



DrumBeat: July 26, 2008

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Topic: [Miscellaneous](#)

[Oil shock: Why This Run-Up Is Different](#)

The two events, half a world apart, went largely unheralded.

Early this month, Valero Energy in Texas got the unwelcome news that Mexico would be cutting supplies to one of the company's Gulf Coast refineries by up to 15 percent. Mexico's state-owned oil enterprise is one of Valero's main sources of crude, but oil output from Mexican fields, including the giant Cantarell field, is drying up. Mexican sales of crude oil to the United States have plunged to their lowest level in more than a dozen years.

The same week, India's Tata Motors announced it was expanding its plans to begin producing a new \$2,500 "people's car" called the Nano in the fall. The company hopes that by making automobiles affordable for people in India and elsewhere, it could eventually sell 1 million of them a year.

['Peak oil' Facebook site fuels global discussion](#)

EDMONTON - Jordan Schroder lives in a province with one of the richest supplies of oil in the world, but the Edmontonian is the driving force behind a Facebook group to raise awareness about the resource's scarcity.

Schroder had been following the peak oil theory -- that production of oil will peak, then decline -- for several years before starting the common-interests Facebook group this January.

Since then, his "Have you heard about peak oil?" collective has ballooned to include members from virtually every continent.

[Oil prices could drop if Iran concerns allayed: OPEC](#)

ALGIERS (AFP) - The price of oil could drop to between 70 and 80 dollars a barrel if the dollar strengthens and concerns over Iran are reduced, OPEC chief Chakib Khelil said Saturday.

[Would You Drive 55?](#)

Liberals say Iraq is another Vietnam; conservatives say Barack Obama is Jimmy Carter redux. ABBA's a mega-hit and Elton John's going to be performing at Madison Square Garden. Had enough of these '70s flashbacks? Brace yourself for another: the return of the national speed limit, courtesy of one of the country's most venerable politicians.

[How Free Trade Can Help Solve the Energy Crisis](#)

The unprecedented escalation in oil and food prices is a clear and present danger to our economy and national security. The root cause of this crisis is our dependence on a single commodity, oil, for transportation -- we burn 145 billion gallons of gasoline a year. The only permanent solution is diversity in our fuel supply to ensure competition and choice in the marketplace.

[Seeing red, going green](#)

THREE months ago, Premier Rodney MacDonald, while resisting calls to cut fuel taxes, landed on the hotseat for arguing that the best way to beat high gas prices was to take the bus or buy a fuel-efficient car.

Nova Scotians did not take kindly to this suggestion – which, in fairness, did sound more like a directive when squeezed into headline shorthand. Angry readers made a number of valid points. Few can afford a hybrid. And many – especially in rural areas – have no access to public transportation. Meanwhile, bus service in the metropolitan areas could stand real improvement.

[Birmingham engineering boss in despair at 86% power cost rise](#)

A TINY Birmingham engineering firm faces an electricity bill rise of at least 86 per cent in a year as the energy crisis turns up the heat for thousands of small Midland firms.

As the national furore over the dramatic increases in energy costs continues, many small Birmingham businesses on tight budgets face unprecedented rises.

[Fuel shortage shutting down Baja gas stations](#)

TIJUANA – Gasoline stations in this city and in Rosarito Beach are closing down for up to 24 hours because of a fuel shortage.

[Nigerian military deploys gunboats in Niger Delta region](#)

LAGOS (Xinhua) -- Nigeria's military has deployed gunboats in the oil-rich Delta State, following threats by the Movement for the Emancipation of the Niger Delta (MEND) to blow up the pipelines of the Nigerian National Petroleum Corporation (NNPC) in the area, reported the Punch newspaper on Saturday.

[Future of UK North Sea Oil, Gas Seen in Hands of Smaller Players](#)

Small, independent oil and gas producers have begun to recognize the value in aging North Sea oil fields and could be key to unlocking an estimated 16 billion-25 billion barrels of oil equivalent lying unexploited in the U.K. Continental Shelf, industry analysts and participants say.

[Can biofuels solve America's oil crunch?](#)

ATLANTA, Georgia (CNN) -- A summer with budget-busting gasoline prices seems like the worst time to launch a cross-country road trip from California to Georgia, but this one is different: We're road-testing alternative fuel that might help reduce pollution and break the nation's reliance on foreign oil.

[Nothing to Eat: review of Paul Roberts' "The End of Food"](#)

Roberts's worst-case scenario isn't tomatoes devoid of taste. It's a "perfect storm of sequential or even simultaneous food-related calamities." Climate change and spiraling population growth have him wondering not just "whether we'll be able to feed 9.5 billion people by 2070, but how long we can continue to meet the demands of the 6.5 billion alive today."

Roberts delivers a litany of terrors small and large: "Arable land is growing scarcer. Inputs like pesticides and synthetic nitrogen fertilizers are increasingly expensive. Soil degradation and erosion from hyperintensive farming are costing millions of acres of farmland a year. Water supplies are being rapidly depleted in parts of the world, even as the rising price of petroleum — the lifeblood of industrial agriculture — is calling into question the entire agribusiness model."

[Big Oil has more cash than it can use](#)

Some of the country's biggest oil companies have a money problem. They've got too much of it.

No tears, of course, will be shed for Big Oil, which often is cast as the heartless profiteer,

sneering in delight as we motorists wince with every squeeze of the pump handle.

But the oil companies, too, are in a squeeze. Awash in cash, they're having a hard time spending it.

More than three-fourths of the world's untapped reserves are controlled by countries that either ban or restrict access to their reserves. In other words, the best drilling prospects are taken.

[Limits on futures trading could boost gas prices, expert says](#)

CHAMPAIGN, Ill. — Proposals to reign in wallet-draining gasoline prices by curbing speculation in oil markets would likely increase costs at the pump instead of trimming them, a University of Illinois economist says.

Scott Irwin argues congressional efforts to curb trading by speculators is a “misguided witch hunt” that ignores the root of America’s energy problem – a finite global oil supply that has been stretched thin by surging demand in China, India and other developing countries.

[South Africa: Analysts Doubt Gazprom's \\$250 Claim](#)

RUSSIAN gas and oil monopoly Gazprom yesterday claimed it was inevitable oil prices would rise to \$250 a barrel next year.

But analysts in SA said there were already signs of the price softening in response to waning demand as consumers respond to spiralling fuel costs. They said the economy, already buffeted by a host of negative factors, would not sustain such a high price.

[Oil: How low will it go?](#)

A recent drop in oil prices can be attributed primarily to futures traders focusing exclusively on the troubled U.S. economy and ignoring other factors, according to economists.

Unfortunately for businesses and consumers looking for a break on gas prices, those same economists are not expecting the price freefall to last much longer.

[At Ford, End of a Big-Vehicle Era Takes a Toll](#)

The United States market for pickups and S.U.V.'s began collapsing in the spring when gas prices hit \$4 a gallon, as consumers moved rapidly to buying small cars.

So far this year, sales of large pickups are down 25 percent, and S.U.V.'s have fallen 32 percent, according to the trade journal Ward's Automotive Reports.

But the impact is hurting automakers in more than just sales of new trucks.

"There are multiple second- and third-order impacts," Mr. Johnson said. "We're seeing it in lease residuals, we're seeing it in loan losses, and we're seeing an impact in the showroom, because people can't get enough on their old cars to make it worthwhile to get into a new car."

[Nobody Loves a Three-Year-Old SUV](#)

Auto executives just can't catch a break. Add to slumping sales and lofty gasoline prices a ticking time bomb in their auto leasing operations. During the past several years automakers from General Motors (GM) to Nissan Motor (NSANY) to BMW leased millions of cars and trucks. As those leases end, the companies have to take back the vehicles—many of them the gas-guzzling SUVs, pickups, and luxury models people don't want anymore. You know what that means: more pain as the automakers offload those vehicles at a loss.

['It feels like a sci-fi film' - accidents tarnish nuclear dream](#)

French nuclear companies are hoping to play a central role in the government's plan to build a new generation of reactors. At home, however, the industry has been buffeted by a series of mishaps.

[Mohamed ElBaradei: A Global Agency is Needed for the Energy Crisis](#)

World leaders need to take action on the energy crisis that is taking shape before our eyes. Oil prices are soaring and it looks less and less likely that this is a bubble. The price of coal has doubled. Countries as far apart as South Africa and Tajikistan are plagued by power cuts and there have been riots in several nations because of disruptions to electricity. Rich states, no longer strangers to blackouts, are worried about security of energy supply. In the developing world, 1.6bn people - about a quarter of the human race - have no access to electricity.

Fundamental changes are under way in the energy field the significance of which we have not yet fully grasped. Global demand for energy is rising fast as the population increases and developing countries undergo dramatic economic growth. The International Energy Agency says the world's energy needs could be 50 per cent higher in 2030 than they are today. Yet the fossil fuels on which the world still depends are finite and far from environmentally friendly. Serious thought needs to be given now to creating viable alternatives. The need for co-ordinated political action on energy and related issues - climate change and poverty, to name but two - has never been more acute. Yet there is no global energy institution in which the countries of the world can

agree on joint solutions to the potentially enormous problems we see emerging.

[Iran says oil could reach \\$500 on dollar, politics](#)

TEHRAN (Reuters) - Iran's OPEC governor said world oil prices could reach as high as \$500 per barrel in a few years' time if the dollar falls further and political tension worsens, an Iranian weekly said.

"If the dollar's value continues to decrease and if the political crisis becomes worse, the oil price would reach up to \$500," Mohammad Ali Khatibi told Shahrvand-e Emrooz in an interview published on Saturday.

[Oil's 2-week nosedive shows up at the pump](#)

NEW YORK - Whether or not any bubble has burst, Americans now live in an economy where the prospect of a gallon of gas for less than \$4 is cause for relief.

That barrier may be broken as early as this weekend, as a two-week nosedive in crude prices begins to ripple out to gas stations nationwide.

[High oil price to hit long-haul holiday demand](#)

Long-haul leisure travel could be the big loser if the price of oil stays high and the UK economy turns down, warns the head of a major group of travel agencies.

Advantage Travel Centres chief executive John McEwan said today: "I worry about long-haul travel. We are getting into the realms of it being unaffordable for a section of the market.

"The economic environment is putting pressure on middle income families and a lot of people are going to see a material reduction in their income." McEwan was speaking at a Barclays travel briefing in London.

[TNK-BP CEO 'summoned' by Russian prosecutors](#)

MOSCOW (AFP) - The chief executive of the troubled British-Russian joint venture oil group TNK-BP, Robert Dudley, has been summoned to appear before Russian prosecutors Monday to explain alleged violations of labour laws, Interfax news agency reported Saturday.

[Russia Roughs Up Big Oil](#)

It seems to me that we might be witnessing the severe wounding -- and likely downsizing -- of one of the major members of Big Oil. At the same time, we again are being given yet another demonstration that doing business in Russia is fraught with peril that just may not be worth the effort.

[Oil Exports From Northern Iraq Rise Sharply](#)

BAGHDAD — An American agency monitoring reconstruction in Iraq said Friday that oil exports through Iraq's northern pipeline rose more than tenfold over the past year, citing a sharp drop in attacks on the pipeline and new infrastructure built to protect it.

[Chavez falls for Chinese ploy](#)

In May, Venezuela and China announced a "preliminary agreement" to build a massive new refinery on Gaolin Island in the southern province of Guandong. They agreed to split the cost and ownership.

Since then, U.S. oil experts and Latin America scholars have been debating the refinery deal, and a curious consensus has developed. Nobody seems to believe China will actually build it.

[Do you want to know why Iran has a nuclear program?](#)

We don't know where on the peak oil curve Iran is right now, but even if they have not reached peak oil production yet, it is safe to assume that they will shortly. This means that Iran must begin to look for other sources of energy for its future, just like many other countries. At present, the primary choices available for power production are very limited. They are hydro, gas, coal and nuclear – with nuclear giving the biggest bang for the buck.

[Massive Economic Disaster Seems Possible -- Will Survivalists Get the Last Laugh?](#)

With multiple crises on the horizon, survivalist views don't seem as marginal as they did before.

[The real cost of logging in the Boreal Forest](#)

There's a calculation the Ontario government doesn't do when awarding a logging licence in the old growth Boreal Forest: It doesn't ask about the impact on global warming.

In particular, it doesn't ask about the impact over the next 20 years. Given the galloping rate at which temperatures are increasing in the north, this omission is foolhardy at best; derelict at worst.

[A new spiritual politics of limits](#)

We live in a world of finite space and finite resource. Endless trajectories of growth are not realistic; and our own rising "oceans" of food and fuel prices are a stark reminder that scarcity is not someone else's problem in today's and tomorrow's world.



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