



## DrumBeat: November 21, 2007

Posted by [Leanan](#) on November 21, 2007 - 10:05am

Topic: [Miscellaneous](#)

### [Threat of \\$100 crude raises global alarm](#)

Oil hovered on the brink of \$100 a barrel on Wednesday. Mixed data on US crude inventories did not quite push it over the threshold. But the world is having to accustom itself to the idea of a three-figure oil price. The implications for the health of the world economy are troubling.

“Until recently, there has been less concern about oil in the \$90s than there was when it was \$60 or \$70. But it is obvious that oil at \$100 is going to have much more impact than oil at \$70,” said Daniel Yergin, chairman of Cambridge Energy Research Associates.

“Over the next few weeks, we are going to see these prices flowing through to US consumers, at a time when we have other serious economic problems.”

### [Oil hesitates on drive to \\$100 a barrel](#)

NEW YORK - It didn't happen Wednesday, it may not happen Thanksgiving day, but the price of oil seems destined to burst through the \$100 mark sometime soon, leaving higher pump prices and rising heating fuel costs in its wake.

Energy futures balked on that drive Wednesday after the government reported that supplies at a key oil terminal in the Midwest rose for the first time in weeks. Analysts said it was a pause, not a retreat for energy futures that reached as high as \$99.29 in electronic trading overnight.

### [Giving Thanks For Oil and OPEC](#)

When you sit down for your Thanksgiving meal this week, don't forget to thank the oil. No, not the extra extra virgin olive oil or the polyunsaturated high omega 3 vegetable oil, but the crude -- the dead dino, fossilized pond scum, ancient sunlight, rock oil -- aka, petroleum.

### [Big oil, its lobby court bloggers in media push](#)

HOUSTON, Nov 21 (Reuters) - Executives at large oil companies often say that the U.S. public -- unnerved by high gasoline prices -- does not understand or appreciate how expensive it is to keep the nation's engines running.

And now in a first, two big energy companies and the American Petroleum Institute (API), the U.S. oil industry's main lobbying group, have reached out to a conservative band of bloggers to tell their story.

"We recognize here that there are many different channels of communications that exist today," Jane Van Ryan, new media advisor at API, said. "We've been looking into the blogosphere for the last several months, and there were a few people who seemed to be a little more knowledgeable about oil and gas."

### [Factors that contribute to Peak Oil crisis](#)

Finally, because many oil exporting nations are experiencing both depletion and increased domestic consumption, these exporting nations will soon reduce exports (see research by Rembrandt Koppelaar and Jeff Rubin). For example, in 2007 the Mexican government announced that due to declining production, Mexico will reduce oil exports to the U.S. by 150,000 barrels per day on the average over the next four years, by 500,000 for the following two years, and that its oil reserves will be depleted by 2014.

### [Mexico struggles to control month-old oil spill, gas leak, fires at damaged Gulf platform](#)

Workers were still battling a nightmarish combination of gas and crude leaks, fires and oil slicks at a damaged Gulf oil platform on Wednesday, almost a month after it was damaged in an accident that killed at least 21, an official said.

Since the Oct. 23 accident, the damaged platform has experienced bad weather and at least three fires.

### [Chrysler plugs in to electrics](#)

Chrysler will unveil three electrically driven concept vehicles at the 2008 Detroit Auto Show in January.

### [Thoughts about oil and Arctic refuge](#)

As much as BP would like to convince us that they don't need our oil and they will be going someplace else for it (if we don't cater to their every whim) - the truth stands that there is not an everlasting surplus of oil to provide to the world. BP and every other oil producer support this statement when they justify the \$3.39 gallons of unleaded at the

pumps. If they don't want to take the higher taxes proposal, here's an idea: We can hold onto the oil and charge them more for it later on down the road. In that scenario, they gouge our pocketbooks now, we could gouge theirs later - on a much larger scale.

### [Will OPEC Dump the Dollar?](#)

The dominant theme that emerged from the cacophonous OPEC summit that concluded in Riyadh on Nov. 18 was countries that have amassed huge piles of dollars from selling oil don't like seeing the value of their currency reserves eroded. While the host Saudis urged restraint lest the dollar fall even more, Iranian President Mahmoud Ahmedinejad scorned the greenback as a "worthless piece of paper."

### [Castro: Oil Costs And Development](#)

Chávez could invoke an illustrative example which Cuba is well aware of: with what it costs to import a single barrel of oil at the end of 2007, 13.52 tons of light oil could have been purchased in 1960, including their transportation, that is to say, nearly 50 times the amount today. In these circumstances, a country like the Bolivarian Republic of Venezuela would continue to supply the United States with oil, a non-renewable resource, for practically nothing. The earth would continue to sink as its oilfields are drained of the oil that supports them.

### [What \\$100 oil would cost you](#)

With crude approaching \$100 a barrel, consumers should brace for record gas prices and higher airfares - just in time for the holidays.

### [Expensive oil is here to stay](#)

US oil futures have come within spitting distance of triple figures and the all-time inflation-adjusted peak of \$101.70. And while prices have eased over the past few days, the medium- and long-term trend is up. The picture is one of "extreme fundamental tightness", as Barclays Capital puts it.

### [Shell could resume some Scotford production soon](#)

Royal Dutch Shell could boost output within a few days from its fire-damaged Scotford oil sands upgrader as it looks to restart one of two major producing units at the site, a spokesman for the company said on Wednesday.

### [BP Whiting on schedule for 300,000 bpd by year end](#)

BP's refinery in Whiting, Indiana, was still on schedule to ramp up crude distillation to 300,000 barrels per day by the end of 2007, said a source familiar with refinery operations.

When the company released its third-quarter earnings, officials announced plans to restore full production at the Whiting refinery by the second quarter of 2008 and 300,000 bpd by year end.

#### [China to increase oil output, exploration - Wen](#)

China will boost oil output at state refineries and increase exploration to ease a domestic supply crunch that has led to nationwide fuel price hikes, Premier Wen Jiabao said Wednesday.

#### [Court sides with US oil firm over Ecuador tax row](#)

An international tribunal has ordered Ecuador to temporarily halt demands to charge U.S.-owned City Oriente a controversial windfall oil tax approved last year, according to court documents released by the company Wednesday.

#### [Petro-Canada denies it's willing to swap assets with Russians](#)

Petro-Canada yesterday denied reports it would be willing to swap heavy oil assets with Russia's largest company, OAO Gazprom, for a piece of a massive Russian gas field.

#### [Venezuelan shipment of 16,000 barrels of gas/diesel averts Guyana fuel crisis](#)

The Venezuelan Embassy has announced that it had facilitated "a shipment of 16,000 barrels of gasoline and diesel fuel," which arrived in the country yesterday following an emergency request from the Government of Guyana.

#### [Australia: Taxpayers lose out on petrol subsidy](#)

QUEENSLAND motorists are missing out on \$100 million in fuel savings each year because the legislation that underpins the state's 8.34c-a-litre petrol subsidy scheme is "rubbish" and open to manipulation.

#### [Kuwaiti operator takes delivery of mega oil tanker](#)

State-owned Kuwait Oil Tanker Co. (KOTC) has taken delivery of a new giant oil tanker

as part of a 600 million dollar nine-vessel deal, its chairman said Wednesday.

### [New Oil Crisis: An Engineer Shortage](#)

You've heard the reasons for high oil prices: instability in the Middle East, booming demand in China and India, the sagging dollar. Now add another one to the list: Engineers.

### [Energy Bulletin and the Reality Report](#)(audio)

Bart Anderson of Energy Bulletin recaps recent news related to resource depletion, climate change and more. In the past several weeks, with the rising price of oil, Energy Bulletin's readership has increased by over 40%.

### [U.S. should lead on conservation](#)

Our technological breakthroughs are indeed miraculous, but mankind still cannot create one of the essentials of life - water - or one of the great luxuries of life: petroleum. There are limits.

Oddly, we seem to have hardly noticed. In the industrialized world, especially in the United States, we consume precious resources as if abundance were our birthright. And we're angered by anyone who suggests otherwise.

### [Germany at Odds With UK on Renewable Goals](#)

LONDON - Germany wants European states to meet their own renewable energy targets as much as possible, rather than pay other countries to do it for them, deputy environment minister Matthias Machnig said.

Britain favours the latter trading approach.

### [New Report Warns Biofuel Crop Cultivation May Worsen Global Warming](#)

Expanding biofuel crop plantations through deforestation worsens global warming and harms local livelihoods and the environment, says the International Institute for Environment and Development in a new report.

The report, "Up In Smoke? Asia and the Pacific", presents new evidence that biofuels could turn into a rush for "fools gold" across Asia as huge social and environmental costs outweigh the benefits.

### [North Dakota: Officials Discuss Fuel Supply](#)

Rud said fuel dealers have said the tight supplies are as bad as the oil embargo of the 1970s.

"We can't keep taking the crumbs on the end of the pipeline," Rud said.

Also: [Fuel supply shortages discussed](#)

### [China oil thirst 'not explosive'](#)

China's unquenchable thirst for oil is contributing to sustained high prices, but it is not the main factor in crude's latest surge toward new records, analysts said on Wednesday.

Speculative trading, geopolitics such as unrest in the Middle East and US efforts to fill its oil reserves, as well as the weakness in the US currency, are more important reasons for crude nearing \$100 a barrel, they said.

### [China imports diesel to ease shortage](#)

China's biggest oil company says it will import 750,000 barrels of diesel this month to ease shortages that have disrupted trucking and caused long lines at filling stations.

### [Iraq boosts oil exports after re-opening Kirkuk pipeline](#)

Iraq has boosted its oil exports to almost two million barrels a day (bpd) after reopening a pipeline to Turkey and hopes to sharply raise output in 2008, a senior oil official said on Wednesday.

### [Running On Empty: A new exhibition considers the lessons of the 1973 oil crisis](#)

With fuel prices reaching record highs and concern about the planet's dwindling resources mounting daily, Mirko Zardini, director and curator of the Canadian Centre for Architecture (CCA), thought the time was ripe to revisit the moment when the reality of an energy crisis first crashed into the public consciousness. The exhibition *1973: Sorry, Out of Gas*, on view at the CCA until next April, considers that decade's oil crisis and the architecture community's response, which included significant experiments and research that Zardini fears are now being ignored.

### [Geologists study geothermal heat as an energy source](#)

As the United States' energy crisis looms large in our future, scientists and researchers are trying to quickly develop alternative energy sources and production before fossil fuels run out. One option that other countries have discovered and utilized is the extraction of geothermal energy from miles beneath the Earth's surface.

### [Mid-Month Oil Reality Check](#)

Just as mankind was once expelled from Eden's world of naked innocence by the knowledge of good and evil, so the Modern Investor is rapidly learning the facts of Peak Oil. That's inherently unsettling because we know that economic growth has always proceeded apace with the growth in oil supply. So what happens to economic growth when the oil supply peaks and then declines? Is our economy, like Wile E. Coyote, coming to the edge of the cliff? Is it time for an intelligent investor to panic?

### [Brazil's new and notable oil discovery](#)

The find is a slap in the face for those geologists who said there were no more large oil provinces to be found, especially as it comes soon after the large discovery in the Bay of Bohai off the Chinese coast.

### [Petrobras output takes a tumble](#)

Brazilian giant Petrobras saw its domestic oil output fall 2.3% in October from September's figures - its fourth straight monthly drop - with production falling 5% year-on-year as rig glitches took their toll.

### [Black Friday: Why This One Is Especially Dark](#)

I have no crystal ball, nor do I claim to have well-developed psychic powers, but I'd be willing to bet almost anything that next Thanksgiving season will be dramatically different from this one. A dark curtain of despair has descended, along with \$100 oil, on Wall Street, and the amount of debt that the American working and middle classes are trying to juggle is, as Stan Goff so eloquently stated in his article on my site, "Middle Class Angst", nothing less than "pre-volcanic."

### [TransCanada Seeks to Build C\\$983 Million Gas Pipeline](#)

TransCanada Corp. said it will seek approval for a C\$983 million (\$996 million) natural-gas pipeline project to increase access to production in northwestern Alberta needed by Canadian oil-sands producers.



### [Kuwait dinar jumps as dollar slide tests Gulf pegs](#)

Kuwait let the dinar make its second-biggest daily gain on Wednesday since the oil exporter dropped the dollar peg in May, as the U.S. currency's global slide raised pressure on Gulf neighbours to follow its lead.

### [Canterbury tourism body steps up green moves](#)

Lincoln University tourism professor David Simmons said on Monday he had chaired a Christchurch conference to discuss tourism's future when long-haul flights as a luxury activity were being questioned. In the face of "peak oil" (where usage was outweighing cheaply sourced new oil finds) and climate-change concerns tourism needed to develop a sustainable model, he said.

### [US backs plan to build new nuclear power plant in Armenia](#)

The US is backing Armenian plans to build a new atomic power station by 2016 to replace a Soviet-era nuclear plant that has raised safety concerns, a US diplomat said.

### [Bush Fiddles While the World Burns](#)

The U.N. Intergovernmental Panel of Climate Change that put this report together was awarded the Nobel Prize in October. It's been studying the problem for five years. They've now released four reports on the subject. This latest is the most blunt.

But the Bush administration says, "We don't have a view on that."

Stop any bus and wake up some sleeping wino in the back, and he would have a view on that. How can the George Bush administration possibly not have a view on it?? It's the potential fate of the world.

### [Oil prices strike record high near 100 dollars](#)

World oil prices surged to a record peak above 99 dollars per barrel on Wednesday on the back of the falling US dollar and tight global crude supplies, traders said.

In early trading on Wednesday, New York's main contract, light sweet crude for January delivery, rocketed to an historic 99.29 dollars.

In London, Brent North Sea crude for January delivery jumped to an all-time pinnacle of 96.53 dollars per barrel.



### [Here's why the U.S. is facing up to its thirst for oil](#)

In its report, the task force concluded the U.S. Department of Defence can use coal and shale for all its fuel needs - all 312 million barrels of oil a day - by 2011. (The U.S. Air Force is the biggest military user of oil by far, requiring 219 million barrels of jet fuel a day; it is already testing synthetic fuels to replace conventional fuels.) The task force found the U.S. can produce between 7.65 million barrels and 9.35 million barrels a day from unconventional resources by 2035. This oil would be produced as follows: (1) from oil shale, 2.5 million barrels a day; (2) from oil sands, 0.5 million b/d; (3) from coal, 2.6 million b/d; (4) from heavy oil, 0.75 million b/d; and (5) from depleted and abandoned wells, a minimum of 1.3 million b/d and as much as three million b/d.

The task force describes this goal as aggressive but realistic. If accomplished, it would mean that the U.S. would meet all of its anticipated increase in oil demand by 2035 from domestic production - with several million barrels a day left over to reduce oil imports significantly.

### [Crude crunch coming: Industry wisdom now recognizes there are practical limits to the world's oil supply](#)

Market theory predicts that higher prices will encourage development of supply. This time, the dictators who control much of the world's oil reserves have so much money coming in and so little concern for others that they lack the usual motivation to produce.

No wonder Western energy executives are beginning to worry that demand will soon outpace supply.

### [How \\$100 Oil Could Help](#)

But doom and gloom is not the only upshot of \$100 oil. In fact, many analysts see pricey oil as the jolt the economy needs to cut greenhouse gas emissions and foster more energy efficiency. That's because as oil gets costlier, the incentives rise for new investments in energy efficiency and renewable options. Initiatives such as plug-in hybrid cars or cellulosic ethanol become more cost-competitive. Higher oil prices also ratchet up the pressure on Congress for new laws supporting renewable, cleaner energy sources on a larger scale.

### [Total CEO sees little respite from high oil price](#)

The head of French oil giant Total warned on Wednesday that oil prices would remain high as crude prices inched closer to \$100 a barrel.

"Today, there is not much chance for oil prices to decline," Total Chief Executive

Christophe de Margerie said.

### [OPEC countries set two values for oil](#)

Saudi Arabia's King Abdullah on Saturday brushed aside allegations that OPEC is a monopoly controlling the price of oil. The near-\$100-a-barrel price from this year's spike has, in inflation-adjusted terms, "not reached its rate during the early 1980s," he pointed out.

While everyone else is paying more for gasoline, however, the king gave Saudi motorists a 30 percent discount two years ago. Saudi 91-octane fuel now sells for about 46 cents a gallon; premium, 95-octane gasoline goes for 61 cents.

### [Twilight Zone buying power](#)

Using a rate of inflation calculated the old-fashioned way, as by John Williams at his shadowstats.com site, instead of the lying, distorted way that Greenspan and Boskin created to do it, Mr Conrad has confirmed with his own calculations that real, in-your-face, pay-me-now, price-rising inflation is actually running at or above 10%.

Using this inflation data, he has thus calculated "the oil price history using the 1980 CPI method. It turns out that 1980 barrel of US\$39.50 crude is the equivalent of over US\$200 per barrel in today's anemic dollars." Yikes! Oil would have to rise to US\$200 a barrel just to reach the old high price in inflation-adjusted dollars! Yikes! US\$200 per barrel, thanks to a falling currency!

### [Death toll in Saudi pipeline fire rises to 40](#)

A total of 40 people died when fire broke out on a gas pipeline in Saudi Arabia on Sunday in one of the deadliest such incidents to hit the oil-rich kingdom, state oil giant Saudi Aramco said.

### [Shell Mulls Stakes Sale in Two Nigeria Blocks](#)

Royal Dutch Shell PLC is considering selling \$900 million worth of interests in Nigerian offshore blocks as it restructures and reduces its business in the troubled region, people familiar with the matter said Tuesday.

### [Shell Pitches 'Several Hundred Billion' Dollar Project to Putin](#)

Royal Dutch Shell Plc and partners told Russian President Vladimir Putin that developing Arctic gas fields big enough to supply global demand for a decade may cost "several hundred billion" dollars.

### [Your petro-dollars at work](#)

The American people, meanwhile, are caught between distaste for anti-democratic governments abroad and their own nation's shameful reliance on imported oil, much of it from the Middle East, for transportation.

Perhaps such policy failures would be more meaningful if motorists, the next time they fill up their gas tank, would envision a woman barely in her 20s facing 200 lashes for no crime at all.

### [Kidnappers Release Schlumberger Employees in Sudan](#)

Schlumberger announced that the three employees abducted in Sudan on October 23, 2007 have been released. All three, one Egyptian, one Iraqi and a Sudanese, appear to be physically well and unharmed after their ordeal. They are currently undergoing a thorough medical check up before being reunited with their families and we request that they be given privacy during this time.

### [Australia: Top ex-pat scientist urges population curbs](#)

HALTING population growth in developing countries should be part of a global strategy to reduce mankind's impact on the environment, according to an eminent expatriate Australian scientist.

Immediate past president of the Royal Society, Professor Lord Robert May said that, given the threat of climate change, a declining global population was "a prerequisite" if humanity was to achieve a sustainable ecological footprint in the future.

### [New Technique May Halt Corrosion in Offshore Pipelines](#)

Researcher Rohan McDougall is amongst those taking part in a Bio-Industry Forum in Darwin today.

He says that by using natural materials that mimick seaweed, the resource industry could significantly reduce offshore bacterial corrosion.

"It's distinct from traditional bio-cides that kill bacteria. It regulates bacteria's behaviour, stops them from sticking to the surfaces of pipes," he said.

### [Climate change a growing threat in Tibet, media report](#)

Climate change is causing more weather-related disasters than ever in the Himalayan region of Tibet, where the temperature is rising faster than the rest of China, state press reported Wednesday.

"Natural disasters, like droughts, landslides, snowstorms and fires are more frequent and calamitous now," Xinhua news agency quoted the director of the Tibet Regional Meteorological Bureau, Song Shanyun, as saying.

"The tolls are more severe and losses are bigger."

### [Japan pledges 2bln dlr Asia aid to fight climate change](#)

Japanese Prime Minister Yasuo Fukuda on Wednesday unveiled a two-billion-dollar aid package to help developing Asian nations fight pollution and combat climate change.

The initiative, announced by Fukuda at a summit of Asian leaders, includes soft loans and training programmes over five years, and is aimed at helping the region tackle global warming and push forward with economic development.

### [Asian leaders sign vague climate pact](#)

Leaders of 16 Asian countries, including top polluters China and Japan, agreed to a vague pact on climate change on Wednesday, trying to put aside discord over Myanmar's suppression of democracy protests.

### [The Scientists Speak](#)

The world's scientists have done their job. Now it's time for world leaders, starting with President Bush, to do theirs. That is the urgent message at the core of the latest — and the most powerful — report from the Intergovernmental Panel on Climate Change, a group of 2,500 scientists who collectively constitute the world's most authoritative voice on global warming.



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