



DrumBeat: June 14, 2008

Posted by [Leanan](#) on June 14, 2008 - 9:19am

Topic: [Miscellaneous](#)

[Learning From the Oil Shock](#)

The world may have arrived at the equivalent of Peak Oil. Old fields are in decline, while governments limit new oil projects.

We all know that gasoline is at \$4 a gallon and oil is at \$135 a barrel. But if you think that's the end of the story, don't talk to economist Jeffrey Rubin of CIBC World Markets. By Rubin's reckoning, we've barely passed the halfway point on a steady march upward that will take gasoline to \$7 a gallon and oil to \$225 by 2012. Though there will be fluctuations, the underlying rise in prices, he says, will have pervasive and often surprising side effects.

[Brzezinski: Russia after BTC pipeline](#)

WASHINGTON (UPI) -- Russia's clash with the former Soviet republic of Georgia is a move to control the Baku-Tbilisi-Ceyhan pipeline, Zbigniew Brzezinski told the U.S. Senate.

Brzezinski testified before the Senate Foreign Relations Committee meeting on Central Asian and European energy issues. The hearing, "Oil, Oligarchs and Opportunity: Energy from Central Asia to Europe," looked into Russian control over oil and gas reserves and pipelines in the region.

[We are living in the future shock](#)

Climate change, terrorism, financial instability, peak oil, soaring food and fuel costs... whatever happened to the future?

According to the predictions of my childhood, by now I should be flying to work in an air car and have partially lost the use of my legs due to labour-saving technology rendering physical effort redundant; inter-planetary travel should be routine, and human conflict should have been left behind due to our super-evolved brains and generally more enlightened society.

[After the credit boom comes the long and painful squeeze](#)

The age of cheap food and energy is over for Britain as the world's economic balance shifts. Our Economics Editor explains how bad the pain will be and how long we are likely to feel it.

[UN chief, Saudis agree on need to tackle rising oil, food prices](#)

JEDDAH, Saudi Arabia (AFP) - UN chief Ban Ki-moon and Saudi King Abdullah reached common ground here Saturday on the need to tackle rising prices of oil and food, and the problem of climate change, a UN spokesman said.

The UN secretary general flew into this Red Sea city earlier Saturday for a 24-hour visit and met with the king for one hour after being welcomed by Saudi Foreign Minister Saud al-Faisal.

[Chavez sees \\$75 billion in oil revenue in 2008](#)

CARACAS: Top South American oil exporter Venezuela will earn \$75 billion in oil revenue in 2008, President Hugo Chavez has predicted as oil prices surge to record levels.

[Environmental Skeptics Are Overwhelmingly Politicized, Study Says](#)

A review of environmental skepticism literature from the past 30 years has found that the vast majority of skeptics, often identified as independent, are directly linked to politically oriented, conservative think tanks.

[Peter Lynch: What is the Real Cost of Fossil Fuels?](#)

In my opinion, "Energy" is the number one problem facing the U.S and the world as we move forward into the 21st century. In fact, I think that it may be the greatest problem that mankind has ever faced. All the other "problems" we hear about on the evening news – health care, social security, housing crisis, credit crunch etc. are ALL "small change" compared to the looming worldwide energy crisis. The problem facing us is so large that I am really beginning to believe that people, as well as, governments are simply in mass denial and refuse to believe the magnitude of the approaching problem. Keep in mind that reasonably priced, available energy is what gave birth to our mighty industrial revolution and is what separates the U.S. and the rest of the developed world from becoming third world countries.

[Saudi oil chief to address reports of oil increase](#)

RIYADH, Saudi Arabia - Saudi Arabia's oil minister on Sunday will address reports that the world's largest oil-producing country is set to raise production by about 500,000 barrels per day, his adviser said.

[EIA: US Preliminary April Crude Imports -2.5% Vs Year Ago](#)

NEW YORK -(Dow Jones)- U.S. crude oil imports in April rose 3% from March, but were 2.5% below a year-ago, preliminary data from the Energy Information Administration released Friday show.

At 9.921 million barrels a day, crude imports were the most in any month since January, but were the lowest in April since 2006.

[Ukraine threatens to retaliate if Russia hikes gas prices in 2009](#)

KIEV (Thomson Financial) - Ukraine warned Friday it will raise its fees on Russian gas shipments through its territory and on underground storage services if Russia abruptly hikes gas prices in 2009.

'Be confident that Ukraine will have a strong asymmetric response if there is a question of imposing European price levels and if there is a willingness to introduce them immediately, starting from January 1, 2009,' Olexander Chaly, a deputy assistant in the Ukrainian president's office, told a press conference.

[Diesel at a premium as refiners can't meet demand](#)

Diesel is fetching premium prices as a shortage of supply causes China to halt exports, the Middle East boosts imports and power shortages force mines from Australia to Chile to run oil-fed generators.

Refiners will profit by producing more diesel instead of petrol, and the biggest winners will be those that process cheaper, heavy grades of crude.

[Fuel strike: Shell drivers threaten more action](#)

Motorists are facing weeks of disruption to fuel supplies after tanker drivers threatened to repeat the strikes which have seen motorists queueing on forecourts in some areas of the country.

[U.K. Tanker-Driver Strike Shuts `Few' Fuel Stations, Shell Says](#)

Royal Dutch Shell Plc, Europe's biggest oil company, said it stopped selling fuel at some U.K. filling stations as a strike by tanker drivers cut supplies.

Shell has received ``very few" reports of service stations running out of fuel, Olga Gorodilina, a London-based spokeswoman, said today. ``Sales remain at high, but not extreme, levels."

[Argentina vows to clear roadblocks amid farm row](#)

BUENOS AIRES (Reuters) - Argentine truckers protesting a drawn-out conflict between the government and farmers continued to block roads on Friday, paralyzing cargo traffic and increasing the threat of fuel and food shortages.

[Alaska: Nearly 800 Rally To Voice Concerns Over Rising Fuel Costs](#)

What does it take to rouse public action in America? Put the pinch on their pocket books. Fairbanks residents driven by rising energy prices exercised their right to organize as they expressed their views with signs and cries of outrage.

A rally of 800 people met Thursday evening, calling for state legislators to act on the current energy crisis.

[Mexicans want to know where oil money has gone](#)

An expected bonanza for Mexico's state-run oil company hasn't happened, and conspiracy theories are rampant.

[Thank you, Big Oil](#)

Without the hard work and ingenuity of the men and women who work for the energy companies, we would be living in the 17th century - no electricity, running water, cars, trucks, airplanes, ships, factories, waterproof clothing, soda bottles, safety glass, sterile food and medical containers, air conditioners, televisions, microwave ovens, X-Boxes, I-Pods, or any of the millions of other products made using power generated from the burning of fossil fuels.

[Living Off The Land](#)

LOUDOUN CO., Va. (WUSA) -- In an age when food prices are up, and gas prices are soaring, one family in our area isn't complaining. They've figured out how to live efficiently and save money.

(The article is about one of the members of PeakOil.com. He says he tried to explain peak oil to the reporter, but she wasn't interested.)

[Residents derail 5 proposed sidewalks](#)

Construction of five sidewalks — part of a larger project intended to provide children with safe pedestrian routes to Medford schools — has been canceled after area residents spoke against it.

The placement of the sidewalks would have created residential parking problems and cut off part of residents' perceived lawns, which are actually public right-of-way, that have been landscaped, said Medford City Council members who unanimously agreed on the changes.

[Midwest floods could raise California's gas prices](#)

Devastating floods in the Midwest this month could push California's gasoline prices even higher.

Few drivers realize it, but 6 percent of every gallon of gasoline sold in California is ethanol. Most of it comes from the Midwest, distilled from corn crops that blanket the region.

[US government allows oil and gas companies to annoy already threatened polar bears](#)

WASHINGTON: Less than a month after declaring polar bears a threatened species because of global warming, the Bush administration is giving oil companies permission to annoy and potentially harm them in the pursuit of oil and natural gas.

The Fish and Wildlife Service issued regulations this week providing legal protection to seven oil companies planning to search for oil and gas in the Chukchi Sea off the northwestern coast of Alaska if "small numbers" of polar bears or Pacific walruses are incidentally harmed by their activities over the next five years.

[Ocean changes may trigger US megadrought](#)

CALIFORNIANS will hope the drought in their state won't last as long as the parched period that afflicted North America from AD 800 to 1250. Even if it passes, global

warming may yet hasten another 500-year "megadrought".

[Farther, deeper, colder is now the mantra as crude producers scour the globe. But new finds require costly technologies - ones that only a high oil price can sustain](#)

OTTAWA -- If Saudi Aramco's \$7-billion (U.S.) Khursaniyah oil project had come on stream at the end of 2007 as scheduled, the world economy might not be staggering under \$135 crude prices.

The planned 500,000 barrels a day of Khursaniyah production would have been like a cool drink of water for an oil market thirsting for additional supply.

Instead, the project was stalled by delays in the construction of a processing plant needed to treat the natural gas liquids that Khursaniyah would produce along with the light, relatively sweet crude oil.

[Europe Worries About a 1970s-Style Oil Shock](#)

FRANKFURT — In Europe, where the tight credit market has caused less havoc than in the United States, fears are focusing on another economic bogeyman: a 1970s-style oil shock.

[I preferred the 70s first time around](#)

Well, blow me down with a bag of Space Dust: an oil crisis, an energy crisis, public sector strikes, unions blackmailing the government, taxation at record levels, inflation taking off, dole queues lengthening, as are queues at petrol stations, and the Ulster Unionists finally managing to re-introduce internment without trial. It's the 1970s, all over again. How are you enjoying them?

I preferred it the first time around. Fuel shortages are fun when you're a kid.

[Scientists find bugs that eat waste and excrete petrol](#)

Silicon Valley is experimenting with bacteria that have been genetically altered to provide 'renewable petroleum'.

[MIT to help India resolve energy crisis](#)

The prestigious Massachusetts Institute of Technology (MIT) has agreed to assist India in resolving its energy crisis in the long term by developing technologies, which are

affordable and available to all.

[The Climate for Climate Change Policy](#)

Advocates for aggressive policies aimed at tackling climate change have quietly applauded as higher energy prices have sent the resale value of SUVs plummeting, jump-started technological competition in Detroit for low-emissions vehicles, and spurred the revival of long-moribund proposals for everything from green building codes to reinstituting a 55 mile-per-hour highway speed limit. Yet the soaring price of energy has combined with rising food prices and a general U.S. economic downturn to sour the environment for climate change legislation.

[Changes in China could mean more North American jobs, Home Depot chief says](#)

ATLANTA: The rising value of the Chinese yuan, higher pay for Chinese workers and \$136-a-barrel oil may mean more factory jobs in North America, the Home Depot chief executive, Frank Blake, says.

The world's largest home-improvement chain is looking for factories in the United States, Mexico and Canada to build some products that are getting too expensive to make in China, Blake said Thursday in an interview in New York. The Atlanta-based Home Depot imports about 13 percent of the goods it sells, and most of that is made in China, said a spokeswoman.

[Fuel prices: Over a barrel](#)

In one crude camp, there are the followers of peak oil theory—like Toronto-based fund manager Eric Sprott, who doesn't think the market is about to crack. Indeed, according to the Bay Street legend, the world has just seen the beginning of high oil prices. Plenty of industry watchers agree with the peakers. Jeff Rubin, chief economist with CIBC World Markets, thinks oil prices will reach US\$200 per barrel sometime in the next half decade. Analysts at Goldman Sachs project a much shorter trip to what is being billed in the media as "Oilageddon." Billionaire George Soros is less apocalyptic. "We are currently experiencing the bursting of a housing bubble and, at the same time, a rise in oil and other commodities which has some of the earmarks of a bubble," he recently told American lawmakers looking to somehow rein in speculators who are being blamed for pushing U.S. oil futures above US\$135 a barrel last month. "To be sure, a crash in oil markets is not imminent."

Market bears, on the other hand, think oil is boiling like a pot of overdone eggs. "Investors," says a top-tier Toronto hedge fund manager, "are safer betting on Nortel," because crude prices are bubbling like the telecom's market capitalization back when commodity plays were considered a poor place to park money.

Oil's future

As oil protests spread, as motorists grimace and groan on each visit to the pumps, as prices jerk upwards, analysts as well as ordinary members of the populace are asking questions.

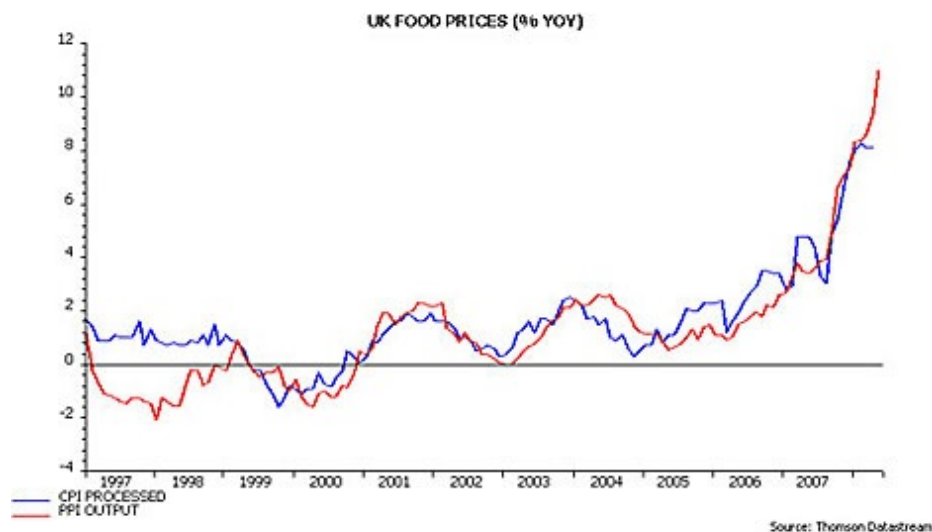
What and who is to blame for such rapid increases? When will it stop? What will a future with supersonic oil prices look like? As commodity and food costs climb, and as environment degradation spreads, is the golden weather of growth and rising prosperity over?

Potential puncture in the oil bubble

ACCORDING to Shell Oil president John Hofmeister, the “proper” range for oil should be somewhere between US\$35 - US\$90 a barrel.

Based on that statement and assuming it's more or less accurate, what do you think we should make of the current oil price of US\$130 - US\$140 per barrel? How much of the spectacular rise in oil is due to speculation? That is important to determine as excessive speculation could basically drive prices much higher than its real demand-supply equilibrium.

UK: Food and oil prices 'may be high for years'



The Treasury warned that rapid growth in the world economy and population, coupled with supply shortages, will stop commodity prices falling back to previous levels.

This will be a further blow for families who are suffering a painful squeeze on their living

standards because of rising borrowing costs, utility costs and shopping bills.

[Iran discovers new oilfield in southwest](#)

Tehran: Iran has discovered an oilfield with estimated reserves of 750 million barrels within its southwest Jofeir oilfield, Oil Minister Gholamhossein Nozari said on Saturday.

The *Shana* news website quoted Nozari as saying that Iran's new discovery would boost Jofeir's oil output to 33,000 barrels per day.

[Big Powers Set to Offer Iran 'Generous' Deal](#)

TEHRAN — European Union's top diplomat said he would hand Iran a generous offer today aimed at resolving a deepening dispute over its nuclear ambitions that has helped push up oil prices to record highs.

[Why is Capitalism Failing Us?](#)

Our critical human needs are not being met by our capitalist economy that is now pervasive throughout the planet. We humans do not have adequate medical care. A very large percentage of us humans cannot get enough food at a price we can afford, so that millions are dying and millions of others are malnourished. We are spending billions on foreign wars, while billions of people are hungry. It seems obvious that so long as our economic engine is fueled by greed for short term profit, and that the profiteers from this economic engine control our government, we shall never deal with Global Warming or planetary ecological damage. We face the three coinciding crises: Peak Oil, Fragile Economy, and Global Warming. We still have much freedom, but our effective democratic voting power is thwarted. What has gone wrong?

[Teetering on the brink of catastrophe](#)

Across the globe, many car owners have taken to the streets to air their discontent with high fuel prices.

Those who have been accustomed to cheap oil are clearly ill-prepared for this.

But according to "The Long Emergency: Surviving the Converging Catastrophes of the Twenty-First Century," there has never been a lack of warning signs.

[Hydrogen highway is a non-starter](#)

Glance northward on Highway 50 right around the 59th Street overpass, and you'll glimpse the future. At least that's what the Sacramento Municipal Utility District, Ford Motor Company, Daimler AG, BP and the U.S. Department of Energy would like us to believe. Unfortunately, the shiny new solar-powered hydrogen vehicle fueling station that recently spread its gossamer wings just east of the SMUD yard is anything but the future. It's the desperate waking fantasy of a casino culture that can't shake the feeling that the next jackpot is one pull of the lever away.

[Plan Would Lift Saudi Oil Output to Highest Ever](#)

Saudi Arabia, the world's biggest oil exporter, is planning to increase its output next month by about a half-million barrels a day, according to analysts and oil traders who have been briefed by Saudi officials.

The increase could bring Saudi output to a production level of 10 million barrels a day, which, if sustained, would be the kingdom's highest ever. The move was seen as a sign that the Saudis are becoming increasingly nervous about both the political and economic effect of high oil prices. In recent weeks, soaring fuel costs have incited demonstrations and protests from Italy to Indonesia.

[From Indonesia to the US governments stand powerless in face of markets](#)

The slums of Jakarta, Indonesia's giant, sprawling capital, are among the largest in Asia. In their shacks clustered around teeming alleys, millions of people endure grinding hardship of a kind that few in the rich world could imagine.

At the stroke of midnight on May 23, their poverty was suddenly worsened. The rise in global oil prices forced Indonesia's government to punish the poor by increasing the cost of fuel by an average of 28.7pc.

[Oil traders fear for London's position](#)

Oil traders on both sides of the Atlantic gave warning that American efforts to extend US regulation to include the London oil market risked simply channelling the trade offshore to Dubai and Singapore.

The protests follow the emergence of a dispute between US and UK regulators over oil market oversight in the City of London, amid claims that speculators are partly to blame for crude prices that have soared to record highs of \$139 per barrel.

[G8 ministers see oil prices as threat to world stability](#)

The world's most powerful economies will warn tomorrow that the spiralling cost of fuel and food pose a threat to the low inflation and strong growth enjoyed by the west for the past decade and a half.

[US airline catastrophe looms under record oil prices: study](#)

WASHINGTON (AFP) - The US airline industry is set to crash as record oil prices threaten to push several carriers into bankruptcy, threatening "our American way of life," an industry study said Friday.

"As a consequence of the skyrocketing price of oil, the US commercial aviation industry is in full-blown crisis and heading toward a catastrophe," said a study issued by AirlineForecasts and the Business Travel Coalition.

[U.S. cities promote bicycling as gas prices soar](#)

PHILADELPHIA (Reuters) - U.S. cities that have long promoted bicycle use by commuters are now seeing a steady rise in the popularity of pedal power as gasoline prices soar.

Campaigns originally designed to cut down on traffic and pollution are now paying off for people looking for an option to driving with national gas prices averaging a record \$4 per gallon.

[Different fuels key to future](#)

By 2012, U.S. automakers plan to roll out large numbers of flexible-fuel vehicles that can handle blends with up to 85% ethanol. Yet at such high levels, corn-based ethanol costs 30 cents a gallon more than regular unleaded gas because of its lower mileage, AAA says.

The answer: cheaper cellulosic ethanol, now being developed, made from switch grass, wood chips and municipal solid waste. Such ethanol, if widely used, could bring back \$2-per-gallon gasoline, says David Friedman of the Union of Concerned Scientists.

About.com tackles peak oil - [Why Oil and Gas Prices Are So High: Don't Blame OPEC](#)

For now, peak-oil theory is still slightly controversial: Has the world reached the half-way point in oil capacity, beyond which supplies can only decrease? Maybe not yet. Maybe not this year. Maybe not even the next. But if the peak hasn't been reached yet, it's about to be.

[UAE 2007 inflation hit 10.9 percent: report](#)

ABU DHABI - Inflation in the oil-rich United Arab Emirates, where the consumer prices index has sharply increased over the past few years, hit 10.9 percent in 2007, an official study said on Saturday.

...It slammed a UAE central bank policy of copying decisions taken by the US Federal Reserve reducing interest rates instead of tightening the monetary policy in the robust UAE economy. The dirham is pegged to the dollar.

[HSBC warns of worse to come for UK economy](#)

The worst is "still to come" for the UK economy as household spending winds down due to credit shortages and more jobs are shed as a result of record oil prices, a top economist warned today.

Karen Ward, UK economist at HSBC, said in an analyst note that spiralling oil prices will lead to a series of knock-on effects for the UK at a time when it is already being rattled by the credit crisis.

[Floods send corn, ethanol soaring](#)

Corn futures rose to another record high and ethanol prices surged to a two-year high on Friday as storms lashing the US Midwest raised the specter of a crop that will be too small to satisfy demand for food, feed and biofuel.

[Pollution rules may be suspended to allow big expansion of Heathrow](#)

More than 60,000 extra flights will pass low over London each year under a government plan to suspend air pollution limits to allow Heathrow to expand.

[Greenpeace threatened with legal action over Spanish coastal resort pictures](#)

Greenpeace has been threatened with legal action over doctored pictures showing a Mediterranean coastal resort submerged under a foot-and-a-half of water.

Property owners and developers in La Manga, Spain, claim the images have forced house prices to fall and are demanding Euro 27 million (£21 million) in damages from the pressure group.

It comes eight months after Greenpeace published a book called Photoclima, featuring photographs of six well-known sites in Spain before and after predicted changes in the

climate, in an attempt to shock Spaniards into greater environmental awareness.



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