



DrumBeat: January 21, 2008

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[Whether or not Peak Oil Imminent, Bush's Allusion to it heightens chance of 'Peak Shock' on Wall Street](#)

Unless you read The Oil Drum, a web site dedicated to the discussion of "peak oil" – which is the point at which global production can only go down because it has reached its physical limits – you probably didn't hear what President Bush told an American television correspondent last week.

...Intentional or not, it sounds as if President Bush thinks peak oil is a clear and present danger, the effect of which is raise the chances of a "peak shock" hitting Wall Street in 2008. If this happens, it will likely start with a headline-grabbing report from a big investment banking firm, probably one that is already forecasting that oil will soon shoot through \$100 a barrel. Goldman Sachs, CIBC World Markets and Raymond James & Associates are the most likely candidates.

[Analysis: U.S. puts Kurds on terror list](#)

WASHINGTON (UPI) -- The U.S. National Counter-Terrorism Center says it was a mistake to include the symbol of the Patriotic Union of Kurdistan -- the political party headed by Iraqi President Jalal Talabani -- on a list of "terrorist logos" that police should be on the lookout for during traffic stops and other contacts with members of the public.

[BP suspends pension payments](#)

BP has taken a pension holiday, suspending all payments into its two UK pension schemes for a year with effect from 1 January.

This makes the oil group only the second FTSE 100 company to stop payments into a pension fund in five years. Rival oil and petrochemical company Shell announced it was stopping contributions last October, but would not say how much its main fund was in surplus.

[U.S. sees nuclear energy as global alternative](#)

ABU DHABI (Reuters) - Gulf Arab oil exporters and countries around the world should look into nuclear power as an alternative to hydrocarbons, U.S. Energy Secretary Sam Bodman said on Monday.

"Nuclear power should be an alternative for Gulf countries and other countries around the world," Bodman said in the United Arab Emirates during a visit.

[Prospecting for gas and oil in Lake Geneva](#)

Lake Geneva and the Jura mountains may soon be reverberating with sounds of drills and pumps as small prospectors try to take advantage of spiralling energy prices.

This year Swiss firm Petrosvibri hopes to start drilling for gas deep beneath the lake's crystal-clear waters opposite Montreux's Chillon Castle. And French specialist oil companies are eager to begin looking for oil close to Geneva.

[Tough sledding on other side of peak oil](#)

Peak oil is similarly hard to grasp without statistics, and that's probably one reason people have had a hard time accepting that the oil we use to run our cars and trucks and to heat our buildings is soon to become increasingly scarce. In some ways, peak oil is hard to grasp even with statistics. When world oil production reaches its peak and begins declining permanently, no statistics can confirm it until a few years after it's happened. Right now, oil analysts examining the same numbers debate whether the plateau in world oil production since 2005 represents a rounded peak before a permanent decline or a "false summit" that precedes another rise in production.

[Gaza in darkness as border closed](#)

GAZA CITY (CNN) -- Residents of Gaza on Monday were coping with power cuts which led to long lines at bakeries and darkened hospital wards, but Israel said reports of a humanitarian crisis were exaggerated.

[Gaza goes dark in standoff](#)

Israel is Gaza's only source of fuel, and since October it has reduced supplies of gasoline and industrial diesel used by the power plant in an effort to press Hamas to halt militant rocket attacks from the territory on southern Israel.

[Gaza: Five patients die in hospitals due to power shortage](#)

Four hours after the blackout started, Hamas said that five patients died because of the cutoff of electricity in hospitals.

[U.N. agency says might have to suspend Gaza food handouts](#)

JERUSALEM (Reuters) - A U.N. agency said on Monday it will have to suspend its food distribution to 860,000 Palestinians in the Gaza Strip as early as Wednesday unless Israel eases its closure of the territory's border crossings.

"Because of a shortage of nylon for plastic bags and fuel for vehicles and generators, on Wednesday or Thursday we are going to have to suspend our food distribution program to 860,000 people in Gaza if the present situation continues," said Christopher Gunness, spokesman for UNRWA.

[Cellulosic ethanol to power fertilizer demand](#)

It sounds all too perfect for grain producers. Not only are grain prices going through the roof but now a significant end user of crop wastes like corn stover and wheat straw is emerging - the cellulosic ethanol industry. This offers the additional promise of even more financial windfalls in the game of crop production for farmers. But there will be major ramifications for the sustainability of grain production once we commit to remove not only grain but every skeric of plant residue our crops push out of the soil. There will be a major and significant increase in the amount of fertilizer nutrients farmers annually mine from the soil substrate.

[Questions Congress Need Ask Before Authorizing Bush's See, Hear, Speak No Evil Saudi Arms Deal](#)

Early in 2007 with the price of oil hovering about \$50/bbl, Saudi Arabia as the leader of OPEC, organized a production cut of 1.7 million barrels a day from OPEC's production quotas. Since then the price of oil has escalated by 100% touching \$100/bbl just some two weeks ago. Such an increase in price is virtually unprecedented and is beginning to wreck havoc on world economies, especially the poorer nations. Obviously the 500,000 barrels production a day that were reinstated in November are a far cry from what is needed. Why, in spite of this dramatic price escalation has Saudi Arabia not mandated OPEC to reinstate, at the very least, the full 1.7 million barrels of production?

[Arabian Oil Tsar to President Bush: 'Get Lost'](#)

For at least a decade now, Saudi Arabia has favored pliant reporters and editors and oil industry sycophants and lobbyists with its "secret potion" for oil power, the reason it is

Sampson to OPEC's Delilah — namely its mighty "excess" production ability.

Saudi Arabia is the producer of last reserve, we are told. It can pump it up when necessary, which is why we in America must extend protection and alliance to the kingdom against all enemies. Indeed, all the Saudi satellites in the region — Kuwait, the United Arab Emirates, and Qatar, too — could pump it up but won't, opting for higher prices while panting after American protection.

[Power looms large for Irish business](#)

Energy represents the biggest cost increase for small and medium sized enterprises globally over the last two years, according to Irish provider C Infinity. Referencing research from analyst IDC and partners IBM, the company said that smaller businesses in Ireland need to adopt a more green approach to IT, as highlighted recently when oil reached \$100 a barrel.

[The Incandescent Light, It Must Go!](#)

The question is...just what can we do to create the biggest energy lowering change with the least amount of effort ? The first culprit that comes to mind is the incandescent light bulb.

[Kenya: Petroleum Prices Now Triple in Western Region](#)

Consumers of petroleum products in western Kenya are paying nearly three times the market price as the region grapples with an acute shortage in the wake of the political turmoil.

[Eskom stops exporting electricity](#)

Eskom has stopped supplying electricity to neighbouring countries amid the dire shortage in South Africa, it said on Sunday.

[South Africa: Eskom's Call to Country - Use 20 Percent Less Power](#)

SA must cut its overall electricity consumption 20% as soon as possible to cope with a power shortage which has led to a spate of blackouts in the past week, a senior Eskom official has said.

Ideally the cutbacks should be shared across all sectors of the economy - residential, business and industrial - as the utility expands its capacity, said Andrew Etzinger, Eskom's GM for demand-side management.

[Irregular energy makes hens and milk cows grumpy](#)

Cape Town - The country's largest poultry producer has joined the clarion call for Eskom to give adequate warning about planned power cuts, while dairy farmers have warned that there could be a new milk shortage.

[Across Asia, food is the new oil as prices surge](#)

BEIJING (Reuters) - From India to Indonesia, governments across Asia are scrambling for solutions as it dawns on them that sky-high food prices might not fall any time soon.

[China seen facing tapioca shortage for ethanol](#)

BEIJING/HONG KONG (Reuters) - Guangxi, China's top tapioca producer, may have to downgrade its ethanol ambitions due to a raw material shortage, casting doubt on the country's plans to double its capacity for the alternative fuel by 2010.

Even the country's first tapioca ethanol plant, expected to start full-operations in February, is likely to face difficulties in getting enough material to produce 200,000 tonnes of fuel ethanol a year, officials and traders say.

[Green Technology, Low-Cost Upgrade for Commercial and Residential Refrigeration Means Big Fuel and Dollar Savings Now!](#)

DUCTED AMBIENT AIR COOLING is a breakthrough method for big energy savings in cooler climates. Used in walk-in coolers and also targeting home refrigeration this system uses the seasonally cold air outside of buildings and homes to bypass energy-intensive compressors used in normal refrigeration.

[How the coming home heating crisis could threaten the grid](#)

Resource economist Douglas Reynolds, a specialist on North American natural gas, has told me that once the natural gas decline begins, he expects a 5 percent per year drop-off in total production. Reynolds believes such a drop could begin as soon as this year. While imports of liquid natural gas (LNG) could ease the situation, the U. S. currently has only five such ports, and Canada does not anticipate opening any until 2011.

...So, this raises a second question: Will there be enough electricity for all those who want it? The short answer from Toronto is "no." Based on my admittedly rough calculations for the United States, the answer may be "no" here as well. If Americans who heat with natural gas substituted electricity for a mere quarter of their home

heating, they would add about 6 percent to total electrical demand. Doesn't sound like much, does it? However, that 6 percent would not be added continuously throughout the year, but concentrated in the coldest months. That could cause a pronounced spike in demand, especially during deep freezes. Add to this the fact that about 20 percent of U. S. electricity is generated from natural gas-fired power plants that will be competing with homeowners for the same dwindling supplies of natural gas.

[Anxiety as US oil fields dry up and prices soar](#)

Now that the price of crude oil has crossed the \$100-a-barrel threshold, and then retreated slightly, what direction will it take?

Many experts say it will go up, then down, and then maybe up again. That, anyway, has been the pattern of the last several years of volatile prices.

['Energy is politics and politics is energy' \(interview with Thierry Vandal, CEO of Hydro-Québec\)](#)

Has \$90 oil totally changed your business?

I think our generation will see the end of the internal combustion engine. It will be present but not as omnipresent as today. And Hydro-Québec will play a role. People talk today of plug-in hybrid autos taking the next step - to cash-back hybrids that connect to the power grid but also become a source of power certain times during the day. Using the Internet and GPS, these moving power plants could be attached to our grid in an efficient way.

['20-Year-Olds Need To Know They're Going To Grow Up In A Warmer World'](#)

More frequent heat waves in summer. Fewer hard freezes in winter. More prolonged periods of drought. Worsening air quality. More extreme individual rainfall events.

That's the forecast predicted for the year 2100 in South Texas - a region already known for its unforgiving climate - in *The Changing Climate of South Texas 1900-2100: Problems and Prospects, Impacts and Implications*. Co-edited by two research professors at Texas A&M University-Kingsville (<http://www.tamuk.edu>), the book features chapters written by leading scholarly authorities on the effects of climate change on the region's coastal areas, water resources, air quality, ecology and wildlife.

[Oil falls below \\$89 as stock markets plunge](#)

LONDON (Reuters) - Oil slid almost \$2 to a six-week low below \$89 a barrel on

Monday, as stock markets plummeted and concerns mounted over an economic slowdown led by top consumer the United States.

Stock markets across the world took a battering as anxiety spread that a fiscal stimulus plan proposed by U.S. President George W. Bush last week would not be enough to prevent a recession.

[Pipeline fire, tanker blast in southern Nigeria: sources](#)

LAGOS (AFP) - A major oil pipeline belonging to Italian oil company Agip caught fire and a tanker truck exploded in separate incidents Monday in southern Nigeria, military and industry sources said.

[Middle East tanker rates could drop as vessel supply increases](#)

Oslo: The cost of shipping Middle East crude to Asia, the world's busiest route for supertankers, may drop for a 17th day as the supply of carriers accumulates and oil companies cut cargo demand.

Refineries ordering crude cargoes may be assuming a US recession will crimp fuel demand, and the volume of oil being ship-ped "looks less," than in December, Per Mansson, a tanker broker at Nor Ocean Stockholm AB said in an e-mailed note.

[Sinopec fuel output undershoots as China revs up](#)

HONG KONG, Jan 21 (Reuters) - Chinese refining giant Sinopec Corp undershot its fuel processing target in 2007, it said on Monday, highlighting the tension between China's need to supply its hungry economy and its desire to keep a lid on prices.

[Iraq Suspends North Oil Exports On Pipeline Repair - Official](#)

Iraq has suspended crude oil exports from its northern oil fields due to a fault on the pipeline that carries crude from the Kirkuk oil fields to Turkey's Ceyhan port, an Iraqi oil official said Monday.

[Nigeria: Groups Petition National Assembly On 2008 Gas Flaring Deadline](#)

Civil Society leaders and community representatives have petitioned the National Assembly, asking for a legislation compelling oil companies and the government to end gas flaring in 2008. In a public memo, endorsed by 13 organisations, the groups said previous deadlines set for gas flare-out was disrespected because they were not legally

binding.

[US energy chief pleads for more Saudi, OPEC oil](#)

ABU DHABI, Jan 21 (Reuters) - U.S. Energy Secretary Sam Bodman repeated his plea on Monday for more oil from top exporter Saudi Arabia, undaunted by OPEC's cautious response to Washington's request so far.

[Peak Oil debate is now over, is "Peak Capital" next?](#)

The debate over Peak Oil is largely over, even if there is no firm consensus whether the world has already reached the point of diminishing oil production in 2007, 2008 or shortly thereafter. The central thesis that we will soon produce less and less oil (and increasingly more expensively) in the coming decade(s) is now adopted even by the mainstream media--with the possible exception of some diehard FMFf (Free Market Fundamentalist freaks)!

The next Great Debate--especially in view of the fast developing Capitalist Credit Crunch, whose sub-prime mortgage catastrophe is only the tip of the proverbial iceberg--is now squarely centered on the \$100 Trillion Question: have we reached the era of Peak Capital(ism)?

[Future thoughts: taking advantage of change](#)

Mauldin writes that just as the world switched from whale oil to kerosene and from coal to diesel, we will see a change in how we find and use energy.

"That is inevitable. But the transition will not necessarily be easy or smooth. And there are some surprises along the way. The things we 'know' and the assumptions we make about the conservation of fuel and peak oil are probably wrong, and we need to get some key concepts down as we consider how the world will adjust to rising oil demand but at some point potentially falling production."

[Peak oil: Why is it so difficult to explain/understand?](#)

After several years of partial success in explaining the physics-based phenomenon sometimes known as "Peak Oil", this author has come to one conclusion: Peak Oil is difficult to explain, and it is difficult for most people to understand.

[The battle for America's soul](#)

And what about Peak Oil, the theory supported by numerous geologists and petroleum experts, which states that in the very near future the total world demand for oil will outstrip the total world production capabilities, thereby adversely affecting the commerce and lifestyles of all nations, especially in America, the greatest consumer of petroleum? Do you believe that this theory is actually relevant and that America and the entire world must drastically change their ways, undertake conservation programs, develop alternative energy strategies to replace fossil fuels? Would you personally make some sort of positive sacrifice such as trying to limit your use of autos, by refusing to ever again purchase a large gas-guzzling SUV or pickup, and think seriously about purchasing a hybrid auto? Or do you, again, think that this theory of Peak Oil is yet once again nothing more than a hoax that will damage our economy and our lifestyles for no viable reason? Yes, one more big question in the battle for America's soul.

[South Africa: Power Crisis Threatens to Sink Major Projects](#)

CONCERN is growing that SA's electricity crisis could tarnish its appeal to investors, after news that several new mining projects and a ferrochrome expansion project had been put on the back burner because Eskom lacked the power needed to run them.

A R22bn aluminium smelter -- the biggest foreign direct investment secured by the country to date -- also may be under threat, with Eskom confirming yesterday it may be delayed by supply constraints.

[South Africa: Blackouts Result in the Bad and Bizarre](#)

The rolling electricity black-outs continue to play havoc with the lives of Capetonians as going through robot intersections, doing the shopping or even pulling the car out the driveway has become a daily lottery.

The latest round of load-shedding was implemented from Sunday and the Cape Argus has received numerous SMSes and phone calls from increasingly angry residents.

One resident in Penlyn Estate, Athlone, who did not want her name mentioned, said she was "very angry with Eskom" after her daughter missed her first day at school because they could not pull the family car out of the garage.

[Sun Rises Slowly on China's Solar Energy Sector](#)

A bevy of US-listed Chinese firms such as SunTech Power and foreign players such as Applied Materials Inc are starting to expand capacity in China, ploughing billions of dollars into factories across the country to capitalise on Beijing's intention to generate a tenth of its power from renewables by 2010.

[Japan follows Europe by tapping offshore wind for power](#)

KORIYAMA, Japan (Reuters) - Overlooking a mountain lake a few hours drive from Tokyo, dozens of tall wind turbines spin in the breeze creating carbon-free power for the world's fifth-biggest emitter of greenhouse gases.

A sudden change in breeze spins the turbines in a different direction, an apt symbol of Japan's efforts to shift away from fossil fuels for renewable energy such as wind power to help cut its greenhouse gas emissions under the Kyoto Protocol.

[Call to abandon biofuels targets](#)

The EU should abandon its biofuels targets because they are damaging the environment, a committee of MPs says.

The Environmental Audit Committee says biofuels are ineffective at cutting greenhouse gases and can be expensive.

[Royal Society issues biofuel warning](#)

Britain's august scientific academy, the Royal Society, has called for better research and policy development on biofuels to ensure they make a positive rather than damaging contribution to the fight against global warming.

The Society has published a 90-page report, 'Sustainable biofuels: prospects and challenges', acknowledges the potential value of biofuels to displace the use of fossil fuels but identifies a host of complexities that bring into question whether biofuel production and use can be sustainable economically, socially and environmentally.

[Big oil, ethanol producers fight over gas-blend rules](#)

A fight is brewing between oil companies and ethanol producers over a proposed change in Arizona's gasoline blend rules.

The state has asked the U.S Environmental Protection Agency to shorten the winter gasoline blend season by two months, having it span from November to January instead of to March. The EPA was supposed to act on that application last year, but did not. The lack of federal response could lead the Legislature to make adjustments to state laws governing the fuel blending.

[Funds threaten U.S. security](#)

It is widely known that Saudi money is being deployed in the USA to influence opinion about the Middle East and Israel. Saudi investors have bought a foothold in a media company that shapes public opinion, and Dubai tried to take over the management of several ports. Consider also the loud voice of oil money in Middle East university programs and the energy industry.

[EU nations chafe as the climate change bill comes in](#)

BRUSSELS (AFP) - Less than a year after challenging the world to a race to stop global warming, European Union nations are bickering over who should carry the biggest burden in the EU's push to cut greenhouse gases.

Now starkly aware of the cost their commitments could imply, the 27 nations have been lobbying the European Commission hard as it prepares to unveil Wednesday a package of measures meant to achieve Europe's climate goals.

[German farmers cultivate ways to fight global warming](#)

The image of a farmer in harmony with nature has long prevented a hard look at the sector's contribution to climate change, notably when farming is compared with much more visibly polluting activities such as the chemical and steel industries and their iconic smokestacks.

[Greenhouse Gases at New Peak in Sign of Asia Growth](#)

TROLL STATION, Antarctica - Atmospheric levels of the main greenhouse gas have set another new peak in a sign of the industrial rise of Asian economies led by China, a senior scientist said on Saturday.

"The levels already in January are higher than last year," said Kim Holmen, research director of the Norwegian Polar Institute, during a visit to the Troll scientific research station in Antarctica by Norway's Prime Minister Jens Stoltenberg.



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