



DrumBeat: September 6, 2008

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Topic: [Miscellaneous](#)

[George Soros: The Perilous Price of Oil](#)

In January 2007, the price of oil was less than \$60 per barrel. By the spring of 2008, the price had crossed \$100 for the first time, and by mid-July, it rose further to a record \$147. At the end of August it remains over \$115, a 90 percent increase in just eighteen months. The price of gasoline at the pump has risen commensurately from an average of \$2.50 to around \$4 a gallon during this period. Transportation and manufacturing costs have risen sharply as well. All this has occurred at the same time as a world credit crisis that started with the collapse of the US housing bubble. The rising cost of oil, coming on top of the credit crisis, has slowed the world economy and reinforced the prospect of a recession in the US.

The public is asking for an answer to two questions. The principal question is whether the sharp oil price increase is a speculative bubble or simply reflects fundamental factors such as rapidly rising demand from developing nations and an increasingly limited supply, caused by the dwindling availability of easily extractable oil reserves. The second question is related to the first. If the oil price increase is at least partly a result of speculation, what kind of regulation will best mitigate the harmful consequences of this increase and avoid excessive price fluctuations in the future?

[Change Everything Now](#): *One of the nation's most mainstream environmentalists says it's time to get a lot more radical*

It's not surprising that Speth would end up in a wood-paneled office at Yale. What is surprising, however, is that he uses his bully pulpit in academia to push for a 1960s-style take-it-to-the-streets revolution. His new book, *The Bridge at the Edge of the World* (Yale University Press), is nothing less than a call for an uprising that would reinvent modern capitalism and replace it with, well, a postmodern capitalism that values sustainability over growth, and doing good over making a quick buck.

[North Dakota: Gasping gas supply spurs talk of refinery](#)

As a parade of more than 50 tanker trucks waited to fill up at a West Fargo fuel terminal Friday, Todd Jacobson talked about how he hopes to keep the gas pumping at his Sooper Stop station several blocks away.

“When you’re doing business in this town and not sure where your next load of gas is going to come from, if you’re in my business, that’s a scary thought,” Jacobson said.

Sporadic gas shortages at terminals in West Fargo and Grand Forks, N.D., prompted the Democratic candidate for governor to call for a new refinery and more pipeline capacity in the state.

“We have the oil right here in North Dakota, and we aren’t using it properly,” state Sen. Tim Mathern, D-Fargo, said during a news conference at the Sooper Stop.

[Price increases push US soy beyond reach of poor](#)

The cost of soy is spreading hunger on the country's main island of Java, where millions of poor and working-class families depend on tofu and tempeh every day. It is also devastating an entire local industry based on soy products. Hundreds of factories have closed, thousands of people have taken to the streets to protest soy prices and at least one soy vendor killed himself after falling into debt.

The lessons of the soy crunch, however, go far beyond Indonesia.

Over the past decade, Indonesia went from growing more than half its soy to relying on the U.S. for 70 percent of it. Now the poor among this country's 220 million people are going hungry because of changes thousands of miles beyond their shores. It is the same story for dozens of countries that came to depend on richer nations for cheap food, only to find themselves squeezed when prices start rising last year.

[An urban legend to comfort America: crash programs will solve Peak Oil](#)

This is the second post in a series examining “urban legends” about energy that comfort Americans. Here we discuss the second of five comforting myths about unconventional and alternative energy sources. These are excuses for not doing the hard work of gathering information, analysis, planning, and executing programs necessary to prepare for the multi-decade transition through peak oil to the next era (whatever that will be).

[Modified Seawater as EOR Fluid Could Boost Oil Recovery From Limestone Reservoirs Up to 60%](#)

Researchers at the University of Stavanger in Norway report that injecting a modified seawater fluid—“smart water”—into limestone oil reservoirs for enhanced oil recovery (EOR) could help boost oil extraction from those reservoirs by as much as 60%. Their findings are scheduled for the 10 September issue of the ACS journal *Energy & Fuels*.

[Highway Fund Shortfall May Halt Road Projects](#)

Not many months ago, federal officials expected the highway account to have about \$4 billion by Sept. 30, the end of the federal fiscal year. Last Oct. 1, the trust fund had \$8.1 billion in the bank, transportation officials said, but by Sept. 30, its expenses will have exceeded its income by \$8.3 billion, creating a \$200 million gap. (The Highway Trust Fund also has a much smaller account to finance mass transit projects, but it is in surplus at the moment.)

...Whatever Congress does in the short term, some profound policy issues will have to be addressed at some point. The shift to smaller, more fuel-efficient cars in an era of expensive gasoline is the very trend that is helping to deplete the highway fund.

[Customers anxious about heating oil prices](#)

Hurricane Gustav spared major oil refineries and depots along the Gulf Coast, but how much that will spare home heating oil customers remains to be seen.

[EPA Approves Hurricane-Related Fuel Waiver for Six Counties in Florida](#)

As a result of the disruption in the supply of fuel caused by Tropical Storms Fay and Hanna, Hurricane Gustav and the approach of Hurricane Ike, EPA has exercised its authority under the Clean Air Act to temporarily waive certain federal clean fuel requirements for six counties in Florida until Sept. 15, 2008. This waiver will allow greater flexibility for the fuel distribution system to be used to aid in the evacuation from Hurricane Ike and subsequent return of affected residents.

[Some Petro-Canada stations still waiting to fill up](#)

A month after a breakdown at Petro-Canada's Edmonton refinery caused shortages at up to 90 retail and independent outlets in western Canada, half the stations were still dry Friday, even though operations at the facility resumed last week.

[Nigeria: Agoro Wants Yar'Adua to Imitate Gaddafi On Oil Windfall](#)

Agoro who challenged Nigerian government's phlegmatic attitude on the groaning of Nigerians said instead of allowing Nigerians suffer unnecessarily hardship on fuel and kerosene scarcity, the federal government should make excess crude oil windfall to benefit Nigerians.

[Driving down a road to self-destruction](#)

Just recently, an economists' cliché has been popping up here and there. No great

surprise, perhaps, in the circumstances. The wise folk call it "demand destruction", like nothing so much as a particularly thrilling video game.

It goes something like this. If a great many Americans decide that the price of gas is insupportable, they simply drive less. Self-evidently, demand falls - by approaching one million barrels of oil a day in the United States - and price should follow. Demand Destruction Auto, if you like.

[What climate change will do to our province](#)

A warmer climate makes B.C. more accommodating for once-exotic diseases, pushing health authorities to extraordinary measures to protect the public.

There are more frequent civil emergencies brought on by extreme weather events such as wind, snow and rainstorms, power outages and flooding. Warmer year-round average temperatures accommodate mosquitoes and ticks that spread diseases such as malaria, dengue fever, and Lyme disease.

[Toyota to build batteries for its hybrids in N. America](#)

NEW YORK (Reuters) - Toyota Motor Corp will build batteries for its hybrids in North America eventually, as part of a plan to drive down the production costs of fuel-efficient models like its top-selling Prius.

[Is California on the Brink of Environmental Collapse?](#)

California has spared no expense to taxpayers or natural ecosystems to become the most hydrologically altered landmass on the planet.

[The Failed States Index 2008](#)

Whether it is an unexpected food crisis or a devastating hurricane, the world's weakest states are the most exposed when crisis strikes. In the fourth annual Failed States Index, FOREIGN POLICY and The Fund for Peace rank the countries where state collapse may be just one disaster away.

When troops opened fire in the streets of Mogadishu in early May, it was a tragically familiar scene in war-torn Somalia. Except on this day, soldiers weren't fighting Islamist militias or warlords. They were combating a mob of tens of thousands rioting over soaring food prices.

On top of the country's already colossal challenges, a food crisis seems an especially cruel turn for a place like Somalia. But it is a test that dozens of weak states are being

forced to confront this year, with escalating prices threatening to undo years of poverty-alleviation and development efforts. The unrest in Mogadishu echoes food riots that have erupted on nearly every continent in the past year. Tens of thousands of Mexicans protested when the price of corn flour jumped 400 percent in early 2007. Thousands of Russian pensioners took to the streets in November to call for a return to price controls on milk and bread. In Egypt, the army was ordered to bake more loaves at military-run bakeries after riots broke out across the country. Kabul, Port-au-Prince, and Jakarta experienced angry protests over spikes in the price of staples.

[The End of the End-of-the-World Trade](#)

I'm stealing this phrase from Toro, but the "End of the World Trade" is essentially long any and all combinations of commodities, and short any and all combinations of financials and consumer discretionary (the latter sector constitutes the most heavily shorted stocks as a percentage of float by far – despite what the SEC might make you believe). It has been one of the dominant momentum trades of the last year, and its reversal in the last six weeks has had serious consequences because of how far the trade had been pressed.

[Goldman rejiggers oil ratings](#)

Citing a preference for service companies linked to oil, as opposed to natural gas, Goldman Sachs on Friday rejiggered a list of stocks it's recommending and issued a fresh batch of rating upgrades and downgrades.

[It's Time to Buy Energy](#)

Oil prices reach a new all-time high of \$147 a barrel and bring with them a crescendo of buzz from investors, corporations, and world leaders. It is the peak of Peak Oil claims.

[US drilling activity falls from 23-year high](#)

HOUSTON -- US drilling activity dropped from a 23-year high, down by 18 rotary rigs this week with 2,013 still working, said Baker Hughes Inc. That compares with a rig count of 1,814 during the same period a year ago.

Land operations accounted for the bulk of the decline, down by 19 rigs to 1,919 drilling. Activity in inland waters declined by 1 rig to 22. Offshore drilling increased, however, up 2 to 67 rigs in the Gulf of Mexico and 72 in US waters overall.

[Report: Poland's Tusk calls for new debate over Baltic pipeline](#)

Osnabrueck, Germany - Polish Prime Minister Donald Tusk has called on Germany to rethink the Baltic Sea pipeline project with Russia in light of the ongoing crisis over Russia's military presence in Georgia, German media reported Saturday.

[Indonesia Turns to Current Account Deficit on Rise in Oil Costs](#)

(Bloomberg) -- Indonesia recorded its first current account deficit in almost three years for the second quarter of 2008 as oil prices increased.

...Crude output in the country dropped about 40 percent in the past 12 years, turning Indonesia into a net oil importer. Crude oil prices almost doubled in the 12 months ended June 30, and fell 24 percent so far this quarter.

[Oil fund could help pay fuel bills – SNP](#)

SCOTS could be helped out of fuel poverty if the country had an oil fund like Norway – which is predicted to be worth \$1trillion by 2020.

[2 French hostages released in Nigeria](#)

LAGOS, Nigeria: Nigeria's military says two French citizens kidnapped more than a month ago in the west African country's southern oil region have been freed.

[Angola election forced into a second day of voting](#)

LUANDA, Angola -- Angola's first election for 16 years goes into an unscheduled second day today after opposition parties condemned the vote as chaotic and demanded a re-run. The election, largely a race between the ruling MPLA and UNITA, has been keenly watched by the international community because of controversy marring recent African polls and Angola's emergence as one of the world's major oil producers.

[Canadian oil company lays off workers](#)

SHERIDAN -- A Canadian-based oil company that specializes in underground oil drilling is laying off more than half its work force, most of them in Wyoming.

The layoffs by Rock Well Petroleum Inc. resulted from a weakening economy and postponement of the company's plans for initial public stock offering on the London Stock Exchange, company spokeswoman Phoebe Buckland said.

[High gas prices could cut vacation costs](#)

Soaring fuel costs can potentially save us real money on our next vacation - if not in the short term, then down the road. The effects are already being seen across the board: hotel rooms, car rentals and counterintuitively, even airline tickets. If nothing else, paying more at the pump would have encouraged travelers to do things that will make travel more sustainable in the future.

[Floating nuclear power plant gets new "birthplace"](#)

MOSCOW. (RIA Novosti commentator Tatyana Sinitsyna) - In a couple of years, a new kind of vessel will appear at sea: the floating nuclear power plant (FNPP). The Academician Lomonosov, currently under construction in Russia, is only one project of several being developed so far.

[Top 11 environmental songs](#)

3. **(Nothing but) Flowers**, by Talking Heads Probably one of the first songs to anticipate peak oil, it describes a world whose factories, strip malls, and fast-food joints have been reclaimed by nature. "If this is paradise," the protagonist sings, "I wish I had a lawnmower."

2. **My City Was Gone**, by The Pretenders The catchy bass line to this song, which decries suburban sprawl and the hollowing out of the American downtown, serves as the intro to Rush Limbaugh's radio program. Songwriter Chrissie Hynde allows Limbaugh to use her song, provided that the conservative talk show host makes the royalty checks payable to PETA.

[Game Design Sketchbook: *Crude Oil*](#)

Oil isn't like corn or some other renewable commodity, where the amount you produce and sell this year has no limiting effect on how much you might be able to produce next year. If you pump all your oil out today and sell it at today's price, you won't have any to sell at tomorrow's price. What if tomorrow's price is much better than today's price? Sit-and-wait starts to sound like a more attractive strategy than pump-and-sell, especially if we are on the verge of an emergency-scale oil shortage. Of course, you'd want to be grabbing as many leases as you could in the mean time, not to pump-and-sell, but to add to your will-pump-someday holdings. On the other hand, if you withhold supply too much, people will learn to live with less oil, demand will weaken, and the price bubble will burst. We saw that happen toward the end of this past summer, as demand reacted negatively to high gas prices. Hybrid cars are all the rage now, and oil just isn't selling like it used to.

Crude Oil is a networked two-player game that explores these issues.

[Shame on you, Generation Excess](#)

But is it all coming to an end? Are petrol prices and global warming just the tip of a melting iceberg primed to set humanity back on its heels, such that our kids won't enjoy anything like the fruits of life that we have? More worryingly, am I, and my generation partly to blame as the generation that tried to warn against all this in the '60s and '70s, but then said "wait for me" as the world took off again in the 1980s?

[The Ultimate Race: Curse of the Billy Goat?](#)

Anyways, the answer to why Peak Oil loses? Consistency. Yes, the Oilers have spectacular weeks, like when they almost hit \$150 a barrel, and they look great on paper, like when hurricanes threaten to wipe out gulf oil refineries.

[LaDuke emphasizes global warming in welcome address](#)

LaDuke continued to address "peak oil" and energy, critiquing the Bush administration's support of "clean coal" and nuclear power. She insisted instead that more time and money should be invested in renewable energy.

"It turns out that you can only invade so many countries for oil. We have to come to terms with the fact that we can't mine fossil fuels anymore," she said.

[All fired up: American climate scientist James Hansen explains why he's testifying against coal.](#)

Nothing could be more central to the problem we face with global climate change. If you look at the size of the oil, gas and coal reservoirs you'll see that the oil and gas have enough CO₂ to bring us up to a dangerous level of greenhouse gases in the atmosphere.

[Bill McKibben: Earth running out of time](#)

CANTON — Bill McKibben has a number he wants you to remember: 350.

As in 350 parts per million, the number that scientists say is the safe upper limit for carbon dioxide in the Earth's atmosphere.

[Ike menaces Cuba, Gulf](#)

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Hurricane Ike, a dangerous Category 3 storm on the five-step Saffir-Simpson scale and projected to grow again into a potentially devastating Category 4, appeared increasingly likely to hit Cuba and then target the oil fields of the Gulf.

While long-range storm tracks are subject to huge errors, Ike could potentially follow Hurricane Gustav, plowing through an area that produces a quarter of domestic U.S. oil, and slam ashore near New Orleans, which was swamped and traumatized by Hurricane Katrina three year ago.

[U.S. Gulf energy output slow to return after Gustav](#)

“The slow going recovery rate in the U.S. Gulf of Mexico may be reflecting operators' caution in bringing back their personnel or otherwise putting their rigs back into operation as they are still determining whether Hurricane Ike is going to hit the Gulf,” said Gene McGillian, an analyst at Tradition Energy, Stamford, Connecticut.

[Naomi Klein: Obama got Gustav wrong](#)

In the combination of New Orleans and hurricanes, we have the most powerful argument possible for the necessity of "change". It's all there: gaping inequality, deep racism, crumbling public infrastructure, global warming, rampant corruption, the Blackwater-isation of the public sector. And none of it is in the past tense. In New Orleans whole neighbourhoods have gone to seed, Charity hospital remains shuttered, public housing has been deliberately destroyed - and the levee system is still far from repaired.

Gustav should have been political rat poison for the Republicans, no matter how well it was managed. Yet, as Peter Baker noted in the New York Times, "rather than run away from the hurricane and its political risks, Mr McCain ran toward it". If this strategy worked, it was at least partly because Barack Obama has been running away from New Orleans for his entire campaign.

[Libya says oil market is oversupplied](#)

TRIPOLI (AFP) - The oil market is starting to suffer from oversupply, the Libyan National Oil Corporation (NOC) chairman said on Friday, days before a key OPEC meeting on crude output levels.

"The market is well served and has even started to suffer from oversupply," said Shukri Ghanem, who also acts as the country's oil minister, adding that the Organisation of Oil Exporting Countries (OPEC) aimed to balance supply and demand.

"Prices have lowered and the supply is exceeding demand. The role of OPEC is to maintain the balance," he told AFP ahead of a meeting of the oil cartel in Vienna on

Tuesday.

[Is oil going back under \\$100 a barrel? Not if Opec can help it](#)

Is it over? Was that the oil shock? Can we relax, sit back and expect our energy bills and prices at the pumps to tumble? It is true that the price of oil is down. In early July, the price peaked at \$147 a barrel. Yesterday it hit \$106. A fall of almost 30% in two months suggests the old rule that "nothing cures high prices like high prices" may finally be working in the oil market.

[Russian units raid Georgian airfields for use in Israeli strike against Iran – report](#)

The raids were disclosed by UPI chief editor Arnaud de Borchgrave, who is also on the *Washington Times* staff, and picked up by the Iranian Fars news agency. The Russian raids of two Georgian airfields, which Tbilisi had allowed Israel to use for a potential strike against Iran's nuclear facilities, followed the Georgian offensive against South Ossetia on Aug. 7.

Under the secret agreement with Georgia, the airfields had been earmarked for use by Israeli fighter-bombers taking off to strike Iran in return for training and arms supplies.

[Drilling For Clean Energy](#) (Jim Marshall and Roscoe Bartlett)

The controversial bans on drilling offshore and in the Arctic National Wildlife Refuge have preserved precious oil and natural gas reserves owned by the public. Thank environmentalists for this unintended gift.

But for these bans, we would have wasted the reserves without a strategic plan.

[Is Peak Oil the New Y2K?](#)

With today's oil situation and predictions of a peak just around the corner, is peak oil the next Y2K? Jamais Cascio reminds us in *Peak Oil and the Curse of Cassandra* of the lessons learned from Y2K; Disasters were avoided by listening to warnings and acting upon them.

[Byron King: Western Oil Woes](#)

Western nations — the U.S., in particular — are now experiencing the bow wave of a profound change in the current and future availability of oil. According to recently

published data, oil output from all major Western oil companies is on an ominous decline trend. Exxon Mobil, for example, announced that its average oil output has fallen by 614,000 barrels per day in 2008.

[It never hurts to be prepared for Armageddon](#)

Depletion and Abundance: Life on the New Home Front, by Sharon Astyk (New Society Publishers; \$18.95) is subtitled *One Woman's Solutions to Finding Abundance for Your Family While Coming to Terms With Peak Oil, Climate Change and Hard Times*. A few suggestions from Appendix One: - Urine is mostly sterile, and safe to add to plants. A person's yearly output can fertilize more than one quarter acre. Dilute the urine in a 10 to one ratio and use it on your garden. - Summer is a good time to toilet train children. Let them run around naked outside, where accidents won't be a worry. You'll do less laundry in the winter if you get this done now.

[Pyrenees glaciers will melt by 2050: Spanish study](#)

MADRID (AFP) - Climate change will melt the 21 remaining glaciers in the Pyrenees mountains before 2050, a group of Spanish researchers said Friday.

"The steady increase in temperature -- a total of 0.9 degrees Celsius from 1890 to today -- indicates that the Pyrenees glaciers will disappear before 2050, experts say," said a statement published on the SINC website, an official science news site.



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