



DrumBeat: November 6, 2007

Posted by [Leanan](#) on November 6, 2007 - 10:06am

Topic: [Miscellaneous](#)

[On the Road to \\$100: The Historical High for Oil is Actually \\$99.04 Per Barrel; "Back to the Future"](#)

With eyes focused on whether and when oil breaks through the \$100 barrier, it turns out that \$100 a barrel is really \$99.04, at least in terms of the all-time record, according to Cambridge Energy Research Associates (CERA).

CERA, an IHS company, finds that the inflation-adjusted high of \$99.04 in today's dollars -- \$39.50 in 1980 dollars - was reached during the spring of 1980 when geopolitical turbulence in the Middle East, and Iran in particular, created acute uncertainty about the reliability and adequacy of oil supplies from the world's most important oil exporting region.

[Peak Oil Again? - Is "social meltdown" imminent?](#)

At the heart of the EWG analysis is its drastic downward revision of estimated world oil reserves. The *Oil & Gas Journal* estimates that world oil reserves are 1.3 trillion barrels and BP offers an estimate of 1.2 trillion barrels. By including unconventional sources of oil, Cambridge Energy Research Associates (CERA) triples reserves to 3.7 trillion. The EWG derives its figures by joining other peak oil proponents skeptical of Middle Eastern reserve claims. Like other oil peakists, they believe that Middle Eastern governments are lying about how much oil they have in the ground and, as a result, slash over 300 billion barrels from their total, calculating world reserves at only 854 billion barrels.

First, a bit of perspective. Daniel Yergin, chairman of CERA, noted that this is the fifth time the world is said to be running out of oil. "Each time—whether it was the 'gasoline famine' at the end of World War I or the 'permanent shortage' of the 1970s—technology and the opening of new frontier areas has banished the specter of decline," asserted Yergin. "There's no reason to think technology is finished this time."

[U.S. sharply raises 2008 oil price forecast](#)

The U.S. government on Tuesday sharply raised its 2008 oil price forecast to nearly \$80 a barrel and said extra OPEC production may fail to stanch falling inventories.

The U.S. Energy Information Administration, the statistical arm of the Department of Energy, raised its forecast for U.S. oil prices to \$79.92 per barrel from \$73.50 per barrel in its previous forecast.

[EIA sees pressure on OPEC to bridge supply gap](#)

Rising oil consumption and the realization that additional OPEC production may not be sufficient to arrest the inventory decline are keeping markets firm.

[How much Exxon pays for oil](#)

It doesn't cost big oil companies anywhere near \$90 to produce a barrel of crude. But they buy more crude than they pump, so the rising cost of a barrel cuts both ways.

[Valero 3rd-qtr net falls; puts refinery on block](#)

Independent refiner Valero Energy Corp said on Tuesday its quarterly earnings fell 20 percent, but its shares rose on news it was considering selling its Aruba refinery.

That refinery, with processing capacity of 285,000 barrels per day, does not produce gasoline, the company said, and has suffered power outages that would require Valero to spend heavily to upgrade the plant.

[Ralph Nader: Who Determines the Price of Oil?](#)

Question of the day: who and what is determining the price of oil and your gasoline and home heating bills? Don't ask Uncle Sam, because George W. Bush and Dick Cheney are running a regime marinated in oil that does not issue reports which explain the real determinants of petroleum pricing beyond the conventional supply-demand curves.

[They are all quite mad and we are all living in an insane asylum...](#)

It was predicted that peak oil would occur around 1995/2000, but the price hike from the OPEC countries in the 70's pushed that estimate a further few years into the future. Some estimates put the peak oil time at 2007/2010, and others say 2020. Whatever the true date, it is certain to come and the civilization built on cheap oil will no longer be viable.

[US natural gas proved reserves hit 30-year high](#)

U.S. crude oil proved reserves declined 4 percent in 2006. The Gulf of Mexico Federal Offshore and Alaska, two of the largest oil producing areas, respectively reported 10 and 7 percent declines in crude oil proved reserves.

[UK: Bills pave way for nuclear power](#)

Energy, planning and climate change bills in the Queen's Speech pave the way for new UK nuclear power stations.

The plans, part of Gordon Brown's first programme as PM, are said to be aimed at cutting carbon emissions and getting the best energy mix for the UK.

[Syria to build two refineries worth a combined USD 5.6 billion](#)

The country's refining capacity should increase by 240 000 barrels per day following the construction of two new refineries.

[Analysis: Chinese arms and African oil](#)

China has been promoting arms-for-oil deals with Africa as the continent is becoming one of its major sources of oil. Since last year, top Chinese leaders and military officers have made frequent visits to Africa. And at the Zhuhai Air Show under way this week in southern China's Guangdong province, military delegations from African countries including Sudan, Angola and Zimbabwe have made frequent appearances.

[Coal conversion dilemma for US](#)

The US is the world's greatest per capita emitter of carbon dioxide with each US citizen responsible for 20 tonnes of gas annually - the world average is less than four.

As global warming campaigners increase pressure on the White House to cut emissions, policymakers in the US have other concerns: they say there is a threat not just from climate security but from what is known as energy security.

[Aviation, the "fastest growing source of greenhouse gases"](#)

The airplane has become, for many, climate change public enemy number one. And for good reason, say environmentalists. The air travel sector now carries the label of "the world's fastest growing source of greenhouse gases" according to Friends of the Earth (FoE), with airplanes pumping out more than 600 million tons of carbon dioxide (CO₂)

every year. That's nearly as much CO2 as the African continent annually expels.

[Oil hits \\$97 on bombs, demand predictions](#)

NEW YORK - Oil futures jumped to a new record of \$97 a barrel Tuesday after bombings in Afghanistan and an attack on a Yemeni oil pipeline compounded the supply concerns that have driven crude prices higher in recent weeks.

Those concerns were further fed by a government prediction on Tuesday that domestic oil inventories will fall further this year while consumption rises.

Also: [Oil Rises to a Record as North Sea Platforms Closed for Storm](#)

[What Is Energy Security? Definitions And Concepts](#)

The energy literature and numerous statements by officials of oil-producing and oil-consuming countries indicate that the concept of energy security is elusive. Definitions of energy security range from uninterrupted oil supplies to the physical security of energy facilities to support for bio-fuels and renewable energy resources. Historically, experts and politicians referred to “security of oil supplies” as “energy security”. Only recently policy makers started worrying about the security of natural gas and LNG supplies.

[UK: Drivers hit by fuel problems](#)

MOTORISTS in Suffolk were left high and dry today after a fuel shortage hit the county.

Garages across Ipswich and in Woodbridge, Felixstowe and Stowupland reported shortages, following a fire at a large oil refinery at Coryton, Essex, last week.

[Indonesia: Govt may limit fuel sales to private vehicles](#)

With further increases to the fuel subsidy as a result of skyrocketing oil prices, the government is considering limiting sales of subsidized fuels to private vehicles.

[Africa: Global Agencies Forecast Looming Fuel Shortage](#)

International agencies have forecast an oil supply shortage next month, signalling a possible leap in crude prices to a new record high.

The International Energy Agency (IEA), the Energy Information Agency (EIA) and the Organisation for Petroleum Exporting Countries (Opec) forecasts all pointed to a

looming oil supply shortfall as the year draws to a close, citing strong demand and fears of supply disruptions.

[In case of oil supply disruption, coal offers abundant alternative](#)

Given rising oil prices and the vulnerability of the country to events that could disrupt foreign supplies, one would think the government would be pulling out all the stops to bring to fruition one potentially significant alternative source of liquid fuels. Coal, which the United States has in abundance, is the chemical equivalent of petroleum, except it is in solid form. The technology to convert coal to a liquid fuel has been known for more than 60 years. But a planned coal-to-liquid fuel plant in Schuylkill County, first proposed 15 years ago, continues to wait upon the Bush administration to come through with a promised loan guarantee.

[Fuel Fraud Latest In Army Contracting Woes](#)

So far two former employees of Kellogg, Brown and Root have been arrested for their part in a scheme worthy of Tony Soprano.

The two KBR men, who worked for the U.S. military at Bagram, forged receipts for 80 tanker loads trucked in but never delivered, according to court documents. The Pentagon paid for the undelivered fuel while the drivers sold it on the black market. For their role in the scheme, KBR employees divvied up an estimated \$800,000 in kick backs.

[Uganda: That Tree On Your Land Can Give You Electricity](#)

Simply put, gasification is a conversion of solid fuels into a combustible gas. Wood-gas generators, called gasogene, were used to power motor vehicles in Europe during World War II fuel shortages.

[Oil firms need a new game plan](#)

Justified or not, PetroChina's huge stock market value makes it a stronger company and gives it greater access to capital to make acquisitions. It builds on PetroChina's advantage relative to IOCs in places such as Africa, where it is ready to spend on infrastructure to complement its energy investments. With a strong stock price, it can afford to pay up, if it chooses, for Husky Energy Inc.

[Our Profit, Their Loss](#)

As U.S. oil companies suffer their steepest profit declines in five years, American consumers should be sadder than the tycoons in 10-gallon hats. Lower earnings mean less investment in our own sources of energy.

[Preparedness for what? Comparing terrorism and peak oil.](#)

The threat from energy scarcity should be of paramount importance – we should invoke the Precautionary Principle - yet it is poorly understood and only recently begun to be articulated by public health leaders. This emerging attention is of critical importance. A critical risk factor, however, is how much time we have for mitigation and preparation.

[Storm warning for western Norway](#)

BP, which has operations in the Valhall field in the North Sea, was sending oil workers ashore from its platform there for safety reasons.

...On Tuesday afternoon BP and Conoco Philips were discussing evacuating all non-essential personnel from their platforms in the Ekofisk and Valhall fields, which would affect a total of 1,500 employees.

[What does Peak Oil mean for Investors?](#)

The concept of a coming peak and then decline of oil supplies has been ridiculed because those who knew the numbers of how much is in the ground have been able to easily argue that all it takes, is for a higher price to encourage people to either move into substitutes or for explorers to drill for more.

This is right up to a point. But the supplies from the largest fields are flagging now and it is getting harder and harder to find more oil economically. That means that the appetite of investors for risk is being sorely tested. Fewer wells yield a successful outcome and oil companies are becoming more selective where they look. Not enough capital is now available to meet our appetite.

[Perryman: Oil at \\$100 could have psychological impact on consumers](#)

"Oil could easily hit \$100 a barrel," said Economist M. Ray Perryman, visiting the University of Texas of the Permian Basin Monday to discuss energy issues with the university's business faculty.

Oil at \$100, he continued, "could have a psychological impact" on consumers and oil traders alike.

[The shape of things to come?](#)

A leading climate change scientist gives his prediction of what living with the effects of climate change could be like within 50 years.

[Feds cutting climate studies: Nobel winners](#)

Nobel Prize-winning scientists from Canada say the Harper government has shut down a federal climate change research network and blocked new studies on the impact of rising greenhouse-gas emissions.

The scientists, among a few dozen Canadians on the Intergovernmental Panel on Climate Change that won the Nobel Peace Prize for its report on global warming, say the atmosphere is changing faster than anticipated. But without adequate research, Harper and other world leaders won't know what policies or targets to adopt.

[Uganda: Energy Crisis Caused By Climate Change - Migereko](#)

INDUSTRIALISED nations should provide mitigation measures to Africa's energy crisis because they are the major contributors to climate change, which has affected the continent's hydro-power generation.

[Exxon Sees Rising CO2 Emissions Despite More Renewable Fuels](#)

It's hardly surprising that Exxon Mobil forecasts continued steady growth in petroleum demand for decades to come.

But the oil giant also sees alternative sources of energy rapidly expanding their share of the market, even if they require a big push in the form of government subsidies and legislation.

[Solar-Power Fever May Not Last - Japan's Tokuyama](#)

The world's current fever for solar power may not be sustainable and could be a bubble, an executive at Japanese silicon maker Tokuyama Corp said on Monday.

[Right ways on the road](#)

Cycling is often lauded as the panacea for a range of problems, from peak oil and parking to congested roads and declining fitness levels, the Nelson Mail said in an editorial on

Tuesday.

However, it has its downside. The intrinsic health benefits are many and obvious, but wearing a suddenly opened car door is not one of them. Latest statistics from the police and ACC make the point yet again that, despite cycling's many positives, those who do it are at risk.

[Coastal shipping gets recognition, deserves more](#)

"We are pleased the Government has finally woken up to the fact that nurturing and developing coastal shipping is a critical part of future proofing New Zealand against the joint impacts of peak oil and climate change," Greens' Spokesperson for Regional Economic Development Sue Bradford says.

[UK: Radical emissions reductions achievable and cost-effective](#)

"The government claims that seriously curbing our emissions means damaging the economy, and that nuclear power has a crucial role to play in securing our energy future. Today's report shows this not to be true."

[The western appetite for biofuels is causing starvation in the poor world](#)

Developing nations are being pushed to grow crops for ethanol, rather than food - all thanks to political expediency.

[Sweden's sustainable finance system](#) (transcript of a previously-posted audio interview)

Andi Hazelwood: So how does JAK bank work that's different than the conventional system?

Oscar Kjellberg: It's an interest-free savings and loan system, and it's a cooperative bank. The members borrow at no interest, and the loans are financed by the members' deposits.

[ExxonMobil breaks ground for largest petrochemical complex in Singapore](#)

US energy giant ExxonMobil on Tuesday began building the world's largest petrochemical complex in Singapore, which is expected to be ready by 2011.

[Brent crude hits record high \\$92.31](#)

The price of Brent crude oil struck an historic peak of 92.36 dollars per barrel in trading Tuesday on concerns over tight global energy supplies.

That beat a previous high of 92.31 dollars, struck on Monday.

..."If the inventory figures are bad again then it (New York crude) could push up to around the 97 dollar level," said CMC Markets trader Nas Nijjar.

"It still feels as though there will be a test of the 100 dollars level ... We're not seeing any large sellers in this market."

[A Brief History of Oil \(Profits\)](#)

Don't believe the hype. The real reason for high oil prices is (gasp) that they bring in more profits for oil companies and Wall Street.

[Telling the Whole Truth About Oil](#)

World oil output is nearing 90 million b/d now, but it is never going to reach 100 million b/d. "Peak oil" may be just a few years away, or it may be right now. (You will never know until after the fact, since it is the point at which global oil production goes into gradual but irreversible decline.)

It is still deeply unpopular in the oil industry to talk about peak oil, but essentially what de Margerie was saying, albeit in a cautious and coded way, is that it is here or nearly here. The same sort of talk is coming from Rex Tillerson, chairman of ExxonMobil, who told the Financial Times earlier this year that he believed oil production from sources outside the Organization of Petroleum Exporting Countries could see "a little more growth" but would soon level off. And OPEC is generally assumed to be pumping very close to maximum capacity.

[Scramble to insure against more oil price rises](#)

Energy consumers and speculators are scrambling to take out options contracts to insure themselves against oil prices rising above \$100 a barrel – a further sign of growing expectations of a spike in the crude market.

Some have even taken out contracts to protect themselves against prices rising to \$250 a barrel in the next two years.

The buying frenzy has been "extraordinarily" strong in the past week as oil prices rose to a record high of \$96.24 a barrel, according to traders and bankers.

"Options calls of strikes well over \$100 a barrel are being bought by the thousands,"

said Nauman Barakat of Macquarie Futures in New York.

[Is it just me? Or is the world ending?](#)

This year isn't wrapping up very well. In fact, I'll be honest with you. I'm scared. I feel like I'm in one of those video games I used to play when I was on a PC platform, the kind in which you have to run very fast over a lake of fire to get to a safe zone on the other side. In my mind, that area of relative comfort has a banner over it that says **2008**. Everything else before that is just, well... fire and brimstone.

[OPEC to take no decision on oil market - Algeria](#)

Algerian Minister of Energy and Mines Chakib Khelil predicted here Monday that the OPEC would take no decision on the oil market ahead of its extraordinary ministerial meeting in Abu Dhabi on December 5.

He also expected that oil prices would remain at their current level until the second quarter of next year amid forecasts of a drop in international demand for oil by two million barrels per day.

[Nigerian oil review may redirect investment flows](#)

Nigeria's planned review of oil contracts will bring more foreign investment to the Niger Delta where output has fallen, but make the fast-growing offshore less attractive, investors said on Tuesday.

[China's oil giants pledge to increase supplies of refined oil](#)

China's two leading oil giants have promised to increase production and supplies of refined oil to ease shortages on the domestic market, the government planning agency said Tuesday.

[China's edible oil firms urged again to be reasonable in price-setting](#)

China's major edible oil manufacturers and traders were urged again on Tuesday by the central government to exercise self-discipline and to be reasonable in price-setting in the wake of rising market prices for the product.

In a harshly-worded statement, the National Development and Reform Commission (NDRC), the nation's top economic planning agency which oversees price affairs and other economic and social matters, said edible oil producers and traders would face

punishment, including fines of up to 300,000 yuan (40,000 U.S. dollars), and have their business licenses revoked for violation of price laws and regulations.

[Coast Guard: Oil Spilling Into Gulf](#)

U.S. Coast Guard officials say about 2,000 gallons of crude oil have been released into the Gulf of Mexico after a pipeline ruptured near Port Arthur.

[Egypt seeks to head table of 'Arab nuclear family'](#)

Egypt has emerged at the forefront of a new push by Arab nations to build nuclear power plants in the volatile Middle East even as the West is locked in a standoff with Iran over its atomic drive.

[Clean green NZ battles climate change threat to trade, tourism](#)

New Zealand is famous for its clean air and pristine environment but finds itself fighting for the future of its top export moneyspinners because of global climate change fears.

[Clinton sees opportunity in climate woes](#)

The battle against global warming means big economic opportunities as well as challenges for the U.S., Democrat Hillary Rodham Clinton said Monday, touting her energy proposals as she campaigned in Iowa.

"For this generation, climate change is our space race," said Clinton, speaking in a cavernous factory with giant wind turbines in the background.



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