



DrumBeat: April 27, 2008

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[Oil strikes new record near \\$120 on supply fears](#)

PERTH (Reuters) - Oil struck a record high at \$119.93 a barrel on Monday, extending the previous session's rally, as a strike closed a major British oil pipeline and as fresh violence in Nigeria reignited supply fears.

Simmering geopolitical tensions between the United States and Iran also helped boost oil prices.

U.S. light crude for June delivery rose 81 cents to \$119.33 by 2249 GMT, after striking a lifetime high of \$119.93 a barrel at the start of Globex electronic trade.

[Oil May Hit \\$200 as Refiners Buy Costlier Crude, Verleger Says](#)

(Bloomberg) -- Crude oil may rise to \$200 a barrel by the end of the year as refiners increase purchases of low-sulfur oil to make diesel fuel, economist Philip Verleger said.

Ultra-low-sulfur diesel powers most U.S. trucks and diesel-burning cars. To make the fuel, refiners are buying more-costly low-sulfur oils such as the West Texas Intermediate crude traded on the New York Mercantile Exchange, said Verleger, president of PKVerleger LLC, in an interview.

"It's conceivable" oil could rise to \$200 a barrel by the end of the year, he said. If economic growth resumes, we are short diesel and no way we are going to fill the gap."

[Running on Empty](#)

It used to be that only environmentalists and paranoids warned about running out of oil. Not anymore. As climate change did over the past few years, peak oil seems poised to become the next big idea commanding the attention of governments, businesses and citizens the world over. The arrival of \$119-a-barrel crude and \$4-a-gallon gasoline this spring are but the most obvious signs that global oil production has or soon will peak. With global demand inexorably rising, a limited supply will bring higher, more volatile prices and eventually shortages that could provoke--to quote the title of the must-see

peak oil documentary--the end of suburbia. If the era of cheap, abundant oil is indeed coming to a close, the world's economy and, paradoxically, the fight against climate change could be in deep trouble.

[Oil majors rebuked for lack of openness](#)

Most leading oil multinationals fall well short of best practice on revealing financial data and combating corruption, a survey by Transparency International, the anti-graft group, claims.

[Thousands protest Mexico energy reform plan](#)

MEXICO CITY (Reuters) - Thousands of people, some dressed in oil worker jumpsuits, protested a Mexican energy reform proposal on Sunday that leftists say is a veiled attempt to privatize the cherished state industry.

[Producers to discuss "gas OPEC", Iran says](#)

Iran (Islamic Republic of) - TEHRAN (Reuters) - Representatives from natural gas producing countries meeting this week will discuss forming an OPEC-style grouping, an Iranian official said on Sunday, a move opposed by the United States and the European Union.

[Petrol rationed to stop hoarding as supplies dwindle on the forecourts](#)

Britain's motorists faced rationing at petrol stations yesterday, as major suppliers tried to stop them hoarding fuel. Concern over supplies as the Grangemouth refinery in Scotland closed down led to fuel queues on forecourts across Scotland, the north of England and parts of Wales.

Panic over future supplies grew as news spread that BP's Forties pipeline in the North Sea would be fully closed by today and that it could be two weeks before the supply line is fully functioning again.

[Transit Strike Strands Riders Across Toronto Without Notice](#)

OTTAWA — Thousands of passengers were stranded early Saturday morning after an unexpected strike by transit workers in Toronto.

The city's subway, bus and streetcar network was shut down shortly after midnight on Friday after 65 percent of 8,900 unionized workers rejected a tentative contract that had been endorsed by their union's leadership.

[GasHole: Dirty Oil and the Biofuel Myth](#)

This week marked the world premiere of *GasHole*, a new documentary film (narrated by Peter Gallagher) about the history of oil prices and the future of alternative fuels.

[In Argentina's Grain Belt, Farmers Revolt Over Taxes](#)

WENCESLAO ESCALANTE, Argentina — When the government decided in March to raise taxes on farmers' profits, it set off a rural revolt in Argentina. For three weeks enraged farmers blocked roads nationwide, paralyzing grain and meat sales and causing food shortages.

[Global Food Crisis: The Ticking Bomb](#) - *Malthus must be smiling in his grave*

Why is there a food crisis and why are global food prices rising?

It is a question much of the world may soon be asking, and its answers are various: high energy costs, the weak dollar, government subsidies to farmers every year in rich nations, increased production of biofuels, bad weather in Australia, inferior distribution processes, food politics, soaring fertilizer costs and rising consumption in Asia, especially in India and China.

[Freer Trade Could Fill the World's Rice Bowl](#)

RISING food prices mean hunger for millions and also political unrest, as has already been seen in Haiti, Egypt and Ivory Coast. Yes, more expensive energy and bad weather are partly at fault, but the real question is why adjustment hasn't been easier. A big problem is that the world doesn't have enough trade in foodstuffs.

[Bicycle-Sharing Program to Be First of Kind in U.S.](#)

WASHINGTON — Starting next month, people here will be able to rent a bicycle day and night with the swipe of a membership card.

A new public-private venture called SmartBike DC will make 120 bicycles available at 10 spots in central locations in the city. The automated program, which district officials say is the first of its kind in the nation, will operate in a similar fashion to car-sharing programs like Zipcar.

[Home Brew for the Car, Not the Beer Cup](#)

WHAT if you could make fuel for your car in your backyard for less than you pay at the pump? Would you?

[Governor Lingle Failing to Deal with What is Happening With Small Businesses and Our Fragile Hawaiian Economy](#)

The severe and deep impacts of the petroleum "shortage" are created by politicians and regulations. Oil is only a commodity. It is reprehensible that U.S. is dependent on Venezuela who can mine its petrol reserves beyond our nation's producers opportunities?

[Diamond lanes for the rich](#)

Los Angeles Mayor Antonio Villaraigosa called the move "a great opportunity to think outside the box," and added: "Part of the reason Los Angeles has not been able to grapple with gridlock is because we've been unable to make the tough decisions."

Right. It takes unconventional and courageous thinking to come up with a plan that clears a highway lane for the well-off, while the middle class and working poor are left to inhale each other's \$5-a-gallon exhaust fumes.

[Trade war brewing over US biofuel subsidies](#)

European biodiesel producers triggered a fresh transatlantic trade war yesterday by urging the EU to impose punitive duties on cheap imports from the US.

[Flashback: The Games Oil Prices Play](#)

On Nov. 1 last year, a group called Securing America's Future Energy ran a game-playing exercise with nine mucky-mucks like former Treasury Secretary Robert E. Rubin, prize-winning author and consultant Daniel Yergin, former deputy Secretary of State Richard L. Armitage and Gen. (Ret.) John P. Abizaid. The goal: to dramatize the risks of a price shock if some unexpected event threatened world oil supplies. The scenario: unrest rocks Azerbaijan and an explosion cuts off a million-barrel-a-day pipeline. The scenario was called "Shockwave" and it envisioned an urgent meeting of the National Security Council to deal with the "crisis."

And what was the price of oil during this hypothetical crisis? \$115 a barrel - slightly less than the current price.

[Energy author expects coal peak production in 2040](#)

Somerset, MA — People in the coal-fired power plant business believe that there is more than 250 years worth of coal production left in U.S. mines.

What if they're wrong?

Richard Heinberg thinks they are.

[Energy crisis spreading, coal executive says](#)

Growing energy costs will force changes in the ways we live and do business in the United States.

A lifelong leader in the coal and transportation industries, Charles T. "Charlie" Jones believes Americans might have to give up their free-traveling lifestyle, where some people drive 50 miles each way to work every day and never think twice about making other daily excursions.

[Ben Bova: What has changed since last gas crisis?](#)

“There have been loud cries of despair over the current energy crisis, and equally loud grumblings to the effect that the whole thing is an artificially created problem, a manufactured scare produced by the politicians and the big oil companies, who are manipulating us into allowing the oil companies to raise their prices, escape environmental protection rules, and drill for oil everywhere and anywhere they choose to...

“Are we really in a deep crisis, where we will have to drastically change our energy consumption patterns? Or are we being manipulated by a sinister combination of governmental and industrial Svengalis? ... We have the resources, the talent, the technology to solve the energy crisis. The question is, do we have the guts, the heart, the leadership, the will to get the job done?”

I wrote those words in 1974.

Thirty-four years ago.

[Lautenberg blames GOP for high gas prices](#)

Blaming Republicans for record gasoline prices, U.S. Sen. Frank Lautenberg (D-N.J.) said this morning that alternative power sources such as wind and solar are the long-

term solution to America's energy crisis.

[Who Is Protecting America's Seniors?](#)

The cure is for America to drill and capture our own "known oil reserves". Capturing "known oil reserves" can reduce oil and gasoline prices, make our government "oil independent" from OPEC nations, and rectify an error for our entire citizens and our economy. The majority Democrats know this, so why will they not vote "YES", just for the economy?

[Move over, energy and food crises](#)

The South African fuel industry is facing a crisis that is going to make Eskom's problems look like a picnic, the Fuel Retailers' Association (FRA) says.

This is because the pipelines used to get fuel from refineries along the coast to inland distribution points are crumbling and refineries past their lifespan are unable to cope with increasing demands.

[Orlando-area woman brings back rain barrel during water shortage](#)

Bonnie Kutschera was raised in South Florida, where she watched rapid development strain natural resources. Kutschera recalls such memories when she talks about her passion for the environment. She and her husband, Joseph, are recycling discarded plastic containers by converting them into barrels -- products designed to conserve water. The barrels collect runoff, allowing homeowners to use rain instead of drinking water for irrigation.

[Give me the lesson without the spin](#)

Throughout my life, my teachers have told me that school is a neutral environment where my classmates and I can count on teachers and textbooks to provide us with the factual and unbiased information that will equip us for life. Lately, though, I've begun to wonder whether they really mean it.

In my junior year of high school in New Jersey, my U.S. history teacher used the first week of class to preach his religious beliefs. He told students, among other things, that they "belong in hell" if they reject Jesus as their savior, that evolution and the Big Bang are ridiculous and unscientific theories, and that there were dinosaurs on Noah's Ark.

[What happens when we've used the last drop?](#)

SIXTY years ago the Orkney poet Edwin Muir wrote some lines which, in the panic surrounding the Grangemouth strike, feel like a premonition. They point to a world not too far in the future where our reliance on oil has become all too clear, and the way we live our lives all too fragile.

*And then the thought confounds us with its strangeness.
The tractors lie about our fields; at evening
They look like dank sea-monsters crouched and waiting.
We leave them where they are and let them rust:
They'll molder away and be like other loam.*

Something of his prediction seems to be forming itself. The petrol age, scarcely making much of an impact when he wrote, now seems hastening towards its end.

[Right-wing pundits, Jeremy Leggett, Bill Clinton, and peak oil](#)

For years, right-wing journalists have been dismissing peak-oil theory as a bunch of hogwash.

The *Economist* magazine's environment and energy correspondent Vijay Vaitheeswaran poked fun at a group of petroleum geologists that he dubbed the "Depletion Domsday Gang" in his 2003 book *Power to the People*.

It prophesized an energy-rich future that would transform the world.

Back then, oil was trading at around US\$25 per barrel.

[A different view of environmental issues](#)

There are those who claim that "peak oil" is here or shortly will be, that further increased extraction will simply not be possible. They point to the fact that oil prices are historically high and look set to remain so, and yet production has not surged in response to the price signal. Of course, it's not as simple as that. Proven reserves continue to increase, particularly as higher prices change the economics, but bringing more reserves on stream is not just a question of turning a tap: more wells must be drilled and enormous investment in extraction and distribution networks is needed. Given more time, oil supplies will ease.

[Powerful Stocks Bull Market As US Hyper Power Prepares for Global Hegemony](#)

Back in the late 20th century there were predictions that the 21st century would be characterized by "resource wars" where fighting breaks out between countries and aligned groups of countries, as they scramble to secure increasingly scarce commodities for themselves, principally oil and water. Barely had we entered the new century when a

major resource war began, with the big surprise being that it was not some banana republic suddenly deciding to invade and loot its neighbor's territory, but instead the most powerful country on earth muscling its way around an entire region on the other side of the planet in order to position itself to plunder its oil resources en masse for itself.

[It's time to invest in Vermont](#)

Vermonters are pretty tough and used to hunkering down in tough times (like March!). Conventional wisdom says tighten the belt, and the Legislature has been busy paring down the budget. That has always worked in the past but there are good reasons to believe that this downturn is different. The soaring costs of fossil fuels and health care are not mere blips that can be endured. The exportation of jobs is not a short-term threat. The debt that this country has incurred will take a long time to pay off. In this new "flat" world, hunkering down won't work, either.

[New energy approach](#)

In just over one hour, the sun gives out enough energy to meet the world's demands for a whole year.

Now, peak oil and climate change are pressing us to make increasing use of this free, non-polluting power supply. Two distinct technologies are available: solar thermal power (concentrated solar power, CSP); and photovoltaic power.

[Rearming the world](#)

As easily accessible global stocks of oil dwindle, the world supply of oil and gas has been concentrated in a smaller and smaller number of hands over just the past decade. Some 80 percent of all reserves now are concentrated in fewer than 10 nations.

The biggest consumers desperately want to protect their secure flows of oil and gas from this handful of key suppliers, while simultaneously preventing their rivals from inking deals with resource-rich nations.

[The 'Energy Fiesta' is nearing its end](#)

Welcome to America: a country where energy waste remains our most important and prolific product, even though the long emergency ending the "Energy Fiesta" of cheap oil has begun.

The only realistic solution to the dilemma this country, and the world faces, is reducing per capita consumption and achieving negative population growth. No society will voluntarily entertain such drastic conservation measures, and no government has

shown any inclination to reduce both simultaneously for sustainability. The solutions fall into two basic categories: technological and organizational structure, and neither one provides a viable remedy.

[It's a myth that the world's oil is running out](#)

Another myth: we are running out of oil. According to WorldPublic Opinion.org, "majorities in 15 of the 16 nations surveyed around the world think that oil is running out . . . only 22% on average believe that 'enough oil will be found so that it can remain a primary source of energy for the foreseeable future' ". Those majorities who think we are running out of oil include 85% of the British and 76% of the American citizens polled. Luckily, they are wrong.

Production of oil is being constrained by several forces, none of them due to God's failure to put enough of the black gold under our feet.

[Population explosion means oil at \\$100 a barrel is here for years](#)

At times like this, it's fashionable to say oil "no longer matters" - because the Western economies now rely on services. Really? So why has America's oil use risen from 16m barrels a day in the early 1970s, to 22m today - and Europe's by the same proportion.

As global oil use balloons from 84m barrels daily now, to 125m by 2030, prices will surely crank up. Between 1999 and 2006, oil rose from \$10 to \$60. Since then, it has doubled again. Can we really keep pretending oil doesn't matter? Our politicians may exclude "fuel costs" from headline inflation measures. But we all know inflation is now rising sharply - and threatening to reappear as a serious problem.

[California's Fuel-Efficiency Battle and Peak Oil](#)

California's arguments for increased mpg standards are based on environmental factors. Instead, what they should be arguing in court in order to demonstrate "compelling and extraordinary" conditions is occurrence of peak oil. If anything in the world today is "compelling and extraordinary" it is the fact that worldwide oil demand will soon outstrip worldwide oil supply! It is an economic argument that should be the focus of California's legal case for requiring increased mpg standards. Imagine for a moment what life will be like in Los Angeles when it's millions of citizens can no longer either afford or obtain gasoline. Boy, if that doesn't scare ya, you've got iron cojones. But, like all US governmental agencies, the facts of peak oil rarely are spoken of let alone properly addressed with a real energy policy.

[Rising oil prices seen as 'peak' opportunity](#)

MONTPELIER – The number of political screeds against "Big Oil" seems to be rising about as quickly as prices at the pump these days.

The rhetoric predictably casts local motorists as victims of a price-fixing scheme designed to reap multi-billion dollar profits for companies such as Exxon-Mobile.

[Eat locally, survive globally](#)

Industrial agriculture, the current structure of the North American food system, is based on low prices to farmers, high usage of chemicals and copious amounts of oil. These factors must be altered if Canada is to have plentiful, safe and nutritious food in the future.

[Britain braces for oil refinery strike](#)

LONDON (AFP) - Workers at a key British oil refinery were to start a two-day strike Sunday, forcing a major North Sea pipeline to shut down and sparking fuel shortages.

The walkout was to begin at 6:00am (0500 GMT) at the Grangemouth refinery, west of Edinburgh, as a convoy of tankers headed from Europe to keep Scotland moving throughout the industrial action.

[Ministers urged to intervene as Grangemouth refinery strike bites](#)

John Hutton, the business secretary, yesterday advised the public that there was "plenty of petrol and diesel" although stocks could be run down "if people change the way they consume fuel." He added: "There is every reason to believe that we will get through this period sensibly if people continue to buy fuel sensibly, too."

In Scotland the Ministry of Defence confirmed that it had been involved in discussions over the possible use of troops if it became necessary to safeguard supplies for vital services.

[5 dead as gunmen storm police station in Nigeria](#)

Unidentified gunmen have killed five policemen and seized several weapons in a raid on a police station in the oil-rich southern Nigerian state of Rivers.

The attack took place early on Sunday on Bonny Island, the site of one of Nigeria's largest oil and gas export terminals, spokeswoman Ireju Barasua said.

[Thomas Homer-Dixon: Flushing of multi-year sea ice from the Arctic basin](#)

The image below is a low-resolution reproduction of a sequence of satellite images of Arctic ice this past fall and winter. The sequence runs in a continuous loop from October 01, 2007, to March 15, 2008. A link to the high-resolution video file is provided below.

Note the stream of multi-year ice flowing out of the Arctic basin down the east coast of Greenland at one o'clock in the image. As of the middle of March, most of the basin, including the pole itself, appears to be covered only by seasonal ice.

[Arctic ice melting 'faster than predicted'](#)

The melting of the Arctic ice is happening quicker than predicted and may now be close to its 'tipping point' when the changes cannot be reversed, a conservation group has claimed.

The pace at which both the Arctic sea ice and the Greenland ice sheet is melting has "severely accelerated" and could bring about rapid and unstoppable change in natural systems across the world, according to WWF.



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