



## DrumBeat: August 17, 2008

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Topic: [Miscellaneous](#)

### [Peak oil is coming, and we're unready](#)

Has the world already reached peak oil, a time of permanently high oil prices and shortages that will profoundly change our way of life? The answer, I think, is likely yes, but the proximity of this catastrophe is not the most important question to ask.

Oil is a finite natural resource; sooner or later, the supply will peak. Jeroen van der Veer, chief of Royal Dutch Shell, earlier this year predicted 2015 as the year the world reaches peak production. John Hess of Hess Corp. said: "An oil crisis is coming in the next 10 years. It's not a matter of demand. It's not a matter of supplies. It's both."

Whether peak oil is already here or on its way, we'll have to deal with it.

### [Shock waves spread as oil bubble bursts](#)

THE exposure of the oil price boom as a speculative bubble has been the catalyst for a change in world financial flows, and the ripples are now spreading through currency, commodity and financial markets.

### [Giving Our Children a Gas Crisis of Their Very Own](#)

The class of '08, having survived one of the most bruising college admissions seasons ever, will face an even tougher real world four years hence. Though Barbara Ehrenreich's best-selling book on the ordeals of low-wage American workers, "Nickel and Dimed," was required summer reading in high school, Sam grudgingly admits that he's privy to a more affecting set of economic indicators when he punches the time clock.

Some of his co-workers have lost their homes in foreclosure; others have lost their cars. One young man parks his car at a different pal's home every night — just a step ahead of the repo man. There are more and more employee scooters and bikes in the market parking lot. With no bus service available, some adult workers with families have begun the grim calculations as to whether they can afford to keep jobs half an hour's distance from home.

## [Oil companies pull workers on threat from storm Fay](#)

HOUSTON (Reuters) - Shell Oil Co and Marathon Oil Corp pulled nonessential workers from the eastern and central Gulf of Mexico due to the threat of Tropical Storm Fay, but offshore production was unaffected, the companies said on Sunday.

Shell said about 200 workers were evacuated on Sunday from the eastern Gulf, the same number the company evacuated from that region on Saturday. Marathon said the number evacuated from the central Gulf was not immediately available.

## [Drilling for Oil Way, Way Offshore](#)

Whatever that means for offshore drilling in the U.S., the real victims of the global thirst for petroleum will be overseas — areas that, until the recent price rise, were too remote and forbidding to be worth drilling. Case in point: the vast, impenetrable western reaches of the Amazon.

## [Richard Heinberg: Losing Control](#)

The trajectory of our relationship with control is about to change. With the end of cheap fossil fuels, and therefore the end of cheap energy, our ability to control our environment begins to wane. This of course has abundant practical implications, but also a collective psychological, even spiritual impact.

Once we lived with a sense of our own limits. We may have been a hubristic kind of animal, but we knew that our precocity was contained within a universe that was overwhelmingly beyond our influence. That sensibility is about to return. Along with it will come a sense of frustration at finding many expectations dashed.

## [Iraq likely to abandon short-term oil contracts - US](#)

Iraq - BAGHDAD (Reuters) - The Iraqi government is likely to abandon plans to sign short-term contracts with foreign oil companies, negotiations over which have been halting, a senior U.S. diplomat in Baghdad said on Sunday.

"It appears that on present form (the Iraqi government) probably won't proceed with most of these or all of them," Charles Ries, coordinator for Iraq's economic transition at the U.S. embassy in Baghdad, told reporters.

## [Fiji: Canned food runs out on Rotuma](#)

SHOPS on Rotuma have run out of canned food as a result of poor shipping services.

Itumuta villager and shop owner Kensington Fatiaki said most small shops have run out of tinned fish and meat.

...In June, shops and supermarkets on Rotuma ran out of food supply and fuel because there have not been any shipping service to the island this month.

Children had to walk up to 10 kilometres to get to school.

### [Green fuel for the airline industry?](#)

Aviation is uniquely vulnerable to the consequences of peak oil – the point at which global oil production begins its inevitable decline. Whereas land-based transport could in theory be completely electrified, powered by batteries charged from renewable sources, there is no alternative to energy-dense liquid fuels for jet engines. There is a growing consensus that global oil production will peak in the next decade or so and then go into terminal decline. Some analysts believe it already has: output has been essentially flat since 2005 despite soaring demand, which is why the price is heading skyward. Even the traditionally optimistic International Energy Agency now foresees an oil “supply crunch” from 2012. For airlines the problem could soon be not just whether they can afford jet fuel, but whether there is enough of it to go round.

### [Global warming aside, fresh water dwindling](#)

Climate change has the potential to alter both water supply and demand. According to the Intergovernmental Panel on Climate Change's Fourth Assessment report in 2007, increasing temperatures suggest increased evaporation and decreased stream flows, as well as rising seas that could contaminate freshwater estuaries and groundwater resources. Increasingly variable precipitation will likely mean more frequent high-intensity droughts and floods and less available rainfall in arid and semiarid regions, including Arizona.

### [A Push to Increase Icebreakers in the Arctic](#)

A growing array of military leaders, Arctic experts and lawmakers say the United States is losing its ability to patrol and safeguard Arctic waters even as climate change and high energy prices have triggered a burst of shipping and oil and gas exploration in the thawing region.

The National Academy of Sciences, the Coast Guard and others have warned over the past several years that the United States' two 30-year-old heavy icebreakers, the Polar Sea and Polar Star, and one smaller ice-breaking ship devoted mainly to science, the Healy, are grossly inadequate. Also, the Polar Star is out of service.

And this spring, the leaders of the Pentagon's Pacific Command, Northern Command

and Transportation Command strongly recommended in a letter that the Joint Chiefs of Staff endorse a push by the Coast Guard to increase the country's ability to gain access to and control its Arctic waters.

### [Will the Power of 4 \(\\$4 Gas\) Fade?](#)

When I sought guidance on what happened on the roads after the last oil shocks, Matt Wald, my longtime colleague and expert on all things that move, sent a link to federal data showing that indeed, [driving declined after the 1979 oil disruption](#), but then resumed its long upward march.

### [Skyrocketing prices for road salt hammers local municipalities](#)

County municipalities estimated they would need 20,000 tons of salt this winter, but the Central Salt contract does not require them to buy that much or, in turn, prevent them from ordering more if they need it. Most county municipalities wound up needing much more salt than they anticipated last winter, a development that led to severe supply shortages toward the end of the winter as Central Salt struggled to keep up with runaway demand here and across the country.

That supply shortage has carried over into this year, contributing to the higher prices, said Larry Googins, president of the Beaver County Regional COG. Also factoring into the increased salt prices are high fuel costs, which are making salt shipping more expensive, Googins said.

"It's going to be a financial burden for a lot of our municipalities," Googins said. "We're not exactly thriving here, and none of the municipalities budgeted for this type of increase."

### [Bus route changes help district balance budget](#)

CORPUS CHRISTI — When Anne Benning learned a change in her son's bus route this school year would mean he would have to walk almost the same distance to the new bus stop as to the school, she decided she would stomach the high gas prices and drive him each day.

### [Asphalt shortage, skyrocketing prices challenge paving industry](#)

Gas prices affect almost everything. Over the past year, skyrocketing fuel prices have boosted the costs of goods and services. Hailing a cab is more expensive in some places, as is buying a sandwich.

But the items transported along the country's roads are not the only ones getting more

expensive. The cost of the roads themselves are going through the roof.

Driven by a combination of high oil prices and a drop in supply, asphalt prices have more than doubled since the beginning of the year. The sudden and drastic increase has left local paving contractors and municipalities trying to figure out how to compensate.

### [In Ukraine, Fear of Being a Resurgent Russia's Next Target](#)

Tensions between Russia and Ukraine have been high for years. Mr. Yushchenko, like Mr. Saakashvili in Georgia, has sought stronger ties with the West, including membership in NATO, which Russia has said would threaten its security. In early 2006, Russia cut off natural gas supplies to Ukraine, in a bold maneuver to weaken Mr. Yushchenko's government.

### [Childbirth: Highway Proximity Linked to Birth Weight](#)

They found that compared with living in a wealthy neighborhood farther away, living in a wealthy neighborhood within 220 yards of a highway was associated with a 58 percent increased risk of preterm birth, an 81 percent increased risk of low birth weight, and a 32 percent increased risk of being small for gestational age.

### [Champion Cyclist and Now Champion Guzzler of Austin Water](#)

Say it ain't so, Lance.

In July, Mr. Armstrong, who won the Tour de France seven times, used a whopping 330,000 gallons of water at his lush Spanish-colonial home, with an acre of gardens and a swimming pool, city water authority officials said.

This tremendous flow of H<sub>2</sub>O, which is 38 times what the average household in the city uses in the summer, comes as Texas is going through a dry spell and officials are asking people to cut back on watering their lawns.

### [Suffering is relative for inflation-hit Saudis](#)

RIYADH (Reuters) - With inflation rising across the Gulf Arab region, Saudi Arabia's perennial problem of unequal distribution of wealth has never been so obvious.

While poor Saudis queue for hours to obtain water in the kingdom's second city Jeddah, others are able to take advantage of America's new-found disdain for gas-guzzling four-wheel-drives by snapping up imported cars.

Thousands of couples are cutting costs by forgoing individual weddings in favour of mass

ceremonies carried out by a charity backed by Saudi princes. But the affluent are still going on holidays, albeit opting for cheaper stays in neighbouring Arab countries rather than trips to Europe or Asia.

Surging oil prices have triggered a turnaround in Saudi Arabia's economic fortunes and a return to some of the big spending -- by wealthy individuals and the monarchy -- that characterised the 1970s and 1980s.

But the economic boom has also stoked prices for food and fuel, leading to discontent in a rapidly changing country where around two-thirds of the 17 million-strong local population are under 30, educated and outspoken and aware of events abroad.

### [Georgian rail bridge blast hits Azeri oil exports](#)

BAKU (Reuters) - Azerbaijan suspended oil exports through ports in western Georgia on Sunday after an explosion damaged a key rail bridge there.

Georgia accused Russian troops of blowing up a railway bridge west of the capital Tbilisi earlier in the day, saying its main east-west train link had been severed. Russia strongly denied any involvement.

### [McCain: Georgia conflict threatens energy supplies](#)

COSTA MESA, California (Reuters) - Republican presidential candidate John McCain on Saturday criticized Russia's military operations against Georgia, arguing the conflict poses a grave threat to world energy supplies.

In his weekly radio address, the Arizona senator said a disruption of energy supplies abroad could raise prices, "inflicting great harm on our economy and on America workers."

### [France Reaffirms Its Faith in Future of Nuclear Power](#)

Here on the Normandy coast, France is building its newest nuclear reactor, the first in 10 years, costing \$5.1 billion. But already, President Nicolas Sarkozy has announced that France will build another like it.

Flamanville is a vivid example of the French choice for nuclear power, made in the late 1950s by Charles de Gaulle, intensified during the oil shocks of the 1970s and maintained despite the nightmarish nuclear accidents of Three Mile Island and Chernobyl.

[Inflation gets right down to the real nitty-gritty](#)

As energy prices continue to rise, even dirt isn't cheap anymore.

[Ethanol byproduct makes cows happy](#)

David Fremark, who operates a feedlot in Miller, S.D., said using distillers grains shaves about 25 percent off the cost of his feed bill. Distillers grains typically track corn prices but in recent weeks have been about 20 percent cheaper.

"The animals love it," he said. "I don't look at my local ethanol plant as an ethanol plant. It's a feed plant to me."

...Critics say distillers grains are no substitute for a plentiful, inexpensive feed corn supply.

Distillers grains are not readily available in the South and West and it's too costly to ship them there, said Colin Woodall, executive director of legislative affairs for the National Cattlemen's Beef Association.

[Windmills split town and families: Fallout from green energy; 'Is it worth destroying a whole way of life?'](#)

He hates the sight and he hates the sound. He says they disrupt his sleep, invade his house, his consciousness. He can't stand the gigantic flickering shadows the blades cast at certain points in the day.

But what this brawny 48-year-old farmer's son hates most about the windmills is that his father, who owns much of the property, signed a deal with the wind company to allow seven turbines on Yancey land.

"I was sold out by my own father," he sputters.

[Airlines push for homegrown alternative get fuel formula](#)

PHOENIX (AP): With the price of oil still above \$100 a barrel, everything from wood chips to chicken fat is being scrutinized as an alternative to traditional fuel. But when it comes to airplanes, finding the right mix poses a special challenge. "When you're in an airplane, you don't want your fuel to start solidifying," said Robert Dunn, a Department of Agriculture chemical engineer who is studying biodiesel jet fuel. The airline industry is aggressively pushing for homegrown alternatives to petroleum-based jet fuel, while leaning on customers with a variety of new travel charges to help control a projected \$61 billion industrywide fuel expense this year. A number of alternatives to standard jet fuel have been studied for years, though aircraft manufacturers say the challenge is to find ideas that will work now.

### [Russia proposes tax hike, oil funds reform](#)

MOSCOW - Russia's Finance Ministry unveiled a draft fiscal strategy to 2023 on Sunday, proposing to raise social security taxes from 2010 and reform the \$162 billion oil wealth funds to back up the pension system.

Under the proposal, Russia's oil revenues will be redistributed between the liquid Reserve Fund designed to support the budget in case the oil price falls and the National Wealth Fund (NWF), earmarked for riskier investment.

### [Arctic Tribe Fights Oil Development in Refuge](#)

OLD CROW, Canada—Tribal leaders here have renewed their fight against proposed oil and gas drilling in the Arctic National Wildlife Refuge during a gathering in July, the Native American Times reports.

### [Russia's Georgia Invasion May Be About Oil](#)

The conflict between Russia and Georgia is about borders and political power. But dig deeper, and you may find natural gas, oil and a stronger Russia vying for control of those resources are key factors.

"They [the Russians] sent a message that Georgia has been their backyard, was their backyard and will be their backyard," said Cliff Kupchan of the Eurasia Group, who has studied Russia and its economy and was a State Department officer during the Clinton administration. "And included in that is control of the energy transportation routes in that area."

### [Sour gas aftermath](#)

For 20 years the gas pipe was not fixed to the wall properly. Now, after the propane blast, it's a problem.

### [Reduce oil consumption at home](#)

Even if you think that climate change (and all that melting ice) is a hoax perpetrated by woolly headed tree huggers, traditional Yankee thrift would convince you that the smartest course is to cut down on our consumption. We use twice as much oil per capita as the other developed countries, so there is a lot of room to cut.



## [Kenya: China Strikes Wells of Hope in Kenya](#)

China has spent Sh3.7 billion in an aggressive search for oil in Eastern Province and says initial tests show "positive results", the Sunday Nation can reveal.

Industry experts said Chinese optimism is not surprising: oil was discovered at Loperot, 100 kilometres South of Lodwar by Shell in 1992 and the Chinese are prospecting in the same basin.

## [Democrats waver over offshore drilling ban](#)

Under fire from Republicans, top Democratic politicians in the United States are considering lifting a ban on new offshore oil drilling.

The issue is now at the forefront of the presidential election, as Republican candidate John McCain has made allowing new drilling one of the centrepieces of his campaign, claiming that it will help drive down petrol prices.

## [Book club participants' take on 'The Long Emergency'](#)

It's one thing to assume that technology will find clever replacements to heat and cool us, and for the internal combustion engine to transport all 6 billion of us to our individual daily destinations. But it's quite another to imagine a replacement system for our present oil- and natural gas-based agriculture. In this respect, the agrarian practices of the 1800s will have enormous value to future generations, who will have to feed themselves without the incredible, portable power of gasoline and diesel to run tractors, tillers, threshers and the whole motor pool of modern agricultural equipment.

## [Part Two Of Frank Rich, Arianna Huffington, & Dwight Garner Are Liars, Deceivers, And Traitors](#)

Peak oil has been kept a corporate and government secret since 1956. We could have been planning for it all along had not a cadre of corporate and government power brokers diverted our public wealth into their self serving strategies.

A secret kept for fifty-six years — and one that has to do with husbandry of the very planet and its ability to sustain life? Well, keeping a secret like that is made possible, says Goldman, because Americans, in general, seem averse to contemplating reality. Up until now it's been easy to get away with it, for as long as energy was cheap we were all free to pursue personal interests and put most everything else out of our minds. But soon reality is going to confront us at every turn. For some, it's already happening.

## [America, the next chapter](#)

Global warming, economic stagnation and growing poverty for a majority of the population, plus peak oil, massive debt and misguided foreign policies are all ticking time bombs.

But now that we see them, let's cure them.

## [Some vintage-car buffs downshifting hobby](#)

Classic-car shows across the USA are still attracting crowds similar or just a bit smaller than previous years this summer. Dream Cruise spokesman Don Tanner says the event is expected to draw more than 40,000 cars and 1 million spectators Saturday, about the same as last year.

But owners and organizers say participants are making adjustments, such as going only to shows near home, tweaking their cars for better mileage and skimping on hotels and meals.

## [US gets ready to blow its economy away](#)

All the fashionable talk is of how fossil-fuels must be replaced by massively subsidised sources of "renewable" energy, such as vast arrays of solar panels, even though a recent study showed that a kilowatt hour of solar-generated electricity costs between 25 and 30 cents, compared with 6 cents for power generated from coal and 9 cents for that produced by natural gas.

What is terrifying is the extent to which America's leading politicians seem oblivious to the economic realities of what they are proposing. The readiness of Messrs McCain and Obama to posture in front of pictures of virtually useless wind turbines symbolises that attitude perfectly.

## [Climate change could sink much of Cape Town](#)

Johannesburg - Climate change could lead to large parts of South Africa's most popular tourist destination being flooded, according to a new study quoted by the country's Sunday Times newspaper.

The area around Cape Town would, says the report, have to deal with a rapidly rising sea level along its 300 kilometer coastline, as well as waves up to 6.5 metres high within the next 25 years.



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