



DrumBeat: October 2, 2007

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Topic: [Miscellaneous](#)

[OPEC Withdraws Member Output Limits, Keeps Target Unchanged](#)

The Organization of Petroleum Exporting Countries has withdrawn member states' new crude oil output quotas from its Web site after allegedly apologizing to Venezuela for mistakenly assigning it a sharply lower allocation.

OPEC published the new output ceilings due to take effect on Nov. 1 on its site last week. The quotas appeared to be more closely in line with what countries have actually been producing in recent years, slashing Venezuela's, for example, by about 750,000 barrels a day.

However, those figures have been removed from OPEC's Web site, leaving in place only the group's new overall production target of 27.253 million barrels a day.

[Angola would accept 2.5 mln bpd OPEC oil quota - official](#)

Angola, the newest member of the Organisation of Petroleum Exporting Countries, would be satisfied with an oil production quota of 2.5 mln barrels per day in 2008, a top official at national oil company Sonangol said on Tuesday.

[Venezuela sees no need for further OPEC output rise](#)

OPEC should not increase oil production again after November, Venezuelan Energy Minister Rafael Ramirez said on Tuesday.

OPEC agreed last month to a 500,000 barrels per day increase in output from Nov. 1.

Ramirez also told journalists at an energy conference in Lisbon that oil markets remained unstable and that prices are set to continue at current levels.

[The realities and aftermath of Peak Oil: How concerned should consumers be?](#)

As with any heated issue there are those who tend to be labeled optimists while others

are pegged pessimists, each side having passionate arguments to support its claims. The discussion about Peak Oil and its effect on global energy is really no different. However, what is new and different is the emerging acceptance from both sides of the debate that Peak Oil is coming, which then begs the question: "Now what?"

[Jeremy Leggett: Oil on the slide](#)

"Peak oil informs everything," Zac Goldsmith said recently. "People ought to know about that, but they don't." He is right. A premature topping point in global oil production would wipe out most if not all economic and policy plans on offer at the party conferences. This is because the plans universally assume growing supplies of generally affordable oil. But as Goldsmith's quality of life report recently described, a surprised world could instead soon be facing rapidly falling supplies of increasingly unaffordable oil.

[Byron King: Beached Whales and Economic Omens](#)

Beached whales may have nothing to do with the world's exhaustible supply of crude oil...or inexhaustible supply of dollars. But I see a connection...an ominous connection.

[Eye on Canadian Oil Sands Trust](#)

The business proposition of an oil sands investment is fairly simple. The company owns an enormous supply of bitumen, perhaps 50 years worth or more — nobody knows for sure. As the price of crude oil rises, the profitability of mining and upgrading bitumen is propelled upwards on a leveraged basis, since the marginal return on an extra dollar of price is 100% less delta taxes. If you think (as I do) that over the long term the price of oil will increase substantially as we get closer to and finally pass the onset of Peak Oil, then oil sands plays are a way to profit from that trend. If you think, as most Wall Street analysts do, that the longer term price of oil will not move up dramatically then the value of an oil sands company is much reduced. In sum, it is all a matter of what the price of oil will be in the out years.

[Debunking the ethanol bust](#)

Prices have collapsed and stock prices have plummeted, but some say these are just normal kinks in an industry with a solid future.

[Out of algae, a green idea](#)

Big plastic bags of bubbling green water hang from metal stands outside the Sunflower Electric Power Cooperative generating station. Growing in those bags is algae, a relative of the green, slimy muck often seen in ponds and streams. And it may be the key to

revolutionizing the way America -- and the world -- looks at energy.

[Kremlin threatens to cut off Ukraine's gas again this winter](#)

The Kremlin reacted today to the prospect of Yuliya Tymoshenko becoming Prime Minister of Ukraine by threatening to reduce winter gas supplies.

Gazprom, the state-controlled monopoly, issued a warning that deliveries would be cut unless Ukraine paid a \$1.3 billion debt by the end of this month. It accused RosUkrEnergo, the Ukrainian company that receives Russian gas, of breaching the terms of a supply contract.

But the timing of the announcement raised immediate suspicions that Russia was using energy as a political weapon to punish Ukrainians for backing Ms Tymoshenko, its pro-Western adversary in the Orange revolution.

Raymond J. Learsy: [Are We Ready For A Grain Growers OPEC Now That The OPEC Cartel Has Shown Us \\$80 Barrel Oil?](#)

Prices for crude oil have rocketed near 800% in less than a decade, an almost unheard of leap for such a basic commodity. Many reasons and explanations for this massive increase in price have focused on the demand side (economic growth, China, India, and on). Yet it is on the supply side primarily, that has led to these incredibly vertiginous and manipulated prices. It is where the Organization of Petroleum Exporting Countries (OPEC) has played an especially nefarious role as the only player with meaningful and immediately available reserves and production capabilities able to meet world demand. Quite simply, over the last ten years OPEC has done all it could to control supply to squeeze every last penny out of the market.

[ABN Amro manager drawn to oil, financials](#)

Global fund manager Wouter Weijand isn't buying the idea that oil prices will fall precipitously.

"All these oil companies and all these analysts assume that oil prices will fall back to around \$40-\$50 (U.S.); that is in all the scenarios," he said.

However, oil prices have kept on climbing, through \$70 a barrel and then \$80, recently going above \$80, said the senior manager of the ABN Amro High Income Equity Fund and its relatively new Canadian clone, the IA Clarington Global Dividend Fund.

[Analysis: Cold War over North Pole?](#)

What may turn into a Cold War-like resource conflict started quietly, with a vehicle called "Peace 1" some 2,500 miles below the North Pole. The Mir 1 miniature submarine, manned with three Russian scientists, on Aug. 2 planted a titanium capsule with a Russian flag into the seabed -- a symbol for Russia's controversial claim of the vast resources that are believed to be stored below it.

[High-speed rail in future for Alberta](#)

If Alberta diverts more oil and gas revenue into a wise investment fund, my future-transforming idea for the earnings generated by this fund is to build a high-speed rail system that connects Alberta's medium-sized cities to the Edmonton-Calgary corridor.

[La Niña winds expected to lift natural gas prices](#)

Natural gas prices in the United States may get a boost in the fourth quarter from a deep cold snap produced by a La Niña weather pattern, the first in almost seven years.

[One more big hurricane predicted by November](#)

A prominent university research team on Tuesday predicted one more major Atlantic hurricane this year — as well as a slightly longer season due to La Nina ocean conditions.

“We expect October-November to be very active,” said Phil Klotzbach, lead author of the Colorado State University team.

[The Three Stooges of global climate change](#)

These three conservative leaders, U.S. President George W. Bush, Canada's own Prime Minister Harper and Australian Prime Minister John Howard, were all strong opponents of the Kyoto Accord and have formed a political alliance to fight a strict successor regime to the Kyoto Accord in 2012, one that would include legal caps on greenhouse gas emissions.

Bush, Howard and Harper have something else in common. They lead the three countries with the highest per capita emissions of greenhouse gases among major economies. Australia emits 26 tons of greenhouse gases per person, the United States and Canada 23 tons each. This compares to 5 tons per person in China and 2 tons in India. The European Union emits 10 tons per capita.

[Wal-Mart sells 100 million energy-saver bulbs](#)

Wal-Mart Stores Inc. reached an annual target of selling 100 million energy-efficient light bulbs ahead of schedule after heavily marketing them as a way for consumers to save money and fight global warming, the retailer said Tuesday.

[Oil Could Spike to \\$100 Before Year-End](#)

Oil could spike to \$100 before the end of the year boosted by tight demand and supply, a weak U.S. dollar and a market structure that is a fertile ground for speculators, an energy fund manager said on Tuesday.

Angelos Damaskos, chief of Sector Investment Managers, which runs two funds, including a hedge fund invested mainly in energy equities, said the oil market remained fundamentally undersupplied and that rather than pure speculation by hedge funds and financial speculators was driving oil prices higher.

[Hard core](#)

Whereas countries like China would previously receive raw materials to produce goods cheaply largely for the Western world, now they are producing them for domestic consumption. "The dynamic is changing," says Richard Raymar, senior UK and Ireland analyst, quantitative asset management research, at Lipper, "Some of the goods are staying there. They are not just going in and coming out. It is about developing countries becoming developed. [These countries] are keeping resources, using them and enjoying them. It's not just for our enjoyment anymore."

[Harsh working conditions mark production of Brazilian ethanol](#)

"By the end of the day your entire body hurts so much you think you are going to die" says cane cutter Raimundo Gomes da Silva. "But it is all we know how to do, so we will continue doing the same thing, day after day, until we drop dead."

Brazil's pioneering use of sugarcane-based ethanol, which fuels about 30 per cent of the country's automobiles, has made Latin America's largest country a global leader alternative energy.

Getting less attention is the squalid labour conditions of nearly half a million people who toil in the fields six days a week to supply the cane to the nation and a growing export market.

[Archer Daniels Midland Eying Ethanol Plant Acquisitions](#)

Archer Daniels Midland Co. (ADM) Chief Financial Officer Doug Schmalz said Tuesday the corn and soy bean processing giant would consider buying ethanol plants now that

lower prices for the fuel have been preassuring production margins.

[Proposed pipeline could bring cheaper gas](#)

A Tulsa, Okla.-based pipeline operator has proposed a project that, theoretically, could save local residents money on their future natural gas bills.

[Viet Nam: Gas prices at new high due to shortages](#)

On Sunday, many domestic gas traders decided to raise the retail price of liquefied petroleum gas (LPG), following the global hike and a domestic shortage, according to independent market watchdogs.

[UK: Fuel costs could force road haulage firms to shut down](#)

SPIRALLING fuel costs may be the end of the road for many of the haulage firms that make up the key distribution sector in Peterborough.

The warning comes after a two pence increase in fuel duty, which came into force yesterday, and may push diesel above the £1 a litre mark. It is also expected to nudge the average price of unleaded to 98 pence.

[Six Mexican States Rated Attack-Risk](#)

The Mexican states of Veracruz, Oaxaca, Guerrero, Tabasco, Campeche and Tamaulipas were mentioned Monday as most susceptible to attack by armed groups.

El Universal daily reports this as a conclusion of government and security experts and federal legislators since those states host most of the 186 state-run strategic facilities.

[A Minor way to save the world](#)

Manufacture is a massive source of CO2 emissions. Keep a small car for a long time to be truly green.

[Not so green computing: Is Windows an energy hog?](#)

Many data centers are looking for energy efficient hardware. Mallory Forbes thinks they should be looking at the software too - and Windows in particular.

[DOE: A 30-year-old adolescent maturing](#)

The U.S. Department of Energy was not so much born on Oct. 1, 1977, as it was created out of parts of other agencies, almost as though Mary Shelley, the creator of "Frankenstein," had been a bureaucrat.

The department's own archives like to hark back to the Manhattan Project and the great rush to discover (and employ) the destructive powers of the atom before the Nazis could do it.

[Question of the Week: Solar Energy](#)

Slowly but surely, however, people will begin to see the beauty of a wind turbine spinning idly in the breeze and the downright useful nature of turning that dreadful summer sun into a cool A/C. Slowly but surely things will change. At least, that's the hope. If things do not change gradually, things will be forced to change abruptly when the planet runs out of petrol. That will be, in a word, cataclysmic.

[Mazda unveils new hydrogen hybrid](#)

Mazda unveiled a new kind of hybrid vehicle on Tuesday that runs on hydrogen fuel powering an electric motor. The Japanese automaker said it will be available for leasing in Japan next year.

The Mazda Premacy Hydrogen RE Hybrid, shown to reporters ahead of its debut at the Tokyo Motor Show later this month, operates on a rotary engine, which has a reputation for being quiet because it doesn't have pistons like standard engines.

[Once Again, NPC Expects Too Much From EOR](#)

In their 400+ page report "Facing the Hard Truths About Energy" (July 2007), the National Petroleum Council (NPC) projects that enhanced oil recovery (EOR) will contribute an enormous increment of total global supply of petroleum liquids. By any reasonable analysis, NPC's projection of EOR production rates is unachievable.

[Oil prices slip below \\$80](#)

However, some analysts believe that falling US crude reserves might not halt the current oil price slide.

"The oil market has turned the corner," said Base Commodities trader Christopher

Bellew.

"It looks like the long run-up from August is now over, and as seasonal refinery work begins and weather threats ease we should see it come down."

[\\$80 Oil Helps Some but Not All Service Companies](#)

Higher oil prices have led to record highs for the oilfield services stock index, but it's not boom times for all companies in the sector.

In the past, higher prices for crude futures have lifted all the index's components, but this time around, some are seeing shallower gains or even falling stock prices.

[Let the East Bloom Again](#)

The increasing demand for water in the Western United States in an era of diminishing supply has put America's highly efficient agricultural system in jeopardy. At the same time, our nation's energy demands have led President Bush and Congressional leaders from both parties to call for more domestic production of biofuels like corn ethanol. Some agricultural experts fear that the country does not have enough water and land to both replace the declining agricultural production in the arid West and expand the production of biofuels.

There is, however, a sustainable solution: a return to using the land and water of the East, which dominated agriculture in the United States into the 20th century.

[Our Town](#)

Sick of single-family solitude? Craving an antidote to urban isolation? The new era of tribal living has arrived.

[Mass Market for Green Homes Coming?](#)

They built, overnight, a 725-square foot house on the lawn of San Francisco's elegant city hall that demonstrates the potential for manufactured housing to tackle a variety of urgent concerns: affordable housing, global warming, peak oil, water shortages, healthy living and much more.

[Surging oil prices give oil-related studies new life](#)

The University of Texas and Texas A&M will graduate 8 percent more petroleum engineers in 2008. This year 213 students are expected to finish their coursework. Both students and faculty suggest surging oil prices have given oil-related studies renewed life.

[Project Green: The Power of the Sun](#)

With oil prices near record highs and more companies concerned about their carbon footprints, workers are finding job opportunities in the emerging green economy. Companies are hiring scientists to work on renewable-energy technology and business people to market earth-friendly products. Even if some of these nascent companies falter, there's widespread conviction that this sector will become one of the country's hottest employers. "This is the challenge of the 21st century ... and it's not going away," says Kevin Doyle, founder of the consulting firm Green Economy.

[Who Runs the World and Why You Need to Know Immediately](#)

In case you haven't noticed, this "gradual collapse of the U.S. economy" is no longer gradual, and what Estulin is asserting confirms a great deal of the assertions made by Catherine Austin Fitts that the current housing bubble explosion/credit crunch/mortgage meltdown has its roots in the 1980s. James Howard Kunstler has also written recently in his blog entitled "Shock and Awe" that the great American yard sale has begun. In other words, as an engineered economic meltdown drives hundreds of thousands and eventually millions of businesses and individuals into bankruptcy, key players in the Big Three ruling elite organizations can buy up the train wreck left behind for pennies on the dollar - a brilliant fast-track strategy for owning the world.

[Market sees new Opec price plan](#)

International banks and analysts have hinted at the possibility that Opec will switch the pricing of oil from the dollar to a basket of currencies as the greenback sank to a record low against the euro yesterday.

"If the dollar were to lose its lustre as a reserve currency this could prove disruptive to the global financial system. In the Middle East the market has become concerned that more countries would drop the dollar peg with Opec potentially changing the oil price to a currency basket rather than the dollar," Merrill Lynch said in a note yesterday.

[Saudi foreign assets slump to \\$248bn](#)

Saudi Arabia's official reserves excluding gold declined and net foreign assets held by its central bank showed a rare drop in August as the world's largest oil exporter battles the repercussions of the dollar's fall.

[Iran slashes oil transactions in dollars](#)

Iran has slashed the use of the dollar in payment for its oil exports to 15 percent, an official said on Tuesday, amid growing pressure from arch-foe the United States on its financial system.

The vast majority of transactions for oil from OPEC's number two producer are now being carried out in euros, said Mohammad-Ali Khatibi, deputy head of the National Iranian Oil Company in charge of marketing.

[Russia oil exports soar in Sept, output edges down](#)

Russian oil exports via major ports and pipelines soared in September, despite lower output, as oil firms rushed to export crude before the introduction of higher oil export duty, energy ministry data showed on Tuesday.

[Support for Big Oil wanes in Alberta](#)

Big Oil has always quietly accepted that, much like the tobacco or war industry, having a poor image is a cost of doing business.

One exception, of course, was Alberta. With about a third of the provincial economy riding on its fortunes, its residents could usually be counted on to be sympathetic, particularly during big fights with the federal government.

That reservoir of goodwill seems to have vanished.

[Warning on output levels](#)

"The big projects are getting pushed back more and more," says Frank Kuijlaars, head of oil and gas at ABN Amro, a leading lender in Russia's oil and gas sector, in particular to Rosneft.

Even the oil men most loyal to the Kremlin are warning against the state's growing role. Last week, Vladimir Bogdanov, president of Russia's number 4 oil major Surgutneftegaz, warned "monopolism" by the state would lead to a fall in production, while Lukoil president Vagit Alekperov earlier expressed his concern at the state's growing might.

[New energy grips Asia](#)

A new world energy order is in the making, with Asia as a driving force. Mega projects

are on the drawing board, affecting India as well. Among these are projects for transnational pipelines to bring natural gas to a growing Indian energy market. With the centre of gravity shifting towards Asia, India stands centre stage in Asian and global energy endeavours.

[Why US is the largest Oil consumer](#)

The U.S. market is a very regional one, and subject to its own dynamics, like hurricanes and pipeline problems. However, because of the U.S.'s large "market share" of oil consumption, severe supply disruptions, like those we saw from hurricanes Katrina and Rita, result in a draw from other oil markets, which inevitably raises prices in those markets.

[LUKoil to boost production rates in 2007](#)

LUKoil is set to exceed its projected growth rate in hydrocarbon output in 2007, the Russian oil giant's President Vagit Alekperov told journalists at a Russian Union of Industrialists and Entrepreneurs meeting today.

[Belgium reopens Myanmar humanity crimes probe against oil giant Total](#)

French oil giant Total on Tuesday faced a renewed Belgian probe into its alleged support of Myanmar's military regime as authorities reopened an investigation into the firm.

[Scientists see dramatic drop in Arctic sea ice](#)

Arctic sea ice declined this year to the lowest levels registered since satellite assessments started in the 1970s, extending a trend fueled by human-caused global warming, scientists said on Monday.

[Australian Temperatures to Rise With Gas Emissions](#)

Temperatures will be more extreme with "substantially" more days over 35 degrees Celsius (95 Fahrenheit), the Bureau of Meteorology and the CSIRO said today in a joint report. Rainfall will decrease and droughts and high fire-danger weather become more frequent under the "high-emissions" scenario, it said.

[Tourism set to suffer from the climate change it generates: UN](#)

A booming worldwide tourism industry could prove its own worst enemy by contributing to the global warming that threatens some of the planet's most prized

destinations, UN agencies warned Monday.

[Climate Change May Sink us This Century: Maldives](#)

Unless the world starts taking climate change seriously and cuts greenhouse emissions, the Maldives could become uninhabitable this century, the president of the Indian Ocean archipelago says.

[Arctic ice island breaks in half](#)

The giant Ayles Ice Island drifting off Canada's northern shores has broken in two - far earlier than expected.

In a season of record summer melting in the region, the two chunks have moved rapidly through the water - one of them covering 98km (61 miles) in a week.

Their progress has been tracked amid fears they could edge west towards oil and gas installations off Alaska.



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