



## DrumBeat: March 10, 2008

Posted by [Leanan](#) on March 10, 2008 - 8:36am

Topic: [Miscellaneous](#)

### [Gas prices near records, oil sets new record at \\$108.21](#)

NEW YORK - Gasoline prices were poised Monday to set a new record at the pump, having surged to within half a cent of their record high of \$3.227 a gallon. Oil prices, meanwhile, surged above \$108 to a new inflation-adjusted record and their fifth new high in the last six sessions on an upbeat report on wholesale inventories.

...Light, sweet crude for April delivery rose \$2.75 to settle at a record \$107.90 on the New York Mercantile Exchange after earlier setting a new trading record of \$108.21.

### [Shell seeks oil supply amid Alberta plant woes](#)

CALGARY, Alberta (Reuters) - Royal Dutch Shell Plc lined up alternative supplies of upgraded oil sands crude for its Alberta refinery on Monday as its own upgrading plant underwent unplanned maintenance, a spokesman said.

Meanwhile, Shell and Imperial Oil Ltd (IMO.TO: Quote, Profile, Research) kept rationing fuel supplies to their retail networks as both their Edmonton-area refineries suffered unspecified operational problems which came to light last week.

### [Energy crunch hinges on Bolivia](#)

Facing blackouts and a looming South American winter, energy-gobbling Brazil and Argentina have an urgent message for their longtime natural gas supplier Bolivia: Step up production, and quick.

The two countries depend on their poorer neighbor for gas to power homes, businesses and cars. But Bolivia's gas industry, stagnating after a decade of falling foreign investment, can no longer keep up with demand from the continent's two largest economies.

### [S.D. panel OKs \\$5.2B oil pipeline permit](#)

The state Public Utilities Commission's staff is recommending that the three-member commission approve a construction permit for the \$5.2 billion TransCanada Keystone Pipeline.

The panel will decide Tuesday whether to approve construction of the crude-oil pipeline that would slice through eastern South Dakota on its way to refineries in Oklahoma and Illinois.

### [CO2 output must cease altogether, studies warn](#)

The task of cutting greenhouse gas emissions enough to avert a dangerous rise in global temperatures may be far more difficult than previous research suggested, say scientists who have just published studies indicating that it would require the world to cease carbon emissions altogether within a matter of decades.

Their findings, published in separate journals over the past few weeks, suggest that both industrialized and developing nations must wean themselves off fossil fuels by as early as mid-century in order to prevent warming that could change precipitation patterns and dry up sources of water worldwide.

### [UK plans to cut difference in energy tariffs](#)

LONDON (Reuters) - Britain will announce on Wednesday plans to reduce how much households on prepaid meters spend on power and gas in a bid to reduce fuel poverty, a government source told Reuters on Monday.

Finance minister Alistair Darling will use his first budget to announce plans to narrow the gap between rates charged for energy on prepaid meters and cheaper direct debit deals, after rejecting other proposals to help those least able to pay.

### [Vatican lists "new sins," including pollution](#)

VATICAN CITY (Reuters) - Thou shall not pollute the Earth. Thou shall beware genetic manipulation. Modern times bring with them modern sins. So the Vatican has told the faithful that they should be aware of "new" sins such as causing environmental blight.

### [Let's shift the tax burden to reflect the true environmental costs](#)

From the temples of international finance to Eugene's City Hall, the people running the world's economies systematically have been groomed and conditioned to believe that the wise and invisible hand of the free market is the most appropriate mechanism for

determining how goods and services are produced, distributed, sold and ultimately disposed of.

There is certainly something to be said for the regulatory mechanism of supply and demand, but the trouble is that many costs are not accounted for by this supposedly "wise hand." Indeed, the market remains fully oblivious of the sometimes staggering environmental and social costs of the economic activity that it supposedly does such a good job of regulating.

### [The Greenhorns: A New Breed Of American Idol?](#)

While some of us moan and groan about the unmitigated awfulness of industrial agriculture and our craptastic food chain, others are literally sowing the seeds of an agrarian revival. The idealistic young farmers and gardeners fueling this ag-revolt have been christened "The Greenhorns" by one extraordinary, exuberant young farmer/filmmaker, Severine von Tscharner Fleming, who's documenting their horticultural heroics in a film by the same name.

### [Oil: More Demand, Higher Prices](#)

After the price of a barrel of oil hit a new high last week (almost \$105), President Bush asked the Organization of the Petroleum Exporting Countries (OPEC) to increase production to drive prices down. Instead OPEC officials said they'd maintain current output levels, a move that could lead to prolonged economic sluggishness for the United States. The cartel's denial looked like political bickering between oil-rich countries—like Saudi Arabia, Kuwait and Nigeria—and their biggest consumer: the United States, which cartel members blamed for economic mismanagement of the resource. But some analysts say that output may not be so easy to increase, even if the producers wanted to. NEWSWEEK's Daniel Stone spoke with J. Robinson West, chairman of global consulting firm PFC Energy, on where the global oil market might be headed.

### [Milford Haven Oil Terminals Close on Severe Weather](#)

(Bloomberg) -- Oil terminals at refineries operated by Chevron Corp. and Murphy Oil Corp. in Wales were shut because of severe weather that brought winds of up to 80 miles an hour and heavy rain to southern Britain.

All terminals along the Milford Haven waterway in southwestern Wales have "suspended operations" due to poor weather, Milford Haven Port Authority spokeswoman Mariam Moazzen said in an e-mail.

### [Sinopec Acquires Australian Oilfields](#)

In the latest cross-border natural resources deal by a Chinese company, the oil and gas outfit will spend \$557 million to acquire control of proven oil reserves in Australia's Puffin and Talbot oilfields.

### [Iraq: Oil and electricity ministries won't mix](#)

Lack of electricity is still a big problem in Iraq, and there's lots of blame to go around. Much of it goes to the usual suspects: too many insurgent attacks, too few experienced engineers and technicians.

But there's another factor, big and getting bigger, which you probably haven't read about. It's one that Prime Minister Nuri Kamal al-Maliki and his bureaucrats could solve quickly, if they wanted to: Iraq's Ministries of Oil and Electricity are at loggerheads.

### [Ivory Coast sees '08 oil output at 80,000 bpd](#)

LONDON (Reuters) - Ivory Coast expects its crude oil production to rise to 80,000 barrels per day in 2008 from 48,370 last year, its mining and energy minister said on Monday.

The West African nation hopes to benefit from record high prices for oil of more than \$106 per barrel on world markets.

### [Browne joins green business](#)

John Browne, the former chief executive of BP, has underlined the growing commercial value of tropical forests at a time of global warming by joining a business that claims to mix "ethical" conservation with selling carbon credits.

Browne's appointment at Sustainable Forestry Management came as oil giants Shell and ExxonMobil announced they might sell their joint venture in biofuels business, Infineum.

### [Climate and food will shape future](#)

At present, there is growing evidence that global warming is proceeding at a more alarming pace than previously forecast. But there is also evidence of a more rapid political response. Both mean the economic consequences will accelerate.

The second trend is in soft commodity prices, which have turned a corner that is likely to be not merely cyclical but possibly the most fundamental change since the beginning of the industrial revolution. For decades, real food prices have been falling as the gains in

farm productivity – the “green revolution” – outstripped demand growth. The prospect now is for a steady rise in real food prices, farm incomes, land prices – and third-world hunger.

### [China: Crude imports at record levels](#)

The mainland last month raised crude imports to record rates at 3.6 million barrels per day, preliminary customs data showed on Monday, as state refiners rushed to boost inventories after a severe diesel shortage late last year.

### [US Vice President Dick Cheney to visit Middle East](#)

In a statement, Cheney’s office said US President George W Bush asked him to discuss issues of mutual interest with key partners in the Middle East.

Most likely issues on the agenda will include record high oil prices with Saudi King Abdullah and regional tensions in Turkey.

### [Energy boom fuels need for delay cover](#)

The rise in oil prices coupled with increased demand has seen a boom in global energy construction projects.

This boom has put a huge strain on the availability of skilled contractors, raw materials and specialist machinery, leaving contractors and owners looking for extra construction insurance against delays.

### [La Niña threatens copper mining in Chile](#)

Chile faces an energy crisis that threatens copper mining - its economic mainstay - as hydroelectric dams gasp over the worst drought in 100 years and natural gas supplies are cut off in the mineral-rich north.

### [Flat Pa. gasoline tax revenues may take toll on state finances](#)

Just 16 months ago, an 11.5-cents-a-gallon gas tax was how Gov. Ed Rendell’s transportation funding commission proposed generating much of the \$1.7 billion a year it said was needed to maintain roads, fix bridges and underwrite mass transit.

But a bleak future for gasoline tax revenues was a central part of the argument that

House Majority Whip Keith McCall, D-Carbon, has been making in defense of last summer's I-80 tolling law. McCall said it was not as if even a 2-cents-a-gallon gas tax had a prayer of making it through the Legislature.

He thinks tolls will be a more reliable stream of future revenues as gas prices soar, sales of hybrids account for more of the total fleet and people drive fewer miles.

### [Working on the railroad](#)

At a time when ethanol-fueled hybrid vehicles are all the rage, a more traditional mode of transportation is experiencing a quiet resurgence.

Railroad operators say increased business and a graying workforce are about to create a shortage of locomotive engineers and conductors in the United States. Seeing a field that needs workers, Bucks County Community College is trying to launch a basic training program in locomotive engineering and conducting.

### [Chase Manhattan Predicted Peak Oil in 1956](#)

After the world peak in total petroleum liquids occurs, we will likely be told that the permanent energy crisis we are experiencing was a result of our not understanding energy or perhaps ignoring some obscure experts. We will likely be told that our energy policy of the past really was not an energy policy but that no one really knew what was happening at the time - that it was all just misguided, unorganized optimism and that we could not have done anything differently given the circumstances of the time. This is far from the truth.

In reality, all the information was on the table in the decade of the 1950s. Recoverable resource estimates in 1950s - which have proven to be highly accurate - indicated that we needed to be very careful with how we planned our future. Various experts including Hubbert, Pogue and Hill of Chase Manhattan Bank, and Andrew Crichton predicted that U.S. oil, natural gas, and coal resources could not possibly support a high growth economy for any reasonable length of time. A rational review of the recoverable resource estimates of the time suggests that we needed to begin a long term plan to create a sustainable society based on proven renewable energy sources.

### [Sasol to spend R300m on coal-to-liquids feasibility study](#)

Showing its commitment to the proposed new 80 000 bl/d coal-to-liquids plant, project Mafutha, the Sasol board has committed R300-million to the feasibility studies for the project.

### [Corning putting lots of eggs into emissions-filters basket](#)

Corning Inc. has survived for 157 years by betting big on new technologies, from ruby-colored railroad signals to fiber-optic cable to flat-panel TVs. And now the glass and ceramics manufacturer is making its biggest research bet ever.

Under pressure to find its next hit, the company has spent half a billion dollars — its biggest wager yet — that tougher regulations in the U. S., Europe and Japan will boost demand for its emissions filters for diesel cars and trucks.

### [Before the flood](#)

The countries of Europe must devise urgent strategies to deal with the consequences of climate change, as our report clearly shows.

### [Remembering Marie Antoinette](#)

Converting food into energy is a technological solution to the fuel crisis, but raises grave moral and ethical questions.

### [Overwhelmingly white, the green movement is reaching for the rainbow](#)

"What's a nice black guy like me doing in a movement like this?"

Van Jones strides the stage at the Langston Hughes Performing Arts Center, a charismatic lawyer who grew up in rural Tennessee, graduated from Yale Law, and founded the Ella Baker Center for jobs and justice in Oakland.

Tall, 39, his pate shaved, he cuts a striking silhouette in a black turtleneck and blazer, but it's his daring message that electrifies the crowd. He's in Seattle to talk about "The Unbearable Whiteness of Green" and how the environmental movement needs to include people of color and the poor if there's any hope of slowing global warming.

### [Shake-up could be coming in electricity](#)

SACRAMENTO – Eight years after San Diego's long, hot summer of soaring power bills and blackout scares, the issue of electricity deregulation is back.

Despite opposition from legislative leaders, the California Public Utilities Commission has begun a process that could allow businesses and homeowners to bypass utilities and buy power on the open market.

## [View from the peak](#)

Oil has fuelled the expansion of industrialised societies for 100 years, and it is an excellent source of energy for production, transport, mass tourism and trade. Rising standards of living in many countries over the past 50 years have depended on cheap oil, and it seemed that the supply was nearly endless. But oil was a windfall gift to us from the Earth's geological history and it is finite, not renewable. We will consume most of the remaining oil within the next few decades.

We are entering, or are close to, the so-called "peak oil" period, when production will level off. Despite intensive exploration, discoveries have been dwindling in most regions of the world since the 1960s, even as demand for oil continues to rise. After worldwide oil production reaches this peak period, probably before 2010 according to many analysts, oil production will eventually begin to decline. There will be some fluctuations, but the longer-term decline is inevitable, and irreversible. It has been estimated that, within 40 or 50 years, we will have a post-oil economy.

## [A Primer on Oil Prices](#)

“The tripling of oil prices since the summer of 2003 has unleashed forces that within the next two or three years will bring oil prices tumbling back down to below \$50 a barrel.” So said John Cassidy, writing about “The Coming Oil Crash” in the January issue of *Conde Nast Portfolio*. Yes, the price of oil will come down, though no one knows exactly when. It has topped \$100 a barrel and there are indications it could go higher.

There are vast forces at work regarding the price per barrel of oil and one of them is the speculation that has driven up the cost despite the fact that there are ample supplies. The problem is not lack of oil, but whether it can be shipped to a waiting world. The potential for conflicts in the Middle East and elsewhere worries the marketplace.

## [UK business secretary to offer guidance to Ofgem on fuel poverty](#)

LONDON (Thomson Financial) - The UK plans to give fresh guidance to the energy regulator on how to combat fuel poverty in the UK, the UK business secretary said.

In a speech to the Future of Utilities conference at the Adam Smith Institute, business secretary John Hutton said he plans to renew the current guidance given to Ofgem in 2004 to eradicate the number of households living in fuel poverty in the UK.

## [Oil is Canada's ace in any revisiting of NAFTA](#)

NAFTA's energy section broadly unfetters energy trade between the U.S. and Canada.



But it adds a virtual guarantee of U.S. supply. (Mexico got a "pass" on energy.) Neither country may reduce the proportion of its energy exports to the other relative to the "total supply" of the exporting country during the prior 36-month period. The rub is that "total supply" includes shipments to its domestic and foreign users.

But if you look at the current energy landscape, China wants to buy Canadian energy. Canada imports more than 55 per cent of its oil needs. Canada continues to be the largest oil and gas supplier to the U.S. Let's assume Canada continues to consume the same quantities of its own energy production and importation. If so, could Canada sell energy to China, or any country other than the U.S.? No. The proportionality maintenance obligation prevents that.

### [California Needs More Urban Density](#)

As any of us who have lived in the area realize, rents are nearly unaffordable in the urban center of LA - the place where it's easiest to live without a car. Lazarus opens his column with the story of a single mother who makes \$38K as an admin assistant and who can only afford a rental way out in Lancaster. This is a familiar story to me - I know a LOT of Californians who make a similar commute. And as oil prices soar toward \$4/gal, it is becoming more difficult for working Californians to get around.

### [Canada to Impose Additional Greenhouse Gas Rules, Globe Reports](#)

(Bloomberg) -- Canada will require new oil-sands projects and coal-fired electricity plants to capture and store most of their greenhouse gases as part of new climate-change regulations to be introduced this week, the Globe and Mail said.

### ['Gusher of Lies' Argues Persuasively That Energy Independence is an Impossible Dream](#)

Lt. Gen. Russel L. Honore', who famously admonished reporters covering Hurricane Katrina on Sept. 20, 2005 not to get "stuck on stupid," retired this past January. The native of Louisiana, who describes himself as an African-American Creole, could have a great second career telling the politicians -- including all the Presidential candidates past, present and future -- not to get stuck on stupid about "energy independence."

As Robert Bryce points out over and over again in his "Gusher of Lies: The Dangerous Delusions of 'Energy Independence' (PublicAffairs, 384 pages, \$26.95) there is no way a nation that consumes fossil-based energy at our rate can become self-sufficient in energy. All the Toyota Priuses in the world won't change the stark fact that there is no substitute for oil, he writes. We've been an importer of petroleum since 1913, and we get most of our imported oil these days from NAFTA neighbors Canada and Mexico.

### [India: Tax holiday withdrawal to hurt profitability](#)

NEW DELHI: Indian Oil Corp on Monday said the move to withdraw tax holiday to new refineries will result in lowering of profitability of its Rs 24,000-crore Paradip refinery in Orissa.

"The rate of return on capital invested in the 15 million tons a year refinery cum petrochemical plant will be lower by 1.5-2 per cent," IOC Chairman Sarthak Behuria told reporters here.

### [Oil groups suffer Gulf of Mexico setback](#)

Disappointing oil exploration results in the Gulf of Mexico are upsetting the hopes of US oil majors for big new findings in an area free from interference by foreign, state-owned oil companies.

Wood MacKenzie, the energy consultancy, said in a new report that findings in the Gulf in 2007 were the lowest of the past decade. With a total of 553m barrels of oil equivalent, these new reserves were less than half of what was found in 2006.

### [The age of triple-digit oil is here to stay](#)

I don't think they have learned their lesson.

Brokers are STILL chasing the oil price higher with their forecasts. Last week, Barclays Capital upped its 2008 West Texas Intermediate price forecast to an average of \$97.70. This is more than \$10 a barrel higher than its previous forecast. It also upped its forecast for Brent to \$96.40 a barrel. This is better... but I think they could still end up red faced.

### [Oil spike to last through 2008: OPEC president](#)

ALGIERS (Reuters) - Oil prices will stay at current high levels for the rest of this year due to speculation and geopolitical tensions, Algerian state media on Monday reported OPEC President Chakib Khelil as saying.

Prices could retreat in 2009 with a recovery of the U.S. dollar in foreign exchange markets following the election of a new U.S. president, and as fundamentals reassert themselves as major market forces, he was reported as saying by government newspaper El Moudjahid and state news agency APS.

### [Cost of gas rises to record, and could go higher](#)

NEW YORK - U.S. average retail gasoline prices have reached a new high of almost \$3.20 per gallon and will likely jump another 20 to 30 cents in the next month, worsening the pain of consumers struggling to make ends meet in an economic downturn.

### [Investing in the petro-loonie](#)

Can you connect these economic dots: the U.S. dollar, world oil supply/demand, the world price of oil, Canadian oilsands, the Canadian dollar, and Canadian energy stocks? It may seem simplistic, but here is my spin.

### [America's hottest export: Coal](#)

St. Louis-based Peabody Energy Corp. shipped more coal overseas in the first six weeks of this year than it did all of last year, said Chief Executive Gregory H. Boyce.

"The globe — and we look at the whole globe — is short of coal for the needs of demand," Boyce said in an interview. "That is now pulling huge amounts of exports out of the U.S."

### [Solar Energy Firms Leave Waste Behind in China](#)

Because of the environmental hazard, polysilicon companies in the developed world recycle the compound, putting it back into the production process. But the high investment costs and time, not to mention the enormous energy consumption required for heating the substance to more than 1800 degrees Fahrenheit for the recycling, have discouraged many factories in China from doing the same.

### [Russia, Nigeria Cut Gas Sales, Raising Importer Costs](#)

(Bloomberg) -- Russia is forcing Exxon Mobil Corp. to abandon plans to export natural gas to China. Nigeria is requiring explorers to share output with its citizens. Indonesia will cut sales to Japan.

Countries holding almost half the world's gas are curbing shipments to meet growing domestic use, hurting importers from the U.S. to Japan. Prices for the heating fuel may rise 50 percent within five years on the New York Mercantile Exchange as a result, said Chris Jarvis, president of Caprock Risk Management in Hampton Falls, New Hampshire. He anticipated the rally in gas prices during the past month.

### [UAE becomes third largest oil exporter](#)

Steady capacity expansions have turned the UAE into the third largest oil exporter in the world although it lags behind in production capacity. Estimates by the International Monetary Fund (IMF) and official US sources showed the UAE was the third largest oil exporter in 2006 and was expected to have maintained that position in 2007.

### [Yemen to increase oil production up to 500,000 barrels](#)

Yemen will increase its oil production to 500,000 barrels daily by 2010, advised Minister of Oil and Minerals, Khaled Bahah, last Wednesday.

In a statement to Saba Bank, Bahah said that the ministry is still working to improve the current production blocks and develop new exploratory wells to raise the production in addition to attracting further international oil companies to invest in the country.

### [Dubai plans \\$200m oil storage terminal](#)

Dubai: Dubai Multi Commodities Centre (DMCC) Dubai Multi Commodities Centre (DMCC), Star Energy Resources and Tropicana Trading DMCC on Saturday announced the signing of a framework agreement to build a world class oil products storage facility at Techno Park in Dubai.

The proposed oil storage terminal will involve an estimated investment of \$200 million.

The facility will store a wide range of oil products, including gasoline, gasoil, diesel and jet fuel, as well as offer complementary services such as blending.

### [Australia comes in from the cold on climate change](#)

SYDNEY (AFP) - Australia will end years of chilly isolation on climate change when its ratification of the Kyoto Protocol comes into force Tuesday but remains one of the world's worst polluters for its size, analysts say.

### [Tony Blair to attend G20 meet in Japan: official](#)

TOKYO (AFP) - Former prime minister Tony Blair will visit Japan this week to discuss climate change at a meeting of the world's 20 biggest polluters, officials said Monday.

The so-called Group of 20 brings together government officials as well as members of the private sector and non-profit organisations to discuss climate change, clean energy and sustainable development.

[Southern Baptists fight climate change](#)

NEW YORK - In a major shift, a group of Southern Baptist leaders said their denomination has been "too timid" on environmental issues and has a biblical duty to stop global warming.



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