



DrumBeat: September 17, 2007

Posted by [Leanan](#) on September 17, 2007 - 9:03am

Topic: [Miscellaneous](#)

[Oil sets new record ahead of Fed meeting](#)

"If the economy's going to be OK, then oil prices are probably undervalued," said Phil Flynn, an analyst at Alaron Trading Corp. in Chicago.

Oil futures rose as high as \$80.70 on Monday, a trading record. Oil prices have set several new records over \$80 a barrel in recent days for a number of reasons, including perceptions that problems in the subprime mortgage industry would have a minor effect on the economy. The nine-session rally reversed August's downward trend, which was based in part on concerns that the subprime problems would spread, affecting the overall economy and curbing demand for petroleum products.

[Don't look to OPEC for oil price relief](#)

But that's not the truly discouraging news from OPEC, which is consuming much higher levels of its own production, leaving less for potential export increases. In something of a vicious circle – or what CIBC World Markets chief economist Jeff Rubin describes as OPEC's "cannibalization" of its own production – record-high oil prices of recent years have sparked an economic boom among Middle East oil producers, as well as Nigeria and Venezuela.

[Survive the bear with peak oil bet](#)

Saudi Arabia, the world's biggest oil producer, is the acid test of future supply. The official line is that billions of dollars of capital spending will bring on millions of barrels of additional oil. Peak oil theorists point to petrophysicists' reports that suggest Ghawar, Saudi's biggest field, "is fading as we speak."

[Are record oil prices set to torture consumers?](#)

"We're going into this heating oil season the same way we went into the summer driving season -- with supplies well below normal," said Phil Flynn, a senior analyst at Alaron Trading.

[Michael J. Economides: The Rise, Fall, and Resurrection of the NOCs](#)

For the better part of 40 years, oil has been the great equalizer, in many ways diminishing the huge imbalance between Europeans, their American cousins, and the rest of the world – the latter on the woefully short end of great cultural and economic events such as the Renaissance, the Industrial Revolution and, certainly, colonialism.

In modern times, what separates rich countries from poor is energy consumption. Even more striking is an inverse relationship: most rich countries are poor in oil, and many poor ones are rich in oil and other energy sources.

[A Peek at the Peak Oil Problem](#)

"I mean, it doesn't make any sense. We haven't discovered any oil and gas in the Arctic. But if you're modeling and you're trying to look, you can't really say Arizona and Nevada because we've proven there isn't any oil there. So you pick an area we haven't ever been to because therefore there's no way to prove that it's not there."

[How Canada Went from 21st to 2nd in World's Oil Reserves](#)

The United States has its hopes pinned on Canada's "tar sands" for North American security in the oil market. But their "black gold" is an environmental nightmare.

[Iran's Aggressive Natural Gas Expansion Plans](#)

As global energy demand rises, natural gas increasingly plays a strategic role. The sector is poised for tremendous growth over the next two decades and some believe that it may overtake oil as the prime fuel between 2020 and 2030. Iran's huge proven reserves – some 28 trillion cubic meters (about 995 trillion cubic feet) – should make it a key player in the emerging global gas business.

[An Unlikely Paul Revere](#)

Oh, what a difference 20 months can make. When Lee Raymond retired in early 2006 after leading ExxonMobil to record profits, he was the quintessential Texas oilman. If the notion of developing alternative fuels and putting pressure on Detroit to build more fuel-efficient cars ever crossed his mind, it didn't cross his lips. But as architect of a new study by the National Petroleum Council, a federal advisory group, Raymond has become a sort of Paul Revere of energy, warning of coming shortages by 2030 if America does not act now.

[Angola exports to rise to record 1.8 mln bpd](#)

Angola is set to export a record 1.80 million barrels per day of crude oil in November, up 70,000 bpd from its previous record high set in October, traders said on Monday.

Crude shipments from OPEC's newest member have set fresh record highs in five of the last six months, according to Reuters data.

[UK urged to ban petrol cars by 2040](#)

Britain's third largest political party backed a series of radical proposals Monday to tackle climate change, including a ban on petrol powered cars by 2040.

[Utilities Pare Down Lists of Coal-Fired Plants](#)

Since the beginning of 2006, at least two dozen coal-fired plants have been canceled and another three put on hold.

[EU to propose splitting energy groups to boost competition](#)

Eager to fire up competition in the energy industry, the European Commission will unveil on Wednesday a sweeping shake-up, which already has many members up in arms over plans to split big power and gas companies.

[Zimbabwe: Minister Says Walk to Save Fuel](#)

"The country is facing critical fuel shortages and as government, we encourage all Zimbabweans to reduce the number of cars on the country's roads and walk to save the scarce fuel we have," Nyambuya said.

Analysts said Nyambuya's statement was an admission that government was failing to find a lasting solution to the country's fuel problems which started in 1999.

[Minnesota Form Nation's Largest Community Owned Wind Project](#)

The project is also the largest community based energy development (C-BED) project in Minnesota. High Country Energy is expected to qualify for C-BED status, meaning it is owned by Minnesota residents and that 51 percent of the profits are returned to the Minnesota community members over the life of the project.

[Give the Earth a Sabbath Day](#)

If we all reduced our driving, shopping, and business by one-seventh, we'd pollute that much less.

[Can this really save the planet?](#)

We are constantly told to switch the TV off standby, recycle our plastic bags and boil less water - but does focusing on the small, easy steps distract us from the bigger picture?

[The Porridge In Norway Turns Prisoners Green](#)

Norway claims to have the world's first eco-jail. Bastoey prison, which is located on the island of the same name about 50 miles south of Oslo, has solar panels which prisoners helped to install, heats its buildings with wood-waste rather than oil, operates a strict recycling policy and is almost self-sufficient in terms of food.

[Sharon Astyk: Can you spare a dime? Why we could...but won't](#)

Klein quotes, among other figures, the observation that it would cost 1.5 *trillion* dollars in five just to get America's basic engineering infrastructure up to speed - just to keep the bridges from falling down, the sewers from backing up. Since that's a bit less than we intend to spend in Iraq, according to Joseph Steigletz, do any of us really believe that our heavily leveraged economy is going to allow us to spend trillions to fix up the existing infrastructure, much less to engage in the vastly more expensive project of adapting that infrastructure to a low energy, renewable dependent future?

That's why the gentlemen over at The Oil Drum who reply to every thread with "But all we have to do is...." and then offer some lengthy proposal about electrified rail, 500 new nuclear plants, wind farms everywhere or covering up Arizona with solar panels, so amuse me. And it isn't that I don't think that we'll ever do any of those things. Yes, we will almost certainly build new nuclear plants, wind farms and lay some new rail track. But what we won't be having is a (successful) Manhattan project for renewable energy, or any universal system that allows all of us to spend the next 35 years comfortably adapting our lives to better houses, a renewably powered grid and electrically powered cars.

[After Iraq, no one should bank on cheap oil](#)

OIL is the fuel that, by powering the industrial revolution, changed the world. The global economy's need for a secure oil supply is so obvious that former US central bank chief Alan Greenspan has expressed exasperation in his new memoir that "it is politically

inconvenient to acknowledge what everyone knows: the Iraq war is largely about oil". He does not mean an outright grab for Iraq's oil. Instead, he writes that Saddam Hussein could have brought "the industrial world to its knees" had he gained control of the Strait of Hormuz and thus of oil shipments out of the Gulf. "I cannot understand why we don't name what is evident and indeed a wholly defensible pre-emptive position," he told *The Guardian*.

[Central Asia: Soaring Bread Prices Give Rise To Domestic Solutions](#)

In an attempt to prevent greater public discontent over the already high food prices, Central Asian governments are struggling to find a solution to the crisis from within their countries.

The Uzbek government has put pressure on private businesses not to increase bread prices. The measure has made some vendors close down at the prospect of losing money.

Turkmenistan has even tried to begin growing its own grain. However, the domestic wheat is hugely unpopular with consumers, who complain about its extremely low quality.

[Kurt Cobb: Is peak oil a guy thing?](#)

One leader in a peak oil group with whom I spoke recently said that his group found itself split largely along gender lines on one very important issue: How confrontational should the peak oil movement be?

[Opec's production capacity to rise 4.68% by 2009](#)

The combined production capacity of the Organisation of Petroleum Exporting Countries, the group that supplies more than a third of the world's oil, is estimated to rise 4.68 per cent by the end of 2008 to 35.8 million barrels a day from the current 34.2 million bpd, says the latest oil market report of the International Energy Agency (IEA).

[Venezuela to boost oil production to five mln bpd by 2012: Chavez](#)

Venezuela will raise its production of crude oil from the current 3.2 million barrels per day (bpd) to 5 million in 2012, in order to maintain a fair price in the market, President Hugo Chavez said during his Sunday television and radio speech.

The world is facing an energy crisis since crude oil reserves are being exhausted, the president said.

[S-Oil defers new S.Korea refinery decision for 2 yrs](#)

South Korean refiner S-Oil Corp will wait at least a couple of years to reconsider a plan to build a 480,000 barrels per day new refinery because of surging construction costs, its chief said on Monday.

"In this construction cycle we will not be able to make money," said CEO Samir Tubayyeb in a university lecture. "Construction costs are going up more than three times."

[Sabic mining venture cost soars to \\$5.6bn on construction charge](#)

Saudi Arabian Mining Co (Maaden) said yesterday a phosphate venture it is developing with Saudi Basic Industries Corp (Sabic) will cost 21bn riyals (\$5.6bn), 62% more than expected in March.

"The increase in the cost of the project ... is due to a rise in prices in the international construction market," state-owned Maaden said.

[Nepal: NOC mulling over POL price hike](#)

The NOC has failed to purchase sufficient amount of petroleum products as the government showed reluctance to adjust the price of POL products at par with the international price, said Ickcha Bikram Thapa, spokesperson at NOC.

[More Nations Back U.S. Nuclear Project](#)

A U.S.-initiated project that aims to reduce the dangers of nuclear proliferation and control radioactive waste gained support Sunday, as 11 more nations signed on with original members Russia, China, France and Japan.

Under the Global Nuclear Energy Partnership, a limited number of countries including the U.S. and Russia would provide uranium fuel to other nations for powering reactors to generate electricity, and then retrieve the fuel for reprocessing. This would deprive those nations of their own nuclear fuel enrichment programs, which can be used to make atomic arms.

[Undermining free public transport](#)

The burning of oil and other fossil fuels is raising the levels of greenhouse gases in our atmosphere and threatening huge climate change. At the same time, peak oil -- the end

of the world's cheap oil supplies -- is around the corner. Competition for what's left is fuelling wars. To tackle these major problems facing humanity, new solutions are needed.

[Alternative Fuels for Jet Engines](#)

At this year's Paris Air Show, FAA Administrator Marion Blakey described two studies then under way and intended to develop "a national roadmap on the viability of alternative fuels for aviation." Commissioned under the auspices of the FAA's Commercial Aviation Alternative Fuels Initiative (CAAIFI) and scheduled for completion this month, the studies address feasibility, costs, technical issues and environmental impact of alternative fuels.

[Scomi's future in monorail](#)

SCOMI Engineering Bhd is expected to ride the wave of activity and investments ploughed into the oil and gas (O&G) sector, but it is the monorail business that is the big and lucrative wild card to its future performance.

[Goldman Sachs raises year-end oil price forecast on supply worries](#)

Goldman Sachs has raised its oil price forecast amid near record high prices as the bank reckons demand is likely to exacerbate tight supplies looking ahead.

[Dale Allen Pfeiffer: In Case of Martial Law, Break Glass](#)

Many people who follow the news are worried that Bush will declare martial law sometime in the months ahead. If natural crises prove insufficient, they are afraid that he will stage another 9/11. The current economic climate is very similar to the climate at the time of 9/11, though the present brewing economic hurricane will be much worse than the dot.com bust. The economic crises we currently face could very well result in bank closings, the crash of the US dollar, and the impoverishment of a large segment of the US population. What is more, with peak oil and the dawn of a new era of energy depletion it is unlikely that we will be able to resuscitate our economy once the collapse is complete.

[Osamanomics and the greens](#)

In his latest couple of videos, the dyed one mentioned Western civilization's contribution to global warming among his list of complaints of quite what was wrong with the state of affairs, which he suggested a bout of Osamanomics could cure. The generation of largely American (which is not a comment on their girth) economists brought up on the ideas of Reaganomics who now rule the roost across the global financial system can perhaps

imagine the very opposite of what they believe in, namely a demand-led reduction of Group of Seven (G7) economies that culminates in collapsing economic growth across Asia, thereby keeping billions of people mired in poverty.

[Iran impatient with India over gas pipeline](#)

Iran expressed impatience with India over the finalising of a multi-billion dollar gas pipeline deal via Pakistan, warning that it could go ahead with Pakistan alone if India procrastinated.

[Mammoth dung, prehistoric goo may speed warming](#)

For millennia, layers of animal waste and other organic matter left behind by the creatures that used to roam the Arctic tundra have been sealed inside the frozen permafrost. Now climate change is thawing the permafrost and lifting this prehistoric ooze from suspended animation.

But Zimov, a scientist who for almost 30 years has studied climate change in Russia's Arctic, believes that as this organic matter becomes exposed to the air it will accelerate global warming faster than even some of the most pessimistic forecasts.

[Climate talks in Montreal to take dual aim](#)

Representatives of 190 countries will meet in Montreal Monday for talks on the twin goals of combating global warming and restoring the ozone layer.

[Greenspan clarifies Iraq war, oil link](#)

Clarifying a controversial comment in his new memoir, former Federal Reserve Chairman Alan Greenspan said he told the White House before the Iraq war that removing Saddam Hussein was "essential" to secure world oil supplies, according to an interview published on Monday.

[West's ravenous oil appetite may lead to tough sacrifices](#)

One of the backdrops to the meeting was a landmark report by the U.S. National Petroleum Council entitled Hard Truths About Global Energy. The study projects global energy demand will grow by at least 50 per cent by 2030. Essentially all that growth will come from the developing world. Given that energy use is currently balanced between developed and developing countries, this means a doubling of energy use by developing countries in 23 years. Delegates from Europe, Latin America and China expressed no disagreement with the conclusions of the report.

[Petroleos de Venezuela to Convert Accounts Away From Dollars](#)

Venezuelan President Hugo Chavez instructed Petroleos de Venezuela SA, the state oil company, to convert its investment accounts from dollars to euros and Asian currencies to reduce risk.

The decision may help weaken the dollar as the Federal Reserve prepares to lower interest rates this week, said Philip Wee, an economist at DBS Bank Ltd. in Singapore. The currency has fallen against 14 of the 16 most-active over the past year, partly as governments signaled they may diversify their holdings away from the U.S., the world's primary destination for reserves.

[Opec's Decision is a Compromise amid Unclear Economic Conditions](#)

The OPEC decision, based on the statement by Secretary General Abdullah al-Badri during a news conference after the meeting, represents a message to consumers that when it took the decision, the ministerial council took their point of view into consideration. This is the first increase in production in two years; industrial countries have requested such a move for a while, in order to rein in the continuing increase in the price of oil since 2004, when it reached record levels (\$78.77 for Brent).

[Crime in the Barnett Shale](#)

Since 2005, Devon has reported \$390,000 in stolen items and products from fields in the Barnett Shale. Almost \$150,000 of that total has occurred since January 2007.

Some of the more common items stolen from the fields include flow meters, copper wire, solar panels, gates and fence panels, tubing, pipe, tools, chemical and oil pumps, trailers, large drill bits, meter runs and even oil condensate.

[Iraq to boost oil output to 6m bpd in 10 yrs](#)

The Iraqi Minister of Oil announced that Iraq is seeking to increase its oil production by 3.5 million barrels per day (bpd) by the end of 2009, increasing to 6 million bpd within the next decade, IDP reported.

[Qatar constructs chlorine plant for oil producing purposes](#)

Qatar Chlorine, a private shareholding company, will construct a world-class plant in the Mesaieed Industrial City for commercial production of hydrochloric acid and

byproducts, a company spokesman said.

...Hydrochloric acid is an important chemical used in the oil and gas industry for "acidizing" wells to improve the flow rate and enhance the production capacity.

[Greetings from Rüsclikon](#)

Thinking about my presentation got me musing about the difficulty of imagining a future that's neither identical to the present, nor on the verge of apocalypse. Not a utopia, per se, but a future that gives us a bit more to hope for than to fear.

[Gates rejects Greenspan claim war is about oil](#)

U.S. Defense Secretary Robert Gates on Sunday rejected former Federal Reserve Chairman Alan Greenspan's statement that the Iraq war "is largely about oil."

[Alaska integrity office investigates BP practices on Slope](#)

Gov. Sarah Palin and state Resources Commissioner Tom Irwin have ordered the state's new Petroleum Systems Integrity Office to conduct a special investigation of a series of small fires in BP Exploration (Alaska) Inc.'s North Slope production facilities, the governor and Irwin announced in a Sept. 11 press conference.

[Iran says Crescent should pay more for gas](#)

Iran will find other customers for gas assigned to a deal being negotiated with Crescent Petroleum or use the fuel itself if the UAE firm does not agree to pay a higher price, Iran's oil minister said on Sunday.

[Pemex to Resume Natural Gas Service a Week After Mexico Blasts](#)

Petroleos Mexicanos, the state oil monopoly, will "gradually" resume natural gas service tomorrow, a week after guerrilla attacks on pipelines cut fuel supply to thousands of businesses across central Mexico.

[Mexican Explosions and Their After Effects](#)

A series of explosions in Mexico, on September 9th and September 10th, has raised pertinent questions about Mexican safety and security that still have not been answered.

[Very Bloody Oil](#)

Many people have been saying that the invasion (and occupation) of Iraq is about oil. I believe that there is more than oil involved, but certainly oil was a driving motivator.

[Coal and nuclear options 'must be looked at'](#)

WESTERN countries face a politically and economically difficult future as governments are faced with finding alternatives to oil, according to a former US Secretary of Energy.

Nuclear energy and restarting coal mining are some of the realities that political parties will have to consider selling to voters, said Dr James Schlesinger.

[Myanmar to auction gems, jewellery in November](#)

Myanmar will auction off more precious gems and jewellery in November in the fifth such sale this year aimed at bringing foreign currency into the isolated nation, state media reported Sunday.

...A hike in fuel prices on August 15 left many people unable to afford even the trip to work, sparking rare demonstrations across the country.

A wealth of oil, gas and other natural resources, however, has lined the junta's coffers, with India, China and Thailand jostling to exploit their neighbor's natural wealth to fuel their growing economies.

[Inflationary spiral could spell an end to era of cheap food](#)

Parisians are bemoaning the price of a baguette, Italians have organised a pasta boycott and the Mexican public have held street protests about the cost of tortillas. Rocketing food prices are infuriating consumers and pressurising politicians worldwide. But is this a temporary blip, or has the era of cheap food come to an end?



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