



DrumBeat: January 4, 2008

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Topic: [Miscellaneous](#)

[Dealing With the Dragon](#)

Almost all the foreign policy talk in this presidential campaign has been motivated, one way or another, by 9/11 and the war in Iraq. Yet it's a very good bet that the biggest foreign policy issues for the next president will involve the Far East rather than the Middle East. In particular, the crucial questions are likely to involve the consequences of China's economic growth.

Turn to any of several major concerns now facing America, and in each case it's startling how large a role China plays.

[Big oil taking political beating ahead of earnings](#)

Large oil companies have long been a target of politicians -- mostly Democrats, who blame them for gouging consumers at the gasoline pump during periods of high crude oil prices.

The rhetoric, which in years past has resonated with middle-class voters, will get louder in coming weeks as the majors publish stellar earnings results during the heart of the primary season for the U.S. presidential election.

Executives from big oil companies "better get very thick brown bags to put on their faces when they go out in public," said Fadel Gheit, analyst with Oppenheimer & Co.

[Stratfor: The real reasons for high oil prices](#)

At Stratfor we have not commented on the high price of oil in some time, mostly because there has been little to say. While we believe that the peak oil theory -- the idea that there is only a finite amount of crude, so eventually production will peak and then fall -- is correct, we do not believe such a peak will occur any time soon. Less than one-quarter of the world's surface has been explored for petroleum to date, and advances in deepwater drilling and exploiting non-conventional crudes, such as oil sands, in just the past decade have been mind-numbing. True, the costs of extracting that crude -- and the large capital costs behind cutting edge technologies -- may well go up, but even here

familiarity and economies of scale argue for the opposite.

[Crude starts 2008 with a bang: *The energy super-cycle that keeps on giving*](#)

For several years, the energy bulls have been hauling in fat profits from this sector as crude-oil prices extend their long, steady climb. The trend has made a mockery of analysts warning that this could not last. Just three years ago, many of the energy industry's own economists were predicting a downturn to more "reasonable" levels of, say, \$35 a barrel.

[Oil Prices Will Rise Further Yet](#)

I believe that the supply of oil is, for all practical purposes, inexhaustible. It's just a matter of developing the new technologies required to discover and extract it, and the new technologies allowing the global economy to use it more efficiently. If there is ultimately a physical limit to the amount of the stuff hidden on Planet Earth, I'm confident that long before we hit that limit we'll have moved on to some totally different form of energy.

So why did I become an oil bull? Three reasons.

[In Praise of \\$100 Oil](#)

What's good for Oklahoma may also be good for America.

[Oil price hits \\$100: *Does Wednesday's uptick mark the start of an oil shock?*](#)

Adjusting for inflation, oil is now about as expensive as it was in the dark days of 1980. "At \$100 a barrel, we can start calling this an oil shock," one economist said.

Perhaps. But it doesn't necessarily portend a return to Carter-era doldrums. So far, the effects of high oil prices have been surprisingly modest.

[Korea: How Will \\$100 a Barrel Oil Impact Consumers?](#)

From downtown Seoul cab drivers to Namdaemun Market wholesalers, Wednesday's oil spike of \$100 a barrel is set to make everyday life a little harder, and pricier for average Koreans to pay their bills.

``What news to start the New Year with," said Ko Sang-tae, an owner of Hana Taxi, a company operating some 30 cabs in the metropolitan area. ``The rising oil price will

directly eat away my profits – that is, if there are any."

[OPEC Distances Itself From Report Raising Supply Concerns](#)

The Organization of Petroleum Exporting Countries distanced itself Friday from a recent report raising questions about the group's future supply capacity.

The report, which appeared in the December issue of the OPEC Review published by the organization's Vienna-based Secretariat, indicated that OPEC could realistically fail to supply its share of global oil markets by 2037.

"We don't muzzle the opinions of others," OPEC's head of public relations and information Omar Farouk Ibrahim said.

Be he said that the publication "doesn't necessarily reflect the opinions of OPEC."

"The OPEC Review is an academic and research journal and it's an open forum on energy issues," he said, adding that the platform was indicative of the group's openness.

[Economy and Geopolitics Decide Where Oil Goes Next](#)

"Predicting oil prices continually demonstrates the perils of prophecy, because oil prices are the derivative of what happens in the global economy and global geopolitics," said Daniel Yergin, chairman of Cambridge Energy Research Associates. Mr. Yergin said he could foresee oil prices surging as high as \$150 in the next few years or falling as low as \$40.

John Richels, president of the Devon Energy Corporation, an international oil and gas company based in Oklahoma City, said \$150 a barrel was possible, but so was \$55. "We have to make investments based on our outlook over a long period of time," he said. "It is tough."

[Exploration Efforts Result in 40,500 bbl/d for West Siberian Resources](#)

Daily oil production reached new record levels of 40,500 barrels per day by the end of the fourth quarter 2007. Total fourth quarter oil production increased by 27% to 3,130,588 barrels (2,472,980 barrels) and the average daily production for the quarter increased to 34,028 barrels per day (26,880 barrels per day). Total oil production for 2007 increased by 33% to 10,637,650 barrels (8,010,855 barrels). For 2008, total oil production is projected to increase to 15 million barrels.

[Analysis: China and Turkmen energy](#)

Before the 1991 Soviet collapse, Russia dominated the economies of the other 14 republics. In the decade and a half since, Western companies have been angling to acquire a piece of the former Soviet Union's energy assets. In the last few years, however, China has become an increasingly important regional player, and in a nasty Christmas present for both Washington and Moscow, on Dec. 28 China National Petroleum Corp.'s subsidiary PetroChina announced it will invest \$2.16 billion to underwrite construction of a planned Central Asia-China natural gas pipeline.

[Syria and Turkey to Build Joint Oil Exploration Company](#)

Syria and Turkey have decided to form a joint oil exploration and development company bolstering the countries' cooperation in the oil sector, Syrian Oil Minister Sufian al-Alaw said Thursday.

With the project, the two neighboring countries will also cooperate on importing and exporting oil extracts, in addition to setting oil distribution stations in Syria, said al-Alaw, currently part of a high-profile economic delegation visiting Turkey.

[OPEC oil output rises in Dec - Reuters survey](#)

OPEC oil production rose last month beyond the rate targeted in a deal to boost output, led by a rebound in supply in the United Arab Emirates, a Reuters survey showed on Friday.

OPEC's 10 members bound by output targets, all except Iraq, Angola and Ecuador, pumped 27.39 million barrels per day, up 410,000 bpd from November, according to the survey of oil firms, OPEC officials and analysts.

The estimate indicates that the exporter group is more than delivering on a deal to boost supply from Nov. 1 in a gesture to consumer nations worried by oil prices that this week hit \$100 a barrel for the first time.

[For China's Orphans, Coal Is a Lifesaver](#)

A small orphanage called Daming had run out of coal to heat its facilities in the middle of winter and the facility had turned into an icebox.

"They had run out of coal and children had suffered from severe frostbite," Andreasen told ABC News.

Without heat, a 13-year-old girl had lost her feet.

[Textbook shutdown a big Burrup hiccup](#)

AT 8am local time on Wednesday, the alarm bells began ringing at the main electrical substation at the North West Shelf gas processing facility on the Burrup Peninsula, near Dampier.

Within minutes the huge plant, integral to a project investment of well over \$20 billion, began to shut down automatically, ultimately forcing the suspension of LNG, domestic gas, LPG and condensate production. But Perth, which relies on piped gas for about 40 per cent of its electricity generation, suffered no blackouts.

[North West Shelf Gas Outage Hits Industry](#)

The restart of gas production from the North West Shelf joint venture has been delayed, with heavy industry in the state of Western Australia suffering most from the gas shortage.

[Kenyan violence hits fuel supply](#)

Violence in Kenya has led to fuel shortages throughout East Africa, as fuel destined for nearby countries remains stuck in Kenyan ports.

Delayed deliveries have hit Uganda, while the Rwandan government has ordered fuel rationing, reports say.

Many landlocked countries rely on fuel deliveries from Kenya, an economic powerhouse in the region.

[Uganda: Domestic Flights Halted Over Fuel Scarcity](#)

DOMESTIC flights across the country have been suspended. The decision follows the fuel scarcity due to the election violence that has engulfed Kenya, the main supply route.

"We are running out of aviation fuel. We can't afford to supply our domestic operators anymore. Eagle air has since suspended its flight due to the shortage," said Ignie Igundura, the Civil Aviation Authority public relations officer.

[Pakistan: Energy famine to hit economy](#)

In the aftermath of former Prime Minister Benazir Bhutto's tragic killing on December 27, 2007, national economy is faced with an early energy crisis that had already been predicted to hit the country in 2009-10.

Although the outgoing government of former premier Shaukat Aziz paid a lot of lip service to the country's energy security, no tangible measure pre-empting a looming large energy famine could surface until the end of its tenure on November 15, 2007. Now the law and order turbulence consequent upon murder of Benazir Bhutto, that President General (r) Pervez Musharraf termed as martyrdom, not only choked countrywide mobility for a few days but also resulted in unprecedented power load-shedding.

[Pakistan: Power, gas load-shedding multiplies people's miseries](#)

The protests against the unannounced load-shedding took an ugly turn on Thursday as unruly mobs ransacked the Wapda offices at Tehsil Tangi in the Charsadda district and set ablaze power transformers.

[UK: Politicians will pay dearly if oil price brings hardship](#)

The SNP government is committed to growth. It knows, in its very bones, that a sense of material prosperity is a necessary precondition for ever winning a convincing mandate for Scottish independence. So it has a deep vested interest - widely shared, notably with all the contenders limbering up this morning in Iowa to become the next President of the United States - in trying to avoid an oil-induced economic recession polluting progress on these disparate political journeys.

[Samoa: Thieves steal one million litres of petrol](#)

FIVE people in American Samoa have been charged after allegedly stealing almost a million litres of diesel from oil companies.

[Indonesia: VP calls for energy efficiency](#)

Vice President M Jusuf Kalla Friday called on the entire nation to make an efficient use of energy as the global oil prices hit a record high of US\$100 per barrel.

"What we need to do this year is to make an efficient use of energy and increase production because we have decided not to raise fuel prices," Kalla said at the vice presidential office after performing Friday prayers.

[Soaring Oil Price a Warning Signal for Korea's Economy](#)

High oil prices, high commodity prices and high interest rates could mire Korea's economy in low growth. In that case, households already burdened with debts of W600

trillion (US\$1=W937) could see a further reduction in real income, fewer jobs and increased interest payments. They would also put a heavy strain on macroeconomic management by the new government, which has been elected by a landslide on a pledge to revive the economy.

[Oil prices bump up cost of manufactured goods: StatsCan](#)

From October to November, prices charged by manufacturers rose a marginal 0.6 per cent after six months of consecutive declines.

The increase was almost exclusively the result of the surging cost of petroleum and coal products, but was also affected to a lesser extent by an increase in prices for chemicals as well as fruit, vegetables and feed products.

[Plastics products price rise "inevitable"](#)

Uncertain economic conditions and rising oil prices despite plentiful supplies will see prices of plastics products increase, according to the British Plastics Federation (BPF).

The UK plastics trade association argued that despite there being "no shortage of oil," speculation and the cold weather have driven oil prices to a "record high".

[Power supply in Delhi plunges](#)

The New Year has begun on a not very positive note for the Delhi Government's Power Department -- a dip in gas supply from the Oil and Natural Gas Corporation (ONGC) has led to a shortfall in power generation.

['Difficult situation' for NDRC](#)

Policymakers working out when to link the nation's lower refined oil price to the international market are under pressure after global crude oil crossed \$100 a barrel on Wednesday.

When the global price rose to \$90 a barrel, a spokesman for the National Development and Reform Commission (NDRC) said it was in a "difficult situation" reforming the country's energy and resources pricing system.

[Turkey: Rising oil prices threaten to choke economy](#)

"In the next five years or so oil prices rising to \$200-\$250 a barrel would not surprise me," said Puru Saxena, a Hong Kong-based money manager overseeing more than \$370 million in assets, half of which are invested in commodities. As the price of crude oil reached a new high, investors fled to the traditional havens of gold, which Wednesday soared past \$850 an ounce for the first time since Soviet tanks invaded Afghanistan in 1980.

[Tough choice: To heat or eat](#)

THE RISING price of oil is starting to spook a lot of people — and for good reason.

On Wednesday, a barrel of crude breached the US\$100 mark for the first time, and the fear is that will drive the already high price of furnace oil even higher.

[Vermont Faces Heating Assistance Shortage](#)

Meanwhile, Rep. Gaye Symington, D-Vt. House Speaker, told reporters that rising prices are putting pressure on state government -- and that the federal government is little help. She said that unless president Bush releases emergency funding attached to the LIHEAP program, Vermont will do what it has done every year -- ante up \$5 million or more to supplement low income heating assistance.

...Symington said she would rather put the money into long-term energy efficiency, rather than keep on plugging emergencies. Rising prices are putting additional financial pressure on state and federal governments, as well as the poor.

[High diesel prices have a troubling ripple effect](#)

Sharp and sustained rises in diesel prices are squeezing New Hampshire businesses that rely on trucks, especially companies who are locked into fixed contracts with their customers, such as loggers.

"I can't charge a surcharge," said Chris Crowe, owner of CR Crowe in Littleton, who delivers logs and chips to mills and wood-to-energy plants throughout northern New England. "I'm getting paid the same price as a year ago, and in some cases, the price has gone down."

[U.S. fliers may face separate jet-fuel fees](#)

NEW YORK — U.S. airlines may start charging passengers separately for jet fuel as oil prices inch past \$100 per barrel.

"I'm convinced that you're going to see someone try to unbundle fuel this year," said airline consultant Robert Mann.

[Conflict fuels power debate](#) - Governor says conserve, industry says build plants

An energy shortage looms in Massachusetts unless it builds several new power plants or succeeds in curbing demand through conservation.

[Sure signs of an alt-fuels investment bubble](#)

I've written a handful of times in the past year about signs of a green backlash and a bubble in alternative-energy investments. I'm not one of those global-warming deniers, though. Nor do I think reducing carbon emissions is a waste of time and money. (After all, I spent oodles of time co-writing generally favorable articles about ethanol in 2006 and Al Gore in 2007.) I just know a good old-fashioned investment bubble when I see it. A smart idea first attracts true believers, then clever opportunists, then momentum investors and finally the rubes who invest their money at the top of the cycle. Bubbles are productive, by the way, as they usually lead to positive change. You just don't want to be the investor left holding the bag.

[Green businesses ready to navigate turbulent 2008](#)

The prospect of recession and a consumer backlash could make for a tough year, but the green business movement is healthy enough to cope.

[That biofuel may not be as green as you think it is](#)

In this week's edition of *Science*, a feature discusses a recent study examining the total environmental impact from various types of biofuels. The actual study was carried out by R. Zah *et al.*, at the behest of the Swedish government. While nearly all crop-derived biofuels emit less greenhouse gases than fossil fuels, whether or not they are better for the environment is still open for debate. Some studies have suggested that corn-derived ethanol consumes more energy than it produces, others have found a slight net benefit; most studies have found that crops such as switch grass have outperformed both corn and soy.

How well one biofuel performs relative to another can rapidly change when the total impact to the environment is considered. According to the author of the perspective, "a key factor affecting biofuel efficacy is whether native ecosystems are destroyed to produce the biofuels." The example used is that sugarcane becomes much less environmentally friendly if rainforests are being razed to make room for more sugarcane fields. If biodiversity is taken into account, then the scales would tip further away from being truly green.

[David Strahan: Hear no peak](#)

Tilting against a 30-year old Hubbert forecast for global peak oil in 2000 that turned out to be premature proves nothing. Peak forecasts today benefit from decades of additional exploration experience - in which the amount of oil actually discovered each year has fallen relentlessly - and more advanced statistical techniques.

The idea that there are "large unexplored areas" in Saudi Arabia – or anywhere else in OPEC - is simply not true, as Edward Price, a former Vice President of exploration and production at Saudi Aramco, explained at an investment conference in New York last month.

[Ex-rebels Say Fresh Fighting Erupts Near Sudan Oil Area](#)

-Fresh fighting erupted between southern Sudanese forces and Khartoum-backed Arab tribesmen near key oil areas of the country Friday, former southern rebels said, further denting hopes of an end to north-south hostilities.

Dozens of people have been reported killed since fighting first erupted late last month near the disputed Abyei oil areas between Arab tribesman and ex-rebel south Sudanese army units.

[Venezuela sees "good" 2008 oil price: official](#)

A director of Venezuela's Central Bank said Friday he expects a "good price" for Venezuelan oil in 2008, only days after U.S. oil prices broke the psychological barrier of \$100 per barrel.

Armando Leon said in an interview with state television that oil prices reaching \$100 per barrel "is an indicator that this year we will probably (have) a good price of oil."

[China: Thoughts on uncontrollable runaway oil price](#)

The crude facts about the crude oil could shake the average American's faith in cars. The car-worshipping nation has recently been stripped of its dream of car ownership because of the skyrocketing oil price. "They ripped me off driving to work. Forty dollars was enough to fill the tank before, but now it costs you 60: up by 1/3," an American driver complained.

In France, nearly half of citizens have turned to public transportation. Ordinary people living in these developed countries that consume large amounts of energy have no choice

but to abandon their cars when oil prices soar uncontrollably like a runaway horse. The price shot up to 99.29 U.S dollars per barrel on November 21, 2007.

[\\$100 oil might not hit China severely](#)

Asian Development Bank's Zhuang, however, said the overall impact of high oil prices on China may not be very serious, although it may bring more pressure on inflation and corporate profits.

"China's energy use structure remains largely unchanged, with coal being its main source of energy," Zhuang said.

Agreed Wang Qing, saying the impact would probably be "moderate and quite manageable" because of China's low dependence on oil as a source of energy.

[Another war for oil over the horizon; With China on the other side, in Africa?](#)

Many Americans still wonder why we went to war against Iraq. Perhaps it was mistaken intelligence. Others have suggested it was initiated to control oil supplies. Even if oil was not the covert casus belli the Iraq war has, and will continue to have, marked effects on U.S. oil imports. Another struggle – perhaps over oil – looms in Africa. Whether this will involve us in hostilities or not depends on leaders in Washington and in China.

[Hundred dollar oil to hit soft drink makers hard](#)

As petrol prices temporarily rose above the dreaded \$100 per barrel mark for the first time this week, beverage manufacturers have revealed their concerns over the possible cost implications for their operations.

The British Soft Drinks Association (BDSA) said that while rising commodity costs were never welcome, higher oil prices would not only significantly impacted transportation and energy spending, but packaging as well.

[StatoilHydro shuts Veslefrikk oil platform, reduces staff at two others due to North Sea storm](#)

Norwegian state-controlled oil company StatoilHydro ASA on Friday shut down production from its 35,000 barrel-per-day Veslefrikk oil field and reduced staffing at two other fields due to a North Sea storm with strong winds and huge waves.

StatoilHydro spokesman Gisle Johanson said it was not clear how long the production and staff cuts might last, but that the strong winds could linger through the weekend. He said crew had been cut to a minimum at the three fields, with staff reduced to 21 from

165 at the Veslefrikk field; to 51 from 93 at the Oseberg Soer platform and to 54 from 120 at the Visund field. He said nonessential crew had been flown to land or to other platforms that were less exposed to the waves.

[Australia: Oil hits new record high](#)

The latest price increase has prompted a call for the Federal Government to take the lead in preparing Australians for the possibility of oil rationing.

The volunteer-based Association for the Study of Peak Oil says global oil production could start to decline from 2012.

Convenor Bruce Robinson says it raises the prospect of oil shortages.

"We'd recommend there be oil vulnerability task forces set up to start discussing this matter [and] educating people," he said.

[Pressure on Brown to veto coal-fired power station](#)

Gordon Brown has been challenged to prove his green credentials by blocking plans to build Britain's first coal-fired power station for 24 years.

Environmental activists condemned a decision by councillors to support an application to demolish an outdated plant in Kent and replace it with another that burns coal, widely regarded as the dirtiest fossil fuel.

[Where's the beef? - report shows UK beef producers are getting short-changed](#)

A new report from the Soil Association shows British organic beef producers are getting short-changed by their processors and some key supermarkets who are not paying enough to cover the costs of production, and choosing to import organic beef even though there could easily be enough supply in the UK. These factors are endangering the security and development of organic beef production in the UK and leading to unnecessary carbon emissions, says the Soil Association, the UK's leading organic organisation.

[The Real World: Oil at \\$100](#)

Is \$100 oil a cause to celebrate? The answer is, yes -- in the short term, and no -- in the long term. The answer also depends on who you are and where you sit.

Many oil exporting Middle Eastern government officials may think that the oil bonanza

is here to stay. However, oil revenue is notoriously cyclical, with ups and downs wreaking havoc in the national budgetary process.

Petrodollars -- or petro-euros these days -- also have a nasty habit of causing a national addiction, crowding out non-oil sectors and making countries, business, and individuals dependent on one commodity only. This is hardly a prescription for a healthy economic model.

[As Planet Earth struggles with ecological damage, America's appetite remains insatiable](#)

Recently I watched the movie "Wall Street" in which Gordon Gekko, the ruthless and greedy corporate raider, proclaims that "greed is good". This great movie caused me to reflect on just how our nation and our society now seem to be completely under the spell of extreme materialism and rampant consumerism. Warnings abound relative to the escalating threat of global warming and the specter of huge petroleum shortages (Peak Oil) likely to happen to our planet in the near future.

But we in America, in particular, continue with our habits of non-stop consuming and wastefulness, seemingly oblivious and uncaring relative to the dangers that will face us far sooner than we can now imagine.

[As oil passes \\$100, the question: will it stop?](#)

Aren't the Saudis boosting output to lower prices? Is manipulating the spigot still an option in a world where China and India are demanding much more fossil fuel?

The short answer to the first question is no. While Saudi Arabia is adding new production capacity, it, along with the rest of OPEC, declined to boost its output quotas in December, precisely because of expressed worries about a slowing economy. In theory, the Saudi government has 2 million barrels a day of spare capacity – equal to the International Energy Agency's prediction of demand growth in 2008 – but the country has not yet committed to releasing more of this to the market.

Over the next five years OPEC's members are hoping to add another 12 million barrels a day of capacity. But whether that will keep pace with the rising demand from India and China, is hard to gauge. Mr. Gheit says OPEC production increases aren't needed for prices to come down. "The market is adequately supplied. It will come down.... There have been and always will be commodity cycles."

[Peak nationalism: Oil keeps getting more expensive—but not because it is running out](#)

The biggest impediment is political. Governments in almost all oil-rich countries, from Ecuador to Kazakhstan, are trying to win a greater share of the industry's bumper

profits. That is natural enough, but they often deter private investment or exclude it altogether. The world's oil supply would increase markedly if Exxon Mobil and Royal Dutch Shell had freer access to Russia, Venezuela and Iran. In short, the world is facing not peak oil, but a pinnacle of nationalism.

[Perspectives on US\\$100 oil](#)

US\$100 oil seemed to bring forth reactions similar to those of a full moon. It rattled the cages both of the economically challenged Jeremiahs of peak oil theory, and of politicians all the way from Democratic populists to conservatives obsessed with oil independence, and who seem to have forgotten the lessons of Jimmy Carter. At the Iowa caucuses, Democratic candidate John Edwards lost no time in linking US\$100 oil to "corporate greed." But Big Oil is virtually irrelevant to global oil prices. The state oil companies of the producing nations are far larger and more important than the old "Seven Sisters" (whose numbers have shrunk because of mergers). Saudi Aramco has some 20 times the reserves of Exxon Mobil (which is made up of two of the sisters).

[Rising Prices Put Pressure On Already Ailing Economy](#)

For anyone who is worried about the economy, 2008 is off to a lousy start.

The price of oil briefly rose to \$100 a barrel for the first time yesterday and fresh evidence emerged that the economy is slowing. To investors, the news raised the specter of stagflation, the toxic mix of stagnant economic growth and price inflation that made for hard times in the 1970s.

[The heavy price of \\$100 a barrel](#)

Britain could see an £18bn hole blown in its national income if oil prices remain around \$100 a barrel for a sustained period, with the high price leading to soaring energy costs for private consumers, industry and public services.

Calculations by a leading research consultancy, Capital Economics, suggest the UK could lose up to 1.5% of its gross domestic product, with half of this coming from higher domestic fuel bills, meaning consumers have less money to spend on other goods and services.

[High oil costs must spur fuel efficiency, says IEA](#)

Oil at \$100 a barrel should remind consuming countries of the need to improve fuel efficiency, the International Energy Agency said on Thursday as US figures showed a fall in crude oil stocks for a seventh successive week.

The IEA, which represents rich oil-consuming countries, urged its member governments to do more to curb their use of oil, for example by lowering speed limits for motorists, as crude oil prices hit a fresh all-time high of \$100.09 a barrel before falling to \$99.18 a barrel, down 44 cents on the day.

[UK: Transport spending plans based on oil at just \\$50](#)

A government document meant to underpin future UK transport policy is based on an oil price of \$50 a barrel - about half the current level, raising serious questions about the logic of resulting spending commitments.

The report, *Road Traffic Forecasts for England 2007*, was drawn up by economists at the Department for Transport to model trends in road traffic up to 2025. Published just two months ago, it is being used to shape UK policy on roadbuilding spending, traffic congestion and carbon emission over the next two decades. But the soaring price of oil casts doubt over the report's estimates for growth in traffic.

[Simple Supply/Demand, or Price Gouging?](#)

In a prelude of what the landscape may hold for Big Oil, May of last year saw Kentucky's Attorney General Greg Stumbo tap into the wellspring of anti-oil company sentiment bubbling just beneath the surface by filing an \$89 million lawsuit against IW 50 Best Manufacturer Marathon Oil and its retail subsidiary, Speedway SuperAmerica.

Stumbo's suit charged that Marathon and Speedway SuperAmerica violated Kentucky's price gouging law and the Consumer Protection Act during the state of emergency following hurricanes Katrina and Rita in late 2005. The suit stems from a 2005 investigation of Speedway SuperAmerica for alleged gasoline price gouging, and made Kentucky the first state in the nation to file a price gouging suit under a new consumer protection law against a major oil company.

[The Stealth Oil Giant: Why Schlumberger, long a hired gun in oil-field services, is becoming a major force and scaring Big Oil](#)

Schlumberger has gone native in Russia. It has a global reputation as a leader in oil-field services, but its thriving Russian business has been built on three local outfits it has bought since 2004. In each case, Schlumberger revamped operations but kept enough of the old company intact to preserve its earthy Russian character. Schlumberger "doesn't make the assumption that the West is best," says Rob Whalley, a sturdy Briton who serves as the company's drilling czar in the country.

[Swiss Inflation Rate Rises to 12-Year High on Energy](#)

wiss inflation unexpectedly accelerated to the fastest pace in more than 12 years in December, led by higher energy costs.

Consumer prices increased 2 percent from a year earlier after rising 1.8 percent in November, the Federal Statistics Office in Neuchatel said today. That's the highest rate since October 1995. Economists forecast it would be unchanged, according to the median of 14 estimates in a Bloomberg News survey.

[Nigeria: MEND Vows to Cripple Oil Exports](#)

The Movement for the Emancipation of the Niger Delta (MEND) yesterday vowed to cripple oil exports from the Niger Delta region by providing arms including anti-aircraft gunships to the leader of the Niger Delta Vigilante Movement, Mr Ateke Tom in what it said was a renewed bid to counter any possible offensive by Federal Government's Joint-military Task Force against it.

Specifically, the support, MEND said, would be in form of providing him their fighters and making available heavy duty war machines including anti-aircraft to ensure that they present a formidable front to counter Federal troops.

[100-dollar crude is good and bad news for environment](#)

Surging oil prices are a mixed blessing for the environment, experts say. Clean renewable energy and recycling are getting a major boost from 100-dollar-a-barrel crude -- but so are coal, a massive contributor to global warming, and nuclear power, which remains shadowed by safety concerns.

[People power to warm new building in Stockholm](#)

The body heat from hundreds of thousands of people who pass through the Stockholm Central Station each day will be used to heat a new office building nearby, the project leader said Wednesday.

[Australia: This drought may never break](#)

IT MAY be time to stop describing south-eastern Australia as gripped by drought and instead accept the extreme dry as permanent, one of the nation's most senior weather experts warned yesterday.

"Perhaps we should call it our new climate," said the Bureau of Meteorology's head of climate analysis, David Jones.

[UK weather office: 2008 likely to be hot](#)

The Met Office said a powerful La Nina, the name given to the upwelling of large areas of cold water in the tropical Pacific Ocean, would probably keep 2008's temperature from breaking the global record. But it said the underlying trend of higher and higher temperatures, which scientists say indicates global warming, was likely to continue.



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