



DrumBeat: November 13, 2007

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Topic: [Miscellaneous](#)

[Will Chavez pull the trigger?](#) - *Venezuelans may give their president the power to restrict oil production - and cause a global recession.*

On Dec. 2, Venezuelan President Hugo Chavez can tip the world into a recession.

On that day, if Venezuelan citizens pass the dozens of constitutional amendments on the ballot, Chavez will essentially be granted dictatorial powers -- an elected strongman reminiscent of Spain's Franco, Italy's Mussolini and Orwell's Big Brother. The day could easily deteriorate into one of violence, martial law and suspension of oil production, the latter calculated to inflict maximum damage on the U.S. economy.

Also: [Venezuela wants to keep oil near \\$100/barrel](#)

[US calls on OPEC to increase oil production](#)

US Energy Secretary Samuel Bodman on Tuesday upped the pressure on OPEC to help cool record oil prices as leaders from member countries of the exporters' cartel prepare to meet at a rare summit.

Asked on the sidelines of an energy conference here if he wanted the 12-member Organisation of Petroleum Exporting Countries to increase output, he replied: "Yes, sure."

"I do believe there is a lack of willingness to supply the market ... It is contributing to the price environment," he told reporters.

[Green Energy Advocate Amory Lovins: Guru or Fakir?](#)

The facts plainly show that Lovins has been consistently wrong about the ability of renewables to take large amounts of market-share from fossil fuels. He's been proven wrong about the long-term ability of efficiency to reduce overall energy consumption. And yet, despite being so wrong for so long, he keeps getting awards and prizes by the forklift-load. And the fact that the Lovins love-fest continues unabated causes no small bit of antipathy among some long-time energy watchers. One of them is Vaclav Smil, the

polymath and distinguished professor of geography at the University of Manitoba who has written numerous books on energy. "Inexplicably," Smil wrote recently, Lovins "retains his guru aura no matter how wrong he is."

[Gas prices hit working class](#)

Lower-income Americans spend eight times more of their disposable income on gasoline than wealthier residents do.

The disparity is dramatic. In Wilcox, Ala., people spend 12.72 percent of their income to fuel one vehicle, according to a new study from the Oil Price Information Service (OPIS). In Hunterdon County, N.J., people spend 1.52 percent.

The study illustrates the impact rising oil prices are having on people's budgets. Many economists have downplayed the effect gasoline prices will have on consumer spending. But with prices now pushing above \$3 and studies like this, some say the economy may take a hit.

[Soaring Oil Prices Could Hit a Speed Bump](#)

The big oil-price surge of 2007 may not be over yet, but signs are emerging of a significant cooling that could put the \$100-a-barrel benchmark out of reach for the near term.

[OPEC Secretary General: "Plenty Of Oil" In Global Markets](#)

OPEC Secretary General Abdalla Salem el-Badri said Tuesday that global oil markets are well supplied, reaffirming his view that speculative investors have been behind the rally in oil prices.

"There is plenty of oil in the market," el-Badri told reporters in Riyadh, Saudi Arabia, ahead of a summit at the weekend of heads of state from the Organization of Petroleum Exporting Countries.

"OPEC is not happy with high oil prices and we're also not happy with low oil prices," he said, though he didn't elaborate on what those price levels were.

[Pakistan, UAE sign oil refinery deal](#)

Pakistan and the United Arab Emirates on Tuesday signed a five-billion-dollar agreement to build an oil refinery near the port city of Karachi, the prime minister's office announced.

Prime Minister Shaukat Aziz said the memorandum of understanding signalled Pakistan's biggest-ever foreign investment.

['Open' Saudi Arabia falls short of billing](#)

"There is a misunderstanding about the oil industry as a whole," Mr. Al-Muhanna said. "There is a misunderstanding about Saudi Arabia, of Muslim Arabs."

Still, reporters, who were promised unprecedented access, are complaining the effort is falling short of the billing.

[Oil giant chief: World liquid energy resources far bigger than expected](#)

"In general, we have grossly underestimated mankind's ability to find new reserves of petroleum, as well as our capacity to raise recovery rates and tap fields once thought inaccessible to produce," he said.

"I'm confident that this growth trend can continue," he added.

In addition to conventional oil, the president said he believed that non-conventional resources of liquid energy such as condensates, natural gas liquids, bitumen, coal-to-liquids and biofuels will contribute to the global supply.

[Venezuela Proposes OPEC Change Oil Pricing Method - Chavez](#)

Venezuela will make a series of proposals during the upcoming meeting of OPEC heads of state this month, including a new way to gauge the price of oil and a formula to shield poor countries from escalating oil prices, Venezuela's president said Tuesday.

"We've proposed that we change the method to measure oil prices," President Hugo Chavez said during a televised press conference. "The WTI (West Texas Intermediate oil price) doesn't reflect the reality of the market, because WTI is a very small proportion of overall oil production."

[China's October Crude Imports Lowest Since February](#)

China's crude oil imports slowed further in October to reach just 12.61 million tonnes, their lowest level since February due to record high international crude prices nearing the \$100-per-barrel benchmark as well as sluggish demand from domestic refineries, according to data released today by China Customs.

Domestic refineries are lacking incentives to refine as exports to the international

market, which pays better prices for oil products, are now controlled by the government and artificially low domestic retail prices make it hard to generate profits domestically despite robust demand for diesel, according to analysts.

[Concerns over Mexican oil spill](#)



Waves in excess of eight meters high in the Gulf of Mexico have tilted a platform, causing 422 oil barrels to pour into the sea daily.

Platform Usumacinta is still tilted and the escape of oil continues after 22 days.

[Two area liquefied natural gas plants in pipeline](#)

Just months after environmental concerns killed a proposal to locate a liquefied natural gas terminal off the coast of Malibu, a proposal for an even larger plant off Oxnard and one off the coast of Los Angeles are under review.

[Constraints at Australian port prompt third week of gains](#)

China became a net importer of coal for the first time this year, worsening a shortage of the fuel in Asia. Consumption, spurred by global economic growth, has outpaced exports from Australia, Indonesia and South Africa.

"The port bottlenecks in Australia are a big factor; we don't seem to quite get the supply side sorted out," said Clyde Henderson, a coal analyst at Barlow Jonker, a unit of Wood Mackenzie Consultants. "The other big factor is the ongoing turnaround in China's net thermal coal exports."

[Several factors collide to drive up consumers' pain at gas pump](#)

Representatives from ConocoPhillips and ExxonMobil attribute last week's 9-cent increase in gas prices to the fact that oil is sitting at nearly \$95 a barrel.

"I don't believe we are looking at (fuel) shortages," said Clint Young, spokesman for

ConocoPhillips' Billings refinery. "Montana generally produces enough product that we don't have a supply issue here."

[The means don't justify the end over oil](#)

American consumers cringe as they notice oil approaching \$100 a barrel, and the resulting prices for gasoline and heating oil rise daily. Our leaders respond by asking OPEC to produce more oil.

Washington apparently didn't note the recent statements of Saudi oil executive Sadad Al-Husseini: "There has been a paradigm shift in the energy world whereby oil producers are no longer inclined to rapidly exhaust their resource for the sake of accelerating the misuse of a precious and finite commodity. This sentiment prevails inside and outside of OPEC countries, but has yet to be appreciated among the major energy-consuming countries of the world."

In addition, al-Husseini said, "The major oil-producing nations are inflating their oil reserves by as much as 300 billion barrels. Global oil and gas capacity is constrained by mature reservoirs and is facing a 15-year production plateau."

[Ecuador Oil Minister: Set to Become OPEC Member Nov 17](#)

Ecuador is set to re-join the Organization of Petroleum Exporting Countries Nov. 17, the country's oil minister Galo Chiriboga told a news conference Tuesday.

"On Saturday the re-entry of Ecuador into OPEC will be formalized," Chiriboga said.

Ecuador was suspended from OPEC in 1992 when the country couldn't afford to pay its dues and over disagreement on production quotas.

[Lorry drivers' fuel protest 'would be pointless'](#)

IT would be "pointless and possibly illegal" for lorry drivers to start blockade protests against fuel prices, a hauliers' group said today.

But some forms of demonstration could possibly take place, added the Road Haulage Association (RHA).

Angry Scottish truckers were set to meet in Edinburgh today to discuss what action to take over soaring fuel prices. Other regional meetings are also set to take place across the UK.

[Alaska House Passes Oil Tax Bill](#)

The House passed an oil tax bill on Sunday night, backing Gov. Sarah Palin's efforts to rewrite a one-year old law she has called a failure and tainted by a federal corruption probe tied to the current law.

The final vote on the bill boosting the tax rate on oil companies from 22.5 percent to 25 percent was 27-13.

[Will America wise up to the Smart?](#)

More than 95,000 people have signed up as smart "insiders," which means they will be kept informed by e-mail on company news and developments.

And there has been no shortage of interest from car dealerships. Of 1,400 applicants, the company has whittled down the list to an initial network of 70 dealers who will start delivering cars in January 2008.

[Let Oil Prices Rise](#)

As crude passes \$100 per barrel, IT professionals have the opportunity to provide efficiencies that will keep their businesses healthy and growing.

[A New Era Of High Oil Prices Attracts Investment In Biofuels](#)

The rise in oil prices is the most important factor boosting the competitiveness of alternative fuels, including biofuels. The unprecedented 6-year rise in oil prices has prolonged opportunities for efficiency gains, stimulated energy conservation, and generated increased supply from traditional and alternative energy sources. While these adjustments may eventually lower oil prices, most forecasts do not show real prices falling below \$50 per barrel.

[Oil states must open door to investment, says ExxonMobil chief](#)

The head of ExxonMobil said yesterday that the global energy industry would fail to produce enough oil to meet increased demand unless oil-rich states opened the door to more investment. He also accused the United States Government of failing to do its share in bringing more resources on stream.

In a bleak assessment of the state of the market, Rex Tillerson, the ExxonMobil chairman, said that it would take two years for a supply response to begin to mitigate the present tightness in the oil market, which has led prices to nearly \$100 per barrel.

[Saudi to supply full volumes in December](#)

Saudi Arabia will supply full term volumes of crude to its Asian customers for December, unchanged from November, trading sources said yesterday, a move that had been expected as oil prices hover near \$100 a barrel.

"December is similar to November," a source close to the discussions said.

The allocations for November were the first time in a year that Saudi Aramco supplied full volumes to its lifters.

[Have Global Stock Markets Peaked on "Peak Oil?"](#)

The stunning rise in the price of crude oil, up 56% this year and up 365% in a decade, to within a whisker of the magical \$100 /barrel level, has some traders wondering whether "Peak Oil" is finally here. If correct, is the spectacular bull-run for global stock markets, which is now 4.5-years old, building a major "rounding top" pattern? Until recently, high and rising oil prices didn't disturb the bullish psychology among global stock market operators. Instead, the spin surrounding rising oil prices described a positive story, an unprecedented boom in the world economy.

But historically, Global "Oil Shocks" have tipped the global economy into recession. For example, the Arab oil embargo of 1973-74 and the Iranian Revolution of 1978-79 triggered unprecedented increases in oil prices and were associated with worldwide recessions. Depending on how the adjustment is calculated, \$38 a barrel for crude oil in the 1970's would be worth around \$96 to \$103 /barrel today. Most US recessions in the post-World War II era were preceded by sudden spikes in oil prices.

[IEA cuts world oil demand view](#)

The International Energy Agency on Tuesday cut its estimate of world oil demand for this year and next, saying there are signs that oil prices close to \$100 a barrel are depressing demand.

[On At Doc NZ: Crude Impact](#)

Crude Impact is a powerful and timely story that deftly explores the interconnection between human domination of the planet and the discovery and use of oil.

In 1956, geologist M. King Hubbert, predicted that US oil production, the largest in the world then, would peak in the early 70s and then continuously and irreversibly diminish. He was vilified and largely ignored — until it came true.

Modern day disciples of Hubbert presage how quickly global peak oil will become a reality and its many serious implications for our world.

[Assessing Saudi power](#)

The Saudi kingdom is the world's largest producer, exporter and holder of oil reserves, and finds itself in the unique position of having about 90 percent of the world's spare capacity, which makes its influence in today's international economic system difficult to overstate. Saudi Aramco has a sustained production capacity of between 10.9 to 11.1 million barrels per day (mb/d). In contrast, Russia, holder of the world's second largest sustained production capacity, has a potential of between 9.4 to 9.6 mb/d. Within OPEC, Saudi Arabia's dominance is complete. The kingdom pumps two and a half times more oil than OPEC's second largest producer, Iran, which has had great difficulty keeping its sustained production capacity at 3.9 mb/d. Saudi Arabia's strength becomes even clearer when taking into consideration the fact that the kingdom exports four times more oil than Iran. Translated into cash, Saudi Arabia's revenue from petroleum exports averaged about \$185 billion in 2006, while Iran collected an estimated \$51 billion, a bit less than Abu Dhabi, and even Kuwait.

[Saudi Aramco is at the disposal of Petrobras](#)

The charges d'affaires at the Saudi embassy in Brazil, Omar Ali Saleh Al-Oyaidi, stated yesterday (12) that the Saudi government's Saudi Arabian Oil Company (Aramco) is at the disposal of Brazilian oil company Petrobras to help in the development of new oil and gas reserves recently discovered in Santos basin. The statement was made during the Bilateral Trade and Investment Seminar Between Brazil and Saudi Arabia, promoted by the Federation of Chambers of Foreign Trade (FCC), in Rio de Janeiro.

[Huge US Reserves of Oil Shale Hold Promise, But at High Cost](#) (podcast)

As the price of oil soars on world markets and demand for energy grows, energy companies are looking at so-called unconventional sources such as Canada's oil sands and the vast deposits of oil shale in the Rocky Mountain states. Geologists say half of the world's known oil shale lies deep underground in western Colorado, eastern Utah and southern Wyoming, amounting to more than one trillion barrels of potential oil. But this is rock, not liquid, and the very expensive trick is to convert it to useable liquid fuel. VOA's Greg Flakus has more in this report from the Piceance basin in northwestern Colorado.

[South Africa: Can You Celebrate Christmas Without Lights?](#)

The city's public lighting manager, Charles Kadalie, on Sunday said he had heard rumours that Eskom could request the city to switch off its Christmas lights.

"But we are not paying much attention to that."

He said the festive season did not have a significant impact on energy resources and calling on people to celebrate Christmas without lights was not the answer.

[Saipan: Three-pronged solution mulled for energy crisis](#)

Privatization, Alternative Energy, and Conservation.

That is the three-pronged strategy that the Fitial administration will be implementing as part of local efforts to counter the debilitating effects that the skyrocketing cost of fuel is having on the island's economy.

[Orthodox leader calls for "less sinful" use of energy resources](#)

"The energy crisis of our age is not primarily an ecological or economical matter, it is a spiritual crisis concerning the way we perceive our planet's resources," said the spiritual leader of the world's Orthodox Christians.

"The proper development and distribution of the energy resources of our placet is clearly one of the most critical and urgent problem facing our world," he said.

[Zero House From the Future is Totally Green, Off-Grid](#)

The house holds its water in a 2700-gallon roof cistern, and the sheer weight of all that liquid pushes water through the plumbing. When you flush the toilets, it all ends up in a compost container in the basement, which digests all that stuff organically, relieving you of attaching your abode to any sewage pipes. Goodbye, civilization.

[Million Dollar Dream Car Runs on Water](#)

As a BMW aficionado myself I would have investigated further to see what was going on, but as I approached I was even more surprised to see that the cars were unlike any other Seven Series I had ever seen before. They were a sparkling pale blue in color, and written across the side panels were large painted letters that audaciously proclaimed that the cars run on clean hydrogen fuel.

[High Price Means a Hard Sell for Hybrid Trucks](#)

But while image-conscious drivers, especially in the United States, have embraced

hybrid cars, truck operators find the new technology too expensive compared with the potential fuel savings -- and hybrid diesel-electric trucks are struggling to catch on.

[Saudi Aramco says world nowhere near peak oil](#)

Saudi Aramco said concerns of oil supplies peaking were overdone and the world still had nearly a century's worth of oil reserves.

'I do not believe the world has to worry about peak oil for a very long time,' the text of Aramco's president and chief executive Abdallah Jumah's speech to the World Energy Congress in Rome said.

'We still have almost a century's worth of oil,' he said, adding that the world had over three trillion barrels of recoverable conventional and non-conventional liquid fuel resources assuming an 'extra-conservative' scenario.

[The Platts Survey: OPEC Pumps 31.11 mb/d in October, up 350,000 b/d](#)

The 12 members of the Organization of Petroleum Exporting Countries (OPEC) pumped an average 31.11 million barrels per day (b/d) of crude oil in October, or a 350,000 b/d increase from September, largely on higher volumes from Saudi Arabia and Iraq, a Platts (<http://www.platts.com/>) survey showed November 13.

[Petrobras CEO: May Have More Major Reserves In Area Near Tupi](#)

Brazil's state-run oil firm Petroleo Brasileiro SA (PBR), or Petrobras, may have major hydrocarbon reserves in an area spanning 800 kilometers near the key Tupi oilfield, Chief Executive Sergio Gabrielli said Tuesday.

Speaking in a press conference at the industry's World Energy Congress here, Gabrielli said Petrobras is now targeting a daily production of 4.5 million barrels of oil equivalent, or BOE, by 2015, compared with 2.3 million BOE per day at present.

[Nigeria: Rising Oil Price Portends Danger](#)

As crude oil price hovers close to \$100 per barrel, the minister of petroleum resources, H. Odein Ajumogobia, has said that the rise in price of crude oil in the international market portends a great danger to the nation's economy.

[Nigeria: Militants Strike in A'Ibom, Seize Naval Boats](#)

A group of militants yesterday invaded Ibeno community, which hosts Mobil Nigeria Unlimited oil facilities, wounded four people and killed a woman.

This Day checks revealed that the militants stormed the oil rich community through the Atlantic Ocean with 11 speed boats early in the morning.

[ExxonMobil moves families from Nigeria oil complex](#)

U.S. energy company ExxonMobil evacuated the families of staff at its main Nigerian oil export terminal on Tuesday after an armed attack a day earlier, a spokeswoman said.

[Brazil weighs up oil law rejig](#)

Brazil may reform its oil sector legislation as a result of the announcement by state-controlled Petrobras that the subsalt Tupi discovery has reserves of between 5 billion and 8 billion barrels of oil equivalent, according to local media reports.

[Average European gas price will be \\$300 in 2008 - Gazprom official](#)

Gazprom forecasts that the average European natural gas price will be \$300 per 1,000 cubic meters in 2008, a company executive said on Monday.

"The average European price forecast for 2008 is \$300," said Alexander Medvedev, deputy chairman of the Russian gas giant's management committee.

[Russia must change its tax regime to boost oil industry](#)

Russia is not making the most of its oil assets due to the structure of its tax regime, said Lord Robertson, deputy chairman of the TNK-BP joint oil venture.

TNK-BP and Russia's state-controlled oil companies are being hit by rising costs and higher taxes, he warned.

[Once-in-a-century storm caused environmental havoc](#)

Russian Prime Minister Viktor Zubkov flew to the Black Sea coast on Tuesday to oversee efforts to clean up an oil slick that coated beaches with a thick black sludge and left birds poisoned and blinded.

Officials said 2,000 tonnes of heavy fuel oil had now escaped from a tanker which broke up in a once-in-a-century storm on Sunday that also swamped other ships and drowned

at least three seamen.

[Airbus announces Saudi prince buying private superjumbo 'flying palace' jet](#)

In the annals of excess, it could be a new high: A more than US\$300 million dollar, super-sized luxury airplane, bought and outfitted solely for the private comfort of a billionaire from oil-rich Saudi Arabia.

Once done, the Airbus A380, the world's biggest passenger plane, will be a "flying palace" for Prince Alwaleed bin Talal, the manufacturer announced Monday.

[Russian fuel shortage hits retailers, drivers](#)

Russia's transportation fuels market is facing its biggest crisis in almost 20 years as severe shortages force some retailers to close their filling stations.

As global oil prices beat records, Russian firms are rushing to export both crude oil and refined products. That, combined with outages at refineries in central Russia, has caused a spike in wholesale gasoline and diesel prices.

[Oil prices fall further](#)

Oil prices dropped Tuesday after a key OPEC member left open the possibility the oil cartel will increase output to curb rising prices, and following the strengthening of the dollar overnight.

Saudi Arabian Oil Minister Ali al-Naimi said production will be discussed when the Organization of Petroleum Exporting Countries meets next month in Abu Dhabi in the United Arab Emirates.

[Fears about oil supplies groundless: Saudi](#)

The oil minister of OPEC kingpin Saudi Arabia said on Tuesday that fears about a shortage of crude supplies were groundless and there was no reason for them to push prices to current record levels.

The fears are "groundless," Ali al-Nuaimi told reporters in Riyadh ahead of an OPEC summit opening in the Saudi capital on Saturday.

"The prices today have really no relation with the fundamentals," he said.

[Opec confident global oil addiction will grow](#)

Saudi Arabia's oil minister, Ali Al-Naimi, told the world that its dependence on crude will increase and that the race to develop alternative energies will not dim demand for fossil fuel.

Speaking ahead of tomorrow's official start to the Opec oil producers' summit, Mr Al-Naimi mounted a strong "defence" of oil, criticising experts who say crude is in decline or that green energy is a viable alternative.

[PetroChina makes new oil find in northwest Qaidam basin](#)

PetroChina Co. has made a new oil discovery in the Qaidam basin in northwestern China, suggesting potentially big oil reserves in the region, the official Xinhua News Agency reported Tuesday.

[Pessimistic fuel report too bright](#)

The report's principal author, IEA principal economist Fatih Birol, calls it "the most pessimistic overview of the world we have ever portrayed."

To the 625-page report, and to Birol's summation of it, there is one major flaw. This is that its pessimistic forecast is, almost certainly, far too optimistic.

[UK oil production falls for 8 months in a row](#)

The combined average daily oil and gas production from the British sector in the North Sea has continued its decline, falling to just below 2 million barrels of oil equivalent per day (boe/d) in August, down 10 per cent from the previous month and 8 per cent less than a year ago.

According to the Royal Bank of Scotland (RBS), oil production was 4 per cent less than in July, dropping below 1.2 m bpd, marking the eighth successive fall since December last year's average of more than 1.5 m bpd despite near record invest in 2006.

[Saudi project costs \\$10 billion](#)

Canadian oilsands producers can take cold comfort in knowing they aren't the only ones facing soaring costs for building new mega-projects.

Saudi Arabia, too, has faced cost pressures in building the massive Petro-Rabigh

petrochemical complex on the country's west coast.

Ali Abuali, the project's program director, said the \$10-billion US facility would have cost \$1 billion in 2000, were it not for global shortages of labour and materials like metallurgical steel.

"In my 29 years as a project manager, I've never seen anything like it," he told reporters touring the sprawling site about 180 kilometres north of Jeddah.

[A global warning for UN chief from the ice floes at the foot of the world](#)

Scientists welcomed Ban Ki Moon to Antarctica with a glass of Johnny Walker Black Label served "on the rocks" with 40,000-year-old polar ice. But the researchers delivered an alarming message to the UN Secretary-General about a potential environmental catastrophe that could raise sea levels by six metres if an ice sheet covering a fifth of the continent crumbles.

The polar experts, studying the effects of global warming on the icy continent that is devoted to science, fear a repeat of the 2002 collapse of the Larsen B ice shelf. The 12,000-year-old shelf was 220 metres (720ft) thick and almost the size of Yorkshire.



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