

Oil prices on the rise

By Sandy Shore
ASSOCIATED PRESS WRITER

NEW YORK — Oil prices surged Wednesday as the dollar weakened and prospects improved for oil and gas demand in a strengthening global economy.

Benchmark crude for November delivery gained \$1.34 to settle at \$83.01 a barrel on the New York Mercantile Exchange.

At the pump, gas prices rose to a national average of \$2.820 for a gallon of regular, according to a survey by AAA, Wright Express and the Oil Price Information Service. The price was almost 7 cents more than a week ago and 34.2 cents more than a year ago.

A series of events boosted optimism for the economy, from a forecast for stronger global oil demand to improved corporate earnings.

The International Energy Agency raised its forecast for global oil demand this year and next, based on stronger-than-expected economic growth in larger, developed economies. The Paris-based agency expects global demand for crude to reach 86.9 million barrels a day this year, compared with its forecast last month of 86.6 million barrels a day. Oil demand in 2011 was forecast at 88.2 million barrels a day, up from a previous estimate of 87.9 million barrels a day.

Meanwhile, China imported a record 5.67 million barrels of crude a day in September — a 35 percent increase from a year ago and another sign that the country's economy is still growing.

"Even though we've had a pretty good overhang of supply in the world, it looks like things are becoming a little bit more balanced lately," said Tom Bentz, an analyst at BNP Paribas Commodity Futures.

Crude prices have risen for more than a week in large part because the dollar has weakened against other currencies. Since oil and other commodities are priced in dollars, a weaker dollar makes them more attractive to traders who buy with those currencies.

Traders are also watching stock markets for clues about consumer sentiment. The Dow Jones Industrial Average, the S&P 500 and the Nasdaq all rose after JPMorgan Chase, Intel and CSX all beat earnings forecasts, raising hopes the economic recovery would not falter. The Dow closed up over 75 points.

Looking ahead, analysts expect oil markets to remain volatile, as the Energy Department releases new inventory figures on Thursday and oil ministers from the Organization of the Petroleum Exporting Countries meet.

"The plunge in the dollar could throw the market a curve ball," said trader and analyst Stephen Schork.

Drilling in Gulf still pending

By Chris Kahn
ASSOCIATED PRESS WRITER

NEW ORLEANS — A day after the end of the federal moratorium on deep water drilling, the Gulf oil industry was a mix of furious activity and tortured waiting around.

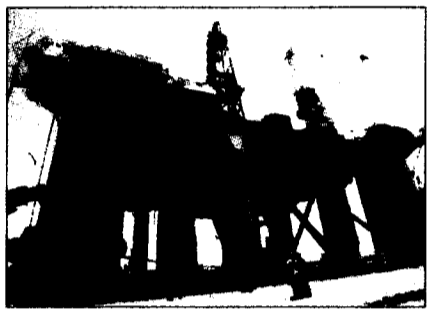
Companies that are helping the industry meet new regulations are scrambling to keep up with increased business while oil rigs must remain idle until the new requirements are met.

Industry officials fear that's the way things will be for months to come.

The Obama administration lifted its moratorium on deepwater drilling Tuesday, six weeks earlier than expected. But that doesn't allow the 30 or so rigs idled by the moratorium to immediately get back into position and "drill, baby, drill." Rig operators face bureaucratic and technical hurdles that could delay the resumption of most drilling in waters deeper than 500 feet into next year.

"The lifting of the moratorium is symbolic because it shows what direction the government is going in," said Marvin Odum, president of Shell Oil, in a recent interview. "But there's a big difference between lifting the moratorium and getting back to work."

Among the industry's biggest concerns include how regulators will con-



Rusty Costanza/Associated Press

Though the moratorium on deep water drilling has been lifted, oil rigs are not allowed any activity until new regulations are met.

duct environmental reviews of projects and how they will require companies to plan for worst-case oil spill scenarios. Officials also wonder what new regulations may be coming as more is learned about the incident that prompted the moratorium: the Deepwater Horizon explosion and ensuing oil spill.

In the meantime, some companies that support the industry are going all out to perform the extra work required to meet some of the new regulations enacted since June.

For example, one new rule requires that operators have equipment that prevents a well from blowing out certified by a third party.

Candidate in hot water after anti-gay remarks

By Michael Gormley
ASSOCIATED PRESS WRITER

ALBANY, N.Y. — Republican candidate for governor Carl Paladino rails against gay marriage and called the bumping-and-grinding at gay pride parades disgusting. He also once was the landlord for two gay clubs in Buffalo.

The real estate deal, first reported Wednesday by the New York Daily News, left Democrats calling him a hypocrite. Paladino's campaign said it proved that he supports gay rights, just not gay marriage.

Meanwhile, a rabbi who represents an umbrella organization of ultra-Orthodox clerics said he was dropping his endorsement of Paladino because the candidate had apologized for the harsh wording of some of his comments about gays.

Paladino's campaign has acknowledged recent mistakes have hurt his campaign, which is trying to overcome Democrat Andrew Cuomo's double-digit lead in the polls.

The Republican's poll numbers had been slipping since late September, when he was caught on video loudly arguing with a reporter over Paladino's unsubstantiated claim that Cuomo had extramarital affairs.

The latest conflict began Sunday night, when Paladino told Orthodox Jewish leaders in New York that he opposes gay marriage and doesn't want children being "brainwashed into thinking that homosexuality is an equally



Kathy Willens/Associated Press

Gubernatorial candidate Carl Paladino walks alongside members of the New York Jewish community on Sunday, Oct. 10.

valid and successful option." He also told the rabbi, "That's not how God created us, and that's not the example that we should be showing our children."

The next day, he said he was referring only to his opposition to gay marriage, then added that young children shouldn't be exposed to homosexuality, especially at gay pride parades.

On Tuesday, Paladino apologized for using harsh words, such as "brainwashed," but not his opposition to gay marriage.

"I sincerely apologize for any comment that may have offended the gay and lesbian community or their family members. Any reference to branding an entire community based on a small representation of them is wrong," he said in a statement.



Eric Gay/Associated Press

Texas game warden Jake Mort travels with an M-16 on a Parks and Wildlife boat on Falcon Lake, which straddles the U.S.-Mexico border in Zapata, Texas on Thursday, Oct. 7.

Mexico attracting U.S. tourists despite warnings

By April Castro
ASSOCIATED PRESS WRITER

FALCON LAKE, Texas — Although a bloody drug war is raging just across the border, some Americans living near Mexico act as if it's still a backyard playground.

In the last two weeks alone, two American tourists have been killed in Mexico in vicious attacks — one while riding a Jet Ski and another when his bus was hijacked. And a Mexican police commander investigating one of those deaths was killed this week, his severed head delivered in a suitcase to a local Army post.

But Texas officials keep encouraging boaters to enjoy the bass fishing on a border lake. And Gov. Rick Perry has not urged people to take any special precautions, suggesting only that U.S. and Mexican authorities increase the law enforcement presence in the area.

"There's like a psychological aspect to these kinds of warnings, that folks just don't take them seriously, or perhaps they believe the authorities are simply issuing these for liability reasons," said Fred Burton, vice president of intelligence for Stratfor Global Intelligence, which analyzes the drug war.

"There are people that say, 'Well, I know this area. I'm comfortable. Nothing will ever happen to me.'"

Tiffany and David Hartley may have been two of those people. They were working in Reynosa, a Mexican border town rife with drug violence, when Hartley's company moved them to McAllen, Texas, just across the Rio Grande, for safety.

The couple decided to take Jet Skis across Falcon Lake, which is divided by the border, to photograph a historic church. They were on their way home when pirates opened fire, killing Hartley, according to Tiffany Hartley.

Just days later, a student from the University of Texas-Brownsville was shot

and killed in Mexico. Jonathan William Torres, 19, was one of two people killed when his bus was hijacked in Matamoros, across the border from Brownsville.

David Hartley's father, Dennis, said his son was not aware of any violence on the lake.

"My son is a history buff. He wanted to get a picture of that church. Not hearing of any recent activity there, David and Tiffany decided to go there and snap some pictures."

The State Department has issued repeated travel warnings to Americans traveling to or living in Mexico, with a particular focus on the area just south of the border. The warnings say that kidnappings are occurring at "alarming rates" with U.S. citizens often the target.

In response, Texas universities have canceled their sponsored spring break trips across the border and have warned spring breakers at South Padre Island near the border not to cross into Mexico.

In May, the Texas Department of Public Safety warned boaters to avoid the international boundary that zig-zags through Falcon Lake, which is 25 miles long and 3 miles across at its widest point. The warnings came after men armed with assault rifles twice robbed fishermen on the Mexican side of the lake. They traveled in the low-slung, underpowered commercial Mexican fishing boats that are familiar here. They asked for money, drugs and guns, and took what cash was available. No one was hurt.

Even as the headlines carry grisly reports of murders and torture, thousands of Americans still trek across the border for work and to visit family.

"People here on the border go back and forth all the time," said state Rep. Aaron Pena, who represents a portion of the border near his hometown of Edinburg. "Many people have to go because they have family over there. Funerals happen, weddings happen."

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