



DrumBeat: May 6, 2008

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Topic: [Miscellaneous](#)

[Oil records shattered as price spike extends](#)

NEW YORK (AFP) - Oil prices spiked to new highs Tuesday in the latest frenzied trade driven by concerns over violence in key producer Nigeria and the weak US currency.

New York's main oil futures contract, light sweet crude for June delivery, leapt as high as 122.73 dollars per barrel, an all-time intraday high, before settling to a closing record high of 121.84 dollars, up 1.87 dollars.

London's Brent North Sea crude for June also reached an all-time high at 120.99 dollars a barrel, before slipping back to settle at a new high of 120.31 dollars for a gain of 2.32 dollars.

Runaway oil prices have almost doubled in the past year and have surged by more than 20 dollars since the start of 2008.

[Corn futures approach record on oil's rise, weather concerns](#)

NEW YORK - Corn futures surged near a record high Tuesday after crude oil spiked above \$122 a barrel and forecasts for more rain in the U.S. corn belt threatened to put farmers further behind in their planting schedule.

[No Respite from Dearer Oil](#)

Oil prices look set to continue higher for some months yet threatening weakened western economies.

[Obama is wrong about the gas tax](#)



Think Clinton's plan to suspend the gas tax temporarily is a bad idea? A similar measure in Illinois -- which Obama backed -- seems to have helped consumers.

[Grease bandits strike as biofuel demand rises](#)

San Jose, Calif. - Mark Rosenzweig watched with suspicion as a tanker truck sidled up to a local Burger King's grease bin last month. The driver plunged a hose into the 300-gallon tub of used French-fry grease and slurped it into his tank.

Mr. Rosenzweig called the police, patiently citing legal codes to convince them that, yes, grease theft is a crime. He should know. As a legitimate grease collector, he has his livelihood stolen four to five times a month these days.

In March, grease bandits in South Bend, Ind., broke bin locks to get to their oozy booty. One collector, Griffin Industries Inc., has two detectives working cases in Kentucky, Texas, Florida, Missouri, and against an entire grease gang in northern Arkansas.

Grease is a traded commodity like gold or pork bellies, and its price has tripled in the past two years – leading to increased theft. The reason: Grease can be used to make bio-diesel and has seen the same price spike as corn and other biofuel inputs.

[OPEC to pump 32 mn BPD in 2008: EIA](#)

WASHINGTON: OPEC is expected to pump 32 million barrels per day of oil in 2008, the US Energy Information Administration said on Tuesday, down 50,000 BPD from the agency's prior forecast in April.

The agency also lowered its forecast for non-OPEC oil production to 49.74 million BPD from the April forecast of 49.83 million BPD.

[Energy economics](#)

To the annals of market manias and regulatory follies, a new chapter is being added: The Great Ethanol Bubble of 2008. It is possible that someday a fuel made from a cheap, abundant, renewable crop may replace oil. But it won't be food-based ethanol. It's time not only to stop subsidizing the stuff but to revamp the chaotic, politicized and wasteful system of subsidies for alternative energy.

[France to raise rates to access gas grid by 5.6 pct](#)

PARIS: France's energy regulator CRE on Tuesday said rates for gas companies to access the gas grid owned by Gaz de France would rise by 5.6 percent from July 1, 2008 until 2012. The CRE proposed the hike in rates to the government in March, but the proposal became effective as the state did not rule within the two months it had to decide.

[U.S. signs civilian nuclear pact with Russia](#)

MOSCOW - Russia and the U.S. signed a key agreement on civilian nuclear power Tuesday that will give Washington access to Moscow's nuclear technology and potentially hand Russia lucrative deals on storing spent nuclear fuel.

[Fighting Global Warming Block by Block](#)

SEATTLE -- King County Executive Ron Sims has a simple test for every new public works project, building plan or government land purchase: Will it increase the region's total greenhouse-gas emissions, or reduce them?

['Zero Mile Diet' Blooms in BC](#)

Against a backdrop of global food shortages and the spectre of five dollar lettuce at the checkout, there are signs that more Western Canadians are tearing up their lawns this spring to plant vegetable gardens.

[The Lost Supermarket: A Breed in Need of Replenishment](#)

A continuing decline in the number of neighborhood supermarkets has made it harder for millions of New Yorkers to find fresh and affordable food within walking distance of their homes, according to a recent city study. The dearth of nearby supermarkets is most severe in minority and poor neighborhoods already beset by obesity, diabetes and heart disease.

[New Zealand: Emissions debate heating up](#)

When a greenhouse gas emissions trading system was announced last September, it was generally well received. Energy Minister David Parker had taken his time consulting the interested sectors and the scheme was much as expected. Seven months later it is being assailed from all sides.

[Think gas hurts? Try diesel](#)

NEW YORK (CNNMoney.com) -- Rising diesel prices have slammed the trucking industry and hurt independent truck drivers, and Congress is looking for solutions.

Members of the House Committee on Transportation and Infrastructure on Tuesday took up the rising diesel prices that have hampered the trucking industry.

[David Strahan: How do you solve a problem like jet fuel?](#)

Say what you like about Sir Richard Branson, but you cannot fault his willingness to suffer in the cause of a photo-opportunity. At the launch of a recent Virgin Atlantic test flight to demonstrate a jet fuel made from coconut and babassu oil, the Virgin boss took a swig of the new biofuel from a coconut shell to drive home his message that aviation could be "truly sustainable" and endured the consequences, burping biofuel, for the rest of the event.

But then desperate times require desperate measures, and aviation is in a fix.

[On Quenching Our "Big Thirst" for Oil](#)

First, peak oil is no longer just the "view of a small band of skeptics." It is firmly based on science and is now accepted by a growing number of mainstream economists, politicians and media in Europe and the US. More importantly, however, the previous argument seems to ignore a crucial fact: the key factor in meeting the US and worldwide demand is not the amount of oil reserves, but the rate at which the oil from these reserves can be produced. Therefore, it is not enough to claim that "...there are still enough oil reserves, both discovered and undiscovered, to last at least until the middle of the century..." With the existing fields of most oil producing countries already in decline, we must know if we can discover and produce the oil from these undiscovered reserves fast enough to meet our growing needs.

[Goldman's Murti Says Oil 'Likely' to Reach \\$150-\\$200](#)

(Bloomberg) -- Crude oil may rise to between \$150 and \$200 a barrel within two years as growth in supply fails to keep pace with increased demand from developing nations, Goldman Sachs Group Inc. analysts led by Arjun N. Murti said in a report.

New York-based Murti first wrote of a ``super spike" in March 2005, when he said oil prices could range between \$50 and \$105 a barrel through 2009.

[Q&A: Why oil prices keep rising](#)

At \$120 a barrel, the world's oil bill will account for 8 per cent of global economic output, twice what it was in 2006.

[New Report from Raymond James: No Chance Oil Supply Will Grow Faster Than Demand; More Crude Price Rises Loom](#)

With oil production in non-OPEC countries "permanently" peaking in five years or less, and with OPEC "struggling to bring fresh capacity online," there is no chance the world will build an oil supply "cushion" in the foreseeable future, thus "even minor supply disruptions are bound to have a large impact on prices."

[Brazil to turn off oil-fired power plants](#)

RIO DE JANEIRO (Reuters) - Brazil will turn off thermoelectric power plants working on fuel oil and diesel, which were brought on stream at the end of last year to prevent power supply problems, the energy ministry said on Monday.

A total of 2,600 megawatts of thermoelectric capacity will be removed from the grid to reduce costs, a ministry spokesman said. Natural gas-fired plants will continue operating.

[Mexico's Calderon less popular amid energy debate](#)

MEXICO CITY, May 5 (Reuters) - Mexican President Felipe Calderon's popularity has slipped in the past two months amid fierce opposition by leftists to his energy reform proposal.

[Taxing oil profits: Proceed with caution](#)

Politicians are dying to get at more of Big Oil's billions, but analysts are torn about what that will do to prices or future energy sources.

[Wisconsin AG secretary upset with plan to eliminate ethanol subsidies](#)

Wisconsin's agriculture secretary is lashing out at a GOP proposal to halt the mandatory expansion of corn-based ethanol.

[Malaysia: Ban soon on taking rice out of country](#)

KUALA LUMPUR: Foreigners may be banned from taking rice out of the country.

Domestic Trade and Consumer Affairs Minister Datuk Shahrir Abdul Samad said the Government was mulling the idea as a move to end fears of a food shortage in the country due to the current global food crisis.

[On food stamps and still hungry](#)

The maximum food stamp benefit no longer covers the cost of the "thrifty food plan," the menu of food items the government uses to calculate its allotment. In March, it cost \$567.20 to buy the items in the plan for a family of four, compared to \$542.10 last June, when the inflation adjustment was set.

[Monbiot: If there is a God, he's not green. Otherwise airships would take off](#)

Many will cite the Hindenburg, but flying without harming the planet is possible. These craft are worth developing.

[Myanmar bamboo village resists cyclone's wrath](#)

In the village, roofs had been ripped off about one in ten of the houses, simple bamboo structures with roofs made of leaves and walls of rush matting.

But in most cases, they simply shook violently and bent before the force of the blast, before springing back up when the storm passed, residents said.

[A Crude Game: Paying For Our Own Destruction](#)

Like the 1973/74 event, the 1979 oil crisis was a hoax, designed to expand the role of the spot market as a way of jacking up the price of oil. In the U.S., we were inundated with the idea that oil was in short supply, creating serious shortages of gasoline. The TV broadcasts showed videos of long lines at the gas pumps, but it soon became apparent to careful viewers that the locations were changing every week, that the oil companies were putting on a traveling roadshow. This author, then in Houston and working for Shell, remembers how there were no shortages in Houston until the roadshow came to town—it was our week to be on the news—and then the show moved on, and things

returned to normal. At about the same time, a local reporter interviewed the chief of the Shell refinery, who said that his refinery had all the oil it could process, and had tankers waiting in line to unload. The shortage was manipulated, a complete hoax.

[\\$100 trillion needed to rebuild energy infrastructure](#)

HOUSTON -- The oil and gas industry will need to invest \$50-100 trillion to rebuild its ageing infrastructure within the next 7 years and stave off a serious drop in oil and gas production, Matt Simmons, chairman of Simmons & Co. International, told OGJ May 5 at the Offshore Technology Conference in Houston.

In a worst-case scenario, Simmons said, oil and gas output could fall by 10-20% by 2013 if industry does not replace its rusting, corroded assets. Spare capacity also has run out because formerly cheap prices for oil and gas precluded upgrading and construction of new facilities .

[Marshall Plan for 'rusty' infrastructure required within a year: Simmons](#)

Some \$50-100 trillion will be needed over the next seven years to rebuild the world energy industry's aging and rusting infrastructure, Matt Simmons, chairman of investment bankers Simmons & Company International, has warned.

Simmons called for the establishment of an energy czar within the next year to kick start the rebuilding process.

[Saudi Fears Of High Oil Prices Fade With Demand](#)

Interpreting Saudi Arabia's strategy is challenging, in part because Naimi and other top petroleum officials don't often speak publicly and choose their words carefully when they do. Saudi oil ministry officials declined to comment for this article.

Still, some leading energy and Middle East experts perceive a Saudi shift towards greater acceptance of high prices amid surging demand from China and other developing economies. Next to these new sources of demand there is diminished concern about high prices creating greater incentives for competing sources of energy.

[Arctic ice: big thaw on the way?](#)

It's hard to imagine how big some of the cracks are on this link to satellite images of the Arctic ice during winter – dark lines hundreds of miles (km) long abruptly appear off the Canadian islands at the bottom right of the picture as the ice swirls through the winter.

At the top right, vast amounts of ice are flowing out of the Arctic basin southwards along the coast of Greenland.

[Hillary Clinton throws economists off the bus](#)

Anyone who pays attention to the intersection of politics and economics knows that economists hardly have a stranglehold on any such a thing as absolute truth. They may be united as never before on the subject of the stupidity of the gas tax holiday, but they are certainly not infallible. But her associated slam, "We've got to get out of this mindset where somehow elite opinion is always on the side of doing things that really disadvantage the vast majority of Americans," reveals another group that Clinton is deciding not to join hands with: peak oilers.

[It's time to wake up from the American Dream](#)

Not that you'll hear any of the three major candidates talking about the rationing of grain, nor about peak oil or any of the environmental daggers pointed at the heart of our lifestyle by global climate change.

And if they do speak about it all, they espouse the naïve belief that technology and free markets will ultimately save us from ourselves.

...My fear is that most Americans, even those in the know on these issues, have given up on political solutions. And down here, that means stockpiling guns and grains for the coming Armageddon.

[Oil hits record above \\$121 on supply woes](#)

VIENNA, Austria - Oil futures surpassed \$121 a barrel for the first time Tuesday, the spike fueled by worries about threats to supply and a weakening of the U.S. dollar.

The surge in oil prices was also fueled by hopes that the U.S. economy will be spared a sharp downturn after the release of data Monday showing an unexpected expansion in the U.S. service sector in April, analysts said.

Light, sweet crude for June delivery rose to a record \$121.49 a barrel in electronic trading on the New York Mercantile Exchange on Tuesday. The contract later retreated to \$121.30 a barrel, up \$1.33 from Monday's close.

[Thoughts on Global Weather, Food Supplies and Inflation](#)

In the good old days, with Agrarian lifestyles, 20-30% of the crop went to feed farm

animals helping to work the land, etc. while another 30% of the land lie in fallow. At any given time, 50% of farmland was essentially off limits for open markets. Of the 50% land remaining, consider the farmer requires to save 10-15% of the harvest for future crops. So, the energy input to bring 1 calorie to the table lied somewhere between 0.5-0.6 calories, along with much sweat and toiled labour (compare this to the 20 fold increase for bringing food to the table today). Without oil, crop output with 2% of the population producing food (this number was around 70% at the turn of the century) would decline by 90%. Reduce 6 billion people by 90% and there are 600 million people. Population curves that top out the way humankind presently is can see reductions swing beyond this, often to 95%. So, when there is talk of Peak Oil, cooler weather or warmer weather (cooler weather is actually worse because the growing seasons are reduced), take into consideration that food shortages “will”, not “if” become an issue in the coming 2-5 years, if not sooner.

[Oil and energy – Berkshire bosses weigh in](#)

Mr. Buffett jumped in and stated “that over time an energy source will be found that is cleaner and offers what coal does.” Whether peak oil happens in five years or 20 – it will and the world will just adjust, he added. “There’s nothing short-term that will wean the world off oil”.

In his usual blunt style, Mr. Munger commented that we [America] should have bought up all the cheap foreign oil in the 30s and 40s, put it on tankers and brought it home and buried it in our ground.

[Demand is slowing but still there are risks](#)

Peak oil or not, there is a rising concern about energy security in all continents. The price movement is out of control and we all got used to read “Oil price records” news everyday.

[Paul Craig Roberts: What the Iraq war is all about](#)

Why does the Bush regime want to rule Iraq? Some speculate that it is a matter of “peak oil.” Oil supplies are said to be declining even as demand for oil multiplies from developing countries such as China. According to this argument, the U.S. decided to seize Iraq to ensure its own oil supply.

This explanation is problematic. Most U.S. oil comes from Canada, Mexico, and Venezuela. The best way for the U.S. to ensure its oil supplies would be to protect the dollar's role as world reserve currency. Moreover, \$3-5 trillion would have purchased a tremendous amount of oil. Prior to the U.S. invasions, the U.S. oil import bill was running less than \$100 billion per year. Even in 2006 total U.S. imports from OPEC countries was \$145 billion, and the U.S. trade deficit with OPEC totaled \$106 billion. Three trillion dollars could have paid for U.S. oil imports for 30 years; \$5 trillion could

pay the U.S. oil bill for a half century had the Bush regime preserved a sound dollar.

[Hillary 'Big Govt.' Clinton Wants America to Sue OPEC](#)

Hillary Clinton is taking on OPEC in her campaign to get to the White House. She introduced a new plan yesterday to hold OPEC accountable to American consumers. Her website explains that, "Hillary is calling on the President to engage in immediate negotiations with OPEC members and, if no progress is made, file a formal complaint against OPEC countries at the WTO."

[City waits for committee look at oil task force](#)

BELLINGHAM — Approval of a task force to study the effects of potentially declining oil supplies and increasing fuel prices on the area hasn't hit its own peak for City Council members just yet.

Officials decided Monday night to hold off on approving a resolution creating an 18-member peak oil task force because some council members were concerned that the proposal had been introduced the same night.

[City of Swiss-style hill villages envisioned here](#)

METRO VANCOUVER - Sky-high fuel and food prices will eventually make Metro Vancouver's current planning model of suburban communities linked by gas-guzzling highways economically obsolete.

So says Vancouver architect Richard Balfour who believes the region's future should resemble Switzerland rather than Los Angeles.

[The final countdown](#)

When does having a bug-out bag packed and ready to go "just in case" stop being the preserve of cranks and start being a sensible precaution? Well, judging by the sudden rush of reports about a surge of interest in survivalism (in G2 last Friday, but also here, here and here) that time might be now.

[Indonesia considers quitting OPEC](#)

JAKARTA, Indonesia - President Susilo Bambang Yudhoyono said Tuesday that Indonesia was considering quitting the Organization of Petroleum Exporting Countries

because it was no longer a net oil exporter.

"Our wells are drying," he said in the nationally televised speech, adding that the country needed to concentrate on increasing domestic production, which has dropped to less than a million barrels a day even as consumption rises.

[\\$5 gas near. 78% of Americans say](#)

A vast majority of consumers expect to shell out \$4 and even \$5 a gallon this year, according to a recent poll.

[Big Oil's Friends in the Senate](#)

Listen to almost any politician, President Bush included, and you'll hear that the fight against global warming cannot be won without cleaner technologies that will ease dependence on fossil fuels. Yet these same politicians are on the verge of allowing modest but vital tax credits to expire that are crucial to the future of renewable energy sources like wind and solar power.

[BHP hopeful for Neptune platform startup after repairs](#)

BHP Billiton, Australia's biggest oil and gas producer, said it is reinforcing parts of the hull of the Neptune oil platform in the Gulf of Mexico to enable the delayed project to start up.

The repairs are under way and the \$1.1 billion project may start production by the end of the second quarter, Melbourne-based BHP said today in an e-mailed statement. That's about six months later than the original commencement date.

[New Study: Offshore EOR Crucial to Sustaining Future Oil Supply](#)

Offshore fields have been the main source of growth for world oil production in recent years, as onshore oil output has been essentially flat during the last two decades, he noted. But less than a fourth of the world's ultimate recoverable oil reserves in offshore fields has been produced to date. That opens the door for a big EOR push to extract the remaining technically recoverable oil offshore. Sandra also contends that EOR is a more cost-effective way to add reserves than is exploration or acquisition.

[Exxon to test new technology to remove CO2 from gas](#)

NEW YORK (Reuters) - Exxon Mobil Corp said on Monday it plans to spend more than

\$100 million to test a technology that could allow it to affordably remove carbon dioxide and other substances from natural gas.

[Bomb OPEC: What's the next dumb economic idea in this race?](#)

The policy likely to appeal most to Congress, and proposed by both Mrs Clinton and Mr Obama, is to levy a "windfall tax" on oil-company profits to punish them for the high price of oil. No matter that this might simply be passed on to consumers in the form of even higher prices at the pump, there are several other reasons why most economists think windfall taxes are a bad idea.

[Africa's biggest oil producer goes green](#)

LAGOS (AFP) - In his office in Lagos, Alain Salleras, a Frenchman of about 50 for whom biofuels are something of a crusade, is working away at his pet project -- producing ethanol from sweet sorghum in Nigeria.

[Asia tries to get a grip on inflation](#)

JAKARTA: Asia grappled with a response to inflation on Tuesday in an era of \$120-a-barrel oil and record commodity prices, with Indonesia raising rates and other countries saying that they hoped the problem would soon be under control.

[India: Reliance shuts 1,432 petrol pumps](#)

NEW DELHI: Reliance Industries has shut all of its 1,432 petrol pumps in the country after sales dropped to almost nil as it could not match the subsidised price offered by public sector competition.

[Growth forecast for UK economy will be hit by rising oil price](#)

The influential Ernst & Young Item Club warned that rising oil prices may force it to slash its growth forecast for next year dramatically, and could cause inflation to as much as double. It came as crude prices passed through the \$120 mark yesterday for the first time on record, amid fears about disruptions to the supply in Nigeria and Iraq.

[Thailand drops plan for rice cartel](#)

BANGKOK, Thailand — Thailand is dropping plans to create a Southeast Asian rice cartel that would have fixed the price of the skyrocketing commodity over food security concerns, the country's foreign minister said today.

[Dr. Nansen G. Saleri Joins Baker Institute Fellow and Hunton Energy Officer at Rice University to discuss Peak Oil and the Future of Energy](#)

In a panel discussion today at Rice University's Earth Science department, Dr. Nansen G. Saleri, president and CEO of Quantum Reservoir Impact and the former head of reservoir management at Saudi Aramco, elaborated on the subject of "peak oil" and the technologies and forces which will change the oil industry in the foreseeable future.

[12 steps of Peak Oil](#)

The 12 Steps of Oil Anon

(With a tip o' the hat to Alcoholics Anonymous)

Here are the steps we took, which are suggested as a program of recovery:

1. We admitted we were powerless over our addiction to oil—that our lives had become unsustainable.

[The End of Cheap Oil is Now](#)

Never underestimate a politician's ability to pander. With gasoline prices nearing \$4 a gallon and the summer driving season approaching, presidential candidates John McCain and Hillary Clinton have responded by calling for a consumer holiday from the federal gasoline tax. But both McCain and Clinton must know that blaming taxes for soaring gasoline prices is absurd. The tax hasn't changed. What has changed is the price of crude oil, which hit a record \$119 a barrel in April.

[Fermi's Paradox and the End of Cheap Oil](#)

What if the answer to Fermi's paradox is not the absence of intelligent life elsewhere in the universe, but merely the absence of high technology? The movie makes the case that the extraordinary flowering of our society has been driven by our profligate use of oil as an incredibly cheap energy resource -- and one that won't last.

[Volcano in 1600 Caused Global Disruption, Study Suggests](#)

Here is what the geologists found: In Russia, the period from 1601 to 1603 brought the worst famine in the country's history, leading to the overthrow of the czar. Records from Switzerland, Latvia and Estonia mention the exceptionally cold winters from 1600 to 1602. The 1601 wine harvest in France was late and wine production collapsed in

Germany and colonial Peru.

In China, peach trees bloomed late, while in Japan, Lake Suwa had one of its earliest freezing dates in 500 years.

[French scientists tweak carbon-storing powder](#)

PARIS (AFP) - French-led technologists said they had beefed up the performance of a nano-powder that stores carbon dioxide (CO₂) in what could be a step forward in tackling global warming caused by road traffic.

[How to Fight Global Warming at Dinner](#)

Substituting chicken, fish or vegetables for red meat can help combat climate change, a new study suggests.

In fact, putting these foods on the dinner table does more to reduce carbon emissions than eating locally grown food, researchers report in the May 15 issue of the journal Environmental Science & Technology.

[China to 'actively join' climate talks along with Japan](#)

TOKYO (AFP) - China will pledge to "actively join" a post-Kyoto Protocol deal on tackling global warming, in a planned joint statement with Japan during President Hu Jintao's visit here starting Tuesday, officials said.

Multilateral negotiations are underway for completing a pact by the end of next year to follow the landmark Kyoto Protocol, which requires rich nations to slash greenhouse gas emissions blamed for climate change.

[Scientists: Warming may greatest threat to tropical species](#)

WASHINGTON - While global warming is expected to be strongest at the poles, it may be an even greater threat to species living in the tropics, scientists say.

Tropical species are accustomed to living in a small temperature range and thus may be unable to cope with changes of even a few degrees, according to an analysis in Tuesday's edition of Proceedings of the National Academy of Sciences.

[Airline emissions 'far higher than previous estimates'](#)

The aviation industry's failure to curb its soaring carbon emissions could lead to the "worst case scenario" for climate change, as envisaged by the United Nations.

An unpublished study by the world's leading experts has revealed that airlines are pumping 20 per cent more carbon dioxide into the atmosphere than estimates suggest, with total emissions set to reach between 1.2 billion and 1.5 billion tonnes annually by 2025.



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