



DrumBeat: September 18, 2007

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Topic: [Miscellaneous](#)

[Oil Prices Rise to New Records After Fed's Decision to Cut Interest Rates](#)

NEW YORK - Oil futures rose to new records Tuesday after the Federal Reserve cut interest rates by a larger than expected half percentage point, raising market hopes that economic growth will accelerate and lift demand even as crude oil and gasoline inventories are tight.

A barrel of crude surged to a new trading high of \$81.90 on the New York Mercantile Exchange in the moments immediately after the Fed's decision. While light, sweet crude for October delivery settled at \$81.51 a barrel, up 94 cents, prices continued to rise after the Nymex closed, hitting \$82.38 in afternoon electronic trading.

[IEA urges Asian countries to lift strategic oil reserves](#)

The International Energy Agency is urging East Asian and Asean countries to beef up oil reserves to ease the impact of oil price volatility, deputy director William Ramsay told a seminar in Bangkok yesterday.

Since oil prices fluctuate with supply, unexpected disruptions can cause prices to quickly shoot up, he said.

Oil reserves in East and Southeast Asia now stand at 30 days, five times lower than in IEA member nations, putting them at risk of a supply shortage. Energy security has been of high concern since the 1970 oil shock, he said.

[Report: Average driver wastes 38 hours per year in traffic](#)

"Things are bad and they're getting worse," said Alan Pisarski, a transportation expert and the author of "Commuting in America."

"We've used up the capacity that had been bequeathed to us by a previous generation, and we haven't replaced it," Pisarski said.

The study summed it up this way: "Too many people, too many trips over too short of a time period on a system that is too small."

The study estimates that drivers wasted 2.9 billion gallons of fuel while sitting in traffic. Together with the lost time, traffic delays cost the nation \$78.2 billion, the study estimates.

[Behind high oil prices](#)

So, what exactly is behind this round of price hikes?

Firstly, an increasingly short supply of oil in the world is the fundamental cause. According to statistics from the British firm BP, the world has been demanding more oil than can be produced since 1981; and the case is still the same today. Currently, oil production in most countries has already or will soon go down – leaving less of a surplus to use – but at the same time, demand keeps increasing.

[Oil price concerns airlines](#)

The head of the International Air Transport Association says the continuing high price of oil and the turmoil in credit markets are causes for concern in 2008.

[US corn farmers hit with fuel shortages, high costs](#)

Curt Watson, the President of the Minnesota Corn Growers Association, said the fuel terminal that usually supplies his area is dry. His supplier has to drive to another area, where long lines with a wait of four hours are not uncommon.

Experts blame a variety of refinery outages for the short supply, including a wave of maintenance shutdowns coinciding with peak harvest season from mid-September through October.

"That basically created a pulldown of inventories, more so than usual, before we entered the (harvesting) season," said Joanne Shore, an oil market analyst with the U.S. Energy Information Administration.

[OPEC would discuss output hike if \\$80 oil lasts](#)

OPEC would likely hold consultations about boosting supply again if the price of oil stayed above \$80 a barrel for more than 15-20 days, an OPEC source said on Tuesday.

[Iran's IOOC to increase oil output by 2010](#)

Iranian Offshore Oil Company (IOOC) will increase its daily out from 830 thousand to one million barrels by 2010.

The figure shows a 24 percent rise when compared to the figure of 2005 which was about 761,000 barrels per day, indicating a growing trend.

A 3.9 percent fall is predicted in the offshore oilfields by 2024.

[Only threat to Alberta is onset of world peace](#)

The future of hydrocarbon production is oil so heavy that it must be mined and separated or heated so it will move. High oil prices and massive reserves have made Alberta's non-conventional oil attractive, but right now this is surely the most expensive petroleum to develop in the world.

Politics don't help. While the public debate about whether Alberta charges enough economic rent through the lease and royalty system will go on forever, there are significant but seldom discussed soft costs that continue to drive up finding and development costs.

[Attack on Kirkuk-Bayji pipeline - 26 killed in Iraq](#)

An explosion along an oil pipeline extending from the northern Kirkuk oilfields to Bayji refineries caused damage to both the line and another parallel pipeline between Iraq and Turkey, on Tuesday.

...Firefighters were struggling to contain the damage, a source in the local oil industry said. The explosion is expected to halt production at Bayji refineries, which supply more than half of Iraq's oil products.

According to a source in the water department in Salahaddin, the explosion caused oil to seep into the Tigris river damaging water stations and triggering their temporary closure.

[Mexico Risks Joining Colombia As Regular Oil Sabotage Target](#)

As Petroleos Mexicanos resumes natural gas supplies this week after repairing pipelines damaged by a rebel group, uncertainty remains over when the next shutdown might happen.

In July, optimists saw two pipeline attacks as isolated cases of sabotage. Last week, the People's Revolutionary Army, or EPR, buried that thesis with its third and most costly attack on energy infrastructure.

[Peres says Israel to focus on green energy](#)

President Shimon Peres Monday touted Israel as a future think tank for solutions to global warming, quipping that the sun was a more reliable resource than oil from Saudi Arabia.

[BP trial ends early with four settlements](#)

The first civil trial to emerge from the March 2005 explosion at BP's Texas City refinery ended today with settlements of undisclosed amounts to four plaintiffs.

[Utility Will Use Batteries to Store Wind Power](#)

American Electric Power, a coal-burning utility company that is looking for ways to connect more wind power to its grid, plans to announce on Tuesday that it will install huge banks of high-technology batteries.

The batteries are costly and their use at such a big scale has not been demonstrated, but they may be an essential complement to renewable power, experts say.

[The 'Guilty Green' \(gasp!\) don't always recycle](#)

They drive SUVs, throw perfectly recyclable bottles and cans in the trash, clean their bathrooms with — gasp — bleach and think nothing of sometimes blasting the air conditioner or taking wickedly wasteful long, hot showers.

You think you know the type: the ones who think global warming is a hoax and scarf up natural resources like candy.

Think again.

All of the above are true confessions from the Guilty Green — the same people who say they worry about the planet becoming a giant hot tub.

[Vatican Penance: Forgive Us Our Carbon Output](#)

This summer the cardinals at the Vatican accepted an unusual donation from a Hungarian start-up called Klimafa: The company said it would plant trees to restore an ancient forest on a denuded stretch of land by the Tisza River to offset the Vatican's carbon emissions.

[Why \\$80 oil won't mean \\$3 gas](#)

"Gasoline season is over, we're going into low demand time," said Stephen Schork, publisher of the industry newsletter the Schork Report.

Schork also said the switch to winter blend gasoline should act to keep the price down, as winter blending components aren't as expensive as cleaner-burning summer blends.

"They are paying up in crude oil, but paying down in feedstocks," he said.

[Heating with gas likely to cost less - But oil customers can expect bigger bills this winter](#)

Natural gas customers in Greater Boston can expect to pay roughly 8 to 12 percent less to heat their homes this winter, but the cost of heating oil is rising as world oil prices soar.

[The Philippines: Task forces secure US Embassy, oil depot](#)

The Manila Police District has formed two task forces to safeguard the US Embassy and the oil terminal in Pandacan and Sta. Ana amid intelligence reports on possible militant activities including terrorist attacks.

[Tear gas used against Myanmar protest, monks hit](#)

Plainclothes police and members of the feared Union Solidarity and Development Association (USDA) shadowed their route. The USDA has played a prominent role in breaking up protests against soaring fuel prices that began four weeks ago.

[French-kissing the war on Iran](#)

President George W Bush goes to New York next week for the annual United Nations General Assembly to ratchet up the demonization of Iran, confident that his new French ally is doing "a heck of a job". President Nicolas Sarkozy - widely referred to in Paris as King Sarko the First - has let loose the dogs of war with more panache than a *madame* from the chic seventh *arrondissement* parading her miniature Pinscher.

[Zimbabwe: Energy Crisis Threatens Environment](#)

As can be seen in Zimbabwe, urban centres have become a lucrative market for fuelwood because it seems to be relatively available and cheaper than modern fuels. Not only will the alternative forms of energy be a major boost to national economies but such

environmental damage as global warming, partly responsible for the recurrent droughts in East and Southern Africa, can also be mitigated.

[Coal from Richards Bay rises as Europe demand returns](#)

Coal for shipment from South Africa's Richards Bay, site of the world's largest export terminal for the fuel, rose to a three-year high as demand from European customers strengthened.

[MMS Chief Defers on Offshore Royalties](#)

The agency that oversees oil and gas drilling on federal lands has no immediate plans to try to force companies operating in the Gulf of Mexico to pay royalties on flawed offshore leases.

[Mexicans pay price at the pump](#)

Ordinary Mexicans must wonder sometimes where the benefit is in having one of the world's major supplies of oil. They certainly don't see it in the gas prices. Unlike other oil-producing countries, Mexico doesn't give its citizens cheap gasoline. Whereas Venezuelans pay about 20 cents per gallon (and that pre-dates the socialistic policies of Hugo Chavez), Mexicans pay about \$3 a gallon for gasoline from PEMEX, the nationalized gasoline company. And natural gas is equally pricey.

[Expert calls Mexico's retooled tax code burdensome](#)

A tax code overhaul, approved by Mexico's Congress on Friday, may fuel inflation and be a drag on growth next year because of its burden on companies, Banco UBS Pactual economist Guillermo Aboumrad said in a report Monday.

[Mexico says pipeline bombs helped drug gangs](#)

A left-wing guerrilla group that bombed fuel pipelines last week has indirectly helped Mexico's drug cartels by diverting police and army resources away from combating trafficking, the attorney general said on Monday.

Mexico has reinforced guards at its roughly 19,000 oil installations since the explosions, which followed similar attacks in July claimed by the same group, known by its Spanish initials EPR.

[Europe's New Nuclear Age?](#)

It's not only the prospect of death that "concentrates the mind wonderfully." So too, it seems, does the prospect of lights going out. Faced with a looming energy crisis, anti-nuclear Europe is fast abandoning its post-Chernobyl policies and appears ready to embrace a new nuclear age.

[Q&A: Wave power](#)

The Centre for Alternative Technology analyses the technology, its benefits and drawbacks.

[Oil rises to new intraday record](#)

Oil prices climbed to a new high, above \$81 a barrel, on expectations that the U.S. Federal Reserve will cut a key interest rate later Tuesday, a measure that has the potential to bolster the economy and strengthen petroleum demand in the world's largest energy consumer.

Light, sweet crude for October delivery rose as high as \$81.24 a barrel in electronic trading on the New York Mercantile Exchange. It has since retreated to \$80.73, still up 16 cents midday in Europe.

[We are all peakists now - Schlesinger](#) (podcast)

Former US Energy Secretary Dr James Schlesinger today claimed that the intellectual arguments over peak oil had been won, and that in effect 'we are all peakists now'. In the keynote speech at the first day of an oil depletion conference hosted by the Association for the Study of Peak Oil in Cork, Schlesinger said that oil industry executives now privately concede that the world faces an imminent oil production peak, and argued that a recent report by the US oil industry grouping the National Petroleum Council constituted "a backdoor admission that in the next decade or two we face a moment of truth". In a wide-ranging interview with Lastoilshock.com, Dr Schlesinger - who was also Defence Secretary and CIA Director - explains why he thinks "the battle is over, the peakists have won", and discusses the delusions of US energy policy, Iraq, Iran and \$100 oil.

[Kunstler: Shocked, shocked!](#)

Alan Greenspan's memoirs are being flogged across the airwaves, bandwidths and printing presses, and the cohort of those who comment on public affairs in these media are shocked by the Maestro's confessions -- first, that a housing bubble emerged out of his leadership in the banking sector, and second that the Iraq war is about oil. As usual, they're getting it all wrong -- about as wrong as Al himself got it. But that is the way of

things in this age of cultural dissipation and gross cognitive dissonance.

[Increase in oil, gas drilling projected](#)

Oil and gas drilling on federal lands across the Rocky Mountain West could increase by more than 160 percent over the next two decades due in part to pro-industry regulations enacted by the Bush administration, according to a report by an environmental group.

[Rembrandt Koppelaar: Export declines in the era of waning oil abundance](#)

As the era of oil abundance starts to wane, geopolitical relations between consuming countries and producing countries will grow increasingly important. Consumer countries are going to be forced to pursue substitutes and alternative ways of living. Paramount for them is the speed and manner with which their imports will decline.

["The 11th Hour" and Generation Z](#)

But "The 11th Hour" is only one slice of a complete story. It is a parade of talking heads set in a swirling background of Koyaanisqatsi-like images of planetary beauty and destruction. Co-director Nadia Connors calls it "an experience." The images evoke various moods: horror, sublime reverence, fear, love and longing. The speakers voice words of wisdom and profound insight into the science and psychology behind our predicament. Bioneers founder Kenny Ausubel defines the quest at the beginning: It is to understand how the two most complex systems on earth - nature and the human mind - can coexist.

[Can US Bully OPEC Into Submission?](#)

The United States Senate, in a move obviously targeted at OPEC, frightened about the effects of spiralling world crude prices and the consequences for the greatest gas guzzling nation on earth, is currently pushing through a Bill to outlaw oil cartels.

[Up ahead: Conservation or \\$100 / barrel oil?](#)

Even more disconcerting for economists, analysts and consumers alike is the secular, long-term trend regarding oil: namely, that both OPEC and non-OPEC sources combined are unable to keep pace with rising demand.

[Global warming lawsuit in Calif. tossed](#)

It is impossible to determine to what extent automakers are responsible for global warming damages in California, a federal judge ruled in tossing out a lawsuit filed by California against the world's six largest automakers.



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