



DrumBeat: June 23, 2008

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Topic: [Miscellaneous](#)

[Bitten by the deal that once fed us](#)

If Mr. Obama wins in November and brings his issues - labour and environment standards - to the table, Canada should prepare its own list. At the top should be getting out of the "energy proportionality" straitjacket that mandates that Canada must offer a majority of its oil and gas to the United States, even if Canadians freeze in the dark. Proportionality is "unique in all of the world's treaties," writes Richard Heinberg, a noted California author on energy. In no other developed country are citizens denied first access to their own resources. "Canada has every reason to repudiate the proportionality clause," Mr. Heinberg continues, "unilaterally and immediately."

[A legal case against the OPEC cartel: Decades of putting up with OPEC have not reduced oil prices.](#)

As the national average price of gasoline raced toward \$4 a gallon and airlines laid off workers by the thousands because of rising jet fuel costs, the US House of Representatives took action: It overwhelmingly passed the Gas Price Relief for Consumers Act of 2008.

The bill would have made it illegal for foreign states "to act collectively" to limit the production or distribution of oil. Put simply, the bill permitted the Justice Department to charge the Organization of the Petroleum Exporting Countries with violating American antitrust laws.

[Apache says full gas production in Australia may take six months](#)

SYDNEY (AFP) — Energy company Apache said on Monday it expected Western Australian gas production to be partly restored by mid-August, but that it could take six months for full production to resume after a blast at its Varanus Island plant.

[Oil prices: No cause for panic](#)

The US Department of Energy explains, "The national system of energy intensity

indicators captures the changes in intensity due to efficiency improvements relative to the influence of other explanatory factors unrelated to efficiency improvement. One example of such an 'other explanatory factor' is the shift of economic activity out of the industrial sector and manufacturing, that use large amounts of energy per unit of output, into service industries that use only very small amounts of energy."

In other words, energy costs less nowadays to produce one dollar GDP compared to the 1970s and this is due to the fact that 70 percent of the total activity in the US economy comes from the non-goods producing sectors such as retail trade, wholesale trade and services sector, which account for 55 percent of the United States economy.

[Planning ahead for an L.L. Bean winter](#)

Just several days into summer, Americans are already worrying about winter and the much higher fuel bills they will pay, up perhaps 50 percent to 60 percent over last winter.

[Americans learn to sip, not guzzle, without a carbon tax](#)

"Sure is hot in here," I repeat.

"Sorry, no air conditioning," responds my driver, a stoic sort from Vietnam who isn't breaking a bead of sweat in the swelter. "Gas prices too high, now. Air conditioner uses gas. So I open windows, okay?"

I've noticed lots of San Franciscans using the same low-tech AC these days. Gas has hit almost \$5 a gallon (about \$1.30 a litre) here, a U.S. record. Yikes, it's almost as high as Canada. Conserving fuel -- or at least conserving the greenbacks it takes to guzzle gas -- is suddenly at the top of the American mind.

[The five-day workweek isn't written in stone](#)

Kudos are in order for the most imaginative proposed idea to enhance county government in years. With significant enthusiasm, I relish reviewing a four-day workweek plan for county government at the board's next meeting.

[The Money Squeeze: Colleges look at curbing student commute](#)

Katoya Palmer missed a day of class just about every week last spring but not because she was too busy or too lazy.

She missed class because the price of gas -- \$73 last time she stopped to fill up her Ford Explorer -- is making it awfully hard for the Kent resident to justify her hourlong

commute to Bellevue Community College.

[Untapped weapon in energy crisis](#)

MY car can get 55 miles to the gallon, sort of.

Is it a hybrid? Something experimental? Nope. It's a stock 2001 Nissan Sentra with 67,000 miles on it.

How can this be? The answer is simple, and thousands of people use it. It's telecommuting.

[Adverts urge world to axe CO2 to 1980s levels](#)

OSLO (Reuters) - The world should cut the level of carbon dioxide in the atmosphere to below that of 20 years ago, more deeply than most government plans, to avoid the worst of climate change, a group of 150 advocates said on Monday.

"We've gone too far -- in a dangerous direction," scientists, politicians, business leaders and others said in full-page advertisements in the Financial Times, the New York Times, the International Herald Tribune and two Swedish dailies.

[The bright side to high oil prices](#)

There's an interesting little piece by Sumit Paul-Choudhury in this week's New Scientist. He talks about American journalist Daniel Gross's 2007 book, Pop! Why Bubbles are Great for the Economy. In the book, Gross argues that bubbles aren't necessarily a bad thing. They leave financial carnage, but they create the infrastructure of the future. For example, the internet boom and bust left us with a global fibre-optic network that would never have been built without the irrational exuberance of the dot.com era.

Paul-Choudhury quotes physicist-turned-risk specialist Didier Sornette's argument that "it is only during the reckless abandon of bubbles that individuals and companies take the foolhardy risks needed to develop technologies with large social impacts but low financial returns."

In other words, it takes ridiculously high prices to persuade individuals to take the ridiculously large risks needed to make big changes in the way we do things.

[Is 'Peak Oil' Already Affecting the Stock Market?](#)

If I were asked to recommend an energy advisory team for the next President I'd start with Robert Hirsch. Hirsch is a defense planning expert who has headed up major consulting assignments for the Defense Department among other clients and in 2005 he published a major study of the impacts and potential mitigation of Peak Oil. It famously forecast that a successful transition from oil dependency would need to start 20 years before oil production peaked.

[Who wants oil prices to fall?](#)

On one side, the oil producers cartel Opec yells that there's plenty of the black stuff available and the price is being forced up by "speculators".

On the other side, the big oil consuming countries shout back that the real problem is supplies have failed to keep up with demand - so would Opec kindly start producing more.

In fact, the two arguments are both partially true.

[What works?](#)

There is a finite amount of available fossil fuels and even if we find more in Alaska or off our coast, it will eventually run out. No one knows for sure when that will happen, but some energy experts believe we have reached the point where the world has already used the easy-to-find and retrieve petroleum. They call the problem peak oil.

Even people who don't believe the global warming argument for turning away from fossil fuels can't ignore the reality of peak oil.

['Big three' look at big losses](#)

The individuals who bought those gas-guzzlers have been pawns in a big marketing game. GM, Ford and Chrysler knew a good thing by positioning the large vehicles as status symbols with big price tags and profits over \$10,000 per unit. They co-opted the American and Canadian government CAFE standards to allow large vehicles and SUVs a pass on fuel economy. The big three automakers are now fighting a wintertime retreat from Moscow. They are getting massacred by Honda and Toyota among others, who have had a better strategic vision over the years.

[Bring back Zeppelins and create an air way to heaven](#)

THE best thing about the peak oil apocalypse, which I predicted in The Australian last month (Bleak at the peak but the slick shall survive), will be the return of dirigible travel.

[Oil rises despite Saudi output pledge](#)

VIENNA, Austria - Traders again shrugged off a pledge by Saudi Arabia to increase its oil production if needed and oil prices rose Monday, with the focus on disruptions to Nigerian supply and heightened Middle East tensions.

...Saudi Arabia's pledge fell far short of U.S. hopes for a specific increase. The United States and other nations argue that oil production has not kept up with increasing demand, especially from China, India and the Middle East. But Saudi Arabia and other OPEC countries say there is no shortage of oil and instead blame financial speculation and the falling U.S. dollar.

Analysts said the meeting helped provide some clarity as to the size of spare OPEC capacity available. Saudi Arabia said it is willing to invest to boost its spare oil production capacity above the current 12.5 million barrels per day planned for the end of 2009 — if the market requires it.

[Jeddah deepens oil price dialogue, but no quick fix](#)

JEDDAH, Saudi Arabia (Reuters) - World energy powers embarked on a new level of dialogue to try to rein in runaway oil prices at an emergency meeting in this Red Sea city, but were unable to come up with a quick fix.

Host Saudi Arabia vowed to pump still more oil in response to consumer countries' requests, but said that alone would not be enough to calm a market driven to a record close to \$140 a barrel last week by an array of factors.

[Nigeria Oil Output At Lowest In 25 Yrs - Official](#)

JEDDAH, Saudi Arabia -(Dow Jones)- Nigeria is pumping oil at its lowest level in 25 years, following militant rebel attacks on facilities in recent days operated by Royal Dutch Shell PLC and Chevron Corp., a senior Nigerian oil official said Sunday.

Nigeria, which has in recent months been overtaken by Angola as Africa's biggest oil producer, is now estimated to be producing oil at between 1.2 million and 1.5 million barrels a day, the oil official told Dow Jones Newswires, the lowest level since around 1983.

"Things are very bad now in Nigeria," he said on the sidelines of a major oil summit here between producers and consumers.

[Nigeria militant group offers cease-fire](#)

LAGOS, Nigeria - Nigeria's main militant group declared a unilateral cease-fire Sunday, saying elders in the restive southern region had asked the fighters to allow peace efforts to go ahead.

The Movement for the Emancipation of the Niger Delta said in a statement that it would halt attacks starting at midnight Tuesday.

[World has enough oil supplies for 'many decades': Nuaimi](#)

JEDDAH, Saudi Arabia (AFP) - Saudi Oil Minister Ali al-Nuaimi said on Sunday the world has enough crude to last for "many decades" and that his country will invest massively to be able to produce 15 million barrels a day.

"The world has enough petroleum reserves, both conventional and non-conventional, to meet oil demand for many, many decades to come," Nuaimi told a summit in Jeddah of top consumers and producers.

[Saudi proposes oil-for-poor initiatives, vows loans](#)

JEDDAH, Saudi Arabia (Reuters) - The world's largest oil exporter Saudi Arabia proposed on Sunday creating a \$1 billion OPEC fund and offered \$500 million in Saudi soft loans to help poor countries cope with high oil prices.

Speaking at the opening of a meeting of world oil consumers and producers, King Abdullah also urged the creation of what he described as an international energy-for-the-poor initiative and called on the World Bank to arrange a meeting to discuss it.

"I call for the launch of an energy-for-the-poor initiative, the purpose of which is to enable developing countries to face the rising cost of energy," he said.

[Aramco sets Khursaniyah date](#)

Saudi Aramco is set to bring the Khursaniyah oilfield project - capable of pumping 500,000 barrels per day - on stream in August, Amin Nasser, the senior vice president of exploration and production at the Saudi Arabian company, said today.

[Russia's Gazprom CEO opposed to "Gas OPEC"-report](#)

MOSCOW (Reuters) - The head of Russian gas giant Gazprom said on Monday an OPEC-style gas charter is not feasible as its oil equivalent is failing in its original task of regulating prices.

"This organisation no longer has any real influence on the world oil market. Lately OPEC has not made one decision that could actually affect competition," Alexei Miller told the weekly magazine Itogi in an interview.

[No blood for ... er ... um ...](#)

You'd think the Times might have slapped some kind of "we wuz wrong" label on the piece. I mean, remember when the mainstream media, the Times included, seconded the idea that Bush's invasion, whatever it was about - weapons of mass destruction or terrorism or liberation or democracy or bad dictators or ... well, no matter - you could be sure of one thing: it wasn't about oil. "Oil" wasn't a word worth including in serious reporting on the invasion and its aftermath, not even after it turned out that American troops entering Baghdad guarded only the Oil and Interior Ministries, while the rest of the city was looted. Even then - and ever after - the idea that the Bush administration might have the slightest urge to control Iraqi oil (or the flow of Middle Eastern oil via a well-garrisoned Iraq) wasn't worth spending a few paragraphs of valuable newsprint on.

[Caltex chief says Australians must use less fuel](#)

The head of Australia's largest petrol retailer has suggested motorists use less fuel, saying it is one way to reign in skyrocketing petrol prices.

Caltex chief, Des King, says all motorists can do now is reduce their demand.

[Honolulu Advertiser](#)

"I've been in this business for 22 years and I've never seen anything like this. ... They have dropped like rocks," Caliri said.

"Three years ago, people who didn't even need a truck were buying trucks. Now they're getting rid of them."

[Americans save on gas in Mexico, but costs may hit later](#)

Mexican gas is made with a different formula -- containing more sulfur -- which could hurt your car in the long run, according to Stephen Mazar with AAA's Automotive Research Center.

That fuel mixture can ruin the emission control equipment on American cars and cause them to fail emissions tests.

[Beijing to take half of all government cars off the road](#)

BEIJING (AP) — Beijing's city government on Monday said it ordered half its cars off the road ahead of the Olympics in an effort to clean up the air for the games and save energy.

Half of all government and Communist Party cars will not be used from Monday until July 19, the city said in a notice on its website.

[Underground Coal Gasification \(UCG\) Potential Eases Peak-Coal Fear](#)

At least 20 nations including the UK, Germany and Japan have already passed peak coal. Some major coal-producing nations have a relatively young coal industry that is only in the beginning of their production curves.

Some analysts are pessimistic about future world coal production, while strong arguments are also made that world coal resources and production potential are underestimated. Underground coal gasification (UCG) can remove the uncertainty.

[Are we really ready for this financial storm?](#)

What has spooked them is a complex of factors, of which the doubling of the price of oil is only the most obvious. The oil spike is viewed as a consequence of low interest rates and the decline of the dollar, which has ignited a speculative boom in commodity prices, similar to the dot.com bubble which burst in 2000 and the real estate bubble which has been imploding since 2006. This is a highly unstable situation. It has arisen just as inflation has returned with a vengeance to Asian countries such as China and India, the countries which manufacture most of what we buy. Inflation in Vietnam is 25%.

[Obama Camp Closely Linked With Ethanol](#)

Mr. Obama is running as a reformer who is seeking to reduce the influence of special interests. But like any other politician, he has powerful constituencies that help shape his views. And when it comes to domestic ethanol, almost all of which is made from corn, he also has advisers and prominent supporters with close ties to the industry at a time when energy policy is a point of sharp contrast between the parties and their presidential candidates.

[McCain proposes \\$300M prize for advanced auto battery](#)

PHOENIX — John McCain hopes to solve the country's energy crisis with cold hard

cash.

The Republican presidential nominee-in-waiting is proposing a \$300 million government prize to whomever can develop an automobile battery that far surpasses existing technology.

[Time to cut the knot: Security and greenness are two separate goals](#)

The common ground between those who want to import less energy and those who want to pollute less turns out to be quite small. Witness the fuss about corn- and wheat-based ethanol, which are great for farmers, but of dubious benefit to the environment and of serious detriment to the poor, who find themselves paying more for their food. As these drawbacks have become apparent, the political consensus in Europe and America in favour of ever-bigger biofuel mandates has evaporated.

The divide is even wider in the case of coal, the foulest of fuels as far as greens are concerned, but one of the fairest in the eyes of energy-security types.

[“Mountains of the Moon” Glacier Melting](#)

Uganda’s fabled Rwenzori icefield may disappear in decades because of climate change, a new study reports. A British-Ugandan team says an increase in air temperature over the last forty years has contributed to a substantial reduction in glacial cover.

[James Hansen: Prosecute oil companies, top scientist says](#)

James Hansen, the leading climate change scientist who made a ground-breaking speech about global warming exactly 20 years ago, will today reprise his seminal address when he calls for fuel companies to be tried for crimes against humanity.



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