



DrumBeat: September 28, 2008

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Topic: [Miscellaneous](#)

[Are we running on empty](#): *It's critical for Hawaii to identify another source of energy beyond the usual suspects*

Oil prices are spiraling upward with no end in sight. Consumers are pinching pennies to fill their cars with gasoline, and airlines are going bankrupt amid skyrocketing fuel costs. Clearly, OPEC and the ever-rapacious oil companies are to blame for high oil prices, right? Actually, no — you and I are the culprits.

Civilization's insatiable demand for oil is rapidly depleting the oil stores within the Earth. During the past 100 years we have blown through about half of the global oil resources and continue to use it at increasing rates. The world now uses about 1,000 barrels of oil per second. Americans use 25 percent of that, even though we represent only 5 percent of the world's population.

New global oil discoveries peaked in the 1960s, and we now consume about four times more oil each year than we discover. We produce more oil than ever before, but difficulties in finding new oil fields and the reduced output of aging oil wells indicate an imminent peak followed by a relentless decline — a situation known as "peak oil."

[Many factors combine to fuel gas shortage](#)

By the time you stick the nozzle of regular unleaded gasoline into your tank, your gas has endured an elaborate refining process and snaked through hundreds of miles of pipeline. Last week's long lines and sea of plastic bag-draped pumps tell only part of the story. Here's what's going on, according to officials at the U.S. Energy Information Administration and the American Petroleum Institute...

[Common-sense steps can make next shortage easier](#)

There are lessons to be learned from this shortage, beginning with the refineries themselves. Gustav and Ike forced them to close, but the plants had cut their production rates beginning earlier this year, so there was less fuel on hand when the storms struck, according to Bloomberg News. As of Thursday, gas inventories in the region were at an 11-year low.

For the refineries, this may have been purely a business decision. But the fuel supply in Tennessee and other states transcends business and becomes an issue of public safety and security. Emergency management officials across the region should be asking refiners to be better prepared for the aftermath of natural disasters.

[‘Perfect storm’ led to worst shortage in decades](#)

Scott Dean, a spokesman for the BP corporation, which operates one of the terminals in Spartanburg, said the company quickly put buyers on “allocation,” meaning they could get only a percentage of what they normally buy. Early on, the allocations were around 40 percent. “Now we’re having to give them about 70 percent,” he said Friday.

The heavy reliance on terminals in one place differs from other parts of the country, such as the Northeast, where regional refineries and gas shipped in from overseas feed the system, said Sara Banaszak, senior economist at the American Petroleum Institute, a group that represents the gas and oil industry.

But finding another place to get oil in the South, and building a new system to deliver it, has long been controversial, said Gary Harris, director of the N.C. Petroleum Marketers Association, which represents 330 wholesalers responsible for 95 percent of the gas in North Carolina.

A plan years ago to build a spur off the Colonial that would have fed a terminal in Nashville, Tenn., which was one of the hardest hit cities during last week’s fuel shortage, was shelved after public outcry, Harris said.

[Jordan central bank sees US slowdown pushing down oil prices](#)

Amman - Central Bank of Jordan (CBJ) Governor Umayyah Touqan on Sunday expected the US financial crisis and the subsequent economic slowdown to put downward pressure on oil prices. "The economic slowdown in the United States and leading European countries will affect the performance of the world economy in the long term and help reduce prices of oil and food, which is a positive aspect," Touqan said in an interview with the official Petra news agency.

[To heal a horse](#)

Holme said often horses suffer neglect when owners fall on hard economic times. "When people can't afford their house payment, they can't feed their horses," she said.

A spike in hay and horse feed prices has compounded the problem, Holme said.

"Prices have tripled since last year," said Delpa Eddinger at the Farmer's Exchange in Rock Hill. Hay, once about \$2 a bale, now runs \$5 to \$9 a bale, depending on whether it's purchased from a farm or a store.

...One horse also needs a 50-pound bag of feed each week, and the cost of feed has risen to \$11.50, said Eddinger. "Nobody wants them now because it costs so much to feed them," said Eddinger.

[Khan's bakeries fight Pakistan food crisis](#)

LAHORE // Imran Khan, Pakistan's revered cricket hero who has transformed himself into the country's angriest politician, forfeited a place in parliament when he boycotted February elections. Now he is doing what the crisis-burdened government is failing to: feeding the poor.

In depressed urban neighbourhoods of the Punjab, Pakistan's most populated province, Mr Khan's party, Tehreek-e-Insaf, has begun operating sasta tandoors (cheap tandoor bakeries), selling fresh roti and nan from traditional tandoor ovens for less than half the market rates.

Soaring inflation and a national wheat shortage – due to over-export, smuggling and hoarding – have made flour an expensive and hard-to-come-by commodity.

[Climate-Change Program Gets New Funds and Home](#)

A program that helps poor countries reduce their vulnerability to floods, drought and other climate-related hazards will move to the University of Colorado, Boulder, under a grant from the Rockefeller Foundation, foundation and university officials said Wednesday.

The announcement was made weeks after the loss of government support for the program, the Center for Capacity Building. It will move from the National Center for Atmospheric Research, in Boulder, which eliminated its \$500,000 annual budget last month, citing budget cuts and shifting priorities, to the university under a \$1 million grant spread over two years, said Judith Rodin, the president of the Rockefeller Foundation. Ms. Rodin said more support was likely. The name will change to the Consortium for Capacity Building because one goal will be to build relationships with foreign institutions.

[Iran Sinking as Groundwater Resources Disappear](#)

Iran's insatiable demand for water, which is being drawn out of aquifers far faster than it can be replenished, is causing large chunks of farmland to sink and buildings to crack, according to a new study.

Estimates suggest the water levels in Iranian aquifers have declined by an average of nearly 1.5 feet (half a meter) every year over the last 15 years.

[US financial crisis haunts Asian leaders](#)

The US crisis struck as Asian economies were grappling with a severe food and energy crisis.

Think tanks have shaved Asian economic growth forecast following the crisis, which peaked this month with the bankruptcy of top investment bank Lehman Brothers, government rescue of insurance giant AIG and collapse of Washington Mutual under the weight of bad mortgage bets.

Chinese Premier Wen Jiabao, in his speech, warned that the international impact of the US crisis could become "more serious," stressing the need for concerted efforts to contain the turmoil.

Chinese exports to the United States have been expanding rapidly and any slowdown due to the crisis could impact growth in the world's most populous nation.

Even on the financial side, China, the world's biggest holder of foreign reserves, is closely linked to the United States. It is the second biggest holder of US treasury bills.

[Richard Heinberg: Bailout blues](#)

Sounds like a great plan to me. Why would anyone balk? Just think of the futility of spending a few billion of that treasure on things like building bridges or railroads, projects that might actually hire real workers, when we can instead buy up mountains of toxic debt from a bunch of bankrupt hucksters. Now that's a real investment in our future!

Sorry for the sarcasm. It's hard to resist. I'll try to ratchet it down as I explain just what \$700 billion means in terms of our nation's energy infrastructure. America has about 130 million private homes, so that's about \$5,400 per home—not quite enough to put a one-kilowatt photovoltaic system on every roof. I use that as a standard, because that's what my wife and I have on our own house, and it basically zeros out our electricity bill for the year.

[Gas prices down 11% from high](#)

NEW YORK (CNNMoney.com) -- Gas prices dropped for their eleventh day in a row, bringing their total decline to about 20 cents over the period, according to a nationwide survey of credit card swipes at gasoline stations.

[Trucker finds fuel costs are fifth wheel](#)

"Diesel fuel was 26 percent of our operating budget about two years ago; now it's 78 percent," said the Boonville, Ind., resident.

"Then, you could run an 18-wheel truck on \$250 a week; now, it's \$250 a day."

[Interest grows in 4-day week for Iowa schools](#)

A growing number of Iowa school officials want the power to shorten the school week to four days, a cost-saving concept that has caught on in other states.

[Texas: Is four-day school week a possibility?](#)

Would going to a four-day school week save you money?

When the economy teeters and energy prices skyrocket, it's a natural question for educators and parents to roll over in their minds.

[No-emissions house takes builder from zero to eco-hero](#)

Peter Amerongen was a self-described hippie building log houses in the 1970s when the energy crisis hit.

That's when he started designing decidedly more airtight and insulated houses -- a baby step towards his latest project, a hyper-efficient duplex that produces at least as much energy as it consumes.

[It's pond scum, but algae could be green fuel: Cost-efficient process expected that would also curb warming emissions](#)

BORCULO, Netherlands - Set amid cornfields and cow pastures in eastern Holland is a shallow pool that is rapidly turning green with algae, harvested for animal feed, skin treatments, biodegradable plastics — and with increasing interest, biofuel.

In a warehouse 120 miles southwest, a bioreactor of clear plastic tubes is producing algae in pressure-cooker fashion that its manufacturer hopes will one day power jet aircraft.

Experts say it will be years, maybe a decade, before this simplest of all plants can be efficiently processed for fuel. But when that day comes, it could go a long way toward easing the world's energy needs and responding to global warming.

[Oil prices and the GCC: Could the region be stoking oil prices?](#)

Although production from the GCC 4 is just off its record high of 2006, rising consumption is eating into the exportable surplus. We believe this is the first time oil exports from the region have fallen without an intentional effort to reduce supply. With oil prices where they are, we do not see OPEC reducing production; the issue is whether current production levels are enough to increase the exportable surplus of oil. In the case of the GCC, we see the exportable surplus falling in the coming years.

This creates an interesting reversal in causality: while rising oil prices triggered strong economic growth in the GCC, we believe this relationship is no longer in play; instead, we think strong GCC growth may now be playing a role in pushing oil prices higher.

In the global context, Middle Eastern consumption is significant. The incremental increase in oil demand from China and the Middle East, accounted for 84 per cent of the global increase in consumption in 2006, and 58 per cent in 2007.

[Russia Hit The Rocks Hardest: *The market crash is due in part to Georgia, even if Putin doesn't think so.*](#)

By rights, this year's Sochi Economic Forum should have been a victory lap for Vladimir Putin. Russia's president turned prime minister had just, in his own words, "punched the face" of upstart Georgia, and a year of record oil prices had boosted Russia's currency reserves to \$700 billion.

But instead of triumph, Russia's premier business-schmooze event was deep in gloom. Since the Georgian war in early August, an estimated \$45 billion in foreign investment has left Russia as spooked investors have fled. Now Russian stocks are 57 percent off their May peak—compared with the average emerging-markets hit of 30 percent.

[Oil project cost may hurt output: Iran](#)

TEHRAN: Rising costs for oil projects may threaten new investment in producing countries, Iran's oil minister said in remarks published yesterday.

Gholamhossein Nozari also said volatility in oil prices, which have swung above and below \$100 a barrel this month, was partly due to the instability of the US dollar.

[Saudi Jazan refinery faces two-year delay](#)

DUBAI: Bidders lining up to build Saudi Arabia's Jazan oil refinery have been issued with a fresh construction deadline of 2015 -- a two-year delay to the original schedule, MEED reported, without citing a source.

[Gazprom Wins as EU 'Unbundles' Energy Conglomerates](#)

The European Commission has sniffed out monopolistic leanings in the energy companies of member states. And it's dissecting them in a process that's almost identical to the "liberalization" practices of China, where competition is invented out of thin air, and government coffers, when one of the country's supposedly autonomous companies gets too big for its silk britches.

Unlike China, which has the luxuries of physical isolation, dictatorial government control and size (both in landmass and population), Europe can't afford to lose its big power players. But it's too self-absorbed to understand that fact.

[UK: Who will look after us once the lights go out at Energywatch?](#)

Around 200,000 consumers each year who have complaints against their energy supplier could be left to fend for themselves after changes to the existing energy watchdog structure take place on Wednesday, MPs and industry experts have warned.

The existing consumer champion for gas and energy issues, Energywatch, which handles around 600,000 cases a year, is being disbanded. From Wednesday it will merge with two other consumer bodies, Postwatch and the National Consumer Council (NCC), to create a £15m-a-year super-champion known as Consumer Focus.

However, the new group will not deal with all energy complaints as Energywatch did. Instead, one of its units will deal with those in the most vulnerable situations, such as people on the point of being disconnected.

[EDF chief lashes out at 'whingeing' critics](#)

Vincent de Rivaz, the head of EDF in the UK, has told critics of its £12.4bn takeover of British Energy to 'stop whingeing'.

Consumer groups have criticised last week's takeover, claiming the disappearance of another independent British utility company could result in higher bills.

But in an interview with The Observer, de Rivaz said that the takeover was good news for customers and would lead to billions of pounds of investment in a new fleet of nuclear reactors.

[A crash course](#)

As world oil production reaches a peak and then declines, Kunstler expects sprawl to leave a legacy of ghost suburbs and radically altered living arrangements. Those suburbs that are not abandoned will be sparsely occupied, with lawns turned into mini-farms. Proud family McMansions will be subdivided into apartments by owners who can't afford to live in them alone. People will be concentrated along rail or bus lines, and those left living in the countryside will be isolated, their trips to town infrequent at best.

The collapse of the housing bubble and high energy prices are already starting to realize Kunstler's expectation. Subdivisions are being abandoned, half-built. And home values are dropping faster in outlying areas than in or near city centers.

[Market hurts retirees most](#)

"I don't live extravagantly," said Reid, 70, who has her own financial-counselling business. "I'm a bit of a dinosaur -- I don't have a cellphone. I don't spend on anything I didn't spend on five years ago. And yet my cost of living has doubled in the last eight years." Maintaining financial balance has become a daily challenge for many Canadians, especially seniors, and according to many analysts, it's about to get even more intense.

In a speech this week in Montreal, economist Jeff Rubin projected that the average price of oil would be \$150 US a barrel by the second half of 2009, which means higher prices for gasoline, a wide range of other products made with oil, and products like food where part of the retail price is transportation.

Meanwhile, stock markets around the world have taken a double-digit plunge in 2008. Jittery investors are transferring their cash into money-market mutual funds and GICs, which pay little.

[Thailand: A shocking assault](#)

Electrical accidents are not as scary for Provincial Electricity Authority (PEA) technicians as a user who fails to pay his power bill.

Three PEA officials in Samut Prakan were beaten up by a group of ruffians on Wednesday after they cut off the electricity to an apartment in Bang Phli district because its owner had not paid the bill.

[Buffett unit buys stake in battery firm BYD](#)

MidAmerican Energy Holdings Co, a unit of US billionaire investor Warren Buffett's Berkshire Hathaway Inc, said it would pay \$230 million for a 10 percent stake in Chinese rechargeable battery firm BYD Co Ltd to support its 'green' technologies.

The deal gives MidAmerican a foothold in the Hong Kong-listed company which is

developing electric-hybrid cars it expects to start selling in China later this year and Europe by 2010.

[Solar homes on display](#)

More than 80 Chicago area homes and businesses will be on display (with many opening their doors) on Saturday to show off their solar skills as part of the 2008 Illinois Solar Tour, sponsored by the Illinois Solar Energy Association. Among them: this house in Naperville, where owners Jim and Kath Camasto used solar electric and solar thermal (hot water/space heating) panels to help cut their natural gas use in half and electricity use by 60 percent.

[Climate change 'sinking Pacific nation'](#)

An immigrant from a tiny Pacific Ocean nation is appealing to the Australian government to assist in evacuations because she says her homeland is sinking under rising sea levels.

Currently bedridden with pneumonia, Kiribati Australia Association member Wanita Limpus in a statement told the Climate Emergency Week rally outside Queensland's Parliament House how climate change was destroying her home nation.

[The village at the tip of the iceberg](#)

For more than 2,000 years the Yup'ik Eskimos have carved out a subsistence living on the frozen wastes of southwest Alaska. But now the ice is melting the village is having to move to a new site, and the world's first climate-change refugees face an uncertain future.



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