



## DrumBeat: June 18, 2008

Posted by [Leanan](#) on June 18, 2008 - 7:47am

Topic: [Miscellaneous](#)

### [Oil Crunch Trumping Climate Concerns?](#)

In 2006, I interviewed dozens of experts on energy, climate, and the economy for a story in our ongoing Energy Challenge series, and more than a few warned then that, in the world of politics and policy, the need to deal with a growing global oil crunch could well trump the need to curb greenhouse gases and limit long-term climate risks.

President Bush's statement today on oil could be interpreted by some as proof positive, at least for the final months of this administration, that oil still trumps broader energy and climate issues. In his Rose Garden speech, Mr. Bush briefly noted a planned boost in fuel-mileage standards for vehicles and technologies that might move the country away from petroleum in coming decades. But the four prongs of the speech were not about using less fuel, but boosting supplies: drilling offshore, extracting oil from shale, drilling on the coast of the Arctic National Wildlife Refuge, and adding refineries.

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### [Home buying practices adjust to high gas prices](#)

In his hunt for a new home, Demetrius Stroud crunched the numbers to find out that, with gas prices climbing, moving near an Amtrak station is the best thing for his wallet.

Stroud was looking in Elk Grove., Calif. — about 85 miles away from his job in the San Francisco Bay Area — because homes there are more affordable. But with gas at \$4.50 and a car that gets about 22 miles per gallon, Stroud would be pumping \$560 a month into his tank.

So instead he made an offer on a home near the train station in Davis, which will shave \$160 off his commuting costs.

### [Oil price spike puts farmers in grim situation](#)

"I've been farming since the 1960s," said Texas Farm Bureau President Kenneth Dierschke, a San Angelo-area cotton and grain farmer. "In the years since, we've all seen dozens of grim situations in agriculture. They pale in comparison to the major problem that is shaping up in our industry at this very moment."

### [May oil demand down 0.1 pct from year ago: API](#)

WASHINGTON (Reuters) - Demand for crude oil and petroleum products in May fell a slight 0.1 percent from a year earlier, and U.S. gasoline use for the January-May period dropped for the first time since 1991, as record-high pump prices dented demand, the American Petroleum Institute said on Wednesday.

Total petroleum product deliveries, excluding exports, averaged 20.614 million barrels per day, down 17,000 bpd from May 2007, the API said in its monthly oil report.

### [Fuel price protests hit Brussels](#)

BRUSSELS (Reuters) - Belgian farmers, truckers and taxi drivers staged protests against soaring fuel prices on Wednesday, the latest in a series of demonstrations across Europe and Asia as oil has hit record highs on world markets.

Hundreds of tractors clogged traffic as they converged on Brussels, while truckers and taxi drivers staged a go-slow on the city's inner ring road.

### [Tornado-damaged power lines cause ComEd congestion](#)

NEW YORK (Reuters) - Crews at Exelon Corp's Commonwealth Edison subsidiary continued to repair power lines south of Chicago damaged by a tornado on June 7, a spokesman for ComEd said Wednesday.

The damaged lines, coupled with heavy West-East power transfers, have resulted in increased congestion in the ComEd and NIPSCO systems, PJM, the Mid-Atlantic/Midwest power grid operator, said in a June 17 report.

### [Poll: Fuel spike curbs vacations, dining out](#)

WASHINGTON - Many Americans will forgo vacations and dine in more often to combat soaring fuel prices, while 1 in 10 are rethinking where they live or work, according to a Reuters/Zogby poll released on Wednesday.

Nearly 39 percent of those surveyed said they were considering changing vacation plans, while 31 percent plan to eat out less often. The poll of 1,113 likely voters found that 58 percent intended to drive less, and 2 out of 10 said they would rely more heavily on mass transportation.

### [Oil - paying the political price](#)

Consumers are worried about how they will afford the growing costs of petrol.

Economists are worried about the effect of the high oil price on the national and global economy.

Well here is another oil-related issue to worry about: the effect of the high price on international politics.

### [Australia PM sees gas crisis hitting economy](#)

SYDNEY (Reuters) - Australia's economy is under threat from a power crisis in the country's west, the premier declared on Wednesday, and ordered the navy to divert diesel to keep mining and other industries running.

The state of Western Australia, which is five times the size of Texas, lost a third of its gas supply two weeks ago when a gas plant blew up.

The loss could weigh on the Australian economy, one of the world's healthiest, thanks in large part to the injection of billions of dollars from the state's mining exports.

### [Bush sending energy chief to Saudi oil parley](#)

WASHINGTON (AP) -- President Bush is sending Energy Secretary Samuel Bodman to Saudi Arabia for a one-day meeting of oil producers.

Bodman is leading a U.S. delegation to the meeting on Sunday in the port city of Jiddah in Saudia Arabia, the world's largest oil producer. Saudi Arabia has called the meeting of oil producing countries and consumers to discuss ways of dealing with soaring energy prices and preventing further increases.

### [Iran Slams Saudi Over Upping Oil Output](#)

Iran says Saudi Arabia should not be increasing its oil output unilaterally, claiming such decisions require a consensus from the Organization of the Petroleum Exporting Countries (OPEC).

### [City of Idaho Falls Considers Fuel Storage Facility in Case of Emergency](#)

In the event of a natural disaster or fuel shortage -- if gasoline couldn't be delivered to our area how would our emergency vehicles operate? Right now we have a two to three

day backup supply of fuel, but what if that wasn't enough in an emergency...

That's why some city officials are proposing construction of a fuel storage facility that could sustain services for a month, by holding 50,000 gallons of fuel, including unleaded, diesel and biodiesel.

### [From the oilsands to the pump](#)

EDMONTON - Getting a litre of fuel out of the Athabasca Oilsands and into your automobile is a complex process requiring huge investments, a labyrinth of technology and the mastery of several goofy-sounding words.

### [U.S. Concerns Over India-Iran Gas Pipeline](#)

To fuel its growing economy, India is turning to Iran. A proposed 2,600-kilometer gas pipeline would carry natural gas from fields in Iran to India to satisfy the country's increasing demand for energy. The proposed 7.5-billion dollar pipeline would run through Pakistan. Iranian President Mahmoud Ahmadinejad and Pakistani President Pervez Musharraf cleared obstacles to the planned pipeline after the Iranian President's recent visit to New Delhi and Islamabad. Washington continues to oppose the pipeline because it believes the pipeline will bolster Iran.

### [Sinopec opens Qingdao refinery](#)

(China Knowledge) - China Petroleum & Chemical Corp (Sinopec), China's largest oil refiner, has started its 10 million-ton-a-year refinery in Qingdao, East China's Shandong province, to help ease domestic supply shortage of refined oil products.

### [UK: Strike sparks extra tanker call](#)

More fuel tankers could be requested for Devon and Cornwall to ensure the counties do not experience fuel supply problems, a minister has said.

Nearly 600 petrol stations in Devon and Cornwall ran out of supplies on the final day of a four-day industrial dispute by tanker drivers over pay.

### [Cheap airlines face fare hike choices](#)

Discount carriers are being forced to find ways to fit in fare hikes without scaring away customers as oil nears \$140 a barrel.

### [Fresh protests in Nepal capital at fuel price hike](#)

KATHMANDU (Reuters) - Taxis, buses and cars went off the streets in the Nepali capital on Wednesday, as hundreds of students burned tyres and blocked roads in new protests against a recent hike in fuel prices and transport fares, police said.

Last week, Nepal's state-run oil firm increased petrol and diesel prices by about 25 percent, to cut losses due to a global rise in fuel prices and meet a domestic shortage of fuel.

### [Pakistan: Loadshedding becomes a nightmare](#)

KARACHI - The Karachiites continue to suffer with prolonged power outage while riots erupted in various areas on Tuesday.

The temperature of the City has increased up to 37C as Karachiites suffered with sizzling heat till the evening and also faced unannounced loadshedding in several localities.

### [Nevada panel endorses toll road plan](#)

Advocates for privatization say the toll is an option for the state because of a shortage of funds available to build needed roads. They cite rising costs for construction materials, including asphalt. Also, the governor is opposed to increasing taxes to pay for such projects.

Opponents say more conventional alternatives should be pursued. Boosting the state's fuel tax rates is one possibility.

### [Mexico, Industry to Fix Price of More Than 150 Items](#)

(Bloomberg) -- Mexico's government reached an accord with industry groups to fix the price of tuna, coffee, beans and more than 150 other items through the end of the year after inflation accelerated to the fastest in three years.

The agreement with the Confederation of Industrial Chambers, an umbrella group of industry organizations, also covers tortillas, wheat flour, ketchup and cooking oil, said Ismael Plascencia Nunez, the president of the confederation.

### [Norway may park free parking](#)

In its latest drive to curb the use of cars, Norway's government is considering forcing shopping centers to charge customers for parking in the centers' lots or garages.

The goal, according to a report prepared by the state environmental ministry, is to discourage customers from using their cars for shopping trips.

### [Ride for free on 'Dump the Pump Day'](#)

NEW BEDFORD — There is relief, at least for a day, from the spiking price of gasoline: Bus rides will be free on Thursday.

The Southeastern Regional Transit Authority will cover their fare boxes Thursday, their tribute to national Dump the Pump Day, sponsored by the American Public Transportation Association.

### [Nigerian environmentalists support coal mining](#)

Nigerian environmental experts have called on the government to reintroduce coal mining in a move aimed at solving the country's current power crunch and salvaging its disappearing forests.

### [Study: Solar energy cost will plummet by 2025](#)

A new study makes the case that solar power is emerging as a cost-effective hedge against fossil fuels and is likely to reach parity with retail electricity rates in most regions of the United States in less than a decade.

### [Energy and innovation](#)

The easily obtained supplies were running out. To get more of the energy source that fuelled a nation, workers had to explore and dig to unprecedented depths. Costs rose steadily and some experts were certain there was no solution. Progress would halt. In the future lay crisis and collapse.

The year is 1712. The nation is England. The energy source running dangerously low is coal. I didn't mention this at the beginning lest the reader think these facts are somehow obscure or irrelevant to the struggle for energy we face today. They are neither.

### [Are They Really Oil Wars?](#)

A most widely-cited factor behind the recent US wars of choice is said to be oil. "No Blood for Oil" has been a rallying cry for most of the opponents of the war. While some of these opponents argue that the war is driven by the US desire for cheap oil, others claim that it is prompted by big oil's wish for high oil prices and profits. Interestingly, most antiwar forces use both claims interchangeably without paying attention to the fact that they are diametrically-opposed assertions.

### [Real Road Rage](#)

As the price of gasoline soars, Americans are forced to think in ways that they haven't in generations: to drive, or not to drive?

Do they park the car and opt for public transportation?

Or do they try to sell the ole gas guzzler (better known as SUVs) for a tiny foreign import?

For most of the latter 20th century, a car was seen as an American right, more sacred than freedom of the press, for while many may've felt that the functions of a free press was problematic, the freedom to drive (with relatively cheap gas) was part of the national psyche.

### [McCain's Nuclear Solution a Threat To Us All](#)

In a speech late last week, Sen. John McCain stated that we must develop nuclear plants all over the country while pointing out that Sen. Barack Obama's campaign website contains no mention of nuclear power as a solution to the current energy crisis.

"We're not going to attain energy independence nor will we reduce green house gas emissions successfully without rapidly developing nuclear power plants all across this country," McCain said.

### [McCain's Sea Change On Offshore Oil](#)

While Democrats want to continue to outsource our energy supplies to the likes of Hugo Chavez, John McCain wants to repeal the federal ban on offshore drilling. The energy tide is turning.

### [Boone's Farm: Oilman Asks Feds to Help Distribute His Wind Power](#)

While a parade of experts from the DOE to wind-energy lobbyists testified, the choicest remarks came from oilman-turned-clean-energy maven T. Boone Pickens.



Mr. Pickens, who's building the world's largest wind farm, in the Texas panhandle, cut to the chase: America can curb its dependence on foreign oil by adding more power lines. His idea? By making wind power a bigger part of the electricity mix, other generation fuels will be freed up to power cars, cutting oil imports.

### [South Africa: Gas Fields 'Could Solve Energy Crisis'](#)

The gas fields off the West Coast must be developed if the country is to solve the energy problems strangling economic growth, says the Cape Town Regional Chamber of Commerce and Industry.

Chamber president Gerald Wolman said the gas, which was discovered nearly a decade ago, could be a primary fuel for industry and be used to generate electricity to ease the current crisis.

### [Lithuania's Mazeikiu refinery shut down after power cut](#)

VILNIUS (AFP) - Lithuania's trouble-prone Mazeikiu Nafta oil complex, the only refinery in the Baltic states, was shut down in an emergency on Monday after electricity supply problems developed, its operating company said.

### [ND utility to unveil plans to capture CO2](#)

BISMARCK, N.D.—Basin Electric Power Cooperative is unveiling a project to capture carbon dioxide at its coal-fired power plant in central North Dakota, then pipe the gas to Canada where it will be pumped underground to force oil to the surface.

### [Gazans make own fuel amid Israel restrictions](#)

GAZA CITY, Gaza Strip - Taxi driver Saif Khadour swears by his recipe to keep his cherry-red Mercedes Benz on the road: four parts cooking oil to one part turpentine.

Other motorists have experimented with different concoctions added to cooking oil, including shots of diesel, motor oil, kerosene, pesticides and even air freshener, as ways around Israeli-imposed fuel restrictions in the Gaza Strip.

Still others have converted gas-run cars to electric batteries.

### [IEA Seeks Increase in Oil Output at Saudi Meeting](#)



(Bloomberg) -- The International Energy Agency is seeking an immediate increase in oil output at this weekend's producer-consumer summit in Saudi Arabia to "calm markets" in the wake of record crude prices.

"The main message that will be very good is if we see an increase in production now," Fatih Birol, chief economist at the IEA, said today in an interview in Istanbul. Oil producers should also agree "to increase spare capacity for the next years to come. This is what the markets need to hear."

### [Tom Petrie: As price rations consumption, 'it's not all a bad thing' for oil](#)

Q: Are you concerned the high prices will trigger retraction or demand destruction?

A: They will, and frankly, we need it to happen. If we don't destroy some demand and therefore change patterns of consumption in this country, I don't see how we really can balance the equation this time. If I'm half right about this idea of practical peak oil, then we need to use price as a way to ration consumption. It's not all a bad thing.

### [Dutch expect more Saudi production after summit](#)

The Dutch government expects Saudi Arabia to increase oil production when ministers from producing and consuming nations meet in Saudi Arabia on June 22 to discuss soaring oil prices.

"We expect an announcement of more production," Minister of Economic Affairs Maria van de Hoeven told a press conference today in The Hague. Van de Hoeven will attend the meeting in Jeddah to find out what's driving record prices, she added. "The market has to become more transparent and there must be more investments."

### [Mexico May Raise Daily Oil Output 4.3 Percent by 2009](#)

(Bloomberg) -- Mexico may increase crude production to 3 million barrels a day next year as state-owned Petroleos Mexicanos pumps more oil to make up for the biggest drop in output in a dozen years at its largest field, the country's energy minister said.

### [Oil, gas supplies from Sakhalin II may start in Dec. - Gazprom](#)

MOSCOW (RIA Novosti) - Oil and gas supplies from the Sakhalin II project off Russia's Pacific Coast may start in December 2008, Gazprom's deputy CEO said on Wednesday.

"The company is making every effort to keep to this schedule," Alexander Medvedev said.

The launch of supplies was previously planned for early 2009.

### [Kazakhstan Exempts PSA Holders From New Oil Production Taxes](#)

(Bloomberg) -- Kazakhstan exempted international oil companies such as Chevron Corp. acting under current so-called production-sharing agreements from taxes on output that come into force next year.

A sliding scale on crude output will start on Jan.1, the government said today in a presentation released at a conference on taxation in the capital, Astana.

### [Norway oil rig workers reach deal, strike averted](#)

OSLO (Reuters) - Wage talks between Norwegian drilling rig owners and three trade unions reached an agreement overnight, avoiding a strike at four offshore rigs, the Norwegian Shipowners' Association said on Wednesday.

### [High oil price? Just blame the consumer](#)

Saudi Arabia's decision to pump more oil could mean that it thinks oil prices are too high and that increased supply will cause them to fall. It could mean that it thinks prices have peaked and that it can now maximize its profits by increasing production. It could mean that King Abdullah, on sober geopolitical reflection, decided to do U.S. President George W. Bush a personal favour. Or it could mean that the Trilateral Commission (or take your pick: Masonic Order, the Rockefellers, Boy Scouts of America) conspired to make it happen.

The marvellous thing is that the reason doesn't really matter – at least not in allocating the use of an apparently expensive natural resource. A billion people, more or less, will decide this issue, based solely on home economics, all by themselves.

### [The Great Oil Swindle: manipulation or fraud?](#)

For months we've been told that the soaring price of oil has been the result of Peak Oil, fighting in Iraq, attacks on oil facilities in Nigeria, labour problems in Norway, and (the all-time favourite) growth in China. It's all baloney. Just like Goldman Sachs prediction of US\$200 per barrel oil is baloney [all amounts in US dollars: US\$1 = AU\$1.07]. If oil is about to skyrocket then why has G-Sax kept a neutral rating on some of its oil holdings like ExxonMobile? Could it be that they know that oil is just another mega-inflated equity bubble — like housing, corporate bonds and dot.com stocks — that is about to crash to earth as soon as the big players grab a parachute?

There are three things that are driving up the price of oil: the falling dollar, speculation and buying on margin.

### [Oil shale and the current energy crisis](#)

On Sunday I read a rant about oil shale on a midwest blog (Sorry, I don't have the link). The author said that he was, "sick of the Left," blocking energy projects. He mentioned the estimated trillions of barrels of oil locked up in oil shale in Colorado, Utah and Wyoming. As I read his post I quickly understood that he thought that oil shale technology was far enough along that the nation is being denied its benefits both for lower energy prices and independence from foreign oil.

In case there are other readers out there that are thinking along similar lines I feel compelled to let you know what I know about the current situation.

### [Are we all North Koreans now?](#)

Gas prices in the United States are above US\$4 a gallon; global food prices surged 39% last year; and an environmental disaster looms as carbon emissions continue to spiral upward. The global economy appears on the verge of a technical knockout, a triple whammy from energy, agriculture and climate-change trends. Right now you may be grumbling about the extra bucks you're shelling out at the pump and the grocery store; but, unless policymakers begin to address all three of these trends as one major crisis, it could get a whole lot worse.

Just ask the North Koreans.

### [Oil shortage to have widespread impact](#)

Depleted oil reserves may not only be tough on your gas tank, it may also be hazardous for your health.

Peak oil is a term that will become more and more familiar as the world's oil stocks become depleted and harder to reach, said Dr. Donald Spady, an associate professor of pediatrics and public health sciences in the faculty of medicine and dentistry at the University of Alberta.

### [Australian leader says he is ready to control oil stocks to meet state's energy shortfall](#)

CANBERRA, Australia: Australia's government is ready to take emergency control over the nation's oil stocks to meet energy shortages in a mining boom state caused by an

explosion at a natural gas plant, the prime minister said Wednesday.

Western Australia state, a major exporter of iron ore and natural gas, lost 30 percent of its natural gas supplies on June 3 when Apache Energy's plant at remote Varanus Island was shut down by a pipeline explosion. No one was injured.

Gas generates 60 percent of the state's electricity.

Thousands of state workers are being laid off or asked to take vacation leave until gas supplies are resumed, while other business are turning to diesel-powered backup generators.

### [Suspicious of oil prices, commodities cop takes action](#)

The push to improve the integrity of the white-hot oil futures market is gaining momentum.

With suspicions of oil speculation on the rise, the USA's top commodities cop announced steps Tuesday to close some regulatory loopholes that hindered its ability to detect market abuse. The moves are designed to make it easier for U.S.-based regulators to monitor investors that trade U.S. oil on foreign exchanges and identify ones that try to game the system.

### [Bush to urge lifting of ban on offshore drilling](#)

WASHINGTON (Reuters) - President George W. Bush on Wednesday will call on Congress to pass legislation lifting a ban on offshore oil drilling as he seeks remedies to record-high energy prices, the White House said.

"With gasoline now over \$4 a gallon, tomorrow he will explicitly call on Congress to also pass legislation lifting the congressional ban on safe, environmentally friendly offshore oil drilling," White House spokeswoman Dana Perino said on Tuesday.

### [Japan to announce joint gas exploration with China: reports](#)

TOKYO (AFP) - Japan is to announce on Wednesday an accord with China to jointly develop gas fields in the East China Sea, resolving a spat that was a thorn in relations of the two major energy importers, reports said.

Japan will announce the deal on the long-running spat at an evening press conference by Foreign Minister Masahiko Komura and Economy, Trade and Industry Minister Akira Amari, Jiji Press news agency and other media said.

## [BP, Russian Partners Vie For Control of Oil Venture](#)

MOSCOW -- A bare-knuckles boardroom battle has broken out between the British oil giant BP and its Russian partners over the direction and control of a prized joint venture, TNK-BP, which is Russia's third-largest oil producer and a key source of oil reserves for the international energy giant.

## [Rebels could hit Chinese oil interests in Sudan: US activist](#)

UNITED NATIONS (AFP) - A US human rights activist on Tuesday warned China that it risked rebel attacks against its oil interests in Sudan unless it put pressure on its ally Khartoum to end the violence in Darfur and south Sudan.

## [R.I.P. to the S.U.V.](#)

It's hard to convince most Americans that there is a silver lining to \$4-a-gallon gasoline. But General Motors provided a nugget of good news when it announced that it would shutter much of its production of pickups and sport utility vehicles — and might even get rid of the Hummer, the relative of the Abrams tank unleashed on the streets in the cheap-gas days of the 1990s.

It's hardly the solution to global warming, or the country's dependence on imported oil, but it's a start.

## [Speeders to pay extra for police fuel](#)

HOLLY SPRINGS, Ga. — The surging price of gasoline has come to this: a "fuel surcharge" on your next speeding ticket.

Drivers caught speeding in this north Atlanta suburb soon will have to pay an extra \$12 — to cover \$4-a-gallon gas costs for the police officers who stop them.

## [June is Bustin' Oil All Over](#)

According to Rep Peter DeFazio (D-Or), the entity that owns the most oil in the United States right now is not ExxonMobil or Chevron or Valero: it's Morgan Stanley. So what's Morgan Stanley doing with all that oil? Speculating on the petrofraud bonanza.

A new series called [Black Gold](#) debuts tonight on TruTv (formerly CourtTV).



From the creator of *Ice Road Truckers* and *Deadliest Catch* comes a one-of-a-kind series about Texas oil men who gamble everything for a chance to strike it rich. Wildcatters risk their life savings and roughnecks risk their lives. *Black Gold* takes you inside the action as the race for oil heats up.



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