



## DrumBeat: July 23, 2008

Posted by [Leanan](#) on July 23, 2008 - 9:14am

Topic: [Miscellaneous](#)

### [Arctic's oil could meet world demand for 3 years](#)

WASHINGTON (Reuters) - The Arctic Circle holds an estimated 90 billion barrels of recoverable oil, enough supply to meet current world demand for almost three years, the U.S. Geological Survey forecast on Wednesday.

The forecast comes as Russia is competing with Canada, Denmark, Norway and the United States to grab a chunk of the huge energy resources in the Arctic, an area growing more accessible due to global warming melting the ice.

### [Lehman slashes world oil demand growth forecast](#)

NEW YORK (Reuters) - Investment bank Lehman Brothers said Wednesday it slashed its forecast for 2008 world oil demand growth due to a steeper-than-expected slowdown in energy consumption in the United States and other OECD countries.

Lehman added it believes the oil market is "approaching a tipping point" with prices expected to decline to an average of \$90 a barrel in the first quarter of 2009.

### [Pemex production rises after pipelines repaired](#)

LOS ANGELES -- State-owned Petroleos Mexicanos said it increased production by 41,000 b/d in June to 2.84 million b/d, a slight improvement over May but still below the company's target of 2.9 million b/d for 2008.

Pemex said the improvements came after it repaired an offshore pipeline in the Southeast marine region. The repairs enabled an 11.5% increase in June to 535,937 b/d.

### [Militants say they will destroy Nigerian oil pipelines within 30 days](#)

LAGOS, Nigeria: Nigeria's main militant group threatened Wednesday to destroy the nation's major oil pipelines within 30 days to counter allegations it had struck a \$12

million deal with the government to protect them.

The state-run oil company, however, denied the existence of such a deal and said local media had misquoted company officials.

### [Visionaries or cranks? How can you tell?](#)

I had an e-mail exchange this morning with Jim Kunstler, as part of an interview for a project the editorial page is doing on the peak oil controversy. Jim told me that his college audiences across the South are very hostile to his Long Emergency ideas -- a hostility Jim chalks up to their not being happy being told that their car-based way of life is going to change radically. I suspect Jim's right, but then again, I agree with Jim's basic take on the energy situation. We all know that Jim's got a colorful, hyperbolic way of expressing himself, so it's possible that some of the harsh reaction comes from his Old Testament prophetic style.

### [UK's nuclear clean-up industry in turmoil, report reveals](#)

Chaos at the heart of Britain's nuclear clean-up industry has been laid bare by an internal audit undertaken by the Department for Business, Enterprise and Regulatory Reform (DBERR), following embarrassing cost overruns that forced the department to find £400m worth of emergency funds from other budgets to balance the books.

### [Rebuilding a Dutch Tradition, One Windmill at a Time](#)

ROTTERDAM, the Netherlands — The Dutch are building windmills again. Up and down the coast, out from port cities like this one, you can see them: white and tall and slender as pencils, their three slim blades turning lazily in the North Sea breeze.

These generate electricity, of course, rather than grind grain. The government has already built one enormous farm of mills far off the coast, where they're inoffensive to tourists, and there are plans for a second farm. Yet it is also building, and rebuilding, mills like the squat, homely ones that have seemingly always dotted the Dutch countryside, and reflect as much the nature of the country as do tulips or Gouda cheese.

### [Monbiot: Global warming is a brutal truth](#)

Channel 4's dismissal of Ofcom's damning verdict about its flawed programme is the usual professional self-deception.

### [Russia is key to North Korea's plight](#)

The sharp rise of oil and gas prices has enabled Moscow to utilize its mammoth energy reserves to achieve domestic and foreign policy goals. The new Russian "power politics" have already been tested on the Baltic States, Belarus, Ukraine and recently the Czech Republic. Russia's Far Eastern frontier is now turning into the place where energy export becomes a political tool in shaping the country's relations with regional neighbors.

China, the two Koreas and Japan are hungry for energy, natural resources and, at the same time, strive for economic and political cooperation. In such circumstances, the opportunities offered by trans-national railroads and pipelines appear to be more powerful than weapons. Given this new leverage and understanding, can Russia exert its soft and hard power on North Korea in promoting the goals set in the six-party talks on Pyongyang's nuclear program?

### [Israel's slap in the face from America](#)

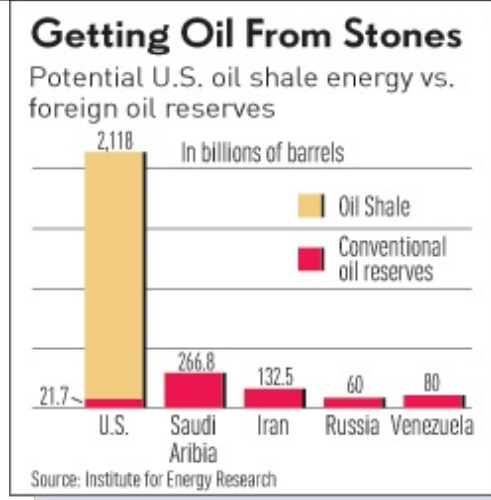
The average American is much more concerned about spiraling gasoline prices than about Iran's nuclear ambitions. Of all the steps U.S. President George W. Bush has undertaken to solve his country's energy crisis, the rapprochement with Iran has emerged as the most effective of all. At a cost of only one airline ticket for William J. Burns, the U.S. State Department's third-ranking official, the administration in Washington achieved an almost-immediate 12-percent drop in oil prices.

### [Olympics: factories and mines shut down to reduce smog](#)

Beijing (AsiaNews/Agencies) – Coal shortages, low prices imposed on electricity and greater demands from Beijing because of the Olympics have led to the worst energy shortage in years. To reduce pollution the authorities have also shut down many plants or limited their operating time for two months, starting on 20 July.

All cement producers in Beijing are closed, so are more than 200 quarries and lime producers, all in an effort to improve air quality. Chemical and petrochemical plants also have to reduce emissions by 30 per cent. Some steel producers have to relocate to neighbouring provinces.

### [America Needs A \(Shale\) Oil Change](#)



The quantity of oil to be found in this shale is almost unfathomable. The government conservatively puts it at 800 billion barrels. Other estimates say we have as much as 2 trillion barrels, though some of that wouldn't be recoverable.

As the chart shows, that could potentially give the U.S. oil reserves equal to three times those of Saudi Arabia. Indeed, it would be more oil than in Saudi Arabia, Iran, Russia, Venezuela, Iraq and Mexico combined.

### [Oil Myths, Oil Facts Part Two](#) (video)

Kunstler: "We have a big to-do list of other things we have to pay attention to, not just how are we going to run all our cars, because the truth is, we're not going to be able to run all the cars by other means whether we like it or not."

### [Crude reality: There's more to oil spike than speculation](#)

The world seems to be perplexed as to why crude oil prices are cruising upwards. The global leaders also failed to come to a conclusion in their meet in Jeddah on June 22 as to how to tame the galloping price-baby back to its cradle.

Interestingly, albeit rather unfortunately, the influx of speculative element in oil prices and a slump in dollar rate have been used as excuses by OPEC to shrug off its stakes in oil price determination. But is that the real reason why OPEC has lost its control on crude oil prices?

### [Why gold and silver are table-thumping buys](#)

All this at a time when the geological impediments of 'peak oil' seem to be an increasing reality. Thus the demand destruction and fall of oil and gas prices of the late 1970s is unlikely to be repeated to disempower OPEC and these strategic competitors.

Indeed, mother nature's bounty seems to have been pushed to the brink and we are now facing a world of increasingly depleted natural resources. The global population has risen from 3 billion to over 6 billion in just 30 years. It is projected to increase by another 3 billion in the coming 30 years. Although, tragically, the dismal Malthus' theories might end up derailing these projections.

### [No quick trip to fuel nirvana](#)

No matter how much the U.S. is criticized, we will still have a net 50 percent increase in population (primarily through immigration) over the next 30 years to about 450 million. Our fellow humans will want to heat and cool their homes and they will need transportation fuels.

Likewise, the rest of the world's demand for various forms of energy is not going to be static.

### [Long Term Energy Plans Can Be Short Term Solutions](#)

As T. Boone Pickens in the Wall Street Journal described his master plan for solving an aspect of the US energy crisis: dependence on foreign oil. At its core, this solution was really only a swap of foreign energy sources from oil to natural gas.

### [Sprott Energy has diverse mix of plays](#)

The \$341-million Sprott Energy Fund is run by manager Eric Sprott, also chief executive officer of Sprott Asset Management Inc. He subscribes to the "peak oil" theory, which calls for crude prices rising forever because of global demand outstripping supplies.

That has led him to search for unconventional energy stories in addition to stocks that can be potential multi-baggers. The fund invests mainly in stocks of smaller companies.

### [Indonesia: Experts doubt feasibility of govt goals to shift to renewable energy](#)

The barriers to developing renewable energy still exist despite the government having already launched the energy mix policy two years ago, said Zuhal, professor of electricity engineering at the University of Indonesia (UI).

"We are still facing financial and market barriers and other barriers like cheaper technology, as well as the tough problem of the people's reluctance to move on to renewable energy," he said at a renewable energy workshop here on Tuesday.

## [Harvest the Sun — From Space](#)

AS we face \$4.50 a gallon gas, we also know that alternative energy sources — coal, oil shale, ethanol, wind and ground-based solar — are either of limited potential, very expensive, require huge energy storage systems or harm the environment. There is, however, one potential future energy source that is environmentally friendly, has essentially unlimited potential and can be cost competitive with any renewable source: space solar power.

## [Traffic deaths fall as gas prices climb](#)

COLUMBUS, Ohio (AP) — Rising prices at the gas pump appear to be having at least one positive effect: Traffic deaths around the country are plummeting, just as they did during the Arab oil embargo three decades ago.

Researchers with the National Safety Council report a 9 percent drop in motor vehicle deaths overall through May compared with the first five months of 2007, including a drop of 18 percent in March and 14 percent in April.

Preliminary figures obtained by The Associated Press show that some states have reported declines of 20 percent or more. Thirty-one states have seen declines of at least 10 percent, and eight states have reported an increase, according to the council.

## [Congress Pursues \\$80 Oil With Trading Limits, Disclosure Rules](#)

(Bloomberg) -- Congress may outlaw elements of oil futures trading that lawmakers found distorted demand and contributed to the 69 percent surge in prices in the past year.

U.S. legislators are considering limits on the number of oil contracts an investor can hold and may increase disclosure requirements. Speculators such as Goldman Sachs Group Inc. use the practices to bet on price swings, which may drive up prices, though they have no intention of taking delivery of underlying goods, lawmakers say.

## [Fundamentals led to \\$130 oil - report](#)

NEW YORK (AP) -- A federal task force set up to examine the sharp run-up in oil prices says in an interim report that fundamental supply-and-demand factors are most likely to blame.

## [Peak oil a myth, claims geoscientist](#)



Predictions that oil production will peak in a few years' time and then taper off have been dismissed by a leading geoscientist.

Dr Peter McCabe, from the CSIRO, says predictions of a peak oil phenomenon date back to the 1920s but are no more relevant today than they were then.

### ['Peak' oil's scary prospects](#)

So here we are, well into sustaining three digit prices. Is there any hope that oil will moderate and come down to more earthy affordable levels?

Matthew Simmons, a US oil expert, thinks there is no chance. He is the author of an extraordinarily well-researched book *Twilight in the Desert: The Coming Oil Shock and the World Economy*, that caused shock waves in the energy world. He has meticulously gathered data on the world's biggest oilfields and finds just over a hundred account for half the world's production. These are being overexploited to maintain current production levels. Simmons sees production levelling off in the near future — he estimates a 10 to 15- year window. If consumption grows at the present rate, there just will not be anywhere near enough oil and the shortfall between potential demand and supply could be as high as 50 per cent with all the frightening implications it has for price.

### [Pickens sees \\$300 oil unless U.S. cuts crude imports](#)

WASHINGTON (Reuters) - Oil prices will hit \$300 a barrel in 10 years if the United States fails to reduce its dependence on foreign imports, billionaire oil investor T. Boone Pickens told U.S. lawmakers on Tuesday.

The United States imports nearly 70 percent of its oil and Pickens said the world's top petroleum-consuming nation would import 80 percent in a decade if it does not aggressively tap its own natural gas and renewable resources.

### [In oil-rich Norway, petrol prices most expensive in Europe](#)

OSLO (AFP) - In Norway, many motorists are up in arms over why they have to pay the highest petrol (gasoline) prices in Europe when the country is the world's fifth-largest oil exporter and a recent tax hike has done little to cool tempers.

"It is really strange: we have lots of oil and we're a rich country. Why do we have to pay so much?" asks Per-Arne Skjerpingsstad, a 38-year-old hospital porter as he fills up the tank of his Peugeot 307 at an Oslo gas station for 750 kroner (94 euros, 148 dollars).

## [Merrill Lynch's North American Economist Warns 'Brutal Winter Coming for Utility Bills'](#)

Merrill Lynch's North American economist, David A. Rosenberg, issued a warning Monday that a "brutal winter (is) coming for utility bills."

..."This is going to be huge," Rosenberg wrote. As it stands, he noted, "in states like New York, shutoffs of utilities services for households in arrears on their bills were up 41% through April."

## [Blame oil speculators?](#)

Doug Henwood says supply and demand alone cannot account for record-high gas prices. Steven E. Landsburg says oil speculators may be doing us a favor.

## [Natural Gas Drilling: Is New York Ready?](#)

NEW YORK, NY — The Marcellus Shale is what industry people call an unconventional play. It's loaded with natural gas, from Eastern Ohio to the Catskill Mountains. But the gas is very hard to extract. It's packed tight 7,000 feet deep.

Today, with energy prices at record highs, extracting that gas looks to be affordable, and energy companies and landowners are lining up to reap profits potentially worth billions.

## [Dianne Feinstein: Offshore drilling is a false promise](#)

The vast majority of the outer continental shelf is already open to oil exploration: Areas containing an estimated 82 percent of all of the natural gas and 79 percent of the oil are today available to energy companies through existing federal leases.

Federal agencies are issuing drilling permits at three times the rate they were in 1999 – but that hasn't slowed oil prices during the climb from \$19 to beyond \$140 a barrel.

## [Exxon shuts 12,000 bpd oil, 100 MMCFD due Dolly](#)

HOUSTON (Reuters) - Exxon Mobil Corp said 12,000 barrels per day (bpd) in oil production and 100 million cubic feet per day (mmcf) in natural gas output in Gulf of Mexico and south Texas was shut on Tuesday ahead of Hurricane Dolly.

## [Nigerian oil group admits paying millions to militants](#)



LAGOS (AFP) - Nigerian oil group NNPC has acknowledged paying 12 million dollars (7.56 million euros) in protection fees to Niger Delta militants to enable the repair of a damaged key crude supply pipeline.

"They said we should pay 100 million dollars. But we negotiated and came down to six million dollars" a month, Nigerian National Petroleum Corp. boss Abubakar Yar'Adua told a parliamentary hearing on Tuesday.

#### [4 Commodities Ready To Shock Investors – #3: A War In Africa May Cause Phosphate Price Shock](#)

As if the oil price shock that has thrown the world into turmoil isn't bad enough, there's reason to believe at least four more commodity price shocks may be headed straight for investors' portfolios.

Next up: phosphate, a critical component in fertilizer, which based on an analysis that appeared last week on the web site The Oil Drum, could be in for a price explosion.

#### [Why Foreign Investors Love Landmarks Like the Chrysler Building](#)

Unlike Americans, even oil-rich foreigners recognize that high energy prices and global warming will enhance the value of U.S. cities that offer alternatives to the auto. New York's mass transit may be antiquated, but it works. Angelenos pump \$4.50 gas into their cars to go nowhere, thanks to world-class congestion.

#### [Iraqi Oil Exports Through Turkey Stop For 17 Hours Tuesday](#)

ISTANBUL -(Dow Jones)- The flow of Iraqi oil exports through the Kirkuk-Ceyhan pipeline stopped Tuesday for 17 hours, an official from the Turkish state-run BOTAS gas company told Ihlas News Agency, or IHA, Wednesday.

"The flow halted from 0200 GMT to 1900 GMT," he said, adding that the cause of the halt was some reason like a production problem or power outage in Iraq, but he gave no further details.

He also said the stoppage had nothing to do with Iraq's debt to Turkey.

#### [Shipping: The greening of the ocean waves](#)

Although not included in the Kyoto Protocol, the maritime industry's CO2 emissions rival those of aviation. But new initiatives from port authorities look set to make shipping more eco-friendly.



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](http://creativecommons.org/licenses/by-sa/3.0/).