



DrumBeat: June 21, 2008

Posted by [Leanan](#) on June 21, 2008 - 9:30am

Topic: [Miscellaneous](#)

[Saudi pumping extra oil to meet demand: Saudi source](#)

JEDDAH, Saudi Arabia (Reuters) - Top world oil exporter Saudi Arabia has decided to increase oil supply to meet demand from customers, a Saudi oil source said on Saturday.

Saudi Arabia will raise output to 9.7 million barrels per day in July, the fastest daily rate in decades.

"We increased because they (our customers) asked for it," the source said.

[Saudi Arabia aims to defuse political backlash](#)

JEDDAH // At an emergency oil summit in Jeddah, Saudi Arabia is seeking to defuse a political backlash against oil exporting nations from consumers upset at skyrocketing prices.

Australia - [Government has flunked energy-saving targets: Opposition](#)

The State Government has failed to meet its self-imposed energy saving target, despite spending the past fortnight urging WA households to cut consumption.

As the gas crisis nears the end of its third week, the State Opposition criticised the Government for "spectacularly failing" to fulfil its promise to reduce energy consumption by 12 per cent in 2006-07 or penalising those agencies which exceeded the target. Overall, a mere 2.5 per cent reduction was achieved.

[Nigerian youths blow up oil pipeline, output cut](#)

ABUJA (Reuters) - Armed youths blew up a Nigerian crude oil pipeline operated by U.S. major Chevron, a militant group said on Saturday, cutting more output from the world's eighth largest oil exporter.

The Movement for the Emancipation of the Niger Delta (MEND) said it was contacted

by youths claiming responsibility for Thursday's attack on Chevron's Abiteye-Olero crude pipeline and commended their action.

[Shell Delays Off-shore Drilling Program](#)

Shell has announced that it will forego its 2008 Beaufort Sea drilling program due to a lagging 9th Circuit Court of Appeals ruling. Shell cited a need for workers and contractors to pursue other opportunities as additional factors in the decision.

[Truckers wait days for fuel](#) - *City shifts priorities to buses; drivers await tanker*

TIJUANA – Public transit operated in Tijuana yesterday, but the shortage of diesel fuel continued to idle truckers. The disruption in supply is expected to last into next week.

[No excuse for energy apathy](#)

Casualty, the BBC's prime-time hospital drama, is one of my least favourite TV shows. Watching a plot develop in the knowledge that it will end in some hideous tragedy sets me on edge. I find the sense of doom deeply unsettling.

It is with a similar sense of dread that I am viewing developments in the energy market. The relentless march of wholesale gas prices continues unabated, increasing nearly threefold in a year. This can mean only one thing: another round of huge rises in domestic energy bills is imminent.

[McCain's Power Outage](#)

McCain has spent the week focusing on energy policy, making some surprising, and inaccurate, statements.

Among them: He said that ending a moratorium on offshore oil drilling "would be very helpful in the short term in resolving our energy crisis." But according to a government report, offshore oil wouldn't have much of an impact on supply or prices until 2030.

[Discount Energy Rate Needed](#)

Connecticut desperately needs a discount energy rate for the many families and elderly who are struggling to keep up with their gas and electric utility bills.

[Ithaca program paves way for car sharing](#)

Ithaca Carshare is the first communitywide, car-sharing operation in Upstate New York and is designed to serve as a model for places such as Syracuse, Auburn and Oswego.

"We're trying to learn all the hard lessons now and have this 'carshare in a box' available to other communities," said David Lieb, Ithaca Carshare's board chair. "We've looked at that as an important part of what we're doing: to prove it can work in a small market and make it easier to work in other Upstate cities."

[Gas prices keeping vacationers closer to home](#)

With gas prices burning holes in drivers' wallets, many are avoiding long distance road trips and sticking closer to home this summer.

Lately, industry experts are reviving the term "staycation" to remind families they do not have to jet off to Europe, or drive the family van across the country, to enjoy their summer holidays.

[U.S. Energy Secretary says more oil needed to tame price](#)

JEDDAH, Saudi Arabia (Reuters) - Producers must pump more to ease the pain felt in the United States and elsewhere from record fuel prices, U.S. Energy Secretary Sam Bodman said on Saturday.

He blamed tight supplies for fuelling a rally which lifted oil close to \$140 a barrel this week, sparking protests across Asia and Europe.

"Anything that will add supply to the market is important," he said.

[Kingdom has no magic wand: Abdulaziz](#)

JEDDAH: Saudi officials said yesterday that the Kingdom has no "magic wand" that will resolve the skyrocketing oil prices.

Addressing a press conference ahead of tomorrow's International Energy Conference here, Deputy Minister of Petroleum and Mineral Resources Prince Abdulaziz bin Salman said: "There are political, economic and regulatory factors involved."

[Court ruling on energy crisis could have dramatic impact](#)

The U.S. Supreme Court is about to make its first decision on the worst energy crisis in American history: The California energy crisis of 2000-01.

The legal repercussions of this decision could change the way energy is bought and sold in America for generations. For good or bad.

[Former shepherd boy with power to pour oil on the world's troubles](#)

There will be speeches tomorrow from King Abdullah of Saudi Arabia and Gordon Brown at the energy summit in Jeddah that could decide the future of our petrol prices and heating bills. But the few words that matter will come from a former shepherd boy, Ali Al-Naimi.

Now 73, he is the minister of petroleum and mineral resources in the world's largest crude exporting country, and if anyone can influence global energy costs it is this quietly spoken man from humble background who rose to become pre-eminent in the oil sector.

[For geoengineers, all the world's a lab](#)

The next frontier in environmental science may involve using the Earth itself as a platform. Will the costs be too great to bear?

[A Green Coal Baron?](#)

Even in this era of green evangelism, Rogers is a genuine anomaly. As the head of Duke Energy, with its dozens of coal-burning electric plants scattered around the Midwest and the Carolinas, he represents one of the country's biggest sources of greenhouse gases. The company pumps 100 million tons of carbon dioxide into the atmosphere each year, making it the third-largest corporate emitter in the United States.

Yet Rogers, who makes \$10 million a year, is also one of the electricity industry's most vocal environmentalists.

[Outrage: Christians Hold Prayer Vigil At Gas Station](#)

By driving to a gas station not to fill-up but to pray, the Toledo faithful are wasting gas and thereby compounding the energy crisis.

Instead of engaging in ineffectual exercises like prayer vigils, they should trade in their SUV's for compacts or motorcycles.

These Toledo Christians are completely clueless, they are demonstrating to the world

how selfish and self-absorbed they are. Instead of praying that gas will go down so they can continue to live their self-absorbed indulgent lifestyles, they should pray for the millions who are starving to death.

[Fuel fears have US over a barrel](#)

REFINED, distilled and then burnt, petrol's explosive power propels the world's largest economy. But its soaring price is punching holes in the US engine - and the rest of us are anything but immune.

The globe's thirstiest energy consumer is reeling from high petrol prices, with a barrel of oil hitting \$US137 (\$145) on Thursday's markets. Even if there is still division about whether the high point of global production - "peak oil" - has been reached, most analysts agree that cheap oil is finished.

[Nigerian rebels declare war](#)

Lagos - Nigeria's most active armed group on Saturday urged foreign workers to leave oil facilities in the volatile Niger Delta, warning of fresh unrest following a government crackdown on the militants.

[Oil producers, users dispute price crisis ahead of summit](#)

JEDDAH, Saudi Arabia (AFP) - Oil powers and consumer nations haggled Saturday over who is to blame for the spectacular rise in crude prices, as they prepared for a summit in Saudi Arabia on the global energy crisis.

[Oil producers may cut production, Libya warns](#)

Some oil-producing countries may defy the west by cutting production, Libya warned today, ahead of an emergency meeting of oil producers and consumers in Saudi Arabia.

Shorki Ghanem, the chairman of Libya's National Oil Corporation, told Reuters in advance of the meeting in Jeddah: "Some countries may think of increasing production, but some countries may even think of cutting production."

[OPEC members to hold emergency meeting](#)

JEDDAH, SAUDI ARABIA: The members of OPEC that have any spare pumping capacity are to hold a meeting with top oil exporter Saudi Arabia on how to increase

output. A senior Gulf OPEC official said the emergency meeting is to be held at Jeddah.

[Prime Minister Putin Primes the Pump](#)

MOSCOW - On June 11, the International Energy Agency announced that Russia's oil production had hit 9.5 million barrels per day in the first quarter, edging past Saudi Arabia's 9.2 million to make the country the global King of Crude. But few in Russia are cheering because that new crown is already wobbling. After climbing for years, Russia's output has begun to drop: It was down by 0.7% in April. The problem is so serious that the new Prime Minister, former President Vladimir Putin, has said the issue is his first priority.

[Angry scenes at China's petrol pumps](#)

Chinese motorists, knowing the price of petrol was about to jump, queued for hours at a gas station only to be told they could not be served until the price rise took effect, prompting angry scenes on the forecourt.

[Canada's oil wealth strategy questioned](#)

Canada is already the world's eighth largest exporter of oil, and the third largest exporter of natural gas – an enviable position when prices are skyrocketing and widely expected to stay high.

Yet economists and central bankers who gathered at a conference to brainstorm on how energy affects the economy sound anxious.

Canada, some argue, is “flailing” in how it handles this windfall.

[The future price of oil? Pick a number](#)

Salameh told a British parliamentary committee last month that Iraq had offered the US a deal, three years before the war, that would have opened 10 new giant oil fields on "generous" terms, in return for lifting sanctions. "This would certainly have prevented the steep rise of the oil price," he said. "But the US had a different idea. It planned to occupy Iraq and annex its oil."

Chris Skrebowski, editor of *Petroleum Review*, said: "If there had been a civil war in Iraq even less oil would have been produced."

So what will happen next?

[Tiger in our tanks](#)

When the first domino of an oil shock tumbles, nearly everyone feels the pain, except for the winners, of course.

[The Intellectually Barren Offshore Drilling Debate](#)

At least one of Matt Simmons's forecasts is not yet bearing fruit — his 2006 prediction that Peak Oil would come to dominate the 2008 campaign. For the debate over offshore drilling that's erupted this week has shed absolutely no light on the real issues.

[The Post-Materialist: Design's Past, Future](#)

The Post-Materialist took a vacation on an island in the windswept Scottish archipelago of Orkney last week. Since the trip coincided with newspaper headlines about sharply rising oil prices, I began to see the gorgeous ancient designs on display in the museums as strangely futuristic — things we could perhaps learn from and re-use in a post-Peak Oil age. This stuff, after all, uses locally-sourced materials, recycles efficiently and gives us elegant solutions to the problems of energy conservation and high-density living.

[Powering The Planet — Editor's Introduction](#)

This special report, "Powering The Planet", aims to inform and educate about the future of energy. Now and over the coming months, you'll find useful guides on energy sources and investments, a resource center with related links on a host of subjects, as well as an diverse library of videos from CNBC. Users will also be able to access a special collection of pod cast videos for downloading.

[Primer: Peak Oil](#)

Simmons: I'm a data nut. I don't really care what people believe [about oil supplies]. I wrote my book after reading some 200 technical reports about the declining oil fields in Saudi Arabia.

You can line up upwards of 50 to 60 individual oil fields that are of significant size, and they all have that same trajectory. (For instance, Prudhoe Bay, the largest US oil field, maintained peak production — 1.5 million barrels per day — for 11 years but is now down to 200,000 bpd, and within five years will be at 50,000 bpd.) If you look at that, it becomes more and more clear that if we are not at peak oil, we are at a mesa.

Lynch: Peakists predict a peak and it comes and goes, and then they predict a new peak and keep insisting the method is correct. It's just a little premature. But we see oil production going up and up over time. Over the last 10 to 15 years we have had a number of peaks and declines, followed by new increases in production.

[Oil, oil everywhere? Well, just maybe](#)

Ask him about oil, and Dr. Richard Pike has a rather sunny outlook. Oil and gas, he says confidently, will be around well into the next century.

Pike can maintain his optimism because he knows something no one else knows. He believes that a simple mathematical error – the sort made by first-year university statistics students – is causing much of our panic over a worldwide oil shortage.

[Primer: Oil Industry Technology](#)

With growing talk about peak oil – when the globe's petroleum reserves begin an inexorable decline – exploration companies are increasingly turning high-tech to delay this eventuality.

There's been stunning advances in the industry's ability to visualize what lies deep underground and to extract more of what's down there.

[Financial Sense Newshour](#): the second hour has a long [interview with Michael Klare](#).

[Top US Oil Suppliers Struggling With Output](#)

As the focus of the global economy tilts toward oil-price talks in Saudi Arabia this weekend, consider a chilling set of numbers that speak to why oil prices are near \$140 a barrel.

Oil output in four of the top five suppliers to the U.S. - the world's biggest oil consumer - dropped by nearly 1 million barrels a day last year. Some of the declines were based on politics - Saudi Arabia, Nigeria and Venezuela - are members of OPEC, which has restrained output.

[Nigeria loses 120,000 bpd after pipeline attack: industry](#)

LAGOS (AFP) - Nigerian militants blew up a key oil supply pipeline operated by US oil group Chevron, slashing output by 120,000 barrels per day, military and industry sources said Saturday.

"The attack took place yesterday (Friday) near Escravos. The supply pipeline was blown up. The company has shut down operation in the area," military commander Brigadier-General Wuyep Rintip told AFP.

[Saudi Arabia's Khurais Oilfield to Start Next Year](#)

(Bloomberg) -- Saudi Arabia expects work to expand the Khurais oil field to be completed by mid-2009, boosting the country's production capacity by 1.2 million barrels a day, the state-run Saudi Press Agency reported.

[Former Saudi oil minister says world reaching third oil crisis](#)

Speculation is contributing to higher world oil prices, not imbalances between supply and demand, according to Saudi Arabia's former minister of oil, Sheik Ahmed Zaki Yamani, in a published interview.

Asked if current conditions are approaching a third oil crisis, Yamani said, "Yes, I think so. This is a new oil crisis. Oil prices are very high." He said that the two earlier oil crises of the 1970s were caused by "a lack of supply, but now it is because of problems with the price-setting system" in the futures market.

[Briefing: OPEC and the soaring cost of oil](#)

As the price of oil hit an all-time high of \$139 a barrel last week, some government officials pointed the finger at OPEC, the international oil cartel. Is OPEC the main culprit?

[Fuel costs sending immigrants back to Mexico](#)

Construction projects and landscaping jobs are being delayed because contractors can't afford to pick up workers. And workers faced with additional costs for gasoline or the purchase of a car are giving up on day-labor jobs and going back to their home countries.

"Your car is your job; nothing is more true these days," said Warren Harris, human services coordinator for the center, which assists between 60 and 70 day laborers a day.

[On U.S. coasts, a rethink on oil drilling?](#)

Voter frustration with dependence on foreign oil and \$4-a-gallon gas have primed political pumps for more domestic drilling. Despite the national support for drilling, the politically blue coasts hold a virtual veto in Congress. But experts say all the attention on the issue could push some of the more conservative coastal states to lift their own moratoriums.

[Nigerian oil: Anger in the delta over who gets paid](#)

Oloibiri, Nigeria - When foreign prospectors struck oil deep below the red earth and lush green forest of southern Nigeria, local residents held a wild all-night party that still brings toothless smiles to the wrinkled faces of village elders.

Decades later, a peeling signboard at Nigeria's rusted oil well No. 1 bears the name Oloibiri, after this riverside village in southern Nigeria. But villagers in nearby Otabagi say the well is on their land and they want the local Royal Dutch Shell unit, to rename it.

What's behind a naming-rights dispute after so many years? The villagers suspect that high oil prices mean that Shell may reopen the well – shut down in 1977 – and that could mean more cash payments.

[On Energy: Same-Old, Same-Old](#)

This is about more than our immediate discomfort with \$4 gasoline. Embedded in the energy debate are questions about global warming, the competitiveness of the U.S. economy and the apparent decline in middle-class living standards.

So far, the responses have been colossally disappointing, with the president, the presidential candidates and party leaders in Congress all retreating back to the same hardened and hackneyed positions that have created a stalemate in energy policy for the past 20 years.

[The 'Idle' Oil Field Fallacy](#)

A bill introduced in Congress this week would "compel" oil and natural gas companies to produce from federal lands they are leasing. If only it were that easy to find and produce oil. Imagine, an act of Congress that could do what geology could not.

These lawmakers ask why oil and gas companies want more access to federal lands to drill if they aren't using all of the 68 million acres they already have? Anyone with even the most basic understanding of how oil and natural gas are produced – and this should include many members of Congress – knows that claims of "idle" leases are a diversionary feint.

[Paying more at China's gas pumps](#)

Ordinarily, an increase in the price of gasoline would not be news. But in China, it is. Gas and diesel prices went up 18 percent overnight. Here's why that's important.

[Yes to offshore oil – but just not now](#)

Relief at the pump soon? Hardly. In their pre-election call to lift the ban on offshore oil drilling, President Bush and John McCain are pulling a fast one on frantic car owners. This new ocean crude is years from flowing to the corner gas station. And for sensible reasons it should be.

[Oil's Perspective on What's Behind the Energy Crisis](#)

Q. Oil prices are headed for their seventh straight year of gains. Why such a sustained run-up in prices? (interview with David J. O'Reilly, chairman and CEO of Chevron)

A. This is a case of demand-driven increases. The time we could count on cheap oil and cheap gas is ending. In prior periods, you've had price spikes because of big disruptions in supplies. But in this decade, the new phenomenon is that demand has been the main driver.

[Bush refuses to turn over EPA exchanges](#)

WASHINGTON - President Bush asserted executive privilege Friday to withhold documents from a congressional investigation into whether he pressured the Environmental Protection Agency to weaken decisions on smog and greenhouse gases.

White House officials notified a House committee of the rare assertion about 15 minutes before the committee was to vote on holding the head of the EPA and a White House budget official in contempt of Congress for not providing the documents.



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