



DrumBeat: February 20, 2008

Posted by [Leanan](#) on February 20, 2008 - 9:45am

Topic: [Miscellaneous](#)

[Oil hits record over \\$101 on OPEC, funds](#)

NEW YORK, Feb 20 (Reuters) - Oil vaulted to a record over \$101 a barrel on Wednesday as OPEC supply concerns and hedge fund buying countered worries about the U.S. economy.

U.S. crude ended up 73 cents at \$100.74 barrel, the top settlement on record, after hitting an all-time high of \$101.32 a barrel earlier in the day. London Brent settled 14 cents lower at \$98.42 a barrel.

...Analysts said a rush of buying by funds seeking a hedge against inflation helped push oil to new highs, with further support coming from supply uncertainty from OPEC members Nigeria and Venezuela.

"Traders are going into the oil market because it's what is causing the inflation, and those assets are most likely to appreciate," said Rob Kurzatowski, futures analyst with optionsXpress.

[OPEC Should Maintain Oil-Output Ceiling, Libya's Ghanem Says](#)

(Bloomberg) -- OPEC should keep its oil-output ceiling in place when it meets on March 5 if crude prices stay near record levels, Libya's top oil official said.

"There is no need to cut," Ghanem, chairman of Libya's National Oil Corp., said today in telephone interview from Tripoli. "It won't look nice either."

When asked if the Organization of Petroleum Exporting Countries should roll over the output ceiling if prices stay near \$100 a barrel, he said "yes."

[Lester R. Brown: Facts, Figures, and Charts for Plan B.3.0](#)

Did you know?:

The eight warmest years on record have all occurred in the last decade.

For seven of the last eight years, the world has consumed more grain than it produced; grain stocks are now at a historic low.

One fifth of the U.S. grain harvest is now being turned into fuel ethanol.

One third of reptile, amphibian, and fish species examined by the World Conservation Union are considered to be threatened with extinction.

Grain yields increased half as fast in the 1990s as they did in the 1960s.

[Norwegian oil discovery could foreshadow more](#)

OSLO, Norway — StatoilHydro Petroleum AS has discovered oil with an exploratory well drilled in the North Sea. The find is estimated at between 20 and 30 million barrels of recoverable crude, the state Norwegian Petroleum Directorate announced today.

The well was drilled near StatoilHydro's Grane field, which has been producing oil since 2003 about 115 miles off the western Norwegian port of Stavanger.

[Afghanistan: Power Cuts Leave Helmand Shivering](#)

An unusual cold snap combined with an almost total power blackout has left Helmand residents shivering in their homes.

Most of households, even in the capital, Lashkar Gah, have no electricity at all. Others get it for no more than an hour or two per day - just enough to turn on their water pumps to fill their cisterns.

Even government offices are affected. Work in some places is almost at a standstill, while the local media is unable to broadcast much of the time.

[Ecuador seeks end to Petrobras contract](#)

Ecuador's attorney general has asked the Energy Ministry to cancel the country's contract with Brazil's state oil company for allegedly violating the agreement terms.

Attorney General Xavier Garaicoa said Tuesday a state investigation found that Petroleo Brasileiro SA, or Petrobras, had violated its contract with the Ecuadorean government by allegedly transferring 40 percent of its rights in Block 18 to Japanese company Teikoku Oil Co. Ltd. in January 2005.

[Investigations begin at Big Spring Refinery](#)

Blake Lewis, Alon spokesman, said the cause of the blast is still unknown, but investigations will continue and initial assessments show the explosion occurred in the propylene splitter unit, which was in the southern sector of the refinery.

"Everybody is highly motivated to have the system back online as soon as possible," Lewis said, adding that the refinery produces about 70,000 barrels of oil each day.

[Nigeria: Gas Flaring - Senate Threatens to Shut Down Oil Wells](#)

The Senate Committees on Environment, Petroleum (Upstream) and Gas Resources, sitting jointly at a public hearing on gas flare out, yesterday threatened to order shut down of oil wells that constitute health hazards to host communities, following the failure of multi-national oil companies to meet the January 1, 2008 gas flare out deadline.

The Committees also said that they would press the Senate to pass a resolution for application of necessary penalties on oil companies that have not stopped gas flaring.

[Will North Atlantic threshold response to ocean changes be enough?](#)

Predictions that the 21st century is safe from major circulation changes in the North Atlantic Ocean may not be as comforting as they seem, according to a Penn State researcher.

"The Intergovernmental Panel on Climate Change concluded that it is very unlikely that the North Atlantic meridional overturning circulation (MOC) will collapse in the 21st century. They predict a probability of less than 10 percent," says Klaus Keller, assistant professor of geosciences. "However, this should not be interpreted as an all clear signal. There can be a considerable delay between the triggering of an MOC collapse and the actual collapse. In a similar way, a person that has just jumped from a cliff may take comfort that pain in the next few seconds is very unlikely, but the outlook over the long term is less rosy."

[Magellan, Buckeye study U.S. ethanol pipeline](#)

NEW YORK (Reuters) - Two U.S. oil products pipeline companies said on Tuesday they have launched an assessment on whether to build what would be the first dedicated ethanol pipeline from agriculture centers in the Midwest to the heavily populated U.S. Northeast.

The companies, Magellan Midstream Partners LP and Buckeye Partners LP, said the proposed pipeline -- with a preliminary cost estimate of more than \$3 billion -- would span about 1,700 miles (2,740 km) and take several years to build. The assessment could be completed later this year.

[Exxon Mobil 'Isolated' by Tactics, Venezuela Says](#)

(Bloomberg) -- Exxon Mobil Corp. is "isolated" in its "belligerent" approach to talks with Venezuela over oilfield takeovers, said Rafael Ramirez, the South American country's energy and oil minister.

[China charges full consumption tax for fuel oil](#)

SHANGHAI: China began charging the full consumption tax on fuel oil and three other oil products retroactively from January 1, tripling the previous level of taxation, state media reported Wednesday.

The government raised the consumption tax for fuel oil to 0.1 yuan (one US cent) per litre (0.26 gallon) after having collected only 30 per cent of the tax since it was first introduced in April 2006, the China Securities Journal said.

[Bad Biofuel Policy Boosts Asian Inflation](#)

The US decision to divert food crops for motor-fuel is proving a costly mistake – especially for Asia.

What has long been predicted – that the US decision to push the use of corn to make biofuel would be a costly mistake – is starting to come true, especially for Asia, where inflation is spiking with an ugly force.

[BC introduces carbon tax, but off-sets increased fuel costs with tax cuts](#)

VICTORIA - Finance Minister Carole Taylor introduced an escalating carbon tax on most fossil fuels Tuesday, one she says recycles revenues back to taxpayers and businesses and is designed to ignite an environmental social movement in British Columbia and across Canada to fight climate change.

[Canada: Truckers say they'll lose tens of millions of dollars](#)

B.C.'s commercial truckers say new fuel taxes announced in yesterday's provincial budget will cost their industry tens of millions of dollars -- and possibly hundreds of millions -- over the next five years.

Operating a long-haul truck will cost about \$1,000 more this year alone, said Paul Landry, president of the B.C. Trucking Association.

[Reinventing the Way We Live](#)

It's one thing to eat poorly or smoke cigarettes and know that somewhere down the line, you may pay for your individual behavior with poor health. But it's quite another thing to participate in the destruction of a planet. The documentary, *A Crude Awakening*, presents the theory of "peak oil," namely, that because all crude oil sources on the planet have already been found, nonrenewable fossil fuel's production will eventually enter a terminal decline. Whether you understand this peak to be approaching or already reached, the scenario is dire, given global oil consumption rates.

[Legislative audit finds financial pothole in funding roads and bridges](#)

The Minnesota Department of Transportation doesn't have enough money to adequately preserve the 4,500 bridges and 12,000 miles of roads in the state trunk highway system, and it faces a "grim" future funding picture that is expected to double the percentage of road miles that will deteriorate into "poor condition" between now and 2011.

[Welch wants Bush to take action to lower gas prices](#)

MONTPELIER — On a day when oil futures again topped \$100 a barrel, Rep. Peter Welch called on President Bush to offer Vermonters short-term relief from rising gas prices.

Welch's proposal would staunch the flow of oil into the nation's Strategic Petroleum Reserve, an approximately 700-million-barrel safety net stored in subterranean caverns near the Gulf of Mexico. Removing the U.S. as a major buyer on the open petroleum market, Welch said, would lower gas prices by as much as 25 cents in the near future.

[Hiring more women could ease oil firms' skills gap](#)

LONDON (Reuters) - Recruiting and retaining more women by setting quotas could help big international oil and gas firms cope with a severe shortage of skilled staff in future, a senior executive at Royal Dutch Shell said.

"A wasted potential resource in the industry is women," said Lynda Armstrong, vice president technical solutions at Shell International Exploration and Production.

[Energy insecurity worries IEA chief](#)

DAVOS, Switzerland — The chief of the International Energy Agency has warned that more must be done by major oil producing and consuming nations, including China and India, to address the growing energy insecurity, exacerbated by the heightened terrorist threat, shortfalls in oil supply and market volatility.

[Iran to supply 10 percent of gas market in next 20 years](#)

Managing director of Iran's National Gas Company said on Wednesday that Iran will become supplier of 10 percent of the world gas market in the next 20 years, compared with the current figure which stands at one percent.

[Nepal-India blockade enters second week](#)

A BLOCKADE of Nepal's capital by ethnic activists has entered its second week, with fresh violence reported and no sign of talks between fuel-starved Kathmandu and the demonstrators.

[Russia, Saudi Arabia Send Humanitarian Aid to Tajikistan](#)

Twelve diesel power substations of various capacities were delivered by plane to Dushanbe. Another four diesel power substations and 168 sets of heating equipment will be airlifted from Russia on 21 February. The total cost of the humanitarian aid is over 22m Russian roubles [around 1m dollars].

[Nigeria: Re-Streaming the Refineries](#)

The news that Warri Refining and Petrochemical Company (WRPC) has commenced operation, after some years of dormancy, could not have come at a better time than now.

This is because Nigerians have been made to suffer, for long, the pains of petroleum products shortages, despite the fact that the country ranks among the first 10 in oil and gas production in the world.

[Nigeria: Yar'Adua Gives 18-Month Deadline](#)

President Umaru Musa Yar'Adua took a step further yesterday to end the country's long-running energy crisis within the shortest possible time, when he established a presidential committee for the accelerated expansion of Nigeria's power infrastructure.

The president charged the committee with the huge responsibility of delivering within

18 months the 6,000 additional megawatts generation, transmission and distribution capacity targeted under the National Integrated Power Project (NIPP).

[Albania to Privatize Oil Refinery](#)

Tirana - The Albanian Ministry Of Trade, Economy and Energy, METE, announced on Tuesday an international tender for the privatization of the country's sole oil refinery, ARMO.

Under the tender, 85 percent of ARMO's stock will be sold. The company is currently 100-percent owned by the Albanian government.

[Ghana Interested in Cuban Energy Saving Program](#)

Yadira Garcia gave the visitor a thorough explanation on the Cuban initiative that was first implemented in 2005. She said the program includes providing every Cuban home with modern power-saving appliances, which has the double benefit of improving the quality of living.

[Regional energy group opposes House measure](#)

"Congress is setting the stage for a true energy crisis — on the one hand they are pushing policies that call for increased natural gas, on the other hand, they are making it more and more difficult for domestic energy companies to produce the natural gas our nation so desperately needs," Smith said.

[New Hampshire: Fighting the high cost of energy](#)

There are no easy answers to the energy crisis, but there are two initiatives under way at the state level that could make a big difference in the long term.

Here are some little-known facts about energy prices...

[Green doesn't come cheap](#)

We all know Gordon Campbell was elected premier to rid us of government red tape. But who thought he'd replace it with green tape?

Reams of the stuff, actually, with perhaps only minimal effect on his goal of keeping the ice caps from melting.

[Alternative energy: China taking the wind out of India's sails](#)

India clearly had a head-start over China in the wind energy sector. But given the pace at which things are moving in the two countries, it is just a matter of time before China overtakes India in the total installed capacity and net annual additions.

[Industry experts say crude oil prices won't stay at record](#)

"In essence, it (the price of gas) won't be affected. Crude oil has gone up \$10 in the last two weeks and a little of that will filter through, but it's been around \$90 for a month," said Michael Lynch, president of Massachusetts-based Strategic Energy and Economic Research.

"It's a psychological thing like finding a bat and getting scared and then you realize, 'It's just a mouse with wings,'" Lynch said.

[World stocks slide as oil storms to record \\$100.10](#)

LONDON (AFP) - World share prices tumbled on Wednesday on renewed worries about a global economic slowdown as the price of crude oil surged to a record high point above 100 dollars a barrel, dealers said.

[Are we running out of our precious oil?](#)

The other day, the price of gasoline went up again. I wondered why. I didn't see anything in the news. I wondered if it was caused by the long, cold winter and the need for more product being prepared for the home fuel price.

So when I was sent some information by George Monbiot which had been published in the Guardian recently, I decided to pass some key points on to you.

[EIA Reiterates Need For OPEC To Increase Output](#)

WASHINGTON -(Dow Jones)- The head of the Energy Information Administration on Tuesday reiterated calls for the Organization of Petroleum Exporting Countries to increase crude production to boost the world's small capacity cushion as oil prices neared breaking a record high.

EIA Administrator Guy Caruso told Dow Jones Newswires that by increasing output, OPEC would help relieve the tension in the narrow supply-demand gap that's fueling

price pressure. Despite rising prices adding to fears of a possible global recession, some of the more hawkish members of the oil cartel are discussing cutting production at their next meeting in March.

[BA to hike fuel surcharge on plane tickets](#)

LONDON (AFP) — British Airways said on Wednesday that it would raise its fuel surcharge on long-haul airfares because of high oil prices.

..."British Airways will increase its fuel surcharge on all tickets issued from Monday, February 25, 2008. The decision reflects continuing high oil prices," a company statement said.

[Aramco primes Yanbu pumps](#)

Saudi Aramco said it is on track to compete the Yanbu natural gas liquids plant expansion, which will boost its NGL output by almost 200,000 barrels per day.

[Nigeria oil rebels seek proof leader is alive](#)

A rebel group from Nigeria's oil producing Niger Delta demanded on Wednesday that lawyers, relatives and the Red Cross be allowed to see their detained leader, Henry Okah, to confirm he is alive.

The government denied late on Tuesday a report by the rebel Movement for the Emancipation of the Niger Delta (MEND) that Okah had been shot dead in detention in northern Nigeria. The president's spokesman said he was "alive and in safe custody".

[Australia: That plasma is about to get an energy rating](#)

All home appliances will soon have to conform to a strict new 10-star energy efficiency rating system, the federal Minister for the Environment, Peter Garrett, said yesterday.

Power-hungry plasma televisions and computers will have to carry new labels so customers can compare efficiency claims, and national three-yearly reviews of household energy use will be undertaken.

[Future Oil Wars Made Fun](#)

To devise the game's geopolitical context, he said, developers "read everything we could

get our hands on."

That included the books "The Party's Over: Oil, War and the Fate of Industrial Societies," by Richard Heinberg, and "Resource Wars: The New Landscape of Global Conflict," by Michael Klare.

Heinberg, a senior fellow at the California-based Post Carbon Institute, was surprised but pleased to learn that his book helped to inspire a video game.

[Oil Price Closed Above \\$100 a Barrel; World Leaders Ignore this Signal of Impending Shortages](#)

The price for West Texas Intermediate (WTI) oil closed above \$100 for the first time on February 19, 2008. "Rising oil prices have been giving a clear signal of pending shortages for over five years now," according to TheOilDrum.com. By ignoring this signal, world leaders are steering the world toward an energy disaster characterized by shortages, high energy prices, inflation, civil unrest and famine.



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