



DrumBeat: September 14, 2007

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Topic: [Miscellaneous](#)

[OPEC states' realignment reflects oil supply reality](#)

OPEC has published new oil supply targets for its 10 members bound by a pact to raise production, a move that reflects increases in production capacity in some countries and declines in others.

...Under OPEC's old quota system, changes in individual member states' limits would have been made on a pro-rata basis. But quotas in this form had long ceased to reflect the realities of OPEC states' ability to produce oil.

For instance Indonesia, an importer of oil, had a quota that far exceeded its capability.

"The quota system is in the past," an OPEC source said on Friday. "Everything now is based on actual production."

[Humberto may reenter Gulf of Mexico: weather models](#)

While most weather models show the remnants of Humberto reaching Virginia and the Carolinas later Friday, a few models suggest the system could turn south and reenter the oil-rich Gulf of Mexico over the weekend.

If the storm returns to warm Gulf waters, AccuWeather warned the oil and natural gas industry to watch for tropical development.

[OPEC Says \\$80 Oil Won't Last Due to `Fundamentals'](#)

OPEC, whose members produce more than 40 percent of the world's oil, said crude at \$80 a barrel won't last because ``fundamentals" don't support the price.

[OPEC expects big growth in demand](#)

In a monthly oil market report released Friday, the Organization of Petroleum Exporting Countries (OPEC) left its outlook for world oil demand growth this year

largely unchanged at 1.3 million barrels per day or 1.5 percent above last year.

[Phoenix Canada Oil Extends International Patent Filings on Hydrogen Gas Generation Technology](#)

Phoenix said that the U. S. patent was the primary milestone that established its leading position in the developing hydrogen economy. Phoenix claims that the U.S. patent validates its proprietary "foundation" technology covering the solar light-powered generation of low cost, pure hydrogen gas from a common water feedstock.

[The end of oil: A small - but growing - group of experts think world oil production will peak in the next few years, to devastating effect.](#)

At some point in the near future, worldwide oil production will peak, then decline rapidly, causing depression-like conditions or even the starvation of billions across the globe.

That's the worst-case scenario for subscribers to the "peak oil" theory, who generally believe oil production has either topped out or will do so in the next couple of years.

What follows depends on who one talks to, but predictions run the gamut from the disaster scenario described above to merely oil prices in the \$200-a-barrel range while society transitions to other energy sources.

[Oil Is Steady After Reaching a Record \\$80.36](#)

Crude oil was little changed after rising to a record \$80.36 a barrel in New York on concern that oil and fuel inventories will decline.

"There's a significant global supply deficit," said Sarah Emerson, managing director of Energy Security Analysis Inc., a consulting firm in Wakefield, Massachusetts. "The buffer is gone so when there is any hiccup in the supply chain you'll get an outsized reaction."

[Norway's Oil Output Fell 7.3% in August From a Month Earlier](#)

Norway, the world's fifth-largest oil exporter, said crude production in August decreased 7.3 percent from a month earlier.

Output averaged 2.111 million barrels a day, compared with 2.277 million barrels a day in July, according to a statement posted today on the Web site of the Norwegian Petroleum Directorate, which oversees the nation's oil industry. The figures for August are preliminary.

[Valero Says It's Beginning Start Up at Port Arthur Refinery](#)

``Startup activities are under way at the plant with some units on circulation," spokesman Bill Day said in an e-mail today. ``The refinery is working towards returning to production by the end of next week."

[Michael Klare on the Internal War For Control of Iraq's Oil](#) (video and audio)

We speak with Michael Klare, author of "Blood and Oil: The Dangers and Consequences of America's Growing Dependency on Imported Petroleum." Klare says, "There's a second war underway in Iraq that's a war for the control of the oil wealth. That's a war that is pitting Kurds against the Arabs of the country, Shiites against Sunnis, and Shiite against Shiite. Because eventually the Americans are going to leave and the people of Iraq know this."

[Peak oil: Facts converge with theory](#)

Theory & Proposed by	Methodology	Peak Oil Timing
Hubbert Linearization - King Hubbert and later updated by Prof. Kenneth Deffeyes, author of "Beyond Oil: The View from Hubbert's Peak"	Mathematical modelling technique for estimation of reserves using historical production data.	Hubbert in 1965 predicted Peak Oil by 2000. Deffeyes using later data has predicted the peak as 2005
Field-by-Field Reserves Estimation - Dr.Colin Campbell of ASPO – author of "The Oil Crisis"	Field-by-Field Reserves estimation for existing oilfields and extrapolation of discovery patterns for new discoveries.	2005 for conventional crude. 2006-07 for all liquids and 2010 including natural gas
Giant Oil Fields Study - Matt Simmons, author of "Twilight in the Desert"	By studying the production numbers and decline rates from giant oil fields, Simmons predicted the timing of Peak Oil.	2006 on account of the rapid declines in Burgan, Cantarell, and the North Sea for 2007.
Mega Projects Database - Chris Skrebowski, Editor of Petroleum Review (UK)	Study of all ongoing new projects and assuming decline rates from existing fields, Skrebowski predicted the timing of Peak Oil.	2010. Skrebowski assumes a conservative decline rate of 2-3% to make his forecasts.

Given in the Table is a summary of the four theories that could be used to estimate the timing of peak oil.

All four methodologies show a remarkable confluence in their predictions regarding the timing of peak oil.

[China's expanding refining capacity will not lead to increased oil product exports - analyst](#)

China's rapidly growing refining capacity is targeted at meeting soaring domestic demand, and as such is unlikely to lead to a significant increase in oil product exports before 2012, a senior consultant with Edinburgh-based energy consultancy, Wood Mackenzie, told Interfax at the 23rd Asia Pacific Petroleum Conference held in Singapore yesterday.

[Asian Coal Prices May Rise 22% in 2008, Goldman Says](#)

Japanese utilities may have to pay 22 percent more for Australian coal next year after South Korean buyers locked in supplies seven months early, anticipating a shortage, Goldman Sachs JBWere Pty. said.

[US, China to reward North Korea with fuel aid](#)

The United States and China are preparing to provide tens of millions of dollars in fuel aid to North Korea as it moves to declare and disable its nuclear weapons program, US officials said Thursday.

[Possible Food Unrest in Central Asia](#)

Harvest yields below projected levels combined with rising prices have analysts watching events in Central Asia, wondering if increased food prices might trigger civic protests.

[Mexican Intelligence: Hugo Chavez equips and funds the Pemex pipeline bombers](#)

The subversive group, the Revolutionary Popular Army (EPR), that claimed responsibility yesterday the attacks against six gas pipelines of state-owned Mexican Petroleum (PEMEX), is financed by the government of Hugo Chavez, according to a press report based on the Mexican intelligence service.

[Mexican tax reform clears Senate committees](#)

Another of the measures would allow state oil monopoly Pemex to keep more of its revenues from crude oil sales to reinvest in exploration and technology.

Mexico wants to reduce its dependence on revenues from oil exports, which are faltering as yields slip at the country's biggest offshore oil field. Crude revenues currently fund about one-third of the federal budget.

FOR years, the world has grown increasingly aware of the risks of global warming. Companies, households and governments, you would think, have been stepping up action on "no regrets" measures to improve their energy efficiency, saving money and emissions at the same time.

Not so. The International Energy Agency this week revealed the exact reverse. At least up to 2004, rising awareness that an environmental crisis could be about to hit us had far less impact on the decisions we made than the cattle prod of oil price hikes had in the 1970s and '80s.

[Reaction time: climate change and the nuclear option](#)

There is no objective truth about the future performance, cost and safety of nuclear reactors. There is a range of defensible opinions, as well as some that appear indefensible.

[Texas biodiesel low on fuel?](#)

A series of bad blows -- high corn prices, intense commodity speculation, a shortage of "crushing" plants and excess production capacity -- have formed a "perfect storm" for the young Texas biodiesel industry.

At least two small biodiesel production plants in Texas have already ceased operating for lack of feedstock, says an industry source, and it's likely that across the nation more will be shuttered, energy economists say.

[Nepal: Petrol shortage no laughing matter](#)



We've been here before. Endless lines of stationary cars sit nose to tail for mile after

mile along the roadside. Massed ranks of motorcycles, in places five deep, spill out onto the highway, their hot and weary owners looking for a shady tree to rest beneath.

Once more the Kathmandu valley is in the grip of a crippling fuel crisis. The Indian Oil Corporation (IOC) had already slashed Nepal's fuel supply because of unpaid bills, but a tanker drivers' strike that started nearly two weeks ago made things far worse.

...Nepal Oil Corporation (NOC) loses Rs 310 million each month on the heavily subsidised fuel, and also needs to pay Rs 250 million a month to settle past debts to Indian refineries, which now amount to Rs 4.2 billion.

[\\$80 a barrel](#)

Any one want to take bets on when we'll be hitting \$100 a barrel? It seems extreme right now (cool it, peak oil enthusiasts, we know you're itching for the day). But, perhaps its not so far off - - oil prices have increased *four fold* since the year 2000. Throwing on another \$20 a barrel doesn't seem like such an improbability.

[Oil Falls From a Record as Hurricane Weakens, Spares Platforms](#)

The output increase is just "rhetoric," because OPEC may not have 500,000 barrels of spare capacity, especially as Persian Gulf suppliers are preparing for field maintenance, Matt Simmons, chairman of Houston-based Simmons & Co. International, said in an interview today.

[Iraqi Kurds demand oil minister's resignation](#)

Iraq's northern Kurdish administration has demanded Baghdad's oil minister be sacked, following his remarks that oil contracts signed by the regional government are "illegal."

[Ecuador to Begin Oil Contract Renegotiations](#)

Talks will begin with companies Andes Petroleum, Canadá Grande, Petrooriental, Repsol YPF and Perenco, which "have demonstrated their willingness to begin the process," minister Galo Chiriboga said.

[Report: S. Korea plans two reactors](#)

South Korea plans to build two light-water nuclear reactors by 2014 to plug its energy gap, Chosun Ilbo newspaper reported.

[Compositesworld to launch north american composites trade event and conferences](#)

In the morning, "Wind Energy – Preparing for Life after 'Peak Oil,'" will be presented by Chris Red, editor and VP of Market Research for Composite Market Reports (Gilbert, Ariz.), with assistance from Chuck Segal, managing director of Omnia LLC (Raleigh, N.C.).

[Oil heading for \\$150 super-spike?](#)

Supply worries pushed oil to a record high of \$80 a barrel this week, adding fuel to Investec fund manager Tim Guinness' predictions that a "supply crunch" could result in oil prices hitting \$150 a barrel by 2010.

...Somehow it seems hard to believe that just three years ago Deutsche Bank analysts were forecasting a 2010 oil price of \$24 a barrel. What were they thinking?

[Crude oil gushing to the \\$90 milestone](#)

Analysts at investment bank Goldman Sachs predicted yesterday that \$95 was a real possibility, while other industry experts forecast \$100-plus within three to five years.

[The End Of The World?](#)

Soil is the basis of the planetary terrestrial life. In the best of circumstances such as old growth forests and prairies, soil builds at the rate of one inch each three hundred to a thousand years. It is being exhausted and is eroding away. The way that the industrial system has continued to increase the food supply is by trading off soil fertility for fossil fuel energy through artificial fertilizers. Now, nearly half of the world's people eat because of the added production of food caused by artificial fertilizers being injected into depleted soils and the use of all of the other accouterments of fossil- fueled industrial agriculture. Half of the planetary population are hanging out on a limb essentially eating petroleum! Now as the population continues to explode we reach peak oil and its decline.

[Hopes Dim for Measures to Conserve Energy](#)

The prospect of a comprehensive energy package's emerging from Congress this fall is rapidly receding, held up by technical hurdles and policy disputes between the House and the Senate and within the parties.

[Car weight limits a big, fat problem](#)

Some motorists may be too big for their cars.

The growing girth of Americans is colliding with government-mandated warning labels on all 2006 or newer cars that list the maximum weight — passengers and cargo — that's safe to carry.

[Needy students given food for weekend](#)

An estimated 12.4 million children live in U.S. households that were uncertain about having or could not get enough food at least part of the year, according to a survey by the Department of Agriculture. The number of low-income students receiving free lunches at school has increased from less than 3 million in 1969, when record-keeping began, to nearly 15 million last year.

Those meals feed kids during the week, but teachers noticed some students hoarding food on Friday and coming to school lethargic and hungry on Monday. "Some were going to the dumpsters," says Rodney Bivens of the Regional Food Bank of Oklahoma.

Bivens began his program five years ago after a boy passed out at school one Monday morning. The principal found out the student had eaten nothing over the weekend but a hot dog without a bun.

[Mexico rebels vow more attacks](#)

A rebel group claiming responsibility for gas pipeline explosions that cost Mexican businesses millions of dollars said in a statement e-mailed to The Associated Press Thursday that the attacks will continue until authorities release two rebels they believe are in government custody.

[Mexico oil bomb rebels in political, personal fight](#)

The leftist rebels behind huge pipeline bombings in Mexico this week are from a small guerrilla group held together by family ties that has long personal and political grudges against the government.

[Pemex Starts Work Repairing Pipelines](#)

Mexican state oil monopoly Petroleos Mexicanos said Tuesday that it has started work repairing pipelines that were hit by explosions, and expects to restore natural gas supplies beginning next Sunday.

The attacks on the pipelines early Monday, for which a leftist rebel group reportedly claimed responsibility, affected natural gas supplies to 10 states, shutting down thousands of factories, including major steel, glass and auto manufacturers.

[Income gap closes in rural suburbs, Census says](#)

Fast-growing suburbs sprouting on farmland near thriving metropolitan areas are much less likely to be home to people of widely disparate incomes than urban centers, according to Census data.

In a nation that continues to see the gap between the very rich and the very poor widen, these new, remote suburbs stand out as islands of income equality.

[Wisconsin's sights are set on Earth-friendly tourism](#)

The Legacy Center is the latest of some 100 lodgings, restaurants, attractions and other tourism-related businesses to be certified by Travel Green Wisconsin, a statewide initiative launched earlier this year that's the first of its kind in the USA.

[Ethanol boom, rising prices divide corn lobby](#)

Corn farmers are pushing for more ethanol production as the industry creates an enormous new market for their crop, giving corn prices the kind of lift they haven't seen in years. But the corn farmer's win is the hog farmer's loss. Meat, dairy, and other food producers are pushing back against the ethanol boom as higher grain prices cut into their already slim profit margins.

[Toxic jatropha not magic biofuel crop, experts warn](#)

Its nuts and leaves are toxic, requiring careful handling by farmers and at crushing plants, said experts at an oils and fats conference.

In addition, it is a labour-intensive crop as each fruit ripens at a different time and needs to be harvested separately. Its productivity is also low and has yet to be stabilised.

[Technology necessary for purely electric car remains elusive](#)

Amid all the talk of replacing fossil fuels, there has been considerable misinformation about electric vehicles and batteries.

[In Greenland, an interfaith rally for climate change](#)

Standing on the bow of a passenger ship before the fast-melting Ilulissat glacier, religious leaders from around the world lowered their heads in a silent prayer for the future of the planet.

[Study sees cities' air quality worsening](#)

A study released Thursday predicts more bad air days in the summer for Cleveland, Columbus and eight other eastern U.S. cities if global warming continues unabated.

[Earth's "vital signs" in bad shape: report](#)

More wood was removed from forests in 2005 than ever before, one of many troubling environmental signs highlighted on Thursday in the Worldwatch Institute's annual check of the planet's health.

[Climate change and desertification two sides of same coin](#)

Climate change and desertification are two sides of the same coin and must be tackled together, according to participants at the Madrid conference on desertification.

[Study: Cutbacks imperil climate research](#)

The government's climate change research is threatened by spending cuts that will reduce scientists' observations from space and on the ground, a study says.



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