



DrumBeat: April 14, 2008

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Topic: [Miscellaneous](#)

[Fears emerge over Russia's oil output](#)

Russian oil production has peaked and may never return to current levels, one of the country's top energy executives has warned, fuelling concerns that the world's biggest oil producers cannot keep up with rampant Asian demand.

The warning comes as crude oil prices are trading near their record high of \$112 a barrel, stoking inflation in many countries.

Leonid Fedun, the 52-year-old vice-president of Lukoil, Russia's largest independent oil company, told the Financial Times he believed last year's Russian oil production of about 10m barrels a day was the highest he would see "in his lifetime". Russia is the world's second biggest oil producer.

Mr Fedun compared Russia with the North Sea and Mexico, where oil production is declining dramatically, saying that in the oil-rich region of western Siberia, the mainstay of Russian output, "the period of intense oil production [growth] is over".

[Global warming has a new battleground: coal plants](#)

WASHINGTON -- Every time a new coal-fired power plant is proposed anywhere in the United States, a lawyer from the Sierra Club or an allied environmental group is assigned to stop it, by any bureaucratic or legal means necessary.

They might frame the battle as a matter of zoning or water use, but the larger war is over global warming: Coal puts twice as much temperature-raising carbon dioxide into the atmosphere as natural gas, second to coal as the most common power plant fuel.

[Food Inflation, Riots Spark Worries for World Leaders](#)

Rioting in response to soaring food prices recently has broken out in Egypt, Cameroon, Ivory Coast, Senegal and Ethiopia. In Pakistan and Thailand, army troops have been deployed to deter food theft from fields and warehouses. World Bank President Robert Zoellick warned in a recent speech that 33 countries are at risk of social upheaval

because of rising food prices. Those could include Indonesia, Yemen, Ghana, Uzbekistan and the Philippines. In countries where buying food requires half to three-quarters of a poor person's income, "there is no margin for survival," he said.

[Finance Ministers Emphasize Food Crisis Over Credit Crisis](#)

WASHINGTON — The world's economic ministers declared on Sunday that shortages and skyrocketing prices for food posed a potentially greater threat to economic and political stability than the turmoil in capital markets.

[Former oil company chief accused of fraud](#)

HARTFORD, Conn. (UPI) -- Connecticut is suing a former oil company president, charging him with defrauding purchasers of home heating-oil contracts, the state's attorney general said.

Attorney General Richard Blumenthal charged that Christopher T. Carr took millions of dollars on behalf of F&S Fuel when he knew the company couldn't deliver on its prepaid contracts, WSFB-TV in Hartford reported Monday.

[China's Guangdong ups power fee to cover gas costs](#)

BEIJING -- Six of south China's wealthiest cities are charging industrial users a temporary surcharge on electricity prices, to compensate gas and oil burning power stations for soaring fuel costs, industry sources said on Monday.

...The money collected could help tide the booming area over peak-time summer power shortfalls that the local government warns could be as high as 15 gigawatts, by providing cash to plants that can be easily fired up but have high fuel bills.

[Mexico Opposition Barricades Congress](#)

MEXICO CITY (AP) -- Leftist lawmakers erected makeshift barricades in Mexico's lower house of Congress Monday to block attempts to dislodge them from the podium, where they have been camped out for nearly a week to protest an oil reform bill.

[Iran warns Total, Shell over gas deal](#)

Press TV -- Iran warns Royal Dutch Shell and Total against inaction, calling on them to enter a contract if they seek to develop South Pars gas field.

"The deadline set for Shell and Total (to enter a contract on developing) phases 11 and 13 of South Pars (gas field) will not be extended; they are likely to be replaced by Asian corporations," said Ali Vakili, the managing director of Iran's Pars Oil and Gas Company.

[India learns its oil lessons](#)

BANGALORE - India's quest for energy security received a boost last week with its oil diplomacy paying off to varying degrees on more than one continent. In South America, India signed a deal allowing it to participate in a joint venture to drill oil and gas in Venezuela, while in Central Asia, the door was pried open for Indian companies to invest in projects in Turkmenistan. In the same period, New Delhi's wooing of Africa's oil-rich nations moved into top gear as it played host to the first India-Africa summit.

[Methane boom has Colo. landowners worried: Energy industry jobs return, as does contamination and explosion risks](#)

WESTON, Colo. - A hamlet near here of wooded gulches, rocky outcrops and views of the snowy tops of southern Colorado's Sangre de Cristo mountains is the perfect escape for retirees and telecommuters who've settled in.

But people who bought lots on the 4,000-acre North Fork Ranch about 200 miles south of Denver, hoping to leave behind big-city hassles, worry when they flip on a switch or take a drink of water. They're afraid that volatile methane gas from drilling in the area's coal seams could seep into their water wells or migrate inside their homes.

[Bill McKibben: Where Have All the Joiners Gone?](#)

CHEAP FOSSIL FUEL has made us what we are. Which is to say: rich, powerful — *Look at us! We can make the ice caps melt! The oceans rise!* But something else too: cheap fossil fuel has made us the first people on Earth with no need of our neighbors.

[New cracks suggest largest remaining Arctic ice shelf destined to disappear](#)

WARD HUNT ISLAND, Nunavut — New cracks in the largest remaining Arctic ice shelf suggest another polar landmark seems destined to break up and disappear.

Scientists discovered the extensive new cracks in the Ward Hunt Ice Shelf earlier this year and a patrol of Canadian Rangers got an up-close look at them last week.

"The map of Canada has changed," said Derek Mueller of Trent University, who was amazed to find how quickly the shelf has deteriorated since he discovered the first crack in 2002.

"These changes are happening in concert with other indicators of climate change."

[Better Batteries Dramatically Boost Wind Energy](#)

The giant wind turbines on the west coast of Ireland stand not only on the geographical limits of Europe, but also on the cutting edge of a revolutionary technology that makes wind power more reliable and valuable. The 32 megawatt (MW) Sorne Hill wind park will be Europe's first to integrate a large scale battery back-up system that ensures a reliable supply of electricity regardless of how the wind blows.

[Pemex Shuts Two Gulf Oil-Export Ports on Bad Weather](#)

Petroleos Mexicanos, the third- largest supplier of crude to the U.S., has closed two oil-export terminals in the Gulf of Mexico because of winds and lightning.

[Cantwell calls for probe of petroleum price fix](#)

WASHINGTON -- With the price of crude oil hovering near \$110 a barrel and gasoline prices at record levels, a Washington senator says federal regulators need to stop delaying and start investigating whether petroleum markets are being manipulated.

[Railing Against Fuel Costs](#) - *Cost of diesel means good times for freight trains*

With diesel topping \$4 a gallon and trucking prices rising accordingly, it looks to some people like boom time for trains.

Freight is already a cheaper form of transportation than trucks, and according to the Central Massachusetts Regional Planning Commission's 2007 Regional Transportation Plan, railroads can move a ton of freight three times as far as a truck on a gallon of fuel.

[Nigeria: How to End Fuel Scarcity](#)

The minister, who apologised to Nigerians for the recent hardship over fuel scarcity, said lack of adequate strategic storage capacity was one of the underlying deficiencies in the system.

"Imagine we were at war and there was a blockade, the country would grind to a halt. So it is a matter of urgency that we should develop this capacity. For the future, we are looking at what we've done wrong, what we are doing wrong, what we should do right. I can assure you that this administration will do what is necessary to ensure that this (fuel scarcity) doesn't recur," he said.

[Gambia: Fuel Shortage Hits Again](#)

According to our correspondents hundred of vehicles could be seen packed at various petrol stations in the country as drivers struggle to get some gallons of diesels. "The fuel shortage is seriously causing huge headache to the traveling public particularly we the civil servants, as we always find it hard to reach office and home on time" a 34-year-old lady told the Freedom Newspaper, describing the situation as an absolute abysmal.

"Many private car owners and commercial vehicle drivers are currently bereft of petrol and now joining pedestrians to walk to reach to their destinations."

[Pakistan to sell \\$1 bn bonds to tide over deficit](#)

The United States is negotiating a deal with India to sell civilian nuclear power reactors to the country but has declined to make a similar offer to Pakistan because of the alleged involvement of its scientists in proliferation activities. But Mr Dar raised the issue again in the presence of a number of senior US officials at the embassy, indicating that Islamabad might renew its request to Washington to help it meets its energy needs.

[Gaza power plant to shut down by Tues. due to fuel shortage](#)

Palestinian Petrol Corporation chief in Gaza warned on Monday that Gaza's main power plant will be closed by Tuesday due to the shortage of fuel.

"The remaining amounts of industrial fuel to keep the power plant operating will be only sufficient until Tuesday," Mujahid Salama said in a statement, warning "if more fuel is not allowed, Gaza Strip will be sinking in full blackout."

[ANALYSIS: Energy crisis meets food crisis amid bio-fuels backlash](#)

Efforts by industrialized countries to reduce their dependence on foreign energy sources and cut climate-changing emissions has prompted a strong backlash from some developing nations dealing with a worsening food crisis. The problem lies in bio-fuels, an alternative source of energy that is often made from food crops. The World Bank last week said that a boost in bio-fuels production was largely to blame for an 83-percent increase in food prices over the last three years.

[Energy - crisis elsewhere, opportunity for North Dakota](#)

What surprised and disappointed me when researching this column was the limited role

of alternatives in relation to the total demand for energy.

The best I could get my scientific friends to say is that alternative energy could create enough power to take care of the increase in demand. This means that unless there is some undiscovered energy, the best we can expect to see is that fossil fuel energy still will be needed to meet the present level of demand.

[ESCOs and Utilities: Shaping the Future of the Energy Efficiency Business](#)

As oil hits \$110 per barrel and climate change reaches the mainstream conversation in both our consumer culture (carbon neutral products, hybrid cars, etc.) and political conversations (green collar jobs, cap-and-auction schemes, etc.) the issue of energy efficiency has once again become prominent. There is virtual agreement, among policymakers and economists, that efficiency is the low-hanging fruit for reducing carbon emissions and essential to any comprehensive approach to halt global warming.

[UK: Shipping carbon tax costs will fall on consumers](#)

Consumers will bear the cost of a future marine fuel tax proposed by the UN to reduce carbon emissions, as shipping companies, importers and retailers hand on the increases, say commentators.

[The Realities of Natural Gas](#)

In much of North America, despite propaganda to the contrary, exploration and production have been yielding disappointing results for a long time, and expectations about e.g. the Gulf of Mexico and imports into the U.S. by pipeline from Canada often have an air of unreality about them. In Europe a more rational tale can be deduced on the basis of what happened in Finland. With copious potential gas supplies adjacent to Finland in Russia and Norway, the decision-makers in that country chose nuclear as the best option for additional power. They understood that given the likely future demand for gas in Europe, Asia and North America, in the long-run they might have found themselves relying on imports from very distant sources – e.g, Qatar and Iran.

[High oil prices and the return of “resource nationalism”](#)

As oil prices rise, global oil companies may seem to be making up for previous times when revenues barely covered production costs. However, the oil executives know all too well that high oil prices are a mixed blessing.

[Three Arab Oil Phenomena in 2008](#)

The year 2008 has been characterized by three Arab oil phenomena with significant future implications. These are summed up in the noticeable expansion in crude oil and natural gas production capacity, the significant increase in the capacity of refineries, and the ongoing establishment of private Arab oil companies.

[Saudi to invite bids for Jizan refinery in May](#)

RIYADH (Reuters) - Saudi Arabia plans to proceed with a project for a new oil refinery at Jizan and will invite bids to build and operate the plant in May, the oil ministry said on Monday.

Spiralling costs have cast doubt over the viability of new oil refineries worldwide. Industry observers were sceptical over the Jizan refinery going ahead as it is a long distance from crude production.

[Turning the world right side up, one conference at a time](#)

The meetings and convention industry is in for some radical changes, if predictions put forward by Thomas Homer-Dixon prove true.

[Rising Powers, Shrinking Planet - excerpt from Klare's new book](#)

In this new, challenging political landscape, the possession of potent military arsenals can be upstaged by the ownership of mammoth reserves of oil, natural gas, and other sources of primary energy. Hence, Russia, which escaped from the Cold War era in a shattered, demoralized condition, has reemerged as a major actor in the international arena by virtue of its colossal energy resources. For all its military might, the United States has, in contrast, sometimes found itself reduced to cajoling its foreign oil suppliers—including long-term allies such as Saudi Arabia—to increase their petroleum output in order to slow the upward spiral in energy prices.[2] The “sole superpower” has, in short, found itself scrambling—on the battlefield, on global trading floors, and in diplomatic back rooms—to somehow come to terms with what Sen. Richard G. Lugar (R-Ind.) has termed “petro-superpowers”—nations that wield disproportionate power in the international system by virtue of their superior energy reserves.

[It really is the economy, stupid](#)

So can you still be an economic superpower if you don't make anything and an increasing share of your of GDP consists of debt owned by other countries? What happens if those countries decide they don't like us anymore? Remember the oil embargo of the 1970s? Arab countries who sit on top of much of the world's oil reserves got angry with America for refusing to allow them to eradicate the state of Israel, so they stopped selling to us. The U.S. economy was hit hard as the price of gasoline skyrocketed, and the

government was forced to impose price controls and rationing.

And we are much more dependent on the goodwill of other countries now than we were then. Worse yet, there are some signs we are approaching Peak Oil, the point at which the world hits maximum oil production (aided by the increasing demands of emerging economies like China and India). If that happens, gas prices won't come down. Ever.

[Economist Sachs believes we can save world](#)

Sachs has a far more sanguine view of the future than does Homer-Dixon. Homer-Dixon tries to end his book on an optimistic note and Sachs sprinkles his optimism throughout his book, such as: Economic convergence is inexorably lifting up the developing countries to a good standard of living. Tackling climate change will cost a miniscule one per cent of the world's GDP. Oil may be running out but coal is abundant and carbon capture and storage technologies will soon be available that will cheaply store CO₂, thus allowing coal to be used in an environmentally safe way.

[Think green and power it down](#)

One thing our politicians keep dancing around and ignoring, however, is the continuing failure of natural resource and oil companies to find additional fossil fuel reserves.

The fact of the matter is, oil reserves are dwindling and natural gas has to be imported because we've all but depleted our resources in America.

[Climate change spells coal phaseout](#)

Taking swift action to solve climate change will cost only a modest amount and may even benefit the economy in the long run. Delay, on the other hand, could be disastrous.

That was the message delivered in late March by James Hansen, head of NASA's Goddard Institute for Space Studies and one of the first U.S. scientists to sound the alarm about global warming. Hansen released a report stating that catastrophic climate change is now likely if we fail to promptly reduce greenhouse gas emissions. Uncontrolled global warming would, he said, "forever alter the conditions under which civilization developed and to which life on Earth is adapted."

That's a scary prognosis. Yet Hansen's report did not make the evening news, and no presidential candidate mentioned it.

[Diesel weasels its way into costs, supply-chain strategy](#)

Soaring fuel costs percolate through to a range of product prices—and call into question just-in-time inventory practices. Watch out for open-ended fuel surplus charges.

Record-fast price increases for diesel fuel are shaking up the nation's manufacturing and supply chains, contributing to price hikes in everything from Meow Mix to mattresses and forcing corporate executives to rethink business models that may be too dependent on just-in-time inventory management policies honed during the era of cheap oil.

[Bakken no energy panacea](#)

Those who deny that peak oil is a near-term problem can be so predictable. Hours after the U.S. Geological Survey released its study Thursday showing that the Bakken oil formation has up to 4.3 billion barrels of "technically recoverable oil," the emails started trickling in.

There's plenty of oil out there.

We just have to keep looking.

Peak oil is a scam.

[U.S. on 'monorail with a cliff at the end,' UA prof warns](#)

In your April 6 Viewpoints essay ("End of the world as we know it"), you write about some pretty frightening things: \$400 for a barrel of oil soon, our oil supply running out in 30 years, the modern world coming to a screeching halt because of a lack of energy. How much of this do you actually believe? And how much is a scare tactic to get our attention?

I believe everything I wrote. I am trying to inform people, not scare them. I do not benefit from peak oil or spreading the word about it. Indeed, it will cost me my 401(k), my 403(b), and the job I love, and writing about it has been costly to my so-called career. And then there's the consequent hate mail ...

[Greenspan, Bailouts and Fed Policy](#)

Greenspan has been skewered recently for helping to create the subprime "bubble" by keeping interest rates too low too long. In my opinion, this is not his biggest policy failure. His biggest sin is writing a book whereby he acknowledges the inequities of the Bush tax policy, that the Iraq war was all about oil, and the dangers of Republican fiscal policies with respect to the fiscal and trade deficits. Yet, when he was the Chairman of the Federal Reserve and had the bully pulpit from which to impact these issues, he said virtually nothing. **This is Greenspan's biggest sin: he was more worried about**

keeping his job than he was about the economic welfare of the middle class and what was best for our country as a whole.

[Food, Fuel, and Finance: The Crisis of the Three Fs](#)

While the share market digests the news of collapsing brokers and falling financial profits, the grand poobahs of the world's economy are wringing their hands in worry. What's keeping them up at night? The three Fs, each its own kind of crisis: **food**, **fuel**, and **finance**.

[Green Festival in Seattle - Day 2](#)

I have no doubt that we humans have the ingenuity necessary to solve this "energy crunch" that is approaching. If we do not solve it it will be due to pride, greed or both. It became crystal clear to me that life was designed in a way that we are never faced with a problem that we cannot solve. However, even if it is true that we can solve all problems, that does not automatically guarantee the survival of the human species.

The human species is probably not at stake (regarding the depletion of natural resources that are essential to life), but population die-off is a possibility. Those who continue to party while the Titanic likely will not survive.

[BCC conference looks at 'Cheap Oil'](#)

FALL RIVER, MA — Bristol Community College will examine "Cheap Oil — Going, Going, GONE!" at noon on Tuesday, April 22, Earth Day. The lecture in the Jackson Arts Center on the Fall River Campus is free and open to the public.

Richard Heinberg, one of the world's foremost experts on peak oil and its impact on industrial society, will speak on the end of cheap oil and what it means for America and the world. As gasoline streaks towards \$3.50, \$4 and more a gallon, how will we get to work and school? What kind of education will we need? Mr. Heinberg will cover these questions and more and look at the ramifications of a life without cheap oil.

[The decline and fall of the American empire of debt](#)

As for oil, while at first it might seem a bit off-putting to find a chapter on "peak oil" in the middle of a book mostly devoted to financial shenanigans, the current price tags of a barrel of crude and a gallon of gasoline obviously pile even more stress on top of an economy already teetering after years of gross mismanagement. Phillips has long castigated the Bush administration for its energy misadventures -- believing, as do many Bush critics, that the invasion of Iraq was motivated in large part by geopolitical petroleum concerns. But how could two oilmen in the White House have screwed up so

spectacularly? Dark times are ahead, he foresees, as the major powers of the world struggle for control of the world's dwindling supplies of fossil fuels. But as this time of peril hastens toward us, the once mighty U.S. is no longer master of its own manifest destiny.

[Pakistan's Musharraf pushes for China oil pipeline](#)

BEIJING (Reuters) - Pakistan President Pervez Musharraf is pushing a proposal for gas and oil pipelines between his country and China to bolster bilateral ties, he said on Monday, during a visit that has highlighted security concerns.

[Mexican leftist leader wants oil debate](#)

MEXICO CITY - Mexico's foremost leftist leader predicted Sunday that protesters would prevent Congress from moving forward on the president's oil reform proposal during the current legislative session.

At a rally in Mexico City's central square, former presidential candidate Andres Manuel Lopez Obrador reiterated calls for a national debate on the reform bill, which President Felipe Calderon introduced last week to allow state oil company Pemex to partner with private companies for oil exploration and refining.

[An Explanation for Soaring Commodity Prices](#)

How to explain commodity prices go up while the economy turns down? If strong economic growth is not the explanation for the large increases since 2001 in prices of virtually all commodities, then what is?

[Riots break out in Pakistani city over power cuts](#)

Multan: A crowd protesting power cuts rioted in the home city of Pakistan's new prime minister on Monday, ransacking the office of the state electricity company, torching a bank and leaving at least 13 people injured.

[The Case for a Sustainability Emergency](#)

Say the government, instead of spending billions of dollars putting TV ads on and propagandizing to us, spent the same money to hire us, to pay for our salaries. And say 100,000 people across whichever country we happen to be in, was asked to come in and meet over a period of some months, say one day a week, and talk through and try to come up with recommendations about what to do about climate change and peak oil.

[Uranium Bull Market: Not Over Yet](#)

When it bottomed at \$7 per pound in 2001, uranium was one of the most derided commodities on earth. The most common associations with uranium were Chernobyl and bombs. Environmental protesters were calling for the shuttering of nuclear reactors, and plants continued to be mothballed.

What a difference six years has made. Uranium rocketed from less than the cost of a pizza to \$138 per pound in June 2007. Articles appeared in financial publications like *MoneyWeek* and *Forbes* on investing in this “white-hot” market. Dr. Patrick Moore, a co-founder of Greenpeace, started supporting nuclear plants as a clean and safe fuel. Even oil producers such as Egypt and Saudi Arabia have expressed interest in nuclear power.

[Govs to gather to address global warming](#)

NEW HAVEN, Conn. - Organizers hope a gathering of governors this week will be as effective in addressing climate change as a similar event that launched the conservation movement a century ago.

As many as 10 governors and leading experts on global warming plan to attend the conference Thursday and Friday at Yale University, and review state programs and develop a strategy to combat global climate change.

[Rich countries not leading on climate change: IPCC chief](#)

LONDON (AFP) - The head of the United Nations's scientific panel on climate change said in an interview published Monday that developing countries were unwilling to sign up to a global deal on cutting carbon emissions because rich countries were not leading the way.

"Looking at the politics of the situation, I doubt whether any of the developing countries will make any commitments before they have seen the developed countries take a specific stand," Rajendra Pachauri of the Nobel Prize-winning Intergovernmental Panel on Climate Change told *The Guardian*.



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