



DrumBeat: July 11, 2008

Posted by [Leanan](#) on July 11, 2008 - 9:05am

Topic: [Miscellaneous](#)

[Red Alert: the Saudi Princes have announced the arrival of Peak Oil](#)

The BusinessWeek story cited below, along with King Abdullah's April announcement that they will not be opening new fields, provides evidence that we are near — or perhaps even at — Peak Oil.

1. It may be political peaking; perhaps the Saudi's could invest to increase production, but choose not to (an obviously sensible decision).
2. It may be geological peaking, if the Saudi's are unable to increase production. But whether geological or political peaking, the long-discussed event may be starting now.

Since America prefers to base its energy policy on inspired guesses, nobody has modeled the possible outcomes. A few million dollars for a multi-disciplinary team to gather and analyze data would have better prepared us for this moment.

[Czechs Suspect a Retaliatory Oil Squeeze](#)

MOSCOW: Three days after the United States signed an agreement with the Czech Republic to host a tracking radar for an antiballistic missile system that Russia vehemently opposes, the authorities in Prague on Friday said the flow of Russian oil to their country was beginning to dwindle.

[The Big Secret about Peak Oil and the US Military](#)

You see folks, as long as the world is dependent on oil, the dollar remains backed by crude since you can only buy it with the dollar (with one rare exception to be mentioned shortly). This dollar-oil link helps keep the dollar as the universal currency. And because the entire world must use the dollar, you can imagine how that dilutes the inflationary effects seen in America due to the Fed's printing presses. Thus, the dollar-oil link ensures the Fed's inflation machine is spread throughout the globe. Without the dollar's link to oil, the inflation seen in America would be much more severe.

[Crude Oil Demand Destruction Stops at the US Border](#)

What is missing from this analysis is that oil is a global commodity, and its price is not simply a function of demand in America. As demand is destroyed here, it is being created abroad. The result will be rising oil prices, despite the fact that Americans will be using much less.

[Study: As gas prices go up, auto deaths decline](#)

WASHINGTON - Today's high gas prices could cut auto deaths by nearly a third as driving decreases, with the effect particularly dramatic among price-sensitive teenage drivers, the authors of a new study said.

Professors Michael Morrissey of the University of Alabama and David Grabowski of Harvard Medical School found that for every 10 percent increase in gas prices there was a 2.3 percent decline in auto deaths. For drivers ages 15 to 17 the decline was 6 percent and for ages 18 to 21 it was 3.2 percent.

[Russia's Putin tours new rig in Arctic oil drive](#)

SEVERODVINSK, Russia (AFP) - Russian Prime Minister Vladimir Putin on Friday toured a new Arctic oil rig intended to boost Moscow's position in the intensifying competition for northern energy reserves.

Putin also met ministers and top oil executives in the Severodvinsk shipyard to discuss prospects for developing more Arctic fields, which are estimated to contain up to a quarter of Russia's proven oil and gas reserves.

[Bush urges Congress to open new areas to oil drilling](#)

"The members of Congress, particularly the Democratic leadership, must address this issue before they go home for this upcoming August break," Bush told reporters after a briefing from his economic advisers at the Department of Energy.

"They have a responsibility to explain to their constituents why we should not be drilling for more oil here in America to take the pressure off of gasoline prices," said Bush, who announced last month he favored lifting the restrictions on offshore drilling.

[Oil: Wall Street vs. Main Street](#)

Are oil speculators just making sure they retire comfortably—or bleeding working Americans? It depends on your perspective.

[Restricting Speculators Will Not Reduce Oil Prices](#)

Commodity price shocks, like those currently rocking the oil market, inevitably lead to witch hunts. And speculators are typically among the first to be hunted down.

[The joy of \\$8 gas](#)

Why life would be better if the cost of fuel here were as high here as in Europe.

[And you think you're trying to save gas](#)

As he strides through Dallas-Fort Worth Airport, Scott Turner may not look like the weight of crushing oil prices rests squarely on his shoulders.

But Turner is the man American Airlines has tapped to make sure its fleet of 700 aircraft uses every drop of jet fuel as efficiently as possible. With a title of manager of flight operations efficiency, he's painfully aware of the sight and even the sounds of fuel use.

"When you hear jet noise, that's money being spent," he says.

[Hunger brings anguish for millions of Pakistanis](#)

THARPARKAR, Pakistan: When Pakistani labourer Mangal Ram's children cry from hunger all he has to offer them is empty promises.

"My kids complain and cry for more food but what can I do?," said Ram, 50, a father of seven who lives in the desert village of Tharparkar, in the southern Pakistani province of Sindh.

"We say 'wait, we'll cook more', what else can we do?" he asks with a shrug.

Ram's anguish is becoming increasingly common in Pakistan where inflation is running at about 20 percent, led by fuel and food prices.

[Dangerous Ground](#)

Five months after elections brought a civilian government back to power, Pakistan is reeling. It's not just the attacks by militants. The economy, which had been growing steadily, has been hit hard by spiking fuel and food costs.

[USDA Rule Change May Lead To Crops on Conserved Land](#)

Under pressure from farmers, livestock producers and soaring food prices, the U.S. Department of Agriculture is weighing a policy change that could lead to the plowing of millions of acres of land that had been set aside for conservation.

[New Prediction From ICF Energy Analyst Kevin Petak: Oil Will Correct to \\$70-\\$80 But Will Take Up To 3 Years](#)

Everyone has an oil price prediction nowadays, but few are made by analysts as knowledgeable as Kevin Petak of ICF International, a consulting company that specializes in energy policy and markets. Petak models where energy markets are headed next – and how soon they’ll get there.

Petak’s models are telling him oil prices will “correct” down to the \$70-to-\$80-a-barrel range, but not nearly soon enough for price-pressured consumers and countries. He told EnergyTechStocks.com that a “depressed” economy will eventually drive prices down, helped out by the psychological uplift of the arrival of plug-in electric hybrid vehicles (PHEVs) starting in 2010.

[India - Crude shock: Fuel rationing may have to be formalised](#)

Rationing of petrol and diesel, already a de facto reality in many of the city’s petrol pumps, may well become a way of life if the authorities get emboldened to come clean on the prevailing fuel situation, which has been plaguing the city for a month now. Pune Petrol Dealers’ Association president Babasaheb Dhumal said that such a situation may come to pass soon as there is already a 25 per cent shortfall of petrol supplies while diesel supplies are down 50 per cent. “We have been told that oil companies have cut down on purchases with the rising crude oil prices and rationing of fuel is, therefore, bound to come into effect,” he explained.

[New Zealand - Farms feel squeeze from costs: survey](#)

Meat and Wool report fertiliser, lime and seed combined increased 30% in the past year, fuel 23.5% and feed and grazing 13.7%.

There is no sign of costs easing.

Since March, superphosphate had increased a further 85%, from \$260 a tonne to \$480 a tonne, Meat and Wool reported.

[Indonesia: Minister asks royalties be paid in coal, not currency](#)

Coal companies could pay their royalties to the government in coal, rather than in rupiah, under a proposal made by Energy and Mineral Resources Minister Purnomo Yusgiantoro in a bid to help secure domestic coal supply.

[Nigeria: gunmen kidnap 2 German nationals from construction company](#)

PORT HARCOURT, Nigeria: Police in Nigeria say gunmen have kidnapped two German nationals working for a construction company in the oil-rich south.

Rivers State police spokeswoman Rita Inoma-Abbey says the two were employed by Julius Berger Nigeria PLC, which is affiliated with German construction giant Bilfinger Berger.

[Domestic automakers' survival vital to national interest](#)

All Americans, regardless of whether they own a Honda or Hummer, should root for a resurgence of U.S.-based automakers. It's critically important for us to maintain industrial know-how and a strong manufacturing base.

[Alabama: Official suggests all county vehicles limit speed to 45 mph](#)

Three county departments are amending their budgets in order to make up for fuel cost overruns, prompting a county commissioner to propose requiring all county vehicles to operate at reduced speeds.

[Oil sands: Canada's dirty secret](#)

As oil prices continue to reach record highs, the search for new sources of energy has led the world to Alberta, Canada, and its vast oil sands. Now the country famed for its wilderness and clean living finds itself caught between fuelling the world's oil-hungry economy and the ecological devastation and soaring greenhouse gas emissions that exploiting the tar sands produces.

[Study: green jobs rising, fossil fuel jobs falling](#)

The Worldwatch Institute released a study Thursday showing that jobs in renewable energy are expanding worldwide, while jobs in coal and natural gas are disappearing.

The report, authored by Worldwatch researcher Michael Renner, estimates that about 2.3 million people work in renewable energy, either directly or in supplier industries. This includes at least 794,000 people working in solar power, 1 million in biomass and biofuels, 39,000 in small-scale hydropower, and 25,000 in geothermal. The report

projects that these figures will grow substantially in the coming decades.

[High Cost of Driving Ignites Online Classes Boom](#)

NEWTOWN, Pa. — First, Ryan Gibbons bought a Hyundai so he would not have to drive his gas-guzzling Chevy Blazer to college classes here. When fuel prices kept rising, he cut expenses again, eliminating two campus visits a week by enrolling in an online version of one of his courses.

Like Mr. Gibbons, thousands of students nationwide, including many who were previously reluctant to study online, have suddenly decided to take one or more college classes over the Internet.

[South Korea: No Night Baseball Games to Save Energy?](#)

With oil prices skyrocketing, the government is seeking ways of minimizing energy consumption. Half of the vehicles belonging to government agencies nationwide have stopped operating.

A growing number of private firms are joining in the energy-saving campaign as oil prices are expected to rise for years to come.

But here is a gas-guzzling facility nonchalant to the energy crisis: ``the baseball stadium."

[A day in the life of an energy crisis](#)

Our hometown airline is cutting expenses, reducing flights and raising passenger fees in a desperate struggle to curb losses from record oil prices. Haven't we heard this before? The days of cheap air travel are over -- or they should be, if large U.S. airlines expect to survive. With oil at \$140 a barrel, the old business model is broken.

[U.S. oil reserves sought for relief](#)

Capitol Hill Democratic leaders fired back Thursday at Republicans' accusations they have no quick fix for the nation's energy crunch, saying they support drilling in more than 88 million federal acres nationwide.

Democrats also continued to urge President Bush to tap into the nation's emergency oil reserves to help knock down the skyrocketing prices of gasoline at the pump, which is now at a nationwide average of more than \$4.10 per gallon.

[Indonesia to make factories work weekends to save power](#)

JAKARTA (Reuters) - Indonesia will force some manufacturers to shift production to weekends in order to reduce peak demand during the week and stave off an electricity crisis, senior government officials said on Friday.

Southeast Asia's largest economy suffers from power shortages as demand has steadily risen while there was little new investment in power-related infrastructure.

[Pemex reportedly vows to boost diesel deliveries](#)

TIJUANA – Promising an imminent end to diesel shortages that have plagued Baja California for several weeks, top officials with the Mexican government oil monopoly, Petróleos Mexicanos, have committed to step up delivery of the fuel to stations statewide.

[Nigeria tanker drivers strike over fuel prices](#)

ABUJA (Reuters) - Nigeria's gasoline tanker drivers went on an indefinite nationwide strike on Friday in protest over high fuel prices and the state of the country's dilapidated roads, a senior union official said.

[Qatar min says sees no demand for extra Saudi oil](#)

"Even though Saudi Arabia increased production we are seeing that the demand is not there," the Qatar oil minister told Reuters during an interview at a shipyard on the South Korean coast, where he attended the launch of the world's biggest liquefied natural gas (LNG) carrier, the Q-Max Mozah.

"Saudi tried to offer extra cargoes but the refiners are full to capacity, we see they have high stocks," he said. The kingdom has pledged to pump 9.7 million barrels per day (bpd) in July, an increase of 550,000 bpd versus May, but most refiners in its biggest market, Asia, have said they're unable or unwilling to buy anything beyond their normal volumes.

[Saudi keeps August crude supplies steady to East Asia](#)

TOKYO/SINGAPORE (Reuters) - Saudi Arabia, the world's top oil exporter, will supply full contracted volumes of crude in August to East Asia, steady to July, as refiners continue to shun extra barrels, sources with seven refiners said on Friday.

[Of nations' pride and access to resources](#)

Indeed access to energy riches of the region is an issue running deep into the psyche of the region. And with the tightening of crude markets, access is once again under the spotlight. In the current circumstances, the issue is being painted by many as 'the culprit' for the market upheavals. Greater access to Saudi Arabian energy riches have been an avowed goal of successive Washington administration. It has long been a dream of oil majors too.

[Experts Say High Oil Prices Here To Stay](#)

Oil prices can't stay this high, can they? Oh yes they can, say two of the country's experts in energy. In fact, they will go higher.

That's the somewhat gloomy prediction of Mathew Simmons and Paul Anderson. Simmons is an energy investment banker, who divides his time between Texas and Maine. Paul Anderson is the retired CEO of Duke Energy and he lives in Maine full time. Both men are routinely consulted by business and government leaders in the U.S. and other countries. And both agree there is no short-term fix for our energy price crisis.

[Saudis worry over high prices on oil](#)

As prices surged upwards in the past year, the Saudis rejected pleas from Washington to increase production in order to bring down prices. But somewhere around May of this year, they had a change of heart.

The unprecedented prices were backfiring. The Saudis, unlike most other OPEC members, began to see oil prices imperiling their own long-term interests and their reputation as a reliable producer. They also began to fear that sustained high prices would spur consumer countries to get serious about developing alternative fuels on a large scale.

[UK: Climate campaigners threaten to invade and shut down power plant](#)

Green activists are vowing to force their way into one of Britain's biggest power stations next month in what will be the most serious clash yet between the burgeoning climate change protest movement and the authorities.

At least 2,000 campaigners from the 2008 Camp for Climate Action are expected to take part in the assault on Kingsnorth power station in Kent, a huge 2,000 megawatt plant that supplies electricity to 1.5 million homes in the South-east.

[Too much wind in oilman's energy plan](#)

THE MAN knows his oil. But what does T. Boone Pickens know about wind?

[The Need for Expanded Rail Service Grows](#)

With the General Assembly stymied over how to pay for a \$1.1 billion shortfall for transportation, a proposal to add rail passenger service from Lynchburg to Washington, D.C., makes more sense every day.

[Massachusetts: House gives green light to gas tax exemption](#)

The House of Representatives gave the go-ahead for a state gas tax exemption that is being hailed as "a first-in-the-nation," alternative biofuel initiative today.

The proposal calls for a decrease in the state's gas sales tax - presently 21 cents per gallon - in proportion to the amount of biofuel in each gallon of gasoline.

[Good Crop, Bad Crop](#)

Once-lauded biofuels are now blamed for high food prices. But the next generation might yet work.

[Oil sets new record above \\$147 a barrel](#)

NEW YORK - Oil prices spiked to a new record above \$147 a barrel Friday, as rising hostilities between the West and Iran and the potential for attacks on Nigerian oil facilities gave investors reason to rush back into the energy markets.

The resurgence in crude prices not only raises the concern that \$4-a-gallon gasoline is here to stay for U.S. drivers — it also means that heating American homes could get significantly more expensive this winter. Heating oil futures surged on the New York Mercantile Exchange to a record of more than \$4.15 a gallon, and natural gas also rose sharply.

...Light, sweet crude for August delivery jumped \$4.69 to \$146.34 a barrel in early trading on the Nymex, after reaching an all-time high of \$147.27.

[Opec sees future fall in demand for its oil](#)

Many say Opec is being too optimistic about the ability of countries outside its club to add new barrels.

Some, such as Matthew Simmons, a Texas-based energy investment banker, have even speculated that Opec, and particularly Saudi Arabia, its biggest member, are hiding behind lower demand forecasts to obscure the fact that they will be unable to squeeze as much oil out of their ageing fields as they have claimed.

[Something's Fishy](#): *Will open ocean aquaculture feed Hawaii's people?*

And, whether through eternal optimism or deep denial, many people continue to look to science and technology to help lessen the numerous impacts of humans' vast consumption of limited resources.

In the world of energy and fuel, it is hoped that advances in solar, wind, tar sands, hydrogen, and biofuels may compensate for our having reached peak oil, now that we are finding ourselves on the down slope, with higher costs and diminishing returns.

In terms of food, small farms have given way to corporate agribusiness, genetically modified foods, and huge feedlots to supply the masses, all dependent upon a streamlined transportation system to move products from here to there. In the ocean, entrepreneurs are seeking to improve upon an innovation once practiced by native Hawaiians, fishpen aquaculture.

[Oil sets new record near \\$146 a barrel](#)

Oil prices spiked Friday as continued tensions in the Middle East and concerns of renewed violence in Nigeria pushed the price for a barrel of oil to a record near \$146.

By midday in Europe, light, sweet crude for August delivery rose \$3.53 at \$145.18 a barrel electronic trading on the New York Mercantile Exchange. Prices at one point jumped well over \$4 to a record \$145.98.

[Governors call for boost in home heating aid](#)

N.H. governor: 'It's potentially a crisis and I don't use that word lightly'

BOSTON - Governors from across New England, warning that some families may have to choose between food or warmth this winter, have called for a sharp boost in federal home heating aid.

[Lawmakers push new energy bill, tapping reserve](#)

WASHINGTON (Reuters) - As the United States grapples with surging fuel costs, U.S. lawmakers on Thursday renewed calls to tap the Strategic Petroleum Reserve and will attempt to pass new energy legislation aimed at increasing domestic production as early as next week.

[A Bipartisan Fix for the Oil Crisis](#)

As president of Gulf Oil, New England's largest independent petroleum company, and as someone who has spent his life in and around energy markets, I find the tone and substance of the current debate about our energy policy to be profoundly disappointing.

Partisan sides are using a serious crisis to advance political agendas, create political attack sound bites, and launch hearings to "expose" the culprit. Pick your favorite: speculators, Big Oil, environmentalists, China, India, etc.

This is not leadership.

[OPEC chief keeps mum on possible output hike](#)

VIENNA (AFP) - OPEC secretary general Abdalla Salem El-Badri declined to say Thursday whether the cartel would be prepared to boost output at its next meeting in September in order to help curb the rise in oil prices.

"September is a long time away and we will decide at that meeting," El-Badri told a news conference here to present the Organization of Petroleum Exporting Countries' annual World Oil Outlook.

[Brown blunders in pledge to secure Nigeria oil](#)

Gordon Brown is being accused of preparing for a military adventure in Africa after he pledged to provide backing to the Nigerian security forces. His announcement prompted the collapse of a ceasefire in the oil-rich Niger Delta and helped to drive up crude oil prices on world markets.

[Chinese provinces worst hit by power shortages](#)

(Reuters) - Over a dozen Chinese provinces have begun rationing power supplies as coal shortages and unprofitable electricity tariffs curb generation, driving the country toward its worst summer power shortages since 2004.

The government has forecast a peak power shortfall of 10 gigawatts for the summer, about 1.4 percent of capacity, but a handful of provinces alone are forecasting more than

double this.

The following table details the situation in six of the worst hit provinces.

[Cotton futures fall precipitously in last fortnight](#)

In the case of cotton this energy debacle is affecting both supply and demand. On the one hand it becomes much more expensive to grow a crop and we wonder how growers will be able to stay ahead if prices remain at 70 cents/lb. On the other hand we have textile mills that face a similar problem since they use a lot of energy to produce and transport yarn and fabrics. Without the ability to pass on these increases, we may lose bales on both sides of the balance sheet. Crop production will probably continue to decline next season, but mill use could also drop as consumers retrench and some mill capacity is being idled.

[A Closer Look At Oil Speculators](#)

In my earlier editorial for InterPress Service, "Changing Games in the Global Casino," I called for similar measures now in the House Bill HR 6377. The damage I cited to real people and real companies is growing daily, as food prices lead to hunger and oil prices lead to bankruptcies in trucking, fishing, airlines and other industries. In the USA, the towns of Gary and Terre Haute, both in Indiana, have lost all air service due to airlines going bust. Mass transit is still crumbling and often non-existent for people trying to find other means than driving to work. Infrastructure, mass transit and energy conservation have been ignored for decades in the USA in favor of continued subsidies of some \$230 billion per year to oil, gas and nuclear energy, all big political contributors and sponsors of ad campaigns to deny the realities of global warming.

[KGB INTERROGATION: Des King](#)

If we look at the peak oil projections, we'll be using in 2030 by their projections the same amount of oil we use today, which does mean that as the demand for energy grows around the world we will need to find more and more alternate sources. In fact, we'll need to find those anyway, because if you look at the increase in the likely demand for energy over the next 20 odd years to 2030, it is projected that the world will be using 50 per cent more energy in 2030 than it's using today, from all sources and our oil, whether it be 86 million barrels a day or 110, is not going to increase in line with the energy demand increases. So we need all the energy sources we can get. That is, more coal, more biofuels, more nuclear energy, more wind, more solar, and these are all based on projections by the National Petroleum Council.

[Petrol report a wake-up call: environmentalists](#)

Petroleum engineer Phil Hart from the Australian Association for the Study of Peak Oil and Gas believes it will not be long before the demand for oil will outstrip supply.

"Oil production has been essentially flat since 2005, and we have only another couple of years at this same sort of level of production before we start seeing oil production going into decline," he said.

[Untapped local oil could boost fuel](#)

UNTAPPED sources of oil within Australia could provide the country with fuel into the next century, a Queensland energy company says.

Queensland Energy Resources has called for a national focus on securing a domestic oil supply, urging the Federal Government and business sector to focus on solutions rather than gloomy outlooks.

[World Made by Hand, Part I](#)

In *World Made by Hand*, Kunstler answers the question posed by Rodney King in 1992 during the Los Angeles riots. "Can't we all just get along?" Well, no. Not in an unraveling land of rapidly diminishing resources. It's the same continent, but a different world.

[Is There an Oil Shortage?](#)

The popular perception of the recently skyrocketing oil price is that there is an oil shortage in global energy markets. The perceived shortage is generally blamed on the Organization of Petroleum Exporting countries (OPEC) for "insufficient" production, or on countries like China and India for their increased demand for energy, or on both.

This perception is reinforced—indeed, largely shaped—by the Bush administration and its neoconservative handlers who are eager to deflect attention away from war and geopolitical turbulence as driving forces behind the skyrocketing energy prices.

[Campos oil basin workers could strike](#)

BRAZIL: Oil workers on Petrobras' offshore platforms in the Campos Basin offshore Brazil have threatened to go on strike for five days, starting on July 14, according to a story from Reuters. The workers are calling the strike to force state oil company Petrobras to count the day workers leave platforms to return to shore as a full working day.

[Iraq to hold major oil conference in Oct](#)

BAGHDAD (Reuters) - Iraq will hold a major oil and gas conference in October to allow foreign oil firms to get a better understanding of the country's energy potential, the Oil Ministry said on Wednesday.

The Oct 17-19 energy conference and exhibition will be the first event of its type in Iraq since the U.S.-led invasion in 2003. More than 50 international oil companies would take part, Oil Ministry spokesman Asim Jihad told a news conference.

[ExpressJet to suspend operations as of September](#)

WAPA) - Houston based American airline, ExpressJet Holdings, said today it would suspend branded commercial operations as of September 2nd, blaming high fuel costs.

"If we had any other choice, we would not take this difficult action", Jim Ream, ExpressJet's president and chief executive, said in a statement. "However, rising fuel prices has made the operation impossible to sustain".

[Giant oilfield to raise Saudi output](#)

The Khurais project is a key element in Saudi Arabia's \$60bn plan to increase its production capacity.

The Kingdom's aim is to be able to produce 12.5 million barrels a day by the end of next year, though Saudi Arabia generally keeps some spare capacity.

Its current production is about 9.7 million barrels a day.

[Chevron sees downstream loss in second quarter](#)

NEW YORK (Reuters) - Chevron Corp said on Thursday it expects second-quarter earnings from its exploration and production operations to rise on higher oil and gas prices, but will be offset somewhat by a loss at its refining and marketing business.

[Fannie and Freddie Are Surely Doomed](#)

According to CSIRO speculation, ethanol will play a much bigger role in Australia's fuel mix, along with fuel cells, coal-to-liquids, and plug-in-hybrids. We've got exposure to each of these potentially vast markets with our share tip recommendations in the small cap letter. It's going to take a portfolio of energy experiments to get the world over the Peak Oil hump—and that's if we get over the hump.

[Thousands protest in Niger against power, food woes](#)

NIAMEY (Reuters) - Around 30,000 people marched through Niger's capital Niamey on Thursday to protest against the high cost of living and electricity blackouts caused by disruptions in power supplies from neighbouring Nigeria.

It was one of the biggest public protests seen in recent years in the landlocked Sahel state, which is a leading world exporter of uranium but, like many African nations, has suffered the squeeze of sharp increases in oil and food prices.

[Pickens' plan is bold — too bad it won't work](#)

The proposal is typical Pickens, who's known for bold predictions and grandiose proposals. His plan for a billion-dollar water pipeline from the Texas Panhandle early in the decade still doesn't have any takers.

[Indonesia's Budget May Face Pressure as Oil Rises](#)

(Bloomberg) -- Indonesia's budget may come under pressure as the government prepares to increase subsidies to cap fuel prices and match a jump in crude that has more than doubled in the past year.

“If oil prices increase to \$170 a barrel, of course there will be problems,” Vice President Jusuf Kalla said in an interview in Jakarta yesterday. The government, which bases its budget assumptions for oil to average at \$140, will spend more to cap pump tariffs should fuel costs extend gains, he said.

[Entrepreneurs lug cheap Mexican fuel across border](#)

TIJUANA, Mexico (Reuters) - U.S. and Mexican entrepreneurs with an eye for a quick buck are buying subsidized fuel in bulk in Mexico and hauling it across the U.S. border to make big profits, officials say.

With a yawning gap between the cost of Mexico's state-subsidized fuel and record U.S. pump prices, tanker truck owners and people doing business on the border are filling up tanks or plastic barrels with Mexican fuel and selling it in the United States.

[CFTC says no evidence of oil manipulation, hoarding](#)

WASHINGTON (Reuters) - The head of the Commodity Futures Trading Commission

told Congress on Thursday there is no evidence that market traders are working together to push up crude oil prices or that oil supplies are being hoarded.

"We have no evidence that people are hoarding oil," CFTC Chairman Walter Lukken told a House Appropriations subcommittee.

He also said the CFTC doesn't "see systemically in the current market" that traders are "working together" to drive up prices.

[Two Takes: Energy Independence Is Neither Practical nor Attainable](#)

There is now no liquid fuel that can largely replace oil for transportation. We are stuck because of the scale of the industry and—despite criticism—oil's efficiency. A gallon of gas, refined from African oil, is cheaper than a gallon of Maine sparkling water. Political alternatives like corn-based ethanol have required huge subsidies and convulsed food markets but produced only 430,000 barrels per day in 2007— 2 percent of U.S. oil consumption.

Brazil shifted to ethanol. But its ethanol is derived from sugar, the economics of which are dramatically different from those of corn, which has less energy content. And it explored for oil offshore, using Brazilian petrol to cut back oil imports. Commentators also omit that Brazil is a small gasoline market—4 percent the size of the United States—an ignored issue of scale.

[A low carbon diet](#)

The price of oil is only going one way: up. We literally cannot afford not to invest in renewables.

[Shucking the Hype: St. Louis Fed Analyzes Ethanol](#)

While increasing our use of ethanol for fuel may make a small dent in the demand for oil, the potential benefits must outweigh the potential costs if ethanol is going to be viable in the long-term.

[Biofuels And Biodiversity Don't Mix, Ecologists Warn](#)

Rising demand for palm oil will decimate biodiversity unless producers and politicians can work together to preserve as much remaining natural forest as possible, ecologists have warned. A new study of the potential ecological impact of various management strategies found that very little can be done to make palm oil plantations more hospitable for local birds and butterflies. The findings have major implications for the booming market in biofuels and its impact on biodiversity.

[Japan's MMC to Sell Electric Cars Next Year - Nikkei](#)

TOKYO - Mitsubishi Motors Corp will begin selling its electric car to individual customers in Japan from summer 2009, slightly ahead of schedule, banking on strong interest amid record-high fuel prices, the Nikkei business daily said.

[EPA: Smog could get worse with global warming](#)

WASHINGTON - Global warming could worsen smog and stretch what typically is a summer pollution problem into the spring and fall, government scientists predicted Thursday.

Smog is most likely to get worse in the Northeast, lower Midwest, and mid-Atlantic regions of the country, where numerous counties and cities are already struggling to clean up the air, according to a draft analysis by the Environmental Protection Agency.

[In Namibian desert, the heat is on to address climate change](#)

GOBABEB, Namibia (AFP) - It was never easy living among the Namib desert's spectacular vistas, with ancient camel thorn trees providing sparse shade and huge red sand dunes reflecting the burning hot sun.

But signs that climate change may be worsening the already harsh conditions in this patch of desert have led to novel experiments and skillful improvisation under some of the world's hottest weather.



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