



DrumBeat: March 14, 2008

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Topic: [Miscellaneous](#)

[Oil for China, Guns for Darfur](#)

China's thirst for oil is causing bloodshed. So says New York-based nongovernmental organization Human Rights First, which on Mar. 13 released a report linking China's rising imports of Sudanese oil with sales of Chinese small weapons to Khartoum, used to further the deadly conflict in the western region of Darfur. The report is part of a broader campaign called Made in China: Stop Arms Sales to Sudan, timed to coincide with the runup to the Beijing Olympics in August. "China's huge appetite for oil from Sudan filled Khartoum's coffers, enabling Sudan to buy Chinese arms," says Betsy Apple, a Human Rights First program director and author of the report. "It's a toxic oil-for-arms relationship." Apple says the group is calling for China to halt arms sales to Sudan immediately.

[Gas bills ate your rebate](#)

Rising pump prices means a big chunk of your check could end up stimulating an economy far from America's.

[Peak Oil Passnotes: Owned \(by China\)](#)

One of the special items President Bush pointed out was that sovereign wealth funds – many of them from the middle east – should be allowed to buy up assets in the U.S. “because it is our money anyway,” he said to his only round of applause and much laughter. “We might as well get it back,” he added.

Of course what he means was the money owned by sovereign wealth funds is money that the U.S. has spent on importing oil – as well as a little bit of LNG – from the region. The very idea that a sovereign wealth fund should not be allowed to buy into the U.S. would at first light seem an odd one. After all the U.S. economy is based on the premise that it has something to do with ‘free markets’. Any half awake observer knows this to be false.

[New Zealand - Govt to oil explorers: You pay](#)

Government subsidies to boost exploration in the oil and gas sector are off the table in the face of record oil prices of US\$111 (\$135) and the vast profits reaped by the major oil companies in recent years, Energy Minister David Parker says.

[Market's 'energy policy' is working its magic](#)

"Gasoline prices are going higher, and there's no end in sight!" Have you heard that lately? It seems like every news story on energy begins with those fateful words. Then we hear that gasoline consumption fell for the first time in 16 years, and that mass transit ridership is up. I can just hear Robin chiming, "Holy gas guzzler, Batman, what's going on in this market?"

Quite honestly, if you're an economist -- and we all are -- you know exactly what's going on. Individuals are simply making decisions based on their own self-interest, and collectively, those decisions alter the supply/demand equation for energy. Environmentalists who scream for lower energy use may not agree with the market's methodology, but by golly the market sure knows how to get the job done.

[Tunnel vision](#)

The spectre of peak oil makes the case for roads even more difficult. While the Brumby Government is not prepared to offer a view about when oil is likely to start running out, the Queensland Government estimates it will begin by 2017. If Brumby were to decide to back the tunnel project this year, it would still have to go through years of planning, environmental impact assessments and tendering before work started. By, say, 2010 or 2011, the idea of building a major new road through the middle of Melbourne may well be looking a little dated.

[State tells Duke Energy to stop selling fixed-payment plans](#)

Customers already enrolled in the plans will be allowed to continue. But the commission says no new customers can be added.

The programs allow utility customers to pay a flat fee every month, regardless of how much energy they use. The fee is determined by their past use of electricity.

That's risky for both the utilities and their customers because customers may pay more or less than their actual energy use would otherwise require, the commission says.

[Ukraine seeks end of gas intermediary](#)

KIEV, Ukraine - Prime Minister Yulia Tymoshenko on Friday hailed a natural gas

agreement with Russia and said she will continue to push for elimination of an intermediary company in the complex gas trade.

[Brazil flex-fuel cars help tame gasoline prices](#)

RIO DE JANEIRO (Reuters) - A massive new fleet of flex-fuel cars in Brazil has prevented state oil company Petrobras from charging more for gasoline despite record world oil prices, the company said on Friday.

[Why OPEC Won't Boost Oil Supplies](#)

The Bush Administration could be working on the assumption that the Saudis and other allies could quietly increase production unilaterally, and relieve pressure on prices. After all, OPEC output quotas are hardly effectively policed. But analysts believe that assumption may be false. Priddy believes Americans might be unfairly pinning the blame on oil-rich countries. "They want to find someone to blame and Gulf countries aren't popular to begin with," he says. But producers are contending with rising production costs, while extracting oil has become more difficult as land-based wells with plentiful reserves have been depleted in many places, leaving expensive, complicated deep-sea drilling as the best hope for tapping massive new reserves.

[Gas, diesel rocket to new records](#)

NEW YORK - The rally in energy prices gained momentum Friday, with retail gas prices rising further into record territory and diesel and heating oil futures setting records of their own amid concerns about strong global demand and tight supplies.

Crude oil prices fell modestly as a downturn in the stock market and worries about the economy prompted some profit-taking. But with the Federal Reserve expected to cut interest rates again next week, analysts expect the dollar to weaken further, propelling crude to new records.

[Norway frets over StatoilHydro environmental impact](#)

OSLO (Reuters) - Norway's Environment Minister Erik Solheim expressed concern on Friday about the environmental impact of investments by oil group StatoilHydro in countries including Canada and the United States.

Solheim told Reuters that StatoilHydro, which is 62.5 percent state owned, should follow the same environmental standards abroad as it does on Norwegian oil and gas fields -- a move which would boost costs for the \$97 billion energy group.

[GE, Wal-Mart chiefs renew 'green' vows](#)

(Fortune) -- Jeff Immelt, the chief executive of General Electric (GE, Fortune 500), was getting defensive - and for good reason. "Look," he protested, "I've never voted for a Democrat!" Immelt went on to insist he's getting a bum rap. "I work for investors," he said.

Speaking Thursday at a *Wall Street Journal* conference on business and the environment, Immelt had come under attack for what was called a "big government" solution to climate change, namely mandatory federal regulation of greenhouse gases.

[Shell: Energy dialogue report for Peak Oil \(PDF\)](#)

The Myth: We're running out of oil. The "peak oil" theory came up in nearly every market. While this wasn't necessarily surprising, the pervasive nature of this strongly held belief was. Similarly, in a related survey that we conducted, more than half of the respondents said global oil production will peak within the next 20 years. This leads people to dismiss oil and gas from being part of the future energy portfolio. Also not surprisingly, we found that few people were aware of the scale of untapped domestic resources on the Outer Continental Shelf, or of the huge undeveloped unconventional resources, such as oil shale, oil sands and heavy oil.

The Reality: Oil resources are out there, should we choose to develop them. When individuals think of peak oil, they tend to think that a sudden drop in global production follows soon thereafter. We don't expect to see this on a global level. It is possible, though, that we will reach a plateau in the next few decades, followed by a gradual decline of conventional oil and gas production. There is no shortage of molecules of oil and gas in the ground. However, there are multiple influences that will affect the pace at which this can, and will, be developed.

[OPEC Says Refiners May Cut Operating Rates on 'Poor' Margins](#)

(Bloomberg) -- Refiners around the world may cut operating rates in the coming months, reducing crude oil demand, because of "poor" margins, the Organization of Petroleum Exporting Countries said.

"The recent strong builds in gasoline stocks in the U.S. and elsewhere should cause the poor performance of refinery economics and encourage refiners to trim crude demand and refinery throughputs," OPEC said today in its monthly report.

[Gas prices sustain record run](#)

NEW YORK (CNNMoney.com) -- The nationwide average price of gasoline set another record Friday, according to the closely watched survey conducted for the motorist group AAA.

The average price of regular rose overnight to \$3.28 a gallon, according to AAA's Web site. That's more than a cent higher than Thursday's record and was the fourth all-time high hit in as many days.

[Where Is The Economy's Breaking Point?](#)

When oil was climbing past \$50, \$60, \$70 and even \$80 a barrel, the big question was: Where is the breaking point for the economy?

Now with the economy staring down a recession (or in a recession, depending on your view), oil is at \$110 per barrel. And some economists are saying the price is now beyond that breaking point -- and the duration of higher prices and the resulting impact on gasoline prices will be a big factor in the economy's ability to shake off its sluggishness.

[Thailand: Urgent talks as diesel tops \\$127](#)

The Energy Ministry is seeking an urgent meeting with the National Energy Policy Council to address the sharp spike in diesel prices, after refined diesel hit US\$127.08 a barrel yesterday.

[Liberals 'deceptive' about nuclear plans, NDP says](#)

The NDP is charging that the McGuinty government is not being honest about the amount of nuclear power it's planning for Ontario.

A document outlining the process for companies to bid on new reactor construction says the province may need nearly four times the nuclear power previously suggested.

The government's power plan says the province needs a minimum of 1,400 megawatts of new nuclear power. But it's asking the companies competing for the contracts to bid on a project creating much more than that.

[Venezuela's Refining Woes](#)

Fires, accidents, and unplanned maintenance shutdowns have become commonplace at Venezuela's refineries. The problems are symptomatic of the ailments afflicting state-owned oil giant PDVSA: lack of qualified personnel and a shortage of cash. And if PDVSA (which operates all domestic refineries) cannot reliably manage its existing refineries,

how will it ever hope to expand its domestic refining capacity beyond the current 1.28 million barrels per day?

[Public Transport crisis feared in Jaffna peninsula](#)

Sri Lanka Electricity Board (SLEB) which supplies fuel and oil to Jaffna Sri Lanka Transport Board (SLTB) has informed that it may have to suspend supplies to Jaffna SLTB if the arrears of 51 million rupees due is not paid, Koa'ndaavil SLTB head office sources said. Already 40 buses in the three depots of Jaffna SLTB are not functioning due to lack of spare tires, and if SLEB suspends supply the entire bus service may ground to a halt, the sources added.

Though 374 tires have been allotted to Jaffna SLTB they remain in Colombo because related authorities have failed to arrange shipment of the tires to Jaffna due to lack of funds to pay the ship fare, sources said.

[Thailand - PTT: Trim diesel reserve to 10 days to avert shortage](#)

Market leader PTT Plc has urged the government to cut the required diesel reserve to 10 days' supply from 18 days in order to avert a possible shortage of the fuel. The Department of Energy Business currently requires oil traders to set aside amounts equal to 18 days of their average trading volume in crude oil and refined oil products.

The reserves are required by law in order to ensure secure supplies.

[Argentina Creates Gas Incentive Plan. But With Price Catch](#)

The Argentine government's Energy Secretariat Thursday authorized higher prices for gas obtained through new or untapped, hard-to-reach gas reserves, although the measure leaves the door open for continued government intervention in the price.

The "Gas Plus" plan, outlined in Resolution 24/2008 in Thursday's Official Bulletin, had been announced in general terms Monday by Planning Minister Julio De Vido.

The plan aims to boost the stagnant supply of gas as the nation faces a fourth straight year of gas shortages in the coming winter.

[Average gas price for Europe could rise to \\$400 in 2008 - Gazprom](#)

MOSCOW, March 14 (RIA Novosti) - Gazprom's CEO said on Friday that the average price for natural gas for Europe in 2008 could reach \$400 per 1,000 cubic meters, 13% more than previously expected.

"The price in Europe now exceeds \$370. We believe the average price in 2008 could be \$378 and could even reach \$400 per 1,000 cubic meters," Alexei Miller said at a meeting with Russian President Vladimir Putin.

Miller said the price hike was necessitated by the weakening U.S. dollar. However, he said the price increase would not affect the growing demand for natural gas on the European market.

[The great coal run, steelmakers feel the pinch](#)

WINDHOEK - Indian steelmakers were this week reportedly paying US\$600 for a ton of imported coking coal after the price shot up from US\$200. As steelmakers the world over became very concerned about the cost and supply of coking coal, the world's second largest steelmaker, Nippon Steel was forced to cut its profit forecast.

Anglo-Dutch steelmaker Corus, owned by Tata Steel, warned that higher coal prices would push wire rod prices 'substantially higher' for deliveries from April 28. Corus, which has already raised wire rod prices by between £70 and £90 a ton on deliveries from March 31, is unable to specify the level of further price increases due to the uncertainty in coal prices.

[Eskom's demands creating a boom for coal producers and problems for local industry users](#)

Power utility Eskom has identified low coal stocks, together with poor coal quality and wet coal as the key culprit of the current energy crisis South Africa is experiencing. South Africa has been hard hit by power cuts that forced mines to shut for five days during late January.

This hunger for coal has led to a rise in the local price of coal, that is hitting other industry users of the energy source hard.

[Bangladesh: DMC students take to street to protest power outage](#)

Several hundred students of Fazle Rabbi Hall of Dhaka Medical College (DMC) blockaded the city's Bakshi Bazar intersection for about three hours last night protesting frequent power cuts.

There was no power at their dormitory from 6:00pm to 11:30pm. They took to the streets around 9:00pm and stayed there until 12:00am.

During the demonstration, the students set fire to tyres on the street and blocked all four roads of the intersection in front of their dormitory.

[Workers Stage Widespread Strikes against Pension Reform](#)

A series of strikes orchestrated by Greece's largest unions has caused traffic gridlock in Athens, left tons of garbage uncollected and could cause power outtages in days ahead. The unions are protesting potential pension reforms that might raise the retirement age and cut social benefits.

[A Natural Gas Disaster](#)

BUENOS AIRES, Argentina — Few things better illustrate the tragedy of Latin American populist and nationalist politics than the crisis related to natural gas in South America. A region endowed with vast reserves and governments that describe themselves as close partners is mired in crippling power shortages and cross-border disputes over cutbacks in the supply of natural gas. People cannot count on consistent service.

[Globe 2008: Canada missing green opportunities in Mideast](#)

With rich countries in the Middle East starting to go green, huge opportunities have opened up for environmental consultants and suppliers.

But rather than flocking to places like Saudi Arabia and Dubai, Canadian companies have been sitting on the sidelines, delegates to the Globe 2008 conference heard today in Vancouver.

[Carbon Capture in the U.S. Faces Hard Realities](#)

Although carbon capture seems like a good idea on paper, few projects get beyond the drawing board.

[Jersey Senators Help Thwart Offshore Drilling 100 Miles from Coast](#)

WASHINGTON — During the March 13 Senate debate on the nation's budget, U.S. Sens. Bob Menendez and Frank Lautenberg (both D-NJ) "helped beat back a threat to the environment and economy of the Jersey Shore," according to a release.

The senators helped lead the effort to defeat an amendment offered by Sen. Lamar Alexander (R-Tenn) that would have paved the way for drilling off the coast of Virginia, which includes areas less than 100 miles from the Jersey Shore — close enough for spills to affect New Jersey beaches.

[Squeezing safety into small cars](#)

There's no denying physics. All things being equal, a larger, heavier vehicle will protect its occupants better in a crash than a smaller, lighter one. For this reason, front crash tests can only be compared between cars of similar size and weight.

But larger, heavier vehicles require more energy - and therefore more fuel - to move. The physics of fuel economy are at odds with the physics of safety.

If you're shopping for a small car to save gas, it's especially critical to look for one with every safety advantage possible, says Adrian Lund, president of the Insurance Institute for Highway Safety.

[Output higher than demand, OPEC says](#)

LONDON—OPEC is pumping more than enough oil to keep consumers satisfied and a potential U.S. recession could mean lower demand for its crude, the group said on Friday.

OPEC, in its monthly oil market report, said there was little risk of a rise in oil demand growth forecasts given the slowing economy of the world's top fuel consumer.

Despite record prices above \$110 a barrel, the Organization of the Petroleum Exporting Countries still expects global consumption this year to expand by 1.2 million barrels per day (bpd) to average 86.97 million bpd.

[Soaring oil spells real trauma](#)

Eighteen months ago when the guys at Goldman Sachs were forecasting that the price of oil would go to \$100, it was widely dismissed as nothing more than the bank talking its book.

Today, with oil hitting \$110, the markets have changed their tune. Now the idea of oil at \$150 or even \$200 is not sneered at. It is seen as possible.

[\\$200 Oil Is a Very Real Possibility](#)

A decade or so ago, sustainable energy was thought more in terms of availability relative to the rate of use.

In today's global economy however, with the constant growing shortage of energy and in light of great demand from the emerging markets, there is clearly growing concern as to how the energy needs are being addressed and what's being done in prolonging energy

sustainability prospects. This includes the overconsumption factor, which consequently elevates the risk of resource depletion.

[Global "Oil Shock" Rattles World Stock Markets](#)

Global investors are plowing money into crude oil, because the longer-term fundamentals are bullish. The International Energy Agency is predicting that global oil demand will rise 2% this year to a record 87.5 million barrels per day. And a growing number of oil investors subscribe to the "Peak Oil" theory that holds to the belief that the global oil supply has already maxed out at 85 million per day.

[With gold futures hitting US\\$1,000 per ounce, more investors seeking out shiny metal](#)

Two elements will continue to contribute to a rising gold price for the foreseeable future, he said. The first one is a rising oil price.

"Production is in decline. We hit peak oil production apparently in February 2006 ... (Meanwhile) demand is rising" in North America, China, India, Russia and Brazil.

"That situation isn't going to be corrected in any way in the foreseeable future," said Barisheff. "Even if we found a huge oil field, it would take between five and ten years to get it into production."

The rising oil price has two implications. "It's highly inflationary because oil is used in everything we do or make or eat," he said.

Secondly, "over the very long term oil and gold are somewhat correlated in that they move in similar directions. And over a very long-term average, you could look at about 15 to one in terms of pricing," said Barisheff.

[Should Oil Be Trading at \\$60 or \\$150?](#)

Can the price of oil be blamed on commodities investors and futures traders artificially driving up values? While the price of crude oil was surging past \$100 a barrel last week, Philip K. Verleger, Jr. was busily penning his latest letter, "Notes at the Margin," to the clients of PKVerleger LLC. Clarence Cazalot Jr., CEO of Marathon Oil, was in Verleger's lede and on his mind.

[Maui drivers watch gas prices reach \\$4](#)

WAILUKU, Hawaii - "Maui No Kai Oi" is a popular Hawaiian saying that means Maui is the best. Mike Sweeney recently moved to this idyllic island from Denver and was hit with the other side of living in paradise with his first visit to the gas pump: Maui is also

No. 1 in gas prices.

[HECO fuel charges up 21% in 5 months](#)

As oil prices hit record levels, Hawaii businesses and residents are being shocked not only at the gas pump but at the electric meter.

Since October, the fuel surcharge that Hawaiian Electric Co. passes on to its customers has shot up 21 percent.

It now accounts for 57 percent of the average customer's bill on Oahu, with some Neighbor Island customers paying even more.

[Powering the Future](#)

Chances are you've heard of hybrids and biofuels, but what about oil-producing yeast and turbinelike buoys that transform ocean waves into electricity? Those are just a couple of the alternative-energy sources that may power the future according to Fred Krupp, president of the Environmental Defense Fund and coauthor, with Miriam Horn, of the new book "Earth: The Sequel" (Norton).

[Russia's Surgut sees 7 pct drop in '08 oil output](#)

MOSCOW (Reuters) - Russian oil firm SurgutNefteGas expects a further 7 percent decrease in oil output this year but it still expects new projects to come on stream, an agency quoted a firm's executive as saying on Friday.

Surgut, Russia's fourth-largest oil firm, is expected to produce 60 million tonnes (1.2 million barrels per day) this year, down from 64.5 million tonnes in 2007, Interfax quoted Ivan Kos, the firm's deputy chief geologist, as saying in the East Siberian town of Irkutsk.

[Ukraine says seeking long-term gas deal with Russia](#)

KIEV (Reuters) - Ukraine is seeking a long-term agreement on gas supplies from Russia's Gazprom, Prime Minister Yulia Tymoshenko said on Friday, after the two former Soviet neighbours resolved their latest energy squabble.

[Qatar shipper aims to be largest LNG transporter](#)

Qatar Gas Transport expects to add more ships and become the operator of world's

biggest liquefied natural gas fleet by 2010 in a move that could drive down rates for shipping the fuel.

The company, known as Nakilat, will receive 45 of the world's largest LNG tankers from South Korean shipyards, Managing Director Muhammad Ghannam said in an interview in Bangkok Thursday. Kuala Lumpur-based MISC Bhd., currently the world's biggest LNG shipper, may add three tankers by 2009 to expand its fleet to 29, the company said on its Web site.

[Gazprom buys into UK smart meters](#)

Gazprom, the world's biggest gas group, has bought a stake in a British smart meter supply company, hoping the energy efficiency product will make its supplies more attractive to UK customers.

[Ontario's Bruce Power talks of nuke plant for northern Alberta](#) - *Nuclear power could cut oil sands emissions*

Bruce Power, a private nuclear utility that generates about a fifth of Ontario's electricity, said Thursday it has taken a step that could lead to construction of Western Canada's first nuclear plant.

Bruce said it filed an application with the Canadian Nuclear Safety Commission for clearance to prepare a possible site in Alberta's Peace River district.

[EU leaders aim to seal climate action plan this year](#)

BRUSSELS (AFP) - European Union leaders were set Friday to agree to enact an ambitious global warming action plan by early next year, in order to set the tone for international climate talks in 2009.

"It's a very good proposal and I believe that tomorrow we'll be able to support it by way of council (summit) conclusions. We must reach agreement in the first months of 2009 at the latest," Slovenian Prime Minister Janez Jansa, whose country holds the EU's rotating presidency, said after the first day of an EU summit in Brussels Thursday.

[Blair leading team charged with securing climate change deal](#)

LONDON (AFP) - Former British premier Tony Blair is leading a team of international environment experts backed by the United States and the United Nations and charged with securing a global climate change deal, he told The Guardian on Friday.

"There is a deadlock. Everyone is agreed where we want to get to, but unless you agree on the framework for getting there, you are left with a process and not a result," Blair told the newspaper.

[Economist Strikes Gold In Climate-Change Fight](#)

LONDON -- The planet is getting warmer. Richard Sandor, a 66-year-old economist, is getting wealthier.

His company, London-based Climate Exchange PLC, has carved out a key role in Europe's booming trade in "carbon permits" -- essentially, buying and selling the right to pollute. Since 2005, the European Union has required major polluters to either cut the amount of carbon dioxide they spew, or buy pollution credits in the open market.

[Greens say carbon caps would boost Japan economy](#)

TOKYO (AFP) - A leading environmental group called Thursday for Japan to set up a gas emissions trading system, saying it would not only dent global warming but also provide a "massive" economic boost.

[Barroso vows to defend EU industry if climate talks fail](#)

BRUSSELS (AFP) - European Commission chief Jose Manuel Barroso vowed on Thursday to defend industry threatened by competition from countries with lower environmental standards if international climate change talks fail.

[The Impending Coastal Crisis](#)

By mid-century, more than half of the U.S. population will live within a day's drive of a coast or lakeshore. Once the realm of small villages and ocean-based economies, these areas are now heavily developed and populated with tourists and secondary homes. Many inhabitants appreciate the scenery, but assume shorelines never change. Geologists, however, see a different picture. Billions of years of geologic history have shown that coastal areas are the least constant features on the planet's surface. Tropical storms (hurricanes) and extratropical storms (Pacific storms, nor'easters) devastate shorelines. In addition, the post-glacial rise in sea level enables storm surges to destroy coastal areas at higher and higher elevations each century. Fixed structures built on coasts with rising sea levels may be doomed.



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