



DrumBeat: November 1, 2007

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Topic: [Miscellaneous](#)

[Exxon's Crude Nightmare](#)

The odd dynamic of expensive crude oil and weak gasoline prices is turning into an ugly headache for Exxon Mobil.

Like other oil refiners, Exxon Mobil has been battered by high crude prices because gasoline prices have not risen proportionately. For instance, from May to October, gasoline prices actually fell 45 cents a gallon. In turn, this imbalance depresses refining margins--the spread between what a company pays for crude and what it earns from the refined products.

[What oil shock? Truck sales gain, cars fall](#)

Most automakers post better sales of light trucks, weaker sales of car models as GM opens lead on Japanese rival Toyota.

[Automakers trying to turn gas-guzzlers green](#)

Whether it's a Hummer that runs on vegetable oil or a hydrogen-powered car capable of breakneck speeds, mechanics are increasingly looking at ways of developing eco-friendly cars that retain the macho appeal of gas-guzzlers, experts say.

[What happens when the last drop of oil drops?](#)

Houston had its Mad Max moment last month, when well-heeled investors and policy-makers convened on the oil town to talk about the post-oil world. The conference was built on the idea that the globe is fast approaching the moment of "peak oil": the point at which oil reserves start to decline.

[Prof says politicians blinkered on peak oil](#)

A UBC researcher believes elected politicians swayed by the "moneyed elite" are preventing greater action on climate change and peak oil.

[Venezuela Oil Min: OPEC Oil Currency Basket Is Working Proposal](#)

Venezuela's oil minister said OPEC is considering a currency basket to price the oil produced by its member countries - a discussion they will take up in their upcoming meeting.

"That is a proposal we're looking at," Oil Minister Rafael Ramirez told reporters Thursday.

[Giving thanks for \\$100 oil: The upside of soaring energy prices](#)

NEW YORK (MarketWatch) - There is no doubt about it, peak oil is here.

If you haven't felt it yet just wait a few months.

Old man winter is about to knock on many of our doors and so will the heating oil and natural gas bills, likely to be 30% to 40% higher than last year.

With an economy already reeling from high agriculture prices, a subprime housing problem and mounting debt, the specter of high gasoline and heating costs is likely to break the bank for many Americans.

[Places to see before *they* disappear](#)

4. Amish Country

Don't get us wrong; in 20 years, there will still be Amish people, and there will still be places known as "Amish Country." But, chances are, both will be very different from their traditional versions.

The key culprit? The ever-skyrocketing price of land. Amish families typically have an average of seven children, which translates to a fast-growing population -- a population that's running out of room to expand. Because rural regions have become more popular with average Americans, many places that were farmland 20 years ago are now subdivisions, factories, and office complexes (not to mention a fair share of Amish Country tourist condos). Basically, the Amish need more land, but that land is now scarcer and more expensive.

Australia - [Clean coal a furphy: Dr Karl](#)

Celebrity physicist Karl Kruszelnicki has described clean coal as a "complete furphy" and likened it to Nazi propaganda.

"Goebbels, the Nazi propagandist, said if you're going to tell a lie, tell a big one, and this is a beauty," Dr Kruszelnicki said today.

The scientist is running for the Senate on the Climate Change Coalition ticket.

[Chevron Indonesia plans to expand geothermal power](#)

Indonesia, Asia Pacific's only OPEC member, is tapping alternative energy sources to meet rising power demand and to cut consumption of expensive crude oil as its own reserves dwindle.

[Iran: Minister urges reducing gas use](#)

Iran's caretaker oil minister has called for preventing excess gas consumption as the country braces up for the bitter winter season.

"A 10-percent drop in gas consumption equals the budget allotted to build twin south Pars gas projects," said Gholam Hossein Nozari at the opening ceremony of the Ghadir petrochemical complex in Asalouyeh, Bushehr province.

[Berkeley to finance solar arrays for homeowners](#)

Here's the game-changing aspect of Berkeley's proposed Sustainable Energy Financing District: When you sell your home the solar array and the tax surcharge stays with the property, passing on to the new owner. In other words, there's little risk that you'll lose money by going solar. And given that a solar array generally boosts your property value — in California, at least — you'll likely to come out ahead. (When Green Wombat's Fortune magazine colleague, Michael Copeland, installed solar on his new Berkeley home, the appraised value immediately jumped nearly \$13,000.)

[Solar energy boom may help world's poorest](#)

A surge in investment in solar power is bringing down costs of the alternative energy source, but affordability problems still dog hopes for the 1.6 billion people worldwide without electricity.

[Toyota looks to next-generation hybrids](#)

Since he was a teenager, Takeshi Uchiyamada's dream was to make a car. But as he entered his 50s as a Toyota engineer, he had all but given up hope he would ever head a project to develop a model.

In 1994, he finally got his dream. Little did he know that the car he was about to design -- the Prius -- would revolutionize the global auto industry.

[OPEC Production Increase Fails to Halt Rise in Crude Oil Prices](#)

OPEC's decision to increase oil production, which took effect officially today, is failing to stop surging oil prices because there is no real supply shortage in the market, the group's ministers said.

[Syria raises gasoline prices by 20 percent](#)

Syria raised gasoline prices on Thursday by 20 percent, a state-run newspaper said, as the Arab state faced a decrease in oil production while oil rose to a record above US\$96 a barrel on world markets.

[Taiwan refiners to raise fuel prices over 3 pct](#)

Taiwan's two refiners, CPC Corp, Taiwan and Formosa Petrochemical Corp, said on Thursday they would lift domestic fuel prices by more than 3 percent, resisting pressure to moderate hikes.

[Canadian Natural reins in drilling program](#)

Canadian Natural Resources Ltd. , the country's No. 2 energy producer, plans to cut drilling of natural gas wells in Alberta by at least 30 per cent and as much as 50 per cent in 2008 and beyond because of higher royalties that will be charged by the province starting in 2009.

However, the cut is far less than the company had previously threatened.

[Conoco to seek arbitration on Venezuela on Nov. 2](#)

ConocoPhillips expects to file a request for international arbitration on Nov. 2 over compensation for oil operations seized by Venezuela, the U.S. oil company said in its quarterly report filed with regulators on Thursday.

[Yemen's Offshore Fields May Triple Its Oil Reserves, Bahah Says](#)

Yemen, the smallest oil producer in the Persian Gulf, could triple its hydrocarbons reserves by developing its offshore oil fields with help from international companies, the country's oil minister said.

"We have 10 billion barrels of oil in place based on the areas currently in production," Khaled Bahah said today in an interview in Dubai. "Studies made a decade ago in the Red Sea areas suggested 22 billion barrels of hydrocarbons in place."

[Forests losing the ability to absorb man-made carbon](#)

The sprawling forests of the northern hemisphere which extend from China and Siberia to Canada and Alaska are in danger of becoming a gigantic source of carbon dioxide rather than being a major "sink" that helps to offset man-made emissions of the greenhouse gas.

[American Airlines hikes fares, cites fuel prices](#)

American Airlines said Thursday it raised U.S. round-trip fares by \$20, the biggest in a series of hikes carriers have pushed through in recent weeks as oil prices have surged.

American, the nation's biggest carrier, said it raised ticket prices on flights within the continental U.S. by \$10 one-way in an attempt to recover some of the costs associated with the rising price of crude oil and jet fuel.

[To battle global warming, restore mass transit funding](#)

The San Mateo County Transit District, which operates the SamTrans bus and paratransit services and is a partner in Caltrain, has struggled with budget deficits for the past several years, as have transit agencies throughout the state. We saw the spillover funds as an opportunity for local transit districts to get help balancing budgets and supporting new avenues for improving and increasing transit ridership.

Instead, the governor and the legislative leadership, faced with their own budgetary crisis, allocated \$1.3 billion of the spillover funds to other critical state programs, leaving transit agencies with a fraction of the money they expected.

[No need to scream](#)

The Cassandras who thought sky-high oil prices would derail the world economy and stock markets have been confounded. Share prices are back on a strong rising trend, at

least for the time being, while global growth is predicted to be an encouraging 4.8% next year, according to the International Monetary Fund (IMF) – not as high as previously expected but close to a record rate (the IMF's slight downward revision to its previous forecasts was due to problems in the American housing market and the global credit crunch rather than because of any oil price-driven slowdown).

[Crude Rises to Above \\$96 on U.S. Supply Drop, Dollar](#)

"The magnet of \$100 is still strong," said Rob Laughlin, a senior broker at MF Global Ltd. in London. "Prices are soaring after the data showed another decent crude stock draw, while with the weak dollar OPEC members are downplaying the need for more supplies."

Crude oil for December delivery gained as much as \$1.71, or 1.8 percent, to \$96.24 a barrel in after-hours electronic trading on the New York Mercantile Exchange, the highest since trading began in 1983. It traded at \$95.67 at 11:13 a.m. London time.

[What is driving oil prices so high?](#)

Oil prices have surged to record highs above \$96 a barrel.

Prices have more than quadrupled since 2002 and are currently 40% higher than at the start of the year.

What factors are causing this unremitting increase and what are the likely consequences for consumers and the global economy?

[Mexico sees smaller oil windfall in 2007](#)

Mexico expects a much smaller budget windfall from foreign oil sales this year, due to lower production levels and disruption to exports from bad weather, a Finance Ministry official said on Wednesday.

...State-owned oil monopoly Pemex reported a 5.9 percent year-on-year drop in oil output in the third quarter, due largely to declining yields at its Cantarell oil field, and exports have been hit this year by a series of storms in the Gulf of Mexico.

[Bolivian Senate okeys more diesel fuel imports from Venezuela](#)

The Bolivian Senate approved an amendment to an energy agreement that will allow to import more diesel oil from Venezuela in view of fuel shortage in Bolivia, according to an official news release issued Wednesday.

[Venezuela's Gas Prices Remain Low, but the Political Costs May Be Rising](#)

anks to a decades-old subsidy that has proven devilishly complex to undo, gasoline in Venezuela costs about 7 cents a gallon compared with an average \$2.86 a gallon in the United States.

[UK fear of winter energy crisis is bad news for Russia](#)

The UK's energy infrastructure is literally creaking at the seams. Top this off with problems importing gas from mainland Europe because of a lack of pipelines to cross the sea, and you can see why energy costs way more in the UK than it does elsewhere in Europe.

What does this mean for Russia, you ask? Simple - it means that energy - or, rather, Britain's lack of energy - is going to be high in the public consciousness. And where do the public think their energy comes from? Yep, you guessed it - Russia.

[Energy concerns rising](#)

On January 2007 the average price for a barrel of oil was just above 50\$ whilst it reached almost 90\$ in mid-October, an impressive 70% increase without a major catastrophe or war in between. Already the international investment houses, such as Merrill Lynch and Citigroup, predict the average price to reach well above 90 USD and certainly do not assume for a radical change in the current day upward trend.

Moreover, according to Matthew Simons, the President of the investment bank Simmons & Co, prices might triple (Reaching above 200\$!), if certain events take place in parallel. For instance a Turkish invasion in the Kurdish-dominated Northern Iraq, a war in Iran and widespread terrorist attacks by the global Jihad networks; might bring the economy to a phenomenal recession.

[The necessity of protecting the natural world](#)

Humans already use most of the land on the planet. In many places in the world the competition is between the land-poor and the land-rich. This is a political problem which needs to be solved without further trashing the natural environment. Some systems are more equitable than others and the Anglo-Celtic system used in most English speaking countries is worse than most. We humans have to share the land we already have more equally with each-other. If we insist on growing our population then the competition for land will be increasingly severe. We have already taken enough from other creatures and need to give some (a lot) back. Land for wildlife is not a luxury. The perception that it doesn't 'do' anything needs scientific countering with a thermodynamic explanation.

That explanation is that Life is the only force that can reorder spent energy.

[Hike in gasoline taxes will do what they did in 1980s, generate an energy crisis](#)

In the 1980s, Congress passed a windfall profits tax on U.S. energy companies. We saw domestic production decline, gasoline prices rise and our dependence on foreign fuel imports grow worse every year. There's absolutely no reason to think that higher taxes today would have any different outcome.

[Interior Raises Royalty Rate for New Gulf Leases](#)

The Interior Department said this week that it is boosting the royalty rate for new oil and gas leases in the Gulf of Mexico, the second increase in less than a year.

[Court ruling could save oil firms billions](#)

A federal judge in Louisiana has thrown potentially tens of billions of dollars in federal offshore oil and gas royalties into question, siding with a Houston firm in a dispute over how much authority federal regulators have to assess royalty payments.

[Senate Floor Next Stop for Law of the Sea](#)

The Senate Foreign Relations Committee voted 17-4 this week to approve the U.N. Convention on the Law of the Sea.

The action clears the way for a first-ever Senate floor vote on the 25-year-old treaty, which has been ratified by more than 150 countries.

...Many Venezuelans consider the subsidy a birthright even though it bypasses the poor, who rely on relatively expensive and often dangerous public transportation. Economists estimate that it costs the government of President Hugo Chávez more than \$9 billion a year.

[Sea swallows Sydney icons in new Green ads](#)

The ads will be rolled out across Sydney's street furniture this week including telephone boxes and are complemented by a You Tube ad and online advertisements on major news websites. The dramatic street ads show the Sydney Opera House and Luna Park engulfed by rising sea levels and urge people not to ignore the threat of climate change.

[Americans suffer when major oil companies put taxpayer money to unintended uses](#)

For the mere act of blending at least one part diesel to 1,000 parts biodiesel, a blender can receive a government tax credit of \$1 per gallon of biodiesel produced. At least some blenders have figured out that the law is written in such a manner that they can import biodiesel from South America (receiving producers credit from countries like Argentina), add a little diesel in the U.S. (receiving the \$1/gallon blender credit), and sell the biodiesel in Europe (receiving additional subsidy in Europe).

[Power from pond scum](#) (audio)

The National Renewable Energy Laboratory is going to restart its research into algae as a replacement for oil and gas. In fact, the lab is going to team up with Chevron for the project. Michael Montgomery reports.

[The humble hatchback makes a comeback](#)

One reason behind the recent surge in enthusiasm for hatches is the rising popularity of small cars in general. Tom Libby, senior director of industry analysis at Power Information Network in Westlake Village, Calif., says that sales of small cars have been driven by the rising price of gasoline. Thus, up goes the hatch market as well. "Hatchback sales are up about 20 percent in the last two years," Libby says.

[Total chief warns on oil output](#)

The world's capacity to produce oil will fall well short of official forecasts, the chief executive of Total warned on Wednesday

In an unusually stark prediction for the head of one of the world's biggest oil companies, Christophe de Margerie, CEO of the French group, said it would be difficult to reach even 100m barrels a day.

The International Energy Agency, the rich countries' watchdog, in its "business as usual" projections, has said oil supply will reach 116m barrels a day by 2030, up from about 85m b/d today. The US government has a similar forecast of 118m b/d in 2030, including a relatively small contribution from biofuels.

Mr de Margerie, however, said while forecasts could always change, "100m barrels [per day] . . . is now in my view an optimistic case".

He added: "It is not my view: it is the industry view, or the view of those who like to speak clearly, honestly, and not . . . just try to please people."

[Big questions, big answers](#)

The conference's first session saw a brief discussion of peak oil, the idea that we're closing in on a peak in terms of liquid fossil fuels that can be produced on a ready basis. The idea we may be near peak was considered a subject for "kooks" not so long ago, but it's being taken more seriously today, says Thomas Homer-Dixon, one of the panel's participants.

[China Unexpectedly Raises Fuel Prices as Oil Surges](#)

China unexpectedly increased fuel prices by as much as 10 percent in an "urgent step" to help the nation's oil refiners cover surging costs as crude touched records above \$96 a barrel.

To "guarantee domestic refined oil supply and promote energy conservation," gasoline, diesel and jet fuel prices will rise 500 yuan (\$67) a metric ton starting today, the National Development and Reform Commission said late yesterday. China Petroleum & Chemical Corp., Asia's largest refiner, surged in Hong Kong and Shanghai trading.

[Oil's records headed for gas pump](#)

"In early November, consumers will spend \$100 million a day more (on gasoline) than at the beginning of October — and right before holiday shopping season," he says. "Not a welcome development at all for retailers or consumers."

Americans appear to be cutting back, using less fuel five of the past six weeks than they did a year earlier, according to U.S. Energy Information Administration data.

Motorists burned 0.6% less gasoline overall the past six weeks than a year ago.

[UK energy savings 'miscalculated'](#)

Energy savings in UK households could be up to 30% lower than previously thought, jeopardising efforts to cut the nation's carbon dioxide emissions.

The UK Energy Research Centre (UKERC) blamed the miscalculation on "rebound effects" from energy-saving measures.

As people cut their bills by using more efficient devices, they tend to spend the extra money buying additional goods that cancel out some of the savings.

[The Peak Oil Crisis: After The Peak?](#)

Among the recent insights into what is about to happen is the likelihood that the major

oil-importing countries, especially the United States, will have to contend with “peak exports” as well as oil depletion. This means that no matter what the rate world oil production declines — 4, 5, 6 or more percent a year — the importing countries will have to contend with a rate of decline far worse due to the inability to find oil available for import.

The implication here is that we are going to have rapidly falling oil and gas imports no matter what happens to world oil production. Indeed there is evidence that world oil exports are already falling and that the importers are starting to live off of their stockpiles — a situation that will not last for long.

[IEA says oil prices will stay 'very high.' threatening global growth](#)

The rapidly growing appetite for fossil fuels in China and India is likely to help keep oil prices high for the foreseeable future - threatening a global economic slowdown, a top energy expert said Wednesday.

The unusually stark warning by Fatih Birol, chief economist of the International Energy Agency, about the impact of Asia's emerging giants comes as the agency prepares to issue its influential annual report next week, which will focus on China and India.

[OPEC to Halt Yearlong Oil Cuts But Markets Want More](#)

Starting Thursday, the Organization of Petroleum Exporting Countries will officially ditch a yearlong policy of cutting production, giving world markets more crude to ease record-high oil prices.

At two meetings at the end of 2006 and after a 25% drop in U.S. oil prices, OPEC scrambled to reduce its production by 1.7 million barrels a day, or 2%, of global demand to reduce inventories and pull crude prices above OPEC's unofficial target at the time of \$60 a barrel.

This strategy has worked well for OPEC: Global oil inventories have dwindled to normal levels and crude prices have stayed above \$60 a barrel the past seven months, delivering OPEC a flood of oil revenues.

[Bleak News from the Oil Zone](#)

Last week, our intrepid correspondent hit the Association for the Study of Peak Oil (ASPO) convention in Houston...and he reports that, unsurprisingly, the news was pretty bleak.

[Peak oil: More than cars](#)

Now, I'm no peak oil doomer (by the way, when you're talking with peak oil types, be sure to use the word "doomer" frequently -- they love it!), but it seems to me this is a slightly pinched perspective on the oil problem. Transportation represents 69% of our oil use; light vehicles are 61% of that; thus, what all these folks are discussing, personal vehicles, are about 40% of overall U.S. oil consumption.

[Higher Oil Prices Blamed on Peaking Production](#) (with video)

As oil prices reach record levels, industry observers ponder a future of increased demand and a possible peak in production. A European group announced last week that world production peaked last year and will decrease steadily in the years ahead, even as demand continues to grow.

[Exxon Mobil Earnings Fall With Gasoline Profits](#)

Exxon Mobil Corp. said on Thursday its third-quarter earnings declined 10 percent, missing expectations on sharply dropping profits from the production of gasoline and lower natural gas prices.

[Angola sees oil output near 2 mln bpd by end 2008](#)

Angola expects to produce about two million barrels of oil per day by the end of 2008, compared to the estimated 1.65 million bpd it now produces, a senior official with the state-run Sonangol oil firm said on Thursday.

[Nigeria wants small firms to bid for oil rights](#)

Nigeria wants to favour smaller independents in future auctions for oil drilling rights rather than major companies like Royal Dutch Shell and ExxonMobil, Nigeria's sector regulator said on Thursday.

The comments came after Western multinationals boycotted three auctions since 2005 because of toughening terms, concerns over the fairness of the process and uncertain exploration prospects in Africa's top oil producer.

[Power from the final frontier](#)

At some point before 2050, satellites collecting solar power and beaming it back to Earth will become a primary energy source, streaming terawatts of electricity continuously from space. That's if you believe a recent report from the Pentagon's National Security Space Office, which says confidently that we will see "a basic proof-of-concept within 4-6

years and a substantial power demonstration as early as 2017-2020".

[Emirates airline executive rubbishes Gore's climate film](#)

A top executive of Dubai-based carrier Emirates on Thursday rubbished Nobel Peace Prize winner Al Gore's Oscar-winning documentary on climate change, saying he did not believe the film's scientific theory on global warming.

"Don't talk to me about global warming... I just do not buy it whatsoever," Maurice Flanagan, Emirates executive vice chairman, said at a regional aviation conference in Singapore.

[Religious leaders act on climate change](#)

A coalition of religious leaders urged Congress on Wednesday to ensure that the poor and most vulnerable are protected from the effects of climate change.

The appeals comes as lawmakers in the coming months plan to consider legislation that would combat global warming.

[Fires spew tons of global warming gas](#)

In one week, Southern California's wildfires spewed the same amount of carbon dioxide — the primary global warming gas — as the state's power plants and vehicles did, scientists figure.

A new study by two Colorado researchers shows that U.S. wildfires pump a significant amount of the greenhouse gas into the air each year, more than the state of Pennsylvania does. It raises questions about how useful it is to plant trees to offset rising carbon dioxide emissions and soothe environmental consciences.



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