



DrumBeat: January 3, 2008

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[Oil breaks \\$100 as U.S. stockpiles drop](#)

Oil prices broke above \$100 a barrel for the first time on Thursday after a U.S. government report showed a steep slide in crude inventories in the world's biggest energy consumer.

The surge in oil prices into the triple digits has darkened the economic outlook in the United States, already battered by a housing crisis and credit crunch, and could threaten growth in big European energy consuming nations.

"Oil prices have been increasing significantly. Now if this high level of prices is maintained then it will have an impact on the economy," European Commission spokeswoman Amelia Torres told a news briefing.

U.S. crude climbed 47 cents to **\$100.09** a barrel by 11:57 a.m. EST, breaking Wednesday's record high of \$100 even. Brent crude rose 45 cents to \$98.29 a barrel.

[IEA Chief Says Oil May Rise to \\$150 on China Demand](#)

Oil prices may rise to as high as \$150 a barrel because of booming demand from India and China, according to the director of the International Energy Agency.

"In a very high growth scenario in China and India it may move up to \$150," Nobuo Tanaka said in an interview in Paris today. Those countries "are consuming energy in a very, very substantial way."

..."Suddenly the lower-level price age may be over and we are now in the age of very high energy prices," Tanaka said.

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[From \\$1.80 to \\$100 in 37 years](#)

Key milestones in the price of crude oil since 1970. On Wednesday, the price of a barrel of light sweet crude, the benchmark oil price in New York, broke through \$100 for the first time.

- **1970:** The official price of Saudi crude oil is fixed at \$1.80 a barrel.

[Crude inventories down 700,000 barrels in latest week: API](#)

Crude inventories fell by 700,000 barrels to 297.7 million barrels in the week ending Dec. 28, the American Petroleum Institute reported on Thursday, according to Moody's Economy.com. Distillate stocks rose by 4.7 million barrels to 133.7 million barrels in the same period, while gasoline stocks gained by 6.9 million barrels to 212.9 million barrels, the API said.

[French Finance Minister: Happy Strong Euro Offsets Rising Oil Prices](#)

The strong euro is helping the French economy at a time when the price of oil has touched \$100 per barrel for the first time, French Finance Minister Christine Lagarde said Friday.

"We often complain about the strong euro when it weighs on our exporting companies," she said at a press conference. "I see for once that the strong euro is making our raw materials purchases cheaper."

[Oil at \\$100: How will it affect me?](#)

QUESTION: How will \$100 oil affect the prices I pay for energy?

ANSWER: Higher crude prices will almost certainly drive up the cost of refined products, although the gasoline pump may not be the first place consumers see prices

rise.

[Gazprom critical of energy measures, offered by European Union](#)

A new package of measures in the energy sector, suggested by the European Union, “puts many questions, to which there are no replies so far”. This idea was stressed by Gazprom board deputy chairman Alexander Medvedev in an interview which was published by the Paris-based Tribune newspaper on Thursday.

[Analysis: Venezuelan oil production down](#)

Venezuela's oil industry shrank by more than 5 percent in 2007, according to the Venezuelan National Bank, raising concerns the Venezuelan government is not investing enough of its petroleum wealth in the sector.

Oil production was off 5.3 percent in 2007 from the previous year and contributed \$3.14 billion to the country's gross domestic product, down from both 2006 and 2005 when the sector accounted for a reported \$3.38 billion.

[Humanizing revolution](#)

If President Hugo Chávez dreams of turning Venezuela into a Cuba with oil, the Venezuelans who oppose him have discovered the perfect antidote: the student movement.

[Sinopec to Focus on Foreign Asset Acquisition through 2010](#)

China Petrochemical Corp., or Sinopec Group, the country's second-largest oil company by assets, will emphasize acquisition of foreign oil and gas assets in the coming years to 2010 to build the company into an international oil major, its general manager Su Shulin said in a posting on its Web site Wednesday.

[China Looks to Coal Bed Methane](#)

As the Chinese economy grows at double-digit rates, satisfying the country's energy appetite is a top priority for President Hu Jintao and his government. While China's oil companies and their search for partners in places like Sudan commands most of the attention in the West, coal is of much greater importance to China than oil.

[U.S. Department of Justice Signals Possible Appeal of Royalties Case](#)

The Department of Justice took a step last month toward appealing a court ruling that limits the government's ability to collect billions in royalties from companies pumping oil in the deepwater Gulf of Mexico.

[The Future of the Quik 'N Easy Meal](#)

My own observation is that in many cases, it is harder to learn to eat and preserve what you grow all the time than it is to grow it. That's even truer as we begin eating less common foods, or moving towards a truly local diet. We are making an enormous change in our diets, and in our society as a whole. Food is more than fuel – It is culture, love, happiness, comfort, a part of who we are. How we eat and what we eat is part of our identity – far more than what we grow. We are about to change our identities in a profound way. And at the root of this transition is the question of time – the quick and easy 3 hour meal requires someone to be around to cook it, watch over it, check on it. With a majority of households working hard to make ends meet, we encounter a bind – we could make ends meet better if we didn't have to buy our food at restaurants, but cooking quickly and sustainably requires knowledge, experience and the time at least to learn how to do it. Most often, it requires someone at home.

[Fantasy fuels: Saying goodbye to cheap, plentiful gasoline](#)

When I was a kid, my father told me stories about an inventor guy in the 1930s who was going to end the monopoly of the big oil companies by creating a car that ran only on water and some sort of pill he would throw into the tank.

You can bet Big Oil wouldn't stand for that, so they "moidered" the upstart before he could provide relief to drivers suffering from gas prices approaching 10¢ a gallon.

My father knew even then that the story was an urban legend, but the idea of inventing an alternative automobile fuel that any schmo could draw from the kitchen faucet has undeniable appeal.

[Ancient Warming Caused Huge Spike in Temps, Study Says](#)

What started out as a moderate global warm-up about 55 million years ago triggered a massive injection of greenhouse gases into the atmosphere that sent temperatures skyrocketing, a new study says.

The finding suggests that today's temperature rise may just be priming the planet for a carbon belch of epic proportions.

[Chinese shrug off \\$100 oil, but Beijing must beware](#)

Oil prices at \$100 a barrel mean little to Chinese consumers insulated from the global rally by cheap fuel prices, but the latest market peak should sound a warning to Beijing over its disjointed energy policy.

China's leaders extolled the virtues of energy efficiency at every turn last year, but refused to do the one thing that would immediately curb demand -- lift the caps on gasoline and diesel prices, a move they fear would feed already-high inflation.

Strains caused by the widening gap between international and domestic markets may become unmanageable if oil prices stay in three-figure territory, but Beijing may struggle to escape from the vicious cycle its policies have created.

[Uganda: Fuel Crisis is Big Lesson for Us](#)

Within hours of violence erupting in Kenya following the country's disputed polls, an unprecedented shortage of fuel and subsequently the rise in fuel prices rocked the country.

By yesterday, the queues at fuel stations had more or less disappeared, not because supplies had been restored but because many motorists had exhausted their reserves running from one station to another where they were told they could get a few drops.

[Rwanda: Fuel Crisis Imminent Violence in Kenya Continues - Official](#)

Rwanda has not experienced any shortages of petroleum products but should the violence in Kenya continue unabated - the effects will spill over, senior private sector official said on Wednesday.

According to Mr. Emmanuel Hategeka - Executive Secretary of the Rwanda Private Sector Federation, Rwanda has sufficient fuel reserves at the moment that may run out anytime soon because there are no imports coming in, the state broadcaster reported.

[Ukraine's Naftogaz faces bankruptcy, Eurobond concern](#)

"I was shocked by the information given to me by the new Naftogaz head. The company is facing bankruptcy," Tymoshenko said after meeting Dubyn, whom she appointed after taking over as premier in December.

"The company's credit-debit liabilities show that the financial health of the company is not ensured."

She also said the country's underground reserves did not belong to Naftogaz but were in the hands of "criminal shady structures".

[PetroChina delays refinery, petchem unit to end '08](#)

PetroChina will defer the start-up of a new 100,000 barrels per day (bpd) refinery in China's remote northwest by almost a year to late 2008 due to building problems, two company sources said on Thursday.

[Australia: Extra power eases electricity supply crisis](#)



PERTH may be spared blackouts today after Western Power said it had found extra power to replace capacity lost to a gas-plant fault.

Western Power spokeswoman Miriam Borthwick said 385 megawatts of additional energy had been obtained from various sources.

She said residents also had heeded the warning to keep a lid on their energy use, which was issued after an electrical fault at Woodside's Karratha Gas Plant yesterday dramatically cut gas supplies, affecting 20 per cent of the state's power generators.

[Australia not out of the woods with gas crisis](#)

Western Australians will have to minimise energy consumption for at least 24 hours as they wait for gas from the North West Shelf to reach power stations.

Gas supplies have been dramatically reduced because of an electrical fault on Wednesday that caused the shutdown of Woodside Petroleum Ltd's Karratha plant.

[Conoco's results hurt by refining margins](#)

The energy company says its fourth-quarter results were supported by higher oil, gas prices but slipped on lower refining, marketing margins.

[Plowing, road salt eating up budgets](#)

Salt is one of the most heavily used compounds in global manufacturing. Demand in rapidly growing countries, such as China and India, combined with the costs of fuel for shipping it, have translated into eye-popping price increases. Boxford and 18 other local communities, from Merrimac to Manchester-by-the-Sea, that buy salt together in a consortium have weathered a 36 percent price increase since 2004. And that was on top of a 25 percent hike the year before.

[Symposium: The World Is Not Enough](#)

In the last issue of *The National Interest*, David Victor [argued](#) that the threat of resource wars is overplayed and overblown.

...Now we hear from Victor's critics, [Thomas Homer-Dixon](#), [Michael Klare](#), [Sherri Goodman](#) and [Paul Kern](#). They tackle him on everything, from climate change to the impact of oil shortages and the mass spread of disease. [Victor](#) has the last word.

[Peak oil is here; we must act](#)

With oil nearing \$100 a barrel, I'm writing to announce that the all-time peak of global petroleum production is behind us. It happened in 2006. Once on the downhill slope of the oil production bell curve, supplies will decline about 3 percent annually.

Sustainability analyst Lester Brown released an update recently that ran through the figures: "After climbing from 82.9 million barrels per day in 2004 to 84.15 million barrels per day in 2005, output only increased to 84.8 million barrels per day in 2006 and then declined to 84.62 million barrels per day during the first 10 months of 2007." Unless some new production comes online soon, the numbers indicate that the peak indeed occurred in 2006.

[Just not enough oil to go around](#)

Another year, another record oil price. The immediate reasons why the price of a barrel

of oil jumped \$4 to \$100 yesterday were a cold snap in North America and unrest in two important producing nations: Nigeria and Algeria. Beneath the surface, however, the key fact about oil has not changed, and it is an uncomfortable fact: there is not enough being produced. Or, more precisely, there is not enough spare capacity in places such as Saudi Arabia to prevent regular price spikes. It is why \$100 oil no longer looks like an aberration, but the norm for a while yet.

[German institute DIW sees oil prices doubling within 10 years](#)

German research institute DIW sees oil prices doubling to 200 usd per barrel within the coming 10 years, DIW's head of department for energy, transport and environment Claudia Kemfert told Berliner Zeitung.

'Oil reserves are becoming scarce, and that will drive up prices further,' Kemfert told the newspaper.

[Oil price passes \\$100 a barrel for first time - close to 1980 all-time real dollar high; Price was at \\$10.72 in December 1998](#)

A combination of increasingly difficult to access new oil resources as huge older fields face depletion; more success for the oil cartel OPEC in controlling supply; a surge in demand from Asia in recent years; increasing interest from market players in investing in oil futures and subsidies for consumers in many countries in the Middle East and Asia in particular, has underpinned the price.

[Political Peak Oil: Price Spikes to \\$100 on Nigerian Unrest](#)

This is peak oil.

No, it's not that we've pumped up every drop of crude oil that million-year-old plankton provided for us. Not necessarily. This isn't geologic peak oil. It's *political* peak oil.

[FPTV: The Future of Oil](#)

Are we running out of oil? FPTV speaks with Vijay Vaitheeswaran and Robert L. Hirsch about their conflicting views on the future of the world's greatest addiction.

[Uganda: Fuel Prices Double As Stocks Run Out](#)

Escalating fuel shortage in the country compounded by hoarding triggered by sensational speculation have more than doubled the price of petrol overnight as black

marketers pocketed staggering profits in roadside sales.

[Pakistan: Loadshedding duration enhanced to 10 hours](#)

The country Wednesday faced additional power shortage of 1000 MW following the tower blown-up incident in Hub accumulating the demand-supply gap to 4000MW and resulting in enhancing the loadshedding period to ten hours, it is learnt.

Sources concerned told The Nation that the electric distribution companies, which had been made independent with respect to managing the demand-supply gap at their own, were forced to move on to effect over 10-hour loadshedding especially in rural areas.

[Trees absorbing less CO2 as world warms, study finds](#)

The ability of forests to soak up man-made carbon dioxide is weakening, according to an analysis of two decades of data from more than 30 sites in the frozen north.

The finding published today is crucial, because it means that more of the CO2 we release will end up affecting the climate in the atmosphere rather than being safely locked away in trees or soil.

[Climate Change: Northward Ho?](#)

Dan Bloom thinks it's time to figure out how to build self-sustaining cities in the polar regions because climate change will eventually make most of Earth uninhabitable.

These polar cities may be "humankind's only chance for survival if global warming really turns into a worldwide catastrophe in the far distant future," Bloom told IPS.

[China closes over 10,000 coal mines in last three years](#)

China closed 10,412 coal mines in the last three years amid efforts to improve workplace safety and to check extravagant use of natural resources, the country's top industrial safety inspector said.

[Truckers push for national idling laws](#)

"It is the most frustrating scenario you could imagine," says Todd Spencer, executive vice president of the Owner-Operator Independent Drivers Association, which represents 159,000 truckers and small trucking firms. "The federal regulations say a

driver must stop to sleep after X number of hours. How many people could sleep in their car when it's 96 degrees or 14 below without the engine running?"

[Investment in clean energy topped \\$100 billion for first time in 2007](#)

Despite the global credit crunch in 2007, new investment in clean energy industries like wind and solar power rose sharply to break through the \$100 billion barrier for the first time, a research group, New Energy Finance, said Wednesday.

[Uganda: The Fuel in Human Excreta](#)

HUMAN excreta and urine are now an asset to farmers because they are a cheap source of biogas energy. The two offer the best biogas followed by pig and cattle dung.

[Green units profitable, says builder](#)

For the most part, the houses on Marla Circle in Tyngsborough look like a typical snapshot of suburbia. The architectural style is Colonial or Greek Revival, blending with the New England feel of the town. Porticos and porches stretch outward into fertile lawns from clapboard buildings. Only the solar electrical panels on their roofs stand out.

Contrary to a longstanding perception among developers that building green homes is not financially feasible, Carter Scott, who built the development, says the subdivision is proof that developers can be environmentally sensitive - and make a profit.

[Saudi Aramco Delays Production Start From Khursaniyah](#)

Saudi Aramco, the world's largest state- owned oil company, delayed the start of production from the 500,000 barrel-a-day Khursaniyah field and said it will meet market demand with existing spare capacity.

"Should the need arise prior to the completion of the project, Saudi Aramco stands ready to meet market demands with ample spare capacity, including 1 million barrels of Arab Light crude," the company said in an e-mailed statement today.

Khursaniyah will commence "upon completion of commissioning activities," Saudi Aramco said.

The project, which was scheduled to start in December, will produce and process 500,000 barrels a day of Arabian Light crude and 300 million square cubic feet a day of natural gas, according to Saudi Aramco.

[Tom Whipple - The Peak Oil Crisis: Diesel](#)

Now there seems to be a new problem developing: diesel for the great machines that grow our food, bring us stuff, take away our garbage and do nearly all the chores needed to keep our civilization running. If you think about it for a few minutes, you might conclude that a diesel shortage would be worse than a gasoline shortage. If the availability of gasoline gets tight, we can all cancel recreational car trips, play dates for the kids, and form commuting or shopping carpools. For the sake of some inconvenience, we could cut gasoline consumption by a whole lot.

It's not the same with diesel however. Two farmers can't jump on a tractor and plow both their farms at the same time. Most of those 18-wheelers barreling down the interstate are either full or on the way to be filled. One trash truck picking up in two neighborhoods at the same time doesn't work either. In short, it is going to be a lot harder to conserve on diesel fuel, which for the most part does vital work, than it would be to conserve gasoline for our personal transportation.

[Consumers likely to shake off rising cost of oil](#)

With oil at the once unfathomable price of \$100 a barrel, consumers can expect the cost of filling their gas tanks, heating their homes — in fact, the price of most everything — to also keep rising.

Still, analysts don't expect record-high prices by themselves to send the economy into recession, simply because expensive as oil is, energy doesn't consume as big a chunk of Americans' budget as it did decades ago.

[OPEC may raise output at Feb 1 meet: Indonesia OPEC gov](#)

OPEC may decide to increase oil output at its February 1 meeting in Vienna if supply is not sufficient, Indonesia's OPEC governor told Reuters on Thursday.

Maizar Rahman said that OPEC has the capability to increase production by 500,000 barrels per day, and warned that oil prices could climb even higher.

[Oil, Gold Hit Records](#)

Jeff Rubin, the CIBC chief economist who first called for US\$100-a-barrel oil back in 2005, says that sustained oil prices above US\$90 already show that the market is paying much less attention to how demand from the world's largest economy will affect the price of oil.

"The growth in global crude demand is not coming from the United States and is unlikely to come from the United States in the future," Mr. Rubin said.

[\\$100 OIL: Crosses Line After Yrs Of Diverging Demand, Supply](#)

Analysts and industry experts caution that there are always unknowns with any long-term energy forecast, but many have become confident of the notion that there is now a higher long-term "floor" for oil prices. The major oil companies are making investment decisions based on whether projects make sense at \$40-\$50 per-barrel, as opposed to \$20-per-barrel a few years ago, said Cambridge Energy Research Associates Chairman Daniel Yergin.

"Whatever the floor is, we're certainly in a new era as far as oil prices," Yergin said.

Without endorsing the notion of "peak oil," some leading oil companies have begun describing petroleum resources as increasingly constrained. These include ConocoPhillips (COP) and Chevron Corp. (CVX), whose chief executive, Dave O'Reilly, declared famously in 2004 that "the time when we could count on cheap oil and even cheaper natural gas is clearly ending."

[Nigeria: Governor: I'll arrest militants' parents](#)

The governor of one of Nigeria's oil-rich states said Wednesday he planned to arrest the parents of suspected militants to deter attacks on oil installations and government buildings.

[Sustainable growth is the key to our future](#)

NO DISCUSSION of sustainable consumption can ignore the concept of "peak oil". This is the situation where we reach the maximum possible rate of oil exploitation.

Then, as oil becomes scarcer, so its price rises, with all manner of implications.

The environmental consequences of using up our precious oil resources are already severe.

But the social effects might have even a greater impact on our lives.

[Fossil Fuels and GM Performance](#)

If you read my editorial relating to peak oil back in the November 2005 issue, you know that it has been over 50 years since M. King Hubbert, a Shell engineer, correctly predicted that oil production in the US mainland would peak by 1971. And as the US, and developing countries like China and India, use more and more oil at the start of a

new millenium, the future looks grim for fossil fuels. It doesn't take a brain surgeon to hear what the old-timers say about 50-cent gas, look at the current prices over \$3.00, and realize that supply and demand has come into painful effect.

That said, where does that leave us, the hot rodder? In 12 years, will this can of race fuel being dumped into my 10-second Turbo Buick be too expensive to buy due to the depletion of fossil fuels?

[Co-founder of UN climate panel dies](#)

Bert Bolin, a Swedish climate scientist and co-founder of the Nobel Peace-winning U.N. panel on climate change, has died at age 82.

As early as the 1950s, Bolin produced research about the circulation of carbon in nature that remains relevant to the debate on climate change. He played a key role in communicating the dangers of climate change and served as the first chairman of the U.N.'s Intergovernmental Panel on Climate Change from 1988 to 1998.

[Alaskan sea drilling plans criticized](#)

The federal government will open up nearly 46,000 square miles off Alaska's northwest coast to petroleum leases next month, a decision condemned by enviromental groups that contend the industrial activity will harm northern marine mammals.

[Australia looks to GM crops after scorching 2007](#)

Australia's agriculture minister on Thursday hailed genetically modified crops as a means to help farmers combat climate change, as data showed 2007 was the country's sixth hottest year on record.

[Nature and man jointly cook Arctic](#)

There's more to the recent dramatic and alarming thawing of the Arctic region than can be explained by man-made global warming alone, a new study found. Nature is pushing the Arctic to the edge, too.

There's a natural cause that may account for much of the Arctic warming, which has melted sea ice, ice sheets and glaciers, according to a study published Thursday in the journal Nature. New research points a finger at a natural and cyclical increase in the amount of energy in the atmosphere that moves from south to north around the Arctic Circle.

But that energy transfer, which comes with storms that head north because of ocean

currents, is not acting alone either, scientists say. Another upcoming study concludes that the combination of both that natural energy transfer increase and man-made global warming serve as a one-two punch that is pushing the Arctic over the edge.



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