



DrumBeat: May 4, 2008

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Topic: [Miscellaneous](#)

[Michael Klare: The New Geopolitics of Energy](#)

While the day-to-day focus of US military planning remains Iraq and Afghanistan, American strategists are increasingly looking beyond these two conflicts to envision the global combat environment of the emerging period--and the world they see is one where the struggle over vital resources, rather than ideology or balance-of-power politics, dominates the martial landscape. Believing that the United States must reconfigure its doctrines and forces in order to prevail in such an environment, senior officials have taken steps to enhance strategic planning and combat capabilities. Although little of this has reached the public domain, there have been a number of key indicators.

[Nigeria oil rebels say mulling Obama truce appeal](#)

LAGOS (Reuters) - Rebels who have stepped up attacks on Nigeria's oil industry in the last month said on Sunday they were considering a ceasefire appeal by U.S. presidential hopeful Barack Obama.

[Food, fuel costs climb, and key inflation measure drops](#)

The official view of inflation for years has taken little account of food and energy prices, which are thought to go up and down with no lasting impact.

But evidence is growing that these basics could be elevated for years to come, and the "core" inflation rate—minus food and energy — is telling only part of the story.

"It is reassuring to have the core index tame, but you can't eat on the core index. You can't drive on the core index," said Bill Hummer, chief economist at Wayne Hummer Investments in Chicago. "You can't ignore what's going on in food and energy."

[Third of oil revenues goes back to consumer countries - OAPEC](#)

KUWAIT (KUNA) -- The Organization of Arab Petroleum Exporting Countries (OAPEC) said Sunday an estimated third of the cash surplus generated from the oil

exports of its members in 2007 went back to the consumer countries.

The soaring prices of other imports of the oil exporting countries consumed a great part of the cash surplus due to the plummeting of U.S. dollar, OAPEC said in its monthly bulletin.

[The relationship between the dollar depreciation and the rise in crude oil prices](#)

Last week, OPEC's current chairman, Algeria's Minister of Energy and Mining Shakib Khalil, said "the dollar is now the barometer of oil prices," and anticipated that oil prices would jump from their current level of about \$120 per barrel to almost \$200. In his statement to the press he explained that oil prices move in an opposite direction to the dollar and hence a direct relationship exists between the two.

[Asian leaders issue poverty warning](#)

Soaring food prices may throw millions of people back into poverty in Asia and undo a decade of gains, regional leaders said Sunday while calling for increased agricultural production to meet rising demand.

Asia - home to two-thirds of the world's poor - risks rising social unrest as a doubling of the price of wheat and rice in the past year has hurt people spending more than half their income on food, Fukushiro Nukaga, the Japanese finance minister, said during the annual meeting of the Asian Development Bank.

[India feels the heat as thousands riot over power cuts](#)

Thousands of people, many wearing only underwear, rioted across northern India yesterday over power cuts that have left millions without electricity or water, highlighting the yawning gap between the country's superpower aspirations and realities on the ground.

[Yemen: Cabinet orders closure of monopolizing diesel stations](#)

The Cabinet is holding Ministry of Oil and Minerals responsible for overseeing the process of the supply and distribution of diesel to the licensed stations in Yemen and to take legal action against manipulators of the distribution, as well as ordering the closure of the stations that manipulate or violate laws of diesel distribution.

[Drilling for dollars](#)

Scores of gas exploration companies leased much of the rolling land, pasture and green space from Central Pennsylvania to the Northern Tier, through the Endless Mountains and along Pennsylvania's Route 6 to New Jersey. Smooth-talking land representatives have set up shop in county deed offices. Few residents with more than 20 acres have not been approached with at least one offer from a gas company or intermediary.

[Energy gets a triple-whammy](#)

I admit that I have never hiked, hunted or skied cross-country on Mount Taylor. You may not have either. So why should we care what happens there? Because we care about energy costs and realize that energy is central to life as we know it. The lights that protect us at night, the computers that allow us to communicate efficiently and the medical equipment that saves lives all require energy.

As New Mexico continues to grow, we are going to need every energy source available. We need to be filling up the energy pool, not draining it. Yet, with help from the Sierra Club, that is what has just happened.

[The Oil Swindle Never Stopped](#)

In the year 2000, there was a tremendous glut of oil in the world market. Supertankers were fully loaded and standing off-shore with no takers, no room in the land-based tank farms, no capacity at the refineries (or so we were told). The multinational oil companies and countries were inexplicably NOT ordering the available crude into storage tanks at their cracking plants. In effect, a world wide glut of crude oil was being described as a shortage.

[Emissions Trading – A Weapon of Mass Taxation](#)

"Staggering estimates of the costs of forcing industry to purchase permits to emit CO₂ are just starting to emerge: Germany (100 billion euros), Australia (up to \$22 billion), New Zealand (\$4.5 billion). The amazing fact is that even though consumers in many countries will bear oppressive costs, there may be no reduction whatsoever in CO₂ emissions, and no beneficial effects on the world climate."

[In a New Climate Model, Short-Term Cooling in a Warmer World](#)

After decades of research that sought, and found, evidence of a human influence on the earth's climate, climatologists are beginning to shift to a new and similarly daunting enterprise: creating decade-long forecasts for climate, just as meteorologists routinely generate weeklong forecasts for weather.

[Logging reports back opposing views on climate change](#)

Loggers will return to the forested lower Sierra Nevada this spring armed with a peer-reviewed study that says "intensive" forestry practices - including clear-cuts - may ultimately assist in the battle against rising worldwide temperatures.

No way, environmentalists say. Their own report, released one week after the industry's, says precisely the opposite: Larger, older trees will remove more carbon dioxide from the atmosphere.

[Israel at 60: Paying price of a blooming desert](#)

It's an irony of history that the very success of the Jewish state is causing many of its current problems. The founders, some of whom are still with us because it wasn't that long ago, never dreamed it would turn out this good this fast. They didn't plan for it.

[E.P.A. Proposes New Limits on Lead in the Air, the First Revision in 30 Years](#)

WASHINGTON — For the first time in 30 years, the Environmental Protection Agency has proposed a new limit for lead concentrations in the air.

The agency is under court order to complete a new rule by Sept. 1, because of a lawsuit brought by environmentalists.

[Global warming guilt and record oil prices](#)

The reasons commonly espoused don't fully explain the more than 10 fold jump in crude oil prices over the last decade. Maybe, oil is pricey because we all have started feeling guilty about consuming it!

[Time for Michigan to plug in to green energy](#)

This wacky time in the world of energy, however, brings great opportunities as well as obvious dangers for Michigan.

"We're at an inflection point right now," venture capitalist John Denniston told me Thursday, for the viability of a potentially huge new industry built around renewable alternative-energy technologies.

[Review of Kunstler's post-peak novel by a woman who has lived the life](#)

Most writers about the End of Civilization jump to the idea that the man will rule again and the woman will retreat. I suppose this is much less prone in minority communities where often the matriarch is the dominate force. But in European-based cultures, there is this strong belief that women will retreat to the house. But this is a false idea. For in Medieval Europe, the women worked in the fields just like the men. And herded animals or chopped firewood. They did all sorts of things. The one difference was, they did two major, extra chores: birthing of children and all things to do with weaving. Spinning wool was something even the queen did as she sat upon her throne up until 1200 AD.

[C.I.A. Chief Lists Population as a Top Concern](#)

Gen. Michael V. Hayden, the director of the Central Intelligence Agency, yesterday described three troublesome trends that distinguish this century from the last, and the exploding populations of poor places topped his list. Interestingly, energy shortages (and climate change) were not on his list.

[Oil's Fair In Love And War](#)

I never for one instant thought that the invasion of Iraq and overthrowing Saddam Hussein was part of some ploy to take control of Iraq's oil, and I still don't. That was small potatoes in the big picture -- it was about securing the free flow of oil from the Middle East to the industrial world.

Because without oil, our entire civilization comes to a crashing halt.

[How we can fix U.S. energy policy](#)

There are five clear examples of how the federal government has exacerbated this problem and how Congress could alleviate the mess it helped create...

[India: Uranium shortage has hit N-power plants](#)

NEW DELHI: The government has finally admitted that India's nuclear power plants are operating below capacity, and with declining profits.

Answering a question in Parliament last week, the government said, "Currently, there is a mismatch in the demand and supply of indigenous uranium. As a result, this capacity is being operated at lower power level, matching fuel supply."

[Economy great - for pawnshops](#)

"People are cleaning out their houses of gold, silver, whatever, to get money just to fill their cars with gas," said Nat Leonard, 51, whose grandfather opened Society Hill in 1929. "People are pawning out like crazy."

Business is up maybe 20 percent over last year.

"With this economy, we're not done yet with bad times," Leonard continued. "Not even close."

Things are so awful, he said, he's getting loads of first-time customers.

[Scientists to 'recreate sun' in hunt for energy](#)

A NUCLEAR fusion laboratory designed to recreate the temperatures and pressures inside the sun could be built in Oxfordshire under plans being drawn up by British scientists. The aim is to build the world's most powerful lasers and use them to blast tiny pellets of hydrogen fuel to create energy.

The process could, say the researchers, be a partial solution to the world's energy crisis, offering a source of safe, carbon-free power with a minimum of radio-active waste.

[Expert: \\$100,000 in concrete could have protected Snettisham line](#)

Alaska Electric Light & Power Co. President Tim McLeod said the electric company never imagined avalanches so big would hit the line.

Avalanche diversion expert David McClung said a relatively cheap concrete wedge structure at the base of each tower could have deflected the tons of force delivered by the avalanches, protecting the line.

McClung estimated the cost to protect the exposed towers with diversion structures to be \$100,000. It's a negligible cost compared to the millions the energy crisis will cost Juneau, he said.

[Kunstler novel visits future world with no oil or electricity](#)

In his best-selling nonfiction book "The Long Emergency" (2005), James Howard Kunstler argued that we would soon face a crisis that would force some radical changes for America and other countries around the world. His newest work "World Made by Hand" (Atlantic Monthly Press, \$24, 317 pages) is a speculative piece of fiction that brings that future world into sharp focus.

"My book is sort of nostalgia for the future," said Kunstler in a recent interview from his home near Saratoga Springs. "It's a future world that's more tranquil. People aren't

tyrannized by automobiles and machines and computers. They aren't being bombarded by incessant commercials and ads."

[City Council to look at gas-price effects: Goals include education and emergency plan](#)

BELLINGHAM - Delta Airlines limited services here recently because of gas prices.

Whatcom County officials voted down a new, larger Lummi Island ferry because it would have cost another \$500,000 for fuel.

Area residents are feeling the dollar crunch at the gas pumps, too.

Get the picture? City Council member Jack Weiss hopes so.

Monday night Weiss and other council members will discuss the creation of a local peak oil task force that will study how ever-increasing fuel prices and the potential for decreasing oil production will affect the local economy, government and the public.

[Candidate campaigns for democracy and against the agenda of an American Empire to take-over Canada](#)

In Russia after World War II and during the Cold War, it was believed that Russia was nearly out of oil because its wells were nearly dry. Now they have replenished and over 70 % of crude oil pumped in Russia is being exported. The oil wells somehow replenished themselves and peak oil is just another myth used to create fear.

[Plateau](#)

The theory of peak oil holds that at some point — a year from now, a decade — global production of crude will peak, possibly plateau and then inexorably decline. On the eve of the Offshore Technology Conference here, the latest production figures for non-OPEC sources, 60 percent of global supply, indicate output has stalled at about 50 million barrels a day.

The flat production is particularly worrisome, because it comes at a time of record-high prices that ordinarily would stimulate production growth. As that has not occurred, the world's capacity to produce oil from conventional sources might have been reached.

[As Gas Costs Soar, Buyers Flock to Small Cars](#)

DETROIT — Soaring gas prices have turned the steady migration by Americans to smaller cars into a stampede.

In what industry analysts are calling a first, about one in five vehicles sold in the United States was a compact or subcompact car during April, based on monthly sales data released Thursday. Almost a decade ago, when sport utility vehicles were at their peak of popularity, only one in every eight vehicles sold was a small car.

The switch to smaller, more fuel-efficient vehicles has been building in recent years, but has accelerated recently with the advent of \$3.50-a-gallon gas. At the same time, sales of pickup trucks and large sport utility vehicles have dropped sharply.

In another first, fuel-sipping four-cylinder engines surpassed six-cylinder models in popularity in April.

"It's easily the most dramatic segment shift I have witnessed in the market in my 31 years here," said George Pipas, chief sales analyst for the Ford Motor Company.

[Brown calls for pressure on OPEC on oil price](#)

LONDON (Reuters) - Prime Minister Gordon Brown called on Sunday for international pressure on oil producers' group OPEC to bring oil prices down.

"Clearly oil prices are very high. Clearly also there needs to be some international effort with OPEC to get the oil price down," he said in an interview with Sky News.

It was not absolutely clear why the oil price had remained stubbornly high, he said.

[It's the oil crisis of the Seventies back to haunt us](#)

THERE'S been a lot of bull talked about a temporary little problem with oil. That's why the OPEC president's prediction last week that oil prices will rise to \$200 a barrel especially if the dollar stays weak, will stun the Department of Finance. The piston in the National Development Plan is the assumption that oil would be \$100 per barrel (42 gallons) by 2020. The Government's big strategy, so clearly priced on pre-peak oil economics is already bog-roll, but, officially, the Government is sticking to the daft idea that our energy input costs will remain a constant for the next 12 years and plans to build an infrastructure for the oil age.

[Grangemouth dispute was UK's costliest ever](#)

One source who has been closely involved with negotiations between the two sides said the figures involved were "simply astronomical".

He also revealed that senior Government figures were closely involved in ensuring the two sides entered negotiations to end the dispute as quickly as possible.

[North Sea oil's ebbing tide](#)

The sight of a convoy of giant tankers last week carrying emergency petrol supplies to the UK is a glimpse into the future. Last weekend's strike at the Ineos refinery at Grangemouth, which helped push up oil prices to a new record of \$120 a barrel, reminded us how dependent we have become on North Sea oil - and how we will have to cope in the not-too-distant future when it's all gone.

[They've got us over a \\$120 oil barrel](#)

Is the head of Opec right about a \$200 oil price? Will a more realistic target, \$150, be reached this year and what would be the consequences of that for the economy? Why has oil been surging anyway, doubling in price in a year?

[Rebels bomb Colombian pipeline](#)

Colombia's Cano Limon oil pipeline was paralyzed for a third day after it was bombed by rebels on April 29, state-run Ecopetrol SA said.

The pipeline, which carries 100,000 barrels of oil a day from a field shared by Ecopetrol and Occidental Petroleum Corp., was expected to resume operation over the weekend after military-escorted engineers finished repairs, an Ecopetrol spokeswoman said.

[Slowdown may end oil surge](#)

THE economic slowdown in the US and its impact on China and India can potentially reduce energy consumption and affect oil price negatively, a leading banker has said.

John R Wright said that none could say for sure the oil price would remain at the current high level for long.

['King Faisal Stood Firm on Oil Embargo'](#)

RIYADH — The United States threatened to use force against Saudi Arabia in 1973 after King Faisal, along with other Arab leaders, imposed an oil embargo on countries that supported Israel during the October War, Prince Turki Al-Faisal, former intelligence chief and ambassador to Washington, said in an interview with Asharq Al-Awsat yesterday.

...He added that American officials talked about the possibility of attacking Saudi oil fields, something that was leaked in US newspapers. Some of these statements came from the then US State Secretary Henry Kissinger.

[No respite from high inflation for Gulf states](#)

Inflation in Saudi Arabia and four other Gulf oil producers will probably soar to at least 9 percent this year as rents and global commodity prices surge and falling interest rates spur lending, a Reuters poll showed.

In dollar-pegged Saudi Arabia and Oman, average inflation may more than double as the weaker US currency makes some imports to the world's biggest oil-exporting region more expensive, according to the poll of 17 economists and analysts.

[Nigerian Militants Kidnap Two In Attack On Oil Ship - Army](#)

LAGOS (AFP)--Nigerian militants attacked an oil ship off the coast of the west African country and took two people hostage, a military spokesman said Sunday.

[Russian April oil output falls again, exports rise](#)

MOSCOW, May 4 (Reuters) - Russian oil production fell for a fourth month in row in April, confirming pessimistic forecasts for the year, when it is expected to fall for the first time in a decade, while exports rose on the back of improved weather.

Energy Ministry data released on Sunday showed production stood at 9.72 million barrels per day, down from 9.76 million bpd in March and over 2 percent lower compared to the post-Soviet high of 9.93 million bpd in October last year.

In absolute figures, March production was over 6 million barrels - the size of six large tankers - down from October.

[Russia Will Raise Oil Export Tax by 17% to Record](#)

(Bloomberg) -- Russia will increase its crude export tax by 17 percent to a record on June 1, after oil prices rose in March and April.

The tax will be set at \$398.10 a metric ton, the seventh consecutive increase, Alexander Sakovich, deputy head of the Finance Ministry's customs department, said by telephone in Moscow today. The current duty is \$340.10 a ton, or \$46.40 a barrel.

[BP oil trading comes under scrutiny](#)

WASHINGTON -- Eight years ago, Federal Trade Commission investigators believed that BP occasionally exported oil from Alaska's North Slope to Asia in an effort to drive up spot crude oil prices on the West Coast.

[Long-awaited electric sports car rolls out](#)

After several years of development, the Roadster -- with sleek lines like a Ferrari or Porsche and a sticker price of \$109,000 -- moves from the drawing boards to the market next week when Tesla's first store opens. It's near the University of California, Los Angeles, in the city's tony Westwood neighborhood, where Beverly Hills, Brentwood and Hollywood practically intersect.

[Mexican oil production is a concern for U.S.](#)

Mexico's oil production is in a dangerously steep decline. Why should that matter to the United States? Because Mexico exports 1.2 million barrels of oil per day to the United States, which is 8 percent of the U.S. supplies.

[In Mexico, Pemex isn't enough](#) - *Oil giant can't do exploration alone*

The irony is this: Even if Pemex were able to take all of the exhibited technology at this week's Offshore Technology Conference (OTC) back to Mexico in a giant shopping bag, it would still not be enough.

If the U.S. experience is any guide, in relation to Mexico's deepwater fields, it is irrelevant how strong you make Pemex. You can gold-plate Pemex, but if Mexico has only one oil company at work, the effort will fail.

On the U.S. side it took 20 years, drilling 70-100 wells per year, \$100 billion and 100 companies working to produce 1.5 million barrels per day. Mexico can do the same -- but not with just one oil company.

[We're Nearing Crunch Time for Oil](#)

It's looking increasingly like Crunch Time for oil will be in effect during the 2010 to 2016 time frame. I'm being optimistic in forecasting an end date for it, but the starting time is, if not etched in stone, predictable with some substantial certainty.

[Ho, ho, hey, hey, 'peak oil' here to stay](#)

Yes, we'll see fluctuations in prices, but long term, the hard numbers of the "peak oil" argument cannot be escaped. In the short term, chances are good that we'll be paying

\$200 or more for a barrel of oil. And we're shocked that it's passed \$100.

[A tax on carbon worthy of debate](#)

With anger rising over the cost of gasoline, Ottawa watchers cannot understand how Dion could possibly think he would win over voters with a promise to make them pay even more. Surely, say the pundits, even a policy wonk like Dion must know he would be committing political suicide if he were to adopt such a wonky position.

But Dion has no chance of persuading voters that the idea has merit, if he doesn't put it out for discussion and debate, as he has now done.

[Can We Survive? \(Part 2\)](#) (PDF)

In Part 1, we argued for the rapid deployment of what we called “first-round survival technologies.” These technologies are designed to satisfy certain of mankind’s fundamental needs while buying additional time to hold global warming within tolerable limits — long enough, it is hoped, to make other substantive changes that are required for humankind’s survival. Without such technologies, many climate researchers believe that our opportunity to prevent intolerable climate change may evaporate in fewer than ten years.

[Farmers face climate challenge in quest for more food](#)

SINGAPORE (Reuters) - If farmers think they have a tough time producing enough rice, wheat and other grain crops, global warming is going to present a whole new world of challenges in the race to produce more food, scientists say.



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