



## DrumBeat: June 8, 2008

Posted by [Leanan](#) on June 8, 2008 - 10:09am

Topic: [Miscellaneous](#)

### [Iran sees oil price at \\$150 per barrel by end-summer](#)

TEHRAN (Reuters) - World crude prices are expected to reach \$150 per barrel by the end of summer, Iran's representative to the Organisation of the Petroleum Exporting Countries (OPEC) was quoted as saying on Sunday.

"I forecast that by the end of summer the price of oil will reach \$150 per barrel," Mohammad Ali Khatibi was quoted as saying by Iran's state broadcaster, referring to the summer in the northern hemisphere.

As reasons for this, he cited a weak U.S. dollar as well as the situation in the Middle East, without elaborating.

### [New Zealand: 'Big Dry' cranks out CO<sub>2</sub>](#)

Greenhouse gas emissions are soaring as coal and gas-fired generators run flat out, day and night, to compensate for fast-emptying hydro storage lakes.

Estimated carbon dioxide equivalent emissions from the thermal generators have risen to around 230,000 tonnes a week, 50% higher than this time last year, according to energy market consultancy Energy Link.

### [Nigeria demands \\$2bn oil arrears](#)

PRESIDENT Umaru Yar'Adua has ordered Nigeria's state-run oil company to demand nearly \$2bn in arrears from two major oil companies.

The government says Royal Dutch Shell and ExxonMobil have not paid taxes and production sharing costs they owe on two offshore oil fields.

### [Diesel thieves wreak havoc on California farmers](#)

BAKERSFIELD, California (CNN) -- Standing in a field of organic tomatoes, farmer Pete Belluomini says the ground-cracking drought and unrelenting insects make it difficult enough to make a living on the land.

But they are the least of his concern these days as a new menace haunts farmers in Bakersfield, California: diesel thieves.

### [High cost and demand for fertilizer scares farmers](#)

In part because of a global surge in demand, the price of fertilizer has skyrocketed 228 percent since 2000, forcing U.S. farmers to switch crops, cut back on fertilizer or search for manure as a substitute.

Wholesalers and retailers are scrambling to find and buy fertilizer and juggle what supplies they have to meet customers' needs. Between 2001 and 2006, global demand jumped 14 percent, an amount equivalent to the entire U.S. market, according to The Fertilizer Institute, a Washington D.C.-based trade group.

### [Job Losses and Oil Surge Spread Economic Gloom](#)

Investors' recent hopes that the United States might yet skirt a recession sank swiftly in the face of gloomy indications that the economy is gripped by a slowdown and pressured by record fuel prices.

For tens of millions of Americans struggling to pay bills, the jobs report added an official stamp of authority to a dispiriting reality they already know: A deteriorating labor market is eliminating paychecks just as they are needed to compensate for the soaring cost of food and fuel, and as the fall in house prices hacks away at household wealth and access to credit.

### [Gas set to take on coal](#)

ARROW Energy says the Queensland coal seam gas industry will rival the coal sector in terms of value creation for the Australian economy within the next five years.

### [Water-Starved California Slows Development](#)

PERRIS, Calif. — As California faces one of its worst droughts in two decades, building projects are being curtailed for the first time under state law by the inability of developers to find long-term water supplies.

## [Guerrilla Gardening](#)

Reynolds defines guerrilla gardening as “the cultivation of someone else’s land without permission.” He didn’t invent the term or the tactic but has become, as he puts it, “a self-appointed publicist for the movement” and the breadth of impulses and ideologies behind it.

## [Oil price puts squeeze on Indonesia](#)

For the fishing boats of Indonesia, going to sea has become an expensive business.

As global oil prices surge, fishermen are paying more to run their boats, but the fish they catch still sells for the same price.

"I don't know what to do if the price keeps going up like this," says Sunada, a fisherman who makes his living in the waters off Java.

"If we stop working we can't eat at all, but if we go on like this we don't make any profit."

## ['Guns, Germs, and Steel' Author Discusses Costly Crude and the Future of Oil](#) (transcript and podcast)

In another of the NewsHour's ongoing 'Costly Crude' series, geography professor and famed author Jared Diamond discusses the future of oil in view of current high prices.

Streaming video is [here](#).

## [Food producers, stores, consumers all feeling pinched](#)

"We are hearing from people throughout the Gulf Coast of Louisiana about how hard they are struggling to pay for food and fuel," said Natalie Jayroe, president and CEO of Second Harvest Food Bank of Greater New Orleans and Acadiana. "The timing could not be worse as so many of our people are working hard to rebuild their lives and are dealing with the already increased cost of living."

Second Harvest expects to distribute more than 17 million pounds of food this year, "but the need is for at least three times that amount," Jayroe said.

Many people who are contacting the food bank have never asked for help before, Jayroe said. "This shows how our economy is affecting working people."

## [Zimbabwe: Dairy Farming facing collapse](#)

THE lucrative dairy farming in the Midlands province is facing collapse owing to unscheduled power cuts that have seen farmers milking cows by hands, while erratic stockfeed supply has resulted in serious reduction of milk production, Governor and Resident Minister for the Midlands province, Cde Cephas Msipa said on Wednesday.

### [Global food supply is a growing problem](#)

Food riots. Scores of panicked people protesting, burning effigies and chanting. Shops being ransacked, supplies running out as soon as they come in, and stricken communities stockpiling rice, bread and water for fear of going without. These have happened in Haiti and Egypt in recent months as the price of scarce food has soared.

But what if they happened on the streets of Bromley? Or Newcastle? Or Bath? As bizarre as this might seem, the prospect of UK food shortages has started to be taken seriously by food manufacturers and retailers.

### [Obama, Clinton should get real about oil](#)

"These are the ways we will answer the challenge that arrived on our shores that September morning more than five years ago," Obama said. **"A 21st century military to stay on the offense, from Djibouti to Kandahar.** Global efforts to keep the world's deadliest weapons out of the world's most dangerous hands. Stronger alliances to share information, pool resources, and break up terrorist networks that operate in more than eighty countries. And a stronger push to defeat the terrorists' message of hate with an agenda for hope around the world."

It appears from those words that Obama will continue with the Carter Doctrine.

That was declaration by then-president Jimmy Carter in 1980: "Any attempt by any outside force to gain control of the Persian Gulf region would be regarded as an assault on the vital interests of the United States....[that would] be repelled by any means necessary, including military force."

### [Kurdish security forces order out Iraq oil workers](#)

BAGHDAD (Agencies): A drilling team exploring in an Iraqi oilfield briefly withdrew this week after being warned off by Kurdish security forces, oil industry sources said on Friday. Engineers familiar with the incident said it had no impact on production. But it underlines rivalries between Baghdad and the Kurdish regional government over territory and rights to Iraq's huge oil reserves, which lie mostly in the Kurdish north or the Shiite south of the country. An Iraqi government oil official, who declined to be identified, said members of the Kurdish Peshmerga security force had taken over the Khurmala oil field on Thursday and sent away employees working there.

## [A century of oil in Iran: a bounty and a curse](#)

Oil exports, worth 65 billion dollars last year, count for 80 percent of Iran's foreign currency earnings, essentially propping up the entire economy.

But the country is still far from realising the potential of either its oil riches or its gas reserves, again the second-largest in the world.

Billions of dollars in revenues that could be ploughed back into the industry each year are being thrown away on massive subsidies to keep petrol and energy cheap for ordinary Iranians.

## [What Can Possibly Explain the Price of Oil?](#)

What can possibly explain the behavior of the price of oil? The Senate committee has heard testimony from a variety of sources and a variety of viewpoints ranging from accusing the regulators to be tacit participants in market manipulation to “Peak Oil”.

This same sort of back and forth happens whenever we have bubbles forming. There are always those who argue that it is simply a speculative mania, and then there are the true “believers” who bring arguments and evidence *why things have changed*.

## [Do Gas Prices Mean Business Bets Are Off?](#)

AFTER THE STATE LEGISLATURE recently approved “An Act Concerning Energy Scarcity and Security,” its chief supporter, Rep. Terry Backer, warned that the United States is “standing at the doorstep of a sea change in energy and our consumption of it.”

“Everything changes from here on out and we must be prepared,” said the Stratford Democrat.

Backer is among a group of “peak oil” advocates that contend oil production has or soon will peak while demand globally continues to rise. The result is the high oil and gas prices we have all seen, with outright shortages likely to follow, according to the peak-oil crowd.

## [Panel discussion: James Howard Kunstler and Nikos Salingaros](#)

A few months ago, I conducted a panel discussion with urban theorists James Howard Kunstler and Nikos Salingaros for the magazine Next American City. Because of space limitations, the magazine was unable to publish the full interview. Since some very interesting portions of the discussion were cut, I thought it would be worthwhile to present the unexcerpted piece here.

Part II is [here](#).

### [Turkey fishes for offshore reserves](#)

Turkey does not figure prominently on any list of oil-rich countries, yet it hopes to surprise the world with big deepwater oil discoveries in the next few years, as its existing land-based wells begin to run dry.

### [Crude, alternatives and cycles](#)

Outside Iran-Iraq, production may be very close to peak. Bush has himself speculated (January 2008) that the Saudi refusal to raise production is actually due to its inability to produce more oil.

So uncertainty about Iran-Iraq supplies could be a detonator triggering peak-oil-style scenarios of rising prices (visible) and demand outrunning supply, which hasn't happened yet.

### [World Bank to scan national oil companies](#)

With petroleum prices reaching record levels, the Oil and Gas Mining Policy Division of the World Bank has initiated a study on the state of government-owned or national oil companies (NOCs) to ascertain their efficiency and competitiveness vis-à-vis private ones.

The study will cover the corporate governance and value creation efficiency of leading state-owned oil companies, which are estimated to control approximately 90 per cent of the world's oil reserves and 75 per cent of production. In the light of increased global oil prices, the World Bank has already advised all governments to open up their petroleum sectors for foreign and private investment.

### [Connecticut: Gas, airfare costs don't slow travel plans for lawmakers](#)

High fuel prices and airline fares have many residents curtailing their summer vacations, but some part-time state lawmakers are still making plans for taxpayer-funded travels.

According to the state Office of Legislative Management, nearly two-dozen legislators and their staffs have signed up to attend professional development conferences in New Orleans; Napa, Calif.; and other out-of-state locations.

### [Carlos Ghosn: Powering ahead regardless](#)

Brazilian super-boss Carlos Ghosn has a plan to beat the energy crisis — he's pushing both Renault and Nissan into making electric cars. But isn't his initiative too little, too late?

### [Fuel costs keep historic military planes from flying](#)

The mission of the Commemorative Air Force is to restore and fly military aircraft. But high fuel costs, a shortage of income and a doubling of insurance costs for the aircraft this year have forced the wing to say no to families who call asking for a flyover at veterans' funerals, Duncan said.

### [A grease shortage worries biodiesel makers](#)

There's a shortage of fryer grease in America.

Thieves pilfer it by the gallon. Investors wage a bidding war for every golden drop. Add to that the soaring price of soy and canola seed, and you can understand why 26-year-old Libby Rodgers, who hopes to launch a biodiesel company, won't reveal the sources of her blend.

"I don't want to shoot my mouth off," says Rodgers, who collects grease from places around Prineville that she won't name. "I can't say too much about my feedstock. It is just so competitive."

Not long ago, restaurants might have paid Rodgers to haul away their oily dribbles. But with a runaway commodity market and growing friction in the food vs. fuel conflict, secondhand grease has become the diamond of gemstones to biodiesel brewers.

### [Tire shortage a big problem for companies that use heavy equipment](#)

"You know, you've got all these emerging nations ... that are all growing like crazy, and they're developing infrastructure," he said. "And so those tires are being demanded like never before all over the world. So it keeps the supply short for tires that aren't made in big quantity, and also it keeps the price high across the board."

### [Clean energy plant may boost oil recovery](#)

Oil giant BP and Rio Tinto, one the world's largest mining companies, plan to spend nearly \$2 billion to build a clean energy plant in Kern County that will bury greenhouse gas emissions in nearby oilfields.



### [Iraq talks with Kuwait, Iran on shared oil - report](#)

DUBAI (Reuters) - Iraq, home to the world's third largest proven oil reserves, is in talks with neighbouring Iran and Kuwait to reach a deal to pool shared oilfields, the London-based Asharq al-Awsat reported on Sunday.

"Iraq has entered negotiations with Kuwait and Iran," it quoted Iraqi Oil Minister Hussain al-Shahristani as saying.

"We have informed them of the necessity of signing an agreement to unify the oil fields and to move away from a situation where each side has control from its side as that will bleed these fields in an uneconomical way."

### [Jonathon Porritt: Britain should have 'zero net immigration' policy](#)

Britain should set an example to the world by reversing its steeply-rising population growth and allowing no more people into the country than leave, the Government's chief "green" adviser has said.

Jonathon Porritt, chairman of the Sustainable Development Commission, said it was entirely possible to be "very progressive" on immigration while still having a policy of "zero net immigration" and no further population growth.

### [Surge in oil prices leaves economy facing stagflationary shock](#)

Sushil Wadhwani, a former member of the Bank of England's monetary policy committee who now runs Wadhwani Asset Management, said he was very gloomy about the economic outlook.

"We have the classic problem of a stagflationary shock," he said. "We have a slowing economy, the European Central Bank telling us it is going to put interest rates up and now this. The world has become a very unfavourable place. Muddling through this is going to become very difficult."

### [Canada Oil Minister: US Willing To Resolve Anti-Emission Law Impact](#)

AOMORI, Japan -(Dow Jones)- Canada has received "very positive feedback" from Washington that new U.S. energy laws targeting high-emission unconventional fuels won't impact its oil sands exports, the country's minister of natural resources said Sunday.

In an interview during the Group of Eight Energy Ministers meeting in Japan, Gary



Lunn said Washington has signaled to Canada that issues arising from the U.S. Energy Independence and Security Act will be "addressed and resolved."

### [The Case for Flexible Fuel Vehicles](#)

Bud McFarlane served in the Marines and, years later, as President Reagan's national security adviser. So I listened up when, at a Foundation for Defense of Democracies workshop on energy security, he said of Saudi Arabia's oil facilities: ``Any self-respecting suicide-bomber could take them out. Any artillery man could do it, too."

### [Oil: Open Up Federal Lands](#)

The more we look for oil and natural gas in the United States, the more we find. If only we were allowed to go and get it.

According to the Department of the Interior (DOI), huge onshore deposits of energy can be found on federal lands. Yet much of this energy is either explicitly off-limits or hampered by regulatory constraints that effectively make it so. Part of the solution to high oil and natural gas prices lies right under our feet, but Congress won't change the laws that keep this domestic energy locked up.

### [Scarcity in an age of plenty](#)

The world needs to rethink the sources of growth. If the foundations of economic growth lie in advances in science and technology, not in speculation in real estate or financial markets, then tax systems must be realigned. Why should those who make their income by gambling in Wall Street's casinos be taxed at a lower rate than those who earn their money in other ways. Capital gains should be taxed at least at as high a rate as ordinary income. (Such returns will, in any case, get a substantial benefit because the tax is not imposed until the gain is realized.) In addition, there should be a windfall profits tax on oil and gas companies.

### [Gas price record reaches \\$4 a gallon](#)

NEW YORK (CNNMoney.com) -- Gasoline rose to a milestone mark Sunday as the national average compiled by motorist group AAA reached \$4 a gallon for the first time.

The national average for regular unleaded rose 1.7 cents to \$4.005, according the daily measure on the group's Web site. That surpassed the previous record of \$3.989 set Thursday.

### [Exxon Mobil CEO: energy nationalism to blame for high prices](#)

ST. PETERSBURG, Russia (MarketWatch) -- The increasing role of governments in the world's oil industry is partly to blame for higher prices, ExxonMobil's Chief Executive Rex Tillerson said Saturday.

"Energy independence have become other words for isolationism and protectionism," he told an economic forum in St. Petersburg.

### [OPEC needs real supply threat to meet: source](#)

DUBAI (Reuters) - OPEC has no plans to meet to discuss oil's surge to a fresh record, and would need to see a real supply threat to gather before the next scheduled meeting in September, an OPEC source said on Sunday.

### [G8 energy ministers look inward on oil](#)

AOMORI, Japan (Reuters) - Group of Eight energy ministers looked inward for solutions to record oil prices on Sunday, touting the need for domestic efficiency rather than piling pressure on a resistant OPEC to pump more crude.

### [Total: World oil output to reach 95 million b/d by 2020](#)

PARIS -- Worldwide oil production will stabilize at about 95 million b/d before 2020, including extra heavy crude from Venezuela and Canada, said Total SA Chief Executive Officer Christophe de Margerie based on a long-term, internal company oil study, just released.

Energy savings and efficiency are therefore "absolutely necessary" to limit an ever-increasing demand pulled along by emerging countries and transport with an ever stronger focus on light products, the study said.

### [Rudd calls on G8 to pressure OPEC](#)

Leading nations should apply a blowtorch to the crude oil cartel OPEC, Prime Minister Kevin Rudd says.

Mr Rudd admitted the only way petrol prices could be cut significantly was for OPEC - the Organisation of Petroleum Exporting Countries - to up supply.

### [Iran luxury cars to be barred from cheap fuel: report](#)

TEHRAN (Reuters) - Drivers of luxury cars in Iran will no longer be able to buy heavily subsidized gasoline from June 21, official Iranian media reported on Sunday.

It is the latest change of a rationing system launched a year ago under which motorists can buy 120 liters per month at the price of 1,000 rials per liter (around 11 U.S. cents), some of the cheapest fuel in the world.

Iran is the world's fourth-largest oil producer but lacks enough refining capacity for domestic needs, forcing it to import large amounts of gasoline and burdening its finances.

### [Boom times wane even in oil-rich Venezuela](#)

Stanford University political scientist Terry Karl says oil booms always send growth soaring — until an economy reaches what she calls an "absorption crunch."

"You just can't absorb that huge influx of money properly," Karl said. "You get problems with your prices, you get problems of supply. ... All those bottlenecks slow down growth and eventually create inflation."

### [Oil supply adequate, no calls for OPEC meet](#)

Oil was becoming more difficult and costly to produce, and global supplies were nearing their peak, Ghanem said.

"The easy, cheap oil is over, peak oil is looming," Ghanem said.

Ghanem said last year that it may not be possible to boost global supply beyond 100 million barrels, from about 87 million bpd now.

### [Economy casts shadow over summer camp](#)

To keep up with record breaking gas prices, many sleep-away camps have had to cut back on field trips or choose destinations closer to home base. Some day camps stopped providing door-to-door transportation and are implementing drop off points.

Other creative solutions include using golf carts and scooters instead of cars for driving around camp, promoting self-propelled sports, such as canoeing and kayaking over speed boats, and cutting back on water skiing, according to the ACA.

### [Gulf inflation threat mounts as oil hurdles to \\$150](#)

DUBAI (Reuters) - Oil's rapid acceleration toward \$150 a barrel threatens to spur Gulf Arab inflation to new records as currency pegs to the ailing U.S. dollar prevent the oil producers from mopping up excess liquidity.

As Gulf central bankers prepare for a key meeting in Doha on Monday, the oil price surge places more pressure on Gulf states preparing for monetary union to follow Kuwait's lead and revalue their currencies to fight inflation.

### [Running in Circles Over Carbon](#)

Supplying electricity is not like most other businesses. Unlike the companies that make microchips, clothing for teenagers or snack foods, the companies that make electricity can see no advantage in going first. This is true for the traditionally regulated utilities that can charge everything to a captive class of customers (if regulators approve), and it is also true for the “merchant generators,” who build power plants and sell their output on the open market.



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