



## DrumBeat: May 20, 2008

Posted by [threadbot](#) on May 20, 2008 - 9:18am

Topic: [Miscellaneous](#)

### [IHT: Middle East Oil: Defying the Experts](#)

At a time of rapid price increases, our natural resources seem ever more precious and their future more uncertain. In particular, the arguments of advocates of "peak oil," who assert that global oil production has now climaxed and will start to decline, appear increasingly plausible.

Fortunately, however, a coming centenary puts their claims into a timely and fitting perspective. Almost 100 years ago - on May 26, 1908 - British geologists, working in a remote Persian wilderness, first discovered oil in the Middle East.

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### [Saudi Arabia celebrates 75 years of its national oil company in era of record energy prices](#)

Saudi Arabia has marked the 75th anniversary of its national oil company, once a joint operation with the Americans, but gave no sign of acquiescing to a U.S. request to increase its oil output.

### [Dollar extends losses after U.S. inflation data](#)

The dollar index, which measures the U.S. unit against a basket of six major currencies, was at 72.496, down from 73.059 in late North American trading Monday. The Labor Dept. said its producer price index slowed to 0.2% in April after seasonable adjustments, with food prices flat and energy prices falling. Economists had expected a 0.4% rise. See Economic Report. However, core PPI, which excludes food and energy prices, rose a higher-than-expected 0.4% in April. Core prices are up 3% in the past year, the biggest year-over-year rise since late 1991.

### [Supply Worries Lift Crude To Yet Another New High](#)

Crude-oil futures marched to a new record Tuesday amid continued uncertainty over supply in a period of growing world consumption. Light, sweet crude for June delivery

was recently up \$1.80 at \$128.85 a barrel on the New York Mercantile Exchange, after notching an all-time high of \$129.31. The contract expires Tuesday. More actively traded July Nymex crude was at \$128.78 a barrel, up \$2.06, or 1.6%. July Brent crude on the ICE futures exchange rose \$2.27 to \$127.33 a barrel.

### [What the Export Land Model Means for Energy Prices](#)

Which brings us to the Export Land Model (or ELM, as I will refer to it from here). The basic thesis expressed by Jeff Brown and other students of the ELM is that, to fully appreciate the impact of peak oil, you cannot look only at the production declines so presciently anticipated by MK Hubbard in 1956. You also have to look at the rate of local consumption and the effect of that consumption on the ability of a country to export its oil.

### [What the Export Land Model Means for Energy Prices](#)

To understand the importance of exports when discussing peak oil, ask yourself the question, "What's more important: the fact that global oil production is falling ... or that the oil-exporting nations are cutting off their exports?"

While the two questions are clearly linked, it is the nuance of the export question that clearly matters the most. Especially if you live in a country such as the US, which currently imports about 70% of its oil.

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For more on the ELM, [click here for the Export Land Model tag search](#).

### [America must face the harsh realities over oil](#)

The first is that higher energy costs are here to stay. You don't have to buy Goldman Sachs's headline-grabbing forecast this month that crude will reach \$200 a barrel.

### [Iraq could have largest oil reserves in the world](#)

Iraq dramatically increased the official size of its oil reserves yesterday after new data suggested that they could exceed Saudi Arabia's and be the largest in the world.

## [Stranded in Suburbia](#)

To see what I'm talking about, consider where I am at the moment: in a pleasant, middle-class neighborhood consisting mainly of four- or five-story apartment buildings, with easy access to public transit and plenty of local shopping.

It's the kind of neighborhood in which people don't have to drive a lot, but it's also a kind of neighborhood that barely exists in America, even in big metropolitan areas. Greater Atlanta has roughly the same population as Greater Berlin — but Berlin is a city of trains, buses and bikes, while Atlanta is a city of cars, cars and cars.

And in the face of rising oil prices, which have left many Americans stranded in suburbia — utterly dependent on their cars, yet having a hard time affording gas — it's starting to look as if Berlin had the better idea.

## [Not Enough Oil Is Lament of BP, Exxon on Spending \(ed: EROEI for oil going declining rapidly-- thanks Cole.\)](#)

May 19 (Bloomberg) -- Never have so many oil and gas companies spent so much to produce so little.

That's the challenge facing Exxon Mobil Corp., Royal Dutch Shell Plc, BP Plc, Chevron Corp., Total SA and ConocoPhillips, which will spend a record \$98.7 billion this year on exploration and production, Lehman Brothers Holdings Inc. estimates. Costs more than quadrupled since 2000 as explorers targeted more challenging reservoirs and demand rose for labor and material.



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