



## DrumBeat: November 26, 2007

Posted by [Leanan](#) on November 26, 2007 - 10:05am

Topic: [Miscellaneous](#)

### [Cheney: No bailouts, no tax hikes...more oil](#)

So what is Cheney worried about? Oil. Specifically, the prospect of sabotage aimed at disrupting the oil market.

"Clearly the world depends on a global supply of oil, and that will continue to be true for some considerable period of time. Efforts to shut down the flow of oil could conceivably have a significant impact."

Cheney has done more than worry about it. When President Bush's 2008 budget was coming together, with the goal of balancing the budget in five years, Cheney nevertheless insisted on a \$947 million line item: a speedup of the flow of crude into the Texas and Louisiana salt caverns housing the nation's Strategic Petroleum Reserve.

The budget guys pushed back: Can't we wait until crude prices level off? No, the word came back from Cheney, this was urgent. That was all it took. "He doesn't weigh in on a ton of issues," said a person close to those negotiations. "But when he does . . ."

### [Toreador: Black Sea project shut down due to damage](#)

Shares of Toreador Resources Corp. fell Monday after the Dallas-based energy company said that, over the weekend, production in the South Akcakoca sub-basin project in the Black Sea was shut down by the Turkish national oil company because of damage to the pipeline spur running to the Akkaya platform.

...The likely cause of the damage was a fishing boat, the company said.

### [Years of living dangerously: the wild, wild world](#)

Weather related disasters are increasing in both frequency and savagery and the expansion of human communities into vulnerable habitats along with the increasingly apparent effects of climate change are to blame. A leading British charity has discovered that there has been a fourfold increase in catastrophes such as the floods that swept through South Asia this year affecting more than 250m people.

In a new report, Oxfam says that from an average of 120 such annual disasters in the early 1980s, there are now as many as 500 every year. It called on governments to take more convincing steps to reduce the emission of greenhouse gases that a consensus of scientists blame for the temperature increases.

### [Kunstler: Either / Or?](#)

To some extent, the speed and severity of the financial train wreck will occur in a mutually reinforcing relation to what happens in the oil markets. The rise in price is only the mildest symptom of growing instability for the system that allocates the world's most critical resource. Even in the face of "demand destruction," weird changes are occurring in the way that the oil producers do business. The decline in export rates and the new spirit of "oil nationalism" will take center stage now, even if the US economy seizes up. These phenomena will represent a new cycle in world affairs: the global contest for remaining fossil fuel resources.

Sooner rather than later, the next symptom will appear: spot shortages around the US and hoarding behavior. This is what will finally wake the American public out of its long sleepwalk (and Matthew Simmons said this first, by the way) -- when the lines form at the gas stations and the tempers flare and the handguns come out of the glove compartments.

### [Brent Hits High on Dollar, Tight Fundamentals](#)

Brent crude oil futures climbed to an all-time high Monday morning as continued weakness for the dollar and an underlying tight supply and demand balance offered support.

### [Crude Oil Futures Decline on Signs OPEC Is Increasing Output](#)

Crude oil fell on signs that OPEC is increasing production to reduce record prices and keep the global economy from slowing.

The 12 members of the Organization of Petroleum Exporting Countries will probably boost supply 1.1 percent to 31.6 million barrels a day this month, according to preliminary estimates by PetroLogistics Ltd. The producer group agreed in September to raise production by 500,000 barrels a day starting Nov. 1.

``The Petrologistics numbers are showing a good-size build in OPEC output," said Tim Evans, an analyst with Citigroup Global Markets Inc. in New York. ``Most of the increase is from Iraq, which is fairly encouraging."

### [Pemex: Examining Options as it Seeks to Extinguish Fire](#)

Mexican state oil giant Pemex said it is examining various options as it seeks to extinguish a fire at a well from which crude oil has been spilling into the Gulf of Mexico for a month, among them tearing down a rig to prevent damage to an adjacent platform and further leaks.

### [Gas prices to grow in 2008](#)

Turkmenistan announced on Friday that it would raise the gas price for Gazprom by 30%.

The Russian energy giant actually sighed with relief, as it had long expected Ashgabat to raise the prices, and \$130 per 1,000 cubic meters is a moderate price for today, considerably lower than the rumored \$150. In the end, the news is one more proof that Russia's increase of gas prices for Ukraine is justified.

### [Carbon price must rise in order to hit emissions target, warns CBI](#)

The report says that prices will need to rise from about €24 per tonne at present on the European emissions trading scheme to between €60 and €90 per tonne.

“The establishment of a reliable long-term price for carbon is vital to pull through new technologies,” Ian Conn, a member of the taskforce and group managing director of BP, said.

### [Wind-fuelled 'supergrid' offers clean power to Europe 5,000-mile network could cut entire continent's carbon output by a quarter](#)

An audacious proposal to build a 5,000-mile electricity supergrid, stretching from Siberia to Morocco and Egypt to Iceland, would slash Europe's CO<sub>2</sub> emissions by a quarter, scientists say.

### [The horse: Is this the secret weapon to beat global warming?](#)

The French are mounting a transport revolution led by the humble horse, using it in more than 70 towns to pull schoolbuses and to collect refuse.

### [Nuclear industry may be running out of steam](#)

Rumours of a nuclear power renaissance have been greatly exaggerated. So says an

audit of the nuclear power industry released on Wednesday.

The report, commissioned by The Greens, a European parliamentary group, points out that many ageing reactors are due to close before 2030, and that 338 new ones would have to be built just to replace them.

### [Iran needs nuclear program for its future: Larijani](#)

Iran is in need of its nuclear program for the sake of future, said Iran's former top nuclear negotiator Ali Larijani.

"Those who refer to Iran's oil and gas resources to prevent Iran's nuclear progress are not far-sighted," he added "we know how much is left from our oil and gas resources; we will face shortage in the future."

### [PEMEX, Mexican Petroleum: Is Privatization In Store?](#)

One of the issues of greatest importance, yet too the most sensitive, is the possibility of private investment – including foreign investment – in the sacrosanct area of Petroleos Mexicanos, PEMEX, Mexico's state-owned petroleum conglomerate that came into being following the expropriation of oil and gas in 1938. Always a contentious matter, with fervent sociopolitical opposition from a number of directions, today there may be at least a possibility of opening some areas of involvement related to crude oil and natural gas to private sector participation.

### [Norway sees no respite to high oil prices](#)

Oil prices will probably remain high for "a while ahead" due to global uncertainty, especially in the Middle East, Norway's Petroleum and Energy Minister Aaslaug Haga told Reuters on Monday.

...She said that Norway's oil output has decreased more than expected over the past years as its North Sea oilfields mature but voiced hope that increased exploration activity could help arrest the trend in the longer-term.

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

Coal prices at Australia's Newcastle port, a benchmark for supplies in Asia, rose to a record for a fifth week on concern there will be supply shortages as mining companies are advised of capacity restrictions next year.

### [China: Refined oil prices steady after output increased](#)

Refined oil prices in China have stabilized after the country's major refineries increased production capacity. The unit price for diesel in Sichuan Province and Chongqing Municipality even dropped 10 percent from a week ago.

### [Tune Out OPEC's Bad Boys](#)

From an economic standpoint, a change in the denomination of oil from the dollar to a basket of currencies or to an alternate single currency like the euro would have a negligible direct effect on global markets, says Dean Baker, co-director for the Center for Economic and Policy Research. The market for dollars and euros is so deep that enormous transactions between the currencies take place in seconds.

Furthermore, futures markets like the New York Mercantile Exchange and the Intercontinental Exchange trade crude oil in dollars, so oil would retain a strong bond to the U.S. dollar even if OPEC was to distance itself from it.

### [Kuwait, Mongolia look into oil deal details](#)

Kuwaiti and Mongolian sides are expected to meet together here on Monday evening to probe the details of a memo of understanding on a further oil cooperation between both countries.

### [Nepal: Petrol Pump Owners in East Stop Buying Fuel from NOC](#)

Owners of petrol pumps based in the eastern region have stopped buying petroleum products from the Nepal Oil Corporation (NOC) from on Sunday.

Demanding that supply of petroleum products be eased, code of conduct for petroleum sellers and quality control regime be scrapped, they have been staging an agitation since November 18. They have also demanded that petrol pumps be given the sole authority to supply petroleum products to big industries.

### [Electricity Cuts Spell Impending Humanitarian Disaster, Gazans Cannot Even Properly Bury Their Dead](#)

Israel plans to greatly reduce the supply of electricity to the Gaza Strip beginning December 2, according to Jamal Al Dardasawi, spokesman of The Palestinian Electricity Company. Although Israel has given advance notice of its plans, this pre-punishment time will do nothing to alleviate the catastrophic consequences which will ensue, given that borders and firmly shut and Gazans will have no way to prepare and compensate

for this vital loss.

### [OPEC oil exports fall 340,000 bpd in H1 Nov - Lloyds](#)

OPEC seaborne oil exports, excluding Angola, fell 340,000 barrels per day (bpd) in the first half of November versus the last two weeks of October, crude oil loading data released by Lloyd's Marine Intelligence Unit (LMIU) showed on Monday.

The London-based consultancy said oil shipments from 11 OPEC members, including Iraq, averaged 22.48 million bpd on a moving average basis to Nov. 11, down from 22.82 million bpd for 15-28 October loading.

### [Oil prices and responding to the strange lack of response](#)

The system we live under is a very sick master on his last legs. To plan on his existence and make some "good money" for a "nest egg" is to bow down to his putrid, merciless form when it's not far from rigor mortis. Meanwhile, his system is taking our lives and the web of life down, for the profit of the few. Almost everyone claims to be helpless to change his or her ways because "bills must be paid." But slashing consumption and keeping purchases local aren't very difficult and would deal a final blow to the system, and help save the climate maybe. Oh yeah, the climate we once could count on.

### [Energy for growth and poverty reduction in developing nations](#)

Because energy is not an inexhaustible resource, the strategies that we as a global community adopt to enhance efficiency of its utilization will have significant impacts on the sustainability of the available resources in the very long term. Even in the case of hydroelectricity, as our lakes and rivers continue to dry up, we can no longer regard this as an inexhaustible resource. The actions we take will determine the energy future of our interdependent world.

### [Why China's Bubble Economy Could Go Into Freefall](#)

Bloomberg reports that, "China urged local governments to set up an early warning system to ensure sufficient oil supplies at filling stations, which face shortages across the nation." China faces chronic energy shortages and the social and political instability those shortages foster with the population.

Do you get the feeling the communists in Beijing are barely keeping the Chinese economy together with bailing wire and duct tape? We don't mean that China's growth is a fluke. We mean that the tremendous growth unleashed is beyond the control of a central planner. The inability to maintain a fixed price for fuel is one example.

## [The heat was on](#)

Re-reading the article I wrote for the November/ December 1988 issue of World Watch was startling- and discouraging.

The article, titled "The Heat Is On," was written just a few months after NASA scientist James Hansen testified before the U.S. Senate, reporting that for the first time there was clear scientific evidence of global warming - and that it was most likely caused by human activity.

I wrote at the time, "Only rarely are public policy turning points so clearly marked. Scientists had accumulated empirical evidence for a phenomenon with the potential to fundamentally alter life on Earth." I devoted much of the remainder of the article to laying out a strategy for dealing with climate change.

Twenty years later, Hansen's testimony still looks like a turning point for climate science, but not the kind of turning point for climate policy that I anticipated. In the years since, there's been a lot of heat-but sadly, not a lot of action.

## [Small steps, big energy savings](#)

Not all of the potential solutions to climate change are futuristic, expensive or exotic. In fact, most Americans can find one of the most significant carbon-reducing innovations of the last 30 years standing in their kitchens, keeping the butter hard.

## [U, Met. Council aim to turn algae into fuel](#)

The University and the Metropolitan Council recently partnered to explore whether the large amounts of algae that come through the council's wastewater treatment plants could one day be used as a fuel source for metro buses.

## [Electric cars roll out](#)

Stanford Law alumnus Miles Rubin has amassed enough money as a lawyer and business leader to retire more than comfortably, but the 78-year-old multi-millionaire has delayed retirement to pursue his dream of changing the world — one automobile at a time.

## [Oil prices make fresh assault on 100 dollars](#)

Oil prices breached 99 dollars a barrel Monday to stand close to an unprecedented century as traders fretted over tight crude supplies globally, dealers said.

New York's main contract, light sweet crude for January delivery, struck as high as 99.11 dollars, not far off its record high of 99.29.

### [Oil output from Sakhalin-2 suspended for rest of year after severe weather](#)

Oil production at the OAO Gazprom-led Sakhalin-2 project was suspended last week for the rest of the year after severe weather conditions damaged a buoy, the Gazprom venture operating the project said Sunday.

The project normally produces 80,000 barrels a day of oil, but the production has been interrupted earlier than expected, said a spokesman for the venture, Sakhalin Energy Investment Co. Ltd.

### [Lundin North Sea Oil Platform Remains Shut After Fire](#)

Lundin Petroleum AB, a Swedish oil company, said the 5,000-barrel-a-day Thistle Alpha oil platform in the North Sea remains shut after a fire broke out in a turbine yesterday.

Lundin is looking into the cause of the fire and cannot say when the production of oil, used in the Brent blend, will resume, said Maria Hamilton, head of corporate communications for Lundin.

### [Iran Eyes Deal Over Kuwait Sea Border Before Year End](#)

Iranian Foreign Minister Manouchehr Mottaki said Sunday Tehran hopes to resolve a decades-old dispute with neighboring Kuwait over their maritime border before the end of the year.

"We hope to see an end to the issue before the end of the year," Mottaki told a press a conference when asked about demarcating the sea border which includes the offshore Dorra gas field.

### [USGS: Arctic Russia Sea Holds 9.3B BBL, 32TCF Unfound Oil, Gas](#)

The Laptev Sea shelf underneath Russia's Arctic waters holds an estimated 9.3 billion barrels of oil equivalent and 32.3 trillion cubic feet of natural gas in undiscovered resources, the U.S. Geological Survey said Friday.

The USGS is currently reassessing its estimation of the petroleum resource base in the Arctic circle based on new data, region by region.



### [Kurt Cobb: Peak banana](#)

Very few are willing even to utter the words "peak oil," and when they do, they insist that the world is not near peak as construed by a misguided peak oil movement. Instead, they substitute words such as "plateau." A Chevron vice president has used that word to describe our oil future. And, it is fitting that he used the word at a Cambridge Energy Research Associates-sponsored confab since CERA was the first to coin the phrase. CERA, however, believes a plateau--which they further qualify as an "undulating plateau"--won't occur until the 2030s and then will go on for 20 to 30 years. Any constraints before then, they say, will be due to "above-ground factors."

### [Legislators want state to plan for oil shortage](#)

A coalition of state lawmakers has issued a report that concludes Connecticut is "completely unprepared" for what experts are forecasting as a sharply constrained supply of oil in the world.

"However, early intervention can and will mitigate the severity of impacts on the state and our people," says the report from the Peak Oil Caucus of the General Assembly.

### [Energy expert Udall looks to the future](#)

Our peak oil conference in Houston in October was the largest in the world this year. The Wall Street Journal ran a cover article on the topic this week. People are beginning to understand that energy — not the yen, euro or dollar — is the original currency, the source of all wealth. Most of the Houston presenters were Republicans, and the audience included many financial managers. Visit [www.theoil Drum.com](http://www.theoil Drum.com), if you are interested in following the evolving discussion. Global oil production may have already peaked; if not, it will do so in the next four years. This topic is likely to soon dwarf climate change as a matter of public concern.

### [Renewable energy way forward for poor countries: Germany](#)

Industrial nations should help poorer nations to develop renewable energy from the wind and sun, Germany's environment minister said Monday, days before a conference on the world's response to climate change.

"Prosperity for everyone is possible and it is compatible with the environment," Sigmar Gabriel said in an interview with Bild newspaper.

[China, France sign climate change pact](#)

Chinese President Hu Jintao and his French counterpart Nicolas Sarkozy on Monday oversaw the signing of a bilateral pact on the fight against climate change.



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