



## DrumBeat: October 16, 2007

Posted by [Leanan](#) on October 16, 2007 - 8:52am

Topic: [Miscellaneous](#)

### [Supply concerns propel oil to new record](#)

Light, sweet crude for November delivery rose \$1.48 to settle at \$87.61 a barrel on the New York Mercantile Exchange. Oil prices reached a new record trading high of \$88.20 earlier in the session and eclipsed the record close of \$86.13 a barrel set on Monday.

And this is one reason why:

### [PKK's Armed Wing Reiterates Threat To BTC Pipeline](#)

A rebel Kurdish group Tuesday reiterated a threat to attack the BP PLC (BP)-led Baku-Tbilisi-Ceyhan oil pipeline, a day before Turkey's Parliament is expected to approve a motion allowing the government to attack Kurdish separatists in Iraq.

### [A Three Way For The Real Third Way](#)

My favourite line concerning the reams of "Is peak oil just a theory?" literature was actually told to me by a climate scientist. U of T's very own dr. Danny Harvey, a lead author of the IPCC's AR4. What he said was: "Peak Oil is a just theory in the same sense that Round Earth is just a theory."

### [Home-grown demand driving OPEC growth](#)

OPEC members in the Middle East are becoming their own best customers for crude, as the booming region's growing demand for oil offsets weakness in the developed world to keep supplies tight and prices under pressure.

...Edward Walker, a former U.S. state department official and now a scholar with the Washington-based Middle East Institute, said much of the growth in demand for crude oil in the Middle East is the result of the producers' efforts to process the raw material before exporting it.

Saudi Arabia, Kuwait and Iran in particular are investing billions to expand their refining and petrochemical capacity. In Iran, the government is imposing rationing in a so-far unsuccessful effort to reduce the consumption of heavily subsidized gasoline and diesel,

which the country must import.

"As these countries start to build up their own economic capacity and standards of living start to increase, then the demand for petroleum product starts to go up in the Middle East, just as everywhere else, Mr. Walker said.

### [Will a New Phenomenon, The 'ASPO Effect,' Send Oil Prices Higher This Week?](#)

Starting Wednesday the U.S. branch of a global group of oil experts who believe the world is at or very near "peak oil" production will hold a four-day meeting that could unleash an important new phenomenon impacting the price of oil.

Call it the "ASPO Effect," after the group that will be holding the meeting, the Association for the Study of Peak Oil and Gas, commonly known as ASPO.

### [Venezuelan oil output fell 26,700 bpd](#)

The performance of the Venezuelan oil industry last month was no good news, as domestic output tumbled 26,700 bpd and the country lost five rigs, while the other members of the Organization of Petroleum Exporting Countries (OPEC) heightened production.

### [Russia promises stable energy supply to EU](#)

Russia will maintain stable energy supplies to the European Union (EU) despite rising oil prices, Russian Energy Minister Viktor Khristenko said here Tuesday.

### [Little Oil at Risk From Turkey-Kurdish Tension](#)

Only a fraction of global oil supply could be immediately threatened by a Turkish incursion into northern Iraq, but crude prices have surged on concern any conflict may escalate and disrupt the flow from the Middle East.

### [Climate scientists paint grim coastal picture](#)

Around the world, oceanographers, glaciologists and climate modellers are trying to get a handle on how much ice is likely to disappear from Greenland and Antarctica by 2100, and what the likely effect will be on our oceans, including on sea levels.

Senior NASA climatologist James Hansen estimates this effect could raise our oceans by 5m over the next century. Most sea-level research, however, including that by three

respected Tasmanian scientists, projects a 100-year rise of around 1m.

### [Fundamentals could brake oil before it hits \\$100](#)

"It looks to us like oil is a \$70-\$80 commodity," said Adam Robinson, analyst at Lehman Brothers.

"We would expect additional oil from OPEC, Brazil and the Gulf of Mexico, combined with lower refinery demand for crude as the maintenance season deepens, to restrain crude oil price strength going forward."

### [Iran needs billions more dollars for fuel import](#)

Iran needs to request an extra two billion dollars to import petrol after its original budget allocation ran out half way through the year, the Isna news agency reported yesterday.

The shortfall comes despite a rationing plan imposed in June that aimed to curb Iran's massive imports of refined oil products made necessary by its frenzied consumption and lack of refineries.

### [Iran fuel imports could drop to \\$4bn](#)

Iran is expected to import about \$4 billion worth of gasoline during the Iranian year ending in March 2008, a senior official said on Monday, suggesting a decline of at least 20% from the previous year.

### [Increases in corn prices causes difficulties for developing nations](#)

"We're exporting less and have less surplus to send to these developing countries." Gregory McIsaac, professor of environmental science at the University of Illinois, said.

Although we are not directly taking resources from these countries, the more the demand for corn rises, the less likely they will be able to purchase it.

### [Thailand: Pressure to lift fuel fees](#)

Thai airlines are under strong pressure to raise fuel surcharges to respond to higher jet fuel prices, which are approaching US\$100 per barrel.

### [Thailand: Bus riders to have a say on future fare increases](#)

Last week, the central land transport committee decided to allow private bus operators to raise their fares, beginning yesterday, to cope with rising diesel fuel prices.

Fares went up by 50 satang for regular city buses, one baht for air-conditioned city buses and by three satang per kilometre for inter-provincial buses.

However, Transport Minister Theera Haocharoen ordered the two state-run bus agencies, Bangkok Mass Transit Authority and the Transport Co, which operates inter-provincial buses, to freeze their fares for three months.

### [UK: Fuel duty increase has implications for all areas of life](#)

Almost everything the nation consumes is the product of a lorry journey and the Government has now increased the cost of all of those journeys.

### [Greens seek plans to oil-proof Australia](#)

Senator Milne said Prime Minister John Howard and Opposition Leader Kevin Rudd needed to commit to a national target to oil-proof Australia.

"Let's replace 90 per cent of petrol demand by 2050 by electrifying both the public and the private transport fleet and let's move to a major injection into second generation biofuels," Senator Milne told reporters.

"The world is running out of cheap easily accessible oil."

### [A Call to Arms](#)

The world is at an energy crossroads, and the decisions made about cars and oil in America and China over the next decade or so will set the course for the coming century. That is because energy infrastructure, be that automobile factories or petrochemical refineries, can last for decades, and the greenhouse gases emitted can last even longer. If we are to set our energy system on the right course before real crisis hits in a decade or two, we need to start that transition now.

### [Ports seek cost-effective energy](#)

All this oil-generated market chaos makes what the ports of Long Beach and Los Angeles are engaged in right now that much more relevant and timely.

Flush with cash and eager to clean up the environment, port authorities are pouring tens of millions into the research, development and implementation of alternative fuels and energy options for the goods-movement industry.

### [Oil users brace for costly winter](#)

Add another discouraging reality to an economic picture that already includes record home foreclosures, massive federal deficits and depressed consumer confidence: The cost of heating a home with oil will probably set another record this winter.

### [Venezuela: Energy profile](#)

Venezuela contains some of the largest oil and natural gas reserves in the world. It consistently ranks as one the top suppliers of U.S. oil imports and is among the top ten crude oil producers in the world.

### [Demand for uranium strengthens, says ERA](#)

URANIUM producer Energy Resources of Australia (ERA) says long term demand for the nuclear fuel remains strong after delivering a dip in output for the third quarter of 2007.

### [Australia: Riches in energy harvesting, farmers told](#)

Farmers could be almost \$3 billion a year richer if they invested in clean energy measures such as wind and carbon farming, according to a report by the nation's top science agency.

### [Sales strong at Winnebago](#)

Winnebago Industries Inc.'s fourth-quarter earnings surged 59 percent, a reflection of increased sales of its larger and higher-profit motor homes.

### [Gathering takes on state of supply](#)

The state of the world's oil resources will take center stage at the Association for the Study of Peak Oil's four-day conference in Houston this week.

Speeches, round-table discussions and question-and-answer sessions will dominate the gathering at the downtown Hilton Hotel. Speakers will include Texas oilman and private

equity firm head T. Boone Pickens; Matthew Simmons, CEO of Simmons & Company International; and U.S. Rep. Roscoe Bartlett, R-Md., co-chairman of the Congressional Peak Oil Caucus.

### [Libya sees no reason for further OPEC oil supply boost](#)

OPEC member Libya does not see a need for the exporter group to raise oil output further to lower record oil prices and called on consumer countries to cut fuel taxes, the country's top oil official said on Tuesday.

### [Azarov: Ukraine is ready to refuse gas mediators](#)

Ukraine's government supports possible change to direct relations between "Gasprom" and "Naftogas Ukraine" under condition on acceptable gas price preservation. Finance Minister of Ukraine Mykola Azarov said that.

### [Indian Prime Minister calls off nuclear deal with the United States](#)

India has officially informed the United States that it has frozen a bilateral nuclear deal that was supposed to herald a new strategic alliance between the biggest democracy in the world and the richest.

### [High uranium prices boost exploration: IAEA](#)

High uranium prices will spur exploration that could more than triple known global deposits, avoiding a shortage as China ramps up its nuclear capacity, a top executive with the International Atomic Energy Agency said.

### [No easy options on renewable energy sources](#)

Sunlight, which is plentiful in South Africa, will not, like uranium and coal, become depleted.

Yet Eskom, the national power utility, plans to invest far more on coal-fired and nuclear power than on solar or wind energy. Of the additional 40 000 megawatts (MW) Eskom plans to build, about 20 000MW will be generated from nuclear.

### [ANALYSIS-Biofuel industry fights the critics](#)

Biofuel supporters are fighting criticism that the "green", alternative transport fuel has raised food prices and harms the environment, amid mounting evidence that the debate is harming the industry.

### [Cost of food aid soars as need rises](#)

A "perfect storm" of drought, conflict and rising costs has increased the ranks of the chronically hungry by millions of people, and forced aid workers to find and fund longer-term solutions to the food crisis.

The United Nations says the number of chronically hungry people worldwide rises by an average of 4 million each year.

At the same time global fuel prices have soared, pushing up road transport costs and global maritime shipping rates.

### [Thailand: Local fuel prices set to rise on global oil price surge](#)

To ease a hardship of people, he suggested, the Energy Ministry reduce a contribution to the State Oil Fund temporarily and the people turn to consume gasohol because costs are lower.

### [Skybus cuts 3 of 5 West Coast flights](#)

The announcement comes as oil prices have hit record highs, leading some airlines to raise ticket prices and shed fuel-guzzling long-haul flights in favor of shorter, more-profitable ones.

### [South Africa's Sasol coal mine strike affects output](#)

South Africa's Sasol, the world's biggest maker of fuel from coal, said a strike over wages by some 2,000 workers at coal mines owned by entered its third day on Tuesday, affecting output.

### [Platts Says Daily Production May Fall](#)

Platts Chief Economist Larry Chorn foresees tighter supply/demand balance in oil within three years. He bases this analysis on a significant under investment in global field development activities during 2005. Major oil fields require a minimum of three years of engineering and construction and often an additional year or more to reach peak production rates after start-up.



"The fact that the industry fell behind in 2005 investment, the most recent year that complete data is available, means there will likely be a continued tight supply demand balance in and beyond 2010, in spite of a 70 percent investment increase in 2005 over 2000."

The Platts study shows that the shortfall in 2005 could lead to a 0.8 million barrel per day reduction in anticipated spare capacity within three years, if the International Energy Agency (IEA) demand forecast is correct. This shortfall could grow to 4 million barrels per day in 2011 as existing fields continue to decline and demand rises.

### [OPEC says has done enough to cool record oil price](#)

OPEC has done its utmost to satisfy the world's demand for fuel and pumping even more crude will do little to halt oil's rally towards \$88 a barrel, officials said on Tuesday.

### [OPEC daily average oil prices hit record high](#)

Daily average oil prices of the Organization of Petroleum Exporting Countries (OPEC) rose by 0.51 U.S. dollars to a record 77.46 dollars per barrel last Friday, 0.03 dollars higher than the previous high on Sept. 28, the cartel said Monday.

### [Angola oil output set to rise above 2 mln bpd](#)

Angola's crude oil production is expected to rise above 2 million barrels per day for the first time in December as new fields come online and others ramp up output, trade sources said on Tuesday.

### [Venezuela Will Avert Devaluation as Oil Soars, Citigroup Says](#)

Venezuelan President Hugo Chavez's government will be able to avert a devaluation of the currency this year and next as a surge in the price of oil swells the nation's reserves, according to a report by Citigroup Inc.

### [Climate change: no more 'wait and see'](#)

It was 1988 when NASA scientist James Hansen first testified before Congress about the human contribution to climate change and its potentially disastrous consequences. Early on, decision-makers and scientists each responded to research on global warming with a "wait and see" attitude. While many Americans remain skeptical, last week's award is another sign that it's time to make up our minds: global warming is real.

At its first meeting in 1990, the IPCC wrote that observed increases in temperature



“could be largely due to...natural variability.”

Since then, climate change research has matured, producing a strong body of evidence backed by robust statistics. Successive IPCC congresses have issued ever-grimmer reports about potential environmental consequences.

### [Change the message to save the planet](#)

Once again, telling people they have to give something up is an unproductive way to change their behaviour. Advertisers, those experts in motivation, never use the word save. Even if a product saves time or money they still avoid the word and highlight the wonderful things you could do with that extra money or time.

But people are not told about the wonderful things they could do with this planet if they save it. They are told, endlessly, of the appalling things that will happen if they don't. This is blackmail and it simply doesn't work.

But the biggest problem with "save the planet" lies with the underlying concept that people can be motivated to make personal changes by a gentle appeal to a vast collective goal. Why should anyone be told that it is their personal responsibility to save the planet any more than it is their responsibility to end global poverty or stop war?

### [Oil sprints towards \\$88](#)

Oil thundered towards \$88 a barrel on Tuesday, hitting a new record and extending a rally that has added eight dollars in a week on tight supplies, strong demand and tension in northern Iraq.

Oil is closing in on the inflation-adjusted high of \$90.46 seen in 1980, the year after the Iranian revolution and at the start of the Iran-Iraq war. Prices this year have averaged \$67.

At 7:08 a.m., U.S. crude was up \$1.33 at \$87.46, off a high of \$87.97. London Brent was up \$1.22 at \$83.97.

### [Oil surges to record; gas prices don't follow suit](#)

Veteran oil analyst Tom Kloza at consultant Oil Price Information Service called this "the last inning of the 2007 crude-oil (price) rally" in an analysis written Friday. He doesn't think the price will break \$91.

Brown says recent data show, "In general, expectations were that prices would stay below \$95." He thinks that \$10 of the current price is "froth" driven by speculators rather than true supply-and-demand issues. That means prices could tumble if

investors decide oil is too expensive and start selling their holdings.

Kloza says additional refining capacity coming soon could help hold down prices. Reliance Industries in India is adding a 580,000-barrel-per-day refinery, bigger than the biggest U.S. refinery, as soon as a year from now. Reliance says the new unit is specifically meant to produce fuels for export and should have low costs because it can handle less costly low-quality crude oil.

Kloza also cites a 325,000-barrel-per-day expansion by Shell Oil at Port Arthur, Texas.

### [No talk of further OPEC oil output boost: delegates](#)

Delegates from two OPEC countries in the Middle East said on Tuesday they were not aware of any discussion about boosting the group's output beyond the 500,000 barrels per day (bpd) increase already in train.

### [China Daqing oilfield to hold back decline in '07](#)

China's biggest oilfield, Daqing, will produce oil and gas equivalent to some 45 million tonnes of crude in 2007, roughly the same amount as last year, the company's chairman Wang Yupu said on Monday.

### [Cnooc Aims for Bohai Bay to be China's 2nd Largest Oil Field](#)

Chinese offshore oil producer Cnooc Ltd. (CEO) aims to increase production at Bohai Bay to make it the country's second-largest oil field in terms of output within five years, company officials said.

### [Putin visits Iran, sends warnings to US](#)

Russian leader Vladimir Putin met his Iranian counterpart Tuesday and implicitly warned the U.S. not to use a former Soviet republic to stage an attack on Iran. He also said nations shouldn't pursue oil pipeline projects in the area if they weren't backed by regional powers.

### [Chevron-led Russia venture faces challenges: report](#)

An energy development consortium led by U.S. oil producer Chevron Corp. (CVX.N) in Kazakhstan is facing challenges from the Russian government over a pipeline that runs through Russian territory, the Wall Street Journal reported.

...The Russian government, which holds a 24 percent stake in the venture through its

state-owned pipeline monopoly OAO Transneft, has blocked the expansion, arguing that Russia should receive more revenue, the paper said.

### [Gazpromneft Ups Stake in Chevron JV to 75%](#)

Russia's OAO Gazpromneft, the listed oil-producing subsidiary of OAO Gazprom, Monday said it increased to 75% its stake the joint venture with Chevron's subsidiary Chevron Neftegaz.

### [Facing the looming energy crisis](#)

It's not rocket science: we are nearing the point of peak oil production, the data suggests, and when that happens, oil will start running out. That's when oil prices will really soar...

### [The Mogambo Guru: Jobs fight to the death](#)

And another thing that is unbelievable concerning inflation in prices is the mental disconnect about oil. Kevin Capp, in the Rude Awakening newsletter, writes that the latest report from the International Energy Agency shows that Peak Oil is here, we are all freaking doomed, and we should be running down the street screaming our guts out in mortal fear, completely nude if you want, but wearing some good footwear since scuffing up your bare feet would be just adding insult to injury.

Although they did not use those words exactly, he reports that the agency did say that, "the global production of liquids dropped by 854,000 barrels per day from August 2006-August 2007".

### [Looking back](#)

IT'S FALL 2008.

Most outdoor events at the Beijing Olympics were canceled this August due to stifling heat and abysmal air. Populations the world over spilled onto sun-sereed streets this summer, escaping baking hovels and failing farms, demanding swift action on climate change. Looking back, it's been a tumultuous year.

Extremes and volatility have become the new norm, as unwieldy winds whipped up over warming seas and lands usher in rapidly shifting fronts.

### [Brazil's leader calls on Africa to embrace biofuels production](#)

Brazil's President Luiz Ignacio Lula Da Silva called Monday on Africa to join a biofuels "revolution" to democratize access to energy across the continent.

"Brazil invites Burkina Faso and all of Africa to join the biofuels revolution. With biofuels we can democratize access to energy in Africa," Lula said.

### [World events work against grain buyers](#)

"We can only (boost prices) so much until the customer sees the pinch," says Richardson, who uses organic ingredients but hasn't touted it in her advertising. That gives her more latitude to switch to conventional flour, which now costs about \$10 a bag less than organic, though it's experienced similar price jumps this year. It also means she must rework baking formulas to ensure the product her customers expect and, she says, lower her "laurels on flavor and sustainability."

The tightest world grain stocks in about 30 years are contributing to rising food inflation, fueling worries about food shortages in some countries and straining international aid budgets. Russia recently imposed taxes on barley and grain exports to control domestic food prices before pending presidential elections.

### [Virgin Atlantic 747 to test biofuel in early 2008](#)

British billionaire Richard Branson said on Monday his Virgin Group hopes to produce clean biofuels by around the start of the next decade and early next year will test a jet plane on renewable fuel.

Virgin hopes to provide clean fuel for buses, trains and cars within three or four years, Branson told a Mortgage Bankers Association meeting in Boston.

### [Monsanto increases investment in Mendel](#)

Monsanto Co said on Monday that it had increased its investment in Mendel Biotechnology Inc in a deal that will boost the privately held company's work in cellulosic biofuels like grasses and food crop waste.

### [Al Gore, provocateur](#)

Whether you think global warming is a hoax or an impending catastrophe, the fact is you do think about it. You have an opinion; you've debated it with friends and family. Maybe you've stopped driving a gas guzzler, dialed back the thermostat or adjusted your lifestyle in countless other ways to save energy.

And chances are, that is happening largely because of Al Gore. Whether you peg him as a visionary or a scaremonger, he has introduced the potential dangers of global warming to mainstream America, via his writing, speeches and an Academy Award-winning movie.

### [Killer cow emissions](#)

All told, livestock are responsible for 18% of greenhouse-gas emissions worldwide, according to the U.N. -- more than all the planes, trains and automobiles on the planet. And it's going to get a lot worse. As living standards rise in the developing world, so does its fondness for meat and dairy. Annual per-capita meat consumption in developing countries doubled from 31 pounds in 1980 to 62 pounds in 2002, according to the Food and Agriculture Organization, which expects global meat production to more than double by 2050. That means the environmental damage of ranching would have to be cut in half just to keep emissions at their current, dangerous level.

### [Austria to host global warming meeting](#)

Innsbruck — home to two Winter Olympics — is hosting a conference on how to cope with the warm winters and lackluster snowfall caused by global warming.

Some 400 people from 20 countries are in the Austrian winter sports mecca for three days of discussions on the future of the Alps. Discussions will focus on eight core themes related to mountains, including ecology, natural hazards, health and spatial planning and development.

### [Kyoto approach on climate is "bad policy": Bush](#)

President George W. Bush said on Monday his administration's approach of emphasizing voluntary approaches to address climate change was working and he denounced Kyoto-style mandatory caps as "bad policy."

Bush's comments were the latest sign that his opposition to binding emissions caps remains firmly entrenched, even as he has made efforts to show he wants to be more engaged in the global debate on climate change amid sharp criticism from other countries.



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