



## DrumBeat: July 27, 2007

Posted by [Leanan](#) on July 27, 2007 - 9:07am

Topic: [Miscellaneous](#)

### [Oil Prices Close One Penny From Record High](#)

Light, sweet crude for September delivery rose \$2.07 to settle at \$77.02 a barrel on the New York Mercantile Exchange. The highest-ever settlement price for a front-month contract was \$77.03 a barrel, set July 14, 2006.

### [Chevron's earnings rise](#)

Chevron Corp. said Friday its second-quarter earnings rose due to higher profits from its refineries and the absence of year-earlier charges.

Net income in the quarter increased to \$5.38 billion, or \$2.52 a share, from \$4.35 billion, or \$1.97, last year.

### [Warren Buffett sells 16.9 mln shares in Hong Kong-listed PetroChina](#)

Businessman and global investor Warren Buffett has sold 16.9 mln shares in PetroChina Co Ltd, reducing his personal stake in the Hong Kong-listed Chinese oil company to 10.96 pct from 11.05, PetroChina said in a filing with the stock exchange.

### [The unintended consequences of the ethanol quick fix](#)

The push to increase ethanol production and ease dependence on oil has created a price runup in fuel and food prices.

### [Bombing of Mexican Pipelines Puzzles Security Experts](#)

At first, some thought the explosions may have been caused by accidents, but investigators at the bombing sites in north-central Mexico found evidence of sophisticated explosives, and a leftist insurgent group from southern Mexico, the Popular Revolutionary Army (EPR) claimed responsibility. President Felipe Calderon pledged to protect the infrastructure of the state-owned energy company, Petroleos

Mexicanos, called Pemex for short, and he dispatched military units to patrol various pipeline routes.

But the attacks remain a mystery, and speculation continues as to who was really responsible. The EPR had never ventured that far north before and never appeared to have access to the explosives and bomb-making skills that were employed in these attacks.

### [Mexican Company Predicts End of Oil](#)

Petroleos Mexicanos (PEMEX) announced that oil reserves may run out in seven years.

"Supplies of this economically exploitable resource are running out," informed a report sent by the state owned company to the United States stock market.

### [Peaks, Plateaus and Premonitions](#)

The main questions were generally the same: "Wouldn't the effects of peak oil take years to be felt? This would suggest that we would see a powering-down over time rather than an overnight panic."

I gave them the positive answer first . . .

"I hope." The truth is that we have no way of knowing how people will react.

However, I think history can give us some examples. We know how people reacted to the stock market crashing almost seven decades ago.

Granted, circumstances were different back then. Let's take a look at a more relevant event . . .

### [Crash Homes on Brazil Infrastructure Woe](#)

Aviation chaos, unpaved highways and the threat of energy rationing point to perhaps Brazil's greatest challenge in its quest to become an economic superpower: How to upgrade its overburdened infrastructure.

The government is planning to spend billions of dollars in coming years to modernize and expand strained roads, power plants and ports in a bid to accelerate growth in South America's largest economy.

But decades of infrastructure neglect, due to years of economic instability in the wake of the Latin American debt crisis of the 1980's, will not be quickly remedied. The strain, in some cases, is having disastrous consequences.

## [Profit from Oil's Next Surge](#)

I have bad news: If you think oil prices are high now, you ain't seen nothin' yet. The good news is that you can profit from oil's next move. That should help you pay your soaring bills when gasoline accelerates past \$4 a gallon. More on that in a moment. First, let's talk about why energy prices are on the move.

## [Roller coaster ahead for oil prices](#)

Analysts are predicting that global demand for oil could exceed supply by as soon as 2015. However, the situation is not quite as simple as the newspapers make out. First, the world isn't running out of oil; it's running out of cheap oil. Canada alone has an estimated 180 billion barrels of recoverable oil, enough to meet global demand for the next century or so.

The problem is, you can't run your car off oil in the ground. The global oil shortage is a refining problem, not a lack of resources. As oil becomes harder to extract, it becomes more expensive. As oil becomes more expensive, major oil users will look elsewhere for energy, or simply reduce their energy use. Oil will remain a major global energy source for the foreseeable future, but only where there is no economic alternative.

## South Africa: [Strike could 'cause fuel shortage'](#)

An indefinite strike in the petroleum sector might result in a shortage of fuel when Ceppawu members go on strike next week, the union said on Friday.

## [Looming drought may bring water, power outages to Philippines](#)

Falling water levels had affected the operations of hydroelectric dams that provide power to metropolitan Manila and surrounding areas, forcing the state-run National Power Corp. (Napocor) to introduce daily three-hour outages which started Wednesday, the firm said.

## [BANGLADESH: Power Plants on Rental Basis](#)

Most of the leading dailies have reported about a tender notice of Bangladesh power cell seeking proposal for prequalification about supply of rental power plants published with 14 days notice. Dailies have rightly questioned about the very short notice for such power plants.

## [As Cheap Oil Ends, American Standard of Living Will Decline](#)

“Americans are delusional,” began James Howard Kunstler, speaking to the investment conference we are attending here in Vancouver.

“They think they can continue living the way they’ve been living for the last 50 years. They think the key to it is to find a way to keep getting fuel. And Vice President Cheney summed up this line of thinking when he said, ‘the American way of life is non-negotiable.’ The trouble is, Americans may not be willing to negotiate. But if they don’t, they are going to find that someone else is negotiating for them. And that someone else is called reality.”

## [Reading Oil’s Tea Leaves](#)

A recent study from the U.S. National Petroleum Council (NPC), led by former ExxonMobil chairman Lee Raymond, asserts global energy consumption will increase as much as 60 percent by 2030 but assures “the world is not running out of energy resources.” The report says the world is entering an era of tight energy supplies where global oil production could drop to 5 percent below current output by 2030. The Financial Times says the NPC study represents “a defining moment in the history of the global energy industry” crystallizing the “unease about global energy supplies that has been accumulating over the past couple of years.”

## [The World at \\$100 a Barrel](#)

Oil prices have surged again, and investment bank Goldman Sachs thinks they have the potential to spike to near \$100 a barrel by the end of summer unless Middle East production increases. How would a rise to, say, \$95 a barrel affect the global economy?

## [Weak Dollar Gives OPEC Little Incentive to Up Output](#)

A plunging U.S. dollar gives OPEC's key Middle East members little incentive to pump more crude to ease high prices amid rising concerns about the impact of the weak greenback on their economies.

## [Americans’ Insatiable Thirst For Energy Must Be Moderated](#)

As you know, many serious problems are associated with our insatiable thirst for energy. The reason is simple: To gain the energy we must burn the fuels. The combustion, by the way quite inefficient, causes huge gaseous emissions polluting the air and forming an invisible screen responsible for the famous " green house effect ", i.e., blocking the dissipation of heat and thus causing the feared warming up of our planet, with deadly consequences for nature and man.

There is only a finite amount of oil in the world. Everybody knows this. Someday, we'll run out. It will be gone.

### [World Energy: A Slippery Bet](#)

We're gambling on positive hearsay about energy issues, just as we did on global warming.

### [WoodMac: US Gulf Lease Sales Could Be Biggest in Nine Years](#)

The U.S. government's upcoming sale of drilling rights to swaths of the deepwater Gulf of Mexico has the potential to top \$1 billion for the first time in nearly a decade, according to a report by Wood Mackenzie.

The sales, expected later this year, include many newly available blocks in the lower tertiary, an area 150 miles off the coast of Louisiana where no oil is currently produced, but where the energy industry has made several large finds.

### [Venezuela US Envoy: We Must Be Ready For Gas Nationalization](#)

Venezuela must be prepared for the possibility of nationalization of its natural gas sector, the country's ambassador to the U.S. said Wednesday.

### [Brazil oil boomtown draws splendor, misery](#)

From Dubai in the Middle East to Maracaibo in Venezuela, oil industry booms have brought luxury downtown, while the numbers of indigent mushroom in worker camps and slums in the suburbs.

### [Wells Take Voyage to Bottom of the Sea](#)

Standing on the deck of Anadarko Petroleum Corp.'s Independence Hub platform, crew chief Darwin Nichols can't hide his enthusiasm. "You can see everything from here," he marvels.

His view: a computer screen with a spider web of wells, pipes and flow lines used to extract natural gas, all of which are invisible from the platform because the wellheads, pumps, separators and meters distinguishing most petroleum platforms sit on the ocean floor.

### [Senior Chinese official hints at raising domestic oil price](#)

A higher domestic oil price would benefit China's aim to reduce energy consumption and greenhouse gas emissions, Cao Changqing, an official with the National Development and Reform Commission (NDRC), said on Thursday, in the clearest indication yet that the government is considering raising the price of oil.

### [China's Oil Trio Domestic Exploration Costs Surge - Woodmac](#)

Despite concerns about intensifying competition between China and the West for energy resources, China's listed oil trio increased their spending on domestic exploration and production from 2004 to 2006 by more than their total international expenditure last year.

### [Biofuel: Power from the poor](#)

On one hand the rising population of millions of people in the world is creating a surge in demand for food and on the other, is the use of food crops as a source of energy in place of oil, the so-called bio-fuels boom.

### [Texas leads list of dirtiest U.S. power plants](#)

Texas leads the list of having the dirtiest power plants in the United States, while New England and the Pacific Coast produce cleaner energy and less carbon dioxide emissions linked to global warming, an environmental group said on Thursday.

### [Lawmakers grill EPA chief on Calif. law](#)

The head of the Environmental Protection Agency refused on Thursday to say whether he knew the Transportation Department was lobbying against a California global warming law.

### [Listen to Earth, Pope Says in Environmental Plea](#)

Pope Benedict said the human race must listen to "the voice of the Earth" or risk destroying its very existence.

The Pope, speaking as he was concluding his holiday in northern Italy, also said that while there is much scientific proof to support evolution, the theory could not exclude a role by God.



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