



DrumBeat: June 25, 2008

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Topic: [Miscellaneous](#)

[McCain Declares Energy Independence: Unveils Energy Plan 'The Lexington Project'](#)

Sen. John McCain put a name on the strategic energy plan he has been piecing together for the last several days, likening it to President Kennedy calling for a mission to the moon in the 1960s and declaring that the United States “will break the power of OPEC over the United States.”

...McCain’s plan, which he has laid out over the past two weeks, is designed to get America off foreign sources of oil. It includes investing in new technologies, such as wind, solar, as well as more controversial measures such as off-shore drilling along the continental shelf, investing in nuclear technology, and utilization of so-called “clean coal” technology.

“In a world of hostile and unstable suppliers of oil, this nation will achieve strategic independence by 2025,” McCain declared.

[Ernst & Young study: US oil reserves holding flat](#)

HOUSTON, June 25 -- US proved oil reserves for 40 exploration and production companies increased 2% during 2003-07, reported Ernst & Young in a benchmark study released in Houston.

Estimated proved oil reserves held flat in 2007 at 16.1 billion bbl, however, said Ernst & Young, which compiled and analyzed annual reports filed with the US Securities & Exchange Commission.

[Dow: Energy Efficiency Not Offsetting Rising Costs of Energy](#)

MIDLAND, Mich. -- Dow Chemical Co. has taken steps to reduce its energy consumption and reliance on non-renewable feedstocks to make products that sell in some 160 countries around the world.

Yet even a company making gains in trimming its costs and operating more efficiently is not immune from feeling the pinch caused by the endless upward march of energy and

hydrocarbon costs. Dow said Tuesday it would raise prices for the second time in a month, idle plants and impose fuel surcharges as it struggles to stabilize its shrinking profit margin.

[U.S. May Have Hit Peak Oil Demand in 2007, Yergin Tells Panel](#)

(Bloomberg) -- The upward price trend of oil could ease in the years ahead as U.S. demand may have peaked in 2007, a Pulitzer Prize winning energy author told a congressional panel today.

Daniel Yergin, chairman of Cambridge Energy Research Associates, told the Joint Economic Committee that oil prices are being driven by ``new fundamentals" involving the merging of oil and financial markets. He added that the price of oil has hit a ``break point" where the U.S. will begin to seek alternatives.

``In our view, 2007 may well have been the top, the break point in terms of U.S. gasoline demand," Yergin said in prepared testimony.

[The Olduvai theory and catastrophic consequences](#)

Our century-old industrial civilization and its luxurious standard of living may be about to end. The energy prime mover of this civilization, oil, is about to drastically dwindle in supply.

[Brazil may overtake US oil production](#)

Brazil's offshore oil discoveries, including the Western Hemisphere's largest since 1976, may push the country past the US as the world's third-largest crude producer, president Luiz Inacio Lula da Silva said.

[A National Intelligence Estimate \(NIE\) for peak oil?](#)

Because we won't know until after it occurs, there are different answers from various experts regarding when Peak Oil will occur globally. Some say it happened a couple years ago. Others think we're a few years from Peak Oil. While others say we have several decades.

Surely there is an official US Government answer to this question, but your government isn't giving it to you. Because of the strategic importance of the answer, there is undoubtedly a National Intelligence Estimate that provides a forecast that should be guiding government policies and legislative action. But getting our government to share its insights is seemingly impossible.

[Vectren Ohio issues early warning for winter heating bills](#)

Although the winter heating season is more than four months away, Vectren Energy Delivery of Ohio (Vectren) is already undertaking proactive steps to encourage customers to prepare now given the natural gas commodities market for the 2008-2009 winter heating season is pointing to much higher prices than last winter.

Year-round demand on natural gas, spurred from an increase in the use of natural gas to produce electricity, continues to force prices higher. In fact, the prior winter heating season saw market commodity prices that averaged about \$8 per dekatherm, and the forecasted 2008-2009 heating season has prices hovering well above \$12, according to the New York Mercantile Exchange monthly settlement futures prices. Because the cost of natural gas is passed on to the customer on a dollar-for-dollar basis, customers will be faced with these increased costs in the coming months.

[Highway Users Lead Call for Increased Oil Supply](#)

The American Highway Users Alliance (Highway Users) today called for Congress and the President to enact a comprehensive energy policy that includes more oil supply. Today, the Highway Users hosted diverse consumer and business associations at an event where the groups called on Congress to approve more access to domestic resources and encourage the production and use of oil from Canada, a friendly and highly reliable trading partner.

"Motorists, truckers, bus companies and recreational travelers are being hurt by the high cost of gas at the pump, which is a direct result of the current price of crude oil," said Greg Cohen, President and CEO of the Highway Users. "Congress must come together, overcome partisanship, and increase the supply of oil so that these prices can come down. Americans are hurting enough!"

[Russia may supply gas to Georgia rebel region](#)

MOSCOW (Reuters) - Russia is looking into building a gas pipeline to Georgia's breakaway Abkhazia region, a proposal likely to alarm Western governments who say Moscow's support for the separatists risks stirring up tensions.

The idea is also almost certain to anger aspiring NATO member Georgia, which accuses Moscow of trying to annexe the Black Sea region and views as illegal any business dealings with the separatist administration.

[Offshore drilling questions - "when?" "how much?" etc.](#)

In 1973, after the OPEC oil embargo caused gasoline shortages, votes in Congress suddenly materialized to approve construction of the delayed Alaskan pipeline. Four years later, crude started to flow from fields proven back in 1968. Result: a slug of oil from Prudhoe Bay helped reduce our imports for eight years, and US oil production increased modestly for five years.

Soon history may repeat itself, but with some key differences. As soon as this week, elected officials in Washington D.C. may be staring at a vote to overturn the 27-year moratorium on offshore drilling plus open up Alaska's ANWR. Are voters fried enough about \$4/gal gasoline to pressure their representatives and senators to support drilling? Maybe. But this time around the offshore really isn't a cavalry waiting to save the day. Happy motoring has hit the skids.

[Ed Koch: A Transportation Stimulus](#)

The availability of the hydrogen-powered car, the Honda FCS Clarity, just leased to several hundred people in southern California, reinforces for me the need for an urgent government research program devoted solely to ending the energy crisis. Last year, \$327 billion flowed from the United States to oil producing countries, hugely contributing to our current economic crisis. This year the dollars spent on importing foreign oil are undoubtedly far greater: oil in 2007 ranged from \$60 to \$92 a barrel and last week reached \$139. America's estimated annual oil bill for 2008 will be \$400 billion.

[The Moses of a post-peak oil world](#)

Peak Oil is here or close enough, thank you. Those of us who've been dreading this moment for years are now waiting for the other shoe to drop, ie: the s*** to hit the fan. When that happens, who will be the leaders who will carry us kicking and screaming towards the sustainable way of life that we should have been leading all along?

[Wind turbines are 'unreliable and will cost each home £4,000' claims think-tank](#)

The Government's plan to build thousands of new wind turbines across Britain is misguided, doomed to failure and will cost every household at least £4,000, a new report claims.

Rather than trying to solve the UK's energy crisis by investing in wind power, ministers should focus on tidal energy, clean coal and nuclear power, it says.

[UAE inches closer to nuclear milestone](#)

Faced with an expected shortage of natural gas and possible global taxes on carbon emissions, officials hope to rely on atomic energy to produce a third of the nation's

power within a decade.

[Oil sands industry faces rough going in reaching out to green groups](#)

CALGARY, Alberta: Oil sands producers in Canada have a rough road ahead persuading environmentalists and an increasingly concerned public that they are serious about protecting the environment while investing billions of dollars in new projects.

The industry's lobbying group and several chief executives began a new communications campaign this week aimed at countering a full-court press by environmentalists over the impact of oil sands development on air, land, water and local communities.

[Life on the fringes of U.S. suburbia becomes untenable with rising gas costs](#)

ELIZABETH, Colorado: Suddenly, the economics of American suburban life are under assault as skyrocketing energy prices inflate the costs of reaching, heating and cooling homes on the outer edges of metropolitan areas.

Just off Singing Hills Road, in one of hundreds of two-story homes dotting a former cattle ranch beyond the southern fringes of Denver, Phil Boyle and his family openly wonder if they will have to move close to town to get some relief.

...Life on the distant fringes of suburbia is beginning to feel untenable. Boyle and his wife must drive nearly an hour to their jobs in the high-tech corridor of southern Denver. With gasoline at more than \$4 a gallon, Boyle recently paid \$121 to fill his pickup truck with diesel. The price of propane to heat their spacious house has more than doubled in recent years.

Though Boyle finds city life unappealing, it's now up for reconsideration.

[26 things you can do to RIGHT NOW manage your anxiety](#)

If you aren't feeling some degree of apprehension right now, you aren't reading the news. Here are some of my thoughts for turning that emotional energy into constructive action:

1. SET A GOAL TO CUT YOUR EXPENSES by some concrete number—10%, 20%, 30%, even 50%, and set up a plan to do it. Reducing costs is the fastest way to increase your income—faster than making more money.
2. LOOK AT CASH YOU ARE WASTING without enjoying its benefits, such as lights that get left on, computers that stay on day and night, “phantom loads,” like microwave clocks that use more energy than the microwave itself. If you get to know your electrical meter, and record the setting before and after you shut off those phantom loads, you'll have concrete proof that you are saving money.

[FACTBOX: The world's oil shocks](#)

The previous crises were caused by a sharp reduction in supply preceded by political turbulence and war.

This time round, booming demand from emerging Asian and Middle Eastern economies has pushed the price of oil to real-money highs even as consumption slows in the developed world.

[Japanese fisherman to strike over fuel prices](#)

Japan's fishing industry will grind to a halt next month after the country's fishing associations today agreed to hold a one-day strike to protest at rising fuel prices which they say are threatening to put thousands of members out of business.

[GOP bashes bike to work](#)

“Colorado families are struggling at the pump and the answer we are getting from Colorado Democrats is shut down oil and gas production in Colorado and ride your bike – unbelievable,” said Rep. Frank McNulty, R-Highlands Ranch. “I’d like to see how they expect a mother of three in my district to get her kids to school and to buy groceries for her family using a bicycle.”

[Debating Coal's Cost in Rural Va.](#)

If it were possible to build a coal-fueled power plant in Virginia without controversy, it would happen here. In the state's Appalachian southwest, there is coal in the hills, coal in the rail cars, and coal in family histories that stretch back to picks and shovels.

Apparently, it's not possible.

"I am opposed to this plant," Wise County resident Jaculyn Hanrahan told the Virginia Air Pollution Control Board on Tuesday. "Because I am opposed to respiratory illness, smog, neurotoxins and acid rain."

[Saudis rely on Khurais to speak volumes](#)

The Khurais oil field development is expected to add 1.2m barrels a day of light, highly desirable crude to Riyadh's reserves. It is a critical element of the country's energy investment plan, which was initially expected to eat up \$70bn (€45bn, £35.7bn) but has

since ballooned.

The plan, which is little more than half way to completion, will increase Saudi Arabia's oil capacity from 9.5m b/d to a targeted 12.5m b/d, almost 15 per cent of current world demand, by the end of 2009.

It would also go some way to silencing the kingdom's doubters. One reason international oil prices are trading at record highs of about \$140 a barrel, double last year's level, is that traders worry that Saudi Arabia is having trouble meeting that target amid an industry-wide shortage of skilled labour and equipment.

[Saudi drive to boost oil reserves](#)

Saudi Arabia is pushing ahead with a drive to hunt for more crude and boost its proven oil resources although the Gulf Kingdom already controls nearly a quarter of the world's recoverable crude deposits, according to its state oil company.

[Iran Ships Can Hold Months of Saudi Oil Pledge](#)

(Bloomberg) -- Iranian supertankers now in the Persian Gulf could store the equivalent of five months worth of the additional crude oil Saudi Arabia pledged to pump to curb prices, according to ship-tracking data compiled by Bloomberg.

[Drill, Drill, Drill: My Interview with Anadarko Petroleum CEO James Hackett](#)

Kudlow: ...What do you say to the peak oil crowd? You don't sound like you believe in peak oil.

Hackett: I think that the peak oil is determined by price. And I think that it is also determined by what you allow to be alternative forms of energy. I think there are places in the world where peak oil has not occurred. I do think that oil will not be able to grow to the sky in terms of supply, forever and ever. I think it's harder to get. It's getting more expensive to get. I think that we need to continue to develop a broad based fuel sourcing, including nuclear energy. But prices are having some effect. It's both impacting demand, which we all need to conserve a lot more than we do. We've become a very lazy country since the late 70s. Nobody talks about conservation. They're talking about taxing the oil industry, instead of talking about turning off your air-conditioners, or driving smaller cars, which is what we really need to do. It has that immediate impact.

[The energy farce](#)

Last year, world-wide oil consumption increased by only 1.1% Yes, you read that correctly. Even in the rapidly growing Asia/Pacific region which includes China,

consumption only rose 2.3% last year. In America, our energy conservation efforts are already beginning to pay off. Our oil consumption decreased by 0.1%. Meanwhile, worldwide oil production fell by just 0.2%. If you add biofuel (ethanol, biodiesel, etc) production to the mix, fuel production actually increased slightly. The “sky is falling” argument when explaining oil prices holds no water.

[Beyond CRM 2.0](#)

The price of oil and the disruptive force of a changing energy infrastructure is touching nearly every corner of the world's economy, and that includes CRM (Customer Relationship Management). Get ready for fewer face-to-face meetings and even more reliance on technology and over-the-Web interactions.

[Grassroots alliance seeks task force to study local impact of dwindling oil](#)

For the past two years, the world's demand for oil has begun to exceed the supply. And much sooner than expected, governmental units at all levels will be feeling the effects.

[David Suzuki reflects on 50 years of the planet's destruction](#)

Today, thanks to computers and the Internet, and television, radio, and print media, we have access to more information than humanity has ever had. To my surprise, this access has not equipped us to make better decisions about such matters as climate change, peak oil, marine depletion, species extinction, and global pollution. That's largely because we now have access to so much information that we can find support for any prejudice or opinion.

Don't want to believe in evolution? No problem – you can find support for intelligent design and creationism in magazines, on websites, and in all kinds of books written by people with PhDs.

[Barrel Fever: Does anyone know how much oil there is in the world?](#)

Here's how arcane the oil guessing game can get. Saudi's Ghawar oil field is the world's largest; it's been pumping out oil since 1951 and holds 7 percent of the world's proven reserves. Overall Saudi production has been falling since 2005, yet the number of rigs in use has tripled since 2004. Why is that? Some analysts believe the increased rigs are intended to compensate for declining production from Gwahar. Others argue that the Saudis are operating strategically, shutting their most productive wells as prices rose and opening smaller wells to better manage supply.

[BP May Struggle to Boost Russian Output on Dispute, Old Fields](#)

``If the conflict escalates and continues for some time, it will have a negative impact on the company operations," Polovets, who represents the partners, said.

At the same time, advanced techniques aimed at improving oil recovery are ``not proving to be as successful as we had hoped," according to Polovets.

[House fails to move gas price gouging bill](#)

WASHINGTON (AP) — House Democrats failed Tuesday to resurrect a bill to punish price gouging at the gas pump, while maneuvering to block Republican attempts to expand offshore drilling, an idea gaining in popularity amid \$4-a-gallon gas prices.

Action on legislation that would assure continuation of the ban on oil and natural gas drilling in most of the country's coastal waters was put off until later this summer after it became increasingly clear that Republican lawmakers may have the votes to lift the drilling moratorium.

[Oil Woes Fail to Stir Leadership](#)

Why is Rep. Randy Forbes all alone out there?

Rep. Forbes is an earnest Republican congressman from Virginia who has distinguished himself by calling for a "Manhattan Project" to fully end the U.S.'s dependence on foreign energy within 20 years. The Manhattan Project label harks back to the government's crash project to develop and field a nuclear weapon within just a few years to prevail in World War II.

[Big Oil isn't the big problem](#)

The recent past suggests that, in fact, efforts to influence the supply of energy can actually boomerang, driving up prices and consumption. Rather than demonize Big Oil, lawmakers should focus on tamping down demand.

[McCain runs into opposition over offshore oil plan](#)

SANTA BARBARA, California (Reuters) - Republican presidential candidate John McCain on Tuesday ran into opposition in environmentally conscious California to his policy switch in favor of U.S. offshore oil drilling.

[Opec shuns calls to produce more](#)

Opec president Chakib Khelil has said the cartel of oil producing nations is pumping enough output, and that high prices are down to other factors.

He put the current price rises down to other factors outside Opec control, such as US pressure on Iran and the weak US dollar.

[Authorization bill targets DoD energy usage](#)

Stronger leadership, better accounting, and more money are the main drivers in the House's latest attempt to help the Pentagon improve how it manages and conserves energy.

[U.S. expert says traditional factors responsible for oil prices](#)

NEW YORK: One of the leading energy experts in the United States was expected to tell a congressional committee Wednesday that traditional economic factors were responsible for most of the run-up in oil prices and caution against looking for simplistic solutions to one of the world's most complex markets.

Daniel Yergin, the chairman of Cambridge Energy Research Associates and a Pulitzer Prize winning author of a history of the oil industry, who was scheduled to testify before the Senate's Joint Economic Committee, was expected to pour cold water on the momentum growing in Congress to blame only institutional investors for record high prices.

[An alternative scenario for oil](#)

Apart from hiking prices to curb demand, you can expect moves to curb speculators.

[Nigeria: Chevron Union Shuts Down Offices Nationwide](#)

Petroleum and Natural Gas Senior Staff Association of Nigeria (Pengassan) and Nigerian Union of Petroleum and Natural Gas Association (NUPENG) union members of local Chevron unit yesterday began strike at the Chevron's administrative offices throughout the country.

The action has led to the closure of all Chevron offices in Nigeria but production has not been shut down and this is pending further meetings with the federal government.

[Report: Saudi Arabia arrests 520 for terrorism](#)

Saudi Arabia has detained 520 suspects who are "involved in terrorism," state television reported on Wednesday.

[As tire prices rise, drivers delay purchases](#)

Keith Price, a spokesman for Goodyear Tire & Rubber, says the price of oil, now at all-time highs, makes up 60% of the raw materials cost for a tire. Natural rubber, a commodity nearing 28-year price highs, makes up another 25%.

Many car owners, already feeling pinched by inflation at the gas pump and supermarket — and deflation in their home values — are responding by driving on tires until the tread is practically bare, a worrisome trend.

[Fill 'er Up: Gas Is Cheap in Tijuana, So Californians Buy Big Fuel Tanks](#)

Gasoline is selling for six pesos per liter across the border in Tijuana, which works out to about \$2.50 a gallon, way cheaper than gas prices approaching \$5 a gallon in San Diego County. Diesel fuel is cheaper still -- \$2.19 a gallon.

All of this is a boon for James Blue's auto shop, located in a strip mall in the arid hills east of downtown San Diego. His business, Express Performance Center, installs extra-large fuel tanks in pickups and other work vehicles used for runs to fill up with cheap gas in Mexico.

[\\$9 Gasoline Will Make You Love Public Transportation](#)

David S. Mack, a vice chairman of New York's Metropolitan Transportation Authority, which is the agency charged with moving New Yorkers around, on June 18 told reporters that he might not ride the Long Island Rail Road anymore if his free passes are taken away. The state is trying to cut down on the use of free perks like this.

What Mack said after that observation, however, is what touched off a bonfire of indignation.

``Why should I ride and inconvenience myself when I can ride in a car?" asked Mack.

[SUV, truck sellers encounter a tight market](#)

As gas prices soar, many Americans are trying to unload their bulky SUVs and pickup trucks in favor of smaller vehicles. A shift in preference for more fuel-efficient cars has left a scarcity of buyers. And with supply outweighing demand, owners are watching the

value of their vehicles decline each passing month.

"The price can drop dramatically in a week's time," said Jim Fleming, president of the Connecticut Automotive Retailers Association. He noted that while dealers still accept large vehicles in trade, customers may be disappointed by what they receive in return. "The price of those vehicles is coming down because there are more of them."

[Indonesian police use water cannon in fuel protest](#)

JAKARTA (Reuters) - Indonesian police used water cannons to disperse about 500 protesters who threw rocks and bamboo sticks at police and broke a parliament building fence on Tuesday to protest against a hike in fuel prices.

Authorities blocked a key highway as the slogan-shouting activists burnt tyres outside the sprawling parliament grounds to protest against the government decision to hike fuel prices by almost 30 percent last month.

[South Africa: Country Can't Afford to Neglect Energy Needs of Mines](#)

SA is in danger of losing its day job. We've moonlighted with manufacturing, but mining still lies at the core of the economy. Now we have electricity cuts that target the mines.

The end of the rolling blackouts makes it easy to forget that the mines are still hurting. Six months ago, Eskom imposed a 10% cut on major users, virtually all of which are mines or smelters. Most mines remain at 90% of their December level, with only a handful allowed up to 95% to avoid major job losses.

[A new model for nastiness](#)

If we believe that the downturn is likely to share some of the characteristics of the 1930s, rather than being simply a repeat of the 1970s, then it is unlikely that oil producing countries and commodity exporters will escape problems. Oil prices have been driven up to levels considerably higher in real terms than the 1970s by demand pull from China and India. If China and to a lesser extent India suffer severe downturns, then oil demand must drop off correspondingly and it becomes unlikely that the 1970s pattern of continuing high oil prices even in a recession will be repeated.

If oil prices drop sharply, the political effect on oil producing countries will be considerable, and not necessarily pleasant. The Shah of Iran basically fell because of the 1973 oil price rise.

[A Cost-Effective Way to Save the World?](#)

If you had \$75 billion to spend, how would you save the world? Would you invest it all in alternative energy research, to fight global warming? Would you revamp America's border and port security, to fight terrorism? Would you sign Kobe Bryant, Paul Pierce and Tim Duncan for the Philadelphia 76ers? (My personal choice.) Most of us might make such a decision based on emotions - witnessing the pain of hunger, or experiencing the fear of nuclear terrorism. But what if there were a way to calculate the exact value of global priorities, a way to figure out just how much human suffering we could alleviate per dollar spent?

[Carbon cuts are just a fantasy](#)

VANCOUVER — I have bad news for Stéphane Dion. Out here in B.C., the people are revolting. Gordon Campbell's much-applauded carbon tax was pretty popular in February. But now, as people are being hammered by record gas prices, the enthusiasm has cooled. A new poll says a whopping 59 per cent of British Columbians now oppose the tax - and it hasn't even kicked in yet.

[Branson says airlines should pay tax on emissions](#)

GENEVA - Virgin Group chairman Richard Branson told a forum on climate change Tuesday that aviation is a dirty business and that airlines should be willing to pay for the damage they cause to the environment.

[Warming May Make 'Perfect Storm' of Disease](#)

A "perfect storm" of diseases can get unleashed by the kind of extreme swings in weather expected with global warming, triggering mass die-offs of wildlife or livestock, research now reveals.

Now the first clear example of such a perfect storm of diseases has been discovered by an international team of scientists.



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