



## DrumBeat: July 16, 2008

Posted by [Leanan](#) on July 16, 2008 - 9:07am

Topic: [Miscellaneous](#)

### [Oil tumbles again; prices fall over \\$10 in 2 days](#)

NEW YORK - Oil prices have settled sharply lower for the second straight day, capping a dizzying drop that has left crude more than \$10 cheaper in just two days of frenzied trading.

Light, sweet crude for August delivery fell \$4.14 to settle at \$134.60 a barrel on the New York Mercantile Exchange, after earlier sinking as low as \$132.

The drop follows a \$6.44 sell-off Tuesday, meaning prices have plummeted over \$10 since Monday.

### [Peak oil at the boardroom table](#)

Some dealmakers will tell you that it's the hardest to agree on price and get a buyout done when any commodity reaches a potential top for precisely that reason. It's much easier to find common ground just before the peak and just after. So with Shell agreeing to pay a hefty 42 per cent premium for Duvernay, the debate is now on: Does that signal that the buyers have come around to the sellers' way of thinking? And if so are we just before the peak or just after?

### [Independence Hub to temporarily shut down](#)

The Independence Hub natural gas production platform in the Gulf of Mexico is expected to temporarily shutter next week for about four days of planned maintenance, according to a Reuters report.

### [Philippine Army HQ starts 'carless day' to save fuel](#)

The Philippine Army, in a bid to curb rising fuel expenses, has instituted a carless day rule at its general headquarters (GHQ) in Fort Bonifacio, Makati City.

The Philippine Army's carless day rule is enforced from Tuesday to Thursday every

week.

During carless days, all Army personnel residing inside the camp - generals included - are not allowed to use cars inside the camp. They are, instead, advised to walk or ride bicycles.

### [Mich. cities say hundreds of manhole covers stolen](#)

FLINT, Mich. - Officials in Flint, Mich., say they've had to replace hundreds of manhole covers and grates that were probably stolen and sold for scrap.

The Flint Journal reported Monday that nearly 400 cast iron covers and grates have been taken from streets in the past year. A cover can fetch \$20 from a scrap yard but can cost the city more than \$200 to replace.

### [Study: Future snowmelt in West twice as early as expected; threatens ecosystems and water reserves](#)

According to a new study, global warming could lead to larger changes in snowmelt in the western United States than was previously thought, possibly increasing wildfire risk and creating new water management challenges for agriculture, ecosystems and urban populations.

### [Chesapeake watermen fear blue crab not coming back](#)

The best way to make money on the Chesapeake these days is taking businessmen from Washington and Philadelphia on charter fishing trips. Those who still rely on crabbing are further hurt by a double punch of higher fuel costs and an economic downturn that's meant fewer consumers dropping up to \$200 on a bushel of crabs.

"People don't have the disposable income. They're just not buying," says Kellam, who spends up to \$150 a day on diesel, which costs about \$5 a gallon at a nearby marina.

### [Cyprus drought](#)

Emergency measures have rationed running water to households, while some boreholes supplying communities have been shut down because they are at risk of seawater contamination.

"We only have (running) water twice a week," said Niki Soteriou, 27. "What is even worse is that they are now saying that our water is not safe for consumption so I am not even giving my dog any tap water to drink in case it harms him."

### [UK: Merely fuelling our addiction](#)

Delaying the fuel duty rise serves no one. The government must face reality: the sooner we exit the age of oil, the better.

### [Warehouse getting 33,000 solar panels](#)

The first of 3.5 million solar panels planned for 150 business rooftops were installed Wednesday, utility giant Southern California Edison announced, calling it the start of what it intends to be the world's largest solar panel installation, covering two square miles.

### [Filling up but going nowhere](#)

This is what Bernanke was talking about Tuesday when he warned lawmakers in Washington that high fuel prices have "sapped household purchasing power" and are creating "significant downside risks to the outlook for growth."

Call it the disappearance of discretionary income. As consumers spend more money on gas -- not to mention food, healthcare and other essentials -- they have less to buy other stuff.

### [Democrats ask State Dept. to investigate whether employees encouraged oil deals with Iraq](#)

WASHINGTON: Four Democratic senators on Wednesday called on the State Department's inspector general to investigate whether agency employees encouraged lucrative oil deals between Iraq and several Western companies.

### [Oil Slick: Why Are Crude Prices Falling?](#)

After crude oil's biggest one-day drop in 18 years, there's been no bounce—not even a dead-cat bounce. Crude kept falling in early Wednesday trading, even as the dollar rattled around at record lows against the euro.

What's behind oil's fall? There are suspects for all tastes—demand, supply, and the market itself. Let's see.

### [Indonesia struggles to capitalize on its oil](#)

Jakarta, Indonesia - With crude oil fetching over \$140 a barrel, these should be the best of times for resource-rich Indonesia, the only Asian oil producer in the Organization of Petroleum Exporting Countries (OPEC).

Instead, Indonesia is quitting the cartel at the end of the year. Falling output from aging oil fields and a paucity of major new finds has left it unable to meet its OPEC production quota. Since 2004, it has been a net importer of oil.

### [Gunmen attack naval houseboat in Nigeria; 5 dead](#)

PORT HARCOURT, Nigeria - A band of suspected militants attacked a naval houseboat stationed in Nigeria's restive, oil-rich south Wednesday, sparking a gunbattle that left five people dead, military officials said.

### [Ecuador, Venezuela to build oil refinery](#)

Venezuelan President Hugo Chavez and his Ecuadorean counterpart signed a contract on Tuesday to jointly build an oil refinery in Ecuador.

Chavez and his close ally, President Rafael Correa, said the 300,000-barrel-a-day refinery on Ecuador's Pacific coast province of Manabi will help the region gain energy independence.

### [Human consumption: Flying in the face of logic](#)

Forty years on, the message from Ehrlich, now 76 and the Bing professor of population studies in the department of biological sciences at Stanford, has barely mellowed. He and his wife have just published a new book, *The Dominant Animal*, the central theme of which is how one species, Homo sapiens, has become so powerful that it can significantly undermine the Earth's ability to support much of life.

It is undeniably timely as we lurch from one grim realisation to another: a climate crisis, then an energy crisis, now a food crisis. And underlying them all is the issue of population. When Ehrlich wrote *The Population Bomb*, there were 3.5 billion people on Earth; there are now 6.7 billion. "The connections are so obvious it's appalling that they're not made," he says. "Each person we add now disproportionately impacts on the environment and life-support systems of the planet."

### [Summer Natural Gas Costs at Unprecedented Highs, Congressional Action Long Overdue to Address Rising Energy Costs](#)

EVANSVILLE, Ind /PRNewswire-FirstCall via COMTEX/ -- Summer 2008 natural gas

commodity costs are now twice as high as the June/July costs in any previous year. The July 2008 price, which recently closed at more than \$13 per dekatherm, even eclipses prices from the previous winter heating season, which averaged around \$8 per unit, according to the New York Mercantile Exchange monthly settlement prices.

In prior years, the price of gas has dropped significantly in the summer as the use of natural gas for space heating decreased. This pattern afforded utilities the opportunity to refill their storage fields at lower prices, which led to lower prices in the following winter (compared to the daily spot market) when the gas was used by customers. Now that more electric utilities are turning to natural gas to produce electricity, year-round demand for natural gas is more constant, and this increase in demand has led to unprecedented summer costs.

### [Rising cost of power, plus growing demand, could lead to blackouts](#)

In the last five years, utility bills have risen 30 percent, largely because of the cost of fuel. In California, Florida, Missouri, Oklahoma, Virginia, Texas and elsewhere, consumers are girding for higher electricity rates. The price of coal — the fuel for over half of America's power plants — has doubled since last year while the cost of liquid natural gas — another common fuel and currently the only reasonable alternative — has soared by 50 percent, USA Today reported in June.

At the same time that rates are on the rise, electricity demand is increasing. According to the U.S. Energy Information Administration, demand is projected to grow 1.1 percent annually, or a total of 17 percent by 2020. By 2030, demand is expected to increase by 30 percent from current levels, the equivalent of adding four more California's to the power grid. In some regions, demand will soon outstrip supply.

### [Xcel set to cut power to 47,000](#)

Xcel Energy estimates that it will shut off 47,000 Colorado customers for delinquent bills during the second and third quarters of this year, a staggering 140 percent increase over the same period in 2005, according to regulatory filings.

With energy costs and customer shutoffs soaring, advocates for the poor are scrambling to find additional funding to assist low-income households with their electricity and heating bills this winter.

### [Inflation: Price jump worst since '91](#)

NEW YORK (CNNMoney.com) -- Record gas and higher food prices drove inflation to the biggest annual jump since 1991 and fanned fears about growing pressures on consumers.

### [European Car Sales Fall on Fuel Cost, Spreading Gloom](#)

(Bloomberg) -- European car sales fell 7.9 percent in June on higher fuel prices and a slump in demand spreading north from Spain and Italy. Japanese automakers led the declines.

### [Marshalls' Are Going Dark As Funds For Fuel Run Low](#)

With no financial reserves and a national fuel bill skyrocketing beyond the financial ability of the country's only utility provider, the Marshall Islands is in a countdown to power rationing in its two urban centers, Majuro and Ebeye.

President Litokwa Tomeing declared a state of emergency on July 3 with the hope that this will give some additional traction to requests for help from donor nations, as well as cost-cutting measures at home.

### [Turkey: Minister predicts worst is yet to come in global crisis](#)

The economy minister has said the world economy is passing through a dark tunnel of turbulence, noting that this may be the worst global economic period since the Great Depression and that the worst has yet to be seen.

### [Strike cuts fish trading by quarter in Japan - industry](#)

TOKYO (Thomson Financial) - Supplies at the world's biggest fish market, in Tokyo, dropped by a quarter Wednesday after a one-day strike by Japan's fishermen to protest against soaring fuel costs.

### [Mexico City to Consult Public on Calderon Energy Bill](#)

(Bloomberg) -- Mexico City's government will hold a non-binding referendum this month on President Felipe Calderon's plan to give the state oil monopoly more leeway to hire private companies, possibly giving ammunition to opponents of the bill.

### [Australia considers first new coal port in 25 years](#)

CANBERRA (Reuters) - Australia's Queensland state is considering new coal mines and the country's first new export terminal in 25 years, investments that could increase shipments from the world's largest exporter of the commodity by 40 percent.

But the announcement has drawn fire on the eve of a report on emissions trading as

Australia, the world's largest greenhouse gas emitter per person, looks to lead Asia on carbon trading.

### [Petrobras inks \\$3 billion in contracts with Transocean](#)

Transocean, the world's largest offshore oil driller, agreed to lease four rigs to Petroleo Brasileiro SA for \$3.05 billion as the Brazilian company seeks to tap reserves that include the biggest discovery in the Americas in three decades.

### [Canadian oil pipeline to extend to Gulf Coast](#)

TransCanada, owner of Canada's largest pipeline system, and ConocoPhillips plan a \$7 billion pipeline expansion to provide additional capacity to ship crude from western Canada to U.S. Gulf Coast refiners.

The 500,000-barrel-a-day expansion of the Keystone pipeline is expected to start by 2012, Calgary-based TransCanada said today in a statement. Customers have signed contracts for 300,000 barrels a day.

### [West Australia Restarts Collie to Ease Gas Shortage](#)

(Bloomberg) -- Western Australia, generator of more than a third of the nation's exports, restarted the state's biggest power station late yesterday, helping to ease a gas shortage that may cost A\$6.7 billion (\$6.4 billion).

### [What We Can Do To Reverse the Oil Crisis](#)

Every single day on the NYMEX, 300 Million barrels of oil are ordered and canceled and **all I am proposing is that each day the US government stand on that trading floor and buy 1/300th of those contracts and NOT cancel them.** Those barrels can be used to fill the SPR next month while oil is released this month. We can even let the President go wild and stuff those last 6M barrels into the reserve.

It's a revenue neutral strategy that doesn't cost the taxpayers anything and has a good chance of making a dramatic impact on oil prices - TODAY - not in 2020.

### [Matt Simmons and the Five Psychological Stage of Grief](#)

What is so fascinating about this clip, is that it is somehow a microcosm of what happens when people in denial and in bargaining meet someone from the acceptance stage.



### [Carter's oil crisis warning went unheard](#) (audio and transcript)

Twenty-nine years ago today, President Jimmy Carter told Americans that the energy crisis was "a clear and present danger to our nation" and drew out a plan to address it. Sustainability reporter Sam Eaton asks what happened.

### [Why Oil is Not Trading at \\$70 per Barrel](#)

What is the inveterate problem as to why oil is pushing \$150 per barrel and a gallon of gasoline costs four dollars per gallon? Our government is the problem. Not the Democrats nor the Republicans, but the collective net assembly of congressional and executive leaders since the 1974 oil embargo, and the negative effect it had on our economy is on their hands. There have been 17 Congressional elections and 9 presidential elections since the oil embargo of 1974. There has been energy act after energy act passed with a zero effect on not only oil consumption, but oil prices, and our ability, as a nation, to wean ourselves off fossil fuels. The 1974 oil embargo was a wakeup call to move in a different direction for fuel, but as usual, as the American populace's outrage went dormant, so did the demand for change.

### [Faulty dilemma](#)

The U.S. needs more offshore drilling and an Apollo-scale program to develop alternative energy sources.

### [Riders hop Amtrak, dodge gas prices](#)

WASHINGTON -- Julie Jacob was boarding an Amtrak train bound from Milwaukee to Chicago when she realized the last seat had been taken.

The last seat wasn't an actual seat, however. Those were long gone. Even the luggage racks had been taken over by commuters.

"There was a man in a tie, sitting on the closed toilet seat and he was reading a newspaper. His briefcase was on the floor beside him," said Jacob, who was left standing.

### [Consumers want alternative power, says J.D. Power](#)

While most automotive manufacturers have shifted production to smaller vehicles, nearly 70 per cent of consumers say they want automakers to invest more in existing and emerging powertrain technologies, according to a new study by J.D. Power and Associates.



### [Americans may be losing faith in free markets](#)

WASHINGTON -- For a generation, most people accepted the idea that the core of what makes America tick was an economy governed by free markets. And whatever combination of goods, services and jobs the market cooked up was presumed to be fine for the nation and for its citizens -- certainly better than government meddling.

No longer.

Spurred by the continued housing crisis, turmoil in financial markets, spiking oil prices, disappearing jobs and shrinking retirement savings, the nation and its political leaders have begun to sour on the notion that the current market system is the key to a fair, stable and efficient society.

### [Energy Woes, Economic Concerns Top of Mind for Financial Advisors in Q2, Brinker Barometer Finds](#)

"The Q2 Barometer has evidenced some notable changes among the concerns of financial advisors in the short period since Q1" noted John Coyne, President of Brinker Capital. "Concerns over 'energy prices' have replaced a 'weakening economy' as advisors' primary worry, which we feel is reflective of the way most Americans feel."

### [Middle class must push back on energy](#)

Wind energy, solar and hybrid vehicles are great technologies moving us in the right direction. Their advocates correctly think they can change our wasteful energy habits. Unfortunately, that seems to be an elitist "let them eat cake" solution for the short term, offering little hope for most of us who are facing a winter where we will be making decisions about whether to heat or eat. I can't afford a hybrid car because I haven't paid last winter's fuel bill. I'll be investing in a wood stove; what do you think that's going to do for global warming?

### [County to pool resources to purchase fuel, save towns money](#)

Communities everywhere are struggling to find a way to save on their energy budgets. In Hanson, police drive cruisers with six-cylinder engines that only drink fuel instead of gulping it.

Brockton has "bright fields," an array of solar panels collecting the sun's energy to supply the ever power-hungry consumer.

The town of Winchester is testing a four-day workweek this summer to save money as energy costs surge to ever-greater heights.

### [Snowe promotes national energy summit](#)

WASHINGTON (AP) \_ Republican Sen. Olympia Snowe of Maine is helping to lead a bipartisan coalition calling for a national energy summit with President Bush to address the nation's energy crisis.

### [Govt to lose 70 billion pesos if VAT on oil, power is scrapped - Arroyo](#)

MANILA, Philippines - The government stands to lose up to P70 billion in revenues if the value-added tax (VAT) on oil and power is lifted, President Gloria Macapagal Arroyo said Wednesday.

During the launching of the "Palit Bumbilya, Katas ng VAT" program at the PICC, President Arroyo said repealing VAT on oil and power "will strip the vast majority of our people of the means to ride out the world food and energy crisis."

### [Aussie oil, gas industry 'could suffer'](#)

Investment in Australia's oil and gas industry could decline as companies that provide drilling, engineering and construction services reallocate their skills to work with national oil companies, a survey says.

National oil companies are shifting from allowing foreign ownership of reserves to utilising service contracts, as the price of oil increases, according to a survey by professional services firm KPMG.

### [New IRS Rule Would Implement Oil Refining Incentive](#)

The Internal Revenue Service (IRS) released a rule last week that could help boost domestic oil refining capacity by as much as 1.5 million barrels daily. The agency has published regulations enabling companies such as Valero Energy, Marathon Oil, and others to take advantage of a 50 percent tax deduction for domestic refineries that increase capacity by 5 percent or more per day.

### [Farmers fight plans for new oil refinery](#)

The initial secrecy by Hyperion created some of the ill will and raises other questions, said Mitch Pugh, editor of the nearby Sioux City Journal.

"I think there are a lot of unknowns," he said. "Those Hyperion people -- not a lot is known about them. They are not big players in the oil market. ... Where are they going

to get the money?"

That's a question that Hyperion officials can't -- or won't -- answer. A request to the U.S. government for a guaranteed loan for the \$10 billion in construction costs went nowhere. The company itself has mostly been involved in real estate dealings with oil and gas leases, projects that haven't generated the capital needed for the refinery.

### [Nothing lasts forever, and nothing we get is free](#)

We, in Canada and the USA, consume 20 barrels of oil per person annually; in Europe they need 10 barrels, while China uses three and India 1.5.

Without adequate supplies we will be in the same position, economically, as Third World countries. Once cheap energy is gone, we are forced to become Homo Naturalis again, reverting back to subsistence farming as is the case in Africa, and to a large extent in China, India and Indonesia.

Abundant petroleum brought us where we are today. That era is now over.

### [Yucca Mountain stalling only delays inevitable nuclear power push](#)

An emerging political consensus on the need to control greenhouse gas emissions and concern about the nation's dependence on costly foreign oil have prompted the Bush administration and Congress to give nuclear energy a new look. President Bush made the construction of new nuclear power plants a priority of his second term and, more recently, Congress voted to provide almost \$1 billion for various nuclear energy programs.

### [Gingrich spreads blame on global warming](#)

"It is not possible for high civilization to exist with dramatic reduction in energy" use, he said in an interview.

At the same time, as a "prudent conservative," Gingrich wants to limit carbon emissions, and is frustrated that Republicans are missing the "wonderful opportunity" to offer marketplace solutions to climate change. He singles out Rep. Dave Reichert, R-Wash., as one GOP politician who gets it.

### [Pine beetle threat grows in the West](#)

The current pine beetle infestation is the worst since 1981, when 4.7 million acres of trees were infected, Mangold said. He blames the outbreak on a perfect storm of

drought, large stands of old trees and, possibly, warmer temperatures because of climate change.

"It's shocking," said Jeff Witcosky, an entomologist for the U.S. Forest Service in Lakewood, Colo. "We talk about the grieving process."

### [GM's product chief: No one was forecasting \\$140 oil](#)

General Motors' product chief, Robert Lutz, vice chairman in charge of global product development, says he's been peppered with comments that the current sales and financial problems are no more than just deserts for the auto industry's lack of foresight.

Not so, says Lutz.

When today's models of big SUVs and pickups were being developed, Lutz says, "There wasn't a petroleum engineer in the world I know of who came remotely close to forecasting this (high oil and gasoline prices). Petroleum at the time was forecast to be \$45 to \$60 a barrel and pump prices around \$2.15, \$2.35.

"What were we supposed to do, just say, 'We don't believe any of that,' and quit building profitable trucks?"

### [Suburban flight: Commuting to work less attractive as gas prices soar](#)

While real estate insiders say it's dangerous to draw conclusion from just a few months of data -- Verona, Waunakee and Sauk City, for example, have all seen prices climb in 2008 -- there seems a growing realization that gasoline prices are not going down again.

That's left some observers wondering if the drivable suburb -- the model for virtually all post-World War II development in Wisconsin and the U.S. -- has run its course.

### [Overseas steel companies are snapping up coal interests, retracing a century-old US path](#)

CHARLESTON, West Virginia: It has been more than a century since J.P. Morgan, Andrew Carnegie and other U.S. steel barons built mining empires that dominated life across wide swaths of Central Appalachia's coalfields, securing essential fuel for their mills.

Bits of that history are starting to repeat themselves. Decades after tough economic times forced steel makers to abandon company towns and sell their coal mines, 21st century steelmakers are back in the hunt for coal.

### [Russia's oil output down 0.6%, gas production up 1.7% in 1H08](#)

MOSCOW (RIA Novosti) - Russia's oil output declined 0.6% year-on-year in January-June 2008 to 242 million metric tons (1.77 billion barrels), while natural gas production grew 1.7% to 339 billion cu m, the country's statistics body said on Wednesday.

Russia's State Statistics Service (Rosstat) said primary crude refining grew 3.9% in the reporting period to 116 million metric tons (850 million barrels), with gasoline output rising only 0.2% to 17.2 million metric tons.

### [Bankruptcies loom for airlines - report](#)

NEW YORK (CNNMoney.com) -- Thousands of layoffs, hundreds of grounded planes and 21 price increases may not have been enough to save the embattled airline industry from the damaging effects of high fuel prices.

According to a report on the nation's top airlines released by Fitch Ratings Tuesday, record fuel costs and weak cash flow may lead to "multiple bankruptcies and liquidation" for major U.S. airlines in 2009.

### [EU adopts emergency aid package for fishing sector](#)

BRUSSELS (AFP) — EU fisheries ministers adopted late Tuesday an emergency aid package worth up to two billion euros to help fishermen cope with soaring fuel prices, the EU's French presidency said.

"Political agreement was reached by a qualified majority on urgent measures for the fishing sector," the presidency said, as the ministers met into the evening in Brussels.

The European Commission says that fuel prices for fishing boats have soared 240 percent since 2002, putting severe pressure on a sector already struggling to cope with overcapacity and dwindling fish stocks.

### [Farmers to consumers: We're affected too](#)

"Corn that costs \$7.50 now is not bringing much more profit to farmers than it did when it cost \$3 to \$4," she said, noting rising gas prices have affected every aspect of farming.

In addition to rising fuel costs, fertilizer, chemicals, nitrogen and phosphorous have all increased in price as well, she said.

### [A fascinating \(if dystopian\) future](#) (review of *World Made By Hand*)

Here in the Bay Area, we're surrounded by clean tech startups that have a relatively upbeat view of how America can respond to climate change and the end of cheap oil.

Maybe it's biofuels, maybe it's solar or wind power. But one way or another, this upbeat view goes, human ingenuity will find alternatives to fossil fuels that will let us keep living our current lifestyles of abundance and convenience.

But what if that's not true?

### [OPEC's empty toolkit](#)

*The leaders of OPEC says its members have plenty of oil to meet demand. So why aren't they putting more on the market?*

...The scary thought - held by observers like peak oil guru Matt Simmons and commodities investor Jim Rogers - is that the cartel can't do much more than that because the easy oil is already out of the ground.

"They've been telling us for years that they have between two and three million barrels of [daily] spare capacity," says Gal Luft, the executive director of the Institute for the Analysis of Global Security. "If you have it and you don't use it then you are deliberately denying liquidity to the market when it needs it. If they have it, why don't they use it? And if they don't have it, we need to know that. We need to put more oil in our strategic reserve."

OPEC has apparently given its members the green light to pump all they want, according to a survey released by energy news service Platts last month. The Platts press release about the survey says that "OPEC has a 'tacit' understanding that those members capable of boosting crude production should supply as much oil as world oil markets needed."

### [Our New Energy Crisis](#)

Almost four years ago, when oil was trading at around \$40 a barrel, Paul Roberts wrote a story for *Mother Jones* on a bleak scenario gaining currency among energy insiders, but not yet in the mainstream consciousness: peak oil, basically the notion that the world's petroleum resources are nearing exhaustion. If the theory held true, Roberts warned, oil prices could soon leap to "perhaps as high as \$100 per barrel—a disaster if we don't have a cost-effective alternative fuel or technology in place."

Welcome to the disaster: \$100-a-barrel oil is in the rearview mirror, and no cost-effective (or even cost-prohibitive) alternative has emerged. The most dire consequences of this failing—hurricanes, drought, extinction—are occurring far more rapidly than even Slideshow Al could have predicted four years ago. And then there's the war.



### [Energy tsunami coming, ex-policy makers warn](#)

WASHINGTON (AP) -- A bipartisan group of 27 elder statesmen is sending an open letter to both presidential candidates and every member of Congress saying the country faces "a long-term energy crisis" that threatens the security and prosperity of future generations if swift action isn't taken.

The group includes Henry Kissinger, Colin Powell and six other former secretaries of state or defense, former senators of both parties and a half dozen former senior White House advisers and other Cabinet officers for both Republican and Democratic presidents.

[Crude Reporting](#): *If journalists aren't asking the right questions about prices at the pump, then who is?*

For my money, a sounder answer as to whom to believe is Don Barlett and Jim Steele, the investigative reporting team that has won two Pulitzers and two National Magazine Awards for exposing government theft and corporate greed. Their 2003 series for Time magazine on oil economics remains required reading for anyone who wants a better understanding of how gas at \$4 to \$5 a gallon represents a carefully arranged screwing of consumers. "The bottom line for the oil people is, How much can I make while spending the least I can get by with on refineries, synthetic fuels, and for exploration and drilling on the vast, unused acreage in existing oil leases?" Barlett says. He notes that Canada has become the United States' No. 1 oil supplier by funding joint government-industry exploration of the tar-sand fields of Alberta. "The most chilling statistic is Exxon Mobil's. It spent twice as much last year to buy back stock as it did on exploration."

As for shallow journalism that helps Big Oil, Steele makes the point that the newsrooms that were once staffed by the redistributionist children of the New Deal and the A.F.L.-C.I.O. are now populated with the children of Reaganomics: "Younger reporters come out of a mind-set that the market rules, taxes are evil, and government ought to let these people in the oil industry go about their business."

### [Crude Awakening](#)

If this document is accurate, it means that Simmons was right on the money. What's worse, the details are even more discouraging: as the chart on the right shows, what little production increase the Saudis can sustain is all in medium and heavy crudes. Production of light crude, preferred by most refineries, actually decreases by 200,000 barrels per day between now and 2013.



### [Scraping the Barrel](#)

WHAT KIND of company persuades its customers to consume less of its products; spends great swathes of its money on items unrelated to its core business; doesn't manufacture the products it sells; and at a major triennial convention, does not display any of its products on any of the hundreds of exhibition stands?

Answer: a petroleum company, of which there are three kinds. The first are the super gigantic multinationals like ExxonMobil, Chevron, Shell and BP. The second are the nationally-owned companies (NOCs) such as Qatar Petroleum, Petroecuador and Aramco. The third category includes the independent oil companies (IOCs) such as Broken Hill, Enserch Exploration, Union Pacific and so on.

### [Mad about gas prices? Get over Gore already](#)

At a recent dinner, a neighbor used the G-word. It was a Miss Manners moment. The ultimate untouchables at social events are religion, politics and Gore.

"The price of gas is Gore's fault," she said. "It's Gore gas."

"How is that?" I asked.

"He raised it when he put in ethanol. It's all about global warming." The tone revealed her opinion of him.

### [Program Takes Low-Key Look at Peak Oil](#)

GREENSBORO -- Peter Kauber didn't want to frighten anyone on Saturday. Instead, Kauber aimed to get enough of his audience uncomfortable with worldwide oil supply challenges to go home and do their own research.

"I am not hoping that peak oil comes true," Kauber told people gathered in a room at the Kathleen Clay Edwards library. "Nobody in my community hopes it comes true."

### [Saudi king wants lower oil price](#)

Asked whether Saudi Arabia wanted to "soften the price" of oil, the Saudi monarch was quoted as saying,

"Of course that is the case: we did not want and do not want the price to be this high. It is not in our interest because it is not in the interest of the rest of the world."

### [Big Chinese Power Firms Suffer Profits Outage](#)

Squeezed between soaring coal costs and government controls on electricity rate charges, two of China's top power producers said Tuesday that they expect to post half-year losses. But scheduled rate hikes for the second half may prevent or stem yearly losses for the firms, analysts say.

### [Petrobras Workers Call 48-Hour Nationwide Strike Thursday](#)

(Bloomberg) -- Union workers at Petroleo Brasileiro SA, Brazil's state-controlled oil company, called a 48-hour nationwide stoppage starting tomorrow to back their striking colleagues in the Campos Basin.

### [Section of Central Asian natural gas pipeline to Russia shut down after blast](#)

ALMATY, Kazakhstan: Part of a pipeline carrying natural gas from energy-rich Central Asia to Russia has been shut down after being damaged by an explosion, emergency officials in Kazakhstan said Wednesday.

A 20-mile (39-kilometer) section of the Central Asia-Center pipeline in western Kazakhstan was closed off following the blast late Tuesday, the Emergency Situations Ministry said.

### [Russia's Caspian Sea oil output could hit 271 mln bbls by 2023](#)

MOSCOW (RIA Novosti) - Annual output in Russia's sector of the Caspian Sea could reach 37 million metric tons (271 million barrels) of oil and 18 billion cubic meters of gas by 2023, a government official said on Wednesday.

Oil and natural gas output in the region has been restricted by the unclear status of the Caspian Sea - a source of long-running disagreements between the five littoral states - Azerbaijan, Iran, Kazakhstan, Russia, and Turkmenistan - since the collapse of the Soviet Union in 1991.

### [TNK-BP, Rosneft agree on cost-cutting oil swap deal](#)

MOSCOW (RIA Novosti) - The Russian oil pipeline operator Transneft, the Russian-British joint oil venture TNK-BP, and Russia's largest crude producer Rosneft have signed a swap agreement on oil supplies to cut their costs, Transneft said Wednesday.

### [Crude realities in a globalised world](#)

If one thought that the credit crunch triggered by subprime market seemed to be passing, an ominous crisis in the escalation of oil prices seems to be looming. As the oil price keeps up its relentless climb, it threatens to be more damaging to the world economy than the credit crisis.

### [We all have oil villains; choose your own](#)

Some oil industry experts say world oil production will peak in the next few years; some say the peak will come a little later. They all agree that drilling in the wildlife refuge and adding offshore oil leases would have little impact on that inevitable event.

This isn't over-the-top doom and gloom. It's a simple reality that every day there is less oil in the world while consumption increases.

### [Wind and Natural Gas](#)

When T. Boone Pickens talks about the need to find alternative energy sources, America's addiction to oil really has hit rock bottom.

### [T-Bone for Him, Slim Pickin's for Us](#)

I've always found it tough to get too mad at T. Boone Pickens. Sure, just a few years ago he warned the world that we are at or close to Peak Oil — while simultaneously making billions of dollars betting on oil futures. Which led some to make specific comments during Congressional testimony, to the effect that his public doomsaying was a posture designed to drive the market for oil — and therefore his personal profits — higher.

### [Steep tax would curb gas use fast](#)

Bus ridership is up, gasoline sales are down and Honolulu is still trying to decide whether it wants a fixed-rail mass transit system.

A lot of folks have signed a petition saying they don't want rail. But it is now quite obvious that the high price of oil and gasoline is changing habits.

### [Dilip Hiro: The Energy Reality We Face](#)

When will it end, this crushing rise in the price of gasoline, now averaging \$4.10 a gallon at the pump? The question is uppermost in the minds of American motorists as they plan vacations or simply review their daily journeys. The short answer is simple as well:

"Not soon."

### [B.C. coast may have oil, but it's not cheap](#)

The idea that Canada could alleviate the current oil crisis if B.C. started pumping crude along with Alberta must be overly optimistic at best, naive at worst.

### [Candidates Clash On Impact Of Offshore Drilling](#)

Matthew Simmons is head of Simmons and Company, among the largest banks investing in energy. "We basically wasted away 20 years," he said. "Now, basically, it's a terrific idea, but we ran out the clock. It's really misleading to hold that out as a panacea. It won't work. It might work for our grandchildren." <> Geologists have identified reservoirs or undersea "structures" that might contain oil. But Simmons says that's guesswork. "We don't have any idea whether any of it is there," he said.

### [Fuelling Oil Fever](#)

The reality is that, in today's oil market, the future is no longer what it used to be. The day-to-day "spot" price of oil is, like never before, under the influence of the futures market.

### [EPA unveils first rules on carbon dioxide storage](#)

WASHINGTON - The Environmental Protection Agency wants to make sure curbing global warming doesn't contaminate drinking water.

In its first regulations on the burial of carbon dioxide underground, the EPA on Tuesday unveiled measures to protect drinking water from the gas behind the bubbles in carbonated beverages. The fledgling technology, known as carbon sequestration, is critical to reducing carbon dioxide released into the air from coal-fired power plants, one of the country's largest sources of the greenhouse gas.



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