



DrumBeat: June 11, 2008

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Topic: [Miscellaneous](#)

[Fade to black: Is this the end of oil?](#)

For generations, we've taken it for granted. But as prices soar and reserves dwindle, the time is fast approaching when mankind will have to live without oil. Are we ready to confront some really inconvenient truths?

...Whereas Campbell's fears once branded him a wacky radical, as the years have gone by he has been joined by a growing band of industry experts who have reached a similarly grim conclusion. One of those was an American investment banker examining "flow rates" – the speed at which oil was being taken out of the ground. After being asked to advise Donald Rumsfeld and George Bush on energy policy during the 2000 election campaign, Matthew Simmons found that more and more oil fields had begun to decline. That was because, though new technology was helping to extract oil faster than ever before, it was also causing the fields to run dry more quickly, too. "All of a sudden there were fields that were declining by as much as 30 per cent per year," he says. "But I didn't call it 'peak oil' – I didn't even know what that was back then."

[World has enough oil reserves, says BP boss](#)

The world is not running out of oil and can continue to produce hydrocarbons for the next 40 years provided restrictions are lifted on where companies can operate, the head of BP said today.

The Arctic and currently closed areas off the coast of America should be considered for exploration if rising global energy demand is to be met in future, said chief executive Tony Hayward.

He insisted that all other forms of energy, whether clean-tech or otherwise, also need to be developed simultaneously while rising carbon emissions could still be curbed.

[Oil Could Hit \\$400 a Barrel by 2018](#)

That's the forecast from U.S. Navy Admiral William Owens, who sees rising tensions between the U.S. and China as they scramble for energy

[Bush doesn't rule out military strike in Iran](#)

MESEBERG, Germany (AP) — President Bush on Wednesday raised unprompted the possibility of a military strike to thwart Tehran's presumed nuclear weapons ambitions, speaking bullishly on Iran even as he admitted having been unwise to do so previously about Iraq.

Bush's host in two days of meetings at a baroque castle, German Chancellor Angela Merkel, made clear her views on the saber-rattling — however subtle — without directly countering her guest. "I very clearly pin my hopes on diplomatic efforts," Merkel said, reflecting the deeply held European opinion that military action against Iran is nearly unthinkable.

[Brave calls: Oil will fall](#)

Move over, peak oil: Toronto-Dominion Bank is running with the idea that the world will soon become more interested in peak oil *demand*, which should cool the rally in oil prices.

[Kuwait plans measures to combat soaring inflation](#)

KUWAIT CITY - Oil-rich Kuwait plans to take a series of measures including increasing subsidies on food items to combat record inflation, the commerce minister told parliament Wednesday.

[Nigeria: Oil Installations - Government Beefs Up Security](#)

A security operative who spoke anonymously told Vanguard that all commands have been directed to be on red alert in the wake of the renewed tension in the Niger Delta.

[Saudi wants heads of state at oil talks: diplomats](#)

RIYADH (Reuters) - Saudi Arabia, the top world oil exporter, wants heads of state to attend a June 22 meeting it is hosting of producers and consumers to discuss record oil prices, diplomats said on Wednesday.

It was unclear, however, if any leaders would attend the talks in Jeddah, the diplomats said. U.S. Energy Secretary Sam Bodman and the International Energy Agency (IEA) said on Wednesday they would attend.

[Subsidies: a big culprit in high gas prices](#)

Shielding consumers from the real costs of an oil-based economy only makes it more difficult for them to face the coming end of the oil era.

[BP Says Russia's Oil Output May Continue to Decline](#)

(Bloomberg) -- Russia, the world's second-largest oil supplier, may continue to experience declining production as the government seeks to lure investment, BP Plc Chief Executive Officer Tony Hayward said.

Russia's tax system takes 90 percent of a company's earnings when oil prices rise above \$30 a barrel, Hayward said. The nation's crude production will fall this year, according to his estimates.

[Shifting gear to save planet](#)

While \$45 trillion is a lot of money, it has to be put in perspective.

It would be spread over more than 40 years and across the whole world economy. It would equate to just over 1 per cent of global gross domestic product over that period, the IEA estimates.

And it would be offset by the cost of the fossil-fuel use avoided, which could be of a similar order, the IEA says. As it acknowledges, however, in a world where the oil price can jump \$11 in a single day, any estimates of that are "debatable".

The problem for this scenario, it says, is not the cost but the "burden sharing", which is diplomatic language for dealing with free rider problems.

[Commodity Futures Trading Commission finds answers to soaring oil prices elusive](#)

It's a time-honored Washington ritual. When the price of oil goes up, so does the blood pressure of politicians. And that means government agencies must do something, even if all they do is offer sympathy.

So it was Tuesday for the CFTC -- normally one of the quietest areas of the federal government and an agency traditionally more focused on the price of soybeans and pork bellies than energy.

[Want to sell your gas hog? Do the math first](#)

Consumer advocates are urging anxious car owners to slow down and do the math before they race to get rid of that larger vehicle.

"People need to think very carefully before they dump their gas guzzlers," advises Jack Gillis, author of "The Car Book." "It doesn't make economic sense if you take a loss on the transaction."

[How Less Zoom Zoom Could Power the Future](#)

Hybrids may be the great green hope, but new research shows that improvements to normal cars could reduce the nation's fuel consumption sooner and cheaper.

"We can absolutely reduce petroleum use and greenhouse gas emissions over the next 30 years," said Anup Bandivadekar of the International Council on Clean Transportation. "But in order to do that, we must halt increases in vehicle size and horsepower."

[Global fuel protests escalate](#)

MADRID (AFP) — Global protests over fuel prices intensified Wednesday as blockades by Spanish and Portuguese truckers heightened food shortages and traffic chaos, and their counterparts in Thailand and South Korea threatened to join them on strike.

In Portugal, the strike hit air transport as authorities at Lisbon airport banned planes from refuelling, except those on high priority flights.

"We cannot refuel any planes, except those on urgent, military or state flights," a spokesman for the airport authority, Rui Oliveira, told Lusa news agency.

The Spanish auto plants of Seat, Nissan, Renault, PSA Peugeot Citroen and Mercedes Benz were all forced to either cut or halt production as the strike left them short of parts.

[Fuel strikes: last-ditch talks begin in bid to avert panic buying](#)

Last-ditch talks to avert a strike by 641 tanker drivers who supply one in 10 UK petrol stations have begun at a secret location.

Despite pleas from Downing Street for motorists to stay calm and refrain from panic buying, industry experts believe the move will backfire and that in the next 48 hours before Friday's 6am deadline for strike action, motorists in parts of the country will rush to the pumps.

There is particular concern that motorists with almost full tanks could exacerbate

problems by topping up with 10 or 15 extra litres instead of buying normally.

[UK: Flintshire drivers ignore advice and panic buy at the pumps](#)

SIGNS of panic buying at the petrol pumps are breaking out across Flintshire as drivers attempt to beat the planned tanker strike.

Despite government warnings that attempts to stock up on fuel in advance would be counter-productive, and could actually cause a shortage of fuel, unusually long queues have been reported on forecourts across Flintshire and North East Wales.

[Police escort petrol tankers as truck strike hits hard](#)

MADRID: Police escorted petrol tankers into Barcelona yesterday as a protest strike by thousands of truckers against rising fuel prices caused food and fuel shortages and huge tailbacks on the Spanish-French border.

[Fuel shortages in Guinea Bissau and Senegal lead to power cuts](#)

Fuel shortages in the poor West African nation of Guinea Bissau and its bigger neighbour Senegal have led to days of power cuts and disruptions of the water supply, residents reported Tuesday.

In the capital of Bissau the seven gas stations have been closed for almost two weeks, a situation that has seen a skyrocketing number of black market fuel sellers.

...The lack of fuel is also affecting water supplies as most pumps to get the water to homes also work on fuel.

In the capital of Bissau women and children carrying bottles, jerry cans and buckets can be seen scouring different neighbourhoods for water.

Power cuts also started in the Senegalese capital Dakar in the last week which officials blamed on problems with getting fuel to electricity company Senelec because of the price hike in oil.

[Fuel shortage hits Republic of Congo's transport sector](#)

In the few service stations where there is fuel, ugly scenes of skirmishes have ensued and the authorities have been forced to send police and gendarmerie units to intervene and calm the situation before getting out of hand, according to a number of eyewitnesses.

[Sinopec refutes "hefty storage behind fuel shortage" report](#)

BEIJING (Xinhua) -- China's leading refiner Sinopec Wednesday refuted a media report that refiners in the country were keeping a high storage amid spreading fuel shortage.

Sinopec was not at all piling up oil products and was endeavoring to guarantee market supply, a Sinopec source that declined to be named told Xinhua.

[\\$250 oil? Don't bet on it](#)

The CEO of Russian oil firm Gazprom, the world's largest energy company, is predicting a huge jump in the price of oil. Could he possibly be right?

['Unethical behavior' to blame for gas prices - poll](#)

62% of survey respondents say record runup in prices is fault of actions by players in the gasoline supply chain.

[Gasoline: Shaving off one tax at a time](#)

In this time of high prices, the government is levying a tax on imported ethanol. Is it time for that tax to go?

[Oil Leaps To A New Record](#) (audio)

Chris Skrebowski of the UK Petroleum Review, director of PeakOil Consulting and author of the Megaprojects report, speaks with GPM's Julian Darley and offers some unusual analysis of the recent largest oil price rise in history, along with an explanation of the extraordinary run up in diesel prices and how soon we may enter oil decline.

[Oil Change](#)

Forget change you can believe in and start dealing with the changes coming at you as fast as the price of fuel makes its way skyward.

With gasoline prices headed toward \$5 a gallon, more than half the population has, in a matter of a year, become marooned in the suburbs. The economics of housing combined with the lunacies of city planning have left most Americans stranded, miles away from their places of work, their schools, their stores and medical facilities.

The physical plant of the United States for the past sixty years was designed on a premise of cheap energy. This has left much of our population locked into homes and communities they now can ill afford to leave in the morning, come back to at night, heat in the winter or cool in summer. Nor they can sell out and go elsewhere.

[Expert: Oil industry at peak production](#)

KUALA LUMPUR: The world's oil industry has started to reach its peak production rate and every nation now needs to build a "crash mat" to cushion the fall, an expert warned yesterday.

Kjell Aleklett, physics professor at Sweden's Uppsala University, said such a move was important as the world was now already in a phase of transition to an uncertain future with oil getting more difficult and costly to produce.

[OPEC Wants 'Solution' to High Oil Prices From Saudi Meeting](#)

(Bloomberg) -- OPEC wants a "solution" to record oil prices and an examination of the role of energy speculators when governments of oil consuming and producing countries meet later this month in Saudi Arabia, OPEC's Secretary General said.

[Nigeria: Ogoni People Jubilate Over Sacking of Shell](#)

Thousands of Ogoni of Rivers State took to the streets of Port Harcourt, Monday, jubilating over the sacking of Shell Petroleum Development Company by the Federal Government from their land, and the resolve to replace the oil giant with another oil prospecting company.

The people carried placards with various inscriptions, some of which read "Non violence pays, bye-bye to Shell, no more shell in Ogoni land, justice for Ogoni, justice for all, thank you President Yar'Adua, no more genocide in Ogoni land", among others,

[Emulate Japan to cope with oil shocks](#)

With the price of oil rocketing to the unprecedented level of US\$130 a barrel and more, there is a talk of another oil shock. Unlike past instances, this one is unlikely to subside and may indeed keep intensifying. The only way out is for Western nations, the gluttonous users of petroleum, to cut their consumption and emulate Japan in its consistent drive for energy efficiency and alternate sources.

[As oil rises, Americans rediscover the railroad](#)

BOSTON (Reuters) - As oil prices spike, many Americans are rediscovering the railroad.

Amtrak, America's struggling passenger railroad, saw record numbers in May when ridership rose 12.3 percent from a year earlier, and ticket sales climbed 15.6 percent, according to company data.

[Hawai'i: Energy 'crisis is here.' Kaya says](#)

HILO, Hawai'i — A former state energy manager is calling for Hawai'i to change its energy habits as costs spiral upward and the Islands maintain a potentially dangerous dependency on foreign fossil fuels.

"The crisis is here, and it's going to be a long one," said Maurice Kaya, now a strategic energy and management consultant. "We are well beyond the time to act, and business owners need to be pro-active in demanding clean energy at predictable costs from suppliers. We are precariously dependent on oil, but there are some things we can do."

[It will take governmental guts to cure America's gas pains](#)

Big Oil's profits far exceed those of the other industries that you used to think needed to be reined in -- Big Pharm, Big Farm, the old Ma Bell. Big Oil's response is short and crude: The world price of crude oil is at record highs. That's why you must pay record prices at the pumps.

The notion that the burden should be shared by all -- with you paying less at the pump and oil companies taking lesser profits that, even so, are still higher than those in other industries -- is something big oil considers to be insultingly crude (only this time they pronounce it without the "e").

[IBM rolls out 'green' data centers](#)

While consumers are bemoaning the price of filling up the gas tank, big businesses are experiencing their own energy crisis as the cost of powering data centers rises.

Armonk-based IBM Corp., in the second phase of its Project Big Green, is today announcing new services, technologies and financing to help its customers cut their energy costs in the data center.

[Poor Harvests May Worsen Global Food Shortages](#)

In a year when global harvests need to be excellent to ease the threat of pervasive food shortages, evidence is mounting that they will be average at best. Some farmers are starting to fear disaster.

[Top Gulf exporters cut heavy crude prices to lows](#)

SINGAPORE (Reuters) - Kuwait and Iran on Wednesday joined Saudi Arabia in slashing the price of their heavy crude exports to the deepest discounts in at least nine years, seeming to support OPEC's view that the world has enough of its supplies.

The 35- to 50-cent mark-downs on the differential for July shipments hardly compensates for the surge in benchmark prices -- U.S. light, sweet crude is up \$5 a barrel so far this week alone -- but reflects the poorer profits for simple refiners who are unable to convert heavy Gulf crudes into higher-value fuels.

['Future of oil' in focus in Congress](#)

NEW YORK (CNNMoney.com) -- Experts projected that demand for energy will continue to grow and called for the use of biofuels and other measures to respond to the nation's energy crisis, at a committee meeting in Washington, D.C., on Wednesday.

"The heat has slowly been turned up on the American consumer and now they are being boiled alive," said Rep. Edward Markey, D-Mass., chairman of the Select Committee on Energy Independence and Global Warming. "The same can be said for our planet. A fundamental change is needed in the way America uses energy."

[Retailers May Choose Local Suppliers as Oil Rises, PwC Says](#)

(Bloomberg) -- Global retailers may cut orders from China and India and source more goods locally in developed markets because of increased energy and transportation costs, PricewaterhouseCoopers said.

Companies from supermarket owner Tesco Plc to jeans maker Levi Strauss & Co. are forging partnerships with local producers to reduce shipping expenses, ease environmental concerns and improve quality, according to ``Global Sourcing: Shifting Strategies," a study by the consulting firm released today.

[China's oil imports up by double digits in first 5 months](#)

BEIJING, June 11 (Xinhua) -- China's oil imports posted double-digit growth in the first five months of 2008 as global crude prices more than doubled from a year earlier, the General Administration of Customs said Wednesday.

The country imported 75.97 million tons of crude oil, up 12.7 percent from a year earlier, with average prices rising 64.1 percent to 689.9 U.S. dollars per ton.

[Norway's May oil output rises to 2.11 mln bpd](#)

OSLO (Reuters) - Norway's oil production rose to a preliminary 2.11 million barrels per day on average in May from 2.03 million in April, Norwegian energy officials said on Wednesday.

[Indonesia expects to raise oil production](#)

JAKARTA (Xinhua) -- Indonesia is expected to increase its oil production to more than one million barrel per day in the next three years as some companies will start production by the end of this year, chairman of the upstream oil and gas regulator BP Migas Raden Priyono said here Wednesday.

[BP and Russian talks break down](#)

MOSCOW (Reuters) - Talks between oil major BP and its Russian partners over the future of its joint venture TNK-BP broke down on Wednesday, sources close to BP told Reuters.

"BP rejected the ultimatum," a source said, referring to three demands presented to BP by the Russian shareholders, for a 60 percent reduction in foreign employees, a 50-50 representation on all boards and increased power of attorney for one Russian shareholder, German Khan.

[Why listen to scientists?](#)

Professor Don Aitkin's recent promotion (PDF 258KB) of the "sceptical" view of global warming and the ensuing heated debates on several web sites bring to the fore the question of what authority attaches to the published conclusions and judgments of climate scientists.

Professor Aitkin, who is not a scientist, is in no doubt himself that the more outspoken climate scientists have a "quasi-religious" attitude. That is the mild end of the spectrum of opinions of sceptics/denialists/contrarians.

Most of the media and many politicians seem to have the view that scientists are just another interest group, and that scientists' opinions are just opinions, to be heard or discarded like any others. The Australian government seems to credit only the very conservative end of climate scientists' warnings, because it is acting as though we have many decades in which to adjust, and many years before anything serious needs to be

under way.

[U.S. Carbon-Dioxide Emissions Exceed China's, BP Data Indicate](#)

(Bloomberg) -- The U.S. released more carbon dioxide into the air from burning fossil fuels than any other country last year, barely keeping its lead over China, whose emissions surged on coal use, estimates based on BP Plc data show.

[Deregulate Transportation to Beat 100 MPG](#)

Beat 100 mpg, 5 times current gas mileage standards (CAFÉ, Corporate Average Fuel Economy). Start small; iterate often. Set an objective for innovation and grant rights of way to anyone willing to privately finance and build transport to beat that standard. We know there is vastly better, cleaner and safer transport. Obtaining it requires a free market, allowing risks, innovators and small, non-traditional suppliers. Governments currently plan and regulate against this.

[What Congress should do now about gasoline prices](#)

This is a list of basic actions by Congress that would begin to address the devastating impact on U.S. consumers of the unpredictable surges in oil prices. They also would have a positive impact globally in that America accounted for one-quarter of the world's oil demand in 2007.

Gasoline rationing and small car loan subsidies are measures intended to bring oil consumption for private transportation under predictable control and to encourage drivers to adopt small private vehicles. Gasoline rationing has been viewed as a last resort, but it is an essential step toward reducing oil consumption in a planned way while giving everyone an equal shot at gasoline regardless of her or his income.

[Iraqi oil and peak oil: our true 'flawed intelligence'](#)

Q: So why did Dick Cheney invade Iraq?

A: To gain control of Iraqi oil. (Stay with me here: The record is clear.)

Q: Then, why are our troops still in Iraq?

A: Because those stubborn Iraqis won't surrender control of their oil.

Q: So, when the Iraqis surrender control of their oil our troops can come home?

A: Well, actually, no. They will have to stay there to protect the companies that are

pumping the oil.

Q: How long will that be?

A: A long time. Depending on whose figures you use, Iraq has the fourth-largest oil reserves in the world. There are also reports of a huge untapped oil field in western Iraq.

['Fuel Prices Will Come Down - One Day'](#)

Volatile, frightening and unpredictable. The price of the world's lubrication is at unbelievable levels.

Unbelievable a year ago on what we knew then, and unbelievable now because no-one has a definitive idea of where the price is going or indeed why it's going anywhere.

[Recession 'inevitable' while UK economy depends on oil](#)

The UK's economy must break free of its dependence on oil to make a sustainable recovery from the current credit crunch.

That is the warning from University of Liverpool expert Simon Snowden, who said the world is heading for a "supply plateau".

[Oil: Extract up your own](#)

It is customary to run into brazenly racist commentary coming out of the U.S. liberals and right-wingers alike, especially when it comes to the question of oil. Besides the occasional surreal headlines about congressional members suing OPEC, it is normal to read headlines urging OPEC member countries to increase production. It is as if we were at a restaurant, trying to get more service. 'Hey waiter! More drinks over here!'

The more liberal ones, of course, take it to another level. In the context of 'oil shortages,' when the right wingers assert that more internal exploration/extraction is needed, the inevitable liberal knee-jerk reaction is, 'Of course not! Leave our wildlife alone!'

Shocking bulletin to Western 'environmentalists': 'Oil Producing' countries too have environments.

[Kelpie Wilson: Talking peak oil in the heartland](#)

Arriving in Grand Rapids, Michigan for the ambitiously named "International

Conference on Peak Oil and Climate Change,” I could see that the airport was undergoing a major expansion. The soaring, optimistic curves of the new Gerald R. Ford International Airport seemed at odds with recent news about sky-high jet fuel prices and crumbling airlines – the new reality that was the subject of the conference.

[Spanish gas groups fear reliance on Algeria](#)

The debate on energy security in Europe has previously centred on northern Europe's dependence on Russian gas and overlooked southern Europe's high dependence on Algerian gas. But that is about to change.

[Egypt wants more money for gas](#)

A years-old agreement between Egypt to sell natural gas to Israel may take new form, and mainly a more expensive price, after dramatic but secret talks between the two countries. Egypt may be willing to supply more gas to its natural-resource-poor neighbor, possibly at the price of reopening the original agreement.

Spurred by opposition anger over Egypt's supply of natural gas to Israel, and mainly its low price, the Egyptian petroleum minister, Sameh Fahmy, vowed to "review prices of natural gas in all agreements without any exception".

[China stumbles in forging Russia gas deals](#)

MOSCOW - China is a power behind global commodity flows as well as prices. But Beijing has been slow to understand that it is the horse that pulls the cart; the whip hand belongs to the coachman.

Chinese negotiators have already made one colossal mistake in pricing their supply of liquefied natural gas (LNG). They are making a second in trying to draw out of Russia a discount for natural gas. For China to insist on tying Gazprom down to the extraction cost of Siberian gas - at a fraction of the price Gazprom sells its gas to Western Europe - is producing an impasse in current negotiations and slowing down Russia's readiness to invest in the pipeline systems, on which Chinese calculations depend.

[China Orders Coal Companies to Increase Production, Steps in to Keep Prices Stable](#)

BEIJING, June 9 (Xinhua) -- Amid coal shortage in some localities, China's State Administration of Coal Mine Safety on Sunday issued an urgent circular ordering domestic coal companies to increase production on the premise work place safety be ensured.

[China Plans More Nuclear Reactors, Uranium Imports](#)

(Bloomberg) -- China, the world's second-biggest energy consumer, plans to add more nuclear-power capacity by 2020, step up uranium imports and explore for the fuel in nations as diverse as Kazakhstan and Niger.

[China Using Up Natural Resources Fast, Report Says](#)

GENEVA - China is drawing on natural resources such as farm land, timber and water twice as fast as they can be renewed in its drive for development, a report from Chinese and international environmentalists said on Tuesday.

[Capture carbon to avert catastrophic climate change, say world's scientists](#)

The world must have a clear plan to fit power stations with facilities to capture carbon dioxide within a year to prevent "catastrophic" climate change, the world's leading scientific bodies said today.

But the warning came as Britain's support for the technology was blasted as "woefully inadequate" by experts.

[Eco coal power may cost 'double'](#)

Electricity produced from the next generation of clean coal power stations could be twice as expensive as other coal-fired stations, BBC File On 4 has been told.

The government's hopes for early success in defeating global warming by cleaning up coal fired power stations have been challenged by a leading power generator.

An executive at RWE Npower, expected to be a major player in "carbon capture" technology, has spoken of fears about both the cost and the timescale.

[Food-related industries launch anti-biofuel campaign](#)

Industry groups representing companies including Kellogg, Tyson Foods and Kroger are coordinating efforts to reduce U.S. biofuels-use requirements with a new "Food Before Fuel" lobbying campaign.

The Grocery Manufacturers Association, the American Meat Institute, the National Restaurant Association and other groups say rising corn-based ethanol production is pushing food costs higher. Adding industry muscle to fight a federal requirement to about double ethanol production to 15 billion gallons by 2015 may slow the increase,

helping company profits and easing consumer prices, said grocery association chief Cal Dooley.

[Japan, US say to cooperate on new 'ice' energy](#)

AOMORI, Japan (AFP) — Japan and the United States on Saturday agreed to cooperate on research into methane hydrate, known as the "ice that burns" which is seen as a promising future energy source.

[A New Wind Power Design Good For Rural And Urban Environments](#)

A U.S. company is offering a propeller-free personal windmill that can be set up in city or suburb. The president of Mariah Power, Mike Hess, demonstrates what he calls the "Windspire."

"This one generates 25 to 30 percent of the power in your house, but if we are building a three kilowatts version, which is only twice the width, same height, then it generates 100 percent of your power requirements," Hess said.

[World oil output falls for first time since 2002](#)

LONDON (Reuters) - World oil production fell by 0.2 percent in 2007, the first decline since 2002, and proven oil reserves were flat, BP Plc said in an annual review released on Wednesday.

Production fell by 130,000 barrels per day (bpd) last year to 81.53 million bpd and reserves were essentially flat at 1.24 trillion barrels, London-based BP said in its 2008 Statistical Review of World Energy.

The figures compiled by BP underline the world's challenge of boosting production to meet growing demand. Oil prices have been rising since 2002 and last week hit a record \$139.12 a barrel, partly because of supply concerns.

[World Faces 'Oil Crisis:' IEA Ready to Tap Reserves](#)

(Bloomberg) -- The world faces an "oil crisis," and the International Energy Agency stands ready to release emergency stockpiles even as the biggest consumers discuss measures to contain spiraling demand, the agency's chief said.

[BP chairman rejects "apocalyptic" talk of \\$250 oil](#)

BRUSSELS (Reuters) - The chairman of British oil major BP (BP.L) rejected as "apocalyptic" a prediction by the head of Russian gas giant Gazprom of oil prices soaring to \$250 a barrel by the end of next year.

BP chairman Peter Sutherland told the European Policy Centre on Wednesday there was no problem with available supplies of fossil fuels in the medium term, but there was a need for more investment to develop those resources.

"(I) personally don't believe in some of the more apocalyptic predictions," Sutherland said when asked about Tuesday's forecast by Gazprom CEO Alexei Miller.

"I don't believe we're in for a spike to \$250 as suggested in price per barrel."

[Oil price crisis threatens to reverse globalisation](#)

With brutal efficiency, the oil price is beginning to duff up a monster of the 20th century: globalisation. Those great tentacles that gripped our world in a hideous embrace are suddenly weakening and the multinational octopus is looking a bit pale and sickly. The extraordinary rise in the price of crude oil is wrecking outsourced business models everywhere and distance from your customer is no longer merely a matter of dull logistics. Whether you are selling coiled steel or cut flowers, the cost of transport is a problem.

[Fuel Prices Challenge Cars' Reign](#)

Gasoline prices, which shattered the \$4-a-gallon mark on average in the Washington area Friday, ranged as high as \$4.39 a gallon for regular yesterday amid signs that cash-strapped Americans are changing vacation plans, consolidating errands, and turning to carpools and mass transit.

..."The fear here is that we've crossed a Rubicon," said John Townsend, a spokesman for AAA. "Normally, prices plateau after Memorial Day . . . But I don't think we're going to get much relief this summer."

In a society nurtured on cheap gasoline, the high fuel prices are having disparate effects: the end of free pizza deliveries at major franchises, a plunge in the sales of sport-utility vehicles, a steep drop in the price of houses that are far from jobs or mass transit.

[Iberdrola backs energy curbs](#)

Oil and gas should be the preserve of makers of industrial goods such as plastics and fertilisers, with consumers relying for the bulk of their energy needs on more sustainable sources such as wind, water and sunlight, according to the head of one of Europe's largest energy groups.

Technological advances in renewable energy such as wind and solar generation meant the power industry was better equipped to wean itself off oil and gas than many industrial goods makers, said Ignacio Sanchez Galan, executive chairman of Spain's Iberdrola.

"Can we live in the future without things like fertilisers, plastics and certain types of polymers?" he said in an interview with the Financial Times.

"How is urea going to be produced and most industrial goods going to be produced without oil? We do not currently have alternatives for these products. However, we do have alternatives for energy production."

[Fuel prices: how to save £500 a year \(even if it does mean driving at 20mph\)](#)

Record prices at the pumps could succeed where 6,000 cameras and millions of pounds in road-safety advertising have failed for decades – by securing compliance with the speed limit.

Driving more slowly will save drivers up to £500 a year in fuel costs, according to a study, which reveals that the most efficient speed is much lower than most people think.

Car manufacturers suggest that the optimum speed for fuel efficiency is between 50mph and 60mph and a recent survey found that two thirds of drivers believe this to be the case. But the study, commissioned by *What Car?* magazine and based on five cars of different sizes ranging from a 1 litre Toyota Aygo to a 2.2 litre Land Rover Freelander, found that the most efficient speed was below 40mph for all five and as low as 20mph for two.

[UK Energy Minister to ask Saudi Arabia for oil market rethink](#)

Malcolm Wicks, the Energy Minister, is to meet the Saudi Oil Minister this week to discuss global concerns over the soaring price of oil, which hit nearly \$140 a barrel on Friday.

[UK: Petrol is bound to run out in strike](#)

PETROL stations will run dry over the weekend causing havoc for motorists if a tanker drivers' strike goes ahead.

About 1,000 Shell garages – one in 10 of all filling stations – will be hit by the four-day walkout due to start on Friday.

[UK: Petrol sales fall 20% as drivers feel the pinch](#)

Petrol retailers have disclosed that fuel sales dropped sharply over the past few weeks and the latest figures appear to show that demand for petrol in Britain has slumped by as much as 20 per cent over the past 12 months.

[Energy surge prompts move to 4-day work week in US](#)

WASHINGTON (AFP) - Skyrocketing energy costs have fueled fresh interest in the four-day workweek across the United States as a means to help workers as well as employers cope with the surge.

[Supply of hybrids runs out of gas as demand soars](#)

Even as car buyers stampede for vehicles with better fuel mileage, there are fewer hybrids, the gas-stingiest, to go around.

While sales of conventional small cars soared last month, sales of the most popular gas-electric hybrids were flat or down because dealers had fewer left. There was plenty of demand, but hybrid assembly plants are running as fast as they can, and some are short of components, particularly batteries.

[The global economy will have to adjust – and it will](#)

Economies always adjust. The world is far less reliant on oil than it was in the 1970s. The high price will – again – call forth those traditional economic responses, substitution and increased supply.

Even the much-rumoured oil in the Falkland Islands might be recovered at these prices. The world's car makers will, as ever, offer more fuel-efficient vehicles. Small things – energy saving light bulbs, double glazing, more efficient appliances – will help, as will the more ambitious technologies: the hydrogen fuel cell, renewable energy supplies, second, third and fourth-generation biofuels (which will be sustainable).

[All the signs are coming clear and worse, peak oil is near](#)

Suddenly it has hit home. The big news is oil. I went back to see when I first mentioned the phrase PEAK OIL, and discovered that it was way back in 2003: five years ago. So the event should not be a surprise, yet, it hurts, and will keep on hurting from here to eternity.

[Senate GOP blocks windfall taxes on Big Oil](#)

WASHINGTON - Saved by Senate Republicans, big oil companies dodged an attempt Tuesday to slap them with a windfall profits tax and take away billions of dollars in tax breaks in response to the record gasoline prices that have the nation fuming.

GOP senators shoved aside the Democratic proposal, arguing that punishing Big Oil won't do a thing to lower the \$4-a-gallon-price of gasoline that is sending economic waves across the country. High prices at the pump are threatening everything from summer vacations to Meals on Wheels deliveries to the elderly.

[These steps could lower oil prices, but nobody'll take them](#)

WASHINGTON — As gasoline prices soar to new records, America's president — and the two men who hope to succeed him — are offering only partial or long-term solutions and ignoring three steps that many experts say could bring some relief now.

[Government steps up review of oil, commods price surge](#)

WASHINGTON (Reuters) - U.S. regulators stepped up their efforts on Tuesday to determine why prices for oil and a range of other commodities have surged dramatically this year.

The Commodity Futures Trading Commission announced that an interagency panel, including the Federal Reserve, Treasury Department and others, will assess price increases and trading in a range of commodities.

"High commodity prices are posing a significant strain on U.S. households," the CFTC said.

[Retail gasoline demand down vs year ago: MasterCard](#)

NEW YORK (Reuters) - U.S. retail gasoline demand slipped 3.8 percent from last year's levels, as gasoline prices posted yet another record high last week, MasterCard Advisors said Tuesday.

Year-to-date, American gasoline consumption is down 1.9 percent from last year's levels, according to MasterCard's weekly Spendingpulse report.

[Scientists blame drilling for mud flow](#)

JAKARTA, Indonesia - International scientists said Tuesday they are almost certain a mud volcano that has displaced tens of thousands of villagers in central Indonesia was caused by faulty drilling of a gas exploration well — not an earthquake as claimed by the

company.

..."We are more certain than ever that the Lusi mud volcano is an unnatural disaster and was triggered by drilling the Banjar-Panji-1 well," Richard Davies, a geologist at Durham University in Britain, said Tuesday.

[Hurt by rain, U.S. corn crop to fall short of demand](#)

WASHINGTON — Torrential rains and flooding in the Midwest could soon mean consumers face even higher prices for meat, eggs, dairy and other foods.

The U.S. Department of Agriculture on Tuesday slashed its estimate for the volume of this year's corn crop because of wet and flooded fields, prompting corn prices to surge to new records on Chicago futures exchanges. Contracts for July delivery hit \$6.73 a bushel, with prices for later months soaring above \$7.25 per bushel, more than double 2006 levels.

[Bush: Global climate pact possible on my watch](#)

BRDO PRI KRANJU, Slovenia (AFP) - US President George W. Bush said Tuesday that a global climate change deal was possible before he leaves office in January 2009.

"I think we can actually get an agreement on global climate change during my presidency," Bush said at his final summit with leaders of the European Union, which is at odds with the US approach.

[Atlas shows effects of climate change on Africa](#)

JOHANNESBURG, South Africa - The United Nations environment agency unveiled a new atlas Tuesday that shows what the agency says are the dramatic effects of climate change on Africa.

The nearly 400-page publication features over 300 satellite images taken in every African country. The before and after photographs, some of which span a 35-year period, appear to show striking environmental changes across the continent.

[Study: Arctic warming rate could triple](#)

Rapid Arctic sea ice loss could triple the rate of warming over northern Alaska, Canada and Russia and trigger permafrost thawing that unleashes extremely potent greenhouse gases, according to a new study.

"Our study suggests that, if sea ice continues to contract rapidly over the next several years, Arctic land warming and permafrost thaw are likely to accelerate," lead author David Lawrence of the National Center for Atmospheric Research said in a statement.



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