



## DrumBeat: June 20, 2008

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Topic: [Miscellaneous](#)

### [Saudi's Oil Fields on Viagra?](#)

Saudi Arabia has long been the world's preeminent oil producer and the kingdom's royal rulers want to keep it that way.

But there is another possible narrative to the kingdom's likely future – and ours too – which is far less comforting.

Rather than a petroleum stud with enough hydrocarbon juice to carry the world gradually into some kind of greener, post-petroleum energy era, Saudi Arabia may be far closer to running dry than we realize, because of years of overexploitation.

### [Michael T. Klare: Anatomy of a Price Surge](#)

As the pain induced by higher oil prices spreads to an ever growing share of the American (and world) population, pundits and politicians have been quick to blame assorted villains--greedy oil companies, heartless commodity speculators and OPEC. It's true that each of these parties has contributed to and benefited from the steep run-up. But the sharp growth in petroleum costs is due far more to a combination of soaring international demand and slackening supply--compounded by the ruinous policies of the Bush Administration--than to the behavior of those other actors.

### ["Irrational" to call for more OPEC oil: President](#)

ALGIERS — Demand by consumer countries for OPEC to increase its offer of oil is "illogical and irrational," OPEC President Chakib Khelil told the Algerian official news agency APS.

"Asking OPEC member countries to increase their offer is illogical and irrational," Mr. Khelil told APS in an interview published on Friday.

### [Fos-Lavera strikes cost refiners 20 mln euros](#)

PARIS (Reuters) - Strikes at France's Fos-Lavera oil hub have cost refiners 20 million euros (\$31.06 million) so far and forced some to operate at lower capacity, the head of French oil industry association UFIP said on Friday.

"The strike is costing around 20 million euros," Jean-Louis Schilansky told reporters.

### [Chavez may stop selling oil to Europe](#)

CARACAS (Reuters) - Venezuelan President Hugo Chavez on Thursday threatened to stop selling oil to European countries if they apply a new ruling on illegal immigrants that is criticized in Latin America and by human rights groups.

European Union lawmakers ruled on Wednesday that illegal immigrants can be detained for up to 18 months and face a reentry ban of up to five years.

### [Diesel shortage grips Pakistan](#)

ISLAMABAD: Diesel supplies across Pakistan have begun drying up, largely due to a squeeze caused by a payments crisis, and some 15% of outlets in the country have stopped selling the fuel.

### [China coal price freeze could tighten supply](#)

SHANGHAI -- China's decision to freeze thermal coal prices is an attempt to avert possible power shortages this summer, but could further tighten domestic coal supply by encouraging exports.

### [Food shortages worsen amid Argentine farm strike](#)

BUENOS AIRES (Reuters) - Food shortages at Buenos Aires grocery stores deepened on Thursday as farmers kept up a protest over soy export taxes that has sparked a political crisis for President Cristina Fernandez. Truckers and some farmers manning roadblocks have virtually paralyzed cargo traffic in key areas across the country for nearly a week, leaving trucks carrying food, milk and other goods stalled on highways.

### [A new House effort vs. oil trading](#)

NEW YORK (CNNMoney.com) -- "Speculation," a dirty word across America as Wall Street traders take the blame for record oil and gasoline prices, drew more attention Friday from Congress as three Democratic House members introduced yet another bill attempting to limit activity.

### [Officials say South Dakota needs road money](#)

"Both in South Dakota and across the nation, we are facing a crisis in maintaining and building highways," said Darin Bergquist, state transportation secretary.

The state fuel tax and the excise tax on vehicle purchases account for the bulk of non-federal money that's spent on roads in South Dakota.

But high gasoline and diesel fuel prices have taken a toll on those revenues as motorists cut back on the miles they drive.

### [Shrimpers head to Mexico to fuel boats](#)

Like other industries in the United States, shrimping businesses have been hit hard by soaring fuel costs and some are finding relief, if only temporary, by filling up their tanks on Mexican shores. And it's legal.

"The bottom line is that if we weren't going to Mexico for fuel we would be out of business," said Carlton Reyes, president of the Brownsville-Port Isabel Shrimp Producers Association.

### [SUV bargain bin](#)

Tumbling sales of truck-based SUVs are bad for Detroit, but if you're in the market, the deals are great.

### [Was solution to energy crunch offered in 1995?](#)

Could the current U.S. energy crisis have been averted? One member of the U.S. Senate believes a solution was offered, but rejected, in 1995.

Americans are facing the highest energy prices in the nation's history. But according to Senator Roger F. Wicker (R-Mississippi), the whole crisis could have been averted back in 1995. That was when Republicans sent then-President Bill Clinton a bill to open up the Arctic National Wildlife Refuge (ANWR) for oil exploration.

### [Fuel oil dealer tells of plight of small firms](#)

WESTMINSTER -- While any Vermonter who heats a home with fuel oil will be challenged this winter with high bills, the state's small independent fuel dealers are also

facing hard times due to the growing energy crisis, Vermont Fuel Dealer Association Director Matt Cota told a group of Rockingham business leaders Thursday.

### [Green plan urged for upgraders](#)

EDMONTON — Alberta should not approve as many as six more oil sands upgraders near Edmonton until the province has a solid plan to limit the huge amount of fresh water they will use and to better manage the pollution they will produce, a new study says.

### [Garrison Keillor: Eulogy for the Winnebago](#)

Eighty-six percent of the American people believe the price of gasoline will climb to five bucks a gallon this year, a big shift in public opinion from a year ago when most people felt that oil prices were spiking high and would soon return to normal—which is 35 cents a gallon, same as a pack of smokes—and we'd be able to head west in our Winnebagos for a nice summer vacation.

This does not appear to be in the cards and Winnebago stock has fallen about 50 percent in the past year.

### [State talks a great green energy game, but leaves production to neighbors](#)

The reason for supply shortfall is largely political; many of the large-scale clean energy projects such as Cape Wind in Nantucket Sound and Hoosac Wind in Western Massachusetts have been mired in controversy and bureaucracy, forcing local utilities to look out of state for renewable energy sources.

### [Nicaragua Seeks Bids on Energy From Largest Volcano](#)

(Bloomberg) -- Nicaragua plans to open its largest volcano to geothermal exploration as record oil prices force the government to seek new sources of energy.

### [The End of Suburbia As We Know It?](#)

When James Howard Kunstler describes the future of the American suburbs, it sounds like he's describing a disaster movie.

The housing crisis, he says, isn't just a low point in a real estate business cycle. High gas prices aren't just a temporary problem for suburban commuters. None of those problems will go away.

We're at the end of the suburban phase of American history, he says. "We've invested all our post World War II wealth in an infrastructure of daily life that has no future."

### [It's Put-Up or Shut-Up Time for the Kingdom](#)

The scuttlebut is that Saudi Arabia may be set to announce an increase in oil production at this Sunday's special meeting of OPEC members in Jeddah.

So will they or won't they? The drama is almost as good as watching Top-Chef. A better question to ask is... can they raise production in a meaningful way?

### [Ready For the Blame Game?](#)

We are starting to hear much stronger rumors suggesting Saudi officials are going to scold the consuming nations for not planning ahead for increased demand by increasing their refining capacity to accommodate the lower quality grades of crude, which are still plentiful. Quite a few nations would have to plead guilty to that crime.

The oil companies don't want to spend \$7-\$10 billion and 5-7 years to build a new refinery only to have peak oil arrive before they can get it completed. Their plan is to continue bumping up capacity where possible at current refineries to minimize costs and time. Some of that new capacity has been heavy/sour crude capacity simply because that oil costs about \$13 a barrel less than light/sweet crude. It is a profit motive for the switch not specifically a switch to a different standard.

### [Warning that oil summit could push price up](#)

An unprecedented meeting of oil producers and users in Saudi Arabia this weekend, aimed at ending the rise in petrol prices, could propel the cost of energy higher, Gordon Brown was warned last night.

### [Oil speculation theory taken to the woodshed](#)

Beyond wasting some time at Princeton, Engdahl apparently has no credentials at all in the realms he tackles. His books are not scientific in their approach, consisting of sheaves of unsubstantiated charges and guilt-by-associations all patched together into dark conspiracy tales for the "His Holiness Obama Will Save Us" crowd. Documentation and footnoting are extremely sparse, and there is a major amount of "an analyst said..." and "Paul Ehrlich charged..." It doesn't get any lamer than this.

In my opinion, Engdahl's article is a tour de force of disingenuous disinformation. In the interest of time, I'll just pick out a few of the more egregious statements and apply the

pooper-scooper.

### [Another silicon valley?](#)

WIND power works, and will work better in the future. But wind is only an interim stop on the way to a world where electricity no longer relies on fossil fuels. The ultimate goal is to harvest the sun's energy directly by intercepting sunlight, rather than by waiting for that sunlight to stir up the atmosphere and sticking turbines in the resulting airstreams.

### [Bangladesh is set to disappear under the waves by the end of the century](#)

Bangladesh, the most crowded nation on earth, is set to disappear under the waves by the end of this century – and we will be to blame. Johann Hari took a journey to see for himself how western profligacy and indifference have sealed the fate of 150 million people to see for himself the spreading misery and destruction as the ocean reclaims the land on which so many millions depend.

### [Energy Future: A Significant Period of Discomfort](#) (an interview with Robert Hirsch)

*You were the lead author of a groundbreaking 2005 study on future oil production and declining reserves. How is the situation three years later?*

Today, the situation is worse, and the reason for this is that it is now obvious that world oil production is already on a plateau. It has reached a high level, and has leveled off. The point at which oil production will decline is probably not far away.

### [The Peak Oil Crisis: A Meeting at Jiddah](#)

If the only purpose of the meeting was to celebrate the Saudis opening the taps a bit at a new oil field in response to fears that their customers will soon be priced out of the market – that would be nice. However, it seems there will be more to the meeting than an increase in oil production. The White House is already suggesting that the proper way to solve the growing world oil shortage is for the OPEC countries to stop going it alone and let the big Western oil companies with all their technology, know-how, and investment capital back into the OPEC oil fields. The implication is that a few years with Exxon in charge of the best remaining oil fields and we will be back to \$2 gasoline again.

### [Despite Reality, Belief in Peak Oil Persists](#)

But once again, their crystal ball has failed. Petroleum production for the first quarter of

2008 rose to 74.5M bbl/day -- 1.2M higher than the 2007 average. Those figures don't take into account Saudi Arabia's recent pledge to pump another half-million barrels a day, a promise they've already met by the first 300,000.

### [Wall Street Lobbies to Protect Speculative Oil Trades](#)

Wall Street banks and other large financial institutions have begun putting intense pressure on Congress to hold off on legislation that would curtail their highly profitable trading in oil contracts -- an activity increasingly blamed by lawmakers for driving up prices to record levels.

### [Energy Fears Send Dems, GOP In Opposite Directions](#)

As gas prices soar past \$4 a gallon, Congress and the presidential candidates are hard at work trying to assign blame for the record prices, and when they finish that, suggesting fixes.

For Republicans the answer is simple: We need more energy and the best way to get it is to expand domestic production through new drilling. For Democrats the problem is the energy industry itself -- both domestic and foreign -- and it needs to be brought to heel under new regulations.

### [China fuel price hike may not sap demand](#)

SHANGHAI, China - The jump in China's state-controlled fuel prices will inevitably squeeze consumers at both filling stations and grocery stores. But analysts say the hike is unlikely to make an immediate or huge dent in the country's hunger for oil.

### [Nigerian Oil Union Plans Strike at Chevron Next Week](#)

(Bloomberg) -- Workers at Chevron Corp.'s Nigerian unit plan to strike on June 23 after talks with management failed to resolve a labor dispute, a union official said.

Production is unlikely to be affected on the first day as a skeleton staff remains in place, Jonathan Omare, secretary of the local Chevron unit of the Petroleum and Natural Gas Senior Staff Association of Nigeria, said. Output may be affected on the second and third day of the strike should the union decide to escalate action, he said.

### [High gasoline prices changing lawn-mowing habits](#)

When Eric King moved from his apartment in Pittsburgh to a single-family home with a



lawn, he bought a manual lawn mower instead of the usual gas-powered kind. He figures he's putting money in his pocket and saving trips to the filling station.

He's got plenty of company. Sales of manual — or push reel — mowers with the cartwheeling blades are on the rise this year. Officials attribute the surge to increased environmental concerns because of emissions from gas-powered mowers, the faltering economy that makes the generally less expensive push reels more attractive, and \$4-a-gallon gasoline.

### [Hope arises for Iraqi oil production](#)

Concerns over security, sabotage and smuggling are fading as the government in Baghdad takes control of oil-rich areas that were run by rogue Shi'ite militias just a few months ago. This month, the Iraqi government expects 10 major foreign oil companies — including ExxonMobil, Shell and Chevron — to sign modest contracts that could be a first step toward bigger investments.

### [Deepwater oil fields are a final frontier](#)

ABOARD THE CAJUN EXPRESS, Gulf of Mexico — Five miles straight down, past the prowling barracuda and tuna, lies a massive sandstone formation marbled with oil. Extricating the inky fluid, which has lain undisturbed for millions of years, and shipping it 150 miles to land won't be easy.

But with rising global demand pushing the price of a barrel of oil near \$140, securing new oil supplies from deep, distant spots such as the field code-named Tahiti is critical.

### [IRAN: Stop nukes by bombing oil wells, neocons suggest](#)

Why attack Iran's nuclear facilities when striking their oil infrastructure would be much more effective in the scope of a US-led preventive war? Sure, oil prices might skyrocket and the world economy might collapse. But, hey, that's the price you pay for security.

### [The Big Pander to Big Oil](#)

It was almost inevitable that a combination of \$4-a-gallon gas, public anxiety and politicians eager to win votes or repair legacies would produce political pandering on an epic scale. So it has, the latest instance being President Bush's decision to ask Congress to end the federal ban on offshore oil and gas drilling along much of America's continental shelf.

This is worse than a dumb idea. It is cruelly misleading. It will make only a modest difference, at best, to prices at the pump, and even then the benefits will be years away.



It greatly exaggerates America's leverage over world oil prices. It is based on dubious statistics. It diverts the public from the tough decisions that need to be made about conservation.

### [Mile-per-gallon ratings may mislead](#)

WASHINGTON - With the price topping \$4-a-gallon everybody wants to save gas, but depending on those miles-per-gallon ratings may be misleading.

Strange as it may sound, rating cars at gallons-per-mile may be more useful, say a pair of university researchers.

### [Battery leasing could help ease anxiety about hybrids](#)

DETROIT — Greener cars that rely more on electricity than gasoline may also generate more consumer concern about the longevity of their costly, high-tech battery packs.

Industry executives believe one way to quell such worries — and lower the initial price for such vehicles — may be to lease their batteries to buyers.

### [Greenland Ice Core Analysis Shows Drastic Climate Change Near End Of Last Ice Age](#)

Information gleaned from a Greenland ice core by an international science team shows that two huge Northern Hemisphere temperature spikes prior to the close of the last ice age some 11,500 years ago were tied to fundamental shifts in atmospheric circulation.

### [Extreme weather to increase with climate change](#)

WASHINGTON - Droughts will get dryer, storms will get stormier and floods will get deeper with changing climate, a government research report said Thursday. Events that have seemed relatively rare will become commonplace, said the latest report from the U.S. Climate Change Science Program, a joint effort of more than a dozen government agencies.



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