



DrumBeat: August 13, 2008

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Topic: [Miscellaneous](#)

[Modern Marvels: Secrets of Oil](#)

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Rubber, Plastic, Nylon, Aerosols, Resins, Solvents, and Lubricants--none can exist without oil. If we stopped driving our cars tomorrow, America would still need five million barrels of oil a day. Visit Vulcan Materials, where oil tanks are emptied into massive double-barrel mixers to make asphalt and then continue to the Rolls Royce Aerospace Facility where complex jet fuels are blended. Travel back to the 1870's to see how an unemployed whale oil salesman turned a greasy oil-drilling by-product into a household staple: Vaseline. Finally discover how cutting-edge recycling techniques can breathe new life into used motor oil, and where a number of renewable fuels and technologies take aim at oil sovereignty.

[U.S. auto fleet hits mpg record](#)

TRAVERSE CITY -- The nation's cars and light trucks are expected to set a record for fuel efficiency for the 2008 model year, according to a government report.

The National Highway Traffic Safety Administration said Tuesday in a report posted on a government Web site that the nation's fleet of passenger cars and light trucks averaged an estimated 26.8 miles per gallon through March, up from 26.6 mpg for the entire 2007 model year. That's up from a 25.7 mpg average in 2006, which also was a record.

[Ford needs different mind-set, Fields says](#)

Fields is expected to talk up Ford's plans for bringing a slew of new small-car designs to the U.S. market in a speech today at the Management Briefing Seminars staged by the Center for Automotive Research.

But making enough money on those small cars to offset slower sales and plummeting profits on big trucks will be a tall order, Fields conceded.

[Turkey wants to boost gas supplies through Iran](#)

ANKARA (KUNA) -- Turkey will increase gas imports from Iran to compensate reduction in supplies from Azerbaijan resulting from the conflict in Georgia, a senior source from the Turkish pipeline company Botas on Wednesday.

[How moon rocks could power the future](#)

The moon is once again a popular destination, as several space-faring nations are talking about setting up bases there. One reason would be to mine fuel for future fusion reactors.

The fuel in this case is helium-3, a lighter isotope of the helium used in balloons. In high energy collisions, helium-3 fuses with other nuclei to release more energy and less waste than the reactions in traditional nuclear reactors.

[Oil: What the drilling advocates say](#)

Supporters saying there could be much more oil offshore than the government predicts as they fight for access to new supplies in order to lower the price of oil.

..."We think the estimates are extremely conservative," said Brian Kennedy, a spokesman for the Institute for Energy Research, a Washington, D.C.-based think tank that supports more drilling.

Kennedy said the government thought Alaska's Prudhoe Bay field originally held 6 billion barrels of oil. Since the field began producing in 1977, Kennedy said it has provided about 14 billion barrels of oil.

Other reports have shown the discrepancy between estimated production and actual production in Prudhoe Bay to be smaller, but still it ended up producing more oil than initial projections.

"They have a bit of a weatherman's track record when it comes to forecasting," Kennedy said.

[GOP sees advantage in offshore oil drilling](#)

Washington - The lights are dim, the mikes are off, and the television cameras dark in the US House of Representatives. But minority Republicans – sensing traction with voters on the issue of offshore drilling – aren't giving up the floor.

[Energy's silver lining](#)

High oil prices are painful. But they're forcing positive changes in our economy and lifestyle.

[BP's output cut by 100,000 boepd in Caspian - source](#)

LONDON (Reuters) - BP Plc's share of oil and gas output cut at fields in the Caspian Sea is about 100,000 barrels of oil equivalent per day (boepd), a source close to the company said on Wednesday.

The amount affected is less than that implied by BP's equity stake in fields such as Azeri-Chirag-Gunashli and is because of the way the barrels are assigned under production-sharing contracts (PSCs). BP has lowered production at ACG oilfields in the Caspian Sea and has stopped pumping gas from the Shah Deniz field into a pipeline that runs to Turkey. It has not specified by how much output has been cut. "BP's net share is about 100,000 boe per day," said the source, who declined to be identified by name.

[Aluminum giant Rusal sues Lukoil over oil coke](#)

The world's biggest aluminum producer, Rusal, said Wednesday it was suing oil firm Lukoil in a Russian court for cutting the supply of oil coke to Rusal's facilities by almost half.

[Insight: Oil prices have peaked](#)

Thanks in no small degree to a drop in global demand, oil prices, after breaching \$147 per barrel, have tumbled more than 23 per cent to below \$113. Barring a big hurricane in the Gulf of Mexico or a disruptive geopolitical event, oil prices appear to have peaked.

World oil consumption is now growing at a significantly lower pace than had been imagined a year ago. Last October, the International Energy Agency was forecasting global demand growth for 2008 of 2.1m barrels a day, with 750kb/d from the OECD and 1.33mb/d from emerging markets. In their latest monthly report, the IEA has slashed this by more than 60 per cent to 800kb/d, with OECD demand actually forecast to decline by over 600kb/d and emerging markets demand to grow by 1.4mb/d.

In our judgment, the IEA's forecasts for emerging markets will turn out to have been far too optimistic by year's end and OPEC countries will again complain about the inability of oil importers to guarantee sufficient demand growth to warrant investments in expanded production capacity.

[Steve LeVine: A Roadblock to Russian Oil and Gas](#)

The Russian assault on Georgia has injected a specter of doubt into a U.S.-backed oil and natural gas route that had until now seemed safer than almost any other on which the West relies, analysts say.

[Rush to Arctic as warming opens oil deposits](#)

It's a scramble for the spoils of global warming as the rapid melting of Arctic sea ice is opening access to previously unreachable deposits of oil and gas, setting off a race by northern nations - including the United States, Canada and Russia - to claim them.

[Crude Oil Price Retreat: Sunrise or a Lull Before the Storm?](#)

Notwithstanding, many saw this July/August 2008 price retreat as a continuing stable trend to much lower levels and rejoiced over the permanent relief that much cheaper oil would bring. However, Robert Hirsch and his associates stated that as Peak Oil "is approached, liquid fuel prices and price volatility will increase dramatically" (2005, p. 4). We would be well warned to expect price volatility, with dramatic peaks and troughs, and that even if the oil price significantly retreats at times, this should not lull us into complacency. There have also been several precedents of oil retreating in price over recent decades, only to spring back again into new record price hikes (see graphs in Williams, 2007). The likely overall trend for oil will be aggressive price rises from the underlying causes of low supply and high demand.

[Raymond J. Learsy: Oil's Big Dirty Secret as Producers Rake in Hundreds of Billions](#)

...The Peak Oil Pranksters are ever ready to carry the message for the oil patch both here and everywhere working near overtime to heighten our anxieties about oil supply, programming us to pay ever more to the oil barons and sheiks.

But wait, suppose, just suppose they are wrong and willfully misleading us. That oil's origins are not, to repeat, not biological, according to the gospel we have been taught to believe. That in effect oil originates from deep carbon deposits dating to the very beginnings of the Earth's formation in quantities vastly greater than commonly thought. The very presence of methane in the solar system is cited as one of the key underpinnings of this theory's seriousness. Then by seepage through the earth's mantle, Abiotic oil becomes in essence a renewing resource migrating toward the Earth's crust until it escapes to the surface (i.e. Canada's tar sands as theorized by some) or trapped by impermeable strata forming petroleum reservoirs.

[Heating oil dealers get loan guarantees](#)

HARTFORD, CT — Fearing high prices might force a heating oil shortage this winter, the state is guaranteeing loans to dealers.

"The ripple effect of high fuel prices is having a tremendous impact on everyone," Gov. M. Jodi Rell said in a news release Tuesday. "It is likely that half of the 549 fuel oil dealers in Connecticut will need some assistance to buy their home heating oil from wholesalers."

[Ditching Oil, Converting to Gas](#)

Suzanne and Dave Francione figured they could reduce their heating bill by \$1,300 this winter by switching from oil to natural gas, so they called the utility company and plumbers. That was in May. Today, the couple is still waiting on their conversion, which won't be done until September because of a growing backlog of other Northeasterners desperate to abandon costly heating oil.

[Shell forced to withdraw two ads in U.K.](#)

LONDON — Royal Dutch Shell PLC violated industry rules by claiming in a newspaper ad that two oil projects in Canada and the United States involved sustainable forms of energy, Britain's advertising watchdog ruled Wednesday.

The Advertising Standards Authority investigated the Shell ad after a complaint from the World Wildlife Federation.

[ANALYSIS - India power woes, pricing trigger diesel surge](#)

NEW DELHI (Reuters) - Indian diesel demand is surging ahead at its fastest rate in a decade this year with little sign of abating soon as more companies and homeowners use it to generate emergency power supplies.

While India's endemic power shortages have been a fact of life for decades, only recently has the prospering middle class been able to afford diesel generators in order to keep their homes air-conditioned, or have domestic firms been profitable enough to buy units for fall-back electricity supplies.

And India's policy of subsidising diesel and petrol prices to control inflation -- helping keep it cheaper than other types of power fuel, such as fuel oil -- has helped maintain the momentum in diesel consumption, which may grow by 15 percent this year.

[Crude can make you cry and laugh](#)

It is estimated that over 75% of the oil produced today comes from oil fields older than 20 years, again underlining the fact that while there is no shortage today, and we're

skating on thin ice in the longer term. Crude oil is a crucial energy source over which wars have been – and will continue to be – fought and it is a news and price volatile commodity. So far there is not much on the energy horizon which makes it seem that crude prices will come down in a hurry.

[6 sippin' hybrid alternatives](#)

Check out these not-too-thirsty vehicles that give you fuel economy without giving up style and value.

[Cars that cut your gas bill in half](#)

(Fortune) -- Attention, horsepower-hungry: Fear not the exploding array of environmentally friendly alternative vehicles. They are a hopeful signal of the potentially mind-blowing stuff to come.

[What Is the Future of Suburbia? A Freakonomics Quorum](#)

Why do you like suburbs over [the] city? Be honest please, I never understood it, still don't. I might have serious problems, because I hate even looking at pictures of suburbs.

Respondents cited backyards, quiet and cheap living, and congestion-free commutes – the very sort of suburban characteristics that have started to change due to higher gas prices, more single-person households, and even refugees.

What will the future hold for suburbs? In an interesting article about Clifton Park, a suburb of Albany, N.Y., that has swollen mightily in past decades (and where I, during one long, hot summer, helped build new houses), here's what a local architect and urban planner, Dominick Ranieri, thinks may happen to suburbia: "If we don't change the patterns, we're in for a long and slow and arduous collapse."

[Peak Population](#)

We are faced with a crisis not because there are too many of us for the planet to sustain, but because we are collectively using up more resources than the planet can produce. This isn't just true with valuable commodities, like oil and ore. The most basic of resources are growing scarce as well—food, potable water, wood. While reducing consumption in first-world countries will go a long way in addressing this problem, a population that just keeps growing will eventually overwhelm the planet, regardless of consumption. And as formerly impoverished nations achieve moderate prosperity, their consumption grows, likely negating any environmental benefits from reduced population growth via poverty aid. Therefore, a two-pronged solution is needed: reduced consumption and staved population growth.

[Energy woes stir passions in Monied 'Burb](#)

Among Patchwork Nation's types of communities, Bucks County is a "Monied 'Burb." Its median household income at \$70,406 is well above the national median, according to the latest census figures from 2006. Despite the residents' complaints at the farmers' market, most wouldn't say this "Monied 'Burb" has taken a huge economic hit.

Still, high food and gasoline prices have put a crimp in residents' lifestyles and have begun to take a chunk out of their pocketbooks.

[Rigged: Why Does Offshore Drilling Dominate the Debate?](#)

If de Toqueville were to update his treatise on American politics, it would carry a new chapter: "Drilling in America." How on earth, in the middle of a war and an economic slowdown, did a handful of offshore oil rigs come to be the wedge issue of American politics?

[Inside the Nation's Largest Oil Refinery: Profits Total Only Three to Four Cents a Gallon, Refineries Say](#)

As gas prices rose last year, refineries couldn't produce enough gasoline to meet demand. The result was substantial profits. But in 2008, even after a summer of record gasoline prices, some of the nation's refiners have seen profits drop by as much 85 percent from a year ago.

As demand for refined products like gasoline has fallen while oil prices have soared above \$100 a barrel, refineries have suffered. The cost of oil, the basic ingredient refineries need to make gasoline, has risen faster than gasoline prices.

[Schools consider shorter work week](#)

OTTUMWA, IOWA -- As prices continue to rise on everything from groceries to gasoline, many are making cuts elsewhere in the budget.

In fact, our Fact-Finder team has learned that some schools across the country are considering cutting their five day work week to a four day work week to save on cash.

[Australia: Chamber chief goes nuclear over trading hours](#)

Chamber of Commerce and Industry WA chief executive James Pearson said Russia was

considering "two dozen" nuclear power plants to WA's nil.

"Nuclear is real, but not in WA," Mr Pearson said.

"It may be too much to ask from politicians who can't even deregulate shopping hours, but we live in hope."

[Council Would Fine Stores if They Cool the Sidewalks](#)

For many concerned about energy conservation, it's a pet peeve: Shopkeepers who blast the sidewalk with air-conditioning as a way to lure customers on hot days.

Now the City Council is expected to pass legislation on Thursday that would impose fines on stores that leave their doors wide open with the air-conditioning on.

[Mexico Sugar Output May Fall 3.1 Percent on Fertilizer Prices](#)

(Bloomberg) -- Mexico's sugar production may drop 3.1 percent next year because drier-than-normal weather limited crop growth and farmers used fewer nutrients after the cost of fertilizer jumped to a record, an industry group said.

[U.S. Retools Economy, Curbing Thirst for Oil](#)

The U.S. economy is starting to figure out how to curb its legendary appetite for energy.

Consumers are buying fewer sport-utility vehicles and more energy-saving washing machines. Some trucking companies have rejiggered their engines to max out at lower speeds. Gridlock is easing in California. Americans drove 9.66 billion fewer miles in May than they did a year earlier, a 3.7% decline, according to the Transportation Department.

With shipping costs surging, companies are rethinking overseas production, slimming down packaging and retooling distribution networks. Yogurt maker Stonyfield Farm is only sending out fully loaded delivery trucks. Procter & Gamble Co. is filling smaller bottles with more-powerful laundry detergent. Locally made products, from beets to beer, are becoming a more attractive choice.

[Black Hole](#): Oil prices aren't soaring because of speculators. They're gyrating because the fundamentals of the market have disappeared.

Back in January, when the price of crude was just below \$100 a barrel, I predicted a crash in the oil market. That would be the same oil market that has since superspiked

its way toward \$150 before falling nearly \$20 over the course of a few days in July. Some readers have demanded a retraction; others have offered to sell me their S.U.V.'s. However, I am sticking with my prediction: Within two or three years, the price of oil will drop to below \$50 a barrel. Indeed, I'm more bearish than ever.

[Gasoline prices tumble in U.S., California](#)

The escalating military conflict between Russia and Georgia and damage to a strategic pipeline in Turkey weren't enough to stop crude oil from continuing its downward slide Monday.

The drop reignited speculation that rocketing oil prices earlier this summer had more to do with speculative trading than with supply issues.

[BP shuts oil pipeline in Georgia, supplies still get through](#)

LONDON (AFP) - Energy giant BP announced Tuesday it had closed an oil pipeline because of fighting in Georgia but said oil and gas supplies continued to flow from the Caspian Sea to the West by other routes.

A BP spokesman confirmed the company had shut the Baku-Supsa oil pipeline in Georgia as a precaution, but said oil was still being transported to the Georgian Black Sea port of Batumi by train and through an Azeri-operated pipeline.

[Georgia On Our Minds](#)

Mission accomplished. By playing with the former Soviet republic of Georgia like a cat with a mouse, Vladimir Putin established who controls this valuable piece of real estate--and sent a message to the U.S. and anybody else who would find a secure route for Central Asian oil past Russian gatekeepers.

[India: Diesel demand soars, no fuel price cut](#)

NEW DELHI (Reuters) - India's diesel demand is growing at an unexpectedly high rate of 23-24 percent, the oil minister said on Wednesday, causing shortages in some regions.

[8 Ways to Profit if OPEC Dumps the Dollar](#)

Iranian President Mahmoud Ahmadinejad dropped a bombshell. And while it wasn't a nuclear one, it might as well have been.

He stated on the record at a rare gathering of the heads of the Organization of Petroleum Exporting Countries [OPEC] member nations have expressed a real interest in converting their cash reserves from the beleaguered U.S. greenback to the European euro. More specifically, Ahmadinejad referred to the U.S. dollar as "a worthless piece of paper."

[Curse of ancient Rome hangs over modern societies](#)

At the end of the day, the energy cost of the complexity of the Roman Empire was too great for a food-based energy system. Failure was inevitable.

It is tempting to apply Tainter's model to the predicament faced by the world today. There is seemingly a similarity between the declining marginal returns from the prevailing fossil fuel energy system and the declining marginal returns from defending the periphery of the Roman Empire.

[Fall in nuclear production hits British Energy](#)

LONDON: British Energy Group, the electricity producer part-owned by the government, announced a 65 percent fall in profit for the second-quarter on Wednesday, as the group's aging nuclear power stations' production declined.

[U.S. power grid in better shape 5 years after blackout](#)

Five years after the worst blackout in U.S. history, the nation's electrical system is far better equipped to prevent another big outage, but significant shortcomings remain, federal officials, grid operators and consultants agree.

[Over 33,000 buyers signed up for GM electric car](#)

DETROIT (Reuters) - In a bid to show the demand for the upcoming all-electric Chevrolet Volt, a proponent of the car has released details of an unofficial waiting list for the vehicle with over 33,000 prospective buyers.

[Heating oil prices turn firewood into hot commodity](#)

DURHAM, Maine — On a recent scorching-hot summer day, workers at Reed's Firewood used heavy equipment to cut and split logs into firewood until it was too dark to see.

Despite its relentless pace, the family-run business is failing to keep up with demand as

homeowners shellshocked by the price of heating oil look to firewood as a way to lower their bills this winter.

The cost of seasoned firewood in Maine has jumped about 50% from a year ago, but it remains a relative bargain compared with heating oil, which is nearly \$2 a gallon more than it was last year. Many customers are doubling their usual orders, and some firewood dealers are turning away customers. "We've really never seen anything like this before," said Lloyd Irland, who teaches forestry economics at Yale University.

[Improved Reaction Data Heat Up The Biofuels Harvest](#)

High food prices, concern over dwindling supplies of fossil fuels and the desire for clean, renewable energy have led many to seek ways to make ethanol out of cellulosic sources such as wood, hay and switchgrass. But today's processes are notoriously inefficient.

[Farmers mend their watering ways](#)

Since 2003, farmers in southwest Georgia have conserved more than 10 billion gallons of water over 75,000 acres — enough to meet the annual water needs of more than 250,000 people, according to the Flint River Basin Program.

"What's encouraging about what they're doing in Georgia is that it can be duplicated elsewhere," says Doug Toews, national water management engineer with the U.S. Department of Agriculture's Natural Resources Conservation Service. "It's been a success, and it's very workable. The impacts are significant."

[Threat to elderly as climate changes](#)

ACTION is needed to better protect elderly people from the future effects of climate change, claim leading academics.

They made their call in the first national report to examine the impact of climate change on an ageing population The report, Growing Old in a Changing Climate, aims to stimulate wider debate on the issue, and appropriate policy responses from institutions, politicians and older people.

[Hot subways to floods, all part of NYC climate risk](#)

NEW YORK (Reuters) - New York City Mayor Michael Bloomberg on Tuesday announced an in-depth study of perils the city faces from climate change, ranging from overly hot subways to shoreline floods.

[Human activity, El Nino warming West Antarctic: study](#)

NEW YORK (Reuters) - Human activity and the El Nino weather pattern over the last century have warmed West Antarctica, part of the world's coldest continent, according to a study based on four years of collecting ice core data.

The West Antarctic warmed in response to higher temperatures in the tropical Pacific, which itself has been warming due to weather patterns like a major El Nino event from 1939 to 1942 and greenhouse emissions from cars and factories, according to the study.

"An increasingly large part of the signal is becoming due to human activity," said the study's lead author David Schneider of the National Center for Atmospheric Research.



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