



DrumBeat: September 22, 2008

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Topic: [Miscellaneous](#)

[Oil spikes \\$25 a barrel on anxiety over US bailout](#)

NEW YORK - Oil prices spiked more than \$25 a barrel Monday — the biggest one-day price jump ever — as anxiety over the government's \$700 billion bailout plan battered the dollar and touched off frenzied buying of safe-haven investments including crude.

Light, sweet crude for October delivery jumped as much as \$25.45 to \$130 a barrel on the New York Mercantile Exchange before falling back somewhat to trade at \$122.60, up \$18.05. The contract was set to expire at the end of the day, adding to the volatility; the October price began accelerating sharply in the last hour of regular trading.

The November contract, scheduled to become the front-month contract at the end of Monday's session, was trading at \$108.80, up \$6.05.

Crude has gained about \$40 in a dramatic four-day rally that has at least temporarily halted oil's steep two-month slide below \$100. At this rate, crude is within striking distance of its all-time record of \$147.27, reached in July.

"We're off to the races again in crude," said Jim Ritterbusch, president of energy consultancy Ritterbusch and Associates in Galena, Ill. "There's a renewed scramble for commodities because of a general weakness in the dollar."

[Climate change linked to increased military threats](#)

Defence Force chiefs were told last night they could be called on to defend "Fortress Australia" from starving outsiders under the worst-case scenarios for global warming.

[BP says BTC oil pipeline shipments cut after gas leak](#)

LONDON (Reuters) - The BP Plc-led (BP.L: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) Baku-Tbilisi-Ceyhan (BTC) oil pipeline is pumping less oil following a Sept. 17 gas leak that cut output from fields in the Caspian Sea, BP said on Monday.

The reduction in supplies through the pipeline, which can pump an amount equal to 1 percent of world supply, comes only weeks after the flow resumed after a fire on the line

in eastern Turkey halted shipments.

[When the oil stops flowing](#)

It will come as a shock to most Americans and the media, but as the election reaches a crescendo on the issue of preparedness and energy, neither presidential candidate - nor anyone in local, state or federal government - has developed a contingency plan in the event of a protracted oil cut-off. It is not even being discussed. Government has prepared for hurricanes, anthrax, terrorism and every other disaster, but not the one threatened daily - a protracted oil stoppage, whether caused by terrorism, intervention in the Persian Gulf or a natural disaster.

It is like seeing a hurricane developing without a disaster plan or evacuation route. Our allies have oil shortage interruption contingency plans, but America does not.

THE CRUDE realities: America uses approximately 20 million barrels of oil per day, almost 70 percent of which is imported. If we lose just 1 million barrels per day, or suffer the type of damage sustained from Hurricane Katrina, the government will open the Strategic Petroleum Reserve, which offers a mere six-to-eight week supply of unrefined crude oil. If we lose 1.5 million barrels per day, or approximately 7.5%, we will ask our allies in the 28-member International Energy Agency to open their SPRs and otherwise assist. If we lose 2 million barrels per day, or 10%, government crisis monitors say the chaos will be so catastrophic they cannot even model it.

[Melting Ice Brings Competition for Resources](#)

Bo Madsen, a climate researcher, is plagued by a simple question: How heavy is the world's largest island? More importantly, Madsen wants to know how quickly its weight is changing.

"This is no academic question," the Dane, a scientist at the National Space Institute and the Technical University of Denmark, yells over the whipping of the rotor blades. "The answer will determine the fate of millions of people."

[Enbridge lifts force majeure on one Gulf gas line](#)

NEW YORK (Reuters) - Enbridge Inc's Enbridge U.S. unit said repairs on its Mississippi Canyon natural gas pipeline in the Gulf of Mexico following Hurricane Ike were completed over the weekend and it was lifting force majeure declared on the line on Aug. 30.

The company also said in a website posting it would begin accepting nominations for gas flow on Sunday.

[Kazakhstan seeks to export oil via Russia](#)

AKTYUBINSK (RIA Novosti) - Kazakhstan will increase oil production by 12 million metric tons in 2009 and is interested in pumping it via Russia, the Kazakh president said Monday.

"It is very important that Kazakh oil should pass through Russia. We expect oil production to increase next year. It will grow by 12 million tons during the year," Nursultan Nazarbayev said at the end of a Russian-Kazakh border region forum.

[Iraq signs natural gas deal with Shell](#)

BAGHDAD (Reuters) - Iraq signed a multi-billion dollar natural gas deal with Royal Dutch Shell on Monday, the second major energy deal agreed with a foreign firm since the U.S.-led invasion in 2003.

[Russia's ties with Venezuela worrying](#)

According to media reports, four warships with as many as 1,000 sailors from Russia's Pacific Fleet could take part in the November training exercise off Venezuela's coast.

In a sign that it is paying attention to Russia's military moves with Venezuela, the United States has sent navy ships and bombers along the Latin American coastline to keep an eye on developments there. Washington has indicated it will do everything necessary to protect its national interest in this area.

[Silva says poor to benefit from Brazil oil profits](#)

Brazil's president says his nation will use profits from recently discovered oil reserves to help ease a deep divide between rich and poor.

[Pakistan stares into the abyss](#)

The future of the country looks bleak. The economy is in a poor state, its failings made manifest in food riots, high unemployment and falling currency reserves. The new President looks weak, and the army disorientated. The intelligence services have been penetrated by Islamic militants. Sectarian violence is worsening, opening up the prospect of a country virtually at war with itself. The border with an even more chaotic neighbour, Afghanistan, remains porous.

[Pakistan troops 'repel US raid'](#)

Pakistani troops have fired warning shots at two US helicopters forcing them back into Afghanistan, local Pakistani intelligence officials say.

[North Korea pursues restarting nuclear plant](#)

VIENNA: North Korea has asked the International Atomic Energy Agency to remove seals and cameras from its main nuclear complex, the agency's chief said Monday.

[Here comes \\$500 oil](#): *If Matt Simmons is right, the recent drop in crude prices is an illusion - and oil could be headed for the stratosphere. He's just hoping we can prevent civilization from imploding.*

Simmons was transformed overnight from an influential industry expert to an A-list pundit by the publication in 2005 of his book "Twilight in the Desert: The Coming Saudi Oil Shock and the World Economy," a fairly technical read which argues that Saudi Arabia's oil supplies are much more limited than everyone thinks.

Since then he has moved to the forefront of the peak-oil movement - a once fringe but now growing contingent of oil industry veterans, independent consultants, investors, and academics who believe that world oil production is at or near an inflection point, after which it will fall inexorably and fail to meet projected future demands. According to Simmons, we have already passed that peak. And while we're not going to run out of it anytime soon, the era of easy oil is over, and the world is about to enter a period of convulsive change. (Hint: Learn to garden, and buy some comfortable walking shoes.)

[Dawn of the New Energy Order](#)

Here's a little speech we worked up for the next President to deliver at 8 p.m. eastern standard time on his first day in office. Say something good and we'll tuck it into the final draft which publishes before the election. We're told this speech could go viral, and with a few tweaks, be delivered by the next President. So, if you want to touch history, if you want a piece of the first democratically crafted presidential speech ever, jump in. (Like the democratically crafted movie "Snakes," only without the flop part). This speech could well be the marker for the dawn of the New Energy Order.

[IEA: 'Oil Markets Testing Water Around \\$100/Barrel'](#)

Oil markets are trying to find a level somewhere around \$100 a barrel but prices may fall further later in the year if the U.S. financial crisis hurts the global economy, the deputy head of the International Energy Agency (IEA) said on Monday.

Oil was unlikely to fall to \$60 but it wouldn't get back up to \$150 this year, either, IEA Deputy Executive Director William Ramsay told Reuters in an interview.

[Oil nears \\$107 as investors weigh US bank bailout](#)

LONDON - Oil prices rose Monday as investors grappled with the possible impact on crude demand of a \$700 billion U.S. proposal to buy bad mortgage debt.

Light, sweet crude for October delivery on the New York Mercantile Exchange rose \$2.33 to \$106.88 a barrel by midafternoon in Europe after falling as low as \$103.35 earlier in the day. On Friday, the contract rose \$6.67 to settle at \$104.55 on initial hopes the rescue plan would stabilize the U.S. financial system and help boost economic growth.

[Bangladesh: Pirates rule coasts as shoals of hilsha in water](#)

Hilsa fishes are being netted in plenty in Patuakhali and Barguna coasts for last four days but fishermen are afraid of going to the sea due to rampant piracy.

At least 35 fishing trawlers were looted and 30 fishermen abducted by pirates in last five days. The victim fishermen brought freedom after payment of ransom and returned to Kakata and Pathorghata coasts.

...On September 19, about Tk one crore was looted in fishes, nets, fuel and cash from 12 trawlers. Ten fishermen were abducted and 13 injured in the attack on trawlers that included FB Sapan, FB Rakib and FB Mayer Doa.

[Weekend plans take a back seat](#)

Tourist destinations were feeling the hit Friday night after a panicked community drained most of the gas pumps. Crowds were smaller and business was noticeably slower, said Kassie Miller, a bartender at Legends on Broadway.

"It's absolutely affecting us," she said. "This is our season of tourists. You're going to have people who are going to come anyway, but it's going to hurt a lot of people."

Some visitors had filled up before they got to Music City and weren't concerned about getting around. Those who had flown into Nashville said car rental companies had tipped them off to the gas shortage and warned them to prepay for gas on the front end so they wouldn't be left without fuel.

Others arrived with a quarter of a tank, never expecting the long lines and blank fuel price signs that awaited them.

[Fuel shortage turned Boyle into a hoarder](#)

Interesting factoid No. 1: Those shutdowns caused by Hurricanes Gustav and Ike resulted in lost production of nearly 53 million barrels of petroleum, including 25 million barrels of gasoline, according to the U.S. Energy Information Administration. Those 53 million barrels represent 22 percent of total U.S. production.

Interesting factoid No. 2: The Colonial Pipeline, which brings most of our gas from the Gulf, moves at just 4 mph, according to Gary Harris, executive director of the N.C. Petroleum and Convenience Marketers. The upshot: It takes a week to 10 days to get the gas back up here after the refineries open.

[South Copes With Severe Gas Shortages](#)

Drivers throughout the South have faced gasoline shortages, closed stations, high prices and long lines at the pump for the last several days. Hurricanes Gustav and Ike slowed production at oil refineries on the Gulf Coast and knocked out power along many pipelines to the South.

The shortages were widespread over the weekend, as gasoline supplies dwindled at many stations. Drivers in Atlanta, Nashville and Tallahassee reported lengthy, gas-fueled quests to refuel.

“This is station No. 4,” said Tracee Treadwell as she refueled at the Briarcliff QuickTrip. “I’ve been driving for 20 minutes looking for gas, and I live two miles from here.”

The problem is self-perpetuating, said Jason Toews, founder of GasBuddy.com, a consumer advocacy Web site. When people hear about shortages, Mr. Toews said, they rush to the pump, which causes more shortages.

One station in Marietta, Ga., reported lines on Friday of two miles long.

[Governments should keep populace informed on gasoline](#)

Gasoline has slowly started to make its way back to Middle Tennessee pumps. The question now is: What have we as a community learned from this mess?

Let’s start with a lesson for governments both state and local. Government does not need to treat gasoline availability like a market issue. Government needs to stay on top of the gasoline availability issue and communicate at length with the public when a shortfall is anticipated.

[How 'Ike' soaked Canadian drivers](#)

It goes like this: Gasoline can be sold in two ways, on the futures market or the spot market. The futures price paid today will typically be reflected at the pump in October, when the fuel is delivered. The spot price is for fuel flowing through the pipelines today, and the impact at the pump is immediate.

It's the spot price that jumped on Sept. 12, a whopping 13 cents a litre over the futures price, buyers reacting to a storm that wouldn't even hit Texas until the next day. "Basically, they guessed," says McKnight, on the phone from Oshawa. Buyers who, in effect, bid on the gas at auction were gambling that Hurricane Ike would knock out the three big pipelines carrying fuel out of Houston. It did no such thing, but you and I still got stuck paying for a phantom gas shortage triggered by a disaster that never happened. "This was opportunistic, to say the least," says McKnight.

[India: Train robbers die from poison gas](#)

AT least 15 Indian train robbers looking to steal diesel from a freight carriage died today after inhaling poison gas stored in another tank they accidentally broke open, police said.

...The train was earlier stopped by dozens of armed people who police believe were members of a gang which frequently steals crude oil from trains and pipelines carrying oil to refineries in the oil-rich state.

[Zambia Refinery Closes, Vital Fuel Imports Arrive - Minister](#)

Zambia's daily diesel consumption is expected to hit 2 million liters by the end of the year compared with around 1.2 liters last year due to a surge in mining activities and power shortage in the country.

Copper mining companies rely on diesel to run copper treatment facilities and mines have also acquired more thermal generators this year to mitigate the effects of power outages.

[FACTBOX - Key issues in South Africa](#)

South Africa, which relies on coal for the lion's share of its power generation, is in the grip of an electricity supply crunch, the result of years of underspending by the government on generation capacity.

The power shortage in Africa's biggest economy led to nationwide power cuts in January. This affected large aluminium smelters and forced gold and platinum mines to shut down operations for five days, pushing the precious metal prices to records and undermining South Africa's economic outlook.

[America, meet our 'long emergency'](#)

In a week when the American economic system reeled and the largest government bailout in the history of planet Earth had begun, and the PG led with a story on the Steelers, I decided to reach out to the man who saw all but the football bit coming, James Howard Kunstler.

Mr. Kunstler's 2005 book, "The Long Emergency: Surviving the Converging Catastrophes of the 21st Century," predicted that oil would soar above \$100 a barrel, that the real estate bubble would burst, that our financial system would implode, and that there would be scattered food shortages across the world.

If that ain't a quick summary of 2008, you haven't been paying attention.

[Saudis trim oil supply](#)

DUBAI – Top oil exporter Saudi Arabia has trimmed oil supplies to international majors and U.S. refiners since the start of September, industry sources said on Monday.

The kingdom had already throttled back on supplies even before it signed up to an OPEC deal earlier this month to reduce supplies that exceeded the producer group's targets, industry sources said.

"They were marketing their crude very aggressively from June through August, but they slowed it down for September and October," said one industry source at a major oil company on condition of anonymity.

[Gas Hard To Find In Metro Atlanta](#)

Officials said they wanted to stress to the communities that no one should be hoarding gasoline. Cars should only be refilled when they are close to empty and drivers should not top off tanks when they are half full or more. They stressed that more gasoline is on the way.

The Colonial Pipeline, the nation's largest, is the major source of gasoline in Georgia. The Alpharetta-based company said they usually carry an average of 100 million gallons of gasoline and other refined petroleum everyday, but they are not at that capacity yet due to a lack of supply from the refineries.

[Canada's role missed in U.S. energy debate: Yergin](#)

BANFF, Alberta (Reuters) - The way Daniel Yergin sees it, the high-stakes debate over energy security in the U.S. presidential campaign has ignored one of the most critical parts of the United States' oil supply equation: Canada.

The United States' neighbor to the north has quietly become its largest foreign oil and gas supplier, and that has actually improved energy security in the United States, said Yergin, energy and geopolitical analyst, Pulitzer Prize-winning author and chairman of Cambridge Energy Research Associates.

Meanwhile, Canada's oil industry is struggling at home to keep boosting production of the country's vast oil sands while facing major new environmental and cost hurdles, Yergin said.

[Mexico May Say Oil Output Fell, Pressuring Congress](#)

(Bloomberg) -- Petroleos Mexicanos, Mexico's state-owned oil company, may report that crude output fell for the 25th consecutive month in August, adding pressure on Congress to take up delayed legislation aimed at increasing production.

[Buoyed by vast oil wealth, Russia seen shrugging off market collapse](#)

MOSCOW: Buoyed by vast oil wealth, Russia is shrugging off its worst market meltdown in a decade, emerging with its booming economy almost intact, analysts say.

The Russian stock market last week saw its sharpest falls since the catastrophic economic collapse of 1998 after suffering the toxic combination of global financial turmoil, falling commodity prices and a local credit crunch.

But with oil prices still almost 10 times higher than a decade ago, economists see Russia emerging with a relatively mild hangover.

[Russian Navy ships head to Venezuela](#)

MOSCOW (AP) — A Russian navy squadron set off for Venezuela Monday, an official said, in a deployment of Russian military power to the Western Hemisphere unprecedented since the Cold War.

The Kremlin recently has moved to intensify contacts with Venezuela, Cuba and other Latin American nations amid increasingly strained relations with Washington after last month's war between Russia and Georgia. During the Cold War, Latin America became an ideological battleground between the Soviet Union and the United States.

[Russian, Venezuelan oil, gas companies may create consortium - Sechin](#)

MOSCOW (Itar-Tass) -- Russian and Venezuelan oil and gas companies may create a consortium to produce hydrocarbons in Latin America, First Deputy Prime Minister Igor Sechin said on Monday, as he briefed the Cabinet's presidium on the results of his last week's working trip, which took him to Cuba, Venezuela and Nicaragua.

[Experts' picks for best reads on economy](#)

Twilight in the Desert, by Matthew Simmons (2005): An investment banker argues that the United States is over-dependent on Saudi Arabian oil, which he says is running out faster than official estimates would have us believe.

Says O'Higgins: ``The book explains why the supply of oil will have trouble growing in the face of the rapid maturation of the major oil fields of the world.

[Oil Is Thicker Than Blood](#)

Blood and Oil is a harrowing, methodical account of the United State's political and military ties to oil. Activists for the environment, advocating energy independence, frequently claim that the only roadblock to mass action is ignorance — people simply don't understand the state of the emergency or the consequences of our inaction. Michael T. Klare's film places the blame elsewhere.

It presents without bias, the violence-filled history of the United States foreign policy efforts to protect and secure fossil fuels in the Middle East. It's not a film targeted at the individual, and chooses not to suggest personal action to prevent climate change —switching out our light bulbs, checking tire pressure and switching to sustainable forms of energy. Instead, *Blood and Oil* is a targeted missile to the voter: It shows the consequences of a oil-addicted foreign policy. By the end of the film, when the current administration is shown tersely denying that the war in Iraq was motivated by oil, Klare will likely have convinced many that they are lying through their teeth.

[Ohio: More residents protest lack of power](#)

Protesters in at least two cities came out on Sunday, Sept. 21, carrying signs and demanding answers — and power — from Dayton Power and Light.

[Nigeria: Mobile operators to power base stations with renewable energy](#)

Determined to take communications to the unreachable, pressured to find a working solution to the energy crisis hitting most developing countries, the GSMA, global body for mobile operators last week, launched the Green Power for Mobile programme with the goal of helping the mobile industry use renewable energy sources, such as solar,

wind, or sustainable biofuels, to power 118,000 new and existing off-grid base stations in developing countries by 2012. Achieving that target would save up to 2.5 billion litres of diesel per annum and cut annual carbon emissions by up to 6.3 million tones.

[Farm Vote Swings on Ethanol ; McCain's Stance on Renewable Fuels Could Shift Many Rural Voters Toward Political Left](#)

Republican presidential nominee Sen. John McCain said at his party's convention that he wants to repeal the Renewable Fuels Standard that sets mandates for ethanol production. He also has stated that he wants to eliminate subsidies for domestic ethanol production and tariffs on ethanol imported from foreign nations such as Brazil so the free market can fix the energy crisis. The Democrats have nominated Sen. Barack Obama, who favors the Renewable Fuels Standard along with current subsidies and tariffs on ethanol as a means to shift the United States toward renewable fuels.

The debate figures to drag more than a few conservative farmers into an unfamiliar side of the political spectrum.

[Powering the Mekong with rice husks](#)

Flour mill owner Le Minh Truong was struggling with the dramatic increase in coal prices.

The Can Tho City entrepreneur was beginning to wonder if his business would survive when word reached him about scientists in his own neighbourhood producing a new kind of fuel – *cui trau* (rice husk firewood).

[Ethanol ruling 'to force up food'](#)

ANALYSTS have warned that further food price rises are inevitable after the Queensland Government revealed almost half the ethanol to be blended in petrol used in motor vehicles in the state would come from grain.

Queensland will become the national leader in biofuel use after the Bligh Government yesterday pledged to press ahead with plans to require petrol to contain 5 per cent ethanol by 2010.

[Economic crisis threatens EU measures on climate change](#)

BRUXELLES (AFP) - The recent economic downturn could push the European Union to adopt more modest ambitions in its fight against climate change.

Although the European Commission has said it wants to cut greenhouse gases by 20 percent by 2020, business leaders oppose the use of fines to oblige industry to reduce its emissions -- especially in the current economic crisis.

[U.S. companies see climate risk, but lack plan](#)

(Reuters) - U.S. companies judge climate change a risk to their business, but lag global companies in setting targets to cut emissions, according to a global survey.

[Climate change presses traditional almanacs](#)

Hagerstown, Md. -- They call themselves prognosticators, people who study the phases of the moon and the height of wasp nests, then declare there will be showers on Oct. 18, 2009.

Prognosticators create long-range weather charts for the handful of surviving farmer's almanacs - an old job, done an old way. They eschew Doppler radar and weather satellites and look for clues in the timeless rhythms of nature.

But now, the world and the weather don't look as timeless as they used to. Scientists say the planet is warming, threatening to make droughts more widespread, heat waves more punishing and hurricanes more severe.

So one of the country's most fervently unmodern subcultures has had to confront climate change. Prognosticators are deciding how - or whether - they should factor greenhouse gases into weather-predicting formulas that are two centuries old.



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