



DrumBeat: August 10, 2007

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Topic: [Miscellaneous](#)

[Energy futures rebound on news of storm](#)

Energy futures rebounded from earlier lows on Friday as traders bought on news that a tropical storm is forming in the Atlantic Ocean and a report of a refinery problem.

"A disturbance just left the coast of Africa, and it looks like it has a little bit of teeth," said James Cordier, president of Liberty Trading Group in Tampa, Fla.

Forecasts show the disturbance has the potential to develop into a tropical storm and strike the Gulf of Mexico within 2 weeks, said Addison Armstrong, an analyst at TFS Energy Futures LLC in Stamford, Conn.

[Peak Oil Passnotes: Is 'Peak Oil' Postponed?](#)

Has "peak oil" been postponed? We have seen a sharp fall in the price of a barrel of crude oil, either Brent or WTI, with Brent falling under \$70 per barrel and the WTI doing the same - this after WTI hit a new closing high of \$78.21 as little time ago as August 1.

The short answer is "who knows?" But to have a bit of fun for a Friday we will make a few predictions, to test out pricing acumen. If you invest on the back of this column's ideas, beware.

[Iran, Iraq to build oil pipeline](#)

Iran and Iraq will sign a deal to build a pipeline that would transfer crude oil from southern Iraqi oilfields to refineries in Iran.

[The Major Diplomatic and Strategic Evolution in Iraq](#)

Saudi Arabia's worst nightmare would be watching Iran become the dominant power in Iraq or southern Iraq. It cannot defend itself against Iran, nor does it want to be defended by U.S. troops on Saudi soil. The Saudis want Iraq as a buffer zone between

Iran and their oil fields. They opposed the original invasion, fearing just this outcome, but now that the invasion has taken place, they don't want Iran as the ultimate victor. The Saudis, therefore, are playing a complex game, both supporting Sunni co-religionists and criticizing the American presence as an occupation -- yet urgently wanting U.S. troops to remain.

The United States wants to withdraw, though it doesn't see a way out because an outright unilateral withdrawal would set the stage for Iranian domination. At the same time, the United States must have an endgame -- something the next U.S. president will have to deal with.

[Project to bolster nuclear energy cooperation in Mid-east](#)

A project backed by United Nations International Atomic Energy Agency (IAEA) has the potential to bolster cooperation in the use of nuclear energy for peaceful purposes in the Middle East.

[In Hungary, an energy battle with Russian overtones](#)

Two Central European energy companies are locked in a bitter battle for dominance in the region after OMV of Austria made a hostile takeover bid for MOL of Hungary, with Russian interests playing a major role behind the scenes.

[Pentagon chief: no more oil for blood, man](#)

Biofuels have been taking a bit of a bashing lately, with people suggesting that maybe they aren't so green after all. And this is not to mention the fact they could require unacceptably large amounts of cropland to produce, so driving up food prices.

But now the somewhat beleaguered biofuel lobby has received a boost from US Air Force (USAF) secretary Michael Wynne. The USAF apparently accounts for 80 per cent of the US government's fuel usage, and to a noticeable degree this is dependent on foreign supplies.

[Sudan: Oil Companies Oppressing South Sudanese](#)

This year's revenues from oil will exceed US\$4 billion. Economic growth is expected to be about 10 per cent. Clearly, the country is witnessing an economic boom fuelled by oil.

The indigenous people of the oil areas, however, have languished in abject poverty. Oil companies have appropriated their lands without paying compensation, and have largely excluded them from employment opportunities.

[Beyond oil and gas, Algeria aims to tap vast sunbelt to export solar energy to Europe](#)

It's a vision that has long enticed energy planners: solar panels stretching out over vast swaths of the Sahara desert, soaking up sun to generate clean, green power.

Now Algeria, aware that its oil and gas riches will one day run dry, is gearing up to tap its sunshine on an industrial scale for itself and even Europe.

[Urban, suburban divide revealed in growth plan](#)

But Hunt says any new accord is going to have recognize “huge inequities” that have emerged between the City of Vancouver and the surrounding suburbs it blames for many of the region’s problems.

In essence, Hunt argues, Vancouver has paved over its farmlands, chased away its ports, and redeveloped its sawmills and industrial sites.

It’s transformed those undervalued lands into posh districts like Coal Harbour and Yaletown and now reaps immense profits in the form of vastly higher property taxes.

Meanwhile, port expansion is happening in Delta, not downtown, and many low-value land uses are priced out of Vancouver and pushed into outlying cities.

It’s a bit rich, Hunt says, for Vancouver to try to freeze redevelopment in cities that happen to be decades slower to develop, and then spank them for the evils of urban sprawl and failing to densify or embrace transit fast enough.

['Crowd Farms' could offer alternative energy](#)

The band takes center stage, the fans surge forward and the sheer power of the crowd’s excitement amplifies the sound of their favorite songs — providing enough energy, in fact, to move a train.

It could happen in the Crowd Farm, a conceptual design by two graduate students at the Massachusetts Institute of Technology that seeks to milk the mechanical movement of hundreds or thousands of assembled people to produce electrical power.

[Richard Heinberg's Museletter- The View From Oil's Peak](#)

Clearly the timing of the global peak is crucial. If it were to happen soon, the consequences would be devastating. Oil has become the world’s foremost energy resource. There is no ready substitute, and decades will be required to wean societies

from it. Peak Oil could therefore constitute the greatest economic challenge since the dawn of the industrial revolution.

This is the essential message that a small but growing ad hoc band of analysts has been spreading for the past decade. That message is gradually sinking in: the term "Peak Oil" appears in the press with increasing frequency. For policy makers initially encountering it, four questions seem paramount:

1. How have the forecasts of the Peak Oil analysts held up so far?
2. In the light of Peak Oil, what will be the consequences of current energy policies?
3. Is the world developing new policies in response to the warnings in a way that will forestall dire consequences?
4. If not, what should be done?

[Climate change challenging gardeners to plant smarter](#)

Don't look now, but the early signs of climate change have already landed with a thud in our backyards.

Gardeners across the country have to adapt, the sooner the better, said Todd Forrest, vice president for horticulture and living collections with the New York Botanical Garden.

"That means planting smarter and planting for the future," he said. "The first thing gardeners can do is understand they'll have to live with elevated temperatures, including higher nighttime temperatures. In winter, they'll have less snowfall. Those two changes will have a significant impact on what we can grow."

[The road fix](#)

Why do we keep building more roads? Because when it comes to planning, the deck is cynically stacked in favour of the road builders - and against the environment.

[Global Insight, Latin America: The international reach of state oil companies in Latin America](#)

A surge in foreign direct investment (FDI) outflows from Latin America and the Caribbean has led to increased interest in the leading "trans-Latins" or Latin American companies that are expanding beyond the borders of their home countries. In this context, Global Insight takes a closer look at the internationalisation strategies of the region's national oil companies (NOCs).

[Fixing Pemex](#)

Next time you curse the taxman, spare a thought for Pemex. Mexico's national oil monopoly has suffered an average effective tax rate of 105 per cent over the past five years. Cumulative free cash flow after dividends and capital expenditure is a negative \$20bn, even as Mexican crude prices have more than doubled.

[Iraq to bring back targeted pipeline](#)

Iraq's long-sabotaged oil pipeline from Kirkuk to Ceyhan, Turkey, will begin operation again, as the two countries have reached energy accords.

The Middle East North Africa Financial Network reports on its Web site the Iraqi Oil Ministry said the Kirkuk-Ceyhan pipeline will soon begin sending crude north.

[Thank Uncle Sam for high gas prices](#)

If we really have a fuel shortage how come there aren't long lines of cars at gas stations waiting to fill their tanks? And why have Exxon, Shell, BP, Chevron, ConocoPhillips, Total and Marathon, which own most of the refineries, continued reporting record profits? Kind of makes one wonder if the refinery breakdowns, leaks, fires, etc. are contrived exaggeration and poppycock and purposefully engineered. And, considering the hundreds of billions of dollars these companies earn, it boggles my imagination that their upkeep is so sloppy. It just gets "curiouser and curiouser."

[Carolyn Baker: The Joyride that was the American Empire](#)

A few days ago a friend called me just after hearing Michael Panzner on the Thom Hartmann show on Air America. My friend wanted me to read Panzer's book, *Financial Armageddon* and see what I thought. Apparently, Panzer's radio interview remarks were filled with passion and a sense of urgency, and upon reading the book, I experienced the same intensity in the author's writing which pleasantly surprised me. Here was a financial guru with 25 years' experience in the stock, bond, and currency markets and a faculty member of the New York Institute of Finance, who unlike Ben Bernanke and the silver-lining pundits of the financial pages, was not telling us that everything is going to be fine or that things will "bounce back in 2010".

[Saudi Arabia to keep supply curbs steady](#)

Saudi Arabia, the world's top oil exporter, will keep its crude oil supply curbs steady to customers in Japan and Europe in September from August, industry sources said yesterday.

The steady volume indicates the largest producer in the Organisation of Petroleum Exporting Countries (Opec) is keeping a lid on output and raises expectations that Opec's September 11 meeting will not alter supply policy.

[Preparing for the coming energy crunch](#)

When the price of oil reached high levels two years ago, many thought that it would soon decline as new oil wells began production. However, world oil supply has not increased very much, and prices have remained high. The question now facing the world is whether oil production is approaching a peak, where oil production from new wells is no longer sufficient to replace declining production from older wells. If we are approaching a peak, this could have a severe impact on the world and Maine economies.

[Play peak oil before you live it](#)

Collaborative intelligence wiz Jane McGonigal designs alternate reality games to solve the world's biggest problems. Enviro love her -- but so does the military.

[Technology isn't going to rescue us from oil](#)

The new U.S. Energy Information Administration 2007 Annual Energy Outlook projects a continuing increase in U.S. daily oil consumption.

It is expected to rise to 26.8 million barrels a day in 2030, from 20.7 million in 2005. Oil imports are projected to rise from 13 million barrels per day to 17 million. The EIA also forecasts that polluting coal's share of electric energy production will rise from 49.93 percent in 2005 to 57.44 percent in 2030.

Highly touted ethanol is projected to be less than 1 percent of U.S. energy supply in 2030. Wind is forecast at just 0.89 percent of electric energy fuel in 2030, up from 0.33 percent in 2005.

This is in stark contrast to the "alternate energy — technology will save us" rhetoric blowing in our federal and state capitals. And it also points to the tough choices and realities Americans face in the coming years. This EIA data have dire implications for our energy security, global warming, atmosphere quality and our massive trade deficits.

[There 'Auto' Be A Change for Newspaper Ads](#)

Peak auto, it turns out, precedes peak oil. As a result, newspaper ad sellers will need to know how to plan for and harness a resulting bundle of trends in the automotive field.

Since the U.S. consumer demand for automobile driving is highly elastic with respect to

fuel prices, people are driving less. People who are using their cars less will tend to keep them longer. Our July Leo J. Shapiro and Associates national poll of consumer opinion finds that respondents who bought a car in the last year are likely to hold onto it for eight years, compared with seven years in 2006.

Back in the eighties, new cars were held for an average of only four years.

[Gardening for a cause](#)

Last week, we ran an Associated Press story about front-yard gardens and the growing movement to turn the lawns of suburbia into vegetable patches.

There has been resistance to this idea in some places by people who think a vegetable garden is unsightly. But slowly, people have discovered that it doesn't take a lot of effort to grow fruits and vegetables, and the homegrown ones are fresher and better-tasting than the ones they can get at their local supermarket.

[IEA keeps 2007, 2008 demand forecasts unchanged, calls for more OPEC oil](#)

The International Energy Agency kept its 2007 and 2008 oil demand growth forecasts unchanged but called on OPEC to produce more oil to help ease prices and calm the recent volatility in the broader financial markets.

The agency, an advisor to 26 industrialised nations of the OECD region, also called on industry players and governments to produce more frequent, comprehensive, timely and transparent oil market data.

'Our projections suggest stocks will be drawn down further in August and September, yet when OPEC members come to assess the market at their 11 September meeting, they will have to hand only OECD-wide data from June,' said the agency in its monthly report.

[Oil Scene: Oil Capacity Expansion's Exigencies and Rhetoric](#)

And as the bull run continues, investment in oil search within major OPEC members is also at the highest level in two decades. OPEC says a total of 336 oil rigs - the best estimate of drilling activity at a given time - were in operation within its member countries last year, an increase of 11.5 percent since 2005.

This rig count was the highest since the peak recorded by the OPEC in 1982, when the oil price hit an all time high, in today's value, of about \$90 a barrel. The current level of activity within OPEC was thus all the more interesting and indeed perplexing, too, in the backdrop of the IEA warning of an "oil supply crunch" looming over the next five years as global economic growth accelerates, crude consumption rises and output falls.

An estimate of the hectic activity in Saudi Arabia could be gauged from the fact that Saudi Arabia drilled 382 new wells last year, the highest number for any year since 1980. The number of rigs in operation in the Kingdom was reported to be around 120 by the end of last year.

The Kingdom is currently investing billions of dollars to boost its production capacity to 12.5 million barrels a day by 2009, up about 11 percent from current levels. 10 major projects are under execution within the Kingdom.

[Bolivia](#)



A gas station shows a poster during a gas shortage in Tarija August 9, 2007. The notice reads *Due to low pressure in the pipeline, the sale of gas will be at 25% of our usual capacity for the next 24 hours or until advised again.*

[Norway: No Reason to Exploit Arctic's Gas, Oil 'For Decades'](#)

Technological and logistical factors are likely to preserve the Arctic region's huge reserves of oil and gas from exploitation for decades to come, said Norway's deputy foreign minister Liv Monica Stubholt.

"I think we would do well not to underestimate the difficulties" involved in any exploitation of the high north's natural resources, Stubholt told Thomson Financial News in a telephone interview.

And as far as drilling in the Arctic is concerned, "the technological challenges are (still) insurmountable ... I think we have decades ahead of us before the technology to do this in a safe and sustainable way is there."

[British oil worker kidnapped in Nigeria](#)

Gunmen kidnapped an oil-industry worker as he traveled to work Friday in Nigeria's southern oil region, police said.

The man was snatched from his car shortly after dawn in the oil city of Port Harcourt, Rivers State Police Commissioner Felix Ogbaudu said.

[Nigerian Militant Group MEND Vows New Oil Attacks](#)

The main Nigerian militant group behind a wave of attacks on energy facilities and abductions of foreign oil workers vowed Thursday to renew attacks on oil pipelines in coming weeks and said it had still not held talks with the country's new government.

[Canada's provinces agree to push energy strategy](#)

The premiers of Canada's provinces and territories agreed on Thursday to promote an energy strategy that promotes conservation, cuts regulatory delays and boosts the use of cleaner and renewable energy sources.

[What Unites Iraqis: Blocking Western Petroleum Companies From Seizing Control of Their Oil](#)

Despite the ethnic bloodshed in Iraq, majorities of Shiites, Sunnis and Kurds are united in their disapproval of the proposed oil laws that Washington and Big Oil are pushing.

[Cambodia to expand navy in gulf to guard oil fields](#)

The Cambodian Ministry of National Defense is planning to significantly expand the Royal Cambodian Navy's presence in the Gulf of Thailand to provide security for companies searching for and extracting oil, local media said on Friday.

[Indian auto firms race to develop greener vehicles](#)

Indian vehicle makers are joining the global race to make less-polluting greener vehicles, teaming up with international firms and pouring money into research that could result in commercially viable technologies quickly.

[Experts differ about ethanol-water usage](#)

The growing thirst for ethanol takes a lot of water to quench, but less than many people believe and not enough to cause serious problems, experts told farmers.

[Humans leave sooty footprint in Arctic](#)

Soot can darken the snow, causing it to absorb sunlight, warm up and melt. That, in turn, can add to local climate warming by exposing darker ground which absorbs energy from the sun that the white snow would have reflected.

Ice cores from before about 1850 show most soot came from forest fires. But since then, black soot in the snow has increased several times over and most now comes from industrial activities, according to a paper in Thursday's online edition of the journal Science.

[Did global warming cause NYC tornado?](#)

Flooded subways? A tornado in Brooklyn? It was tempting to blame it all on global warming.

Plenty of public officials were doing just that in the aftermath of a short but violent thunderstorm that paralyzed the nation's largest mass transit network and tore the roofs off limestone townhouses. But in reality, it is not quite that simple, weather and climate experts say.

[Natural forces offset global warming last two years: study](#)

Natural weather variations have offset the effects of global warming for the past couple of years and will continue to keep temperatures flat through 2008, a study released Thursday said.

But global warming will begin in earnest in 2009, and a couple of the years between 2009 and 2014 will eclipse 1998, the warmest year on record to date, in the heat stakes, British meteorologists said.



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