," he told reporters here.

### [Pakistan: High fuel prices hit industrial consumers](#)

The industrial consumers of the country are witnessing a significant increase in their cost of production due to skyrocketing prices of furnace oil in the global markets.

### [Thailand: No intervention in oil prices](#)

Energy Minister Piyasvasti Amranand on Monday reiterated that Thailand's ministry would not intervene in the movement of oil prices, although that sector of the economy will continue to be volatile.

He said the fluctuation in fuel prices is a normal phenomenon. The best way to supervise the prices, he advised, is to allow them to move in accord with market mechanisms.

### [South Africa: New Wage Offer As Fuel Panic Mounts](#)

AS PETROL distributors worked around the clock at the weekend to avert a crippling fuel shortage, employers tabled a new offer that could end the strike tonight if it is accepted by striking union members.

Petrol stations in Gauteng, where 60% of SA's fuel is sold, were hardest hit, but shortages have also been reported in Western and Eastern Cape. Stations in KwaZulu-Natal were also starting to feel the pinch yesterday.

### [Sri Lanka: Threats by private bus owners](#)

Private bus owners have sought a permission from the government to increase the bus fares. they have warned the government that if permission is not granted before August 12th, they will suspend the bus services.

They have explained that the increase in the bus fare is necessary to cope up with the increase in the fuel prices. As an alternative, they have sought some relief. It must be noted that the annual increase in the bus fare was only last month. Within a period of a month, they demand another increase in the bus fares.

### [Kenya: Darkness in the Slums](#)

Following reports that members of the outlawed Mungiki sect thrive in the slum by extorting money from residents in exchange for electricity supply, Kenya Power and Lighting Company sought the help of police in an operation that saw more than 100 persons arrested and charged with electricity-related offences.

### [Mexico, Brazil must co-operate on energy: Lula](#)

Mexico and Brazil should co-operate in the development of technology for deep-sea oil and gas exploration and production, Brazilian President Luiz Inacio Lula da Silva said.

### [Need of the hour is cooperation](#)

Opec has tried its very best to find a sort of balance in global oil markets. But these efforts are not enough, neither in providing the world with its oil needs or in decreasing global warming.

The reasons behind this are several. The oil production rate has reached its maximum level for Opec countries, any increase in production will need huge investments. These oil producing countries do not need additional revenues currently.

### [Kunstler: The Open Ocean](#)

By now, is there anyone over twelve in the USA who has not seen Jim Cramer's tantrum recorded late Friday afternoon on CNBC as the stock market took a 280 point swan dive off the rocky cliff of Hedge Fund Island? Cramer's histrionics were only a few clicks above his normal antics on the "Mad Money" show, but even so, they made a remarkable impression of someone in real, not mock, despair. He mentioned more than once during the tirade that he'd been on the phone all week with other interested parties

who were begging him to do something about the rising bloodbath on Wall Street.

### [Iran Offers Aid to Nicaragua, in a Sign of Deepening Ties](#)

Iran has promised to help finance a new \$350 million ocean port and build 10,000 houses for the leftist Nicaraguan government, in a deepening of ties between the governments that has raised concern in the Bush administration.

Iran has also pledged to choose in November a site for a \$120 million hydroelectric project, to help Nicaragua overcome a power crisis, which has confronted Nicaraguans with blackouts nearly every day.

### [Sri Lanka: Conserving energy](#)

Therefore before any Act could be passed there is an immediate need for the Government to launch a campaign to prevail on the public the urgent need for energy conservation.

In this regard the State institutions are the biggest offenders. One has only to walk into a Government Department to witness this laid back approach to the energy crisis, where fans rotate idly, lights burn randomly and power guzzling air conditioners function at full throttle in empty spaces.

### [South Africa: Fuels industry avoids windfall tax](#)

The government will not proceed with plans for a tax on the windfall profits earned by synthetic fuel producers such as Sasol, South African Finance Minister Trevor Manuel on Monday.

He said the decision had been taken in the interest of a conducive environment for additional investments in domestic fuel security.

### [South Africa solar star in Germany](#)

The electricity-producing panels are leading edge in terms of both the cost, reckoned to be about a quarter of existing technology, and efficiency.

These panels convert considerably more -- in excess of 16% -- of the sun's rays to electricity than current offerings. As one observer says, "in solar anything above 10% is considered pretty good".

## [A New Front for Campus Activism: Energy Efficiency](#)

The lights in Michael Siminovitch's office at the U.C. Davis California Lighting Technology Center dim in response to daylight entering through the windows. These special lights are just one way that Siminovitch, the center's director, believes the university can slash much of its energy demand.

## [Why 'peak oil' may soon pique your interest](#)

For years, many in the oil industry viewed the peak oil forecasts by Simmons as odd. Now his position has a lot of company. Several websites publish sophisticated material on the issue. There's the Oil Drum ([www.theoil Drum.com](http://www.theoil Drum.com)), featuring "Prof. Goose" and "Gail the Actuary." Those pseudonyms hide a full professor at Colorado State University and an actuary in an Atlanta suburb. There's also the Energy Bulletin ([www.energybulletin.net](http://www.energybulletin.net)). The site's coeditor, Bart Anderson, says it receives 11,000 visits a day. Peak oil enthusiasts, he says, have now divided into a majority seeing life after an oil crunch and those he calls "doomers."

In Britain, Douglas Low, director of the Oil Depletion Analysis Centre ([www.odac-info.org](http://www.odac-info.org)), foresees a "crisis coming up" with a real shortage of oil. In June, he notes, the world used 1.5 MB/D more crude than it produced. He expects much higher oil prices in the future.

"It's not a very happy message," he says. "A lot of people want to slip it under the carpet."

## [The Truth About Denial](#)

Sen. Barbara Boxer had been chair of the Senate's Environment Committee for less than a month when the verdict landed last February. "Warming of the climate system is unequivocal," concluded a report by 600 scientists from governments, academia, green groups and businesses in 40 countries. Worse, there was now at least a 90 percent likelihood that the release of greenhouse gases from the burning of fossil fuels is causing longer droughts, more flood-causing downpours and worse heat waves, way up from earlier studies. Those who doubt the reality of human-caused climate change have spent decades disputing that. But Boxer figured that with "the overwhelming science out there, the deniers' days were numbered." As she left a meeting with the head of the international climate panel, however, a staffer had some news for her. A conservative think tank long funded by ExxonMobil, she told Boxer, had offered scientists \$10,000 to write articles undercutting the new report and the computer-based climate models it is based on. "I realized," says Boxer, "there was a movement behind this that just wasn't giving up."

## [Credit and growth fears hit stocks, dollar, oil](#)



Fears of a global credit squeeze and jitters about U.S. economic strength swept across financial markets on Monday, shaking up stocks, knocking the dollar to a 15-year low and sending oil down more than \$1.25 a barrel.

### [Opec July output rose 445,000 barrels, survey shows](#)

Crude-oil production in July by members of the Organization of Petroleum Exporting Countries rose 445,000 barrels a day, led by gains in Iraq and Nigeria, a Bloomberg News survey showed.

Output averaged 30.48mn barrels a day, according to the survey of oil companies, producers and analysts. It was the biggest gain since January, when Angola joined the producer group. Excluding Angola, it was the largest monthly rise since September 2004.

### [Peak Oil - less tourism?](#)

The Government of T&T has chosen tourism as one of the economic pillars for the country's diversification away from energy. So much so that we are creating in Trinidad waterfront hotels and a conference centre with the hope also of attracting the business tourist, and the more general kind to Tobago.

These plans are consistent with current annual growth forecasts for tourism which, according to the UN Tourism Organisation, are 3.8 per cent for regional and 5.4 per cent for long haul traffic - i.e. by 2020 some 1.6 billion people will be involved in international travel. These figures unfortunately do not take into consideration the phenomenon of Peak Oil which is manifesting itself in escalating fuel prices due in general to reducing production and increasing demand for oil.

### [American company accused Lukoil of price collusion](#)

Green Oil Company has charged Russian Lukoil, the second largest private oil Company worldwide by proven hydrocarbon reserves, and several other firms operating on the American market with price collusion aimed at overshooting of wholesale prices on oil products. Green Oil has filed a claim to the court demanding all U.S. subsidiaries of Lukoil to be sold.

### [Book Review: A Thousand Barrels a Second](#)

In my opinion, Tertzakian can be classified as an Urgent Simonist.\* The word "Urgent" is meant to distinguish from the "Pollyanna" Simonists -- those who believe technology will magically solve our energy problems with no real pain or discomfort.



On the emotional subject of peak oil, there are two extremes of debate. At one end you have those who think civilization is doomed no matter what (the viewpoint of cheery websites like dieoff.org). At the other end, you have those who think peak oil will be shaken off like a mild head cold.

Tertzakian helps bridge the gap between these extremes by explaining that yes, the challenge is serious, and gut-wrenching times are ahead... but we will ultimately see our way through. He is "urgent" in pointing out that the sooner we act the better, and pulls no punches in terms of what's at stake.

### [Towns prepare for 'peak oil' point](#)

In this month's Investigation programme on BBC Radio Scotland, Mark Stephen visits Totnes, one of a growing number of transition towns south of the border.



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