



DrumBeat: November 20, 2007

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[Senior Adnoc official urges efficient use of hydrocarbon resources](#)

"The Middle East is currently recording some of the fastest-growing energy consumption rates in the world and, increasingly, we need to think like consumers as much as producers. Put simply, domestic consumption of oil and gas is absorbing an increasing proportion of our production.

"By developing renewable energy resources side by side with hydrocarbons, Arabian Gulf countries will be able to diversify their sources of energy. Likewise, we must examine ways of curbing consumption growth by focusing on energy efficiency. Oil is simply too precious a commodity to waste," Al Muhairi added.

[Jim Rodgers on CNBC \(video\)](#)

Now more than ever is the time to sell the dollar, says Jim Rodgers, chairman of Beeland Interests.

[Oil makes fresh run at \\$100, hits record high](#)

Oil prices rose sharply Tuesday, closing at a new record high and once again approaching \$100 a barrel, as futures drew strength from a declining dollar, news of refinery problems and speculation that the Federal Reserve will again cut interest rates next month.

Light, sweet crude for January delivery surged \$3.21 to settle at \$98.03 a barrel on the New York Mercantile Exchange, surpassing the previous closing record of \$96.70 set Nov. 6. Crude rose as high as \$98.30 earlier, just 32 cents shy of oil's all time trading high of \$98.62, set Nov. 7.

[As dollar weakens, Gulf nations look at currency pegs](#)

When central bank officials in the Middle East say they have no plans to end their fixed

exchange rates to the dollar, the currency market hears the opposite.

Merrill Lynch predicts that either the United Arab Emirates or Qatar will cut their dollar peg within six months. Standard Chartered says the six Gulf Cooperation Council nations need to raise the value of their currencies 20 percent. And currency traders are betting that Saudi Arabia will sever its 21-year link to the dollar, according to data compiled by Bloomberg.

[Is oil's profit gush ending?](#)

Are record oil profits at an end? Maybe. Although revenues are still rising thanks to record crude prices - FYI, oil's inflation-adjusted record high was \$101 in 1980 - profits are down. Earnings for Exxon Mobil, ConocoPhillips, and BP are all lower through the first three quarters of this year vs. last year.

[Houston Channel May Reopen to Tankers This Morning](#)

The Houston Ship Channel, which serves the largest U.S. petroleum port, may reopen to inbound oil tankers and other vessels this morning after being closed more than 31 hours because of fog.

Forty-four inbound and 18 departing vessels remain idled, T.J. Nelson, spokesman for the Houston Pilots Organization, said today in a telephone interview. When the channel reopens, he said, five inbound tankers will be brought in first. One of those ships is carrying liquefied natural gas.

[Nigeria seeks domestic oil control](#)

For decades, Nigerian governments were content to let international oil companies do the pumping, merely taking taxes, royalties and a cut of profits.

Now with global oil prices surging near \$100 a barrel, Africa's leading oil exporter wants to review agreements allowing oil companies to recoup their costs before sharing profits from deep water exploration, and consolidate all its joint venture oil assets into one potentially powerful company with a global reach.

[Gas guzzlers get new lives -- as tire-smoking hybrids](#)

On a beautiful, crisp late fall afternoon, rock icon Neil Young took his 1959 Lincoln Continental for one last spin before a team of mechanics ripped out its gas-guzzling engine to make way for an electric motor.

Car buffs may think it's sacrilege to tear apart an automotive classic, but Young wants it to have a new life as a fuel-efficient hybrid.

[Beyond the Barrel: From Warming to Peaking, Reasons to Use Less Oil](#)

Two days after the IPCC report, the front page of the *Wall Street Journal* says the idea that the current 85 million barrels a day of oil that the world produces is about as much as it ever will be able to produce has moved well beyond the so-called peak oil theorists. Citing top executives of France's Total and ConocoPhillips, as well as a former Saudi oil chief, the Journal says, "Some predict that, despite the world's fast-growing thirst for oil, producers could hit that ceiling as soon as 2012. This rough limit — which two senior industry officials recently pegged at about 100 million barrels a day—is well short of global demand projections over the next few decades."

What better day for the peakers, who have been sounding alarms long before the *Wall Street Journal*, to post their latest analyses? On the Oil Drum, they try to discern not if worldwide oil production is peaking but [how quick](#) the [decline rate](#) is.

[Farm Diesel in Short Supply Around Sioux Falls Area](#)

Mel Norhdurft had plenty of work to do Monday, and not under the hood of his tractor. He's been farming around here since 1956 and knows there won't be many nice days like this to fertilize before the ground freezes. But it's tough to get in the field if you can't fill up the tank. "I've been farming for all these years, this is the first time I've had trouble getting diesel."

By this afternoon, Mel was able to get his hands on some diesel and fill up the tractor, but then getting ahold of anhydrous ammonia to put on the fields was a whole other issue." His supplier, across the boarder in iowa was out, but expected a shipment by late afternoon. "I didn't know there was a shortage. I didn't know anything about it until this morning when I called the supplier. He said this none here, I can't get any."

[Increased Domestic Production Won't Make US Self-sufficient In Natural Gas](#)

A new report by the Energy Forum at Rice University's Baker Institute for Public Policy finds that the United States will continue to rely on imported natural gas even if areas that are currently restricted are opened up to drilling.

[Russia: Skyrocketing Fuel Prices Drive Up Airfare](#)

The price of airplane fuel has risen 30 percent in Russia in the last month to nearly \$1000 per ton. That will drive up the fuel expenses for the 15 largest Russian airlines by

at least 10 billion rubles per year. Fueling companies say that the cause of the price rise is higher prices for the fuel when it comes from oil companies, although others say that oil companies have redirected their resources toward the more profitable diesel fuel, leaving a shortage on the aircraft kerosene market.

[Malawi diesel shortage hits airport](#)

Increasing fuel shortages in Malawi rendered an ugly head at Kamuzu International Airport (KIA) at the weekend, as standby power generators could not switch on to power during a blackout due to unavailability of diesel, forcing an airline to cancel its flight.

[Pennsylvania: Continental to cut flights temporarily](#)

The cutbacks are a result of high jet-fuel prices and a shortage of flight crews, said Christopher Rodgers, Erie International Airport's director of strategic development.

[Nepal: Fuel Dealers, Cops Discuss Petrol Pump Security](#)

Keeping in mind the continuing shortage of petroleum products in the Kathmandu valley, possibility of attacks on petrol pumps and other criminal activities, representatives of the Petroleum Dealers' Association (PDA) and the Metropolitan Police on Monday discussed ways to beef up security around the pumps.

[South Korea Abandons Talks for China Coal Supplies](#)

South Korean utilities abandoned talks to buy coal from China this year after failing to agree on prices, said three officials involved in the discussions.

[Commodities Roundup: Crude Oil](#)

Crude Oil, however, is a different animal. With billions of new dollars pouring into commodities each year, commodity and hedge funds need a place to put it. Funds tend to be trend followers and they tend to favor the long side of the market (commodity index funds are always long the market). Thus, a solid uptrend with a good fundamental demand story and massive open interest makes a perfect market for funds to “place” equity. Any bullish tidbit of news becomes an excuse to buy. This is why oil markets have been hypersensitive to any type of bullish news story in recent weeks. These waves of capital flowing into energy markets create more buyers than sellers. If oil producers were eager to lock in profits at these levels, hedge selling would have curbed price gains weeks or even months ago. But at this point, producers seem content to let prices go where they may.

[Diaper power](#)

AMEC, a Quebec engineering and project management company, is looking to build a facility near Montreal to turn soiled diapers into synthetic diesel fuel. It may not be up to snuff to fuel automobiles, but should be just fine for industrial applications.

AMEC says a process known as pyrolysis can convert diapers to diesel.

[Hydrogen, the wave of the future, but how far down the road?](#)

"I think in a century hydrogen could fill a role like that, but not in 20 years," Wilkins told AFP, adding that the Bush administration was no longer as vocal about the plan as it used to be.

"To produce it like the gasoline scale, to get it in the vehicle fleet, fully integrated in the vehicle fleet and the infrastructure the fueling, stations ... it will take one century," he said.

[Four Ways to Solve the Energy Crisis](#) - Which also happen to be four reasons why Gal Luft is the most hated man in Riyadh, Detroit, and Des Moines.

We've got to reduce our dependence on foreign oil; it's a matter of homeland security. Fine. Nobody's arguing. But the solutions that get offered -- drilling in ANWR, mandating better automobile fuel efficiency, pushing ethanol -- don't really solve anything. They're politically impossible, or too expensive, or contrary to free-market forces. They're losers.

Energy-independence advocate Gal Luft looks for winners. The former lieutenant colonel in the Israel Defense Forces and counterterrorism expert fervently believes that the only way to make America safe is to make it energy independent. And so as executive director of the Institute for the Analysis of Global Security and cofounder of the Set America Free Coalition, he has set out to do just that.

[Cantarell and Ku Maloob Zaap production falling](#)

Production of crude oil in Mexico's main oilfields — Cantarell and Ku Maloob Zaap, in the Gulf of Mexico Campeche Sound — is falling due to water and salt seepage into the reservoirs, official documents reveal.

According to documents of state oil firm Petroleos Mexicanos, the seepage is causing a reduction in production equivalent to 84,300 b/d of oil. Pemex said the loss of production due to water and salt dates back to 2004, and is a natural result of the

maturing of these fields.

[Sierra Leone fuel freeze sparks chaos as price rise seen](#)

Filling stations halted sales in Sierra Leone on Monday in anticipation of a rise in prices, leaving taxi drivers short of fuel, public buildings without power and commuters stranded by the roadside.

[Tanzania: Govt to Revive Oil Import Monopoly](#)

Tanzania is to float an international tender for a single firm to take over the importation of all petroleum products into the country, in a bid to end price fluctuations that distort the market and hamper economic growth.

[French strikes escalate, economic toll mounts](#) - *Other sectors join in rail strikes that have stalled France for the past week*

French commuters have banded together in their efforts to get to work on foot, by bicycle or even roller-blades, as the economic toll from the strikes begins to mount.

The government on Monday said the transport strike is costing France at least \$440 million a day.

[Is coal about to make a comeback?](#)

The vast majority of people accept that carbon dioxide from fossil fuels is warming up the Earth, but what are we actually going to do about it?

A looming energy crisis is going to test our politicians' resolve.

[Four Tips to Optimize IT Energy Use](#)

Reducing energy use clearly is about more than being environmentally responsible. To ensure their long-term viability, organizations must begin now to find and implement solutions that help decrease power consumption.

[We'll fight you all the way, airlines warn EU over carbon-trading plans](#)

British and other European governments face a long diplomatic battle if they push ahead

with plans to include airlines in a European emissions trading scheme, the global aviation body has warned.

The International Air Transport Association (Iata) said 170 countries opposed a proposal, approved last week by MEPs, to make all airlines flying in and out of the European Union subscribe to the EU emissions trading scheme. Non-EU airlines are lobbying their governments to reject the move, arguing that it will impose billions in extra costs on an industry that makes a global profit of just \$5.6bn (£2.7bn).

[Curtis Bay Coast Guard Yard renovates America's Tall Ship](#)

Mr. Raisch said he fell in love with tall ships such as the Eagle some three decades ago. "Being an old guy," he said with a laugh, "I remember the energy crisis from the early 1970s and when people started looking at other means of traveling around the water."

With all the emphasis on green living today, Mr. Raisch hopes to see a renaissance of "the age of sail."

[Peak Opportunities](#) - *an oil industry insider (whose dad hung out with Hubbert!) blogs about peak oil*

- The peak in oil production might have occurred in late 2005, and most in this group believe it will certainly happen prior to 2011 - 2012. If it hasn't occurred, my bet would be 2008, as I have believed since 2001 or so.
- It sure looks like Saudi has produced about half of its recoverable oil, meaning it is at or near peak, in turn meaning the world is at or near peak.

[Connecticut: Peak Oil Report to the Legislature and Governor](#) (PDF)

Global oil production appears to have stagnated and may soon be headed toward terminal decline. International demand is increasing at a compounding rate yearly. Escalating oil cost is evident and supply shortage and disruption have occurred both in the US and internationally. Rising cost for oil has and will continue to affect every product, every citizen, every business and every function of Government. Contraction in the state's economy is likely at current and possible higher oil prices. The state is unprepared for this permanent shift in the international energy regimes. Our society has only once ever faced a contraction of affordable and plentiful oil—during World War II. – Today we have no simple model to remedy the rising situation. There is no short-term fix.

[Experiencing the Earth's glories and stings, all in 1 ride](#)

The town of Blacksburg, in conjunction with Virginia Tech, was organizing a Sustainability Week. I had offered to present a lecture about the threat of peak oil, the point where the world's wells can no longer keep pace with our insatiable demand and go into permanent decline.

After being repeatedly told I would provide a valuable addition to the mix of viewpoints, I had been informed there was no slot available for me. My friend Dave Roper attended the meeting where this was decided. His e-mail said, "The feeling was that we are trying to get people to do what they can do to reduce global warming and that the peak oil truth might discourage them from trying."

[Death Toll From Aramco Pipeline Blast Jumps to 38](#)

The death toll from Sunday's natural gas pipeline explosion in the Eastern Province rose to 38 as a special technical panel set up by Saudi Aramco continued its probe yesterday to determine the reason for the blast and the subsequent fire, informed sources said.

[Saudi Oil Min: Saudi Gas Line Explosion Won't Hit Oil Output](#)

A gas pipeline blast in eastern Saudi Arabia that killed 28 workers won't affect oil production, Saudi Arabia Oil Minister Ali Naimi said Sunday.

[Burning Well to Keep Louisiana Highway Closed](#)

A 55-mile stretch of Interstate 10 likely will be closed until at least Wednesday because of a natural gas well that leaked and caught fire, state police said.

[Oil prices close in on 96 dollars](#)

World oil prices rose strongly Tuesday, nearing 96 dollars a barrel on lingering supply concerns and as the US unit tumbled against major rivals.

New York's main contract, light sweet crude for January delivery, climbed 97 cents to 95.61 dollars per barrel.

In London, Brent North Sea crude for January delivery rallied 98 cents to 93.26 dollars per barrel.

[US bent on capturing entire oil rich region by blaming Iran: Indian MP](#)

USA is bent on capturing entire oil rich region of mideast by blaming the Islamic

Republic of Iran on different pretexts and excuses, Member of Parliament of India, Rajya Sabha (Upper House) Captain Jay Narayan Prasad Nishad said while talking to IRNA in an exclusive interview.

[Shell Canada Reports Fire at Scotford Oil-Sands Unit](#)

Royal Dutch Shell Plc, Europe's biggest oil company, said its Canadian unit reported a fire at a plant that processes bitumen from Alberta's oil sands into synthetic crude oil.

[U.S. Energy Sec: not worried by OPEC dollar debate](#)

U.S. Energy Secretary Sam Bodman said on Tuesday the United States was not concerned about the debate within OPEC on whether it should seek an alternative to the dollar in pricing oil.

Bodman also told reporters that OPEC should increase output at its next meeting in Abu Dhabi in December.

['Cut off' Myanmar: rights group](#)

Human Rights Watch called on Monday for the international community to halt new investment in Myanmar's oil and gas sector to punish the regime for its violent crackdown on anti-government protesters.

[Global Warming: China says: Et Tu?](#)

For example, according to The Wall Street Journal, most MP3 players are made in China. The production of each one of those slick little numbers (think of your tiny, shiny ubiquitous iPod) releases 17 pounds of carbon dioxide. As world leaders prepare to meet in Bali next month to shape the next international treaty to fight global warming (the Kyoto Protocol will expire in 2012), it seems imperative that the market forces driving pollution are also considered, not just the location of where they're produced.

Our appetite for cheap luxury and the need for high profits drive us to take advantage of cheap labor overseas, and so we can't look the other way when it comes time to face the environmental consequences that accompany financial gains.

[Global Warming, Or Global Con?](#)

A U.N. that can't save the world from war, famine, disease and pestilence now releases a report saying global warming will cause all of the above -- and it's your SUV that's doing

it.

The fourth and final assessment of the Intergovernmental Panel on Climate Change reads like the Bible, but gospel it is not.

[Developed countries must 'show some spine' on climate change](#)

Australia's Prime Minister John Howard has moved to play down the concerns, promising the Coalition has a balanced approach to combating global warming.

But one Australian scientist who co-authored the IPCC reports says the only balanced approach is to cut emissions now.

[Scientists agree global warming is killing the world](#)

The latest international update on climate change says global warming is turning oceans acidic and threatening marine life but offers new hope - the cost of tackling carbon emissions is modest and the means to do it are already available.

[Climate change driving 'fourth tech revolution': Brown](#)

Climate change is driving the need for a "fourth technological revolution" to cut pollution and save the planet, Prime Minister Gordon Brown said Monday.

[McCartney's estranged wife gets steamed up over milk](#)

Paul McCartney's estranged wife Heather Mills Monday accused consumers of meat and dairy products of fueling global warming, as she launched a vegan campaign at London's famous Speaker's Corner.

[Gore Challenged Over Warming](#)

There were some questions following the talk, and Lindzen was asked if it wouldn't be better to sign Kyoto and follow-on agreements just to be on the safe side. Lindzen said no.

Combating a hypothetical problem would waste resources, human more than material, which could be much better devoted to other ends, such as improving public health.

But the further problem with making global warming the object of a huge and highly political international project may be that every action has an equal and opposite

reaction; that when the theory is inevitably discredited and dismissed, possibly after a few bad snowstorms, the whole package of environmentalism will be discredited too, along with all the worthy parts involving the reduction of harmful pollutants and preservation of wildlife habitat.

[Carbon pollution from industrialised countries rises again](#)

Emissions of greenhouse gases by industrialised countries are surging anew after a long decline, the UN Framework Convention on Climate Change (UNFCCC) said on Tuesday ahead of a crucial forum on tackling global warming.

It blamed continued growth in Western economies and a revival of growth in former East Bloc nations, with pollution from transport the biggest culprit by sector.



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