



DrumBeat: April 16, 2008

Posted by [Leanan](#) on April 16, 2008 - 9:03am

Topic: [Miscellaneous](#)

[Oil futures jump to record over \\$115 on supply concerns](#)

NEW YORK - Crude futures made their first foray past \$115 Wednesday, propelled to a new record by concerns about how much gas will be available during the peak summer months.

Inventories of gas fell by 5.5 million barrels last week, according to the Energy Department's Energy Information Administration, a much bigger decline than forecast by analysts surveyed by Dow Jones Newswires. Light, sweet crude for May delivery responded by rising as high as \$115.07 on the New York Mercantile Exchange, and later settled up \$1.14 at a record \$114.93 a barrel.

...But the market was torn and traded sharply lower at times due to data deeper in the report showing that the country's appetite for increasingly expensive gas is declining.

"Demand for gasoline is terrible," said Phil Flynn, an analyst at Alaron Trading Corp. in Chicago. Gas demand has fallen an average of 1 percent each of the last four weeks compared to the same period last year. "Demand should be rising this time of year."

[Pilots claim airliners forced to fly with low fuel](#)

As cash-strapped airlines pack more passengers on flights into ever-busier airports, pilots are filing internal complaints warning that airline cost-cutting on fuel supplies could be creating a major safety risk.

The complaints, compiled by msnbc.com and NBC News from a database of safety incident reports maintained on behalf of the Federal Aviation Administration, reveal wide-ranging concern among pilots that airlines are compelling them to fly with too little fuel.

American Airlines expects to spend \$9.3 billion on fuel this year, 39 percent more than last year, said Andy Backover, a company spokesman.

[United increases domestic fuel charge to \\$20](#)

NEW YORK - United Airlines said Wednesday it raised its domestic fuel surcharges by \$10 to \$20 roundtrip, less than a week after the U.S.'s second-largest carrier increased fares to offset rising fuel expenses.

The move, which went into effect late Tuesday night, comes after oil prices topped \$114 a barrel for the first time, and will likely put pressure on other airlines to follow suit.

[Consumer prices continue to climb](#)

WASHINGTON - Consumer prices pushed higher last month as increases in energy, food and airline tickets overwhelmed the biggest drop in clothing prices in nearly a decade.

...Over the past 12 months, inflation is up by 4 percent, reflecting relentless gains in energy costs, which are up 17 percent over that period, and food prices, which are up 4.4 percent.

[The great white hope of the oil industry](#)

The province of Alberta in Western Canada is a forbidding place – a desolate landscape of peat bog and sparse boreal forest, where icy winds can gust the temperature to 40 degrees below freezing. Despite the fact that there are estimated to be 1.7 trillion barrels of oil beneath its surface, it wasn't until 1964 that the oil industry plucked up the courage to drill in the province.

But now that global oil reserves are dwindling, the Alberta oil sands are being tagged as the great white hope of the oil industry. And while Alberta remains a challenging place to source oil, Canadian tar sands developers are sure to be a big part of the oil story over the next 20 years.

[Oil through Israeli pipeline?](#)

NEW DELHI: India is gazing at Israel for a passage to energy security in the age of high oil prices, a move that will give Asia's fastest growing economy easy access to the abundant Russian, Caucasian and Central Asian crude as an alternative to volatile West Asian supplies but will perhaps also raise hackles of pro-Arab political elements at home.

[Kazakhstan supports China tapping Caspian oil and gas](#)

BEIJING (Reuters) - Kazakhstan will support China in developing oil and gas resources on the continental shelf of the Caspian Sea, a joint communique by the two governments showed on Tuesday, as the two seek closer ties.

The two sides will try to complete talks on the Darhan block, the communique posted on Chinese foreign ministry's Web site (www.fmprc.gov.cn) said, without providing details about existing discussions.

[Unsustainable World](#)

There are places in the world where history seems to be running backwards: children are stopping going to school. The reason, so they can work in the fields because it's the only way their family can get enough to eat.

[Farming report released amid food shortage riots](#)

UNESCO calls for a 'paradigm change' to move away from fossil fuels in agriculture

PARIS — As riots erupt over food shortages in the Caribbean and Africa and hunger approaches crisis stage in parts of Asia, an international report said farmers worldwide must reduce dependency on fossil fuels and better protect the environment.

The report, three years in the making, was released Tuesday at UNESCO headquarters in Paris as surging food prices fanned violence and exposed serious concerns about the global food supply in coming decades.

[ArcelorMittal to Increase U.S. Prices by \\$250 a Ton](#)

(Bloomberg) -- ArcelorMittal, the world's largest steelmaker, plans to boost prices on some steel shipments in the U.S. by \$250 a ton, or about 33 percent of current prices, to recoup surging costs for energy and iron ore.

[Corn, Soybeans Rise on 'Buying Panic' to Avoid Food Shortages](#)

(Bloomberg) -- Corn and soybeans rose for a second straight day on speculation global demand will increase as nations seek to slow inflation and avoid food shortages.

The Philippines, the biggest rice importer, yesterday urged Asian nations to convene an emergency meeting on the region's food crisis. Kazakhstan, the world's fifth-largest wheat exporter, banned shipments of the grain until Sept. 1 to control domestic prices for bread and other foods. Wheat and rice prices have doubled to records in the past year.

[The cost of green tinkering is in famine and starvation](#)

Farewell the age of reason, welcome the idiocracy. Only George Orwell could have invented - and named - the government's Renewable Transport Fuel Obligation (RTFO) that came into operation yesterday. It is the latest in a long line of measures intended to ease the conscience of the rich while keeping the poor miserable, in this case spectacularly so.

[Unwelcome face of ag-inflation](#)

BY the autumn, farm costs will have increased by almost a quarter over 18 months.

...Not surprisingly, the rises in fertiliser, fuel and feed prices are now coming through to have a significant impact on agricultural cost inflation.

[Rice for sale, any takers?](#)

While international markets are suffering from rice shortage and price surges, Chinese rice farmers are experiencing the opposite – they are unable to unload their harvests at fair prices.

As a result, Wang said he lacked the money to buy enough seed and fertilizer needed for the upcoming spring planting season.

[UK: Is changing our diet the key to resolving the global food crisis?](#)

We are eating 50 per cent more meat than in the 1960s, and global consumption is forecast to double by 2050. More of the extra is chicken, and we eat less red meat than in the past (and a lot less than the Americans). But in terms of overall meat consumption, we are not even going in the right direction.

[Inflation is everybody's problem](#)

Housing headaches get all the headlines, but many CNNMoney.com readers say they are more concerned about rising food and gas prices than the credit crunch.

[McCain's gas tax cut draws fire](#)

Skeptics say it will do little to reduce prices and stimulate the economy, and could leave road projects unfunded.

[Iran to Crescent: agree price or lose gas](#)

Iran has told Crescent Petroleum that it will sell gas planned for the privately-owned company domestically if a dispute over price is not resolved, said Iran's Oil Minister, Gholamhossein Nozari.

[Oil rockets to new record after inventory report](#)

NEW YORK — Gasoline and oil futures prices rocketed to new records Wednesday, propelled by concerns about how much gas will be available during the peak summer months. Crude futures approached \$115 (U.S.) for the first time.

[Brazil Field Smaller Than Claimed, Credit Suisse Says](#)

(Bloomberg) -- Brazil's Carioca prospect may have 98 percent less crude than a figure cited by the country's oil agency, Credit Suisse Group said, challenging claims that the field is the biggest-ever discovery outside the Middle East.

[Chinese oil giants to get tax rebate amid price controls](#)

BEIJING (AP) — China's two major state oil companies will get a tax rebate on gasoline and diesel imports to help offset losses blamed on price controls, the government said Wednesday.

China National Petroleum Corp. and China Petroleum & Chemical Corp., better known as Sinopec, will receive a refund on a 17 percent value-added tax on imports between April 1 and June 30, the Finance Ministry said on its Web site.

[Oil sit-in pushes out Mexico MPs](#)

A sit-in protest by leftist politicians over energy reform plans has forced Mexico's Congress to relocate for the first time in almost 20 years.

[Africa Now a Force in Global Gas Industry](#)

Angola may absorb more gas in the future in its own gas fired power plants and South Africa could also be an option for piped gas, but at present LNG represents Luanda's best chance of making commercial use of its gas reserves, in December, the Angola LNG consortium agreed to proceed with the construction of an LNG production plant at Soyo in Zaire Province, around 350km north of Luanda. It will have production capacity of 5.2m tonnes a year in a single production line, known in the industry as a train.

[Labour shortage to delay LNG projects](#)

MORE than \$US100 billion (\$108 billion) of liquefied natural gas projects in Australia, Papua New Guinea and the Timor Sea are planned over the next decade, but a severe labour shortage and surging costs mean many projects will not go to schedule, keeping global supply tight.

[Pakistan: Why not ban wedding meals, lighting?](#)

The worst and most insensitive manifestation of our unresponsiveness is witnessed at local wedding ceremonies wherein all halls, enclosures and houses at the eve of marriage ceremonies are lighted up, irrespective of how much electricity is being wasted. Interestingly, even the authorities concerned fail to act in the matter. The blatant waste of power continues, unrepentantly.

Likewise, wedding tables are laden with food that most often than not goes to waste. Pakistanis not only eat to their hearts content, but at times over-indulge themselves. Still, almost half of the food served is dumped later. The quantity exceeds the eating demands of many. But what sickens the sight is food being turned into junk, the youth's concept of fun. It throws light not only on how insensitive people could be, but also how mindless - worst than Yahoos of Gulliver's Travels in certain cases. It is criminal on the part of both the guests and the hosts to waste food when the country and the world in general face an acute food shortage.

[Pakistan: Electricity riots in Multan](#)

Power riots in Multan on Monday have done a lot of damage – Multan Electric Power Company (Mepco) office was attacked, vehicles burnt and banks and stores looted. A probe into the incident is overdue but what is worrisome is that the Wapda employees' union has threatened to cut off power supplies to the entire city of Multan if the culprits are not nabbed and tried.

[Pakistan: Is violent protest inevitable?](#)

What one saw the whole of last year in Karachi is now happening in Punjab. And this may spread unless the new government makes a complex calculus about protecting certain communities against unemployment by electricity outages. This is important because an ancillary crisis is also looming: the crisis of scarcity of food items at affordable prices. If people have money to buy food, they can survive the hardship of high prices; but if they are unemployed they have no other course but suicide or rioting. Now both these "options" are about to be exercised.

[Namibia: Electricity Tariffs Skyrocket](#)

After weeks of speculation and uncertainty, the Electricity Control Board (ECB) yesterday finally announced the highest ever electricity consumer tariff increase of 18.06 percent for the year 2008/9.

...Last week, the ECB conducted an electricity consumer survey soliciting public input on whether to introduce higher tariffs or introduce load-shedding in the near future.

Simasiku revealed yesterday that 68.7 percent of electricity consumers across the country voted for load-shedding and 31.3 percent higher tariffs. This means the approved tariffs would have been even higher if the majority of customers had opted for higher tariffs.

[Where Will Germany's Energy Come From?](#)

Nuclear power is too dangerous. Coal is too dirty. Gas involves too much dependence on Russia. And renewables are insufficient. So just where is Germany going to get its power from?

[Clean coal is vital to our future](#)

AUSTRALIA is one of the developed countries most at risk from climate change. That's why Kevin Rudd and his key adviser Ross Garnaut have been unequivocal in their support for deep cuts to greenhouse emissions. There is broad agreement that developed countries will need to lead in managing this transition.

[Global crises inspire local action in city of the future](#)

YOU know an idea is hovering around the edges of the mainstream when it makes it into the script of Radio 4's The Archers.

Organic farmer Pat Archer is starting an action group called Transition Ambridge, a move to plan how the community can act now and survive rather than allow itself to be battered by two mammoth geopolitical and environmental problems ahead of us in the real world.

[McCain needs plan to boost oil supply](#)

In any event, both Sen. McCain and Sen. Clinton are proposing short-term measures that would do nothing to help the nation come to grips with the long-term energy crisis.

A boost in the domestic supply of oil definitely would relieve some of the long-term

pressure on prices. Yet the three presidential contenders -- Sens. McCain, Clinton and Barack Obama -- have shown no interest in opening more oil-rich areas to drilling.

[Greer: The specialization trap](#)

When archeologists uncovered the grave of a sixth-century Saxon king at Sutton Hoo in eastern Britain, for example, the pottery found among the grave goods told an astonishing tale of technical collapse. Had it been made in fourth century Britain, the Sutton Hoo pottery would have been unusually crude for a peasant farmhouse; two centuries later, it sat on the table of a king. What's more, much of it had to be imported, because so simple a tool as a potter's wheel dropped entirely out of use in post-Roman Britain, as part of a cascading collapse that took Britain down to levels of economic and social complexity not seen there since the subsistence crises of the middle Bronze Age more than a thousand years before.

Ward-Perkins' book contains many other illustrations of the human cost of the Roman collapse -- the demographic traces of massive depopulation, the way that trends in graffiti track the end of widespread literacy, the decline in the size of post-Roman cattle as a marker of agricultural contraction, and much more -- but I want to focus on the pottery here, because it tells a tale with more than a little relevance to our own time. Cooking vessels, food containers, and roofing that keeps the rain out, after all, are basic to any form of settled life. An agricultural society that cannot produce them is impoverished by any definition; an agricultural society that had the ability to produce them, and loses it, has clearly undergone an appalling decline.

[Oil sets new record in 'new era' of higher prices](#)

"I think we're in for a new era in oil where higher prices are here to stay," said John Stephenson, an oil industry analyst with First Asset Funds.

"We've seen 35 years go by without a major discovery in the oil patch anywhere in the globe."

Stephenson also noted increased demand outside of Europe and the U.S. is also raising oil prices.

"Unless you think people in Asia are going to go back to riding bicycles and give up their cars, I think we're into an era of high oil (prices)."

[Brazil oil find announcement spurs excitement, official rage](#)

RIO DE JANEIRO: The discovery of a massive new oil field off Brazil triggered speculation yesterday the country will become a major world energy supplier of the 21st century - and also official fury the find was revealed so soon.

[Russian mother who took on oil giant and won](#)

MOSCOW (Reuters) - When Russia's government announced a plan to build an oil pipeline near Lake Baikal, Marina Rikhvanova, a softly spoken 46-year-old from Siberia, could not stand by and watch.

The world's largest freshwater lake, Baikal is home to hundreds of unique species of animals and plants. "We knew we had to do something, the lake is just too important," Rikhvanova told Reuters in an interview.

[Pocket Pads](#)

As concerns about the environment grow, a few architects are betting that buyers will want radically smaller homes.

[Gas station anger should be directed at Washington](#)

On PBS' Newshour with Jim Lehrer, Lisa Margonelli, author of "Oil on the Brain" and an expert on the economics of energy, said Americans are incredibly resentful over higher fuel prices. Even though gas stations make about a paltry three cents a gallon on the gas they sell (their profits come from what they can sell inside the store), people abuse gas station attendants, blaming them for the high prices. Some angry customers are driving off without paying.

"I've talked to truckers," Margonelli said, "who said that people started screaming at them in the middle of the gas station as they're trying to refill the station's tanks."

[The skies less traveled - Air woes a glimpse into the future?](#)

If you think America's skies have become a little less friendly than they once were -- what with bankruptcies, inspection problems and skyrocketing fuel prices -- just wait. Chances are good that the era of convenient, cheap air travel is ending.

[A climate for change](#)

"There are two main driving factors: climate change and what we call 'peak oil', which means that in the next few years oil reserves will peak and we are going to have to get used to life without it.

"The question is, how do communities make the transition?"

[Renewable Energy facts](#)

Renewable energy generated as much electric power worldwide in 2006 as one-quarter of the world's nuclear power plants, not counting large hydropower. (And more than nuclear counting large hydropower.)

The largest component of renewables generation capacity is wind power, which grew by 28 percent worldwide in 2007 to reach an estimated 95 GW. Annual capacity additions increased even more: 40 percent higher in 2007 compared to 2006.

[Michael Klare: The rise of the new energy world order](#)

Oil at US\$110 a barrel. Gasoline at \$3.35 (or more) per gallon. Diesel fuel at \$4 per gallon. Independent truckers forced off the road. Home heating oil rising to unconscionable price levels. Jet fuel so expensive that three low-cost airlines stopped flying in the past few weeks. This is just a taste of the latest energy news, signaling a profound change in how all of us, in this country and around the world, are going to live - trends that, so far as anyone can predict, will only become more pronounced as energy supplies dwindle and the global struggle over their allocation intensifies.

[Crude Oil Rises to Record Above \\$114 a Barrel as Dollar Plunges](#)

Oil rose to a record above \$114 a barrel in New York for a second day as the dollar plunged to an all-time low against the euro.

..."This bull market has got a long way to run," Puru Saxena, Chief Executive Officer of Puru Saxena Ltd., said in a television interview. "We have severe supply-and-demand imbalances all across the commodities complex, whether it's food, base metals, precious metals, energy."

[Iran questions need for OPEC to cool oil prices](#)

TEHRAN (Reuters) - Iran's oil minister on Wednesday questioned the need for OPEC to hike production to cool surging oil prices, snubbing calls for more crude from its Western foes, the United States and Britain.

..."Why should OPEC try to lower prices? ... Let America and Britain continue demanding," Oil Minister Gholamhossein Nozari told reporters on the sidelines of a conference in Tehran when asked about the calls from consumers for OPEC to act.

[UK: Pumping trouble](#)

Motorists could find themselves paying £5 a gallon for petrol, after warnings that \$120 a barrel oil was on its way

It seems only yesterday that we were wringing our hands as oil prices hit \$100 a barrel. Back then, many hoped this was a temporary aberration. Now it looks as though oil will be trading at \$120 a barrel within weeks as prices hit \$113 earlier today. The US Department of Energy is expected to report a tightening of the oil supply later today.

The simple explanation is that there is a long-term problem with supply. Oil and gas are finite resources. If some of the people who have them don't want to sell (even if one asks nicely, as Gordon Brown tried yesterday) supply will be limited and prices will go up. The current situation is rather more complicated.

[Krugman: Oil numbers](#)

This is what peak oil is supposed to look like — not Oh My God We've Just Run Out Of Oil, but steady pressure on the economy and the way we live from rising energy prices and their consequences. And it doesn't matter much whether we're literally at the peak, or whether production can rise by a few million more barrels a day; unless there are big sources of oil out there, we'll be feeling peakish for the foreseeable future.

[What lies beneath: Is there really an ocean of oil off Brazil?](#)

JUST how much oil is there off the coast of Brazil? Until recently, Brazil's oil reserves were thought to be relatively modest: about 12 billion barrels at the beginning of 2007, according to BP, or about 1% of the world's total. But last year, Petrobras, Brazil's partly state-owned oil firm, announced the world's biggest oil discovery since 2000: the Tupi field, which it hopes will produce between 5 billion and 8 billion barrels. Now the head of Brazil's National Petroleum Agency (ANP) says another nearby discovery might hold as much as 33 billion barrels, which would make it the third-largest field ever found. That alone would be enough to raise Brazil to eighth position in the global oil rankings—and there is talk of further big discoveries. But the peculiar way in which the information came to light is casting doubt on its significance.

[Shy lenders, and the oil patch, will help Canada fend off recession](#)

Luck and conservative mortgage practices mean Canada can avoid falling into recession even while the U.S. economy contracts, a new analysis suggests.

The luck comes in having ample energy supplies that the United States needs, says Dale Orr, chief economist for forecasting firm Global Insight Canada.

[Venezuela approves windfall oil tax](#)

Venezuela moved Tuesday to take a greater cut of windfall oil profits, approving a 50 percent tax on foreign oil companies when crude tops \$70 a barrel.

The tax rate would rise to 60 percent when the average monthly price for benchmark Brent crude exceeds \$100, according to the bill approved by Venezuela's National Assembly. The legislation will take effect as soon as it is published in the official gazette.

[Iraq to Open Six Big Fields for Oil, Gas Exploration](#)

(Bloomberg) -- Iraq will open at least six major oil and natural-gas fields for exploration and production in its first licensing round since the U.S.-led invasion in 2003, as the country seeks to raise output without a national energy law.

[No cost overruns at Maersk Oil Qatar project](#)

KUALA LUMPUR: Sime Darby Bhd said on Wednesday there were no cost overruns for its on-going offshore project for Maersk Oil Qatar (MOQ).

It refuted recent reports that its unit Sime Darby Engineering has incurred cost overruns of between RM120mil and RM150mil for the project involving engineering, procurement, construction, installation and commissioning (EPCIC).

[Looking For the Black Swan](#)

But when it comes to specific scenarios for dislocation and upheaval, my default instinct tends to be that precisely because "black swan" events are by their nature wildly unpredictable, there's little to be gained by trying to predict which one – peak oil? avian flu? the next Great Depression? – will actually end up throwing our society for a loop. Better to pursue a politics geared toward all eventualities, in other words, than to play a guessing game that's only likely to cost you precious resources, and still more precious sleep.

[Bush revises climate strategy](#)

WASHINGTON (AP) — Revising his stance on global warming, President Bush will propose a new target for stopping the growth of the nation's greenhouse gas emissions by 2025.

The president also will call Wednesday for putting the brakes on greenhouse gas emissions from electric power plants within 10 to 15 years, according to a senior

administration official familiar with the afternoon speech Bush will deliver in the Rose Garden.

[World Sea Levels To Rise 1.5m By 2100 – Scientists](#)

VIENNA - Melting glaciers, disappearing ice sheets and warming water could lift sea levels by as much as 1.5 metres (4.9 feet) by the end of this century, displacing tens of millions of people, new research showed on Tuesday.

Presented at a European Geosciences Union conference, the research forecasts a rise in sea levels three times higher than that predicted by the Intergovernmental Panel on Climate Change (IPCC) last year. The UN climate panel shared the 2007 Nobel Peace Prize with former US Vice President Al Gore.



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](#).