



## DrumBeat: July 20, 2007

Posted by [Leanan](#) on July 20, 2007 - 9:02am

Topic: [Miscellaneous](#)

### [Oil subsidies do no one any favours](#)

Rises in the price of crude have little effect on petrol prices in the Middle East, China or India.

Back in the late '60s, these nations consumed just 25 per cent of world oil. Now they consume over 40 per cent.

Because they have not faced sharply rising oil prices, almost all the increase in oil demand in recent years has been due to them.

Developed nations provide the oil revenue for OPEC to subsidise domestic consumers.

Rapid oil demand growth in OPEC and China will keep driving the free-world oil price higher.

Yet it is the developed countries that will face an oil price crunch if supply cannot be increased as rapidly as demand in developing countries.

### [New York crude hits 11-month peak above 76 dollars](#)

The price of New York crude struck a fresh 11-month high point on Friday, above 76 dollars a barrel, owing to tight US supplies, while London's Brent oil traded close to its historic high.

### [What drives quality of life for seniors? Driving](#)

As baby boomers enter a critical new stage, a powerful new constituency is about to arise, demanding solutions to problems caused inadvertently by planners and others who have helped make automobiles so central to our lives. After all, this generation of Canadians has higher expectations for mobility than any that preceded it: We grew up with easy access to the car, and we will do what ever it takes to hang on to this privilege — which some already view as a basic right. But as many seniors are already finding out to their discomfort, suburbia is no place to grow old, testing the common assumption that we all gracefully "age in place."

## [The Global Thirst for Crude Is Set to Rise](#)

The world has changed immensely and so has the energy world. Seventy-five dollars a barrel no more boggles the mind. Some even predict that triple figure prices are only a matter of time.

## [Latest Project Aims to Wean Oil Sands Off Natural Gas Habit](#)

While Canada's oil sands are booming, the energy-intensive nature of the projects there are holding the province back from the ranks of the world's trophy deposits.

Nexen Inc. (NXY) and OPTI Canada Inc. (OPC.T) want to change that.

## [Mexico Guerrilla Group Says Pemex Bombings 'In Self-Defense'](#)

"We are not criminals, and much less terrorists," the group said in its statement posted to a Web site yesterday used by guerrilla movements. "But up against the latent death threats against our members and the government's fascist offensive against the entire popular movement, we are obliged to exercise the legitimate right of self defense."

The group's statement suggests it may intend to make good on threats to continue its bombing campaign unless authorities release its members. The office of Mexico's attorney general said in a July 11 press release that no federal prison held the EPR members mentioned in a July 10 statement.

## [Calderón plans US\\$76.5bn for hydrocarbons output - Mexico](#)

Mexico's President Felipe Calderón has unveiled his administration's 2007-12 infrastructure development plan, which entails investments of 822bn pesos (US\$76.5bn) in the production of hydrocarbons, according to plan documents.

## [Panic of the rich worsens in Zimbabwe](#)

Long, chaotic lines of vehicles built up Friday at the few gas stations still supplying fuel after the government banned a hard-currency coupon gas purchasing system used by well-to-do Zimbabweans.

## [North Korea: Key talks extended in Beijing](#)

It's very important given the chronic food shortage and energy shortage that the

country has. What they've received so far is really just a token gesture, the fuel oil, it's heavy fuel oil, it's not very high quality and even the quantity is not enough to really power North Korea's industry and energy sectors for more than a week or two. So they were receiving 500,000 tons a year under the agreed framework. But the humanitarian assistance is significant because they are still facing hunger and famine in some areas. We don't have precise numbers but that will certainly help people. Unfortunately I'm not sure it's a good idea to tie this humanitarian assistance to good behaviour by the North Korean regime. But invariably they become intertwined as they have here.

### [Is this the End of Uranium?](#)

The spot price for uranium has dropped recently to \$130/lb. It's been over six years since we've seen the spot price drop successively, does this signify the end of uranium?

### [Russia offers tax breaks to boost oil, gas development](#)

Russia's government is aiming to boost foreign investment and expertise even further, by offering tax breaks for the development of remote and depleted gas and oil fields.

### [Bloomberg's congestion pricing plan revived](#)

State and city leaders yesterday struck a deal that resuscitates Mayor Michael Bloomberg's proposal to use tolls to mitigate traffic gridlock and air pollution in Manhattan.

### [Minister: Japan firms need to limit peak power use](#)

Japanese trade minister Akira Amari said on Friday industry would need to restrict electricity use during peak periods after a powerful earthquake forced the shutdown of the world's biggest nuclear power plant.

Tokyo Electric Power Co. (TEPCO), the operator of the Kashiwazaki-Kariwa plant in northwestern Japan, said it had enough capacity to meet demand without firing up expensive oil-fired back-up generators, with help from other utilities unless summer was unusually hot.

But the minister said industrial restrictions would be needed to ensure a safe margin in supplies.

### [The Crude Awakening](#)

As Mr Baer argues in his book, *Sleeping with the Devil*, it would only take a possible

terrorist attack on two of Saudi Arabia's important oil export terminals to stop the two million barrels of surplus oil that the House of Saud so graciously keeps floating to stabilise prices in the international oil markets—in exchange for protection by America—for nearly two years.

If this surplus was taken out of the market, the US Strategic Petroleum Reserve would run out in two months and crude oil price could rise from the current level of \$75.65 to \$150 per barrel.

### [Oil expert sees shift in industry](#)

Global energy and engineering consulting firm IHS hosted a conference for oil industry professionals in Bakersfield on Thursday.

One of the company's exploration experts, Bob Fryklund, vice president of industry relations, spoke by phone about oil and gas exploration.

### [With Crude Oil Prices Still At the Base of a Five-Year Climb, Turn Pain Into Profit](#)

Just when you thought the global energy outlook couldn't get any worse ...

Worldwide demand for crude oil will continue to outstrip supply for at least the next five years, meaning the high prices and tight supplies of today will remain a reality for the foreseeable future.

### [Gasoline and Diesel Prices Will Spike](#)

All bets are off if a big hurricane hits the Gulf of Mexico. Gasoline would soar to \$4 a gallon or even higher, and stay there for weeks in the event of storm damage to fuel refineries in the South and oil pumping facilities in the gulf. The nation's petroleum reserve wouldn't be much help if refinery facilities were out of commission. And, gasoline imports wouldn't be able to fill the gap, since virtually all foreign gasoline makers are operating at capacity now.

### [Venezuela's PdVSA: Govt Requirements Leading to Rig Shortage](#)

Petroleos de Venezuela has had a difficult time hiring enough rigs for the domestic oil industry as new social spending requirements complicate tenders, said a company director.

PdVSA needs the rigs to reverse declining oil production. The International Energy Agency claims Venezuelan oil output has fallen to 2.37 million barrels a day, down from

2.6 million barrels a day a year ago.

Speaking to the National Assembly's comptroller committee on Wednesday, PdVSA Director Luis Vierma said the country currently has 120 active rigs, 36% below the year's target of 191 rigs.

### [Residents to engage on Moz-Gauteng pipeline](#)

Mpumalanga residents will be given a chance to comment on the construction of a R4 billion fuel pipeline, set to cut through the province from Mozambique to Gauteng.

### [Canadians continue to go green](#)

Although none of them can be considered "economy buys" as far as sticker price goes, hybrid vehicles continue to sell briskly in Canada and public interest has been rising along with "green awareness."

### [Car buyers stalled at pumps](#)

Higher gas prices are driving some Milwaukee-area buyers to import automotive brands and keeping other cash-strapped buyers on the sidelines.

### [Denmark: Hydrogen powered car set for production](#)

Not since the days of the ill-fated Ellert has Denmark been a car producing country. But now dwindling oil supplies and the threat of global warming have sped up plans for the production of a hydrogen-powered car, financial daily Børsen reported Friday.

### [Are Democrats the Peak-Oil Party?](#)

"We have to understand how weak [Iran] is," explained Sen. Joe Biden last month at the Democratic presidential debate in Nashua, N.H. "They import almost all of their refined oil. By 2014, they are going to be importing their crude oil." If Biden really meant to say what he said, that places him firmly in the camp of those analysts who believe in "peak oil" and predict that global oil production will soon decline even as demand continues to rise, with the results being ever higher oil prices and shortages.

Peak oilers contend that the Middle East oil reserves are vastly overstated. Some, the minority to be sure, even think that global oil production will fall so far, so fast, that western civilization will have to return to some sort of pre-industrial way of life.

### [Peak Oil When? Case Western U. launches a scientific polling](#)

Case Western Reserve University has launched a scientific effort aimed at reaching a global consensus over the expected timing for Peak Oil.

The chosen methodology, BiPSA, would take in opinions from everyone and integrate them according to the credentials of the sources. Quite a few experts have already voted on the site.

The Peak-Oil-When project is part of a large energy alternatives research initiated by this highly respect institution, further illuminating the energy crisis as the dangerous choke point for Western civilization.

### [Crucial six months to stop the lights going out](#)

Britain's energy policy is entering a crucial phase with decisions over the next few months shaping the country's ability to meet demand over the next two decades, according to energy minister Malcolm Wicks.

### [Conoco has big plans for oil sands](#)

ConocoPhillips Co. is prepared to spend billions of dollars on pipelines and refinery upgrades to allow it to process oil sands crude throughout its refinery network stretching to the U.S. Gulf Coast, company chairman Jim Mulva said Thursday.

### [ConocoPhillips CEO: Gazprom Wants More Talks on Shtokman](#)

Gazprom OAO (GSPBEX.RS) officials have told ConocoPhillips (COP) that they're interested in talks about the U.S. company's inclusion in the massive Shtokman liquid natural gas project in Russia, the head of ConocoPhillips said Thursday.

### [Tokyo Frets as Nuclear Shutdown Hits Energy](#)

The *Nikkei* business newspaper, citing unnamed sources, said the government would keep the Kashiwazaki-Kariwa plant shut for at least a year as the operator, Tokyo Electric Power Co. (TEPCO), conducts a safety study.

Officials in Tokyo declined to comment, but a local representative in the plant's hometown of Kashiwazaki said it would not be used at least through the summer, the peak months for electricity demand.

The damage to the plant is "unprecedented and it's hard to predict when operations can resume," said fire department official Osamu Oshima.

## [Singapore, Dubai, Hong Kong Suited to a Peak Oil World](#)

Has the stock market priced in the prospect of a peak in global oil production? No, says money manager and CFA Robert Rodriguez in a paper called "Absence of Fear". We took his paper and fired off a series of questions to our US-based colleagues. What would the market look like if Peak Oil was priced in? Dan Amoss, the editor of Strategic Investment, chimed in.

## [Dave Cohen: Exaggerated Oil Recovery](#)

There is never a dull moment for those studying the peak oil question. The National Petroleum Council (NPC) released its long-awaited report Facing the Hard Truths About Energy on Wednesday, July 18th. A prepublication draft of the report contained references to a graph (2nd figure, below left) which was subsequently excised from the full report now available to public. The NPC report talks about peak oil, and the missing graph is part of that discussion.

## [Keeping Our Motor Running](#)

Energy: Experts inside the oil industry have assessed the situation, and their outlook for the future is rather bright. Unlike those on the outside, these are the people who know what they're talking about.

## [Energy: Some Truths, Some Lies and A Whole Lot of Controversy](#)

As reported by the Energy Bulletin, The Hard Truths Report may be soft soaping the real impact of increased demands and supply and delivery issues as it will impact the United States. A report issued by the GAO in March, emphasized that the United States may well be unprepared for disruptions in oil supply and delivery. The International Energy Commission last week predicted world oil shortages by 2012.

## [Oil Gap: NPC's 'Hard Truths' \(podcast\)](#)

Perhaps the most sobering assessment to come out of the panel presentation is that even if there is sufficient diverse energy resources below the ground, the cost of building the necessary production, storage and distribution infrastructure to handle all these different resources is \$20 trillion by at least one estimate.

## [Phil Flynn: Wham! Wham! Whammy!](#)

Wham Jam! The gasoline got the proverbial triple whammy when the Department of Energy released its weekly inventory report and gas supplies confounded the experts in all major categories. In other words supply was down, production was down and demand was up. That lit a fire under the energy complex that is continuing to rage, being fueled even higher by a red hot China GDP and a refinery problem at a Total French refinery. The bullish stars are in alignment and the bear's best get out of the way.

### [Energy shortages impact on Argentine industrial activities](#)

For the first time since Argentina begun its strong recovery in 2003, industrial production contracted apparently because of the escalating energy problems and restrictions, according to the Buenos Aires think-tank FIEL which regularly releases monthly reports on economic and other activities. FIEL numbers show that manufacturing industry last June in Argentina contracted 0.8% compared to a year ago and 3.9% down from last May.

### [The Greening of Entertainment Tech](#)

There is ample evidence suggesting that this happy-go-lucky age is beginning to wind down, largely due to something called peak oil. It follows a classic bell curve. On your way up the curve, the oil is easy to extract, of very high quality, can be sold cheap, and life is good. At the top of the curve the field is 50 percent exhausted—that's peak oil. As you move down the curve, the oil gets harder to extract, harder to refine into something usable, and becomes exponentially more expensive. Domestic production in the United States peaked in 1970, setting the stage for the OPEC oil embargo of 1973 and a decade of financial instability. To cover the shortfall, we began importing more. Now there are many who believe worldwide production is peaking. For more details, see mainstream media [coverage](#). Then check out these folks who are keeping a [vigil](#).

### [Park District Urges Public to Help "Save Our Lake" from Industrial Sludge](#)

With the approved expansion of BP's Whiting Refinery by way of state regulators circumventing environmental laws, a considerable amount of ammonia and industrial sludge will be polluting Lake Michigan, the very source of Chicago's fresh water.

### [New Nukes for California?](#)

While the lights are staying on this summer, the long run prospects are still shaky. Highly visible state policies have focused on wind and solar as new sources while the behind the scene actions all point to only one source for the bulk of our electric generation - natural gas. The reasons why wind and solar can't be relied on for reliable and extensive electricity are well covered elsewhere. As tidbits of power, they seem harmless enough, if costly, but any polity that expects on-demand service from its electric grid needs to still focus on the meat-and-potatoes of power. For example, during



last summer's brutal heat wave here in California, our wind resources were producing only 6% of their capacity.

So what are the meat-and-potatoes options for California? Like most places in the US, we really only have three choices - coal, natural gas, or nuclear.

### [1 Killed, 13 Injured in Ras Tanura Blaze](#)

A fire that broke out at Saudi Aramco's North Product Terminal in Ras Tanura yesterday killed one worker and injured 13 others, according to a source that requested anonymity.

### [Imperial Oil, ExxonMobil Canada bet \\$585M on offshore Arctic natural gas and oil](#)

Imperial Oil Ltd. and its sister company ExxonMobil Canada, have slapped down a cool half billion dollar bet that offshore exploration in the Beaufort Sea could result in profitable oil and natural gas production.

### [Plug-in hybrids would slash carbon output by 2050, report says](#)

Plug-in hybrid cars would cut U.S. greenhouse gas emissions by 500 million tons a year by 2050 without taxing the electric grid, according to a report issued Thursday by an unusual coalition of power companies, General Motors and the Natural Resources Defense Council.

### [Indonesians told 'inconvenient truth' of climate change](#)

In a darkened auditorium on a weekday afternoon, Indonesians are warned that floods in their capital will become more catastrophic and the haze-inducing fires blazing through their forests are partly to blame. A message from Al Gore has arrived.

For the first time in Indonesia, the world's fourth most populous nation and its third largest carbon emitter, a tailored version of the climate change slideshow delivered by former US vice president Gore and featured in the smash movie "An Inconvenient Truth" is underway.

### [Melting glaciers raise sea level more than polar ice sheets - Sea levels may rise by 9 inches this century](#)

Contrary to common belief, melting glaciers due to global warming contribute more to the rising sea level than the Antarctic and Greenland ice sheets, researchers said

Thursday in a study.

Scientists found that the ebb and flow of glaciers where they meet the water causes them to speed up and deliver more ice into the world's oceans than previously estimated, said the study published in Science's latest issue.



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