



DrumBeat: September 16, 2007

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[Oil industry 'sleepwalking into crisis'](#)

Lord Oxburgh, the former chairman of Shell, has issued a stark warning that the price of oil could hit \$150 per barrel, with oil production peaking within the next 20 years.

He accused the industry of having its head "in the sand" about the depletion of supplies, and warned: "We may be sleepwalking into a problem which is actually going to be very serious and it may be too late to do anything about it by the time we are fully aware."

[A Perfect Oil Storm on the horizon](#)

In the 2005 television docudrama "Oil Storm," a hurricane that destroys a vital US pipeline, a tanker collision which closes a busy port, terrorist attacks and tension with Saudi Arabia lead to wild speculation, crude oil prices around USD 150 per barrel and an oil crisis that paralyses America.

It's just fiction, but not far from the truth!

[Shifting oil sands](#)

What has always prevented the oil sand development has been the cost. To produce oil here you need to put almost as much energy into the sands as you get out in the form of crude, making it one of the most energy-intensive and environmentally damaging sources of fuel. That the oil sands are being developed at all epitomises the remarkable crossroads at which the world stands in terms of energy production. Plenty of oil is still out there, but it is increasingly difficult and expensive to access. This reality, usually played down by the oil industry, coincides with the rise of the 'peak oil' movement. The concept of 'peak oil' is based around the theory of M King Hubbert, a geophysicist working in the 1950s who predicted - accurately - that US oil production would peak two decades later and then enter a rapid decline. The peak oil debate grew to prominence during the high oil prices of the 1970s, but in recent years a new generation of industry experts and geologists have added their voices.

[Only A U.S. Recession Can Lower Oil Price](#)

After OPEC agreed to boost production by half a million barrels a day this week, the cartel's secretary-general, Abdalla el-Badri, came out and said that US\$80 oil won't last because the fundamentals don't support it.

We've heard that one before. Many people made that argument over the last four years as oil made its inexorable climb from US\$30 to who-knows-what. In retrospect, they were mostly wrong.

[Is the \\$100 barrel on its way?](#)

Speaking in Canada last week, Jeroen van der Veer, chief executive of Royal Dutch Shell, said he saw no fundamental reason why crude prices had breached such levels. "There is a lot of psychology in the price," he said.

Van der Veer has a point, but he would no doubt admit that the era of cheap oil has been over for some time. While the real price of oil is still shy of its all-time peak, it is getting closer to the levels seen in the 1980s. And now that the barrier of \$80 has been breached, there is a growing belief that the day of \$100 oil is not that far away.

[Malthus and Mein Kampf come to Cork](#)

For those who like their environmental gloom'n'doom spread with a thick dollop of Utopian totalitarianism and garnished with a slice of Galtonian pseudo-science, the Association for the Study of Peak Oil & Gas holds its sixth annual conference in Ireland this coming week.

Present will be the usual motley of silk-suited Carbohypo-crites - each avidly promoting their tax-eating, alternative-energy start-ups - a gang of anti-capitalist activists, a squawk of sensescent members of the poitical elite, and a whole Bronze Age roundhouse of associated Gaia worshippers.

A flavour of what will be on offer can be had from this excerpt from one Nate Hagens of the Vermont-based Gund Institute of Ecological Economics (sic)...

[World crude supply sufficient says Iran](#)

World oil supply is sufficient and may even be more than sufficient despite the recent rise in oil prices, Iranian Oil Minister Gholamhossein Nozari said.

[South Korea: High oil prices pinch big industries](#)

As oil prices continue to rise on limited global supply, local industries are feeling the pinch. Airlines, the shipping industry and oil refineries, which are particularly vulnerable, are adjusting to the soaring oil prices, while bracing for possible further hikes.

[Stepping on the gas](#)

Questar Corp. is planning next year to build a natural gas pipeline hub in northwestern Colorado - a project that will help Utah and its neighboring states play an increasingly important role as natural gas suppliers to the nation.

[About 350 gas stations in five states will lose BP name](#)

BP isn't the first brand to leave. Conoco Phillips left parts of South Dakota early last month.

[Conoco out of Fujairah project](#)

US firm ConocoPhillips has ended its involvement in a 500,000 barrels per day (bpd) refinery project alongside Abu Dhabi's International Petroleum Investment Company (IPIC) in Fujairah due to increasing costs eating into possible profit margins, according to our sister publication Meed. Both Conoco and Saudi Aramco are considering scrapping a similar 400,000 bpd refinery in Yanbu for the same reason and have held talks over the project's viability.

[Samsung Engineering eyes \\$1b Saudi orders](#)

South Korea's Samsung Engineering Co. expects more than \$1 billion in plant orders from Saudi Arabia in the last quarter of this year, a company executive said.

"We expect to receive two separate orders valued at more than \$1 billion in Saudi Arabia in the fourth quarter to build a petrochemical plant and a refinery," Hong Sung-Il, head of Samsung Engineering's investor relations team, said on Thursday.

[Iraq to start deliveries of discounted oil](#)

Iraq is to start this week delivering oil to Jordan at preferential rates under a delayed year-old agreement, the kingdom's transport minister said in an interview published on Sunday.

[China to supply Nepal with petroleum products](#)

Accepting the plea of Nepal government, the Chinese authorities said that they were ready to export petroleum products to Nepal.

[Mexico: Investors, industrialists shrug off pipeline blasts](#)

The July bombings were downplayed as a single shot by an oddball insurgent group. But after last week's attacks, Mexican officials' comments contained hints that they can't do much to stop it from happening again, at least in the short term.

[Problem dams on the rise in US](#)

The Kaloko dam in Hawaii stood 116 years – until last year when it collapsed after heavy rains, killing seven.

Potential disaster was averted in April in Hollis, N.H., when a dozen families were evacuated and engineers made a controlled breach of an old pond dam to keep it from failing.

Such incidents are warning signs that many of the nation's more than 87,000 dams are in need of repair. Last month's high-profile collapse of the I-35 bridge in Minneapolis focused America's attention on bridge problems. The nation's dams are worse off.

[Is it too late to stop the ethanol con job?](#)

Biofuels aren't living up to their hype. By now, it's obvious they won't cure the planet of its oil addiction or take the edge off global warming - two of the alleged advantages touted by the biofuel industry. Biofuels may even be harming the planet.

[Official: Russian Fuel Ready for Iran](#)

Enriched uranium fuel is ready to be shipped from Russia to Iran's first nuclear power plant, state television on Sunday quoted Iran's foreign minister as saying.

[Ben Bova: It's up to government to promote alternative energy](#)

Factories are not going to be powered by windmills or solar cells. Neither will big cities such as New York or Tokyo. For such intense consumers of electrical power, the only possible replacement for fossil fuels is nuclear.

[Core promise: green energy](#)

At an isolated rig in the South Australian outback, hope is growing that a clean way to fuel the future can be drawn from hot rocks thousands of metres below the Earth's surface.

[McGuinty looking to hydrogen-fuelled GO trains](#)

The Ontario government is talking to Bombardier Transportation about funding the development of one of the world's first hydrogen-powered trains, Liberal Leader Dalton McGuinty said yesterday.

[This Year's Winner: Don't Flush Good Water After Bad](#)

There are lots of folks who know the war isn't over and are doing their part to waste less, be it energy, water, food or another resource. They get that each individual effort is important to the cause. And it was those people I wanted to hear from in soliciting entries for my Penny Pincher of the Year contest.

[Early woodsmen used highway of ice](#)

The new railroads should have solved the fuel problem, but they didn't. In December 1879, the Salt Lake Daily Herald explained why: The big railroad companies stopped acting as common carriers of coal; they only shipped fuel from their own mines.

[Ammunition costs more; some calibers are scarce](#)

A big jump in the cost of ammunition in the last two years is hampering both the suppliers and users of the bullets.

Suppliers and dealers blame high fuel prices, the demand for ammunition in Iraq and Afghanistan and China's demand for copper, lead and brass — key components of a firearm cartridge.

[American leaders are oil addicted](#)

When President Bush proclaimed that "America is addicted to oil" in the 2006 State of the Union address, he confused the issue. It is not the American public that is addicted to oil, but its leaders.

Carolyn Baker - [Collapse Happens: Exploring Options, Spotlighting "Earthwise Farm & Forest"](#)

People come to us to learn about designing and building their own homes, understanding off-grid power systems, composting toilets and grey-water systems, on-farm slaughtering, bio-dynamic practices, spiritual gardening, dowsing, forest management, grazing systems, food preparation, timber harvesting, and working draft animals. We recognize that perhaps the most valuable product of our farm is our experience. We do not promote ourselves as possessing the "Right Way". We have skills, and we are glad to share them with people who value the learning.

[Global climate change, ozone layer are tied: UN official](#)

A meeting of signatories to the Montreal Protocol could make a "historic gesture" by working simultaneously to restore the ozone layer and halt global warming, a UN official said in an interview published Saturday.

[Sorting the wood from the trees in climate change](#)

The timber industry is pushing for wider recognition of the role of carbon stored in wood products as a legitimate climate response. Wood is becoming a significant contributor to the overall energy profile, particularly in Europe, and this is pushing up the price of timber.

[Tax proposed for gas-guzzling cars in UK](#)

Britain's Treasury chief plans to introduce a "purchase tax" of up to \$4,000 on the most polluting vehicles, The Sunday Times reported.

[Is California the world's last best hope against climate change?](#)

Despite the Golden State's energy meltdown just seven years ago - remember the rolling blackouts, bankruptcies and the shenanigans of Enron and company? - all eyes today are again focused on California and its radical legislative agenda addressing the largest energy challenge of all: global climate change.

[Australia says some water cuts permanent](#)

Some water restrictions introduced in Australia's most populous state because of a long-running drought will become permanent because of the threat of global warming, officials said Sunday.

Banned forever will be the practice of hosing pathways and the daytime use of

sprinklers to water lawns and gardens.

[Ancient records help test climate change](#)

Diaries of day-to-day weather details from the age before 19th-century standardized thermometers are proving of great value to scientists who study today's climate. Historical accounts were once largely ignored, as they were thought to be fraught with inaccuracy or were simply inaccessible or illegible. But the booming interest in climate change has transformed the study of ancient weather records from what was once a "wallflower science," says Christian Pfister, a climate historian at the University of Bern.



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