



DrumBeat: August 28, 2008

Posted by [Leanan](#) on August 28, 2008 - 10:08am

Topic: [Miscellaneous](#)

[Russia may cut off oil flow to the West](#)

Fears are mounting that Russia may restrict oil deliveries to Western Europe over coming days, in response to the threat of EU sanctions and Nato naval actions in the Black Sea.

Any such move would be a dramatic escalation of the Georgia crisis and play havoc with the oil markets.

Reports have begun to circulate in Moscow that Russian oil companies are under orders from the Kremlin to prepare for a supply cut to Germany and Poland through the Druzhba (Friendship) pipeline. It is believed that executives from lead-producer LUKoil have been put on weekend alert.

"They have been told to be ready to cut off supplies as soon as Monday," claimed a high-level business source, speaking to The Daily Telegraph. Any move would be timed to coincide with an emergency EU summit in Brussels, where possible sanctions against Russia are on the agenda.

[The Peak Oil Crisis: Summer's End](#)

While waiting to see how much damage this week's hurricane will do, it is a good time to review recent developments in the world's petroleum and economic situations for their relevance to peak oil.

Should it look as if the current hurricane is going to tear up the Gulf oil fields and the coastal refineries, it might not be a bad time to go out and fill your tank for U.S. gasoline stocks are unusually low. Any supply or refining disruptions in the next week or so have a good chance of resulting in spot shortages of gasoline.

These shortages in turn just might lead to the fabled "run of the pumps" in which 230 million drivers rush to their gas stations and start topping off tanks. In a matter of hours millions and millions of gallons would be transferred into consumer's tanks and it likely would take weeks to sort out the ensuing mess. At a minimum it would give those people running for President or Congress in November something to talk about. If it happens, it will be fascinating to watch.

[Bering Glacier Melting Faster Than Scientists Thought](#)

HOUGHTON, MI - A new system of measuring water melt shows that the Bering Glacier--the largest glacier in North America--is melting at double the rate that scientists thought. The glacier is releasing approximately 30 cubic kilometers of water a year, more than twice the amount of water in the entire Colorado River, said Robert Shuchman, co-director of the Michigan Tech Research Institute (MTRI).

"This could potentially change the circulation of coastal currents in the Gulf of Alaska," Shuchman said. Those currents are key factors in tempering climate, redistributing nutrients in the water and providing adequate food for the salmon and marine animals, he explained.

As glaciers melt, sea levels rise, and "sea level rise affects everyone," Shuchman added. "If it continues to rise at this rate, parts of the state of Florida could be under water at the turn of the next century."

[Georgia crisis could thwart EU project to bypass Russia for natural gas](#)

BERLIN: The crisis in Georgia could be the final blow for the Nabucco natural gas pipeline across the Caucasus - an €8 billion project backed by the European Union - dealing a serious defeat to the Continent's efforts to wean itself from Russian energy.

With Georgia still in turmoil and Russia's recognition of the independence of the breakaway Georgian regions of South Ossetia and Abkhazia, analysts said investors and creditors of the \$11.8 billion project would be even more wary of putting their money into a project already running behind schedule. The pipeline is designed to skirt Russia and deliver natural gas from Azerbaijan directly to Europe, stretching over 3,000 kilometers, or about 1,800 miles, from Turkey's borders with Georgia or Iran to Austria.

"Who is going to finance the Nabucco project now, let alone supply it with the gas it needs?" said Borut Grgic, director of the Institute for Strategic Studies in Ljubljana, Slovenia. "Nabucco is all but dead."

[Brazil: A funny kind of reward](#)

Yet just as Petrobras has struck a bonanza, Brazil's government is debating whether to create a new, wholly state-owned, oil company to maximise its profit from the new fields. This echoes a campaign in the 1940s that led to the creation of Petrobras in the first place, under the slogan "the oil is ours". But much of Petrobras's new stature and success comes from the decision of a previous government to float 60% of its shares on the stockmarket and to open up the oil industry, allowing foreign firms in as partners and competitors.

[As food prices soar, Brazil and Argentina react in opposite ways](#)

da Silva's government recently announced record farm credits, a form of indirect subsidy, to encourage Brazil's farmers to produce more while the price of their exports are high on world markets, a move that should improve Brazil's economy. But Argentina, Brazil's economic and political archrival, decided to share the agricultural windfall at home.

Worried about the wave of inflation rippling around the world, the government of President Cristina Fernández de Kirchner of Argentina increased export taxes on some crops, a move meant to keep down domestic food prices by encouraging farmers flush from global profits to sell more at home.

[Investment banks see opportunities in crumbling roads and bridges](#)

NEW YORK: Cleaning up roadkill and maintaining runways may not sound like cutting-edge investments. But banks and funds with big money seem to think so.

Reeling from more exotic investments that imploded during the credit crisis, Kohlberg Kravis Roberts, Carlyle Group, Goldman Sachs, Morgan Stanley and Credit Suisse are among the investors who have amassed an estimated \$250 billion to finance a wave of infrastructure projects in the United States and overseas.

[China has head start over West for Iraq oil](#)

DUBAI (Reuters) - China crossed the line first in the race for big oil contracts in post-Saddam Iraq and has gained a head start over Western oil majors in the competition for future energy deals.

China's biggest oil company, state-run CNPC, agreed a \$3 billion service contract with Iraq on Wednesday.

The deal could set a precedent for terms that fall far short of the lucrative contracts the oil majors had hoped for as they jostled for access to the world's third largest oil reserves.

Starved of investment since the Gulf War of 1990-1991 and the subsequent U.S.-led invasion of 2003 that removed former President Saddam Hussein, Iraq holds some of the world's last large, cheap, untapped oil reservoirs.

"The biggest significance of this deal is that CNPC will benefit as the first international oil company to be developing one of the giant discovered oil fields in Iraq in the new era," said Alex Munton, analyst at global consultancy Wood Mackenzie.

[Northeast and Northwest Passages Both Free of Ice](#)

For the first time ever, both the Northwest and the Northeast Passages are free of ice. Shipping companies have been waiting for this moment for years, but they will have to wait a little while longer before they can make use of the Arctic shortcut.

[Bayer on defensive in bee deaths](#)

Bayer CropScience is facing scrutiny because of the effect one of its best-selling pesticides has had on honeybees.

A German prosecutor is investigating Werner Wenning, Bayer's chairman, and Friedrich Berschauer, the head of Bayer CropScience, after critics alleged that they knowingly polluted the environment.

[Some fuel terminals have short-term outages](#)

BISMARCK, N.D. - Industry officials say they are mystified by fuel shortages at terminals in the Upper Midwest in recent days, but they expect enough supplies for the Labor Day holiday weekend.

Terminals have run out of fuel in West Fargo and Grand Forks in North Dakota; Alexandria, Minn.; and Sioux Falls, S.D.

Officials are trying to figure out why.

[Lester R. Brown: Raising Water Productivity](#)

With water shortages emerging as a constraint on food production growth, the world needs an effort to raise water productivity similar to the one that nearly tripled land productivity during the last half of the twentieth century. Worldwide, average irrigation water productivity is now roughly 1 kilogram of grain per ton of water used. Since it takes 1,000 tons of water to produce 1 ton of grain, it is not surprising that 70 percent of world water use is devoted to irrigation. Thus, raising irrigation efficiency is central to raising water productivity overall.

[Brazil's debate over new oil wealth heats up](#)

SAO PAULO (Reuters) - Brazilians have long joked that Brazil is the country of the future, and always will be. But since massive oil reserves were found off its coast last year, many feel the future may have finally arrived.

From the halls of Congress in Brasilia to the bars of Sao Paulo, Brazilians are fiercely debating what to do with the newfound oil wealth. Newspapers are running cover stories and editorials on the issue almost daily, drawing parallels to a "The Oil is Ours" campaign that led to the creation of state petroleum company Petrobras in the 1950s.

[Russian oil and gas export interruptions](#)

LONDON (Reuters) - Russia has cut oil and gas supplies to neighbors and indirectly to onward customers in recent years.

The following is a list of some supply interruptions and the reasons offered for them.

[Natural gas cars: Clean, green, going nowhere](#)

The GX is the only production car available in the United States that runs on compressed natural gas, or CNG, and is sold only in New York and California, the two states where there are enough refueling stations. The Big Three U.S. automakers ceased making such vehicles a few years ago.

The limited availability of fueling stations and the car's restricted range are other drawbacks.

[High gas prices ground Diddy's private plane: Rap impresario forced to fly ... gasp! ... commercial!](#)

NEW YORK - Even Diddy's complaining about high prices at the pump. The rap mogul took to his YouTube video blog to rant about the rising cost of gas, which he says has grounded his private jet.

[Level with us: America needs a stiff dose of the truth](#)

You don't get elected president, or dog catcher, in America by suggesting that citizens change their profligate lifestyles. America is all about excess and consumption, forever and ever. The fantasy that keeps us going is that by the time the oil runs out we will have made a smooth transition to "alternative energy" sources. And everything else will remain exactly as it is. Each house will still have two or more cars (fueled by Dumpster scum or sunflower seeds), all our myriad machines will still run on electricity, things we no longer want (after being used for minutes, days or weeks) can be dumped in the landfill or "recycled," and the climate will go back to being "normal." Conventional wisdom says it is political suicide to tell voters the truth — that is, that everything in the above paragraph is a delusion. However, as Orwell said, "If liberty means anything at all, it means the right to tell people what they don't want to hear." And to keep what is

not pleasant to hear, but truthful, from people is suicide of a different sort.

Obama and Biden, McCain and Romney (or whomever) have yet to address the substantive issues facing the nation down the road environmentally and economically. The truth is that we are collectively walking headlong into a hurricane while pretending to be out for a stroll in the park. If the next financial quarter shows an uptick, the nation's designated "experts" will declare that it's back to "business as usual."

[Japan military may run out of gas money this year](#)

TOKYO: Japan's military may use up its annual fuel budget months early this year, despite running some ships and planes at low power and cutting back on major exercises.

Faced with fuel costs that exceed spending plans by 60 percent, the Self Defense Force has scaled back training missions involving jets and ships, vehicles are being run at slower speeds, and more passengers are being squeezed in per trip in order to conserve fuel, a Defense Ministry spokeswoman said on condition of anonymity, citing protocol.

"If fuel prices keep increasing we won't be able to cover it, and we will have to make a request to ensure we have sufficient funds," the spokeswoman said.

She refused to say the fuel shortage would affect Japan's foreign operations, such as dispatches in support of U.S.-led forces in Iraq, but she denied that the country's defense would be compromised.

[World's main energy source likely to change](#)

"We won't ever run out of oil, just like we never ran out of whales."

That's the main message from an expert who has studied change in the world's primary energy source over time. He understands why gas and oil prices are sky high and explains it's all just part of the historic cycle needed for a major energy shift.

[Jordan to provide Lebanon's electricity](#)

Jordan has expressed readiness to provide Lebanon with 50-70 megawatts of electricity a day to help the country meet a drastic shortfall.

Jordan said on Wednesday it has offered to sell power-starved Lebanon electricity at special prices until the end of 2009, local daily The Jordan Times reports.

[Saudi inflation may continue, but at a slower pace](#)

Inflation is a key challenge across the Gulf region, where currencies are pegged to the ailing dollar, as their economies surge on windfall revenues from oil that has been racing to record highs.

[Pakistan: Power generation declines due to high cost of oil](#)

MANY power sector experts attribute the alarming rise in outages to either incompetence of power authorities or a deliberate attempt by them to produce less electricity in view of high oil rates.

They have a point as according to WAPDA's own data, the total installed electricity generation capacity in the country, besides around 350 MW nuclear power plants, is 17,724 MW. The net production after accounting for operational or capacity loses is 16,008 MW.

[On an Upstate Wind Turbine Project, Opinions as Varied as the Weather](#)

It's a long way from the hellish fires in Southern California or the scary drought in the Southeast to the Catskills. But for those contemplating the issues of climate change and the roadway to greener energy, it's not so far away at all. Whatever role climate change may be playing right now, it's clear that even something so elemental as the wind is as subject to the vagaries of politics, self-interest and community dynamics as anything else.

"I will say this just once: not in my backyard," Mr. Many said, when asked to characterize the discord. "People in Delaware County think it ought to be in the Adirondacks. People in the Adirondacks think it should be in the ocean off Massachusetts. Teddy Kennedy thinks it should be somewhere else. Everyone wants alternative energy, but no one wants it where they have to look at it."

[Biofuel buses could hit end of line](#)

Amid concerns over rising fuel costs and the growing worldwide debate over the environmental benefits of biofuels, Toronto's transit agency will consider abandoning the use of biodiesel for its massive bus fleet.

In a meeting tomorrow, the nine city councillors who oversee the Toronto Transit Commission will debate a report that advises the agency to quit using its current fuel, made with 5 per cent soya bean oil, because of "the serious financial issues facing the commission."

[McCain Popularity Rises With Gas Prices](#)

As gas prices rose, so did John McCain's popularity. That's no coincidence, agreed a panel of environmental thinkers gathered a few blocks away from the Democratic National Convention in Denver.

And, they said, that's the Democrats fault.

"Average people paying \$4 at the pump were saying, 'OK, what's the plan?' and there wasn't a plan," said Sen. Ben Nelson, D-Neb., a former two-term governor.

Republican candidate McCain had a plan: "Drill here, drill now." Democrats scoffed at that, but their plans seemed poised to raise people's energy bills, the group said.

[Excessive loadshedding sparks protests across Peshawar](#)

Protest rallies continued across this provincial metropolis Wednesday as the Peshawar Electric Supply Company (Pesco) failed to ensure an uninterrupted power supply to consumers on the third consecutive day.

The hours-long power shutdowns badly affected the daily life. The electricity breakdowns duration touched over 15 hours in different parts of the city and its suburbs. Complaints of power disruption were received from Hashtnagri, Sethi Town, Garhi Atta Mohammad, Garhi Qamardin, Kohat Road, Dilalazak Road, Saeedabad, Gulberg, Nothia, Lahori Gate, Karimpura and areas close to Ring Road.

The enraged protesters on Wednesday blocked the main GT Road at various points, including Hashtnagri, Gulbahar Chowk, Chamkani, Tarnab Farm and Lala Kalay. The residents of Hazar Khani blocked the Ring Road for over two hours, making the passengers to suffer.

[India: Transport union warns of stir over diesel](#)

CHENNAI : The All India Motor Transport Congress (AIMTC) on Wednesday reiterated its demand that the state and central governments set up a high level enquiry commission to go into the reasons behind the increasing diesel scarcity.

[It Is Time for the US to Sell Its Highways](#)

It's difficult to imagine a person not having heard the old axiom "Buy low, sell high", and it is prudent advice when you are making financial decisions. It's the second part of that adage that might warrant a look at our strategy for infrastructure improvement in this country. If you are looking to make the maximum amount of money by selling something you want to sell that something when it's at its highest value. I wonder then,

is it time for our government to sell its infrastructure? You know, since the effects of Peak Oil are beginning to make themselves felt, the value of the infrastructure developed to serve cars running on cheap oil will decline each year into the future; starting soon. Selling high might mean selling soon.

[Tehran exploits US- Russian tensions](#)

WASHINGTON - Iran could emerge as a big winner, at least in the short term, from the rapidly escalating tensions between the United States and Russia over Moscow's intervention in Georgia, according to analysts here.

Whatever waning chances remained of a US military attack on Iran before President George W Bush leaves office next January have all but vanished, given the still-uncertain outcome of the Georgia crisis, according to most of these observers.

[Thistle Creek plan to include some energy efficient homes](#)

Eastman is currently employing some of his energy efficiency ideas to renovate the Electroshield facility on High Street where his company produces building connectors. He has been aware of peak oil issues since his high school days in Yellow Springs in the 1970s, he said. He and Brown built Eastman's house in the Vale in 1995 with triple paned windows, fluorescent light fixtures, and walls with an R-value of 30, which at that time of cheap fuel seemed to many to be unnecessary, Eastman said. But now that energy costs are rising steeply, even those standards no longer seem unreasonable.

[In defence of 'soulless' suburbia](#)

If the latte-loving deep thinkers are right, and all of us plebeians are wrong, why is it that North America's suburbs continue to grow like Topsy? Even in an age of high gas prices?

Perhaps, just perhaps, it's because people actually like to live there. Especially young families who place a high value on safety, proximity to parks and other green space, community sports and other neighbourhood activities.

[Climate code red - the case for emergency action](#)

Imagine swiping your smart card to register your carbon ration every time you fuel up at the bowser. Your personal carbon allowance – which gets debited when you pay for carbon-based services or goods – would be granted annually and its value would decline every year. That strict, citizen-account approach to emissions cutting is being advocated by *Climate Code Red: The Case for Emergency Action*, just published in July.

Co-author Phillip Sutton says, 'the planet is already too hot. We reached a dangerous level of climate change at least two decades ago and the challenge now is to stop releasing new emissions, pull excess carbon out of the atmosphere and take steps to cool the planet.'

[Gustav expected to become a major hurricane](#)

MIAMI -- A strengthening Tropical Storm Gustav jogged to the south on Thursday and was likely to graze southern Jamaica and the western tip of Cuba before nearing the oil fields of the Gulf of Mexico as a powerful hurricane.

The eventual U.S. landfall of the seventh storm of what experts have predicted will be an unusually busy Atlantic hurricane season also shifted west in the latest model runs. That would take it deeper into the heavy concentration of U.S. oil and natural gas platforms off the Louisiana and Texas coasts.

"An Air Force reconnaissance plane has found a surprise this morning," the U.S. National Hurricane Center said. "Gustav has either reformed to the south or been moving more to the south-southwest overnight."

[Oil near \\$120 as Gustav threatens US Gulf](#)

LONDON (Reuters) - Oil rose towards \$120 a barrel on Thursday, its fourth day of gains, boosted by the threat of damage to U.S. oil installations from Tropical Storm Gustav.

The storm is forecast to regain hurricane status as it approaches the Gulf of Mexico, home to a quarter of U.S. crude oil production and 15 percent of its natural gas output.

... "Gustav...is on track to pose a sizeable threat to both upstream and downstream production capacity," Thomas Stenvoll, energy strategist at UBS said in a research note.

"The impact of Gustav on the downstream sector could be felt more acutely - at least in the short term as there is no U.S. government inventory that can be released."

[Gustav may hike gas before Labor Day weekend](#)

HOUSTON - The brief respite for consumers at the gasoline pump may come to an abrupt end if Tropical Storm Gustav slams into the petroleum-rich Gulf Coast and its numerous refineries, just as Americans begin packing up cars for the Labor Day weekend.

[Venezuela posed to nationalize fuel distribution](#)

Lawmakers loyal to President Hugo Chavez want to allow the nationalization of fuel distribution, the government's latest move to bring Venezuela's economy under increased state control.

Under a bill likely to win initial approval Wednesday, fuel distributors including subsidiaries of British Petroleum, Exxon Mobil Corp. and Chevron Corp., would have 60 days to negotiate the sale of their businesses to the government or face expropriation.

[China, Iraq reach \\$3 bln oil service deal](#)

SHANGHAI, China - China and Iraq have signed a \$3 billion deal revising an earlier agreement for China's biggest oil company to help develop the Ahdab oil field, an official at the Iraq's Oil Ministry said Thursday.

[No more cheap energy, warns cabinet minister John Hutton](#)

John Hutton, the Business Secretary, admits households will struggle to pay their heating bills this winter due to rising costs.

But he effectively rules out imposing a windfall tax on energy firms because it would only lead to higher charges for customers.

And he warns that Russian aggression in Georgia has cast doubt over Britain's future energy supplies.

[UK: State profit-plundering won't work](#)

Taxing excess profits to recompense over-charged consumers is a strange way to proceed. Why not ask why are people being over-charged in the first place?

[Canada to map resources in Arctic for development](#)

TORONTO (AP) — Canada plans to map energy and mineral resources in its Arctic region in a bid to encourage development and assert its sovereignty in the far north, Prime Minister Stephen Harper said Tuesday.

Harper said field workers and specialized aircraft will use state-of-the-art science and technology to search for mineral and energy potential. The information gathered will be used to create geological models and subterranean maps to will help companies find resources.

Arctic sovereignty has moved to the forefront among northern countries as global

warming melts Arctic ice and opens new shipping routes and access to untapped, potentially rich resources.

[Many remain poor even as Angola reaps oil wealth](#)

LOBITO, Angola (Reuters) - On a recent Friday night, men in SUVs and others on mopeds line up outside one of the few gas stations in Angola's port city of Lobito to fill up for the weekend.

As car horns begin to sound, it becomes clear that the gas pumps have once again run dry.

"We provide millions of barrels of oil each month to China and the United States but don't have enough to fill up our own tanks," said David Boio, a local businessmen, as he stepped down from his truck.

[Toyota lowers 2009 global sales target](#)

TOKYO (AP) — Toyota lowered its global sales target for 2009 by 700,000 vehicles to 9.7 million Thursday, showing that even one of the world's most durable automakers is being hurt by rising material costs, a slowing U.S. market and soaring gas prices.

[Here's why the stock market is all about oil these days](#)

Q: Why does the price of oil seem to have such a big influence on the stock market?

A: Our nation relies heavily on oil and other fossil fuels. And that is reflected by the stock market.

[Miss. coast's post-Katrina recovery not yet complete](#)

According to the Census estimate, Gulfport and Biloxi, the population centers of the coast, have lost more than 13,000 in population between them. Hancock, Harrison and Jackson counties have lost about 30,500 people since Katrina, about 8% of their population.

Not coincidentally, the three counties above — Pearl River, Stone and George — have seen their populations increase about 8%.

Bay St. Louis and Waveland, cities that jointly lay claim to the dubious distinction of "ground zero" for Katrina's destructive power, still have the largest population losses.

Bay St. Louis lost nearly 20% of its population since the storm and it's almost 15% for Waveland, according to U.S. Census estimates.

[UN climate talks make headway on emission limits](#)

ACCRA, Ghana - Talks on a new global warming agreement have begun to resolve some major sticking points, the U.N. climate chief said Wednesday, sounding a promising note after months of sluggish negotiations often marked by confrontation among industrial and developing countries.

[Arctic sea ice melts to 2nd-lowest level on record](#)

"We could very well be in that quick slide downward in terms of passing a tipping point," said center senior scientist Mark Serreze. "It's tipping now. We're seeing it happen now."

Within a few years — "five to less than 10 years" — the Arctic could be free of sea ice in the summer, said NASA ice scientist Jay Zwally.

"It also means that climate warming is also coming larger and faster than the models are predicting and nobody's really taken into account that change yet," he said.



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](#).