



## DrumBeat: August 10, 2008

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Topic: [Miscellaneous](#)

### [Even Giants Are Being Hurt By Rising Energy Prices](#)

In general it may be true that if we were willing - and in some cases able - to pay more for food, then some serious problems with our food system might be solved. The same may be said of our energy system - higher energy prices will make it much easier for renewable energy to come to the fore and will encourage conservation.

The trouble is that along the path towards a better, more sustainable farming and energy system, there will be many casualties. For one thing, there are millions, perhaps billions, of people whose bodies cannot afford to conserve and eat less, because they are already at or below 2,000 calories a day, and eating a diet poor in nutrients. In some cases farmers may be caught in a double bind: higher food prices bring them less money not more - because fertilizer prices, driven by rising oil and gas prices, are climbing even faster than food prices.

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### [Fuel costs are eating farmers' profits](#)

HERMINIE, Pa. - For the last two years, cattle farmer Regina Carpenter said, she and her husband, Derwyn, absorbed the rising costs of fuel and feed, but they can no longer afford to hold the line.

"This summer is the first year we were not able to hold back on raising prices. People don't realize how the cost of fuel has affected all farmers," she said. The Carpenters, who raise about 45 beef cattle on 92 acres in Westmoreland County, grow the corn and hay feed for their animals.

### [Darfur Withers as Sudan Sells Food](#)

ED DAMER, Sudan — Even as it receives a billion pounds of free food from international donors, Sudan is growing and selling vast quantities of its own crops to other countries, capitalizing on high global food prices at a time when millions of people in its war-riddled region of Darfur barely have enough to eat.

### [Iran, Algeria to discuss OPEC-style gas group](#)

TEHRAN (Reuters) - Iran and Algeria are expected to discuss the formation of an OPEC-style gas group during a visit by Algerian president Abdelaziz Bouteflika to Tehran, Iran's ambassador to Algeria said in remarks published on Sunday.

### [Iraq to revive oil deal with China](#)

BAGHDAD - Iraq and China are set to revive a \$1.2 billion oil deal that was canceled after the 2003 U.S.-led invasion, the Iraq's oil ministry said Sunday.

An initial agreement with China is expected to be signed at the end of August to develop the billion-barrel Ahdab oil field south of Baghdad, the ministry said in a statement.

### [The Iraqi Oil Sector and the Chaos over Responsibilities](#)

Iraq's oil industry is currently passing through a critical phase caused by political disputes. As such, it becomes impossible to determine which side is truly in charge of this vital sector.

### [In Georgia Clash, a Lesson on U.S. Need for Russia](#)

WASHINGTON — The image of President Bush smiling and chatting with Prime Minister Vladimir V. Putin of Russia from the stands of the Beijing Olympics even as Russian aircraft were shelling Georgia outlines the reality of America's Russia policy. While America considers Georgia its strongest ally in the bloc of former Soviet countries, Washington needs Russia too much on big issues like Iran to risk it all to defend Georgia.

### [Scotland plans link to Norway power supply](#)

Scotland is drawing up plans to build the world's longest electricity connector - to Norway - to help meet its renewable targets and end its dependence on nuclear power. The whole project could cost more than £2bn.

### [Aluminum`s 13% dip masks shortages](#)

A 16 per cent jump in natural gas prices, used by electricity providers in the Persian Gulf, has persuaded governments in the region to shift the fuel to production of liquefied natural gas instead of aluminium. The canceled West Asian smelters would have increased world supplies by 2.8 per cent. Even with those projects production wouldn't have kept pace with global demand that is growing at 9 per cent a year, twice the rate of

the world's economy.

### [Hamans bans use of cars that run on cooking gas](#)

GAZA CITY, Gaza Strip: Gaza's Hamas-run government banned the use of cooking gas to fuel cars in the territory on Saturday, citing expected shortages ahead of the Muslim month of Ramadan.

Earlier this year, Israel slashed fuel shipments in response to attacks from the Gaza Strip, leading to a severe shortage. As a result, around 8,000 Gaza residents converted their vehicles to run on cooking gas, said Ahmad Ali, of the Palestinian Petroleum Commission.

### [Nepal - Fuel price hike can only ease supply: Supplies Minister](#)

KATHMANDU, Aug 10 - Minister for Industry, Commerce and Supplies Shyam Sundar Gupta Monday said that the price revision is the only alternative to ensure the smooth supply of fuel.

Addressing today's Constituent Assembly (CA) meeting, Minister Gupta said that the government have been attempting find an alternative sources of energy in order to cope with the unresolved fuel crunch.

### [UAE- Private Supply](#)

The root cause of the power shortage stems from the increasing difficulty in sourcing feedstock for generation. Most of them have either limited or no fossil fuel resources, instead relying on either natural gas sourced from neighbouring states such as Qatar, or diesel from Abu Dhabi. Ras Al Khaimah (RAK), for example, produces only 30m cubic feet per day (cu f/d) of gas, and is forced to import 40m cu f/d from Oman via the Dolphin pipe network, and a further 80m cu f/d from UAQ (one of the few northern emirates with the capacity to export fuel).

Soaring prices have led Ajman to look toward coal for its future energy security. Earlier this month, the emirate signed a Dh7.3bn (\$2bn) deal with Malaysian power company MMC to build the Gulf's first coal plant, which is anticipated to come online in early 2012.

### [US seeks rehab for addiction to foreign oil](#)

WASHINGTON // There is a new enemy in the United States: oil. Actually, it is an old enemy, from the 1970s, when the Arab oil embargo forced a spike in US petrol prices

and the president, Jimmy Carter, unhelpfully urged citizens to turn down their thermostats and don sweaters.

But as US residents have watched the price of petrol reach US\$4 a gallon (Dh3.99 per litre), the national conversation about the dangers of the country's oil dependence – and what to do about it – has reached a fever pitch.

### [Diesel cost squeezes school transportation](#)

Soaring diesel prices have resulted in an \$800,000 shortfall for the school system's Department of Transportation. As a result, the number of buses will be cut and buses will run longer routes with more students. Fuel prices are higher than the school system had projected last year when the Howard County Board of Education approved its budget. In September, diesel fuel cost \$3.038 a gallon. Last month, diesel fuel cost \$4.77 a gallon.

Officials hope to combat the shortfall by reducing the number of buses used and by increasing the number of students on each bus, said David C. Drown, director of transportation for the school system.

### [Market Only Fueled Power Prices](#)

You know about the prices — you pay them each month and have watched them climb rapidly in the decade since deregulation occurred. Part of that rise is related to increased prices of oil and natural gas — but only part. The rest of the price rise has been a massive and needless wealth transfer from the Connecticut public to the owners of power plants, most of whom are headquartered in other states.

### [John Kerry sees divine dilemma](#)

It hasn't hit us yet . . . not really. It's still about hot fun in the summertime. Yeah, sure, we're a little annoyed by how much it costs to drive to the beach, but thanks to John McCain, we can all laugh at Paris Hilton's answer to the energy crisis, delivered in a designer bathing suit from a chaise lounge at a Beverly Hills hotel.

But the closer we get to the first frost, the more we are going to realize that the next president (whoever he is) won't be able to help us, and the current lame duck will already be halfway to his ranch in Crawford, Texas.

The sting we've been feeling at the gas pumps is small potatoes compared to the assault and battery waiting for us by the oil tank in our cellars. And by Inauguration Day in early January, we will already be at least a couple of oil deliveries deep into the winter.

### [Demand for public transit growing](#)

DOLGEVILLE — Bus ridership along existing regional bus lines is soaring in the era of higher gas prices, and now some more out-of-the-way communities are vying for public transit.

### [Environmentally friendly power: Bargain or Boone-doogle?](#)

Wind power truly is a great resource. We should be using lot's more of it. And solar, biomass and geothermal, etc.

But, please ask yourself why taxpayers should foot the bill for oil billionaire T. Boone Pickens, so he can connect his intended wind farm to government subsidized transmission line infrastructure? Heck, his financial statement is not bleeding red ink like the U.S. Treasury.

### [New dawn for energy market](#)

The 85-metre circular solar panel is an incongruous feature on the otherwise empty salt plains and desert near Ras al Khaimah city but, as a potential part of the answer to the UAE's growing energy crisis, installations like it could soon become a common sight.

This futuristic structure is the land-bound prototype of an even larger man-made "solar island" that may float several hundred metres off the coast of the Emirate, supplying the energy needs of up to 200,000 homes.

### [Studying Great Salt Lake's High Mercury Levels](#)

Three years ago, in an alarming finding, tests by the federal Geological Survey showed the lake had some of the highest mercury readings ever recorded in a body of water in the United States. The state warned people not to eat certain kinds of ducks because of the mercury.

...Researchers say mercury released into the atmosphere from coal-fired power plants in the West, gold mines in Nevada, volcanoes in Indonesia or industries in rapidly developing countries such as China or India may be settling in the lake.

### [A Tall, Cool Drink of ... Sewage?](#)

In the world's driest places, the future of drinking water may flow from a wastewater-recycling plant.

## [Big Oil, No Mojo: With BP battered in Russia, and Total looking beyond petrol to nukes, what does the future hold?](#)

The escalating dispute is emblematic of the problems facing Big Oil—shrinking access, falling profit margins, underinvestment in equipment and technology and a business model that's increasingly questioned. Major Western oil companies like BP, Exxon and Shell have dominated the industry for more than half a century, but the skyrocketing price of crude has shifted power to the countries owning the oil in the ground. They favor their own national oil companies, and are demanding an increasing slice of the pie—when they deign to share it at all. It's no wonder investors seem to be losing confidence in Big Oil's business model: last week, after Exxon reported the largest quarterly profit in global corporate history, its share price fell by 2 percent, and has now fallen 12 percent so far this year. With Exxon struggling to bring new fields on line, gas and oil production was actually down by 8 percent. The company spent a record 66 percent of last year's cash flow on stock buybacks and dividends—for lack of better investment opportunities.

## [Bolivia to pay Shell for share in nationalized gas company](#)

LA PAZ (AFP) - Bolivia and Shell have signed a deal compensating the Anglo-Dutch energy group for its share in the nationalized gas pipeline company Transredes.

## [Oil prices turn bearish, but the bulls may yet return](#)

"Oil is at a tipping point. It is an exaggeration to cry that a bubble has burst. It is a break," said Ellis Eckland, an independent analyst based in Chicago who insisted the "oil market was not in a bubble."

For James Williams at WTRG Energy, the law of supply and demand reins.

"The market is simple reflecting the fundamentals of supply and demand. Markets participants are considering the world slowdown, the deterioration in expectations for the growth worldwide," Williams said.

The slowdown in economic growth has a significant impact on energy consumption, analysts say.

## [Fuel shock threatens permanent dent in demand](#)

The drop in fuel consumption has been cited as the main reason crude futures slid more than 20 percent since mid-July -- begging the question of how quickly demand could return if prices keeping dropping.

"Some of this demand slowdown is definitely permanent. The question is how much,"

said Kyle Cooper, analyst at IAF Advisors in Houston. "Even if Americans return to their old driving habits, it will likely be in smaller cars."

### [Russia says no plans to block Georgia oil port](#)

MOSCOW (Reuters) - Russian warships are not planning to block shipments of oil from Georgia's Black Sea port of Poti, but reserve the right to search ships coming to and from it, Russian Deputy Foreign Minister Grigory Karasin said on Sunday.

"I know nothing about any plan to block the shipments," he told a news briefing, responding to remarks by Georgian officials. "In fact the fact that ships are being stopped and searched does not mean there is a blockade."

### [Azerbaijan halts oil exports via Georgia ports: state oil firm](#)

BAKU (AFP) — Azerbaijan has halted oil exports via the Georgian ports of Batumi and Kulevi due to clashes between Russia and Georgia, the head of the state oil company said Saturday.

"Since last night the import and export of oil through the Georgian ports of Kulevi and Batumi have been halted," said Rovnag Abdullayev, the head of the Azeri state oil company SOCAR, in televised comments.

"This is due to armed actions in the area of the Georgia-Ossetia conflict."

### [Kuwait sees Iraq budget surplus, wants debts repaid](#)

KUWAIT (Agencies): Kuwait said on Saturday that fellow oil exporter Iraq is likely to report a budget surplus this year and should repay its debts. "Iraq's debt to Kuwait is an old debt ... It has to be paid or Iraq has to pay its interest. These are the rights of the Kuwaiti people," state news agency KUNA quoted Foreign Minister Sheikh Mohammad al-Sabah as saying in a television interview. The debt, estimated at \$15-16 billion, represents loans Kuwait made to Baghdad in the Saddam Hussein era, mostly during the 1980-1988 Iraq-Iran war. "The economic situation in Iraq is witnessing a big improvement this year and Iraq will have a large surplus in the budget," Sheikh Mohammad said, apparently referring to the six-fold rise in oil prices since 2002 which has generated huge revenues for oil exporters.

### [Nigeria: JTF discovers another illegal refinery](#)

The suspects were said to have locally refined oil into diesel, petrol and condensate.

They reportedly tapped from existing crude pipelines belonging to one of the oil majors.

The refinery was reportedly big and massive and seemed to be expanding with new entrants into the business.

### [We can drill our way out](#)

The oracles of “peak oil” are again predicting the demise of petroleum. World production appears stuck at 85 million barrels per day against growing demand in China and India. Our imports carry a \$700 billion annual price tag, while Democrats chorus: “We can’t drill our way out of the problem.”

Consider that premise. Geologists say a huge quantity of hydrocarbons (oil and natural gas) lies buried at various places around the globe or on the sea floor (methane hydrates). Just released, an international study estimates more than 90 billion barrels of recoverable oil remain in the Arctic alone.

### [The Great Energy Confusion](#)

Judged by their rhetoric, you might think McCain and Obama differ dramatically on energy. But their agendas overlap substantially.

### [Analysis: Fresh energy problems for new president](#)

WASHINGTON (AP) — No matter who moves into the White House in January, energy problems will hit him with the punch of a winter storm.

Republican presidential candidate John McCain and his Democratic rival, Barack Obama, agree that the era of cheap energy and abundant supplies is over. Both have called for breaking away from the nation's overwhelming oil dependency while dueling bitterly over how to do it. Neither has suggested heavy-handed government intervention such as price controls imposed in response to the 1970s oil crisis.

### [Tight pipe supplies bedevil U.S. energy companies](#)

HOUSTON (Reuters) - A shortage of steel pipes could disrupt the boom in U.S. natural gas drilling for the energy companies that rely on the tubes to drill and line their wells.

Seamless steel pipes, known as tubular goods in the oil patch, are in short supply after an unexpected resurgence in the North American onshore drilling market.



## [High Oil Prices Herald Era of Hard-to-Get Resource](#)

The energy apocalypse has arrived, say doomsayers. In fact, it came a few years ago, when the world reached the maximum rate of petroleum production, known as the peak oil. Output has been declining since then. The doomsayers say the trend will only accelerate, with grave consequences for the world economy.

But most mainstream energy economists throw cold water on what they see as these overheated predictions.

## [Peak oil, meet peak bandwidth](#)

Americans today spend almost as much on bandwidth – the capacity to move information – as we do on energy. A family of four likely spends several hundred dollars a month on cellphones, cable television and Internet connections, which is about what we spend on gas and heating oil.

## [Ethanol battle unlikely to fade](#)

Efforts to cut or freeze U.S. corn ethanol requirements are unlikely to end with the federal government's denial Thursday of Texas Gov. Rick Perry's plea to waive half of this year's mandate.

Livestock and food industry groups that backed the request already are talking about increased lobbying efforts in Washington to change the law.

## [Yao becomes UN environment campaigner](#)

BEIJING (AFP) - Chinese superstar Yao Ming on Saturday became the UN Environment Program's (UNEP) first ever Environmental Champion, tasked with raising awareness of climate change and energy efficiency.

## [Arctic Scientists Flee Polar Bear Trapped on Land](#)

(ENS) - Five scientists from the New York-based Wildlife Conservation Society had to evacuate their remote field camp in northern Alaska because of a new kind of threat brought on by global warming - a polar bear stranded on land.

Polar bears would normally be out on sea ice this time of year, the WCS says, but with recent warming the ice is miles from shore and bears are becoming increasingly trapped on land well away from their prey of seals.

[Australia: Grim forecast for Lower Lakes](#) (with video)

THE deteriorating Lower Lakes are expected to get much worse over the next year, with the Murray Darling Basin Commission warning prospects are "grim".



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