



DrumBeat: August 1, 2008

Posted by [Leanan](#) on August 1, 2008 - 8:28am

Topic: [Miscellaneous](#)

[Offshore Drilling Claims Are a Political Hoax](#)

(Bloomberg) -- It's absurd to argue that ending the moratorium on drilling off parts of the U.S. coasts would quickly bring down the high price of gasoline.

...To get around the fact that it would be a decade or more before any oil would be likely to flow, a few partisan analysts have said that the cost of gasoline would fall right away. They argue that the prospect of additional oil supply in the future would lead oil companies to produce more oil immediately because they would expect prices for crude to be lower later on.

Well, wouldn't that depend on whether a producer had the capacity to pump more oil today, and whether it thought lifting the moratorium would add a significant amount of oil to future supply relative to future demand?

[Big Oil's biggest quarter ever: \\$51.5B in all](#)

HOUSTON - Oil giants Chevron Corp. and Total SA wrapped up a string of gargantuan, record-breaking earnings reports Friday, a stretch in which six of the major international oil companies topped \$50 billion in combined profit for the first time.

While the profits of unparalleled size have brought withering criticism from Washington and disgust from consumers across the country, very few were surprised. Crude prices during the second quarter were nearly double what they were a year ago.

[Mechanics see ethanol damaging small engines](#)

Although the Web is rife with complaints from car owners who say ethanol damaged their engines, ethanol producers and automakers say it's safe to use in cars. But smaller engines — the two-cycle utility engines in lawnmowers, chain saws and outboard boat motors — are another story.

Benjamin Mallisham, owner of a lawnmower repair shop in Tuscaloosa, Ala., said at least 40 percent of the lawnmower engines he repairs these days have been damaged by

ethanol.

[Premium gas? Not in my Ford! Or my Lexus, or my Mercedes...](#)

Ford Motor Co., which currently sells one trim level of one model that requires premium fuel, is now bragging in a press releases that not one of the cars and trucks in its 2009 lineup (except that one trim level car) will require premium fuel.

That's right, a car maker that essentially does not make and has not made something is pleased to announce and that it will continue not making that thing, all in the name of saving its drivers cash.

[Petrobras to Start Oil Output at Tupi Field in 2009](#)

(Bloomberg) -- Petroleo Brasileiro SA, Brazil's state-controlled oil company, plans to start crude production at the offshore Tupi field in the first quarter of 2009.

The initial output will be between 20,000 and 30,000 barrels a day, Petrobras Chief Executive Officer Jose Sergio Gabrielli said today in London. The company and partners will ramp up production at the pilot project to 100,000 barrels a day in 2010.

[Iran Heads Toward Nuclear 'Breakthrough,' Israel Says](#)

(Bloomberg) -- Iran is on a path toward a "major breakthrough" in its nuclear program that is "unacceptable," Israeli Deputy Prime Minister Shaul Mofaz told a Washington audience today.

"It is an existential threat," Mofaz said at a forum on Iran at the Washington Institute for Near East Policy. "We have to make sure we are prepared for every option."

[Oil prices rise above \\$125 on Iran nuclear worries](#)

NEW YORK - Oil prices rebounded Friday, briefly jumping more than \$3 a barrel after Israel's deputy prime minister reportedly warned that Iran was nearing a "breakthrough" in its nuclear program.

[One dead as factions fight in Nigeria's delta](#)

PORT HARCOURT, Nigeria (Reuters) - Rival armed factions in Nigeria's oil-rich Niger Delta battled in an apparent turf war for the second time this week, killing at least one

civilian, security officials said on Friday.

Dozens of armed men exchanged gunfire in Abonnema, around 14 km (9 miles) west of the main oil industry city of Port Harcourt.

"Today's clashes were between two rival armed groups involved in bunkering (stealing oil) who were fighting over territories. One civilian was killed," said Lieutenant-Colonel Sagir Musa, army spokesman for Rivers state, whose capital is Port Harcourt.

[75% say gas prices hurting families](#)

NEW YORK (CNNMoney.com) -- The high price of gas is taking a financial toll on an increasing number of American households, according to a poll released Friday.

A CNN/Opinion Research poll found that 75% of respondents said the price at the pump is a "financial hardship." That finding was up from 60% in late April and 69% in April 2006.

[Nation's bridges, roads still 'structurally deficient'](#)

Across the United States, there are about 600,000 bridges. The Federal Highway Administration reported in 2006 that one quarter of the nation's bridges were at risk. The American Society for Civil Engineers said in 2006 that it would cost nearly \$10 billion every year for the next two decades to fix them.

But the funds used to repair and maintain the country's bridges and highways are drying up. Some of the money comes from the Highway Trust Fund, which Americans pay for through taxes on gasoline. Faced with higher gas prices, more commuters are carpooling, taking mass transit or driving less, about 4 percent less in May alone compared with a year ago.

The federal Department of Transportation predicted taxes will fall far short of what's needed for improvement projects -- leaving many projects delayed or even canceled.

[Total boosts profit 15%, warns of tight global oil capacity](#)

PARIS (AFP) — The Total oil group raised its adjusted first-half net profit by 15 percent to 6.977 billion euros on high oil prices, but warned on Friday that world oil production capacity remained tight.

[Obama risks voter ire by opposing new oil drilling](#)

ROLLA, Mo. - Barack Obama is once again betting that his eloquence can persuade price-weary consumers — read that as voters — to take the long view and not jump at a short-term fix when it comes to soaring energy prices.

[Are we heading for a human-powered future?](#)

LONDON, England (CNN) -- Would you still watch your favorite television program if you had to cycle for an hour before you could view it?

Couch potatoes will be horrified, but fresh advances in human-powered technology -- where users power appliances through their own motion -- could one day see a 'workout-to-watch' scenario become reality.

[Record heat forces closure of Canada Arctic park](#)

OTTAWA (Reuters) - A major national park in Canada's Arctic has been largely closed after record high temperatures caused flooding that washed away hiking trails and forced the evacuation of tourists, an official said on Friday.

['Greenshirt' youths urged to inform on eco-crimes](#)

In a recent series of ads aimed at school children, a leading British energy company has assigned a controversial summer project: police their family's global-warming crimes.

[POLL: Non-OPEC oil outlook sluggish, may be near its peak](#)

(Reuters) - Oil producing countries outside OPEC are still struggling to respond to booming energy demand from China and other emerging markets despite record high oil prices of more than \$147 a barrel.

Some analysts even believe non-OPEC supply of conventional oil may have peaked for now.

A Reuters survey of 10 analysts put the consensus forecast for non-OPEC oil supply in 2009 at 50.3 million barrels per day (bpd), up 470,000 from the consensus forecast for 2008.

Non-OPEC supply in 2008 is forecast at 49.83 million bpd according to the poll of 11 analysts, which compares with 49.56 million bpd estimated in the previous survey in May.

[Kyrgyzstan on Verge of Energy Crisis - PM](#)

BISHKEK (Interfax) - Kyrgyzstan is on the brink of a total power outage, Prime Minister Igor Chudinov said at the meeting of the government on Thursday.

"I feel that we are about to have a total power outage," he said.

"That must not happen, especially at plants," he said.

Energy executives said it was necessary "to save 600 megawatt of electricity during the upcoming heating season in order to keep plants running."

It is planned to suspend electricity supplies to private houses and to make school vacations longer.

[Mexico's unfolding oil crash](#)

The world's sixth-largest producer in 2006, Mexico is the U.S.' No. 2 supplier. But Pemex is in decline and is hurting.

[Pemex: Cantarell drags down second quarter output](#)

MEXICO CITY: Mexican state oil company Pemex's decreased oil production in the second quarter of 2008 was primarily the result of a 15.7 percent drop in heavy crude output associated with the natural decline in the Cantarell field, E&P subsidiary (PEP) deputy director of planning and evaluation Vinicio Suro said in a webcast.

[Mexico ponders how to boost faltering state oil company](#)

Now the nation is in knots over whether and how to modernize the 70-year-old company and find new sources of oil before Mexico's easy-to-extract oil goes dry.

Mexico is already a net importer of gasoline — most coming from the United States — as it's unable to refine enough oil to meet its demands. Within a decade, Mexico could compete with the United States for ever-scarcer barrels of imported oil.

Oil production in Mexico — until recently the second largest oil exporter to the United States, after Canada — is falling precipitously because output at the Cantarell offshore oilfield is declining faster than expected.

[Spratt swings to a profit following IPO](#)

Spratt says he will continue to go long on gold, versus currency, and energy, based on his belief in the peak oil theorem, and short American financials and housing. That will not

change “until lenders are willing to lend”, he says. It is currently cheaper to buy a house than build one.

[Schumer proposes help with fuel costs](#)

WASHINGTON - School districts could get help in coping with rising fuel costs, a looming crisis that threatens to blow holes in budgets throughout the state next school year, under legislation proposed by Sen. Chuck Schumer.

The bills - the Hybrid Tax Credit and School Energy Crisis Relief Act of 2008 - would expand tax credits for districts that buy hybrid buses and give grants to low-income districts hit hard by increasing costs.

[Poll shows Floridians warming to offshore drilling](#)

Good news for pro-drilling forces: The latest Quinnipiac University poll of battleground states finds that 60 percent of likely voters in Florida support allowing drilling for oil and gas in areas offshore that are now protected.

[As one door closes, another door opens to a healthier planet](#)

The common theme here is air-conditioning. Air-conditioning is not an inalienable right, but in a culture of constant comfort with an everyday disregard for the "energy crisis" if it is going to interfere with a personal crisis, it is sometimes treated as such. Climate control is not, after all, what the English political philosopher John Locke was pointing a finger at when he made a philosophical fuss about our natural rights.

[A Northwest distaste for nuclear power](#)

Twenty-five years ago this summer, prospects for a nuclear-powered Northwest imploded. In what was then the nation's largest municipal bond default, the Washington Public Power Supply System told creditors it could not make payment on a \$2.25 billion debt it incurred to build two large nuclear plants. Today, as we contemplate regional energy options, the Supply System's abandoned projects still cast a shadow.

[U.S. Energy Crisis Sees Sierra Club Unite With Foes](#)

T. Boone Pickens is a Republican billionaire from Texas who handsomely funded the Swift Boat campaign against John Kerry. Carl Pope is a veteran of the environmental movement, executive director of the Sierra Club and fierce critic of both George Bush and John McCain.

That the two men are in furious agreement on the need for a radical overhaul of U.S. energy policy, Mr. Pope said, says something very bad about the recent state of politics.

[More cities move aggressively to stop heat deaths](#)

In recent years, deadly heat waves have killed dozens to hundreds of people at a time in various U.S. cities, often catching local officials unprepared. Climate scientists say more killer heat waves lie ahead with global warming, and city officials are taking note.

[Obama proposes \\$1,000 energy rebates for consumers](#)

ST. PETERSBURG, Fla. - Democratic presidential candidate Barack Obama is calling for a \$1,000 "emergency" rebate to consumers to offset soaring energy costs.

Obama says the rebate would be financed with a windfall profits tax on the oil industry.

"This rebate will be enough to offset the increased cost of gas for a working family over the next four months," Obama said in remarks prepared for delivery Friday at a town hall meeting in the crucial swing state of Florida.

[Keeping oil prices high with wasteful subsidies](#)

Americans, the world's most avid gas guzzlers, finally responded to higher prices. They drove about 10 billion miles less in May than they did in the same month last year. They are trading in their SUVs for more sensible vehicles. As oil prices rose by two-thirds, American oil consumption fell by 900,000 barrels a day between the first quarter of 2007 and the same period of 2008.

Unfortunately, a large share of the world's population is not responding to high energy prices. Across the developing world, governments are subsidizing energy, blunting the incentive to conserve by keeping prices low. They are absorbing the savings made by industrial countries and helping to raise oil prices by stoking demand.

[Is the world running out of black gold?](#)

The debate is not new. It is raging ever since this civilization got addicted to the black gold. It continues to this date, and the reason is simple. Being a finite source, ultimately it has to end. The question is when and not if. Many times in the past too, there have been talks that the world is running out of crude. Yet those turned out to be false calls.

[Beyond the oil age](#)

Turning off the oil tap in the Middle East will be a game-changer for Israel, the region and the world. After oil, the Arab regimes will lack the capacity to vilify and terrorize Israel. Israel (as one of the few non-oil driven economies in the region), will hold the keys to building a post-oil economy.

[I predict your prediction is wrong](#)

So it's August and oil has soared to yet another record high. Expect it to hit \$200 a barrel soon.

Or at least, that was what experts told us a couple of months ago. Then the price dropped. And dropped some more.

[Profit from the Peak: An Enjoyable Read About Our Energy Problems](#)

This definitely isn't a fair-and-balanced view of Peak Oil or fossil fuels; the authors take a clear position that traditional energy production is peaking and we need to make immediate, massive investment in renewable forms of energy.

[What's the Real Rate of Inflation?](#)

Whatever one thinks about peak oil and the power of speculators there is no doubt that oil prices falling farther is the best possible scenario for the economy at large. It would provide the quickest improvement to discretionary consumer spending, not to mention peace of mind.

The next few months will be rocky. Let's hope the monetarists win the argument - and that this time the liquidity tap is eased down before the next bubble forms.

[South Africa: Fall in refining capacity leads to higher imports, but supply-security hope on the horizon](#)

As the global oil crisis deepens, countries across the world are scrambling to reassess their options. South Africa is no exception to this trend, and South Africans, who have felt the pinch of escalating petrol prices in recent months, are glancing towards government for viable solutions.

[The green gender gap](#)

A commenter with the screen name LimeSarah said she only reads a couple of blogs that

discuss issues relating to peak oil -- Casaubon's Book and The Oil Drum (this, it should be said, is written predominantly by men) -- because they're two of the "lowest-panic" ones she's found.

"I'd love to hear more people talk about it," she says, "but most sites tend to have the typical macho Mad Max guns-in-a-bunker mentality."

[Your breakfast can change the world](#)

Feeding cities has a greater physical impact on the planet than anything else we do.

[Poll: Voters want candidate with energy answers](#)

WASHINGTON — Americans want their next president to invest in new energy sources and won't penalize a candidate who says they need to change their habits to conserve, according to the latest USA TODAY/Gallup Poll.

The poll, taken last Friday through Sunday, found wide support for many proposals advanced by Democrat Barack Obama and Republican John McCain, their parties' presumptive nominees. Obama's ideas had broader support, and he was viewed as better able to handle energy issues. But 21% said neither candidate would do a good job.

Energy and gas prices top the list this year when voters are asked what's extremely important to them in choosing a candidate.

[Republicans in Congress Grab Oil Drilling as Political Lifeline](#)

(Bloomberg) -- Congressional Republicans, confronted with a slowing economy, an unpopular president and ethics embarrassments that threaten a wave of voter wrath, are clinging to a political lifeline: drilling for oil.

Republican demands that Congress open new areas to drilling to address record gasoline prices have put Democrats on the defensive. Several measures unrelated to energy legislation have languished as Republicans blocked Senate Majority Leader Harry Reid's bids to change the legislative subject away from drilling.

[D.C. bluster, but no help for high cost of gas](#)

WASHINGTON - In a summer of nationwide anguish over fuel costs, Congress' attack on soaring gasoline prices has been full of high-octane rhetoric and low-energy results.

Both parties instead have fought bitterly for weeks over who can make the best political

points for the November elections, with Republicans pressing for more domestic oil drilling and Democrats railing about oil company profits.

[The Peak Oil Crisis: Smart Meters](#)

At this technological minute, the only realistic choices for the decades ahead seem to be more electrification of everything or a partial rerun of the 19th century. There is also little question that electricity is going to become much more expensive. Coal, nuclear plants, natural gas and the construction of nearly everything to do with producing more energy is becoming much more expensive. We simply are going to have to figure out how to keep going with much less. We will need much more energy-efficient homes, offices, vehicles and appliances - or do without.

[Peak oil pundits perplexed by reality](#)

Peak oil proponents and fellow cultists in the climate change camp must be scratching their heads over the recent dip in crude oil prices. If oil production has peaked, its decline irreversible, and global demand continues to rise, why would prices drop?

On the basis of peak oil theory, investing in oil futures should be a no-brainer: Go long until the world ends.

[Czech refiner says Russia oil supply back to normal](#)

PRAGUE (Reuters) - Oil supplies from Russia to Czech refiner Unipetrol have returned to normal after being cut by around half in July, a Unipetrol spokeswoman said on Friday.

Deliveries to the former Soviet-bloc country had been cut last month due to a lack of available crude, according to Russian supplier Tatneft.

[Nigeria oil output cut by 150,000 bpd by attack](#)

ABUJA (Reuters) - Nigeria's crude oil production fell by 150,000 barrels per day after Monday's militant attack on a major pipeline in the Niger Delta, an official with state-run oil company NNPC said on Friday.

[Official spending outpaces revenue](#)

State and local government spending has been rising three times as fast as revenue

amid warnings from governors that their finances are nearing crisis stage.

As many Americans face stagnant wages, high gas prices and job uncertainty, new government figures show that state and local governments boosted spending 7.8% in the second quarter compared with 2007 while revenue rose 2.5%. Government is on a hiring binge, too, even as private-sector jobs disappear.

[You Know Gas Prices Are High When Texans Start Driving Golf Carts](#)

It's a sure sign electric cars have a future when they're catching on in Texas. Others here, too, are abandoning the family car and driving to the office in what appear to be fancy little golf carts. Small battery-powered vehicles have been on the market for years but have mainly been used by workers driving around factories and university campuses.

The small cars are powered by batteries charged by plugging them into regular 110-volt house current. Though they do look like golf carts, they have heftier frames and more powerful engines. Now, with high gasoline prices driving booming sales, many are going to ordinary folks like the Peterses, who have fallen in love with gasoline-free transportation.

[Gasoline prices are rolling over teens' summer fun](#)

Students say they're feeling the pressure of having to work just to keep the tank filled. And families are cutting back on outings.

[Prius Problem: Could Using Less Oil Make Oil More Expensive?](#)

The logic goes like this: Despite all the talk of “peak oil,” big producers in OPEC, and Russia and Mexico could tap 8 million to 10 million barrels per day of new oil – if they got the right market signals. That new supply would be enough to meet the world's oil demand in the next decade, buying time to gradually shift over to a less oil-intensive economy without the whiplash oil-price volatility of recent months.

The rub, according to this theory, is those market signals. Though oil-consuming nations worry about security of supply, oil-producing nations worry about security of demand. If OPEC and other big producers were sure that expensive, long-term investments in new production capacity would find willing takers, they would pony up to pump the extra oil. But with all the talk in the West about curbing oil demand, the theory goes, oil producers are thinking twice about investing in new capacity.

[A used Prius is a hot commodity these days](#)

Buyers are so eager to start saving gas with the nation's best-selling hybrid that they're paying more for a used Prius than they'd pay for a new one if they were willing to wait.

Driven by gas prices and waiting lists for new Priuses at many dealers, buyers paid an average \$27,945 in June for a 2008 Prius with an average 8,000 miles on it — about \$1,300 above the average transaction price for a new one, Power Information Network found.

[GM posts \\$15.5 billion loss for second quarter](#)

DETROIT — General Motors said Friday that its losses widened to \$15.5 billion in the second quarter as North American sales plummeted and the company faced expenses due to labor unrest and its massive restructuring plan.

[Chevron Profit Soars on Oil Prices, but Shares Dip](#)

HOUSTON (AP) -- Lifted by record crude prices, Chevron Corp. (NYSE:CVX) says its second-quarter profit rose 11 percent from a year ago, capping another round of massive earnings for the major oil companies.

But the results missed Wall Street forecasts.

[Last-ditch bid to salvage nuclear deal](#)

Talks are continuing between French power giant EDF and British Energy, according to reports, despite a shock announcement from EDF in the early hours that it had backed out of a £12bn deal to take over the UK nuclear power operator.

[The collapse of the British Energy deal is bad news for UK consumers](#)

EDF's decision not to make an offer for British Energy is a blow for Britain's new drive for nuclear power but it's not fatal.

[British Gas apologises for boozy bash](#)

LONDON (Reuters) - British Gas-owner Centrica has issued an apology after a social event, meant to brief staff on how to explain its 35 percent price rise to irate customers, ended in a drunken brawl.

[BP Negotiates With Russian Billionaires to Resolve TNK-BP Issue](#)

(Bloomberg) -- BP Plc, Europe's second largest oil company, is in talks with its Russian billionaire partners to resolve disputes over control and operations of their joint venture TNK-BP.

[China strengthens its role in Kyrgyzstan](#)

China is steadily strengthening political and economic ties with small, landlocked Kyrgyzstan, with one eye on the sizeable energy reserves of its neighbors to the north and west. At the same time, Kyrgyzstan's dependence on Chinese income and infrastructure grows deeper by the day.

[British Airways profit collapses](#)

LONDON(Reuters) - British Airways' profit collapsed in the first quarter as high oil prices, an economic slowdown and weak consumer confidence combined in what the airline called the worst trading conditions ever.

[Production of SA's superthin solar innovation delayed](#)

The start of production of the South African super-thin solar-panel innovation has been delayed by more than six months due to technical challenges with the equipment at the purpose-built German plant.

Production was expected to start earlier this year, but is now anticipated to kick off in October, says a source close to the project.

[Community colleges tap into wind energy boom](#) - *Turbine technicians groomed, industry often grabs them before graduation*

BISMARCK, N.D. - With wind turbine towers popping up on the U.S. landscape at a rate of almost 10 per day, the need for people to maintain and repair them is reaching the critical point.

Community colleges in North Dakota and other states are jumping at the chance to help fill that need and develop a niche for themselves at the same time through wind tech programs.

[Time to look at fossil fuels in a new light?](#)

With increasing acceptance that for the short term at least, continued use of fossil fuels is essential to keep the lights on, is it time we started looking at fossil fuels in a new light? This was one subject of debate at The Energy Institute's recent event, Energy in Transition.

Arguing the case for *A new dawn for coal* in Britain, Jon Lloyd, Chief Executive of UK Coal urged that if coal is essential to address the energy needs of here and now: "it is surely better that we use local coal than import it half way across the world."

[Green revolution emerges in smokestack China](#)

LONDON (Reuters) - China, pilloried as the world's biggest polluter, has quietly taken a lead in moving to a low carbon economy, an independent climate advisory group said on Friday.

[Global Warming's Fish-Sex Effect](#)

"We found that in fish that do have temperature-dependent sex determination [TSD], a rise in water temperature of just 1.5 degrees Celsius can change the male-to-female ratio from 1:1 to 3:1," says Piferrer, the study's co-author. In especially sensitive fish, a greater increase can throw the balance even more out of whack. Ospina-Alvarez and Piferrer have found that in the South American pejerrey, for example, an increase of 4 degrees Celsius can result in a population that is 98% male.

[5 states threaten to sue EPA to get carbon curbs](#)

SACRAMENTO, Calif. - Five states led by California on Thursday gave notice of their intent to sue the U.S. Environmental Protection Agency if it does not act soon to reduce carbon emissions from ships, aircraft and off-road vehicles.



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