



DrumBeat: November 27, 2007

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Topic: [Miscellaneous](#)

[\\$100 oil and the 'S' word](#)

Industry experts offer mixed opinions on speculative investment's impact on oil prices. Some say it's marginal, that strong demand and limited supply are the real reasons oil prices have risen five-fold since 2002, and say additional investors actually benefit the market by adding more liquidity.

Others say the tight supply and demand situation has been known for a while, and nothing but speculation is behind the doubling of oil prices over the last year. They say there is a cost to the sheer number of oil contracts now traded on the oil exchanges, and this trading has just enriched Wall Streeters at the expense of average Americans.

[Conoco cancels refinery upgrade on North Slope](#)

Conoco Phillips says it's canceling a major North Slope project because the new oil tax denies deductions for the work, but the state revenue commissioner says the company never deserved the tax breaks in the first place.

[Nigeria threatens stiff penalties for gas flaring](#)

Nigeria's oil industry regulator threatened on Tuesday to impose hefty fines and other penalties on firms that continue to burn off gas beyond a 2008 deadline.

Oil companies in Nigeria flare about 2.5 billion cubic feet per day of gas associated with the extraction of crude because there is no infrastructure to make use of it. Only Russia flares more gas than Nigeria.

[Rural Australians to pay price for climate change](#)

A study of the costs of climate change has found rural communities will pay almost twice as much as city dwellers for the effects of environmental degradation.

[Oil Trouble: How high can the price of a barrel of crude go?](#)



The last time oil prices were this high was more than a quarter-century ago. Then, too, the Middle East was aflame. Following the 1979 overthrow of the shah of Iran, revolutionaries had taken Americans hostage at the embassy in Tehran. U.S. forces later mounted a failed rescue mission, prompting worries of escalating conflict. Now tensions with Iran are roiling again, as President Mahmoud Ahmadinejad vows to continue his country's nuclear program in defiance of the United States and other Western governments. Global demand for crude is growing, yet the business of finding and developing new oil fields is becoming more expensive. On Monday the price of a barrel of oil briefly topped \$99.04—a level last reached in April 1980 (after factoring in inflation), according to Cambridge Energy Research Associates. How high can oil prices go, and what impact will they have? James Burkhard is managing director of the Global Oil Group at CERA, a private company that advises governments and corporations on energy trends. He spoke to NEWSWEEK's Jeffrey Bartholet.

[OPEC Discusses 750,000-Barrel-a-Day Output Increase](#)

The Organization of Petroleum Exporting Countries is discussing a 750,000-barrel-a-day increase in production because of concerns about the effect of oil prices on the U.S. economy, Dow Jones Newswires reported, citing an OPEC delegate it didn't identify.

There is "a lot of concern" about a possible U.S. recession with oil prices at current levels, Dow reported the delegate as saying.

[Pemex begins dismantling damaged oil platform off Gulf coast](#)

Mexico's state-run oil company has begun dismantling a damaged oil platform off the Gulf coast.

Pemex decided to take down the platform because heat from near-constant fires have made it unstable. In a statement released yesterday, the company said engineers have successfully removed the platform's drilling rig.

[As the Price of Oil Soars, Many Turn to Renewables](#)

Thomas M. Rainwater spent 25 years in what people today call the traditional, old-fashioned energy business. An engineer by training, he worked at nuclear and coal-fired power stations, was a marketing executive for a natural gas producer and pipeline, and finally a top strategist for a Canadian power-generation company with a market capitalization of \$5.5 billion.

Then in July Rainwater moved to the Washington area to become chief executive of SunEdison, a Beltsville company that is building and servicing solar panels on the rooftops of warehouses, supermarkets and other commercial buildings around the country. SunEdison is a tiny fraction of the size of his former employer, but Rainwater said "there is growing recognition across the land, across the globe, that we need to do something different to fire the economy."

[Shell halts oil sands mining to fix upgrader](#)

Royal Dutch Shell said on Monday it has suspended bitumen production at its oil sands mine near Fort McMurray, Alberta, as it works to repair a fire-damaged upgrader that converts the tar-like bitumen into synthetic crude oil.

[Protest causes drop in Ecuador oil output](#)

Ecuador's national oil company Petroecuador has said that it incurred the loss of some 5,000 barrels of oil output because of a weekend protest that disrupted operations at a key production facility, Spanish news agency EFE reported Tuesday.

The state-owned oil major said that the shortfall would mount unless the facility returned to normal and may have unpredictable impact on price.

[Oil Tankers Owe Strength to OPEC](#)

Notka said the spot rates on the Very Large Crude Carriers, or VLCC's, have jumped in the Arabian Gulf in the past few days. Last week, VLCC's averaged \$33,000 per day. On Monday morning they spiked to \$84,000 per day, a level not seen since August 2006. The number of vessels being chartered has jumped significantly, limiting the supply of ships, Nokta said.

[Seven Questions: The Price of Fear](#)

Something funny has happened to the price of oil: It no longer reflects reality. The

reason, according to Fadel Gheit, one of Wall Street's top energy analysts, is that "financial players have seized control of the oil markets".

[Russia agrees to Turkmenistan gas tariff hike in 2008 - Gazprom](#)

Russia has agreed to a substantial increase in the price of gas imports from Turkmenistan, gas monopoly Gazprom said in a statement on Tuesday, amid concern that the hike could raise prices for European customers.

[West Africa: Energy profile](#)

The Economic Community of West African States (ECOWAS) was formed to promote economic and development growth in West Africa. Major exports from the region include energy products, minerals and agricultural products.

[Editorial: The energy agenda](#)

Consider the countless policy challenges that radiate from the central matter of the fuels used for transportation, heating, electricity generation and manufacturing. Chief among them is the rapid approach of peak oil, the point at which the availability of petroleum-based fuels begins to decline. As oil becomes scarce, diesel, gasoline and home heating oil become more costly. Those costs could begin to cripple the U.S. and world economies; their impacts are already being felt.

[New Zealand: Campaigner Moore kicked out of council meeting](#)

Mr Moore was making a public comment at the beginning of last night's monitoring committee meeting when his heated presentation - in which he called councillors and staff both criminally negligent and clinically insane - prompted several calls for his removal. Numerous calls for order from new committee chairman councillor Neil Wolfe were ignored by Mr Moore who continued his tirade.

...The presentation Mr Moore had been making urged council to prepare for the effects on the district of peak oil and climate change.

[Rich and poor gird for climate change](#)

People around the world are preparing for floods, droughts and other natural disasters in ways largely dictated by wealth and poverty as evidence of climate change mounts, a United Nations report said on Tuesday.

[Smart appliances learning to save power grid](#)

Researchers at an appliance lab that looks more like a utility room are fine-tuning washers, dryers, water heaters, refrigerators — even coffeemakers — to help ward off the type of colossal power failures that plunged much of the Northeast into darkness in 2003 and blacked out big chunks of the West in 1996.

If you're a bit skeptical as to whether subtle tweaks to your dryer or dishwasher might help keep the lights on, you're not alone. But in two related experiments, scientists from Pacific Northwest National Laboratory in Richland, Wash., found that providing homeowners with smart appliances and information on how to save money cut their energy costs but also reduced overall power consumption during peak use periods, when the nation's aging power grid is most susceptible to breakdowns.

[Saudi oil minister says pumping 9 mbpd, no OPEC comment](#)

Saudi Oil Minister Ali al-Naimi said on Tuesday the world's top oil exporter had raised output to 9 million barrels per day (bpd) in line with OPEC's November 1 agreement, but offered no clues about the group's next meeting.

The Organization of the Petroleum Exporting Countries (OPEC) agreed in September to pump an additional 500,000 bpd from the start of this month, but that increment has failed to stop oil prices from surging to record highs near \$100 a barrel.

[Where EOR Succeeds and Where it Does Not: Big Thermal EOR in California, But Where Else?](#)

Industry's Holy Grail for EOR was to develop a series of processes that would extract an additional increment of oil, i.e. tertiary oil, after primary and secondary reserves of conventional oil fields were depleted.

However, despite nearly 60 years of R&D, followed by untold applications in fields across the U.S., only one group of processes, miscible gas injection (MGI) successfully extracted significant volumes of oil from fields with light or medium weight oil. But these successes were restricted to productive formations with unusually low permeabilities. MGI did not improve oil recovery to an appreciable degree from formations with moderate or good permeabilities.

[John Michael Greer: Adaptive responses to peak oil](#)

One of the occupational hazards of writing a blog on the future of industrial civilization, I've discovered, is the occasional incoming missive from somebody with a plan to save the world. My inbox fielded another of those the other day.

[Localise and go organic to avert post-peak famine - Heinberg \(podcast\)](#)

Agriculture must localise and convert to organic production methods without delay if the world is to avoid famine, according to a leading thinker on peak oil.

[Ford Chairman Says New Fuels Are Developing Too Slowly](#)

The chairman of Ford Motor, William Clay Ford Jr., expressed frustration Tuesday night at the slow pace of alternative fuel development, saying industry leaders expected better progress by now.

[Big Oil PR blitz suggests the un-reformed industry just wants to be friends — so shut up!](#)

Ever since Americans were forced to juxtapose the devastation of New Orleans with the record-breaking oil-industry profits that followed, companies like British Petroleum, ExxonMobil, ConocoPhillips, and Chevron have ramped their advertising campaigns into overdrive.

[In Miles of Alleys, Chicago Finds Its Next Environmental Frontier](#)

Chicago has decided to retrofit its alleys with environmentally sustainable road-building materials under its Green Alley initiative, something experts say is among the most ambitious public street makeover plans in the country. In a larger sense, the city is rethinking the way it paves things.

[Fuel quest may create food crisis](#)

THE world is in danger of running out of basic foodstuffs, according to a leading Australian economist.

The shortage will create further dramatic price rises in essential grains such as wheat and corn, accompanied by a tightening of supply, says ABN Amro Morgans chief economist Michael Knox.

Mr Knox blames much of the supply and price crunch on the international demand for grain to be used to manufacture bio-fuels such as ethanol.

"Some people worry about the world running out of oil. They should worry about the world running out of food," he said in a recent paper.

[Can crude oil price be stabilised?](#)

At a recent oil and money conference in London where important figures in global energy with over 700 participants brainstormed to assess the state of the global petroleum market, little did they know that Hubert peak oil output prediction some decades back will stare the world in the face so soon. Peak oil output according Dr Shokri Gbanem, chairman of the peoples committee of the National Oil Corporation (NOC) of Libya is not about the time at which oil will be exhausted, but the time at which production can no longer be increased to cope with increasing demand and the only way the oil price can go is up.

[Harrop: gasping at gas](#)

The faulty forecasts, Groppe says, reflect a reliance on the flawed work of the International Energy Agency. His group gathers its own data.

For example, the IEA last year forecast a major rise in production by nations outside of the Organization of Petroleum Exporting Countries. The actual increase was tiny.

"The Saudis made a mistake taking the IEA forecast seriously and cutting production when they should not have done it," Groppe said.

[Iraq's Uncertain Oil And Political Prospects \(Part 1 Of 2\)](#)

It is common knowledge that Iraq has the second-largest proven oil reserves in the world, with no less than 115bn barrels, and probable reserves of around 250bn barrels. But why is that Iraqi oil does not account for more than a fraction of global oil supply? In fact Iraq has made an average of no more than 2.0mn b/d of its oil available to the world market for almost 27 years, with the exception of a few spells when production exceeded that.

[UK Facilities Face Energy Crisis](#)

"It's a time of great change; we've witnessed a shift in emphasis. No longer is data center capacity being driven by space alone, it's now about availability of power," says Peter Knight, CEO of Adept. "In addition, significant consolidation of data center operators, absorption of old capacity and a shortage of new sites being built mean colocation now carries a scarcity value. With demand outstripping supply it's clearly not a buyers market, meaning the corporate sector will be under serviced. London is suffering particularly badly because of soaring demand."

[Israel: Delek chairman Last warns Ben-Eliezer of fuel crisis](#)

Sources inform "Globes" that Israeli fuel companies are warning the Ministry of National Infrastructures of a pending fuel crisis because of problems in the transport of fuel from

Ashkelon fuel terminal to Ashdod.

[Peddle new chair of APTA](#)

The steady climb in fuel prices continues to be a challenge for truck drivers and trucking companies.

"The more expensive fuel gets the higher the cost of transportation gets, especially road transport."

And the price of fuel is expected to continue to rise.

[Nepal: Farmers protest petroleum shortage in Dhangadi](#)

Locals in the far-western region took out a jar rally in Dhangadi Municipality, Kailali to protest the ongoing petroleum crisis in the region Tuesday morning.

They also staged sit-in at the regional office of Nepal Oil Corporation (NOC) demanding supply of petroleum products since 10 in the morning.

Local farmers were enraged after they could not get diesel in the current wheat farming season.

[China economic planner says fuel shortage to ease 'very soon'](#)

China's fuel shortage will ease "very soon" because the government is requiring refiners to increase crude runs and lift fuel supply limits to some regions, the country's economic planner said Tuesday in a statement on its Web site.

[China: Fuel oil futures surge 4.4%](#)

Spurred by rising global crude oil prices, Shanghai fuel oil futures yesterday surged 4.4 percent, the biggest one-day increase since early 2006, reaching the highest level since the contracts began trading in 2004.

[North Dakota needs more fuel opportunity](#)

Here is an interesting twist; North Dakota now produces about 125,000 barrels of crude per day; just under half of that is refined in-state to fuel products; the remainder of the crude and much of the refined product is piped out of the state (amount not specified at the meeting).

During this shortage period from late summer to present, the pipeline terminals at Fargo and Grand Forks have been out of product or severely limited.

As a result, tanker trucks must go to Alexandria, Minn., or further, to wait in line sometimes for 12 hours, to get product and haul it back into ND. This gasoline and diesel product may be the same product produced at Mandan, now being hauled back.

[Michigan's road-fix shortage: \\$300M](#)

The projected funding decline is linked to shrinking state gasoline tax receipts and the completion of a three-year, \$800-million Granholm administration program that used bonds and private investment to accelerate work on some key road improvements intended to foster economic development.

"The condition of our roads will get worse as each year goes by -- actually as each month goes by -- and they're already in bad shape," said Mike Nystrom, a construction industry spokesman who co-chairs a state coalition that has pressed for a 6-cent boost in the 19-cent state gasoline tax and 10-cent increase in the 15-cent diesel fuel tax to shore up road repair revenue.

[Thailand: Bio-fuel use soars in first 10 months](#)

Consumption of alternative energy has soared with bio-diesel use skyrocketing by over 1,000 per cent and natural gas for vehicles (NGV) more than doubling.

Mettha Bunthuengsuk, director-general of the Energy Business Department, conceded that NGV is now unavailable for sale in some areas since there is a shortage of gas cylinders.

[Oil prices continue to fall: Traders bet OPEC will raise output next week](#)

Many traders believe Saudi Arabia is pushing for production increases against opposition from Iran, Venezuela and other OPEC members. CNBC reported Monday that Saudi Arabia has already boosted its oil output. Analysts said that confirms reports last week by two research firms that found OPEC production is rising faster than expected.

But Vienna's PVM Oil Associates noted that OPEC's seaborne oil exports in the first half of November dropped 340,000 barrels a day from the second half of October to 22.48 million barrels a day.

[No need for now for December OPEC output boost: Qatar](#)

There is no need for OPEC to boost oil output when the producer group next meets on December 5, Qatar's Oil Minister Abdullah al-Attiyah said on Tuesday.

"My personal belief is that for the moment there is no need to increase production," he said.

[India's refining hub to be largest in world](#)

The expansion projects will bring their combined refining capacity at Jamnagar to 1.9m barrels a day, the largest in the world in a single location, outstripping hubs such as Rotterdam and Singapore and those in China and South Korea, according to figures compiled by Fesharaki Associates Consulting and Technical Services, Singapore.

The plants at Jamnagar will mostly handle crude imported from the Middle East for refining and re-export, underlining India's growing role as an offshoring hub not only for computer services but also for more traditional industries.

[Some OPEC Members Seek Non-Dollar Payment For Oil](#)

Venezuela will continue to push a proposal within the OPEC to find a new reference measure for crude prices and to eventually demand payment for crude in some other currency than the dollar, the country's oil minister said Tuesday.

"We're working on a scheme to, first of all get paid in an alternate currency (other than the dollar) and to search for a new crude reference," Oil Minister Rafael Ramirez said during an interview on state television. "The Brent and the West Texas Intermediate (crude indicators) are both pegged to the dollar," and that's no good, he said.

[Gazprom plans underground storage near Berlin](#)

Russian gas monopoly Gazprom said Tuesday it had bought mining rights north of Berlin that would allow it to build Europe's biggest natural-gas storage site.

The controversial North European Gas Pipeline (NEGP), to be built under the Baltic Sea, will supply the gas from Russian gasfields. It will be injected under pressure into the rock in Germany till it is needed.

[Where the wild things are](#)

Grubb is heading for his favourite patch of wild food on the creek - a plum grove, which

he says yield the sweetest, most delicious plums he has ever tasted, "like eating cherries". He says his interest in weeds sprang from his work as founding editor of EnergyBulletin.net, an online site dedicated to the proposition that petroleum production has peaked and that our present way of life cannot continue indefinitely.

During his years as a voluntary researcher on peak oil, Grubb began to wonder how city dwellers would feed themselves if agriculture based on petroleum products - chemical sprays and fertilisers, long-distance trucking and refrigeration - became unviable. Other countries have turned to their sources of wild food in times of crisis. Grubb says that before the Argentine economy collapsed, for instance, the government distributed edible weed pamphlets.

Global Warming: Where the Candidates Stand

[Where the Democratic candidates stand](#)

[Where the Republican candidates stand](#)

[Australia: Climate is right to tackle impacts of environmental change](#)

The election campaign was largely devoid of debate about national security, and one of the neglected security issues was the impact of climate change. There are now few sceptics about global warming, given that the effects are apparent even to flat-earth proponents. The focus is now on how rapid (or delayed) climate change might be, the extent to which human countermeasures can mitigate the effects, and consideration of best and worst case scenarios.

[New Australian leader prepares to ratify Kyoto](#)

Australian prime minister-elect Kevin Rudd said Tuesday he was working on fulfilling his campaign pledge to ratify the Kyoto Protocol on climate change, but a law expert said he could face problems.

[Rising sea disrupts flights in Indonesia](#)

Indonesia's environment minister said Tuesday that global warming was to blame after the capital of Jakarta was partially flooded, forcing thousands of people to flee homes and cutting off a highway to the international airport.

[Bush welcomes Gore to White House for talks on climate](#)

President George W. Bush on Monday welcomed defeated Democratic presidential rival Al Gore to the White House for the first time since 2001, celebrating Gore's Nobel Peace Prize and discussing global warming.

[Poor in need of help from global warming](#)

Floods, droughts and other climate disasters will rob millions of children of the decent meals and schools they need unless rich nations pony up \$86 billion by 2015 to help the poor adapt to global warming, an expert panel warned Tuesday.

The U.S. government needs to cover \$40 billion of that spending, which will "strengthen the capacity of vulnerable people" to cope with climate-related risks, according to the report commissioned by the U.N. Development Program.

[Sarkozy calls on China to join global 'New Deal' on environment](#)

French President Nicolas Sarkozy Tuesday urged China, one of the world's major polluters, to join in a worldwide "ecological and economic New Deal" to fight global warming.

[Climate Obstacles Ahead](#)

The good news on climate change is that the world wants to do something. It's no longer just the Europeans and a few fellow travelers; a recent survey suggested that 96 percent of South Koreans and 66 percent of Ukrainians regard global warming as an important threat. The latest report from the Nobel-anointed Intergovernmental Panel on Climate Change got the blanket media coverage it warranted. In the United States, business and congressional leaders have decided action is inevitable.

Then there is the bad news: None of these fine sentiments will matter unless a critical mass of countries unites around a real policy. And unity is miles away. Former Treasury secretary Larry Summers remarked recently that today's climate debate is like the U.S. health-care debate of 15 years ago. People agree that action is essential, but they disagree so fiercely on the details that action may prove impossible.



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