



## DrumBeat: November 23, 2007

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Topic: [Miscellaneous](#)

### [Oil prices end over \\$98 in light trading](#)

Oil futures resumed their march toward \$100 a barrel Friday, rising to a new record close in light holiday trading on concerns about tight heating oil supplies while also drawing support from a buoyant stock market.

...Light, sweet crude for January delivery rose 89 cents to settle at \$98.18 a barrel on the New York Mercantile Exchange, besting the previous settlement record by 15 cents, while December heating oil futures rose 1.68 cents to settle at \$2.7042 a gallon after earlier setting a new trading record of \$2.7181 a gallon.

### [Price of oil approaching \\$100 per barrel](#)

In Russia export tariffs and a severance tax are directly linked to oil prices. If the cost of exported oil is over \$27 per barrel, about 90% of the revenues received in excess of this price, are channeled into the Stabilization Fund. In 2004, it was set up "for a rainy day" - to ward off a potential drop in oil prices. But they have continued growing and since 2005, the government has been using some of this money to pay off the foreign debt ahead of time and to finance the Pension Fund. Despite these expenses, a 60% jump in oil prices has increased the fund to \$147 billion. This year, the government has channeled an additional sum of \$12 billion into the Russian institutions of development (they received \$10 billion from the federal budget).

### [Shell cancels purchase of Regal's Ukraine fields](#)

Royal Dutch Shell Plc has pulled out of a deal, announced only two days ago, to buy a 51 percent stake in the Ukrainian gas assets of UK oil explorer Regal Petroleum, following Regal's surprise appointment of a new chief executive.

Regal shares dropped sharply after news the memorandum of understanding had been cancelled, closing down 14 percent at 140 pence.

### [Pdvsas overcomes emergency; 141 oil rigs are operational](#)

Venezuelan state oil firm Pdvsa in the middle of the year had to instruct newly created Pdvsa Services to procure oilrigs abroad, as the holding had only 112 operational oilrigs to meet an estimated production of 3.6 million bpd, which led the firm to declare a state of operational emergency.

### [Pemex mulls permanent closure of leaking Kab 121 well](#)

Mexican state oil company Pemex `s E&P subsidiary (PEP) is studying the possibility of permanently closing the Kab 121 well in the Sonda de Campeche that has been leaking since October 23, local press quoted company executive Mariano Ruíz-Funes Macedo as saying.

### [U.N.: Greenhouse gases hit high in 2006](#)

Two of the most important Greenhouse gases in the Earth's atmosphere reached a record high in 2006, and measurements show that one — carbon dioxide — is playing an increasingly important role in global warming, the U.N. weather agency said Friday.

### [Rising fuel costs increase fares and reduce flights](#)

Fare increases will continue, because "people keep wanting to fly, even at these much higher prices," says analyst Terry Trippler of travel website TerryTrippler.com.

Ironically, Trippler says, high oil prices are at least partially responsible for the continued strong demand for airline seats.

"With gasoline prices rising, there're lots more people who decide they're not going to gas up the Navigator and drive to New York to visit Granny, and decide to go by air," he says.

### [Business: What Would Jesus Buy?](#)

And what, exactly, is that message? Actually, he has many, and they're detailed in "What Would Jesus Buy?," a new documentary by director Rob VanAlkemade and producer Morgan "Supersize Me" Spurlock. The new film is Reverend Billy's tour de farce—a ferociously satirical and cynical take on consumer culture, pegged to America's most sacred spending season. Dolled up in High Evangelical style (equal parts Jimmy Swaggart and Reverend Lovejoy), the blond pompadoured Reverend Billy crosses the country with his Church of Stop Shopping, from New York City to Disneyland, breathing brimstone about America's impending "shopocalypse." If the messenger is charismatic and funny, his message is deadly serious.

### [Oregon experiment tries out the idea of per-mile road taxes](#)

A yearlong Oregon test of gadgets installed in volunteers' vehicles has concluded it's feasible to pay for American roads and bridges by charging drivers for each mile they travel rather than each gallon they burn.

Feasible, but not likely soon.

### [High food prices: Africa shows first signs of trouble](#)

Recent violent unrest over soaring food prices in several West African nations points to new signs of trouble on a continent where nearly half the people live on a dollar a day, experts warn.

After Mauritania and Morocco, Senegal this week was the latest country hit by violent protests.

### [Higher German biofuel blend will raise imports](#)

Germany's new plan to raise biofuel blending levels in fossil fuels will not help the country's crisis-hit biodiesel industry and will probably increase biofuel imports, an industry leader said on Thursday.

### [Is the palm oil industry misleading the public?](#)

Members of the Indonesian Palm Oil Commission are distributing materials that misrepresent the carbon balance of oil-palm plantations, according to accounts from people who have seen presentations by commission members.

These officials are apparently arguing that oil-palm plantations many times the amount of CO<sub>2</sub> as natural forests, and therefore that converting forests for plantations is the best way to fight climate change.

### [Some 'green' options could create more problems](#)

THE Western Mail, during its excellent Environment Month, has featured many articles, essays and stories urging action on climate change. There have been tips on reducing our carbon footprint, arguments for new legislation and explanations of renewable energy solutions.

But there has been less discussion about the need to protect our natural support

systems, and to allow them to adapt, so they continue to provide us with economic benefits. These issues are every bit as important as the goal of reducing greenhouse gas emissions, and yet politicians and decision-makers routinely ignore them.

### [The Kerch Catastrophe](#)

Reports of soaring oil prices nearing \$100 per barrel were recently countered with grotesque images of seabirds lying on the seashore drenched in fuel oil, unable to move let alone fly. These most visible victims of the November 11 oil spill in the narrow Kerch Strait, which links the Black Sea to the Sea of Azov, became vivid symbols of negligence triggered by the increasing gains from exporting the “black gold.”

### [Sweden Turns to a Promising Power Source, With Flaws](#)

The park, in a shallow sound between Sweden and Denmark, testifies to the remarkable rise of wind energy — no longer a quirky alternative favored by environmentalists in Denmark and Germany, but a mainstream power source used in 26 nations, including the United States.

Yet Sweden’s gleaming wind park is entering service at a time when wind energy is coming under sharper scrutiny, not just from hostile neighbors, who complain that the towers are a blot on the landscape, but from energy experts who question its reliability as a source of power.

### [Back to the well](#)

Oddly enough, though, the biggest discovery of conventional oil this year went largely ignored - notwithstanding the fact that it took place in the continental U.S., where such things are not supposed to happen. The U.S. National Energy Technology Laboratory (NETL) made the relevant announcement earlier this year as follows: "Researchers at Texas A&M [University] and the Department of Energy have produced a new computer tool that will increase recovery of as much as 218 billion barrels of bypassed oil remaining in mature domestic fields."

### [No lunch? Blame the oil price](#)

Soaring oil prices are making an impact in an unlikely place - in school lunches in Japan.

A school in Yokohama near Tokyo has cited the spike in oil costs as a reason to cancel lunches for two days in early January, a report and an official said.

### [Nepal: Oil transporters warn of strike](#)

Petroleum transporters have extended solidarity to agitating petroleum dealers and have warned of joining the strike from Sunday if the Nepal Oil Corporation (NOC) did not fulfill the demands of the dealers soon.

Petroleum dealers of the eastern region went on strike from Sunday demanding that the NOC provide them adequate stocks of petroleum products, among other demands. They have announced a series of protest programs.

### [Tapping Sakhalin's Energy Resources](#)

Braving a new frontier of oil exploration around Russia's remote Sakhalin Island means conquering ice-locked seas, frequent earthquakes and muddy swamps fed by melting snow in the rapid springtime thaw.

Executives at the world's largest oil and gas project, known as Sakhalin-2, say they are nearing the finish line as they aim to open up a vast new energy source for the nearby Asian economic powerhouses of Japan and South Korea along with the U.S. and others.

### [Brazil: Pray, Cheer, and Do the Rain Dance to Stave Off Crisis](#)

An energy crisis will hit Brazil in 2009 or 2010, and not even the discovery of vast undersea oil and gas reserves with "enormous potential yields," as announced by the government, can stave it off, warn experts.

### [Technology alone will not solve energy crisis](#)

If the lessons of the 1970s had been properly heeded, even though the risk of human-induced climate change was unsuspected at the time, we would be in a much better position to meet the threat it poses today.

### [UK's first 'sugar fuel' plant opens](#)

The UK's first bioethanol plant, which will produce millions of litres of fuel from sugar each year, is to be officially opened by Environment Secretary Hilary Benn.

The £20 million plant, situated next to British Sugar's processing factory at Wisington, Norfolk, began producing bioethanol for the UK transport market in September.

## [US Navy steps up fuel deliveries to Gulf forces](#)

The US military has stepped up chartering of tankers and requests for extra fuel in the US Central Command area, which includes the Gulf, shipping and oil industry sources say.

A Gulf oil industry source said the charters suggested there would be high naval activity, possibly including a demonstration to Iran that the US Navy will protect the Strait of Hormuz oil shipping route during tensions over Teheran's nuclear programme.

## [Man behind the streak](#) (interview with Bill Miller)

### **You're still a skeptic on the peak-oil theory?**

I'm not a skeptic on the fact that ultimately, production of oil and gas will peak and will go down. I'm a decided skeptic on the notion that we're close to that. This is one of those things you have in energy markets, certainly, and in gold, certainly where you have people who are believers. And they'll get an idea like Hubbert's peak in their heads and then any evidence which is against it, they'll throw out and any evidence which supports it, they are in favour of it.

Cambridge Energy Research just published another field-by-field analysis globally, where they're still making the point that production is going to keep increasing, and you're probably at the earliest 10 years away from a peak.

## [Path to preservation](#)

Meanwhile, international oil prices have been rising for some time, apparently as a genuine result -- for the first time in years -- of the supply and demand dynamic. To a much lesser degree, this is also due to political unrest. Some experts believe in the theory of peak oil, which speculates that the world is about to reach the peak production rate of 95 million barrels oil per day (BOPD) by the end of this decade. This theory was conceived after a rapid decline in production which began to occur in most major oil fields around the world, and the slow replenishment of world reserves.

## Australia - [Beyond belief: Turnbull overturns scientific consensus.](#)

Exactly why did Turnbull decide to overturn a decision recommended by an expert scientific panel? This time, the political motive seems even more transparent. The Canberra Times reports that the recommendation was over-turned after pressure from the Prime Minister John Howard to support a rival bid led by Griffith University (Queensland), in order to bolster support for a Liberal electoral candidate (Steven Ciobo) in a key seat on Queensland's Gold Coast ([link](#)).

## [Western oil companies doomed to become 'niche players' - IEA economist](#)

Western oil companies are doomed to become minor players in the sector, the head economist of the International Energy Agency (IEA), Fatih Birol, predicted.

...'Enormous reserves still exist but mainly in the Middle East. And they do not have access to them,' she said.

## [The Peak Oil Theory](#)

In short, it is not sufficient to say that an exhaustible resource will be eventually exhausted and that its production will decline until extinction after reaching a peak. These are not predictions. Such statements are of no interest whatsoever unless we are told the dates at which the peak will be reached, and the likely shape of the production curve before and after the peak.

## [Petrologistics: OPEC-12 Nov Oil Exports +0.324 Million B/D](#)

November oil exports from the Organization of Petroleum Exporting Countries will rise by 324,000 barrels a day, fueled by a sharp surge in Iraq's oil production, according to data from Geneva-based Petrologistics.

## [Watch Out: A Correction in Oil is Coming](#)

The nature of business is cyclical. No matter what.

Take the oil sector for example. Despite the hype and fear being promoted by peak oil theorists, the sector is correcting. The price of crude oil is surging to new highs while many oil companies in the DJIA and S&P 500 have not experienced the same type of explosive price action. This lack of investor enthusiasm to boost oil companies to new highs demonstrates the correction is already under way.

## [Turkmenistan eyes price hike in gas sold to Russia - Gazprom CEO](#)

Turkmenistan is seeking a hike of at least 30 pct in the price of gas sold to Russia, Interfax news agency reported, citing Gazprom CEO Alexei Miller.

## [Refining hub will be largest in world](#)

Reliance Industries and Essar Oil, India's largest private sector oil refiners, are set to

create the world's biggest petroleum refining hub as part of plans to expand their plants in Jamnagar, western India.

### [South Korean city to focus on climate change in Expo bid](#)

Backed by a 30 million dollar pledge from the South Korean government, the city of Yeosu promises an international campaign on climate change as the centrepiece of its bid to host the 2012 World Expo.

### [Indonesia's forests, a precious resource in climate change fight?](#)

Indonesia's vast forests have long been seen by governments and businesses alike as a resource to be exploited for massive profit.

But as worldwide climate negotiations approach in Bali next month, keeping the nation's forests just as they are could become a new multi-billion-dollar industry.

### [Scientists warn of agrarian crisis from climate change](#)

An agrarian crisis is brewing because of climate change that could jeopardise global food supplies and increase the risk of hunger for a billion poorest of the poor, scientists have warned.

South Asia and Africa would be hardest hit by the crisis, which would shift the world's priorities away from boosting food output year after year to bolstering the resilience of crops to cope with warm weather, they said Thursday.



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