



DrumBeat: March 12, 2008

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[Oil crosses record \\$110, despite supply rise](#)

NEW YORK (CNNMoney.com) -- Oil prices rebounded to another record high Wednesday afternoon after initially plummeting when a government report said supplies of crude and gasoline had risen much more than expected.

In afternoon trading, U.S. light crude for April delivery surged to a high of \$110.20 before closing at \$109.92. Oil had traded as low as at \$107.09 following the report's release on Wednesday morning.

[ConocoPhillips lowers long-term production guidance](#)

HOUSTON — Oil major ConocoPhillips on Wednesday lowered its long-term production growth rate to 2 percent from a previous forecast of 3 percent, saying the company's goal was value not volume.

[Survey: Talent not surfacing in oil, gas industry](#)

The talent pool is drying up for some oil and gas companies, according to a survey released Wednesday.

Ernst & Young LLP and Rice University surveyed human resources executives at 22 international oil and gas companies, and found that nearly 90 percent say the talent shortage has become one of the Top 5 business issues facing their companies.

[Landmines Block Egypt's Access to Oil and Gas](#)

Some 22 million landmines and unexploded ordnance have lain hidden in the northwest of Egypt since World War II, Fathy El-Shazly, national project director for mine clearance and development at the Ministry of International Cooperation, told United Nations news service Irin.

Many of the mines are near the battlefield of El-Alamein, where the British Eighth Army forced the Africa Corps of "Desert Fox" Erwin Rommel to retreat all the way back to Tunisia.

... The former battleground is a treasure trove of raw materials such as oil, natural gas and ore. Egypt used to be seen as a minor oil player but experts now estimate that 4.8 billion barrels of oil lie under the sands of the north west -- enough for the country to draw level with OPEC member Angola in terms of oil production.

[Gunmen hijack vessel in Nigeria, take hostages, demand ransom](#)

LAGOS, Nigeria: Gunmen hijacked a vessel carrying six Nigerians on Wednesday in the restive southern oil region, security officials said.

A private security official said assailants attacked the vessel on a creek near the oil hub of Port Harcourt and were demanding ransom for the hostages. The official spoke on condition of anonymity due to company restrictions on dealing with the media.

[States await word on new air pollution rules](#)

WASHINGTON - States and local officials across the country awaited word Wednesday on whether they will have to further cut air pollution to protect millions of people, especially the very young and the elderly, from respiratory illnesses.

The Environmental Protection Agency is planning to announce whether it will tighten the federal health standard for ozone, commonly known as smog, and leave several hundred additional counties falling short of what the federal government considers healthy air.

[Al Gore's fund to close after attracting \\$5 billion](#)

GENEVA: The sustainable investment firm run by Al Gore, the former U.S. vice-president, is about to be closed to new investors, having raised close to its \$5 billion target.

[The new geopolitics of crude oil](#)

In essence, if Chinese austerity and US demand weaken or if the Group of Seven central banks intervene in the foreign exchange markets to buy dollars against the Euro and the Japanese Yen, then crude oil prices could easily plunge to \$80. However, the Wall Street credit meltdown has scared the Bernanke Fed and the Chairman's helicopters are dropping billions of new liquidity in the money markets, meaning US interest rates have

plunged 200 basis points since September. The last thing Saudi Arabia, the UAE and Kuwait need is \$125 crude oil in November, with their largest customer and security underwriter in deep financial distress. Saudi Arabia has been hypersensitive to its image in the US, since the kingdom was demonised in the media, Congress and the court of public opinion after 9/11. If oil prices do not fall, Opec and Saudi Arabia could well become the focal point of the presidential election in the US. The bitterness of the Bush White House's reaction to the last Opec conclave in Vienna is a premonition of autumn follies.

[IEA to convene meeting on surging oil prices](#)

LONDON (Thomson Financial) - The International Energy Agency will convene a meeting of oil industry experts in Paris on Monday on the current surge in crude prices, which have leapt from record to record in the last 10 days, an IEA spokesman said Wednesday.

'There will be a meeting on prices with experts, both from the financial and (oil) trading sectors, as well as with representatives of the production and refining sectors,' an IEA spokeswoman told Agence France Presse.

[Iran encourages gas cartel](#)

Iran has stated that it believes an Opec-style cartel for natural gas producers could help cut production and costs and benefit customers.

"Iran supports setting up a body that would guarantee the rights of both consumers and producers," vice minister at the Oil Ministry Ali Kordan, told the Iranian daily Ettelaat, according to Reuters.

"Trading in gas has grown so much internationally that a policy-setting body is needed. Setting up such a body would cut production costs and this would help protect the rights of consumers," added Kordan.

[Venezuela's Orinoco Output Exceeds 600,000 bbl/d, Topping Estimates](#)

State oil company Petroleos de Venezuela Tuesday said its four oil upgrading ventures in the Orinoco basin produce more than 600,000 barrels of crude a day, more than the company's own estimates.

[Uganda: Government has no petrol reserves](#)

THE Government does not have petrol in the national oil reserve in Jinja, Julius Bitature, the depot manager, has disclosed. According to Bitature, the 550,000 litres of

petrol in the reserve belong to private fuel companies.

[Nigerians pull half of claims in Chevron suit](#)

Nigerian villagers who are suing Chevron Corp. in a San Francisco federal court have quietly moved to withdraw half of their claims that the oil company was responsible for military attacks on protesters in the late 1990s.

[Scottish power](#)

Scotland wants to become a global force in marine energy - a market that could be worth billions.

[Why Food Shortages Are Our Problem Too](#)

British farmers should be cheering about the prospect of markets booming. Instead, the dairy sector is only just moving into recovery, while pigs and poultry are still in intensive care, vegetables and horticulture are in decline and beef and sheep are ailing. Why? Partly due to higher feed prices, or the better profitability of growing cereals or biofuels, but also because the marketplace has been dominated by the multiple retailers and their refusal to pay fair prices that cover the real cost of producing chickens, pigs and so on, and allow enough profit for farmers to invest for the future.

[Crude Bull Run May Be A Long Ride With Capital Constraints](#)

WASHINGTON (Dow Jones)--As oil prices threaten to spike above \$110 a barrel Tuesday - daily setting new inflation-adjusted records - some industry experts say the bull run is in for a long ride and crude could surge even higher.

While in the short term, traders are concerned about inventory levels heading into the summer, Jeffrey Currie, chief strategist and managing director of global investment for Goldman Sachs (GS), says bottlenecks in global capital investment flows into new oil production will likely continue to put upward pressure on oil prices in the mid to long term.

[Australia: What kind of future will our kids inherit?](#)

This is what Minister McNamara had to say on the subject of growth and sustainability.

“Population distribution, standard of living and sustainability are linked inextricably,” he told the Brisbane Institute.

"A long-term study pointing out the appropriate population distribution for Australia, including modelling of the impacts both of climate change and peak oil, must now become a priority.

"In the 21st century, the human race must finally confront the reality that in the closed system that is planet Earth, there are limits to growth.

"No matter how clever we are, there is no escaping the physical limits of the world's resources. The laws of physics trump the laws of economics every time."

[Mexico energy debate plays out in soap opera, show](#)

MEXICO CITY (Reuters) - A fierce debate in Mexico over oil has found its way into a soap opera and an entertainment show as the country grapples with whether to allow foreign companies a place in the energy sector.

[Myanmar's nutty scheme to solve energy crisis](#)

PYAW GAN, Myanmar, March 12 (Reuters) - They may look leafless and lifeless, but Kyaw Sinnt is certain his nut-trees are the key to Myanmar's chronic energy shortage.

Others are less sure, saying the junta's plan to turn the country into a giant plantation of biofuel-producing "physic nuts" is yet another example of the ill-conceived central planning that has crippled a once-promising economy.

[India: Only degraded land for bio-fuel crop](#)

New Delhi (IANS) Jatropha, a bio-fuel crop hailed by some as the answer to India's oil shortage and reviled by others as the bane of its food crops and forests, will be grown only on degraded forest land, parliament was informed Wednesday. Two MPs had asked if the government had assessed the impact on the environment of large-scale cultivation of bio-fuel crops that are seen by many to be the solution to high oil prices and also to emission of greenhouse gases (GHG) that is leading to climate change.

[Nuclear power: Getting attention?](#)

With crude oil settling at \$100-plus per barrel, gasoline reportedly heading to \$4 per gallon, fuel prices spiking across the energy spectrum and worry about greenhouse gas emissions and pollution, interest is renewing in using nuclear power to generate electricity - at least to a degree.

That's a bet nuclear power advocates are apparently making, at any rate. Some 34 applications for new reactor plants in a dozen or so states, most of them in the southern

U.S., have been announced.

[Gas prices soar](#)

Nathan Craig, an anthropology professor, said he refuses to own a car.

He said riding bikes and walking can save money and help solve the nation's obesity epidemic.

"It's a part of my war on terror," he said. "I'm interested in reducing my country's dependency on foreign fuel."

[The Cruellest Tax Increase of All](#)

So, what exactly does H.R. 5351 mean for America? And, what does it mean for working families, seniors and entrepreneurs struggling to make ends meet during this time of economic hardship?

In short, it means higher energy prices across the board and greater dependence on foreign oil.

[Michael Klare: The Bad News at the Pump](#)

Oil prices are high today not due to a temporary disruption in the global flow of petroleum but for systemic reasons that are becoming more pronounced. This means news headlines with the phrase 'record oil price' are likely to be commonplace for a long time to come.

...So here's the bad news at the pump: The inability of the global energy industry to keep pace with rising demand is only likely to become more pronounced as, in the years ahead, the world reaches maximum sustainable daily petroleum output and commences what just about all energy experts now agree will be an irreversible decline. No one can be sure when exactly this will occur, but a growing chorus of specialists believes that we are moving ever closer to that moment of "peak" oil output -- with some specialists placing it as soon as 2010-12.

[Analysts: U.S. economy won't stem oil demand](#)

NEW YORK - Strong global demand for oil will keep prices high despite a downturn in demand in the U.S., two prominent forecasters warned.

The U.S. Energy Department and the International Energy Agency said Tuesday there

is unlikely to be much relief from high oil prices because of brisk demand in China and other emerging markets.

[\\$4-a-gallon gas forecast in some areas](#)

WASHINGTON — Gasoline prices in the coming months are likely to top \$4 a gallon in some parts of the country, and perhaps nationally, the government said Tuesday.

[Iraqi government defends budget handling](#)

BAGHDAD - Iraqi government officials on Wednesday expressed "regret" about what U.S. officials said was mismanagement of oil revenues.

U.S. auditors told Congress on Tuesday that Iraq is not spending much of its own money, despite soaring oil revenues that are pushing the country toward a massive budget surplus.

[UK: Ecotricity urges Chancellor to turn windfalls into wind turbines](#)

While companies like Shell and Centrica hope they are still holding onto their record profits after the Chancellor's first budget later today, Ecotricity is one energy company sharing the sentiments of green groups, in hoping that Alistair Darling will tax these windfalls.

Dale Vince, MD of Ecotricity, said: 'Taxing the windfall profits of energy companies is plain common sense.'

[Taking On Congress' Favorite Biofuel](#)

For a young company, Virent Energy Systems seems to lead a charmed life. The Madison, Wis., biofuels outfit has pulled in more than \$30 million from venture capitalists while striking strategic relationships with the likes of Cargill, Honda Motor and Royal Dutch Shell.

Watch Virent Chief Executive Eric Apfelbach's crisp PowerPoint presentation on the company's business, and you'd probably want to get a piece of this action too. Virent has a low-temperature, low-pressure, catalytic process for turning carbohydrates (sugars) into gasoline, diesel and other fuels. Its 70 employees now make a gallon or so daily. Targeting gasoline as its first fuel, Virent hopes within five years to raise that production to 10 million to 15 million gallons annually.

[Nippon Oil seeks first fuel export term deals](#)

TOKYO, March 12 (Reuters) - Top Japanese refiner Nippon Oil Corp (5001.T: Quote, Profile, Research) is close to clinching its first long-term fuel export deals with oil majors and traders as shrinking domestic demand forces it to step up overseas sales, industry sources familiar with the talks said on Wednesday.

[Chevron can't offset reserve fall](#)

NEW YORK—Chevron Corp., the second-largest oil company in the United States, expects oil and gas reserves to increase about 5 per cent over the next three years, but says the growth won't offset a 7 per cent decline in 2007.

[Nigerian oil delta under threat of new violence](#)

LAGOS (Reuters) - The risk of renewed violence in Nigeria's oil producing Niger Delta is increasing because militants are frustrated by a lack of concrete results from peace talks, a key negotiator said on Wednesday.

[Experts To Discuss 'Peak Oil And The Future Of Energy' March 20 At CU-Boulder](#)

A cross-disciplinary panel of noted scientists and experts will discuss "Peak Oil and the Future of Energy" at the University of Colorado at Boulder on Thursday, March 20.

Panelists include CU chemistry Professor and CU Environmental Initiative Director Carl Koval, Association for the Study of Peak Oil-USA President Steve Andrews, Colorado Governor's Energy Office representative Morey Wolfson and National Renewable Energy Laboratory Biofuels Group Manager Jim McMillan.

[Energy Efficiency: A Passing Fad?](#)

With gas prices skyrocketing, conservation is back in style. Here's a look at how the trend is playing out and whether it's here to stay.

[India: High oil prices to hit common man hard](#)

MUMBAI: As stocks surged and salaries grew, urban India almost breezed through the dramatic rise in world oil price, from \$50 a barrel to \$100 in just two years. But chances are that it may now begin to hurt. Crude prices touched a new high of \$109 a barrel on Tuesday and Wall Street's biggest bond house Goldman Sachs (which got its earlier forecast right) on Tuesday talked of a 'Super Spike', that could take prices up to \$200.

Choppy markets and a high oil bill could be double whammy for the economy as well as Indian consumers. Even if politics postpone any big hikes in petrol and diesel prices, air travel could turn out to be more expensive and power bill could make you sweat.

[World 'Squandered' Decade in Climate Debate, Top Scientist Says](#)

(Bloomberg) -- World leaders wasted a decade debating whether global warming is happening, and now need to act quickly to limit its effects, a former chairman of the United Nations Intergovernmental Panel on Climate Change said.

The pace of greenhouse-gas emissions risks locking in thousands of years of higher sea levels, as well as damaging marine ecosystems such as coral reefs, melting sea-ice and acidifying the oceans, said Robert Watson, now chief scientific adviser at the U.K. environment ministry.

[Oil Group to Press Canada to Postpone Emissions Rules](#)

(Bloomberg) -- Oil-sands producers will ask the Canadian government to delay new greenhouse-gas rules to give scientists time to figure out how to halt their emissions.

``We'll be talking to the government about their timeline for this," Pierre Alvarez, president of the Canadian Association of Petroleum Producers, said yesterday in a telephone interview. ``This is going to take a bunch of work."

[Climate alarmists pose real threat to freedom](#) *(by Vaclav Klaus, President of the Czech Republic)*

I am afraid there are people who want to stop the economic growth, the rise in the standard of living (though not their own) and the ability of man to use the expanding wealth, science and technology for solving the actual pressing problems of mankind, especially of the developing countries. This ambition goes very much against past human experience which has always been connected with a strong motivation to better human conditions. There is no reason to make the change just now, especially with arguments based on such incomplete and faulty science. Human wants are unlimited and should stay so. Asceticism is a respectable individual attitude but should not be forcefully imposed upon the rest of us.

[Global warming to affect transport](#)

WASHINGTON - Flooded roads and subways, deformed railroad tracks and weakened bridges may be the wave of the future with continuing global warming, a new study says.

Climate change will affect every type of transportation through rising sea levels, increased rainfall and surges from more intense storms, the National Research Council said in a report released Tuesday.

Complicating matters, people continue to move into coastal areas, creating the need for more roads and services in the most vulnerable regions, the report noted.



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