



DrumBeat: November 19, 2007

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[Energy Angst: Long-Term Oil Gloom Spreads In Houston](#)

HOUSTON – Saudi Arabia has more oil, Amsterdam more tankers, New York more money, but Houston has the heart of the global oil industry. These days, it is not beating well. Study after study, executive after executive, and analyst after analyst is warning that there are rough times ahead for oil supply.

Here, oil news is analyzed, sorted and shelved. But in 37 years of writing about energy, in boom and bust, I have never found the kind of fatalism that now grips the oil patch.

The cause of the furrowed brows is simple: The global production and supply of oil, at between 85 and 86 million barrels a day, is straining the system. At those rates, supply and demand are in rough equilibrium which, according to many experts, should put the price at about \$80 a barrel. The difference between that price and what we are paying (as much as \$98 a barrel on some contracts) is a market premium extracted because of future fear – fear of war with Iran, fear that big oil producers will demand payment in euros, and simple fear that demand in Asia is outstripping the world's ability to produce much more oil.

[Critics assail weak U.S. dollar at OPEC event](#)

It is too early to say whether the views expressed by Chávez and Ahmadinejad signaled a rift in the exceptional consensus that has sustained OPEC's success in recent years, or whether they were merely an example of conference theatrics by countries at odds with the American government. In the end, it fell to Ali al-Naimi, the Saudi oil minister, and the main architect of OPEC's focus on business fundamentals in recent years, to underline the conference's main message.

"Everyone knows that OPEC has renounced the principle of controlling oil prices since the 1980s," Naimi said at a news conference on Sunday. "Since then, the price has been determined by the market. The fluctuations you are witnessing today have nothing to do with OPEC actions."

[India: Dear Oil](#)

Pundits are saying that the day when oil touches 120 dollars a barrel is not far off. Our bumbling politicians may protest against petrol price hike but they can neither prevent an eventual rise in oil prices nor do they guarantee more votes for the protestors.

[Why invest in Renewable Energy?](#)

The world has reached a point of oil consumption where we need to develop an alternative energy source for crude oil. Fossil fuels are becoming more difficult to find and extract from the ground. Combine a constant or lower oil supply with growing demand from China and India, and you have a recipe for much higher priced oil. It appears as though we have reached, or will shortly reach, "Peak Oil".

[China banks on hydropower to cut emissions, but at huge human cost](#)

Last year, Chinese officials celebrated the completion of the Three Gorges Dam by releasing a list of 10 world records. As in: The Three Gorges is the world's biggest dam, biggest power plant and biggest consumer of dirt, stone, concrete and steel. Ever. Even the project's official tally of 1.13 million displaced people made the list as record No. 10.

Today, the Communist Party is hoping the dam does not become China's biggest folly. In recent weeks, Chinese officials have admitted that the dam was spawning environmental problems like water pollution and landslides that could become severe. Equally startling, officials want to begin a new relocation program that would be bigger than the first.

[A green city confronts its energy needs and nuclear worries](#)

FORT COLLINS, Colorado: This city takes pride in being green, from its official motto, "Where renewal is a way of life," to its Climate Wise energy program, which helps local businesses reduce the carbon emissions that scientists say can contribute to global warming.

But now two proposed energy projects are exposing the hard place that communities like this across the country are likely to confront in years to come as the tangled nuances of thinking globally come back to bite.

[OPEC's lost sway over oil prices](#)

"OPEC is still a major force, but it's certainly far less influential that it was in the 70s or 80s," says Mustafa Alani, at the Gulf Research Center in Dubai, United Arab Emirates. "What we saw at this conference is that the leaders of OPEC were giving assurances that they'll do all they can to maintain the stability of the oil supply. But can they do it? We don't know."

OPEC's biggest producers – Saudi Arabia and its Gulf neighbors – say they'd like prices to be a little lower but are pumping near capacity now. After all, their currencies are pegged to the dollar, so a weak US economy hurts them, too. Analysts say that while Saudi Arabia and others might be able to squeeze out an extra 1 million barrels a day, that's only 3 percent more than estimated current OPEC production of 31 million barrels a day.

[Kunstler: Formerly Normal](#)

This luxurious life is a fragile thing, though. The fragility is actually expressed in the houses themselves, which are uniformly constructed from materials that would not seem to have a glorious destiny: wood-chips, glue, and vinyl. Anyone who visits the Palatine Hill in Rome must be impressed by the way stone blocks and masonry walls melt away over time. Imagine what would happen to box made of chip-board over fir studs after a few decades of poor maintenance. You can even state categorically that the vinyl cladding was not designed to be maintained, only replaced. And in as much as vinyl siding is made from petroleum byproducts, one can easily foresee future replacement problems.

[Vegetable oil fuels bicycle tour vans](#)

A Las Vegas tour company is using leftover oil from restaurants to fuel a fleet of vans, showing that recycling can work even in a city known for excess.

[Practical oil peak could be closer than we think](#)

Amid all the recent speculation about the point at which oil supplies peak and prices begin to soar, it is often forgotten that the exact peak oil date depends on a number of practical commercial factors, not just how much oil is left in the ground.

Recently, a growing number of oil analysts have begun to accept this truism and warned that logistical constraints could soon cause production to slow, bringing about a practical peak in oil supplies well ahead of schedule and regardless of how much crude remains to be extracted.

[Energy costs to hurt holiday spending](#)

More than a third of American consumers said they will spend less this holiday season and cited rising energy costs as the main reason, according to a report released Monday.

[Food Pantries Struggling With Shortages](#)

Demand is being driven up by rising costs of food, housing, utilities, health care and gasoline, while food manufacturers, wholesalers and retailers are finding they have less surplus food to donate and government help has decreased, according to Lisa Hamler-Fugitt, executive director of the Ohio Association of Second Harvest Foodbanks.

"I've been doing this for 20 years, and I can't believe how much worse it gets month after month," she said.

[Rising gas prices fueling concerns over travel plans](#)

"The interesting trend this holiday season is gas prices," said Robert L. Darbelnet, president and chief executive officer of AAA, in a statement. "This is the first time that we have seen gas prices topping more than \$3 a gallon in November. A year ago, prices were in the range of \$2.20 a gallon, so this year travelers are really feeling the pinch.

"But Thanksgiving is traditionally a time for family gatherings and higher gas prices will not discourage Americans from connecting with their loved ones."

[Officials hear from truckers, loggers on soaring fuel costs](#)

State officials are expressing fears that soaring fuel costs could force independent logging truckers off the road — putting a severe crimp on Maine's forest products industry.

About 400 members of the Professional Logging Contractors of Maine and the Coalition to Lower Fuel Prices in Maine met with federal and state officials Saturday to discuss how to get some relief from high diesel prices. Diesel is now averaging about \$3.50 a gallon in the state, a price that is taking a toll on truckers who haul logs from the woods to mills across Maine.

[Taking Over Someone's Car Lease Is Best Financial Option When Car Shopping](#)

The mortgage situation and higher fuel prices have prompted a slowdown in the American economy. Many economists believe these are two strong reasons why fewer Americans are buying cars. As such, taking over someone's existing car lease is now the best option when shopping around for a car.

[Soaring prices hit Nunavut fuel stabilization fund](#)

Despite raising prices at the pumps earlier this month, the Nunavut government estimates that the rising cost of fuel will require it to bolster the fund it uses to stabilize fuel prices in the territory.

Officials with the government's petroleum products division say they will ask the legislative assembly for cash to cover losses to its Petroleum Products Stabilization Fund, which helps protect Nunavut consumers from constantly changing fuel prices.

[Chavez in Tehran: "Empire of dollar is crashing"](#)

Venezuelan President Hugo Chavez said on Monday the "empire of the dollar is crashing", a day after his country and anti-U.S. ally Iran advocated action over the weakening U.S. currency during an OPEC summit in Riyadh.

[Stop-gap plans have no new ideas](#)

Congress, capitalizing on concerns over the future of oil supplies and acting under the guise of reducing dependence on foreign oil, is pushing several bills that purport to set us on the path to "energy security."

Unfortunately, they are all wasteful, quick-fix solutions that rely on the same old sure-to-fail strategies: more taxes and more subsidies.

[Climate change's wild card: sea levels](#)

UN climate scientists said in a key report for policymakers on Saturday that they could no longer put an upper limit on the potential rise in sea levels over the next century.

..."It became apparent that, concerning the melting of the Greenland and Antarctic ice sheets, we really don't know enough," IPCC Chairperson Rajendra Pachauri told AFP on Saturday in Valencia, Spain, where the body on Saturday published its keenly awaited report.

"There is a possibility, and a fair amount of literature, which suggests that it could be faster than what one has anticipated. Given the uncertainty, it was prudent, and scientifically correct, to remove the upper boundary," he said.

[Brazil Discovers an Oil Field Can Be a Political Tool](#)

With the price of oil hovering near \$100 a barrel, the discovery of the biggest deep-water oil field off the southeastern coast has the potential to transform Brazil into a global energy powerhouse and to reshape the politics of this energy-starved continent.

[Is PEMEX of Mexico Worse Off Than PDVSA in Venezuela?](#)

According to most sources, only North Korea guards its oil more jealously than Mexico does through Pemex.

Thus, meaningful foreign involvement will probably have to wait until the company is on the verge of collapse. Given that, one wonders if some future issue of *The New York Times* Magazine will feature an article about a sinking Pemex taking Mexico down with it.

[Lopez Obrador Vows to Block Opening of Mexico's Energy Industry](#)

Andres Manuel Lopez Obrador, a losing candidate in Mexico's presidential elections last year, called on thousands of supporters packing the capital's central square today to organize street protests against a potential opening of the country's energy industry to private investment.

[Essar Oil to more than triple plant capacity](#)

NEW DELHI: Essar Oil, the newest refiner in India, will spend about \$6 billion to more than triple plant capacity to benefit from a global shortage that helped crude oil prices surge to a record.

[Newcastle Coal Price Reaches Record for Fourth Week](#)

Coal prices at Australia's Newcastle port, a benchmark for supplies in Asia, rose to a record for a fourth consecutive week on concerns that supply will be constrained by port congestion as Asian demand gains.

[Coal: The Next Energy Resource Boom](#)

The US is often called the Saudi Arabia of coal. And there's a good reason for that: The nation has more than 27 percent of the world's known coal reserves and some of the highest-quality deposits in the world. That's 90 billion metric tons more than Russia, the nation with the second-largest reserves.

With a resource so vast, it may come as a surprise that the US isn't a major player in the global coal trade. After all, the nation ranks only seventh in terms of coal exports, exporting less than 20 percent as much as Australia, the world's largest coal exporter. In fact, US coal exports have been declining steadily since the late 1980s.

[World Bank plans to help Pakistan import electricity](#)

The World Bank has offered financial and technical support to help import of 4,000MW of cheap electricity from central Asia states besides working domestic sources in order to overcome electricity shortage owing to a 43 per cent expected increase in demand to 20,000 MW by 2010.

[Richard Heinberg outlines ways to reduce emissions and prepare for a world without oil](#)

Heinberg said we should regulate fossil fuels, the source of the emissions, not the emissions themselves by capping both production and consumption. In addition to reducing emissions, this would reduce the probability of international conflicts over the earth's remaining resources and distribute them equitably among the world's nations, he said.

The U.S. could reduce 50 percent of its CO2 emissions through strict conservation using electrified public transport, new housing codes, and subsidized energy retrofit programs, Heinberg said. Another 25 percent could be reduced through renewable energy programs.

[Mugabe's jatropha plant a waste of forex](#)

President Robert Mugabe is committing scarce foreign currency to build a bio-diesel plant which he knows very well cannot fuel the nation from the much vaunted jatropha crop, analysts said on Thursday.

[Dark Future Ahead for First Solar](#)

First Solar Inc. (FSLR) is a solar panel manufacturer. Its sole business is production of CdTe based solar panels. Its stock price rallied about 10 folds since the IPO about a year ago. I believe the FSLR stock is overpriced. Moreover, this company has a very dark future prospect if you understand the fundamental of its business. That's because it relies on cadmium telluride as its raw material. Cadmium is extremely toxic, but the mildly toxic tellurium is lethal to FSLR. FSLR is extremely vulnerable due to a possible shortage and price run on tellurium. It could be forced to go out of business in a few years due to competing demands on tellurium.

[Royals against the wind](#)



“Don’t you realize — that’s where I sail!” may, by now, be one of the most famous statements ever made regarding Cape Wind, the 130-turbine offshore wind project proposed for Nantucket Sound.

It was made to a constituent who asked Sen. Edward Kennedy at a Hyannis summer event why he opposed the clean-energy project, which would provide on average almost 80 percent of the electricity for Cape Cod, Martha’s Vineyard and Nantucket, make electricity more reliable in all of New England and help lower New Englanders’ electric bills.

[Vinod Khosla: Moving Green from Crisis to Opportunity](#)

Khosla and I spoke last month about some of the many ways he is involved with the move toward a green economy, and what he thinks will push businesses in particular into embracing green as an opportunity instead of an obligation.

[Facing a Threat to Farming and Food Supply](#)

Climate change may be global in its sweep, but not all of the globe's citizens will share equally in its woes. And nowhere is that truth more evident, or more worrisome, than in its projected effects on agriculture.

Several recent analyses have concluded that the higher temperatures expected in coming years -- along with salt seepage into groundwater as sea levels rise and anticipated increases in flooding and droughts -- will disproportionately affect agriculture in the planet's lower latitudes, where most of the world's poor live.

[Mexicans Ask Where Flood Aid Went](#)

Long before the devastating flooding this month in the state of Tabasco, Mexico's behemoth state-run oil company, Petróleos Mexicanos, was pouring hundreds of thousands of dollars into local government coffers for flood abatement projects.

From 1997 to 2001, at least \$3 million was donated to build dikes, raise levees and move

poor residents from low-lying areas, according to analysts and independent investigators. But a crescendo of questions about whether the oil money was ever used for the intended projects is raising the possibility that corruption and incompetence might have played as much of a role in the tragedy as historically torrential rains.

[Opec unites behind higher prices](#)

Opec leaders meeting at the weekend summit in Saudi Arabia have differed sharply over the group strategy and purpose, but have united in defence of high oil prices.

[OPEC leaves dollar, output questions dangling](#)

OPEC leaders ended their summit clearly divided on key issues, leaving open questions about the use of the waning dollar for oil trading and the cartel's willingness to increase production.

[OPEC members pin their future on price stability](#)

Despite oil at nearly \$100 (U.S.) a barrel, there was no celebration in the planet's crude capital on the weekend as producers of 40 per cent of the world's supplies gathered.

Instead, there was an air of tension underlying the pomp and circumstance of the event hosted by King Abdullah, absolute ruler of Saudi Arabia.

[OPEC comment drives oil close to \\$95](#)

Oil prices rose Monday with more talk among OPEC members about converting their cash reserves to the euro and away from the U.S. dollar.

There is also doubt a possible OPEC output hike next month would get more supplies to market in time for the northern winter.

Fresh purchases of the new Nymex expiry — the December contract expired Friday — were also behind some of the gains.

[Survey: Gas up 13 cents in 2 weeks](#)

The national average price for gasoline rose about 13 cents over the last two weeks, according to a survey released Sunday.

The average price of regular gasoline on Friday was \$3.09 a gallon, mid-grade was

\$3.21, and premium was \$3.32, oil industry analyst Trilby Lundberg said.

[An Earth-sized challenge lobbed our way](#)

"BE THE change you want to see in the world." The words of Mahatma Gandhi were carefully chosen by the head of the United Nations peak scientific body on climate change when he delivered his team's stark report to the world at the weekend.

Dr Rajendra Pachauri and the Intergovernmental Panel on Climate Change have presented a daunting challenge not only to the world's leaders but to its people. Cut your use of polluting fossil fuel energy over the next four decades essentially by 85 per cent or face losing almost a third of the world's species.

[Might Higher Oil Prices Be a Good Thing?](#)

Over the weekend, Venezuelan President Hugo Chavez warned us that the price of oil could go as high as \$200 per barrel if the U.S. attacks Iran.

Of course I don't want the U.S. to attack Iran, but for other reasons. I'm thinking that these rising oil prices are not necessarily a bad thing.

[Brazil, the New Oil Superpower](#)

State-run Petrobras' "monstrous" new oil find has wide-ranging implications for the South American country, the oil majors, oil services providers, and beyond.

[Long-term Energy Bull Prepared to Ride out Short-term Weakness](#)

I'm deeply skeptical of peak oil-type theories that promote the idea that a given commodity will one day run out. Rather, the history of capitalism is that we adapt.

[Australia's Rudd will sign Kyoto pact if wins vote](#)

Australia's Labor Party leader Kevin Rudd said on Monday he would lead his country's delegation to December's Bali climate summit and sign the Kyoto pact if he wins power at this weekend's parliamentary elections.

Rudd, strongly leading conservative prime minister and Kyoto critic John Howard in polls, said the fight against catastrophic climate shift would be his top priority if he won on November 24.

[New Zealand glaciers retreat due to global warming say scientists](#)

New Zealand's largest glaciers are retreating fast in the face of global warming and could disappear altogether, scientists said Monday.

A report by the National Institute of Water and Atmospheric Research (NIWA) said the volume of ice in New Zealand's Southern Alps had shrunk almost 11 percent in the past 30 years.

More than 90 percent of this loss was because the 12 largest glaciers in the mountain range were melting due to rising temperatures, NIWA said.

[Climate change threatens Asian development: report](#)

Decades of development in Asia will be reversed by climate change, threatening the lives of millions of people, environmentalists and aid agencies warned Monday.



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