



## DrumBeat: January 2, 2008

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Topic: [Miscellaneous](#)

### [Oil Touches \\$100 a Barrel on Supply Concern, Increased Demand](#)

Crude oil rose to \$100 a barrel for the first time in New York as record global fuel consumption threatens to outpace production.

...Higher prices have been cast as vindication for a theory that the world has reached the maximum rate of oil production as explorers fail to discover major new fields to replace aging deposits being tapped in countries such as Saudi Arabia, Kuwait and Iran.

While Saudi Arabian Oil Minister Ali al-Naimi and Exxon Mobil Corp. President Rex Tillerson have said oil supplies will last for decades, energy traders are increasingly debating the amount of available crude.

Investors who back the peak-oil theory, such as Boone Pickens, a Dallas hedge fund manager and former oil executive, have led the price rally of the past two years. Pickens, chairman of BP Capital LLC, correctly predicted in 2004 that oil prices would top \$60 a barrel in 2005 and in early 2006 said oil could reach \$90 to \$100 a barrel within two years.

### [China a big, but not only, contributor to record oil prices: analysts](#)

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 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 dollars a barrel, they said.

### [Chávez, China cooperate on oil, but for different reasons](#)

One country's motivation is political, the other's pragmatic. Venezuela is seeking a strategic geopolitical alliance, China a steady supply of energy.

## [OPEC, war in the desert and bicycles in Bali](#)

Nicholas Moore, former chief energy correspondent at Reuters, remembers covering OPEC policy in 1980, when inflation-adjusted oil was last worth \$100 a barrel.

## [California sues EPA over greenhouse gases](#)

- California sued the U.S. Environmental Protection Agency on Wednesday for denying its first-in-the-nation greenhouse gas limits on cars, trucks and SUVs, challenging the Bush administration's conclusion that states have no business setting emission standards.

## [Helium supplies endangered, threatening science and technology](#) - *Second fiddle to oil, natural gas production*

"Helium is non-renewable and irreplaceable. Its properties are unique and unlike hydrocarbon fuels (natural gas or oil), there are no biosynthetic ways to make an alternative to helium. All should make better efforts to recycle it."

## [Oil futures hit \\$100 a barrel](#)

NEW YORK - Oil prices soared to \$100 a barrel Wednesday for the first time ever, reaching that milestone amid an unshakeable view that global demand for oil and petroleum products will continue to outstrip supplies.

...Light, sweet crude for January delivery rose \$4.02 to \$100 a barrel on the New York Mercantile Exchange, according to Brenda Guzman, a Nymex spokeswoman, before slipping back to \$99.27.

Oil prices are within the range of inflation-adjusted highs set in early 1980. Depending on how the adjustment is calculated, \$38 a barrel then would be worth \$96 to \$103 or more today.

## [White House won't tap oil reserves](#)

The White House on Wednesday ruled out a release of fuel from the nation's oil reserves to drive down soaring prices.

"This president would not use the (Strategic Petroleum Reserve) to manipulate (prices) unless there was a true emergency," said White House press secretary Dana Perino. "Right now we understand that prices are high and demand is extremely high."

She said Bush was focused on ways to increase oil supply in the United States.

### [Neighbors wary of China's Three Gorges Dam](#)

“Almost all my fears have come true,” said the Chinese journalist, a persistent opponent of the project whose writings are mostly banned in China. “The landslides and cracks have made people migrants once again. The water in the rivers and reservoirs is no longer drinkable. No matter how much power the project generates, it cannot make up for the losses.”

### [The Invisible Ingredient in Every Kitchen](#)

That’s the basic challenge: We’re often aiming a fire hose of heat at targets that can only absorb a slow trickle, and that will be ruined if they absorb a drop too much. Are you ever annoyed by pots that take forever to heat up, or frustrated by waiting for dry foods to soften? A kitchen that becomes hot enough to be a sauna? Big jumps in the utility bill when you do a lot of cooking? The problem, as you will notice if you pay more attention to your kitchen’s thermal landscape, even in terms of what you can feel, is how much heat escapes without ever getting into the food.

### [Canadian firms to assist construction of 2 refineries in northern Iraq](#)

An official at the Kurdish Regional Government (KRG) in northern Iraq announced that the government is planning to establish two refineries valued at a total of \$300 million with Canadian oil companies, Iraq Directory reported.

The KRG will provide four production-sharing contracts to finance the building of two oil refineries with a capacity of 20,000 barrels daily, the official pointed out.

### [CSIRO anxious over taxpayer-funded research versus private](#)

Bruce Robinson, convenor of the Australian Association for the Study of Peak Oil & Gas, is more hopeful now that his several submissions to the CSIRO over the years will be taken seriously.

"I think the CSIRO should have done more on oil vulnerability," said Mr Robinson, a physical chemist and former radio-astronomer.

### [OPEC Review: Group Could Fail To Meet World Oil Demand By 2037](#)

A newly published report by Organization of Petroleum Exporting Countries indicates the group will be much harder pressed than previously thought to meet the world's

surging oil needs and could realistically fail to supply its share of global oil markets by 2037.

The report in the December issue of the OPEC Review, published by the organization's Vienna-based Secretariat, also says Kuwait is likely to be an extremely inconsistent and unstable supplier and questions Saudi Arabia's assertion it is capable of meeting world oil demand for the next 50 years.

### [Oil company hopes to cap thefts](#)

A Canadian oil company is seeking the public's help after thefts of property worth nearly \$1 million last year from remote oil facilities on the Alberta-Saskatchewan border.

Theft has always been a problem at construction sites, but now enterprising criminals are raiding the oil well sites, usually late at night.

Graham White, spokesperson for Husky Energy, told CBC News that the thieves have targeted dozens of their facilities near Lloydminster in the hunt for copper tubing and wire. Both are easy to resell.

### [Kenya crisis causes regional fuel shortages](#)



Political violence in Kenya is choking off supplies of fuel and petroleum products to neighbouring countries such as Uganda and Burundi and is likely to hit a swathe of others from eastern Congo to south Sudan.

They all get fuel from Kenyan ports, where supply lines have been interrupted by the chaos that has followed the disputed re-election of President Mwai Kibaki.

In Uganda's capital Kampala on Wednesday, many cars stood abandoned by their owners on roadsides as petrol pumps ran dry.

### [NW Shelf Gas Venture Halts Output on Electrical Fault](#)

Australia's North West Shelf venture halted production due to an electrical fault,

stopping output at the nation's biggest liquefied natural gas project and cutting two-thirds of Western Australia's gas supplies.

Gas production for customers in the state should resume late tomorrow, while LNG output will restart after that, Perth-based Woodside Petroleum Ltd., the venture operator, said today in a statement. The shutdown will result in power shortages tomorrow, said Western Power Corp., the grid operator.

### [Bangladesh: The growing energy crunch](#)

HIGH economic growth in the new year must be the singular aim of the government as an effective response to the myriad of economic problems faced by the country. But an economy will grow only when it is backed by ever increasing investment operations. Such operations are for setting up new industries, expanding the old ones and for the creation of new services. Whatever the nature of the enterprises, the same can be set up and operated when there is an adequate energy supply. The first in the order of such energy in the Bangladesh context is power followed by gas. Good power supply is indispensable to run existing industries and the newly commissioned ones. Entrepreneurs will not risk setting up new industries without reasonable assurance of uninterrupted power supply. Gas directly powers many industries in Bangladesh. It is used also to generate electricity or as the raw materials for some chemical industries.

### ["North India facing serious power crunch"](#)

Entire northern India is facing power shortage due to failure of winter rains and less availability of electricity from hydro-generating stations because of less inflow in reservoirs.

"The abnormal increase in demand in all sectors has widened the gap between demand and availability of power resulting into low grid frequency, which is the cause of the unscheduled power cuts," a spokesman for Haryana Power Utilities said here Wednesday.

### [Pakistan: Five thermal power projects of 1200 MW to be completed in 2008-09](#)

Caretaker Minister for Water and Power, Tariq Hamid has said construction of five thermal power projects of 1200 MW capacity will be completed in 2008-09. He said this during a visit to the site of under construction plant of Attock Gen. Limited alongwith representatives of Private Power Infrastructure Board (PPIB).

### [Argentine farmers give up beef business](#)

Export caps imposed by former President Nestor Kirchner as an anti-inflation measure,

have flooded the local market with meat, keeping beef prices low while soybean, corn and wheat prices soar.

...Nowhere is the trend clearer than on the open plains of Argentina's pampas, a vast grassland where thousands of "gauchos" herded cattle like in the old Wild West. The romantic vision of ranch life remains important in Argentine culture, but the economic equations involved have changed profoundly in recent years; boosted by U.S. ethanol production and a global interest in biofuels, prices for soy, wheat, and corn have soared to record highs.

### [Supermarket flies fish 5,000 miles from country where millions are starving](#)

A major supermarket chain has outraged human rights activists by selling fish from Zimbabwe.

The campaigners said it is wrong to fly in food more than 5,000 miles from a country where millions are on the brink of starvation.

### [Woes mount for Mexico's state oil titan](#)

Much of the trouble stems from Cantarell, Mexico's largest oil field. Located in shallow waters off Campeche state in the Gulf of Mexico, Cantarell supplied about 60% of Mexico's output until recently. The field's production peaked in 2004, when it averaged more than 2 million barrels a day. Output has tumbled since then, down about 30% to an average of 1.46 million barrels a day through the first 10 months of 2007.

Analysts for years have predicted the decline of this aging workhorse, which has been pumping for nearly three decades. The real shocker, they say, is that Mexico's government did so little to prepare for its inevitable demise. Geologists believe there is plenty more oil to be found in the deep waters of the gulf. Pemex simply doesn't have the tools to go after it.

### [Peak oil theories](#)

As millenarian prophecies go, "the peak is nigh" might not carry the same doom-packing punch as a promised "end". Except, that is, in oil circles.

"Peak oil" theorists posit that the world has exhausted about half of all the crude it had to offer originally and that output will soon peak prior to an irreversible decline. Conventional oil fields are a bit like champagne bottles: once "opened", pressure forces out the contents. After reaching peak output, field pressure drops and, in the absence of such techniques as re-injecting gas, production declines. Back in the 1950s, Marion King Hubbert, a US geoscientist, correctly forecast, to within a few years, when oil output in America's lower-48 states would peak (it was 1970). The "Hubbert curve" has become a

totem of the peak oil movement.

Applying this globally, however, is fraught with problems. Mr Hubbert's own forecasts of where global oil output would be at the turn of the millenium were wildly inaccurate. One problem is inadequate data. Modelling the mature US oil industry – with its huge sample size of more than half a million producing wells and many more inactive ones – is comparatively easy. In contrast, Saudi Arabia has only 2,000 producing wells and large unexplored areas.

### [Year-ender 2007](#)

The other event with truly global impact was the soaring price of oil, which has been hovering at just below \$100 per barrel for the past four months. It may go back down, of course, but it is unlikely ever to drop below \$50 again and it is just as likely to rise as to fall. Indeed, many people suspect that we are now at or near “peak oil”, after which production will steadily decline and the price will continue to rise indefinitely.

The impact of higher oil prices on the world's economies has been remarkably slight so far -- much less, for example, than the credit crunch that has been unleashed by the “subprime” crisis in the United States -- but in the longer run more expensive oil will drive up almost all other prices. The world is skating along the edge of a global recession, and only the continued dynamism of the emerging Asian economies keeps it from toppling in.

### [Iran struggles to meet gas demand](#)

Iran has cut gas exports to Turkey after high domestic consumption and a halt in supplies from Turkmenistan.

About a dozen Iranian towns and cities have been left without gas in freezing weather, an Iranian news agency reports on Tuesday.

Heavy snowfalls and temperatures in Iran's north plummeting to -10C have increased demand.

### [Iran not to extend deadline for Shell's gas deal](#)

An Iranian official said Tuesday Tehran will not extend the June-2008 deadline for oil giant Royal Dutch Shell to sign a major gas deal with the country, Iran's English-language Press TV channel reported on its website.

...Shell is reportedly hesitant to finalize the deal with Iran over concerns about U.S. pressure.

### [South Korea sees 2008 energy imports up 15.4 pct](#)

South Korea will likely pay nearly one-sixth more in importing oil and other energy sources this year than it spent last year mainly because of higher prices, the Ministry of Commerce, Industry and Energy said on Wednesday.

### [Broke Britain: millions face struggle to stay afloat as financial crisis hits home](#)

Debt experts are predicting a record number of personal insolvencies this year as excessive Christmas shopping, rising mortgage payments and soaring food and fuel costs force thousands of people over the financial edge and into bankruptcy.

### [Japan: Solar panels to go in 30% of houses by 2030](#)

The government will aim for 30 percent of all households to have solar panels installed by 2030 as part of its efforts to fight global warming, officials said.

### [Giant sail technology could make shipping greener](#)

One of the first large cargo ships in 100 years to cross the Atlantic with the help of the wind will set off from European shores this month on a voyage which is due to make maritime history.

When the 10,000-tonne Beluga Skysail is well clear of the land, it will launch a giant kite, which wind tunnel tests and sea trials suggest will tug it along and save 10-15% of the heavy fuel oil it would normally burn. If the journey from Bremen in Germany to Venezuela and back proves successful, it could become common to see some of the largest ships in the world towed by kites the size of football fields.

### [Tiny parking spaces give drivers fits](#)

Many parking lots and garages built since the energy crisis of the 1970s have small spaces and tough turning arcs. That's because zoning laws, which govern the size of parking spaces, assumed people had learned a tough lesson by waiting in long lines to fill up and would buy small cars to conserve fuel.

But American automotive tastes followed a different path, especially with the rise of SUVs, and motorists are paying the price, in dings to their cars and frustration to themselves.



## [Top 10 Global Warming Stories of 2007](#)

What events or actions had the most positive or negative impact on the likelihood that the nation and the world will act in time to avoid catastrophic warming? Here are my picks:

#10. **Over a barrel:** Oil nearing \$100. Technically not a global warming story -- but who can doubt that part of the renewed interest in energy policy in general and alternatives/efficiency in particular is due to record oil prices? Certainly OPEC is a bit worried. And if, as many believe, this is evidence that we are nearing peak oil -- then this story foreshadows even more dramatic changes in the future.

## [Corals may move from warming seas](#)

IF their watery world continues to warm as climate change scientists predict, Western Australia's corals may head south to cooler climes.

## [James Hansen: The wrong choice for Massachusetts](#)

As a society we face a stark choice. Move on to the next phase of the industrial revolution, preserving and restoring wonders of the natural world, while maintaining and expanding benefits of advanced technology. Or ignore the problem, sentencing humanity and other creatures to struggle on an increasingly desolate planet. Massachusetts is on the cusp of making this choice, and, barring citizen objections, is in danger of making the wrong choice on two counts.



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