



## DrumBeat: May 14, 2007

Posted by [Leanan](#) on May 14, 2007 - 9:05am

Topic: [Miscellaneous](#)

### [WTI Benchmark Temporarily Breaks Down: Is It Really a Big Deal?](#)

Since the adoption of formula pricing in 1986, West Texas Intermediate (WTI) has served as one of the main international benchmarks, along with Brent and Dubai, against which other types of crude oil are priced. While Brent remains the dominant benchmark for oil pricing outside the US, the latter's oil imports are usually priced off WTI. In principle, the movement in WTI prices is supposed to reflect supply-demand conditions in the US, the largest consumer in the world, burning more than 20.5mn b/d of the 84.5mn b/d consumed worldwide in 2006. But the recent disconnection of WTI from the other benchmarks, resulting in WTI trading at large discounts to Brent, revived the debate on whether the WTI benchmark has been 'broken' and whether oil market participants should adopt another benchmark that better reflects the supply-demand balance.

It has long been recognized that the link of WTI prices to other international benchmarks and to oil prices in other US regions is partly dictated by infrastructure logistics. The recent behaviour of WTI prices is a clear example of how pipeline logistics can dislocate WTI not only from the rest of the world, but also from other US regions.



[Matthew Simmons](#) has posted some new presentations at his Web site. (PDF)

- [The Peaking Of Offshore Oil And Gas: Is The Party Over? Or Just Beginning To Get Exciting?](#)
- [2007 Energy Market Outlook](#)
- [Is Hydrocarbon Energy Entering Its Twilight Age? \(If So, Can The World Survive?\)](#)

### [Kurdish Leader: Oil Law Is a Deal Breaker](#)

To Iraq's Kurdish leadership, the issue of how to apportion the third-largest pools of oil in the world is "a make-or-break deal" for the country as a whole, a top official told United Press International.

"The oil issue for us is a red line. It will signify our participation in Iraq or not," Qubad Talabani, son of Iraqi President Jalal Talabani and the Kurdistan Regional Government's representative to the United States, said in an interview from his Washington office.

### [Red light shows on South Africa's fuel gauge](#)

IN THE next 10 years, SA will depend increasingly on fuel imports to sustain economic growth. It means substantial investment in fuel storage and handling, transportation and refining. Putting it plainly, our refineries are operating at full capacity; our road and rail transport systems for carrying fuel are stretched to the limit; our pipelines are too expensive and too few; and our roads are crumbling.

### [Nepal still facing petroleum shortage](#)

Panic over poor availability of fuel continued throughout the country, as Nepal Oil Corporation (NOC) pumped out limited supply of oil amid the Indian supplier IOC's silence over issuing normal supplies to Nepal, local media reported on Monday.

### Indonesia: [Fuel shortages keep fishermen from going to sea in Lombok](#)

Hundreds of fishermen in Lombok, West Nusa Tenggara, have been unable to go to sea for the last four days due to a fuel shortage in their area.

### [Scandal Again Looms Over Mexico's Oil Company](#)

One worrisome problem, due to its potential impact on the national economy, is a possible new scandal in connection with Mexico's most important state-owned company,

the oil and gas conglomerate Petroleos Mexicanos, or Pemex. This involves former Pemex officials, including Fox's director general Raúl Muños Leos, as well as members of the 100,000-plus Oil Workers' Union — economically one of Mexico's most powerful unions.

#### U.K.: [Brown to build five eco towns](#)

GORDON BROWN will attempt to trump David Cameron on green issues by announcing that he will create five new environmentally friendly towns when he becomes prime minister.

#### [When it comes to giving up our cars, government must drive a better bargain](#)

I suffer from "car brain" every time I am handed car keys. I lose all sense of logic. Somewhere deep in the reptilian core of my brain, lizard-thinking takes over. When car brain rules, any vague feeling of goodwill I have towards the environment evaporates. I enter a persistent vegetative state where I avoid walking and public transport at all costs.

#### [Weaning the U.S. off foreign oil: Higher fuel efficiency is first step](#)

Wouldn't it have been great if President Bush, or some leader in this country, had turned the Sept. 11 tragedy into something we all know should have been started decades ago: America's determined march to energy independence? None of us would have opposed such a campaign at that time. By now, 5 1/2 years later, we would have made substantial progress.

#### [6 ways to lower gas prices](#)

From a big fat tax to more efficiency to boosting production, there are ways to do it - but which really stand a chance?

#### [E85 switch hits some bumps](#)

Price and availability remain the bane - and the hope - of E85.

#### [U.S. loans for coal plants clash with carbon cuts](#)

A Depression-era program to bring electricity to rural areas is using taxpayer money to provide billions of dollars in low-interest loans to build coal plants even as Congress seeks ways to limit greenhouse gas emissions.

### [Australia: Public purse props up fossil fuel industries](#)

Government support for the coal industry and coal-fired electricity is so generous that in some cases it has led to the construction of coal-fired power plants when other types of electricity generation would have been cheaper, the report by the Institute for Sustainable Futures at the University of Technology Sydney has found.

### [Deforestation: The hidden cause of global warming](#)

In the next 24 hours, deforestation will release as much CO<sub>2</sub> into the atmosphere as 8 million people flying from London to New York. Stopping the loggers is the fastest and cheapest solution to climate change. So why are global leaders turning a blind eye to this crisis?

### [Saudi Aramco to Reduce Arab Light Oil Exports to Asia in June](#)

Saudi Aramco, the world's largest state oil company, will cut Arab Light crude oil exports to Asia for the first time in at least three months as part of an overall supply reduction to the region.

The Dhahran, Saudi Arabia-based oil producer will lower shipments starting in June, said three refinery officials who received notices and asked not to be identified because of confidentiality agreements. The producer has been reducing Arab Medium and Arab Heavy sales by between 9 percent and 10 percent of total contracted volumes.

### [AP Moller Maersk North Sea oil, gas production falls yr-on-yr in April](#)

P Moller Maersk said oil production at its partly owned Dansk Undergrunds Consortium (DUC)'s 14 oil fields in the North Sea totalled 275,700 barrels per day during April, down 7% from a year earlier.

The production of gas reached 495 mln cubic metres, down 42% from a year earlier.

### [Crude Oil Rises as U.S., European Refineries Report Incidents](#)

Crude oil gained for a third day after incidents at refineries in Europe and the U.S. raised concern gasoline might run short this summer.

...U.S. stockpiles are the lowest for this time of year in 16 years and gasoline may remain the "primary driver" of oil prices, the International Energy Agency said last week.

## [Oil On The Verge?](#)

Are world oil prices about to repeat last year's surge to record levels?

## [Climate change drives farm revolution in Australia](#)

Farmer James Fagan uses satellites to guide his tractor when it plants his crop in the heart of Australia's drought-hit eastern wheat belt.

His tractor, working on autosteer and guided by satellite technology, plants the length of the paddock in lines so straight that every centimeter of land is utilized for growing crops.

The Fagan farm, 250 kilometers (150 miles) west of Sydney, is among a growing number of Australian farms that have turned to advanced technology to fight the effects of climate change which threatens their annual crops.

"We're on a knife-edge," James' brother Ed said. "This was a pasture and its just been destroyed over the last five years because of the drought," he added.

## [One billion to be displaced by 2050, global warming a factor, group warns](#)

At least one billion people risk fleeing their homes over the next four decades because of conflicts and natural disasters that will worsen with global warming, a relief agency warned Monday.

In a report, British-based Christian Aid said countries worldwide, especially the poorest, are now facing the greatest forced migration ever -- one that will dwarf those displaced by World War II.

## [World's city mayors eye climate change at New York summit](#)

Mayors from more than 40 of the world's largest and most polluted cities are to open a summit here Monday in the hope of agreeing on ways to tackle climate change and promote the use of clean energy.

## [Interview with Opium for the Masses, an Intelligent Band for Discerning Listeners](#)

We are facing an inevitable energy crisis where industrialized nations are fighting over the table scraps of the 20th century. Peak Oil is coming in the next few years (if not already), and we have no energy plans to replace our huge consumption of fossil fuels.

America, with its 5% of the world population, consumes 25% of its fossil fuels. No matter what energy companies or the government says, there is no replacement to America's energy consumption. Our economy is directly tied to energy and its availability. This is why we are in Iraq, it's a resource war. If competition heats up amongst industrialized states, resource wars, of larger scale, may be coming.

### [Back to the drawing board](#)

Almost everyone agrees Australia must reduce its greenhouse emissions.

How we should achieve these reductions is the main point of debate.

Preferred policies involve laundering carbon or uranium.

But inevitably, attention must turn to our energy consumption and its accepted role as a generator of greenhouse emissions.

### Bahamas: [Blood, Oil and War](#)

Today we wish to bring one fact to the public's attention. We underscore the point that promises always come with price-tags.

And for sure, there are prices over which we - as Bahamians - have absolutely no control. It necessarily follows that those who make promises should make sure that they can truly deliver.

We make this observation as we note that we have no control over the price we pay for oil. We make this observation as we take note of the relation between the fight for oil, war in Iraq and other atrocities around the world. As we see it, quite a few of these struggles are all about oil.

### [India to quit Indo-Myanmar gas pipeline project](#)

Oil and Natural Gas Corporation Limited (ONGC) has decided to leave Indo-Myanmar gas pipeline project following Chinese influence on military administration in Myanmar. According ONGC officials, opposition from Bangladesh for laying pipeline to transport gas to India from Myanmar via North Eastern states and West Bengal upto central India was the main hurdle for ONGC to carry out the project.

### Ghana: [President Kufuor in lights-off blues](#)

President J. A. Kufuor was at the receiving end of the bitter side of the current energy crisis last Friday when his security men had to shove off people in the dark on three



different occasions when there were intermittent power cuts during the commissioning of the Volta Star Textiles Limited formerly Juapong Textiles.

### [Southern Africa states ratify agreements over energy crisis](#)

Member states in the Southern African Development Community (SADC) have signed agreements that seek to tackle energy problems in the region.

### [Slovenia to Contribute to EU Energy Supply Warning Scheme](#)

Attending a meeting of the EU Network of Energy Security Correspondents (NESCO) on Thursday, 10 May, Franc Zlahtic of the Economy Ministry told STA that Slovenia's role in collecting data across the EU and pointing out possible energy crisis situations would be foremost in keeping an eye on the gas and electricity transfer network.

### Ghana: [Energy crisis renders over 2,300 workers jobless](#)

Thousands of Ghanaian workers have lost their jobs since the current energy crisis began in August 2006, according to statistics at the National Labour Department.

...Quite expectedly, the manufacturing sector, which heavily depends on electricity, tops the list with about 60% of all companies that declared bankruptcy within the period.

Sources at the NLD explained that these companies range from textile, pharmaceutical, mining, construction to hospitality industries.

### [BC's Billion-Dollar Wind Power Giveaway](#)

We're heavily subsidizing private power developers. Will Californians profit big?

### [Big Oil buys Sacramento](#)

WHO'S AFRAID of Big Oil? Apparently, California's elected officials. Gasoline prices are stuck well above last year's record highs and about 50 cents above the national average. Yet state politicians are not saying or doing a thing, except for raking in political cash from the oil companies and flying around the world on their dime.



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