



DrumBeat: June 2, 2008

Posted by [Leanan](#) on June 2, 2008 - 8:59am

Topic: [Miscellaneous](#)

[Pipe Dreams](#)

Alaskans are pinning their hopes on a 30-year-old dream to tap the state's massive natural-gas fields, the largest in the nation, and ship the gas down a multi-billion-dollar pipeline to produce heat and electricity in the lower 48 states. Supporters say it would be the largest private-energy project in U.S. history, one that would draw thousands of welders, pipe fitters and other workers northward, much like when the trans-Alaska oil pipeline was constructed in the 1970s.

The pipedream has been around since the late 1970s. Grand announcements have come and gone, sometimes at the expense of political careers. But just as with crude, natural-gas prices have soared in recent years, evident in higher utility bills in many parts of the country, making the project more feasible. Climate change has also given the project a boost. Natural gas is cleaner to burn than coal.

[Bolivia grabs control of gas firm](#)

The Bolivian government has continued its nationalisation of key industries - taking full control of a key gas pipeline company.

President Evo Morales said Transredes had been seized after the foreign firms which owned half of it failed to agree a share buy-back.

[Gas prices a risk for casual restaurants, Starbucks](#)

LOS ANGELES (Reuters) - Record high U.S. gas prices threaten a new level of pain for casual dining restaurants stuck between value-oriented fast food and high-end eateries whose customers can afford to shrug off the economy's woes.

Shops and restaurants around the United States are reporting fewer visitors in the face of a credit crunch, mortgage crisis and price and fuel inflation.

Now-common \$4-per-gallon gas is a psychological jolt for many, said Bob Goldin, executive vice president at restaurant consulting firm Technomic.

"It's been a tipping point," he said, forecasting fewer visitors and less spending at mid-tier restaurants and coffee chain Starbucks Corp.

[Bad weather closes 2 main oil export ports in Mexico. Costa Ricans still cut off after Alma](#)

VILLAHERMOSA, Mexico: Two of Mexico's main oil export ports were closed by bad weather on Monday and officials across the southeast were evacuating low-lying communities threatened by heavy rains from the remnants of Tropical Storm Arthur.

[It's the End of Days for Cheap Diesel](#)

According to the AA's investigation, the record oil prices globally should be driving up the cost of petrol and diesel at the pump.

But while diesel prices have soared, the cost of petrol has not risen in tandem with it.

This is because American producers switched much of their production in the Gulf of Mexico to petrol, on the assumption that prices would rise.

"They took a gamble, betting on high gasoline demand," Conor explained. "In fact consumer demand for petrol was sharply down and the industry was left with a large stock of petrol."

[A reduction in human numbers is inevitable](#)

The populations of animal species expand with available food and habitat. When the supply of these things contracts, their populations fall. Technology has enabled humans to expand their global footprint massively, and their population has surged accordingly. However, this process couldn't go on for ever.

[India: Steel min seeks gas on a par with fertiliser sector](#)

NEW DELHI: The steel industry has joined the list of sectors that are unhappy with the government's gas utilisation policy. Aggrieved at being ignored from the list of priority sectors for gas allocation, the steel secretary has shot off a letter to the petroleum secretary seeking not only more supplies but also bringing steel on a par with the fertiliser sector.

The demand has been made in wake of acute shortage of natural gas for three plants — Essar Steel, Ispat Industries and Vikram Ispat — which use gas as fuel for making steel. While the requirement of these plants is 12.90 million metric standard cubic meter per day (mmscmd), the allocation is 5.76 mmscmd and availability 1.85 mmscmd or 32.12% of total allocation.

[Pakistan: Shopkeepers asked to follow business timings](#)

HYDERABAD: The business community of Hyderabad have been advised to close their shops by 2100 hours and avoid the usage of unnecessary voltages in order to overcome the existing power crisis.

[Shell CEO, like OPEC, sees no oil shortages now](#)

KUALA LUMPUR (Reuters) - Royal Dutch Shell Chief Executive Jeroen van der Veer said on Monday he did not see any shortage of physical oil supplies, echoing the view of many OPEC ministers who say the world market is well-supplied.

Oil prices have risen more than fourfold since 2004 and gained about a third this year, partly on increased fears among investors that producers will struggle to produce enough oil to meet demand in a decade's time.

[Energy crisis: The price of nearly everything will be going up](#)

Dow Chemical Co. Sunday raised the price of all its products 20 percent, reflecting the steep climb in the cost of crude oil, gasoline, natural gas and electricity. Blaming irresponsible politicians, Dow Chairman and CEO Andrew Liveris stated, "The country now faces a true energy crisis, one that is causing serious harm to America's manufacturing sector and all consumers of energy."

Consumers, already hit by \$4 gasoline and rising food prices, now will see rises in the price of almost every product and many services, including essential government services such as education and police protection.

[Scrambling for Answers to Oil Shock Decisions Today Will Play Out in 10 Years In Depth: Global Energy](#)

The surge in the price of crude oil has now reached the point where it is threatening global growth, adding urgency to the search to find new technology to either keep conventional oil flowing or supply less costly and less polluting energy alternatives.

How companies and governments navigate the treacherous energy landscape - which some analysts liken to the oil shocks of the 1970s and early 1980s - will shape the future of the global economy and could potentially tilt the delicate geopolitical balance, experts said.

[Nine out of ten Americans making lifestyle changes to cope with rising energy costs, RBC survey says](#)

"NIMBYism" on the Decline as Americans Grapple with Solutions Four in Ten Have Considered Moving Closer to Their Place of Work to Save on Transportation Costs

NEW YORK /PRNewswire-FirstCall/ - Ninety per cent of Americans have made changes in their daily lives to counter higher energy prices, according to an annual energy survey released today by RBC Capital Markets, one of North America's leading energy investment banks. And while six out of 10 say they would rather pay more for cleaner fuels, an almost equal number of Americans (58 per cent) say it is more important to keep the green in their wallets than to participate in green initiatives.

[PetroChina to increase diesel output by 7% in June to ease fuel shortage](#)

BEIJING (Xinhua) -- PetroChina said on Monday that it would increase its monthly diesel production by 7 percent in June month-on-month, to ease the current fuel shortages partly caused by the May 12 quake relief work.

Operation of a PetroChina refinery in Nanchong city, Sichuan Province, was halted after the deadly earthquake and the busy summer harvest season also contributed to the rising domestic fuel demand, said the company.

[EU-wide fuel tax cut a recipe for trouble](#)

Justin Urquhart Stewart, director of Seven Investment Management in London, told New Europe that although the protest may prompt ministers to rethink planned fuel tax increases, a decrease in fuel taxation is not going to happen. "The government doesn't have the money and it goes against everything they are trying to achieve," he said, adding that a fuel tax cut would hurt the Labour government, which has borrowed a huge amount of money and is now trying to repay its debt. The government is also trying to recover from the credit-crunch crisis and the disastrous Northern Rock event.

[Youths try to offset high gas prices: Area youths carpooling, working longer shifts to offset gasoline prices](#)

Young hires are asked whether they have siblings or friends working at the park and, if so, McDonald said, they are often placed within the same department so a manager can coordinate schedules to allow for carpooling.

"We try to accommodate them," she said, adding that it's mainly parents voicing concern about how much it costs to get their children to work.

[Fuel costs need not dampen fun on the water](#)

"We've seen no decrease in the number of people getting ready to go," said owner Rick Richardson. "Everybody's been talking about how much fuel has gone up, but people will still enjoy their boats. They might not drive around as much, and instead anchor out more or stay at the dock. Fuel is a very small part of owning a boat."

[Oil industry attempting to change drilling restrictions](#)

"What we've done is exclude about 80 percent of government land from being available for drilling," said Bruce Bell, chairman emeritus of Mid-Continent Oil & Gas Association of Oklahoma. "Included in that is the outer continental shelf on the east and west coasts and some of the Gulf of Mexico, including areas just west of Florida. Cuba and their partners are now moving in to drill."

[Oil and Gas Industry Battens Down the Hatches for 2008 Hurricane Season](#)

June 1 marked the beginning of the Atlantic hurricane season, a dangerous, high-risk five-month stretch for any company operating in the Gulf of Mexico. Hurricane preparedness is essential to the oil and gas industry in the Gulf of Mexico, a fact underscored by hurricanes Katrina and Rita, which in 2005 caused widespread destruction throughout the region and seriously threatened oil production. Across the industry, preparedness is the watchword.

[UK's credit card has expired](#)

Five years from now, or perhaps sooner, no one will own up to having ever had a novelty ringtone on their mobile phone, a nose stud, a taste for overpriced takeaway coffee or a ridiculously unaffordable mortgage.

[Crisis lesson: Communities should unite](#)

When the crisis began, our community leaders sought assistance from the state and federal governments. When aid wasn't forthcoming, again, rather than panic, our leaders quickly realized that we alone had to pull ourselves out of this crisis.

The city partnered with the United Way of Southeast and Catholic Community Services to form Juneau Unplugged, a program that provides grants for lower income households. The program was recently expanded to households earning as much as 300 percent of the federal poverty guideline.

[Biofuels out of the forest and into your gas tank](#)

There's a popular myth about technology – that it keeps moving forward, getting better, faster, stronger without ever looking back. That might be true for the latest iPod, laptop, or dishwasher, but over the last five years technological innovation hasn't met the demand for alternative, affordable fuels, leading more and more enterprising folks to look backward. The technological “advance” we call biodiesel is actually as old as the diesel engine itself. Now, with gas prices setting almost daily records, and predictions of \$15 a gallon garnering air time on cable news networks, backyard tinkerers are looking back again, this time to war-era Europe.

Poking around online, Robert “Chip” Beam found that severe rationing of oil during World War II led European farmers to strap wood-burning chambers onto the back of their equipment. “They had run 90 percent of their farm equipment on charcoal at the time,” he says.

[Looking to tap into the power of hot springs](#)

For the first time since the energy crisis of the 1970s, geothermal electricity production is getting a serious look in Colorado, and Mt. Princeton Geothermal LLC hopes to build the first plant, near the hot springs.

[Airlines Face ‘Desperate’ Situation, Official Says](#)

At its annual meeting here, the association urged governments to roll back regulations that they argue are damaging the industry at a time when many carriers are in a “desperate” situation.

If price of oil, which is now just below \$130 a barrel, averages \$107 over 2008, the aviation industry would lose \$2.3 billion for the year, the chief executive of the group, Giovanni Bisignani, said. Should it hold at \$135 a barrel for the rest of the year, the industry will lose \$6.1 billion.

“After enormous efficiency gains since 2001, there is no fat left and skyrocketing oil prices are changing everything,” Mr. Bisignani said. “The situation is desperate and potentially more destructive than our recent battles with all the Horsemen of the Apocalypse combined.”

[Yuba homebuyers face mounting commuting costs](#)

The housing downturn has hit communities all around the region hard. But as commuters like the Robertses and the Prados suffer individually at the gas pumps in Yuba County, real estate experts are looking beyond mortgage and credit issues and are

now starting to ask larger questions about the impact of expensive oil on such far-flung neighborhoods whose futures were tied to a metropolis many miles away:

Could they become a suburban equivalent of ghost towns? Will they languish for years while awaiting local job growth, more fuel-efficient cars and a vibrant mass transit system? Is this the end of that kind of residential growth?

[Limits of Economic Growth in Latin America](#)

Today, similar warnings have become common, but what is shocking about this case is the fact that they come more than 30 years after the book *The Limits to Growth*. This study, published in 1972 by Donella Meadows and colleagues at the Massachusetts Institute of Technology, questioned whether environmental limits render continuous economic growth possible. Immediately, controversy arose on all sides. Conservative groups and businesses rejected the existence of the effect of ecological limits on exponential economic growth, and they also minimized the reduction of natural resources and the importance of environmental impact. But many left-wing groups during that period also questioned the study, seeing it as a bourgeois imposition or a neo-Malthusian demand that would impede the development of third world countries.

Today the food crisis and the question of peak oil once again expose those warnings on environmental limits and confront conventional defensive strategies for continuous economic growth.

[Essential Video: PEAK OIL](#)

Lindsey Williams talks about his first hand knowledge of Alaskan oil reserves larger than any on earth. And he talks about how the oil companies and U.S. government won't send it through the pipeline for U.S. citizens to use.

[New Zealand: Greens' fears of old enemy colour views](#)

Pricey food might also be crowding out climate change and peak oil messages for households worried about more immediate – if not more important – issues than saving the planet. In a recession – if that's what this is – eating cheaply may be more of a concern than acting locally and thinking globally.

And you do have to wonder how the traditional Green message would go down with the stretched middle classes; that high fuel bills ought to go higher, in the interests of setting a price for carbon, incentivising households and encouraging innovation.

[Future of oil prices is anyone's guess](#)

Memorial Day, which marks the beginning of the summer driving season in the U.S., saw gas prices at nearly \$4 a gallon all over the country and even higher in states such as Florida.

Globally, the picture looks more worrisome: Oil prices crossed a record \$135 a barrel during the weekend of May 24-25, although by Tuesday prices had come down to \$131. What's behind these regular flare-ups in oil prices? What are the major economic and geopolitical factors at work? How does expensive oil affect the U.S. and world markets, and what can we expect over the coming months? Knowledge@Wharton discussed these questions with finance professor Jeremy Siegel, author of *The Future for Investors*, and management professor Witold Henisz.

[Russia cuts May oil output 0.7% on year to 9.699 mil b/d](#)

Russia's crude output was 41.189 million mt (9.699 million barrels/day) in May, down 0.7% from the same period a year ago, preliminary figures from the country's industry and energy ministry showed Monday.

The May figure was in line with the downward trend in the country's upstream sector as its resource base depletes. It supports concerns that Russia may this year see the first fall in annual oil production since 1998.

[Oil companies may resist calls for renewables](#)

NEW YORK/LONDON (Reuters) - Oil companies are facing more and more calls from shareholders to invest in alternative energy but the companies themselves may lack the profit motive, the entrepreneurial skills or indeed the will to satisfy their demands.

[Steinbrueck Rejects Political Intervention to Curb Oil Prices](#)

(Bloomberg) -- German Finance Minister Peer Steinbrueck said he opposes political interference to tame rising oil prices because such steps backfired in the past.

In comments to reporters today in Frankfurt, Steinbrueck, a Social Democrat, urged European Union leaders and their counterparts in the Group of Eight industrial states to stick to a 2005 accord that leaves energy markets free of price caps.

[High oil prices to blame for decline in automobile markets](#)

PARIS (Xinhua) -- Carlos Ghosn, executive president of the French automotive group Renault-Nissan, has said that a "large portion of the recession" that is being experienced in the world automobile market is as a direct result of rising oil prices and volatility of

raw materials.

[Food prices are rocketing all over Europe](#)

It's not just us. All over Europe, the rocketing cost of food and fuel is straining family budgets, stirring unrest and shaking governments. David Blair examines the roots and the impact of a widening crisis.

[How to manufacture a global food crisis: The destruction of agriculture in developing countries](#)

The global rise in food prices is not only a consequence of using food crops to produce biofuels, but of the "free trade" policies promoted by international financial institutions. Now peasant organisations are leading the opposition to a capitalist industrial agriculture.

[Ryanair to ground 10pc of fleet](#)

Ryanair, the low-cost Irish carrier, will this week announce plans to ground at least 10 per cent of its fleet over the winter, according to analysts.

The company, which is reporting full-year results, is also set to slash profit forecasts for the current year because of the soaring oil price.

[Soaring oil price sets airlines on course to recession, expert says](#)

The global airline industry is facing a recession far more severe than the slowdown endured after the terrorist attacks of 2001, a leading aviation expert claims.

[Stone Age lesson on taming the oil price](#)

Just as the credit crunch seems to be ending, the world faces a much more serious economic threat: the explosion of oil prices and the possibility of a return to 1970s-style inflation. Inflation is a more dangerous economic ill than deflation because it is so much harder to cure. Falling prices can be cured easily enough. All governments and central banks have to do is cut interest rates, cut taxes and boost public spending. These are popular steps that readily win political and business support.

The policies required to deal with inflation are, by contrast, always painful and unpopular - raising interest and taxes; cutting government spending and curbing public employees' pay. It is hardly surprising, therefore, that only one country in the world - Japan - has faced a serious deflation problem since the 1930s, while inflation crises have afflicted every market economy in the postwar era and have triggered almost every big

recession since 1945. The question, now that the focus of attention is moving beyond the credit crunch, is whether this sad history is likely to repeat itself in the year or two ahead.

[Iran Expands Fleet of Oil Tankers Idling in Persian Gulf to 14](#)

(Bloomberg) -- Iran, OPEC's second-largest oil producer, increased the number of tankers idling in the Persian Gulf to at least 14, indicating it may be storing more crude, ship-tracking data show.

Iran has at least 14 very large crude carriers, or VLCCs, floating near Kharg Island, a loading facility. In April, there were 10, holding at least 20 million barrels of oil, people familiar with the situation said at the time. Shipbrokers also reported that Iran hired three more tankers, which have been near Kharg Island for at least two weeks.

[Opec piles on the pain](#)

"If China were to use the same amount of oil per person as Europeans, it would require an additional 36 million barrels per day, about the same as the oil production of four Saudi Arabia's," John Westwood, chairman of energy analyst Douglas-Westwood told delegates recently at the All Energy Conference in Aberdeen, Scotland.

The "peak oil scenario" is approaching far more quickly than anybody expected, he said. And a number of key experts now believe that the world will never exceed its current level of production as new fields fail to compensate for declining ones.

[Ridership on mass transit breaks records](#)

More people are riding the nation's buses and trains, breaking records for the first quarter of the year. Transit operators expect the increase to be greater in the second quarter as gasoline prices soar.

A report set for release today by the American Public Transportation Association (APTA) shows trips on public transit January-March rose 3% over the same period last year to 2.6 billion rides. Light rails saw the biggest jump: 10% to 110 million trips.

[Heating oil sticker shock to hit New England](#)

PORTLAND, Maine - While people in most of the country may be worried about their summer air conditioning bills, many residents in the Northeast are way beyond that: They're already thinking ahead to next winter's heating bills.

And what those who heat their houses with oil are seeing is giving them sticker shock.

[Soaring fuel prices drive some to try four-day workweeks](#)

Escalating gas prices are prodding businesses and local governments to take a drastic step to curb costs: Many are cutting back to four-day workweeks, with employees generally working four 10-hour days instead of five eight-hour days.

In most cases, they're acting because of pressure from employees who want shorter workweeks, which generally mean lower driving costs. Companies and local government offices are shortening individual workweeks with staggered schedules, but in most cases, staying open five days.

It's a sign of how deeply gas prices are cutting into employees' pay and businesses' bottom lines. The last time four-day workweeks came into vogue was during the gas run-up in the 1970s.

[Frugal drivers don't top off tank, run out of gas](#)

Though national statistics on out-of-gas motorists don't exist, there's plenty of anecdotal evidence that drivers unwilling or unable to fill 'er up are gambling by keeping their tanks extremely low on fuel.

In the Philadelphia area, where the average price for a gallon of regular broke \$4 on Friday, calls from out-of-gas AAA members doubled between May 2007 and May 2008, from 81 to 161, the auto club reported.

"The number one reason is they can't stretch their money out from week to week," said Gary Siley, the AAA mobile technician who helped Saba.

[States use ads to give residents vacation ideas close to home](#)

NEW YORK — As Americans put the brakes on their summer travel plans, state tourism offices are trying to lure vacationers from nearby with regional ads that promote destinations that can be reached on one tank of gas.

A recent USA TODAY/Gallup Poll shows that one-third of Americans are rethinking vacation plans because of gas prices. Record high gas prices that average nearly \$4 a gallon nationwide as well as air travel hassles and higher prices are prompting some people to pack in their vacation plans.

[Half of Papua New Guinea's forests gone by 2021: study](#)

PORT MORESBY (AFP) - Half of Papua New Guinea's forests will be lost or damaged in just over a decade, speeding up local climate change, unless logging is dramatically reduced, a study released Monday found.

The University of Papua New Guinea report, which used satellite images to show the loss in forest cover between 1972 and 2002, found that at current rates, 53 percent of forest was at risk of being destroyed by 2021.

[Senate to take up climate bill](#)

WASHINGTON - Most senators acknowledge that climate change poses a major environmental threat, but getting agreement on how to deal with it is another matter.

The Senate on Monday will take up legislation that calls for cutting carbon dioxide and other so-called greenhouse gases by about 70 percent from power plants, refineries, factories and transportation by mid-century.

But the bill's chances of passing the Senate are viewed as slim as its supporters are not expected to muster the 60 votes needed to overcome a certain filibuster threat. Prospects in the House are even less certain.



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